



**SBCOG**

*Council of  
San Benito  
County Governments*

**FY 2016-2018  
Triennial Performance Audit  
of San Benito County  
Local Transportation Authority**

Prepared for  
Council of San Benito County Governments

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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 2015–16 through 2017–18.

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

The 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 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.

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**

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census %	Population 65 Years & Older % (2010 US Census)	2019 DOF Population Estimates	Land Area (in square miles)
Hollister	34,928	1.5%	7.4%	40,149	7.3
San Juan Bautista	1,862	20.2%	11.9%	2,081	2.6
Unincorporated Area	18,479	6.9%	13.9%	20,066	1,381.1
Total San Benito County	55,269	3.8%	9.7%	62,296	1,391

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

The City of Hollister is the county seat and largest city. The county and its two incorporated cities saw modest growth between the 2000 and 2010 US Censuses. 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 2019 population for San Benito County is estimated to be 62,296 as reported by the state 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 59th national park in January 2013. As a result, Pinnacles National Park was expected to draw more 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 in 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 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

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 Americans with Disabilities Act of 1990 (ADA) compliant 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 5:30 a.m. to 8:30 p.m.; Saturdays from 7:40 a.m. to 6:00 p.m.; 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 summer service schedule for the 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>▪ Health Foundation</li> <li>▪ Mission Oaks</li> <li>▪ The Terraces</li> <li>▪ Tres Pinos &amp; Rancho</li> <li>▪ Kmart</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> <li>▪ Sunnyslope School</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>▪ Target</li> <li>▪ Safeway</li> <li>▪ Vet’s Park</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 January 28, 2019)	<b>Monday through Friday</b> 9 trips 4:40 a.m. to 8:35 p.m. (audit period thru January 27, 2019) 5:00 a.m. to 8:50 p.m. (effective January 28, 2019)	<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
		▪ Caltrain Station (Gilroy)
<b>Intercounty – Gavilan College</b> (new or updated changes effective January 28, 2019)	<b>Monday through Friday</b> 9 trips 6:55 a.m. to 6:15 p.m. (audit period thru January 27, 2019) 6:55 a.m. to 8:50 p.m. (effective January 28, 2019)	▪ Vet’s Park (Hollister) ▪ 4th & San Benito (Hollister) ▪ 4th & Miller (Hollister) ▪ Abbe Park (San Juan Bautista) ▪ Anzar H.S. (San Juan Bautista) ▪ Gavilan College (Gilroy)
<b>Intercounty – Greyhound</b>	<b>Saturday and Sunday</b> 4 trips 7:35 a.m. to 6:05 p.m.	▪ Vet’s Park (Hollister) ▪ 4th & San Benito (Hollister) ▪ 4th & Miller (Hollister) ▪ Abbe Park (San Juan Bautista) ▪ Greyhound Station (Gilroy)

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. General public Dial-a-Ride is available weekdays from 11:00 a.m. to 2:00 p.m. Individuals with trips that begin or end beyond 0.75 miles of the Hollister fixed-route bus service area are eligible for Dial-A-Ride service on weekdays. 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 miles 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 (Youth of Yesteryear), 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, San Benito COG, and LTA.

Fares

The 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 (age 60+)</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 21 vehicles in the County Express fleet during the audit 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 ADA. Table I-4 shows the vehicle fleet information.

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

Year	Make/Model	Quantity	Seating Capacity (WC-wheelchair)	Fuel Type	Service Mode
2007	Blue Bird	1	23/2 WC	Diesel	Gavilan
2008	Starcraft Allstar	4	12/2 WC	Gas	Dial-a-Ride/Fixed Route
2008	Ford Cutaway	1	12/2 WC	Gas	Dial-a-Ride/Fixed Route
2008	Glaval Titan	1	28/2 WC	Diesel	Gavilan
2010	Starcraft Allstar	2	14/2 WC	Gas	Dial-a-Ride/Fixed Route/Gavilan
2013	Glaval Universal	1	12/2 WC	Gas	Dial-a-Ride
2013	Glaval Freightliner	1	28/3 WC	Diesel	Gavilan
2013	Dodge Caravan	1	5/1 WC	Gas	Dial-a-Ride
2016	Glaval Universal	3	16/2 WC	Gas	Dial-a-Ride
2016	Glaval Universal	1	12/2 WC	Gas	Dial-a-Ride
2016	Glaval Legacy	2	32/2 WC	Diesel	Gavilan
2018	Starcraft Allstar	3	12/2 WC	Gas	Dial-a-Ride
<b>Total</b>		<b>21</b>			

Source: San Benito LTA Vehicle Inventory, October 2018

Jovenes de Antaño operates a fleet of seven gasoline-powered vehicles, which are owned and maintained by the LTA. The fleet varies in type and passenger capacity. All vehicles are wheelchair accessible with tie-downs in compliance with the ADA. The 2008 Chevy Uplander was designated to be salvaged in December 2017. Table I-5 summarizes the Jovenes de Antaño fleet.

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

Year	Make/Model	Quantity	Seating Capacity (WC-wheelchair)	Fuel Type
2008	Starcraft Allstar	1	12/2 WC	Gas
2008	Chevrolet Uplander	1	5/1 WC	Gas
2010	Glaval Universal	1	16/2 WC	Gas
2010	Braun Entervan	1	5/1 WC	Gas
2013	Starcraft Allstar	1	16/2 WC	Gas
2013	Dodge El Dorado	1	5/1 WC	Gas
2013	Braun Entervan	1	5/1 WC	Gas
<b>Total</b>		<b>7</b>		

