



# **FY 2013-2015 Triennial Performance Audit of San Benito Local Transportation Authority**

Prepared for  
Council of San Benito County Governments

October 2016

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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 Council of San Benito County Governments (San Benito COG) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in San Benito County. This performance audit is conducted for the San Benito Local Transportation Authority (LTA or Authority) covering the most recent triennial period, fiscal years 2012–13 through 2014–15.

The purpose of the performance audit is to evaluate the Authority’s effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates the Authority’s compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the Authority is meeting the PUC’s reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a 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 management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

### Overview of the County and Transit System

San Benito County is located in the Coast Range region of Central California bordered by Santa Clara County to the north, Monterey County to the west and southwest, Santa Cruz County to the northwest, Merced County to the east, and Fresno County to the east and southeast. The county was named after the San Benito Valley and established in 1874 from parts of Monterey County. A demographic snapshot of key cities and the county is presented in Table I-1.

**Table I-1  
San Benito County Demographics**

<b>City/Jurisdiction</b>	<b>2010 US Census Population</b>	<b>Change from 2000 US Census</b>	<b>Population 65 Years &amp; Older</b>	<b>Land Area (in square miles)</b>
Hollister	34,928	1.5%	7.4%	7.3
San Juan Bautista	1,862	20.2%	11.9%	2.6
Total San Benito County	55,269	3.8%	9.7%	1,391

Source: 2010 US Census

Hollister is the county seat and the largest city in San Benito County. The county and its two incorporated cities saw modest growth between the 2000 and 2010 US Census. San Juan Bautista saw the highest percentage increase in population. The senior citizen population, comprising residents aged 65 and over, is 9.7 percent countywide. The 2016 population for San Benito County is estimated to be 56,648 as reported by the California Department of Finance.

Agriculture is the chief industry in San Benito County. Several important local industries, such as canning and food processing, are related to agriculture. Retail trade is the second largest industry in terms of employment. Other leading employment sectors in the county include manufacturing, construction, and educational services. Pinnacles National Monument became the fifty-first national park in January 2013. As a result, Pinnacles National Park is expected to draw visitors to the region.

Residential construction fueled economic growth as San Benito County provided affordable housing for commuters traveling to work in the Bay Area. Almost half of the workforce living within the county commutes to worksites in other counties, according to the US Census. Major highways traversing San Benito County include US 101 and State Routes (SR) 25, 33, 129, 146, and 156. SR 156 is the main east–west highway connecting the cities of Hollister and San Juan Bautista with US 101. SR 25 is the main north–south highway that runs through Hollister and also connects with US 101 in Gilroy. US 101 runs north–south through the western portion of the county adjacent to San Juan Bautista, providing connections to Gilroy, Salinas, and San Jose.

### Transit System Characteristics

The San Benito Local Transportation Authority administers several modes of public transit service in San Benito County with intercounty connections. Public transit was first established in March 1975 under the name of San Tran, which was administered and operated by the City of Hollister until March 1990. In June 1990, the Local Transportation Authority was created by the Cities of Hollister and San Juan Bautista and the County of San Benito to administer and operate a countywide public transit system. Fixed-route service was established in 1999 and branded under the name of County Express. County Express operates local fixed-route service in Hollister, an intercounty shuttle between San Benito and Santa Clara counties, general public Dial-a-Ride, and complementary ADA paratransit service. The local Hollister fixed route generally operates during peak hours and does not operate during the midday. County Express operations

are contracted to MV Transportation, with administration and planning duties performed by the Authority in coordination with San Benito COG.

County Express operates Monday through Friday from 4:40 a.m. to 8:30 p.m., and Saturdays and Sundays from 7:40 a.m. to 6:00 p.m., with the intercounty routes generally in service for the full hours of operations. There is a limited winter service schedule for Intercounty Gavilan College and local fixed route. County Express offers free shuttle service to the San Benito County Fair. The service does not operate on the following holidays: New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. County Express fixed-route services are summarized in Table I-2.

**Table I-2  
County Express Fixed-Route and Intercounty Services**

<b>Route</b>	<b>Frequency/Operation</b>	<b>Key Time points</b>
<b>Hollister – Blue</b>	<b>Monday through Friday</b> 10 trips 6:40 a.m. to 5:49 p.m. <i>No service between 9:06 a.m. and 2:13 p.m.</i>	<ul style="list-style-type: none"> <li>▪ Hazel Hawkins Memorial Hospital</li> <li>▪ Sunnyslope School</li> <li>▪ Vet’s Park</li> <li>▪ 4th &amp; San Benito</li> <li>▪ Mission Oaks</li> <li>▪ The Terraces</li> <li>▪ Tres Pinos &amp; Rancho</li> </ul>
<b>Hollister – Green</b>	<b>Monday through Friday</b> 14 trips 6:26 a.m. to 5:46 p.m. <i>No service between 11:00 a.m. and 2:11 p.m.</i>	<ul style="list-style-type: none"> <li>▪ Mabie Northside</li> <li>▪ Creekside Apartments</li> <li>▪ The Terraces</li> <li>▪ Mission Oaks</li> <li>▪ 4th &amp; San Benito</li> <li>▪ Vet’s Park</li> </ul>
<b>Hollister – Red</b>	<b>Monday through Friday</b> 9 trips 6:13 a.m. to 5:51 p.m. <i>No service between 11:15 a.m. and 2:10 p.m.</i>	<ul style="list-style-type: none"> <li>▪ Mabie Northside</li> <li>▪ Park &amp; Rancho</li> <li>▪ 4th &amp; San Benito</li> <li>▪ Post Office</li> <li>▪ DMV</li> <li>▪ San Benito &amp; Richardson</li> <li>▪ Hazel Hawkins Memorial Hospital</li> </ul>
<b>Intercounty – Caltrain</b> (new or updated changes effective September 6, 2016)	<b>Monday through Friday</b> 9 trips 4:40 a.m. to 8:35 p.m.	<ul style="list-style-type: none"> <li>▪ Vet’s Park (Hollister)</li> <li>▪ 4<sup>th</sup> &amp; San Benito (Hollister)</li> <li>▪ Caltrain Station (Gilroy)</li> </ul>
<b>Intercounty – Gavilan College</b> (new or updated changes effective September 6, 2016) There is one express route from Hollister to Gavilan College via SR 25.	<b>Monday through Friday</b> 9 trips 6:55 a.m. to 6:15 p.m.	<ul style="list-style-type: none"> <li>▪ Vet’s Park (Hollister)</li> <li>▪ 4th &amp; San Benito (Hollister)</li> <li>▪ 4th &amp; Miller (Hollister)</li> <li>▪ Abbe Park (San Juan Bautista)</li> <li>▪ Anzar H.S. (San Juan Bautista)</li> <li>▪ Gavilan College (Gilroy)</li> </ul>

Route	Frequency/Operation	Key Time points
Intercounty – Greyhound	Saturday & Sunday 4 trips 7:40 a.m. to 6:00 p.m.	<ul style="list-style-type: none"> <li>▪ Vet’s Park (Hollister)</li> <li>▪ 4th &amp; San Benito (Hollister)</li> <li>▪ 4th &amp; Miller (Hollister)</li> <li>▪ Abbe Park (San Juan Bautista)</li> <li>▪ Greyhound Station (Gilroy)</li> </ul>

Source: County Express website

### Dial-a-Ride

In addition to the fixed-route services described above, County Express provides general public Dial-a-Ride and ADA paratransit services. Dial-a-Ride is available within a service area that includes the Hollister city limits, San Juan Bautista, and the community of Tres Pinos as well as areas of unincorporated San Benito County. Hours of operation are Monday through Friday from 6:00 a.m. to 6:00 p.m. and weekends from 9:00 a.m. to 3:00 p.m. Reservations can be made up to 14 days in advance or the same day. Same-day trip requests are subject to a \$1.00 convenience fee. Weekend rides may only be scheduled between Monday at 9:30 a.m. and Friday at 4:00 p.m. the week of the ride. Advanced reservation service is available to the Southside and Sunnyslope areas of Hollister at a discounted rate.

