

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	06/14/10	Open	Information	05/19/10

Subject: 2010 TDA Triennial Performance Audit

ISSUE

Presentation of results of 2010 TDA Triennial Performance Audit

RECOMMENDED ACTION

None. Informational only.

FISCAL IMPACT

None.

DISCUSSION

The California Public Utilities Code requires all public transit operators conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding. The Sacramento Area Council of Governments (SACOG) is the regional coordinator and contractor for the audit. The firm selected by SACOG to perform this year's TDA performance audit was Moore & Associates. The audit began in November 2009, and was completed in May 2010. Overall, the audit was favorable and a representative from Moore & Associates will be at the June 14th Board meeting to comment on the audit experience and answer any questions from the Board.

The TDA Triennial Performance Audit is designed to be an independent and objective evaluation of RT as a transit operator. The audit has four primary goals. Those goals are listed below along with a brief summary of the audit findings in each area.

1. Assess compliance with TDA regulations

The Sacramento Regional Transit District complies with Transportation Development Act (TDA) regulations in an efficient and effective manner. Therefore, no material findings specific to the compliance element have been developed.
(Page 12)

2. Review actions taken by operator to implement prior recommendations,

The prior audit – completed in 2007 by Majic Consulting Group for the three fiscal years ending June 30, 2006 – prescribed five recommendations for the program: Three of the recommendations have been implemented; two were deemed not relevant to TDA performance requirements; and two were deemed not feasible.
(Executive Summary, Page 4; Section 4, Pages 15-20)

Approved:

Presented:

FINAL 6/8/10

General Manager/CEO

Chief Financial Officer

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12	06/14/10	Open	Information	05/19/10

Subject: 2010 TDA Triennial Performance Audit

- Evaluate the efficiency and effectiveness of the transit operator (based on TDA-stipulated criteria)

The audit report provides in-depth performance analysis; peer review with comparisons; and functional analysis of RT. (Sections 5, 6, & 7; Pages 21 – 82)

- Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.

NOTE: These recommendations are not TDA requirements but reflect recommendations of the audit firm to improve the efficiency and functionality of the transit operator.

The audit resulted in two findings and recommendations for improvement. RT’s response to the recommendations is provided below each recommendation.

- The internal auditor position is currently vacant. Make filling the internal auditor position a priority as soon as the transportation funding climate improves and hire a dedicated internal auditor by FY 2011/12.*

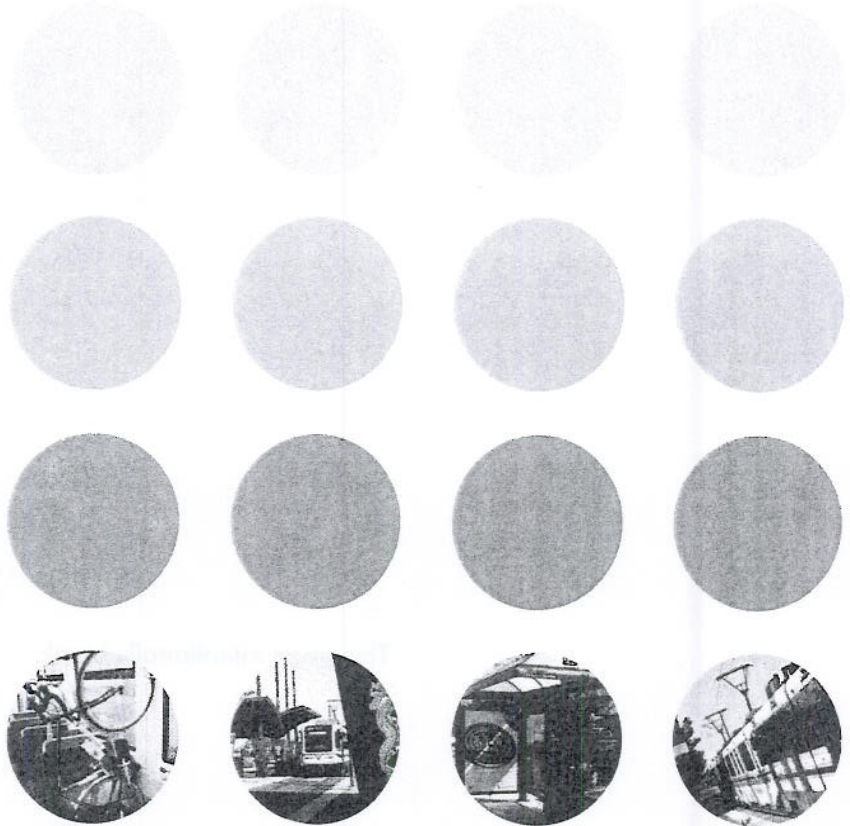
As the report indicates, functions of RT’s former internal auditor, who retired at the end of FY 2009, have been distributed throughout the District or outsourced. Indirect cost audits and analysis are overseen by Finance staff. Where independent investigations are warranted, those investigations have been outsourced and managed by RT’s legal department. While having an internal auditor on staff would be advantageous, it is not cost effective in the current economic climate.

- The District does not currently track key data such as Operating Cost and Fare Revenue specific to its “Neighborhood Ride” service (i.e., the Community Bus Division). Begin segregating operating data for the Neighborhood Ride program with data from FY 2010/11 and report them as a separate line item within the Key Performance Report alongside “Bus” and “Light Rail.”*

(Executive Summary, Page 5; Section 8, Pages 83-86)

The report describes an advantage to segregating and evaluating the Neighborhood Ride experience from an economic standpoint. Although the economics have changed since the Neighborhood Ride program was established, RT supports the recommendation and will work towards implementation.

The full audit report is provided as Attachment 1.



SACRAMENTO REGIONAL TRANSIT DISTRICT

DRAFT REPORT

TRIENNIAL PERFORMANCE AUDIT

APRIL 2010



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1. EXECUTIVE SUMMARY

CHAPTER 1 – EXECUTIVE SUMMARY

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit of the Sacramento Regional Transit District for the period defined as:

- Fiscal Year 2006/07,
- Fiscal Year 2007/08, and
- Fiscal Year 2008/09.

The Triennial Performance Audit was conducted in accordance with the processes established by the California Department of Transportation, as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Audit Standards* published by the U.S. Comptroller General. This Triennial Performance Audit includes four elements:

1. Compliance requirements,
2. Performance review,
3. Follow-up of prior audit report recommendations, and
4. Functional review.

Description of Transit Program

The District was created in 1971 by the Sacramento Regional Transit District Act to provide public transit service in the Sacramento metropolitan area. The District is governed by an 11-member Board of Directors with the following composition:

- Four appointed by the Sacramento City Council;
- Three appointed by the Sacramento County Board of Supervisors; and
- One each appointed by the city councils of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova.

The Sacramento Regional Transit District's (RTD) service offerings have evolved significantly since 1971, expanding upon traditional fixed-route bus service to also include community shuttles, specialized ADA service, and light rail. The District operates seven different services within the greater Sacramento region:

- Regular fixed-route bus,

- Limited-stop, peak hour express bus service,
- Weekday bus trippers,
- Downtown-specific shuttles,
- Neighborhood Ride shuttles,
- Complementary ADA paratransit (covered under a separate audit report),
and
- Light Rail.

The District operates 61 regular fixed routes, most of which operate seven days a week, from as early as 5:00 a.m. to as late as 11:30 p.m. These routes form the backbone of RT's service offerings and generally operate along major thoroughfares. RT also operates 12 limited-stop express routes. These routes offer a limited number of uni-directional trips (between two and four, depending on the route) during peak hours linking residential areas and employment centers. RT operates two downtown shuttles on weekdays chiefly serving State employees as well as one tourist-oriented downtown shuttle on Saturday. RT's 200-series routes are designated as "trippers," designed to address excess demand on other routes or serve a highly-targeted rider segment. Most of these routes feature only a handful of runs each day. In addition to these services, RT introduced the "Neighborhood Ride" community bus program which features eight routes providing local deviated fixed-route service within specific communities throughout the larger RT service area. Neighborhood Ride buses can deviate as much as three-quarters of a mile from the prescribed route to pick up seniors and persons with disabilities. Base fare for all fixed-route service is \$2.50, with a discount fare of \$1.25 available for seniors, persons with disabilities, and students.

In 1987, RT introduced Light Rail service within the greater Sacramento Region. The system was one of the first such systems in the nation and now features 48 stations served by 76 vehicles operating 365 days a year. The Gold Line operates from 3:50 a.m. to 12:50 a.m. between Sunrise and downtown Sacramento; and from 5:00 a.m. and 7:30 p.m. between downtown Sacramento and Folsom. The Blue Line operates from 5:00 a.m. and 12:30 a.m. between Meadowview and

Watt/I-80. Base fare for the Light Rail service is \$2.50, with a discount fare of \$1.25 available for seniors, persons with disabilities, and students.

In FY 2008/09 RT provided 865,155 hours of service, which translated to 11,456,677 revenue miles. Regional Transit provided 35,050,414 unlinked trips and collected \$32,887,034 in passenger fares in FY 2008/09.

Compliance

The Sacramento Regional Transit District complies with Transportation Development Act (TDA) regulations in an efficient and effective manner. Therefore, no material findings specific to the compliance element have been developed.

Prior Audit Recommendations

The prior audit – completed in 2007 by Majic Consulting Group for the three fiscal years ending June 30, 2006 – prescribed five recommendations for the program:

1. Review process for the oversight and coordination of Safety, Security, and Recovery Plans and communication in the event of a major incident.

Implementation Status: Deemed not relevant.

2. Emphasize improved accountability for cost and schedule control on capital projects.

Implementation Status: Implemented.

3. Highlight reporting of key employment statistics.

Implementation Status: Implemented.

4. Continue to investigate opportunities to control Operating Cost, and improve ridership and farebox recovery, and on-time performance.

Implementation Status: Implemented.

5. Develop a Neighborhood Ride marketing plan.

Implementation Status: Deemed not feasible.

Findings

Based on the current audit, we submit the following findings:

1. The internal auditor position is currently vacant.
2. The District does not currently track key data such as Operating Cost and Fare Revenue specific to its “Neighborhood Ride” service (i.e., the Community Bus Division).

Recommendations

The following audit recommendations apply to the Sacramento Regional Transit District:

1. Make filling the internal auditor position a priority as soon as the transportation funding climate improves.
2. Begin segregating operating data for the Neighborhood Ride program.

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2. AUDIT SCOPE AND METHODOLOGY

CHAPTER 2 – AUDIT SCOPE AND METHODOLOGY

The Triennial Performance Audit (TPA) of the Sacramento Regional Transit District covers a three-year period ending June 30, 2009. The California Public Utilities Code requires all public transit operators conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

The audit is designed to be an independent and objective evaluation of the Sacramento Regional Transit District as a transit operator. The audit has four primary goals:

1. Assess compliance with TDA regulations,
2. Review actions taken by operator to implement prior recommendations,
3. Evaluate the efficiency and effectiveness of the transit operator (based on TDA-stipulated criteria), and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.

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

The TPA is intended to be a high-level review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the Sacramento Regional Transit District included six related tasks:

1. Review of compliance with the TDA requirements and regulations.
2. Assess the implementation of recommendations presented in prior performance audits.
3. Verify the methodology for calculating performance indicators specific to the following activities:
 - Assessment of internal controls,
 - Test of data collection methods,

- Calculation of performance indicators, and
 - Evaluation of performance.
4. Compare performance against that of peer agencies.
 5. Examination of the following functions:
 - General management and organization;
 - Service planning;
 - Scheduling, dispatching, and operations;
 - Personnel management and training;
 - Administration;
 - Marketing and public information; and
 - Maintenance.
 6. Recommendations to address opportunities for improvement based on analysis of the information collected and the review of the transit operator's major functions.

The methodology for this audit included a site visit on December 17 and 18, 2009. During this site visit, our audit team met with the Sacramento Regional Transit District management and staff, verified data sources, examined financial and statistical reports, and reviewed relevant planning documents and reports. The audit team conducted a follow-up site visit on April 16 to tour the bus and light-rail maintenance facilities and discuss preliminary audit findings.

The audit report is comprised of eight chapters divided among three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. Audit Scope and Methodology: Discussion of audit methodology and pertinent background information.
3. Audit Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Compliance with statutory and regulatory requirements,
 - Progress in implementing prior audit recommendations,
 - Performance measures and trends,

- Peer review,
- Functional review, and
- Findings and recommendations.

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3. PROGRAM
COMPLIANCE

CHAPTER 3 – PROGRAM COMPLIANCE

This section examines the Sacramento Regional Transit District’s compliance with the Transportation Development Act (TDA) as well as relevant sections of the California Code of Regulations. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. The Sacramento Area Council of Governments (SACOG) considers full use of funds under California Code of Regulations (CCR) 6754(a) as referring to operating funds but not capital funds. The Triennial Performance Audit findings and related comments are delineated in Exhibit 3.1.

Compliance was determined through discussions with Sacramento Regional Transit District staff as well as a physical inspection of relevant documents including the fiscal audits for each year of the triennium, TDA claim forms, annual State Controller reports, California Highway Patrol terminal inspections, year-end performance reports, and other items deemed relevant by the project team.

The Sacramento Regional Transit District complies with Transportation Development Act (TDA) regulations in an efficient and effective manner. Therefore, no material findings specific to the compliance element have been developed.

Exhibit 3.1 Transit Development Act Compliance Requirements

REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
<p>The transit operator submits annual reports to the RTPA based on the Uniform System of Accounts and records established by the State Controller.</p>	<p>PUC 99243</p>	<p>In compliance.</p>	<p>FY 2006/07: 10/12/2007 FY 2007/08: 10/14/2008 FY 2008/09: 10/15/2009</p>
<p>The operator has submitted annual fiscal and compliance audits to its RTPA and to the State Controller within 180 days following the end of the fiscal year, or has received the appropriate 90-day extension allowed by law.</p>	<p>PUC 99245</p>	<p>In compliance.</p>	<p>FY 2006/07: 10/10/2007 FY 2007/08: 10/14/2008 FY 2008/09: 12/2/2009</p>
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator’s compliance with Vehicle Code §1808.1 following a CHP inspection of the operator’s terminal.</p>	<p>PUC 99251 B</p>	<p>In compliance.</p>	<p>The Sacramento Regional Transit District submitted CHP reports with a satisfactory rating for all of its maintenance facilities across the triennium.</p>
<p>The operator’s claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.</p>	<p>PUC 99261</p>	<p>In compliance.</p>	
<p>The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).</p>	<p>PUC 99266</p>	<p>In compliance.</p>	

REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
<p>The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service miles, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.</p>	<p>PUC 99247</p>	<p>In compliance.</p>	
<p>If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent).</p>	<p>PUC 99268.2, 99268.4, 99268.5</p>	<p>In compliance.</p>	<p>FY 2006/07: 20.9 percent FY 2007/08: 21.5 percent FY 2008/09: 24.1 percent</p>
<p>The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.</p>	<p>PUC 99271</p>	<p>In compliance.</p>	<p>The Sacramento Regional Transit District has fully funded all three of its pension obligations for each year included within this review.</p>
<p>If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.</p>	<p>CCR 6754 (a) (3)</p>	<p>In compliance.</p>	

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4. PRIOR AUDIT RECOMMENDATIONS

CHAPTER 4 – PRIOR AUDIT RECOMMENDATIONS

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

The prior audit, completed in 2007 by Majic Consulting Group for the three fiscal years ending June 30, 2006, prescribed five recommendations for the program:

- 1) [Review process for the oversight and coordination of Safety, Security, and Recovery Plans and communication in the event of a major incident.](#)

Discussion: The prior auditor asserted RT’s security and emergency preparedness planning process was not unified. The auditor claimed information regarding responsibility of safety and security appeared to be dispersed among various RT departments and the process as a whole lacked coordination. The auditor noted that in interviews, some upper level management personnel and board members were not in agreement regarding the process for notification of safety and security issues. It was recommended RT provide an annual update regarding notification procedures to the Board and management personnel.

Progress: The genesis of this recommendation remains unclear to the current audit team. Sacramento RT has a Safety Department that reports directly to the Chief of Facilities and Business Support Services. The Director of Safety has a direct line to the General Manager should serious safety-related matters arise. Reflective of industry practices, RT’s security function is included within the Operations Division to ensure the most timely response to security-related matters, which are most prevalent (and have the capacity to be most serious) in the real-world operating environment. RT staff noted it has separate bus and rail safety and security plans given rail safety plans are subject to specific Federal and State

Guidelines (i.e., above and beyond those applicable to bus operations). We concur with RT staff's point-of-view and believe this recommendation was included within the prior audit in error.

Implementation Status: Deemed not relevant.

2) **Emphasize improved accountability for cost and schedule control on capital projects.**

Discussion: The prior auditor noted RT should continue to place increased emphasis on improved accountability for cost and schedule control with regard to capital projects. The auditor recommended RT staff provide two reports to the Capital Programming Committee (CPC) and Board: One focusing on project funding and the other focusing on project progress.

Progress: RT staff and management understand the importance of improving cost and schedule control with respect to capital projects. Since the prior audit, RT has implemented SAP software to manage its capital projects, with regard to cost as well as schedule. District staff and management are capable of managing grants using the software and can generate reports at will regarding project status.

Implementation Status: Implemented.

3) **Highlight reporting of key employment statistics.**

Discussion: The prior auditor indicated RT was facing the possibility of significant loss of institutional knowledge and therefore had developed a clear succession plan and improved training practices. The District had also included goals within its strategic plan related to attracting and retaining a qualified, committed, and talented workforce.

The prior auditor noted RT staff could more effectively assess its progress toward meeting District goals should it better monitor performance measures related to workers compensation and staff turnover.

Progress: RT implemented the following metrics on January 1, 2008:

- “Turnover” by department, job classification, and overall District.
- “Days to fill” for both exempt and non-exempt positions.
- “Days to hire” for both exempt and non-exempt positions.
- “Cost per hire” for both exempt and non-exempt positions.
- Applications per vacancy, by position.
- Number/percent of vacant positions by type (vacant vs. authorized).
- Applicants and positions filled by gender/ethnicity.
- Number of open claims.
- Average cost per claim.
- Average days-off per claim.
- Average length of claims.
- Number of retirements processed.
- Number of retirement counseling meetings with employees.
- Number of “new hires” added to the benefits programs.
- Number of benefit changes requested/completed.
- Number of employee status changes (terminations, promotions, transfers, hires, etc).
- Number of (employee) dependent transit passes issued.
- Number of new Family Medical Leave claims.
- Percent of employee benefit issues resolved within five business days.
- Number of “new hire” orientations conducted.

It is clear from discussions with RT staff it took the recommendation seriously and has exceeded expectations with respect to its implementation.

Implementation Status: Implemented.

- 4) Continue to investigate opportunities to control Operating Cost, and improve ridership and farebox recovery, and on-time performance.

Discussion: The prior auditor noted RT experienced difficulty meeting its mandated farebox recovery ratio and internal goals regarding bus on-time performance. The auditor recommended RT review non-core functions and determine whether those functions are able to better contribute to the program financially and/or whether they support RT’s strategic objectives. The auditor also recommended RT explore opportunities to improve on-time performance through periodic route-by route analysis.

Progress: Sacramento RT has traditionally operated in the most efficient and cost-effective manner possible, with program overhead either comparable to lower than peer operators. Given recent losses of state funding sources (i.e., State Transit Assistance Funds), shortfalls in the state budget, and the possible reconfiguration of the Local Transportation Funding mechanism; RT has continued to identify strategies aimed at reducing cost while also identifying operational efficiencies.

RT recently completed its Transit Action Plan (TAP) which included an in-depth analysis of all services offered on a route-by-route basis. The TAP identifies long-term strategies for enhancing ridership and program performance.

Implementation Status: Implemented.

- 5) Develop a Neighborhood Ride marketing plan.

Discussion: The prior auditor noted there was little differentiation between Neighborhood Ride marketing materials and those pertaining to RT’s other service offerings. The auditor recommended RT develop and implement specific marketing strategies to build brand awareness within targeted geographical areas or demographic groups.

Progress: The recently-completed TAP included a clear vision for the Neighborhood Ride program moving forward. RT staff believes – and we agree – this recommendation is not feasible given the limited number of marketing dollars available and the need to focus on established RT system goals. Should additional marketing dollars become available, RT should consider adopting a more aggressive stance toward the marketing of its Neighborhood Ride program. However, given recent developments with the State budget, we do not believe this will occur within the near future and the current marketing money available would simply be more effective if used to promote RT as a whole.

Implementation Status: Deemed not feasible.

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5. PERFORMANCE ANALYSIS

CHAPTER 5 – PERFORMANCE ANALYSIS

Performance indicators are frequently used to quantify and review the efficiency of a transit operator's activities. Such indicators provide insight into current operations as well as trend analysis of operator performance. Through a review of indicators, relative performance as well as potential inter-relationships between major functions are better understood.

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

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

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

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

The procedures used to calculate TDA-required performance measures for the current triennium were verified and compared with measures stated in similar reports to external entities (i.e., State Controller, SACOG, Federal Transit Administration). Some variance in calculation methodology (i.e., Full-Time Equivalents) may exist between the various reports.

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs according to the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. Operating cost – as defined by PUC Section 99247 (a) – excludes the following:

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

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and Vehicle Service Miles (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability (Note: A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use). For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from

first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (subtracting lunch and breaks but including scheduled layovers).

