



# FY 2008-2010 TRIENNIAL PERFORMANCE AUDIT OF AIM TRANSIT



SUBMITTED TO:

**Imperial County Transportation Commission**

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SUBMITTED BY:



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## Section I

### Introduction

California's Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities that receive TDA revenues. The performance audit serves to ensure accountability in the use of public transportation revenue.

The Imperial County Transportation Commission (ICTC) engaged PMC to conduct a performance audit of AIM Transit covering the most recent triennial period, fiscal years 2007–2008 through 2009–2010. The purpose of the performance audit is to evaluate AIM Transit's effectiveness and efficiency in its use of TDA funds to provide specialized public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates AIM Transit's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether AIM Transit is meeting the PUC's reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of AIM Transit's administrative functions. From the analysis that has been undertaken, a set of recommendations has been made for the agency which is intended to improve the performance of specialized transit operations.

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

### **Overview of the Transit System**

AIM Transit, or Areawide Independent Mobility, is the countywide intercity demand response transit service. It provides Americans with Disabilities Act (ADA) complementary paratransit service within a ¾-mile corridor to Imperial Valley Transit (IVT) routes with the same service hours as IVT. Service is curb to curb and is open to eligible ADA-certified passengers, as well as to seniors over 60 years of age on a space-available basis. The paratransit service is administered by the County of Imperial and is operated by ARC-Imperial Valley, a Social Services nonprofit 501(c)(3) organization.

Imperial County is geographically located in the southeastern corner of California, stretching from the United States-Mexico border on the south, Riverside County on the north, San Diego County on the west, and the State of Arizona on the east. The terrain varies from 235 feet below sea level

at the Salton Sea to 4,548 feet at Blue Angel Peak. The county’s geographical land area encompasses 4,597 square miles and is traversed by 2,555 miles of roadways. Major highways include Interstate 8 and State Routes (SR) 7, 78, 86, 98, 111, and 115.

Population growth has seen a marked increase in recent years. According to the 2010 U.S. Census Data, the county’s population is 174,528. The California Department of Finance 2010 estimate reports a countywide population of 183,029. The county seat and largest city is El Centro with an estimated population of 42,598 based on the 2010 U.S. Census. The population of El Centro is followed in descending order by those of Calexico, Brawley, Imperial, Calipatria, Holtville, and Westmorland.

System Characteristics

AIM Transit operates from 6:00 a.m. to 10:00 p.m., Monday through Friday, and Saturdays from 6:00 a.m. to 6:00 p.m. The service does not operate on Sundays and the following holidays: New Year’s Day, Martin Luther King Day (observed), Presidents’ Day, Memorial Day (observed), Independence Day (observed), Labor Day, Veterans Day, Thanksgiving, and Christmas. Reservations for service are accepted up to 14 days in advance.

Fares

The fares charged by AIM Transit for ADA-certified passengers are twice the amount of the IVT fixed-route fare and are based on a zone system. The fare being set at two times the IVT fare is in compliance with the Americans with Disabilities Act (ADA) requirements. Personal care attendants for ADA passengers ride free of charge while non-ADA-certified passengers are charged three times the fixed route fare. Personal care attendants accompanying non-ADA-certified passengers are required to pay the same fare. Cash is an acceptable form of payment when boarding the vehicle. For subscription and non-subscription trips, AIM Transit offers direct billing for social service agencies. The AIM Transit fare schedule is summarized below in Table I-1.

**Table I-1  
AIM Transit Fare Schedule**

<b>Passenger Category</b>	<b>One Zone</b>	<b>Multi-Zone</b>
ADA-Certified	\$1.50	\$2.00
Senior (60+)/Non-ADA	\$2.25	\$3.00

*Source: ARC-Imperial Valley*

Fleet

AIM Transit is operated with a fleet of six vehicles plus two back-up vehicles as of FY 2009–2010, all of which are owned by ARC-Imperial Valley. The fleet is described in Table I-2 below.

**Table I-2  
AIM Transit Fleet Inventory**

<b>Year</b>	<b>Manufacturer</b>	<b>Quantity</b>	<b>Fuel Type</b>	<b>Seat/Wheelchair Capacity</b>
2007	Chevy 5500	4	Diesel	22/3
2009	Ford E450	2	Gasoline	20/2
<b>Back-Up Vehicles</b>				
2001	Ford E450	2	Diesel	20/3

*Source: ARC-Imperial Valley*

The fleet conforms to the requirements of the Americans with Disabilities Act (ADA) of 1990 in regard to wheelchair accessibility.

## Section II

### Operator Compliance Requirements

This section of the audit report contains the analysis of AIM Transit’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the California Department of Transportation (Caltrans) to assess transit operators. The updated guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates:  FY 2008: September 29, 2008 FY 2009: September 21, 2009 FY 2010: September 23, 2010  <b>Conclusion: Complied</b>
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates:  FY 2008: June 5, 2009 FY 2009: December 15, 2009 FY 2010: January 12, 2011  <b>Conclusion: Partial Compliance. FY 2008 Fiscal &amp; Compliance Audit was completed and received after the 90-day extension period.</b>
The CHP has, within the 13 months prior to each TDA claim submitted by an	Public Utilities Code, Section 99251 B	Imperial County through its contract operator participates in the CHP Transit Operator

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.		<p>Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspection dates applicable to the audit period were July 23, 2007; March 18, 2008; April 6, 2009; and May 26, 2010.</p> <p>The County's contract operator received a satisfactory rating for all inspections conducted on AIM Transit vehicles during the audit period.</p> <p><b>Conclusion: Complied</b></p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>As a condition of approval, the County's annual claims for Local Transportation Funds are submitted in compliance with rules and regulations adopted by ICTC. ICTC staff provides assistance as needed in completing the claims.</p> <p>The County's claims are submitted generally during the fall of the claim year as required by ICTC. During the audit period, the claims were submitted on October 10, 2008, and November 6, 2009.</p> <p><b>Conclusion: Complied</b></p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	This requirement is not applicable, as AIM Transit provides specialized service and is subject to a different farebox ratio.  <b>Conclusion: Not Applicable</b>
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage increase in AIM Transit's operating budget:  FY 2008: 14.72% FY 2009: 2.76% FY 2010: 14.77%  The increases in the operating budget can be attributed to the addition of a sixth bus in July 2009 as well as a rise in fuel costs.  Source: Statistical Summary Reports – Operating costs less depreciation  <b>Conclusion: Complied</b>
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service	Public Utilities Code, Section 99247	The County's definition of performance measures as tracked and recorded by the contract operator is consistent with Public Utilities Code Section 99247. However, more consistency between data in internal and external reports is required.  <b>Conclusion: Complied</b>



<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
hours, (i) vehicle service miles, and (j) vehicle service hours per employee.		
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	This requirement is not applicable, as AIM Transit provides specialized service and is subject to a different farebox ratio.  <b>Conclusion: Not Applicable</b>
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	Under PUC Section 99268.5, the farebox ratio requirement for exclusive services for elderly and disabled is 10 percent. AIM Transit's operating ratios using internal financial data were as follows:  FY 2008: 10.58% FY 2009: 11.45% FY 2010: 10.02%  Source: Statistical Summary Reports  <b>Conclusion: Complied</b>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	The County contracts with a private nonprofit provider for operations, while the cost of County staff's retirement is fully funded under the 1937 Act County Employees' Retirement Law.  <b>Conclusion: Complied</b>
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	During the audit period, STAF revenues were used to fund AIM Transit. Both Imperial County and ARC utilize available federal funds.  <b>Conclusion: Complied</b>