Source: San Benito LTA Vehicle Inventory, October 2018



## 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 *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 PUC 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.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	<p>Completion/submittal dates:</p> <p><i>For County Express Services:</i></p> <p>FY 2016: October 18, 2016                      FY 2017: January 9, 2018*                      FY 2018: January 30, 2019*</p> <p><i>For Specialized Services:</i></p> <p>FY 2016: October 18, 2016                      FY 2017: January 9, 2018*                      FY 2018: January 30, 2019*</p> <p>*Note: New state legislation was passed (AB 1113, Bloom) on July 21, 2017, that changes the timeline to submit the annual Transit Operators Financial Transaction Reports to the State Controller effective reporting year FY 2017. The submittal date has been extended from within 110 days after fiscal year end to 7 months after fiscal year end, or end of January. This is an</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p>extension of about 100 days from the original deadline. With the change in dates, these reports are required to contain underlying data from audited financial statements.</p> <p><b>Conclusion: Complied.</b></p>
<p>The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.</p>	<p>Public Utilities Code, Section 99245</p>	<p>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:</p> <p><b>San Benito County Local Transportation Authority</b>                      FY 2016: November 28, 2016                      FY 2017: December 6, 2017                      FY 2018: December 18, 2018</p> <p><b>Conclusion: Complied.</b></p>
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator’s compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator’s terminal.</p>	<p>Public Utilities Code, Section 99251 B</p>	<p>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 April 27, 2016; April 10 and 11, 2017; and May 1,</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p>2018. Inspections were found to be satisfactory.</p> <p>For specialized services, inspections were conducted at Jovenes de Antaño, 300 West Street in Hollister: Inspection dates applicable to the audit period were March 2, 2017; November 15, 2017; and November 21, 2018. Inspections were found to be satisfactory.</p> <p><b>Conclusion: Complied.</b></p>
<p>The operator’s claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.</p>	<p>Public Utilities Code, Section 99261</p>	<p>As a condition of approval, the LTA’s annual claims for Local Transportation Funds (LTF) and State Transit Assistance (STA) funds 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.</p> <p><b>Conclusion: Complied.</b></p>
<p>If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.</p>	<p>Public Utilities Code, Section 99270.1</p>	<p>This requirement is not applicable, as San Benito LTA serves a non-urbanized area.</p> <p><b>Conclusion: Not applicable.</b></p>
<p>The operator’s operating budget has not increased by more than 15% over the</p>	<p>Public Utilities Code, Section 99266</p>	<p>Percentage increase/decrease in the San Benito LTA transit operating budget:</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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).		<p>FY 2016: +1.6%</p> <p>FY 2017: +2.7%</p> <p>FY 2018: -1.9%</p> <p><i>Source: San Benito LTA Budgets for FYs 2015–2018</i></p> <p><b>Conclusion: Complied.</b></p>
The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	<p>San Benito LTA’s definition of performance is consistent with PUC Section 99247. A review of trip sheets updated during the audit period indicates that correct performance data are being collected.</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>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	<p>Operating ratios using audited data for San Benito LTA were as follows:</p> <p>FY 2016: 9.52%                      FY 2017: 9.20%                      FY 2018: 8.60%</p> <p><i>Source: Annual Fiscal and Compliance Audits</i></p> <p><b>Conclusion: Not in 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>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>San Benito LTA receives its operator revenue share of STA 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 2016: \$295,228 (Operations)                      FY 2017: \$298,186 (Operations)                      FY 2018: \$304,997 (Operations)</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 not in compliance with regard to farebox recovery attainment. 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. For FY 2016, LTA had a farebox recovery ratio of 9.52 percent. For FYs 2017 and 2018, the farebox ratios were 9.20 and 8.60 percent, respectively. The average farebox ratio during the period was 9.11 percent.
3. Through its contract operators, 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.
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. The claim submittals provided for review included the claim forms, annual project and financial plan, resolution, CHP inspection report, and a description of the current fare structure. A complete claim package submittal would include a checklist, LTF/STA claim forms, annual financial plan/budget, productivity improvement plan, CHP inspection report, status of prior performance audit recommendations and a Statement of Assurances. 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. The budget increased 1.6 percent in FY 2016 and 2.7 percent in FY 2017. The budget increases were followed by a 1.9 percent decrease in FY 2018. The increases were attributed to higher contract and services expenditures.

## Section III

### Prior Triennial Performance Recommendations

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 proper calculation of farebox recovery in the annual fiscal audit.

*Background:* The prior audit found that the financial audit of San Benito COG/LTA did 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. It was suggested that the farebox recovery ratio calculated in subsequent annual TDA fiscal audits account for these changes given that operator eligibility for TDA funds is determined in large part by the audited farebox ratio.

#### Actions taken by San Benito LTA

The annual fiscal and compliance audits of the LTA are included with the fiscal audit for San Benito COG. The fiscal auditor includes a "Statement of Net Position" and a "Statement of Revenues, Expenses and Changes in Fund Net Position" for the LTA. Although calculation of farebox recovery can be derived from the operating revenues and expenditures shown in the latter statement, the fiscal audit still does not provide a proper calculation of farebox recovery.

As was presented in this recommendation, the revenues and expenditures should better reflect the allowances and exemptions pursuant to SB 508, which revised the definition of "local funds" and "operating cost." A proper farebox calculation would reflect the inclusion of locally generated revenues such as local Measure G, advertising, and real estate income as well as exemption for new transit services for up to two years and principal and interest payments on capital project. In addition, LTA passenger fare revenues reported in the fiscal audit are inclusive of Jovenes de Antaño generated revenue. It is suggested that the role of special transportation services be clarified in the audit reporting.

### Conclusion

This recommendation has not been implemented and is carried forward for full implementation.

### Prior Recommendation 2

Submit complete TDA claim with requirement attachments.

*Background:* The prior audit found that the LTA's 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 included 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 was recommended that a complete claim package with the attachments be assembled by the LTA prior to submittal to the COG.

### Actions taken by San Benito LTA

A review of the TDA claim submittal packages for the LTA found that all the required attachments were not being included. The claim submittals provided for review included the claim forms, annual project and financial plan, resolution, CHP inspection report, and a description of the current fare structure. A complete claim package submittal would include a checklist, LTF/STA claim forms, annual financial plan/budget, productivity improvement plan, CHP inspection report, status of prior performance audit recommendations, and a Statement of Assurances. It is recommended that the LTA include all aforementioned elements with its annual TDA claim.

### Conclusion

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

### Prior Recommendation 3

Prioritize capital investment in additional technology to maximize operational efficiencies.

*Background:* The prior audit noted that the LTA had dispatching software with the potential to enhance all facets of its transit operations. The software was 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.

Technology upgrades were cited as 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.

#### Actions taken by San Benito LTA

The LTA has worked diligently to implement this recommendation. Utilizing a Caltrans transportation planning grant, the Authority completed a Transit ITS Plan to help prioritize technology projects that would be funded with Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) funds. A recently implemented technology project completed using PTMISEA funding involved the implementation of RouteMatch MDTs for the LTA's Dial-a-Ride and ADA Paratransit fleet. The contract operator is seeking to optimize RouteMatch so that it can be used to its fullest potential. As a means to optimize and clean up the data on RouteMatch, the LTA has implemented the Transit Miner software program. Transit Miner operates on a cloud-based platform and leverages data already accessible in RouteMatch, instantly transforming it into actionable information. The platform provides a complete picture of key performance metrics including historical, real time, and future.

#### Conclusion

This recommendation has been implemented.

## **Section IV**

### **TDA Performance Indicators**

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

Tables IV-1 through IV-4 provide the performance indicators for the San Benito LTA system-wide, fixed route, and Dial-a-Ride, as well as Jovenes de Antaño. Graphs are also included to depict the trends in the indicators. It is noted that the system-wide 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  
System-wide**

Performance Data and Indicators	Audit Period				% Change FY 2015- 2018
	FY 2015	FY 2016	FY 2017	FY 2018	
Operating Cost	\$1,687,246	\$1,665,056	\$1,752,069	\$1,810,997	7.3%
Total Passengers	125,058	112,280	110,460	109,041	-12.8%
Vehicle Service Hours	22,574	22,515	22,920	23,207	2.8%
Vehicle Service Miles	375,009	363,965	372,267	370,188	-1.3%
Employee FTEs	18	18	18	18	0.0%
Passenger Fares	\$179,835	\$158,460	\$161,126	\$155,747	-13.4%
Operating Cost per Passenger	\$13.49	\$14.83	\$15.86	\$16.61	23.1%
Operating Cost per Vehicle Service Hour	\$74.74	\$73.95	\$76.44	\$78.04	4.4%
Operating Cost per Vehicle Service Mile	\$4.50	\$4.57	\$4.71	\$4.89	8.7%
Passengers per Vehicle Service Hour	5.5	5.0	4.8	4.7	-15.2%
Passengers per Vehicle Service Mile	0.33	0.31	0.30	0.29	-11.7%
Vehicle Service Hours per Employee	1,254.1	1,250.8	1,273.3	1,289.3	2.8%
Average Fare per Passenger	\$1.44	\$1.41	\$1.46	\$1.43	-0.7%
Fare Recovery Ratio	10.66%	9.52%	9.20%	8.60%	-19.3%

