FY 2019-2021

TRIENNIAL PERFORMANCE AUDIT OF SACRAMENTO REGIONAL TRANSIT DISTRICT

SUBMITTED TO

SACRAMENTO AREA COUNCIL
OF GOVERNMENTS

SUBMITTED BY

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Executive Summary

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

The audit includes a review of the following areas:

- Compliance with TDA requirements
- Status of prior audit recommendations
- System performance trends
- Functional review

Based on the audit review process, recommendations were developed to improve the operational efficiency and effectiveness of SacRT.

Compliance with TDA Requirements

Of the compliance requirements pertaining to SacRT, the transit operator fully complied with all nine applicable requirements. Two additional compliance requirements did not apply to SacRT (rural and blended farebox recovery ratios).

Status of Prior Audit Recommendations

SacRT fully implemented one of three prior audit recommendations which involved the development of a strategic plan or short-range transit plan. Two recommendations that were partially implemented and are being carried forward for full implementation pertained to instituting measures to support greater operator cohesion and further development of the Internal Audit department.

System Performance Trends

1. Operating costs increased system-wide 19.7 percent from $166.7 million in FY 2018 to $199.5 million in FY 2021. From FY 2018 to FY 2020, system-wide operating costs increased 26.1 percent. Fixed-route bus operating costs increased 15.2 percent from $81.1 million in FY 2018 to $93.4 million in FY 2021. From FY 2018 to FY 2020, fixed-route bus operating costs increased 10.7 percent. Operating costs for light rail service increased 3.0 percent from $70.9 million in FY 2018 to $73 million in FY 2021. Light rail operating costs increased 9.5 percent from FY 2018 to FY 2020. Demand-response operating costs increased 2,805.3 percent from

$700,557 in FY 2018 to $20.4 million in FY 2021. Demand-response operating costs increased 765.2 percent from FY 2018 to FY 2020.

Increases in operating expenses can be attributed to several influences throughout the audit period. Overall labor and fringe benefits increased due to a rise in labor costs resulting from increased service levels, new contracted service, contractual pay rate escalation, and an increase in SacRT's actuarially determined pension contribution.

The increase in operating costs related to demand response from FY 2018 to FY 2020 were largely reflective of the expansion of the SmaRT Ride microtransit service during this period. Operating costs related to SmaRT Ride largely stabilized in FY 2021 at roughly $6.5 million. Demand-response operating costs in FY 2021 rose primarily from SacRT bringing the ADA paratransit service, previously provided by Paratransit, Inc., in-house with the introduction of its SacRT GO service. Operating costs related to SacRT GO in FY 2021 represented approximately $13.9 million of the $20.4 million in demand-response operating costs. Overall the introduction of SacRT GO reduced system-wide operating costs by moving professional services expenses to labor and fringe benefits. However, this decrease was mitigated by the aforementioned increase in labor and fringe benefits due to a rise in labor costs resulting from contractual pay rate escalation, an increase in SacRT's actuarily determined pension contribution, and an increase in casualty and liability insurance premiums.

The increases in fixed-route bus operating expenses can be partially attributed to annexation of Folsom and Citrus Heights service in FY 2019 as well as the contracted operation of Elk Grove's e-tran service in FY 2020 before annexation of Elk Grove service in FY 2021. Elk Grove-related transit costs in FY 2020 were estimated at roughly $6.7 million.

2. Ridership system-wide decreased 61.3 percent from 20.9 million passenger trips in FY 2018 to 8.1 million passenger trips in FY 2021. From FY 2018 to FY 2020, system-wide ridership decreased 15.9 percent. Fixed-route ridership decreased 62.5 percent from FY 2018 to FY 2021 and 19.5 percent from FY 2018 to FY 2020. Light rail ridership decreased 62.9 percent from FY 2018 to FY 2021 and 13.3 percent from FY 2018 to FY 2020. In contrast, the demand-response mode exhibited an 1,800.9 percent increase in passenger trips from FY 2018 to FY 2021 and a 684.9 percent increase from FY 2018 to FY 2020. This dramatic increase in demand-response ridership can be partially attributed to the continued success and expansion of the SmaRT Ride program. In May 2018, RT received a $12 million discretionary grant to expand SmaRT Ride in residential and commercial areas that are underserved by public transit. By 2020, the service had expanded to nine zones, going from 16,065 passengers in FY 2018 to 146,540 passengers in FY 2021. Additionally, with Americans with Disabilities Act (ADA) paratransit service brought in-house in FY 2021, SacRT GO represented 158,837 riders.

   While the SmaRT Ride program and SacRT GO created a significant increase in ridership for demand response during the audit period, fixed route and light rail ridership exhibited a significant drop due to the COVID-19 pandemic. From FY 2018 to FY 2019, ridership for fixed route saw a decrease of 5.6 percent and for light rail a decrease of 3.8 percent. From FY 2020

to FY 2021, ridership for fixed route saw a decrease of 53.4 percent and for light rail a decrease of 57.2 percent.

3. The provision of vehicle service miles increased 10.7 percent system-wide during the audit period from 10.7 million miles in FY 2018 to 11.8 million miles in FY 2021, with new service vehicle revenue miles, particularly in FY 2021, outpacing the reductions of services related to the pandemic. Vehicle service miles increased 2.1 percent on the fixed-route bus service mode, a reflection of the new annexed service operations vehicle service miles outpacing the reduction in services related to the initial pandemic response, and decreased 19.9 percent on light rail, a reflection of the impacts of reduced service due to the pandemic, from FY 2018 to FY 2021. Demand response exhibited a 2,575.7 percent increase in vehicle service miles from FY 2018 to FY 2021 with the implementation and expansion of SmaRT Ride services as well as the addition of in-house ADA services through SacRT GO.

   System-wide, vehicle service miles decreased 6.1 percent from FY 2018 to FY 2020, largely related to the initial impact of the pandemic in late FY 2020. From FY 2018 to FY 2020, vehicle service miles decreased 4.9 percent on fixed-route bus and decreased 18.3 percent on light rail, a reflection of the initial pandemic impact on services. Demand-response vehicle service miles increased 625.3 percent from FY 2018 to FY 2020 as SmaRT Ride continued to expand.

4. The provision of vehicle service hours increased 9.9 percent system-wide from 807,817 hours in FY 2018 to 888,105 hours in FY 2021. This reflects the same trends seen in vehicle service miles where new vehicle service hours, through new demand-response services and annexed fixed-route services, outpaced reductions in service related to the pandemic. Vehicle service hours on the fixed-route bus mode increased by 1.1 percent from FY 2018 to FY 2021 and decreased by 20.2 percent on light rail. Vehicle service hours on demand-response service increased 1,925.4 percent from FY 2018 to FY 2021.

   From FY 2018 to FY 2020, vehicle service hours decreased 4.6 percent system-wide. Over this period, fixed-route vehicle service hours fell 5.7 percent and light rail vehicle service hours fell 16.8 percent. Demand-response vehicle service hours increased 560.2 percent from FY 2018 to FY 2020.

5. Operating cost per passenger, a measure of cost effectiveness, increased 209.2 percent system-wide from $7.98 in FY 2018 to $24.67 in FY 2021, a reflection of both the increase in operating costs associated with new services and other factors discussed above as well as a significant decrease in ridership as a result of the pandemic. For fixed-route bus service, cost per passenger increased 207.3 percent from FY 2018 to FY 2021, whereas on light rail, cost per passenger increased 177.7 percent. Demand response had the smallest increase in cost per passenger from FY 2018 to FY 2021, at 52.8 percent, although this service had the highest per passenger cost among all the modes, with SmaRT Ride at a cost of $44.00 per passenger and SacRT GO at a cost of $87.55 per passenger in FY 2021.

From FY 2018 to FY 2020, cost per passenger system-wide increased 50 percent as the impacts of the pandemic on ridership had not been fully realized. From FY 2018 to FY 2020, the cost per passenger increased 37.5 percent for fixed-route bus service and 26.3 percent for light rail service. From FY 2018 to FY 2020, demand-response cost per passenger increased 10.2 percent.

6. Operating cost per vehicle service hour, a measure of cost efficiency, increased 8.9 percent system-wide from $206.35 in FY 2018 to $224.69 in FY 2021. From FY 2018 to FY 2020, cost per hour increased 32.2 percent. At the modal level from FY 2018 to FY 2021, there was a 13.9 percent increase for fixed route bus services and a 29.1 percent increase for light rail. For demand response, cost per hour increased 43.4 percent. Growth in operating costs while service was reduced in response to COVID-19 pandemic led to these upward trends; however, operating cost per vehicle service hour fell 17.6 percent from FY 2020 to FY 2021, a positive sign that this performance indicator is beginning to stabilize.

7. Operating cost per vehicle service mile, another measure of cost efficiency, increased 8.2 percent system-wide from $15.57 in FY 2018 to $16.84 in FY 2021. From FY 2018 to FY 2020, cost per mile increased 34.4 percent. On the fixed route from FY 2018 to FY 2021, cost per mile increased 12.8 percent whereas on light rail there was a 28.5 percent increase. Demand response exhibited an 8.6 percent increase from FY 2018 to FY 2021. Like operating cost per hour, these trends can be attributed to the reduction of services in response to the COVID-19 pandemic; however, cost per hour fell 19.5 percent from FY 2020 to FY 2021, a positive sign that this performance indicator is beginning to stabilize.

Functional Review

1. The impacts of the COVID-19 pandemic affected nearly every department at RT, starting in March 2020. In response to the pandemic, RT adjusted its operations internally including its cleaning protocols, vehicle maintenance schedules, telework policy, and IT network configuration. Service changes and mask mandates were instituted to best service the public while protecting both riders and RT employees.

2. SacRT adopted new strategic mission and vision statements in its FY 2021- 2025 Strategic Plan. The new mission statement is: “Moving you where you want to go, when you want to go.” The new vision statement is: “A leader in providing mobility options.” As part of the Strategic Plan update, SacRT established and implemented an agency performance scorecard to support the new vision and mission. The scorecard is comprised of metrics across four tactics including customer satisfaction, operational excellence, community value, and employee engagement. Each tactic is broken down into various metrics along with annual performance goals. The performance of each metric is assigned to the relevant agency division or department and progress is reported out on a quarterly basis to ensure continued improvement and transparency to both the Board and the community. The General Manager/Chief Executive Officer (GM/CEO) is able to utilize this performance-based tool to lead the organization in achieving its goals and fulfilling the agency mission and

vision.

3. In September 2019, SacRT rolled out a new redesigned bus network, called SacRT Forward. The new bus system is user-friendly and has more direct routes. The focus of the new bus network has been on developing bus routes that serve major corridors that will lead to economic growth and reduce congestion. Adjustments have been made to almost every route, some minor and some much more substantial, which will provide better frequency, more weekend service, and new and improved schedules.

4. In March 2021 RT finalized its Zero-Emission Bus (ZEB) Rollout Plan in compliance with the California Air Resource Board's Innovative Clean Transit regulation which mandates all transit agencies in the state operate fully zero emission fleets by 2040. RT's plan details how the agency will gradually transition its fleet to entirely zero emissions vehicles by progressively increasing its zero emissions vehicle purchases over time. By 2023, 25 percent of bus purchases will be zero emissions vehicles, by 2026 that percentage will increase to 50, and by 2029 100 percent of vehicle purchases will be zero emission vehicles, with the last conventional internal combustion engine bus purchase planned for 2028. In February 2022 RT finalized its ZEB Phase II Facilities Master Plan Report. This report builds on the initial plan and analyzes the significant infrastructure and facilities demands necessary to support RT's future fully battery electric and fuel cell electric bus fleet. The report explores alternatives including the retrofitting of RT's existing facilities as well as the construction of entirely new facilities. Ultimately the report finds that the retro fitting of RT's existing facilities to meet ZEB demands is not a viable option as there are too many physical, administrative, and financial challenges; the plan recommends the decommissioning of RT's existing three bus facilities and the construction of three new purpose-built ZEB garages.

5. RT has been able to extend the useful life of its current light rail vehicle fleet, however they have still exceeded the useful life benchmark of 31 years as established by FTA. RT's Light Rail Modernization Project initiative addresses this concern through the purchase of new light rail vehicles, station enhancements, and the construction of additional track. In 2020, RT executed a contract with Siemens Mobility for the manufacture of up to 76 new low-floor light rail vehicles with the first 20 vehicles expected to be added to revenue service by the Spring of 2023. These new low-floor vehicles will require retrofitting light rail stations and the light rail maintenance facility to meet the necessary platform height. Track construction is expected to begin winter of 2022 with the expectation of completion by Spring 2024.

6. RT completed annexations of transit service in Folsom, Citrus Heights and Elk Grove. RT began providing contracted service to the e-Tran service on behalf of the City of Elk Grove beginning July 1, 2019, with full annexation occurring July 2021.

7. In February 2018, RT launched its "SmaRT Ride" service, an on-demand transit service enabling customers to hail rides similar to services like Uber or Lyft. RT transformed an existing SacRT dial-a-ride service called "City Ride" in the City of Citrus Heights to SmaRT

Ride using existing 25-foot cutaways. The service boundaries were expanded in April 2018 to include Antelope, Orangevale, and the Historic Folsom light rail station. SmaRT Ride expanded to nine zones by June 2020 and now services Citrus Heights-Antelope-Orangevale, Arden-Carmichael, Downtown-Midtown-East Sacramento, Elk Grove, Florin-Gerber, Folsom, Franklin-South Sacramento, Natomas-North Sacramento, and Rancho Cordova. The service operates utilizing 45 vehicles, 9 of which are zero emission electric vehicles.

8. SacRT began operating paratransit services in-house on June 28, 2020 after its contract with Paratransit, Inc. ended in June 2019. "SacRT GO Paratransit Services" (SacRT GO) provide paratransit services for elderly and disabled residents, including services that fulfill SacRT's federal obligations under the ADA. RT's entire bus and light rail system is accessible to the disabled community. All vehicles in the RT system are wheelchair accessible. RT offers special fares to seniors and persons with disabilities. SacRT GO operates during Fixed Route and Light Rail service hours. Currently, the service can start as early as 4:30 a.m. and run until 1:00 a.m. (Blue Line). Passengers can schedule up to two days prior to their planned trip, up to 5:00 p.m. the day before.

9. In October 2019, SacRT introduced RydeFreeRT, the first unrestricted fare-free program in the nation for students and youth in grades TK through 12. Youth can ride on any SacRT buses, light rail, and SmaRT Ride for free. All youth that live or go to school within the SacRT service area qualify. Youth who are currently homeless or in the foster care system also qualify regardless of where they live or go to school.

10. During the audit period, Police Services implemented a new social worker position at RT. The social worker is partnered with a sworn officer in the field to address community complaints regarding dangerous or nuisance behavior from individuals suffering from mental illness or experiencing homelessness. These interactions are not conducted with the aim of enforcing the law but rather focus on connecting the individual with social services.

11. RT developed and finalized its Public Transit Agency Safety Plan (PTASP) in October 2020 in compliance with the federal requirements detailed in MAP-21. The plan includes the procedures and processes to implement Safety Management Systems (SMS) and safety performance targets and must be updated and certified by the transit agency annually.

12. In collaboration with Yolo County Transportation District (Yolobus) in May of 2020, RT began operating its new electric bus service, the Causeway Connection, across the Yolo Causeway to better connect the Sacramento and Davis communities. The Causeway Connection bus service connects the UC Davis Campus with downtown Sacramento and the UC Davis Medical Center. 12 new shuttles were purchased by Electrify America, a Volkswagen subsidiary, as part of its $44 million Green City initiative to promote electric vehicle adoption in Sacramento. The new 40-foot, low-floor buses have 33 seats, two wheelchair spaces, bike racks, free Wi-Fi and USB charging posts available at all seats. The

service operates in tandem by SacRT and Yolobus. Each transit agency operate six of the twelve new shuttles.

13. In January 2020, SacRT launched a new battery powered zero emissions Airport Express bus route with service between downtown Sacramento and the Sacramento International Airport in partnership with Yolo County Transportation District (Yolobus). The new route 142 operates seven days a week every 20 to 30 minutes combined with Yolobus downtown/airport routes 42A and 42B.

Recommendations

Performance Audit Recommendation	Background	Timeline
1. Institute personnel measures that support greater operator cohesion.	Cultural change at the agency is often challenging to embrace at various personnel levels in a relatively short time, given the institutional history. Issues and barriers between drivers and supervisors, and newer and longer-term operators adversely affect morale and staff cohesion, which can permeate the customer-facing side of operations. RT management has responded with updated programs and training for operations employees and supervision with greater emphasis on employee management. The significant cultural and organizational changes implemented at SacRT during the audit period provide momentum to encourage greater staff cohesion and mentoring. In its labor negotiations, SacRT management continues to address many components of personnel matters and should find means to encourage the sense of teamwork and gratification through policies that result in continued positive customer-oriented service. Over the audit period, RT took on many initiatives to promote employee cohesion and improve morale, including the launch of its light rail maintenance mentorship program, shortening pay ranges to promote faster promotion, and instituting empathetic leadership training for management staff. However, while RT has made efforts to improve the agency's culture and promote greater employee cohesion and improve morale, the COVID-19 pandemic has slowed progress. Many in-person team-building	High Priority

Performance Audit Recommendation	Background	Timeline
	events had to be cancelled over the audit period to prevent the spread of the virus. Now that the vaccine rate is high and the spread of the virus is mostly controlled, RT should consider how to safely reinstate these events and create new opportunities to build employee unity and promote employee morale. Some concepts for consideration include reintroducing bus rodeos and safety fairs; holding town hall-style gatherings with executive management; increasing training opportunities; and offering additional recognition and incentives. As the agency service area and the variety of service offerings expand, the number of employees and the modes they work in will likely increase, thus creating more opportunities of potential separation and siloing. An example of this is the annexation of the Elk Grove service. The operation of these routes and the operators assigned to this service are largely separate from the larger RT staff. RT leadership should continue to develop measures to ensure a unified and positive work morale for all employees across all departments and divisions of the agency.	
2. Continue development of the Internal Audit Department.	SacRT implemented a prior performance audit recommendation by creating an Internal Audit Department in the Planning and Accountability Division. As the relatively new department continues to evolve, SacRT must maintain transparency in its operations and financial performance while considering the sensitivity and confidentiality of information collected while performing internal audits. Appropriate protocols, policies, and procedures for the department, as well as proper disclosure and communications, are in stages of development and should be established in desktop procedures. Establishing these protocols, policies, and procedures is of increasing importance with the transition of internal audit staff and development of the department's goals and Annual Audit Plan. Since 2017, SacRT's Internal Audit Department has reengaged staff and promoted the presence of the department, which had previously been eliminated. A risk assessment with a heat map was generated that sorts risk areas by agency function for their severity and likelihood. The heat map, in conjunction with	Medium Priority

	interviews conducted in FY 2021 with agency leadership and managers, was used to develop the current internal Annual Audit Plan. In the current audit period, the Internal Audit Department experienced some challenges that affected SacRT's ability to implement the previous audit's recommendation to continue department development. The internal auditor at the time was promoted to General Counsel and as such there was a gap in the Internal Audit Department services in 2019 until a successor could be recruited. The position was filled in mid-2019; however, the internal auditor hired left the position in May 2020. Following the departure of the internal auditor, the position remained unfilled and recruitment for a successor was suspended along with all non-operational recruitments in response to the COVID-19 pandemic. In January 2021, the current internal auditor was hired, and the Internal Audit function was moved to the Integrated Services & Strategic Initiatives Division. The department began to implement the prior audit recommendation with the development of an Annual Audit Plan for fiscal years 2021-2023 organized and prioritized by critical business function. This plan was presented to the GM and Executive Management Team (EMT) in March 2021 for confirmation with a status update presented in October 2021. While attempts have been made to implement the prior audit recommendation, changes in organization structure and staff turnover have impeded full implementation. However, several of the audit engagements prioritized on the Annual Audit plan have been completed or are in various stages of completion and internal audit procedures are currently under development. The internal auditor provides a bi-annual report of audit activities to the Board in a written format as part of the Board Meeting packet. Furthering the progress of designing policies and procedures for the Internal Audit Department will provide substance to the undertaking of the Annual Audit Plan and communication protocol for sharing the audit results both internally and externally with the public. Dissemination of information and the audit reports improves transparency and promotes accountability for the agency in building public trust. For example, the Annual Audit Plan identifying the	

	engagements planned could be posted on the SacRT website. Also, audit findings could be presented to the Board either as a stand-alone item, or part of the GM/CEO's board report. Development of desktop policies and procedures would also help prevent against oversights occurring in the event of staff turnover and provide consistent training for new employees in the department. As the agency service area and the variety of service offerings expand, more demand will be placed on Internal Audit Department. In establishing the protocols, policies, and procedures and defining the Annual Audit Plan for the Internal Audit Department, the capacity of the department should also be considered. SacRT could consider the value of expanding the size of the department and/or use of outside assistance for supplemental support on specialized subjects, such as IT security in response to the cyberattack in 2017. Following the cybersecurity attack, an IT security firm was contracted to perform a review of SacRT's cybersecurity system and provide recommendations for improving security over its IT system. With added capacity, the Internal Audit Department could spread its services over more functions within the agency to ensure better overall efficiency and program compliance throughout the agency. For example, broadening the department's technical expertise to include various Federal Transit Administration (FTA) requirements could help decrease the number of deficiencies found in FTA's triennial review process. For the current FTA Triennial audit period (FY 2019 – 2021), the Internal Audit Department noted the deficiencies from the previous FTA Triennial Review (FY 2016 – 2018) and performed follow up engagements in several of the noted deficiency areas. There was a reduction of noted deficiencies for SacRT's most recent FTA Triennial Review for the period of FY 2019 – 2021. A degree of current procedures are in place and should provide the foundation for completing a full set of policies and procedures for guiding the new department and its staff.	

Performance Audit Recommendation	Background	Timeline
3. Consider development of a single dashboard for all performance metrics.	Currently, RT utilizes a variety of reports to convey system performance across key performance metrics both internally and to the public, including its vital statistics report, the agency's annual budget, and the Performance Scorecard. While these numerous metrics provide a comprehensive summary of RT's overall performance as an agency, finding the data can be difficult for those who may not know where to look for each specific data set. Each report was developed for a specific need and morphed over time to best suit agency needs. As new needs arose, new reports were developed without consolidating data from previously developed reports. The creation of a single landing page for the presentation of all agency performance metrics would increase agency transparency while avoiding possible redundancies. A central dashboard may be an opportunity for disseminating internal audit findings as well. In the event that some metrics may not be appropriate to share publicly, an internal dashboard derived from the central source could be developed and made inaccessible to the general public.	Medium Priority

Section I

Introduction

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

The Sacramento Area Council of Governments (SACOG) engaged the Michael Baker International audit team (Michael Baker) to conduct the TDA triennial performance audit of the nine public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for the Sacramento Regional Transit District (RT, SacRT, District) covering the most recent triennial period, fiscal years 2018–19 through 2020–21.

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

This TDA audit is intended to provide SacRT with an independent, constructive, and objective evaluation of the organization and its operations. The methodology for the audit included in-person interviews with transit management, telephone interviews, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities,* published by the California Department of Transportation, was used to guide the development and conduct of the audit.

Overview of the Transit System

RT serves a metropolitan region of over 1.5 million people and is the largest transit operator in Sacramento County, providing fixed-route bus, microtransit, light rail, and Americans with Disabilities Act (ADA) paratransit services over 400 square miles. RT was formed by the California State legislature in 1971 and began operations on April 1, 1973, with the acquisition of the Sacramento Transit Authority. RT is governed by an 11-member Board of Directors, comprising members of the Sacramento, Rancho Cordova, Citrus Heights, Elk Grove, and Folsom City Councils as well as the Sacramento County Board of Supervisors.

In 2019, American Public Transportation Association (APTA) awarded SacRT's GM/CEO with the Outstanding Public Transportation Manager of the Year award. In 2021, SacRT received APTA's

Outstanding System of the Year Award for North America.

Transit Services

RT directly operates over 80 bus routes, dial-a-ride ADA service, on-demand microtransit service, and 44.9 miles of light rail. Buses and light rail run 365 days a year using 97 light rail vehicles, 186 buses powered by compressed natural gas (CNG), 26 shuttle buses powered by CNG, 6 zero emission electric buses, 9 zero emission electric shuttle buses, and 120 demand-response vehicles. RT passenger amenities include 53 light rail stations, 30 bus and light rail transfer centers, and 22 park-and-ride lots. RT also serves over 3,100 bus stops throughout Sacramento County. Maps of SacRT's regional and central city routes are presented in Figures I-1 and I-2 of this system overview.

Fixed Route Bus Service: Bus service is provided daily from 5:00 a.m. to 11:00 p.m., with service every 12 to 60 minutes, depending on the route. Average weekday bus ridership reached 35,000 passengers per day.

In September 2019, SacRT rolled out a new redesigned bus network, called SacRT Forward. The new bus system is user-friendly and has more direct routes. The focus of the new bus network has been on developing bus routes that serve major corridors that will lead to economic growth and reduce congestion. Adjustments have been made to almost every route, some minor and some much more substantial, which aim to provide better frequency, more weekend service, and new and improved schedules.

In January 2020, SacRT launched a new battery-powered zero emissions Airport Express bus route with service between downtown Sacramento and the Sacramento International Airport in partnership with Yolo County Transportation District (Yolobus). The new route 142 operates seven days a week, every 20 to 30 minutes, combined with Yolobus downtown/airport routes 42A and 42B.

In May 2020, RT and Yolo County Transit District began collaborating to operate express bus services between University of California, Davis, and UC Davis Medical Center in Sacramento. Initially launching at reduced service due to COVID-19, the Causeway Connection began running its zero emission bus service on an hourly basis Monday through Friday with 30 trips between the Silo Terminal in Davis and the UC Davis Medical Center.

Light Rail Service: RT operates three light rail lines: Gold Line, Blue Line, and Green Line. Light rail service operates from approximately 4:00 a.m. to 1:00 a.m. on weekdays; from approximately 4:30 a.m. to 1:00 a.m. on Saturdays; and from approximately 5:00 a.m. to 11:00 p.m. on Sundays. Service operates every 15 minutes during the day on weekdays and every 30 minutes in the evening and weekends. During the audit period, RT increased weekend service frequency to every 15 minutes during peak travel hours. Blue Line and Gold Line trains operate until approximately 1:00 a.m. on weekdays and weekends. Green Line trains only operate Monday through Friday.

As funding becomes available, SacRT plans to continue to extend the rail system. The Green Line to the Airport project will eventually extend light rail an additional 11.7 miles from the 7th & Richards/Township 9 Station to the Sacramento International Airport. The Green Line is a major

project with many components, including double tracking; bridges over the American River and Highway 99; up to 16 light rail stations; a light duty maintenance facility; and seven park-and-ride lots. The Blue Line to Elk Grove extension is also pending available funding and will extend the terminus of the Blue Line approximately 2 miles from Cosumnes River College Station along Bruceville Road to Elk Grove Boulevard. On Sunday, August 29, 2021, SacRT officially opened the new Morrison Creek light rail station along the Blue Line between the Meadowview and Franklin stations.

SacRT was awarded nearly $200 million in funding from the Transit and Intercity Rail Capital Program (TIRCP) and the California State Transportation Agency (CalSTA) to modernize the light rail fleet, including the purchase of new low-floor light rail trains, low-floor stations, and supporting infrastructure and double-tracking in Folsom to provide 15-minute service that will provide better accessibility to passengers with disabilities, bicycles, and strollers, and to help reduce traffic congestion on the busy Highway 50 corridor. Service implementation is expected in 2023.

Contracted Service: RT operates transit service under agreements with various local agencies. During the audit period, RT provided contracted services on behalf of North Natomas Transportation Management Association and City of Rancho Cordova. Many of the previous local community services are now served by the SacRT SmaRT Ride service.

- The Jibe (formerly North Natomas Flyer) (North Natomas Transportation Management Association)—Three routes connect north Natomas to downtown Sacramento Monday through Friday during peak commute hours.
- Rancho CordoVan (City of Rancho Cordova)—Three routes connect the Zinfandel light rail station with locations in Rancho Cordova Monday through Friday during peak commute hours.

Annexation: RT completed annexations of transit service in Folsom, Citrus Heights, and Elk Grove. RT began providing contracted service to the e-tran service on behalf of the City of Elk Grove starting July 1, 2019, with full annexation occurring July 2021. The Folsom, Citrus Heights, and Elk Grove services are described below:

- Folsom Stage Line (City of Folsom)—Three fixed routes connect to Iron Point Station, beginning February 4, 2019. This service is provided using cutaway vehicles.
- Citrus Heights—Six fixed routes connect from the Sunrise Mall Transit Center and the Louis & Orlando Transfer Center. On December 13, 2018, the Citrus Heights City Council approved annexation of their transit service into the SacRT system. Citrus Heights is also served by the SmaRT Ride on-demand transit service.
- e-tran (City of Elk Grove)—Seven local and ten commuter routes. As of Thursday, July 1, 2021, Elk Grove Transit Services are part of the SacRT district. Under the annexation agreement, SacRT provides fixed-route local, commuter, and paratransit services, and maintenance operations for Elk Grove. As part of the agreement, service levels will be maintained or improved and there are no short-term plans to make changes to the existing bus service, or fares.

