



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



SUBMITTED TO:

Imperial County Transportation Commission

SUBMITTED BY:



September 2011

TABLE OF CONTENTS

Section I	1
Introduction	1
Overview of the Transit System	1
Section II	3
Operator Compliance Requirements	3
Section III	9
Prior Triennial Performance Recommendations	9
Section IV	12
TDA Performance Indicators	12
Data Consistency	18
Section V	19
Review of Operator Functions	19
Operations & Planning	19
Maintenance.....	22
Marketing	24
General Administration & Management.....	24
Section VI	27
Findings and Recommendations	27

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 El Centro 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 El Centro'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

The City of El Centro Dial-A-Ride is a specialized demand-response service that operates within the City of El Centro. Demand response service is currently available only to seniors 60 years and older and persons with disabilities. General public riders are no longer eligible to ride El Centro Dial-A-Ride. The service is administered by the City of El Centro, subsidized by ICTC, and operated through a contract by ARC-Imperial Valley (ARC), a social services nonprofit 501(c)(3) organization. The dial-a-ride service was established in January 1980 and has been operated by ARC since 2000.

El Centro is the county seat and largest city in Imperial County. It is located at the junction of Interstate 8 and State Routes (SR) 86 and 111. The city has a total land area of 10.75 square miles. El Centro was incorporated on April 16, 1908, and has a council-manager form of government. Based upon the 2010 U.S. Census, the city's population is 42,598. The 2010 population is estimated to be 45,365 as reported by the California Department of Finance.

System Characteristics

El Centro Dial-A-Ride is a door-to-door service. The transit system operates five days a week from 7:00 a.m. to 4:00 p.m., Monday through Friday. The service does not operate weekends and 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. The fare for a one-way trip is \$1.25.

Weekday service hours were reduced and Saturday service eliminated effective March 2010. Prior to this service reduction, El Centro Dial-A-Ride operated from 7:00 a.m. to 6:00 p.m. Monday through Saturday.

El Centro Dial-A-Ride is operated with a fleet of two vehicles plus one back-up vehicle as described in Table I-1.

Table I-1
City of El Centro Dial-A-Ride Fleet Inventory

Year	Manufacturer	Quantity	Fuel Type	Seat/Wheelchair Capacity
2007	Ford E450	1	Gasoline	16/2
2009	Ford E450	1	Gasoline	16/2
Back-Up Vehicle				
2002	Ford E450	1	Gasoline	16/2

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 the City of El Centro’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 16, 2008 FY 2009: October 19, 2009 FY 2010: October 8, 2010 Conclusion: Complied
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: December 15, 2008 FY 2009: January 6, 2010 FY 2010: December 30, 2010 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 El Centro through its contract operator participates in the CHP Transit Operator Compliance Program

Table II-1 Operator Compliance Requirements Matrix		
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>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 December 13, 2006; March 5, 2008; March 8, 2008; March 18, 2008; April 6, 2009; April 7, 2009; September 15, 2009; May 25, 2010; and May 26, 2010.</p> <p>The City's contract operator received a satisfactory rating for all inspections conducted on El Centro Dial-A-Ride vehicles during the audit period. Only minor violations were noted during the March 5, 2008, and April 6, 2009, 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 El Centro Dial-A-Ride is a specialized service in an urban 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 El Centro Dial-A-Ride's operating budget: FY 2008: +10.08% FY 2009: -1.91% FY 2010: -8.05% The operating budget did not increase by more than 15 percent during the period. The budget decreases in FY 2009 and FY 2010 are attributed to the change in service characteristics from a general public service to a specialized service in September 2008 as well as service reductions effective March 2010. Source: FY 2008–2010 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,	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

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
(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 hours, (i) vehicle service miles, and (j) vehicle service hours per employee.		Section 99247. However, more consistency between data in internal and external reports is required. Conclusion: Complied
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 applied in FY 2008, as Dial-A-Ride was still a general public service. When DAR transitioned to a specialized service during FY 2009, the requirement was no longer applicable. The operating ratio for FY 2008 was 14.03%, which fell below the minimum 20% ratio. Source: FY 2008 Annual Fiscal and Compliance Audits Conclusion: Not Complied
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	The farebox ratio for Dial-A-Ride under PUC Section 99268.5 became effective once the service transitioned to a specialized system. The farebox ratio requirement for exclusive services for elderly and disabled is 10 percent. El Centro Dial-A-Ride's operating ratios using audited financial data were as follows:

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		FY 2009: 14.30% FY 2010: 15.67% Source: FY 2009–2010 Annual Fiscal and Compliance Audits Conclusion: Complied
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 nonprofit provider for operations, while the cost of City staff’s retirement is fully funded under 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 El Centro 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 El Centro Dial-A-Ride, the operation fully complied with eight requirements. Two additional compliance requirements did not apply to El Centro Dial-A-Ride (e.g., rural/urban farebox recovery ratios and federal funding). The system was not compliant with the urban farebox ratio for general public services during FY 2007-08.
2. El Centro Dial-A-Ride's farebox recovery ratio remained above the required 10 percent standard for a specialized service. The City has been able to exceed the 10 percent ratio since designating Dial-A-Ride as a specialized service for the elderly and disabled in September 2008. Prior to this change, the service operated as a general public dial-a-ride, which was subject to a 20 percent farebox requirement. The average systemwide farebox recovery ratio was 14.67 percent during the triennial review period. The City took proactive measures to meet the compliance requirements.
3. Through its contract operator, the City participates in the CHP Transit Operator Compliance Program and received inspections of El Centro 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 an increase of approximately 10 percent in FY 2008, followed by declines during the subsequent fiscal years. The budget reductions in FY 2009 and FY 2010 reflect the change in service characteristics from a general public service to a specialized service in September 2008 as well as service reductions effective March 2010.

