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# Chapter 1

## Executive Summary

In late 2019, the Imperial County Transportation Commission (ICTC) selected Moore & Associates, Inc. to prepare Triennial Performance Audits of itself as the RTPA and operator, and the five transit operators to which it allocates TDA funding. As one of the six statutorily designated County Transportation Commissions in the SCAG region, ICTC also functions as the respective county RTPA.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to complete an independent audit on a three-year cycle in order to maintain funding eligibility. While Imperial County operators do not receive Article 4 funding, ICTC believes it is important to conduct Triennial Performance Audits of its TDA Article 8(c) recipients as a monitoring tool.

The Triennial Performance Audit is designed to be an independent and objective evaluation of IVT Access as a public transit operator, providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three fiscal years. In addition to assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of IVT Access' public transit program for the period:

- Fiscal Year 2016/17
- Fiscal Year 2017/18, and
- Fiscal Year 2018/19.

IVT Access provides supplementary ADA paratransit service for persons with disabilities who cannot use the regular fixed-route bus system (Imperial Valley Transit). It is a curb-to-curb Dial-A-Ride service open to individuals who have completed a certification and eligibility process. The service operates within three-quarters of a mile of the IVT fixed-route service, mirroring the days and hours of operation of individual fixed-routes. (For example, if a route does not operate on the weekend, IVT Access service will not be available on the weekend.) Service is also available to the general public on a space-available basis.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. Moore & Associates believes the evidence obtained provides a reasonable basis for our findings and conclusions.

This audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

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The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Follow-up of prior report recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

#### Test of Compliance

With three exceptions, we conclude IVT Access complies with the Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. State Controller Reports for Specialized Services were submitted after the stipulated deadline during all three years of the audit period.
2. In FY 2017/18, ICTC's fiscal audit of its TDA fund was submitted after the 180-day deadline plus a 90-day extension. [Submittal of the FY 2018/19 fiscal audit is still pending.]
3. The farebox recovery ratio fell below the stipulated threshold during all three years of the audit period.

#### Status of Prior Recommendations

1. [Review opportunities for increasing local revenue to boost farebox recovery.](#)  
**Status:** Not implemented.
2. [Provide more information to the public on No-show and late cancellation policy.](#)  
**Status:** Implemented.

#### Findings and Recommendations

Based on discussions with ICTC and contractor staff, analysis of program performance, and an audit of program compliance and function, the audit team presents three compliance findings:

1. State Controller Reports for Specialized Services were submitted after the stipulated deadline during all three years of the audit period.
2. In FY 2017/18, ICTC's fiscal audit of its TDA fund was submitted after the 180-day deadline plus a 90-day extension. [Submittal of the FY 2018/19 fiscal audit is still pending.]
3. The farebox recovery ratio fell below the stipulated threshold during all three years of the audit period.

The audit team has identified no functional findings.

#### Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the IVT Access public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the

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TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance.

Given there are no functional findings, only compliance findings are provided below.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure State Controller Reports are submitted in a timely manner.	High	Ongoing
2	Ensure TDA fiscal audits of all IVT operations are completed no later than 270 days following the end of the fiscal year.	High	Ongoing
3	Identify supplemental local revenues that will bring the farebox recovery ratio up to at least 10 percent.	High	FY 2019/20

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## Chapter 2

# Audit Scope and Methodology

The Triennial Performance Audit (TPA) of IVT Access' public transit program covers the three-year period ending June 30, 2019. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In late 2019, the Imperial County Transportation Commission selected Moore & Associates, Inc. to prepare Triennial Performance Audits of itself as the RTPA and operator and the five transit operators to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of IVT Access as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Audit Standards* published by the U.S. Comptroller General.

### Objectives

A Triennial Performance Audit has four primary objectives:

1. Assess compliance with TDA regulations;
2. Review improvements subsequently implemented as well as progress toward adopted goals;
3. Evaluate the efficiency and effectiveness of the transit operator; and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.

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#### Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of IVT Access included five tasks:

1. A review of compliance with TDA requirements and regulations.
2. An assessment of the implementation of recommendations contained in prior performance audits.
3. A verification of the methodology for calculating performance indicators including the following activities:
  - Assessment of internal controls,
  - Test of data collection methods,
  - Calculation of performance indicators, and
  - Evaluation of performance.
4. Examination of the following functions:
  - General management and organization;
  - Service planning;
  - Scheduling, dispatching, and operations;
  - Personnel management and training;
  - Administration;
  - Marketing and public information; and
  - Fleet maintenance.
5. Conclusions and recommendations to address opportunities for improvement based upon analysis of the information collected and the audit of the transit operator's major functions.

#### Methodology

The methodology for the Triennial Performance Audit of IVT Access included thorough review of documents relevant to the scope of the audit, as well as information contained on the operator's and ICTC websites. The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit report for the prior audit period;
- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;
- Accident/road call logs;
- Customer complaint logs;
- Short Range Transit Plan; and
- Organizational chart.



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The methodology for this review included a site visit to the First Transit administrative offices (1103 Industry Way, El Centro) on February 11, 2020. The audit team met with Cesar Sanchez (General Manager), Karla Pacheco (IVT Access Operations Manager), Rogelio Hernandez (Maintenance Manager), and Mike Cortez (Safety and Training Manager); reviewed materials germane to the triennial review; and toured the First Transit operations and maintenance facility (792 E. Ross Avenue, El Centro).

This report is comprised of seven chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the review and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
  - Compliance with statutory and regulatory requirements,
  - Progress in implementing prior recommendations,
  - Performance measures and trends,
  - Functional audit, and
  - Findings and recommendations.

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## Chapter 3

# Program Compliance

This section examines IVT Access' compliance with the Transportation Development Act as well as relevant sections of the California Code of Regulations. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. The Imperial County Transportation Commission considers full use of funds under California Code of Regulations (CCR) 6754(a) as referring to operating funds but not capital funds. The TPA findings and related comments are delineated in Exhibit 3.1.

Compliance was determined through discussions with IVT Access staff as well as an inspection of relevant documents including the fiscal audits for each year of the triennium, TDA claim forms, State Controller annual filings, California Highway Patrol terminal inspections, year-end performance reports, and other compliance-related documentation.

With three exceptions, IVT Access met the test of compliance with respect to Transportation Development Act (TDA) regulations:

1. State Controller Reports for Specialized Services were submitted after the stipulated deadline during all three years of the audit period.
2. In FY 2017/18, ICTC's fiscal audit of its TDA fund was submitted after the 180-day deadline plus a 90-day extension. [Submittal of the FY 2018/19 fiscal audit is still pending.]
3. The farebox recovery ratio fell below the required threshold during all three years of the audit period.

