



TDA Triennial Performance Audit FY 2018/19 - FY 2020/21

City of Tehachapi

Kern Council of Governments
Final Report
September 2023



Table of Contents

Chapter 1 Executive Summary	1
Chapter 2 Audit Scope and Methodology	5
Chapter 3 Program Compliance	9
Chapter 4 Prior Recommendations	13
Chapter 5 Data Reporting Analysis	17
Chapter 6 Performance Analysis	19
Chapter 7 Functional Review.....	27
Chapter 8 Findings and Recommendations	33

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Table of Exhibits

Exhibit 1.1 Summary of Audit Recommendations	3
Exhibit 3.1 Transit Development Act Compliance Requirements	11
Exhibit 5.1 Data Reporting Comparison.....	17
Exhibit 6.1 System Performance Indicators	22
Exhibit 6.2 System Ridership	23
Exhibit 6.3 System Operating Cost/VSH	23
Exhibit 6.4 System Operating Cost/VSM.....	23
Exhibit 6.5 System VSM/VSH.....	23
Exhibit 6.6 System Operating Cost/Passenger	24
Exhibit 6.7 System Passengers/VSH	24
Exhibit 6.8 System Passengers/VSM.....	24
Exhibit 6.9 System VSH/FTE	24
Exhibit 6.10 System Farebox Recovery	25
Exhibit 6.11 System Fare/Passenger.....	25
Exhibit 7.1 Tehachapi Dial-A-Ride Fare Structure.....	27
Exhibit 7.2 Organizational Chart.....	28
Exhibit 8.1 Audit Recommendations	35

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Chapter 1 | Executive Summary

In Spring 2023, the Kern Council of Governments (Kern COG) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the twelve transit operators to which it allocates TDA funding.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. Audits of Article 8 recipients are encouraged.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Tehachapi as a public transit operator, providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three fiscal years. In addition to assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the City of Tehachapi's public transit program for the period:

- Fiscal Year 2018/19,
- Fiscal Year 2019/20, and
- Fiscal Year 2020/21.

Tehachapi Dial-A-Ride is a curb-to-curb, general public, demand-responsive transit service operated under contract by Kern Transit within Tehachapi and adjacent unincorporated areas. The Tehachapi service area boundary includes the area within Tehachapi city limits as well as the unincorporated community of Golden Hills located about four miles to the west. Dial-a-Ride operates Monday through Friday from 6:00 a.m. to 7:00 p.m., and Saturday from 7:30 a.m. to 5:30 p.m. Dial-a-Ride does not operate on Sunday or designated holidays.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The audit team concludes the evidence obtained provides a reasonable basis for its findings and conclusions.

This audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Prior recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

Test of Compliance

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team identified one compliance finding:

1. The City did not appear to have reserved STA funds for capital purposes due to not passing the STA efficiency tests in FY 2019/20.

Status of Prior Recommendations

The prior audit – completed in April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included three recommendations:

1. [Continue to use local funds to supplement fare revenue to ensure attainment of the 10 percent farebox recovery ratio.](#)
Status: Implemented.
2. [Continue to use the TDA definition in calculating FTE for reporting to the State Controller.](#)
Status: Implemented.
3. [Reassess recommendations made in the 2012 TDP to determine if they remain relevant, and begin implementation of those deemed relevant.](#)
Status: Implemented.

Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned compliance finding for the City of Tehachapi:

1. The City did not appear to have reserved STA funds for capital purposes due to not passing the STA efficiency tests in FY 2019/20.

The audit team has identified no functional findings.

In completing this Triennial Performance Audit, we submit the following recommendations for the City's public transit program. They have been divided into two categories: TDA Program compliance recommendations and functional recommendations. TDA program compliance recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the

TDA, while Functional Recommendations address issues identified during the triennial audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendation	Importance	Timeline
1	Ensure the STA efficiency tests are correctly calculated and that any necessary restrictions in funding use are reflected within the TDA claim.	High FY 2023/24

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City of Tehachapi’s public transit program covers the three-year period ending June 30, 2021. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain TDA funding eligibility.

In Spring 2023, the Kern Council of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the twelve transit operators to which it allocates TDA funding. Moore & Associates, Inc. is a consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Tehachapi as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The auditors believe the evidence obtained provides a reasonable basis for our findings and conclusions.

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

Objectives

A Triennial Performance Audit (TPA) has four primary objectives:

1. Assess compliance with TDA regulations;
2. Review improvements subsequently implemented as well as progress toward adopted goals;
3. Evaluate the efficiency and effectiveness of the transit operator; and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the City of Tehachapi included five tasks:

1. A review of compliance with TDA requirements and regulations.
2. A review of the status of recommendations included in the prior Triennial Performance Audit.
3. A verification of the methodology for calculating performance indicators including the following activities:
 - Assessment of internal controls,
 - Test of data collection methods,
 - Calculation of performance indicators, and
 - Evaluation of performance.
4. Comparison of data reporting practices:
 - Internal reports,
 - State Controller Reports, and
 - National Transit Database.
5. Examination of the following functions:
 - General management and organization;
 - Service planning;
 - Scheduling, dispatching, and operations;
 - Personnel management and training;
 - Administration;
 - Marketing and public information; and
 - Fleet maintenance.
6. Conclusions and recommendations to address opportunities for improvement based upon analysis of the information collected and the audit of the transit operator's major functions.

Methodology

The methodology for the Triennial Performance Audit of the City of Tehachapi included thorough review of documents relevant to the scope of the audit, as well as information contained on the City's website. The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit report for the prior audit period;
- Most recent Short Range Transit Plan/Transit Development Plan;
- Monthly performance reports;
- State Controller Reports;
- NTD reports;
- Annual budgets;
- TDA fiscal audits;
- TDA claims;
- Transit marketing collateral;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection Reports;

- Accident/road call logs;
- Customer complaint logs; and
- Organizational chart.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with City representatives on June 21, 2023. The audit team met with Hamed Jones (Finance Director), and Sue Wier (Financial Analyst), and reviewed materials germane to the triennial audit.

This report is comprised of eight chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the review and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Compliance with statutory and regulatory requirements,
 - Status of prior recommendations,
 - Consistency among reported data,
 - Performance measures and trends,
 - Functional audit, and
 - Findings and recommendations.

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Chapter 3 | Program Compliance

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

Status of compliance items was determined through discussions with City staff as well as an inspection of relevant documents including the fiscal audits for each year of the triennium, State Controller annual filings, California Highway Patrol terminal inspections, National Transit Database reports, year-end performance reports, and other compliance-related documentation.

