Long Beach Transit

Triennial Performance Review
FY 2019 to FY 2021

MAY 2022
Final Report

Submitted by

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in association with
SGN & Associates, LLC

Table of Contents

Summary of Exhibits

1. Executive Summary

This report presents the results of the triennial performance review of the Long Beach Transit's public transit program. The purpose of the review is to provide a tool for Long Beach Transit's management and the California State Department of Transportation (Caltrans) to review performance trends, evaluate compliance with California's Transportation Development Act (TDA), and obtain a high-level review of key functional achievements and challenges during the review period. This triennial performance review was conducted in accordance with the Caltrans TDA Performance Audit Guidebook under California Public Utilities Code (PUC) Section 99246.

The period reviewed encompasses the three-year period from July 1, 2018 through June 30, 2021**.** The performance review included a review of the following:

- **Compliance with PUC –** ensuring compliance with applicable PUC requirements.
- **Data Collection and Reporting –** verification of TDA data collection and reporting procedures.
- **Prior Review Recommendations –** reporting on implementation of the prior triennial performance review recommendations.
- **Performance Trends –** summaries of performance indicators for the review period.
- **Functional Review –** high-level review of key functional areas surveyed as part of the process of conducting the review, resulting in suggestions for operational and management improvements.

Our findings and recommendations include the following:

COMPLIANCE WITH PUC

Long Beach Transit met all compliance requirements with respect to the PUC Section 99246.

DATA COLLECTION AND REPORTING

Long Beach Transit was highly consistent with its reporting of key financial and operating statistics between the various agencies.

PRIOR REVIEW RECOMMENDATIONS

Long Beach Transit did not receive any prior recommendations or findings during its FY 2016 - FY 2018 Triennial Performance Review.

PERFORMANCE TRENDS

Long Beach Transit system performance was significantly impacted by the coronavirus pandemic in FY 2020 and FY 2021 and instituted protocols for employee safety, including on-site COVID testing and vaccination stations. The agency was also involved in coordinating best practices at the regional level, while monitoring its system's key performance indicators in order to minimize service inefficiencies.

FUNCTIONAL REVIEW

Long Beach Transit provides detailed policies and procedures for all of its farebox, cash and non-cash media activities. Monthly reports are verified by members of the agency's Finance and Budget staff and reconciled with passenger reports generated by LBT's Transit Service Delivery and Planning Division staff. The high level of data consistency in Long Beach Transit's compliance reporting is reflective of the thoroughness of its policies and procedures and the effectiveness of its internal controls.

RECOMMENDATION

We recommend Long Beach Transit, as a member of the Bus Operations Subcommittee pursue clarification from L.A. Metro on the definition of "local subsidy," as it relates to TPM reporting and subsequent calculations of farebox recovery ratios. These discussions should address required Maintenance of Effort funding to ensure that system-generated local contribution requirements are met.

2. Performance Review Approach and Methodology

PERFORMANCE REVIEW APPROACH

The State mandates that all recipients of TDA funding undergo a performance review every three years in order to remain eligible for future TDA funding. In July 2021, the Los Angeles County Metropolitan Transportation Authority (Metro) retained BCA Watson Rice LLP (BCA) to conduct a Triennial Performance Review of the Long Beach Transit system. The BCA Team conducted this performance review in accordance with the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September, 2008, Third Edition* (Guidebook) produced by the California Department of Transportation.

While the Guidebook provides general information regarding performance review requirements and suggested approaches and methodologies, more specific information that is necessary in understanding and defining the scope of these reviews is included in the *Transportation Development Act, Statutes and California Code of Regulations, July 2018* (TDA Code). While various sections of these regulations are periodically updated through legislative action, the annual booklet of TDA Code has not been updated during this triennium. To ensure that this review addressed legislative changes enacted in the past three years, an overview of recent legislation was conducted to examine its potential impact on the FY 2019 - 2021 Triennial Performance Review of Los Angeles County operators.

Legislative Issues Affecting the Triennial Performance Review

Since 2018, three legislative bills were passed into law that may have implications on this year's performance review. Assembly Bill (AB) 90, signed into law in June 2020 and AB 149 enacted in July 2021 mitigate penalties for noncompliance with requirements for allocation of state funding to the State Transit Assistance Program (STA), which result in funding reductions. Amendments to STA provisions provide stability for funding that could

be impacted by service productivity losses experienced by transit operations statewide, due to the coronavirus pandemic.

A third bill, Senate Bill (SB) 1119, amends the Low Carbon Transit Operations Program (LCTOP) to permit the use of these funds for transit fare subsidies, including discounted and free student transit passes. This provision may impact how fare revenues are aggregated for the purpose of calculating TDA mandated farebox recovery ratios.

Statutory changes made by AB 90 and AB 149 waive funding penalties for noncompliance with farebox recovery ratio, reasonable progress toward implementing prior year performance audit recommendations, STA efficiency standard requirements and 50% expenditure limitation through FY 2022 – 23. The Triennial Performance Review does not consider compliance with the STA efficiency standard or the 50% expenditure limitation; however, it does assess compliance with farebox recovery ratio standards and progress on prior year audit recommendations.

In conducting this year's review, given this most recent legislative direction, our reports will reflect any findings of noncompliance related to follow-up on prior performance recommendations (PUC 99244) or farebox recovery standards (PUC 99268.2 and 99268.3) as not being subject to funding penalties by the Regional Transportation Planning Entity.

A fourth legislative change, SB 508 enacted in October 2015, redefined the term *local funds* as follows:

> Section 99268.19. If fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost required by the article, an operator may satisfy that requirement by supplementing its fare revenues with local funds. As used in this section, "local funds" means any "nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator."

This legislative change will become relevant in the review of farebox recovery calculation consistency.

The performance review included a review of:

- **Compliance with PUC Section 99246** – evaluating the efficiency, effectiveness and economy of the operation of the entity being reviewed, including, but not limited to, a verification of the performance indicators defined in PUC Section 99247:
    - Operating cost per passenger
    - Operating cost per vehicle hour
    - Passengers per vehicle service hour
    - Passengers per vehicle service mile; and
    - Vehicle service hours per employee
- **Data Collection and Reporting** – verification of TDA data collection and reporting procedures as well as consistency of data reporting between the following reports: Metro's Transit Performance Management (TPM), federal National Transit Database (NTD) and State Controller's Transit Operators Financial Transactions Report.
- **Prior Review Recommendations** – reporting on implementation of prior triennial performance review recommendations.
- **Performance Trends** – summaries of performance indicators for the review period related specifically to operational performance, efficiency and effectiveness. This review acknowledges the negative impacts of the coronavirus pandemic on transit ridership beginning in FY 2020 and will analyze performance to the extent possible to examine performance from both a pre-pandemic and post-pandemic perspective.
- **Functional Review** - high-level review of key functional areas which were surveyed as part of the review process. Areas of review included general management, finance, administration, service planning, scheduling, dispatch, operations, maintenance, and marketing. The functional area interviews provide an opportunity to summarize best practices in the municipal transit emergency

response to the pandemic and challenges to rebuild ridership as the region recovers economically.

