



FY 2014–2016 Triennial Performance Audit of the Tahoe Transportation District (TTD)



Submitted to:

TAHOE REGIONAL
PLANNING AGENCY

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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 the Tahoe Transportation District (TTD, District) 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 TTD.

Compliance with TDA Requirements

The District has satisfactorily complied with eight of the nine applicable requirements. TTD was in partial compliance with regard to the timely submittal of the annual Transit Operators Financial Transactions Report to the State Controller. Two compliance requirements did not apply to TTD (blended and urbanized farebox recovery ratios).

Status of Prior Audit Recommendations

TTD satisfactorily implemented six of seven prior audit recommendations. A recommendation relating to upgrading the existing operations and maintenance facility was not implemented, due in large part to uncertainty over TTD remaining at the current operations and maintenance facility, and near-future plans being made by the City of South Lake Tahoe for its new public works yard. No significant improvements to the existing facility would be made should TTD move its operations and maintenance.

Transit System Performance Trends

1. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 14.4 percent system-wide from \$85.00 in the FY 2013 base year to \$97.20 in FY 2016 based on audited data. Operating costs increased 14.1 percent system-wide, while operating hours decreased 0.2 percent. At the modal level using unaudited figures, cost per hour decreased 2.3 percent on the fixed-route service, whereas this indicator increased 4.5 percent on the ADA demand-response service.

2. Operating cost per passenger, an indicator of cost effectiveness, increased 5.7 percent system-wide from \$5.52 in FY 2013 to \$6.47 in FY 2016 based on audited data. Ridership system-wide increased by 7.9 percent, from 748,915 passengers in FY 2013 to 808,334 passengers in FY 2016, while operating costs increased at a higher rate for the same period. At the modal level, cost per passenger on the fixed-route service decreased 8.6 percent, whereas on the ADA demand-response service, this indicator increased 10.4 percent.
3. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 8.2 percent system-wide, from 13.9 in FY 2013 to 15 passengers per hour in FY 2016. Fixed-route operations reflected the system-wide trend with an increase of 6.9 percent over the same period from 15.7 to 16.7 passengers per hour. ADA demand-response operations exhibited a decrease of 5.4 percent from 2.6 to 2.5 passengers per hour. The trend in this indicator reflects steady growth in ridership while overall vehicle hours remained relatively stable.
4. Passengers per vehicle service mile, another indicator of service effectiveness, increased 6.3 percent system-wide, from 0.96 in FY 2013 to 1.02 passengers per mile in FY 2016. For fixed-route operations, the number of passengers per service mile increased 5.0 percent from 1.06 to 1.12 passengers between FY 2013 and FY 2016. For ADA demand-response services, passengers per service mile decreased 5.2 percent from 0.2 to 0.19 passengers per mile. System-wide and at the fixed-route level, passenger trips increased 7.9 and 8.6 percent, respectively, whereas vehicle service miles increased 1.5 and 3.4 percent, respectively.

Detailed Functional Review

1. Given the Tahoe region's new urbanized status, TRPA has not yet established urban fare revenue ratios for the District. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TTD to reflect the urbanized status.
2. TTD, 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.
3. TTD's performance indicators reflect relative stability as shown by key indicators such as ridership, service hours and miles, and passenger fares. Operating cost measures for the fixed-route service such as cost per passenger and cost per hour show annual stability, with no growth or slight growth in each indicator. These annual figures, however, do not reflect the seasonal service fluctuations and variability during the year. In spite of a low permanent resident base, TTD has been able to retain ridership and fare revenue while improving service effectiveness including the number of passengers per service hour that capture the tourist markets in the Tahoe region.

4. The audit period involved TTD evaluating its role as a direct transit provider. During the latter half of FY 2016, TTD initiated the process of transitioning from the contract management model to direct management and operation of transit services. This transition has resulted in a more structured and stable transit operation with greater accountability and oversight.
5. TTD has developed a phased service implementation plan based on the concepts in the vision plan including expanding service to Myers and frequency improvements to Emerald Bay. The unmet transit needs process facilitated by the Regional Coordinating Council and the Social Services Transportation Advisory Council generates operational comments and service needs that are considered by TTD.
6. Over the past several years, TTD has engaged in numerous partnerships and agreements as it managed and stabilized the transit system. These agreements include funding partnerships with both the private and public sectors for special service and transit expansion.
7. With passage of the federal transportation bill in late 2015, TTD is classified as a large urban direct grant recipient and became a direct recipient of federal urbanized grants. TTD, Tahoe Truckee Area Regional Transit (TART), and TRPA signed a Memorandum of Understanding in September 2016 regarding the coordination of transit planning and programming of federal funds.

Recommendations

Performance Audit Recommendation	Background
<p>1. Prepare and submit separate annual State Controller Reports for fixed route and ADA demand response service.</p>	<p>TTD operates fixed route and ADA demand response service. ADA service is available during fixed route service hours. The instructions for the Transit Operator Financial Transactions Report submitted to the State Controller require that separate reports be prepared for general public service and specialized service, in this case for fixed route 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. TTD should provide separate reports starting in the next reporting period.</p>

Performance Audit Recommendation	Background
<p>2. Work closely with TRPA to determine an updated farebox recovery ratio for TTD's transit service based on the region's urbanized status.</p>	<p>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. TTD 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 TTD 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 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. TTD and TRPA should discuss the options and establish an updated farebox ratio to meet compliance as an urbanized operator.</p>
<p>3. Work with the fiscal auditor to include a calculation of the farebox recovery ratio in the annual Basic Financial Statements.</p>	<p>The farebox recovery ratio shown in Note 9 of the Basic Financial Statements does not include a calculation of how it was derived. Pursuant to TDA, TTD will be required to maintain an urbanized farebox ratio or modified urbanized farebox ratio set by TRPA. It is suggested that TTD have the fiscal auditor include in its Note 9 analysis a calculation of the farebox recovery ratio, which would include operating costs less depreciation, farebox revenues, and any allowable exclusions pursuant to TDA.</p>
<p>4. Include additional locally generated revenue in the farebox recovery pursuant to Senate Bill (SB) 508.</p>	<p>SB 508 (Beall, October 2015) revised the TDA farebox recovery determination including an allowance for other locally generated revenues in the farebox ratio. Examples of possible other</p>

Performance Audit Recommendation	Background
	<p>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, and TTD should work with the fiscal auditor to accurately reflect the changes to the farebox ratio criteria. As the farebox ratio for TTD was below the urban ratio of 20 percent during this triennial period, there may be opportunities to improve the ratio with local funds.</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 the Tahoe Transportation District (TTD, District) covering the most recent triennial period, fiscal years 2013–14 through 2015–16.

The purpose of the performance audit is to evaluate the District’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 the District’s compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the District 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 TTD 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

Coordinated public transit services in the South Lake Tahoe region were developed in the 1990s as a response to increased traffic congestion and environmental impacts. Ridership on the then South Tahoe Area Ground Express was stagnant and there was duplication of services from the shuttle services operated by local casinos and ski resorts. Five public entities and five private sector entities formed the South Tahoe Area Transit Authority (STATA) to administer a coordinated public transit system in the South Lake Tahoe region that was branded under the name BlueGO. STATA eventually expanded to encompass 11 public and private entities.

Under contract, BlueGO operated a number of transit service modes including fixed and flex routes, commuter express routes, a summer trolley, winter seasonal services, and demand-

response services. STATA filed for Chapter 11 bankruptcy in September 2010 and administration of BlueGO was transferred to TTD in November 2010. Pursuant to the Congressional Compact enacted in 1980 that created the District, TTD has the authority to own and operate transportation systems and facilities that serve the region. Since assuming administration of the transit system, which includes this performance audit period, TTD continued to contract out operations to a private transportation services provider. However, effective July 1, 2016, TTD became a direct operator of the transit system in an effort to use public funds more efficiently and be more responsive to community needs.

The Tahoe Basin encompasses two states (California and Nevada), five counties (El Dorado and Placer counties in California, and Douglas and Washoe counties plus a small portion of Carson City/County in Nevada), and one incorporated city (South Lake Tahoe). The region has approximately 50,000 year-round residents and receives 3 million annual visitors. Based on the 2010 US Census, South Lake Tahoe’s population is 21,403, a decline of 9.34 percent since the 2000 US Census. The senior citizen population, comprising residents aged 65 and over, is 9.79 percent. The 2017 population for South Lake Tahoe is estimated to be 21,024 as reported by the California Department of Finance.

Main highways serving the Tahoe Basin include US Highway 50 (US 50), California State Routes (SR) 28, 89, and 267, and Nevada State Routes (SR) 28, 207, and 431. US 50 (Lake Tahoe Boulevard) is the main arterial thoroughfare through South Lake Tahoe.

System Characteristics

TTD’s transit services operate primarily on the south shore of Lake Tahoe composed of local fixed-route bus service and commuter bus service connecting South Lake Tahoe and its environs with Carson City and the Carson Valley. The transit system also includes seasonal winter ski and casino shuttles, summer trolley service to Emerald Bay, and summer bus service from Incline Village to Sand Harbor.

The transit system operates daily, with modified schedules on Sundays and major holidays. Hours of operation range from 5:15 a.m. to 1:25 a.m. Route transfers are coordinated at the Kingsbury, Stateline, and “Y” transit centers. A summary of TTD fixed-route services operated during the audit period is presented in Table I-1.

