



FY 2011—2013 TRIENNIAL PERFORMANCE AUDIT OF CITY OF CALEXICO DIAL-A-RIDE



Draft

SUBMITTED TO:

Imperial County Transportation Commission

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SUBMITTED BY:

PMC®


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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 Calexico Dial-A-Ride covering the most recent triennial period, fiscal years 2010–11 through 2012–13.

The purpose of the performance audit is to evaluate the City's 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 the City's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether Calexico 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

Calexico Dial-A-Ride is a specialized demand-response service that operates within the City of Calexico. The service is administered by the City's Utility Services Department and operated under contract by First Transit, a private for-profit transportation carrier. Demand-response service is available only to seniors 60 years and older and persons with disabilities seven days a week. General public riders are not eligible to ride Calexico Dial-A-Ride. Additional transportation is made available directly to the Calexico Nutrition site and the Alegria Adult Day Health Care (ADHC) Center Monday through Friday.

Based on the 2010 US Census, Calexico's population is 38,572 which grew 42.5 percent since the 2000 US Census. The senior citizen population, comprising residents aged 65 and over, is 11.43

percent. The 2014 population for Calexico is estimated to be 40,564 as reported by the California Department of Finance. The city covers an 8.39-square-mile area.

The City of Calexico is located on the international border opposite the city of Mexicali, Baja California, Mexico. The city is situated at the junction of State Routes (SR) 98 and 111. SR 111 is the Imperial Valley's main north-south highway running between the international border and the Coachella Valley to the northwest. SR 98 runs in an east-west direction parallel with Interstate 8. The major arterial streets traversing Calexico are 2nd Street, Birch Street (SR 98), Cole Road, Heber Avenue, and Imperial Avenue (SR 111).

System Characteristics

Calexico Dial-A-Ride operates from 7:00 a.m. to 5:00 p.m. seven days a week within the city limits. The service does not operate on the following holidays: New Year's Day, Martin Luther King Jr. Day (observed), Presidents' Day, Memorial Day (observed), Independence Day (observed), Labor Day, Veterans Day, Thanksgiving, and Christmas. Reservations for service are accepted from one to 14 days in advance. The fare is \$1.00 per one-way trip.

Fleet

Calexico Dial-A-Ride has four vehicles that are wheelchair lift-equipped and conform to the requirements of the Americans with Disabilities Act (ADA) of 1990. Three vehicles are operated in revenue service with the fourth vehicle (model year 2008) designated as a spare. One vehicle is operated on the weekend. Table I-1 shows the Dial-A-Ride fleet:

Table I-1
Calexico Dial-A-Ride Fleet

Year	Make & Model	Quantity	Fuel Type	Seating Capacity
2003	Ford E-450 El Dorado National	3	Gasoline	17 (2 W/C)
2008	El Dorado National	1	Gasoline	21 (2 W/C)
Total		4		

Source: First Transit

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of the City of Calexico's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008* (third edition), which was developed by 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	<p>Completion/submittal dates:</p> <p>FY 2011: September 20, 2011 FY 2012: November 19, 2012 FY 2013: October 21, 2013</p> <p>The FY 2012 Transit Operators Financial Transaction Report was submitted to the State Controller after the designated due dates.</p> <p>Conclusion: Partial Compliance.</p>
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	<p>Completion/submittal dates:</p> <p>FY 2011: December 28, 2011 FY 2012: February 19, 2012 FY 2013: December 20, 2013</p> <p>Conclusion: Complied.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The CHP has, within the 13 months prior to each TDA 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.	Public Utilities Code, Section 99251 B	<p>The City of Calexico, through its contract operator, participates 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 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 7, 2009; April 12, 2010; November 30, 2010; April 5, 2011; April 2, 2012, and April 10, 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 City of Calexico's annual claims for Local Transportation Funds are submitted in compliance with the rules and regulations adopted by ICTC. ICTC staff provides assistance to the City in completing the claim.</p> <p>Conclusion: Complied.</p>
If an operator serves urbanized and non-urbanized areas, it has maintained a	Public Utilities Code, Section 99270.1	This requirement is not applicable, as Calexico Dial-A-Ride serves a non-urbanized

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.		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 City of Callexico's transit operating budget: FY 2011: +1.5% FY 2012: +13.1% FY 2013: -7.2% Source: City of Callexico Transit Budgets for FY 2010–2013 Conclusion: Complied.
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	The City of Callexico's definition of performance is consistent with PUC Section 99247. A review of trip sheets from the contract operator during the audit period indicates that correct performance data are being collected. Conclusion: Complied.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	This requirement is not applicable, as Callexico Dial-A-Ride serves a non-urbanized area.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.		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	<p>Under PUC Section 99268.5, the farebox ratio requirement for exclusive services for elderly and disabled is 10 percent. Callexico's operating ratios using audited and internal financial data were as follows:</p> <p>FY 2011: 13.88% FY 2012: 13.35% FY 2013: 11.81%</p> <p>Source: Annual Fiscal and Compliance Audits</p> <p>Conclusion: Complied.</p>
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	<p>The City contracts with a private nonprofit provider for operations; the City contributes to its staff's retirement through the California Public Employees' Retirement System (CalPERS).</p> <p>Conclusion: Complied.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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 Callexico Dial-A-Ride does not receive STAF revenues. Conclusion: Not Applicable.

