



FY 2008-2010 TRIENNIAL PERFORMANCE AUDIT OF MEDEXPRESS



SUBMITTED TO:

Imperial County Transportation Commission

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SUBMITTED BY:

PMC[®]

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Section I

Introduction

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

The Imperial County Transportation Commission (ICTC) engaged PMC to conduct a performance audit of Med-Express covering the most recent triennial period, fiscal years 2007–2008 through 2009–2010. The purpose of the performance audit is to evaluate Med-Express' effectiveness and efficiency in its use of TDA funds to provide specialized public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates 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 Med-Express' administrative functions. From the analysis that has been undertaken, a set of recommendations has been made for the agency which is intended to improve the performance of specialized transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive, and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with Med-Express' executive and operations management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

Overview of the Transit System

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 by the County of Imperial and is operated under contract by ARC-Imperial Valley (ARC), a social services nonprofit 501(c)(3) organization.

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 2010 estimate reports a countywide population of 183,029. 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. Med-Express departs from three pick-up and return points in Imperial County. The times and locations 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: ARC-Imperial Valley

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 required at least two business days in advance, although reservations can be made 30 days in advance. ARC confirms the reservation with the passenger the night before.

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
- Transit dependent.

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-2.

Table I-2
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	N/A	\$30.00

Source: ARC-Imperial Valley

Fleet

Med-Express is operated with one vehicle plus one back-up vehicle, both of which are owned by ARC-Imperial Valley. The fleet is described in Table I-3.

**Table I-3
Med-Express Fleet Inventory**

Year	Manufacturer	Quantity	Fuel Type	Seat/Wheelchair Capacity
2007	Ford E450	1	Gasoline	16/2
Back-Up Vehicles				
2004	Ford E450	1	Gasoline	16/2

Source: ARC-Imperial Valley

The fleet conforms to the requirements of the Americans with Disabilities Act (ADA) of 1990 in regard to wheelchair accessibility.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of 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, September 2008 (third edition)*, which was developed by the California Department of Transportation (Caltrans) to assess transit operators. The updated guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2008: September 29, 2008 FY 2009: September 21, 2009 FY 2010: September 23, 2010 Conclusion: Complied
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2008: June 5, 2009 FY 2009: December 15, 2009 FY 2010: January 12, 2011 Conclusion: Partial Compliance. FY 2008 Fiscal & Compliance Audit was completed and received after the 90-day extension period.
The CHP has, within the 13 months prior to each TDA	Public Utilities Code, Section 99251 B	Imperial County through its contract operator participates

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.		<p>in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspection dates applicable to the audit period were July 23, 2007; March 4, 2008; April 6, 2009; and May 25, 2010.</p> <p>The County's contract operator received a satisfactory rating for all inspections conducted on Med-Express vehicles during the audit period. Only minor violations were found during the April 6, 2009, inspection.</p> <p>Conclusion: Complied</p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>As a condition of approval, the County's annual claims for Local Transportation Funds are submitted in compliance with rules and regulations adopted by ICTC. ICTC staff provides assistance as needed in completing the claims.</p> <p>The County's claims are submitted generally during the fall of the claim year as required by ICTC. During the audit period, the claims were submitted on October 10, 2008, and November 6, 2009.</p> <p>Conclusion: Complied</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	This requirement is not applicable, as Med-Express is not an urbanized general public transit service. Conclusion: Not Applicable
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage increase in Med-Express' operating budget: FY 2008: +14.93% FY 2009: -8.52% FY 2010: +4.69% The FY 2008 increase in the operating budget can be attributed to rising fuel costs and passenger demand. Source: Statistical Summary Reports – Operating costs less depreciation Conclusion: Complied
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service	Public Utilities Code, Section 99247	The County's 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. Conclusion: Complied

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 to Med-Express, as Med-Express is not an urbanized general public transit service. Conclusion: Not Applicable
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	Under PUC Section 99268.5 and CCR Section 6633.5, the farebox ratio requirement for exclusive services for elderly and disabled is 10 percent. Although the service is available to the general public on a space-available basis, the policy is to not place a priority on these passenger types. 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 riders to elderly and disabled. Med-Express operating ratios using internal financial data were as follows: FY 2007: 19.05% FY 2008: 22.85%

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		FY 2009: 20.26% Conclusion: Complied
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	The County contracts with a private nonprofit provider for operations, while the cost of County staff's retirement is fully funded under the 1937 Act County Employees' Retirement Law. Conclusion: Complied
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	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. Conclusion: Not Applicable

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to Med-Express, the operation fully complied with seven out of the eight requirements. The operator was found in partial compliance with the timely submittal of its annual fiscal audits. 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 statutory 10 percent standard in accordance with TDA. The average farebox recovery ratio was 20.72 percent during the triennial review period.
3. Through its contract operator, the County participates in the CHP Transit Operator Compliance Program and received inspections of Med-Express vehicles within the 13

months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period, with only minor violations reported.

4. The operating budget exhibited the highest increase in FY 2008. The 14.93 percent increase was attributed to a rise in fuel costs and passenger demand. The operating budget declined by 8.52 percent in FY 2009 and rose modestly in FY 2010 by 4.69 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 agency'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 Med-Express

The service contract for Med-Express contains standards and evaluation criteria to allow for the measurement of the performance and efficiency of services provided. The performance standards measured are Passengers per Hour, Passengers per Day, Cost per Passenger, Subsidy per Passenger, Cost per Mile, Cost per Hour, and Farebox. These performance standards are recorded and tracked by the statistical summary report developed by the contractor. Other service criteria not stipulated in the service contract such as on-time performance, accidents, roadcalls, and no-shows are tracked on the management summary and passenger service reports. The contract operator has met the performance standards stipulated in its service contract without incentives or penalties being implemented by the County. This contract provides a set of established criteria that the County should review as a means to regularly measure performance.

