

FY 2019-2021

TRIENNIAL PERFORMANCE AUDIT OF SOUTH AND EAST COUNTY TRANSIT

SUBMITTED TO



SACRAMENTO AREA COUNCIL
OF GOVERNMENTS



SUBMITTED BY

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INTERNATIONAL

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Executive Summary

The Sacramento Area Council of Governments (SACOG) engaged the Michael Baker International audit team (Michael Baker) to conduct the Transportation Development Act (TDA) triennial performance audit of the nine public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for South and East County Transit (SCT/Link, County), covering the most recent triennial period, fiscal years 2018-19 through 2020-21.

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 the operational efficiency and effectiveness of SCT/Link.

Compliance with TDA Requirements

Of the compliance requirements pertaining to the County, the operator fully complied with all nine requirements. Two additional compliance requirements did not apply to the SCT/Link (i.e., exclusive urban/rural farebox recovery ratios).

Status of Prior Audit Recommendations

SCT/Link has fully implemented one of the three prior audit recommendations. The implemented recommendation pertained to instituting standing monthly meetings with the two contract service providers with an emphasis on tracking and analyzing key performance indicators. SCT/Link is in the process of implementing the remaining two prior audit recommendations. These recommendations pertained to consideration of increasing staffing at the County for enhanced transit contract management and planning and preparing a three-year strategic marketing plan for both East and South County, including updating and revising the SCT/Link website. Both recommendations have been carried over as recommendations for full implementation in this audit.

SCT/Link Transit System Performance Trends

1. Operating costs system-wide (South and East County services) increased by 2.9 percent using audited data from the FY 2018 base year to FY 2021. Fixed and commuter route operating costs decreased by 58.9 percent while Galt Dial-A-Ride costs increased 59.8 percent using unaudited modal data. These changes in modal operating expenses data can be largely attributed to a change in the method of calculating operating costs. Beginning in FY 2020, Caltrans requested operating costs be calculated using a two-factor allocation method based on revenue hours and revenue miles (FY 2019 calculation only took revenue miles into consideration). This change in methodology helps explain a 48.6 percent decrease in fixed/commuter operating costs and 141.3 percent increase in Galt Dial-A-Ride operating costs experienced from FY 2019 to FY 2020. On an average annual basis, costs increased 1.2 percent, with the highest increase of 7.4 percent occurring in FY 2019 and the largest decrease of 8.2 percent occurring in FY 2021. The increases can be attributed to increased administrative expenses and the decreases can be attributed to limited staffing and employee turnover.
2. Ridership system-wide declined 72.7 percent from 110,013 trips during the FY 2018 base year to 29,991 trips during FY 2021. There was an 81.6 percent decrease in passenger trips on the fixed-route and commuter services and a 57.6 percent decrease in Galt Dial-A-Ride ridership. Ridership system-wide experienced growth prior to the pandemic with an annual increase of 3.9 percent seen in FY 2019 before experiencing significant decreases in response to the pandemic of 22.9 percent in FY 2020 and 66 percent in FY 2021.
3. The provision of vehicle service hours and miles both exhibited decreases system-wide from the FY 2018 base year to FY 2021. Vehicle service hours decreased 21.7 percent and vehicle service miles decreased 29.3 percent. At the modal level, fixed-route and commuter service vehicle service hours decreased 27.4 percent while service miles decreased by 27 percent. Galt Dial-A-Ride vehicle service hours decreased by 13.9 percent while vehicle service miles decreased by 37.1 percent. These decreases can be attributed to the interruption of service experienced due to the COVID-19 pandemic.
4. Operating cost per passenger, an indicator of cost effectiveness, increased 277.5 percent from \$18.23 during the FY 2018 base year to \$68.84 during FY 2021 system-wide. Based on unaudited modal data, cost per passenger increased 122.8 percent on fixed and commuter routes and increased by 277.3 percent on Galt Dial-A-Ride. Significant increases in operating cost per passenger can be attributed to the effects of the COVID-19 pandemic, as ridership fell significantly while operating costs remained steady.
5. Operating cost per hour, an indicator of cost efficiency, increased from \$87.23 during the FY 2018 base year to \$114.62 during FY 2021 system-wide, an increase of 31.4 percent. The indicator decreased 43.4 percent on fixed and commuter routes and increased by 85.5 percent for Galt Dial-A-Ride. System-wide audited costs exclude depreciation, which accounts for the contrasts between the system-wide and modal data. Additionally, changes in operating cost per hour at the modal level can be attributed to the change in how operating costs were

calculated, starting in FY 2020, using a two-factor allocation method based on revenue hours and revenue miles per Caltrans's request. System-wide, the increase can be attributed to the reduction of service hours in response to the pandemic while operating costs remained steady.

6. According to SACOG TDA Guidelines, SCT/Link is subject to a blended farebox ratio of between 10 to 20 percent for fixed route and 10 percent for elderly and disabled service modes. There was a 75 percent decrease in the farebox recovery ratio from 12.06 percent in the FY 2018 base year to 3.01 percent in FY 2021. Farebox recovery for fixed route and commuter modes exhibited a 57.7 percent decrease, from 15.12 percent in FY 2018 to 6.39 percent in FY 2021. The farebox recovery for Galt Dial-A-Ride had a decrease of 72.4 percent, from 8.04 percent in FY 2018 to 2.22 percent in FY 2021. System-wide, passenger fare revenues decreased 74.3 percent during the same period which is indicative of the similar percentage decrease seen in the farebox ratio. System-wide farebox ratios are derived from audited data in the annual fiscal and compliance audits. Pursuant to SACOG's regional farebox policy, Assembly Bill 432 (PUC 99270.6) states that fares collected by all the transit operators in Sacramento County are counted as a whole to meet a region-wide farebox recovery ratio. This regional ratio was met.

Detailed Functional Review

1. SCT/Link was one of the first transit operators in the Sacramento region to adopt and implement the Connect Card. The Connect Card is a regional fare media that allows the user to load cash value and passes. Connect Card has been very popular with student riders. There were no fare increases during the audit period. In FY 2019, paper tickets were eliminated. Outreach was done prior to implementation of paperless fares to keep riders informed of the change.
2. Operations and maintenance personnel are employees of Storer Transit Systems. Storer employees are non-union where employment is on an at-will basis. The 17 licensed drivers are comprised of 15 full-time with 2 parttime drivers. Other personnel include three dispatchers, one receptionist, and one site manager. Drivers are recruited through the Storer website, Indeed.com, and word-of-mouth.
3. Vehicles undergo a preventative maintenance inspection (PMI) every 45 days or 3,000 miles, which includes brakes, steering, and suspension. The mechanic assigned to the Galt facility conducts maintenance on the smaller vehicles. The over-the-road commuter coaches are serviced at the Storer facility in Modesto.
4. During the audit period, a new SRTP was in the process of development that would update the current SRTP covering FY 2016-17 to FY 2020-21. This new SRTP would aim to address some of the industry-wide issues related to performance post pandemic as well as including zero emission initiatives. Currently, SCT/Link does not have the infrastructure for these zero emission upgrades and hopes to address potential opportunities to move toward these zero emission goals. Pop-ups, workshops, and surveys had been held to gather rider feedback to be

used in the new SRTP. The agency received Board approval of the new SRTP in September 2022.

5. SCT/Link's marketing efforts have been focused on providing basic information on its services. Storer is tasked with the production and distribution of printed collateral, ticket books, and promotion items. Tri-fold brochures are published for each of the four service modes. During the audit period, SCT/Link introduced a message subscription service where riders can enter their email or phone number and be alerted of any service changes. Marketing updates are also in the new SRTP.
6. With the shelter-in-place orders issued, the area surrounding the 9th St. at I St. stop in downtown Sacramento saw a significant increase in homeless activity. SCT/Link began receiving complaints in regard to health and safety concerns of this bus stop location. Effective June 14, 2021, SCT/Link permanently moved this bus stop location to 7th St. at J St. This change has been met with positive feedback and has not affected the ridership of the line.
7. A senior planner with the Sacramento County Department of Transportation administers the SCT/Link contracts with Storer and Amador Transit. This responsibility was transferred from a senior civil engineer in July 2019. There is a standing monthly meeting with the Storer site manager. The Storer site manager has transitioned from splitting duties between other Storer-represented transit operations to now solely focus on SCT/Link operations. An associate planner with the County was also hired to handle relations with Amador Transit for the East County service. Both planners also share bicycle and pedestrian duties unrelated to transit.

Recommendations

Performance Audit Recommendation	Background	Timeline
1. Tighten internal budget and claims process to avoid future overclaiming of operating costs used for TDA funds.	In FY 2020 and FY 2021, the County overclaimed operating funds for both South and East County, which resulted in excess TDA revenues. The FY 2020 South County overclaims were a result of the decrease in operating costs related to service reduction as a result of the pandemic, and an increase in overhead costs due to staffing needs for an unanticipated audit. The East County operating overclaims were a result of service reductions related to the pandemic as well as lower than expected fare revenue. Additionally, SCT/Link overclaimed capital funds by \$529,181 due to purchase orders for buses that were not received and paid for until FY 2021. In FY 2021, the overclaims were a result of unanticipated CARES Act funds becoming available after the TDA claim was filed. The County has worked with SACOG to correct the overclaims in FY	High Priority

Performance Audit Recommendation	Background	Timeline
	2022 to account for the high fund balance. It is recommended that the County look to revisit their budgeting/claims process to account for post pandemic adjustments to operating costs to avoid future overclaims.	
2. Review National Transit Database (NTD) operating cost calculation method to ensure accuracy of modal operating costs.	The NTD-reported operating costs per mode during the audit period were inconsistent due to a change in calculation methodology. In FY 2019, operating costs were calculated based on vehicle service miles whereas it had been based on vehicle service hours in prior years. Following the advice of the California Department of Transportation (Caltrans), the County began using an operating costs calculation using a two-factor calculation methodology in FY 20-21 that took into account both vehicle service miles and hours. This methodology more accurately reflects the associated costs of services. These calculations are done internally by County staff through a cost allocation spreadsheet provided by Caltrans. Upon review of the cost allocation spreadsheet data compared with the reported modal vehicle service hours and miles, the allocation of operating costs across each mode may not be accurate and furthermore is overstating costs associated with demand-response services. For example, in FY 2021 it was reported on the NTD report that operating costs for demand-response services constituted roughly 75 percent of total operating costs. By comparison, demand-response services represented roughly 50 percent of total vehicle service hours and 23 percent of total vehicle service miles. The cost allocation spreadsheet combines GSCE and Highway 99 vehicle service hours and miles as “Commuter Bus”. GSCE operating costs are accounted for as a separate line item however the remaining operating costs are split only between the Delta fixed route and Dial-A-Ride services and do not account for costs associated with Highway 99 service. It is recommended that the County continue to use the two-factor calculation methodology provided by Caltrans however, a review the inputs to ensure Highway 99 operating costs are being accurately accounted for is recommended. A	High Priority

Performance Audit Recommendation	Background	Timeline
	review of these inputs will help ensure that each mode's associated costs reported to the NTD are more accurate and allow for a better understanding of each modes efficiency as it relates to farebox recovery. Additionally, a review of each modes percentage of total operating costs compared to their share of total vehicle service hours and miles may help prevent future issues in operating cost reporting.	
3. Execute the marketing strategy recommendations presented in the 2023-2027 Sacramento County Short-Range Transit Plan	This recommendation is a continuation of a previous audit recommendation. It was previously recommended that the County develop a three-year strategic marketing plan that would involve phased improvements focused on website upgrades, brochures, and community outreach strategies that target key markets. This initiative would prioritize website upgrades and include mobile-compatible technologies, such as mobile ticketing and real-time bus information. Over the audit period, the website saw minimal changes. There are still no links on the County website to the East County service. East County service is on the Amador Transit website, which contains the schedule, fares, and other rider information. There still remains little marketing done for Route 1 – Sacramento Express operated by Amador Transit on behalf of Sacramento County. The County did add a message subscription service for SCT/Link to the website, which has improved their communication with riders on service updates; also, the County updated the rider brochures as of May 2021. SCT/Link did not market or engage its ridership on social media platforms such as Facebook, Instagram, or Twitter during the audit period but has since started utilizing these methods following the audit period. A Short-Range Transit Plan (SRTP) was in the process of being developed and was adopted by the Board following the audit period in September 2022. The County held pop-ups, workshops, and surveys for feedback needed for the SRTP. The newly adopted SRTP has proposed similar recommendations as the prior audit	Medium Priority

