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# Truckee Transit Triennial Performance Audit

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For Fiscal Years 2009/10, 2010/11 and 2011/12



*Final Audit Report Prepared for the*  
**Nevada County Transportation Commission**

*Prepared by*



**LSC Transportation Consultants, Inc.**



# **TRUCKEE TRANSIT TRIENNIAL PERFORMANCE AUDIT**

*For Fiscal Years 2009/10 through 2011/12*

*Prepared for the*

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The California Public Utilities Code requires that all transit operators that receive funding under Article 4 of the Transportation Development Act (TDA) be subject to a performance audit every three years. This document presents the findings from the performance audit of the sole TDA-funded transit operator in the eastern portion of Nevada County, Truckee Transit. As the Regional Transportation Planning Agency (RTPA) responsible for TDA funding in eastern Nevada County, this audit was performed under the authority of the Nevada County Transportation Commission (NCTC).

This audit report covers Fiscal Year (FY) 2009-10 through FY 2011-12, and was conducted by LSC Transportation Consultants, Inc. The field reviews, telephone interviews and data collection efforts were conducted at the end of 2012, and draft reports were completed the following January. The audit process follows guidelines outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* developed by Caltrans in 2008.

## **BACKGROUND**

The only transit operator based in eastern Nevada County, Truckee Transit, is managed by the Town of Truckee and operated by a private contractor, El Camino Trailways. Truckee Transit provides demand response and fixed route services which vary by season.

- **Winter Skier Shuttle** – Connects Truckee major commercial, lodging and some residential destinations to the ski resorts on Donner Summit.
- **Non-Winter Fixed Route** – Connects Truckee major commercial, lodging and some residential destinations to the west end of Donner Lake.
- **Dial-A-Ride (DAR)** – This service functions as the Americans with Disabilities Act (ADA) complementary paratransit service.

In addition, Placer County operates a small portion of the Tahoe Area Regional Transit (TART) service in eastern Nevada County. The TPA for the TART service is conducted separately by the Tahoe Regional Planning Agency.

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

Tables 1 through 3 in Chapter 2 of the audit report present operating and financial statistics for the current audit period and the prior audit period for Truckee Transit fixed route, DAR services, and systemwide transit services, respectively. Figures 1 – 6 graphically present performance indicators for all Truckee Transit services. During this audit period, Truckee Transit improved its cost effectiveness with operating costs per passenger-trip decreasing 9.3 % from \$27.19 to \$24.65 per passenger. However, operating cost per hour increased from a low of \$82.34 in FY 2009-10 to a high of \$101.57 in FY 2010-11. Productivity, as measured in passenger-trips per vehicle service hour, increased slightly over the audit period. Farebox ratio remained well above the ten percent minimum required by the TDA over the entire audit period. Overall, the performance indicator analysis showed that transit efficiency and effectiveness generally improved during the audit period but represents a sharp decline from the prior audit period. It should be noted that, it is likely that DAR ridership data was reported incorrectly during the previous audit period

and therefore the drop in ridership in FY 2009-10 may not be as significant as shown in Table 2 of the report.

Truckee Transit compiled operating statistics in accordance with TDA definitions, as presented in Appendix B of the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, with the exception of full-time employees. As for the overall data collection and recording process, the Truckee Transit contractor manually enters driver recorded data into spreadsheets which are summarized for monthly and annual reports. Some errors and omissions in the spreadsheets were discovered by the auditor and Town staff.

## REVIEW OF COMPLIANCE REQUIREMENTS

The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* recommends reviewing transit operator compliance with certain TDA regulations that relate to a performance audit. Table 4 presents Truckee Transit's compliance with these requirements. Truckee Transit was found to not be in compliance on only one issue: 1) the operator's definition of Full-Time Equivalent Employee hours was not consistent with Public Utilities Code 99247.

## STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit for Truckee Transit was completed by Moore and Associates in March of 2010 and covered the time period from FY 2006-07 to FY 2008-09.

***Recommendation 1:*** *Ensure data consistency between contractor performance reports and data contained in the State Controller Report*

**Status: Implementation-In-Progress.** As of December 2010, Town Staff have been diligent regarding working with the transit contractor to ensure accurate data collection. Town staff provided the contractor with new performance reporting spreadsheets.

***Recommendation 2:*** *Expand the monthly performance report to include other performance measures.*

**Status: Implementation Complete.** Town Staff provided the contractor with new performance reporting spreadsheets in December 2010, which included reporting of other performance measures. Contractor drivers began tracking other performance statistics as of January 1, 2013.

***Recommendation 3:*** *Consider developing formal no-show and late cancellation policies and procedures for demand response.*

**Status: Implementation Complete.** Truckee Transit has adopted a no-show policy. The policy is included in the paratransit eligibility booklet.

***Recommendation 4:*** *Establish a process for re-certifying ADA eligibility.*

**Status: Implementation-In-Progress:** In August of 2011, the Town of Truckee established a Paratransit Eligibility Program. An information booklet and application describing the program and eligibility criteria is distributed to all new riders. To date three riders have completed the application and qualified for priority scheduling status. Despite Town public outreach efforts, it is likely that there are more passengers who would qualify as ADA eligible. The Town will make an effort to hold more public workshops to encourage riders to fill out ADA applications.

**Recommendation 5:** *The Town should require the contractor to conduct self-monitoring against the operational performance standards contained in the operating contract.*

**Status: Implementation-In-Progress.** The transit operating contract includes a section on “Performance Tracking” which will be enforced by Town staff going forward.

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

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

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

Truckee Transit is operated by a transit contractor with a small staff and managed by Town of Truckee staff members, who divide their time between transit and other Town functions. Several transit planning studies were conducted during this audit period and some of the recommended plan elements have been implemented. During the audit period, general management and contractor oversight of the Truckee Transit program was limited, resulting in limited implementation of plan elements. However, oversight staffing has recently been augmented. Actual operating statistics are not regularly compared to adopted goals and performance measures. El Camino Trailways has in place safety, operations and training procedures which comply with applicable regulations. Sufficient marketing and public outreach efforts are conducted by the Town of Truckee and the Tahoe Truckee Transportation Management Association. Transit contractor staff has a productive relationship with maintenance services. Vehicle replacement plans are in place to maintain a safe and operable fleet.

## **FINDINGS**

- Truckee Transit was found to be in compliance with all performance-related TDA requirements reviewed in the Compliance Requirements section of this audit with one exception: Truckee Transit did not calculate Full-Time Equivalent Employee Hours (FTE) in accordance with TDA definitions.
- Productivity or passenger-trips per hour on fixed route services (3.7 to 5.1) was below the TDP goal of 15 passenger-trips per vehicle service hour during the audit period.
- Systemwide farebox ratio remained around 19 % throughout the audit period, well above the TDA minimum of 10 %.
- Town of Truckee staff is beginning to take a more active management role of the transit program and the operating contractor.
- Truckee Transit completed two of the five recommendations from the prior performance audit. The other recommendations are in progress.

## **RECOMMENDATIONS**

- **Recommendation 1:** *The Town should help the transit contractor develop an accurate reporting spreadsheet format and carefully review contractor reports for errors over the next fiscal year. Town*

*staff should also monitor completion of other performance indicators in contractor spreadsheets, such as on-time performance, road calls, complaints/compliments and trip denials.*

Separate unlinked spreadsheets were used for weekly, monthly and annual summaries. This increases the possibility of human error during the data entry process. Errors and omissions have been discovered in the spreadsheets by both the Town and the auditor.

The Town should work with the transit contractor to develop reporting spreadsheet templates in which daily entries are linked to monthly entries, etc. and formulas have been verified by more than one person. This will help to provide accurate data for performance reporting to the State Controller.

