



Jovenes 
de Antaño

Council of San Benito County Governments

Triennial Performance Audit for FY 2018/19 - FY 2020/21 of the San Benito Local Transportation Authority

JUNE 2022
FINAL REPORT



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Chapter 1 | Executive Summary

In 2021, the Council of San Benito County Governments (SBCOG) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single public transit operator to which it allocates TDA funding.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. While not required, performance audits of Article 8 recipients are encouraged.

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

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

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

San Benito Local Transportation Authority, operating as County Express, operates a number of transit services in San Benito County:

- Local fixed-route service in Hollister;
- Intercounty fixed shuttle service serving Hollister, Gilroy, and San Juan Bautista that provides service to Gavilan College and the Gilroy Caltrain station on weekdays and the Gilroy Greyhound station on Saturday and Sunday;
- ADA complementary Paratransit service providing trips in Hollister within $\frac{3}{4}$ mile of the local fixed-route service;
- General public Dial-A-Ride serving San Juan Bautista, Tres Pinos, and Hollister (for trips originating outside Hollister); and
- On-demand service within the Hollister city limits.

Dial-A-Ride weekday reservations may be scheduled two weeks in advance or on the day of the ride for a one-dollar convenience fee. Weekend rides must be scheduled during the week prior to the desired trip. On-Demand trips may be booked up to one hour in advance by phone or using a mobile app. Services do not operate on New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Most services operate Monday through Friday.

The LTA also contracts with Jovenes de Antaño (JDA), a non-profit organization in San Benito County, to provide additional specialized transportation services for seniors and persons with disabilities. Services provided by JDA include:

- Local and Assisted Transportation, called Medical Shopping Assistance Program.
- Out-of-County Medical Transportation, and
- Senior Lunch Transportation.

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

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

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Prior recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

Test of Compliance

Based on discussions with San Benito LTA staff, analysis of program performance, and an audit of program compliance and function, the auditors present two compliance findings:

1. The LTA does not use the TDA definition of full-time equivalent (FTE) employee in preparing its State Controller Report.
2. The LTA did not meet the 10-percent farebox recovery ratio requirement in FY 2018/19.

Status of Prior Recommendations

The prior audit – completed in August 2019 by Michael Baker International for the three fiscal years ending June 30, 2018 – included three recommendations:

1. [Ensure proper calculation of farebox recovery in the annual fiscal audit.](#)
Status: Not implemented.
2. [Submit complete TDA claims with required attachments.](#)
Status: Implemented

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

Status: Implemented.

Findings and Recommendations

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

The auditors identified one functional finding. While this finding is not a compliance finding, the auditors believe it is significant enough to warrant inclusion herein:

1. Additional LTA staff will be needed to effectively manage the program as the community and the needs of the agency grow.

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the San Benito LTA’s public transit program. They have been divided into two categories: TDA Program compliance recommendations and functional recommendations. TDA program compliance recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the triennial audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.	Medium	FY 2021/22
2	Include a comprehensive farebox recovery ratio calculation (with the allowed revenue inclusions and cost exclusions detailed in AB 149) in the LTA’s annual TDA fiscal audit.	High	FY 2021/22
Functional Recommendations		Importance	Timeline
1	Consider adding a full-time planning position to provide additional support for planning, program administration, and reporting activities.	Medium	FY 2022/23

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Chapter 2 | Audit Scope and Methodology

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

In 2021, the Council of San Benito County of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates TDA funding. Moore & Associates, Inc. is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates, Inc. followed a competitive procurement process.

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

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

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

Objectives

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

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

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. This includes services operated by MV Transportation under the banner of County Express as well as specialized transportation services provided by Jovenes de Antaño (JDA). The audit of the San Benito LTA included five tasks:

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

Methodology

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

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- TDA claims;
- Fleet inventory;
- Preventive maintenance schedules and forms;

- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;
- Accident/road call logs; and
- Organizational chart.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with San Benito LTA representatives on January 11, 2022. The audit team met with Mary Gilbert (Executive Director), Regina Valentine (Transportation Planner), Norma Rivera (Administrative Services Specialist), Leona Medearis-Peachler (MV General Manager), and Vicky Rivera (JDA Transportation Coordinator), and reviewed materials germane to the triennial audit.

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

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

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Chapter 3 | Program Compliance

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

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

Two compliance issues were identified for the San Benito LTA:

1. The LTA does not use the TDA definition of full-time equivalent (FTE) employee in preparing its State Controller Report.
2. The LTA did not meet the 10-percent farebox recovery ratio requirement in FY 2018/19.

Developments Occurring During the Audit Period

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

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

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

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

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

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

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

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

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance	FY 2018/19: January 28, 2020 FY 2019/20: January 28, 2021 FY 2020/21: January 26, 2022 <i>Dates apply to both Transit Operator and Specialized Services reports.</i>
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance	FY 2018/19: December 3, 2019 FY 2019/20: December 11, 2020 FY 2020/21: December 10, 2021
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	3240 Southside Rd. (MV): May 15, 2018 May 24, 2019 July 2, 2020 August 20, 2021 300 West St. (JDA): November 15, 2017 November 21, 2018 November 20, 2019 (Unsatisfactory) March 6, 2020 March 24, 2021 <i>[Note – JDA unsatisfactory rating due to expired medical card and failure to enroll driver in Pull Notice program; satisfactory rating at reinspection.]</i>
Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	In some years claim forms have been submitted with missing data, but this appeared to have been largely resolved by FY 2020/21.
If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	PUC 99270.1	Not applicable	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	Not applicable	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	Not applicable	

Compliance Element	Reference	Compliance	Comments
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2018/19: +21.64% FY 2019/20: +6.48% FY 2020/21: +24.66% <i>Budget changes over 15 percent are primarily due to the high percentage of demand-response trips, which may result in a higher budget for the next year, as well as the COVID-19 pandemic.</i>
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	Finding	SBLTA does not use the TDA definition of full-time equivalent (FTE) employee when reporting to the State Controller.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	Finding	FY 2018/19: 8.38% FY 2019/20: 6.60% FY 2020/21: 4.02% <i>FY 2018/19 was SBLTA's non-compliance year, for which FY 2019/20 would have been the determination year. However, penalties were waived for FY 2019/20 and FY 2020/21 under AB 90 and AB 149. As such, no penalty for FY 2018/19 could be assessed.</i>
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Not applicable	
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	SBLTA contracts with third-party contractors for operations. SBLTA staff retirement costs are fully funded under CalPERS.
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	

Compliance Element	Reference	Compliance	Comments
<p>In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale.</p>	<p>PUC 99314.6</p>	<p>In compliance</p>	<p><i>This requirement was waived for FY 2019/20 and FY 2020/21 under AB 90 and AB 149.</i></p>
<p>A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.</p>	<p>CCR 6634</p>	<p>In compliance</p>	

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Chapter 4 | Prior Recommendations

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

The prior audit – completed in August 2019 by Michael Baker International for the three fiscal years ending June 30, 2018 – included three recommendations:

1. [Ensure proper calculation of farebox recovery in the annual fiscal audit.](#)

Discussion: This recommendation was carried over from the prior audit for full implementation. The annual fiscal and compliance audits of the LTA were included with the fiscal audit for the Council of San Benito Governments. The fiscal auditor included 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 could be derived from the operating revenues and expenditures shown in the latter statement, the fiscal audit did not provide a proper calculation of farebox recovery.

As presented in this recommendation, the prior audit stated 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 revenue 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.

Progress: At present, it does not appear the fiscal audits include a calculation of the farebox recovery ratio. With the passing of AB 149 (Committee on Budget) Transportation Trailer Bill in July 2021, additional changes have been made to the farebox calculation requirements, including suspension of the financial penalties through FY 2022/23, identification of additional revenues that can be counted as local supplementation, and further exclusions for operating cost. With the upcoming 2022 Short Range Transit Plan update and following the FY 2019-FY 2021 Triennial Performance Audit, LTA will determine how to adjust the agency’s calculation accordingly.

Status: Not implemented.

2. [Submit complete TDA claim with required attachments.](#)

Discussion: This recommendation was carried over from prior audit for full implementation. The prior auditor’s 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 audit recommendations, and a Statement of Assurances. It was recommended that the LTA include all aforementioned elements with its annual TDA claim.

Progress: The TDA claims submitted in conjunction with the current audit appear to be significantly more complete than those described by the prior auditor. For FY 2020/21, the claim form was fully completed and substantial documentation provided. While there are some issues with the TDA claim form itself, those will be addressed separately under the RTPA audit.

Status: Implemented.

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

Discussion: The prior auditor noted the LTA fare structure had remained the same since July 2009. System-wide farebox recovery attainment was impacted by decreases in ridership coupled by higher operating costs. However, any fare increase would need to consider impacts to ridership. Fare increases could be phased in over time to mitigate potential declines, and the recent implementation of the Token Transit mobile ticketing app as well as service enhancements could also possibly offset any negative impacts to ridership that a fare increase could have. The auditor also noted, under the provisions of SB 508, the LTA could apply locally generated revenues toward the farebox.

Progress: The SBCOG's Measure G, a 30-year one-percent sales tax for transportation needs, was approved by San Benito County voters on November 6, 2018. The Tier III Project category "Other Projects" is approximately five percent of the total anticipated revenue, for which LTA is eligible to request funding for transit projects. Additionally, as part of the upcoming 2022 Short Range Transit Plan update, LTA is reviewing its fare structure.

Status: Implemented.

Chapter 5 | Data Reporting Analysis

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

- **Operating cost:** Data reported in the TDA fiscal audit and to the State Controller were consistent in FY 2018/19 and FY 2019/20, but not in FY 2020/21. Data reported on the NTD report is slightly higher than that reported in the TDA fiscal audit. The cause of a larger variance between the State Controller Report and the other reports in FY 2020/21 is due to some COVID-19 expenses being categorized as “non-operating expenses” in the State Controller Report, and therefore not reported as operating expenses, whereas they were categorized as operating expenses elsewhere.
- **Fare Revenue:** This metric was reported consistently among all three sources in FY 2018/19 and FY 2019/20. There were more significant differences in FY 2020/21. This could be due to reporting LCTOP funds as fares in one report but not in others.
- **Vehicle Service Hours (VSH):** Vehicle service hours were generally reported consistently across all three reports.
- **Vehicle Service Miles (VSM):** Vehicle service miles were generally reported consistently across all three reports in FY 2018/19 and FY 2020/21. In FY 2019/20, all three reports included different figures, with a difference of 13 percent between the highest and lowest. Most of these differences were from the demand-response services. The cause of this variance is unknown, though it appeared to affect only the one fiscal year.
- **Passengers:** This metric was reported generally consistently in FY 2019/20 and FY 2020/21. In FY 2018/19 passenger count reported to the State Controller was lower than the other two reports. This was due to a lower number being reported for the fixed-route service. Again, the cause of this variance is unknown.
- **Full-time Equivalent (FTE) Employees:** While SBLTA staff were unsure of the TDA definition at the time of the site visit, what is being reported appears consistent with it. Using contractor employee hour data provided by the operators to calculate FTE using the TDA definition, these metrics are very close to what is reported to the State Controller (assuming additional SBLTA staff hours are added for the State Controller Report).

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$2,094,460	\$2,046,971	\$1,818,410
<i>National Transit Database</i>	\$2,099,899	\$2,036,098	\$1,821,612
<i>State Controller Report</i>	\$2,094,460	\$2,046,970	\$1,602,183
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$151,384	\$125,671	\$55,895
<i>National Transit Database</i>	\$151,036	\$125,672	\$55,895
<i>State Controller Report</i>	\$151,404	\$125,671	\$61,749
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	32,286	27,087	18,097
<i>National Transit Database</i>	32,285	26,921	18,096
<i>State Controller Report</i>	32,193	26,722	18,097
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	478,522	373,771	300,028
<i>National Transit Database</i>	478,522	422,555	300,028
<i>State Controller Report</i>	476,585	415,021	300,028
Passengers			
<i>Monthly Performance Reports</i>	118,937	103,448	31,487
<i>National Transit Database</i>	120,244	101,926	31,487
<i>State Controller Report</i>	118,708	101,926	31,487
Full-Time Equivalent Employees			
<i>State Controller Report</i>	21	21	16
<i>Per TDA methodology</i>	17	18	13

Note: TDA calculation of FTE includes only contractor employee hours.

Chapter 6 | Performance Analysis

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

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

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

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

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

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

Operating Cost

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

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

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

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

Vehicle Service Hours and Miles

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

Passenger Counts

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

Employees

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

Fare Revenue

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

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

TDA Required Indicators

To calculate the TDA indicators for the San Benito LTA, the following sources were employed:

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

System Performance Trends

System-wide, operating cost experienced a net increase of 9.4 percent between FY 2015/16 and FY 2020/21. However, during the audit period, operating cost decreased a net 13.3 percent from its peak in FY 2018/19. Fare revenue generally declined throughout the six-year period, with the most significant decrease occurring in FY 2020/21. This is not surprising, given the impact of the ongoing COVID-19 pandemic. This resulted in a 64.7 percent net decrease in fare revenue across the six-year period and a 63 percent decrease during the audit period.

Vehicle service hours (VSH) increased every year prior to the pandemic, with a significant increase of 39.1 percent in FY 2018/19. However, due to the pandemic, VSH experienced a net decrease of nearly 20 percent between FY 2015/16 and FY 2020/21. Vehicle service miles (VSM) experienced a similar pattern, with a 37.3 percent decrease during the audit period and a net decrease of 17.6 percent during the six-year period. This is not surprising as County Express suspended multiple services due to COVID-19. Ridership also decreased most years with the exception of FY 2018/19 (the last year unaffected by the COVID-19 pandemic). During the audit period, ridership decreased by 73.8 percent.

