



**South County Transit**

SOUTH COUNTY TRANSIT

# **TDA TRIENNIAL PERFORMANCE AUDIT FINAL REPORT**

**June 2014**





**SOUTH COUNTY TRANSIT**  
**TDA TRIENNIAL PERFORMANCE AUDIT | FINAL REPORT**  
San Luis Obispo Council of Governments

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## EXECUTIVE SUMMARY

During the course of our performance audit for the fiscal years 2009/10 through 2012/13, the Auditor assessed SCT's transit service compliance with applicable laws, rules, and regulations as prescribed by the Transportation Development Act (TDA). The key functional areas were examined and the trends of key performance indicators were reviewed for the audit period. This summary represents the major audit findings and recommendations.

### MAJOR FINDINGS

- SCT met the majority of its adopted service standards during FY 2011/12 and FY 2012/13, with several exceptions:
  - The farebox recovery ratio for fixed route service and for the system as a whole did not meet SCT's 15% target set by the 2011 *South County Transit Plan* (since increased to 20% with the 2010 Census urbanized area designation).
  - The system efficiency did not meet the target of increasing at a slower pace than the local consumer price index (CPI) each year. This was due to increased fuel costs and an upward adjustment to the wage scale in FY 2011/12.
  - Performance data was not available for several standards, including on-time performance, passenger injuries, bus and shelter cleaning, and passenger amenities.
- SCT met all requirements for technical compliance with TDA definitions.
- At the final SCT Board meeting in the audit period, in June 2013, the SCT Board authorized staff to change the name on three new vehicles from South County Area Transit (SCAT) to South County Transit (SCT). The name change was formalized late in the year, and the agency now uses a new logo that does not include the RTA logo. Over the course of the four-year audit period, SCT implemented a number of changes to its fixed-route transit services:
  - As recommended in the most recent update to the 2011 *South County Transit Plan*, Route 23 was split into two routes—Routes 22 and 23—in January 2012.
  - In August 2009, evening service was reduced on all SCT weekday and weekend routes as a result of cuts in local and state funding due the global recession of 2008. It was presented to the Board as warranted in view of the low ridership volumes at night.
- In August 2009, general fixed route fares increased from \$1.00 to \$1.25.
- Four of the five vehicles in the SCT fixed route bus fleet during the audit period began operation in 2002, and were overdue for retirement by the end of the audit period. This led to increased maintenance needs and vehicle breakdowns, driving up costs and reducing service reliability. With new buses coming online in late 2013, shortly after the end of the current audit period, SCT will see a significant improvement in operating costs and reliability.

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- The County of San Luis Obispo, through its contract with RTA, oversees and funds the Beach Trolley and RTA contracts with SCT to operate the Beach Trolley services. Over the course of the four-year audit period, the County authorized RTA/SCT to implement the following changes to the Beach Trolley:
  - The Trolley winter service was discontinued in October 2011 due to budgetary constraints and low ridership.
  - Summer Trolley service was expanded beginning on May 28, 2012, adding Thursday and Friday service to the existing weekend service.
  - A special route to serve the Friday Night Fish N Farmer's Market was added to the Trolley, operating from April through the end of September. This version of the Beach Trolley route is shorter than the regular route and is meant to mitigate parking impacts near the Avila pier.
- Ridership on SCT fixed-route bus service reached a seven-year high in FY 2012/13, the last year of the audit period, as the economy recovered and gas prices began increasing again.
- While passenger productivity on fixed-route service decreased in the first two years of the audit period, it recovered and increased in the two most recent years, reaching a seven-year high in FY 2012/13. That year had the lowest number of service hours of the seven-year period as well as the highest number of boardings, which helped the system to achieve a high of 17.7 passengers per hour. Operating cost per revenue service hour increased in the last two years of the audit period, however, due to rising fuel prices and an upward adjustment to the wage scale in the 2011/12 fiscal year.
- Operating costs per service hour have increased in each of the last three fiscal years on the Beach Trolley, in part due to increases in fuel costs and operator wages. Passenger productivity on the Trolley has also increased, as ridership has grown in each of the past seven fiscal years even while total service hours have been reduced. This is in part due to the expansion of summer service to Thursday and Fridays (while lower-ridership winter service was eliminated).
- With the 2010 U.S. census, the SCT service area is now considered urbanized due to exceeding a population threshold of 50,000 (including a part of Avila Beach), and SCT will now be required to meet a 20% farebox recovery ratio by the end of FY2017-18. SCT fixed route service has not met a 20% farebox recovery ratio in the past seven years, with the highest ratio of 17% occurring in FY 2010/11, when a decline in operating costs coincided with increased farebox revenue due to a spike in the average fare per passenger. The Beach Trolley has a much lower farebox recovery ratio, peaking at 14% in FY 2011/12 (including contributions from the Avila Beach Community Foundation). As an urbanized area, SCT has become eligible for Federal Section 5307 funds, a stable source of transit funds, administered by the RTA; such funds were first released to the Arroyo Grande – Grover Beach urbanized area in FY 2012/13 and programmed among SCT and RTA, as well as, more recently, the County (Avila Trolley). Allocation of Small Transit Incentive Cities funds were also made available due to the urbanized area designation.
- Two of the four recommendations from the last performance audit (published in 2010) were fully implemented and two are only partially complete:
  - Recommendation #3: Adopt and report on Key Performance Indicators (KPIs) on a routine basis. SCT has partially implemented the updated reporting system, and will

finalize this based on the recommendations of the Strategic Business Plan currently under development.

- Recommendation #4: Update and implement the RTA/SCAT Marketing Plan and improve opportunities for local participation. SCT has implemented many of the marketing recommendations from the 2011 *South County Transit Plan*, including updating the rider guides, adopting a new name (changing from SCAT to SCT), developing "how to ride the bus" videos, and engaging in promotional outreach campaigns. However, many of the recommendations have not been fully implemented, including developing a distinctive logo and recording and reporting on-time performance statistics.
- While detailed information about SCT service is available on the RTA website, SCT does not have its own website, and information about SCT is not featured prominently on the RTA site. This can make it more difficult for riders to find information on the site. Additionally, the website does not provide a Spanish translation of most information.
- The agreement to form the JPA was between the cities of Arroyo Grande, Grover City, Pismo Beach, Shell Beach, and the County representing the Oceano area was executed in 1978. The fee negotiated between RTA and SCT is now four years old, according to staff, and may not accurately account for the amount of RTA staff time spent on SCT projects. Existing accounting methods allow for RTA to easily calculate the amount of staff time spent on SCT projects if RTA chooses to set future fees on this basis.

## RECOMMENDATIONS

A total of five near-term recommendations are offered for consideration by SCT. In addition to ensuring that SCT adheres to TDA regulations, the recommendations offer refinements and improvements that will help SCT improve its image, visibility and profile in the Five Cities area, enhance its reporting of key performance indicators and ensure important agreements are fair and accurate and reflect current conditions.

### Recommendation #1

#### **Adopt and report on Key Performance Indicators (KPIs) on a routine basis.**

At present, several of the KPIs recommended in the previous performance audit are reported on a regular basis with plans to fully address all of the key indicators consistent with this recommendation with the completion of the Strategic Business Plan currently under development. To fully comply with the previous audit's recommendation, all of the measurable KPIs should be included and adopted in the Strategic Business Plan and monitored and reported on a regular basis to the SCT Board of Directors.

This recommendation carries forward Recommendation #3 in the previous audit report.

*Implementation Timeframe: FY 2014/15, 3rd Quarter*

*Persons Responsible for Follow-up: RTA Executive Director (who also serves as the "SCT Administrator") and other staff as needed*

## **Recommendation #2**

### **Update and implement the RTA/SCT Marketing Plan and improve opportunities for local participation.**

Although many of the marketing recommendations from the 2011 *South County Transit Plan* have been implemented, there are several items that have not been fully implemented, including developing a distinctive logo, recording and reporting on-time performance statistics. Staff should continue to implement the marketing initiatives described in the 2011 Plan in order to complete this recommendation.

This recommendation carries forward Recommendation #4 in the previous audit report.

*Implementation Timeframe: FY 2014/15, 3<sup>rd</sup> Quarter*

*Persons Responsible for Follow-up: SCT Administrator and other staff as needed*

## **Recommendation #3**

### **Create a standalone website for SCT that is separate from the RTA site.**

There is currently no standalone website for SCT, although information about the service is provided on various web pages on the RTA website. Existing local riders only familiar with SCT service and especially potential new riders (not yet familiar with transit) may not know that SCT is affiliated with RTA which makes it difficult to find key information, such as route maps and schedules, fares, "how-to-ride" information, and upcoming Board meeting agendas. To make it easier for the public to access information about SCT online, it should have its own standalone website.

*Implementation Timeframe: FY 2014/15, 3<sup>rd</sup> Quarter*

*Persons Responsible for Follow-up: SCT Administrator and other staff as needed*

## **Recommendation #4**

### **Review the amount of time RTA staff devotes to SCT service and revisit the agreement between SCT and RTA for financial and administrative services to ensure it is fair and accurate.**

The original agreement between SCT and RTA executed in 1997 for administrative and financial services was in the amount of \$23,355 based on a budget developed at that time based on estimated hours of key tasks to be performed by RTA staff. An updated agreement was executed in 2001 in the amount of \$55,000 based on the FY 2001/02 budget. The current fee of \$63,500 has not been updated in at least four years, according to RTA staff. To ensure the fee paid by SCT is set at a level commensurate with the number of hours for administrative and financial services provided by RTA, the actual time devoted to these efforts should be recorded along with an updated budget. The agreement between RTA and SCT should be revisited and if warranted the fee should be updated and revised to accurately reflect expenditures.

*Implementation Timeframe: FY 2014/15, 4<sup>th</sup> Quarter*

*Persons Responsible for Follow-up: SCT Administrator*



## **Recommendation #5**

### **Review the SCT fare structure and fare policies to meet the increased 20% farebox recovery ratio requirement.**

The SCT service area and the adjacent Avila Beach area recently passed the 50,000 population threshold triggering its designation as an urbanized area. As a result, the farebox recovery ratio requirement for the SCT system as a whole will increase to 20% after June 2018, four years from now. To ensure compliance with this increased farebox recovery ratio, SCT should review its fare structure and policies and consider raising its base fares and/or multi-ride pass prices. The last fare increase was in August 2009, nearly five years ago when fares went from \$1.00 to \$1.25. As a general guideline, it is desirable to incrementally increase fares tied to inflation rather waiting for several years and increasing fares a significant amount.

As an alternative, in view of the high transit dependent characteristics of SCT customers, SCT should revisit the 2011 Plan assessment of annual cost savings from merging SCT with the RTA. Since there is very little duplication of services between SCT and RTA, there is not a very large cost savings to be expected from consolidation. However, consolidating would provide an opportunity to use RTA's lower "blended" farebox recovery ratio (currently 17%). By achieving such savings before the above target date, it might not be necessary to implement as steep of a fare increase or it might be possible to do so more gradually as part of a proposed merger with RTA.

*Implementation Timeframe: FY 2014/15, 3<sup>rd</sup> Quarter (initial assessment) and FY 15/16 (merger review)*

*Persons Responsible for Follow-up: SCT Administrator, SCT Board and RTA Board.*

## Recommendation #6

### Revisit the original SCT JPA Agreement between the member agencies.

The original agreement to form the JPA was executed in 1978 by the cities of Arroyo Grande, Grover City, Pismo Beach (& Shell Beach) and the County. This agreement has not been revisited in over 30 years and during this time there have been significant changes that have occurred in the service area such as significant population growth including the recent designation as a federal urbanized area (exceeding the population of 50,000, including the unincorporated areas of Avila Beach and Oceano), addition of Avila Beach Trolley services operated by SCT (under contract to RTA), and demographic shifts with high transit dependent markets in the southernmost part of the service area.

Currently, SCT is governed by a Board of Directors comprised of four elected officials from the member agencies, and meetings are held on a quarterly basis. There is currently only one County representative, although the County completed a Supervisor District Boundary revision in 1980 that resulted in the SCT service area being governed by two Supervisors. In addition, the only advisory body to the current SCT Board does not have representation by the County management, resulting in formal input only from the three City managers who do not have voting authority over the two County districts. As part of the JPA review, the County should revisit its governance and operations of the Avila Beach Trolley with SCT and RTA. In addition, the Board should review whether or not the number of elected officials should be changed.

*Implementation Timeframe: FY 2014/15, 2<sup>nd</sup> Quarter, with a completion date of 1<sup>st</sup> Quarter FY 2015/16.*

*Persons responsible for follow-up: RTA Executive Director, County staff*

**Figure ES-1 Summary of Recommendations**

Recommendation	Rationale	Persons Responsible for Follow-Up	Timeline for Implementation
<b>Recommendation #1</b> Adopt and report on Key Performance Indicators (KPIs) on a routine basis.	To fully comply with the previous audit's recommendation, all of the recommended KPIs should be included and adopted in the Strategic Business Plan and monitored and reported on a regular basis to the SCT Board of Directors.	SCT Administrator and other staff as needed	3rd Quarter FY 2014/15
<b>Recommendation #2</b> Update and implement the RTA/SCT Marketing Plan and improve opportunities for local participation.	Although many of the marketing recommendations from the 2011 <i>South County Transit Plan</i> have been implemented, there are several items that have not been fully implemented. Staff should continue to implement the marketing initiatives described in the 2011 Plan in order to complete this recommendation.	SCT Administrator and other staff as needed	3rd Quarter FY 2014/15

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Recommendation	Rationale	Persons Responsible for Follow-Up	Timeline for Implementation
<p><b>Recommendation #3</b> Create a standalone website for SCT that is separate from the RTA site.</p>	<p>There is currently no standalone website for SCT, although information about the service is provided on various web pages on the RTA website. To make it easier for the public to access information about SCT online, it should have its own standalone website.</p>	<p>SCT Administrator and other staff as needed</p>	<p>3rd Quarter FY 2014/15</p>
<p><b>Recommendation #4</b> Review the amount of time RTA staff devotes to SCT service and revisit the agreement between SCT and RTA for financial and administrative services to ensure it is fair and accurate.</p>	<p>The current administration fee SCT pays to RTA of \$63,500 has not been updated in at least four years, according to RTA staff. To ensure the fee paid by SCT is set at a level commensurate with the number of hours for administrative and financial services provided by RTA, the actual time devoted to these efforts should be recorded along with an updated budget. The agreement between RTA and SCT should be revisited and if warranted the fee should be updated and revised to accurately reflect expenditures.</p>	<p>SCT Administrator</p>	<p>4th Quarter FY 2014/15</p>
<p><b>Recommendation #5</b> Review the SCT fare structure and fare policies to meet the increased 20% farebox recovery ratio requirement.  As an alternative, SCT should revisit the 2011 <i>South County Transit Plan</i> assessment of annual cost savings and potentially lower blended farebox recovery ratio from merging SCT with the RTA. By achieving such savings before the above target date, it might not be necessary to implement as steep of a fare increase or it might be possible to do so more gradually as part of the merger with RTA.</p>	<p>The SCT service area and the adjacent Avila Beach area recently surpassed the 50,000 population threshold triggering its designation as an urbanized area. As a result, the farebox recovery ratio requirement for the system as a whole will increase to 20% in four years from now. To ensure compliance with this increased farebox recovery ratio, SCT should consider raising its base fares and/or monthly pass prices.</p>	<p>SCT Administrator, SCT Board and RTA Board</p>	<p>3rd Quarter FY 2014/15 FY 2015/16 (Merger review)</p>