### **Findings and Observations from Operator Compliance Requirements Matrix**

1. Of the compliance requirements pertaining to AIM Transit, the operation fully complied with eight out of the nine requirements. The operator was found in partial compliance with the timely submittal of its annual fiscal audits. Two additional compliance requirements did not apply to AIM Transit (e.g., rural/urban farebox recovery ratios).
2. AIM Transit's farebox recovery ratio remained above the required 10 percent standard. The fare increase in FY 2009 helped to maintain the farebox. The fare increase was intended to offset rising fuel costs and service cutbacks. The average systemwide farebox recovery ratio was 10.68 percent during the triennial review period.
3. Through its contract operator, the County participates in the CHP Transit Operator Compliance Program and received inspections of AIM Transit vehicles within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest increases since FY 2007, with the highest increases realized in FY 2008 and FY 2010. The addition of a sixth bus and increased fuel costs were responsible for the increases in the operating budget.

## Section III

### Prior Triennial Performance Recommendations

AIM Transit's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

#### Prior Recommendation 1

Implement No Show Policy and Procedures.

#### Actions taken by AIM Transit

AIM Transit has taken steps to implement and enforce a no-show policy and procedures. According to the contract operator, no-shows have been more prevalent on AIM Transit subscription services. The contract operator now charges for no-shows after a total of three no-shows. Following such action, the driver will not be dispatched until further notice. A review of the passenger service report during the audit period shows a 36 percent decline in the number of no-shows from 1,874 in FY 2009 to 1,205 in FY 2010.

#### Conclusion

This recommendation has been implemented.

#### Prior Recommendation 2

Conduct regular on-time performance checks.

#### Actions taken by AIM Transit

The operator conducts on-time performance checks in two ways. The first way is to check the driver's route manifest with the dispatch logs. This is conducted by operations staff routinely on an eight-day rotation. The second method involves an FTA/TSI-certified Driver Trainer, who tracks and reports on-time performance. On-time performance is one of the metrics reported in the management summary report.

#### Conclusion

This recommendation has been implemented.

### Prior Recommendation 3

Develop written capital vehicle replacement plan.

#### Actions taken by AIM Transit

The contract operator has taken steps to develop a capital vehicle replacement plan that has been highly successful in the procurement of new vehicles through the FTA Section 5310 grant program. The contractor's Transportation Coordinator has been responsible for compiling and maintaining an annual fleet inventory along with a spreadsheet detailing vehicle funding sources, acquisition dates, and depreciation rates. Accessory equipment, such as radios, is also included in the spreadsheet.

#### Conclusion

This recommendation has been implemented.

### Prior Recommendation 4

Implement the incentives and penalties provisions in the service contract.

#### Actions taken by AIM Transit

The service contract for AIM Transit contains standards and evaluation criteria to allow for the measurement of the performance and efficiency of services provided. The performance standards measured are Passengers per Hour, Passengers per Day, Cost per Passenger, Subsidy per Passenger, Cost per Mile, Cost per Hour, and Farebox. These performance standards are recorded and tracked by the statistical summary report developed by the contractor, and monitored by ICTC staff. Other service criteria not stipulated in the service contract such as on-time performance, accidents, roadcalls, and no-shows are tracked on the management summary and passenger service reports. The contract operator has met the performance standards stipulated in its service contract without incentives or penalties being implemented by ICTC.

#### Conclusion

This recommendation has been implemented.

### Prior Recommendation 5

Develop annual marketing plan.

### Actions taken by AIM Transit

The AIM Transit service contract stipulates that the contract operator is responsible for the development of a marketing plan with a corresponding budget of 5 percent of the total cost of the service for the fiscal year. Such a plan would include the development and preparation of all marketing materials for AIM Transit, subject to the approval of the County. The contractor developed a glossy multi-fold bilingual brochure for the service as well as a half-page advertisement appearing in the Imperial County Area Agency on Aging Senior Services Directory. Other focused marketing efforts have included attractive flyers and advertising listings in the local Yellow Pages. AIM Transit's efforts at marketing have been stymied by the reduction of its marketing budget in March 2010 due to reduced revenues.

### Conclusion

This recommendation has been partially implemented.

### *Prior Recommendation 6*

Develop AIM Transit specific website.

### Actions taken by AIM Transit

As part of its marketing plan, a website was developed promoting AIM Transit. The website went live in October 2009 and features a Spanish-language version in addition to a riders guide, downloadable eligibility form, and online contact form.

### Conclusion

This recommendation has been implemented.

### *Prior Recommendation 7*

Record roadcalls as part of the management summary report.

### Actions taken by AIM Transit

The tracking and recording of roadcalls provide trend analysis of the number of vehicle failures during revenue service. Such data can assist with identifying the root cause of potential service issues while gauging the level of maintenance of the vehicles. The contract operator began recording roadcalls in its management summary report commencing with the FY 2009 summary.

### Conclusion

This recommendation has been implemented.

### Prior Recommendation 8

Adjust the FTEs shown in the Annual State Controller Report.

#### Actions taken by AIM Transit

In a review of the performance data summaries compiled by ICTC for AIM Transit, the full-time equivalents (FTE) count does not appear to be calculated accurately. The FTE data appear to be an annual aggregate total of the number of employees or monthly FTEs. When queried about this discrepancy, the contractor was able to demonstrate an accurate accounting of FTEs on the operations side. Employee hours are detailed and formulized to provide an FTE figure totaled monthly and annually. However, County personnel have yet to include their staff hours and provide an accurate accounting thereof. Therefore, it is suggested that County personnel responsible for preparing the State Controller Report track their time charged to transit administration according to the formula calculation for FTEs and accurately incorporate the FTE information provided by the contractor.

#### Conclusion

This recommendation has not been implemented and is carried forward in this audit for full implementation.

## Section IV

### TDA Performance Indicators

This section reviews AIM Transit's performance in providing service in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following table. Farebox is not one of the five specific indicators, but is shown as a compliance measure. Findings from the analysis are contained in the section following the table, followed by the analysis.

