



FY 2013-2015

TRIENNIAL PERFORMANCE AUDIT OF LINCOLN TRANSIT

September 2016

SUBMITTED TO:



PLACER COUNTY
TRANSPORTATION
PLANNING AGENCY

SUBMITTED BY:

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INTERNATIONAL

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Executive Summary

The Placer County Transportation Planning Agency (PCTPA) engaged Michael Baker International to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operators under its jurisdiction in Placer County. This performance audit is conducted for Lincoln Transit (Lincoln, City) covering the most recent triennial period, fiscal years 2012–13 through 2014–15.

The audit includes a review of the following areas:

- Compliance with TDA Requirements
- Status of Prior Audit Recommendations
- Transit System Performance Trends
- Detailed Functional Review

From the review, recommendations were developed to improve Lincoln’s operational efficiency and effectiveness.

Compliance with TDA Requirements

The City satisfactorily complied with seven of the nine applicable requirements. The City was in partial compliance with correct data reporting, but not in compliance with regard to maintaining its rural farebox recovery ratio.

Status of Prior Audit Recommendations

Of the four prior audit recommendations, two recommendations pertaining to the reporting of performance data and FTEs were not implemented and have been forwarded for full implementation. The remaining two recommendations are no longer applicable due to the consolidation with Placer County.

System Performance Trends

1. Operating cost per passenger, a measure of cost effectiveness, increased 45.7 percent system-wide from the FY 2012 base year through FY 2015. On a modal basis, cost per passenger increased by a comparable 43.1 percent on the fixed route and 28.8 percent on Dial-A-Ride. The increase in this cost indicator is attributed to the higher rise in operating costs relative to the decline in passenger trips.
2. Operating cost per hour, which is a measure of cost efficiency, increased 14.3 percent system-wide based on audited data. On a modal basis, cost per hour increased 1.4 percent

on the fixed route and 33.8 percent on Dial-A-Ride. The trend is a result of the higher increase in operating costs compared to the decrease in vehicle service hours.

3. Operating cost per mile, another cost efficiency measure, increased 14.2 percent system-wide from the FY 2012 base year to FY 2015. At the modal level, cost per mile decreased 1.5 percent on the fixed route. In contrast, cost per mile increased on Dial-A-Ride by 40.5 percent and accounting for much of the system-wide increase.
4. Passengers per vehicle service hour decreased 21.5 percent system-wide. Concurrent with the system-wide trend, passengers per hour decreased 29.1 percent on the fixed route. In contrast, passengers per hour on Dial-a-Ride increased 3.8 percent. System-wide, the number of passengers per service hour fluctuated in a relatively narrow range during the audit period, between 5.4 and 6.6 passengers per vehicle service hour.
5. Passengers per vehicle service mile is an indicator of service effectiveness which measures service consumption and service outputs. For the audit period, passengers per vehicle service mile decreased by 21.6 percent system-wide. Concurrent with the system-wide trend, passengers per mile decreased 31.2 percent on the fixed route. Passengers per hour increased on Dial-A-Ride by 9.1 percent.
6. Based on the available data from the annual fiscal and compliance audits, the City failed to attain the minimum rural farebox recovery ratio standard of 10 percent in each of the three performance audit years.

Functional Review

1. Lincoln Transit has operated two service modes within the city of Lincoln composed of two fixed-route circulator routes and a general public Dial-A-Ride. City efforts to sustain the transit service have faced the challenges of a sluggish economic recovery resulting in the downsizing and turnover of staff within the City and lack of dedicated transit staff to provide consistent oversight.
2. Since FY 2008, the City has been assessed \$305,981 in penalties in the form of reduced TDA funding from not meeting the farebox recovery standard. In light of this situation, the City sought to enter into a contract agreement with Placer County to increase PCT's involvement in the City's transit operations to improve farebox recovery and operation efficiency.
3. The City's Transit Committee was convened in January 2015 in which the Committee reviewed the contract agreement with Placer County for transit service and recommended City Council action. At its February 24, 2015 meeting, the City Council unanimously authorized the City Manager to execute the contract agreement with Placer County.

4. The contract agreement was implemented in two phases: Dial-A-Ride operations would transition to PCT on May 4, 2015 and fixed route operations would transition to PCT by July 1, 2015. The consolidation process was more challenging than anticipated. The City and PCT’s contract operator, MV Transportation, executed an agreement for the Dial-A-Ride to be operated directly in the interim by MV Transportation from May 4 through June 30.
5. During the audit period, Lincoln Transit operations employed three full-time drivers and a Transit Supervisor. Since consolidation, the City retained two drivers due to rules stipulated in the union contract. The Transit Supervisor has since retired from the City.
6. Lincoln Transit was administered under the Public Services Department. Day-to-day operations of the transit program were overseen by the full-time Transit Supervisor, who reported directly to the Public Services Director. The administrative analyst also reports directly to the Public Services Director and is in charge of many of the administrative and financial aspects of the transit system. The former Transit Supervisor split his time between the transit and solid waste divisions.

Recommendations

Performance Audit Recommendation	Background	Timeline
<p>1. Ensure the accuracy of data reporting and proper calculation of TDA required performance indicators in the State Controller Report.</p>	<p>This recommendation is carried over from the prior audit. A review of the Transit Operators Financial Transactions Reports submitted to the State Controller still contain certain discrepancies as compared to the data in the federal National Transit Database reports. A majority of the discrepancies concern the vehicle service miles data. Administration of the transit system has been adversely impacted by turnover of transit personnel with some possible oversight in the communications of key data to the independent auditor retained by the City that prepares the Transit Operators Financial Transactions Reports. In spite of the recent contract agreement with the County to operate the service, the City is still responsible for completion of its upcoming Transit Operators Financial Transactions Report. The agreement indicates that Lincoln intends to continue its own public transit service by contracting with the County for those services. Therefore, it is suggested that the City Finance Department work closely with PCT to assure the accuracy of the operating data reported.</p>	<p>High Priority</p>

Performance Audit Recommendation	Background	Timeline
2. Account for all labor hours charged to the transit program in the full-time equivalent employee calculation.	<p>This recommendation is carried over from the prior audit. A review of the FTE data in the Transit Operators Financial Transactions Reports indicates that employee FTEs averaged between 7 and 8 system-wide. These figures may be indicative of a headcount rather than the calculation based on total labor hours related to the administration and operation of the transit system. Proper calculation of this measure is based on the number of employee FTEs using employee pay hours attributed to transit administration and operations and dividing by 2,000 hours per employee. In spite of the recent contract agreement with the County to operate the service, the City is still responsible for completion of its upcoming Transit Operators Financial Transactions Report. The agreement indicates that Lincoln intends to continue its own public transit service by contracting with the County for those services. Therefore, it is suggested that the City Finance Department work closely with PCT to assure the accuracy of the operating data reported.</p>	High Priority

Section I

Introduction

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

The Placer County Transportation Planning Agency (PCTPA) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operator under its jurisdiction, Lincoln Transit (Lincoln, City). This performance audit is conducted for Lincoln covering the most recent triennial period, fiscal years 2012–13 through 2014–15.

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

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

Overview of the Transit System

Public transit had been operating in Lincoln since December 1982 and composed of a fixed route circulator. Demand responsive service was implemented in July 2000 to operate as complementary paratransit to the fixed route pursuant to the Americans with Disabilities Act (ADA). The City of Lincoln administered and operated the transit system through the Department of Public Services, which owned and maintained the bus fleet. Toward the end of the audit period, the City moved toward consolidating its transit services with those in Placer County. The consolidation was implemented in two phases that involved Placer County Transit (PCT) assuming operation of the Dial-A-Ride service in May 2015 and the fixed route service in July 2015.