Conclusion

This recommendation has not been implemented as the performance standards have been met and do not warrant the penalties provisions in the contract,.

Prior Recommendation 2

Review fares in light of cost increases and decreasing farebox returns.

Actions taken by Med-Express

The fare structure for Med-Express has remained unchanged since inception. In light of this, the service has maintained farebox ratios of around 20 percent, which is double the required 10 percent farebox requirement. The County has 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. The relatively high farebox ratio currently generated by Med-Express provides some degree of time flexibility when considering any change to the fares and the implications on ridership.

Conclusion

This recommendation is no longer applicable.

Prior Recommendation 3

Develop annual marketing plan.

Actions taken by Med-Express

The Med-Express service contract stipulates that the contract operator is responsible for the development of a marketing plan with a corresponding budget of 5 percent of the total cost of the service for the fiscal year. Such a plan would include the development and preparation of all marketing materials for Med-Express subject to the approval of the County. The contractor developed a glossy multi-fold bilingual brochure for the service as well as a half-page advertisement appearing in the Imperial County Area Agency on Aging Senior Services Directory. Other focused marketing efforts have included attractive flyers and advertising listings in the local Yellow Pages. Med-Express' efforts at marketing have been stymied by the reduction of its marketing budget in March 2010.

Conclusion

This recommendation has been partially implemented.

Section IV

TDA Performance Indicators

This section reviews Med-Express' performance in providing service in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following table. Farebox is not one of the five specific indicators, but is shown as a compliance measure. Findings from the analysis are contained in the section following the table, followed by the analysis.

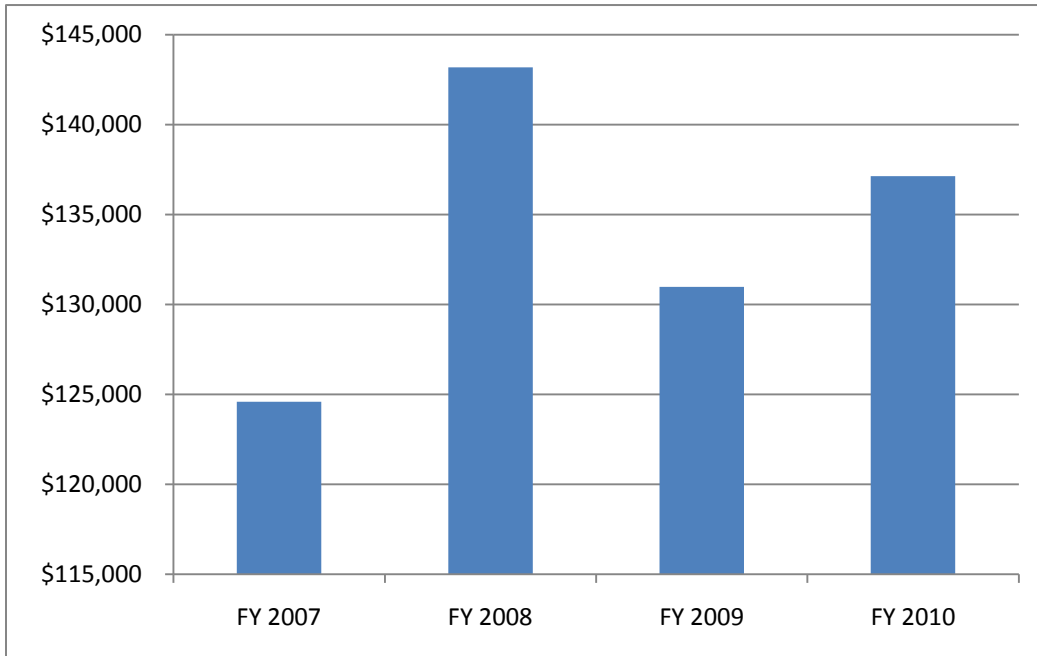
Table IV-1
Med-Express Performance Indicators

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007– 2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$124,584	\$143,183	\$130,981	\$137,127	10.1%
Total Passengers	3,139	4,367	4,865	4,374	39.3%
Vehicle Service Hours	1,197	1,608	1,616	1,566	30.8%
Vehicle Service Miles	42,936	56,447	56,174	55,485	29.2%
Employee FTEs	3	3	3	3	0.0%
Operating Revenue	\$26,338	\$27,282	\$29,930	\$27,780	5.5%
Operating Cost per Passenger	\$39.69	\$32.79	\$26.92	\$31.35	-21.0%
Operating Cost per Vehicle Service Hour	\$104.08	\$89.04	\$81.05	\$87.57	-15.9%
Operating Cost per Vehicle Service Mile	\$2.90	\$2.54	\$2.33	\$2.47	-14.8%
Passengers per Vehicle Service Hour	2.6	2.7	3.0	2.8	6.5%
Passengers per Vehicle Service Mile	0.07	0.08	0.09	0.08	7.8%
Vehicle Service Hours per Employee	399.0	536.0	538.7	522.0	30.8%
Average Fare per Passenger	\$8.39	\$6.25	\$6.15	\$6.35	-24.3%
Fare Recovery Ratio	21.14%	19.05%	22.85%	20.26%	-4.2%

