



FY 2011—2013 TRIENNIAL PERFORMANCE AUDIT OF AIM TRANSIT-IVT ACCESS



SUBMITTED TO:

Imperial County Transportation Commission

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SUBMITTED BY:



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Section I

Introduction

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

The Imperial County Transportation Commission (ICTC) engaged PMC to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in Imperial County. This performance audit is conducted for AIM Transit-IVT Access covering the most recent triennial period, fiscal years 2010–11 through 2012–13. As the specialized service transitioned in name from AIM Transit to IVT Access, as well as contract operator, both titles are used in this audit to represent the same system.

The purpose of the performance audit is to evaluate the AIM Transit-IVT Access' effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates AIM Transit-IVT Access' compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether AIM Transit-IVT Access is meeting the PUC's reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a set of recommendations has been made which is intended to improve the performance of 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 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

IVT Access is the countywide intercity demand response transit service administered by ICTC and operated under contract. It provides complementary paratransit service pursuant to the Americans with Disabilities Act (ADA) of 1990 within a ¾-mile corridor to Imperial Valley Transit (IVT) routes with the same service hours as IVT. Service is curb-to-curb and is open to eligible ADA-certified passengers, as well as to the general public on a space-available basis. Prior to July 2011, the County's paratransit service was operated by ARC-Imperial Valley, a Social Services nonprofit 501(c)(3) organization under the name of AIM Transit or Areawide Independent Mobility. Since then, the paratransit service has been operated by First Transit, Inc., which is the contract operator of IVT and Calxico Dial-a-Ride.

Imperial County is geographically located in the southeastern corner of California, stretching from the United States-Mexico border to the south, Riverside County to the north, San Diego County to the west, and the state of Arizona and Colorado River to the east. The terrain varies from 235 feet below sea level at the Salton Sea to 4,548 feet at Blue Angel Peak. The county's geographical land area encompasses 4,176 square miles and is traversed by 2,555 miles of roadway. Major highways include Interstate 8 and State Routes (SR) 7, 78, 86, 98, 111, and 115. A demographic snapshot of key cities and the county is presented in Table I-1:

Table I-1
Imperial County Demographics

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census %	Population 65 Years & Older %	Land Area (in square miles)
Brawley	24,953	+13.1%	10.05%	7.68
Calexico	38,572	+42.5%	11.43%	8.39
Calipatria	7,705	+5.7%	4.65%	3.72
El Centro	42,598	+11.4%	10.70%	11.08
Holtville	5,939	+5.8%	12.26%	1.15
Imperial	14,758	+91.8%	6.48%	5.86
Westmorland	2,225	+3.4%	11.24%	0.59
Unincorporated	37,778	+17.1%	11.61%	4,138.13
Total Imperial County	174,528	+22.6%	10.40%	4,176.60

Source: 2010 US Census

The City of El Centro is the county seat and largest city. The county and its incorporated cities saw notable growth between the 2000 and 2010 US Census, in particular the cities of Calexico and Imperial. The senior citizen population, comprising residents aged 65 and over, is 10.4 percent countywide. The 2014 population for Imperial County is estimated to be 180,672 as reported by the California Department of Finance. The population of El Centro is followed in descending order by those of Calexico, Brawley, Imperial, Calipatria, Holtville, and Westmorland.

System Characteristics

IVT Access operates the same days and hours as the IVT fixed route, which is from 5:30 a.m. to 11:30 p.m., Monday through Friday, and from 6:00 a.m. to 8:30 p.m. on Saturdays. Sunday service was implemented in January 2014, which falls outside of the audit review period. Reservations for service are accepted up to 14 days in advance. During the audit period, the service did not operate on Sundays 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.

Fares

The fares charged by IVT Access for ADA-certified passengers are twice the amount of the IVT fixed-route fare and are based on a zone system. The fare being set at two times the IVT fare is in compliance with ADA requirements. Personal care attendants for ADA passengers ride free of charge while non-ADA-certified passengers are charged three times the fixed-route fare. Personal care attendants accompanying non-ADA-certified passengers are required to pay the same fare. Cash is an acceptable form of payment when boarding the vehicle. For subscription and non-subscription trips, IVT Access offers direct billing for social service agencies. Although taking place outside of the audit review period, IVT Access implemented a fare increase effective September 2013; local zone fares were increased from \$1.50 to \$2.00 and regional zone fare was increased from \$2.00 to \$2.50. The IVT Access fare schedule is summarized in Table I-2.

Table I-2
AIM Transit-IVT Access Fare Schedule

Passenger Category	Fares (During Audit Period)		Fares (After September 2013)	
	One Zone	Multi-Zone	One Zone	Multi-Zone
ADA-Certified	\$1.50	\$2.00	\$2.00	\$2.50
Senior (60+)/Non-ADA	\$2.25	\$3.00	\$3.00	\$3.75

Source: IVT Access

Fleet

Early in the audit period, AIM Transit operated a fleet of nine vehicles that were wheelchair lift-equipped and conformed to ADA requirements. Two of the vehicles (model year 2001) were designated as spares. The fleet inventory for AIM Transit as of FY 2010–11 is summarized in Table I-3.

Table I-3
AIM Transit Fleet Inventory

Year	Make & Model	Quantity	Fuel Type	Seating Capacity
2001	Ford E450	2	Diesel	20 (3 W/C)
2003	Ford E450	1	Unleaded Gas	18 (2 W/C)
2005	Chevy 5500	1	Diesel	26 (4 W/C)
2007	Chevy 5500	3	Diesel	22 (3 W/C)
2009	Ford E450	2	Unleaded Gas	16 (2 W/C)
Total		9		

Source: ARC-Imperial Valley

Following the placement of the demand-response service contract with First Transit, the composition of the fleet underwent a change. IVT Access operated an initial fleet of six vehicles plus two spares. Two additional vehicles were added to meet demand in the first year from an additional 488 certified ADA applicant requests for service. The fleet of 10 vehicles are wheelchair lift-equipped and conform to ADA requirements. The IVT Access fleet is summarized in Table I-4.

