

FY 2016-2018
TRIENNIAL
PERFORMANCE
AUDIT



**LASSEN TRANSIT
SERVICE AGENCY**

December 2019

Submitted to:
Lassen County
Transportation Commission

Submitted by:

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INTERNATIONAL

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Section I

Introduction

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

The Lassen County Transportation Commission (LCTC) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in Lassen County. This performance audit is conducted for Lassen Transit Service Agency (LTSA) covering the most recent triennial period, fiscal years (FY) 2015–16 through 2017–18.

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

In summary, this TDA audit affords the opportunity for an independent, constructive, and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with LTSA staff and with the contract operator, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

Overview of the Transit System

LTSA is responsible for overseeing the operation of the Lassen Rural Bus (LRB) public transit system. Lassen County was the operator of the public transportation system, which was governed by three members of the Lassen County Board of Supervisors and three members of the City of Susanville City Council. In July 2002, a Joint Powers Agreement (JPA) was signed between the County of Lassen and the City of Susanville creating LTSA. LTSA is tasked with the administration and operation of public transportation services within Lassen County under the jurisdiction of LCTC, the regional transportation planning agency (RTPA) for the County. The transit service is operated under contract by Paratransit Services, a private transportation company headquartered in Bremerton, Washington.

Lassen County is located in northeastern California, topographically defined by the northern portion of Sierra Nevada Mountain Range and the Lassen National Forest. The county is bordered by Modoc County to the north, Plumas County to the south, Plumas and Shasta Counties to the west, and the state of Nevada to the east. It is the eighth largest of California's 58 counties in land area with its lower valleys generally above 4,000 feet and mountains rising to heights of 8,200 feet.

Major highways include US Highway 395 and State Routes (SR) 36, 44, and 139. US Highway 395 is the main north–south arterial, connecting Lassen County to Modoc County and Reno, Nevada. SR 36 is the main east–west arterial that connects with US Highway 395 in Susanville as well as providing access to Plumas County to the west. SR 139 runs north–south between Susanville and the community of Adin and the junction with SR 299. In addition, State Routes 70, 147, and 299 extend across parts of the county.

Lassen County was established and incorporated on April 1, 1864. The county was created from parts of Plumas and Shasta Counties and derives its name from Peter Lassen, a well-known trapper and one of John C. Fremont’s guides. The local economy has traditionally been dominated by agriculture, mining, and timber. However, in recent decades the county’s economy has been reliant on employment generated by federal and state correctional institutions as well as small retail, hospitality, and tourism sectors. The \$130 million agricultural sector in Lassen County comprises hay cultivation, livestock, nursery crops, and timber products.

A demographic snapshot of the county is presented in Table I-1:

**Table I-1
Lassen County Demographics**

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census %	Population 65 Years & Older % (2010 US Census)	2019 DOF Population Estimates	Land Area (in square miles)
Total Lassen County	34,895	+3.2%	9.96%	30,150	4,720.00
City of Susanville	17,947	+32.9%	6.60%	15,008	8.03
Unincorporated Area	16,948	-16.6%	13.51%	15,142	4,711.97

Source: 2010 US Census; California Department of Finance, 2019 Population Estimates

The City of Susanville is the county seat and the county’s only incorporated city. The county experienced a slight increase in population between the 2000 and 2010 US Censuses. Based on the 2010 Census, seniors compose about 10 percent of the county’s population. The 2019 population for Lassen County is estimated to be 30,150 as reported by the California Department of Finance, a 13.5 percent decline from the 2010 Census figures. Other communities and census-designated places include Westwood, Clear Creek, Bieber, Johnstonville, Janesville, Standish, Litchfield, Herlong, Doyle, Milford, Leavitt Lake, Little Valley, Ravendale, Termo, and Madeline.

System Characteristics

The LRB system is composed of a local fixed route, commuter route, deviated fixed route, and demand-response service. A deviated fixed-route bus may deviate up to 0.75 miles off the regular route. LRB operates Monday through Friday from 5:13 a.m. to 7:39 p.m. and Saturday from 8:00 a.m. to 6:22 p.m. The service does not operate on Sundays and the following holidays: New Year’s Day, Martin Luther King Jr. Day, Lincoln’s Birthday, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving, the day after Thanksgiving, Christmas Eve, and Christmas. The following table contains details of each LRB route.

**Table I-2
Lassen Rural Bus Routes**

Route	Frequency/Operation	Timepoints
Susanville City Route	60-minute frequency (Monday through Friday from 7:00 a.m. to 6:55 p.m. and Saturdays from 8:00 a.m. to 3:55 p.m.)	<ul style="list-style-type: none"> ▪ Riverside Drive ▪ Lassen Historical Museum ▪ City & County Offices ▪ Burger King & Chevron ▪ Lassen Community College ▪ Casino ▪ Safeway Shopping Center
West County	Three trips (Monday through Friday from 5:21 a.m. to 7:39 p.m.) One AM & One PM Trip (Saturday from 8:20 a.m. to 6:22 p.m.)	<ul style="list-style-type: none"> ▪ Susanville ▪ Devils Corral ▪ Westwood ▪ Clear Creek ▪ Hamilton Branch ▪ Chester
East County (Based on the July 2017 Schedule)	One AM & One PM trip (Monday through Thursday from 6:40 a.m. to 4:35 p.m.) One AM & One PM trip (Fridays from 8:20 a.m. to 3:31 p.m.) One AM & One PM trip (Federal Holidays from 6:13 a.m. to 5:22 p.m.)	<ul style="list-style-type: none"> ▪ Susanville ▪ Johnstonville Store ▪ Standish ▪ Litchfield ▪ Janesville ▪ Honey Lake Campground ▪ Milford ▪ Herlong Mobile Home Park ▪ Herlong
South County (Deviated)	One AM trip & One PM trip (Monday through Friday from 6:30 a.m. to 4:35 p.m.)	<ul style="list-style-type: none"> ▪ Susanville ▪ Lassen Community College ▪ Northeastern Rural Health ▪ Susanville Mobile Home

Route	Frequency/Operation	Timepoints
		<ul style="list-style-type: none"> Park ▪ Johnstonville Store ▪ Leavitt Lake ▪ Litchfield (On Demand) ▪ Janesville ▪ Milford ▪ Doyle ▪ Herlong
South County Commuter	One AM trip & One PM trip (Monday through Friday - except federal holidays from 5:13 a.m. to 6:15 p.m.)	<ul style="list-style-type: none"> ▪ Susanville ▪ Janesville ▪ Milford ▪ Herlong (SIAD Gate)
Eagle Lake	One morning/mid-day run & one evening run (Saturdays from 10:00 a.m. to 6:15 p.m.)	<ul style="list-style-type: none"> ▪ Susanville ▪ Lake Forest ▪ Gallatin Marina ▪ Spalding ▪ Buck's Bay ▪ Stones Landing

Source: LTSA; Lassen Rural Bus Rider's Guide

LTSA also partners with the Modoc Transit Agency's Sage Stage for bus service to Reno, Nevada, on Mondays, Wednesdays, and Fridays. The one-way fare from Susanville to Reno is \$22.00 and the discounted one-way fare is \$16.50.

Dial-A-Ride

LRB operates a complementary demand response Dial-A-Ride service to the Susanville City route that provides door-to-door transportation to seniors who are 60 years of age and older and persons with disabilities. Dial-A-Ride services requires a minimum one-day advanced reservation. To qualify for Dial-A-Ride, applications must be obtained and completed for approval and sent to the LRB office. In addition to the Susanville Dial-A-Ride service, LRB operates a demand-response route on Saturdays along the west side of Eagle Lake starting and ending in Susanville from the Saturday of Memorial Day weekend through Labor Day weekend or the final Saturday of September, weather permitting. Service is provided on a reservation basis only, received by 5:00 p.m. Wednesday prior to the Saturday trip.

Fares

LRB fares are structured according to route and zones traveled. Fare media consist of cash and daily and monthly passes. Seniors age 60 and older and eligible persons with disabilities receive a 50 percent discount on fares. LTSA administered a taxi voucher program in conjunction with its Dial-A-Ride service. The taxi voucher program was discontinued in 2016. The fare schedule is presented in Table I-3:

**Table I-3
Lassen Rural Bus Fare Schedule**

Fare Type & Media	General	Reduced	With Base Access
Susanville City Route	\$1.00	\$0.50	n/a
Susanville Daily Pass	\$3.00	\$1.50	n/a
Susanville Monthly Pass	\$40.00	\$20.00	n/a
Susanville Dial-A-Ride (per ride)	\$1.75		n/a
West County Route	\$2.00 - \$3.00 - \$4.00	\$1.00 - \$1.50 - \$2.00	n/a
East County Route	\$2.00 - \$3.00 - \$4.00	\$1.00 - \$1.50 - \$2.00	n/a
South County/South County Commuter	\$2.00 - \$3.00 - \$4.00	\$1.00 - \$1.50 - \$2.00	n/a
Eagle Lake Demand Response Route	\$1.00 - \$2.00 - \$3.00	\$0.50 - \$1.00 - \$1.50	n/a
Monthly Pass	\$90.00	\$45.00	n/a
Kool Kid (Children ages 6 to 17 – Summer)	\$15.00	n/a	n/a
Daily Mass Transit Benefit Program	\$5.00	\$2.50	\$5.50
Daily Systemwide	\$5.00	\$2.50	\$5.00
Commuter Mass Transit Benefit Program	\$90.00	n/a	\$105.00
Commuter	\$90.00	n/a	\$105.00

Source: LTSA; Lassen Rural Bus Rider’s Guide

Fleet

LRB has a total fleet of 11 vehicles in revenue service owned by LTSA. All vehicles are wheelchair-accessible in compliance with the Americans with Disabilities Act (ADA) as well as equipped with bicycle racks mounted on the front of the vehicle. Table I-4 shows the vehicle fleet inventory during the audit period.

