

## **Nevada County Transportation Commission meeting – May 18, 2022**

Triennial Performance Audits for Fiscal Years 2018/19, 2019/20, 2020/21  
Presentation by Genevieve Evans from LSC Transportation Consultants.

Mike Woodman:

Let me just provide a little bit of background. Regional transportation planning agencies that receive Transportation Development Act funding and the agencies that NCTC allocates Transportation Development Act funding to, are required to have an independent Triennial Performance Audit of its activities and effectiveness that is then required to be submitted to Caltrans, and it is one of the requirements to continue to receive Transportation Development Act funding.

LSC Transportation Consultants prepared the Triennial Performance Audits for the Nevada County Transportation Commission, the Tahoe Truckee Area Regional Transit and Nevada County Transit Services. And Genevieve Evans with LSC Transportation Consultants will present an overview of the Triennial Performance Audits and the findings. Take it away, Genevieve.

Genevieve Evans:

Great. Thank you, Mike. Can everybody see my slide show here?

Mike Woodman:

Yes.

Genevieve Evans:

Okay. Switching to slide show mode. Well, Mike gave you a good overview. Triennial Performance Audit is something that is required by the state by TDA, but it's also not a bad idea for a third party to come in and do a good overview of how the transit operators and the RTPAs are performing, and if they're efficient and effective, and if there's any recommendations or suggestions that can be made to improve upon that. So that's what this process is. This is a pretty standard process. Caltrans puts out a guidebook as to how to conduct a performance audit. It was written back in 2008. Some of it is a little bit outdated, but it's still something that we follow.

It includes a checklist of compliance requirements, one portion of the audit where we check yes or no if the transit operators and the RTPA are compliant with certain TDA statutes that at some point, somebody thought was relevant to performance. We also look at the recommendations from the last audit and see if those have been implemented or maybe they're not even relevant any longer. And there's a whole slew of tables and figures in the transit operator audits for over a six-year period, so this audit period, which is three years and the prior audit period. All the performance indicators transit planners like to look at, ridership operating costs, operating costs for passenger trips per hour, etc. So that gives you a good historical overview of how things have been going for the transit operators. We conduct interviews with staff, with the transit operators and the RTPA, and then we put together our report recommendations.

I know we have three different audits to go through here. We've written three different reports, one for Western Nevada County operators, which is Nevada County Now and Nevada County Connects, one for the Eastern side of the county, which is Truckee TART, and then one for the RTPA, or NCTC.

I'll try and go through it quickly, since we have a lot to go through. In Western Nevada County, I put together some tables or figures here that show the primary trend of what COVID has done to transit agencies. You can see here in figure one, Ridership was doing pretty well, over 200,000 trips a year, and a lot of transit agencies before COVID were already starting to see a decline in ridership. Not the case in the Western part of the county, but COVID really did have an impact, decreasing all the way down to 90,000 trips by Fiscal Year 2021. Fare-box ratio follows right along, right? Fewer passengers,

you don't have the same fare revenue. We were making the 10% fare-box ratio minimum, which is at a system wide level per TDA. This includes both fixed route and demand response services. We're making this at the beginning of the audit period, but it's been halved by the end of the audit period. This last figure here is passenger trips per hour, which actually, especially before COVID, is pretty good for a rural transit system. Again, this is on a system wide level, started at eight passenger trips per vehicle service hour, but really got hit and went down to five passenger trips per vehicle service hour.

As for other findings, there are some standard findings. There are certain reports that need to be provided on an annual basis to Caltrans in the state. It's very common for these to be provided late. And for both the Western and Eastern side of the county, some of these reports are completed maybe a month late, which actually isn't that bad, but it is a finding in the report. We have some other findings to pay attention to. There were some discrepancies in internal spreadsheet data sets. That's also common. But on the good side of things, on the Western side of the county, they're already starting the transition to the zero emission fleet rules that CARB has. They've been looking at alternative ways of providing transit service. It's kind of becoming a new world out there for public transit. On-demand is the thing, Uber and Lyft have really caught on. And so TSC has already implemented a service there and we have a nice new operations and maintenance facility.