Section III

Prior Triennial Performance Recommendations

The City of El Centro'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

Evaluate service structure in light of declining farebox.

Actions taken by the City of El Centro

At the time of this recommendation, the transit service operated as a general public dial-a-ride, which was subject to a 20 percent minimum farebox requirement due to the City's urbanized area designation. The City found it difficult to meet and sustain this standard due to declining farebox trends. In addition, Imperial Valley Transit (IVT) recently launched two local circulator routes to better meet the city's general transit needs. In light of these developments, the City restructured Dial-A-Ride into a specialized service for the elderly and disabled in September 2008. By operating as a specialized service, the City is subject to a 10 percent minimum farebox ratio. The system's farebox performance has exceeded the 10 percent minimum.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Clarify designation of primary transit contact at the City and provide cross-training.

Actions taken by the City of El Centro

In previous years, a Public Works Analyst was the primary point of contact and transit administrator. Since this individual is no longer with the City, Dial-A-Ride administration duties have been shared between the Public Works Director and City Engineer, with support from Public Works and Finance Department staff. Both designated staff members regularly attend the ICTC Technical Advisory Committee (TAC) meetings and are in regular contact with the operator.

Conclusion

This recommendation has been implemented.

Prior Recommendation 3

Implement the incentives and penalties provisions in the service contract.

Actions taken by the City of El Centro

The scope of work for El Centro Dial-A-Ride attached to the contractor service agreement contains a table of incentives and penalties (Attachment 1-d) to allow for the measurement of the performance and efficiency of services based on nine criteria: on-time performance, missed pickups, miles between accidents and roadcalls, annual CHP inspection reports, preventative maintenance, noncompliance with vehicle appearance, reporting, and passenger comfort.

Performance measures are Passengers per Hour, Passengers per Day, Cost per Passenger, Subsidy per Passenger, Cost per Mile, Cost per Hour, and Farebox. These performance measures are recorded and tracked by the statistical summary report developed by the contractor. Other service criteria such as on-time performance, accidents, roadcalls, and no-shows are tracked on the management summary and passenger service reports. However, the tracking of roadcalls and accidents is not based on mileage, but is instead recorded per occurrence. The contract operator has met the performance standards stipulated in its service contract without incentives or penalties being implemented by the City. This contract provides a set of established criteria that the city should review as a means to regularly measure performance.

Conclusion

This recommendation has not been implemented by way of regular review of the contract performance measures by the city and is carried forward in this audit for full consideration.

Prior Recommendation 4

Conduct regular on-time performance checks.

Actions taken by the City of El Centro

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 5

Record roadcalls as part of the management summary report.

Actions taken by the City of El Centro

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 6

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

Actions taken by the City of El Centro

This recommendation was prompted by the lack of prominent coverage and ease of access of Dial-A-Ride service information. This issue was also brought up during an Unmet Transit Needs hearing. The link for Dial-A-Ride is currently one of the four "Important Links" listed on the Public Works page, which leads to the contract operator website. The Public Works Director indicated that the link and associated information will be placed on the "Residents" page of the website where a link to IVT already exists. The web interface was recently changed in order to accommodate this change.

Conclusion

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews the City of El Centro 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
El Centro Dial-A-Ride Performance Indicators