Table I-4
IVT Access Fleet Inventory

Year	Make & Model	Quantity	Fuel Type	Seating Capacity
2011	Ford E450 Goshen	2	Unleaded Gas	20 (2 W/C)
2012	Chevy 4500 Starcraft	8	Diesel	20 (4 W/C)
Total		10		

Source: First Transit

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of AIM Transit-IVT Access' 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 Caltrans to assess transit operators. The guidebook contains a checklist of eleven measures taken from relevant sections of the PUC 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 2011: September 28, 2011 FY 2012: September 27, 2012 FY 2013: September 30, 2013 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 2011: June 22, 2012 FY 2012: January 13, 2013 FY 2013: January 15, 2014 The FY 2011 Fiscal and Compliance Audit was completed and received after the 90-day extension period. Conclusion: Partial Compliance.
The CHP has, within the 13 months prior to each TDA	Public Utilities Code, Section 99251 B	AIM Transit and IVT Access, through their respective

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.		<p>contract operators, participated in the California Highway Patrol (CHP) Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim. Inspections for AIM Transit vehicles were conducted at ARC-Imperial Valley located at 298 East Ross Avenue, El Centro. Inspections for IVT Access vehicles were conducted at First Transit located at 792 East Ross Road, El Centro.</p> <p>Transit Operator Compliance Certificates and inspections applicable to the audit period were May 24 and 25, 2010; May 10, 13, 17 and 19, 2011; April 2, 2012; June 5, 2013; and July 25 and 26, 2013.</p> <p>Inspections were found to be satisfactory.</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 annual claims for Local Transportation Funds are submitted in compliance with the rules and regulations adopted by ICTC. ICTC staff provides assistance as needed in completing the claim.</p> <p>Conclusion: Complied.</p>
If an operator serves urbanized and non-urbanized areas, it	Public Utilities Code, Section 99270.1	This requirement is not applicable, as AIM Transit-IVT

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.		Access provide specialized service and is subject to that farebox ratio. 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 the AIM Transit-IVT Access operating budget: FY 2011: +13.9% FY 2012: +32.3% FY 2013: -2.9% The increase in the FY 2012 operating budget is attributed to the change in contract operator and associated contract start up costs, which included the addition of 488 certified ADA clients and two vehicles, the introduction of new dispatching software, the provision of in-house maintenance, and enhanced marketing efforts such as a dedicated website for IVT Access. Source: FY 2010–2011 Statistical Summary Reports – (Operating costs less depreciation) & ICTC Annual Productivity Reports. 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	Public Utilities Code, Section 99247	IVT Access' definition of performance measures as tracked and recorded by the contract operator is consistent with PUC Section 99247. However, greater consistency

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.		between data in internal and external reports is needed. 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 is not applicable, as AIM Transit-IVT Access provide specialized service and is subject to that farebox ratio. 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 recovery ratio requirement for exclusive service for the elderly and disabled persons is 10 percent. AIM Transit's and IVT Access' operating ratios using internal financial data were as follows: FY 2011: 9.94% FY 2012: 5.04% FY 2013: 4.14% Source: Annual Operating Statistics Reports and ICTC Annual Productivity Reports.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Not in compliance.
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	ICTC contracts with a private provider for operations, while ICTC contributes to its staff's retirement under the 1937 Act County Employees' Retirement Law. 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)	ICTC expended State Transit Assistance Fund (STAF) revenues on specialized demand-response services and makes use of federal transit grant funds as follows: FY 2012: Operations (\$305,680) Source: Transit Operators Financial Transactions Reports Conclusion: Complied.

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to AIM Transit-IVT Access, the operator fully complied with seven out of the nine requirements. The operator was in partial compliance with the timely submittal of its annual fiscal audits, while not in compliance with farebox attainment. Two additional compliance requirements did not apply to AIM Transit (e.g., rural/urban farebox recovery ratios).
2. AIM Transit-IVT Access did not meet its required farebox recovery ratio standard of 10 percent during the audit period. The farebox recovery ratio was 9.94 percent in FY 2011; 5.04 percent in FY 2012; and 4.14 percent in FY 2013. The average systemwide farebox recovery ratio was 6.37 percent during the triennial review period.
3. IVT Access participates in the CHP Transit Operator Compliance Program and received vehicle inspections 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 notable fluctuations during the period, exceeding 15 percent in FY 2012. The budget increased 13.9 percent in FY 2011 and 32.3 percent in FY 2012. For FY 2013, the operating budget decreased 2.9 percent. The budgetary increases were attributed to the change in contract operator and associated contract start up costs to enhance service. The budget increases were targeted to add value to the service and meet the growing demand from ADA certified passengers. These costs included the introduction of new dispatching software, the provision of in-house maintenance, and enhanced marketing efforts such as a dedicated website for IVT Access.

Section III

Prior Triennial Performance Recommendations

AIM Transit-IVT Access' 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 operator'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

Record trip denials on the annual passenger service report.

Actions taken by AIM Transit-IVT Access

The prior audit noted that the contract operator had developed a thorough process for recording and classifying trip denials on AIM Transit. ARC maintains a monthly denial log that contains the date and time of the request, pick-up and destination addresses, and reason for the denial. It was suggested that trip denial data be included concurrently with cancellation and no-show data on the passenger service report.

Commencing in FY 2011, the contract operator started recording trip denials at the bottom of the management summary report for AIM Transit. The trip denial log includes nine categories for denials to be recorded. With the change in contract operators, trip denials reported by First Transit are categorized based on the hour and date of service on a separate spreadsheet as well as compiled on a management summary report.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Adjust the Full Time Equivalents (FTEs) shown in the annual State Controller Report.

Actions taken by AIM Transit-IVT Access

In a review of the performance data summaries compiled by ICTC for AIM Transit, the prior audit noted inaccuracies in the FTE count calculation. The FTE data appeared to be an annual aggregate total of the number of employees or monthly FTEs. When queried about this discrepancy, the contractor was able to demonstrate an accurate accounting of FTEs on the operations side. Employee hours are detailed and formulized to provide an FTE figure totaled monthly and annually. However, ICTC personnel at the time had yet to include their staff time

allocated to the service to provide an accurate accounting thereof. Therefore, it was suggested that ICTC personnel responsible for administering the service and preparing the State Controller Report track their time charged to transit administration according to the formula calculation for FTEs and add that to the FTE data compiled from the contract operator.