### Recent Changes Regarding Compliance

Two changes specific to the TDA and TDA funding went into effect beginning July 1, 2016. The first was an amendment to the Public Utilities Code specific to the definition of operating cost and what costs can be excluded. It should be noted that many of the exclusions pertain only to *changes* in certain costs, either over the prior year or beyond the change in the Consumer Price Index. They do not apply to *all* costs related to specified exclusion categories.

Senate Bill 508, dated October 9, 2015, amended Section 99268.17 to read as follows:

**99268.17** (a) *Notwithstanding subdivision (a) of Section 99247, the following costs shall be excluded from the definition of "operating cost" for the purposes of calculating any required ratios of fare revenues to operating cost specified in this article:*

- (1) *The additional operating costs required to provide comparable complementary paratransit service as required by Section 37.121 of Title 49 of the Code of Federal Regulations, pursuant to the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 120101 et seq.), as identified in the operator's paratransit plan pursuant to Section 37.139 of Title 49 of the Code of Federal Regulations that exceed the operator's costs required to provide comparable paratransit service in the prior year as adjusted by the Consumer Price Index.*

(2) *Cost increases beyond the change in the Consumer Price Index for all of the following:*

- (A) *Fuel.*
- (B) *Alternative fuel programs.*
- (C) *Power, including electricity.*
- (D) *Insurance premiums and payments in settlement of claims arising out of the operator's liability.*
- (E) *State and federal mandates.*

(3) *Startup costs for new services for a period of not more than two years.*

*(b) The exclusion of costs from the definition of operating costs in subdivision (a) applies solely for the purpose of this article and does not authorize an operator to report an operating cost other than as defined in subdivision (a) of Section 99247 or a ratio of fare revenue to operating cost other than as that ratio is described elsewhere in this article, to any of the following entities:*

- (1) *The Controller pursuant to Section 99243.*
- (2) *The entity conducting the fiscal audit pursuant to Section 99245.*
- (3) *The entity conducting the performance audit pursuant to Section 99246.*

The reporting forms for the State Controller used in FY 2016/17 were not yet updated to reflect these exclusions. While revised forms were used in FY 2017/18 and FY 2018/19, it is also important for agencies to ensure any exclusions from operating cost are clearly itemized within TDA audits or other farebox revenue ratio calculations so that compliance can be clearly assessed.

The second change, also contained within Senate Bill 508, related to the type of funds that can be used to supplement farebox revenue. Prior to this bill, "local funds" was defined as "revenues derived from taxed imposed by the operator or by a county transportation commission." S.B. 508 amended Section 99268.19 to read:

**99268.19** *If fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost required by this article, an operator may satisfy that requirement by supplementing its fare revenues with local funds. As used in this section, "local funds" means any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.*

This expanded definition opens up new revenue sources that can be used to offset farebox shortfalls. Applicable revenues include funds received through advertising, interest income, sale of surplus vehicles, and other such sources. While these funds are no longer limited to those generated by local taxes, they cannot be state or federal funds.

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### The Future of the Transportation Development Act<sup>1</sup>

In the nearly 50 years since the introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators face significant challenges in meeting the farebox recovery ratio requirement, and it calls into question whether that remains the best measure for TDA compliance. In 2018, the chairs of California's state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA.

Numerous meetings were conducted with the TDA task force across a full year. Other efforts included input from state-level stakeholders as well as transit agencies. It also reviewed the results of two research projects requested by legislative leaders and conducted by the UCLA Institute of Transportation Studies. Two particularly important conclusions are:

- The state's goals for transit have changed and broadened considerably since 1971 when the TDA became law and 1978 when the farebox recovery requirement was added; and
- A survey of California transit and regional agency professionals reveals the current TDA requirements appear to influence agency management decisions in ways that do not align with the state's current goals for transit.

The task force then set forth a draft framework for TDA reform that maintained the farebox recovery requirement but significantly changed how it would be applied. The draft framework:

1. Retains TDA's current farebox recovery requirements as an important data set for policymakers at all levels. The ratios would be targets that all transit agencies should try to hit.
2. Removes financial penalties associated with missing farebox recovery requirements for all agencies.
3. Requires agencies that miss their required farebox recovery for three years in a row be given the option in year four to either 1) develop and submit an action plan to the RTPA that details the steps it will take to meet its farebox recovery requirement; or 2) develop new targets, in collaboration with the RTPA, that monitor the transit agency's contribution to local, community, regional, or statewide goals.
4. Adjusts some aspects of the farebox recovery ratio definitions for the numerator and denominator, and lower the basic targets, to better reflect current goals and objectives for public transit, and to more realistically accommodate today's most pressing transit challenges and unfunded mandates.

While these proposed changes to the TDA legislation have yet to be finalized and enacted, it is very likely the TDA will undergo significant revisions during the next audit period. As a result, the test of compliance may look quite different in subsequent triennial performance audits.

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<sup>1</sup> Letter from Rick Ramacier, State Legislative Committee Chair, California Transit Association, and Joshua W. Shaw, Executive Director, California Transit Association to California Transit Association members, RTPAs, and other public transit systems. Subject: Transportation Development Act Reform – A Draft Framework (inclusive of Attachment 1, Draft Framework). Dated January 8, 2020.

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#### Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	Finding	FY 2016/17: March 16, 2018 FY 2017/18: March 27, 2019 FY 2018/19: February 14, 2020
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	Finding	FY 2016/17: March 31, 2018 FY 2017/18: July 2, 2019 FY 2018/19: Pending
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	November 10, 2015 November 3, 2016 November 21, 2017 October 9, 2018 October 2, 2019
Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If 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.	PUC 99270.1	Not applicable	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	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).	PUC 99266	In compliance	FY 2016/17: -3.9% FY 2017/18: +2.69% FY 2018/19: +5.28%  <i>Source: TDA claims, FY 2017-FY 2019.</i>
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	Not applicable	

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Compliance Element	Reference	Compliance	Comments
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Finding	FY 2016/17: 4.71% FY 2017/18: 4.46% FY 2018/19: 4.54%  <i>Source: Monthly performance reports, FY 2017 – FY 2019.</i>
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 for 40 years.	PUC 99271	In compliance	ICTC contracts with a private provider for operations, while ICTC employees are covered under the Imperial County Employees' Retirement System (ICERS) pursuant to the County Employees Retirement Law of 1937.
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.	CCR 6754 (a) (3)	In compliance	
In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes on a sliding scale.	PUC 99314.6	In compliance	
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	In compliance	

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## Chapter 4

# Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance IVT Access has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior audit – completed in 2017 by Michael Baker International for the three fiscal years ending June 30, 2016 – included two recommendations:

1. [Review opportunities for increasing local revenue to boost farebox recovery.](#)

**Discussion:** State Senate Bill (SB) 508, passed in October 2015, made changes to how farebox recovery is calculated. This allowed transit systems to boost their farebox recovery through inclusion of local revenues generated by the transit service. The prior auditor noted IVT Access has been challenged with low farebox recovery attainment relative to its standard. Even though IVT Access is included in the overall blended ratio for IVT set by ICTC, which is 17 percent, it is still expected to attain a 10 percent farebox recovery ratio.