Passenger Counts

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

Employees

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

Fare Revenue

Fare revenue is defined by California Codes of Regulations Section 6611.2 as revenue collected from the farebox plus ticket/pass sales.

TDA Required Indicators

To calculate the TDA indicators for the Sacramento Regional Transit District, the following sources were used:

- Operating Cost was not independently calculated as part of this audit. Operating Cost for FY 2006/07 and FY 2007/08 was taken from National Transit Database (NTD) reports submitted to the Federal Transit Administration. Operating Cost for FY 2008/09 was taken from the year-end performance report for that year. Operating Cost is consistent with TDA guidelines and accurately reflects the costs for the operator's transit

services. In accordance with PUC 99247(a), the reported costs excluded depreciation and charter-related expenses.

- Fare Revenue was not independently calculated as part of this audit. Fare revenue for FY 2006/07 and FY 2007/08 was taken from National Transit Database (NTD) reports submitted to the Federal Transit Administration. Fare revenue for FY 2008/09 was taken from the year-end performance report for that year. Fare revenue from the audited reports is consistent with TDA guidelines.
- Vehicle Service Hours (VSH) data were obtained via Transit Operator Financial Transaction Reports submitted to the State Controller for each fiscal year covered by this audit. Data from these reports were then compared to information included within monthly performance summary reports. The operator calculates VSH using schedule hours reconciled with driver trip sheets. This calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via Transit Operator Financial Transaction Reports submitted to the State Controller for each fiscal year covered by this audit. Data from these reports were then compared to information included within monthly performance summary reports. The operator calculates VSM using schedule miles reconciled with driver trip sheets. This calculation methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via Transit Operator Financial Transaction Reports submitted to the State Controller for each fiscal year covered by this audit. Data from these reports were then compared to information included within monthly performance summary reports. The operator's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalentents (FTEs) were obtained via Transit Operator Financial Transaction Reports submitted to the State Controller for each fiscal year covered by this audit. The calculation methodology used by the operator complies with PUC guidelines given the operator divides the total number of hours worked by 2,000.

Performance Trends

Performance trends were analyzed for the Sacramento Regional Transit District for the three years covered by this Triennial Performance Audit. Indicators were calculated using the methodologies described in the previous section.

System-Wide Performance

Operating Cost for Sacramento RT increased modestly (5.2 percent) during the audit period, while fare revenue increased 21.3 percent during the same period, with increases of more than 10 percent each year. Ridership grew a relatively robust 9.7-percent, with the largest increase (6.5 percent) coming in FY 2008/09. System-wide service levels dropped slightly as measured by Vehicle Service Hours and Vehicle Service Miles (decreases of 5.2 percent and 2.6 percent, respectively).

The Sacramento Regional Transit District became steadily less cost-effective on a system-wide basis across the audit period, evidenced by increases in Operating Cost/VSH and Operating Cost/VSM (11.0 percent and 8.0 percent, respectively). However, RT grew significantly more efficient as measured by a decrease in Operating Cost/Passenger (4.1 percent) and increases in Passengers/VSH and Passengers/VSM (15.7 percent and 12.7 percent, respectively). RT also increased its system-wide farebox recovery ratio from 20.9 percent in FY 2006/07 to 24.1 percent in FY 2008/09 (a 15.3-percent gain).

Exhibit 5.1 Performance Indicators

Performance Measure	System-Wide		
	FY 2006/07	FY 2007/08	FY 2008/09
Operating Cost (Actual \$)	\$129,691,623	\$138,688,045	\$136,437,005
<i>Annual Change</i>		6.9%	-1.6%
Fare Revenue (Actual \$)	\$27,101,261	\$29,865,810	\$32,887,034
<i>Annual Change</i>		10.2%	10.1%
Vehicle Service Hours (VSH)	912,522	893,623	865,155
<i>Annual Change</i>		-2.1%	-3.2%
Vehicle Service Miles (VSM)	11,765,541	11,697,694	11,456,677
<i>Annual Change</i>		-0.6%	-2.1%
Passengers	31,951,178	32,920,487	35,050,414
<i>Annual Change</i>		3.0%	6.5%
Employees	1,050	1,052	985
<i>Annual Change</i>		0.2%	-6.4%
Performance Indicators			
Operating Cost/VSH (Actual \$)	\$142.12	\$155.20	\$157.70
<i>Annual Change</i>		9.2%	1.6%
Operating Cost/VSM (Actual \$)	\$11.02	\$11.86	\$11.91
<i>Annual Change</i>		7.6%	0.4%
Operating Cost/Passenger (Actual \$)	\$4.06	\$4.21	\$3.89
<i>Annual Change</i>		3.8%	-7.6%
Passengers/VSH	35.01	36.84	40.51
<i>Annual Change</i>		5.2%	10.0%
Passengers/VSM	2.72	2.81	3.06
<i>Annual Change</i>		3.6%	8.7%
VSM/VSH	12.89	13.09	13.24
<i>Annual Change</i>		1.5%	1.2%
Hours/Employee	869.1	849.5	878.3
<i>Annual Change</i>		-2.3%	3.4%
Farebox Recovery	20.9%	21.5%	24.1%
<i>Annual Change</i>		3.1%	11.9%
Fare/Passenger	\$0.85	\$0.91	\$0.94
<i>Annual Change</i>		7.0%	3.4%

Exhibit 5.2 System-Wide Ridership

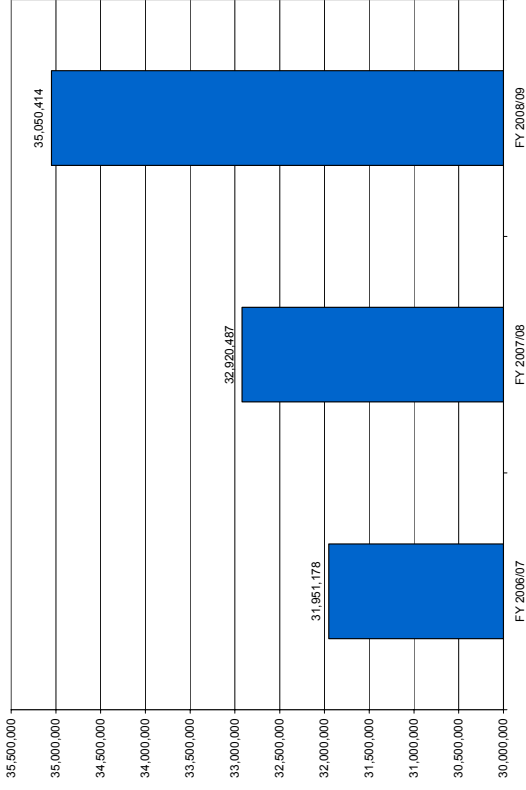


Exhibit 5.3 System-Wide Operating Cost/VSH

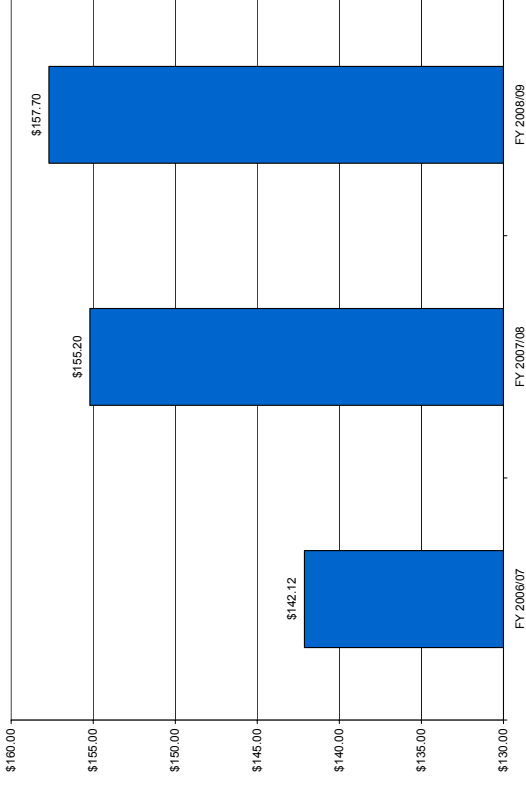


Exhibit 5.4 System-Wide Operating Cost/VSM

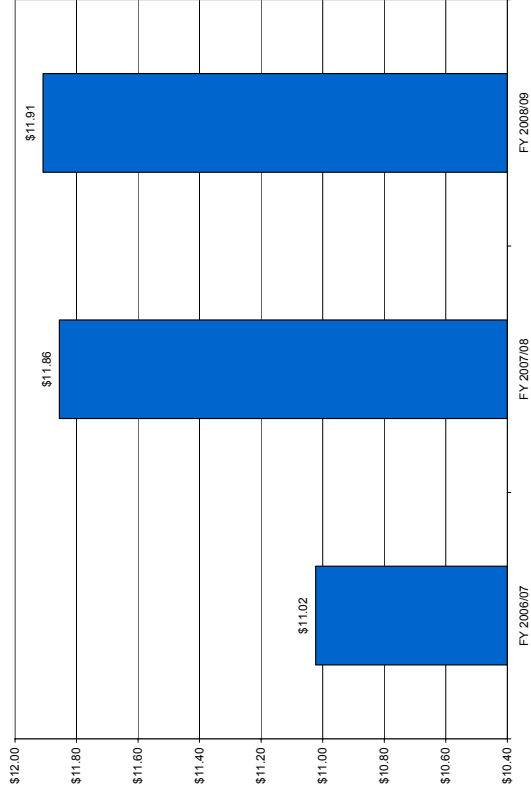


Exhibit 5.5 System-Wide Operating Cost/Passenger

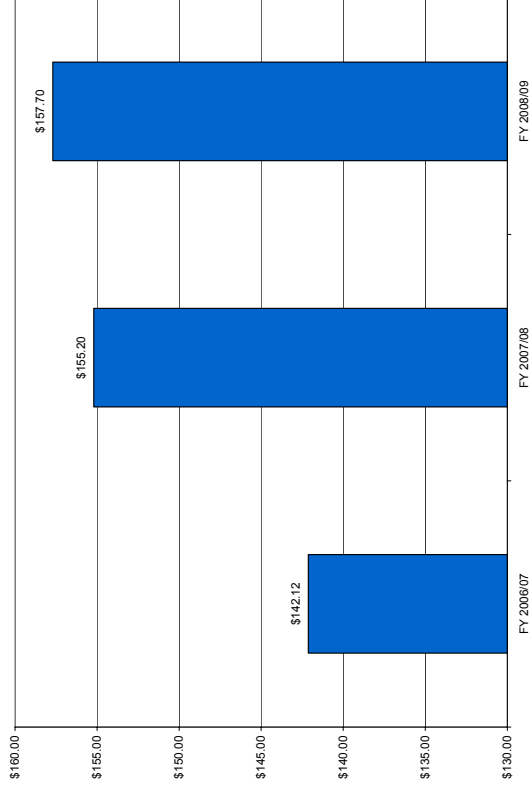


Exhibit 5.6 System-Wide Passengers/VSH

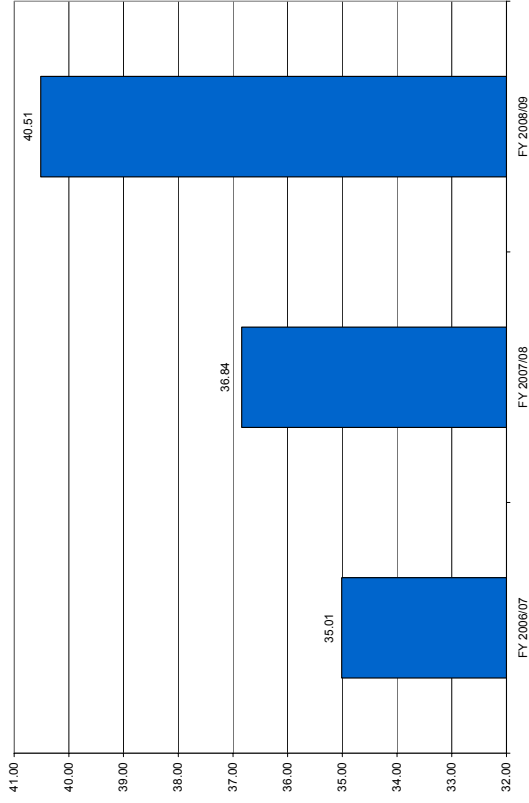


Exhibit 5.7 System-Wide Passengers/VSM

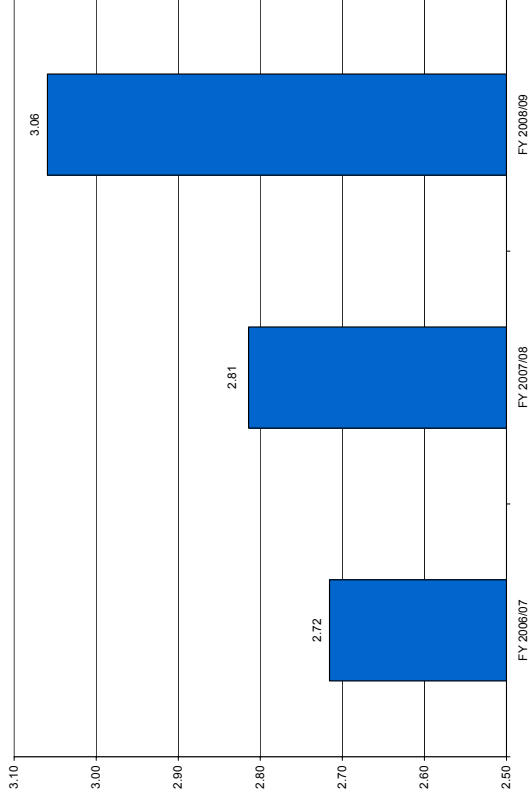


Exhibit 5.8 System-Wide VSM/VSH

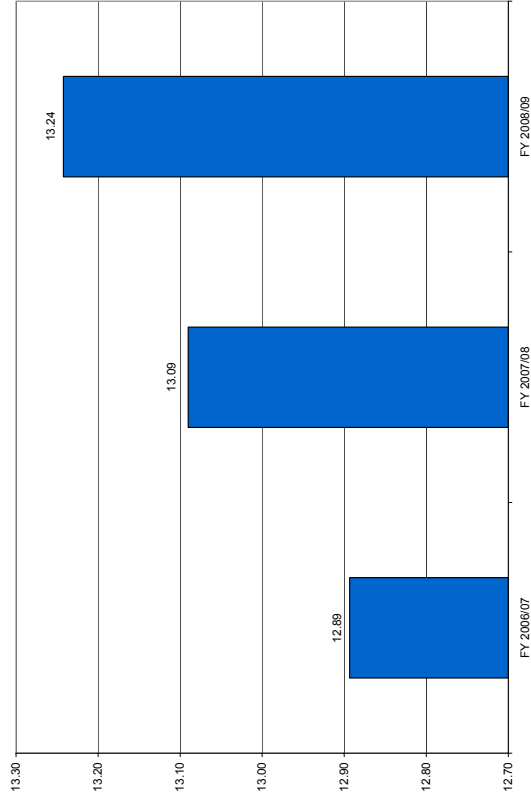


Exhibit 5.9 System-Wide VSH/Employee

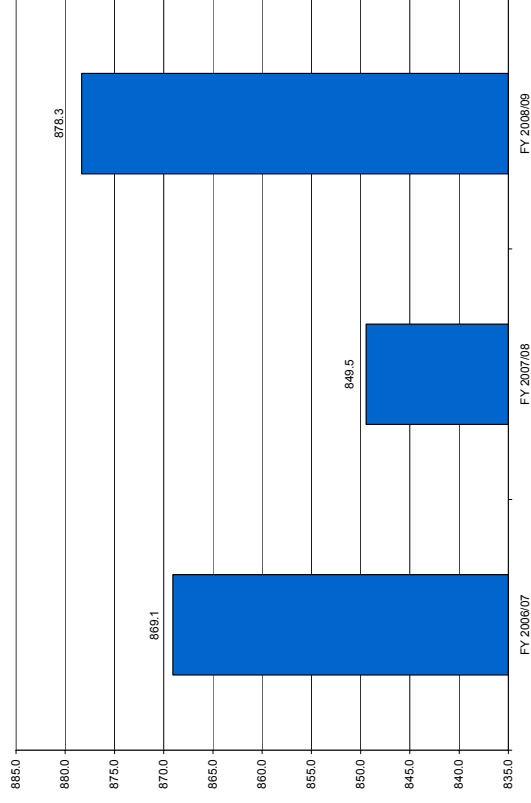


Exhibit 5.10 System-Wide Farebox Recovery

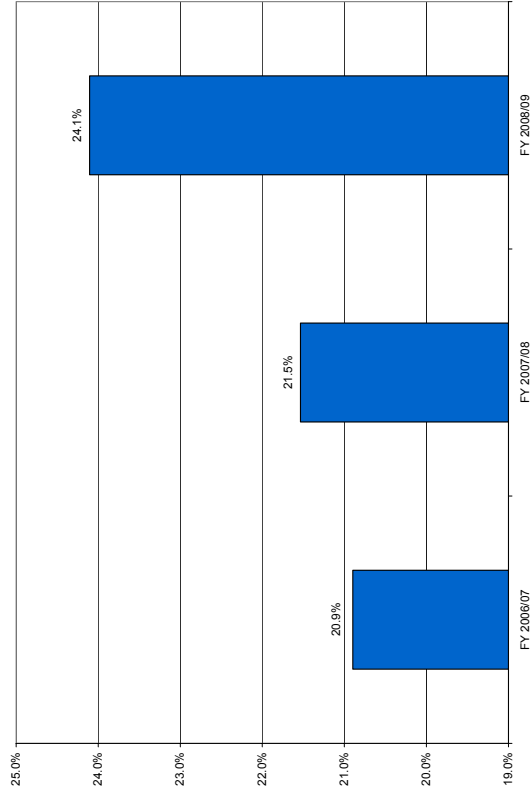
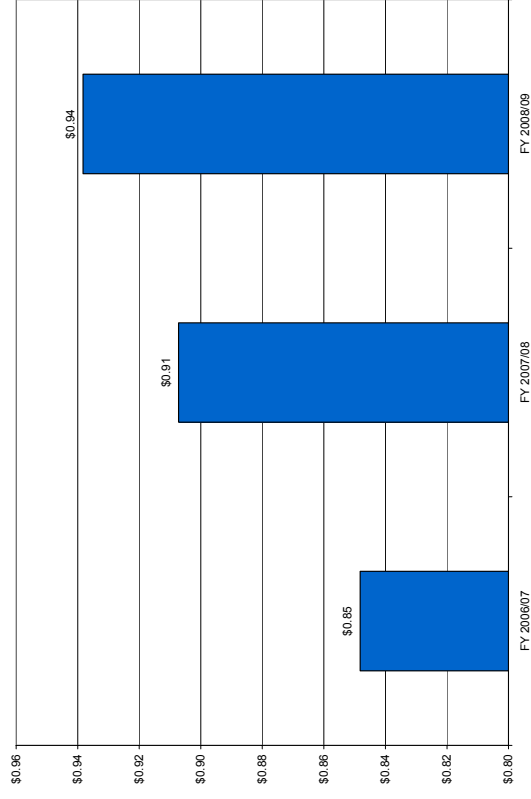


Exhibit 5.11 System-Wide Fare/Passenger



Fixed-Route Bus Performance

The Sacramento Regional Transit District's fixed-route bus service witnessed a significant increase in Fare Revenue (22.8 percent) and a modest increase in Operating Cost (6.3 percent) between FY 2006/07 and FY 2008/09. Despite the increase in Operating Cost, Vehicle Service Hours and Vehicle Service Miles decreased during the audit period (7.2 percent and 5.2 percent, respectively). Ridership remained relatively stable between FY 2006/07 and FY 2008/09.

As a result of the trends discussed above (i.e., increased Operating Cost and reduced Vehicle Service Hours and Vehicle Service Miles), RT's fixed-route bus service became somewhat less cost-effective across the audit period, with increases in Operating Cost/VSH of 14.6 percent and Operating Cost/VSM of 12.1 percent. However, RT grew more efficient as measured by Passengers/VSH and Passengers/VSM (increases of 9.5 percent and 7.1 percent, respectively) between FY 2006/07 and FY 2008/09. Farebox recovery increased from 18 percent to 20.8 percent during the audit period, while the average fare paid by each passenger increased nearly 21 percent during the same period.