The draft report was submitted to management for review and comment, concerns were discussed with them as needed, and the final report provided to them. The exit interview with Long Beach Transit was conducted on May 23, 2022.

DOCUMENTS REVIEWED

The following compliance documents were reviewed to ascertain completion and timely submission to the appropriate reporting agency:

- National Transit Database (NTD) reports for FY 2019 through FY 2021
- State Controller Transit Operations Financial Transactions reports for FY 2019 through FY 2021
- Transit Performance Measurements (TPM) reports for FY 2019 through FY 2021
- Prior Triennial Performance Reviews and written responses to the recommendations
- Short Range Transportation Plans for FY 2019 through FY 2021 containing:
  - Organizational charts
  - Marketing documents and products
  - Service Route Maps and Schedules
  - Long Beach Transit Line Level Ridership
  - Planned service and capital improvement plan
  - Operating and capital financial statements
- California Highway Patrol Inspection Reports for FY 2019 through FY 2021

In conjunction with the functional area interviews, the following documents were provided by Long Beach Transit to support its data collection and reporting consistency practices:

- Completed *Functional Area Review Questionnaire*

- Farebox Operator Training Manual (Revised 11-15-19)
- LBT Maintenance Manual 2010 (Section 3.3)
- PCIT Center Clerk Procedures
- LBT1 and 2 Money Room Procedures
- PCIT Group Sales
- Opening and Closing Drawers Checklist

INTERVIEWS WITH KEY MANAGEMENT

The following management team members were interviewed as part of the Triennial Performance Review:

- Kenneth McDonald, President and Chief Executive Officer
- Lee Burner, Executive Director/Vice President, Transit Service Delivery and Planning
- Lisa Patton, Executive Director/Vice President, Finance and Budget
- James Scott, Executive Director/Vice President, Maintenance and Infrastructure
- Michael Gold, Executive Director/Vice President, Customer Relation and Communication
- Jeff Fortune, Capital and Grants Planner
- Sergio Ortiz, Manager, Fleet Maintenance
- Carol Lugo, Service Planning Assistant/Scheduler
- Enrique Medina, Superintendent, Transit Service Delivery
- Jennifer Saatjian, Manager, Finance
- Dino Smith, Manager, Training
- Irma Pamplona, Financial Analyst
- Shirley Hsiao, Manager, Service Development
- Freddie Vasquez, Supervisor, Revenue
- Terry Coon, Manager, Accounting
- Samantha Ihlenfeldt, Budget Analyst

- Ashley Liang, Treasurer
- Erlin Martinez, Grants Program Specialist

3. Background, Challenges and Accomplishments

Long Beach Transit (LBT) was established in 1963 as a non-profit organization to provide public transportation to the City of Long Beach and neighboring cities of Artesia, Bellflower, Carson, Cerritos, Compton, Hawaiian Gardens, Lakewood, Los Alamitos, Norwalk, Paramount Seal Beach and Signal Hill. It is governed by a seven-member Board which provides financial decisions and sets policy direction for the organization.

SYSTEM PROFILE

Long Beach Transit operates within a 100-square mile service area and provides the following modes of transportation:

- *Fixed Route* – Long Beach Transit operates a fixed route service with a fleet of 250 buses distributed over 35 different routes. Its' fixed route services begin at 3:55 a.m. and continue until 1:20 a.m., seven days a week.
- *Passport* – The complimentary service operates in the downtown Long Beach business district and along the waterfront, connecting major points of interest with surrounding hotels, businesses and government hubs. Service operates daily from 5:10 a.m. to 1:00 a.m. As of March 2020, LBT has suspended Passport services due to COVID – 19.
- *Commuter Express Service* – LBT operates express service between Long Beach and the UCLA/Westwood area.
- *ZAP Limited - Stop Service* – LBT operates two limited stop lines to reduce travel times to specified medical, educational and retail trip generators. Service is provided on weekdays from 6:50 a.m. to 7:02 p.m. As of March 2020, LBT has suspended ZAP limited - stop services due to COVID – 19.
- *Water Taxi* – Long Beach Transit contracts with Catalina Express to provide two water taxi services. The water taxi provides service within Queensway Bay providing point-to-point service to the Queen Mary, Hotel Maya, the

Aquarium of the Pacific, Pine Avenue Circle and Shoreline Village. The service operates year round with seven day service between April and September and weekend-only service from September to April.

- *Demand Response* – Dial-A-Lift is a service for persons with disabilities residing in the Cities of Long Beach, Signal Hill, Lakewood and Paramount. Long Beach Transit operates a fleet of 10 vehicles that operate Sunday through Thursday from 7:00 a.m. to 10:30 p.m., and on Fridays and Saturdays from 7:00 a.m. to 11:30 p.m. Long Beach Transit contracts with Global Paratransit, Inc. to provide these services. Global Paratransit, Inc. is responsible for the day-to-day operations of the fleet and LBT manages the eligibility process.

FARES

The following Exhibit 1 is a summary of Long Beach Transit fare structure. In addition, LBT offers the following fare options:

Strong Beach College Pass (Long Beach City College) – LBT is reimbursed at $.75 per boarding for all eligible students under the Strong Beach program at Long Beach City College.

U-Pass (California State University, Long Beach) – LBT is reimbursed at $.75 per rider for all currently enrolled university students under the U-Pass program. Staring in FY21, participating students were required to purchase 30-Day or 150-Day passes at the discounted rates.

Commuter Express – Long Beach Transit sells a one-ride, 1-Day pass and 30-Day pass via TAP card for customers wishing to ride on UCLA/Westwood commuter express (Route 405).

EZ Pass – LBT sells and accepts this monthly regional pass that allows unlimited travel on participating transit agencies and L.A. Metro. Long Beach Transit is reimbursed at its average fare per passenger for each boarding using this fare media.

Low Income Fare is Easy (LIFE) – Long Beach has joined Metro's Rider Relief Transportation Program (RRTP), which provides subsidy coupons or tokens for individuals that meet the requirements of the program. The coupons may be redeemed for daily, weekly and monthly EZ and other Metro passes.

Exhibit 1:
Summary of Transit Fares[1]

Fare Type	Cash	Tap Card	Local Transfer	Inter-Agency Transfer	Day Pass
LOCAL					
Adult	$1.25	$1.25	N/A	$0.50	$4.00
Student	$1.25	$1.25	N/A	$0.50	$4.00
Senior/Disabled/ Medicare	$0.60	$0.60	N/A	$0.50	$2.50
COMMUTER EXPRESS					
Adult	$4.00	N/A	N/A	N/A	$7.00
Student	$4.00	N/A	N/A	N/A	$7.00
Senior/Disabled/ Medicare	$2.00	N/A	N/A	N/A	$3.50
DIAL-A-LIFT					
Senior/ Disabled/ Medicare	$2.00	N/A	N/A	N/A	N/A

KEY CHALLENGES DURING THE REVIEW PERIOD

Challenges in addressing the coronavirus pandemic were the top priority for all transit operators during the triennial review period, beginning in February 2020, as the first cases of the COVID-19 virus were being documented in the United States. Initially, transit agencies began providing personal protective equipment for employees, upgrading

[1] Source: Long Beach Transit Short Range Transit Plan, FY 2019-2021

standard operating procedures for sanitizing vehicles and equipment and implementing in-service social distancing protocols. It would be a year later, January 29, 2021, before the Centers for Disease Control and Prevention (CDC) would issue an Order requiring the public to wear face masks while traveling on public transportation and in transportation hubs.