Under the new law, other local revenues may be used to supplement fare revenues, including 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 the audit recommended ICTC work with the fiscal auditor to accurately reflect the farebox ratio allowed under new state law.

**Progress:** No supplemental revenues were identified during the current audit period, and the farebox recovery ratio continued to remain under 10 percent each year.

**Status:** Not implemented.

2. [Provide more information to the public on “no-show” and late cancellation policy.](#)

**Discussion:** The “no-show” and late cancellation policy was implemented on IVT ACCESS in January 2014 and updated in December 2016. First Transit has been very proactive in reducing the number of “no-shows” by having dispatchers and reservationists follow up with riders. ICTC hired a mobility management coordinator to conduct ADA-certification assessments and community outreach to transit-dependent populations. The mobility management coordinator hands out a copy of the “no-show” and late cancellation policy as a separate document during the eligibility interview process. With the policy being critical to the performance efficiency of the service, it is recommended that ICTC pursue an enhanced outreach and educational effort to further publicize the policy including during presentations and additional handout of the policy, and reminders by dispatchers, reservationists, and drivers. A standardized and consistent application of the policies will result in better understanding of the rules.

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**Progress:** The policy is provided as its own page on IVT Access' website under the "About" tab ("No Show" policy). A link to the page is also provided in a sidebar menu for all pages under the "About" tab. The policy continues to be distributed as part of the eligibility process.

While the frequency of No-shows decreased by nearly 12 percent between FY 2016/17 and FY 2017/18, there was only a net decrease of 4.7 percent during the current audit period. This resulted in more than 1,300 No-shows during FY 2018/19. Late cancellations, however, decreased by nearly 32 percent between FY 2017/18 and FY 2018/19.

**Status:** Implemented.

## Chapter 5

# Performance Analysis

Performance indicators are typically employed to quantify and assess the efficiency of a transit operator's activities. Such indicators provide insight into current operations as well as trend analysis of operator performance. Through a review of indicators, relative performance as well as possible inter-relationships between major functions is revealed.

The Transportation Development Act (TDA) requires recipients of TDA funding to track and report five performance indicators:

- Operating Cost/Passenger,
- Operating Cost/Vehicle Service Hour,
- Passengers/Vehicle Service Hour,
- Passengers/Vehicle Service Mile, and
- Vehicle Service Hours/Employee.

To assess the validity and use of performance indicators, the audit team performed the following activities:

- Assessed internal controls in place for the collection of performance-related information,
- Validated collection methods of key data,
- Calculated performance indicators, and
- Evaluated performance indicators.

The procedures used to calculate TDA-required performance measures for the current triennium were verified and compared with indicators included in similar reports to external entities (i.e., State Controller and Federal Transit Administration).

### Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667<sup>2</sup>. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excludes the following:

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<sup>2</sup> CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

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- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

#### Vehicle Service Hours and Miles

*Vehicle Service Hours (VSH)* and *Miles (VSM)* are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.<sup>3</sup> For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

#### Passenger Counts

According to the Transportation Development Act, *total passengers* is equal to the total number of unlinked trips (i.e., those trips that are made by a passenger that involve a single boarding and departure), whether revenue-producing or not.

#### Employees

*Employee hours* is defined as the total number of hours (regular or overtime) which all employees have worked, and for which they have been paid a wage or salary. The hours must include transportation system-related hours worked by persons employed in connection with the system (whether or not the person is employed directly by the operator). Full-Time Equivalent (FTE) is calculated by dividing the number of person-hours by 2,000.

#### Fare Revenue

*Fare revenue* is defined by California Code of Regulations Section 6611.2 as revenue collected from the farebox plus sales of fare media.

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<sup>3</sup> A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

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#### TDA Required Indicators

To calculate the TDA indicators for IVT Access, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via monthly performance data summary reports for each fiscal year covered by this audit. Operating Cost was determined to be consistent with TDA guidelines and accurately reflects the costs for IVT Access transit services. However, the reported costs excluded depreciation (as allowed per PUC Section 99247(a).
- Fare Revenue was not independently calculated as part of this audit. Fare Revenue data were obtained via monthly performance data summary reports for each fiscal year covered by this audit. Fare revenue from the reports is consistent with TDA guidelines.
- Vehicle Service Hours (VSH) data were obtained via monthly performance data summary reports for each fiscal year covered by this audit. IVT Access calculates VSH using schedule hours reconciled with dispatcher daily logs. IVT Access' calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via monthly performance data summary reports for each fiscal year covered by this audit. IVT Access calculates VSM by base mileage for all routes and multiplying base mileage by the number of trips, then adjusts for changes to service. This methodology is consistent with PUC guidelines.
  - Unlinked trip data were obtained via monthly performance data summary reports for each fiscal year covered by this review. IVT Access' calculation methodology is consistent with PUC guidelines.
  - Full-Time Equivalent (FTE) methodology was provided by IVT Access and is consistent with the TDA definition.

#### System Performance Trends

Performance trends for IVT Access' public transit program were analyzed for the three years covered by this Triennial Performance Audit. Indicators were calculated using the methodologies described in the previous section.

Operating cost experienced relatively modest changes between FY 2013/14 and FY 2018/19, with a net increase of 7.7 percent. During the current audit period, operating cost saw a net decrease of 2.6 percent. Conversely, fare revenue saw a net decrease of 4.7 percent across the six-year period. However, during the current audit period fare revenues decreased a net 6.1 percent, due primarily to an 8.1 percent decline in FY 2017/18 and despite an increase the following year.

Vehicle service hours (VSH) saw a modest change (less than one percent) between FY 2013/14 and FY 2018/19, but declined 11.9 percent during the current audit period. This is due largely to a significant increase in VSH in FY 2016/17 and declines in subsequent years. Vehicle service miles (VSM) experienced a net 7.7 percent decrease across the six-year period and an 8.7 percent decrease during the current audit period. A 5.7 percent increase in FY 2016/17 was followed by a 5.6 percent decrease in FY 2017/18.

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Ridership experienced a net decrease of 12.5 percent across the six-year period, and an 8.1 percent decrease during the current audit period. A modest (1.8 percent) increase in ridership in FY 2016/17 corresponded with increases in VSH and VSM during those years, as well as an increase in fare revenue.

