
Final

FY10-FY12 TDA Performance Audit Laguna Beach Municipal Transit Lines

Prepared for



Orange County Transportation Authority

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CH2MHILL®

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In Association with



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Introduction

1.1 Performance Audit Scope and Methodology

The FY10–FY12 Triennial Performance Audit of Laguna Beach Municipal Transit Lines follows State guidelines for a Transportation Development Act (TDA) audit. Triennial performance audits are a requirement for the continued receipt of State TDA funds for public transit under California Public Utilities Code (PUC) Section 99246. This report represents the state-mandated performance audit of Laguna Beach Municipal Transit Lines (Laguna Beach Transit, LBMTL) for the period July 1, 2009 through June 30, 2012. The audit is administered by the Orange County Transportation Authority (OCTA) and prepared by PMC, as a subcontractor to CH2MHILL.

The objective of the performance audit is to assess compliance with PUC requirements, identify significant achievements as well as opportunities for improvement, and provide recommendations for short- and long-term efficiency and effectiveness improvements. The TDA triennial performance audit of Laguna Beach Transit covers:

- Compliance with pertinent sections of the Public Utilities Code
- Progress to implement prior performance audit recommendations
- Agency goals and objectives and performance monitoring systems
- Systemwide and functional area performance trends
- Conclusions and recommendations

1.1.1 Performance Audit Scope

The performance audit is intended to provide an objective assessment of Laguna Beach Transit’s performance and serve as a useful management tool. Significant accomplishments and positive performance trends are discussed as well as opportunities for improvement, thereby providing a balanced perspective on overall operator performance. Laguna Beach Transit and OCTA should be able to use the performance audit results to:

- Satisfy State requirements
- Verify that Laguna Beach Transit is making satisfactory progress in implementing recommendations to improve effectiveness and efficiency
- Verify that operator productivity is improving
- Identify opportunities to further improve productivity and fully comply with the TDA statute.

1.1.2 Methodology

Interviews and site visits were an integral part of the LBMTL performance audit. Interviews were conducted with LBMTL and transit related services staff responsible for the management and oversight of the program. They included the Deputy Director of Public Works, Transit Supervisor, Director of Community Services-Assistant to the City Manager, and Community Services/Parks and Recreation Information Officer. Site visits were conducted at City of Laguna Beach City Hall and at OCTA Headquarters.

A variety of documents and data were reviewed and analyzed:

- Organization and Staffing Charts
- Financial Audits and State Controller’s Reports, FY09–FY12
- National Transit Database Reports, FY09–FY12
- City of Laguna Beach Adopted Budget, FY09–FY12
- City of Laguna Beach TDA claim forms FY10-FY13

- City of Laguna Beach Transit Fund 20-Year Capital Replacement Plan
- Agenda Item to Extend Mainline service to the Community/Senior Center, dated January 24, 2012
- Annual Agreements with Sally's Fund, Inc. to provide senior transportation services
- TDA Performance Measurements for Mainline & Summer Festival Shuttle Services
- Taxi Voucher Program Lease Agreement
- Cooperative Agreement with OCTA, dated April 29, 2008
- Samples of Routine Performance Reports used by managers
- CHP Terminal Inspection and Pull-Notice Reports
- Maps and Brochures Regarding Services Offered
- City of Laguna Beach Web Site (<http://www.lagunabeachcity.net/cityhall/pw/transit/default.asp>)
- Prior TDA Triennial Performance Audit
- Responses to Prior Performance Audit Recommendations

1.2 Laguna Beach Transit Overview

Laguna Beach Transit is a division of the Laguna Beach Department of Public Works. Although the Transit Services Division operates under the Public Works Department, its operations depend upon other City departments and offices such as the City Council, City Manager, Administrative Services and Community Services. An organization chart on the following page shows the city personnel within Public Works involved with transit.

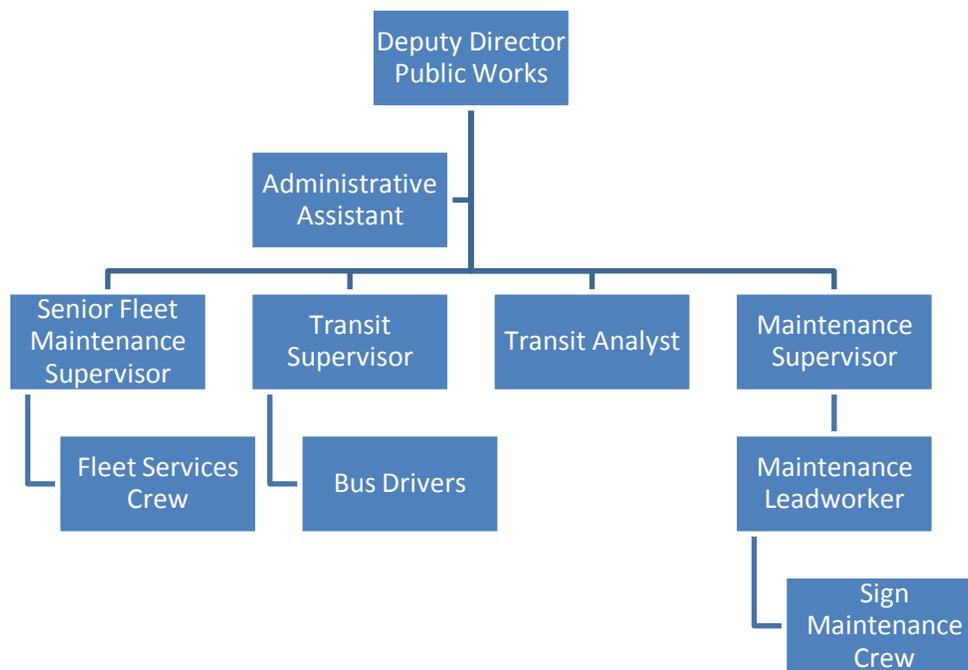
The Public Works Department maintains the City's equipment and infrastructure and administers capital improvements. Public Works is organized into eight divisions including Transit and Fleet Maintenance:

- **Transit** is tasked with budgeting, administering, and operating the City's transit system. The division coordinates with OCTA on transit issues and funding as an intracity service provider. The division is headed by a Deputy Public Works Director and has five full-time staff. An additional 80 to 100 part-time staff are employed during the summer festival season.
- **Fleet Maintenance** has three employees who are responsible for the routine repair, replacement, and maintenance of City vehicles and equipment. The division maintains over 200 pieces of equipment, including 24 transit vehicles.

The Administrative Services department supports transit through the Finance and Personnel divisions:

- **Finance** performs all financial and accounting functions including preparing the City's annual budget, Comprehensive Annual Financial Report, and TDA claims, and coordinates agency audits.
- **Personnel** provides internal support to all departments including recruitment, selection, hiring, training, and orientation of all new employees.

FIGURE 1-1
Organizational Chart



1.2.1 Transit Services

LBMTL operates year-round Mainline service and seasonal Summer Festival Shuttle service. The latter operates from late June to late August. Some charter services are also provided during the spring leading up to the summer festival. The Summer Festival Shuttle service is designed to maximize public transit options for visitors during community arts festivals including the Sawdust Art Festival, Art-A-Fair, and Festival of Arts/ Pageant of the Masters.

The City of Laguna Beach employs about 75 part-time seasonal employees to serve as transit drivers, supervisors, and maintenance staff for the Summer Festival Shuttle service. These employees complement existing full-time City of Laguna Beach transit staff that operate the Mainline service.

All transit routes originate and terminate at the Laguna Beach Transit Center/Bus Depot (Transit Center) located downtown on Broadway Street, inland of Beach Street. The Transit Center provides a central transfer location between LBMTL and OCTA regional buses and connecting Amtrak buses. The City also provides park-and-ride lots along the Summer Festival Shuttle routes that are served by both LBMTL and OCTA regional buses. All-day parking is provided at designated lots adjacent to City Hall and at the Act V parking lot along Laguna Canyon Road. Free parking is also provided during the summer along the South Route at the South Coast Medical Center during the week after 5:00 p.m. and all day on the weekends.

Demand-response services are provided through ACCESS under contract with OCTA for persons who meet the Americans with Disabilities Act (ADA) eligibility criteria. Local demand response service for seniors is provided through a contract between the City and a local transportation provider, Sally's Fund. Supplemental transit services are also offered to the general public through a taxi voucher program called Taxi Plus that provides service to or from destinations that include at least the downtown area when the Mainline service is not in operation.

All Mainline vehicles are ADA accessible and can accommodate up to two bicycles and surfboards up to 6 feet in length. Summer Festival Shuttle trolley vehicles are also ADA accessible and have wheelchair tiedowns.

1.2.1.1 Mainline Service

LBMTL operates three fixed Mainline route services year-round serving the principal commercial, residential, and tourist areas of the City of Laguna Beach:

- **Blue Route (Arch Beach Heights–Bluebird Canyon):** Provides service along Glenneyre Street, Bluebird Canyon, and part of South Coast Highway. Key destinations include the Transit Center, Senior Center, Laguna Beach High School, Bluebird Park, Moulton Meadows Park, and Legion Hall.
- **Gray Route (Top of the World–Laguna Canyon–North Laguna):** Provides service along North Coast Highway, Laguna Canyon Road, Skyline Drive, and Temple Hills Drive. Key destinations along the route include the Transit Center, Legion Hall, Laguna Beach High School, Top of the World Elementary School, Alta Laguna Park, Thurston Intermediate School, and Heisler Park.
- **Red Route (Downtown–Ritz):** Provides service along South Coast Highway from the Downtown Bus Depot to the Ritz-Carlton Resort. Key destinations include the Downtown Bus Depot, Senior Center, Laguna Beach High School, Albertson’s Shopping Center, South Coast Medical Center, and the Ritz-Carlton Resort in Dana Point.