Following the issuance of the CDC guidance, Los Angeles County transit general managers convened a working group, representing seven transit agencies to review federal mask mandate requirements and develop common approaches for implementation throughout the region. The working group objectives were to:

- Review federal mask mandate regulations,
- Evaluate best practices in mandate implementation, and
- Recommend a compliance framework that outlined specific methods for transit operations to comply with federal mandates and provide the safest possible transit operating environment.

The compliance framework identified four primary components:

Customer Information and Messaging – The three recommended methods for providing customers with notice of the mask mandate included:

1. Printed materials on buses - including bus head signs, door decals, flyers and car cards;
2. Voice communications – using dispatch announcements, automated messages and bus operator statements; and,
3. Social media – using the agency's website, email mailings and other online media platforms.

Customer Access to Masks – Following a survey of best practices among transit operators across the state, the working group concluded that over 90% of transit agencies surveyed had procedures in place to issue face coverings to customers, if needed. It

identified optional dispensing methods and summarized a list of mask and dispenser vendors that could be sourced to obtain these supplies in the Los Angeles region.

Enforcement Strategies – The working group recommended the use of color-coded priority protocol when dealing with customers who are non-compliant with the mask mandate in an effort to minimize customer confrontations and service disruptions. The system required an operator to communicate with dispatch operations at all levels of noncompliance. Dispatch is responsible for monitoring each case identified and calling for operational or law enforcement support, as the situation requires.

Enforcement Exceptions – The working group reviewed federal mask mandate exemptions and recommended procedures applicable to transit operations, as they pertain to both passengers and employees.

The working group recommended that training be provided to bus operators and supervisors on the procedures outlined in the report and that agency management continue to monitor feedback from customers and its workforce, as well as further CDC guidance.

Other notable challenges experienced by Long Beach Transit during the review period included:

- Unplanned employee absences increased from 14.3% to 17.4% in FY 2021, primarily due to COVID-19.
- Declining farebox revenue due to the fare collection non-enforcement and reduced ridership, related to the pandemic.

KEY ACCOMPLISHMENTS DURING THE REVIEW PERIOD

The following is a summary of key accomplishments achieved by Long Beach Transit during the review period:

- Long Beach Transit executed a contract to expand its Battery Electric Bus (BEB) charging station capacity from 10 to 24 chargers on its LBT1 facility.

- LBT purchased its third order of 20 BEB replacement buses.
- The transit system installed 91 solar-powered LED light kits at bus stops on two of its major service corridors.
- LBT partnered with MOOVIT to offer its transit planning app to provide a convenient way for customers to trip plan, check bus arrival times, maps and service alerts.
- In an effort to prioritize LBT's customers and employees, LBT started administering on-site rapid COVID-19 tests at both of its operating facilities. These tests were offered twice weekly and continued through March 2021.
- Between February 24, 2021 and March 12, 2021, LBT provided on-site first round vaccines for its front line employees at both LBT1 and LBT2. Respective second round vaccines were administered to those who were vaccinated on-site.

4. Compliance Review

AREAS OF REQUIRED COMPLIANCE

The objective of this section is to detail compliance with the State's requirements for transit operations and regional planning, the recommendations set forth in the prior triennial performance review and maintaining a consistent reporting of performance statistics to local, state and federal agencies.

COMPLIANCE WITH THE STATE PUC REQUIREMENT

Transit systems must comply with TDA requirements that are specified in PUC Regulations and the California Code of Regulations as noted in Exhibit 2. The compliance matrix provides the degree to which funds allocated to the claimant pursuant to TDA requirements were expended in conformance with applicable laws and rules and regulations.

Long Beach Transit was found to be compliant with all applicable PUC requirements. It is noted that the recent change in the definition of "local subsidy" is not reflected in Long Beach Transit's calculation of *Farebox plus Local Subsidies* on its audited Transit Performance Measurements (TPM) report. This omission reflects the need for clarification and revision of the TPM reporting format, as it pertains to most, if not all of the operators in the region.

Exhibit 2:
Long Beach Transit's Compliance with PUC Requirements

Code Reference	Operator Compliance Requirements	Compliance Finding
PUC Section 99243	Submit annual reports to the State Controller, based on the Uniform System of Accounts and Records established by the State Controller, within seven months after the end of the fiscal year.	In Compliance
PUC Section 99245	Submit annual fiscal and compliance reviews to RTPE and State Controller within 180 days of the end of the fiscal year or receive 90-day extension.	In Compliance
PUC Section 99251	CHP has certified operator's compliance with Vehicle Code 1808.1 within 13 months prior to TDA claim submittal.	In Compliance
PUC Section 99261	Claims for TDA funds are submitted in compliance with RTPE's rules and regulations.	In Compliance
PUC Section 99264	Public transportation vehicles designed to be operated by one person are not routinely staffed with two or more persons.	In Compliance
PUC Section 99266	Operating budget has not increased by more than 15% over preceding year unless reasonable justification has been provided.	In Compliance
PUC Section 99267	The operator's definitions of performance measures are consistent with the PUC.	In Compliance
PUC Section 99268.2 99268.3	Operator has maintained a ratio of fare revenues to operating costs at least equal to or exceeding 20% for the general public service in urban areas.	In Compliance
PUC Section 99271	The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing an RTPE-approved plan to fully fund the retirement system within 40 years.	In Compliance
CA Code of Regs	Available federal funds are used prior to claiming STA funds.	In Compliance

CONSISTENCY OF DATA REPORTING

Operators are expected to consistently report performance statistics to local, state and federal agencies. Exhibit 3 provides a summary of key statistics provided to the following agencies:

- **LA Metro -** LA Metro annually requires the submission of a Transit Performance Measurement (TPM) form detailing key operating statistics.
- **State Controller's Office -** The state controller's office requires that all agencies submit an annual summary of financial statistics.
- **National Transit Database (NTD) -** The Federal Transit Administration (FTA) requires that transit agencies which receive FTA grants annually submit financial and operating data in uniform categories.

