



# **FY 2011—2013 TRIENNIAL PERFORMANCE AUDIT OF CITY OF IMPERIAL DIAL-A-RIDE**



**Draft**

SUBMITTED TO:

**Imperial County Transportation Commission**

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SUBMITTED BY:

**PMC<sup>®</sup>**  


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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 Imperial 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 Imperial 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

The City of Imperial Dial-A-Ride is a specialized demand-response service that operates within the City of Imperial as well as to the neighboring city of El Centro. Demand-response service is available only to seniors 60 years and older and persons with disabilities six days a week. The service is administered by the City of Imperial, subsidized by ICTC, and operated through a contract by ARC Imperial Valley (ARC), a social services nonprofit 501(c)(3) organization. The Dial-A-Ride service has been operated by ARC since 2000.

Based on the 2010 US Census, Imperial's population is 14,758 which grew 91.8 percent since the 2000 US Census. The senior citizen population, comprising residents aged 65 and over, is 6.48 percent. The 2014 population for Imperial is estimated to be 16,708 as reported by the California Department of Finance. The city covers a 5.86-square-mile area.

The City of Imperial is located along the State Route (SR) 86 corridor just north of the county seat of El Centro. SR 111, which passes to the east of Imperial, is a major travel corridor for goods movement to the Calexico Port of Entry at the United States-Mexico international border. The major arterial streets traversing Imperial are Aten Road, Austin Road, Imperial Avenue (SR 86), La Boucherie Road, and Worthington Road.

### System Characteristics

Imperial Dial-A-Ride is a curb-to-curb demand-responsive service. The transit system operates Monday through Friday from 7:00 a.m. to 6:00 p.m. and Saturday from 8:00 a.m. to 4:00 p.m. Intercity service to El Centro is on a set schedule with one-hour headways. The service does not operate Sunday and the following holidays: New Year's Day, Martin Luther King Jr. Day (observed), Presidents' Day, Memorial Day (observed), Independence Day (observed), Labor Day, Veterans Day, Thanksgiving, and Christmas. The fare for a one-way trip is \$0.75 within the city limits of Imperial and \$1.75 for travel to/from El Centro. Tickets are available for purchase at Imperial City Hall.

Weekday service hours were reduced and Saturday service eliminated in March 2010. Effective July 2012, Saturday service was reinstated and weekday service hours were increased.

### Fleet

Imperial Dial-A-Ride operates two vehicles that are wheelchair lift-equipped and conform to the requirements of the Americans with Disabilities Act (ADA) of 1990. One of the vehicles (model year 2009) is designated as a spare. Table I-1 shows the Dial-A-Ride fleet below:

**Table I-1  
Imperial Dial-A-Ride Fleet**

Year	Make & Model	Quantity	Fuel Type	Seating Capacity
2007	Ford E450	1	Unleaded Gas	16 (2 W/C)
2009	Ford E450	1	Unleaded Gas	16 (2 W/C)
<b>Total</b>		<b>2</b>		

*Source: ARC Imperial Valley*

## Section II

### Operator Compliance Requirements

This section of the audit report contains the analysis of the City of Imperial'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: January 17, 2012 FY 2012: March 28, 2013 FY 2013: January 6, 2014</p> <p>The annual Transit Operators Financial Transaction Reports were submitted to the State Controller beyond the designated due dates.</p> <p><b>Conclusion: Not in compliance.</b></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: May 13, 2012 FY 2012: March 27, 2013 FY 2013: January 22, 2014</p> <p>The FY 2011 Annual Fiscal and Compliance Audit was submitted after the 90-day extension period.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<b>Conclusion: Partial Compliance.</b>
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 Imperial, 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 ARC Imperial Valley located at 298 East Ross Avenue, El Centro.</p> <p>Transit Operator Compliance Certificates and inspections applicable to the audit period were May 25 and 26, 2010; May 10, 2011; June 13 and 15, 2012; and June 24, 2013.</p> <p>Inspections were found to be satisfactory.</p> <p><b>Conclusion: Complied.</b></p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>As a condition of approval, the City of Imperial'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><b>Conclusion: Complied.</b></p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	This requirement is not applicable, as Imperial Dial-A-Ride is a specialized service in an urban area.  <b>Conclusion: Not Applicable.</b>
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage increase in City of Imperial's transit operating budget:  FY 2011: -9.6% FY 2012: +22.8% FY 2013: +7.0%  The FY 2012 budget increase is attributed to expanded service hours and the reinstatement of Saturday service.  Source: FY 2010–2013 Annual Fiscal and Compliance Audits  <b>Conclusion: Complied.</b>
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service	Public Utilities Code, Section 99247	The City of Imperial'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.  <b>Conclusion: Complied.</b>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
hours, (i) vehicle service miles, and (j) vehicle service hours per employee.		
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	This requirement is not applicable, as Imperial Dial-A-Ride is a specialized service in an urbanized area.  <b>Conclusion: Not Applicable.</b>
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	Under PUC Section 99268.5, the farebox ratio requirement for exclusive services for elderly and disabled is 10 percent. Imperial's operating ratios using audited data were as follows:  FY 2011: 15.20% FY 2012: 8.02% FY 2013: 8.47%  Source: Annual Fiscal and Compliance Audits  <b>Conclusion: Partial compliance.</b>
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation	Public Utilities Code, Section 99271	The City contracts with a private nonprofit provider for operations; the City contributes to its staff's retirement through the California Public Employees'



Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.		Retirement System (CalPERS).  <b>Conclusion: Complied.</b>
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	This measure is not applicable, as federal formula grant funds are not utilized and Imperial Dial-A-Ride does not receive State Transit Assistance Fund (STAF) revenues.  <b>Conclusion: Not Applicable</b>

## Findings and Observations from Operator Compliance Requirements Matrix

1. Of the eight compliance requirements pertaining to Imperial Dial-A-Ride, the operator fully complied with five out of the eight requirements. The operator was found non-compliant with the timely submittal of its Transit Operator Financial Transactions Report to the State Controller. In addition, there was partial compliance with regard to the timely submittal of its annual fiscal and compliance audit and farebox recovery attainment. Three additional compliance requirements did not apply to Imperial Dial-A-Ride (e.g., rural/urban farebox recovery ratios and federal formula funding).
2. Imperial Dial-A-Ride's farebox recovery ratio remained above the required 10 percent standard only one out of the three years of the audit period. The farebox recovery ratios based on audited data were 15.20 percent in FY 2011; 8.02 percent in FY 2012; and 8.47 percent in FY 2013. The average systemwide farebox recovery ratio was 10.56 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 Imperial 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 22.8 percent and 7 percent, respectively. The budget increases for FYs 2012 and 2013 are attributed to expanded service hours and the reinstatement of Saturday service. The FY 2011 operating budget decreased 9.6 percent.

## Section III

### Prior Triennial Performance Recommendations

The City of Imperial'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

Implement the incentives and penalties provisions in the service contract.

#### Actions taken by the City of Imperial

The prior audit found that the service contract contained provisions for the implementation of incentives and penalties. Although most performance standards have either been met or exceeded by the contract operator, a series of incentives and penalties through the implementation of a performance-based incentive system would ensure continued service quality and spur greater efficiencies that could support the farebox standard and control costs. It was suggested that the City regularly monitor actual performance against the criteria and enforce these provisions as necessary.

The City reports that it has a close working relationship with the contract operator and meets on a quarterly basis to review performance trends. In addition, the City manager and other City staff members continually monitor Dial-A-Ride's performance pursuant to the incentive and penalty provisions as stipulated in the contract.

#### Conclusion

This recommendation has been implemented.

#### Prior Recommendation 2

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

#### Actions taken by the City of Imperial

The prior audit cited that the performance data summaries compiled by ICTC for Imperial Dial-A-Ride's FTE count do not appear to be calculated accurately. 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, City personnel did not include their time for inclusion in the overall FTE count. Therefore, it was suggested that City finance personnel responsible for preparing the State Controller Report track their time charged to transit administration using the formula calculation for FTEs and include this along with FTE information provided by the contractor.

In response to this recommendation, the City started accounting for administrative staff hours in the FTE calculation effective with the FY 2013 Transit Operators Financial Transactions Report submittal.

#### Conclusion

This recommendation has been implemented.

#### Prior Recommendation 3

Record trip denials on the annual passenger service report.

#### Actions taken by the City of Imperial

The prior audit noted that the contract operator had developed a thorough process for recording and classifying trip denials on Imperial Dial-A-Ride. ARC maintains a monthly denial log that contains the date and time of the request, pickup 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 Imperial Dial-A-Ride. The trip denial log includes nine categories for denials to be recorded.

#### Conclusion

This recommendation has been implemented.

#### Prior Recommendation 4

Show actual passenger fare revenues in annual fiscal and compliance audits (180-day) reports.

#### Actions taken by the City of Imperial

This recommendation was prompted by the observation that the operating revenue data in the annual fiscal and compliance audit (180-day) reports for the City of Imperial was inclusive of municipal subsidies as well as actual passenger fare revenue data. In addition, there was no

breakdown of actual fare revenues from direct subsidies. This manner of reporting resulted in a skewed farebox ratio that differs from the farebox ratios reported in internal and external reports. It was suggested that the City instruct the fiscal auditor to differentiate between actual passenger fare revenues and municipal subsidies as well as base the farebox ratio calculation on passenger fare revenue in subsequent annual reports.

Commencing with the FY 2011 annual fiscal and compliance audit, actual passenger fare revenue data were being reported accurately.

#### Conclusion

This recommendation has been implemented.

#### Prior Recommendation 5

Enhance passenger ride eligibility and verification.

#### Actions taken by the City of Imperial

Operating as a specialized transit service, Imperial Dial-A-Ride limits its ridership to senior citizens 60 years and older, and disabled persons. 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 can be shared among Dial-A-Ride providers.

The City noted that since Dial-A-Ride became a specialized service, the contract operator has been proactive in screening riders to determine their eligibility.

#### Conclusion

This recommendation has been implemented.

## Section IV

### TDA Performance Indicators

This section reviews Imperial 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.