Based on the 2010 US Census, Lincoln’s population is 42,819, which has grown 280.7 percent since the 2000 US Census. The senior citizen population, composed of residents aged 65 and

over, is 23.47 percent. The 2016 population for Lincoln is estimated to be 47,339 as reported by the California Department of Finance. The city covers 20.09 square miles.

Major highways serving Lincoln are State Routes (SR) 65 and 193. SR-65 is the main north–south highway connecting Lincoln with Rocklin and Roseville to the south and Yuba County to the north. SR-193 connects Lincoln with Newcastle and Interstate 80 to the east. Major arterial streets traversing Lincoln include Lincoln Boulevard, Joiner Parkway, Ferrari Ranch Road, Del Webb Boulevard, 4th Street, and Twelve Bridges Drive.

System Characteristics

During the audit period, the Lincoln Transit system included two fixed routes and a Dial-A-Ride service. The fixed routes were composed of the *Downtown Circulator* and *Lincoln Loop*, scheduled on hourly headways throughout the day. The Dial-A-Ride program was a complementary paratransit, curb-to-curb, shared ride service for the general public which operated within the city limits.

Lincoln Transit operated Monday through Friday from 6:35 a.m. to 6:00 p.m. Effective July 2015, service hours were expanded to conform to PCT’s operating schedule. During the post-audit period, transit operates Monday through Friday from 6:30 a.m. to 6:35 p.m. and Saturday from 8:20 a.m. to 4:20 p.m.

Transit services do not operate on Sundays and the following holidays: New Year’s Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, the day after Thanksgiving, and Christmas. An overview of the two Lincoln Transit routes operated during the audit period is summarized as follows:

- ***Downtown Circulator***: This route originated at 3rd and F Streets and served the southern portion of Lincoln and provided an hourly connection to PCT at the Twelve Bridges Library. The Downtown Circulator operated on hourly headways from 6:35 a.m. to 5:25 p.m. Monday through Friday.
- ***Lincoln Loop***: This route operated in the northern portion of Lincoln in a 10.3-mile long loop on an hourly headway interval from 7:00 a.m. to 5:40 p.m. Monday through Friday.

The two fixed routes were replaced by the Lincoln Circulator upon the transfer of operations to PCT in July 2015. PCT, in partnership with the City of Lincoln, began operating a special bus effective August 19, 2015, to serve bus stops near Lincoln schools to supplement the regular bus route.

Dial-A-Ride

Dial-A-Ride (DAR) is a curb-to-curb, shared-ride paratransit service for the general public that operates within the city limits. During the audit period, DAR operated Monday through Friday from 7:00 a.m. to 6:00 p.m. Effective July 1, 2015, service hours were expanded during the week

and Saturday service added. The service currently operates Monday through Friday from 6:30 a.m. to 6:35 p.m. and Saturday from 8:20 a.m. to 4:20 p.m. Trips are reserved one day in advance. General public trips are accommodated on a space-available basis with priority given to seniors and persons certified under ADA.

Fares

Lincoln Transit’s fares are structured based on passenger category, service mode and media. Multi-trip passes are also available for purchase. Seniors, persons with disabilities and youth qualify for discounts with any valid proof of identification. Since the consolidation of Lincoln Transit with PCT, the fare structure was expanded to include day passes and other multi-day passes. The fare structure during the audit period and afterwards is summarized in Table I-1.

**Table I-1
Lincoln Transit Fare Schedule**

Fare Categories	Effective March 1, 2012		Effective July 1, 2015				
	Fixed Route	Dial-a-Ride	Fixed Route	Dial-a-Ride			
General Public One-Way	\$1.50	\$3.00	\$1.25	\$2.50			
Senior/Youth/Disabled One-Way	\$0.75	\$2.00	\$0.60	\$1.25			
General Public 24 Hour Pass			\$2.50				
Senior/Youth/Disabled 24-Hour Pass			\$1.25				
General Public 10-Ride Pass			\$20.00		\$10.00		
Senior/Youth/Disabled 10-Ride Pass			\$30.00		\$5.00		
General Public 20-Ride Pass						\$42.50	
Senior/ADA/Youth/Disabled 20-Ride Pass						\$21.25	
General Public 14-Day Pass						\$21.50	
Senior/Youth/Disabled 14-Day Pass						\$10.75	
General Public 30-Day Pass						\$45.00	\$37.50
Senior/Youth/Disabled 30-Day Pass						\$22.50	\$18.75

Source: Lincoln Transit & PCT

Fleet

There were 8 vehicles in the transit fleet during the audit period including one relief vehicle. All vehicles in revenue service are wheelchair accessible with tie-downs in compliance with the Americans with Disabilities Act of 1990. Table I-2 summarizes the transit fleet.

**Table I-2
Lincoln Transit Fleet**

Year	Make/Model	Quantity	Fuel Type	Service Mode	Seating Capacity
2000	Thomas F6W-1200	1	Diesel	Fixed Route	45
2002	Blue Bird CSRE 3408	1	Diesel	Fixed Route	37
2005	Blue Bird XCEL 102	2	Diesel	Fixed Route	37
2005	Ford-El Dorado Aerotech	1	Diesel	Dial-A-Ride	16
2006	Dodge Grand Caravan	1	Unleaded	Relief	6
2007	Ford-El Dorado Aerotech	2	Unleaded	Dial-A-Ride	18
Total		8			

Source: Lincoln Transit

Section II

Operator Compliance Requirements

This section contains the analysis of the City’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, developed by the California Department of Transportation (Caltrans) to assess transit operators. The guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator has submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2013: October 17, 2013 FY 2014: October 15, 2014 FY 2015: October 16, 2015 Conclusion: Complied.
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2013: March 25, 2014 FY 2014: March 27, 2015 FY 2015: January 29, 2016 A 90-day extension was granted by PCTPA as allowed by the TDA statute. Conclusion: Complied.
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the	Public Utilities Code, Section 99251 B	The City participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.		<p>13 months prior to each TDA claim.</p> <p>Inspections were conducted at the City of Lincoln Corporation Yard located at 2100 Flightline Drive in Lincoln.</p> <p>Inspection dates applicable to the audit period were November 15 & 16, 2012; November 14 & 15, 2013; and May 20 & June 2, 2015.</p> <p>All inspections conducted were rated satisfactory.</p> <p>Conclusion: Complied.</p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>As a condition of approval, the annual claims for Local Transportation Funds and State Transit Assistance submitted by the City are submitted in compliance with the rules and regulations adopted by PCTPA.</p> <p>Conclusion: Complied.</p>
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	<p>This requirement is not applicable, since Lincoln had been subject to a rural farebox recovery ratio standard of 10 percent. The 2010 Census designated Lincoln as part of Sacramento Urbanized Area which raised the City's farebox recovery ratio requirement. However, with the recent contract agreement, an updated PCT system-wide blended</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		farebox ratio of 12.94 percent applies. Conclusion: Not applicable.
The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage change in the transit system’s operating budget: FY 2013: -1.7% FY 2014: +1.8% FY 2015: -0.7% Source: City of Lincoln Public Services - Transit Budgets for FYs 2012–2015 Conclusion: Complied.
The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	The transit system’s definition of performance is consistent with Public Utilities Code Section 99247. A review of performance data reports generated during the audit period indicates that correct performance data is being collected. An exception is the calculation of full time equivalent employees in which head count is reported instead of a FTE equaling 2,000 labor hours. Conclusion: Partial compliance.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	This requirement is not applicable, since Lincoln has been subject to a rural farebox recovery ratio standard of 10 percent. The 2010 Census designated Lincoln as part of

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.		Sacramento Urbanized Area which raised the City’s farebox recovery ratio requirement. However, with the contract agreement, an updated PCT system-wide blended farebox ratio of 12.94 percent applies. Conclusion: Not applicable.
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	Operating ratios for the transit system system-wide using audited data were as follows: FY 2013: 5.68% FY 2014: 5.46% FY 2015: 3.95% Source: Annual Fiscal and Compliance Audits Conclusion: Not in compliance.
The current cost of the operator’s retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	The City contributes to its employees’ retirement through the California Public Employees Retirement System (CalPERS) Miscellaneous Plan. Conclusion: Complied.
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	California Code of Regulations, Section 6754(a)(3)	The transit system receives state transit assistance funds and makes use of federal transit grant funds under FTA Section 5307 as follows:

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
are granted.		FY 2013: Operations (\$154,687) FY 2014: Operations (\$161,389) FY 2015: Operations (\$161,389) Source: National Transit Database Conclusion: Complied.