Current contractor performance spreadsheets include cells to report other performance indicators such as road calls, late trips, missed trips, complaints, and incidents/accidents. Driver logs also include spaces to enter these performance indicators. However, the performance indicator section was not consistently completed during the audit period. Documenting transit performance is an important part of determining transit service improvements. Although contractor drivers began recording performance data as of January 2013, as part of Town review of contractor performance tracking spreadsheets, Town staff should continue to ensure completion of this section on a monthly basis.

- **Recommendation 2:** *Transit staff should continue to be involved in the preparation of the State Controller Reports and ensure consistency between operational data in internal spreadsheets with State Controller Reports.*

The previous audit recommended ensuring consistency between contractor performance reports and data provided to the State Controller. As noted in Chapter 2, Truckee Transit reported data to the State Controller inaccurately in FY 2009-10. In addition, data reported to the State Controller in other years was not consistent with data found in internal spreadsheets prepared by the transit contractor. Currently, transit staff prepares the State Controller Reports with assistance and guidance from the finance department. To implement this recommendation, Town transit staff should reconcile operating data provided to the State Controller with spreadsheets provided by the contractor. Transit staff should also ensure that operating data provided to the State Controller is consistent with TDA definitions. Although Town staff should make attempts to report financial data to the State Controller that is consistent with fiscal audits, this is difficult due to the fact that State Controller reports are due before financial data is audited.

**Implementation Period:** Immediate.

- **Recommendation 3:** *Town staff should prepare reports for the Truckee Town Council at least annually.*

Other than infrequent transit studies, the Town Council does not review Truckee Transit operational data. In an effort to keep the transit system's governing board and the general public informed about transit performance, transit staff should prepare a simple annual operations reports. The reports need not be extensive (a few pages should be adequate), but should include the following operating statistics: Ridership, vehicle service hours, vehicle service miles, operating cost, fare revenue, operating cost per passenger-trip, operating cost per hour, passenger-trips per hour and farebox ratio. Current year statistics should be compared to the prior year and established goals in the most current Transit Development Plan. The report should also note any significant service changes, events or accomplishments.

**Implementation Period:** Immediate.

- **Recommendation 4:** *Full-Time Equivalent (FTE) Employee hours should be calculated and reported to the State Controller in accordance with PUC 99247 (j) and the definition in Appendix B of the Performance Audit Guidebook listed below for reference.*

*“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 number of person-hours worked by 2,000.”*

It should be noted that the TDA FTE definition differs from the standard 2,080 hours worked in other industries.

**Implementation Period:** Immediate

- **Recommendation 5:** *As staff time allows, the Town should revise the fare revenue collection procedures to include the requirement of two contractor staff present when fare revenue is counted.*

At Truckee Transit, only the contractor transit supervisor counts farebox revenue. It is considered good practice for two staff people to be present while the fare revenue is being counted. This reduces the temptation for foul play or mishandling of cash. However, there are challenges to implementing this practice for the Truckee Transit system. During the winter season, the contractor transit supervisor is also the last bus driver of the day. When the contractor transit supervisor returns to the yard at 6:30 PM, other bus drivers and Town staff (with the possible exception of Town fleet services staff) have left for the day. Requiring a driver to stay an additional hour to count fare revenue would add operating costs at a time when the transit budget is constrained.

Recently, Town staff have been comparing projected fare revenue to actual fare revenue and ridership periodically and have not discovered any discrepancies which have caused concern. Additionally, fare revenue collected on Truckee Transit vehicles is quite low as winter fixed route service is fare free. This practice of reconciling ridership records with fare revenues should be continued. Should any discrepancies occur, or if staffing levels at Truckee Transit allow, the Town should implement a policy of two staff people be available to count fare revenue. Alternatively, two members of the Town’s administrative staff could count the fare revenue the next morning. In this case, fareboxes should remain locked overnight and only Town staff should have the keys to open them the next morning.

**Implementation Period:** As staffing allows or if significant discrepancies between projected fare revenue and actual fare revenue occur.

- **Recommendation 6:** *Actual Town staff time spent on essential transit-related duties should be compared to the budgeted time. If actual time spent is greater than budgeted allowance, the Town should consider adjusting the percentage of Town staff time allocated for transit duties.*

Currently, 20 % of the Parking Services Manager’s time is allocated to management and oversight of the Truckee Transit program. Although Truckee Transit is meeting farebox ratio, this performance audit has indicated that transit performance could be improved by taking on a more active role in management of transit services. Aware of this fact, the Town recently increased budgeted staff time available for transit (with the addition of the Parking Services Manager to the group). The following

are standard transit related duties which should be performed in order to effectively run a small transit system:

- Monitor transit contractor performance
- Prepare transit related grants
- Take and respond to passenger complaints
- Be the point of contact for other regional transit entities, such as NCTC, Gold Country Stage and Tahoe Area Regional Transit
- Coordinate with human service agencies and private funding partners
- Prepare reports for Town Council

The Parking Services Manager currently tracks time spent on transit. At the beginning of the next fiscal year, actual time spent on transit should be reviewed for the period of one fiscal year. If actual time spent is greater than time budgeted for transit, adjustments should be made accordingly.

**Implementation Period:** FY 2012-13.

## **BACKGROUND**

The TDA, also known as the “Mills-Alquist Deddeh Act,” provides two major sources of funding for public transportation providers in California: the Local Transportation Fund (LTF) and the State Transit Assistance (STA). The LTF is derived from 0.25 % of the retail sales tax collected statewide and can be used for a variety of transportation purposes according to a set of priorities detailed in the Act. The State Board of Equalization returns the LTF to each county according to the amount of tax collected in that county. STA funds are derived from statewide excise tax on gasoline, and are allocated to each county based on the following formula: 50 % according to population, and 50 % according to operator revenues from the prior fiscal year. STA funds can only be used to pay for transit planning, capital projects, and operations.

The California Public Utilities Code requires that a Triennial Performance Audit (TPA) be conducted for all transit operators and RTPAs. A performance audit is a systematic process of evaluating an organization’s effectiveness, efficiency, and economy of operations under management control. The objectives of the audit are to provide a means for evaluating an organization’s performance and to enhance the performance by making recommendations for improvements. In addition, the audit evaluates the adequacy of an organization’s systems and the degree of compliance with established policies and procedures. Transit operators who make claims under Article 4 of the TDA in rural counties must maintain a minimum farebox recovery ratio of 10 %, unless they achieved a higher ratio in the “base year” FY 1978-79, while transit operators in urbanized areas must maintain the greater of a 20 % farebox ratio or the ratio attained FY 1978-79. The Town of Truckee is located in a rural area as defined by the US Census Bureau. Therefore, Truckee Transit is subject to a minimum farebox recovery ratio of 10 % for transit services.

## **PERFORMANCE AUDIT AND REPORT ORGANIZATION**

As the RTPA for all of Nevada County, NCTC allocates TDA funds for public transit services in both the western and eastern portions of the County. This audit addresses the transit operator only in the eastern portion of the county: Truckee Transit.

The performance audit consisted of seven elements, including:

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

## **TRANSIT PROGRAM DESCRIPTION**

Public transit service has been provided in the Eastern Nevada County area since December 1991 with the Town of Truckee serving as the hub of transportation service. Through a contractor, El Camino

Trailways, the Town of Truckee provides DAR and fixed route services which vary by season:

**Winter Skier Shuttle** – This fixed route is designed as a commuter service to transport employees and skiers between housing and hotels in Truckee and the ski resorts on Donner Summit. This service is offered daily between mid-December and the end of March. Funding from ski resort partners allow this service to be fare free.

**Non-Winter Fixed Route** – From mid-April to mid-December, hourly service is provided between the west end of Donner Lake and major commercial destinations in Truckee, every day of the week except Sunday.

**Dial-A-Ride** - Dial-A-Ride service is offered year round to the general public with priority service for seniors and persons with disabilities. Dial-A-Ride functions as the ADA complementary paratransit service for the non-winter fixed route.