### ADA Paratransit

County Express provides specialized ADA Paratransit service for persons with physical and cognitive disabilities unable to access the fixed-route service. ADA Paratransit is available for trips within 0.75 mile of the fixed-route service area. Passengers must be ADA-certified and meet the eligibility requirements of the LTA.

As part of the public transportation system, the LTA financially supports supplemental paratransit services through a contract with Jovenes de Antaño. Jovenes de Antaño (Youth of Yesteryear) is a local nonprofit organization that provides specialized paratransit service to seniors aged 60 and older and persons with disabilities. The service area encompasses most of San Benito County. Reservations are required at least two days in advance. An out-of-county non-emergency medical transportation service is available to facilities in Gilroy, Palo Alto, San Jose, Stanford, Salinas, and Monterey. Reservations for medical transportation must be made at least one week prior to the appointment. The service is funded through the Area Agency on Aging of San Benito and Santa Cruz Counties, the Council of San Benito County Governments, and LTA.

### Fares

The San Benito LTA accepts a variety of fare media such as cash, passes, tokens, and transfers. Monthly passes and tokens are available for purchase at the County Express administrative and operations offices in Hollister as well as by mail payable with a check or money order. The fares have been effective since July 2009. The fare structure for County Express and Jovenes de Antaño is summarized in Table I-3.

**Table I-3**  
**County Express and Jovenes de Antaño Fare Schedule**

Fare Media	General Public	Youth (ages 5–17)	Seniors (age 65+)	Disabled Persons
<b>Local Fixed-Route Service</b>				
One-Way Trip	\$1.00	\$0.75	\$0.75	\$0.75
10 Tokens	\$8.00	\$5.00	\$5.00	\$5.00
Monthly Pass	\$27.00	\$18.50	\$18.50	\$18.50
<b>Intercounty Service</b>				
One-Way Trip	\$2.00	\$1.25	\$1.25	\$1.25
10 Tokens	\$18.00	\$11.00	\$11.00	\$11.00
Monthly Pass	\$60.00	\$40.00	\$40.00	\$40.00
<b>General Public Dial-a-Ride</b>				
One-Way Trip	\$2.00	\$1.25	\$1.25	\$1.25
10 Tokens	\$18.00	\$11.00	\$11.00	\$11.00
<b>ADA Paratransit</b>				
Certified Passengers	—	—	—	\$1.25
Personal Care Attendant	Free	Free	Free	Free
Companion	\$1.25	\$1.25	\$1.25	\$1.25
<b>Southside &amp; Sunnyslope Services</b>				
	\$2.00	\$1.00	\$1.00	\$1.00
<b>Jovenes de Antaño</b>				
Zonal fare for out of county	—	—	\$1.25 one-way local \$4.00–\$10.00 round trip	

Source: County Express; Jovenes de Antaño

### Fleet

There were 20 vehicles in the County Express fleet during the audit period, an increase of about a third from the prior three-year period. The larger vehicles are diesel-powered and are used on the intercounty shuttles. All vehicles are wheelchair accessible with tie-downs in compliance with the Americans with Disabilities Act of 1990 (ADA). Table I-4 shows the vehicle fleet information.

**Table I-4**  
**County Express Transit Fleet**

Year	Make/Model	Quantity	Seating Capacity (WC-wheelchair)	Engine Type	Service Mode
2007	Ford Cutaway	1	12/2WC	Gas	Fixed Route
2007	Ford Cutaway	3	14/2WC	Gas	Fixed Route
2007	Blue Bird	1	23/2WC	Diesel	Gavilan
2008	Ford Cutaway	3	14/2WC	Gas	Dial-a-Ride
2008	Starcraft Allstar	3	14/2WC	Gas	Dial-a-Ride
2009	Glaval	2	23/2WC	Diesel	Gavilan
2010	Starcraft	3	14/2WC	Gas	Dial-a-Ride
2010	Starcraft	1	14/2WC	Gas	Fixed Route

Year	Make/Model	Quantity	Seating Capacity (WC-wheelchair)	Engine Type	Service Mode
2013	Dodge Caravan	2	5/1WC	Gas	Dial-a-Ride
2013	Glaval	1	28/3WC	Diesel	Gavilan
<b>Total</b>		<b>20</b>			

Source: San Benito LTA, fleet as of November 1, 2014

Jovenes de Antaño operates a fleet of six gasoline- and diesel-powered vehicles, which are owned and maintained by the LTA. The fleet varies in type and passenger capacity. All but one vehicle are wheelchair accessible with tie-downs in compliance with the ADA. Table I-5 summarizes the Jovenes de Antaño fleet.

**Table I-5**  
**Jovenes de Antaño Fleet**

Year	Make/Model	Quantity	Seating Capacity	Engine Type
2008	Ford Starcraft	1	12/2WC	Gas
2008	Chevrolet Uplander	1	5/1WC	Gas
2010	Glaval	1	16/2WC	Gas
2010	Braun Entervan	1	5/1WC	Gas
2013	Braun Transporter	1	10A	Gas
2013	Dodge Caravan	1	5/1WC	Diesel
<b>Total</b>		<b>6</b>		

Source: San Benito LTA, fleet as of November 1, 2014



## Section II

### Operator Compliance Requirements

This section of the audit report contains the analysis of the LTA’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, September 2008 (third edition)*, developed by Caltrans to assess transit operators. The guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements 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.

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
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><i>For County Express Services:</i></p> <p>FY 2013: October 18, 2013                      FY 2014: October 16, 2014                      FY 2015: October 19, 2015</p> <p><i>For Specialized Services:</i></p> <p>FY 2013: October 18, 2013                      FY 2014: October 17, 2014                      FY 2015: October 19, 2015</p> <p>Reports were filed electronically.</p> <p><b>Conclusion: Complied.</b></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	Public Utilities Code, Section 99245	As San Benito COG serves as the LTA, the audited fiscal data for the county transit system is included in the COG’s annual fiscal and compliance audit. The following fiscal audits were completed by JJACPA, Inc., a professional accounting services corporation:

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
allowed by law.		<p><b>San Benito County Local Transportation Authority</b>  FY 2013: December 5, 2013  FY 2014: December 2, 2014  FY 2015: December 9, 2015</p> <p><b>Conclusion: Complied.</b></p>
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator’s compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator’s terminal.	Public Utilities Code, Section 99251 B	<p>The San Benito LTA, through its contract operator, participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspections were conducted at the San Benito County Corporation Yard in Hollister: Inspection dates applicable to the audit period were July 6, 2012; June 5, 2013; and May 28, 2014. Inspections were found to be satisfactory. For the 2014 inspection, several vehicles exceeded their required inspection intervals.</p> <p>For Specialized Services, inspections were conducted at Jovenes de Antaño in Hollister: Inspection dates applicable to the audit period were October 1, 2012; November 1, 2013; November 6, 2014. Inspections were found to be satisfactory.</p> <p><b>Conclusion: Complied.</b></p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
The operator’s claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	As a condition of approval, the San Benito LTA’s annual claims for Local Transportation Funds and State Transit Assistance are submitted in compliance with the rules and regulations adopted by San Benito COG. This is evidenced by the adoption of a resolution by the COG Board approving the allocation of funds.  <b>Conclusion: Complied.</b>
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	This requirement is not applicable, as San Benito LTA serves a non-urbanized area.  <b>Conclusion: Not applicable.</b>
The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage increase/decrease in the San Benito LTA transit operating budget:  FY 2013: 1.9% FY 2014: 4.8% FY 2015: -2.2%  Source: San Benito LTA Budgets for FYs 2013–2015  <b>Conclusion: Complied.</b>
The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost,	Public Utilities Code, Section 99247	The San Benito LTA’s definition of performance is consistent with Public Utilities Code Section 99247. A review of trip sheets updated during the audit period