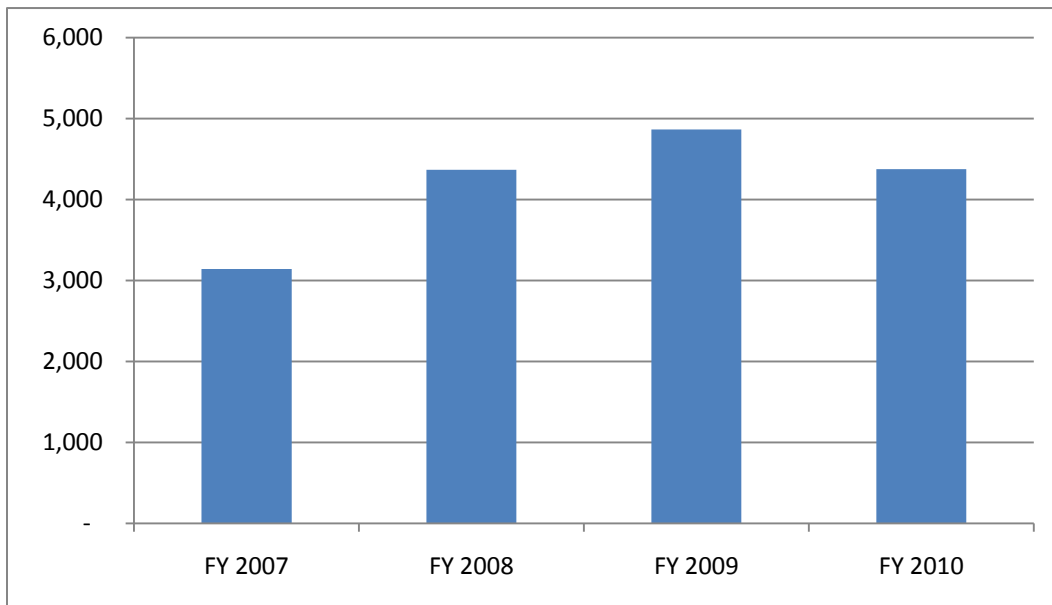
Source: ARC-Imperial Valley

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

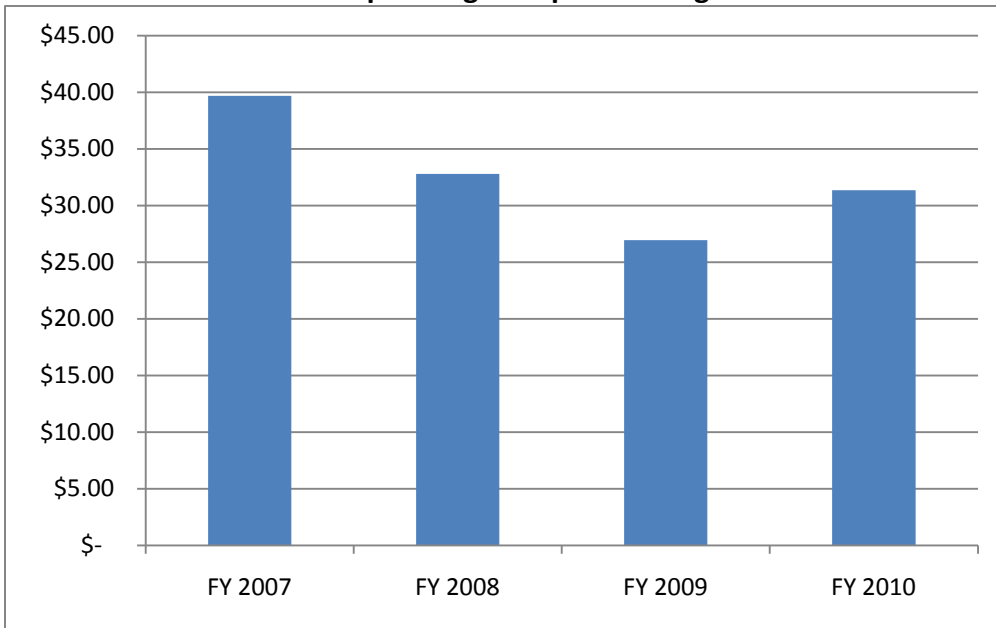
**Graph IV-1
Operating Costs**



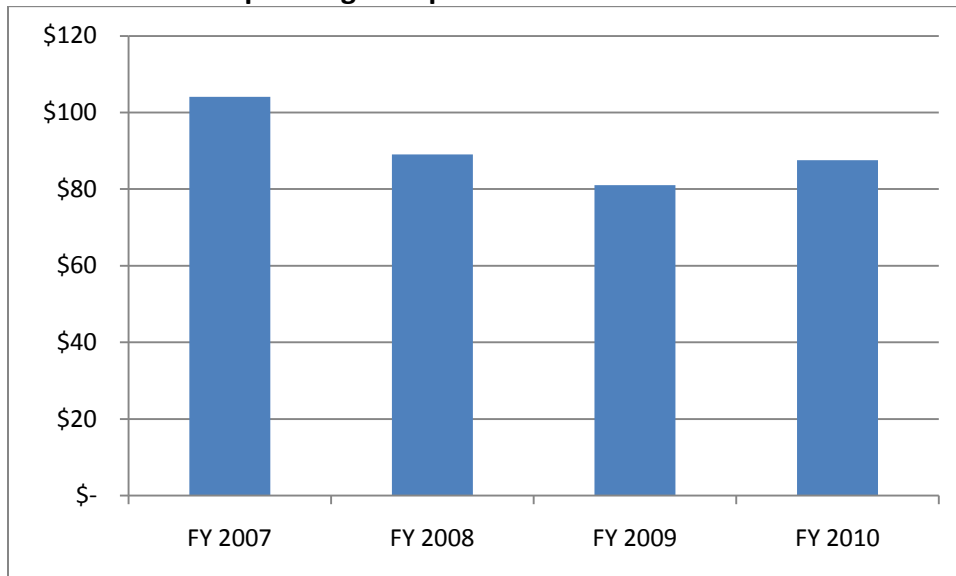
