

FY 2019-2021

TRIENNIAL PERFORMANCE AUDIT OF CITY OF WEST SACRAMENTO – VIA RIDESHARE

SUBMITTED TO



SACRAMENTO AREA COUNCIL
OF GOVERNMENTS



SUBMITTED BY

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INTERNATIONAL

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Executive Summary

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

The audit includes a review of the following areas:

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

From the review, recommendations were developed to improve the operational efficiency and effectiveness of Via Rideshare.

Compliance with TDA Requirements

Of the nine compliance requirements pertaining to West Sacramento, the City fully complied with five requirements. The City was found not in compliance with regard to the submittal of the annual Transit Operators' Financial Transactions Reports to the State Controller and was partially compliant with regard to reporting of performance measures (vehicle service hours and miles/full-time employee equivalents). Four additional compliance requirements did not apply to West Sacramento (i.e., annual CHP terminal inspections, rural/urban farebox recovery ratios, and use of federal funding).

Status of Prior Audit Recommendations

There were no prior audit recommendations. This report constitutes the first triennial performance audit of the operator.

Transit System Performance Trends

1. Fare revenues for transit services provided by the Yolo County Transportation District (YCTD, District), to which the City contributes, are collected by the District. The fare revenue ratio for the YCTD is reported in the District's financial statements. The YCTD is subject to a 15 percent system-wide ratio that the system meets, and which has been formalized by SACOG. Based on audited and internal reporting data, the YCTD's system-wide farebox recovery ratio was 22.78

percent in FY 2019; 14.54 percent in FY 2020; and 13.20 percent in FY 2021.¹ The average system-wide farebox recovery ratio was 16.84 percent.

2. Operating costs increased by 156.9 percent from the first full year of operation in FY 2019 to FY 2021. On an average annual basis, costs increased 75.7 percent, with the highest increase of 147.7 percent occurring in FY 2020. This increase can be attributed to higher customer service costs as ridership increased as well as an increase of over 10,000 service hours from FY 2019 to FY 2020. Additionally, COVID-19 related costs (frequent cleanings/disinfectants, PPE supplies, applying and maintaining partitions, etc.) increased operating costs beginning in FY 2020. Operating costs only increased 3.7 percent from FY 2020 to FY 2021, while driver hours remained relatively constant.
3. Ridership increased 20.2 percent from 92,063 rides during FY 2019 to 110,661 rides during FY 2021. Ridership reached 139,340 in FY 2020 before the effects of the COVID-19 pandemic began impacting this indicator. On an average annual basis, ridership increased 15.4 percent with an increase of 51.4 percent occurring in FY 2020 and a decrease of 20.6 percent in FY 2021, a reflection of the effects of the pandemic on ridership.
4. The provision of vehicle service hours and miles both exhibited increases from FY 2019 to FY 2021 as the program expanded past its pilot year. Vehicle service hours increased 31.7 percent and vehicle service miles increased 20.8 percent. Both indicators saw their peak in FY 2020 before exhibiting decreases in FY 2021 due to the effects of the pandemic on service.
5. Operating cost per passenger, an indicator of cost effectiveness, increased 113.7 percent from \$6.81 during FY 2019 to \$14.56 during FY 2021. The trend is indicative of the outpacing of operating expenses compared to ridership, exacerbated by the effects of the pandemic on ridership as well as the pandemic's effect on operating costs as discussed above.
6. Operating cost per hour, an indicator of cost efficiency, increased 95 percent from \$24.49 during FY 2019 to \$47.75 during FY 2021. The trend in this indicator is reflective of the increase in operating costs outpacing the increase in vehicle service hours, exacerbated by the effects of the pandemic on service as well as the pandemic's effect on operating costs as discussed above.

Functional Review

1. Via Rideshare is a network-optimized, on-demand rideshare service operating within the city limits of West Sacramento. Through the initial pilot program, Via provided an on-demand rideshare service for a period of one year, with 10 Mercedes Metris vans rented at no cost to

¹ Assembly Bill 90, passed into law and signed by the governor in June 2020 in response to the COVID-19 pandemic impacts, prohibits the imposition of penalties on a transit operator that does not maintain the required ratio of fare revenues to operating cost during FY 2019–20 or FY 2020–21.

the City by Nomad Transit LLC, a subsidiary of Via Transportation, Inc. Riders are able to book a ride using a smart phone app and over the phone. The pilot service launched on May 14, 2018.

2. The City's rideshare program is administered by a senior transportation planner in the Community Development Department and by a team composed of a partner success manager, general manager, and local field manager. On January 17, 2018, the City Council approved a contract with NoMad Transit LLC, a wholly owned subsidiary of Via Transportation, Inc., in the amount of \$720,000 for a one-year pilot. This original contract was amended in February 2019 to utilize \$90,000 in fare revenues. The contract may be extended annually up to five additional years. The contract is reviewed annually.
3. Via Rideshare driver partners are classified as independent contractors. All driver partners undergo thorough criminal background checks before driving on the Via platform. Applicants may complete their applications, provide required documentation, and sign required agreements through Via's Driver Portal (<https://my.drivewithvia.com/>). Candidate screening consists of a four-step process. The number of driver partners available for West Sacramento Via Rideshare ranges between 20 and 40 drivers.
4. Vehicle maintenance is the responsibility of the driver partners. The driver partners conduct pre- and post-inspections on the vehicle at the Via Rideshare staging lot. The inspections involve drivers taking photos of the exterior and interior of the vehicle and uploading them to the Via Driver Portal. The Rideshare vans are parked along the northern perimeter of the lot composed of 16 spaces.
5. West Sacramento's Via Rideshare is marketed through several media, including a rider's guide, mobile app, and a dedicated web page on the City of West Sacramento website (<https://www.cityofwestsacramento.org/via>). Other fare media and promotions include the Via Pass and discounts to senior citizens and disabled people. The service is branded with the City's Tower Bridge logo.

Recommendations

Performance Audit Recommendation	Background	Timeline
1. Complete the annual Transit Operators' Financial Transactions Report for submittal to the State Controller.	Pursuant to Public Utilities Code Section 99243, transit operators are required to submit an annual report, called the Transit Operators' Financial Transactions Report, to the regional transportation planning agency (RTPA) based upon the Uniform System of Accounts and Records established by the State Controller. This report is due within seven months after the end of the fiscal year (on or before January 31). The report shall contain underlying data from audited financial statements	High Priority

Performance Audit Recommendation	Background	Timeline
	<p>prepared in accordance with generally accepted accounting principles, if this data is available.</p> <p>In lieu of submitting the Transit Operators' Financial Transactions Report, the City of West Sacramento completed and submitted the Cities' Financial Transactions Report to the State Controller during the audit period. The Cities' Financial Transactions Report does not include financial and operating data that pertain to the Via Rideshare service. It is recommended that commencing with FY 2022, the City use the Transit Operators' Financial Transactions Report for reporting transit financial and operational data. The City would need to set up an account through the Local Government Financial Reporting System as a transit operator. See link: https://lgrsonline.sco.ca.gov/Account/Login?RememberMe=False&Optentitytype=TRS. General instructions for reporting transit expenditures, revenues and operating data are found at the link: https://www.sco.ca.gov/Files-ARD-Local/LocRep/TO_FTR_Instructions_20-21.pdf.</p>	
<p>2. Ensure that performance measures are consistent with TDA statute definitions, in particular with regard to vehicle service hours and mileage as well as employee hours.</p>	<p>The auditor queried the Via Rideshare contractor about how vehicle service hours and miles are reported. It was revealed that vehicle service hours and miles are recorded when the vehicles leave the staging yard, which would include deadhead hours and mileage. According to the TDA statute, actual vehicle revenue hours are:</p> <p>The hours that vehicles travel while in revenue service. Vehicle revenue hours include layover/recovery time but exclude deadhead, training operators prior to revenue service and road tests, as well as school bus and charter services.</p> <p>Actual vehicle revenue miles are:</p> <p>The miles that vehicles travel while in revenue service. Vehicle revenue miles exclude deadhead, training</p>	<p>High Priority</p>

Performance Audit Recommendation	Background	Timeline
	<p>operators prior to revenue service and road as well as school bus and charter services.</p> <p>In addition, vehicle service hours per employee data were not calculated due to the unavailability of full-time equivalent (FTE) data, which would be reported in the Transit Operators' Financial Transactions Report. Proper calculation of 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. In lieu of submitting the Transit Operators' Financial Transactions Report, the City of West Sacramento completed and submitted the Cities' Financial Transactions Report to the State Controller.</p> <p>It is recommended that the contractor have the driver partners begin to record vehicle revenue hours and miles according to TDA definitions including starting at the first customer pickup and ending at the last customer drop-off, including layover/recovery. Layover and recovery are "out-of-service" time allowances allocated to a vehicle at a certain location or locations along the route, generally at a terminal location. Layover time is rest or "break" time allocated to the operator somewhere along the line, usually at a terminal location at the end of a trip. Recovery time can be thought of as "buffer" break time built into the schedule. It may or may not be used by the operator. In addition, it is suggested that the City work closely with Via Rideshare to ensure the accuracy of the operating data reported.</p>	
3. Insert TDA and transit reporting standards in the Via Transportation contract.	Building upon the above recommendations for the City and contractor to follow TDA definitions in tracking and collecting key performance data, the requirements to properly report operations data should be added to the conditions in the service contract. While dashboard measures are listed in the contract of available information for City use, they do not specify or define how the data are to be presented. For example, the contract should include defining vehicle revenue hours and miles separately from total vehicle revenue hours	Medium Priority