Cost-related metrics typically provide an indicator of a system's efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics. Operating cost per vehicle service hour and operating cost per vehicle service mile both saw significant net increases during the audit period (54.8

percent and 38.4 percent, respectively). Operating cost per passenger, however, was significantly impacted by the increase in operating cost combined with the dramatic loss in ridership, which resulted in a 231.3-percent increase during the audit period. These increasing costs reflect a decline in efficiency. Passengers per vehicle service hour and passenger per vehicle service mile decreased most years with the most significant changes occurring in FY 2020/21.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$1,665,056	\$1,752,069	\$1,810,997	\$2,099,899	\$2,036,098	\$1,821,612
<i>Annual Change</i>		5.2%	3.4%	16.0%	-3.0%	-10.5%
Fare Revenue (Actual \$)	\$158,460	\$161,126	\$155,747	\$151,036	\$125,672	\$55,895
<i>Annual Change</i>		1.7%	-3.3%	-3.0%	-16.8%	-55.5%
Vehicle Service Hours (VSH)	22,515	22,920	23,207	32,285	26,921	18,096
<i>Annual Change</i>		1.8%	1.3%	39.1%	-16.6%	-32.8%
Vehicle Service Miles (VSM)	363,965	372,267	370,188	478,522	422,555	300,028
<i>Annual Change</i>		2.3%	-0.6%	29.3%	-11.7%	-29.0%
Passengers	112,280	110,460	109,041	120,244	101,926	31,487
<i>Annual Change</i>		-1.6%	-1.3%	10.3%	-15.2%	-69.1%
Employees	18	18	18	21	21	16
<i>Annual Change</i>		0.0%	0.0%	16.7%	0.0%	-23.8%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$73.95	\$76.44	\$78.04	\$65.04	\$75.63	\$100.66
<i>Annual Change</i>		3.4%	2.1%	-16.7%	16.3%	33.1%
Operating Cost/Passenger (Actual \$)	\$14.83	\$15.86	\$16.61	\$17.46	\$19.98	\$57.85
<i>Annual Change</i>		7.0%	4.7%	5.1%	14.4%	189.6%
Passengers/VSH	4.99	4.82	4.70	3.72	3.79	1.74
<i>Annual Change</i>		-3.4%	-2.5%	-20.7%	1.7%	-54.0%
Passengers/VSM	0.31	0.30	0.29	0.25	0.24	0.10
<i>Annual Change</i>		-3.8%	-0.7%	-14.7%	-4.0%	-56.5%
Farebox Recovery	9.5%	9.2%	8.6%	7.2%	6.2%	3.1%
<i>Annual Change</i>		-3.4%	-6.5%	-16.4%	-14.2%	-50.3%
Hours/Employee	1250.8	1273.3	1289.3	1,537.4	1,282.0	1131.0
<i>Annual Change</i>		1.8%	1.3%	19.2%	-16.6%	-11.8%
TDA Non-Required Indicators						
Operating Cost/VSM	\$4.57	\$4.71	\$4.89	\$4.39	\$4.82	\$6.07
<i>Annual Change</i>		2.9%	3.9%	-10.3%	9.8%	26.0%
VSM/VSH	16.17	16.24	15.95	14.82	15.70	16.58
<i>Annual Change</i>		0.5%	-1.8%	-7.1%	5.9%	5.6%
Fare/Passenger	\$1.41	\$1.46	\$1.43	\$1.26	\$1.23	\$1.78
<i>Annual Change</i>		3.4%	-2.1%	-12.1%	-1.8%	44.0%

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

FY 2018/19 – FY 2020/21 data from NTD reports; FTE data from State Controller Reports.