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Recommendation	Rationale	Persons Responsible for Follow-Up	Timeline for Implementation
<p><b>Recommendation #6</b>                      Revisit the original SCT JPA Agreement between the member agencies.</p>	<p>The original agreement to form the JPA was executed in 1978 by the cities of Arroyo Grande, Grover City, Pismo Beach (&amp; Shell Beach) and the County. This agreement has not been revisited in over 30 years and during this time there have been significant changes that have occurred in the service area.</p> <p>Currently, SCT is governed by a Board of Directors comprised of four elected officials from the member agencies, and meetings are held on a quarterly basis. There is currently only one County representative, although the County completed a Supervisor District Boundary revision in 1980 that resulted in the SCT service area being governed by two Supervisors. In addition, the only advisory body to the current SCT Board does not have representation by the County management, resulting in formal input only from the three City managers who do not have voting authority over the two County districts. As part of the JPA review, the County should revisit its governance and operations of the Avila Beach Trolley with SCT and RTA. In addition, the Board should review whether or not the number of elected officials should be changed.</p>	<p>RTA Executive Director, County staff</p>	<p>2<sup>nd</sup> Quarter                      FY 2014/15                      1<sup>st</sup> Quarter FY 2015/16                      (Completion date)</p>

# 1 INTRODUCTION

## AUDIT OVERVIEW

Under direction from the San Luis Obispo Council of Governments (SLOCOG), Nelson\Nygaard conducted an Audit of South County Transit's public transportation operations, also known as SCT. This document, covering the Fiscal Years of 2009/2010, 2010/11, 2011/12, and 2012/2013 fulfills the Triennial Performance Audit requirements of the State of California Transportation Development Act (TDA).

The Triennial Performance Audit does not compare SCT to other transit operators or to an industry standard. The focus of the Audit is on SCT's operation over the last four years, understanding how it performs over time and its ability to meet its own objectives and performance standards. Under California law (PUC Section 99246), transit operators must monitor and report on an annual basis the following five performance indicators:

1. Operating costs per passenger;
2. Operating costs per revenue vehicle service hour;
3. Passengers per vehicle service hour;
4. Passengers per vehicle service mile; and
5. Revenue vehicle service hours per full-time employee equivalent.

Verification of these performance measures requires a review of data collection, compilation and reporting methods for all elements that comprise these indicators. The elements that comprise these indicators are defined as follows:

**Operating Cost:** The annual cost of providing transit service including purchased transportation services. It excludes depreciation, settlements, amortization, lease and charter expenses.

**Revenue Service Hours:** The annual number of hours that revenue vehicles operate in revenue service, including layover, but excluding deadhead travel time to and from storage facilities. For demand responsive service, hours and miles traveled between the storage facility and the first passenger pick-up and from the last passenger drop-off back to the storage facility are considered deadhead.

**Revenue Service Miles:** The total number of miles traveled by revenue vehicles while in revenue service. This excludes all non-service mileage (e.g., deadhead miles).

**Passengers:** The total number of boarding passengers regardless of whether a fare was paid (i.e., unlinked trips).

**Full Time Employee Equivalents:** The total number of employees working for the transit system, whether directly employed by SCT or by a contractor. Full-time equivalents are based upon a 2,000-hour work year per full-time employee.

## **AUDIT REPORT ORGANIZATION**

This Audit provides a description of SCT services, followed by an evaluation of SCT's data collection methods and an analysis of the performance indicators. The Audit also includes a review of SCT's actions to implement the recommendations from the prior Performance Audit. The Audit concludes with recommendations for improved efficiency to retain TDA compliance. This effort serves as an independent, objective evaluation of SCT's transit service and provides sound, constructive recommendations for its fixed-route transit services.

## **2 DESCRIPTION OF TRANSIT SERVICES**

### **HISTORY AND ORGANIZATION**

South County Transit (SCT) is operated through a joint powers agreement (JPA) between the cities of Arroyo Grande, Grover City, Pismo Beach, Shell Beach, and the County representing the Oceano area with day-to-day operations provided under a contract with the San Luis Obispo Regional Transit Authority (RTA). Transit service in the South County area was first provided in 1978 by the JPA (then called South County Area Transit). SCT is governed by a Board of Directors comprised of elected officials from the member agencies. Service is provided on three transit routes, and to Arroyo Grande High School on school days.

Since 1997, SCT has contracted with RTA to provide all administrative, operations, and maintenance duties. All staffing is provided by RTA, as specified in the agreement (refer to the Functional Audit chapter for further details on the agreement). RTA provides dispatch services and oversees all drivers, as well as oversees all administrative duties and performs route planning. All vehicles are owned by SCT. Operations and maintenance activities are performed in a separate division of the Service Delivery organizational unit that is dedicated to SCT service, at the RTA maintenance and headquarters facility at 179A Cross Street in San Luis Obispo. The SCT Board of Directors holds quarterly meetings held at the City of Arroyo Grande City Hall.

### **EXISTING TRANSIT SERVICES**

SCT provides fixed route service on three routes in the Five Cities area (Arroyo Grande, Grover Beach, Pismo Beach, Shell Beach, and community of Oceano), with service to major activity centers such as local schools, social services, and commercial centers. Under contract to RTA (and as funded by the County), SCT operates a trolley service between Pismo Beach and Avila Beach on weekends (except during winter) and on Thursday and Friday during the summer. SCT also provides bus service to Arroyo Grande High School on schooldays. Passengers may transfer between SCT routes at the Ramona Garden Park transfer center in Grover Beach, and may make a timed transfer from SCT Routes 21 and 24 to San Luis Obispo Regional Transit Authority (RTA) Route 10 at the Pismo Beach Premium Outlets as well as to SCT Route 23 at the Halcyon Park and Ride lot (Arroyo Grande).

The SCT service area includes concentrated centers of activity separated by large low-density areas between the cities, which poses a challenge to providing direct and cost-effective service.

## Operating Hours & Fares

The basic operating times and frequencies for SCT’s fixed route services are listed in Figure 2-1.

**Figure 2-1 Overview of SCT Services**

Route	Operating Hours <sup>1</sup>	Frequency (in minutes)
Route 21	<b>Monday (M) – Friday (F):</b> 6:29 a.m. – 7:24 p.m. <b>Saturday:</b> 7:29 a.m. – 7:24 p.m. <b>Sunday:</b> 7:29 a.m. – 6:24 p.m.	60
Route 23	<b>M – F:</b> 5:55 a.m. – 7:21 p.m. <b>Saturday:</b> 6:55 a.m. – 7:21 p.m. <b>Sunday:</b> 7:55 a.m. – 6:21 p.m.	60
Route 24	<b>M – F:</b> 6:29 a.m. – 7:25 p.m. <b>Saturday:</b> 7:29 a.m. – 7:25 p.m. <b>Sunday:</b> 7:29 a.m. – 6:25 p.m.	60
Route 25: Arroyo Grande High School Service	<b>M – F:</b> 6:58 a.m. – 7:30 a.m. 3:00 p.m. – 3:30 p.m.	One a.m. and one p.m. trip on school days
Beach Trolley: Avila to Pismo Beach	<b>Thursday – Sunday (June 5 – September 1):</b> 10 a.m. – 6 p.m. <b>Saturday – Sunday (March 9 – June 4; September 2 – October 12):</b> 10 a.m. – 4 p.m.	60

<sup>1</sup> SCT does not operate on Thanksgiving Day, Christmas Day, and New Year’s Day, and runs Sunday service on Christmas Eve, New Year’s Eve, Memorial Day, Independence Day, and Labor Day.

SCT's current fare structure is shown in Figure 2-2 below. The one-way standard fare is \$1.25, and discounted fares of \$.60 are available for senior riders (65 years of age and above), persons with disabilities, and Medicare card holders. A variety of passes are also available for purchase. Seniors age 80 and above may apply for a VIP Pass, which offers unlimited free rides on RTA, SCT, San Luis Obispo City Transit, and Paso Express. One child under five years of age may ride free when accompanied by a fare-paying passenger. RTA Regional Passes are also accepted on SCT. Transfers between SCT routes are free of charge, and a transfer slip must be requested of the driver at the time of boarding.



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SCT passes may be purchased at all Rabobank branches in San Luis Obispo County, the RTA Main Office, the County Public Works counter, Arroyo Grande City Hall, Grover Beach City Hall, Pismo Beach Chamber of Commerce, and Arroyo Grande High School (students only). The regional day pass may be purchased on buses.

The last major fare increase for SCT was implemented one month into the current audit period, on August 1, 2009. The base fare was increased from \$1.00 to the current \$1.25 fare, while the multi-ride pass prices were not changed.

**Figure 2-2 SCT Fare Structure**

Fare Type	Regular Fare	Discount Fare <sup>1</sup>
<b>Single Ride</b>		
One-Way Fare	\$1.25	\$0.60
Beach Trolley	Free	Free
<b>Passes</b>		
RTA Regional Day Pass*	\$5	-
RTA & SCT 7 Day Pass**	\$14	-
SCT 31-Day Pass**	\$44	\$22
Regional 31-Day Pass**	\$64	\$32
20 Ride Pass**	\$20	\$8
RTA VIP Pass <sup>2</sup>	Free	-

\* Sold on buses.

\*\* Sold at various locations throughout the service area.

<sup>1</sup> Including seniors age 65 and over and persons with disabilities or Medicare card holders

<sup>2</sup> Available to seniors 80 years and over from RTA through an application process.

## Fleet

All transit vehicles are owned by SCT and operated by RTA. As of August 16, 2013, the fixed-route fleet consisted of eight vehicles, including a mix of high-floor and low-floor vehicles, as well as diesel and hybrid gas-electric engines. However, the gas-electric hybrid bus has not operated in revenue service since 2012. All of the buses feature electronic validating fare boxes. With the purchase of three low floor Gillig buses in 2013, the average age of the still-operating SCT fleet is 6.7 years. See Figure 2-3 below.

**Figure 2-3 SCT Fixed Route Fleet**

Make	Type	Year	Seating	Number of Buses
Gillig	Diesel	2003	35	4
CCW	Hybrid	2006	35	1
Gillig	Diesel (Low Floor)	2013	32	3

## **Equipment & Facilities**

Fixed route vehicles are fuelled by SCT staff at a card-lock fueling facility in Arroyo Grande, as well as by a contractor that fuels the buses onsite. Fuel is included in the operating costs as part of the contract between SCT and RTA.

Vehicles are maintained at the RTA facility at 179 Cross Street in San Luis Obispo, and stored at the SCT yard at 800 Rodeo Drive in Arroyo Grande. RTA staff perform standard maintenance on transit vehicles.

## **CHANGES THAT OCCURRED DURING THE AUDIT PERIOD**

During the audit period, many municipalities in California and the nation were forced to make difficult cuts in transit service due to a number of challenges, including slow economic growth and the increasing volatility of transportation funding sources. As a result, SCT was forced to cut its evening service hours in FY 2009/10 and institute a fare increase in August 2009. Several major positive developments also occurred during the period, including procuring new low-floor vehicles, moving into new storage facility, and implementing electronic fareboxes. Details about these changes are presented below.

## **Operations**

As recommended in the most recent update to the 2011 *South County Transit Plan*, Route 23 was split into two routes—Routes 22 and 23—in January 2012. In August 2009, evening service was reduced on all SCT routes as a result of cuts in local and state funding due to the global recession of 2008.

Beach Trolley winter service was discontinued in October 2011 due to budgetary constraints and low ridership. Summer Trolley service was expanded beginning on May 28, 2012, adding Thursday and Friday service to the existing weekend service. A special route to serve the Friday Night Fish N Farmer's Market was added to the Beach Trolley, operating from April through the end of September. This version of the Trolley route is shorter than the regular route.

The Avila Foundation contributes funds to cover the cost of the Beach Trolley operating expenses to ensure passengers ride free of charge and the service meets the 10% farebox recovery requirement. With the new requirement to meet a 20% farebox ratio by mid-2018 due to the service area's official federal designation as an urbanized area (defined as having a population above 50,000), the Foundation might need to double their financial contributions and/or the service may have to charge a fare to meet this new mandate. An alternative approach would be to bring new sponsors to the program from outside of the Avila Valley, now that a significant part of the route covers the City of Pismo Beach. For a more detailed discussion of the impacts of becoming federal urbanized area, please refer to the Administration and Marketing section on the following page.

## **Fares**

SCT's last substantial fare increase occurred on August 1, 2009. The Beach Trolley has remained free of charge throughout the audit period (in line with the original unmet needs request terms from the Avila community), through contributions from the non-profit Avila Beach Community Foundation and have been collected to match the County operating support besides passenger donations.

## **Equipment & Facilities**

Several major equipment improvements were implemented during the audit period:

- **Moved into new bus storage facility in Arroyo Grande.** SCT signed a lease with the City of Arroyo Grande to move its vehicles to a new overnight storage facility in Arroyo Grande at 800 Rodeo Drive in 2011. Safety meetings are held at the Arroyo Grande facility as well. Vehicle storage at the new facility is secure and partially covered, and allows for on-site vehicle washing.
- **Added three new low-floor vehicles to the SCT fleet.** Three new vehicles, the first low-floor vehicles in the SCT fleet, were purchased in early 2012, entering service in September 2013 (shortly after the end of the audit period). One of the new vehicles replaced a "lemon" gas-electric hybrid vehicle that was not able to make pull-outs on many occasions, which had required SCT to borrow RTA vehicles. These three new vehicles were purchased with state Proposition 1B funds, and feature a new "wave" branding scheme.