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to the City, the operator satisfactorily complied with seven of the nine applicable requirements. The City was in partial compliance with correct data reporting, but not in compliance with regard to maintaining its rural farebox recovery ratio. Two additional compliance requirements did not apply to the City (i.e., blended and urbanized farebox recovery ratios).
2. The City participates in the CHP Transit Operator Compliance Program in which the California Highway Patrol (CHP) has conducted inspections within the 13 months prior to each TDA claim. The CHP inspection reports submitted for review were found to be satisfactory.
3. The operating budget exhibited negligible changes during the audit period. The budget decreased 1.7 percent in FY 2013 and 0.7 percent in FY 2015. The FY 2014 operating budget increased 1.8 percent.
4. Based on the available data from the annual fiscal and compliance audits, the City failed to attain the minimum rural farebox recovery ratio standard of 10 percent in each of the three performance audit years. The farebox recovery ratio was 5.68 percent in FY 2013, 5.46 percent in FY 2014; and 3.95 percent in FY 2015. The average farebox during the triennial period was 5.03 percent. With the recent contract agreement for service, an updated PCT system-wide blended farebox ratio of 12.94 percent applies.

Section III

Prior Triennial Performance Recommendations

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

Prior Recommendation 1

Lincoln Transit staff should perform a final review of the State Controller Report after completion by City Finance staff, to review the accuracy of data reporting and proper calculation of TDA required performance indicators.

Actions taken by the City of Lincoln

Background: The prior performance auditor cited several discrepancies in the reporting of performance data contained in the State Controller Report. A few examples cited included significant variances between the vehicle service mile data for DAR in FY 2009-10 and the fixed route in FY 2011-12 reported in the State Controller and internal reports. Vehicle service miles for the fixed route in FY 2011-12 were cited as 57,096, whereas, in the State Controller Report, they were reported as 57. It was suggested that a quick final review of the State Controller report for gross errors by the Transit Supervisor or other staff who is intimately familiar with transit operations, would help to eliminate these errors and ensure that operating data are reported to the State Controller correctly.

Action: A review of the Transit Operators Financial Transactions Reports submitted to the State Controller still contain certain discrepancies as compared to the data in the federal National Transit Database reports. A majority of the discrepancies relate to vehicle service miles data. Administration and direct management of the transit system had been impacted by the turnover of key personnel resulting in inconsistent oversight. The former Transit Supervisor had also split his time as a solid waste supervisor and driver due to budget constraints. Although the City eventually pursued an agreement to have Placer County operate the service toward the end of FY 2015, the City is still be responsible for completion of the upcoming Transit Operators Financial Transactions Report. It is suggested that the City Finance Department work closely with PCT to assure the accuracy of the operating data reported.

Conclusion

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

Prior Recommendation 2

Full-Time Equivalent (FTE) employee hours should be calculated and reported to the State Controller in accordance with PUC 99247 (j) and the definition in Appendix B of the Performance Audit Guidebook list below for reference.

Actions taken by the City of Lincoln

Background: Full Time Equivalency for calculating vehicle service hours per employee includes transportation system related hours worked by persons employed in connection with the public transportation system (whether or not the person is employed by the operator, for example, a city accounts payable person whose time is partly charged to transit operations). Such persons include contractor staff. A Full-Time Equivalent employee count can be calculated by dividing the number of person-hours worked by 2,000. It was suggested that the City of Lincoln Finance staff or CPA who prepares the State Controller Reports for FY 2012-13 be provided with the TDA definition of Employee Hours/Full-Time Equivalency (noted above) and provided with appropriate data as necessary to calculate FTEs in accordance with TDA definitions.

Action: A review of the FTE data in the Transit Operators Financial Transactions Reports indicates that employee FTEs averaged between 7 and 8 system-wide. These figures may be indicative of a headcount rather than the calculation based on total labor hours related to the administration and operation of the transit system. Since the City is still responsible for completion of the Transit Operators Financial Transactions Report, it is suggested that the Finance Department work closely with PCT to assure the accuracy of the FTE data reported.

Conclusion

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

Prior Recommendation 3

In order to meet the new urbanized farebox ratio requirement in 2016, Lincoln Transit should continue to review ways to reduce operating costs (particularly administrative overhead costs) and increase revenue. One allowable method to increase farebox ratio per TDA is to raise “local support” as defined in Section 6611.3 of the California Code of Regulations. This could include direct funding reflecting ridership of specific local entities, such as schools, social service programs, or medical facilities. Local support can be added to fare revenue when calculating farebox ratio. The City of Lincoln should also consider further evaluation of alternative methods of providing public transit within the City of Lincoln, such as providing service through a private or public contractor. Finally, a detailed service performance review should be conducted to identify if any elements of existing services have low productivity.

Actions taken by the City of Lincoln

Background: Meeting the required minimum TDA farebox ratio has been an issue for Lincoln Transit. The service has been unable to meet the 10 percent rural farebox ratio requirement over the last six years. To complicate matters, Lincoln Transit would have been subject to an urban farebox ratio requirement of 15 percent in 2016.

During prior audit period, Lincoln Transit made an effort to lower operating costs through a reduction in transit staff benefits. The Fiscal and Compliance auditor indicated that some City of Lincoln administrative overhead charges to the transit budget may not have been justified during the first two years of the audit period. This may have contributed to higher operating costs.

Action: In light of the measures taken by the City of Lincoln, Lincoln Transit was still unable to meet the 10 percent farebox ratio requirement during the audit period. This issue, along with a higher farebox standard issued by PCTPA due to the City’s urbanized status, prompted the City to pursue consolidation with Placer County by having the transit system operated by PCT. The 2010 Census designated Lincoln as part of the Sacramento Urbanized Area which prompted the percentage change in farebox recovery. With the recent contract agreement for service, an updated PCT system-wide blended farebox ratio of 12.94 percent applies rather than a 15 percent farebox recovery ratio for Lincoln alone.

Conclusion

This recommendation is no longer applicable in terms of the administrative duties for the City to implement. However, it is suggested that the County monitor the impact of Lincoln transit services on farebox recovery compliance.

Prior Recommendation 4

Expand internal operating reports to include operating data for each fixed route separately. Transit related staff should calculate and analyze performance indicators such as operating cost per trip, operating cost per hour and farebox ratio on a quarterly basis.

Actions taken by the City of Lincoln

Background: The prior audit noted the effort Lincoln Transit made in recording operating data such as ridership, hours and miles in organized spreadsheets that provide monthly and annual summaries by type of service (fixed route and DAR). However, these internal operating reports do not record data by route (for the fixed route) or include financial statistics such as fare revenue and operating cost. For service evaluation and planning purposes, it would be beneficial for Lincoln Transit to summarize operating data separately for each of the fixed routes.