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

Route Number/Name	Description	Frequency/Operation	Destinations/Timepoints
19X	Valley Express (Carson City – Minden)	Three morning and four afternoon/evening bidirectional trips (daily from 5:00 a.m. to 8:00 p.m.)	<ul style="list-style-type: none"> ▪ Douglas County Senior Center ▪ Carson Valley Inn ▪ South Curry ▪ Washington/Plaza

Route Number/Name	Description	Frequency/Operation	Destinations/Timepoints
20X	Lake Express (Stateline – Minden)	Four morning and four afternoon/evening bidirectional trips (daily from 5:30 a.m. to 9:00 p.m.)	<ul style="list-style-type: none"> ▪ Douglas County Senior Center ▪ Tillman Center ▪ Foothill Park & Ride ▪ Kingsbury Transit Center ▪ Stateline Transit Center
21X	Weekday/Weekend Express (Stateline – Carson City)	Six bidirectional trips (weekdays from 5:00 a.m. to 7:43 p.m.) Five bidirectional trips (Weekends from 5:30 a.m. to 7:28 p.m.)	<ul style="list-style-type: none"> ▪ Stateline Transit Center ▪ Lakeside Casino ▪ Zephyr Cove ▪ Topsy Lane ▪ Fuji Park ▪ Washington/Plaza
23	South Shore Shuttle	Every 60 minutes (daily from 7:20 a.m. to 1:25 a.m.)	<ul style="list-style-type: none"> ▪ Stateline Transit Center ▪ Kingsbury Transit Center ▪ Market Street ▪ Tramway/Tina ▪ Stagecoach Lodge ▪ The Ridge Resorts
28	East Shore Express (Seasonal)	From June 24 to September 4, every 20 minutes (daily 10:00 a.m. to 7:00 p.m.)	<ul style="list-style-type: none"> ▪ Incline Village ▪ Sand Harbor
50	South Shore Shuttle	Every 60 minutes (daily from 5:15 a.m. to 11:04 p.m.)	<ul style="list-style-type: none"> ▪ “Y” Transit Center ▪ Barton Memorial Hospital ▪ US 50/Al Tahoe ▪ Midtown Visitor Center ▪ US 50/Bijou Safeway ▪ Stateline Transit Center ▪ Kingsbury Transit Center
53	South Shore Shuttle	Every 60 minutes (Monday through Saturday from 6:45 a.m. to 12:45 a.m.) Every 60 minutes (Sundays & holidays from 6:45 a.m. to 12:45 a.m.), inclusive of late night	<ul style="list-style-type: none"> ▪ Stateline Transit Center ▪ Pioneer Trail/Wildwood ▪ Spruce/Herbert ▪ US 50/Beach Retreat ▪ US 50/San Francisco ▪ US 50/Bigler

Route Number/Name	Description	Frequency/Operation	Destinations/Timepoints
		service	<ul style="list-style-type: none"> ▪ “Y” Transit Center
Emerald Bay Trolley	Summer Seasonal	<p>From June 25 to July 11 – daily</p> <p>From July 12 to September 5 – Friday to Monday</p> <p>From September 6 to October 2 – seven bidirectional trips from 8:30 a.m. to 6:00 p.m.</p>	<ul style="list-style-type: none"> ▪ South “Y” Transit Center ▪ Camp Richardson ▪ Vikingsholm ▪ Meeks Bay ▪ Homewood ▪ Tahoe City Transit Center
Ski Run Route	Winter Ski Shuttle	<p>Every 30 minutes (Daily 8:00 a.m. to 2:00 p.m.)</p> <p>After 2:00 p.m., shuttles make continuous loops from the Stateline Transit Center to expedite guests’ return to their hotels until about 6:00 p.m.</p>	<ul style="list-style-type: none"> ▪ Lake Tahoe Vacation Resort ▪ Black Bear Inn ▪ Heavenly California Lodge ▪ Heavenly Valley Lodge ▪ Tahoe Beach & Ski ▪ Lakeland Village ▪ Lakeshore Lodge ▪ Beach Retreat & Lodge ▪ Inn by the Lake ▪ Highway 50 Safeway ▪ Knight’s Inn
Lake Tahoe Boulevard	Winter Ski Shuttle	<p>Every 30 minutes (Daily 8:12 a.m. to 2:00 p.m.)</p> <p>After 2:00 p.m., shuttles make continuous loops from the Stateline Transit Center to expedite guests’ return to their hotels until about 6:00 p.m.</p>	<ul style="list-style-type: none"> ▪ Heavenly Gondola ▪ Tahoe Beach & Ski ▪ Lakeland Village ▪ Lakeshore Lodge & Spa ▪ Beach Retreat & Lodge ▪ Safeway ▪ Knight’s Inn ▪ Lake Tahoe Vacation Resort
California Route	Winter Ski Shuttle	<p>Every 10 minutes (daily from 8:00 a.m. to 6:00 p.m.)</p>	<ul style="list-style-type: none"> ▪ Heavenly Gondola ▪ Pioneer Trail/7-Eleven ▪ Ski Run Blvd/Pioneer Trail ▪ Heavenly CA Lodge ▪ Heavenly Valley Lodge
Nevada	Winter Ski Shuttle	<p>Every 20 minutes (holidays/weekends from 8:00 a.m. to 6:00 p.m.)</p> <p>Every 30 minutes (Monday through Friday from 8:00 a.m. to 6:00 p.m.)</p>	<ul style="list-style-type: none"> ▪ Heavenly Gondola ▪ Lakeside Inn & Casino ▪ Mott Canyon Tavern ▪ Heavenly Boulder Lodge ▪ Heavenly Stagecoach Lodge ▪ Kingsbury Hardware

Route Number/Name	Description	Frequency/Operation	Destinations/Timepoints
Casino Shuttle	Winter Ski Shuttle	Every 20 minutes (Daily 8:00 a.m. to 2:00 p.m.) After 2:00 p.m., shuttles make continuous loops from the Stateline Transit Center to expedite guests' return to their hotels until about 6:00 p.m.	<ul style="list-style-type: none"> ▪ Heavenly Gondola ▪ Montbleu ▪ Hard Rock ▪ Roadway Inn ▪ Best Tahoe West Inn ▪ Best Western & The Landing ▪ Harvey's
Upper Nevada	Winter Ski Shuttle	Every 15 minutes (holidays/weekends from 8:15 a.m. to 11:15 a.m. & 2:15 p.m. to 5:45 p.m.) Every 30 minutes (Monday through Friday from 8:00 a.m. to 6:00 p.m.; weekends from 11:15 a.m. to 2:15 p.m.)	<ul style="list-style-type: none"> ▪ Heavenly Boulder Lodge ▪ Heavenly Stagecoach Lodge ▪ The Ridge Resorts Clubhouse

Source: TTD

Effective October 2, 2016, service on Route 21X was discontinued and daily schedules were implemented on Routes 19X, 20X, and 23. Effective June 2017, the East Shore Express will operate two bidirectional trips between the Kingsbury Transit Center and Sand Harbor. The East Shore Express was initially implemented in the summer of 2012.

ADA Demand-Response Service

TTD provides complementary ADA demand-response service, which is intended for persons who are unable to:

- Travel to or from transit stops or stations within the service area;
- Independently board, ride, or exit fixed-route transit vehicles; or
- Otherwise independently “navigate the system.”

The demand-response service is available for trips beginning and ending within three-quarters of a mile of any fixed route in the City of South Lake Tahoe. The service area extends beyond the three-quarter-mile requirement to include Christmas Valley, Camp Richardson, Kingsbury, and US 50 between Stateline and Cave Rock. ADA demand-response service operates during fixed-route service hours and may vary on designated holidays.

The ADA demand-response service is a shared-ride, curb-to-curb transport service based on proof of eligibility. It is available to persons over 60 years of age, veterans with service-connected disability designation on their Veterans Identification Card, and persons with disabilities who

meet TTD’s eligibility criteria developed under the guidelines established pursuant to the Americans with Disabilities Act (ADA) of 1990.

Fares

TTD’s fares are structured according to service type and passenger category. Reduced fares are applicable to youth ages 5 to 18 years old, seniors aged 60 years and older, and reduced fare identification (I.D.) holders. Free trips are allowed on the ski shuttles and for personal care attendants (PCA) accompanying a passenger with reduced fare I.D. card and PCA designation. The fare on the demand-response service is \$3.00 per one-way trip based on TTD’s eligibility requirements. The fare structure is shown in Table I-2.

**Table I-2
TTD Transit Fare Schedule**

Fare Categories	South Shore Service/Emerald Bay Trolley	Valley & Lake Express
Normal Fares (adults ages 18–59)		
One Way	\$2.00	\$4.00
Day Pass	\$5.00	\$10.00
20-Ride Pass	n/a	\$60.00
Monthly Pass	\$60.00	\$120.00
Reduced Fares (youth ages 5–17, seniors age 60 and older, disabled persons, and veterans)		
One Way	\$1.00	\$2.00
Monthly Pass	\$45.00	n/a

Source: TTD

Fares charged on the East Shore Express are \$3.00 one way for the general public and \$1.50 for youth ages 5–12, seniors aged 60 and older, and persons with disabilities.

Fleet

There were 38 vehicles in the total fleet during the audit period. The majority of the vehicles are powered by diesel or unleaded gasoline. Two of the replica trolley vehicles are powered by compressed natural gas (CNG). All TTD transit vehicles are wheelchair accessible in compliance with the Americans with Disabilities Act of 1990. Table I-3 shows the vehicle fleet information.