Exhibit 6.2 System Ridership

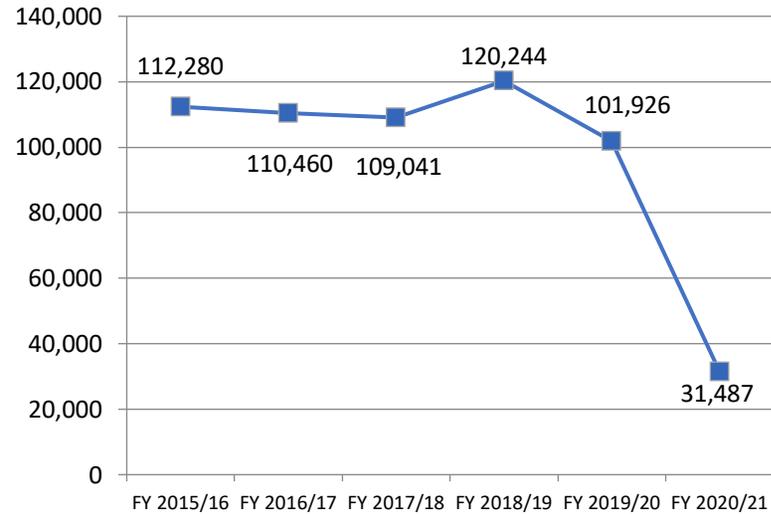


Exhibit 6.3 System Operating Cost/VSH

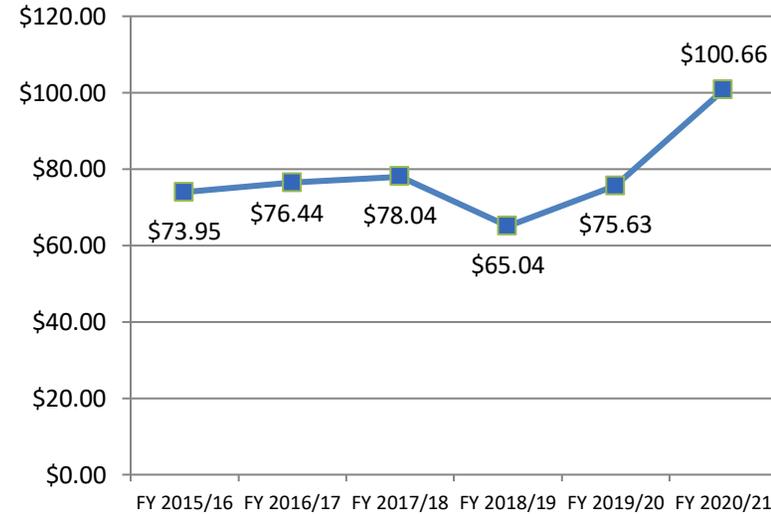


Exhibit 6.4 System Operating Cost/VSM

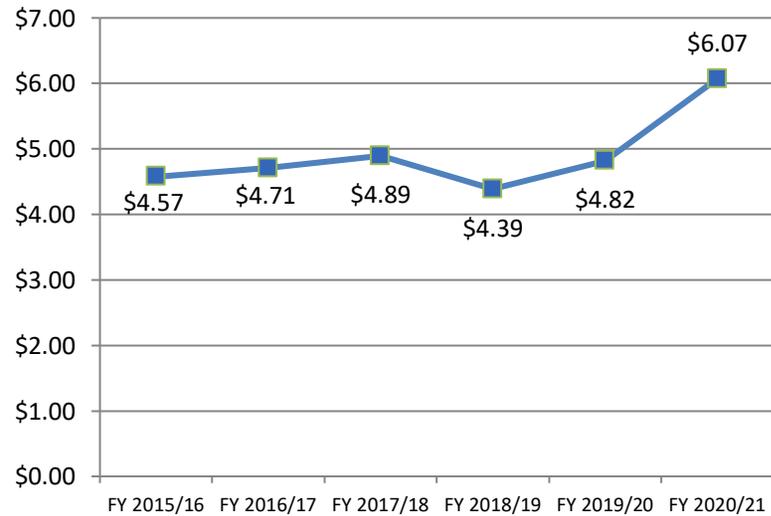


Exhibit 6.5 System VSM/VSH

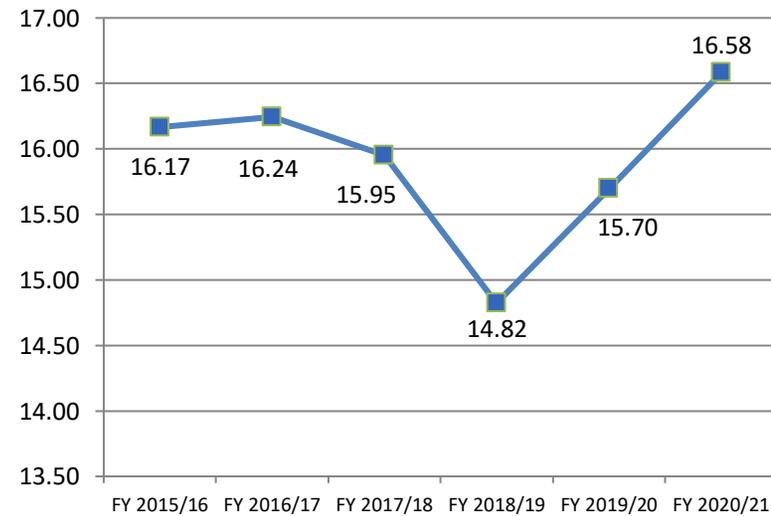


Exhibit 6.6 System Operating Cost/Passenger

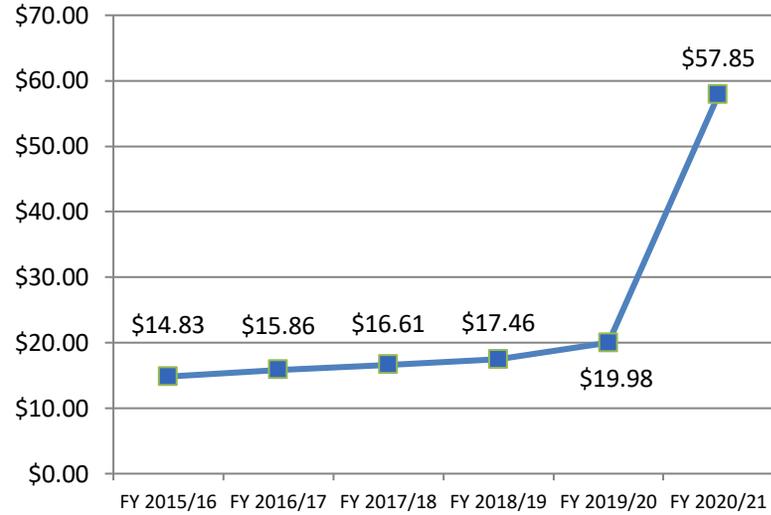


Exhibit 6.7 System Passengers/VSH

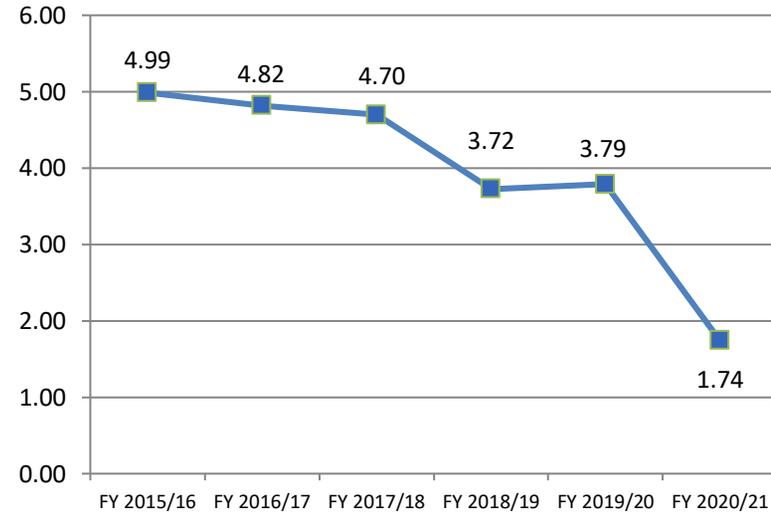


Exhibit 6.8 System Passengers/VSM

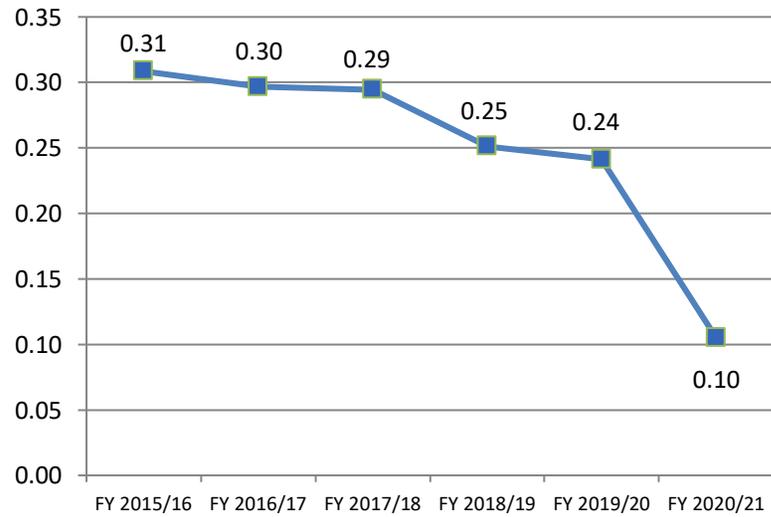


Exhibit 6.9 System VSH/FTE

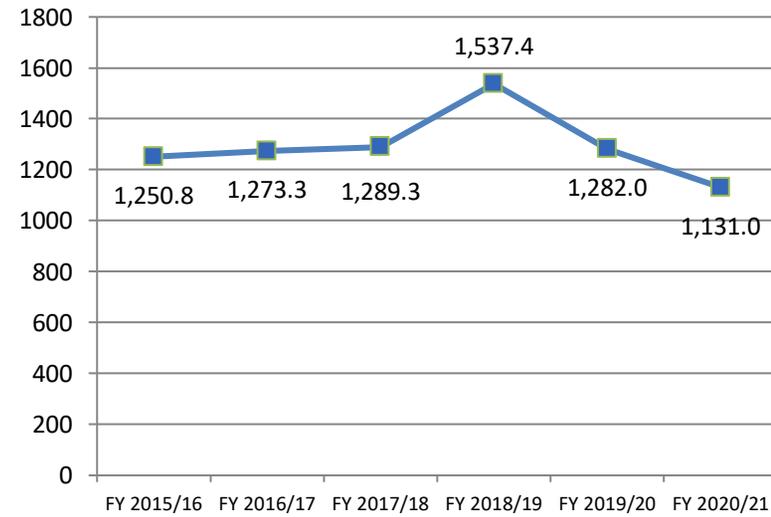


Exhibit 6.10 System Farebox Recovery

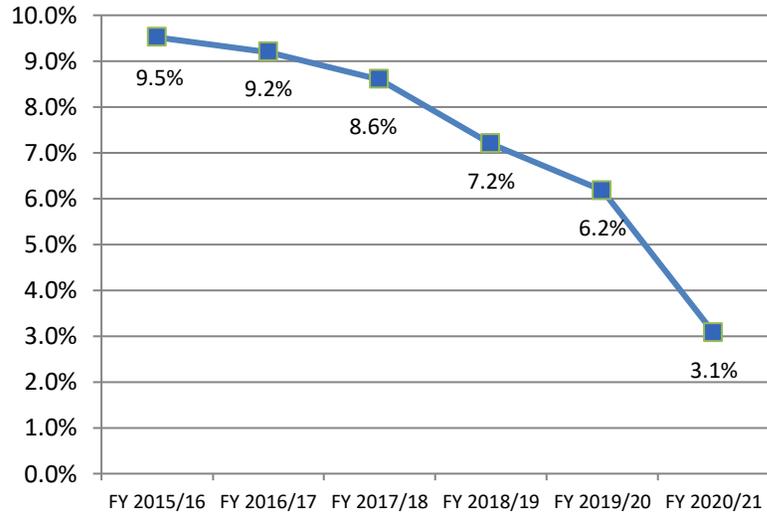
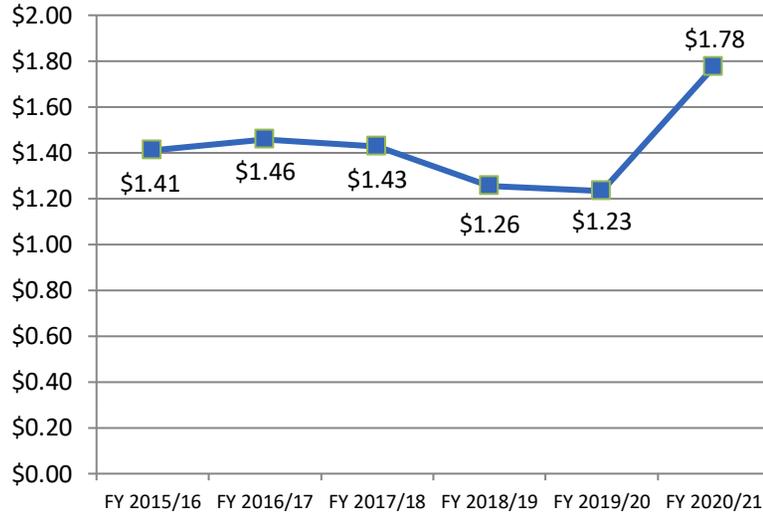


Exhibit 6.11 System Fare/Passenger



Fixed-Route Performance Trends

For the purpose of this analysis, “fixed-route” refers to both the fixed-route service and all Intercounty services.

Fixed-route operating cost experienced a net 21.0 percent decrease during the audit period. The prior audit period saw increases every year, which resulted in a net decrease of only 1.5 percent over the six-year period. Fare revenue declined significantly during the current audit period. This resulted in a 96.5 percent decrease during the audit period, and a net 96.8 percent decrease across the six-year period.

Vehicle Service Hours (VSH) fluctuated somewhat prior to the pandemic. VSH saw a net 51.4 percent decrease over the six-year period, with much of that occurring in FY 2019/20 and FY 2020/21. A similar pattern was observed with respect to Vehicle Service Miles (VSM), which had a net 37.6 percent decrease over the six-year period.

Ridership also followed the same pattern as VSM, though with a much greater decrease during the audit period. Overall, ridership experienced a net decrease of 86 percent during the audit period, and 87 percent across the six-year period.

Operating cost per vehicle service hour, vehicle service mile, and passenger all increased significantly during the audit period, reflective of a decline in efficiency. Productivity also declined significantly, as passengers per VSH and VSM both decreased during the audit period. Neither change is surprising, given the impact of the ongoing COVID-19 pandemic on public transit operations and ridership.

Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$663,559	\$744,145	\$764,472	\$827,007	\$766,648	\$653,372
<i>Annual Change</i>		12.1%	2.7%	8.2%	-7.3%	-14.8%
Fare Revenue (Actual \$)	\$95,410	\$97,353	\$91,175	\$87,076	\$72,240	\$3,077
<i>Annual Change</i>		2.0%	-6.3%	-4.5%	-17.0%	-95.7%
Vehicle Service Hours (VSH)	11,243	12,024	11,846	12,275	9,777	5,461
<i>Annual Change</i>		6.9%	-1.5%	3.6%	-20.4%	-44.1%
Vehicle Service Miles (VSM)	205,161	218,518	208,382	221,937	182,333	128,060
<i>Annual Change</i>		6.5%	-4.6%	6.5%	-17.8%	-29.8%
Passengers	68,580	69,481	67,227	63,330	52,216	8,884
<i>Annual Change</i>		1.3%	-3.2%	-5.8%	-17.5%	-83.0%
Employees	9	9	9	9	9	5
<i>Annual Change</i>		0.0%	0.0%	0.0%	0.0%	-44.4%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$59.02	\$61.89	\$64.53	\$67.37	\$78.41	\$119.64
<i>Annual Change</i>		4.9%	4.3%	4.4%	16.4%	52.6%
Operating Cost/Passenger (Actual \$)	\$9.68	\$10.71	\$11.37	\$13.06	\$14.68	\$73.54
<i>Annual Change</i>		10.7%	6.2%	14.8%	12.4%	400.9%
Passengers/VSH	6.10	5.78	5.68	5.16	5.34	1.63
<i>Annual Change</i>		-5.3%	-1.8%	-9.1%	3.5%	-69.5%
Passengers/VSM	0.33	0.32	0.32	0.29	0.29	0.07
<i>Annual Change</i>		-4.9%	1.5%	-11.6%	0.4%	-75.8%
Farebox Recovery	14.4%	13.1%	11.9%	10.5%	9.4%	0.5%
<i>Annual Change</i>		-9.0%	-8.8%	-11.7%	-10.5%	-95.0%
Hours/Employee	1,249.2	1,336.0	1,316.2	1,363.9	1,086.3	1,092.2
<i>Annual Change</i>		6.9%	-1.5%	3.6%	-20.4%	0.5%
TDA Non-Required Indicators						
Operating Cost/VSM	\$3.23	\$3.41	\$3.67	\$3.73	\$4.20	\$5.10
<i>Annual Change</i>		5.3%	7.7%	1.6%	12.8%	21.3%
VSM/VSH	18.25	18.17	17.59	18.08	18.65	23.45
<i>Annual Change</i>		-0.4%	-3.2%	2.8%	3.1%	25.7%
Fare/Passenger	\$1.39	\$1.40	\$1.36	\$1.37	\$1.38	\$0.35
<i>Annual Change</i>		0.7%	-3.2%	1.4%	0.6%	-75.0%