## VERIFICATION AND USE OF PERFORMANCE INDICATORS

The following section quantitatively analyzes the efficiency and effectiveness of Truckee Transit services. Table 1 presents operating data for Truckee Transit fixed routes for two audit periods. Table 2 includes data for demand response services. Systemwide operating data and financial statistics are presented in Tables 3 and Figures 1-6. Operating data was obtained from transit contractor spreadsheets, while financial data was obtained from annual Fiscal and Compliance Audits. Systemwide operating data obtained from State Controller Reports were found to be inconsistent with data in internal operating reports. In FY 2009-10, fixed route operating data was reported to the State Controller incorrectly therefore data from internal reports was used for Tables 1 – 3. However, data was unavailable for a few months in FY 2010-11; therefore data was estimated based on statistics for other months during that season.

Truckee Transit ridership increased by 13.9 % during the audit period (Table 3). However, total ridership numbers represent a sharp decrease from the prior audit period. This is partially due to Placer County taking over operation of the SR 267 fixed route in FY 2007-08 (Table 1) as well as possible incorrect reporting of DAR ridership in the prior performance audit (Table 2). During this audit period, fixed route service levels remained relatively stable, while DAR service hours continually decreased. Vehicle service miles increased by 18.3 % on the fixed routes but decreased by 7.5 % for the Dial-A-Ride.

Performance Measures	Previous Audit Period			Current Audit Period		
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
One-Way Passenger-Trips	41,220	26,932	14,092	12,523	14,933	15,698
% Change from Previous Year	--	-34.7%	-47.7%	-11.1%	19.2%	5.1%
Vehicle Service Hours	5,101	4,456	2,894	3,282	3,135	3,134
% Change from Previous Year	--	-12.6%	-35.1%	13.4%	-4.5%	0.0%
Vehicle Service Miles	75,776	58,176	45,647	48,381	48,853	57,261
% Change from Previous Year	--	-23.2%	-21.5%	6.0%	1.0%	17.2%

**TABLE 2: Truckee Transit Services Demand Response Operating Data**

Performance Measures	Previous Audit Period			Current Audit Period		
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
One-Way Passenger-Trips	14,957	16,825	27,685	12,221	11,884	12,491
% Change from Previous Year	--	12.5%	64.5%	-55.9%	-2.8%	5.1%
Vehicle Service Hours	5,136	5,102	4,894	4,980	4,127	3,782
% Change from Previous Year	--	-0.7%	-4.1%	-32.9%	-17.1%	-8.4%
Vehicle Service Miles	62,069	61,651	90,390	57,387	52,343	53,089
% Change from Previous Year	--	-0.7%	46.6%	-36.5%	-8.8%	1.4%

### Data Collection Methods

As part of the TPA process, the auditor must collect and verify the following transit operator statistics:

- Annual Operating Cost
- Annual Passenger Count
- Annual Vehicle Service Hours
- Annual Vehicle Service Miles
- Annual Employee Hours
- Annual Fare Revenue

**Operating Cost** data is reported in Table 3. These data were obtained from annual fiscal audits and include total operating expenses for each object class as presented in the Chart of Accounts for the Uniform System of Accounts and Records as presented in each of the three fiscal audits minus depreciation costs. The fiscal auditor's tests of Truckee Transit's financial statements disclosed no instance of noncompliance that would be required to be reported under Government Auditing Standards.

According to Section 99247(a), operating costs include all costs except depreciation, direct costs for charter services and vehicle lease costs. Extension of service can be excluded per Section 6633.8. It should be noted that the operating cost data presented in Table 3 is inconsistent with the financial data presented in the State Controller Report. This is not especially unusual, as State Controller Report data is due prior to the time that the annual fiscal and compliance audits are typically completed and subject to different accounting principles. Internal Truckee Transit spreadsheets did not include financial data.

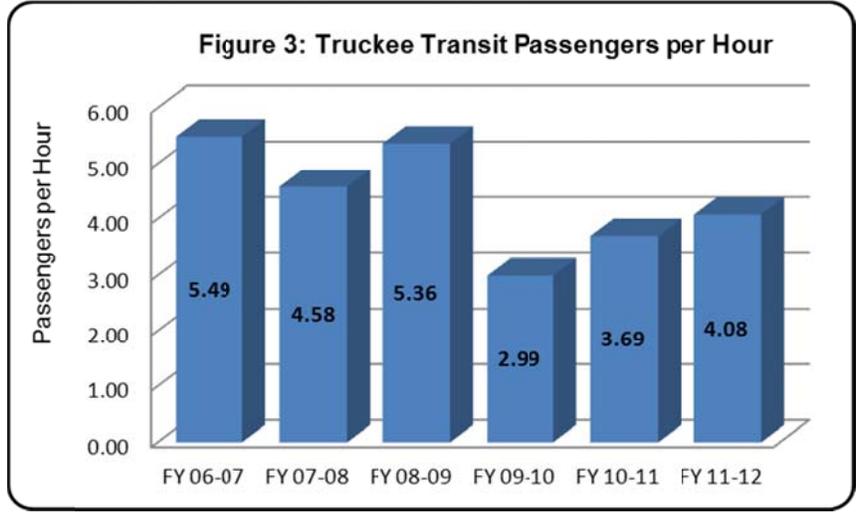
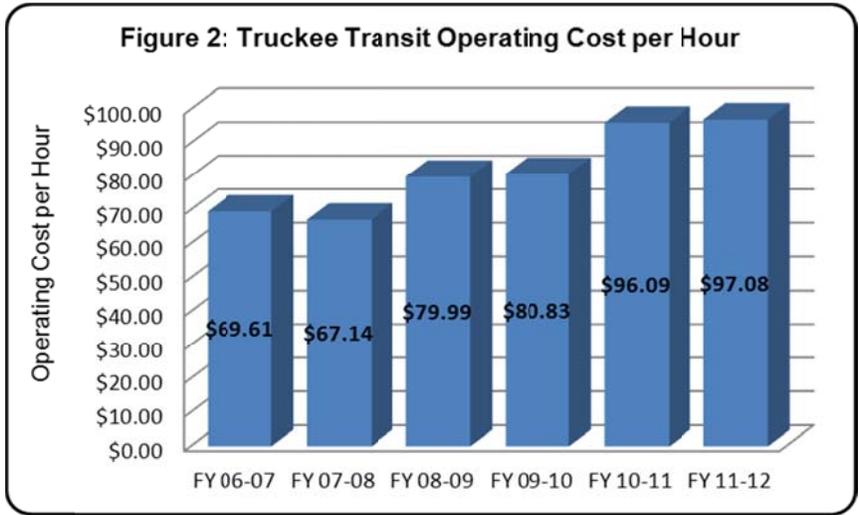
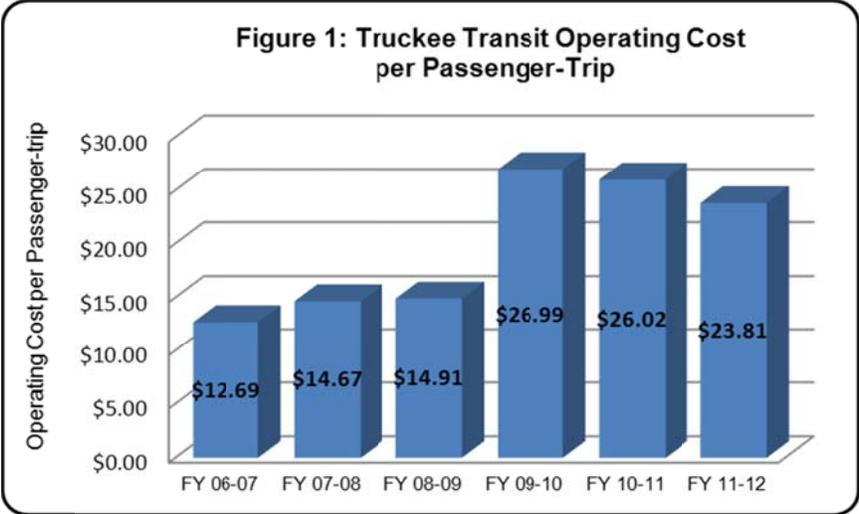
Truckee Transit **Passenger Count** data is presented in Tables 1 - 3. These data are currently recorded manually by drivers as unlinked one-way passenger-trips (single boarding and alighting). This data was obtained from internal spreadsheets and is inconsistent with State Controller Reports.