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
(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.		<p>indicates that correct performance data are being collected.</p> <p>The full-time equivalent (FTE) count in the supplemental operating section of the State Controller’s Report shows a total of 23 for County Express. Although this number exceeds the total staff at the contract operator, MV Transportation, additional staff that are properly included to comprise the FTE include LTA and COG administrative staff, a mechanic, and Jovenes de Antaño staff.</p> <p><b>Conclusion: Complied.</b></p>
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	<p>This requirement is not applicable, as San Benito LTA serves a non-urbanized area.</p> <p><b>Conclusion: Not applicable.</b></p>
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	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	<p>Operating ratios using audited data for San Benito LTA were as follows:</p> <p>FY 2013: 10.3%</p> <p>FY 2011: 9.9%</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
least equal to one-tenth (10 percent).		<p>FY 2015: 10.6%</p> <p>Source: Annual Fiscal and Compliance Audits</p> <p><b>Conclusion: Partial compliance.</b></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>The San Benito LTA contracts with a private provider for operations, while the cost of LTA staff’s retirement is fully funded under the California Public Employees’ Retirement System (CalPERS).</p> <p><b>Conclusion: Complied.</b></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>The San Benito LTA receives its operator revenue share of State Transit Assistance Funds and utilizes federal rural transit funds that are available to the LTA, as reported in the National Transit Database reports as follows:</p> <p>FY 2013: Operations (\$363,178) Capital (\$223,565)</p> <p>FY 2014: Operations (\$363,178)</p> <p>FY 2015: Operations (\$311,062)</p> <p><b>Conclusion: Complied.</b></p>

## **Findings and Observations from Operator Compliance Requirements Matrix**

1. Of the compliance requirements pertaining to San Benito LTA, the operator fully complied with eight of the nine applicable requirements. The operator was in partial compliance with attainment of its farebox recovery standard. Two additional compliance requirements did not apply to the LTA (e.g., intermediate farebox recovery ratio under PUC Section 99270.1 and urbanized farebox recovery ratio).
2. San Benito LTA is held to a 10 percent farebox standard. During the audit period, the farebox recovery ratio for the LTA was slightly below 10 percent in FY 2014, reaching 9.9 percent. For FYs 2013 and 2015, the farebox ratios were 10.3 and 10.6 percent, respectively. The average farebox ratio during the period was 10.3 percent.
3. Through its contract operators, the San Benito LTA participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period. For the May 2014 inspection, several County Express buses were found to exceed their required 3,000-mile or 45-day inspection intervals. One vehicle exceeded the inspection interval by over 27,000 miles and 300 days. In spite of the findings, the terminal received a satisfactory rating from the CHP. Also, for the November 2014 inspection of Jovenes de Antaño, the inspection found that one driver had entered an “on duty” time that was contrary to evidence showing being on duty a little earlier. Although this information was noted in the CHP report, the terminal received a satisfactory rating.
4. While the LTA claims for TDA funds have been approved by San Benito COG for the three-year period, the separate San Benito COG triennial performance audit noted that the TDA claim submittal package did not consistently include all required attachments identified in the claim sheet titled “Annual Verification of TDA Compliance to Accompany LTF and STA Claims for Transit and Streets and Roads Purposes.” These attachments include a signed cover sheet of the State Controller Transit Operator’s Financial Transactions Report, a description of the current fare structure, and reporting on efforts to implement the prior performance audit recommendations. Although the required documentation is available in other files maintained at the COG/LTA, it is recommended that a complete claim package with the attachments be assembled by the LTA prior to submittal to the COG.
5. The operating budget exhibited modest fluctuations during the audit period with increases no higher than 5 percent in any year. In FY 2015, the budget decreased by 2 percent due to reorganization of staffing and reclassification of positions including to part-time status.

## Section III

### Prior Triennial Performance Recommendations

The San Benito LTA'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 San Benito LTA's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

#### Prior Recommendation 1

Ensure both the LTA Transportation Planner and Administrative Services Specialist review the final State Controller's Report prior to submittal to State for data accuracy.

#### Actions taken by the San Benito LTA

A review of the State Controller's Reports submitted for the LTA during the previous audit period revealed discrepancies including the omission of full-time equivalent (FTE) data and information for farebox. It was recommended that both the LTA Transportation Planner and the Administrative Services Specialist review the data and jointly concur with its accuracy and completeness prior to submission to the State.

State Controller's Reports prepared for the current audit period show the inclusion of FTEs for County Express which complete the supplemental operations data section. Also, markups on draft reports show the corrections made by the Administrative Services Specialist to the financials to reconcile data. With turnover in the LTA Transportation Planner position the past few years, there may not have been opportunity for the planner to review the reports.

#### Conclusion

This recommendation has been implemented.

#### Prior Recommendation 2

Conduct an update of the SRTP that includes productivity goals and performance benchmarks.

#### Actions taken by the San Benito LTA

The previous Short Range Transit Plan (SRTP) was prepared and adopted in March 2008. An update to the plan was completed in February 2016 and titled Short and Long Range Transit Plan. The updated plan provided both a short-term and future operations plan in which one proposed strategy is to develop a flexibus service that combines elements of a fixed route with deviations covering outside of the direct bus route.

The SRTP update developed a performance measurement system that selects quantifiable, measurable, and attainable goals and objectives to define the direction taken by the LTA over the next five years and provide a foundation for the strategic plan. The suggested performance measurement system is designed around LTA's six goals and includes specific measures and quantifying standards to collect data and monitor system progress.

### Conclusion

This recommendation has been implemented.

### Prior Recommendation 3

Maximize use of new dispatching software and research its potential for integrating various functions such as tracking maintenance, customer service, vehicle location, and on-time performance.

### Actions taken by the San Benito LTA

During the previous audit period, the LTA acquired new dispatching software that will have the potential to enhance all facets of its transit operations. Many functions were being conducted manually such as dispatching, tracking on-time performance, and recording vehicle maintenance work orders.

Discussions with the bus contractor indicate that the software is in the process of being implemented. The recently completed Short and Long Range Transit Plan described that in advance of the introduction of the computerized RouteMatch scheduling and dispatch system, the LTA is currently requesting all ADA Paratransit users, along with general public Dial-a-Ride and Southside and Sunnyslope Area Discount Reservation Service users, to complete a registration form. The registration form gathers trip making and travel requirement data to be incorporated into the RouteMatch client and scheduling database. Implementation of RouteMatch scheduling and dispatch software would reduce the time required to record trip requests and prepare management reports. Dispatchers who would work with RouteMatch are experienced with their own current method of real-time trip assignment and use a database of client ride characteristics and habits to achieve high productivity. This practice would not be replaced by a computer-aided trip assignment process, as the software automation reduces the personal interaction aspects of paratransit. For the scale of County Express Dial-a-Ride, a component of manual assignment still makes sense behind the implementation of automated scheduling software.

### Conclusion

This recommendation has been partially implemented and is carried forward for full implementation.



## **Section IV**

### **TDA Performance Indicators**

This section reviews the San Benito LTA 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-4 provide the performance indicators for the San Benito LTA systemwide, fixed route, and Dial-a-Ride, as well as Jovenes de Antaño. Charts are also included to depict the trends in the indicators. It is noted that the systemwide operating costs and fare revenues are based on audited figures, while fixed-route and Dial-a-Ride costs and fare revenues are unaudited. The annual fiscal audits do not provide a modal breakdown.

**Table IV-1  
County Express TDA Performance Indicators  
Systemwide**

Performance Data and Indicators	Audit Period				% Change FY 2012– 2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$1,717,913	\$1,684,075	\$1,737,695	\$1,687,246	-1.8%
Total Passengers	124,399	117,018	120,004	126,555	1.7%
Vehicle Service Hours	22,926	21,487	22,652	22,574	-1.5%
Vehicle Service Miles	379,582	364,184	366,981	375,009	-1.2%
Employee FTEs	18	18	18	18	0.0%
Passenger Fares	\$175,687	\$173,970	\$172,504	\$179,835	2.4%
Operating Cost per Passenger	\$13.81	\$14.39	\$14.48	\$13.33	-3.5%
Operating Cost per Vehicle Service Hour	\$74.93	\$78.38	\$76.71	\$74.74	-0.3%
Operating Cost per Vehicle Service Mile	\$4.53	\$4.62	\$4.74	\$4.50	-0.6%
Passengers per Vehicle Service Hour	5.4	5.4	5.3	5.6	3.3%
Passengers per Vehicle Service Mile	0.33	0.32	0.33	0.34	3.0%
Vehicle Service Hours per Employee	1,273.7	1,193.7	1,258.4	1,254.1	-1.5%
Average Fare per Passenger	\$1.41	\$1.49	\$1.44	\$1.42	0.6%
Fare Recovery Ratio	10.23%	10.33%	9.93%	10.66%	4.2%