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

Exhibit 6.13 Fixed-Route Ridership

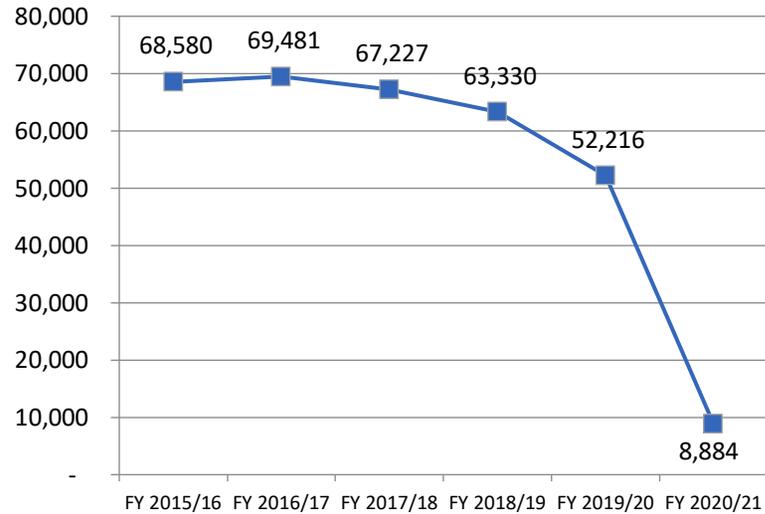


Exhibit 6.14 Fixed-Route Operating Cost/VSH

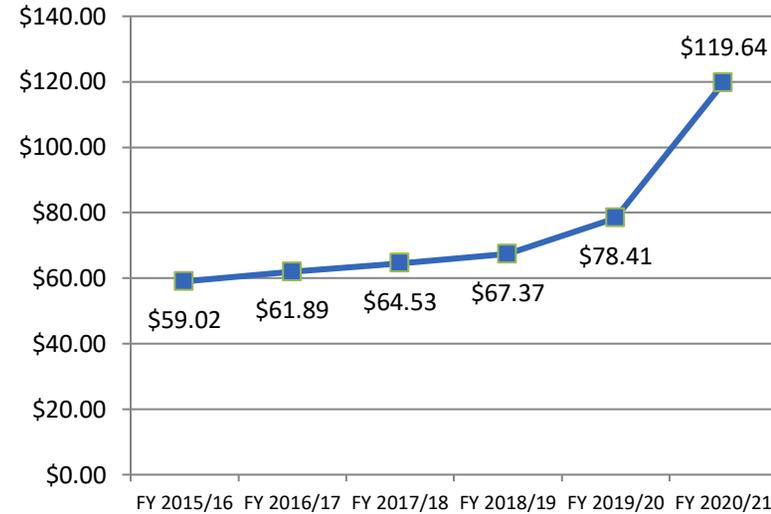


Exhibit 6.15 Fixed-Route Operating Cost/VSM

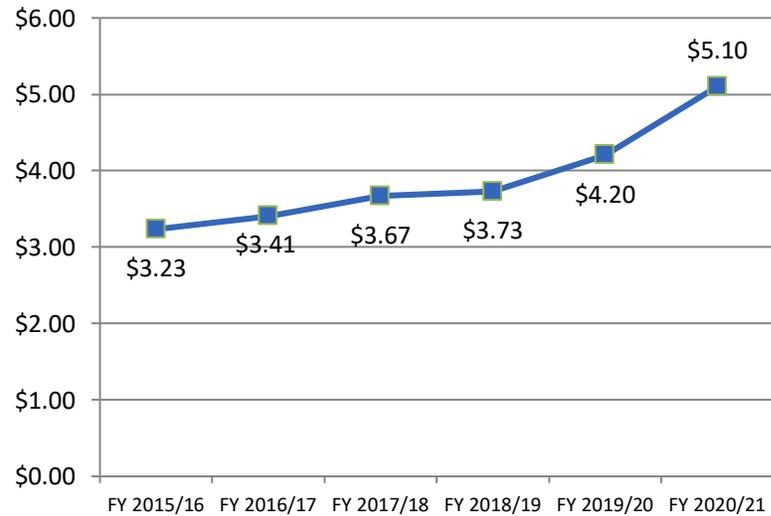


Exhibit 6.16 Fixed-Route VSM/VSH

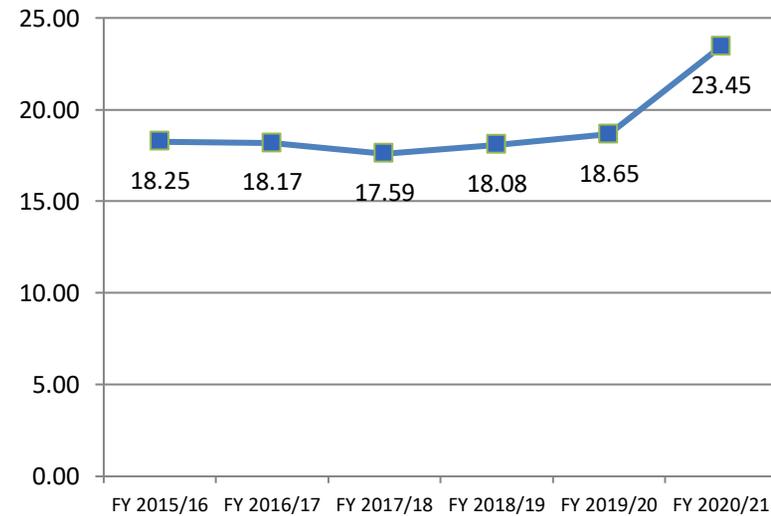


Exhibit 6.17 Fixed-Route Operating Cost/Passenger

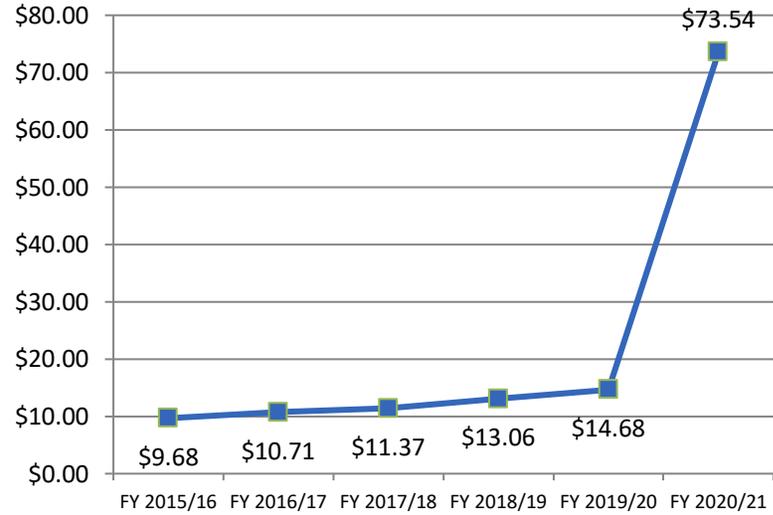


Exhibit 6.18 Fixed-Route Passengers/VSH

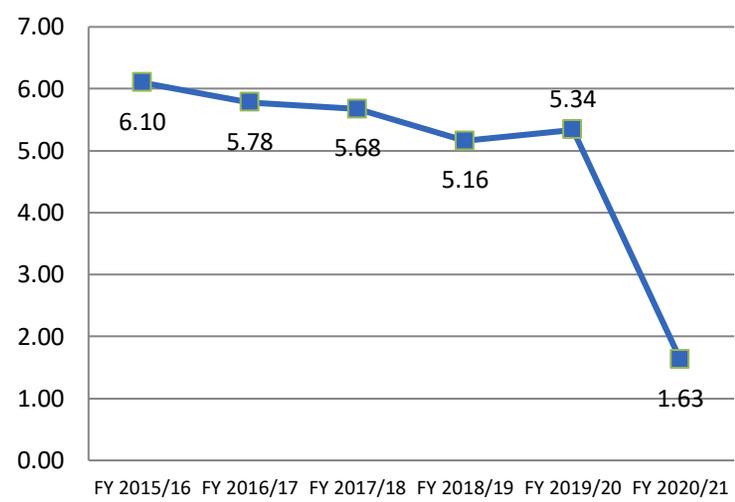


Exhibit 6.19 Fixed-Route Passengers/VSM

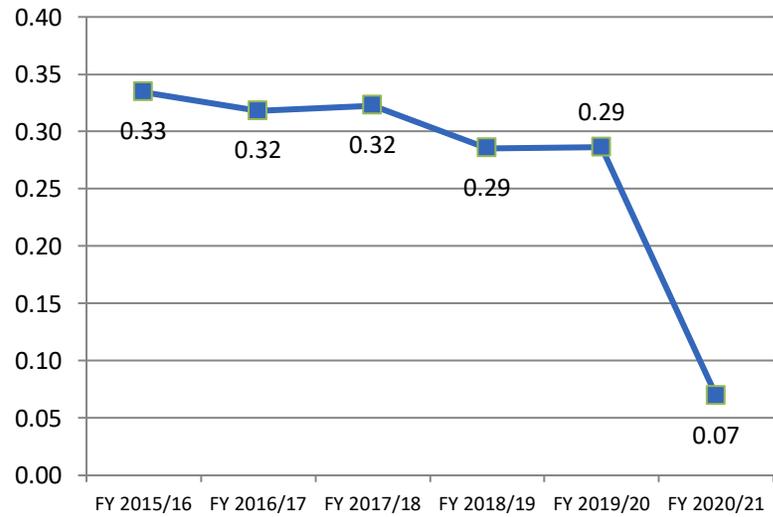


Exhibit 6.20 Fixed-Route VSH/FTE

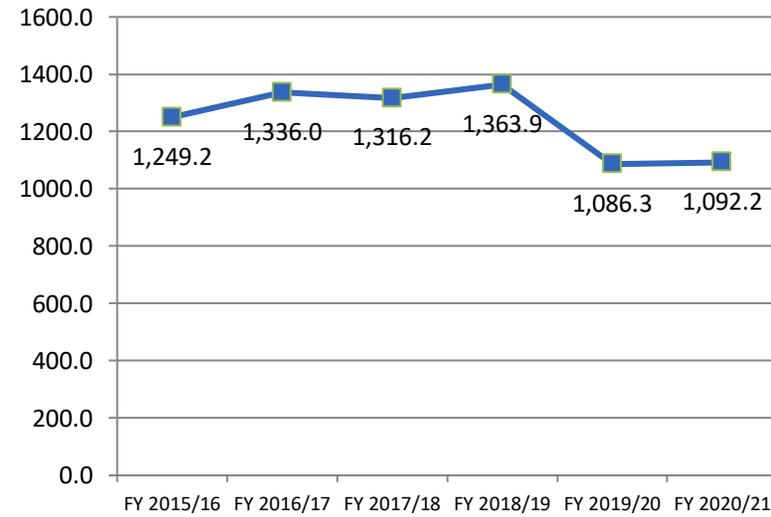


Exhibit 6.21 Fixed-Route Farebox Recovery

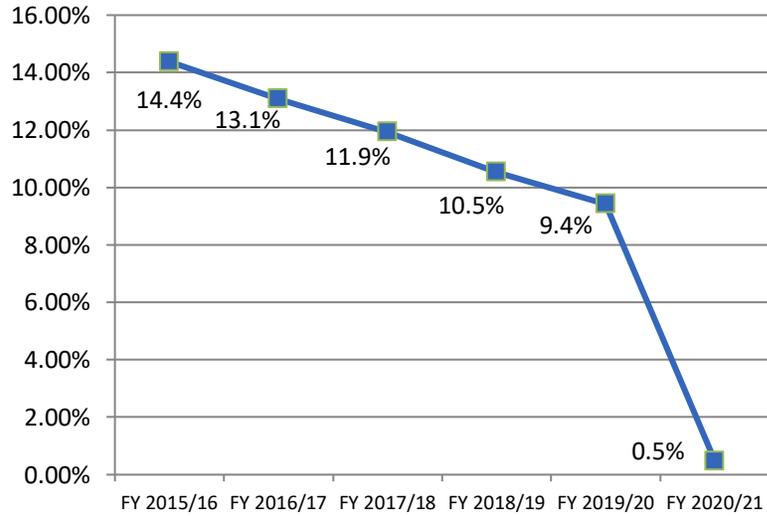
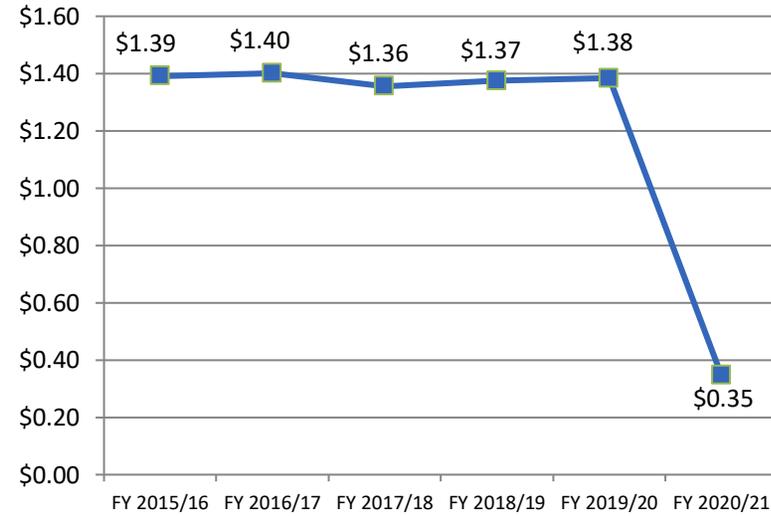


Exhibit 6.22 Fixed-Route Fare/Passenger



Demand-Response Performance Trends

For the purpose of this analysis, “demand-response” refers to ADA Paratransit, Dial-A-Ride, and Dialysis trips provided by MV Transportation as well as all services provided by JDA. Performance measures for the two operators are displayed separately later in this chapter.

The LTA’s demand-response service experienced increases in operating cost each year until FY 2018/19. Decreasing costs during the audit period are due primarily to a decrease in demand arising from the ongoing COVID-19 pandemic. This resulted in a net 8.2 percent decrease during the audit period. Fare revenue increased until FY 2018/19, declining 17.4 percent during the audit period and a net 20.7 percent decrease across the six-year period.

Demand-response vehicle service hours experienced a 36.9 percent net decrease during the audit period, and a 25.0 percent net decrease across the six-year period. Vehicle service miles saw a net decrease of 33.0 percent during the audit period and 22.0 percent across the six-year period. Ridership also decreased significantly, declining 60.3 percent during the audit period.

Operating cost per vehicle service hour, operating cost per vehicle service mile, and operating cost per passenger experienced year-over-year increases during the audit period with the sole exception of FY 2018/19. Passenger-related productivity metrics decreased; passengers per vehicle service hour decreased 37.1 percent during the audit period, and passengers per vehicle service mile had a net decrease of 40.7 percent.

Given the LTA’s demand-response service is provided by both MV and JDA, the exhibits beginning with Exhibit 6.24 include charts for both the mode-specific performance metrics (for the six-year period) and metrics segregated by operator (for the three years of the audit period). The operator-specific charts were prepared using data from the monthly performance reports and may not be entirely consistent with the modal tables prepared using NTD data (see Chapter 5 for further discussion). Operator-specific FTE per Vehicle Service Hour is also not included.

Exhibit 6.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$1,112,860	\$1,297,420	\$1,350,476	\$1,272,892	\$1,269,450	\$1,168,240
<i>Annual Change</i>		16.6%	4.1%	-5.7%	-0.3%	-8.0%
Fare Revenue (Actual \$)	\$66,580	\$70,893	\$71,500	\$63,960	\$53,432	\$52,818
<i>Annual Change</i>		6.5%	0.9%	-10.5%	-16.5%	-1.1%
Vehicle Service Hours (VSH)	16,841	17,638	17,729	20,010	17,144	12,635
<i>Annual Change</i>		4.7%	0.5%	12.9%	-14.3%	-26.3%
Vehicle Service Miles (VSM)	220,595	232,805	233,612	256,585	240,222	171,968
<i>Annual Change</i>		5.5%	0.3%	9.8%	-6.4%	-28.4%
Passengers	59,067	57,781	56,225	56,914	49,710	22,603
<i>Annual Change</i>		-2.2%	-2.7%	1.2%	-12.7%	-54.5%
Employees	13	13	13	12	12	11
<i>Annual Change</i>		0.0%	0.0%	-7.7%	0.0%	-8.3%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$66.08	\$73.56	\$76.17	\$63.61	\$74.05	\$92.46
<i>Annual Change</i>		11.3%	3.6%	-16.5%	16.4%	24.9%
Operating Cost/Passenger (Actual \$)	\$18.84	\$22.45	\$24.02	\$22.37	\$25.54	\$51.69
<i>Annual Change</i>		19.2%	7.0%	-6.9%	14.2%	102.4%
Passengers/VSH	3.51	3.28	3.17	2.84	2.90	1.79
<i>Annual Change</i>		-6.6%	-3.2%	-10.3%	1.9%	-38.3%
Passengers/VSM	0.27	0.25	0.24	0.22	0.21	0.13
<i>Annual Change</i>		-7.3%	-3.0%	-7.8%	-6.7%	-36.5%
Farebox Recovery	6.0%	5.5%	5.3%	5.0%	4.2%	4.5%
<i>Annual Change</i>		-8.7%	-3.1%	-5.1%	-16.2%	7.4%
Hours/Employee	1,295.5	1,356.8	1,363.8	1,667.5	1,428.7	1,148.6
<i>Annual Change</i>		4.7%	0.5%	22.3%	-14.3%	-19.6%
TDA Non-Required Indicators						
Operating Cost/VSM	\$5.04	\$5.57	\$5.78	\$4.96	\$5.28	\$6.79
<i>Annual Change</i>		10.5%	3.7%	-14.2%	6.5%	28.6%
VSM/VSH	13.10	13.20	13.18	12.82	14.01	13.61
<i>Annual Change</i>		0.8%	-0.2%	-2.7%	9.3%	-2.9%
Fare/Passenger	\$1.13	\$1.23	\$1.27	\$1.12	\$1.07	\$2.34
<i>Annual Change</i>		8.8%	3.6%	-11.6%	-4.4%	117.4%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit by combining Demand Response and JDA data.

FY 2018/19 – FY 2020/21 data from NTD reports; FTE data from State Controller Reports.