**Table I-3
TTD Transit Vehicle Fleet**

Year	Make & Model	Quantity	Fuel Type	Seating Capacity
1993	Cable Car Classics Trolley	1	Unleaded	28 (2 W/C)
2003	Ford E-350 Van	1	Diesel	9 (2 W/C)
2004	Cable Car Classics Trolley	2	CNG	34 (2 W/C)
2005	Bluebird Xcel	2	Diesel	38 (2 W/C)

Year	Make & Model	Quantity	Fuel Type	Seating Capacity
2006	El Dorado National Aerotech	1	Diesel	14 (2 W/C)
2006	Bluebird Xcel	3	Diesel	38 (2 W/C)
2008	El Dorado National Aerotech	2	Unleaded	16 (0 W/C)
2008	NABI Xcel	2	Diesel	36 (2 W/C)
2008	Glaval Titan	3	Diesel	30 (2 W/C)
2009	Starcraft Allstar	2	Unleaded	16 (2 W/C)
2009	Starcraft Starlite	2	Unleaded	9 (2 W/C)
2009	NABI Low Floor	4	Diesel	28 (2 W/C)
2010	Ford Starcraft	1	Unleaded	18 (2 W/C)
2012	Double K Hometown Trolley	1	Diesel	28 (2 W/C)
2012	Chevy Glaval Titan II	1	Diesel	18 (2 W/C)
2012	Glaval Concorde II	1	Diesel	30 (2 W/C)
2015	El Dorado National Aerotech	4	Diesel	16 (2 W/C)
2015	El Dorado National Aeroelite	5	Diesel	30 (2 W/C)
Total		38		

Source: TTD

Note: W/C = wheelchair

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of the District’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 20, 2014 FY 2015: October 5, 2015 FY 2016: November 22, 2016</p> <p>The FY 2016 Transit Operators Financial Transactions Report was submitted to the State Controller after the statutory deadline.</p> <p>TTD operates fixed-route service and ADA demand-response service. 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 and the ADA services.</p> <p>Conclusion: Partial compliance</p>
The operator has submitted annual fiscal and compliance	Public Utilities Code, Section 99245	Completion/submittal dates:

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.		<p>FY 2014: November 25, 2014 FY 2015: November 24, 2015 FY 2016: December 1, 2016</p> <p>Conclusion: Complied</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 District through its contract operator 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 TTD operations facility located at 1669 Shop Street in South Lake Tahoe.</p> <p>Inspection dates applicable to the audit period were August 11–14, 2014; August 26 & 27, 2015; and January 5, 2017.</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	As a condition of approval, the annual claims for Local Transportation Funds (LTF) and State Transit Assistance (STA) submitted by TTD are submitted in compliance with the rules and regulations adopted by TRPA. TTD and TRPA communicate on items to be submitted.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Complied
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	<p>During the audit period, TTD adhered to a rural fare recovery ratio.</p> <p>Given the Tahoe region’s new urbanized status, TRPA has not yet established an urban fare revenue ratio for TTD. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TTD to reflect the urbanized status.</p> <p style="text-align: center;">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: -7.3%</p> <p>FY 2015: +5.9%</p> <p>FY 2016: +3.6%</p> <p>Source: TTD Transit Fund Budgets for FYs 2013–2016.</p> <p style="text-align: center;">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	The transit system’s definition of performance is consistent with PUC Section 99247. A review of performance data reports provided by TTD confirms that correct performance data are being collected. The Reporting Solutions software gives warnings when data goes outside of

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.		parameters, and TTD staff will check the information against the trip manifests. Conclusion: Complied												
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	During the audit period, TTD adhered to a rural fare recovery ratio. Given the Tahoe region’s new urbanized status, TRPA has not yet established an urban fare revenue ratio for TTD. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TTD to reflect the urbanized status. Conclusion: Not applicable												
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	Operating ratios for the transit system using audited data were as follows: <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Fiscal Audit</th> <th style="text-align: center;">Perf. Audit</th> </tr> </thead> <tbody> <tr> <td>FY 2014:</td> <td style="text-align: center;">16.58%</td> <td style="text-align: center;">15.01%</td> </tr> <tr> <td>FY 2015:</td> <td style="text-align: center;">14.78%</td> <td style="text-align: center;">14.07%</td> </tr> <tr> <td>FY 2016:</td> <td style="text-align: center;">12.85%</td> <td style="text-align: center;">12.05%</td> </tr> </tbody> </table> Source: TTD Basic Financial Statements Note: Two sets of farebox ratios are presented based on data reported in the District’s Basic		Fiscal Audit	Perf. Audit	FY 2014:	16.58%	15.01%	FY 2015:	14.78%	14.07%	FY 2016:	12.85%	12.05%
	Fiscal Audit	Perf. Audit												
FY 2014:	16.58%	15.01%												
FY 2015:	14.78%	14.07%												
FY 2016:	12.85%	12.05%												

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>Financial Statements (fiscal audits). The first set of ratios (titled Fiscal Audit) is taken from Note 9 of the Basic Financial Statements, which does not provide a calculation of how the farebox recovery ratio was derived. For the purposes of this performance audit, a second set of farebox recovery ratios is also determined from the Basic Financial Statements (Transit Fund Statement of Revenues, Expenses, and Change in Net Position). The second set of ratios calculated by the performance auditor demonstrates a need for supporting calculations to be included in the fiscal audit.</p> <p>It is suggested that TTD have the fiscal auditor include in its Note 9 analysis a calculation of the farebox recovery ratio, which shows operating costs, farebox revenues, and any allowable exclusions pursuant to TDA.</p> <p>Conclusion: Complied</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.	Public Utilities Code, Section 99271	During the audit period, TTD contracted with a private provider for operations, which offered an employee 401(k) retirement plan. TTD contributes to its staff’s retirement through a stand-alone retirement plan composed of an employer-controlled 401(a) account (a social security replacement plan)

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>equal to 8% of employee compensation, an employer contribution to an employee-controlled 401(a) account equal to 4% of employee compensation, and an optional employee-funded and employee-controlled 457(b) account.</p> <p>Conclusion: Complied</p>
<p>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.</p>	<p>California Code of Regulations, Section 6754(a)(3)</p>	<p>As an eligible recipient of STA funds, TTD is making full use of Federal Transit Administration funds available to it.</p> <p>FY 2014: \$1,849,814 (Operations) \$229,634 (Capital)</p> <p>FY 2015: \$1,950,814 (Operations) \$641,590 (Capital)</p> <p>FY 2016: \$2,146,073 (Operations) \$231,974 (Capital)</p> <p>Source: National Transit Database reports</p> <p>Conclusion: Complied</p>

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to TTD, the operator fully complied with eight of the nine applicable requirements. The District was in partial compliance with regard to the timely submittal of the annual Transit Operators Financial Transactions Report to the State Controller. Two compliance requirements did not apply to TTD (blended and urbanized farebox recovery ratios).
2. The farebox recovery ratio was 16.58 percent in FY 2014, 14.78 percent in FY 2015, and 12.85 percent in FY 2016 based on audited data reported in Note 9 of the Basic Financial Statements. The average three-year system-wide farebox recovery ratio was 14.74 percent. However, due to lack of supporting documentation of these figures, a second set of farebox recovery ratios is determined by the performance auditor using similar revenue and cost information from the audited Basic Financial Statements. The farebox recovery ratio was found to be 15.01 percent in FY 2014, 14.07 percent in FY 2015, and 12.05 percent in FY 2016, slightly lower than those shown in Note 9. The farebox ratios in Note 9 should include the calculation basis.
3. TRPA has not yet established urban fare revenue ratios for TTD given the Tahoe region's new urbanized status. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TTD to reflect the urbanized status.
4. TTD, 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.
5. The operating budget exhibited modest fluctuations during the period. The transit operations budget decreased 7.3 percent in FY 2014. During the subsequent years, the transit operations budget increased 5.9 percent in FY 2015 and 3.6 percent in FY 2016.

Section III

Prior Triennial Performance Recommendations

The District’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 District’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 operations data by service type to the State Controller. Monitor discrepancies between operations data reported to the State Controller and those found in internal reports.

Background: The prior audit noted that State Controller Reports for TTD listed system-wide operational data (ridership, hours, and miles) in the “Motor Bus” category. Because the on-call service is a demand response type service, it should be more appropriately listed in the “Demand Response” category.

During the prior audit period, there were some significant discrepancies between data reported to the State Controller and that obtained from internal reports, as much as a 44 percent difference in vehicle service miles in FY 2010–11. It is important to note that TTD did not officially take over operation of transit service until four months into FY 2010–11; therefore, complete data could not be verified. Although the discrepancies between internal reports and State Controller Reports narrowed as the audit period continued, it was recommended that TTD staff monitor the areas where there are large discrepancies for potential errors in reporting.

Actions taken by the Tahoe Transportation District

The Transit Operators Financial Transactions Reports submitted to the State Controller are prepared by an independent auditor and signed off by TTD’s controller. The reports prepared and submitted to the State Controller during the audit period include the proper reporting of operations data according to service mode. The FY 2016 Transit Operators Financial Transactions Report includes modal operations data for the supplemental taxi program administered through TTD as well as fixed route and demand response. In addition, there has been greater consistency between the internal report data and the operations data reported in the State Controller and NTD reports.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

TTD and the operations contractor should calculate and report annual employee hours data as full-time equivalents (FTE) according to the definition in Appendix B of the Performance Audit Guidebook (presented below).

Employee Hours/Full-Time-Equivalency (For calculating vehicle service hours per employee). Transportation system-related hours worked by persons employed in connection with the public transportation system (whether or not the person is employed by the operator, for example, a city accounts payable person whose time is partly charged to transit operations). Such persons include contractor staff. A Full-Time Equivalent employee count can be calculated by dividing the total number of person-hours worked each year by 2,000.

Background: The prior audit cited discrepancies in the calculation of FTEs. This was partly due to the changes in the contract operator. The FTE definition used by TTD was not consistent with the definition presented in Appendix B of the Performance Audit Guidebook. The prior audit could not verify that the calculation included the total number of person-hours of work divided by 2,000, as required under this definition. As a new transit operator, TTD was unaware of the correct calculation and will request appropriate data from the contractor in the future so as to calculate employee hours correctly.

Actions taken by the Tahoe Transportation District

In response to this recommendation, TTD took the necessary steps in the last two years to compile employee hourly data for each contract and TTD employee on an Excel spreadsheet. Pursuant to the TDA statute, FTE data are calculated by dividing the total annual employee labor hours on the spreadsheet by 2,000. FTE data are subsequently input into the Transit Operators Financial Transactions Report for each service mode.

Conclusion

This recommendation has been implemented.

Prior Recommendation 3

Work with TRPA and the Fiscal Auditor to complete fiscal audits within the 180-day time period or request a 90-day extension from TRPA. The fiscal and compliance audits should include a statement indicating that the auditor certifies that TDA funds were allocated to and received by the claimant pursuant to applicable statutes, rules, and regulations of the act and the allocation instructions of the RTPA. In order to determine compliance with TDA, the fiscal auditor should perform the tasks listed in CCR 6667 (Compliance Audit Tasks – Transit Claimants).