**Table I-4
Lassen Rural Bus Fleet Inventory**

Year	Make & Model	Quantity	Fuel Type	Service Mode	Seating Capacity
2000	Blue Bird	1	Diesel	Commuter/Deviated Fixed-Route	41 (2 W/C)
2007	Glaval Titan	1	Unleaded	Commuter/Deviated Fixed-Route	28 (2 W/C)
2009	Glaval GM 5500	2	Diesel	Commuter/Deviated Fixed-Route	28 (2 W/C)
2010	Gillig	1	Diesel	Commuter/Deviated Fixed-Route	39 (2 W/C)
2012	Gillig	1	Diesel	Commuter/Deviated Fixed-Route	39 (2 W/C)
2014	Arboc Mobility	3	Diesel	Demand Response/ Deviated Fixed- Route	19 (3 W/C)

Year	Make & Model	Quantity	Fuel Type	Service Mode	Seating Capacity
2016	Glaval Freightliner	2	Unleaded	Commuter/Deviated Fixed-Route	22 (2 W/C)
Total		11			

Source: LTSA

Section II

Operator Compliance Requirements

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

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	<p>Completion/submittal dates:</p> <p>FY 2016: October 18, 2016 FY 2017: May 7, 2018* FY 2018: January 31, 2019*</p> <p>*Note: New state legislation was passed (AB 1113, Bloom) on July 21, 2017, that changes the timeline to submit the annual Transit Operators Financial Transaction Reports to the State Controller effective reporting year FY 2017. The submittal date has been extended from within 110 days after fiscal year end to 7 months after fiscal year end, or end of January. This is an extension of about 100 days from the original deadline. With the change in dates, these reports are required to contain underlying data from audited financial statements.</p> <p>It is also noted that a single Transit Operators Financial</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>Transaction Report was prepared by LTSA for both fixed route and specialized service. State Controller instructions require that separate reports be submitted for each service type.</p> <p>Conclusion: Partial Compliance.</p>
<p>The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.</p>	<p>Public Utilities Code, Section 99245</p>	<p>Completion/submittal dates: FY 2016: January 15, 2017 FY 2017: February 28, 2018 FY 2018: July 12, 2019</p> <p>A 90-day extension was granted by the RTPA pursuant to the TDA statute for the FY 2016 and FY 2017 fiscal audits. The FY 2018 audit was submitted after the 90-day extension period.</p> <p>Conclusion: Partial Compliance.</p>
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator’s compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator’s terminal.</p>	<p>Public Utilities Code, Section 99251 B</p>	<p>Through its contract operator, Paratransit Services, LTSA participates in the California Highway Patrol (CHP) Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim. Inspections were conducted at the Lassen Rural Bus operations facility located at 701-980 Johnstonville Road, Susanville.</p> <p>Transit Operator Compliance Certificates and inspections applicable to the audit period were dated December 5 and 30,</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>2015; April 8, 2016; January 26, 2017; December 15, 2017; and April 19, 2018. One terminal inspection was conducted outside of the audit period on December 14, 2018.</p> <p>One inspection conducted on December 5, 2015, was rated unsatisfactory due to a pull notice violation. The pull notice violation was later addressed and noted in the December 30 reinspection. All other inspections were rated satisfactory.</p> <p>Conclusion: Complied.</p>
The operator’s claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>LTSA’s annual claims for Local Transportation Funds (LTF) and State Transit Assistance (STA) are submitted in compliance with the rules and regulations adopted by LCTC. The claim consists of a one-page file requesting the amount of funds and referencing the TDA section of the law.</p> <p>Conclusion: Complied.</p>
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	<p>This measure is not applicable, as LTSA operates in a rural area and is subject to the adopted performance criteria established by LCTC.</p> <p>Conclusion: Not Applicable.</p>
The operator’s operating	Public Utilities Code,	Percentage change in the transit

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Section 99266	operating budget for LTSA: FY 2016: -2.4% FY 2017: -2.5% FY 2018: +1.5% <i>Source: LTSA Annual Budgets FY 2015-2018</i> Conclusion: Complied.
The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	LTSA’s definition of performance measures as tracked and recorded by the contract operator is consistent with PUC Section 99247. Conclusion: Complied.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	This measure is not applicable, as LTSA operates in a rural area and is subject to the adopted performance criteria established by LCTC. Conclusion: Not Applicable.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	<p>LTSA operates deviated fixed-route service in a rural area that is subject to a 10 percent farebox recovery ratio.</p> <p>The system-wide farebox recovery for LTSA during the audit period is as follows:</p> <p>FY 2016: 20.32% FY 2017: 16.90% FY 2018: 12.80%</p> <p><i>Source: LTSA TDA Funds Audit Reports FY 2016-2018</i></p> <p>Conclusion: Complied.</p>
The current cost of the operator’s retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	<p>LTSA contracts with a private provider for operations, while the County contributes to the LTSA staff’s retirement under the California Public Employees Retirement System (CalPERS).</p> <p>Conclusion: Complied.</p>
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	<p>LTSA receives State Transit Assistance funds and makes use of federal transit grant funds under Federal Transit Administration (FTA) Section 5311 as follows:</p> <p>FY 2016: \$186,397 (Operations) FY 2017: \$188,265 (Operations) FY 2018: \$192,565 (Operations)</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>Source: National Transit Database (Form RU-20)</p> <p>Conclusion: Complied.</p>

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the nine compliance requirements pertaining to LTSA, the operator satisfactorily complied with seven requirements. The operator was partially compliant in the timely submittal of its State Controller’s Report and annual fiscal and compliance audits. Two additional compliance requirements did not apply to LTSA (i.e., blended and urban farebox recovery ratios).
2. LTSA is held to a 10 percent minimum farebox recovery ratio. For the three-year audit period, the farebox recovery ratio calculated by the performance auditor using audited data was 20.32 percent in FY 2016; 16.90 percent in FY 2017; and 12.80 percent in FY 2018. The average system-wide farebox recovery ratio was 16.67 percent for the three years.
3. Through its contract operator, LTSA participates in the CHP Transit Operator Compliance Program and received inspections of its transit vehicles within the 13 months prior to each TDA claim. An unsatisfactory rating was made during the December 5, 2015, inspection related to the pull notice program, which was later corrected during a subsequent reinspection. Satisfactory ratings were made for all other inspections conducted during the audit period.
4. While the LTSA claim for TDA funds is submitted within the LCTC rules and regulations, it is noted that the claim form does not include a number of required submittals that accompany the claim as described in the TDA statute. The requirements for a proper claim submittal are described in the LCTC performance audit, given LCTC is the agency responsible for adopting the rules and regulations for the TDA claim.
5. The operating budget exhibited modest fluctuations during each fiscal year of the audit period. The budget decreased 2.4 percent in FY 2016 and 2.5 percent in FY 2017. For FY 2018, the budget increased 1.5 percent.

Section III

Prior Triennial Performance Recommendations

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

Prior Recommendation 1

Consider implementing a cross-training program so that employees can have a more holistic perspective of LTSA.

Background: The prior audit noted that LTSA is organized under an executive director, who is assisted by a small staff composed of a project planner, transportation planner, and an accountant. It was acknowledged that the organizational structure of LTSA appeared to be appropriate for a rural transit operation. However, it was noted in the audit findings, as well as in the fiscal and compliance audits, that the effectiveness of employees was decreased due to the "segmented" operating environment. It was suggested that LTSA consider implementing a cross-training program so that employees can have a more holistic perspective of the agency.

Actions taken by LTSA:

The Lassen County Public Works director is the designated executive director of LTSA with the transportation planner assigned to oversee the daily operational tasks of the agency including oversight, communications, and monitoring of the contract transit operator; service analysis; capital planning; and general transit management. The County auditor maintains and oversees the accounting and coordinates the fiscal audits for LTSA. With fewer staff administering the transit program, it is implied that cross-training within LTSA occurred.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Consider giving financial management additional training in governmental accounting and use of the accounting software and transit funding.

Background: This recommendation was carried forward from the prior audit, which suggested that staff who have financial management and reporting responsibility would benefit from

additional training in governmental accounting, use of accounting software, and transit funding so that they can have a more proactive role in the financial management of LTSA.

