San Bernardino Associated Governments

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•San Bernardino County Congestion Management Agency •Service Authority for Freeway Emergencies

November 18, 2011

SUBJECT: ADDENDUM NO. 1 TO REQUEST FOR PROPOSALS (RFP) 12100 "TRANSIT OPERATOR PERFORMANCE AUDIT"

This letter and its attachment comprise Addendum No. 1 to the above subject RFP issued by the San Bernardino Associated Governments, (herein after referred to as "Authority"). Please be aware of the following:

1. Proposers are advised that written questions received by the date and time identified in the RFP as well as Authority's written responses are presented as Attachment No. 1 to this Addendum No. 1.

2. Consultants are reminded to acknowledge receipt of this Addendum No. 1 in their cover letter, which must accompany the proposal.

Questions regarding this Addendum No. 1 should be directed in writing to Kathleen Murphy-Perez, at kmurphy-perez@sanbag.ca.gov.

Sincerely,

Beth Kranda
Project Manager

Enclosure: Attachment No. 1

WRITTEN QUESTIONS RECEIVED AND AUTHORITY'S WRITTEN RESPONSES TO RFP 12100, "TRANSIT OPERATOR PERFORMANCE AUDIT"

Q1. In prior transit operator performance audit RFP's, SANBAG had requested related but separate work to be conducted that was outside the statutory audit requirements. Should some type of contingency work scope and budget be included in the proposal submittal?

A1. No. SANBAG for this RFP will not be requesting any additional work scope outside of what is presented in the RFP.

Q2. Please confirm whether CTSA is not included in the RFP list of transit operators to be audited.

A2. The CTSA is not included in this Scope of Services.

Q3. Do you have a budget established for this project?

A3. No

Q4. Who performed the prior performance audit?

A4. PMC in association with Booz/Allen/Hamilton.

Q5. Will the prior audit be made available for download?

A5. Yes, a link will be posted on SANBAG's website to prior audit reports.

Governments
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FY 2006-2008 Triennial Performance Audit of San Bernardino Associated Governments

Submitted to San Bernardino Associated Governments

June 2009

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Note: This document was prepared specifically for the Triennial Performance Audit of the San Bernardino Associated Governments, Omnitrans, Victor Valley Transit Authority, Morongo Basin Transit Authority, and Mountain Area Regional Transit Authority and the cities of Barstow and Needles transit systems. Any reuse or modification without the written authorization of PMC will be at the user's sole risk.

Executive Summary

PMC, in association with Booz Allen Hamilton, was retained by the San Bernardino Associated Governments (SANBAG) to conduct its Transportation Development Act (TDA) performance audit for Fiscal Years (FY) 2005–06 through 2007–08. As a Regional Transportation Planning Agency (RTPA), SANBAG is required by Public Utilities Code (PUC) Sections 99246 and 99248 to prepare and submit an audit of its performance on a triennial basis to the California State Department of Transportation (Caltrans) to continue receiving TDA funding. TDA funding is used for SANBAG administration and planning, and distributed to local jurisdictions for motorized and non-motorized forms of transportation.

This performance audit is intended to describe how well SANBAG is meeting its administrative and planning obligations under TDA, as well as its organizational management and efficiency. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)* published by the California Department of Transportation was used to guide in the development and conduct of the audit. To gather information for the TDA performance audit, PMC conducted interviews, reviewed various documents, and evaluated SANBAG's responsibilities, functions, and performance of the TDA guidelines and regulations. Interviews were conducted with agency staff, the transit operators within SANBAG's jurisdiction, and stakeholders that serve on the SANBAG Public and Specialized Transportation Advisory and Coordination Council (PASTACC).

The audit comprises several sections, including compliance with TDA requirements, status of implementing prior audit recommendations, and review of functional areas. Findings from each section are summarized below, followed by recommendations based on our audit procedures.

Compliance with TDA Requirements

SANBAG has satisfactorily complied with most State legislative mandates for Regional Transportation Planning Agencies. One compliance measure was not applicable. A few compliance areas were partially met, including the mandate for SANBAG to analyze and recommend potential productivity improvements for the transit operators, as well as to ensure the fiscal and compliance audits were submitted to the State according to the statutory timelines. A few of the FY 2007-08 TDA fiscal audits of the transit operators were not submitted to the State on time due to a change in reporting format.

To its credit, SANBAG has conducted extensive outreach during the annual unmet transit needs process by holding at least three public hearings in various locations throughout the Mountain/Desert Region to take public testimony and by accepting written and Internet correspondence. The public hearings are held where public transit services are provided

in each subregion. TDA statute requires at least one public hearing whereas SANBAG sponsors three.

Status of Prior Audit Recommendations

There were two recommendations in the prior performance audit. One recommendation was implemented which included developing a succession plan in the management of the TDA program. However, the second prior recommendation relating to updating the SANBAG TDA Fund Application Manual was not implemented, as SANBAG staff has not had the opportunity to update the 2002 manual to reflect both statutory and administrative changes. This recommendation is carried forward for full compliance.

Functional Review

1. SANBAG conducts its management of the TDA program in a competent, professional manner while operating in a complex intergovernmental environment.

2. SANBAG has satisfactorily complied with most State legislative mandates for Regional Transportation Planning Agencies. A few compliance areas were partially met, including the mandate for SANBAG to analyze and recommend potential productivity improvements for the transit operators, as well as to ensure the fiscal and compliance audits were submitted to the State according to the statutory timelines.

3. SANBAG has responded to and implemented one of the two prior performance audit recommendations. The recommendation not yet implemented is to update its TDA application manual.

4. SANBAG has seen notable changes and challenges in staffing during the audit period, particularly at the senior management and executive leadership level. Staff changes included the recruitment of two Executive Directors in the past three years, a Director of Management Services and Mountain/Desert Subregional Policies and a new Director of Freeway Construction, and recruitment of four Chief Financial Officers.

5. In light of the extension of Measure I for another 30 years and the limited capacity of Caltrans and partner agencies to deliver projects, SANBAG has been organizing itself through creation of new positions and new internal controls toward serving as an implementation agency. A new strategic plan for Measure I has also been developed to guide future transportation infrastructure.

6. The agency was recognized in May 2007 as the International Employer of the Year by Women's Transportation Seminar (WTS) at an awards dinner in San Diego.

7. SANBAG is updating its financial software, having outgrown its current system and recently installing and testing a new system. Tyler Technologies, Inc. is supplying SANBAG with the EDEN financial management software, including core financial

and human resource applications. In conjunction with the financial system overhaul, SANBAG is documenting current desk procedures and policies as a means to communicate the standard operating procedures in light of management turnover.

8. During the audit period, SANBAG commissioned an operations analysis for each of the transit operators. Each Short Range Transit Plan provided recommendations for alternative service provision and benchmark performance measures to gauge productivity. Many of the recommendations have been implemented by the respective operators. However, LTF receipts and reserves have been trending lower due to the economic downturn resulting in required efforts by each transit agency to assess current service provision.

9. The apportioned amount of LTF funds used for SANBAG planning purposes has increased over the last three years. The increase was generally due to continued work in meeting TDA administrative requirements and planning for existing and new projects. SANBAG's statutory limit of LTF expenditures for planning and programming purposes is 3 percent of annual Local Transportation Fund revenues. SANBAG has been responsible in the amount it claims.

10. With the addition of a Transit Analyst in August 2006, SANBAG has had the staff capability to be more hands-on and engaged with the transit operators. Direct interface with the operators has been enhanced through communications, attendance at unmet transit needs hearings and PASTACC meetings, as well as review of operating performance through each operator's respective Short Range Transit Plan. By having additional transit staff focus on transit operations, the Director of Transit and Rail Programs is able to focus more on policy and to respond faster to funding and high-level decision-making for both commuter rail and public transit.

11. SANBAG, in cooperation with the transit operators, went live with TransTrack during the audit period. TransTrack is a computerized data collection and performance management tool geared toward transit operators. It is intended to standardize the reporting of critical operations data and provide a communications medium between SANBAG, the operators and their governing boards. After a few years of becoming familiar with this tool, several of the transit operators continue to experience challenges utilizing the capabilities of TransTrack. As a result, there are ongoing efforts by both SANBAG and the operators to improve the data consistency and utilization of this system to its potential.

Recommendations

Performance Audit Recommendation	Background	Timeline
#1 Enhance the Transit Productivity Improvement Program (PIP).	The transit PIP, which comprises three components, could be strengthened in several areas. One area is for SANBAG to ensure that the transit operators submit their specific initiated efforts to improve productivity along with their TDA claims, as this is a standard assurance item. A second area is for development of a brief form or table for the operators to describe their status and actions to implement the performance audit recommendations. The form, which could be attached as part of the annual TDA claim, would include a request to list each recommendation, activities conducted to implement the recommendation, and the status of whether the recommendation was fully implemented or not, and follow-up actions to be taken. The third area is ongoing work with the operators to improve their usage of TransTrack, whether through additional instruction or training, identifying and communicating data errors, or validating the method to enter the data consistently.	High Priority
#2 Require transit operators to consistently submit CHP inspection certificates with TDA claims.	The standard assurances form completed by the TDA claimants includes submittal of the annual CHP certificate verifying participation in the pull notice program. Submittal of these forms by the operators to SANBAG is a compliance requirement. As a few operators had past unsatisfactory CHP ratings for a variety of violations, SANBAG should be aware of these findings and follow up with the operator to maintain compliance.	High Priority
#3 Maintain transit staff development for TDA administration.	Given the retirement of the Director of Transit and Rail Programs, SANBAG should ensure that adequate training on TDA administration and compliance continues through the ranks. Desk procedures should be in place that enable senior staff and management to provide training to analysts and others regarding the responsibilities and compliance with TDA to maintain a high level of competency within the agency. This may include cross-sharing of responsibilities so that more than one person is capable of handling the tasks.	High Priority

Performance Audit Recommendation	Background	Timeline
#4 Update the SANBAG TDA application manual.	As a carryover recommendation from the prior performance audit, the agency's guidebook should be updated to reflect changes to the administration of TDA. These include the updated TDA statute book (February 2009), the updated TDA performance audit guidelines (September 2008), utilization of TransTrack as a performance monitoring tool, and utilization of the newly designed TDA claim form.	High Priority
#5 Develop orientation packet for new and existing PASTACC members.	Given the diversity, interest and membership size of this advisory body, a brief standard orientation packet could assist new and existing members to become more familiar with the purpose, role and responsibilities of the group. Answers to common questions posed by members could be included in addition to other general information such as transit funding sources, list of acronyms, unmet needs process and other pertinent data. The packet may also serve as a reference document for the group to consult when exchanging ideas and discussion.	Medium Priority
#6 Consider development of a broader transit policy committee in light of multimodal planning in the county and region.	SANBAG is engaged in several transit connectivity plans as well as a Long Range Transit Plan that will have broad implications on future travel and commuter behavior. These plans will likely have connectivity with rail and other transit and non-motorized systems as part of the effort to improve mobility while complying with state legislation including SB 375. Specialized transit for elderly and disabled passengers is another program that has been studied for coordination. With Bus Rapid Transit and other transit corridor endeavors being planned, a SANBAG policy committee that focuses on multimodalism and transit connectivity may be warranted in the near future. This concept might be linked to SANBAG's current standing commuter rail committee which provides a major travel mode in the county.	Medium Priority

Section I

Introduction – Initial Review of RTPA Functions

The San Bernardino Associated Governments (SANBAG) has retained the PMC team to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years (FY) 2005-06 through 2007-08. As a Regional Transportation Planning Agency (RTPA), SANBAG is required by Public Utilities Code (PUC) Sections 99246 and 99248 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue receiving TDA funding. This performance audit is intended to describe how well SANBAG is meeting its administrative and planning obligations under TDA as well as its organizational management and efficiency.

Audit Methodology

To gather information for this performance audit, PMC accomplished the following activities:

- Document Review: PMC conducted an extensive review of documents including various SANBAG files and internal reports, committee agendas and public documents.

- Interviews: PMC interviewed key SANBAG management staff as well as the transit operators under SANBAG's jurisdiction. Interviews were also conducted with stakeholders that serve on the SANBAG Public and Specialized Transportation Advisory and Coordination Council (PASTACC).

- Analysis: PMC evaluated the responses from the interviews as well as the documents reviewed about SANBAG's responsibilities, functions and performance to TDA guidelines and regulations.

The remainder of this report is divided into four chapters. In Chapter II, PMC provides a review of the compliance requirements of the TDA administrative process. Chapter III describes SANBAG's responses to the recommendations provided in the previous performance audit. In Chapter IV, PMC provides a detailed review of SANBAG's functions. The last section summarizes our findings and recommendations.

Overview of SANBAG

SANBAG was established in 1973 as a Joint Powers Agency (JPA) of the County of San Bernardino and the incorporated cities in the county. Today, SANBAG's membership has expanded to include 24 cities. The member jurisdictions include the following entities:

City of Adelanto	City of Montclair
Town of Apple Valley	City of Needles
City of Barstow	City of Ontario
City of Big Bear Lake	City of Rancho Cucamonga
City of Chino	City of Redlands
City of Chino Hills	City of Rialto
City of Colton	City of San Bernardino
City of Fontana	City of Twentynine Palms
City of Grand Terrace	City of Upland
City of Hesperia	City of Victorville
City of Highland	City of Yucaipa
City of Loma Linda	Town of Yucca Valley
County of San Bernardino	

San Bernardino County is located in the Inland Empire region of Southern California, stretching nearly 200 miles across. The county is bordered by Inyo County to the north, Kern and Los Angeles counties to the west, Riverside County to the south, Orange County to the southwest, the State of Nevada to the northeast and the Colorado River to the east. San Bernardino County was created in 1853 from parts of Los Angeles County. The county is geographically the largest in the continental United States encompassing over 21,000 square miles and is traversed by 2,834 miles of County-maintained roadways. Population growth has seen a marked increase in recent years. Based upon the 2000 U.S. Census, the county's population was 1.7 million, the fourth largest in the state. The 2008 California Department of Finance (DOF) estimate reports a countywide population of 2.05 million, the sixth largest in the state. The most populous cities within the county include the county seat of San Bernardino (205,493), Fontana (188,498), Rancho Cucamonga (174,308), Ontario (173,690), and Victorville (107,408).

Against this backdrop of rapid population growth, San Bernardino County's economy has become increasingly diverse and robust. This is attributed to the large amount of goods movement and distribution facilities in the region. The Interstate 10 (I-10), I-15 and I-215 corridors have become major development areas for such activities. However, the recent economic challenges facing the county due to the worldwide financial crisis and recession have resulted in contractions in the housing market and increased unemployment.

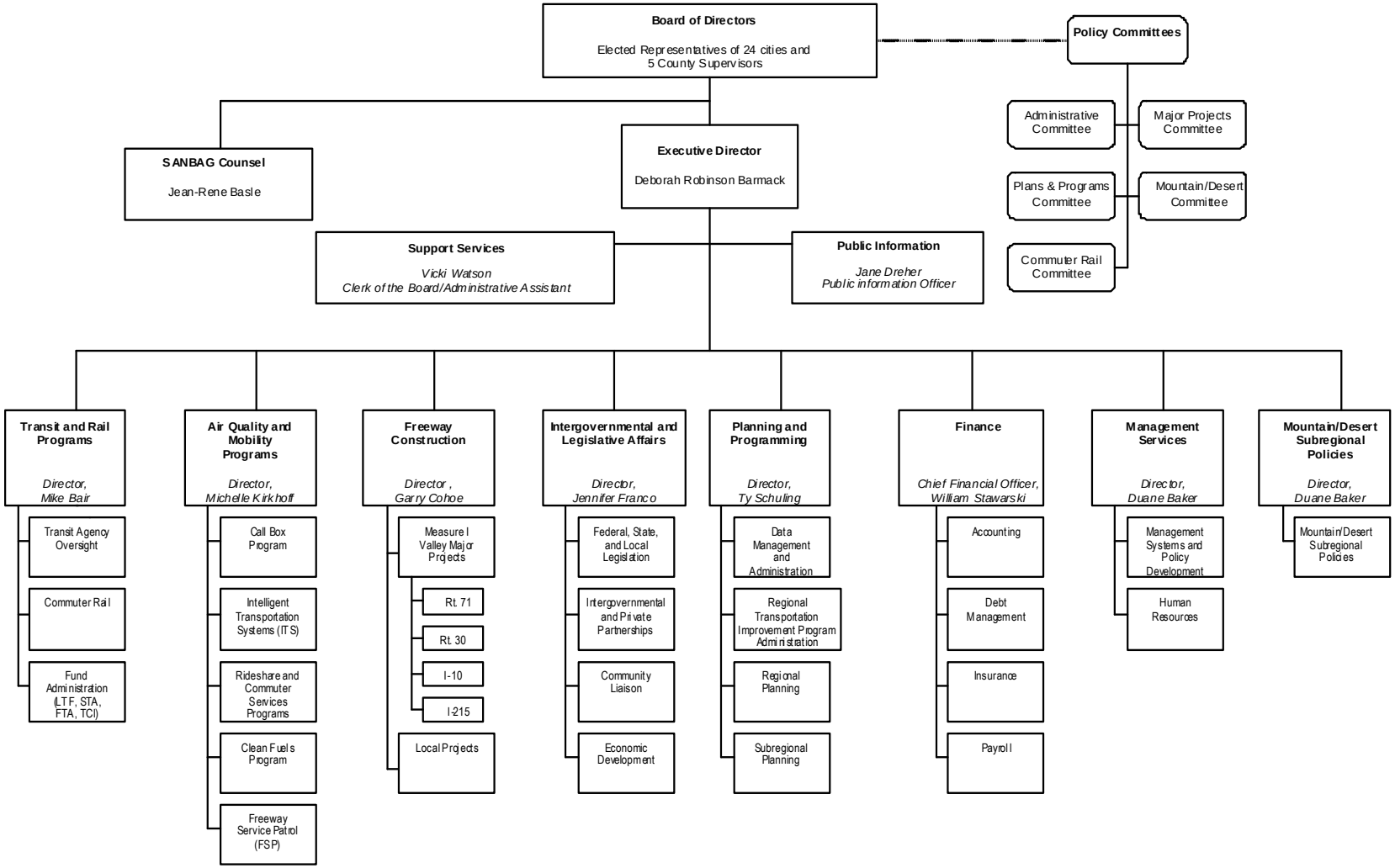
The current economic and population trends have created the need to plan and implement a myriad of transportation projects encompassing all modes including toll roads, commuter rail and enhanced bus transportation. SANBAG has committed itself to be an effective facilitator of mobility throughout the county.

Role of SANBAG

Similar to many other large regional transportation planning agencies in California, SANBAG has a complex legal structure, which delineates its responsibilities in the areas of transportation, planning, and investment decision-making. SANBAG's original 1973 JPA has served as the foundation upon which several additional responsibilities have been added in later years by the state legislature. In addition to its primary role as a Council of Governments, SANBAG also serves as the County Transportation Commission, County Transportation Authority, County Congestion Management Agency, Service Authority for Freeway Emergencies, and Sub-Regional Planning Agency. Figure I-1 depicts the organization chart of SANBAG as of late 2008.

Figure I-1

SANBAG Organization Chart



Source: SANBAG FY 2008-09 Budget

County Transportation Commission

In 1976, State Assembly Bill (AB) 1246 was enacted designating SANBAG as a county transportation commission. This statute broadened SANBAG's range of responsibilities to include coordination and approval of all public mass transit services, approval of all capital development projects for transit and highway systems, and determination of staging possibilities for near-team transportation planning and programming.

With AB 1246, SANBAG, in essence, became the transportation programming agency for San Bernardino County. In addition, SANBAG assumed responsibility for the five-year capital outlay program, the regional transportation improvement program (RTIP) for the county. The RTIP is submitted to the California Transportation Commission (CTC) for inclusion in the statewide five-year transportation investment program referred to as the State Transportation Improvement Program (STIP).

In 1990, the state legislature assigned to SANBAG the responsibility for managing all aspects of the TDA program. This action ensured that the agency had multimodal transportation planning responsibilities.

Until the passage of State Senate Bill (SB) 45 in 1997, the STIP was directed by the CTC. However, the enactment of SB 45 made significant changes to the STIP process. Specifically, SB 45 made SANBAG (as well as other regional agencies) the final arbitrator of the projects in its jurisdiction that are to be chosen for inclusion in the STIP. Thus, under the terms of SB 45, SANBAG became responsible for prioritizing 75 percent of the state transportation capital outlay funds available to San Bernardino County during each two-year STIP cycle. Before SB 45, the individual projects in the RTIP that SANBAG and other regional transportation planning agencies submitted to the CTC for inclusion into the STIP were subject to negotiations with the Commission.

County Transportation Authority

SANBAG's designation as a county transportation authority allows it to administer Measure I, the countywide half-cent transportation sales tax initiative. The twenty-year funding program for transportation projects won voter approval in November 1989. In 2004, county voters overwhelmingly approved the 2010-2040 Measure I Extension. As administrator of the Measure I program, SANBAG is responsible for determining which projects receive Measure I funding and ensuring that transportation projects are implemented.

County Congestion Management Agency

In its role as the county's congestion management agency, SANBAG manages the performance level of the regional transportation system, which takes into consideration development impacts and air quality conformity. To this end, SANBAG develops a

Congestion Management Program (CMP), which defines a network of state highways and arterials, level of service standards and related procedures, and provides technical justification for the approach. The most recent CMP was adopted by the SANBAG Board in 2007.

Service Authority for Freeway Emergencies (SAFE)

SANBAG serves as the Service Authority for Freeway Emergencies, which develops and operates a system of approximately 1,400 call boxes on highways and arterials throughout the county. Each call box is a battery-powered, solar-charged roadside cellular telephone. Call boxes are usually placed in pairs across from each other at approximately one-half mile to one mile intervals in urbanized areas, with greater spacing in rural areas. The SAFE call box network is operated in close coordination with both the California Highway Patrol (CHP) and Caltrans.

Sub-Regional Planning Agency

As a sub-regional planning agency, SANBAG represents the San Bernardino County region and assists the Southern California Association of Governments (SCAG) in its role as the federally designated metropolitan planning agency (MPO) for the county. SANBAG staff actively participates on various committees of SCAG, which make technical recommendations to SCAG's policy makers.

An important feature of SANBAG is that it operates in a complex intergovernmental environment, which requires ongoing communications and coordination with agencies at the local, regional, state and federal levels of government. This means, for example, that its transportation plan and RTIP must be coordinated with the regional transportation planning and programming process managed by SCAG. SANBAG must also coordinate its highway development programs with the Riverside County Transportation Commission (RCTC), Orange County Transportation Authority (OCTA), Los Angeles County Metropolitan Transportation Authority (LACMTA) and Caltrans. SANBAG interacts regularly with county government, the cities in the county and the county's transit operators to ensure coordination between SANBAG policies and programs and the member agencies' programs and services.

In addition, in collaboration with Los Angeles, Orange, Riverside and Ventura counties, SANBAG is a founding partner of the Southern California Regional Rail Authority (SCRRA), the region's Metrolink commuter rail service provider. Metrolink operates the San Bernardino Line, which runs between San Bernardino and Los Angeles Union Station. The San Bernardino Line is the most heavily traveled line in the Metrolink network. The Riverside Line operates between the City of Riverside and Union Station with a Metrolink Station located in East Ontario. In addition, the Inland Empire-Orange County line runs between San Bernardino and various Orange County destinations. Two members from SANBAG's Board of Directors serve on SCRRA's governing board.

In a partnership with the Riverside County Transportation Commission (RCTC), the Commuter Assistance Program provides assistance to all of the Inland Empire through the http://www.commutesmart.info website (a one-stop shop for commuters) and its ride-matching functionality on behalf of Los Angeles, Orange, San Bernardino and Ventura counties.