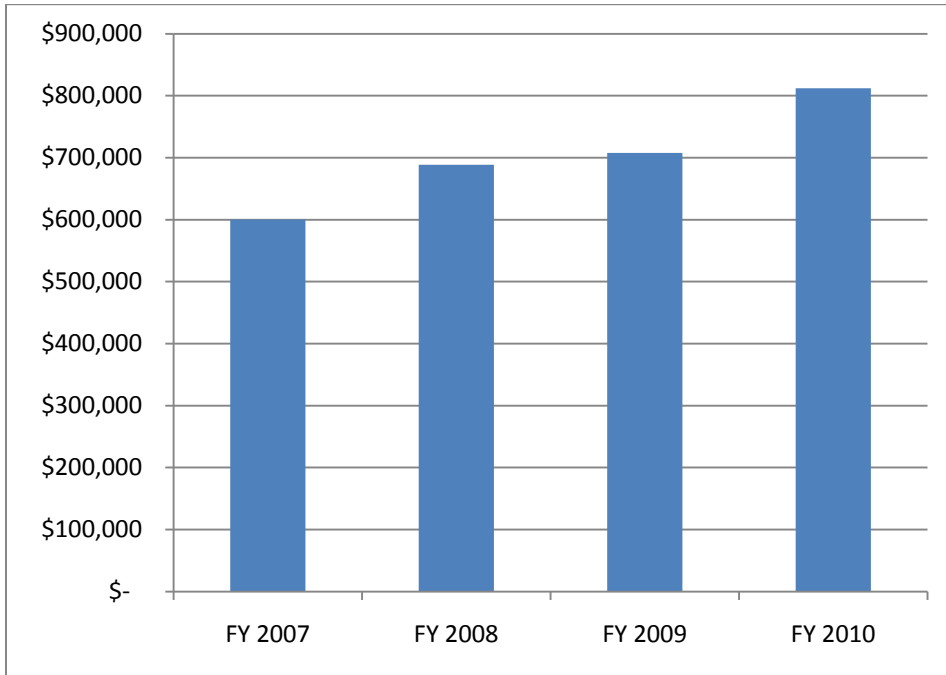
**Table IV-1**  
**AIM Transit Performance Indicators**

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007– 2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$600,333	\$688,692	\$707,671	\$812,206	<b>35.3%</b>
Total Passengers	34,635	36,303	35,954	36,799	<b>6.2%</b>
Vehicle Service Hours	14,307	12,056	12,003	12,421	<b>-13.2%</b>
Vehicle Service Miles	166,926	207,995	201,441	213,128	<b>27.7%</b>
Employee FTEs	13	14	13	13	<b>-1.5%</b>
Operating Revenue	\$68,189	\$72,860	\$81,059	\$81,361	<b>19.3%</b>
Operating Cost per Passenger	\$17.33	\$18.97	\$19.68	\$22.07	<b>27.3%</b>
Operating Cost per Vehicle Service Hour	\$41.96	\$57.12	\$58.96	\$65.39	<b>55.8%</b>
Operating Cost per Vehicle Service Mile	\$3.60	\$3.31	\$3.51	\$3.81	<b>6.0%</b>
Passengers per Vehicle Service Hour	2.4	3.0	3.0	3.0	<b>22.4%</b>
Passengers per Vehicle Service Mile	0.21	0.17	0.18	0.17	<b>-16.8%</b>
Vehicle Service Hours per Employee	1,067.7	886.5	937.7	941.0	<b>-11.9%</b>
Average Fare per Passenger	\$1.97	\$2.01	\$2.25	\$2.21	<b>12.3%</b>
Fare Recovery Ratio	11.36%	10.58%	11.45%	10.02%	<b>-11.8%</b>

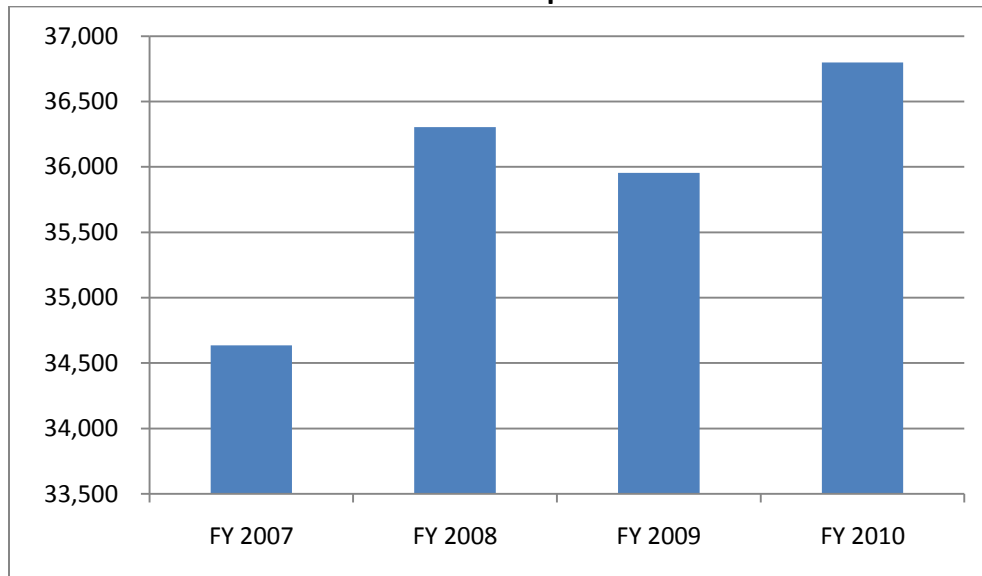
Source: ARC-Imperial Valley & ICTC Summary Reports.

Column graphs on the following pages are used to depict the trends for select performance indicators (Graphs IV-1 through IV-6).

