



FINAL REPORT
MAY 2020

Imperial County Transportation Commission

Triennial Performance Audit for FY 2017 - FY 2019



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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 as well as the five public transit programs 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 Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to maintain eligibility for TDA funding. This audit report focuses exclusively on ICTC's role as a regional transportation planning agency.

To determine ICTC's compliance with TDA requirements, as well as its overall program effectiveness and efficiency, Moore & Associates interviewed ICTC staff and reviewed supporting documentation. This audit report details findings of our compliance and functional reviews and includes recommendations to enhance ICTC's effectiveness.

The Triennial Performance Audit includes five elements:

1. Compliance requirements,
2. Follow-up of prior recommendations,
3. Analysis of internal goal setting and strategic planning efforts,
4. Review of the RTPA's functions and activities, and
5. Findings and recommendations.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit of ICTC for the period defined as:

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

The Imperial County Transportation Commission (ICTC) is a state-designated regional transportation planning agency created to address regional transportation issues. Its member agencies include the Imperial County and its seven incorporated cities. ICTC is governed by elected officials and selected representatives from Imperial County and the cities of Brawley, Calipatria, Calexico, El Centro, Holtville, Imperial, and Westmorland.

ICTC sets transportation priorities, selects projects, and distributes state and federal monies to its members to maintain, repair and support operations of local roadways, public transportation and other transportation systems. The agency works with Caltrans to plan, select and construct major highway projects. ICTC is also responsible for administering Transportation Development Act (TDA) funds, including both State Transit Assistance (STA) funds and Local Transportation Funds (LTF), and local

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Measure D tax revenues. ICTC also manages and administers Imperial Valley Transit, IVT Access, IVT Ride, and IVT MedTrans transit programs.

The audit team conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

TEST OF COMPLIANCE

With three exceptions, ICTC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. The RTPA did not submit its annual report to the State Controller within the stipulated timeframe during any year of the current audit period.
2. In FY 2017/18, ICTC's fiscal audits were submitted after the stipulated deadlines.
3. ICTC did not conduct the qualifying tests prior to the allocation of STA funds.

STATUS OF PRIOR RECOMMENDATIONS

The prior audit – completed in 2017 by Michael Baker International for the three fiscal years ending June 30, 2016 – prescribed five recommendations for ICTC as the RTPA:

1. [Apply new statutory provisions to TDA performance measures.](#)
Status: Not implemented.
2. [Implement the State Transit Assistance Qualifying Criteria Test.](#)
Status: Not implemented.
3. [Revise timeline of transit operator State Controller Report submittals](#)
Status: Not implemented.
4. [Revise the TDA claims forms and manual.](#)
Status: No longer relevant. However, once the changes to the TDA have been finalized, ICTC should then move to update its TDA Guidebook and Claim Forms. If this is not completed prior to the next Triennial Performance Audit, it should be included therein as a recommendation.
5. [Formalize orientation process for new Board and committee members.](#)
Status: Not implemented.

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GOAL SETTING AND STRATEGIC PLANNING

The mission and vision statements of ICTC's transit programs, as identified in its Short Range Transit Plans, read as follows.

Transit Mission Statement:

The mission of the Imperial County Transportation Commission (ICTC) public transit systems is to improve the quality of life for the residents of the Imperial Valley through a coordinated, accessible, and efficient countywide transit system.

Transit Vision Statement:

The transit network provides a safe, affordable, and reliable transit system that meets the needs of the transit dependent in communities within the Imperial Valley, but providing access to health care, education, public services, employment, commercial, and recreational activities.

ICTC does not prepare a Regional Transportation Plan for Imperial County, as Imperial County is included within the Southern California Association of Government's (SCAG) Regional Transportation Plan/Sustainable Communities Strategy. The most recent document was adopted in 2016. SCAG is in the process of updating the document, which should be adopted in mid-2020.

The 2018 SRTP included the following goals for mobility in Imperial County:

1. Provide mobility to all residents of Imperial County. Service levels are determined by demand, with all areas receiving service but those with more demand for transit receiving more service.
2. Connect residents of Imperial County with medical, social services, and educational facilities throughout the county.

FINDINGS AND RECOMMENDATIONS

Following discussions with ICTC staff and a review of program compliance, we identified three compliance findings:

1. The RTPA did not submit its annual report to the State Controller within the stipulated timeframe during any year of the current audit period.
2. In FY 2017/18, ICTC's fiscal audits were submitted after the stipulated deadlines.
3. ICTC did not conduct the qualifying tests prior to the allocation of STA funds.

The audit team identified two additional functional findings. While these findings are not compliance findings, we feel they are significant enough to be addressed within this review.

1. ICTC has yet to implement a standardized process for new Board member orientations.
2. ICTC does not reaffirm its definitions of "unmet transit need" and "reasonable to meet" as part of its annual unmet transit needs findings.

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In completing this Triennial Performance Audit, the auditors submit the following recommendations for the Imperial County Transportation Commission as the RTPA. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the agency into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the Triennial Performance Audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure State Controller Reports are submitted in a timely manner.	High	Ongoing
2	Ensure the RTPA's fiscal audits are completed no later than 12 months following the end of the fiscal year.	Medium	Ongoing
3	For any operator using STA funds for operating purposes, ICTC should include the test against the two qualifying efficiency standards as part of the TDA claim process.	High	FY 2020/21
Functional Recommendations		Importance	Timeline
1	Prepare and implement a standardized orientation process for new ICTC Board members.	Medium	ASAP
2	Reaffirm ICTC's definitions of "unmet transit need" and "reasonable to meet" as part of each annual unmet transit needs finding.	Low	FY 2021/22

Chapter 2

Audit Scope and Methodology

The Triennial Performance Audit of the Imperial County Transportation Commission (ICTC) covers a three-year period ending June 30, 2019. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In late 2019, the Imperial County Transportation Commission selected Moore & Associates, Inc. to prepare Triennial Performance Audits of itself as the RTPA 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 ICTC as the designated RTPA for Imperial County. Direct benefits of a Triennial Performance Audit include providing RTPA 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 99246(a) that the RTPA designate an independent entity other than itself to conduct a performance audit of its activities as well as those of each operator to whom it allocates TDA funding.