Service during the week operates between the hours of 6:30 a.m. and 6:30 p.m. Saturday service operates between the hours of 9:30 a.m. and 6:30 p.m. There are hourly headways with the exception of between 11:30 a.m. and 1:30 p.m., when the headway is lengthened to two hours. Mainline service does not operate on Sundays or major holidays. Every Mainline bus stop features updated signage and schedules for all routes displayed in a weather-resistant cassette. The City enforces a zero graffiti and litter policy at all public facilities, including on buses and at bus stops.

1.2.1.2 Summer Festival Shuttle Service

Three additional routes provide service for the Summer Festival Shuttle. The Shuttle operates on three routes free of charge to riders from late June to late August:

- **Green Route (North):** Provides service along North Coast Highway and Cliff Drive. Key destinations along the route include the Transit Center, Main Beach, Laguna Art Museum, Heisler Park, Diver’s Cove, and Shaw’s Cove.
- **Purple Route (Canyon):** Provides service along Laguna Canyon Road as well as to many key festival attractions and parking lots. Destinations include the Transit Center, Art-A-Fair, Sawdust Art Festival, Act V parking lot, Festival of Arts, and Laguna Playhouse.
- **Red Route (South):** Provides service along South Coast Highway between the Transit Center and the South Coast Medical Center. Key destinations include Sleepy Hollow Beach, Arch Cove, Treasure Island Park, and Aliso Creek Beach.

The Summer Festival Shuttle is operated daily between the hours of 9:30 a.m. and 11:30 p.m. with 20-minute headways. On Independence Day, the service operates on an abbreviated schedule from 9:30 a.m. to 7:00 p.m.

Festival service between the Act V parking lot on Laguna Canyon Road and the Transit Center commences daily at 8:30 a.m. Stops along the three routes are numbered and serve key attractions, hotels, and park-and-ride lots. The transfer point between the routes is the Transit Center.

1.2.2 Fares

All services (Mainline and Summer Festival Shuttle) are free during the summer, but fares are charged on Mainline services the rest of the year.

TABLE 1-1
LBMTL Fares

<u>Fare Type</u>	<u>Fare</u>
Mainline Bus	
Adult Cash Fare	\$0.75
Senior Fare (age 65 & above)	\$0.30
Handicapped/Disabled	\$0.30
Medicare Card Carrier	\$0.30
20-Ride Pass	\$15.00
Monthly Pass (unlimited rides)	\$30.00
Children (under age 7 with an adult)	Free
Free Ride to Work Pass (50 rides)	Free
Low-Income Senior Pass	Free
Summer Festival Shuttle and Mainline Bus	
	Late June to late August
All Passengers	Free
Charter Service	
	September to mid-June
Trolley Rental (minimum 3 hours)	\$315/hour + \$106/each additional hour

1.3 Audit Period Accomplishments and Challenges

Many accomplishments were made during the audit period. Overall system ridership has increase steadily, in particular with the Summer Festival Shuttle service. Efforts made by LBMTL to increase the visibility and frequency of the trolley shuttle service resulted in systemwide ridership growth of nearly 23% over the past three years.

Ridership on the Summer Festival Shuttle services increased 26% during the performance audit period from 460,692 passengers in FY09 to 581,704 passengers in FY12. Laguna Beach Transit reports up to 10,000 daily passenger boardings during the summer months. Much of the increase in ridership is attributed to more frequent service, marketing and visibility, and continuation of free rides on both Trolley and Mainline buses during the festival season.

LBMTL has taken steps to increase transit options during the summer festival. In partnership with the Laguna Beach Visitors & Conference Bureau, LBMTL launched a “Trolley/Bus Tracker” application (app) in July 2012. Using a GPS platform, the app tracks the location of the free trolleys in real time and updates every minute, with a goal to speed the update to every 30 seconds. App users know when their ride will arrive and are able to navigate their way through Laguna Beach. Funding is provided through advertisement on the app.

A color brochure outlining the Summer Festival Shuttle routes, running times, and coded stop locations is provided at tourist locations including hotels, retail and arts outlets, and restaurants. The brochure is intended to simplify and encourage the use of public transportation for visitors during the summer festival. With the new app launched, transit management reduced the printing of the brochure from 90,000 to 70,000 copies.

LBMTL implemented cost containment measures such as limiting overtime on both Mainline and Festival Services and utilizing extra part-time staff. Overtime costs were reduced by close to 80% during the audit period. This is accomplished through modifications to and active monitoring of driver work schedules. In addition, the City eliminated a part time transit supervisor in 2011 for the summer festival season, with one existing supervisor assuming responsibility for both Mainline and Summer Festival services.

LBMTL also implemented fixed route service modifications to better serve the new community/senior center. The Laguna Beach Community & Susi-Q Senior Center located at 385 Second Street in downtown Laguna Beach opened in May 2009. At local request, the City examined the feasibility of providing LBMTL Mainline Transit service to the Center. The City deemed it necessary to incorporate a way for persons traveling the North Laguna and Laguna Canyon routes to reach the Center. A one year trial program to adjust Mainline Bus Transit service to the Community/ Senior Center was approved by the City Council in January 2012. The service adjustment cost the City an estimated \$3,500 to establish a bus stop at that location out of the existing operating budget. At the end of the trial period, final recommendations would be presented to the City Council in February 2013. Prior to this trial period, one of the few transit options available was provided by the local Sally’s Fund demand response service available to those who cannot ride the fixed route service.

The Downtown Laguna Beach Transit Center/Bus Depot is well designed to allow easy ingress and egress by both local and regional bus carriers (LBMTL, OCTA, and Amtrak bus connections). The platform design of the depot with designation of the adjacent parking curb area as part of the transfer center allows the depot to expand its vehicle staging capacity during peak summer season, and then contract to allow on-street car parking during non-peak times.

The City redesigned its Web site including its transit page to a more user-friendly and appealing format: <http://www.lagunabeachcity.net/cityhall/pw/transit/default.asp>. The site includes maps and schedules in PDF format and a link to OCTA schedules.

Along with its accomplishments, LBMTL faced challenges. Mainline ridership declined during the audit period. The economic recession took a heavy toll on the ridership base which includes individuals employed in the service and hospitality sectors. With the city located in a relatively isolated area, the year-round Mainline ridership market is limited.

LBMTL transit vehicles operate along some narrow streets and amidst heavy traffic, resulting in a growing number of minor incidents including scratches, nicks, dented bumpers, and lost mirrors. The majority of these incidents occur during the Summer Festival Shuttle service. The transit fleet includes a number of vehicle models. While this does not necessarily create significant challenges to the transit system, it does require transit staff to cultivate the knowledge and experience to ensure the vehicles’ proper inspection, operation, maintenance, and functionality.

During the audit period, transit funding provided through TDA has been constrained by various forces including the economic downturn, state budget constraints, and statutory limitations on the amount of funding available to the City of Laguna Beach's transit system. Limited contributions from TDA require the City of Laguna Beach to make up the difference with locally generated funds, which the City has historically been able to do.

Compliance Review

The compliance review assesses compliance with state mandates, including:

- Data collection and reporting procedures for the five TDA performance indicators required under Sections 99246(d) and 99247 of the Public Utilities Code (PUC)
- PUC requirements for transit operators
- Progress to implement recommendations of the previous triennial performance audit.

PUC requirements verified as part of this performance audit include the compliance requirements for transit operators stipulated in the *TDA Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* (2008).

Compliance with PUC requirements and progress to implement prior audit recommendations are assessed as follows:

- PUC compliance:
 - Full compliance
 - Partial compliance (additional actions required to achieve full compliance)
 - Noncompliance
 - Not applicable
- Prior audit recommendations:
 - Fully implemented
 - Partially implemented (further progress is warranted)
 - Not implemented
 - Not applicable.

2.1 Data Collection and Reporting

Data Item	Data Definition	Compliance Finding	Comments
Operating Costs	Total cost of providing transit services exclusive of capital costs, depreciation, direct costs of providing charter service, and vehicle lease costs.	Full compliance	Operating costs are collected and reported correctly and accurately, with capital, depreciation/ amortization, charter, and lease costs readily identifiable and verifiable. Charter and lease costs are noted in the State Controller's Report data, whereas the depreciation/amortization costs are noted in the Comprehensive Annual Financial Report (CAFR).
Farebox Revenues	Revenue earned from carrying passengers, including base fare and transfer costs.	Full compliance	Farebox revenues include cash, multiple ride pass revenues, including the Free Ride to Work Program subsidy received from the South Coast Air Quality Management District (AQMD).
Unlinked Passengers	Total number of unlinked passenger trips; total passenger boardings,	Full compliance	Unlinked passengers are the total number of passenger boardings. Passengers are counted manually for

Data Item	Data Definition	Compliance Finding	Comments
	whether revenue producing or not.		each service mode and categorized by type of fare paid. Passengers using Free Ride to Work passes are recorded separately from fare-paying adult passengers in driver assignment sheet and summary tables.
Total Vehicle Hours	Total hours of travel consumed in normal scheduled service, including deadhead to and from the service area.	Full compliance	Total vehicle hours are the total hours that revenue vehicles travel during the course of a year, including scheduled deadhead. Trip sheets include driver start and ending time readings.
Vehicle Service Hours	Total hours that vehicles are in revenue service, from first to last scheduled stop. For demand response, includes times between first scheduled pick-up and last scheduled drop-off.	Full compliance	Revenue hours are the total hours that vehicles are in revenue service each year. LBMTL reports data from the daily trip sheets. First and last stop times are recorded separately from starting and ending times (bus pull out/in).
Total Vehicle Miles	The total distance traveled by transit vehicles, including both revenue miles and deadhead miles. Excludes miles traveled during training, hostelling, maintenance work, and charters	Full compliance	Total vehicle miles are the total miles that revenue vehicles travel during the course of a year, including scheduled deadhead. Trip sheets include start and ending odometer readings.
Vehicle Service Miles	Total number of miles traveled by vehicles in revenue service; excludes deadhead (i.e., travel to/from storage facilities, roadcalls).	Full compliance	Revenue miles are the total miles that vehicles are in revenue service each year. The procedure for determining revenue miles is comparable to that described above for vehicle service hours. Data are reported by LBMTL from the daily trip sheets. First and last stop mileage are recorded separately from starting and ending mileage (bus pull out/in).
Employee Full-Time Equivalents (FTEs)	2,000 person-hours of work in one year constitute one employee.	Noncompliance	LBMTL reports FTEs using headcounts rather than based on pay hours.