Actions taken by LTSA:

The County auditor is tasked with oversight of LTSA's finances. The Independent Auditor's Report and Finding 2018-001 on the Schedule of Findings in the FY 2018 fiscal and compliance audit qualified their finding on LTSA's financial statements due to the commingling of certain administrative expenses and revenues with LCTC in the County's Fund 128 in fiscal years FY 2016-17. This issue could result in the understatement or overstatement of cash and net position reported in LTSA's financial statements.

The financial statements of LTSA exclude the effect of certain administrative expenses and revenues from fiscal years 2016-17 and, prior to that, were commingled with activity related to LCTC and reported in LCTC's financial statements, which affects the amounts reported as cash and net position in LTSA's financial statements as of June 30, 2018.

Under County Fund 128, Budget Fund 570 is the LTSA operating account whereas Budget Fund 569 is the bus reserve/capital replacement fund. LTSA has sought to account for the fund sources and expenses associated with Fund 128, but if it is not able to, a negotiated settlement agreement will be pursued with the County to disperse the cash balance, and the fund will be closed out.

Conclusion

This recommendation has been partially implemented and is forwarded in this audit for full implementation.

Prior Recommendation 3

Consider incorporating an automated reporting system for monitoring the number of road calls, accidents, and complaints (i.e., the number of complaints/accidents per miles driven).

Background: The functional review in the prior audit mentioned that route statistics are collected each month and financial data are integrated. The route statistics, including ridership, vehicle service hours and miles, and fare revenues, are collected from the daily driver time and fare sheets. These are recorded onto an Excel spreadsheet and then collected to generate a comprehensive monthly report. It was suggested that additional operational data be compiled and included in the route statistics such as road calls, accidents, and customer complaints.

Actions taken by LTSA:

In November 2017, the contract operator Paratransit Services implemented a new data input system for reporting performance metrics. The Excel-based template allows for the tracking of pertinent performance data including wheelchairs, bicycles, and school trips. A review of the annual performance report found that road calls, accidents, and customer complaints were not being included in the route statistics. Maintenance work orders classify roadcalls in its coding but are not summed in the performance report. It is suggested that LTSA ensure the contract operator includes these additional metrics in its management reporting template.

Conclusion

This recommendation has not been implemented and is forwarded in this audit for full implementation.

Prior Recommendation 4

LTSA should consider implementing data entry procedures that ensure that all data used to measure performance indicators are properly recorded in the spreadsheet.

Background: As was noted previously, route statistics are collected from the daily driver time and fare sheets and inputted onto an Excel spreadsheet, which is used to generate a comprehensive monthly report. However, the prior audit noted that numerous errors were found throughout the spreadsheets, which affected the performance indicators. It was suggested that LTSA consider the implementation of data entry procedures to ensure proper recording data used to measure performance indicators.

Actions taken by LTSA:

In November 2017, the contract operator Paratransit Services implemented a new data input system for reporting performance metrics. The Excel-based template allows for the tracking of pertinent performance data including wheelchairs, bicycles, and school trips. Other data include ridership and farebox type data, fuel and oil consumption, and utility costs.

Conclusion

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews LTSA's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-3 provide the performance indicators for LTSA system-wide, fixed-route/commuter, and Dial-A-Ride. Graphs are also provided to depict the trends in the indicators.

**Table IV-1
LTSA System-wide TDA Performance Indicators**

Performance Data and Indicators	FY 2015	Audit Period			% Change FY 2015-2018
		FY 2016	FY 2017	FY 2018	
Operating Cost ¹	\$1,036,263	\$1,014,319	\$978,993	\$1,184,627	14.3%
Total Passengers	93,903	88,314	88,419	85,828	-8.6%
Vehicle Service Hours	12,778	12,136	11,553	11,604	-9.2%
Vehicle Service Miles	265,840	249,150	230,587	232,553	-12.5%
Employee FTE's	16	16	16	17	6.3%
Passenger Fares	\$200,700	\$206,085	\$165,544	\$151,619	-24.5%
Operating Cost per Passenger	\$11.04	\$11.49	\$11.07	\$13.80	25.1%
Operating Cost per Vehicle Service Hour	\$81.10	\$83.58	\$84.74	\$102.09	25.9%
Operating Cost per Vehicle Service Mile	\$3.90	\$4.07	\$4.25	\$5.09	30.7%
Passengers per Vehicle Service Hour	7.3	7.3	7.7	7.4	0.6%
Passengers per Vehicle Service Mile	0.35	0.35	0.38	0.37	4.5%
Vehicle Service Hours per Employee	798.6	758.5	722.1	682.6	-14.5%
Average Fare per Passenger	\$2.14	\$2.33	\$1.87	\$1.77	-17.3%
Fare Recovery Ratio	19.37%	20.32%	16.91%	12.80%	-33.9%
Consumer Price Index - (CPI-U)	1.3%	2.1%	2.6%	3.9%	10.2%

Source: Annual Fiscal & Compliance Audits, National Transit Database, Transit Operator Financial Transactions Report

¹ Systemwide audited operating costs exclude depreciation.

**Table IV-2
LTSA Fixed-Route/Commuter TDA Performance Indicators**

Performance Data and Indicators	FY 2015	Audit Period			% Change FY 2015- 2018
		FY 2016	FY 2017	FY 2018	
Operating Cost	\$643,890	\$803,134	\$691,771	\$714,914	11.0%
Total Passengers	78,596	71,244	68,293	65,849	-16.2%
Vehicle Service Hours	9,068	8,690	8,174	8,306	-8.4%
Vehicle Service Miles	255,456	238,565	217,817	218,437	-14.5%
Employee FTE's	14	14	14	15	7.1%
Passenger Fares	\$128,032	\$125,387	\$92,645	\$80,649	-37.0%
Contract Revenues	\$29,571	\$32,585	\$29,016	\$25,681	-13.2%
Total Fare Revenues	\$157,603	\$157,972	\$121,661	\$106,330	-32.5%
Operating Cost per Passenger	\$8.19	\$11.27	\$10.13	\$10.86	32.5%
Operating Cost per Vehicle Service Hour	\$71.01	\$92.42	\$84.63	\$86.07	21.2%
Operating Cost per Vehicle Service Mile	\$2.52	\$3.37	\$3.18	\$3.27	29.8%
Passengers per Vehicle Service Hour	8.7	8.2	8.4	7.9	-8.5%
Passengers per Vehicle Service Mile	0.31	0.30	0.31	0.30	-2.0%
Vehicle Service Hours per Employee	647.7	620.7	583.9	553.7	-14.5%
Average Fare per Passenger	\$2.01	\$2.22	\$1.78	\$1.61	-19.5%
Fare Recovery Ratio	24.48%	19.67%	17.59%	14.87%	-39.2%
Consumer Price Index - (CPI-U)	1.3%	2.1%	2.6%	3.9%	10.2%

Source: National Transit Database, Transit Operator Financial Transactions Report

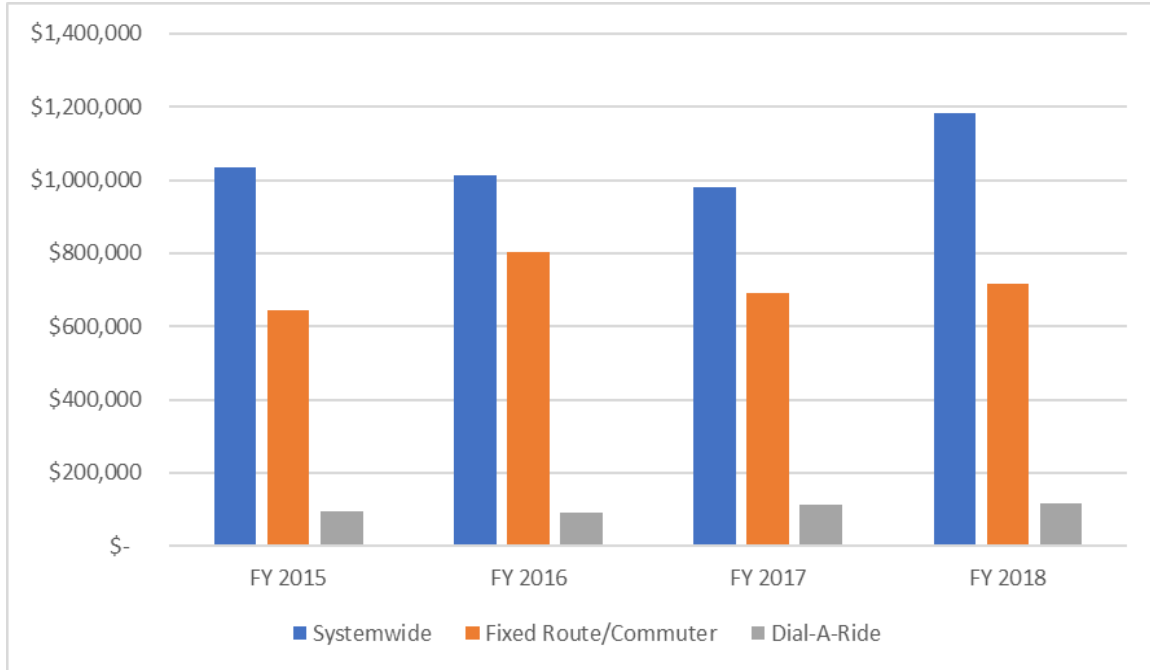
**Table IV-3
LTSA Dial-A-Ride TDA Performance Indicators**

