



Orange County Transportation Authority

**Triennial Performance Audit
of the Orange County
Transit District**

FY 2022 to FY 2024

April 2025

FINAL REPORT

Submitted by

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in association with
Altmayer Consulting, Inc.



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1. Executive Summary

This report presents the results of the triennial performance audit of the Orange County Transportation Authority's (OCTA) public transit program operated by the Orange County Transit District (OCTD). The purpose of the audit is to provide a tool for OCTA, OCTD 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 audit period. This triennial performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and in accordance with the processes established in the Caltrans TDA Performance Audit Guidebook under California Public Utilities Code (PUC) Section 99246.

The three-year period audited encompasses the period from July 1, 2022 through June 30, 2024. The performance audit included the following work scope:

- **Compliance with PUC** – ensuring compliance with applicable PUC requirements.
- **Data Collection and Reporting** – verification of TDA data collection and reporting procedures.
- **Prior Audit Recommendations** – reporting on implementation of the prior triennial performance audit recommendations.
- **Performance Trends** – summaries of performance indicators for the audit period.
- **Functional Review** – high-level review of key functional areas to identify operational and management improvements.

COMPLIANCE WITH PUC

OCTD met all compliance requirements with respect to the PUC Section 99246.



DATA COLLECTION AND REPORTING

OCTA effectively collects data to monitor OCTD's system's key performance indicators to minimize service inefficiencies and reallocate services where it is most needed.

OCTD was mostly consistent with its reporting of key financial and operating statistics between the various agencies. Noted discrepancies among the reporting included non-financial data consistency between the State Controller's and National Transit Database (NTD) reports related to FTEs.

PRIOR AUDIT RECOMMENDATIONS

OCTD sufficiently addressed the prior performance audit recommendations related to non-financial related data reporting.

PERFORMANCE TRENDS

OCTA's *Comprehensive Business Plan* establishes OCTD's overall system of goals and objectives and connects long range service plans to a fiscally responsible financial planning process. OCTD transit operations adjusted its services to improve productivity and attract new riders.

FUNCTIONAL REVIEW

OCTD has made significant progress on its Board-directed initiatives, including its vehicle electrification program by approving the purchase of 50 new zero emission buses towards achieving its goal of being 100% zero emissions by 2040. It also became the first large transit agency in the region to permanently offer free bus rides to all youth ages 6 to 18. It also expanded access by extending partnerships to renew College Pass Programs. Finally, in 2022, OCTA approved a Long-Range Transportation Plan.



Findings and Conclusion

We find that OCTD is in compliance with the requirements of the Transportation Development Act. In addition, OCTD generally functioned in an efficient, effective, and economical manner during the triennial audit period.

2. Performance Audit Approach and Methodology

The State mandates that all recipients of TDA funding undergo a performance audit every three years to remain eligible for future TDA funding. In FY 2024, OCTA retained BCA Watson Rice LLP to conduct a Triennial Performance Audit of the OCTD.

The Triennial Performance Audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This performance audit was also conducted 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, which outlines the processes for evaluating a transit organization's effectiveness and efficiency, pursuant to State requirements.

The Guidebook provides general information regarding performance audit requirements, and suggested approaches and methodologies. More specific information necessary to understand and define the scope of these audits is included in the *Transportation Development Act, Statutes and California Code of Regulations, July 2018* (TDA Code). Various sections of these regulations are periodically updated through legislative action. However, the annual booklet of the TDA Code has not been updated during this triennium. An overview of recent legislation was conducted to examine its potential impact on the



FY 2022 - 2024 Triennial Performance Audit of Orange County Operators to ensure that this audit addressed legislative changes enacted in the past three years.

Legislative Issues Affecting the Triennial Performance Audit

In 2023, the legislature passed Senate Bill 125 (SB 125). SB 125 exempts operators from having to meet the fare box recovery ratio of 20%. Its language reads:

"Existing law provides for the allocation of various revenues under the Transportation Development Act, to transit operators that meet specified requirements, including, as applicable, requirements related to operating costs, fare box ratios, and revenues, as specified. Existing law exempts those entities, for the 2019–20 to 2022–23 fiscal years, inclusive, as provided, from penalties or other provisions that would reduce the amount of revenues allocated as a result of failing to meet those requirements. This bill would extend those entities' exemptions through the 2025–26 fiscal year, as specified."

Given this legislation, our report will not include any findings of non-compliance related to farebox recovery ratios (PUC 99268.2 and 99268.3).

Triennial Performance Audit Key Tasks

This Triennial Performance Audit included a review of the following:

- **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 following 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 Consistency** – verification of TDA data collection and reporting procedures as well as consistency of data reporting between federal National Transit Database (NTD) and State Controller’s Transit Operators Financial Transactions Report.
- **Prior Audit Recommendations** – reporting on implementation of prior triennial performance audit recommendations.
- **Performance Trends** – summaries of performance indicators for the audit period related specifically to operational performance, efficiency and effectiveness. This audit acknowledges the lingering impacts of the COVID-19 pandemic on transit ridership and will analyze performance to the extent possible to examine performance from a post-pandemic perspective.
- **Functional Review** - high-level review of key functional areas which were surveyed as part of the audit process. Areas of review included departments within the purview of the OCTA Operations Division, which included general management, scheduling and operations support, operations administration, maintenance administration, and contracted transportation services.

The Guidebook details an approach to conducting the performance audit which consists of a review of key financial, administrative and operational documents and interviews with key management staff.