Source: Annual Fiscal & Compliance Audits for operating costs and fare revenue; Quarterly Operations Report; State Controller Reports

**Table IV-2  
County Express TDA Performance Indicators  
Fixed Route (Local & Commuter)**

Performance Data and Indicators	Audit Period				% Change FY 2015- 2018
	FY 2015	FY 2016	FY 2017	FY 2018	
Operating Cost	\$898,289	\$663,559	\$744,145	\$764,472	-14.9%
Total Passengers	74,397	68,580	69,481	67,227	-9.6%
Vehicle Service Hours	10,894	11,243	12,024	11,846	8.7%
Vehicle Service Miles	202,826	205,161	218,518	208,382	2.7%
Employee FTEs	9	9	9	9	0.0%
Passenger Fares	\$103,750	\$95,410	\$97,353	\$91,175	-12.1%
Operating Cost per Passenger	\$12.07	\$9.68	\$10.71	\$11.37	-5.8%
Operating Cost per Vehicle Service Hour	\$82.45	\$59.02	\$61.89	\$64.54	-21.7%
Operating Cost per Vehicle Service Mile	\$4.43	\$3.23	\$3.41	\$3.67	-17.2%
Passengers per Vehicle Service Hour	6.8	6.1	5.8	5.7	-16.9%
Passengers per Vehicle Service Mile	0.37	0.33	0.32	0.32	-12.0%
Vehicle Service Hours per Employee	1,210.5	1,249.2	1,336.0	1,316.2	8.7%
Average Fare per Passenger	\$1.39	\$1.39	\$1.40	\$1.36	-2.7%
Fare Recovery Ratio	11.55%	14.38%	13.08%	11.93%	3.3%

Source: National Transit Database; Quarterly Operations Report; State Controller Reports

**Table IV-3  
County Express TDA Performance Indicators  
Demand Response (Dial-a-Ride & Paratransit)**

Performance Data and Indicators	Audit Period				% Change FY 2015-2018
	FY 2015	FY 2016	FY 2017	FY 2018	
Operating Cost	\$963,048	\$888,913	\$984,488	\$1,041,423	8.1%
Total Passengers	50,661	43,700	40,979	41,814	-17.5%
Vehicle Service Hours	11,680	11,272	10,896	11,362	-2.7%
Vehicle Service Miles	172,183	158,804	153,749	161,806	-6.0%
Employee FTEs	9	9	9	9	0.0%
Passenger Fares	\$71,188	\$63,593	\$63,773	\$64,332	-9.6%
Operating Cost per Passenger	\$19.01	\$20.34	\$24.02	\$24.91	31.0%
Operating Cost per Vehicle Service Hour	\$82.45	\$78.86	\$90.36	\$91.66	11.2%
Operating Cost per Vehicle Service Mile	\$5.59	\$5.60	\$6.40	\$6.44	15.1%
Passengers per Vehicle Service Hour	4.3	3.9	3.8	3.7	-15.2%
Passengers per Vehicle Service Mile	0.29	0.28	0.27	0.26	-12.2%
Vehicle Service Hours per Employee	1,297.8	1,252.4	1,210.6	1,262.4	-2.7%
Average Fare per Passenger	\$1.41	\$1.46	\$1.56	\$1.54	9.5%
Fare Recovery Ratio	7.39%	7.15%	6.48%	6.18%	-16.4%

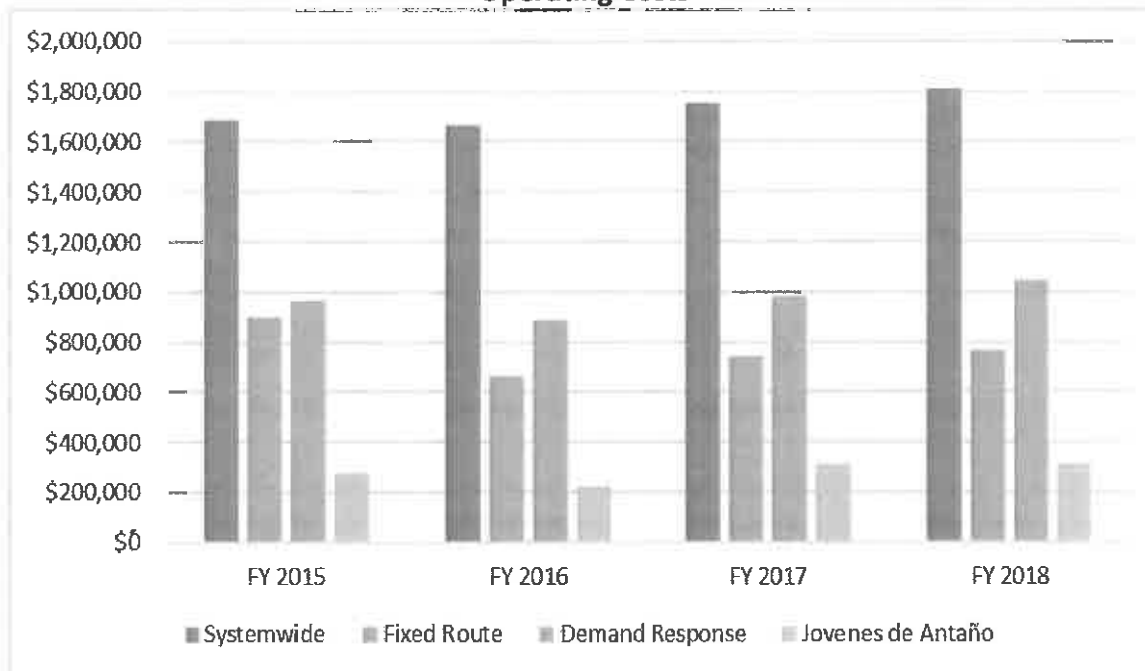
Source: National Transit Database; Quarterly Operations Report; State Controller Reports

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

Performance Data and Indicators	Audit Period				% Change FY 2015- 2018
	FY 2015	FY 2016	FY 2017	FY 2018	
Operating Cost	\$275,442	\$223,947	\$312,932	\$309,053	12.2%
Total Passengers	17,036	15,367	16,802	14,411	-15.4%
Vehicle Service Hours	7,132	5,569	6,742	6,367	-10.7%
Vehicle Service Miles	102,519	61,791	79,056	71,806	-30.0%
Employee FTEs	4	4	4	4	0.0%
Passenger Fares	\$4,426	\$2,987	\$7,120	\$7,168	62.0%
Operating Cost per Passenger	\$16.17	\$14.57	\$18.62	\$21.45	32.6%
Operating Cost per Vehicle Service Hour	\$38.62	\$40.21	\$46.42	\$48.54	25.7%
Operating Cost per Vehicle Service Mile	\$2.69	\$3.62	\$3.96	\$4.30	60.2%
Passengers per Vehicle Service Hour	2.4	2.8	2.5	2.3	-5.2%
Passengers per Vehicle Service Mile	0.17	0.25	0.21	0.20	20.8%
Vehicle Service Hours per Employee	1,783.0	1,392.3	1,685.5	1,591.8	-10.7%
Average Fare per Passenger	\$0.26	\$0.19	\$0.42	\$0.50	91.5%
Fare Recovery Ratio	1.61%	1.33%	2.28%	2.32%	44.3%