Organizational Structure

SANBAG's governing body is the Board of Directors comprising 29 voting members, the SANBAG Executive Director and one ex-officio member, currently Caltrans' District 8 Director, who represents the governor. Of the 29 members, 5 are members of the County Board of Supervisors and the remaining 24 members are elected officials from each of the incorporated jurisdictions in the county. The SANBAG Board meets on the first Wednesday of every month. The Board also has five committees and three technical advisory committees to assist in providing policy recommendations in its decision-making process. The committees consist of the following:

Committee	Purpose and Function
Administrative Committee	This committee makes recommendations to the Board of Directors and • Provides general policy oversight that spans the multiple program responsibilities of the organization and maintains the comprehensive organization integrity. • Provides policy direction with respect to administrative issues, policies, budget, finance, audit, and personnel issues for the organization. • Serves as the policy review committee for any program area that lacks active policy committee oversight. Meetings convene at 9 a.m. on the second Wednesday of the month and comprise nine SANBAG Board members (3 East Valley, 3 West Valley, 3 Mountain/Desert). The Committee has authority to approve contracts up to $25,000 with Board ratification to follow.
Commuter Rail Committee	This committee provides policy guidance and recommendations to the SANBAG Board and SCRRA delegates with respect to commuter rail service in San Bernardino County. The Commuter Rail Committee, comprising 9 Valley-elected officials, convenes at 12 noon on the third Thursday following the SANBAG Board meeting during odd-numbered months.
Major Projects Committee	This committee provides policy guidance and recommendations to the Board of Directors on issues related to the Measure I Major

	Projects in the Valley region. The committee, comprising board members from jurisdictions in the Valley and County Supervisors representing areas in the Valley, meets at 9 a.m. on the second Thursday of every month following the SANBAG Board meeting.
Mountain/Desert Committee	This committee provides ongoing policy-level oversight related to the full array of SANBAG responsibilities as they pertain specifically to the Mountain/Desert region. The committee also meets as the Mountain/Desert Measure I Committee as it carries out responsibilities for the Measure I Mountain/Desert Region Expenditure Plan. Membership consists of SANBAG Board Members from each Mountain/Desert jurisdiction and County Supervisors representing the First and Third Districts. The committee regularly meets at 9 a.m. on the third Friday of every month.
Plans and Programs Committee	This committee provides ongoing policy-level oversight for: • The countywide Comprehensive Transportation Plan and input into the revisions of the Regional Transportation Plan. • Congestion Management Program (CMP) revisions, policies relative to deficiency plans, state and federal funding and programming requirements, and related issues. • Programs to implement or coordinate subregional or local transportation control measures. • Programming issues related to the CMP Capital Improvement Program, the Regional Transportation Improvement Program (RTIP) and air quality conformity. The Plans and Programs Committee regularly meets at 12 noon on the third Wednesday of every month. The Committee has authority to approve contracts up to $25,000 with notification to the Board. Membership consists of three city SANBAG Board Members from each of the West Valley, East Valley, and Mountain/Desert subregions and all County Supervisors. City members are elected by caucus of city SANBAG Board Members within the subarea.

There are three ad-hoc committees that are listed on SANBAG's Policy Committee Membership roster. These include the Ad Hoc Committee on Debt Financing, the Ad Hoc

Committee to Review Council of Government Roles, and the Ad Hoc Committee on Litigation with San Bernardino County Flood Control District (Colonies Development). Each of these committees was formed and members appointed between June 2006 and May 2007 to address their specific issues.

In addition to the policy committees, there are three Technical Advisory Committees (TAC) that review and discuss selected regional and technical issues before these items are presented to policy committees and the Board of Directors. The first TAC is the City-County Managers Technical Advisory Committee (CCM-TAC), which meets to discuss issues of a regional nature and of mutual concern countywide and makes recommendations to the Board of Directors. Representatives include members of the County Administrative Office and the city manager or city administrator from each of the 24 cities in San Bernardino County. The CCM-TAC generally meets the third Thursday of the month at SANBAG's offices in San Bernardino.

The second TAC is the Comprehensive Transportation Plan Technical Advisory Committee (CTP-TAC), which comprises city engineers, public works directors and other technical representatives from San Bernardino County and individual cities countywide. The CTP-TAC reviews and discusses selected technical transportation issues and meets on the second Monday of the month.

The third TAC is the Public and Specialized Transportation Advisory and Coordination Council (PASTACC), which is the SANBAG-sponsored advisory body established under the California Transportation Development Act Section 99238. In San Bernardino County, PASTACC brings together public transit operators and social service transportation providers to discuss the mobility issues and challenges that confront seniors, persons with disabilities or persons of limited means. PASTACC members examine a wide range of topics at quarterly meetings for purposes of assisting SANBAG on matters related to social service transportation or public transportation services in San Bernardino County for the elderly, persons with disabilities or persons of limited means.

Agency Budget

According to the annual audited financial statements, SANBAG's annual revenue for the fiscal years covered by this audit ranged from $310.7 million in FY 2006 to $307.1 million in FY 2007 to $286.7 million in FY 2008. This reflects a nearly 8 percent decrease over the last three years. Deteriorating economic conditions that led to declines in sales tax revenues for Measure I and the Local Transportation Fund, as well as fluctuations in state and federal revenues, contributed to the decrease in revenue. The winding down of major projects has also contributed to the reduced revenue.

SANBAG's annual expenditures ranged from $282.8 million in FY 2006 to $300.9 million in FY 2007 to $289.7 million in FY 2008. This reflects a 6 percent increase between fiscal years 2006 and 2007, and then a 4 percent decrease between fiscal years

2007 and 2008. Over a three-year period, SANBAG salaries and wages increased 24 percent which recognizes the increase in staffing levels to manage its growing programs. The cost of staff salaries and benefits amounts to between 1.3 and 1.5 percent of the agency's annual total expenses.

Section II

RTPA Compliance Requirements

Fourteen key compliance requirements are suggested in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) and used to assess SANBAG's conformance with TDA. Our findings concerning SANBAG's compliance with State legislative requirements are summarized in Table II-1.

TABLE II-1
SANBAG Compliance Requirements Matrix

SANBAG Compliance Requirements	Reference	Compliance Efforts
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 (LTF) monies apportioned to that area.	Public Utilities Code, Section 99231	SANBAG accounts for its claimants' areas of apportionment and has not allowed those claimants to claim more that what is apportioned for their area. SANBAG makes this finding in each adopted resolution approving LTF claims. Each claimant's apportionments follow the population formula prescribed by law. **Conclusion: Complied.**
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.	Public Utilities Code, Sections 99233.3 and 99234	As described in the SANBAG TDA Application Manual, SANBAG has an adopted set of policies governing the Article 3 Bicycle and Pedestrian Facilities Program. SANBAG sets aside 20 percent of Article 3 revenue for a biennial call for projects for those bicycle and pedestrian projects that will improve access to transit stops. The remaining 80 percent is combined with Transportation Enhancement Activity funds and is allocated through a separate call for projects. Upon project approval, applicants have up to two years to complete the project. **Conclusion: Complied.**

TABLE II-1
SANBAG Compliance Requirements Matrix, continued

SANBAG Compliance Requirements	Reference	Compliance Efforts
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.	Public Utilities Code, Sections 99238 and 99238.5	To meet compliance, SANBAG established the Public and Specialized Transportation Advisory and Coordination Council (PASTACC) as an advisory body to serve as the Citizens Advisory Committee (CAC) required under PUC 99238.5 and the Social Services Transportation Advisory Council required under PUC 99238. It serves as a forum where public transit operators and social service transportation providers can discuss mobility issues that confront seniors, persons with disabilities, or persons with limited means. **Conclusion: Complied**
The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit. • A committee for the purpose 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 which exceeds its prior year allocation.	Public Utilities Code, Section 99244 (continued on next page)	SANBAG administers a Productivity Improvement Program, which requires operators to report on a number of performance measures. In conjunction with the annual TDA claims, SANBAG requires each transit operator or claimant to annually submit a Productivity Improvement Progress Report on its productivity efforts. SANBAG reviews the reports in the context of the operator's TDA claim. SANBAG identifies three topics for the reports: performance measures, performance audit recommendations, and specific claimant-initiated efforts to improve productivity. SANBAG also commissions short-range transit plans that assess operator performance and make recommendations for service improvement. Sufficient information must be provided by the operators to

TABLE II-1 SANBAG Compliance Requirements Matrix, continued		
SANBAG Compliance Requirements	**Reference**	**Compliance Efforts**
		enable SANBAG to determine if a reasonable effort was made to implement the recommendations. This includes a discussion of the efforts taken to implement recommendations from the audits, identification of any problems, the success or difficulties of implementing recommendations, and the next steps that will be taken to further implementation. From a review of TDA claims during the audit period, there did not appear to be a consistent submittal of productivity improvement program reports from the transit claimants covering each of the three topic areas such as the status of implementing performance audit recommendations. TransTrack is also intended to standardize the performance data that operators submit to SANBAG, but the operating data has contained inaccuracies and has not yet been utilized as envisioned. Additional effort should be made to comply with this TDA requirement. **Conclusion: Partial Compliance**
The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (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 (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).	Public Utilities Code, Section 99245	For the three-year audit period, SANBAG has received most of the fiscal and compliance audits from the claimants by the established dates set by the State Controller. However, a few transit fiscal and compliance audits for the transit operators for FY 2007-08 were late due to a change in reporting format. **Conclusion: Partial Compliance**

TABLE II-1 SANBAG Compliance Requirements Matrix, continued		
SANBAG Compliance Requirements	**Reference**	**Compliance Efforts**
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennium). 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 monies and to the RTPA within 12 months after the end of the triennium. If an operator's 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.	Public Utilities Code, Sections 99246 and 99248	For the current three-year audit, SANBAG has retained PMC to conduct the audit of SANBAG and the six transit operators. The operator audits include calculation of the required TDA performance indicators. Arthur Bauer & Associates, Inc. was retained to conduct the previous audit for the three fiscal years that ended June 30, 2005. **Conclusion: Complied**
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 the operators located in the area under its jurisdiction have been completed.	Public Utilities Code, Section 99246(c)	SANBAG submitted a written letter to Caltrans certifying compliance with this requirement. The letter was enclosed with the FY 2002-03 through 2004-05 performance audit of SANBAG. **Conclusion: Complied**
The performance audit of the operator providing public transportation service shall include, but not be limited to, a verification of the operator's operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include, but not be limited to, consideration of the needs and types of passengers being served and the employment of part-time drivers and the	Public Utilities Code, Section 99346(d) (continued on next page)	The performance audits of the operators include all required TDA performance measure plus additional indicators to further assess each operator's efficiency, effectiveness and economy with the use of TDA funds. **Conclusion: Complied**

TABLE II-1 SANBAG Compliance Requirements Matrix, continued		
SANBAG Compliance Requirements	**Reference**	**Compliance Efforts**
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.		
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.	Public Utilities Code, Section 99270.1 and 99270.2	There is one transit operator under SANBAG's jurisdiction, Victor Valley Transit Authority (VVTA), which serves both urbanized and non-urbanized areas. SANBAG has developed and adopted rules and regulations in 1997 with Caltrans' approval for determining the minimum fare ratios for the transit operators. For VVTA, the minimum farebox recovery ratio is 15 percent for fixed route service and 10 percent for ADA demand response. **Conclusion: Complied**
The RTPA has adopted criteria, rules and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.	Public Utilities Code, Section 99275.5	Not applicable, as SANBAG only allocates transit funds through Article 4 and Article 8 claims at the time of the audit. **Conclusion: Not Applicable**
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes. (Note: The June 5, 1990, passage of Proposition 116 no longer allows the use of state transit assistance funds for street and road purposes, as had been permitted in certain cases under PUC Section 99313.3.)	Public Utilities Code, Sections 99310.5 and 99313.3 and Proposition 116	SANBAG allocates State Transit Assistance (STA) funds for transit services only. Per SANBAG policy, STA is primarily used to fund transit capital projects. **Conclusion: Complied**

TABLE II-1
SANBAG Compliance Requirements Matrix, continued

SANBAG Compliance Requirements	Reference	Compliance Efforts
The amount received pursuant to 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.	Public Utilities Code, Section 99314.3	SANBAG administers STA funds in accordance with the relevant PUC requirements (i.e., on the basis of population and operator revenues). **Conclusion: Complied**
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: • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code, Section 99238; • Identified transit needs, including: o Groups that are transit-dependent or transit-disadvantaged, o Adequacy of existing transit services to meet the needs of groups identified, and o Analysis of potential alternatives to provide transportation services; • Adopted or re-affirmed definitions of "unmet transit needs" and "reasonable to meet"; • Identified the unmet transit needs and those needs that are reasonable to meet; • Adopted a finding that there are no unmet transit needs; that there are no unmet transit needs that are reasonable to meet; or that there are unmet transit needs including needs that are reasonable to meet.	Public Utilities Code, Section 99401.5 (continued on next page)	TDA funds are used exclusively for public transit in the San Bernardino Valley (Omnitrans and Metrolink). In the mountain and high desert regions, TDA revenues may be used for streets and roads, as is the case for local jurisdictions comprising VVTA and MBTA, as well as City of Needles. City of Big Bear Lake and City of Barstow currently use all TDA for transit. SANBAG conducts the unmet transit needs hearings in concert with each of the transit operators and in consultation with the PASTACC. Annual unmet needs hearings are typically held in Victorville (upper desert region), Big Bear Lake/Crestline (mountain region) and Joshua Tree (lower desert region). Findings of the unmet needs process are reaffirmed by the entire SANBAG Board. The definitions of "unmet transit needs" and "reasonable to meet" are reaffirmed annually, and findings of the unmet needs process are adopted through Board resolution. LTF funds have only been allocated to streets and roads after completion of the unmet needs process. **Conclusion: Complied**

TABLE II-1 SANBAG Compliance Requirements Matrix, continued		
SANBAG Compliance Requirements	**Reference**	**Compliance Efforts**
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.		
The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year and must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the transportation development and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following the fiscal year close.	California Administrative Code, Section 6662	The accounting firm of McGladrey & Pullen, LLP conducted the financial audit of SANBAG for FY 2006, and the accounting firm of Vavrinek, Trine, Day & Co., LLP conducted the audit for FYs 2007 and 2008. The Comprehensive Annual Financial Report was submitted to the State Controller within 12 months of the end of each fiscal year. Submittal dates were November 20, 2006, for the FY 2006 audit; March 6, 2008, for the FY 2007 audit; and December 22, 2008, for the FY 2008 audit. **Conclusion: Complied**

Findings and Observations from RTPA Compliance Requirements Matrix

In our opinion, SANBAG has satisfactorily complied with most State legislative mandates for Regional Transportation Planning Agencies. One compliance measure was not applicable. A few compliance areas were partially met, including the mandate for SANBAG to analyze and recommend potential productivity improvements for the transit operators, as well as to ensure the fiscal and compliance audits were submitted to the State according to the statutory timelines. A few of the FY 2007-08 TDA fiscal audits of the transit operators were not submitted to the State on time due to a change in reporting format.

To its credit, SANBAG has conducted extensive outreach during the annual unmet transit needs process by holding at least three public hearings in various locations throughout the Mountain/Desert Region to take public testimony and by accepting written and Internet correspondence. The public hearings are held where public transit services are provided in each subregion. TDA statute requires at least one public hearing whereas SANBAG sponsors three.

Section III

Prior Triennial Performance Audit Recommendations

This chapter describes SANBAG's response to the recommendations included in the prior triennial performance audit prepared by Arthur Bauer & Associates, Inc. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Develop a succession strategy to ensure continuity in the management of the TDA program upon the retirement of key staff.

Actions taken by SANBAG: The Director of Transit and Rail Programs retired in January 2009 and has been working on a limited contract basis to ensure continuity with the current recruitment of a new director. The TDA program managed by SANBAG comprises several aspects such as the ongoing claims processing and funding, monitoring transit performance, coordinating transit advisory meetings, providing grant assistance, and conducting the annual unmet transit needs hearings. Many of these programs are managed by SANBAG transit staff including the Senior Transit Analyst and Transit Analyst. There is also a Transit Specialist position that is currently vacant which is intended to assist with transit and TDA administration. Staff has been able to focus on the administration and implementation side of TDA and transit operations while the Director of Transit and Rail Programs has been able to focus more on transit policy.

SANBAG is anticipating that the new director will be versed in both transit and rail programs, and can continue the successful management of these programs. While any transition in top management presents challenges, most TDA programming is already being administered by the current transit analysts. In addition, the continued work by the recently retired director on a contract basis has helped during this transition period.

As a note to our observation, because of the complexities and resource effort associated with managing the components of TDA, consideration should be given to ensuring staff development that enables senior staff and management to continue training analysts and others regarding the responsibilities and compliance with TDA to provide a seamless knowledge transfer and high level of competency within the agency.

Conclusion: This recommendation has been implemented in that the transit analysts have assumed much of the TDA administration and management during the transition period of recruiting for a new Director of Transit and Rail Programs. As follow up, it is recommended that continuous training in the various programs and compliance requirements of TDA be offered to transit staff to ensure a seamless knowledge transfer and high level of competency within the agency.

Prior Recommendation 2

Update the Transportation Development Act Fund Application Manual to reflect changes in the statutes.

Actions taken by SANBAG: The TDA Fund Application Manual that was developed in October 2002 continues to be the current document issued by SANBAG. Staff has not had the opportunity to update the document to include new provisions in state law that impact TDA. In addition, SANBAG has transitioned to the use of TransTrack as the primary performance reporting tool which replaces the previous TOPRS program. The updated TDA manual should also reflect changes to its TDA claims forms which have been updated recently. The FY 2009-10 SANBAG budget includes resources to conduct the update.

Conclusion: This recommendation has not been implemented.

Follow-up: This recommendation is carried forward in this audit for full implementation.

Section IV

Detailed Review of RTPA Functions

In this section, a detailed assessment of SANBAG's functions and performance as a RTPA during this audit period is provided. Adapted from Caltrans' *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, SANBAG's activities can be divided into the following activities:

- Administration, Management and Coordination
- Transportation Planning and Programming
- TDA Claimant Relationships and Oversight
- Public Information and External Affairs
- Grant Application and Management

Administration, Management and Coordination

SANBAG's mission is to enhance the quality of life for all residents in San Bernardino County by:

- Improving cooperative regional planning
- Developing an accessible, efficient, multimodal transportation system
- Strengthening economic development efforts
- Exerting leadership in creative problem solving

The SANBAG Board of Directors approved this mission statement on June 2, 1993, and reaffirmed it on March 6, 1996.

Staffing

SANBAG has seen notable changes and challenges in staffing during the audit period, particularly at the senior management and executive leadership level. The agency has recruited two new Executive Directors in the past three years, the first holding the position for about two years and the current Executive Director holding the position for about a year. The current Executive Director is an internal hire and formerly the Director of Management Services and Mountain/Desert Subregional Policies. This latter position was filled in August 2008 after being vacant for about a year. A new Director of Freeway

Construction was also hired in the last year. SANBAG is moving toward developing in-house capabilities to manage large-scale freeway construction projects.

As part of the staffing changes, there have been four Chief Financial Officers during the audit review period, each having different financial backgrounds. The current CFO brings municipal finance experience, having been recruited from a local city in Los Angeles County. There was turnover in the Accounts Manager position as well in the finance department. In addition, the Director of Transit and Rail Programs announced his retirement effective January 2009 but has continued on a part-time basis as a contract employee as the agency actively recruits for a replacement. Changes in top management have occurred as the agency continues to grow in overall staff, mainly in the Administrative/Professional Group.

According to the SANBAG FY 2008-09 budget, total staff grew from about 34 positions in FY 2007 to 40 in FY 2008, with plans for up to 43 positions during FY 2009 (these include Chief of Alternative Project Financing, Transportation Planning/Programming Analyst, and Transit Specialist). Support staff and senior management staff have remained constant, while administrative and professional level staff have increased from 14 positions to 23 positions. These additional positions included the hiring of a Transit Analyst in August 2006.

WTS is an international organization dedicated to the professional advancement of women in transportation. More than half of SANBAG employees are members of the Inland Empire Chapter of WTS, including five executive staff and four who serve in chapter leadership roles.

Capital Project Development

Projects are prioritized on a regional basis and documented through expenditure plans and programming documents that have been approved through review and consensus building. Through the development of comprehensive planning documents and compliance with state and regional transportation programming requirements, the agency is able to stimulate project development. The collaboration among the departments within SANBAG and its partners has enabled capital projects to receive funding and be delivered, especially projects funded through the Measure I local sales tax and the local transportation fund.

Guidance on implementation of Measure I is provided through the Measure I Strategic Plan which provides for the allocation and administration of local, state and federal transportation revenues. SANBAG also acts as the pass-through agency for Measure I and LTF funding and disperses the funds to cities, subareas, transit operators and other claimants. Pass-through funds have ranged from $109 million to $133 million per year over the last three years.

Internal Controls

The SANBAG annual budget is a working document that is task driven and identifies the specific work elements that SANBAG will undertake for the coming fiscal year. As SANBAG continues to grow in staff, the interaction between the departments as well as with its stakeholders also becomes more complex. For example, the relationship between programming and capital development becomes more crucial as funding requirements need to be in place for project delivery. This brings to light the process that SANBAG is undertaking to formalize its internal practices.

SANBAG is updating its financial software, having outgrown its current system, and recently installed and tested a new system. Tyler Technologies, Inc. is supplying SANBAG with the EDEN financial management software, including core financial and human resource applications. In addition to software licenses, the contracts include related professional services, ongoing maintenance and support. The software features Project Accounting and Contract Management applications that respond to the specific needs of special districts. Project Accounting will provide the agency with multi-year, multi-phase project tracking and reporting, as well as the ability to carry forward from one budget year to the next.

The EDEN software package supports multiple internal and external funding, including local measures and federal and state grants. SANBAG will have the ability to prioritize funding sources and define percentages with the revenue allocation feature. The system also simplifies the reimbursement process by automating the creation of general journal entries and accounts receivable invoices for reimbursement requests. SANBAG is contracting with the County to provide project management of the financial system integration which is anticipated to go live in July 2009.

In conjunction with the financial system overhaul, SANBAG is documenting current desk procedures and policies as a means to communicate the standard operating procedures in light of management turnover. Any financial policy changes have been placed on hold until the new financial system is functional. The current CFO is also redesigning the chart of accounts to meet the agency's needs resulting from continued growth.

Another important endeavor being conducted by SANBAG is to improve the quality of documents presented to the Board. The objective is to improve communication between staff and Board members. After a gap of about five years between Board workshops, a recent workshop was held which identified several priorities for the agency. One priority is to further enhance a regional identity in order to bridge the interests of the San Bernardino Valley and Mountain/Desert areas. A second priority involves increased collaboration and cooperation in the area of legislative advocacy, which would also help to guide overall policy and enable the Board to speak with a more unified voice. A notable strength of the Board is to convene and find consensus on a host of issues. Another priority involves expanding SANBAG's activities as a COG, which would involve addressing the mortgage foreclosure crisis, water conservation, and climate

change conformity (AB 32/SB 375). However, obstacles to this endeavor include limited funding sources and local views about the impact of state legislation like climate change and sustainability.

Personnel Management

Personnel management at SANBAG is the charge of the Director of Management Services. The current director has been with SANBAG since August 2008, slightly outside the audit period. The predecessor to the current director is currently the Executive Director. An Administrative Services Specialist was added to the department with a focus on general human resources and facilities management.

Based on the recommendation of a general audit, a specific policy on fraud was instituted. This new policy includes anonymous reporting procedures and protections as well as establishes a high standard of ethics.

SANBAG's Policies Manual is kept current and posted on the agency's Intranet system. This format makes it easier to keep up with the changes. Updates are also announced at staff meetings. The agency also instituted a flexible work schedule, known as the "9/80," which allows employees to work a nine-hour day and have every other Friday off. This new schedule is not mandatory and requires some adjustments in order to maintain adequate staffing levels, such as senior management being available on an on-call basis. Most SANBAG employees are classified as "exempt" or salaried. A classification compensation study is being conducted.

