



FY 2014—2016 TRIENNIAL PERFORMANCE AUDIT OF MED-EXPRESS



SUBMITTED TO:

Imperial County Transportation Commission

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SUBMITTED BY:

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INTERNATIONAL

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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 Michael Baker International (Michael Baker) to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operators under its jurisdiction in Imperial County. This performance audit is conducted for Med-Express covering the most recent triennial period, fiscal years 2013-14 through 2015-16.

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

Med-Express is a specialized paratransit service providing non-emergency medical trips between communities in Imperial County and medical facilities, clinics, and doctors' offices in San Diego County. Med-Express is used by a number of social service agencies to get their clients to medical appointments in San Diego and has been operating since November 1994. The service is administered and subsidized by ICTC and has been operated under contract by ARC-Imperial Valley (ARC), a social services nonprofit 501(c)(3) organization. Effective July 2016, Med-Express was rebranded as IVT MedTrans and operations transferred to First Transit, Inc., a private for profit transportation carrier.

Imperial County is geographically located in the southeastern corner of California, stretching from the United States-Mexico border on the south, Riverside County on the north, San Diego County on the west, and the State of Arizona on the east. The terrain varies from 235 feet below sea level at the Salton Sea to 4,548 feet at Blue Angel Peak. The county’s geographical land area encompasses 4,175 square miles and is traversed by 2,555 miles of roadways. Major highways include Interstate 8 and State Routes (SR) 7, 78, 86, 98, 111, and 115. Interstate 8 is the principal route connecting the Imperial Valley with San Diego County.

Population growth has seen a marked increase in recent years. According to the 2010 U.S. Census Data, the county’s population is 174,528. The California Department of Finance 2017 estimate reports a countywide population of 188,334. The county seat and largest city is El Centro with an estimated population of 42,598 based on the 2010 U.S. Census. The population of El Centro is followed in descending order by those of Calexico, Brawley, Imperial, Calipatria, Holtville, and Westmorland.

System Characteristics

Med-Express provides non-emergency transportation access to medical facilities, clinics, and doctors’ offices in the greater San Diego area four days a week (Tuesday, Wednesday, and Thursday, plus alternating Mondays and Fridays every other week). The hours of operation are from 5:30 a.m. to 6:30 p.m. Preference is given to those transit-dependent persons requiring essential or lifeline medical services. The service was originally created to transport minor patients to Children’s Hospital in San Diego, but expanded to transport seniors as well as adults with disabilities. Service to clinics and facilities in the South Bay area (Chula Vista, National City, Otay Mesa, and San Ysidro) is available on every third Wednesday of the month (modified and expanded to every second and fourth Thursday on IVT MedTrans after the audit period). Med-Express departs from three pick-up and return points in Imperial County. The times and locations during the audit period are listed in Table I-1 below.

**Table I-1
Med-Express Imperial Valley Departure & Return Points**

| City | Pick-Up/Return Points | Pick-Up Time |
|-----------|---|--------------|
| Brawley | 8 th and Main – Parking Lot | 5:00 a.m. |
| Calexico | 4 th and Heber – Parking Lot | 5:45 a.m. |
| El Centro | 5 th and Olive – Parking Lot | 6:30 a.m. |

Source: ICTC

The Med-Express bus departs from El Centro promptly at 7:00 a.m. and departs from San Diego promptly at 3:00 p.m. The service does not operate on the weekends and the following holidays: New Year’s Day, Martin Luther King Day (observed), Presidents’ Day, Memorial Day (observed), Independence Day (observed), Labor Day, Veterans Day, Thanksgiving, and Christmas. Reservations are recommended at least two to three weeks in advance. The reservation is confirmed with the passenger the night before.

Under the rebranded IVT MedTrans, the number of pick-up and return locations were expanded from three to five. Stops in the city of Imperial and at the Imperial Valley Mall were added. In addition, stops in Brawley, Calexico and El Centro were moved. Buses depart from El Centro at approximately 7:00 a.m. and 11:00 a.m. Buses depart from San Diego approximately 3:30 p.m. and 6:00 p.m. The MedTrans departure and return points are summarized in Table I-2.

Table I-2
IVT MedTrans Imperial Valley Departure & Return Points

| City | Pick-Up/Return Points |
|----------------------------------|---|
| Brawley | Bus Transfer Terminal – S. Plaza & S. 5th |
| Calexico | Walmart Parking Lot – Rockwood Avenue |
| El Centro | Bus Transfer Terminal – 7 th & State |
| El Centro – Imperial Valley Mall | Cinemark Movie Theater Area Bus Stop |
| Imperial | Bus Stop – Barioni & Imperial Avenue |

Source: ICTC, MedTrans

Fares

Med-Express operates on a tiered fare system based on two passenger designations defined as Category A and Category B.

Passengers who fall under Category A are given priority and must meet the following criteria:

- Infants/toddlers and children up to age 21 with severe disabilities and/or medical conditions;
- Individuals who utilize wheelchairs or other mobility equipment and who do not have an adaptive personal vehicle;
- Low-income individuals without access to a personal vehicle;
- Persons with chronic conditions who are no longer permitted to drive;
- Veterans with disabilities and chronic medical conditions;
- Adults with life-threatening, chronic, and debilitating diseases;
- Persons with a mental/cognitive impairment that affects their ability to drive a vehicle; and
- Other transit dependency.

Individuals who do not meet the above minimum criteria are designated as Category B passengers, which include the general public. Service to Category B passengers is provided on a space-available basis to medical facilities only. It is the policy that Category A passengers not be displaced by Category B passengers. The fare schedule for both passenger categories is shown below in Table I-3.

**Table I-3
Med-Express Fare Schedule**

| Passenger Category | One Way | Round Trip |
|---------------------------|----------------|-------------------|
| Category A | \$7.50 | \$15.00 |
| Category A – Attendant | \$3.50 | \$7.00 |
| Category B | \$15.00 | \$30.00 |

Source: ICTC, Med-Express

With the transition of the service to IVT MedTrans in July 2016, the fare structure has remained unchanged. The current fares will remain in effect until further analysis and recommendation for restructuring is provided by ICTC staff.