Performance Audit Recommendation	Background	Timeline
	<p>and miles according to TDA, which the City or contractor can then determine transit cost efficiency and effectiveness measures that comply with TDA and transit industry reporting standards.</p> <p>Of the available metrics complimenting those already being collected by the City and discussed with Via Transportation, the following are suggested measures that the City should require to be calculated and reported in regular intervals, such as monthly, quarterly, and annually.</p> <ul style="list-style-type: none"> • Passengers per revenue hour • Passengers per revenue mile • Operating cost per revenue hour • Operating cost per revenue mile • Operating cost per passenger • Accidents/Vehicle roadcalls/breakdowns • On-time performance • Passenger complaints and compliments <p>These key measures create additional dashboard indicators that mirror public transit operations from which service goals and standards could be formed to better measure productivity over time. For example, a goal standard for passengers per revenue hour and cost per revenue hour could be a rolling 6 to 12 month average under TDA definitions. The City should work with the contractor to develop productivity standards using these measures to build a log of operational efficiency and effectiveness tracking. Section IV of this audit provides the TDA required measures as a starting point.</p>	

Section I

Introduction

California's Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities and transit service claimants 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 and transit service claimants under its jurisdiction. This performance audit is conducted for Via Rideshare in West Sacramento (City, West Sacramento, or Via) covering the most recent triennial period, fiscal years 2018–19 through 2020–21.

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

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

Overview of the Transit System

Originally founded in 2012, Via Transportation is a transportation services technology provider primarily focused on delivering on-demand and pre-scheduled shared rides, optimizing fixed routes, and providing multimodal and intermodal transit technology. Via's algorithm matches multiple passengers heading in the same direction and books them into a single vehicle. Shared rides are usually from corner-to-corner to streamline vehicle routes, requiring passengers to walk to a nearby pickup point, indicated on the app. Via primarily operates in partnership with a local transit authority, government entity, university, school district, taxi fleet, or private organization. The operational partnerships use Via's technology, but allow organizations to use their own

vehicle fleets, supply their own drivers, and provide their own live service staff. Partners may also choose to have Via supply these resources, including full vehicle and operational management. Those who opt for a turnkey solution run by Via, this is in partnership with 3rd party vehicle partners and independent contractors.

In 2018, the City of West Sacramento launched the Via program as a one-year pilot, following robust Transportation, Mobility, and Infrastructure (TMI) Commission and City Council engagement dating back to June 2016. Following a competitive procurement, the City selected NoMad Transit LLC, a wholly owned subsidiary of Via Transportation Inc., to pilot a shared, on-demand transportation service with flexible stops, schedules, and fleet supply. While primary goals of the program included enhanced mobility, increased pooled rides, and improved quality of life, the concept of right-sizing vehicles and making the supply of service demand-responsive was also designed to capture cost efficiencies by regularly adapting the amount of service based on historical and projected ridership trends.

West Sacramento is the third largest city of the four incorporated cities in Yolo County. The city lies directly adjacent to the City of Sacramento, separated by the Sacramento River. The city has a total land area of 21.43 square miles. Originally a collection of various fishing and farming communities cumulatively known as “East Yolo,” the communities officially incorporated as the City of West Sacramento in 1987. Based on the 2020 US Census, the city’s population was 53,915. Based on the 2020 ACS 5-Year Estimate Data, 5,932 or 11.1 percent of the city’s population was age 65 or older. The 2022 population is estimated to be 52,837 as reported by the California Department of Finance.

System Characteristics

Via Rideshare is a rideshare service, allowing residents to catch a ride anywhere in the City of West Sacramento for an affordable, flat fare. Passengers can book a ride using the free Via app. Customers enter their pickup and drop-off locations and a vehicle will pick them up at their doorstep or within a block or two. Those who don't have a smartphone or tablet can book a ride by phone.

Customers are able to view estimated wait times when they enter their pickup and drop-off locations in the Via app (or over the phone) before approving any payments. Wait times will vary depending on nearby driver availability, but on average a Via van should arrive within 10-15 minutes. Riders typically don't wait longer than 30 minutes to be picked up.

Via Rideshare vehicles are wheelchair accessible in accordance with the Americans with Disabilities Act (ADA) of 1990. Customers requiring a wheelchair-accessible vehicle can go to the home page on the Via app and slide the wheelchair accessible button. Passengers making requests by phone should inform the customer service representative. Once the wheelchair accessible button is selected or a customer service representative is informed, an accessible vehicle will be sent each time the rider requests a ride. Via vans have ample space for walkers, canes, or other

mobility devices to be stored. Riders can simply inform their Via driver should they need assistance loading or unloading the vehicle.

Via Rideshare operates between 6:00 a.m. and 11:00 p.m. Monday through Friday; 9:00 a.m. and 11:00 p.m. on Saturdays; and 8:00 a.m. and 8:00 p.m. on Sundays. Service operates year-round including holidays.

Fares

Via Rideshare is a cashless service. Customers pay by a credit, debit, or prepaid credit card, which is entered when they set up an account on the Via app using a smartphone or tablet. Customers who wish to book rides over the phone can call Via at 916-318-5101 to have an account set up. The fare structure is shown in Table I-1.

Table I-1
Via Rideshare Fare Schedule

Fare Categories	Audit Period
Regular Fare (one-way trip)	\$3.50
Senior & Disabled Riders	\$1.75
Additional Riders	\$1.00
ViaPass Weekly Pass (up to 4 rides a day)	\$15.00
ViaPass Weekly Pass Senior & Disabled	\$7.50

Source: City of West Sacramento

People age 62+ or with a qualifying disability may receive a 50 percent discount. To obtain a senior or disabled rider discount, riders must verify their eligibility in person at one of the following City of West Sacramento facilities:

- City Hall Utility Billing (Monday-Friday, 9 a.m.-5 p.m.)
- Community Center (Monday-Friday, 9 a.m.-5 p.m.)
- Recreation Center (Monday/Wednesday/Friday 9 a.m.-11 a.m., or Tuesday/Thursday 6 p.m.-8 p.m., or by appointment 916-617-4770)

For a senior discount, riders must provide at least one of the following forms of documentation:

- Valid driver's license, US passport, military ID or DMV issued ID card
- Valid Yolobus or SacRT Discount Rider pass with photo ID on the card (Connect Card)
- Valid Medicare card
- Current senior membership on file at the West Sacramento Recreation Center

For a disabled rider discount, riders must provide at least one of the following forms of documentation:

- Current Medicare card or a Medicare, SSI, or SSDI award letter
- Current DMV issued Disabled Person or Disabled Veteran placard ID
- Valid Yolobus or SacRT Discount Rider pass with photo ID on the card (Connect Card)

- Proof of current ADA Paratransit eligibility through Yolobus or SacRT

If none of the above are available, riders must complete the Disabled Rider Account Application, which will require a healthcare professional to complete a verification form on their behalf. After staff verifies eligible disability, riders will receive a discount code.

Fleet

The City of West Sacramento is supplied with a fleet through the wholly owned subsidiary of Via Transportation Inc., NoMad Transit LLC, and are rented directly by the independent contracted driver partners. Services were initially contracted for a one-year pilot program on May 14, 2018. The original fleet for the one-year pilot program comprised solely Mercedes Metris vans, totaling seven vehicles, including one wheelchair accessible vehicle. On May 1, 2019, the City Council approved an amended and restated contract continuing the program through June 30, 2020, which included fleet and service hour expansion supported by a \$2.02 million allocation from the Transportation Development Act Fund. As of 2021, the fleet now includes 17 vehicles (14 Mercedes Metris and 3 Toyota Sienna), including 6 wheelchair accessible vehicles. The contract was later extended through 2022. Table I-2 shows the vehicle fleet information.

Table I-2
Via Rideshare Fleet

Year	Make & Model	Quantity	Seating Capacity
2018	Mercedes Metris	6	6
2019	Mercedes Metris	8	6
2020	Toyota Sienna	3	6
Total		17	

Source: Via Rideshare – NoMad Transit LLC

NoMad Transit LLC. Services transitioned away from the Mercedes Metris vehicles following the audit period and the fleet is now composed of Toyota Sienna vehicles. In August 2022, the City announced that the on-demand fleet will be undergoing a transition to hybrid vehicles. Introduction of the hybrid electric vehicles to the Via Rideshare fleet follows recent research from Via that found that the service has reduced travel emissions in West Sacramento by 22 percent when compared to the transit modes that were available before the service launched.