SANBAG's employee benefits are coordinated through the County of San Bernardino. The agency contributes to the San Bernardino County Employees' Retirement Association (SBCERA), a cost-sharing, multiple employer, defined benefit pension plan. SBCERA provides members retirement, death, disability, and cost-of-living benefits. SANBAG employees also have access to several health insurance plans (Health Net HMO/PPO and Kaiser Permanente HMO), a 457 deferred compensation plan and an Employee Assistance Program (EAP). Payroll processing services are also handled through the County.

Transportation Planning and Programming

This functional area addresses planning functions required of SANBAG, including development of the Regional Transportation Improvement Program and the Congestion Management Program, Bicycle and Pedestrian Facilities Program, and Transit Planning including the Short Range Transit Planning process. Additional transportation programs administered by the agency are also discussed, including Freeway/Roadway Construction, Commuter Assistance Program and the Motorist Assistance Program. Lastly, the Measure I program is described as a major funding source for transportation improvements.

Regional Transportation Improvement Program (RTIP)

SANBAG is responsible for preparing the Regional Transportation Improvement Program (RTIP) for San Bernardino County projects that have been approved for federal and state funding. The RTIP is a listing of all capital improvement projects spanning a six-year period. Federal fund sources that SANBAG allocates include those prescribed through SAFETEA-LU, and State fund sources include programs created through the Proposition 1B Bond, State Transportation Improvement Program (STIP) and Regional Improvement Program (RIP).

Federal regulations require that all projects funded with state and federal funds be included in a RTIP in order to receive the funds. In addition, projects that are regionally significant but locally funded are also required to be included in the RTIP.

The RTIP is prepared to implement projects and programs in the Regional Transportation Plan (RTP), a 30-year, financially constrained, long-range planning document. SANBAG submits the county RTIP to the Southern California Association of Governments (SCAG), the Metropolitan Planning Organization (MPO) for the six-county region (Orange, Los Angeles, Imperial, Riverside, San Bernardino, and Ventura counties). SCAG is responsible for ensuring that the RTIP is consistent with the Regional RTP and adopted air plans. SCAG is the responsible agency for submittal of the RTIP to federal agencies for approval. The RTIP is generally updated every two years with amendments occurring between updates.

Congestion Management Program

SANBAG is the designated Congestion Management Agency (CMA) for San Bernardino County. As a CMA, SANBAG is responsible for developing a program that better links land use, transportation and air quality that prompt growth management strategies. The Congestion Management Plan (CMP) identifies deficiencies in the County transportation network that inhibit these growth strategies. The CMP involves the monitoring of congestion along a designated system that includes all highway facilities and selected major arterials. The system is monitored to ensure that the level of service along these roadways does not fall below the adopted level of service. Should a roadway fall to a deficient level of service, a deficiency plan would be required to identify mitigation measures including cost and a schedule of the recommended mitigation measures.

Bicycle and Pedestrian Facilities Program

As an important piece of the County transportation system, non-motorized transportation is encouraged by SANBAG. In its efforts, the agency administers a biennial Call for Projects process for bicycle and pedestrian facilities. Article 3 of TDA provides that 2 percent of LTF be set aside for the implementation of bicycle and pedestrian facilities.

In August 1999, the SANBAG Board approved a policy that 20 percent of TDA Article 3 funds would be made available for projects that improve access to bus stops for pedestrians and persons with disabilities. The remaining 80 percent would be available for pedestrian and bicycle facilities. Upon approval of a project list by the SANBAG Board, Article 3 funds will be allocated to the project sponsor agency. Allocated funds remain available for two full fiscal years after the year of Board approval.

Proposed projects are reviewed by an evaluation committee. The evaluation committee, using the criteria contained in the Call for Projects, assigns each proposed project a score. The evaluation committee comprises two SANBAG staff, engineering, public works or parks and recreation representatives from two cities/towns and the County, and one member from an adjacent county transportation commission. The evaluation committee presents its recommendation to the SANBAG Plans and Programs Committee who in turn forwards its recommendation to the full SANBAG Board.

The allocations are based on 2 percent of TDA fund apportionments, as allowed by law, plus carryover funds from prior years. According to the SANBAG budget, in April 2007, the SANBAG Board approved a list of projects from the biennial Call for Projects totaling $870,390 for transit access improvements and $3,480,617 for bicycle and pedestrian projects. The next Call for Projects took place in the fall 2008.

Transit Planning including the Short Range Transit Planning Process

SANBAG is responsible for the coordination of transit among all of the operators in the county to ensure an efficient delivery of services. In this capacity, the agency has provided a regional perspective to facilitating the provision of public transit by the six transit operators and SCRRA. As the County Transportation Commission, SANBAG requires each transit operator to prepare a multi-year operating and capital plan every other year. This Short-Range Transit Plan (SRTP), or Operations Analysis, provides basic information about the transit services provided by each operator, including performance, needs, deficiencies and a proposed plan for operations and capital investments covering the next five years. The SRTP, which replaces the prior Transit Operating and Capital Plan, provides the basis for services and capital projects that are programmed in TIP documents that are approved by SANBAG, SCAG and federal grant awarding agencies like the Federal Transit Administration (FTA) for capital grants.

During the audit period, SANBAG commissioned an operations analysis for each of the transit operators, except Needles. Each SRTP provided recommendations for alternative service provision and benchmark performance measures to gauge productivity. Many of the recommendations have been implemented by the respective operators. However, LTF receipts and reserves have been trending lower due to the economic downturn resulting in required efforts by each transit agency to assess current service provision. This has particularly impacted larger operators such as Omnitrans which prepared its updated five-year SRTP that is not financially constrained and with a relatively ambitious farebox recovery goal of 25 percent.

Regional transit goals are developed and coordinated with the timing of completion of each transit agency's Operations Analysis/SRTPs, along with the SANBAG Long Range Transit Plan (LRTP) that is still under way. The LRTP is a high-level document that is assessing land use and population characteristics that support key bus rapid transit corridors and a transit supportive network. The service and policy recommendations contained in each of these transit plans contain funding assumptions of allocations from revenue such as new Measure I funds to transit, which include commuter rail and express buses, bus rapid transit, and specialized services. It will be important for SANBAG to continue to clearly convey its supporting role to the transit operators and to assist with providing efficient and effective service while meeting regional goals and conforming to state and federal mandates.

In regard to SCRRA's Metrolink commuter rail services in San Bernardino County, SANBAG released the Passenger Rail SRTP for Fiscal Year 2008–2012 in May 2007. The Passenger Rail SRTP reflects SANBAG's share of the Metrolink operating and capital plan for the San Bernardino, Inland Empire Orange County and Riverside lines, as well as the future Redlands Passenger Rail and Gold Line Extension projects.

SANBAG has taken a more active role in helping member agencies with budgeting and operational issues, attributable in part to additional transit staff being hired including the Transit Analyst in August 2006. Pursuant to the federal SAFETEA-LU requirements, SANBAG completed a Public Transit-Human Services Transportation Coordination Plan for San Bernardino County in January 2008, which guides the use of certain federal transit funding sources. The federal transportation law includes funding programs that provide additional resources for special projects that could meet anticipated demand. Such funding sources include the Social Service Transportation Coordination Program (FTA Section 5310) and the Job Access and Reverse Commute Program (JARC) (FTA Section 5316) which became a formula program under SAFETEA-LU. JARC might be used for transit services to transport welfare recipients and other low-income individuals to employment. The New Freedom Program (FTA Section 5317) is a formula grant program that could address transportation services and capital improvements that go beyond those required by the American with Disabilities Act (ADA).

SANBAG has also been coordinating planning efforts between corridor cities in the San Bernardino Valley, such as Redlands and San Bernardino, which involve land use analyses of Transit-Oriented Development (TOD) around proposed station locations and the densities that would be TOD supportive. As part of receipt of federal small starts funding, the FTA reviews the modeling efforts employed for these corridor projects which have resulted in modeling issues. FTA wants SANBAG to use the SCAG regional model for local service projections for these corridor cities. A model agreement is being worked out.

Freeway/Roadway Construction

SANBAG serves as the lead agency for many construction projects, and provides funding support for projects overseen by other agencies. Major roadway projects are funded by a variety of revenue sources, including local Measure I and state and federal funds. During the audit period, several significant construction projects were completed. One of the largest freeway projects funded and completed during the audit period was State Route 210, also known as the Foothill Freeway, which covers some 28 miles between La Verne and San Bernardino. Construction of the last 8 miles of State Route 210, in Rialto and San Bernardino, was completed in mid-2007. Another significant project is the widening of Interstate 215 between Interstate 10 and State Route 210, which began in January 2007. In the fall of 2007, the Interstate 10 widening project in Redlands was completed, with the opening of a new eastbound and westbound lanes. Finishing work was completed in 2008. Major street improvements throughout the San Bernardino Valley were also completed with SANBAG assistance including major roadway rehabilitation, construction or reconstruction of arterial streets, and grade separations.

SANBAG's Program Management Consultant develops a Major Projects Quarterly Project Status Briefing document. The document is intended to communicate project information between SANBAG staff and the SANBAG Board. Projects are organized by type – mainline project, segment project, interchange project, and grade separation project – the current phase of the project, and the roadway corridor. Most highway projects include improvements along the I-10 and I-215 corridors, while grade separation projects are on local streets.

Commuter Assistance Program

The focus of the Commuter Assistance Program is to improve mobility throughout the transportation system by encouraging commuters to make a mode-shift decision away from solo vehicle commuting. SANBAG offers a comprehensive list of programs and outreach under the umbrella of Commuter Assistance which helps foster more efficient use of the transportation system and reduces congestion and vehicle emissions.

In addition to outreach to employees through employer channels, SANBAG promotes the Commuter Assistance Program online and in print. The most prominent and versatile outreach element of the Commuter Assistance Program is http://www.commutersmart.info. Here, commuters can go online and find a ridematch, access bus/rail information, and locate traveler information to help them make smart travel decisions and assist SANBAG in its mobility enhancement/congestion avoidance goals. There are about 350,000 names in the rideshare database, with 75,000 of them being active registrants. The Riverside County Transportation Commission maintains the rideshare database on behalf of the following neighboring counties: Los Angeles, Orange, San Bernardino and Ventura. SANBAG provides reimbursement to RCTC for managing the service. In addition, the Commuter Exchange, a 40-foot mobile information center with interactive rideshare displays and collateral, is another mode of outreach that attends

public events, school and employer functions to increase the public's awareness of ridesharing programs available to them.

Motorist Assistance Program

Service Authority for Freeway Emergencies

SANBAG has served as the designated Service Authority for Freeway Emergencies (SAFE) for San Bernardino County since 1990. SAFE is known for the call boxes along major highways that enable stranded motorists to phone for assistance. Between 2005 and 2007, the call boxes were converted from analog to digital signal. With the expansion in the use of cellular phones, however, the trend in call box usage has declined. Table IV-1 shows the trend in usage over the last three years.

Table IV-1
SAFE Program Usage

Fiscal Year	Number of Calls	Number of Call Boxes	Annual Change in Calls
2006	25,873	1,502	-21%
2007	20,499	1,438	-21%
2008	18,257	1,395	-11%

Source: SANBAG

Freeway Service Patrol

SANBAG administers the Freeway Service Patrol (FSP) in conjunction with the CHP and Caltrans. The FSP began in 2006 and provides quick motorist assistance during peak traffic conditions and in construction zones. Five tow truck contractors are used to provide 16 roving tow trucks along major freeways covering about 60 miles. The service corridors and corresponding eight beats are shown in Table IV-2.

Table IV-2
San Bernardino County Beat Summary

Beat Number	Description	Length in Miles
Beat 1	I-10 Indian Hill Blvd. to Haven Avenue	8.70
Beat 2	I-10 Haven Avenue to Sierra Avenue	8.05
Beat 3	I-10 Sierra Avenue to Waterman Avenue	9.04
Beat 4	SR-60 Reservoir Street to Milliken Avenue	9.96
Beat 5	I-15 Jurupa Street to I-15 Baseline Avenue	7.72
Beat 6	I-215 Center Street to 2nd Street	6.79
Beat 7	I-215 2nd Street to University Parkway	4.84
Beat 8	I-10 Waterman Avenue to Orange Street	5.65
Total Mileage Covered		**60.75**

Source: SANBAG

The FSP operates during peak commute hours from 5:00 a.m. to 8:30 a.m. and between 3:00 p.m. and 7:00 p.m., which amounts to 7.5 hours per day. FSP is also utilized in construction zones. The number of beats has grown during the audit period. More than one-third of all FSP assists involve information and general assistance calls, followed by flat tires and mechanical failures. Table IV-3 shows the number of incidents for all corridors from January 2006 through September 30, 2008.

Table IV-3
FSP Program Assists

Category	Number of Incidents	Percentage
Abandoned Vehicle	6,737	7.1%
Accident	5,842	6.2%
Debris Removal	4,369	4.6%
Electrical Problem	3,137	3.3%
Flat Tire	14,747	15.6%
Information/Assistance	34,312	36.3%
Locked Out	53	0.1%
Mechanical Problem	12,407	13.1%
Out of Gas	7,958	8.4%
Overheated	4,800	5.1%
Unable to Locate	44	0.0%
Vehicle Fire	81	0.1%
Total	**94,487**	**100.0%**

Source: SANBAG

Measure I

As the County Transportation Authority, SANBAG administers the 20-year voter-approved countywide half-cent sales tax under the purview of Measure I. Measure I was approved by voters in November 1989 to provide revenues toward a variety of transportation improvements such as major freeway construction, commuter rail service, local street and road improvements, public transit for senior and disabled persons, and traffic management and environmental mitigation efforts. The measure is set to expire in 2010.

Measure I funds are allocated based on distinct regional formulas. For the Mountain/Desert Region, 65 percent of funds are spent on major arterial streets and roads. Another 30 percent is spent on local streets and roads, and the remaining 5 percent is spent on paratransit fare and service subsidies for seniors and the disabled. In the San Bernardino Valley, Measure I funds are allocated using a different formula. More than 80 percent of funds are allocated in a "pool" toward projects of regional significance, such as freeway improvements, major arterials, Metrolink, Omnitrans, traffic management and

environmental mitigation. The remaining funds are allocated to cities and unincorporated communities for improvements to local streets and roads.

As described earlier, the largest freeway project funded by Measure I is the construction of State Route 210 (Foothill Freeway) between La Verne and San Bernardino, completed in mid-2007. Other significant projects funded in part by Measure I is the widening of Interstate 215 between Interstate 10 and State Route 210, and Interstate 10 widening project in Redlands.

In November 2004, county voters approved a 30-year extension of Measure I through March 2040. SANBAG approved the Measure I 2010-2040 Strategic Plan in March 2009, which is the policy manual for delivering Measure I 2010-2040 programs by SANBAG and its member agencies.

According to the SANBAG financial audits, Measure I sales tax revenues have been declining due to the economic downturn. After experiencing a 12 percent increase from FY 2005 to FY 2006, revenues have shown a steady decline as shown Table IV-4.

Table IV-4
Measure I Revenues

Fiscal Year	Revenues	Annual Rate of Growth/Decline (+/-)
2005	$131,902,744	-
2006	$148,073,689	+12%
2007	$147,929,491	- 1%
2008	$140,547,350	- 5%

Source: SANBAG Financial Audits FY 2006-2008

TDA Claimant Relationships and Oversight

As the designated County Transportation Commission, SANBAG is responsible for the administration of the TDA program. This functional area addresses SANBAG's interaction with the transit operators in San Bernardino County and its administration of the provisions of TDA. The sub-functions described include costs to administer the program, technical and managerial assistance to operators, TDA claims processing and the unmet transit needs process.

SANBAG Administration and Planning

The uses of TDA revenues apportioned to San Bernardino County flow through a priority process prescribed in state law. Prior to apportionment of funds to the Bicycle and Pedestrian Facilities Program and the transit operators, SANBAG is able to claim TDA

revenues for administration of the fund and for transportation planning and programming purposes. SANBAG apportions 3 percent of LTF for Planning and Programming as allowed by statute. The limit does not apply to fund administration, but SANBAG has been responsible in the amount it claims. In addition, SANBAG allocates revenues to SCAG for planning purposes as a member of the regional agency. During the audit years of 2006 through 2008, SANBAG apportioned the following LTF amounts (Table IV-5):

Table IV-5
Adopted LTF Apportionments for SANBAG Administration, Planning and Programming

Fiscal Year	Total LTF Available (1)	SANBAG Administration of TDA	SANBAG Planning & Programming	Total SANBAG Allocations
2006	$69,300,000	$390,000	$2,079,000	$2,469,000
2007	$79,875,000	$300,000	$2,396,250	$2,696,250
2008	$81,590,000	$350,000	$2,447,700	$2,797,700

(1) Total annual LTF receipts estimated per SANBAG/County Auditor. Excludes STAF.
Source: SANBAG Board adopted apportionments and fund estimate.

Technical and Managerial Assistance to Operators

With the addition of a Transit Analyst in August 2006, SANBAG has had the staff capability to be more hands-on and engaged with the transit operators. Direct interface with the operators has been enhanced through communications, attendance at unmet transit needs hearings and PASTACC meetings, as well as review of operating performance through each operator's respective Short Range Transit Plan. SANBAG also has the staff capability to be a direct partner in the planning and development of the San Bernardino Express (SBX) project being implemented by Omnitrans. By having additional transit staff focus on transit operations, the Director of Transit and Rail Programs is able to focus more on policy and to respond faster to funding and high-level decision-making for both commuter rail and public transit.

As a requirement of TDA, SANBAG is responsible for identifying, analyzing and recommending potential productivity improvements in collaboration with the transit systems under its jurisdiction. The SANBAG TDA Application Manual discusses the agency's Productivity Improvement Program (PIP) as a means to fulfill this obligation. Productivity improvement recommendations for transit operators are divided into three categories: performance measures, performance audit recommendations, and specific operator or claimant initiated efforts to improve productivity. The commissioning of short-range transit plans in lieu of the transit operating and capital plans also provides technical recommendations to the operators.

Based on discussions with SANBAG transit staff and review of related documentation provided by both SANBAG and the transit operators, it appears SANBAG has struggled with maintaining consistency to fully implement the Productivity Improvement Plan. The implementation of TransTrack was a significant endeavor to gain further compliance with reporting consistent performance measures; however several transit operators continue to have data entry issues with the various modules, whether it be data issues provided by the contract service providers, complexity with the software, or time constraints.

SANBAG, in cooperation with the transit operators, went live with TransTrack during the audit period. TransTrack is a computerized data collection and performance management tool geared toward transit operators. It is intended to standardize the reporting of critical operations data and provide a communications medium between SANBAG, the operators and their governing boards. After a few years of becoming familiar with this tool, several of the transit operators continue to experience challenges utilizing the capabilities of TransTrack. For example, TransTrack data does not match State Controller data or performance indicator data is not entered into TransTrack. Large fluctuations in operations data from year to year have also been found, oftentimes due to entry errors or incomplete quarterly and annual information. In addition, some smaller operators do not report their transit performance to their respective governing boards on a regular basis. Given the difficulties that the operators have been having with TransTrack, SANBAG has been reluctant to utilize TransTrack data in its reports to the Board. As a result, there are ongoing efforts by both SANBAG and the operators to improve the data consistency and utilization of this system to its potential. This may require additional training or assistance provided by SANBAG.

Regarding other aspects of the PIP, most operators have made attempts to implement prior performance audit recommendations. However, the status of their actions and outcomes to implement the recommendations do not appear to be conveyed to SANBAG on a regular basis. The annual TDA claims provide a venue from which the operators could annually report to SANBAG the status of the performance audit recommendations. SANBAG could then monitor the operators' progress to fully comply with the recommendations.

From a review of sample TDA claims forms completed by the transit claimants during the audit period, only one operator (City of Barstow) provided documentation on specific initiated efforts to improve productivity. This is the third component of the PIP. Documentation on specific initiated efforts should be provided by each operator to SANBAG as part of the TDA claims. Other required data to accompany the claims such as copies of the CHP pull notice compliance should also be provided by the operators. As a few operators had past unsatisfactory CHP ratings for a variety of violations, SANBAG should be aware of these findings and follow up with the operator to maintain compliance. Violations occurred in the audit period and included poor vehicle maintenance (Needles) and Driver Pull Notice Program violations (MARTA, MBTA and Omnitrans).

SANBAG also participates in the statewide TDA working group and sends a representative when possible. Participation in the working group provides benefit for all San Bernardino TDA claimants.

TDA Claim Processing

The Senior Transit Analyst oversees and administers the TDA claims process in addition to responsibilities related to commuter rail. According to the annual SANBAG basic financial statements, SANBAG was responsible for managing and disbursing $64.0 million in Local Transportation Fund revenues in FY 2006, $56.4 million in FY 2007, and $81.9 million in FY 2008. In addition, the agency disbursed $1.8 million in State Transit Assistance funds in FY 2006, $3.9 million in FY 2007, and $5.4 million in FY 2008. As described earlier, prior to apportionment to the transit operators and other claimants, LTF revenues are claimed by SANBAG for administration and planning purposes. Claims are also made for bicycle and pedestrian projects under the appropriate claim process.

SANBAG prepares and distributes the TDA claims packets electronically along with funding information needed to prepare TDA claims. Included in the packet is a checklist of items to be filed. The claims checklist used during the audit period contained a listing of 13 items which allows for each claimant to submit and justify their need for TDA funds. Beginning with the FY 2008-09 claims cycle, SANBAG revised the claims form to minimize the number of repeat entries. The claim form now includes shaded areas that contain formulas for importing data from other entries. The checklist of items to file also grew from 13 to 14 to include submittal of a listing on ongoing capital projects.

The claims are prepared by each operator, adopted by the operator's governing board or council, and must include a signoff on the implementation of a number of TDA requirements. These requirements are contained in the "Standards Assurances" form and include compliance with revenue ratios, attachment of specific documentation, and submittal of compliance audits and reports. Each submitting claimant certifies that all conformance requirements are satisfied to receive both LTF and STA funds. SANBAG should ensure that all required forms are submitted with the claim such as the CHP pull notice certificates and productivity improvement program documentation. Once the claims are processed and funds are allocated by SANBAG, operators can amend claims during the fiscal year as actual transit service is delivered.

State Transit Assistance Funds are claimed using the same form and comply with the procedures and formulas established in the TDA statute. SANBAG is required to make annual findings prior to allocation of STA funds to the transit operators. These findings are part of the standard assurances checklist and are integrated with the claims for LTF revenues. Measure I elderly and disabled claims are a third aspect of the claims process.

The SANBAG TDA Application Manual is planned to be updated pending staff resources. The updated document will be made available online and contain the updated claim forms.

Unmet Transit Needs and PASTACC

Unmet transit needs hearings are required by TDA where claims can be made for streets and roads. This occurs only for the mountain and desert region of San Bernardino County since TDA is dedicated to transit in the San Bernardino Valley area. SANBAG conducts the annual unmet needs process in consultation with the Public and Specialized Transportation Advisory and Coordinating County (PASTACC), which serves as the statutorily required Social Services Transportation Advisory Council (SSTAC). Members of the PASTACC participate in the review of the comments.

Definitions of "unmet transit needs" and "reasonable to meet" are adopted by the County Transportation Commission Board of Directors during the unmet needs process. Unmet transit needs are defined as "any deficiency in the provision of public transit service, specialized transit service or private for–profit and non-profit transportation." Transit needs that are "reasonable to meet" are based on the following criteria: (1) community acceptance; (2) timing; (3) equity; (4) cost effectiveness; and (5) operational feasibility.