Fleet

Med-Express operated three vehicles, which are wheelchair lift equipped and conform to the requirements of the Americans with Disabilities Act (ADA) of 1990. One of the vehicles (model year 2007) had been designated as a spare and was phased out by FY 2016. Table I-4 shows the Med-Express fleet below:

**Table I-4
Med-Express 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) |
| 2015 | Ford Starcraft | 1 | Unleaded Gas | 18 (2 W/C) |
| Total | | 3 | | |

Source: ARC-Imperial Valley

Under the IVT MedTrans service provision, the fleet is composed of four 2016 Ford E-450 Starcraft vehicles. Three of the vehicles have a 15-passenger seating capacity and the remaining vehicle has an 11-passenger seating capacity that serves as a spare vehicle.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of Med-Express' 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* to assess transit operators. The guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

| Table II-1 Operator Compliance Requirements Matrix | | |
|---|--------------------------------------|---|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet). | Public Utilities Code, Section 99243 | <p>Completion/submittal dates:</p> <p>FY 2014: October 1, 2014 FY 2015: October 19, 2015 FY 2016: October 18, 2016</p> <p>The FY 2016 Transit Operators Financial Transactions Report was completed within the statutory timeframe but the cover page shows a signed date of January 31, 2017 by the ICTC Executive Director on behalf of the fiscal officer.</p> <p>Conclusion: Complied.</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 2014: January 29, 2015 FY 2015: January 8, 2016 FY 2016: March 16, 2017</p> <p>A 90-day extension was granted by the RTPA pursuant to the TDA statute.</p> |

| Table II-1 Operator Compliance Requirements Matrix | | |
|---|--|---|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| | | Conclusion: Complied. |
| 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>Med-Express, through its contract operator, participates in the 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 June 24 & 26, 2013; July 14, 2014; July 14, 2015; and July 18 & 19, 2016.</p> <p>Inspections were found to be satisfactory.</p> <p style="text-align: center;">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, annual claims for Local Transportation Funds and State Transit Assistance are for Med-Express are submitted in compliance with the rules and regulations adopted by ICTC.</p> <p style="text-align: center;">Conclusion: Complied.</p> |
| If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs | Public Utilities Code, Section 99270.1 | This requirement is not applicable, as Med-Express is not an urbanized general public service. |

| Table II-1 Operator Compliance Requirements Matrix | | |
|---|---|--|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| at least equal to the ratio determined by the rules and regulations adopted by the RTPA. | | 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 | <p>Percentage increase in Med-Express' operating budget:</p> <p>FY 2014: +1.9%</p> <p>FY 2015: +9.9%</p> <p>FY 2016: -5.9%</p> <p>Source: FY 2013-2016 Statistical Summary Reports – Operating costs less depreciation.</p> <p>Conclusion: Complied.</p> |
| 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 | <p>Med-Express' definition of performance measures as tracked and recorded by the contract operator is consistent with Public Utilities Code, Section 99247. However, more consistency between data in internal and external reports is required.</p> <p>Conclusion: Complied</p> |
| 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 | Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1 | <p>This requirement is not applicable, as Med-Express is not an urbanized general public service.</p> <p>Conclusion: Not Applicable.</p> |

| Table II-1 Operator Compliance Requirements Matrix | | |
|--|---|--|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| 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. | | |
| 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 and CCR Section 6633.5, the farebox ratio requirement for exclusive services for the elderly and disabled persons is 10 percent. Med-Express and its successor service, IVT MedTrans is subject to a 15 percent farebox recovery ratio established by ICTC.</p> <p>Although the service is available to the general public on a space-available basis, the policy is to not place a priority on that passenger category. During the audit period, there were no general public trips. In addition, the service is limited to medical facilities in the San Diego area, further limiting the type of ridership to the elderly and disabled persons. Med-Express operating ratios using internal financial data were as follows:</p> <p>FY 2014: 16.69% FY 2015: 15.87% FY 2016: 16.45%</p> <p>Source: Annual Operating</p> |

| Table II-1 Operator Compliance Requirements Matrix | | |
|--|---|--|
| Operator Compliance Requirements | Reference | Compliance Efforts |
| | | <p>Statistics Reports</p> <p>Conclusion: Complied.</p> |
| <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.</p> | <p>Public Utilities Code, Section 99271</p> | <p>ICTC contracts with a private provider for operations, while ICTC employees are covered under the Imperial County Employees' Retirement System (ICERS) pursuant to the 1937 Act County Employees' Retirement Law.</p> <p>Conclusion: Complied.</p> |
| <p>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.</p> | <p>California Code of Regulations, Section 6754(a)(3)</p> | <p>This measure is not applicable, as federal formula grant funds are not utilized and Med-Express does not receive State Transit Assistance Fund (STAF) revenues.</p> <p>Conclusion: Not Applicable</p> |

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements applicable to Med-Express, the operation fully complied with all eight requirements. Three additional compliance requirements did not apply to Med-Express (e.g., rural/urban farebox recovery ratios and federal grant funds).
2. Med-Express' farebox recovery ratio remained above the 15 percent standard set by ICTC.. The farebox recovery ratio was 16.69 percent in FY 2014; 15.87 percent in FY 2015; and 16.45 percent in FY 2016. The average farebox recovery ratio was 16.34 percent during the triennial review period.
3. Through its contract operator, ICTC participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest fluctuations during the period, not exceeding 15 percent. The budget increased 1.9 percent in FY 2014 and 9.9 percent in FY 2015. In FY 2016, the operating budget decreased 5.9 percent.

Section III

Prior Triennial Performance Recommendations

Med-Express' 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 Med-Express' efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Consider the implementation of a fare increase in order to sustain farebox recovery.

Background: The prior audit noted that the Med-Express fare structure had remained virtually unchanged since inception of the service in the 1990s. The service has proven to be an invaluable lifeline for Imperial Valley residents needing to access medical services in the San Diego area. Med-Express' performance indicators reflect sustained growth in the number of passenger trips and revenues while contending with higher operating costs and a declining farebox recovery. Operating costs are subject to fluctuations in fuel costs and the long travel distances between the Imperial Valley and San Diego. This has had an impact on farebox recovery and service efficiencies. It was suggested that an increase in passenger fares be considered in order to cover higher costs associated with the service and to sustain farebox recovery.

Actions taken by Med-Express

During the audit period, fares on Med-Express remained unchanged. In light of this, the service has maintained farebox ratios of between 15 and 17 percent which is more than the required 15 percent farebox requirement. Historically, the County and ICTC have resisted fare increases due to the unique mission of the service in providing non-emergency medical transport to the San Diego region. The number of passenger trips has increased and costs have risen modestly during the audit period. Should short term operating costs rise at a pace that is unsustainable from a farebox perspective, a fare increase should be considered. Alternatively, with passage of state legislation allowing other local funds to be used toward farebox recovery, there may be options to address increased costs while preserving current fare rates. The relatively high farebox ratio currently generated by Med-Express provided some degree of time flexibility when considering any change to the fares and the implications on ridership.