DOCUMENTS REVIEWED

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

- National Transit Database (NTD) reports for FY 2022 through FY 2024
- State Controller Transit Operations Financial Transactions reports for FY 2022 through FY 2024
- Prior Triennial Performance Audit and written responses to the recommendations



- California Highway Patrol Inspection Reports for FY 2022 through FY 2024
- Annual Comprehensive Financial Reports for FY 2022 through FY 2024
- TDA Guidelines, February 2021, Revised
- OCTA Approved Comprehensive Business Plans for FY2023 and FY2025 containing:
 - Organizational charts
 - Vision, Mission and Goals Statements
 - Planned service and capital improvement plans
 - Operating and capital cash flow statements
- OCTA Transit - Supportive Design Guidelines, June 30, 2021
- OCTA Accomplishments Report 2023 and 2024
- OC Bus Book, February 2024
- OCTA Bus Mobile App

INTERVIEWS WITH KEY MANAGEMENT

The following OCTA/OCTD management team members were interviewed as part of the Triennial Performance Audit:

- Johnny Dunning, Chief Operating Officer
- Jack Garate, Department Manager, Contracted Transportation Services
- Damon Blythe, Director, Bus Operations
- Cliff Thorne, Director, Maintenance
- Cleve Cleveland, Department Manager, OC Streetcar Operations
- Jason Jewell, Managing Director, LOSSAN
- Sean Murdock, Director, Finance & Administration



3. Background, Challenges, and Accomplishments

The OCTD was established by state legislation in 1972 and began with the operation of eight local fixed routes. It became a part of the OCTA when the regional planning agency was created in 1991. OCTA is governed by an 18–member Board of Directors.

OCTD GOALS and OBJECTIVES

OCTD is one of the OCTA’s core business units which contains all transit operations, including fixed route, paratransit, and vanpool operations. The organization is guided by the following goals established by the OCTA Board of Directors:

- **Mobility** – Deliver programs, projects and services to improve the movement of people and goods throughout Orange County and the region.
- **Public Service** – Enhance customer satisfaction by understanding, connecting with and serving our diverse communities and partners.
- **Fiscal Stewardship** – Ensure fiscal health through prudent financial management and by protecting and leveraging available revenue sources.
- **Stewardship** – Embrace responsible policies and practices designed to promote environmental sustainability and enhance the safety and quality of life in Orange County.
- **Organizational Excellence** – Continue the tradition of being a high-performing organization through employee development and efficient business practices.

Every two years, the OCTA Board of Directors approves a *Comprehensive Business Plan*, which includes a summary of OCTD’s service, staffing, fleet and cash flow plans over a 20 – year horizon. OCTD reports progress on its plan objectives through OCTA’s annual *OCTA Accomplishments Report*.

This report primarily focuses on the Operations Division, although consistent with TDA compliance requirements there will be inherent overlaps with other OCTA divisions



responsible for reporting requirements related to transit operations and performance activities.

SYSTEM PROFILE

The OCTD service area is 436 square miles, serving approximately 3 million residents in 34 cities and unincorporated areas of Orange County and adjacent Riverside and Los Angeles Counties. The majority of fixed route service is concentrated in the cities of Anaheim, Costa Mesa, Fountain Valley, Fullerton, Garden Grove, La Habra, Orange, Placentia, Santa Ana, Stanton, Tustin and Westminster. The service includes the following modes of transportation:

- *OC Bus* – OCTD operates 43 local (with 7 routes being designated as community routes). These routes operate within a grid system that connects at major transfer areas in the cities of Orange, Fullerton, Santa Ana, Laguna Hills, and major trip generators including University of California at Irvine, John Wayne Airport and South Coast Plaza Mall.
- *Rail Feeder (Stationlink)* – Stationlink buses have four routes with stops between Metrolink train stations and key employment locations. These routes operate on weekdays during the morning and evening commutes.
- *Rapid Service (OC Bus Rapid)* – OCTD operates limited-stop services to provide more frequent service and shortened travel times along key corridors: Route 529 – Fullerton to Huntington Beach; Route 543 – Fullerton to Costa Mesa; Route 553 – Anaheim to Costa Mesa; Route 560 – Santa Ana to Long Beach.
- *OCTA Vanpool* – OCTD operates a vanpool comprising of riders with common schedules and similar work and home destinations.
- *OC Flex* – OCTD implemented this microtransit service in FY 2019 serving the communities of Aliso Viejo, Laguna Niguel and Mission Viejo. OC Flex provides riders the ability to purchase day pass for unlimited rides within its established zone using cash or a mobile app.



- **OC ACCESS** – OC Access is a shared ride public transportation service providing within a ¾ mile radius of OCTD's fixed-route service. OC Access is available to persons people with disabilities who, because of their disability, are unable to independently ride fixed route bus or train services all or some of the time. One personal care attendant may ride for free when accompanying an OC ACCESS customer.

FARES

OCTD offers a variety of fare options. Fares may be paid using exact change when boarding. Passengers may also purchase One Day Passes when boarding or in advance from over 100 local retailers or in real time using the OC Bus Mobile App. Using the OC Bus Mobile App, customers can purchase any fare type accepted on the system. Youths ages 6 to 18 can ride OC Bus for free by obtaining a Youth Ride Free pass. These youth passes are available online and at most Orange County K-12 schools. The following Exhibit 1 is a summary of OCTD's fare structure (based on OCTA's 2024 Bus Book):

Exhibit 1: Summary of Transit Fares					
Fare Type	Cash	One Day Pass	Transfer Upgrade	Prepaid	
				Day Pass	30-Day Pass
LOCAL					
Adult	\$2.00	\$5.00	N/A	\$4.50	\$69.00
Senior and Disabled	\$0.75	\$1.50	N/A	\$1.35	\$22.25
Youth Ages 6 to 18	Free				
OC FLEX					
Adult	\$4.50	\$5.00	N/A	N/A	N/A
OC ACCESS					
Eligible Riders	\$3.60	N/A	N/A	Subscription Service May Be Available	

KEY SYSTEMATIC CHALLENGES DURING THE AUDIT PERIOD

Addressing the challenges in a post-pandemic environment was a top priority for most transit operators during the triennial audit period. The following is a summary of key post-pandemic challenges faced by transit agencies: ¹

