



FY 2008-2010 TRIENNIAL PERFORMANCE AUDIT OF CITY OF CALEXICO DIAL-A-RIDE



SUBMITTED TO:

Imperial County Transportation Commission

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 the City of Calexico Dial-A-Ride service covering the most recent triennial period, fiscal years 2007–2008 through 2009–2010. The purpose of the performance audit is to evaluate the system'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 the City of Calexico's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the City is meeting the PUC's reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the City'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 administrative 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

Calexico Dial-A-Ride is a specialized demand response service that operates within the City of Calexico. The service is administered by the City Utilities Department and is currently operated by First Transit, a private for-profit transportation carrier. Demand-response service is available only to seniors 60 years and older and persons with disabilities seven days a week. General public riders are not eligible to ride Calexico Dial-A-Ride. Additional transportation is made available directly to the Calexico Nutrition site Monday through Friday.

The City of Calexico is located on the international border opposite the city of Mexicali, Baja California Norte, Mexico. The city is at the junction of State Routes (SR) 7, 98, and 111. SR 111 connects Calexico with Interstate 8, located 5 miles to the north. The city was founded in 1899, incorporated in 1908, and has a total land area of 6.2 square miles. It operates under a council-manager form of government. Based upon the 2010 U.S. Census, the city's population is 38,572.

The 2010 population is estimated to be 40,075 as reported by the California Department of Finance.

System Characteristics

Calexico Dial-A-Ride operates from 8:00 a.m. to 5:00 p.m. seven days a week within the city limits. The service does not operate on the following holidays: New Year’s Day, Martin Luther King, Jr. Day (observed), Presidents’ Day, Memorial Day (observed), Independence Day (observed), Labor Day, Veterans Day, Thanksgiving, and Christmas. Reservations for service are accepted from one to 14 days in advance. The fare for a one-way trip was 75 cents during the audit period and was later increased to \$1.00 effective July 2010.

Calexico Dial-A-Ride is operated with a fleet of three vehicles plus one back-up vehicle as described in Table I-1 below.

**Table I-1
City of Calexico Dial-A-Ride Fleet Inventory**

Year	Manufacturer	Quantity	Fuel Type	Seat/Wheelchair Capacity
2003	Ford E-450 El Dorado National	3	Gasoline	17/2
Back-Up Vehicle				
2008	El Dorado National	1	Gasoline	21/2

Source: First Transit

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 the City of Calexico’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: October 6, 2008 FY 2009: November 16, 2009 FY 2010: October 27, 2010 Conclusion: Partial Compliance due late submittal of FY 2009 & FY 2010 reports.
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: February 15, 2009 FY 2009: November 6, 2009 FY 2010: March 25, 2011 Conclusion: Complied.
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the	Public Utilities Code, Section 99251 B	The City of Calexico through its contract operator participates in the CHP Transit Operator Compliance Program in which

<p align="center">Table II-1 Operator Compliance Requirements Matrix</p>		
Operator Compliance Requirements	Reference	Compliance Efforts
operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.		<p>the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspection dates applicable to the audit period were May 7, 2009; April 12, 2010; and November 30, 2010.</p> <p>The City's contract operator received a satisfactory rating for all inspections conducted on Calexico Dial-A-Ride vehicles during the audit period, with minor violations reported during the April and November 2010 inspections.</p> <p>Conclusion: Complied</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 City'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 City's claims are submitted generally during the spring of the claim year as required by ICTC.</p> <p>Conclusion: Complied</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 Calexico Dial-A-Ride serves a non-urbanized area. Conclusion: Not Applicable
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 Calexico Dial-A-Ride's operating budget: FY 2008: +10.72% FY 2009: +1.11% FY 2010: -1.20% The FY 2008 increase in the operating budget can be attributed to the change in contract operator and the rise in fuel costs. Source: Annual Fiscal and Compliance Audits Conclusion: Complied
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	Public Utilities Code, Section 99247	The City'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. Conclusion: Complied

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
vehicle, (h) vehicle service 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 Calexico Dial-A-Ride serves a non-urbanized area. Conclusion: Not Applicable
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. Calexico's operating ratios using audited and internal financial data were as follows: FY 2008: 9.22% FY 2009: 7.36% FY 2010: 9.18% Source: Annual Fiscal and Compliance Audits Conclusion: Not in compliance

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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 City contracts with a private provider for operations, while the cost of City staff’s retirement is fully funded under the California Public Employees Retirement System (CalPERS). Conclusion: Complied
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)	This measure is not applicable, as federal formula grant funds are not utilized and Calexico Dial-A-Ride does not receive State Transit Assistance Fund (STAF) revenues. Conclusion: Not Applicable

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to Calexico Dial-A-Ride, the operation fully complied with six out of the eight requirements. The operator was in partial compliance with the timely submittal of its State Controller Reports but was not in compliance with meeting its farebox standard. Three additional compliance requirements did not apply to Calexico Dial-A-Ride (e.g., rural/urban farebox recovery ratios and federal formula funding).
2. Calexico Dial-A-Ride's farebox recovery ratio remained below the required 10 percent standard. The average systemwide farebox recovery ratio was 8.58 percent during the triennial review period.
3. Through its contract operator, the City participates in the CHP Transit Operator Compliance Program and received inspections of Calexico Dial-A-Ride 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 a modest increase FY 2008 and a smaller increase in FY 2009 attributed to the change in contract operator and rising fuel costs. The FY 2010 budget exhibited a small decrease.

Section III

Prior Triennial Performance Recommendations

The City of Calexico'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 City'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

Consider fuel costs as a pass-through expense from the contractor to the City.

Actions taken by the City of Calexico

The contractor generally is responsible for fuel costs as part of its contract with the City. Under the most recent service contract dated September 2008, the City included a fuel escalator clause which provides extra compensation should fuel costs increase beyond the operator's control and negotiated rate. The fuel escalator is determined by adjusting the vehicle fuel budget line downward by any savings found in any line item category which has not been fully utilized when the full amount of the fuel costs are exceeded. Any requests for an additional fuel subsidy are reviewed by the Director of Utility Services at the end of the fiscal year accompanied by an accounting by the operator along with invoices substantiating the increase.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Schedule and conduct California Highway Patrol certification inspections at state-required intervals.