Here are recommendations. One is to report this particular operating data full-time employee equivalence to the state controller properly. And for some reason, TDA has a different definition than most people do. This is another common recommendation and finding, but we describe how to do it, according to TDA rules. We also concur with the short-range transit plan that a more detailed governance study should be conducted. Should Western Nevada County transit operators be more of a joint powers authority, or even contract out for both fixed route and Dial-A-Ride services. We provide some suggestions on what to include in that study. And along the same lines, perhaps get a little more into, how can we roll with the success of the senior on-demand service? Is this something that should be expanded to the general population? There should be some interesting studies there.

Onto Eastern Nevada County, in Truckee. And as you know, Truckee is a little bit of a different animal on that side of the county. It's a resort town, it's a ski town. And this shows in our ridership here. We've seen quite... I'm in Tahoe city, so that's why I'm saying we, but in the Tahoe Truckee Area, we've seen a huge influx of visitors during COVID. So as you'll see, ridership hasn't been affected like it was on the Western side of the county, although it's definitely fewer passenger trips here. And this shows the passengers trips per hour, pretty steady, but we're only looking at three passenger trips an hour for Truckee TART services, which is fairly low. And again, that's system wide. So that's both extreme and demand response.

Fare-box ratio, Truckee is certainly helped. They have a free fare, which is great because they receive funding from partner agencies, such as the airport. And this is what keeps our fare-box ratio well above the minimum, which is great. Other similar findings, reports were completed late. FTEs were not calculated properly, but all prior audit recommendations were implemented. So that's good. Good reports were prepared for the various agencies. And our recommendations for Truckee, similar to Western Nevada County, calculate full-time equivalent hours, according to TDA definitions, again, very common.

And this isn't necessarily a recommendation that's required to be compliant with TDA, but it would be a reasonable and good idea for Truckee TART to procure some tablets. Right now paper manifests are used for drivers to record passenger trips and that's implemented to Excel or whatever database. There's room for error there. Having tablets could make this a more efficient and correct or accurate way of collecting data. So we make a suggestion there.

Our third report is for the Nevada County Transportation Commission. That audit is a little more simple. Obviously, we don't have the slew of performance tables, but what we found overall, and especially since we've worked with NCTC for many years, there's no significant inefficiencies with

NCTC. All prior recommendations were implemented. They have the same compliance requirement with respect to the completion of those fiscal audit reports, which again is very common, but it does make for a finding. The TDA allocation process and the unmet needs process go according to TDA outlines. NCTC provides a good amount of oversight of the transit operators, which is great, we provide assistance and assist with planning studies, but also let them do their thing.

And the last thing I wanted to highlight is the Transit Funding Equity Study, which is kind of a new and innovative way of thinking, because we have two different sides of the county who work differently and generate sales tax. The Eastern side generates so much more sales tax. This Transit Funding Equity Study had some interesting recommendations on how to balance that out and change the allocation of STA funds to make it more of an equitable distribution of transit funds. So that was a good thing.

Our recommendation for the Western Nevada County side, we weren't making fare-box ratio anymore. Robin in the TAC meeting did show some great graphs that showed that fare-box ratio is increasing, and that's good to hear. Hopefully, it will increase back up to 10% where it was before COVID. The state has suspended TDA fare-box requirements through fiscal year 2022/23 because of COVID, because most people aren't making fare-box ratio. There's some talk that fare-box ratio requirements might change in the future. There are two counteracting things, the state is requiring this fare-box ratio, but then they are also wanting to address climate change goals and have more public transit. These two don't always mesh, if you have to meet a certain fare-box ratio. Then if you have to reduce your operating costs by reducing service, it doesn't work. I'm hoping that there will be changes to the TDA requirements, but our recommendation here is to basically just keep an eye on that, be aware of that. And if things do go back to how they were, work with Western Nevada County to see how fare-box ratio can be increased, maybe it's more local support, more advertising revenue or something similar to what Truckee has. We're just keeping an eye on it for now.