Long Beach Transit				
Exhibit 3: System-Wide Performance Measures				
Source	Base Year	Review Period		
	FY18	FY19	FY20	FY21
Operating Costs				
FTA National Transit Database	$ 87,405,807	$ 93,611,985	$ 92,339,794	$ 94,069,897
State Controller's Report	$ 88,644,865	$ 94,306,928	$ 100,127,187	$ 96,006,360
MTA TPM Program	$ 88,027,183	$ 94,326,446	$ 97,929,783	$ 94,261,889
Farebox Revenues				
FTA National Transit Database	$ 14,297,104	$ 13,854,161	$ 10,201,475	$ 145,959
State Controller's Report	$ 14,562,861	$ 14,167,350	$ 10,452,193	$ 154,380
MTA TPM Program	$ 15,067,998	$ 14,459,642	$ 10,692,706	$ 154,380
Local Subsidies and Auxiliary Revenues				
FTA National Transit Database	$ 801,753	$ 46,483,250	$ 48,782,114	$ 37,549,509
State Controller's Report	$ 1,324,830	$ 44,585,023	$ 50,769,044	$ 38,655,690
MTA TPM Program	$ 8,611,726	$ 10,797,835	$ 11,971,602	$ 8,947,526
Unlinked Passengers				
FTA National Transit Database	23,820,716	23,248,158	18,388,096	14,113,352
State Controller's Report	23,894,593	23,331,734	18,455,876	14,119,073
MTA TPM Program	23,894,593	23,331,734	18,455,876	14,119,073
Vehicle Service Hours				
FTA National Transit Database	737,437	748,552	643,188	509,615
State Controller's Report	741,294	794,836	646,753	509,760
MTA TPM Program	741,294	752,841	646,753	509,758
Vehicle Service Miles				
FTA National Transit Database	7,184,725	7,302,661	6,281,192	4,979,675
State Controller's Report	7,201,466	7,321,409	6,296,522	4,980,483
MTA TPM Program	7,201,467	7,321,409	6,296,522	4,980,483
Employee Full-Time Equivalents				
FTA National Transit Database	665	674	607	527
State Controller's Report	731	724	631	562
MTA TPM Program	715	724	735	562
Total Vehicle Hours				
FTA National Transit Database	782,424	796,913	682,056	535,741
State Controller's Report	Not Reported	Not Reported	Not Reported	Not Reported
MTA TPM Program	786,281	801,202	685,621	535,886
Total Vehicle Miles				
FTA National Transit Database	8,001,768	8,195,601	7,018,325	5,501,914
State Controller's Report	Not Reported	Not Reported	Not Reported	Not Reported
MTA TPM Program	8,018,509	8,214,349	7,033,655	5,502,722
Peak Vehicles				
FTA National Transit Database	197	196	196	128
State Controller's Report	201	200	200	130
MTA TPM Program	201	200	200	130

*For the TPM report, the local subsidies include local return such as Prop A and Measure R local return and, therefore, the reported figures will be different from the NTD and SCO reports.

Long Beach Transit was highly consistent in reporting key financial and non-financial operating statistics to its various reporting agencies. Variances exist in how the following statistics are required to be reported by state and federal reporting agencies:

Operating Costs

- Federal NTD report requires capital lease costs for items such as tires and facilities to be reported as operating expenses, where the State Controllers Report capitalizes these costs.
- NTD does not require the reporting of future liability based on present value of projected benefit payments for pension benefits as operating expense, while the State Controllers report requires reporting in accordance with GASB 68.
- Depreciation expense is excluded from operating expenses in NTD reporting, but included in State Controller reporting.
- Costs related to Water Taxi services contracted by Long Beach Transit are non-reportable by NTD.

Farebox Revenue

- Fares generated by Water Taxi service are reported to the State Controller, but excluded on the NTD report.

Local Subsidies and Auxiliary Revenues

- Since the inception of the regional Transit Performance Measurements (TPM) program, the category has been defined to include (non-farebox) system-generated revenues, such as advertising and other concession revenues, Air Quality Management District subvention funding and Local Return funds allocated to cities from county sales tax revenues and assigned to the transit system. With the enactment of SB 508, the definition of local subsidy has changed to include all countywide funds allocated to Long Beach Transit. This change has resulted in ambiguity in how this category is reported and requires further clarification. (See recommendation in the Conclusion section of this report.)

PRIOR REVIEW RECOMMENDATIONS

TDA audit guidelines require a follow-up as to whether recommendations from the prior period's review have been implemented. Long Beach Transit received no recommendations for improvement from the prior triennial performance review.

5. Operational Performance Trends

OVERVIEW

In this section we present the results of our analyses of performance statistics for the three-year review period for services operated by Long Beach Transit. California PUC Section 99246 mandates that a triennial performance review analyze an operator's performance of five key performance indicators:

1. Operating cost per vehicle service hour
2. Operating cost per passenger
3. Passengers per vehicle service hour
4. Passengers per vehicle service mile
5. Vehicle service hours per employee

Data for the analysis of these indicators were compiled using data from the NTD and the State Controller's reports prepared by Long Beach Transit. The performance trends cover the period from FY 2019 through FY 2021, with FY 2018 used as a base year to provide a point of reference for the analyses.

While designed to assess efficiency and effectiveness trends system-wide over the review period, this analysis has been exacerbated by the impacts of the coronavirus pandemic (COVID) which resulted in significant ridership losses due to "safer at home" restrictions and temporary shutdowns of nonessential businesses, beginning in March 2020. COVID effected transit system performance for one-third of FY 2020 and the entirety of FY 2021. During this period, transit operators, including Long Beach Transit, were challenged to continue to provide a level of transit service sufficient to meet the needs of essential workers who were not subject to stay at home orders.

Additionally, and foremost, the agency was required to implement safety protocols that maximized safety for its employees and customers. These protocols included purchase

of personal protective equipment (PPE) for all workers; implementation of remote communications networks for employees who could perform their work assignments from home; sanitizing equipment, vehicles and supplies to ensure safe use; and development of logistics to maintain safe interactions between motor coach operators and customers during in-service operation.

For the purposes of assessing Long Beach Transit's performance trends, this review will attempt to examine the TDA indicators by segmenting them into "pre-pandemic" and "post-pandemic" groupings.

PERFORMANCE INDICATOR TABLES – SYSTEM-WIDE

Prior to the pandemic, Long Beach Transit's FY 2019 operating costs increased by 7.10% over the FY 2018 base year. Service levels in that year remained stable, as indicated by the 1.51% and 1.64% increase in vehicle service hours (VSH) and vehicle service miles, respectively. Unlinked passengers declined by 2.4% in the first year of the review period.

In the next two years, the system experienced significant ridership and revenue losses due to the COVID environment. While operating costs decreased in FY 2020 (-1.36%), these costs rose slightly in FY 2021 by 1.87% in the pandemic's first full fiscal year. Ridership fell by 20.91% and 23.25% in FY 2020 and FY 2021, respectively. As a result, LBT reduced its service to maintain sufficient levels to continue to serve the essential trips still being taken on the system.

Below is a summary of high-level trends within key operational indicators followed by Exhibit 4, which provides detailed reporting by fiscal year:

- **Operating Cost Per Vehicle Service Hour –** Although operating costs decreased in FY 2020 below the first year of the review period, operating costs per VSH increased in each year of the review period. This was due to the decrease in service hours delivered in FY 2020 and FY 2021.