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to Callexico Dial-A-Ride, the operation fully complied with seven out of the eight requirements. The operator was found in partial compliance with the timely submittal of its Transit Operator Financial Transactions Report to the State Controller. Three additional compliance requirements did not apply to Callexico Dial-A-Ride (e.g., rural/urban farebox recovery ratios and federal formula funding).
2. Callexico Dial-A-Ride's farebox recovery ratio remained above the required 10 percent standard. The farebox recovery ratios based on audited data were 13.88 percent in FY 2011; 13.35 percent in FY 2012; and 11.81 percent in FY 2013. The average systemwide farebox recovery ratio was 13.16 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 Callexico 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 increases for two out the three years of the audit period. The FY 2011 and FY 2012 operating budgets increased 1.5 percent and 13.1 percent, respectively. The FY 2012 increase was attributed to increases in the operating contract. The FY 2013 operating budget decreased 7.2 percent.

Section III

Prior Triennial Performance Recommendations

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

Prior Recommendation 1

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

Actions taken by the City of Calexico

As stipulated in the service contract, it is the responsibility of the contract operator to collect data on the operation of the transit system and supply such data to the director of Utility Services on a monthly basis. Monthly operations data is required to be attached to the monthly invoice received by the City. The prior audit noted that the contract operator did not have this information readily compiled and available. Therefore, it was suggested that this additional operational data (i.e., on-time performance, roadcalls, complaints by type, accidents, cancellations, trip denials, and no-shows) be regularly compiled, tracked, and included in the monthly reports to the City.

When queried about the status of this recommendation, the contract operator and City indicated that the additional performance data were not being reported and attached to the monthly invoice. By having the additional data compiled and reported monthly, it would enable the City to better monitor the service based on the performance standards stipulated in the Dial-A-Ride contract.

Conclusion

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

Prior Recommendation 2

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

Actions taken by the City of Callexico

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

During the audit period, the City did raise the issue of farebox recovery attainment with the contract operator. As a result, the system's farebox recovery has increased from 9.18 percent in FY 2010 to 11.81 percent in FY 2013. With regard to other performance standards, the City has yet to implement a formalized monitoring system. As was mentioned in the prior recommendation discussion, it is suggested that the contract operator include additional performance data when submitting its monthly invoice to the City.

Conclusion

This recommendation has been partially implemented.

Prior Recommendation 3

Enhance passenger ride eligibility and verification.

Actions taken by the City of Callexico

Operating as a specialized transit service, Callexico 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. It was recommended that the City clearly state the forms of identification that are acceptable to ride Dial-A-Ride. In addition, it was suggested that the City collaborate with ICTC for providing ADA certification as one form of disability verification. ICTC conducts ADA certifications for the regional IVT Access paratransit service, which could then also be valid for rides on the city Dial-A-Ride services. In this manner, a centralized database of ADA-certified riders is maintained countywide and could be shared among Dial-A-Ride providers.

The City noted that Dial-A-Ride still does not request identification to determine eligibility for verification purposes. As the City considers lowering the eligibility requirements from 60 to 55 years of age, it would be imperative for the City to start requiring proof of eligibility given the specialized nature of the transit service.

Conclusion

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

Section IV

TDA Performance Indicators

This section reviews Callexico Dial-A-Ride's 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.

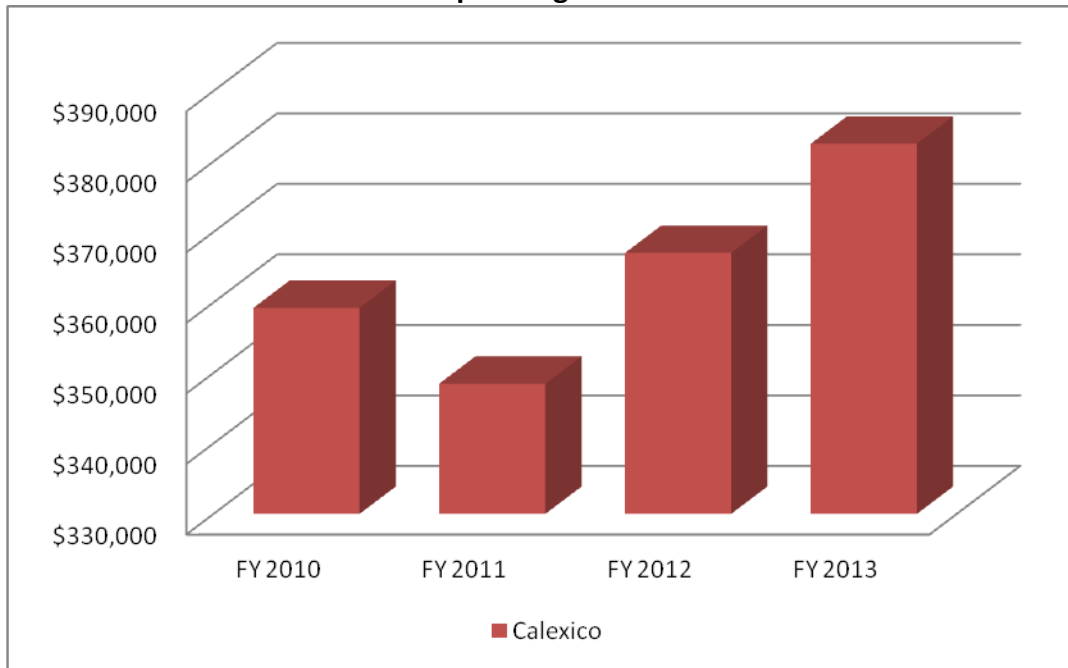
Table IV-1 provides the performance indicators for Callexico Dial-A-Ride. Charts are also provided to depict the trends in the indicators. It is noted that the operating costs and fare revenues are based on audited figures.