I'd be happy to answer questions now, and your input will be incorporated into the final TPAs.

Ed Scofield:

Thank you, Genevieve. Before going to the commission, what I'd like Mike, if you would, explain the relationship that NCTC has with the transit services and maybe explain the Transit Services Commission also.

Mike Woodman:

NCTC is the Regional Transportation Planning Agency for Nevada County and serves the role of administering the Transportation Development Act funding. That includes allocating the Local Transportation Funds and the State Transit Assistance, as well as administering some of the federal transit funding that goes to both the Western Nevada County transit operator and the Town of Truckee, the Eastern county operators.

In that role, we monitor both transit systems to ensure that they're meeting performance standards and we also assist both operators with transit planning activities. Usually, that includes the development of the five-year short-range Transit Development Plan, the Transit Funding Equity Study that Genevieve mentioned. And then Robin and I have already been talking about funding some studies in Western County to look at revisiting the transit delivery model. And so really, it's in a role of allocating the funds and assisting and monitoring operations and planning for transit.

Ed Scofield:

Okay. Thank you, Mike. Robin Van Valkenburg is the administrator of the transit service on the western side. And usually we have the operator from the Truckee side also.

Mike Woodman:

Alfred Knotts, the Transit Manager for the Town of Truckee is with us, as well.

Jay Strauss:

Well, just because I'm so new to all this, I just wondered what happens if we don't meet the farebox ratio? Does that mean that we lose all of the funding and support and what's the consequence of that?

Genevieve Evans:

No, and it really just changes your eligibility for funding. So you're supposed to have this 10% farebox ratio, which means you can receive no more than 90% of your funding from TDA, but you also have to subtract out the funding that comes from the federal government or other sources. If it's only a 9% farebox ratio, they call it a penalty that's actually assessed a couple years later. There's a grace year period the first year you don't make it. Sometimes it's relatively small. And that's another thing, too, you can consider. Some agencies just take the penalty, they just don't get quite as much TDA funding. And that might be a small amount. Does that make sense?

Jay Strauss:

So it's not as dire as it might have sounded.

Genevieve Evans:

Yeah. I know. I think we often use it as a performance measure when implementing a new service because you don't want a new service to bring down your farebox ratio. So I guess we're always thinking about it, but it's not the end of the world.

Ed Scofield:

Robin, would you like to comment on that?

Robin Van Valkenburg:

Sure. And I'd also like to make mention of a note that, for Genevieve and Mike, we may not have considered as we went through this process. Technically, route seven is still in its pilot phase and the farebox recovery rate for that route shouldn't be accounted for in the TDA calculation. But I know, on our part, we do calculate it as part of our overall system farebox rate. So just something for us to keep in mind as we look to the 2022, 2023 years, since that's technically the second year of the pilot.

Typically speaking, the TDA requirement seems somewhat onerous and punitive because, if you're not making the farebox and then they reduce your funding levels to ... Basically, it's say you don't make your farebox, you make 8% instead of 10% for two straight years, then, in that third year, you start looking at penalties. They reduce you by that amount that you didn't make. If you're actually trying to build your service, and yet your funding gets reduced, you're not able to build the service to achieve the goal of the farebox rate, which is an annoying way to go about it, which is why we're hoping that there is, at the state level, some change that goes on with how that farebox recovery rate is dealt with in the TDA laws.

Speaking to the Western side, it's been a challenge. Eastern county, Truckee, has a very different funding profile than the Western side does. Truckee TART is free fare. We don't have the same funding profile that would allow us to provide that, which does make meeting the farebox a little easier, overall, but no matter what, basically, you want to build the ridership and make sure that your fares are commensurate with ensuring you meet the TDA. And that's what we, on the Western side, will continue to strive for. And if I can find a way to wrangle some of Alfred's Truckee funding down here, I'm going to do that, but Alfred might get mad at me for that.