Exhibit 5.12 Fixed-Route Bus Performance Indicators

Performance Measure	Fixed-Route Bus		
	FY 2006/07	FY 2007/08	FY 2008/09
Operating Cost (Actual \$)	\$82,267,568	\$86,858,529	\$87,435,507
<i>Annual Change</i>		5.6%	0.7%
Fare Revenue (Actual \$)	\$14,810,982	\$15,833,494	\$18,186,585
<i>Annual Change</i>		6.9%	14.9%
Vehicle Service Hours (VSH)	702,797	677,676	652,026
<i>Annual Change</i>		-3.6%	-3.8%
Vehicle Service Miles (VSM)	7,637,823	7,430,729	7,244,031
<i>Annual Change</i>		-2.7%	-2.5%
Passengers	17,461,487	17,465,817	17,735,397
<i>Annual Change</i>		0.0%	1.5%
Employees	751	740	684
<i>Annual Change</i>		-1.5%	-7.6%
Performance Indicators			
Operating Cost/VSH (Actual \$)	\$117.06	\$128.17	\$134.10
<i>Annual Change</i>		9.5%	4.6%
Operating Cost/VSM (Actual \$)	\$10.77	\$11.69	\$12.07
<i>Annual Change</i>		8.5%	3.3%
Operating Cost/Passenger (Actual \$)	\$4.71	\$4.97	\$4.93
<i>Annual Change</i>		5.6%	-0.9%
Passengers/VSH	24.85	25.77	27.20
<i>Annual Change</i>		3.7%	5.5%
Passengers/VSM	2.29	2.35	2.45
<i>Annual Change</i>		2.8%	4.2%
VSM/VSH	10.87	10.97	11.11
<i>Annual Change</i>		0.9%	1.3%
Hours/Employee	935.8	915.8	953.3
<i>Annual Change</i>		-2.1%	4.1%
Farebox Recovery	18.0%	18.2%	20.8%
<i>Annual Change</i>		1.3%	14.1%
Fare/Passenger	\$0.85	\$0.91	\$1.03
<i>Annual Change</i>		6.9%	13.1%

Exhibit 5.13 Fixed-Route Bus Ridership

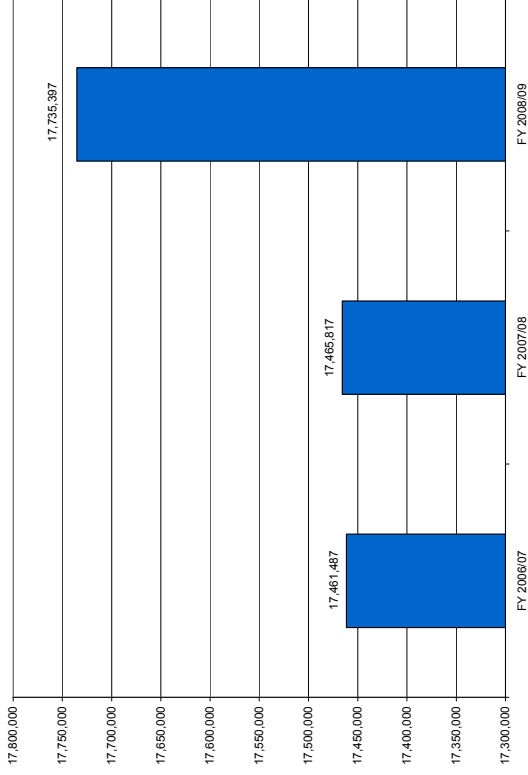


Exhibit 5.14 Fixed-Route Bus Operating Cost/VSH

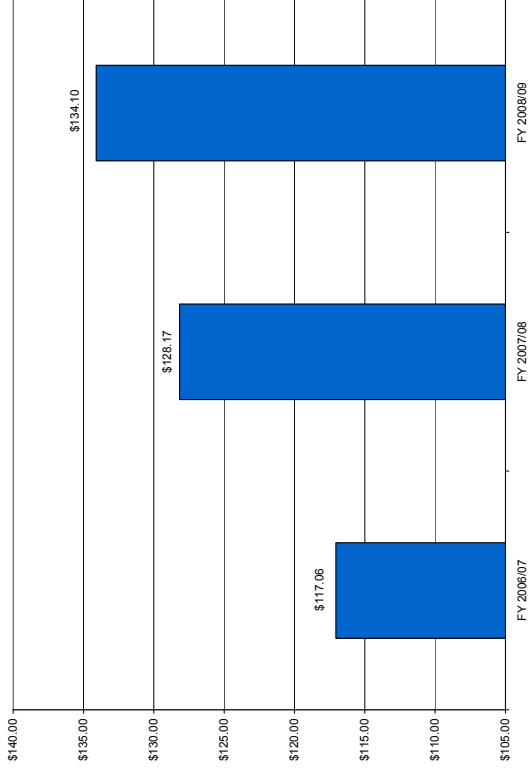


Exhibit 5.15 Fixed-Route Bus Operating Cost/VSM

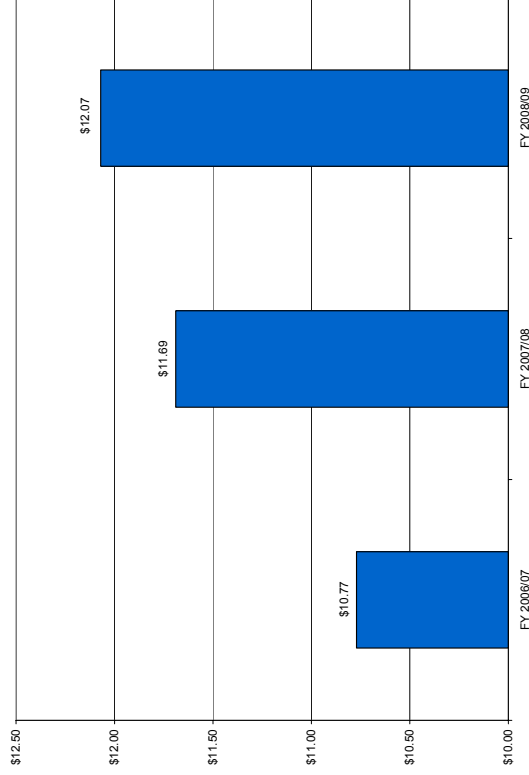


Exhibit 5.16 Fixed-Route Bus Operating Cost/Passenger

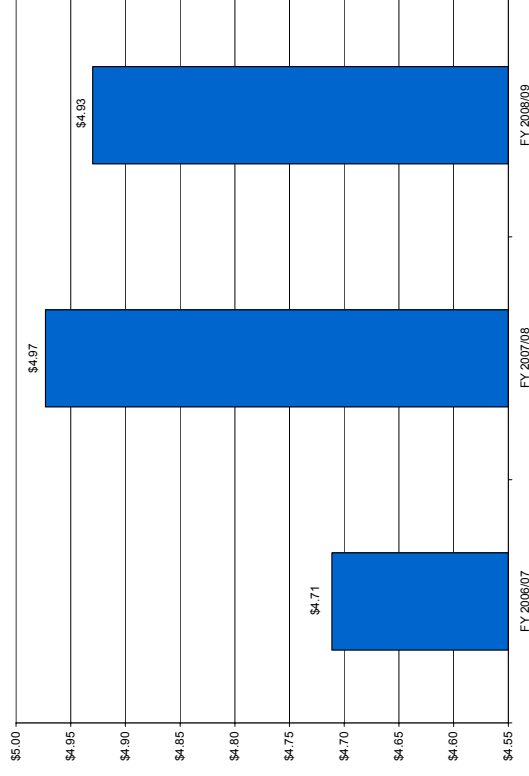


Exhibit 5.17 Fixed-Route Bus Passengers/VSH

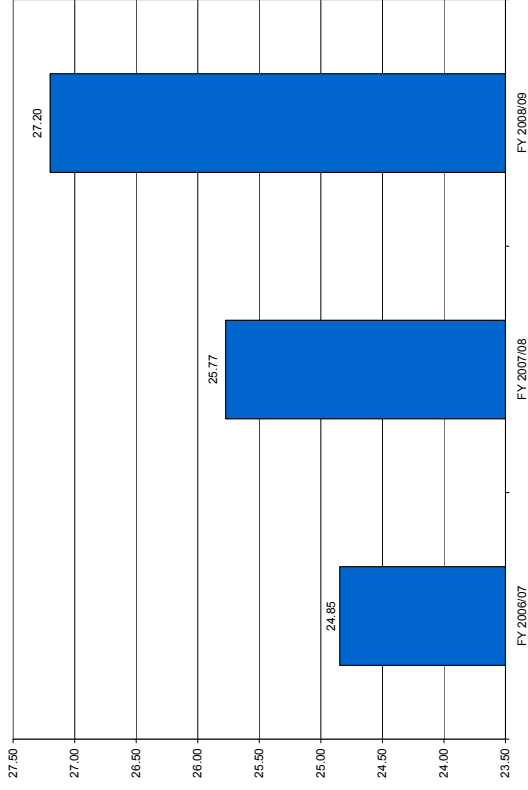


Exhibit 5.18 Fixed-Route Bus Passengers/VSM

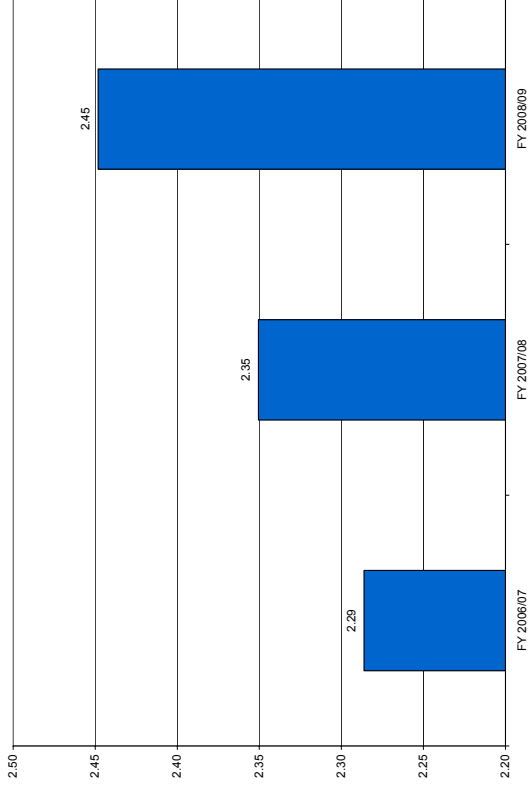


Exhibit 5.19 Fixed-Route Bus VSM/VSH

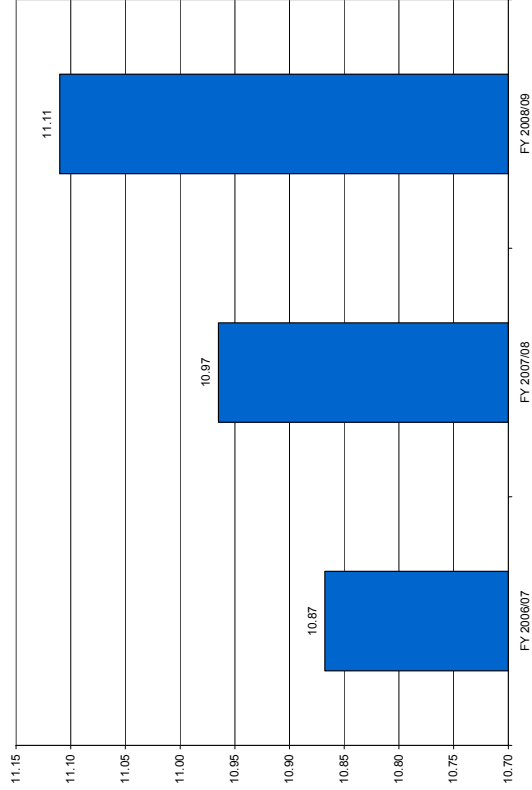


Exhibit 5.20 Fixed-Route Bus VSH/Employee

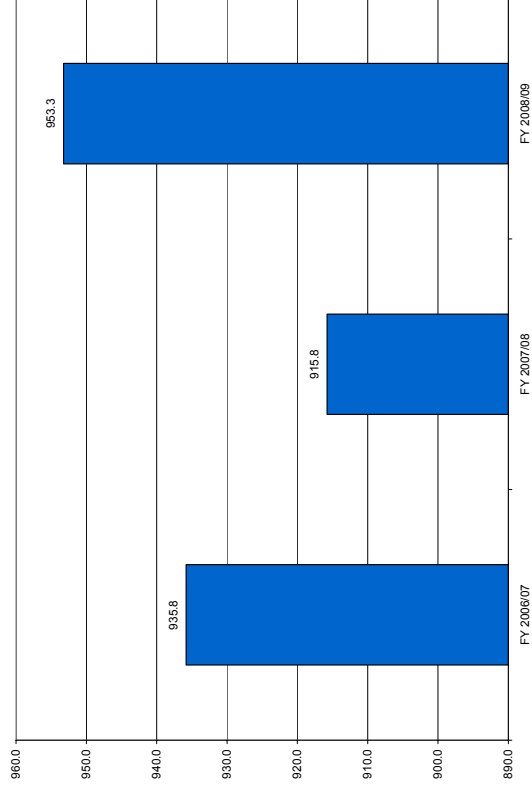


Exhibit 5.21 Fixed-Route Bus Farebox Recovery

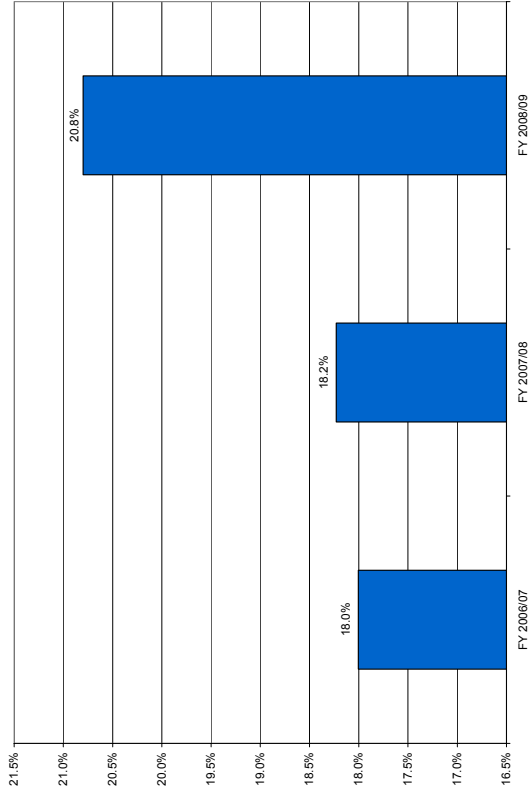
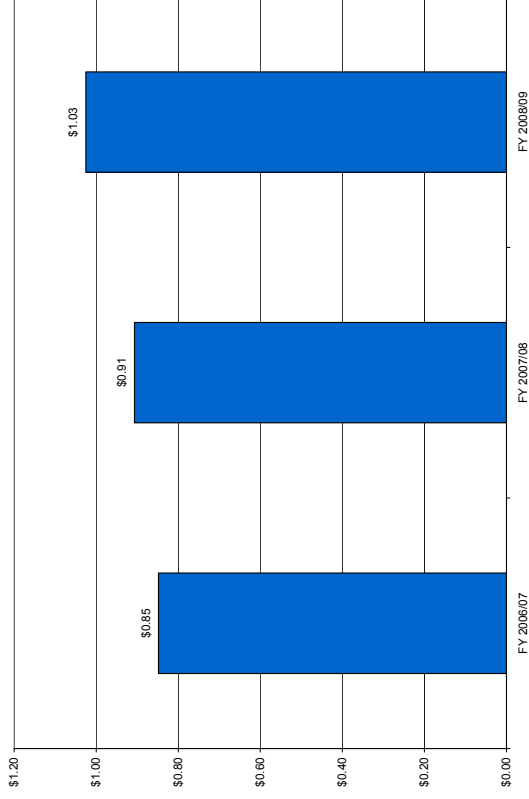


Exhibit 5.22 Fixed-Route Bus Fare/Passenger



Light Rail Performance

Operating Cost for RT's Light Rail program increased 9.3 percent in FY 2007/08 before decreasing 5.5 percent in FY 2008/09, leading to a net 3.3-percent increase across the audit period. Fare Revenue grew steadily across the audit period, as did ridership (19.6 percent and 19.5 percent, respectively). Service levels, evidenced by Vehicle Service Hours and Vehicle Service Miles, remained relatively unchanged.

RT's Light Rail program became less cost-effective in FY 2007/08 as measured by Operating Cost/VSH and Operating Cost/VSM before decreasing in FY 2008/09. Overall, the Light Rail program became more efficient across the audit period evidenced by a significant decrease in Operating Cost/Passenger (13.5 percent) as well as 17.6-percent and 17.1-percent increases in Passengers/VSH and Passengers/VSM, respectively between FY 2006/07 and FY 2008/09. Farebox recovery also increased from 25.9 percent to 30.0 percent during the audit period.

Exhibit 5.23 Light Rail Performance Indicators

Performance Measure	Light Rail		
	FY 2006/07	FY 2007/08	FY 2008/09
Operating Cost (Actual \$)	\$47,424,055	\$51,829,516	\$49,001,498
<i>Annual Change</i>		9.3%	-5.5%
Fare Revenue (Actual \$)	\$12,290,279	\$14,032,316	\$14,700,449
<i>Annual Change</i>		14.2%	4.8%
Vehicle Service Hours (VSH)	209,725	215,947	213,129
<i>Annual Change</i>		3.0%	-1.3%
Vehicle Service Miles (VSM)	4,127,718	4,266,965	4,212,646
<i>Annual Change</i>		3.4%	-1.3%
Passengers	14,489,691	15,454,670	17,315,017
<i>Annual Change</i>		6.7%	12.0%
Employees	299	312	301
<i>Annual Change</i>		4.3%	-3.5%
Performance Indicators			
Operating Cost/VSH (Actual \$)	\$226.12	\$240.01	\$229.91
<i>Annual Change</i>		6.1%	-4.2%
Operating Cost/VSM (Actual \$)	\$11.49	\$12.15	\$11.63
<i>Annual Change</i>		5.7%	-4.2%
Operating Cost/Passenger (Actual \$)	\$3.27	\$3.35	\$2.83
<i>Annual Change</i>		2.5%	-15.6%
Passengers/VSH	69.09	71.57	81.24
<i>Annual Change</i>		3.6%	13.5%
Passengers/VSM	3.51	3.62	4.11
<i>Annual Change</i>		3.2%	13.5%
VSM/VSH	19.68	19.76	19.77
<i>Annual Change</i>		0.4%	0.0%
Hours/Employee	701.4	692.1	708.1
<i>Annual Change</i>		-1.3%	2.3%
Farebox Recovery	25.9%	27.1%	30.0%
<i>Annual Change</i>		4.5%	10.8%
Fare/Passenger	\$0.85	\$0.91	\$0.85
<i>Annual Change</i>		7.0%	-6.5%