Unmet transit needs hearings are coordinated by SANBAG transit staff and are generally held during the month of September. Given the vast geography of the mountain and desert region, public hearings are held in three locations in cooperation with the local transit agency: upper desert (Victorville), low desert (Joshua Tree), and mountain region (Big Bear Lake/Crestline). The hearings are duly noticed in local print publications, such as the San Bernardino County Sun, Hi-Desert Star, Desert Dispatch, and the Crestline Courier News. Flyers announcing the public hearings are posted on transit vehicles serving the region and notices are mailed to social service agencies, transit advocates and interested citizens. Unmet transit needs findings were reviewed for the audit period, some resulting in new trial services such as a non-emergency medical demand responsive service from the city of Needles to Bullhead City, Arizona.

Several PASTACC stakeholders were interviewed for this audit to gain an outside perspective on the effectiveness of this SANBAG-sponsored transit advisory group. Those interviewed have participated in PASTACC for at least a few years and attend the advisory group meetings regularly. Attendance at the meetings generally reaches about 20 members. Each stakeholder provided positive feedback regarding their opinions of the advisory group and staff's professionalism and knowledge about the issues. Each expressed the fact that staff encourages input and discussion and is a valuable objective resource to providing information of interest such as funding opportunities. Funding decisions and keeping informed about the flow of transit revenues are some of the primary draws of the participants to the group.

It was mentioned that much of the meeting discussion tends to focus on the specialized transit issues and needs in the Mountain/Desert Region and less on similar needs in the San Bernardino Valley such as funding challenges which affect all locales. In addition, as part of the questions asked, the stakeholders mentioned there is no orientation process for new members or those that seek greater familiarity with the purpose and functions of the advisory group. Some have reached out to SANBAG staff on their own to have their questions answered and staff has been helpful. Given the size of the PASTACC membership and varying interests of a diverse membership, a brief standard orientation or introductory guide about the advisory group and its role and responsibilities may be of assistance to the participants as they circulate through the advisory group.

Public Information and External Affairs

SANBAG has developed a comprehensive outreach effort to elicit support for its mission and to educate the public of its role in the delivery and maintenance of transportation infrastructure. The outreach program is divided into two roles: legislative affairs and media relations.

The legislative affairs efforts involve the utilization of a lobbyist at the federal level to ensure that adequate funding is maintained for local transportation projects. As part of its mission in providing transportation projects services to San Bernardino County, SANBAG plays an active role in Washington, D.C., and Sacramento in advocating transportation-friendly policies and securing funding for local and regional projects. The agency provides assistance and advocacy on behalf of the congressional delegation when requested. SANBAG also works closely with RCTC to establish a unified front in advocating for transportation legislation on behalf of the entire Inland Empire. SANBAG also takes a regional perspective in its advocacy with SCAG.

The SANBAG governing board approves a biennial legislative program covering the United States Congress and the California State Legislature, which provides staff direction on the policies and programs to be advocated for or against in Washington, D.C., and in Sacramento.

SANBAG's federal legislative program seeks to do the following:

- Protect and enhance current funding levels for transportation programs.
- Protect and enhance flexibility in use of transportation revenue.
- Reduce or eliminate costly and duplicative administrative and regulatory requirements.

Likewise, SANBAG's state legislative program sets forth the following goals:

- Protect and enhance current funding levels for transportation programs.

- Support increases in transportation revenues and funding sources that enhance the ability of SANBAG to implement their transportation plans.
- Maximize flexibility in the use of existing transportation revenues.
- Streamline administrative and regulatory processes.

SANBAG also participates in Mobility 21 to ensure its interests are heard. The SANBAG Executive Director is a Board Member of Mobility 21 which is a coalition that brings together public, business and community stakeholders to pursue regional solutions to the transportation challenges facing Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties. A nonpartisan alliance, Mobility 21 delivers a unified voice for the region's transportation priorities and seeks to improve mobility in the region.

SANBAG's media relations efforts are conveyed through the agency's Public Information Officer, its website, publications and public presentations. SANBAG produces a number of publications as part of its public information and outreach efforts. The two-page "Street Smart" newsletter is the monthly meeting summary of the SANBAG Board of Directors that features key agenda highlights and a calendar of upcoming Board and committee meetings. Another publication is the "Inland Empire Quarterly Economic Report," which contains a snapshot of economic conditions and forecasts in Riverside and San Bernardino counties. Other publications are more project-specific, such as "Cruising through Construction," containing information on the progress of the Interstate 215 Improvement Project. "Construction Ahead" is the newsletter for the Interstate 10 Improvement Project, "In the Zone" is the newsletter for the State Street/University Parkway Grade Separation Project, and "On the Move" is the newsletter for the last 8 miles of the State Route 210 Extension Project. SANBAG has produced a multi-fold color brochure on Transportation Measure I, the Freeway Service Patrol, and the Interstate 215 Widening Project and about the role SANBAG plays in improving mobility in San Bernardino County.

SANBAG's website (http://www.sanbag.ca.gov/) is divided into seven main sections: About SANBAG, Projects, Commuter Info, Planning, Funding, News and Publications, and Resources. The left-hand margin entitled "Down the Road" contains a listing of upcoming Board and committee meetings as well as a link to Measure I. The right-hand margin entitled "Quick Picks" contains links to bid and career opportunities, major road construction projects, and recent publications. On the Commuter Info page, there is a link to the CommuteSmart.info trip planner, which includes traffic conditions data, a transit planner and a rideshare matching service for Southern California commuters. The Publications page has links to current newsletters, reports and studies, and informational brochures in Adobe Acrobat PDF format. There is also a form at the bottom of the page for ordering hard copies of SANBAG publications.

Grant Application and Management

SANBAG serves as the clearinghouse for federal grant applications that are reviewed to determine if there is any duplication of effort among agencies and to ensure that there is no conflict with local plans and policies. SANBAG's role for San Bernardino County is to review and be an integral part in state and federal funding assistance that promotes inter-jurisdictional coordination.

The agency assists the transit operators with obtaining both state and federal grants by ensuring the programming of resources and projects in the appropriate state and federal transportation implementation plans. As relatively new transportation funding sources such as State Proposition 1B are approved by voters, SANBAG provides the conduit and information for grant availability. State funding through the California Transit Security Grant Program for security cameras on board transit vehicles and at transit facilities is an example of the new type of funding that has become available. Federal grants have also played an important role in funding continued operations and capital replacement of the transit operators. In the revised TDA claims, SANBAG will be requiring the operators to submit a listing of capital projects approved in the prior year's budget but not yet completed. This is in addition to the listing of capital projects requested in the current budget year.

Section V

Findings

The following material summarizes the major findings obtained from the Triennial Audit covering fiscal years 2006 through 2008. A set of audit recommendations is then provided.

1. SANBAG conducts its management of the TDA program in a competent, professional manner while operating in a complex intergovernmental environment.

2. SANBAG has satisfactorily complied with most State legislative mandates for Regional Transportation Planning Agencies. A few compliance areas were partially met, including the mandate for SANBAG to analyze and recommend potential productivity improvements for the transit operators, as well as to ensure the fiscal and compliance audits were submitted to the State according to the statutory timelines.

3. SANBAG has responded to and implemented one of the two prior performance audit recommendations. The recommendation not yet implemented is to update its TDA application manual.

4. SANBAG has seen notable changes and challenges in staffing during the audit period, particularly at the senior management and executive leadership level. Staff changes included the recruitment of two Executive Directors in the past three years, a Director of Management Services and Mountain/Desert Subregional Policies and a new Director of Freeway Construction, and recruitment of four Chief Financial Officers.

5. In light of the extension of Measure I for another 30 years and the limited capacity of Caltrans and partner agencies to deliver projects, SANBAG has been organizing itself through creation of new positions and new internal controls toward serving as an implementation agency. A new strategic plan for Measure I has also been developed to guide future transportation infrastructure.

6. The agency was recognized in May 2007 as the International Employer of the Year by Women's Transportation Seminar (WTS) at an awards dinner in San Diego.

7. SANBAG is updating its financial software, having outgrown its current system, and recently installed and tested a new system. Tyler Technologies, Inc. is supplying SANBAG with the EDEN financial management software, including core financial and human resource applications. In conjunction with the financial

system overhaul, SANBAG is documenting current desk procedures and policies as a means to communicate the standard operating procedures in light of management turnover.

8. During the audit period, SANBAG commissioned an operations analysis for each of the transit operators, except Needles. Each Short Range Transit Plan provided recommendations for alternative service provision and benchmark performance measures to gauge productivity. Many of the recommendations have been implemented by the respective operators. However, LTF receipts and reserves have been trending lower due to the economic downturn resulting in required efforts by each transit agency to assess current service provision.

9. The apportioned amount of LTF funds used for SANBAG planning purposes has increased over the last three years. The increase was generally due to continued work in meeting TDA administrative requirements and planning for existing and new projects. SANBAG's statutory limit of LTF expenditures for planning and programming purposes is 3 percent of annual Local Transportation Fund revenues. SANBAG has been responsible in the amount it claims.

10. With the addition of a Transit Analyst in August 2006, SANBAG has had the staff capability to be more hands-on and engaged with the transit operators. Direct interface with the operators has been enhanced through communications and attendance at unmet transit needs hearings and PASTACC meetings, as well as review of operating performance through each operator's respective Short Range Transit Plan. By having additional transit staff focus on transit operations, the Director of Transit and Rail Programs is able to focus more on policy and to respond faster to funding and high-level decision-making for both commuter rail and public transit.

11. SANBAG, in cooperation with the transit operators, went live with TransTrack during the audit period. TransTrack is a computerized data collection and performance management tool geared toward transit operators. It is intended to standardize the reporting of critical operations data and provide a communications medium between SANBAG, the operators and their governing boards. After a few years of becoming familiar with this tool, several of the transit operators continue to experience challenges utilizing the capabilities of TransTrack. As a result, there are ongoing efforts by both SANBAG and the operators to improve the data consistency and utilization of this system to its potential.

Recommendations

1. Enhance the Transit Productivity Improvement Program.
   (High Priority)

   The transit PIP, which comprises three components, could be strengthened in several areas. One is for SANBAG to ensure that the transit operators submit their specific initiated efforts to improve productivity along with their TDA claims, as this is a standard assurance item. A second area is for development of a brief form or table for the operators to describe their status and actions to implement the performance audit recommendations. The form, which could be attached as part of the annual TDA claim, would include a request to list each recommendation, activities conducted to implement the recommendation, and the status of whether the recommendation was fully implemented or not, and follow-up actions to be taken. The third area is ongoing work with the operators to improve their usage of TransTrack, whether through additional instruction or training, identifying and communicating data errors, or validating the method to enter the data consistently.

2. Require transit operators to consistently submit CHP inspection certificates with TDA claims.
   (High Priority)

   The standard assurances form completed by the TDA claimants includes submittal of the annual CHP certificate verifying participation in the pull notice program. Submittal of these forms by the operators to SANBAG is a compliance requirement and should be provided. As a few operators had past unsatisfactory CHP ratings for a variety of violations, SANBAG should be aware of these findings and follow up with the operator to maintain compliance.

3. Maintain transit staff development for TDA administration.
   (High Priority)

   Given the retirement of the Director of Transit and Rail Programs, SANBAG should ensure that adequate training on TDA administration and compliance continues through the ranks. Desk procedures should be in place that enable senior staff and management to provide training to analysts and others regarding the responsibilities and compliance with TDA to maintain a high level of competency within the agency. This may include cross-sharing of responsibilities so that more than one person is capable of handling the tasks.

4. Update the SANBAG TDA application manual.
   (High Priority)

   As a carryover recommendation from the prior performance audit, the agency's guidebook should be updated to reflect changes to the administration of TDA.

These include the updated TDA statute book (February 2009), the updated TDA performance audit guidelines (September 2008), utilization of TransTrack as a performance monitoring tool, and utilization of the newly designed TDA claim form.

5. Develop orientation packet for new and existing PASTACC members.
   (Medium Priority)

   Given the diversity, interest and membership size of this advisory body, a brief standard orientation packet could assist new and existing members to become more familiar with the purpose, role and responsibilities of the group. Answers to common questions posed by members could be included in addition to other general information such as transit funding sources, list of acronyms, unmet needs process and other pertinent data. The packet may also serve as a reference document for the group to consult when exchanging ideas and discussion.

6. Consider development of a broader transit policy committee in light of multimodal planning in the county and region.
   (Medium Priority)

   SANBAG is engaged in several transit connectivity plans as well as a Long Range Transit Plan that will have broad implications on future travel and commuter behavior. These plans will likely have connectivity with rail and other transit and non-motorized systems as part of the effort to improve mobility while complying with state legislation including SB 375. Specialized transit for elderly and disabled passengers is another program that has been studied for coordination. With Bus Rapid Transit and other transit corridor endeavors being planned, a SANBAG policy committee that focuses on multimodalism and transit connectivity may be warranted in the near future. This concept might be linked to SANBAG's current standing commuter rail committee which provides a major travel mode in the county.

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FY 2006-2008 Triennial Performance Audit of Omnitrans

Submitted to San Bernardino Associated Governments

June 2009

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Note: This document was prepared specifically for the Triennial Performance Audit of the San Bernardino Associated Governments, Omnitrans, Victor Valley Transit Authority, Morongo Basin Transit Authority, and Mountain Area Regional Transit Authority and the cities of Barstow and Needles transit systems. Any reuse or modification without the written authorization of PMC will be at the user's sole risk.

Executive Summary

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for Omnitrans covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The audit includes a review of the following areas:

- Compliance with TDA Requirements
- Status of Prior Audit Recommendations
- System Performance Trends
- Functional Review

As an additional review measure, a comparison of Omnitrans against similar transit operators around the nation was conducted using transit data reported in the National Transit Database (NTD). Based on the audit review process, recommendations were developed to improve the operational efficiency and effectiveness of Omnitrans.

Compliance with TDA Requirements

Omnitrans has complied with all applicable compliance requirements of TDA.

Status of Prior Audit Recommendations

This section reviewed Omnitrans' actions to implement eight prior audit recommendations. Six of the eight prior audit recommendations were fully implemented, one was partially implemented, and one was not implemented. Omnitrans has significantly improved its data reporting accuracy between the external reports it prepares, and also improved its financial accounting and reporting during the audit period.

System Performance Trends

1. Operating costs for Omnitrans general public service increased by just 2.6 percent over the last three years, which is remarkable given that the Consumer Price Index increased by 11.5 percent during the same period. Operating costs for Omnitrans Access service increased by 17.4 percent during the last three years, with most of that increase occurring in FY2008. Systemwide operating costs increased by 4.6 percent.

2. Ridership on general public service decreased by 4.4 percent, from 15.1 million to 14.4 million passengers, continuing a trend observed during the last audit period. Ridership on Access service decreased by 17.5 percent, from 492,108 to 405,814. The systemwide

ridership decline was 4.9 percent during the audit period. However, preliminary ridership data from July 2008 to February 2009 (after the end of the audit period) indicates that general public ridership is up about 6 percent on a per month basis from FY2008, while Access ridership has stabilized.

3. The provision of vehicle service hours and miles for general public service decreased by 3.2 percent and 5.4 percent respectively, as Omnitrans streamlined its routes in order to realize cost efficiencies. Access vehicle service hours and miles decreased by 10.8 percent and 12.8 percent respectively.

4. Operating cost per passenger increased by 9.9 percent systemwide, 7.4 percent for general public service, and 42.4 percent for Access service. Operating costs were controlled effectively on the general public side, but not for Access service. In particular, maintenance and administration operating costs for Access increased significantly in FY2008.

5. Operating cost per vehicle service hour increased by 9.7 percent systemwide, 6.1 percent for general public service, and 31.7 percent for Access service. Operating cost per vehicle service mile increased by 12.6 percent systemwide, 8.5 percent for general public service, and 34.7 percent for Access service.

6. Passengers per vehicle service hour decreased by 0.2 percent systemwide, 1.2 percent for general public service, and 7.5 percent for Access service. Passengers per vehicle service mile increased by 2.5 percent systemwide and 1.1 percent for general public service, and decreased by 5.4 percent for Access service.

7. Vehicle service hours per employee Full Time Equivalent (FTE) for general public service, which measures labor productivity, increased by 3.2 percent over the past three years. Vehicle service hours per employee FTE for Access service decreased by 6.0 percent during the audit period.

8. The fare recovery ratio for general public service increased from 20.0 percent in FY2006 to 21.9 percent in FY2008, while the fare recovery ratio for Access service declined from 14.1 percent in FY2006 to 13.1 percent in FY2008. The TDA minimum requirement is 20.0 percent for general public service and 10.0 percent for Access service for senior and disabled patrons. Omnitrans met the minimum requirements in each fiscal year during the audit period.

Functional Review

1. Vehicle operations cost indicators for directly operated fixed route service increased during the audit period. Operations cost per vehicle service hour increased by 12.9 percent, cost per vehicle service mile increased by 10.5 percent, cost per passenger trip increased by 20.8 percent, and cost per passenger mile increased by 6.6 percent. These increases are roughly in line with the increase in inflation during the audit period of 11.5 percent

2. The number of directly operated fixed route revenue accidents increased from 496 in FY2005 to 682 in FY2006. Recognizing this trend, Omnitrans actively focused on strengthening safety training during the audit period. Revenue accidents were reduced to 597 in FY2007 and to 522 in FY2008, and the overall accident rate per million vehicle service miles went down by 7.1 percent during the audit period.

3. Directly operated fixed route lost trips as a percentage of scheduled trips increased by 14.1 percent during the audit period, from 0.44 percent to 0.50 percent. There was a big spike in lost trips observed in FY2007, with the lost trip rate reaching 0.76 percent in that year, but the number of lost trips then went down in FY2008.

4. Both East Valley and West Valley operations achieved overall on-time performance above the 90 percent goal during the audit period, with the exception of West Valley in FY2007 which reported on-time performance of 88.5 percent.

5. The directly operated fixed route vehicle operator turnover rate went down during the audit period, from 8.6 percent in FY2005 to 4.8 percent in FY2008. Turnover has gone down as a result of trends in the overall economy.

6. Demand response vehicle operations cost indicators all increased by between 27 and 34 percent during the audit period as costs increased while service provision and ridership declined. Service hours per total hour and service miles per total mile decreased by 2.4 percent and 1.3 percent respectively.

7. Maintenance costs for fixed route service increased by just 1.6 percent during the audit period, significantly less than the rate of inflation. Maintenance cost per vehicle hour, per vehicle mile, and per active vehicle declined by 8.1 percent, 8.7 percent, and 3.9 percent respectively.

8. Total directly operated fixed route vehicle failures increased from 3,053 in FY2005 to 3,246 in FY2007, but then went back down to 2,953 in FY2008. Vehicle miles between failures showed a 15.0 percent improvement during the audit period.

9. For demand response service, maintenance costs increased sharply in FY2008 while the amount of service provided was reduced. Maintenance costs per vehicle hour, per vehicle

mile, and per active vehicle increased by 63.2 percent, 66.6 percent, and 38.2 percent respectively.

10. While administration costs were effectively controlled for directly operated fixed route service, they were not contained on the demand response side. This resulted in positive performance trends for fixed route service but negative performance trends for demand response service.

11. Directly operated fixed route fringe benefit costs increased by 18.2 percent during the audit period, from $11.96 million in FY2005 to $14.14 million in FY2008. Most of this increase took place from FY2005 to FY2007. The increase was higher than the overall Consumer Price Index (CPI) increase of 11.5 percent during the same timeframe.

12. Directly operated fixed route casualty and liability costs decreased by 42.6 percent during the audit period, from $7.09 million in FY2005 to $4.07 million in FY2008. Most of this decrease took place from FY2005 to FY2006.

13. The number of worker's compensation claims decreased from 107 in Calendar Year 2005 to 86 in 2006, and has since increased slightly to 90 in 2007 and to 92 in 2008. However, the average amount per claim increased from $4,853 in 2005 to $14,400 in 2007, and then went back down to $6,655 in 2008. The total amount of worker's compensation claims increased by 17.9 percent from 2005 to 2008, from $519,302 in 2005 to $612,247 in 2008. The high was in 2007, when worker's compensation claims reached $1,296,038.

14. The total number of employee separations from the agency across all departments decreased from 84 in Calendar Year 2005 to 80 in 2006, 73 in 2007, and 50 in 2008. The majority of separations are from operations and maintenance. Omnitrans' goal of annual turnover is between 6 and 7 percent. The turnover rate agencywide decreased from 8.6 percent in 2005 to 4.8 percent in 2008.

Recommendations

Performance Audit Recommendation	Background	Timeline
#1 Focus on Improving Demand Response Performance.	Demand response operating costs increased significantly during the audit period, at the same time that ridership declined while the amount of service provided was reduced. Farebox recovery has declined despite an appreciable increase in fare revenue collected. Omnitrans has taken measures to improve demand response performance through contractor changes in management and reporting. Stabilizing demand response operating costs should be a major focus for the agency during the next audit period.	High Priority
#2 Investigate the Potential to Restructure Service once Bus Rapid Transit is Implemented.	The new sbX Bus Rapid Transit service represents a tremendous opportunity for Omnitrans to restructure and refocus its overall service network. Omnitrans should leverage the new service with respect to timed transfer opportunities with local routes and a shift of duplicative resources to other parts of the service area.	High Priority
#3 Leverage the VMI Inventory System.	Currently, purchasing long lead items is more of a skill, independent of the features of the inventory system. In early 2009, a new inventory system Vendor Managed Inventory (VMI) was introduced by procurement. The new VMI system should be leveraged to the fullest extent possible. Properly utilizing an inventory management system can help mitigate the shortage of maintenance staff that the department faces. In addition, a properly leveraged inventory system can help reduce costs, improve order fulfillment, and avoid service outages due to parts shortages, similar to those that occurred at the start of the audit period.	High Priority
#4 Actively Integrate the SAP/ERP System Into Relevant Functional Departments.	Utilized properly, an ERP system can drastically improve the performance and reporting accuracy of the agency. Omnitrans will have the ability to improve its overall reporting efficiency, and resolve how the TransTrack system fits in with the overall reporting process. SAP modules should be implemented in departments that benefit the most (Maintenance, HR, Procurement, Finance), while existing systems should continue to be used where effective. A post-implementation analysis can identify where data consolidation activities will help leverage the ERP suite even further.	High Priority
#5 Report Performance Against Strategic Planning Goals.	Omnitrans should report actual performance relative to specified goals identified in its current Strategic Plan. Performance reporting should be done on an annual basis or more frequently. This provides insights with respect to functional areas where agency performance is improving, as well as functional areas where further improvements are warranted.	Medium Priority

Section I

Introduction

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction in San Bernardino County. This performance audit is conducted for Omnitrans covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The purpose of the performance audit is to evaluate Omnitrans' effectiveness and efficiency in its use of TDA funds to provide public transit in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates Omnitrans' compliance with the conditions specified in the California Public Utilities Code. This task involves ascertaining whether Omnitrans is meeting the PUC's reporting requirements and is endeavoring to implement prior audit recommendations made to the agency. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the agency's departments and organizational functioning. From the analysis that has been undertaken, a set of recommendations has been made for the agency which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the agency board and management the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with transit management, telephone interviews, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008* (third edition) published by the California Department of Transportation was used to guide in the development and conduct of the audit.

Overview of the Transit System

Omnitrans is the largest transit operator within San Bernardino County. The agency was established as a regional transit authority in 1976 through a Joint Powers Authority (JPA) that included the 10 cities of Chino, Colton, Fontana, Loma Linda, Montclair, Ontario, Redlands, Rialto, San Bernardino, Upland and the County of San Bernardino. Since that time, the cities of Chino Hills, Grand Terrace, Highland, Rancho Cucamonga, and Yucaipa have joined the JPA. San Bernardino County and all 15 member cities are represented on the Omnitrans Board of Directors.