Section II

Operator Compliance Requirements

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

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due within seven (7) months after the end of the fiscal year (on or before January 31). The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.	Public Utilities Code, Section 99243	<p>Completion/submittal dates:</p> <p>FY 2019: <i>SCO Report not submitted</i> FY 2020: <i>SCO Report not submitted</i> FY 2021: <i>SCO Report not submitted</i></p> <p>*In lieu of submitting the Transit Operators’ Financial Transactions Report, the City of West Sacramento completed and submitted the Cities’ Financial Transactions Report to the State Controller. The Cities’ Financial Transactions Report does not include financial and operating data that pertain to Via Rideshare. It is recommended that commencing with FY 2022, the City use the Transit Operators’ Financial Transactions Report.</p> <p>Conclusion: Not in Compliance.</p>
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State	Public Utilities Code, Section 99245	<p>Completion/submittal dates:</p> <p>FY 2019: December 23, 2019 FY 2020: December 17, 2020</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.		<p>FY 2021: February 8, 2022</p> <p>The FY 2021 annual fiscal and compliance audit was submitted within the 90-day extension period granted by SACOG as allowed by law.</p> <p>Conclusion: Complied.</p>
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251 B	<p>Due to the size of the vehicles operated, the City is exempt from the CHP Transit Operator Compliance Program, in which the CHP conducts inspections within the 13 months prior to each TDA claim.</p> <p>Since the vehicles accommodate six seated passengers, one wheelchair passenger, and the driver, they do not meet the definition of a transit bus as defined in Section 642 of the California Vehicle Code (CVC).</p> <p>Routine maintenance and inspections of vehicles are arranged through Via Rideshare driver partners as a condition of the Via Transportation contract.</p> <p>Conclusion: Not applicable.</p>
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	<p>Each Yolo County Transportation District (YCTD, District) member jurisdiction submits their own separate Local Transportation Fund claim to SACOG.</p> <p>As a condition of approval, the City of West Sacramento's annual claims for Local Transportation Funds are</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>submitted in compliance with the rules and regulations adopted by SACOG. The YCTD as the transit operator submits claims for State Transit Assistance in compliance with the rules and regulations adopted by SACOG.</p> <p>Conclusion: Complied.</p>
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	<p>Transit operators are required to maintain a fare revenue to operating expenses ratio in order to be eligible for TDA funding. Fare revenues for transit services provided by the YCTD, to which the City contributes, are collected by the District. The fare revenue ratio for the YCTD is reported in the District's financial statements. During the audit period, the YCTD was subject to a formalized 15 percent system-wide farebox ratio as per SACOG TDA Guidelines.</p> <p>However, the City's audited financial statements and compliance reports do not provide a breakdown of the rideshare service's farebox ratio. The system-wide farebox ratios based on audited and internal data are as follows:</p> <p>FY 2019: 22.78% FY 2020: 14.54% FY 2021: 13.20%</p> <p><i>Source: FY 2019-2021 City of West Sacramento Transportation Development Act Fund - Audited Financial Statements and</i></p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p><i>Compliance Reports and FY 2019–2021 Yolo County Transportation District - Audited Financial Statements and Compliance Reports</i></p> <p>Conclusion: Complied.</p>
The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	<p>Percentage change in the City’s Via Rideshare’s operating budget:</p> <p>FY 2019: <i>Service inception</i> FY 2020: +218.0% FY 2021: -35.6%</p> <p>The increase in the FY 2020 operating budget is attributed to the pilot’s service expansion as stipulated in the amended and restated contract for service dated May 1, 2019. The decrease in the FY 2021 operating budget is attributed to reductions in the total number of Via Rideshare service hours to meet lower demand due to the COVID-19 pandemic, resulting in cost savings through the fiscal year.</p> <p><i>Source: City of West Sacramento TDA Claims – Annual Project and Expenditure Plan</i></p> <p>Conclusion: Complied.</p>
The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per	Public Utilities Code, Section 99247	<p>A review of internal performance data reports and interviews with the Via Rideshare field manager revealed that vehicle service hours and miles are recorded when the vehicles leave the staging yard,</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.		<p>which would include deadhead hours and mileage.</p> <p>In addition, vehicle service hours per employee data were not calculated due to the unavailability of full-time equivalent (FTE) data, which would be reported in the Transit Operators' Financial Transactions Report. Proper calculation of this measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000.</p> <p>In lieu of submitting the Transit Operators' Financial Transactions Report, the City of West Sacramento completed and submitted the Cities' Financial Transactions Report to the State Controller. The Cities' Financial Transactions Report does not include financial and operating data that pertain to Via Rideshare.</p> <p>Conclusion: Partial Compliance.</p>
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), 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	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	Transit operators are required to maintain a fare revenue to operating expenses ratio in order to be eligible for TDA funding. Fare revenues for transit services provided by the YCTD, to which the City contributes, are collected by the District. The fare revenue ratio for the YCTD is reported in the District's financial statements. This requirement is not applicable, as West Sacramento falls under the YCTD, which serves both

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
(15 percent), if so determined by the RTPA.		<p>urban and rural areas subject to SACOG's farebox policy.</p> <p>Conclusion: Not Applicable.</p>
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	<p>Via Rideshare does not serve a rural area. Fare revenues for transit services provided by the YCTD, to which the City contributes, are collected by the YCTD. The fare revenue ratio for the YCTD is reported in the District's financial statements.</p> <p><i>Source: FY 2019-2021 City of West Sacramento Transportation Development Act Fund - Audited Financial Statements and Compliance Reports</i></p> <p>Conclusion: Not Applicable.</p>
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	<p>The City of West Sacramento contributes to its employees' retirement through the California Public Employees Retirement System (CalPERS). To be eligible for TDA funds, the annual TDA claims form requires a sign-off from the transit claimant to comply with standard assurances, one of which is that the agency's retirement system is funded.</p> <p>The passage of Proposition 22 requires that all licensed transportation network companies (TNCs) in the State of California provide new benefits and protections for drivers.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		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)	<p>The City of West Sacramento is a recipient of State Transit Assistance funds which are provided to another transit provider of service within the city limits (YCTD). West Sacramento does not utilize Federal Transit Administration funds.</p> <p>Conclusion: Not Applicable.</p>

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the nine compliance requirements pertaining to West Sacramento, the City fully complied with five requirements. The City was found not in compliance with regard to the submittal of the annual Transit Operators Financial Transactions Reports to the State Controller and was partially compliant with regard to reporting of performance measures (vehicle service hours and miles/full-time employee equivalents). Four additional compliance requirements did not apply to West Sacramento (i.e., annual CHP terminal inspections, rural/urban farebox recovery ratios, and use of federal funding).
2. Fare revenues for transit services provided by the YCTD, to which the City contributes, are collected by the District. The fare revenue ratio for the YCTD is reported in the District's financial statements. The YCTD is subject to a 15 percent system-wide ratio that the system meets, and which has been formalized by SACOG. The *City of West Sacramento Transportation Development Act Fund - Audited Financial Statements and Compliance Reports* do not provide a breakdown of the rideshare service's farebox ratio. Based on audited and internal reporting data, the YCTD's system-wide farebox recovery ratio was 22.78 percent in FY 2019; 14.54 percent in FY 2020; and 13.20 percent in FY 2021.² The average system-wide farebox recovery ratio was 16.84 percent.
3. Due to the size of the vehicles operated, the City's rideshare program is exempt from the CHP Transit Operator Compliance Program, in which the CHP conducts inspections within the 13 months prior to each TDA claim. Vehicle maintenance is the responsibility of Via Rideshare's driver partners as a condition in Via Transportation's contract.
4. The operating budget exhibited notable fluctuations during the audit period. There was an increase of 218 percent in FY 2020 followed by a decrease of 35.6 percent in FY 2021. The increase in the FY 2020 operating budget is attributed to the pilot's service expansion as stipulated in the amended and restated contract for service dated May 1, 2019. The decrease in the FY 2021 operating budget is attributed to reductions in the total number of Via Rideshare service hours to meet lower demand due to the COVID-19 pandemic, resulting in cost savings through the fiscal year.

² Assembly Bill 90, passed into law and signed by the governor in June 2020 in response to the COVID-19 pandemic impacts, prohibits the imposition of penalties on a transit operator that does not maintain the required ratio of fare revenues to operating cost during FY 2019–20 or FY 2020–21.

Section III

Prior Triennial Performance Recommendations

There were no prior audit recommendations. This report constitutes the first triennial performance audit of the operator.