Mike Woodman:

Jay, just for your information, Town of Truckee is somewhat unique as it is a bit of a resort destination and you have the ski resorts. They get funding contributions from the ski resorts, as well as the Truckee Tahoe Airport District. And those funding sources count towards farebox requirements. That allows them to still ... I think, in the charts, you saw they were still doing 13% or 14% farebox recovery ratio, but yet they don't charge any fares for the transit system. It's somewhat unique, and at the state level, one of the reasons folks are looking at, does farebox recovery ratio still makes sense as we try to encourage transit, encourage ridership, and it prevents people from going to a free fare system to promote ridership, unless you have those unique circumstances, like the Town of Truckee.

Jay Strauss:

I'm sure that, someplace, there's a great deal of detail about who's using the system, what drives increased ridership, et cetera. And at some point in time, I'd love to be conversant with that kind of data and detail.

Ed Scofield:

Well, for your information, too, Jay, route seven that Robin was referring to is the North San Juan route. So it's kind of experimental, at this point. Alfred, did you want to say anything?

Alfred Knotts:

I guess that what I would build off of is what Robin said in terms of TDA and the legislation is very antiquated. It does have checks and balances and oversight provisions in there and that's the conditions of the farebox recovery ratio. It is counterintuitive or counterproductive almost, too, as Robin said. And it also is a little more detrimental to rural communities, as well, where we really don't have a lot of ridership. We have a lot of transit-dependent folks. We have a lot of social service transportation. We're meeting those needs versus, hey, we're trying to offset the full subsidy here, based on performance. It's really providing a lot more social benefit, economic benefit, and community benefit.

And I know, if the state can look at CEQA reform, I think it can look at TDA reform, honestly. I know that was a tough nut to crack and took a long time, but I think working together, and Mike in his position and capacity, all the great work that NCTC has done in our advocacy groups, such as Cal Act and the California Transit Association, we're taking a good look at this.

I think, honestly, that the COVID suspension on some of these things has really allowed people to take a look at this stuff. And I think that's what we're going to see as we come out of this, we see ridership rebuild, we see economics, the economic return in terms of sales tax. All that's been rather robust in terms of everything we've gone through, but we really do want to see this TDA relook at things, as well, because I think it does hurt our rural systems a lot more.

In terms of our ridership, it's been a lot of anomalies, in the transit world, in general, but we had some questions on our national transit database because we saw increases when a lot of places didn't see them. I had to send newspaper clips and things like that to our federal partners and Caltrans. Truckee was a unique situation. And when people were able to work from home in other areas, they weren't allowed to do that in our service industries and our resort industries, which kept going.

So it's really going to be interesting over the next couple months and years. As we go through the next short-range transit plan, I know that Commissioner Strauss mentioned this also, we're going to see who's riding the system and who do we want to ride this system also. We're taking a look at micro transit also up here. So I'm glad you asked for very little bit of input from the Town because there's a lot going on up here and we're going to be very involved in what the system looks like in the future and this audit is very helpful for us taking a look back, but how we look forward also. So that's my report from the Town.

Ed Scofield:

Great. Thank you, Alfred, and thank you, Robin. Commissioners, are there any other questions or comments? Seeing none, I would call for a motion.

Duane Strawser:

So moved.

Ed Scofield:

Motion, Councilman Strawser, seconded, Supervisor Hoek. Roll call, please.

Carol Lynn:

Okay. Roll call for Resolution 22-13. Commissioner Arbuckle?

Jan Arbuckle:

Yes.

Carol Lynn:

Commissioner Hoek?

Susan Hoek:

Yes.

Carol Lynn:

Commissioner Scofield?

Ed Scofield:

Yes.

Carol Lynn:  
Commissioner Strauss?

Jay Strauss:  
Yes.

Carol Lynn:  
Commissioner Strawser?

Duane Strawser:  
Yes.

Carol Lynn:  
Commissioner Zabriskie?

Jan Zabriskie:  
Yes.

Carol Lynn:  
Thank you.