Source: Annual Fiscal & Compliance Audits for operating costs and fare revenue, Operations Reports, State Controller's Reports

**Table IV-2**  
**County Express TDA Performance Indicators**  
**Fixed Route**

Performance Data and Indicators	Audit Period				% Change FY 2012–2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$901,946	\$937,532	\$1,023,712	\$972,877	7.9%
Total Passengers	71,709	68,366	74,651	75,200	4.9%
Vehicle Service Hours	10,257	10,408	11,813	10,894	6.2%
Vehicle Service Miles	193,660	193,579	201,189	202,826	4.7%
Employee FTEs	9	9	9	9	0.0%
Passenger Fares	\$146,434	\$154,320	\$164,224	\$169,049	15.4%
Operating Cost per Passenger	\$12.58	\$13.71	\$13.71	\$12.94	2.9%
Operating Cost per Vehicle Service Hour	\$87.93	\$90.08	\$86.66	\$89.30	1.6%
Operating Cost per Vehicle Service Mile	\$4.66	\$4.84	\$5.09	\$4.80	3.0%
Passengers per Vehicle Service Hour	7.0	6.6	6.3	6.9	-1.3%
Passengers per Vehicle Service Mile	0.37	0.35	0.37	0.37	0.1%
Vehicle Service Hours per Employee	1,139.7	1,156.4	1,312.5	1,210.4	6.2%
Average Fare per Passenger	\$2.04	\$2.26	\$2.20	\$2.25	10.1%
Fare Recovery Ratio	16.24%	16.46%	16.04%	17.38%	7.0%

Source: Quarterly Operations Report, State Controller’s Reports

**Table IV-3  
County Express TDA Performance Indicators  
Dial-a-Ride**

Performance Data and Indicators	Audit Period				% Change FY 2012–2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$749,158	\$672,641	\$687,332	\$698,957	-6.7%
Total Passengers	52,690	48,652	45,353	51,355	-2.5%
Vehicle Service Hours	12,669	11,079	10,839	11,680	-7.8%
Vehicle Service Miles	185,922	170,605	165,792	172,183	-7.4%
Employee FTEs	9	9	9	9	0.0%
Passenger Fares	\$72,393	\$73,721	\$68,246	\$71,187	-1.7%
Operating Cost per Passenger	\$14.22	\$13.83	\$15.16	\$13.61	-4.3%
Operating Cost per Vehicle Service Hour	\$59.13	\$60.71	\$63.41	\$59.84	1.2%
Operating Cost per Vehicle Service Mile	\$4.03	\$3.94	\$4.15	\$4.06	0.7%
Passengers per Vehicle Service Hour	4.2	4.4	4.2	4.4	5.7%
Passengers per Vehicle Service Mile	0.28	0.29	0.27	0.30	5.2%
Vehicle Service Hours per Employee	1,407.7	1,231.0	1,204.3	1,297.8	-7.8%
Average Fare per Passenger	\$1.37	\$1.52	\$1.50	\$1.39	0.9%
Fare Recovery Ratio	9.66%	10.96%	9.93%	10.18%	5.4%

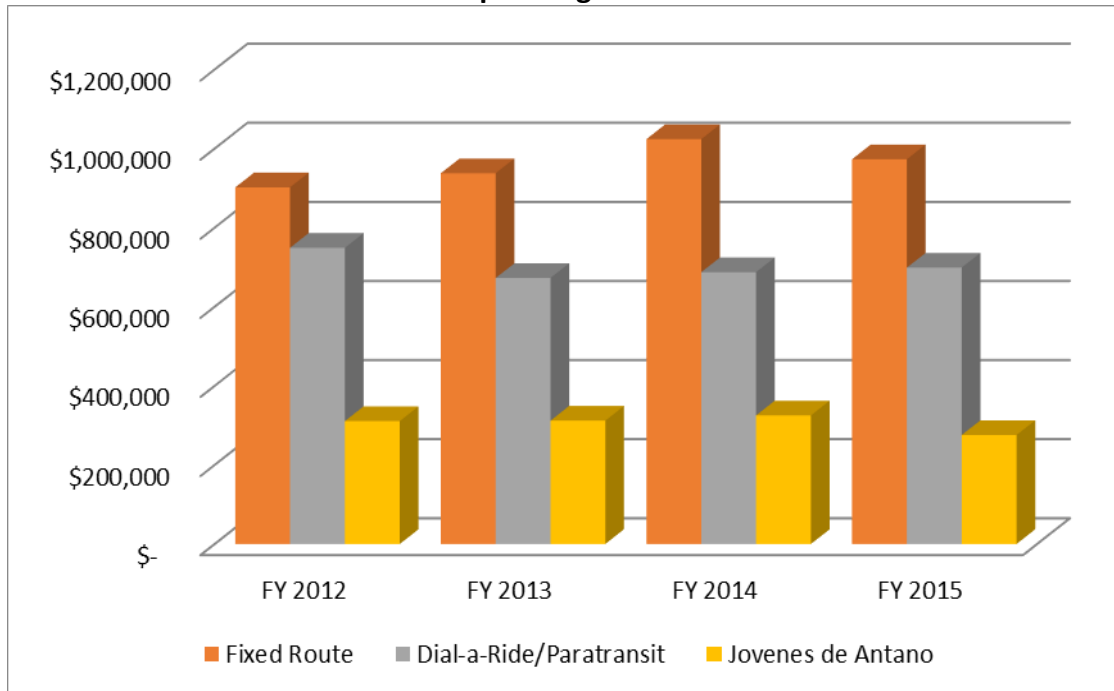
Source: Quarterly Operations Report, State Controller's Reports

**Table IV-4  
Jovenes de Antaño TDA Performance Indicators**

Performance Data and Indicators	Audit Period				% Change FY 2012– 2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$310,784	\$312,009	\$325,212	\$275,442	-11.4%
Total Passengers	17,015	16,710	16,992	17,036	0.1%
Vehicle Service Hours	6,955	6,911	7,734	7,132	2.5%
Vehicle Service Miles	101,117	90,781	130,220	102,519	1.4%
Employee FTEs	4	4	4	4	0.0%
Passenger Fares	\$5,826	\$7,713	\$4,255	\$4,426	-24.0%
Operating Cost per Passenger	\$18.27	\$18.67	\$19.14	\$16.17	-11.5%
Operating Cost per Vehicle Service Hour	\$44.68	\$45.15	\$42.05	\$38.62	-13.6%
Operating Cost per Vehicle Service Mile	\$3.07	\$3.44	\$2.50	\$2.69	-12.6%
Passengers per Vehicle Service Hour	2.4	2.4	2.2	2.4	-2.4%
Passengers per Vehicle Service Mile	0.17	0.18	0.13	0.17	-1.2%
Vehicle Service Hours per Employee	1,738.8	1,727.8	1,933.5	1,783.0	2.5%
Average Fare per Passenger	\$0.34	\$0.46	\$0.25	\$0.26	-24.1%
Fare Recovery Ratio	1.87%	2.47%	1.31%	1.61%	-14.3%