Exhibit 5.24 Light Rail Ridership

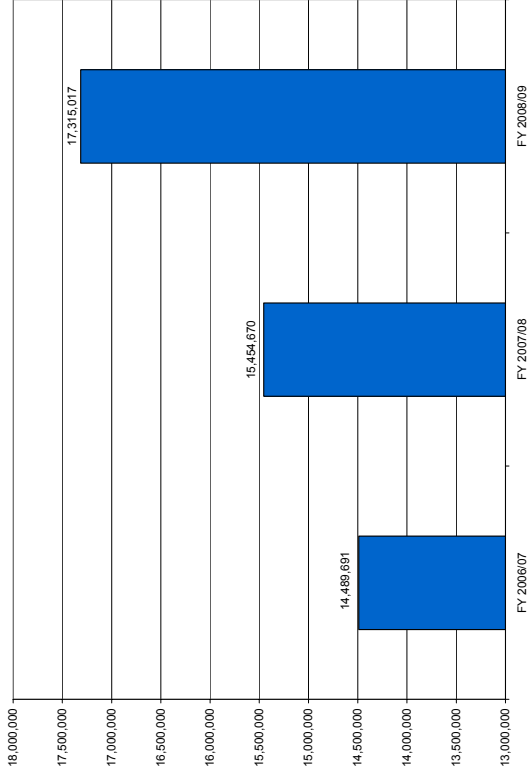


Exhibit 5.25 Light Rail Operating Cost/VSH

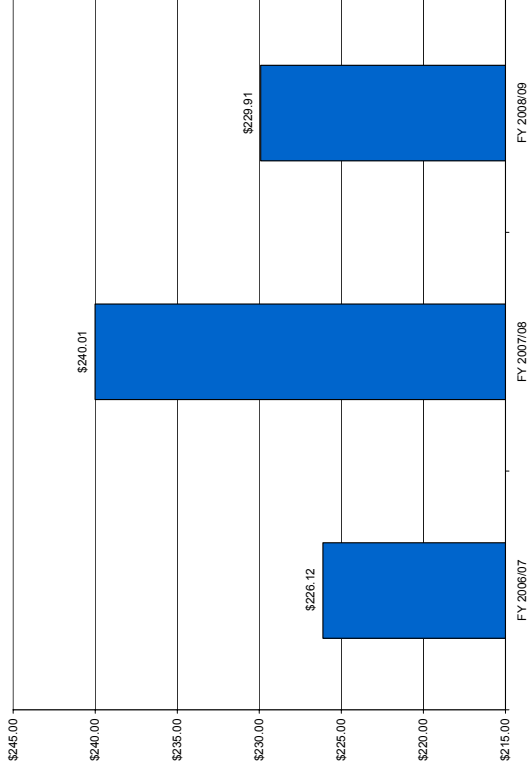


Exhibit 5.26 Light Rail Operating Cost/VSM

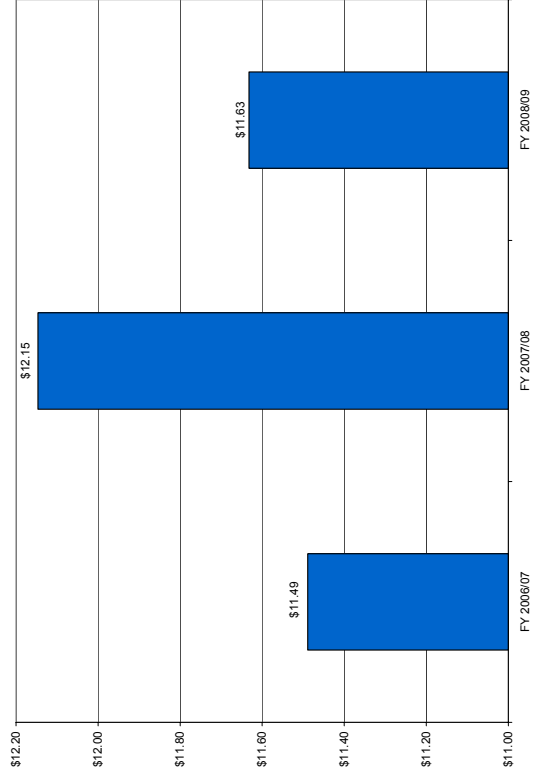


Exhibit 5.27 Light Rail Operating Cost/Passenger

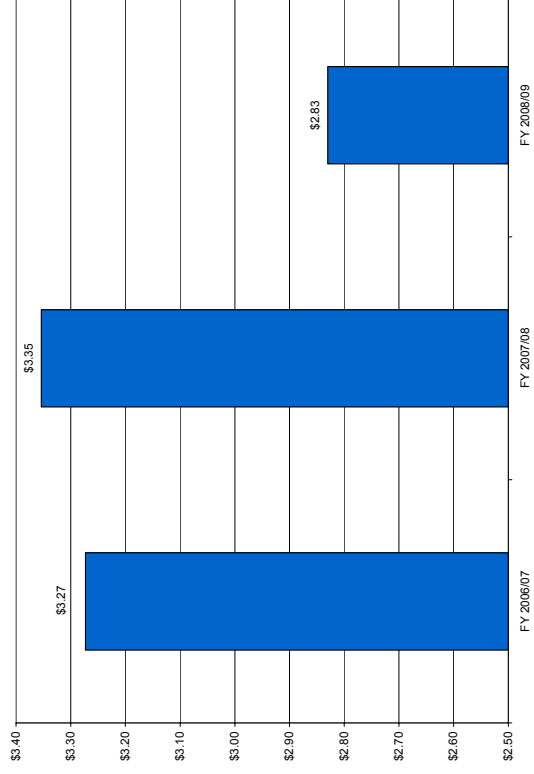


Exhibit 5.28 Light Rail Passengers/VSH

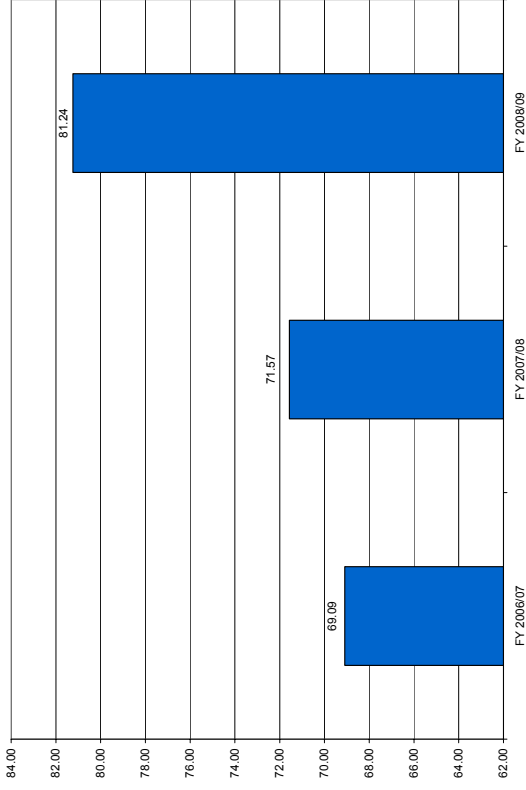


Exhibit 5.29 Light Rail Passengers/VSM

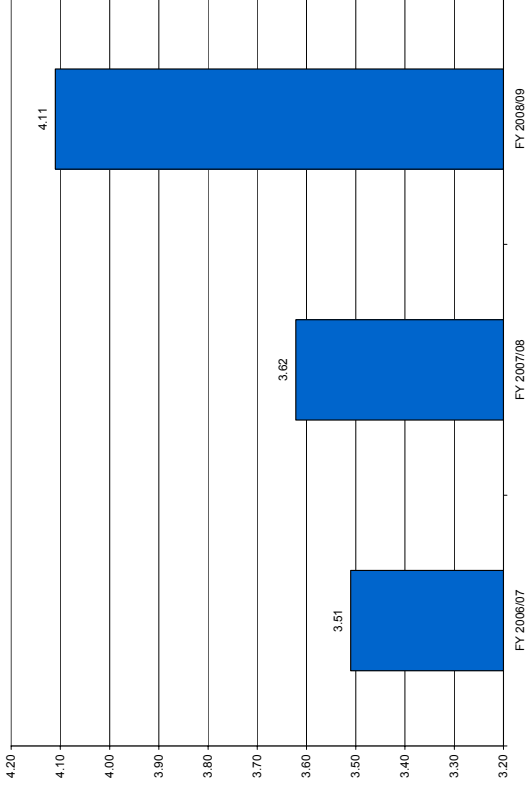


Exhibit 5.30 Light Rail VSM/VSH

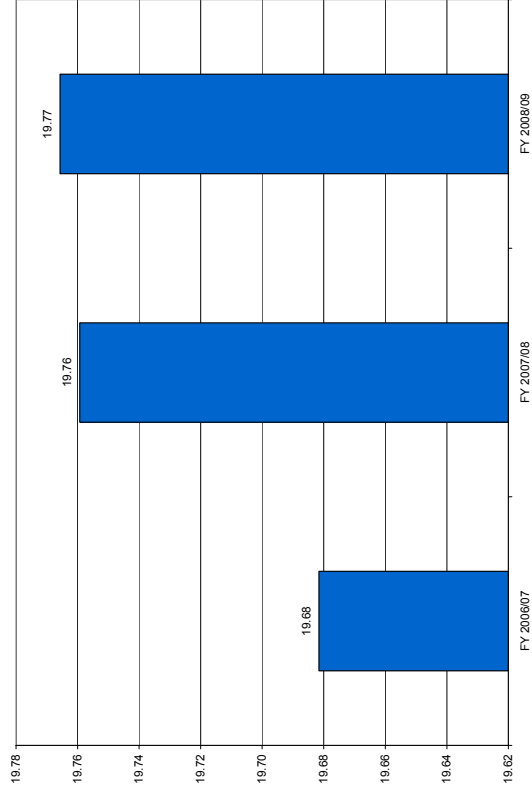


Exhibit 5.31 Light Rail VSH/Employee

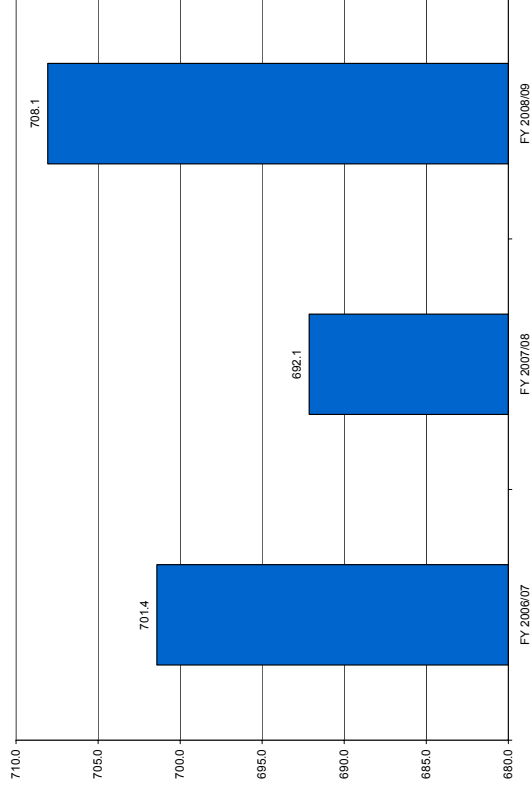


Exhibit 5.32 Light Rail Farebox Recovery

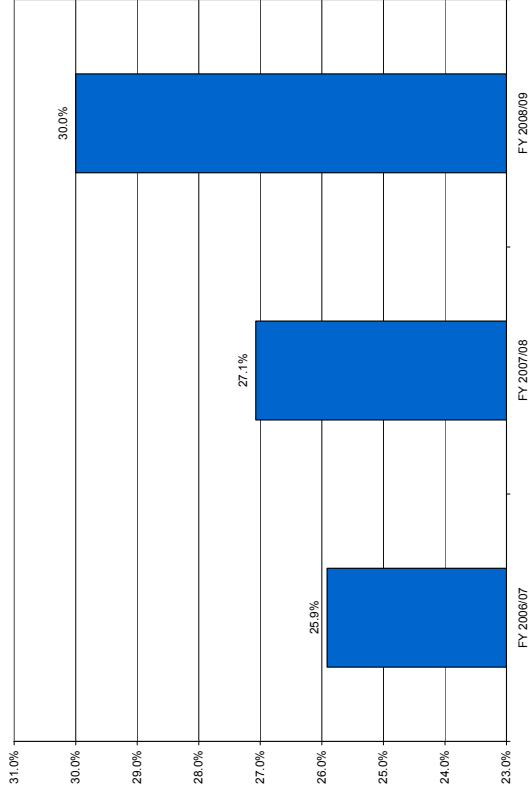
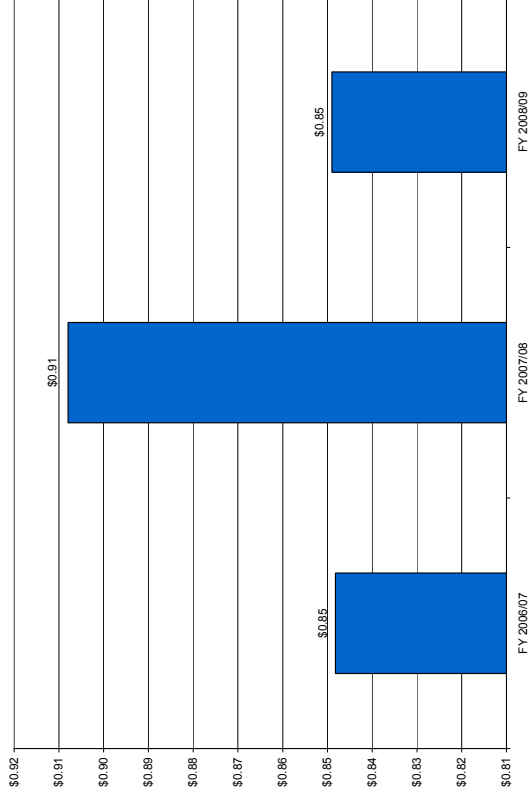


Exhibit 5.33 Light Rail Fare/Passenger





6. PEER REVIEW

CHAPTER 6 – PEER REVIEW

As part of this Audit engagement, Moore & Associates conducted a Peer Review of the Sacramento Regional Transit District's (RT) Fixed-Route Bus and Light Rail programs. We identified five peers based on the following criteria:

- Service area size,
- Service area population,
- Service area cost of living,
- Presence of light rail operation,
- Light rail system length,
- Organizational structure, and
- Regional role.

Peer Operators:

The following peers operate similar fixed-route bus and light rail services within their respective service areas.

Portland, OR (TriMet)

Tri-County Metropolitan Transportation District or TriMet operates the Metropolitan Area Express (MAX) light rail service. This service features four light rail lines (Blue, Red, Green, and Yellow) which operate daily. The Blue line operates between Hillsboro to Gresham, the Red line operates between the Portland International Airport and Beaverton, the Green line operates between Clackamas and Portland State University, and the Yellow line operates between Expo Center and PSU. All lines serve downtown Portland.

Operated under contract by Portland and Western Railroad, the service links five transit centers and 84 stations. The Blue line serves 50 stations, the Green line serves 28 stations, the Red line serves 29 stations, and the Yellow line serves 22 stations, with more than one line serving at least 38 of the 84 stations.

Hours of operation are between 3:30 a.m. and 2:30 a.m., and vary dependent on rail line and service day. A two-hour ticket for all zones costs \$2.30 or \$2.00 for just two zones. The ticket can be used on MAX Light rail, WES Commuter rail, TriMet buses, and Portland Streetcar.

TriMET also offers fixed-route service to Clackamas, Multnomah, and Washington counties. Hours of operation are between 3:30 a.m. and 2:30 a.m. and vary dependent on route and service day. The fixed-bus service operates 81 routes and one shuttle service open during the summer months to Washington Park.

San Diego (MTS)

The San Diego Metropolitan Transit System offers three light rail lines (Blue, Orange, and Green) operated by San Diego Trolley, Incorporated (SDTI). San Diego Trolley consists of 53 stations and 52 miles of double-track rail. Hours of operation are between 5:00 a.m. and 12:00 a.m. and may vary dependent on rail line. Base fare for the Trolley is \$2.50 for a one-way trip.

MTS also provides fixed-route bus service which includes 82 fixed routes. The fixed-route system consists of 50 local routes, 21 urban routes, six express routes, five premium express routes (commuter routes), and four rural routes. Four local shuttle-bus routes are also available. Premium Express (Commuter) routes operate Monday through Friday connecting suburban areas to the north and east with downtown San Diego and Kearny Mesa. Express routes link suburban areas to San Diego urban areas running along major roadways and highways. Urban services provide frequent service to densely-populated neighborhoods and adjacent cities. Rural routes connect eastern portions of San Diego County to San Diego urban areas. Hours of operation are between 5:00 a.m. and 11:00 p.m., and vary dependent by route.

One-way fares are as follows: \$2.25 for Urban, Shuttle, and Local routes, \$2.50 for Express routes, \$5.00 for Premium Express routes, \$5.00 to \$10.00 for Rural routes, and children under two years old ride free with fare-paying adult.

Denver (RTD)

Denver Regional Transportation District operates RTD light rail which runs through central, southwest, and southeast portions of the Denver Metropolitan area. RTD provides 36 stations, with park-n-ride lots available at 20. The light rail service operates regularly between 4:00 a.m. and 2:00 a.m. Fares are zone-based: Traveling through one zone costs \$2.00, two zones is \$2.00, three zones is \$3.50, and four zones is \$4.50.

RTD also operates local, limited, express, and regional bus routes throughout the Denver metropolitan area. Local routes serve higher density/urban areas. Limited routes cover similar service areas as the local service, however only make specific selected stops for quicker trips to the destinations provided. Express routes serve areas of high density and transfer points with limited stops to the outer boundaries of the service area. Regional routes operate on major thoroughfares linking urban areas to other urban areas. Other available bus services offered by RTD are skyRide and MallRide, which offer rides between skyRide stops and from one end of the mall to the next. Services operate nearly 24 hours a day and vary by route. Base fare for local and limited routes is \$2.00, Express routes are \$3.50, and Regional routes are \$4.50.

Charlotte (CATS)

Charlotte Area Transit System operates the LYNX Blue Line. Trains operate weekdays between 5:30 a.m. and 1:30 a.m. (available every 10 to 15 minutes depending on peak/non-peak hours) and weekends every 20

minutes during the day and 30 minutes during late hours. It is the region's first light rail service and serves 15 stations along 9.6 miles of track between uptown Charlotte and I-485 at South Blvd. A one-way trip on the LYNX blue line cost \$1.50.

CATS operates over 40 routes in the Metropolitan area, linking local and regional business, schools, and public facilities. CATS provides 12 express routes offering limited-stop service and reduced travel times. It operates on most routes Monday through Saturday between 4:49 a.m. and 2:00 a.m., and Sunday between 5:25 a.m. and 2:00 a.m. A one-way trip costs \$1.50 on all CATS bus lines.

Santa Clara (VTA)

Santa Clara Valley Transportation Authority operates three different light-rail lines (901, 902,900) on 42.2 miles of track with two main lines and a spur line. The lines travel between Alum Rock to Santa Teresa (Line 901), Mountain View to Winchester (Line 902), and Ohlone/Chynoweth to Almaden (Line 900). The three lines serve 62 stations and operate between the hours of 4:18 a.m. and 2:11 a.m. depending upon line and service day. An eight- hour light-rail pass is \$4.00.

VTA operates 18 commuter bus routes, 35 regular bus routes, 12 express routes, four limited bus routes, and a bus rapid transit system serving 21 cities within Santa Clara County. Local bus routes serve urbanized portions of Santa Clara County along main arterial streets, serving neighborhoods /residential areas, schools, employment centers, businesses, and shopping centers. Commuter services include Express bus service linking the communities with Silicon Valley industrial centers, park-n-ride lots, and an Airport Flyer. VTA buses may run up to 24 hours a day; however, hours of operation may vary depending on route and service day. A single day fare for an adult is \$2.00 with the exception of the Airport Flyer, which is free.

The following data were gathered by mode for each operator:

- Service Area Size,
- Service Area Population,
- Operating Cost,
- Fare Revenue,
- Vehicle Service Hours,
- Vehicle Service Miles,
- Ridership, and
- Vehicles Operated during Peak Hours.

Data for Charlotte were obtained via internal reports provided by CATS staff. Data for Santa Clara VTA were obtained via the FY 2008/09 Short Range Transit Plan. San Diego MTS provided Moore & Associates with preliminary FY 2008/09 National Transit Database data. Representatives from Portland TriMet and Denver RTD declined to provide information for FY 2008/09. Therefore, data were gathered from National Transit Database filings for FY 2007/08 for those two operators.

Data for the peer operators were analyzed on a system-wide as well as by individual mode basis (e.g., fixed-route bus and light rail) employing the following performance metrics:

- Operating Cost/Vehicle Service Hour,
- Operating Cost/Vehicle Service Mile,
- Operating Cost/Passenger,
- Passengers/Vehicle Service Hour,
- Passengers/Vehicle Service Mile, and
- Farebox Recovery Ratio.

[System-Wide Peer Review](#)

We conclude Sacramento RTD is less cost-effective than the peer average with respect to system-wide efficiency evidenced by Operating Cost/Vehicle

Service Hour and Operating Cost/Vehicle Service Mile. RT was 30.6 percent above the peer average for Operating Cost/VSH and 32.6 percent above the peer average for Operating Cost/VSM. Performance within the peer group ranged from \$83.20 for Charlotte to \$182.75 for Santa Clara VTA for Operating Cost/VSH and from \$5.87 to \$14.40 for the same operators for Operating Cost/VSM (RT ranked fifth for both).

RT was also slightly less cost-effective than the peer average with respect to Operating Cost/Passenger (12.6 percent above than the peer average). Performance within the peer group ranged from \$2.13 for San Diego MTS to \$5.71 for Santa Clara VTA for Operating Cost/Passenger (RT ranked fifth).

Sacramento RT was more cost-effective than the peer average as evidenced by both Passengers/Vehicle Service Hour and Passengers/Vehicle Service Mile. RT carried 12.1 percent more riders each Vehicle Service Hour and 14.3 percent more each Vehicle Service Mile than the peer average. Performance among members of the peer group ranged from 26.94 for CATS to 48.78 for TriMet for Passengers/VSH and from 1.90 to 3.51 for the same operators for Passengers/VSM (RT ranked third for both). RT's system-wide Farebox Recovery Ratio was 11.9 percent below the peer average (24.1 percent versus 27.3 percent). Farebox Recovery Ratios ranged from 14.0 percent for Santa Clara VTA to 44.5 percent for San Diego MTS (RT ranked fourth).

SACRAMENTO REGIONAL TRANSIT DISTRICT – TRIENNIAL PERFORMANCE AUDIT

Exhibit 6.1 System-Wide Peer Comparison

	Sacramento Regional Transit District Peer Review							Average	Sacramento, CA (RTD)
	Portland, OR (TriMet)	San Diego, CA (MTS)	Denver, CO (RTD)	Charlotte, NC (CATS)	San Jose, CA (Santa Clara VTA)				
Performance Measures									
Service Area Square Miles	574	406	2326	445	326	815	277		
Service Area Population	1,466,540	2,220,359	2,619,000	696,837	1,808,056	1,762,158	1,097,932		
Operating Cost	\$307,297,763	\$187,387,063	\$333,686,160	\$76,100,000	\$258,489,828	232,592,163	\$136,437,005		
Fare Revenue	\$78,963,348	\$83,334,435	\$86,824,514	\$20,200,000	\$36,184,000	61,101,259	\$32,887,034		
Vehicle Service Miles	29,393,462	25,926,442	47,993,360	12,962,344	17,954,900	26,846,102	11,456,677		
Vehicle Service Hours	2,112,596	2,040,980	3,312,040	914,672	1,414,424	1,958,942	865,155		
Unlinked Trips	103,046,619	87,832,859	99,157,480	24,645,789	45,264,434	71,989,436	35,050,414		
Vehicles Operated in Maximum Service	617	523	993	292	390	563	251		
Performance Indicators									
Operating Cost/Vehicle Service Hour	\$145.46	\$91.81	\$100.75	\$83.20	\$182.75	\$120.79	\$157.70		
Operating Cost/Vehicle Service Mile	\$10.45	\$7.23	\$6.95	\$5.87	\$14.40	\$8.98	\$11.91		
Operating Cost/Passenger	\$2.98	\$2.13	\$3.37	\$3.09	\$5.71	\$3.46	\$3.89		
Passengers/Vehicle Service Hour	48.78	43.03	29.94	26.94	32.00	36.14	40.51		
Passengers/Vehicle Service Mile	3.51	3.39	2.07	1.90	2.52	2.68	3.06		
Farebox Recovery	25.7%	44.5%	26.0%	26.5%	14.0%	27.3%	24.1%		
Cost of living									
Composite	116.8	113.9	103.1	93.4	155.4	116.5	116.2		
Grocery	115.6	105.9	101.6	96.7	132.7	110.5	116.1		
Housing	129.3	202.2	107.9	80.1	243.0	152.5	139.0		
Utilities	93.4	96.0	99.3	96.9	128.1	102.7	99.8		
Transportation	112.7	114.7	94.5	98.9	119.5	108.1	115.5		
Health	108.8	113.3	105.5	107.5	114.0	109.8	109.5		
Miscellaneous	115.7	105.0	103.5	99.3	112.6	107.2	101.9		

Source: National Transit Database and Council for Community and Economic Research.