Table IV-1
Callexico Dial-A-Ride TDA Performance Indicators

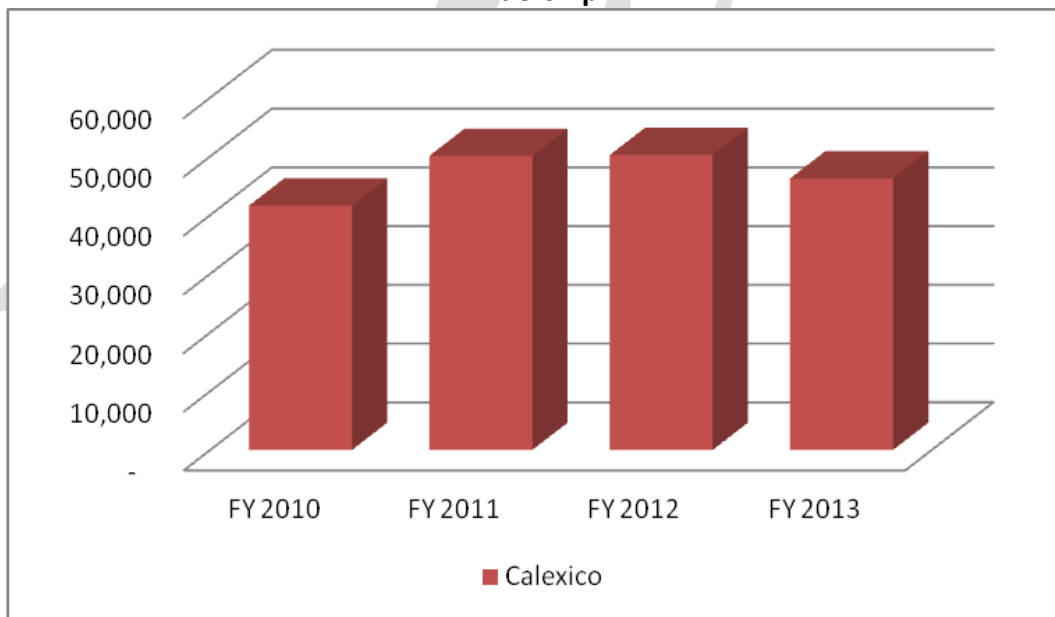
Performance Data and Indicators	FY 2010	Audit Period			% Change FY 2010–2013
		FY 2011	FY 2012	FY 2013	
Operating Cost	\$359,227	\$348,469	\$367,017	\$382,510	6.5%
Total Passengers	41,601	50,075	50,215	46,228	11.1%
Vehicle Service Hours	7,767	7,773	7,810	7,758	-0.1%
Vehicle Service Miles	85,257	91,163	92,121	81,917	-3.9%
Employee FTEs	13	13	7	7	-46.2%
Passenger Fares	\$32,981	\$48,377	\$49,014	\$45,164	36.9%
Operating Cost per Passenger	\$8.64	\$6.96	\$7.31	\$8.27	-4.2%
Operating Cost per Vehicle Service Hour	\$46.25	\$44.83	\$46.99	\$49.31	6.6%
Operating Cost per Vehicle Service Mile	\$4.21	\$3.82	\$3.98	\$4.67	10.8%
Passengers per Vehicle Service Hour	5.4	6.4	6.4	6.0	11.3%
Passengers per Vehicle Service Mile	0.49	0.55	0.55	0.56	15.7%
Vehicle Service Hours per Employee	597.5	597.9	1,115.7	1,108.3	85.5%
Average Fare per Passenger	\$0.79	\$0.97	\$0.98	\$0.98	23.2%
Fare Recovery Ratio	9.18%	13.88%	13.35%	11.81%	28.6%

Source: Annual Fiscal and Compliance Audits; State Controller Reports; ICTC Annual Performance Summary