Background: The prior audit noted that not all fiscal audits for TTD were submitted 180 days after the end of the fiscal year. TRPA has the ability to grant a 90-day extension to transit operators for

completion of the fiscal and compliance audits. The audit noted there are few qualified firms in Northern California able to complete these TDA fiscal and compliance audits; it is therefore common for the audits to be late. It was advised that if TTD feels that the fiscal and compliance audits will not be completed on time, the District should request an extension from TRPA and document the request.

Also, the prior performance audit noted that the Fiscal and Compliance Audit Report does not need to show proof of compliance with each of the above-listed tasks; however, a statement must be made certifying that the auditor determined compliance with TDA by performing the tasks listed in California Code of Regulations 6667. TTD and TRPA should ensure that the Fiscal and Compliance Auditor has a copy of the most recent TDA Statutes and California Code of Regulations.

Actions taken by the Tahoe Transportation District

During this current triennial audit period, TTD completed and submitted its annual Basic Financial Statements within the 180-day time frame after the end of the fiscal year. Each audit report includes a statement by the fiscal auditor that performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including CCR 6667, the TDA, and CCR 8879.50. As indicated earlier in this section, the farebox recovery ratios in the fiscal audit do not show how the audited farebox recovery ratio was derived. It is suggested that TTD have the fiscal auditor include in its Note 9 analysis a calculation of the farebox recovery ratio, which would include operating costs, farebox revenues, and any allowable exclusions pursuant to TDA.

Conclusion

This recommendation has been implemented. A new recommendation stemming from this recommendation is for the TTD fiscal audit to show how the farebox recovery ratio is calculated.

Prior Recommendation 4

Improve the South Tahoe transit operations and maintenance facility.

Background: The prior audit noted that although the South Tahoe transit service operations and maintenance facility is sufficient, it had a number of deficiencies, including the following:

- The facility is run down and cluttered, and does not provide a positive work environment.
- Pavement conditions in various areas create tripping hazards and drainage problems.
- The lack of a drive-through wash bay increases costs and results in less-thorough bus cleaning.
- Dimensions of some bus parking spaces and access lanes are less than industry standards, increasing the potential for minor accidents.

With the stabilization of the transit program’s services and finances, it was recommended that a focus be placed on long-term improvements to the operations and maintenance facility.

Actions taken by the Tahoe Transportation District

TTD leases the facility and land from the City of South Lake Tahoe. TTD was able to make some modest cosmetic improvements to the operations and maintenance facility such as fresh paint and carpeting. However, large infrastructure improvements are in part dependent on City of South Lake Tahoe decisions as the owner. The City is also planning to construct a new Public Works Public works yard located at 1740 D Street on property that the City purchased in 2013. Because TTD maintenance and operations could potentially be relocated there, the City has delayed major improvements to the existing location leased to TTD.

Conclusion

This recommendation has not been implemented, due in large part to uncertainty regarding whether TTD will remain at the current operations and maintenance facility, and near future plans being made by the City of South Lake Tahoe for its new public works yard.

Prior Recommendation 5

Conduct an onboard passenger survey.

Background: The prior audit noted that a survey of passenger opinions, characteristics, and trip patterns has not been conducted for at least ten years. The auditor stressed that should be done as a basis for ongoing efforts to improve the transit program and to provide information for grant applications. At the same time, it would be cost-effective to also conduct boarding/alighting and on-time performance counts.

Actions taken by the Tahoe Transportation District

TTD indicated rider surveys have been conducted more recently. Heavenly Valley conducts customer surveys that include opinions on transportation. Other surveys are conducted on the east shore as part of the funding agreement with Nevada State Parks for the East Shore Express transit operation to Sand Harbor. Further, the recent Lake Tahoe and Area Transit Master Plan also includes elements of rider feedback on services garnered through public engagement and public information sessions in developing the plan. The detailed phasing of service improvements by TTD is being implemented as a result of the plan.

Conclusion

This recommendation has been implemented.

Prior Recommendation 6

Consider upgrading telecommunications for South Tahoe transit operations.

Background: The prior audit noted that South Tahoe transit services used a combination of two-way radios and cell phones for communication between dispatch and drivers. At the time, the two-way radio system was about 15 years old and combined with the mountainous terrain of South Lake Tahoe, communications could be spotty at times. Given the routes' significant travel distances, maintaining good communications with dispatch is an important part of the transit system. It was suggested that as funding becomes available, TTD consider upgrading South Tahoe transit services telecommunications.

Actions taken by the Tahoe Transportation District

TTD received funding through the State Proposition 1B Office of Emergency Services grant to purchase two-way radio replacements. The request for \$52,000 was approved in April 2014. The purchase was justified in the state application by allowing enhanced communication between dispatchers and operators, and among operators, over a large service area, and allowing seamless radio interoperability between the transit provider and public safety providers. TTD awarded a sales and installation of UHF two-way radios and associated equipment to Sierra Electronics.

Conclusion

This recommendation has been implemented.

Prior Recommendation 7

Implement electronic fareboxes to improve security and data collection accuracy.

Background: The prior audit noted the benefits to having electronic fareboxes in terms of accuracy, security, and thorough data collection. Such fareboxes have the ability to classify a variety of fare/boarding types (senior day pass, regular 20-day pass, etc.). Passenger boarding data are automatically downloaded at the end of each day and can be compiled into various reports. In terms of security, cash boxes cannot be removed from the main farebox module unless they are locked.

Actions taken by the Tahoe Transportation District

During the audit period, TTD procured and deployed GFI validating electronic fareboxes for its fixed-route vehicles. In addition, TTD purchased nine new buses, all equipped with electronic fareboxes, security cameras, two-position bike racks, and two-way radios, that currently service South Lake Tahoe and Carson Valley. In addition, TTD has implemented Solutions for Transit's Reporting Solutions transit management software. Fareboxes are probed and the data

downloaded into Reporting Solutions, which is used for reconciliation. Fare counts are also analyzed for each route.

Conclusion

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews the District’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 and calculated by the performance auditor. 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 TTD. Charts are also included to depict the trends in the indicators. It is noted that the system-wide operating costs and fare revenues are based on audited figures, while fixed-route and ADA demand response costs and fare revenues are unaudited using internal TTD performance reports. The annual fiscal audits do not provide a modal breakdown.

**Table IV-1
TTD 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	\$4,583,953	\$4,893,014	\$4,774,926	\$5,230,228	14.1%
Total Passengers	748,915	733,539	642,589	808,334	7.9%
Vehicle Service Hours	53,932	52,795	51,486	53,808	-0.2%
Vehicle Service Miles	781,924	733,092	763,438	793,693	1.5%
Employee FTEs	67	134	71	95	41.8%
Passenger Fares	\$561,142	\$734,260	\$672,064	\$630,237	12.3%
Operating Cost per Passenger	\$6.12	\$6.67	\$7.43	\$6.47	5.7%
Operating Cost per Vehicle Service Hour	\$85.00	\$92.68	\$92.74	\$97.20	14.4%
Operating Cost per Vehicle Service Mile	\$5.86	\$6.67	\$6.25	\$6.59	12.4%
Passengers per Vehicle Service Hour	13.9	13.9	12.5	15.0	8.2%
Passengers per Vehicle Service Mile	0.96	1.00	0.84	1.02	6.3%
Vehicle Service Hours per Employee	805.0	394.0	725.2	566.4	-29.6%
Average Fare per Passenger	\$0.75	\$1.00	\$1.05	\$0.78	4.1%
Fare Recovery Ratio	12.24%	15.01%	14.07%	12.05%	-1.6%

Source: Annual Fiscal & Compliance Audits; National Transit Database; State Controller Report

Note: Full-time equivalent (FTE) employee count in 2014 is due to duplicated entries by TTD in the State Controller Report for both fixed route and ADA.

Table IV-2
TTD 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	\$4,028,272	\$4,092,739	\$4,176,337	\$3,998,506	-0.7%
Total Passengers	729,472	717,082	627,367	792,120	8.6%
Vehicle Service Hours	46,574	46,073	45,052	47,322	1.6%
Vehicle Service Miles	686,272	649,417	684,350	709,543	3.4%
Employee FTEs	67	67	63	68	1.5%
Passenger Fares	\$535,224	\$619,248	\$597,725	\$557,269	4.1%
Operating Cost per Passenger	\$5.52	\$5.71	\$6.66	\$5.05	-8.6%
Operating Cost per Vehicle Service Hour	\$86.49	\$88.83	\$92.70	\$84.50	-2.3%
Operating Cost per Vehicle Service Mile	\$5.87	\$6.30	\$6.10	\$5.64	-4.0%
Passengers per Vehicle Service Hour	15.7	15.6	13.9	16.7	6.9%
Passengers per Vehicle Service Mile	1.06	1.10	0.92	1.12	5.0%
Vehicle Service Hours per Employee	695.13	687.66	715.11	695.91	0.1%
Average Fare per Passenger	\$0.73	\$0.86	\$0.95	\$0.70	-4.1%
Fare Recovery Ratio	13.29%	15.13%	14.31%	13.94%	4.9%

Source: National Transit Database; State Controller Report

Note: FTEs derived from the State Controller Report are inclusive of the commuter service.