Performance Data and Indicators	FY 2015	Audit Period			% Change FY 2015-2018
		FY 2016	FY 2017	FY 2018	
Operating Cost*	\$94,902	\$93,018	\$114,047	\$117,185	23.5%
Total Passengers	15,307	17,070	20,126	19,979	30.5%
Vehicle Service Hours	3,710	3,446	3,379	3,298	-11.1%
Vehicle Service Miles	10,384	10,585	12,770	14,116	35.9%
Employee FTE's	2	2	2	2	0.0%
Passenger Fares	\$1,138	\$1,106	\$1,489	\$2,230	96.0%
Contract Revenues	\$40,784	\$44,940	\$40,019	\$35,419	-13.2%
Total Fare Revenues	\$41,922	\$46,046	\$41,508	\$37,649	-10.2%
Operating Cost per Passenger	\$6.20	\$5.45	\$5.67	\$5.87	-5.4%
Operating Cost per Vehicle Service Hour	\$25.58	\$26.99	\$33.75	\$35.53	38.9%
Operating Cost per Vehicle Service Mile	\$9.14	\$8.79	\$8.93	\$8.30	-9.2%
Passengers per Vehicle Service Hour	4.1	5.0	6.0	6.1	46.8%
Passengers per Vehicle Service Mile	1.47	1.61	1.58	1.42	-4.0%
Vehicle Service Hours per Employee	1,855.0	1,723.0	1,689.5	1,649.0	-11.1%
Average Fare per Passenger	\$2.74	\$2.70	\$2.06	\$1.88	-31.2%
Fare Recovery Ratio	44.17%	49.50%	36.40%	32.13%	-27.3%
Consumer Price Index - (CPI-California)	1.3%	2.1%	2.6%	3.9%	10.2%

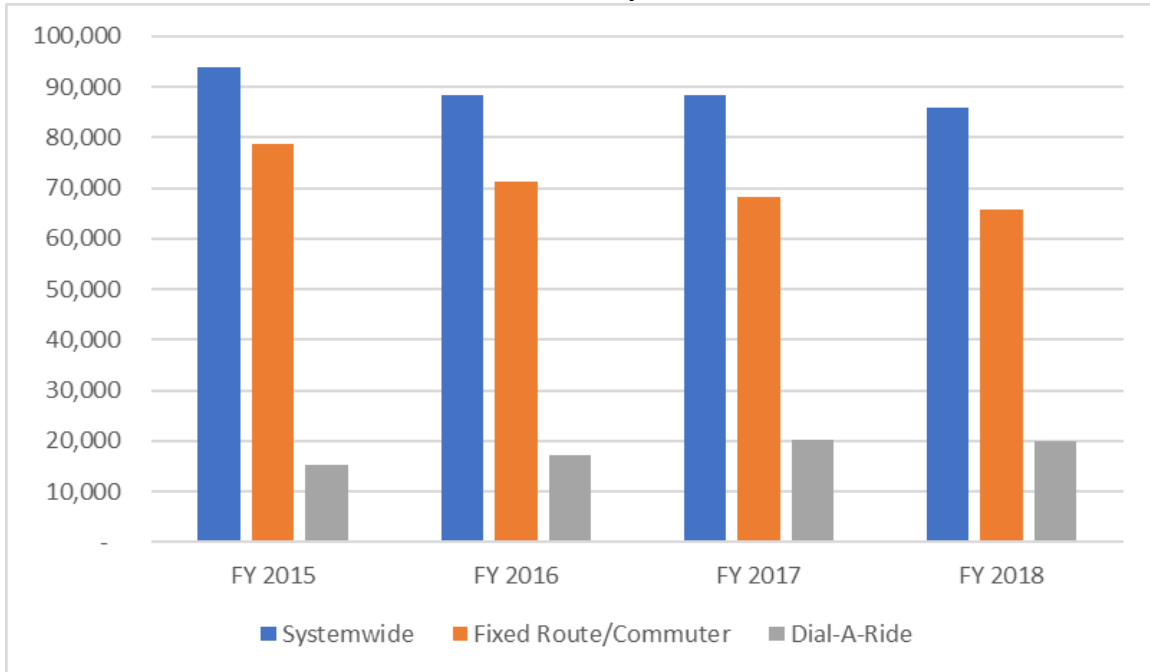
Source: National Transit Database, Transit Operator Financial Transactions Report

*FY 2015 Operating Cost is calculated from the fixed vehicle service hourly rate of \$25.58 multiplied by annual vehicle service hours