## **Administration & Marketing**

SCT staff made a number of administrative and marketing improvements during the audit period, including:

- Coordinated with RTA and other local operators on adopting a regional pass and installing consistent electronic farebox technology to facilitate regional travel.
- The Arroyo Grande – Grover Beach area became an officially urbanized area (defined as having a population above 50,000) in 2011/12 under the 2010 Census, which qualified SCT for federal Urbanized Area Formula Program (5307) funds, beginning in FY 2012/13. This increased the level of transit funding and in the near term reduced the amount of Transportation Development Act (TDA) funding needed from the JPA jurisdictions. It also increased the required farebox recovery ratio from 10% to 20%, although SCT has a five-year grace period to achieve the higher farebox ratio (by the end of FY 2017/18). This will require the Beach Trolley to either begin charging a fare or obtain increased funding contributions from the Avila Bay Foundation and/or others outside of the County to reach or exceed the 20% requirement.
- The area near the Highway 41/46 corridor was deemed as non-compliant with federal air quality standards which qualifies the County for Congestion Mitigation and Air Quality Improvement (CMAQ) funding.
- SCT regularly reports its marketing activities to its Board, and has implemented many other marketing initiatives, including updating the rider guides, adopting a new name (changing from South County Area Transit to South County Transit), developing "how to ride the bus" videos, and engaging in promotional outreach campaigns.



## 3 COMPLIANCE AUDIT

Chapter 3 describes the methods by which SCT collects data for its services, which include fixed route bus service. Specifically, it evaluates technical compliance with TDA definitions. Actual performance statistics are discussed in Chapter 5.

In accordance with TDA requirements, the consultant conducted on-site interviews with RTA staff and reviewed performance data collection and reporting processes. Internal and external reports were reviewed for accuracy and consistency. Reports include the State Controller’s Report, internal operations reports and Fiscal Audits. Current data collection procedures are outlined below. Figure 3-1 provides a tabular summary of TDA operator requirements and a determination of SCT’s compliance with those requirements.

**Figure 3-1 TDA Compliance Requirements**

Operator Compliance Requirements	Compliance
1. The transit operator submitted annual reports to the Regional Transportation Planning Entity based on Uniform System of Accounts and Records established by the State Controller.	Yes
2. The operator has submitted annual fiscal audits and compliance audits to its RTPPE and State Controller within 180 days following the end of fiscal year or has received the 90-day extension allowed by law.	Yes
3. The CHP has, within 13 months prior to each TDA claim, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of operator's terminal.	Yes
4. The operator's TDA claims have been submitted in compliance with the rules and regulations adopted by SLOCOG.	Yes
5. The operator does not routinely staff with two or more persons transit vehicles designed to be operated by one person.	Yes
6. The operator's 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 fixed facilities unless the operator has reasonably supported and substantiated the changes.	Yes
7. Operator funding provided through the Transportation Development Act makes up no more than 50% of operating, maintenance, capital and debt service after federal grants are deducted, if applicable.	Yes <sup>1</sup>

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<sup>1</sup> SCT did not directly receive any FTA Section 5311 grant funding during audit period, and was not subject to this requirement as a result. RTA completes a single grant application for entire region, and allocates funding back to SLOCOG, which then they allocate the remaining funds for other rural operators in county.

Operator Compliance Requirements	Compliance
8. Operators in urban areas must have at least a 20% ratio of fare revenues to operating costs. For operators serving urban areas in a county of less than 500,000, a 15% ratio is allowed if so determined by the RTPE. Operators in rural areas must have at least a 10% ratio.	Yes <sup>2</sup>
9. The operator's retirement system is fully funded, or the operator is implementing a plan approved by the RTPE, which will fully fund the retirement system within 40 years.	N/A <sup>3</sup>
10. If the operator receives state transit assistance funds, the operator is not precluded by contract from employing part-time drivers or contracting with common carriers.	Yes <sup>4</sup>
11. If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the FTA before TDA claims are granted.	Yes

## DATA VERIFICATION

In this section, both fixed-route bus and Beach Trolley services are discussed together, except where noted.

### Data Collection Processes

SCT installed electronic fare collection machines on its buses during the audit period, and is able to track boardings by passenger type for all routes. Drivers must still enter the passenger type manually into the GFI farebox, but the data is recorded electronically and can be exported as an electronic report. Due to the simplicity and regularity of SCT's bus schedules, service mileage and hours is generally consistent from day to day. Variations in the schedule due to missed runs or other special circumstances are recorded in an exceptions report that is compiled each month, and any variations are subtracted or added to the standard service hours and mileage to calculate the totals for the month.

### Operating Costs

Operating cost includes the total cost of operating a transit system, excluding capital expenditures. Both TDA and State Controller reporting requirements omit depreciation and amortization. RTA provides administrative and financial services for the SCT service. The annual fee for these services is \$63,500.

Operating cost data are supplied through an electronic submission by RTA's Finance and Administration Department. Operating costs consist of vehicle maintenance and fuel, materials and supplies and RTA staff labor. SCT provides liability and physical damage insurance through the California Transit Indemnity Pool.

SCT's procedures for reporting operating cost data comply with TDA requirements.

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<sup>2</sup> The SCT service area became an urban area during the audit period. It is not yet fully in compliance with the 20% farebox recovery ratio requirement, but has received a five-year grace period to achieve this target. Therefore it met compliance requirements during the audit period.

<sup>3</sup> SCT does not provide retirement benefits.

<sup>4</sup> SCT does not engage in collective bargaining in its hiring of staff.

## **Passengers and Farebox Revenues**

TDA defines passengers as boardings, whether or not a fare was paid. At SCT, fixed- route boardings by fare type are recorded using a GFI electronic farebox. The fare types that are tracked include general fares (cash, punch, month, and day passes), discount fares, and RTA Regional fares (including the VIP Pass, Day Pass, and Regular Pass). Fares are tracked by route, though interlining of routes sometimes poses a challenge to accurately assigning revenues by route. Drivers are not required to verify identification for discounted passengers when they board. All multi-ride fare media include a magnetic strip that passengers swipe in the farebox when boarding; Regional Passes record boardings and distributes revenue back proportionately to participating transit agencies based on ridership.

Additionally, SCT receives a subsidy from the Avila Beach Community Foundation to compensate SCT for free rides offered on the Beach Trolley. Ridership on the Beach Trolley is counted manually by the operator.

SCT fare revenue is transferred by armored trucks from the SCT facility to a bank account with Rabobank. A separate account is maintained at the bank for SCT revenues.

SCT's procedures for reporting passengers and farebox revenue comply with TDA requirements.

## **Revenue Service Miles & Hours**

Revenue service miles are the miles that transit vehicles operate in revenue service. It excludes all deadhead mileage such as from the garage to the first stop and from the last stop back to the garage and time out during breaks. As with vehicle revenue miles, revenue service hours are those hours available for passenger service. Revenue hours exclude all deadhead time, such as from the garage to the first stop, and from the last stop back to the garage.

SCT operates an identical amount of service miles and hours on most days, and is able to calculate monthly service miles and hours by deducting any missed trips recorded in the exceptions report from the scheduled expected monthly total. Missed trips are very rare for the agency, and as a result most days have identical service hour and mile levels.

SCT's methodology for reporting vehicle service miles and hours complies with TDA definitions.

## **Full-Time Employee Equivalents (FTEs)**

Full-time employee equivalents (FTEs) measure employee time, not actual persons or positions. Typically, FTEs are calculated by totaling all employee hours expended during the fiscal year and dividing this sum by 2,000. FTEs are calculated by first determining the full SCT FTEs, and then determining the share of the total RTA administration, maintenance, and other staffing time assigned to SCT.

SCT's methodology for reporting full-time employee equivalents fully complies with TDA definitions.





## 4 PREVIOUS AUDIT RECOMMENDATIONS

The TDA requires that the Performance Audit process include a review of previous Audit Recommendations. This review is intended to serve as a progress report from period to period. The previous Audit identified five recommendations. Figure 4-1 at the end of this chapter summarizes the findings and recommendations of the previous Audit and determines whether each recommendation was implemented and is complete or is in progress.

### DISCUSSION OF PRIOR AUDIT RECOMMENDATIONS

#### Recommendation #1

**Include maintenance, dispatch and RTA time spent in administering the SCAT (now renamed SCT) system in the FTE calculation.**

*Discussion:*

During the previous audit period, SCT did not fully account for maintenance and dispatch and RTA staff time spent in administering the SCT (then SCAT) system was not consistently recorded. As a result, FTEs were underreported during the previous audit period. SCT corrected this practice during FY 2009/10. Since there is a unique ID number assigned to SCT, all time devoted to SCT service is easily tracked and recorded.

**Current Status: Recommendation Complete.**

#### Recommendation #2

**Update Monthly Reports to separate revenue, deadhead, and total hours and miles.**

*Discussion:*

As discussed in the previous chapter, SCT calculates its monthly revenue miles and hours based on its scheduled service, subtracting any service interruptions (e.g., roadcalls, accidents, missed trips). During the previous audit period and the first year of the current audit period, SCT did not make adjustments in its monthly reports to account for such service interruptions when recording actual monthly total revenue miles and hours. SCT adopted the recommendation to correct this practice during the current audit period.

The previous audit also recommended that SCT separately record revenue, deadhead, and total hours in its monthly reports. This is not necessary to comply with state standards, however, and therefore this portion of the recommendation should not be carried forward.

**Current Status: Recommendation Complete.**

### **Recommendation #3**

**Adopt and report on Key Performance Indicators (KPIs) on a routine basis. (Carryover recommendation from prior two performance audits.)**

*Discussion:*

The previous audit noted that SCT had not yet fully implemented the recommendation of the 2006 audit to “Monitor key performance indicators against established standards on a monthly basis and implement necessary efficiency and effectiveness enhancements.” SCT staff tracked this information internally, but did not regularly report it to the SCT Board during the previous audit period, and did not compare performance data to prior years or to adopted performance targets.

The previous audit recommended that SCT adopt key indicators that include cost per hour, farebox recovery ratio, cost per passenger, miles between road calls, miles between preventable accidents, complaints per 100,000 passengers, and percentage of trips on time. It also recommended that monthly reports include performance statistics for the current month (current and prior years); year-to-date (current and prior years); and performance targets.

SCT has partially implemented the previous audit's recommendations. Staff now reports year-to-date statistics to its Board quarterly for farebox recovery ratio, cost per passenger, and other basic performance indicators. However, the report does not include monthly totals or performance targets, and does not include cost per hour, miles between road calls, miles between preventable accidents, complaints per 100,000 passengers, or percentage of trips on-time.

The audit also recommended additional optional performance indicators to report, including percentage of preventive maintenance inspections completed on time, percentage of daily vehicle inspection issues addressed, unscheduled bus exchanges for maintenance issues, budget variances (operating revenue, operating expense, capital expense), total accidents by type and severity, operator pay to platform hours, missed trips, and late pull-outs.

A Strategic Business Plan is currently being developed that will include recommendations for expanded KPIs to be included in the quarterly reports. The previous audit's recommendations should be considered when developing the updated list of indicators, and may include the additional optional indicators discussed above in its updated reports at its own discretion.

**Current Status: Partially Complete; Finalize recommendations and adopt new reporting practices.**

### **Recommendation #4**

**Update and implement the RTA/SCAT Marketing Plan and improve opportunities for local participation. (Carryover recommendation from prior performance audit.)**

*Discussion:*

The 2003 *Short Range Transit Plan Update* for SCT included a marketing plan, which was subsequently updated in the 2011 *South County Transit Plan*. The 2011 Plan includes recommendations for improving the rider guides, website, vehicle branding, passenger facilities,

outreach, system branding, and service monitoring (including regularly conducting onboard surveys).

SCT regularly reports its marketing activities to its Board, and has implemented many of the recommendations from the 2011 Plan, including updating the rider guides, adopting a new name (changing from South County Area Transit to South County Transit), developing "how to ride the bus" videos, and engaging in promotional outreach campaigns. However, many of the recommendations have not been fully implemented, and SCT should continue to adopt the Plan's remaining recommendations, including developing a distinctive logo and recording and reporting on-time performance statistics. Also outstanding is the prior recommendation to improve opportunities for local participation; this seems particularly relevant in finding suitable outreach methods to the mono-lingual community of Oceano with the highest level of transit dependency. It is also pertinent due to the lack of a citizen's advisory committee.

**Current Status: Partially Complete; continue to implement recommendations from 2011 South County Transit Plan's marketing chapter.**

**Figure 4-1 Summary of Previous Audit Recommendations and Current Status**

Recommendation	Status
1. Include maintenance, dispatch and RTA time spent in administering the SCAT system in the FTE calculation.	<b>Recommendation: Complete.</b>
2. Update Monthly Reports to separate revenue, deadhead, and total hours and miles.	<b>Recommendation: Complete.</b>
3. Adopt and report on Key Performance Indicators (KPIs) on a routine basis. (Carryover recommendation from prior two performance audits.)	<b>Recommendation: Partially Complete; Finalize recommendations and adopt new reporting practices.</b>
4. Update and implement the RTA/SCAT Marketing Plan and improve opportunities for local participation. (Carryover recommendation from prior performance audit.)	<b>Recommendation: Partially Complete; Continue to implement recommendations from 2011 <i>South County Transit Plan's</i> marketing chapter.</b>



## **5 ANALYSIS OF PERFORMANCE INDICATORS**

This chapter presents an analysis of fixed-route (all routes combined) performance for the five indicators required by TDA. It also presents the trends in farebox recovery ratios for each type of service. In order to understand longer-term trends, the analysis covers a seven-year period between FY 2006/07 through FY 2012/13. The financial and operating statistics are based on a variety of internal and reported data that have been thoroughly vetted and confirmed by RTA staff.

### **FIXED ROUTE SERVICE**

Fixed-route service is evaluated using the following five indicators required by TDA:

- Operating costs per passenger;
- Operating costs per revenue vehicle service hour;
- Passengers per vehicle service hour; and
- Passengers per vehicle service mile.
- Revenue vehicle service hours per full-time employee equivalent

Figure 5-1 presents fixed-route based data and performance measures. Figures 5-2 through 5-7 provide graphs showing a seven-year trend analysis. A discussion of each indicator precedes these graphs.

Even though the farebox recovery ratio is not an indicator required by TDA, it is provided here because it is an excellent indicator of cost-effectiveness and to ensure the farebox requirements are met.

It should be restated that fixed-route services changed during the audit period: in FY 2009/10, evening service on SCT fixed route buses was reduced from 10 p.m. to just before 7:30 p.m. on weekdays. Saturday and Sunday service was also reduced by about an hour in the evening. Additionally, SCT instituted a fare increase during the audit period. In August 2009, general fixed route fares increased from \$1.00 to \$1.25.

In January 2012, Route 23, a looped route, was split into Routes 22 and 23. This change had a minimal impact on service hours.