- **Operating Cost Per Passenger –** The steep decline in passengers resulted in this indicator increasing significantly over the review period. During the pandemic, operating costs per passenger rose by 24.71% in FY 2020 and 32.73% in FY 2021.
- **Passengers Per Vehicle Service Hour –** Although LBT adjusted its service levels downward as it began to experience the pandemic-induced ridership losses, this indicator reflects the overall loss in productivity. Passengers per VSH, which was in decline prior to the pandemic (-3.85%), continued to decline by -7.95% in FY 2020 and -3.13% in FY 2021.
- **Passengers Per Vehicle Service Mile –** This indicator changed in direct proportion to the change in passengers per VSH. Passengers per VSM declined from 3.18 in FY 2019 to 2.83 passengers per VSM in FY 2021.
- **Vehicle Service Hours Per Employee –** The number of full-time equivalent employees decreased over the review period which is reflective of regional labor shortages experienced in the transit industry, combined with the overall decline in transit demand due to the pandemic. VSH per FTE increased by 2.49% in FY 2019, and declined by -1.41% and -11.04% in FY 2020 and FY 2021, respectively.

Exhibit 4: Long Beach Transit System-Wide Performance							
	Pre - pandemic			Post - pandemic			
Performance Measure	Base Year FY18	FY19	Percent Change FY18 - 19	FY20	Percent Change FY19 - 20	FY21	Percent Change FY20 - 21
Key Base Measures							
Operating Costs	$ 87,405,807	$ 93,611,985	7.10%	$ 92,339,794	-1.36%	$ 94,069,897	1.87%
Fare Revenue	$ 14,297,104	$ 13,854,161	-3.10%	$ 10,201,475	-26.37%	$ 145,959	-98.57%
Auxiliary + Local Revenues*	$ 8,611,726	$ 10,797,835	25.39%	$ 11,971,602	10.87%	$ 8,947,526	-25.26%
Vehicle Service Hours	737,437	748,552	1.51%	643,188	-14.08%	509,615	-20.77%
Vehicle Service Miles	7,184,725	7,302,661	1.64%	6,281,192	-13.99%	4,979,675	-20.72%
Unlinked Passengers	23,820,716	23,248,158	-2.40%	18,388,096	-20.91%	14,113,352	-23.25%
Full Time Equivalents**	731	724	-0.96%	631	-12.85%	562	-10.94%
Efficiency Measures							
Cost per VSH	$ 118.53	$ 125.06	5.51%	$ 143.57	14.80%	$ 184.59	28.58%
Cost per Passenger	$ 3.67	$ 4.03	9.74%	$ 5.02	24.71%	$ 6.67	32.73%
Farebox (Pure) Recovery Ratio	16.36%	14.80%	-9.52%	11.05%	-25.35%	0.16%	-98.60%
Farebox (+ Local/Aux) Ratio	26.21%	26.33%	0.47%	24.01%	-8.82%	9.67%	-59.74%
Fare per Passenger	$ 0.60	$ 0.60	-0.71%	$ 0.55	-6.90%	$ 0.01	-98.14%
Passengers per VSH	32.30	31.06	-3.85%	28.59	-7.95%	27.69	-3.13%
Passengers per VSM	3.32	3.18	-3.98%	2.93	-8.04%	2.83	-3.19%
VSH per FTE*	1,008.81	1,033.91	2.49%	1,019.32	-1.41%	906.79	-11.04%
CPI -- All Index	2.25%	2.25%		2.28%		2.30%	

*Auxilary and Local Revenue data taken from TPM reports

**FTE data taken from SCO reports

PERFORMANCE INDICATOR TABLES – FIXED ROUTE

Long Beach Transit's fixed route operations represented approximately 97% of its total system service hours and 99% of service costs. Subsequently, the performance indicators for fixed route services will parallel the system-wide service indicators.

Below is a summary of high-level trends within key operational indicators followed by Exhibit 5, which provides detailed reporting by fiscal year:

- **Operating Cost Per Vehicle Service Hour –** Fixed route operating costs per VSH increased incrementally during the review period, from 5.4% in FY 2019 to 27.8% in FY 2021.
- **Operating Cost Per Passenger –** This indicator was significantly impacted by the pandemic-induced drop in unlinked passengers, resulting in increases at 9.52%, 24.65% and 32.84% in FY 2019, FY 2020 and FY 2021, respectively.
- **Passengers Per Vehicle Service Hour –** Passengers per service hour decreased modestly in each year of the review period, from 32.0 passengers per VSH in FY

2019 to 28.25 passengers per VSH in FY 2021. This pattern reflects the evidence that Long Beach Transit closely monitored the pandemic's impact on travel patterns and matched service levels to demand.

- **Passengers Per Vehicle Service Mile -** Decreases in this indicator parallel the reduction in passengers per VSH, at -3.9%, -8.5%, and -4.2% in FY 2019 - FY 2021.

- **Vehicle Service Hours Per Employee –** VSH per FTE were stable in FY 2019 and declined in FY 2020 and FY 2021 by -4.3% and -11.5%, respectively.

Exhibit 5: Long Beach Transit
Fixed Route Performance

	Pre - pandemic			Post - pandemic			
Performance Measure	Base Year FY18	FY19	Percent Change FY18 - 19	FY20	Percent Change FY19 - 20	FY21	Percent Change FY20 - 21
Key Base Measures							
Operating Costs	$ 86,577,255	$ 92,540,008	6.89%	$ 91,237,409	-1.41%	$ 93,079,624	2.02%
Fare Revenue	$ 14,231,904	$ 13,790,289	-3.10%	$ 10,151,733	-26.38%	$ 122,071	-98.80%
Vehicle Service Hours	715,544	725,349	1.37%	625,146	-13.81%	499,037	-20.17%
Vehicle Service Miles	6,953,722	7,063,385	1.58%	6,104,016	-13.58%	4,890,706	-19.88%
Unlinked Passengers	23,781,730	23,210,032	-2.40%	18,358,682	-20.90%	14,099,010	-23.20%
Full Time Equivalents*	665	674	1.34%	607	-9.92%	527	-13.23%
Efficiency Measures							
Cost per VSH	$ 121.00	$ 127.58	5.44%	$ 145.95	14.40%	$ 186.52	27.80%
Cost per Passenger	$ 3.64	$ 3.99	9.52%	$ 4.97	24.65%	$ 6.60	32.84%
Passengers per VSH	33.24	32.00	-3.72%	29.37	-8.22%	28.25	-3.80%
Passengers per VSM	3.42	3.29	-3.92%	3.01	-8.47%	2.88	-4.15%
VSH per FTE*	1,076	1,076	0.03%	1,030	-4.32%	947	-8.01%
CPI -- All Index	2.25%	2.25%		2.28%		2.30%	

*FTE data taken from NTD reports

PERFORMANCE INDICATOR TABLES – DEMAND RESPONSE

Long Beach Transit contracts with a private paratransit provider to operate its Dial-A-Lift (DAL) paratransit service. The level of service provided for demand response services represents approximately 2.0% of the total system service hours and 1.0% of total operating costs.