Given Lincoln Transit’s need to increase efficiency and farebox ratio, it would be beneficial for Lincoln Transit to calculate and review performance indicators such as operating cost per trip, operating cost per hour and farebox ratio periodically. On a quarterly basis, the Transit Supervisor and the Office Supervisor Transit Administration should calculate and track financial statistics for public transit services system-wide and review with the Public Services Director.

Action: Administration of the transit system was impacted by the turnover of key personnel in the Finance and Public Services Departments. The City went through two Transit Supervisors who would normally review performance data. During the latter half of FY 2015, with the County operating Lincoln transit services, responsibility for performance reporting was transferred to PCT.

Conclusion

This recommendation is no longer applicable since Lincoln Transit now operated by the County.

Section IV

TDA Performance Indicators

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

Tables IV-1 through IV-3 provide the performance indicators for the transit services system-wide, fixed route and Dial-A-Ride. Charts are also provided to depict the trends in the indicators. It is noted that the system-wide operating costs and fare revenues are based on audited figures, while modal costs and fare revenues are unaudited. The annual fiscal audits do not provide a modal breakdown.

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

Performance Data and Indicators	Audit Period				% Change FY 2012- 2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$976,327	\$920,052	\$876,509	\$998,622	2.3%
Total Passengers	64,073	56,468	49,579	44,973	-29.8%
Vehicle Service Hours	9,347	8,600	8,993	8,361	-10.5%
Vehicle Service Miles	96,664	88,613	94,457	86,579	-10.4%
Employee FTE's	8	8	7	7	-12.5%
Passenger Fares	\$51,651	\$52,264	\$47,819	\$39,452	-23.6%
Operating Cost per Passenger	\$15.24	\$16.29	\$17.68	\$22.20	45.7%
Operating Cost per Vehicle Service Hour	\$104.45	\$106.98	\$97.47	\$119.44	14.3%
Operating Cost per Vehicle Service Mile	\$10.10	\$10.38	\$9.28	\$11.53	14.2%
Passengers per Vehicle Service Hour	6.9	6.6	5.5	5.4	-21.5%
Passengers per Vehicle Service Mile	0.66	0.64	0.52	0.52	-21.6%
Vehicle Service Hours per Employee	1,168.4	1,075.0	1,284.7	1,194.4	2.2%
Average Fare per Passenger	\$0.81	\$0.93	\$0.96	\$0.88	8.8%
Fare Recovery Ratio	5.29%	5.68%	5.46%	3.95%	-25.3%

Source: Annual Fiscal & Compliance Audits; NTD; State Controller's Reports

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

Performance Data and Indicators	Audit Period				% Change FY 2012-2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$603,765	\$626,053	\$649,181	\$595,236	-1.4%
Total Passengers	57,312	51,088	43,432	39,491	-31.1%
Vehicle Service Hours	5,560	5,314	5,479	5,404	-2.8%
Vehicle Service Miles	57,096	56,152	56,461	57,159	0.1%
Employee FTE's	4	4	4	4	0.0%
Passenger Fares	\$35,883	\$34,800	\$32,188	\$35,168	-2.0%
Operating Cost per Passenger	\$10.53	\$12.25	\$14.95	\$15.07	43.1%
Operating Cost per Vehicle Service Hour	\$108.59	\$117.81	\$118.49	\$110.15	1.4%
Operating Cost per Vehicle Service Mile	\$10.57	\$11.15	\$11.50	\$10.41	-1.5%
Passengers per Vehicle Service Hour	10.3	9.6	7.9	7.3	-29.1%
Passengers per Vehicle Service Mile	1.00	0.91	0.77	0.69	-31.2%
Vehicle Service Hours per Employee	1,390.0	1,328.5	1,369.8	1,351.0	-2.8%
Average Fare per Passenger	\$0.63	\$0.68	\$0.74	\$0.89	42.2%
Fare Recovery Ratio	5.94%	5.56%	4.96%	5.91%	-0.6%

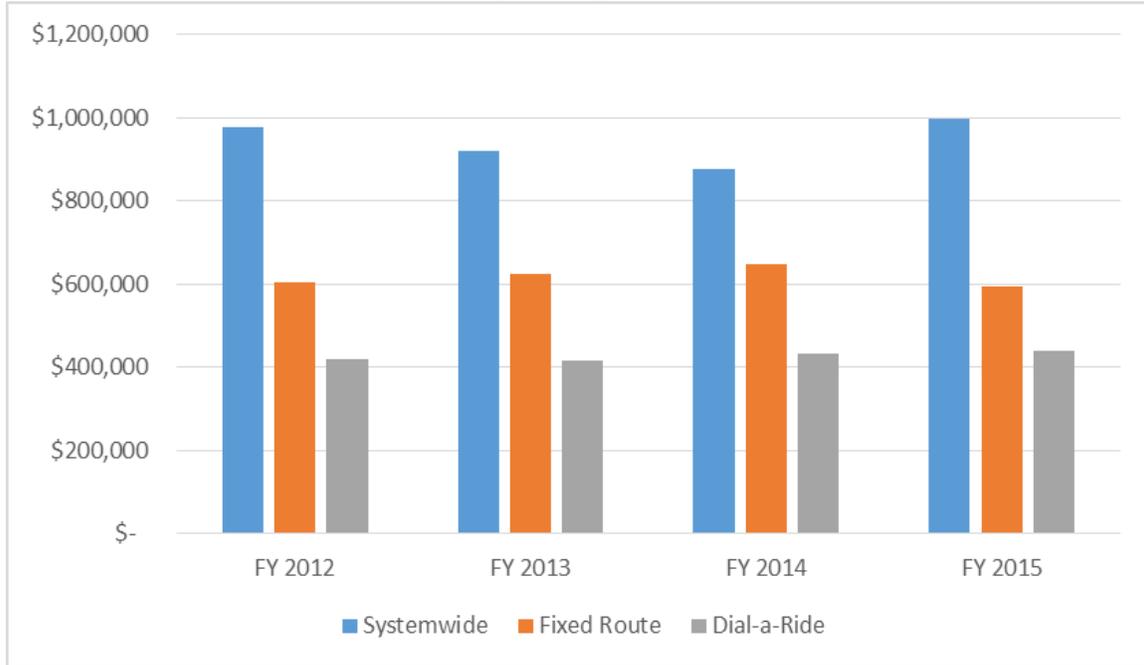
Source: NTD & State Controller's Reports