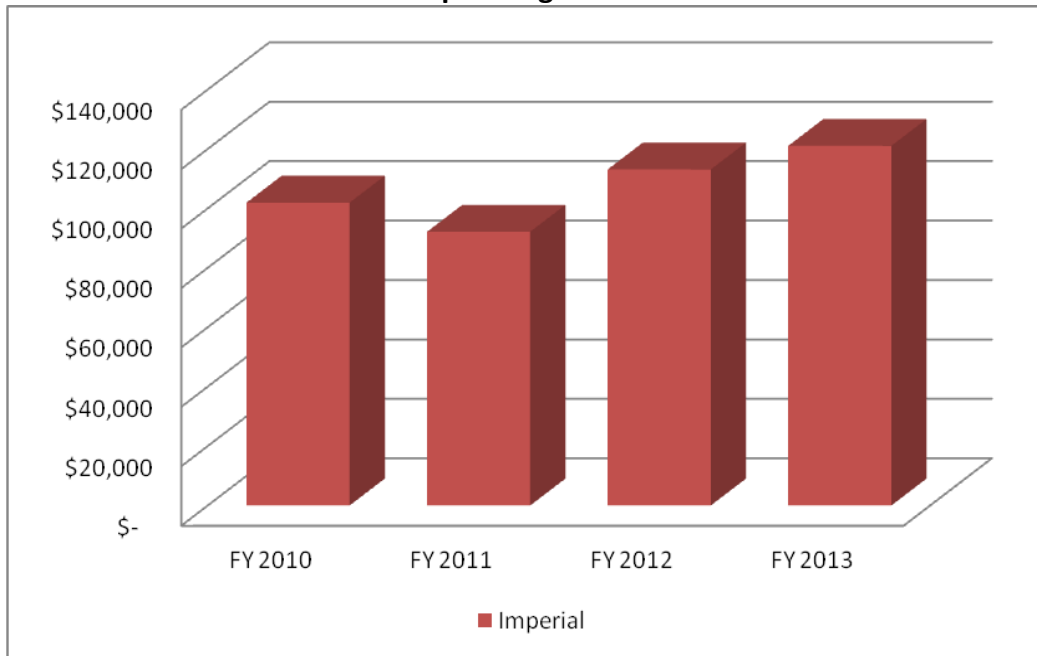
Table IV-1 provides the performance indicators for Imperial Dial-A-Ride. Charts are also provided to depict the trends in the indicators. It is noted that the operating costs and fare revenues are based on audited figures.

**Table IV-1**  
**Imperial Dial-A-Ride TDA Performance Indicators**

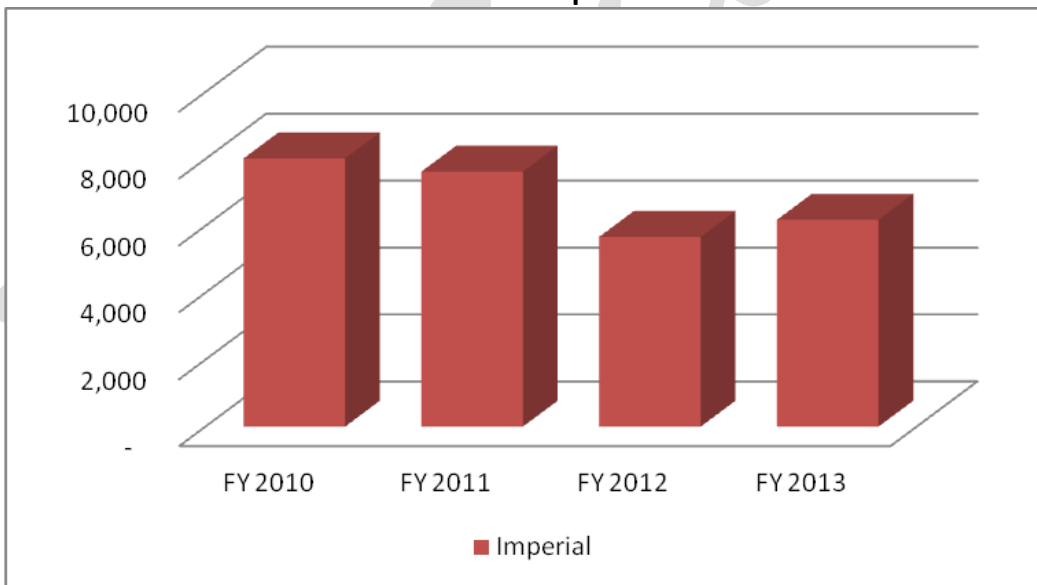
Performance Data and Indicators	FY 2010	FY 2011	Audit Period		% Change FY 2010–2013
			FY 2012	FY 2013	
Operating Cost	\$101,920	\$92,119	\$113,077	\$121,027	<b>18.7%</b>
Total Passengers	8,016	7,621	5,672	6,182	<b>-22.9%</b>
Vehicle Service Hours	1,949	1,685	1,595	1,663	<b>-14.7%</b>
Vehicle Service Miles	25,279	22,893	23,330	23,680	<b>-6.3%</b>
Employee FTEs	2	2	2	2	<b>0.0%</b>
Passenger Fares	\$13,541	\$14,002	\$9,066	\$10,253	<b>-24.3%</b>
Operating Cost per Passenger	\$12.71	\$12.09	\$19.94	\$19.58	<b>54.0%</b>
Operating Cost per Vehicle Service Hour	\$52.29	\$54.67	\$70.89	\$72.78	<b>39.2%</b>
Operating Cost per Vehicle Service Mile	\$4.03	\$4.02	\$4.85	\$5.11	<b>26.8%</b>
Passengers per Vehicle Service Hour	4.1	4.5	3.6	3.7	<b>-9.6%</b>
Passengers per Vehicle Service Mile	0.32	0.33	0.24	0.26	<b>-17.7%</b>
Vehicle Service Hours per Employee	974.5	886.8	835.1	831.5	<b>-14.7%</b>
Average Fare per Passenger	\$1.69	\$1.84	\$1.60	\$1.66	<b>-1.8%</b>
Fare Recovery Ratio	13.29%	15.20%	8.02%	8.47%	<b>-36.2%</b>

Source: Annual Fiscal and Compliance Audit; ARC Imperial Valley Annual Operating Statistics Report