Cost-related performance indicators increased during the current audit period, which signifies a decline in cost-effectiveness. Operating cost per VSH experienced the greatest increase (10.5 percent) due to a greater decrease in VSH (11.9 percent) than operating cost (2.6 percent). Passenger-related performance indicators, however, increased during the current audit period, indicating a modest improvement in productivity. Passengers per VSH rose 4.4 percent, while passengers per VSM rose 0.7 percent. The unsupplemented farebox recovery ratio posted a modest decline during the current audit period, and remained below 10 percent from FY 2013/14 through FY 2018/19.

Exhibit 5.1 System Performance Indicators

Performance Measure	IVT Access					
	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
<b>Operating Cost (Actual \$)</b>	\$1,318,143	\$1,369,563	\$1,433,453	\$1,457,672	\$1,415,399	\$1,419,238
Annual Change		3.9%	4.7%	1.7%	-2.9%	0.3%
<b>Fare Revenue (Actual \$)</b>	\$67,683	\$68,596	\$66,555	\$68,684	\$63,138	\$64,501
Annual Change		1.3%	-3.0%	3.2%	-8.1%	2.2%
<b>Vehicle Service Hours (VSH)</b>	13,631	13,700	13,547	15,593	14,428	13,736
Annual Change		0.5%	-1.1%	15.1%	-7.5%	-4.8%
<b>Vehicle Service Miles (VSM)</b>	303,523	310,542	290,287	306,772	289,552	280,128
Annual Change		2.3%	-6.5%	5.7%	-5.6%	-3.3%
<b>Passengers</b>	34,542	32,339	32,291	32,882	32,124	30,229
Annual Change		-6.4%	-0.1%	1.8%	-2.3%	-5.9%
<b>Employees</b>	16	17	18	17	17	17
Annual Change		6.3%	5.9%	-5.6%	0.0%	0.0%
<b>Performance Indicators</b>						
<b>Operating Cost/VSH (Actual \$)</b>	\$96.70	\$99.97	\$105.81	\$93.48	\$98.10	\$103.32
Annual Change		3.4%	5.8%	-11.7%	4.9%	5.3%
<b>Operating Cost/Passenger (Actual \$)</b>	\$38.16	\$42.35	\$44.39	\$44.33	\$44.06	\$46.95
Annual Change		11.0%	4.8%	-0.1%	-0.6%	6.6%
<b>Passengers/VSH</b>	2.53	2.36	2.38	2.11	2.23	2.20
Annual Change		-6.8%	1.0%	-11.5%	5.6%	-1.2%
<b>Passengers/VSM</b>	0.11	0.10	0.11	0.11	0.11	0.11
Annual Change		-8.5%	6.8%	-3.6%	3.5%	-2.7%
<b>Farebox Recovery</b>	5.1%	5.0%	4.6%	4.7%	4.5%	4.5%
Annual Change		-2.5%	-7.3%	1.5%	-5.3%	1.9%
<b>Hours/Employee</b>	851.9	805.9	752.6	917.2	848.7	808.0
Annual Change		-5.4%	-6.6%	21.9%	-7.5%	-4.8%
<b>TDA Non-Required Indicators</b>						
<b>Operating Cost/VSM</b>	\$4.34	\$4.41	\$4.94	\$4.75	\$4.89	\$5.07
Annual Change		1.6%	12.0%	-3.8%	2.9%	3.6%
<b>VSM/VSH</b>	22.27	22.67	21.43	19.67	20.07	20.39
Annual Change		1.8%	-5.5%	-8.2%	2.0%	1.6%
<b>Fare/Passenger</b>	\$1.96	\$2.12	\$2.06	\$2.09	\$1.97	\$2.13
Annual Change		8.3%	-2.8%	1.3%	-5.9%	8.6%

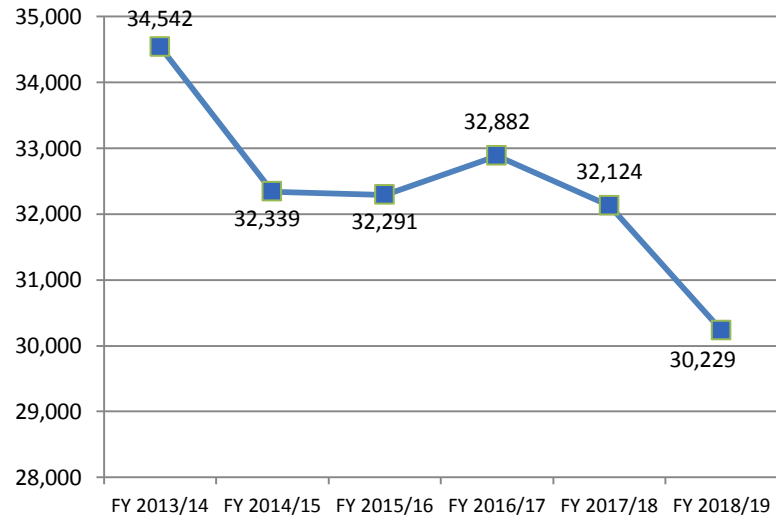
Sources: FY 2013/14 – FY 2015/16 data from prior Triennial Performance Audit.  
FY 2016/17 – FY 2018/19 data from operator monthly summaries.

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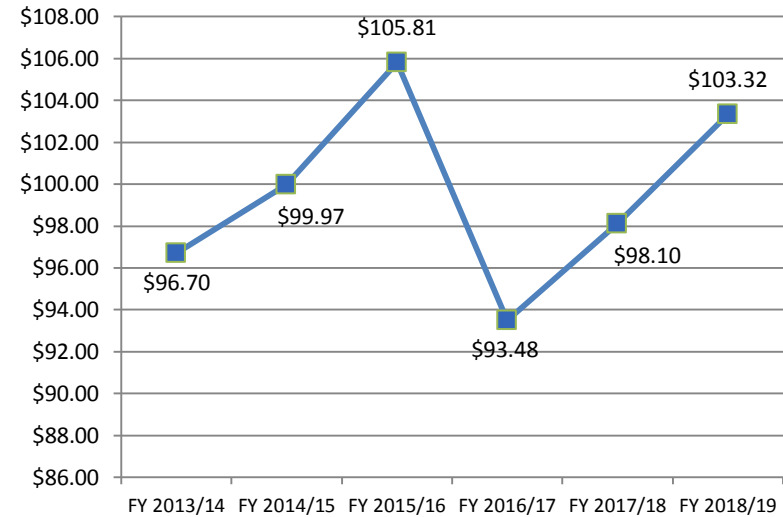
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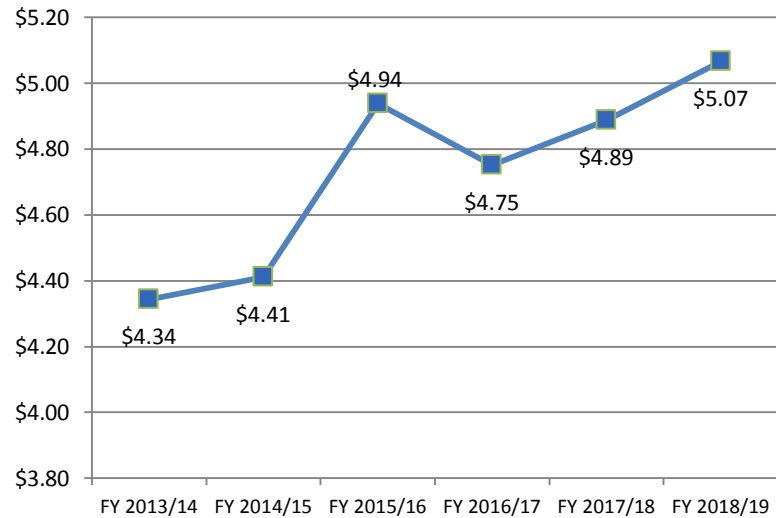
#### Exhibit 5.2 System Ridership