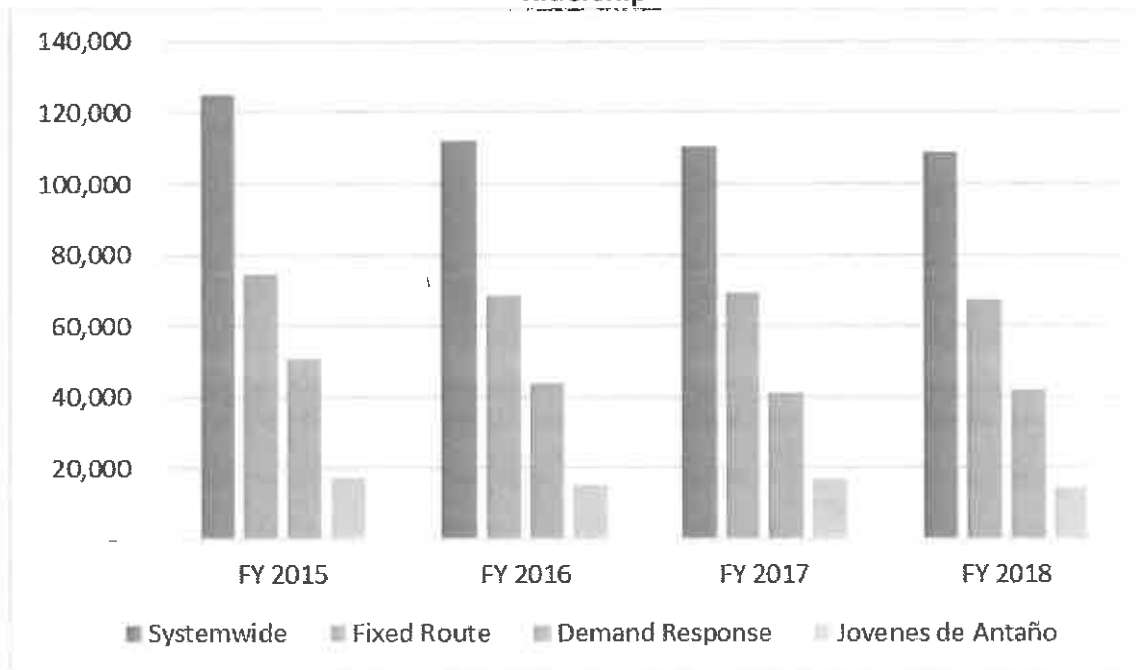
Source: State Controller's Reports Specialized Services

**Graph IV-1  
Operating Costs**

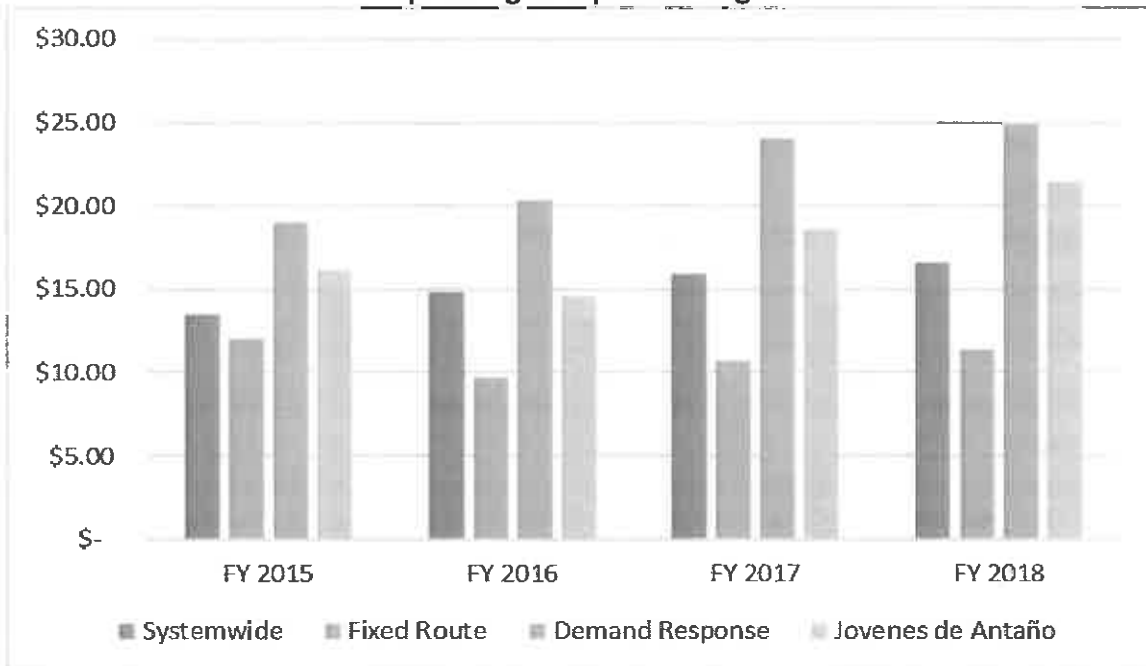


Note: System-wide operating costs are drawn from audited data, while data by mode are unaudited.