Section IV

TDA Performance Indicators

This section reviews Via Rideshare’s performance in providing transit service to the community in an efficient and effective manner. The TDA requires that at least five specific performance indicators be reported, which are contained in the following table. 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.

Table IV-1 provides the performance indicators for Via Rideshare. Operating costs and passenger fares, which determine the farebox recovery ratio calculation, are derived from financial data provided by the City and Via Rideshare. Graphs are also provided to depict the trends in the indicators.

It is noted that the vehicle service (revenue) hours and miles data is based on collection methods by Via which start at the vehicle staging lot. These data are not consistent with TDA definitions but are still used to calculate the performance indicators in this section. A recommendation is provided to adjust the recording of revenue hours and miles according to TDA.

Table IV-1
West Sacramento – Via Rideshare TDA Performance Indicators

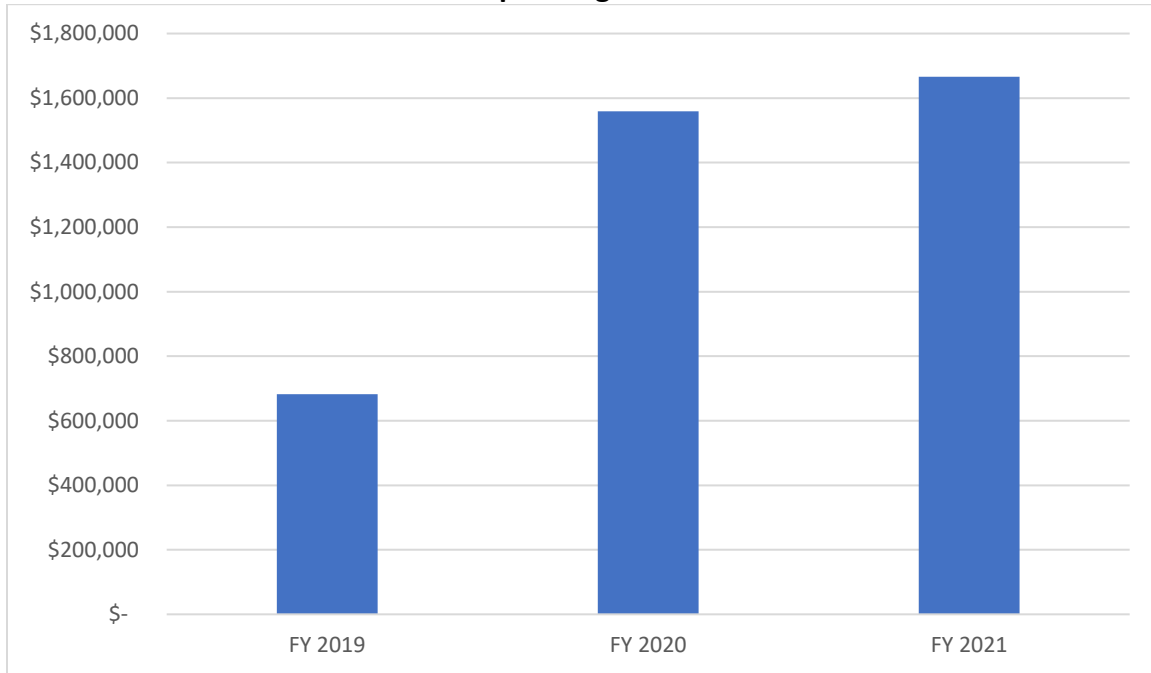
Performance Data and Indicators		Audit Period			% Change FY 2019- 2021
		FY 2019	FY 2020	FY 2021	
Fully Loaded Cost		\$682,123	\$1,558,540	\$1,666,140	144.3%
Operating Cost ¹		\$627,123	\$1,553,406	\$1,611,140	156.9%
Total Passengers		92,063	139,340	110,661	20.2%
Vehicle Service Hours		25,611	36,254	33,740	31.7%
Vehicle Service Miles		411,934	559,346	497,482	20.8%
Passenger Fares ²		\$142,844	\$225,872	\$212,634	48.9%
Operating Cost per Passenger		\$6.81	\$11.15	\$14.56	113.7%
Operating Cost per Vehicle Service Hour		\$24.49	\$42.85	\$47.75	95.0%
Operating Cost per Vehicle Service Mile		\$1.52	\$2.78	\$3.24	112.7%
Passengers per Vehicle Service Hour		3.6	3.8	3.3	-8.8%
Passengers per Vehicle Service Mile		0.22	0.25	0.22	-0.5%
Average Fare per Passenger		\$1.55	\$1.62	\$1.92	23.8%
Fare Recovery Ratio		22.78%	14.54%	13.20%	-42.1%
Consumer Price Index - (CPI-CA)		3.0%	1.7%	4.2%	9.1%

Source: Via Rideshare West Sacramento Internal Audit; Via Rideshare West Sacramento Budget FY 2018-2021

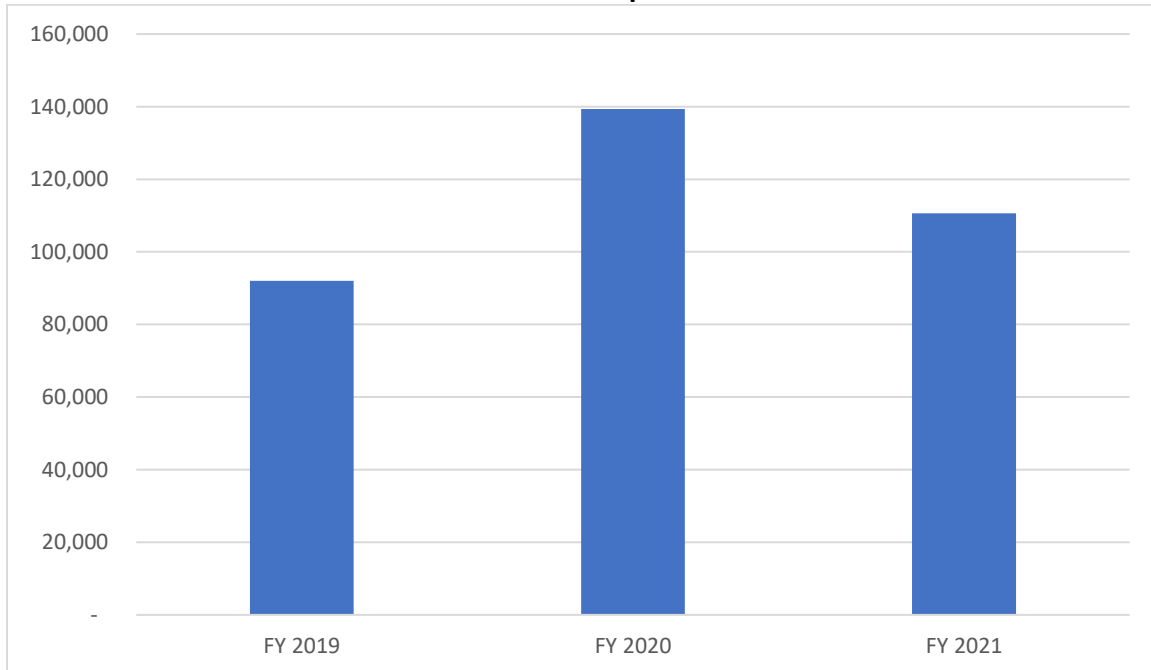
¹Excludes food bank delivery hours & one-time service and supply planning fees