Actions taken by the City of Calexico

The contract operator for Calexico Dial-A-Ride participates in the California Highway Patrol (CHP) Transit Operator Compliance Program. Copies of the CHP reports of the three inspections conducted during the audit period were made available for review by the contract operator. The service contract stipulates that the operator comply with all CHP requirements.

Conclusion

This recommendation has been implemented.

Prior Recommendation 3

Continue to engage in active management of the dial-a-ride service contract.

Actions taken by the City of Calexico

The City's transit program is managed by the Utility Services Department. The Director of Utility Services and staff have taken a more active role in the dial-a-ride program. A Request for Proposals was released by the department in May 2008 for operations of the service. A new contractor began operating the service in September 2008. External reports prepared by the Finance Department, such as the State Controller Report, are reviewed by Utility Services. Once reviewed, they are presented to and approved by the City Council. The Director or his designee will meet with the contractor regarding complaints and farebox issues if there is a trend.

Conclusion

This recommendation has been implemented.

Prior Recommendation 4

Consider including financial incentives and penalties in the next service contract.

Actions taken by the City of Calexico

A performance-based incentive program is included in the most current service contract as part of the goal of the City to foster and maintain a cooperative relationship between the City and the contractor. Incentives and penalties are based on 10 criteria encompassing on-time performance, missed pick-ups, miles between accidents and roadcalls, annual CHP inspection reports, preventative maintenance, noncompliance with vehicle appearance, reporting, passenger comfort, and Air Resources Board requirements.

Conclusion

This recommendation has been implemented.

Prior Recommendation 5

Implement the no-show policy in the contract.

Actions taken by the City of Calexico

The dial-a-ride service contract contains a Cancellations and No-Show Policy. The policy stipulates a series of four actions that the contractor must adhere to in regard to cancellations and no-shows. This includes the provision that in the event of three consecutive no-shows by a passenger, the contract operator would send a notice of intent to suspend service for up to five business days

and detailing the reasons for such suspension. The City will meet with the contractor regarding the level of no-shows should there be a trend.

Conclusion

This recommendation has been implemented.

Prior Recommendation 6

Request additional monthly operations data from the contract operator and maintain the data on file at the City.

Actions taken by the City of Calexico

As stipulated in the service contract, it is the responsibility of the contractor to collect data on the operation of the transit system and supply such data to the Director of Utility Services on a monthly basis. Monthly operations data is required to be attached to the monthly invoice received by the City. A sample invoice reviewed by the auditor included a monthly billing log that contains the total number of passengers carried and total and revenue hours, as well total and revenue miles. Additional operational information such as on-time performance, roadcalls, complaints by type, accidents, cancellations, and no-shows were not included.

Conclusion

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

Prior Recommendation 7

Correctly provide revenue hours and miles to IVAG (now ICTC) according to TDA definitions.

Actions taken by the City of Calexico

The current contract operator submits invoices and billing logs that reflect costs for revenue service hours in accordance with TDA definitions and service contract terms. This information is reviewed by the Utility Services Department and submitted to ICTC for inclusion into its transit performance data monitoring.

Conclusion

This recommendation has been implemented.

Prior Recommendation 8

Increase marketing coordination and awareness between the City and contract operator.

Actions taken by the City of Calexico

Pursuant to the service contract, the contractor is responsible for scheduling, placement, and distribution of all advertising and marketing materials for the transit service. Both the City and contract operator have been proactive in this regard. Flyers about the service or service changes have been produced and distributed. On the City's part, the Utility Services Director has given presentations about the service before senior citizen and paratransit-dependent audiences. As an added bonus, the contract operator has chartered special senior trips from Calexico to Brawley for free.

Conclusion

This recommendation has been implemented.

Prior Recommendation 9

Place information about the City's Dial-A-Ride on the City's website.

Actions taken by the City of Calexico

Information about Calexico Dial-A-Ride has been made available on the City's website. The information is accessed by a link on the right margin of the Utility Services Department page. The page presents general information about the service, targeted ridership, reservation protocol, service days and hours, and rider etiquette.

Conclusion

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews the City of Calexico Dial-A-Ride'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
Calexico Dial-A-Ride Performance Indicators

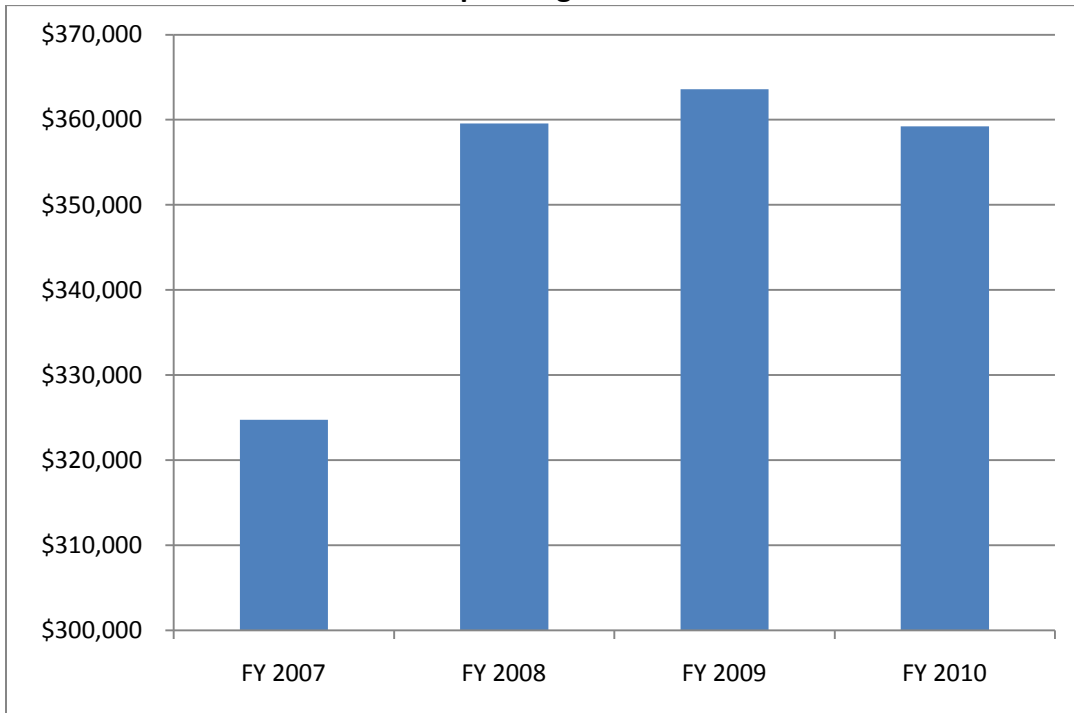
Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007– 2010
		FY 2008	FY 2009	FY 2010	
Operating Cost*	\$324,758	\$359,575	\$363,581	\$359,227	10.6%
Total Passengers	46,546	45,607	36,012	41,601	-10.6%
Vehicle Service Hours	8,600	8,630	7,765	7,759	-9.8%
Vehicle Service Miles	76,000	88,363	81,876	96,124	26.5%
Employee FTEs	3	3	7	7	133.3%
Operating Revenue*	\$33,740	\$33,139	\$26,758	\$32,981	-2.2%
Operating Cost per Passenger	\$6.98	\$7.88	\$10.10	\$8.64	23.8%
Operating Cost per Vehicle Service Hour	\$37.76	\$41.67	\$46.82	\$46.30	22.6%
Operating Cost per Vehicle Service Mile	\$4.27	\$4.07	\$4.44	\$3.74	-12.5%
Passengers per Vehicle Service Hour	5.4	5.3	4.6	5.4	-0.9%
Passengers per Vehicle Service Mile	0.61	0.52	0.44	0.43	-29.3%
Vehicle Service Hours per Employee	2,866.7	2,876.7	1,109.3	1,108.4	-61.3%
Average Fare per Passenger	\$0.72	\$0.73	\$0.74	\$0.79	9.4%
Fare Recovery Ratio	10.39%	9.22%	7.36%	9.18%	-11.6%