Below is a summary of high-level trends within key operational indicators followed by Exhibit 6, which provides detailed reporting by fiscal year:

- **Operating Cost Per Vehicle Service Hour –** In FY 2019, Long Beach Transit experienced a 29.4% increase in operating costs for the DAL service, while the

number of passengers served decreased by -2.2%. As a result, operating costs per VSH increased by 22.1% prior to the pandemic and continued to grow by 32.3% in FY 2020 and 53.2% in FY 2021, as the pandemic led to decreases in DAL ridership.

- **Operating Cost Per Passenger –** As DAL service is demand-driven, cost per passenger increased over its pre-pandemic rate of $28.12 to $69.05 in FY 2021 and reflects the ridership losses that have accompanied the global pandemic.
- **Passengers Per Vehicle Service Hour –** This indicator showed passengers per VSH declined by -7.7% in FY 2019. Although ridership continued to decline during the review period, the decline was minimal in FY 2020 (-0.8%) and higher (-16.8%) in FY 2021.
- **Passengers Per Vehicle Service Mile -** Passengers per VSM remained stable throughout the review period, with a modest improvement in productivity in FY 2020.
- **Vehicle Service Hours Per Employee** – VSH per FTE improved in FY 2019 over the FY 2018 base year, but decreased sharply as the pandemic set in, by 22.2% and 41.4% in FY 2020 and 2021, respectively. This indicates LBT's commitment to retaining employees during the pandemic-induced ridership downturn, with the expectation that service demand would begin to recover.

Exhibit 6: Long Beach Transit
Demand Response Service Performance

Performance Measure	Pre - pandemic Base Year FY18	FY19	Percent Change FY18 - 19	FY20	Percent Change FY19 - 20	FY21	Percent Change FY20 - 21
Key Base Measures							
Operating Costs	$ 828,552	$ 1,071,977	29.38%	$ 1,102,385	2.84%	$ 990,273	-10.17%
Fare Revenue	$ 65,200	$ 63,872	-2.04%	$ 49,742	-22.12%	$ 23,888	-51.98%
Vehicle Service Hours	21,893	23,203	5.98%	18,042	-22.24%	10,578	-41.37%
Vehicle Service Miles	231,003	239,276	3.58%	177,176	-25.95%	88,969	-49.78%
Unlinked Passengers	38,986	38,126	-2.21%	29,414	-22.85%	14,342	-51.24%
Full Time Equivalents*	10	10	0.00%	10	0.00%	10	0.00%
Efficiency Measures							
Cost per VSH	$ 37.85	$ 46.20	22.08%	$ 61.10	32.25%	$ 93.62	53.22%
Cost per Passenger	$ 21.25	$ 28.12	32.30%	$ 37.48	33.30%	$ 69.05	84.23%
Passengers per VSH	1.78	1.64	-7.73%	1.63	-0.78%	1.36	-16.84%
Passengers per VSM	0.17	0.16	-5.59%	0.17	4.19%	0.16	-2.90%
VSH per FTE*	2,189.30	2,320.30	5.98%	1,804.20	-22.24%	1,057.80	-41.37%
CPI -- All Index	2.25%	2.25%		2.28%		2.30%	

*FTE data taken from TPM reports

6. Functional Review

During this period, data collection and reporting practices related to TDA mandated performance indicators and requirements were a primary focus of the functional area review. Specifically, the process examined internal controls for the following activities:

- Revenue collection and cash management
- Non-financial data collection, verification and reporting
- Employee hours data collection, verification and reporting

Agency policies and procedures related to these practices were examined within Long Beach Transit's Maintenance, Administration and Operations divisions which are shown on the departmental organization chart in Exhibit 8. Long Beach Transit provided the following policies and/or procedures related to data collection and reporting practices:

Maintenance

- LBT Maintenance Manual 2010 – Farebox Probing and Vaulting Procedures

Administration

- Completed *Functional Area Review Questionnaire*
- PCIT Center Clerk Procedures
- LBT1 and 2 Money Room Procedures
- PCIT Group Sales Procedures
- Opening and Closing Drawers Checklist

Operations

- Farebox Operator Training Manual (Revised 11-15-19)

Summary and Recommendations

The information provided indicates that Long Beach Transit provides detailed policies and procedures for all of its farebox, cash and non-cash media activities. These internal

controls provide reasonable assurance that farebox and non-cash fare media are collected, secured and counted in a manner to ensure accurate aggregation of passenger fare revenues. Monthly reports are verified by members of the agency's Finance and Budget staff and reconciled with passenger reports, generated by LBT's Transit Service Delivery and Planning Division staff.

Long Beach Transit utilizes HASTUS scheduling software for its runcutting and blocking functions, which also produces its scheduled miles and hours of service. This software complements the agency's TransitMaster Computer-Aided Dispatch/Automated Vehicle Location (CAD/AVL) software to track real-time service adjustments, which are aggregated using Microsoft excel spreadsheets to record actual daily miles and hours. The HASTUS package is also used to gather bus operators' hours, which are then added to maintenance and salaried employee hours and incorporated into LBT's payroll enterprise system to generate total employee hours used to calculate full-time employee equivalents (FTEs).

LBT's automated passenger counters were certified for use by the FTA in FY 2021 for NTD passenger reporting. Prior to this, Long Beach Transit utilized FTA's random sampling process for this purpose, while the accuracy of its APCs was being verified.

Long Beach Transit's *Unit 9 Fares* manual provides detailed textual and graphic information on each fare type accepted on the system and precise instructions on operation of the vehicle's driver control unit.