Laguna Beach Transit is in compliance with requirements for reporting financial and operating data except Employee Full-Time Equivalents.

LBMTL correctly reports operating costs and farebox revenues. Although the data differs between annual reports such as State Controller, National Transit Database (NTD), and fiscal audits due to use of unaudited versus audited information, the data are verifiable and reconcilable:

- Capital expenditures, depreciation, charter and vehicle lease costs are identifiable and have been excluded from operating costs for purposes of calculating TDA indicators.
- TDA farebox revenues include cash fares and customer paid passes, while other special transit fares are reported separately, including local contributions from the City's parking authority, Act V Lot Park and Ride revenue, charter revenue, and grant funds from the South Coast Air Quality Management District for the Free Ride to Work Program. The City's trial balance accounting separately accounts for these revenues.

Budgeted revenues and expenditures for the transit fund can be traced to the fiscal audits and NTD reporting. In lieu of meeting a required farebox recovery ratio, the transit system is subject to the TDA 50% funding limitation, which is calculated in the fiscal audit as well as in the annual TDA claims approved and processed by OCTA.

Laguna Beach transit is not in compliance with reporting requirements for employee Full time Equivalents (FTEs). LBMTL has consistently reported total headcount in all State Controller's Reports for FY10–FY12, which is not correct. The State Controller requirement is to report FTEs by summing total pay hours and dividing by 2,000 hours. If the number was being reported correctly, the number of FTEs would be less than the number reported by LBMTL in the Controller's Report.

For comparison, the following table shows the actual person count of full- and part-time employees reported in the National Transit Database. This is compared to the State Controller data, which also shows person count rather than FTEs. By correctly calculating FTEs, the count would be much lower, as shown in the table.

TABLE 2-1
Full Time Equivalents

Statistic	Source	Base Year FY09	Performance Audit Period		
			FY 10	FY 11	FY 12
Actual Person Count	State Controller's Report	94	82	104	112
	FTA National Transit Database	101	104	112	117
Full-Time Equivalent (Data that should be shown in State Controller's Report)	NTD pay hours reported	45,724	43,864	44,528	49,165
	FTE hours/year	2,000	2,000	2,000	2,000
	FTE calculation	23	22	22	25

Pay hours reported to NTD are often the best available source to calculate FTEs. Laguna Beach should use these hours and divide by 2,000 hours to arrive at the correct FTE count for the State Controller's Report. Laguna Beach staff indicated that the reporting of FTEs, which represents an annual figure, is inaccurate due to the unique condition of the service in which the majority of pay hours is for part-time workers and occurs for the Shuttle service during the summer arts festivals. The intent of the FTE calculation is to take part-time and seasonal variations into consideration by reporting full-time "equivalents." This is the calculation that should be made and recorded in the State Controller's Report.

2.2 PUC Requirements

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC Section 99243	Uniform System of Accounts and Records: The transit operator submitted annual reports to the Regional Transportation Planning Entity (RTPE) based upon the Uniform System of Accounts and Records established by the State Controller.	Full compliance	State Controller's Report submittal dates: FY09-10: October 13, 2010 FY10-11: October 18, 2011 FY11-12: October 18, 2012 <i>Reports were submitted electronically.</i>
PUC Section 99245	Annual Fiscal Audit: The operator has submitted annual fiscal and compliance audits to its RTPE and to the State Controller within 180 days following the end of the fiscal year (December 30), or has received the 90-day extension allowed by law.	Full compliance	Annual fiscal audit submittal dates: FY09-10: December 13, 2010 FY10-11: December 30, 2011 FY11-12: December 27, 2012
PUC Section 99251	CHP Certifications: The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following CHP inspection of the operator's terminal.	Full compliance	CHP certification dates: FY09-10: October 16, 2008 FY10-11: October 19, 2009 FY11-12: October 19, 2010
PUC Section 99261	Transportation Planning Agency Regulations: Claims for TDA funds are submitted in compliance with RTPE's rules and regulations for such claims.	Full compliance	The City submits its annual claims for funds in compliance with OCTA's rules and regulations, including submission of annual performance data. Beginning with the FY 12-13 TDA claim, the City reports actual performance data, as opposed to estimates, for services that occurred prior to submission of the claims. Since claims are due during the spring prior to the fiscal year of the claim, actual data is reported for the full prior fiscal year completed. In this case, for the FY 12-13 claim, actual performance data was reported for FY 10-11.
PUC Section 99266	Budget Changes: 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).	Full compliance	Percentage growth in budget: FY09-10: 8.1% FY10-11: 0.1% FY11-12: 12.0% <i>Source: Laguna Beach TDA claim forms FY10, FY11, and FY12.</i>

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
PUC Section 99247	Data Reporting: The operator's definitions of performance measures are consistent with PUC Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee	Partial compliance	Performance measures reported in the annual State Controller's Report prepared by Laguna Beach are consistent with PUC Section 99247, with the exception of full-time equivalent employees (FTEs). The PUC section includes the assumption that 2,000 person-hours of work in one year constitute one employee. The City reports headcount, whether full time or part time, leading to an overstatement of FTEs.
PUC Section 99268	50% Expenditure Limitation: Funding provided through the TDA makes up no more than 50% of the operator's operating, maintenance, capital, and debt service requirements after federal grants are deducted	Full compliance	As contained in each year's TDA claim, Laguna Beach conducts a grant eligibility calculation to determine its permissible Local Transportation Fund expenditure under the 50% limitation.
PUC Sections 99268.2, 99268.3, 99268.1	Revenue Ratios: If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost at least equal to one-fifth (20%), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenue to operating cost at least three-twentieths (15%), of so determined by the RTPE.	Not applicable	Laguna Beach is subject to provisions of PUC Section 99268 (see above).
PUC Section 99268.2, 99268.4, 99268.5	Revenue Ratios: If the operator serves a rural area, it has maintained a ratio of fare revenue to operating cost at least equal to one-tenth (10%).	Not applicable	Laguna Beach is subject to provisions of PUC Section 99268 (see above).
PUC Section 99270.1	Revenue Ratios: If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPE.	Not applicable	Laguna Beach is subject to provisions of PUC Section 99268 (see above).
PUC Section 99271	Employee Retirement System: 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 an RTPA-approved plan to fully fund the retirement system within 40 years	Full compliance	Transit is an enterprise program within the City of Laguna Beach. The retirement system for eligible transit employees is part of the City's retirement program.

Code Reference	Operator Compliance Requirements	Compliance Finding	Verification Information
CAC Section 6754(a)(3)	Required Findings: 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.	Not applicable	Laguna Beach does not receive direct state or federal funding per the cooperative agreements between the City and OCTA. However, through the agreements, OCTA provides equivalent local funding assistance to Laguna Beach in lieu of direct STA funds and FTA grants.

2.3 Prior Audit Recommendations

The prior audit offered five recommendations for Laguna Beach Transit's consideration:

- Recommendation 1: Monitor system performance against performance benchmarks developed for the transit system.
- Recommendation 2: Report actual performance data on TDA claim forms.
- Recommendation 3: Properly report FTEs in State Controller's Report in compliance with state statute.
- Recommendation 4: Separately track AQMD pass ridership on trip sheets.
- Recommendation 5: Enhance the customer complaints log and procedures.

LBMTL's responses to each of the prior audit recommendations and steps that have been taken to implement them are discussed here, as well as a finding on LBMTL's compliance.

Recommendation 1: Monitor system performance against performance benchmarks developed for the transit system

- **Understanding of the Issue:** The prior audit found that there were no established performance standards against which transit service could be measured and suggested initial benchmark indicators include cost per service hour, cost per passenger, and passengers per hour. One method for establishing initial benchmarks is to calculate a three-year average for each indicator and then update the benchmarks annually using the most recent three-year average. It was also suggested that separate benchmarks should be developed for Mainline and Summer Festival Shuttle services because of their distinct services and ridership markets. Benchmarks provide LBMTL a means to measure the efficiency and effectiveness of service adjustments and make productivity improvements as necessary.
- **Actions Taken and Results:** LBMTL reports that performance benchmarks have yet to be fully developed. Performance standards were to be developed in conjunction with the budget preparation and TDA claim process during FY 2012. The City has retained a consultant that will pursue the development of passenger benchmarks for the Summer Festival service.
- **Conclusion:** This recommendation has not been implemented and is carried forward for full implementation.

Recommendation 2: Report actual performance data on TDA claim forms

- **Understanding of the Issue:** OCTA's TDA rules and regulations require transit claimants to submit specific performance data with their TDA claims, which are used by OCTA to review productivity improvements. The claims forms require three-year rolling performance data, including the past fiscal year, current fiscal

year, and next fiscal year. The prior audit found that performance data submitted by LBMTL were estimates instead of reflecting actual data for transit services that occurred prior to the submittal of the claims. It was recommended that Laguna Beach submit actual performance data including service hours, service miles, and passengers for Summer Festival Shuttle for the current year. Use of actual data provides OCTA, as the approving agency for TDA claims, more accurate performance records to review LBMTL trends and productivity improvements.