Conclusion

This recommendation has not been implemented and is no longer applicable but should remain a consideration for the long-term sustainability of the service.

Section IV

TDA Performance Indicators

This section reviews Med-Express' 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.

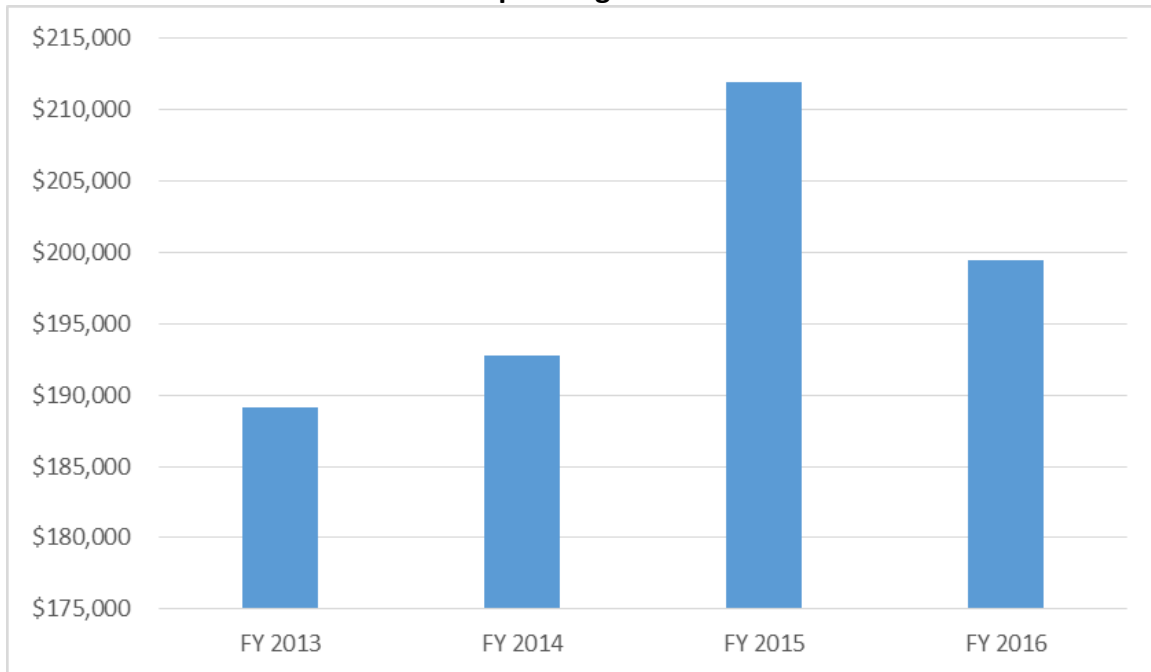
Table IV-1 provides the performance indicators for Med-Express. Charts are also provided to depict the trends in the indicators. It is noted that the operating costs and fare revenues are based on audited figures.

**Table IV-1
Med-Express TDA Performance Indicators**

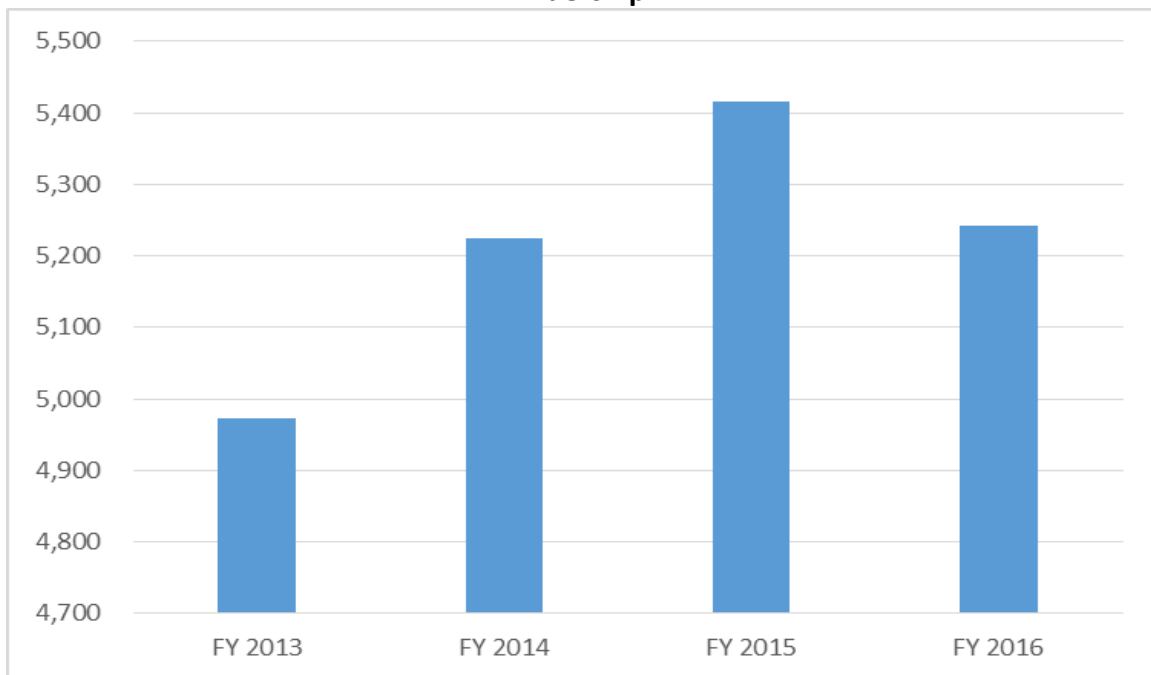
| Performance Data and Indicators | Audit Period | | | | % Change FY 2013-2016 |
|---|--------------|-----------|-----------|-----------|-----------------------|
| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | |
| Operating Cost | \$189,179 | \$192,821 | \$211,934 | \$199,499 | 5.5% |
| Total Passengers | 4,973 | 5,225 | 5,416 | 5,243 | 5.4% |
| Vehicle Service Hours | 1,545 | 1,548 | 1,544 | 1,497 | -3.1% |
| Vehicle Service Miles | 57,498 | 57,969 | 58,965 | 57,276 | -0.4% |
| Employee FTE's | 3 | 4 | 4 | 4 | 22.6% |
| Passenger Fares | \$31,638 | \$32,191 | \$33,642 | \$32,825 | 3.8% |
| Operating Cost per Passenger | \$38.04 | \$36.90 | \$39.13 | \$38.05 | 0.0% |
| Operating Cost per Vehicle Service Hour | \$122.45 | \$124.56 | \$137.26 | \$133.27 | 8.8% |
| Operating Cost per Vehicle Service Mile | \$3.29 | \$3.33 | \$3.59 | \$3.48 | 5.9% |
| Passengers per Vehicle Service Hour | 3.2 | 3.4 | 3.5 | 3.5 | 8.8% |
| Passengers per Vehicle Service Mile | 0.086 | 0.090 | 0.092 | 0.092 | 5.8% |
| Vehicle Service Hours per Employee | 498.4 | 442.3 | 406.3 | 393.9 | -21.0% |
| Average Fare per Passenger | \$6.36 | \$6.16 | \$6.21 | \$6.26 | -1.6% |
| Fare Recovery Ratio | 16.72% | 16.69% | 15.87% | 16.45% | -1.6% |