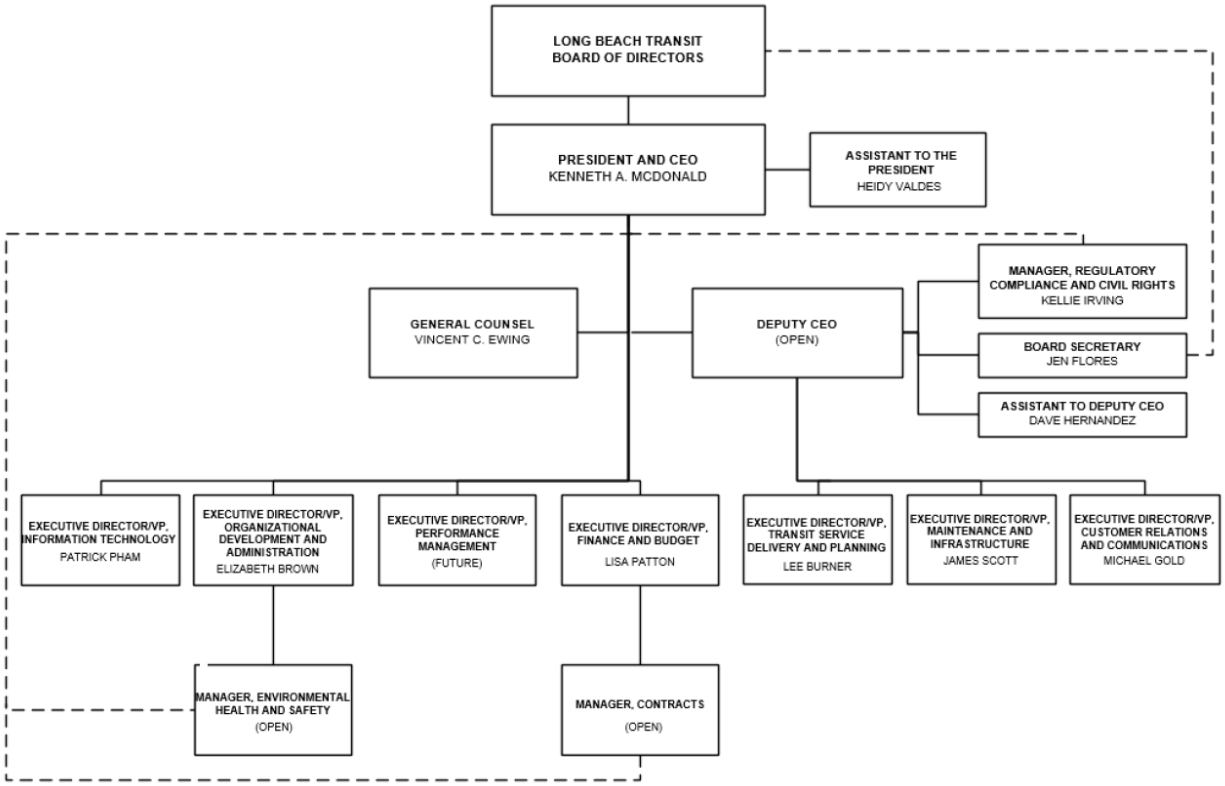
Non financial data used for compliance reporting is collected and verified by service planning staff before being transferred to finance and budgeting staff, who complete the National Transit Database, State Controllers and Transit Perfomance Measurements reports. The high level of data consistency in Long Beach Transit's compliance reporting is reflective of the thoroughness of its policies and procedures and the effectiveness of its internal controls.

The organizational structure is shown in the following Exhibit 7:

Exhibit 7 - Organizational Chart

LONG BEACH TRANSIT

Organizational Chart

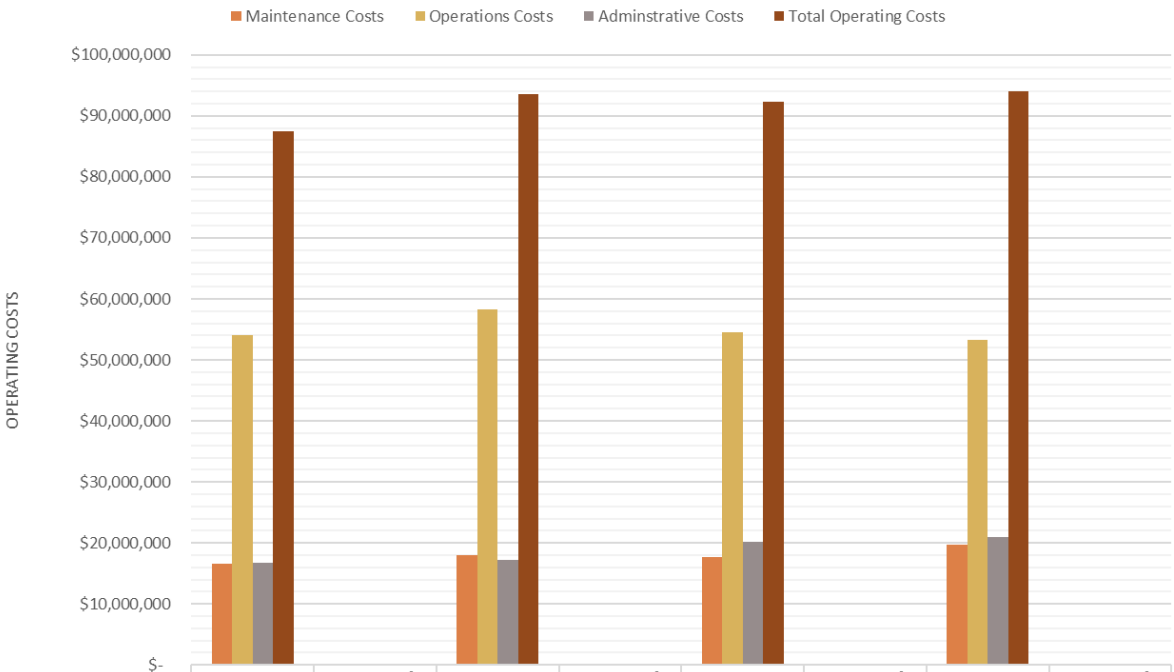


In addition to the examination of data collection and reporting practices, a review of operating costs by division provided insights on performance trends within each functional area.

Exhibit 8 is a representation of Long Beach Transit's operating costs aggregated to each of its core functions. It shows that during the review period, Operations division costs declined from 62.3% of total costs in FY 2019 to 56.7% of total costs in FY 2021, reflecting the service adjustments made to match service demand. Maintenance costs, as a

percentage of total operating costs, decreased in FY 2020 over the previous year, and increased moderately in FY 2021. Administrative costs experienced more significant and sustained growth over the review period, which is reflective of pandemic-related expenses.

Exhibit 8: Operating Costs by Function



	FY2018	Percent of Total	FY2019	Percent of Total	FY2020	Percent of Total	FY2021	Percent of Total
Maintenance Costs	$16,629,809	19.0%	$18,031,992	19.3%	$17,629,908	19.1%	$19,708,803	21.0%
Operations Costs	$54,099,745	61.9%	$58,323,073	62.3%	$54,480,137	59.0%	$53,345,862	56.7%
Adminstrative Costs	$16,676,253	19.1%	$17,256,920	18.4%	$20,229,749	21.9%	$21,015,232	22.3%
Total Operating Costs	$87,405,807	100.0%	$93,611,985	100.0%	$92,339,794	100.0%	$94,069,897	100.0%

OPERATIONS

As referenced in Section 5, Long Beach Transit's operational performance over the review period continued to be challenged with declining ridership in FY 2019, prior to the pandemic, which was exacerbated in FY 2020 and FY 2021, as the pandemic progressed.

During the review period, operations addressed the following key issues:

- Labor shortages due to increased unplanned absences, impacting LBT's ability to

provide customers with consistent and reliable transit service.

- Declining passengers per hour, despite its efforts to match service to demand.
- Maintaining a safe and secure environment for its employees and customers, which required non-enforcement of LBT's fare collection policy and enhanced safety measures including rear-door boarding and enforcement of CDC-mandated safety protocols.
- LBT worked on the L.A. Regional Transit General Managers Federal Face Mask Working Group to develop best practices for the implementation of CDC guidance related to transit service delivery.