- **Actions Taken and Results:** Beginning with the FY 2012-13 TDA claim, the City included actual year-end performance data for the first year of the rolling three year period. For the FY 2013 claim, the year that actual data was provided was for FY 2010-11 given that the claim is submitted in the spring of the current fiscal year (FY 2011-12) and prior to the year of the claim (FY 2012-13). Data for the other two years are estimates.
- **Conclusion:** This recommendation has been implemented.

Recommendation 3: Properly report FTEs in State Controller's Report in compliance with state statute

- **Understanding of the Issue:** The PUC defines a full-time equivalent employee (FTE) under the assumption that 2,000 person-hours of work in one year constitute the equivalent of one employee. LBMTL had been reporting annual FTEs in the State Controller's Report using headcounts for both part-time and full-time employees connected with the transit system. It was recommended that LBMTL use the pay hours reported in the National Transit Database and divide those hours by 2,000 to arrive at the FTE count required for the State Controller's Report. The correct application of FTEs will result in full compliance with the PUC and more accurate reporting to the State Controller.
- **Actions Taken and Results:** A review of the City's State Controller's Reports for the audit period still shows the actual number of employees instead of the calculated FTE count. The effect is that FTEs are overstated in the Controller's Report. However, the proper FTE count is shown correctly on the TDA Claim forms. This information should be carried over into the annual Controller Reports.
- **Conclusion:** This recommendation is partially implemented and carried forward for full implementation.

Recommendation 4: Separately track AQMD pass ridership on trip sheets

- **Understanding of the Issue:** The driver trip assignment sheet is used to record ridership during a work shift. Separate columns are available for the driver to enter passenger counts by fare type, such as regular fares for adults, seniors, disabled, and children, as well paid passes and transfers. Adult passengers who board using the Free Ride to Work pass are recorded with adults who pay regular cash fares on the driver sheet, leading to a blending of ridership using different fare media. LBMTL should add a new column to the driver trip sheet to account for passengers who use the Free Ride to Work pass. This would be consistent with other pass fare media, which are recorded separately from regular fare paying adults. As the program is advertised and marketed on the buses and in the transit brochures, ridership should be clearly separated from adults who pay regular cash fares and other pass types. Further distinguishing adult riders by fare type will more clearly identify rates of pass usage and the relative success of the AQMD-funded program. This separation by fare type should also help during the reconciliation of fares collected on board the buses and regular fare-paying passenger counts.
- **Actions Taken and Results:** Drivers have separated passenger counts for those who use the Free Ride to Work pass on their daily trip sheets. A separate column in the trip sheet is available for recording these rides. The transit supervisor subsequently reports these rides separately on ridership summaries as part of the supervisor's report to management.

- **Conclusion:** This recommendation has been implemented.

Recommendation 5: Enhance the customer complaints log and procedures

- **Understanding of the Issue:** LBMTL is commended for developing and maintaining a log form to record complaints. Each log sheet currently has space for four separate complaints with the date, time of complaint received, location, customer name, and space for comments. Although complaints have been relatively minimal, it is recommended that LBMTL improve its documentation of complaints by expanding the log form and maintaining the records electronically. It is recommended that LBMTL improve its documentation by citing complaints by service type (Mainline vs. Summer Festival Shuttle) and including additional details on an expanded complaints log form such as driver's response, City's actions taken to remedy the complaint, and status of resolution (whether closed or open, any disciplinary action taken, etc.). The completed forms should also be entered electronically for backup record keeping and references to trends over time. LBMTL could demonstrate a more complete and consistent process for addressing complaints while also securing additional protection measures for the transit system.
- **Actions Taken and Results:** LBMTL revised its customer complaint form by including each of the recommended components. A typed complaint form is prepared that includes the service type, a description of the complaint, customer contact information, and findings and actions taken by the transit system. The transit supervisor speaks with the driver of the route to resolve the complaint, and follows up with the customer if requested. The supervisor dates the form which is then scanned into an electronic PDF file. The complaint process is more formalized and thorough with both hardcopies and electronic files available.
- **Conclusion:** This recommendation has been implemented.

Management Control and Reporting

3.1 Allocation Formula Between Transit Services

As LBMTL is administered by the Public Works Department's Transit Division, the Transit Division budget includes costs associated with administering, operating and maintaining the City's transit system. LBMTL utilizes a formula to allocate costs between Mainline and Summer Festival Services to plan and track the transit budget.

The City's Finance Department sets the parameters for the budgeting process by using the previous year's budget data. Each budget line item is required to have back up documentation. The Deputy Director of Public Works meets with the City Manager and Finance Manager as part of the budget process. Electronic access to performance reports and operations measures from the Transit Supervisor enables the Deputy Director to monitor the efficiency and effectiveness of service.

The budget is separated into four main components including Mainline operations, Summer Festival operations, administrative expense, and maintenance costs. The city utilizes a cost allocation formula to separate both administrative and maintenance costs between Mainline and Summer Festival operations based on an historic vehicle maintenance expense breakdown of the two service types. Under the current allocation, 69 percent of administrative and maintenance costs are attributed to the Mainline service and 31 percent of said costs are attributed to the Summer Festival service. However, because the allocation formula is static and based on historic cost data, the formula may not be reflective of the costs to provide either transit administration or maintenance today.

While we applaud the use of a basis to allocate these expenditures and agree that costs should be allocated by service to enable better analysis of performance trends, other measures that track more closely to these costs could be considered in formulating the allocation basis. For example, vehicle maintenance costs are generally impacted by the number of miles driven. A potential allocation factor for maintenance expenses would therefore be total miles by service type, including both revenue service and deadhead miles. Also, administrative costs could be linked to the time each of the services is in operation by using the total number of revenue service hours as the allocation basis.

As vehicles age or are replaced, the cost to maintain the fleet will vary substantially for each vehicle fleet. A method that allocates annual total maintenance costs by the proportion of vehicle miles driven by each service would more equitably allocate costs based on vehicle usage. Using FY12 mileage information, for example, 53% of maintenance costs would be allocated to Mainline service and 47% to Summer Festival Service. On the other hand, administration costs vary with the revenue service hours delivered by each service. Under this method and using FY12 revenue service hour data, Mainline service would be allocated about 44% of administrative costs and Summer Festival service 56% of costs.

The allocation proportions for both maintenance and administrative costs should be re-calculated each year to reflect actual operations provided by Mainline and Festival services. Using separate allocation methods for maintenance and administration costs, and updating them on a regular basis, would give LBMTL a clearer assessment of modal costs and assist in budgeting and external reporting requirements.

3.2 Specialized Transit Service Management

3.2.1 Specialized Services Provided Through OCTA

LBMTL provides specialized services through OCTA's ACCESS services. The City contracts with OCTA to provide transportation services for residents unable to use the regular, fixed-route bus service due to disability. Passengers must be certified by OCTA to use the ACCESS system by meeting ADA eligibility criteria.

ACCESS service is provided pursuant to a five-year agreement (OCTA Contract #: C-8-060) between the City and OCTA commencing in July 2008 continuing through June 2013. The City is billed \$30.75 for each trip based a monthly allocation of 35 trips. The City receives a Billable ADA Trips Report that provides date of service, client name, pick-up time, origin and destination of trip. The Trips Report is reviewed by the Deputy Public Works Director and a claims voucher is generated by the Finance Department for payment for service. Laguna Beach utilized approximately 66.6% of allocated trips during the audit period whereas the ideal percentage to stay within contract is a 75% utilization rate.

3.2.2 Supplemental Specialized Services Provided Through Local Senior Demand Response Transit

Laguna Beach is examining opportunities to improve contract service provisions for local senior demand response transit. Through the Community Services Department, the City entered into a sub-contract agreement with Sally's Fund in November 2002 to provide expanded transportation services within Laguna Beach for seniors 60 years of age and older. Sally's Fund, a local non-profit entity, operates door-to-door demand-response service that is free to senior residents. Sally's Fund currently utilizes a City-leased vehicle that is not ADA-compliant, and is responsible for providing fuel, insurance, maintenance and repairs on the vehicle.

Sally's Fund receives a flat rate of \$6,250 monthly for these services, paid from the same city funds that support LBMTL. The contract was extended through the end of 2012 after several previous renewals and extensions.

Criteria used by the City to assess performance include the cost per passenger and total ridership. In order to be more cost effective than the \$30.75 per trip cost of OCTA ACCESS service, Sally's Fund must report at least 235 one-way trips per month. During most of the audit period, the number of reported one-way trips per month was below the estimate. This was in part due to onsite convenient parking that was made available during completion of the new Community Center in February 2009 which is jointly shared with the Susi Q senior program. In addition, regular riders had moved out of Laguna Beach or had passed away.

With additional marketing conducted by Sally's Fund and expanding the trips provided beyond the senior lunch at the Community Center, ridership has increased and exceeded the estimate, most notably since February 2012. A contributing factor to this trend is the reduction in parking that was previously available at the Community Center when it first opened.

The City recently secured a \$30,000 Senior Mobility Grant through OCTA's Measure M extension program to promote senior mobility. The City will apply this grant toward maintaining the supplemental senior transportation program. However, as a condition of the grant, the City is required to hold a competitive bid process for contracting the service. The City is also acquiring an ADA-compliant, retired ACCESS paratransit van from OCTA to use in the senior service.

3.2.3 Supplemental Transportation Services Provided Through Taxi Service

The Laguna Beach Community Services Department is also examining improved contract service provisions for supplemental taxi service. The department manages a taxi voucher program called Taxi Plus that provides local service for the general public that includes at least a trip to or from the downtown area when the Mainline service

is not in operation. The taxi program, which the City contracts annually with several taxi companies, has been in place for ten years.

The City budgets over \$20,000 per year for the voucher program, which is paid from the same city funds that support LBMTL. During the audit period, passengers were able to purchase a voucher for \$3 and the City subsidized up to \$10 per trip in additional taxi fare. Up to four passengers may ride for a single \$3 voucher. The City reimburses the contracted cab company \$13 per voucher.