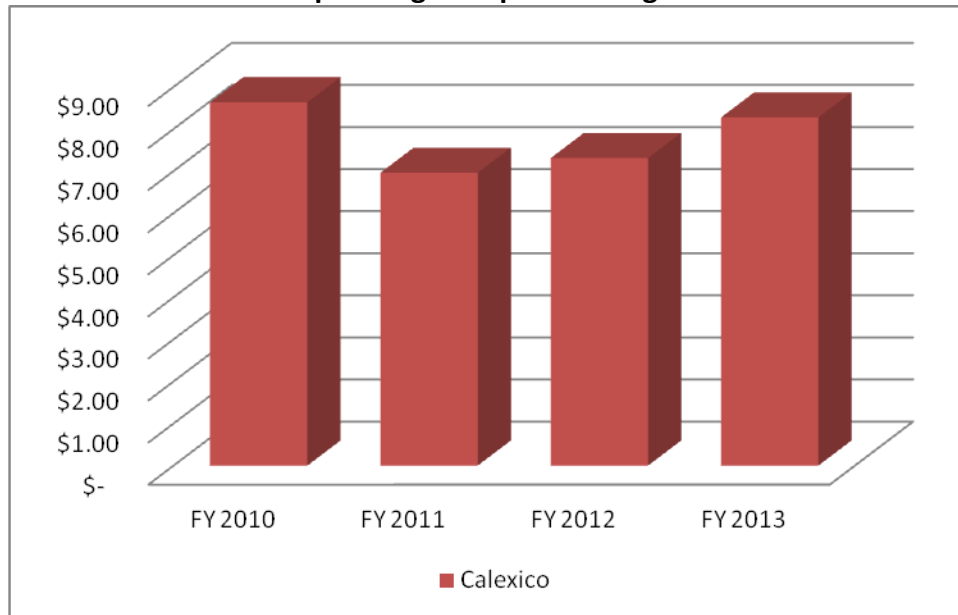
**Graph IV-1
Operating Costs**



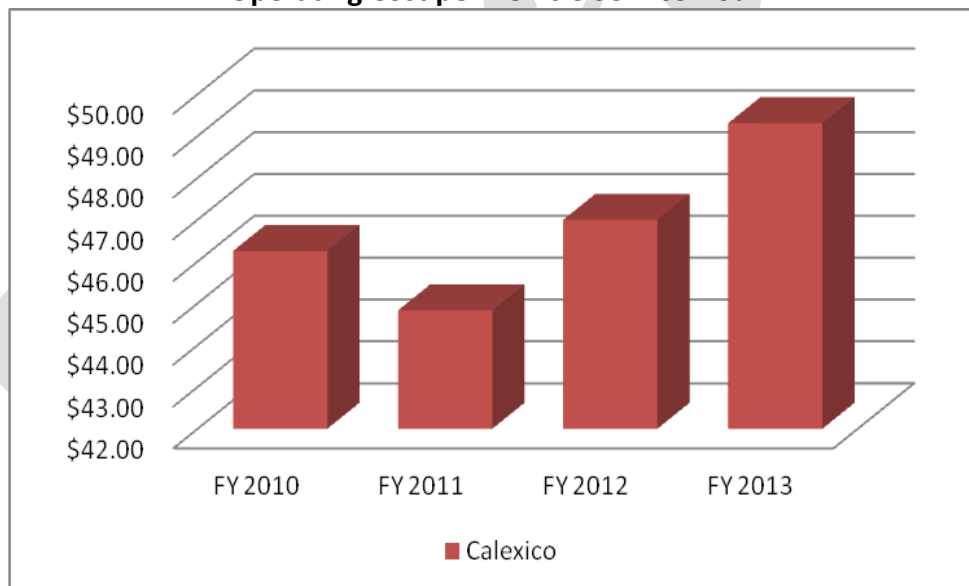
**Graph IV-2
Ridership**



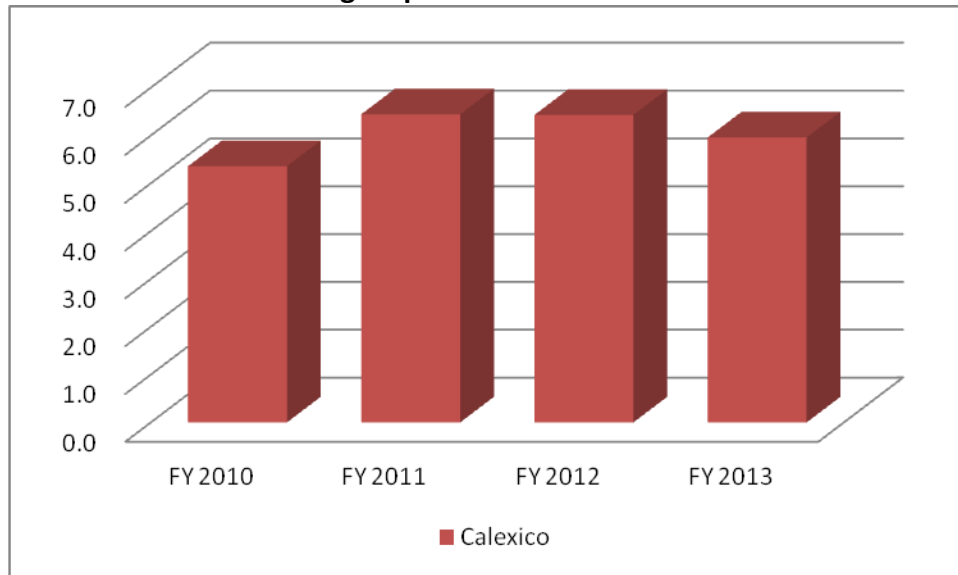
Graph IV-3
Operating Cost per Passenger



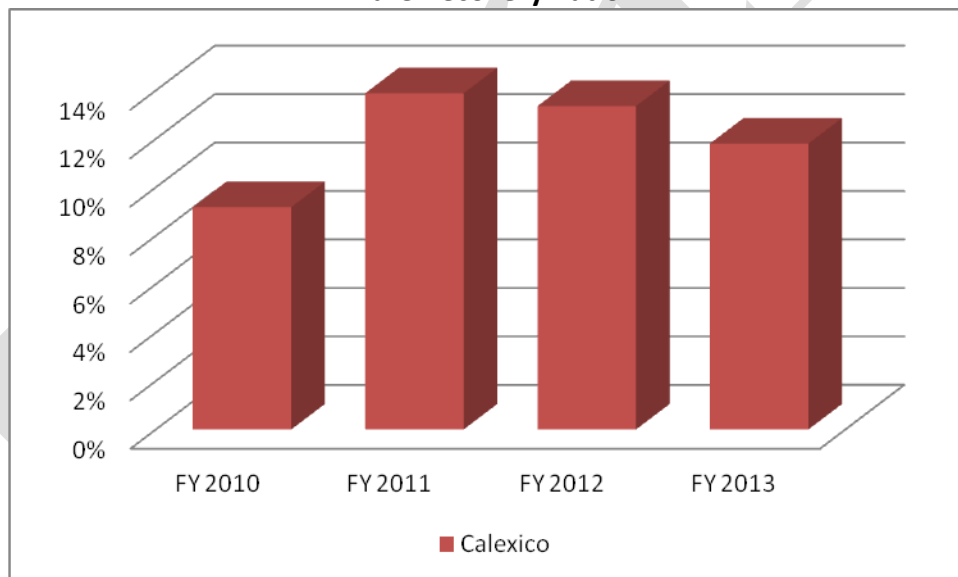
Graph IV-4
Operating Cost per Vehicle Service Hour



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 6.6 percent systemwide from \$46.25 in FY 2010 to \$49.31 in FY 2013. This trend is consistent with the increase of Dial-A-Ride operating costs of 6.5 percent during the period, and a slight decrease in vehicle service hours of 0.1 percent between FY 2010 and FY 2013.
2. **Operating cost per passenger**, an indicator of cost effectiveness, decreased 4.2 percent systemwide from \$8.64 in FY 2010 to \$8.27 in FY 2013. As noted above, Dial-A-Ride operating costs increased 6.5 percent during the period. Dial-A-Ride ridership systemwide increased at a higher rate of 11.1 percent during the period from 41,601 passengers in FY 2010 to 46,228 passengers in FY 2013.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 11.3 percent between FY 2010 and FY 2013 systemwide from 5.4 passengers per hour to 6.0 passengers per hour. The trend in this indicator reflects a higher increase in ridership on demand-response services while vehicle service hours exhibited a slight decrease.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased 15.7 percent between FY 2010 and FY 2013 from 0.49 in FY 2010 to 0.56 in FY 2013. From the FY 2010 base year to FY 2013, total vehicle service miles decreased 3.9 percent from 85,257 vehicle service miles to 81,917 vehicle service miles.
5. **Vehicle service hours per employee** increased 85.5 percent systemwide between FY 2010 and FY 2013. This increase is attributed to the 0.1 percent decrease in Dial-A-Ride vehicle service hours while the number of full-time employee equivalents (FTE) declined from 13 to 7 as reported in the City's Transit Operators Financial Transactions Report submitted to the State Controller. The City verified that the FTE count in the latter years is more reflective of personnel directly associated with the operation. In prior years, First Transit administrative and support staff were not allocated among the different transit services provided in the County. This measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee.
6. **Farebox recovery** exhibited an overall increase of 28.6 percent between FY 2010 and FY 2013 systemwide. Farebox recovery increased by 51.2 percent between FY 2010 and FY 2011 as annual operating costs decreased 3 percent and passenger fare revenue increased 46.7 percent. From FY 2011 through FY 2013, operating costs increased modestly and passenger fares decreased.

Conclusion from the Verification of TDA Performance Indicators