**Graph IV-2  
Ridership**

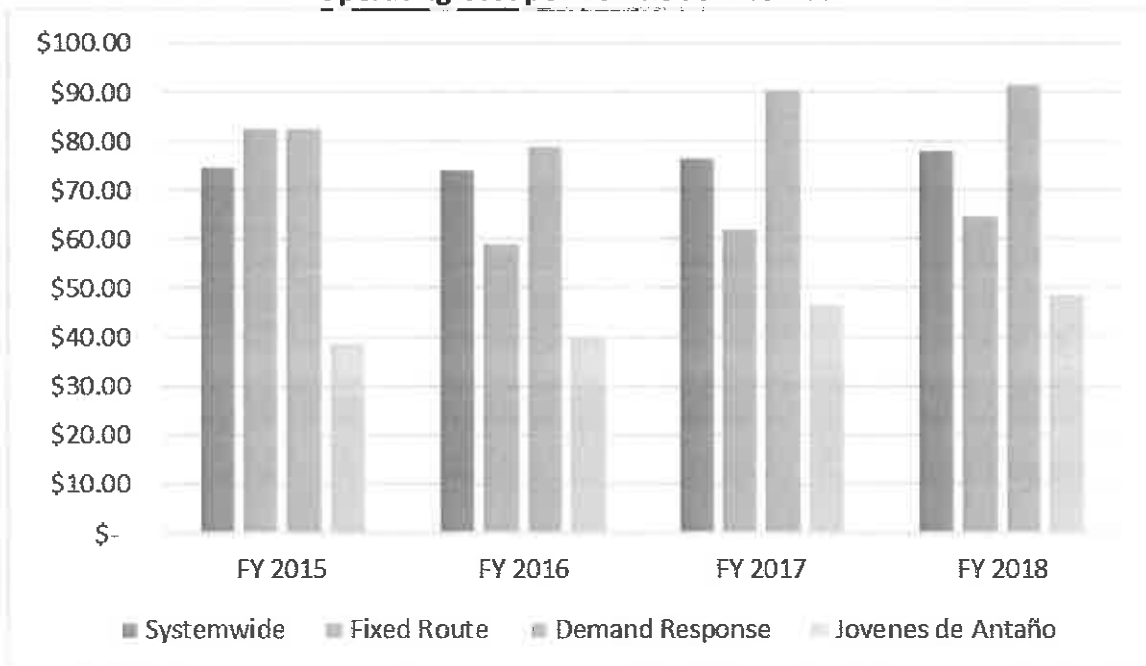


**Graph IV-3**  
**Operating Cost per Passenger**



Note: System-wide operating costs are drawn from audited data, while data by mode are unaudited.

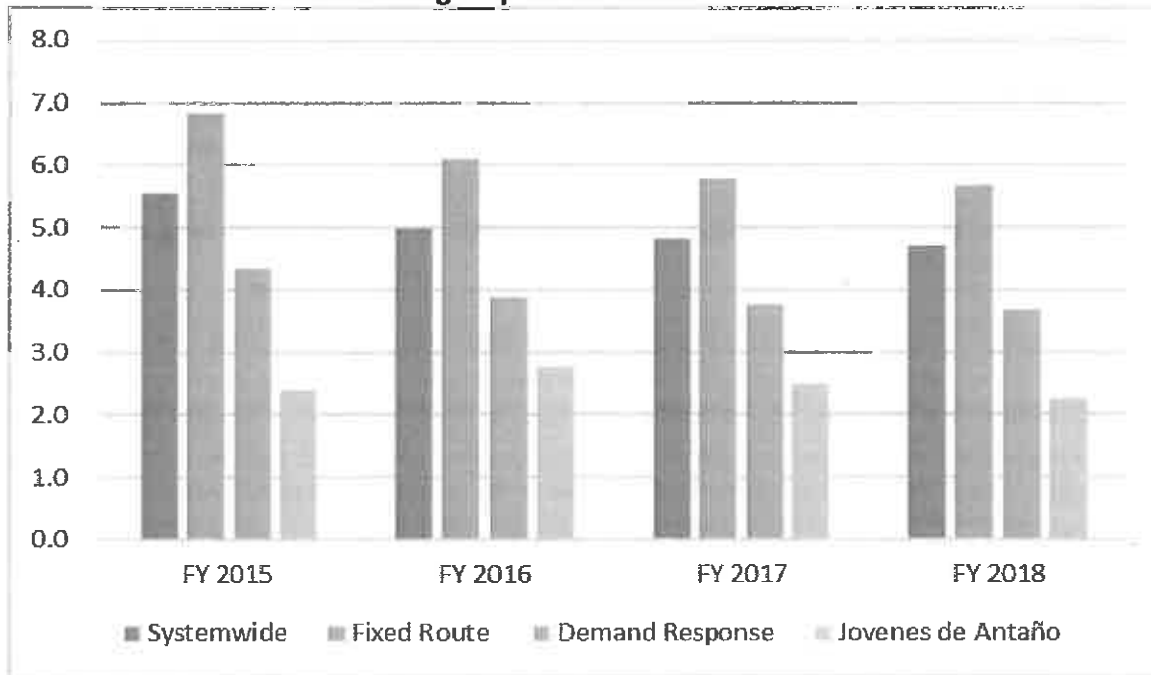
**Graph IV-4**  
**Operating Cost per Vehicle Service Hour**



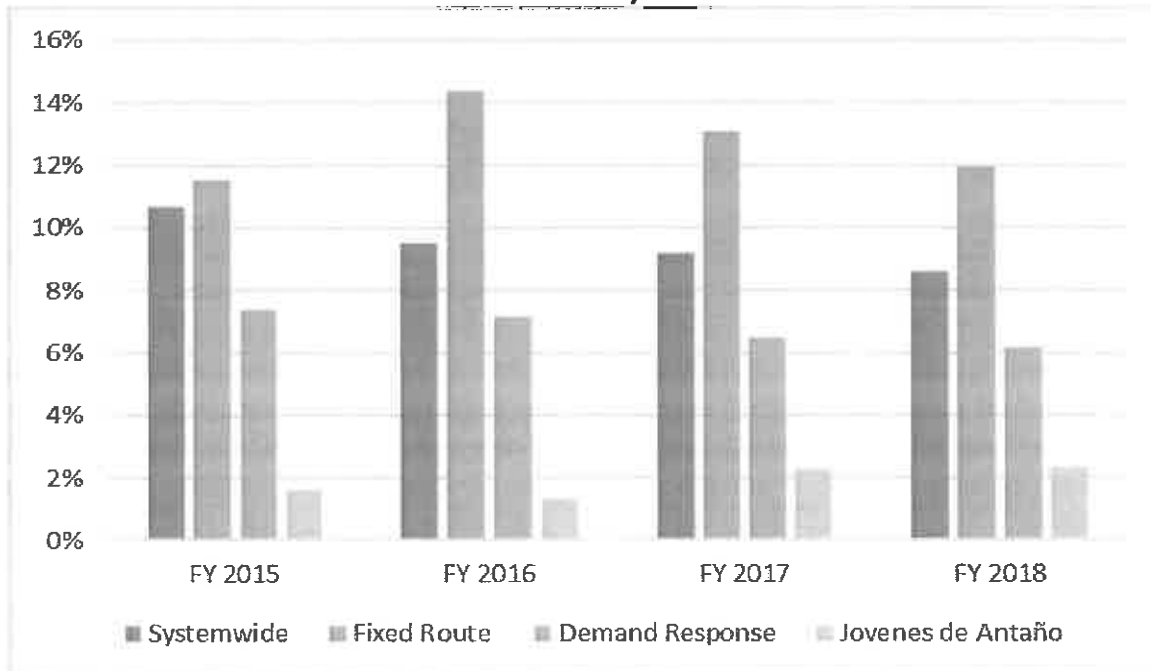
Note: System-wide operating costs are drawn from audited data, while data by mode are unaudited.