- *Reduced Ridership* – As transit agencies emerged out of the pandemic, they were faced with changes in ridership and commuting patterns. A growing percentage of the population now has the option of working from home for at least a portion of the time, which has altered the numbers of people riding transit. According to the FTA, overall ridership in September 2023 was only 74% of pre-pandemic levels. While overall ridership has declined, many front-line workers, especially from historically disadvantaged communities, continue to rely on transit to travel to work and other destinations. People were also more likely to ride transit if they did not have access to a personal vehicle, were disabled, or lived in households that lost income during the pandemic.
- *Workforce Shortages* – Transit agencies experienced workforce shortages during the pandemic and many of those shortages continue today, especially among bus operator positions. In a July 2022 APTA survey of agencies and workers, the primary obstacles to recruiting and retaining workers included difficult work schedules and on-the-job harassment or assaults. To address these concerns, agencies are being forced to revisit recruiting strategies, improve hiring processes, enhance training programs, incentivize undesirable shifts, improve the safety and security of workers, and increase compensation.
- *Fiscal Challenges* – As ridership declined nationwide, farebox revenues similarly declined. According to the FTA Report, national farebox recovery ratios were 31.7% of operating costs in 2019, but only 16.7% in 2022. Despite reductions in service levels, operating costs tended to remain relatively static since most transit

¹ For more detail on these issues, see Federal Transit Administration Report No. 0268, *Effects of the COVID-19 Pandemic on Transit Ridership and Accessibility* (August 2024) (“FTA Report”).

systems are capital-intensive and have high fixed costs. A spike in inflation following the pandemic also impacted on both personnel and supply costs resulting in further economic hardship to the agencies.

- *Supply Chain Shortages* – Transit agencies have been facing supply chain shortages that have limited their ability to procure vehicles and have increased vehicle maintenance costs. These supply chain issues have impacted on the ability of some transit agencies from maintaining consistent service.

As a result of these challenges, many transit agencies have reduced service levels. Much of the reduced service has come at the expense of the frequency of service rather than a reduction in the number or the scope of routes, but the reduced service changes have still impacted riders. According to an APTA survey, transit agencies cited several causes that forced a reduction in service including diminished ridership (78%), economic losses (36%), and staff shortages (34%), which were the most common factors.

KEY OCTD CHALLENGES DURING THE AUDIT PERIOD

The following is a summary of other key challenges addressed specifically by OCTD during the audit period:

- Declining ridership early in the audit period due to COVID-19 and changes in commuting patterns.
- Staffing challenges, particularly for coach operators and mechanics, due to increased competition from private sector labor markets.
- Supply chain delays, impacting vehicle maintenance.
- Integration of new electric vehicles into the fleet has caused adjustments to these vehicles' programming to ensure their availability and provide necessary training to staff.
- Increased safety and security issues on the bus system including assaults on bus operators.



KEY OCTD ACCOMPLISHMENTS DURING THE AUDIT PERIOD

The following is a summary of some of the key accomplishments achieved by OCTD during the audit period:

- Completed *Making Better Connections Study* to more effectively align transit services with the new post-pandemic demands.
- First large transit agency in the region to permanently offer free bus rides to all youth ages 6 to 18.
- Expanded access to College Pass Programs.
- Approval of the 2022 Long-Range Transportation Plan.
- Approval of the purchase of 50 new zero-emission buses as part of its goal of being a 100% zero-emissions fleet by 2040.
- Upgrades to maintenance facilities to adapt to new electric vehicles.
- Provided added training programs for maintenance staff (approximately 200 hours per mechanic) and hiring an additional trainer.
- Entered into new agreement with the union that represents operators to provide higher compensation levels. Additionally, OCTD collaborated with the union to address scheduling and other issues of concern to operators.
- Installed driver protection barriers in over 200 buses. The barriers contributed to an approximately 50% reduction in operator assaults.
- Agreement with outside contractors to continue contracted fixed route services for lower density routes and for paratransit services.
- Developed an alert system for paratransit riders to provide them text notices about arrival times.



4. Compliance Review

The objective of this section is to detail compliance with the State's requirements for transit operations and regional planning, implementation of the recommendations in the prior triennial performance audit 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 below provides the degree to which funds allocated to the claimant pursuant to TDA requirements were expended in conformance with applicable laws, rules and regulations. OCTD was found to be compliant with all applicable PUC requirements.

It should be noted that OCTD assigns its allocated regional funds in accordance with the SB 508 definition of *local subsidy*, as documented by its definition of "Qualifying Revenues" in OCTA's February 2021 TDA Guidelines.

Exhibit 2: OCTD 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



Exhibit 2: OCTD Compliance with PUC Requirements		
Code Reference	Operator Compliance Requirements	Compliance Finding
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.	Exempt from Compliance per SB 125
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:



- **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.
- **State Controller's Office** - The State Controller's Office requires that all agencies submit an annual summary of financial statistics.

Orange County Transit District				
Exhibit 3: Compliance Data Consistency				
	Base Year	Review Period		
Source	FY21	FY22	FY23	FY24
Operating Costs				
FTA National Transit Database	\$255,226,861	\$295,255,829	\$322,256,416	\$ 337,157,077
State Controller's Report	\$256,776,899	\$275,612,128	\$323,530,869	\$ 335,916,491
Farebox Revenues				
FTA National Transit Database	\$ 16,511,249	\$ 27,311,335	\$ 31,858,078	\$ 36,010,314
State Controller's Report	\$ 14,573,917	\$ 27,670,083	\$ 29,843,690	\$ 33,415,205
Local Subsidies and Auxiliary Revenues				
FTA National Transit Database	\$ 10,324,350	\$ 3,241,472	\$ 3,343,281	\$ 3,054,118
State Controller's Report	\$ 27,654,118	\$ 3,241,472	\$ 3,336,236	\$ 3,054,118
Unlinked Passengers				
FTA National Transit Database	20,607,369	27,753,507	32,674,688	36,466,597
State Controller's Report	20,607,369	27,753,507	33,174,688	36,466,603
Vehicle Service Hours				
FTA National Transit Database	1,579,914	1,897,023	2,076,993	2,171,630
State Controller's Report	1,579,970	1,897,023	2,076,903	2,171,630
Vehicle Service Miles				
FTA National Transit Database	21,394,468	25,817,380	28,032,043	29,498,677
State Controller's Report	21,403,019	26,017,380	28,032,043	29,498,677
Employee Full-Time Equivalents				
FTA National Transit Database	899	891	907	916
State Controller's Report	867	1,023	1,117	1,180
Peak Vehicles				
FTA National Transit Database	678	739	808	887
State Controller's Report	628	724	787	857
Active Vehicles				
FTA National Transit Database	1,003	1,080	1,145	1,160
State Controller's Report	1,000	1,079	1,145	1,160