Performance Audit Recommendation	Background	Timeline
	recommendation in regards to improving marketing efforts as it relates to community outreach and implementing improvements to the SCT/Link website. It also goes further in recommending retention of a marketing agency/consultancy with transit expertise to assist in developing a marketing plan, undertake a branding review, and devise a future action plan. It is recommended that the County carry out these recommendations presented in the latest SRTP.	
4. Continue working toward increasing staffing at the County for enhanced transit contract management and planning.	This recommendation is being carried forward from the prior audit for full implementation. It was previously recommended that the County identify and recommend more staffing at SCT/Link to support transit planning, contract oversight, marketing, and monitoring. Additional staffing support would enable SCT/Link to better monitor performance trends, pursue strategic marketing campaigns, and procure and manage grant opportunities more effectively. The County has increased staffing since the prior audit with the addition of an associate planner hired in February 2022 to assist with the East County service. The County has also hired a senior planner for Bicycle, Pedestrian and Transit Programs in the transportation department and is working toward a goal of 1.0 full-time equivalent (FTE) dedicated to County transit administration and support. It is recommended that the County continue to work toward this goal of 1.0 FTE dedicated to County transit administration and support. With the current SRTP underway, the County should look at potential staffing opportunities that could improve their marketing, contract management, and transit planning.	Medium Priority
5. Collaborate with Amador Transit to ensure accurate data reporting	The County has a long-standing contract with Amador Transit to provide transportation services from Rancho Murieta to downtown Sacramento as part of Amador's Route 1 service. The County's contract with Amador Transit underwent its ninth amendment in April 2018, which extended the contract through June 2021 and established additional compensation of \$252,720 for	Medium Priority

Performance Audit Recommendation	Background	Timeline
	continued service during the extended term. In June 2021, a new contract was signed between the County and Amador Transit, commencing July 1, 2021, and ending June 30, 2025. This contract includes term options to extend this agreement for up to two option terms of two years each for a maximum contract term, including the initial term, of eight years (through June 30, 2029). Amador Transit is responsible for tracking their own internal data, which is provided to the County for reporting purposes. Over the course of the audit period, the internal data reported by Amador has been inconsistent with the data the County has reported on their Transit Operator Financial Transactions Reports submitted to the State Controller, in particular with fares received for the portion of the trip occurring within Sacramento County from Rancho Murieta to downtown Sacramento. With the hiring of an associate planner tasked with serving as the contact between Amador Transit and the County, it is recommended that the two parties meet regularly and aim to create consistencies between the internal reported data and SCO reported data.	

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 Sacramento Area Council of Governments (SACOG) engaged the Michael Baker International audit team (Michael Baker) to conduct the TDA triennial performance audit of the nine public transit operators under its jurisdiction. This performance audit is conducted for South and East County Transit (SCT/Link, County), covering the most recent triennial period, fiscal years 2018-19 through 2020-21.

The purpose of the performance audit is to evaluate SCT/Link'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 SCT/Link's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether SCT/Link is meeting the PUC's reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a set of recommendations has been made which is intended to improve the performance of transit operations.

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

Overview of the Transit System

The City of Galt and Sacramento County have a cooperative agreement to provide transit services in the City of Galt, south Sacramento County, and the Delta. Sacramento County is the lead agency, and contracts with Storer Transit Systems to operate South County Transit, known as SCT/Link.

The County of Sacramento has a separate cooperative agreement with Amador Transit for shared service on Amador Transit's Route 1 Sacramento Express traveling to and from Amador

County. This weekday commute route has stops in Amador County, Rancho Murieta in the eastern portion of Sacramento County, and central Sacramento.

The south portions of the service area include the Cities of Galt and Isleton, the Delta, and unincorporated areas of Sacramento County south of Elk Grove to the San Joaquin County boundary, including Herald, Walnut Grove, Ryde, and Courtland. The service area also includes unincorporated areas of Sacramento County east to the Amador County boundary, including Rancho Murieta and State Route 16 (Jackson Highway).

The areas have a combined population of about 33,000, with the largest community, the City of Galt, accounting for about 75 percent of the total. Based on the 2020 US Census, Galt's population was 25,383, of which 3,314 or 13.05 percent was aged 65 or older according to 2019 ACS 5-Year Data. The 2022 population was estimated to be 25,239 as reported by the California Department of Finance.

The largest proportion of the service area population is school-aged, at 25 percent. About 12.4 percent is over age 65, but proportions vary significantly between Galt, which tends to attract young families, and Rancho Murieta, which has an older population (28.2 percent aged 65 and older compared with 12.4 percent in Galt). Growth in both areas has averaged about 1 percent annually since 2010, so demand for transit services is not projected to grow quickly in absolute numbers, given the smaller population base.

System Characteristics

The County operates four service modes for SCT/Link in south Sacramento County, and contracts with Amador Transit to operate service between eastern Sacramento County communities and downtown Sacramento. Hours and days of operation vary according to service mode. There is no Sunday service. SCT/Link does not operate on the following major holidays: New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving, the day after Thanksgiving, Christmas Eve, and Christmas. Amador Transit's Route 1 does not operate on the aforementioned holidays as well as Columbus Day. A summary of service modes is presented below:

- Galt Dial-A-Ride is a general public curb-to-curb service primarily within the city limits of Galt. The service boundaries are Twin Cities Road on the north; Kost Road on the south; Alta Mesa Road on the east; and Christensen Road on the west. In addition to the local demand-response service, Galt Dial-A-Ride operates a lifeline service to the Clay Station Area of Herald on Tuesdays. On Thursdays and Fridays, a medical shuttle operates from Galt to medical facilities in Elk Grove and Sacramento. Trips must be scheduled at least 24 hours up to two weeks in advance. Galt Dial-A-Ride operates Monday through Friday from 6:30 a.m. to 6:30 p.m. and Saturdays from 8:00 a.m. to 4:00 p.m.

- The Delta Route runs between Galt and the Sacramento Delta communities and Walnut Grove, Ryde (upon request), and Isleton. The Delta Route connects at Galt City Hall with the Highway 99 Commuter Route for service to Lodi, Elk Grove, and south Sacramento. Riders may also connect with Galt Dial-A-Ride. Route deviations are available up to 0.75 miles of the route including in the communities of Courtland and Hood. The Delta Route operates Monday through Friday from 6:20 a.m. to 5:10 p.m.
- Highway 99 Commuter operates hourly trunk service along the Highway 99 corridor between the Lodi Transit Center and Elk Grove/South Sacramento. Stops along the route include the Galt City Hall, Cosumnes River College, Kaiser South, and Methodist Hospital. Stop requests to the Shell Station on Elk Grove Boulevard require a 24-hour advance reservation. Highway 99 Commuter operates Monday through Friday from 5:20 a.m. to 7:20 p.m.
- Galt to Sacramento Commuter Express operates a premium peak hour commuter service between Galt and downtown Sacramento. The Commuter Express serves the Galt City Hall, Twin Cities park-and-ride, and nine stops in downtown Sacramento. There are three runs that operate Monday through Friday from 6:25 a.m. to 6:20 p.m. The route connects at Galt City Hall with Galt Dial-A-Ride, Delta Route, and the Highway 99 Commuter.
- Amador Transit – Route 1: The route originates from the Sutter Hill Transit Center in Amador County and serves Rancho Murieta, the only stop in unincorporated Sacramento County. Eight stops are located in the City of Sacramento, including the University & 65th Street Light Rail Station. Route 1 operates Monday through Friday between the hours of 6:00 a.m. and 6:36 p.m.

Fares

SCT/Link's fares are structured accordingly to service type and destination. Children aged 4 or under may ride free with an adult. Senior fares are applicable to riders aged 65 and older. The fare structure is shown in Table I-1.

Table I-1
SCT/Link Fare Schedule

	Fare Categories		
	General Fare	Youth (Ages 5-18)	Senior/Disabled/Medicare Cardholder
Galt Dial-A-Ride			
Curb-to-Curb Within City Limits	\$2.50	\$1.75	\$1.75
10-Ride Ticket Book	\$22.50	\$15.75	\$15.75
Lifeline (Tuesdays – Clay Station Area)	\$2.50	\$2.50	\$2.50
Medical Run (Thursdays/Fridays – Seniors)	n/a	n/a	\$2.50

Group Discounted Rate – 5 or more passengers	\$0.75 off each fare		
Highway 99 Commuter	General Fare	Youth (Ages 5-18)	Senior/ Disabled/ Medicare Cardholder
Galt to/from Lodi	\$2.00	\$1.00	\$1.00
Galt to/from Elk Grove	\$3.00	\$1.50	\$1.50
Lodi to/from Elk Grove	\$4.00	\$2.00	\$2.00
Galt to/from CRC, Kaiser & Methodist Hospitals	\$3.00	\$1.50	\$1.50
Lodi to/from CRC, Kaiser & Methodist Hospitals	\$4.00	\$2.00	\$2.00
Highway 99/Delta Route Monthly Pass	\$75.00	\$45.00	\$45.00
Delta Route	General Fare	Youth (Ages 5-18)	Senior/ Disabled/ Medicare Cardholder
Between Delta Communities	\$1.00	\$0.50	\$0.50
Delta to Galt	\$3.00	\$1.50	\$1.50
Delta to Lodi	\$4.00	\$2.00	\$2.00
Delta to Elk Grove	\$4.00	\$2.00	\$2.00
Delta to CRC, Kaiser & Methodist Hospitals	\$4.00	\$2.00	\$2.00
Highway 99/Delta Route Monthly Pass	\$75.00	\$45.00	\$45.00
Commuter Express	General Fare	Youth (Ages 5-18)	Senior/ Disabled/ Medicare Cardholder
Galt to/from Downtown Sacramento	\$4.00	\$2.00	\$2.00
Monthly Pass – Unlimited Rides	\$120.00		
East County (Amador Transit Route 1)	General Fare	Student	Senior/ Disabled/ Medicare Cardholder
Amador to Sacramento	\$7.00	\$5.50	\$4.15
With SacRT Monthly Pass	\$4.50	n/a	\$2.75
With SacRT Student Discount Card	n/a	\$2.75	n/a
Rancho Murieta to Sacramento	\$3.00	\$3.00	\$1.65
With SacRT Monthly Pass	\$0.50	n/a	\$0.25
With SacRT Student Discount Card	n/a	\$0.25	n/a
Rancho Murieta to Sacramento	\$4.00	n/a	\$2.50
With AT Monthly Pass	\$1.50	n/a	\$1.50

Source: SCT/Link

Transfers are available to passengers on the Highway 99 Commuter transferring to e-tran (Elk Grove) or the Lodi Grapevine. A transfer issued by e-tran or Lodi Grapevine will reduce the SCT/Link fare.

Fleet

There were 20 vehicles in the total fleet during the audit period. All vehicles are equipped with wheelchair lifts in conformance with the Americans with Disabilities Act of 1990. Commuter buses are equipped with Wi-Fi and there are USB outlets at every seat. All vehicles are equipped with bike racks. Table I-2 shows the vehicle fleet and service type.