SmaRT Ride: In February 2018, RT launched "SmaRT Ride," an on-demand transit service enabling customers to hail rides similar to services like Uber or Lyft. RT transformed an existing SacRT dial-a-ride service called "City Ride" in the City of Citrus Heights to SmaRT Ride using existing 25-foot cutaways. The service boundaries were expanded in April 2018 to include Antelope, Orangevale, and the Historic Folsom light rail station.

In May 2018, the Sacramento Transportation Authority awarded a $12 million discretionary grant to RT to promote shuttle service by expanding SmaRT Ride in residential and commercial areas that are underserved by public transit. The grant was funded by Measure A and is guided by a Transportation Expenditure Plan. Initially operating in one service area, SmaRT expanded to nine zones by June 2020 and now services Citrus Heights-Antelope-Orangevale, Arden-Carmichael, Downtown-Midtown-East Sacramento, Elk Grove, Florin-Gerber, Folsom, Franklin-South Sacramento, Natomas-North Sacramento, and Rancho Cordova. The service operates utilizing 45 vehicles, 9 of which are zero emission electric vehicles.

Citrus Heights-Antelope-Orangevale offers curb-to-curb service where passengers are picked up and dropped off at the address they indicated when scheduling. SmaRT Ride service in Citrus Heights, Antelope, and Orangevale provides connections to the Historic Folsom light rail station, and operates Monday through Friday from 6 a.m. to 9 p.m.

All other service areas offer corner-to-corner service where passengers are picked up and dropped off at the nearest corner or 'virtual bus stop,' which is usually within a block or two of their pickup or drop-off location. The Downtown Core (north of S Street, west of 20th Street in downtown Sacramento) is a limited stop zone, where SmaRT Ride picks up and drops off at specific destinations as noted on the map. SmaRT Ride service in Downtown–Midtown–East Sacramento operates Monday through Friday from 6 a.m. to 9 p.m. SmaRT Ride service in Arden-Carmichael, Elk Grove, Florin-Gerber, Folsom, Franklin-South Sacramento, Natomas-North Sacramento, and Rancho Cordova operate Monday through Friday from 7 a.m. to 7 p.m.

To request a ride, customers must download the free SmaRT Ride App, which is available in Google Play and the Apple App Store, and enter a pickup address and destination address. The pickup and drop- off location need to be inside the same service zone, as SmaRT Ride shuttles cannot travel outside the service boundary.

Following a SmaRT Ride request, the SmaRT Ride app will provide passengers with an estimated pickup time, track their bus in real time, and alert the passenger both when their ride is about to arrive, and when their ride is about to reach their desired destination.

In addition to using the app, SmaRT Ride customers are able to request rides by calling 916-556-0100 or going online to www.ondemand.sacrt.com. Trip requests must be made on the same day. Wait times for service are subject to vehicle availability and demand.

Fares costs $2.50 per ride or $1.25 for discount eligible customers. Five or more passengers can ride for free traveling together from the same pickup and drop-off location.

ADA Accessibility and SacRT GO: RT's entire bus and light rail system is accessible to the disabled community. All vehicles in the RT system are wheelchair accessible. RT offers special fares to seniors and persons with disabilities.

SacRT terminated its service contract with Paratransit, Inc. to provide paratransit services for elderly and disabled residents, including services that fulfill SacRT's federal obligations under the ADA. The contract expired on June 30, 2019, and after several months of discussions, both organizations agreed to transition the provision of these services back to SacRT.

SacRT began operating paratransit services on Sunday, June 28, 2020. The service is called “SacRT GO Paratransit Services” (SacRT GO). Passengers can schedule up to two days prior to their planned trip, up to 5:00 p.m. the day before.

SacRT GO operates during fixed route and light rail service hours. Currently, the service can start as early as 4:30 a.m. and run until 1:00 a.m in congruence with the Blue Line hours of operation. All previous policies for ADA paratransit service and non-ADA service remain in effect; SacRT GO is providing both services.

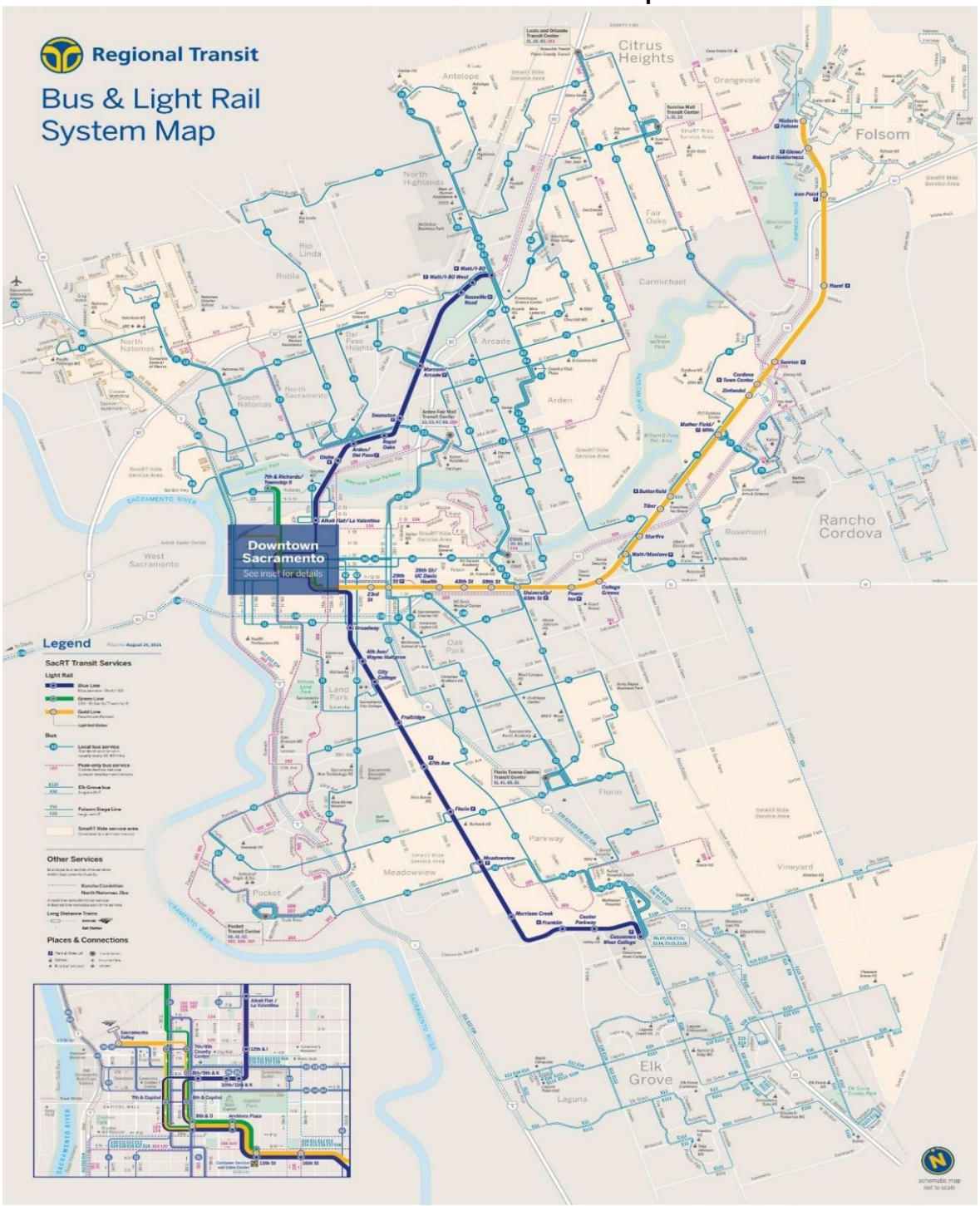
SacRT has improved the fares for paratransit service by adding free SacRT fixed-route access with the purchase of a SacRT GO ADA 60-ride monthly pass for $137.50. In addition to being a better value for their customers, the 60-ride monthly pass is completely electronic and handled by SacRT utilizing their dispatching software, Ecolane. Reservation specialists are able to verify a rider’s monthly pass and book ADA trips. They can also provide the remaining balance of trips for the month. Single ride paper tickets for SacRT GO service are also available for purchase. All single ride ADA and non-ADA trips are $5.00 per trip.

All fare media purchased prior to June 28, 2020, are accepted; however, issuance of the 44-ride pass has been discontinued.

Transit Centers, Light Rail Bus Connections, and Park-and-Rides: The RT service operates using transportation hubs, which offer timed transfer connections throughout the network and to other neighboring transit systems. RT has transit centers at American River College, Arden Fair Mall,

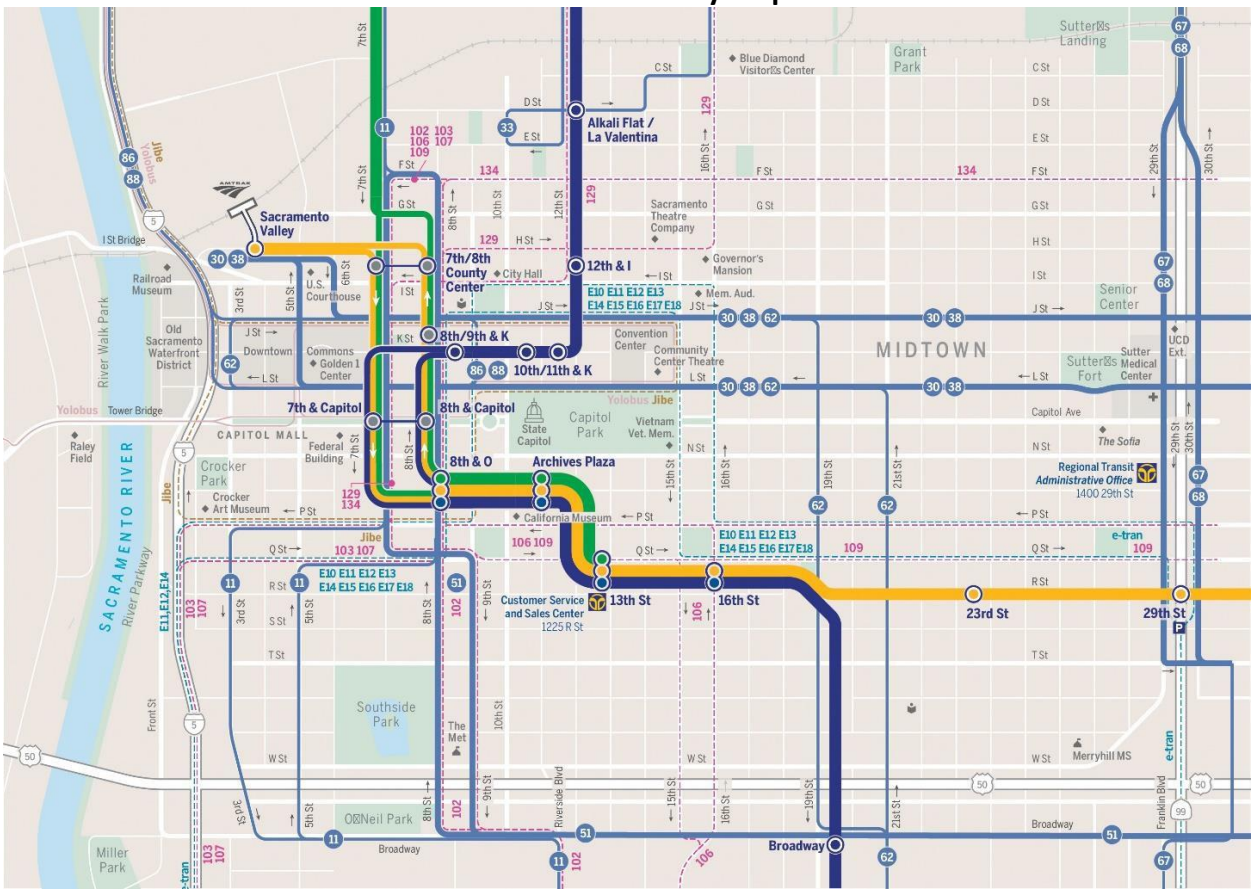
Cosumnes River College, California State University Sacramento, Florin Towne Centre, Louis & Orlando, Pocket, and Sunrise Mall. RT also has bus connections at light rail stations, along with 22 park-and-ride lots at the light rail stations.

Figure I-1
SacRT Service Area Map



Source: SacRT; Effective Aug 2021

Figure I-2
SacRT Central City Map



Source: SacRT; Effective Aug 2021

Fares

SacRT offers several mobile ticketing options as well as continuing to offer paper fare products. SacRT accepts fare payment in cash (exact change) only on SacRT buses. Prepaid tickets/passes are also available and must be validated (date and time stamped) by a fare vending machine before boarding light rail. Light rail tickets are valid for 90 minutes from time of purchase or validation. There is a $0.25 paper transfer fee when transferring from light rail to bus.

Below are the options SacRT offers for mobile ticketing:

Connect Card: The Connect Card allows riders to pay transit fares for both bus and light rail. The Connect Card is a plastic, reloadable smart card with an embedded computer chip that can store cash value, passes and discount fare**.** Connect Card participating agencies include SacRT, El Dorado Transit, e-tran, Folsom Stage Line, Placer County Transit, Roseville Transit, SCT/Link, Yolobus, and Yuba-Sutter Transit.

ZipPass: ZipPass is a mobile fare app that allows riders to purchase light rail, bus, and SmaRT Ride fare directly from their smartphone. Riders can prepurchase, store, and use SacRT tickets and passes instantly on their phone anywhere, anytime on both bus and light rail. ZipPass allows passengers to ride buses and light rail trains for 90 minutes using a valid single-ride ticket; provides state of the art security to protect personal information; and allows users to purchase single-ride tickets or daily or monthly passes.

In October 2019, SacRT introduced RydeFreeRT, the first unrestricted fare-free program in the nation for students and youth in grades TK through 12. Youth can ride on any SacRT buses, light rail, and SmaRT Ride for free. All youth that live or go to school within the SacRT service area qualify. Youth who are currently homeless or in the foster care system also qualify regardless of where they live or go to school. More information on this service can be found at www.rydefreert.com or by calling 916-321-BUSS (2877).

RT's fares are structured according to passenger category and fare media type. Daily passes are valid for unlimited rides on RT buses and light rail until 1:30 a.m. the day after purchase or validation. Monthly passes are valid for unlimited rides on RT buses and light rail for the month shown, and through the first business day of the following month. Semi-monthly passes/stickers can be purchased for use from the first of the month through the 15th, or the 16th of the month through the end of the month. SacRT also offers the Class Pass, which permits unlimited use for groups of students, and accompanying chaperones, traveling during the hours of 9:00 a.m.–3:30 p.m. Table I-1 shows the fare structure.

Table I-1
Sacramento Regional Transit Fare Structure (FY 2019-2021)

Fare Category	Adult/General Public	Senior/Disabled
Basic Monthly Pass	$100.00	$50.00
Basic Semi-Monthly Pass	$50.00	$25.00
Basic Daily Pass	$7.00	$3.50
Basic Single Fare	$2.50	$1.25
Student Monthly Sticker*	$20.00	n/a
Student Semi-Monthly Sticker*	$10.00	n/a

Source: SacRT
**Students in grades TK through 12 are eligible for free transit passes through SacRT's RydeFreeRT program.*

Discount (senior, disabled, or student) monthly or semi-monthly stickers must be affixed to a valid SacRT photo ID, except for the student stickers, which may be attached to a school-issued photo ID. With the deployment of Connect Card, RT is printing new SacRT photo IDs on smart cards, integrating the ID and fare payment.

RT currently offers a Universal Pass Program to two post-secondary institutions: Los Rios Community College District (American River College, Sacramento City College, Cosumnes River

College, Folsom Lake College) and Sacramento State University. This provides students free fare when enrolled at these institutions.

Vehicle Fleet

Table I-2 lists the RT vehicle fleet. The fixed-route bus fleet includes 225 active revenue vehicles with 159 used in peak service for a spare ratio of 41.51 percent. In its fixed-route fleet, RT operates two types of compressed natural gas (CNG)-powered 40-foot coaches made by Orion and Gillig, and 32-foot diesel- and gasoline-powered vehicles made by El Dorado National and Starcraft, respectively. RT owns 25-foot and 42-foot electric battery-powered buses made by GreenPower Motor Company and Proterra Inc., respectively. Throughout the performance audit period, RT's fixed-route fleet spare ratio declined by 5.7 percent, starting at 47.20 percent in FY 2019, to 46.3 percent in FY 2020, to 41.51 percent in FY 2021. While the spare ratio is significantly higher than the 20 percent benchmark for buses established by the United States Department of Transportation, the decline over the audit period illustrates RT's efforts to reduce its contingency fleet and bring the agency into compliance. RT's demand-response fleet's spare ratio fluctuated significantly over the audit period, increasing by 19 percent overall. The demand-response fleet spare ratio started at 35.71 percent in FY 2019, declined to 4 percent in FY 2020, and increased to 54.72 percent in FY 2021. As part of its demand-response fleet, RT has 25- and 27-foot cutaway vehicles manufactured by El Dorado, Starcraft, and GreenPower that are used for its SmaRT Ride and SacRT GO services.

RT has three different light rail fleets—Siemens, Urban Transportation Development Corporation (UTDC), and Construcciones y Auxiliar de Ferrocarriles (CAF)—resulting in increased maintenance and operating costs since maintenance staff and operators must be trained on the different vehicles and parts cannot be used interchangeably. While RT has 97 light rail vehicles total, only 95 are active, since the two UTDC vehicles are not in service because they have not been refurbished. As of FY 2021, RT has a light rail spare ratio of 171.43 percent with 95 active vehicles and 35 vehicles being used to meet peak service.

Table I-2
Vehicle Fleet

Vehicle Type	Make	Model	Year	Fuel/Power	Quantity Total/Active	Service Mode
Light Rail Vehicle	UTDC*	Siemens-refurbished	1986	Electric Catenary	21/19	Light Rail
Light Rail Vehicle	Siemens	U2a	1987	Electric Catenary	26/26	Light Rail
Light Rail Vehicle	Siemens	U2a	1991	Electric Catenary	10/10	Light Rail
Light Rail Vehicle	CAF	200 Series	2002	Electric Catenary	40/40	Light Rail
Bus	Orion	Orion VII	2005	CNG	5/5	Fixed Route
Bus	Orion	Orion VII	2008	CNG	90/89	Fixed Route
Cutaway	Starcraft	Allstar	2010	Gasoline	50/21	Direct Response

Vehicle Type	Make	Model	Year	Fuel/Power	Quantity Total/Active	Service Mode
Cutaway	Starcraft	Allstar	2012	Gasoline	50/19	Direct Response
Bus	Gillig	BRT Plus	2015, 16	CNG	96/96	Fixed Route
Cutaway	El Dorado	Aerotech	2014	Gasoline	6/6	Fixed Route
Cutaway	El Dorado	AeroElite 320	2015	CNG	3/3	Fixed Route
Cutaway	El Dorado	AeroElite 320	2015	CNG	8/8	Direct Response
Bus	El Dorado	Easy Rider II	2016	Diesel	5/5	Fixed Route
Cutaway	El Dorado	AeroElite 320	2017	CNG	11/11	Direct Response
Bus	Starcraft	Allstar	2018	Gasoline	8/8	Fixed Route
Cutaway	El Dorado	Aerotec	2018	CNG	4/4	Fixed Route
Bus	GreenPower	EV Star Min-eBus	2018, 19	Electric	9/9	Direct Response
Cutaway	Starcraft	Allstar	2017, 18, 19	Gasoline	50/50	Direct Response
Cutaway	El Dorado	Aero Elite	2019	Gasoline	1/1	Fixed Route
Bus	Proterra	Catalyst E2	2019	Electric	6/6	Fixed Route
Cutaway	El Dorado	Aero Elite	2019	Gasoline	19/19	Direct Response
Cutaway	Starcraft	Allstar	2020	Gasoline	40/40	Direct Response
					Total Bus 461/401	**Fixed = 224 Direct = 237**
Total					**575/540**	

Source: SacRT

Fleet Facilities

During the performance audit period, RT operated out of four maintenance and operations facilities – one for buses at 29th and N Streets, one for the SmaRT Ride fleet buses at McClellan Park, one for the light rail vehicles at 2700 Academy Way in north Sacramento, and one for Folsom buses at the Hazel light rail station. SacRT also contracts with Paratransit, Inc. for maintenance of the paratransit vehicles at Paratransit, Inc.'s facility in south Sacramento. In addition, upon annexation of the Elk Grove e-tran bus service in July 2021 (just after the audit period), SacRT leased the existing bus operations and maintenance facility in the Elk Grove Corporation Yard located at 10250 Iron Rock Way.

Section II

Operator Compliance Requirements

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

Table II-1
Operator Compliance Requirements Matrix

Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the Regional Transportation Planning Agency (RTPA) based upon the Uniform System of Accounts and Records established by the State Controller. Report is due within seven (7) months after the end of the fiscal year (on or before January 31). The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2019: January 28, 2020 FY 2020: January 29, 2021 FY 2021: January 28, 2022 **Conclusion: Complied.**
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2019: November 15, 2019 FY 2020: November 25, 2020 FY 2021: November 17, 2021 *Source: FY 2019–2021 Sacramento Regional Transit District*

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
		Comprehensive Annual Financial Reports (CAFR) **Conclusion: Complied.**
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251 B	SacRT participates in the California Highway Patrol (CHP) Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim. Terminal inspections were conducted at SacRT's maintenance facility located at 1400 29th Street, Sacramento. Inspection dates applicable to the audit period were August 20-21, 2019; August 12-14 & 18-20, 2020; August 16-18, 2021; and September 22, 2021. Inspections were found to be satisfactory by the CHP. **Conclusion: Complied.**
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	As a condition of approval, SacRT's annual claims for Local Transportation Funds (LTF) and State Transit Assistance STA are submitted in compliance with the rules and regulations adopted by SACOG. **Conclusion: Complied.**

Table II-1
Operator Compliance Requirements Matrix

Operator Compliance Requirements	Reference	Compliance Efforts
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	This requirement is not applicable to SacRT, which only serves an urbanized area. **Conclusion: Not Applicable.**
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage change in SacRT's operating budget: FY 2019: +4.8% FY 2020: +14.2% FY 2021: +3.8% *Source: Sacramento Regional Transit District Fiscal Year Budgets for FYs 2018 through 2021* **Conclusion: Complied.**
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	SacRT's performance measures are defined in accordance with PUC requirements. SacRT collects data electronically through AVL/CAD software, which get reported and tracked monthly in its Vital Statistics Performance Report, quarterly in its Performance Score Cards, and annually in its fiscal budget. Performance measures are monitored and verified through AVL/CAD software. **Conclusion: Complied.**

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	SacRT is subject to a 23 percent farebox ratio pursuant to SACOG's regional farebox policy codified in PUC 99270.6 (AB 432). The system's fare ratios (inclusive of local Measure A supplementation and other local support revenue) are as follows: FY 2019: 23.00% FY 2020: 23.00% FY 2021: 23.00% *Source: FY 2019–2021 Sacramento Regional Transit District CAFR – Note 8* **Conclusion: Complied.**
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	This requirement is not applicable to SacRT, which only serves an urbanized area. **Conclusion: Not Applicable.**
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	As described in the CAFR, SacRT contributes to three single-employer defined benefit pension plans based on the several employee bargaining units and employee groups. The plans are administered by the District under the direction of five separate retirement boards of directors, each representing one of the bargaining and employee groups of ATU, IBEW, AEA, AFSCME, and MCEG. Contributions to the ATU, IBEW, and

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
		Salaried Plans are authorized or amended by the retirement boards based on an actuarial basis. **Conclusion: Complied.**
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	SacRT utilizes federal funds that are available to the District, as reported in the National Transit Database (Form F-10) as follows: FY 2019: $35,830,227(Operations) $2,345,453(Capital) FY 2020: $41,075,750 (Operations) $3,066,600 (Capital) FY 2021: $59,286,524 (Operations) $4,848,118 (Capital) **Conclusion: Complied.**

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to SacRT, the operator fully complied with all nine applicable requirements. Two additional compliance requirements did not apply to SacRT (rural and blended farebox recovery ratios).

2. SacRT met its 23 percent farebox recovery ratio for all three years of the audit period pursuant to SACOG's regional farebox policy. This rate is despite a 43 percent decline in farebox revenue during the peak of the pandemic and shelter-from-home order, according to the Annual Comprehensive Financial Report. PUC 99270.6 states that fares collected by all of the transit operators in Sacramento County are counted as a whole. However, to make a determination that operators achieved the minimum required farebox recovery ratio through this composite ratio method, SACOG must find that the public transportation services of the county transit operators are coordinated. In June 2013, the SACOG Board approved the finding that public transportation services in Sacramento County are coordinated. The system's farebox recovery ratios reflect the inclusion of local Measure A supplementation.

3. SacRT participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Inspections received satisfactory ratings by the CHP.

4. The operating budget exhibited fluctuations that did not exceed 15 percent during the period. After a 4.8 percent increase in FY 2019, the budget increased 14.2 percent in FY 2020, and 3.8 percent in FY 2021. Significant increases resulting from impacts from the COVID-19 pandemic occurred in the categories of salaries and benefits, professional services, and insurance and liability in FY 2020.

Section III

Prior Triennial Performance Audit Recommendations

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

Prior Recommendation 1

Pursue update of Strategic Plan and Short-Range Transit Plan. (High Priority)

Background: Rebuilding ridership and its image with the community as well as financial condition was a priority for RT during the previous audit period. With significant investments made over the previous audit period in facets of its operations to address these immediate issues, RT has had the opportunity to further envision its future. It was recommended that RT update the Strategic Plan and Short-Range Transit Plan (SRTP) to guide implementation of SacRT Forward route optimization process and other initiatives. Completing these plans would enable RT to focus and prioritize efforts to sustain the current momentum of the cultural shift to improve customer service and promote ridership while providing direction toward attaining the vision for the agency. RT last updated its Strategic Plan in January 2015, prior to the hire of RT's current general manager/chief executive officer (GM/CEO).

RT has undergone significant changes under the leadership of the current GM/CEO. As RT continues its transformation and implementation of SacRT Forward, it is important for the agency to create a long-term vision for the agency. A 10-year Strategic Plan update will guide the agency over the next decade and establish a vision of what the region's public transportation system should become, and sets goals, objectives, and strategies for attaining that vision. A Strategic Plan would also build on the efforts of RT to measure and track its performance against peers using key performance indicators and provide a way for RT to report progress to the public.

As part of this exercise, RT needed to assess its current strengths, weaknesses, opportunities, and challenges. RT also needed to consider emerging trends and new innovative strategies being implemented or considered at other transit agencies. These may include next generation account-based fare collection systems and new mobility services, such as RT's own SmaRT Ride.

As a recipient of federal transit funds and TDA funds, RT's short- and medium-term implementation strategies should be memorialized in an SRTP. With the completion of SacRT Forward, it was important for RT to update its SRTP to reflect the adopted network and system changes, evaluation of the performance of routes, and identification of the agency's fleet and capital needs and necessary projects for the next decade. Formerly updated annually, it is now

updated approximately every three years. The SRTP had been previously amended on November 10, 2014.

Actions taken by SacRT:

Per the prior audit recommendation, SacRT has updated its five-year Strategic Plan, which was adopted by the board in October 2020. This updated Strategic Plan covers FY 2021-2025 and presents SacRT's plans for post-pandemic strategic success. The plan details SacRT's initiatives going forward as well as introducing a performance scorecard comprising quarterly metrics to report to the Board and community on the overall performance and progress toward these initiatives.

SacRT also updated the SRTP with a draft "SacRT On The Move," which was initially presented to the board in February 2022. Following a 30-day public review period, the board formally adopted the plan in May 2022. This plan is a continuation of the goals set out in the SacRT Forward project and covers FY 2022-2027.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 2

Institute personnel measures that support greater operator cohesion. (High Priority)

Background: Cultural change at the agency is often challenging to embrace at various personnel levels in a relatively short time, given the institutional history. Issues and barriers between drivers and supervisors, and newer and longer-term operators adversely affect morale and staff cohesion, which can permeate the customer-facing side of operations.

RT management has responded with updated programs and training for operations employees and supervision with greater emphasis on employee management. The significant cultural and organizational changes implemented at SacRT during the previous audit period provide momentum to encourage greater staff cohesion and mentoring.

In its labor negotiations, SacRT management is addressing many components of personnel matters, and should find means to encourage the sense of teamwork and gratification through policies that result in continued positive customer-oriented service. Some concepts for consideration include expediting promotions among driver ranks; instituting a mentoring program; reintroducing bus rodeos and safety fairs; holding town hall-style gatherings with executive management; increasing training opportunities; and offering additional recognition and incentives.