²Excludes tips

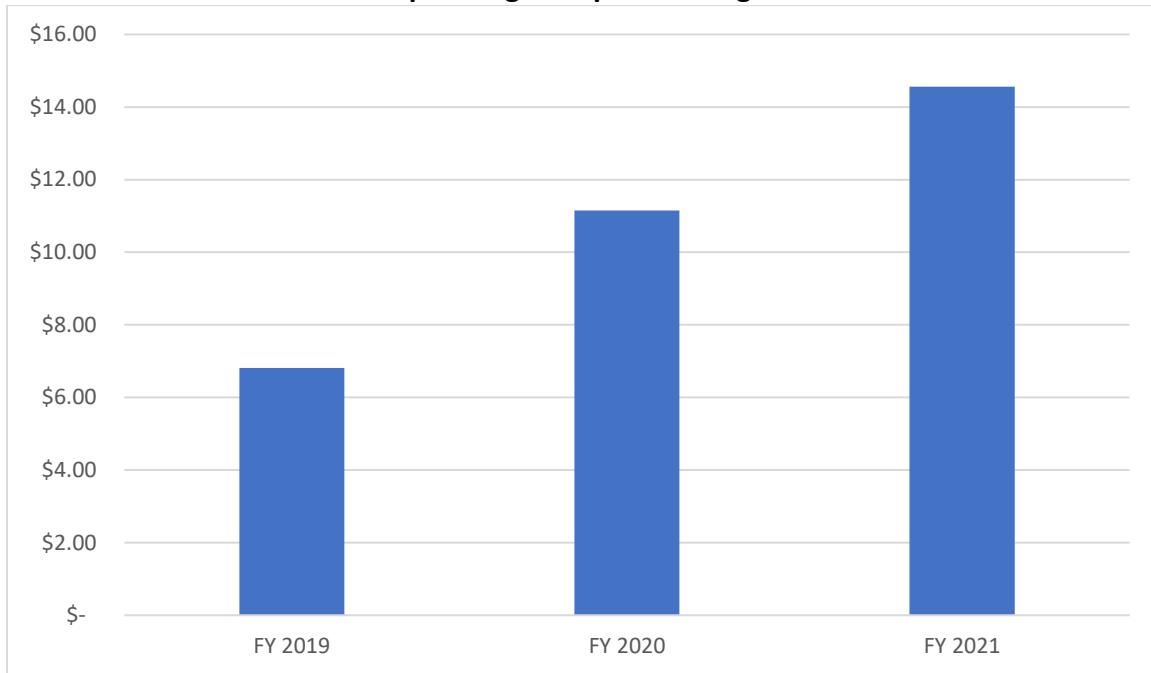
**Graph IV-1
Operating Costs**



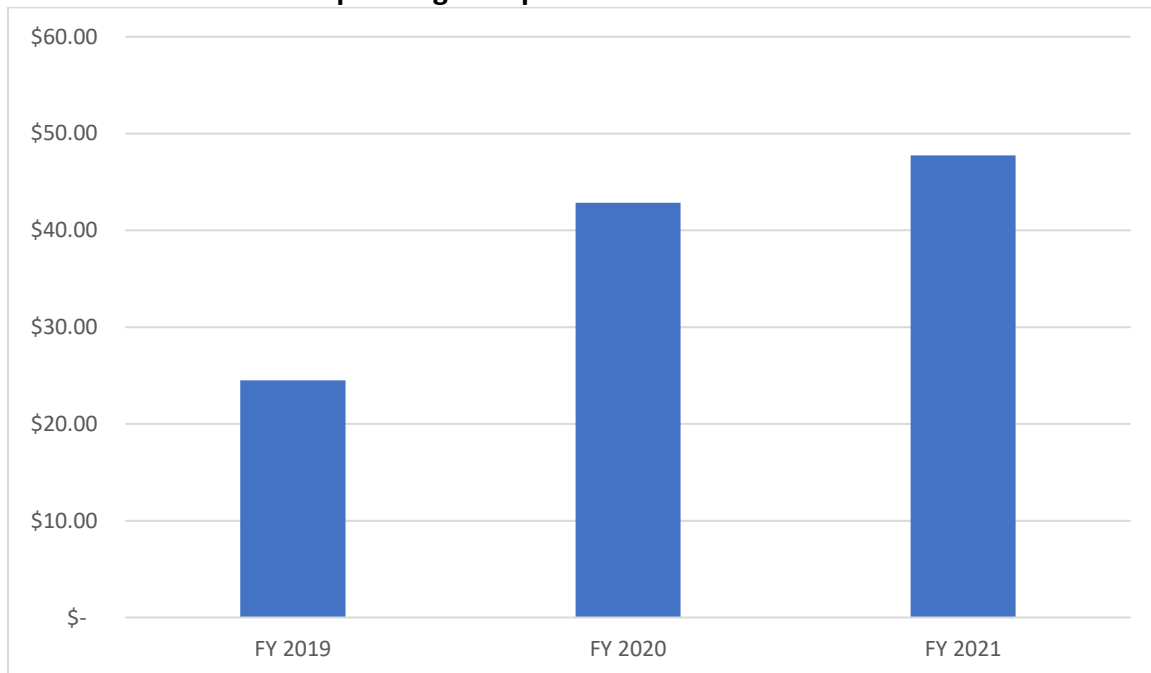
**Graph IV-2
Ridership**



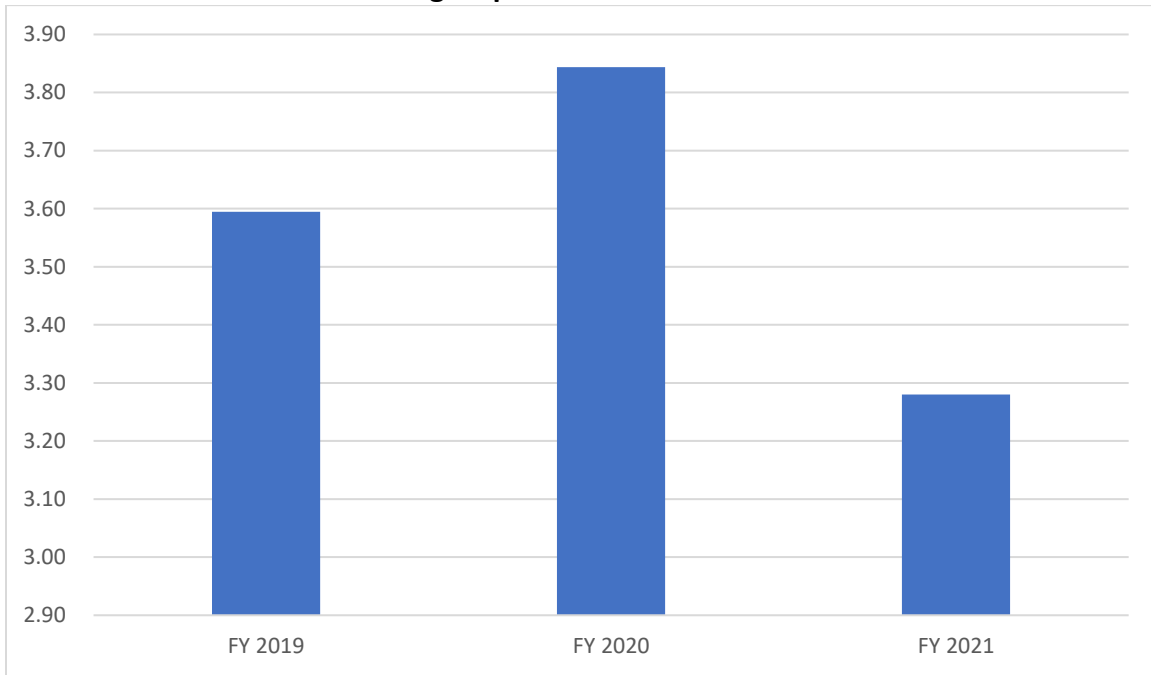
Graph IV-3
Operating Cost per Passenger



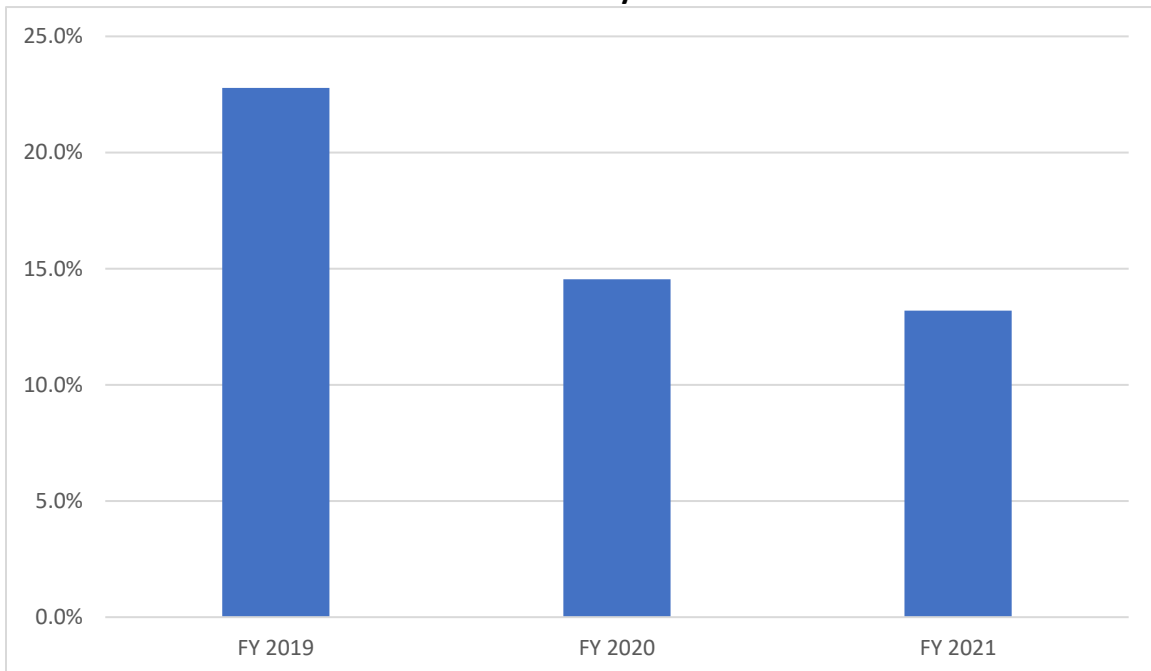
Graph IV-4
Operating Cost per Vehicle Service Hour