**Graph IV-1  
Operating Costs**

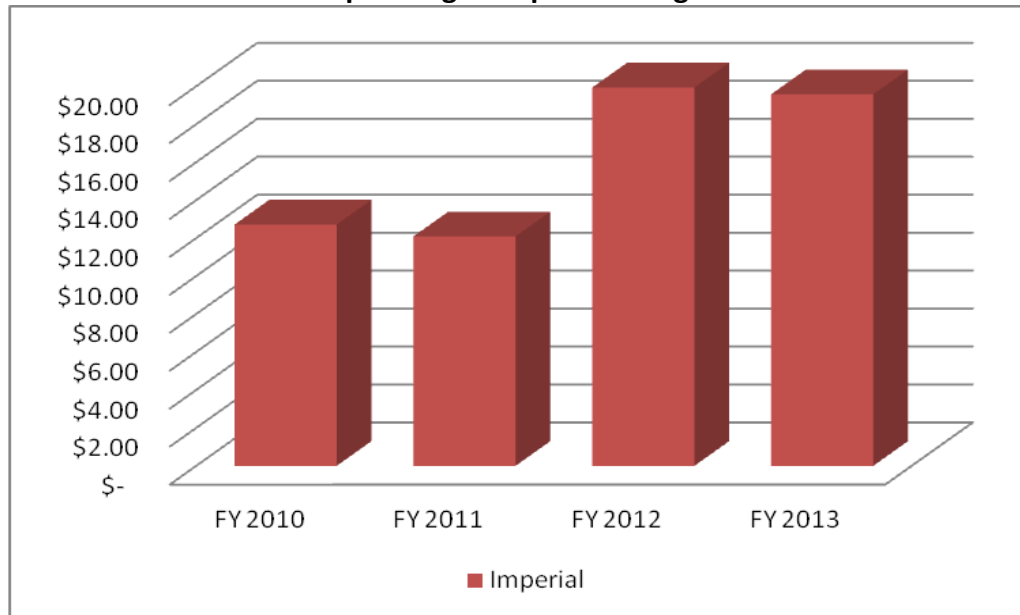


**Graph IV-2  
Ridership**

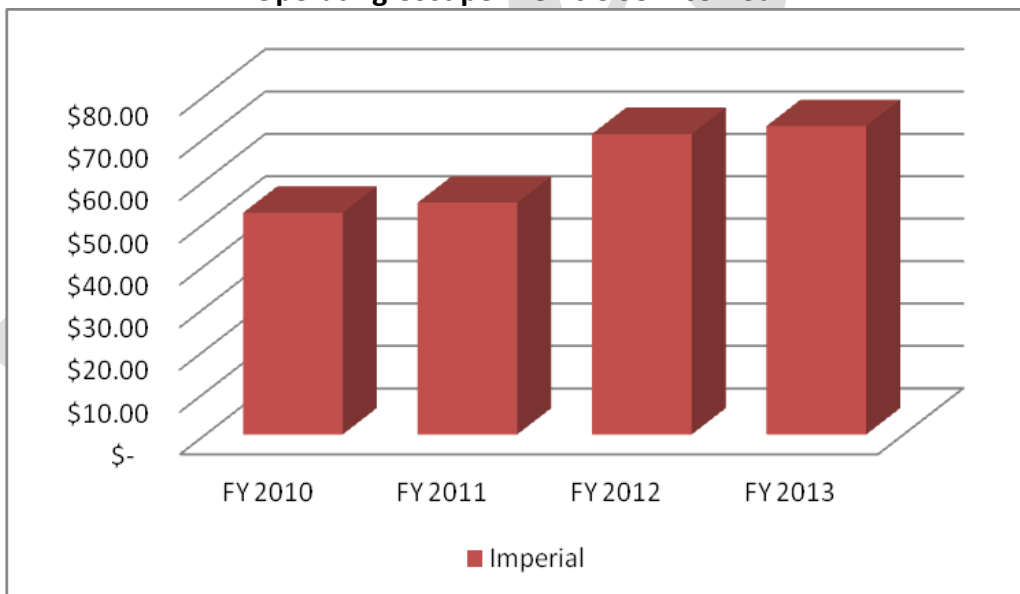




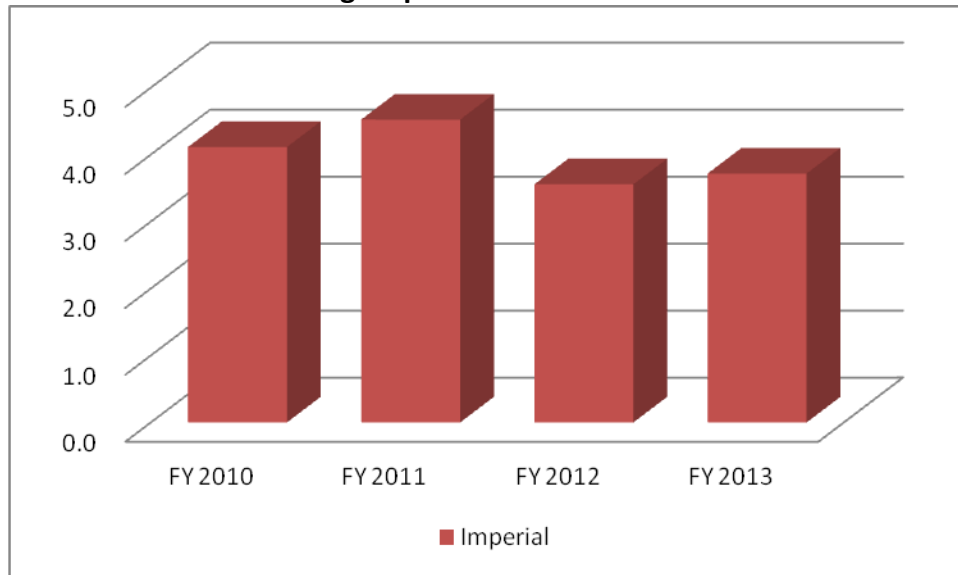
**Graph IV-3**  
**Operating Cost per Passenger**