Actions taken by SacRT:

SacRT took several actions during the audit period to implement this recommendation. One area SacRT has begun to address is the relationship between supervisors and line staff. Beginning October 2021, SacRT has enforced mandatory supervisor progressive discipline, coaching and counseling training.

SacRT is also in the process of hiring a training manager, whose role will be to provide workforce development training and planning for all staff. Additionally, in March through May 2022, SacRT implemented additional contracted Diversity, Equity, and Inclusion and Effective Communication training for all supervisors.

While RT has made efforts to improve the agency's culture and promote greater employee cohesion and improve morale, the COVID-19 pandemic has slowed progress. Many in-person team-building events had to be cancelled over the audit period to prevent the spread of the virus. In an effort to promote further employee cohesiveness and teamwork, as per the prior recommendation, SacRT is in the process of establishing a mentorship program for operators as well as holding quarterly town hall-style meetings, which have been held remotely, if regularly, during the pandemic. SacRT is also planning to reintroduce bus rodeos and safety fairs post pandemic. Employee growth and incentives are also being addressed through first-year retention incentives for hard-to-fill classifications, as well as internal audit processes of HR aimed at helping reduce the barriers to promotions for internal candidates.

Conclusion:

This recommendation is in the process of being implemented and is being carried forward for full implementation.

Prior Recommendation 3

Continue development of the Internal Audit Department. (Medium Priority)

Background: SacRT implemented a prior performance audit recommendation by creating an Internal Audit Department in the Planning and Accountability Division. As the relatively new department continues to evolve, SacRT must maintain transparency in its operations and financial performance while considering the sensitivity and confidentiality of information collected while performing internal audits. Appropriate protocols, policies, and procedures for the department, as well as proper disclosure and communications, are in stages of development and should be established. Establishing these protocols, policies, and procedures is of increasing importance with the transition of internal audit staff and development of the department's goals and Annual Audit Plan.

Since 2017, SacRT's Internal Audit Department has reengaged staff and promoted the presence of the department, which had previously been eliminated. A risk assessment with a heat map was generated that sorts risk areas by agency function for their severity and likelihood.

The risk assessment, along with interviews conducted with agency leadership and managers in FY 2021, was used to develop the current internal Annual Audit Plan for FY 2021 – 2023.

Furthering the progress of designing policies and procedures for the Internal Audit Department would provide substance to the undertaking of the Annual Audit Plan and communication protocol for sharing the audit results both internally and externally with the public. Dissemination of information and the audit reports improves transparency and promotes accountability for the agency in building public trust. For example, the Annual Audit Plan listing the topics to be covered could be posted on the SacRT website. Also, audit findings could be presented to the Board either as a stand-alone item, or part of the GM/CEO's Board Report.

In establishing the protocols, policies, and procedures and defining the Annual Audit Plan for the Internal Audit Department, the capacity of the department should also be considered. Evaluation of internal audit engagements and projects, along with the cost-benefit of expanding the Internal Audit Department to meet the needs of the organization, should be continuously evaluated. SacRT could consider the value of expanding the size of the department and/or use of outside assistance for supplemental support on specialized subjects, such as Information Technology (IT) security in response to the cyberattack in 2017.

Following the cybersecurity attack, an IT security firm was contracted to perform a review of SacRT's cybersecurity system and provide recommendations for improving security over its IT system.

A degree of current procedures are in place and should provide the foundation for completing a full set of policies and procedures for guiding the new department and its staff.

Actions taken by SacRT:

The Internal Audit Department, known as the Internal Accountability & Compliance Unit (IA Unit), experienced some challenges during the performance audit period that affected SacRT's ability to implement this recommendation. The internal auditor at the time of the prior audit recommendation was promoted to General Counsel and as such there was a gap in IA Unit services in 2019 until a successor could be recruited. The position was filled in mid-2019; however, the internal auditor hired left the position in May 2020. Following the departure of the internal auditor, the position remained unfilled and recruitment for a successor was suspended along with all non-operational recruitment in response to the COVID-19 pandemic.

In January 2021, the current internal auditor was hired, and the IA Unit was moved to the Integrated Services & Strategic Initiatives Division. The IA Unit began to implement the prior audit recommendation with the development of an Annual Audit Plan for fiscal years 2021-2023 organized and prioritized by critical business function. This plan was presented to the GM and Executive Management Team in March 2021 for confirmation with a status update presented in October 2021. While attempts have been made to implement the prior audit recommendation, changes in organization structure and staff turnover have impeded full implementation.

Conclusion:

This recommendation has been partially implemented and is being carried forward for full implementation.

Section IV

TDA Performance Indicators

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

Tables IV-1 through IV-4 provide the performance indicators for the following services:

- System-wide
- Fixed route bus
- Light rail
- Demand response (SmaRT Ride, SacRT GO, Community Bus Service "CBS")

Charts are also included to depict the trends in the indicators. Data in the tables and charts were derived from several sources, including Transit Operators' Financial Transactions Reports submitted to the State Controller and NTD reports. Sources are noted in footnotes below the tables.

Table IV-1
TDA Performance Indicators
System-wide

Performance Data and Indicators	FY 2018 Base Year	Audit Period FY 2019	Audit Period FY 2020	Audit Period FY 2021	*% Change FY 2018-2021*	*% Change FY 2018-2020*
Operating Costs[1]	$166,695,354	$179,794,103	$210,259,791	$199,551,525	***19.7%***	***26.1%***
Total Passengers	20,890,308	19,989,131	17,563,738	8,087,934	***-61.3%***	***-15.9%***
Vehicle Service Hours	807,817	824,189	771,042	888,105	***9.9%***	***-4.6%***
Vehicle Service Miles	10,705,945	10,989,944	10,049,037	11,848,069	***10.7%***	***-6.1%***
Employee FTEs	904	939	962	1,085	***20.0%***	***6.4%***
Passenger Fares	$27,276,231	$25,428,432	$20,998,877	$12,001,272	***-56.0%***	***-23.0%***
Local Fund Supplementation (Measure A)	$8,320,951	$13,256,212	$25,614,600	$33,895,579	***307.4%***	***207.8%***
Operating Cost per Passenger	$7.98	$8.99	$11.97	$24.67	***209.2%***	***50.0%***
Operating Cost per Vehicle Service Hour	$206.35	$218.15	$272.70	$224.69	***8.9%***	***32.2%***
Operating Cost per Vehicle Service Mile	$15.57	$16.36	$20.92	$16.84	***8.2%***	***34.4%***
Passengers per Vehicle Service Hour	25.9	24.3	22.8	9.1	***-64.8%***	***-11.9%***
Passengers per Vehicle Service Mile	1.95	1.82	1.75	0.68	***-65.0%***	***-10.4%***
Vehicle Service Hours per Employee	893.2	877.7	801.5	818.5	***-8.4%***	***-10.3%***
Average Fare per Passenger	$1.31	$1.27	$1.20	$1.48	***13.6%***	***-8.4%***
Fare Recovery Ratio w/o Local Fund	16.36%	14.14%	9.99%	6.01%	***-63.2%***	***-39.0%***
Fare Recovery Ratio w/ Local Fund[2]	21.35%	21.52%	22.17%	23.00%	***7.7%***	***3.8%***
Consumer Price Index - (CPI-CA)		3.0%	1.7%	4.2%	***9.1%***	

Source: National Transit Database, Transit Operators' Financial Transactions Report

[1]Operating Cost + Capital Improvement Program, GASB 68 & 75 minus depreciation.

[2]For compliance purposes, SacRT met the 23 percent farebox recovery ratio as shown in the ACFR including excluding paratransit operating expenses from the ratio in FYs 2019 and 2020.

Table IV-2
TDA Performance Indicators
Fixed Route Bus

Performance Data and Indicators	FY 2018 Base Year		Audit Period			*% Change FY 2018-2021*	*% Change FY 2018-2020*
			FY 2019	FY 2020	FY 2021		
Operating Cost	$81,093,177		$86,803,122	$89,731,064	$93,397,155	***15.2%***	***10.7%***
Total Passengers	10,501,555		9,909,691	8,448,833	3,935,860	***-62.5%***	***-19.5%***
Vehicle Service Hours	552,703		551,871	521,451	558,865	***1.1%***	***-5.7%***
Vehicle Service Miles	6,214,397		6,234,944	5,907,222	6,345,763	***2.1%***	***-4.9%***
Employee FTE's	548		545	573	584	***6.6%***	***4.6%***
Passenger Fares	$14,223,640		$13,268,062	$9,930,631	$5,864,175	***-58.8%***	***-30.2%***
Operating Cost per Passenger	$7.72		$8.76	$10.62	$23.73	***207.3%***	***37.5%***
Operating Cost per Vehicle Service Hour	$146.72		$157.29	$172.08	$167.12	***13.9%***	***17.3%***
Operating Cost per Vehicle Service Mile	$13.05		$13.92	$15.19	$14.72	***12.8%***	***16.4%***
Passengers per Vehicle Service Hour	19.0		18.0	16.2	7.0	***-62.9%***	***-14.7%***
Passengers per Vehicle Service Mile	1.69		1.59	1.43	0.62	***-63.3%***	***-15.4%***
Vehicle Service Hours per Employee	1,008.6		1,012.6	910.0	957.0	***-5.1%***	***-9.8%***
Average Fare per Passenger	$1.35		$1.34	$1.18	$1.49	***10.0%***	***-13.2%***
Fare Recovery Ratio	17.54%		15.29%	11.07%	6.28%	***-64.2%***	***-36.9%***
Consumer Price Index - (CPI-CA)			3.0%	1.7%	4.2%	***9.1%***	

Source: National Transit Database, Transit Operators Financial Transactions Report

Table IV-3
TDA Performance Indicators
Light Rail

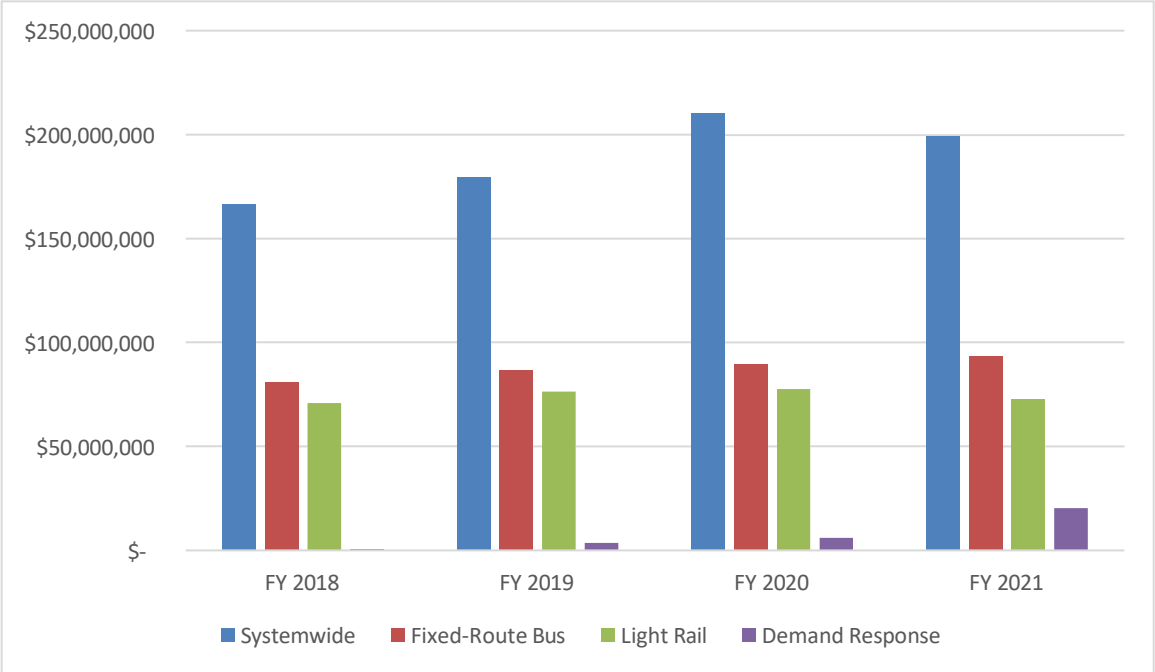
Performance Data and Indicators	FY 2018 Base Year		Audit Period			*% Change FY 2018-2021*	*% Change FY 2018-2020*
			FY 2019	FY 2020	FY 2021		
Operating Cost	$70,866,915		$76,359,832	$77,579,083	$72,985,881	***3.0%***	***9.5%***
Total Passengers	10,372,688		9,980,850	8,988,806	3,846,697	***-62.9%***	***-13.3%***
Vehicle Service Hours	248,656		243,241	206,957	198,439	***-20.2%***	***-16.8%***
Vehicle Service Miles	4,418,237		4,343,974	3,610,107	3,540,687	***-19.9%***	***-18.3%***
Employee FTE's	350		364	336	329	***-6.0%***	***-4.0%***
Passenger Fares	$13,031,615		$12,035,431	$10,917,485	$5,683,964	***-56.4%***	***-16.2%***
Operating Cost per Passenger	$6.83		$7.65	$8.63	$18.97	***177.7%***	***26.3%***
Operating Cost per Vehicle Service Hour	$285.00		$313.93	$374.86	$367.80	***29.1%***	***31.5%***
Operating Cost per Vehicle Service Mile	$16.04		$17.58	$21.49	$20.61	***28.5%***	***34.0%***
Passengers per Vehicle Service Hour	41.7		41.0	43.4	19.4	***-53.5%***	***4.1%***
Passengers per Vehicle Service Mile	2.35		2.30	2.49	1.09	***-53.7%***	***6.1%***
Vehicle Service Hours per Employee	710.4		668.2	615.9	603.2	***-15.1%***	***-13.3%***
Average Fare per Passenger	$1.26		$1.21	$1.21	$1.48	***17.6%***	***-3.3%***
Fare Recovery Ratio	18.39%		15.76%	14.07%	7.79%	***-57.6%***	***-23.5%***
Consumer Price Index - (CPI-CA)			3.0%	1.7%	4.2%	***9.1%***	

Source: National Transit Database, Transit Operators Financial Transactions Report

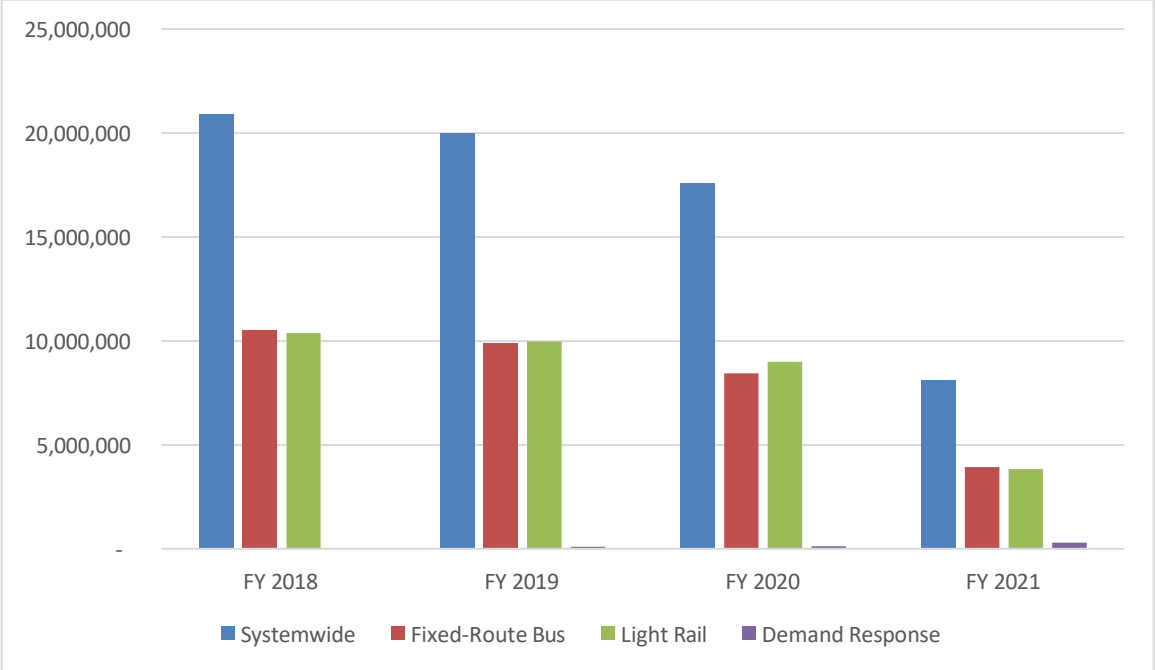
Table IV-4
TDA Performance Indicators
Demand Response Service

Performance Data and Indicators	FY 2018 Base Year	Audit Period			FY 2021 Breakdown		*% Change FY 2018-2021*	*% Change FY 2018-2020*
		FY 2019	FY 2020	FY 2021	SmaRT Ride	SacRT GO		
Operating Cost	$700,557	$3,600,563	$6,061,483	$20,353,430	$6,447,972	$13,905,458	***2805.3%***	***765.2%***
Total Passengers	16,065	98,590	126,099	305,377	146,540	158,837	***1800.9%***	***684.9%***
Vehicle Service Hours	6,458	29,077	42,634	130,801	44,978	85,823	***1925.4%***	***560.2%***
Vehicle Service Miles	73,311	411,026	531,708	1,961,619	568,349	1,393,270	***2575.7%***	***625.3%***
Employee FTEs	6	30	53	172	59	113	***2575.0%***	***724.3%***
Passenger Fares	$20,976	$124,939	$150,761	$453,133	$160,374	$292,759	***2060.2%***	***618.7%***
Operating Cost per Passenger	$43.61	$36.52	$48.07	$66.65	$44.00	$87.55	***52.8%***	***10.2%***
Operating Cost per Vehicle Service Hour	$108.48	$123.83	$142.17	$155.61	$143.36	$162.02	***43.4%***	***31.1%***
Operating Cost per Vehicle Service Mile	$9.56	$8.76	$11.40	$10.38	$11.35	$9.98	***8.6%***	***19.3%***
Passengers per Vehicle Service Hour	2.5	3.4	3.0	2.3	3.3	1.9	***-6.1%***	***18.9%***
Passengers per Vehicle Service Mile	0.22	0.24	0.24	0.16	0.26	0.11	***-29.0%***	***8.2%***
Vehicle Service Hours per Employee	1,004.4	969.2	804.4	760.5	760.2	760.6	***-24.3%***	***-19.9%***
Average Fare per Passenger	$1.31	$1.27	$1.20	$1.48	$1.09	$1.84	***13.6%***	***-8.4%***
Fare Recovery Ratio	2.99%	3.47%	2.49%	2.23%	2.49%	2.11%	***-25.6%***	***-16.9%***
Consumer Price Index - (CPI-CA)		3.0%	1.7%	4.2%			***9.1%***	

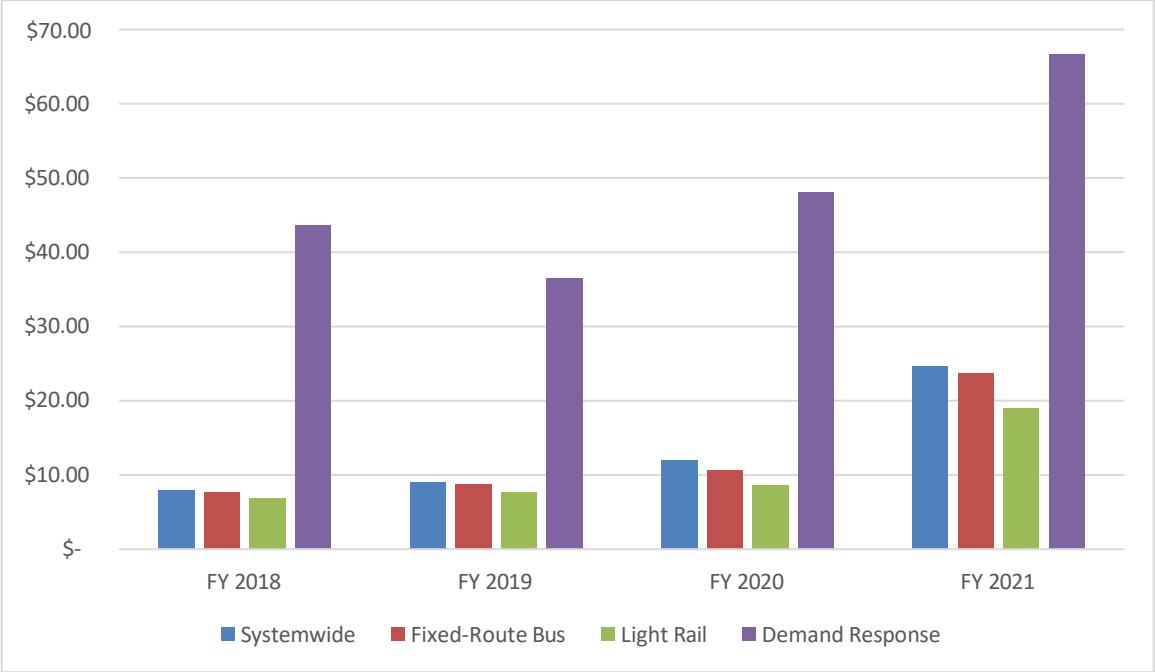
Graph IV-1
Operating Costs



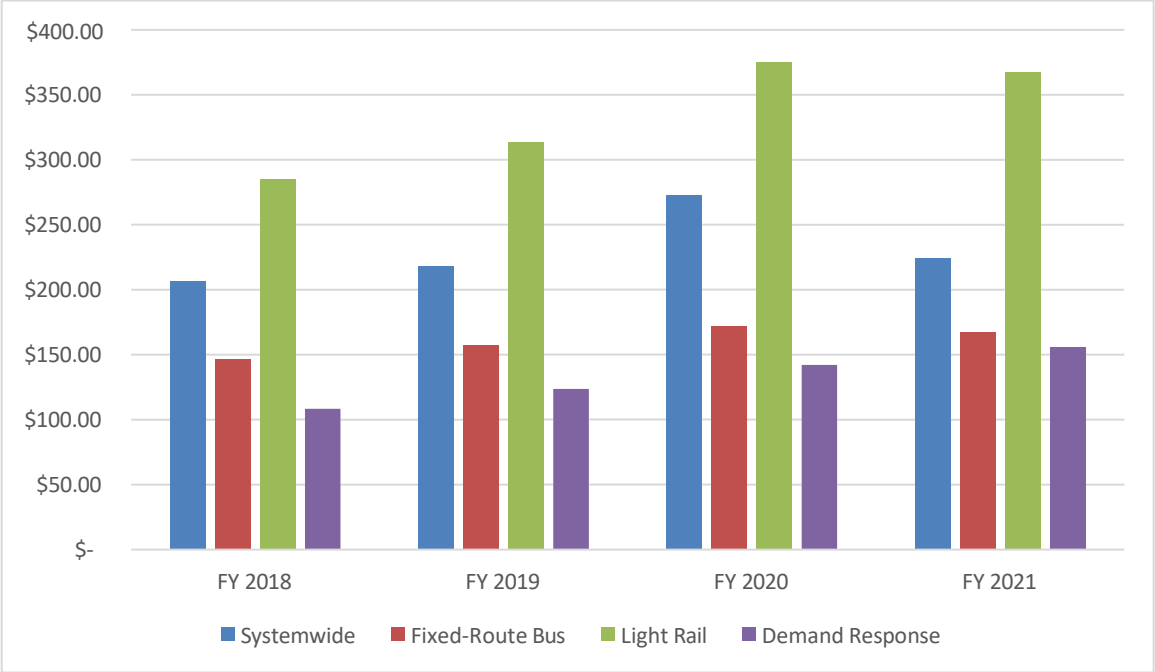
Graph IV-2
Ridership



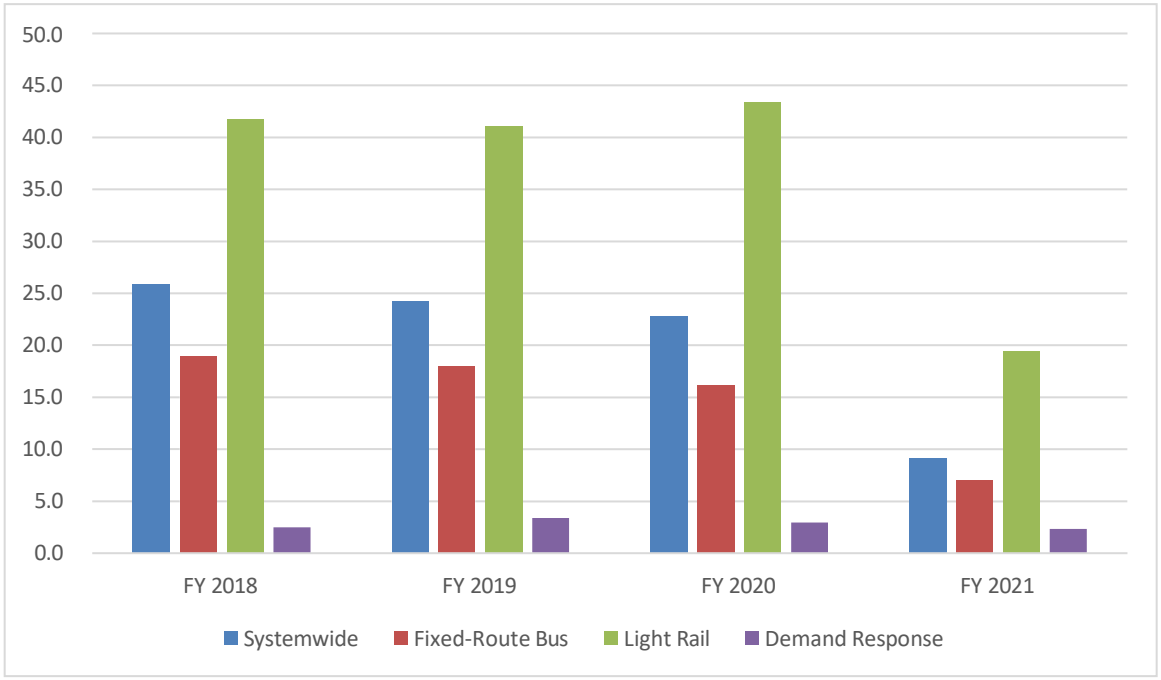
Graph IV-3
Operating Cost per Passenger



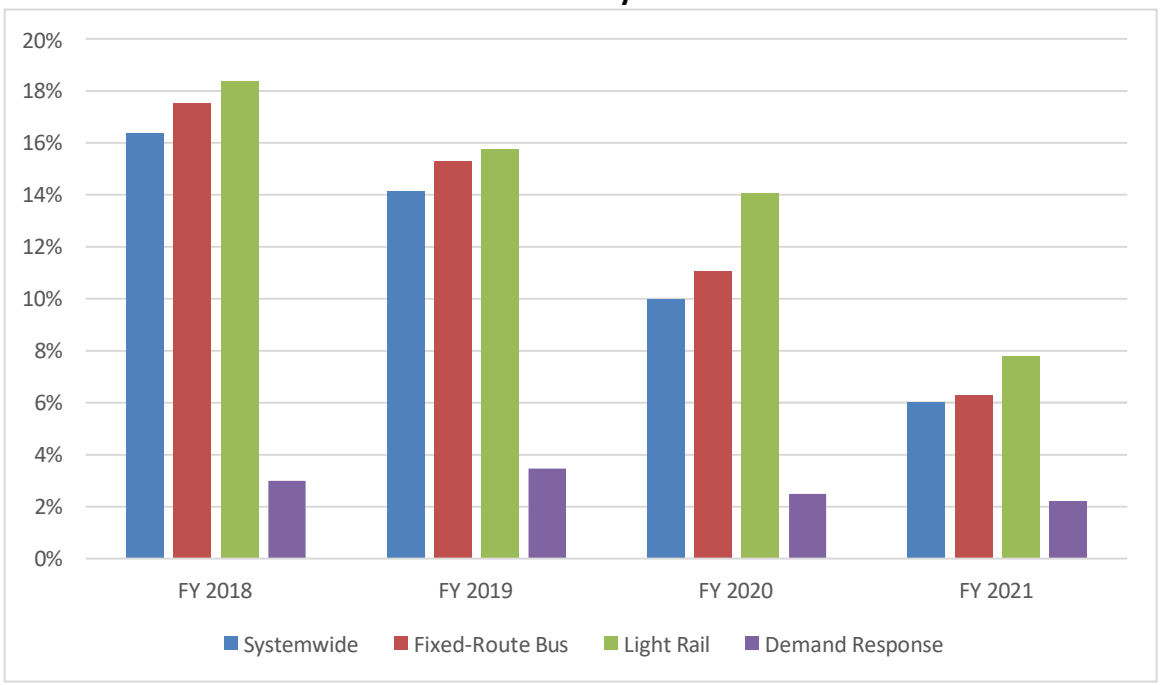
Graph IV-4
Operating Cost per Vehicle Service Hour



Graph IV-5
Passengers per Vehicle Service Hour



Graph IV-6
Fare Recovery Ratio



Findings from Verification of TDA Performance Indicators

1. Operating costs increased system-wide 19.7 percent from 166.7 million in FY 2018 to 199.5 million in FY 2021. From FY 2018 to FY 2020, system-wide operating costs increased 26.1 percent. Fixed-route bus operating costs increased 15.2 percent from $81.1 million in FY 2018 to $93.4 million in FY 2021. From FY 2018 to FY 2020, fixed-route bus operating costs increased 10.7 percent. Operating costs for light rail service increased 3.0 percent from $70.9 million in FY 2018 to $73 million in FY 2021. Light rail operating costs increased 9.5 percent from FY 2018 to FY 2020. Demand-response operating costs increased 2,805.3 percent from $700,557 in FY 2018 to $20.4 million in FY 2021. Demand-response operating costs increased 765.2 percent from FY 2018 to FY 2020.