Upon review of the Supplemental Operations Data section of the Transit Operators Financial Transactions Reports submitted to the State Controller by ICTC for the specialized transit services, the FTE count calculation appears to reflect the total employee labor hours divided by 2,000.

Conclusion

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews AIM Transit-IVT Access' performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

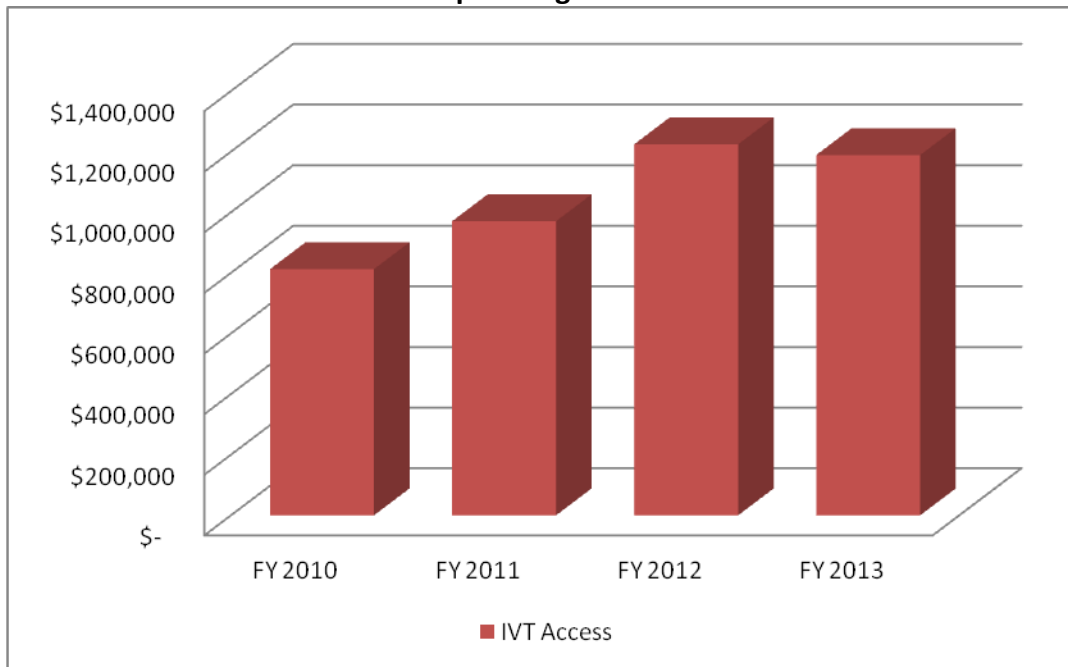
Table IV-1 provides the performance indicators for AIM Transit-IVT Access. Charts are also provided to depict the trends in the indicators. It is noted that the operating costs and fare revenues are based on audited figures.

Table IV-1
AIM Transit-IVT Access TDA Performance Indicators

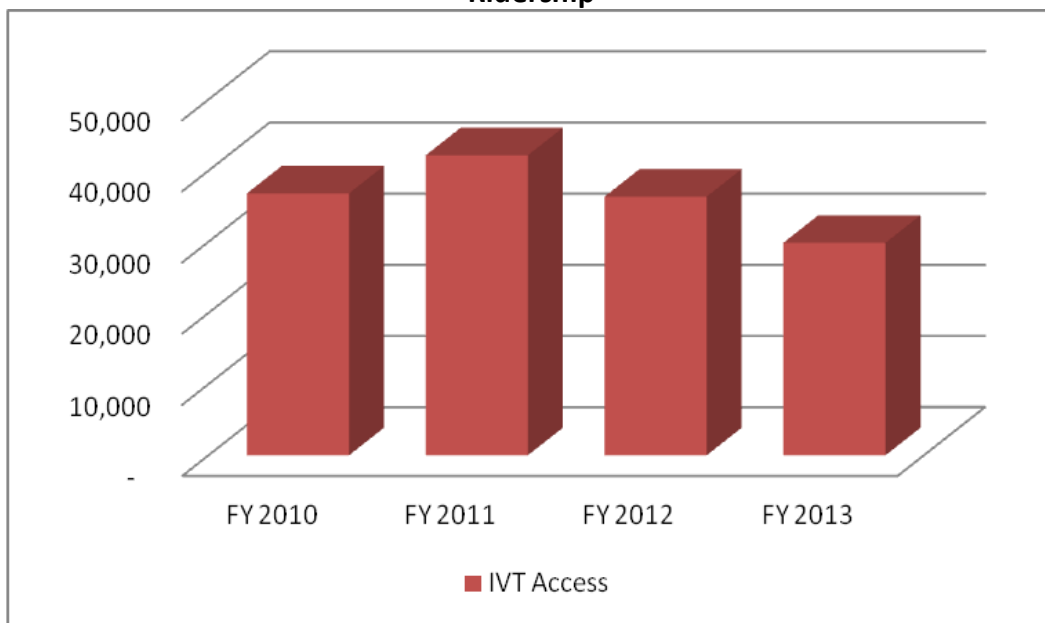
Performance Data and Indicators	Audit Period				% Change FY 2010- 2013
	FY 2010 (AIM)	FY 2011 (AIM)	FY 2012 (Access)	FY 2013 (Access)	
Operating Cost	\$812,206	\$970,220	\$1,224,108	\$1,188,671	46.4%
Total Passengers	36,799	42,156	36,344	29,861	-18.9%
Vehicle Service Hours	12,421	12,183	16,119	11,407	-8.2%
Vehicle Service Miles	213,128	231,514	328,351	266,232	24.9%
Employee FTE's	13	18	17	16	23.1%
Passenger Fares	\$81,361	\$92,000	\$61,665	\$49,183	-39.5%
Operating Cost per Passenger	\$22.07	\$23.01	\$33.68	\$39.81	80.4%
Operating Cost per Vehicle Service Hour	\$65.39	\$79.64	\$75.94	\$104.21	59.4%
Operating Cost per Vehicle Service Mile	\$3.81	\$4.19	\$3.73	\$4.46	17.2%
Passengers per Vehicle Service Hour	3.0	3.5	2.3	2.6	-11.6%
Passengers per Vehicle Service Mile	0.17	0.18	0.11	0.11	-35.0%
Vehicle Service Hours per Employee	955.5	676.8	948.2	712.9	-25.4%
Average Fare per Passenger	\$2.21	\$2.18	\$1.70	\$1.65	-25.5%
Fare Recovery Ratio	10.02%	9.48%	5.04%	4.14%	-58.7%