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

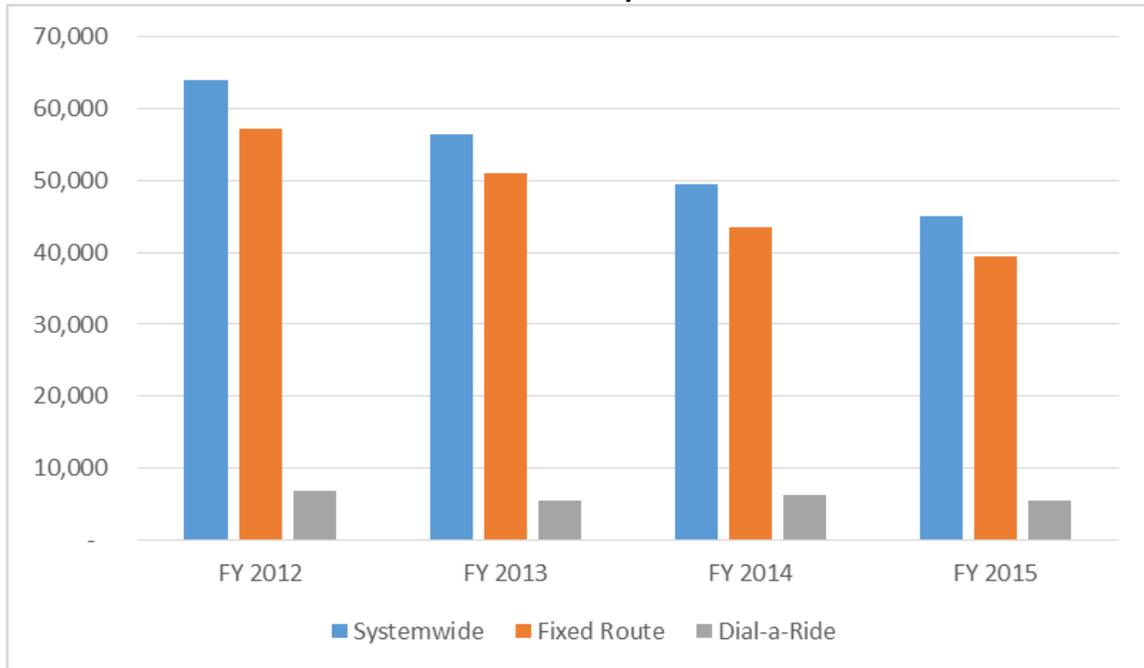
Performance Data and Indicators	Audit Period				% Change FY 2012- 2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$419,565	\$417,368	\$432,788	\$438,273	4.5%
Total Passengers	6,761	5,380	6,147	5,482	-18.9%
Vehicle Service Hours	3,787	3,286	3,514	2,957	-21.9%
Vehicle Service Miles	39,568	32,461	37,996	29,420	-25.6%
Employee FTE's	4	4	3	3	-25.0%
Passenger Fares	\$16,959	\$17,464	\$15,631	\$5,297	-68.8%
Operating Cost per Passenger	\$62.06	\$77.58	\$70.41	\$79.95	28.8%
Operating Cost per Vehicle Service Hour	\$110.79	\$127.01	\$123.16	\$148.22	33.8%
Operating Cost per Vehicle Service Mile	\$10.60	\$12.86	\$11.39	\$14.90	40.5%
Passengers per Vehicle Service Hour	1.8	1.6	1.7	1.9	3.8%
Passengers per Vehicle Service Mile	0.17	0.17	0.16	0.19	9.1%
Vehicle Service Hours per Employee	946.8	821.5	1,171.3	985.7	4.1%
Average Fare per Passenger	\$2.51	\$3.25	\$2.54	\$0.97	-61.5%
Fare Recovery Ratio	4.04%	4.18%	3.61%	1.21%	-70.1%