Source: ICTC; FYs 2007–10 Annual Fiscal Audits

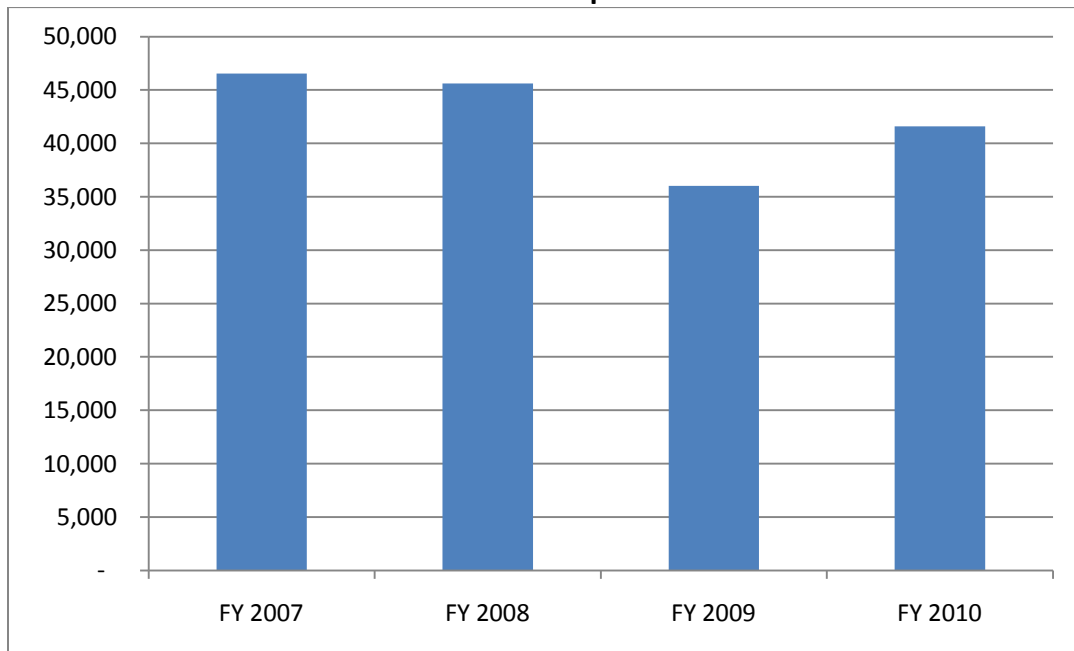
*FY 2007 through FY 2010 Operating Cost & Fare Revenue data are audited figures.

