



Lake Area Planning Council

Triennial Performance Audit of the Lake Transit Authority FY 2018/19 - FY 2020/21

FINAL REPORT
MAY 2022





Table of Contents

Chapter 1 Executive Summary	1
Chapter 2 Audit Scope and Methodology	5
Chapter 3 Program Compliance	9
Chapter 4 Prior Recommendations	13
Chapter 5 Data Reporting Analysis	17
Chapter 6 Performance Analysis	19
Chapter 7 Functional Review.....	37
Chapter 8 Findings and Recommendations	45



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Table of Exhibits

Exhibit 1.1 Summary of Audit Recommendations	3
Exhibit 3.1 Transit Development Act Compliance Requirements	11
Exhibit 5.1 Data Reporting Comparison.....	18
Exhibit 6.1 System Performance Indicators	22
Exhibit 6.2 System Ridership	23
Exhibit 6.3 System Operating Cost/VSH	23
Exhibit 6.4 System Operating Cost/VSM.....	23
Exhibit 6.5 System VSM/VSH.....	23
Exhibit 6.6 System Operating Cost/Passenger	24
Exhibit 6.7 System Passengers/VSH	24
Exhibit 6.8 System Passengers/VSM.....	24
Exhibit 6.9 System VSH/FTE	24
Exhibit 6.10 System Farebox Recovery	25
Exhibit 6.11 System Fare/Passenger.....	25
Exhibit 6.12 Fixed-Route Performance Indicators.....	27
Exhibit 6.13 Fixed-Route Ridership.....	28
Exhibit 6.14 Fixed-Route Operating Cost/VSH	28
Exhibit 6.15 Fixed-Route Operating Cost/VSM	28
Exhibit 6.16 Fixed-Route VSM/VSH	28
Exhibit 6.17 Fixed-Route Operating Cost/Passenger.....	29
Exhibit 6.18 Fixed-Route Passengers/VSH	29
Exhibit 6.19 Fixed-Route Passengers/VSM	29
Exhibit 6.20 Fixed-Route VSH/FTE.....	29
Exhibit 6.21 Fixed-Route Farebox Recovery.....	30
Exhibit 6.22 Fixed-Route Fare/Passenger	30
Exhibit 6.23 Demand-Response Performance Indicators	32
Exhibit 6.24 Demand-Response Ridership	33
Exhibit 6.25 Demand-Response Operating Cost/VSH.....	33
Exhibit 6.26 Demand-Response Operating Cost/VSM.....	33
Exhibit 6.27 Demand-Response VSM/VSH.....	33
Exhibit 6.28 Demand-Response Operating Cost/Passenger	34
Exhibit 6.29 Demand-Response Passengers/VSH.....	34
Exhibit 6.30 Demand-Response Passengers/VSM.....	34
Exhibit 6.31 Demand-Response VSH/FTE	34
Exhibit 6.32 Demand-Response Farebox Recovery	35
Exhibit 6.33 Demand-Response Fare/Passenger.....	35



Exhibit 7.1 Fixed-Route Fare Structure 37
Exhibit 7.2 Demand-Response Fare Structure 38
Exhibit 7.3 Organizational Chart..... 39
Exhibit 7.4 LTA’s Transit Fleet 43
Exhibit 8.1 Audit Recommendations 47



Chapter 1 | Executive Summary

In 2022, the Lake County/City Area Planning Council (APC) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the transit operator to which it allocates TDA funding.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. Audits of Article 8 recipients are encouraged.

The Triennial Performance Audit is designed to be an independent and objective evaluation of Lake Transit Authority (LTA) as a public transit operator, providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three fiscal years. In addition to assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of Lake Transit Authority's public transit program for the period:

- Fiscal Year 2018/19,
- Fiscal Year 2019/20, and
- Fiscal Year 2020/21.

Lake Transit Authority (LTA) operates six regional and inter-city fixed-routes linking Lake County with Napa and Mendocino counties, three local routes in Lower Lake and Clearlake, and one local route in Lakeport. The local fixed routes operate hourly. Service is offered from as early as 5:10 a.m. to as late as 8:50 p.m., depending on the route. Most routes operate Monday through Saturday. Routes 2, 4A, and 12 operate weekdays only.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. Moore & Associates believes the evidence obtained provides a reasonable basis for our findings and conclusions.

This audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Prior recommendations,



- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

Test of Compliance

Based on discussions with LTA staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. In FY 2018/19, LTA's State Controller Report was submitted after the established deadline.
2. In FY 2020/21, LTA's TDA fiscal audit was completed after the allowable deadline.

Status of Prior Recommendations

The prior audit – completed in June 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included four recommendations:

1. Work with the TDA fiscal auditor to ensure audits are completed within the timeframe specified by the TDA.
Status: Implementation in progress.
2. Work with the contractor to ensure actual labor hours are provided to LTA well in advance of annual State Controller Reporting.
Status: Implemented.
3. Work with the TDA fiscal auditor to make them aware of the incorrect calculation of fare revenue in FY 2016 and ensure it was not repeated.
Status: Implemented.
4. Clearly define the method that will be used for reporting Dial-A-Ride operating data to external entities.
Status: Implemented.

Findings and Recommendations

Based on discussions with Lake Transit Authority staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned compliance findings for LTA.

The audit team has identified one functional finding. While this finding is not a compliance finding, the audit team believes it warrants inclusion in this report:

1. The LTA does not use the TDA definition of full-time equivalent (FTE) employee for reporting to the State Controller.

In completing this Triennial Performance Audit, we submit the following recommendations for the LTA's public transit program. They have been divided into two categories: TDA Program compliance recommendations and functional recommendations. TDA program compliance recommendations are



intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the triennial audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure State Controller Reports continue to be submitted within the established timeframe.	Low	None
2	Work with Lake APC’s auditors to ensure future audits are completed within the established timeframe for transit operators.	Low	None
Functional Recommendations		Importance	Timeline
1	Ensure accurate full-time equivalent (FTE) employee data is used for reporting to the State Controller.	Medium	FY 2021/22



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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the Lake Transit Authority public transit program covers the three-year period ending June 30, 2021. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2022, the Lake County/City Area Planning Council (APC) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the LTA as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The auditors believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Audit Standards* published by the U.S. Comptroller General.

Objectives

A Triennial Performance Audit (TPA) has four primary objectives:

1. Assess compliance with TDA regulations;
2. Review improvements subsequently implemented as well as progress toward adopted goals;
3. Evaluate the efficiency and effectiveness of the transit operator; and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.



Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of Lake Transit Authority included five tasks:

1. A review of compliance with TDA requirements and regulations.
2. A review of the status of recommendations included in the prior Triennial Performance Audit.
3. A verification of the methodology for calculating performance indicators including the following activities:
 - Assessment of internal controls,
 - Test of data collection methods,
 - Calculation of performance indicators, and
 - Evaluation of performance.
4. Comparison of data reporting practices:
 - Internal reports,
 - State Controller Reports, and
 - National Transit Database.
5. Examination of the following functions:
 - General management and organization;
 - Service planning;
 - Scheduling, dispatching, and operations;
 - Personnel management and training;
 - Administration;
 - Marketing and public information; and
 - Fleet maintenance.
6. Conclusions and recommendations to address opportunities for improvement based upon analysis of the information collected and the audit of the transit operator's major functions.

Methodology

The methodology for the Triennial Performance Audit of Lake Transit Authority included thorough review of documents relevant to the scope of the audit, as well as information contained on the LTA's website. The documents reviewed included the following (spanning the full three-year period):

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- TDA claims;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;

- Accident/road call logs; and
- Organizational chart.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with Lake Transit Authority representatives on April 27, 2022. The audit team met with James Sookne (Program Manager, LTA), Lisa Davey-Bates (LTA), Alexis Pedrotti (LTA), Gary McFarland (Program Manager, Paratransit Services), and Johnnie Lindsey (Assistant General Manager, Paratransit Services), and reviewed materials germane to the triennial audit.

This report is comprised of eight chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the review and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Compliance with statutory and regulatory requirements,
 - Status of prior recommendations,
 - Consistency among reported data,
 - Performance measures and trends,
 - Functional audit, and
 - Findings and recommendations.



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Chapter 3 | Program Compliance

This section examines Lake Transit Authority's compliance with the Transportation Development Act as well as relevant sections of the California Code of Regulations. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. LTA considers full use of funds under California Code of Regulations (CCR) 6754(a) as referring to operating funds but not capital funds. The TPA findings and related comments are delineated in Exhibit 3.1.

Status of compliance items was determined through discussions with Lake Transit Authority staff as well as an inspection of relevant documents including the fiscal audits for each year of the triennium, State Controller annual filings, California Highway Patrol terminal inspections, National Transit Database reports, year-end performance reports, and other compliance-related documentation.

Two compliance issues were identified for Lake Transit Authority:

3. In FY 2018/19, LTA's State Controller Report was submitted after the established deadline.
4. In FY 2020/21, LTA's TDA fiscal audit was completed after the allowable deadline.

Developments Occurring During the Audit Period

The last half of the audit period is markedly different from the first half. The impacts of the COVID-19 pandemic resulted in significant declines in ridership and revenue. In many instances, transit operators strove to retain operations staff despite adopting a reduced schedule, resulting in significant changes to many cost-related performance metrics. While infusions of funding through the CARES Act mitigated some of the lost revenues for federally funded programs, most transit operators have yet to return to pre-pandemic ridership and fare levels. As a result, the Triennial Performance Audits will provide an assessment not only of how COVID-19 impacted each organization, but how they responded to the crisis.

In addition to the COVID-19 pandemic, recent and proposed changes to the TDA may result in audit reports that look somewhat different than in prior years. In the nearly 50 years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California's state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. While the ability to maintain state mandates and performance measures is important, AB 90 offered much-needed relief from these requirements for these years impacted by the COVID-19 pandemic while TDA reform continues to be discussed.

AB 90 included the following provisions specific to transit operator funding through the TDA:

1. It prohibited the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.
2. It required the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance (STA) Program for FY 2020/21 and FY 2021/22 based on the same individual operator ratios published by the Controller in a specified transmittal memo, and authorized the Controller to revise that transmittal memo, as specified. It required the Controller to use specified data to calculate those individual operator ratios. Upon allocation of the transit operator revenue-based funds to local transportation agencies pursuant to this provision, the Controller would publish the amount of funding allocated to each operator.
3. It exempted an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorized the operator to use those funds for operating or capital purposes during that period.
4. It required the Controller to allocate State of Good Repair (SOGR) program funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.
5. It required the Controller to allocate Low Carbon Transit Operations Program (LCTOP) funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.

Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. It extended the provisions of AB 90 through FY 2022/23 as well as provided additional regulatory relief including:

1. Waiving the annual productivity improvement requirement of Section 99244 through FY 2022/23.
2. Adding a temporary provision exempting operators from farebox recovery ratio requirements provided they expend at least the same amount of local funds as in FY 2018/19.
3. Expanding the definition of “local funds” to enable the use of federal funding, such as the CARES Act or CRRSAA, to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
4. Adjusting the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and microtransit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
5. Allowing operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2022/23.

AB 149 also called for an examination of the triennial performance audit process, to ensure the practice continues to be effective and beneficial.



Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	Finding	FY 2018/19: February 10, 2020 FY 2019/20: January 29, 2021 FY 2020/21: January 31, 2022
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	Finding	FY 2018/19: March 26, 2020 FY 2019/20: March 29, 2021 FY 2020/21: Pending
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	October 25, 2017 October 31, 2018 November 7, 2019 November 10, 2020
Operator’s claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If 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.	PUC 99270.1	Not applicable	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	Not applicable	LTA does not receive funding under Article 8.
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	Not applicable	LTA does not receive funding under Article 8(c).
The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2018/19: +6.03% FY 2019/20: +3.95% FY 2020/21: +2.03% <i>Source: LTA budgets.</i>
The operator’s definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	



Compliance Element	Reference	Compliance	Comments
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	In compliance	FY 2018/19: 16.46% FY 2019/20: 15.87% FY 2020/21: Pending <i>Penalties waived in FY 2020 and FY 2021 due to AB 90 and AB 149.</i>
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Not applicable	
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 for 40 years.	PUC 99271	Not applicable	All staff are contracted employees.
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.	CCR 6754 (a) (3)	In compliance	
In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale.	PUC 99314.6	In compliance	<i>Compliance with STA efficiency tests waived in FY 2020 and FY 2021 due to AB 90 and AB 149.</i>
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	In compliance	

Chapter 4 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance Lake Transit Authority has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior audit – completed in June 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included four recommendations:

1. [Work with the TDA fiscal auditor to ensure audits are completed within the timeframe specified by the TDA.](#)

Discussion: In FY 2017/18, the LTA’s TDA fiscal audit was not submitted until April 30, 2019, 30 days after the allowable submittal period. The prior auditor recommended LTA work with the TDA fiscal auditor to ensure audits are completed within 180 days following the end of the fiscal year, or within the 90-day extension. Requests for extensions should be documented. Both the LTA and the APC should be mindful of the difference in completion deadlines for operator and RTPA audits, given both are prepared by the same auditor.

Progress: In FY 2018/19 and FY 2019/20, TDA fiscal audits were completed on time. In FY 2020/21, the fiscal audit was delayed as Lake APC sought to implement one of the last requirements from the prior fiscal audit. As a result, completion of that audit was pending at the time of this report. Given the improvement in the two prior years, and the nature of the finding being resolved (implementation of QuickBooks), the audit team believes this is a one-time issue that should not repeat in subsequent years.

Status: Implementation in progress.

2. [Work with the contractor to ensure actual labor hours are provided to LTA well in advance of annual State Controller Reporting.](#)

Discussion: FTE data reported to the State Controller did not match the FTE data provided by LTA, which demonstrated use of the TDA definition in its calculation. During the audit period, LTA was planning to go out to bid for its operations contract, which was delayed by multiple fires and recovery efforts (with the approval of Caltrans). Because of the anticipated bid process, the current contractor was reluctant to provide payroll hours on a timely basis. Therefore, FTE for the State Controller Report was estimated based on the prior years’ data. While calculated using the TDA definition, it was not based on the accurate number of labor hours.

The prior auditor recommended the contractor should be responsible for accurately reporting labor hour information regardless of the status of an operations procurement. At a minimum, a total number of hours worked should be provided to LTA for use in the FTE calculation. Ideally, the contractor would provide actual driver hours worked segregated by mode; the balance of the hours could be allocated between modes based on the ratio of vehicle service hours.

Progress: During the audit period, LTA demonstrated an understanding of the calculation methodology, and the contractor does provide employee labor data in a timely manner. As a result, this recommendation is considered implemented. However, LTA did not use the correct data for reporting to the State Controller during the audit period. This issue will be discussed in Chapter 8.

Status: Implemented.

3. [Work with the TDA fiscal auditor to make them aware of the incorrect calculation of fare revenue in FY 2016 and ensure it is not repeated.](#)

Discussion: Depreciation was included as an allowable exclusion from operating cost in LTA’s TDA fiscal audit for FY 2015/16. However, the farebox recovery ratio calculation in the fiscal audit appeared to use the net operating cost less depreciation (\$2,763,021) and subsequently excluded depreciation from it again, resulting in a much lower operating cost and an artificially inflated farebox recovery ratio.

We recommended the LTA ensure the TDA fiscal auditor receives a copy of this audit finding and is aware of this issue.

Progress: This error was not repeated during the current audit period.

Status: Implemented.

4. [Clearly define the method that will be used for reporting Dial-A-Ride operating data to external entities.](#)

Discussion: In the prior audit, there were some inconsistencies regarding how operating data was reported from year to year. This was determined to be due to the format of the spreadsheet documenting performance data. The spreadsheet contains a number of tabs, including the total system, fixed routes, Dial-A-Ride, and individual tabs for each route and service (including special services). In FY 2016/17 and FY 2017/18, the Dial-A-Ride data was reported to the NTD using the Dial-A-Ride worksheet, which did not include data for other specialized services that are considered demand-response. In reporting to the State Controller, the Dial-A-Ride data was calculated by subtracting the fixed-route data from the system data, thereby including both Dial-A-Ride and special services. The same issue occurred with both VSH and VSM.

Ridership was inconsistently reported from year to year, depending on which method shown above was used. While the NTD report and State Controller Report agreed with one another each year, data reported in FY 2015/16 did not include the special services ridership.

LTA’s Transit Manager identified the issue and subsequently submitted revised reports to the NTD. Going forward, LTA indicated it would calculate Dial-A-Ride operating data by subtracting fixed-route data from system data so as to include operating data for all special demand-



responsive services. This would be done for vehicle service/revenue hours, vehicle service/revenue miles, and passengers. Aside from ensuring appropriate documentation, no further action was needed as the issue had already been addressed.

Progress: This issue has been addressed.

Status: Implemented.



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Chapter 5 | Data Reporting Analysis

An important aspect of the Triennial Performance Audit process is assessing how effectively and consistently the transit operator reports performance statistics to local, state, and federal agencies. Often as a condition of receipt of funding, an operator must collect, manage, and report data to different entities. Ensuring such data are consistent can be challenging given the differing definitions employed by different agencies as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported by Lake Transit Authority both internally as well as to outside entities during the audit period.

The several metrics are reported consistently. Further discussion is provided below specific to certain discrepancies.

- **Operating cost:** There were slight variances between operating cost as reported in the three documents reviewed. However, these variances were modest and were likely the result of some costs not being included in some reports.
- **Fare Revenue:** In all fiscal years, a higher fare revenue was identified in the NTD report than on any other report. In FY 2020/21, the fare revenue reported to the NTD was only slightly higher than that reported to the State Controller. This may be due to funds being reported as fare revenue to the NTD but in a different category to the State Controller.
- **Vehicle Service Miles (VSM):** In FY 2020/21, VSM reported in NTD and State Controller reports was consistent, but it was higher than that documented in the monthly performance reports. This was due to a variance in the demand-response VSM. While the difference is less than one percent, the cause is unclear.
- **Full-time Equivalent (FTE) Employees:** Data reported to the State Controller did not use the TDA definition, both of which are shown in Exhibit 5.1. As a result, FTE in the State Controller Report was over-reported.



Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$2,986,164	\$2,668,561	<i>Not provided</i>
<i>National Transit Database</i>	\$2,863,566	\$2,649,775	\$2,394,649
<i>State Controller Report</i>	\$3,004,064	\$2,539,553	\$2,319,746
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$491,402	\$423,420	<i>Not provided</i>
<i>National Transit Database</i>	\$518,819	\$509,130	\$254,605
<i>State Controller Report</i>	\$491,402	\$398,856	\$254,194
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	38,251	34,042	21,717
<i>National Transit Database</i>	38,251	34,041	21,717
<i>State Controller Report</i>	38,252	34,041	21,717
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	859,094	765,827	493,173
<i>National Transit Database</i>	859,094	765,827	495,787
<i>State Controller Report</i>	859,094	765,827	495,787
Passengers			
<i>Monthly Performance Reports</i>	319,956	262,277	108,360
<i>National Transit Database</i>	319,952	262,277	108,360
<i>State Controller Report</i>	319,952	262,277	108,360
Full-Time Equivalent Employees			
<i>State Controller Report</i>	50	40	40
<i>Per TDA methodology</i>	40	41	31

Chapter 6 | Performance Analysis

Performance indicators are typically employed to quantify and assess the efficiency of a transit operator's activities. Such indicators provide insight into current operations as well as trend analysis of operator performance. Through a review of indicators, relative performance as well as possible inter-relationships between major functions is revealed.

The Transportation Development Act (TDA) requires recipients of TDA funding to track and report five performance indicators:

- Operating Cost/Passenger,
- Operating Cost/Vehicle Service Hour,
- Passengers/Vehicle Service Hour,
- Passengers/Vehicle Service Mile, and
- Vehicle Service Hours/Employee.

To assess the validity and use of performance indicators, the audit team performed the following activities:

- Assessed internal controls in place for the collection of performance-related information,
- Validated collection methods of key data,
- Calculated performance indicators, and
- Evaluated performance indicators.

The procedures used to calculate TDA-required performance measures for the current triennium were verified and compared with indicators included in similar reports to external entities (i.e., State Controller and Federal Transit Administration).

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667¹. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period²:

¹ CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

² Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.



- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and *Miles* (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.³ For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

Passenger Counts

According to the Transportation Development Act, *total passengers* is equal to the total number of unlinked trips (i.e., those trips that are made by a passenger that involve a single boarding and departure), whether revenue-producing or not.

Employees

Employee hours is defined as the total number of hours (regular or overtime) which all employees have worked, and for which they have been paid a wage or salary. The hours must include transportation system-related hours worked by persons employed in connection with the system (whether or not the person is employed directly by the operator). Full-Time Equivalent (FTE) is calculated by dividing the number of person-hours by 2,000.

Fare Revenue

Fare revenue is defined by California Code of Regulations Section 6611.2 as revenue collected from the farebox plus sales of fare media.

³ A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

TDA Required Indicators

To calculate the TDA indicators for Lake Transit Authority, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the LTA's audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. LTA's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via State Controller Reports for each fiscal year covered by this audit. LTA's methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. LTA's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from data submitted by LTA for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation was confirmed.

System Performance Trends

Systemwide, operating cost experienced a net decrease of 13.5 percent between FY 2015/16 and FY 2020/21, and a 16.4 percent decrease during the audit period. Fare revenue generally fluctuated throughout the six-year period, with the most significant decrease occurring in FY 2020/21. This is not surprising, given the impact of the COVID-19 pandemic. This resulted in a 61.9 percent net decrease in fare revenue across the six-year period and a 63.6 percent decrease during the audit period.

Vehicle service hours (VSH) and vehicle service miles (VSM) decreased each year except for FY 2016/17. This resulted in a 43.2 percent decrease in VSH and 42.3 percent decrease in VSM during the audit period. Ridership decreased across the audit period, with the most significant decrease in FY 2020/21 (58.7 percent). During the audit period, ridership decreased by 66.1 percent. Again, this is attributed to the COVID-19 pandemic.

Cost-related metrics typically provide an indicator of a system's efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics. Operating cost per vehicle service hour and operating cost per vehicle service mile both increased during the audit period (47.3 percent and 44.9 percent, respectively). Operating cost per passenger, however, was significantly impacted by the decrease in ridership, which resulted in a 146.9 percent increase during the audit period. Passengers per vehicle service hour and passenger per vehicle service mile experienced steady decreases during the audit period, with each declining more than 40 percent.



Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$2,766,819	\$2,881,352	\$2,822,875	\$2,863,566	\$2,649,775	\$2,394,649
<i>Annual Change</i>		4.1%	-2.0%	1.4%	-7.5%	-9.6%
Fare Revenue (Actual \$)	\$489,503	\$536,012	\$481,441	\$511,369	\$443,344	\$186,356
<i>Annual Change</i>		9.5%	-10.2%	6.2%	-13.3%	-58.0%
Vehicle Service Hours (VSH)	45,349	46,610	41,800	38,252	34,041	21,717
<i>Annual Change</i>		2.8%	-10.3%	-8.5%	-11.0%	-36.2%
Vehicle Service Miles (VSM)	941,870	1,006,233	899,131	859,094	765,827	495,787
<i>Annual Change</i>		6.8%	-10.6%	-4.5%	-10.9%	-35.3%
Passengers	372,049	337,769	319,201	319,952	262,277	108,360
<i>Annual Change</i>		-9.2%	-5.5%	0.2%	-18.0%	-58.7%
Employees	41	44	39	40	40	28
<i>Annual Change</i>		7.3%	-11.4%	2.6%	0.0%	-30.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$61.01	\$61.82	\$67.53	\$74.86	\$77.84	\$110.27
<i>Annual Change</i>		1.3%	9.2%	10.9%	4.0%	41.7%
Operating Cost/Passenger (Actual \$)	\$7.44	\$8.53	\$8.84	\$8.95	\$10.10	\$22.10
<i>Annual Change</i>		14.7%	3.7%	1.2%	12.9%	118.7%
Passengers/VSH	8.20	7.25	7.64	8.36	7.70	4.99
<i>Annual Change</i>		-11.7%	5.4%	9.5%	-7.9%	-35.2%
Passengers/VSM	0.40	0.34	0.36	0.37	0.34	0.22
<i>Annual Change</i>		-15.0%	5.8%	4.9%	-8.0%	-36.2%
Farebox Recovery	17.7%	18.6%	17.1%	17.9%	16.7%	7.8%
<i>Annual Change</i>		5.1%	-8.3%	4.7%	-6.3%	-53.5%
Hours/Employee	1,106.07	1,059.32	1,071.79	956.30	851.03	775.61
<i>Annual Change</i>		-4.2%	1.2%	-10.8%	-11.0%	-8.9%
TDA Non-Required Indicators						
Operating Cost/VSM	\$2.94	\$2.86	\$3.14	\$3.33	\$3.46	\$4.83
<i>Annual Change</i>		-2.5%	9.6%	6.2%	3.8%	39.6%
VSM/VSH	20.77	21.59	21.51	22.46	22.50	22.83
<i>Annual Change</i>		3.9%	-0.4%	4.4%	0.2%	1.5%
Fare/Passenger	\$1.32	\$1.59	\$1.51	\$1.60	\$1.69	\$1.72
<i>Annual Change</i>		20.6%	-5.0%	6.0%	5.8%	1.7%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.
 FY 2018/19 – FY 2020/21 financial data from NTD reports.
 FY 2018/19 – FY 2020/21 performance data from State Controller Reports.
 FY 2018/19 – FY 2020/21 FTE data submitted by LTA.