Source: NTD & State Controller's Reports

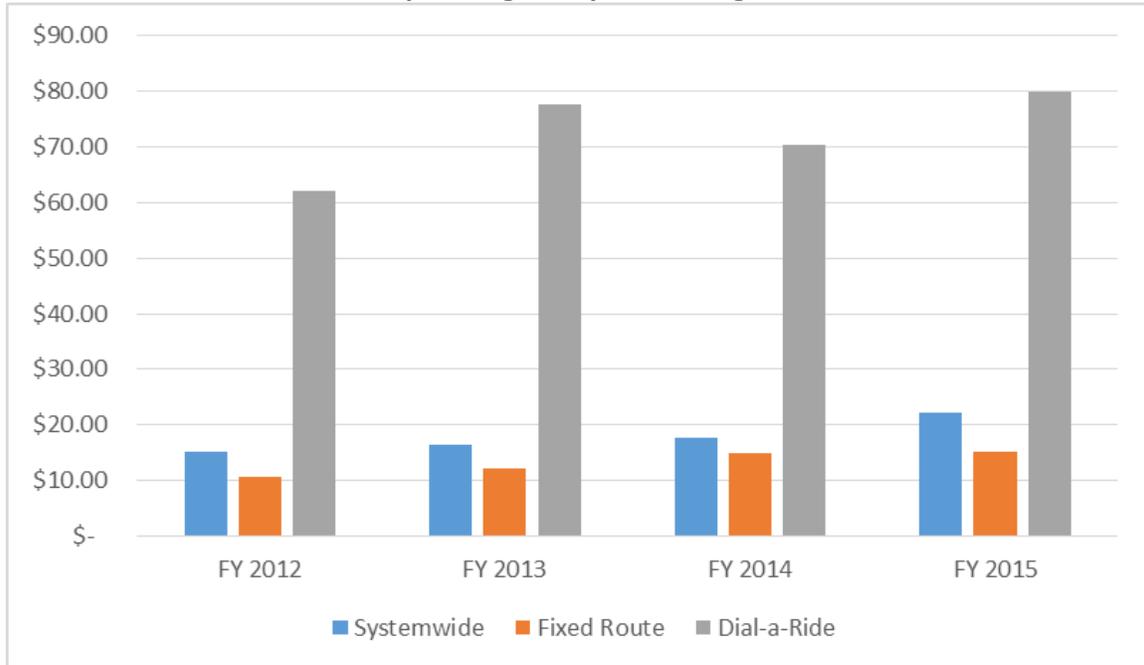
**Graph IV-1
Operating Costs**



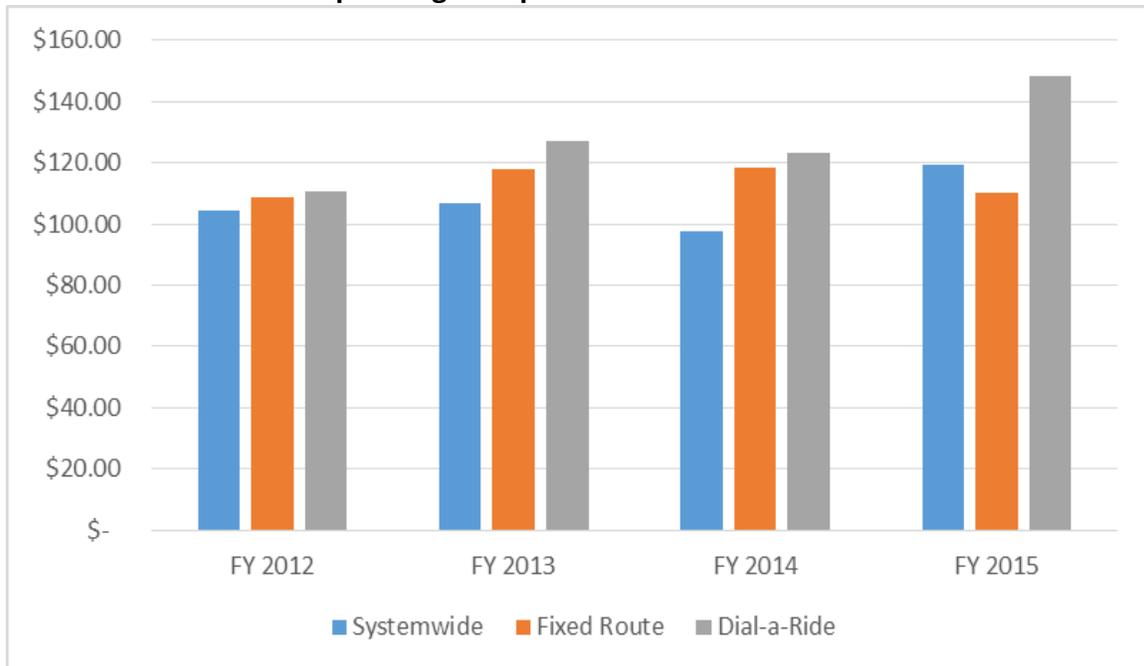
**Graph IV-2
Ridership**



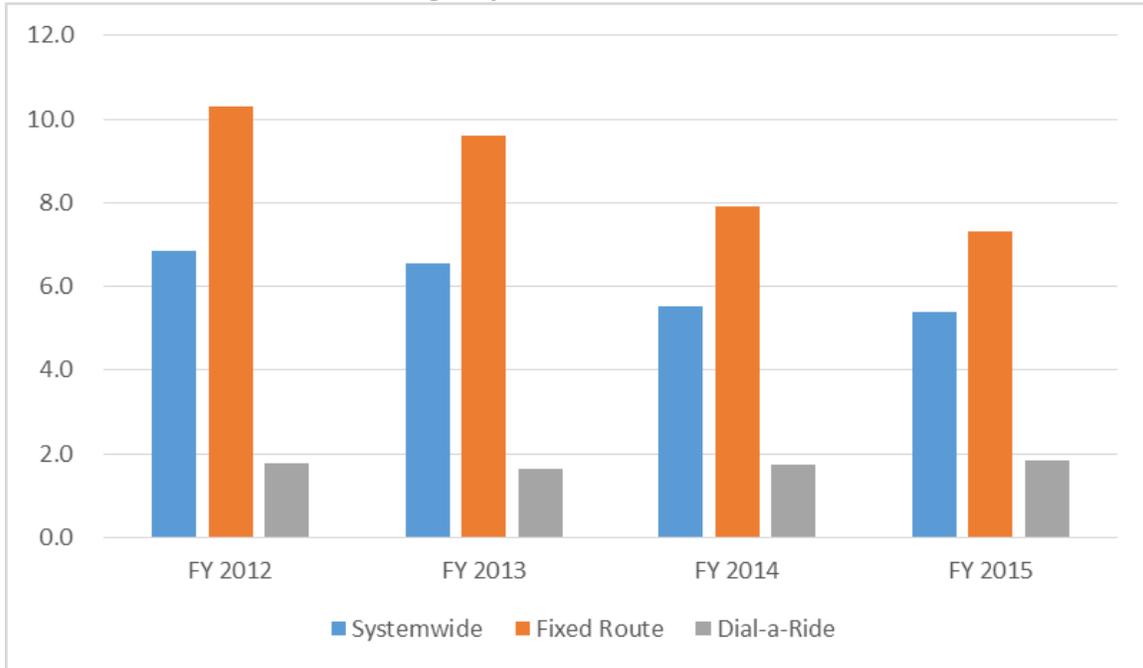
Graph IV-3
Operating Cost per Passenger



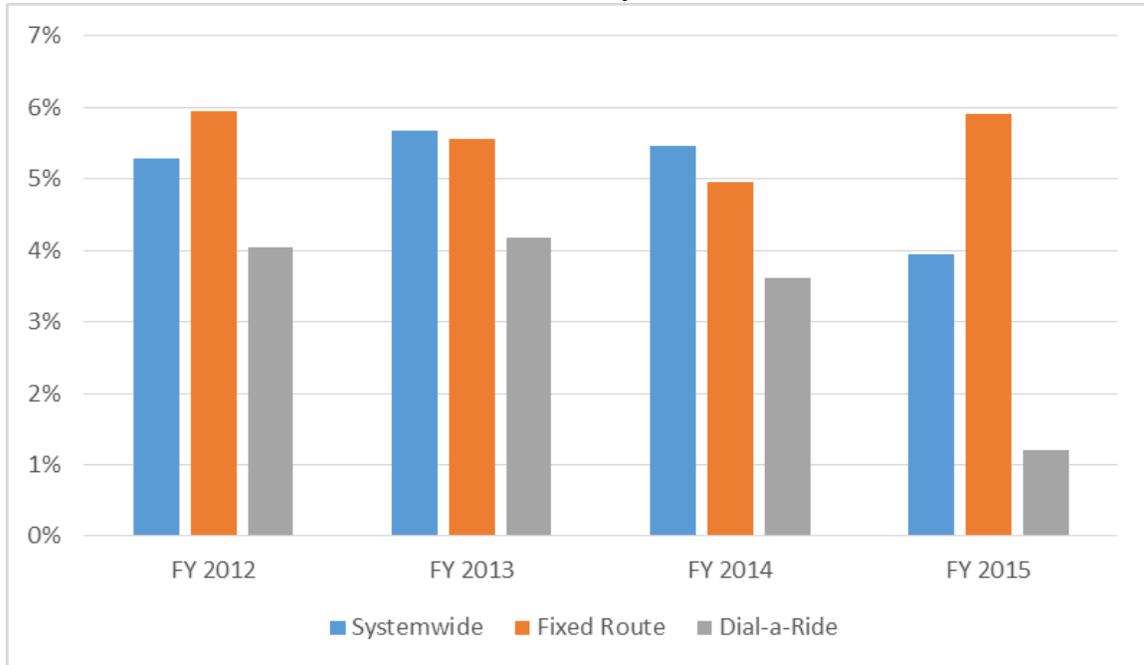
Graph IV-4
Operating Cost per Vehicle Service Hour



Graph IV-5
Passengers per Vehicle Service Hour



Graph IV-6
Fare Recovery Ratio



Findings from Verification of TDA Performance Indicators

1. Operating cost per passenger, a measure of cost effectiveness, increased 45.7 percent system-wide from the FY 2012 base year through FY 2015. On a modal basis, cost per passenger increased by a comparable 43.1 percent on the fixed route and 28.8 percent on Dial-A-Ride. The increase in this cost indicator is attributed to the higher rise in operating costs relative to the decline in passenger trips.
2. Operating cost per hour, which is a measure of cost efficiency, increased 14.3 percent system-wide based on audited data. On a modal basis, cost per hour increased 1.4 percent on the fixed route and 33.8 percent on Dial-A-Ride. The trend is a result of the higher increase in operating costs compared to the decrease in vehicle service hours.
3. Operating cost per mile, another cost efficiency measure, increased 14.2 percent system-wide from the FY 2012 base year to FY 2015. At the modal level, cost per mile decreased 1.5 percent on the fixed route. In contrast, cost per mile increased on Dial-A-Ride by 40.5 percent and accounting for much of the system-wide increase.
4. Passengers per vehicle service hour decreased 21.5 percent system-wide. Concurrent with the system-wide trend, passengers per hour decreased 29.1 percent on the fixed route. In contrast, passengers per hour on Dial-a-Ride increased 3.8 percent. System-wide, the number of passengers per service hour fluctuated in a relatively narrow range during the audit period, between 5.4 and 6.6 passengers per vehicle service hour.
5. Passengers per vehicle service mile is an indicator of service effectiveness which measures service consumption and service outputs. For the audit period, passengers per vehicle service mile decreased by 21.6 percent system-wide. Concurrent with the system-wide trend, passengers per mile decreased 31.2 percent on the fixed route. Passengers per hour increased on Dial-A-Ride by 9.1 percent.
6. Vehicle hours per full-time equivalent (FTE), which measures labor productivity, experienced modest fluctuations between FY 2012 and FY 2015. There was a 2.2 percent increase from 1,168.4 to 1,194.4 vehicle hours per FTE. System-wide, employee FTEs averaged between 7 and 8. Proper calculation of this measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee.
7. The system-wide fare recovery ratio failed to meet the 10 percent standard and exhibited a notable decrease of 25.3 percent from 5.29 percent in FY 2012 to 3.95 percent in FY 2015. The system-wide farebox recovery ratio during the audit period saw its most significant decline in FY 2015 from 5.46 percent to 3.95 percent. Farebox recovery for the fixed route had a decrease of 0.6 percent and Dial-A-Ride farebox declined 70.1 percent based on unaudited data. Total system-wide passenger revenues decreased 23.6 percent, which reflects the trend at each modal level.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within Lincoln Transit. The review highlights accomplishments, issues, and challenges that were determined during the audit period. The following functions were reviewed with the finance department staff at the City of Lincoln:

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

Within some departments are subfunctions that also require review, such as grants administration that falls under General Administration.