Source: ARC-Imperial Valley- Annual Operating Statistics Report FY 10 & 11; IVT; State Controller Report

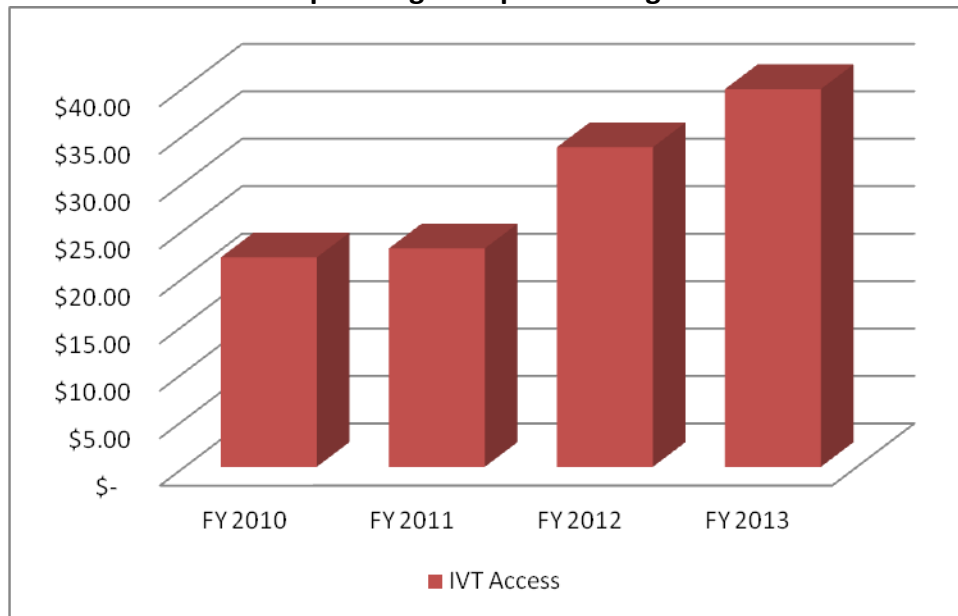
**Graph IV-1
Operating Costs**



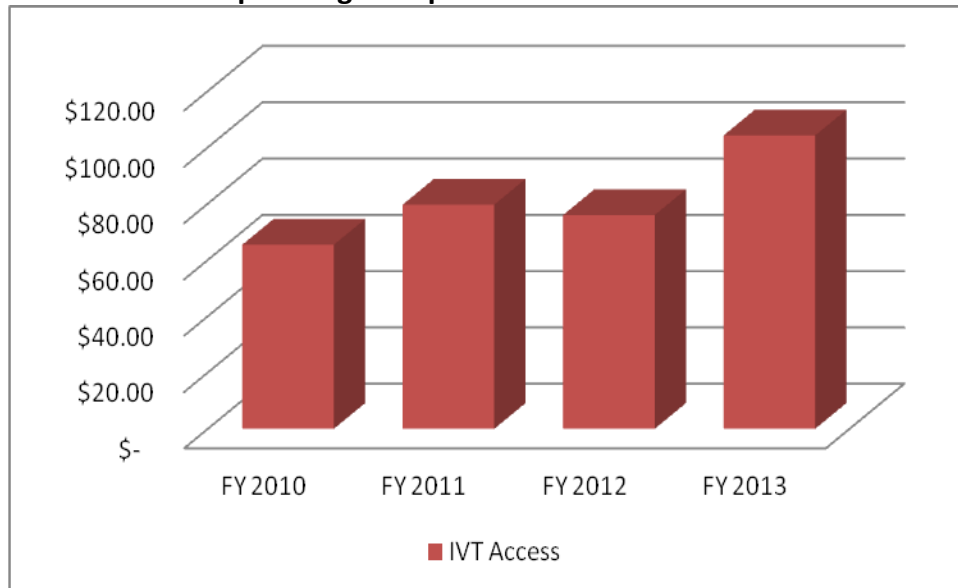
**Graph IV-2
Ridership**



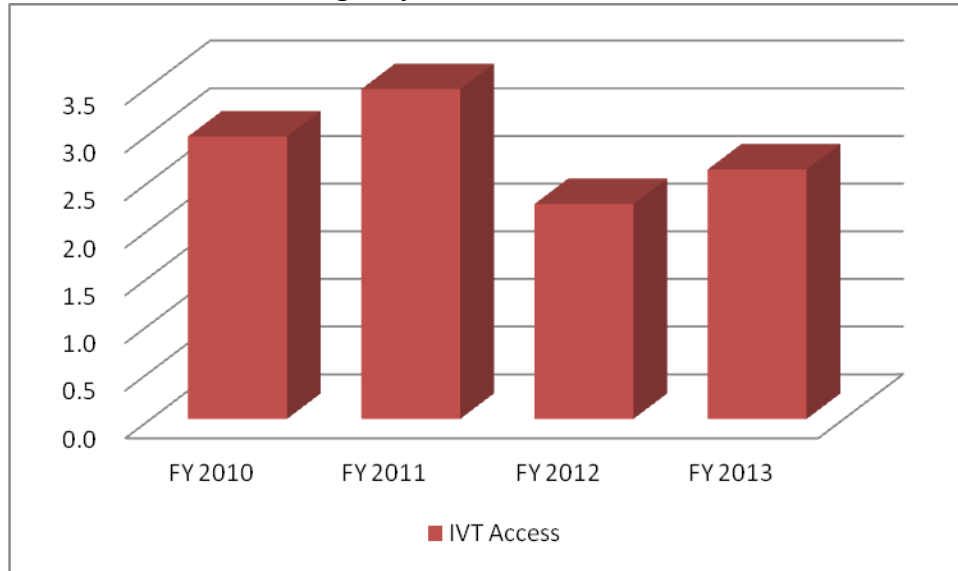
Graph IV-3
Operating Cost per Passenger



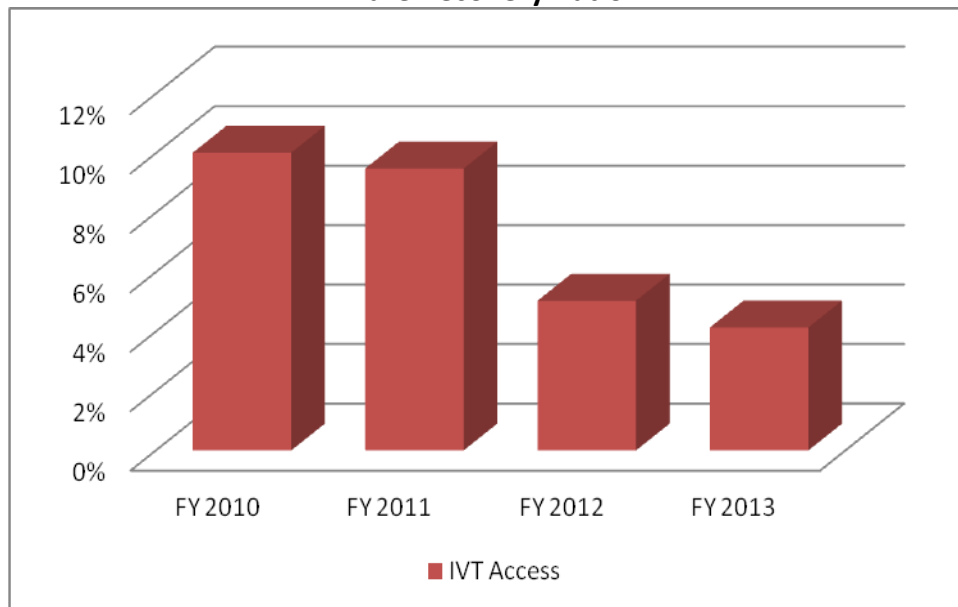
Graph IV-4
Operating Cost per Vehicle Service Hour



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 59.4 percent systemwide from \$65.39 in FY 2010 to \$104.21 in FY 2013. This trend is consistent with the increase of operating costs of 46.4 percent during the period, and a slight decrease in vehicle service hours of 8.2 percent between FY 2010 and FY 2013.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased 80.4 percent systemwide from \$22.07 in FY 2010 to \$39.81 in FY 2013. As noted above, system operating costs increased 46.4 percent during the period; however, ridership systemwide decreased 18.9 percent during the period from 36,799 passengers in FY 2010 to 29,861 passengers in FY 2013.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, decreased 11.6 percent between FY 2010 and FY 2013 systemwide from 3 passengers per hour to 2.6 passengers per hour. The trend in this indicator reflects a notable decrease in ridership on countywide demand-response services while vehicle service hours decreased modestly.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, decreased 35 percent between FY 2010 and FY 2013 from 0.17 in FY 2010 to 0.11 in FY 2013. From the FY 2010 base year to FY 2013, total vehicle service miles increased 24.9 percent from 213,128 vehicle service miles to 266,232 vehicle service miles while the number of passenger trips decreased.
5. **Vehicle service hours per employee** decreased 25.4 percent systemwide between FY 2010 and FY 2013. This decline was associated with the 8.2 percent decrease in vehicle service hours while the number of full-time employee equivalents increased from 13 to 16 during the period. This measure is based on the number of employee FTE using employee pay hours from the State Controller's Report and dividing by 2,000 hours per employee.
6. **Farebox recovery** exhibited an overall decrease of 58.7 percent between FY 2010 and FY 2013 systemwide. Farebox recovery declined by 46.9 percent between FY 2011 and FY 2012 as annual operating costs increased 26.2 percent and passenger fares declined 33 percent. From FY 2012 through FY 2013, operating costs exhibited a slight decrease whereas passenger fare revenues were down 20.2 percent. Farebox recovery attainment remained below the 10 percent standard.

Conclusion from the Verification of TDA Performance Indicators