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



**Graph IV-6  
Fare Recovery Ratio**



## Findings from Verification of TDA Performance Indicators

1. Operating costs system-wide increased 7.3 percent over the period based on audited data from the FY 2015 base year through FY 2018. System-wide operating costs reflect exclusions from depreciation costs. Using unaudited data, fixed-route operating costs decreased by 14.9 percent, whereas demand-response operating costs increased 8.1 percent. For Jovenes de Antaño, costs increased 12.2 percent due to higher payroll and vehicle operation costs.
2. Ridership decreased 12.8 percent system-wide during the audit period. Fixed-route ridership decreased 9.6 percent and demand-response ridership decreased 17.5 percent. Ridership on Jovenes de Antaño decreased 15.4 percent. County Express ridership experienced a 10.2 percent decline in FY 2016 but saw slight declines the remaining two audit years. Ridership trends are results from general industry trends including lower consumer gasoline prices which offer driving alternatives for passengers. Ridership also declined from the county fair shuttle.
3. The provision of vehicle service hours and miles exhibited mixed trends system-wide during the audit period. System-wide, vehicle service hours increased 2.8 percent and vehicle service miles decreased 1.3 percent. Fixed-route service hours and miles increased 8.7 and 2.7 percent, respectively, while demand-response revenue hours and miles decreased 2.7 and 6 percent, respectively. Service hours and miles on Jovenes de Antaño decreased 10.7 and 30 percent, respectively.
4. Operating cost per passenger increased 23.1 percent system-wide. Cost per passenger decreased by 5.8 percent on fixed route whereas on demand response, cost per passenger increased 31 percent. Likewise, on Jovenes de Antaño, cost per passenger increased by a comparable 32.6 percent. The system-wide trends for this indicator reflect decreases in overall ridership coupled with increases in operating costs.
5. Operating cost per hour increased 4.4 percent system-wide. The performance indicator exhibited a decrease of 21.7 percent on the fixed route, whereas demand response saw its cost per hour increase 11.2 percent over the period. The cost per hour on Jovenes de Antaño increased 25.7 percent. The trend in this indicator reflects the 7.3 percent increase in operating costs versus the 2.8 percent increase in vehicle service hours system-wide.
6. Passengers per vehicle service hour system-wide decreased 15.2 percent. The fixed route saw passengers per hour decrease by 16.9 percent, while demand response exhibited a decrease of 15.2 percent. For Jovenes de Antaño, passengers per hour decreased by a modest 5.2 percent. System-wide, the number of passengers per service hour decreased 15.2 percent from 5.5 passengers to 4.7 passengers from the FY 2015 base year to FY 2018. The decline in ridership contrasted with the increase in service hours.

7. The fare recovery ratio over the audit period decreased system-wide with mixed outcomes for fixed-route and demand-response ratios over the audit period. The farebox recovery for Jovenes de Antaño increased as fare collection improved 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 3.3 percent, whereas demand-response farebox recovery decreased 16.4 percent. Jovenes de Antaño saw its farebox recovery increase 44.3 percent. The overall decrease system-wide was 19.3 percent, which is reflected by the 10.7 percent decrease in FY 2016. There was a 13.4 decrease in system-wide passenger fare revenue compared to the 7.3 percent increase in operating costs based on audited data.

## Section V

### Review of Operator Functions

This section provides an in-depth review of various functions within the San Benito LTA. 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 administers several modes of public transit through its contract operators to the residents of San Benito County. Since 2010, the LTA entered into contracts with MV Transportation for operation of County Express and with Jovenes de Antaño for operation of its specialized transportation services. The contracts with both entities expired on December 31, 2018.

The LTA continued to implement several service adjustments to control operating costs and sustain farebox recovery and is implementing recommendations from the 2016 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. Runs were added to the Intercounty Route, including a direct 7:00 p.m. to Gavilan College and the Gilroy Caltrain Station from Hollister in January 2018. In addition, a 3:30 p.m. run through San Juan Bautista was added.

Midday non-peak service hours on the local Hollister fixed route had been eliminated, including between 9:00 a.m. and 2:00 p.m. for the Blue Route, and between 11:00 a.m. and 2:00 p.m. for the Green and Red Routes. General public Dial-a-Ride service is available to meet the service demand. Based on the LTA's estimates, the cost of restoring the fixed-route midday service is estimated at \$131,020 annually. The LTA is expected to receive \$321,000 annually in STA funds

from Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017. LTA staff submitted an expenditure plan to Caltrans, which identifies the restoration of the midday local fixed-route service. The service is anticipated to be reinstated in FY 2019-20.

The LTA entered into a contract with Token Transit for a one-year pilot program to offer mobile ticketing on County Express. Token Transit receives a 10 percent commission on fares in excess of \$2.00 per trip. For all other transactions under \$2.00, the fee is \$0.06 plus 7 percent of the purchase. The mobile app was implemented in August 2018. Low Carbon Transit Operations Program (LCTOP) funding covers the administrative costs.

The LTA has used LCTOP funds toward the intercounty runs as well as for free fare days when local schools resume session, the first week of the month, and free rides on the Intercounty Route when Gavilan College is out of session. The LTA has not implemented a fare increase since 2009. Based on the system-wide farebox recovery trends during the audit period, it is suggested that LTA consider a timely fare increase or some other form of revenue enhancement to attain farebox.

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.

As a means to optimize and clean up the data on RouteMatch, the LTA has implemented the Transit Miner software program. Transit Miner operates on a cloud-based platform and leverages data already accessible in RouteMatch, instantly transforming it into actionable information. The platform provides a complete picture of key performance metrics including historical, real time, and future. Transit Miner can also track where vehicles have traveled and generate on-time performance and passenger per hour data reports. Mobile data tablets were also implemented on Dial-a-Ride, which will help in monitoring on-time performance.

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. The operations manager monitors timepoints for schedule adherence. Since vehicles were equipped with drive cams, driving habits have shown improvement.

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
2016	3,502	916	0
2017	2,694	835	0
2018	2,151	869	0

Source: County Express

The number of cancellations has notably decreased, while no-shows have fluctuated by decreasing and then increasing slightly during the audit period. There were no turndowns (denials) reported during the audit period, 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. Drivers bring in the vaults along with the trip manifests at the end of the run. Two dispatchers, including the general manager/dispatch supervisor, count the fare revenues in an office equipped with cameras. The fare revenues are stored in a safe in the general manager’s office. The operations manager makes the deposit two to three times weekly. Reconciliation of revenues is based on the passenger trip data contained in the monthly reports and is double checked by the LTA. Tokens are reused and dropped off at the LTA office for resale.

### Personnel

LTA personnel comprise administrative, planning, and operations staff. The contractor, MV Transportation, employs one general manager, one operations manager, 17 drivers (14 full-time and 3 part-time including a weekend dispatcher/driver), and 2 full-time dispatchers (including a project manager/dispatch supervisor). There is no road supervisor. During the audit period, the general manager was on-site twice weekly. Under the provisions of the new contract that became effective January 2019, the general manager was assigned full-time to oversee operations.

Employee recruitment is through word-of-mouth, flyers, job fairs, and the MV Transportation and San Benito COG websites. The basic qualifications for driver candidates include being over 21 years of age and having a good driving record and a commercial Class B license. An air brake endorsement is encouraged, and General Public Paratransit Vehicle (GPPV) certification is required if transporting children from school sites. The training protocol varies based on prior experience. There is a week of classroom instruction followed by 1.5 weeks of behind-the-wheel instruction and observation.

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 will have an opportunity to bid on routes by seniority once the midday local fixed-route Hollister service is reinstated. There is also the potential of hiring an extra driver once the service is reinstated. During the audit period, drivers and nonexempt employees were represented by the SMART-UTU Union, Local 23 under a contract that expired on June 30, 2019. Drivers and nonexempt employees are now represented by the Teamsters, Local 890.