Exhibit 6.2 System Ridership

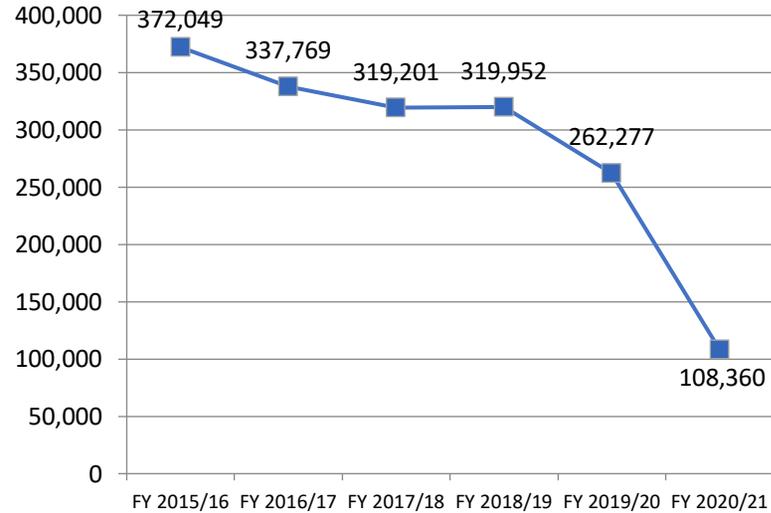


Exhibit 6.3 System Operating Cost/VSH

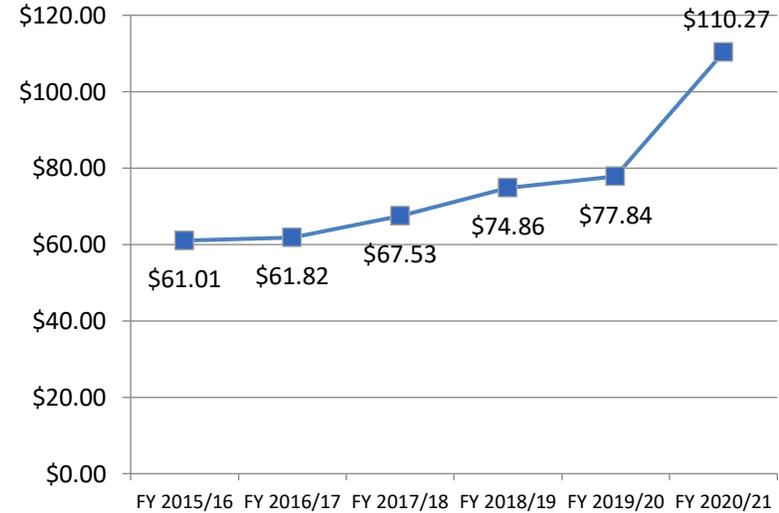


Exhibit 6.4 System Operating Cost/VSM

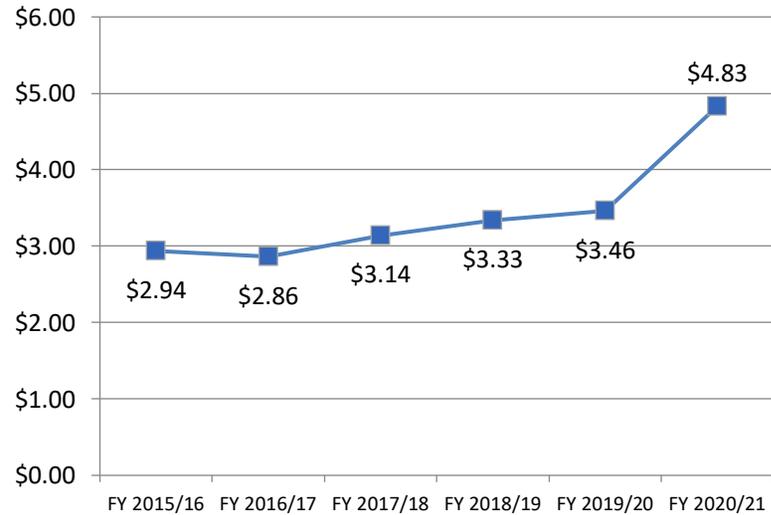


Exhibit 6.5 System VSM/VSH

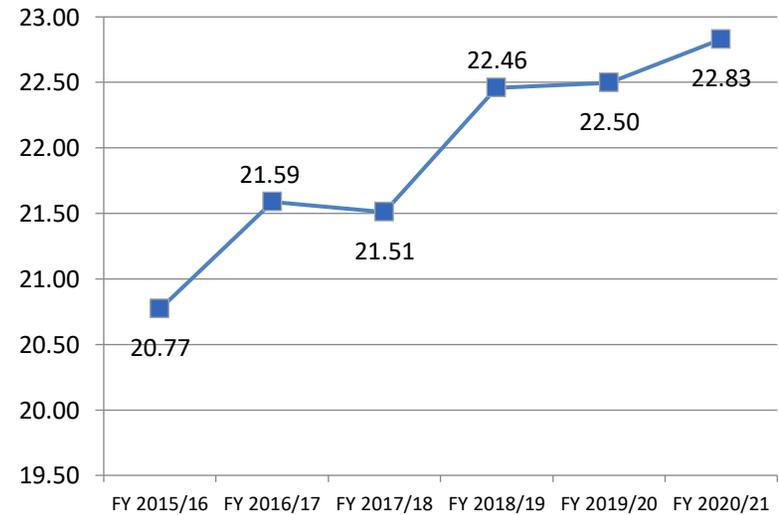




Exhibit 6.6 System Operating Cost/Passenger

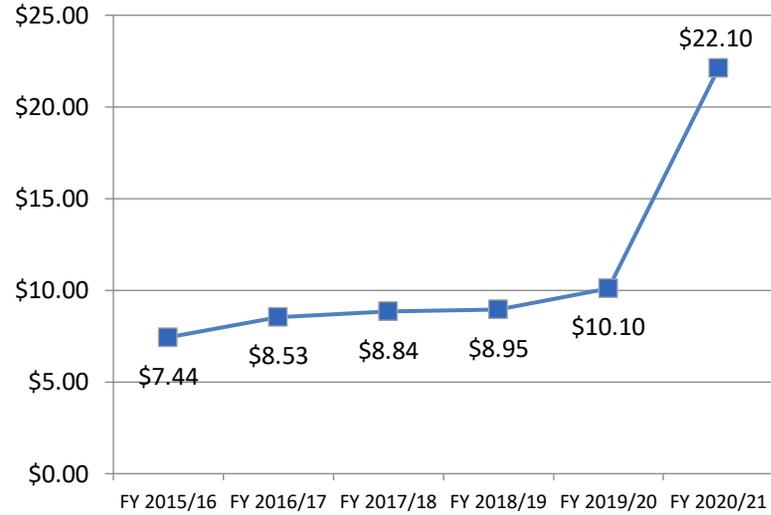


Exhibit 6.7 System Passengers/VSH

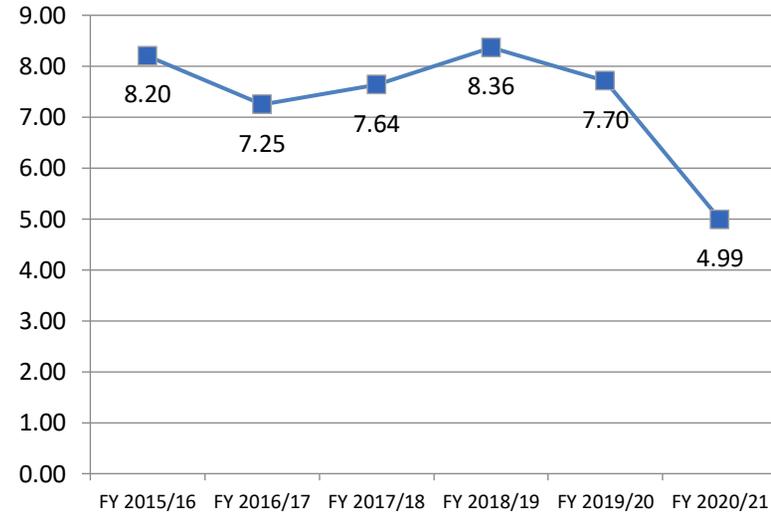


Exhibit 6.8 System Passengers/VSM

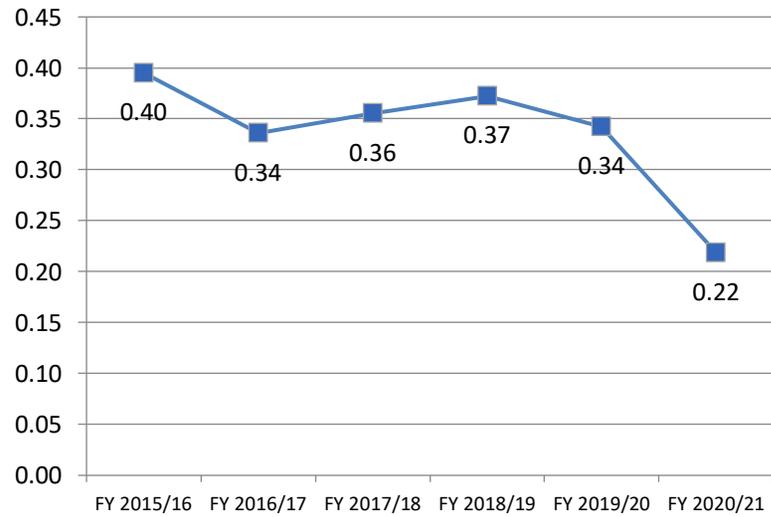


Exhibit 6.9 System VSH/FTE

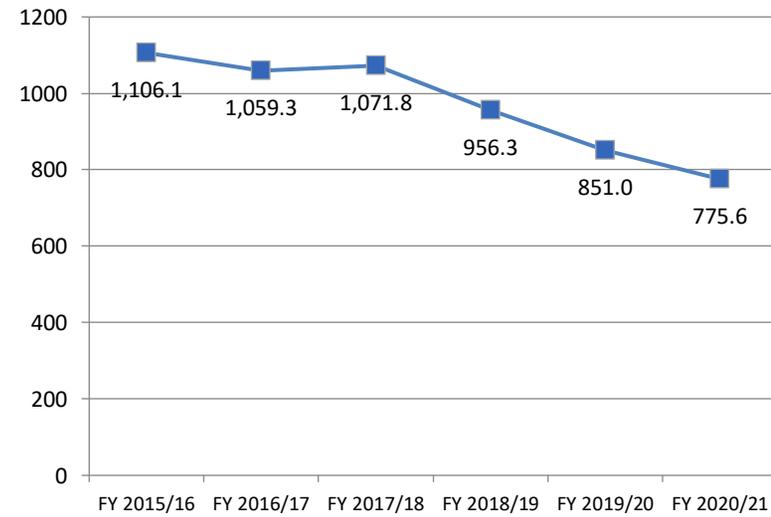




Exhibit 6.10 System Farebox Recovery

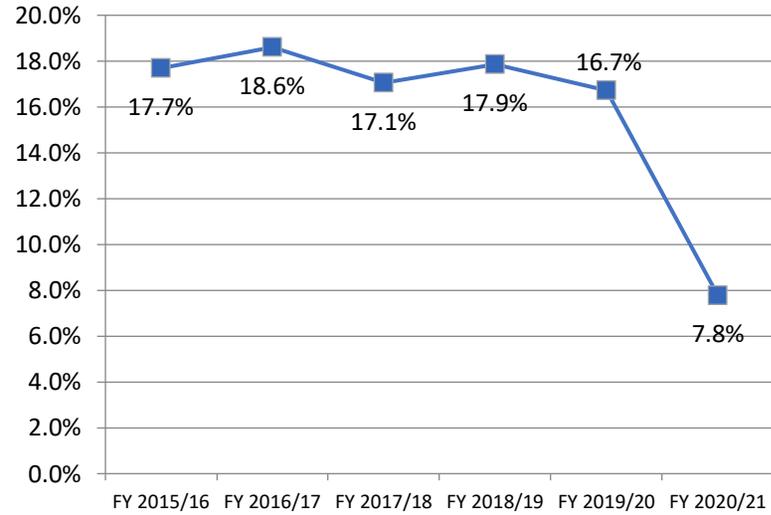
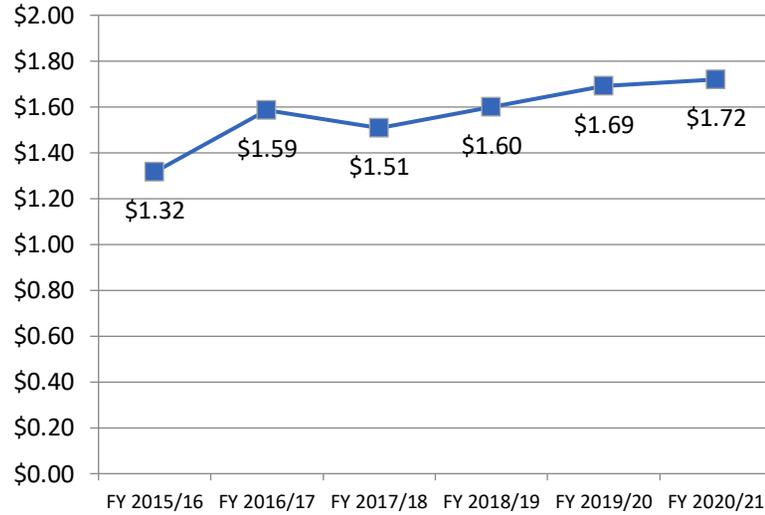


Exhibit 6.11 System Fare/Passenger





Fixed-Route Performance Trends

LTA's fixed-route service operating costs decreased 34.5 percent during the audit period, with a 29.4 percent net decrease over the six-year period. Fare revenue fluctuated during the six-year period, but declined most during the audit period. This resulted in a net 65.3 percent net decrease during the audit period, and a 64 percent net decrease over the six-year period.

Fixed-route vehicle service hours (VSH) and vehicle service miles (VSM) experienced a similar pattern to fare revenue. This resulted in a net 55.2 percent decrease across the six-year period and a net 52.4 percent decrease during the audit period for VSH. VSM decreased 57 percent during the six-year period and a net 55.5 percent during the audit period. Ridership decreased every year except FY 2018/19, with the most significant decrease occurring in FY 2020/21 (59 percent). Ultimately ridership experienced a net decrease of 66.8 percent during the audit period.

Operating cost per vehicle service hour, operating cost per vehicle service mile, and operating cost per passenger all increased during the audit period, with operating cost per passenger exhibiting the greatest change (97.2 percent). Passenger-related productivity metrics (passengers per vehicle service hour and passengers per vehicle service mile) saw decreases of 30.3 percent and 25.5 percent, respectively, during the audit period.



Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$2,355,865	\$2,558,549	\$2,505,694	\$2,542,756	\$2,270,857	\$1,664,406
<i>Annual Change</i>		8.6%	-2.1%	1.5%	-10.7%	-26.7%
Fare Revenue (Actual \$)	\$480,653	\$527,341	\$470,154	\$498,806	\$431,337	\$173,116
<i>Annual Change</i>		9.7%	-10.8%	6.1%	-13.5%	-59.9%
Vehicle Service Hours (VSH)	35,820	38,727	34,655	33,667	29,189	16,040
<i>Annual Change</i>		8.1%	-10.5%	-2.9%	-13.3%	-45.0%
Vehicle Service Miles (VSM)	846,345	923,316	823,845	816,927	709,986	363,840
<i>Annual Change</i>		9.1%	-10.8%	-0.8%	-13.1%	-48.8%
Passengers	361,467	329,387	310,328	311,240	252,050	103,296
<i>Annual Change</i>		-8.9%	-5.8%	0.3%	-19.0%	-59.0%
Employees	33	34	30	35	35	23
<i>Annual Change</i>		3.0%	-11.8%	16.7%	0.0%	-34.3%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$65.77	\$66.07	\$72.30	\$75.53	\$77.80	\$103.77
<i>Annual Change</i>		0.5%	9.4%	4.5%	3.0%	33.4%
Operating Cost/Passenger (Actual \$)	\$6.52	\$7.77	\$8.07	\$8.17	\$9.01	\$16.11
<i>Annual Change</i>		19.2%	3.9%	1.2%	10.3%	78.8%
Passengers/VSH	10.09	8.51	8.95	9.24	8.64	6.44
<i>Annual Change</i>		-15.7%	5.3%	3.2%	-6.6%	-25.4%
Passengers/VSM	0.43	0.36	0.38	0.38	0.36	0.28
<i>Annual Change</i>		-16.5%	5.6%	1.1%	-6.8%	-20.0%
Farebox Recovery	20.4%	20.6%	18.8%	19.6%	19.0%	10.4%
<i>Annual Change</i>		1.0%	-9.0%	4.5%	-3.2%	-45.2%
Hours/Employee	1,085.5	1,139.0	1,155.2	961.9	834.0	697.4
<i>Annual Change</i>		4.9%	1.4%	-16.7%	-13.3%	-16.4%
TDA Non-Required Indicators						
Operating Cost/VSM	\$2.78	\$2.77	\$3.04	\$3.11	\$3.20	\$4.57
<i>Annual Change</i>		-0.5%	9.8%	2.3%	2.8%	43.0%
VSM/VSH	23.63	23.84	23.77	24.26	24.32	22.68
<i>Annual Change</i>		0.9%	-0.3%	2.1%	0.2%	-6.7%
Fare/Passenger	\$1.33	\$1.60	\$1.52	\$1.60	\$1.71	\$1.68
<i>Annual Change</i>		20.4%	-5.4%	5.8%	6.8%	-2.1%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.

FY 2018/19 – FY 2020/21 financial data from NTD reports.

FY 2018/19 – FY 2020/21 performance data from State Controller Reports.

FY 2018/19 – FY 2020/21 FTE data submitted by LTA.