Exhibit 6.24 Demand-Response Ridership

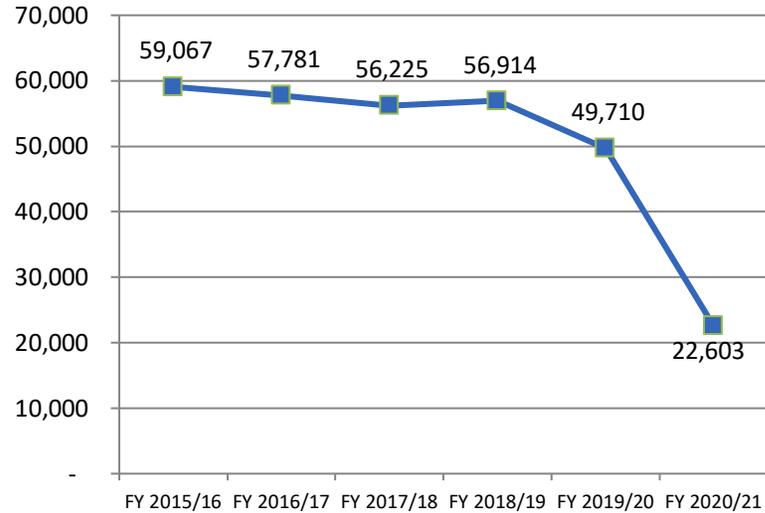


Exhibit 6.25 Demand-Response Ridership by Operator

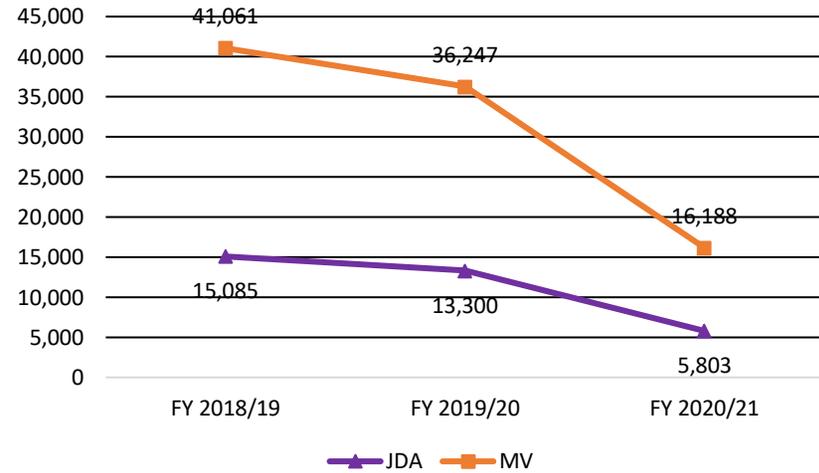


Exhibit 6.26 Demand-Response Operating Cost/VSH

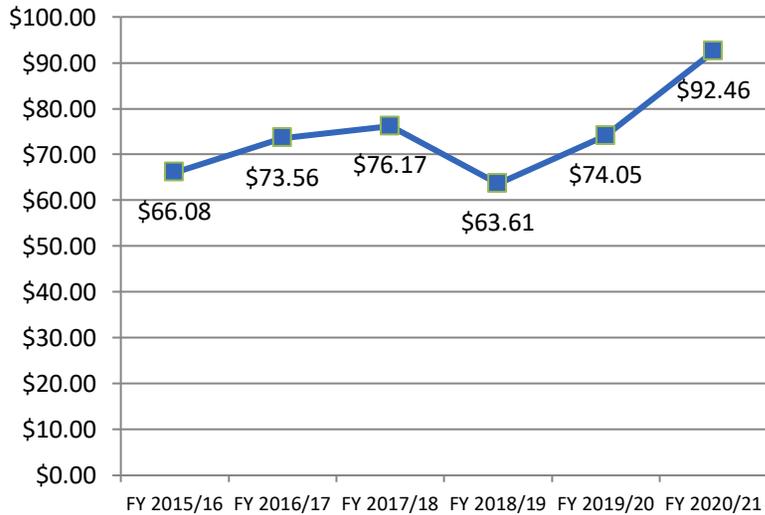


Exhibit 6.27 Demand-Response Operating Cost/VSH by Operator

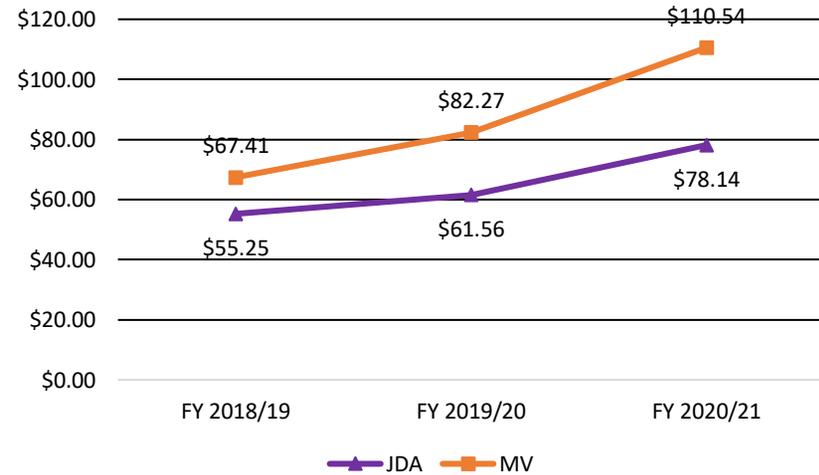


Exhibit 6.28 Demand-Response Operating Cost/VSM

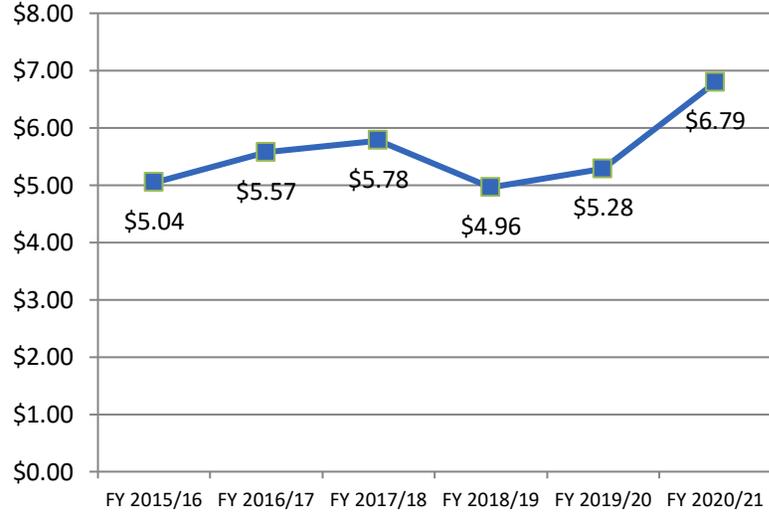


Exhibit 6.29 Demand-Response Operating Cost/VSM by Operator

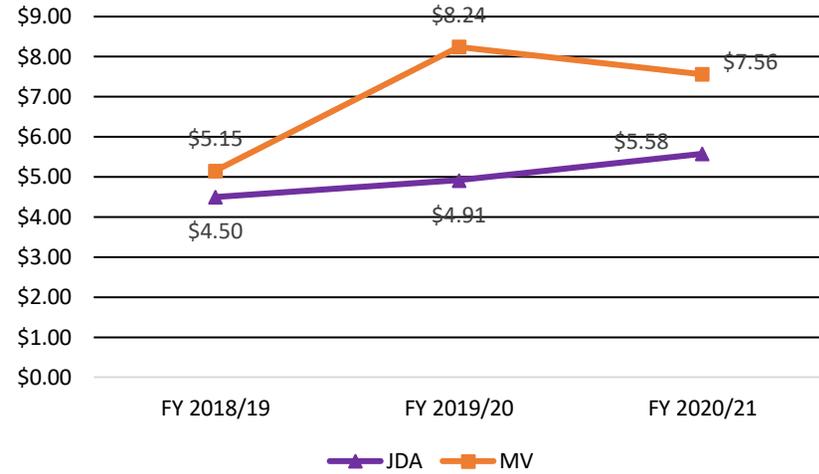


Exhibit 6.30 Demand-Response VSM/VSH

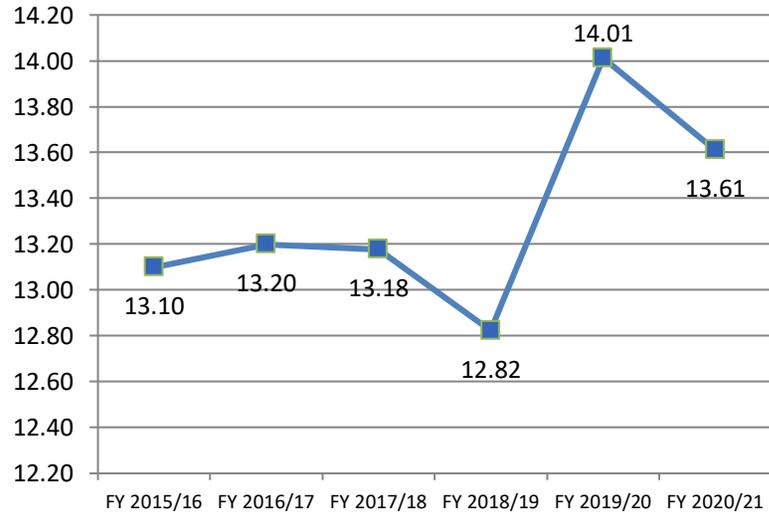


Exhibit 6.31 Demand-Response VSM/VSH by Operator

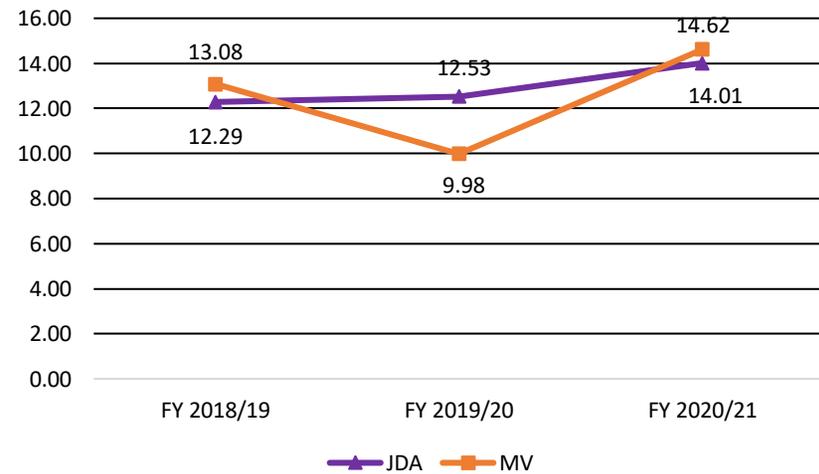


Exhibit 6.32 Demand-Response Operating Cost/Passenger

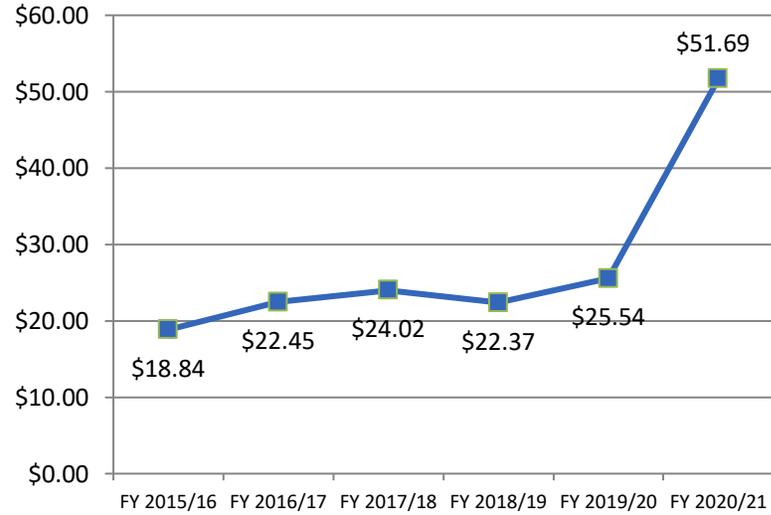


Exhibit 6.33 Demand-Response Operating Cost/Passenger by Operator

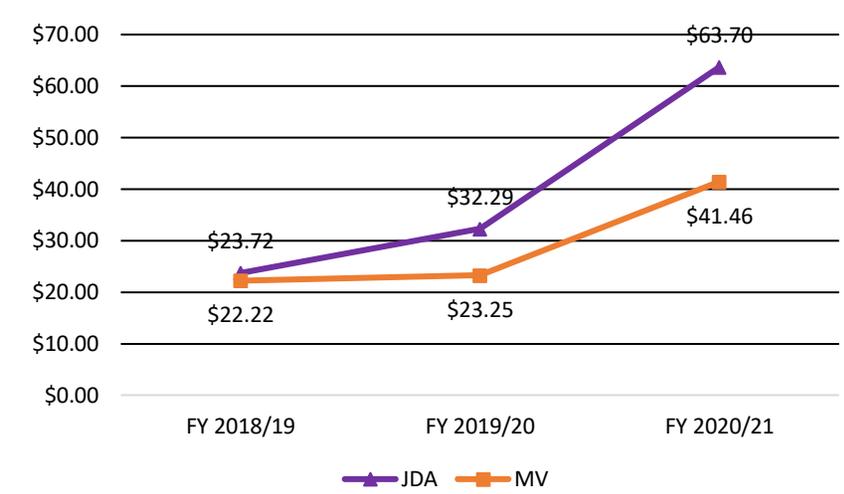


Exhibit 6.34 Demand-Response Passengers/VSH

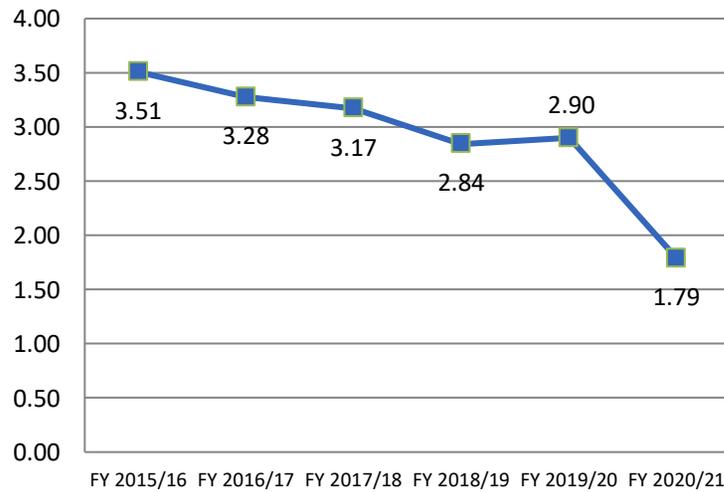


Exhibit 6.35 Demand-Response Passengers/VSH by Operator

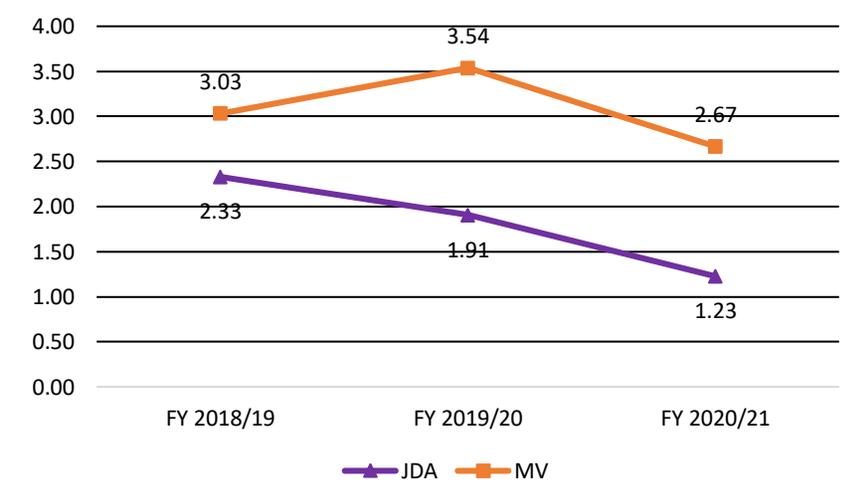


Exhibit 6.36 Demand-Response Passengers/VSM

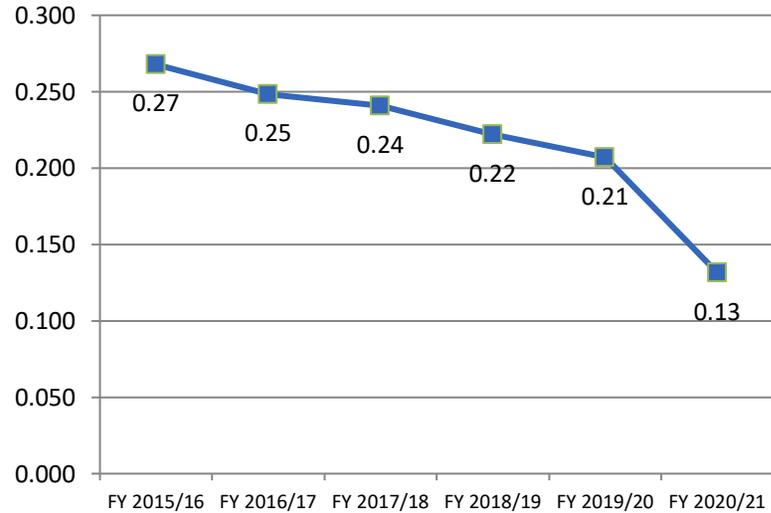


Exhibit 6.37 Demand-Response Passengers/VSM by Operator

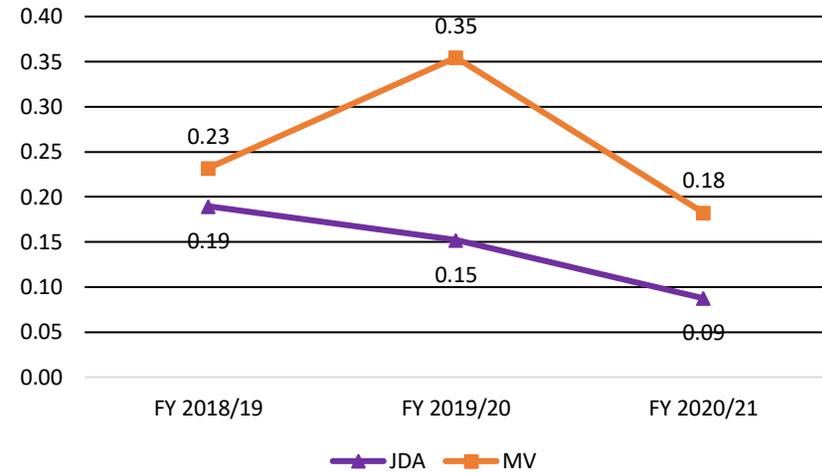


Exhibit 6.38 Demand-Response VSH/FTE

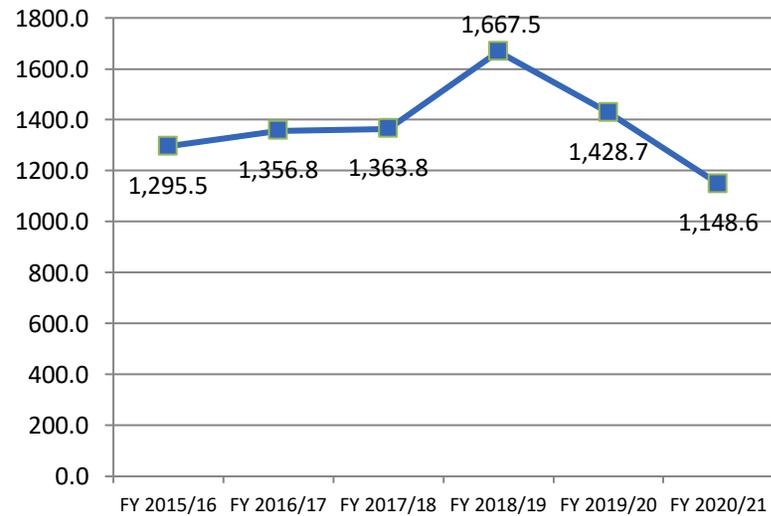


Exhibit 6.39 Demand-Response Farebox Recovery

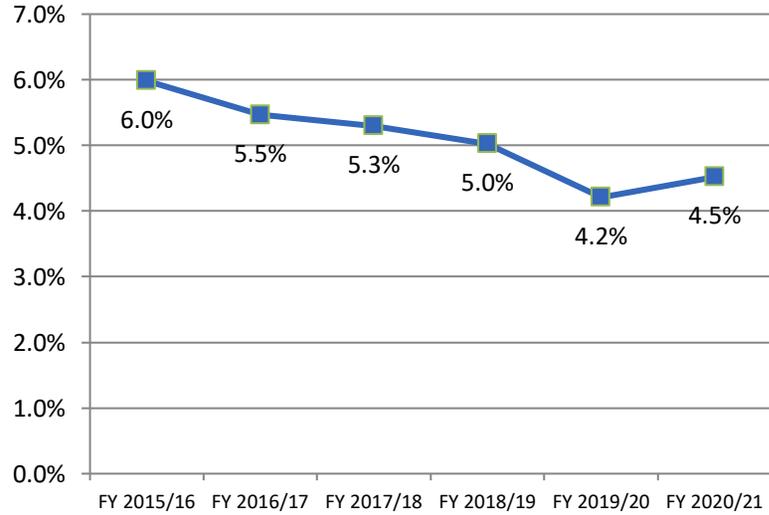


Exhibit 6.40 Demand-Response Farebox Recovery by Operator

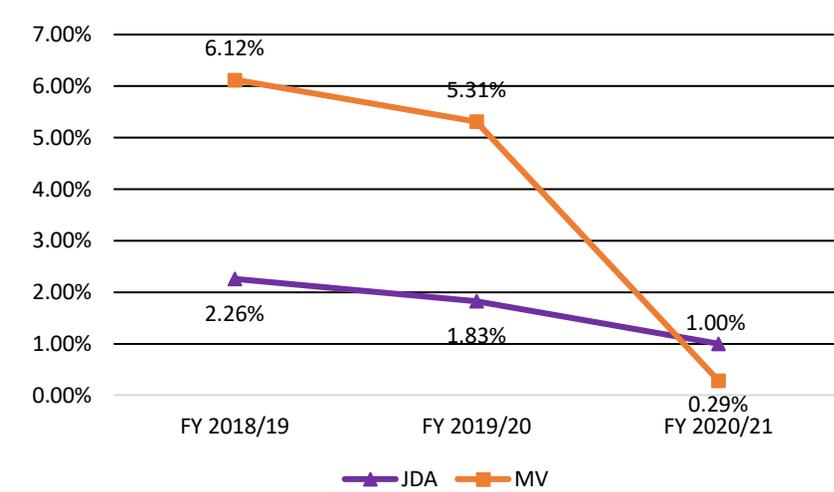


Exhibit 6.41 Demand-Response Fare/Passenger

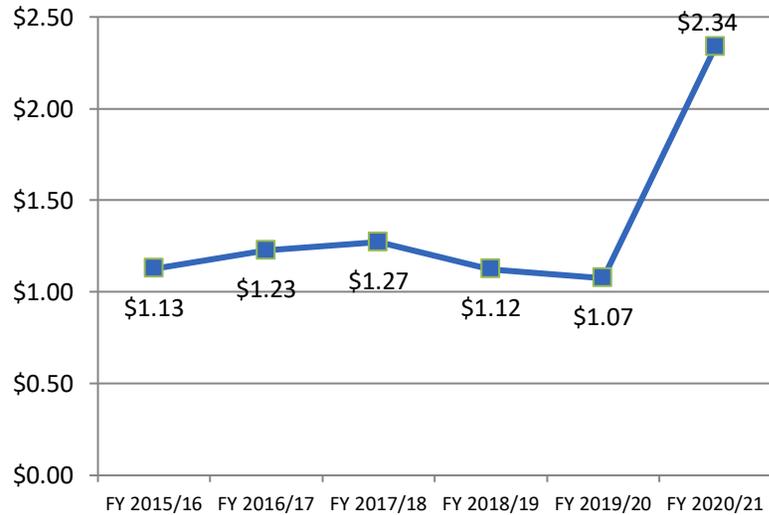
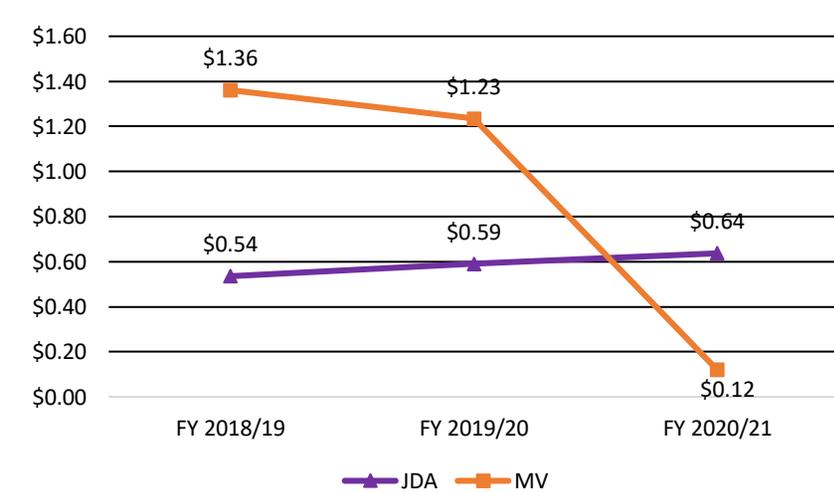


Exhibit 6.42 Demand-Response Fare/Passenger by Operator



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Chapter 7 | Functional Review

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

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

Service Overview

The San Benito Local Transportation Authority, as County Express, operates a number of transit services in San Benito County:



- Local fixed-route service in Hollister;
- Intercounty route shuttle service serving Hollister, Gilroy, and San Juan Bautista that provides service to Gavilan College and the Gilroy Caltrain station on weekdays and the Gilroy Greyhound station on Saturday and Sunday;
- ADA complementary Paratransit service providing trips in Hollister within ¾ mile of the local fixed-route service;
- General public Dial-A-Ride serving San Juan Bautista, Tres Pinos, and Hollister (for trips originating outside Hollister); and
- On-Demand service within the Hollister city limits.

Dial-A-Ride weekday reservations may be scheduled two weeks in advance or on the day of the ride for a one-dollar convenience fee. Weekend rides must be scheduled during the week prior to the desired trip. On-Demand trips may be booked up to one hour in advance by phone or using a mobile app. Services do not operate on New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

The LTA also contracts with Jovenes de Antaño (JDA), a non-profit organization in San Benito County, to provide additional specialized transportation services for seniors and persons with disabilities. Services provided by JDA include:



- Local and Assisted Transportation, called Medical Shopping Assistance Program
- Out-of-County Medical Transportation, and
- Senior Lunch Transportation.

Most services operate Monday through Friday. A summary of the services available is provided in Exhibit 7.1.

Exhibit 7.1 San Benito LTA and JDA Transit Services

Service Name	Service Type	Service Days	Hours of Service	Areas Served
County Express Tripper	General public, fixed-route	Monday - Friday	6:40 a.m. – 8:30 a.m.; 1:50 p.m. – 4:15 p.m.	Hollister; 2 routes
Intercounty Shuttle – Caltrain/Gavilan College	General public, fixed-schedule	Monday – Friday	4:55 a.m. – 8:20 p.m.	Hollister, San Juan Bautista, Gilroy
Intercounty Shuttle – Greyhound Station	General public, fixed-schedule	Saturday – Sunday	7:30 a.m. – 6:35 p.m.	Hollister, San Juan Bautista, Gilroy