The City's cost for the Taxi Plus program has increased above the \$20,000 budget due to growing usage while the voucher price remained the same. The voucher price was increased to \$5 by the City Council in October 2012 (slightly beyond the audit period) simultaneous with the implementation of new contract provisions.

New contract provisions require the cab contractor to provide 20 one-way trips for seniors to the Community Center at a reimbursed total cost of \$5 per trip to provide affordable transportation to the City's senior population. In addition, to address trends with cab drivers refusing to accept a voucher or deny service, the new contract states that any refusal or denial of a voucher ride by a cab driver is cause for termination of the agreement by the City. The Community Services Department continues its review of improved contract terms for the Taxi Plus program.

3.3 Compliance Reporting to OCTA

LBMTL has improved its compliance reporting to OCTA. As required by OCTA's TDA Guidelines, LBMTL submits detailed performance data with its annual TDA claim forms. The performance data is divided by service type (Mainline, Summer Festival Shuttle, and charter) and includes 15 performance measures.

LBMTL has improved its submittal of TDA claims forms to OCTA to meet statutory timelines. Three years' performance data is submitted, including project year, current year, and prior year. Actual data is shown for the prior year; however current year data for some performance measures are estimates based on the rounded figures. This is acceptable given that the claim is submitted during the current year and year-end data is not yet available. The forms and required attachments are generally submitted for approval by April 1 of each year.

The cooperative agreements with OCTA require the City to submit NTD reports to the Federal Transit Administration. Several clerical staff and technicians are assigned to assist in preparing these annual reports. The performance data are entered daily into the Excel-based performance matrix by either the Transit Supervisor or Mainline lead bus driver, and are used to meet NTD data reporting requirements.

3.4 Financial Management Reporting Capabilities

LBMTL continues to improve its financial management and reporting capabilities. LBMTL continues to follow State Controller and Federal National Transit Database (NTD) guidelines for completion and submittal of the respective reports, with the exception of the reporting of Full Time Equivalents in the Controller Reports. Preparation of the NTD reports are a condition of the Cooperative Agreements relating to funding between OCTA and Laguna Beach.

Mainline service performance data recorded by drivers on their assignment sheets are input daily by the Transit Supervisor or lead bus driver into Excel spreadsheets. The spreadsheets are designed to generate performance reports and to comply with NTD reporting requirements. Similar data is input by the Transit Supervisor for Festival Shuttle service. A technician verifies performance data and employee timecards and generates summary reports including weekly and monthly ridership reports.

Budget staff from Finance meets monthly with transit management to review expenditures against budget. These checkups help to maintain financial health and accountability, control costs, and provide ongoing interaction between financial administration and transit program operations.

TDA Performance Trends

Laguna Beach Transit's efficiency and effectiveness is assessed based on the results of the five TDA performance indicators that are required under Section 99246(d) and Section 99247 of the Public Utilities Code (PUC). The TDA performance indicators provide a starting point for assessing systemwide performance trends in efficiency and effectiveness. Performance trends are also examined by service type (i.e., Mainline and Summer Festival Shuttle service) to provide additional clarification of performance results. Functional area performance indicators assessed in the next section provide further insights into performance results.

The TDA-mandated performance indicators are as follows:

- Operating Cost per Service Hour, a measure of cost efficiency
- Operating Cost per Passenger, a measure of cost effectiveness
- Passengers per Service Hour, a measure of service productivity
- Passengers per Service Mile, another measure of service productivity
- Vehicle Service Hours per Full-Time Equivalent Employee (FTE), a measure of labor productivity.

The primary service level data for the analysis of systemwide performance are extracted from Laguna Beach Transit's NTD reports and audited trial balances of the transit fund, since they provide the most accurate and detailed performance data. Where necessary, other data sources (e.g., internal performance reports, State Controller Reports, other internal reports) have been used to achieve the highest possible level of accuracy.

Transit agencies in the California business environment are impacted by many cost escalation factors that are outside their direct control, including fuel costs, liability coverage, state-mandated employee benefits, and air quality laws/regulations. Therefore it may not be realistic to expect a transit agency to keep the cost of doing business in line with the overall rate of inflation. The cost impacts associated with regulatory mandates (e.g., expanded drug and alcohol testing, revised labor regulations) are acknowledged but have not been quantified.

4.1 Trends in Systemwide TDA Performance Indicators

FIGURE 4-1
TDA Performance Indicators – Systemwide

Verified TDA Statistics & Performance Indicators	Base Year FY09	Performance Audit Period			% Change FY09–FY12
		FY10	FY11	FY12	
Operating Costs	\$1,938,641	\$1,965,748	\$2,135,173	\$2,001,986	3.3%
Unlinked Passengers	543,588	595,209	572,780	666,482	22.6%
Vehicle Service Hours	19,081	20,345	21,598	22,065	15.6%
Vehicle Service Miles	157,999	188,664	202,671	209,436	32.6%
Employee FTEs	23	12	20	16	-29.2%
Passenger Fares	\$289,378	\$292,312	\$299,692	\$289,164	-0.1%
Operating Cost per Passenger	\$3.57	\$3.30	\$3.73	\$3.00	-15.8%
Operating Cost per Vehicle Service Hour	\$101.60	\$96.62	\$98.86	\$90.73	-10.7%
Passengers per Vehicle Service Hour	28.5	29.3	26.5	30.2	6.0%
Passengers per Vehicle Service Mile	3.44	3.15	2.83	3.18	-7.5%
Vehicle Service Hours per Employee	842.8	1,753.8	1,096.3	1,377.3	63.4%

Percentage Change					
Consumer Price Index (CPI-All)		0.9%	2.9%	1.6%	5.4%

Note: FTEs are calculated using NTD pay hours divided by 2,000 hours.

Source: National Transit Database Reports for ridership, pay hours for FTEs, and service hours and miles; Trial Balance Account for operating costs and fare revenue.

The TDA performance trends cover the period from FY10 through FY12, with FY09 used as a base year to provide a point of reference for the analysis. Systemwide TDA performance indicators reflect increased productivity and cost efficiency and effectiveness.

Operating costs increased modestly over the performance audit period primarily due to cost containment measures such as limiting overtime and utilizing extra part-time staff. Operating costs increased at a much slower pace than the increase in service hours and miles, resulting in improved cost efficiency and effectiveness.

Operating cost per passenger, an indicator of cost effectiveness, decreased 15.8% from \$3.57 in FY09 to \$3.00 in FY12. Systemwide ridership, in particular from the Summer Festival Shuttle service, exhibited a steady increase in ridership and an overall increase of 22.6%, from 543,588 passengers in FY09 to 666,482 passengers in FY12.

Operating cost per vehicle service hour, an indicator of cost efficiency, exhibited a 10.7% decrease over the audit period, from \$101.60 in FY09 to \$90.73 in FY12. Actual systemwide operating costs increased by 3.3%, whereas service hours increased 15.6% over the same period. During this time, LBMTL implemented cost-saving measures through hiring additional part-time drivers and leasing additional vehicles.

Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 6% between FY09 and FY12 from 28.5 to 30.2 passengers per vehicle service hour. This indicates productivity gains. However, the rate of increase is lower than the actual increases in passenger trips and service hours.

Passengers per vehicle service mile, another indicator of service effectiveness, decreased by 7.5% from 3.44 in FY09 to 3.18 in FY12. This decrease is in contrast with the trend in vehicle service miles, which exhibited an average annual increase of 10% during the audit period. Overall vehicle service miles increased 32.6% due to increased passenger trips. The sharpest change in this indicator occurred in FY11 when ridership dropped by 3.8% while vehicle service miles increased 7.4%, and passengers per mile decreased from 3.15 to 2.83. Ridership on both Mainline and Festival Shuttle services declined that year due primarily to broader economic impacts felt by riders of both services from the recession.

Vehicle service hours per employee increased 63.4% between FY09 and FY12 from 842.8 to 1,377.3 hours. There was notable fluctuation in this indicator during the audit period due to the seasonal hiring trends for the Summer Festival service. This measure is based on the number of full-time equivalent employees (FTE) using employee pay hours from the NTD and dividing by 2,000 hours per employee. The number of FTEs declined from 23 in FY09 to 12 in FY10 and increased to 20 in FY11 before decreasing to 16 in FY12.

As timely arrival and departure of the vehicles at bus stops has an impact on system effectiveness, LBMTL currently utilizes several methods to monitor on-time performance including both manual and technology based approaches. Increased use of GPS technology could further improve the efficiency of on-time performance monitoring.

4.2 Trends in Mainline TDA Performance Indicators

FIGURE 4-2
TDA Performance Indicators – Mainline Fixed Route

Performance Data and Indicators	Base Year FY09	Performance Audit Period			% Change FY09–FY12
		FY10	FY11	FY12	
Operating Costs	\$816,258	\$1,099,775	\$1,244,716	\$1,235,064	51.3%
Unlinked Passengers	82,896	96,129	86,485	84,778	2.3%
Vehicle Service Hours	8,355	9,556	9,522	9,618	15.1%
Vehicle Service Miles	96,711	115,103	112,395	111,164	14.9%
Employee FTEs	8	5	8	8	2.8%
Passenger Fares (regular fares, plus transit pass revenue)	\$60,157	\$65,376	\$79,642	\$69,838	16.1%
Operating Cost per Passenger	\$9.85	\$11.44	\$14.39	\$14.57	47.9%
Operating Cost per Vehicle Service Hour	\$97.70	\$115.09	\$130.72	\$128.41	31.4%
Passengers per Vehicle Service Hour	9.9	10.1	9.1	8.8	-11.2%
Passengers per Vehicle Service Mile	0.86	0.84	0.77	0.76	-11.0%
Vehicle Service Hours per Employee	1,022.6	1,990.8	1,133.6	1,145.0	12.0%
Percentage Change Consumer Price Index (CPI-All)		0.9%	2.9%	1.6%	5.4%

Source: Internal performance measurement documents, Trial Balance Account for operating costs and fare revenue.