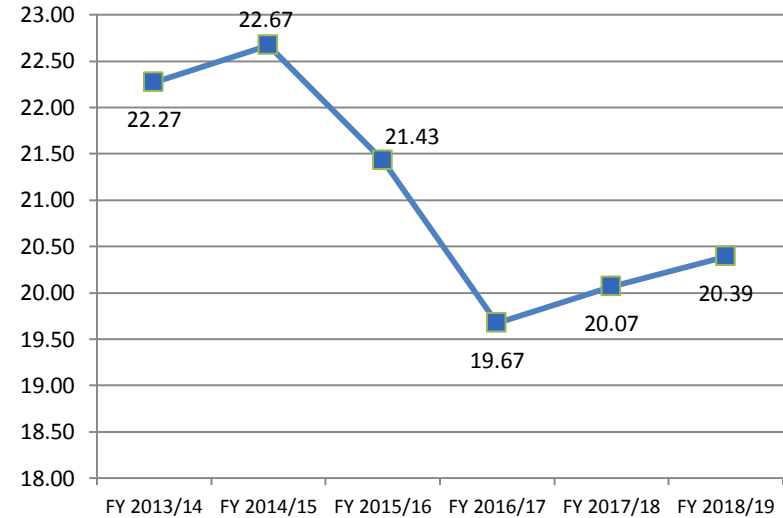
#### Exhibit 5.3 System Operating Cost/VSH



#### Exhibit 5.4 System Operating Cost/VSM



#### Exhibit 5.5 System VSM/VSH



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Exhibit 5.6 System Operating Cost/Passenger