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

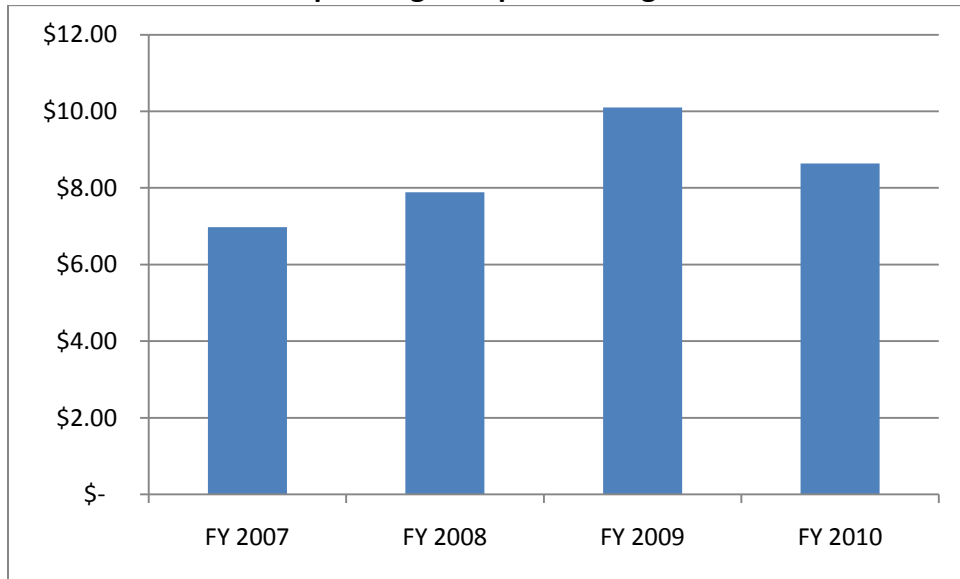
**Graph IV-1
Operating Costs**



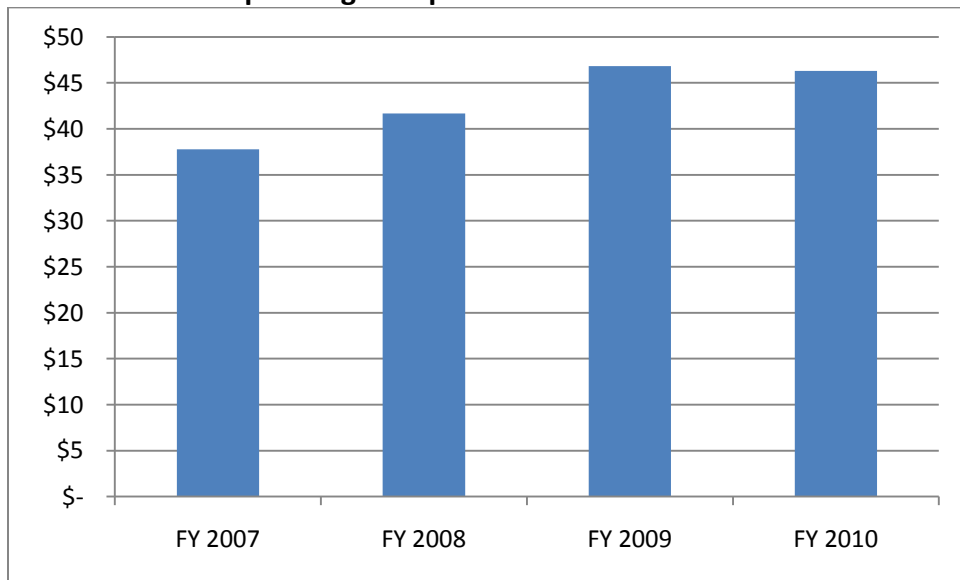
**Graph IV-2
Ridership**



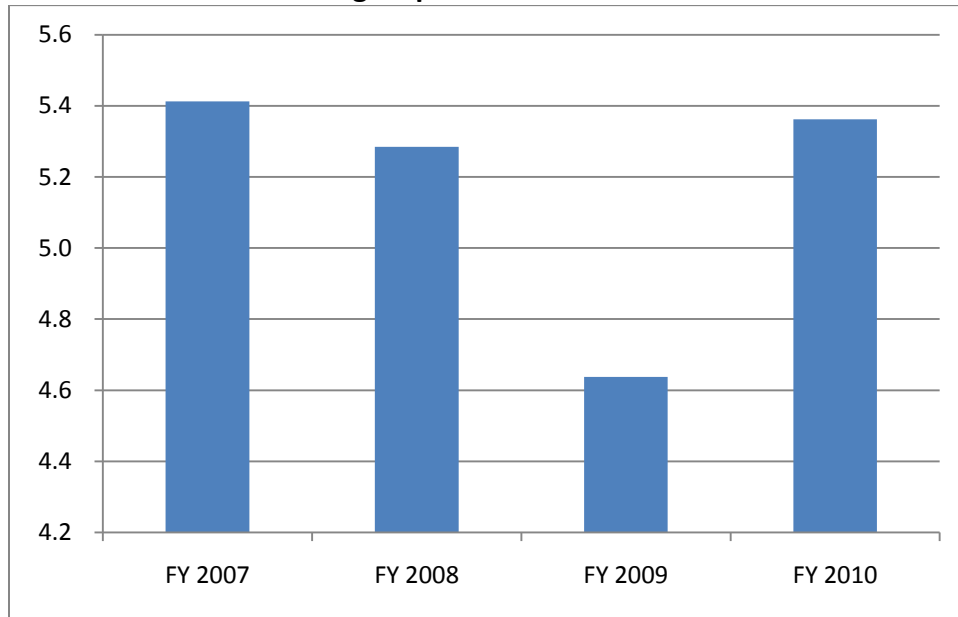
**Graph IV-3
Operating Cost per Passenger**



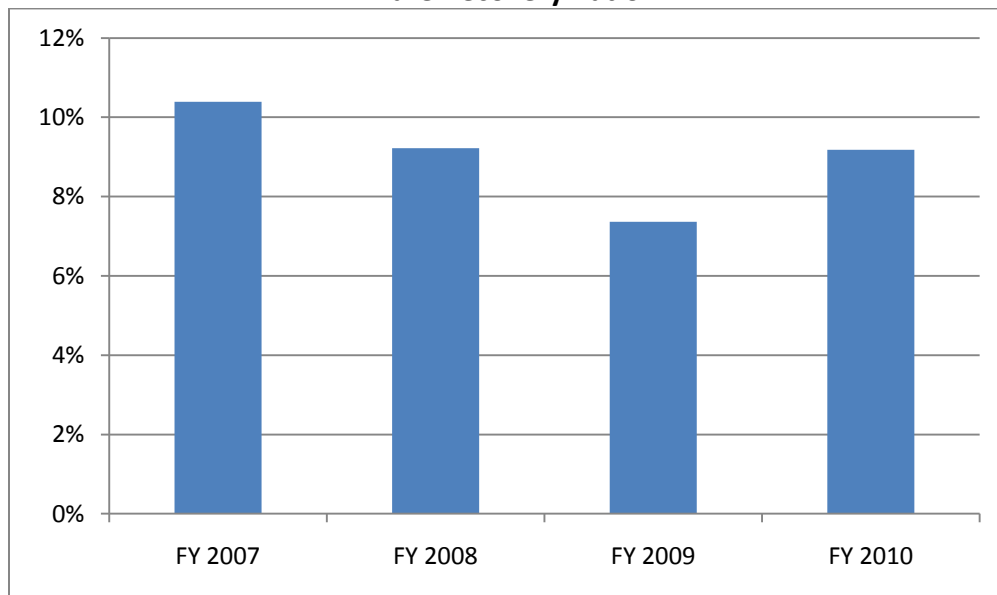
**Graph IV-4
Operating Cost per Vehicle Service Hour**