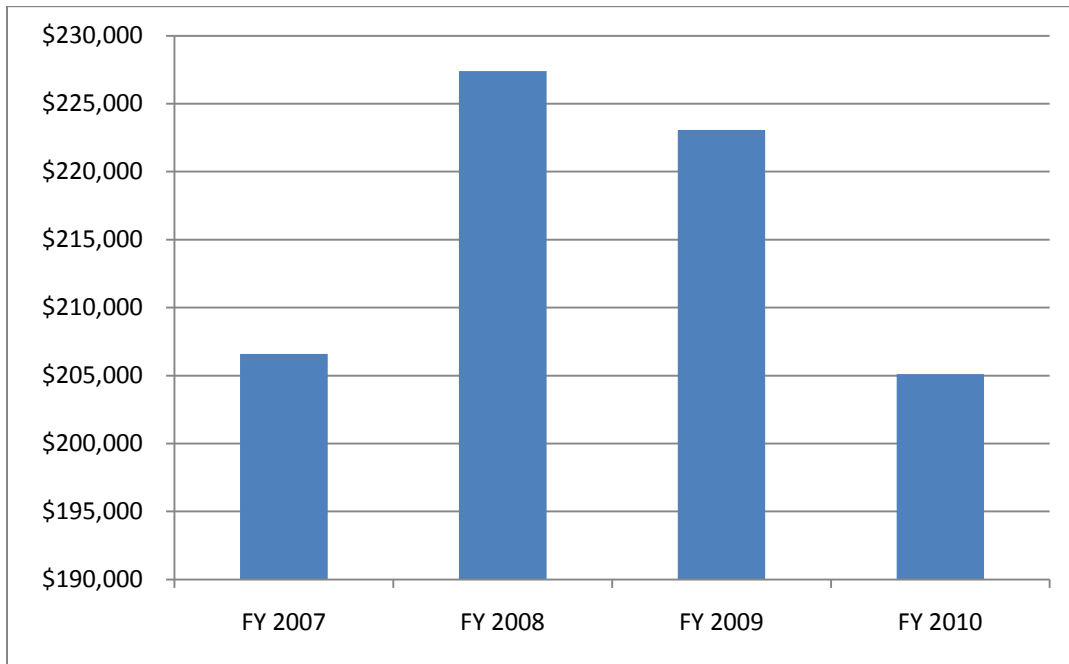
Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007– 2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$206,589	\$227,408	\$223,058	\$205,103	-0.7%
Total Passengers	25,824	25,625	25,681	26,022	0.8%
Vehicle Service Hours	4,634	4,611	4,559	4,189	-9.6%
Vehicle Service Miles	54,425	51,859	51,803	45,487	-16.4%
Employee FTEs	3	3	3	4	47.3%
Operating Revenue	\$32,065	\$31,911	\$31,901	\$32,145	0.2%
Operating Cost per Passenger	\$8.00	\$8.87	\$8.69	\$7.88	-1.5%
Operating Cost per Vehicle Service Hour	\$44.58	\$49.32	\$48.93	\$48.96	9.8%
Operating Cost per Vehicle Service Mile	\$3.80	\$4.39	\$4.31	\$4.51	18.8%
Passengers per Vehicle Service Hour	5.6	5.6	5.6	6.2	11.5%
Passengers per Vehicle Service Mile	0.47	0.49	0.50	0.57	20.6%
Vehicle Service Hours per Employee	1,544.7	1,537.0	1,519.7	947.7	-38.6%
Average Fare per Passenger	\$1.24	\$1.25	\$1.24	\$1.24	-0.5%
Fare Recovery Ratio	15.52%	14.03%	14.30%	15.67%	1.0%

Source: ARC-Imperial Valley; FYs 2007–10 Annual Fiscal Audits

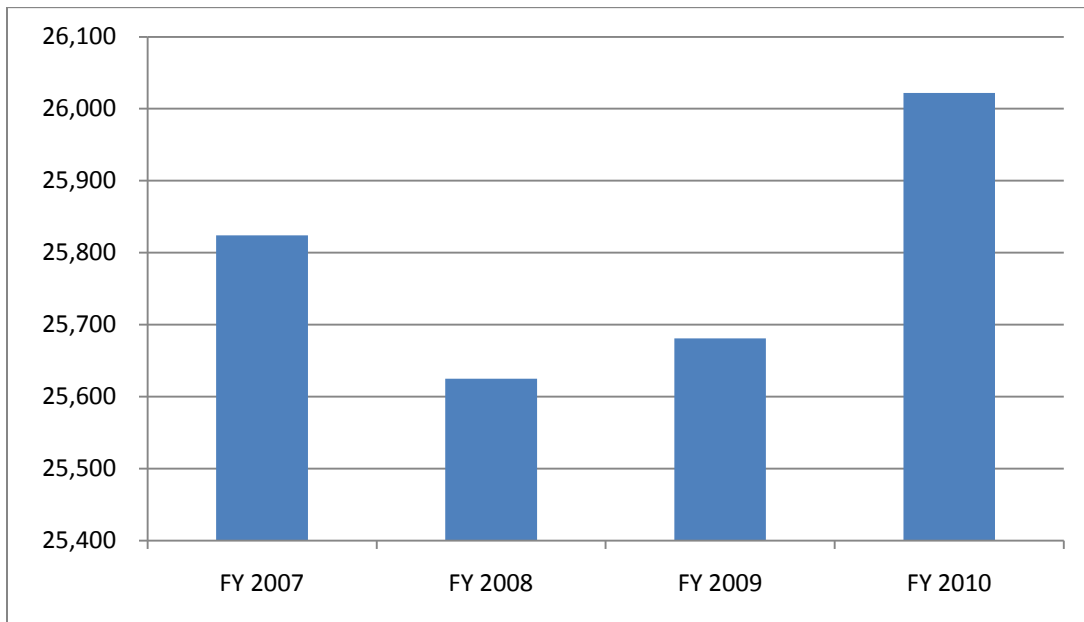
*FY 2007 through FY 2010 Operating Cost & Fare Revenue data are audited figures.