AIM Transit-IVT Access performance indicators reflect the transition in contract operators that occurred during the audit period. The number of passenger trips decreased nearly 19 percent while vehicle service hours decreased by about 8 percent. Vehicle service miles exhibited an increase of 25 percent. The 40 percent decrease in passenger revenues reflected the decrease in trips and increase in costs. Operating costs increased 46.4 percent due to higher fuel costs and the costs associated with transition between contract operators to enhance service. This has had an impact on the farebox recovery ratio, which decreased significantly during the period. The budget increases were targeted to add value to the service and meet the growing demand from ADA certified passengers. These costs included the introduction of new dispatching software, the provision of in-house maintenance, and enhanced marketing efforts such as a dedicated website for IVT Access. The First Transit contract also includes community service hours that promote the service.

The transition between AIM Transit and IVT Access provided an opportunity for review of the service and passenger eligibility. Serving as an intercity complementary ADA service to the IVT fixed route, IVT Access further focused on the intercity ADA certified ridership market and subscription trips which narrowed the pool of eligible riders. Compared to prior years, this had the effect of reduced ridership and other performance indicators that are reliant on ridership. The number of ADA certification applications increased significantly toward the end of the audit period upon ICTC sending out public notice of the need for certification to be eligible for the service. This has since increased the pool of eligible riders. The ADA certification and eligibility process has been reviewed by ICTC with help from outside experts for improvement.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within AIM Transit-IVT Access. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at ICTC, ARC-Imperial Valley, and First Transit in El Centro:

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

Within some departments are subfunctions that require review as well, such as Grants Administration that falls under General Administration.

Operations

Countywide paratransit services underwent a change in contract operators as part of a concurrent contract bid process with the IVT fixed-route system. A Request for Proposals (RFP) was released in March 2011 by ICTC for the provision of ADA paratransit services concurrent with the fixed-route services. The estimated annual hours proposed would be 12,250 hours, and the estimated annual mileage proposed would be 225,000, with operations scheduled Monday through Saturday. The fleet requirements for paratransit services include two 29-foot buses, three 27-foot buses, and three 22-foot buses for a total fleet of eight vehicles including a spare ratio of 20 percent. First Transit, the IVT fixed-route operator, was selected over ARC-Imperial Valley. ARC had operated the countywide demand-response service for 17 years as AIM Transit.