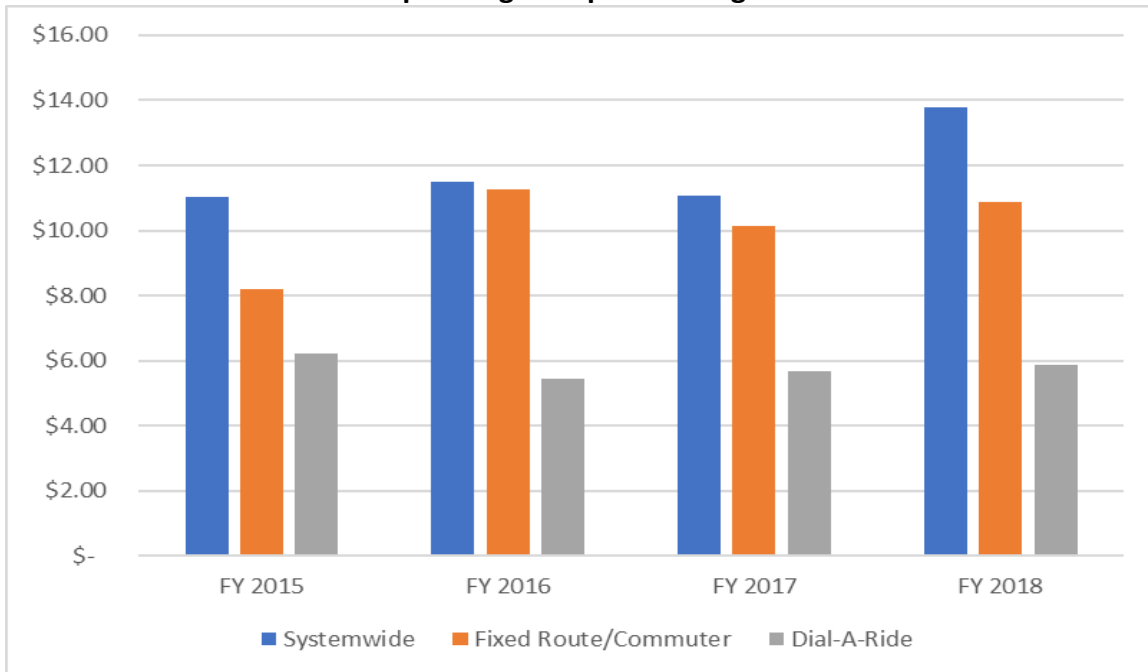
**Graph IV-1
Operating Costs**



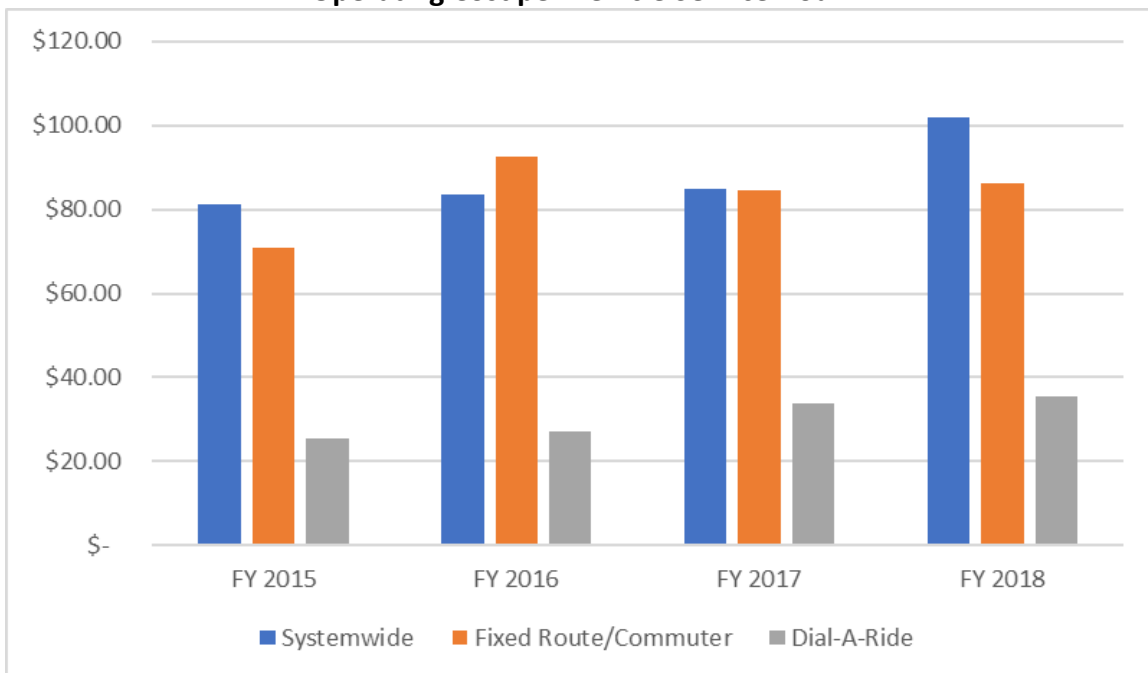
**Graph IV-2
Ridership**



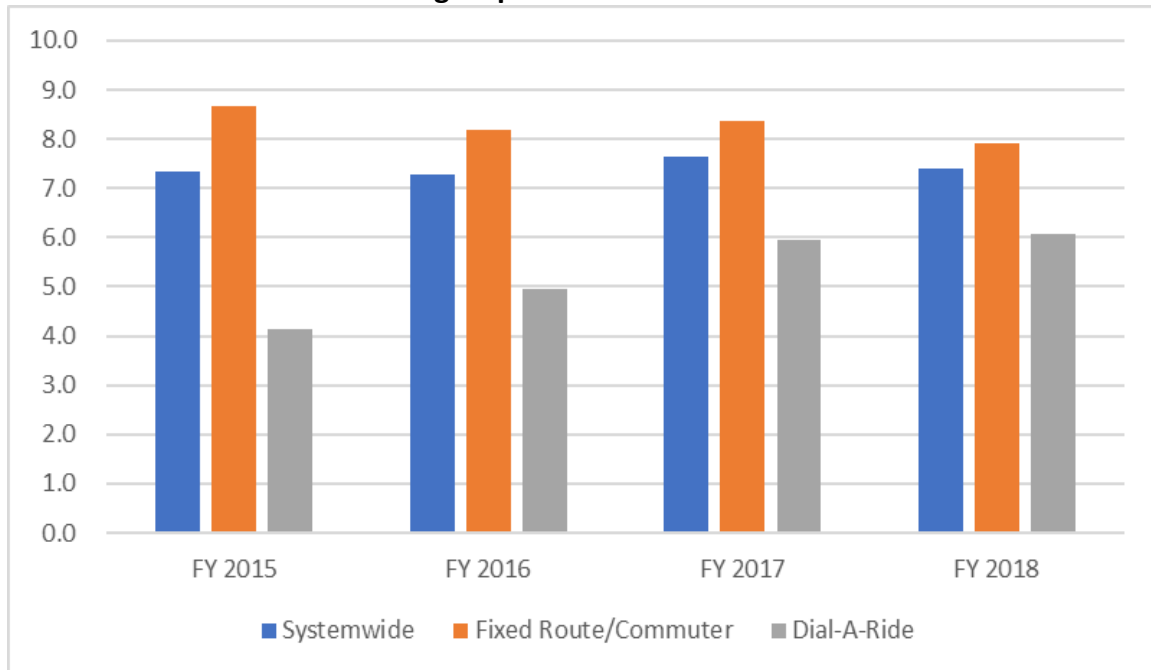
**Graph IV-3
Operating Cost per Passenger**



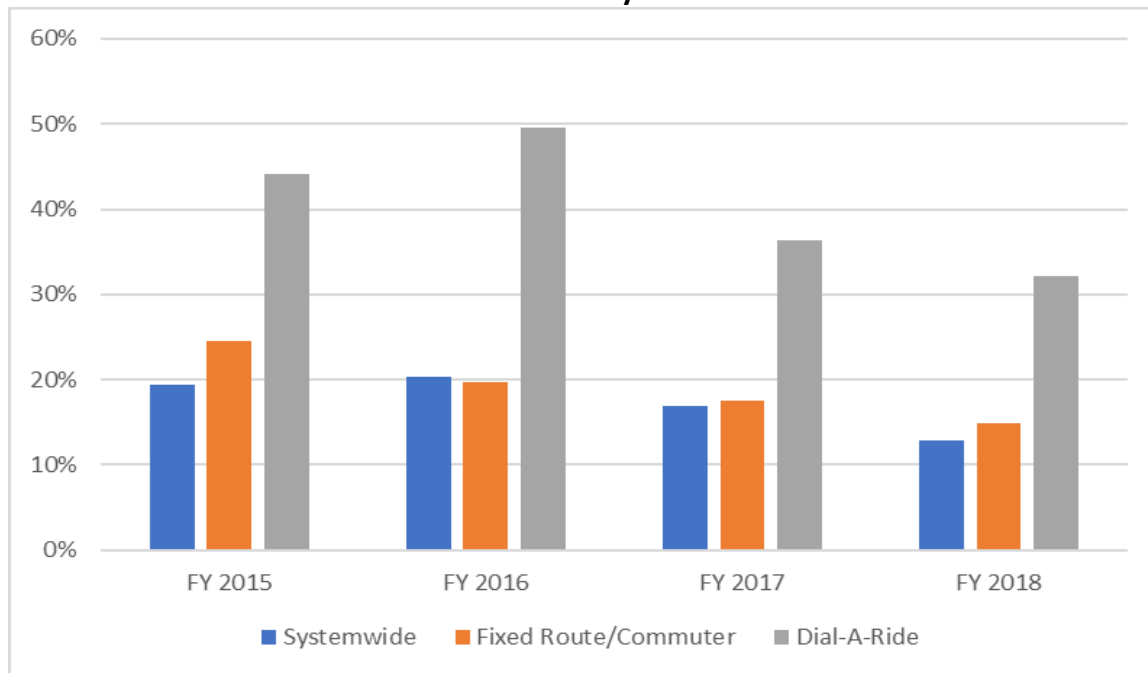
**Graph IV-4
Operating Cost per Vehicle Service Hour**



Graph IV-5
Passengers per Vehicle Service Hour



Graph IV-6
Fare Recovery Ratio



Findings from Verification of TDA Performance Indicators

- 1. Operating cost per vehicle service hour**, an indicator of cost efficiency, increased 25.9 percent system-wide from \$81.10 during FY 2015 base year to \$102.09 in FY 2018. At the modal level, fixed route/commuter cost per hour increased 21.2 percent from \$71.01 in FY 2015 to \$86.07 in FY 2018. For Dial-A-Ride, cost per hour increased 38.9 percent from \$25.58 in FY 2015 to \$35.53 in FY 2018. Although system-wide vehicle service hours decreased 10 percent, audited operating costs increased by 14.3 percent during the audit period.
- 2. Operating cost per passenger**, an indicator of cost effectiveness, increased 25.1 percent from \$11.04 in FY 2015 to \$13.80 in FY 2018. At the modal level, fixed route/commuter cost per passenger increased 32.5 percent from \$8.19 in FY 2015 to \$10.86 in FY 2018. For Dial-A-Ride, cost per passenger decreased 5.4 percent from \$6.20 in FY 2015 to \$5.87 in FY 2018. As noted above, LTSA's operating costs increased during the period; coupled with a decrease in ridership, this performance measure has experienced a negative trend. Systemwide passenger trips decreased 8.6 percent from 93,303 in FY 2015 to 85,828 in FY 2018.
- 3. Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased by a slight 0.6 percent between FY 2015 and FY 2018 from 7.3 passengers per hour to 7.4 passengers per hour. At the modal level, fixed route/commuter passengers per hour decreased 8.5 percent from 8.7 in FY 2015 to 7.9 passengers per hour in FY 2018. In contrast, passengers per hour on Dial-A-Ride increased from 4.1 in FY 2015 to 6.1 passengers in FY 2018, a 46.8 percent increase. The system-wide trend in this indicator is reflective of the 8.6 percent decrease in ridership and the 9.2 percent decrease in vehicle service hours during the audit period.
- 4. Passengers per vehicle service mile**, another indicator of service effectiveness, increased 4.5 percent between FY 2015 and FY 2018 from 0.35 passengers to 0.37 passengers. At the modal level, fixed route/commuter passengers per mile decreased 2 percent from 0.31 in FY 2015 to 0.30 passengers per hour in FY 2018. On Dial-a-Ride, passengers per mile decreased 4 percent from 1.47 in FY 2015 to 1.42 passengers in FY 2018. From the FY 2015 base year to FY 2018, total vehicle service miles decreased 12.5 percent from 265,840 vehicle service miles to 232,553 vehicle service miles while the number of passenger trips decreased 8.6 percent.
- 5. Vehicle service hours per employee** decreased 14.5 percent between FY 2015 and FY 2018. This resulted from the 6.3 percent in the number of full-time equivalent (FTE) employees (rounding difference for percent change) and the 9.2 percent decrease in vehicle service hours during the period. The number of FTEs increased from 16 FTEs in FY 2015 to 17 FTEs in FY 2018. This measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee.

6. **Farebox recovery** exhibited a 33.9 percent decrease from a ratio of 19.37 percent in the FY 2015 base year to a ratio of 12.80 percent in FY 2018 based on audited data. Passenger fare revenue decreased 24.5 percent whereas operating costs increased 14.3 percent. LTSA is held to a 10 percent minimum farebox recovery ratio and, despite the decreasing trend, was able to exceed the minimum ratio throughout the audit period.