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**Figure 5-1 SCT – Fixed Route Service TDA Performance Indicator Trends**

Fixed Route Service	South County Transit (SCT) (excluding the Trolley)						
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
<b>Performance Measure</b>							
Operating Cost (Actual \$)	\$692,888	\$859,150	\$843,333	\$780,929	\$745,479	\$869,860	\$920,860
<i>Annual Change</i>		24.0%	-1.8%	-7.4%	-4.5%	16.7%	5.9%
Operating Cost (Constant \$)	\$692,888	\$836,371	\$768,024	\$735,247	\$694,288	\$779,291	\$809,396
<i>Annual Change</i>		20.7%	-8.2%	-4.3%	-5.6%	12.2%	3.9%
Farebox Revenue (Actual \$)	\$98,760	\$104,352	\$120,845	\$110,277	\$124,089	\$121,501	\$130,790
<i>Annual Change</i>		5.7%	15.8%	-8.7%	12.5%	-2.1%	7.6%
Vehicle Service Hours	14,817	15,935	16,222	15,056	14,545	13,928	13,276
<i>Annual Change</i>		7.5%	1.8%	-7.2%	-3.4%	-4.2%	-4.7%
Vehicle Service Miles	225,720	259,275	250,107	195,506	191,639	193,873	198,325
<i>Annual Change</i>		14.9%	-3.5%	-21.8%	-2.0%	1.2%	2.3%
Passengers	179,510	190,114	218,682	191,807	173,502	213,169	234,690
<i>Annual Change</i>		5.9%	15.0%	-12.3%	-9.5%	22.9%	10.1%
F/T Employee Equivalent	13.0	12.0	12.0	14.0	13.0	12.0	14.0
<b>Performance Indicators</b>							
Oper. Cost per Hr. (Actual \$)	\$46.76	\$53.92	\$51.99	\$51.87	\$51.25	\$62.45	\$69.36
<i>Annual Change</i>		15.3%	-3.6%	-0.2%	-1.2%	21.9%	11.1%
Oper. Cost per Hr. (Constant \$)	\$46.76	\$52.49	\$47.34	\$48.83	\$47.73	\$55.95	\$60.97
<i>Annual Change</i>		12.2%	-9.8%	3.1%	-2.3%	17.2%	9.0%
Oper. Cost per Psgr. (Actual \$)	\$3.86	\$4.52	\$3.86	\$4.07	\$4.30	\$4.08	\$3.92
<i>Annual Change</i>		17.1%	-14.7%	5.6%	5.5%	-5.0%	-3.8%
Oper. Cost per Psgr. (Constant \$)	\$3.86	\$4.40	\$3.51	\$3.83	\$4.00	\$3.66	\$3.45
<i>Annual Change</i>		14.0%	-20.2%	9.1%	4.4%	-8.6%	-5.7%
Psgs. per Hour	12.1	11.9	13.5	12.7	11.9	15.3	17.7
<i>Annual Change</i>		-1.5%	13.0%	-5.5%	-6.4%	28.3%	15.5%

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**Figure 5-2 SCT – Fixed Route Service TDA Performance Indicator Trends continued**

Fixed Route Service	South County Transit (SCT) (excluding the Trolley)						
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
Psgs. per Mile	0.8	0.7	0.9	1.0	0.9	1.1	1.2
<i>Annual Change</i>		-7.8%	19.2%	12.2%	-7.7%	21.4%	7.6%
Farebox Recovery (Actual \$)	14.3%	12.1%	14.3%	14.1%	16.6%	14.0%	14.2%
<i>Annual Change</i>		-14.8%	18.0%	-1.5%	17.9%	-16.1%	1.7%
Hours per Employee	1,140	1,328	1,352	1,075	1,119	1,161	948
<i>Annual Change</i>		14.17%	1.77%	-25.70%	3.88%	3.60%	-22.40%
<b>Annual Change in CPI-Urban Wage</b>	<b>5.42%</b>	<b>2.65%</b>	<b>6.12%</b>	<b>-2.83%</b>	<b>0.96%</b>	<b>3.32%</b>	<b>1.53%</b>
<b>Cumulative Change in CPI</b>	<b>0.00%</b>	<b>2.65%</b>	<b>8.93%</b>	<b>5.85%</b>	<b>6.87%</b>	<b>10.41%</b>	<b>12.10%</b>

Notes: FY 2006/07 - 2008/09 data from SRTP (2011), except FTEs; F Y 2010/11 - 2012/13 service hours, service miles, and passengers data from State Controllers Reports. Operating cost and farebox revenue data from County TDA Quarterly Reports; Beach Trolley data for passengers, vehicle service miles, vehicle service hours and FTEs recorded separately in State Controller Reports and has been consolidated in this table with other fixed route service; FY2006/07 - FY2008/09 FTE data is based on a staff estimate; CPI sourced from U.S. Bureau of Labor Statistics; Cumulative CPI change: Calculated by using the following formula:  $(\text{Initial year CPI index value} / \text{study year CPI index value}) - 1$ ; For FY2010/11 - FY2012/13, the quarterly reports include separate line items for operating costs and overhead costs.

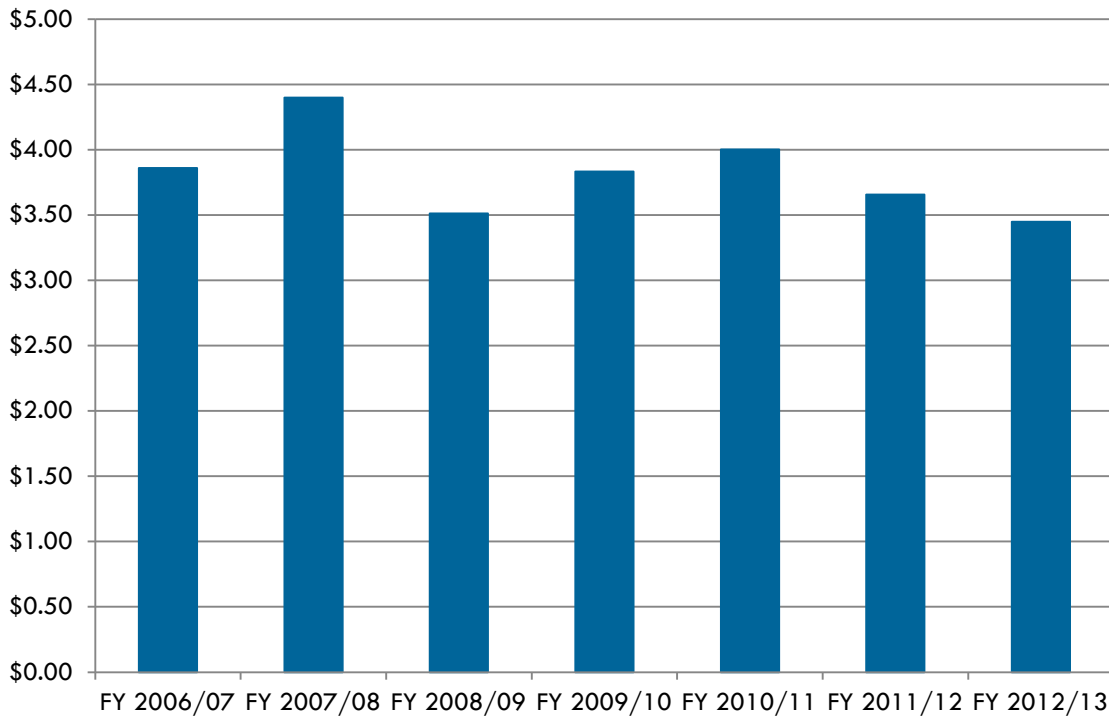
## Operating Cost per Passenger — Fixed-Route Service

Operating cost per passenger fluctuated during the current and previous audit periods as a result of rising and falling gas prices, service cuts, and the economic downturn and subsequent recovery.

Evening service reductions in FY 2009/10 reduced operating costs by about 4.3% from the previous year, but also contributed to a ridership decline of 12.3%, in combination with the prolonged economic downturn and a 25% fare increase. This trend continued in FY 2010/11, with decreases in ridership outpacing the reduction in cost. In the past two fiscal years, the trend reversed, as ridership increased enough to offset previous declines and reach a seven-year high, while costs also increased.

As a result, operating cost per passenger reached a seven-year low during fiscal year 2012/13, at \$3.45.

**Figure 5-3 Operating Cost per Passenger — Fixed Route Service**

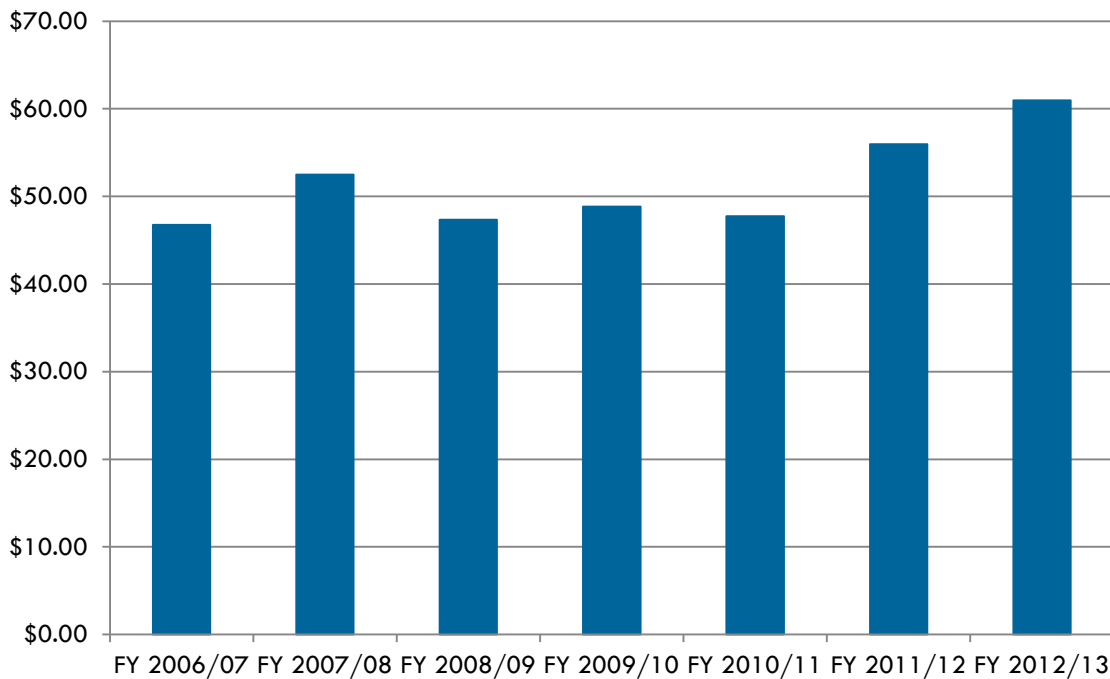




## Operating Cost per Revenue Service Hour — Fixed Route Service

After remaining relatively steady in the previous audit period, hourly costs have followed an upwards trend during the current audit period, despite decreases in the number of service hours in each of the years during the audit period. The largest reduction in service hours came in FY 2009/10, when evening service was reduced, which also led to a decline in total operating costs. Operating costs also decreased in the following fiscal year, FY 2010/11, but then began rising again, increasing by 12.2% in FY 2011/12 and an additional 3.9% in FY 2012/13. Operating costs in FY 2012/13 were higher than four years earlier in FY 2008/09 (adjusted for inflation), despite an 18% reduction in service hours in that period. Operating costs per hour increased due to rising fuel prices and an adjustment to the wage scale in the 2011/12 fiscal year.

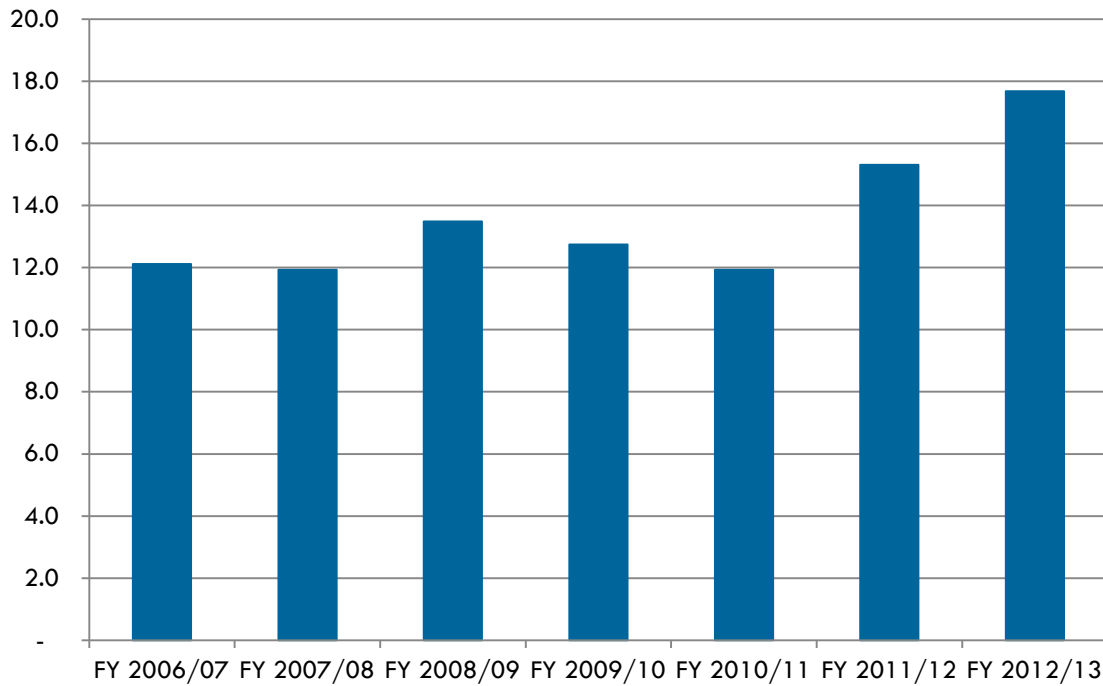
Figure 5-4 Operating Cost per Revenue Service Hour — Fixed Route Service



## Passengers per Revenue Service Hour — Fixed Route Service

While passenger productivity decreased in the first two years of the audit period, it recovered and increased in the two most recent years, reaching a seven-year high in FY 2012/13. Service hours decreased in each of the audit years. Boardings also dropped in the first two years, as service hour reductions, a fare increase, and the weak economy depressed ridership, but boardings rebounded and rose in the past two years. FY 2012/13 had the lowest number of service hours of the seven-year period as well as the highest number of boardings, which helped the system to achieve a high of 17.7 passengers per hour, an increase nearly 50% over the prior year.