**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 22.6 percent from \$37.76 in FY 2007 to \$46.30 in FY 2010. Overall vehicle service hours declined 9.8 percent, while operating costs exhibited an increase of 10.6 percent during the three-year period. Operating costs increased by a 3.5 percent annualized rate characterized by a 10.7 percent increase in FY 2008 due to a rise in fuel costs. On the other hand, vehicle service hours decreased 9.8 percent during the period and exhibited an annualized decline of 3.3 percent.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased at about the same rate as the cost per service hour. Cost per passenger increased 23.8 percent from \$6.98 in FY 2007 to \$8.64 in FY 2010. Overall ridership decreased 10.6 percent during the period from 46,546 passengers in FY 2007 to 41,601 passengers in FY 2010, amounting to a 2.5 percent annualized rate of decline. In contrast to this trend, total passengers increased 15.5 percent in FY 2010 after declines of 2.0 and 21.0 percent in FYs 2008 and 2009.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, decreased by a very slight 0.9 percent between FY 2007 and FY 2010, remaining at 5.4 passengers per hour with declines reported during the intervening years of 5.3 in FY 2008 and 4.6 in FY 2009. This reflects the 9.8 percent decline in vehicle service hours as well as in total passengers.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, decreased by 29.3 percent from 0.61 in FY 2007 to 0.43 in FY 2010. In contrast, vehicle service miles increased by 26.5 percent from 76,000 miles in FY 2007 to 96,124 in FY 2010, while ridership decreased by 10.6 percent. On an annualized basis, service miles increased by 8.8 percent, only decreasing 7.3 percent in FY 2009.
5. **Vehicle service hours per employee** decreased 61.3 percent between FY 2007 and FY 2010 from 2,866.7 to 1,108.4 due to the change in contract operator and more accurate reporting of this measure. The initial number of full-time equivalents (FTEs) reported was 3 for FYs 2007 and 2008 whereas the number increased to 7 for the subsequent years to include City staff hours. FTEs are derived by the formula of dividing total annual employee hours and then dividing by 2000.
6. **Farebox recovery** for Calexico Dial-A-Ride exhibited a declining trend and fell below the minimum TDA requirement of 10 percent during the audit period, averaging 8.58 percent from a high of 10.39 percent during the FY 2007 base year. While operating costs grew at a moderate rate, passenger trips and revenue contracted. Farebox returns had an annualized decline of 2.2 percent for the period yet exhibited a 24.8 percent increase in FY 2010.

Conclusion from the Verification of TDA Performance Indicators

Calexico Dial-A-Ride provides specialized demand-responsive transit service within the City of Calexico. Although operating costs rose modestly during the audit period, passenger trips and revenues contracted, which kept farebox returns below the minimum TDA requirement of 10 percent. Fares remained unchanged at \$0.75 per passenger trip during the audit period until fares were increased to \$1.00 in July 2010. The \$0.25 fare increase should help Calexico Dial-A-Ride attain the 10 percent minimum farebox return.

With the change in contract operator in September 2008, the system saw improved performance as well as more accurate data reporting in accordance with TDA guidelines. During FY 2010, operating costs decreased 1.2 percent whereas passenger trips increased 15.5 percent, service miles increased 17.4 percent, revenues increased 23.7 percent, and farebox returns increased 25.2 percent. Service hours exhibited a slight decline of 0.1 percent during that fiscal year. Together with the modest fare increase at the beginning of FY 2011, these trends should enable Calexico Dial-A-Ride to reach and sustain its farebox standard.

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 the internal reports prepared by ICTC. Internal report data from the contract operator was unavailable. 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 between the two data sets. The FY 2007 data are consistent. For FY 2008, there is a slight variance in the passenger data and a more than 10,000-mile variance in the vehicle service mile data. For FY 2009, there is only a slight variance in the vehicle service hour data and a more than 10,000-passenger difference in the passenger data. For FY 2010, again there is a slight variance in the vehicle service hour data and a nearly 11,000-mile variance in vehicle service miles. The variances in data may be attributed to the change in contract operator in 2008 as well as the absence of performance data from the previous contract operator for verification purposes.

Table IV-2
Data Consistency Review

TDA Statistic	Source	Base Year FY 2007	Audit Review Period		
			FY 2008	FY 2009	FY 2010
Unlinked Passengers	ICTC Performance Summary	46,546	45,607	36,012	41,601
	State Controller Report	46,546	45,631	45,631	41,601
Vehicle Service Hours	ICTC Performance Summary	8,600	8,630	7,765	7,759
	State Controller Report	8,600	8,630	7,749	7,767
Vehicle Service Miles	ICTC Performance Summary	76,300	88,363	81,876	96,124
	State Controller Report	76,300	78,603	81,876	85,257

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within the City of Calexico Dial-A-Ride 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 City of Calexico and with the contract operator:

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

Operations & Planning

As required by the Americans with Disabilities Act (ADA), the City of Calexico provides demand-response paratransit services to individuals whose disability or mobility precludes the independent use of the fixed-route bus services. The provision of paratransit services is reflected in the City's Mission Statement which reads as follows:

Together, we pledge to provide effective and efficient services in a courteous and respectful manner to improve the quality of life for all, in our unique border community.

Dial-A-Ride has been operating in the City of Calexico since August 1982. The service was initially operated directly by the City until operations were contracted out in 1994. Calexico Dial-A-Ride underwent a change in contract operator during the audit period. Calexico Transit System (CTS) operated Dial-A-Ride from January 2004 through August 2008.

The City released a Request for Proposals in May 2008 to invite submittals from other qualified transportation providers to operate the service for a five-year term. As part of the selection process, the City appointed an independent review committee comprising transit-dependent individuals such as seniors, disabled persons, youth, and day-care providers. Bids were received from five companies, from which the top three were chosen for further review. First Transit, the operator of Imperial Valley Transit (IVT) and the El Centro Blue and Green Lines, was chosen to operate Calexico Dial-A-Ride.

The service contract with First Transit became effective September 2008 for a five-year term. First Transit's operations facility is located at 792 Ross Road in El Centro. The facility sits on just over 3 acres and features several structures and bus parking, which can accommodate future growth requirements for the fleet, and provides self-supporting maintenance in-house. The facility also supports a bus wash station, upper-floor storage, small employee lounge and kitchen, lockers, and three maintenance bays.