Exhibit 6.13 Fixed-Route Ridership

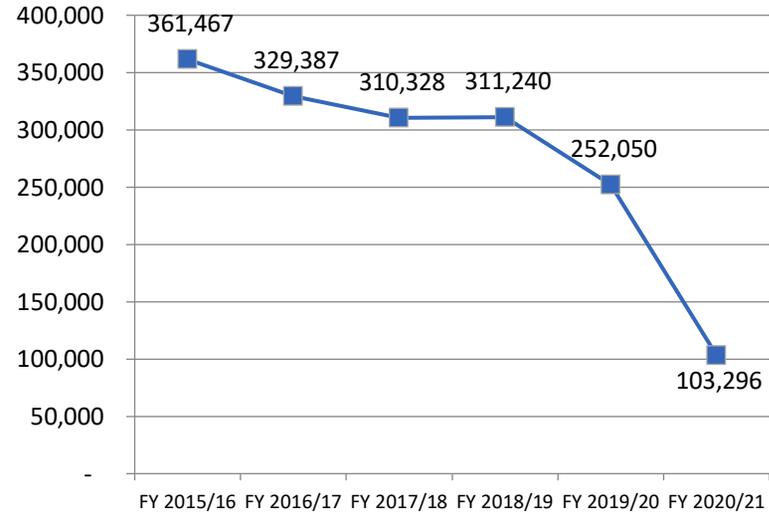


Exhibit 6.14 Fixed-Route Operating Cost/VSH

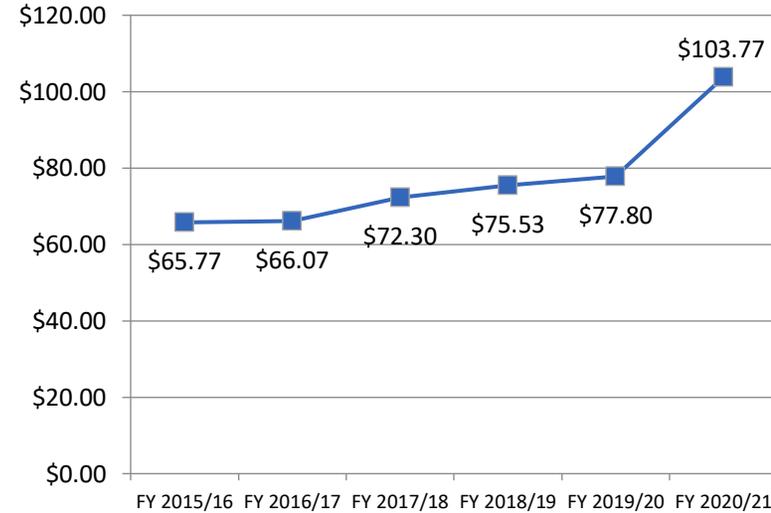


Exhibit 6.15 Fixed-Route Operating Cost/VSM

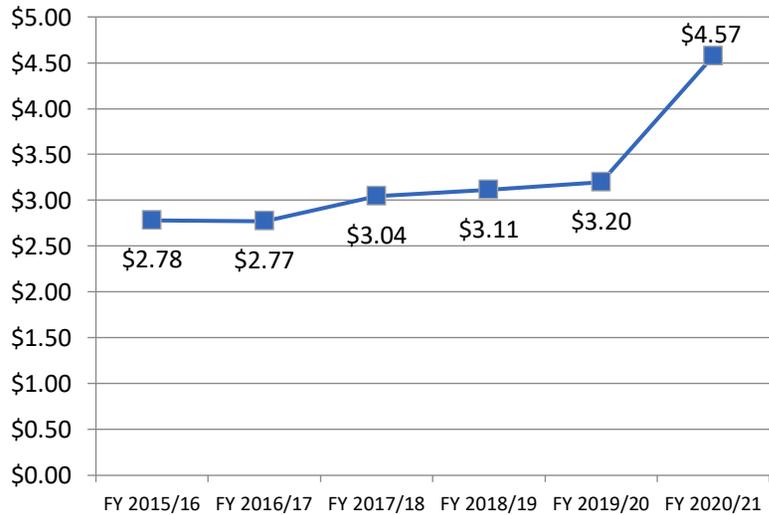


Exhibit 6.16 Fixed-Route VSM/VSH

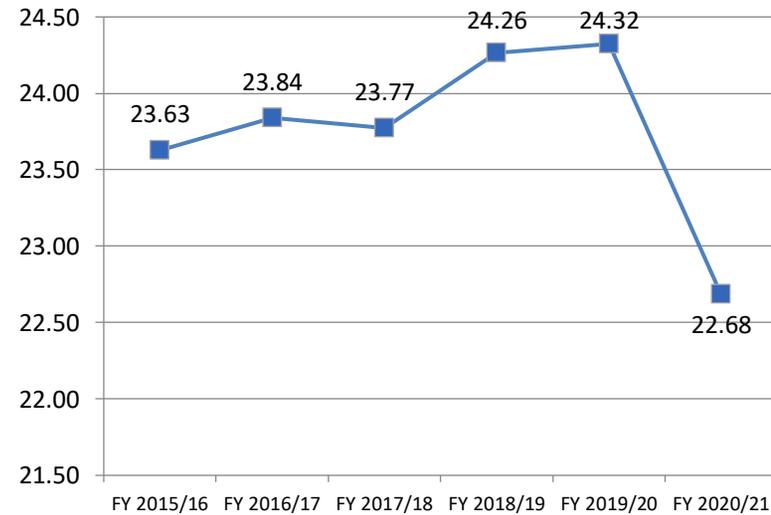




Exhibit 6.17 Fixed-Route Operating Cost/Passenger

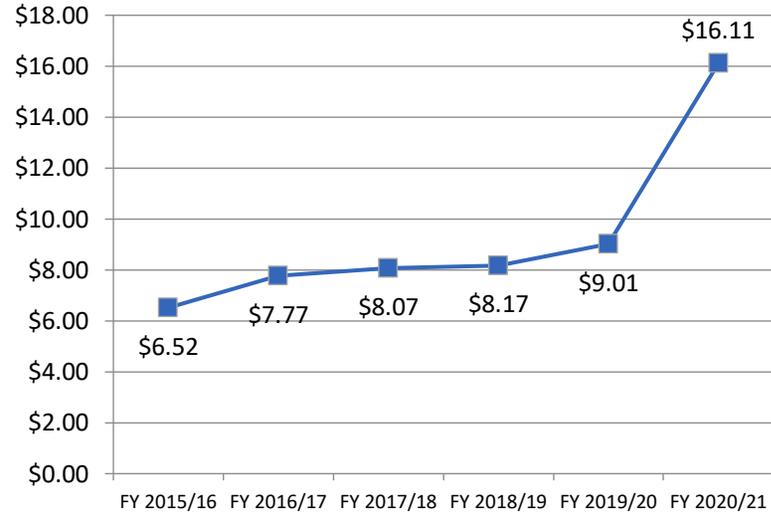


Exhibit 6.18 Fixed-Route Passengers/VSH

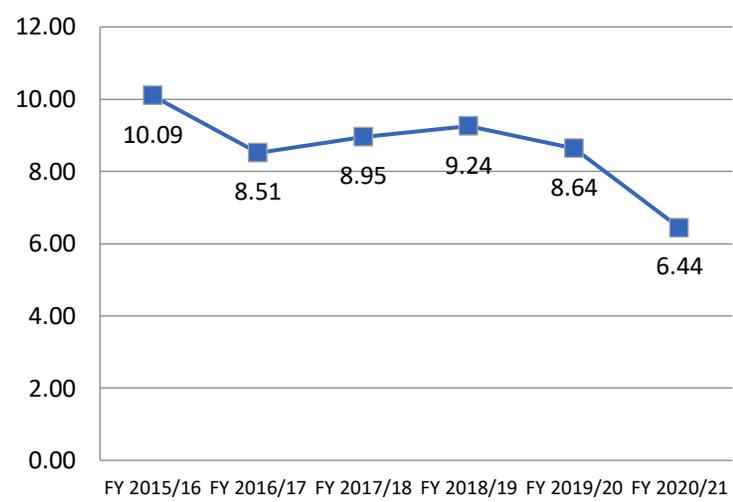


Exhibit 6.19 Fixed-Route Passengers/VSM

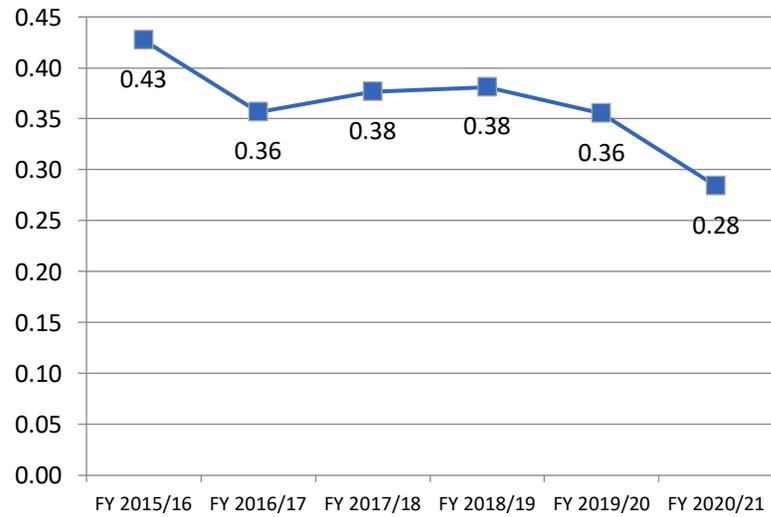


Exhibit 6.20 Fixed-Route VSH/FTE

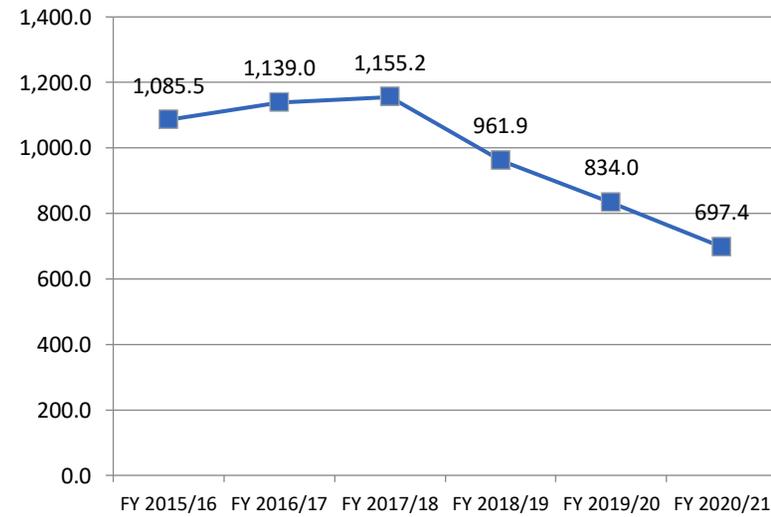




Exhibit 6.21 Fixed-Route Farebox Recovery

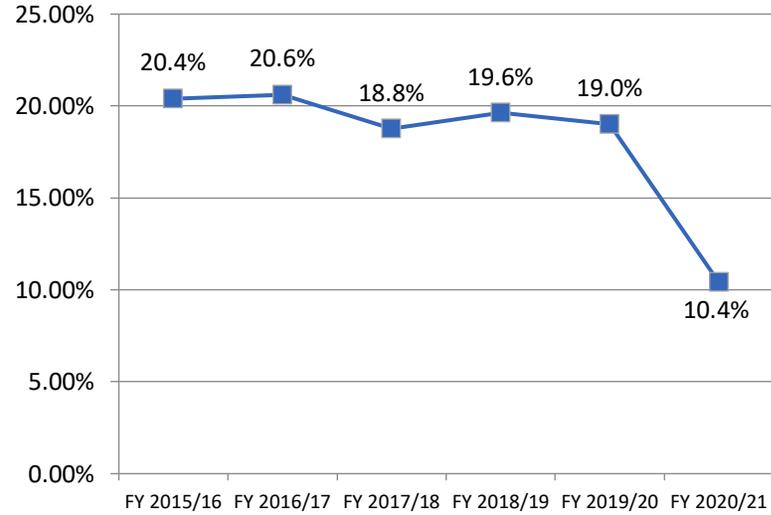
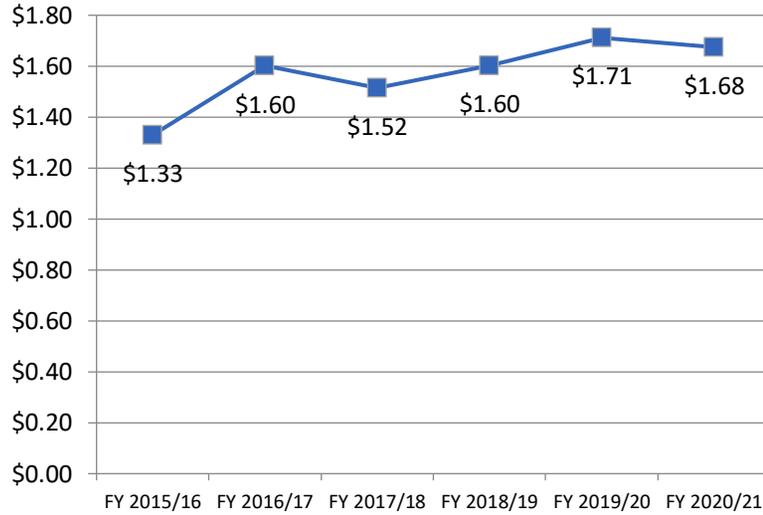


Exhibit 6.22 Fixed-Route Fare/Passenger





Demand-Response Performance Trends

LTA's demand-response service experienced increases in operating cost each year through FY 2020/21. This resulted in a 127.6 percent increase during the audit period, and a net 49.6 percent increase over the six-year period. The dramatic increase in FY 2020/21 was due to a shift in the balance of fixed-route service and demand-response service during the COVID-19 pandemic. Fare revenue increased through FY 2018/19, increasing a net 5.4 percent during the audit period and a net 49.6 percent increase across the six-year period.

Demand-response vehicle service hours experienced a 23.8 percent net increase during the audit period, but a net 40.4 percent decrease across the six-year period. Vehicle service miles saw a net increase of 212.9 percent during the audit period and 38.1 percent increase across the six-year period. Ridership decreased significantly, declining 41.9 percent during the audit period.

Operating cost per vehicle service hour and operating cost per passenger experienced year-over-year increases during the audit period, though operating cost per vehicle service mile decreased each year. Passenger-related productivity metrics decreased; passengers per vehicle service hour decreased 53.1 percent during the audit period, and passengers per vehicle service mile had a net decrease of 81.4 percent.



Exhibit 6.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$410,954	\$322,803	\$317,181	\$320,810	\$378,918	\$730,243
<i>Annual Change</i>		-21.5%	-1.7%	1.1%	18.1%	92.7%
Fare Revenue (Actual \$)	\$8,850	\$8,671	\$11,287	\$12,563	\$12,007	\$13,240
<i>Annual Change</i>		-2.0%	30.2%	11.3%	-4.4%	10.3%
Vehicle Service Hours (VSH)	9,529	7,883	7,145	4,585	4,852	5,677
<i>Annual Change</i>		-17.3%	-9.4%	-35.8%	5.8%	17.0%
Vehicle Service Miles (VSM)	95,525	82,917	75,286	42,167	55,841	131,947
<i>Annual Change</i>		-13.2%	-9.2%	-44.0%	32.4%	136.3%
Passengers	10,582	8,382	8,873	8,712	10,227	5,064
<i>Annual Change</i>		-20.8%	5.9%	-1.8%	17.4%	-50.5%
Employees	8	10	9	5	5	5
<i>Annual Change</i>		25.0%	-10.0%	-44.4%	0.0%	0.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$43.13	\$40.95	\$44.39	\$69.97	\$78.10	\$128.63
<i>Annual Change</i>		-5.0%	8.4%	57.6%	11.6%	64.7%
Operating Cost/Passenger (Actual \$)	\$38.84	\$38.51	\$35.75	\$36.82	\$37.05	\$144.20
<i>Annual Change</i>		-0.8%	-7.2%	3.0%	0.6%	289.2%
Passengers/VSH	1.11	1.06	1.24	1.90	2.11	0.89
<i>Annual Change</i>		-4.3%	16.8%	53.0%	10.9%	-57.7%
Passengers/VSM	0.11	0.10	0.12	0.21	0.18	0.04
<i>Annual Change</i>		-8.7%	16.6%	75.3%	-11.4%	-79.0%
Farebox Recovery	2.2%	2.7%	3.6%	3.9%	3.2%	1.8%
<i>Annual Change</i>		24.7%	32.5%	10.0%	-19.1%	-42.8%
Hours/Employee	1,191.1	788.3	793.9	917.0	970.4	1,135.4
<i>Annual Change</i>		-33.8%	0.7%	15.5%	5.8%	17.0%
TDA Non-Required Indicators						
Operating Cost/VSM	\$4.30	\$3.89	\$4.21	\$7.61	\$6.79	\$5.53
<i>Annual Change</i>		-9.5%	8.2%	80.6%	-10.8%	-18.4%
VSM/VSH	10.02	10.52	10.54	9.20	11.51	23.24
<i>Annual Change</i>		4.9%	0.2%	-12.7%	25.1%	102.0%
Fare/Passenger	\$0.84	\$1.03	\$1.27	\$1.44	\$1.17	\$2.61
<i>Annual Change</i>		23.7%	23.0%	13.4%	-18.6%	122.7%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.