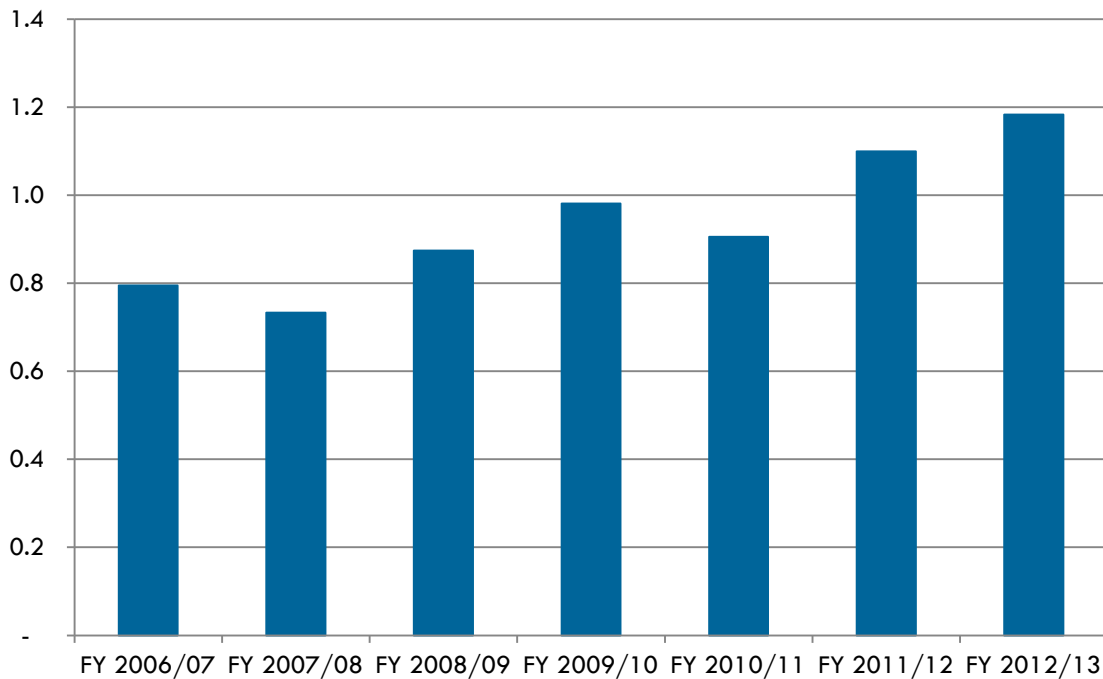
Figure 5-5 Passengers per Revenue Service Hour — Fixed Route Service



## Passengers per Revenue Service Mile — Fixed Route Service

SCT's ridership per service mile closely tracked with ridership per service hour (discussed on the previous page). In FY 2012/13, SCT reached a seven-year high of 1.2 passengers per mile. In contrast to declining service hours, however, vehicle service miles were at a four-year high in FY 2012/13. Still, SCT's vehicle service hours remained 21% lower in FY 2012/13 than they were in FY 2008/09, the year before evening service was reduced. Overall, both the boardings per mile and boardings per hour indicators reflect increased systemwide productivity during the current audit period.

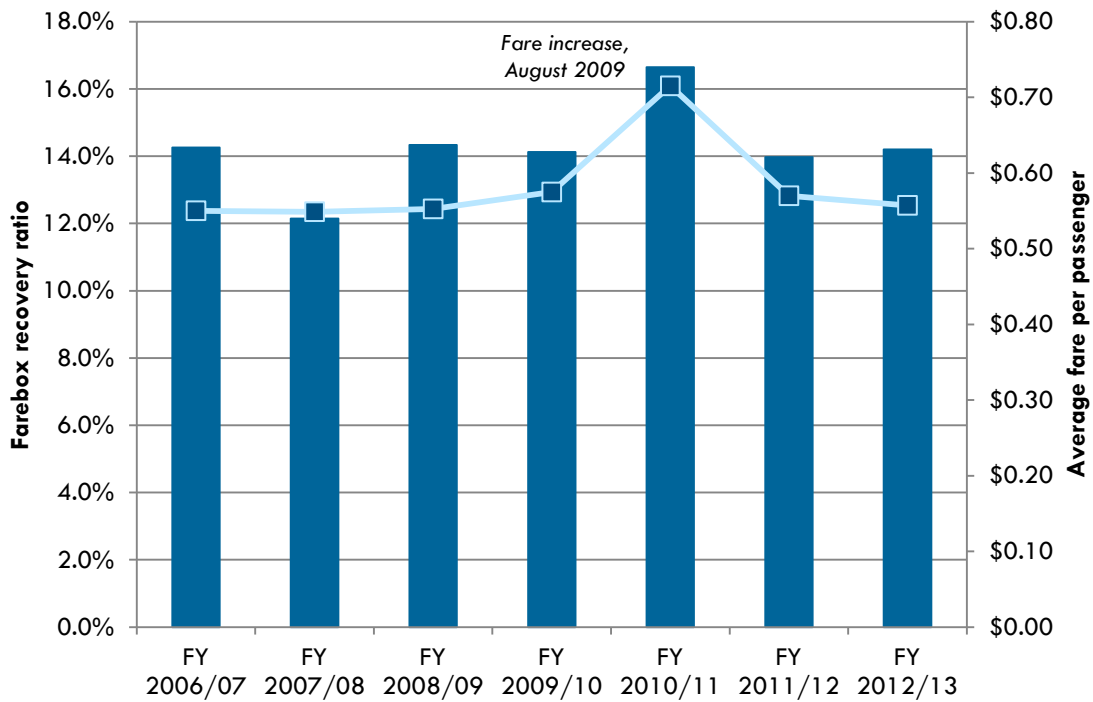
Figure 5-6 Passengers per Revenue Service Mile — Fixed Route Service



## Farebox Recovery Ratio — Fixed-Route Service

Figure 5-6 shows the SCT fixed route farebox recovery ratio and the average fare revenue per passenger over the past seven years. At the beginning of the current audit period, SCT was not an urbanized area (according to Federal guidelines), and was only required to meet a 10% farebox recovery ratio. With the 2010 U.S. census, the service area is now considered urbanized due to exceeding a population threshold of 50,000, and will be required to meet a 20% farebox recovery ratio by July 2018. SCT has not met a 20% farebox recovery ratio in the past seven years, with the highest ratio of 17% occurring in FY 2010/11, when a decline in operating costs coincided with increased farebox revenue due to a spike in the average fare per passenger.

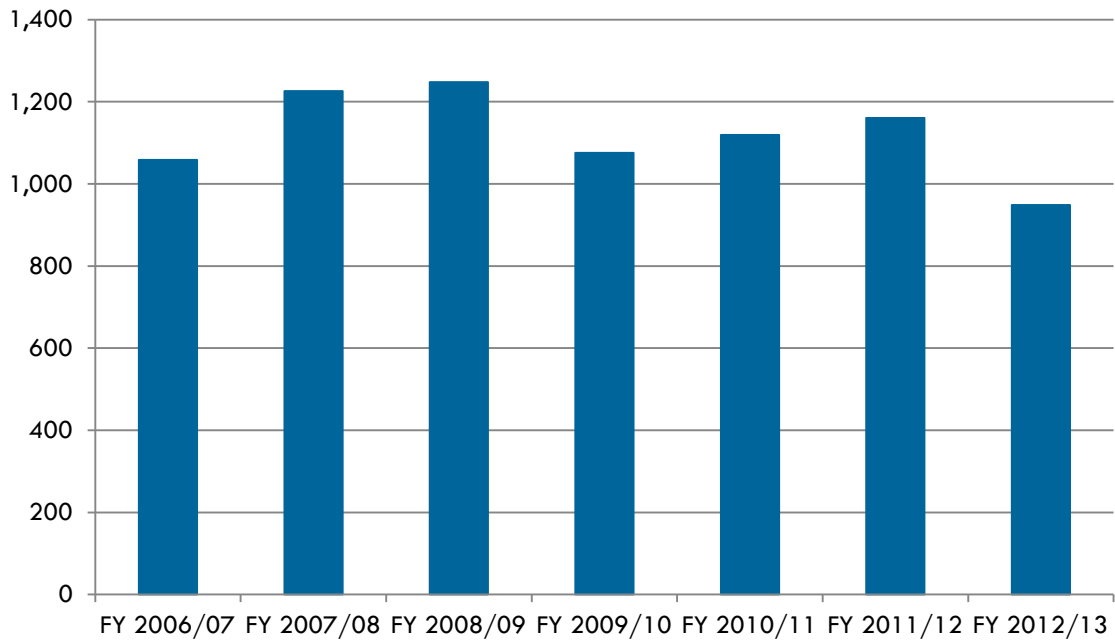
**Figure 5-7 Farebox Recovery Ratio — Fixed Route Service**



## Revenue Service Hours per Full-Time Employee Equivalent (FTE) — Fixed Route

During the previous audit period, revenue service hours per FTE fluctuated substantially. This was likely due to the relatively minor changes in staffing levels in the administrative side of SCT, even though there was a reduction in service hours and miles. Service hours per FTE decreased sharply in the first year of the current audit period, FY 2009/10, as a result of a drop in service hours and an increase of one FTE. It is worth noting that calculating FTEs for SCT is somewhat imprecise, as administrative staff are shared between SCT and RTA regional service.

Figure 5-8 Revenue Service Hours per FTE — Fixed Route Service



## **BEACH TROLLEY**

The following section provides a detailed review of the same TDA indicators for the Beach Trolley service. Figure 5-8 presents all base data and performance measures and is displayed graphically in Figures 5-9 through 5-14.

Please note that the Beach Trolley is free to riders, and therefore does not generate any fare revenue. To meet the 10% farebox recovery ratio required by the TDA during the audit period, SCT has received donations from the Avila Beach Community Foundation, which count toward farebox revenue.

It is also important to note that the Beach Trolley has had several major service changes during the audit period. Winter service was discontinued in October 2011, and summer service was expanded beginning on May 28, 2012, adding Thursday and Friday service to the existing weekend service. A shortened version of the route was added to serve the Friday Night Fish N Farmer's Market, operating from April through the end of September.

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**Figure 5-9 Beach Trolley TDA Performance Trends**

Fixed Route Service	South County Transit (SCT) (excluding the Beach Trolley)						
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY2012/13
<b>Performance Measure</b>							
Operating Cost (Actual \$)	\$51,487	\$63,616	\$74,198	\$54,590	\$69,532	\$69,635	\$65,616
<i>Annual Change</i>		23.6%	16.6%	-26.4%	27.4%	0.1%	-5.8%
Operating Cost (Constant \$)	\$51,487	\$61,929	\$67,572	\$51,397	\$64,757	\$62,385	\$57,674
<i>Annual Change</i>		20.3%	9.1%	-23.9%	26.0%	-3.7%	-7.6%
Farebox Revenue (Actual \$)	\$5,550	\$6,363	\$7,912	\$6,077	\$8,769	\$9,679	\$4,147
<i>Annual Change</i>		14.6%	24.3%	-23.2%	44.3%	10.4%	-57.2%
Vehicle Service Hours	952	935	952	944	997	831	614
<i>Annual Change</i>		-1.8%	1.8%	-0.8%	5.6%	-16.6%	-26.1%
Vehicle Service Miles	21,892	21,483	19,794	14,072	21,635	17,308	11,874
<i>Annual Change</i>		-1.9%	-7.9%	-28.9%	53.7%	-20.0%	-31.4%
Passengers	4,682	5,815	6,947	7,339	8,618	10,499	10,514
<i>Annual Change</i>		24.2%	19.5%	5.6%	17.4%	21.8%	0.1%
F/T Employee Equivalents	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Performance Indicators</b>							
Oper. Cost per Hr. (Actual \$)	\$54.08	\$68.04	\$77.94	\$57.83	\$69.74	\$83.80	\$106.87
<i>Annual Change</i>		25.8%	14.6%	-25.8%	20.6%	20.2%	27.5%
Oper. Cost per Hr. (Constant \$)	\$54.08	\$66.23	\$70.98	\$54.45	\$64.95	\$75.07	\$93.93
<i>Annual Change</i>		22.5%	7.2%	-23.3%	19.3%	15.6%	25.1%
Oper. Cost per Psgr. (Actual \$)	\$11.00	\$10.94	\$10.68	\$7.44	\$8.07	\$6.63	\$6.24
<i>Annual Change</i>		-0.5%	-2.4%	-30.4%	8.5%	-17.8%	-5.9%
Oper. Cost per Psgr. (Constant\$)	\$11.00	\$10.65	\$9.73	\$7.00	\$7.51	\$5.94	\$5.49
<i>Annual Change</i>		-3.2%	-8.7%	-28.0%	7.3%	-20.9%	-7.7%
Psgs. per Hour	4.9	6.2	7.3	7.8	8.6	12.6	17.1
<i>Annual Change</i>		26.5%	17.3%	6.5%	11.2%	46.2%	35.5%
Psgs. per Mile	0.2	0.3	0.4	0.5	0.4	0.6	0.9
<i>Annual Change</i>		26.6%	29.7%	48.6%	-23.6%	52.3%	46.0%

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**Figure 5-10 Beach Trolley TDA Performance Trends continued**

Fixed Route Service	South County Transit (SCT) (excluding the Beach Trolley)						
	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY2012/13
Farebox Recovery (Actual \$)	10.8%	10.0%	10.7%	11.1%	12.6%	13.9%	6.3%
<i>Annual Change</i>		-7.2%	6.6%	4.4%	13.3%	10.2%	-54.5%
Hours per Employee	952	935	952	944	997	831	614
<i>Annual Change</i>		-1.82%	1.79%	-0.85%	5.32%	-19.98%	-35.34%
<b>Annual Change in CPI-Urban Wage Earners &amp; Clerical Workers - Seasonally Adjusted - LA/Riverside/Orange County</b>	<b>5.42%</b>	<b>2.65%</b>	<b>6.12%</b>	<b>-2.83%</b>	<b>0.96%</b>	<b>3.32%</b>	<b>1.53%</b>
<b>Cumulative Change in CPI</b>	<b>0.00%</b>	<b>2.65%</b>	<b>8.93%</b>	<b>5.85%</b>	<b>6.87%</b>	<b>10.41%</b>	<b>12.10%</b>

Notes: FY 2006/07 - 2008/09 data from SRTP (2011), except FTEs; FY 2010/11 - 2012/13 operating data from State Controllers Reports; CPI sourced from U.S. Bureau of Labor Statistics; Cumulative CPI change: Calculated by using the following formula: "(Initial year CPI index value / study year CPI index value)-1"