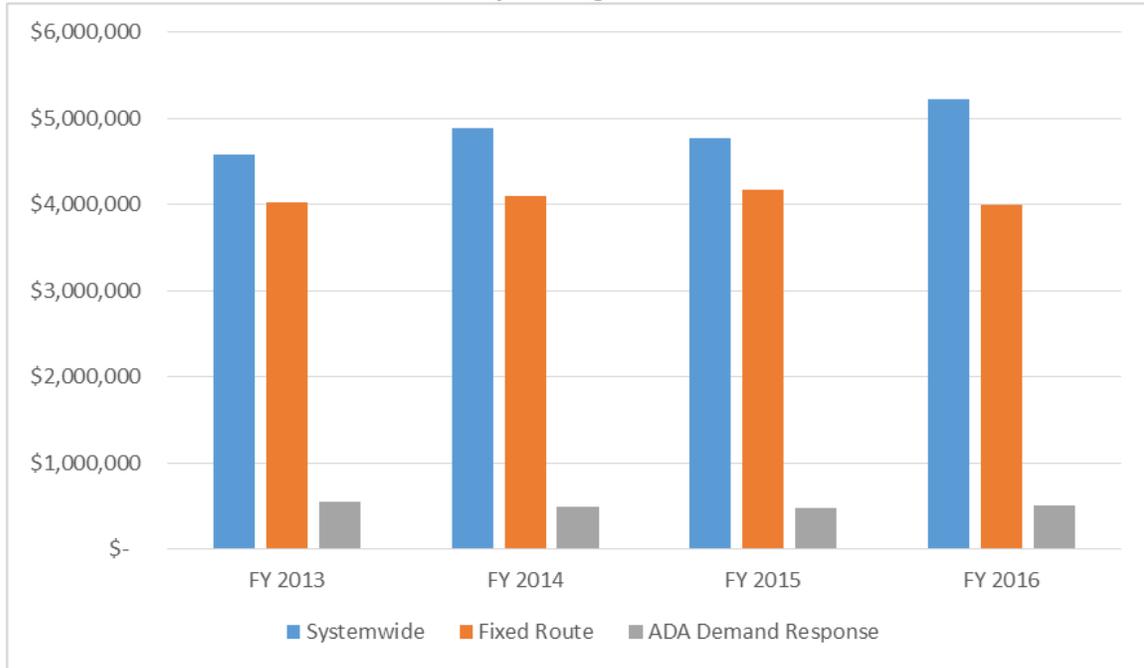
**Table IV-3
TTD ADA Demand-Response TDA Performance Indicators**

Performance Data and Indicators	Audit Period				% Change FY 2013– 2016
	FY 2013	FY 2014	FY 2015	FY 2016	
Operating Cost	\$555,681	\$490,520	\$482,645	\$511,767	-7.9%
Total Passengers	19,443	16,457	15,222	16,214	-16.6%
Vehicle Service Hours	7,358	6,722	6,434	6,486	-11.9%
Vehicle Service Miles	95,652	83,675	79,088	84,150	-12.0%
Employee FTEs	n/a	67	8	27	n/a
Passenger Fares	\$25,918	\$79,756	\$69,081	\$66,695	157.3%
Operating Cost per Passenger	\$28.58	\$29.81	\$31.71	\$31.56	10.4%
Operating Cost per Vehicle Service Hour	\$75.52	\$72.97	\$75.01	\$78.90	4.5%
Operating Cost per Vehicle Service Mile	\$5.81	\$5.86	\$6.10	\$6.08	4.7%
Passengers per Vehicle Service Hour	2.6	2.4	2.4	2.5	-5.4%
Passengers per Vehicle Service Mile	0.20	0.20	0.19	0.19	-5.2%
Vehicle Service Hours per Employee	n/a	100.33	804.25	240.22	n/a
Average Fare per Passenger	\$1.33	\$4.85	\$4.54	\$4.11	208.6%
Fare Recovery Ratio	4.66%	16.26%	14.31%	13.03%	179.4%

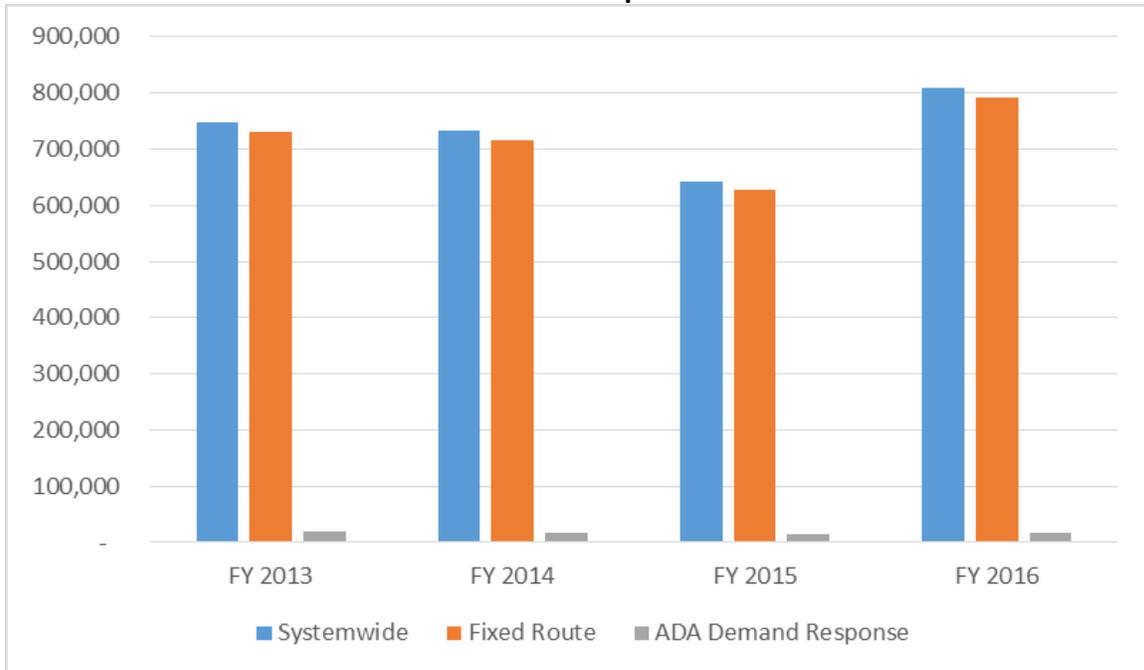
Source: National Transit Database; State Controller Report

Note: FTEs in FY 2014 from State Controller’s Report are redundant of the figure for fixed route.