Table I-2
SCT/Link Fleet

Year	Make & Model	Quantity	Fuel Type	Seating Capacity
2014	MCI D4500	1	Diesel	57 (2 W/C)
2016	Ford E-450 Starcraft Allstar	3	Unleaded	16 (2 W/C)
2016	Freightliner Glaval Legacy	1	Diesel	39 (2 W/C)
2017	Ford E-450 Starcraft Allstar	3	Unleaded	16 (2 W/C)
2018	Ford E-450 Starcraft Allstar	3	Unleaded	16 (2 W/C)
2018	MCI D4500	1	Diesel	57 (2 W/C)
2019	Ford E-450 Starcraft Allstar	4	Unleaded	16 (2 W/C)
2020	Ford E-450 Starcraft Allstar	3	Unleaded	16 (2 W/C)
2020	MCI D4500	1	Diesel	57 (2 W/C)
Total		20		

Source: SCT/Link

During the audit period, the County designated two 2014 Ford E-450 vehicles as surplus. In addition, between 2019 and 2020, the County received seven 2019-20 Ford E-450 vehicles and one MCI over-the-road motorcoach.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of SCT/Link's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses Caltrans's *Performance Audit Guidebook* to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the PUC and the California Code of Regulations. Each requirement is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due within seven (7) months after the end of the fiscal year (on or before January 31). The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2019: January 30, 2020 FY 2020: January 25, 2021 FY 2021: January 20, 2022 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 2019: February 10, 2020 FY 2020: December 17, 2020 FY 2021: December 28, 2021 The annual fiscal and compliance audit for FY 2019 was submitted within the 90-day extension period by the RTPA as allowed by law.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Complied.
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251 B	Through its contract operator, SCT/Link participates in the California Highway Patrol (CHP) Transit Operator Compliance Program, in which the CHP conducted inspections within the 13 months prior to each TDA claim. Inspections took place at Storer Transit Systems facility located at 140 Enterprise Court in Galt. Inspection dates applicable to the audit period were August 27-28, 2018; May 3, 2019; August 15, 2019; May 3, 2020; August 18-19, 2020; and May 20, 2021 Inspections were found to be satisfactory. Conclusion: Complied.
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	As a condition of approval, the County's annual claims for Local Transportation Funds and State Transit Assistance are submitted in compliance with the rules and regulations adopted by SACOG. <i>**TDA funds overclaimed in 2020-2021 due to CARES Act Funds. Claims adjusted for FY 2022.</i> Conclusion: Complied.
If an operator serves urbanized	Public Utilities Code,	SCT/Link is subject to a blended

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.	Section 99270.1	farebox ratio for fixed route of between 10 and 20 percent, and 10 percent for elderly and disabled service modes per SACOG TDA policy. However, pursuant to SACOG’s regional farebox policy, Assembly Bill (AB) 432 (PUC 99270.6) states that fares collected by all the transit operators in Sacramento County are counted as a whole. SACOG made a required finding that the public transportation services of the Sacramento County transit operators are coordinated. In June 2013, the SACOG Board approved this finding. The regional farebox ratio is met. SCT/Link’s fare ratios are as follows: FY 2019: 11.73% FY 2020: 8.75% FY 2021: 3.01% Conclusion: Complied. <i>Source: FY 2019–2021 County of Sacramento Transit Funds Audited Financial Statements and Compliance Reports</i>
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	Public Utilities Code, Section 99266	Percentage change in the County’s operating budget for SCT/Link: FY 2019: +1.4% FY 2020: +8.1% FY 2021: +29.2%** <i>Source: FY 2018–2021 County of Sacramento State Controllers</i>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
substantiated the change(s).		<i>Reports Budgeted Expenses; operating minus depreciation</i> <i>**New fleet vehicle costs realized in FY 2021 despite initial purchase in FY 2020.</i> 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	A review of internal performance data tracking and driver trip survey sheets indicates overall compliance. Conclusion: Complied.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	This requirement is not applicable, as SCT/Link serves both urban and rural areas subject to SACOG's regional farebox policy under AB 432. Conclusion: Not applicable.
If the operator serves a rural area, or provides exclusive services to elderly and disabled	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	This requirement is not applicable, as SCT/Link serves both urban and rural areas subject to SACOG's

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).		regional farebox policy under AB 432. Conclusion: 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 within 40 years.	Public Utilities Code, Section 99271	The County contributes to its employees' retirement through the Sacramento County Employees' Retirement System (SCERS), a multiple-employer public employee retirement system, enacted and administered in accordance with the provisions of the County Employees Retirement Law of 1937 (California Government Code Section 31450, et seq.), while the contract operator provides its own retirement plan. To be eligible for TDA funds, the annual TDA claims form requires a sign-off from the transit claimant to comply with standard assurances, one of which is that the agency's retirement system is funded. 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 are granted.	California Code of Regulations, Section 6754(a)(3)	The County utilizes federal funds that are available to the agency, as reported in the Audited Financial Statements and Compliance Reports as follows: FY 2019: \$284,225 (operations) FY 2020: \$395,488 (operations) FY 2021: \$1,164,766 (operations) <i>Source: FY 2019–2021 County of Sacramento Transit Funds Audited</i>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<i>Financial Statements and Compliance Reports</i> Conclusion: Complied.

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to the County, the operator fully complied with all nine requirements. Two additional compliance requirements did not apply to SCT/Link (i.e., exclusive urban/rural farebox recovery ratios).
2. The County is subject to a blended farebox ratio between 10 and 20 percent for fixed route and 10 percent for elderly and disabled service modes. For the three-year audit period, SCT/Link's system-wide farebox recovery ratio was 11.73 percent in FY 2019; 8.75 percent in FY 2020; and 3.01 percent in FY 2021. However, pursuant to SACOG's regional farebox policy, AB 432 (PUC 99270.6) states that fares collected by all the transit operators in Sacramento County are counted as a whole to meet a region-wide farebox recovery ratio. This regional ratio was met.
3. Through its contract operator, SCT/Link participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest fluctuations during the first two years of the audit period and exceeded 15 percent in FY 2021. The budget increased 1.4 percent in FY 2019 followed by a 8.1 percent increase in FY 2020. For FY 2021, there was a 29.2 percent increase, which was a result of new fleet vehicle costs realized in FY 2021 despite initial purchase in FY 2020.

Section III

Prior Triennial Performance Recommendations

The County'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 County'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

Institute standing monthly meetings with the two contract service providers with an emphasis on tracking and analyzing key performance indicators. (High priority)

Background: This recommendation was carried forward from the prior audit for full implementation. At the time of the prior audit, a senior civil engineer in the Sacramento County Department of Transportation administered SCT/Link's two transit service contracts with Storer Transit Systems and Amador Transit. Standing monthly meetings were held with the Storer site manager, which included an agenda covering basic operational issues. However, performance indicators and measures were not regularly discussed. Also, there was no standing monthly meeting between the County and Amador Transit to discuss performance measures for the East County service, which has led to inconsistent data exchange and review. It was recommended that the County include a review and discussion with Storer of performance measures for fixed route and dial-a-ride using the TDA indicators at a minimum. They include operating cost per hour, operating cost per passenger, passengers per hour, passengers per mile, and farebox recovery. The County should also schedule regular meetings on a standing basis with Amador Transit to discuss performance data submitted by Amador Transit using the same TDA measures at a minimum.

Actions taken by the County

During the audit period, in June 2020, the Storer Transit Systems site manager transitioned his role from being split between SCT/Link and Storer's school bus operations in Hayward to being strictly focused on SCT/Link operations. This has allowed for a better focus on improving performance for the County. The site manager and County transit manager held standing monthly meetings throughout the audit period to review operations as well as address the challenges faced due to the COVID-19 pandemic. The County and Storer increased the frequency of these meetings to bi-monthly during the height of the pandemic. Initially, the County was not able to fully implement the recommendation regarding TDA performance indicators review as Storer did not track all indicators; however, this has since been addressed and performance indicators are now included in the monthly report. Additionally, an associate

planner was hired following the audit period to assist with contact oversight between the County and Amador Transit, as well as support SCT/Link and bicycle and pedestrian duties.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Consider increasing staffing at the County for enhanced transit contract management and planning. (High priority)

Background: This recommendation was carried forward from the prior audit for full implementation. The County's transit contracts have continued to be administered by a senior civil engineer in the County Department of Transportation. The senior civil engineer has administered the two contracts since February 2018. The full-time equivalents (FTEs) dedicated to County transit administration and support have continued to remain at or below 0.50 FTEs. The current Short-Range Transit Plan (SRTP) for Sacramento County also identifies and recommends more staffing at SCT/Link to support transit planning, contract oversight, marketing, and monitoring. Additional staffing support would enable SCT/Link to better monitor performance trends, pursue strategic marketing campaigns, and procure and manage grant opportunities more effectively.

Actions taken by the County

Following the audit period, the County hired an associate planner who, among their duties, is responsible for oversight of the East County service. This position expands staffing for transit along with the Senior Planner responsible for transit and alternative transportation for the County's Department of Transportation. While the County is not yet at 1.0 FTE dedicated to County transit administration and support, it is working toward achieving that goal. The County is also studying eventual dissolution of support for the East County service which could help redirect resources to the core transit service. SCT/Link will need the support of the board to set that recommended goal in the transit plan in motion.

Conclusion

This recommendation is in the process of being implemented.

Prior Recommendation 3

Prepare a three-year strategic marketing plan for both East and South County, including updating and revising the SCT/Link website. (Medium priority)

Background: This recommendation was carried forward from the prior audit for full implementation. There had been no new marketing initiatives or strategies undertaken during the previous audit period. The SCT/Link Rider's Guide for each of the four South County service modes had not been updated since September 2015. The website is maintained by Storer and has not been updated. In addition, there are no links on the County website to the East County service. The East County service is on the Amador Transit website, which contains the schedule, fares, and other rider information. SCT/Link did not market or engage its ridership on social media platforms such as Facebook, Instagram, or Twitter. There has been very little marketing done for Route 1 – Sacramento Express operated by Amador Transit on behalf of Sacramento County.

The SRTP's marketing chapter provides an overview of the marketing collateral and media currently utilized by SCT/Link. The SRTP recommended that SCT/Link undertake a three-year strategic marketing plan involving phased improvements focused on website upgrades, brochures, and community outreach strategies that target key markets. It was recommended that the County pursue such an initiative that would prioritize website upgrades and include mobile-compatible technologies, such as mobile ticketing and real-time bus information. This is tied to the staffing needs described in the above recommendation and working closely with the operations contractors to develop and implement the initiative.

Actions taken by the County

The County was in the process of updating its SRTP during the audit period with adoption occurring in September 2022. The County has engaged with the public to receive feedback through pop-ups, workshops, and surveys for the SRTP. Additionally, the County has enlisted the help of the 50 Corridor TMA to assist with marketing strategies. These new marketing strategies will include a focus on revamping the website, as well as providing better mobile-compatible technologies. The SCT/Link Rider's Guide for each of the four South County service modes has been updated as of May 2021. Additionally, social media platforms such as Facebook and Twitter have started being utilized following the audit period.

Conclusion

This recommendation is in the process of being implemented.

Section IV

TDA Performance Indicators

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

Tables IV-1 through IV-3 provide the performance indicators for SCT/Link system-wide, fixed route/commuter, and Galt Dial-A-Ride. Graphs are also provided to depict the trends in the indicators.

Table IV-1
SCT/Link TDA Performance Indicators
System-wide

Performance Data and Indicators	FY 2018		Audit Period			% Change FY 2018-2021
			FY 2019	FY 2020	FY 2021	
Operating Cost ¹	\$2,006,001		\$2,154,093	\$2,247,838	\$2,064,608	2.9%
Total Passengers	110,013		114,319	88,122	29,991	-72.7%
Vehicle Service Hours	22,996		23,996	21,960	18,013	-21.7%
Vehicle Service Miles	506,955		491,287	472,778	358,520	-29.3%
Employee FTEs	23		23	19	18	-22.7%
Passenger Fares ²	\$241,865		\$252,676	\$196,792	\$62,223	-74.3%
Operating Cost per Passenger	\$18.23		\$18.84	\$25.51	\$68.84	277.5%
Operating Cost per Vehicle Service Hour	\$87.23		\$89.77	\$102.36	\$114.62	31.4%
Operating Cost per Vehicle Service Mile	\$3.96		\$4.38	\$4.75	\$5.76	45.5%
Passengers per Vehicle Service Hour	4.8		4.8	4.0	1.7	-65.2%
Passengers per Vehicle Service Mile	0.22		0.23	0.19	0.08	-61.5%
Vehicle Service Hours per Employee	987.0		1,043.3	1,155.8	1,000.7	1.4%
Average Fare per Passenger	\$2.20		\$2.21	\$2.23	\$2.07	-5.6%
Fare Recovery Ratio	12.06%		11.73%	8.75%	3.01%	-75.0%
Consumer Price Index - (CPI-CA)			3.0%	1.7%	4.2%	9.1%

Source: Annual Fiscal & Compliance Audits, National Transit Database (Form RU-20), Transit Operator Financial Transactions Report

¹ System-wide audited operating costs exclude depreciation. Includes Amador operating costs.

Operating costs associated with Amador are \$100,499 in FY 2019; \$84,827 in FY 2020; \$90,498 in FY 2021.

²Passenger fares associated with Amador are \$11,879 in FY 2019; \$8,270 in FY 2020; \$846 in FY 2021.