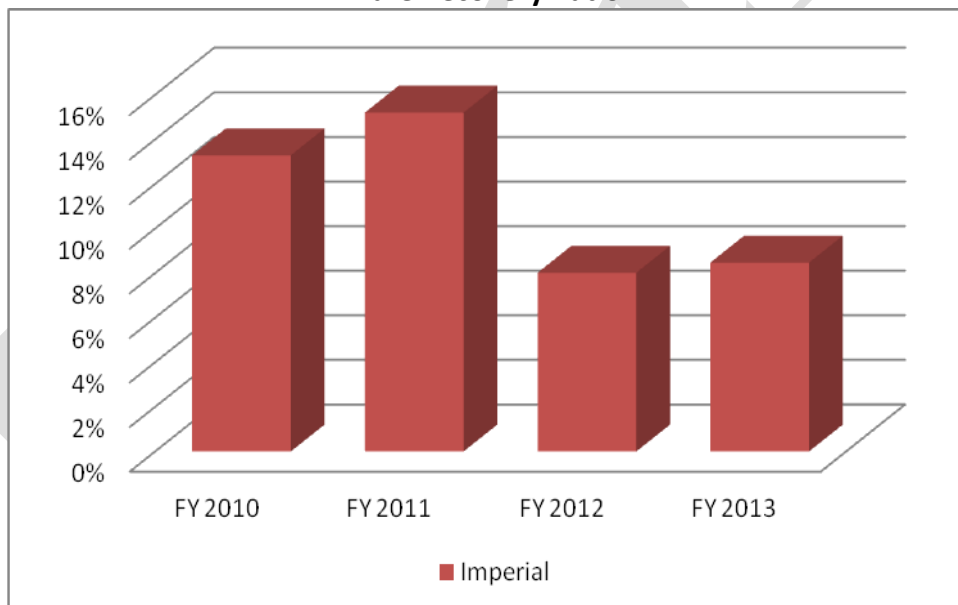
**Graph IV-4**  
**Operating Cost per Vehicle Service Hour**



**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 39.2 percent systemwide from \$52.29 in FY 2010 to \$72.78 in FY 2013. This trend is consistent with the increase of Dial-A-Ride operating costs of 18.7 percent during the period, and in concert with the decrease in vehicle service hours of 14.7 percent between FY 2010 and FY 2013.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased 54 percent systemwide from \$12.71 in FY 2010 to \$19.58 in FY 2013. As noted above, Dial-A-Ride operating costs increased 18.7 percent during the period; however, Dial-A-Ride ridership systemwide decreased 22.9 percent during the period from 8,016 passengers in FY 2010 to 6,182 passengers in FY 2013.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, decreased 9.6 percent between FY 2010 and FY 2013 systemwide from 4.1 passengers per hour to 3.7 passengers per hour. The trend in this indicator reflects a significant decrease in ridership on demand-response services while vehicle service hours decreased by a lower rate.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, decreased 17.7 percent between FY 2010 and FY 2013 from 0.32 in FY 2010 to 0.26 in FY 2013. From the FY 2010 base year to FY 2012, total vehicle service miles decreased 6.3 percent from 25,279 vehicle service miles to 23,680 vehicle service miles.
5. **Vehicle service hours per employee** decreased 14.7 percent systemwide between FY 2010 and FY 2013. This decline corresponds with the 14.7 percent decrease in Dial-A-Ride vehicle service hours while the number of FTEs remained steady at two employees throughout the period. 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 a decrease of 36.2 percent between FY 2010 and FY 2013 systemwide. Farebox recovery declined by 47.3 percent between FY 2011 and FY 2012 as annual operating costs increased 22.8 percent and passenger fares declined 35.3 percent. From FY 2012 through FY 2013, changes in operating costs and passenger fares were comparable although farebox recovery attainment remained below 10 percent.

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

Imperial Dial-A-Ride's performance indicators reflect decreases in the number of passenger trips, vehicle service mileage, and hours while operating costs increased slightly. Ridership decreased nearly 23 percent, due to service cutbacks and the transition from a general public to a specialized paratransit service. Vehicle service hours decreased 14.7 percent while service miles decreased 6.3 percent. Weekday service hours were reduced and Saturday service eliminated effective March 2010. Saturday service was eventually reinstated in March 2012. Nevertheless, operating costs increased 18.7 percent and passenger fare revenues decreased 24.3 percent. Given this scenario, farebox recovery was not able to be sustained above 10 percent during FY 2012 and FY 2013.

## Section V

### Review of Operator Functions

This section provides an in-depth review of various functions within Imperial 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 Imperial and ARC:

- 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

Imperial Dial-A-Ride service has been in operation since the early 1990s and has been operated under contract by ARC since 2000. The demand-response service is used primarily by residents traveling to medical appointments in neighboring El Centro. Because the service operates beyond the city limits into El Centro, it could be considered somewhat of an intercity paratransit system. Most Dial-A-Ride riders reside along the Aten Road corridor where there is an 80-unit senior housing complex as well as a 40-unit apartment complex. The service operates with one vehicle plus one in reserve. Subscription services are billed directly.