FY 2018/19 – FY 2020/21 financial data from NTD reports.

FY 2018/19 – FY 2020/21 performance data from State Controller Reports.

FY 2018/19 – FY 2020/21 FTE data submitted by LTA.



Exhibit 6.24 Demand-Response Ridership

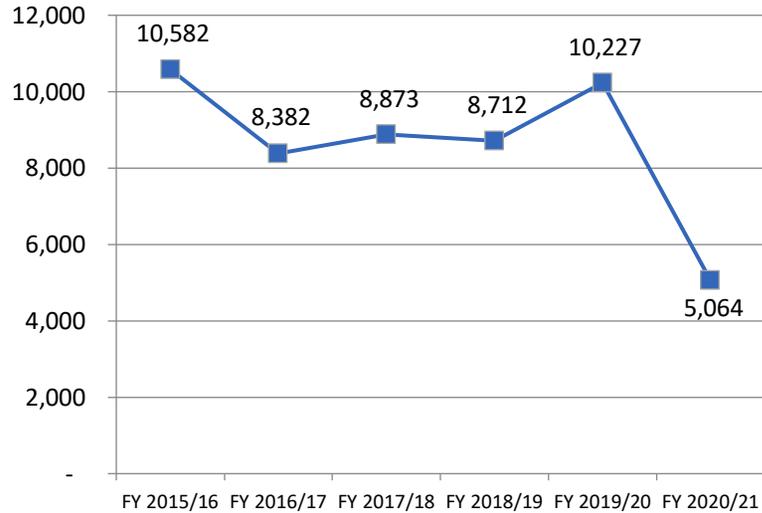


Exhibit 6.25 Demand-Response Operating Cost/VSH

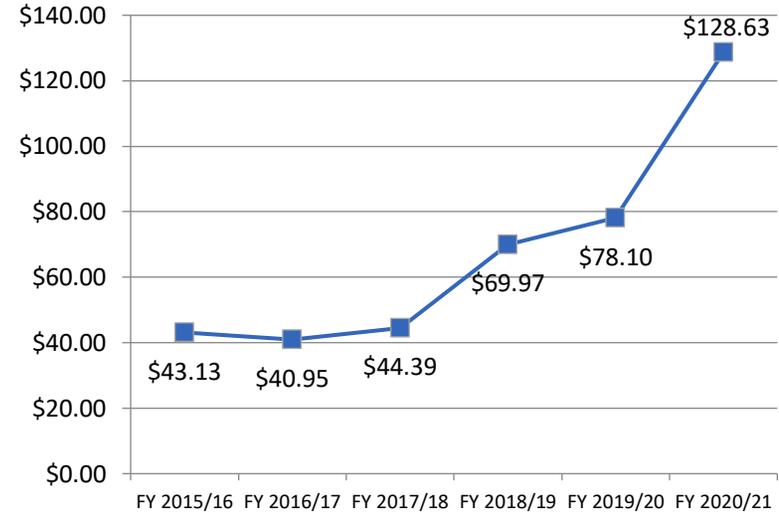


Exhibit 6.26 Demand-Response Operating Cost/VSM

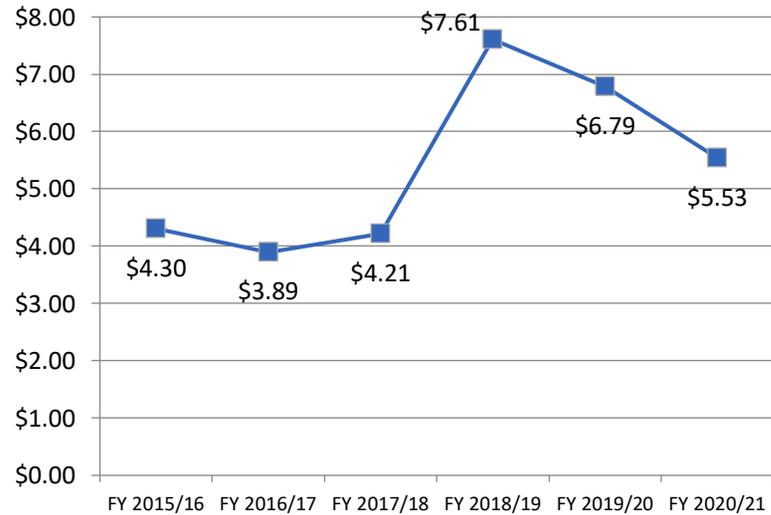


Exhibit 6.27 Demand-Response VSM/VSH

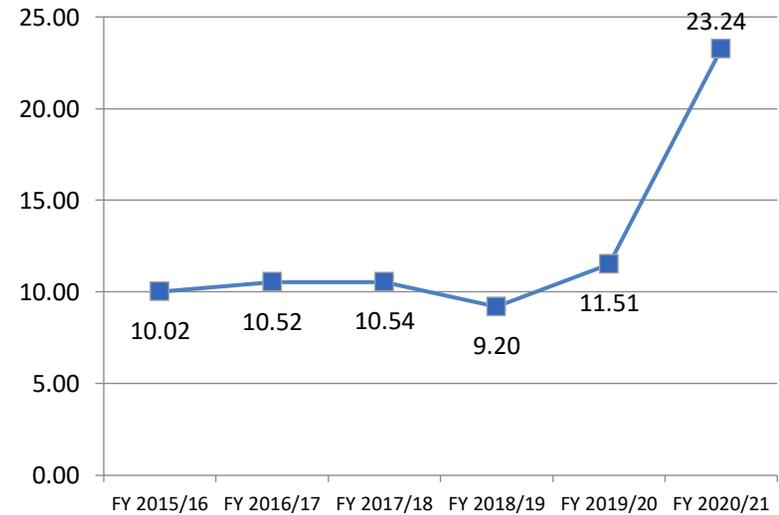




Exhibit 6.28 Demand-Response Operating Cost/Passenger

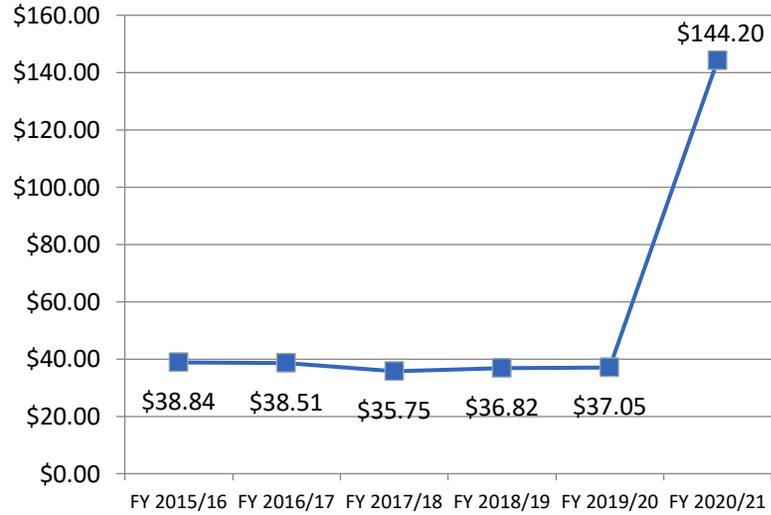


Exhibit 6.29 Demand-Response Passengers/VSH

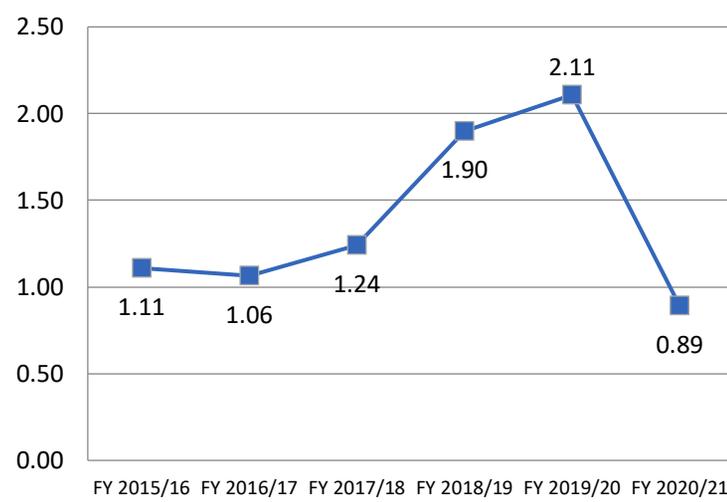


Exhibit 6.30 Demand-Response Passengers/VSM

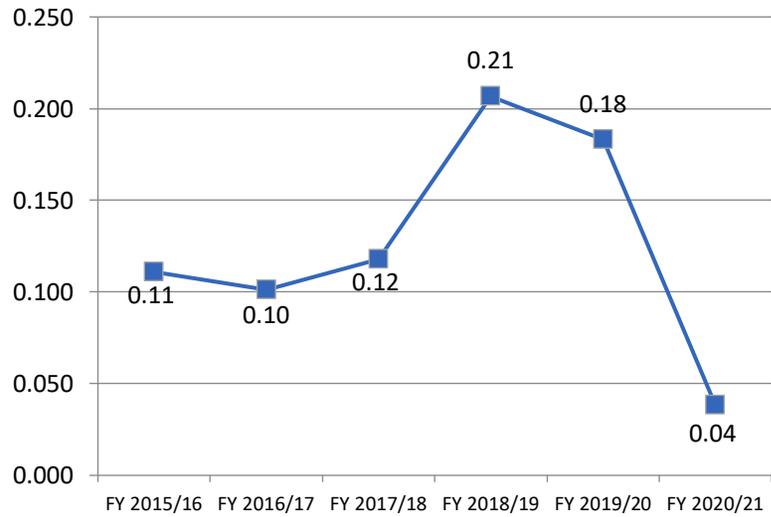


Exhibit 6.31 Demand-Response VSH/FTE

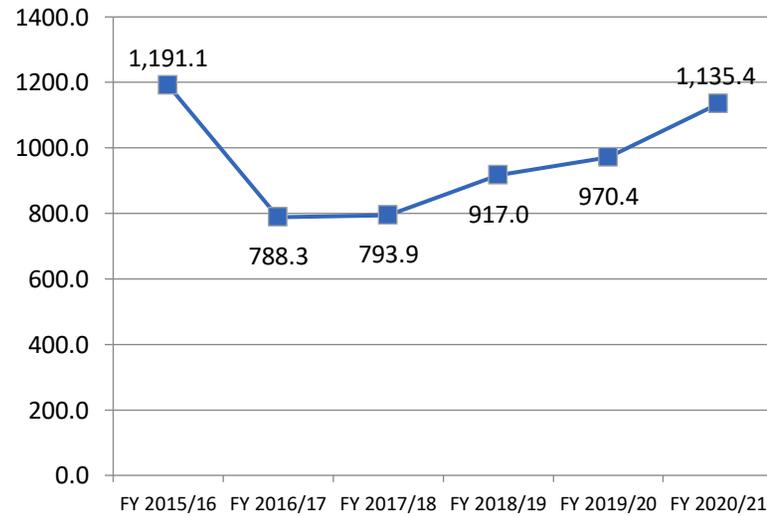




Exhibit 6.32 Demand-Response Farebox Recovery

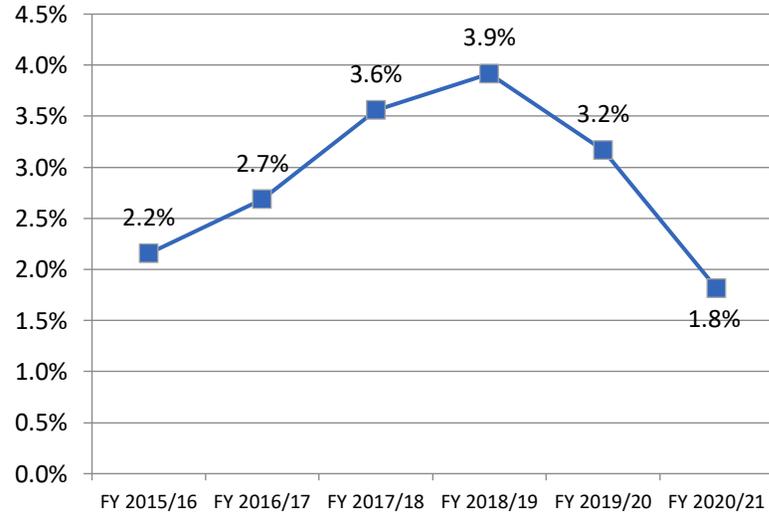
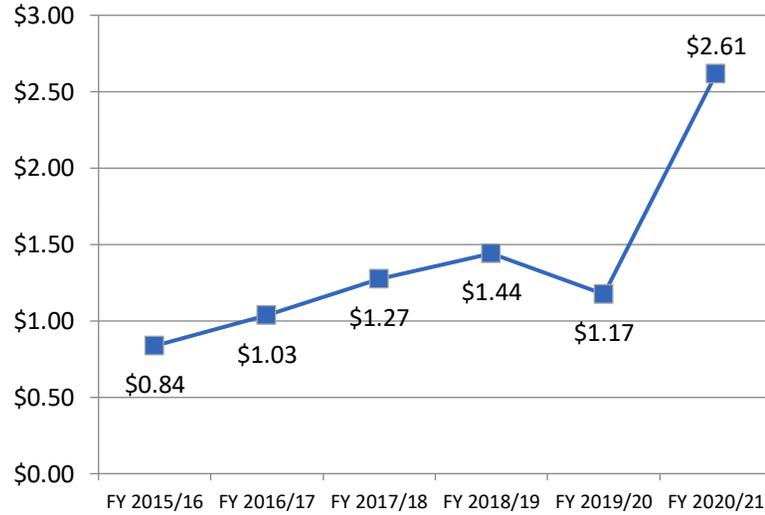


Exhibit 6.33 Demand-Response Fare/Passenger





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Chapter 7 | Functional Review

A functional review of Lake Transit Authority’s public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the LTA’s transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by LTA through its transit program:

- General management and organization;
- Service planning;
- Scheduling, dispatch, and operations;
- Personnel management and training;
- Administration;
- Marketing and public information; and
- Fleet maintenance.

Service Overview

Lake Transit Authority (LTA) operates six regional and inter-city fixed-routes linking Lake County with Napa and Mendocino counties, three local routes in Lower Lake and Clearlake, and one local route in Lakeport. The local fixed routes operate hourly. Service is offered from as early as 5:10 a.m. to as late as 8:50 p.m., depending on the route. Most routes operate Monday through Saturday. Routes 2, 4A, and 12 operate weekdays only.

Flex stops are not available in Dial-A-Ride areas. Local areas are defined as Clearlake, Lakeport, Lucerne, and Middletown. Regional fares are two or more local areas. “Senior” is defined as individuals 65 and older. Up to two children between 6 and 12 years old may receive discounted fares and up to two children age 5 and younger may ride free accompanied by an adult. Transfers can be requested when boarding.

Exhibit 7.1 Fixed-Route Fare Structure

	General Public	Discounted (ADA & Senior)
Local one-way fare	\$1.25	\$0.75
Local one-way fare with Flex stop	\$5.00	\$0.75
Regional one-way fare	\$2.25	\$1.50
Regional one-way fare with Flex stop	N/A	\$1.25
Mendocino and Napa County one-way fare	\$5.00	N/A
Punch Pass (good for \$11.00 in fares)	\$10.00	N/A
Monthly Unlimited Fast Pass (within Lake County)	\$40.00	N/A
System Weekly Pass	\$20.00	N/A
Summer Cruisin’ Pass (ages 7-18, regular routes, June 1-September 15, no Flex stops)	\$20.00	N/A



Exhibit 7.2 Demand-Response Fare Structure

	ADA & Elderly Discount
Same-Day Service	\$3.00
One Day Advance Reservation	\$2.50

LTA passes are available for purchase at North Shore Sentry Market & Deli, Lakeview Supermarket, Foods Etc. IGA, Bruno’s Shop Smart, Hardester’s Market, and at Lake Transit offices. System Weekly and Punch Passes are also available onboard the bus.

Response to COVID-19 pandemic

The COVID-19 pandemic had a significant effect on Lake Transit service, which was reduced significantly for several months. As of April 2022, LTA was still not back to full service. Ridership numbers continue to be much lower than pre-COVID. Ridership fell about 50 percent, with more than 90 percent on several routes. There was less impact in some areas with more transit-dependent riders. Alternate funding sources helped to balance out some of the lost fare revenues. LTA also took on some extra programs during COVID, including providing transportation to COVID clinics and meal delivery. The driver shortage and recruiting efforts have been a continued challenge. The program lost some drivers due to staff taking voluntary leave. LTA notes the lack of drivers as the main barrier to getting back to full operation.

General Management and Organization

Lake Transit Authority has no direct employees; all functions are contracted. Lake Transit Authority administration is provided under contract to Davey-Bates Consulting (DBC). The Executive Director of the Area Planning Council also serves as the Executive Director of LTA. Day-to-day operation of Lake Transit is provided under contract to Paratransit Services.

A significant amount of information is provided to the transit manager by the contractor for review on a monthly basis. Operating data is provided in a format created by LTA. In addition to the contractor’s monthly invoice, management receives reports regarding maintenance, service exceptions, quality of service (complaints), no-shows, dispatch, bus stop cleaning, road calls, pass sales, medical trips, ridership (including special programs), and vehicle status. Fuel and facility exterior maintenance are received as pass-through invoices.

While the program is organized effectively, there are certain times of year when the current staffing level is barely adequate. During other times it is very manageable. The environmental work for the new transit hub is contracted out, but grant administration is being handled in-house. Beginning October 1, 2022, DBC will be on the fourth year of a potential five-year contract extension. When the contract is renewed in 2024, the Executive Director will look at the structure of the agencies and possibly propose more staff as required to meet the current needs.