Exhibit 6.2 System-Wide Operating Cost/VSH

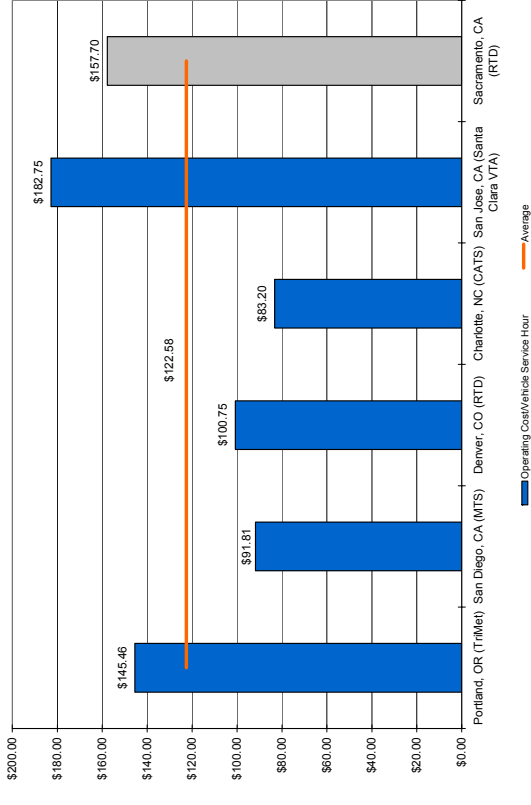


Exhibit 6.3 System-Wide Operating Cost/VSM

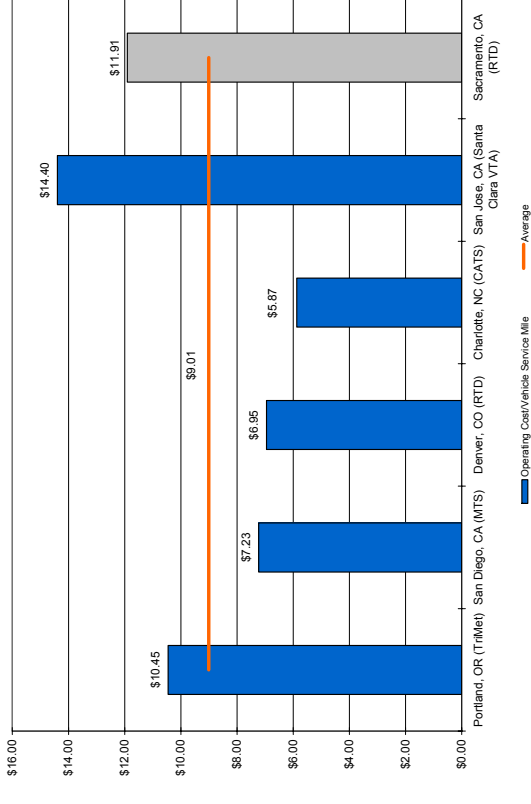


Exhibit 6.4 System-Wide Operating Cost/Passenger

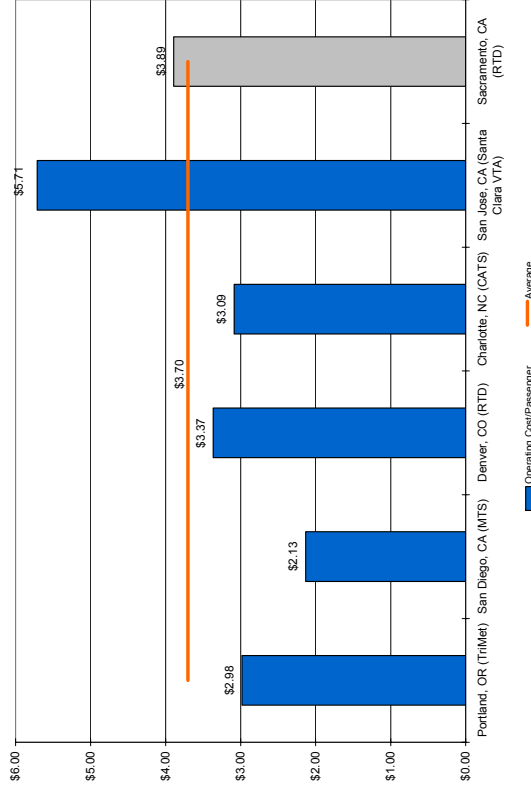


Exhibit 6.5 System-Wide Passengers/VSH

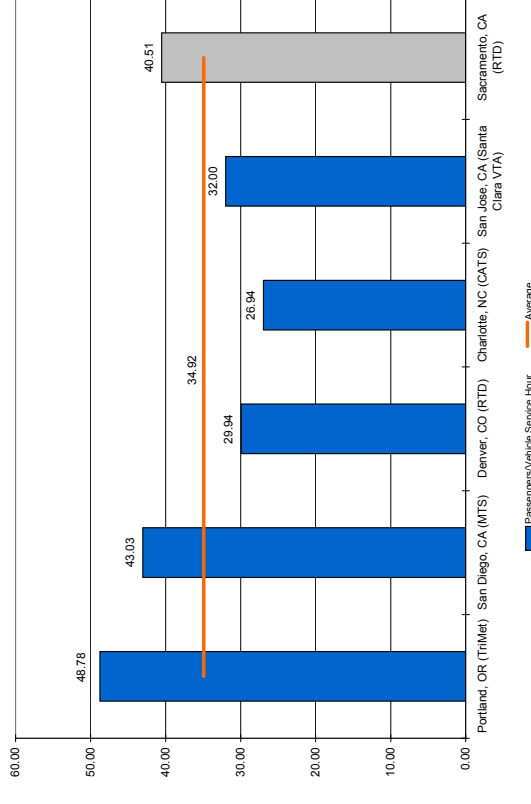


Exhibit 6.6 System-Wide Passengers/VSM

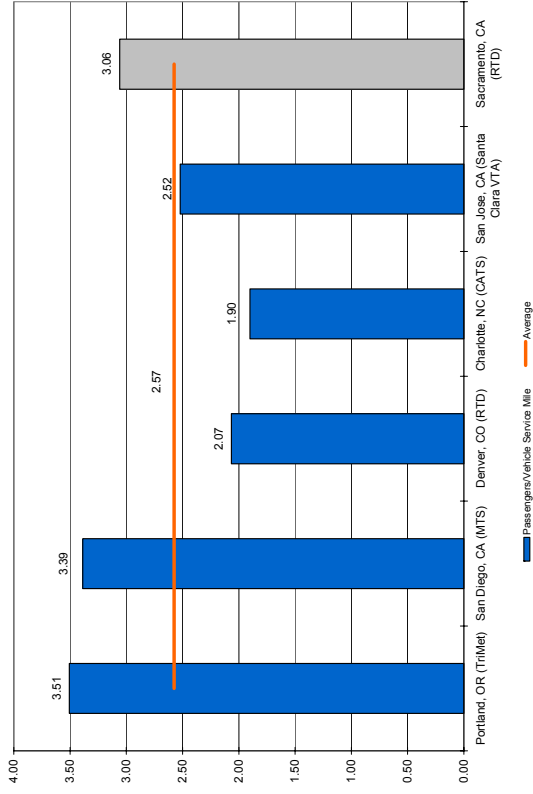
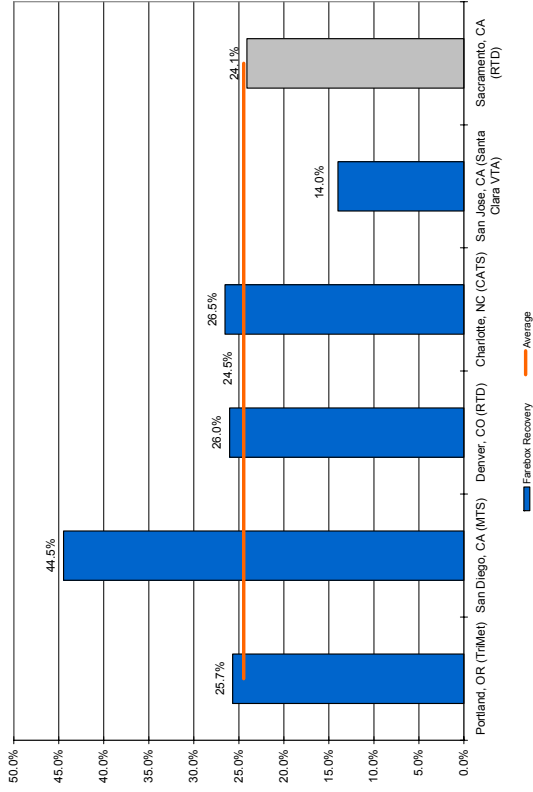


Exhibit 6.7 System-Wide Farebox Recovery Ratio



Fixed-Route Bus Peer Review

Sacramento RT was less cost-effective than the peer average with respect to fixed-route bus efficiency as evidenced by Operating Cost/Vehicle Service Hour, and Operating Cost/Vehicle Service Mile. RT was 24.6 percent above the peer average for Operating Cost/VSH and 41.0 percent above the peer average for Operating Cost/VSM. Performance within the peer group ranged from \$78.98 for San Diego MTS to \$156.84 for Santa Clara VTA for Operating Cost/VSH and from \$5.54 for Charlotte to \$12.65 for Santa Clara VTA for Operating Cost/VSM (RT ranked fifth for both). RT's fixed-route bus service is also less efficient than the peer average with respect to Operating Cost/Passenger (31.1 percent above the peer average). Performance within the peer group ranged from \$2.53 for San Diego MTS to \$5.81 for Santa Clara VTA with respect to Operating Cost/Passenger (RT ranked fifth).

Sacramento RT's fixed-route bus program is also less cost-effective than the peer group as evidenced by Passengers/Vehicle Service Hour (6.0 percent below the peer average). Performance within the peer group ranged from 23.83 for Charlotte to 34.78 for TriMet (RT ranked fourth). By contrast, RT carried 5.7 percent more riders each Vehicle Service Mile than the peer average. Performance within the peer group ranged from 1.7 for Charlotte to 2.85 for TriMet for Passengers/VSM (RT ranked third). RT's fixed-route bus farebox recovery ratio is below the peer average (20.8 percent versus 24.9 percent). Farebox recovery ratios ranged from 14.4 percent for Santa Clara VTA to 43.0 percent for San Diego MTS (RT ranked fifth).

SACRAMENTO REGIONAL TRANSIT DISTRICT – TRIENNIAL PERFORMANCE AUDIT

Exhibit 6.8 Fixed-Route Bus Peer Comparison

Performance Measures	Fixed-Route Bus Peer Review							Average	Sacramento, CA (RTD)
	Portland, OR (TriMet)	San Diego, CA (MTS)	Denver, CO (RTD)	Charlotte, NC (CATS)	San Jose, CA (Santa Clara VTA)	Sacramento, CA (RTD)			
Performance Measures									
Service Area Square Miles	574	406	2,326	445	326	815	277		
Service Area Population	1,466,540	2,220,359	2,619,000	696,837	1,808,056	1,762,158	1,097,932		
Operating Cost	\$223,177,624	\$128,850,296	\$292,008,992	\$68,200,000	\$200,421,135	182,531,609	\$87,435,507		
Fare Revenue	\$47,467,995	\$55,452,895	\$64,878,541	\$16,200,000	\$28,947,200	42,589,326	\$18,186,585		
Vehicle Service Miles	22,518,199	18,032,015	38,587,624	12,319,210	15,849,345	21,461,279	7,244,031		
Vehicle Service Hours	1,843,670	1,631,467	2,823,339	878,241	1,277,905	1,690,924	652,026		
Unlinked Trips	64,114,973	50,904,661	78,522,347	20,927,868	34,510,273	49,796,024	17,735,397		
Vehicles Operated in Maximum Service	532	430	892	274	336	493	195		
Performance Indicators									
Operating Cost/Vehicle Service Hour	\$121.05	\$78.98	\$103.43	\$77.66	\$156.84	\$107.59	\$134.10		
Operating Cost/Vehicle Service Mile	\$9.91	\$7.15	\$7.57	\$5.54	\$12.65	\$8.56	\$12.07		
Operating Cost/Passenger	\$3.48	\$2.53	\$3.72	\$3.26	\$5.81	\$3.76	\$4.93		
Passengers/Vehicle Service Hour	34.78	31.20	27.81	23.83	27.01	28.92	27.20		
Passengers/Vehicle Service Mile	2.85	2.82	2.03	1.70	2.18	2.32	2.45		
Farebox Recovery	21.3%	43.0%	22.2%	23.8%	14.4%	24.9%	20.8%		
Cost of living									
Composite	116.8	113.9	103.1	93.4	155.4	116.5	116.2		
Grocery	115.6	105.9	101.6	96.7	132.7	110.5	116.1		
Housing	129.3	202.2	107.9	80.1	243.0	152.5	139.0		
Utilities	93.4	96.0	99.3	96.9	128.1	102.7	99.8		
Transportation	112.7	114.7	94.5	98.9	119.5	108.1	115.5		
Health	108.8	113.3	105.5	107.5	114.0	109.8	109.5		
Miscellaneous	115.7	105.0	103.5	99.3	112.6	107.2	101.9		

Source: National Transit Database and Council for Community and Economic Research.

Exhibit 6.9 Fixed-Route Bus Operating Cost/VSH

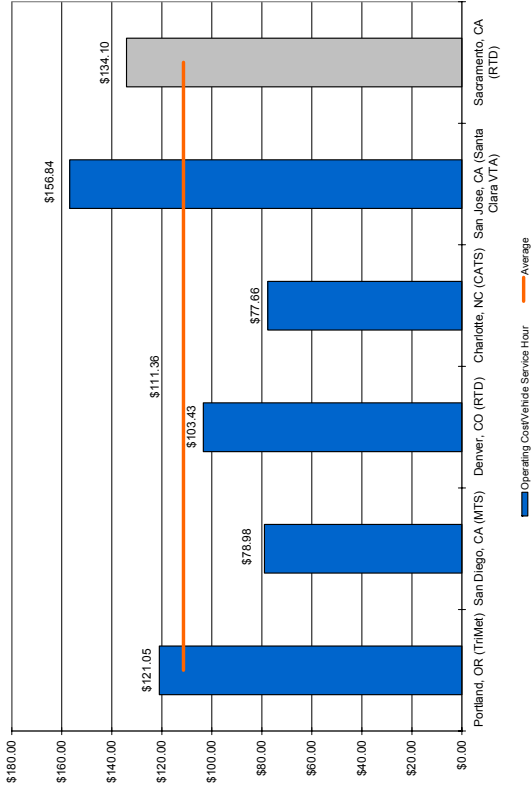


Exhibit 6.10 Fixed-Route Bus Operating Cost/VSM

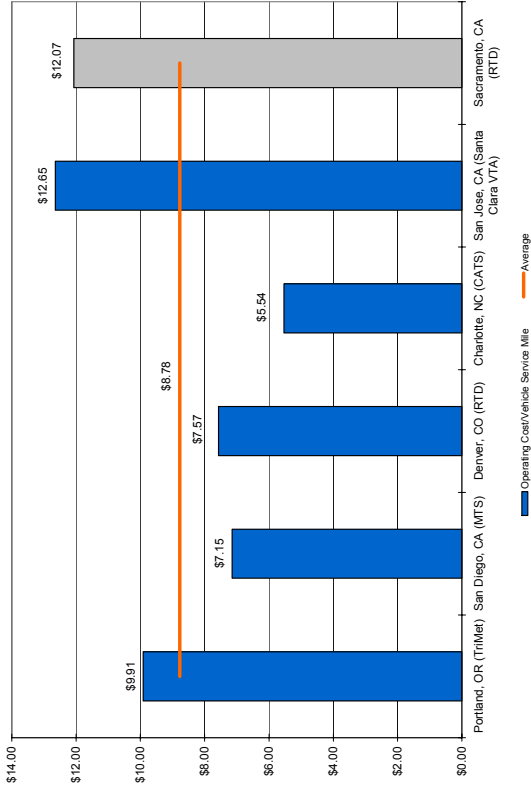


Exhibit 6.11 Fixed-Route Bus Operating Cost/Passenger

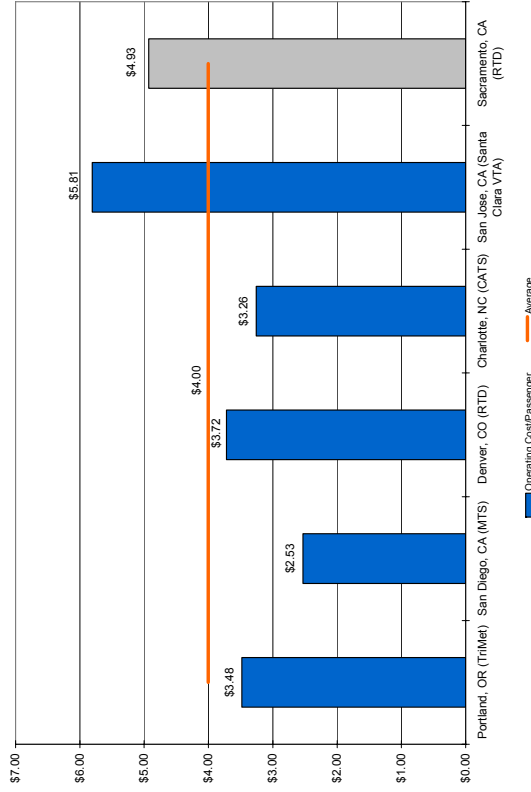


Exhibit 6.12 Fixed-Route Bus Passengers/VSH

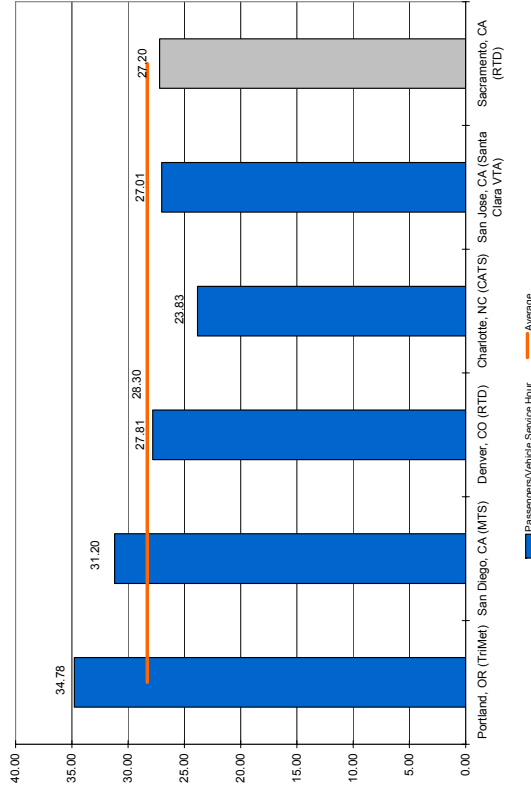


Exhibit 6.13 Fixed-Route Bus Passengers/VSM

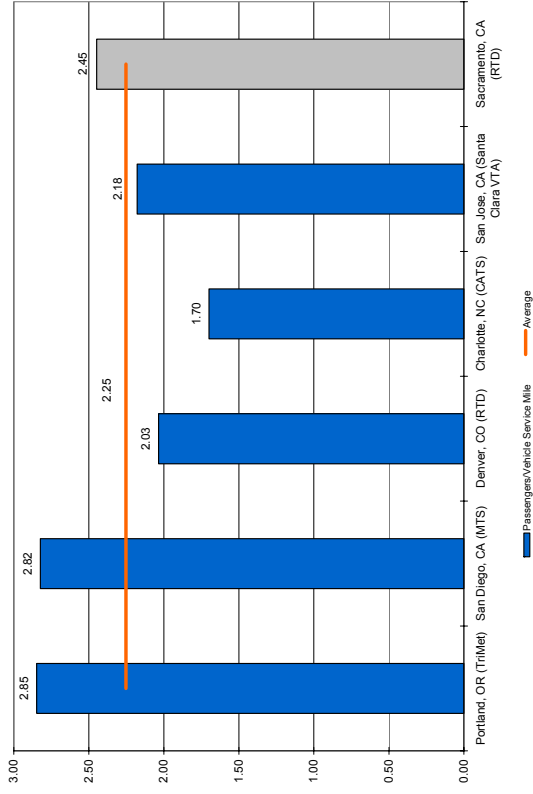
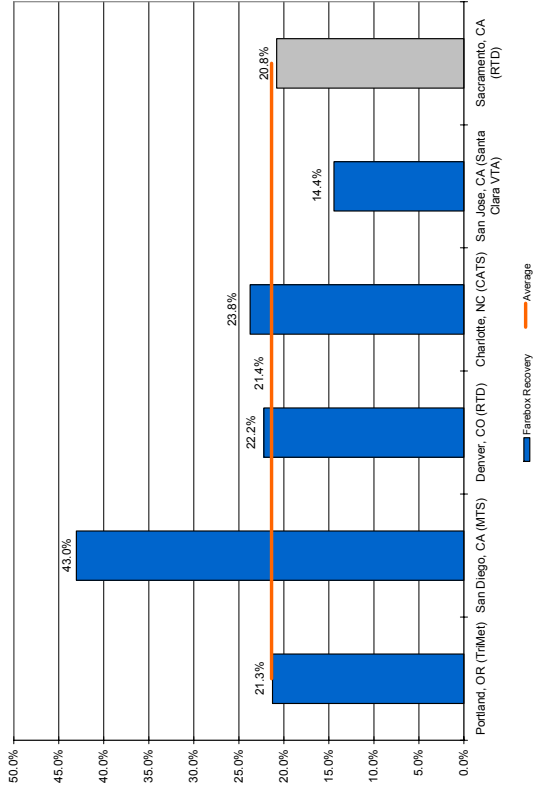


Exhibit 6.14 Fixed-Route Bus Farebox Recovery Ratio



Light Rail Peer Review

Sacramento RT is more cost-effective than the peer average with respect to light rail service efficiency as evidenced by Operating Cost/Vehicle Service Hour. RT was 2.8 percent below the peer average for Operating Cost/VSH. RT's light rail program was also more cost-effective than the peer average as measured by Operating Cost/VSM (9.0 percent lower than the peer average). Performance within the peer group ranged from 85.28 for Denver RTD to \$425.35 for Santa Clara VTA for Operating Cost/VSH and from \$4.43 to \$27.58 for the same operators for Operating Cost/VSM (RT ranked fourth for Operating Cost/VSH and third for Operating Cost/VSM).