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 by 156.9 percent from the first full year of operation in FY 2019 to FY 2021. On an average annual basis, costs increased 75.7 percent, with the highest increase of 147.7 percent occurring in FY 2020. This increase can be attributed to higher customer service costs as ridership increased as well as an increase of over 10,000 service hours from FY 2019 to FY 2020. Additionally, COVID-19 related costs (frequent cleanings/disinfectants, PPE supplies, applying and maintaining partitions, etc.) increased operating costs beginning in FY 2020. Operating costs only increased 3.7 percent from FY 2020 to FY 2021, while driver hours remained relatively constant.
2. Ridership increased 20.2 percent from 92,063 rides during FY 2019 to 110,661 rides during FY 2021. Ridership reached 139,340 in FY 2020 before the effects of the COVID-19 pandemic began impacting this indicator. On an average annual basis, ridership increased 15.4 percent with an increase of 51.4 percent occurring in FY 2020 and a decrease of 20.6 percent in FY 2021, a reflection of the effects of the pandemic on ridership.
3. The provision of vehicle service hours and miles both exhibited increases from FY 2019 to FY 2021 as the program expanded past its pilot year. Vehicle service hours increased 31.7 percent and vehicle service miles increased 20.8 percent. Both indicators saw their peak in FY 2020 before exhibiting decreases in FY 2021 due to the effects of the pandemic on service.
4. Operating cost per passenger, an indicator of cost effectiveness, increased 113.7 percent from \$6.81 during FY 2019 to \$14.56 during FY 2021. The trend is indicative of the outpacing of operating expenses compared to ridership, exacerbated by the effects of the pandemic on ridership as well as the pandemic's effect on operating costs as discussed above.
5. Operating cost per hour, an indicator of cost efficiency, increased 95 percent from \$24.49 during FY 2019 to \$47.75 during FY 2021. The trend in this indicator is reflective of the increase in operating costs outpacing the increase in vehicle service hours, exacerbated by the effects of the pandemic on service as well as the pandemic's effect on operating costs as discussed above.
6. Passengers per hour, which measures the effectiveness of the service delivered, decreased by 8.8 percent from 3.6 passengers during FY 2019 to 3.3 passengers per hour during FY 2021. Passengers per hour increased to 3.8 passengers per hour in FY 2020 before the effects of the pandemic on ridership can be seen in FY 2021.
7. Fare revenues for transit services provided by the YCTD, to which the City contributes, are collected by the District. The fare revenue ratio for the YCTD is reported in the District's financial statements. The YCTD is subject to a 15 percent system-wide ratio that the system meets, and which has been formalized by SACOG. There was a 42.1 percent decrease in

the farebox recovery ratio from 22.78 percent in FY 2019 to 13.2 percent in FY 2021. The increases seen in operating costs outpaced the increases seen in fare revenue, which explains the decreases seen in the farebox recovery during the audit period.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within Via Rideshare. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at the City of West Sacramento City Hall and the Via Rideshare staging yard in West Sacramento:

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

Within some departments are sub-functions that require review as well, such as Grants Administration that falls under General Administration.

Operations

Via Rideshare is a network-optimized, on-demand rideshare service operating within the city limits of West Sacramento. Through the initial pilot program, Via provided an on-demand rideshare service for a period of one year, with 10 Mercedes Metris vans rented at no cost to the City by Nomad Transit LLC, a subsidiary of Via Transportation, Inc. The vans are driven by independently contracted TNC drivers. Riders are able to book a ride using a smartphone app or by phone. The pilot service launched on May 14, 2018.

Rides are tendered through the Via Rideshare app, which can be downloaded on an Apple or Android smartphone or a mobile tablet. Once the app is downloaded and an account is created, the device's location services is activated so the app can identify the pickup location. The user enters their destination and requests a ride. After the ride is scheduled, the user goes to the pickup location at the scheduled time. Without a smartphone, one can sign up for an account and book rides through a phone call.

The Via service is managed by a team composed of a partner success manager, general manager, and local field manager. The role of the partner success manager is to collaborate with the City in the use of Via's proprietary software (SaaS). The general manager's role is to manage Via's operation in West Sacramento and interface with City staff. The field manager's role is to oversee and provide support to the driver partners in the field and at the Via staging lot. Onboarding and support of the driver partners is done by the Driver Ops team in combination with the field manager.

The pilot was implemented in three phases. The first phase involved the preliminary service design, planning, and preparation wherein the acquisition and customization of all labor, equipment, technology, and materials necessary to launch the service took place (over a two- to four-week period). The second phase involved the initial launch period during the first four to six weeks, wherein service parameters were subject to slight adjustments and scaled up over time in concert with initial market analysis and service promotions. Phase three involved the full launch over an 11-month period, wherein changes to the service parameters were limited and performance was continually monitored and reported quarterly.

Throughout the life of the pilot, staff received ridership reports and held weekly to biweekly calls with the Via general manager to stay abreast of the performance of the pilot and facilitate the deployment and expansion of the service. Starting with the initial launch, three quarterly performance reports are provided by Via to staff no later than one month following each consecutive three months of service.

Initial ridership for July 2018 was 3,480, which grew to approximately 16,000 rides by February 2020. With the onset of the COVID-19 pandemic, ridership reached its lowest point during the audit period with only 450 riders requesting the service. Although total riders was low, the service has an active ViaPass ridership base and completed over 5,000 rides in April 2020.

Fares are processed through Braintree, an online payment processor that is integrated into the Via Rideshare app. Braintree provides merchant account, payment gateway, and credit card storage services for online merchants.

COVID-19 Pandemic Impacts

As impacts from the novel coronavirus 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, Via Rideshare implemented measures and protocols to mitigate the spread of the virus for its West Sacramento operation. In addition, the contract operator had extensive COVID-19 protocols in accordance with the Federal Transit Administration and the Centers for Disease Control and Prevention. Personal protective equipment has been made readily available.

During the pandemic, there were no changes in service hours; however, capacity constraints were implemented on the vehicles to just three passengers as well as masking requirements. Via Rideshare increased its fleet size in order to maintain a high level of service. Food delivery and local food bank support services were implemented to maintain driver and vehicle utilization. Additional safety measures included daily vehicle cleaning and the installation of driver barriers.

Personnel

Via Rideshare driver partners are classified as independent contractors. All driver partners undergo thorough criminal background checks before driving on the Via platform. Applicants may complete their applications, provide required documentation, and sign required agreements through Via's Driver Portal (<https://my.drivewithvia.com/>). Candidate screening consists of a four-step process:

1. Create a profile.
2. Upload documents (driver's license, insurance, etc.).
3. Attend virtual on-boarding session.
4. Download Via Driver App to accept rides.

On average, drivers can earn up to \$17.50 an hour. Driver partners can earn an extra \$300 after completing on-boarding and driving 10 hours. The number of driver partners available for West Sacramento Via Rideshare ranges between 20 and 40 drivers. Drivers are free to choose their work hours and Via has not experienced any issue with driver availability not meeting ridership demands. Independent contractors driver partners do not receive performance evaluations or performance management, and NoMad does not monitor or evaluate driver partners' performance. Negative feedback may result in adverse action only in the event that a driver partner has violated their independent contractor agreement or a regulatory standard maintained by law. Pay & promos are subject to change, however, the team ensures that pay meets the requirements of Proposition 22.

Maintenance

Vehicle maintenance is the responsibility of the driver partners. The driver partners conduct pre- and post-inspections on the vehicle at the Via Rideshare staging lot. The inspections involve drivers taking photos of the exterior and interior of the vehicle and uploading them to the Via Driver Portal.

The entrance to the staging lot is located across from 1800 South River Road in West Sacramento with only one point of ingress and egress. The 5-acre lot is City-owned and situated along the Sacramento River just north of the City Corporation Yard. There are no buildings or driver facilities on the site, although the City may consider providing a portable restroom for the drivers. The entrance to the lot has a gate with a lock combination and drivers are given information from the app to unlock the vehicles. The Rideshare vans are parked along the northern perimeter of the lot composed of 16 spaces. Via Rideshare recently received delivery of five new Toyota Sienna accessibility vans equipped with wheelchair ramps. In addition, Via Rideshare has been in the process of replacing its fleet with hybrid vehicles. As of August 2022, 8 of the City's 16 Via vans had been switched to hybrid models.

Due to the size of the vehicles operated for the Via Rideshare service, the City is exempt from the CHP Transit Operator Compliance Program, in which the CHP conducts inspections within the 13

months prior to each TDA claim. Since the vehicles accommodate six seated passengers, one wheelchair passenger, and the driver, they do not meet the definition of a transit bus as defined in Section 642 of the California Vehicle Code. Routine maintenance and inspections of vehicles are arranged through Via Rideshare driver partners and subject to contract stipulations with the City.