One compliance issue was identified for the City of Tehachapi:

1. The City did not appear to have reserved STA funds for capital purposes due to not passing the STA efficiency tests in FY 2018/19 and FY 2019/20.

Developments Occurring During the Audit Period

The FY 2018/19 – FY 2020/21 audit period was significantly different than prior audit periods. The impacts of the COVID-19 pandemic resulted in significant declines in ridership and revenue, while changes to the TDA provided compliance waivers and amended existing legislation. In many instances, transit operators strove to retain operations staff despite adopting a reduced schedule, resulting in significant changes to many cost-related performance metrics. While infusions of funding through the CARES Act mitigated some of the lost revenues for federally funded programs, many transit operators have yet to return to pre-pandemic ridership and fare levels. As a result, this Triennial Performance Audit will provide an assessment not only of how COVID-19 impacted the organization, but how it responded to the crisis.

In the 50 years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented due to the COVID-19 pandemic.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief by extending the provisions of AB 90 through FY 2022/23 and adjusting definitions of eligible revenues and operating costs. While the ability to maintain state mandates and performance measures is important, these measures enable transit operators to adjust to the impacts of COVID while continuing to receive their full allocations of funding under the TDA.

Together, these two pieces of legislation include the following provisions specific to transit operator TDA funding under Article 4 and Article 8. Only AB 90 was in effect during this audit period, though both assembly bills are detailed below.

AB 90 includes the following provisions specific to transit operator funding through the TDA:

1. It prohibits the imposition of the TDA revenue penalty on an operator that does not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.
2. It requires the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance (STA) Program for FY 2020/21 and FY 2021/22 based on the same individual operator ratios published by the Controller in a specified transmittal memo, and would authorize the Controller to revise that transmittal memo, as specified. It requires the Controller to use specified data to calculate those individual operator ratios. Upon allocation of the transit operator revenue-based funds to local transportation agencies pursuant to this provision, the Controller will publish the amount of funding allocated to each operator.
3. It exempts an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorizes the operator to use those funds for operating or capital purposes during that period.
4. It requires the Controller to allocate State of Good Repair (SOGR) program funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.
5. It requires the Controller to allocate Low Carbon Transit Operations Program (LCTOP) funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.

Assembly Bill 149, signed into law on July 16, 2021 (and therefore not in effect during the audit period), provides additional regulatory relief with respect to Transportation Development Act (TDA) compliance. It extends the provisions of AB 90 through FY 2022/23 as well as provides additional regulatory relief including:

1. Waiving the annual productivity improvement requirement of Section 99244 through FY 2022/23.
2. Adding a temporary provision exempting operators from farebox recovery ratio requirements provided they expend at least the same amount of local funds as in FY 2018/19.
3. Expanding the definition of “local funds” to enable the use of federal funding, such as the CARES Act or CRRSAA, to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
4. Adjusting the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and micro-transit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
5. Allowing operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2022/23.

AB 149 also calls for an examination of the triennial performance audit process, to ensure the practice continues to be effective and beneficial.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance	FY 2018/19: January 21, 2020 FY 2019/20: January 26, 2021 FY 2020/21: January 20, 2022
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance	FY 2018/19: February 5, 2020 FY 2019/20: March 15, 2021 FY 2020/21: December 31, 2021
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	Kern Transit Victor Street terminal (Bakersfield) January 23, 2018 January 25, 2019 January 31, 2020 January 29, 2021
Operator’s claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If 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.	PUC 99270.1	Not applicable	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	Not applicable	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	Not applicable	
The operator does not routinely staff with two or more persons a vehicle for public transportation purposes designed to be operated by one person.	PUC 99264	In compliance	Per TDA claim certifications.
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).	PUC 99266	In compliance	FY 2018/19: +5.91% FY 2019/20: +9.65% FY 2020/21: +17.71% <i>Source: TDA claims. Increase in FY 2021 due to 20% increase in purchased transportation costs.</i>
The operator’s definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	

Compliance Element	Reference	Compliance	Comments
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	In compliance	FY 2018/19: 10.01% FY 2019/20: 10.00% (waived) FY 2020/21: 1.39% (waived) <i>Source: TDA audits, FY 2019 – FY 2021. Does not include interest income.</i>
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	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 for 40 years.	PUC 99271	In compliance	City employees are eligible for retirement benefits through CalPERS.
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.	CCR 6754 (a) (3)	In compliance	
In order to use State Transit Assistance funds for operating assistance, the operator’s total operating cost per revenue hour does not exceed the sum of the preceding year’s total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year’s total operating cost per revenue hour. An operator may qualify based on the preceding year’s operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale.	PUC 99314.6	Finding	In both FY 2019 and FY 2020, the City did not appear to pass either STA efficiency test. As such, it should have reserved the lowest percentage by which it failed to pass the tests for capital purposes. No evidence was provided to show that any STA funding was reserved for capital.
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant’s capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	In compliance	

Chapter 4 | Prior Recommendations

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

The prior audit – completed in April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included three recommendations:

1. [Continue to use local funds to supplement fare revenue to ensure attainment of the 10 percent farebox recovery ratio.](#)

Discussion: In FY 2015/16, the City of Tehachapi achieved a farebox recovery ratio of 2.35 percent. In FY 2016/17 and FY 2017/18, the City applied local funds to supplement its fare revenue, resulting in farebox recovery ratios of 10.67 percent and 10.92 percent, respectively. The prior auditor recommended the City should continue to use local funds to supplement its fare revenue unless/until other strategies can be identified to increase its farebox recovery ratio to 10 percent. The prior auditor also noted that should the City move forward with the implementation of recommendations included in its 2012 TDP, some of those recommendations may have a positive impact on fare revenue, which would allow the City to decrease or eliminate local supplementation of its fare revenue.

Progress: The City used local funds to achieve a 10 percent farebox recovery ratio in FY 2019 and FY 2020. Penalties for non-compliance were waived for FY 2020 and FY 2021 as a result of AB 90.

Status: Implemented.

2. [Continue to use the TDA definition in calculating FTE for reporting to the State Controller.](#)

Discussion: The City stated during the site visit for the prior audit that it had been using a driver count as its Full-time Equivalent Employee figure and had not included any City hours. This may have resulted in FTE data being reported incorrectly on the State Controller Report. In FY 2017/18, the City began calculating FTE properly, and reported this metric properly on its State Controller Report. The prior auditor recommended the City use payroll records to document the total amount of time spent on transit by all employees, and use that figure (divided by 2,000) to calculate FTE for reporting to the State Controller. The City followed this recommendation in the preparation of the FY 2017/18 State Controller Report.