Source: ARC-Imperial Valley- Annual Operating Statistics Report

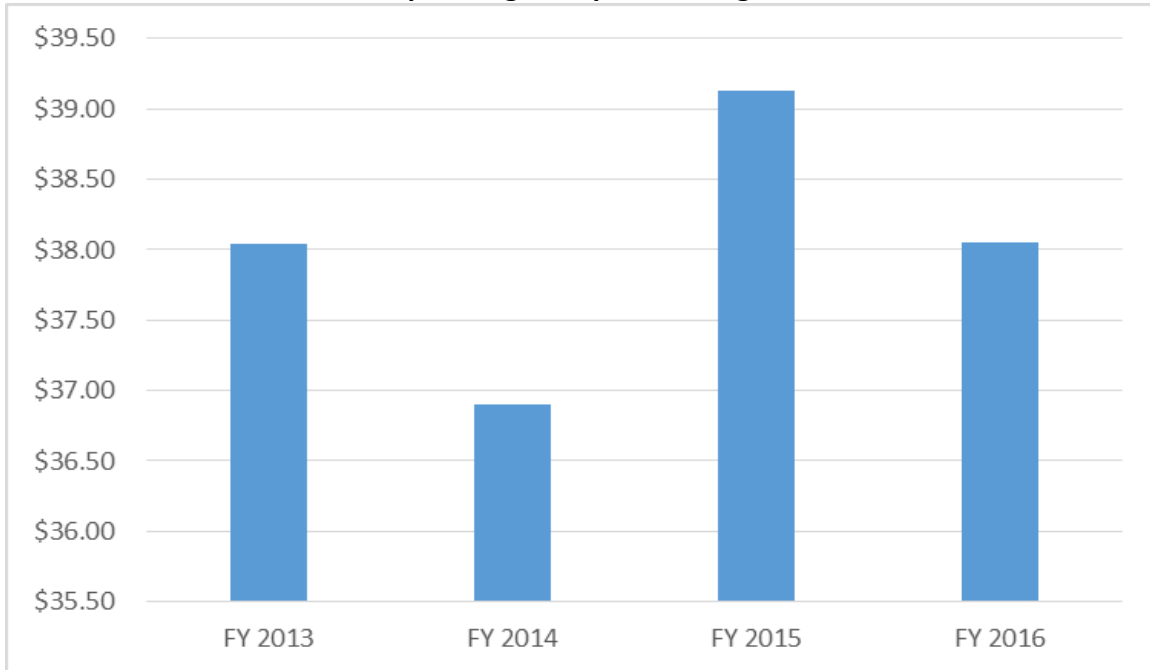
**Graph IV-1
Operating Costs**



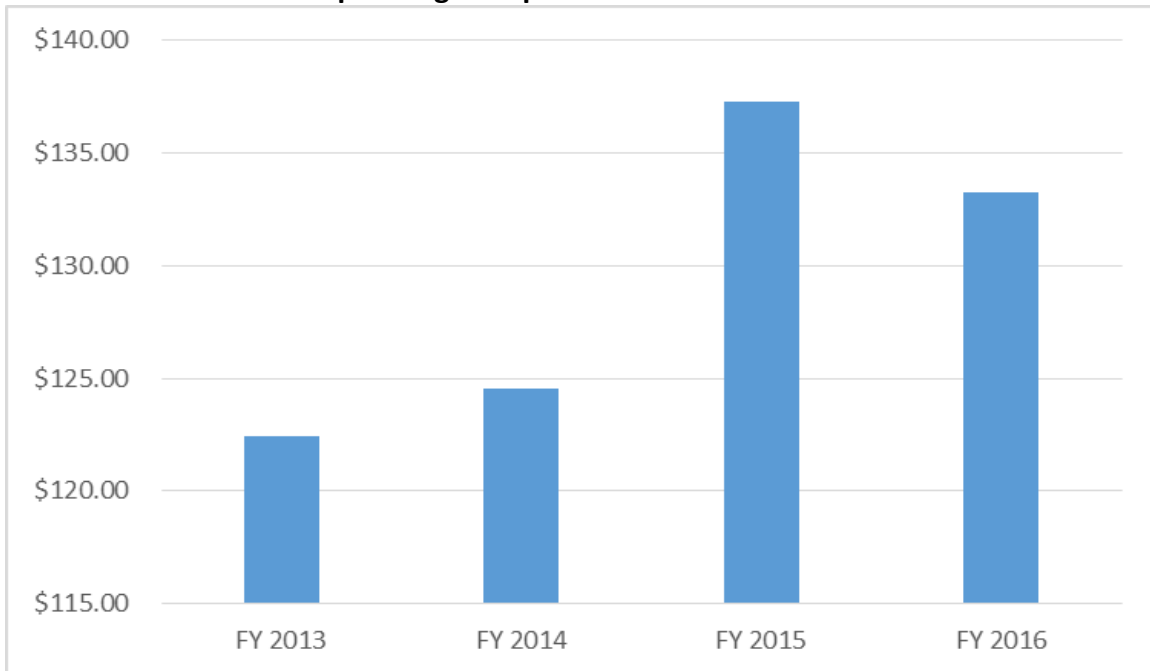
**Graph IV-2
Ridership**



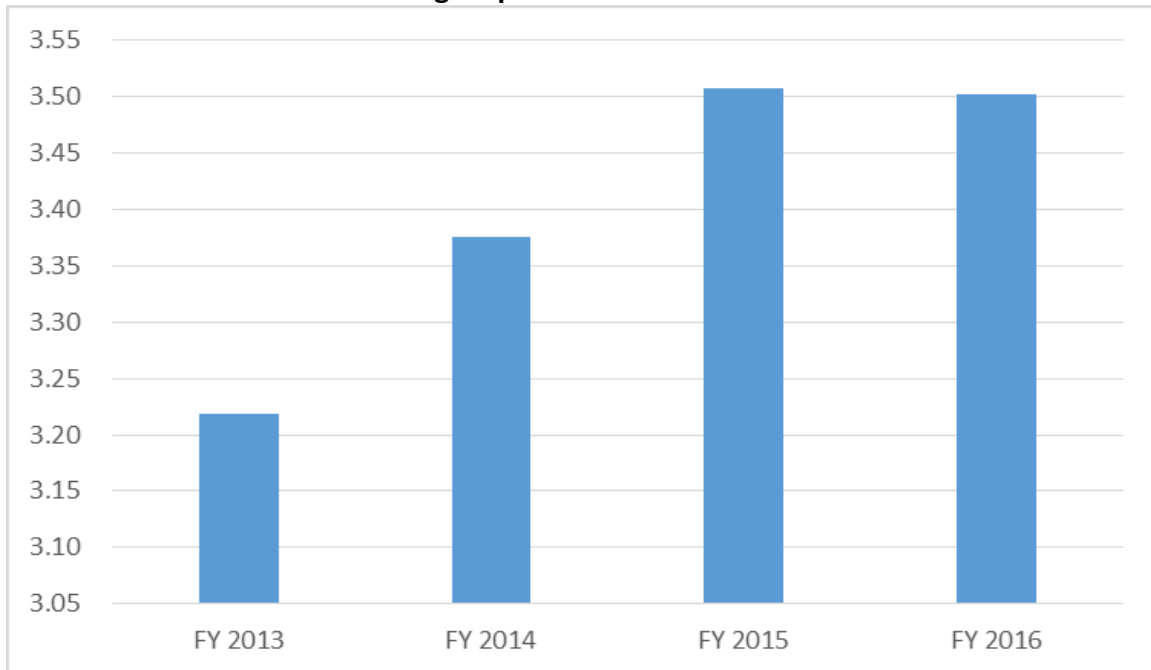
Graph IV-3
Operating Cost per Passenger



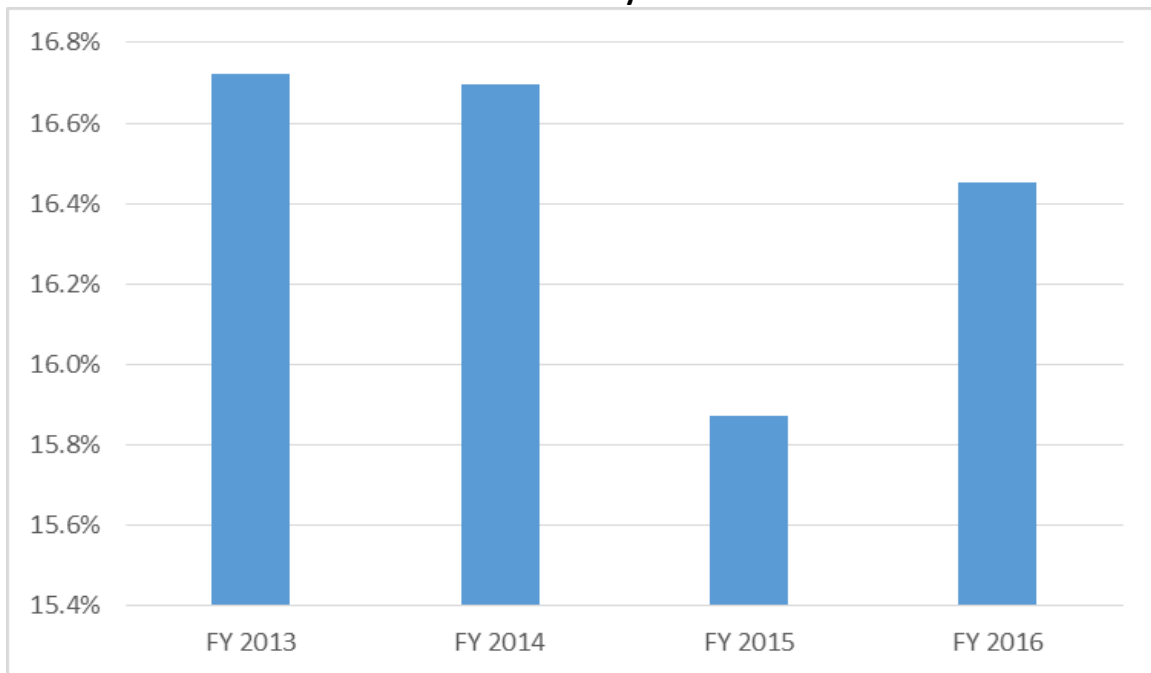
Graph IV-4
Operating Cost per Vehicle Service Hour



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 8.8 percent from \$122.45 in FY 2013 to \$133.27 in FY 2016. This trend is consistent with the increase of Med-Express' operating costs of 5.5 percent during the period, and a slight decrease in vehicle service hours of 3.1 percent between FY 2013 and FY 2016.
2. **Operating cost per passenger**, an indicator of cost effectiveness, remained relatively unchanged from \$38.04 in FY 2013 to \$38.05 in FY 2016. As noted above, Med-Express' operating costs increased 5.5 percent during the period with ridership increasing at a comparable 5.4 percent during the period from 4,973 passengers in FY 2013 to 5,243 passengers in FY 2016.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 8.8 percent between FY 2013 and FY 2016 from 3.2 passengers per hour to 3.5 passengers per hour. The trend in this indicator reflects a steady demand in ridership on Med-Express while vehicle service hours decreased slightly.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased 5.8 percent between FY 2013 and FY 2016 from 0.086 in FY 2013 to 0.092 in FY 2016. From the FY 2013 base year to FY 2016, total vehicle service miles decreased 0.4 percent from 57,498 vehicle service miles to 57,276 vehicle service miles.
5. **Vehicle service hours per employee** decreased 21 percent systemwide between FY 2013 and FY 2016. The number of full-time equivalent employees increased from 3 in FY 2013 to 4 in FY 2016 while vehicle service hours decreased 3.1 percent. This measure is based on the number of employee Full-Time Equivalents (FTE) using employee pay hours from the State Controller's Report and dividing by 2,000 hours per employee.
6. **Farebox recovery** exhibited an overall decrease of 1.4 percent between FY 2013 and FY 2016. Farebox recovery declined by 4.9 percent between FY 2014 and FY 2015 as annual operating costs increased 9.9 percent and passenger fare revenues increased 4.5 percent. Overall, operating costs increased at a higher rate than passenger fare revenues during the audit period. From FY 2013 through FY 2016, passenger fare revenues increased 3.8 percent.