Moore & Associates conducted this performance review in accordance with generally accepted government auditing standards. Those standards require the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on its review objectives. The auditors believe the evidence obtained provides a reasonable basis for our findings and conclusions based on its review objectives.

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

OBJECTIVES

The Triennial Performance Audit has four primary objectives:

1. Assess compliance with TDA regulations,
2. Review actions taken by the RTPA to implement prior recommendations,
3. Evaluate the efficiency and effectiveness of the RTPA through a review of its functions, and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the RTPA.

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SCOPE

The Triennial Performance Audit is intended to be a high-level review of performance evaluating the efficiency and effectiveness of the RTPA. The review of ICTC included five related tasks:

1. Review of compliance with the TDA requirements and regulations.
2. Assessment of implementation of recommendations presented in prior performance audits.
3. Analysis of ICTC's internal goal setting and strategic planning functions.
4. Examination of the following functions:
 - Administration and Management,
 - Transportation Planning and Regional Coordination,
 - Claimant Relationships and Oversight,
 - Marketing and Transportation Alternatives, and
 - Grant Applications and Management.
5. Recommendations to address opportunities for improvement based on analysis of the information collected and the review of the RTPA's core functions.

METHODOLOGY

The methodology for the Triennial Performance Audit of ICTC as the RTPA included extensive review of documents relevant to the scope of the review, as well as information contained on ICTC's website (www.imperialctc.org). The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit report for the prior review period;
- Annual budgets;
- Audited financial statements;
- State Controller Reports;
- Agency organizational chart;
- Board meeting minutes and agendas;
- Planning studies and documents prepared during and prior to the audit period; and
- TDA and transit funding allocations to operators.

The methodology for this review included a site visit to ICTC's offices (1503 N. Imperial Avenue, Suite 104, El Centro) on February 12, 2020. The audit team met with David Aguirre (Associate Transportation Planner) and Michelle Bastidas (Administrative/Financial Analyst) and reviewed materials germane to the Triennial Performance Audit.

The 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. Scope and Methodology: Discussion of the review methodology and pertinent background information.
3. Audit Results: In-depth discussion of ICTC's roles and responsibilities as well as findings surrounding each of the subsequent elements of the review:

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- Compliance with statutory and regulatory requirements,
- Progress in implementing prior recommendations,
- Goal setting and strategic planning,
- Functional review, and
- Findings and recommendations.

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Chapter 3

Overview of ICTC

The Imperial County Transportation Commission (ICTC) is a regional transportation planning agency governed by a Commission composed of one council member from each city (Brawley, Calipatria, Calexico, El Centro, Holtville, Imperial, and Westmorland), two members of the Imperial County Board of Supervisors, one member of the Imperial Irrigation District's Board of Directors, and one ex officio member appointed by the Governor of California representing Caltrans. ICTC was created in 2009 by Senate Bill 607 as the successor agency to the Imperial Valley Association of Governments. Future non-voting members of the Commission may include representatives of Baja California; Mexicali, Mexico; any federally recognized Native American tribe in Imperial County; and the Consul of Mexico.

ROLES

ICTC serves many functions within the region, including:

Regional Transportation Planning Authority (RTPA). As the RTPA, ICTC is legally responsible for allocating Transportation Development Act (TDA) funds. The TDA provides two major sources of funding: Local Transportation Funds (LTF), which are derived from a one-quarter cent state sales tax, and State Transit Assistance (STA), which is derived from the statewide sales tax on diesel fuel. ICTC is required by state statutes to conduct multi-modal transportation planning, programming, and funding allocation.

Transit Operator. ICTC provides direct management, administration, and oversight of local and regional transit programs including Imperial Valley Transit (IVT), IVT Ride, IVT Access, and IVT MedTrans. ICTC also partners with the Yuma County Intergovernmental Public Transportation Authority (YCIPTA) and Quechan Tribe to provide transit service in Eastern Imperial County.

Americans with Disabilities Act (ADA) Certification and Eligibility Provider. ICTC's Mobility Coordination staff process eligibility/certification applications and conduct functional interviews to support Imperial County's ADA program.

Consolidated Transportation Service Authority (CTSA). ICTC is the agency responsible for coordinating programs serving the transportation needs of seniors, persons with disabilities, and other historically transit-dependent populations.

Local Transportation Authority (LTA). ICTC is responsible for determining the method for distributing Measure D sales tax revenue for transportation improvements.

Imperial/Mexicali Binational Alliance – Developed by ICTC in partnership with the Imperial Valley Economic Development Corporation (IVEDC) and Mexicali's Economic Development Organization (CEM). The Imperial-Mexicali Binational Alliance was established via memorandum of understanding in 2013 in Mexicali. This group focuses on three cross-border goals: transportation infrastructure, economic development, and environmental issues. Other participating organizations include local, state

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and federal agencies having direct responsibilities for cross-border infrastructure, economic, and environmental issues. Participants include the cities of Calexico and Mexicali; Imperial County; State of Baja California's Cabinet Offices of Transportation/Urban Planning, Environments, and Economic Development; Caltrans; U.S. and Mexico federal agencies located at the border; and the Secretariat for Communications and Transport. The Alliance meets on the second Thursday of the month on a bi-monthly basis and alternates meetings between Imperial and Mexicali.

CalVans – In 2014, ICTC became a member of the CalVans Joint Powers Agency. CalVans does not require contributions from members, but provides an additional transit option within member jurisdictions. CalVans established an office in El Centro and operates approximately 50 agricultural worker vanpools within Imperial County.

ADVISORY COMMITTEES

Management Committee – Addresses transportation projects and issues specific to the region and serves as a policy advisory body to the Board. The Management Committee is comprised of two members from the County of Imperial and one member from each member-city or agency (e.g., City Manager, Chief Executive Officer, General Manager, or their designated representative). It meets on the second Wednesday of the month.

Social Services Transportation Advisory Council (SSTAC) – Statutorily (PUC 99238) created to serve a broad representation of youth, students, elderly, disabled persons, persons of limited means, social service agencies, the transit-dependent, and transit providers. The SSTAC participates in the identification of transit needs; reviews and recommends action; and provides advice and technical recommendations. SSTAC members serve three-year terms.