**Graph IV-1  
Operating Costs**

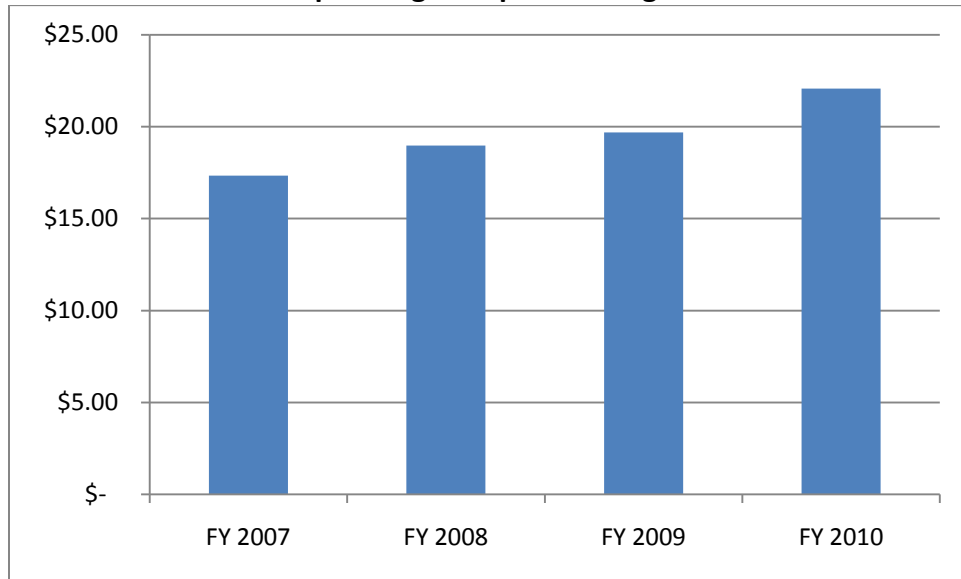


**Graph IV-2  
Ridership**

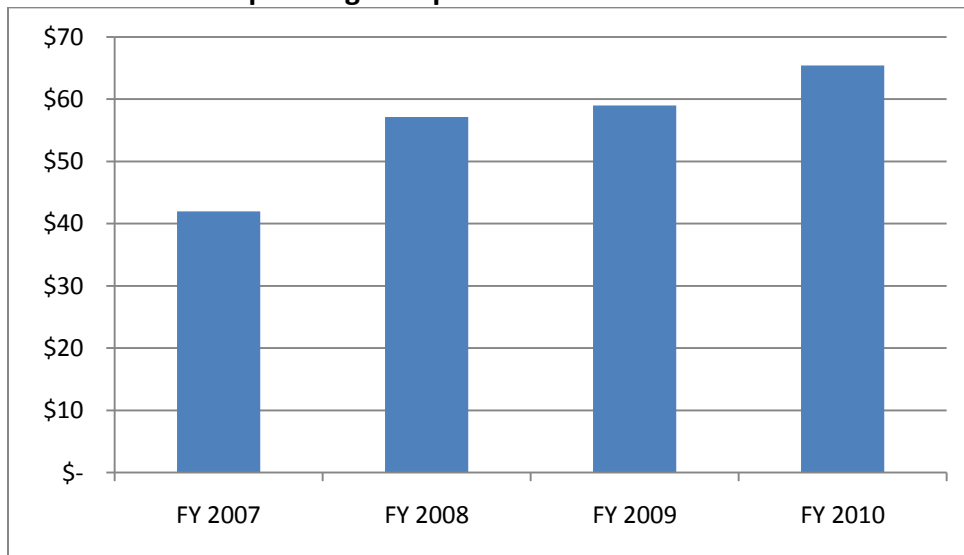




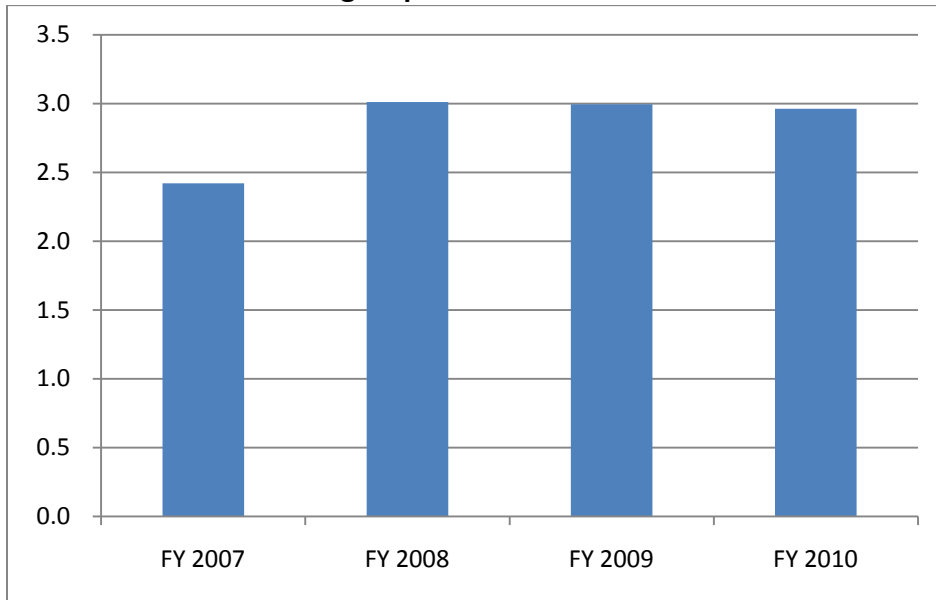
**Graph IV-3**  
**Operating Cost per Passenger**



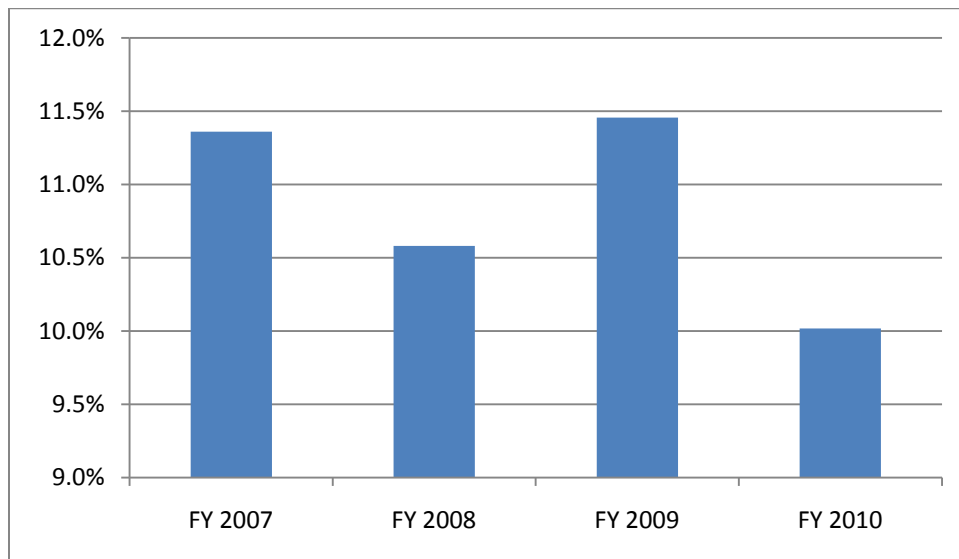
**Graph IV-4**  
**Operating Cost per Vehicle Service Hour**



**Graph IV-5  
Passengers per Vehicle Service Hour**



**Graph IV-6  
Fare Recovery Ratio**



## Findings from Verification of TDA Performance Indicators

1. **Operating cost per vehicle service hour**, an indicator of cost efficiency, increased 55.8 percent from \$41.96 in FY 2007 to \$65.39 in FY 2010. Overall vehicle service hours declined 13.2 percent, while operating costs exhibited an increase of 35.3 percent during the three-year period. Operating costs increased by an 10.7 percent annualized rate with increases of nearly 15 percent in FY 2008 and FY 2010 due to a rise in fuel costs and the addition of a sixth vehicle. On the other hand, vehicle service hours exhibited an annualized decline of 4.2 percent, with FY 2008 showing the largest decline of 15.7 percent.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased at half the rate of the cost per service hour. Cost per passenger increased 27.3 percent from \$17.33 in FY 2007 to \$22.07 in FY 2010. Overall ridership grew at a modest 6.2 percent during the period from 34,635 passengers in FY 2007 to 36,799 passengers in FY 2010, amounting to a 2.1 percent annualized rate of growth. This rate of growth was not sufficient to offset operating costs, which exhibited a higher increase.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 22.4 percent between FY 2007 and FY 2010 from 2.4 passengers per hour to 3.0 passengers per hour. The average number of passengers per hour remained at a 3.0 passengers from FY 2008 through FY 2010. Even with this modest growth in passenger trips, service hours decreased from 14,307 hours in FY 2007 to 12,421 hours in FY 2010. It appears that AIM Transit was able to accommodate more trips even when service hours exhibited a downward trend.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, decreased by 16.8 percent from 0.21 in FY 2007 to 0.17 in FY 2010. Service miles increased by 27.7 percent from 166,926 miles in FY 2007 to 213,128 in FY 2010, while ridership increased by 6.2 percent. On an annualized basis, service miles increased by 9.1 percent, with the highest increase of 24.6 percent occurring in FY 2008.
5. **Vehicle service hours per employee** decreased 11.9 percent between FY 2007 and FY 2010 from 1,067.7 to 941.0. This correlates with the 1.5 percent decline in full-time equivalents (FTEs) as well as the 13.2 percent decline in service hours. FTEs are derived by the contract operator through the formula of dividing total annual employee hours and then dividing by 2000.
6. **Farebox recovery** for AIM Transit remained slightly above the minimum TDA requirement of 10 percent during the audit period, averaging 10.68 percent. Operating costs outpaced revenues at a higher rate percentage-wise (35.3 percent versus 19.3 percent), resulting in declining yet sustainable farebox recovery. A fare increase implemented in FY 2009 was intended to offset the increase the increase in costs while helping to maintain adequate farebox returns.