Table IV-2
SCT/Link TDA Performance Indicators
Fixed & Commuter Routes

Performance Data and Indicators	FY 2018		Audit Period			% Change FY 2018-2021 ²
			FY 2019 ¹	FY 2020	FY 2021	
Operating Cost	\$1,182,677		\$1,453,711	\$747,747	\$485,919	-58.9%
Total Passengers	69,438		71,051	54,920	12,803	-81.6%
Vehicle Service Hours	13,315		13,642	12,850	9,673	-27.4%
Vehicle Service Miles	390,546		368,845	365,499	285,266	-27.0%
Employee FTEs	12		12	8	8	-33.3%
Passenger Fares	\$178,765		\$171,569	\$134,753	\$31,049	-82.6%
Operating Cost per Passenger	\$17.03		\$20.46	\$13.62	\$37.95	122.8%
Operating Cost per Vehicle Service Hour	\$88.82		\$106.56	\$58.19	\$50.23	-43.4%
Operating Cost per Vehicle Service Mile	\$3.03		\$3.94	\$2.05	\$1.70	-43.8%
Passengers per Vehicle Service Hour	5.2		5.2	4.3	1.3	-74.6%
Passengers per Vehicle Service Mile	0.18		0.19	0.15	0.04	-74.8%
Vehicle Service Hours per Employee	1,109.6		1,136.8	1,606.3	1,209.1	9.0%
Average Fare per Passenger	\$2.57		\$2.41	\$2.45	\$2.43	-5.8%
Fare Recovery Ratio	15.12%		11.80%	18.02%	6.39%	-57.7%
Consumer Price Index - (CPI-CA)			3.0%	1.7%	4.2%	9.1%

Source: National Transit Database (Form RU-20), Transit Operator Financial Transactions Report

¹FY 2019 Operating cost follows different calculation methodology based on VRM only; per Caltrans, the two-factor allocation method based on revenue hours and revenue miles used FY 2020 & 2021.

²Percentages are based on the data inputs in the table and do not reflect the rounding of the performance indicators.

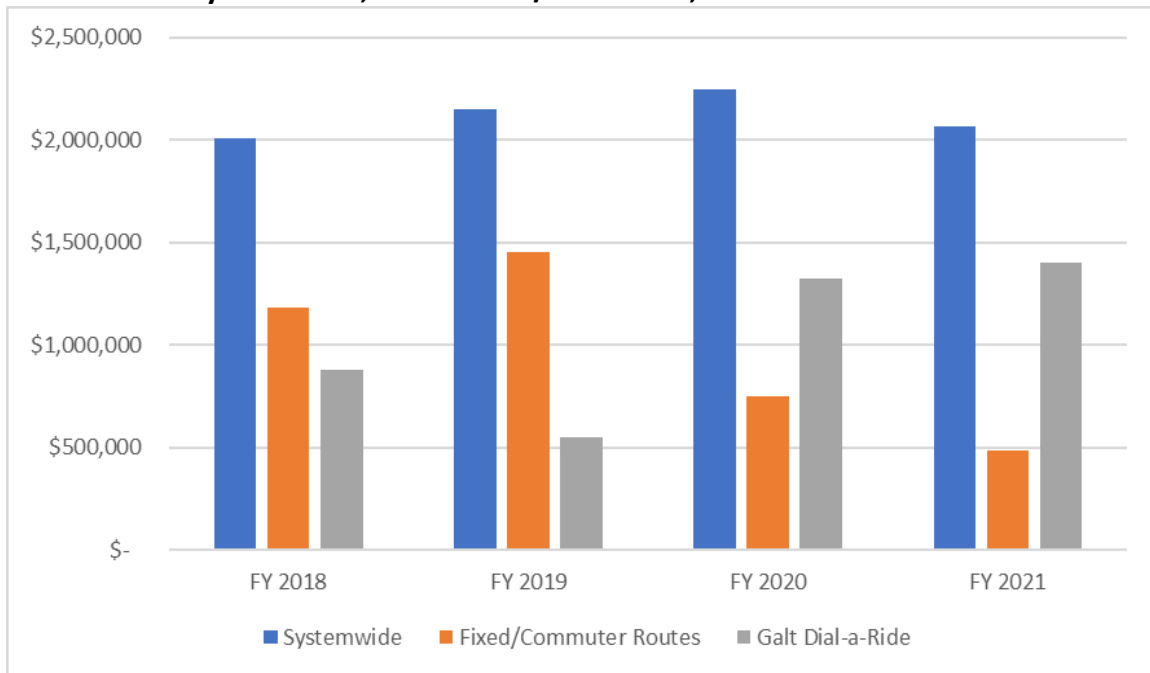
Table IV-3
SCT/Link TDA Performance Indicators
Galt Dial-A-Ride

Performance Data and Indicators	FY 2018	Audit Period			% Change FY 2018-2021
		FY 2019 ¹	FY 2020	FY 2021	
Operating Cost	\$878,965	\$550,027	\$1,326,969	\$1,404,655	59.8%
Total Passengers	40,575	43,268	33,202	17,188	-57.6%
Vehicle Service Hours	9,681	10,354	9,110	8,340	-13.9%
Vehicle Service Miles	116,409	122,442	107,279	73,254	-37.1%
Employee FTEs	11	11	11	10	-9.1%
Passenger Fares	\$70,707	\$76,307	\$55,199	\$31,164	-55.9%
Operating Cost per Passenger	\$21.66	\$12.71	\$39.97	\$81.72	277.3%
Operating Cost per Vehicle Service Hour	\$90.79	\$53.12	\$145.66	\$168.42	85.5%
Operating Cost per Vehicle Service Mile	\$7.55	\$4.49	\$12.37	\$19.18	154.0%
Passengers per Vehicle Service Hour	4.2	4.2	3.6	2.1	-50.8%
Passengers per Vehicle Service Mile	0.35	0.35	0.31	0.23	-32.7%
Vehicle Service Hours per Employee	880.1	941.3	828.2	834.0	-5.2%
Average Fare per Passenger	\$1.74	\$1.76	\$1.66	\$1.81	4.0%
Fare Recovery Ratio	8.04%	13.87%	4.16%	2.22%	-72.4%
Consumer Price Index - (CPI-CA)		3.0%	1.7%	4.2%	9.1%

Source: National Transit Database (Form RU-20), Transit Operator Financial Transactions Report

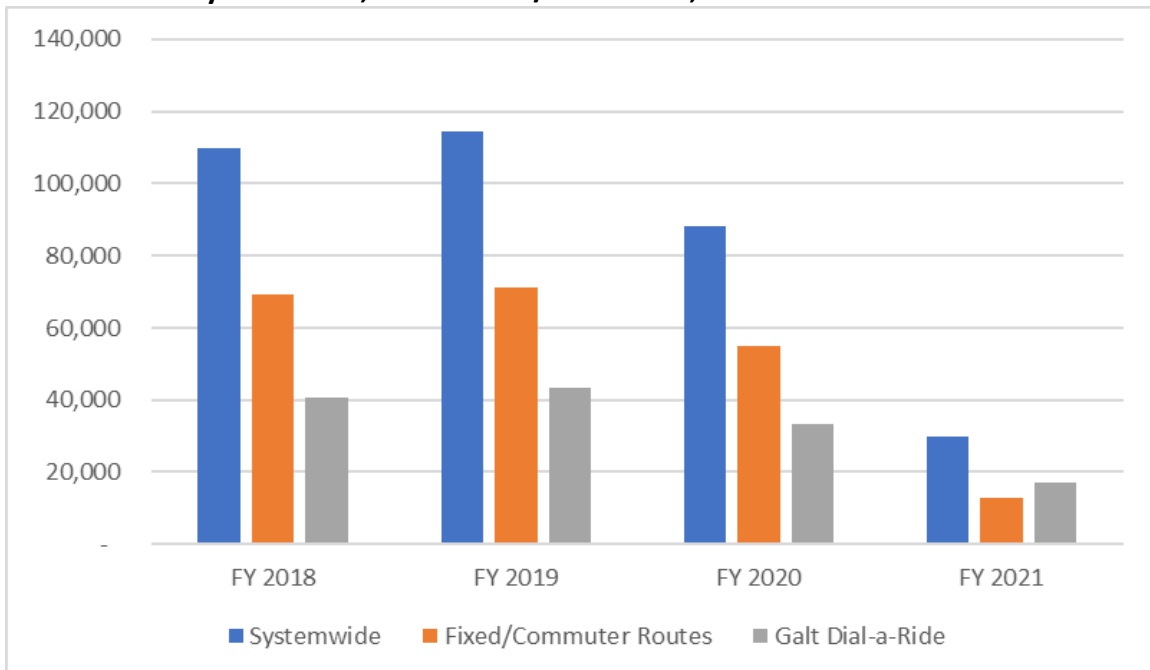
¹FY 2019 Operating cost follows different calculation methodology based on VRM only; per Caltrans, the two-factor allocation method based on revenue hours and revenue miles used FY 2020 & 2021.

Graph IV-1
Operating Costs
System-wide, Fixed Route/Commuter, and Galt Dial-A-Ride

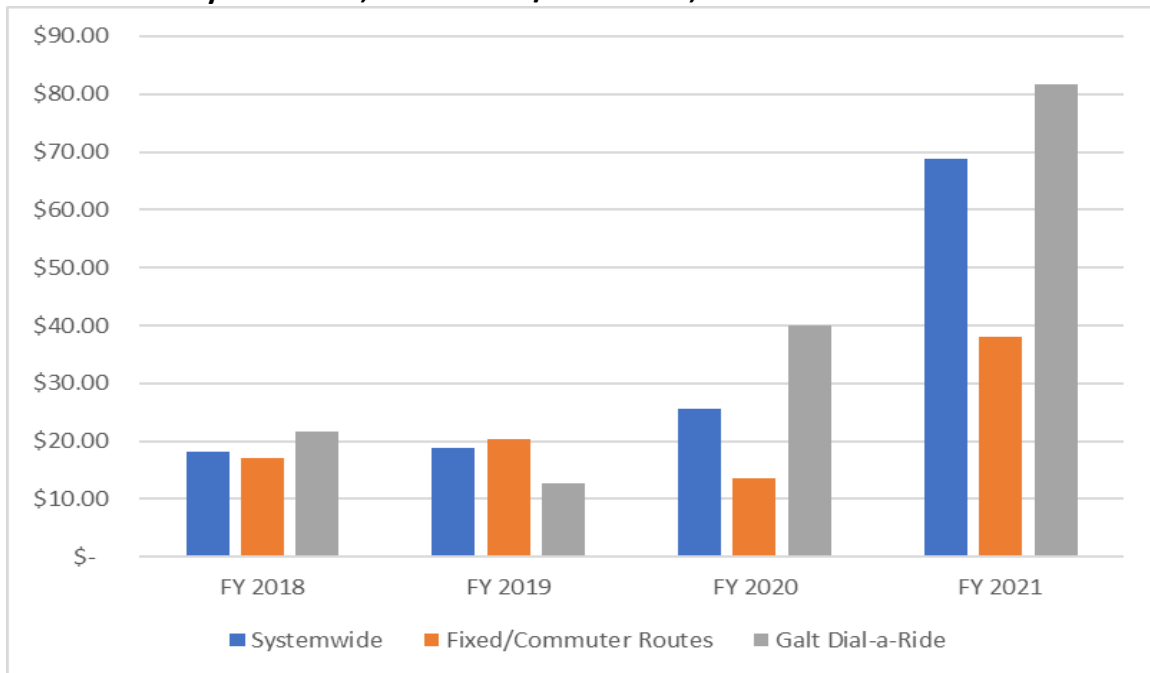


Note: System-wide cost is audited data; modal cost is unaudited.