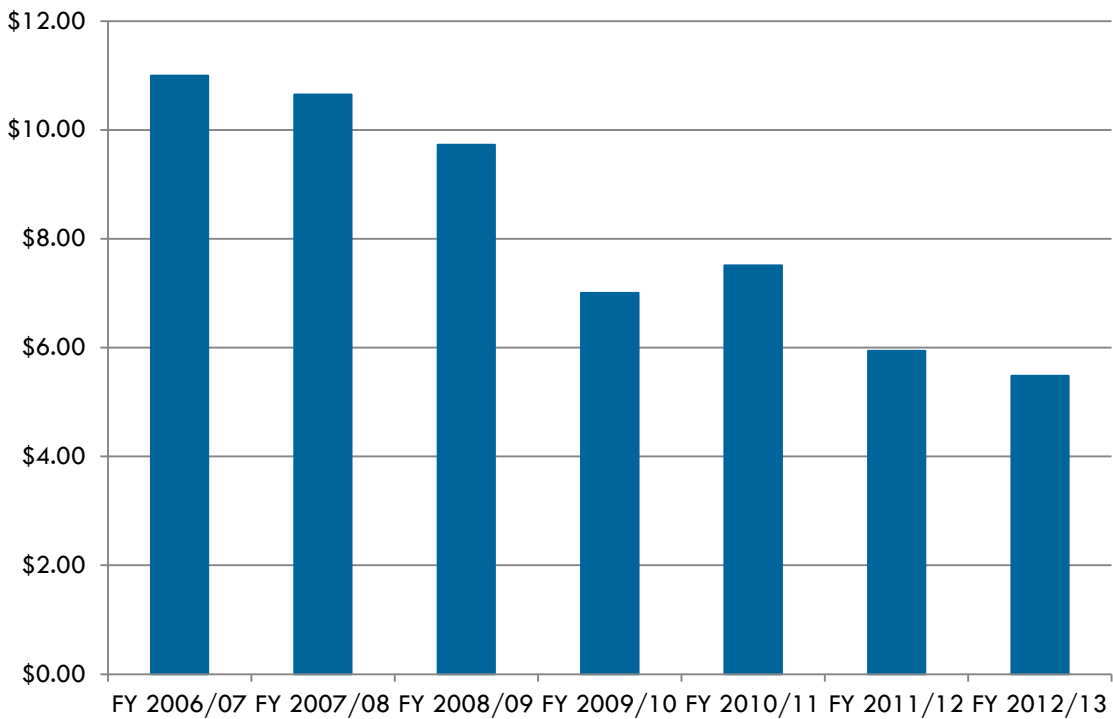


## Operating Cost per Passenger — Beach Trolley

Operating cost per passenger decreased sharply during the audit period, driven by significant gains in ridership. In the first year of the audit period, FY 2009/10, costs per passenger decreased by over 30%, and continued to decrease in FY 2011/12 and FY 2012/13, reaching a seven-year low of \$5.49. Ridership on the Beach Trolley has grown in each of the past seven years, even as vehicle service hours were reduced by over a third during the past four years. Discontinuing winter service beginning in October 2011 (early in FY 2011/12) and expanding summer service to include Thursday and Friday in May 2012 (late in FY 2011/12) has proven to be an effective way to attract more riders while reducing total operating hours and miles.

Total operating costs dropped sharply in the first year of the audit period, FY 2009/10, falling by 24% from the previous year. However, costs rose in FY 2010/11 by 26%, and have since leveled off, decreasing by about 4% in FY 2011/12 and 8% in FY 2012/13 as a result of service reductions. Taken together, increased ridership and relatively steady costs have resulted in a decline in passenger costs.

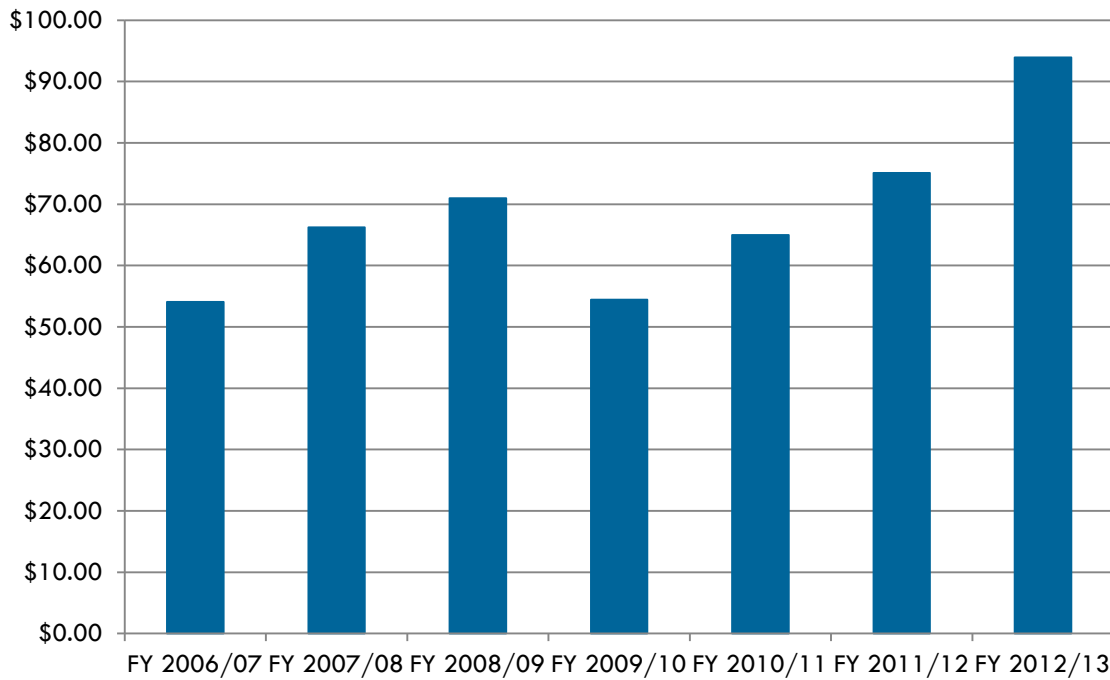
Figure 5-11 Operating Cost per Passenger — Beach Trolley



## Operating Cost per Revenue Service Hour — Beach Trolley

Hourly operating costs are shown in Figure 5-10 below. Hourly costs decreased sharply in the first year of the audit period, FY 2009/10, but have increased each year since then. Hourly costs increased in the last two years of the audit largely due to reductions in service hours even as certain fixed costs did not decrease, and due to increases in fuel costs and adjustments to SCT's wage scale. Service hours decreased by 17% in FY 2011/12 and 26% in FY 2012/13, but total operating costs decreased by only 4% and 8% in the respective years.

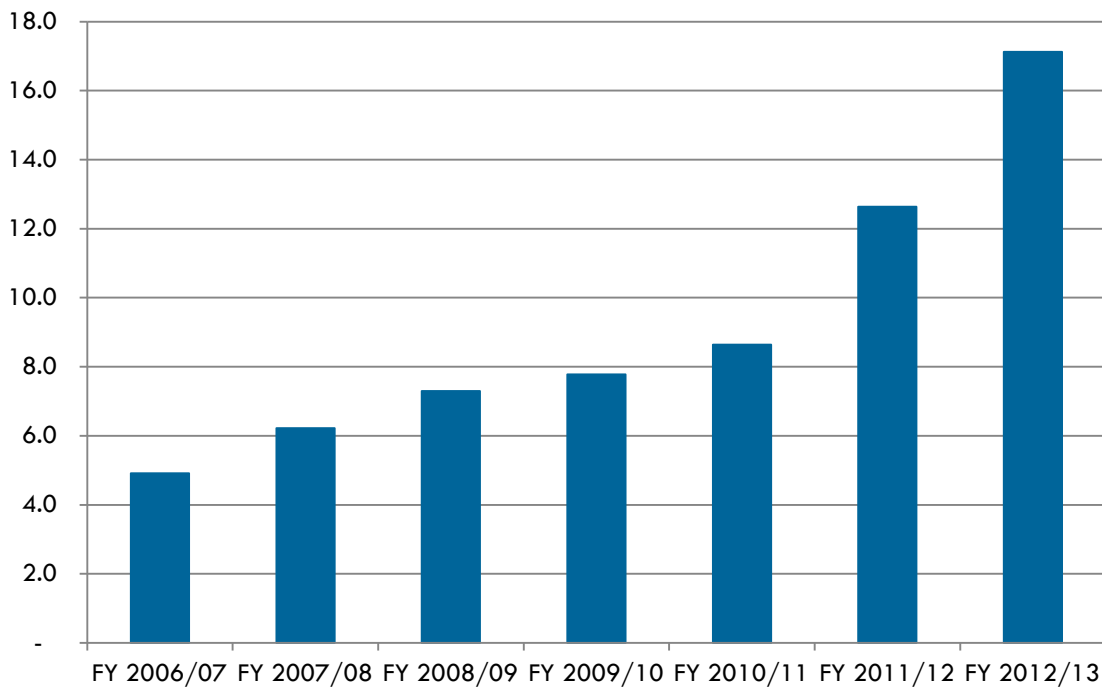
Figure 5-12 Operating Cost per Revenue Service Hour — Beach Trolley



## Passengers per Revenue Service Hour — Beach Trolley

Productivity on the Avila Trolley, measured as the number of passengers per revenue service hour, has increased in each of the last seven fiscal years, reaching a high of 17.1 in FY 2012/13, more than double the productivity in the first year of the audit period. This is largely the result of ridership increases in each of the seven years. Service hours remained relatively steady from FY 2006/07 through FY 2010/11, followed by a drop of 17% in FY 2011/12 and 26% in FY 2012/13 as winter service was cut. Ridership continued to grow despite the overall reduction in service hours, leading to an increase in productivity of 27% from FY 2010/11 to FY 2012/13. Overall, cutting winter service and enhancing summer service appears to have led to increased productivity.

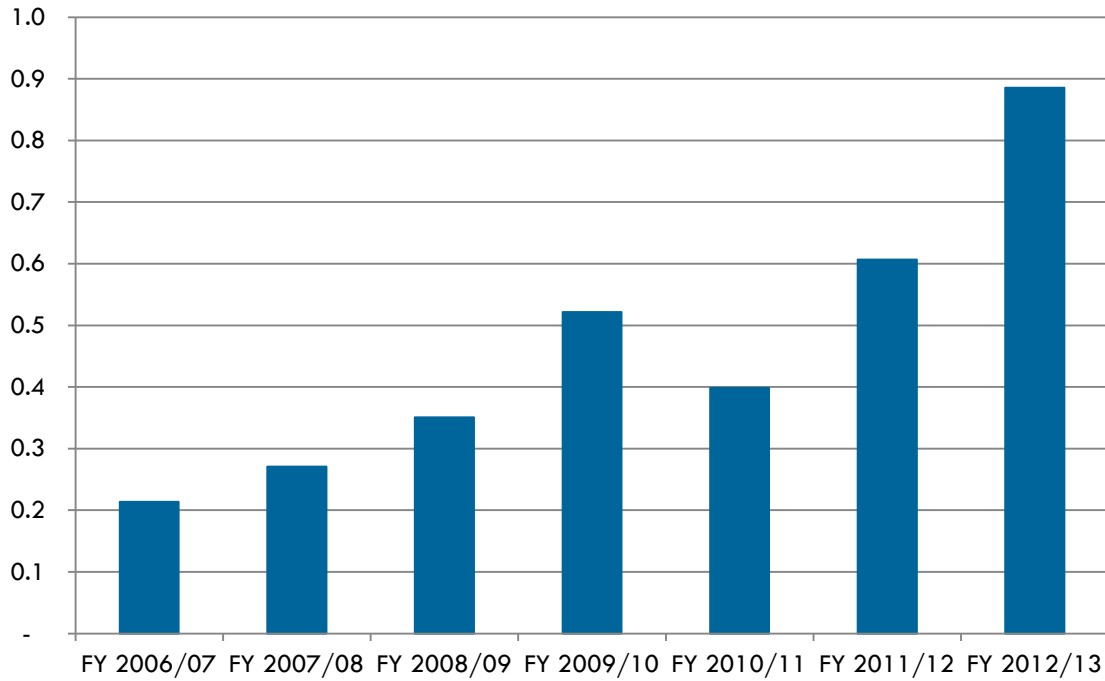
Figure 5-13 Passengers per Revenue Service Hour — Beach Trolley



## Passengers per Revenue Service Mile — Beach Trolley

Consistent with the increase in productivity discussed above, passengers per revenue mile generally increased during the seven-year review period, increasing from 0.2 in FY 2006/07 to 0.9 in FY 2012/13. This reflects both increased ridership and decreases in service miles.

Figure 5-14 Passengers per Revenue Service Mile — Beach Trolley

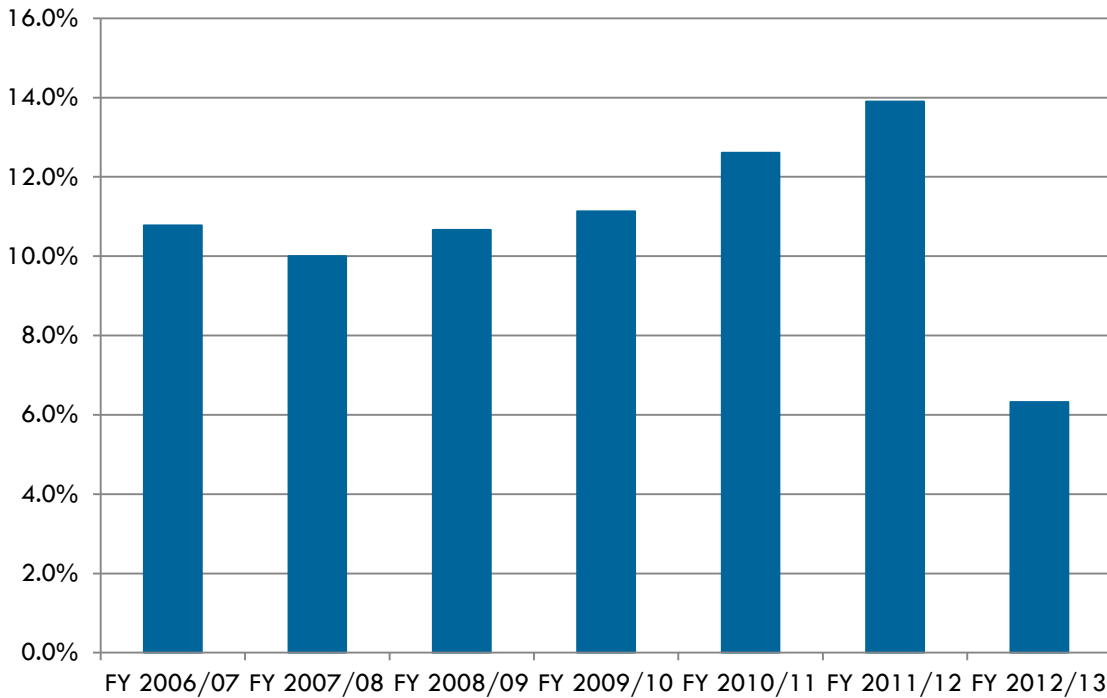


## Farebox Recovery Ratio — Beach Trolley

The Beach Trolley is free fare service. SCT is able to count contributions from the Avila Beach Community Foundation towards TDA farebox recovery ratio requirements. Until recently, the required farebox recovery ratio was 10%, but it will increase to 20% after a five-year grace period, due to SCT's service area becoming an urbanized area (defined as having a population greater than 50,000). This will require the Beach Trolley to either greatly reduce its operating costs, likely through service reductions, increase the amount of funding it receives, or begin charging riders a fare.