**Vehicle Service Hour** data is reported in Tables 1 - 3. These data were obtained from internal records and do not match State Controller Reports. The definition of a Vehicle Service Hour as currently used by Truckee Transit is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook* and correctly excludes deadhead time.

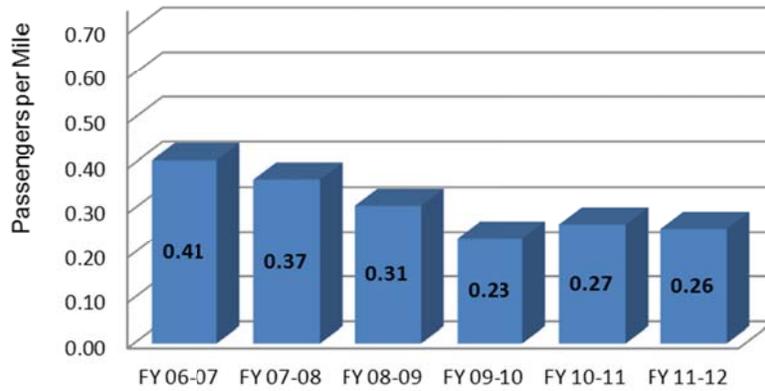
**TABLE 3 : Truckee Transit Systemwide Performance Measures**

Performance Measures	Previous Audit Period			Current Audit Period		
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
One-Way Passenger-Trips	56,177	43,757	41,777	24,744	26,817	28,189
% Change from Previous Year	--	-22.1%	-4.5%	-40.8%	8.4%	5.1%
Vehicle Service Hours	10,237	9,558	7,788	8,262	7,262	6,915
% Change from Previous Year	--	-6.6%	-18.5%	6.1%	-12.1%	-4.8%
Vehicle Service Miles	137,845	119,827	136,037	105,768	101,196	110,350
% Change from Previous Year	--	-13.1%	13.5%	-22.3%	-4.3%	9.0%
Operating Costs	\$712,637	\$641,734	\$622,968	\$667,842	\$697,772	\$672,018
% Change from Previous Year	--	-9.9%	-2.9%	7.2%	4.5%	-3.8%
Number of Employees	11	2	2	2	2	3
% Change from Previous Year	--	-81.8%	0.0%	0.0%	0.0%	50.0%
Farebox Revenues	\$271,289	\$153,941	\$124,698	\$131,960	\$133,020	\$132,164
% Change from Previous Year	--	-43.3%	-19.0%	5.8%	0.8%	-0.6%
Operating Cost per One-Way Passenger-Trip	\$12.69	\$14.67	\$14.91	\$26.99	\$26.02	\$23.81
% Change from Previous Year	--	15.6%	1.7%	81.0%	-3.6%	-8.5%
Operating Cost per Vehicle Service Hour	\$69.61	\$67.14	\$79.99	\$80.83	\$96.09	\$97.08
% Change from Previous Year	--	-3.6%	19.1%	1.1%	18.9%	1.0%
Passengers per Vehicle Service Hour	5.49	4.58	5.36	2.99	3.69	4.08
% Change from Previous Year	--	-16.6%	17.2%	-44.2%	23.3%	10.4%
Passengers per Vehicle Service Mile	0.41	0.37	0.31	0.23	0.27	0.26
% Change from Previous Year	--	-10.4%	-15.9%	-23.8%	13.3%	-3.6%
Vehicle Service Hours per Employee	930.6	4,779.0	3,894.0	4,130.9	3,631.0	2,305.1
% Change from Previous Year	--	413.5%	-18.5%	6.1%	-12.1%	-36.5%
Farebox Recovery Ratio	38.07%	23.99%	20.02%	19.76%	19.06%	19.69%
% Change from Previous Year	--	-37.0%	-16.6%	-1.3%	-3.5%	3.3%

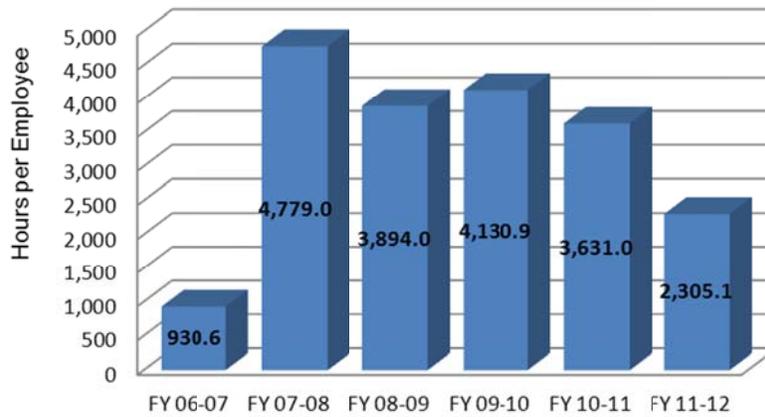
Note: Previous audit period data obtained from prior performance audit.



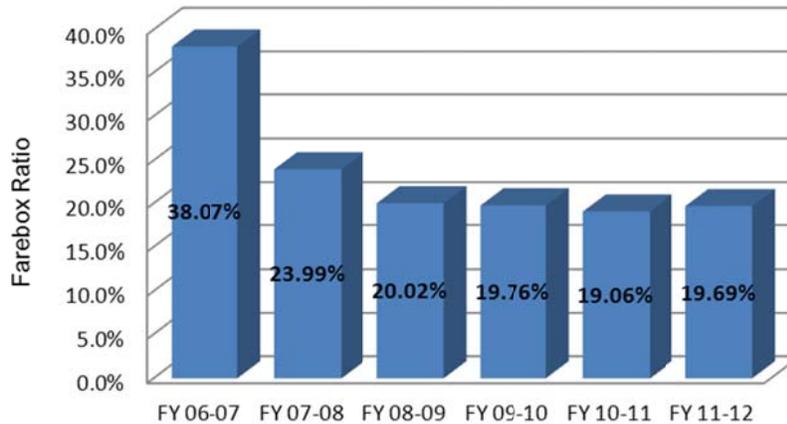
**Figure 4: Truckee Transit Passengers per Mile**



**Figure 5: Truckee Transit Hours per Employee**



**Figure 6: Truckee Transit Farebox Ratio**



**Vehicle Service Mile** data is presented in Table 1-3. Similar to other Truckee Transit operating data, mileage data was obtained from internal operating reports and is inconsistent with State Controller Reports. The definition of a Vehicle Service Mile as currently used by Truckee Transit is consistent with the definition presented in Appendix B of the *Performance Audit Guidebook* and correctly excludes deadhead miles.

Systemwide **Employee Hours** data presented in Table 3 was obtained from the State Controller's Reports. The Full-Time Equivalent (FTE) definition currently used by Truckee Transit is not consistent with the definition presented in Appendix B of the *Performance Audit Guidebook*. The calculation of employee hours should include total hours spent by staff on transit divided by 2,000 instead of 2,080.