First Transit is the United States subsidiary of FirstGroup PLC headquartered in the United Kingdom. US operations are headquartered in Cincinnati, Ohio, with local operations in El Centro. Under the new contract, the service was rebranded as IVT Access. The service continued to be held to a 10 percent farebox recovery standard pursuant to TDA guidelines. The new contract included a series of incentives and penalties through the implementation of a performance-based incentive system. The contract operator would be allowed to make recommendations as to changes to improve paratransit service on a case-by-case basis.

Dispatching by First Transit is performed using Novus Trapeze software (2012 version) which, by the contractor's accounts, improves the management of the paratransit service. Previously, ARC utilized SchedulePro software (2002 version) as well as a database formatted onto a spreadsheet

to batch service requests. The formatted database provided dispatchers and schedulers with efficiency to schedule rides.

For AIM Transit, farebox handling and reconciliation procedures involve several parties. At the end of the run, the driver completes and signs a fare slip detailing the amount of fares and the type of fare payment received (cash, check/money order, or voucher). After the fare receipts are counted by the driver, they are dropped off at ARC where they are counted a second time and verified against the trip sheet. A computerized reconciliation sheet is generated once the count is verified and completed. Subscription services are billed directly to the agency requesting transportation on behalf of their clients.

For IVT Access, fares are counted daily in the money room at First Transit's administrative building. Two people, typically the road supervisor and dispatcher, are present in the money room along with installed cameras linked to the Maintenance Manager's office. The cash receipts are locked in a vault for pick up by a security transportation company that also recounts the deposit. Subscription services continued to be billed directly to the agency requesting transportation on behalf of their clients.

Summary reports record operational data such as wheelchair life failures, accidents, vandalism, and roadcalls. A monthly management summary report is also maintained and includes the number of service days, farebox revenues, mileage (revenue/deadhead), hours (revenue/deadhead), passenger count, passenger miles, passenger category, and trip purpose. The report also included 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 for the audit period.

Table V-1
Accidents and On-Time Performance

	FY 2010	FY 2011	FY 2012	FY 2013	Total/Average
Accidents	0	0	1	2	3
On-Time Performance	98%	98%	92%	85%	93%

Source: ARC-Imperial Valley; First Transit

The service has operated with a minimal number of accidents reported. There were no accidents reported for FYs 2010 and 2011. On-time performance has averaged 93 percent during the audit period. Customer service trends are monitored on the passenger service report, which are presented on the same spreadsheet as the management summary report. This report includes a tally of cancellations, no-shows, comments, complaints, and compliments. Table V-2 below summarizes the number of cancellations, trip denials, and no-shows received during the audit period.

Table V-2
Cancellations, Denials, and No-Shows

	FY 2010	FY 2011	FY 2012	FY 2013	Total
Cancellations	1,137	518	173	384	2,212
Trip Denials	28	58	138	652	876
No-Shows	1,205	1,758	1,144	1,768	5,875

Source: ARC-Imperial Valley; First Transit

The ADA database has approximately 1,300 names including an additional 488 names added at the beginning of FY 2012. The number of cancellations has declined significantly during the audit period from 1,137 in FY 2010 to 384 in FY 2013. In contrast, the increases in the number of trip denials and no-shows reflect the increased number of certified ADA passengers on the system. No-shows increased 47 percent from 1,205 in FY 2010 to 1,768 in FY 2013. No shows reduce productivity and efficiency of the transit service. According to First Transit, a significant number of no-shows were from subscription clients of social service agencies. A no-show policy was implemented during the audit period; however, the policy had not yet been broadly advertised or fully enforced. The IVT Access brochure does not contain the no-show policy although it has been posted on the website. It is suggested that IVT Access take steps to further advertise and enforce the no-show policy, especially as it pertains to subscription based services.

Another measure of customer service is in the tracking of complaints and compliments on the passenger service report and tallied for the service year. Complaints and compliments are summarized in Table V-3 below.

Table V-3
Complaints and Compliments

	FY 2010	FY 2011	FY 2012	FY 2013	Total
Complaints	4	2	61	26	93
Compliments	2	0	10	12	24

Source: ARC-Imperial Valley; First Transit

There were a total of 93 complaints received between FYs 2010 and 2013, with the highest number reported in FY 2012. The majority of complaints during that year were by phone and occurred the first few months as the contractor transition was completed. In addition, there were a total of 24 compliments received during the same period.

Personnel

First Transit's contract operations personnel is composed of five management level staff, two road supervisors, nine dispatchers, 52 drivers, three mechanics, two fueler/washers, one cleaner, and one payroll clerk. Two of the dispatchers and 10 of the drivers are part-time. Non-exempt employees, which include the drivers, mechanics, fueler/washers, and cleaner, are represented by Teamsters Local 542, which has a branch office in El Centro. The current Memorandum of Understanding (MOU) is for a five-year term. The next MOU is scheduled for March 2015. Management meets with the union local representative monthly. There were only minimal grievances reported. First Transit added additional staff upon being awarded the IVT Access

contract. There were six former AIM Transit (ARC) drivers that were hired by First Transit as IVT Access drivers. Out of those six, three remained with First Transit.

First Transit went through a series of management changes during the audit period. The current general manager has been at First Transit's El Centro operations since December 2012 and has had prior transit management experience with another contract operator in Tulare County. Prior general managers have served on an interim basis since the departure of the general manager, who was hired in February 2010 and had to step down within a year's time due to personal family reasons.

Employees are recruited through Craigslist, the Employment Development Department, veteran's organizations, the Imperial Valley Press newspaper, CareerBuilder, and IVT websites. Driver training involves 40 hours of classroom and 30 hours of behind-the-wheel instruction. In addition, drivers undergo CHP testing for General Public Paratransit Vehicle and Verification of Transit Training certification. IVT management reports minimal turnover of about six to seven employees over the audit period.

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 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.