Conclusion from the Verification of TDA Performance Indicators

LTSA's performance metrics during the audit period reflect increases in operating costs coupled with decreases in passenger trips and fare revenue. Other key performance measures also exhibited comparable decreases. Vehicle service hours and miles decreased 9.2 and 12.5 percent, respectively. Performance cost indicators exhibited increases ranging from a 25.1 percent increase in the cost per passenger to a 30.7 percent increase in the cost per mile.

Based on audited data, operating costs fluctuated during the audit period and exhibited an overall increase of 14.3 percent. On a per annum basis, costs decreased in FY 2016 and FY 2017 by 2.1 percent and 3.5 percent, respectively. However, operating costs increased by 21 percent in FY 2018, attributed to the commingling of certain administrative expenses and revenues with LCTC in the County's Fund 128. Consumer Price Index escalators built into the operating contract are also factors.

Passenger trips have been impacted by the increase in vanpool usage by employees at the Sierra Army Depot in the southern portion of the county. As a result, only one bus is operated on the South County Commuter route. The Susanville City route and the complementary Dial-A-Ride service generate two-thirds of the overall ridership. Main traffic generators include Lassen Community College and the Far Northern Regional Center. The 8.6 percent decrease in passenger trips was reflected in the 24.5 percent decrease in fare revenues. There were no fare increases implemented during the audit period. Despite such trends, the transit system was able to exceed its minimum 10 percent farebox recovery standard. Subsequently, ridership has increased by 2,000 passenger trips in FY 2018-19. Allowable under state law, additional funds generated at the local level could be applied to the farebox ratio including advertising revenue, Low Carbon Transit Operations Program fare subsidies (LCTC discretion), fare revenue agreements (e.g. community college MOU), leased property income, and sale of capital assets.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within LTSA. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at LTSA offices and the LRB operations facility in Susanville:

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

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

Operations

LTSA administers local and rural commuter service along the major highway corridors in the county. The transit system is operated under contract by Paratransit Services. Routes are configured according to geographical area radiating from Susanville: Susanville City, West County, South/East County, South County Commuter, and Eagle Lake. All routes converge in Susanville, the county seat. The main traffic generators include Lassen Community College, Far Northern Regional Center, Sierra Army Depot.

LRB's ridership is composed primarily of the senior and transit-dependent markets. Approximately two-thirds of LRB's ridership is generated by the Susanville City route and Dial-A-Ride. The City route operates on an hourly loop around Susanville. The Dial-A-Ride ridership generated by the Far Northern Regional Center has increased. Based on the higher demand generated on the City route, LTSA has considered the addition of an extra bus. There are flag stops in the rural areas and the Susanville City route has stops without signage. This issue could pose potential ADA accessibility issues and right-of-way discussions with Caltrans. The development of a bus stop improvement program could be a useful tool in assessing the placement of bus stops and related infrastructure.

Aside from the Susanville City and West County routes, fare revenues were down due to lower ridership on the South County Commuter route. This is attributed to increased vanpool usage by employees of the Sierra Army Depot and the Federal Correctional Institution, Herlong. As a result of this trend, the South County Commuter route is now only serviced with one bus. On

the Eagle Lake route, the minimum passenger load requirement was increased from 2 to 10 passengers.

A Memorandum of Understanding (MOU) has existed between LTSA and Lassen Community College since July 2010 involving a \$20,000 annual subsidy. The MOU allows Lassen Community College students to ride LRB free and is renewed annually. The college generates approximately 10,000 student trips annually. The Lassen County Health and Social Services Department purchases tickets for its clientele.

In July 2016, the LTSA board passed a resolution enabling LRB to operate charter bus services for community and public events such as New Year's Eve Safe Ride Home, Bizz Johnson Marathon, Blues and Brews Festival, Wine Tasting Festival, Lassen Land & Trails Trust Nature Camp, and Rotary Club Annual Westwood BBQ. The resolution specifically states these charter services will not interfere with regularly scheduled service or compete unfairly with private charter operations, as stipulated in the TDA law which allows LTSA to provide charter bus services to charitable or public service organizations at direct cost not to exceed \$10,000 or a total of 40 charter buses per year, whichever occurs first. LTSA adjusts the direct hourly cost based on changes in operating cost such as from fuel price increases and contractor vehicle service hour cost increases.

A key performance measure is on-time performance. LRB is held to a 90 percent on-time performance standard on all fixed and commuter routes except when travel is impeded by traffic or weather conditions. "On-time" is defined as not early and not more than five minutes late. Factors impacting on-time performance include road construction and driver rotation. On Dial-A-Ride, riders are scheduled every 15 minutes. Lassen Senior Center transportation services supplement LRB Dial-A-Ride.

The contract operator is required to maintain a minimum of 100,000 miles traveled between preventative collision accidents. According to the Federal Motor Carrier Safety Administration, a preventable accident is one which occurs because the driver fails to act in a reasonably expected manner to prevent it. According to the contract operator, LRB averages 6 to 8 accidents annually. In response to this trend, the contract operator has doubled the number of retraining hours, which has led to the reduction in preventable accidents.

Each vehicle is equipped with four interior cameras. Drivers utilize mobile display tablets (MDTs), which provide electronic manifests and route sheets. The MDTs utilized on the Susanville City route track on-time performance as well as boarding and alightings. LTSA has a three-year contract with REI for GPS tracking and monitoring software.

In November 2017, the contract operator implemented a new data input system for reporting performance metrics. The Excel-based template allows the tracking of pertinent performance data including wheelchairs, bicycles, and school trips. Other data include ridership and farebox type data, fuel and oil consumption, and utility costs.

Farebox handling and reconciliation are conducted on a manual basis. LRB vehicles are equipped with nonelectronic Diamond fareboxes that have security aspects to prevent mishandling. Drivers place the vaults on the desk in the driver's lounge. Keys to the vaults are kept in a safe. The general manager and dispatcher count the fares collected from the day before about one hour before drivers arrive for their shifts. Fareboxes can be utilized for two days. The bank deposit is conducted on Fridays whereby all the fares for the week are counted. The cash proceeds are placed in a zip-lock bag, which is marked with the day of collection. Fare proceeds are reconciled with the manifest and fare box tally data. The fare box tally sheet tracks the number of passengers and the fare vaults assigned. Data are submitted to LTSA for review and oversight.

During the site visit, the auditor expressed concern about the location of the fare handling and counting, as the fare vaults holding the cash fare are visible and easily accessible on the desk in the driver's lounge. The general manager indicated that the area where the counting takes place would be partitioned and secured from the rest of the driver's lounge and would include a slot where vaults would be inserted into a safer location. In the interim, until a separate fare counting room is constructed, LTSA should take measures to improve safeguarding of the cash vaults, such as installing a key-locked cabinet bolted to the wall where the vaults can be stored for the night.

Operations Personnel

Operations personnel is provided through Paratransit Services. The 19 employees assigned to LRB are composed of one general manager, one operations supervisor, 15 drivers, and two mechanics. Five drivers are classified as full-time, but the part-time drivers are available to provide enough coverage. The general manager has been in the position since May 2019 and was formerly the operations supervisor. The current operations supervisor started in September 2019 after having completed the "Train the Trainer" program. After a period of shortages and turnover, personnel levels have stabilized.

Drivers are recruited through the Paratransit Services website (<http://www.paratransit.net/careers.html>) as well as through local media publications and word-of-mouth. Candidates must be at least 21 years of age, have had a valid driver's license for at least five years, and have the ability to obtain a commercial driver's license (Class B with air brake and passenger endorsements) as necessary for contractual requirements. In addition, candidates must be able to successfully pass a criminal background check, a motor vehicle records check, pre-employment drug screening, and functional capacities assessment. They must also be able to obtain a CPR/First Aid and Defensive Driving certification.

The training protocol in the operating contract stipulates a minimum of 80 hours per employee, of which 30 hours is behind-the-wheel training. The training must be completed before a driver can enter unsupervised passenger service. Drivers undergo quarterly assessments that cover air brakes and wheelchair lift and securement instruction.

Maintenance

LRB vehicles are owned by LTSA but are maintained through its contract with Paratransit Services. Vehicles are serviced and stored at the LRB operations facility located at 701-980 Johnstonville Road in Susanville. The maintenance area is composed of two service bays and two sets of lifts. The lifts are inspected every four years. There is also a bus wash facility on the premises. LTSA received Public Transportation Modernization, Improvement & Service Enhancement Account (PTMISEA) program grants toward the upgrade of the vehicle maintenance facility.

LRB utilizes a preventive maintenance inspection (PMI) protocol based on progressive mileage inspections and servicing requirements that meet or exceed state and federal standards. PMIs are conducted after a prescribed mileage or time interval. The PMI schedule is summarized in the following table.

**Table V-1
Preventive Maintenance Schedule**

	A	B	C
Miles	3,500	7,000	15,000
Number of Days	45	90	(Major includes A & B items)

Source: LRB

LRB uses the FleetMax software program to track PMIs, parts, and work orders. PMIs are monitored on a daily and weekly basis. Cummins Insite and Allison are utilized for running diagnostic tests on the engines. In addition, drivers conduct daily 15-minute pre-trip and post-trip inspections. The pre-trip inspections have averaged between 20 and 30 minutes. Parts are barcoded and the parts budget averages \$4,000 monthly. There are two sets of tires allocated for each bus. Cycle counts of the parts are not conducted regularly which provide updates of the on-facility parts supply and helps maintain optimal inventory levels relative to maintenance work order flow.