Planning

The impetus for the rideshare pilot was due to declines in fixed-route service in the City over a five-year period while operating costs per passenger grew. Though transit has been seen as a viable option for many and most residents live within 0.25-0.50 of a mile of a transit stop, ridership has continued to decline. Low-density suburban routes have seen poor ridership because of long travel times and small transit catchment areas. In addition, transit stops lacked complementary multimodal options to help transit riders complete the first and last few miles to and from destinations.

City staff developed a strategy that initiated development of the West Sacramento Mobility Action Plan (MAP), a prioritized set of near- to long-term investments to guide the implementation of a robust multimodal mobility network. The MAP sought to optimize transit network efficiency, define a role for alternative and emerging mobility services (both public and private), and support West Sacramento's preparedness in integrating future transportation technologies.

Two near-term pilot projects were proposed to feed into the West Sacramento MAP strategy. The first pilot project identified was a downtown shuttle that would modify an existing YCTD route to provide peak hour service to the Bridge District and downtown Sacramento. The second pilot project identified involved a flexible transportation or micro-transit service that integrates emerging on-demand technologies utilized by TNCs.

On June 23, 2017, the City released a Request for Proposals (RFP) per Council authorization to implement the second pilot, soliciting innovative transit solutions from a broad pool of qualified private and public mobility service providers, including TNCs, to assist with the design, launch, operations, maintenance, marketing, and evaluation of an on-demand micro-transit service.

Staff received ten proposals in response to the RFP. An evaluation panel was assembled to identify a shortlist to interview in August 2017 and select a successful proposal by early September. Staff returned to Council in October to request an award of contract. Based on the selection criteria, the panel unanimously determined Via Transportation, Inc. to be the top-ranking proposal. This selection was confirmed in concept by the City Council at its November 1, 2017, meeting when staff presented an overview of the services set forth by Via in their response to the June 2017 RFP.

Marketing

West Sacramento's Via Rideshare is marketed through several media. When the rideshare pilot was first launched, a flyer was produced and distributed to promote the service and the associated app that offered two free rides with a promotional code. The City and Via also produced a rider's

guide that provided guidance on how to utilize the service and the app. The service is branded with the City's Tower Bridge logo.

Via Rideshare has a dedicated web page on the City of West Sacramento website (<https://www.cityofwestsacramento.org/via>), which features information about fares, hours of operation, links to download the Via iOS (Apple) and Android apps, frequently asked questions, customer service inquiries, and accommodations for disabled persons. The web page also has a link to the Via website (<https://ridewithvia.com/>) that provides more information about the transportation technology company. In addition to the apps, there is a call-in number that allows users to book trips.

Other fare media and promotions include the Via Pass and discounts to senior citizens and persons with disabilities. Senior and disabled riders can get a discount code by calling or emailing the designated contact at the City's Community Development Department. The City conducted a customer satisfaction survey six months after the launch of the pilot. The service has been well received since inception and even received a Helen Putnam Award for Excellence from the California League of Cities in 2019.

In October 2018, the City staff held a training session on how to utilize Via Rideshare. The training was held at the Bryte Memorial VFW Post and covered various aspects on how the service worked. The presentation covered:

- Signing up for a Via account;
- Requesting a senior (62+) or disabled rider discount;
- Booking rides by phone or smartphone; and
- Requesting a wheelchair-accessible vehicle.

The City has been in discussions on how to utilize Via to transport residents to the community pool in the Recreation Center at 2801 Jefferson Boulevard.

General Administration and Management

West Sacramento is a general law city incorporated on January 1, 1987, from the unincorporated Yolo County communities of Bryte, Broderick, and West Sacramento and functions under a council-manager form of government. The West Sacramento City Council serves as the City's main legislative body with five elected representatives including a directly elected mayor. City Council members are elected at large and serve a four-year term and the mayor serves a two-year term. The City Council generally convenes on the first and third Wednesday of every month beginning at 7:00 p.m. at West Sacramento Civic Center located at 1110 West Capitol Avenue.

The City's rideshare program is administered by a senior transportation planner in the Community Development Department. On January 17, 2018, the City Council approved a contract with NoMad Transit LLC, a wholly owned subsidiary of Via Transportation, Inc., in the amount of \$720,000 for a one-year pilot. There was an amendment entered on Feb 20, 2019 to utilize \$90,000 in fare revenues. The contract may be extended annually up to five additional years. The service contract was amended and restated on May 1, 2019, to reflect changes and extend the term for one year from May 14, 2019, through June 30, 2020. The contract is reviewed annually.

There were two subsequent contract amendments executed during the audit period. On June 17, 2020, the City Council approved Amendment No. 1, extending the term of the contract through June 30, 2022. The passage of Proposition 22, the App-Based Drivers as Contractors and Labor Policies Initiative, by voters in November 2020 required that all licensed TNCs in the State of California provide new benefits and protections for drivers. The contract was amended on January 20, 2021, to demonstrate compliance with Proposition 22 as well as the marginal increase to the rate the City paid to the contractor for operating the rideshare service on behalf of the City, effective retroactively from December 16, 2020, through the term of the most recent contract.

The primary source of transit funding support is derived from the Local Transportation Fund (LTF) and State Transit Assistance (STA) fund. The City submits the annual TDA claim for funds to SACOG. TDA claims are based on the City's annual budget projections and are prepared by the Transportation and Mobility Division of the Capital Projects and Transportation Department, in conjunction with the YCTD budget process. A portion of LTF revenues is used to support the Via Rideshare service under Article 8. Based on the data contained in the City of West Sacramento TDA claim packets and the City's finance department, LTF revenues allocated during the audit period were \$2,377,223 in FY 2019; \$2,888,398 in FY 2020; and \$2,971,944 in FY 2021. STA revenues allocated were \$372,608 in FY 2019; \$525,540 in FY 2020; and \$282,114 in FY 2021.

Based on the annual project and expenditure plan contained in the TDA claims, the City allocated the following amounts towards the operation of Via Rideshare: \$599,001 in FY 2019; \$1,905,000 in FY 2020; and \$1,227,395 in FY 2021. In lieu of the Transit Operators' Financial Transactions Reports sent to the State Controller, the City has been preparing and submitting the Cities' Financial Transactions Report. The Cities' Financial Transactions Report does not include financial and operating data that pertain to the Via Rideshare service. It is recommended that commencing with FY 2022, the City use the Transit Operators' Financial Transactions Report for reporting transit financial and operational data.

Grants Administration

Grant management for the Via Rideshare is administered by the City's Finance Department. The Via Rideshare pilot does not receive federal funding and has relied primarily on TDA funding. Other than the TDA, the pilot was initially funded through local Measure E, which is a 0.25-cent general sales tax approved by City voters in November 2016 and a \$149,000 SACOG Transportation Demand Management Innovative Mobility Program grant. The City can reinvest surplus revenues and cost savings, which have ranged from \$200,000 to \$300,000. According to the service

contract, all unspent fare revenues generated and remaining with the contractor, which would have already been remitted to the City, are reinvested toward next year's operations.

Section VI

Findings

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

1. Of the nine compliance requirements pertaining to West Sacramento, the City fully complied with five requirements. The City was found not in compliance with regard to the submittal of the annual Transit Operators' Financial Transactions Reports to the State Controller and was partially compliant with regard to reporting of performance measures (vehicle service hours and miles/full-time employee equivalents). Four additional compliance requirements did not apply to West Sacramento (i.e., annual CHP terminal inspections, rural/urban farebox recovery ratios, and use of federal funding).
2. Fare revenues for transit services provided by the YCTD, to which the City contributes, are collected by the District. The fare revenue ratio for the YCTD is reported in the District's financial statements. The YCTD is subject to a 15 percent system-wide ratio that the system meets, and which has been formalized by SACOG. The *City of West Sacramento Transportation Development Act Fund - Audited Financial Statements and Compliance Reports* do not provide a breakdown of the rideshare service's farebox ratio. Based on audited and internal reporting data, the YCTD's system-wide farebox recovery ratio was 22.78 percent in FY 2019; 14.54 percent in FY 2020; and 13.20 percent in FY 2021.³ The average system-wide farebox recovery ratio was 16.84 percent.
3. Due to the size of the vehicles operated, the City's rideshare program is exempt from the CHP Transit Operator Compliance Program, in which the CHP conducts inspections within the 13 months prior to each TDA claim. Vehicle maintenance is the responsibility of Via Rideshare's driver partners as a condition in Via Transportation's contract.
4. The operating budget exhibited notable fluctuations during the audit period. There was an increase of 218 percent increase in FY 2020 followed by a decrease of 35.6 percent in FY 2021. The increase in the FY 2020 operating budget is attributed to the pilot's service expansion as stipulated in the amended and restated contract for service dated May 1, 2019. The decrease in the FY 2021 operating budget is attributed to reductions in the total number of Via Rideshare service hours to meet lower demand due to the COVID-19 pandemic, resulting in cost savings through the fiscal year.