Conclusion from the Verification of TDA Performance Indicators

Med-Express' performance indicators reflect sustained growth in the number of passenger trips and revenues while contending with modest increases in operating costs and a slight decline in farebox recovery. The number of passenger trips increased 5.4 percent while vehicle service hours decreased 3.1 percent. Vehicle service miles remained relatively unchanged with a slight decrease of 0.4 percent. The increase in passenger revenues was fairly modest, trailing the increase in passenger trips. Operating costs increased modestly by 5.5 percent over the three years due to lower fuel costs during the audit period. An increase in passenger fares and other revenue enhancements permissible under SB 508 may help to sustain farebox recovery.

Section V

Review of Operator Functions

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

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

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

Operations

Since 1994, Med-Express has been operating non-emergency medical transportation from the Imperial Valley to San Diego area hospitals, clinics, and doctor appointments. Prior to service changes with IVT-MedTrans, the service picked up passengers from public parking facilities in the cities of Brawley, El Centro, and Calexico. Since Med-Express does not operate as a regular demand-response service, such as IVT ACCESS, passengers must generally provide their own transportation to reach the pick-up locations. As a courtesy service, however, ARC would provide home pick up for a small fee when permissible.

The service operated with one dedicated vehicle plus one spare vehicle. Popular destinations include the University of California, San Diego (UCSD) Medical Center, Rady Children's Hospital, and other medical facilities in the San Diego area four days a week, with Southbay service available on designated Fridays.

The service must traverse the mountain passes along Interstate 8 between Imperial County and San Diego, and the highway is subject to closure during snowy weather. In the event of such a closure that would impede a return trip to Imperial County, the driver is provided with \$500 in contingency funds and an American Express card to accommodate passengers with overnight lodging and meals.

During the audit period, ARC-Imperial Valley operated Med-Express through the end of June 2016 when its contract ended. In anticipation of the service contract ending, ICTC released a Request for Proposals (RFP) in February 2016 for a three-year contract with two one-year

extension options to operate the service under the rebranded name IVT MedTrans with the primary colors of purple, black and white. ICTC would provide four vehicles for the IVT MedTrans service. The vehicles are composed of 2016 Ford E-450 Starcraft paratransit buses. The RFP was advertised locally and nationally from February 19 through April 1, 2016. Only one proposal was received from First Transit, Inc., which operates the other IVT-branded services. Caltrans approved the competitive bid and recommendation for the contract award process. The IVT MedTrans operating contract was approved by the Commission in April 2016.

Fares on Med-Express have not been raised since the inception of the service. Cash payments on the service were eliminated, which had the effect of reducing the number of no-shows. A reservation is not considered confirmed unless payment is received. Advanced payment is required 48 hours prior to the scheduled trip.

Dispatching was performed by ARC on a manual basis that utilizes a database formatted onto a spreadsheet to batch service requests. The operator contends that dispatchers and schedulers were 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, pick up and drop off addresses, pick up time and odometer readings, drop off time and odometer readings and trip mileage.

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 & On-Time Performance**

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Total/Average |
|----------------------------|----------------|----------------|----------------|----------------|----------------------|
| Accidents | 0 | 0 | 0 | 0 | 0 |
| On Time Performance | 99% | 98% | 99% | 99% | 99% |

Source: ARC-Imperial Valley

The service has operated without any reported accidents during the audit period. On-time performance has averaged 99 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 below summarizes the number of cancellations, trip denials, and no-shows received during the audit period.

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

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Total |
|----------------------|----------------|----------------|----------------|----------------|--------------|
| Cancellations | 156 | 94 | 196 | 145 | 591 |
| Trip Denials | 6 | 1 | 1 | 0 | 8 |
| No-Shows | 195 | 43 | 16 | 19 | 273 |

Source: ARC-Imperial Valley

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 through the elimination of cash payments and advanced payment to secure a reservation. The number of cancellations declined 7 percent between the FY 2013 base year and 2016, from 156 to 145. The lowest number of cancellations occurred in FY 2014. The number of trip denials decreased from 6 in FY 2013 to 0 in FY 2016. No-shows decreased 90 percent from 195 in FY 2013 to 19 in FY 2016. ARC charged for no-shows after a total of three no-shows.

Under the IVT MedTrans contract, new no-show and late cancellations policies were instituted. A “No-Show” is defined when a passenger fails to appear and fails to board the bus during his/her scheduled trip within the standard “5 minute wait time.” The bus is required to wait up to five minutes for an individual upon scheduled bus arrival. If a rider calls within 30 minutes of a scheduled pickup time to cancel his or her trip, the cancellation would be counted as a “No-show.”

A late cancellation on the morning trip is defined when a passenger fails to cancel the appointment for pick-up at least by 7 p.m. the day before the scheduled pick-up time. For the afternoon trip, a late cancellation results when a passenger fails to cancel the appointment for pick-up at least four hours before the scheduled pick-up time.

Passengers with No-Shows and late cancellations are subject to sanction or suspension from the service based on up to five occurrences. The policy stipulates that any passenger who has three or more unexcused No-Shows or does not show up for at least 10 percent of their scheduled trips (whichever is greater) within a calendar month will be suspended from using the service for one month (30 days).

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

**Table V-3
Complaints & Compliments**

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Total |
|--------------------|----------------|----------------|----------------|----------------|--------------|
| Complaints | 1 | 2 | 2 | 0 | 5 |
| Compliments | 0 | 0 | 0 | 0 | 0 |

Source: ARC-Imperial Valley

There were a total of five complaints received from the FY 2013 base year through FY 2016. No compliments were recorded 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/CPR training, and paratransit services. ARC's transportation division is one of the largest paratransit providers 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. The driver assigned to Med-Express is selected based on skill level and personality traits. In addition, the driver must have a high logistic aptitude and geographic knowledge of the route. The current Med-Express driver has been recognized for his high commitment to customer care and safety.