Passenger fares in the table above include Mainline summer fares paid from City of Laguna Beach parking authority revenue as well as regular fare revenue and passes. Regular fare revenues increased 16.1% over the audit period, peaking in FY11.

Mainline performance indicators demonstrate the impacts of higher costs. Operating cost per vehicle service hour increased 31.4% from \$97.70 in FY09 to \$128.41 in FY12. Total Mainline operating costs increased 51.3% during the audit period, most notably in FY10 and FY11 due to increases in part time salary costs across the board for transit administration, maintenance, and transit operations. Although vehicle service hours increased 15.1%, they did not keep pace with the growth in operating costs. The salary cost increases, coupled with the existing cost allocation methodology that assigns more than two-thirds of transit administration and maintenance expenses to Mainline service, is the cause for the trend.

Operating cost per passenger increased 47.9% from \$9.85 in FY09 to \$14.57 in FY12. While operating costs increased each year, ridership increased by 10% in FY10 and then declined the last two audit years. Overall, passenger trips exhibited a modest increase of 2.3% from 82,896 in FY09 to 84,778 in FY12, while operating costs increased 51.3% over the same timeframe.

Passengers per vehicle service hour dropped 11.2% between FY09 and FY12. This indicator decreased from 9.9 passengers to 8.8 passengers per vehicle service hour, despite the overall increase in ridership. Ridership peaked in FY10 before declining in subsequent years, while vehicle service hours increased 15.1% during the audit period.

Passengers per vehicle service mile fell by 11% from 0.86 in FY09 to 0.76 in FY12. The sharpest change occurred in FY11, when this indicator dropped 0.84 in FY10 to 0.77. The impacts from the economic recession translated into reductions by employers for service workers who comprise a significant proportion of regular ridership on the Mainline. This increase is in contrast with vehicle service miles, which increased nearly 15% from the FY09 base year to FY12, which is the same pace as the increase in service hours.

Vehicle service hours per employee, an indicator of labor productivity, increased 12% between FY09 and FY12. The most notable increase in this indicator occurred in FY10 when it peaked at 1,990.8 hours before declining to 1,133.6 hours in FY11. This measure is based on the number of Mainline full-time equivalent employees (FTE) derived from the annual TDA claims.

4.3 Trends in Summer Festival TDA Performance Indicators

FIGURE 4-3
TDA Performance Indicators – Summer Festival Shuttle

Performance Data and Indicators	Base Year FY09	Performance Audit Period			% Change FY09–FY12
		FY10	FY11	FY12	
Operating Costs	\$1,122,383	\$865,973	\$890,457	\$766,922	-31.7%
Unlinked Passengers	460,692	499,080	486,295	581,704	26.3%
Vehicle Service Hours	10,726	10,789	12,076	12,447	16.0%
Vehicle Service Miles	61,288	73,561	90,276	98,272	60.3%
Employee FTEs	14	7	11	8	-47.3%
Parking Revenue In Lieu of Fares	\$229,221	\$226,936	\$220,050	\$219,326	-4.3%
Operating Cost per Passenger	\$2.44	\$1.74	\$1.83	\$1.32	-45.9%
Operating Cost per Vehicle Service Hour	\$104.64	\$80.27	\$73.74	\$61.61	-41.1%
Passengers per Vehicle Service Hour	43.0	46.3	40.3	46.7	8.8%
Passengers per Vehicle Service Mile	7.52	6.78	5.39	5.92	-21.3%
Vehicle Service Hours per Employee	741.3	1,586.6	1,068.7	1,633.5	120.4%
Percentage Change Consumer Price Index (CPI-All)		0.9%	2.9%	1.6%	5.4%

Source: Internal performance measurement documents; Trial Balance Account for operating costs and fare revenue.

Summer Festival Shuttle performance indicators show increased services and lower costs. Operating costs decreased over the performance audit period due to efforts to control labor costs and implement operational efficiencies. As the number of tourists increased during the annual festival season, additional Shuttle service was provided. The existing cost allocation methodology assigns one-third of transit administration and maintenance expenses to the Summer Festival Shuttle, and two-thirds to Mainline, despite the Festival Shuttle service growing at a faster pace.

Operating cost per vehicle service hour, an indicator of cost efficiency, decreased 41.1% from \$104.64 in FY09 to \$61.61 in FY12, which reflected the 31.7% decline in actual operating costs due to cost control measures that were implemented. Operating cost per passenger, an indicator of cost effectiveness, decreased 45.9% from \$2.44 in FY09 to \$1.32 in FY12. Summer Festival Shuttle passenger boardings increased 26.3% from 460,692 in FY09 to 581,704 in FY12, which combined with lower operating cost contributed to great cost efficiencies.

Passengers per vehicle service hour exhibited a modest increase of 8.8% between FY09 and FY12 from 43.0 passengers to 46.7 passengers per vehicle service hour, which is significantly lower in percentage terms than the increase in the number of passengers or service hours during the same period. Passengers per vehicle service mile decreased 21.3% from 7.52 in FY09 to 5.92 in FY12. The decrease in this indicator reflects the 26.3% growth in passenger trips as well as the 60.3% increase in vehicle service miles during the period.

Vehicle service hours per employee increased by 120.4% between FY09 and FY12 from 741.3 to 1,633.5 hours per employee. The increase reflects the cutbacks in overtime and utilization of more part-time staff.

Functional Area Performance Trends

Functional area performance indicators have been developed using data reported by Laguna Beach Transit for the National Transit Database. The City's Audited Trial Balance is also used to distribute the costs among the functional areas. The resulting performance measures and trends, which provide further insights into Laguna Beach Transit's performance during the audit period, are discussed in this section.

Performance results are presented for three functional areas, Transportation, Maintenance, and Administration, using data specific to these areas to calculate relevant cost and service performance indicators. The functional area performance trends cover the period from FY10 through FY12, with FY09 used as a base year to provide a point of reference for the performance trends analysis.

As noted previously, transit agencies in the California business environment are impacted by many cost escalation factors that are outside their direct control, including fuel costs, liability coverage, state-mandated employee benefits, and air quality laws/regulations. It therefore may not be realistic to expect a transit agency to keep the cost of doing business in line with the overall rate of inflation. The cost impacts associated with regulatory mandates (e.g., expanded drug and alcohol testing, revised labor regulations) are acknowledged but have not been quantified.

FIGURE 5-1
Transportation Performance Indicators

Performance Data and Indicators	Base Year FY09	Performance Audit Period			% Change FY09–FY12
		FY10	FY11	FY12	
A. Mainline Operations Costs	\$816,258	\$604,890	\$677,043	\$739,483	-9.4%
B. Summer Festival Shuttle Operations Costs	\$1,122,383	\$643,634	\$635,416	\$544,269	-51.5%
Transportation Operations Costs (sum of A&B)	\$1,938,641	\$1,248,524	\$1,312,459	\$1,283,752	-33.8%
Total Operating Costs	\$1,938,641	\$1,965,748	\$2,135,173	\$2,001,986	3.3%
System Vehicle Service Hours	19,081	21,438	21,834	21,246	11.3%
Total Vehicle Hours	22,242	24,505	25,443	24,280	9.2%
System Vehicle Service Miles	168,556	196,936	208,468	202,620	20.2%
Total Vehicle Miles	182,861	212,370	232,245	217,679	19.0%
Total Passenger Boardings	543,361	596,309	586,005	645,298	18.8%
Incidents	11	6	5	N/A	N/A
Accidents	7	5	3	N/A	N/A
Transportation Costs Per Vehicle Service Hour	\$42.78	\$28.22	\$31.01	\$34.81	-18.6%
Transportation Costs as a % of Total Costs	42.1%	30.8%	31.7%	36.9%	-12.3%
Vehicle Service Hours Per Total Vehicle Hours	1.17	1.14	1.17	1.14	-2.0%
Vehicle Service Miles Per Vehicle Service Hours	8.8	9.2	9.5	9.5	8.0%
Miles Between Incidents	15,323	32,823	41,694	N/A	N/A
Miles Between Collision Accidents	24,079	39,387	69,489	N/A	N/A
Percentage Change Consumer Price Index (CPI-All)		0.9%	2.9%	1.6%	5.4%

Source: National Transit Database Reports; LBMTL Internal Reports; Trial Balance Account for Mainline & Festival Operations Costs

Increases in LBMTL service levels were accompanied by decreases in labor costs. As a result:

- Transportation efficiency, measured as transportation operations costs per vehicle service hour, increased over the audit period. This indicator decreased 18.6% from \$42.78 in FY09 to \$34.81 in FY12. Costs for both the Mainline and Summer Festival services have declined over the as a result of labor cost containment measures, such as the reduction in overtime.
- Over the audit period, the share of total costs contributed by the transportation function decreased by 12.3%, from 42.1% to 36.9%. In the intervening years, the transportation costs as a percentage of total costs were as low as 31%-32% in FY10 and FY11 before increasing to 36.9% in FY12.

Scheduling efficiency, measured by the ratio of vehicle service hours to total vehicle hours including deadhead ranged between 1.14 and 1.17, which indicates relative stability throughout the audit period. The relatively small service area of LBMTL and frequent revenue service for the Summer Festival Shuttle created scheduling efficiency between 85% and 88%.

The number of recorded accidents and incidents decreased, despite increased transit service coupled with increased traffic conditions during the Summer Festival. Most damage is minor and occurs to external bus features like mirrors and lights due to tight roadway geometrics. Accidents are not reported unless they exceed \$750 in property damage and involve a police report. Any damage less than \$750 is reported as an incident. Data for FY12 was not yet available.