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

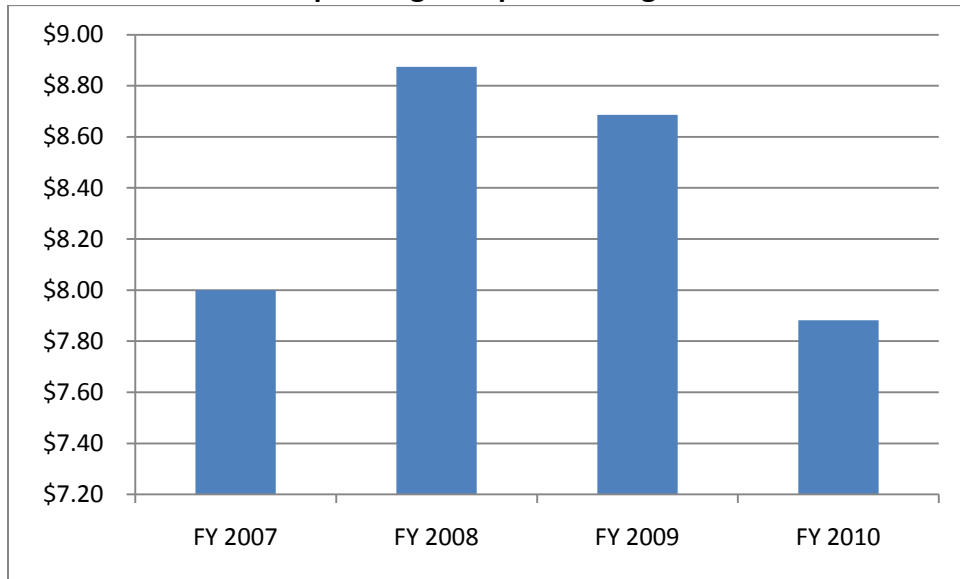
**Graph IV-1
Operating Costs**



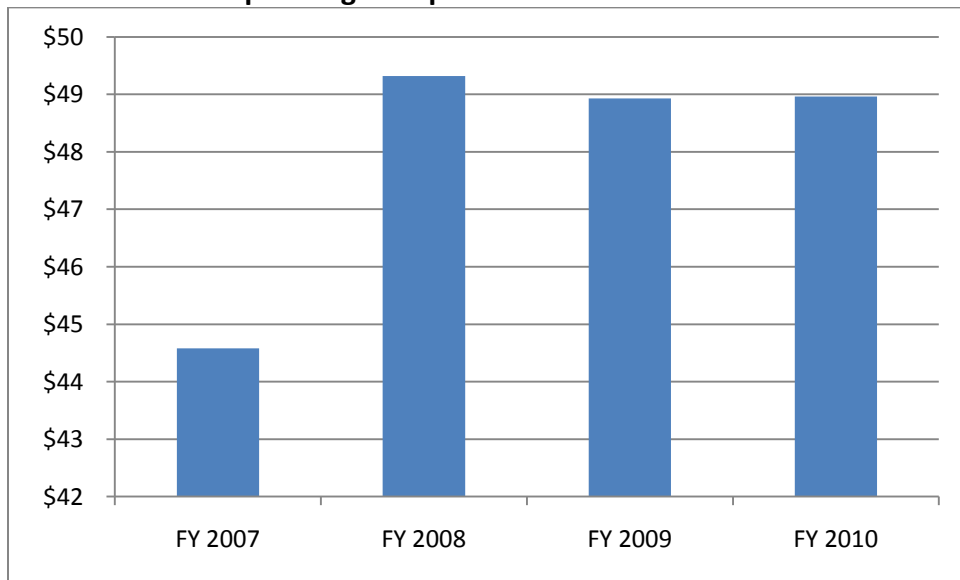
**Graph IV-2
Ridership**



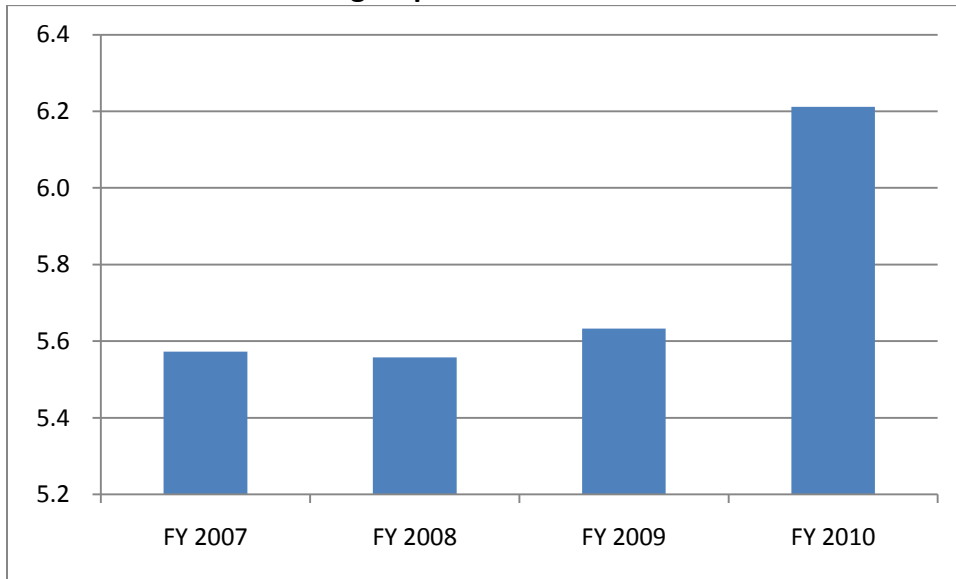
**Graph IV-3
Operating Cost per Passenger**