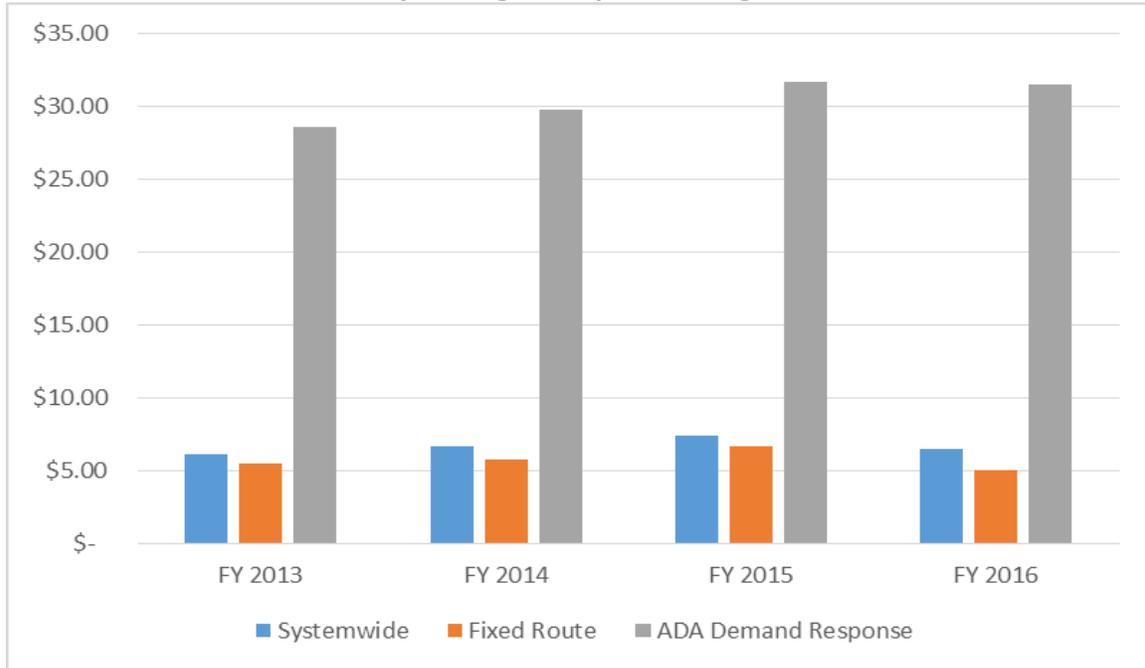
**Graph IV-1
Operating Costs**



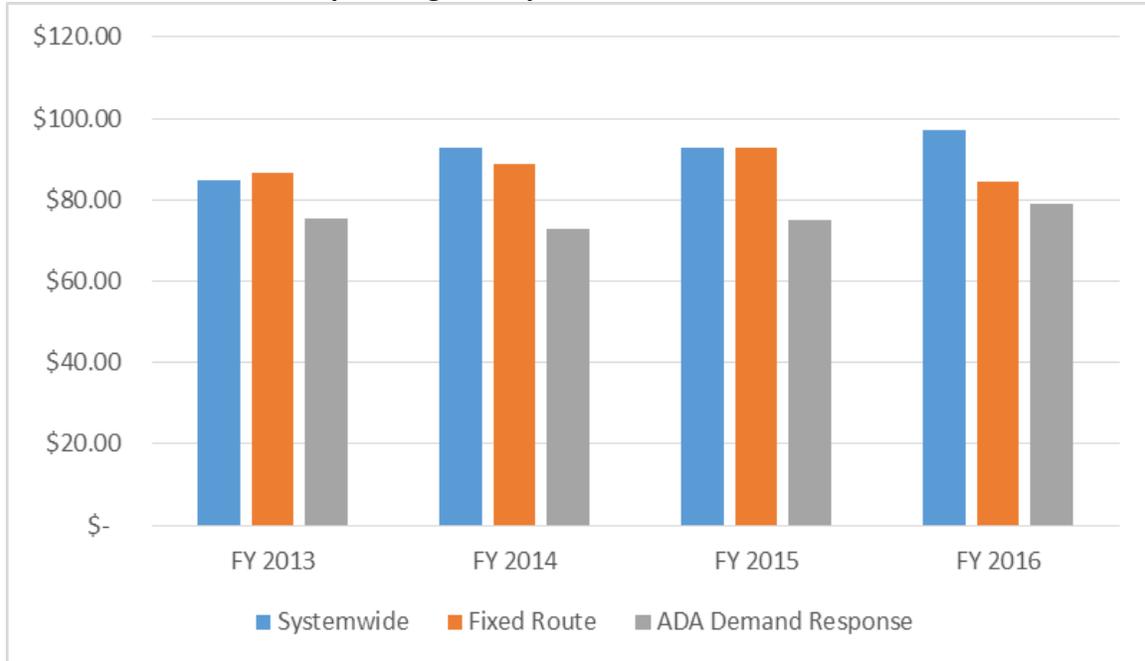
**Graph IV-2
Ridership**



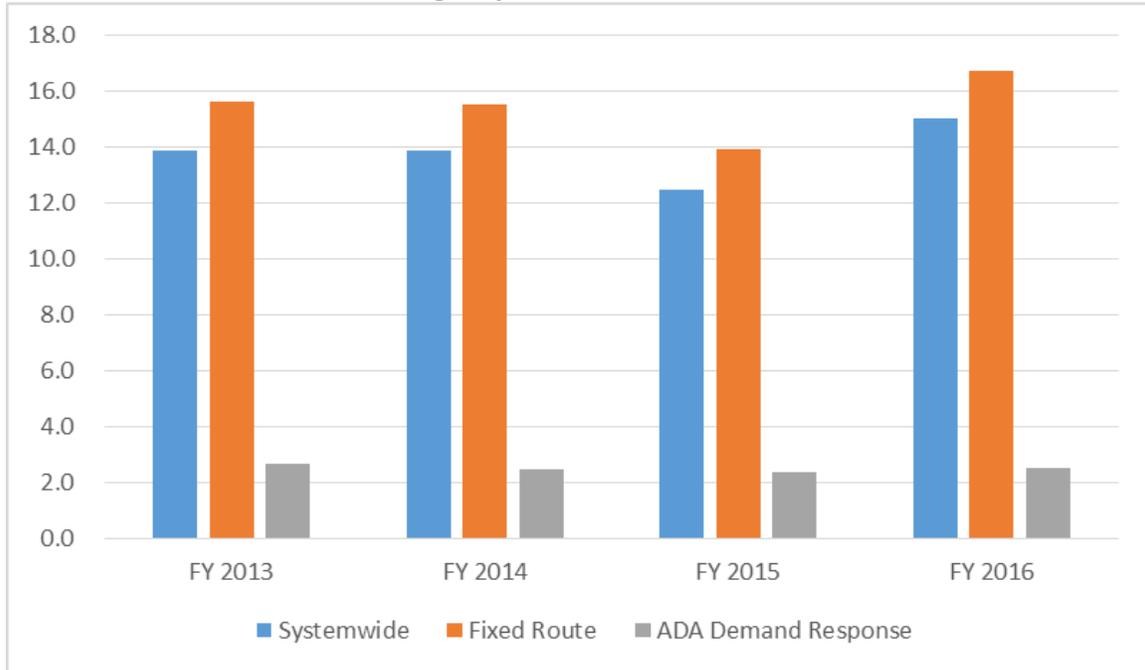
Graph IV-3
Operating Costs per Passenger



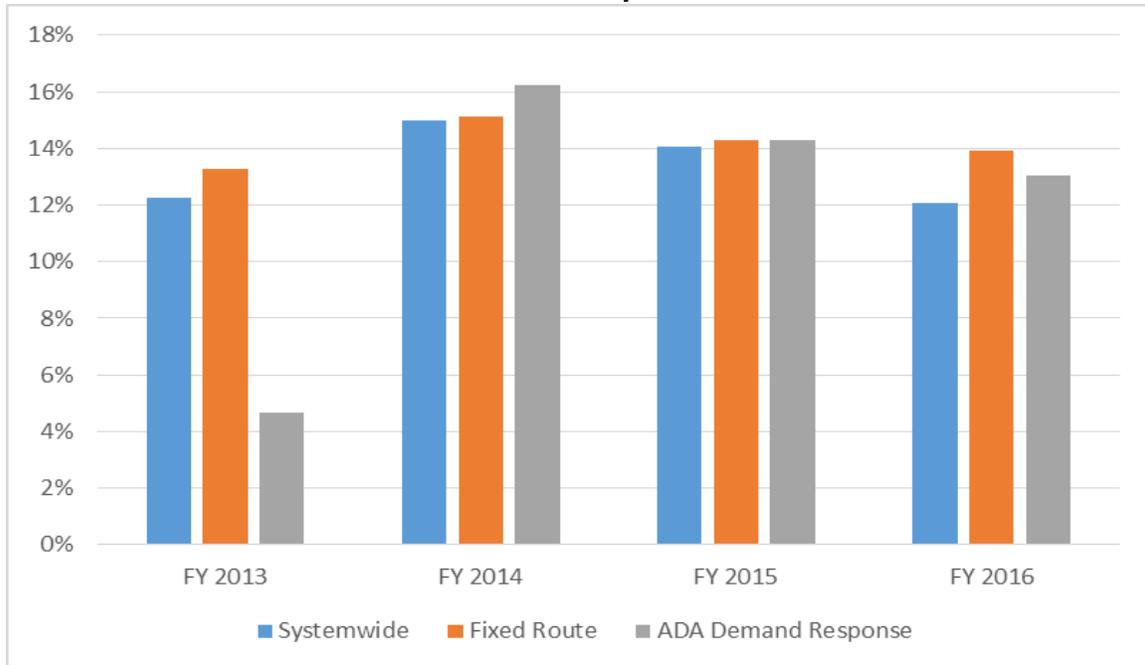
Graph IV-4
Operating Costs per Vehicle Service Hour



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



**Graph IV-6
Fare Recovery Ratio**



Note: Systemwide farebox recovery use audited figures, while modal farebox recovery are unaudited.

Findings from Verification of TDA Performance Indicators

1. **Operating cost per vehicle service hour**, an indicator of cost efficiency, increased 14.4 percent system-wide from \$85.00 in the FY 2013 base year to \$97.20 in FY 2016 based on audited data. Operating costs increased 14.1 percent system-wide, while operating hours decreased 0.2 percent. At the modal level using unaudited figures, cost per hour decreased 2.3 percent on the fixed-route service, whereas this indicator increased 4.5 percent on the ADA demand-response service.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased 5.7 percent system-wide from \$5.52 in FY 2013 to \$6.47 in FY 2016 based on audited data. Ridership system-wide increased by 7.9 percent, from 748,915 passengers in FY 2013 to 808,334 passengers in FY 2016, while operating costs increased at a higher rate for the same period. At the modal level, cost per passenger on the fixed-route service decreased 8.6 percent, whereas on the ADA demand-response service, this indicator increased 10.4 percent.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 8.2 percent system-wide, from 13.9 in FY 2013 to 15 passengers per hour in FY 2016. Fixed-route operations reflected the system-wide trend with an increase of 6.9 percent over the same period from 15.7 to 16.7 passengers per hour. ADA demand-response operations exhibited a decrease of 5.4 percent from 2.6 to 2.5 passengers per hour. The trend in this indicator reflects steady growth in ridership while overall vehicle hours remained relatively stable.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased 6.3 percent system-wide, from 0.96 in FY 2013 to 1.02 passengers per mile in FY 2016. For fixed-route operations, the number of passengers per service mile increased 5.0 percent from 1.06 to 1.12 passengers between FY 2013 and FY 2016. For ADA demand-response services, passengers per service mile decreased 5.2 percent from 0.2 to 0.19 passengers per mile. System-wide and at the fixed-route level, passenger trips increased 7.9 and 8.6 percent, respectively, whereas vehicle service miles increased 1.5 and 3.4 percent, respectively.
5. **Vehicle service hours per employee** decreased by close to 30 percent system-wide between FY 2013 and FY 2016 from 805 to 566 hours. This trend is skewed due to the incorrect reporting of FTEs when headcount was used, prior to a few years ago. The higher count of employees results in a lower ratio of vehicle hours per employee. Vehicle service hours per employee for the fixed-route service was relatively stable at about 700 hours per year when using correct FTE figures.
6. **Farebox recovery** held relatively stable between FY 2013 and FY 2016. The farebox ratio grew in FYs 2014 and 2015 before sliding in FY 2016. System-wide, passenger fares increased by 12.3 percent, but were offset by a higher increase in operating costs for the same three-year period. The audited system-wide operating costs are higher than the unaudited modal costs, showing different farebox ratio trends for fixed route and ADA demand response.

Conclusion from the Verification of TDA Performance Indicators

TTD's performance indicators reflect relative stability as shown by key indicators such as ridership, service hours and miles, and passenger fares. Operating cost measures for fixed route, such as cost per passenger and cost per hour, show annual stability as a result of no growth or slight growth in each indicator. These annual figures, however, do not reflect the seasonal service fluctuations and variability during the year. The peak winter and summer seasons complemented by the fall and spring shoulder seasons characterize TTD transit services and the regular need to alter operating schedules. In spite of a low permanent resident base, TTD has been able to retain ridership and fare revenue while improving service effectiveness including the number of passengers per service hour that capture the tourist markets in the Tahoe region.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions of TTD. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed with the controller and transit system program manager at the TTD offices in Stateline, Nevada:

- 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 transit system is primarily made up of services that serve the south shore communities of the Lake Tahoe Basin with connections to the Carson Valley. Ski shuttle services are free to the general public.