³ Assembly Bill 90, passed into law and signed by the governor in June 2020 in response to the COVID-19 pandemic impacts, prohibits the imposition of penalties on a transit operator that does not maintain the required ratio of fare revenues to operating cost during FY 2019–20 or FY 2020–21.

5. There were no prior audit recommendations. This report constitutes the first triennial performance audit of the operator.
6. Operating costs increased by 156.9 percent from the first full year of operation in FY 2019 to FY 2021. On an average annual basis, costs increased 75.7 percent, with the highest increase of 147.7 percent occurring in FY 2020. This increase can be attributed to higher customer service costs as ridership increased as well as an increase of over 10,000 service hours from FY 2019 to FY 2020. Additionally, COVID-19 related costs (frequent cleanings/disinfectants, PPE supplies, applying and maintaining partitions, etc.) increased operating costs beginning in FY 2020. Operating costs only increased 3.7 percent from FY 2020 to FY 2021, while driver hours remained relatively constant.
7. Ridership increased 20.2 percent from 92,063 trips during FY 2019 to 110,661 trips during FY 2021. Ridership reached 139,340 in FY 2020 before the effects of the COVID-19 pandemic began impacting this indicator. On an average annual basis, ridership increased 15.4 percent with an increase of 51.4 percent occurring in FY 2020 and a decrease of 20.6 percent in FY 2021, a reflection of the effects of the pandemic on ridership.
8. The provision of vehicle service hours and miles both exhibited increases from FY 2019 to FY 2021 as the program expanded past its pilot year. Vehicle service hours increased 31.7 percent and vehicle service miles increased 20.8 percent. Both indicators saw their peak in FY 2020 before exhibiting decreases in FY 2021 due to the effects of the pandemic on service.
9. Operating cost per passenger, an indicator of cost effectiveness, increased 113.7 percent from \$6.81 during FY 2019 to \$14.56 during FY 2021. The trend is indicative of the outpacing of operating expenses compared to ridership, exacerbated by the effects of the pandemic on ridership as well as the pandemic's effect on operating costs as discussed above.
10. Operating cost per hour, an indicator of cost efficiency, increased 95 percent from \$24.49 during FY 2019 to \$47.75 during FY 2021. The trend in this indicator is reflective of the increase in operating costs outpacing the increase in vehicle service hours, exacerbated by the effects of the pandemic on service as well as the pandemic's effect on operating costs as discussed above.
11. Via Rideshare is a network-optimized, on-demand rideshare service operating within the city limits of West Sacramento. Through the initial pilot program, Via provided an on-demand rideshare service for a period of one year, with 10 Mercedes Metris vans rented at no cost to the City by Nomad Transit LLC, a subsidiary of Via Transportation, Inc. Riders are able to book a ride using a smart phone app and over the phone. The pilot service launched on May 14, 2018.
12. The City's rideshare program is administered by a senior transportation planner in the Community Development Department and by a team composed of a partner success manager, general manager, and local field manager. On January 17, 2018, the City Council approved a

contract with NoMad Transit LLC, a wholly owned subsidiary of Via Transportation, Inc., in the amount of \$720,000 for a one-year pilot. There was an amendment entered on Feb 20, 2019 to utilize \$90,000 in fare revenues. The contract may be extended annually up to five additional years. The contract is reviewed annually.

13. Via Rideshare driver partners are classified as independent contractors. All driver partners undergo thorough criminal background checks before driving on the Via platform. Applicants may complete their applications, provide required documentation, and sign required agreements through Via's Driver Portal (<https://my.drivewithvia.com/>). Candidate screening consists of a four-step process. The number of driver partners available for West Sacramento Via Rideshare ranges between 20 and 40 drivers.
14. Vehicle maintenance is the responsibility of the driver partners. The driver partners conduct pre- and post-inspections on the vehicle at the Via Rideshare staging lot. The inspections involve drivers taking photos of the exterior and interior of the vehicle and uploading them to the Via Driver Portal. The Rideshare vans are parked along the northern perimeter of the lot composed of 16 spaces.
15. West Sacramento's Via Rideshare is marketed through several media, including a rider's guide, mobile app, and a dedicated web page on the City of West Sacramento website (<https://www.cityofwestsacramento.org/via>). Other fare media and promotions include the Via Pass and discounts to senior citizens and disabled people. The service is branded with the City's Tower Bridge logo.

Recommendations

1. Complete the annual Transit Operators' Financial Transactions Report for submittal to the State Controller. (High Priority - Compliance Requirement)

Pursuant to Public Utilities Code, Section 99243 (a), transit operators are required to submit an annual report, called the Transit Operators' Financial Transactions Report, to the regional transportation planning agency (RTPA) based upon the Uniform System of Accounts and Records established by the State Controller. This report is due within seven 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.

In lieu of submitting the Transit Operators' Financial Transactions Report, the City of West Sacramento completed and submitted the Cities' Financial Transactions Report to the State Controller during the audit period. The Cities' Financial Transactions Report does not include financial and operating data that pertain to the Via Rideshare service. It is recommended that commencing with FY 2022, the City use the Transit Operators' Financial Transactions Report for reporting transit financial and operational data. The City would need to set up an account through the Local Government Financial Reporting System as a transit operator. See link: <https://lgrsonline.sco.ca.gov/Account/Login?RememberMe=False&Optentitytype=TRS>. General instructions for reporting transit expenditures, revenues and operating data are found at the link: https://www.sco.ca.gov/Files-ARD-Local/LocRep/TO_FTR_Instructions_20-21.pdf.

2. Ensure that performance measures are consistent with TDA statute definitions, in particular with regard to vehicle service hours and mileage as well as employee hours. (High Priority)

The auditor queried the Via Rideshare contractor about how vehicle service hours and miles are reported. It was revealed that vehicle service hours and miles are recorded when the vehicles leave the staging yard, which would include deadhead hours and mileage. According to the TDA statute, actual vehicle revenue hours are:

The hours that vehicles travel while in revenue service. Vehicle revenue hours include layover/recovery time but exclude deadhead, training operators prior to revenue service and road tests, as well as school bus and charter services.

Actual vehicle revenue miles are:

The miles that vehicles travel while in revenue service. Vehicle revenue miles exclude deadhead, training operators prior to revenue service and road as well as school bus and charter services.

In addition, vehicle service hours per employee data were not calculated due to the unavailability of full-time equivalent (FTE) data, which would be reported in the Transit Operators' Financial Transactions Report. Proper calculation of 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. In lieu of submitting the Transit Operators' Financial Transactions Report, the City of West Sacramento completed and submitted the Cities' Financial Transactions Report to the State Controller.

It is recommended that the contractor have the driver partners begin to record vehicle revenue hours and miles according to TDA definitions including starting at the first customer pickup and ending at the last customer drop-off, including layover/recovery. Layover and recovery are "out-of-service" time allowances allocated to a vehicle at a certain location or locations along the route, generally at a terminal location. Layover time is rest or "break" time allocated to the operator somewhere along the line, usually at a terminal location at the end of a trip. Recovery time can be thought of as "buffer" break time built into the schedule. It may or may not be used by the operator. In addition, it is suggested that the City work closely with Via Rideshare to ensure the accuracy of the operating data reported.

3. Insert TDA and transit reporting standards in the Via Transportation contract. (Medium priority)

Building upon the above recommendations for the City and contractor to follow TDA definitions in tracking and collecting key performance data, the requirements to properly report operations data should be added to the conditions in the service contract. While dashboard measures are listed in the contract of available information for City use, they do not specify or define how the data are to be presented. For example, the contract should include defining vehicle revenue hours and miles separately from total vehicle revenue hours and miles according to TDA, which the City or contractor can then determine transit cost efficiency and effectiveness measures that comply with TDA and transit industry reporting standards.

Of the available metrics complimenting those already being collected by the City and discussed with Via Transportation, the following are suggested measures that the City should require to be calculated and reported in regular intervals, such as monthly, quarterly, and annually.

- Passengers per revenue hour
- Passengers per revenue mile
- Operating cost per revenue hour
- Operating cost per revenue mile
- Operating cost per passenger
- Accidents/Vehicle roadcalls/breakdowns
- On-time performance
- Passenger complaints and compliments

These key measures create additional dashboard indicators that mirror public transit operations from which service goals and standards could be formed to better measure productivity over time. For example, a goal standard for passengers per revenue hour and cost per revenue hour could be a rolling 6 to 12 month average under TDA definitions. The City should work with the contractor to develop productivity standards using these measures to build a log of operational efficiency and effectiveness tracking. Section IV of this audit provides the TDA required measures as a starting point.