## **Conclusion from the Verification of TDA Performance Indicators**

AIM Transit provides complementary demand-responsive service in the Imperial Valley service area within the  $\frac{3}{4}$  mile “corridor” of the IVT fixed-route system. AIM Transit also provides service within a 30-minute pick up window. Given its large service area, AIM Transit has managed to maintain its farebox recovery in spite of notable cost increases and growth in service miles. The growth in operating costs has outpaced the growth in passenger trips and revenues. The average number of passengers remained stable at 3.0 passengers per hour. Farebox returns have remained slightly above the minimum TDA requirement of 10 percent in spite of a decline of 11.8 percent from FY 2007 to FY 2010, which amounts to an average annualized decline of 3.7 percent.

The increase in operating costs has been attributed to the spike in fuel costs as well as the additional of a sixth vehicle. In an effort to contain costs and sustain the farebox, fares were increased in FY 2009 to generate higher passenger revenue. In addition, AIM Transit underwent a 9 percent cut in its operating budget, amounting to \$92,860 effective March 2010.

## Data Consistency

In a review of data consistency among external reports, fiscal year-end operations data was compared between the annual State Controller Report and two internal reports prepared by the contract operator and ICTC. Data for AIM Transit detailed on the State Controller Report appears to be inclusive of other demand responsive services operating in Imperial County. Table IV-2 shows the side-by-side comparison during the audit period (FYs 2008, 2009, and 2010) and including the base year of FY 2007.

Overall, there are some discrepancies and consistencies among the three data sets. A review of the two internal data sets shows relative consistency. The only significant variances between the two is in the vehicle service miles category for FYs 2007 and 2008. For example, there is a 343 variance in the FY 2007 data and a 1,941 variance in the FY 2008 data. On the other hand, the State Controller Report data show more significant variances when compared to the internal data sets. As was mentioned earlier, the data may be inclusive of other County-supported demand-response services such as West Shores Dial-A-Ride. It is suggested that County personnel tasked with the preparation of the State Controller Report make a note in the report indicating that data from more than one demand-response carrier is being reported along with a breakdown of the performance data for each individual carrier.

**Table IV-2**  
**Data Consistency Review**

TDA Statistic	Source	Base Year FY 2007	Audit Review Period		
			FY 2008	FY 2009	FY 2010
Unlinked Passengers	ARC Statistical Summary Report	34,635	36,303	35,954	36,799
	ICTC Performance Summary	34,635	36,303	35,954	36,803
	State Controller Report*	31,625	38,451	36,450	28,613
Vehicle Service Hours	ARC Statistical Summary Report	14,307	12,056	12,003	12,421
	ICTC Performance Summary	14,313	12,060	12,006	12,241
	State Controller Report*	13,143	12,926	12,364	9,741
Vehicle Service Miles	ARC Statistical Summary Report	166,926	207,995	201,441	213,128
	ICTC Performance Summary	166,583	206,054	201,441	213,293
	State Controller Report*	164,405	232,924	213,050	173,394

\*Operational data inclusive of other Dial-A-Ride services

## Section V

### Review of Operator Functions

This section provides an in-depth review of various functions within the AIM Transit operation. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following departments and functions were reviewed at the County and the contract operator:

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

#### **Operations & Planning**

AIM Transit has served as Imperial County's ADA complimentary paratransit carrier since June 1994. It operates along a ¾-mile corridor of most IVT fixed routes and has a 30-minute pick up window. The fixed-route service area is designated into service zones entitled the Primary, Secondary, and Remote zones. The Primary Zone is on a north-south axis with the cities of Brawley, Imperial, El Centro, and Calexico and corresponding unincorporated area in between. The two Secondary Zones are: (1) the cities of Calipatria and Westmorland and the community of Niland, and (2) the City of Holtville and the community of Seeley, with corresponding parts of Imperial County in between. There are four Remote Zones that encompass the communities of Winterhaven, Bombay Beach and the East Shores Communities, Salton City and the West Shores Communities, and Ocotillo. The IVT fixed route provides deviated service to comply with ADA in the remote zones.

For planning purposes, there are two travel corridors and three zones. The North-South Corridor is on a north-south axis, and the East-West Corridor is on an east-west axis. AIM Transit provides service six days a week in the Primary and Secondary service areas but not in the Remote Zones.

The service is administered by the County of Imperial and has been operated by ARC-Imperial Valley since 1994. ARC-Imperial Valley is based in El Centro. The most recent five-year contract was executed in October 2006 and approved by the County in December 2006. The service contract has undergone two modifications. The first modification allowed for the number of vehicles to increase from five to six as well for cost adjustments.

The County reimburses the contract operator for additional fuel costs through the fuel escalator clause over and above the budget amount and any savings from other areas of operations. The fuel clause protects ARC from additional fuel expenses given the significant increase in fuel prices. Each month, ARC invoices the County for the additional fuel expenses as a separate line item on

the invoice. In this manner, the fuel clause acts as a pass-through measure for the County to reimburse the expense.

As of July 2009, AIM Transit operated six vehicles with two vehicles serving as back-up. A seventh vehicle was planned to be utilized for service in January 2010, but was withdrawn due to a reduction in operating subsidies. Many of the service requests are for travel to the county's two largest cities: Calexico and El Centro. AIM Transit is the only ADA demand-response transit operator in the county to run service on Saturday after the budget reductions in FY 2009-10 that affected other public transit operations. Most trips average 12 miles in distance, with outbound deadhead mileage common.

The fares are structured on a zonal system and are charged twice the amount of IVT fixed route fares for ADA-certified passengers and three times the amount for non-ADA passengers. Approximately 58 percent of trips are by cash and the remainder is subscription-based. ARC receives an updated ADA list compiled by ICTC on a monthly basis. If fare receipts are shorted, drivers are expected to make up the difference.

Drivers are assigned to routes and contract based upon skill level and personality traits. They must also have a high logistic aptitude and geographic knowledge of the service area. Approximately 70 percent of drivers are cross-trained. In addition, two of the five dispatchers on staff are trained as drivers.

The service contract for AIM Transit contains standards and evaluation criteria to allow for the measurement of the performance and efficiency of services provided. The performance standards measured are Passengers per Hour, Passengers per Day, Cost per Passenger, Subsidy per Passenger, Cost per Mile, Cost per Hour, and Farebox. A summary of the performance standards and the actual operation performance for each measure is presented in Table V-1.