OCTA was largely consistent with its reporting of key financial and operating statistics between the federal and state reporting agencies. Some inconsistencies are due to categorical and definitional differences between NTD and State Controller Report



categories. In 2023, OCTD modified its internal procedures for demand response contracted services data collection to include additional monthly monitoring of source documentation and conducting an end of the year reconciliation. As can be seen above, inconsistencies were improved by the end of the triennial audit period. Discrepancies related to FTEs are largely due to the different calculations for SCO and NTD reports (2,000 hours v. 2080 hours per FTE).

PRIOR AUDIT RECOMMENDATIONS AND FINDINGS

TDA audit guidelines require follow-up on implementation of recommendations from the prior audit period. Recommendations for improvement from the prior triennial performance audit are detailed in Exhibit 4 below.

Exhibit 4: Prior Audit Recommendations and Implementation Progress		
#	Prior Audit Recommendation	Implementation Progress
1	The data collection process for demand response services should be reevaluated and monitored, specifically related to non-financial data compiled for State Controller's and NTD reports to ensure consistency in reporting.	In 2023, OCTD modified its internal procedures for demand response contracted services data collection to include additional monthly monitoring of source documentation and conducting and end of the year reconciliation.



5. Operational Performance Trends

OVERVIEW

In this section we present the results of our analysis of performance statistics for the three-year audit period for services operated by OCTD. California PUC Section 99246 mandates that a triennial performance audit analyzes 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

Analysis of these indicators were compiled using data from NTD reports prepared by OCTD. The performance trends cover the period from FY2022 through FY2024, with FY2021 used as a base year to provide a point of reference for the analyses. We have also included performance data from the first full year prior to the pandemic (FY 2019) to provide further context.

While designed to assess efficiency and effectiveness trends system-wide over the audit period, the results of the analysis have been affected by the lingering impacts of the pandemic. These impacts include changes in commuting patterns associated with the greater ability to work from home. Post-pandemic factors are still impacting ridership across the country. Despite declining ridership, transit operators are still expected to provide a level of service to meet the needs of those not able to work from home or who don't have non-transit alternatives.

OCTA's collection and reporting of OCTD performance data is an effective means to monitor the system's performance to minimize service inefficiencies and reallocate service where it is most needed, particularly given the unprecedented shift in the



operating environment during this audit period. Performance reports also provide effective and efficient benchmarks for its operations, vehicle maintenance and customer service functions, by monitoring:

- Preventable accidents
- Miles between road calls
- Customer complaints
- On-time performance
- Ridership and productivity, both system-wide and route-level

PERFORMANCE INDICATOR TABLES – SYSTEM-WIDE

A summary of high-level trends within key operational indicators is shown in Exhibit 5, which provides detailed reporting by fiscal year. The reflected percent change uses the base year of FY 2021. Also included in the chart is data from the pre-COVID year of FY 2019 as an additional reference. System-wide indicators reflect all modes reported to the federal National Transit Database, including Motor Bus, Commuter Bus, Demand Response, Shared Ride Taxi and Vanpool.

Looking at FY 2024's performance, OCTD's key base indicators reflect a significant increase in ridership (32.1%) and farebox revenues (118.1%). These positive trends are consistent over all measures. Despite these encouraging increases in performance during the audit period, ridership and farebox revenues are down from FY 2019 (9.6% and 34.2% respectively). These trends are consistent with nationwide transit trends as reported by the FTA.

- **Operating Cost Per Vehicle Service Hour** – OCTD experienced a 3.89% decrease in cost per hour. A positive trend, especially in a period of higher-than-normal inflation.
- **Operating Cost Per Passenger** – Cost per passenger decreased by 25.35%, largely because of the overall increase in ridership.



- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour rose by 28.74%.
- **Passengers Per Vehicle Service Mile** – Passengers per vehicle service mile increased by 28.34%
- **Vehicle Service Hours Per Employee** – Vehicle service hour per employee rose by 0.99%.

Exhibit 5: OC Bus System-Wide Performance						
	Pre-Covid	Base Year	Review Period			Percent Change
Performance Measure	FY19	FY21	FY22	FY23	FY24	FY21 - 24
Key Base Measures						
Operating Costs	\$ 288,993,915	\$ 255,226,861	\$ 295,255,829	\$ 322,256,416	\$ 337,157,077	32.10%
Fare Revenue	\$ 54,749,719	\$ 16,511,249	\$ 27,311,335	\$ 31,858,078	\$ 36,010,314	118.10%
Auxiliary + Local Revenues	\$ 53,898,608	\$ 10,324,350	\$ 3,241,472	\$ 3,343,281	\$ 3,054,118	-70.42%
Vehicle Service Hours	2,638,126	1,579,914	1,897,023	2,076,993	2,171,630	37.45%
Vehicle Service Miles	40,333,507	21,394,468	25,817,380	28,032,043	29,498,677	37.88%
Unlinked Passengers	40,743,654	20,607,369	27,753,507	32,674,688	36,466,597	76.96%
Full Time Equivalents	1,191	867	1,023	1,117	1,180	36.10%
Efficiency Measures						
Cost per VSH	\$109.55	\$ 161.54	\$ 155.64	\$ 155.16	\$ 155.26	-3.89%
Cost per Passenger	\$7.09	\$ 12.39	\$ 10.64	\$ 9.86	\$ 9.25	-25.35%
Fare per Passenger	1.34	\$ 0.80	\$ 0.98	\$ 0.98	\$ 0.99	23.25%
Passengers per VSH	15.80%	13.04	14.63	15.73	16.79	28.74%
Passengers per VSM	1.01	0.96	1.07	1.17	1.24	28.34%
VSH per FTE*	1,325	1,822.28	1,854.37	1,859.44	1,840.36	0.99%
CPI – All Index		2.30%	7.40%	3.90%	3.10%	15.00%