FIGURE 5-2
Vehicle Maintenance Performance Indicators

Performance Data and Indicators	Base Year FY09	Audit Period			% Change FY09–FY12
		FY10	FY11	FY12	
Vehicle Maintenance Costs	\$458,600	\$449,370	\$465,398	\$421,835	-8.0%
Total Operating Costs	\$1,938,641	\$1,965,748	\$2,135,173	\$2,001,986	3.3%
Fuel Costs	\$115,792	\$111,296	\$125,791	\$203,082	75.4%
Vehicle Service Hours	19,081	20,345	21,598	22,065	15.6%
Total Miles	182,861	212,370	232,245	217,679	19.0%
Roadcalls	34	27	42	44	29.4%
Active Vehicles	22	34	23	24	9.1%
Peak Vehicles	17	21	23	24	41.2%
Vehicle Maintenance Cost Per Hour	\$24.03	\$22.09	\$21.55	\$19.12	-20.5%
Vehicle Maintenance Cost Per Mile	\$2.51	\$2.12	\$2.00	\$1.94	-22.7%
Operating Cost per Vehicle Service Mile	\$10.60	\$9.26	\$9.19	\$9.20	-13.3%
Vehicle Maintenance Costs as a % of Total Costs	23.7%	22.9%	21.8%	21.1%	-10.9%
Miles Between Roadcalls	5,378	7,866	5,530	4,947	-8.0%
Miles Per Active Vehicle	8,312	6,246	10,098	9,070	9.1%
Average Fleet Age	9.77	8.24	7.52	8.88	-9.2%
Spare Ratio	29%	62%	0%	0%	-100.0%
Percentage Change Consumer Price Index (CPI-All)		0.9%	2.9%	1.6%	5.4%

Source: National Transit Database Reports, Trial Balance Account for Maintenance and Total Operations Costs

Maintenance costs exhibited a downward trend despite increased fuel costs. LBMTL maintains its operations and maintenance functions at the City's Corporation Yard located at 1900 Laguna Canyon Road. The Corporation Yard

provides adequate space and functionality for maintenance, operations, and inventory storage. Transit comprises about 20% of the Corporation Yard's operations.

Vehicle maintenance costs per hour decreased 20.5% from \$24.03 in FY09 to \$19.12 in FY12. Overall maintenance costs decreased 8% whereas vehicle service hours increased 15.6% resulting in lower costs per hour. Maintenance as a percentage of total cost also decreased annually, and from 23.7% in FY09 to 21.1% in FY12.

Maintenance costs per mile also decreased annually, and by 22.7% over the audit period, from \$2.51 in FY09 to \$1.94 in FY12. In comparison, total operating cost per service mile decreased 12.7% from \$10.60 in FY09 to \$9.20 in FY12. The transit fleet is maintained at the City's Corporation Yard, which allows fleet services to maintain the vehicles more efficiently.

With the acquisition of alternative fueled and specialty vehicles for the Summer Festival Shuttle service, the size of the active fleet increased 9.1% from 22 vehicles in FY09 to 24 vehicles in FY12. At the same time, peak vehicle requirements grew 41.2% from 17 in FY09 to 24 in FY12. Consequently, the spare ratio fluctuated, dropping to a low of 0% in FY11 and FY12 from a high of 62% in FY10. The FTA's 20% spare ratio guideline does not apply to fleets of 50 or fewer buses.

Miles between roadcalls dropped 8% from 5,378 in FY09 to 4,947 in FY12. In part, this trend may reflect the growth in the size of the fleet from 22 to 24 vehicles and the rotation with newer vehicles.

The overall average age of the fleet improved slightly with the addition of new vehicles, decreasing from 9.77 years in FY09 to 8.88 years in FY12. However the miles per active vehicle increased 9.1% from 8,312 in FY09 to 9,070 in FY12. LBMTL leases additional trolley vehicles for the Summer Festival Shuttle on an as-needed basis, although the agency prefers to use its own fleet and color designs. Leased vehicles are not included in active fleet statistics.

The City evaluated the option of vehicle refurbishment versus purchasing new vehicles due to the limited funding for capital improvements. Also, by reducing vehicle leases, the City can continue its ownership of an alternative fueled fleet. Recently, local city funds and Measure M tax revenues have been used to match a Caltrans State-Local Partnership Program (SLPP) grant on a dollar-for-dollar basis to purchase additional trolleys.

FIGURE 5-3
Planning and Administration Performance Indicators

Performance Data and Indicators	Base Year FY09	Audit Period			% Change FY09–FY12
		FY10	FY11	FY12	
Administrative Costs	\$275,236	\$267,855	\$357,316	\$296,398	7.7%
Total Operating Costs	\$1,938,641	\$1,965,748	\$2,135,173	\$2,001,986	3.3%
Casualty & Liability Costs	\$23,400	\$13,100	\$13,100	\$22,700	-3.0%
Vehicle Service Hours	19,081	21,438	21,834	21,246	11.3%
Vehicle Service Miles	168,556	196,936	208,468	202,620	20.2%
Peak Vehicles	17	21	23	24	41.2%
Passenger Boardings	543,361	596,309	586,005	645,298	18.8%
Passenger Miles	888,056	948,085	1,037,901	1,174,118	32.2%
Administrative Costs Per Vehicle Service Hour	\$14.42	\$12.49	\$16.37	\$13.95	-3.3%
Administrative Costs Per Peak Vehicle	\$16,190	\$12,755	\$15,535	\$12,350	-23.7%
Administrative Costs as a % of Total Costs	14.20%	13.63%	16.73%	14.81%	4.3%
Casualty & Liability Costs per Vehicle Service Mile	\$7.20	\$15.03	\$15.91	\$8.93	23.9%
Vehicle Service Miles per Vehicle Service Hour	8.8	9.2	9.5	9.5	8.0%
Passenger Miles per Passenger	1.6	1.6	1.8	1.8	11.3%

Performance Data and Indicators	Base Year FY09	Audit Period			% Change FY09–FY12
		FY10	FY11	FY12	
Passengers Per Vehicle Service Hour	28.5	27.8	26.8	30.4	6.7%
Passengers Per Vehicle Service Mile	3.2	3.0	2.8	3.2	-1.2%
% Change in Consumer Price Index (CPI-All)		0.9%	2.9%	1.6%	5.4%

Source: National Transit Database Reports, Comprehensive Annual Financial Reports, State Controller's Reports, Trial Balance Account for Administration and Operations Costs

Transit administration costs increased 7.7% from \$275,236 in FY09 to \$296,398 in FY12, despite a 33% increase in FY11. The City includes depreciation expense in transit administration costs; that expense is subtracted for this report. The City implemented cost containment measures through elimination of a part time transit supervisor in 2011 for the Summer Festival season, which is reflected in the cost reductions in FY12. The current supervisor is responsible for both Mainline and Summer Festival services. Because service levels in terms of vehicle hours increased more than administrative costs, administrative cost efficiency improved, as hourly administrative costs declined 3.3% from \$14.42 in FY09 to \$13.95 in FY12.

From FY09 to FY12, administrative costs per peak vehicle decreased 23.7% from \$16,190 to \$12,350. The administration function's share of total operating costs fluctuated over the audit period, and increased from 14.2% in FY09 to 14.8% in FY12.

Casualty and liability costs fluctuated, but overall, they decreased 3% from \$23,400 in FY09 to \$22,700 in FY12. The sharpest decrease occurred in FY10 and FY11, when costs declined by half. Due to this fluctuation, casualty and liability costs per vehicle service mile more than doubled from FY09 to FY10 and FY11, before dropping again in FY12. Nevertheless, over the audit period this indicator increased 23.9%.

Service productivity indicators grew over the audit period:

- Passengers per hour increased 6.7%, from 28.5 in FY09 to 30.4 in FY12, despite modest decreases in FY10 and FY11.
- Passengers per mile decreased 1.2% from 3.2 in FY09 to 3.0 in FY10 to 2.8 in FY 11 before recovering to 3.2 in FY12.
- Passenger miles per passenger increased 11.3% during the period from 1.6 miles in FY09 to 1.8 in FY12, while passenger miles increased 32.2%.

Conclusions and Recommendations

6.1 Conclusions

LBMTL is in compliance with PUC requirements, made progress implementing prior audit recommendations, and has adequate management controls:

- **Compliance with PUC Requirements** – LBMTL is in compliance with most PUC requirements. One exception is that the agency did not correctly report full-time equivalent employees (FTEs) in the annual State Controller’s Report.
- **Progress to Implement Prior Audit Recommendations** – Of five prior audit recommendations, LBMTL has fully implemented three recommendations, which involve the reporting of actual performance data on TDA claims forms; the separate tracking of AQMD pass riders on trip sheets; and enhancement of customer complaint procedures. Two prior audit recommendations concerning monitoring of system performance against benchmarks and reporting FTEs properly on the State Controller’s Report were partially implemented and are carried forward as recommendations of this performance audit for full implementation.
- **Management Control and Reporting** – Internally, the Finance division within the Administrative Services department and the Transit Services division within the Public Works department meet regularly to review budgets and expenditures. LBMTL also improved its compliance reporting by providing actual data in its TDA claim for funds. The City, through the Community Services Department, is modifying its supplemental demand-response service for seniors through competitive bidding and securing an ADA-compliant vehicle.