   Increases in operating expenses can be attributed to several influences throughout the audit period. Overall labor and fringe benefits increased due to a rise in labor costs resulting from increased service levels, new contracted service, contractual pay rate escalation, and an increase in SacRT's actuarially determined pension contribution.

   The increase in operating costs related to demand response from FY 2018 to FY 2020 were largely reflective of the expansion of the SmaRT Ride microtransit service during this period. Operating costs related to SmaRT Ride largely stabilized in FY 2021 at roughly $6.5 million. Demand-response operating costs in FY 2021 rose primarily from SacRT bringing the ADA paratransit service, previously provided by Paratransit, Inc., in-house with the introduction of its SacRT GO service. Operating costs related to SacRT GO in FY 2021 represented approximately $13.9 million of the $20.4 million in demand-response operating costs. Overall the introduction of SacRT GO reduced system-wide operating costs by moving professional services expenses to labor and fringe benefits. However, this decrease was mitigated by the aforementioned increase in labor and fringe benefits due to a rise in labor costs resulting from contractual pay rate escalation, an increase in SacRT's actuarily determined pension contribution, and an increase in casualty and liability insurance premiums.

   The increases in fixed-route bus operating expenses can be partially attributed to annexation of Folsom and Citrus Heights service in FY 2019 as well as the contracted operation of Elk Grove's e-tran service in FY 2020 before annexation of Elk Grove service in FY 2021. Elk Grove-related transit costs in FY 2020 were estimated at roughly $6.7 million.

2. Ridership system-wide decreased 61.3 percent from 20.9 million passenger trips in FY 2018 to 8.1 million passenger trips in FY 2021. From FY 2018 to FY 2020, system-wide ridership decreased 15.9 percent. Fixed-route ridership decreased 62.5 percent from FY 2018 to FY 2021 and 19.5 percent from FY 2018 to FY 2020. Light rail ridership decreased 62.9 percent from FY 2018 to FY 2021 and 13.3 percent from FY 2018 to FY 2020. In contrast, the demand-response mode exhibited an 1,800.9 percent increase in passenger trips from FY 2018 to FY 2021 and a 684.9 percent increase from FY 2018 to FY 2020. This dramatic increase in demand-response ridership can be partially attributed to the continued success and expansion of the SmaRT Ride program. In May 2018, RT received a $12 million discretionary grant to expand SmaRT Ride in

residential and commercial areas that are underserved by public transit. By 2020, the service had expanded to nine zones, going from 16,065 passengers in FY 2018 to 146,540 passengers in FY 2021. Additionally, with ADA paratransit service brought in-house in FY 2021, SacRT GO represented 158,837 riders.

While the SmaRT Ride program and SacRT GO created a significant increase in ridership for demand response during the audit period, fixed route and light rail ridership exhibited a significant drop due to the COVID-19 pandemic. From FY 2018 to FY 2019, ridership for fixed route saw a decrease of 5.6 percent and for light rail a decrease of 3.8 percent. From FY 2020 to FY 2021, ridership for fixed route saw a decrease of 53.4 percent and for light rail a decrease of 57.2 percent.

3. The provision of vehicle service miles increased 10.7 percent system-wide during the audit period from 10.7 million miles in FY 2018 to 11.8 million miles in FY 2021, with new service vehicle revenue miles, particularly in FY 2021, outpacing the reductions of services related to the pandemic. Vehicle service miles increased 2.1 percent on the fixed-route bus service mode, a reflection of the new annexed service operations vehicle service miles outpacing the reduction in services related to the initial pandemic response, and decreased 19.9 percent on light rail, a reflection of the impacts of reduced service due to the pandemic, from FY 2018 to FY 2021. Demand response exhibited a 2,575.7 percent increase in vehicle service miles from FY 2018 to FY 2021 with the implementation and expansion of SmaRT Ride services as well as the addition of in-house ADA services through SacRT GO.

   System-wide, vehicle service miles decreased 6.1 percent from FY 2018 to FY 2020, largely related to the initial impact of the pandemic in late FY 2020. From FY 2018 to FY 2020, vehicle service miles decreased 4.9 percent on fixed-route bus and decreased 18.3 percent on light rail, a reflection of the initial pandemic impact on services. Demand-response vehicle service miles increased 625.3 percent from FY 2018 to FY 2020 as SmaRT Ride continued to expand.

4. The provision of vehicle service hours increased 9.9 percent system-wide from 807,817 hours in FY 2018 to 888,105 hours in FY 2021. This reflects the same trends seen in vehicle service miles where new vehicle service hours, through new demand-response services and annexed fixed-route services, outpaced reductions in service related to the pandemic. Vehicle service hours on the fixed-route bus mode increased by 1.1 percent from FY 2018 to FY 2021 and decreased by 20.2 percent on light rail. Vehicle service hours on demand-response service increased 1,925.4 percent from FY 2018 to FY 2021.

   From FY 2018 to FY 2020, vehicle service hours decreased 4.6 percent system-wide. Over this period, fixed-route vehicle service hours fell 5.7 percent and light rail vehicle service hours fell 16.8 percent. Demand-response vehicle service hours increased 560.2 percent from FY 2018 to FY 2020.

5. Operating cost per passenger, a measure of cost effectiveness, increased 209.2 percent system-wide from $7.98 in FY 2018 to $24.67 in FY 2021, a reflection of both the increase in

operating costs associated with new services and other factors discussed above as well as a significant decrease in ridership as a result of the pandemic. For fixed-route bus service, cost per passenger increased 207.3 percent from FY 2018 to FY 2021, whereas on light rail, cost per passenger increased 177.7 percent. Demand response had the smallest increase in cost per passenger from FY 2018 to FY 2021, at 52.8 percent, although this service had the highest per passenger cost among all the modes, with SmaRT Ride at a cost of $44.00 per passenger and SacRT GO at a cost of $87.55 per passenger in FY 2021.

From FY 2018 to FY 2020, cost per passenger system-wide increased 50 percent as the impacts of the pandemic on ridership had not been fully realized. From FY 2018 to FY 2020, the cost per passenger increased 37.5 percent for fixed-route bus service and 26.3 percent for light rail service. From FY 2018 to FY 2020, demand-response cost per passenger increased 10.2 percent.

6. Operating cost per vehicle service hour, a measure of cost efficiency, increased 8.9 percent system-wide from $206.35 in FY 2018 to $224.69 in FY 2021. From FY 2018 to FY 2020, cost per hour increased 32.2 percent. At the modal level from FY 2018 to FY 2021, there was a 13.9 percent increase for fixed route bus services and a 29.1 percent increase for light rail. For demand response, cost per hour increased 43.4 percent. Growth in operating costs while service was reduced in response to COVID-19 pandemic led to these upward trends; however, operating cost per vehicle service hour fell 17.6 percent from FY 2020 to FY 2021, a positive sign that this performance indicator is beginning to stabilize.

7. Operating cost per vehicle service mile, another measure of cost efficiency, increased 8.2 percent system-wide from $15.57 in FY 2018 to $16.84 in FY 2021. From FY 2018 to FY 2020, cost per mile increased 34.4 percent. On the fixed route from FY 2018 to FY 2021, cost per mile increased 12.8 percent whereas on light rail there was a 28.5 percent increase. Demand response exhibited an 8.6 percent increase from FY 2018 to FY 2021. Like operating cost per hour, these trends can be attributed to the reduction of services in response to the COVID-19 pandemic; however, cost per hour fell 19.5 percent from FY 2020 to FY 2021, a positive sign that this performance indicator is beginning to stabilize.

8. Passengers per vehicle service hour, a measure of service efficiency, decreased 64.8 percent system-wide from 25.9 passengers in the FY 2018 base year to 9.1 passengers in FY 2021, while passengers per vehicle service mile, another measure of service efficiency, decreased 65 percent system-wide from 1.95 passengers in the FY 2018 base year to 0.68 passengers in FY 2021. This system-wide decrease is primarily related to the effects of the COVID-19 pandemic as the decreases in passengers per vehicle service hour from FY 2018 to FY 2020 was 11.9 percent and 10.4 percent for passengers per vehicle service mile.

   For fixed-route bus, from FY 2018 to FY 2021, passengers per hour decreased 62.9 percent and passengers per mile decreased 63.3 percent. For light rail, passengers per hour decreased 53.5

percent and passengers per mile decreased 53.7 percent. Demand response also experienced service efficiency decreases, seeing a 6.1 percent decrease in passengers per hour and a 29 percent decrease in passengers per mile, although this decrease is largely attributed to the inclusion of SacRT GO in demand-response calculations, which are less efficient in regard to passenger per hour/mile than SmaRT Ride services.

9. Vehicle service hours per full-time equivalent (FTE) employee, which measures labor productivity, decreased 8.4 percent system-wide from the FY 2018 base year through FY 2021. The trend is the product of the number of employee FTEs increasing at a higher rate than vehicle service hours, particularly with vehicle service hours for fixed route and light rail decreasing due to the pandemic. The number of employee FTEs increased from 904 in FY 2018 to 1,085 in FY 2021, largely from the expansion of the SmaRT Ride service, which saw FTEs go from 6 in FY 2018 to 59 in FY 2021, as well as bringing ADA paratransit service back in-house through SacRT GO with 113 FTEs in FY 2021. This measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee.

10. System-wide farebox recovery ratio for this audit period is presented by two ratios, one that is calculated only with operating cost and passenger fares, and the other that includes operating cost, passenger fares, and local fund supplementation through Measure A. It is worth noting that local fund supplementation increased 307.4 percent from FY 2018 to FY 2021 with most of the increase occurring in response to COVID-19's adverse effect on passenger fare revenue.

    For the farebox recovery ratio without local funds, the ratio decreased from 16.36 percent in FY 2018 to 6.01 percent in FY 2021, decreasing 63.2 percent. With local funds included, the ratio increased 7.7 percent, from 21.35 percent to 23 percent. The farebox recovery ratio for fixed-route bus decreased from 17.54 percent in FY 2018 to 6.28 percent in FY 2021, a 64.2 percent decrease. For light rail, farebox recovery ratio decreased from 18.39 percent in FY 2018 to 7.79 percent in FY 2021, a 57.6 percent decrease. For demand response, farebox recovery ratio decreased from 2.99 percent in FY 2019 to 2.23 percent in FY 2021, a 25.6 percent decrease.

    Based on audited financial data, RT met its 23 percent farebox recovery ratio for all three years of the audit period with the local Measure A transportation sales tax as a fare revenue supplement as well as excluding paratransit operating costs in its calculation to meet the system-wide farebox recovery standard.

Summary of TDA Performance Indicators

RT's performance indicators during the audit period primarily show the effects of the COVID-19 pandemic on all forms of transportation—not exclusive to just RT, but being experienced by transit providers across the country. It is difficult to determine whether the implementation of fiscal and structural measures starting in FY 2016 aimed at establishing financial and operational sustainability continued to achieve these goals during this audit period as COVID-19 effects on ridership do not allow for a clear understanding of where improvements can be made. Looking solely at the audit period prior to the COVID-19 pandemic, from the FY 2018 base year to FY 2019, there is a marked decline in both ridership and fare revenue; however, with data skewed by COVID-19, it is difficult to determine if these trends would have continued.

A key measure of transit productivity is ridership. Prior to the COVID-19 pandemic, ridership did trend lower for both fixed route and light rail. Where RT saw great success was in the further expansion of its SmaRT Ride microtransit service as well as taking the operation of its previously contracted ADA paratransit service in-house. RT also launched the Student RydeFree Program in October 2019. Students in transitional kindergarten through 12th grade can ride the entire SacRT system for free. Student ridership reached a peak of 266,259 in February 2020 before the COVID-19 pandemic and fell to a low of 31,410 in April 2020. At the depths of the COVID-19 pandemic, student ridership averaged 34,512 between April 2020 and February 2021. Between March 2021 and August 2021 student ridership slowly increased (average ridership was 70,439). Classrooms re-opened to in person learning at most campuses in the Sacramento Region. Student ridership rebounded quickly and rose to 211,955 in September 2021.

Originally launched in February 2018, the SmaRT Ride program grew dramatically between FY 2018 and FY 2019 with a 513.7 percent increase in ridership and a 495.6 percent increase in fare revenue. Fixed-route ridership decreased by 14.7 percent from FY 2019 to FY 2020 and ridership for light rail decreased by 9.9 percent. From FY 2020 to FY 2021, fixed-route ridership fell 53.4 percent and light rail ridership fell 57.2 percent due to the COVID-19 pandemic while ridership for SmaRT Ride continued to grow as service expanded to include nine zones in July 2020. Ridership for SmaRT Ride from FY 2019 to FY 2020 grew 27.9 percent and from FY 2020 to FY 2021 grew an additional 16.2 percent.

Beginning in FY 2021, SacRT brought the operations of its ADA paratransit service in-house under its SacRT GO service. Where previously Paratransit, Inc. captured and reported ADA ridership, SacRT now reports this ridership as part of its demand-response service. As a result, from FY 2020 to FY 2021, total demand-response ridership showed a 142.2 percent increase, with SacRT GO riders contributing to 52.01 percent (158,837 riders) of demand-response ridership.

Section V

Review of Operator Functions

This section reviews various functions within SacRT. The review highlights accomplishments, issues, and challenges that were determined during the audit period. The following functions were reviewed at SacRT headquarters in Sacramento:

- General Management & Organization
- Operations
- Maintenance
- Planning
- Marketing & Public Information
- Administration

These functional areas are discussed in detail below and are organized by SacRT department subheadings, in alignment with the SacRT organizational chart.

The adopted SacRT Vision and Mission Statements set the strategic direction and framework for policy and service planning for the district. SacRT adopted new strategic mission and vision statements in its FY 2021- 2025 Strategic Plan.

SacRT Vision Statement

A leader in providing mobility options.

SacRT Mission Statement

Moving you where you want to go, when you want to go.
These new streamlined statements are supported by six core principles, listed below, which guide SacRT's functions through individual, team, and organizational efforts.

- Collaboration: I work with a collaborative spirit to help my colleagues and our customers to succeed.
- Respect: I communicate clearly, respectfully, and honorably—in a way that would make my family proud—to my colleagues and our customers.
- Trust: I trust my teammates and empower them to make decisions that improve the quality of life for their colleagues, our customers, and the community that supports us.
- Diversity: I recognize and honor diversity and social justice, and seek out and listen for voices different than mine.

- Innovation: I challenge the easy and inspire myself and others to look for innovative solutions.
- Excellence: I work to deliver excellence to our customers through clean, safe, reliable, and convenient service.

General Management & Organization

RT is governed by an 11-member Board of Directors comprising members of the Sacramento, Rancho Cordova, Citrus Heights, Elk Grove, and Folsom City Councils as well as the Sacramento County Board of Supervisors. The board generally meets on the second and fourth Monday of the month.

The GM/CEO is tasked with leading the organization. As part of the FY 2021-2025 Strategic Plan update, SacRT established and implemented an agency performance scorecard. The scorecard has four tactics—customer satisfaction, operational excellence, community value, and employee engagement—which are broken down into various metrics along with annual performance goals. The performance of each metric is assigned to the relevant agency division or department and progress is reported on a quarterly basis to ensure continued improvement and transparency to both the board and the community. The GM/CEO can use this performance-based tool to lead the organization to achieving its goals and fulfilling the agency mission and vision.

The Board of Directors annually assesses the GM/CEO's performance by developing and measuring progress toward board-adopted goals and execution of the agency's strategic vision. These goals cover a wide range of topics falling under the categories of:

- Strategic Planning & System Development
- Financial Stability, Accountability and Business Process Optimization
- Strategic Vision, Innovations & Best Practices
- System Safety & Security
- Strategic Communications and Partnerships
- Organizational Excellence and Performance Management
- Operational Excellence
- Community Value
- Customer Satisfaction
- Employee Engagement

Over the audit period, the GM/CEO has made progress on all adopted goals, achieving, and often exceeding, goals established by the board.

Organizational Chart

Figures V-1 through V-5 illustrate the agency's organizational structure including district-wide, operations departments, and maintenance departments.