Drivers attend monthly safety meetings, which were increased in frequency from every other month. The topics addressed at the safety meetings include wheelchair securement, dehydration, airborne pathogens, and active shooter scenarios. Employee morale and recognition are facilitated through an Employee of the Month program, safety bingo games, food served at the monthly safety meetings, and a raffle every other month. Employee birthday recognition will be implemented in the future.

### Jovenes de Antaño

Jovenes de Antaño 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. Jovenes de Antaño 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. Jovenes de Antaño coordinates with County Express ADA service where certain trips that it does not provide, such as to hair appointments and church, are referred to the ADA Paratransit.

Jovenes de Antaño employs five part-time drivers and one dispatcher/transportation coordinator. The executive director oversees 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 GPPV certificate. According to Jovenes de Antaño, workers compensation insurance premiums increased during the audit period.

The LTA owns the vehicles operated by Jovenes de Antaño, with fuel and insurance costs covered by Jovenes de Antaño. 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.

The system is experiencing a growing number of passenger trips for the same riders traveling 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, and dialysis appointments, as well as for out-of-county trips. One additional vehicle serves as backup.

The contract between the LTA and Jovenes de Antaño is enforced on a calendar year basis. Required data reporting and operational monitoring by the 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 Jovenes de Antaño 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 Jovenes de Antaño 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 Jovenes de Antaño.

### **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 RouteMatch dispatching software 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, except for 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 for LTA during the audit period including buses and minivans.

MV Transportation is tasked with bus shelter cleaning and maintenance. Road calls were reported to be minimal during the audit period. LTA vehicles have received satisfactory terminal inspections from the CHP.

### **Planning**

The LTA initiated several short- and long-term planning initiatives during the audit period. Chief among these was the commissioning of the San Benito County Transit Plan in July 2015. The transit plan includes short- and long-range recommendations to improve County Express and Specialized Transportation Services (Jovenes de Antaño) transit services. 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 2016 transit plan involved a thorough assessment of system performance and agency financial data. Plan development also included 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.

In December 2017, the LTA was awarded an SB 1 planning grant to conduct the "Analysis of Public Transit Network Expansion Projects for Congestion Relief of the Highway 25 Corridor Study." The study involves an in-depth analysis identifying opportunities to expand the public transit network by providing alternatives to driving along SR 25. The LTA released an RFP in September 2018 to solicit proposals from interested consulting firms. The scope of the study encompasses stakeholder participation, public transit network expansion projects feasibility, implementation strategies, project cost estimates, and potential funding strategies and sources identification.

### **Marketing**

As part of its efforts to contain operating costs, the LTA has a small marketing budget. Despite 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 multiride 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 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. This is a change from prior practice in which the contractors did not regularly pass complaints over to LTA. The form is also used to record compliments and service suggestions. LTA indicated the number of complaints increased during the audit period

which could be in part due to the lack of a full-time general manager being present on-site to enforce employee operating standards. The new full-time general manager is on-site as part of the new MV Transportation contract.

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.

Pursuant to the federal Civil Rights Act of 1964, San Benito COG has an adopted Title VI program, which was updated in May 2018. Title VI of the Civil Rights Act of 1964 requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination, under any program or activity receiving federal financial assistance. The Title VI policies and complaint forms are available through the COG's web page (<http://sanbenitocog.org/wp-content/uploads/2018/05/Title-VI-Program-SBCOG.pdf>) and at the COG's office in English and Spanish.

The Title VI program includes a public participation plan and a language assistance plan for limited English proficiency individuals, which describe the various approaches to public engagement that the COG is committed to doing. The plan also cites the federal and state requirements that apply to the COG requiring public participation processes. In addition to the COG web page link and Title VI notices at the COG's offices in Hollister, the LTA, composed of COG staff, posted the Title VI notice at the Transit Operations Facilities located at 3220 Southside Road in Hollister, at the Jovenes de Antaño office located at 300 West Street in Hollister, and on the County Express website.

### **General Administration and Management**

The LTA 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.

The LTA, staffed by COG employees, is currently the designated consolidated transportation service agency (CTSA) and provides coordination of social service transportation activities and needs within the county. The CTSA was established under a JPA in September 1986.

The transportation planner devotes 80 to 90 percent of her time on LTA administration including contract oversight. The operations and management services contracts for County Express and specialized transportation had an initial five-year term from December 2010 through December 31, 2015. The contracts were renewed annually through December 31, 2018.

Toward the end of the audit period, LTA retained the services of a consultant to assist with the RFP for new operations and management services contracts. The RFP was released on May 18, 2018, with proposals due August 7, 2018. Proposers had the option of proposing to operate only County Express or only specialized transportation services, or to operate both services under one contract.

Based upon the findings and scoring of the selection committee, MV Transportation was awarded the new operations contract to operate County Express and Jovenes de Antaño was awarded the contract to operate specialized transportation effective January 1, 2019. The new contracts are composed of a three-year term with five one-year options. The new contract with MV Transportation provides more oversight with a full-time general manager, who handles complaints. LTA indicated the number of complaints increased during the audit period which could be in part due to the lack of a full-time general manager being present on-site to enforce employee operating standards. The prior general manager under the former contract was only on-site twice weekly. The monthly reports show greater operational detail. In addition, Jovenes de Antaño will provide a second outlet to purchase fares.

Pursuant to the TDA, the LTA receives LTF proceeds and STA funds. TDA funding is used primarily for operations as well as for capital expenditures. Based on the annual fiscal audit data, LTF revenues received during the audit period were \$873,528 in FY 2016; \$1,028,424 in FY 2017; and \$948,282 in FY 2018. STA revenues received were \$223,136 in FY 2016; \$194,132 in FY 2017; and \$368,229 in FY 2018.

The Transit Operators Financial Transactions Reports submitted to the State Controller are generally prepared by the COG's administrative services specialist and reviewed by LTA staff.

#### Grants Management

Grants are tracked and managed on an Excel spreadsheet in a matrix format. The matrix is configured according to funding source, fiscal year of grant award, short project description, total amount of grant award, amount received to date, amount expended to date, reporting deadlines, project milestone or completion, and project status.

Grant funding allocated toward supporting transit services has been derived from local, state, and federal sources. Based on the National Transit Database data submitted by the LTA during the audit period, the agency received \$295,228 in FTA Section 5311 rural formula operating funds in FY 2016. The LTA received \$298,186 in federal operating funds in FY 2017 and \$304,997 in FY 2018.

As a new requirement to be eligible for FTA Section 5311 operating assistance funds through Caltrans, subrecipients, such as the LTA, must prepare a transit asset management (TAM) plan every four years. For a public transportation provider of LTA's size, TAM plans must include an inventory of specified types of capital assets, report on the condition of the assets, and prioritize

investments using an analytical process to be described in the TAM plan. Staff submitted LTA's TAM plan to Caltrans by the October 1, 2018, deadline.

State grant funding has been derived from the LCTOP, CalEMA, and Proposition 1B PTMISEA funds programs toward service expansion, farebox support, and capital procurements. LCTOP was established by SB 862 to provide funds to transit agencies to reduce greenhouse gas emissions and improve mobility through operating and capital grants. The LTA has also applied for and received \$2.1 million in Proposition 1B PTMISEA funds for fleet modernization. Included in this total was \$850,000 for a three-year vehicle purchase project.