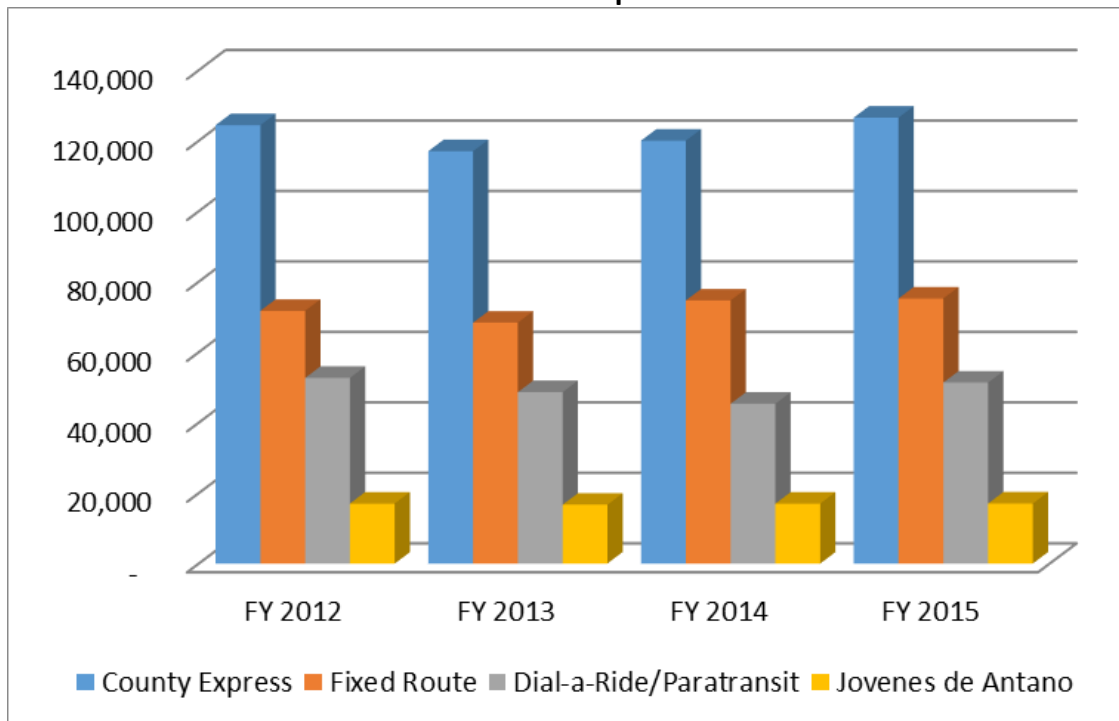
Source: State Controller's Reports Specialized Services

**Graph IV-1  
Operating Costs**

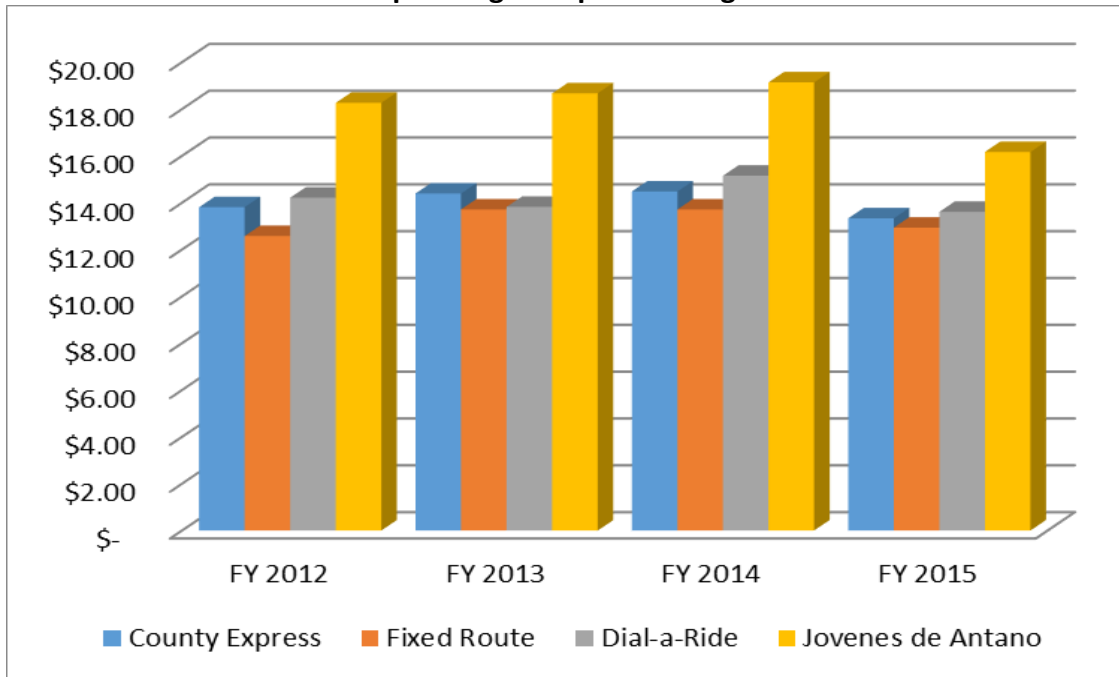


Note: Systemwide operating costs are drawn from audited data, while data by mode are unaudited.