Paratransit	ADA only, demand-response	Monday - Friday	6:40 a.m. – 8:30 a.m.; 1:50 p.m. – 4:15 p.m.	Hollister
Dial-A-Ride	General public, demand-response	Monday – Sunday	M-F: 6 a.m. - 6 p.m.; S-S: 9 a.m. – 3 p.m.	Hollister, San Juan Bautista, Tres Pinos
County Express On-Demand	General public, demand-response	Monday – Friday	6 a.m. – 6 p.m.	Hollister
JDA Medical Shopping Assistance Program	Senior/disabled; demand-response	Monday - Friday	8 a.m. – 4:30 p.m.	JDA service area
JDA Out-of-County Medical Transportation	Senior/disabled; demand-response	Monday - Saturday		San Benito County to Palo Alto, San Jose, Salinas, Santa Cruz, Monterey, Watsonville, & Gilroy
JDA Senior Lunch Transportation	Senior; demand-response	Monday - Friday	Lunch served at 12 p.m.	Hollister and San Juan Bautista

Exhibit 7.2 Fixed-Route/Scheduled Fare Structure

Fare Category	Cost
Tripper Service	
One-Way (Adult)	\$1.00
One-Way (Youth 5-17, Senior 65+, Disabled)	\$0.50
Monthly Pass (Youth 5-17 only)	\$20.00
Transfers (between routes)	Free
Children age 4 and under (with fare-paying rider)	Free
Intercounty Service	
One-Way (Adult)	\$2.00
One-Way (Youth 5-17, Senior 65+, Disabled)	\$1.25
10 Tokens (Adult)	\$18.00
10 Tokens (Youth 5-17, Senior 65+, Disabled)	\$11.00
Monthly Pass (Adult)	\$60.00
Monthly Pass (Youth 5-17, Senior 65+, Disabled)	\$40.00
Children age 4 and under (with fare-paying rider)	Free

Exhibit 7.3 Demand-Response Fare Structure

Fare Category	Cost
Jovenes de Antaño Medical Shopping Assistance Program	
One-Way	\$1.25
Jovenes de Antaño Out-of-County NEMT Service	
Zone 1 (0-15 miles from Hollister; Gilroy) (one-way)	\$2.00
Zone 2 (16-30 miles from Hollister; Watsonville; Salinas, & Morgan Hill) (one-way)	\$3.00
Zone 3 (31-45 miles from Hollister; Monterey, Santa Cruz, & San Jose) (one-way)	\$4.00
Zone 4 (45-65 miles from Hollister; Palo Alto) (one-way)	\$5.00
Dial-A-Ride Service	
One-Way (Adult)	\$2.00
One-Way (Youth 5-17, Senior 65+, Disabled)	\$1.25
10 Tokens (Adult)	\$18.00
10 Tokens (Youth 5-17, Senior 65+, Disabled)	\$11.00
On-Demand Service	
One-Way (Adult)	\$1.00
One-Way (Youth 5-17, Senior 65+, Disabled)	\$0.75
10 Tokens (Adult)	\$10.00
10 Tokens (Youth 5-17, Senior 65+, Disabled)	\$7.50
ADA Paratransit Service	
One-Way (Regular and Companion)	\$1.25
One-Way (Personal Care Attendant)	Free
10 Tokens (Regular and Companion)	\$11.00

Monthly passes for County Express services may be purchased in-person or by mail from the LTA office located at 330 Tres Pinos Road, Suite C-7. Mobile ticketing is available through the Token Transit app.

Response to COVID-19 pandemic

Beginning in March 2020, LTA staff who could work from home did so whenever possible. Communication was key to ensuring the drivers had appropriate personal protective equipment (PPE), safety barriers were in place, seats were marked off for social distancing, extra cleaning was performed, and passengers utilized masks. The County Express system went fare-free to minimize contact between drivers and riders. The operations contractor for County Express, MV Transportation, and JDA worked together efficiently and effectively to ensure all essential travel could be accommodated.

County Express fixed-route, Intercounty Gavilan shuttle, and weekend Dial-A-Ride services were suspended due to the COVID-19 pandemic. JDA encountered some challenges meeting demand, especially for dialysis trips, as a result of decreased vehicle capacity. Due to the decrease in demand and suspended services, MV had drivers available. As a result, MV was able to provide some of the dialysis trips to supplement those provided by JDA between Spring 2020 and July 2021. JDA’s Senior Lunch Program was suspended as a result of the pandemic and has yet to resume, so no Senior Lunch Transportation is currently being provided. Weekend Dial-A-Ride service resumed in June 2021, and Intercounty Caltrain and Greyhound services resumed in August 2021. That month, County Express also introduced the new On-Demand and fixed-route Tripper services.