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

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

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

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

Maintenance

ARC developed a four-phase vehicle maintenance protocol for the vehicles utilized by Med-Express. The first phase involved the Driver’s Daily Vehicle Inspection Report (DVIR), which was completed prior to the first and second shifts to discover any mechanical defects that would prevent safe operation of the vehicles. The DVIR consisted of a 30-point inspection checklist. ARC displayed 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 involved an in-house 1,500-mile vehicle inspection along with a mid-point inspection prior to the third phase. The purpose of this inspection was 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 consisted of a 3,000-mile/45-day inspection performed by an outside repair facility with certified technicians. This involved an inspection, oil change, and lubrication as mandated by the Department of Transportation. In addition, the purpose of this inspection was to discover and correct mechanical defects that are denoted during the thorough inspection by a certified Automotive Service Excellence (ASE) mechanic. The fourth phase involved the California Highway Patrol (CHP) Annual Bus and Terminal Inspection, which occurs at 13-month intervals.

El Centro Motors, located at 1520 Ford Drive in El Centro, provided service on the Ford vehicles operated by Med-Express. The shop steward at El Centro Motors is a certified master mechanic. Bodywork was handled by Escobedo Auto Body Shop in El Centro. Wheelchair lift and air conditioning repairs were performed by vendors in the San Diego area. Fueling took 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 received 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.

The contract operator tracks road calls on its management summary report. Table V-4 below provides a summary of road calls incurred on Med-Express during the audit period.

**Table V-4
Road calls & Wheelchair Lift Failures**

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Total |
|---------------------------------|----------------|----------------|----------------|----------------|--------------|
| Road calls | 0 | 2 | 0 | 0 | 2 |
| Wheelchair Lift Failures | 0 | 0 | 0 | 0 | 0 |

Source: ARC-Imperial Valley

ARC reported two road calls on Med-Express during the audit period. The system received satisfactory ratings for all vehicle inspections conducted during the audit period as part of the CHP Transit Operator Compliance Program.

Planning

Med-Express service planning and analysis have been coordinated through studies commissioned by ICTC as well as during the unmet transit needs process. 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 Med-Express. Table V-5 summarizes Med-Express performance and service quality standards presented in the FY 2010-11 SRTP:

**Table V-5
Med-Express
Performance Standards**

| Performance Indicator | Performance Standard for Med-Express |
|---------------------------------|---|
| Operating Cost per Passenger | \$32.18 |
| Operating Cost per Revenue Hour | \$79.82 |
| Passengers per Revenue Hour | 3.0 |
| Farebox Recovery Ratio | 20 percent |

Source: FY 2010-11 Short-Range Transit Plan, AECOM & AMMA

The operating cost per passenger has increased above standard of \$32.18 (from \$38.04 in FY 2013 to \$38.05 in FY 2016), whereas the operating cost per revenue hour remained above the standard of \$79.82 (from \$122.45 in FY 2013 to \$133.27 in FY 2016). The number of passengers per revenue hour exceeded the standard of 3.0 passengers per hour increasing from 3.2 passengers in FY 2013 to 3.5 passengers in FY 2016. Farebox recovery slipped below the 20 percent standard averaging 16.34 percent.

Under the service contract for IVT MedTrans, a set of new performance goals were established based on the TDA performance indicators. Table V-6 summarizes the IVT MedTrans performance goals:

**Table V-6
IVT MedTrans
Performance Goals**

| Performance Indicator | Performance Goal |
|-------------------------------|-------------------------|
| Passengers per Day | 53.9 |
| Operating Cost per Passenger | \$42.75 |
| Operating Cost per Hour | \$138.32 |
| Operating Cost per Mile | \$4.95 |
| Passengers per Hour | 3.2 |
| Full Time Employee Equivalent | 2.4 |

| Performance Indicator | Performance Goal |
|------------------------|------------------|
| Subsidy per Passenger | \$36.34 |
| Farebox Recovery Ratio | 15 percent |

Source: ICTC

Due to the expanded service provision, the performance goals were adjusted accordingly. The farebox recovery standard has been lowered from 20 percent to 15 percent. Operating costs per hour was increased and passenger goals such as passengers per hour was also raised.

During the audit period, ICTC commissioned the *2014 Public Transit – Human Services Transportation Coordination Plan Update*, which was adopted in November 2014. The Coordination Plan Update includes a reassessment of all available public and private transportation services in Imperial County, a reassessment of public and social services transportation needs, development of strategies and/or activities to address gaps in service, identification of coordination measures to eliminate or minimize duplication in services where they exist and an implementation plan.

With regard to Med-Express, the Coordination Plan identified that the scope of service was at capacity. There were several passenger and stakeholder groups that indicated they were not able to make reservations on the service due to lack of available seats. One strategy proposed included the implementation of an online reservation system for Med-Express showing seating availability.

Marketing

Med-Express is marketed through various types of media. ARC was responsible for marketing the service on behalf of ICTC and coordinated the placement, scheduling, and distribution of all advertising and promotional materials to promote ridership. As per the service contract with ICTC, three percent of the transit budget was allocated toward marketing.

A glossy color tri-fold brochure was developed for Med-Express. The brochure, printed in English and Spanish, provided a calendar schedule, fare summary, and general information on how the service operates. The brochure contained a Title VI of the Civil Rights Act of 1964 disclosure ensuring that no person is excluded from participation in, or denied the benefits of its services of the basis of race, color, or national origin. A new brochure has since been created for IVT MedTrans.

The ARC website (<http://arciv.org/transportation.php>) provided online exposure for Med-Express, which contains basic information about the service. The ICTC website's Transit Services page also mentioned Med-Express and provided a contact number. The service was also listed in the local Yellow Pages telephone directory.

ARC developed and provided passenger comment cards. The Transportation Service Questionnaire contains 10 questions printed in English and Spanish. ARC provided a statistical summary of the frequency and patterns of comments in its passenger service report. The report

gave a breakdown of comments received as well as the number of complaints (written or phoned in) and compliments.

For IVT MedTrans, ICTC released a separate RFP for public outreach, branding and marketing. In April 2016, ICTC engaged the firm of Franklin Lee Enterprises L.L.C. dba Conveyor Group for a three-year engagement to market the rebranded service from May 1, 2016 through June 30, 2019. In addition to the rebranded name and color scheme, IVT MedTrans has a dedicated website (<http://www.ivtmedtrans.com/>) and a glossy multi-fold bilingual riders guide. IVT MedTrans vehicles are equipped with Wi-Fi capability.

In addition, ICTC budgeted \$7,000 for seven pages of glossy advertisement in the Imperial County Area Agency on Aging Senior Services Directory of all the transit services it administers including for IVT MedTrans. The advertisement features a branded vehicle with bilingual information, website address and phone numbers for reservations.