Progress: The City has continued to use the proper definition of FTE, including dividing by 2,000 and including City staff hours.

Status: Implemented.

3. Reassess recommendations made in the 2012 TDP to determine if they remain relevant, and begin implementation of those deemed relevant.

Discussion: The City, in conjunction with Kern Transit, implemented a fare increase in July 2016. While this did not exactly reflect the fare increase recommended in the TDP, it did result in an increase in fare revenue despite a decrease in ridership in FY 2016/17. This is likely due to the doubling of the general public fare, as reduced fares were only increased by 25 cents. The City also introduced Saturday service. Kern Transit also redesigned its service brochures. Little has been done to market the City’s transit program, despite the inclusion of multiple marketing and outreach tactics included in the TDP.

Given the TDP was completed more than six years before the prior audit and the City’s transit program had undergone some changes, it was possible that some of the recommendations included in the Plan were no longer relevant. However, marketing and outreach recommendations tend to remain “evergreen” regardless of when the recommendation was made. Therefore, the prior auditor recommended the City and Kern Transit should reassess the 2012 recommendations and develop a plan of action for implementing those that remain relevant in an effort to increase fare revenue and the farebox recovery ratio. Alternately, Kern COG may determine a new TDP is warranted.

Progress: The City reassessed the marketing and outreach recommendations from the 2012 TDP as prescribed in the previous triennial performance audit with the goal of not only increasing fare revenue but also increasing community awareness of Tehachapi’s transit services.

The City determined that many of the recommendations from the 2012 TDP were out-of-date. For instance, print media, rather than social media, was the primary means of communication 13 years ago. Other recommendations from the 2012 TDP were previously implemented in conjunction with Kern Transit such as system-wide promotional fares and a fare increase in July 2016.

In addition, when significant marketing costs are incurred to increase ridership, the farebox ratio stays low because the costs rise with the ridership. Only very low-cost marketing is an option in Tehachapi if the City wishes to positively impact the farebox ratio through the implementation of the TDP recommendations. To that end the City drafted its own marketing plan instead of relying on the 2012 TDP. Departmental goals for FY 2019/20 and FY 2020/21 reflected efforts to create meaningful, cost-effective advertising for the Dial-A-Ride.

Building on the recommendations set forth in the 2019 triennial performance audit, the City’s marketing team created the new marketing plan mentioned above to guide ample and consistent advertising for Dial-A-Ride. Next, the team launched a social media campaign in the fall of 2019 and initiated a marketing log for record-keeping.

Unfortunately, plans were put on hold because of COVID-19. In early 2020, the City halted advertising for Dial-A-Ride since distance requirements of 6 feet needed to be maintained on the buses and they could not accommodate additional riders. Later as restrictions eased, notifications

were sent to all City residents and businesses through the water bill in December 2020 and March 2021. The marketing plan was intentionally not advanced in 2021 as COVID extended into the third year. Throughout the pandemic, Tehachapi was able to maintain full operations without a reduction in service.

Promotion of Dial-A-Ride resumed in the spring of 2022 again with a social media campaign. In addition, the marketing team performed an analysis of unique pick up and drop off locations to determine where, how, and by whom the Dial-A-Ride is most currently being used. A post-pandemic marketing plan will be finalized, and full marketing efforts are expected to resume presently.

Status: Implemented.

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Chapter 5 | Data Reporting Analysis

An important aspect of the Triennial Performance Audit process is assessing how effectively and consistently the transit operator reports performance statistics to local, state, and federal agencies. Often as a condition of receipt of funding, an operator must collect, manage, and report data to different entities. Ensuring such data are consistent can be challenging given the differing definitions employed by different agencies as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported by the City of Tehachapi both internally as well as to outside entities during the audit period.

All data was reported consistently between internal and external reports.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$273,719	\$260,754	\$305,301
<i>National Transit Database</i>	\$273,719	\$260,754	\$305,301
<i>State Controller Report</i>	\$273,718	\$260,754	\$305,301
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$6,387	\$5,288	\$4,236
<i>National Transit Database</i>	\$6,387	\$5,288	\$4,236
<i>State Controller Report</i>	\$6,387	\$5,288	\$4,236
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	2,205	2,218	2,179
<i>National Transit Database</i>	2,205	2,218	2,179
<i>State Controller Report</i>	2,205	2,218	2,179
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	18,867	15,007	11,862
<i>National Transit Database</i>	18,867	15,007	11,862
<i>State Controller Report</i>	18,867	15,007	11,862
Passengers			
<i>Monthly Performance Reports</i>	5,730	4,385	3,338
<i>National Transit Database</i>	5,730	4,385	3,338
<i>State Controller Report</i>	5,730	4,385	3,338
Full-Time Equivalent Employees			
<i>State Controller Report</i>	5	6	7

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Chapter 6 | Performance Analysis

Performance indicators are typically employed to quantify and assess the efficiency of a transit operator's activities. Such indicators provide insight into current operations as well as trend analysis of operator performance. Through a review of indicators, relative performance as well as possible inter-relationships between major functions is revealed.

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

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

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

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

The procedures used to calculate TDA-required performance measures for the current triennium were verified and compared with indicators included in similar reports to external entities (i.e., State Controller and Federal Transit Administration).

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667¹. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period²:

¹ CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

² Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.

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

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and *Miles (VSM)* are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.³ For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

Passenger Counts

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

Employees

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

Fare Revenue

Fare revenue is defined by California Code of Regulations Section 6611.2 as revenue collected from the farebox plus sales of fare media.

³ A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

TDA Required Indicators

To calculate the TDA indicators for the City of Tehachapi, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the City's audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via State Controller Reports for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. The City calculates VSH using driver trip sheets. The City's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via State Controller Reports for each fiscal year covered by this audit. The City calculates VSM by subtracting deadhead and out-of-service miles from total vehicle mileage (as noted on each vehicle's odometer). This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller Reports for each fiscal year covered by this audit. The City's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation was confirmed.

System Performance Trends

System-wide, operating cost experienced a net 11.5 percent increase during the audit period and a 50.1 percent net increase across the six-year period. The overall increase was due primarily to significant increases in operating cost in FY 2017/18 and FY 2020/21. (The increase in FY 2020/21 was due to a 20 percent increase in contractor costs.) Fare revenue experienced a significant increase in FY 2017/18 (39.4 percent) before decreasing every year of the audit period. Fare revenue decreased 33.7 percent during the audit period.