Graph IV-2
Ridership
System-wide, Fixed Route/Commuter, and Galt Dial-A-Ride

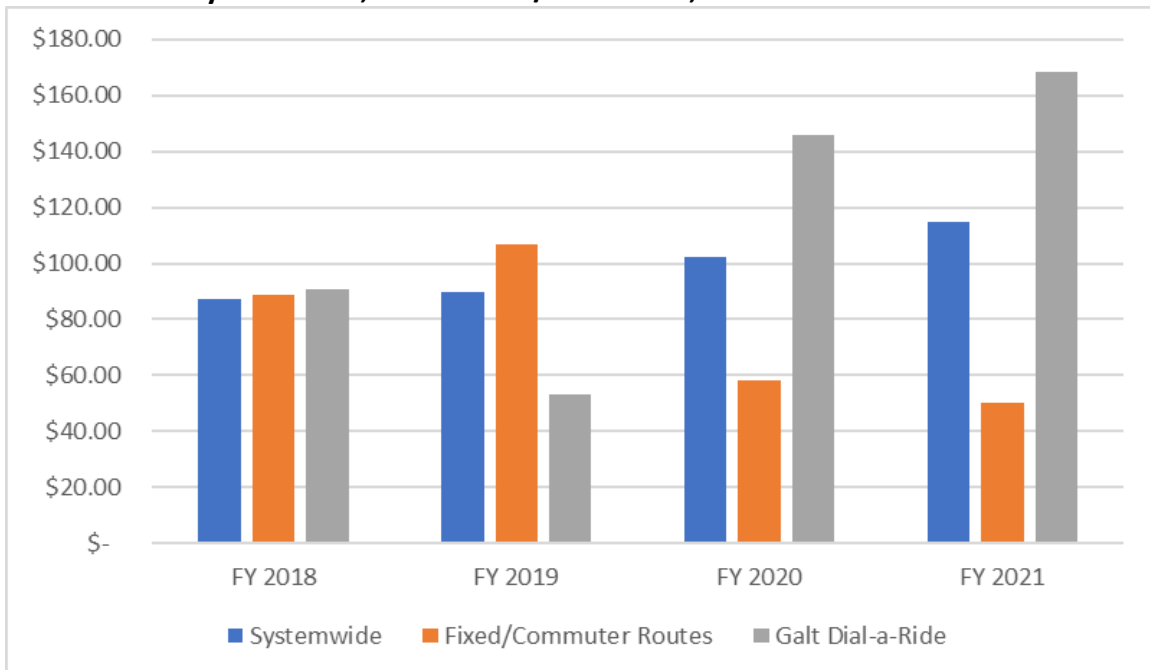


Graph IV-3
Operating Cost per Passenger
System-wide, Fixed Route/Commuter, and Galt Dial-A-Ride



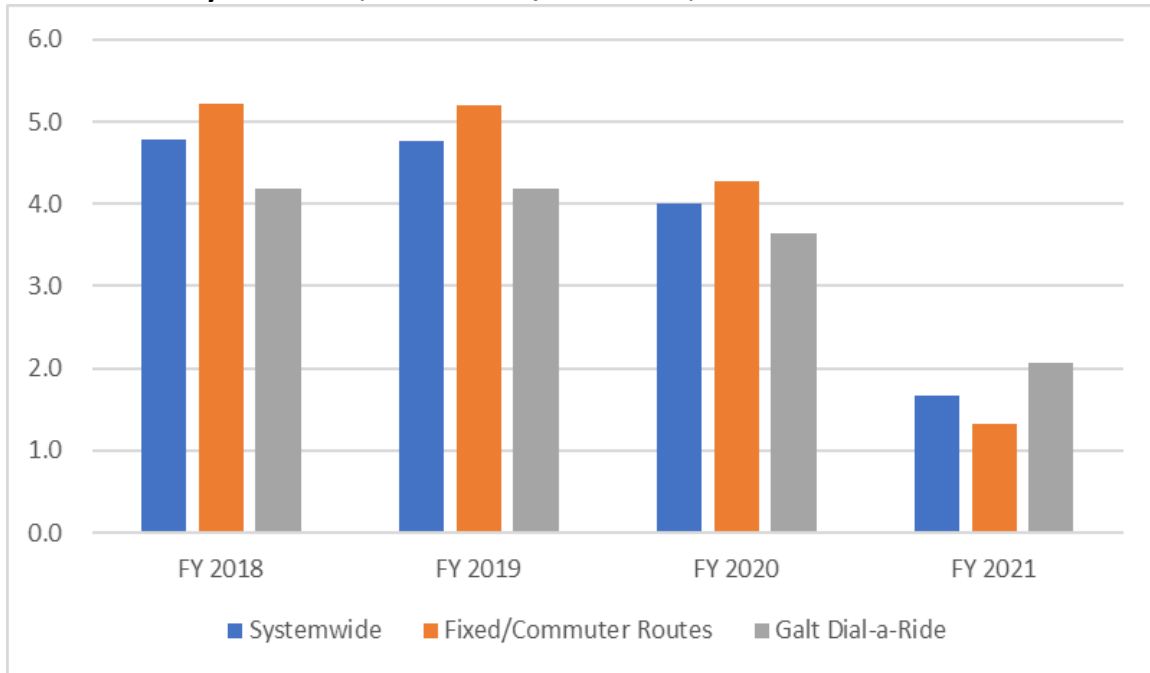
Note: System-wide cost is audited data; modal cost is unaudited.

Graph IV-4
Operating Cost per Vehicle Service Hour
System-wide, Fixed Route/Commuter, and Galt Dial-A-Ride

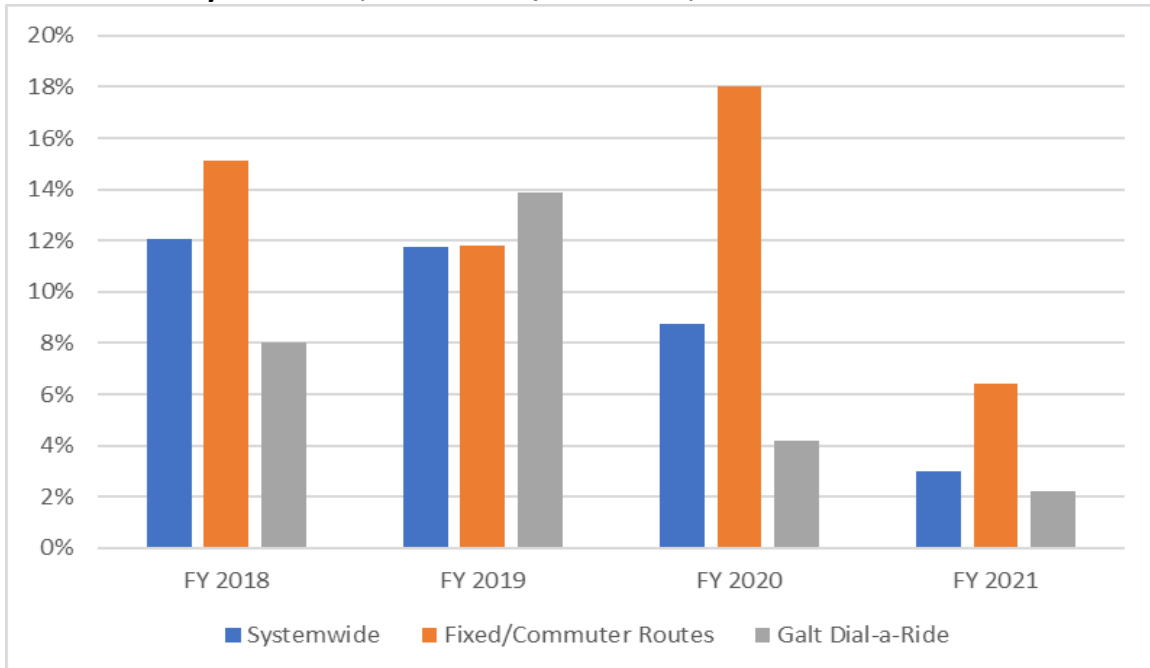


Note: System-wide cost is audited data; modal cost is unaudited.

Graph IV-5
Passengers per Vehicle Service Hour
System-wide, Fixed Route/Commuter, and Galt Dial-A-Ride



Graph IV-6
Fare Recovery Ratio
System-wide, Fixed Route/Commuter, and Galt Dial-A-Ride



Note: System-wide cost and fare revenue are audited data; modal cost and fares are unaudited.

Findings from Verification of TDA Performance Indicators

1. Operating costs system-wide (South and East County services) increased by 2.9 percent using audited data from the FY 2018 base year to FY 2021. Fixed and commuter route operating costs decreased by 58.9 percent while Galt Dial-A-Ride costs increased 59.8 percent using unaudited modal data. These changes in modal operating expenses data can be largely attributed to a change in the method of calculating operating costs. Beginning in FY 2020, Caltrans requested operating costs be calculated using a two-factor allocation method based on revenue hours and revenue miles (FY 2019 calculation only took revenue miles into consideration). This change in methodology helps explain a 48.6 percent decrease in fixed/commuter operating costs and 141.3 percent increase in Galt Dial-A-Ride operating costs experienced from FY 2019 to FY 2020. On an average annual basis, costs increased 1.2 percent, with the highest increase of 7.4 percent occurring in FY 2019 and the largest decrease of 8.2 percent occurring in FY 2021. The increases can be attributed to increased administrative expenses and the decreases can be attributed to limited staffing and employee turnover.
2. Ridership system-wide declined 72.7 percent from 110,013 trips during the FY 2018 base year to 29,991 trips during FY 2021. There was an 81.6 percent decrease in passenger trips on the fixed-route and commuter services and a 57.6 percent decrease in Galt Dial-A-Ride ridership. Ridership system-wide experienced growth prior to the pandemic with an annual increase of 3.9 percent seen in FY 2019 before experiencing significant decreases in response to the pandemic of 22.9 percent in FY 2020 and 66 percent in FY 2021.
3. The provision of vehicle service hours and miles both exhibited decreases system-wide from the FY 2018 base year to FY 2021. Vehicle service hours decreased 21.7 percent and vehicle service miles decreased 29.3 percent. At the modal level, fixed-route and commuter service vehicle service hours decreased 27.4 percent while service miles decreased by 27 percent. Galt Dial-A-Ride vehicle service hours decreased by 13.9 percent while vehicle service miles decreased by 37.1 percent. These decreases can be attributed to the interruption of service experienced due to the COVID-19 pandemic.
4. Operating cost per passenger, an indicator of cost effectiveness, increased 277.5 percent from \$18.23 during the FY 2018 base year to \$68.84 during FY 2021 system-wide. Based on unaudited modal data, cost per passenger increased 122.8 percent on fixed and commuter routes and increased by 277.3 percent on Galt Dial-A-Ride. Significant increases in operating cost per passenger can be attributed to the effects of the COVID-19 pandemic, as ridership fell significantly while operating costs remained steady.
5. Operating cost per hour, an indicator of cost efficiency, increased from \$87.23 during the FY 2018 base year to \$114.62 during FY 2021 system-wide, an increase of 31.4 percent. The indicator decreased 43.4 percent on fixed and commuter routes and

increased by 85.5 percent for Galt Dial-A-Ride. System-wide audited costs exclude depreciation, which accounts for the contrasts between the system-wide and modal data. Additionally, changes in operating cost per hour at the modal level can be attributed to the change in how operating costs were calculated, starting in FY 2020, using a two-factor allocation method based on revenue hours and revenue miles per Caltrans's request. System-wide, the increase can be attributed to the reduction of service hours in response to the pandemic while operating costs remained steady.

6. Passengers per hour, which measures the effectiveness of the service delivered, decreased by 65.2 percent system-wide from 4.8 passengers in FY 2018 to 1.7 passengers per hour in FY 2021. The indicator for the fixed-route mode decreased 74.6 percent, whereas for Galt Dial-A-Ride there was a 50.8 percent decrease. This trend can be attributed to the decrease in ridership outpacing the decrease in service hours due to the pandemic.
7. Vehicle hours per full-time equivalent (FTE) employee, which measures labor productivity, increased by 1.4 percent system-wide from the FY 2018 base year to FY 2021. This performance indicator increased 9 percent for fixed route and decreased 5.2 percent for Galt Dial-A-Ride. 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. The overall FTE count averaged between 18 and 23 FTEs. The decrease in FTE during the audit period can be attributed to retirement as well as overall staffing shortages experienced throughout the transit industry due to the COVID-19 pandemic, however vehicle service hours fell by roughly the same percentage which kept systemwide vehicle hours per FTE consistent.
8. According to SACOG TDA Guidelines, SCT/Link is subject to a blended farebox ratio of between 10 to 20 percent for fixed route and 10 percent for elderly and disabled service modes. There was a 75 percent decrease in the farebox recovery ratio from 12.06 percent in the FY 2018 base year to 3.01 percent in FY 2021. Farebox recovery for fixed route and commuter modes exhibited a 57.7 percent decrease, from 15.12 percent in FY 2018 to 6.39 percent in FY 2021. The farebox recovery for Galt Dial-A-Ride had a decrease of 72.4 percent, from 8.04 percent in FY 2018 to 2.22 percent in FY 2021. System-wide, passenger fare revenues decreased 74.3 percent during the same period, which is indicative of the similar percentage decrease seen in the farebox ratio. System-wide farebox ratios are derived from audited data in the annual fiscal and compliance audits. Pursuant to SACOG's regional farebox policy, AB 432 (PUC 99270.6) states that fares collected by all the transit operators in Sacramento County are counted as a whole to meet a region-wide farebox recovery ratio. This regional ratio was met.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within SCT/Link. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at the Sacramento County Department of Transportation offices in Sacramento:

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

Operations

SCT/Link transit services are the result of a cooperative agreement between the County of Sacramento and the City of Galt. The County of Sacramento is the lead administrative agency and contracts out services to Storer Transit Services of Modesto. SCT/Link operates four service modes: commuter and express bus, rural service, and general public Dial-A-Ride. Storer has been the contract operator since 2008. The operations facility is located at 140 Enterprise Court, Suite B in Galt.