Dispatching for Dial-A-Ride is performed on a manual basis. The contract operator utilizes a database formatted onto a spreadsheet to batch service requests. The operator contends that dispatchers and schedulers are able to schedule rides more efficiently with this method. ARC had utilized SchedulePro software previously.

The driver's trip sheet is configured into two sections. The top third of the sheet provides a summary of the run where the driver records the date, bus number, total number of passengers, cancellations, no-shows, ADA passengers, starting mileage and times, ending mileage and time, deadhead, and total amount of fares collected. The bottom portion of the trip sheet provides more detailed information such as passenger names, pickup and drop-off addresses, pickup time and odometer readings, drop-off time and odometer readings, and trip mileage.

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.

ARC provides an annual management summary report that records operational data such as wheelchair life failures, accidents, vandalism, and roadcalls. A monthly management summary report is also maintained and includes the number of service days, farebox revenues, mileage (revenue/deadhead), hours (revenue/deadhead), passenger count, passenger miles, passenger category, and trip purpose. The report also includes trip denials and comments received. Two of the operational measures reported on the management summary report are accidents and on-time performance. These measures are summarized in Table V-1 for the audit period.

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

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Total/Average</b>
<b>Accidents</b>	0	0	0	0	<b>0</b>
<b>On Time Performance</b>	99%	99%	100%	100%	<b>100%</b>

Source: ARC Imperial Valley

The service has operated without any reported accidents during the audit period. On-time performance has averaged 100 percent with only slight variations from year to year.

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

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

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Total</b>
<b>Cancellations</b>	13	6	105	85	<b>209</b>
<b>Trip Denials</b>	26	43	24	12	<b>105</b>
<b>No-Shows</b>	524	209	175	183	<b>1,091</b>

Source: ARC Imperial Valley

The number of no-shows and trip denials declined significantly during the audit period. The number of trip denials declined 54 percent from 26 in FY 2010 to 12 in FY 2013. No-shows decreased 65 percent from 524 in FY 2010 to 183 in FY 2013. This trend reflects the effort to implement and enforce the no-show policy (ARC charges for no-shows after a total of three no-shows) as well as overall service reductions. In contrast, the number of cancellations increased fivefold.

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.

**Table V-3**  
**Complaints and Compliments**

	FY 2010	FY 2011	FY 2012	FY 2013	Total
<b>Complaints</b>	0	0	0	0	<b>0</b>
<b>Compliments</b>	0	0	0	0	<b>0</b>

Source: ARC Imperial Valley

There were no complaints received during the audit period indicating general passenger satisfaction. No compliments were received during the period.

### Personnel

ARC is a nonprofit, 501(c)(3) social services agency that provides a number of services to the disabled community such as vocational programs, residential services, first aid/ cardiopulmonary resuscitation (CPR) training, and paratransit services. ARC's transportation division is the largest paratransit provider in Imperial County. ARC is governed by a Board of Directors and an executive director. Serving under the Board and executive director is the director of transportation, who oversees the paratransit services operation. The director of transportation is assisted by an office manager and operations supervisor. The operations supervisor oversees the dispatchers, schedulers, trainers, maintenance personnel, and drivers. Drivers are assigned to contracted services based on their aptitude and customer service skills.

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

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

ARC provides a comprehensive benefits package to its full-time employees including retirement options through a 401(k) plan. However, there have been no employer contributions toward

retirement for three years due to reduced operator subsidies and higher costs. The value of the benefits package is calculated to be approximately \$3.35 an hour on average.

### **Maintenance**

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

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

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

El Centro Motors, located at 1520 Ford Drive in El Centro, provides service on the Ford vehicles operated by Imperial Dial-A-Ride. The shop steward at El Centro Motors is a certified master mechanic. Bodywork is handled by Escobedo Auto Body Shop in El Centro. Wheelchair lift and air conditioning repairs are performed by vendors in the San Diego area. Fueling takes place at McNeece Brothers located at 691 East Heil in El Centro, which is a Pacific Pride commercial fueling facility that offers a 24-hour card lock system. McNeece provides fleet service discounts involving the purchase of 10,000 gallons or greater. ARC receives a detailed statement that includes vehicle and purchase details, including vehicle number; driver's identification; time of purchase and location; type of product; unit price and quantity purchased; and automated miles per gallon calculation. McNeece charges \$0.52 per mile for diesel and \$0.63 per mile for unleaded gasoline.

The contract operator tracks roadcalls on its management summary report. Table V-4 below provides a summary of roadcalls incurred on Imperial Dial-A-Ride during the audit period.



**Table V-4**  
**Roadcalls and Wheelchair Lift Failures**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Total</b>
<b>Roadcalls</b>	1	1	0	0	<b>2</b>
<b>Wheelchair Lift Failures</b>	0	0	0	0	<b>0</b>

Source: ARC Imperial Valley

ARC reported two roadcalls and zero wheelchair lift failures during the audit period. The Imperial 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 (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 the transit service. Table V-5 summarizes Dial-A-Ride’s performance and service quality standards presented in the SRTP:

**Table V-5**  
**Imperial Dial-A-Ride**  
**Performance Standards**

<b>Performance Indicator</b>	<b>Performance Standard for Imperial Dial-A-Ride</b>
Operating Cost per Passenger	\$5.70
Operating Cost per Revenue Hour	\$25.01
Passengers per Revenue Hour	4.3
Farebox Recovery Ratio	16.5 percent; 10 percent adjusted TDA

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

The operating cost per passenger has not met the standard of \$5.70 (increasing from \$12.71 in FY 2010 to \$19.58 in FY 2013). The operating cost per revenue hour also did not meet standard (increasing from \$52.29 in FY 2010 to \$72.78 in FY 2013). Passengers per revenue hour met the standard in FY 2011 (4.5 passengers) before declining to 3.6 and 3.7 passengers in FY 2012 and 2013, respectively. Imperial Dial-A-Ride was subjected to the urbanized farebox recovery ratio when it operated as a general public service. Since becoming a specialized paratransit service, the farebox recovery standard was lowered to 10 percent. Despite that change in service provision, Imperial failed to meet the 10 percent farebox recovery standard in FY 2012 and FY 2013.