Figure V-1
Sacramento Regional Transit District Organizational Chart

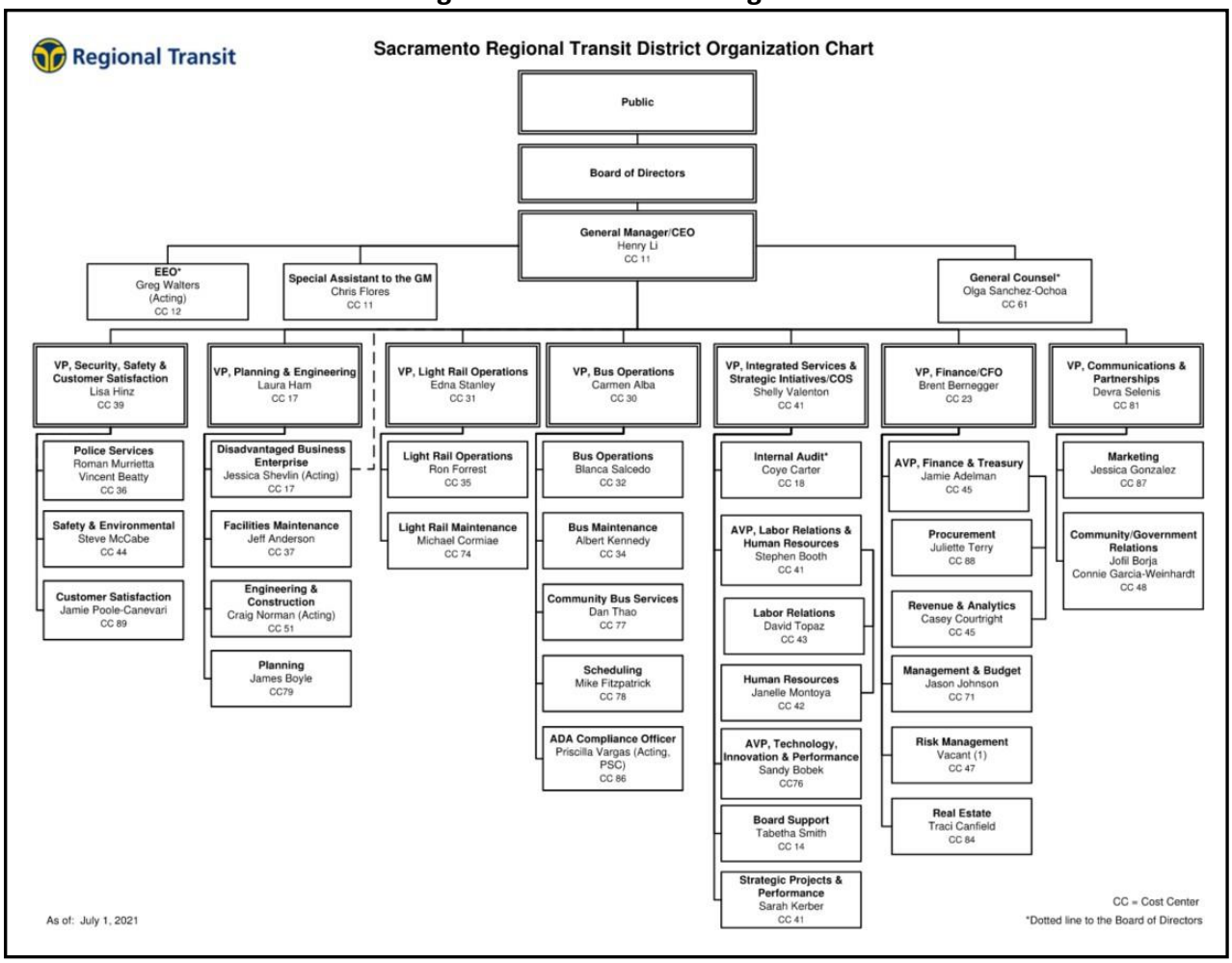


Figure V-2
Light Rail Operations Division Organizational Chart

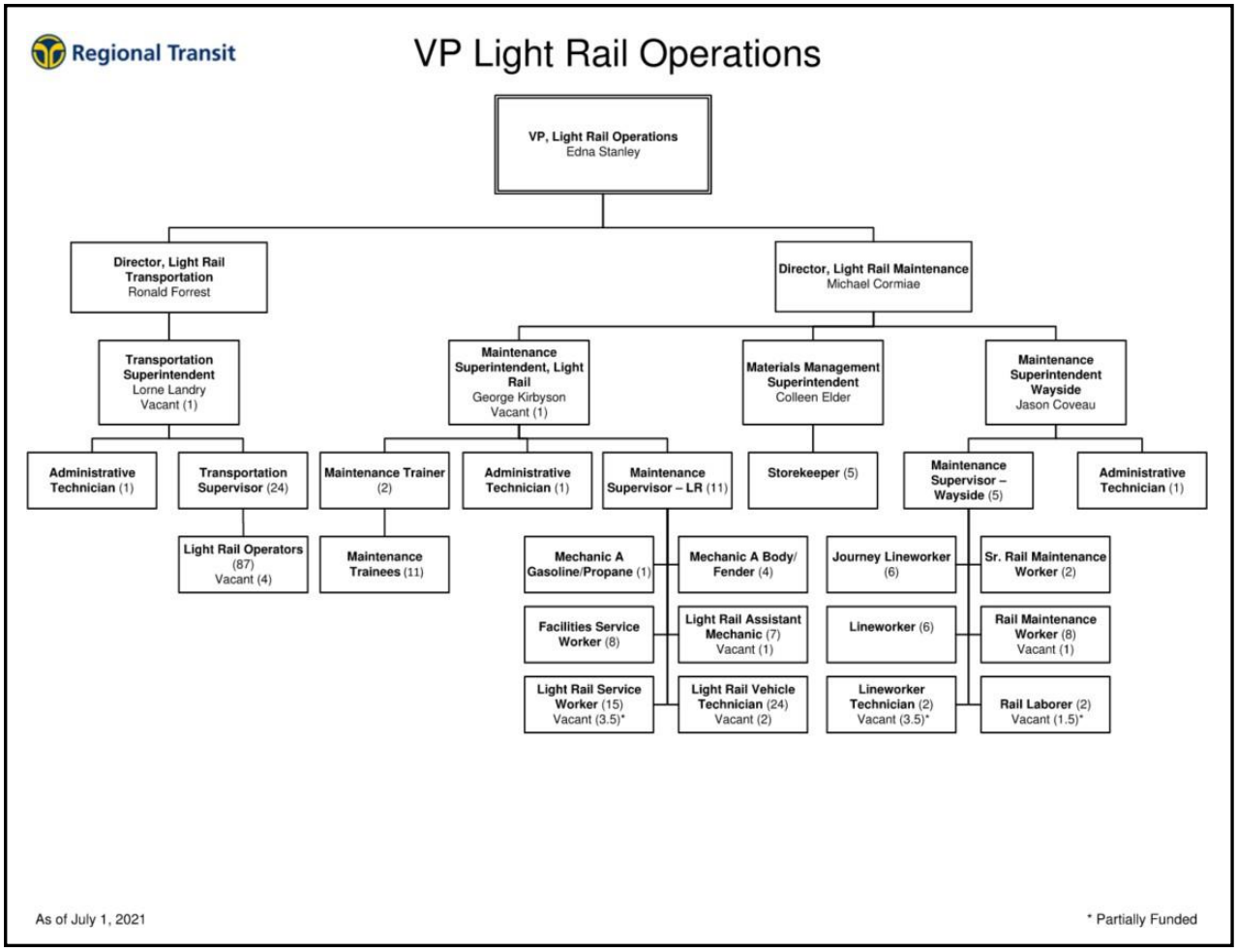


Figure V-3
Bus Operations Division Organizational Chart

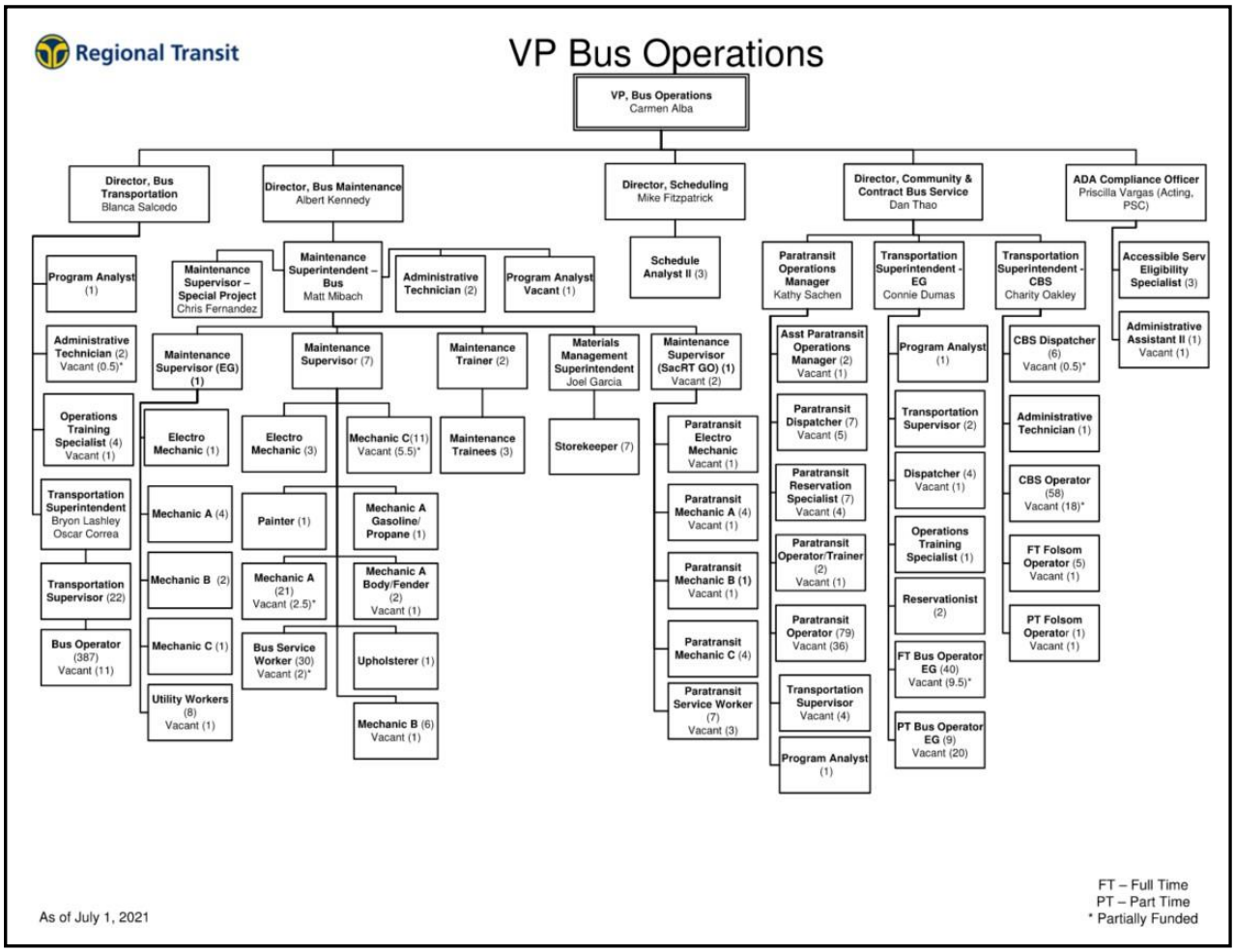


Figure V-4
Bus Maintenance Division Organizational Chart

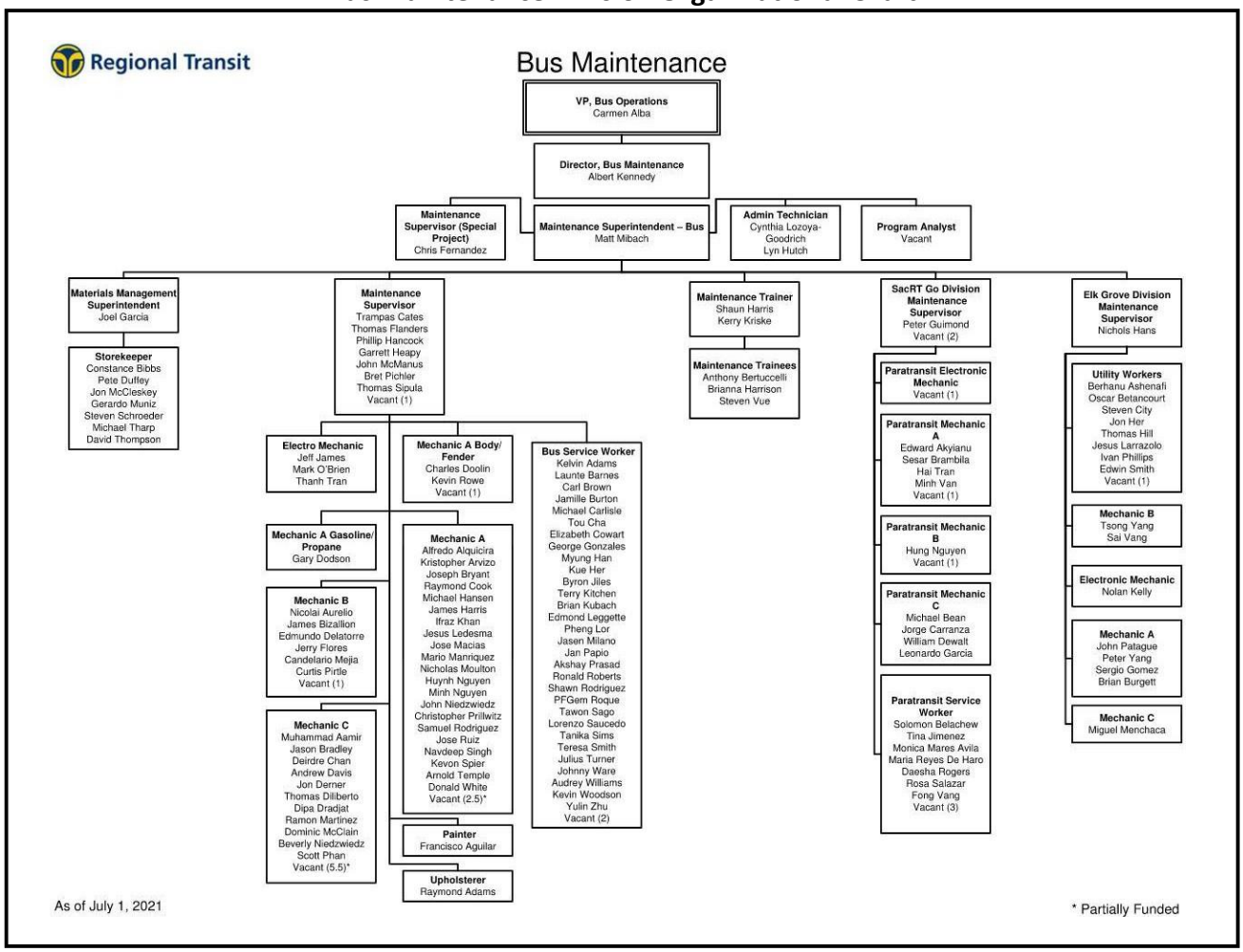
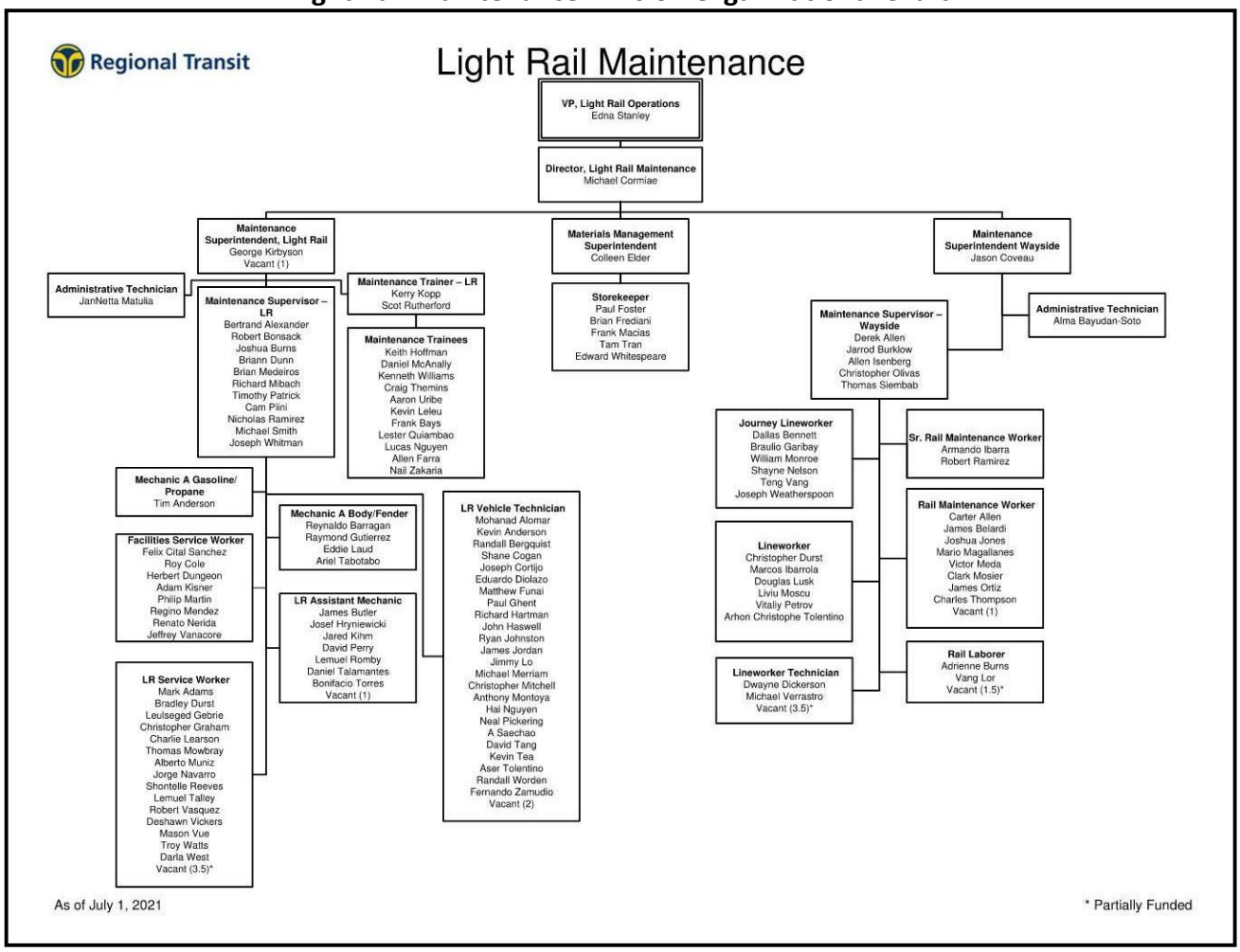


Figure V-5
Light Rail Maintenance Division Organizational Chart



Managerial authority is well defined, with clearly defined lines of reporting. Throughout the audit period, RT has maintained the overall structure of the organization: A GM/CEO with seven reporting vice presidents, a special assistant to the GM, EEO Officer, and General Counsel. Each vice president oversees multiple departments under the umbrella of a single division. Over the audit period some departments were reassigned under new divisions in an effort to streamline division functions. For example, the Customer Satisfaction department was moved under the Security, Safety, and Customer Satisfaction Division, where it was previously under Communications and Partnerships. The Safety and Environmental department was newly created and also falls under the Security, Safety, and Customer Satisfaction Division. The Procurement department is now part of the Finance Division, where it was previously part of the former Planning and Accountability Division. A new division, Integrated Services and Strategic Initiatives, was created. This division includes departments that previously reported to the Planning and Accountability Division, including the Internal Audit and Board Support departments, and Labor Relations and Information Technology, which previously reported directly to the GM/CEO. Integrated Services and Strategic Initiatives also includes the Human Resources department, which

was previously under the Finance Division, and the newly created Strategic Projects and Performance department. One of the most obvious changes to RT's organizational structure is the reorganization of the Operations and Maintenance Divisions. RT now has a separate Light Rail Operations Division and a Bus Operations Division. Previously, the Light Rail Operations and Bus Operations departments, along with the Scheduling department, comprised an Operations Division while the Bus Maintenance, Light Rail Maintenance, and Wayside departments comprised a separate Maintenance Division.

Internal Audit

In the previous audit period, SacRT implemented a performance audit recommendation by creating an Internal Audit Department. The department reports to the Vice President of Integrated Services and Strategic Initiatives, allowing the department independence from the Financial and Legal Departments as recommended in prior audits. The Internal Audit Department utilizes a systemic, objective, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes.

The Internal Accountability and Compliance Auditor position was initially filled in FY 2017, at which point meetings were held with all departments to explain the new role of the Internal Audit Department and to understand senior and executive management's concerns, areas of focus, and perceived risks to the agency. Based on this process, the risk assessment with a heat map sorts the areas of risk by their severity and likelihood. The heat map is a snapshot at a given point in time but is also a living document that is updated throughout the year. Since the heat map includes identified risks and extends beyond a single year, it categorizes risks by their potential likelihood and impact to departments, and the organization as a whole. The risk assessment with a heat map, along with the Annual Audit Plan, helps focus SacRT departments and the Internal Audit Department on risk areas and processes that could adversely affect business operations, and accordingly, mitigate the identified risks.

The outcome of the Internal Audit Department's risk assessment was distributed to organizational leadership and formed the basis of the FY 2019 audit work plan, which included a framework for audit activities through FY 2021. The Internal Audit Department updated the Annual Audit Plan, which covers the period of FY 2021 through FY 2023.

While SacRT did create a strong foundation for internal accountability and compliance with the creation of its Internal Audit Department, it has not established policies and procedures for sharing the results of internal audits (i.e., what information is shared and with whom for different types of audits). The challenge is that some audits may have confidential information and it may be difficult to keep sources anonymous. For example, the Internal Audit Department conducted a pension audit and shared the findings with a small task force, given the sensitive, personal information. Another challenge is that Internal Audit Department is currently comprised of one employee, limiting time for formal reporting and presentation.

The Internal Audit Department also serves as the liaison for external audits, including the TDA Triennial Performance Audit, FTA Triennial Reviews, other FTA compliance audits (e.g., ADA,

Disadvantaged Business Enterprise [DBE]), and the CPUC Utility Audits, as well as performing all internal audits.

Operations

Fixed-Route, Demand Response, ADA Paratransit Bus and Light Rail

RT provides fixed-route, demand-response, and ADA paratransit bus and light rail service. As previously mentioned, the vice president of Bus Operations oversees bus operations, bus maintenance, scheduling, community and contract bus services, and ADA compliance. The vice president of Light Rail Operations oversees light rail operations, light rail maintenance, materials management, and wayside. Previously, the Light Rail Operations and Bus Operations departments, along with the Scheduling department, comprised the Operations Division while the Bus Maintenance, Light Rail Maintenance, and Wayside departments comprised the Maintenance Division.

As of FY 2021, according to RT data on employee work hours by mode, RT had 437 full time equivalents (FTEs) coach operators, a 9 percent increase in FTEs since FY 2019. This increase can be attributed to the implementation of the SacRT Forward system redesign as well as the annexation of the Elk Grove service. In FY 2021, demand-response operations included 132 FTE drivers, which is a 514 percent increase since FY 2019. This increase can be attributed to the expansion of the SmaRT Ride service as well as bringing ADA paratransit service in-house. Light rail operations includes 150 FTEs, a 14 percent decline in FTEs since FY 2019. This decline in light rail operators can be attributed to reduced service resulting from reduced ridership demand during the COVID-19 pandemic. While FTEs have grown in general compared to a few years ago, RT also suffered from driver shortages from the pandemic, similar to trends in the transit industry, as the system continued to grow in size and in services offered.

RT's quarterly bid process for assigning routes to drivers is governed by internal policies and procedures as well as labor agreements and related documented processes. Bus operators are used interchangeably among routes except for demand-response routes. Demand-response operators utilize cutaway vehicles, for which operators do not need a California commercial driver's license to operate, while trunk lines utilize larger 40-foot vehicles that require a California commercial driver's license.

During the annual sign-up period, operators have the opportunity to move between bus and light rail services. When operators switch to light rail, they must go through an eight-week certification period. RT prepares for the transition in November in order to be ready in January. Since the bus operators are in training and the use of vacation time is high in November and December, this process leads to a shortage of bus operators. In addition, approximately 30-40 percent of light rail trainees do not pass to become light rail operators.

New operators start with operating demand-response cutaways. Most operators progress to full-size 40-foot coaches after two to three months. Despite the slightly lower wage rates, some operators prefer to stay in demand response due to the hours and smaller vehicle size. Once an operator switches from demand response to bus, they are not able to switch back to demand

response. SmaRT Ride operators are required to have a Class B driver's license and need to be retrained prior to operating demand-response cutaways.

Another challenge historically with operator progression from demand response to bus and then to light rail is the limited interaction between the different classifications of operators, specifically those for demand response and bus. RT is addressing perceptions held in general by a number of senior bus operators that demand-response operators are not "real" bus drivers. RT has considered having multiple types of operators check in at the same facility to encourage greater interaction between operator classifications; however, this has proved challenging, as part of the current collective bargaining agreement requires that demand-response and bus operators be dispatched from different facilities and considered different divisions with different pay structures.

COVID-19 Pandemic Response:

As impacts from the novel coronavirus (COVID-19) started to be realized in California, a state of emergency was declared on March 4, 2020. Subsequently, a mandatory statewide shelter-in-place order was implemented on March 19. In response to the order and pursuant to Centers for Disease Control and Prevention protocols, RT enacted many new procedures. Nearly all departments within the agency were affected in some way by the impacts of COVID-19; bus and rail operations were impacted most directly.

In response to the sudden drastic drop in ridership resulting from the stay-at-home orders, in March 2020 the board approved a policy allowing RT the ability to reduce or suspend service entirely in the event of an emergency. RT enacted service reductions in March, following the adoption of this emergency policy. Initially service was reduced to seven-day "Sunday Plus" service. As more information was learned about the virus, operator comfort and ridership increased and in June 2020 RT reinstated a significant amount of service, bringing the system to "Saturday Plus" service levels. By August 2020, nearly 99 percent of service had been reinstated.

RT also launched the Student RydeFree Program in October 2019. Students in transitional kindergarten through 12th grade can ride the entire SacRT system for free. Student ridership reached a peak of 266,259 in February 2020 before the COVID-19 pandemic and fell to a low of 31,410 in April 2020. At the depths of the COVID-19 pandemic, student ridership averaged 34,512 between April 2020 and February 2021. Between March 2021 and August 2021, student ridership slowly increased to an average of 70,439. Classrooms re-opened to in person learning at most campuses in the Sacramento region. Student ridership rebounded quickly and rose to 211,955 in September 2021.

In the weeks after the shelter-in-place order was issued, RT's IT department worked to create a remote network that allowed non-essential administrative staff the ability to work from home. Process changes were made to ensure continued efficiency while teleworking, including the ability to virtually review and sign contracts.

New employee hiring was put on hold and overtime was closely monitored, as the fiscal impacts of the pandemic on the agency were not yet known. Through careful monitoring throughout this

period, RT was able to avoid laying off any staff.

To promote the safety of operators and riders, RT implemented safety procedures that were in compliance with all CDC recommendations and encouraged social distancing. These measures including implementing rear-door-only boarding (riders with mobility devices continued to board through the front door), the installation of operator barriers, implementing a mask mandate, and encouraging the use of contact-free fare-payment methods. Sanitation procedures were enhanced to include chlorine dioxide fogging and disinfecting high touch surfaces on vehicles and in RT facilities.

To keep riders informed of service changes as well as changes to rules for riding throughout the pandemic, RT increased its use of electronic communications through social media and the agency website.

In September 2020, SacRT conducted a two-week online rider survey on transit ridership during the COVID-19 pandemic. A total of 313 responses were provided on how riders have been affected and their current and future plans for transit use. The survey also included a satisfaction rating for riders to rank their satisfaction rating in nine best safety practices on a scale of 1 to 5. SacRT received an overall score of 4.15.

Operations Performance Metrics:

RT's on-time performance for bus measures the percentage of buses arriving less than five minutes past or 59 seconds before the scheduled arrival time. The agency's goal for bus on time performance is 85 percent. RT uses Clever automatic vehicle locator (AVL) devices to track on-time performance for every trip. Over the audit period, RT's bus on-time performance increased 10 percent from 76.9 percent in FY 2018 to 84.6 percent in FY 2021. This increase can largely be attributed to both the decrease in service and decrease in commuter traffic resulting from the COVID-19 pandemic.

Table V-1
On-time Performance

	Goal	FY 2018	FY 2019	FY 2020	FY 2021
Bus	85%	76.9%	76.2%	78.0%	84.6%
Light Rail	97%	98.2%	95.2%	96.4%	98.0%

Source: SacRT Vital Statistics Report

On-time performance is challenging for light rail where there is a single track and a delayed train can hold up trains traveling in both directions. Additionally, delayed trains, traffic congestion, or partially obstructed tracks (e.g., by parked vehicle) in downtown Sacramento near the Golden 1 Center also cause serious light rail delays, negatively impacting on-time performance, since all three light rail lines use the same segment of track. Over the audit period, light rail's on-time performance has remained fairly consistent, decreasing by just 0.20 percent overall, starting at 98.2 percent in FY 2018 to 98.0 percent in FY 2021.

Nearly all scheduled bus and rail trips were completed throughout the audit period. Like on-time performance, "completed trips" is a measure of service reliability. A higher percentage represents better service reliability. Completed trips is calculated by dividing the total scheduled trips less missed trips by total scheduled trips.

Table V-2
Completed Trips

	FY 2018		FY 2019		FY 2020		FY 2021	
	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Bus	99.80%	99.83%	99.80%	99.83%	99.80%	99.67%	99.80%	99.71%
Community Bus	99.80%	99.76%	99.40%	99.87%	99.40%	99.90%	99.80%	99.94%
Light Rail	99.80%	99.60%	99.80%	99.51%	99.80%	99.29%	99.50%	99.59%

Source: SacRT Vital Statistics Report

Missed bus trips can occur when extra board operators are used for bus bridges to complete trips between light rail stations or when a vehicle is down, leaving fewer available drivers. Most of the bus bridges are caused by factors outside RT's control. Causes include police or fire blocking tracks and non-RT accidents (in addition to RT accidents and mechanical breakdown due to age of the fleet). RT has addressed the issues that are under the agency's control, such as limiting the number of light rail vehicles pulling out on weekends, in order to keep overall mileage down.

Accidents are an indicator of safety as well as a factor in service reliability. Accidents are defined as either traffic or passenger accidents:

- Traffic Accident—Incident that occurred from a collision of RT's revenue vehicle(s) with another vehicle, person, or object.
- Passenger Accident—Any incident, other than a traffic accident, in which someone receives medical transport from the accident scene.

Every accident is reviewed by the Safety department. Safety reviews all the videos to determine whether an accident was a preventable accident before taking major accidents to the Accident Review Committee and if deemed necessary based on union contracts, the Accident Grading Board, which confirms whether the accident was preventable or non-preventable and determines the necessary corrective actions. The cameras on the vehicle help in investigating what happened and identifying what could have been done differently in the event of a preventable accident.

RT tracks the number of accidents and preventable accidents. The number of preventable accidents during the audit period ranges from 49 to 55 per year for bus and 5 to 9 for light rail. In its first year of service in FY 2021, SacRT GO had six preventable accidents.

Table V-3
Preventable Accidents

	Preventable Accidents			
Fiscal Year	**Bus/CBS**	**Light Rail**	**SacRT GO**	**Total**
FY 2019	49	9	N/A	58
FY 2020	49	6	N/A	55
FY 2021	55	5	6	66

Source: Bus Preventable Accidents FY 19 to FY 21

Previously, accidents were reviewed by supervisors. The transition to having Safety review accidents has helped improve the relationship between operators and supervisors. RT is continuing to improve the relationship between operators and supervisors with the promotion of operators to supervisors. RT is changing the culture of supervisors to understand that their role is not just enforcing rules but also offering support to operators.

In order to reduce preventable accidents, RT is also encouraging a culture change among operators to change the focus from driving for schedule to driving for safety. Safety and customer service are both receiving increased focus in RT's training of its operators.

Scheduling & Dispatch

RT employs 4 employees in Scheduling and 63 employees in Dispatch (22 for bus, 6 for community bus, 4 for Elk Grove, 7 for paratransit, and 24 for light rail). Most dispatchers have been with RT for over 20 years, and many were previously operators. Schedulers utilize Trapeze FX and Blockbuster software for scheduling.

RT's entire bus fleet and a portion of the light rail vehicles are equipped with Clever devices AVL and automated passenger count (APC) hardware for vehicle tracking and ridership boardings and alightings. Dispatch is able to send text messages to vehicles for communication purposes in addition to using the radio. New radio consoles and portable radios were installed to support the P25 radio system.

RT implemented a train tracking software system, Consist Manager, to provide passenger counting, automated tracking of train consists, and future development of real-time train tracking for passenger information digital message signs at stations and public website. During the audit period, many of the train consists were reduced due to availability of cars and decreased demand resulting from ridership impacts from the COVID-19 pandemic.

Maintenance

By the end of the audit period in FY 2021, and using RT data on employee work hours by mode, light rail maintenance staff totaled 123 FTEs, with 66 FTEs dedicated to vehicle maintenance and 57 FTEs to facilities maintenance. Bus maintenance staff includes 77 FTEs, with 70 FTEs dedicated to vehicle maintenance and 8 FTEs to facilities maintenance.

In FY 2021, SacRT reported to the National Transit Database (NTD) that zero percent of its 40-foot buses exceeded FTA's 14-year default useful life benchmark. About 22 percent of cutaway buses used in demand response exceeded their 10-year default useful life, while 38 percent of light rail vehicles exceeded their 31- year useful life.

In June 2020, RT entered a contract with Paratransit, Inc. for vehicle cleaning, fueling, and maintenance of RT's complementary paratransit fleet. The contract period is two years with three additional one-year term options. The agreement details that Paratransit, Inc. must supply all supervisory and technician staff as well as all parts and that all maintenance work conducted must be completed and reported in compliance with FTA preventative maintenance requirements.

RT continues to have difficulty obtaining parts for its Orion fleet. In 2013, Orion went out of business. RT must either manufacture its own parts or purchase parts now produced by New Flyer at higher costs than formerly available through Orion.

The California Air Resources Board requires operators to buy vehicles that meet certain engine emissions standards when purchasing new vehicles. To date, RT has procured 9 zero emission shuttle buses for SmaRT Ride service and 9 electric vehicles for its fixed-route fleet, including 3 Gillig made vehicles and 6 Protera made vehicles. According to its Zero Emissions Bus plan, RT will gradually transition its fleet to entirely zero emissions vehicles by progressively increasing its zero emissions vehicle purchases over time. By 2023, 25 percent of bus purchases will be zero emissions vehicles, by 2026 that percentage will increase to 50, and by 2029, 100 percent of vehicle purchases will be zero emission vehicles, with the last conventional internal combustion engine bus purchase planned for 2028.

As RT awaits putting in service the new light rail vehicles, the agency has been having ongoing maintenance challenges with its existing aging light rail fleet and obtaining obsolete parts as the Siemens vehicles reach or surpass their end of useful life. RT is the last property known in the U.S. that is still running the U2a model. Old design drawings for parts for this particular vehicle are not available which creates significant hardship to source components and drives up cost to manufacture. RT also has difficulty obtaining parts for CAF-manufactured vehicles.

The UTDC vehicles were purchased from the Santa Clara Valley Transportation Authority (SCVTA) and put into service starting in September 2015 on the Blue Line extension to Cosumnes River College. SCVTA originally put the vehicles into operation in 1987; they have been in storage since 2003, when RT acquired them. RT contracted Siemens in the refurbishment of 19 UTDC vehicles. Because UTDC was sold to Bombardier in 1991, RT has difficulty obtaining obsolete parts and must manufacture its own parts for the vehicles. Mechanical issues with the master controller on the vehicles as well as challenges with RT's wheel truing machine and the appearance of the rail cars are issues RT staff cited as primary issues impacting the vehicles. To remedy the vehicle appearance issues, RT instituted a program to wrap the cars instead of painting them. All UTDC cars and the remaining light rail vehicles have been wrapped instead of painted, which provide an improved exterior appearance and additional income from advertising train wraps. While RT has been able to extend the life of these vehicles, they have exceeded the useful life benchmark of 31 years as established by FTA.

RT's Light Rail Modernization Project initiative addresses this concern through the purchase of new light rail vehicles, station enhancements, and the construction of additional tracks. In 2020, RT executed a contract with Siemens Mobility for the manufacture of up to 76 new low-floor light rail vehicles with the first 20 vehicles expected to be added to revenue service by the spring of 2023. These new low-floor vehicles will require retrofitting light rail stations and the light rail maintenance facility to meet the necessary platform height.

While the improvement plan is in place to address reliability concerns in the future, the light rail vehicles currently in service did not meet their Mean Distance Between Failure (MDBF) goal in FY 2019 or FY 2020. RT decreased the FY 2021 goal for light rail to more realistically align with the previous year's performance; the new goal was exceeded. RT exceeded its MDBF goal for both bus and demand-response service in FY 2019 and FY 2020. In FY 2021, RT increased this goal for bus, which was not met. For community bus, RT exceeded the MDBF in each year of the audit period (FYs 2019-2021). As RT continues to procure new vehicles and retires vehicles that have reached the end of their useful lives across all modes, MDBF should improve and maintenance costs should decrease.

Table V-4
Mean Distance Between Failures (Miles)

	FY 2018 Goal	FY 2018 Actual	FY 2019 Goal	FY 2019 Actual	FY 2020 Goal	FY 2020 Actual	FY 2021 Goal	FY 2021 Actual
Bus	9,500	14,131	9,500	12,964	9,500	13,275	13,700	12,038
Community Bus	8,500	6,498	8,500	18,474	8,500	49,760	16,600	46,171
Light Rail	12,000	8,408	12,000	8,442	12,000	7,444	8,200	8,889

Source: SacRT Vital Statistics Report

RT maintains a preventive maintenance schedule to reduce downtime. The Maintenance Department uses technology to increase accountability including tablets and laptops that enable maintenance staff to enter information for a work order directly, reducing the manual entry of data into the Access database by a clerk and helping improve employee efficiency. The frequency of tasks necessary in the Preventative Maintenance Inspection (PMI) program is monitored and managed by SacRT's computerized maintenance management program, and performed in intervals/cycles which are distinguished by various system and sub-system codes. Preventive maintenance inspections are prioritized based on mileage and safety inspections are conducted weekly. Bus Maintenance has a work order management system, iFleet, developed internally by the IT department. Light Rail Maintenance, Facilities Maintenance and Wayside use paper work orders that are managed and archived in ManagerPlus. Information from paper work orders is also input into the Access database by clerical staff. The light rail work orders are scheduled using Access, based on mileage data that are entered on a weekly basis. Tablets and laptops are also used to reduce paper orders.

Wayside assets are inspected based on standard operating procedures (SOPs). The SOPs were

developed using Federal Railroad Administration standards and procedures since they are more thorough than standards developed to date for light rail. Inspections are conducted on a 28-day cycle instead of monthly to facilitate schedule maintenance.

As part of the collective bargaining agreement, RT has the ability to outsource maintenance work. However, the union is resistant and RT contracts out only a small amount of maintenance work, including some component work, gear boxes, rail grinding, and ultrasonic testing. Contracted bus maintenance includes on-call transmission rebuilds, tire services, and radio repairs. RT also sends out some vehicles with accident damage for repairs when there is a significant backlog. RT maintenance staff perform engine rebuilds.

Inventory and parts room data are in the SAP Enterprise Resource Management (ERM) software system. Inventory data is exported into iFleet which allows RT to track what parts are used for repairs. Storekeepers can then use iFleet to identify trends and adjust replacements and limits accordingly. Inventory management has been more difficult for rail given the variety of vehicle manufacturers as well as the limited availability of obsolete parts. In addition, RT has not been able to automate the inventory of light rail parts as much as it has for bus. Storekeepers have weekly meetings with the Procurement department. Large bulk orders are handled through the Procurement department.

RT conducts parts inventory cycle counts each month; 10 percent of parts are counted each month so an overlap of parts are counted each year. RT previously conducted yearly inventories. Transitioning to monthly inventory counts has helped reduce overtime costs since staffing needs are spread out and not conducted during one intensive two-week period each year. Monthly counts have also helped improve the accuracy of RT's inventory throughout the year.

Installation of cameras inside facilities help with identification of theft, behavioral issues, and intruders. To reduce consumable expenses, Light Rail Maintenance has Fastenal's industrial vending machines to dispense consumables in the shop. It requires badge access to obtain materials. The system minimizes employees' opportunities to take extra materials and prevent employees with different job classifications from taking incorrect items.