The existing service contract provides measured increases in the hourly fixed rate paid to the contract operator for each year the contract is in effect. The operator is responsible for the collection of fare revenue, which is subtracted from the costs to determine the actual monthly subsidy. In light of rising fuel costs, the contract contains a fuel escalator clause that provides extra compensation over and above the budget amount and any savings from other areas of operations. The fuel clause protects First Transit from additional fuel expenses given the significant increase in fuel prices. Each month, First Transit invoices the City 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 City to reimburse the expense.

The City Council approved a \$0.25 fare increase in June 2010, increasing the fare from \$0.75 to \$1.00, which became effective July 2010. Prior to implementation of the fare increase, the City contracted with the Imperial Valley Regional Occupational Program (IVVROP) to conduct a survey of senior citizen communities to gauge their thoughts and solicit input about such an increase. Fare receipts from the prior day's runs are counted each morning by two employees in a dedicated money room. An armored guard service picks up the receipts and transports them to the bank for deposit.

Drivers are required to report into dispatch upon departing the operations yard, at the last stop, when handling a wheelchair passenger, after an accident or breakdown, during a passenger emergency, or when running five minutes late. First Transit invested \$26,000 in a communications upgrade in August 2010. The Advance Tech-Nextel System is equipped with a Tier 2 Emergency frequency. The new system is the same used by commuter traffic monitoring systems in the Los Angeles area and involves less downtime than the previous repeater radio system. Dial-A-Ride vehicles are not equipped with Automatic Vehicle Locator (AVL), Global Positioning Systems (GPS), or cameras. There have been discussions with ICTC about procuring grant funds for the acquisition of AVL and camera systems.

First Transit provides a monthly operations report in tandem with its service invoice to the City. The invoice features the total number of revenue hours, cost per hour, and the revenues from the subscription and farebox services. The operations report provides a breakdown of trips for each day of service and driver. Passenger trips are categorized based on the fare paid and whether the passenger was a senior, disabled, or with the nutrition/subscription program. The number of no-shows, cancellations, and wheelchairs are also presented.

However, the monthly report does not include other operations data, such as accidents, roadcalls, and complaints received. First Transit was able to provide a breakdown of those measures for the purposes of this audit. The prior contract operator did not provide a summary of vehicle operations data, which is reflected in the FY 2007 base year and FY 2008. The number of accidents reported during audit period is summarized below in Table V-1.

**Table V-1
Accidents**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
Accidents	NR	NR	0	2	2

NR=Not Reported

Source: First Transit

As was noted previously, accident data for FY 2007 and FY 2008 was unavailable. For FY 2009, no accidents were reported and for FY 2010, only two accidents were reported.

Customer service trends are also monitored by the contract operator. Cancellations and no-shows are reported monthly and attached to the service invoice to the City. Table V-2 below summarizes the number of cancellations and no-shows received during the audit period.

**Table V-2
Cancellations & No-Shows**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
Cancellations	NR	NR	467	301	768
No Shows	NR	NR	1,468	1,243	2,711

NR=Not Reported

Source: First Transit

The number of cancellations and no-shows has shown notable declines. This trend reflects the effort to implement and enforce the no-show policy as per a prior audit recommendation. It is suggested that this data be included as part of the monthly statement and totaled annually. The contractor is required to complete a minimum of 99 percent of all trips scheduled and accepted.

Another customer service measure is complaints. The contract operator tracks complaints separately and provides a brief narrative of the complaint or incidents that is kept on file. Table V-3 below provides a summary of complaints received during the audit period.

**Table V-3
Complaints**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
Complaints	NR	NR	10	1	11

NR=Not Reported

Source: First Transit

A number of complaints were reported during FY 2009 after the change in contract operator. This could be attributed to a number of factors, such as improved reporting procedures and passengers not being accustomed to the new operator. The following year, complaint levels dropped significantly. City staff has confirmed that complaints have been minimal overall. The City will meet with the contract operator in regard to complaints and farebox issues should there be a trend.

As an exclusive dial-a-ride service targeted to the needs of seniors and disabled persons, Dial-A-Ride drivers check driver's licenses and other forms of identification to verify age and disability status. However, the city should develop and publicize a formal list of acceptable forms of identification as a means to standardize the ride eligibility process, including eligibility through ADA certification. A list of suggested types of identification for senior and disabled riders is provided in the recommendations section.

Planning

Service planning for Calexico Dial-A-Ride relies on several approaches consisting of public forums, plans, and studies. Pursuant to TDA, ICTC conducts the annual Unmet Transit Needs process. 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. None the comments from the Unmet Transit Needs hearings pertained to the Dial-A-Ride service. The only testimony received concerning Calexico had to do with requests for intercity service between Calexico and Holtville, which would be provided by IVT.

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) recommended a fare increase for Calexico Dial-A-Ride from \$0.75 to \$1.00 per one-way trip. Calexico has struggled to meet its minimum 10 percent farebox requirement since FY 2007. A fare increase was recommended because of the increased upward pressures on operating costs as well as the fact that fares had not been increased for some time. The City Council implemented this recommendation in June 2010.

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 transit system in the Imperial Valley. 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. The SRTP would also present a cost-benefit analysis as well as a possible consolidated dial-a-ride farebox.

As for the City of Calexico, a fixed-route community circulator has been proposed as part of an FTA Section 5304 planning grant and would be modeled after the IVT Blue and Green Line circulators operating in El Centro. Such a circulator would be branded as the "Orange Line," which would allow for timed connections with the IVT Regional Service at a designated stop in Calexico. In anticipation of further transit service expansion and coordination, another FTA Section 5304 grant has been secured for a transfer terminal feasibility study in Calexico.

Maintenance

Most basic maintenance for Callexico Dial-A-Ride vehicles is performed at the First Transit facility in El Centro. There are three service bays with portable floor jacks to raise the vehicles for routine inspections of the vehicle undercarriage. The Preventative Maintenance Inspection (PMI) is configured on an A-B-C-D schedule. “Dry” inspections are performed every 3,000 miles or 45 days, and “wet” inspections are performed every 6,000 miles. Wet inspections include oil changes. Drivers complete a vehicle inspection form prior to each run. The daily vehicle inspection consists of 44 points and three major categories: (1) Vehicle Exterior Checks; (2) Vehicle Interior Checks; and (3) Brakes System Checks. The form consists of a top copy and two carbon copies. The California Highway Patrol (CHP) inspects the transit vehicles on a monthly basis as part of its commercial trucking task force, which is as thorough as an annual CHP Annual Bus and Terminal Inspection.