## Section VI

### Findings

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

### Triennial Audit Findings

1. Of the compliance requirements pertaining to San Benito LTA, the operator fully complied with eight of the nine applicable requirements. The operator was not in compliance with regard to farebox recovery attainment. 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. For FY 2016, LTA had a farebox recovery ratio of 9.52 percent. For FYs 2017 and 2018, the farebox ratios were 9.20 and 8.60 percent, respectively. The average farebox ratio during the period was 9.11 percent.
3. Through its contract operators, 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.
4. The operating budget exhibited modest fluctuations during the audit period with increases no higher than 5 percent in any year. The budget increased 1.6 percent in FY 2016 and 2.7 percent in FY 2017. The budget increases were followed by a 1.9 percent decrease in FY 2018. The increases were attributed to higher contract and services expenditures.
5. Of the three prior audit recommendations, the LTA implemented one recommendation. One recommendation partially implemented concerned the complete submittal of TDA claims with the required attachments. One recommendation not implemented pertained to the proper calculation of farebox recovery in the annual fiscal audit. The recommendations not fully implemented are carried over for full implementation.
6. Operating costs system-wide increased 7.3 percent over the period based on audited data from the FY 2015 base year through FY 2018. System-wide operating costs reflect exclusions from depreciation costs. Using unaudited data, fixed-route operating costs decreased by 14.9 percent, whereas demand-response operating costs increased 8.1 percent. For Jovenes de Antaño, costs increased 12.2 percent due to higher payroll and vehicle operation costs.
7. Ridership decreased 12.8 percent system-wide during the audit period. Fixed-route ridership decreased 9.6 percent and demand-response ridership decreased 17.5 percent. Ridership on

Jovenes de Antaño decreased 15.4 percent. County Express ridership experienced a 10.2 percent decline in FY 2016 but saw slight declines the remaining two audit years. Ridership trends are results from general industry trends including lower consumer gasoline prices which offer driving alternatives for passengers. Ridership also declined from the county fair shuttle.

8. The provision of vehicle service hours and miles exhibited mixed trends system-wide during the audit period. System-wide, vehicle service hours increased 2.8 percent and vehicle service miles decreased 1.3 percent. Fixed-route service hours and miles increased 8.7 and 2.7 percent, respectively, while demand-response revenue hours and miles decreased 2.7 and 6 percent, respectively. Service hours and miles on Jovenes de Antaño decreased 10.7 and 30 percent, respectively.
9. Operating cost per passenger increased 23.1 percent system-wide. Cost per passenger decreased by 5.8 percent on fixed route whereas on demand response, cost per passenger increased 31 percent. Likewise, on Jovenes de Antaño, cost per passenger increased by a comparable 32.6 percent. The system-wide trends for this indicator reflect decreases in overall ridership coupled with increases in operating costs.
10. Operating cost per hour increased 4.4 percent system-wide. The performance indicator exhibited a decrease of 21.7 percent on the fixed route, whereas demand response saw its cost per hour increase 11.2 percent over the period. The cost per hour on Jovenes de Antaño increased 25.7 percent. The trend in this indicator reflects the 7.3 percent increase in operating costs versus the 2.8 percent increase in vehicle service hours system-wide.
11. 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. Runs were added to the Intercounty Route including a direct 7:00 p.m. to Gavilan College and the Gilroy Caltrain Station from Hollister in January 2018. In addition, a 3:30 p.m. run through San Juan Bautista was added.
12. The LTA entered into a contract with Token Transit for a one-year pilot program to offer mobile ticketing on County Express. Token Transit receives a 10 percent commission on fares in excess of \$2.00 per trip. For all other transactions under \$2.00, the fee is \$0.06 plus 7 percent of the purchase. The mobile app was implemented in August 2018. LCTOP funding covers the administrative costs.
13. In December 2017, the LTA was awarded an SB 1 planning grant to conduct the “Analysis of Public Transit Network Expansion Projects for Congestion Relief of the Highway 25 Corridor Study.” The study involves an in-depth analysis identifying opportunities to expand the public transit network by providing alternatives to driving along SR 25.
14. As part of its efforts to contain operating costs, the LTA has a small marketing budget. Despite 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.

15. The transportation planner devotes 80 to 90 percent of her time on LTA administration including contract oversight. The operations and management services contracts for County Express and specialized transportation had an initial five-year term from December 2010 through December 31, 2015. The contracts were renewed annually through December 31, 2018.
16. Grants are tracked and managed on an Excel spreadsheet in a matrix format. The matrix is configured according to funding source, fiscal year of grant award, short project description, total amount of grant award, amount received to date, amount expended to date, reporting deadlines, project milestone or completion, and project status.

## Recommendations

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

This recommendation is being carried over from prior audit for full implementation. The annual fiscal and compliance audits of the LTA are included with the fiscal audit for the Council of San Benito Governments. The fiscal auditor includes a “Statement of Net Position” and a “Statement of Revenues, Expenses and Changes in Fund Net Position” for the LTA. Although calculation of farebox recovery can be derived from the operating revenues and expenditures shown in the latter statement, the fiscal audit still does not provide a proper calculation of farebox recovery.

As was presented in this recommendation, the revenues and expenditures should better reflect the allowances and exemptions pursuant to SB 508, which revised the definition of “local funds” and “operating cost.” A proper farebox calculation would reflect the inclusion of locally generated revenues such as local Measure G, advertising, and real estate income as well as exemption for new transit services for up to two years and principal and interest payments on capital project. In addition, LTA passenger fare revenues reported in the fiscal audit are inclusive of Jovenes de Antaño generated revenue. The role of special transportation services should be clarified in the audit reporting and its impact on farebox recovery.

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

This recommendation is being carried over from prior audit for full implementation. A review of the TDA claim submittal packages for LTA found that all the required attachments were not being included. The claim submittals provided for review included the claim forms, annual project and financial plan, resolution, CHP inspection report, and a description of the current fare structure. A complete claim package submittal would include a checklist, LTF/STA claim forms, annual financial plan/budget, productivity improvement plan, CHP inspection report, status of prior performance audit recommendations, and a Statement of Assurances. It is recommended that the LTA include all aforementioned elements with its annual TDA claim.

### 3. Consider implementation of a fare increase or other revenue enhancement measures.

The LTA fare structure has remained the same since July 2009. System-wide farebox recovery attainment has been impacted by decreases in ridership coupled by higher operating costs. Any fare increase would need to consider impacts to ridership. Price sensitivity (fare elasticity) is measured using elasticities, defined as the percentage change in consumption resulting from a 1 percent change in price, all else held constant. For example, an elasticity value of -0.5 means that a 1 percent increase in fares would cause a 0.5 percent reduction in ridership. Based on this model, a 10 percent increase in fares would cause a 5 percent decrease in ridership. Fare increases could also be phased in over time to mitigate such potential declines. The recent implementation of the Token Transit mobile ticketing app as



well as service enhancement could also possibly offset any negative impacts to ridership that a fare increase could have. Under the provisions of SB 508, the LTA can apply locally generated revenues toward the farebox. The passage of local Measure G in November 2018 and increasing advertising revenue could help to boost farebox revenues.