RT was less efficient than other operators in the peer group as measured by Operating Cost/Passenger (6.5 percent above the peer average). Performance ranged from \$1.59 for San Diego MTS to \$5.40 for Santa Clara VTA (RT ranked fifth). RT's light rail service carried fewer Passengers/VSH and Passengers/VSM than the peer average (11.3 percent and 12.3 percent fewer, respectively). Performance within the peer group ranged from 42.22 for Denver RTD to 144.77 for San Diego MTS for Passengers/VSH and from 2.19 for Denver RTD to 5.78 for Charlotte for Passengers/VSM (RT ranked third for Passengers/VSH and fifth for Passengers/VSM). Farebox recovery ratios ranged from 12.5 percent for Santa Clara VTA to 52.7 percent for San Diego MTS (RT ranked fifth).

SACRAMENTO REGIONAL TRANSIT DISTRICT – TRIENNIAL PERFORMANCE AUDIT

Exhibit 6.15 Light Rail Peer Comparison

	Portland, OR (TriMet)	San Diego, CA (MTS)	Denver, CO (RTD)	Charlotte, NC (CATS)	San Jose, CA (Santa Clara VTA)	Average	Sacramento, CA (RTD)
Performance Measures							
Service Area Square Miles	574	406	2,326	445	326	815	277
Service Area Population	1,466,540	2,220,359	2,619,000	696,837	1,808,056	1,762,158	1,097,932
Operating Cost	\$84,120,139	\$58,536,767	\$41,677,168	\$7,900,000	\$58,068,693	50,060,553	\$49,001,498
Fare Revenue	\$31,495,353	\$27,881,540	\$21,945,973	\$4,000,000	\$7,236,800	18,511,933	\$14,700,449
Vehicle Service Miles	6,875,263	7,894,427	9,405,736	643,134	2,105,555	5,384,823	4,212,646
Vehicle Service Hours	268,926	409,513	488,701	36,431	136,519	268,018	213,129
Unlinked Trips	38,931,646	36,928,198	20,635,133	3,717,921	10,754,161	22,193,412	17,315,017
Vehicles Operated in Maximum Service	85	93	101	18	54	70	56
Performance Indicators							
Operating Cost/Vehicle Service Hour	\$312.80	\$142.94	\$85.28	\$216.85	\$425.35	\$236.64	\$229.91
Operating Cost/Vehicle Service Mile	\$12.24	\$7.41	\$4.43	\$12.28	\$27.58	\$12.79	\$11.63
Operating Cost/Passenger	\$2.16	\$1.59	\$2.02	\$2.12	\$5.40	\$2.66	\$2.83
Passengers/Vehicle Service Hour	144.77	90.18	42.22	102.05	78.77	91.60	81.24
Passengers/Vehicle Service Mile	5.66	4.68	2.19	5.78	5.11	4.68	4.11
Farebox Recovery	37.4%	47.6%	52.7%	50.6%	12.5%	40.2%	30.0%
Cost of living							
Composite	116.8	113.9	103.1	93.4	155.4	116.5	116.2
Grocery	115.6	105.9	101.6	96.7	132.7	110.5	116.1
Housing	129.3	202.2	107.9	80.1	243.0	152.5	139.0
Utilities	93.4	96.0	99.3	96.9	128.1	102.7	99.8
Transportation	112.7	114.7	94.5	98.9	119.5	108.1	115.5
Health	108.8	113.3	105.5	107.5	114.0	109.8	109.5
Miscellaneous	115.7	105.0	103.5	99.3	112.6	107.2	101.9

Source: National Transit Database and Council for Community and Economic Research.

Exhibit 6.16 Light Rail Operating Cost/VSH

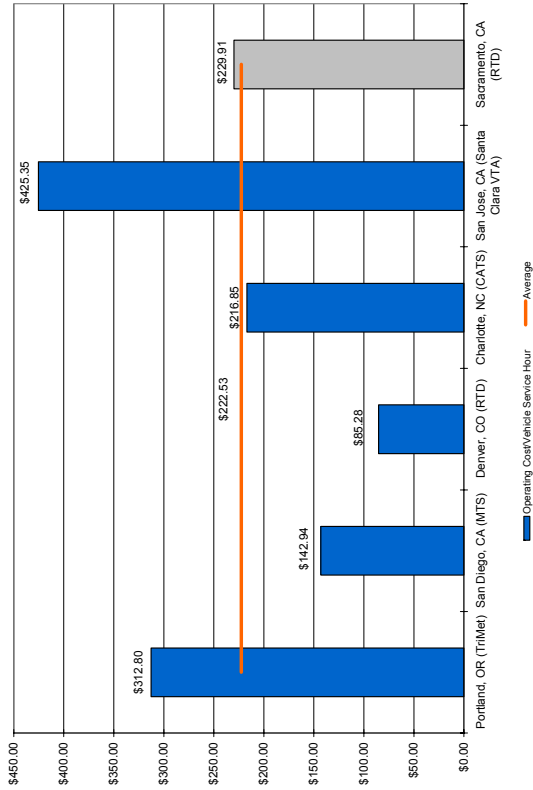


Exhibit 6.17 Light Rail Operating Cost/VSM

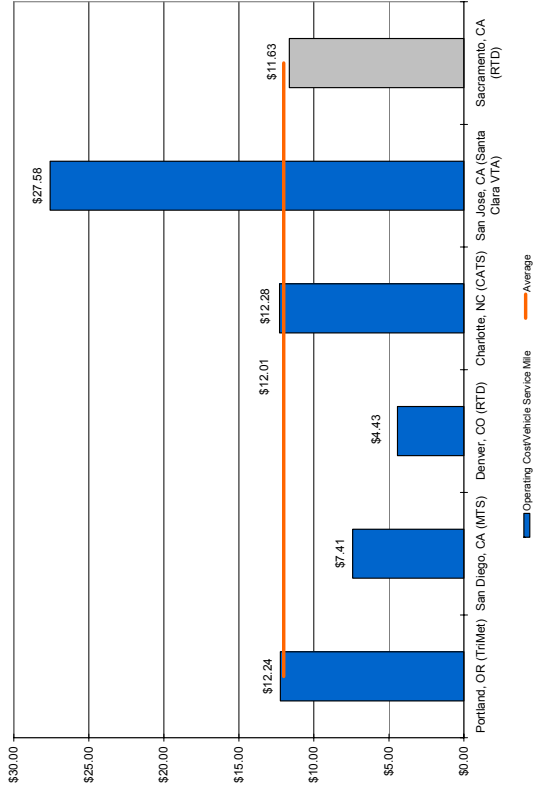


Exhibit 6.18 Light Rail Operating Cost/Passenger

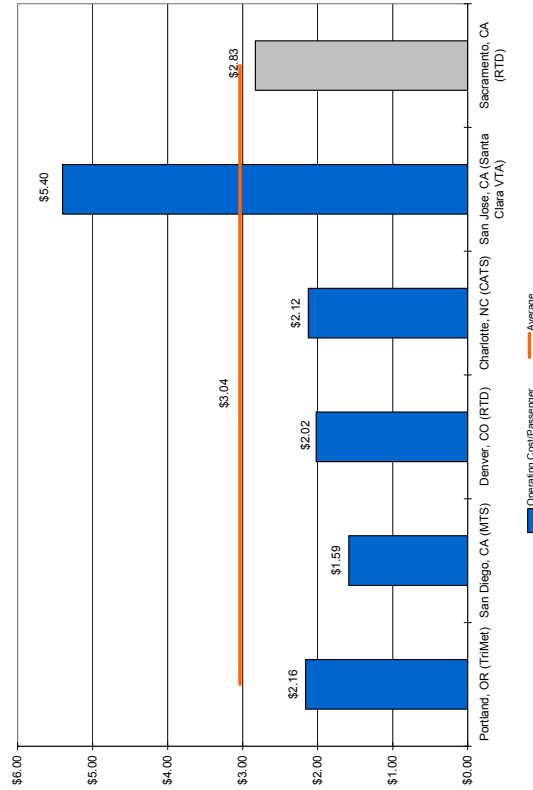


Exhibit 6.19 Light Rail Passengers/VSH

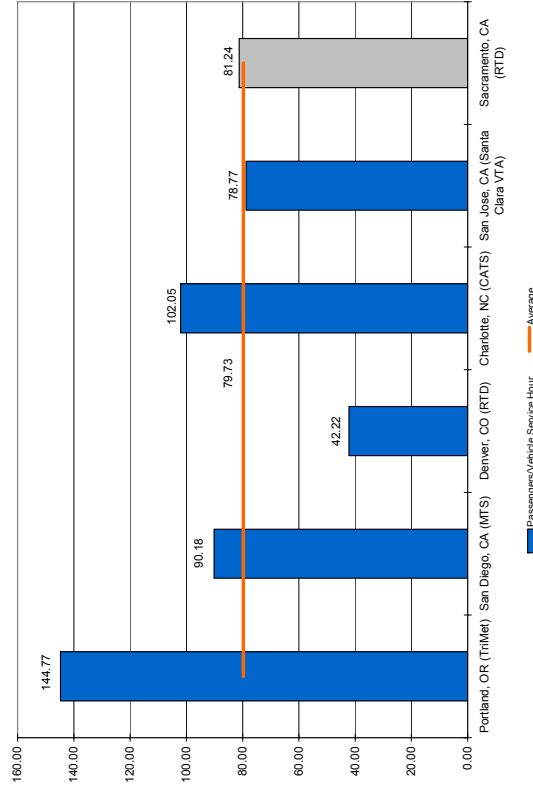


Exhibit 6.20 Light Rail Passengers/VSM

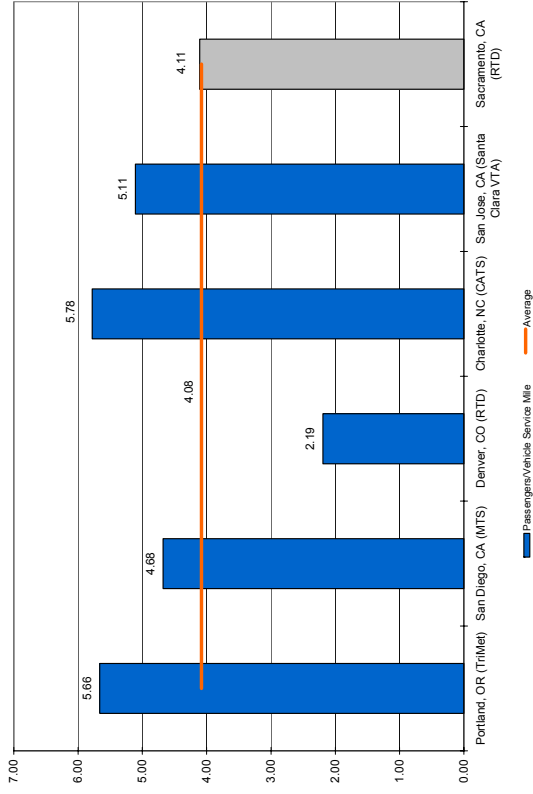
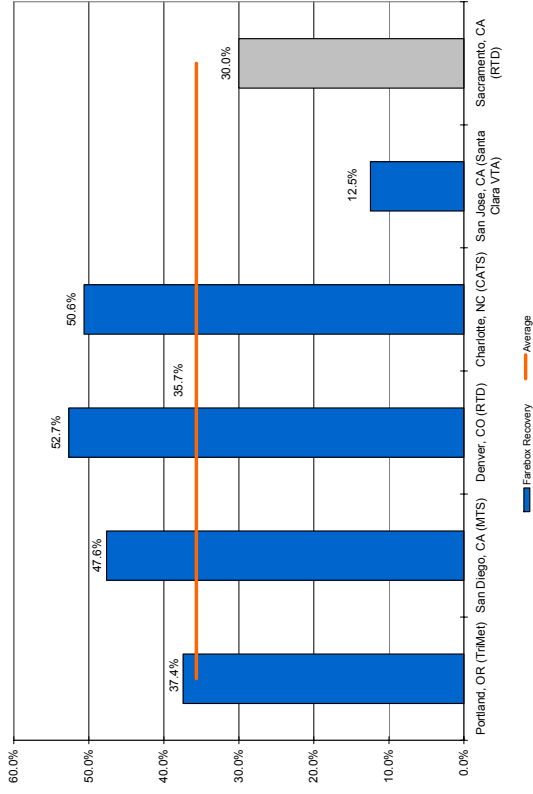


Exhibit 6.21 Light Rail Farebox Recovery Ratio



7

7. FUNCTIONAL REVIEW

CHAPTER 7 – FUNCTIONAL REVIEW

A functional review of the Sacramento Regional Transit District seeks to assess the extent and efficiency of the following functional activities:

- General Management and Organization;
- Service Planning;
- Scheduling, Dispatch, and Operations;
- Personnel Management and Training;
- Administration;
- Marketing and Public Information; and
- Maintenance.

Although the Triennial Performance Audit covers the period from July 1, 2006 through June 30, 2009, some aspects of the functional review take into consideration events occurring subsequent to June 30, 2009 given their perceived impact on RT performance.

General Management and Organization

The agency was created in 1971 by the Sacramento Regional Transit District Act to provide public transit service in the Sacramento metropolitan area. The District is governed by an 11-member Board of Directors with the following composition:

- Four appointed by the Sacramento City Council;
- Three appointed by the Sacramento County Board of Supervisors; and
- One each appointed by the city councils of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova.

The Sacramento Regional Transit District's (RTD) service offerings have evolved significantly since 1971, expanding upon traditional fixed-route bus service to also include community shuttles, specialized ADA service, and light rail. The District operates seven different services within the greater Sacramento region:

- Regular fixed-route bus,

- Limited-stop, peak hour express bus service,
- Weekday bus trippers,
- Downtown-specific shuttles,
- Neighborhood Ride shuttles,
- Complementary ADA paratransit (covered under a separate audit report),
and
- Light Rail.

The District operates 61 regular fixed routes, most of which operate seven days a week, from as early as 5:00 a.m. to as late as 11:30 p.m. These routes form the backbone of RT's service offerings and generally operate along major thoroughfares. RT also operates 12 limited-stop express routes. These routes offer a limited number of uni-directional trips (between two and four, depending on the route) during peak hours linking residential areas and employment centers. RT operates two downtown shuttles on weekdays chiefly serving State employees as well as one tourist-oriented downtown shuttle on Saturday. RT's 200-series routes are designated as "trippers," designed to address excess demand on other routes or serve a highly-targeted rider segment. Most of these routes feature only a handful of runs each day. In addition to these services, RT introduced the "Neighborhood Ride" community bus program which features eight routes providing local deviated fixed-route service within specific communities throughout the larger RT service area. Neighborhood Ride buses can deviate as much as three-quarters of a mile from the prescribed route to pick up seniors and persons with disabilities. Base fare for all fixed-route service is \$2.50, with a discount fare of \$1.25 available for seniors, persons with disabilities, and students.

In 1987, RT introduced Light Rail service within the greater Sacramento Region. The system was one of the first such systems in the nation and now features 48 stations served by 76 vehicles operating 365 days a year. The Gold Line operates from 3:50 a.m. to 12:50 a.m. between Sunrise and downtown Sacramento; and from 5:00 a.m. and 7:30 p.m. between downtown Sacramento and Folsom. The Blue Line operates from 5:00 a.m. and 12:30 a.m. between Meadowview and

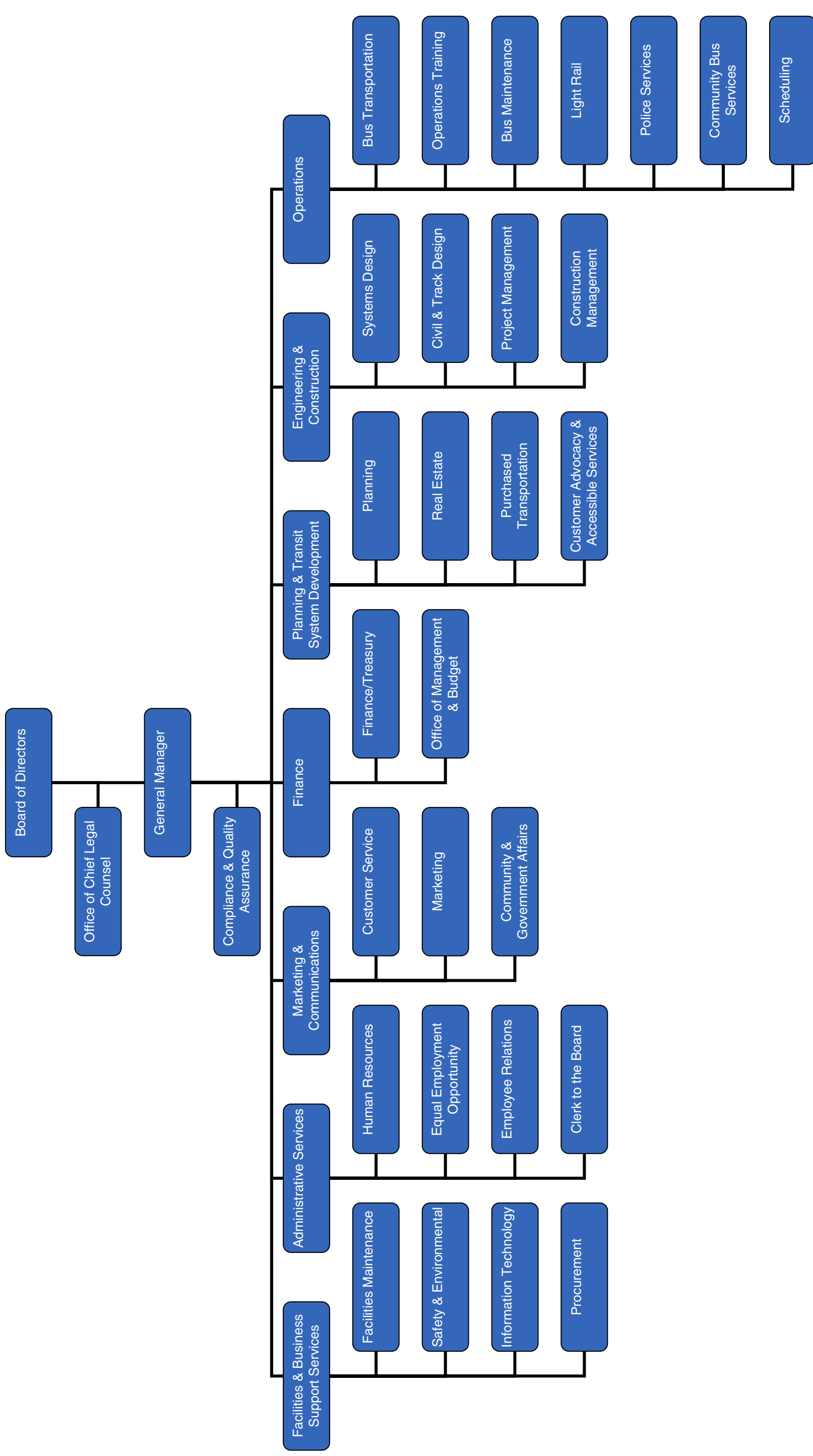
Watt/I-80. Base fare for the Light Rail service is \$2.50, with a discount fare of \$1.25 available for seniors, persons with disabilities, and students.

Organizationally, RT is composed of seven divisions:

- Operations,
- Administrative Services/Equal Employment Opportunity,
- Finance,
- Marketing & Communications,
- Facilities & Business Support Services,
- Engineering & Construction, and
- Planning & Transit System Development.

The Executive Management Team, composed of senior-level division and department managers, meets regularly to review program performance and vital statistics and identify opportunities for addressing any performance shortfalls.