Callexico Dial-A-Ride's performance indicators reflect healthy growth in the number of passenger trips and fare while operating costs increased modestly. Ridership increased 11.1 percent due to steady population growth. Vehicle service hours and mileage exhibited slight declines during the audit period. Passenger fare revenues had their highest increase in FY 2011 resulting in a farebox ratio of 13.88 percent. Fare revenues increased nearly 37 percent overall during the period. Farebox recovery was able to be sustained above 10 percent, which increased 28.6 percent from the FY 2010 base year to FY 2013. The average fare per passenger averaged \$0.98 in FY 2013, which mirrors the actual one-way fare of \$1.00.

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Section V

Review of Operator Functions

This section provides an in-depth review of various functions within Calexico Dial-A-Ride. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at the City of Calexico and at 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

Pursuant to the ADA, the City of Calexico provides demand-response paratransit services to individuals whose disability or mobility precludes the independent use of the fixed-route bus services. The provision of paratransit services is reflected in the City's mission statement which reads as follows:

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

Dial-A-Ride has been operating in the City of Calexico since August 1982. The service was initially operated directly by the City until operations were contracted out in 1994. First Transit has been the contract operator since September 2008. 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 based in El Centro. The initial service contract with Calexico was for a five-year term with a one-year extension. Calexico Dial-A-Ride operates a fleet of three vehicles plus two spare vehicles, which are owned and provided by First Transit.

The existing service contract provides measured increases in the hourly fixed rate paid to the contract operator for each year the contract is in effect. The operator is responsible for the collection of fare revenue, which is subtracted from the costs to determine the actual monthly subsidy. In light of rising fuel costs, the contract contains a fuel escalator clause that provides extra compensation over and above the budget amount and any savings from other areas of

operations. The fuel clause protects First Transit from additional fuel expenses given the significant increase in fuel prices. Each month, First Transit invoices the City for the additional fuel expenses as a separate line item on the invoice. In this manner, the fuel clause acts as a pass-through measure for the City to reimburse the expense.