TTD transit operations have continued to undergo changes intended to better utilize funding and capital resources. At the beginning of the audit period, TTD contracted management, maintenance, and operations of BlueGO to Diversified Transportation, LLC, dba Keolis Transit North America (Keolis). Keolis had been the contract operator since July 2011 for an initial three-year term with up to two one-year contract extensions. TTD exercised its option to extend its contract with Keolis for one year in 2014 and again in 2015 through October 2016.

The audit period involved TTD evaluating its role as a direct transit provider. Through its enabling legislation, TTD has the authority to own and operate transportation systems and facilities that serve the region. During the latter half of FY 2016, TTD initiated the process of transitioning from the contract management model to direct management and operation of transit services. In June 2016, TTD and Keolis entered into an addendum to the operations contract to facilitate a coordinated transition to TTD directly operating the system with regard to personnel policies and procedures. This transition has resulted in a more structured and stable transit operation with greater accountability and oversight.

In the summer of 2012, TTD implemented the East Shore Express, which operates a park-and-ride shuttle between Incline Village and Sand Harbor on the Nevada side of the lake. In turn, the former 21X route was discontinued in October 2016. The Nevada Department of Transportation (NDOT) believed TTD was ineligible to continue Route 21x because of the federal Fixing America's Surface Transportation Act (FAST Act) language making Tahoe an urbanized area. As a result, NDOT would not fund Route 21x.

TTD was awarded a Low Carbon Transit Operations Program grant, which expanded the District's summer operations to include an extended Route 30 along the west shore, connecting south shore service to Placer County's transit service on the north shore. The expanded service accommodated increased summer demand in the communities and attractions of the west shore, providing much-needed options for Lake Tahoe Basin visitors while reducing seasonal vehicle traffic.

The full implementation of the Swiftly application for AVL and real-time arrival information is under way. The majority of the fleet is equipped with GPS trackers, and information is being collected before the application is publicly announced.

In March 2016, TTD launched Ecolane. This new scheduling system for demand-response service facilitates transportation for individuals with disabilities and adults 60 years of age and older. These improvements increase the safety, efficiency, and overall quality of the service. Passengers using this service make a reservation and the new system helps to coordinate trips. Dispatchers ask additional questions when taking reservations to customize individual trips from arranged origin to set destination.

Vehicle service hours and mileage are being properly recorded by operators and dispatchers. Drivers complete a trip sheet for each run operated, with sufficient space on the sheet to record trip data for up to three runs. The trip sheet includes the driver's name, date, and day of the week at the top. Other data include the run number, start time, end time, hours, bus number, ending miles, beginning miles, total miles, and nonrevenue miles. A computer-generated paddle sheet shows all driver run assignments for the day and includes the sign-in and sign-out times, yard and route pull-out times, assigned bus and route number, assigned farebox vault, and hours worked. Drivers are cross-trained on all TTD-operated services.

Fare vaults in the fareboxes are probed into the GFI system and imported into Reporting Solutions. Cash fares are counted twice a week in the presence of two dispatchers and locked in a safe coded system. Security cameras were installed in the count room during the audit period. The bank also counts the fares which are reconciled. Keolis kept some buses in a smaller facility in Minden for those routes serving Carson City, Gardnerville, and Minden, and counted fares at that location but at different time intervals than at the main operations facility in South Lake Tahoe. TTD developed stronger internal accounting controls to ensure fares were counted and handled properly.

Personnel

Operations, management, and maintenance personnel were provided under contract to TTD by Keolis during the audit period. Nonexempt employees have been represented under the Teamsters Local 533 of Reno, Nevada. Keolis staff benefits were consistent with the collective bargaining agreement with paid vacation and sick leave, health and dental insurance, vision care, flexible spending accounts, a 401(k) retirement savings plan, and an employee assistance program.

Based on the annual labor hour spreadsheet for FY 2016, there were 78 contract employees. The Keolis General Manager had 13 years’ experience in transit operations, while the most senior driver had 17 years of experience. Upon TTD assuming direct control of transit operations, pay rates were increased 3 percent. Table V summarizes the contract personnel as of FY 2016.

Table V
TTD Contract Personnel

Job Title	Number of Personnel
Transit General Manager	1
Maintenance Manager	2
Operations Manager	1
Road Supervisor	3
Drivers	45
Maintenance Support	3
Dispatch	8
Bus Washer	4
B Tech	2
Mechanic	5
Utility Worker	2
Administrative Assistant	1
Customer Service Representative	1
TOTAL	78

Source: Keolis, TTD

Job openings are posted on the TTD website (<http://www.tahoetransportation.org/doing-business/career-opportunities>). TTD has been collaborating with Lake Tahoe Community College to develop vocational training programs for drivers and mechanics, which could provide a steady supply of qualified candidates. The District has been working on a series of safety and attendance incentives and bonuses that will be budgeted in FY 2018. Other types of employee perks have included bowling outings and sandwiches.

Maintenance

During the audit period, vehicle maintenance was the responsibility of the contract operator, Keolis. TTD's maintenance and storage facility is located at 1669 Shop Street in South Lake Tahoe. The facility is leased from the City of South Lake Tahoe and is equipped with three buildings, six service bays, two in-ground lifts, and one set of portable jacks. Based on a prior audit recommendation, TTD was able to make some modest cosmetic improvements such as fresh paint and carpeting. The City is planning to construct a new Public Works Public works yard located at 1740 D Street on property that the City purchased in 2013. TTD maintenance and operations could potentially be relocated to that facility.

Preventive maintenance inspection (PMI) schedules vary according to vehicle specifications. Vehicles also undergo a 45-day safety inspection according to CHP regulations. Reporting Solutions software tracks PMI schedules and parts inventory. TTD procures parts from local vendors, but specialty items have to be ordered from outside of the area. The District has been involved in procuring a contractor for bodywork.

Since assuming direct operations in July 2016, TTD employed one fleet facility manager, five service technicians, two utility workers, three bus washers, and two fuelers. A few service technicians are Automotive Service Excellence certified. The facility is staffed 22 hours daily from 4:00 a.m. to 2:00 a.m. the following day. Vehicles are fueled at the Flyers Petroleum station located at 2070 James Avenue in South Lake Tahoe.

TTD has discontinued and disposed of most of its CNG vehicles. The District is interested in procuring more low-floor vehicles. Low-floor vehicles offer better capacity and easier loading and unloading, particularly as it pertains to winter ski resort route operations. TTD maintains a higher vehicle spare ratio due to the winter operating environment.

Drivers are required to conduct a pre-trip and post-trip inspection on each vehicle assigned. Road calls are recorded when a bus does not complete its scheduled trip based on the NTD definition. Keolis maintenance activities are included on its monthly summary report to TTD generated by Reporting Solutions. Maintenance activities included the number of PMIs completed, road calls, vehicles out of service exceeding 48 hours, and work orders generated. Although maintenance data are reported monthly, a year-to-date total should be added to the data reporting to enhance performance review including comparison from a year ago and year-to-date analysis.

Planning

Transit planning and oversight are engaged through various approaches in a coordinated effort between the TTD, TRPA, and other regional stakeholders. The previous short-range planning effort was the South Lake Tahoe/BlueGO 2010 Short Range Transit Plan (SRTP) commissioned by TRPA and adopted in December 2010. The 2010 SRTP incorporates a thorough review of existing transit services currently provided in the South Lake Tahoe region. Specifically, the SRTP includes a socioeconomic profile of the service area, an overview of BlueGO and other regional transit

providers, transit needs and demands, passenger activity and on-time performance analysis, service and capital plans, marketing strategies, and a financial plan.

In updating the transit plans, TRPA sponsored a regional transit visioning study for TTD that is near completion. The Lake Tahoe and Area Transit Master Plan takes a multistep approach to developing a longer-term transit system that seeks to match the anticipated travel in the Lake Tahoe area. The steps include:

- Creating a vision through review of existing plans and developing a vision statement.
- Creating and defining goals and objectives as well as performance measures.
- Undertaking a system assessment to provide an indication of how the services are utilized.
- Drafting a network of services that shows the transit services and associated infrastructure.
- Finalizing the network and making changes in the route structure or infrastructure placement, phasing, and costing.
- Compiling the final report that describes the process, the consultation, methodology, phasing, transit routes, and infrastructure that make up the master plan.

TTD has developed a phased service implementation plan based on the concepts in the vision plan including expanding service to Myers and frequency improvements to Emerald Bay. A longer-term service goal proposed in the recently adopted TRPA Regional Transportation Plan is to offer a free fare system in the Tahoe region. The unmet transit needs process facilitated by the Regional Coordinating Council and the Social Services Transportation Advisory Council generates operational comments and service needs that are considered by TTD.

Marketing

TTD uses a combination of printed collateral and electronic methods in marketing its services to the public. One marketing tool is the Internet. The TTD website (<http://www.tahoetransportation.org/transit>) provides links to schedules and maps of its bus routes and fares. Winter and summer schedules are updated on the website. Information about demand response and an application are also available. TTD hired a transit information officer for the Stateline Transit Center to facilitate the distribution of transit information to tourists and the public five days per week. TTD partnered with the City of South Lake Tahoe to provide the information officer in exchange for usage of space in the transit center for transit offices and space for staff training.

Other marketing outlets include an electronic billboard, television, and radio. Transit brochures are available at many hotels, and the concierges are familiar with TTD transit services. TTD has a minimal presence on social media (e.g., Facebook) and receives little feedback.

During an unmet transit needs hearing in September 2015, the community requested that schedules be posted at bus stops. As a result, 36 schedule holders were installed in January 2016 at all timed stops in the system. The holders illustrate the stop location relative to the greater system and help passengers orient themselves within the region. The posted schedules will prevent unintentional wait times and passengers boarding incorrect buses.

With implementation of the Swiftly application for AVL and real-time bus arrival information, TTD is replacing traditional bus stop signs with information technology signage where a customer enters a four-digit number to receive bus stop arrival information. This approach improves customer service with the implementation of technology, in particular with visitors who comprise a large share of ridership.