Technical Advisory Committee (TAC) – Composed of Planning and Public Works Department representatives from each member agency including advisory members of Caltrans, Southern California Association of Governments (SCAG), and ICTC. The purpose of the TAC is to coordinate the plans and development of regional transportation improvement program of projects, transportation planning programs, and transportation funding programs. It typically meets on the fourth Thursday of the month.

Americans with Disabilities Act (ADA) Advisory Committee – Includes members from the SSTAC as well as other individuals who are disabled and agencies that provide services to the disabled community. It meets on an as-needed basis when a transit complaint has been filed by a person with disabilities, when an appeal is filed under the ADA certification and eligibility process, and when a public agency requests input from the disabled community regarding transit service changes.

ORGANIZATION

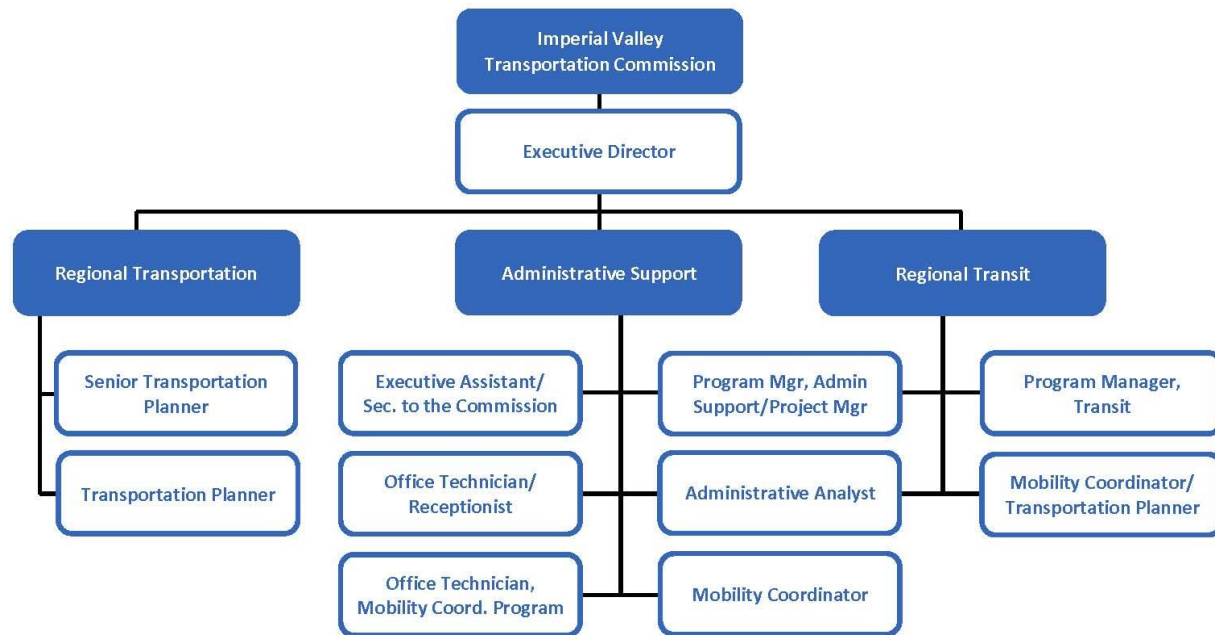
The ICTC organizational chart (see Exhibit 3.1) includes 11 full-time positions. ICTC's Executive Director reports to the Commission and manages three departments: Regional Transportation, Administrative Support, and Regional Transit.

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Exhibit 3.1 Organizational Chart



Source: ICTC.

During the audit period, the following individuals served as voting members of the Imperial County Transportation Commission:

- George Nava, City of Brawley (2016-2019)
- Maria Nava-Froelich, City of Calipatria (2016-2019)
- Joong Kim, City of Calexico (2016)
- Bill Hodge, City of Calexico (2017-2018)
- Lewis Pacheco, City of Calexico (2019)
- Cheryl Viegas-Walker, City of El Centro (2016-2019)
- Jim Predmore, City of Holtville (2016-2019)
- Doug Cox, City of Imperial (2016)
- Robert Amparano, City of Imperial (2017-2019)
- Larry Ritchie, City of Westmorland (2016-2019)
- Jack Terrazas, County of Imperial (2016)
- Luis Plancarte, County of Imperial (2017-2019)
- Ryan Kelley, County of Imperial (2016-2019)
- Norma Sierra-Galindo, Imperial Irrigation District (2016)
- Erik Ortega, Imperial Irrigation District (2017-2019)

ICTC Commissioners meet at 6:00 p.m. on the fourth Wednesday of the month in the Imperial County board chambers (940 Main Street) in El Centro.

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Current areas of interest to the Commission include battery-electric vehicle technology, bus shelters, and additional service coverage areas. In addition, ICTC receives monthly performance reports from its operations contractor and makes periodic presentations to the Board.

GOAL SETTING AND STRATEGIC PLANNING

The mission and vision statements of ICTC's transit programs, as identified in its Short Range Transit Plans, read as follows:

Transit Mission Statement:

The mission of the Imperial County Transportation Commission (ICTC) public transit systems is to improve the quality of life for the residents of the Imperial Valley through a coordinated, accessible, and efficient countywide transit system.

Transit Vision Statement:

The transit network provides a safe, affordable, and reliable transit system that meets the needs of the transit dependent in communities within the Imperial Valley, but providing access to health care, education, public services, employment, commercial, and recreational activities.

ICTC does not prepare a Regional Transportation Plan for Imperial County, as Imperial County is included within the Southern California Association of Government's (SCAG) Regional Transportation Plan/Sustainable Communities Strategy. The most recent document was adopted in 2016. SCAG is in the process of updating the document, which is expected to be adopted in mid-2020.

ICTC's most recent Long-Range Transportation Plan was completed in 2013. It primarily focused on a review of transportation infrastructure in Imperial County and provided a prioritized list of highway facility and roadway improvement projects. It also included a congestion management element that included recommended methods for establishing performance standards for transit service.