Imperial is one of several Imperial Valley cities that have considered pursuing Dial-A-Ride consolidation under a single contract operator and brand. Such a consideration is 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 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 Imperial City Council voted for Imperial Dial-A-Ride to be consolidated under the IVT RIDES brand. 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 Imperial 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 Red Line.

### **Marketing**

Imperial Dial-A-Ride is marketed through various types of media. ARC is responsible for marketing the service on behalf of the City and coordinates the placement, scheduling, and distribution of all advertising and promotional materials to promote ridership. As per the service contract with the City, 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.

The ARC website (<http://arciv.org/transportation.php>) provides online exposure for Med-Express, which contains basic information about the service. The ICTC website's Transit Services page (<http://www.imperialctc.org/transit-services/>) also mentions Imperial Dial-A-Ride and provides a contact number. However, there is no mention of the service on the City of Imperial website. 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 Imperial Dial-A-Ride vehicle along with contact numbers. The service is also listed in the local Yellow Pages telephone directory.

ARC has developed and provides passenger comment cards. The Transportation Service Questionnaire contains 10 questions and is printed in English and Spanish. ARC provides a statistical summary of the frequency and patterns of comments in its passenger service report. The report gives a breakdown of comments received as well as the number of complaints (written or phoned in) and compliments.

### **General Administration and Management**

The City of Imperial was incorporated on July 12, 1904, and is a designated charter city with a council-manager form of government. An elected five-member City Council serves as the principal legislative body. Council members serve for staggered terms of four years and select

one member to serve as mayor and one to serve as mayor pro-tem for one-year terms. 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 Wednesday of the month at 7:00 p.m. in the City Council Chambers located in the Imperial Public Library at 200 West 9<sup>th</sup> Street.

Transit operations are administered by the City manager who is supported by personnel from the Finance Department. Any technical communication between the City and the contract operator or ICTC regarding the transit service appears to be through the City's finance staff and clerk. The City has taken a more proactive role in its oversight of ARC's operations from an analysis perspective while relying on ICTC for technical assistance. The City does receive invoices from ARC on a monthly basis and utilizes the performance data attached to the invoices to input into a spreadsheet for reporting to ICTC and the annual Transit Operators Financial Transactions Report submitted to the State Controller Report. The service contract is regulated according to the provisions of ADA, TDA, the Federal Transportation Administration (FTA), and other applicable federal, state, and local laws and regulations.

### Grants Management

The City of Imperial relies on a variety of grants and other funding mechanisms to support its transit services. Such funding is derived primarily from local sources and measures. Pursuant to TDA, the City receives Local Transportation Fund (LTF) proceeds under Article 8(c). TDA funding is used for operating expenses. LTF revenues received during the audit period were \$86,812 in FY 2011; \$128,969 in FY 2012; and \$97,164 in FY 2013. Imperial 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 Imperial's demand-response transit services was \$20,000 in FY 2011 and \$30,000 in FY 2012 and FY 2013, respectively. However, the City's annual fiscal and compliance audits and the separate Transit Operator Financial Transactions Report do not account for Measure D allocations as a separate line item. Instead, the Measure D allocation is combined with the City's LTF allocation.

In addition to TDA funding, the County/ICTC received \$947,000 in an American Recovery and Reinvestment Act of 2009 earmark toward the development of a downtown transit park. The proposed transit park would feature bicycle racks, a space for Dial-A-Ride vehicles, a taxi stand, and a decorative water feature. The transit park would complement efforts for mixed-use development planned for downtown.

As a nonprofit social services agency, ARC has successfully applied for and received FTA Section 5310 grant funding toward paratransit vehicle procurement and other related equipment. Grant

applications are scored and ranked by ICTC. ARC has compiled an annual bus inventory and depreciation schedule for Imperial Dial-A-Ride vehicles. Buses and associated equipment are listed along with the funding source, acquisition date, and annual and monthly depreciation amounts, as well as date of full depreciation.

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## 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 eight compliance requirements pertaining to Imperial Dial-A-Ride, the operator fully complied with five out of the eight requirements. The operator was found non-compliant with the timely submittal of its Transit Operator Financial Transactions Report to the State Controller. In addition, there was partial compliance with regard to the timely submittal of its annual fiscal and compliance audit and farebox recovery attainment. Three additional compliance requirements did not apply to Imperial Dial-A-Ride (e.g., rural/urban farebox recovery ratios and federal formula funding).
2. Imperial Dial-A-Ride's farebox recovery ratio remained above the required 10 percent standard only one out of the three years of the audit period. The farebox recovery ratios based on audited data were 15.20 percent in FY 2011; 8.02 percent in FY 2012; and 8.47 percent in FY 2013. The average systemwide farebox recovery ratio was 10.56 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 Imperial 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 22.8 percent and 7 percent, respectively. The budget increases for FYs 2012 and 2013 are attributed to expanded service hours in FY 2012 and the reinstatement of Saturday service. The FY 2011 operating budget decreased 9.6 percent.
5. Imperial fully implemented all five prior audit recommendations. The City implemented the incentives and penalties provisions in the service contract; adjusted FTEs in the State Controller Report; reported trip denials; clarified audited fare revenue data; and enhanced verification requirements.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 39.2 percent systemwide from \$52.29 in FY 2010 to \$72.78 in FY 2013. This trend is consistent with the increase of Dial-A-Ride operating costs of 18.7 percent during the period, and in

concert with the decrease in vehicle service hours of 14.7 percent between FY 2010 and FY 2013.