Operations

With declining ridership and low farebox recovery ratios, Lincoln Transit partnered with Placer County and contracted its routes to Placer County Transit to more effectively and efficiently serve the residents of Lincoln and Placer County. Lincoln's two fixed-routes were replaced with one central route. City efforts to sustain the transit service faced the challenges of a sluggish economic recovery resulting in the downsizing and turnover of staff within the City and lack of dedicated transit staff to provide consistent oversight.

Even though the City has experienced rapid growth since the last decade of 2000-2010, much of the residential growth has taken place in more self-contained retirement communities such as Del Webb's Sun City development where residents tend to be less transit dependent. Lincoln restructured its fixed route system in FY 2010 by reducing the number of routes from three to two in effort to bring greater cost efficiencies.

Despite such efforts, system performance continued to lag. This affected the City's TDA funding, which had been reduced as a penalty for farebox non-attainment. Since FY 2008, the City has been assessed \$305,981 in penalties in the form of reduced TDA funding from not meeting the farebox recovery standard. In light of this situation, the City sought to enter into a contract agreement with Placer County to increase PCT's involvement in the City's transit operations to improve farebox recovery and operation efficiency. Such an agreement would also include improved system-wide coordination and grant management and reporting assistance.

City staff contended that such an agreement would result in a savings of \$45,000 annually. The City's Transit Committee was convened in January 2015 where the Committee reviewed the contract agreement with Placer County for transit service and recommended City Council action. At its February 24, 2015 meeting, the City Council unanimously authorized the City Manager to execute the contract agreement with Placer County. The contract agreement was implemented in two phases: Dial-A-Ride operations would transition to PCT on May 4, 2015 and fixed route operations would transition to PCT by July 1, 2015.

The consolidation process was more challenging than anticipated. The City and PCT's contract operator MV Transportation executed an agreement for the Dial-A-Ride to be operated directly in the interim by MV Transportation from May 4 through June 30. Before consolidation, two buses were operated on the fixed-route. When PCT took over operation of the service, the service was rebranded as the Lincoln Circulator using only one bus. The City is still responsible for bus stop maintenance and other certain repairs. Prior to consolidation, dispatching and schedule monitoring were conducted through the Public Services call center between the hours of 6:00 a.m. and 5:00 p.m.

Farebox handling and reconciliation procedures involved several checks and balances. Transit vehicles are equipped with manual fareboxes. The fareboxes were dropped off at the Public Services Department and later transported to the Finance Department. The counting and reconciliation process involved two Public Services employees who would complete the deposit slip. The farebox revenues would be placed in a sealed bag and transported to the Finance Department along with the deposit slip. The revenues would be recounted and reconciled by Finance.

Personnel

During the audit period, Lincoln Transit operations employed three full-time drivers and a Transit Supervisor. Since consolidation, the City retained two drivers due to rules stipulated in the union contract. The Transit Supervisor has since retired from the City.

Initial and on-going driver training was conducted by the Transit Supervisor through regular on-the-road ride-along evaluations with drivers on their routes. The supervisor would also perform shadow evaluations by occasionally following drivers from behind in a separate vehicle. Drivers were evaluated annually based on their date of hire. Lincoln Transit periodically conducted safety trainings and coordinated with CalTIP to offer safety classes.

Maintenance

Vehicle maintenance of transit vehicles was performed by Fleet Department located in the City Corporation Yard at 2100 Flightline Drive in Lincoln. The facility includes six service bays, a bus wash bay, and adequate storage space for maintenance equipment. It also includes administrative space. The department is staffed with five mechanics including one supervisor. The City reports no major mechanical issues with the fleet given the age of the vehicles.

Mitigating factors include relatively low mileage and ridership. Transit vehicles are parked in a fenced and covered lot.

Vehicles are inspected daily by the Lincoln Transit drivers, and defects are noted on a Daily Vehicle Inspection Report. If a safety-related defect is discovered, the vehicle is “red-tagged” until the vehicle is repaired.

The California Highway Patrol is responsible for certifying the maintenance facility and for inspecting vehicles on an annual basis. Inspections conducted during the audit period were rated satisfactory.

Planning

Transit planning and oversight are engaged through various approaches. Efforts to improve the productivity of transit services involved a collaborative effort between the City, Placer County, PCTPA, and community stakeholders.

The most recent transit planning study was the City of Lincoln Short Range Transit Plan (SRTP) commissioned by PCTPA and adopted in April 2009. The plan’s purpose was to objectively and comprehensively evaluate Lincoln Transit’s performance, identify and quantify transit demand, and identify strategies for increasing ridership and boosting farebox recovery. The SRTP presented two distinct scenarios to enhance the City’s transit program: Reallocation Scenario and Growth Scenario. Either scenario recommended significant enhancements to the City’s transit system including:

- Realign Lincoln Transit routes to optimize ridership growth and community mobility.
- Expand fixed-route alignments to increase service along Joiner Parkway and Third Street in Lincoln.
- Amend operating schedules to reflect actual running times.
- Introduce public Dial-A-Ride, with priority arrangements for seniors and persons with disabilities.
- Introduce Saturday general public Dial-A-Ride service.

In response to the SRTP recommendations and boarding and alighting surveys, Lincoln Transit realigned its fixed routes in FY 2010. Three fixed routes were combined into two fixed routes.

During the audit period, ridership and the subsequent farebox ratio continued to decline which prompted the City to approach Placer County and contract operation of the city’s transit system. The contract agreement included a fixed-route services plan to improve efficiency. The City hired a consultant (LSC Transportation) to complete the *Lincoln Transit Route Analysis* which reviewed existing Lincoln Transit fixed route services along with a series of potential service alternatives, and recommended a routing and scheduling plan for future PCT service in Lincoln. The work was done as prelude to Placer County operating the Lincoln fixed route services.

Marketing

The City employed various approaches and media for marketing the transit service. Most of the marketing collateral is produced in-house. Flyers were used to advertise the service as well as announce holiday service hours. Printed schedules and maps were posted at bus shelters and made available in other public places. The South Placer Transportation Call Center provides coordinated transit information that includes Lincoln Transit services and access to a transit ambassador program.

Transit information is accessible online on a dedicated page through the City's main web portal (<http://lincolnca.gov/city-hall/departments-divisions/transit>). The website features general information, route maps and schedules (in PDF form), fares, and a link to the PCT website. A separate web page summarizes the Dial-A-Ride service. The City also employed e-bulletin notices to City residents and marketed a youth summer bus pass.

Pursuant to the federal Civil Rights Act of 1964, the City has an adopted Title VI Program for its Transit Services division. Title VI requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination, under any program or activity receiving federal financial assistance. Program compliance includes a policy summary page on the City web site. In addition, Title VI policies and procedures posted on the PCT website with a link to a version in Spanish. Complaint forms are included in the links posted on the website.

General Administration and Management

The City of Lincoln is a general law city that was incorporated on August 18, 1890. The City has a Council-Manager form of government, with an elected five member City Council that serves as the principal legislative body. Council members serve for staggered terms of four years. The City utilizes a mayoral rotation system to determine which Council members shall be chosen to serve as Mayor and Mayor Pro Tem. The Council provides policy direction to the City Manager, who is responsible for administering City operations. The City Council meets on the second and fourth Tuesday of the month at 6:00 p.m. in the City Council Chambers in the Lincoln City Hall located at 600 6th Street.