The majority of the ridership (about 80 percent) comprises senior citizens. The City is considering lowering the age of eligibility from 60 years to 55 years in an effort to boost ridership. Calexico Dial-A-Ride generally does not request identification to verify eligibility, which was suggested in a prior recommendation. Since the last fare increase in July 2010, the one-way fare has remained at \$1.00.

In addition to providing demand-response service, Calexico Dial-A-Ride provides service to the Calexico Senior Nutrition Program run by Catholic Charities. Since September 2013, Dial-A-Ride has been providing service to the Alegria ADHC Center with a dedicated vehicle. Trips to the Alegria ADHC Center generally average from 20 to 25 passengers. Due to such passenger loads, it is difficult to accommodate same-day requests.

Scheduling and dispatching functions are conducted on a manual basis. Drivers are required to report into dispatch upon departing the operations yard, at the last stop, when handling a wheelchair passenger, after an accident or breakdown, during a passenger emergency, or when running five minutes late.

Operations data are provided by the contract operator to the City. One of the performance measures tracked concerns on-time performance.

Table V-1
On-Time Performance

	FY 2011	FY 2012	FY 2013
On-Time Performance	95.95%	96.07%	96.15%

Source: First Transit

On-time performance on Calexico Dial-A-Ride during the audit period has averaged 96 percent, which is above industry standards. Calexico has yet to implement a formal no-show policy. The system averages between five and six no-shows daily. Zero denials were reported during the audit period. Two preventable accidents were reported during FY 2013.

Personnel

Staff dedicated to Dial-A-Ride operations include five drivers (four full-time, one part-time) and two dispatchers (one full-time, one part-time). Administrative and support staff consist of a general manager, an operations manager, one maintenance manager, two mechanics, two bus washers, and one clerical person. Non-management employees are represented by Teamsters, Local 542. The current Memorandum of Understanding is effective through 2015. Drivers are cross-trained and all dispatchers and staff are trained as drivers. An employee handbook

provides a detailed summary of rules, policies, and benefits. Employees are required to sign the handbook acknowledgment.

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

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

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

Maintenance

Maintenance of the City's Dial-A-Ride fleet is the responsibility of the contract operator. Callexico Dial-A-Ride 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 Imperial Valley Transit's (IVT) management is to have ASE-certified mechanics. First Transit pays for training and offers a higher level of compensation for such certification.

Roadcalls are tracked regularly by the contract operator. Table V-2 below provides a summary of roadcalls incurred by Callexico Dial-A-Ride during the audit period.

Table V-2
Roadcalls

	FY 2010	FY 2011	FY 2012	FY 2013
Roadcalls	5	5	13	54

Source: First Transit

After averaging about eight roadcalls annually between FY 2010 and FY 2012, the number of roadcalls increased significantly in FY 2013. This may be due to the aging fleet as well as increased service hours and mileage. Callexico Dial-A-Ride vehicles received satisfactory ratings for all vehicle inspections conducted during the audit period as part of the CHP Transit Operator Compliance Program.

Planning

Dial-A-Ride service planning and analysis have been a coordinated effort between the City and ICTC. On behalf of the City, ICTC commissioned the ICTC FY 2010–11 Short-Range Transit Plan (S RTP) in 2010, which was released in January 2012. The S RTP contains performance standards that provided a measurement tool to gauge the effectiveness and success of the transit service. Table V-3 summarizes Dial-A-Ride's performance and service quality standards presented in the S RTP:

Table V-3
Callexico Dial-A-Ride
Performance Standards

Performance Indicator	Performance Standard for Callexico Dial-A-Ride
Operating Cost per Passenger	\$4.89
Operating Cost per Revenue Hour	\$22.24
Passengers per Revenue Hour	8.1
Farebox Recovery Ratio	10 percent TDA

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

The operating cost per passenger has not met the standard of \$4.89, even with the declining cost trend during the audit period (from \$8.64 in FY 2010 to \$8.27 in FY 2013). Operating cost per revenue hour also did not meet the standard of \$22.24 (increasing from \$46.25 in FY 2010 to \$49.31 in FY 2013). The number of passengers per revenue hour did not meet the standard of 8.1 passengers and has ranged between 5.4 and 6.4 passengers. However, Callexico was able to attain its farebox recovery ratio standard of 10 percent during the audit period.

Other planning activities have centered upon transit infrastructure and regional Dial-A-Ride consolidation. The City in conjunction with ICTC and the Southern California Association of Governments (SCAG) commissioned the Calexico Intermodal Transportation Center Study in 2014 to determine the feasibility and preferred location for a new Intermodal Transportation Center in downtown Calexico. Given that the Calexico Port of Entry at the US-Mexico international border is amongst the busiest, motorized and pedestrian traffic has tended to create bottleneck conditions where current transit providers have stops. The goal of the study is to determine the most convenient and efficient approach to co-locate multiple transportation providers in one location near the border.

Calexico is one of several Imperial Valley cities that have considered pursuing Dial-A-Ride consolidation under one contract operator and service brand. Such a consideration was to determine whether efficiencies and cost reductions could be achieved through the consolidation of operations under one contract contractor with one administering agency. The process also left open the possibility that one or more cities may elect to retain the current system of independent contracts/operators or the consolidation of some of the services.

