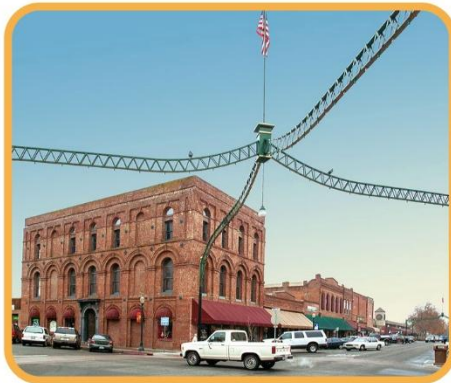


FY 2022-2024
TRIENNIAL PERFORMANCE AUDIT OF
YUBA-SUTTER TRANSIT AUTHORITY

SUBMITTED TO



SACRAMENTO AREA COUNCIL
OF GOVERNMENTS



SUBMITTED BY

FINAL



June 2026

Executive Summary

The Sacramento Area Council of Governments (SACOG) engaged the Michael Baker International audit team (Michael Baker) to conduct the Transportation Development Act (TDA) triennial performance audit of the eight public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for the Yuba-Sutter Transit Authority (Yuba-Sutter Transit or Authority), covering the most recent triennial period, fiscal years 2021-22 through 2023-24.

The audit includes a review of the following areas:

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

From the review, recommendations were developed to improve the operational efficiency and effectiveness of Yuba-Sutter Transit.

Compliance with TDA Requirements

Of the compliance requirements pertaining to Yuba-Sutter Transit, the operator fully complied with all nine requirements. Two additional compliance requirements did not apply to the Authority (i.e., exclusive rural and urbanized farebox recovery ratios).

Status of Prior Audit Recommendations

Yuba-Sutter Transit is in the process of implementing two prior audit recommendations, while two have been implemented. Recommendations currently in process relate to the implementation of new technology systems to enhance performance data analysis and the adoption of mobile and contactless fare payment options. Implemented recommendations pertained to enhancements to marketing and outreach efforts and improvements to safety performance in response to revised accident reporting protocols.

Transit System Performance Trends

1. Yuba-Sutter Transit's farebox recovery ratio remained above the required 14.6 percent standard throughout based on audited data reported in the Yuba-Sutter Transit Authority - Audited Financial Statements and Compliance Reports. The farebox recovery ratio was 63.96 percent in FY 2022; 42.99 percent in FY 2023; and 43.06 percent in FY 2024.¹ The average system-wide farebox recovery ratio was 50 percent during the triennial review period.
2. Operating costs increased 13.5 percent system-wide from the FY 2021 base year to FY 2024 using audited operating cost data. Fixed route and commuter operating costs increased by 8.0 percent, while Dial-A-Ride operating costs increased by 30.4 percent using unaudited modal data. On an average annual basis, system-wide operating costs increased by 4.5 percent, with the largest year-over-year increase of 11.1 percent occurring in FY 2023, reflecting inflationary pressures and service stabilization following the pandemic.
3. Ridership increased 65.0 percent system-wide, from 347,891 passenger trips in FY 2021 to 573,966 trips in FY 2024. Fixed route and commuter ridership increased by 64.4 percent, while Dial-A-Ride ridership increased by 74.9 percent, generally mirroring the system-wide recovery trend. Despite these gains, total ridership remains below pre-pandemic levels. Ridership declined from 931,948 trips in FY 2019 to 347,891 trips in FY 2021, representing a 66 percent reduction. By FY 2024, ridership had recovered to 61.6 percent of pre-pandemic levels, largely driven by fixed route and commuter services, which recovered to 62.2 percent of FY 2019 ridership.
4. Vehicle service hours and miles decreased slightly on a system-wide basis over the audit period, declining 0.8 percent and 1.6 percent, respectively. At the modal level, fixed route and commuter service hours declined by 7.3 percent, and service miles declined by 8.2 percent, reflecting reduced commuter frequencies. In contrast, Dial-A-Ride service hours increased by 19.7 percent and service miles increased by 29.2 percent, consistent with increased demand for demand-response services.
5. Operating cost per passenger, a key indicator of cost effectiveness, decreased 31.2 percent system-wide, from \$21.68 in FY 2021 to \$14.92 in FY 2024. Operating cost per passenger declined 34.3 percent for fixed route and commuter services and 25.5 percent for Dial-A-Ride. These improvements reflect substantial ridership gains as pandemic-related travel

¹ Assembly Bill 90, passed into law and signed by the governor in June 2020 in response to the COVID-19 pandemic impacts, prohibits the imposition of penalties on a transit operator that does not maintain the required ratio of fare revenues to operating cost during the FY 2019–20 or FY 2020–21. AB 149 extends the penalty exemption through FY 2022–23 and authorizes transit operators to include federal grant funds as local funds for the purpose of computing fare revenue ratios. This bill, until July 1, 2026, would exempt an operator from specified requirements related to fare box ratios and eligibility standards for a fiscal year in which the operator expended from local funding, as defined, an amount for transit operations not less than the amount the operator expended from local funding for transit operations during FY 2018–19.

restrictions eased, while operating costs increased more gradually.

6. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 14.5 percent system-wide, from \$110.01 in FY 2021 to \$125.92 in FY 2024. This indicator increased 16.5 percent for fixed route and commuter services and 8.9 percent for Dial-A-Ride, largely attributable to inflation, labor cost growth, and changes in service delivery.

Functional Review

1. Yuba-Sutter Transit experienced continued ridership recovery, reaching approximately 65 percent of pre-pandemic levels by FY 2024, led by fixed-route and Sacramento commuter services. Service levels remained moderated to reflect evolving travel patterns, while rural services to non-member communities were maintained. Operations were also affected by State Route (SR) 70 construction activities, which temporarily constrained yard space and required operational adjustments.
2. During the audit period, Yuba-Sutter Transit advanced planning for a replacement operations, maintenance, and administration facility, including acquisition of a 19.72-acre site in Linda in 2021. The proposed next-generation facility is designed to support zero-emission fleet conversion, future service expansion, and integrated infrastructure such as solar energy generation. Progress included environmental review, preliminary design activities, and successful pursuit of significant federal and state grant funding to support project delivery.
3. Operations and maintenance personnel are fully contracted to Storer Transit Systems, which employs approximately 74 full-time staff to support Yuba-Sutter Transit services. Staffing levels were stable during the audit period, with low turnover and an experienced workforce, supported by structured recruitment, training, and performance evaluation practices. While management reported generally effective staffing and retention, ongoing attention to wage competitiveness was noted as an area to monitor to sustain workforce stability.
4. Maintenance services encompass fleet maintenance, staffing, and facility operations. The maintenance program is supported by certified mechanics and strengthened by improved coordination following the hiring of a new maintenance manager in February 2025. While the existing facility remains adequate for current operations, it is nearing capacity, and the Authority is planning for a new maintenance facility to support future fleet growth and electrification.
5. Yuba-Sutter Transit's planning efforts focused on post-pandemic service recovery, route performance evaluation, and long-term system planning through development and adoption of the NextGen Transit Plan. Adopted in May 2023, the Plan serves as the Authority's Comprehensive Operational Analysis (COA) and Short-Range Transit Plan (SRTP), providing a data-driven framework to guide service modernization, future capital investments, and system improvements over the next 5 to 10 years, with implementation approached through additional analysis and public engagement.

6. During the audit period, Yuba-Sutter Transit increased its focus on marketing and public outreach, consistent with priorities identified in the NextGen Transit Plan. Efforts included refreshed website content and improved messaging in advance of the Authority’s 50th anniversary, laying the foundation for expanded visibility and communications improvements implemented after the audit period.
7. The Authority is administered by a six-person staff led by an executive director. The former executive director retired in June 2023 following nearly 44 years of public service, including approximately 36 years in that role. A planned leadership transition occurred in July 2023 with the appointment of the current executive director, who brought prior executive experience and previous service with Yuba-Sutter Transit, providing continuity during implementation of the NextGen Transit Plan.

Recommendations

Performance Audit Recommendation	Background	Timeline
<p>1. Improve TDA Cash-Flow Management and Disbursement Coordination.</p>	<p>Authority staff reported challenges with the timely receipt of TDA funds from local member jurisdictions. These timing delays have contributed to cash-flow constraints, particularly given that approximately 25 to 30 percent of the Authority’s operating revenues are derived from federal sources received on a reimbursable basis. SACOG has recommended that transit operators maintain approximately six months of operating funds as a cash-flow float to address such timing differences.</p> <p>Improved coordination on TDA disbursement timing and establishment of a reasonable cash-flow framework would strengthen financial stability, reduce short-term liquidity risk, and support continuity of service delivery. It is recommended that the Authority work with its member jurisdictions together with SACOG education and mediation efforts to improve the timeliness of TDA fund disbursements and consider formalizing a cash-flow or operating-reserve policy to mitigate the impacts of reimbursable federal funding and support ongoing operations.</p>	<p>High Priority</p>

Performance Audit Recommendation	Background	Timeline
2. Periodically Review Fare Policy and Fare Media Performance.	<p>The Authority collects approximately 65 to 75 percent of fare revenues through electronic fare media, primarily the Connect Card, reflecting a largely cashless fare structure. Fare changes implemented in January 2025, including monthly passes valid on microtransit services, highlight the importance of ongoing evaluation of fare structures and fare media usage as travel patterns and customer preferences evolve. Regular monitoring will support data-informed adjustments to fare policies and technologies while balancing customer convenience and revenue performance. It is recommended that the Authority continue to periodically review fare policies and fare media performance to ensure alignment with ridership trends, revenue objectives, and service delivery models, including microtransit.</p>	Medium Priority