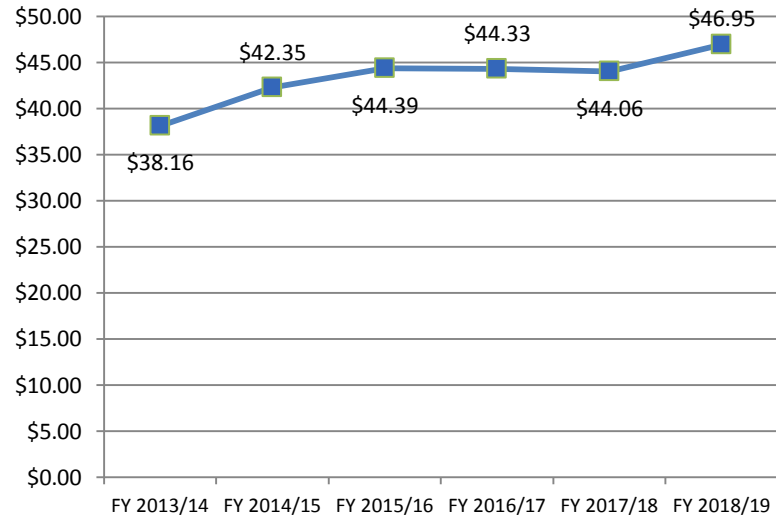


Exhibit 5.7 System Passengers/VSH

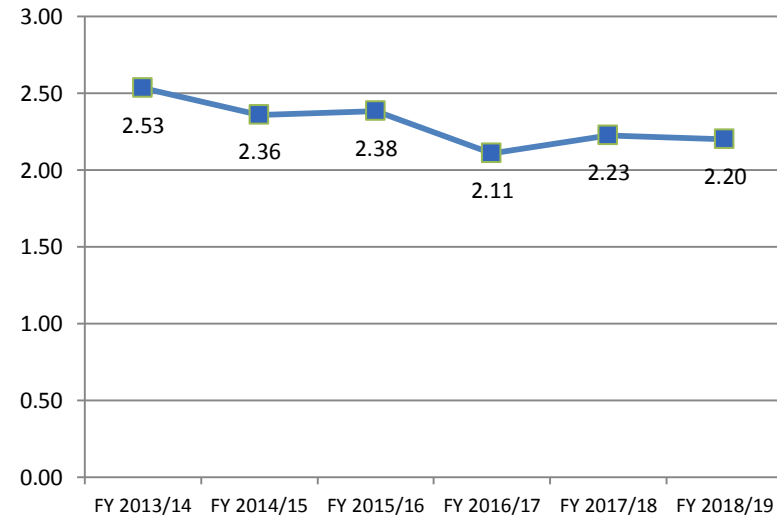


Exhibit 5.8 System Passengers/VSM

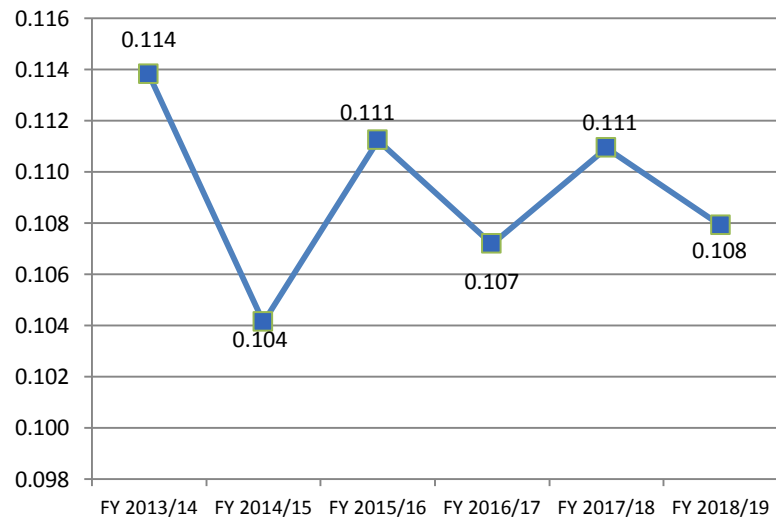
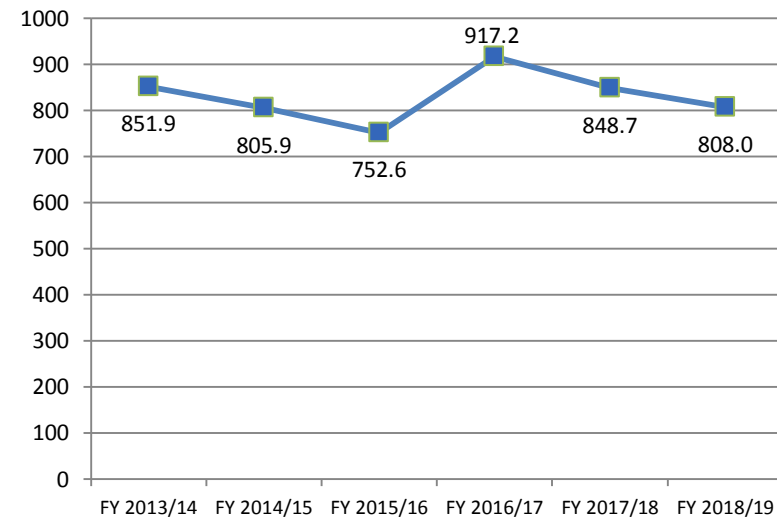


Exhibit 5.9 System VSH/FTE





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Exhibit 5.10 System Farebox Recovery

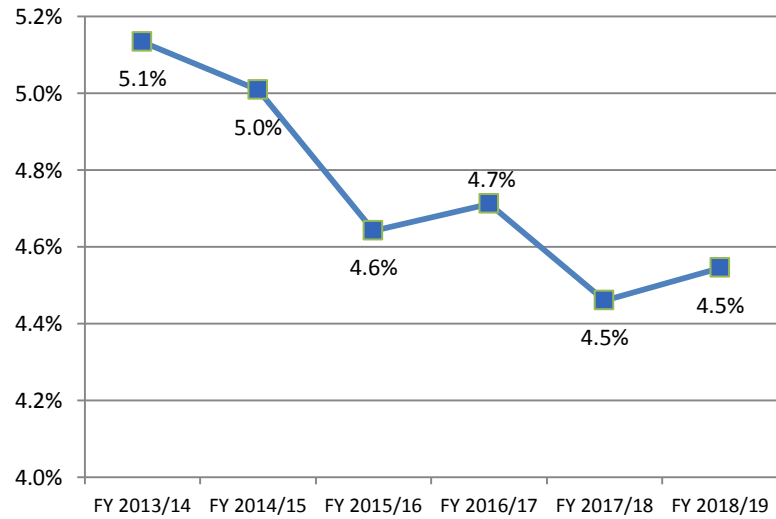
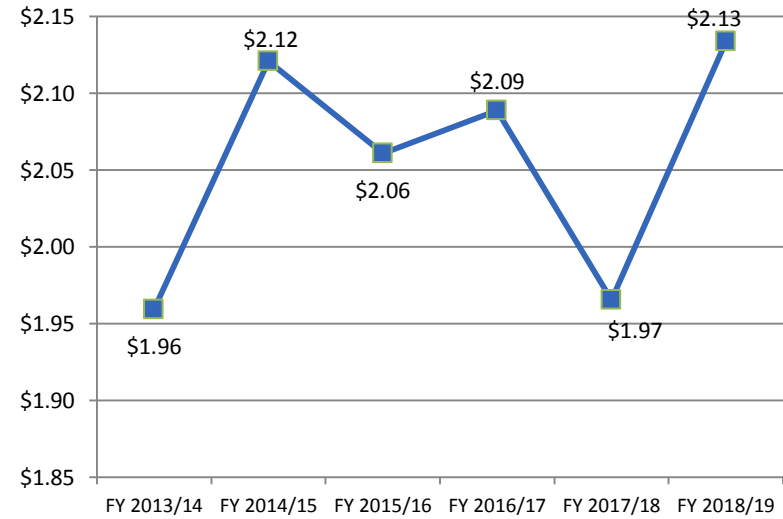


Exhibit 5.11 System Fare/Passenger



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# Chapter 6

## Functional Review

A functional review of the IVT Access' public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the operator's transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by the IVT Access through its transit program:

- General management and organization;
- Service planning;
- Scheduling, dispatch, and operations;
- Personnel management and training;
- Administration;
- Marketing and public information; and
- Fleet maintenance.

### Service Overview

IVT Access provides supplementary ADA paratransit service for persons with disabilities who cannot use the regular fixed-route bus system (Imperial Valley Transit). It is a curb-to-curb Dial-A-Ride service open to individuals who have completed a certification and eligibility process. The service operates within three-quarters of a mile of the IVT fixed-route service, mirroring the days and hours of operation of individual fixed-routes. (For example, if a route does not operate on the weekend, IVT Access service will not be available on the weekend.) Service is also available to the general public on a space-available basis.



### Fare Structure

IVT Access fares are distance-based, ranging from \$2.00 to \$2.50 for ADA-certified riders. The fare for non-ADA riders is one-and-a-half times the ADA fare (i.e., \$3.00 and \$3.75). Riders may bring a companion who pays the same fare.

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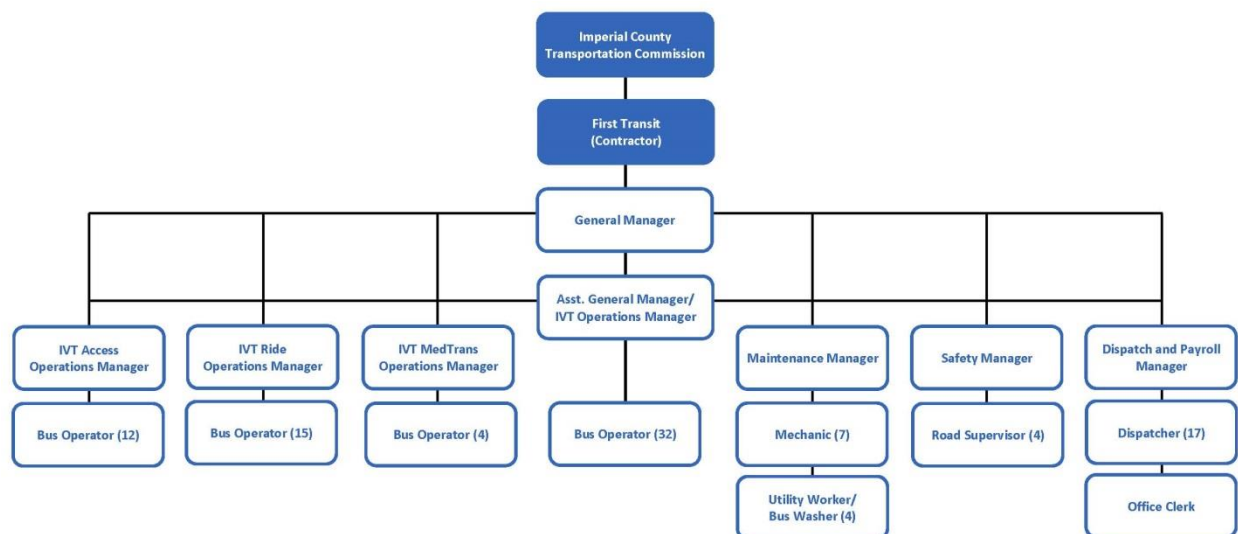
Exhibit 6.1 IVT Access Fare Structure