Lincoln Transit was administered under the Public Services Department. Day-to-day operations of the transit program were overseen by the full-time Transit Supervisor, who reported directly to the Public Services Director. The administrative analyst also reports directly to the Public Services Director and is in charge of many of the administrative and financial aspects of the transit system. The former Transit Supervisor split his time between the transit and solid waste divisions. The City had a five-member Transit Committee composed of members of the public representing a cross section of Lincoln Transit users. The Transit Committee would meet quarterly.

The role of the Finance Department is to commission the annual TDA fiscal and compliance audit, provide administrative support, generate purchase orders and coordinate State Controller reporting. The City updated its overhead cost allocation plans during the audit period which increased the amount of central government expenditures charged to transit. Preparation of the Transit Operators Financial Transactions Report submitted to the State Controller is contracted out by the City to an independent auditor.

The Finance Department is also involved in the completion of the City's TDA claim and has a good working relationship with PCTPA's TDA staff. Budgets are based on historical trends and future projections with budget data pulled from the general ledger. Data from the fiscal audit are used to determine the cash balance.

Pursuant to TDA, the City receives Local Transportation Fund (LTF) proceeds and State Transportation Assistance Funds (STAF). TDA revenues are used primarily toward operating expenditures. Based on annual fiscal audit data, LTF revenues received by the City during the audit period were \$651,413 in FY 2013; \$506,674 in FY 2014; and \$729,446 in FY 2015. STAF revenues received were \$217,363 in FY 2013; \$158,200 in FY 2014; and \$162,789 in FY 2015.

Although the City incurred penalties for non-attainment of its farebox recovery standard, the City has been able to receive its full TDA allocation since consolidating transit services with Placer County.

Grants Management

Grant funding allocated toward the transit system has been derived from local and state sources. There is a separate transportation grant fund that is tracked. The City has received State Proposition 1B Public Transportation Modernization, Improvement & Service Enhancement Account program funds primarily for streets and roads. However, the City still had outstanding Proposition 1B grants for maintenance upgrades and for acquiring Zonar Electronic Verified Inspection Reporting technology. Lincoln received about \$150,000 annually in FYs 2012-13 and 2013-14 in FTA 5311 rural funds for operating assistance. In FY 2014-15, Lincoln received a little over \$161,000 in FTA 5307 urbanized funds and also used these funds for operating assistance. PCT acted as the recipient for Lincoln as part of SACOG's FTA 5307 fund allocation process.

Section VI

Findings

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

Triennial Audit Findings

1. Of the compliance requirements pertaining to the City, the operator satisfactorily complied with seven of the nine applicable requirements. The City was in partial compliance with correct data reporting, but not in compliance with regard to maintaining its rural farebox recovery ratio. Two additional compliance requirements did not apply to the City (i.e., blended and urbanized farebox recovery ratios).
2. The City participates in the CHP Transit Operator Compliance Program in which the California Highway Patrol (CHP) has conducted inspections within the 13 months prior to each TDA claim. The CHP inspection reports submitted for review were found to be satisfactory.
3. Based on the available data from the annual fiscal and compliance audits, the City failed to attain the minimum rural farebox recovery ratio standard of 10 percent in each of the three performance audit years. The farebox recovery ratio was 5.68 percent in FY 2013, 5.46 percent in FY 2014; and 3.95 percent in FY 2015. The average farebox during the triennial period was 5.03 percent.
4. Of the four prior audit recommendations, two recommendations pertaining to the reporting of performance data and FTEs were not implemented and have been forwarded for full implementation. The remaining two recommendations are no longer applicable due to the consolidation with Placer County.
5. Operating cost per passenger, a measure of cost effectiveness, increased 45.7 percent system-wide from the FY 2012 base year through FY 2015. On a modal basis, cost per passenger increased by a comparable 43.1 percent on the fixed route and 28.8 percent on Dial-A-Ride. The increase in this cost indicator is attributed to the higher rise in operating costs relative to the decline in passenger trips.
6. Operating cost per hour, which is a measure of cost efficiency, increased 14.3 percent system-wide based on audited data. On a modal basis, cost per hour increased 1.4 percent on the fixed route and 33.8 percent on Dial-A-Ride. The trend is a result of the higher increase in operating costs compared to the decrease in vehicle service hours.
7. Passengers per vehicle service hour decreased 21.5 percent system-wide. Concurrent with the system-wide trend, passengers per hour decreased 29.1 percent on the fixed route. In contrast, passengers per hour on Dial-a-Ride increased 3.8 percent. System-wide, the

number of passengers per service hour fluctuated in a relatively narrow range during the audit period, between 5.4 and 6.6 passengers per vehicle service hour.

8. Lincoln Transit operated two service modes composed of two fixed-route circulator routes and a general public Dial-A-Ride. City efforts to sustain the transit service have faced the challenges of a sluggish economic recovery resulting in the downsizing and turnover of staff within the City and lack of dedicated transit staff to provide consistent oversight.
9. Since FY 2008, the City has been assessed \$305,981 in penalties in the form of reduced TDA funding from not meeting the farebox recovery standard. In light of this situation, the City sought to enter into a contract agreement with Placer County to increase PCT's involvement in the City's transit operations to improve farebox recovery and operation efficiency.
10. The City's Transit Committee was convened in January 2015 where the Committee reviewed the contract agreement with Placer County for transit service and recommended City Council action. At its February 24, 2015 meeting, the City Council unanimously authorized the City Manager to execute the contract agreement with Placer County.
11. During the audit period, Lincoln Transit operations employed three full-time drivers and a Transit Supervisor. Since consolidation, the City retained two drivers due to rules stipulated in the union contract. The Transit Supervisor has since retired from the City.
12. Lincoln Transit was administered under the Public Services Department. Day-to-day operations of the transit program were overseen by the full-time Transit Supervisor, who reported directly to the Public Services Director. The administrative analyst also reports directly to the Public Services Director and is in charge of many of the administrative and financial aspects of the transit system. The former Transit Supervisor split his time between the transit and solid waste divisions.

Recommendations

1. Ensure the accuracy of data reporting and proper calculation of TDA required performance indicators in the State Controller Report.

This recommendation is carried over from the prior audit. A review of the Transit Operators Financial Transactions Reports submitted to the State Controller still contain certain discrepancies as compared to the data in the federal National Transit Database reports. A majority of the discrepancies concern the vehicle service miles data. Administration of the transit system has been adversely impacted by turnover of transit personnel with some possible oversight in the communications of key data to the independent auditor retained by the City that prepares the Transit Operators Financial Transactions Reports. In spite of the recent contract agreement with the County to operate the service, the City is still responsible for completion of its upcoming Transit Operators Financial Transactions Report. The agreement indicates that Lincoln intends to continue its own public transit service by contracting with the County for those services. Therefore, it is suggested that the City Finance Department work closely with PCT to assure the accuracy of the operating data reported.

2. Account for all labor hours charged to the transit program in the full-time equivalent employee calculation. (High Priority)

This recommendation is carried over from the prior audit. A review of the FTE data in the Transit Operators Financial Transactions Reports indicates that employee FTEs averaged between 7 and 8 system-wide. These figures may be indicative of a headcount rather than the calculation based on total labor hours related to the administration and operation of the transit system. Proper calculation of this measure is based on the number of employee FTEs using employee pay hours attributed to transit administration and operations and dividing by 2,000 hours per employee. In spite of the recent contract agreement with the County to operate the service, the City is still responsible for completion of its upcoming Transit Operators Financial Transactions Report. The agreement indicates that Lincoln intends to continue its own public transit service by contracting with the County for those services. Therefore, it is suggested that the City Finance Department work closely with PCT to assure the accuracy of the operating data reported.