In January 2014, ICTC released a Request for Proposals (RFP) for the continuation of services for five demand-response services in the Imperial Valley. The consolidated service is anticipated to commence in September 2014 under the brand IVT RIDES. Since the City of El Centro opted not to be part of the Dial-A-Ride consolidation, a second RFP was released and bid submittals reviewed. First Transit, which currently operates IVT and IVT Access, was selected to operate the consolidated service effective the fall of 2014.

In addition to the release of the Dial-A-Ride consolidation RFP, ICTC has recently completed a study of its fixed-route service delivery area in the City of Calexico for a proposed fixed-route intra-city circulator. The circulator would be modeled after the IVT Blue and Green Lines in El Centro and the recently implemented Gold Line in Brawley. The proposed circulator would be branded as the IVT Orange Line.

Marketing

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

Efforts by the City to promote the service involve providing general information on the City's website (<http://www.calexico.ca.gov/>). A link to the Dial-A-Ride information page is provided on the menu located on the right-hand margin of the Utility Services page. In addition to general

information, the page provides fare information, hours of operation, reservation instructions, rider etiquette, and contact information for customer comments and concerns.

General Administration and Management

The City of Calexico was incorporated on April 16, 1908, and functions as a general law city with a council-manager form of government. An elected five-member City Council serves as the principal legislative body. Council members serve for overlapping terms of four years and select one member to serve as mayor and one to serve as mayor pro-tem on an annually rotated basis. The Council provides policy direction to the city manager, who is responsible for administering City departments. The City Council meets on the first and third Tuesday of the month at 6:30 p.m. in the City Council Chambers at the Calexico City Hall located at 608 Heber Avenue.

Transit operations are administered under the Public Works Department. The Public Works director/city engineer oversees the City's transit contract. TDA claim forms are prepared by the City's Finance Department and approved by the City Council. Public Works staff prepares the transit budget and projections, and provides general administration and liaison with the contract operator. The transit budget is determined by the hourly rate charged by the contractor multiplied by the hours of operation from the prior year.

In addition, the Finance Department completes the annual State Controller Report with data derived from the performance data spreadsheet. The contract is regulated according to the provisions of ADA, TDA, the Federal Transportation Administration, and other applicable federal, state, and local laws and regulations.

Grants Management

The City of Calexico relies on a few funding mechanisms derived primarily from local sources and measures to support its transit services. Such funding derives primarily from local sources and measures. Pursuant to TDA, the City receives Local Transportation Fund (LTF) proceeds for operating expenses. LTF revenues received during the audit period were \$248,630 in FY 2011; \$288,003 in FY 2012; and \$307,346 in FY 2013. Calexico does not receive State Transit Assistance Funds (STAF).

Local county Measure D, the one-half cent sales tax, has been in effect since adoption in November 1989 and renewed by the voters in 2010. The proceeds of this tax are allocated by the Local Transportation Authority to the cities and the County of Imperial for local street and road purposes. In addition, a small percentage of the tax revenue is allocated for administration (1 percent), transit (2 percent), and state highway (5 percent) purposes. Measure D support received toward Calexico's transit system was \$20,000 in FY 2011 and \$30,000 in FY 2012 and FY 2013, respectively. However, the City's Transit Operators Financial Transactions Reports submitted to the State Controller did not account for Measure D allocations under operating revenues.

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 Callexico Dial-A-Ride, the operation fully complied with seven out of the eight requirements. The operator was found in partial compliance with the timely submittal of its Transit Operator Financial Transactions Report to the State Controller. Three additional compliance requirements did not apply to Callexico Dial-A-Ride (e.g., rural/urban farebox recovery ratios and federal formula funding).
2. Callexico Dial-A-Ride's farebox recovery ratio remained above the required 10 percent standard. The farebox recovery ratios based on audited data were 13.88 percent in FY 2011; 13.35 percent in FY 2012; and 11.81 percent in FY 2013. The average systemwide farebox recovery ratio was 13.16 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 Callexico 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 increases for two out the three years of the audit period. The FY 2011 and FY 2012 operating budgets increased 1.5 percent and 13.1 percent, respectively. The FY 2012 increase was attributed to increases in the operating contract. The FY 2013 operating budget decreased 7.2 percent.
5. Callexico partially implemented one out of the three prior audit recommendations, which pertained to the system of incentive rewards and penalties contained in the service contract. Two remaining recommendations not implemented pertain to eligibility and verification procedures and the provision of additional performance data from the contractor. Both recommendations have been carried forward in this audit for implementation.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 6.6 percent systemwide from \$46.25 in FY 2010 to \$49.31 in FY 2013. This trend is consistent with the increase of Dial-A-Ride operating costs of 6.5 percent during the period, and a slight decrease in vehicle service hours of 0.5 percent between FY 2010 and FY 2013.
7. Operating cost per passenger, an indicator of cost effectiveness, decreased 4.2 percent systemwide from \$8.64 in FY 2010 to \$8.27 in FY 2013. As noted above, Dial-A-Ride

operating costs increased 6.5 percent during the period. Dial-A-Ride ridership systemwide increased at a higher rate of 11.1 percent during the period from 41,601 passengers in FY 2010 to 46,228 passengers in FY 2013.