	Niland	Calipatria	Westmorland	Brawley	Imperial	IVC	El Centro	Heber	Calexico	Holtville	Seeley
Niland	--	\$2.00	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Calipatria	\$2.00	--	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Westmorland	\$2.50	\$2.50	--	\$2.00	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Brawley	\$2.50	\$2.50	\$2.00	--	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Imperial	\$2.50	\$2.50	\$2.50	\$2.50	--	\$2.00	\$2.00	\$2.50	\$2.50	\$2.50	\$2.00
IVC	\$2.50	\$2.50	\$2.50	\$2.50	\$2.00	--	\$2.00	\$2.00	\$2.50	\$2.50	\$2.00
El Centro	\$2.50	\$2.50	\$2.50	\$2.50	\$2.00	\$2.00	--	\$2.00	\$2.50	\$2.50	\$2.00
Heber	\$2.50	\$2.50	\$2.50	\$2.50	\$2.00	\$2.00	\$2.00	--	\$2.00	\$2.50	\$2.00
Calexico	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.00	--	\$2.50	\$2.50
Holtville	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	--	\$2.50
Seeley	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.00	\$2.00	\$2.50	\$2.50	--

## General Management and Organization

All Imperial Valley Transit operations are contracted to First Transit under four separate contracts. Contract management is provided by Imperial County Transit Commission. First Transit operates the IVT programs with a great deal of autonomy. A general manager oversees the entire IVT operation, while separate operations managers manage each service. First Transit’s Imperial Valley Transit organizational chart is illustrated in Exhibit 6.3.

Exhibit 6.3 Organizational Chart



Source: First Transit.

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#### Service Planning

All service planning is undertaken by the Imperial County Transportation Commission. The most recent Short Range Transit Plan for Imperial County was completed in November 2018. The SRTP included a number of changes to the IVT fixed-route service that were not expected to affect IVT Access' service area or hours of service. However, Year 8 of the operations plan called for the addition of IVT Access service on three federal holidays, and Year 10 saw the potential for a small increase in demand as the ADA complementary paratransit service around Brawley would be expanded. Neither of these potential changes will fall within the next audit period.

#### Scheduling, Dispatch, and Operations

Drivers are shared among all IVT services. Some drivers may not have an air brake endorsement, which limits the type of bus they can drive. Employees are represented by Teamsters Local 542, though there are different collective bargaining agreements (CBAs) for drivers, dispatchers, etc. Bids are seniority-based and take place twice each year, typically in August and February. Drivers are cross-trained for the different routes and services. There is no extra board. Vehicles are assigned based on service, as all services are separately branded.

Demand-response dispatchers bid on the specific service they want, but are trained on all services. This provides back-up coverage in case of illness or vacations.

#### Personnel Management and Training

First Transit currently employs 62 drivers, 52 of whom are full-time. The goal is to have 65 total drivers with 52 full-time drivers. Some part-time drivers prefer part-time employment, as many have another job. Turnover is typically about four to five employees per year. Drivers tend to stay longer. In 2019, First Transit lost two full-time drivers; however, both stayed on as part-time drivers. Occasionally drivers are terminated or leave for other employment.

First Transit uses standard recruiting practices for hiring employees. It can take recruits through the entire training and licensing process using a TSI trainer. The only thing not provided is DMV testing. New recruits have a mixture of experience. Some come in with their Class B license, yet all receive the full training.

Various activities are used to motivate employees, including employee of the month (which features a reserved parking space), bringing in donuts and coffee, and the Safe Driver Award (based on DriveCam reviews).

#### Administration

The Imperial County Transportation Commission handles all budgeting. They review anticipated state and federal revenues and break down expenses, anticipated planning, contingencies, and vehicle needs for the year, then start building the budget. They coordinate with other ICTC staff for the total budget.

First Transit provides insurance and handles all claims. Imperial County provides legal services and internal auditing.

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First Transit handles its own payroll through an outside service (e.g., ADP). Most vendor checks related to transit service are issued by First Transit. Other vendor checks are issued by ICTC, depending on the purchase.

All procurement practices conform with FTA and state requirements. IVT utilizes the CalACT bid to procure vehicles.

### Marketing and Public Information

Marketing of all IVT services has been a shared responsibility of both ICTC and First Transit. First Transit typically orders and pays for the rider guide and fare media and is reimbursed by ICTC. Within the last year, ICTC started handling service marketing.

All customer service calls are logged and a monthly report is provided to ICTC. Valid complaints are forwarded to the operations manager of the individual service for investigation, and can be escalated to the general manager if necessary. A form is completed by the dispatcher or customer service representative for all complaints.

### Maintenance

First Transit's preventive maintenance program for all IVT services conforms with manufacturer specifications. The current facility is cramped and the shop is small. The fleet is growing, despite no increase in the size of the facility. First Transit would like an extra maintenance bay.

The operations and maintenance facility features a bus wash with a water clarifier. The bus wash is serviced every six months.

Access to the parts room is restricted. All parts are tagged. First Transit maintains a sufficient inventory of commonly used parts.

First Transit employs seven mechanics, five utility/service workers, and one maintenance manager. One utility worker reports in the morning and cleans the shop, terminals, and offices. Two utility workers come in at 3:00 p.m. and do all bus washing. First Transit is not responsible for maintaining bus stops.



Certain types of work are sent out, including engine overhauls, transmission overhauls, and windshields. Everything else is done in house. Sometimes vendors are hired to come on-site to do specific repairs. The only backlog of repairs is due to waiting for specialized parts.

Maintenance is notified promptly of breakdowns. A board in the dispatch office lists the out-of-service vehicles as well as the reason they are out of service. The board is updated when a vehicle is back in services.