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

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

Fare revenue also includes the amount of revenue received by an entity under contract for transit services not yet transferred to the claimant. Additionally, the definition of fare revenues includes fares collected (1) for a specified group of employees, members, or clients, or (2) to guarantee a minimum revenue on a line operated especially for the benefit of the paying entity (e.g. an employer, shopping center, university, etc.), or (3) cash donations made by individual passengers in lieu of a prescribed fare. Fare revenue does not include other donations or general operating assistance, whether from public or private sources. However, neither charter nor advertising revenues can be included in the fare revenue category and neither can count toward the farebox recovery ratio calculation.

Truckee Transit calculates and reports fare revenue correctly to the State Controller. Funds contributed to the Winter Shuttle Route by ski resort partners guarantee minimum revenue on the route and allow for transportation of employees and visitors. These funds are correctly reported as fare revenue.

In summary, FY 2010-11 and FY 2011-12 operating data included in this audit came from internal operating reports. Financial data such as fare revenue and operating costs were derived from Annual Fiscal and Compliance audits. As noted above, minor discrepancies exist between financial data in the fiscal audits and the data reported annually in the State Controller Reports. These types of discrepancies are typical as State Controller reports include unaudited data. Operating data reported to the State Controller should more closely match that in internal reports.

### **Calculation and Evaluation of Performance Indicators**

Performance indicators are frequently used to quantify and review the efficiency and effectiveness of a transit operator's activities. Such indicators can provide insight on current operations as well as on the operator's performance over a period of time. Using the data described above, the following performance

indicators were calculated as required in Section 99246(d) of the Public Utilities Code:

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

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

The **Operating Cost per (One-way) Passenger-Trip** data is presented in Table 3 and Figure 1. This performance measure is a key indicator of a transit system's cost effectiveness. During the audit period, Truckee Transit improved its cost effectiveness with operating costs per passenger-trip decreasing 9.3 % from \$26.99 to \$23.81 per passenger.

As shown in Table 2, DAR ridership dropped by 55.9 % in FY 2009-10 from FY 2008-09 levels. Given that FY 2008-09 DAR ridership represents a 64 % increase from the previous year, it is likely that FY 2008-09 DAR ridership data was reported incorrectly. Therefore it is difficult to evaluate DAR ridership trends between FY 2008-09 and FY 2009-10.

The **Operating Cost per Vehicle Service Hour** data is presented in Table 3 and Figure 2. This performance measure is a key indicator of a transit system's cost efficiency. The operating cost per vehicle service hour fluctuated during this audit period from a low of \$80.83 in FY 2009-10 to a high of \$96.09 in FY 2010-11. Overall cost per hour has been steadily increasing over the last six years.

The **Passengers per Vehicle Service Hour** (commonly referred to as "productivity") is presented in Table 3 and Figure 3. Although productivity increased during this audit period, passenger trips carried per vehicle hour on Truckee Transit is relatively low as compared to other rural transit systems (3.47 trips per hour in FY 2011-12) and represents a decrease from the prior audit period (5.49 trips per hour in FY 2006-07). When reviewed by service fixed route productivity ranged from 3.8 to 5.0 passengers per hour (below the TDP fixed route productivity goal of 15.0 passengers per hour) and DAR productivity ranged from 2.8 passengers per hour to 3.7 passengers per hour (within the TDP goal of 3.0 passengers per hour).

The **Passengers per Vehicle Service Mile** data is presented in Table 3 and Figure 4. As presented, both vehicle miles and ridership increased during the audit period resulting in a small increase in passengers per mile. It is also likely that vehicle service miles were erroneously reported in FY 2008-09, given the large increase in miles as compared to a drop in hours that year. Therefore, it is difficult to make assumptions regarding trends for the six year period.

The **Vehicle Service Hours per Employee** data is presented in Table 3 and Figure 5. Full Time Equivalent (FTE) data was not recorded in accordance with the definition in PUC 99247 (j) and Appendix B of the *Performance Audit Guidebook* and appears to have been reported incorrectly in FY 2006-07. As presented, the number of vehicle service hours per Full Time Equivalent (FTE) steadily decreased during the audit period, as a result of a decrease in service hours, reflecting a decrease in staff productivity.

The **Farebox Recovery Ratio** data is presented in Table 3 and Figure 6. Truckee Transit farebox recovery ratio remained at around 19 % throughout the audit period, due in large part to contributions from private partners. This is well above the 10 % TDA minimum and the 16 % TDP goal.

Overall performance improved during this audit period. However, performance declined significantly from the prior audit period. As with all rural transit agencies in California, Truckee Transit had to deal with a decrease in transit revenue sources at the state level.

## Data Collection Summary

As for the overall data collection and recording process, Truckee Transit employs a straightforward manual data entry process. Drivers record total passenger-trips for each run manually onto the driver trip sheets. The transit contractor then enters the data into Excel spreadsheets which are summarized by week, month and year. Manually entered data is subject to human error. Daily reporting spreadsheets were not always linked to monthly reporting spreadsheets and annual reporting spreadsheets were not always linked to monthly spreadsheets, if they were available. This required unnecessary re-entry of results and increased the potential for errors. Both the auditor and Town of Truckee staff have discovered errors and omissions in the spreadsheets.

As noted above, discrepancies exist between operating data maintained in internal Truckee Transit reports and the data reported in the annual State Controller Report.

## Assessment of Internal Controls

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

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

The three annual Independent Auditor's Reports completed by the firms of Gallina LLP and RJ Ricciardi, Inc. Certified Public Accountants identified no deficiencies in terms of internal control over financial reporting.

## REVIEW OF COMPLIANCE REQUIREMENTS

As an entity receiving TDA funds for transit purposes, Truckee Transit is required to comply with laws and statutes set forth in the Act. Below is a discussion of Truckee Transit's compliance with sections of the Public Utilities Code which relate to transit performance, as recommended in the *Performance Audit Guidebook*. Table 4 displays the results of the compliance analysis.

- 1) In accordance with Public Utilities Code Section 99243, Truckee Transit has submitted annual reports to the NCTC based on the Uniform System of Accounts and Records established by the State Controller. These reports must be filed with the RTPA and the State Controller within 90 days from the end of the fiscal year (September 28th) for paper filing and within 110 days after the end of the fiscal year (October 18th) for electronic filing. All reports during this audit period were filed electronically and filed within the 110 day deadline.
- 2) In accordance with Public Utilities Code Section 99245, Truckee Transit submitted annual fiscal and compliance audits to the NCTC and to the State Controller within 180 days following the end of the fiscal year for each audit period. An independent auditor completed these fiscal and compliance audits, as required.
- 3) In accordance with Public Utilities Code Section 99251, Truckee Transit has submitted evidence that the California Highway Patrol has certified compliance with Vehicle Code Section 1808.1 within the 13 months prior to each TDA claim submitted.

- 4) In accordance with Public Utilities Code Section 99261, Truckee Transit's claims for TDA funds are submitted in compliance with rules and regulations adopted by the NCTC for such claims.
- 5) Truckee Transit serves only rural areas; therefore the operator is not subject to requirements set forth in PUC 99270.1.
- 6) Public Utilities Code Section 99266 requires that Truckee Transit's operating budgets not increase by more than 15 % over the preceding year, and no substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities be realized unless the operator has reasonably supported and substantiated the change(s). See Table 3 for actual operating costs between Fiscal Years 2008-09 and 2011-12. During the Audit period, annual operating costs for all Truckee Transit services did not increase by more than 15 % over the preceding year.
- 7) Truckee Transit's definition of performance measures are consistent with Public Utilities Code Section 99247 with the exception of vehicle service hours per employee.
- 8) Truckee Transit only serves a rural area as defined by the US Census and therefore is not subject to a 20 % farebox ratio.
- 9) As a rural transit operator, Truckee Transit is subject to a minimum farebox ratio requirement (passenger fare revenue/operating costs) of 10 % per PUC 99268.4. Truckee Transit maintained a farebox recovery ratio of approximately 19 % throughout the audit period.
- 10) The Town of Truckee offers a retirement plan to its transportation employees through the California Public Employees Retirement System. El Camino Trailways, the transit contractor, does not offer retirement benefits to employees.
- 11) In accordance with California Code of Regulations Section 6754(a) (3), Truckee Transit makes full use of funds if available to it under the Urban Mass Transportation Act of 1964 (in particular, FTA Section 5311 Non-Urbanized Area Formula Program funds and FTA Section 5310 Elderly Individuals and Individuals with Disabilities Program funds administered by Caltrans) before TDA claims are granted.

## STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by Moore & Associates in March 2010. The recommendations and their status from that effort are presented below.

*Recommendation 1: Ensure data consistency between contractor performance reports and data contained in the State Controller Report*

**Status: Implementation In Progress:** This has been a recommendation for two audit periods. Passenger-trips, vehicle hours and miles data for both fixed route and DAR services varied from State Controller reports for every year of the audit period, as much as 17 %. As noted above, errors have been discovered in contractor spreadsheets. This recommendation is still relevant. The Town of Truckee provided the contractor with new performance reporting spreadsheets in December 2010. Beginning in 2012, the Town of Truckee Parking Services Manager has been allocated 20 % of her time to the transit program. Much of this additional time has been and will be spent on contract management in an effort to complete this recommendation. In particular, Town staff has entered into the discussion with the transit contractor regarding data reporting. Over the next fiscal year, Town of Truckee transit staff should carefully review contractor reports on a monthly basis and ensure consistency between State Controller Reports and internal reports.

TABLE 4: Transit Operator Compliance Requirements - Truckee Transit				
	Requirement	PUC Reference	In Compliance?	
			Yes	No
(1)	The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller within the specified time period.	99243	X	
(2)	The operator has submitted annual fiscal and compliance audits to its RTPA and to the State Controller within 180 days following the end of the fiscal year, or has received the 90-day extension allowed by law.	99245	X	
(3)	The CHP has, within the 13 months prior to each TDA claim submitted by an operator certified the operator's compliance with Vehicle Code Section 1808.1 following CHP inspection of the operator's terminal.	99251 b	X	
(4)	The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPE for such claims.	99261	X	
(5)	If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	99270.1	NA	
(6)	The operator's operating budget has not increased by more than 15 percent over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities.	99266	X	
(7)	The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247.	99247		X
(8)	If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of at least three-twentieths (15 percent).	99268.2, 99268.3, and 99268.1	NA	
(9)	If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	99268.2, 99268.4, and 99268.5	X	
(10)	The current cost of operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPE, which will fully fund the retirement system for 40 years.	99271	X	
(11)	If the operator receives state transit assistance funds, the operator makes full use of funds if available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754 (a) (3)	X	

*Recommendation 2: Expand the monthly performance report to include other performance measures.*

**Status: Implementation-Complete.** During the audit period, transit contractor performance tracking reports include areas to record performance measures such as late trips, wheelchair boardings, missed trips, road calls and complaints; however data was not consistently input in the spreadsheets throughout the audit period, and therefore no conclusions or analysis of this data could be made. As shown in Tables 1 – 3, productivity on the DAR service decreased during the audit period and systemwide operating cost per hour increased. Reviewing performance statistics such as late trips, wheelchair boardings, missed trips and road calls will help contractor and Town staff discover sources of inefficiencies and service quality issues. Also, maintaining a log of passenger complaints and compliments is useful to evaluate how transit service is perceived. Town Staff provided the contractor with new performance reporting spreadsheets in December 2010, which included reporting of other performance measures. The transit contractor has been tracking performance measures as of January 2013.

*Recommendation 3: Consider developing formal no-show and late cancellation policies and procedures for demand response.*

**Status: Implementation Complete.** Truckee Transit has adopted a no-show policy. The policy is included in the paratransit eligibility booklet.

*Recommendation 4: Establish a process for re-certifying ADA eligibility.*

**Status: Implementation-In-Progress.** In August of 2011, the Town of Truckee established a Paratransit Eligibility Program. An information booklet and application describing the program and eligibility criteria is distributed to all new riders. The Town of Truckee ADA Paratransit Service Eligibility Program complies with federal laws. Town of Truckee staff conducted several community outreach meetings at the hospital, Truckee Donner Parks & Recreation and Senior Apartments explaining paratransit service and encouraging those who qualify to apply for ADA eligible status. To date, three passengers have applied and qualified as passengers eligible for priority scheduling per ADA. Given that DAR serves several human service agencies with clients who typically qualify as ADA eligible (Choices and Special Education), it is likely that there are more DAR passengers who would qualify. As there are no real capacity constraints on DAR, there is little incentive for DAR passengers to go through the application process to obtain priority scheduling. The Town will continue to conduct public outreach periodically regarding ADA recertification. This will become more important if demand for DAR services grows.

*Recommendation 5: The Town should require the contractor to conduct self-monitoring against the operational performance standards contained in the operating contract.*

**Status: Implementation-In-Progress.** The Town of Truckee has limited staff time available to dedicate towards transit. As a result, there was little oversight of the transit contractor for the majority of the audit period. The Town has recently taken a more active role in the management of the transit system with the inclusion of transit into the job description of the Parking Services Manager. The transit operating contract includes a section regarding “Performance Tracking” which will be enforced going forward. Therefore, this recommendation is in progress.

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

This section presents a review of the various functions of Truckee Transit. In general, transit operator functions can be divided into the following areas:

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

### **General Management and Organization**

During the audit period, management and oversight of the Truckee Transit program was provided by the Assistant to the Town Manager and the Administrative Secretary. Transit duties represented a small portion of each position’s job description. Beginning January 2012, 20 % of the Parking Services Manager’s time has been allocated to provide additional oversight of the program, with assistance and direction from the Administrative Secretary and Assistant to the Town Manager. After the Town of Truckee budgeting process has been complete this winter, there may be an increase in allocation of staff time to transit duties.

El Camino Trailways is the transit operating contractor for Truckee Transit. Transit service is provided with a small staff of one local supervisor who also provides dispatch and driving when necessary and four drivers (both part-time and full-time). Some financial reporting is conducted by the corporate office in San Francisco.

During the audit period, Town staff did not regularly review operating statistics. Going forward, more staff time will be dedicated to administrative oversight and planning. No formal operations report is presented to the Town Council annually or quarterly. The Town Council reviews operating statistics when transit studies are conducted. The Town provides NCTC with performance statistics annually as part of the TDA claims process. Recently, Town staff has established a practice of meeting with the El Camino Trailways supervisor on a regular basis.

During the audit period, Truckee Transit implemented some service changes and added stops, including new stops at the Senior Apartments and the new Recreation Center. At the end of 2012, Truckee Transit implemented set DAR stop times in outlying neighborhoods as recommended in the TDP. Going forward, Town staff will review the impact of service changes as part of increased operational review.

Discussions with both Town of Truckee and NCTC staff indicate that there is less communication between the two agencies than there is between NCTC and western county transit operators. Transit staff at the Town of Truckee does not specialize in transit operations as Nevada County staff does in the western region. As such, Truckee staff (as well as the Auditor) believes that Truckee Transit could benefit from increased direction and education on transit matters from NCTC staff.

### **Service Planning**

The effectiveness of a transit system is highly dependent upon the continued development of short- and long-range transit plans. The NCTC commissioned the Eastern Nevada County Short Range Transit Development Plan (TDP), which was completed by LSC Transportation Consultants in June 2009. This document covers a plan period of FYs 2009-10 through 2013-14, and recommended the following major elements:

- Revised non-winter route to include stops at Pioneer Commerce Center, Alder Creek Middle School and the future Recreation Center
- Revised winter shuttle to extend service and contingency plan to include Boreal Ski Resort
- Revised DAR schedule to meet ADA requirements and budget cuts
- Scheduled DAR trips to outlying neighborhoods

Several of these elements or versions of the elements were implemented during the audit period. The Eastern Nevada County TDP is currently being updated.