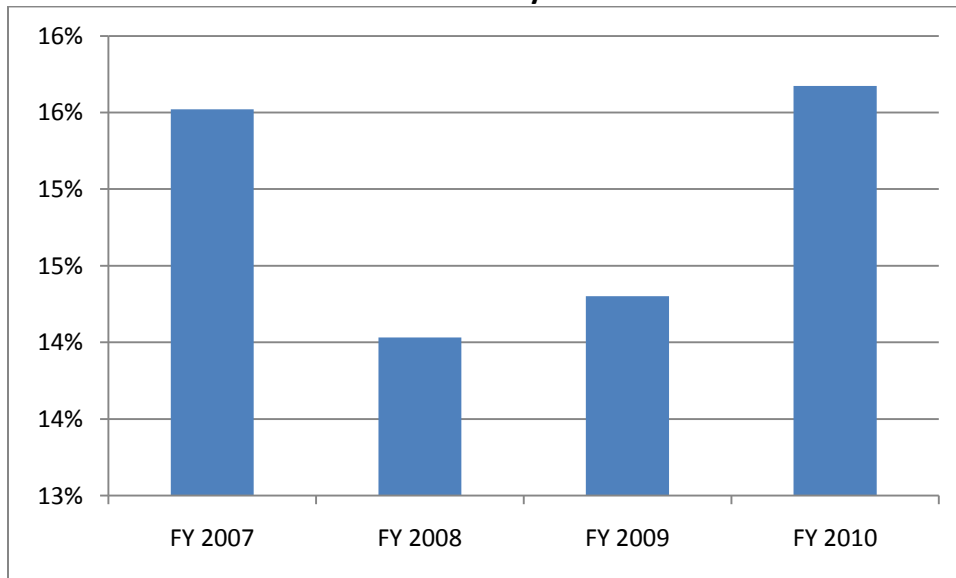
**Graph IV-4
Operating Cost per Vehicle Service Hour**



**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 by a modest 9.8 percent from \$44.58 in FY 2007 to \$48.96 in FY 2010. Overall vehicle service hours declined 9.6 percent, while operating costs exhibited a slight decline of just under 1 percent during the three-year period. On an annualized basis, the growth in operating costs remained relatively unchanged, with a 10.1 increase in FY 2008 due to higher fuel costs followed by two years of declines. Vehicle service hours exhibited an annualized decline of 3.2 percent, with FY 2010 showing the largest decline of 8.1 percent.
2. **Operating cost per passenger**, an indicator of cost effectiveness, decreased 1.5 percent from \$8.00 in FY 2007 to \$7.88 in FY 2010. Overall ridership grew at a slight 0.8 percent during the period from 25,824 passengers in FY 2007 to 26,022 passengers in FY 2010, amounting to a 0.3 percent annualized rate of growth. Part of this trend may be attributed to the change from a general public service to a specialized dial-a-ride service in September 2008 along with additional service cutbacks in March 2010.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 11.5 percent between FY 2007 and FY 2010 from 5.6 passengers per hour to 6.2 passengers per hour. The average number of passengers per hour remained at 5.6 passengers from FY 2007 through FY 2009. Even with this modest growth in passenger trips, service hours decreased from 4,634 hours in FY 2007 to 4,169 hours in FY 2010. On an annualized basis, service hours decreased at a rate of 3.2 percent.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased by 20.6 percent from 0.47 in FY 2007 to 0.57 in FY 2010. In contrast, service miles decreased by 16.4 percent from 54,425 miles in FY 2007 to 45,487 in FY 2010, while ridership increased modestly over the same period. On an annualized basis, service miles decreased by 5.7 percent, with the most notable decline (12.2 percent) occurring in FY 2010.
5. **Vehicle service hours per employee** decreased 38.6 percent between FY 2007 and FY 2010 from 1,544.7 to 947.7. This decrease correlates with the decline in vehicle service hours in spite of the 47.3 percent increase in full-time equivalents (FTEs) during the period. 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 El Centro Dial-A-Ride remained above the minimum TDA requirement of 10 percent during the audit period, averaging 14.67 percent. With the change from a general public to a specialized service operator in FY 2009, El Centro was no longer subject to the 20 percent farebox return requirement. The growth in passenger trips and revenues along with the decline in operating costs allowed El Centro to see a modest 1 percent increase in farebox returns during the period.

Conclusion from the Verification of TDA Performance Indicators

El Centro Dial-A-Ride went from a general public demand-responsive service to a specialized service for senior and disabled riders during FY 2009 in order for the system to increase efficiencies and meet a lower farebox return requirement of 10 percent. Additional service changes in March 2010 entailed the elimination of Saturday service and a reduction in weekday service hours. These changes resulted in declining operating costs, service hours, and miles. Slight improvements were realized in passenger trips and revenues.