Road call data compiled on work orders reveal a modest number of incidences during the audit period. There were two road calls in FY 2016; nine road calls in FY 2017; and one road call in FY 2018. The anticipated delivery of newer vehicles should have a positive effect on this indicator. LRB has implemented a sticker program that identifies any defect on every vehicle. The stickers are memorialized in a book maintained for each vehicle for reference.

Fueling takes place at Ed Staub & Sons Petroleum located at 702-190 Johnstonville Road in Susanville. The drivers fill up at the end of each run and sign a purchase log that is maintained by the vendor. Fuel is accessed through a card-lock system available 24 hours a day.

As mentioned earlier, there are two mechanics plus one mechanic on-call who is familiar with the fleet. The goal is to have the mechanics Automotive Service Excellence (ASE) certified.

Mechanics are also required to have a Class B license with passenger endorsement. The current mechanics were recruited from Lassen Community College's automobile training program.

Planning

Transit planning and oversight are engaged through various approaches. Efforts to improve productivity of the transit services involve several methods employed by LTSA in concert with LCTC including short-range transit plans (SRTP), the unmet transit needs process, and monitoring transportation performance improvement recommendations and measuring progress through statistical information provided by LTSA and the contract operator.

During the audit period, the *Lassen County Final Transit Development Plan (TDP) 2017* was adopted in June 2017. The TDP was prepared by a consultant and funded through a Rural Planning Assistance (RPA) and a Planning, Program and Monitoring (PPM) grant administered by Caltrans. The aim of the TDP update was to evaluate services currently provided by LTSA and to develop a plan to improve system performance and provision over a five-year horizon through FY 2021-22.

The TDP is composed of an executive summary; an introduction; setting for transportation services; transportation services; community and public input; transit needs and demand; service alternatives analysis; capital alternatives; marketing analysis and strategies; and a recommended service plan. Included as an appendix are the results of the on-board survey. Key issues identified in the TDP included service frequency, funding issues, grant coordination and education with local agencies, establishment of a transit plaza, potential new stops, marketing, driver retention, travel training, and route reductions/elimination.

The implementation plan is composed of a comprehensive set of goals and strategies related to service expansion and modification, administration, infrastructure, marketing and promotion, coordination, and financial issues. The service and capital improvements identified included on-demand stops along the Susanville City route; the addition of a tripper bus; establishing a minimum of three passengers on the Eagle Lake route; adding a second bus to the City route; eliminating the midday run on the West County route; and transit fleet and bus stop improvements.

Marketing

Marketing and promotional efforts for LRB are the purview of LTSA. LTSA is responsible for the planning, printing, and provision of all schedules, tickets, passes, transfers, and service brochures. The contract operator is tasked with the placement and scheduling of all marketing and promotional collateral.

Printed collateral includes brochures containing information about the LRB fixed-route/commuter and complementary Dial-a-Ride services. The LRB Rider's Guide is a six-page, multi-color quad-fold brochure composed of schedules and route maps for each route as well as fare and pass information, bus regulations, customer service contacts, and interline connections

with other regional systems. The Rider's Guide was updated in January 2016 and July 2017. A subsequent update occurred in February 2019.

Electronic and virtual marketing efforts include a website, a mobile bus tracker application, and social media. The website is maintained by LTSA staff and has its own domain: <http://www.lassentransportation.com/ltsa/lassen-rural-bus>. The web page contains a summary of LRB routes, trip planner and links to the Rider's Guide, Dial-A-Ride information, interline connections, and the Title VI Program. The ETA SPOT mobile application provides real-time bus tracking. The cover of the Rider's Guide includes quick response codes that direct mobile phone users to the ETA SPOT app and mobile website. Social media engagement involves a Facebook page. LRB is considering using YouTube for travel training videos.

In conjunction with the Lassen Senior Center, LRB operated a bus to take local seniors around Susanville to tour Christmas lights. In addition, ski trips for local college students as well as fall colors rides along the Bizz Johnson Trail have been marketed on the West County Route. LRB also operates a safe ride home service on New Year's Eve.

The development of the TDP included a series of community outreach efforts in October 2016. Those efforts included the administration of on-board surveys over a five-day period, an online survey, and informational booths at community events and local shopping centers such as Rail-to-Trails Festival, Walmart, Lassen Community College, and the Lassen Senior Center. The TDP also included a series of marketing strategies designed to raise the profile of LRB.

Pursuant to the federal Civil Rights Act of 1964, LTSA has an adopted Title VI Program, which was adopted in May 2017. Title VI of the Civil Rights Act of 1964 requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination, under any program or activity receiving federal financial assistance. A link to the Title VI Program is available through the LTSA web page (http://lassentransportation.com/sites/default/files/resources/Title%20VI_0.pdf). Complaint forms are accessible on the LTSA website and at the LTSA office. In addition to the LTSA web page link, Title VI policy notices are posted at the County Department of Transportation and LRB offices.

General Administration and Management

LTSA was created under a Joint Powers Agreement between the County of Lassen and the City of Susanville in July 2002. The LTSA governing board is composed of six members, who also serve on the LCTC board. Three members are appointed from the Lassen County Board of Supervisors and three members are appointed from the City of Susanville City Council. The board generally meets the second Monday of every odd numbered month in the City of Susanville Council Chambers, located at 66 North Lassen Street in Susanville.

County of Lassen staff from the Department of Transportation/Public Works administer the LTSA operations contract with Paratransit Services. In particular, the transportation planner at the County meets weekly with the operations contractor on Wednesdays at 9:00 a.m. During the

meeting, manifests, ridership, and fuel consumption are reviewed and on-time performance trends on the City route are addressed.

The current operations contract is for a three-year term from July 1, 2016, through June 30, 2019, with up to two one-year optional extensions. The contract includes liquidated damages provisions with progressive penalties based on the number of occurrences per month. LTSA reimburses the contract operator monthly and costs are based on the established revenue service hourly rate and the monthly rate pursuant to the contract. The contractor invoices for actual costs minus fare revenue received.

Pursuant to the TDA, LTSA receives LTF proceeds and STA funds. TDA funding is used primarily for operations as well as for capital expenditures. Based on Transit Operators Financial Transactions Report data, LTF revenues received during the audit period were \$219,903 in FY 2016; \$1,189,840 in FY 2017; and \$242,557 in FY 2018. STA revenues received were \$232,070 in FY 2016; \$138,176 in FY 2017; and \$123,493 in FY 2018.

The Transit Operators Financial Transactions Reports submitted to the State Controller are generally prepared by the fiscal auditor and reviewed by LTSA staff. In the past, this task was completed by the independent fiscal auditor.

Grants Management

In addition to TDA funding, LTSA relies on a variety of federal and state grants to support its operations and capital procurement efforts. Capital improvements rely almost solely on state and federal grant funding. Grant program receipts and expenditures are tracked on a spreadsheet prepared by LTSA staff.

Rural formula FTA Section 5311 grant funds received were applied toward operations assistance. LCTC submits a Program of Projects that identifies subrecipients and projects to receive FTA Section 5311 funds in their planning area by December 31 of each year.

State grant funding has been derived from the Low Carbon Transit Operations Program (LCTOP) and the PTMISEA program toward service expansion, farebox support, and capital procurements. LCTOP was established by SB 862 to provide funds to transit agencies to reduce greenhouse gas emissions and improve mobility through operating and capital grants. For FY 2018, LTSA received and expended \$4,556 of LCTOP funds for free fare days.

Funding from the PTMISEA program has been used for improvements to bus maintenance facilities and road signs. At the beginning of the audit period, LTSA had \$715,458 in PTMISEA grant funds. LTSA expended \$183,886 in FY 2016; \$404,994 in FY 2017 for bus maintenance bay expansion; and \$7,826 in FY 2018. In addition, LTSA received and expended \$72,061 of CalOES funds in FY 2018 for security cameras and vaults for buses. LTSA continues to monitor funding under the new State of Good Repair Program under SB 1, from which it received \$39,080 in FY 2018.