NCTC also commissioned a *Town of Truckee Mobility Needs Assessment Report* in June 2012. This document identifies where transportation services may be lacking in the community, and how resident's and visitor's mobility needs may be better addressed. The study recommended several strategies to improve mobility including:

- Fixed DAR stops in outlying neighborhoods
- Continued support of the DAR program
- Commute Rideshare Program
- Transportation Reimbursement/Volunteer Driver Program
- Claiming community transit services funds under Article 4.5 of the TDA

In terms of strategic planning, Truckee Transit has set clear, reasonable goals and objectives in the TDP. Truckee Transit does not produce reports which compare actual operating statistics to goals and objectives listed in the TDP, nor are these goals reviewed on a regular basis. DAR services met the 3.0 passenger per hour standard of the TDP while the fixed route did not meet the 15 passengers per hour standard in the TDP. Truckee Transit was well above the TDA farebox requirement of 10 %.

In terms of short range planning, the TDP identifies residential, retail, and other developments which may require transportation. Truckee Transit has worked closely with private partners such as the Donner Summit Ski Resorts to refine schedules to meet the needs of resort employees and guests. Truckee Transit also works closely with the Sierra Senior Services, resulting in a new bus stop at the Senior Apartments. While there was little private development in Truckee during the audit period, bus stops/shelters are typically considered to be included in new development projects. Truckee Transit is currently collecting \$69,000 per year in mitigation fees from the partially constructed Gray's Crossing development.

Onboard surveys of Truckee Transit's riders were conducted as part of the 2009 TDP update to determine how services were perceived and to ascertain what shortcomings, if any, were present. The Town intends to conduct a boarding and alighting survey this winter to evaluate connections with the new Coordinated Skier Shuttle Service.

The ADA requires agencies that provide general public fixed-route service to also offer complementary paratransit service for those individuals with transportation disabilities who cannot otherwise use the fixed-route service. The complementary paratransit service must be offered during the same hours and days as the fixed-route service. Truckee DAR is the ADA complementary paratransit service for Truckee Transit during the non-winter months and is available during the same days and hours as the non-winter fixed route. The Winter Shuttle route to the Donner Summit ski resorts is considered a commuter route, as it has limited stops and runs predominately in one direction. Therefore, complementary paratransit service is not required during its operation. However, Truckee DAR is available Monday through Friday 8:00 AM to 5:00 PM and Saturday from 9:00 AM to 4:00 PM for the general public with priority to ADA eligible passengers. Demand-response service is offered at least within three-quarters of a mile of the non-winter fixed route, as required. Fare discounts are available to seniors and disabled on the non-winter fixed route, while the winter shuttle is free to all passengers. Truckee Transit's current fleet of five revenue vehicles is wheelchair accessible. The Truckee Transit fleet includes three 13-passenger cutaways used for demand response services and two 33-passenger buses for the fixed route. Truckee Transit procures vehicles using a variety of funding, including Federal Transit Administration funds.

All Town Council meetings are open to the public, and are conducted in an accessible facility per the requirements of the Americans with Disabilities Act (ADA). The Town conducts public hearings and public meetings at key locations (such as the Senior Apartments) prior to implementing fare or service changes.

### **Scheduling, Dispatch, and Operations**

This functional area concerns the short-term scheduling of routes, drivers, and vehicles, the daily coordination and assurance that each customer is served, and the specific function of providing transportation service.

Truckee Transit drivers are cross-trained on all types of vehicles and routes. Truckee Transit offers only demand-response service and one fixed route at any one point during the year. Drivers typically are assigned the service they prefer. Both part-time and full-time employees are eligible for vacation but not sick leave or other employer-paid benefits. El Camino Trailways has a clear and communicated policy on

absences to ensure driver shifts are adequately covered. Truckee Transit employs one on-call driver to cover shifts for drivers on vacation or sick leave.

DAR reservations are recorded in the contractor transit supervisor's day planner. While the supervisor takes the majority of reservations, drivers are trained in this area as well. Passengers are allowed to schedule rides up to 24 hours in advance and subscription service is available. Priority is given to ADA eligible passengers. The Town recently established ADA eligibility criteria and an application process. The application outlines the Truckee DAR no-show policy.

## **Personnel Management and Training**

Truckee Transit recruits through a variety of means, often focusing on applicants in the Reno or Sacramento area as there is a limited supply of qualified applicants in the Truckee area. Occasionally the contractor will recruit school district employees. Truckee Transit experienced little driver turnover during the audit period. El Camino Trailways will provide a bonus to employees with no preventable accidents or safety violations. Driver performance evaluations are conducted by the contractor transit supervisor at least once a year.

Initial and on-going driver training is provided by a combination of on-site training with the contractor transit supervisor and through the main El Camino Trailways office in San Francisco. The contractor transit supervisor conducts random ride-alongs and monthly safety meetings with agendas provided by the San Francisco office. In terms of safety and emergency preparedness, Truckee Transit has participated in evacuation training with the Truckee Police Department. Drivers are trained on all aspects of each type of vehicle in the fleet, including training on first aid, accident procedures, and wheelchair procedures. All Truckee Transit vehicles are equipped with fire extinguishers, safety brakes, and bells for reverse. Per the operating contract, Truckee Transit drivers are subject to a drug and alcohol policy which meets all applicable state and federal requirements. El Camino Trailways has a clear discipline policy.

## **Administration**

The Truckee Town Council serves as the governing board for Truckee Transit. During the audit period, the Assistant to the Town Manager prepared the transit budget. Going forward, this will become a job duty of the Parking Services Manager. Actual expenses are periodically compared to budgeted expectations. The Town Council must approve substantial changes in the budget and/or spending. During the audit period, the Administrative Secretary and other finance department staff performed grant management duties. Truckee Transit has not lost a grant due to negligence or improper procedure. Payroll for Town related employees is performed by the Town Finance Department. Contractor payroll is conducted by the corporate office.

Regarding insurance, El Camino Trailways carries a \$5 million liability insurance policy with American Highways Insurance Agency. Established procedures for processing and investigating accident/injury claims are currently in place. Section 2 of the Truckee Transit Performance section of the operating contract outlines safety procedures. Truckee Transit vehicles are stored in a secure parking area at the Town of Truckee Corporation Yard on Riverview Drive, which is maintained by Town of Truckee staff. Truckee Transit rents a small office at the train station for administrative needs.

On-vehicle fare collection is appropriately secure on Truckee Transit buses. All buses use a locked vault farebox system. At the end of the day the contractor transit supervisor pulls the locked farebox, with the driver present, from the vehicle at the Corp Yard and actual fare revenue is compared to expected revenue. Fare revenue is the responsibility alone of the contractor transit supervisor. Per the operating contract, only the contractor transit supervisor counts passenger fare revenue. Typically, the driver has

left for the day when the fare revenue is counted by the contractor transit supervisor. In order to ensure that cash is not mishandled, the more common practice in the transit industry is to have two staff people present when counting fare revenue. After fare revenue is reconciled with driver paperwork, it is returned to the locked farebox and transported by the contractor transit supervisor to the office at the train station where it is locked and stored. Fare revenue is deposited at the bank weekly. Town staff compare projected fare revenue to actual fare revenue monthly.

### **Marketing and Public Information**

The Town of Truckee is a member of the Truckee North Lake Tahoe Transportation Management Association (TMA). As part of the \$4,000 per year membership dues, the TMA incorporates Truckee Transit in the regionwide marketing program. This includes transit schedules on the [www.laketahoetransit.com](http://www.laketahoetransit.com) website as well as flyers, posters and other promotional material. In addition to TMA efforts, the Town of Truckee attends a few promotional events each year such as Earth Day and Big Truck Day, where transit vehicles are available for show. All Truckee Chamber of Commerce members receive an email blast prior to a service change.