Exhibit 7.1 Organizational Chart



Source: Sacramento Regional Transit District

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Service Planning

The District's planning function is housed within the Planning and System Development Division, headed by an Assistant General Manager. The District recently updated its long-range plan – the Transit Master Plan – and re-branded it the TransitAction Plan (TAP). The District had last updated its long-range plan in 1993, which is particularly long given the explosive growth the region has undergone across the past 17 years. The Plan had three primary goals:

- Provide direction for transit in the region: Going beyond a “transit-only” plan, addressing wider land use issues in a growing region.
- Grow market share and attract new choice riders by concentrating on providing competitive journey speeds, direct routes to key destinations, high service frequencies, and better punctuality and reliability.
- Raise the quality of the transit service by reducing nuisance behavior, enhancing the quality and availability of information, improving passenger comfort, simplifying fares and ticketing, and making transfers easier.
- Draw relevant partners/agencies together to ensure the Blueprint process and Smart Growth outcomes are realized.
- Make the case for funding.

In its 18-month Transit Action Plan development process, RT convened more than 100 meetings with stakeholders as well as the community at-large to establish priorities for projects and ensure the Plan reflects the region's vision for its own transit network.

Given the TAP is a long-range planning document guiding program development over a 25-year period, RT is currently working to build RT's Strategic Plan around it. The Strategic Plan is a short-range planning tool which the District RT will use to implement the vision outlined in the TAP.

Staff conduct fare surveys twice annually along with a transfer analysis. Staff also regularly conducts face-to-face interviews on-board vehicles and all staff is required to utilize the service regularly and fill-out comment cards to provide

input. The state budget crisis and resulting furloughs have significantly impacted RT's ridership and, as a result, fare revenue. RT implemented two fare increases in 2009 – one in January (bringing the base fare to \$2.25) and one in September (bringing the base fare to \$2.50). RT conducts public meetings associated with all fare adjustments and service changes.

The Planning and System Development Division is also responsible for managing RT's contract with Paratransit, Inc. for the provision of ADA complementary paratransit service within RT's service area. In tightening its own budget, RT has also reduced its contract with Paratransit, Inc. as well as ended funding for mobility training services. RT recently hired a consulting firm to evaluate the Paratransit, Inc. relationship/contract and identify ways to improve the cost allocation model. Some recommendations arising from this analysis include revisions to the no-show policy and eligibility requirements.

The Federal Transit Administration's (FTA) New Starts program requires applicants make a connection between land-use and transportation when applying for funds to construct major capital projects. RT is extremely active in promoting Transit-Oriented Development (TOD) in conjunction with its capital projects. Given the recent recession, however, all planned TOD projects have been cancelled or postponed, giving staff the opportunity to re-evaluate the program and take a more strategic approach toward guiding future land-use patterns along major transit corridors and rail lines. Staff is also working with a Business Improvement District along Broadway to prepare for a potential streetcar project.

[Scheduling, Dispatch, and Operations](#)

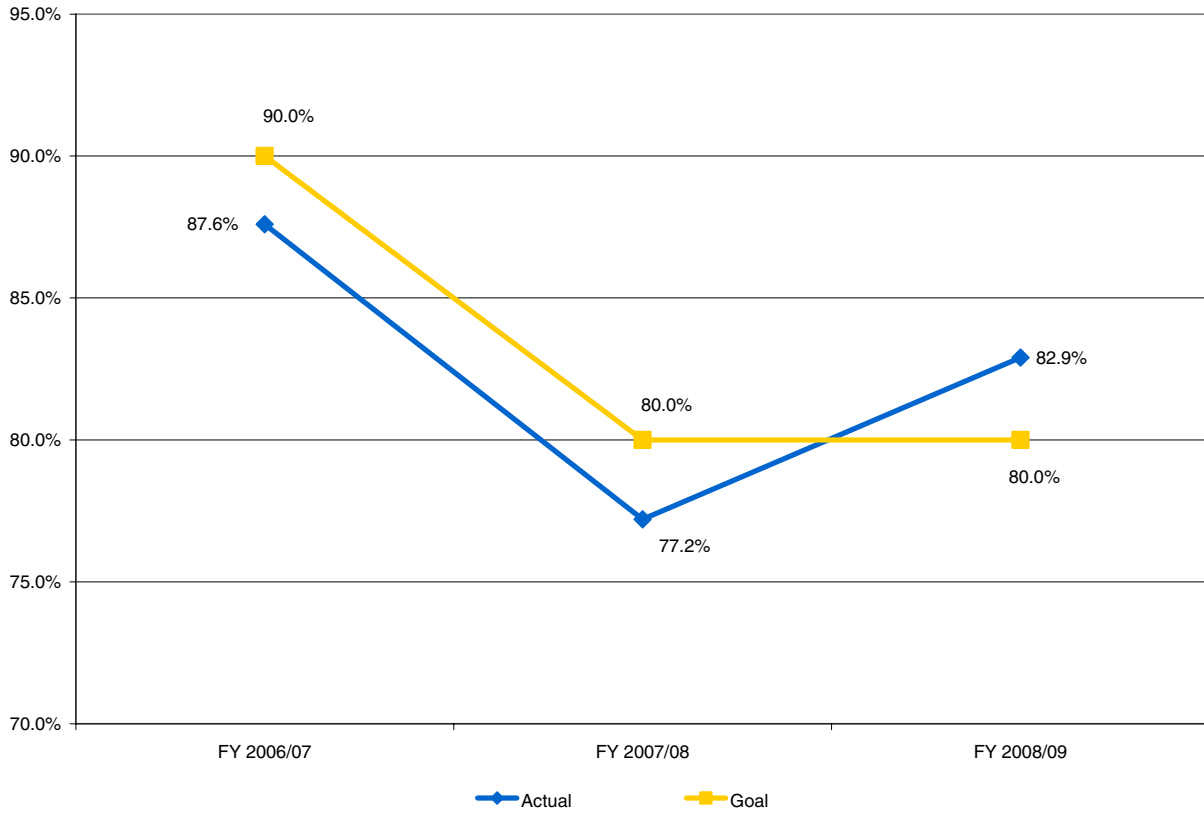
The Operations Division oversees the operation and maintenance of Bus, Light Rail, and Community Bus services. Drivers bid for their assignments quarterly based on seniority. Given all Light Rail operators must be culled from the ranks of Bus operators, there is one opportunity annually for Bus operators to apply for Light Rail assignments – the January bid. The Community Bus Services program has its own pool of drivers – separate from Bus and Light Rail – with separate bids and supervisors.

RT does not include trippers within the bid packages. However, in some instances, they are rolled into larger special assignments and bid separately. RT does not employ part-time drivers as the result of an agreement with labor representatives inked during the development of the Community Bus Services (Neighborhood Ride) program. The District employs approximately 70 extra-board bus operators, 17 extra-board light rail operators, and four Community Bus Services extra-board operators. RT also has approximately 30 “vacation relief” bus operators and five “vacation relief” light rail operators.

The District uses the Trapeze software system to address its scheduling and dispatching needs. RT is in the process of equipping all vehicles in the fleet with AVL and GPS capability that would integrate with Trapeze to improve the level of information available to customer service personnel as well as the general public.

The District samples on-time performance for its fixed-route bus service using “time-point event recorders” installed on a significant portion of its bus fleet. The District collects data from the “time-point event recorders” determines whether buses leave time-points more than five minutes beyond the scheduled departure time. The chart below illustrates fixed-route bus on-time performance versus the District’s own adopted on-time performance goals. The District doesn’t formally track light-rail on-time performance, but operators are instructed to contact dispatch should they depart from a given stop more than three minutes beyond the scheduled departure time.

Exhibit 7.2 Fixed-Route Bus On-Time Performance



Source: Sacramento Regional Transit District

The District altered the way it reports crime statistics – from reporting all crimes in FY 2006/07 – to include only “serious” crimes in FY 2007/08 and FY 2008/09. “Serious” crimes include felony and misdemeanor crimes and not infractions or citations. While the overall number of serious crimes reported increased 14.7 percent between FY 2007/08 and FY 2008/09, the ratio of serious crimes committed for every 1,000 boardings only increase 5.8 percent.

Exhibit 7.3 Serious Crimes

	FY 2007/08	FY 2008/09
Reported Serious Crimes	549	630
Crimes/1,000 Boardings	0.017	0.018

Source: Sacramento Regional Transit District

The District also tracks Train Hours, which are “blind” to the specific length (i.e., number of cars) coupled to comprise a given train. During the audit period, the ratio of Train Hours to Revenue Hours remained relatively stable. The average length of a train used within RT’s Light Rail network ranged from 2.57 cars to 2.64 cars during the audit period.

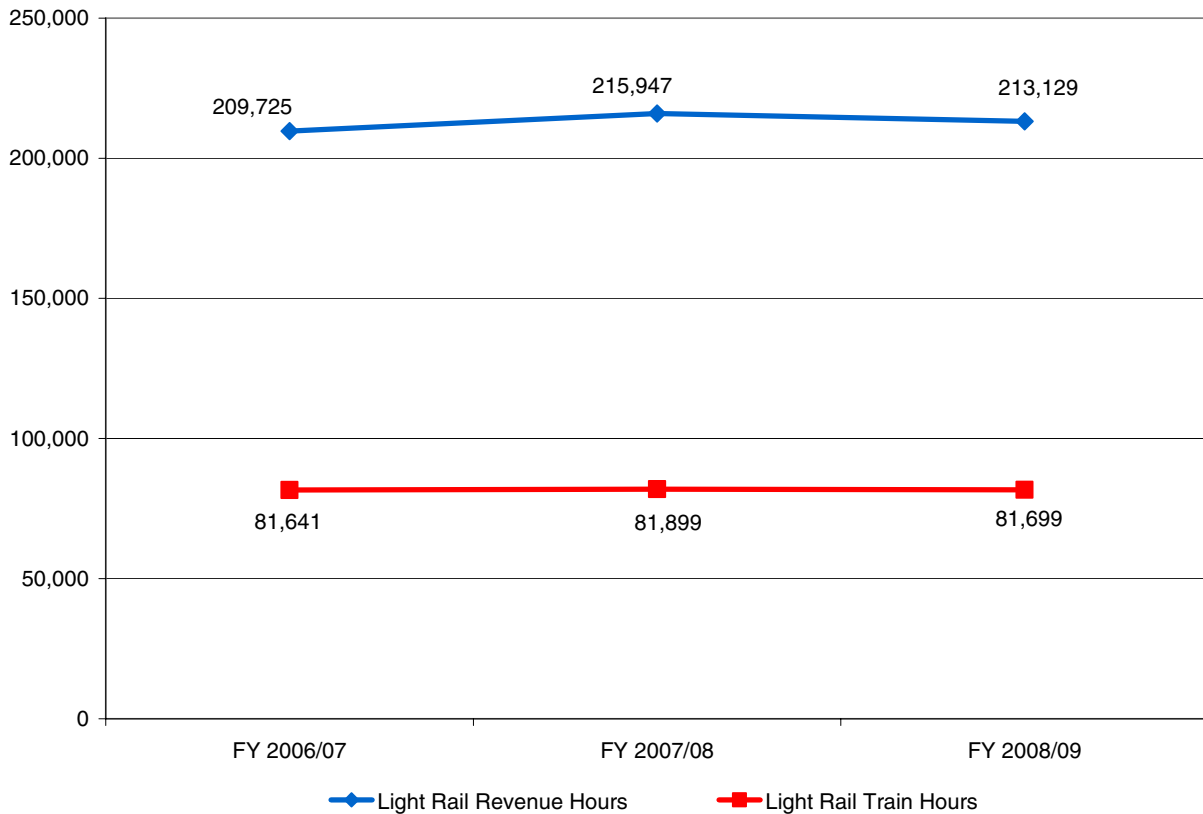
Exhibit 7.4 Light Rail Train Hours vs. Revenue Hours

	Light Rail Train Hours	Light Rail Revenue Hours	Revenue Hour/Train Hour Ratio
FY 2006/07	81,641	209,725	2.57
FY 2007/08	81,899	215,947	2.64
FY 2008/09	81,699	213,129	2.61

Source: Sacramento Regional Transit District

The chart below compares Light Rail Train Hours and Revenue Hours side-by-side.

Exhibit 7.5 Light Rail Train Hours vs. Revenue Hours



Source: Sacramento Regional Transit District

Personnel Management and Training

The current operating budget is structured to accommodate approximately 1,250 employees. However, given dwindling funding, RT currently employs approximately 1,050. Remarkably, RT has avoided layoffs to date through the use of attrition (i.e., not filling positions when they become vacant). Positions are only filled if they are deemed “mission critical” or approved by the General Manager. However, recent reductions in state transportation funds may necessitate across-the-board staff reductions within the District. The District has always operated on a lean budget, but began to actively “constrain” the budget three years ago when it noticed issues related to how the State was disbursing transit funds, but they did not foresee the recent nation-wide recession or account for the severe impacts it has had on the agency.

All but approximately 80 employees are represented by one of four labor unions. Labor Relations and Human Resources are separate departments within the Administrative Division.

Approximately four years ago, the District experienced a significant number of retirements within critical positions, a development noted by the prior auditor. The auditor generated a recommendation to more effectively measure District progress toward meeting goals and improve monitoring of performance measures related to workers compensation and turnover. As a result, RT implemented the following metrics on January 1, 2008:

- “Turnover” by department, job classification, and overall District.
- “Days to fill” for both exempt and non-exempt positions.
- “Days to hire” for both exempt and non-exempt positions.
- “Cost per hire” for both exempt and non-exempt positions.
- Applications per vacancy, by position.
- Number/percent of vacant positions by type (vacant vs. authorized).
- Applicants and positions filled by gender/ethnicity.
- Number of open claims.

- Average cost per claim.
- Average days-off per claim.
- Average length of claims.
- Number of retirements processed.
- Number of retirement counseling meetings with employees.
- Number of “new hires” added to the benefits programs.
- Number of benefit changes requested/completed.
- Number of employee status changes (terminations, promotions, transfers, hires, etc).
- Number of (employee) dependent transit passes issued.
- Number of new Family Medical Leave claims.
- Percent of employee benefit issues resolved within five business days.
- Number of “new hire” orientations conducted.

It is clear from discussions with RT staff it took the recommendation seriously and has exceeded expectations with regard to its implementation.

The Sacramento Regional Transit District measures employee availability by the average number of days within a given fiscal year employees are available. Given the District has a number of different labor contracts with different terms for each, employee availability is tracked and goals are set for each contract. With the exception of employees covered by the Transit Officer & Clerical (ATU) contract, the District witnessed a net increase in employee availability between FY 2006/07 and FY 2008/09. The District is still short of meeting its overall goal of 223 average days of availability/employee on an annual basis, but is making strides toward meeting that standard.

Exhibit 7.6 Employee Availability

	FY 2006/07	FY 2007/08	FY 2008/09	Goal
Management & Confidential	233.29	234.47	234.61	235.00
AEA	229.06	231.00	233.35	230.00
IBEW 1245	222.26	222.85	226.78	225.00
Transit Officer & Clerical (ATU)	219.47	220.83	207.20	210.00
Bus & Rail Operators (ATU)	205.82	206.66	206.67	209.00
ATU 256 (all Groups)	206.95	208.21	207.09	None
AFSCME	222.32	230.36	226.25	225.00
Agency-Wide	215.54	217.19	217.45	223.00

Source: Sacramento Regional Transit District

Administration

The Finance Division is headed by the Chief Financial Officer (CFO) who has been in the position since 2007. The CFO has taken the Finance Division in a new direction, moving from “gatekeeper” of funds to a facilitator, working closely with other division and departments to ensure their goals are realistic and making sure they have the funds necessary to meet them. A staff of analysts within the Finance Division is assigned to other departments specifically to work with them and ensure their budgets are in line and spending is on-target.

The District has used SAP’s Enterprise Resource Planning (ERP) software package since 2002 to assist with finance purchasing, material management, project management, human resources, personnel management, benefits, and payroll. RT upgraded the human resources module in 2007 and is considering upgrading the finance module in the near future. SAP has been problematic at times and staff has spent a considerable amount of time improving its functionality.

Sacramento RT’s Finance/Treasury Department is responsible for treasury management, payroll, revenue operations, accounts payable, and general accounting. Chief among the department’s accomplishments is the Comprehensive Annual Financial Report (CAFR), which is regularly recognized for excellence in achieving the highest standard in government accounting and financial reporting by the Government Finance Officers Association. The District has a Standard Operating Procedures (SOP) manual that guides day-to-day

operations. The document must be reviewed by all members of the Executive Management Team (EMT).

Finance is responsible for negotiating and administering the transfer agreements with other agencies in the region. In addition, Finance is responsible for coordinating with approximately 150 pass sales outlets in the Sacramento area.

There are two separate models for pass outlets:

- Commission-based system for traditional retail outlets such as grocery stores, and
- Non-commission system for non-retail outlets such as public agencies selling to their own employees.

RT's internal auditor recently retired (Summer 2009), and the position has yet to be filled given a District-wide hiring freeze. Since that time, the work conducted by the auditor has been either re-distributed internally or outsourced. One of the auditor's primary functions was auditing indirect cost rates on responses to RFPs for contracts. This work has since been performed by the Finance Department but will soon be outsourced (an RFP will soon be developed). Issues with legal aspects have been handled by outside legal counsel hired by RT's legal department. Record keeping functions such as collecting and reporting on Quality Assurance cards filed by employees riding the system have been distributed internally to other departments.

RT centralized the procurement system in 2007 and developed a "pink slip" policy wherein any deviations (i.e., infractions) from adopted procurement policies and procedures are documented. Most of these "pink slips" are the result of misuse of the "P-Card" – the District's credit card. All procurement policies and procedures are clearly detailed within the District's SOP manual. Management also created a Small Business Program – culled from similar programs at other agencies – that promotes bids from small businesses on RT procurements.

GFI fareboxes are installed on all regular RT fixed-route buses and every farebox is dumped into the Revenue Center on a daily basis. The fareboxes are probed daily, at which point the data are sent to a computer in the Revenue Center which transmits them to RT's network. Each morning, Revenue Center staff counts all cash dumped the night before and prepares it for an armored-car service which makes the deposit. Neighborhood Ride fareboxes are sent to the Revenue Center on a weekly basis and exchanged for new fareboxes. Receipts are reconciled with GFI reports on a monthly basis. If a variance of seven percent or more is revealed, the issue is brought to the attention of the Chief Financial Officer.

The Light Rail service accepts cash fare through a network of 88 Fare Vending Machines (FVMs) positioned at stations throughout the system. Approximately 20-25 FVMs are serviced on a daily basis by a Clerk II who is accompanied by a police officer for security. All receipts are brought to the Revenue Center for processing. Following the count, receipts are delivered to the bank by an armored-car service. When cash/coins are removed from the FVMs, the machines provide the Clerk II with a receipt to facilitate reconciliation. Staff from the Revenue Center then reconciles cash and coins against the receipt.

Marketing and Public Information

The Marketing and Communications Department is responsible for operation of RT's call center, which is open weekdays, 6:00 a.m. to 9:00 p.m.; Saturday, 7:00 a.m. to 6:30 p.m.; and Sunday, 8:00 a.m. to 5:30 p.m. The Department is also responsible for the operation of the Customer Service and Sales Center at 1225 R Street in downtown Sacramento. This location is open weekdays, 8:00 a.m. to 6:00 p.m.; Saturday, 10:00 a.m. to 2:00 p.m.; and closed on Sunday and most holidays.

In FY 2008/09 the Customer Advocacy Department was contacted 13,155 times by customers. The majority came in the form of phone calls answered directly by a representative (50.4 percent) or as voicemails left by the customer (27.7 percent). The only other form of contact garnering a significant share was e-mails, which comprised 14.2 percent of the total. During the same period, RT

received a total of 805 formal complaints necessitating a formal response and 1,819 informal complaints (no follow-up action required).