Section VI

Findings

The following summarizes the findings obtained from this triennial audit covering fiscal years 2016 through 2018. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the nine compliance requirements pertaining to LTSA, the operator satisfactorily complied with seven requirements. The operator was partially compliant in the timely submittal of its State Controller's Report and annual fiscal and compliance audits. Two additional compliance requirements did not apply to LTSA (i.e., blended and urban farebox recovery ratios).
2. LTSA is held to a 10 percent minimum farebox recovery ratio. For the three-year audit period, the farebox recovery ratio calculated by the performance auditor using audited data was 20.32 percent in FY 2016; 16.90 percent in FY 2017; and 12.80 percent in FY 2018. The average system-wide farebox recovery ratio was 16.67 percent for the three years.
3. Through its contract operator, LTSA participates in the CHP Transit Operator Compliance Program and received inspections of its transit vehicles within the 13 months prior to each TDA claim. An unsatisfactory rating was made during the December 5, 2015, inspection related to the pull notice program, which was later corrected during a subsequent reinspection. Satisfactory ratings were made for all other inspections conducted during the audit period.
4. The operating budget exhibited modest fluctuations during each fiscal year of the audit period. The budget decreased 2.4 percent in FY 2016 and 2.5 percent in FY 2017. For FY 2018, the budget increased 1.5 percent.
5. LTSA satisfactorily implemented two out of the four prior audit recommendations, which pertained to the implementation of data entry procedures to ensure accuracy, and cross-training of transit staff. The remaining two recommendations, concerning an automated reporting system for monitoring operation metrics and additional training in governmental accounting and use of the accounting software and transit funding, were not implemented and are being forwarded for implementation.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 25.9 percent system-wide from \$81.10 during FY 2015 base year to \$102.09 in FY 2018. At the modal level, fixed route/commuter cost per hour increased 21.2 percent from \$71.01 in FY 2015 to \$86.07 in FY 2018. For Dial-A-Ride, cost per hour increased 38.9 percent from \$25.58 in FY 2015 to \$35.53 in FY 2018. Although system-wide vehicle service hours

decreased 10 percent, audited operating costs increased by 14.3 percent during the audit period.

7. Operating cost per passenger, an indicator of cost effectiveness, increased 25.1 percent from \$11.04 in FY 2015 to \$13.80 in FY 2018. At the modal level, fixed route/commuter cost per passenger increased 32.5 percent from \$8.19 in FY 2015 to \$10.86 in FY 2018. For Dial-A-Ride, cost per passenger decreased 5.4 percent from \$6.20 in FY 2015 to \$5.87 in FY 2018. As noted above, LTSA's operating costs increased during the period; coupled with a decrease in ridership, this performance measure has experienced a negative trend. Systemwide passenger trips decreased 8.6 percent from 93,303 in FY 2015 to 85,828 in FY 2018.
8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased by a slight 0.6 percent between FY 2015 and FY 2018 from 7.3 passengers per hour to 7.4 passengers per hour. At the modal level, fixed route/commuter passengers per hour decreased 8.5 percent from 8.7 in FY 2015 to 7.9 passengers per hour in FY 2018. In contrast, passengers per hour on Dial-A-Ride increased from 4.1 in FY 2015 to 6.1 passengers in FY 2018, a 46.8 percent increase. The system-wide trend in this indicator is reflective of the 8.6 percent decrease in ridership and the 9.2 percent decrease in vehicle service hours during the audit period.
9. Passengers per vehicle service mile, another indicator of service effectiveness, increased 4.5 percent between FY 2015 and FY 2018 from 0.35 passengers to 0.37 passengers. At the modal level, fixed route/commuter passengers per mile decreased 2 percent from 0.31 in FY 2015 to 0.30 passengers per hour in FY 2018. On Dial-a-Ride, passengers per mile decreased 4 percent from 1.47 in FY 2015 to 1.42 passengers in FY 2018. From the FY 2015 base year to FY 2018, total vehicle service miles decreased 12.5 percent from 265,840 vehicle service miles to 232,553 vehicle service miles while the number of passenger trips decreased 8.6 percent.
10. LRB's ridership is composed primarily of the senior and transit-dependent markets. Approximately two-thirds of LRB's ridership is generated by the Susanville City route and Dial-A-Ride. The City route operates on an hourly loop around Susanville.
11. Fare revenues were down due to lower ridership on the South County Commuter route. This is attributed to increased vanpool usage by employees of the Sierra Army Depot and the Federal Correctional Institution, Herlong. As a result of this trend, the South County Commuter route is now only serviced with one bus. On the Eagle Lake route, the minimum passenger load requirement was increased from 2 to 10 passengers.
12. Operations personnel is provided through Paratransit Services. The 19 employees assigned to LRB are composed of one general manager, one operations supervisor, 15 drivers, and two mechanics. Five drivers are classified as full-time, but the part-time drivers are available to provide enough coverage. The general manager has been in the position since May 2019 and was formerly the operations supervisor.

13. Vehicles are serviced and stored at the LRB operations facility located at 701-980 Johnstonville Road in Susanville. The maintenance area is composed of two service bays and two sets of lifts. The lifts are inspected every four years. LRB utilizes a preventive maintenance inspection protocol based on progressive mileage inspections and servicing requirements that meet or exceed state and federal standards.
14. The *Lassen County Final Transit Development Plan (TDP) 2017* was adopted in June 2017. The TDP was prepared by a consultant and funded through a Rural Planning Assistance and a Planning, Program and Monitoring grant administered by Caltrans.
15. County of Lassen staff from the Department of Transportation/Public Works administer the LTSA operations contract with Paratransit Services of Bremerton, Washington. The transportation planner at the County meets weekly with the operations contractor. The current operations contract is for a three-year term from July 1, 2016, through June 30, 2019, with up to two one-year optional extensions.

Recommendations

1. Prepare separate State Controller Reports for general public fixed route and specialized dial-a-ride service.

LTSA's annual *Transit Operators Financial Transactions Report* to the State Controller has historically combined information for both general public (Fixed Route) and specialized service for seniors and persons with disabilities (Dial-A-Ride). Although the State Controller's Office has not provided notice to LTSA, written instructions by the State to prepare this particular report require separate reporting of these modes. In the General Instruction Form completed by LTSA, a selection must be made as to which mode of transit is represented in the report. The options are general public use or elderly/disabled.

The *Transit Operators Financial Transactions Report Instructions* contain the following passages under the General Instruction Form:

Transit operators providing two types of service, (general public use and transit service exclusively for the elderly/handicapped) must complete a separate report for each type of service.

... Check one box only, either "General Public Use" or "Elderly Handicapped", not both. Those agencies providing a service to the general public and an exclusive service to the elderly or handicapped must file a separate report for each type of service.

The submission of separate reports to the State Controller will demonstrate LTSA's proactive approach to compliance with State reporting instructions.

2. Ensure that LTSA expenditures are reflected accurately in the annual fiscal and compliance audits as part of an enhanced financial oversight effort.

This recommendation is being carried over from the prior audit for implementation, which suggested that staff who have financial management and reporting responsibility would benefit from additional training in governmental accounting, use of accounting software, and transit funding so that they can have a more proactive role in the financial management of LTSA.

The County auditor is tasked with oversight of LTSA's finances. The Independent Auditor's Report and Finding 2018-001 on the Schedule of Findings in the FY 2018 fiscal and compliance audit qualified their finding on LTSA's financial statements due to the commingling of certain administrative expenses and revenues with LCTC in the County's Fund 128 in fiscal years FY 2016-17. This issue could result in the understatement or overstatement of cash and net position reported in LTSA's financial statements. Based on the FY 2018 fiscal audit, operating costs increased by 21 percent, attributed to the commingling of certain administrative expenses and revenues with LCTC in the County's

Fund 128. LCTC, LTSA, and the County Auditor were discussing a negotiated settlement after the audit period to disperse the cash balance and close out the fund. Results of the potential settlement should be reflected in the more accurate representation of the financial data.

3. Include in the automated reporting system monitoring operational data such as road calls, accidents, and complaints (i.e., the number of complaints/accidents per miles driven).

This recommendation is being carried over from the prior audit for implementation. LRB route statistics are collected each month and financial data are integrated. The route statistics, including ridership, vehicle service hours and miles, and fare revenues, are collected from the daily driver time and fare sheets. These are recorded onto an Excel spreadsheet and then collected to generate a comprehensive monthly report. In November 2017, the contract operator implemented a new data input system for reporting performance metrics. The Excel-based template allows the tracking of pertinent performance data including wheelchairs, bicycles, and school trips. A review of the annual performance report found that road calls, accidents, and customer complaints were not being included in the route statistics. It is suggested that LTSA ensure the contract operator includes these additional metrics in its reporting template.

4. Implement greater security measures for storing farebox vaults.

The farebox vaults, after being unloaded from the bus vehicles by the drivers after bus runs and contain cash revenue, are stacked on a desk in the operator break room in broad view. While access to the cash revenue inside the vaults cannot be made without a secured key, the farebox vault mechanisms are not large in size. LTSA should practice more secure measures for storing the vaults while waiting to be opened and counted by transit management. The contractor has indicated plans to construct a fare counting room at the operations facility that will physically separate between where the vaults will be stored and fares counted, and the driver's lounge which is accessible by all contractor employees. An interim solution could be installing a locked filing cabinet where drivers coming off their runs could drop off the fare vaults. At the end of the business day or at some point following the last bus run, the cabinet is locked overnight before the morning count.

5. Develop a focused bus stop improvement plan.

There are flag stops in the rural areas and the Susanville City route has stops without signage. This issue could pose potential ADA accessibility issues and right-of-way discussions with Caltrans. The 2017 TDP recommendations include bus stop and shelter improvements. In particular, the TDP includes a program to enhance passenger facilities at key bus stops in Susanville along with benches, shelter, and signage. The development of a bus stop improvement program could be a useful tool in assessing the placement of bus stops where most needed and related infrastructure. LTSA could apply LCTOP or Rural Planning Assistance funds toward such an endeavor.