### **Maintenance**

Truckee Transit vehicles are maintained by Town of Truckee fleet services maintenance staff. A preventive maintenance schedule is in place that meets the requirements of the bus manufacturers. With the exception of body work which is sent to a local shop, all vehicle repairs are performed by in-house mechanics. Overall, Truckee Transit contractor staff has good communication with Town fleet services. Although specific maintenance personnel are not dedicated to Truckee Transit, there was not an issue regarding competing for mechanic time with other departments during the audit period. The Contractor transit supervisor notifies fleet services immediately about maintenance issues. If a breakdown occurs during non-working hours for fleet services staff, the vehicle is towed. This has occurred three times over the last five years. Maintenance has not conflicted with regular vehicle use.

Truckee Transit has a fleet of five revenue vehicles, which provides two backup vehicles. The average age of the fleet is five years and the fleet has accumulated an average of 106,000 miles per vehicle. Truckee Transit has a good vehicle replacement plan in place.

## Conclusions and Recommendations

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Below presents a summary of the Auditor's findings and recommendations.

### FINDINGS

- Truckee Transit was found to be in compliance with all performance-related TDA requirements reviewed in the Compliance Requirements section of this audit with one exception: Truckee Transit did not calculate Full-Time Equivalent Employee Hours (FTE) in accordance with TDA definitions.
- Productivity or passenger-trips per hour on fixed route services (3.7 to 5.1) was below the TDP goal of 15 passenger-trips per vehicle service hour during the audit period.
- Systemwide farebox ratio remained around 19 % throughout the audit period, well above the TDA minimum of 10 %.
- Town of Truckee staff is beginning to take a more active management role of the transit program and the operating contractor.
- Truckee Transit completed two of the five recommendations from the prior performance audit. The other recommendations are in progress.

### RECOMMENDATIONS

- **Recommendation 1:** *The Town should help the transit contractor develop an accurate reporting spreadsheet format and carefully review contractor reports for errors over the next fiscal year. Town staff should also monitor completion of other performance indicators in contractor spreadsheets, such as on-time performance, road calls, complaints/compliments and trip denials.*

Separate unlinked spreadsheets were used for weekly, monthly and annual summaries. This increases the possibility of human error during the data entry process. Errors and omissions have been discovered in the spreadsheets by both the Town and the auditor.

The Town should work with the transit contractor to develop reporting spreadsheet templates in which daily entries are linked to monthly entries, etc. and formulas have been verified by more than one person. This will help to provide accurate data for performance reporting to the State Controller.

Current contractor performance spreadsheets include cells to report other performance indicators such as road calls, late trips, missed trips, complaints, and incidents/accidents. Driver logs also include spaces to enter these performance indicators. However, the performance indicator section was not consistently completed during the audit period. Documenting transit performance is an important part of determining transit service improvements. Although contractor drivers began recording performance data as of January 2013, as part of Town review of contractor performance tracking spreadsheets, Town staff should continue to ensure completion of this section on a monthly basis.

**Implementation Period:** Immediate.

- **Recommendation 2:** *Transit staff should continue to be involved in the preparation of the State Controller Reports and ensure consistency between operational data in internal spreadsheets with State Controller Reports.*

The previous audit recommended ensuring consistency between contractor performance reports and data provided to the State Controller. As noted in Chapter 2, Truckee Transit reported data to the State Controller inaccurately in FY 2009-10. In addition, data reported to the State Controller in other years was not consistent with data found in internal spreadsheets prepared by the transit contractor. Currently, transit staff prepares the State Controller Reports with assistance and guidance from the finance department. To implement this recommendation, Town transit staff should reconcile operating data provided to the State Controller with spreadsheets provided by the contractor. Transit staff should also ensure that operating data provided to the State Controller is consistent with TDA definitions. Although Town staff should make attempts to report financial data to the State Controller that is consistent with fiscal audits, this is difficult due to the fact that State Controller reports are due before financial data is audited.

**Implementation Period:** Immediate.

- **Recommendation 3:** *Town staff should prepare reports for the Truckee Town Council at least annually.*

Other than infrequent transit studies, the Town Council does not review Truckee Transit operational data. In an effort to keep the transit system's governing board and the general public informed about transit performance, transit staff should prepare a simple annual operations reports. The reports need not be extensive (a few pages should be adequate), but should include the following operating statistics: Ridership, vehicle service hours, vehicle service miles, operating cost, fare revenue, operating cost per passenger-trip, operating cost per hour, passenger-trips per hour and farebox ratio. Current year statistics should be compared to the prior year and established goals in the most current Transit Development Plan. The report should also note any significant service changes, events or accomplishments.

**Implementation Period:** Immediate.

- **Recommendation 4:** *Full-Time Equivalent (FTE) Employee hours should be calculated and reported to the State Controller in accordance with PUC 99247 (j) and the definition in Appendix B of the Performance Audit Guidebook listed below for reference.*

*“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 number of person-hours worked by 2,000.”*

It should be noted that the TDA FTE definition differs from the standard 2,080 hours worked in other industries.

**Implementation Period:** Immediate

- **Recommendation 5:** *As staff time allows, the Town should revise the fare revenue collection procedures to include the requirement of two contractor staff present when fare revenue is counted.*

At Truckee Transit, only the contractor transit supervisor counts farebox revenue. It is considered good practice for two staff people to be present while the fare revenue is being counted. This reduces the temptation for foul play or mishandling of cash. However, there are challenges to implementing this practice for the Truckee Transit system. During the winter season, the contractor transit supervisor is also the last bus driver of the day. When the contractor transit supervisor returns to the yard at 6:30 PM, other bus drivers and Town staff (with the possible exception of Town fleet services staff) have left for the day. Requiring a driver to stay an additional hour to count fare revenue would add operating costs at a time when the transit budget is constrained.

Recently, Town staff has been comparing projected fare revenue to actual fare revenue and ridership periodically and have not discovered any discrepancies which have caused concern. Additionally, fare revenue collected on Truckee Transit vehicles is quite low as winter fixed route service is fare free. This practice of reconciling ridership records with fare revenues should be continued. Should any discrepancies occur, or if staffing levels at Truckee Transit allow, the Town should implement a policy of two staff people be available to count fare revenue. Alternatively, two members of the Town's administrative staff could count the fare revenue the next morning. In this case, fareboxes should remain locked overnight and only Town staff should have the keys to open them the next morning.

**Implementation:** As staffing allows or if significant discrepancies between projected fare revenue and actual fare revenue occur.

- **Recommendation 6:** *Actual Town staff time spent on essential transit-related duties should be compared to the budgeted time. If actual time spent is greater than budgeted allowance, the Town should consider adjusting the percentage of Town staff time allocated for transit duties.*

Currently, 20 % of the Parking Services Manager's time is allocated to management and oversight of the Truckee Transit program. Although Truckee Transit is meeting farebox ratio, this performance audit has indicated that transit performance could be improved by taking on a more active role in management of transit services. Aware of this fact, the Town recently increased budgeted staff time available for transit (with the addition of the Parking Services Manager to the group). The following are standard transit related duties which should be performed in order to effectively run a small transit system:

- Monitor transit contractor performance
- Prepare transit related grants
- Take and respond to passenger complaints
- Be the point of contact for other regional transit entities, such as NCTC, Gold Country Stage and Tahoe Area Regional Transit
- Coordinate with human service agencies and private funding partners
- Prepare reports for Town Council

The Parking Services Manager currently tracks time spent on transit. At the beginning of the next fiscal year, actual time spent on transit should be reviewed for the period of one fiscal year. If actual time spent is greater than time budgeted for transit, adjustments should be made accordingly.

**Implementation Period:** FY 2012-13.