8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 11.3 percent between FY 2010 and FY 2013 systemwide from 5.4 passengers per hour to 6.0 passengers per hour. The trend in this indicator reflects a higher increase in ridership on demand-response services while vehicle service hours exhibited a slight decrease.
7. Farebox recovery exhibited an overall increase of 28.6 percent between FY 2010 and FY 2013 systemwide. Farebox recovery increased by 51.2 percent between FY 2010 and FY 2011 as annual operating costs decreased 3 percent and passenger fare revenue increased 46.7 percent. From FY 2011 through FY 2013, operating costs increased modestly and passenger fares decreased.
9. Dial-A-Ride has been operating in the City of Calexico since August 1982. The service was initially operated directly by the City until operations were contracted out in 1994. First Transit has been the contract operator since September 2008.
10. Calexico Dial-A-Ride operates as a specialized paratransit service for seniors and persons with disabilities. The majority of the ridership (about 80 percent) comprises senior citizens. The City is considering lowering the age of eligibility from 60 years to 55 years in an effort to boost ridership.
11. On-time performance on Calexico Dial-A-Ride during the audit period has averaged 96 percent, which is above industry standards. Calexico has yet to implement a formal no-show policy. The system averages between five and six no-shows daily. Zero denials were reported during the audit period. Two preventable accidents were reported during FY 2013.
12. Staff dedicated to Dial-A-Ride operations include five drivers (four full-time, one part-time) and two dispatchers (one full-time, one part-time). Administrative and support staff consist of a general manager, an operations manager, one maintenance manager, two mechanics, two bus washers, and one clerical person.
13. Maintenance of the City's Dial-A-Ride fleet is the responsibility of the contract operator. Calexico Dial-A-Ride 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.
14. In January 2014, ICTC released an RFP for the continuation of services for five demand-response services in the Imperial Valley. The Calexico City Council voted for Calexico Dial-A-Ride to be consolidated under the IVT RIDES brand effective the fall of 2014.

Recommendations

1. Ensure local Measure D support is reported as a separate line item in the Transit Operators Financial Transactions Report.

The City receives local Measure D support toward Calexico's transit system, which has ranged from \$20,000 to \$30,000 annually. However, for FYs 2011 and 2012, the City's Transit Operators Financial Transactions Report submitted to the State Controller did not account for Measure D allocations under operating revenues in the Income Statement. While the FY 2013 report did include the allocation under Non-Transportation Revenues, it should be recorded as Local Sales Tax. It is suggested that the City's Finance Department ensure that Measure D revenues are reported properly as Local Sales Tax in the Transit Operators Financial Transactions Report.

2. Provide operations performance data as Demand Response in the State Controller Report.

The supplemental operating data section of the annual State Controller Report requires performance data to be reported under the proper mode of transit. The City has been reporting its dial-a-ride data under the motor bus provision which is reserved for fixed route. A separate area for demand response data is available which is the correct placement of the data. The City should enter the performance data under the demand response column rather than under motor bus.

3. Replace aging demand response vehicles.

Calexico Dial-A-Ride operates a fleet of four vehicles. Three of the vehicles are 2003 Ford El Dorado National cutaways, which appear to be approaching their useful lives. After averaging about eight roadcalls annually between FY 2010 and FY 2012, the number of roadcalls increased significantly in FY 2013 to 54 roadcalls. The City should work with the contractor and ICTC to plan and provide for newer vehicles. Reliability and modernization of bus vehicles is a significant operational function that affects customer service and image of the transit agency. The Public Works director/city engineer should coordinate the capital replacement schedule and the procurement of replacement vehicles with ICTC and either piggyback on another transit agency's procurement process, or review the procurement program through CalACT to expedite the bus purchases.

4. Enhance passenger ride eligibility and verification procedures.

This recommendation is carried over from the prior audit. As a specialized paratransit service, Calexico Dial-A-Ride is currently limited to seniors age 60 and older and persons with disabilities. Due to this limitation, verification of rider eligibility is required prior to boarding. It was recommended that the City clearly state the forms of identification that are acceptable to ride Dial-A-Ride. In addition, it was suggested that the City collaborate with ICTC for providing ADA certification as one form of disability verification. ICTC conducts ADA

certifications for the regional IVT Access paratransit service, which could then also be valid for rides on the City Dial-A-Ride services as part as of Dial-A-Ride consolidation.

While ridership increased 11.3 percent between FY 2010 and FY 2013 from 5.4 passengers per hour to 6.0 passengers per hour, farebox recovery exhibited a declining trend in FY 2013. As a means for the service to sustain ridership and meet farebox recovery, it is suggested that the City consider additional methods to attract ridership, such as lowering the age of eligibility for seniors from 60 years of age to 55 years.

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

This recommendation is carried over from the prior audit. As stipulated in the service contract, it is the responsibility of the contract operator to collect data on the operation of the transit system and supply such data to the director of Utility Services on a monthly basis. It was suggested that this additional operational data (i.e., on-time performance, roadcalls, complaints by type, accidents, cancellations, trip denials, and no-shows) be regularly compiled, tracked, and included in the monthly reports to the City.

When queried about the status of this recommendation, the contract operator and City indicated that the additional performance data were not being reported and attached to the monthly invoice. By having the additional data compiled and reported monthly, it would enable the City to better monitor the service based on the performance standards stipulated in the Dial-A-Ride contract.

Under the new consolidated service contract with First Transit, the City will continue to receive quantitative performance data that would provide the necessary information for City staff to evaluate service productivity, efficiency, and effectiveness of the Dial-A-Ride service. For qualitative monitoring purposes, it is recommended that the contract operator provide additional performance data such as no-shows, cancellations, trip denials, complaints, and roadcalls in its monthly statement to the City along with a year-to-date total.