Before the change to a specialized service, El Centro Dial-A-Ride was subject to a 20 percent farebox requirement due to its designation as a general public carrier operating in an urbanized area. During FYs 2007 and 2008, the system fell short of meeting its farebox due to a 10.1 percent increase in operating costs in FY 2008 attributed to a rise in fuel costs. Expected migration of able-bodied people to the Blue and Green Line resulted in some expected ridership drop on dial-a-ride. However, the Blue and Green Line have increased travel options for the general public that would not otherwise be available once DAR had become a specialized service. As a specialized demand-response service, El Centro Dial-A-Ride has been able to realize greater cost and service efficiencies characterized by slightly higher farebox returns.

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 El Centro Dial-A-Ride contract operator and ICTC. 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 variance between the two concerns the FY 2008 data. For example, there is a 6,865 difference in passenger trips, a 1,193 difference in service hours, and a 13,831 difference in service miles. The contract operator and State Controller data are fairly consistent for that reporting year. On the other hand, the ICTC data are inconsistent with the contractor and State Controller data for FY 2008. For subsequent years, there are a few discrepancies between the internal data and the State Controller Report data. There is an 866-mile and 1,609-mile difference in the service mile data for FYs 2009 and 2010, respectively. Minor discrepancies are noted in the passenger and service hour data. Although the remaining data appear fairly accurate, it is suggested that the City exercise greater discretion when transferring data from the internal to external reports.

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	25,824	25,625	25,681	26,022
	ICTC Performance Summary	25,824	18,760	25,681	26,022
	State Controller Report	25,824	25,625	25,395	26,022
Vehicle Service Hours	ARC Statistical Summary Report	4,634	4,611	4,559	4,189
	ICTC Performance Summary	4,635	3,418	4,561	4,189
	State Controller Report	4,634	4,612	4,596	4,236
Vehicle Service Miles	ARC Statistical Summary Report	54,425	51,859	51,803	45,487
	ICTC Performance Summary	54,425	38,028	51,803	45,487
	State Controller Report	54,425	51,859	52,669	47,096

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within the City of El Centro 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 El Centro and with the contract operator:

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

Operations & Planning

El Centro Dial-A-Ride has undergone several changes affecting the scope and provision of service. The service is administered by the City of El Centro and has been operated by ARC-Imperial Valley within the city limits of El Centro since 2000. The current five-year contract was executed and approved by the City in September 2006 and is effective through June 30, 2012.

The City's small urban area designation, based on the 2000 Census, resulted in a change in the Dial-A-Ride farebox requirement from 10 percent to 20 percent. The 20 percent requirement became increasingly difficult to attain in recent years. In addition, based on the City's analysis, Dial-A-Ride lost 4.67 percent of its general public ridership to the El Centro Blue Line Circulator during FY 2008, with only about 18 percent general public remaining of the total ridership. In September 2008, the El Centro City Council passed Resolution 08-92 to limit Dial-A-Ride services to disabled persons and senior citizens aged 60 and older for the purposes of adhering to the 10 percent minimum farebox ratio in accordance with the TDA statute.

Since becoming an exclusive dial-a-ride service targeted to the needs of seniors and disabled persons, the City has worked on verifying rider eligibility. Based on staff interviews, 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.

Subsequent changes occurred in FY 2010. In March 2010, the transit budget was cut by 21 percent due to the State Budget crisis and the need to make adjustments. resulting in a reduction in service hours and the elimination of Saturday service. Prior to this service reduction, El Centro Dial-A-Ride operated from 7:00 a.m. to 6:00 p.m. Monday through Saturday. Five options were analyzed, ranging from an 8.9 percent reduction to a 27.12 percent reduction in the total service

cost for the four-month period commencing March 1, 2010, through June 30, 2010. Based on ARC’s analysis, the transportation budget prepared by ICTC had been overstated by about \$16,500, which limited the extent of the budget impacts. All marketing efforts were suspended except for telephone directory listings. The reduction in operations amounted to \$19,756. In spite of these recent budgetary and service cutbacks, El Centro has managed to sustain farebox levels above the 10 percent required minimum.

The service contract details a list of incentives and penalties to allow for the measurement of the performance and efficiency of services based on nine criteria: on-time performance, missed pickups, miles between accidents and roadcalls, annual CHP inspection reports, preventative maintenance, noncompliance with vehicle appearance, reporting, and passenger comfort. These criteria are not actively monitored by the City for the purpose of applying the incentives and penalties, although it is good practice to conduct some level of checks of actual performance against the criteria.

Performance measures are Passengers per Hour, Passengers per Day, Cost per Passenger, Subsidy per Passenger, Cost per Mile, Cost per Hour, and Farebox. These performance measures are recorded and tracked by the statistical summary report developed by the contractor. Other service criteria such as on-time performance, accidents, roadcalls, and no-shows are tracked on the management summary and passenger service reports. ARC also provides a quarterly and annual statement. In addition, ARC keeps the farebox revenues and subtracts them from the invoice provided to the City. When submitted to ICTC, these measures are compared to benchmarks contained in the prior Short Range Transit Plan.