Vehicle Service Hours (VSH) experienced slight increases between FY 2017/18 and FY 2019/20. VSH saw a net 0.8 percent increase over the six-year period, but a net 1.2 percent decrease during the audit period. Vehicle Service Miles (VSM) decreased every year with the exception of FY 2018/19, resulting in a net 37.1 decrease across the audit period and a net 52.6 decrease during the six-year period. Ridership decreased every year with the exception of FY 2017/18, though these declines were greatest during the audit period. Overall, ridership experienced a net decrease of 62 percent during the audit period, and 58.4 percent across the six-year period.

Cost-related metrics typically provide an indicator of a system's efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics. Operating cost per vehicle service hour, vehicle service mile, and passenger all increased significantly during the audit period, reflective of a decline in

efficiency. Productivity also declined significantly, as passengers per VSH and VSM both decreased during the audit period. Neither change is surprising, given the impact of the COVID-19 pandemic on transit operations and ridership.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$203,451	\$216,608	\$262,565	\$273,718	\$260,754	\$305,301
<i>Annual Change</i>		6.5%	21.2%	4.2%	-4.7%	17.1%
Fare Revenue (Actual \$)	\$4,783	\$5,068	\$7,064	\$6,387	\$5,288	\$4,236
<i>Annual Change</i>		6.0%	39.4%	-9.6%	-17.2%	-19.9%
Vehicle Service Hours (VSH)	2,161	2,149	2,204	2,205	2,218	2,179
<i>Annual Change</i>		-0.6%	2.6%	0.0%	0.6%	-1.8%
Vehicle Service Miles (VSM)	24,999	22,921	18,331	18,867	15,007	11,862
<i>Annual Change</i>		-8.3%	-20.0%	2.9%	-20.5%	-21.0%
Passengers	5,243	4,637	6,368	5,730	4,385	2,179
<i>Annual Change</i>		-11.6%	37.3%	-10.0%	-23.5%	-50.3%
Employees	2	2	4	5	6	7
<i>Annual Change</i>		0.0%	100.0%	25.0%	20.0%	16.7%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$94.15	\$100.79	\$119.13	\$124.14	\$117.56	\$140.11
<i>Annual Change</i>		7.1%	18.2%	4.2%	-5.3%	19.2%
Operating Cost/Passenger (Actual \$)	\$38.80	\$46.71	\$41.23	\$47.77	\$59.46	\$140.11
<i>Annual Change</i>		20.4%	-11.7%	15.9%	24.5%	135.6%
Passengers/VSH	2.43	2.16	2.89	2.60	1.98	1.00
<i>Annual Change</i>		-11.1%	33.9%	-10.1%	-23.9%	-49.4%
Passengers/VSM	0.21	0.20	0.35	0.30	0.29	0.18
<i>Annual Change</i>		-3.5%	71.7%	-12.6%	-3.8%	-37.1%
Farebox Recovery	2.4%	2.3%	2.7%	2.3%	2.0%	1.4%
<i>Annual Change</i>		-0.5%	15.0%	-13.3%	-13.1%	-31.6%
Hours/Employee	1,080.5	1,074.5	551.0	441.0	369.7	311.3
<i>Annual Change</i>		-0.6%	-48.7%	-20.0%	-16.2%	-15.8%
TDA Non-Required Indicators						
Operating Cost/VSM	\$8.14	\$9.45	\$14.32	\$14.51	\$17.38	\$25.74
<i>Annual Change</i>		16.1%	51.6%	1.3%	19.8%	48.1%
VSM/VSH	11.57	10.67	8.32	8.56	6.77	5.44
<i>Annual Change</i>		-7.8%	-22.0%	2.9%	-20.9%	-19.5%
Fare/Passenger	\$0.91	\$1.09	\$1.11	\$1.11	\$1.21	\$1.94
<i>Annual Change</i>		19.8%	1.5%	0.5%	8.2%	61.2%

*Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.
 FY 2018/19 – FY 2020/21 data from State Controller Reports.*