In 2018, ICTC completed its most recent Short Range Transit Plan (S RTP). The 2018 S RTP included the following goals for Imperial County:

1. Provide mobility to all residents of Imperial County. Service levels are determined by demand, with all areas receiving service but those with more demand for transit receiving more service.
2. Connect residents of Imperial County with medical, social services, and educational facilities throughout the county.

The S RTP also proposed a potential third goal, which would be to attract choice riders. The S RTP sought to address these goals by working to:

1. Maximize the efficiency of the system by deploying appropriate resources to areas where they are needed most.
2. Maximize usage of the system by serving all major trip generators and ensuring passengers can make the necessary connections to reach those decisions.

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Other recent planning efforts have included the California/Baja California Border Master Plan Update (2014), Calexico Border Intermodal Transportation Center Feasibility Study (2014), Public Transit-Human Services Transportation Coordination Plan for Imperial County (2014), California/Baja California Pedestrian and Bicycle Transportation Access Study (2015), ADA Certification and Eligibility Process Assessment (2015), Imperial County State Transportation Improvement Program (STIP) (2016), Imperial County Travel Model (ICTM) Update (2018), Calexico Traffic Circulation Plan (2018), and Imperial County State Transit Improvement Program (STIP) (2020).

In Chapter 6, the auditors further evaluate ICTC's effectiveness and efficiency as the RPTA.

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Chapter 4

Program Compliance

This section examines the Imperial County Transportation Commission's compliance with the State of California's Transportation Development Act as well as relevant sections of California's Public Utilities Commission code. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. Although compliance verification is not a Triennial Performance Audit function, several specific requirements concern issues relevant to the performance audit. The RTPA considers full use of funds under CCR Section 6754(a) to refer to operating funds but not capital funds. The Triennial Performance Audit findings and related comments are delineated in Exhibit 4.1.

Compliance was determined through discussions with ICTC staff as well as a physical inspection of relevant documents, including the fiscal audits for each year of the triennium. Also reviewed were planning documents, Board actions, and other related documentation.

With three exceptions, ICTC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. The RTPA did not submit its annual report to the State Controller within the stipulated timeframe during any year of the current audit period.
2. In FY 2017/18, ICTC's fiscal audits were submitted after the stipulated deadlines.
3. ICTC did not conduct the qualifying tests prior to the allocation of STA funds.

The Future of the Transportation Development Act¹

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 were:

- 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

¹ 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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- 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, particularly for transit operators, may look quite different in subsequent triennial performance audits. The RTPA will likely need to implement changes to its TDA claims manual, forms, and processes to reflect changes to operator compliance requirements.

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Exhibit 4.1 Transportation Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund monies apportioned to that area.	PUC 99231	In compliance	
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles (Article 3).	PUC 99233, 99234	In compliance	
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process that includes at least an annual public hearing.	PUC 99238, 99238.5	In compliance	Public Unmet Transit Needs hearings held on: February 11, 2016 February 9, 2017 February 22, 2018 February 21, 2019
The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit. <ul style="list-style-type: none"> A committee for the purpose of providing advice on productivity improvements may be formed. The operator has made a reasonable effort to implement improvements recommended by the RTPA as determined by the RTPA, or else the operator has not received an allocation that exceeds its prior year allocation. 	PUC 99244	In compliance	ICTC has a transit operators working group that meets quarterly.
The RTPA has ensured that all claimants to whom it allocated TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	PUC 99245	Finding	ICTC: FY 2016/17: March 31, 2018 FY 2017/18: July 2, 2019 FY 2018/19: Pending Quechan Indian Tribe: FY 2016/17: March 13, 2018 FY 2017/18: February 28, 2019 FY 2018/19: November 1, 2019
The RTPA has submitted to the state controller an annual certified fiscal audit within 12 months of the end of the fiscal year.	CCR 6662	Finding	FY 2016/17: March 31, 2018 FY 2017/18: July 2, 2019 FY 2018/19: Pending
The RTPA has submitted within 90 days after the end of the fiscal year an annual financial transactions report to the state controller.	CCR 6660	Finding	FY 2016/17: March 16, 2018 FY 2017/18: February 27, 2019 FY 2018/19: March 4, 2020

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Compliance Element	Reference	Compliance	Comments
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA money, and to the RTPA within 12 months after the end of the triennium. If an operators audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.	PUC 99246, 99248	Not applicable	All transit operators received Article 8(c) funding. This requirement applies to Article 4 recipients.
The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.	PUC 99246(c)	In compliance	Letter to Caltrans dated October 25, 2017, following adoption of the RTPA's audit on September 27, 2017.
For Article 8(c) claimants, the RTPA may adopt performance criteria, local match requirements, or fare recovery ratios. In such cases, the rules and regulations of the RTPA will apply.	PUC 99405	Not applicable	While operators receive Article 8(c) funding, the RTPA has not adopted alternative performance criteria.
The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of section 99260.2.	PUC 99246(d)	In compliance	
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	PUC 99270.1, 99270.2	In compliance	
The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	PUC 99275.5	In compliance	
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	PUC 99310.5, 99313.3, Proposition 116	In compliance	

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Compliance Element	Reference	Compliance	Comments
The amount received pursuant to the Public Utilities Code, Section 99314.3, by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	PUC 99314.3	In compliance	
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none">• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238;• Identified transit needs, including:<ul style="list-style-type: none">○ Groups that are transit-dependent or transit-disadvantaged,○ Adequacy of existing transit services to meet the needs of groups identified,○ Analysis of potential alternatives to provide transportation services;• Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet"; and• Identified the unmet transit needs or there are no unmet transit needs that are reasonable to meet. <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>	PUC 99401.5	In compliance	<p>The annual Unmet Transit Needs process undertaken by ICTC includes the following elements:</p> <ul style="list-style-type: none">• Public comment period• Public hearing• Identification of any unmet transit needs that are reasonable to meet• Consultation with the Social Services Transportation Advisory Council (SSTAC)

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Chapter 5

Prior Recommendations

This section reviews and evaluates the implementation of the prior Triennial Performance Audit recommendations and determines degree of implementation. This objective assessment is to provide assurance the Imperial County Transportation Commission has made quantifiable progress toward improving both the efficiency and effectiveness of its functions.