Service workers clean the vehicles. Heightened protocols and awareness for cleanliness is emphasized from the COVID pandemic and is a tool to attract ridership previously lost. RT uses recycled water to wash vehicles in compliance with regulations. RT purchased a $1 million light rail vehicle wash machine, replacing the old train wash rack. Vandalism and graffiti have not been a significant issue on vehicles, though have generally been a larger issue at stations and for fixed assets.

In the FTA Triennial Review conducted in 2018 (the last provided by RT for this audit), FTA noted a deficiency with respect to RT's rail facility and equipment maintenance plan. In response to the finding, RT developed and submitted to the FTA regional office in September 2018 a revised rail facility and equipment maintenance plan that identifies a system of periodic inspections and preventive maintenance performed at defined intervals. The FTA also noted a deficiency related to inadequate oversight of subrecipient, contractor, or lessee maintenance activities. In September 2018, RT submitted oversight procedures to the FTA, along with evidence of

implementation, such as an amended contract incorporating the requirement for a written maintenance plan that includes maintenance standards compatible with FTA requirements. This deficiency was closed in September 2018 with submittal of the final report. In a sign of on-going compliance, RT developed separate updated Fleet Maintenance Plans for Elk Grove transit services (July 2021), systemwide bus vehicles (September 2021), and light rail vehicles (December 2021), as well as a Facilities Maintenance Plan (July 2020). At the time this report, RT was completing its most recent triennial review.

Planning and Engineering

The Planning and Engineering Division consists of 47 employees and includes the areas of engineering, construction, quality assurance, transit asset management, planning, DBE, facilities maintenance, grounds, and storekeeper. This division implements capital projects in support of the operating divisions through design and construction, provides technical support for ongoing maintenance activities, and maintains all RT stations, stops, and facilities. Note: the divisions described below were identified in the agency organization chart prior to reorganization in FY 2021.

Facilities Maintenance

Of the employees in the division, 34 are responsible for maintaining RT's facilities. Responsibilities include maintaining no fewer than 3,100 stops, including signage, trash, trimming, benches, cleaning, and adding shelters. RT works with cities and the county to install or move shelters and concrete pads when necessary. Shelters are cleaned no less than once weekly. RT also has contracts with Property and Business Improvement Districts (PBIDs) for maintenance of RT's facilities within the PBIDs.

Engineering and Construction

The Engineering and Construction department has seven employees in the areas of system engineering, quality assurance, and transit asset management. Consultants are hired for large projects. An ongoing professional services contract with a retired structural engineer has been beneficial. A bench of consultants is available to provide a full range of other services. Staff are responsible for their own procurement activities, including writing scopes of work. Most of their engineering projects are extensions of existing lines.

In March 2021, RT finalized its Zero-Emission Bus (ZEB) Rollout Plan in compliance with the California Air Resource Board's Innovative Clean Transit regulation, which mandates all transit agencies in the state to operate fully zero emission fleets by 2040. RT's plan details how the agency will gradually transition its fleet to entirely zero emissions vehicles by progressively increasing its zero emissions vehicle purchases over time. By 2023, 25 percent of bus purchases will be zero emissions vehicles, by 2026 that percentage will increase to 50, and by 2029, 100 percent of vehicle purchases will be zero emission vehicles, with the last conventional internal combustion engine bus purchase planned for 2028. In February 2022, RT finalized its ZEB Phase II Facilities Master Plan Report. This report builds on the initial plan and analyzes the significant infrastructure and facilities demands necessary to support RT's future fully battery electric and fuel cell electric bus fleet. The report explores alternatives, including the retrofitting of RT's existing facilities as

well as the construction of entirely new facilities. Ultimately, the report finds that the retrofitting of RT's existing facilities to meet ZEB demands is not a viable option as there are too many physical, administrative, and financial challenges; the plan recommends the decommissioning of RT's existing three bus facilities and the construction of three new purpose-built ZEB garages.

RT has been working with JUMP bikes near light rail transit to enable bike charging. JUMP bikes are at 23 stations and bikeshare might extend to additional stations and Rancho Cordova and Folsom.

Quality Assurance and Transit Asset Management

In response to Moving Ahead for Progress in the 21st Century Act (MAP-21) and Senate Bill (SB) 1 - Road Repair and Accountability Act of 2017, RT developed a Transit Asset Management Plan, including a robust asset inventory intended to support prioritization of asset replacement and rehabilitation. In FY 2021, RT received $10 million in funding from the STA program and another $2.1 million from the State of Good Repair Program.

As part of MAP-21, as a recipient of federal financial assistance under 49 U.S.C. Chapter 53, RT must develop a Transit Asset Management Plan. RT is the only Tier I agency in the Sacramento region. For guidance and learning from transit agencies leading the industry, RT has been actively involved in participating in Transit Asset Management Roundtables held by the FTA.

RT completed its Transit Asset Management Plan in September 2018, with subsequent annual updates, which:

- Outlines how people, processes, and tools come together to address asset management policy and goals.
- Provides accountability and visibility for furthering understanding of leveraging asset management practices.
- Supports planning, budgeting, and communications to internal and external stakeholders.

RT has developed condition assessment inspection procedures and inspection standards to provide consistency in condition ratings and data collected. RT has developed these guides for bus, light rail vehicles, rail infrastructure, administrative and maintenance facilities, and passenger and parking facilities. Inspections are conducted by Engineering and Facilities Maintenance staff.

While RT does not have an enterprise asset management system, RT is using ThingTech to create an inventory of assets. SACOG purchased ThingTech on behalf of the region and transit operators. This enables the region's assets to be compiled into one repository, helping SACOG and the transit agencies determine the rehabilitation and reinvestment needs required to maintain assets in a state of good repair. RT has entered its rail vehicles into ThingTech along with other assets.

As RT populates ThingTech with replacement values and useful life benchmarks for its capital assets, RT builds comprehensive understanding of the extent of its capital backlog and addresses the backlog in a systematic and efficient way.

Planning

The Planning department oversees a wide range of planning activities for RT. Planning is responsible for the service planning functions, formulating recommendations for service changes to bus and light rail service, and overseeing a wide range of data collection efforts. Planning leads efforts concerning Title VI monitoring, service agreements, and various other short-range planning documents. Planning also participates in service area-wide major transit project development, coordinating technical assistance for key community projects with transit interface and benefits, and identifying and pursuing applicable planning grants. Planning leads and/or participates in developing strategic goals and updating RT's long-range and short-range transit plans. In FY 2019, ridership reporting responsibilities transitioned to the Finance Division with the intent to refocus the Planning department on day-to-day planning efforts.

RT employs three planners overseen by the director of the Planning department. RT has changed the planner step levels to include planner, senior planner, and principal planner to allow for greater staff growth and develop within RT.

One of RT's largest ridership building initiatives is the SacRT Forward Network Plan, a comprehensive operations analysis of RT's bus services from August 2017 through January 2019. The focus of the new plan is on building a solid network of core routes on major corridors that will lead to economic growth and reduce congestion.

RT, in partnership with SACOG, received a California Department of Transportation grant to fund the project. In January 2018, RT issued notice to proceed to a consultant to lead the project. The goal of the project was to reimagine RT's system to be consistent with current regional travel patterns to increase efficiency, ridership, and productivity while making the system easier to use. The project included extensive community engagement, with RT conducting outreach to riders, internal and external stakeholders, and the general public. In this process, RT had to balance the importance of frequency and coverage.

The RT Board of Directors approved the SacRT Forward Network Plan on February 25, 2019, and the redesign system launched on September 8, 2019. Adjustments were made to almost every route, some minor and some much more substantial, providing increased frequency, more weekend service, and optimized routing for better access to major employment and education centers. In the year following the launch of the new system, SacRT saw a ridership increase of 4 percent. Drastic ridership declines resulting from the COVID-19 pandemic starting in March 2020 derailed potential continued ridership gains resulting from the system redesign.

With the completion of SacRT Forward, the Planning department shifted focus to RT's 10-year Strategic Plan and SRTP update. RT's last SRTP was updated in December 2012 and covered FY 2012–FY 2022. "SacRT on the Move," the updated SRTP covering FY 2022–FY 2027, builds upon the SacRT Forward project and addresses impacts and recovery efforts from the COVID-19 pandemic.

Planning reviews all of RT's bus routes on a quarterly basis. The key performance metric is boardings per revenue hour. The current RT standard is 27 boardings per revenue hour for weekdays and 20 boardings per revenue hour for weekends. Underperforming routes are put on a "watch list." Planning identifies opportunities for improvements or adjustments to improve performance. Productivity standards alone do not determine which routes are considered for modification. Consideration of corrective action is based on multiple factors, of which productivity is one. Planning also reviews on-time performance. RT's on-time performance goal is 85 percent for bus. Adjustments are considered for routes that are regularly underperforming.

Since RT does not have control over land use, it is particularly important for RT to work with local jurisdictions. Coordinating land use with transit can help promote ridership and other regional goals, such as reduction of greenhouse gas emissions, vehicle miles traveled, etc. RT is currently working with the City of Sacramento as it creates a transit-oriented development (TOD) policy and ordinance for areas around stations. Other stakeholders include SACOG and the Sacramento Metropolitan Air Quality District. RT has also worked with the Sacramento Housing and Redevelopment Agency and the City of Sacramento on the Dos Rios Station. The collaboration has helped in obtaining grants and promoting developments and land uses that are supportive of RT ridership.

Communications and Partnerships

The Community/Government Relations department, and Marketing, Communications & Public Information department are housed within the Communications and Partnerships Division, consisting of nine employees. The Community/Government Affairs department oversees relations between RT and elected officials, state and federal lobbyists, and key agencies. The Marketing, Communications & Public Information department plans and directs advertising, marketing and promotional campaigns, and social media with an emphasis on programs designed to increase ridership and brand awareness. This department also conducts community outreach, maintains RT's website, and produces electronic and print communications.

RT has a real-time tracker for bus and is currently working on getting real-time information for light rail. RT has a special mobile site, m.sacrt.com, that enables riders to enter their bus stop and retrieve real-time information. RT's data is currently not available in General Transit Feed Specification (GTFS) format but RT has a grant to fund building this dataset, after which RT will make the data public for third party app development. Schedule information is currently available for third parties.

Methods for stretching RT's marketing and communications budget include using social media, A-frames at stations, electronic message signs, and e-blasts, which all have minimal ongoing costs. RT has been expanding its social media presence with nearly 7,000 followers on Facebook, almost 9,000 followers on Twitter, and over 2,500 followers on Instagram. RT also has a dedicated YouTube channel where it uploads board meetings, how-to videos, awards, public service announcements, and updates on major projects (e.g., SacRT Forward).

RT conducts an online monthly web chat (Transit Talk) that gives the public an opportunity to interact directly with RT's GM/CEO. Customers submit transit-related questions and receive immediate feedback.

Other Marketing, Communications, and Public Information functions include market research, such as focus groups, schedule distribution, and marketing campaigns like the "We Heart You" customer appreciation. Marketing efforts are based on organization goals such as growing ridership. These goals and objectives are identified annually as part of the budgeting process and included in each budget.

RT has been minimizing its expenses by reducing its printer collateral. RT only provides printed material upon request. All materials are available on RT's new website which was launched in February 2018. For large initiatives (e.g., SacRT Forward) and campaigns (e.g., Golden 1, We Heart You), RT creates special web pages.

RT's website is accessible for visually impaired and is compatible with Google Translate. In accordance with RT's Limited English Proficiency (LEP) Plan, RT translates materials into multiple languages for Title VI compliance. Languages include Spanish, Russian, Chinese, Vietnamese, and Hmong.

As part of the SacRT Forward initiative, extensive outreach was conducted. Over the public review period starting in December 2018, the draft plan received more than 400 comments from the public. During the course of the project, staff participated in more than 70 community, neighborhood association, and stakeholder meetings and rode almost every bus route in the system to hand out information to customers and bus operators. RT created an ambassador program for the opening of the Golden 1 entertainment and sports venue and utilized this approach again to assist riders with the launch of the SacRT Forward system.

Information about the RT Board of Directors meetings is publicized online; agendas and supporting documents are posted on the RT website as well as instructions for using transit to attend. The meetings are open to the public and take place at the RT auditorium, located at 1400 29th Street in Sacramento. Videos of the board meetings are posted on RT's YouTube channel.

RT's Mobility Advisory Council (MAC), which comprises stakeholder groups and individuals representing persons with disabilities and seniors, also meets monthly at the RT auditorium. The MAC is comprised of up to 17 members, 9 representing organizations or agencies which provide services or advocate for persons with disabilities and seniors, and 8 at-large members representing individuals with disabilities and seniors. The composition of representatives reflects a balance across various types of disabilities. RT does not have a separate transit rider or citizen advisory committee.

An RT-specific customer survey was conducted in 2017 (prior to the audit period) as part of the initiation of the comprehensive operations analysis for SacRT Forward. Such surveys capture customer preferences and travel patterns. A more recent survey was conducted in September 2020, with customer preferences and travel patterns being explored in response to the pandemic and RT's response to it.

As a service to the community during the pandemic, RT partnered with the California State Transportation Agency to deploy ten Wi-Fi enabled buses to various high demand locations. The public was able to board the bus, while maintaining social distancing, and utilize free internet access. The goal was to provide internet access to those who otherwise may not have access to it to help facilitate distance learning, telehealth visits, and telework efforts. Additionally, RT offered customers free rides to COVID vaccine clinics.

During the audit period, RT launched its Transit Academy. The academy educates the public about SacRT as an agency, including its mission, the services it provides, and its various initiatives. Participants have the opportunity to hear from leadership through the organization to better understand all aspects of the transit agency, with the intention of building a more engaged public that understand RT's vital role in the community and can better advocate for transit. Those who want to participate can apply to the program through the RT website.

Security, Safety and Customer Satisfaction

RT's Security, Safety and Customer Satisfaction Division includes the Customer Satisfaction, Police Services, and Safety & Environmental departments.

Customer Satisfaction

The Customer Satisfaction department includes 26 staff members including 17 customer service representatives and 4 customer advocates, a treasury clerk, and 2 service supervisors, all under the direction of the department director. Previously, customer service functions were under the Communications and Partnerships Division.

RT tracks customer comments and complaints by type and subtype in a customer database, Trapeze Customer Relationship Management. Monthly reports are provided to departments as needed. Most issues are resolved on the first call, and only a small percentage are formal complaints. Customers are provided a feedback number for follow-up purposes. Based upon

results of the complaint investigation, documentation of a valid complaint is added to an employee's file if applicable. If a resolution requires additional details, Customer Satisfaction may forward it to a customer advocate.

RT tracks specific customer service performance metrics in its Vital Statistics Reports including "Average Days to Respond to Passenger Complaints, ADA Complaint Response time (30-day window)". Other results are reported in RT's annual budget. The following statistics are taken from RT's FY 2022 budget. Customer contacts vary from commendations to general and ADA-related complaints, to information requests and suggestions. Most customer contacts are for complaints.

Table V-5
Customer Service Performance Measures/Statistics

	FY 2022 Budget Target	FY 2018	FY 2019	FY 2020	FY 2021 (Projected)
Number of customer contacts	14,000	14,433	14,698	14,698	13,989
Number of passenger service reports processed	100	88	128	64	84
Number of security-related customer reports	125	129	114	160	145
Percent of security-related customer contact	1.20%	0.89%	0.78%	1.14%	2.80%

Source: SacRT Budget, FYs 2018-2021

RT's customer service representatives use RT's Language Line, a third-party telephone language interpretation service, to enable RT's representatives to provide route, fare, and schedule information to limited-English-speaking callers. In addition to handling customer comments and complaints, customer service representatives assist riders with scheduling SmaRT Ride pickups.

RT uses NextDoor and its own security app, Alert SacRT Safety & Security, to obtain information on security-related concerns. Riders are able to discreetly communicate with RT's Security and Safety staff in real time by sending text messages, photographs, and video of safety concerns all from within the app. RT uses this information to promptly respond to safety concerns.

Police Services

The Police Services department uses a combination of contracted police/sheriff services, in-house transit agents, and contracted security. Security is provided through a combination of 68 transit agents and approximately 24 sworn officers who are assigned by both the Sacramento Police, Folsom Police, and the Sheriff Departments. Security Operations and Police Services have 14 other employees, including those who staff the Security Operations Center (SOC).

RT leaves two positions open with the Sacramento Police Department in order to use detectives for investigations. RT also contracts for private armed security when needed, mostly at night when service is not in operation. Sworn officers patrol the system by car, while transit agents patrol by foot and by riding light rail trains. The contracts are renewed every few years and often local jurisdictions help fund a portion of the positions given their mutual interest in safety.

Transit agents with the Amalgamated Transit Union (ATU) have the authority to enforce fares on the light rail system. Transit agents are able to write citations and conduct fare checks, increasing fare compliance and reducing nuisance behavior in addition to providing customer service and offering additional security. Increasing the number of transit agents who also conduct fare enforcement helps reduce fare evasion, improve the perception of safety and security, and reduce revenue leakage. RT's goal is to have at least one transit agent on every train. Transit agents are tasked primarily with customer service and secondarily with fare enforcement. RT believes that fare enforcement sends the message that the rule of law is in force on light rail trains. This stance has helped to reduce fare evasion and loitering on trains and at light rail stations. The RT Board of Directors' past approval of a paid fare zone policy at every station has helped with fare enforcement.

While transit agents have the authority to cite, they often focus instead on teaching riders how to pay their fares and/or tap their smart cards. RT's fare citations are handled by the county court system. Since the court retains most of the revenue from the citations, issuing citations generates less revenue for RT than working with the rider to understand how to pay their fare. RT uses an automated citation system to track citations. For repeat offenders, RT works with the county prosecutors to ban the offenders from the transit system for an indefinite period. Table V-6 show the fare evasion rates on light rail which are generally about 1.5 percent of ridership.

Table V-6
Light Rail Fare Evasion

	FY 2018	FY 2019	FY 2020	FY 2021 (Projected)
Percent of Passengers Inspected	20.85%	22.32%	21.45%	25.14%
Cited Passengers without Proper Fare	31,732	39,513	27,035	31,138
Light Rail Fare Evasion Rate	1.42%	1.63%	1.39%	2.10%

Source: SacRT Budget, FYs 2018-2022

RT continues to consider installing card readers on light rail vehicles to enable riders to pay their fares if they do not have a valid fare when inspected. The card readers would also provide a way for riders who do not have time to tap the card reader at the station when rushing to the train.

Part of the success of using transit agents is their focus on creating a positive customer experience by meeting and greeting the rider before asking for a fare. Focusing on the customer experience has proven to be an effective strategy in initiating contact.

Many other steps have been taken to secure the RT system. Light rail stations are under 24/7 surveillance with pan-tilt-zoom cameras, and a sworn team of officers is assigned to patrol and respond to transit-related calls. RT's light rail station platforms are monitored remotely by staff in the SOC. Security teams monitor an array of 2,000 surveillance cameras that have been installed

at all light rail stations throughout the system as well as on buses and light rail trains. RT created a video with a local reporter showcasing RT's new SOC and security improvements.

The SOC can deploy security to address issues. The video can also be used to support investigations after incidents and with PUC audits related to operator use of personal electronic devices. The Audio Video Lighting (AVL) system provides the dispatched sworn officers with the vehicle location in the event of an incident. In the event of an incident, the SOC is also able to inform the light rail operator to stop short of the station and to use the AVL system to pull the video footage of the next station that the train is approaching and provide the train location to the sworn officer.

During the audit period, Police Services implemented a new social worker position at RT. The social worker is partnered with a sworn officer in the field to address community complaints regarding dangerous or nuisance behavior from individuals suffering from mental illness or experiencing homelessness. These interactions are not conducted with the aim of enforcing the law but rather focus on connecting the individual with social services.

Sworn officers are dispatched if a rider refuses to show the transit agent their ID or in the event of incidents involving physical violence, mental health, or homeless issues.

Instead of needing to radio in issues to the SOC, buses are equipped with a silent alarm that is directly sent to the SOC. The SOC also receives input from members of the public from the crime tip hotline. The public can send texts, pictures, and/or video to RT's security team though RT's new app, Alert SacRT, which allows customers to communicate problems by notifying SOC of safety and maintenance issues. Alert SacRT makes it easy for riders to communicate discreetly and anonymously since they can send video, pictures, and texts to convey their message. The app can also send service alerts to riders when a light rail line is experiencing a disruption. RT uses NextDoor and other social media to gather input on how people feel about safety on RT services.

In addition to the cameras, RT uses a public announcement (PA) system in all light rail stations. The SOC can view stations on camera remotely and then address a problem, such as drinking or smoking, over the PA before it becomes more significant. The use of the PA system has helped RT reduce and correct nuisance behavior on the platform without deploying security. In FY 2018, RT utilized the PA system, informally dubbed the "Voice of God" by some agency staff, over one thousand times to curb nuisance behavior. The model developed has been mentioned in national transit publications as a proven program, reducing the need for police response and immediately addressing the nuisance behavior.

RT has launched "Adopt a Station." Police lieutenants, sergeants, and officers actively participate in adopting a station which includes assessing and implementing security and safety improvements for each station. In 2018, RT Police Services sergeants and lieutenant adopted four stations: Watt I-80, 16th Street, Zinfandel, and Alkali. Crime Prevention through Environmental Design (CPTED) assessments were conducted at all four stations. Officers also adopted stations throughout the system. Extra patrol, enforcement, arrests, citations, paid fair zone signs, pods, and blitzes were conducted at the adopted stations.

RT has experienced a few assaults of bus operators. In some cases, the bus operator escalated the issue. RT works with the City of Sacramento Police Department to provide de-escalation training once a year during the operators' verification of transit training.

Homeless encampments have been a challenge for RT in areas with vacant or underutilized land. Real estate is working on promoting development on RT-owned land. The challenge is that the land was purchased with FTA funding so development would need to generate revenue and ridership for RT. In FY 2018, RT completed the Watt/I-80 Transit Center Master Plan, with the goal of enhancing passenger safety, comfort, convenience, and mobility and increasing transit ridership through the development of underutilized property.

Another challenge for RT and its police services is the decriminalization of specific crimes. In 2014, California voters reduced the penalties for drug and property crimes. Proposition 47 lowered criminal sentences for drug possession, theft, shoplifting, identity theft, receiving stolen property, writing bad checks, and check forgery from felonies that can carry prison terms to misdemeanors that often bring minimal jail sentences. Researchers have found that this has led to an increase in crimes, such as car burglaries, shoplifting, and other thefts.

RT tracks crime on its transit system. RT uses the definitions established in the FBI's Uniform Crime Reporting program for reporting crime statistics and tracks crimes per million passengers as a metric used to compare crime rates from year to year. RT uses crime data to address trends, reallocates resources (police officers/transit officers/security guards) to problem locations/times, and uses detectives to deal with a crime series.

The FBI's Uniform Crime Reporting program is a nationwide, cooperative statistical effort of nearly 18,000 city, university and college, county, state, tribal, and federal law enforcement agencies voluntarily reporting data on crimes brought to their attention. The seven Part I offense classifications include the violent crimes of murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault, and the property crimes of burglary, larceny-theft, motor vehicle theft, and arson.

Table V-7
Reported Crimes

	Goal	FY 2018	FY 2019	FY 2020	FY 2021
Crimes per Million Passengers	20.0	7.6	6.7	9.0	10.3
Uniform Crime Reporting (UCR) Crimes	n/a	158.0	140.0	159.0	84.0

Source: SacRT Vital Statistics Report

In 2019, the Transportation Security Administration (TSA) honored RT with the prestigious Gold Standard Award. The Gold Standard Award is the top recognition that TSA can give to a transit

agency for achieving top scores during an annual review of 17 categories of security and emergency preparedness elements. The review evaluates several aspects of a transit agency's operations including the security plan, security training, drills and exercise programs, public outreach efforts, and background check processes. RT was one of just seven transit agencies nationwide to be honored with the award during the most recent evaluation phase.

Safety & Environmental

RT is committed to achieving an optimal level of safety for its employees by minimizing risks of injury and promoting a sound safety culture throughout the organization. RT focuses on employee safety through better training, data collection, and use of technology. RT maintains strong relationships with regulatory agencies and seeks guidance whenever necessary. The Health and System Safety department has five employees, including the manager of the department, and is responsible for the management of RT's safety compliance. The manager works with the Training and Risk Management (Finance Division) departments.

RT is also using technology to improve safety. In FY 2017, RT received a $870,000 grant to add a secondary warning system to increase the safety of employees in light rail work zones. The Protran warning device is an alert pad worn by track workers. With its completion in June 2020, the project met a PUC deadline for implementation of redundant protections for wayside and roadway workers. Employees also check in and out with the train controllers when conducting inspections and maintenance. RT has also tested S-1 Gard Barriers to prevent individuals from becoming trapped by the rear wheels of a bus.

One of the largest causes of injuries for light rail operators is operating the ramp for riders with mobility aids. Operations and Maintenance have been working with Safety to identify maintenance issues that may increase the likelihood of injuries because the ramp is not working correctly. The new low-floor light rail vehicles will have a button on the vehicle for the passenger to self-load, helping reduce operator injuries. The new vehicles also reduce the need to track this type of injury.

Public Transit Agency Safety Plan

MAP-21 requires that all recipients of FTA funding develop a Public Transit Agency Safety Plan (PTASP) and certify by July 2020 that the plan meets FTA requirements. The FTA published the PTASP Final Rule in July 2018 (at the beginning of FY 2019). The plan must be updated and certified by the transit agency annually. In response to this requirement, RT developed and finalized its PTASP in October 2020. The plan includes the procedures and processes to implement Safety Management Systems (SMS) and safety performance targets.

In developing the draft plan and collecting data, RT identified high hazard issues (e.g., ramps on light rail vehicles) and has begun implementing changes to help reduce avoidable injuries and monitoring incidents to determine whether the changes have been effective. Safety has been working with Risk Management to investigate the causes of accidents, claims, and injuries. RT

recently completed its first draft report on onboard bus injuries. The report found that approximately half of the injuries to passengers on buses were caused by the operator braking too quickly, while the other half were attributed to an aging population standing while the vehicle was in motion.

Generally, RT uses onboard camera and police reports for investigations. Some minor accidents (e.g., broken mirrors, paint transfers) are reportable now as part of SMS requirements but do not require police reports. This increases the reliance on the use of video. RT also uses its cameras for compliance with the Public Utilities Commission to conduct random samples of operators to confirm they are not using their phone during the 20-minute sample period. A challenge for RT is that SMS reporting requirements do not define what an "object" is when defining a traffic accident as an "Incident that occurred from a collision of RT's revenue vehicle(s) with another vehicle, person, or object" and consequently what needs to be reported.

Administration

The following provides a review of the administrative functions of RT, including human resources, finance and grants, procurement, purchased transportation and contracted services, and IT.

Human Resources

Human Resources, which reports to the assistant vice president of Labor Relations and Human Resources under the Integrated Service and Strategic Initiatives Division, consists of 13 employees and administers employee recruitment, hiring, non-operator training, benefits, promotion, classification, compensation, health and welfare programs, pension plan administration, and retirement board administration.

During the audit period, RT participated in labor union negotiations with all four of its labor union contracts: ATU, American Federation of State, County and Municipal Employees (AFSCME), International Brotherhood of Electrical Workers (IBEW), and Union of Operating Engineers (OE). Members of the ATU include RT operators, including those assigned to the Elk Grove service, and some clerical employees. AFSCME membership includes transportation supervisors as well as demand-response dispatchers. IBEW represents mechanics and utility staff, as well as some other maintenance positions. RT continues to make efforts to negotiate toward more consistent language across all union contracts to create more cohesion and unity among RT staff.

Recruitment and Retention

For the period FY 2019 – 2021, SacRT employed 999, 1240, and 1246 staff member for FY 2019, FY 2020, and FY 2021, respectively. The evolution of technology has impacted RT's business and staffing needs. As RT continues to undergo organizational restructuring, retirements, and implementation of technology, RT is evaluating its current staffing to make sure that it matches its changing business needs. RT is looking at ways to redeploy resources as traditional positions become no longer necessary (e.g., ride checkers with the implementation of APCs). RT has also evaluated current resource levels to minimize overtime. RT is using technology to better manage

costs. For example, RT utilizes a Family and Medical Leave Act (FMLA) tracking tool that has improved communication between RT departments and Human Resources on FMLA absences.

Combined with absenteeism, the retirement of vehicle operators is one of the biggest staffing challenges for service delivery. RT bus operators average 11.15 years with the agency, while those with the highest seniority have been with RT for 32 to 40+ years. Light rail operators average 7.8 years with RT. RT has been challenged to balance recruitment with the need for operators to cover retirements and service expansions especially amid the pandemic impacting driver shortages even more.