On-site maintenance is performed by two mechanics, which are supervised by a maintenance manager. The mechanic work shifts are staggered to ensure constant coverage throughout all hours of operation. The first shift commences at 4:45 a.m. and the second shift commences at 1:00 p.m. Major maintenance, such as engine and transmission work, is performed off-site by Automotive Service Excellence (ASE)-certified vendors. NAPA Auto Parts located at 258 East Main Street in El Centro performs engine rebuild work. RPM Engine Service in Pomona also performs engine and transmission rebuild work. Vehicles are washed by staff on-site after hours with an auto washer located on the east side of the maintenance building. Callexico Dial-A-Ride’s vehicles are fueled at the SoCo Group in El Centro at 350 East Main Street and in Callexico at 940 South Imperial Avenue.

First Transit utilizes the Infor Datastream 7i maintenance software program, which, among other capabilities, tracks mileage, parts inventory, and PMIs. Mileage and fuel data are manually uploaded to the system daily. The software is tied electronically to First Transit company management and can be reviewed by the area’s director of maintenance. Parts inventory is monitored at each phase of a purchase order execution: upon request, activation, and completion. The system advises when the PMIs are due and maintains separate records for 3,000-mile and 6,000-mile inspections.

The parts inventory was valued at \$28,764 as of February 2011, which was 2 percent over the allotted amount due to the availability of suspension parts. A Detailed Maintenance Index (DMI) report is generated weekly to monitor parts levels. Inventories for air conditioning compressors and belts are increased during the summer months. In addition, cycle counts are conducted quarterly. Tires are purchased new, and disposed tires are tracked. First Transit participates in a national tire recycling program sponsored by Michelin and Bridgestone.

Roadcalls were not tracked consistently prior to the change in contract operator effective September 2008. Table V-4 below provides a summary of roadcalls incurred by Callexico Dial-A-Ride during the audit period.

**Table V-4
Roadcalls**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
Roadcalls	NR	NR	2	3	5

NR=Not Reported

Source: First Transit

Roadcalls were fairly nominal during the years that they were tracked, with a slight increase in FY 2010 over the previous year. Roadcalls are not denoted on the monthly operations report and invoice that the City receives.

Marketing

The contract operator is responsible for marketing the transit service on behalf of the City. Pursuant to the service contract, the operator is supposed to provide a marketing plan indicating all proposed activities with a corresponding budget of 3 percent of the total annual operating cost. First Transit provides basic marketing materials that include the distribution of flyers to senior residential communities and centers in the service area. As an added promotional effort, First Transit has provided free special senior trips to Brawley on a charter basis. Most other marketing efforts have been through word of mouth.

Efforts by the City to promote the service involve providing general information on the City’s website <http://www.calexico.ca.gov/>. A link to the Dial-A-Ride information page is provided on the menu located on the right-hand margin of the Utility Services page. In addition to general information, the page provides fare information, hours of operation, reservation instructions, rider etiquette, and contact information for customer comments and concerns.

General Administration & Management

The City of Calexico operates as a general law city under a council-manager form of government. The five-member City Council serves as the principal policy-making body. The Mayor and Mayor Pro-Tem are elected by the Council and are chosen from among the five council members and rotate on an annual basis. The Council convenes on the first and third Tuesday of the month at 6:30 p.m. The City Council provides policy direction to the City Manager, who oversees City operations. All other department heads in the City serve under the direction of the City Manager, who oversees the administration of the City’s ten departments.

Calexico Dial-A-Ride is administered through the City’s Utility Services Department, located at 608 Heber Avenue. The department is responsible for providing and maintaining the City’s infrastructure, submitting project funding requests, and overseeing construction projects. The seven divisions that make up the department are the airport, recycling, solid waste, wastewater treatment, water distribution, water treatment, and transit. TDA claim forms are prepared by the City’s Finance Department and approved by the City Council. Utility Services staff prepares the transit budget and projections, and provides general administration and liaison with the contract

operator. The transit budget is determined by the hourly rate charged by the contractor multiplied by the hours of operation from the prior year.

The contract operator, First Transit, is the United States subsidiary of First Transit PLC headquartered in the United Kingdom. U.S. operations are headquartered in Cincinnati, Ohio, and local operations are in El Centro. Staff dedicated to Dial-A-Ride operations include five drivers (4 full-time, 1 part-time) and one dispatcher. Administrative and support staff consist of a general manager, an operations manager, one maintenance manager, two mechanics, two bus washers, and one clerical person. Non-management employees are represented by Teamsters, Local 542. The current Memorandum of Understanding (MOU) is effective through March 2012. Drivers are cross-trained and all dispatchers and staff are trained as drivers. An employee handbook provides a detailed summary of rules, policies, and benefits. Employees are required to sign the handbook acknowledgment.

Potential drivers are required to have a Class B license with a passenger endorsement. However, most drivers have a Class A license. Drivers undergo classroom and behind-the-wheel instruction totaling 80 hours. The training conducted by a DMV-certified instructor on staff is audited by the Department of Motor Vehicles (DMV) on a regular basis. In addition, there is a 2-hour monthly in-service training featuring the Safety Solution Team, which reviews safety procedures. As safety awareness is the top priority for the operator, there are also quarterly safety rallies, and fluorescent green safety vests are worn by all staff members while on duty.

There is a 90-day probationary period for new employees. After probation, full-time employees are eligible for benefits. Benefits include medical, dental, and vision plans. In addition, employees receive \$10,000 in employer-paid life insurance and the option of long-term disability insurance. There are several types of employee incentives such as employee appreciation barbecues, food and raffles during monthly safety trainings, and points earned toward free lunches and television sets for zero accidents.

First Transit has a zero-tolerance policy as it pertains to drug and alcohol abuse. A drug and alcohol handbook stipulates the company’s policies and protocols. Random drug testing is performed through Cal-Test Drug Testing Services in Imperial. There is no second testing on negative dilutes.

Grant Administration & Funding

The primary source of intergovernmental grant funding for Calexico Dial-A-Ride is derived from the City’s TDA apportionment, which is primarily from the Local Transportation Fund (LTF). Table V-5 provides a summary of TDA funding allocation towards the City’s paratransit program.