Maintenance

IVT Access vehicles are stored and maintained at First Transit's facility located at 792 East Ross Road 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.

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.

On-site maintenance is performed by one part-time mechanic and one part-time washer, who are supervised by a maintenance manager. The mechanic work shifts are staggered to ensure constant coverage throughout all hours of operation. Major maintenance, such as engine and transmission work, is performed off-site by Automotive Service Excellence (ASE)-certified vendors. The goal of IVT's management is to have ASE-certified mechanics. First Transit pays for training and offers a higher level of compensation for such certification.

Under the previous ARC contract, Chevy vehicles were serviced at the Desert Auto Plaza located at 602 Wake Avenue in El Centro. El Centro Motors, located at 1520 Ford Drive in El Centro, provided service on the Ford vehicles. The shop steward at El Centro Motors is a certified master mechanic. Bodywork was handled by Escobedo Auto Body Shop in El Centro. Wheelchair lift and air conditioning repairs were performed by vendors in the San Diego area.

Roadcalls were tracked in the management summary report provided by the contract operator. Table V-4 provides a summary of roadcalls incurred.

Table V-4
Roadcalls and Wheelchair Lift Failures

	FY 2010	FY 2011	FY 2012	FY 2013	Total
Roadcalls	4	0	2	20	26
Wheelchair Lift Failures	0	0	0	0	0

Source: ARC-Imperial Valley; First Transit

There were a total of 26 roadcalls reported from the FY 2010 base year through FY 2013. Roadcall data for the period show an increase in FY 2013 as vehicles experienced warranty repairs. There were no wheelchair lift failures reported during the period. AIM Transit and IVT Access vehicles received satisfactory ratings for all vehicle inspections conducted during the audit period as part of the CHP Transit Operator Compliance Program.

Planning

Countywide demand response transit service planning and analysis has been coordinated through ICTC. ICTC commissioned the ICTC FY 2010–11 Short-Range Transit Plan (SRTP) in 2010, which was released in January 2012. The SRTP contains performance standards that provided a measurement tool to gauge the effectiveness and success of AIM Transit-IVT Access. Table V-5 summarizes countywide demand response performance and service quality standards presented in the SRTP:

Table V-5
AIM Transit-IVT Access
Performance Standards

Performance Indicator	Performance Standard for AIM Transit-IVT Access
Operating Cost per Passenger	\$22.75
Operating Cost per Revenue Hour	\$38.94
Passengers per Revenue Hour	2.0
Farebox Recovery Ratio	10 percent

Source: FY 2010–11 Short-Range Transit Plan; AECOM; AMMA

The operating cost per passenger standard was met in FY 2011 but increased the following two years from \$33.68 in FY 2012 to \$39.81 in FY 2013 and falling out of standard. The operating cost per revenue hour did not meet the standard (increasing from \$75.96 in FY 2011 to \$104.21 in FY 2013). The number of passengers per revenue hour met and exceeded the standard of two passengers per hour each year. However, farebox recovery did not meet standard, falling from 9.94 percent in FY 2011 to 4.14 percent in FY 2013.

Marketing

Countywide demand response transit services are marketed through various types of media. The contract operator is responsible for marketing the service on behalf of ICTC and coordinates the placement, scheduling, and distribution of all advertising and promotional materials to promote ridership. As per the service contract with ICTC, 3 percent of the transit budget is allocated toward marketing. The contract operator's annual marketing subsidy request has ranged between \$2,000 and \$3,700.

A glossy color tri-fold brochure has been developed for AIM Transit and IVT Access. The brochure, which is printed in English and Spanish, provides a map of the service area, fare schedule, and general information on how the service operates. The ARC website (<http://arciv.org/transportation.php>) provides online exposure for AIM Transit and contains basic information about the service. The ICTC website's Transit Services page (<http://www.imperialctc.org/transit-services/>) also mentions IVT-Access and provides a contact number. 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 IVT-Access vehicle along with contact numbers. The service is also listed in the local Yellow Pages telephone directory.

Once the service transitioned to First Transit, the service underwent rebranding. A dedicated website was created for IVT Access (<http://ivtaccess.org/>), which went live in July 2011. The website also contains a Spanish translation feature. A link to IVT Access' Title VI statement is provided toward the bottom of the page.

The travel training program is featured on the website. Prospective riders are brought to the IVT operations yard and shown how to utilize the bus. Travel training is offered for both fixed route and demand response modes.

General Administration and Management

ICTC was established under Senate Bill 607 as an independent successor agency to the Imperial Valley Association of Governments (IVAG). ICTC provides direct administration, management, and oversight for IVT-Access. The ICTC governing board comprises 10 voting members and one ex officio member appointed by the Governor of California. The membership of the ICTC Board is as follows:

- Two members from the Imperial County Board of Supervisors.
- One elected official (mayor or councilmember) from each of the seven incorporated cities in Imperial County.
- One member from the Imperial Irrigation District Board of Directors.
- One non-voting ex officio member appointed by the Governor of California (Caltrans, District 11 Director or representative).

Meetings of the ICTC Board are convened on the fourth Wednesday of the month at 6:00 p.m. in the Imperial County Board Chambers, located at 940 Main Street in El Centro. Transit oversight and administration are under the direction of the transit program manager/senior transit planner and transportation planner. Based on the ICTC job classification description, the transit program manager/senior transit planner plans, coordinates, organizes, and directs the operations of IVT-Access, and develops regional transit policy and service programs including system performance measures development and evaluation and planning and budgeting activities. Assisting the transit program manager is the transportation planner, who monitors the IVT-Access contract and oversees ADA certifications.

In addition to the aforementioned duties, the transportation planner attends community events such as senior appreciation days and health fairs to market the service. The service contract includes community service hours built in, which allows for IVT Access to offer free rides to community meetings and special events. The current service contract includes a number of value-added enhancements such as a new dispatching system, additional vehicles and in-house maintenance.