**Graph IV-2
Ridership**



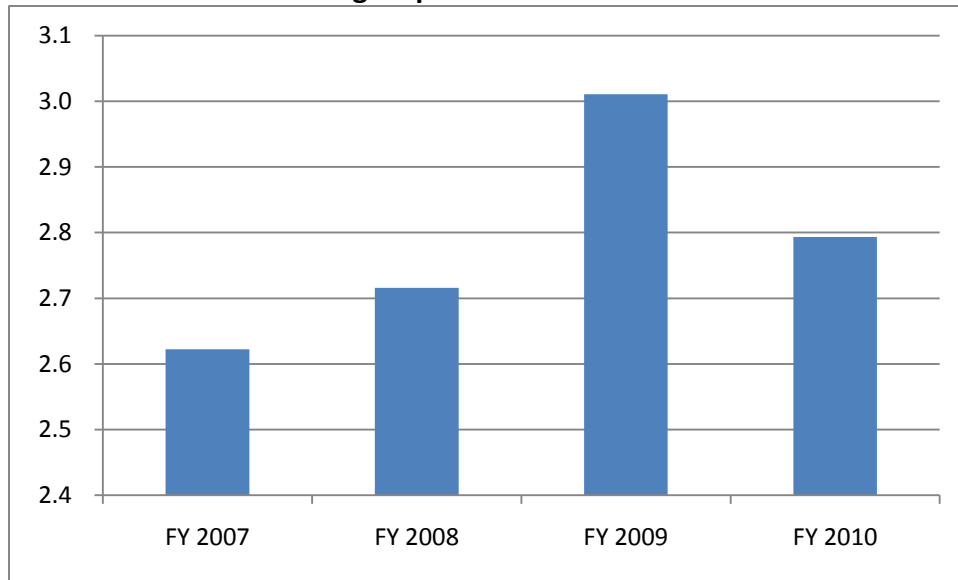
Graph IV-3
Operating Cost per Passenger



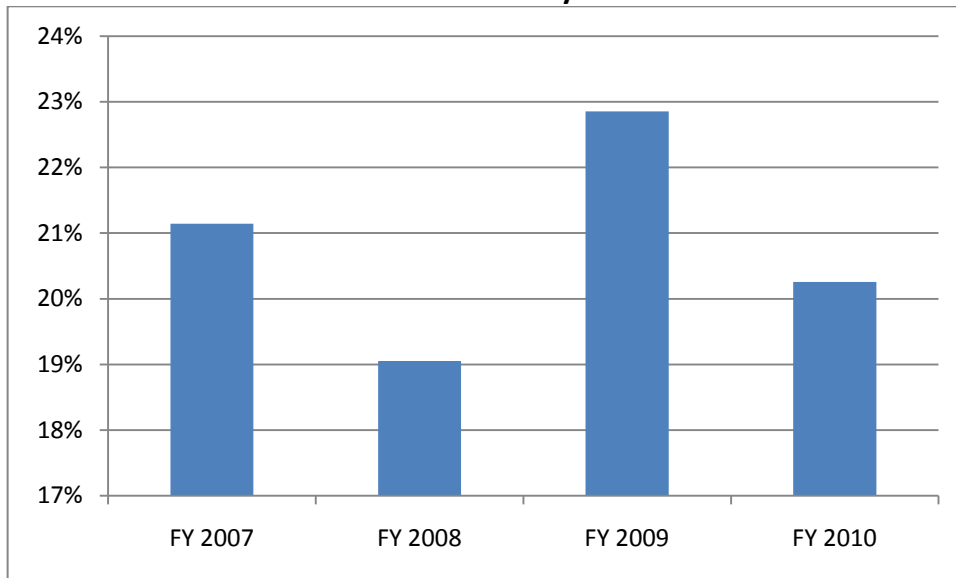
Graph IV-4
Operating Cost per Vehicle Service Hour