A new transit hub is planned for Clearlake using a \$13 million TIRCP grant. Four zero-emission buses (hydrogen-fueled) are included in the grant. The transit hub will have electric charging stations as well as a park and ride lot, waiting area, and park. Maintenance and fueling will remain at the current transit facility in Lower Lake, and the environmental document will determine the best location for the hydrogen fueling station. LTA feels the new transit hub will improve the look of LTA and better facilitate interregional travel. The project is currently in its environmental phase and should be under construction by 2024 or 2025.

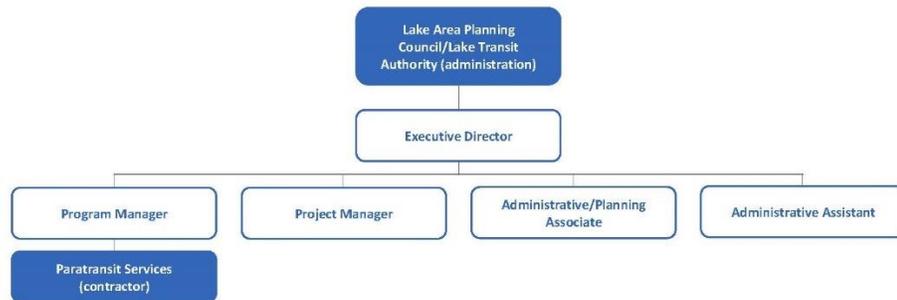


LTA anticipates transitioning to hydrogen buses as well as electric buses, as the range of electric buses would not be sufficient for the length of the routes. Electric buses are being considered for local routes in Clearlake and Lakeport. LTA hopes to eventually be able to provide a link between Clearlake and Interstate 5 using zero-emission vehicles. LTA will be hosting the Far North Transit Symposium in June 2022, with the goal of educating rural transit partners on zero-emission opportunities and technologies.

Lake Transit Authority was established through a joint powers agreement in 1996 between the cities of Clearlake and Lakeport as well as the County of Lake. The LTA is governed by a Board composed of eight members: two from each City, two from the County Board of Supervisors, and two at-large members appointed by the Board of Supervisors. Issues are typically addressed as they arise, so there are no specific areas of interest for the Board.

LTA has a positive and effective relationship with Caltrans.

Exhibit 7.3 Organizational Chart



Service Planning

LTA is responsible for service planning as well as some of the short and long-range planning. A separate contract, with Dow & Associates, provides the remainder of the planning services separate from program administration. The most recent Transit Development Plan and Marketing Plan was completed in 2015. APC issued a Request for Proposals for a Transit Development Plan update in February 2022. The TDP update is expected to be completed in early 2023.

The most recent rider survey was conducted in 2021. The survey encouraged public participation at the colleges and community. A fare-free program was introduced at the college, and LTA is looking for ways to continue that program even if the funding dries up. LTA is working with five other counties in Northern California to install contactless payment devices on the buses. This program is accompanied by six months of reduced fares to encourage people to ride so that LTA can gather data. Additional ridership surveys will be conducted as part of the TDP update.

Administration

The budgeting process starts with TDA allocation estimates, as TDA funding comprises the core of LTA’s revenue. Fare revenue is also fairly significant for a system of LTA’s size. LTA relies a lot on grants (with FTA Section 5311 being a major source). The operating budget is largely determined by the amount of grants. Management starts with the revenues and then sees how much service can be provided. Every



element of the program is contracted, so costs tend to be well-defined and known in advance, though fuel costs can vary.

Lake APC is in the process of transitioning from Excel to QuickBooks as the result of an audit finding. In addition, as more staff have gained more experience, there are more different levels of staff participating in the budgeting and grants process.

The draft budget is presented to LTA's Board concurrent with any recommended service changes. The Board may approve the budget right away, or may need to wait until after a public hearing can be conducted (if service changes are recommended). There are generally no mid-year adjustments, though there can be if necessary. Ongoing monitoring of budget versus actual is required by the majority of LTA's grant sources.

Grants management is handled by the Program Manager and Project Manager and overseen by the Executive Director. LTA is currently managing a number of grants, each of which requires extensive reporting, Requests for Reimbursement, etc. The Executive Director is concerned with LTA's ability to apply for more grant opportunities due to capacity.

Insurance coverage is somewhat piecemeal, as each contractor provides its own. The operations contractor carries a substantial amount of insurance which covers the vehicles and the transit facility. Other contractors provide their own coverage. Board members are covered by their appointing agencies.

Procurement is handled by LTA administrative staff. Buses are procured using the CalACT contract. LTA follows its procurement manual, where smaller purchases require three quotes and any item over \$150,000 must be procured through a Request for Proposals process.

LTA does not competitively procure fuel. This is due to a lack of fuel options in Lake County. While the issue was discussed approximately one year ago, there is really no other option beyond the vendor used by LTA, the County, waste management, and law enforcement. The vendor's facility offers good access for transit vehicles.

Marketing and Public Information

LTA manages all marketing and public relations for LTA, including printed schedule information, a Facebook page, and the LTA website. Surveys were conducted during the audit period targeting college students regarding the LTA's service to Mendocino College. The LTA website is used to communicate information about service changes as well as service changes due to emergency response. Brochures are distributed throughout the service area and on buses in hard copy, as well as digitally online. LTA's operations contractor also provides materials regarding intermittent schedule changes and cancellations.