LBMTL has successfully implemented cost containment measures while achieving service productivity gains:

- **TDA Performance Indicators** – Operating cost per vehicle service hour, an indicator of cost efficiency, decreased 10.7% between FY09 and FY12. Operating cost per passenger, an indicator of cost effectiveness, decreased 15.8% between FY09 and FY12. Both indicators reflect cost containment measures implemented during the period, such as reduced overtime and revised schedule changes. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 6% between FY09 and FY12, indicating productivity gains. This indicator increased from 28.5 passengers to 30.2 passengers per vehicle service hour, mirroring the increase in systemwide boardings.
- **Functional Performance** – Overall operations costs increased at moderate levels, mainly due to labor and maintenance costs. Most of the increase in operations costs was attributed to the Mainline service. Summer Festival Shuttle operations costs declined by nearly 32%. The existing cost allocation method assigns a higher proportion of transit administration and maintenance costs to Mainline service. Efforts by LBMTL to increase the visibility and frequency of the Summer Festival Shuttle service resulted in systemwide ridership increases of nearly 19% over the past three years. Mainline ridership increased by a modest 2.3% whereas ridership on the Summer Festival Shuttle increased 26.3%. Fare revenues remained relatively stable as local subsidies helped defray the cost of free rides during the Summer Festival.

6.2 Recommendations

Findings documented in previous sections of the performance audit indicate areas of positive performance as well as opportunities for improved compliance and improved effectiveness, efficiency, and economy of operations. More detailed recommendations are offered here to capitalize on improvement opportunities. Rather than viewing the recommendations as negative, they should be balanced against LBMTL's positive performance results during the performance audit review period, noted throughout this report.

The following recommendations are provided for consideration by LBMTL:

1. Monitor system performance against performance benchmarks developed for the transit system as part of the update to the Short Range Transit Plan.
2. Properly report FTEs in State Controller's Report in compliance with state statute.
3. Assess alternative cost-allocation methods for the Mainline and Summer Festival service modes.
4. Adopt formalized on-time performance monitoring procedures.
5. Enhance the delivery and quality of supplemental local demand-response and taxi service.

These recommendations and the expected results of implementing them are discussed here. Each recommendation also includes a management response from LBMTL.

Recommendation 1: Monitor system performance against performance benchmarks developed for the transit system as part of the update to the Short Range Transit Plan

Issues and Opportunities – This recommendation is carried over from the previous performance audit, which recommended that LBMTL should develop transit system performance benchmarks against which to measure its productivity. Currently, there are no established performance standards against which transit service could be measured. The City has retained a consultant that will pursue the development of passenger benchmarks for the Summer Festival service.

Recommended Actions – It is recommended that LBMTL develop a methodology to create specific performance benchmarks against which actual data could be compared on a regular basis. The upcoming update to the Short Range Transit Plan should suggest initial benchmark indicators such as operating cost per service hour, cost per passenger, and passengers per hour. One method for establishing initial benchmarks is to calculate a three-year average for each indicator and then update the benchmarks annually using the most recent three-year average. Also, separate benchmarks should be developed for Mainline and Summer Festival Shuttle services because their services and ridership markets are distinct.

Expected Results – Specific performance goals or trends against which to compare recent actual performance will provide LBMTL a means to measure the efficiency and effectiveness of service adjustments and make productivity improvements as necessary.

Management Response – *LBMTL will use operating cost per service hour, cost per passenger and passengers per hour calculations to evaluate current year performance against prior years for Mainline and Festival services. In addition to the consultant hired to establish performance standards for the Summer Festival service, the City is in the process of retaining a consultant to evaluate the Mainline service and to prepare recommendations for establishing performance standards. These recommendations will be presented to the City Council by the end of 2013. Measurement and tracking of performance standards would begin shortly after that.*

Recommendation 2: Properly report FTEs in State Controller’s Report in compliance with state statute

Issues and Opportunities – This recommendation is carried over from the previous performance audit. The PUC defines a full-time equivalent employee (FTE) under the assumption that 2,000 person-hours of work in one year constitute one employee equivalent. Currently LBMTL reports annual FTEs in the State Controller’s Report using headcounts for both part-time and full-time employees connected with the transit system.

Recommended Actions – It is recommended that LBMTL use the pay hours reported in the National Transit Database and divide those hours by 2,000 to arrive at the correct FTE count for the State Controller’s Report. The City’s State Controller’s Reports for the audit period still show the actual number of employees instead of the calculated FTE count. Alternatively, the FTE count is shown correctly on the TDA Claim forms; the same FTEs should be reported for the State Controller Report.

Expected Results – The correct calculation of FTEs will result in full compliance with PUC requirements and more accurate reporting to the State Controller.

Management Response – *LBMTL concurs with this recommendation and will report accordingly in the future.*

Recommendation 3: Assess alternative cost-allocation methods for the Mainline and Summer Festival service modes

Issues and Opportunities – LBMTL allocates costs on its budget trial balance spreadsheet for all service modes. LBMTL utilizes a cost allocation formula in which 69 percent of administrative and maintenance costs are attributed to the Mainline service and 31 percent of costs are attributed to the Summer Festival service. The allocation formula is based on historic vehicle maintenance costs by service, which may not be reflective of the costs to provide either transit administration or maintenance today. As vehicles age or are replaced, the cost to maintain the fleet will vary substantially for each service. While we agree that all costs should be allocated by service to enable better analysis of performance trends, it is the existing method of allocating maintenance and administration costs that is questioned.

Recommended Actions – Maintenance costs are driven primarily by the total number of miles driven by each vehicle, including both revenue service and deadhead. A simplified allocation method would be to divide the annual total maintenance costs by the proportion of vehicle miles driven annually by the two services. If the mileage of one service increases or decreases, the allocation proportion would also increase or decrease. Under this method and using FY 12 mileage information, Mainline service would be allocated about 53% of maintenance costs and Summer Festival service 47% of costs. Since the Mainline service uses traditional bus transit vehicles and the Festival services uses trolley buses, and the services do not share vehicles, this method would equitably separate maintenance costs based on vehicle usage.

The recommended allocation method for Administration costs is based on revenue service hours operated by each service. This cost basis factors in the assumption that the more service hours that a particular service runs, the more administrative time and expense that must be afforded to that service. Under this method and using FY 12 revenue service hour information, Mainline service would be allocated about 44% of administrative costs, and Summer Festival service 56% of costs. The allocation proportions for both maintenance and administrative costs would be re-calculated each year to reflect actual operations provided by Mainline and Summer Festival services.

Expected Results – By using separate methods for allocating maintenance and administration costs that can be updated on a regular basis, LBMTL would have a clearer assessment of modal costs that would assist with budgeting and external reporting requirements.

Management Response – *In future reporting, beginning with accounting fiscal year 2013/14, LBMTL will determine the percentage of maintenance costs attributable to each service by comparing mileage driven. LBMTL will determine the percentage of administrative costs by comparing revenue service hours for each service.*

Recommendation 4: Adopt formalized on-time performance monitoring procedures

Issues and Opportunities – LBMTL currently utilizes several methods to monitor on-time performance. Motorized and pedestrian traffic congestion along the routes, particularly during the Summer Festival can sometimes result in delays. In light of these road conditions, on-time performance is primarily tracked on trip sheets. Drivers also brief supervisors on road conditions during their runs. Supervisors conduct shadow runs and follow the buses to ensure that buses are running on schedule. Stewards on the Canyon Route also assist in monitoring on-time performance. With growing use of GPS capability, the City may have the ability to standardize its tracking of vehicle locations and possibly reduce staff time to monitor service.

Recommended Actions – LBMTL should work toward standardizing its on-time performance monitoring procedures by utilizing technologies such as GPS that are already provided on the vehicles. Drivers could still call in at certain time points during their runs to verify their locations. GPS could be used in concert with other traffic monitoring technologies in place to re-route buses around bottlenecks to maintain schedule adherence.

Expected Results – With increasing ridership during the Summer Festival, a standardized and more technology-based monitoring system would allow for real-time analysis and ultimately, improved performance and reliability.

Management Response – *Beginning with fiscal year 2013/14, LBMTL will utilize GPS to assist in tracking on-time arrival for mainline service. Trip sheets will continue to be used to track Festival Services and will be supported by GPS.*

Recommendation 5: Enhance the delivery and quality of supplemental local demand-response and taxi service

Issues and Opportunities – As a supplement to LBMTL services, local specialized demand-response service provided by a local non-profit, Sally's Fund, as well as the after hours Taxi Plus program are made available by the City to Laguna Beach residents. These long-standing programs provide benefits to local residents and are evaluated and modified by the City's Community Services Department to improve delivery to customers. These modifications include either new contract provisions for participating taxi cab companies or potential competitive bidding for the senior service.

Recommended Actions – It is recommended that the City comply with the OCTA Measure M grant conditions for senior mobility and undertake a competitive procurement process for the local senior demand-response service. This would benefit the City by providing an ADA-compliant vehicle while also seeking offers for improved operational efficiencies. As part of the contracting process, the City should also consider including incentives and/or liquidated damages in the contract, to hold the contractor accountable to meet performance benchmarks stipulated in the contract.

With regard to the Taxi Plus program, consideration should be given to issuing an RFP to procure a single or very limited number of taxi cab companies to partake in the program. This as well as specific contract terms and conditions will help improve service consistency for residents and allow the City to focus its contract administration and monitoring on the selected company. The one taxi company will also be able serve more

passengers from the program and build potential greater efficiencies. The duration of the contract could be based on a set time period with optional extensions at the City's choosing.

Expected Results – These supplemental services should be designed to enhance the quality of service and produce cost and service efficiencies for the City while meeting ADA-related compliance. A service goal could be to remain cost competitive with LBMTL's contract for OCTA's ACCESS services.

Management Response – *LBMTL will develop an RFP to complete a competitive procurement process for ADA services. The RFP will be released in May 2013, and it is expected that a contract will be awarded by the end of August 2013. LBMTL will further evaluate the taxi voucher program recommendation. LBMTL recognizes the benefits of this approach in terms of greater accountability and improved contract management, but such an approach would also limit the options available to customers using the service. Evaluation of the taxi voucher program will be included with the transit evaluation described in #1 above. Recommendations will be presented to the City Council by the end of 2013.*