**Graph IV-5
Passengers per Vehicle Service Hour**



**Graph IV-6
Fare Recovery Ratio**



Findings from Verification of TDA Performance Indicators

1. **Operating cost per vehicle service hour**, an indicator of cost efficiency, decreased 15.9 percent from \$104.08 in FY 2007 to \$87.57 in FY 2010. Overall vehicle service hours increased 30.8 percent, while operating costs exhibited a more modest increase of 10.1 percent during the three-year period. Operating costs increased by a 3.7 percent annualized rate, with increases of nearly 15 percent in FY 2008 due to a rise in fuel costs. On the other hand, vehicle service hours exhibited an annualized increase of 10.6 percent, with FY 2008 showing the largest increase of 34.3 percent due to higher passenger demand.
2. **Operating cost per passenger**, an indicator of cost effectiveness, decreased 21.0 percent from \$39.69 in FY 2007 to \$31.35 in FY 2010. Overall ridership grew at a robust 39.3 percent during the period from 3,139 passengers in FY 2007 to 4,374 passengers in FY 2010, amounting to a 13.5 percent annualized rate of growth. This rate of growth was sufficient to offset operating costs, which increased at a slower rate.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 6.5 percent between FY 2007 and FY 2010 from 2.6 passengers per hour to 2.8 passengers per hour. The average number of passengers per hour peaked at 3.0 passengers in FY 2009. Vehicle service hours increased from 1,197 hours in FY 2007 to 1,566 hours in FY 2010. The percentage increase in service hours was comparable to the increase in passenger trips.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased by 7.8 percent from 0.07 in FY 2007 to 0.08 in FY 2010. Service miles increased by 29.2 percent from 42,936 miles in FY 2007 to 55,485 in FY 2010, while ridership increased by 39.3 percent. On an annualized basis, service miles increased by 9.9 percent, with the highest increase of 31.5 percent occurring in FY 2008.
5. **Vehicle service hours per employee** increased 30.8 percent between FY 2007 and FY 2010 from 399 to 522 hours per employee. This correlates with the identical percentage increase in service hours, while the number of full-time equivalents (FTEs) remained constant at 3 FTEs. FTEs are derived by the contract operator through the formula of dividing total annual employee hours and then dividing by 2000.
6. **Farebox recovery** for Med-Express averaged 20.72 percent, which is more than double the minimum TDA requirement of 10 percent during the audit period. The overall farebox recovery ratio decreased by a modest 4.2 percent characterized by an annualized percentage decline of less than 1 percent. One exception to this decline was an increase of nearly 20 percent in FY 2009 when the farebox reached 22.85 percent. Passenger fare revenues increased 5.5 percent during the period.

Conclusion from the Verification of TDA Performance Indicators

Med-Express provides non-emergency medical transportation for Imperial County residents to facilities in the San Diego metropolitan area. This unique demand-responsive transit service caters to a targeted ridership that may not have any other means to travel to medical appointments located in the San Diego region. The service miles generated by Med-Express are indicative of the long distances traversed. Vehicle service miles increased 29.2 percent during the period. Service hours also exhibited a comparable increase of 30.8 percent. However, operating costs exhibited only a third of those increases during the period.

The increases in miles and hours are also driven by passenger demand which requires more drop offs and pickups at both ends of the route. Passenger trips increased 39.3 percent, whereas passenger revenue increased by a modest 5.5 percent. The record rise in fuel costs during FY 2008 increased passenger trips, service miles, and hours. However, operating costs only increased at less than half the percentage increase of the other measures due to existing operating efficiencies from running the unique service. Given this level of service demand, Med-Express has managed to maintain farebox returns double the minimum 10 percent standard. The fare structure, which has remained unchanged since the service's inception, provided sufficient revenues to maintain an average 20 percent farebox even though the percentage growth in operating costs was nearly double that of passenger revenues.

Data Consistency

In a review of data consistency among external reports, fiscal year-end operations data was compared between the annual State Controller Report and two internal reports prepared by the contract operator and ICTC. Data for Med-Express detailed on the State Controller Report for Imperial County appear to be placed in the “Other” column in the operating data section. Table IV-2 shows the side-by-side comparison during the audit period (FYs 2008, 2009, and 2010) and including the base year of FY 2007.

Overall, there are some discrepancies and consistencies among the three data sets. Fiscal year 2007 data appear to show the most consistency. There were several variances between the internal data sets. There is a 654-trip difference in the passenger trip data for FY 2008, as well as a 658-trip and 1,128-trip difference for FYs 2009 and 2010, respectively. For FY 2010, there is a 263-hour difference in vehicle service hours and a 13,932-mile difference in vehicle service miles. It is important to note that the FY 2010 data derived from the ICTC Performance Summary only cover the period through May 2010.

The State Controller data appear to be more consistent with the ICTC data than with the contract operator data, with some exceptions. It is suggested that ICTC and County personnel tasked with the preparation of the internal and external reports continue to exercise checks and balance when analyzing and transferring the data from the contract operator for greater accuracy.

**Table IV-2
Data Consistency Review**

TDA Statistic	Source	Base Year FY 2007	Audit Review Period		
			FY 2008	FY 2009	FY 2010
Unlinked Passengers	ARC Statistical Summary Report	4,222	4,367	4,865	4,374
	ICTC Performance Summary*	4,222	3,713	4,207	3,246
	State Controller Report	4,222	3,312	3,748	3,246
Vehicle Service Hours	ARC Statistical Summary Report	1,600	1,608	1,616	1,566
	ICTC Performance Summary*	1,604	1,608	1,616	1,303
	State Controller Report	1,604	1,474	1,476	1,303
Vehicle Service Miles	ARC Statistical Summary Report	57,836	56,447	56,174	55,485
	ICTC Performance Summary*	57,866	56,447	56,174	41,553
	State Controller Report	57,866	51,706	51,321	41,553

*FY 2010 ICTC data are from June 2009 to May 2010 only

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within the Med-Express operation. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following departments and functions were reviewed at the County and the contract operator:

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

Operations & Planning

Med-Express is a lifeline service comprising non-emergency medical transportation from the Imperial Valley to San Diego area hospitals, clinics, and doctor appointments. The service picks 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 AIM Transit, passengers must provide their own transportation to reach the pick-up locations.