The Mayor or City Council Member of each city, as well as the full Board of Supervisors, serves on the Omnitrans Board of Directors. While each city can have one alternate Board Member designated by the City Council, the County representatives have no alternates. The General

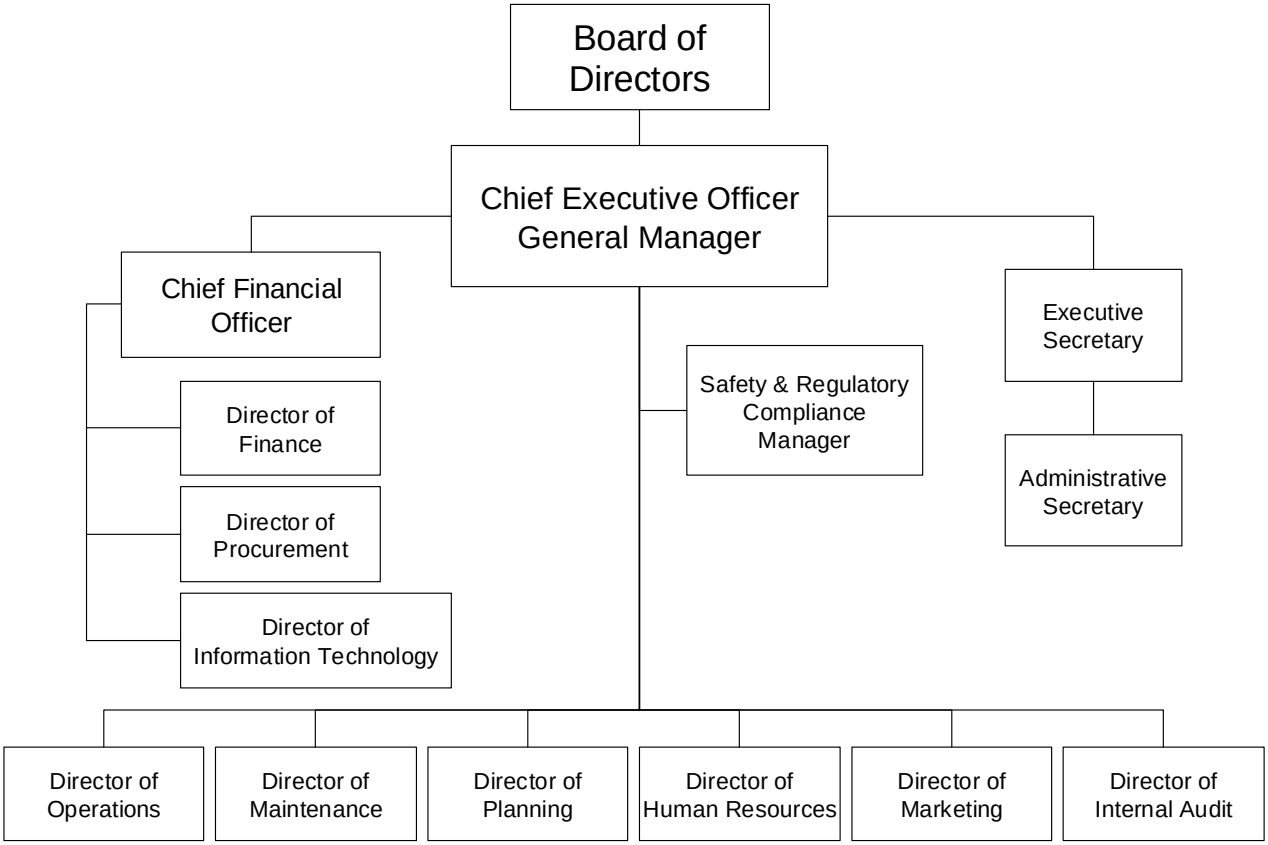
Manager reports directly to the Board and is the designated Secretary to the Board. The General Manager also meets individually with the Board members twice a year.

Omnitrans serves a 456 square mile service area in Southwestern San Bernardino County with a population close to 1.4 million. In addition to San Bernardino County, Omnitrans provides service to parts of Riverside and Los Angeles counties. Omnitrans currently carries approximately 15 million passengers per year.

Administration

Omnitrans is managed and administered through a CEO/General Manager, Chief Financial Officer and several department directors. Omnitrans employs approximately 758 personnel. Several board committees and internal staff committees representing each department provide review and feedback on system planning and implementation. Figure I-1 shows the Omnitrans management organization chart.

Figure I-1
Organization Chart



Source: *Omnitrans*

Transit Services

During the recent audit period, the services provided by Omnitrans include 27 fixed routes, 2 OmniLink systems, and an Americans with Disabilities Act (ADA) compliant Access system. A further description of each service follows.

Fixed Route Service: Omnitrans operates 27 local fixed routes, including one cross-county regional route. Routes operate at 15 to 60 minute headways, depending on what tier the route is classified as. Primary Tier Routes have 15-minute headways and are designed for maximum productivity; Secondary Tier Routes have 30-minute headways; Tertiary Tier Routes operate at 45 or 60 minute headways. All 27 routes operate Monday through Friday with some services beginning at 3:48 AM and ending at 11:07 PM. On Saturdays there are 27 routes in operation with service beginning at 5:13 AM and ending at 10:48 PM. On Sundays there are 25 routes in service which begin at 5:15 AM and ends at 7:50 PM. Regional route 215 provides service between the Omnitrans 4th Street Transit Mall and Riverside Transit Agency's Downtown Terminal on a 30-minute frequency daily.

The Omnitrans service operates using transportation hubs called TransCenters which offer timed transfer connections throughout the network, and to Metrolink train service and other neighboring transit systems. TransCenters are located at major locations such as 4th Street Transit Mall in downtown San Bernardino, Pomona, Montclair, Chino, Ontario, Fontana, and Fontana Metrolink Station. Omnitrans also provides transfers at 6 regional locations including Montclair Plaza, Ontario Airport, Ontario Mills, Arrowhead Regional Medical Center, Inland Center Mall and Redlands Mall.

There are connections to eight Metrolink Stations located within the service area. These stations include San Bernardino, Rialto, Upland, Fontana, Montclair, Rancho Cucamonga, Pomona, and East Ontario. A Metrolink ticket is good for one ride on a connecting Omnitrans bus. Bus passes or transfers are no longer valid for a discount Metrolink fare.

Access Service: In accordance with the Americans with Disabilities Act (ADA), Omnitrans provides wheelchair lift equipped vans for curb-to-curb transportation services. Reservations for service must be made 24 hours in advance, with the option to call up to 14 days in advance. Access operates during the same days and hours as fixed route buses within a ¾ mile range of routes. Those persons with an Omnitrans Disability Identification Card (or other transit agency ADA card) are eligible for Access service. Companions (Adult accompanying person with a disability) and/or Children of a qualified Adult ADA certified rider may also use the service.

OmniLink Service: OmniLink is a demand responsive service providing general public curb-to-curb transportation. It consists of two general-public, demand-responsive service that operates in Yucaipa and Chino Hills. This type of service is a more efficient way to provide coverage in low-density areas compared to traditional fixed route service. Reservations can be made 3 days in advance with same day reservations on a space available basis. OmniLink Yucaipa service connects with Omnitrans Routes 8 and 9 at Stater Brothers Supermarket on Yucaipa Boulevard, as

well as with Riverside Transit Authority at the Calimesa City Hall. OmniLink Chino Hills connects with Omnitrans Route 65 at the Chino Hills Marketplace at a set hourly time.

There is no transit service on six major holidays, including New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. There are also five administrative holidays, where Omnitrans offices are closed but buses are operation: Presidents' Day, Columbus Day, Veterans' Day, Post Thanksgiving, and Christmas Eve.

Omnitrans has both directly operated services and contracted services. At the present time, directly operated services are provided by both represented and nonrepresented employees. Administrative staff is made up of a combination of employees represented by the San Bernardino Public Employees Association (SBPEA) and employees who are not represented by a union. Mechanical and facility personnel are also represented by the SBPEA. Demand response and paratransit ADA service services are currently provided by the private transportation company, First Transit. The contract with Transportation Concepts for fixed route services ended on August 31, 2005. Omnitrans decided not to renew the fixed route contract due to the contractor's poor performance, and operate the service internally.

Fares

Omnitrans went through two fare policy changes during the audit period. In August 2006, Omnitrans' Board of Directors approved an increase in the fixed route base fare from $1.15 to $1.25, and in the Day Pass from $2.75 to $3.00. These changes took effect on September 5, 2006.

Based on the goals and objectives set out in the March 2003 report and the Omnitrans Board's goal of meeting the 25% farebox recovery ratio, the Board approved a new fare structure on March 7, 2007, that took effect on July 1, 2007. Changes included the fare increases across all rider categories, the addition of a 7-day pass for students, and elimination of special summer youth passes.

The current fare structure is shown in Table I-1:

Table I-1
Fare Schedule

Fixed Route	Cash	Day Pass	7-Day Pass	31-Day Pass
Full Fare	$ 1.35	$ 3.50	$ 15.00	$ 45.00
Senior (60+)	$ 0.55	$ 1.60	$ 7.00	$ 22.50
Disability	$ 0.55	$ 1.60	$ 7.00	$ 22.50
Student	n/a	n/a	$ 10.00	$ 33.00
Children under 46"	Free	Free	Free	Free

Access (ADA)	Fare	Notes
Regular Fare	$ 2.45	1-3 zones
Additional Zone	$ 1.00	Up to 6 zones
Personal Care Attendant	Free	must be indicated on ADA rider ID
Children under 46"	Free	limit 2 free per paying rider

OmniLink	Fare	Notes
Regular Fare	$ 3.00	
Disabled, Senior (60+)	$ 1.50	
Students	$ 2.00	
Children under 46"	Free	limit 2 free per paying rider

Metrolink
Metrolink ticket is good for one ride on a connecting Omnitrans bus.

Source: *Omnitrans*

Vehicle Fleet

There are a total of 256 revenue vehicles in the Omnitrans fleet, a reduction from the 278 vehicles from the previous audit period. Fixed route vehicles total 166, while 90 are OmniLink/Access vehicles operated by First Transit. Most of the fixed route fleet has been converted to Compressed Natural Gas (CNG) fuel, with the exception of some diesel buses that will be removed from the fleet and used as contingency. Two of the three hybrid electric buses were being worked on to place into revenue service. The New Flyer Hybrids boast the lowest emission vehicle in the United States, and provide a stepping stone to fuel cell technology. Table I-2 shows the vehicle fleet.

First Transit operates Omnitrans-owned vehicles for both the Access and OmniLink services. Currently there are 90 vehicles, with a peak pullout utilizing 82 vehicles. Forty-eight vehicles are assigned to the I Street location, and forty-two are assigned to the West Valley Paratransit Facility. Capacity ranges from 16 to 20 ambulatory individuals and three or four wheelchairs or scooters.

Table I-2
Vehicle Fleet

Vehicle Type	Year	Amount	Fixed / DAR	Seats	Fuel
New Flyer	2000 - 2005	127	Fixed	37	CNG
Orion	1996	24	Fixed	37	CNG
TMC	1994	10	Fixed	37	Diesel
New Flyer Hybrid	2000	3	Fixed	37	Gas / Electric
Thomas	2003	12*	Fixed	37	CNG
Ford Goshen	2000	52 *	DAR	20	Gas
Starcraft	2006	25 *	DAR	16	Gas
El Dorado	2004-2006	35 *	DAR	18	Gas

* Certain vehicles used as spares and contingency

Source: *Omnitrans*

The Vehicle Replacement Program plan will procure 90 vehicles over the next five years to ensure the continued operation of the Omnitrans fleet.

Fleet Facilities

Omnitrans operates fixed route service out of two facilities, the Metro Division in San Bernardino (East Valley Division), and the Hayes Transit Center in Montclair (West Valley Division). While operations and maintenance are provided at both facilities, administration is primarily handled in the San Bernardino office. The San Bernardino facility occupies approximately 13 acres, while the Montclair facility is situated on about 6 acres. All Omnitrans vehicles are parked at one of the two facilities. Liquified Compressed Natural Gas (LCNG) is available at both facilities for the agency's alternative fueled fleet of about 166 vehicles.

First Transit operates Access paratransit services out of two facilities: the I Street facility located in San Bernardino, and the West Valley Paratransit Facility on Feron Blvd in Rancho Cucamonga. The I Street site encompasses some 4.7 acres and includes the vehicle maintenance garage (including 10 bus bays), fueling, and bus washing. A 4,500 sq. ft. office building houses the Access administration, trip reservations, scheduling, dispatch office, and training facilities. The West Valley facility occupies 1.3 acres and provides for vehicle storage and general vehicle cleaning. Current facilities are capable of accommodating present operations and have room for expansion if necessary.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of Omnitrans' ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The updated guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

TABLE II-1
Operator Compliance Requirements Matrix

Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPE based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28) for paper filing, or 110 days (Oct. 18) if filed electronically (internet). During the audit period, the State Controller extended the submittal dates during FY2005-06 because the Controller's office was in the process of implementing a new updated electronic filing system. The extended dates were: FY 2005-2006: October 12 for paper filing, November 1 for electronic filing.	Public Utilities Code, Section 99243	Completion/submittal dates (internet filing): FY 2006: October 30, 2006 FY 2007: October 18, 2007 FY 2008: October 10, 2008 **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator has submitted annual fiscal and compliance audits to its RPTE and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90 day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2006: December 28, 2006 FY 2007: December 15, 2007 FY 2008: December 27, 2008 **Conclusion: Complied.**
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251	Omnitrans participates in the CHP Driver Pull Notice Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim submitted by the Authority. There are 3 transit facilities that undergo inspections, one in San Bernardino (East Valley; fixed route), one in Montclair (West Valley; fixed route), and one in Rancho Cucamonga (demand response). The inspection dates applicable to this audit include - East Valley: July 14, 2005; August 2, 2006; May 14, 2007; and May 23, 2008. West Valley: Jan 29, 2006; Jan 23, 2007; Jan 17, 2008; and May 15, 2008. Rancho Cucamonga: Jan 31, 2006 and Jul 25, 2006. There was one unsatisfactory rating during the audit period for the West Valley CHP inspection conducted in January 2008, pertaining to failure to enroll all drivers in the DMV Pull Notice Program and failure to obtain drivers' current public record as recorded by DMV. Omnitrans corrected these violations, and the West Valley facility was upgraded to a satisfactory rating in May 2008. **Conclusion: Complied given the inspections received overall "satisfactory" ratings.**
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	As a condition of approval, Omnitrans' annual claims for Local Transportation Funds and State Transit Assistance is submitted in compliance with rules and regulations adopted by SANBAG. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RPTA.	Public Utilities Code, Section 99270.1	This is not applicable to Omnitrans, which serves an urbanized area. **Conclusion: Not Applicable.**
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage increase in Omnitrans' operating budget: FY 2006: 0.8% FY 2007: 2.5% FY 2008: 2.2% Source: Audited Financial Statements. **Conclusion: Complied.**
The operator's definition of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	Omnitrans performance measures are defined in accordance with PUC requirements. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs at least equal to three-twentieths (15%), if so determined by the RTPE.	Public Utilities Code, Section 99268.2, 99268.3, & 99268.1	Omnitrans is subject to a 20% farebox ratio for general public transit, and 10% for Access. The system's fare ratios are as follows: FY 2006: General Public Transit 20.0% Access 14.1% FY 2007: General Public Transit 20.3% Access 14.6% FY 2008: General Public Transit 21.9% Access 13.1% Source: FYs 2006-2008 State Controller Reports. **Conclusion: Complied.**
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Section 99268.2, 99268.4, & 99268.5	This is not applicable to Omnitrans, which serves an urbanized area. **Conclusion: Not Applicable.**
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 RTPE, which will fully fund the retirement system for 40 years.	Public Utilities Code, Section 99271	As described in the annual fiscal audit, Omnitrans contributes to the California Public Employees Retirement System (PERS). Participants are required to contribute 7 percent of they annual covered salary. In accordance with labor union MOUs, Omnitrans has agreed to fund the participant's contributions. Omnitrans is also required to contribute at an actuarially determine rate calculated as a percentage of payroll. **Conclusion: Complied.**
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	Omnitrans utilizes federal funds that are available to the agency, as reported in the annual State Controller reports. FY 2006: Operations ($5,762,420) Capital ($5,414,876) FY 2007: Operations ($2,576,002) Capital ($9,197,045) FY 2008: Operations ($2,018,778) Capital ($6,084,880) **Conclusion: Complied.**

Findings and Observations from Operator Compliance Requirements Matrix

1. Omnitrans has complied with all applicable compliance requirements of TDA.

2. Omnitrans' operating budget increased by less than 10 percent from the prior year during each fiscal year in the audit period.

3. The TDA minimum farebox recovery ratio of 20.0 percent for Omnitrans general public transit service was met in each year of the audit. The farebox recovery ratio for this service was exactly 20.0 percent in FY2006. Since then, the farebox recovery ratio has increased to 20.3 percent in FY2007 and to 21.9 percent in FY2008.

4. The TDA minimum farebox recovery ratio of 10.0 percent for Omnitrans Access service was met in each year of the audit. The farebox recovery ratio for this service was 14.1 percent in FY2006, 14.6 percent in FY2007, and 13.1 percent in FY2008.

Section III

Prior Triennial Performance Audit Recommendations

Omnitrans' efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Focus the Upcoming Comprehensive Operational Analysis (COA) on Improving Farebox Recovery and Implementing Productive Services.

Actions taken by Omnitrans: Omnitrans conducted the COA with the intent to evaluate routes against defined performance standards, with a focus on improving overall farebox recovery. As a result of the COA, routes were streamlined and less productive route segments were discontinued. Fixed route productivity as a whole improved, and the farebox recovery ratio for Omnitrans general public service increased from 20.0 percent in FY2006 to 21.9 percent in FY2008.

Conclusion: This recommendation has been implemented.

Prior Recommendation 2

Utilize TransTrack to Report Performance Data Monthly to the Board.

Actions taken by Omnitrans: Omnitrans used TransTrack throughout the audit period to report metrics including passenger trips, revenue service hours, passengers per revenue service hour, and farebox recovery ratio for various categories of transit services including Access, express bus, local bus, and OmniLink. Omnitrans also used TransTrack to record customer compliments and complaints. Summary performance data contained in TransTrack by mode, including total passengers, passenger revenue, farebox recovery ratio, passengers per revenue hour, cost per revenue hour, and on time performance is going to the Board on a monthly basis. In addition, Omnitrans is currently integrating data between TransTrack and GFI farebox systems.

Conclusion: This recommendation has been implemented.

Prior Recommendation 3

Close Out Dated Grants.

Actions taken by Omnitrans: Based on discussions with Omnitrans management, all dated grants have been closed out and grants management is proceeding smoothly to date. The addition of a new Chief Financial Officer, as well as a new Director of Internal Audit Services, has helped Omnitrans with respect to the agency's overall financial management. Grant spreadsheets provided by Omnitrans show that older grants have mostly been drawn down. Remaining balances have been for large contruction projects that are still underway.

Conclusion: This recommendation has been implemented.

Prior Recommendation 4

Comply with DMV Driver Record Requirements.

Actions taken by Omnitrans: There was one unsatisfactory rating during the audit period for the West Valley CHP inspection conducted in January 2008, pertaining to failure to enroll all drivers in the DMV Pull Notice Program and failure to obtain drivers' current public record as recorded by DMV. Omnitrans corrected these violations, and the West Valley facility was upgraded to a satisfactory rating in May 2008.

Conclusion: This recommendation has been implemented.

Prior Recommendation 5

Review State Controller Report and National Transit Database for Data Accuracy.

Actions taken by Omnitrans: The consistency of data items contained in Omnitrans reports prepared for external agencies, including State Controller Reports, the National Transit Database (NTD) reports, Annual Financial Statements, and the TransTrack reporting system was generally good during the audit period. In particular, the consistency of TransTrack fixed route service data with other reports improved from FY2006 to FY2007. There were minor discrepancies between these reports in FY08 with respect to operating costs (operating costs reported in TransTrack and NTD were 0.3 percent lower and 1.0 percent lower respectively than the Financial Statements), farebox revenues (farebox revenues reported in TransTrack were 2.1 percent higher than the Financial Statements) and peak vehicles (State Controller Report indicated there were 253 peak vehicles, while NTD indicated there were 229 peak vehicles).

Conclusion: This recommendation has been partially implemented.

Follow Up: This recommendation is carried forward in this audit to be fully implemented by Omnitrans.

Prior Recommendation 6

Improve the Filing of TDA Claims Documents.

Actions taken by Omnitrans: Based on discussions with Omnitrans management, the filing of TDA claims documents went smoothly during the audit period. This was confirmed by the audit team based on TDA claim form records provided by Omnitrans. The addition of a new Chief Financial Officer, as well as a new Director of Internal Audit Services, has helped Omnitrans with respect to the agency's overall financial management.

Conclusion: This recommendation has been implemented.

Prior Recommendation 7

Evaluate Charging a Cost Recovery Fee for Federal Grant Administration and Monitoring.

Actions taken by Omnitrans: Shortly after the performance audits covering FY's 2003-2005, SANBAG commissioned an Omnitrans Cost Allocation Plan that enabled the agency to charge indirect program-related costs to Federal Transit Administration (FTA) grants. The plan allows Omnitrans to recover its staff costs for administering federal grants and is in compliance with OMB A-87 cost principles. The cost allocation plan was developed in February 2007 and was approved by the FTA. The cost allocation plan is included in Omnitrans' accounting procedures manual.

Conclusion: This recommendation has been implemented.

Prior Recommendation 8

Report Performance Against Past Goals in the Annual Strategic Plan.

Actions taken by Omnitrans: Omnitrans reports performance measures to its Board on a monthly basis, and individual departments also prepare department-level performance reports. Reports that explicitly track agency performance relative to goals from the strategic plan developed during the prior audit period were not identified. Omnitrans prepared a new FY2009-FY2014 Strategic Plan in September 2008, shortly after the end of the audit period, that provides a set of performance indicators in each of several areas (Governance, Operations, Workforce, Marketing, and Technology) that the agency will measure its progress with going forward.

Conclusion: This recommendation has not been implemented.

Follow Up: This recommendation is carried forward in this audit to be implemented by Omnitrans.

Section IV

TDA Performance Indicators

This section reviews Omnitrans' performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators, but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-6 provide the performance indicators for the following services:

- Systemwide
- Fixed Route Directly Operated
- Fixed Route Contracted
- OmniLink
- General Public (total of fixed route directly operated, fixed route contracted, & OmniLink)
- Access Service for ADA-eligible patrons

Charts are also provided to depict the trends in the indicators. Data in the tables are charts were derived from several sources, including National Transit Database (NTD) reports, State Controller Reports, TransTrack, and Omnitrans reports. This is noted in footnotes below the tables. The farebox recovery ratios from the audited financial statements are shown below Table IV-5: General Public and Table IV-6: Access ADA Service as reference. There are minor discrepancies between the farebox recovery ratios from the audited financial statements as compared to those derived from other data sources. The audited financial statements do not break out the base data by mode, which would help clarify these minor discrepancies.

Note that Omnitrans discontinued its fixed route contracted service in FY2006, and now directly operates this service. As such, performance trends for fixed route contracted service is shown only for FY2005 and FY2006.