Pursuant to the federal Civil Rights Act of 1964, TTD has an adopted Title VI Program. Title VI of the Civil Rights Act of 1964 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 notices and complaint procedures posted on the TTD website (<https://www.tahoetransportation.org/doing-business/title-vi>). Notices and complaint forms are posted in PDF format on the left-hand margin of the webpage.

General Administration and Management

TTD was created pursuant to Article IX of Public Law 96-551 (the Compact). TTD is governed by a nine-member Board of Directors composed of representatives from the two transportation management associations, El Dorado County, Placer County, Carson City, Douglas County, Washoe County, and City of South Lake Tahoe, and one at-large member representing a public or private transit operator. In addition, there are two ex officio representatives from Caltrans and NDOT. Each primary member has a designated alternate.

TTD is administered by a District Manager, who is supported by a management group comprising a Transportation Projects Manager, Controller, Transit System Program Manager, and Human Resources/Risk Manager. The Transit System Program Manager was hired at the beginning of the audit period and serves as the de facto transit administrator for the service and also has transit planning and related responsibilities beyond day-to-day transit management. The Tahoe Transportation Commission (TTC) is a subcommittee of the TTD, established by TRPA as an advisory liaison to both TRPA and the Tahoe Metropolitan Planning Organization (TMPO). Intended to be a part of the planning process, the TTC provides technical input and recommendations on transportation issues, plans, and programs to the TMPO and TRPA governing boards. The Regional Coordinating Council (RCC) assists the TRPA Social Services Transportation Advisory Council (SSTAC) while including members of the SSTAC and a larger audience of stakeholders involved in human service transportation.

The decision to move transit operations in-house was prompted by issues with the prior transit administrator, the South Tahoe Area Transit Authority, which declared bankruptcy. The District

worked closely with Caltrans and NDOT during the transition process. The transition process included TTD hiring a change management consultant to provide services leading up to the transition, such as assistance in developing a change management plan, providing leadership training, implementing the plan with management, monitoring the results, and helping to reinforce the change. TTD staff worked with other consultants to continue to develop capabilities and functions. These included setting up inventory capabilities, developing payroll functions, researching timekeeping systems, reaching out to an IT consultant, and revising the Employee Policy Manual. Approved new positions were advertised in industry-specific magazines, Indeed.com, Craigslist, and Transit Talent, CalACT, and the California Transit Association as well as on the District's website. TTD also prepared for an in-house payroll software system and reviewed services including ADP and Paychex.

TTD reports better financial and payroll management through a bi-state financial allocation model. TTD uses Microsoft Dynamics NAV, which is an enterprise resource planning software program to allocate payroll hours according to task and fund. The financial program splits service data between California and Nevada and allocates revenues and costs to services by state. This is necessary, for example, to show expenditures of TDA funds for California transit services. TDA provides a match for grants that fund TTD services on the California side of the basin. The District insures its transit vehicles through the California Transit Indemnity Pool (CalTIP).

Over the past several years, TTD has engaged in numerous partnerships and agreements as it managed and stabilized the transit system. These agreements include funding partnerships with both the private and public sectors including Heavenly Valley, SnowGlobe LLC, Fineline Industries Inc., the Ridge Tahoe Property Owners Association, City of South Lake Tahoe, Town of Truckee, Douglas County, Carson City Regional Transportation Commission, and Nevada State Parks for special service and transit expansion. Agreements were made to provide expanded service such as to Sand Harbor, regular and commuter services from Carson to South Lake Tahoe, and North Shore Peak Season Transit Services AKA The Night Rider.

Pursuant to TDA, the District receives Local Transportation Fund (LTF) proceeds and State Transit Assistance (STA) funds. TDA funding is used for both operating and capital expenses. LTF revenues claimed by TTD for transit services during the audit period were \$798,745 in FY 2014; \$805,929 in FY 2015; and \$804,833 in FY 2016. The STA funds allocated to TTD were \$449,599 in FY 2014; \$355,194 in FY 2015; and \$364,755 in FY 2016.

Grants Management

The District relies on a variety of grants and other funding mechanisms to support its transit system. Depending on the type of grant, match limits vary, which TTD budgets for. Grant sources are derived from local, state, and federal programs. A master grant billing summary shows the grant balance, matching requirement, and responsible manager. Each grant is separately tracked in detail on an Excel spreadsheet and shows key information including the grant number, application submittal date, invoice funding amount, amount booked to revenue, and balance on contract.

During the audit period, most federal funding for TTD serving as a rural operator is passed through Caltrans/CalACT and NDOT, which are the designated recipients of those funds. TTD is an eligible subrecipient project sponsor for FTA Sections 5310, 5311, 5311(f), 5316, and 5317 funding. TTD became a direct recipient of FTA Section 5307 Urbanized Area Formula and FTA Section 5339 funding effective FY 2016–17, which makes federal resources available to the TTD service area for transit capital, operations, and planning assistance. With passage of the FAST Act, the TTD is now classified as a large urban direct (UZA) recipient. TTD, TART, and TRPA signed a Memorandum of Understanding (MOU) in September 2016 regarding the coordination of transit planning and programming of federal funds. The MOU sets out to foster a cooperative and mutually beneficial working relationship between the three agencies for the provision of coordinated transit planning, identify the regional transit planning responsibilities for programming federal funds, and codify the process and the criteria for selection of transit projects and sub-allocation of federal funds in the Lake Tahoe region.

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 compliance requirements pertaining to TTD, the operator fully complied with eight of the nine applicable requirements. The District was in partial compliance with regard to the timely submittal of the annual Transit Operators Financial Transactions Report to the State Controller. Two compliance requirements did not apply to TTD (blended and urbanized farebox recovery ratios).
2. The average three-year system-wide farebox recovery ratio was 14.74 percent. However, due to lack of supporting documentation in the financial audit to derive the annual farebox ratios, a second set of farebox recovery ratios is determined by the performance auditor using similar revenue and cost information from the audited Basic Financial Statements. The farebox recovery ratio was found to be 15.01 percent in FY 2014, 14.07 percent in FY 2015, and 12.05 percent in FY 2016, slightly lower than those shown in Note 9. The farebox ratios in Note 9 should include the calculation basis.
3. Given the Tahoe region's new urbanized status, TRPA has not yet established urban fare revenue ratios for TTD. During the audit period, the rural fare revenue ratio continued to apply. TRPA will need to establish a new fare ratio for TTD to reflect the urbanized status.
4. TTD satisfactorily implemented 6 of 7 prior audit recommendations. A recommendation relating to upgrading the existing operations and maintenance facility was not implemented, due in large part to uncertainty over TTD's status to remain at the current operations and maintenance facility, and near-future plans being made by the City of South Lake Tahoe for its new public works yard. No significant improvements to the existing facility would be made should TTD move its operations and maintenance.
5. TTD, 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.
6. TTD's performance indicators reflect relative stability as shown by key indicators such as ridership, service hours and miles, and passenger fares. Operating cost measures for the fixed-route service such as cost per passenger and cost per hour show annual stability, with no growth or slight growth in each indicator. These annual figures, however, do not reflect the seasonal service fluctuations and variability during the year. In spite of a low permanent

resident base, TTD has been able to retain ridership and fare revenue while improving service effectiveness including the number of passengers per service hour that capture the tourist markets in the Tahoe region.

7. The audit period involved TTD evaluating its role as a direct transit provider. During the latter half of FY 2016, TTD initiated the process of transitioning from the contract management model to direct management and operation of transit services. This transition has resulted in a more structured and stable transit operation with greater accountability and oversight.
8. TTD has developed a phased service implementation plan based on the concepts in the vision plan including expanding service to Myers and frequency improvements to Emerald Bay. The unmet transit needs process facilitated by the Regional Coordinating Council and the Social Services Transportation Advisory Council generates operational comments and service needs that are considered by TTD.
9. Over the past several years, TTD has engaged in numerous partnerships and agreements as it managed and stabilized the transit system. These agreements include funding partnerships with both the private and public sectors for special service and transit expansion.
10. With passage of the federal transportation bill in late 2015, TTD is classified as a large urban direct grant recipient and became a direct recipient of federal urbanized grants. TTD, TART, and TRPA signed a Memorandum of Understanding in September 2016 regarding the coordination of transit planning and programming of federal funds.

Recommendations

1. **Prepare and submit separate annual State Controller Reports for fixed route and ADA demand response service.**

TTD operates fixed route and ADA demand response service. ADA service is available during fixed route service hours. The instructions for the Transit Operator Financial Transactions Report submitted to the State Controller require that separate reports be prepared for general public service and specialized service, in this case for fixed route and the specialized ADA service. The General Information sheet in the front of the Controller Report provides specific instructions to prepare separate reports for these different services. TTD should provide separate reports starting in the next reporting period.

2. **Work closely with TRPA to determine an updated farebox recovery ratio for TTD's transit service based on the region 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. TTD has been subject to the rural farebox recovery ratio until the change in 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 TTD to meet the new ratio (up to 5 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 as the population of the region is less than 500,000. Under law, TRPA must provide specific reasons prior to setting this lower farebox ratio. TTD and TRPA should discuss the options and provide an updated farebox ratio to meet compliance as an urbanized operator.

3. **Work with the fiscal auditor to include a calculation of the farebox recovery ratio in the annual Basic Financial Statements.**

The farebox recovery ratio shown in Note 9 of the Basic Financial Statements does not include a calculation of how it was derived. Pursuant to TDA, TTD will be required to maintain an urbanized farebox ratio or modified urbanized farebox ratio set by TRPA. It is suggested that TTD have the fiscal auditor include in its Note 9 analysis a calculation of the farebox recovery ratio, which would include operating costs less depreciation, farebox revenues and any allowable exclusions pursuant to TDA.

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

SB 508 (Beall, October 2015) revised the TDA farebox recovery determination including an allowance 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, and TTD should work with the fiscal auditor to accurately reflect the changes to the farebox ratio criteria. As the farebox ratio for TTD was below the urban ratio of 20 percent during this triennial period, there may be opportunities to improve the ratio with local funds.