In addition to the aforementioned service modes, Sacramento County has an agreement with Amador Transit to provide service between eastern Sacramento County communities and downtown Sacramento on Amador Transit's Route 1 Sacramento Express. This agreement covers the portion of the Route 1 service from Rancho Murieta and downtown Sacramento.

SCT/Link was one of the first transit operators in the Sacramento region to adopt and implement the Connect Card. The Connect Card is a regional fare media that allows the user to load cash value and passes. Connect Card has been very popular with student riders. There were no fare increases during the audit period. Cash payment has proven to be more popular with Dial-A-Ride services while Connect Card has been a more popular option with commuter services. In 2019, paper tickets were eliminated. Outreach was done prior to implementation to alert riders and previously purchased paper passes were accepted after transition.

StrataGen software is used for dispatching and trip scheduling. The driver trip sheet differentiates deadhead and service hours and mileage. Drivers are equipped with two-way radios. Dial-A-Ride drivers call into dispatch at every pickup and drop-off. Vehicle service hours

exclude out-of-service time for operator breaks, deadhead, fueling, and all other non-revenue transport. Driver trip sheets reviewed for this audit adhere to the contract and TDA definitions for vehicle service hours.

Storer provides a detailed monthly management report to the County detailing transit operations. The monthly contractor report, delivered on the tenth of the month, contains the billing invoice along with an hourly and daily ridership summary, an employee roster, hours, mileage, preventative maintenance summary, fare revenue breakdown, and customer complaints. The ridership analysis section provides a breakdown of fares sold by category, service interruptions, accidents, complaints, and performance indicators.

Farebox collection and handling procedures are based on service mode. At the end of each run, Storer records revenues for each service mode but consolidates the deposit. Connect Card revenues are recorded as cash fares but are not counted in the actual physical count. Connect Card “taps” data are recorded and uploaded automatically at the end of day and are reviewed and reconciled. There was a variance in Connect Card and cash revenues in January 2020 as Connect Card data did not properly upload for several months and dumped all this data into the system all at once. Fare revenues are counted by two Storer staff members, who mark discrepancies on a variance sheet. The site manager supervises the count, and another staff member verifies. Following the count, two Storer staff members take the deposit to the bank twice a week. Drivers do not handle cash fares; all fareboxes are empty and locked upon arrival of drivers.

Regarding vehicle safety, SCT/Link tracks the number of accidents categorized as “preventable” and “non-preventable.” According to the Federal Motor Carrier Safety Administration, a preventable accident is one which occurs because the driver fails to act in a reasonably expected manner to prevent it. A non-preventable accident means any occurrence involving an accident/incident in which everything that could have been reasonably done to prevent it was done and the accident/incident still occurred. The number of accidents is summarized in Table V-1:

Table V-1
SCT/Link Accidents

	FY 2018	FY 2019	FY 2020	FY 2021
Preventable	3	4	3	12
Non-Preventable	1	1	3	2
Total	4	5	6	14

Source: Storer Transit Systems

The total number of accidents reported annually have ranged between 4 and 14. Most accidents reported were “preventable.” “Non-preventable” accidents reported during the period were negligible in occurrence. The County and Storer Transit should continue to monitor preventable accidents to ensure the rise in occurrences in FY 2021 is not a continuing trend.

Galt Dial-A-Ride

General public Dial-A-Ride service is operated in the City of Galt. In addition, Dial-A-Ride operates a weekly lifeline service to the community of Herald on Tuesdays and a non-emergency medical service on Thursday and Friday to medical facilities in Elk Grove and Sacramento. Recurring (subscription) trips may also be scheduled. Subscription service is the practice of providing repetitive trips over an extended number of days without requiring the passenger to request each trip. Typically, subscription service is provided for trips to work, training, school, medical care, or other regular travel needs. Subscription service is to be scheduled three weeks in advance.

Dial-A-Ride is a curb-to-curb service, which connects with SCT/Link's Highway 99 Commuter, Delta Route, and the Commuter Express at Galt City Hall. Passengers requesting Dial-A-Ride are given a 30-minute pickup window consisting of 10 minutes before the scheduled pickup time and 20 minutes after the scheduled pickup time. Drivers will wait five minutes for senior and disabled riders and three minutes for the rider categories. Table V-2 shows the on-time performance for the three years, measured by percentage of passengers picked up during the -10/+20 minute time range. Pick-ups earlier than 10 minutes and later than 20 minutes from the scheduled time are also recorded. These trips would be considered not within the on-time window.

Table V-2
Galt Dial-A-Ride On-Time Performance

	FY 2019	FY 2020	FY 2021
% of Passengers	81.45%	77.94%	64.44%

Source: Storer Transit Systems

The table shows a decrease in on-time performance, dropping from 81 percent to 64 percent for the three years. Trips recorded as not on-time were mostly for early pick-ups occurring more than 10 minutes before the scheduled time, which increased as a proportion of trips. A related measure tracked by Storer is ride-time a passenger stays on the vehicle following pick-up. The trend in number of passengers with ride-time less than 30 minutes increased from 80.51 percent in FY 2019 to 84.06 percent in FY 2020, and to 97.25 percent in FY 2021. These pick-ups might be benefitting riders that are ready for an earlier pick-up. The results could be a culmination of several possible factors such as fewer riders each year of the audit period, reduced street traffic from the pandemic, and shorter destinations.

No-shows are reported on the monthly management report compiled by Storer. If a rider fails to cancel a scheduled trip at least 30 minutes before being picked up, it is considered a no-show. Four no-shows accumulated in a six-month period may result in a suspension of service or cancellation of subscription service. No-show occurrences are summarized in Table V-3 below:

Table V-3
Galt Dial-A-Ride No-shows

	FY 2018	FY 2019	FY 2020	FY 2021
No-shows	1,217	1,145	1,407	1,302

Source: Storer Transit Systems

The summary of no-shows during the audit period reflects an upward trend. Prior to the pandemic, the number of no-shows decreased from FY 2018 to FY 2019. No-shows peaked in FY 2020 at 1,407 before reducing to 1,302 in FY 2021. This peak in FY 2020 and subsequently high percentage of no-shows in FY 2021 can largely be attributed to the effects of the pandemic and subsequent outbreaks in the following year as riders were reacting to various stay-at-home mandates. The number of no-shows as a percentage of total Dial-A-Ride trips annually prior to the pandemic was under 3 percent, which is within industry accepted norms. This percentage rose to over 4 percent in FY 2020 and 7.6 percent in FY 2021.

COVID-19 Pandemic Impacts

As impacts from the novel coronavirus (COVID-19) started to be realized in California, a state of emergency was declared on March 4, 2020. The first confirmed COVID-19 case in Sacramento County was reported on February 21, 2020. In response to the order and pursuant to Centers for Disease Control and Prevention (CDC) protocols, SCT/Link enacted many new protocols.

SCT/Link looked to the CDC and the FTA on recommendations for safety protocols to implement and follow. Following the outbreak of the pandemic, SCT/Link installed barriers to shield drivers and passengers as well as providing masks to riders who did not possess their own. Capacity was also reduced to allow for adequate spacing of riders. Vehicles underwent regular disinfecting, using Bioesque Botanical Disinfectant Solution to sanitize vehicle surfaces. Drivers also received COVID-19 response training to better protect both riders and themselves from contracting the virus. SCT/Link also looked to other transit operators such as Sacramento Regional Transit District and Yuba Sutter on how they were handling the pandemic regarding procedures, service changes, and communication with riders.

Service was not initially interrupted; however, on May 4, 2020, SCT/Link began to reduce services in response to the decrease in ridership. The Highway 99 Express route was reduced to four daily trips and the Galt to Sacramento Commuter Express suspended its midday and last day runs, while the Delta Route eliminated its early morning service. These changes to service were temporary, with routes returning to almost pre-pandemic service levels by the end of FY 2021. Amador Transit also reduced service in response to the pandemic, going to appointment-only service at one point during the audit period. Amador Transit failed to inform the County of this change, which is further evidence that the hiring of an associate planner to handle communication with Amador Transit was much needed.

One permanent change that occurred in response to the pandemic involved the 9th Street at I Street stop in downtown Sacramento of the Galt to Sacramento Commuter Express line. With

the shelter-in-place orders issued, the area surrounding the 9th Street at I Street stop saw a significant increase in homeless activity. SCT/Link began receiving complaints regarding health and safety concerns of this bus stop location. Effective June 14, 2021, SCT/Link permanently moved this bus stop location to 7th Street at J Street. This change has been met with positive feedback and has not affected the ridership of the line.

Personnel

Operations and maintenance personnel are employees of Storer Transit Systems. Storer employees are non-union where employment is on an at-will basis. There are 15 full-time licensed drivers and 2 part-time drivers. Other personnel include a lead dispatcher, two dispatchers, one receptionist, and one site manager.

Drivers are recruited through the Storer website, Indeed.com, and word-of-mouth. Some drivers from the San Joaquin Regional Transit District followed the general manager of Storer Transit over to SCT Link when he left the previous agency. The qualified candidates are required to have a good work history and a clean H-6 printout from the Department of Motor Vehicles (DMV). A General Public Paratransit Vehicle certificate is required for Dial-A-Ride. A Verification of Transit Training certificate issued by the DMV is required for fixed-route operations. As part of the interview and vetting process, candidates are taken on ride-alongs with a driver. The second phase of the interview process involves the Storer vice president, who covers defensive driving techniques.

Once hired, new drivers undergo a minimum of 20 hours of classroom training and 30 hours of behind-the-wheel. Drivers are also trained behind a computer-simulated drive cam for defensive driving skills. Drivers are now trained for all services provided to allow for scheduling flexibility. State-certified trainers on Storer's staff train and assist candidates with attaining their Class B license. Drivers also received additional in-class mandated trainings on sexual harassment in the workplace, diversity training, etc. In response to the COVID-19 pandemic, drivers received COVID safety training. SCT Link also partnered with the Transportation Security Administration to provide hostage training.

The average experience of SCT/Link drivers is 6.5 years, with one driver holding 20+ years of experience. The turnover rate for drivers in each fiscal year of the audit period reached its peak in FY 2020. In FY 2019, the turnover rate was 17 percent; in FY 2020 it was 41 percent (including 3 retirements); and in FY 2021, it was 26 percent (including 1 retirement).

Storer has a point-based employee incentive program where points can be earned for exemplary attendance, customer service, and safety. The Employee of the Year recipient is awarded \$500 and a trophy. An Employee of the Month recipient is awarded a \$100 bonus and a dedicated parking space. In an effort to combat driver shortages experienced industry-wide, sign-on bonuses were provided to new onboarded drivers following training. Yearly bonuses are awarded based on performance as well as driver's level of certification.

Paid time off (PTO) for contract employees includes vacation, sick leave, bereavement, and jury duty. Employees who work 1,560 hours annually or more are eligible for PTO. During the first year of service, the accrual is 40 hours; for the second year, the accrual is 80 hours; from the third to the end of the fourth year, the accrual is 120 hours; and from the fifth year onward, the accrual rate is 160 hours per year. All full-time employees are eligible for seven paid holidays annually.

Employees are eligible to participate in the company's 401(k) retirement plan after six months of continuous employment. Employees can contribute from 1 to 75 percent of their wages to the plan up to the annual IRS limits. The company's discretionary match is 20 percent. In addition, Storer allocates \$450 per full-time employee per month toward benefits. Storer offers three medical insurance plans through Kaiser Permanente with various co-pay options. The two dental plans are offered through Ameritas Life Insurance and the vision plan is offered through Medical Eye Services, a division of Blue Shield.