Exhibit 6.2 System Ridership

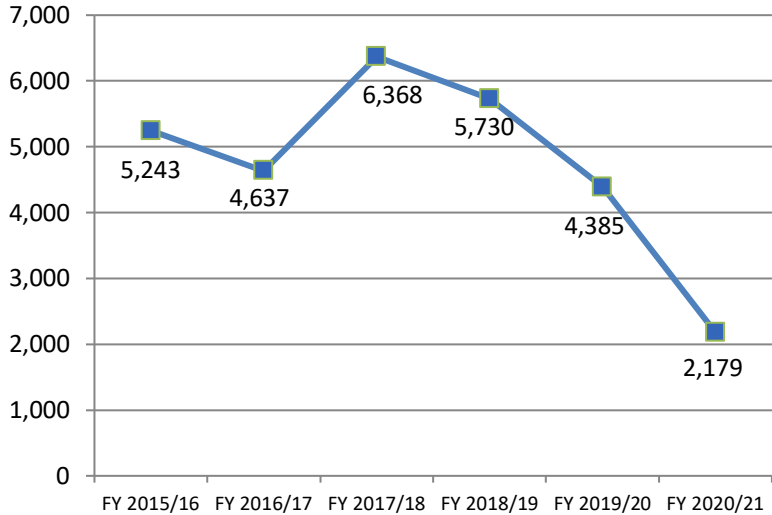


Exhibit 6.3 System Operating Cost/VSH

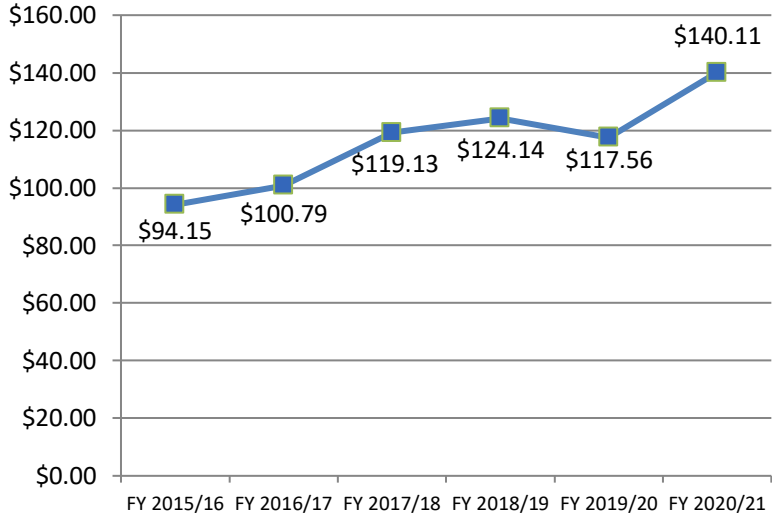


Exhibit 6.4 System Operating Cost/VSM

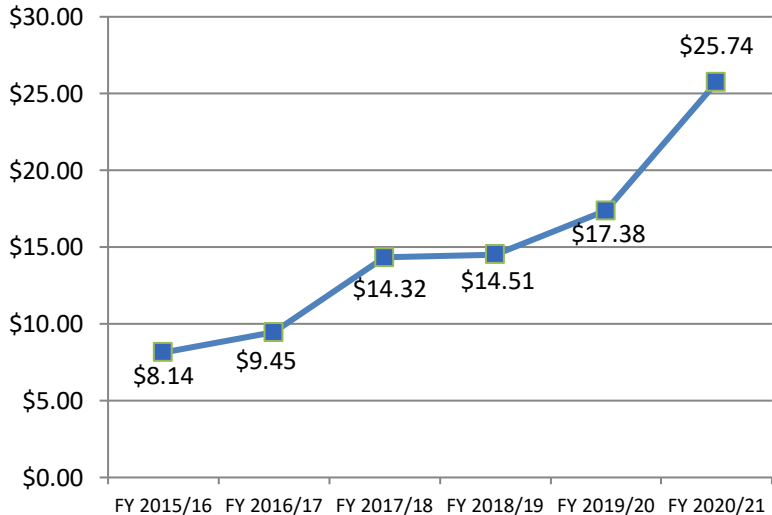


Exhibit 6.5 System VSM/VSH

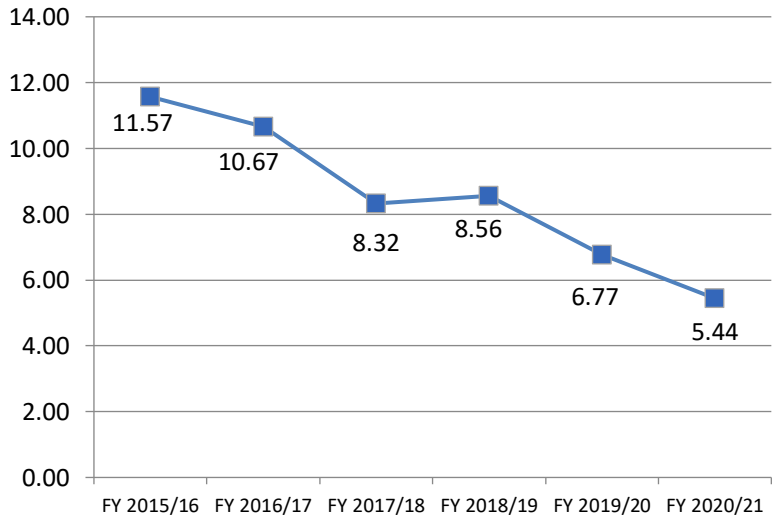


Exhibit 6.6 System Operating Cost/Passenger

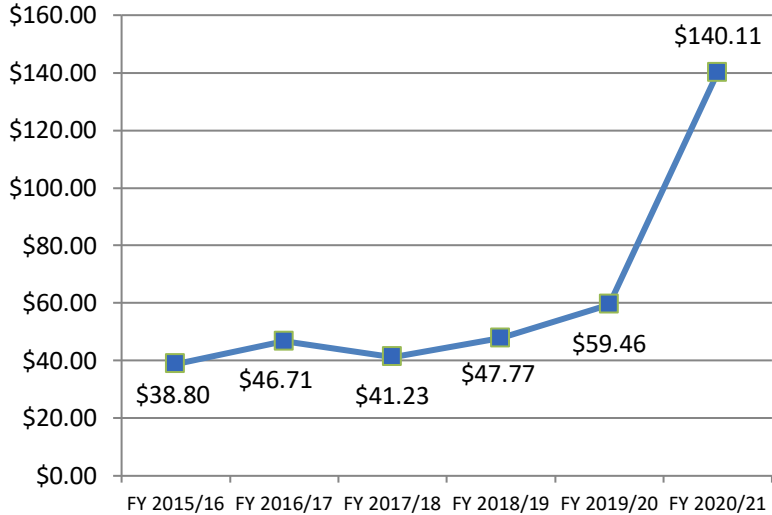


Exhibit 6.7 System Passengers/VSH

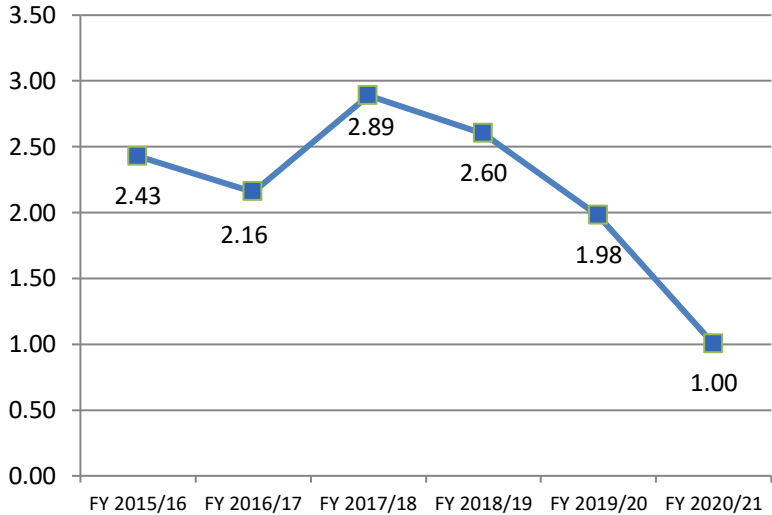


Exhibit 6.8 System Passengers/VSM

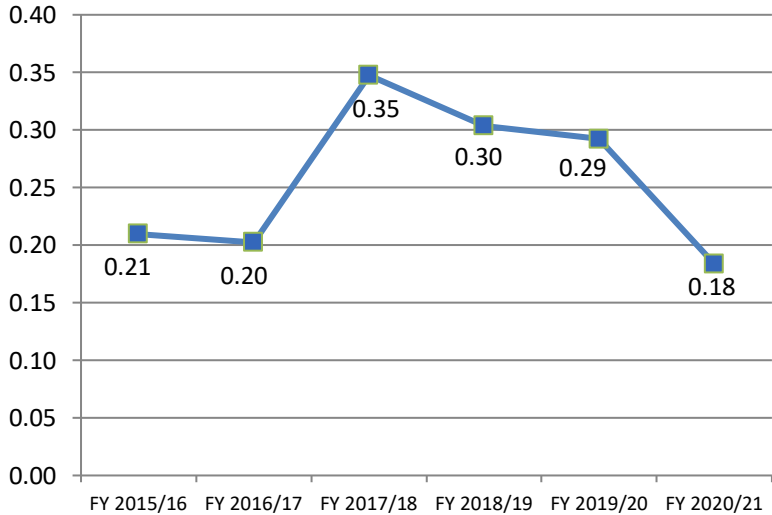


Exhibit 6.9 System VSH/FTE

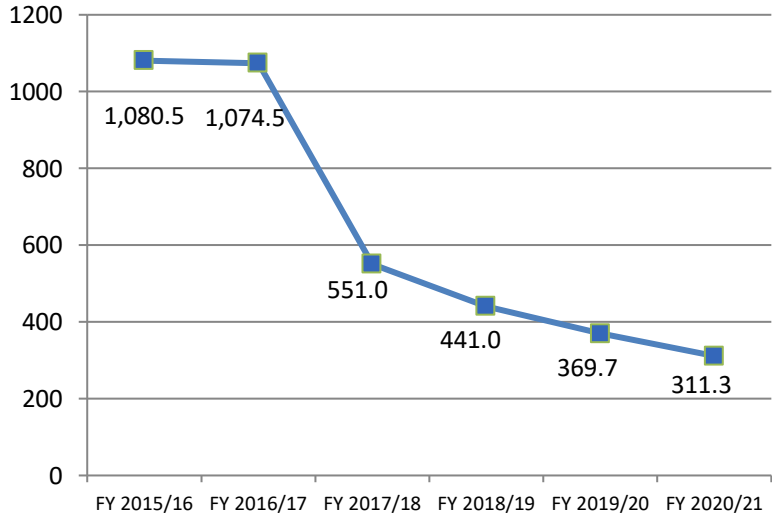


Exhibit 6.10 System Farebox Recovery

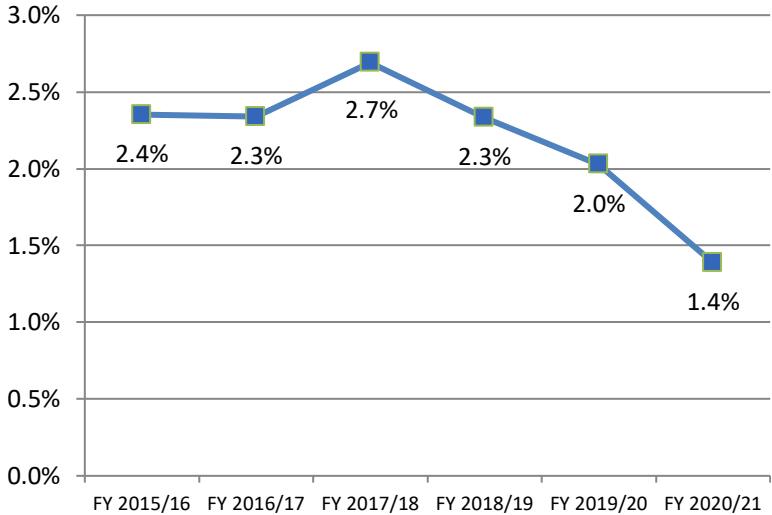
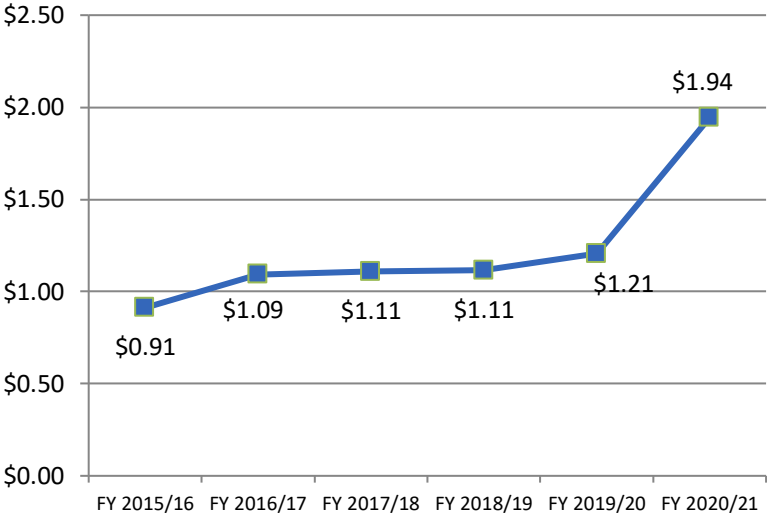


Exhibit 6.11 System Fare/Passenger



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Chapter 7 | Functional Review

A functional review of the City of Tehachapi’s public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the City’s transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by the City of Tehachapi through its transit program:

- General management and organization;
- Service planning;
- Administration;
- Marketing and public information;
- Scheduling, dispatch, and operations;
- Personnel management and training; and
- Fleet maintenance.

Service Overview