Table IV-1
TDA Performance Indicators
Systemwide

Verified TDA Statistics & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Operating Costs	$64,028,696	$64,858,601	$66,469,412	$66,953,546	4.6%
Unlinked Passengers	15,583,186	15,497,166	15,480,043	14,826,501	-4.9%
Vehicle Service Hours	831,555	859,178	824,419	792,421	-4.7%
Vehicle Service Miles	11,461,994	11,642,899	11,193,830	10,644,328	-7.1%
Employee FTEs	824.2	778.9	761.4	774.9	-6.0%
Passenger Fare Revenue	$12,109,100	$12,465,141	$13,054,370	$13,799,507	14.0%
Operating Cost per Passenger	$4.11	$4.19	$4.29	$4.52	9.9%
Operating Cost per Vehicle Service Hour	$77.00	$75.49	$80.63	$84.49	9.7%
Operating Cost per Vehicle Service Mile	$5.59	$5.57	$5.94	$6.29	12.6%
Passengers per Vehicle Service Hour	18.74	18.04	18.78	18.71	-0.2%
Passengers per Vehicle Service Mile	1.36	1.33	1.38	1.39	2.5%
Veh Service Hours per Employee FTE	1,009	1,103	1,083	1,023	1.4%
Average Fare per Passenger	$0.78	$0.80	$0.84	$0.93	19.8%
Farebox Recovery Ratio	18.9%	19.2%	19.6%	20.6%	9.0%
Percentage Change					
Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Operating costs exclude depreciation, charter, vehicle lease costs.

Source: Unlinked Passengers, Vehicle Service Hours/Miles are from NTD Reports, TransTrack, and Omnitrans reports.
Operating Costs and Fare Revenue are from State Controller Reports and TransTrack.
Employee FTEs are from NTD Reports and State Controller Reports.

Table IV-2
TDA Performance Indicators
Fixed Route, Directly Operated

Verified TDA Statistics & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Operating Costs	$50,585,727	$55,352,512	$57,581,228	$56,044,255	10.8%
Unlinked Passengers	13,879,093	14,867,316	14,998,838	14,377,971	3.6%
Vehicle Service Hours	573,419	668,501	661,759	635,678	10.9%
Vehicle Service Miles	7,234,651	8,604,484	8,594,560	8,192,815	13.2%
Employee FTEs	539.2	599.9	576.4	590.9	9.6%
Passenger Fare Revenue	$10,238,178	$11,193,927	$11,839,709	$12,433,645	21.4%
Operating Cost per Passenger	$3.64	$3.72	$3.84	$3.90	6.9%
Operating Cost per Vehicle Service Hour	$88.22	$82.80	$87.01	$88.16	-0.1%
Operating Cost per Vehicle Service Mile	$6.99	$6.43	$6.70	$6.84	-2.2%
Passengers per Vehicle Service Hour	24.20	22.24	22.67	22.62	-6.6%
Passengers per Vehicle Service Mile	1.92	1.73	1.75	1.75	-8.5%
Veh Service Hours per Employee FTE	1,063	1,114	1,148	1,076	1.2%
Average Fare per Passenger	$0.74	$0.75	$0.79	$0.86	17.2%
Farebox Recovery Ratio	20.2%	20.2%	20.6%	22.2%	9.6%
Percentage Change					
Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Operating costs exclude depreciation, charter, vehicle lease costs.

Source: Unlinked Passengers, Vehicle Service Hours/Miles are from FY05-FY08 National Transit Database Reports.
Operating Costs and Fare Revenue are from State Controllers Reports and TransTrack.
Employee FTEs are from NTD Reports (employee labor hours / 2,000).

Table IV-3
TDA Performance Indicators
Fixed Route, Contracted

Verified TDA Statistics & Performance Indicators	Base Year FY05	FY06
Operating Costs	$4,038,477	$360,175
Unlinked Passengers	1,159,060	107,821
Vehicle Service Hours	75,669	8,135
Vehicle Service Miles	1,347,522	122,916
Employee FTEs	67.0	n/a
Passenger Fare Revenue	$650,565	$61,295
Operating Cost per Passenger	$3.48	$3.34
Operating Cost per Vehicle Service Hour	$53.37	$44.27
Operating Cost per Vehicle Service Mile	$3.00	$2.93
Passengers per Vehicle Service Hour	15.32	13.25
Passengers per Vehicle Service Mile	0.86	0.88
Veh Service Hours per Employee FTE	1,129	n/a
Average Fare per Passenger	$0.56	$0.57
Farebox Recovery Ratio	16.1%	17.0%
Percentage Change		
Consumer Price Index (CPI-U)		4.3%

Operating costs exclude depreciation, charter, vehicle lease costs.

Source: Unlinked Passengers, Vehicle Service Hours/Miles are from FY05-FY08 National Transit Database Reports.
Operating Costs and Fare Revenue are from NTD Reports.
Employee FTEs are from the prior audit report for FY2005, not available for FY2006.

Table IV-4
TDA Performance Indicators
OmniLink

Verified TDA Statistics & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Operating Costs	$975,470	$935,309	$919,610	$1,012,311	3.8%
Unlinked Passengers	52,925	52,862	56,271	42,716	-19.3%
Vehicle Service Hours	22,358	18,396	16,833	14,003	-37.4%
Vehicle Service Miles	252,629	221,960	208,435	160,959	-36.3%
Employee FTEs	42.0	18.0	17.0	17.0	-59.5%
Passenger Fare Revenue	$68,172	$51,928	$54,562	$73,085	7.2%
Operating Cost per Passenger	$18.43	$17.69	$16.34	$23.70	28.6%
Operating Cost per Vehicle Service Hour	$43.63	$50.84	$54.63	$72.29	65.7%
Operating Cost per Vehicle Service Mile	$3.86	$4.21	$4.41	$6.29	62.9%
Passengers per Vehicle Service Hour	2.37	2.87	3.34	3.05	28.9%
Passengers per Vehicle Service Mile	0.21	0.24	0.27	0.27	26.7%
Veh Service Hours per Employee FTE	532	1,022	990	824	54.7%
Average Fare per Passenger	$1.29	$0.98	$0.97	$1.71	32.8%
Farebox Recovery Ratio	7.0%	5.6%	5.9%	7.2%	3.3%
Percentage Change					
Consumer Price Index (CPI-U)		4.3%	0.0%	0.0%	0.0%

Operating costs exclude depreciation, charter, vehicle lease costs.
Source: Unlinked Passengers, Vehicle Service Hours/Miles are from TransTrack and Omnitrans reports.
Operating Costs and Fare Revenue are from TransTrack.
Employee FTEs are from State Controller Reports.

Table IV-5
TDA Performance Indicators
General Public Service (Fixed Route & OmniLink)

Verified TDA Statistics & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Operating Costs	$55,599,674	$56,647,996	$58,500,838	$57,056,566	2.6%
Unlinked Passengers	15,091,078	15,027,999	15,055,109	14,420,687	-4.4%
Vehicle Service Hours	671,446	695,032	678,592	649,681	-3.2%
Vehicle Service Miles	8,834,802	8,949,360	8,802,995	8,353,774	-5.4%
Employee FTEs	648.2	617.9	593.4	607.9	-6.2%
Passenger Fare Revenue	$ 10,956,915	$11,307,150	$11,894,271	$12,506,730	14.1%
Operating Cost per Passenger	$3.68	$3.77	$3.89	$3.96	7.4%
Operating Cost per Vehicle Service Hour	$82.81	$81.50	$86.21	$87.82	6.1%
Operating Cost per Vehicle Service Mile	$6.29	$6.33	$6.65	$6.83	8.5%
Passengers per Vehicle Service Hour	22.48	21.62	22.19	22.20	-1.2%
Passengers per Vehicle Service Mile	1.71	1.68	1.71	1.73	1.1%
Veh Service Hours per Employee FTE	1,036	1,125	1,144	1,069	3.2%
Average Fare per Passenger	$0.73	$0.75	$0.79	$0.87	19.5%
Farebox Recovery Ratio	19.7%	20.0%	20.3%	21.9%	11.2%
Percentage Change					
Consumer Price Index (CPI-U)		4.3%	0.0%	0.0%	0.0%

Operating costs exclude depreciation, charter, vehicle lease costs.
Source: Unlinked Passengers, Vehicle Service Hours/Miles are from NTD, State Controller Reports, and TransTrack.
Operating Costs and Fare Revenue are from NTD, State Controller Reports, and TransTrack.
Employee FTEs are from NTD and State Controller Reports. FY06 data excludes contracted fixed route FTEs.

The general public farebox recovery ratios from the Omnitrans audited financial statements were as follows. FY2006: 20.34%, FY2007: 20.33%, FY2008: 21.91%.

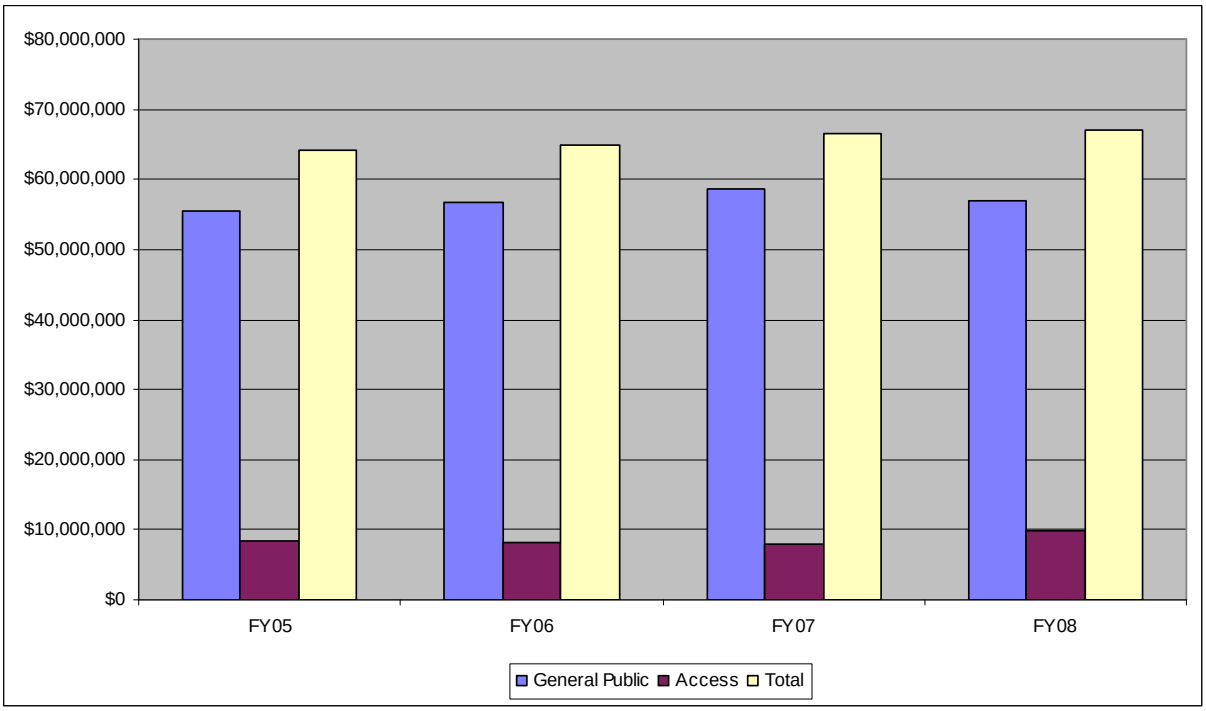
Table IV-6
TDA Performance Indicators
Access ADA Service

Verified TDA Statistics & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Operating Costs	$8,429,022	$8,210,605	$7,968,574	$9,896,980	17.4%
Unlinked Passengers	492,108	469,167	424,934	405,814	-17.5%
Vehicle Service Hours	160,109	164,146	145,827	142,740	-10.8%
Vehicle Service Miles	2,627,192	2,693,539	2,390,835	2,290,554	-12.8%
Employee FTEs	176.0	161.0	168.0	167.0	-5.1%
Passenger Fare Revenue	$1,152,185	$1,157,991	$1,160,099	$1,292,777	12.2%
Operating Cost per Passenger	$17.13	$17.50	$18.75	$24.39	42.4%
Operating Cost per Vehicle Service Hour	$52.65	$50.02	$54.64	$69.34	31.7%
Operating Cost per Vehicle Service Mile	$3.21	$3.05	$3.33	$4.32	34.7%
Passengers per Vehicle Service Hour	3.07	2.86	2.91	2.84	-7.5%
Passengers per Vehicle Service Mile	0.19	0.17	0.18	0.18	-5.4%
Veh Service Hours per Employee FTE	910	1,020	868	855	-6.0%
Average Fare per Passenger	$2.34	$2.47	$2.73	$3.19	36.1%
Farebox Recovery Ratio	13.7%	14.1%	14.6%	13.1%	-4.4%
Percentage Change					
Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

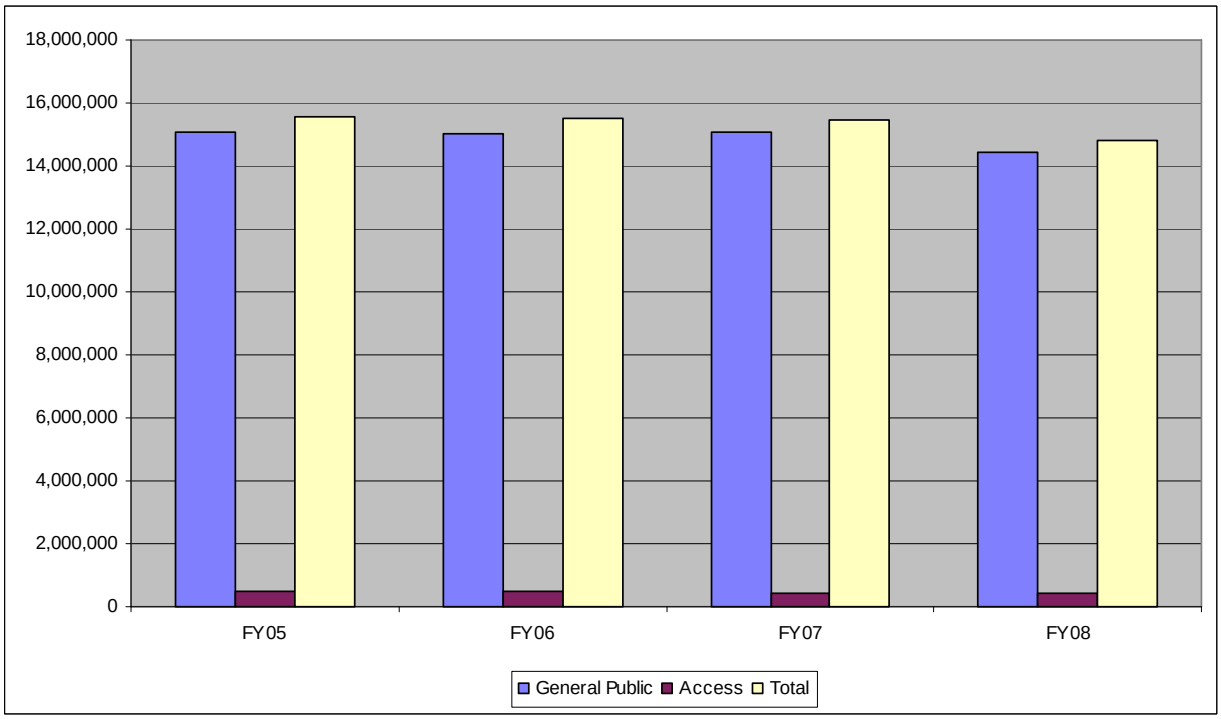
Operating costs exclude depreciation, charter, vehicle lease costs.
Source: Unlinked Passengers, Vehicle Service Hours/Miles are from NTD Reports, TransTrack, and Omnitrans Reports.
Operating Costs and Fare Revenue are from State Controllers Reports.
Employee FTEs are from State Controller Reports.

The Access ADA service farebox recovery ratios from the Omnitrans audited financial statements were as follows. FY2006: 14.10%, FY2007: 14.55%, FY2008: 13.00%.

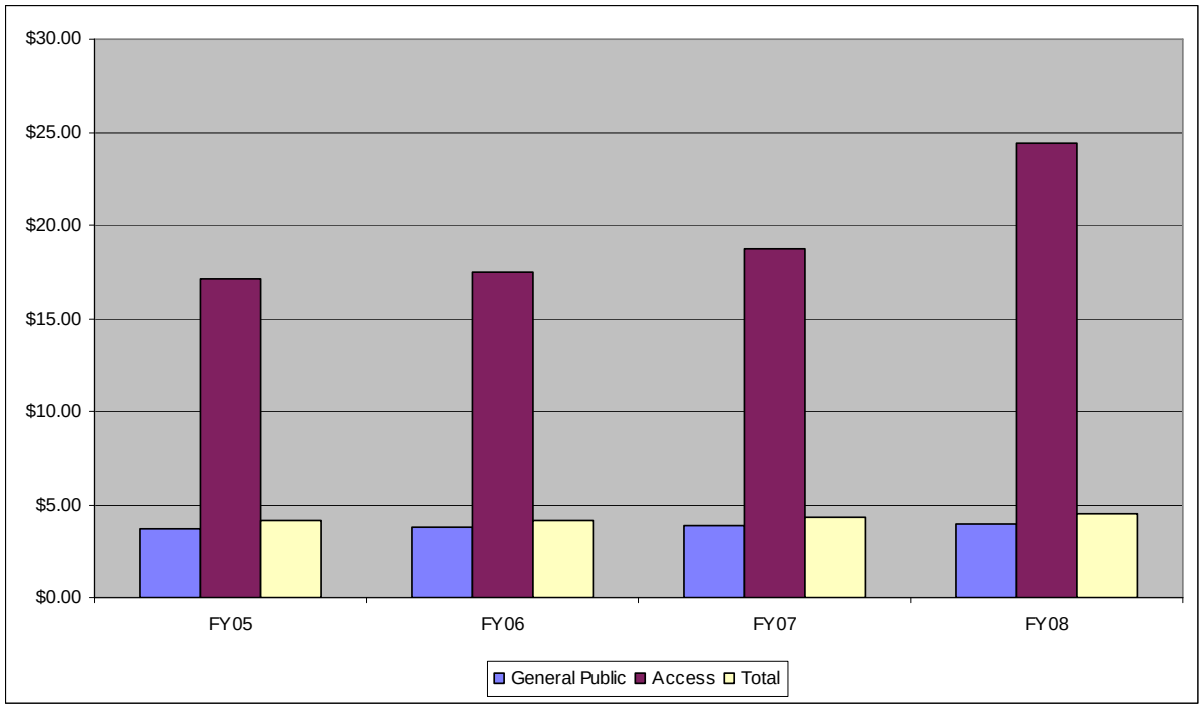
Graph IV-1
Operating Costs
Systemwide, General Public and Access



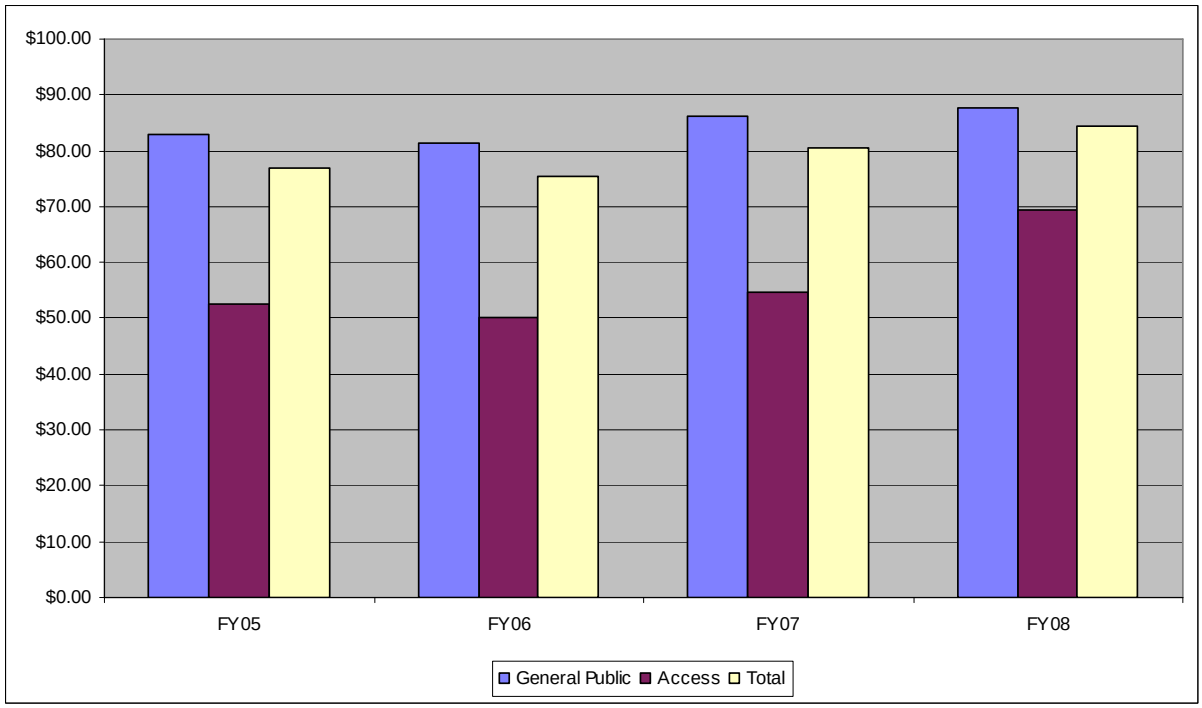
Graph IV-2
Ridership
Systemwide, General Public and Access



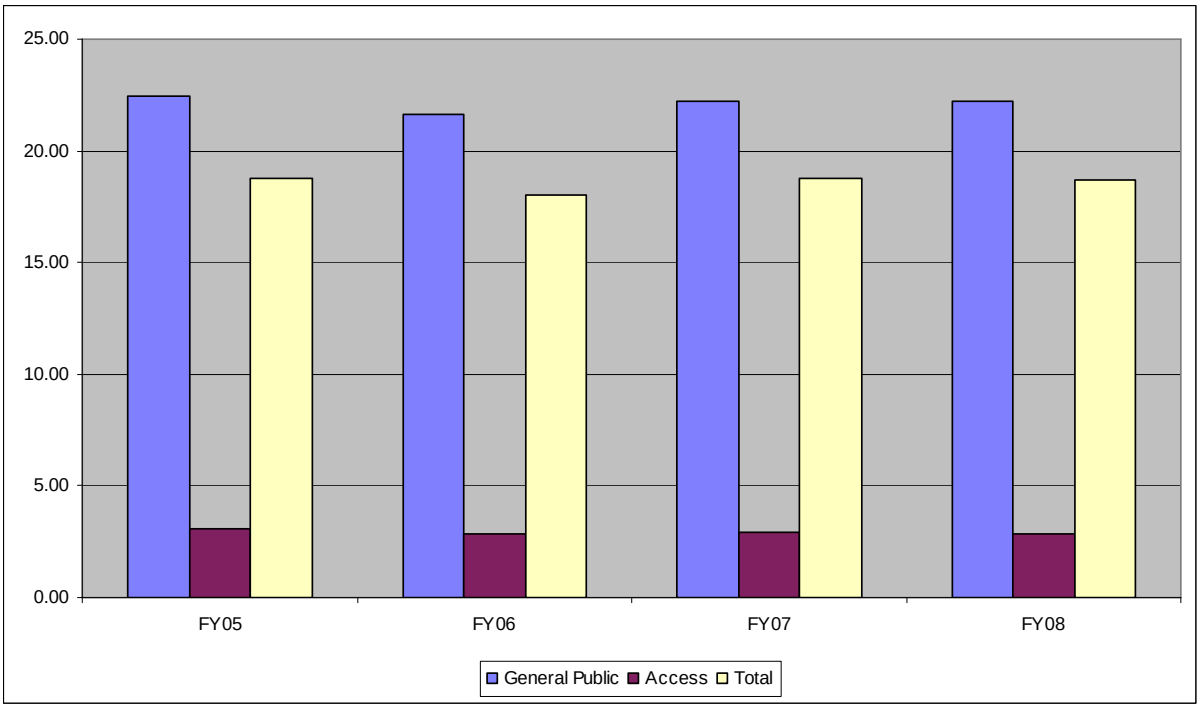
Graph IV-3
Operating Cost per Passenger
Systemwide, General Public and Access



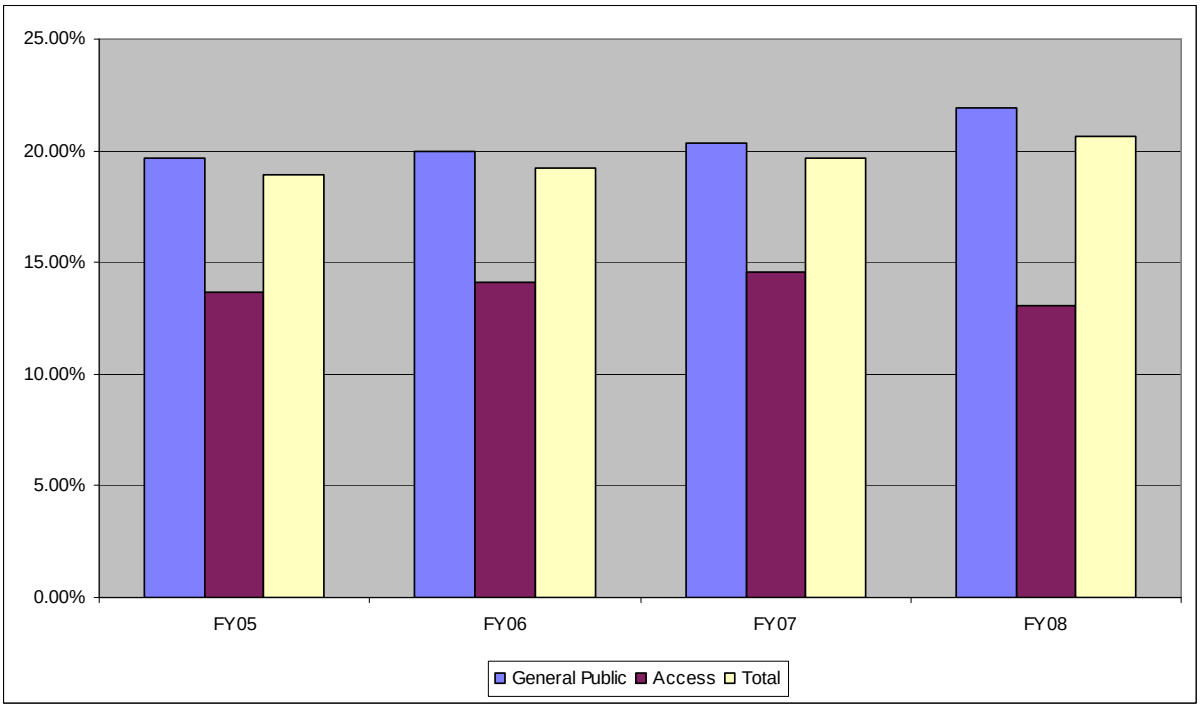
Graph IV-4
Operating Cost per Vehicle Service Hour
Systemwide, General Public and Access



Graph IV-5
Passengers per Vehicle Service Hour
Systemwide, General Public and Access



Graph IV-6
Fare Recovery Ratio
Systemwide, General Public and Access



Findings from Verification of TDA Performance Indicators

1. Operating costs for Omnitrans general public service increased by just 2.6 percent over the last three years, which is remarkable given that the Consumer Price Index increased by 11.5 percent during the same period. Operating costs for Omnitrans Access service increased by 17.4 percent during the last three years, with most of that increase occurring in FY2008. Systemwide operating costs increased by 4.6 percent.