The 2014 Coordination Plan cited the need for greater awareness among health centers and personnel in the San Diego region, particularly at the University of California, San Diego (UCSD) Medical Center, of the importance of coordinated transportation services. Hospital representatives have expressed interest in working with ICTC in coordinated transportation solutions. The recent hire of a mobility coordinator at ICTC provides an opportunity for further dialogue and coordination.

General Administration and Management

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

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

Meetings of the ICTC Board are convened on the 4th Wednesday of the month at 6:00 p.m. in the Imperial County Board of Supervisors Chambers located at 940 Main Street in El Centro. During the audit period, the ICTC Overall Work Plan and Budget reflect staffing of eight full-time positions to manage the agency's programs and services. The full-time positions include one office technician, one Executive Assistant/Secretary to the Commission, one administrative analyst, three transportation/transit planner positions from entry level to senior level in

classifications (responsible for: Regional Transportation Planning; Regional Transit Planning; and Transit Service Administration), and the Executive Director. Toward the end of the audit period, ICTC filled the position of Mobility Coordinator, which is tasked with public outreach for paratransit services such as Med-Express/IVT MedTrans and administration of the eligibility and certification process for senior citizens and persons with disabilities as defined under the Americans with Disabilities Act (ADA) of 1990.

Grants Management

Med-Express relies on a variety of grants and other funding mechanisms to support its transit services. Such funding derived primarily from local sources and measures. Pursuant to TDA, the service 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 \$174,589 in FY 2014; \$200,766 in FY 2015; and \$283,698 in FY 2016.

Revenues from local Measure D, the one-half cent sales tax in effect since adoption in November 1989 and renewed by the voters in 2010, are allocated by the Local Transportation Authority to the cities and the County of Imperial primarily for local street and road purposes. In addition, a small percentage of the tax revenue is allocated for administration (one percent), transit (two percent) and state highway (five percent) purposes. No Measure D support funding has been allocated toward Med-Express services.

As a nonprofit social services agency, ARC has successfully applied for and received Federal Transit Administration 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 Med-Express vehicles. Buses and associated equipment are listed along with the funding source, acquisition date, and annual and monthly depreciation amounts, as well as date of full depreciation.

Section VI

Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2014 through 2016. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements applicable to Med-Express, the operation fully complied with all eight requirements. Three additional compliance requirements did not apply to Med-Express (e.g., rural/urban farebox recovery ratios and federal grant funds).
2. Med-Express' farebox recovery ratio remained above the 15 percent standard set by ICTC. The farebox recovery ratio was 16.69 percent in FY 2014; 15.87 percent in FY 2015; and 16.45 percent in FY 2016. The average farebox recovery ratio was 16.34 percent during the triennial review period.
3. Through its contract operator, ICTC participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited modest fluctuations during the period, not exceeding 15 percent. The budget increased 1.9 percent in FY 2014 and 9.9 percent in FY 2015. Whereas in FY 2016, the operating budget decreased 5.9 percent.
5. The prior audit recommendation for a fare increase to sustain farebox recovery has not been implemented and is no longer applicable due to the unique mission of the service in providing non-emergency medical transport to the San Diego region. With passage of state legislation allowing other local funds to be used toward farebox recovery, there may be options to address increased costs while preserving current fare rates. Nevertheless, the recommendation should remain a consideration for the long-term sustainability of the service.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 8.8 percent from \$122.45 in FY 2013 to \$133.27 in FY 2016. This trend is consistent with the increase of Med-Express' operating costs of 5.5 percent during the period, and a slight decrease in vehicle service hours of 3.1 percent between FY 2013 and FY 2016.
7. Operating cost per passenger, an indicator of cost effectiveness, remained relatively unchanged from \$38.04 in FY 2013 to \$38.05 in FY 2016. As noted above, Med-Express' operating costs increased 5.5 percent during the period with ridership increasing at a

comparable 5.4 percent during the period from 4,973 passengers in FY 2013 to 5,243 passengers in FY 2016.

8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 8.8 percent between FY 2013 and FY 2016 from 3.2 passengers per hour to 3.5 passengers per hour. The trend in this indicator reflects a steady demand in ridership on Med-Express while vehicle service hours decreased slightly.
9. During the audit period, ARC-Imperial Valley operated Med-Express through the end of June 2016 when its contract ended. In anticipation of the service contract ending, ICTC released a Request for Proposals in February 2016 for a three-year contract with two one-year extension options to operate the service under the rebranded name IVT MedTrans with the primary colors of purple, black and white.
10. The RFP was advertised locally and nationally from February 19 through April 1, 2016. Only one proposal was received from First Transit, Inc., which operates the other IVT-branded services. Caltrans approved the competitive bid and recommendation for the contract award process. The IVT MedTrans operating contract was approved by the Commission in April 2016.
11. ICTC commissioned the *2014 Public Transit – Human Services Transportation Coordination Plan Update*, which was adopted in November 2014. With regard to Med-Express, the Coordination Plan identified that the scope of service was at capacity. One strategy proposed included the implementation of an online reservation system for Med-Express showing seating availability.

Recommendations

1. Review opportunities for increasing local revenue to boost farebox recovery.

State Senate Bill (SB) 508, passed in October 2015, makes changes to how farebox recovery is calculated. Consistent with current practice, transit systems are able to boost their farebox recovery through inclusion of local revenues generated by the transit service. Historically, the County and ICTC have been reluctant to raise fares due to the unique mission of the service in providing non-emergency medical transport to the San Diego region.

Given that the rebranded IVT MedTrans service is subject to a 15 percent minimum farebox recovery standard, supplemental local revenues could improve farebox without an immediate need to raise fares. In addition to local transportation sales tax revenue, examples of local fund revenues include advertisement on buses and bus shelters, gains on the sale of capital assets, lease revenues generated by transit-owned property, and fare revenue agreements in lieu of individual fare payment with entities that have regular riders. Both revenues and operating costs are modified in deriving the farebox ratio for TDA eligibility purposes, and ICTC should work with the fiscal auditor to accurately reflect the farebox ratio allowed under new state law.

2. Conduct regular passenger surveys to gauge customer satisfaction and service needs.

In light of the recent service rebranding, additional pick up/drop off locations, and the addition of an afternoon trip, a passenger survey would assist ICTC in better gauging the needs of its passengers. A survey conducted annually or biannually would allow ICTC to gauge passenger needs and sentiments with regard to the transit service. The survey could capture valuable demographic information on riders as well as trip patterns, thoughts on bus amenities, new service areas, and marketing feedback. The survey should also gauge public perceptions regarding IVT MedTrans in the community. Such a survey could be coordinated with other transit planning initiatives commissioned by ICTC.