**Graph IV-2  
Ridership**

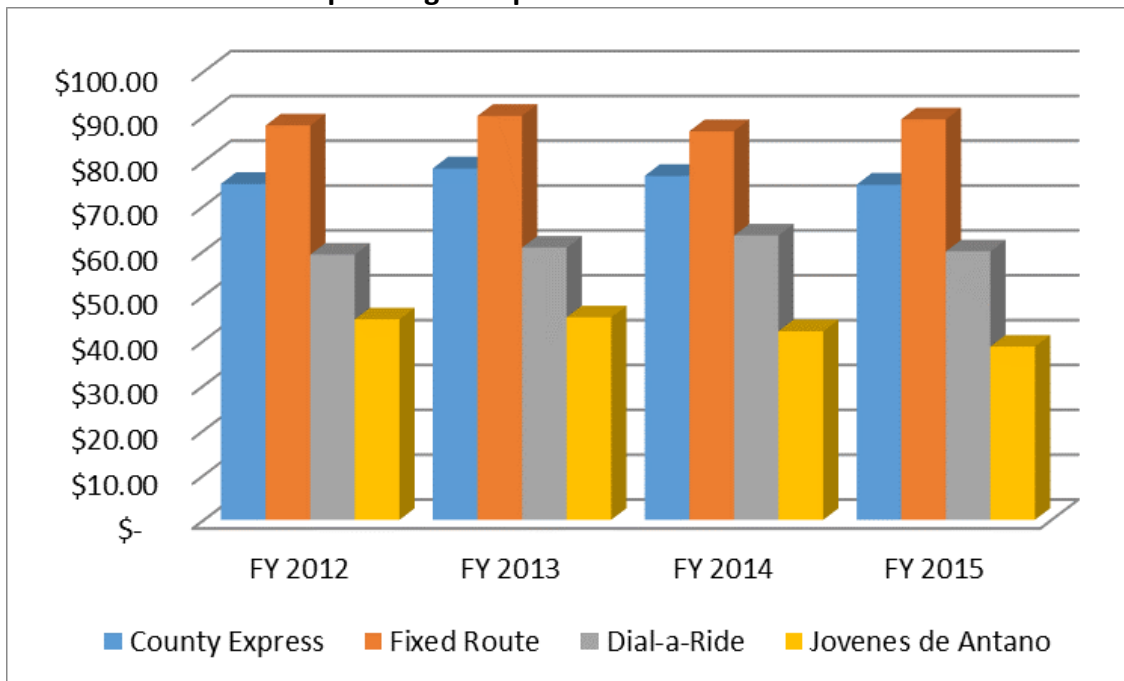


**Graph IV-3  
Operating Cost per Passenger**



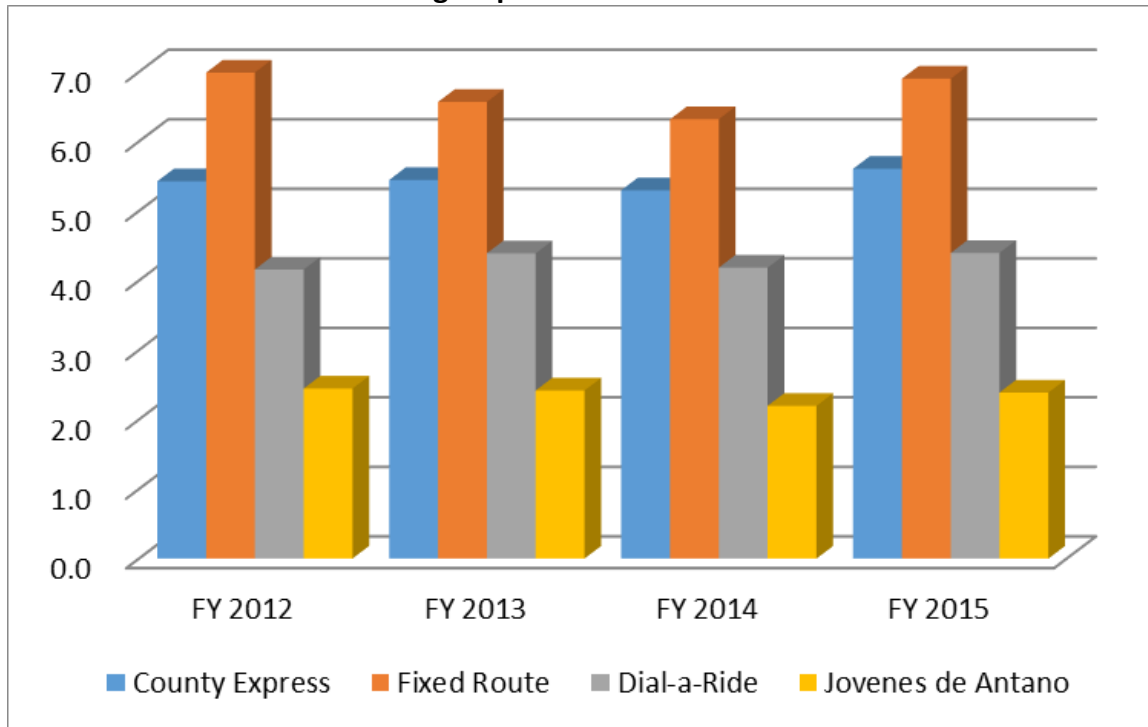
Note: Systemwide operating costs are drawn from audited data, while data by mode are unaudited.

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

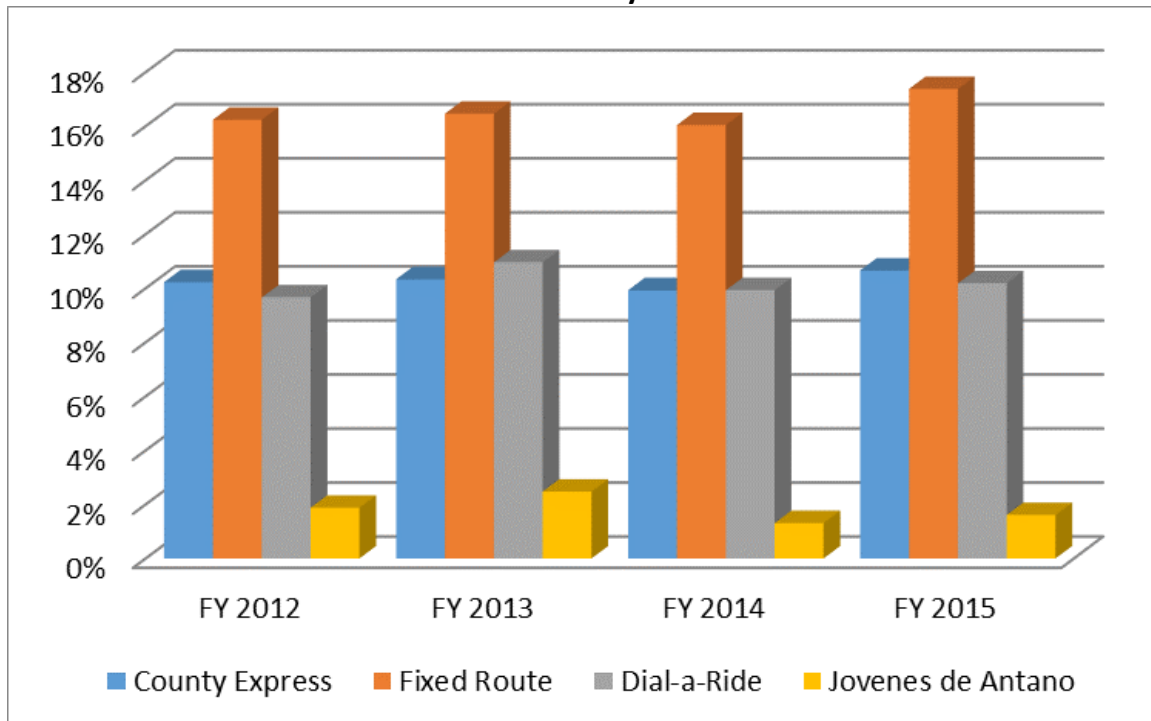


Note: Systemwide operating costs are drawn from audited data, while data by mode are unaudited.

**Graph IV-5**  
**Passengers per Vehicle Service Hour**



**Graph IV-6**  
**Fare Recovery Ratio**





## Findings from Verification of TDA Performance Indicators

1. Operating costs systemwide decreased 1.8 percent over the period based on audited data from the FY 2012 base year through FY 2015. Systemwide operating costs reflect exclusions from depreciation costs. Using unaudited data, fixed-route operating costs increased by 7.9 percent, whereas Dial-a-Ride operating costs decreased 6.7 percent. For Jovenes de Antaño, costs decreased 11.4 percent due to cuts in service to stay within budget.
2. Ridership increased 1.7 percent systemwide during the audit period. Fixed-route ridership increased 4.9 percent and Dial-a-Ride ridership decreased 2.5 percent. Ridership on Jovenes de Antaño was relatively stable. County Express ridership experienced some decline in FY 2013 but continued to climb in the remaining two audit years. This trend may include a small pattern of riders transitioning from Dial-a-Ride to fixed route.
3. The provision of revenue hours and miles exhibited slight decreases systemwide during the audit period. Systemwide, vehicle service hours decreased 1.5 percent and vehicle service miles decreased 1.2 percent. Fixed-route revenue hours and miles increased 6.2 and 4.7 percent, respectively, while Dial-a-Ride revenue hours and miles decreased 7.8 and 7.4 percent, respectively. Service hours and miles on Jovenes de Antaño increased slightly at 2.5 and 1.4 percent, respectively.
4. Operating cost per passenger decreased 3.5 percent systemwide. Cost per passenger increased by 2.9 percent on fixed route, while decreasing 4.3 percent for Dial-a-Ride. For Jovenes de Antaño, cost per passenger decreased 11.5 percent. The systemwide trends for this indicator reflect increases in overall ridership coupled with decreases in costs.
5. Operating cost per hour remained stable systemwide. The performance indicator exhibited an increase of 1.6 percent on the fixed route, whereas Dial-a-Ride saw its cost per hour increase 1.2 percent over the period. The cost per hour on Jovenes de Antaño decreased 13.6 percent. Both service hours and operating costs for County Express declined roughly the same rate systemwide, primarily from Dial-a-Ride.
6. Passengers per vehicle service hour systemwide exhibited an increase of 3.3 percent. The fixed route saw passengers per hour decrease by 1.3 percent, while Dial-a-Ride saw an increase of 5.7 percent. For Jovenes de Antaño, the decline was minimal at 2.4 percent. Systemwide the number of passengers per service hour increased from 5.4 passengers to 5.6 passengers during the audit period. The growth in ridership was in contrast to a decline in revenue hours.
7. The fare recovery ratio over the audit period increased slightly systemwide as both fixed-route and Dial-a-Ride fare ratios each showed some growth over the audit period. The

farebox recovery for Jovenes de Antaño declined as fare collection was less over the past few years. Jovenes de Antaño indicated that no fares can be charged for senior nutrition trips per federal regulations that provide subsidies to the service. Farebox recovery for fixed route increased 7.0 percent, while Dial-a-Ride increased 5.4 percent. Jovenes de Antaño saw its farebox recovery decrease 14.3 percent. The overall increase systemwide was 4.2 percent although there was year-over-year drop between FYs 2013 and 2014. The increase in systemwide passenger fare revenue was 2.4 percent during the three-year period.

## **Section V**

### **Review of Operator Functions**

This section provides an in-depth review of various functions within the San Benito Local Transportation Authority. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at the LTA and the contract operator's office at the County Corporation Yard in Hollister, and with Jovenes de Antaño:

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

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

#### **Operations**

The LTA made a number of service adjustments in an effort to control operating costs and sustain farebox recovery, and is implementing recommendations from the Short and Long Range Transit Plan to streamline services. Bus route times were modified to improve on-time performance and passenger loads. Due to high demand and overcrowding of buses on Gavilan College runs, additional intercounty service to the college was added including an express run straight from Hollister. Midday non-peak hours on the local Hollister local fixed route were eliminated including between 9 a.m. and 2 p.m. for the Blue Route, and between 11 a.m. and 2 p.m. for the Red and Green routes. During that time frame, general public Dial-a-Ride service is available to meet the service demand.