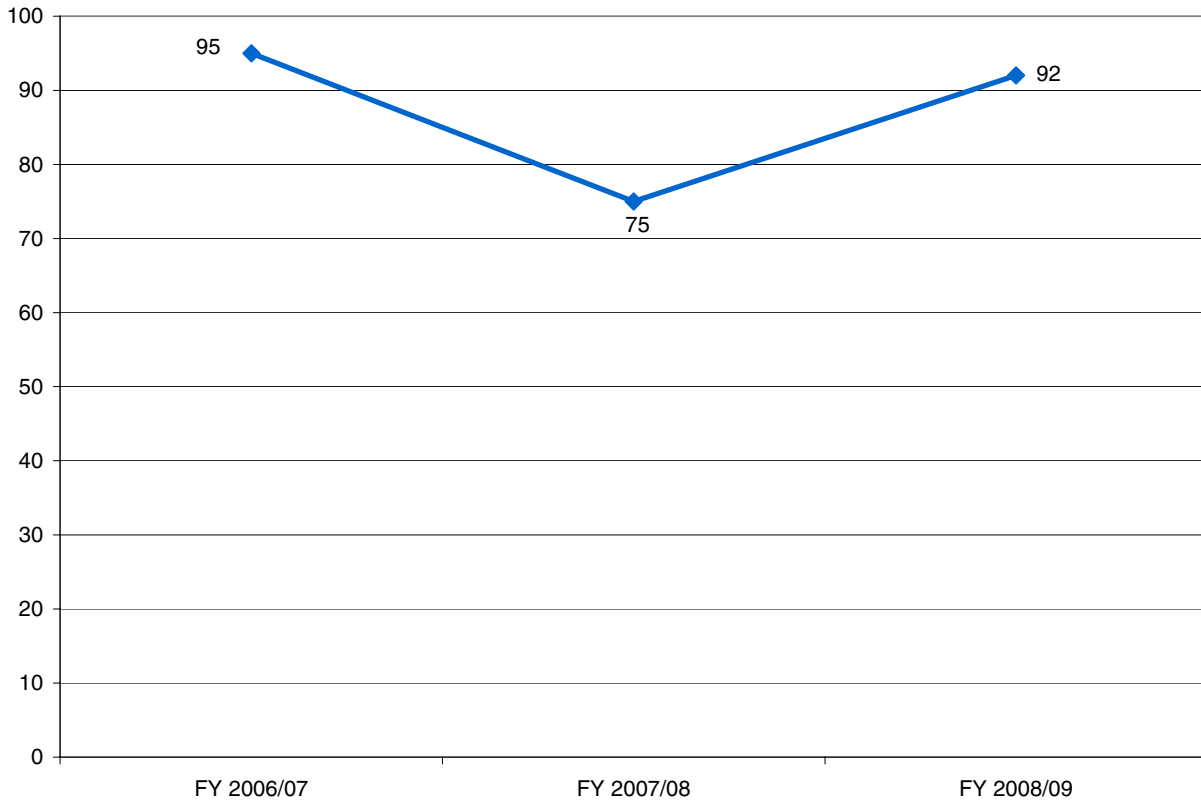
Exhibit 7.7 Customer Contacts for FY 2008/09

Type of Contact	Number	Percent of Total
Live Calls	6,626	50.4%
Voicemails	3,649	27.7%
E-Mails	1,871	14.2%
Faxes	123	0.9%
Letters	792	6.0%
Walk-Ins	94	0.7%
Total	13,155	100.0%

Source: Sacramento Regional Transit District

During the period covered by this review, average wait times for customers calling into the call center ranged from 75 seconds in FY 2007/08 to 95 seconds in FY 2006/07.

Exhibit 7.8 Call Center Wait Times (in seconds)



Source: Sacramento Regional Transit District

The Department is also responsible for the publication of the Bus & Light Rail Timetable Book, which retails for two dollars and includes maps and timetables for all RT bus and light rail routes. The book also contains service information, official policies, a rider guide, and extensive detail regarding applicable laws and regulations.

The District has its own “turn-key” marketing/advertising team – including graphic designers – that brainstorm, create, and produce all marketing campaigns and requisite collateral. The District won an American Public Transit Association (APTA) Ad-Wheel award for its “It’s time to take transit” campaign in 2008. As with most public transit operators now, the marketing budget is slim and staff has learned to be creative in developing and implementing strategies for promoting transit ridership in the Sacramento area.

The Marketing and Communications Department is also responsible for community and government relations and has contracts with both a state and federal lobbyist. Staff is currently working to improve collaboration among RT and smaller transit operators in the area to increase ridership and play to each operator’s relative strengths.

Maintenance

The Sacramento Regional Transit District performance all bus maintenance at two facilities – one for regular fixed-route vehicles at the intersection of 29th and N Streets and one at McClellan Park for cutaways used to operate the Neighborhood Ride program. Preventative maintenance schedules meet or exceed manufacturer recommendations and vary based on vehicle series.

The preventative program consists of a series of inspections conducted at regular intervals, each more thorough than the one before it.

- Drivers perform daily pre and post-trip inspections of each vehicle, alerting the Maintenance Department to any major issues they identify.

- Weekly inspections include brake and suspension systems, safety components and under floor running gear including steering and wheelchair lifts.
- At 30 days, regular maintenance of the fire suppression system and a second inspection of the wheelchair lift system occur.
- At 180 days or 17,500 miles a tune up is performed. This includes changing the spark plugs, checking the injectors, valves, racks, seals, filters, fluid levels and other items and steam cleaning the engine compartment.
- At 185 days the farebox undergoes preventive maintenance.
- At 360 days or 35,500 miles another tune-up occurs, followed by a wheelchair lift inspection and farebox and fire suppression maintenance at 365 days. This process repeats every year with a more significant tune-up at 720 days or 71,500 miles.

The smaller Neighborhood Ride buses have their wheelchair lifts and fareboxes inspected and maintained at the same intervals as the full-size buses. The Neighborhood Ride buses adhere to the following preventative maintenance schedule:

- At 90 days or 4,000 miles inspections include brake and suspension systems, safety components and under floor running gear.
- At 180 days or 17,500 miles a tune up is performed. This includes changing the spark plugs, checking the injectors, valves, racks, seals, filters, fluid levels and other items and steam cleaning the engine compartment.
- At 365 days or 16,000 miles preventive maintenance repeats along with a tune-up at 365 days or 35,500 miles.
- This process repeats every year with a more significant tune-up at 720 days or 71,500 miles.

All warranty work is performed on-site by the respective manufacturer. All tire work is performed by a Goodyear Tire Company employee housed on-site at the

29th Street facility. Sacramento RT also has its own paint shop and body shop on-site. The facility used for regular fixed-route bus maintenance is entirely self-sufficient, with little or no work performed elsewhere under contract. The facility used to maintain Neighborhood Ride vehicles focuses largely on preventative maintenance, major repairs necessitate the Neighborhood Ride vehicles be sent to the regular fixed-route bus facility. The current facility is operating at capacity with the current fleet. Buses are stored across 29th Street in a four-block long lot running under the Capitol City Freeway.

Exhibit 7.9 Bus Fleet

Date in Service	Quantity	Manufacturer	Length	Fuel Type	Number Removed from Active Fleet	Number in Active Service
2000	12	Orion	40'	CNG	0	12
2000	4	Chance	31'	CNG	0	4
2001	7	El Dorado	27'	Gasoline	4	3
2002	10	Goshen	27'	Diesel	1	9
2003	98	Orion	40'	CNG	2	96
2004	8	Orion	40'	CNG	0	8
2006	5	Orion	40'	CNG	0	5
2006	3	El Dorado	28'	Diesel	0	3
2007	2	Starcraft	27'	Gasoline	0	2
2008	91	Orion	40'	CNG	0	91

Source: Sacramento Regional Transit District

All PMI scheduling/monitoring is done using a tried-and-true paper-based work order system. Parts management is handled through the District-wide SAP software platform. Drivers are also trained to “red-flag” vehicles should they identify serious problems during pre-trip and post-trip inspections.

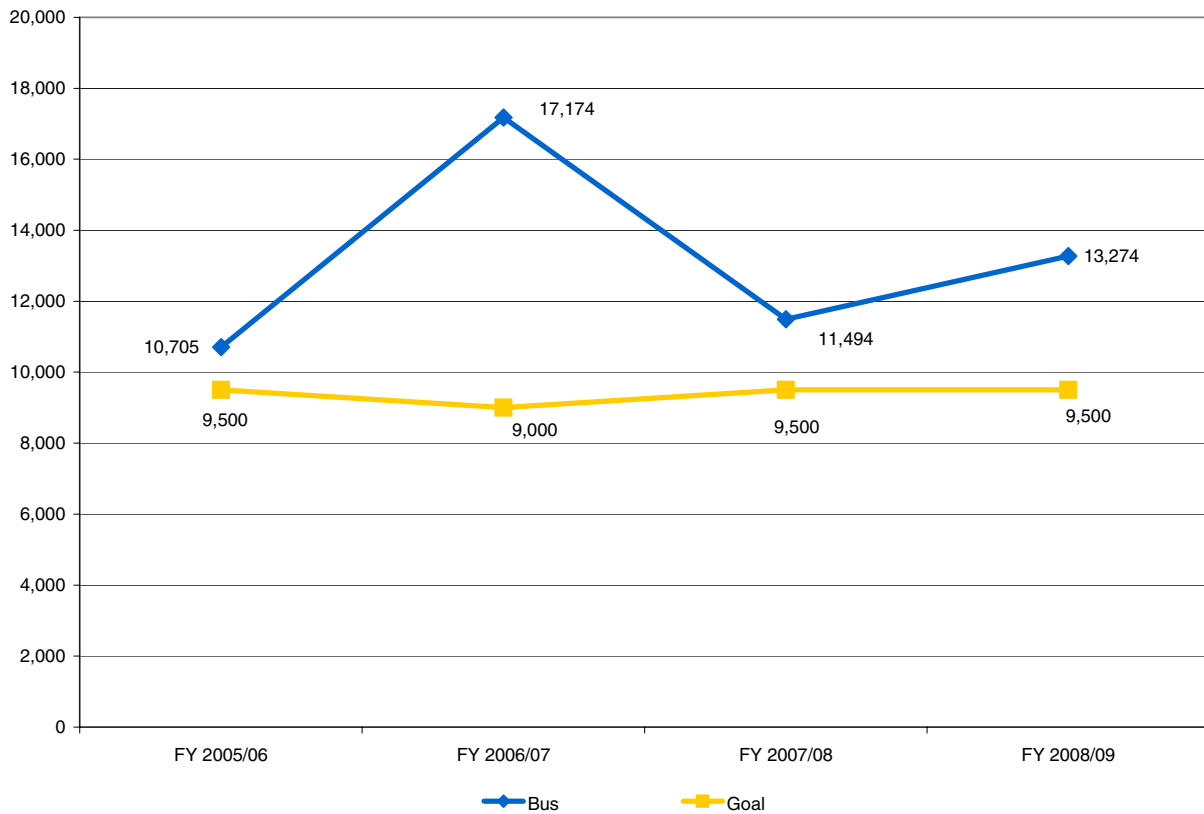
Light Rail maintenance is performed at the Light Rail Maintenance & Repair Facility at 2700 Academy Way along the Blue Line. All Light Rail vehicles are inspected by the operator on a daily basis prior to entering service. RT also performs inspections weekly, every 10,000 miles, annually, and every 150,000 miles. The District has a fleet of 76 active Light Rail vehicles as well as 21 inactive vehicles obtained from the Santa Clara Valley Transportation Authority. All Light Rail vehicle maintenance is handled in-house. Maintenance personnel are trained to perform every aspect of system maintenance, from truing wheels to mid-life rebuilds. However, given the sheer size of the job, RT is in the process of securing funding and crafting specifications to include within a competitive bid opportunity for the mid-life rehabilitation of the fleet of vehicles obtained from the Santa Clara VTA. This is necessary given the vehicles are not currently capable of operating effectively on the RT route network and must undergo significant work to meet the specifications of the system. The Light Rail facility is currently lacking storage space for vehicles, as such, some vehicles are being stored on non-revenue track at the ends of the Blue and Gold Lines. The next Light Rail vehicles replacement

will likely be timed with the completion of the next route extension (i.e., to the Sacramento International Airport).

“Roadcalls,” or mechanical problems resulting in a service disruption, are tracked through the “Mean Distance between Service Calls” metric. Roadcalls are tracked for both fixed-route bus and light rail service to measure service reliability.

The District establishes a goal for the indicator and has exceeded that goal every year covered by the following chart. In the future, the District may want to explore raising the goal to close match current/recent performance.

Exhibit 7.10 Miles Between Service Calls – Fixed-Route Bus

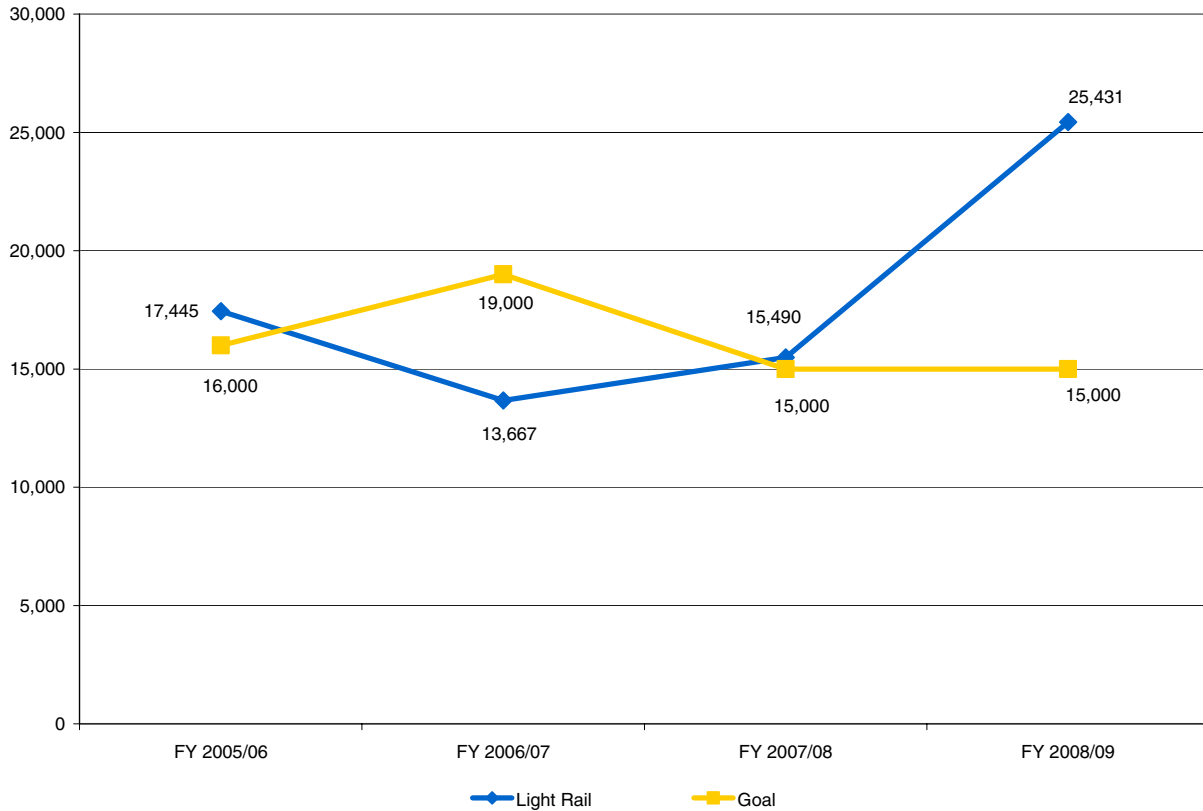


Source: Sacramento Regional Transit District

The goal established by RT for mean distance between service calls for its light rail service has ranged from 15,000 miles to 19,000 miles during the audit period.

RT’s performance with respect to this indicator has varied significantly, with the light rail service average 13,667 miles between roadcalls in FY 2006/07 and 25,431 in FY 2008/09.

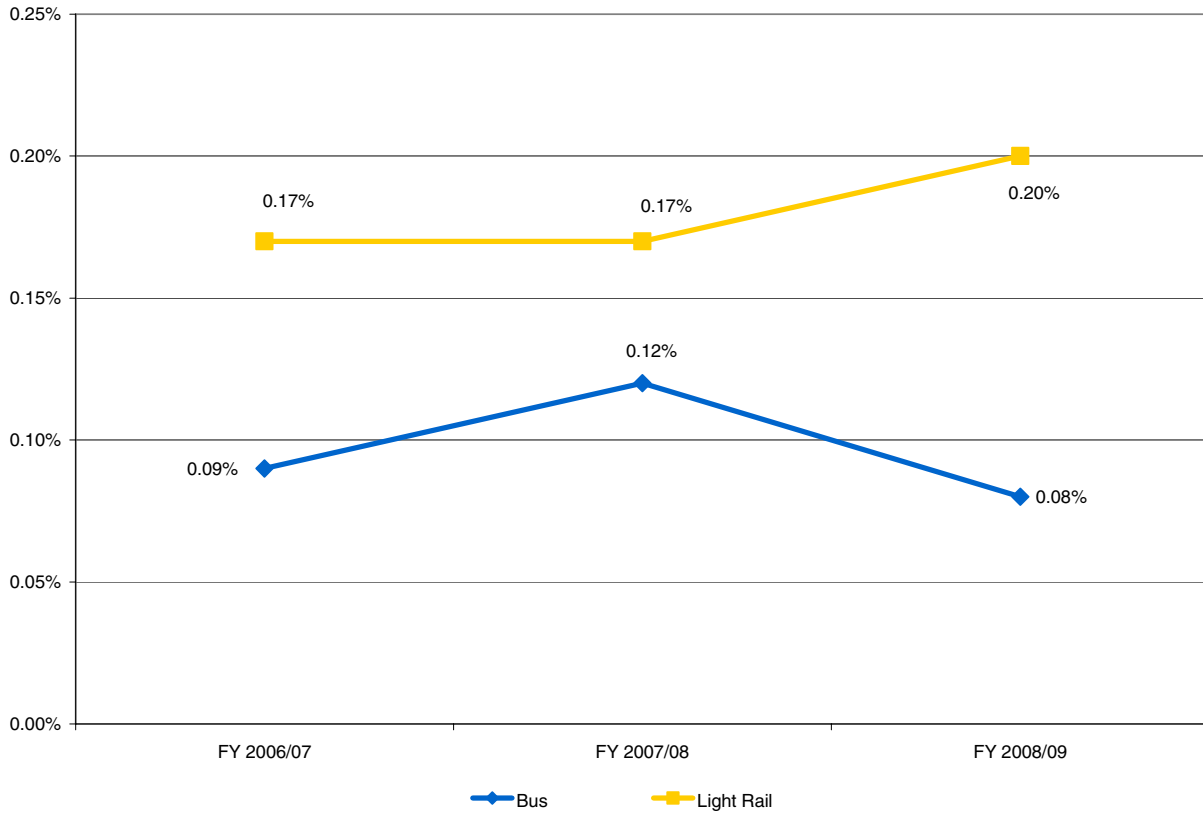
Exhibit 7.11 Miles Between Service Calls – Light Rail



Source: Sacramento Regional Transit District

The District also tracks “percentage of completed trips” to measure service reliability. For the purposes of this audit, we are examining the rate of “missed-trips,” calculated by subtracting the number of completed trips by the total number of trips. Missed trips are tracked for both fixed-route bus and light rail. The District has witnessed a net decline in the number of fixed-route bus missed trips between FY 2006/07 and FY 2008/09 and a net increase in the number of light-rail missed trips during the same period.

Exhibit 7.12 Missed Trips



Source: Sacramento Regional Transit District

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8.

FINDINGS AND RECOMMENDATIONS

CHAPTER 8 – FINDINGS AND RECOMMENDATIONS

Following discussions with Sacramento Regional Transit District staff, analysis of program performance, and a review of program compliance and function, Moore & Associates has identified the following findings:

1. The internal auditor position is currently vacant.
2. The District does not currently track key data such as Operating Cost and Fare Revenue specific to its “Neighborhood Ride” service (i.e., the Community Bus Division).

The following recommendations apply to the Sacramento Regional Transit District:

Recommendation 1: Make filling the internal auditor position a priority as soon as the transportation funding climate improves.

Discussion: The Sacramento Regional Transit District’s internal auditor retired June 30, 2009, and the position has yet to be filled given a District-wide hiring freeze. Since that time, the work conducted by the auditor has been either re-distributed internally or outsourced. One of the auditor’s primary functions was auditing indirect cost rates on responses to RFPs for contracts. This work has since been performed by the Finance Department but will soon be outsourced (an RFP will soon be developed). Issues with legal aspects have been handled by outside legal counsel hired by RT’s legal department. Record keeping functions such as collecting and reporting on Quality Assurance cards filed by employees riding the system have been distributed internally to other departments.

While we believe RT’s first priority is putting service on the road, we feel it is important to have an internal auditor regularly reviewing practices and transactions within each department. It should be noted this recommendation is based on industry “best practices” for transit operators of this size versus solely being a TDA compliance matter.

Recommended Action(s): We recommend RT fill the internal auditor position – either through hiring a dedicated staffer or via outside contract – when the transit funding climate improves and revenue is available to support such action.

Timeline: Hire a dedicated internal auditor by FY 2011/12.

Anticipated Cost: As much as \$175,000/annum – depends on salary and benefits.

Recommendation 2: Begin segregating operating data for the Neighborhood Ride program.

Discussion: The District introduced the Neighborhood Ride program (internally referred to as “Community Bus”) in 2006 as an innovative way to respond to community-specific mobility needs and facilitate shorter, intra-community trips among “choice riders.” The service utilizes smaller gasoline or diesel cutaways versus the larger heavy-duty CNG transit buses on regular RT routes.

The vehicles are based at a separate facility at McClellan Park, and the drivers operate under a separate labor agreement and bid package from the regular RT bus operators. These factors contribute to the service presumably having a different cost structure and performance characteristics than the rest of the RT system. However, RT has not historically segregated/calculated Neighborhood Ride financial and performance data from regular fixed-route data. This policy makes it difficult to determine the cost-effectiveness/efficiency of the service or zero-in on program strengths and weaknesses. For instance, what are the exact cost savings of utilizing cutaways versus traditional heavy-duty transit buses? Having accurate data could assist RT apply “lessons-learned” from the Neighborhood Ride program to other aspects of RT’s service offerings.

Recommended Action(s): We recommend RT develop a methodology for tracking – at a minimum – the following criteria for its Neighborhood Ride program: Operating Cost, Fare Revenue, Vehicle Service Hours, Vehicle Service Miles, and ridership. We recommend segregating these data from RT’s regular fixed-route

bus data and reporting them as a separate line item within the Key Performance Report alongside “Bus” and “Light Rail.”

Timeline: Begin segregating data for the Neighborhood Ride program with data from FY 2010/11.

Anticipated Cost: Negligible.

Exhibit 8.1 Sacramento Regional Transit District Recommendations

	Recommendation	Importance	Timeline
1	Begin segregating operating data for the Neighborhood Ride program.	Medium	FY 2010/11