One of the positive outgrowths of the COVID-19 pandemic was strengthened connections with regional and statewide partners. CalACT and National RTAP were used as resources. SBLTA also found new ways to work with other operators, who were very responsive; this included a one-day teleconference with transit operators located between Santa Cruz and San Luis Obispo.

General Management and Organization

Program monitoring is currently being developed as part of the LTA's Short Range Transit Plan (SRTP) update. Prior to the COVID-19 pandemic, the LTA was struggling to make the TDA required farebox recovery ratio. Legislation is being proposed to change these requirements. LTA's organizational structure is effective with lines of reporting and management clearly defined. However, additional planning staff is required as the needs of the agency and community continue to grow.

Prior to the pandemic, service changes were mostly regarding seasonal limited Intercounty and Fixed-Route, general Dial-A-Ride, and Specialized Transportation services. A complete service review is being developed as part of the LTA's SRTP update. This update will include analyzing the impact of these changes, as well as establishing new goals and objectives.

In 2018, the LTA released an updated operations Request for Proposals, with new service contracts taking effect on January 1, 2019. Following a competitive procurement, four proposals were received. Ultimately, the incumbents (MV Transportation and JDA) were selected to operate County Express and the Specialized Transportation services.

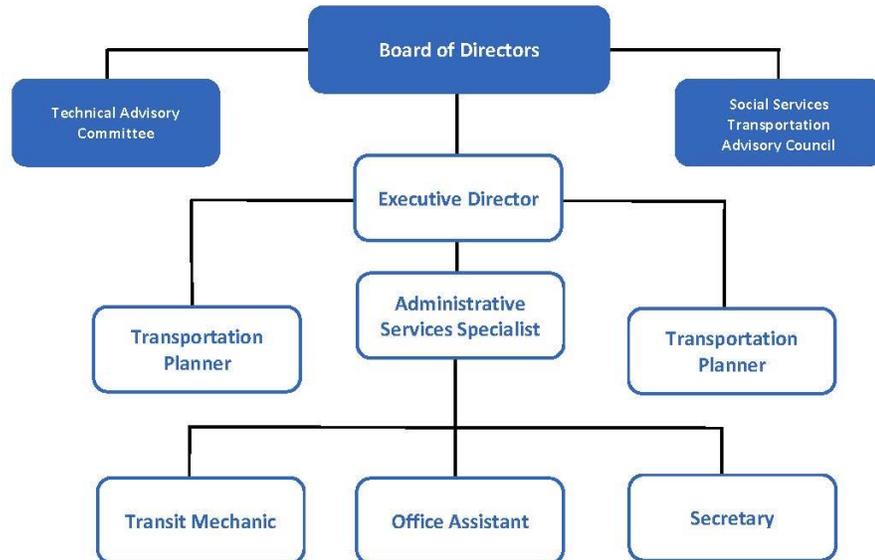
In November 2018, the Measure G sales tax was passed by San Benito County voters, thereby providing a source of local funding for transportation projects over 30 years, including public transit. The LTA's long-time finance person retired in October 2020 but has made herself available as a contractor to help on-board her replacement. The LTA's single mechanic position has been vacant since November 2020 which has resulted in relying on third-party vendors to provide the necessary service.

The LTA's relationship with the San Benito Council of Governments is positive and effective, as RTPA and LTA share staff and an office. The LTA is active in CalACT and works to assist other operators by providing information requested from colleagues at other agencies. The LTA has a great relationship with Caltrans District 5.

The San Benito County Local Transportation Authority Board is the governing body for the LTA. It meets on the third Thursday of the month at 4:00 p.m. in the Board of Supervisors Chamber (481 4th Street, Hollister). The Board is comprised of two directors from San Benito County, two from the City of Hollister, and one from the City of San Juan Bautista. It has been meeting virtually (via Zoom) as a result of the ongoing COVID-19 pandemic, but is slated to resume in-person meetings in May 2022. The LTA's Board has not expressed any particular area of concern beyond the struggle to meet the TDA-required farebox recovery ratio.

An organizational chart for LTA is provided below.

Exhibit 7.4 Organizational Chart



Service Planning

The LTA’s last SRTP update was completed in 2016. An update is underway and along with the aforementioned items, will include planning for financial needs and projects and a review of the LTA’s Specialized Transportation services. For specific projects, the LTA submits competitive transportation planning grants to Caltrans to conduct studies, such as the Public Transit Network Expansion Projects for Congestion Relief of the Highway 25 Corridor.

Due to the LTA’s limited-service hours, public participation activities are typically held when public transportation services are operating. Public engagement activities are also held in the evenings due to the high percentage of out-of-county commuters. Accessibility and convenience are key considerations when scheduling public activities. The LTA’s advisory body is the Social Services Transportation Advisory Council (SSTAC).

The most recent rider and community survey is part of the ongoing SRTP update. Prior to this current update, surveying was completed as part of the 2020 Public Transit Network Expansion Projects for Congestion Relief of the Highway 25 Corridor, as well as, during the 2016 SRTP update. Surveying efforts are conducted through multiple channels including online, hard copy, onboard the buses, via intercept at public events, through press releases, and in concert with community partners.

Administration

LTA’s Administrative Services Specialist develops the budget, which is then presented to the LTA Board of Directors for review before a budget hearing is held. After the hearing the budget is finalized and sent to the LTA Board for adoption.

Budgeted vs. actual revenues and expenses are reviewed quarterly. If actual expenses exceed the budgeted amount, a budget adjustment would be completed. Any amount exceeding \$50,000 needs to

be approved by the LTA Board and any amount under \$50,000 needs approval from the Executive Director. Financial data is tracked and managed using Microsoft Excel.

Generally, the LTA only applies to federal and state formula grants such as FTA Section 5311 and LCTOP due to limited staffing. When the LTA is notified by the grantors about available funding, the Transportation Planner reviews application requirements, meets with the Executive Director for project design, and completes the application to be reviewed and signed by the Executive Director. After award, the Transportation Planner coordinates with the Administrative Services Specialist to ensure funding is included in the budget as well as to prepare required invoicing. The Transportation Planner is responsible for completing required reporting to be reviewed and signed by the Executive Director for submittal to the grantor. The LTA's Transportation Planner works with SBCOG's Transportation Planner to ensure all grants are identified in required planning documents such as the Overall Work Program and Regional Transportation Plan. Roles are clearly and effectively defined. Most competitive grants are not applied to due to limited staffing.

The LTA contracts with San Benito County for risk management services and is self-insured with Public Risk Innovation, Solutions, and Management (PRISM). LTA follows the COG's Emergency Guidelines and the County's Personnel Policies and Procedures and Injury and Illness Prevention Program. Operations contractors are responsible for their own risk management as outlined in their contract agreements. A safety officer in the administrative office conducts monthly safety training and reviews.

The two main contracts managed by the LTA are for transit operations with MV Transportation (County Express) and Jovenes de Antaño (Specialized Transportation). As outlined in the contracts, contractors are required to provide various deliverables such as operations reports, to be submitted with the monthly invoicing to the LTA Transportation Planner. The Transportation Planner reviews the deliverables and invoice for completeness, initials the invoice, then provides the invoice to the Administrative Services Specialist for payment through the process required by the San Benito County Auditor's Office. LTA's Transportation Planner and, pending availability, Executive Director set meetings as needed with the contractors' management to discuss operations issues.

The LTA's administration office is shared with the RTPA and leased from a local property management company. The LTA owns the County Express operations and maintenance building, located at the San Benito County Public Works yard. Management and maintenance of public transportation offices and facilities (including bus stops) are distributed between the operators and the LTA.

The LTA contracts with San Benito County for payroll processing. Each LTA employee needs to submit an electronic timesheet biweekly. Once the employee submits the timesheet, the Administrative Services Specialist reviews the timesheets for accuracy and the Executive Director processes the final approval. At that point the timesheets are passed on to the County payroll department for processing.

Accounts receivable and accounts payable are the responsibility of the LTA's Administrative Services Specialist. Disbursements are authorized by the Executive Director and the Administrative Services Specialist.

For procurements, the LTA sources three quotes to secure the lowest price that is consistent with the quality needed. The LTA follows the LTA/San Benito County Purchasing Policy and the Rural Counties Task Force RTPA Procurement Policies and Procedures.

The LTA does not own its own fueling station, so fuel is provided through the San Benito County Public Works department using the County’s Purchasing Policy where LTA reimburses the County for its fuel usage. Vehicles are procured either through the Caltrans procurement office or the CalACT cooperative agreement depending on the funding source. All other large purchases require a competitive procurement through releasing an RFP/RFQ/IFB.

The LTA uses external auditors to complete their financial statements annually.

Marketing and Public Information

The LTA does not have a specific marketing plan, but one will be prepared as part of the ongoing Short Range Transit Plan update. When there is a County Express service alert, it is created in-house, and printed copies are posted onboard the vehicles and at the bus stop shelters, as well as posted to social media (Facebook, Instagram, and Twitter) and the website. For Specialized Transportation, the LTA relies on Jovenes de Antaño to promote the service. For larger systemwide service changes, the LTA will create a press release to provide to the local media. The LTA is working with a vendor on specific campaigns including promoting services that help students get to and from school. The vendor is providing the LTA with a step-by-step marketing guide and the campaign is currently in progress.

Both MV Transportation and Jovenes de Antaño submit a database with their monthly invoices detailing customer complaints received and how they were resolved. Should the LTA receive complaints directly, whoever receives the complaint documents important details such as time/date of the incident, service type, driver information, etc. This information is then reported to the contractor who follows up with the person that complained with results documented in the database.

According to public comments, passenger opinion of the County Express and Specialized Transportation Services is neutral or slightly positive, though much of the general public is unaware of these services. Many of County Express’ passengers are students, hence the “Transit to School” marketing campaign.

Scheduling, Dispatch, and Operations

All employees at MV (with the exception of the General Manager and Operations Manager) are represented by Teamsters Local 680. Jovenes de Antaño employees are not unionized. MV employs 13 full-time drivers, while JDA employs one full-time driver and three part-time drivers. Neither operator uses standby drivers.

MV drivers bid on routes at least three times a year, with seniority playing a large role in assignments. For the air brake vehicles, MV drivers need to have an air brake endorsement.



MV drivers picking up school children on school premises are required to have a GPPV certification. JDA drivers are required to have a Class B license with Passenger Endorsements to drive the cutaways and all drivers are subject to Drug and Alcohol testing.

Vacation time for both operators must be scheduled in advance and a backup driver or shifting of assignments can occur to cover personnel.

JDA vehicles are assigned based on availability, licensing, and routes/service types. Some MV vehicles assignments are based on funding, while others are assigned according to driver certifications or whether or not the vehicle will be traveling out of the county.

When the LTA has its mechanic position filled, drivers and dispatch communicate what repairs are needed directly to maintenance. While the agency has been without a mechanic, JDA has communicated with LTA administrative staff (Transportation Planner, Administrative Services Specialist, Office Assistant) regarding repair needs.

JDA drivers collect fares and bring them to the JDA administrative offices to be counted by management and taken to the LTA administrative offices to be deposited with the County's Treasurer's office. MV drivers bring in the paperwork and farebox to be counted and dispatch recounts and locks it in a safe. Drivers and managers have access to cash fares. JDA's Transportation Manager takes deposits to LTA's administrative office weekly. MV's Operations Manager takes a deposit to the San Benito County Treasurer's office every three to four days.

County Express non-cash fare media is only sold at the LTA administrative office and using the Token Transit app. Cash is collected on-site in a locked box, fare sales are detailed by type and value, and at least once a week cash is reconciled by the Administrative Services Specialist to be deposited with the San Benito County Treasurer's office. Token Transit processes the fares using credit and debit cards, collects the fares over a small period of time, then charges the LTA a percentage of the purchases. The fare structure on Token Transit is identical as what can be purchased at the administrative office and onboard. The fares in excess of the fees are then deposited into the LTA's account through the San Benito County Treasurer's office.

Personnel Management and Training

Driver recruitment is a continuing struggle. Reflective of the nationwide trend, the LTA's contractors have difficulty finding candidates eligible for hire. MV has partnered with LTA for its recruitment, utilizing social media, flyers, and postings on online services such as Indeed. Driver positions with JDA are advertised using flyers and online postings. All recruits are required to undergo comprehensive training, regardless of whether or not they



possess a commercial license. MV gets very few recruits that are already commercially licensed. JDA requires a Class B license to drive its cutaways.

At the time of the site visit, the LTA expected to have hired a mechanic in February 2022. The most recent recruitment was much more successful than prior efforts, and numerous candidates expressed interest. As such, a new mechanic is expected to begin work April 2022.

JDA drivers' job performance is praised in every staff meeting. MV management uses safety incentives, appreciation awards and meals, and words of appreciation to motivate employees. JDA turnover is low. MV's recent turnover is attributed to retirement.

New hires at MV are evaluated 45 days and 90 days into employment, while senior employees receive biannual evaluations. JDA conducts annual evaluations. JDA holds monthly safety meetings/trainings. MV Transportation has its own training program called OET, Operator Excellence Training. This program includes both in-class training as well as outside skills and driving.

JDA provides safety training on wheelchair tie-downs and driving in various weather conditions. Before the COVID-19 pandemic, MV Transportation held one-hour monthly safety meetings on topics provided by corporate. Due to the COVID-19 pandemic, employees watch training videos and complete quizzes afterward.

Policies regarding absences, tardiness, and discipline are outlined in the employee handbooks. Both operators have drug and alcohol policies that conform to applicable federal and state requirements. MV offers medical, vision, dental, life insurance, and 401K to full-time employees. JDA's full-time drivers receive health insurance, and both full-time and part-time drivers receive paid vacation and sick leave.

JDA drivers receive their benefits upon employment, with any changes provided during staff meetings during open enrollment. MV Transportation provides booklets to employees and posts any benefit changes on-site. If employees have opted-in, they will receive text messages reminding them of enrollment deadlines. The General Manager is responsible for making sure every eligible employee receives the benefit booklet for which they sign they have received. MV Transportation also offers a toll-free number to call if there are questions.