**Table V-1  
AIM Transit Performance Standard Criteria**

<b>Indicator/Measure</b>	<b>Standard</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Passengers Per Hour</b>	<b>2</b>	2.4	3.0	3.0	3.0
<b>Passengers Per Day</b>	<b>110</b>	113.9	119.8	118.3	121.4
<b>Cost Per Passenger</b>	<b>\$22.75</b>	\$17.33	\$18.97	\$19.68	\$22.07
<b>Subsidy Per Passenger</b>	<b>\$20.54</b>	\$16.13	\$17.34	\$17.84	\$20.37
<b>Cost Per Mile</b>	<b>\$4.28</b>	\$3.60	\$3.31	\$3.51	\$3.81
<b>Cost Per Hour</b>	<b>\$38.94</b>	\$41.96	\$57.12	\$58.96	\$65.39
<b>Farebox</b>	<b>10%</b>	11.36%	10.58%	11.45%	10.02%

*Source: ARC-Imperial Valley*

AIM Transit operations have met or exceeded performance standards for most indicators. The only indicator where there has been an issue concerns Cost per Hour. The elevated hourly costs may be attributed to the deadhead time intervals as well as the time it takes to pick up and secure wheelchair-bound passengers. Although AIM Transit has maintained or exceeded its 10 percent

farebox requirement, the overall farebox has been trending downward. The incentive and penalty provisions contained in the service contract have not yet been implemented by the County.

ARC-Imperial Valley utilizes a manual dispatching system for AIM Transit. According to ARC’s Director of Transportation, federal grants would only cover up to 80 percent of the cost for an automated dispatching system.

ARC provides an annual management summary report that records operational data such as wheelchair life failures, accidents, vandalism, and roadcalls. A monthly management summary report is also maintained and includes the number of service days, farebox revenues, mileage (revenue/deadhead), hours (revenue/deadhead), passenger count, passenger miles, passenger category, and trip purpose. The report also includes trip denials and comments received. Two of the operational measures reported on the management summary report are accidents and on-time performance. These measures are summarized in Table V-2.

**Table V-2  
Accidents & On-Time Performance**

	FY 2007	FY 2008	FY 2009	FY 2010	Total/Average
<b>Accidents</b>	0	1	1	0	2
<b>On Time Performance</b>	94%	94%	98%	98%	96%

*Source: ARC-Imperial Valley*

The number of accidents reported during the period has been negligible. Only one accident was reported for FY 2008 and FY 2009, respectively. There were no accidents reported for FY 2010. On-time performance has improved during the period, increasing from 94 percent to 98 percent of scheduled trips. This trend averages out to a 96 percent on-time performance rate for the period.

Customer service trends are monitored on the passenger service report, which are presented on the same spreadsheet as the management summary report. This report includes a tally of cancellations, no-shows, comments, complaints, and compliments. Table V-3 below summarizes the number of cancellations, trip denials, and no-shows received during the audit period.

**Table V-3  
Cancellations, Denials & No-Shows**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
<b>Cancellations</b>	1,901	2,762	3,017	1,137	8,817
<b>Trip Denials</b>	30	44	25	28	127
<b>No Shows</b>	1,912	1,736	1,874	1,205	6,727

*Source: ARC-Imperial Valley*

The number of cancellations and trip denials has declined significantly during the audit period. This trend reflects the effort to implement and enforce the no-show policy as per a prior audit recommendation. ARC now charges for no-shows after a total of three no-shows. No-shows continue to be more prevalent on subscription services.



Unlike cancellations and no-shows, trip denials are not reported on the passenger service report. ARC maintains a monthly denial log that contains the date and time of the request, pickup and destination addresses, and reason for the denial. There are nine alphabetical codes utilized for the reason given for each denial. The most common reasons for a denial include a pickup address outside of the corridor, not being able to renegotiate dates and times, same-day trip requests, and a passenger not qualifying for the service. The denial log is attached to the monthly management summary information sheet.

Another measure of customer service is in the tracking of complaints and compliments on the passenger service report tallied for the service year. Complaints and compliments are summarized in Table V-4 below.

**Table V-4  
Complaints & Compliments**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
<b>Complaints</b>	4	12	0	4	20
<b>Compliments</b>	1	1	0	2	4

Source: ARC-Imperial Valley

The number of complaints reported have averaged five annually, peaking at 12 complaints in FY 2008. There were four compliments received over the same period.

**Planning**

Service planning for AIM Transit relies on several approaches consisting of public forums, plans, and studies. Pursuant to the TDA claims process, ICTC conducts annual Unmet Transit Needs hearings. Unmet Transit Needs are, at a minimum, those public transportation or specialized transportation services that are identified in the Regional Short-Range Transit Plan (SRTP), Regional Transportation Plan, or similar Mobility Plan which have not been implemented or funded. Unmet Transit Needs identified during the process must also be found “reasonable to meet” based upon a set of five criteria in order to be implemented. Testimony received during the Unmet Needs process over the course of the audit period requested expanded service on Sundays.

ICTC commissioned a fare study of the transit agencies under its jurisdiction in 2008. For several of the operators, the farebox recovery ratios had been declining over the past few years given the growth in operating costs, primarily from fuel and insurance. The *Public Transit Services Fare Analysis* (Nelson/Nygaard 2008) proposed four fare options for AIM Transit, two each under a prior zone structure as well as two under a new zone structure. The analysis suggested that AIM Transit adopt a new fare structure and recommended a 25 percent increase for the local fare.

The new fare zone structure complements the new zone structure developed and implemented for IVT. The ICTC (formerly IVAG) Board selected Option 3 as the preferred alternative for adoption. This alternative called for ADA-certified passengers to pay twice the IVT zone fare and non-ADA-certified passengers to pay three times the fare.

An updated SRTP was commissioned by ICTC in January 2011 and is currently being developed. The primary objectives of the SRTP will be to review existing performance and prioritize operating and capital expenditures to maintain and recommend improvements to the regional transit system. The prior SRTP was adopted in FY 2004, and the new SRTP will review and evaluate the related goals, policies, objectives, and standards developed for that plan. In addition, it will provide a five-year plan for operations including, but not limited to, specifics on fares, service levels, route changes, service policy changes, inter-operator agreements, spare ratios, and other characteristics.

A Request for Proposals (RFP) was released in March 2011 by ICTC for the provision of ADA paratransit services concurrent with the fixed-route services. The fleet requirements for paratransit services include two 29-foot buses, three 27-foot buses, and three 22-foot buses for a total fleet of eight vehicles. The fleet would include a spare ratio of 20 percent. The farebox standard would remain at 10 percent pursuant to TDA guidelines. The estimated annual hours proposed would be 12,250 hours, and the estimated annual mileage proposed would be 225,000 with operations scheduled Monday through Saturday. The new contract would also include a series of incentives and penalties through the implementation of a Performance-Based Incentive System. The contract operator would be allowed to make recommendations as to changes to improve paratransit service on a case-by-case basis.

## **Maintenance**

ARC has developed a four-phase vehicle maintenance protocol for the vehicles utilized by AIM Transit. The first phase involves the Driver's Daily Vehicle Inspection Report (DVIR), which is completed prior to the first and second shifts to discover any mechanical defects that would prevent safe operation of the vehicles. The DVIR consists of a 30-point inspection checklist. ARC displays a daily mileage board indicating the current mileage of each vehicle and the mileage when each type of maintenance check is required.