The prior audit – completed in 2017 by Michael Baker International for the three fiscal years ending June 30, 2016 – prescribed five recommendations for ICTC as the RTPA:

1. [Apply new statutory provisions to TDA performance measures.](#)

Discussion: ICTC is required to track performance measures of the transit systems for TDA funding eligibility. The prior audit noted several changes occurred in relation to the computation of these measures. Legislation (SB 508) passed in October 2015 significantly modified several provisions of the TDA. The legislation had several objectives, including simplifying fare recovery requirements, authorizing funding of bicycle and pedestrian safety education programs, and modifying STA qualifying criteria for operations.

SB 508 rationalized performance metrics, for example, by applying the same operating cost exemptions to both the farebox recovery ratio and the STA qualifying criteria. In addition, the bill clarified a few terms so as to help ensure expectations are applied uniformly to the transit systems.

The prior auditor noted farebox recovery ratios calculated in the next annual TDA fiscal audit (FY 2016–17) should account for these changes, given that operator eligibility for TDA funds is determined in large part by the audited farebox ratios. The revised STA sliding scale qualifying criteria that ICTC must also apply could have certain budgeting and planning implications.

Progress: None of the TDA Fund (Fund 7076) fiscal audits prepared during the current audit period included a review of the farebox recovery ratio. While it appears some of these changes may have been implemented, it is not clearly demonstrated anywhere.

Status: Not implemented.

2. [Implement the State Transit Assistance Qualifying Criteria Test.](#)

Discussion: Before STA funds can be used for transit operations, ICTC must conduct a test using a formula under PUC Section 99314.6 to determine the operator's year-over-year growth in cost per revenue hour or average three-year change. With the enactment of state legislation (SB 508) reinstating the test, the prior audit advised the Commission to apply the qualifying criteria. At that time, ICTC allocated all STA funds for the operation of IVT Access ADA paratransit service. Typically the test is conducted during the TDA claims process before funds are approved and distributed for their intended expenditures. Alternatively,

the audit noted ICTC could request that the IVT fiscal auditor conduct the verification as part of the annual fiscal and compliance audit.

Given ICTC allocates all STA funds for IVT Access for required ADA paratransit service, the statute allows exclusions of cost increases beyond the change in the Consumer Price Index for such expenses as comparable complementary paratransit. This exclusion would enable STA funds to continue to be used for the ADA service provided by IVT Access. However, the auditor recommended ICTC conduct the test as a measure of statutory compliance when STA is used for transit operational expense.

Progress: It does not appear ICTC has utilized the qualifying criteria test prior to allocating STA funds. Evidence of such has not been included in the TDA claim or the TDA fiscal audit for IVT Access.

Status: Not implemented.

3. [Revise timeline of transit operator State Controller Report submittals](#)

Discussion: ICTC prepares separate annual Transit Operators Financial Transaction Reports to the State Controller (State Controller Reports) for its general public fixed route and specialized service dial-a-ride systems. New state legislation was passed (AB 1113 - Bloom) in 2017 that changed the timeline to submit these reports from within 110 days after fiscal year end to 7 months after fiscal year end, or end of January. In addition, with the change in dates, the State Controller Reports are required to contain underlying data from audited financial statements. This means the State Controller Reports must contain audited financial data drawn from the annual transit operator fiscal audits which are due 180 days, or 6 months, after fiscal year end.

The prior report also recommended ICTC notify the Quechan Indian Tribe, which prepares the State Controller Reports for YCAT Routes 5 and 10, of this change.

Progress: All Transit Operator Financial Transaction Reports submitted by ICTC were filed after the stipulated deadline. The Quechan Tribe submitted its report late in FY 2016/17, but submitted subsequent reports prior to the January 31 deadline.

Status: Not implemented.

4. [Revise the TDA claims forms and manual.](#)

Discussion: This recommendation is a carryover from two prior performance audits. The current TDA claims forms were developed in January 2006 as part of the Transportation Development Act Guidebook update. During their subsequent use for the claims process, staff has found the claims forms to be complex relative to the claims being made and the information that is required from the claimants. A streamlined claims form would serve the agency better and should be revised as agency resources allow, along with providing further training to the claimants. The revised claims forms should include a requirement that the claimants report at least annually the status of implementing the fiscal audit and performance audit recommendations. This requirement can be inserted as part of the

annual TDA claims package. The TDA Guidebook should be updated to reflect new statutory provisions, farebox recovery, and instructions for completing the claims.

Progress: ICTC continues to use the outdated claim forms. However, given the potential changes to the TDA on the horizon, it would be a waste of effort and resources to undertake a significant revision to the claim forms at this time.

Status: No longer relevant. However, once the changes to the TDA have been finalized, ICTC should then move to update its TDA Guidebook and Claim Forms. If this is not completed prior to the next Triennial Performance Audit, it should be included therein as a recommendation.

5. Formalize orientation process for new Board and committee members.

Discussion: Due to the nature of rotation in membership on the ICTC board and committees, ICTC staff face the challenge of orienting new members on a fairly regular basis about the agency. At the time of the prior audit, many interviewees expressed the orientation process has not been standardized, with some receiving one-on-one consultation from staff, while others have had to learn on their own. ICTC retains an “open door” for a new or existing member to consult with staff and to become more familiar with the agency; however, a standard orientation process might be warranted. This could include an annual conversation during a board and committee meeting at the beginning of the year on the purpose and ground rules of the board/committees, and development and distribution of a user friendly handout on the agency’s workings. The prior audit noted the annual ICTC Overall Work Program and Budget serves some capacity and has materials for the handout, and could be leveraged in the formulation of a standalone orientation piece. Other prior presentations on an overview about ICTC could also be used for orientation materials. Sample orientation materials from other RTPAs were provided by the performance auditor to ICTC.

Progress: ICTC staff have continued conducting informal orientation sessions with new Commission members. However, there is still no standardized process.

Status: Not implemented.

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Chapter 6

Functional Review

A functional review of the Imperial County Transportation Commission determines the effectiveness and efficiency of the following functional activities:

- Administration and Management,
- Transportation Planning and Regional Coordination,
- Claimant Relationships and Oversight,
- Marketing and Transportation Alternatives, and
- Grant Applications and Management.