Maintenance

SCT/Link vehicles are stored and maintained at the Storer Transit System facilities in Galt. The over-the-road MCI commuter buses are serviced at the Storer facility located at 3519 McDonald Avenue in Modesto. Smaller vehicles are garaged at night. Vehicles are equipped with DriveCam to monitor activity on the bus and by the driver. Vinyl wrapping is handled by the County.

Vehicles undergo a preventative maintenance inspection (PMI) every 45 days or 3,000 miles, which includes brakes, steering, and suspension. The mechanic assigned to the Galt facility conducts maintenance on the smaller vehicles. The Galt facility is equipped with one vehicle lift. Drivers conduct pre- and post-trip inspections of the vehicles. Storer utilizes ManagerPlus software to track PMIs, parts inventory, and work orders. The contract operator has been recognized by the CHP for its outstanding safety record. Mechanics do not currently have ASE certification.

Commuter buses are fueled at the CFN Cardlock facility located at 930 East Victor Road in Lodi. Smaller cutaway vehicles are fueled at the Galt Corporation Yard located at 550 Elm Street in accordance with the service contract. Road calls are tracked and detailed in the contractor's monthly management report. The number of road calls derived from the daily road call sheet is shown in Table V-4:

Table V-4
SCT/Link Road Calls

	FY 2019	FY 2020	FY 2021
Road Calls	6	3	1
Vehicle Failures (Tow)	6	3	1

Source: Storer Transit Services

The number of road calls reported by SCT/Link has shown a significant downward trend from previous audit periods. Most of the problems have involved engine issues and tires. The purchase of new fleet vehicles during the audit period should keep future road calls low.

Planning

Service planning efforts for SCT/Link have been addressed through the Sacramento County SRTP Fiscal Years 2016-17 to 2020-21, prepared by SACOG on behalf of SCT/Link and adopted in 2017. The SRTP was conducted to assess current County-supported transit services in the southern and eastern portions of the county. The previous SRTP was adopted in 2012. The SRTP is composed of 11 chapters: introduction, planning context, overview of SCT/Link service, Highway 99 Commuter Service, Delta Route, Galt-Sacramento Commuter Express, SCT/Link Dial-A-Ride, East County Service, goals, policies, and prior recommendations, marketing, and a financial and service plan.

The SRTP called for maintaining all existing service routes and frequencies but recommended several service and administrative improvements such as:

- Better on-time adherence on the Highway 99 Commuter
- Pilot test of limited Saturday service on the Highway 99 Commuter between Galt and Sacramento
- Addressing the increasing rate of no-shows on Dial-A-Ride
- Pilot test of limited Sunday Dial-A-Ride service in Galt
- Fleet replacement plan
- Expand staffing at the County to support transit planning, contract oversight, marketing, and monitoring
- The adoption of performance standards and objectives that operationalize contract standards
- Development of a three-year marketing plan

During the audit period, a new SRTP was in the process of development that would update the current SRTP covering FY 2016-17 to FY 2020-21. This new SRTP would aim to address some of the industry-wide issues related to performance post pandemic as well as including zero emission initiatives. Currently, SCT/Link does not have the infrastructure for these zero emission upgrades and hopes to address potential opportunities to move toward these zero emission goals. Pop-ups, workshops, and surveys had been held to gather rider feedback to be used in the new SRTP. The agency received Board approval of the new SRTP in September 2022.

Marketing

SCT/Link's marketing efforts have been focused on providing basic information on its services. Storer is tasked with the production and distribution of printed collateral, ticket books, and promotion items. Tri-fold brochures are published for each of the four service modes, which

contain a system map, fare information, schedules, rider tips, passenger rules, accessibility information, and days of operation. Other promotional items include magnets and lanyards for the Connect Card.

Transit information is also accessible through the SCT/Link website (<http://www.sctlink.com/>). The website includes general information about each South County service mode, schedules, fares, and contact information. Even though the website has links to other regional transit operators, such as Sacramento Regional Transit District, e-tran, Lodi Grapevine, and the San Joaquin Regional Transit District, there are no links to the East County Route 1 service operated by Amador Transit. A prior audit recommendation addressed the need to update the website as part of an overall strategic marketing plan, which has been updated carried forward in this audit. SCT/Link contracts website maintenance services from the company AdTech. SCT/Link will reach out to AdTech with any changes it would like made to the site. SCT/Link has reported that they have had concerns with AdTech not making requested changes in a timely manner.

Transit information can also be accessed through Sacramento County Department of Transportation's website (<http://www.sacdot.com/Pages/GaltTransit.aspx>). Sacramento County's website has links to SCT/Link, the Rio Vista Delta Breeze, and Amador Transit, which operates Route 1 between Amador County and downtown Sacramento. SCT/Link did not market or engage its ridership on social media platforms such as Facebook, Instagram, or Twitter during the audit period but has since started utilizing Facebook and Twitter to connect with its ridership base. SCT/Link has a standing ad in the Galt Herald newspaper, and transit information is provided at local health fairs and at outreaches to the senior community. SCT/Link also implemented a new messaging subscription service where riders can sign up to have emails or text message updates sent on service updates and agency news. The link for this service is on the home page of the SCT/Link website.

Pursuant to the federal Civil Rights Act of 1964, SCT/Link adopted a Title VI Program. Title VI of the Civil Rights Act of 1964 requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination, under any program or activity receiving federal financial assistance. Program compliance includes Title VI notices posted on the website, in all transit vehicles and shelters, and at Sacramento County's Department of Transportation office in Sacramento. Complaint forms are available on the website and the Spanish complaint form is available upon request. An updated Title VI was passed and adopted by the Board of Supervisors of the County of Sacramento on June 15, 2021. The Title VI link on the SCT/Link website has not yet been updated to reflect this new Title VI Program.

General Administration and Management

Sacramento County is governed by a five-member Board of Supervisors, which serves as the principal administrative and legislative body. The board meets every Tuesday at 9:30 a.m. and Wednesday meeting schedules vary, including some night meetings. The meetings are held in the board chambers in the County Administration Center located at 700 H Street, Room 1450,

in Sacramento. The board approves the County's annual budget and allocates funds for 38 County departments and agencies, including the Department of Transportation that oversees SCT/Link.

A senior planner with the Sacramento County Department of Transportation administers the SCT/Link contracts with Storer and Amador Transit. This responsibility was transferred from a senior civil engineer in July 2019. There is a standing monthly meeting with the Storer site manager, for which the senior planner prepares the meeting agenda. In the previous audit period, the agenda covered only basic operational issues with minimal discussion of performance measures and trends. Additionally, there was no standing monthly meeting with the operator of Amador Transit. The prior audit suggested that SCT/Link include a review and discussion of performance measures with Storer and schedule regular standing meetings with Amador Transit. This recommendation was implemented during the audit period.

The latest contract between Sacramento County and Storer for the operation and maintenance of SCT/Link service was executed in May 2020 for a four-year term commencing June 1, 2020, and ending May 31, 2024. This contract includes term options to extend this agreement for up to two option terms of two years each for a maximum contract term, including the initial term, of eight years (through May 31, 2028).

The County's contract with Amador Transit underwent its ninth amendment in April 2018, which extended the contract through June 2021 and established additional compensation of \$252,720 for continued service during the extended term. In June 2021, a new contract was signed between the County and Amador Transit, commencing July 1, 2021, and ending June 30, 2025. This contract includes term options to extend this agreement for up to two option terms of two years each for a maximum contract term, including the initial term, of eight years (through June 30, 2029). Amador tracks and provides their own operating data for the Route 1 line going from Sutter Hill Transit Center to downtown Sacramento. The internal data provided to the County from Amador has been inconsistent with the reported data on the State Controller reports. The County and Amador should aim to create consistencies between the internal reported data and SCO reported data.

The Transit Operators' Financial Transactions Reports sent to the State Controller are generally prepared and reviewed by Sacramento County's Chief of Financial Reporting and Control. National Transit Database (NTD) reporting is done in-house by SCT/Link staff and Amador tracks and provides their own data to NTD reporting. In FY 2019, how staff calculated SCT/Link operating costs followed a new methodology based on vehicle service miles. In FY 2020, Caltrans notified the County that SCT/Link calculations should follow a two-factor allocation method based on both vehicle service hours and vehicle service miles. These changes to operating cost calculation methodology resulted in inconsistent modal operating costs for the NTD reporting during the audit period. Additionally, based on review of the cost allocation spreadsheet the County uses for calculating operating expenses compared to the invoices for service that Storer bills to the County for operations, the County may not be accurately calculating modal operating costs based on percentage of total operating costs per mode. It is

recommended that the County review its operating cost calculation methods to confirm accuracy and create consistency year over year to more accurately reflect operating trends.

Grants Administration

The County manages grants utilizing a budget cash flow spreadsheet. Rural formula Federal Transit Administration (FTA) Section 5311 grant funds received are applied toward operations assistance. The County submits a Program of Projects to SACOG that identifies subrecipients and projects to receive FTA Section 5311 funds in their planning area by December 31 of each year. The County received \$284,225 in FY 2019, \$295,053 in FY 2020, and \$311,857 in FY 2021. In addition to Section 5311 funds, the County received FTA CARES Act funding in FY 2020 and FY 2021. This amounted to \$100,435 in FY 2020 and \$852,909 in FY 2021. The CARES Act funding allowed the County to request less in LTF funding for FY 2021.

Pursuant to the TDA, the County receives Local Transportation Fund (LTF) proceeds and State Transportation Assistance Funds (STAF). TDA funding is used primarily for operating expenditures and certain capital projects. Based on audited financial data, LTF revenues received under Article 8 (c) during the audit period were \$690,535 in FY 2019; \$1,515,712 in FY 2020; and \$933,322 in FY 2021. LTF funds are also received through the City of Galt, constituting \$936,395 in FY 2019; \$920,639 in FY 2020; and \$500,444 in FY 2021. STAF revenues received and applied toward capital projects were \$307,130 in FY 2019; \$349,819 in FY 2020; and \$214,200 in FY 2021.

In FY 2020 and FY 2021, the County overclaimed operating funds for both South and East County, which resulted in excess TDA revenues. In FY 2020, operating funds were overclaimed by \$14,307 for South County and \$39,476 for East County. These overclaims for South County were a result of the decrease in operating costs related to service reduction as a result of the pandemic and an increase in overhead costs due to staffing needs for an unanticipated audit. Additionally, South County overclaimed their capital funds by \$529,181 due to purchase orders for buses that were not received and paid for until FY 2021. The overclaims for East County were due to low fare revenue from Amador Transit in addition to less staffing costs related to the pandemic. In FY 2021, operating funds were overclaimed by \$553,974 for South County due to unanticipated CARES Act funds becoming available after the claim was filed. The County has worked with SACOG to correct the overclaims in FY 2022 to account for the high fund balance. The County should look to tighten their internal budget and claims processes to avoid future overclaims.

Section VI

Findings

The following summarizes the findings obtained from this triennial audit covering fiscal years 2018 through 2021. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements pertaining to the County, the operator fully complied with all nine requirements. Two additional compliance requirements did not apply to SCT/Link (i.e., exclusive urban/rural farebox recovery ratios).
2. According to SACOG TDA Guidelines, SCT/Link is subject to a blended farebox ratio of between 10 to 20 percent for fixed route and 10 percent for elderly and disabled service modes. There was a 75 percent decrease in the farebox recovery ratio from 12.06 percent in the FY 2018 base year to 3.01 percent in FY 2021. However, pursuant to SACOG's regional farebox policy, AB 432 (PUC 99270.6) states that fares collected by all the transit operators in Sacramento County are counted as a whole to meet a region-wide farebox recovery ratio. This regional ratio was met.
3. Through its contract operator, SCT/Link participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest fluctuations during the first two years of the audit period and exceeded 15% in FY 2021. The budget increased 1.4 percent in FY 2019 followed by an 8.1 percent increase in FY 2020. For FY 2021, there was a 29.2 percent increase, which was a result of new fleet vehicle costs realized in FY 2021 despite initial purchase in FY 2020.
5. SCT/Link has fully implemented one of the three prior audit recommendations. The implemented recommendation pertained to instituting standing monthly meetings with the two contract service providers with an emphasis on tracking and analyzing key performance indicators. SCT/Link is in the process of implementing the remaining two prior audit recommendations. These recommendations pertained to consideration of increasing staffing at the County for enhanced transit contract management and planning and preparing a three-year strategic marketing plan for both East and South County, including updating and revising the SCT/Link website. Both recommendations have been carried over as recommendations for full implementation in this audit.
6. Operating costs system-wide (South and East County services) increased by 2.9 percent using audited data from the FY 2018 base year to FY 2021. Fixed and commuter route operating costs decreased by 58.9 percent while Galt Dial-A-Ride costs increased 59.8

percent using unaudited modal data. These changes in modal operating expenses data can be largely attributed to a change in the method of calculating operating costs. Beginning in FY 2020, Caltrans requested operating costs be calculated using a two-factor allocation method based on revenue hours and revenue miles (FY 2019 calculation only took revenue miles into consideration). This change in methodology helps explain a 48.6 percent decrease in fixed/commuter operating costs and 141.3 percent increase in Galt Dial-A-Ride operating costs experienced from FY 2019 to FY 2020. On an average annual basis, costs increased 1.2 percent, with the highest increase of 7.4 percent occurring in FY 2019 and the largest decrease of 8.2 percent occurring in FY 2021. The increases can be attributed to increased administrative expenses and the decreases can be attributed to limited staffing and employee turnover.