All data taken from NTD reports except for FTE's, which were derived from the State Controller's reports.

As can be seen from Exhibit 5, OCTD made significant progress during the audit period in bringing riders back on to the system post-pandemic. While ridership is still down from pre-pandemic levels, these percentages are consistent with nationwide statistics cited in the FTA Report (referenced above). Exhibit 5 further reflects OCTD's efforts to adjust service costs to respond to decreases in ridership, and also to make the system more efficient. This can be seen by a decrease of almost 4% in cost per vehicle service hour at a time when the inflation was approximately 15%.



PERFORMANCE INDICATOR TABLES – DIRECTLY OPERATED FIXED ROUTE

Using FY 2021 as the base year, ridership grew 65.7% and fare revenues grew by 99.1% through FY 2024. While this represents significant progress, ridership numbers are still marginally below pre-pandemic levels. From FY 2019 to FY 2024, ridership is down 6.7%. This represents significant progress in bringing back riders to fixed route service.

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

- **Operating Cost Per Vehicle Service Hour** – Operating cost per vehicle service hour increased by 14.2% compare to a rise in the CPI of 15.0%.
- **Operating Cost Per Passenger** – Operating cost per passenger decreased substantially (31.1%) due the increase in overall ridership.
- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour increased by 42.4% and exceed the pre-pandemic numbers from FY 2019.
- **Passengers Per Vehicle Service Mile** – Passengers per vehicle service mile increased similarly by 45.2%, again exceeding pre-pandemic numbers.
- **Vehicle Service Hours Per Employee** – Vehicle service hours per FTE grew by 29.9%.



Exhibit 6: OC Bus Fixed Route Performance (Directly Operated)						
Performance Measure	Pre-Covid FY19	Base Year FY21	FY22	Review Period FY23	FY24	Percent Change FY21 - 24
Key Base Measures						
Operating Costs	\$137,413,850	\$143,293,645	\$154,520,772	\$165,818,953	\$163,566,385	14.15%
Fare Revenue	\$29,598,436	\$10,358,824	\$16,704,734	\$19,045,769	\$20,620,913	99.07%
Vehicle Service Hours	981,577	776,409	872,456	937,944	903,237	16.34%
Vehicle Service Miles	11,336,954	8,886,949	9,886,451	10,462,390	10,144,329	14.15%
Unlinked Passengers	26,189,972	14,746,224	19,351,262	22,637,653	24,433,432	65.69%
Full Time Equivalents*	927	899	750	791	805	-10.46%
Efficiency Measures						
Cost per VSH	\$139.99	\$184.56	\$177.11	\$176.79	\$181.09	-1.88%
Cost per Passenger	\$5.25	\$9.72	\$7.99	\$7.32	\$6.69	-31.11%
Passengers per VSH	26.68	18.99	22.18	24.14	27.05	42.43%
Passengers per VSM	2.31	1.66	1.96	2.16	2.41	45.16%
VSH per FTE*	1,059	864	1,163	1,186	1,122	29.92%
Fare per Passenger	\$1.13	\$0.70	\$0.86	\$0.84	\$0.84	20.14%
CPI -- All Index		2.30%	7.40%	3.90%	3.10%	15.00%

PERFORMANCE INDICATOR TABLES – CONTRACTED FIXED ROUTE

As shown from Exhibit 7 below, OCTD's purchased fixed route transportation rebounded significantly during the audit period. While ridership is still not at FY 2019 levels (10.1% less in FY 2024), the overall increases are similar to what OCTD experienced with its directly operated fixed route services. Notably, these services were able to increase their riders per VSH and VSM compared to FY 2019:

- **Operating Cost Per Vehicle Service Hour** – Operating cost per hour increased by 40.8% over the audit period. Some of this increase can be attributed to a new operating agreement during this time that increased contractor costs.
- **Operating Cost Per Passenger** – Operating cost per passenger decreased by 31.3% over the audit period, bolstered by the increase in ridership.
- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour increased by 60.8%. The passengers per vehicle service hour were higher in FY 2024 (19.05) than in FY 2019 (18.08).



- **Passengers per Vehicle Service Mile** – Passengers per vehicle service mile increased by 67.6% from FY 2021 to FY 2024. Similarly, passengers per vehicle mile were higher in FY 2024 (1.59) than in FY 2019 (1.47).