ARC-Imperial Valley utilizes a manual dispatching system for El Centro Dial-A-Ride. According to ARC’s Director of Transportation, federal grants would only cover up to 80 percent of the cost for an automated dispatching system with the city having to help cover the local match.

The annual management summary report compiled by ARC 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 type 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-1.

**Table V-1
Accidents & On-Time Performance**

	FY 2007	FY 2008	FY 2009	FY 2010	Total/Average
Accidents	0	0	0	1	1
On Time Performance	94%	96%	97%	99%	97%

Source: ARC-Imperial Valley

The number of accidents reported during the period has been negligible. Only one accident was reported during the period in FY 2010. There were no accidents reported during the other years of

the audit period. On-time performance has improved during the period, increasing from 94 percent to 99 percent of scheduled trips. This trend averages out to a 97 percent on-time performance rate for the period and is attributed to the change in service provision from a general public service to an exclusive dial-a-ride operation.

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-2 below summarizes the number of cancellations, trip denials, and no-shows received during the audit period.

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

	FY 2007	FY 2008	FY 2009	FY 2010	Total
Cancellations	50	29	41	14	134
Trip Denials	47	130	130	141	448
No Shows	1,166	959	926	736	3,787

Source: ARC-Imperial Valley

The number of cancellations and no-shows 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-based services. On the other hand, trip denials increased from 47 in FY 2007 to 141 in FY 2010. The increase in denials is attributed to not being able to honor same-day ride requests generally during peak periods and not being able to renegotiate an alternative pick-up time. Another reason is attributed to riders not qualifying for El Centro Dial-A-Ride given the recent service changes.

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, pick-up and destination addresses, and reason for the denial. There are nine alphabetical codes utilized for the reason given for each denial. 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 and tallied for the service year. ARC dispatchers keep a record of complaints received, which are reported to the City. Complaints and compliments are summarized in Table V-3 below.

**Table V-3
Complaints & Compliments**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
Complaints	5	6	2	0	13
Compliments	0	0	0	0	0

Source: ARC-Imperial Valley

The number of complaints reported has averaged 3.25 annually, peaking at 6 complaints in FY 2008. There were no formal compliments received during the period. Overall, the City is satisfied with the service provided by ARC.

Planning

Service planning for El Centro Dial-A-Ride 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 pertained more to the fixed-route services operating in El Centro. There was no specific testimony in regard to El Centro Dial-A-Ride.

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) concluded that the 20 percent farebox would not be attainable in the near future without an adjustment in the current \$1.25 fare. In FY 2007, the farebox recovery ratio fell below the standard of 20 percent. The analysis also found a decrease in revenue hours and a significant increase in operating costs. It was suggested in the analysis that the El Centro Dial-A-Ride fare be raised to \$1.75 to be consistent with the Imperial Dial-A-Ride intercity fare, since most Imperial Dial-A-Ride passengers travel to El Centro. Since El Centro Dial-A-Ride ceased being a general public service, the City has been subject to a 10 percent farebox requirement. Fares have remained at the \$1.25 level.

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.

Maintenance

ARC has developed a four-phase vehicle maintenance protocol for the vehicles utilized by El Centro Dial-A-Ride. 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. 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. 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 9.3 percent from \$19,747.36 in FY 2007 to \$21,578.47 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 9.3 percent from \$24,019.28 in FY 2007 to \$26,246.52 in FY 2010. This modest increase reflects the decrease in service hours from the change to being an exclusive dial-a-ride operation.

The contract operator, as per a prior audit recommendation, began tracking roadcalls on its management summary report in FY 2008. Table V-4 below provides a summary of roadcalls incurred on El Centro Dial-A-Ride from FY 2008 through FY 2010.

**Table V-4
Roadcalls**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
Roadcalls	NR	0	1	0	1

NR=Not Reported

Source: ARC-Imperial Valley

A review of the management summary report showed that the sole roadcall occurred in August 2008 during the peak of extreme summer 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.

The City performs maintenance and major repairs of bus shelters located in El Centro. It has a contract with Spectrum Advertising of El Centro to provide cleaning services for in-kind advertising. Several bus shelters are equipped with solar lighting.

Marketing

ARC is responsible for marketing the service on behalf of El Centro and coordinates the placement, scheduling, and distribution of all advertising and promotional materials to promote ridership. The contract with the City stipulates that the marketing budget not exceed \$1,500 for the fiscal year. 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 City. 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 amounting to approximately \$1,000.

There is a one-quarter-page color advertisement featured in the Imperial County Area Agency on Aging Senior Services Directory. The ad contains a photo of an El Centro Dial-A-Ride 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. The service is also listed in the local Yellow Pages telephone directory. Internet marketing consists of a hyperlink on the Public Works page of the City of El Centro webpage <http://www.cityofelcentro.org/pworks/index.asp> that connects to the ARC-Imperial Valley transportation services webpage: <http://www.arciv.org/transportation.php>. The ARC webpage only contains basic information about the various dial-a-ride services operated. There is no information regarding fares, service areas, or hours of operation.