The LTA has demonstrated a commitment to implement technological upgrades. The Authority acquired a dispatching software program and is gradually integrating its functionality, but continues to rely on manual dispatch and scheduling methods as a tool for providing a personal touch to the riders. Operations data such as revenue hours are tracked by the contractor and compared with those produced by the software for validation of the program. The new RouteMatch system is network-based and has capability to reduce the time required to record trip requests and prepare management reports. In addition, a new radio system with GPS capability comes with new vehicles that have been purchased. Dispatcher duties encompass coordinating driver runs, answering service calls, and counting fare revenue. Drivers call into

dispatch at key timepoints on the fixed-route service and at every pickup on Dial-a-Ride. Since vehicles were equipped with drive cams, driving habits have shown improvement.

The LTA has contracted its transit services to MV Transportation since September 2000. The contract was renewed in 2010. The operations contract during the audit period became effective November 19, 2010, and was effective through December 31, 2015. The contract was renewed after the audit period.

MV Transportation provides an extensive monthly operations report to the LTA summarizing County Express operations. The monthly contractor report contains the billing invoice along with an hourly and daily ridership summary, hours, mileage, and fare revenue breakdown. The contractor tracks revenue hours and mileage according to mode. The ridership analysis section of the report provides a breakdown of fares sold by category as well as performance indicators.

Table V-1 provides the annual summary of Dial-a-Ride operations on County Express.

**Table V-1**  
**County Express Dial-a-Ride Operations**

Year	Cancellations	No-Shows	Turn Downs
2013	4,298	1,077	10
2014	3,085	910	3
2015	3,769	1,123	3

Source: County Express

The number of cancellations has generally decreased, while no-shows have fluctuated by decreasing and then increasing during the audit period. The number of turndowns (denials) declined, which is positive.

Fare collection and reconciliation procedures are handled by the contract operator. Fareboxes on the vehicles are equipped with vaults to collect fares. Two dispatchers including the project manager/dispatch supervisor count the fare revenues in an office equipped with cameras. Fares are deposited every other day at the San Benito County Treasurer. Reconciliation of revenues is based on the passenger trip data contained in the monthly reports. Tokens are reused and dropped off at the LTA office for resale.

### Personnel

LTA personnel comprise administrative, planning, and operations staff. In FY 2014–15, the LTA reorganized its staffing to streamline services and reduce costs. The final LTA budget proposed the following changes:

- Change Supervising Mechanic position to a Heavy Equipment Mechanic I, II, III
- Change Heavy Equipment Mechanic I position to part-time temporary position of Heavy Equipment Mechanic Assistant

- Add part-time temporary position of Transportation Planning Technician

Cost savings from the change in mechanic positions in turn funded the Transportation Planning Technician to assist on a range of reporting responsibilities. This frees up the Transportation Planner to pursue grant funds and implement projects.

The contractor, MV Transportation, employs one general manager, 17 drivers (14 full-time, 3 part-time including a weekend dispatcher/driver), and 2 full-time dispatchers (including a project manager/dispatch supervisor). There is no road supervisor. There is low staff turnover with about two new hires per year. The average seniority of drivers is about eight years with a gradual increase to ten years. Most of the long-term employees drive the morning runs and prefer to stay with their routes, which generally is beneficial in terms of familiarity with the riders and better customer service. Drivers and non-exempt employees are represented by the Service Employees International Union (SEIU), Local 521.

### Jovenes de Antaño

Jovenes de Antaño (JDA) is a local nonprofit organization that has been contracted by the LTA to provide specialized transportation services to seniors and persons with disabilities in the county. JDA provides specialized transportation services for out-of-county non-emergency medical trips which have increased in ridership. A separate senior nutrition program covers Hollister and San Juan Bautista. There is a fee for service on most runs except the nutrition program. JDA coordinates with County Express ADA service where certain trips that JDA does not provide, such as to hair appointments and church, are referred to the ADA Paratransit.

JDA employs five part-time drivers and one dispatcher/transportation coordinator. The executive director provides overall management and an accountant provides financial services. Drivers are required to have a valid Class B (with a passenger endorsement) commercial driver's license and a General Paratransit Passenger Vehicle (GPPV) certificate. According to JDA, workers compensation insurance premiums increased during the audit period.

The LTA owns the vehicles operated by JDA, with fuel and insurance costs covered by JDA. Fares are required to be turned in several times a week to the LTA. Per the operations contract with the LTA, the contractor is required to report any route problems, delays, detours, or road calls. Accidents are tracked in an incident report.

A growing number of passenger trips are more established for the same riders to medical destinations including Palo Alto, Stanford, Morgan Hill, Gilroy, and Hollister. Drivers carry cell phones for out-of-area trips. Most of these trips are for dialysis treatment in which an escort is needed. Out-of-area trip requests must be made a week in advance, while requests for local trips in Hollister can be made on the same day.

The vehicles are used for specific trips such as intracounty for medical trips and shopping, senior lunch program, dialysis appointments, and other out-of-county trips. One additional vehicle serves as backup.

The five-year contract between the LTA and JDA expired in December 2015, and the LTA extended the contract for an additional year. The contract is enforced on a calendar year basis. Required data reporting and operational monitoring by LTA is by fiscal year, presenting some timing inconsistencies for administration and oversight of the service. An allotted number of monthly service hours are provided under the contract for which JDA is reimbursed an hourly rate. The current hourly rate for the specialized service is based on the contract provisions. Also, the fares charged to passengers for JDA services have not been increased for over five years, despite more trips being provided to the outer parts of the service zone such as Palo Alto. This service trend places more operating cost constraints on JDA.

### **Maintenance**

The LTA vehicles are stored, maintained, and fueled at the San Benito County Corporation Yard located at 3240 Southside Road in Hollister. Maintenance costs are broken down according to modal service hours. Maintenance and fueling are provided by the LTA. The new dispatching software that the LTA recently procured contains a maintenance module.

The LTA maintenance facility contains two scissor jack lifts. There is also an outside wash rack. Vehicles classified as GPPV are subject to a 3,000-mile/45-day preventive maintenance inspection. For Jovenes de Antaño, vehicles undergo a 3,000-mile/90-day preventive maintenance inspection. Most work is performed on site, with the exception of electronic diagnostic work. The LTA maintains a limited vehicle parts inventory and most parts are procured from local vendors in Hollister. Several new vehicles were purchased during the audit period including buses and minivans.

LTA vehicles have received satisfactory terminal inspections from the CHP, although as described in the compliance section of this audit, several County Express buses were found to exceed their required 3,000-mile or 45-day inspection intervals for the May 2014 inspection.

### **Planning**

In FY 2012–13, San Benito COG/LTA received a Caltrans transportation planning grant to update its short-range and long-range transit plan from 2008. With the assistance of a consultant, an updated Short and Long Range Transit Plan was developed and completed in February 2016 to improve and enhance regional public transportation in the service area. The transit plan involved a thorough assessment of system performance and agency financial data. Plan development also provided different forums for community input and involvement to gain insight on each community's various needs. New goals for the current transit performance monitoring system more directly reflect the evolving system and address the LTA's new mission, vision, and values. When financial limitations were considered, three alternatives were developed for a short-term solution: the status quo, streamlining LTA's service delivery model through a deviated fixed-route system, and a pulsed fixed route. An operations and

implementation plan was created that integrates the various options for service improvements in the short and long term.

### **Marketing**

As part of its efforts to contain operating costs, the LTA has a small marketing budget. In spite of such constraints, the LTA continued to market its transit services through various types of media. The County Express website (<http://www.sanbenitocountyexpress.org/>) provides information on LTA services including route maps and schedules, Dial-a-Ride, trip planning, service updates, and links to social media sites such as Facebook and Twitter. The trip planner interactive tool is powered by Google Transit. Standard multi-ride passes and tokens are available for purchase at the LTA's offices located at 330 Tres Pinos Road, Suite C7 in Hollister as well as at the operations facility in the County Corporation Yard.