2. Ridership on general public service decreased by 4.4 percent, from 15.1 million to 14.4 million passengers, continuing a trend observed during the last audit period. Ridership on Access service decreased by 17.5 percent, from 492,108 to 405,814. The systemwide ridership decline was 4.9 percent during the audit period. However, preliminary ridership data from July 2008 to February 2009 (after the end of the audit period) indicates that general public ridership is up about 6 percent on a per month basis from FY2008, while Access ridership has stabilized.

3. The provision of vehicle service hours and miles for general public service decreased by 3.2 percent and 5.4 percent respectively, as Omnitrans streamlined its routes in order to realize cost efficiencies. Access vehicle service hours and miles decreased by 10.8 percent and 12.8 percent respectively.

4. Operating cost per passenger increased by 9.9 percent systemwide, 7.4 percent for general public service, and 42.4 percent for Access service. Operating costs were controlled effectively on the general public side, but not for Access service. In particular, maintenance and administration operating costs for Access increased significantly in FY2008.

5. Operating cost per vehicle service hour increased by 9.7 percent systemwide, 6.1 percent for general public service, and 31.7 percent for Access service. Operating cost per vehicle service mile increased by 12.6 percent systemwide, 8.5 percent for general public service, and 34.7 percent for Access service.

6. Passengers per vehicle service hour decreased by 0.2 percent systemwide, 1.2 percent for general public service, and 7.5 percent for Access service. Passengers per vehicle service mile increased by 2.5 percent systemwide and 1.1 percent for general public service, and decreased by 5.4 percent for Access service.

7. Vehicle service hours per employee Full Time Equivalent (FTE) for general public service, which measures labor productivity, increased by 3.2 percent over the past three years. Vehicle service hours per employee FTE for Access service decreased by 6.0 percent during the audit period.

8. The fare recovery ratio for general public service increased from 19.7 percent in FY2005 to 21.9 percent in FY2008, while the fare recovery ratio for Access service declined from

13.7 percent in FY2005 to 13.1 percent in FY2008. The TDA minimum requirement is 20.0 percent for general public service and 10.0 percent for Access service for senior and disabled patrons. Omnitrans met the minimum requirements in each fiscal year during the audit period.

Section V

Comparison of Similar Operators

An additional section for the Omnitrans performance audit, as follow up to the prior audit, is a peer review of other transit systems around the nation with similar size and setting (service area square miles, population, etc.) to Omnitrans. Utilizing information from the Federal National Transit Database (NTD), the auditor updated a peer review of transit systems similar to Omnitrans that serve as reasonable "peer" candidates for the purpose of performance comparisons. The NTD maintains the modal characteristics and performance of Omnitrans and other urban transportation systems across the United States.

Using the latest available NTD data (2007), 12 other transit agencies from 10 states were identified as having similar characteristics as Omnitrans. These agencies were chosen based on similar service area size and population, and comparable services (fleet mix of bus and demand response). The 12 agencies are:

1. Southwest Ohio Regional Transit Authority (SORTA)
2. Sacramento Regional Transit District (Sac RT)
3. Hampton Roads Transit (HRT)
4. Washington Metropolitan Area Transit Authority (WMATA)
5. Greater Cleveland Regional Transportation Authority (GCRTA)
6. San Antonio VIA Metropolitan Transit (VIA)
7. Santa Clara Valley Transportation Authority (VTA)
8. Central Florida Regional Transportation Authority (LYNX)
9. Utah Transit Authority (UTA)
10. Regional Public Transportation Authority (RPTA), dba Valley Metro (Phoenix, AZ)
11. Maryland Transit Administration (MTA)
12. Denver Regional Transportation District (RTD)

Performance Measures

The comparison included the use of performance measures contained in the NTD which are grouped in three categories; service efficiency, cost effectiveness and service effectiveness. The performance measures were:

- Service Efficiency
  - ✓ Operating Cost per Vehicle Revenue Mile
  - ✓ Operating Cost per Vehicle Revenue Hour
  - ✓ Vehicle Revenue Hours per Employee Full Time Equivalent (applicable only to directly operated service)
- Cost Effectiveness
  - ✓ Operating Cost per Unlinked Passenger Trip
  - ✓ Operating Cost per Passenger Mile
- Service Effectiveness
  - ✓ Unlinked Passenger Trips per Vehicle Revenue Mile
  - ✓ Unlinked Passenger Trips per Vehicle Revenue Hour

Tables V-1 to V-7 show the results of the peer review. For each indicator, results are shown by mode for both FY2004 and FY2007, and show the percentage change observed during the three-year period.

Table V-1
Peer Comparison, Operating Cost per Vehicle Revenue Mile

	Operating Cost per Vehicle Revenue Mile					
	MB 2004	MB 2007	% Change	DR 2004	DR 2007	% Change
Omnitrans	$6.27	$6.70	7%	$2.90	$3.40	17%
SORTA (Cincinnati, OH)	$5.61	$7.01	25%	$3.14	$4.06	29%
RT (Sacramento, CA)	$8.70	$10.77	24%	$3.50	$4.20	20%
Hampton Roads (Norfolk, VA)	$4.78	$5.22	9%	$3.06	$2.32	-24%
WMATA (Washington, DC)	$10.17	$12.49	23%	$3.43	$3.89	13%
GCRTA (Cleveland, OH)	$7.82	$8.51	9%	$6.44	$6.15	-4%
VIA Transit (San Antonio, TX)	$4.60	$5.54	20%	$2.37	$2.95	24%
SCVTA (San Jose, CA)	$11.54	$12.48	8%	$5.74	$5.14	-10%
LYNX (Orlando, FL)	$4.80	$5.45	14%	$2.30	$2.64	15%
UTA (Salt Lake City, UT)	$5.24	$6.19	18%	$3.52	$4.70	34%
Valley Metro (Phoenix, AZ)	$5.16	$6.88	33%	$4.62	$4.22	-9%
MTA (Baltimore, MD)	$8.56	$10.32	21%	$4.78	$4.64	-3%
RTD (Denver, CO)	$5.67	$6.89	22%	$3.85	$4.13	7%
Average	**$6.84**	**$8.03**	**17%**	**$3.82**	**$4.03**	**6%**

Table V-2
Peer Comparison, Operating Cost per Vehicle Revenue Hour

	Operating Cost per Vehicle Revenue Hour					
	MB 2004	MB 2007	% Change	DR 2004	DR 2007	% Change
Omnitrans	$82.79	$87.07	5%	$43.10	$54.37	26%
SORTA (Cincinnati, OH)	$73.75	$94.12	28%	$58.43	$70.27	20%
RT (Sacramento, CA)	$106.99	$117.06	9%	$54.86	$68.89	26%
Hampton Roads (Norfolk, VA)	$62.64	$69.12	10%	$34.91	$49.21	41%
WMATA (Washington, DC)	$114.42	$138.97	21%	$54.19	$45.50	-16%
GCRTA (Cleveland, OH)	$97.91	$104.21	6%	$87.12	$85.15	-2%
VIA Transit (San Antonio, TX)	$61.51	$73.48	19%	$46.45	$55.60	20%
SCVTA (San Jose, CA)	$144.82	$156.84	8%	$84.86	$72.67	-14%
LYNX (Orlando, FL)	$67.38	$76.53	14%	$39.60	$44.47	12%
UTA (Salt Lake City, UT)	$97.99	$116.23	19%	$53.19	$70.32	32%
Valley Metro (Phoenix, AZ)	$70.31	$90.49	29%	$56.25	$60.18	7%
MTA (Baltimore, MD)	$106.90	$135.36	27%	$67.92	$61.94	-9%
RTD (Denver, CO)	$84.61	$95.21	13%	$53.94	$58.23	8%
Average	**$90.16**	**$104.21**	**16%**	**$56.52**	**$61.29**	**8%**

Table V-3
Peer Comparison, Vehicle Revenue Hours per Employee FTE, Directly Operated Service

	Vehicle Revenue Hours per FTE		
	MB 2004	MB 2007	% Change
Omnitrans	911	1,148	26%
SORTA (Cincinnati, OH)	1,020	953	-7%
RT (Sacramento, CA)	957	935	-2%
Hampton Roads (Norfolk, VA)	855	1,156	35%
WMATA (Washington, DC)	890	791	-11%
GCRTA (Cleveland, OH)	954	908	-5%
VIA Transit (San Antonio, TX)	1,065	991	-7%
SCVTA (San Jose, CA)	868	986	14%
LYNX (Orlando, FL)	1,100	1,056	-4%
UTA (Salt Lake City, UT)	835	761	-9%
Valley Metro (Phoenix, AZ)	n/a	n/a	n/a
MTA (Baltimore, MD)	945	831	-12%
RTD (Denver, CO)	757	769	2%
Average	**930**	**940**	**1%**

Table V-4
Peer Comparison, Operating Cost per Passenger Trip

	Operating Cost per Passenger Trip					
	MB 2004	MB 2007	% Change	DR 2004	DR 2007	% Change
Omnitrans	$3.34	$3.84	15%	$15.84	$18.38	16%
SORTA (Cincinnati, OH)	$2.75	$2.97	8%	$27.31	$32.11	18%
RT (Sacramento, CA)	$3.83	$4.71	23%	$32.69	$37.88	16%
Hampton Roads (Norfolk, VA)	$2.36	$2.40	2%	$27.35	$25.11	-8%
WMATA (Washington, DC)	$2.71	$3.64	34%	$34.02	$39.53	16%
GCRTA (Cleveland, OH)	$3.36	$3.50	4%	$43.18	$42.15	-2%
VIA Transit (San Antonio, TX)	$1.94	$2.54	31%	$19.47	$23.87	23%
SCVTA (San Jose, CA)	$5.54	$6.26	13%	$36.81	$31.53	-14%
LYNX (Orlando, FL)	$2.75	$3.03	10%	$25.78	$32.69	27%
UTA (Salt Lake City, UT)	$5.73	$4.44	-23%	$29.58	$35.30	19%
Valley Metro (Phoenix, AZ)	$4.03	$2.50	-38%	$28.16	$35.34	25%
MTA (Baltimore, MD)	$2.33	$3.08	32%	$32.23	$39.29	22%
RTD (Denver, CO)	$3.10	$3.60	16%	$30.28	$29.06	-4%
Average	**$3.37**	**$3.58**	**6%**	**$29.44**	**$32.48**	**10%**

Table V-5
Peer Comparison, Operating Cost per Passenger Mile

	Operating Cost per Passenger Mile					
	MB 2004	MB 2007	% Change	DR 2004	DR 2007	% Change
Omnitrans	$0.69	$0.80	16%	$1.45	$1.61	11%
SORTA (Cincinnati, OH)	$0.48	$0.61	28%	$2.95	$3.12	6%
RT (Sacramento, CA)	$1.10	$1.51	37%	$3.96	$4.40	11%
Hampton Roads (Norfolk, VA)	$0.55	$0.62	13%	$3.27	$2.99	-9%
WMATA (Washington, DC)	$0.91	$1.17	28%	$3.08	$3.89	26%
GCRTA (Cleveland, OH)	$0.91	$0.96	6%	$6.63	$5.88	-11%
VIA Transit (San Antonio, TX)	$0.53	$0.67	26%	$1.78	$2.05	15%
SCVTA (San Jose, CA)	$1.34	$1.55	16%	$4.54	$4.13	-9%
LYNX (Orlando, FL)	$0.47	$0.53	12%	$2.03	$2.55	26%
UTA (Salt Lake City, UT)	$1.46	$0.61	-58%	$2.35	$3.18	35%
Valley Metro (Phoenix, AZ)	$0.97	$0.68	-30%	$3.97	$4.08	3%
MTA (Baltimore, MD)	$0.58	$0.71	22%	$4.11	$5.28	28%
RTD (Denver, CO)	$0.64	$0.67	5%	$3.51	$4.28	22%
Average	**$0.82**	**$0.85**	**4%**	**$3.36**	**$3.65**	**9%**

Table V-6
Peer Comparison, Passenger Trips per Vehicle Revenue Mile

	Passenger Trips per Vehicle Revenue Mile					
	MB 2004	MB 2007	% Change	DR 2004	DR 2007	% Change
Omnitrans	1.88	1.75	-7%	0.18	0.19	1%
SORTA (Cincinnati, OH)	2.04	2.36	16%	0.11	0.13	10%
RT (Sacramento, CA)	2.27	2.29	1%	0.11	0.11	4%
Hampton Roads (Norfolk, VA)	2.02	2.18	8%	0.11	0.09	-17%
WMATA (Washington, DC)	3.75	3.43	-8%	0.10	0.10	-2%
GCRTA (Cleveland, OH)	2.33	2.43	4%	0.15	0.15	-2%
VIA Transit (San Antonio, TX)	2.38	2.18	-8%	0.12	0.12	2%
SCVTA (San Jose, CA)	2.08	1.99	-4%	0.16	0.16	4%
LYNX (Orlando, FL)	1.74	1.80	3%	0.09	0.08	-10%
UTA (Salt Lake City, UT)	0.91	1.39	53%	0.12	0.13	12%
Valley Metro (Phoenix, AZ)	1.28	2.75	115%	0.16	0.12	-27%
MTA (Baltimore, MD)	3.67	3.35	-9%	0.15	0.12	-20%
RTD (Denver, CO)	1.83	1.92	5%	0.13	0.14	12%
Average	**2.17**	**2.29**	**6%**	**0.13**	**0.13**	**-3%**

Table V-7
Peer Comparison, Passenger Trips per Vehicle Revenue Hour

	Passenger Trips per Vehicle Revenue Hour					
	MB 2004	MB 2007	% Change	DR 2004	DR 2007	% Change
Omnitrans	24.76	22.66	-8%	2.72	2.96	9%
SORTA (Cincinnati, OH)	26.85	31.74	18%	2.14	2.19	2%
RT (Sacramento, CA)	27.91	24.85	-11%	1.68	1.82	8%
Hampton Roads (Norfolk, VA)	26.51	28.83	9%	1.28	1.96	53%
WMATA (Washington, DC)	42.22	38.19	-10%	1.59	1.15	-28%
GCRTA (Cleveland, OH)	29.15	29.81	2%	2.02	2.02	0%
VIA Transit (San Antonio, TX)	31.78	28.93	-9%	2.38	2.33	-2%
SCVTA (San Jose, CA)	26.16	25.06	-4%	2.31	2.30	0%
LYNX (Orlando, FL)	24.47	25.27	3%	1.54	1.36	-11%
UTA (Salt Lake City, UT)	17.09	26.20	53%	1.80	1.99	11%
Valley Metro (Phoenix, AZ)	17.46	36.13	107%	2.00	1.70	-15%
MTA (Baltimore, MD)	45.82	43.91	-4%	2.11	1.58	-25%
RTD (Denver, CO)	27.30	26.47	-3%	1.78	2.00	12%
Average	**28.27**	**29.85**	**6%**	**1.95**	**1.95**	**0%**

Findings from Peer Review

Service Efficiency

Operating Cost per Vehicle Revenue Mile: The average across the agencies in FY2007 was $8.03 for the motorbus mode and $4.03 for the demand response mode, increases of 17% and 6% respectively from FY2004. The range was from $5.22 to $12.49 for motorbus and from $2.32 to $6.15 for demand response. Omnitrans' operating costs per vehicle revenue mile were $6.70 for motorbus (5th lowest out of 13) and $3.40 for demand response (4th lowest out of 13).

The ranges of the percentage change between FY2004 and FY2007 was from 7% to 33% for motorbus and from -24% to 34% for demand response. Omnitrans' three-year changes were 7% for motorbus (lowest out of 13; best among peers) and 17% for demand response (9th lowest out of 13).

Operating Cost per Vehicle Revenue Hour: The average across the agencies in FY2007 was $104.21 for the motorbus mode and $61.29 for the demand response mode, increases of 16% and 8% respectively from FY2004. The range was from $69.12 to $156.84 for motorbus and from $44.47 to $85.15 for demand response. Omnitrans' operating costs per vehicle revenue hour were $87.07 for motorbus (4th lowest out of 13) and $54.37 for demand response (4th lowest out of 13).

The ranges of the percentage change between FY2004 and FY2007 was from 5% to 29% for motorbus and from -16% to 41% for demand response. Omnitrans' three-year changes were 5% for motorbus (lowest out of 13; best among peers) and 26% for demand response (11th lowest out of 13).

Vehicle Revenue Hours per Employee FTE (directly operated motorbus service): The average across the agencies in FY2007 was 940, an increase of 1% from FY2004. The range was from 761 to 1,156. Omnitrans' vehicle revenue hours per employee FTE was 1,148 (2nd highest out of 12, which excludes Valley Metro). The ranges of the percentage change between FY2004 and FY2007 was from -12% to 35%. Omnitrans' three-year change was 26% (2nd highest out of 12).

Cost Effectiveness

Operating Cost per Unlinked Passenger Trip: The average across the agencies in FY2007 was $3.58 for the motorbus mode and $32.48 for the demand response mode, increases of 6% and 10% respectively from FY2004. The range was from $2.40 to $6.26 for motorbus and from $18.38 to $42.15 for demand response. Omnitrans' operating costs per passenger trip were $3.84 for motorbus (10th lowest of 13) and $18.38 for demand response (lowest of 13; best among peers).

The ranges of the percentage change between FY2004 and FY2007 was from -38% to 34% for motorbus and from -14% to 27% for demand response. Omnitrans' three-year changes were 15% for motorbus (8th lowest of 13) and 16% for demand response (6th lowest of 13).

Operating Cost per Passenger Mile: The average across the agencies in FY2007 was $0.85 for the motorbus mode and $3.65 for the demand response mode, increases of 4% and 9% respectively from FY2004. The range was from $0.53 to $1.55 for motorbus and from $1.61 to $5.88 for demand response. Omnitrans' operating costs per passenger mile were $0.80 for motorbus (9th lowest out of 13) and $1.61 for demand response (lowest out of 13; best among peers).

The ranges of the percentage change between FY2004 and FY2007 was from -58% to 37% for motorbus and from -11% to 35% for demand response. Omnitrans' three-year changes were 16% for motorbus (7th lowest out of 13) and 11% for demand response (6th lowest out of 13).

Service Effectiveness

Unlinked Passenger Trips per Vehicle Revenue Mile: The average across the agencies in FY2007 was 2.29 for the motorbus mode and 0.13 for the demand response mode, changes of 6% and -3% respectively from FY2004. The range was from 1.39 to 3.43 for motorbus and from 0.08 to 0.19 for demand response. Omnitrans' passenger trips per vehicle revenue mile were 1.75 for motorbus (12th highest out of 13) and 0.19 for demand response (highest out of 13; best among peers).

The ranges of the percentage increase between FY2004 and FY2007 was from -9% to 115% for motorbus and from -27% to 12% for demand response. Omnitrans' three-year changes were -7% for motorbus (10th highest out of 13) and 1% for demand response (7th highest out of 13).

Unlinked Passenger Trips per Vehicle Revenue Hour: The average across the agencies in FY2007 was 29.85 for the motorbus mode and 1.95 for the demand response mode, changes of 6% and 0% respectively from FY2004. The range was from 22.66 to 43.91 for motorbus and from 1.15 to 2.96 for demand response. Omnitrans' passenger trips per vehicle revenue hour were 22.66 for motorbus (13th highest out of 13; lowest among peers) and 2.96 for demand response (highest out of 13; best among peers).

The ranges of the percentage increase between FY2004 and FY2007 was from -11% to 107% for motorbus and from -28% to 53% for demand response. Omnitrans' three-year changes were -8% for motorbus (10th highest out of 13) and 9% for demand response (4th highest out of 13).

Conclusion

Motorbus: For service productivity indicators (operating cost per revenue mile and operating cost per revenue hour), Omnitrans has relatively good performance among the 13 agencies. For the cost effectiveness indicators (operating cost per passenger trip and operating cost per passenger mile), Omnitrans has relatively low performance among the 13 agencies. For the service effectiveness indicators, Omnitrans has relatively low performance among the 13 agencies. Omnitrans controlled its operating costs effectively relative to its peers, although service effectiveness remains an issue. For vehicle revenue hours per employee FTE, another measure of service productivity, Omnitrans ranked 2nd best among the 12 agencies.

Demand Response: For service productivity indicators (operating cost per revenue mile and operating cost per revenue hour), Omnitrans has relatively good performance among the 13 agencies. For the cost effectiveness indicators (operating cost per passenger trip and operating cost per passenger mile), Omnitrans ranks best among the 13 agencies. For service effectiveness indicators, Omnitrans also ranks best among the 13 agencies. Omnitrans' demand response service is clearly strong relative to its peers, although the use of FY2007 data instead of FY2008 data for the comparison does not take into account significant operating cost growth and reduction in ridership that Omnitrans had in FY2008.