Exhibit 7: OC Bus Fixed Route Performance (Purchased Transportation)						
Performance Measure	Pre-Covid	Base Year	Review Period			Percent Change FY21 - 24
	FY19	FY21	FY22	FY23	FY24	
Key Base Measures						
Operating Costs	\$ 66,055,228	\$ 63,009,548	\$ 73,960,580	\$ 82,347,124	\$ 88,706,937	40.78%
Fare Revenue	\$ 11,379,121	\$ 2,713,841	\$ 5,009,355	\$ 5,733,858	\$ 6,497,080	139.41%
Vehicle Service Hours	644,817	433,359	506,250	514,757	552,606	27.52%
Vehicle Service Miles	7,921,529	5,398,546	6,108,497	6,075,867	6,605,599	22.36%
Unlinked Passengers	11,656,094	5,133,898	7,329,314	8,725,807	10,526,616	105.04%
Efficiency Measures						
Cost per VSH	\$ 102.44	\$ 145.40	\$ 146.09	\$ 159.97	\$ 160.52	10.40%
Cost per Passenger	\$ 5.67	\$ 12.27	\$ 10.09	\$ 9.44	\$ 8.43	-31.34%
Passengers per VSH	18.08	11.85	14.48	16.95	19.05	60.80%
Passengers per VSM	1.47	0.95	1.20	1.44	1.59	67.57%
Fare per Passenger	0.98	0.53	0.68	0.66	0.62	16.76%
CPI – All Index		2.30%	7.40%	3.90%	3.10%	15.00%

PERFORMANCE INDICATOR TABLES – DEMAND RESPONSE

OCTD's demand response service performance was markedly improved over the audit period, although ridership numbers still lag behind FY 2019 as indicated by a 33.2% decrease compared to pre-pandemic ridership. Nationwide, demand response ridership has not rebounded as quickly as fixed route. Interviews with operators suggest that seniors in particular may still be wary of retuning to shared transit ride resulting in a slower recovery to normal service levels combined with the rise of ride-sharing services such as Lyft and Uber.

Below is a summary of high-level trends of key operational indicators followed by Exhibit 8 which provides a more detailed listing of indicators by fiscal year:

- **Operating Cost Per Vehicle Service Hour** – Operating cost per vehicle service hour decreased by 14.8% during the audit period.
- **Operating Cost Per Passenger** – Operating cost per passenger decreased by 28.6%, but remain higher than pre-pandemic numbers.



- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour increased by 19.3%.
- **Passengers Per Vehicle Service Mile** – Passengers per vehicle service mile increased by 18.7%, but are still below pre-pandemic numbers.
- **Vehicle Service Hours Per Employee** – Vehicle service hours per FTE increased by 7.6%.

Exhibit 8: OCTD Demand Response Performance (Including Taxi)						
Performance Measure	Pre-Covid	Base Year	Review Period			Percent Change
	FY19	FY21	FY22	FY23	FY24	FY21 - 24
Key Base Measures						
Operating Costs	\$ 79,703,823	\$ 47,101,521	\$ 65,001,804	\$ 72,154,281	\$ 82,536,684	75.23%
Fare Revenue	\$ 7,719,206	\$ 1,876,522	\$ 3,962,473	\$ 5,187,833	\$ 6,421,787	242.22%
Vehicle Service Hours	756,391	312,776	459,703	559,867	643,324	105.68%
Vehicle Service Miles	12,155,912	4,857,369	7,696,199	9,108,077	10,043,905	106.78%
Unlinked Passengers	1,667,292	485,746	835,824	1,031,899	1,192,236	145.44%
Full Time Equivalents*	492	192	265	318	367	91.15%
Efficiency Measures						
Cost per VSH	\$ 105.37	\$ 150.59	\$ 141.40	\$ 128.88	\$ 128.30	-14.80%
Cost per Passenger	\$ 47.80	\$ 96.97	\$ 77.77	\$ 69.92	\$ 69.23	-28.61%
Passengers per VSH	2.20	1.55	1.82	1.84	1.85	19.33%
Passengers per VSM	0.14	0.10	0.11	0.11	0.12	18.70%
VSH per FTE*	1,537.00	1,629	1,735	1,761	1,753	7.60%
Fare per Passenger	\$ 4.63	3.86	4.74	5.03	5.39	39.43%
CPI – All Index		2.30%	7.40%	3.90%	3.10%	15.00%

PERFORMANCE INDICATOR TABLES – VANPOOL

As discussed above, the pandemic resulted in significant shifts in commuting patterns due to the increase in work from home policies. According to the U.S. Bureau of Labor Statistics, in 2023 approximately 35% of employed people did some or all of their work from home as opposed to 24% pre-pandemic. This shift has disproportionately impacted commuter transit services such as OCTD's vanpool program. OCTD has reduced vanpool services significantly since FY 2019 to accommodate these shifts. Despite these changes, costs per passenger in FY 2024 are significantly higher than in FY 2019 (44.9% increase).

Below is a summary of high-level trends within key operational indicators followed by Exhibit 9 with a more detailed list of indicators by fiscal year:



- **Operating Cost Per Vehicle Service Hour** – Operating cost per vehicle service hour rose slightly during the audit period (1.9%), but well below the rate of inflation during the same period.
- **Operating Cost Per Passenger** – Operating cost per passenger decreased by 1% during the period, but is still significantly higher than pre-pandemic numbers.
- **Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour increased by 3%, but are still 10.5% below pre-pandemic levels.
- **Passengers Per Vehicle Service Mile** – Passengers per vehicle service mile increased by 8.3%.
- **Vehicle Service Hours Per Employee** – Vehicle service hours per FTE increased by 26.3% during the audit period.

Exhibit 9: OCTD Vanpool Performance						
Performance Measure	Pre-Covid	Base Year	Review Period			Percent Change
	FY19	FY21	FY22	FY23	FY24	FY21 - 24
Key Base Measures						
Operating Costs	\$ 5,821,014	\$ 1,822,147	\$ 1,772,673	\$ 1,936,058	\$ 2,347,071	28.81%
Fare Revenue	\$ 6,052,956	\$ 1,562,062	\$ 1,634,773	\$ 1,890,618	\$ 2,470,534	58.16%
Vehicle Service Hours	255,341	57,370	58,614	64,425	72,463	26.31%
Vehicle Service Miles	8,919,112	2,251,604	2,126,233	2,385,709	2,704,844	20.13%
Unlinked Passengers	1,230,296	241,501	237,107	279,329	314,313	30.15%
Full Time Equivalents*	6	8	8	8	8	0.00%
Efficiency Measures						
Cost per VSH	\$ 22.80	\$ 31.76	\$ 30.24	\$ 30.05	\$ 32.39	1.98%
Cost per Passenger	\$ 4.73	\$ 7.55	\$ 7.48	\$ 6.93	\$ 7.47	-1.03%
Passengers per VSH	4.82	4.21	4.05	4.34	4.34	3.04%
Passengers per VSM	0.14	0.11	0.11	0.12	0.12	8.34%
VSH per FTE*	42557	7,171	7,327	8,053	9,058	26.31%
Fare per Passenger	\$ 4.92	6.47	6.89	6.77	7.86	21.52%
CPI -- All Index		2.30%	7.40%	3.90%	3.10%	15.00%