The second phase involves an in-house 1,500-mile vehicle inspection along with a mid-point inspection prior to the third phase. The purpose of this inspection is to discover and correct any mechanical defect that may have occurred since the time of the last inspection either in-house or at a repair facility.

The third phase consists of a 3,000-mile/45-day inspection performed by an outside repair facility with certified technicians. This involves an inspection, oil change, and lubrication as mandated by the Department of Transportation. In addition, the purpose of this inspection is to discover and correct mechanical defects that are denoted during the thorough inspection by a certified Automotive Service Excellence (ASE) mechanic. The fourth phase involves the California Highway Patrol (CHP) Annual Bus and Terminal Inspection, which occurs at 13-month intervals.

Vehicle maintenance is performed by several dedicated vendors locally. Dion International Trucks, LLC, located at 397 East Evan Hewes Highway in El Centro, provides service on General Motors (Chevrolet) vehicles. El Centro Motors located at 1520 Ford Drive in El Centro provides service on

Ford vehicles. Radiator and glass repairs are performed by MJ Radiators & Glass Service located at 363 West State Street in El Centro. Escobedo Auto Body Shop located at 361 East Main Street in El Centro performs body work on the vehicles. Vehicles are taken to Desert Auto Plaza in El Centro or to a dealership in San Diego for warranty repairs.

ARC keeps in stock serpentine belts for the Chevrolet vehicles which require replacement every 5,000 to 7,000 miles. Otherwise, the parts inventory is very low at ARC, given most vehicle maintenance and repair is performed at the vendor’s location. The annual cost for vehicle repair and maintenance increased 22 percent from \$84,891.12 in FY 2007 to \$103,697.03 in FY 2010.

Vehicle fueling is handled through McNeece Brothers Oil of El Centro located at 691 East Heil Avenue only a few blocks away from ARC’s offices. A special fleet discount is applied on fuel purchases exceeding 10,000 gallons monthly. According to ARC financial reports, annual fuel costs increased nearly 37 percent from \$102,730.66 in FY 2007 to \$139,402.36 in FY 2010. This increase is attributed to the overall increase in fuel costs during the period as well as the addition of a sixth vehicle to the AIM Transit fleet.

The contract operator, as per a prior audit recommendation, began tracking roadcalls on its management summary report in FY 2009. Table V-5 below provides a summary of roadcalls incurred on the AIM Transit system for FYs 2009 and 2010.

**Table V-5  
Roadcalls**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
<b>Roadcalls</b>	NR	NR	6	4	10

*NR=Not Reported*

*Source: ARC-Imperial Valley*

A review of the management summary report reveals that most of the roadcalls occurred during the summer months, which are characterized by hot temperatures that affect the optimal performance of vehicle air conditioning systems. The service contract stipulates that thorough air conditioning inspections and repairs be executed and completed on all vehicles no later than April 1 of each contractual year.

**Marketing**

ARC is responsible for marketing the service on behalf of the County and coordinates the placement, scheduling, and distribution of all advertising and promotional materials to promote ridership. The contract with the County stipulates that the marketing budget is 5 percent of the AIM Transit budget, which is higher than the marketing percentage for ARC’s contracts with the cities of Imperial and El Centro because of the need for a dedicated website that includes ADA eligibility information and downloadable bilingual forms. The contract also requires ARC to develop an annual marketing plan at least 30 days prior to the end of the fiscal year for approval by the County. ARC has made efforts to develop and implement a marketing plan in spite of

budgetary constraints. With the cut in operating subsidies in March 2010, the marketing budget was subject to significant reductions.

A glossy color tri-fold brochure has been developed for AIM Transit. The brochure, which is printed in English and Spanish, provides a map of the service area, fare schedule, and general information on how the service operates. There is a one-half page color advertisement featured in the Imperial County Area Agency on Aging Senior Services Directory. The ad contains a photo of an AIM Transit vehicle along with contact numbers. Flyers are also employed to announce service or fare changes. ARC has created a paratransit data sheet that provides a listing of all the Dial-A-Ride services operated in Imperial County. A website was developed for AIM Transit (<http://www.aimtransit.com/>) which went live in October 2009. The website was active until July 1, 2011 when a new website for regional ADA service was activated (<http://ivtaccess.org>). The service is also listed in the local Yellow Pages telephone directory. Marketing efforts were reduced due to the cut in operating subsidies.

ARC has developed and provides passenger comment cards. The Transportation Service Questionnaire contains 10 questions and is printed in English and Spanish. ARC provides a statistical summary of the frequency and patterns of comments in its passenger service report. The report gives a breakdown of comments received as well as the number of complaints (written or phoned in) and compliments. The comment cards are primarily submitted directly to the contractor for processing which is part of industry practice and typically contained in the service contract. An alternative is for the comment cards to be addressed to and postage paid by the oversight agency for tracking purposes. Another option is for the public phone number to report a comment be changed to reflect the number for the oversight agency.

## **General Administration & Management**

During the audit period, AIM was administered by County staff serving under the umbrella agency IVAG. The service has been operated under various contracts since the service was implemented in June 1994. The newly created ICTC, through adopting resolution, assumed the transfer of duties and obligations as the successor agency to IVAG. Among the duties transferred included the continued management of AIM. In addition to the oversight of AIM provided by ICTC staff through contract management and monitoring, discussions about service are held through committees including the Social Services Transportation Advisory Council (SSTAC) that advises ICTC on transit matters pertaining to the needs of transit-dependent and transit-disadvantaged persons.

ARC is a nonprofit, 501(c)(3) social services agency that provides a number of services to the disabled community such as vocational programs, residential services, first aid/CPR training, and paratransit services. ARC's transportation division is the largest paratransit provider in Imperial County. ARC is governed by a Board of Directors and an Executive Director. Serving under the Board and Executive Director is the Director of Transportation, who oversees the paratransit services operation. The Director of Transportation is assisted by an Office Manager and Operations Supervisor. The Operations Supervisor oversees the dispatchers, schedulers, trainers, maintenance personnel, and drivers. In addition to the management and supervisory-level staff, ARC has 27 full-time drivers and 5 dispatchers. Drivers are assigned to contracted services based

upon their aptitude and customer service skills. The Director of Transportation reported higher than average employee turnover in FY 2010 due to wage increase deferrals and benefit cuts.

Drivers undergo a minimum of 80 hours of training consisting of 40 hours classroom and 40 hours behind-the-wheel instruction. Classroom instruction encompasses first aid, cardiopulmonary resuscitation (CPR), sensitivity/empathy training, Commercial Driver’s License (CDL) study and testing, ADA requirements, radio usage, and dispatch procedures. The behind-the-wheel instruction consists of pre-trip and post-trip inspections, brake and transmission checks, wheelchair lift operation and securement, and the SMITH system driving skill techniques. The SMITH system encompasses five keys for safe vehicle operation: (1) aim high in steering; (2) get the big picture; (3) keep eyes moving; (4) leave an out; and (5) make sure other drivers see you.