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All of IVT's cutaways and minivans are gasoline-fueled, while buses are diesel-fueled. Fueling is contracted and is done off-site. Drivers fuel vehicles before they bring buses back to the yard.

Exhibit 6.3 IVT Access Fleet

Year	Make	Model	Quantity	PAX + WC
2016	Starcraft	Ford E450	11	17 or 9+4
2016	Braun	MV1	1	5+2
2018	Ford	Transit Works Van	1	6+1

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## Chapter 7

# Findings and Recommendations

With three exceptions, the audit team finds IVT Access to be in compliance with the requirements of the Transportation Development Act.

### Findings and Recommendations

Based on discussions with ICTC and contractor staff, analysis of program performance, and an audit of program compliance and function, the audit team presents three compliance findings:

1. State Controller Reports for Specialized Services were submitted after the stipulated deadline during all three years of the audit period.
2. In FY 2017/18, ICTC's fiscal audit of its TDA fund was submitted after the 180-day deadline plus a 90-day extension. [Submittal of the FY 2018/19 fiscal audit is still pending.]
3. The farebox recovery ratio fell below the required threshold during all three years of the audit period.

The audit team has identified no functional findings.

### Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the IVT Access public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance.

Given there are no functional findings, only compliance findings are provided below.

### Compliance Finding 1: State Controller Reports for Specialized Services were submitted after the stipulated deadline during all three years of the audit period.

**Criteria:** Public Utilities Code Section 99243 requires transit operators in receipt of TDA funds to submit annual reports to the State Controller within 90 days following the end of the fiscal year (110 days if filing electronically). Beginning FY 2016/17, this submittal deadline was amended to January 31 following the end of the fiscal year. Beginning with the online reporting for FY 2017/18, the cover sheet is timestamped with the submittal date and time upon its generation. This makes it easier to determine when the report was actually submitted.

**Condition:** Submittal of the State Controller Report is the responsibility of ICTC. In FY 2016/17, the report was submitted on March 16, 2018, approximately six weeks following the deadline. In FY 2017/18, the report was submitted on March 27, 2019, approximately eight weeks following the deadline. In FY 2018/19, the timeliness had improved, though the report was still submitted on February 14, 2020, two weeks after the deadline.

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**Cause:** Several challenges can result in reports being submitted late, including the unavailability of final data and lack of awareness regarding submittal deadlines.

**Effect:** Late submittals can place an operator out of compliance with the TDA.

**Recommendation:** Ensure State Controller Reports are submitted in a timely manner.

**Recommended Action(s):** ICTC should take whatever actions are necessary to ensure an on-time submittal of the State Controller Reports. This may require working with other entities to adjust other submittal deadlines to ensure audited data is available.

**Timeline:** Ongoing.

**Anticipated Cost:** Negligible.

**Compliance Finding 2: In FY 2017/18, ICTC's fiscal audit of its TDA fund was submitted after the 180-day deadline plus a 90-day extension. [Submittal of the FY 2018/19 fiscal audit is still pending.]**

**Criteria:** PUC Section 99245 requires all claimants in receipt of TDA funds submit to the RTPA and to the State Controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (or 270 days if a 90-day extension is granted).

**Condition:** ICTC includes all TDA funds (RTPA and operator) in a combined fiscal audit. ICTC's FY 2017/18 TDA fiscal audit was submitted in July 2019, approximately three months after the allowable 90-day extension. As of the writing of this draft, completion of the FY 2018/19 TDA fiscal audit was still pending.

**Cause:** The TDA (CCR 6662) requires that an RTPA submit its fiscal audit within 12 months of the end of the fiscal year. However, the deadline for transit operators is considerably sooner (180 days following the end of the fiscal year, or 270 days if a 90-day extension is granted). This difference in submittal deadlines is a potential contributor to the late submittal of the ICTC TDA fiscal audit.

**Effect:** When TDA fiscal audits are submitted beyond the established deadline, entities are out of compliance with the TDA. TDA funds should not be allocated to any claimant for which a TDA fiscal audit has not been submitted.

**Recommendation:** Ensure TDA fiscal audits of all IVT operations are completed no later than 270 days following the end of the fiscal year.

**Recommended Action(s):** ICTC should work with its TDA fiscal auditor to ensure the operator audits for which it is responsible (IVT, IVT Ride, IVT Access, and IVT MedTrans) are completed no later than 270 days following the end of the fiscal year.

**Timeline:** Ongoing.

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**Anticipated Cost:** Negligible.

### Compliance Finding 3: The farebox recovery ratio fell below the stipulated threshold during all three years of the audit period.

**Criteria:** PUC 99268 requires operators to maintain a minimum farebox recovery ratio in order to receive their full allocation of TDA funding. Fare revenues can be supplemented by locally generated funds if fare revenues are not sufficient to meet the stipulated requirement.

**Condition:** IVT Access is required to meet a farebox recovery ratio threshold of 10 percent. However, actual farebox recovery ratios achieved during the current audit period ranged from 4.46 percent to 4.71 percent.

This recommendation also carries over from the prior audit, which recommended IVT Access review opportunities for increasing local revenue to boost farebox recovery.

**Cause:** Despite recent reductions in operating cost, fare revenues still fall below the threshold. This is due to fare revenues decreasing at a greater rate than operating costs.

**Effect:** Failing to meet the minimum farebox recovery ratio places the operator out of compliance with the TDA and can affect its funding.

**Recommendation:** Identify supplemental local revenues that will bring the farebox recovery ratio up to at least 10 percent.

**Recommended Action(s):** IVT Access' ability to increase fares is limited by the fares charged for fixed-route service (as the ADA complementary paratransit service cannot charge more than twice the regular fixed-route fare). Therefore, two options remain: to decrease operating cost or increase farebox revenues. Given operating cost experienced a decrease during the current audit period, it is unlikely IVT Access will be able to reduce its costs significantly enough to substantially increase the farebox recovery ratio. In addition, as a demand-response service where operating costs increase in line with the number of trips provided, IVT Access is not likely to enhance its farebox recovery ratio by growing its ridership. Therefore, it is vital ICTC and IVT Access increase fare revenues by identifying local revenue sources that can be used to supplement the farebox recovery ratio.

**Timeline:** FY 2019/20.

**Anticipated Cost:** Varies depending upon strategies used and/or the amount of supplementation required.

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Exhibit 7.1 Summary of Audit Recommendations

1	TDA Compliance Recommendations	Importance	Timeline
1	Ensure State Controller Reports are submitted in a timely manner.	High	Ongoing
2	Ensure TDA fiscal audits of all IVT operations are completed no later than 270 days following the end of the fiscal year.	High	Ongoing
3	Identify supplemental local revenues that will bring the farebox recovery ratio up to at least 10 percent.	High	FY 2019/20