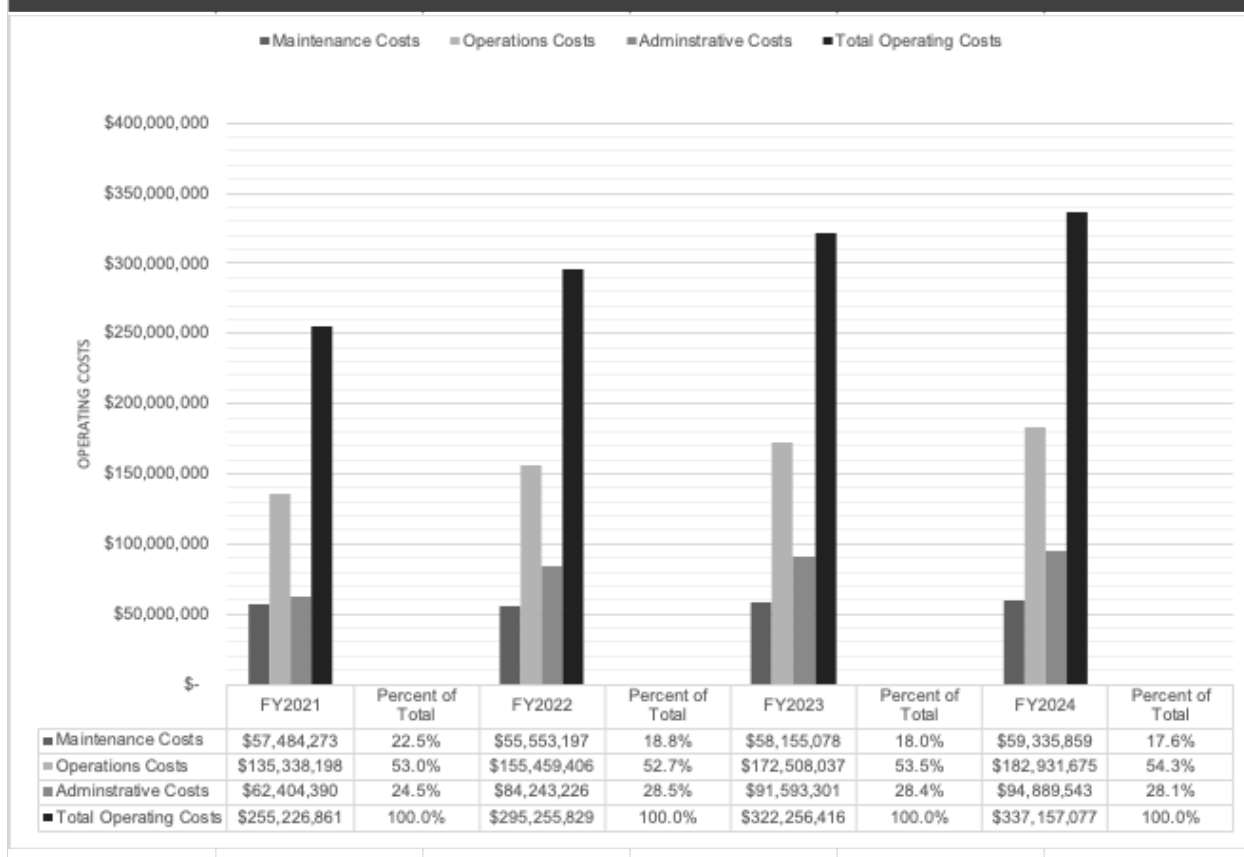


6. Functional Review

Interviews with the leadership of key functional areas were conducted as part of the review process. Areas of review included departments within the purview of the OCTA Operations Division, which included general management, scheduling and operations support, operations administration, maintenance administration, and contracted transportation services. The functional area interviews provided an opportunity to summarize key accomplishments, challenges emerging from the pandemic, and challenges to rebuild ridership in the region amidst changing commuting patterns and other factors impacting transit including safety and security issues.

In addition to these interviews, a review of operating costs by Division provided insights on performance trends aggregated by core operations, maintenance and administrative functional areas, taken from NTD reports. Exhibit 10 is a representation of OCTD operating costs aggregated to each of its core functions.

Exhibit 10: Operating Costs by Function



OPERATIONS

OCTD services are delivered through a combination of directly operated and contracted services. It provides multimodal transportation services including fixed route, advanced reservation demand response, on-demand taxi, Dial-A-Ride and subsidized vanpool services. Although the post-pandemic environment created new and different changes associated with new commuting patterns, OCTD undertook efforts to address these new needs including:

- Completed *Making Better Connections Study* to more effectively align transit services with the new post-pandemic demands.
- First large transit agency in the region to permanently offer free bus rides to all youth ages 6 to 18.



- Expanded access to College Pass Programs.
- Approval of the purchase of 50 new zero-emission buses as part of its goal of being a 100% zero-emissions fleet by 2040.
- OCTD collaborated with the union to address scheduling and other issues of concern to operators.
- Installed driver protection barriers in over 200 buses. The barriers contributed to an approximately 50% reduction in operator assaults.
- Agreement with outside contractors to continue contracted fixed route services for lower density routes and for paratransit services.
- Developed an alert system for paratransit riders to providing them text notices about arrival times.