As Figure 5-13 indicates, the Beach Trolley farebox recovery ratio decreased to 6.3% in FY 2012/13, after increasing in each of the prior five years. This was due to a reduction in the contributions from the Avila Beach Community Foundation—operating costs actually decreased, but not enough to offset the reduced financial contributions.

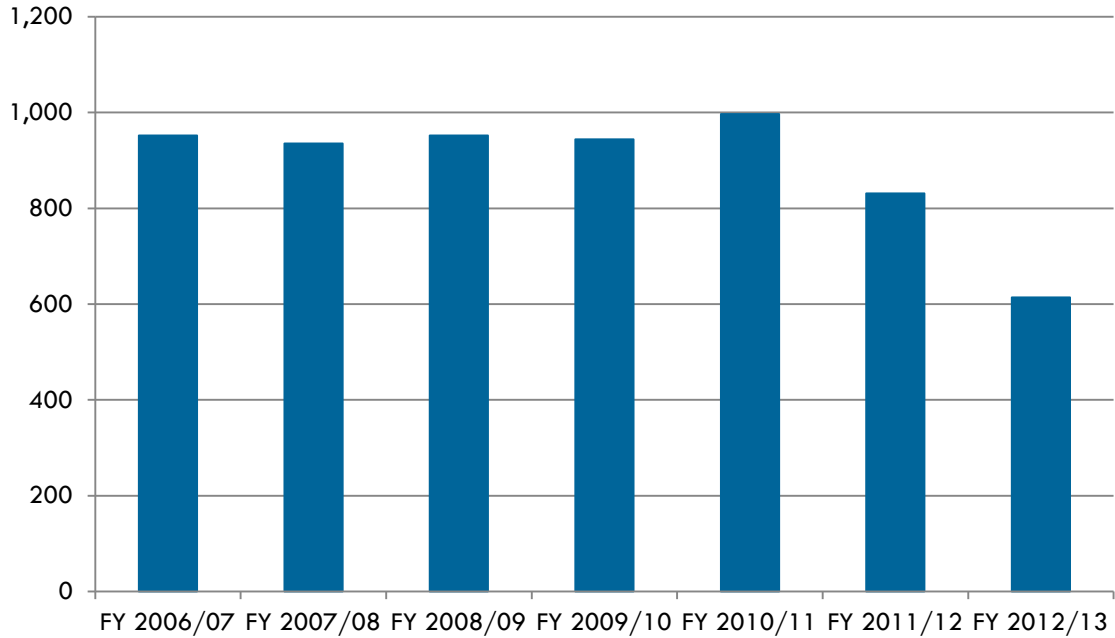
**Figure 5-15 Farebox Recovery Ratio — Beach Trolley (Includes Avila Beach Community Foundation Funding Contributions)**



## Revenue Service Hours per FTE — Beach Trolley

FTEs for the Beach Trolley are largely fixed, and did not vary with the amount of service provided, remaining at one throughout the seven-year review period. As revenue service hours decreased in the past two fiscal years, the ratio of service hours to FTEs decreased. It is important to note, however, that ridership has increased despite the reduction in service hours, and thus ridership per FTE has actually increased in each of the past seven years.

Figure 5-16 Revenue Service Hours per FTE — Beach Trolley



## 6 FUNCTIONAL AUDIT

Chapter 6 presents a functional review of SCT. It begins by outlining SCT's goals, objectives and standards and then applies these standards where appropriate. This chapter reviews functional performance in the following four areas:

- Transportation Operations;
- Vehicle Maintenance;
- Administration, Personnel and Training; and
- Budgeting, Marketing, and Customer Service.

### FULFILLMENT OF GOALS AND OBJECTIVES

This section reviews the goals, objectives, and performance standards set forth in the latest short-range planning document for the South County area, the *South County Transit Plan*, which was finalized in March 2011. This section highlights some of the most relevant goals and standards contained in that plan and evaluates how SCT addressed these recommendations and/or met specified performance standards during the last two years of the audit period, i.e. the two years that were subject to the South County Transit Plan's timeframe.

Figure 6-1 summarizes the adopted performance standards and SCT's performance compared to the adopted standards during the last two fiscal years across a range of categories, including farebox recovery, boarding passengers per revenue hour (productivity), system efficiency, on-time performance, maintenance, safety, cleaning, and passenger amenities. Performance standards are included for both SCT fixed route bus service and the Beach Trolley, as well as the system as a whole, where possible.

SCT met the majority of its adopted service standards during FY 2011/12 and FY 2012/13, with several exceptions:

- The farebox recovery ratio for fixed route service did not meet the 15% threshold set forth in the Plan. Note that this target will soon increase to 20% due to the higher requirement for areas that are considered urban based on population size.
- The system efficiency did not meet the target of increasing at a slower pace than the local consumer price index (CPI) each year. This was due to increased fuel costs and an adjustment to the wage scale in FY 2011/12.
- Performance data was not available for several standards, including on-time performance, passenger injuries, bus and shelter cleaning, and passenger amenities.

## South County Transit Plan (2011)

The *South County Transit Plan* was developed through a collaborative effort led by the San Luis Obispo Council of Governments (SLOCOG) with SCT staff. The Plan included a comprehensive analysis of public transportation services in South San Luis Obispo County, and recommended changes to the services and organizational structure of these services. The Plan covered a seven year time frame, from FY 2010/11 through FY 2017/18. The Plan set out several goals and performance standards that are reviewed below.

Overall, the Plan sought to increase service in periods and locations with the highest demand, reduce travel times on some routes, and generally increase the efficiency of SCT service. The Plan also recommended several performance standards for SCT. These standards are applied to SCT's fixed- route service for FYs 2011/12 and 2012/13, which are the years after the Plan was adopted (in FY 2011/12). The relevant standards and performance of SCT are summarized in Figure 6-1 below.

**Figure 6-1 Adopted South County Transit Plan Service Standards & SCT Performance for FYs 2011/12 and 2012/13**

Quality/ Reliability Measures	Adopted Performance Standards	SCT Performance
<b>Farebox Recovery</b>	<b>Fixed Route Service</b> <ul style="list-style-type: none"> <li>▪ 15%</li> </ul> <b>Beach Trolley</b> <ul style="list-style-type: none"> <li>▪ 10% (based on donations)</li> </ul> <b>System</b> <ul style="list-style-type: none"> <li>▪ 15%</li> </ul>	<b>Fixed Route Service:</b> <ul style="list-style-type: none"> <li>▪ 14.0% (FY 2011/12)</li> <li>▪ 14.2% (FY 2012/13)</li> </ul> <b>Beach Trolley:</b> <ul style="list-style-type: none"> <li>▪ 13.9% (FY 2011/12)</li> <li>▪ 6.3% (FY 2012/13)</li> </ul> <b>System</b> <ul style="list-style-type: none"> <li>▪ 14.0% (FY 2011/12)</li> <li>▪ 13.7% (FY 2012/13)</li> </ul>
<b>Boarding Passengers per Revenue Hour</b>	<b>Fixed Route Service</b> <ul style="list-style-type: none"> <li>▪ 15 passengers/hour</li> </ul> <b>Beach Trolley</b> <ul style="list-style-type: none"> <li>▪ 10 passengers/hour</li> </ul> <b>System</b> <ul style="list-style-type: none"> <li>▪ 15 passengers/hour</li> </ul>	<b>Fixed Route Service:</b> <ul style="list-style-type: none"> <li>▪ 15.3 (FY 2011/12) passengers/hour</li> <li>▪ 17.7 (FY 2012/13) passengers/hour</li> </ul> <b>Beach Trolley:</b> <ul style="list-style-type: none"> <li>▪ 12.6 (FY 2011/12) passengers/hour</li> <li>▪ 17.1 (FY 2012/13) passengers/hour</li> </ul> <b>System:</b> <ul style="list-style-type: none"> <li>▪ 15.2 (FY 2011/12) passengers/hour</li> <li>▪ 17.7 (FY 2012/13)</li> </ul>



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Quality/ Reliability Measures	Adopted Performance Standards	SCT Performance
		passengers/hour
<b>System Efficiency</b>	<p><b>System</b></p> <ul style="list-style-type: none"> <li>▪ Increases in operating cost per vehicle service hour should not exceed the Consumer Price Index (CPI) for the region.</li> </ul>	<p><b>Did not meet standard:</b></p> <ul style="list-style-type: none"> <li>▪ Increases in operating cost per vehicle service hour exceeded the CPI for the region in FY 2011/12 and FY 2012/13. This is partially due to increased fuel prices since 2011.</li> </ul>
<b>On-Time Performance</b>	<p><b>Fixed Route Service:</b></p> <ul style="list-style-type: none"> <li>▪ 95% of departures on-time, defined as never early and no more than 5 minutes past the published schedule.</li> <li>▪ 97% of departures on-time, defined as never early and no more than 10 minutes past the published schedule.</li> <li>▪ No bus shall depart a formal time point before the time published in the schedule.</li> </ul> <p><b>Beach Trolley:</b></p> <ul style="list-style-type: none"> <li>▪ On-time performance standards not defined.</li> </ul> <p><b>System:</b></p> <ul style="list-style-type: none"> <li>▪ 95% of departures on-time, defined as never early and no more than 5 minutes past the published schedule.</li> <li>▪ 97% of departures on-time, defined as never early and no more than 10 minutes past the published schedule.</li> <li>▪ No bus shall depart a formal time point before the time published in the schedule.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staff does not have an estimate of current On-Time Performance. However, SCT and RTA are jointly implementing a GPS-based AVL system that will automatically record the on-time performance of fixed route buses. That system should be in place by the 4<sup>th</sup> quarter of FY2014-15</li> </ul>
<b>Maintenance</b>	<p><b>Fixed Route Service:</b></p> <ul style="list-style-type: none"> <li>▪ 7,000 vehicle miles between road calls</li> </ul> <p><b>Beach Trolley:</b></p> <ul style="list-style-type: none"> <li>▪ No standard defined.</li> </ul> <p><b>System:</b></p> <ul style="list-style-type: none"> <li>▪ No standard defined.</li> </ul>	<p><b>Fixed Route Service:</b></p> <ul style="list-style-type: none"> <li>▪ 10,771 (FY 2011/12) vehicle miles between road calls (meets standard)</li> <li>▪ 99,163 (FY 2012/13) vehicle miles between road calls (meets standard)</li> </ul> <p><b>Beach Trolley (statistics included for reference; no standard defined):</b></p> <ul style="list-style-type: none"> <li>— No roadcalls in FY 2011/12</li> <li>— 5,937 (FY 2012/13) vehicle miles between road calls</li> </ul>

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Quality/ Reliability Measures	Adopted Performance Standards	SCT Performance
	<p><b>Fixed Route Service:</b></p> <ul style="list-style-type: none"> <li>▪ 100% of preventative maintenance inspections completed within 10% of scheduled mileage.</li> </ul> <p><b>Beach Trolley:</b></p> <ul style="list-style-type: none"> <li>▪ 100% of preventative maintenance inspections completed within 10% of scheduled mileage.</li> </ul> <p><b>System:</b></p> <ul style="list-style-type: none"> <li>▪ 100% of preventative maintenance inspections completed within 10% of scheduled mileage.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Meets standard.</li> </ul>
<b>Safety</b>	<p><b>Fixed Route Service:</b></p> <ul style="list-style-type: none"> <li>▪ 50,000-70,000 miles between preventable accidents.</li> </ul> <p><b>Beach Trolley:</b></p> <ul style="list-style-type: none"> <li>▪ No standard defined.</li> </ul> <p><b>System:</b></p> <ul style="list-style-type: none"> <li>▪ No standard defined.</li> </ul>	<p><b>Fixed Route Service:</b></p> <ul style="list-style-type: none"> <li>▪ 65,169 (FY 2009/10) vehicle service miles between preventable accidents (meets standard)</li> <li>▪ 95,820 (FY 2010/11) vehicle service miles between preventable accidents (meets standard)</li> <li>▪ 64,624 (FY 2011/12) vehicle service miles between preventable accidents (meets standard)</li> <li>▪ 99,163 (FY 2012/13) vehicle service miles between preventable accidents (meets standard)</li> </ul>
	<p><b>Fixed Route Service:</b></p> <ul style="list-style-type: none"> <li>▪ 1 passenger injury per 100,000 boardings.</li> </ul> <p><b>Beach Trolley:</b></p> <ul style="list-style-type: none"> <li>▪ No standard defined.</li> </ul> <p><b>System:</b></p> <ul style="list-style-type: none"> <li>▪ No standard defined.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Data on passenger injuries not available.</li> </ul>
<b>Cleaning</b>	<p><b>System:</b></p> <ul style="list-style-type: none"> <li>▪ Transfer points: Daily cleaning of shelters.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Data on cleaning schedule not available.</li> </ul>
	<p><b>System:</b></p> <ul style="list-style-type: none"> <li>▪ System: Weekly cleaning of shelters. Monthly detailing.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Data on cleaning schedule not available.</li> </ul>
<b>Amenities</b>	<p><b>System:</b></p>	<ul style="list-style-type: none"> <li>▪ Data on shelter locations and</li> </ul>

Quality/ Reliability Measures	Adopted Performance Standards	SCT Performance
	<ul style="list-style-type: none"> <li>▪ Install bus stop shelters at all stops where there is an average of 20 more passenger boarding's or alightings per day.</li> </ul>	boardings not available.

## TRANSPORTATION OPERATIONS

This functional area centers on vehicle operations, including safety, vehicle maintenance, and administration, and budgeting and marketing.

### Safety

SCT holds monthly safety meetings, which operators are required to attend to meet training requirements. In addition to reviewing basic safety procedures, SCT operators are trained on specialized safety procedures such as using "verbal judo" to resolve conflicts with passengers. SCT's site supervisor also conducts trainings, with regular testing to ensure operators remain up-to-date on safety procedures.

Reports related to road calls and accidents are tracked in a spreadsheet maintained by SCT.

### Vehicle Maintenance

Standard vehicle maintenance is performed on both fixed route and Beach Trolley vehicles at the RTA maintenance facility in San Luis Obispo. During the audit period, RTA recorded all maintenance records with a master spreadsheet that tracks the number of miles since maintenance was last performed. RTA currently has funding to purchase maintenance software that will make it simpler to track maintenance against the adopted schedule.

### Administration and Personnel

South County Area Transit (now South County Transit) was formed in 1978 through a joint powers authority (JPA) agreement between the cities of Arroyo Grande, Grover City, Pismo Beach, and the County of San Luis Obispo, representing the Oceano area. The JPA gave SCT the authority to operate transit services in the area governed by the member agencies. The original agreement created a board of directors for SCT that consisted of one member from each of the member agencies—either elected officials or employees. Meetings were to be held monthly (they are now held quarterly). Originally, each member was to make a contribution to the operating budget proportional to their share of the service area's population. The JPA agreement does not give the JPA taxing authority.