Grants Management

IVT Access relies on a variety of grants and other funding mechanisms to support its transit services. Such funding derived primarily from local sources and measures. Pursuant to TDA, the IVT Access receives Local Transportation Fund (LTF) proceeds under Article 8(c) and State Transportation Assistance Funds (STAF). TDA funding is used for operating expenses. LTF revenues received during the audit period were \$863,772 in FY 2011; \$91,103 in FY 2012; and \$66,493 in FY 2013. STA revenues received were \$702,000 in FY 2012 and \$987,614 in FY 2013. No local Measure D support funding has been allocated toward IVT Access' demand response transit services.

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

Section VI

Findings

The following summarizes the major findings obtained from this triennial audit covering fiscal years 2011 through 2013. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements pertaining to AIM Transit-IVT Access, the operator fully complied with seven out of the nine requirements. The operator was in partial compliance with the timely submittal of its annual fiscal audits, while not in compliance with farebox attainment. Two additional compliance requirements did not apply to AIM Transit (e.g., rural/urban farebox recovery ratios).
2. AIM Transit-IVT Access did not meet its required farebox recovery ratio standard of 10 percent during the audit period. The farebox recovery ratio was 9.94 percent in FY 2011, 5.04 percent in FY 2012; and 4.14 percent in FY 2013. The average systemwide farebox recovery ratio was 6.37 percent during the triennial review period.
3. IVT Access participates in the CHP Transit Operator Compliance Program and received vehicle inspections 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 notable fluctuations during the audit period. The budgetary increases were attributed to the change in contract operator and associated contract start up costs to enhance service. The budget increases were targeted to add value to the service and meet the growing demand from ADA certified passengers. These costs included the introduction of new dispatching software, the provision of in-house maintenance, and enhanced marketing efforts such as a dedicated website for IVT Access. The First Transit contract also includes community service hours that promote the service.
5. The countywide paratransit service fully implemented the two prior audit recommendations, which pertained to recording trip denials in the annual passenger service report and making adjustments to the FTE count in the Transit Operators Financial Transactions Reports submitted to the State Controller.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 59.4 percent systemwide from \$65.39 in FY 2010 to \$104.21 in FY 2013. This trend is consistent with the increase of operating costs of 46.4 percent during the period, and a slight decrease in vehicle service hours of 8.2 percent between FY 2010 and FY 2013.
7. Operating cost per passenger, an indicator of cost effectiveness, increased 80.4 percent systemwide from \$22.07 in FY 2010 to \$39.81 in FY 2013. As noted above, system operating costs increased 46.4 percent during the period; however, ridership systemwide decreased

18.9 percent during the period from 36,799 passengers in FY 2010 to 29,861 passengers in FY 2013.

8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, decreased 11.6 percent between FY 2010 and FY 2013 systemwide from 3 passengers per hour to 2.6 passengers per hour. The trend in this indicator reflects a notable decrease in ridership on countywide demand-response services while vehicle service hours decreased modestly.
9. Farebox recovery exhibited an overall decrease of 58.7 percent between FY 2010 and FY 2013 systemwide. Farebox recovery declined by 49.3 percent between FY 2011 and FY 2012 as annual operating costs increased 32.3 percent and passenger fares declined 33 percent. From FY 2012 through FY 2013, operating costs exhibited a slight decrease whereas passenger fare revenues were down 20.2 percent. Farebox recovery attainment remained below 10 percent.
10. Countywide paratransit services underwent a change in contract operators as part of concurrent contract bid process with the IVT fixed-route system. First Transit, the IVT fixed-route operator, was selected over ARC-Imperial Valley that had operated the demand-response service for 17 years as AIM Transit. Under the new contract, the service was rebranded as IVT Access.
11. First Transit's contract operations personnel comprises five management level staff, two road supervisors, nine dispatchers, 52 drivers, three mechanics, two fueler/washers, one cleaner, and one payroll clerk. Two of the dispatchers and 10 of the drivers are part-time. First Transit added additional staff upon being awarded the IVT Access contract. Six came over from ARC-Imperial Valley and three eventually stayed on with First Transit.
12. IVT Access vehicles are stored and maintained at First Transit's facility located at 792 East Ross Road in El Centro. The 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.
13. Countywide demand response transit services are marketed through various types of media. The contract operator is responsible for marketing the service on behalf of ICTC and coordinates the placement, scheduling, and distribution of all advertising and promotional materials to promote ridership.
14. Once the service transitioned to First Transit, the service underwent rebranding. A dedicated website was created for IVT Access (<http://ivtaccess.org/>), which went live in July 2011. The website also contains a Spanish translation feature.

Recommendations

1. Further Publicize and Enforce the IVT Access No-Show policy.

With the increase in the number of ADA-certified passengers using IVT Access, the service is challenged with informing riders of system protocol as it relates to properly canceling a ride. The number of no-shows, which results from a vehicle arriving for a pickup but the passenger is not there, increased 47 percent from 1,205 in FY 2010 to 1,768 in FY 2013. No shows reduce productivity and efficiency of the transit service. According to First Transit, a significant number of no-shows were from subscription clients of social service agencies. A no-show policy was implemented during the audit period; however, the policy had not yet been broadly advertised or fully enforced. The IVT Access brochure does not contain the no-show policy although it has been posted on the website. It is suggested that IVT Access take steps to further advertise and enforce the no-show policy, especially as it pertains to subscription based services. IVT Access should work closely with the social agencies to inform them of the policy and the trickle down to their clients.

2. Consider alternative farebox recovery ratio methods for IVT Access.

With the farebox issues of IVT Access, there may be opportunity to review options for the ratio. In one example, the Public Utilities Code has provisions that allow a transit system to incorporate both fixed route and specialized service farebox ratios under one combined ratio. Under PUC 99238(b), “an operator which provides both exclusive transportation services for elderly and disabled persons and regular scheduled public transportation services may be allocated funds...and the ratio of fare revenues to operating cost for the combined service shall not be less than the ratio required in order to make allocations to the operator for its regular scheduled services.” This describes that the combined farebox ratio of fixed route and ADA paratransit service must meet the farebox ratio of the fixed route alone. For IVT, it is the blended ratio developed by ICTC for fixed route that is approved by Caltrans. With the lower IVT Access farebox recovery ratio, IVT would be required to generate a higher farebox ratio on its own to compensate for the inclusion of the ADA service ratio. In this manner, rather than meeting two separate farebox standards, the transit system would be subject to one.