ADMINISTRATION AND MANAGEMENT

ICTC sets transportation priorities, selects projects, and distributes state and federal monies to its members to maintain, repair and support operations of local roadways, public transportation and other transportation systems. The agency works with Caltrans to plan, select and construct major highway projects. ICTC is also responsible for administering Transportation Development Act (TDA) funds, including both State Transit Assistance (STA) funds and Local Transportation Funds (LTF), and local Measure D tax revenues. ICTC also manages and administers Imperial Valley Transit, IVT Access, IVT Ride, and IVT MedTrans transit programs.

Imperial County is included within the Southern California Association of Governments' Regional Transportation Plan. As such, it participates in the development of SCAG's Regional Transportation Plan/Sustainable Communities Strategies (RTP/SCS) but does not prepare its own RTP report.

Within its annual Overall Work Plan and Budget, ICTC identifies key activities, accomplishments, funding sources, and anticipated expenditures for two program areas:

1. Financial Management, Community Outreach, and Regional Transportation Planning and Program Management; and
2. Transit Planning and Program Management.

The budget for each program area is broken down further into Administration and Operations and Professional and Specialized Projects and Services. Budgeting is a joint effort and relies heavily on anticipated revenue forecasts.

ICTC depends on the County for legal services and internal audit services.

Staff turnover has historically been low and is mostly due to retirements. ICTC currently has nine staff and is looking to increase the staffing level soon. All employees undergo annual performance evaluations and are eligible for a standard benefits package which includes retirement benefits, health insurance, etc.

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TRANSPORTATION PLANNING AND REGIONAL COORDINATION

The regional planning landscape in Southern California is unique with respect to how responsibility for particular activities has been assigned. The Southern California Association of Governments (SCAG) is the designated Metropolitan Planning Organization (MPO) for a six-county region (Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura). As the MPO, SCAG is responsible for coordinating land-use and transportation planning efforts within its jurisdiction. Its core areas of focus include:

- Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS),
- Federal Transportation Improvement Program (FTIP),
- Annual Overall Work Program,
- Transit and Passenger Rail,
- Air Quality,
- Regional Transportation Model,
- Active Transportation,
- Plug-in Electric Vehicle Readiness,
- Transportation Finance, and
- Regional Housing Needs Assessment.

Responsibility for development of the RTP/SCS and FTIP would normally fall under the purview of the RTPA in other regions (such as San Diego County). Though ICTC and SCAG may appear to serve the same function regarding Imperial County, SCAG's focus is on Imperial County as one part of the six-county region, while ICTC's focus is solely Imperial County.

SCAG's 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy is the guiding long-range transportation planning document for Imperial County. The plan takes a holistic approach to improving air quality, with plans for smarter development and additional modes of transportation resulting in reduced emissions and improved air quality. Such planning includes placing residences and commercial offices in proximity, promoting ridesharing, telecommuting, and alternative schedules, thereby removing vehicle trips during peak periods. The 2016 RTP/SCS calls for further investment across all transit modes and also calls for new household and employment growth to be targeted in areas that are well served by public transportation to maximize the improvements called for in the Plan. The Plan also endorses county plans to close arterial gaps and chokepoints in the transportation network. SCAG is currently in the process of updating the RTP/SCS, and expects to adopt the 2020 RTP/SCS in mid-2020.

In 2018, the Imperial County Travel Model (ICTM) was developed through a joint effort of Caltrans and Cambridge Systematics. Adapted from the SCAG Model, the ICTM focused on a much smaller, mostly rural population (as compared to the larger urbanized population used in the SCAG Model). The ICTM also accounts for cross-border traffic and focuses on localized travel. The availability of the ICTM can help ICTC more effectively model changes to roadway capacity, transit service, and travel demand.

CLAIMANT RELATIONSHIPS AND OVERSIGHT

ICTC monitors operator progress through quarterly transit operator meetings. It prepares a group Transit Asset Management (TAM) Plan for IVT, IVT Access, IVT Ride, and IVT MedTrans (YCAT assets are included within its own TAM Plan). Traditionally, ICTC and First Transit have shared the responsibility of

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preparing marketing materials for the IVT transit programs. However, within the last year, ICTC has been handling more of the service marketing activities.

Given Imperial County's transit operators receive Article 8(c) funds and are contracted operations, ICTC may wish to explore the use of alternative performance criteria (as allowed under PUC 99405). Changes to the TDA in coming years, however, may render this option unnecessary.

MARKETING AND TRANSPORTATION ALTERNATIVES

ICTC typically sets aside a sizeable budget for marketing and outreach activities. While these activities primarily focus on the IVT transit programs it administers, this also includes travel training, ADA certification, and mobility management. In addition, ICTC does limited promotion of CalVans and may offer referrals to social service agencies as an alternative or supplement to IVT services.

ICTC currently utilizes two marketing and advertising consultant contracts: one for IVT, IVT Access, and IVT MedTrans, and the other for IVT Ride. Marketing Plans are outlined for each service, and ICTC has regular meetings with the consultants about program recommendations. Marketing activities include media releases, advertisements, movie theater advertising (MedTrans), and videos (provided to jurisdictions to run on their respective websites).

CalVans is the only other transportation alternative (beyond public transit) in Imperial County. There is no local ridesharing program.

GRANT APPLICATIONS AND MANAGEMENT

ICTC prepares and submits grant applications for its RTPA and transit programs, including FTA Sections 5307, 5310, and 5310; LCTOP, PTMISEA, and State of Good Repair. Most grant applications are prepared in-house, though ICTC will occasionally enlist the assistance of a consultant. ICTC has some long-term projects for which it would like to apply for grants but does not due to limited staffing. ICTC monitors and reports on the grants it receives.

The Quechan Tribe typically prepares grants for the Eastern Imperial County Transit Service (EICTS). The Tribe recently received grant funding for bus stop amenities. The Tribe monitors and reports on its own grants.

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Chapter 7

Findings and Recommendations

CONCLUSIONS

With three exceptions, the auditors find the Imperial County Transportation Commission, functioning as the RTPA, to be in compliance with the requirements of the Transportation Development Act. Compliance and functional recommendations intended to improve the effectiveness of the organization as the RTPA are detailed below.