In addition to the aforementioned training protocol, new drivers are placed on a route under the supervision of a senior-level driver or route trainer who “rides along” to reinforce skills previously learned during the initial trainings. There are also ongoing in-service trainings such as mandatory monthly safety meetings, check rides, road observations, and retraining. Drivers are subject to retraining in the event of an accident or unfavorable evaluation.

ARC provides a comprehensive benefits package to its full-time employees including retirement options through a 401K plan. However, there have been no employer contributions toward retirement for three years due to reduced operator subsidies and higher costs. The value of the benefits package is calculated to be approximately \$3.35 an hour on average.

**Grant Administration & Funding**

The primary source of intergovernmental grant funding for AIM Transit is derived from the countywide TDA apportionment. During the audit period, AIM Transit received both Local Transportation Fund (LTF) and State Transit Assistance (STA) funding support. Due to uncertain STA funding during the audit period, ICTC began shifting the funding subsidy for AIM using more LTF while available STA was transferred to IVT. ICTC has since resumed funding AIM with STA monies. Table V-6 provides a summary of TDA funding allocation toward the countywide paratransit program.

**Table V-6  
AIM Transit TDA Funding Allocations**

<b>TDA Funding</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>LTF (SB325)</b>	\$177,820	\$0	\$354,673	\$788,934
<b>STA (AB2551)</b>	\$500,000	\$757,049	\$423,136	\$118,000
<b>Total</b>	<b>\$677,820</b>	<b>\$757,049</b>	<b>\$777,809</b>	<b>\$906,934</b>

*Source: Transit Finance Plan, ICTC*

TDA funding support for operations has gradually increased during the audit period. The total TDA allocation increased by more than a third since the FY 2007 base year. The County received a

higher STA allocation than LTF allocations earlier in the period. By FY 2010, that trend reversed as the State Budget crisis impeded the availability of STA funds.

As a nonprofit social services agency, ARC has successfully applied for and received Federal Transit Administration (FTA) Section 5310 grant funding toward paratransit vehicle procurement and other related equipment. Grant applications are scored and ranked by ICTC. ARC has compiled an annual bus inventory and depreciation schedule for AIM Transit vehicles. Buses and associated equipment are listed along with the funding source, acquisition date, and annual and monthly depreciation amounts, as well as date of full depreciation.

## Section VI

### Findings and Recommendations

The following material summarizes the major findings obtained from this triennial audit covering FYs 2008 through 2010. A set of recommendations is then provided.

#### Triennial Audit Findings

1. Of the compliance requirements pertaining to AIM Transit, the operation fully complied with eight out of the nine requirements. The operator was found in partial compliance with the timely submittal of its annual fiscal audits. Two additional compliance requirements did not apply to AIM Transit (e.g., rural/urban farebox recovery ratios).
2. AIM Transit's farebox recovery ratio remained above the required 10 percent standard. The fare increase in FY 2009 helped to maintain the farebox. The fare increase was intended to offset rising fuel costs and service cutbacks. The average systemwide farebox recovery ratio was 10.68 percent during the triennial review period.
3. Through its contract operator, the County participates in the CHP Transit Operator Compliance Program and received inspections of AIM Transit vehicles within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest increases since FY 2007, with the highest increases realized in FY 2008 and FY 2010. The addition of a sixth bus and increased fuel costs were responsible for the increases in the operating budget.
5. AIM Transit implemented five out of the eight prior audit recommendations. One recommendation was partially implemented. Two recommendations were not implemented, one because it is not yet warranted for implementation, while the other has been carried forward in this audit for full implementation.
6. Given its large service area, AIM Transit has managed to maintain its farebox recovery in spite of notable cost increases and growth in service miles. The growth in operating costs outpaced the growth in passenger trips and revenues. The increase in operating costs has been attributed to the spike in fuel costs as well as the additional of a sixth vehicle.
7. In an effort to contain costs and sustain the farebox, fares were increased in FY 2009 to generate higher passenger revenue. In addition, AIM Transit underwent a 9 percent cut in its operating budget, amounting to \$92,860 effective March 2010. AIM Transit was administered by ICTC for the County of Imperial and operated by ARC-Imperial Valley during the audit period.

8. AIM Transit operations have met or exceeded performance standards for most indicators. The only indicator where there has been an issue concerns Cost per Hour. The elevated hourly costs may be attributed to the deadhead time intervals as well as the time it takes to pick up and secure wheelchair-bound passengers.
9. ARC provides an annual management summary report that records operational data such as wheelchair life failures, accidents, vandalism, and roadcalls. Customer service trends are monitored on the passenger service report, which is presented on the same spreadsheet as the management summary report. This report includes a tally of cancellations, no-shows, comments, complaints, and compliments.
10. A Request for Proposals (RFP) was released in March 2011 by ICTC for the provision of countywide paratransit services concurrent with the fixed-route services. The estimated annual hours proposed would be 12,250 hours and the estimated annual mileage proposed would be 225,000 with operations scheduled Monday through Saturday. The new contract would also include a series of incentives and penalties through the implementation of a Performance-Based Incentive System.
11. ARC is responsible for marketing the service on behalf of the County and coordinates the placement, scheduling, and distribution of all advertising and promotional materials to promote ridership. The contract with the County stipulates that the marketing budget is five percent of the AIM Transit budget which included making available the regional ADA eligibility application and downloadable bilingual forms on a dedicated website.
12. As a nonprofit social services agency, ARC has successfully applied for and received Federal Transit Administration (FTA) Section 5310 grant funding toward paratransit vehicle procurement and other related equipment. ARC has compiled an annual bus inventory and depreciation schedule for AIM Transit vehicles. Buses and associated equipment are listed along with the funding source, acquisition date, and annual and monthly depreciation amounts, as well as date of full depreciation.



## **Triennial Audit Recommendations**

### **1. Record trip denials on the annual passenger service report.**

The contract operator, ARC-Imperial Valley, has developed a thorough process for recording and classifying trip denials on AIM Transit. ARC maintains a monthly denial log that contains the date and time of the request, pickup and destination addresses, and reason for the denial. There are nine alphabetical codes utilized for the reason given for each denial. The monthly denial log is attached to a monthly management summary report, and the number of denials is noted on the report. Unlike cancellations and no-shows, trip denials are not reported on the passenger service report. It is suggested that trip denial data be included concurrently with cancellation and no-show data on the passenger service report.

### **2. Adjust the FTEs shown in the annual State Controller Report.**

This recommendation has been carried forward from the prior audit. In a review of the performance data summaries compiled by ICTC for AIM Transit, the FTE count does not appear to be calculated accurately. The FTE data appear to be an annual aggregate total of the number of employees or monthly FTEs. When queried about this discrepancy, the contractor was able to demonstrate an accurate accounting of FTEs on the operations side. Employee hours are detailed and formulized to provide an FTE figure totaled monthly and annually. However, County personnel have yet to include their staff hours and provide an accurate accounting thereof. Therefore, it is suggested that County personnel responsible for preparing the State Controller Report track their time charged to transit administration according to the formula calculation for FTEs and accurately incorporate the FTE information provided by the contractor as well as include the FTE data compiled from the contract operator.