Maintenance

There are four types of preventative maintenance service – A, B, C and D – as detailed on a LTA preventative maintenance form. Since LTA has been without a mechanic for over a year, MV Transportation and Jovenes de Antaño coordinate with a local vendor to complete preventive maintenance and repairs. The LTA's Office Assistant keeps track of when the service types (A, B, C or D) are due next for each vehicle. The maintenance schedules conform with the manufacturer's recommended schedules. Maintenance has at times conflicted with regular vehicle use, but not to a point where service is not provided. While the LTA has been without a mechanic, this issue has been more pronounced (which is not unexpected).

The LTA's maintenance facility can accommodate most repairs when the mechanic position is staffed. Repairs sent out are typically related to air brakes, air conditioning, lifts, and auto glass. Since the position has been vacant all repairs, including preventative maintenance, are completed by third-party vendors.

Given the size of the LTA's current operation, the number of bays and lifts is sufficient although as the agency and community continue to grow this could be an area of concern.



The LTA has 28 vehicles (20 County Express, 8 Specialized Transportation) in its fleet with an average age of 5.5 years. The LTA has an adopted Transit Asset Management Plan as required by the Federal Transit Administration and a place for improvement would be to identify funding for the replacement vehicles. The updated SRTP should address some of this under its Capital Improvement Plan.

JDA and MV drivers must complete daily vehicle inspections checklists before putting a vehicle into service. Anything that is unsafe and or puts the bus out of service is prioritized. The LTA parts room is locked with access by the mechanic when staffed and MV Transportation

management. The LTA's mechanic is responsible for tracking and reordering parts was needed.

In the event of a breakdown during regular business hours the driver will notify dispatch (MV) or the contractor's Transportation Manager (JDA), who then notifies the mechanic, who determines if the vehicle can be repaired roadside or if a tow is necessary. After hours, the driver notifies dispatch or the Operations Manager (MV) or the Transportation Manager (JDA), who notifies the LTA's Executive Director to determine whether to call in the mechanic to repair the vehicle roadside or have the vehicle towed. Absent an in-house mechanic, the procedure is largely the same, though either the LTA administrative office or the contractor's Operations/Transportation Manager would set up the vehicle to be towed.

When filled, the LTA's mechanic is dedicated to County Express and Specialized Transportation. There is no excess maintenance capacity.

Exhibit 7.5 San Benito Local Transportation Authority's Transit Fleet

Vehicle #	Year	Make	Model	Fuel	PAX	WC Positions	Service
55	2007	Blue Bird	Large Bus	Diesel	23	2	County Express
61	2010	Starcraft	Type II	Gas	14	2	County Express
63	2013	Caravan	Caravan	Gas	5	1	Specialized Transportation
64	2013	Glaval	Cutaway	Diesel	28	3	County Express
65	2016	Glaval	Universal	Gas	16	2	Dial-A-Ride
66	2016	Glaval	Universal	Gas	16	2	Intercounty/Dial-a-Ride
67	2016	Glaval	Universal	Gas	16	2	Intercounty/Dial-a-Ride
68	2016	Glaval	Universal	Gas	12	2	Dial-A-Ride
69	2016	Glaval	Legacy	Diesel	32	2	Intercounty
70	2016	Glaval	Legacy	Diesel	32	2	Intercounty
71	2018	Starcraft	Allstar	Gas	12	2	Dial-A-Ride
72	2018	Starcraft	Allstar	Gas	12	2	Dial-A-Ride
73	2018	Starcraft	Allstar	Gas	12	2	Dial-A-Ride
74	2020	Glaval	Universal	Gas	16	2	Dial-A-Ride
75	2020	Glaval	Legacy	Diesel	28	2	Intercounty
76	2020	Glaval	Universal	Gas	16	2	Dial-A-Ride
77	2020	Glaval	Universal	Gas	16	2	Dial-A-Ride
78	2020	Glaval	Universal	Gas	16	2	Dial-A-Ride
79	2021	Glaval	Universal	Gas	16	2	Dial-A-Ride
80	2021	Glaval	Universal	Gas	16	2	Dial-A-Ride
735	2010	Glaval	Type III	Gas	16	2	Specialized Transportation
736	2010	Braun	Entervan	Gas	5	1	Specialized Transportation
737	2013	Dodge	El Dorado	Gas	5	1	County Express
738	2013	Starcraft	Type III	Gas	16	2	Specialized Transportation
739	2019	Starcraft	Allstar	Gas	12	2	Out of County Medical
740	2020	Glaval	Universal	Gas	16	2	Out of County Medical
741	2019	Braun	Entervan	Gas	5	1	Out of County Medical
742	2021	Starcraft	Allstar	Gas	16	3	Out of County Medical

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Chapter 8 | Findings and Recommendations

Conclusions

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

Findings

Based on discussions with San Benito LTA staff, analysis of program performance, and an audit of program compliance and function, the auditors present two compliance findings:

1. The LTA does not use the TDA definition of full-time equivalent (FTE) employee in preparing its State Controller Report.
2. The LTA did not meet the 10-percent farebox recovery ratio requirement in FY 2018/19.

The auditors also identified one functional finding. While this finding is not a compliance finding, the auditors believe it warrants inclusion herein:

1. Additional LTA staff will be needed to effectively manage the program as the community and the needs of the agency grow.

Program Recommendations

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

Compliance Finding 1: The LTA does not use the TDA definition of full-time equivalent (FTE) employee in preparing its State Controller Report.

Criteria: The State Controller, for its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of "employee" as total work hours divided by 2,000. Reported work hours should include both contractor personnel (management, drivers, dispatch, etc.) as well as LTA personnel (including the mechanic, when that position is filled).

Condition: The LTA does not appear to be using the TDA definition of FTE employee in completing the State Controller Report, as it was not able to provide calculations supporting this metric. The documentation provided as part of this audit included proposed full-time and part-time employees as included in each contractor's agreement.

In reviewing the data submitted for this audit, the auditors noted that “employee hours” is provided as a reported field in the quarterly performance summaries. As such, the audit team was able to use those hours to calculate the contractor FTE for those years. In each case, it was determined that what was reported to the State Controller was likely close to the actual Employees calculated using the TDA definition, once LTA administrative time was added.

Cause: A general lack of understanding of this requirement of the State Controller Report is the most frequent cause of this findings.

Effect: The operator is out of compliance with the TDA by failing to use the TDA definition for this metric.

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

Recommended Action: Ensure both the LTA and the contractors document all hours worked related to public transit beginning with FY 2021/22. Administrative hours may need to be allocated between fixed-route (general operations) and demand-response (specialized services) based on either actual work performed or a formula based on vehicle service hours by mode. Ensure the individual(s) completing the reports are aware of how to calculate this data using the TDA definition.

Timeline: Beginning with FY 2021/22.

Anticipated Cost: None.

Management Response: Staff would like to thank Moore & Associates for explaining the TDA definition of an FTE. With their assistance, staff was able to ensure that the proper calculation was used when calculating the FTE for the FY 2021/22 State Controller Report.

Compliance Finding 2: The LTA did not meet the 10-percent farebox recovery ratio requirement in FY 2018/19.

Criteria: PUC 99268.4 requires a transit operator serving a non-urbanized (rural) area to achieve a farebox recovery ratio of 10 percent in order to be eligible for its full allocation of TDA funding.

Condition: In FY 2018/19, the LTA’s system-wide farebox recovery ratio was 8.38 percent, below the 10 percent requirement. Given the LTA had already used its one-time grace year, this year is a non-compliance year that would make the LTA subject to a penalty. The penalty would decrease the amount of TDA funding the operator is able to claim by the amount of difference between the actual fare revenues and what was required in order to meet the farebox recovery ratio. However, the penalty would not actually occur until FY 2020/21, as it is based on audited financials for the non-compliance year. According to data provided in the TDA fiscal audit, this would have resulted in a penalty of \$30,418 in FY 2020/21. The system-wide farebox recovery ratio was calculated as follows, using data from the FY 2018/19 TDA fiscal audit:

	System Costs
Passenger fares	\$151,384
Add: Sales or disposal of assets	\$5,203
Add: Investment income	\$727
Total fare revenue:	\$157,314
Operating cost	\$2,344,068
Less: Depreciation	-\$249,608
Less: ADA paratransit cost increase beyond CPI	-\$217,139
Net operating cost:	\$1,877,320
Farebox recovery ratio:	8.38%
Difference:	\$30,418

The challenge at present is whether the RTPA should have imposed this penalty on the LTA in FY 2020/21, given penalties for non-compliance in FY 2019/20 through FY 2022/23 were waived as a result of AB 90 and AB 149. It does not appear that this penalty was levied in FY 2020/21, though it technically should have been given the non-compliance year occurred prior to the period covered by AB 90 and AB 149. If the San Benito COG ultimately decides that a penalty is warranted, then this amount would need to be deducted from the LTA’s allocation as soon as possible, even if other penalties for non-compliance are being waived. Any funding available in the penalty year could be used to backfill this revenue.

The calculation shown above excludes ADA complementary paratransit costs over and above the change in the Consumer Price Index (CPI), as allowed by the TDA. In FY 2018/19, the cost to provide ADA paratransit service increased by 67.35 percent, well beyond the 3.03 percent change in CPI between FY 2017/18 and FY 2018/19. As a result, 64.32 percent of the ADA complementary paratransit costs can be excluded from the operating cost.

Cause: There are many causes for not meeting the farebox recovery requirement, including increasing operating costs and lower ridership/fare revenue.

Effect: When revenues and costs get out of balance, the farebox recovery ratio can drop below the required threshold.

Recommendation: Include a comprehensive farebox recovery ratio calculation (with the allowed revenue inclusions and cost exclusions detailed in AB 149) in the LTA’s annual TDA fiscal audit.

Recommended Action: Several changes to the TDA legislation as a result of AB 149 limit the likelihood that an operator will fail to meet its farebox recovery ratio requirement in future years. First, non-compliance penalties were waived for the years most impacted by the COVID-19 pandemic (FY 2019/20 through FY 2022/23). This provides most operators with some “breathing room” as they strive to recover from the impacts of the pandemic. Second, AB 149 changed the requirements regarding which revenues can be counted as fare revenue for the purpose of calculating the farebox recovery ratio. PUC 99268.19 now defines “local funds” as “any non-state grant funds or other revenues generated by, earned by, or distributed to an operator.” This has a huge impact on the LTA, as it now allows federal funds to be counted as fare revenue for the purposes of this calculation. Finally, AB 149 also expanded the expenses

that can be excluded from operating cost for the purposes of this calculation. These exclusions now include:

1. Operating costs required to provide ADA complementary paratransit services.
2. Cost increases beyond the change in the Consumer Price Index (CPI) for fuel, alternative fuel programs, power (including electricity), insurance premiums and payments in settlement of claims arising out of the operator’s liability, and state and federal mandates.
3. Startup costs for new services for a period of not more than two years.
4. Costs required to operate demand-response and micro-transit services that expand access to transit beyond fixed-route corridors.
5. Costs of funding or improving payment and ticketing systems and services.
6. Costs of security services and public safety contracts.
7. Any expense greater than the actuarially determined contribution associated with pensions and other post-employment benefits as required by Governmental Accounting Board Statement Numbers 68 and 75.
8. Costs of planning for improvements in transit operations, integration with other operators and agencies, transitioning to zero-emission operations, and for compliance with state and federal mandates.

In short, these changes mean that the LTA should be able to ensure future compliance with the farebox recovery ratio without needing to make any significant changes to its funding, as demonstrated below. The calculations show how FY 2018/19’s farebox recovery ratio would have been calculated if the provisions of AB 149 had been in effect at that time.

	System Costs
Passenger fares	\$151,038
Add: Sales or disposal of assets	\$5,203
Add: Investment income	\$727
Add: Federal grant funds	\$322,026
Total fare revenue:	\$478,994
Operating cost	\$2,344,068
Less: Depreciation	-\$249,608
Less: All ADA paratransit costs	-\$564,967
Net operating cost:	\$1,529,492
Farebox recovery ratio:	31.32%

Beginning with FY 2021/22, the LTA should also be able to exclude operating costs of its on-demand service, as well as any planning costs for its Short-Range Transit Plan.

In order to ensure all included revenues and excluded costs are included in the calculation, the audit team recommends the LTA and COG ensure its fiscal auditors include the farebox recovery ratio calculation within the TDA fiscal audit. Not only will this provide a comprehensive calculation of this metric, but it will also help LTA remain aware of its farebox recovery ratio and continued compliance.

Even with these changes, it may still be necessary for the LTA to identify additional sources of funding so as to meet its expenses. While compliance with the TDA may no longer be a significant concern, it does not address any additional funding needs the LTA may face as it serves a growing community in the future.

Timeline: Beginning with FY 2021/22.

Anticipated Cost: Negligible.

Management Response: Staff will take this item to the LTA Board of Directors for discussion.

Functional Finding 1: Additional LTA staff will be needed to effectively manage the program as the community and the needs of the agency grow.

Criteria: Under the General Management and Organization functional area, one of the components is organizational structure and reporting. One of the relevant questions from the *Performance Audit Guidebook* is, “Given the operator’s size, and functions performed, is the operator’s internal organizational structure appropriate, effective, and efficient?”

Condition: The LTA has expressed a need to expand transit staffing by at least one full-time position as the community and the agency grow in order to be considered “effective” and “efficient.”

Cause: Reporting and compliance requirements related to procurement, grants, and project management, especially those that are FTA-funded, have been steadily increasing over the past few years. In addition, anticipated future growth of the program will require additional planning and support beyond what is currently being provided.

Effect: Absorbing all of these activities into existing positions can be difficult. This can result in current staff being overworked, or the operator missing out on funding opportunities because they cannot be reasonably pursued or managed.

Recommendation: Consider adding a full-time planning position to provide additional support for planning, program administration, and reporting activities.

Recommended Action: The LTA should examine the cost of the new position as well as how it would be funded. Given the challenges the LTA has encountered meeting the farebox recovery ratio requirement, it is important that the new position does not have a negative impact on the farebox recovery ratio.

Timeline: FY 2022/23.

Anticipated Cost: Equivalent to the LTA’s salary and benefits for the position, plus any costs related to recruitment.

Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.	Medium	FY 2021/22
2	Include a comprehensive farebox recovery ratio calculation (with the allowed revenue inclusions and cost exclusions detailed in AB 149) in the LTA's annual TDA fiscal audit.	High	FY 2021/22
Functional Recommendations		Importance	Timeline
1	Consider adding a full-time planning position to provide additional support for planning, program administration, and reporting activities.	Medium	FY 2022/23