FINDINGS AND RECOMMENDATIONS

Following discussions with ICTC staff and a review of program compliance, the audit team identified three compliance findings:

1. The RTPA did not submit its annual report to the State Controller within the stipulated timeframe during any year of the current audit period.
2. In FY 2017/18, ICTC's fiscal audits were submitted after the stipulated deadlines.
3. ICTC did not conduct the qualifying tests prior to the allocation of STA funds.

The audit team identified two additional functional findings. While these findings are not compliance findings, we feel they are significant enough to be addressed within this review:

1. ICTC has yet to implement a standardized process for new Board member orientations.
2. ICTC does not reaffirm its definitions of "unmet transit need" and "reasonable to meet" as part of its annual unmet transit needs findings.

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the Imperial County Transportation Commission as the RTPA. They have been divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the agency into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the Triennial Performance Audit that are not specific to TDA compliance.

Compliance Finding 1: The RTPA did not submit its annual report to the State Controller within the stipulated timeframe during any year of the current audit period.

Criteria: CCR 6660 requires RTPAs 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 2015/16, 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.

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Condition: In FY 2016/17, the report was submitted on or about March 16, 2018, approximately six weeks following the deadline. In FY 2017/18, the report was submitted on March 28, 2019, approximately eight weeks after the deadline. In FY 2018/19, the timeliness had improved, though the report was still submitted on March 4, 2020, four weeks after the deadline.

The RTPA provided Special Districts Reports for FY 2017/18 and FY 2018/19, rather than Transportation Planning Agencies Reports, as part of this audit. It is unclear whether this represents a change in reporting requirements, or if ICTC also completed a Transportation Planning Agencies Report.

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 audits were submitted after the stipulated deadlines.

Criteria: CCR 6662 requires an RTPA submit its fiscal audit to the State Controller within 12 months of the end of the fiscal year. 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 completes its audits by fund, but all are done on a similar time frame. ICTC's FY 2017/18 TDA fiscal audits were completed on July 2, 2019. (As of the writing of this draft, completion of the FY 2018/19 TDA fiscal audit was still pending.) This is well beyond the 270-day deadline for the operators and just beyond the June 30 deadline for the RTPA.

Cause: It is unclear why the audit could not be completed a few days earlier so as to be in compliance.

Effect: When TDA fiscal audits are submitted beyond the established deadline, entities are out of compliance with the TDA.

Recommendation: Ensure the RTPA's fiscal audits are completed no later than 12 months following the end of the fiscal year, and that operator audits for which ICTC is responsible are submitted no later than 180 days after the end of the fiscal year (plus a 90-day extension).

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Recommended Action(s): ICTC should work with its TDA fiscal auditor to ensure its own audit is completed by June 30 following the end of the fiscal year.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Compliance Finding 3: ICTC did not conduct the qualifying tests prior to the allocation of STA funds.

Criteria: Senate Bill 508 introduced legislation that adjusted the efficiency standards required to use STA funds for operating purposes. PUC 99314.6 requires an operator comply with one of two qualifying calculation methods in order to utilize the full STA allocation for operating purposes. Failure to comply with either of these qualifying methods results in the operating being able to use STA funds for operations reduced by the lowest amount it exceeded the target necessary to meet the efficiency standard.

Condition: This recommendation is carried over from the prior audit. Despite this requirement being in place since FY 2017, there is no evidence ICTC conducted the qualifying tests prior to allocating funding for operating purposes for IVT Access and IVT MedTrans. When the calculations were applied, IVT Access was found to be eligible to use all of its STA allocation for operating purposes each year, while IVT MedTrans did not meet the full eligibility criteria for the current year.

There are two tests to determine if an entity meets the qualifying criteria for using the full allocation of STA funds for operating purposes. One compares the operating cost per vehicle service hour for the most recent two years for which audited data is available, adjusted for CPI. The other compares cost per vehicle service hour for the two most recent three-year periods for which audited data is available, adjusted for CPI.

For FY 2018/19, the STA allocation would have been based on audited data from FY 2016/17 (because FY 2017/18 audited data would not have been available when the claim was prepared).

The two efficiency standards are as follows:

Efficiency Standard 1:

Z must be less than or equal to $[Y + (Y) * (CPI\%)]$ [CPI% = average percentage change in the CPI%]

Efficiency Standard 2:

$[(X + Y + Z) / 3]$ must be less than or equal to $[(W + X + Y) / 3] + \{[(W + X + Y) / 3] * (3\text{-year CPI}\%)\}$

Exhibit 7.1 shows the worksheet with calculations for IVT Access for FY 2018/19. Exhibit 7.2 shows the worksheet with calculations for IVT MedTrans for FY 2018/19. IVT Access met the qualifying criteria for both tests, while IVT MedTrans met neither.

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Exhibit 7.1 IVT Access STA worksheet FY 2018/19

Operator's STA Qualifying Criteria (99314.6) - Worksheet

FISCAL YEAR (Audited Data)	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
A. Operating Cost	\$1,318,143	\$1,369,563	\$1,433,453	\$1,457,672
B. Operating Cost Exclusions: (Depreciation already excluded)				
C. Adjusted Operating Cost (A-B)	\$1,318,143	\$1,369,563	\$1,433,453	\$1,457,672
D. Revenue Vehicle Hours (RVH)	13631	13700	13547	15593
E. RVH Exclusions: (add sheets if required)				
F. Adjusted RVH (D-E)	13631	13700	13547	15593
G. Operating Cost per RVH (C/F)	\$96.70	\$99.97	\$105.81	\$93.48
I. Operating Cost per RVH	\$96.70 W	\$99.97 X	\$105.81 Y	\$93.48 Z
H. % Change in CPI				2.84%
% Change in CPI 3 prior years (change in annual CPI between first year of first fiscal year and last year of last fiscal year)	3.12%			

Efficiency Standard 1:

Z must be less than or equal to (Y)+[(Y)*(CPI%)] [CPI% = average percentage change in the CPI%]

Z =	\$93.48	Difference:	-\$15.34
Y =	\$105.81	Percentage:	-14.09%
[Y + Y * (CPI)] =	\$108.82		

Efficiency Standard 2:

[(X + Y + Z) / 3] must be less than or equal to [(W + X + Y)/3] (3-year CPI%)

[(X + Y + Z) / 3] =	\$99.75	Difference:	-\$4.22
[(W + X + Y) / 3] =	\$100.83	Percentage:	-4.06%
[(W + X + Y) / 3] + [(W + X + Y) / 3]*CPI =	\$103.97		

For RTPA Use Only

Operator qualifies under:

Standard 1:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Standard 2:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

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Exhibit 7.2 IVT MedTrans STA worksheet FY 2018/19

Operator's STA Qualifying Criteria (99314.6) - Worksheet

FISCAL YEAR (Audited Data)	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
A. Operating Cost	\$192,821	\$211,934	\$199,499	\$498,289
B. Operating Cost Exclusions: (Depreciation already excluded)				
C. Adjusted Operating Cost (A-B)	\$192,821	\$211,934	\$199,499	\$498,289
D. Revenue Vehicle Hours (RVH)	1548	1544	1497	3482
E. RVH Exclusions: (add sheets if required)				
F. Adjusted RVH (D-E)	1548	1544	1497	3482
G. Operating Cost per RVH (C/F)	\$124.56	\$137.26	\$133.27	\$143.10
I. Operating Cost per RVH	\$124.56 W	\$137.26 X	\$133.27 Y	\$143.10 Z
H. % Change in CPI				2.84%
% Change in CPI 3 prior years (change in annual CPI between first year of first fiscal year and last year of last fiscal year)	3.12%			

Efficiency Standard 1:

Z must be less than or equal to (Y)+[(Y)*(CPI%)] [CPI% = average percentage change in the CPI%]

Z =	\$143.10	Difference:	\$6.05
Y =	\$133.27	Percentage:	4.54%
[Y + Y * (CPI)] =	\$137.05		

Efficiency Standard 2:

[(X + Y + Z) / 3] must be less than or equal to [(W + X + Y)/3] (3-year CPI%)

[(X + Y + Z) / 3] =	\$137.88	Difference:	\$2.07
[(W + X + Y) / 3] =	\$131.70	Percentage:	1.53%
[(W + X + Y) / 3] + [(W + X + Y) / 3]*CPI =	\$135.80		

For RTPA Use Only

Operator qualifies under:

Standard 1:	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Standard 2:	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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Cause: It is likely the qualifying test was not conducted because it was not the way ICTC had allocated its STA funds in prior years.

Effect: Allocation of the full amount when an entity is not eligible to use the full amount for operating purposes can result in an over-allocation.

Recommendation: For any operator using STA funds for operating purposes, ICTC should include the test against the two qualifying efficiency standards as part of the TDA claim process.

Recommended Action(s): The STA worksheet (provided in Excel format separately) should be utilized as part of the TDA claims process for operators receiving STA for operating. If an operator does not meet either standard, the allocation should be reduced by the smallest percentage by which the standard is not met (for example, in Exhibit 7.2, that percentage is 1.53 percent).

Timeline: FY 2020/21.

Anticipated Cost: Dependent upon operator performance.

Functional Finding 1: ICTC has yet to implement a standardized process for new Board member orientations.

Criteria: Caltrans' *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* includes Governing Board Activities as part of the Administration and Management functional area.

Condition: This recommendation was carried forward from the prior audit. At present, ICTC staff conduct orientation activities with new Board members on an informal basis. The prior audit recommended a more standardized approach to such orientations to ensure all new Board members have access to the same information and resources.

Cause: Lack of a standard orientation process can result in inconsistencies with respect to Board members' knowledge and understanding of key information and processes, as the information provided may vary depending on which ICTC staff conduct the orientation.

Effect: When new Board members do not have sufficient information about ICTC processes and issues, they are less likely to make well-informed decisions about the matters discussed by the Commission.

Recommendation: Prepare and implement a standardized orientation process for new ICTC Board members.

Recommended Action(s): ICTC staff should identify existing resources that can be used to effectively orient new Board members. These should be utilized in support of a process that defines who conducts the orientation, what it covers, and who should participate.

Timeline: As soon as possible.

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Anticipated Cost: Negligible, assuming existing materials can be compiled into an effective orientation guide.

Functional Finding 2: ICTC does not reaffirm its definitions of “unmet transit need” and “reasonable to meet” as part of its annual unmet transit needs findings.

Criteria: PUC 99401.5 outlines the Unmet Transit Needs process under TDA Article 8. The process requires the RTPA utilize definitions of “unmet transit need” and “reasonable to meet” that are documented by resolution or in the minutes of the agency. While these definitions have been adopted by the Commission, they are not included in the annual findings.

Condition: While ICTC conducts an annual unmet needs process that meets the requirements of the TDA, its definitions of “unmet transit need” and “reasonable to meet” are not typically affirmed as part of the unmet transit needs findings. As a result, this information can be difficult to find for someone who is new to the process, including Commission members and the public alike.

Cause: One challenge of a recurring process such as the unmet transit needs process is assuming everyone involved has the same level of information.

Effect: By not providing these definitions as part of the process, there is a reduced understanding of which requests should be considered unmet transit needs and which should not during any given year.

Recommendation: Reaffirm ICTC’s definitions of “unmet transit need” and “reasonable to meet” as part of each annual unmet transit needs finding.

Recommended Action(s): ICTC should include these definitions in its annual unmet transit needs finding as part of the introductory material leading into that year’s findings. It should also include the date on which the definitions were adopted by the Commission.

Timeline: FY 2021/22.

Anticipated Cost: None.

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Exhibit 7.3 Summary of Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure State Controller Reports are submitted in a timely manner.	High	Ongoing
2	Ensure the RTPA's fiscal audits are completed no later than 12 months following the end of the fiscal year.	Medium	Ongoing
3	For any operator using STA funds for operating purposes, ICTC should include the test against the two qualifying efficiency standards as part of the TDA claim process.	High	FY 2020/21
Functional Recommendations		Importance	Timeline
1	Prepare and implement a standardized orientation process for new ICTC Board members.	Medium	ASAP
2	Reaffirm ICTC's definitions of "unmet transit need" and "reasonable to meet" as part of each annual unmet transit needs finding.	Low	FY 2021/22