Tehachapi Dial-A-Ride is a curb-to-curb, general public, demand-responsive transit service operated under contract by Kern Transit within Tehachapi and adjacent unincorporated areas. Kern Transit also provides demand-response service for other cities and rural areas within Kern County. The Tehachapi service area boundary includes the area within Tehachapi city limits as well as the unincorporated community of Golden Hills located about four miles to the west.

Dial-a-Ride operates Monday through Friday from 6:00 a.m. to 7:00 p.m., and Saturday from 7:30 a.m. to 5:30 p.m. Service is provided within the communities of Tehachapi, Old Towne, and Golden Hills. Trips are provided on a first-come, first-served basis. Reservations are required at least one day in advance to guarantee a ride and can be made no more than two weeks in advance. Dial-a-Ride does not operate on Sunday or designated holidays.

Exhibit 7.1 Tehachapi Dial-A-Ride Fare Structure

Zone	One-Way Fare
General Public	\$2.00
Seniors (62+)	\$1.00
Disabled	\$1.00
Youth (5-15)	\$1.00
Children 4 and under	Free

Tehachapi Dial-a-Ride passengers may transfer to Kern Transit Route 100 (Bakersfield-Lancaster) and Route 20MT (Tehachapi-Boron) at the Tehachapi Park & Ride. Route 100 operates Monday through Sunday between the communities of Bakersfield, Keene, Tehachapi, Mojave, Rosamond, and Lancaster. Passengers may transfer to other regional transit services in Bakersfield, Mojave, and Lancaster. Route 20MT provides two round trips per weekday day between Tehachapi and Boron. The bus stop near the Park & Ride is also served by the Amtrak Thruway Bus traveling between Santa Barbara and Las Vegas via Bakersfield.