In 1997, SCT contracted with RTA to administer and operate its transit service. The original administrative and financial services fee was \$25,355 annually. An updated agreement was reached in 2001, which set the administrative and financial fee at \$55,000. The fee was last increased four years ago, according to staff, and is now \$63,000. RTA does not currently set the fee based on the amount of staff time spent on SCT projects, though RTA does have the ability to

calculate staff hours spent on SCT through a unique ID that is entered in timesheets when working on SCT functions. The fee could be set based on actual hours spent in the future.

## **Budgeting and Marketing**

### **Budgeting**

The budgeting process for SCT is relatively simple, since SCT generally has constant service levels from year to year, and does not operate dial-a-ride service. SCT follows a one-year budget cycle, calculating the budget for the upcoming year based on the number of hours and miles to be operated in the year, and updating the cost line items, including wages, fuel, maintenance, and insurance.

Over the course of a year, RTA's Chief Financial Officer/Director of Administration conducts a monthly budget analysis of SCT financial results, evaluating to-date expenses and revenues compared to the budget for the entire year. The SCT Administrator presents a quarterly status report to the SCT Board that includes income and expenditures, and key performance statistics, all for the current month. This report is typically available on the SCT web page.

### **Marketing & Customer Service**

SCT had a dedicated marketing budget of \$15,730 in FY 2012/13, the last year of the audit period. Marketing primarily consists of maintaining the SCT web page on the RTA website, distributing rider guides, running advertisements on TV and radio, issuing press releases, and advertisements on the sides of buses. Rider guides contain a wide variety of information about SCT's services including fares, rules, how-to-ride guides, and schedules and maps in English and Spanish. The pamphlets also include limited information about regional transit services. While detailed information about SCT service is available on the RTA website, SCT does not have its own website, and information about SCT is not featured prominently on the RTA site. For additional information about SCT, riders may also call RTA's phone number, which is listed on the SCT rider guide and the RTA website. The SCT Administrator regularly reports its marketing activities to its Board.

The 2011 *South County Transit Plan* includes recommendations for improving the rider guides, website, vehicle branding, passenger facilities, outreach, system branding, and service monitoring (including regularly conducting onboard surveys). Recent changes to marketing based on the plans recommendations include updating the rider guides, adopting a new name (changing from South County Area Transit to South County Transit), developing "how to ride the bus" videos, and engaging in promotional outreach campaigns.

SCT records customer complaints and compliments received via its website, phone line, text message, or by telling bus drivers. Buses do not have comment cards onboard. Complaints and compliments are tracked in a spreadsheet that includes the time, route, driver, and reason for the compliment/complaint, but are not reported as a formal performance metric. SCT responds to complaints if requested either on the spot or in writing.

# 7 MAJOR FINDINGS AND RECOMMENDATIONS

This chapter presents the major audit findings and recommendations for the SCT's transit program.

## MAJOR FINDINGS

- SCT met the majority of its adopted service standards during FY 2011/12 and FY 2012/13, with several exceptions:
  - The farebox recovery ratio for fixed route service and for the system as a whole did not meet SCT's 15% target set by the 2011 *South County Transit Plan* (since increased to 20% with the 2010 Census urbanized area designation).
  - The system efficiency did not meet the target of increasing at a slower pace than the local consumer price index (CPI) each year. This was due to increased fuel costs and an upward adjustment to the wage scale in FY 2011/12.
  - Performance data was not available for several standards, including on-time performance, passenger injuries, bus and shelter cleaning, and passenger amenities.
- SCT met all requirements for technical compliance with TDA definitions.
- At the final SCT Board meeting in the audit period, in June 2013, the SCT Board authorized staff to change the name on three new vehicles from South County Area Transit (SCAT) to South County Transit (SCT). The name change was formalized late in the year, and the agency now uses a new logo that does not include the RTA logo. Over the course of the four-year audit period, SCT implemented a number of changes to its fixed-route transit services:
  - As recommended in the most recent update to the 2011 *South County Transit Plan*, Route 23 was split into two routes—Routes 22 and 23—in January 2012.
  - In August 2009, evening service was reduced on all SCT weekday and weekend routes as a result of cuts in local and state funding due the global recession of 2008. It was presented to the Board as warranted in view of the low ridership volumes at night.
- In August 2009, general fixed route fares increased from \$1.00 to \$1.25.
- Four of the five vehicles in the SCT fixed route bus fleet during the audit period began operation in 2002, and were overdue for retirement by the end of the audit period. This led to increased maintenance needs and vehicle breakdowns, driving up costs and reducing service reliability. With new buses coming online in late 2013, shortly after the end of the current audit period, SCT will see a significant improvement in operating costs and reliability.

- The County of San Luis Obispo, through its contract with RTA, oversees and funds the Beach Trolley and RTA contracts with SCT to operate the Beach Trolley services. Over the course of the four-year audit period, the County authorized RTA/SCT to implement the following changes to the Beach Trolley:
  - The Trolley winter service was discontinued in October 2011 due to budgetary constraints and low ridership.
  - Summer Trolley service was expanded beginning on May 28, 2012, adding Thursday and Friday service to the existing weekend service.
  - A special route to serve the Friday Night Fish N Farmer's Market was added to the Trolley, operating from April through the end of September. This version of the Beach Trolley route is shorter than the regular route and is meant to mitigate parking impacts near the Avila pier.
- Ridership on SCT fixed-route bus service reached a seven-year high in FY 2012/13, the last year of the audit period, as the economy recovered and gas prices began increasing again.
- While passenger productivity on fixed-route service decreased in the first two years of the audit period, it recovered and increased in the two most recent years, reaching a seven-year high in FY 2012/13. That year had the lowest number of service hours of the seven-year period as well as the highest number of boardings, which helped the system to achieve a high of 17.7 passengers per hour. Operating cost per revenue service hour increased in the last two years of the audit period, however, due to rising fuel prices and an upward adjustment to the wage scale in the 2011/12 fiscal year.
- Operating costs per service hour have increased in each of the last three fiscal years on the Beach Trolley, in part due to increases in fuel costs and operator wages. Passenger productivity on the Trolley has also increased, as ridership has grown in each of the past seven fiscal years even while total service hours have been reduced. This is in part due to the expansion of summer service to Thursday and Fridays (while lower-ridership winter service was eliminated).
- With the 2010 U.S. census, the SCT service area is now considered urbanized due to exceeding a population threshold of 50,000 (including a part of Avila Beach), and SCT will now be required to meet a 20% farebox recovery ratio by the end of FY2017-18. SCT fixed route service has not met a 20% farebox recovery ratio in the past seven years, with the highest ratio of 17% occurring in FY 2010/11, when a decline in operating costs coincided with increased farebox revenue due to a spike in the average fare per passenger. The Beach Trolley has a much lower farebox recovery ratio, peaking at 14% in FY 2011/12 (including contributions from the Avila Beach Community Foundation). As an urbanized area, SCT has become eligible for Federal Section 5307 funds, a stable source of transit funds, administered by the RTA; such funds were first released to the Arroyo Grande – Grover Beach urbanized area in FY 2012/13 and programmed among SCT and RTA, as well as, more recently, the County (Avila Trolley). Allocation of Small Transit Incentive Cities funds were also made available due to the urbanized area designation.
- Two of the four recommendations from the last performance audit (published in 2010) were fully implemented and two are only partially complete:
  - Recommendation #3: Adopt and report on Key Performance Indicators (KPIs) on a routine basis. SCT has partially implemented the updated reporting system, and will

finalize this based on the recommendations of the Strategic Business Plan currently under development.

- Recommendation #4: Update and implement the RTA/SCAT Marketing Plan and improve opportunities for local participation. SCT has implemented many of the marketing recommendations from the 2011 *South County Transit Plan*, including updating the rider guides, adopting a new name (changing from SCAT to SCT), developing "how to ride the bus" videos, and engaging in promotional outreach campaigns. However, many of the recommendations have not been fully implemented, including developing a distinctive logo and recording and reporting on-time performance statistics.
- While detailed information about SCT service is available on the RTA website, SCT does not have its own website, and information about SCT is not featured prominently on the RTA site. This can make it more difficult for riders to find information on the site. Additionally, the website does not provide a Spanish translation of most information.
- The agreement to form the JPA was between the cities of Arroyo Grande, Grover City, Pismo Beach, Shell Beach, and the County representing the Oceano area was executed in 1978. The fee negotiated between RTA and SCT is now four years old, according to staff, and may not accurately account for the amount of RTA staff time spent on SCT projects. Existing accounting methods allow for RTA to easily calculate the amount of staff time spent on SCT projects if RTA chooses to set future fees on this basis.

## RECOMMENDATIONS

A total of five near-term recommendations are offered for consideration by SCT. In addition to ensuring that SCT adheres to TDA regulations, the recommendations offer refinements and improvements that will help SCT improve its image, visibility and profile in the Five Cities area, enhance its reporting of key performance indicators and ensure important agreements are fair and accurate and reflect current conditions.

### Recommendation #1

#### **Adopt and report on Key Performance Indicators (KPIs) on a routine basis.**

At present, several of the KPIs recommended in the previous performance audit are reported on a regular basis with plans to fully address all of the key indicators consistent with this recommendation with the completion of the Strategic Business Plan currently under development. To fully comply with the previous audit's recommendation, all of the measurable KPIs should be included and adopted in the Strategic Business Plan and monitored and reported on a regular basis to the SCT Board of Directors.

This recommendation carries forward Recommendation #3 in the previous audit report.

*Implementation Timeframe: FY 2014/15, 3rd Quarter*

*Persons Responsible for Follow-up: RTA Executive Director (who also serves as the "SCT Administrator") and other staff as needed*

## Recommendation #2

### **Update and implement the RTA/SCT Marketing Plan and improve opportunities for local participation.**

Although many of the marketing recommendations from the 2011 *South County Transit Plan* have been implemented, there are several items that have not been fully implemented, including developing a distinctive logo, recording and reporting on-time performance statistics. Staff should continue to implement the marketing initiatives described in the 2011 Plan in order to complete this recommendation.

This recommendation carries forward Recommendation #4 in the previous audit report.

*Implementation Timeframe: FY 2014/15, 3<sup>rd</sup> Quarter*

*Persons Responsible for Follow-up: SCT Administrator and other staff as needed*

## Recommendation #3

### **Create a standalone website for SCT that is separate from the RTA site.**

There is currently no standalone website for SCT, although information about the service is provided on various web pages on the RTA website. Existing local riders only familiar with SCT service and especially potential new riders (not yet familiar with transit) may not know that SCT is affiliated with RTA which makes it difficult to find key information, such as route maps and schedules, fares, "how-to-ride" information, and upcoming Board meeting agendas. To make it easier for the public to access information about SCT online, it should have its own standalone website.

*Implementation Timeframe: FY 2014/15, 3<sup>rd</sup> Quarter*

*Persons Responsible for Follow-up: SCT Administrator and other staff as needed*

## Recommendation #4

### **Review the amount of time RTA staff devotes to SCT service and revisit the agreement between SCT and RTA for financial and administrative services to ensure it is fair and accurate.**

The original agreement between SCT and RTA executed in 1997 for administrative and financial services was in the amount of \$23,355 based on a budget developed at that time based on estimated hours of key tasks to be performed by RTA staff. An updated agreement was executed in 2001 in the amount of \$55,000 based on the FY 2001/02 budget. The current fee of \$63,500 has not been updated in at least four years, according to RTA staff. To ensure the fee paid by SCT is set at a level commensurate with the number of hours for administrative and financial services provided by RTA, the actual time devoted to these efforts should be recorded along with an updated budget. The agreement between RTA and SCT should be revisited and if warranted the fee should be updated and revised to accurately reflect expenditures.

*Implementation Timeframe: FY 2014/15, 4<sup>th</sup> Quarter*

*Persons Responsible for Follow-up: SCT Administrator*



## **Recommendation #5**

### **Review the SCT fare structure and fare policies to meet the increased 20% farebox recovery ratio requirement.**

The SCT service area and the adjacent Avila Beach area recently passed the 50,000 population threshold triggering its designation as an urbanized area. As a result, the farebox recovery ratio requirement for the SCT system as a whole will increase to 20% after June 2018, four years from now. To ensure compliance with this increased farebox recovery ratio, SCT should review its fare structure and policies and consider raising its base fares and/or multi-ride pass prices. The last fare increase was in August 2009, nearly five years ago when fares went from \$1.00 to \$1.25. As a general guideline, it is desirable to incrementally increase fares tied to inflation rather waiting for several years and increasing fares a significant amount.

As an alternative, in view of the high transit dependent characteristics of SCT customers, SCT should revisit the 2011 Plan assessment of annual cost savings from merging SCT with the RTA. Since there is very little duplication of services between SCT and RTA, there is not a very large cost savings to be expected from consolidation. However, consolidating would provide an opportunity to use RTA's lower "blended" farebox recovery ratio (currently 17%). By achieving such savings before the above target date, it might not be necessary to implement as steep of a fare increase or it might be possible to do so more gradually as part of a proposed merger with RTA.

*Implementation Timeframe: FY 2014/15, 3<sup>rd</sup> Quarter (initial assessment) and FY 15/16 (merger review)*

*Persons Responsible for Follow-up: SCT Administrator, SCT Board and RTA Board.*

## **Recommendation #6**

### **Revisit the original SCT JPA Agreement between the member agencies.**

The original agreement to form the JPA was executed in 1978 by the cities of Arroyo Grande, Grover City, Pismo Beach (& Shell Beach) and the County. This agreement has not been revisited in over 30 years and during this time there have been significant changes that have occurred in the service area such as significant population growth including the recent designation as a federal urbanized area (exceeding the population of 50,000, including the unincorporated areas of Avila Beach and Oceano), addition of Avila Beach Trolley services operated by SCT (under contract to RTA), and demographic shifts with high transit dependent markets in the southernmost part of the service area.

Currently, SCT is governed by a Board of Directors comprised of four elected officials from the member agencies, and meetings are held on a quarterly basis. There is currently only one County representative, although the County completed a Supervisor District Boundary revision in 1980 that resulted in the SCT service area being governed by two Supervisors. In addition, the only advisory body to the current SCT Board does not have representation by the County management, resulting in formal input only from the three City managers who do not have voting authority over the two County districts. As part of the JPA review, the County should revisit its governance and operations of the Avila Beach Trolley with SCT and RTA. In addition, the Board should review whether or not the number of elected officials should be changed.

*Implementation Timeframe: FY 2014/15, 2<sup>nd</sup> Quarter, with a completion date of 1<sup>st</sup> Quarter FY 2015/16.*

*Persons responsible for follow-up: RTA Executive Director, County staff*