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.

General Administration & Management

The City of El Centro operates as a charter city under a council-manager form of government. The five-member City Council serves as the principal policy-making body. The Mayor is selected from the Council to serve a one-year term. The Council convenes on the first and third Tuesday of the month at 6:00 p.m. The City Council provides policy direction to the City Manager, who oversees City operations. Dial-A-Ride administration duties have been shared between the Public Works Director and City Engineer, with support from Public Works and Finance Department staff. Staff delivers an annual report to the City Council on transit operations and on an as needed basis. Both designated staff members regularly attend the ICTC Technical Advisory Committee (TAC) meetings

and are in regular contact with the operator. In addition, a working group comprised of two City councilmembers and staff from the city and ICTC address service issues on the IVT Blue and Green Line Circulators.

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 on 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 and Funding

The primary source of intergovernmental grant funding for El Centro 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 toward the City's paratransit program.

Table V-5
El Centro Dial-A-Ride TDA Funding Allocations

TDA Funding	FY 2007	FY 2008	FY 2009	FY 2010
LTF – (SB325)	\$161,320	\$161,320	\$189,154	\$227,034

Source: Transit Finance Plan, ICTC

The growth in the City’s allocation is reflective of the population growth within the service area. Based on the FY 2010–11 ICTC Transit Finance Plan, El Centro 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.

In addition to TDA funding, the County/ICTC has received federal transit formula grant funds toward planned transit infrastructure projects, such as the El Centro Transfer Terminal. The County/ICTC received a \$1.22 million American Recovery and Reinvestment Act of 2009 (ARRA) earmark in FY 2010 toward the construction of the Transfer Terminal in addition to the \$3.7 million in FTA Section 5307 grant funds received. The City has been tasked with the design, engineering and construction of the Transfer Terminal.

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 El Centro Dial-A-Ride 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 El Centro Dial-A-Ride, the operation fully complied with eight requirements. Two additional compliance requirements did not apply to El Centro Dial-A-Ride (e.g., rural/urban farebox recovery ratios and federal funding). The system was not compliant with the urban farebox ratio for general public services during FY 2007-08.
2. El Centro Dial-A-Ride's farebox recovery ratio remained above the required 10 percent standard. The average systemwide farebox recovery ratio was 14.67 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 El Centro 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 an increase of approximately 10 percent in FY 2008, followed by declines during the subsequent fiscal years. The budget reductions in FY 2009 and FY 2010 reflect the change in service characteristics from a general public service to a specialized service in September 2008 as well as service reductions effective March 2010.
5. El Centro Dial-A-Ride implemented five out of the six prior audit recommendations. The one recommendation not implemented pertained to the incentives and penalties clause of the service contract and has been carried forward in this audit for full implementation.
6. In September 2008, the El Centro City Council passed Resolution 08-92 to limit Dial-A-Ride services to disabled persons and senior citizens aged 60 and older for the purposes of adhering to the 10 percent minimum farebox ratio in accordance with the TDA statute.
7. Since becoming an exclusive dial-a-ride service targeted to the needs of seniors and disabled persons, the City has yet to institute a formal verification system. In essence, the service operates on an honor system that does not necessarily conform to ADA requirements.
8. In March 2010, the transit budget was cut by nearly one-third due to the State Budget crisis, resulting in a reduction in service hours and the elimination of Saturday service. Five options were analyzed, ranging from an 8.9 percent reduction to a 27.12 percent reduction in the total service cost for the four-month period commencing March 1, 2010, through June 30, 2010.

9. The number of cancellations and no-shows 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-based services.
10. The contract with the City stipulates that the marketing budget not exceed \$1,500 for the fiscal year. 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 City. With the cut in operating subsidies in March 2010, the marketing budget was subject to significant reductions amounting to approximately \$1,000.
11. Dial-A-Ride administration duties have been shared between the Public Works Director and City Engineer, with support from Public Works and Finance Department staff. Both designated staff members regularly attend the ICTC Technical Advisory Committee (TAC) meetings and are in regular contact with the operator.
12. In addition to TDA funding, the County/ICTC has received federal transit formula grant funds toward planned transit infrastructure projects, such as the El Centro Transfer Terminal. The County/ICTC received a \$1.22 million American Recovery and Reinvestment Act of 2009 (ARRA) earmark in FY 2010 toward the construction of the Transfer Terminal in addition to the \$3.7 million in FTA Section 5307 grant funds received. The City has been tasked with the design, engineering and construction of the Transfer Terminal.

Triennial Audit Recommendations

1. Implement the incentives and penalties provisions in the service contract.

This recommendation is carried over from the previous audit. The existing service contract does contain provisions for the implementation of incentives and penalties. 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 farebox standard and control costs. It is suggested that the City regularly monitor actual performance against the criteria and enforce these provisions as necessary.

2. 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 El Centro Dial-A-Ride. ARC maintains a monthly denial log that contains the date and time of the request, pick-up 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.

3. Enhance passenger ride eligibility and verification.

Operating as a specialized transit service, El Centro 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.