Senior citizens comprise approximately 42 percent of the ridership. Their share of the Med-Express ridership has ranged from 37.12 percent in FY 2009 to 48.41 percent in the FY 2007 base year. Care attendants comprise the second largest share of riders, averaging 36 percent. Disabled and ADA-certified riders comprise approximately 17 percent and 1.75 percent, respectively. The remaining share is wheelchair-assisted individuals, who comprise just over 5 percent of the ridership. There is an average of 12 passengers per trip. Based on the operator's statistical summary report, no general public riders were accommodated during the audit period.

The Med-Express operating contract was renewed with ARC by the County of Imperial effective October 2006 after a competitive bid process. The contract is for five years, plus five one-year option extensions. The County issued a comprehensive services contract that included all of the County's dial-a-ride services (AIM Transit, Med-Express, and West Shores). The cities of El Centro and Imperial also piggybacked on the bid for their dial-a-ride systems, for which ARC also provides services. Unlike the other transit services, there have been minimal contract modifications or cutbacks affecting Med-Express during the audit period.

The service is 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. Trips to medical offices in Chula Vista and other South Bay communities are provided every third Wednesday of the month.

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.

The driver assigned to Med-Express is selected based on skill level and personality traits. He/she must also 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. On an industry-wide level, Med-Express received the 2010 CalACT Award for Outstanding Rural Transit Program.

The service contract for Med-Express contains standards and evaluation criteria to allow for the measurement of the performance and efficiency of services provided. The performance standards measured are Passengers per Hour, Passengers per Day, Cost per Passenger, Subsidy per Passenger, Cost per Mile, Cost per Hour, and Farebox. A summary of the performance standards and the actual operation performance for each measure is presented in Table V-1.

Table V-1
Med-Express Performance Standard Criteria

Indicator/Measure	Standard	FY 2007	FY 2008	FY 2009	FY 2010
Passengers Per Hour	3	2.6	2.7	3.0	2.8
Passengers Per Day	20	20.1	21.4	23.7	21.5
Cost Per Passenger	\$31.77	\$39.69	\$32.79	\$26.92	\$31.35
Subsidy Per Passenger	\$25.60	\$26.39	\$27.76	\$22.03	\$26.38
Cost Per Mile	\$2.52	\$2.90	\$2.54	\$2.33	\$2.47
Cost Per Hour	\$79.85	\$104.08	\$89.04	\$81.05	\$87.57
Farebox	20%	21.14%	19.05%	22.85%	20.26%

Source: ARC-Imperial Valley

Med-Express operations have met or exceeded performance standards for most indicators. Fluctuations in the data on an annual basis have caused some standards to be missed; however the trend during the audit period shows progress toward meeting the standards more consistently. The cost per hour standard was not met in any year, although the actual data shows the cost trend to be improving toward the standard. Med-Express has managed to meet or exceed the 20 percent farebox standard as stipulated in the service contract even though the statutory minimum is 10 percent as a specialized service. The incentive and penalty provisions contained in the service contract that contain these types of standards have yet to be implemented by the County.

ARC-Imperial Valley utilizes a manual dispatching system for Med-Express. According to ARC's Director of Transportation, federal grants would only cover up to 80 percent of the cost for an automated dispatching system, with the remaining cost to be covered by other local sources.

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-2.

**Table V-2
Accidents & On-Time Performance**

	FY 2007	FY 2008	FY 2009	FY 2010	Total/Average
Accidents	0	0	0	0	0
On Time Performance	100%	100%	100%	100%	100%

Source: ARC-Imperial Valley

The service has operated without any reported accidents during the audit period. On-time performance has been 100 percent. Given the nature of the service, trips originate from designated pick-up points at scheduled times, departing El Centro at 7:00 a.m. Return trips depart San Diego promptly at 3:00 p.m. Arrival times vary based on destination and road and traffic conditions.

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-3 below summarizes the number of cancellations, trip denials, and no-shows received during the audit period.

**Table V-3
Cancellations, Denials & No-Shows**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
Cancellations	494	432	430	538	1,894
Trip Denials	134	163	155	110	562
No-Shows	340	367	419	375	1,501

Source: ARC-Imperial Valley

The number of cancellations and no-shows has fluctuated during the audit period. Cancellations peaked at 538 in FY 2010 in spite of trending lower in prior years. No-shows peaked at 419 in FY 2009 before decreasing to 375 in FY 2010. ARC now charges for no-shows after a total of three no-shows. On the other hand, trip denials have trended lower since FY 2008 when they peaked at 163 before declining to 110 in FY 2010.

Unlike cancellations and no-shows, trip denials are not reported on the passenger service report. ARC maintains a monthly denial log that contains the date and time of the request, pick-up and

destination addresses, and reason for the denial. There are nine alphabetical codes utilized for the reason given for each denial. The most common reason for denial is due to request a date that has already been booked. The denial log is attached to the monthly management summary information sheet.

Another measure of customer service is in the tracking of complaints and compliments on the passenger service report and tallied for the service year. Complaints and compliments are summarized in Table V-4 below.

**Table V-4
Complaints & Compliments**

	FY 2007	FY 2008	FY 2009	FY 2010	Total
Complaints	0	1	2	1	4
Compliments	0	2	0	0	2

Source: ARC-Imperial Valley

The number of complaints reported has averaged one annually, peaking at two complaints in FY 2009. There were two compliments received in FY 2008 and none received during subsequent years.