Exhibit 10 on the previous page shows the distribution of total operating costs across vehicle operations, maintenance, including facilities maintenance, and general administrative functions. This exhibit illustrates that the agency exercised fiscal restraint in the reallocation of these resources while maintaining its level of commitment to operations resources and to supporting employee and customer service and safety needs.

Exhibit 11 below presents specific performance metrics associated with system-wide operations. Operations costs in FY 2024 were 35.2% higher than FY 2021, but this increase was offset by an increase in vehicle service hours (37.5%). As a result, OCTD's overall key efficiency measure of operating costs per vehicle service hours was down 1.67%. This is especially notable given that the consumer price index rose by 15% during this period.



Exhibit 11: OCTD Operations Performance					
Performance Measure	Base Year	Review Period			Percent Change
	FY21	FY22	FY23	FY24	FY21 - 24
Key Base Measures					
Operations Costs	\$ 135,338,198	\$ 155,459,406	\$ 172,508,037	\$ 182,931,675	35.17%
Vehicle Service Hours	1,579,914	1,897,023	2,076,903	2,171,630	37.45%
Unlinked Passengers	20,607,369	27,753,507	32,674,688	36,466,597	76.96%
Revenue	\$ 16,511,249	\$ 27,311,335	\$ 31,858,078	\$ 36,010,314	118.10%
Efficiency Measures					
Operations Cost per VSH	\$ 85.66	\$ 81.95	\$ 83.06	\$ 84.24	-1.66%
Passengers per VSH	13.04	14.63	15.73	16.79	28.74%
Fare per Passenger	\$ 0.80	\$ 0.98	\$ 0.98	\$ 0.99	23.25%
CPI -- All Index	2.30%	7.40%	3.90%	3.10%	15.00%

MAINTENANCE

OCTD maintenance costs remained stable throughout the audit period, despite increased demands for cleaning and implementation of onboard vehicle safety measures.

Significant maintenance activities during the audit period include:

- Upgrades to maintenance facilities to adapt to new electric vehicles.
- Providing added training programs for maintenance staff (approximately 200 hours per mechanic) and hiring an additional trainer.
- Minimizing increases in overall maintenance cost to below the rate of inflation despite significant increases in vehicle service miles.

Exhibit 12 provides detailed reporting of maintenance performance indicators by fiscal year during the audit period:



Exhibit 12: Maintenance Performance					
Performance Measure	Base Year	Review Period			Percent Change
	FY21	FY22	FY23	FY24	FY21 - 24
Key Base Measures					
Maintenance Costs	\$ 57,484,273	\$ 55,553,197	\$ 58,155,078	\$ 59,335,859	3.22%
Vehicle Service Miles	21,394,468	25,817,380	28,032,043	29,498,677	37.88%
Peak Vehicles	678	739	808	887	30.83%
Road Calls	2,056	2,272	2,725	2,527	22.91%
Active Vehicles	1,003	948	1035	998	-0.50%
Efficiency Measures					
Maintenance Cost per VSM	\$ 2.69	\$ 2.15	\$ 2.07	\$ 2.01	-25.14%
Total Miles Between Road Calls	10,406	11,363	10,287	11,673	12.18%
Spare Ratio	32.40%	33.68%	24.53%	11.01%	-66.01%
CPI -- All Index	2.30%	7.40%	3.90%	3.10%	15.00%

ADMINISTRATION

The OCTD administrative function addressed the following issues during the audit period:

- Improved coach operator safety programs including installing barriers to protect operators and deter unsafe behaviors.
- Entered into new agreement union that represents operators to provide higher compensation levels.
- Approval of the 2022 Long-Range Transportation Plan.

Exhibit 13 below provides a detailed listing of administrative performance indicators by fiscal year during the audit period:

Exhibit 13: OCTD Administrative Performance					
Performance Measure	Base Year	Review Period			Percent Change
	FY21	FY22	FY23	FY24	FY21 - 24
Key Base Measures					
Administrative Costs	\$ 62,404,390	\$ 84,243,226	\$ 91,593,301	\$ 94,889,543	52.06%
Vehicle Service Hours	1,579,914	1,897,023	2,076,993	2,171,630	37.45%
Vehicle Service Miles	21,394,468	25,817,380	28,032,043	29,498,677	37.88%
Peak Vehicles	678	739	808	887	30.83%
Efficiency Measures					
Admin. Cost per VSH	\$ 39.50	\$ 44.41	\$ 44.10	\$ 43.70	10.62%
Admin. Cost per VSM	\$ 2.92	\$ 3.26	\$ 3.27	\$ 3.22	10.28%
Admin. Cost per Peak Vehicle	\$ 92,042	\$ 113,996	\$ 113,358	\$ 106,978	16.23%
CPI -- All Index	2.30%	7.40%	3.90%	3.10%	15.00%



7. Conclusion

Despite the challenges in a post-pandemic environment, OCTD remains fully compliant with TDA requirements. OCTD has made efforts to both build back its ridership and make the system more efficient.

OCTA continues to monitor its system's key performance indicators to minimize service inefficiencies and reallocate service where it was most needed and monitor the effectiveness of its vehicle maintenance program. OCTD also continued to make progress on its capital program, including its Transit Asset Management program, technology upgrades that improved customer experience, and employee safety.

OCTD's marketing during the audit period has strengthened its overall ridership. In addition, they developed an alert system for paratransit riders to provide them text notices about arrival times which provides riders of this system with greater ability to adjust to changes in arrival time.

OCTA's *Comprehensive Business Plan* (completed in 2023) establishes OCTD's overall system of goals and objectives and connects long range service plans to a fiscally responsible financial planning process. Progress toward achieving its Board – directed initiatives is reported in OCTA's annual report on accomplishments.

Based on our interviews with OCTD staff and our review of fiscal, operational and administrative documentation, there are no functional review recommendations.