Recent legislation has also impacted recruitment. Minimum wage increases resulting from SB 3 (Leno, Chapter 4, Statutes of 2016), effective January 1, 2017, through January 1, 2022, have posed challenges for RT's ability to retain and attract quality operators. RT offers signing bonuses and raised the bus operator pay to match those of nearby school districts, for example. Due to the competitive environment for drivers, some trainees go through the training and leave for other jobs. The legalization of cannabis has also impacted recruitment as some applicants do not pass drug testing.

In addition, RT's hiring has been impacted by the low unemployment rate. Hiring requirements, such as the need for commercial driver license and some level of commercial driving experience (truck driver, paratransit driver, etc.) may be necessary but further limit the candidate pool. Since FY 2021, SacRT recruits individuals with no experience for all operator positions except for Light Rail, which is hired from existing Main or CBS Bus Operators. Experienced Operator is the only position that requires commercial driving experience. SacRT assists inexperienced Operators with obtaining their commercial learners permit and provides paid commercial driver license (CDL) training. In order to change hiring requirements, RT works with the unions during contract negotiations. During the audit period, RT began offering new operators reimbursement for permitting costs as a way to offset costs incurred by new trainees and help incentivize pursuit of the position by potential applicants.

Although RT is able to recruit applicants through its hiring events and on-line presence, among those that are hired, a certain percentage of new hires do not last beyond the probationary period for various reasons, including not successfully passing their training program. Classes of new hires average 15-20 participants with a retention rate of approximately 65 percent. It costs approximately $12,500-$15,000 to recruit and train each new driver including background checks, testing, physicals, etc.

RT reviewed its recruitment business processes and identified opportunities for reengineering. For some agencies, the lag between application and on-boarding is a challenge for hiring bus operators. Based on the recommendations, RT has implemented some process improvements and reduced the recruitment times. Where possible, RT has streamlined the interview and hiring process. RT also employs at-will limited-term employees with a direct assignment, although not as operators.

RT has significantly improved its recruitment process for operators and mechanics. Previously, RT posted positions on Craigslist and in newspapers. RT is now posting jobs on social media and bus

headsigns, recruiting at job fairs, and working with veterans' organizations and other agencies to reach additional potential applicant pools. RT is also creating videos to provide insight into the daily activities of different positions.

In FY 2020, RT launched its online applicant tracking system NeoGov. The new platform saves administrative time previously spent reviewing paper applications and has helped to streamline the overall hiring process. Background checks are conducted prior to employment using a third party vendor. Prior to FY 2020, Summit Background Investigators conducted background checks. SacRT currently contracts with TruView Background Screening & Investigations.

Maintenance staff are hired at entry level as bus cleaners and progress through the union ranks, or they come in as journey level mechanics. Mechanic A is the highest level. Mechanics C and B usually come up through the ranks. One challenge for recruiting mechanics is that they need a commercial A or B driver's license depending on their classification to operate vehicles in the yard and on the light rail main line. Turnover and retirements have an impact on budget as RT needs to pay for both the trainee and journey level mechanic. Typically, RT has two trainees at a time and sometimes up to four.

To motivate employees, RT relies mostly on its salary and benefits, which are challenging for outside organizations to match, especially after a driver has accumulated a couple of years of experience. RT has contributed additional funds to employee pension funds following actuarial recommendations. RT has continued to provide competitive medical, dental, vision, and other benefits in support of RT employees' continued well-being.

Entry level salaries are at acceptable market levels, although with recent increases in California's minimum wage, it has been increasingly challenging to attract entry level operators as they often choose to seek less demanding jobs for similar pay. Benefits offered include medical insurance, life insurance, vision insurance, vacation time, and retirement plans. Specific benefits are defined by each collective bargaining agreement. For demand-response service, drivers are hired as limited-term employees with a lower wage than bus service employees. Demand-response operators are only required to have a Class B driver's license and must be retrained when moving up to bus service. SacRT has a mix of defined contribution and defined benefit pension plans depending on the bargaining unit.

Many in-person employee events had to be put on hold to reduce the potential spread of the COVID-19 virus during the audit period. However, RT is now evaluating which events to reinstitute and what may be implemented to protect employee health. These events include bus rodeos, safety fairs, town hall meetings, holiday parties, and food truck fairs. Operations is also working with Marketing to create safety videos for "Safety Monday" and "Training Tuesday." A video will be played and operators will be asked a series of questions. RT would pay for the 10 minutes of staff time.

All employees have discipline procedures included in their contracts. RT is working to standardize disciplinary notices and follow reasonable progressive steps and notification processes. Previously, procedures varied by union contract. RT is implementing best practices with progressive disciplinary steps and improving consistency in the disciplinary process to prevent errors. Drug

and alcohol policies are handled by the Labor Relations department and comply with state and federal regulations. RT has implemented on-site audits of drug and alcohol testing to confirm records are on hand.

Training

RT's Operations Training includes 14 employees. RT has changed its training to focus more on customer service and implemented an operator instructor training program.

RT uses a variety of methods for training, including Transportation Charter Permit online training and a video-based simulation to understand how operators would respond in certain situations. Two videos are used for customer service and to simulate driving. The simulations are based on realistic situations that operators would likely encounter (e.g., approaching a bicyclist, handling a rider bringing food on the bus) and provide a series of multiple-choice questions to see how the individual would respond. In response to a lawsuit, RT also implemented accident training that operators must complete within 90 days after an accident.

RT implemented the Track-It program to track, monitor, and schedule required training to ensure all employees are up to date and meet regulations. Previously, training was tracked using paper. RT completed the time-sensitive training requirements for over 1,100 employees and contractors in 15 training programs, including Hazardous Waste/Hazard, Communication/Universal Waste, Blood Borne Pathogens, Respiratory Protection, and On-Track Safety.

RT, in partnership with IBEW, created a state-certified bus mechanic apprenticeship program, the first in Northern California. The 36-month program trains individuals to be journey level bus mechanics. Students take classes at community colleges and receive on-the-job training. The apprenticeship program has helped provide consistent training. Employees who are enrolled in the program receive preferential consideration for assignment to "hands-on" training work. In addition, employees who obtain Automotive Service Excellence certification receive an increase in pay.

In 2019, RT implemented a mentorship program in its Light Rail division. The program is intended to pair senior staff with new hires to help build skills as well as promote cohesion among staff. Due to the COVID-19 pandemic, the mentorship program was temporarily suspended; however, the agency is working to redeploy the initiative.

RT began providing annual verification of transit training to operators in compliance with DMV training rules and regulations. RT tailors the training to each operator and issues they are experiencing (e.g., customer service, ADA restraints). RT is focused on investing in its operators and improving what they can do.

RT provides Transit Safety Institute (TSI) certification training to supervisors as well as training personnel. Previously, RT only provided TSI training to training personnel. TSI is committed to

providing economical, yet innovative, training methods and services. TSI instructors are subject matter experts with up-to-date field expertise, bringing consistency to RT's training and also best practices from other transit agencies and transportation modes.

RT's training budget allocated funds for supervisors to travel to other transit agencies to see how they do things and bring back that knowledge and insight. RT's improvements in its training program are intended to improve performance, but they also demonstrate RT's commitment to investing in the advancement of their employees' careers.

Finance and Grants

During the audit period, the Finance Division was led by RT's vice president of Finance/Chief Financial Officer. The division provides financial, treasury, budget, real estate, risk management, and procurement services. The division consists of 47 employees. Finance and Treasury performs, records, and reports on all financial transactions. Management and Budget allocates, monitors, and reports all resources and expenses; evaluates operational efficiencies and service changes and expansions; administers all federal, state, and local grants; identifies and pursues grants and new revenue sources; and develops and oversees the District's Capital Improvement Plan. Risk Management manages RT's workers' compensation, light duty, and self-administered general liability programs; directs the activities of the insurance broker to place and service RT's excess insurance; sets and monitors insurance requirements for contractors performing work on behalf of RT; prepares Occupational Safety and Health Administration (OSHA) 300 and Owner Controlled Insurance Program (OCIP) annual reporting; and coordinates closely with Training, Safety, and other departments to identify hazards and analyze trends in an attempt to reduce accident, injury and illness claims against RT.

Fare Accounting

Among its revenue accounting, RT manages the revenue collected from the Connect Card. The cost-sharing model for the operation and maintenance of the Connect Card system is based on equal weightings of each agency's share of regional unlinked trips and its share of fare revenue collected. RT is responsible for approximately 80 percent of the costs.

RT and other member agencies are required to complete a single monthly clearing transaction (i.e., either receiving from or sending funds to the clearinghouse). Clearing transactions encompass fare loads on cards, revenue collected from customer travel, operating cost responsibility, capital reserve cost share, unclaimed revenues, uncollectible payments (if any), and as-needed adjustments. Some revenue is paid in arrears (e.g., third party network sales, corporate accounts) and revenues are distributed once received.

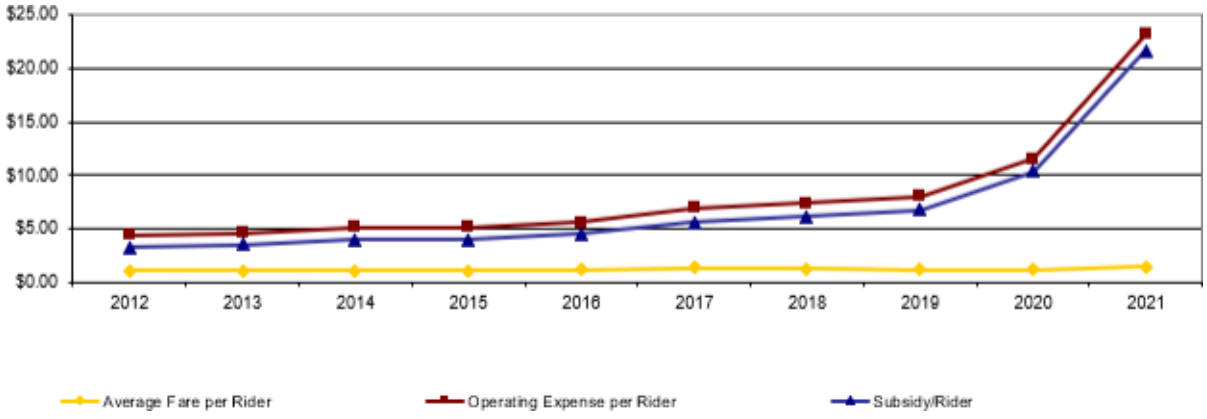
RT defers stored value revenue on Connect Card until it has been used to pay for transit service. It is then allocated to transit agencies based on use. There is also a policy for unused stored value on Connect Card which does not expire. Also, RT does not defer revenue for semi-monthly and monthly passes. Revenue for these passes is accrued based on the validity period of the pass.

Previously, RT had claimed all revenue for paper media at time of purchase. Refunds are not provided other than for extraordinary cases (death, military transfer, etc.). For interagency transfers and fare products, Connect Card data is collected from all participating operators in the region to allocate revenue.

In FY 2019, fare revenue decreased by $1,847,799 or 6.8 percent. Fare revenues again decreased in FY 2020 by $4,429,555 or 17.4 percent as a result of the COVID-19 pandemic. The pandemic continued to impact farebox revenues in FY 2021, where RT saw a decrease of $8,997,605 or 42.8 percent. Total passenger fare revenue from FY 2018 to FY 2021 decreased 56.0 percent.

While the average fare collected per rider has remained relatively flat over the last ten years, significant increases occurred in FY 2021. Based on internal data excluding paratransit services, during the audit period the average fare decreased 7.64 percent from $1.31 in FY 2018 to $1.21 in FY 2019, and again decreased in FY 2020 by 0.83 percent to $1.20; in FY 2021 the average fare per rider increased by 23.33 percent, for an overall increase of 12.98 percent over the audit period. The operating expense per rider increased 212.42 percent over the audit period from $7.41 in FY 2018 to $23.15 in FY 2021 and subsidy per rider increased 109.48 percent from $6.10 in FY 2018 to $21.66 in FY 2021, given the decline in passengers during the pandemic while operating costs held relatively steady.

Figure V-6
Operating Expense & Subsidy per Rider



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Average Fare per Rider	$1.10	$1.09	$1.11	$1.10	$1.15	$1.38	$1.31	$1.21	$1.20	$1.48
Operating Expense per Rider [1]	$4.39	$4.60	$5.12	$5.11	$5.63	$6.99	$7.41	$8.01	$11.54	$23.15
Subsidy/Rider	$3.29	$3.51	$4.02	$4.01	$4.47	$5.60	$6.10	$6.80	$10.34	$21.66

[1] Operating expense per rider excludes Paratransit and depreciation costs.

Source: FY 2021 CAFR

Budgeting

Budgeting is managed by the Management and Budget Director who oversees two Senior Financial Analyst. RT reviews actual revenues and expenses compared to budgets on a monthly basis and reviews the results with managers on a quarterly basis. Staff discuss overages and identify where there could be cost savings, and review where capital money was not spent and the reasons for the delay in expenditures. SacRT uses Microsoft Power BI to develop budgets for divisions and departments.

RT utilizes a timekeeping system that helps track tasks and allows these hours to be charged back to specific cost centers, which helps RT track how administrative time is being allocated. Salaried staff work scheduled times but are required to document changes to their time for exceptions.

Grants Management

The Grants department is managed by the Management and Budget director, who oversees three employees including a grants analyst, a financial analyst, and the manager of Capital and Project Control. Grant preparation and subrecipient monitoring has become more complex in recent years, with more time needed to complete a grant application. In the event RT is unsuccessful in obtaining a grant, staff request a debrief to obtain input on how to improve their grant applications.

RT conducts outreach to find out about new grant funding opportunities beyond formula grants. While the Grants department is primarily responsible for identifying grant opportunities, it is supported by the Planning and Engineering Department, as well as other departments as needed, which also look for grants and work together to complete applications. RT also partners with other transit and governmental agencies on grant applications. The lead on the scope of a grant largely depends on where the knowledge base for the grant lies.

Monthly meetings are held to coordinate grant strategies, including which projects could be eligible for grant funds. Time permitting, grant opportunities are discussed with RT's Capital Program Committee.

The Capital Program Committee defines the projects that are included in RT's Capital Improvement Plan (CIP). The CIP places emphasis on safety, state of good repair, and system enhancement/improvement projects that significantly enhance customer service or provide opportunities for greater system efficiency and/or revenue generation. All projects are subject to general manager and RT board approval, and are funded by federal, state, and local funding sources.

All awarded grants are entered into SAP with appropriate constraints on the use of the funds (e.g., construction, right of way). For complicated projects with several grants, RT tracks grants in a spreadsheet.

RT maintains a database with all of its capital projects. Any project manager can see the status of their project, expenses project-to-date and year-to-date by grant, estimated cost at completion, funding sources, status of funding source, etc. The database is updated with SAP data automatically. Currently, RT uses the project module in SAP instead of the grant module.

RT receives operating and capital grants from a variety of federal and state sources. RT also receives 1/3 of the Measure A 0.5 percent sales tax (approximately 1/6 cent) in Sacramento County. Measure A includes the continuation of the 0.5 percent sales tax through 2039 and introduces a countywide development impact fee program. In FY 2019, RT received $44.9 million in Measure A operating grants and $669,000 in Measure A capital grants. In FY 2020 and FY 2021, RT received $46.7 million and $59.9 million in Measure A operating grants, respectively. RT became more increasingly dependent on Measure A sales tax revenue during the audit period to help meet its 23 percent farebox recovery as passengers, and passenger revenues, declined prior to and during the pandemic.

In FY 2021, state and local grant funding comprised the following, as shown in Figure V-7.

Figure V-7
State & Local Grant Funding

Operating assistance grants:		
Measure A Sales Tax Revenue	$	59,903,826
Local Transportation Funds		51,158,504
Low Carbon Transit Operations Program		2,595,082
Total state and local operating assistance grants		113,657,412
Capital grants:		
Transit and Intercity Rail Program		20,631,940
State Transit Assistance		10,004,038
Traffic Congestion Relief Program		5,268,742
Proposition 1A		2,452,628
Senate Bill 1 - State of Good Repair		2,162,638
Proposition 1B		832,541
Insurance Proceeds		592,410
Sacramento Municipal Utility District		274,040
California Department of Transportation		136,320
City of West Sacramento		123,612
Developer Fees		114,711
Other		75,520
Total state and local capital grants		42,669,140
Total state and local grants	$	156,326,552

Source: FY 2021 CAFR

RT separates TDA between LTF and STA funding in its general ledger in order to track how the funds are used. Historically, RT uses its LTF funds for operations and STA funds for capital projects. However, in FY 2019 and FY 2020, RT utilized STA funds for operations. As a condition of using STA funding for operations, the TDA claim to SACOG includes a requirement to conduct the operator qualifying criteria calculation based on state law. In FY 2021, RT reverted back to utilize STA funds for capital purposes when Federal CARES Act funding became available.

RT programmed State Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) revenue for various eligible projects including rehabilitation, safety or modernization improvements, capital service enhancements and expansion, new capital projects, and rolling stock procurement, rehabilitation, or replacement. As the funding program has sunset, remaining monies are being allocated. PTMISEA revenues are included as part of Proposition 1B state and local capital contributions on the Statement of Revenues, Expenses, and Changes in Net Position. For FY 2021, RT's PTMISEA activities were as follows.

Figure V-8
PTMISEA Allocations

Revenues	$	563,215
Expenditures:		
Replace Non-Revenue Vehicles		(294,310)
Paratransit Vehicles		(259,328)
Bus Stop Improvements		(5,991)
Fulton Ave. Bus Shelter		(3,586)
Net Activity	$	-

Source: FY 2021 CAFR

FTA Section 5307 urbanized area formula funding is included in RT's operating revenue with a 1 percent annual increase assumption. The budget is amended after grant award.

RT, which is the FTA designated grantee, has 12 subrecipients that receive FTA funds. RT receives Section 5339 funds from the FTA and passes them on to several subrecipients. In the 2018 FTA Triennial Review, RT was found to be deficient in two areas related to Technical Capacity – Program Management and Subrecipient Oversight. RT had not prepared or submitted to the FTA a Section 5339 Program Management Plan, which is required when such funds are passed through to subrecipients. Also, the written agreements with these subrecipients did not include some of the information required by the FTA and 2 CFR Part 200. These deficiencies were to be corrected by January 2019; they were addressed and closed in April 2019.

In FY 2021, RT received $68 million in federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding. These funds are intended to offset revenue losses and cover expenditures included due to the COVID-19 pandemic. Outside of the audit period, RT has received another $31.1 million in CARES Act funding as well as $37.9 million in Coronavirus Response and Relief

Supplemental Appropriations Act (CRRSAA) funds in FY 2022, $3.9 million in CARES Act funds, and $20.6 million in CRRSAA funds in FY 2023. In addition to covering lost revenues associated with decreased ridership during the pandemic, these stimulus funds have improved RT's budgetary flexibility and cash flow. Historically, RT conducted an annual drawdown of 5307 funding which paid off expenses made on credit for the previous year. The CARES and CRRSAA funds were made available for monthly drawdowns, allowing RT to more regularly reimburse its expenses while maintaining a positive operations account balance. Ultimately this has led to an improved credit score and an increased bond rating.

Real Estate

RT's Real Estate department has two employees. Real Estate acquires, develops, and disposes of real property, including land and buildings. RT has been pursing joint development, promoting TOD and selling surplus property. RT actively marketed surplus properties to create transit-oriented communities near light rail stations. As examples, RT signed purchase sale agreements for parcels on Arden Way and at the University/65th Street Transit Center, with development completed on the 65th Street property.

In FY 2019, RT and SACOG also sponsored an Urban Land Institute technical panel to focus on potential for redevelopment and infill around two RT stations: Florin and Meadowview. The panel came for a week, toured the sites, and presented their findings. The final report, published in September 2018, concluded that SacRT's existing system conditions are viable for TOD. The technical panel urged development leaders and stakeholders to focus on creating housing, utilizing open space and parks, and including neighborhood-centric development for the most successful development outcome.

Procurement

Procurement manages and oversees the acquisition and contract administration functions related to construction, professional and nonprofessional services, vehicles, and equipment/supply contracts, and reviews, analyzes, and applies all RT policies and applicable federal, state, and local contracting regulations. Procurement manages and administers contracts and has the authority to make all procurement decisions. Under SOP FI-SOP-001-2021, the GM is able to award contracts and amendments up to $150,000, including taxes. Contracts and amendments equal to, or greater than, $150,000 require approval by the Board. This has helped to expediate procurements. Previously, the GM's limit was $100,000, including taxes.

Procurement is comprised of eight (8) employees, including a procurement director, (6) procurement analysts, and a procurement clerk. Storerooms at maintenance facilities are part of the Bus Maintenance and Light Rail Maintenance Departments and shopkeepers are supervised by materials management superintendents.

As part of the recent organizational changes, RT created a separate DBE department in July 2018. Procurement and DBE responsibilities have been separated as part of the organizational change.

In the 2018 FTA Triennial Review, RT was found to be deficient in several areas concerning DBE, with the following findings:

- DBE goal submitted late
- Semi-annual DBE reports not submitted or not submitted timely (repeat deficiency)
- Insufficient documentation of monitoring DBE compliance of contractors and/or subrecipients
- Recipient does not implement DBE termination/substitution provisions

These deficiencies were addressed and closed in April 2019.

Users create requisitions through SAP for all purchases and Procurement develops a procurement strategy with the requesting user(s). For formal procurements, documents are reviewed by Legal while Finance handles payments. Requisitions over $15,000 must be approved by the executive manager. If there is inadequate budget available for a project, SAP will not allow the user to save the requisition. After award, a purchase order is issued through SAP and contracts are attached to the purchase orders in the system. All vendors are also saved into SAP with addresses updated if they relocate, upon notification of RT personnel.

Procurement supports Bus Maintenance, Light Rail Maintenance, and Wayside Maintenance with their acquisition needs. The GM delegated signatory authority to Bus Maintenance and Light Rail Maintenance materials management superintendents for purchase orders up to $50,000. Multiple quotes and bids maybe required pending the nature and amount of goods and services procured.

RT uses Planet Bids for its procurements. Planet Bids has simplified the procurement process and improved internal communication. It has also helped RT receive more bids and increase competition. Vendors self-register online instead of submitting a paper registration form that RT staff would need to enter. Vendors can download the procurement documents and upload proposals if electronic submittal is an option for a specific procurement. RT can send automated addenda to interested vendors who have downloaded the RFP. The system also enables RT to see which vendors have downloaded documents. The system prevents staff from opening bids until the procurement is closed. All actions are time stamped. RT also uses the Bid Spec Library available within PlanetBids, which includes solicitation documents from other agencies that use PlanetBids to refine its own technical specifications and scopes of work.

RT sells surplus property and equipment. The GM is able to authorize the sale of surplus property and equipment valued at up to $25,000. RT has started using Bar None Auction to advertise and sell surplus equipment. Commission fees on the sale of surplus property are paid by the buyer. The website increases the bidding pool and consequently increases the revenue collected. The use of a third party has also helped reduce RT staff time required.

RT changed how procurement analysts are assigned, i.e., they are now assigned to specific departments. This provides a direct contact for users to help with their procurement needs. It also

provides the opportunity to cross-train staff on all aspects of a department's procurement needs.

RT is a member of the California Association of Public Procurement Officials (CAPPO). CAPPO is a state-wide association based in California with the purpose of providing its members an open resource to share information and technical advice for the betterment of public procurement activities. RT uses CAPPO to refine and improve "best practices" related to RT procurement processes.

Purchased Transportation and Contracted Services

RT's Accessible Services group was functional during the audit period to ensure RT remained in compliance with each component of the federal Americans with Disabilities Act (ADA) and other applicable state and federal laws. This group's responsibility also included management and oversight of RT's ADA paratransit service contract with Paratransit, Inc. until July 2020. Accessible Services was also responsible for the administration of RT's Mobility Advisory Council (MAC).

Prior to 2020, Paratransit, Inc. provided ADA and non-ADA demand-response services for RT through a service contract between the two agencies. In June 2020, the service contract between Paratransit, Inc. and RT expired. Philosophical differences emerged between the two agencies on the continuation of ADA services as the contract expiration neared, with a best and final offer presented to RT. RT decided not to enter into a new service agreement with Paratransit, Inc., and instead, RT transitioned ADA paratransit and non-ADA demand-response service operations in-house. Following the transition of Paratransit, Inc.'s ADA transit services for the Sacramento area to RT in June 2020, Paratransit, Inc. was contracted to continue to provide vehicle maintenance service for the RT ADA services fleet. The contract includes vehicle maintenance, cleaning, and fueling for 50 SacRT GO vehicles. RT Bus Maintenance maintains the remaining GO vehicle fleet.

RT's ADA Compliance Officer and Accessible Services Eligibility Specialists provide the compliance support to the in-house paratransit operations. RT conducts an application and interview process for paratransit service eligibility, and conditional eligibility testing and travel training. During the eligibility process, RT establishes if a client is conditionally eligible and, if so, provides an outline of the restrictions.

Separately, as discussed previously in Safety and Security, RT contracts with Sacramento, Rancho Cordova, and Folsom Police, and the Sacramento County Sheriff's Department. In total, RT contracts for 28 sworn officers with two positions vacant to fund the use of detectives at a slightly higher pay rate, if needed. Contracts are renewed every few years with the different jurisdictions. Folsom and Rancho Cordova pay half of the salary of the assigned officer to promote safety.

The contract with the City of Sacramento is for a minimum of 18 police officers, 2 sergeants, 1 lieutenant, 1 captain, and additional employees in other classifications as requested by RT. The contract with the City of Folsom is for an additional 1 police officer. The contract with the Sacramento County Sheriff's Department is for a minimum of 5 full-time sheriff's deputies, 1 part time (0.5 FTE) sheriff's deputy, and 1 sergeant. The part-time deputy is shared with the City of Rancho Cordova, with the deputy's time being evenly divided between Rancho Cordova and RT.

The police officers and sergeants assigned to RT provide foot patrol and vehicle security protection services for RT passengers and employees, including patrolling in RT light rail vehicles, at all RT light rail stations, in RT buses, and at RT bus stops. They are also authorized to issue citations for fare evasion and issue citations or make arrests for other crimes.

RT has found it beneficial to contract with police departments. They are able to capture a larger applicant pool, and the departments have high standards for hiring and training. The use of contracted police increases the quality of officers provided compared to contracting with private security firms for security officers. RT also contracts for private armed security as needed.

In April 2019, RT entered a contract with UZURV, a transportation network company (TNC) to assist RT in providing on-demand paratransit service in those instances where demand is high and RT does not have enough available operators. The terms of the contract allow RT to outsource up to 25 percent of requested trips; however, at the time of this audit, RT is utilizing UZURV services for approximately 16 percent of trips or 125 riders per day. UZURV trips are only assigned to riders who indicate that they do not use a mobility device when booking their trip, as UZURV vehicles are not ADA accessible.

As part of RT's focus on partnerships, RT has maintenance contracts with Property and Business Improvement Districts (PBIDs) for maintenance of RT facilities within the PBIDs. PBIDs were created as a financing mechanism where property owners enter into a special assessment district to improve commercial districts. There are 11 Sacramento-based PBIDs. The objectives of the PBIDs align with RT's goals to provide safe and clean facilities. The PBIDs help supplement RT efforts and enable RT to focus on areas that are not a part of a PBID. RT started forming these relationships in 2017.

RT contracts for professional services to supplement RT's staff and provide expertise that RT does not have in-house, enabling RT to maintain a smaller staff. RT uses on-calls and issues work orders for these purposes. On-calls are typically valid for three years but may remain active longer until work orders are completed. For engineering and construction professional services on-call contracts, RT has moved to issuing multiple awards to provide a larger breadth of capabilities and increase competition. Although larger work orders are competitive, smaller ones can be awarded directly. For environmental, planning, and real estate professional services on-call contracts, RT issues competitive awards.

Information Technology

IT, which falls within the Integrated Services and Strategic Initiatives Division, consists of 18 employees. The department manages and establishes enterprise-wide technology policies and procedures; serves as subject matter experts for IT and Intelligent Transportation Systems within the District; serves as liaisons with outside agencies and vendors on behalf of the District for technology and systems issues; influences technology direction, selection, and procurements for the District; and directs projects and special operations. IT uses contractors to support efforts, primarily capital projects. Some contractors are retired RT staff from various departments.

California pension requirements limit retired staff to part-time work (up to 900 hours annually). This approach has been more cost-effective for RT than hiring regular staff. Retired staff are also familiar with RT.

Connect Card and Fare Collection Technology

RT and SACOG launched Connect Card in November 2016. As part of the launch, RT installed new GFI fareboxes with Connect Card readers.

While the Connect Card contract was managed by SACOG during the audit period, RT is leading software development, troubleshooting, quality assurance, and testing. RT is also responsible for the regional service center and allocation of funds to the participating agencies. RT has been transitioning the program from IT to Finance as it shifts from development and implementation to operation.