Transit services are also marketed through the local rideshare collaborative website (<http://sanbenitorideshare.org/bus/county-express/>). The website also contains links to the Google Transit trip planner and to the County Express social media pages. County Express provides free transit rides to unmet transit needs hearings as well as a free shuttle to the County Fair. Public outreach efforts have included the County Health Fair, Rideshare Month held in October, and the local high school job fair.

The LTA provides advertising space on three bus shelters, each containing two advertising sections. The advertising policy is found on the County Express website. Advertisements must follow County Express advertising policies and must be approved and signed off by the LTA before production.

Passenger complaints are received and recorded by the Transportation Planner at the LTA office onto a customer service form. The form is also used to record compliments and service suggestions.

Jovenes de Antaño produces a tri-fold brochure of its in-county and out-of-county transportation services. The brochure is printed in English and Spanish and lists the ride eligibility and types of trips, cost of the intracounty ride, and contact information for making a ride appointment. A separate fare schedule pamphlet for out-of-county medical trips identifies the zone and fare range using a map.

### **General Administration and Management**

The San Benito Local Transportation Authority is governed by a five-member Board of Directors. The Board is composed of two city council members from the City of Hollister, one city council member from the City of San Juan Bautista, and two members of the San Benito County Board of Supervisors. The Authority Board also functions as the San Benito COG Board. The Authority agenda packet includes a quarterly performance report update summarizing LTA operations,

trends, and notable events. As discussed earlier, LTA staff was reorganized in FY 2014–15 to streamline services and reduce costs.

### Grants Management

Grant funding allocated toward supporting transit services has been derived from local, state, and federal sources. Based on the National Transit Database submitted by the LTA during the audit period, the agency received \$363,178 and \$223,565 in federal operating and capital funds, respectively, in FY 2013. The fund sources included FTA Section 5311 for rural operations, and FTA Section 5310 in capital for transit vehicles with radios and dispatch software. The LTA received \$363,178 in federal operating funds in FY 2014 and \$311,062 in FY 2015.

STIP transit funding was acquired for the purchase of two buses (36-passenger and 28-passenger vehicles) and one minivan. The LTA has also applied for and received \$263,000 in Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) funds for bus stop shelters, fuel stations, and other operational enhancements.



## Section VI

### Findings

The following summarizes the major findings obtained from this triennial audit covering fiscal years 2013 through 2015. A set of recommendations is then provided.

#### **Triennial Audit Findings**

1. Of the compliance requirements pertaining to San Benito LTA, the operator fully complied with eight of the nine applicable requirements. The operator was in partial compliance with attainment of its farebox recovery standard. Two additional compliance requirements did not apply to the LTA (e.g., intermediate farebox recovery ratio under PUC Section 99270.1 and urbanized farebox recovery ratio).
2. San Benito LTA is held to a 10 percent farebox standard. During the audit period, the farebox recovery ratio for the LTA was slightly below 10 percent in FY 2014, reaching 9.9 percent. For FYs 2013 and 2015, the farebox ratios were 10.3 and 10.6 percent, respectively. The average farebox ratio during the period was 10.3 percent.
3. Through its contract operator, the San Benito LTA participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period. For the May 2014 inspection, several County Express buses were found to exceed their required 3,000-mile or 45-day inspection intervals. One vehicle exceeded the inspection interval by over 27,000 miles and 300 days. In spite of the findings, the terminal received a satisfactory rating from the CHP. Also, for the November 2014 inspection of Jovenes de Antaño, the inspection found that one driver had entered an “on duty” time that was contrary to evidence showing being on duty a little earlier. Although this information was noted in the CHP report, the terminal received a satisfactory rating.
4. The operating budget exhibited modest fluctuations during the audit period with increases no higher than 5 percent in any year. In FY 2015, the budget decreased by 2 percent due to reorganization of staffing and reclassification of positions including to part-time status.
5. Of the three prior audit recommendations, the LTA implemented two and partially implemented one recommendation. The recommendation partially implemented concerned integration of the new dispatching software for County Express. This process is ongoing, and the recommendation is carried over for full implementation.
6. Ridership increased 1.7 percent systemwide during the audit period. Fixed-route ridership increased 4.9 percent and Dial-a-Ride ridership decreased 2.5 percent. Ridership on Jovenes

de Antaño was relatively stable. County Express ridership experienced some decline in FY 2013 but continued to climb in the remaining two audit years.

7. The LTA made a number of service adjustments in an effort to control operating costs and sustain farebox recovery, and is implementing recommendations from the Short and Long Range Transit Plan to streamline services.
8. Due to high demand and overcrowding of buses on Gavilan College runs, additional intercounty service to Gavilan College was added including an express run straight from Hollister.
9. In FY 2014–15, the LTA reorganized its staffing to streamline services and reduce costs. Cost savings from the change in mechanic positions in turn funded the Transportation Planning Technician to assist on a range of reporting responsibilities. This frees up the Transportation Planner to pursue grant funds and implement projects.
10. A growing number of passenger trips for Jovenes de Antaño are more established for the same riders to medical destinations including Palo Alto, Stanford, Morgan Hill, Gilroy, and Hollister. Drivers carry cell phones for out-of-area trips. Most of these trips are for dialysis treatment in which an escort is needed.
11. With the assistance of a consultant, an updated Short and Long Range Transit Plan was developed and completed in February 2016 to improve and enhance regional public transportation in the service area. New goals for the current transit performance monitoring system more directly reflect the evolving system and address the LTA's new mission, vision, and values.
12. Grant funding allocated toward supporting transit services has been derived from local, state, and federal sources including federal operating and capital funds, STIP transit funding, and Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account funds for projects including vehicles, operations software, bus stop shelters, fuel stations, and other operational enhancements.

## Recommendations

### 1. Ensure proper calculation of farebox recovery in the annual fiscal audit.

The financial audit of San Benito COG/LTA does not provide a calculation of farebox recovery for County Express. With recent changes being made to the farebox calculation through new legislation (Senate Bill [SB] 508, October 2015), the audited farebox for County Express should reflect the aspects of the new law.

SB 508 rationalizes performance metrics, for example, by applying the same operating cost exemptions to both the farebox recovery ratio and the STA qualifying criteria. In addition, this bill clarifies a few terms that should help ensure expectations are applied uniformly to the transit operators.

Highlights of the bill are summarized below.

#### Farebox Recovery

- Revises definition of “local funds” to mean any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.
- Revises definition of “operating cost” to exclude principal and interest payments on capital projects funded with certificates of participation.
- Exempts startup costs for new transit services for up to two years.
- Exempts additional categories of expenditures from “operating cost” (cost increases above the Consumer Price Index for fuel, alternative fuel programs, power, insurance premiums and claims, and state and federal mandates).

The farebox recovery ratio calculated in the next annual TDA fiscal audit should account for these changes given that operator eligibility for TDA funds is determined in large part by the audited farebox ratio.

### 2. Submit complete TDA claim with requirement attachments.

The LTA TDA claim submittal package did not consistently include all required attachments identified in the claim sheet titled “Annual Verification of TDA Compliance to Accompany LTF and STA Claims for Transit and Streets and Roads Purposes.” These attachments include a signed cover sheet of the State Controller Transit Operator’s Financial Transactions Report, CHP inspection report, description of the current fare structure, and reporting on efforts to implement the prior performance audit recommendations. Although the required documentation is available in other files maintained at the COG/LTA, it is recommended that a complete claim package with the attachments be assembled by the LTA prior to submittal to the COG.

**3. Prioritize capital investment in additional technology to maximize operational efficiencies.**

The LTA currently has dispatching software that has the potential to enhance all facets of its transit operations. The software is currently being integrated into County Express dispatch and scheduling. The Short and Long Range Transit Plan identified mobile data terminals (MDTs) or computer tablets for installation in all vehicles. MDTs in combination with computerized scheduling software are a natural expansion of transit technology. They enable dispatchers to easily make real-time adjustments to drivers' schedules, and enable drivers to enter trip information in real time. MDTs also create staff efficiencies by removing the cumbersome and often error-laden process of reconciling manual driver logs with dispatch records.

The recent reorganization of LTA is an opportunity for transportation planning staff to pursue grant funding for expanding complementary devices that would improve the delivery of transit service and enhance customer service.