Response to COVID-19 pandemic

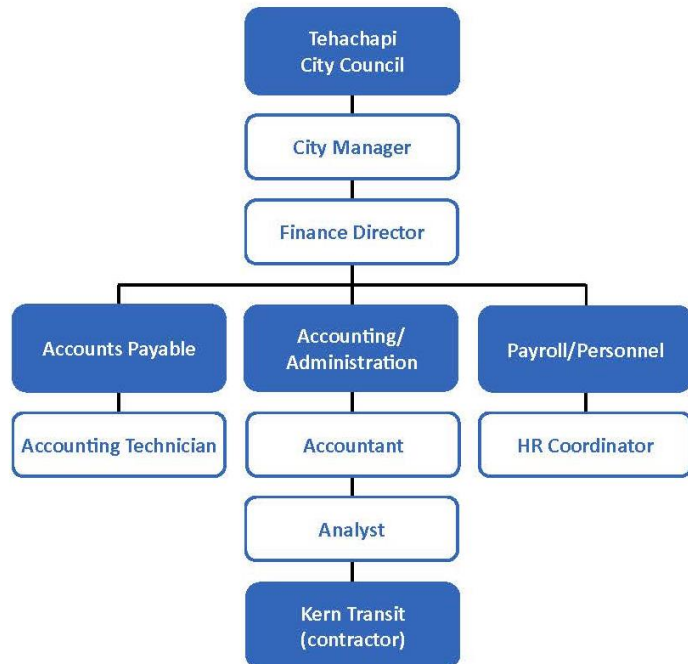
The City implemented mandatory masking and social distancing onboard the vehicles. These restrictions were lifted in April 2023. While the service did not market to new riders, the City ensured the public was informed on the continuing service and the requirements to ride. The City felt confident in its choice to wait and maintain service during the pandemic. Dial-A-Ride’s availability to seniors and the disadvantaged in the community was of critical importance to the helping the community navigate this difficult time period.

General Management and Organization

Day-to-day operation of the City’s transit program is provided by the County of Kern (Kern Transit). Operating data is reported to the City on a monthly basis, at which time it is reviewed by staff, and City staff report to the City Council annually. Within the City, transit is managed through the Finance Department. The Finance Director, who reports to the City Manager, is responsible for filing TDA claims and external reports. The Financial Analyst is the liaison between the City and other governmental agencies. Kern Transit and the City of Tehachapi jointly handle the Article 8 “unmet transit needs” public process.

The five-member Tehachapi City Council is the City’s principal policy-making body for the City’s transit service. Council meetings are held at the Tehachapi Police Department Community Room (220 West C Street) on the first and third Mondays of each month at 6:00 p.m. There is no citizen’s advisory committee. The City Council has expressed particular interest in improving the farebox ratio. In response, City staff educated the Council on the farebox ratio history, provided data, answered input, and made recommendations.

Exhibit 7.2 Organizational Chart



Service Planning

The Kern Council of Governments (RTPA) is primarily responsible for transit planning for the City of Tehachapi through the periodic development of a Short Range Transit Plan (SRTP) or Transit Development Plan (TDP). The most recent TDP was completed in June 2012. Kern COG is in the process of identifying grants to fund updates to outdated planning efforts.

Public participation is encouraged through the annual public hearing held for the unmet transit needs process. There is a Title VI complaint form available online, as well as time set aside for public comment at all City Council meetings.

Administration

The Finance Director handles annual budgeting for the transit program. The City Manager works with the Finance Director to discuss budget requests. Once an initial budget is prepared, the Executive Committee hold internal budget workshops and meetings. A final draft of the budget is prepared and presented to the City Council for approval and adoption. The full budget is reviewed at mid-year and can be adjusted if necessary; however, department heads continually monitor it throughout the year. The City Manager can also authorize a budget transfer within a fund, and has the authority to appropriate up to \$50,000 per fund above the budget if fund balance is available. Financial data is monitored using Springbrook software.

New grant opportunities are identified at the department level and presented to the Executive Committee for consideration once they have been evaluated for feasibility. In order to be considered, grant programs need to fund improvements in line with the City's priorities and Transit Development Plan. The Financial Analyst is responsible for grant management.

Risk management for City staff and vehicles is handled under the Finance Department; however, insurance and the claims for Dial-A-Ride are handled by Kern Transit. The City is self-insured and is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The City has a safety committee that meets quarterly and requires annual safety training for all employees. Bus safety is the responsibility of Kern Transit and National Express. The City has a current disaster response plan, though transit does not play a significant role.

Employees submit timesheets to the Director of each department for approval. Direct deposit is available and all employees utilize the option. Personal information and payroll data are securely managed and access is limited.

Separate accounting technicians handle accounts payable and accounts receivable. Goods and services are verified as received by the ordering department before invoices are paid. The City has a procurement handbook. Purchases under \$5,000 can be approved at the director/manager level, while purchases between \$5,000 and \$30,000 must be approved by the City Manager. Purchase above \$30,000 require City Council approval.

The City contracts transit operations and maintenance services to the County of Kern, which in turn contracts with National Express. The City has had no concerns with the operator. The Finance Director reviews and approves all County transit invoices.

Marketing and Public Information

On recommendation from the prior triennial performance audit, the City developed an up-to-date marketing plan. Previously service advertising was included in the water bill, local newspaper, and on-screen theater advertising. The new plan implements social media outreach and other low-cost alternative marketing. The City is pleased with the productivity of the marketing through social media for the amount of money spent. The first promotional campaign was launched in June 2022, and the City has yet to develop comparative data. Discussions on updating the physical service brochures are in the works and the current brochures are available in English and Spanish at City Hall, the Police Department, onboard the vehicles and at the Senior Center.

The City conducted a study of pick-up and drop-off locations toward the end of the pandemic to assess where the service was being utilized, and it is reviewing this data to determine how it will influence marketing. The City is talking about exploring expansion, but realize it is a significant undertaking that may not be supported by demand. At present the primary goal is to increase the farebox recovery ratio.

Kern Transit fields all customer service calls, and calls received by the City are generally routed to Kern Transit. The most frequent customer requests fielded by City staff are requests for service information. Any complaints or issues reported to the City that are within its purview are referred to management. Comments on social media regarding service have been positive.

Scheduling, Dispatch, and Operations

The County's transit service (Kern Transit) is currently operated by National Express, which has held the contract since November 1, 2016. Prior to that point the service was operated by First Transit.