Prior to the COVID-19 pandemic, LTA attended the county fair, national night out, job fairs, and other community events to promote the service. Some of those opportunities are starting to open back up. LTA recently participated in a community event with local schools, and continues to be involved with Rotary activities and an annual holiday food drive. LTA is actively involved in any projects it can be involved in.

Customer complaints (as well as compliments) received by the contractor are logged on a QSR report and reported to management on a monthly basis. Dispatchers receive calls and give them to the supervisor



on duty. Complaints are followed up on and investigated on an as-needed basis. Resolutions of complaints are also documented on the QSR report.

Scheduling, Dispatch, and Operations

The LTA transit service is contracted to Paratransit Services. LTA drivers, dispatchers, and maintenance staff are represented by Teamsters Local 665. Driver assignments are based on seniority, with bids occurring three times each year. All drivers receive the same training and certifications, which include a commercial license with a passenger endorsement. Some drivers will operate both modes during a single work week, but are limited to a single mode in any given day. Current staffing is slightly short, with 24 full-time drivers and two to four on-call part-time drivers (a fully staffed operation would have 24 full-time, 10 part-time, and several on-call drivers).

Absences are covered through a six-day work week. When an employee calls out, work is offered to drivers who are not scheduled to work that day based on seniority, according to LTA's labor agreement. Shifts must also meet the DOT requirements for hours worked.

Vehicle assignments are done by the dispatcher. LTA has a very diverse fleet, both in terms of vehicle type and size as well as service or vehicle funding source. Dispatch maintains a matrix identifying which vehicles are eligible to be used for which type of service. Some of the larger vehicles cannot access certain roads and are therefore scheduled on routes accordingly.

All buses are equipped with fareboxes. Drivers do not have access to the money. Drivers pull the locked fareboxes and place them in the vault room via a secure port. Vaults can be accessed from inside the room. The counting room is monitored by cameras and a security system. Two people are always present for cash counting. The operations contractor deposits fares and deducts them from the monthly invoice.

While mobile ticketing is not currently offered, LTA is working on a pilot program in conjunction with the state's integrated technology program (CalITP).

LTA participates in emergency preparedness activities as first responders. It recently purchased several generators to ensure continued operations in case of a power outage.

Personnel Management and Training

As part of its recruitment efforts, the contractor posts open positions on Facebook, classified sites, etc. They also post on the LTA's website and utilize tools such as a sandwich board and 12-foot flag outside the LTA administrative facility. When someone comes in for an application, staff take the time to talk to them. LTA is currently trying to get listed on CalJobs and actively recruits veterans. Job fairs are also a useful tool, though they have not been held during COVID. As an incentive, there is a referral bonus for current employees and a hiring bonus for new recruits.

Paratransit Services is constantly hiring. Pre-COVID, the majority of new hires started at part-time, and could apply for full-time when a position becomes available. Many part-time drivers are retired and prefer a part-time schedule. Recently, some drivers have been hired directly to full-time given the lack of part-time drivers.



The contractor was constantly recruiting even prior to COVID-19. It used to wait until there were bigger classes to start training, but classes are now started immediately even though they may be smaller. Nearly all new recruits require full training and licensing. Paratransit Services has two trainers who are fully certified through TSI and the National Safety Council, as well as certified to train in CPR. While the turnover rate is approximately six percent. Most turnover is with new recruits during the first year and due to drug testing and criminal backgrounds. Drug testing is a significant stumbling block, as recreational marijuana use is common in the region. Testing for commercial licenses is typically done by the Department of Motor Vehicles (DMV), though Paratransit Services has two staff certified for testing. Given DMV scheduling has been three to four weeks out, using the in-house testers helps them to get new drivers on the road faster.

Training includes more than 40 hours of classroom training and exceeds the state requirement of 20 hours of behind-the-wheel training. The standard of training is very high. Some DMV requirements have gotten stricter, so the trainers prepare recruits for everything. Training classes are also offered for recertification every year. Safety meetings are held on a quarterly basis. These often cover other safety issues such as human trafficking, customer service, sensitivity training, etc.

Both part-time and full-time employees receive state-required sick leave. Full-time employees are eligible for a standard benefits package, including paid vacation, paid holidays, 403(b) retirement plan, and health insurance.

The collective bargaining agreement includes a progressive discipline policy. The operations contractor has its own attendance policy.

Maintenance

LTA's maintenance program exceeds manufacturer's requirements. All buses are inspected monthly, while buses assigned to the longer routes are inspected weekly. Maintenance does not typically conflict with regular vehicle use, though it can if multiple buses are out on maintenance issues. Getting some of those buses swapped out can be a challenge.

The current operations and maintenance facility is sufficient, with 2 bays and enough lifts for each. Warranty work is tracked. Warranty work, electrical issues, major engine replacements, and major repairs are typically sent out.

The average age of the transit vehicles was about 4.7 years at the end of the audit period, with an average mileage of 146,000. Vehicle replacement is detailed in the Transit Asset Management (TAM) Plan, though funding sources are identified in the Transit Development Plan.

Daily Vehicle Inspection Reports (DVIRs) are completed daily, with small issues being addressed immediately. Otherwise the bus is pulled from service.

LTA maintains a sufficient parts inventory. However, getting parts can be a challenge in Lake County. LTA has a very diverse fleet, which means it must maintain a larger inventory. In addition, most parts cannot be received in a single day if they have to be ordered, though the contractor has identified a local shop that can provide same-day delivery of some common parts. Some parts may take several days to be received.



There is good communication between dispatch and maintenance. Any issues that affect vehicle scheduling go through the contractor’s project manager or operations supervisor.

Exhibit 7.4 LTA’s Transit Fleet

Vehicle #	Year	Make	Model	PAX	WC Positions	FY 2020/2021 Mileage
1104	2011	Glaval Bus	Universal	14	2	
1105	2011	Glaval Bus	Universal	14	2	
1107	2011	Glaval Bus	Universal	14	2	
1108	2011	Glaval Bus	Universal	14	2	
1301	2013	Glaval Bus	Universal	12	4	352,192
1302	2013	Glaval Bus	Universal	18	2	336,981
1303	2013	Glaval Bus	Universal	12	4	120,394
1304	2013	Glaval Bus	Legacy	30	3	283,951
1401	2014	Glaval Bus	Titan II	16	2	174,785
1402	2014	Glaval Bus	Legacy	27	3	238,371
1403	2014	Glaval Bus	Legacy	27	3	250,459
1404	2014	Glaval Bus	Legacy	27	3	301,528
1405	2014	Glaval Bus	Legacy	27	3	315,029
1501	2015	Glaval Bus	Legacy	29	2	177,060
1502	2015	Glaval Bus	Legacy	29	2	244,721
1601	2017	Glaval Bus	Legacy	27	3	82,401
1602	2017	Glaval Bus	Legacy	27	3	175,176
1701	2017	Goshen Coach	Impulse	18	2	155,632
1702	2017	Goshen Coach	Impulse	18	2	154,329
1703	2017	Goshen Coach	Impulse	18	2	118,764
1704	2017	Goshen Coach	Impulse	18	2	148,202
1705	2017	Goshen Coach	Impulse	18	2	149,988
1706	2017	Goshen Coach	Impulse	18	2	158,395
1707	2017	Goshen Coach	Impulse	18	2	144,687
1708	2017	Goshen Coach	Impulse	18	2	144,799
1709	2016	Mobility Ventures	MV1	6	2	31,602
1710	2016	Mobility Ventures	MV1	6	2	25,716
1711	2017	Glaval Bus	Legacy	27	3	97,720
1712	2017	Glaval Bus	Legacy	27	3	84,067
1713	2017	Glaval Bus	Legacy	27	3	169,279
1801	2019	Glaval Bus	Legacy	27	3	44,613
1901	2018	Ford	Transit	7	1	44,611
1902	2019	Starcraft	Allstar	7	3	24,056
1903	2019	Starcraft	Allstar	11	2	17,972
1904	2019	Glaval Bus	Commute	8	2	17,292
1905	2019	Glaval Bus	Commute	8	2	23,436
1906	2019	Glaval Bus	Commute	11	3	22,344



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Chapter 8 | Findings and Recommendations

Conclusions

With two exceptions, Moore & Associates finds Lake Transit Authority to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

Findings

Based on discussions with Lake Transit Authority staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. In FY 2018/19, LTA's State Controller Report was submitted after the established deadline.
2. In FY 2020/21, LTA's TDA fiscal audit was completed after the allowable deadline.

The audit team has identified one functional finding. While this finding is not a compliance finding, the audit team believes it warrants inclusion in this report:

2. The LTA does not use the TDA definition of full-time equivalent (FTE) employee for reporting to the State Controller.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the Lake Transit Authority's public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Compliance Finding 1: In FY 2018/19, LTA's State Controller Report was submitted after the established deadline.

Criteria: PUC 99243 requires operators receiving funding under Article 4 to submit their Financial Transaction Report to the State Controller within seven months of the end of the fiscal year.

Condition: In FY 2018/19, the LTA's State Controller Report was not submitted until February 10, 2020.

Cause: In FY 2018/19, oversight of LTA was transitioned from a third party to Lake APC, and during this period Lake APC was learning to manage both entities. As a result, the whole audit process ran late that year.

Effect: While the audit was ultimately submitted on time, the State Controller Report was 10 days late.



Recommendation: Ensure State Controller Reports continue to be submitted within the established timeframe.

Recommended Action: In the two years since the late submittal, State Controller Reports have been submitted on time. As a result, no further action is needed unless there is a significant change in the internal report development process.

Timeline: None.

Anticipated Cost: None.

Compliance Finding 2: In FY 2020/21, LTA’s TDA fiscal audit was completed after the allowable deadline.

Criteria: PUC 99245 requires all Article 4 recipients to submit an annual fiscal audit to the State Controller within 180 days of the end of the fiscal year. The RTPA has the authority to extend the deadline for another 90 days, typically to March 31.

Condition: In FY 2020/21, the Lake APC’s fiscal audit (which also includes the audit of the LTA) had not been completed at the time of this report.

Cause: The prior fiscal audit included a recommendation/deficiency regarding the implementation of QuickBooks. Lake APC has been working to resolve that deficiency, which has delayed completion of the audit. The audit is expected to be completed in late May 2022.

Effect: While the delay will not affect RTPA compliance (as the RTPA’s audit is due 12 months after the end of the fiscal year), it does result in late completion of the LTA’s audit.

Recommendation: Work with Lake APC’s auditors to ensure future audits are completed within the established timeframe for transit operators.

Recommended Action: Given timely submittal of TDA fiscal audits has not been an ongoing issue, it is likely this occurrence is an outlier. Should future deficiencies be identified that need to be resolved before a future audit, Lake APC should make sure it is addressing them early enough so that they can be implemented before the TDA fiscal audit is due. Otherwise, no further action is needed.

Timeline: None.

Anticipated Cost: None.

Functional Finding 1: The LTA does not use the TDA definition of full-time equivalent (FTE) employee for reporting to the State Controller.

Criteria: The State Controller, for its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of “employee” as total work hours divided by 2,000.



Condition: In its documentation for this audit, LTA provided a methodology for calculating FTE employees that met the TDA definition (work hours divided by 2,000). However, those figures were not used to complete the State Controller Reports during the audit period.

Cause: This disconnect between the calculation methodology and the actual reporting is generally the result of a lack of understanding as to how this data should be calculated.

Effect: Ultimately, this results in incorrect data being reported to the State Controller.

Recommendation: Ensure accurate full-time equivalent (FTE) employee data is used for reporting to the State Controller.

Recommended Action: Given LTA’s State Controller Report is typically prepared by the same accounting firm that prepares the fiscal audit, staff should ensure they both provide the proper FTE data to the accounting firm and confirm it has reported that data in the State Controller Report prior to its submittal.

Timeline: FY 2021/22.

Anticipated Cost: Negligible.

Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure State Controller Reports continue to be submitted within the established timeframe.	Low	None
2	Work with Lake APC’s auditors to ensure future audits are completed within the established timeframe for transit operators.	Low	None
Functional Recommendations		Importance	Timeline
1	Ensure accurate full-time equivalent (FTE) employee data is used for reporting to the State Controller.	Medium	FY 2021/22



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