Planning

Service planning for Med-Express relies on several approaches consisting of public forums, plans, and studies. Pursuant to the TDA claims process, ICTC conducts annual Unmet Transit Needs hearings. Unmet Transit Needs are, at a minimum, those public transportation or specialized transportation services that are identified in the Regional Short-Range Transit Plan (SRTP), Regional Transportation Plan, or similar Mobility Plan which have not been implemented or funded. Unmet Transit Needs identified during the process must also be found “reasonable to meet” based upon a set of five criteria in order to be implemented. Testimony received from a Brawley resident during the FY 2010–2011 Unmet Transit Needs process expressed support for retaining the Med-Express service. The Unmet Transit Needs findings during the audit period affirmed the continuation and funding of Med-Express.

ICTC commissioned a fare study of the transit agencies under its jurisdiction in 2008. For several of the operators, the farebox recovery ratios had been declining over the past few years given the growth in operating costs primarily from fuel and insurance. The *Public Transit Services Fare Analysis* (Nelson/Nygaard 2008) analyzed and proposed new fare structures for the fixed-route and demand-responsive transit services in Imperial County. There was no analysis of Med-Express’ fare structure nor were any proposed adjustments recommended. Fares on the Med-Express system have remained unchanged for the past 18 years. As described earlier, a fare increase should be considered if operating costs increase to where the farebox recovery ratio is adversely impacted.

An updated SRTP was commissioned by ICTC in January 2011 and is currently being developed. The primary objectives of the SRTP will be to review existing performance and prioritize operating and capital expenditures to maintain and recommend improvements to the regional transit system. The prior SRTP was adopted in FY 2004, and the new SRTP will review and evaluate the related goals, policies, objectives, and standards developed for that plan. In addition, it will provide a five-year plan for operations including, but not limited to, specifics on fares, service levels, route changes, service policy changes, inter-operator agreements, spare ratios, and other characteristics.

Maintenance

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

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

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

Vehicle maintenance is performed by several dedicated vendors locally. El Centro Motors, located at 1520 Ford Drive in El Centro, provides service on Ford vehicles. Radiator and glass repairs are performed by MJ Radiators & Glass Service located at 363 West State Street in El Centro. Escobedo Auto Body Shop, located at 361 East Main Street in El Centro, performs bodywork on the vehicles. Vehicles are taken to Desert Auto Plaza in El Centro or to a dealership in San Diego for warranty repairs. The parts inventory is very low at ARC given most vehicle maintenance and repair is performed at the vendor's location. The annual budget projection for vehicle repair and maintenance increased 9.3 percent from \$22,884.12 in FY 2007 to \$25,006.10 in FY 2010.

Vehicle fueling is handled through McNeece Brothers Oil of El Centro located at 691 East Heil Avenue only a few blocks away from ARC's offices. A special fleet discount is applied on fuel purchases exceeding 10,000 gallons monthly. According to ARC budget projections, annual fuel costs increased 9.3 percent from in \$25,921.70 in FY 2007 to \$28,325.34 in FY 2010. This increase is attributed to the overall increase in fuel costs during the period.

The contract operator began tracking roadcalls on its management summary report in FY 2009. Table V-5 below provides a summary of roadcalls incurred on the Med-Express system for FYs 2009 and 2010.

**Table V-5
Roadcalls**

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

Source: ARC-Imperial Valley

A review of the management summary report shows that the sole roadcall during the audit period occurred in October 2008. The service contract stipulates that thorough air conditioning inspections and repairs be executed and completed on all vehicles no later than April 1 of each contractual year.

Marketing

ARC is responsible for marketing the service on behalf of the County and coordinates the placement, scheduling, and distribution of all advertising and promotional materials to promote ridership. The contract with the County stipulates that the marketing budget is 5 percent of the Med-Express budget, which is higher than the marketing percentage for ARC’s contracts with the cities of Imperial and El Centro. The contract also requires ARC to develop an annual marketing plan at least 30 days prior to the end of the fiscal year for approval by the County. ARC has made efforts to develop and implement a marketing plan in spite of budgetary constraints. With the cut in operating subsidies in March 2010, the marketing budget was subject to a \$4,087.54 reduction.

A glossy color tri-fold brochure has been developed for Med-Express. The brochure, which is printed in English and Spanish, provides a calendar schedule, fare summary, and general information on how the service operates. The brochure contains 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. There is a one-half page color advertisement featured in the Imperial County Area Agency on Aging Senior Services Directory. The ad contains a photo of a Med-Express vehicle along with contact numbers. Flyers are also employed to announce service or fare changes. ARC has created a paratransit data sheet that provides a listing of all the dial-a-ride services operated in Imperial County. Basic information about the service is featured on the transportation services page of the ARC website and can be accessed at <http://arciv.org/transportation.php>. 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.

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

General Administration & Management

During the audit period, Med-Express was administered by County staff serving under the umbrella agency IVAG. The newly created ICTC, through adopting resolution, assumed the transfer of duties and obligations as the successor agency to IVAG. Among the duties transferred included the continued management of Med-Express. In addition to the oversight of Med-Express provided by ICTC staff through contract management and monitoring, discussions about service are held through committees including the Social Services Transportation Advisory Council (SSTAC) that advises ICTC on transit matters pertaining to the needs of transit-dependent and transit-disadvantaged persons.