Service in Tehachapi is provided with two vehicles per day utilizing two full-time drivers; schedules overlap during mid-day. Kern Transit drivers who operated Dial-A-Ride services typically live within the communities they serve. Drivers bid on assignments every six months based on seniority.

Dispatching for the County transit program is conducted out of three locations: Bakersfield, Mojave, and Lake Isabella. Three dispatchers are provided on different shifts. Dispatching for Tehachapi primarily takes place out of the Mojave office.

The County of Kern is responsible for collecting and depositing all fares, which are deducted from the City's monthly invoice. Fareboxes are removed every other day (Monday/Wednesday/Friday) and the vehicles probed by a contractor employee, who takes the fareboxes to Bakersfield. Fares are taken to the County, where staff reconciles cash fares with the report generated by the farebox system. Cash goes into the County's regular deposit.

Personnel Management and Training

Two full-time drivers are assigned to the Tehachapi service. Kern Transit drivers are represented by the Teamsters union. Drivers bid on the Tehachapi service just like all other Kern Transit bids. The Tehachapi bid is kept separate; drivers who are driving for Tehachapi do not drive for other routes/services. However, there are others besides the two dedicated drivers who are familiar with the Tehachapi service who can cover the route in case of driver illness or absence.

National Express handles driver recruitment. The contractor has done a good job in recruiting and training drivers, though the driver position does tend to be a high-turnover position. There has been much less turnover with respect to the Tehachapi drivers, who are experienced and know their passengers.

National Express provides all new and continuing driver training. Their in-house training programs can provide full training for a new recruit as well as appropriate training for experienced recruits. Safety meetings are conducted every month. Onboard software (DriveCam) helps to keep drivers accountable. Safety concerns/questions from drivers are addressed on a one-on-one basis.

Maintenance

The County of Kern provides maintenance for Kern Transit at its Bakersfield terminal. When maintenance is required, the vehicle is rotated out to Bakersfield and a replacement vehicle is provided for revenue service. The County tracks vehicle mileage, and the dispatcher in Bakersfield knows when a vehicle is getting close to its mileage for preventive maintenance. The vehicle will not be sent out if it will go over its allotted miles. Dispatch and maintenance are located on the same property in Bakersfield.

Buses used for the Tehachapi service are stored at Tehachapi Municipal Airport on City-owned property unless it needs to be brought back to Bakersfield for maintenance. The County does not have dedicated vehicles for the Tehachapi service; any Kern Transit-branded Dial-A-Ride vehicle may be utilized. All vehicles are owned by the County of Kern.

The City has three bus shelters, which are located near the Park & Ride on Tehachapi Blvd.

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Chapter 8 | Findings and Recommendations

Conclusions

With one exception, Moore & Associates, Inc. finds the City of Tehachapi to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

Findings

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents one compliance finding:

1. The City did not appear to have reserved STA funds for capital purposes due to not passing the STA efficiency tests in FY 2019/20.

The audit team has identified no functional findings.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City of Tehachapi's public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Given there are no functional findings, only compliance findings and recommendations are presented below.

Compliance Finding 1: The City did not appear to have reserved STA funds for capital purposes due to not passing the STA efficiency tests in FY 2019/20.

Criteria: Under PUC 99314.6, operators must pass one of two efficiency tests (based on operating cost per vehicle revenue hour) in order to be able to use their full allocation of STA funding for operating purposes. Only one of the tests must be passed in order to be considered eligible. If an operator does not pass either test, it must reserve a portion of its STA allocation for capital purposes. This portion is determined by the lowest percentage by which an operator fails the efficiency test. In FY 2020/21, AB 90 provided a waiver from the efficiency test due to the COVID-19 pandemic, thereby allowing operators to utilize their STA funds for either purpose regardless of compliance with the efficiency standards.

Audited data is required for these efficiency tests, so in many cases the latest audited year is actually two years prior to the claim year. However, depending on when the claim is filed, audited data for the prior year may be available and may be used.

Prior to FY 2019/20 TDA claims, the Kern COG did not include the efficiency tests as part of the claims process. This was implemented following completion of the prior Triennial Performance Audit in 2019, and the tests were incorporated into the claims process for FY 2019/20.

Condition: In its FY 2019/20 TDA claim, the City submitted an STA efficiency test form which showed it did not pass either test. The first test, which compares the most recent audited year with the prior audited year adjusted to reflect the change in the Consumer Price Index (CPI) had a percentage difference of 1.58 percent. The second test, which compares the most recent three-year period with the prior three-year period adjusted by the change in CPI, had a percentage difference of 0.85 percent. Therefore, the City should have adjusted its STA claim to reserve 0.85 percent of its apportionment (which totaled \$121,062), or \$1,029, for capital purposes, while it could use the remainder for operating purposes.

Since the City did not submit a STA efficiency test form for FY 2018/19, it is unclear whether it passed one or both tests and, if not, whether any STA funding was reserved for capital. During the site visit, City representatives were unable to recall as to whether any STA funding was reserved for capital purposes during either year. It was also unclear from the TDA claims how the STA funds were claimed.

Cause: The efficiency form is a relatively new addition to the TDA claim form.

Effect: There may still be some confusion as to how the efficiency tests impact STA claims.

Recommendation: Ensure the STA efficiency tests are correctly calculated and that any necessary restrictions in funding use are reflected within the TDA claim.

Recommended Action: This is a recommendation for the City to address in conjunction with the Kern COG. The City needs to complete the efficiency form for submittal within the TDA claim and ensure it is making the appropriate request for STA capital funding should it fail to pass at least one of the tests. The Kern COG needs to review the efficiency tests and ensure the claims correctly address any restrictions on use of STA funding. The reserved amount should also be recalculated (since it is based on a percentage) if the amount of STA changes subsequent to the original TDA claim.

Given the City is not typically responsible for capital expenditures (as vehicles are owned by Kern Transit), the City should work with Kern COG to determine its options regarding STA funds that must be reserved for capital purposes. The City may be able to reserve its capital funds for a future eligible expenditure, or it may be able to transfer those funds to the County of Kern as a contribution to its capital program. This would require coordination with Kern COG to determine the appropriate use of these funds.

Timeline: FY 2023/24 (the waiver from eligibility requirements ends after FY 2022/23).

Anticipated Cost: None.

Exhibit 8.1 Audit Recommendations

	TDA Compliance Recommendation	Importance	Timeline
1	Ensure the STA efficiency tests are correctly calculated and that any necessary restrictions in funding use are reflected within the TDA claim.	High	FY 2023/24