The Connect Card is live for all nine transit agencies in the region with retail, website, and Corporate Accounts complete. The online administrative portal for Corporate Accounts enables employers to register employees to have access to the portal and set up subsidy rules, etc. Employees can then go online to see subsidized prices and purchase fares. Originally, it was envisioned that the Universal Pass Programs with post-secondary institutions would use student IDs. Due to the logistical complexity to integrate third-party cards, institutions currently give students stickers or sleeves for their student IDs.

The Connect Card is a card-based smart card system. As such, value and passes are stored on the actual card and fare transactions are processed offline by the card reader, on-board vehicles, and at stations. For remotely loaded stored value and passes, the back office sends an action list to the card readers when they are connected to the internet. For buses, this action is often completed when the bus returns to the maintenance facility at night. This can create a delay between the time when the customer loads stored value or a pass and when it is available to be picked up at a card reader. Remote loads from the website are generally available the following day on bus and within an hour at light rail validators. Loads made at retailers and customer service are available instantly.

The region is considering a next generation, account-based Connect Card that will enable greater retail distribution.

In addition to the Connect Card, RT offers a free mobile ticketing app, ZipPass from Bytemark, for riders to use to pay their fares. The app is targeted towards banked riders who use RT infrequently or are attending events in downtown Sacramento. In FY 2020, electronic payments, including fares paid via Connect Card and ZipPass, comprised approximately 45 percent of all fare payments, with cash making up approximately 30 percent (payments from partner organizations comprise the remaining passenger fare revenues). In FY 2021, use of electronic fare payments declined slightly,

with approximately 25 percent of all fares being paid via electronic methods. This decline in electronic payments is the result of many commuters, who previously used account-based fares, switching to telework and commuting less during the pandemic. Meanwhile, many lower-income essential workers continued to utilize cash fare payments.

Riders request SmaRT Ride trips through the SmarTrip TransLoc app. There is no payment integration with RT's fixed-route services. RT has issued an RFP to add payment integration.

Ridership Data Collection Technology

RT has deployed IT systems to assist in ridership data collection and reporting. RT is using technology to redeploy resources (e.g., ride checkers) to meet RT's evolving technology and business needs.

RT has APCs on all of its buses and light rail vehicles. APC equipment on decommissioned vehicles are repurposed for use on new vehicles.

One of the advantages of APC technology is that it allows data to be collected at a reasonable cost, compared to manual passenger counts. APC data, along with a properly designed sampling plan, can be used for internal monthly ridership reporting and to meet annual NTD reporting requirements. Each year, RT benchmarks the APC counts with ride checks to within the +/- 5% validity required by the FTA. In FY 2018, RT transitioned to using APCs for determining unlinked passenger trips and passenger miles traveled for NTD reporting. With the annexation of the Elk Grove service, SacRT took over the existing AVL/APC provider of the fleet. Additionally, the SacRT GO service utilizes a third AVL data provider, though the proprietary Via service. The varied data sets have created an added a layer of complexity and time commitment when cleaning and monitoring AVL level data to ensure accurate reporting.

RT has installed Clever Devices equipment on its vehicles, enabling communication between the dispatcher and the operator, including the ability to send text through the devices to reduce radio traffic. The AVL also allows the dispatcher to see where the vehicles are and reduce bus bunching. Integration of the vehicle location and schedule time points enable the agency to determine on-time performance.

RT utilizes the Consist Manager train tracking software system. The software links APC and AVL data to define boarding and alighting locations and determine vehicle loads; automates tracking train consists; and supports the future development of real-time train tracking for passenger information digital message signs at stations and on RT's public website.

Dual sign-on enables the bus operator to sign into the farebox and Clever device simultaneously. The sign-on also updates the headsign.

Section VI

Findings

The following summarizes findings obtained from this triennial audit covering fiscal years 2019 through 2021. A set of recommendations is then provided.

1. Of the compliance requirements pertaining to SacRT, the operator fully complied with all nine applicable requirements. Two additional compliance requirements did not apply to SacRT (rural and blended farebox recovery ratios).

2. SacRT met its 23 percent farebox recovery ratio for all three years of the audit period pursuant to SACOG's regional farebox policy. PUC 99270.6 states that fares collected by all of the transit operators in Sacramento County are counted as a whole. However, to make a determination that operators achieved the minimum required farebox recovery ratio through this composite ratio method, SACOG must find that the public transportation services of the county transit operators are coordinated. In June 2013 the SACOG Board approved the finding that public transportation services in Sacramento County are coordinated. The system's farebox recovery ratios reflect the inclusion of local Measure A supplementation.

3. SacRT participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Inspections received satisfactory ratings by the CHP.

4. The operating budget exhibited fluctuations that did not exceed 15 percent during the period. After a 4.8 percent increase in FY 2019, the budget increased 14.2 percent in FY 2020, and in FY 2021, the budget increased by 3.8 percent. Significant increases resulting from impacts from the COVID-19 pandemic occurred in the categories of salaries and benefits, professional services, and insurance and liability in FY 2020.

5. The impacts of the COVID-19 pandemic effected nearly every department at RT, starting in March 2020. In response to the pandemic, RT adjusted its operations internally including its cleaning protocols, vehicle maintenance schedules, telework policy, and IT network configuration. Service changes and mask mandates were instituted to best service the public while protecting both riders and RT employees.

6. Operating costs increased system-wide 19.7 percent from 166.7 million in FY 2018 to 199.5 million in FY 2021. From FY 2018 to FY 2020, system-wide operating costs increased 26.1 percent. Fixed-route bus operating costs increased 15.2 percent from $81.1 million in FY 2018 to $93.4 million in FY 2021. From FY 2018 to FY 2020, fixed-route bus operating costs increased 10.7 percent. Operating costs for light rail service increased 3.0 percent from $70.9 million in FY 2018 to $73 million in FY 2021. Light rail operating costs increased 9.5 percent from FY 2018 to FY 2020. Demand-response operating costs increased 2,805.3 percent from $700,557 in FY

2018 to $20.4 million in FY 2021. Demand-response operating costs increased 765.2 percent from FY 2018 to FY 2020.

Increases in operating expenses can be attributed to several influences throughout the audit period. Overall labor and fringe benefits increased due to a rise in labor costs resulting from increased service levels, new contracted service, contractual pay rate escalation, and an increase in SacRT's actuarially determined pension contribution.

The increase in operating costs related to demand response from FY 2018 to FY 2020 were largely reflective of the expansion of the SmaRT Ride microtransit service during this period. Operating costs related to SmaRT Ride largely stabilized in FY 2021 at roughly $6.5 million. Demand-response operating costs in FY 2021 rose primarily from SacRT bringing the ADA paratransit service, previously provided by Paratransit, Inc., in-house with the introduction of its SacRT GO service. Operating costs related to SacRT GO in FY 2021 represented approximately $13.9 million of the $20.4 million in demand-response operating costs. Overall the introduction of SacRT GO reduced system-wide operating costs by moving professional services expenses to labor and fringe benefits. However, this decrease was mitigated by the aforementioned increase in labor and fringe benefits due to a rise in labor costs resulting from contractual pay rate escalation, an increase in SacRT's actuarily determined pension contribution, and an increase in casualty and liability insurance premiums.

The increases in fixed-route bus operating expenses can be partially attributed to annexation of Folsom and Citrus Heights service in FY 2019 as well as the contracted operation of Elk Grove's e-tran service in FY 2020 before annexation of Elk Grove service in FY 2021. Elk Grove-related transit costs in FY 2020 were estimated at roughly $6.7 million.

7. Ridership system-wide decreased 61.3 percent from 20.9 million passenger trips in FY 2018 to 8.1 million passenger trips in FY 2021. From FY 2018 to FY 2020, system-wide ridership decreased 15.9 percent. Fixed-route ridership decreased 62.5 percent from FY 2018 to FY 2021 and 19.5 percent from FY 2018 to FY 2020. Light rail ridership decreased 62.9 percent from FY 2018 to FY 2021 and 13.3 percent from FY 2018 to FY 2020. In contrast, the demand-response mode exhibited an 1,800.9 percent increase in passenger trips from FY 2018 to FY 2021 and a 684.9 percent increase from FY 2018 to FY 2020. This dramatic increase in demand-response ridership can be partially attributed to the continued success and expansion of the SmaRT Ride program. In May 2018, RT received a $12 million discretionary grant to expand SmaRT Ride in residential and commercial areas that are underserved by public transit. By 2020, the service had expanded to nine zones, going from 16,065 passengers in FY 2018 to 146,540 passengers in FY 2021. Additionally, with ADA paratransit service brought in-house in FY 2021, SacRT GO represented 158,837 riders.

   While the SmaRT Ride program and SacRT GO created a significant increase in ridership for demand response during the audit period, fixed route and light rail ridership exhibited a significant drop due to the COVID-19 pandemic. From FY 2018 to FY 2019, ridership for fixed route saw a decrease of 5.6 percent and for light rail a decrease of 3.8 percent. From FY 2020

to FY 2021, ridership for fixed route saw a decrease of 53.4 percent and for light rail a decrease of 57.2 percent.

8. The provision of vehicle service miles increased 10.7 percent system-wide during the audit period from 10.7 million miles in FY 2018 to 11.8 million miles in FY 2021, with new service vehicle revenue miles, particularly in FY 2021, outpacing the reductions of services related to the pandemic. Vehicle service miles increased 2.1 percent on the fixed-route bus service mode, a reflection of the new annexed service operations vehicle service miles outpacing the reduction in services related to the initial pandemic response, and decreased 19.9 percent on light rail, a reflection of the impacts of reduced service due to the pandemic, from FY 2018 to FY 2021. Demand response exhibited a 2,575.7 percent increase in vehicle service miles from FY 2018 to FY 2021 with the implementation and expansion of SmaRT Ride services as well as the addition of in-house ADA services through SacRT GO.

   System-wide, vehicle service miles decreased 6.1 percent from FY 2018 to FY 2020, largely related to the initial impact of the pandemic in late FY 2020. From FY 2018 to FY 2020, vehicle service miles decreased 4.9 percent on fixed-route bus and decreased 18.3 percent on light rail, a reflection of the initial pandemic impact on services. Demand-response vehicle service miles increased 625.3 percent from FY 2018 to FY 2020 as SmaRT Ride continued to expand.

9. The provision of vehicle service hours increased 9.9 percent system-wide from 807,817 hours in FY 2018 to 888,105 hours in FY 2021. This reflects the same trends seen in vehicle service miles where new vehicle service hours, through new demand-response services and annexed fixed-route services, outpaced reductions in service related to the pandemic. Vehicle service hours on the fixed-route bus mode increased by 1.1 percent from FY 2018 to FY 2021 and decreased by 20.2 percent on light rail. Vehicle service hours on demand-response service increased 1,925.4 percent from FY 2018 to FY 2021.

   From FY 2018 to FY 2020, vehicle service hours decreased 4.6 percent system-wide. Over this period, fixed-route vehicle service hours fell 5.7 percent and light rail vehicle service hours fell 16.8 percent. Demand-response vehicle service hours increased 560.2 percent from FY 2018 to FY 2020.

10. Operating cost per passenger, a measure of cost effectiveness, increased 209.2 percent system-wide from $7.98 in FY 2018 to $24.67 in FY 2021, a reflection of both the increase in operating costs associated with new services and other factors discussed above as well as a significant decrease in ridership as a result of the pandemic. For fixed-route bus service, cost per passenger increased 207.3 percent from FY 2018 to FY 2021, whereas on light rail, cost per passenger increased 177.7 percent. Demand response had the smallest increase in cost per passenger from FY 2018 to FY 2021, at 52.8 percent, although this service had the highest per passenger cost among all the modes, with SmaRT Ride at a cost of $44.00 per passenger and SacRT GO at a cost of $87.55 per passenger in FY 2021.

From FY 2018 to FY 2020, cost per passenger system-wide increased 50 percent as the impacts of the pandemic on ridership had not been fully realized. From FY 2018 to FY 2020, the cost per passenger increased 37.5 percent for fixed-route bus service and 26.3 percent for light rail service. From FY 2018 to FY 2020, demand-response cost per passenger increased 10.2 percent.

11. Operating cost per vehicle service hour, a measure of cost efficiency, increased 8.9 percent system-wide from $206.35 in FY 2018 to $224.69 in FY 2021. From FY 2018 to FY 2020, cost per hour increased 32.2 percent. At the modal level from FY 2018 to FY 2021, there was a 13.9 percent increase for fixed route bus services and a 29.1 percent increase for light rail. For demand response, cost per hour increased 43.4 percent. Growth in operating costs while service was reduced in response to COVID-19 pandemic led to these upward trends; however, operating cost per vehicle service hour fell 17.6 percent from FY 2020 to FY 2021, a positive sign that this performance indicator is beginning to stabilize.

12. Operating cost per vehicle service mile, another measure of cost efficiency, increased 8.2 percent system-wide from $15.57 in FY 2018 to $16.84 in FY 2021. From FY 2018 to FY 2020, cost per mile increased 34.4 percent. On the fixed route from FY 2018 to FY 2021, cost per mile increased 12.8 percent whereas on light rail there was a 28.5 percent increase. Demand response exhibited an 8.6 percent increase from FY 2018 to FY 2021. Like operating cost per hour, these trends can be attributed to the reduction of services in response to the COVID-19 pandemic; however, cost per hour fell 19.5 percent from FY 2020 to FY 2021, a positive sign that this performance indicator is beginning to stabilize.

13. Passengers per vehicle service hour, a measure of service efficiency, decreased 64.8 percent system-wide from 25.9 passengers in the FY 2018 base year to 9.1 passengers in FY 2021, while passengers per vehicle service mile, another measure of service efficiency, decreased 65 percent system-wide from 1.95 passengers in the FY 2018 base year to 0.68 passengers in FY 2021. This system-wide decrease is primarily related to the effects of the COVID-19 pandemic as the decreases in passengers per vehicle service hour from FY 2018 to FY 2020 was 11.9 percent and 10.4 percent for passengers per vehicle service mile.

    For fixed-route bus, from FY 2018 to FY 2021, passengers per hour decreased 62.9 percent and passengers per mile decreased 63.3 percent. For light rail, passengers per hour decreased 53.5 percent and passengers per mile decreased 53.7 percent. Demand response also experienced service efficiency decreases, seeing a 6.1 percent decrease in passengers per hour and a 29 percent decrease in passengers per mile, although this decrease is largely attributed to the inclusion of SacRT GO in demand-response calculations, which are less efficient in regard to passenger per hour/mile than SmaRT Ride services.

14. Vehicle service hours per full-time equivalent (FTE) employee, which measures labor productivity, decreased 8.4 percent system-wide from the FY 2018 base year through FY 2021. The trend is the product of the number of employee FTEs increasing at a higher rate than vehicle service hours, particularly with vehicle service hours for fixed route and light rail

decreasing due to the pandemic. The number of employee FTEs increased from 904 in FY 2018 to 1,085 in FY 2021, largely from the expansion of the SmaRT Ride service, which saw FTEs go from 6 in FY 2018 to 59 in FY 2021, as well as bringing ADA paratransit service back in-house through SacRT GO with 113 FTEs in FY 2021. This measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee.

15. System-wide farebox recovery ratio for this audit period has been broken out into two ratios, one that is calculated only with operating cost and passenger fares and one that includes operating cost, passenger fares, and local fund supplementation through Measure A. It is worth noting that local fund supplementation increased 307.4 percent from FY 2018 to FY 2021 with most of the increase occurring in response to COVID-19's effect on fare revenue.

    For the farebox recovery ratio without local funds, the ratio decreased from 16.36 percent in FY 2018 to 6.01 percent in FY 2021, decreasing 63.2 percent. With local funds included, the ratio increased 7.7 percent, from 21.35 percent to 23 percent. The farebox recovery ratio for fixed-route bus decreased from 17.54 percent in FY 2018 to 6.28 percent in FY 2021, a 64.2 percent decrease. For light rail, farebox recovery ratio decreased from 18.39 percent in FY 2018 to 7.79 percent in FY 2021, a 57.6 percent decrease. For demand response, farebox recovery ratio decreased from 2.99 percent in FY 2019 to 2.23 percent in FY 2021, a 25.6 percent decrease.

    Based on audited financial data, RT met its 23 percent farebox recovery ratio for all three years of the audit period with the local Measure A transportation sales tax as a fare revenue supplement as well as not including paratransit operating costs in its calculation to meet the system-wide farebox recovery standard.

16. SacRT adopted new strategic mission and vision statements in its FY 2021- 2025 Strategic Plan. The new mission statement is: "Moving you where you want to go, when you want to go." The new vision statement is: "A leader in providing mobility options." As part of the Strategic Plan update, SacRT established and implemented an agency performance scorecard to support the new vision and mission. The scorecard is comprised of metrics across four tactics including customer satisfaction, operational excellence, community value, and employee engagement. Each tactic is broken down into various metrics along with annual performance goals. The performance of each metric is assigned to the relevant agency division or department and progress is reported out on a quarterly basis to ensure continued improvement and transparency to both the Board and the community. The GM/CEO is able to utilize this performance-based tool to lead the organization to achieving its goals and fulfilling the agency mission and vision.

17. In September 2019, SacRT rolled out a new redesigned bus network, called SacRT Forward. The new bus system is user-friendly and has more direct routes. The focus of the new bus network has been on developing bus routes that serve major corridors that will lead to economic growth and reduce congestion. Adjustments have been made to almost every route, some

minor and some much more substantial, which will provide better frequency, more weekend service, and new and improved schedules.

18. In March 2021 RT finalized its Zero-Emission Bus (ZEB) Rollout Plan in compliance with the California Air Resource Board's Innovative Clean Transit regulation which mandates all transit agencies in the state operate fully zero emission fleets by 2040. RT's plan details how the agency will gradually transition its fleet to entirely zero emissions vehicles by progressively increasing its zero emissions vehicle purchases over time. By 2023, 25 percent of bus purchases will be zero emissions vehicles, by 2026 that percentage will increase to 50, and by 2029 100 percent of vehicle purchases will be zero emission vehicles, with the last conventional internal combustion engine bus purchase planned for 2028. In February 2022 RT finalized its ZEB Phase II Facilities Master Plan Report. This report builds on the initial plan and analyzes the significant infrastructure and facilities demands necessary to support RT's future fully battery electric and fuel cell electric bus fleet. The report explores alternatives including the retrofitting of RT's existing facilities as well as the construction of entirely new facilities. Ultimately the report finds that the retro fitting of RT's existing facilities to meet ZEB demands is not a viable option as there are too many physical, administrative, and financial challenges; the plan recommends the decommissioning of RT's existing three bus facilities and the construction of three new purpose-built ZEB garages.

19. RT has been able to extend the useful life of its current light rail vehicle fleet, however they have still exceeded the useful life benchmark of 31 years as established by FTA. RT's Light Rail Modernization Project initiative addresses this concern through the purchase of new light rail vehicles, station enhancements, and the construction of additional track. In 2020, RT executed a contract with Siemens Mobility for the manufacture of up to 76 new low-floor light rail vehicles with the first 20 vehicles expected to be added to revenue service by the Spring of 2023. These new low-floor vehicles will require retrofitting light rail stations and the light rail maintenance facility to meet the necessary platform height. Track construction is expected to begin winter of 2022 with the expectation of completion by Spring 2024.

20. RT completed annexations of transit service in Folsom, Citrus Heights and Elk Grove. RT began providing contracted service to the e-Tran service on behalf of the City of Elk Grove beginning July 1, 2019, with full annexation occurring July 2021.

21. In February 2018, RT launched its "SmaRT Ride" service, an on-demand transit service enabling customers to hail rides similar to services like Uber or Lyft. RT transformed an existing SacRT dial-a-ride service called "City Ride" in the City of Citrus Heights to SmaRT Ride using existing 25-foot cutaways. The service boundaries were expanded in April 2018 to include Antelope, Orangevale, and the Historic Folsom light rail station. SmaRT Ride expanded to nine zones by June 2020 and now services Citrus Heights-Antelope-Orangevale, Arden-Carmichael, Downtown-Midtown-East Sacramento, Elk Grove, Florin-Gerber, Folsom, Franklin-South Sacramento, Natomas-North Sacramento, and Rancho Cordova. The service operates utilizing 45 vehicles, 9 of which are zero emission electric vehicles.

22. SacRT began operating paratransit services in-house on June 28, 2020 after its contract with Paratransit, Inc. ended in June 2019. "SacRT GO Paratransit Services" (SacRT GO) provide paratransit services for elderly and disabled residents, including services that fulfill SacRT's federal obligations under the Americans with Disabilities Act (ADA). RT's entire bus and light rail system is accessible to the disabled community. All vehicles in the RT system are wheelchair accessible. RT offers special fares to seniors and persons with disabilities. SacRT GO operates during Fixed Route and Light Rail service hours. Currently, the service can start as early as 4:30 a.m. and run until 1:00 a.m. (Blue Line). Passengers can schedule up to two days prior to their planned trip, up to 5:00 p.m. the day before.

23. In October 2019, SacRT introduced RydeFreeRT, the first unrestricted fare-free program in the nation for students and youth in grades TK through 12. Youth can ride on any SacRT buses, light rail, and SmaRT Ride for free. All youth that live or go to school within the SacRT service area qualify. Youth who are currently homeless or in the foster care system also qualify regardless of where they live or go to school.

24. During the audit period, Police Services implemented a new social worker position at RT. The social worker is partnered with a sworn officer in the field to address community complaints regarding dangerous or nuisance behavior from individuals suffering from mental illness or experiencing homelessness. These interactions are not conducted with the aim of enforcing the law but rather focus on connecting the individual with social services.

25. RT developed and finalized its Public Transit Agency Safety Plan (PTASP) in October 2020 in compliance with the federal requirements detailed in MAP-21. The plan includes the procedures and processes to implement Safety Management Systems (SMS) and safety performance targets and must be updated and certified by the transit agency annually.

26. In collaboration with Yolo County Transportation District (Yolobus) in May of 2020, RT began operating its new electric bus service, the Causeway Connection, across the Yolo Causeway to better connect the Sacramento and Davis communities. The Causeway Connection bus service connects the UC Davis Campus with downtown Sacramento and the UC Davis Medical Center. 12 new shuttles were purchased by Electrify America, a Volkswagen subsidiary, as part of its $44 million Green City initiative to promote electric vehicle adoption in Sacramento. The new 40-foot, low-floor buses have 33 seats, two wheelchair spaces, bike racks, free Wi-Fi and USB charging posts available at all seats. The service operates in tandem by SacRT and Yolobus. Each transit agency operate six of the twelve new shuttles.

27. In January 2020, SacRT launched a new battery powered zero emissions Airport Express bus route with service between downtown Sacramento and the Sacramento International Airport in partnership with Yolo County Transportation District (Yolobus). The new route 142 operates seven days a week every 20 to 30 minutes combined with Yolobus downtown/airport routes 42A and 42B.

Recommendations

1. Institute personnel measures that support greater operator cohesion. (High Priority)

Cultural change at the agency is often challenging to embrace at various personnel levels in relative short time, given the institutional history. Issues and barriers between drivers and supervisors, and newer and longer-term operators adversely affect morale and staff cohesion, which can permeate the customer-facing side of operations.

RT management has responded with updated programs and training for operations employees and supervision with greater emphasis on employee management. The significant cultural and organizational changes implemented at SacRT during the audit period provide momentum to encourage greater staff cohesion and mentoring.

In its labor negotiations, SacRT management continues to address many components of personnel matters and should find means to encourage the sense of teamwork and gratification through policies that result in continued positive customer-oriented service.

Over the audit period, RT took on many initiatives to promote employee cohesion and improve morale, including the launch of its light rail maintenance mentorship program, shortening pay ranges to promote faster promotion, and instituting empathetic leadership training for management staff.

However, while RT has made efforts to improve the agency's culture and promote greater employee cohesion and improve morale, the COVID-19 pandemic has slowed progress. Many in-person team-building events had to be cancelled over the audit period to prevent the spread of the virus. Now that the vaccine rate is high and the spread of the virus is mostly controlled, RT should consider how to safely reinstate these events and create new opportunities to build employee unity and promote employee morale. Some possible concepts for consideration include reintroducing bus rodeos and safety fairs; holding town hall-style gatherings with executive management; increasing training opportunities; and offering additional recognition and incentives.

As the agency service area and the variety of service offerings expand, the number of employees and the modes they work in will likely increase, thus creating more opportunities of potential separation and siloing. An example of this is the annexation of the Elk Grove service. The operation of these routes and the operators assigned to this service are largely separate from the larger RT staff. RT leadership should continue to develop measures to ensure a unified and positive work morals for all employees across all departments and divisions of the agency.

2. Continue development of the Internal Audit Department. (Medium Priority)

SacRT implemented a prior performance audit recommendation by creating an Internal Audit Department in the Planning & Accountability Division. As the relatively new department continues to evolve, SacRT must maintain transparency in its operations and financial performance while considering the sensitivity and confidentiality of information collected during while performing internal audits. Appropriate protocols, policies, and procedures for the department as well as proper disclosure and communications are in stages of development and should be established in desktop procedures. Establishing these protocols, policies, and procedures is of increasing importance with the transition of internal audit staff and development of the department's goals and Annual Audit Plan.

Since 2017, RT's internal auditor has reengaged staff and promoted the presence of the department, which had previously been eliminated. A risk assessment with a heat map was generated that sorts risk areas by agency function for their severity and likelihood. This assessment is continually updated and serves as the basis for the current Internal Audit Work Plan.

In the current audit period, the Internal Audit Department experienced some challenges that affected SacRT's ability to implement the previous audit's recommendation to continue department development. The internal auditor at the time was promoted to General Counsel and as such there was a gap in the Internal Audit Department services in FY 2019 until a successor could be recruited. The position was filled in mid-2019; however, the internal auditor hired left the position in May 2020. Following the departure of the internal auditor, the position remained unfilled and recruitment for a successor was suspended along with all non-operational recruitment in response to the COVID-19 pandemic.

In January 2021, the current internal auditor was hired, and the unit was moved to the Integrated Services & Strategic Initiatives Division. The department began to implement the prior audit recommendation with the development of an Annual Audit Plan for fiscal years 2021-2023 organized and prioritized by critical business function. This plan was presented to the GM and EMTs in March 2021 for confirmation with a status update presented in October 2021. While attempts have been made to implement the prior audit recommendation, changes in organization structure and staff turnover have impeded full implementation.

Furthering the progress of designing desktop policies and procedures for the Internal Audit Department will provide substance to the undertaking of the Annual Audit Plan and communication protocols for sharing the audit results both internally and externally with the public. Dissemination of information and the audit reports improves transparency and promotes accountability for the agency in building public trust. For example, the Annual Audit Plan listing the topics to be covered could be posted on the SacRT website.

The internal auditor provides a bi-annual report to the Board on its audit activities as part of the Board meeting packet. Audit findings could be presented to the Board either as a

standalone item, or part of the GM/CEO's Board Report. Development of policies and procedure would also help prevent against oversights occurring in the event of staff turnover and help to provide consistent training for new employees in the department.

As the agency service area and the variety of service offerings expand, more demand will be placed on internal audit services. In establishing the protocols, policies, and procedures and defining the Annual Audit Plan for the Internal Audit Department, the capacity of the department should also be considered. SacRT could consider the value of expanding the size of the department and/or use of outside assistance for supplemental support on specialized subjects, such as IT security in response to the cyberattack in 2017. Evaluation of internal audit engagements and projects, along with the cost-benefit of expanding the Internal Audit Department to meet the needs of the organization, should be continuously evaluated.

With added capacity, the Internal Audit Department could spread its services over more functions within the agency to ensure better overall efficiency and program compliance throughout the agency. For example, broadening the department's technical expertise to include various Federal Transit Administration (FTA) requirements could help decrease the number of deficiencies found in FTA's triennial review process.

For the current FTA Triennial audit period (FY 2019 – 2021), the Internal Audit Department noted the deficiencies from the previous FTA Triennial Review (FY 2016 – 2018) and performed follow up engagements in several of the noted deficiency areas. There was a reduction of noted deficiencies for SacRT's most recent FTA Triennial Review for the period of FY 2019 – 2021.

A degree of current procedures are in place and should provide the foundation for completing a full set of policies and procedures for guiding the new department and its staff.

3. Consider development of a single dashboard for all performance metrics. *(Medium Priority)*

Currently, RT utilizes a variety of reports to convey system performance across key performance metrics both internally and to the public, including its vital statistics report, the agency's annual budget, and the Performance Scorecard. While these numerous metrics provide a comprehensive summary of RT's overall performance as an agency, finding the data can be difficult for those who may not know where to look for each specific data set. Each report was developed for a specific need and morphed over time to best suit agency needs. As new needs arose, new reports were developed without consolidating data from previously developed reports. The creation of a single landing page for the presentation of all agency performance metrics would increase agency transparency while avoiding redundancies.

A central dashboard may be an opportunity for disseminating internal audit findings as well. In the event that some metrics may not be appropriate to share publicly, an internal dashboard derived from the central source could be developed and made inaccessible to the general public.