7. Ridership system-wide declined 72.7 percent from 110,013 trips during the FY 2018 base year to 29,991 trips during FY 2021. There was an 81.6 percent decrease in passenger trips on the fixed-route and commuter services and a 57.6 percent decrease in Galt Dial-A-Ride ridership. Ridership system-wide experienced growth prior to the pandemic with an annual increase of 3.9 percent seen in FY 2019 before experiencing significant decreases in response to the pandemic of 22.9 percent in FY 2020 and 66 percent in FY 2021.
8. The provision of vehicle service hours and miles both exhibited decreases system-wide from the FY 2018 base year to FY 2021. Vehicle service hours decreased 21.7 percent and vehicle service miles decreased 29.3 percent. At the modal level, fixed-route and commuter service vehicle service hours decreased 27.4 percent while service miles decreased by 27 percent. Galt Dial-A-Ride vehicle service hours decreased by 13.9 percent while vehicle service miles decreased by 37.1 percent. These decreases can be attributed to the interruption of service experienced due to the COVID-19 pandemic.
7. Operating cost per passenger, an indicator of cost effectiveness, increased 277.5 percent from \$18.23 during the FY 2018 base year to \$68.84 during FY 2021 system-wide. Based on unaudited modal data, cost per passenger increased 122.8 percent on fixed and commuter routes and increased by 277.3 percent on Galt Dial-A-Ride. Significant increases in operating cost per passenger can be attributed to the effects of the COVID-19 pandemic, as ridership fell significantly while operating costs remained steady.
8. Operating cost per hour, an indicator of cost efficiency, increased from \$87.23 during the FY 2018 base year to \$114.62 during FY 2021 system-wide, an increase of 31.4 percent. The indicator decreased 43.4 percent on fixed and commuter routes and increased by 85.5 percent for Galt Dial-A-Ride. System-wide audited costs exclude depreciation, which accounts for the contrasts between the system-wide and modal data. Additionally, changes in operating cost per hour at the modal level can be attributed to the change in how operating costs were calculated, starting in FY 2020, using a two-factor allocation method based on revenue hours and revenue miles per Caltrans's request. System-wide, the increase can be attributed to the reduction of service hours in response to the pandemic while operating costs remained steady.

9. SCT/Link was one of the first transit operators in the Sacramento region to adopt and implement the Connect Card. The Connect Card is a regional fare media that allows the user to load cash value and passes. Connect Card has been very popular with student riders. There were no fare increases during the audit period. In FY 2019, paper tickets were eliminated. Outreach was done prior to implementation of paperless fares to keep riders informed of the change.
10. Operations and maintenance personnel are employees of Storer Transit Systems. Storer employees are non-union where employment is on an at-will basis. The 17 licensed drivers are classified as 15 full-time and 2 part time drivers. Other personnel include three dispatchers, one receptionist, and one site manager. Drivers are recruited through the Storer website, Indeed.com, and word-of-mouth.
11. Vehicles undergo a preventative maintenance inspection (PMI) every 45 days or 3,000 miles, which includes brakes, steering, and suspension. The mechanic assigned to the Galt facility conducts maintenance on the smaller vehicles. The over-the-road commuter coaches are serviced at the Storer facility in Modesto.
12. During the audit period, a new SRTP was in the process of development that would update the current SRTP covering FY 2016-17 to FY 2020-21. This new SRTP would aim to address some of the industry-wide issues related to performance post pandemic as well as including zero emission initiatives. Currently, SCT/Link does not have the infrastructure for these zero emission upgrades and hopes to address potential opportunities to move toward these zero emission goals. Pop-ups, workshops, and surveys had been held to gather rider feedback to be used in the new SRTP. The agency received Board approval of the new SRTP in September 2022.
13. SCT/Link's marketing efforts have been focused on providing basic information on its services. Storer is tasked with the production and distribution of printed collateral, ticket books, and promotion items. Tri-fold brochures are published for each of the four service modes. During the audit period, SCT/Link introduced a message subscription service where riders can enter their email or phone number and be alerted of any service changes. Marketing updates are included in the new SRTP.
14. With the shelter-in-place orders issued, the area surrounding the 9th St. at I St. stop in downtown Sacramento saw a significant increase in homeless activity. SCT/Link began receiving complaints in regard to health and safety concerns of this bus stop location. Effective June 14, 2021, SCT/Link permanently moved this bus stop location to 7th St. at J St. This change has been met with positive feedback and has not affected the ridership of the line
15. A senior planner with the Sacramento County Department of Transportation administers the SCT/Link contracts with Storer and Amador Transit. This responsibility was transferred

from a senior civil engineer in July 2019. There is a standing monthly meeting with the Storer site manager. The Storer site manager has transitioned from splitting duties between other Storer-represented transit operations to now solely focus on SCT/Link operations. An associate planner with the County was also hired to handle relations with Amador Transit for the East County service. Both planners also share bicycle and pedestrian duties unrelated to transit.

Recommendations

1. Tighten internal budget and claims process to avoid future overclaiming of operating costs used for TDA funds. (High Priority)

In FY 2020 and FY 2021, the County overclaimed operating funds for both South and East County, which resulted in excess TDA revenues. The FY 2020 South County overclaims were a result of the decrease in operating costs related to service reduction as a result of the pandemic, and an increase in overhead costs due to staffing needs for an unanticipated audit. The East County operating overclaims were a result of service reductions related to the pandemic as well as lower than expected fare revenue. Additionally, SCT/Link overclaimed capital funds by \$529,181 due to purchase orders for buses that were not received and paid for until FY 2021. In FY 2021, the overclaims were a result of unanticipated CARES Act funds becoming available after the TDA claim was filed. The County has worked with SACOG to correct the overclaims in FY 2022 to account for the high fund balance. It is recommended that the County look to revisit their budgeting/claims process to account for post pandemic adjustments to operating costs to avoid future overclaims.

2. Review National Transit Database (NTD) operating cost calculation method to ensure accuracy of modal operating costs. (High Priority)

The NTD-reported operating costs per mode during the audit period were inconsistent due to a change in calculation methodology. In FY 2019, operating costs were calculated based on vehicle service miles whereas it had been based on vehicle service hours in prior years. Following the advice of the California Department of Transportation (Caltrans), the County began using an operating costs calculation using a two-factor calculation methodology in FY 20-21 that took into account both vehicle service miles and hours. This methodology more accurately reflects the associated costs of services. These calculations are done internally by County staff through a cost allocation spreadsheet provided by Caltrans. Upon review of the cost allocation spreadsheet data compared with the reported modal vehicle service hours and miles, the allocation of operating costs across each mode may not be accurate and furthermore is overstating costs associated with demand-response services. For example, in FY 2021 it was reported on the NTD report that operating costs for demand-response services constituted roughly 75 percent of total operating costs. By comparison, demand-response services represented roughly 50 percent of total vehicle service hours and 23 percent of total vehicle service miles. The cost allocation spreadsheet combines GSCE and Highway 99 vehicle service hours and miles as “Commuter Bus”. GSCE operating costs are accounted for as a separate line item however the remaining operating costs are split only between the Delta fixed route and Dial-A-Ride services and do not account for costs associated with Highway 99 service. It is recommended that the County continue to use the two-factor calculation methodology provided by Caltrans however,

a review of the inputs to ensure Highway 99 operating costs are being accurately accounted for is recommended. A review of these inputs will help ensure that each mode's associated costs reported to the NTD are more accurate and allow for a better understanding of each mode's efficiency as it relates to farebox recovery. Additionally, a review of each mode's percentage of total operating costs compared to their share of total vehicle service hours and miles may help prevent future issues in operating cost reporting.

3. Execute the marketing strategy recommendations presented in the 2023-2027 Sacramento County Short-Range Transit Plan. (Medium Priority)

This recommendation is a continuation of a previous audit recommendation. It was previously recommended that the County develop a three-year strategic marketing plan that would involve phased improvements focused on website upgrades, brochures, and community outreach strategies that target key markets. This initiative would prioritize website upgrades and include mobile-compatible technologies, such as mobile ticketing and real-time bus information.

Over the audit period, the website saw minimal changes. There are still no links on the County website to the East County service. East County service is on the Amador Transit website, which contains the schedule, fares, and other rider information. There still remains little marketing done for Route 1 – Sacramento Express operated by Amador Transit on behalf of Sacramento County. The County did add a message subscription service for SCT/Link to the website, which has improved their communication with riders on service updates; also, the County updated the rider brochures as of May 2021. SCT/Link did not market or engage its ridership on social media platforms such as Facebook, Instagram, or Twitter during the audit period but has since started utilizing these methods following the audit period. A Short-Range Transit Plan (SRTP) was in the process of being developed and was adopted by the Board following the audit period in September 2022. The County held pop-ups, workshops, and surveys for feedback needed for the SRTP. The newly adopted SRTP has proposed similar recommendations as the prior audit recommendation in regards to improving marketing efforts as it relates to community outreach and implementing improvements to the SCT/Link website. It also goes further in recommending retention of a marketing agency/consultancy with transit expertise to assist in developing a marketing plan, undertake a branding review, and devise a future action plan. It is recommended that the County carry out these recommendations presented in the latest SRTP.

4. Continue working toward increasing staffing at the County for enhanced transit contract management and planning. (Medium Priority)

This recommendation is being carried forward from the prior audit for full implementation. It was previously recommended that the County identify and recommend more staffing at SCT/Link to support transit planning, contract oversight,

marketing, and monitoring. Additional staffing support would enable SCT/Link to better monitor performance trends, pursue strategic marketing campaigns, and procure and manage grant opportunities more effectively.

The County has increased staffing since the prior audit with the addition of an associate planner hired in February 2022 to assist with the East County service. The County has also hired a senior planner for Bicycle, Pedestrian and Transit Programs in the transportation department and is working toward a goal of 1.0 full-time equivalent (FTE) dedicated to County transit administration and support.

It is recommended that the County continue to work toward this goal of 1.0 FTE dedicated to County transit administration and support. With the current SRTP underway, the County should look at potential staffing opportunities that could improve their marketing, contract management, and transit planning.

5. Collaborate with Amador Transit to ensure accurate data reporting. (Medium Priority)

The County has a long-standing contract with Amador Transit to provide transportation services from Rancho Murieta to downtown Sacramento as part of Amador's Route 1 service. The County's contract with Amador Transit underwent its ninth amendment in April 2018, which extended the contract through June 2021 and established additional compensation of \$252,720 for continued service during the extended term. In June 2021, a new contract was signed between the County and Amador Transit, commencing July 1, 2021, and ending June 30, 2025. This contract includes term options to extend this agreement for up to two option terms of two years each for a maximum contract term, including the initial term, of eight years (through June 30, 2029).

Amador Transit is responsible for tracking their own internal data, which is provided to the County for reporting purposes. Over the course of the audit period, the internal data reported by Amador has been inconsistent with the data the County has reported on their Transit Operator Financial Transactions Reports submitted to the State Controller, in particular with fares received for the portion of the trip occurring within Sacramento County from Rancho Murieta to downtown Sacramento.

With the hiring of an associate planner tasked with serving as the contact between Amador Transit and the County, it is recommended that the two parties meet regularly and aim to create consistencies between the internal reported data and SCO reported data.