**Table V-5
Calexico Dial-A-Ride TDA Funding Allocations**

TDA Funding	FY 2007	FY 2008	FY 2009	FY 2010
LTF – (SB325)	\$270,247	\$270,247	\$401,011	\$390,770

Source: Transit Finance Plan, ICTC

The growth in the City's allocation is reflective of the new service contract containing a fuel escalator clause as well as population growth within the service area. Based on the FY 2010–11 ICTC Transit Finance Plan, Calexico is slated to receive \$20,000 in County Local Transportation Authority (LTA) revenues derived from the renewed local transportation sales tax. The renewed tax includes allocations for transit projects.

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 Calexico Dial-A-Ride, the operation fully complied with seven out of the nine requirements. The operator was in partial compliance with the timely submittal of its State Controller Reports but was not in compliance with meeting its farebox standard. Three additional compliance requirements did not apply to Calexico Dial-A-Ride (e.g., rural/urban farebox recovery ratios and federal formula funding).
2. Calexico Dial-A-Ride's farebox recovery ratio remained below the required 10 percent standard. The average systemwide farebox recovery ratio was 8.58 percent during the triennial review period.
3. Through its contract operator, the City participates in the CHP Transit Operator Compliance Program and received inspections of Calexico Dial-A-Ride 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 a modest increase in FY 2008 and a smaller increase in FY 2009 attributed to the change in contract operator and rising fuel costs. The FY 2010 budget exhibited a small decrease.
5. Calexico implemented eight out of the nine prior audit recommendations. One recommendation was partially implemented. One recommendation that pertains to maintaining operational data on file at the City was not implemented and has been carried forward in this audit for full implementation.
6. Although operating costs rose modestly during the audit period, passenger trips and revenues contracted, which kept farebox returns below the minimum TDA requirement of 10 percent.
7. With the change in contract operator in September 2008, the system saw improved performance as well as more accurate data reporting in accordance with TDA guidelines. During FY 2010, operating costs decreased 1.2 percent whereas passenger trips increased 15.5 percent, service miles increased 17.4 percent, revenues increased 23.7 percent, and farebox returns increased 25.2 percent.
8. The City released a Request for Proposals in May 2008 to invite submittals from other qualified transportation providers to operate the service for a five-year term. First Transit, the operator

of Imperial Valley Transit (IVT) and the El Centro Blue and Green Lines, was chosen to operate Calexico Dial-A-Ride. The service contract with First Transit became effective September 2008 for a five-year term.

9. First Transit invoices the City 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 City to reimburse the expense.
10. The City Council approved a \$0.25 fare increase in June 2010, increasing the fare from \$0.75 to \$1.00, which became effective July 2010. Prior to implementation of the fare increase, the City contracted with the Imperial Valley Regional Occupational Program (IVVROP) to conduct a survey of senior citizen communities to gauge their thoughts and solicit input about such an increase.
11. First Transit provides a monthly operations report in tandem with its service invoice to the City. The invoice features the total number of revenue hours, cost per hour, and the revenues from the subscription and farebox services. The operations report provides a breakdown of trips for each day of service and driver.
12. Calexico Dial-A-Ride is administered through the City's Utility Services Department, which is responsible for providing and maintaining the City's infrastructure, submitting project funding requests, and overseeing construction projects. TDA claim forms are prepared by the City's Finance Department and approved by the City Council. Utility Services staff prepares the transit budget and projections, and provides general administration and liaison with the contract operator.
13. First Transit staff dedicated to Dial-A-Ride operations include five drivers (4 full-time, 1 part-time) and one dispatcher. Administrative and support staff consist of a general manager, an operations manager, one maintenance manager, two mechanics, two bus washers, and one clerical person. Non-management employees are represented by Teamsters, Local 542.

Triennial Audit Recommendations

1. Request additional monthly operations data from the contract operator and maintain the data on file at the City.

This recommendation is carried over from the previous audit. As stipulated in the service contract, it is the responsibility of the contractor to collect data on the operation of the transit system and supply such data to the Director of Utility Services on a monthly basis. Monthly operations data is required to be attached to the monthly invoice received by the City. A sample invoice reviewed by the auditor included a monthly billing log that contains the total number of passengers carried and total and revenue hours, as well total and revenue miles. Additional operational information such as on-time performance, roadcalls, complaints by type, accidents, cancellations, and no-shows were not included. Upon inquiry by the auditor, the contract operator did not have this information readily compiled and available. Therefore, it is suggested that this additional operational data (i.e., on-time performance, roadcalls, complaints by type, accidents, cancellations, trip denials, and no-shows) be regularly compiled, tracked, and included in the monthly reports to the City.

2. Implement the system of incentive rewards and penalties to ensure the performance standards are met in the contract.

Attachment 4 of the service contract provides a performance-based incentive program to be used as an outline for measuring the contract operator's performance and building a cooperative relationship between the City and First Transit. Although most performance standards have either been met or exceeded by the contract operator, a series of incentives and penalties through the implementation of a performance-based incentive system would ensure continued service quality and spur greater efficiencies that could support the minimum farebox standard and control costs. It is suggested that the City implement and enforce these provisions as well as monitor actual performance against the criteria.

3. Enhance passenger ride eligibility and verification.

Operating as a specialized transit service, Calexico Dial-A-Ride limits its ridership to senior citizens 60 years and older, and disabled persons. Due to this limitation, verification of rider eligibility is required prior to boarding. The city should clearly state the forms of identification that are acceptable to ride specialized DAR. Several accepted forms of identification include the following:

For Senior Riders:

- Medicare Card and proper identification
- Driver's License or State of California (DMV) I.D. Card

For People with Disabilities:

- ADA I.D. Card or letter
- DMV Disabled Person Placard Identification Card/Receipt
- Social Security Medicare Card and proper identification or disability insurance award letter
- V.A. letter confirming a disability of 50% or greater.

It is suggested that the City collaborate with ICTC for providing ADA certification as one form of disability verification. ICTC currently conducts ADA certifications for the regional ADA paratransit service, which could then also be valid for rides on the city DAR services. In this manner, a centralized database of ADA certified riders is maintained countywide and can be shared among DAR providers.