ARC is a nonprofit, 501(c)(3) social services agency that provides a number of services to the disabled community such as vocational programs, residential services, first aid/CPR training, and paratransit services. ARC's transportation division is the largest paratransit provider in Imperial County. ARC is governed by a Board of Directors and an Executive Director. Serving under the Board and Executive Director is the Director of Transportation, who oversees the paratransit services operation. The Director of Transportation is assisted by an Office Manager and Operations Supervisor. The Operations Supervisor oversees the dispatchers, schedulers, trainers, maintenance personnel, and drivers. In addition to the management and supervisory-level staff, ARC has 27 full-time drivers and 5 dispatchers. Drivers are assigned to contracted services based upon their aptitude and customer service skills. The Director of Transportation reported higher than average employee turnover in FY 2010 due to wage increase deferrals and benefit cuts.

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

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

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

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

Grant Administration & Funding

The primary source of intergovernmental grant funding for Med-Express is derived from the County’s TDA apportionment. The County annually receives substantial TDA funds, much of which is transferred among the various transit services. Med-Express receives Local Transportation Fund (LTF) support. Table V-6 provides a summary of TDA funding allocations toward Med-Express.

**Table V-6
Med-Express TDA Funding Allocations**

TDA Funding	FY 2007	FY 2008	FY 2009	FY 2010
LTF – (SB325)	\$118,797	\$178,499	\$182,428	\$175,341

Source: Transit Finance Plan, ICTC

TDA funding support for operations has gradually increased during the audit period. The total TDA allocation increased by nearly 48 percent since the FY 2007 base year, peaking in FY 2008. By FY 2010, that trend receded slightly as the recent economic recession impacted local sales tax revenues.

As a nonprofit social services agency, ARC has successfully applied for and received Federal Transit Administration (FTA) Section 5310 grant funding toward paratransit vehicle procurement and other related equipment. Grant applications are scored and ranked by ICTC. ARC has compiled an annual bus inventory and depreciation schedule for 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 and Recommendations

The following material summarizes the major findings obtained from this triennial audit covering FYs 2008 through 2010. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements pertaining to Med-Express, the operation fully complied with eight out of the nine requirements. The operator was found in partial compliance with the timely submittal of its annual fiscal audits. 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 statutory 10 percent standard in accordance with TDA. The average farebox recovery ratio was 20.72 percent during the triennial review period.
3. Through its contract operator, the County participates in the CHP Transit Operator Compliance Program and received inspections of Med-Express vehicles within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period with only minor violations reported.
4. The operating budget exhibited the highest increase in FY 2008. The 14.93 percent increase was attributed to a rise in fuel costs and passenger demand. The operating budget declined by 8.52 percent in FY 2009 and rose modestly in FY 2010 by 4.69 percent.
5. Out of the three prior audit recommendations, Med-Express partially implemented one recommendation, another was not implemented, and the last was no longer applicable. The recommendation pertaining to the penalties clause of the service contract has not been implemented because the system's performance standards have been met.
6. The service miles generated by Med-Express are indicative of the long distances traversed. Vehicle service miles increased 29.2 percent during the period. Service hours also exhibited a comparable increase of 30.8 percent. However, operating costs exhibited only a third of those increases during the period.
7. The increases in miles and hours are also driven by passenger demand. Passenger trips increased 39.3 percent, whereas passenger revenue increased by a modest 5.5 percent. The record rise in fuel costs during FY 2008 increased passenger trips and service miles and hours.
8. Med-Express has managed to maintain farebox returns double the minimum 10 percent standard. The fare structure, which has remained unchanged since the service's inception,

provided sufficient revenues to maintain an average 20 percent farebox even though the percentage growth in operating costs was nearly double that of passenger revenues.

9. Senior citizens comprise approximately 42 percent of the ridership. Their share of the Med-Express ridership has ranged from 37.12 percent in FY 2009 to 48.41 percent in the FY 2007 base year. Care attendants comprise the second largest share of riders, averaging 36 percent. Disabled and ADA-certified riders comprise approximately 17 percent and 1.75 percent, respectively. The remaining share is wheelchair-assisted individuals, who comprise just over 5 percent of the ridership.
10. 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.
11. The driver assigned to Med-Express is selected based on skill level and personality traits. He/she must also 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. On an industry-wide level, Med-Express received the 2010 CalACT Award for Outstanding Rural Transit Program.
12. The contract with the County stipulates that the marketing budget is 5 percent of the Med-Express budget. The contract also requires ARC to develop an annual marketing plan at least 30 days prior to the end of the fiscal year for approval by the City. With the cut in operating subsidies in March 2010, the marketing budget was subject to significant reductions amounting to \$4,087.54.
13. TDA funding support for operations has gradually increased during the audit period. The total TDA allocation increased by nearly 48 percent since the FY 2007 base year, peaking in FY 2008. By FY 2010, that trend receded slightly as the recent economic recession impacted local sales tax revenues.

Triennial Audit Recommendations

1. Record trip denials on the annual passenger service report.

The contract operator, ARC-Imperial Valley, has developed a thorough process for recording and classifying trip denials on Med-Express. ARC maintains a monthly denial log that contains the date and time of the request, pick-up and destination addresses, and reason for the denial. There are nine alphabetical codes utilized for the reason given for each denial. The monthly denial log is attached to a monthly management summary report, and the number of denials is noted on the report. Unlike cancellations and no-shows, trip denials are not reported on the passenger service report. It is suggested that trip denial data be summarized into a monthly total and included concurrently with cancellation and no-show data on the passenger service report.