7. Operating cost per passenger, an indicator of cost effectiveness, increased 54 percent systemwide from \$12.71 in FY 2010 to \$19.58 in FY 2013. As noted above, Dial-A-Ride operating costs increased 18.7 percent during the period; however, Dial-A-Ride ridership systemwide decreased 22.9 percent during the period from 8,016 passengers in FY 2010 to 6,182 passengers in FY 2013.
8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, decreased 9.6 percent between FY 2010 and FY 2013 systemwide from 4.1 passengers per hour to 3.7 passengers per hour. The trend in this indicator reflects a significant decrease in ridership on demand-response services while vehicle service hours decreased by a lower rate.
9. Farebox recovery exhibited a decrease of 36.2 percent between FY 2010 and FY 2013 systemwide. Farebox recovery declined by 47.3 percent between FY 2011 and FY 2012 as annual operating costs increased 22.8 percent and passenger fares declined 35.3 percent. From FY 2012 through FY 2013, changes in operating costs and passenger fares were comparable although farebox recovery attainment remained below 10 percent.
10. Imperial Dial-A-Ride service has been in operation since the early 1990s and has been operated under contract by ARC Imperial Valley since 2000. The demand-response service is used primarily by residents traveling to medical appointments in neighboring El Centro.
11. Most Dial-A-Ride riders reside along the Aten Road corridor where there is an 80-unit senior housing complex as well as a 40-unit apartment complex. The service operates with one vehicle plus one in reserve. Subscription services are billed directly.
12. The number of no-shows and trip denials declined significantly during the audit period. This trend reflects the effort to implement and enforce the no-show policy as well as overall service reductions. In contrast, the number of cancellations increased fivefold.
13. The number of trip denials declined 54 percent from 26 in FY 2010 to 12 in FY 2013. No-shows decreased 65 percent from 524 in FY 2010 to 183 in FY 2013. ARC charges for no-shows after a total of three no-shows.
14. In January 2014, ICTC released an RFP for the continuation of services for five demand-response services in the Imperial Valley. The Imperial City Council voted for Imperial Dial-A-Ride to be consolidated under the IVT RIDES brand effective the fall of 2014.

## Recommendations

### **1. Ensure the timely completion and submittal of the annual State Controller Transit Operators Financial Transactions Reports.**

For the current audit review period, the City did not submit its annual Transit Operators Financial Transactions Reports to the State Controller in a timely manner for all three years. Pursuant to PUC 99243 (a), “the operators shall prepare and submit annual reports of their operation to the transportation planning agencies having jurisdictions over them and to the Controller within 90 days of the end of the fiscal year.” If the report is filed in electronic format as mandated by the State Controller, the report shall be furnished within 110 days after the close of the fiscal year.

It is recommended that internal procedures be developed that provide the timeline and staff assignments to complete the annual report. The desktop procedures should be made available to all Finance Department staff and made part of a finance orientation package in the event of turnover in the department.

### **2. Complete and check annual State Controller Report for Imperial Dial-A-Ride.**

It is suggested that the Finance Department forward the completed Transit Operators Financial Transactions Report to the City manager to verify financial and supplemental operational data (fares, operating costs, passengers, hours, miles, etc.) prior to submittal to the State Controller. This check would help provide consistency between the performance data received from the contract operator and the Transit Operators Financial Transactions Report.

A review of the Transit Operators Financial Transactions Reports submitted to the State Controller turned up discrepancies in the Supplemental Operating Data section. For example, the same figure was recorded for total annual passengers and vehicle revenue hours in the reports submitted during audit period. In other cases, there is incomplete data entry for vehicles in operation and full time equivalents. It is suggested that further coordinated efforts between the Finance Department and the City manager be made to ensure the accuracy of the Transit Operators Financial Transactions Reports before submittal to the State Controller and ICTC.

### **3. Ensure local Measure D support is reported as a separate line item in the annual State Controller Report.**

The City receives local Measure D support toward Imperial’s transit system, which has ranged from \$20,000 to \$30,000 annually. However, the annual Transit Operators Financial Transactions Report submitted to the State Controller do not show the Measure D allocation as a separate line item. Instead, the Measure D allocation is combined with the City’s LTF

allocation. It is suggested that the City's finance department separate between LTF and Measure D revenue under the operating revenue section of the Income Statement to ensure that revenues are properly reported. The Measure D revenue should be reported as Local Sales Tax.

**4. Ensure monthly transit operating reports submitted to the City by the contract operator include qualitative operating data.**

With the change in Dial-A-Ride contract operators under a consolidated service contract, the City will be receiving quantitative performance data that would provide the necessary information for City staff to evaluate service productivity, efficiency and effectiveness. Such data would include revenue mileage, hours, passenger trips, and fares as well as key performance indicators such as operating costs per hour, operating costs per passenger, and passengers per hour. Under the new consolidated service contract with First Transit, the City will continue to receive quantitative performance data. 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.