Exhibit 9 below provides specific performance metrics associated with system-wide operations.

Exhibit 9: Operations Performance

	Pre - pandemic				Post - pandemic		
Performance Measure	Base Year FY18	FY19	Percent Change FY18 - 19	FY20	Percent Change FY19 - 20	FY21	Percent Change FY20 - 21
Key Base Measures							
Operations Costs	$ 54,099,745	$ 58,323,073	7.81%	$ 54,480,137	-6.59%	$ 53,345,862	-1.39%
Vehicle Service Hours	737,437	748,552	1.51%	643,188	-14.08%	509,615	-30.89%
Unlinked Passengers	23,820,716	23,248,158	-2.40%	18,388,096	-20.91%	14,113,352	-40.75%
Fare Revenue	$ 14,297,104	$ 13,854,161	-3.10%	$ 10,201,475	-26.37%	$ 145,959	-98.98%
Efficiency Measures							
Operations Cost per VSH	$ 73.36	$ 77.91	6.21%	$ 84.70	8.71%	$ 104.68	42.69%
Passengers per Hour	32.30	31.06	-3.85%	28.59	-7.95%	27.69	-14.27%
Fare per Passenger	$ 0.60	$ 0.60	-0.71%	$ 0.55	-6.90%	$ 0.01	-98.28%
CPI -- All Index	2.25%	2.25%	0.00%	2.28%		2.30%	

MAINTENANCE

The Long Beach Transit maintenance function addressed the following issues during the review period:

- Modifying transit vehicles with protective amenities and enhancing sanitation procedures.
- LBT purchased its third order of 20 BEB replacement buses.
- The transit system installed 91 solar-powered LED light kits at bus stops on two of its major service corridors

Exhibit 10 below provides a detailed reporting of maintenance performance indicators by fiscal year during the review period:

- **Maintenance Costs Per Vehicle Service Mile –** The added safety measures undertaken by LBT's maintenance function is indicated in the incremental increase in costs from $2.47 per VSM in FY 2019 to $3.96 per VSM in FY 2021.
- **Spare Ratio –** LBT's spare ratio increased significantly in FY 2021, due to the downward adjustment in service; however, this aberration is expected to diminish as service demand normalizes in the future. Prior to the pandemic, Long Beach Transit's spare ratio was below the 20% standard.
- **Miles Between Road Calls –** This indicator improved throughout the review period, with its biggest improvement occurring in FY 2020. Despite the -14.1% decline, miles between road calls in FY 2021 was significantly improved over the base year.

Exhibit 10: Maintenance Performance

	Pre - pandemic			Post - pandemic			
Performance Measure	Base Year FY18	FY19	Percent Change FY18 - 19	FY20	Percent Change FY19 - 20	FY21	Percent Change FY20 - 21
Key Base Measures							
Maintenance Costs	$ 16,629,809	$ 18,031,992	8.43%	$ 17,629,908	-2.23%	$ 19,708,803	11.79%
Vehicle Service Miles	7,184,725	7,302,661	1.64%	6,281,192	-13.99%	4,979,675	-20.72%
Peak Vehicles	197	196	-0.51%	196	0.00%	128	-34.69%
Total Vehicle Miles	8,001,768	8,195,601	2.42%	7,018,325	-14.36%	5,501,914	-21.61%
Road Calls	2,394	2,038	-14.87%	1,572	-22.87%	1,434	-8.78%
Active Vehicles	241	234	-2.90%	234	0.00%	234	0.00%
Efficiency Measures							
Maintenance Cost per VSM	$ 2.31	$ 2.47	6.68%	$ 2.81	13.67%	$ 3.96	41.01%
Total Miles Between Road Calls	3,342	4,021	20.31%	4,465	11.02%	3,837	-14.06%
Spare Ratio	22.34%	19.39%	-13.20%	19.39%	0.00%	82.81%	327.14%
CPI -- All Index	2.25%	2.25%		2.28%		2.30%	

ADMINISTRATION

The Long Beach Transit administrative function addressed the following issues during the review period:

- Long Beach Transit executed a contract to expand its Battery Electric Bus (BEB) charging station capacity from 10 to 24 chargers on its LBT1 facility.

- LBT deployed a new intranet communications platform that increased staff productivity and collaboration during a period defined by socially-distant, remote work environments.
- Long Beach Transit launched the MOOVIT trip planning app which allows customers to plan trips, check arrival times, maps and service alerts using individual mobile devices.

Exhibit 11 highlights key performance indicators:

Exhibit 11: Administrative Performance

	Pre - pandemic			Post - pandemic			
Performance Measure	Base Year FY18	FY19	Percent Change FY18 - 19	FY20	Percent Change FY19 - 20	FY21	Percent Change FY20 - 21
Key Base Measures							
Adminstrative Costs	$ 16,676,253	$ 17,256,920	3.48%	$ 20,229,749	17.23%	$ 21,015,232	3.88%
Vehicle Service Hours	737,437	748,552	1.51%	643,188	-14.08%	509,615	-20.77%
Vehicle Service Miles	7,184,725	7,302,661	1.64%	6,281,192	-13.99%	4,979,675	-20.72%
Peak Vehicles	197	196	-0.51%	196	0.00%	128	-34.69%
Efficiency Measures							
Admin. Cost per VSH	$ 22.61	$ 23.05	1.95%	$ 31.45	36.43%	$ 41.24	31.11%
Admin. Cost per VSM	$ 2.32	$ 2.36	1.81%	$ 3.22	36.29%	$ 4.22	31.03%
Admin. Cost per Peak Vehicle	$ 84,651	$ 88,046	4.01%	$ 103,213	17.23%	$ 164,182	59.07%
CPI -- All Index	2.25%	2.25%		2.28%		2.30%	

7. Conclusion and Recommendations

Long Beach Transit met all compliance requirements with respect to PUC 99246. The agency was highly consistent in its reporting key financial and operating statistics among the various reporting agencies. Its management team provided timely submittals of various annual reports required by regional, state and federal regulating agencies.

LBT's data collection practices are supported by detailed written policies and procedures for revenue collections, fare media sales, farebox probing and vaulting, and revenue conveyance. It also uses an established automated system to collect non-financial operating data.

Long Beach Transit provided an immediate response to the pandemic threat and instituted protocols for employee safety, including on-site COVID testing and vaccination stations. The agency was also involved in coordinating best practices at the regional level, while monitoring its system's key performance indicators in order to minimize service inefficiencies and concentrate service where it was most needed. It also continued to make progress on its capital program, including technology upgrades and improvements to its passenger amenities.

Recommendations

1. Long Beach Transit, as a member of the Bus Operations Subcommittee should pursue clarification from L.A. Metro on the definition of "local subsidy," as it relates to TPM reporting and subsequent calculations of farebox recovery ratios. These discussions should address required Maintenance of Effort funding to ensure that system-generated local contribution requirements are met.