Section VI

Review of Operator Functions

This section provides an in-depth review of various functions within Omnitrans. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at the Authority:

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

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

Contracted fixed route, which ended operations in FY2006, is excluded from this functional review. Discussion of fixed route service in this section pertains to directly operated service only.

Several changes and notable events have occurred at Omnilink over the past three years, including the following:

- Contracted fixed route service with Transportation Concepts ended on August 31, 2005. Omnitrans decided not to renew the fixed route contract due to the contractor's poor performance, and operate the service internally.
- Omnilink service to the city of Grand Terrace was discontinued in September 2005.
- Omnilink weekend service was discontinued in May 2007.
- Access program discontinues trips for non-ADA disabled passengers at the start of 2008. Effective July 1, 2007, the disability identification card (Omnitrans D-card) was no longer accepted on Access Services. Cardholders had until January 2008 to complete the ADA application form. After that date, non-ADA passengers were not serviced by the Access program.
- During FY2007, there were service adjustments, rising fuel costs, and major labor negotiations. A Comprehensive Operations Assessment (COA) was developed along with

the Short Range Transit Plan for years (2008-2013). As a result of these studies, several efficiencies were implemented in May 2007 including the elimination of one fixed route.

- In May 2006, Omnitrans provided 30 fixed bus routes including 18 routes in the East Valley, 11 routes in the West Valley and 1 regional express route. In May 2007, Omnitrans discontinued one local route bringing its fixed routes to 29.

- Omnitrans Bus Stop Design Guidelines were submitted in September 2006 and approved in October. The goal of the guidelines were to provide comfortable and convenient high quality facilities at bus stop locations, while considering the operational needs of Omnitrans, ADA requirements, and public safety.

- At the start of the audit period, Omnitrans began planning for an enhanced, state-of-the-art bus rapid transit (BRT) along the E Street corridor in the cities of San Bernardino and Loma Linda. sbX or the San Bernardino Express as its called, is the most ambitious project in Omnitran's history.

- During FY2008 the agency encountered additional challenges such as fare increases and service adjustments. Like other transit operators Omnitrans continued to face escalating fuel costs, the most volatile cost to the agency.

- Service reductions in FY2008 were made to reduce low performing services, which resulted in 44,000 fewer service hours.

- Omnitrans went through two fare policy changes during the audit period. In August 2006, Omnitrans' Board of Directors approved an increase in the fixed route base fare from $1.15 to $1.25, and in the Day Pass from $2.75 to $3.00. These changes took effect on September 5, 2006. On July 1, 2007 Omnitrans implemented a new comprehensive fare policy as part of its effort to comply with a 20% farebox recovery ratio.

- Evaluation of Omnitrans' Administrative Operations Final Report (January 2006) – This project reviewed the internal controls of Omnitrans procurement, finance, human resources, information management processes, and implementation of prior recommendations, and developed a series of 37 corrective recommendations.

- Multi-Dimensional Benchmarking Study – Transit System Cost and Performance (2006) – This study involved an analysis of Omnitrans' cost and performance for the period 1998 through 2005 based on research of over 100 western US transit systems reporting data to the National Transit Database (NTD). This study recommended that Omnitrans identify potential areas of cost reduction, set realistic strategic and cost performance targets, and negotiate quantitative performance targets.

- On-Board User Intercept Surveys of Omnitrans Riders (August 2006) – In a SANBAG-funded project, a weekday, on-board survey of Omnitrans fixed route riders and a mail-back intercept survey of OmniLink and Access riders were conducted by Omnitrans. A total of 4,055 completed fixed route questionnaires and 165 completed demand-response questionnaires were returned. Findings provide a recent overview of transit travel patterns and rider profiles for Omnitrans fixed route and demand-response services.

- San Bernardino Transcenter Project – Upon completion of the land acquisition, Omnitrans will begin to construct the San Bernardino Transcenter at Rialto and E Street. This new facility will serve as a multi-modal hub for Omnitrans' sbX, fixed route, regional bus, Metrolink, and Redlands Passenger Rail services. The new San Bernardino Transcenter will replace the Fourth Street Transit Mall. Transit-oriented development (TOD) associated with the new Transcenter will also act as a trip generator and attractor for Omnitrans routes serving Downtown San Bernardino.

- Planned Yucaipa Transcenter – The new Yucaipa Transcenter design has been completed and is awaiting construction. It will serve as the eastern terminus for Omnitrans fixed route services, and will have eight bus bays to accommodate higher-capacity 60-foot articulated buses. The new Yucaipa Transcenter can serve as a transfer site between Omnitrans fixed route services and Yucaipa OmniLink service, and could eventually accommodate regional connections if service extensions from neighboring Riverside County are warranted. The new Transcenter could also accommodate new bus feeder services to the planned Redlands Passenger Rail service.

- Planned Chaffey College Transcenter – The Chaffey College Transcenter is in planning stages and will eventually serve as a terminus for north-south services in the Western Valley and for potential limited stop commuter services operating along I-210 in the future.

- In FY 2003, Siemens Transportations Systems, Inc. was awarded the contract for the installation of a fleet-wide (fixed route and paratransit) communication and on-line real time management control and reporting/information system. This project has improved service efficiencies, provided valuable and diverse data through GPS technology, assisted in ensuring the safety and security of its employees and passengers, aided in appropriate emergency response time, and enhanced communications throughout the fleet. The system's complete installation date was July 1, 2007.

- In FY 2004, Omnitrans began the process of upgrading its existing radio system to a more sophisticated and useful Trapeze voice-data radio communication system. The new system assists in operating efficiencies, ensures appropriate emergency response and full compliance with the provisions of the Americans with Disabilities Act (ADA) and provides valuable data that can be used to analyze performance and usage. Installation of the new system was completed in FY 2006/2007.

Operations

The Operations Department is responsible for planning, organizing, implementing, coordinating, and directing service delivery for all of the agency's fixed route and demand response operations provided directly and via private contractors. It is also responsible for fleet safety and training programs.

The Operations Department includes the coach operators, dispatchers, supervisors and managers who provide the daily interface between Omnitrans and the riding public. Operations works to maintain scheduled service, manage its contracted services, adhere to regulatory requirements and improve labor relations. Shortly before the audit period, a decision was made by Omnitrans to not renew the fixed route contract with Transportation Concepts, and bring several fixed route services back in-house due to the contractor's poor performance. Following that decision, the department increased its driver headcount substantially to accommodate the increased need in a matter of months.

In late 2005, the Omnitrans Operations Director retired after about 20 years with the agency. In February 2006, a new Operations Director was hired. Since that time, the operations department has made notable accomplishments, including:

- The launching and purchasing of several paratransit vehicles resulting in cost savings.
- Reduction of operations personnel from 475 to 433 operators, without sacrificing service hours.
- Succesfully negotiating a new contract with the Amalgamated Transit Union (ATU) in 2007.
- Redevelopment of the coach operator performance standards, and field supervisor manual.
- The strategic 5 year plan was developed in collaboration with internal staff, community members, and SANBAG.
- In 2007, the service was restructed, including the elimination and restructing of certain routes. An immediate 4% ridership drop occurred, but recent ridership has shown improvement.
- Successfully weathered inclement budget issues of audit period, and current year to date budget is within a few percentage points of planned levels.

During the audit period, the operations management structure was reorganized to redistribute management oversight. A higher percentage of operations supervisors were reassigned to field assignments to properly oversee operations. While the change in culture was met with certain challenges at first, performance levels have increased. There was also a successful negotiation with the Amalgamated Transit Union (ATU) where the Omnitrans management held their position successfully.

Among the accomplishments by the Operations Department include winning safety awards from the National Safety Council, streamlining processes, and maintaining on-time performance above the standard of 90 percent for the vast majority of the active routes. The Director of Operations

evaluates departmental performance with monthly performance indicators. Supervisors are tasked with meeting goals for ride checks and other supervisory duties.

CHP Inspections and Driver Records

This section has not been completed, pending discussion of the annual CHP Terminal Inspection Reports with Omnitrans.

Driver Training

Omnitrans' State and Federal certified instructors provide initial and periodic training for operations personnel in aspects of agency policy and procedure, legal requirements, vehicles and related equipment. Operations also administers the National Safety Council fleet safety program and related training.

Potential new coach operators study for a learner's permit on their own, and cannot be hired without retaining one. Omnitrans provides driver's training to each recruit, even if the applicant already holds a Class B license from another transit agency to operate a motor bus. An annual training budget of 8 hours is provided for vehicle operators, which can be divided into 2 four hour sessions.

Labor Relations

Omnitrans' current contract with the Teamsters Union runs from July 1, 2006 to June 30, 2009 and Omnitrans' current contract with the Amalgamated Transit Union (ATU) runs from April 1, 2007 to March 31, 2010. Negotiations with the unions to complete these agreements took time on both sides, but did not require an outside State Mediator as was the case during the prior audit period.

Management of Access

The previous contract for Access paratransit service ended in June 30, 2006. Starting July 1, 2006 operations of Access and Omnilink demand reponse services was contracted to First Transit, Inc.

Minimum farebox recovery is an important efficiency standard for the provision of Access service. A 12% farebox recovery ratio has been identified as the target for Access service for the 2008-2013 Omnitrans SRTP timeframe. Minimum farebox recovery determines the minimum passengers/revenue hour performance standard. Throughout the audit period, Access has exceeded the farebox recovery performance target. The target has been adjusted to reflect fare increases during the 2008-2013 timeframe.

Farebox Recovery Ratio	FY2006	FY2007	FY2008
Access Service	14.1%	14.6%	13.1%

Passengers per revenue hour stayed steady at 2.9 for FY2006 and FY2007, then dropped slightly to 2.8 in FY2008.

Access Policies

Access is a pre-reservation, shared-ride service. Pick-up times are scheduled within a 40-minute scheduling window. Trip requests are taken at least one day in advance and up to 14 days in advance. All call taking is done at First Transit's I Street location. Total staff complement at that location includes 8 reservationists, 1 supervisor, 1 scheduling optimizer and 10 dispatchers.

Omnitrans provides rides to passengers on a space availability basis to Omnitrans ADA certified passengers. Effective July 1, 2007, the disability identification card (Omnitrans D-card) was no longer accepted on Access Services. Cardholders had until January 2008 to complete the ADA application form. After that date, non-ADA passengers were not serviced by the Access program.

Reservations are taken seven days a week between the hours of 8:00 a.m. and 5:00 p.m. Dispatch is staffed between the hours of 5:00 a.m. and 10:00 p.m. Access receives 14,000 to 15,000 calls a month. Omnitrans had a new phone system installed at the I Street location in December 2006.

All Access vehicles are equipped with Siemens Mobile Data Terminals (MDTs) and Automatic Vehicle Locating (AVL) capabilities. While driver manifests are transmitted electronically via the MDTs, drivers continue to use paper manifests as well. Most vehicles are also equipped with the DriveCam camera system.

A sample of cancellations and no-shows in the midst of the audit period (after First Transit commenced operation of Access services) showed that the East Valley has a 20-30% higher cancellation and no-show rate than the West Valley.

Operations Performance

Tables VI-1 and VI-2 provide several indicators of operations performance for Omnitrans directly operated fixed route and contracted demand response service.

Table VI-1
Vehicle Operations Performance Indicators
Fixed Route

Base Data & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Cost for Operations	$25,428,499	$30,881,957	$31,269,494	$31,817,175	25.1%
Operator Salaries and Wages	$12,136,624	$14,059,453	$14,404,238	$14,444,996	19.0%
Cost of Fuel and Lubricants	$3,379,446	$5,294,350	$5,219,405	$5,619,761	66.3%
Operator Pay Hours	754,643	850,367	802,649	829,621	9.9%
Vehicle Service Hours (VSH)	573,419	668,501	661,759	635,678	10.9%
Vehicle Service Miles (VSM)	7,234,651	8,604,484	8,594,560	8,192,815	13.2%
Total Vehicle Hours	600,981	698,295	691,568	664,215	10.5%
Total Vehicle Miles	7,936,839	9,387,001	9,327,403	8,826,701	11.2%
Unlinked Passenger Trips	13,879,093	14,867,316	14,998,838	14,377,971	3.6%
Passenger Miles	60,572,342	68,836,122	72,173,114	71,071,565	17.3%
Scheduled Trips, One-Way	542,470	600,069	589,543	572,305	5.5%
Lost Trips, One-Way	2,360	2,473	4,501	2,840	20.3%
Revenue Accidents	496	682	597	522	5.2%
Veh Ops Cost per VSH	$44.35	$46.20	$47.25	$50.05	12.9%
Veh Ops Cost per VSM	$3.51	$3.59	$3.64	$3.88	10.5%
Veh Ops Cost per Psgr Trip	$1.83	$2.08	$2.08	$2.21	20.8%
Veh Ops Cost per Psgr Mile	$0.42	$0.45	$0.43	$0.45	6.6%
Avg Wage per Operator Pay Hour	$16.08	$16.53	$17.95	$17.41	8.3%
Fuel & Lubricants Cost per VSM	$0.47	$0.62	$0.61	$0.69	46.8%
VSH per Operator Pay Hour	0.76	0.79	0.82	0.77	0.8%
VSM per Operator Pay Hour	9.59	10.12	10.71	9.88	3.0%
Service Miles per Service Hour	12.6	12.9	13.0	12.9	2.2%
Service Hours / Total Hours	95.4%	95.7%	95.7%	95.7%	0.3%
Service Miles / Total Miles	91.2%	91.7%	92.1%	92.8%	1.8%
Avg Psgr Miles per Psgr Trip	4.4	4.6	4.8	4.9	13.3%
Revenue Accidents / Million VSM	68.6	79.3	69.5	63.7	-7.1%
Lost Trips / Scheduled Trips	0.44%	0.41%	0.76%	0.50%	14.1%
% On-Time Trips, East Valley	94.9%	93.9%	94.1%	97.0%	2.2%
% On-Time Trips, West Valley	94.7%	92.0%	88.5%	92.8%	-2.1%
Vehicle Operator Turnover Rate	8.6%	8.2%	5.9%	4.8%	-44.8%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08; Omnitrans Operations and HR Reports
Vehicle operator turnover rate is based on calendar year, not on fiscal year

Table VI-2
Vehicle Operations Performance Indicators
Demand Response

Base Data & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Cost for Operations	$4,875,456	$5,795,557	$5,192,746	$5,349,260	9.7%
Vehicle Service Hours (VSH)	182,467	182,542	162,660	156,743	-14.1%
Vehicle Service Miles (VSM)	2,879,821	2,915,499	2,599,270	2,451,513	-14.9%
Total Vehicle Hours	220,840	226,144	199,469	194,404	-12.0%
Total Vehicle Miles	3,509,815	3,579,297	3,175,480	3,027,287	-13.7%
Unlinked Passenger Trips	545,033	522,029	481,205	448,530	-17.7%
Passenger Miles	5,864,018	5,649,953	5,505,162	4,973,031	-15.2%
Veh Ops Cost Per VSH	$26.72	$31.75	$31.92	$34.13	27.7%
Veh Ops Cost Per VSM	$1.69	$1.99	$2.00	$2.18	28.9%
Veh Ops Cost Per Psgr Trip	$8.95	$11.10	$10.79	$11.93	33.3%
Veh Ops Cost Per Psgr Mile	$0.83	$1.03	$0.94	$1.08	29.4%
Service Miles Per Service Hr	15.8	16.0	16.0	15.6	-0.9%
Service Hours / Total Hours	82.6%	80.7%	81.5%	80.6%	-2.4%
Service Miles / Total Miles	82.1%	81.5%	81.9%	81.0%	-1.3%
Avg Psgr Miles per Psgr Trip	10.8	10.8	11.4	11.1	3.1%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

Findings and Trends from Performance Indicators:

Cost Indicators

Vehicle operations cost indicators for directly operated fixed route service increased during the audit period. Operations cost per vehicle service hour increased by 12.9 percent, cost per vehicle service mile increased by 10.5 percent, cost per passenger trip increased by 20.8 percent, and cost per passenger mile increased by 6.6 percent. These increases are roughly in line with the increase in inflation during the audit period of 11.5 percent.

The increased operations cost was largely a result of three factors:

- Omnitrans took contracted fixed route service in house in FY2006.
- The cost of fuel and lubricants for directly operated fixed route service increased by 66.3 percent during the audit period, or by 46.8 percent on a per service mile basis.
- The cost of vehicle operator salaries and wages for directly operated fixed route service increased by 19.0 percent during the audit period, or by 8.3 percent on a per labor hour basis.

Directly operated fixed route vehicle service hours per operator pay hour and vehicle service miles per operator pay hour, functions of operator productivity, increased by 0.8 percent and 3.0 percent respectively during the audit period. Service hours per total hour and service miles per total mile increased by 0.3 percent and 1.8 percent respectively.

Service miles provided per service hour, a reflection of average vehicle speed, increased by 2.2 percent from 12.6 miles to 12.9 miles. Passenger miles per passenger trip, a reflection of average passenger trip length, increased by 13.3 percent from 4.4 miles to 4.9 miles.

The number of directly operated fixed route revenue accidents increased from 496 in FY2005 to 682 in FY2006. Recognizing this trend, Omnitrans actively focused on strengthening safety training during the audit period. Revenue accidents were reduced to 597 in FY2007 and to 522 in FY2008, and the overall accident rate per million vehicle service miles went down by 7.1 percent during the audit period.

A lost trip is defined as a scheduled one-way bus trip being interrupted due to an incident or occurrence, such as a mechanical breakdown or accident. Lost trips as a percentage of scheduled trips increased by 14.1 percent during the audit period, from 0.44 percent to 0.50 percent. There was a big spike in lost trips observed in FY2007, with the lost trip rate reaching 0.76 percent in that year, but the number of lost trips then went down in FY2008. The percentage of loss trips still achieved the agency goal of being less than 1 percent of scheduled trips during the audit period. With new training procedures in place and the initial surge of operators hired at the start of the audit period getting more experience, it is anticipated that lost trips will be reduced in the future.

As contained in the Omnitrans SRTP, the on-time performance standard for fixed route is greater than 90 percent. On-time is defined as a bus arriving at a bus stop no later than 5 minutes past the

scheduled arrival time, and no early departures. Performance is measured and monitored with field observations at various checkpoints throughout the service network. Both East Valley and West Valley operations achieved overall on-time performance above the 90 percent goal during the audit period, with the exception of West Valley in FY2007 which reported on-time performance of 88.5 percent.

The directly operated fixed route vehicle operator turnover rate went down during the audit period, from 8.6 percent in FY2005 to 4.8 percent in FY2008. Turnover has gone down as a result of trends in the overall economy.

With respect to demand response service, vehicle operations cost indicators all increased by between 27 and 34 percent during the audit period as costs increased while service provision and ridership declined. Service hours per total hour and service miles per total mile decreased by 2.4 percent and 1.3 percent respectively.

Review of Methodology for Collection and Reporting Operations Data

Analysis and reporting of the backbone operations data for a transit system, including hours and miles of service, are performed by several departments within Omnitrans. Hours and miles are computed by taking the scheduled hours and miles and subtracting missing hours and miles due to roadcalls, etc. Initially hours and miles are estimated by the Planning Department. When service is adopted Operations measures the exact hours and miles. An Operations Analyst produces an exception report from dispatch logs. The Finance Department, which produces the final report on actual hours and miles, adjusts the scheduled units by the amount of hours and miles missed according to the exception reports.

Omnitrans passenger counts come from the GFI fareboxes, which show passengers by fare type. Buses are probed daily, and these reports are audited by Operations. Adjustments are made when there are obvious errors in the farebox reports. Passes are swiped and so are counted by the fareboxes. Finance reconciles the actual and expected revenues. The ridership number goes into the monthly ridership report produced by Finance.

Operations statistics for the demand-responsive services are provided by the contractor. Omnitrans puts summary data in its database, but the trip sheets remain with the contractor. The Operations Supervisor responsible for overseeing contractor services of Access and OmniLink conducts monthly contract compliance reviews where driver training records, maintenance records, and trip sheet data are reviewed.

Interagency Agreements

During the audit period, Omnitrans had in place or entered into several operating agreements with partners in the provision of service. These interagency agreements formalize Omnitrans' coordination of intercounty service or transfers with neighboring transit agencies. These agreements include the following:

- Master Agreement with California Department of Transportation (Caltrans) – State Funded Transit Programs. Effective May 1, 2008 detailing the provisions for receiving state transit funds over a 10 year period.
- Supplemental Agreement with California Department of Transportation (Caltrans) – E Street Transit Corridor Project (sbX) – PE/Environmental/Continuing Planning. Effective June 4, 2008 to receive environmental clearance for the short and long term Locally Preferred Alternative (LPA), achieve approvals on the major features, and complete Preliminary Engineering (PE) on the LPA.
- Memorandum of Understanding between the Southern California Association of Governments (SCAG), Riverside County Transportation Commission, San Bernardino Associated Governments (SANBAG), and grantees for JARC and New Freedom Grants Programs. Entered on May 1, 2007.
- Agreement with the San Bernardino Associated Governments (SANBAG) regarding the San Bernardino to Redlands Corridor Regionally Significant Transportation Investment Study (RSTIS) and Environmental Analysis and how to obtain funds. Entered on March 5, 2008.
- Non financial interagency service agreement between Omnitrans and Riverside Transit Agency (RTD) to cooperate and coordinate in route planning, scheduling, stops, transfers, fares, and information dissemination. Entered on August 7, 2008.
- Agreement with the San Bernardino Associated Governments (SANBAG) regarding the respective responsibilities to obtain funds for the Sante Fe Depot Restoration. Entered on January 9, 2008.
- Cooperative Service Agreement with Victor Valley Transit Authority (VVTA) to commence a cooperative effort for the provision of public transit, and of transfer priviledges consistent with the rules and regulations concerning the transfers between public transportation services approved by the County Transportation Commission (SANBAG) and information dissemination. Through this agreement, Omnitrans honors Greyhound tickets sold by VVTA for passage on any Omnitrans fixed route lines going to or from the Greyhound station or the Omnitrans 4th Street Transit Mall in San Bernardino. Entered on April 2, 2008.

Maintenance

Shortly after the audit period ended, a new Maintenance Director was hired from within Omnitrans with over 24 years experience at the agency. Having first hand experience before Omnitrans brought the contracted fixed route service and maintenance back in-house in the Fall of 2005 helped with the transition. It was indicated that this transition was difficult on the Maintenance Department from the influx of additional vehicles from the contractor who did not maintain the vehicles in good condition. Also, the shortage of in-house maintenance staff resulted in overtime pay and overworked personnel. In addition, parts shortages occurred which impacted buses from being put into revenue service. In July 2005, 1.2 buses were out of service per day because of a lack of parts. In September 2005, 2 buses per day were down because of inventory shortages.

The Maintenance Department was able to rectify these issues in a relatively short time frame, and performance indicators have increased as a result. Notable accomplishments over the audit period include:

- Passed CHP terminal inspections
- New Flyer John Deere repower project completed
- Roadeo team finishes ninth at International Bus Roadeo
- Hired a director and facilities supervisor
- Training goals set by the board have been met or exceeded
- Implemented several safety and functional improvements to New Flyer bus fleet
- Overtime has been significantly reduced
- Labor negotiations with teamsters completed
- Maintained road call mileage goals
- Reducted dropped routes due to maintenance related issues
- Accepted new access vehicles and surplussed older vehicles and equipment
- Successfully completed energy saving initiatives, including bus wash energy savings, paper goods reduction, and hand soap reduction initiative
- Maintained regulatory compliance, including UST testing, F/LS testing, and bus and facilities safety standards

Preventative Maintenance

The Maintenance Department maintains the fixed route fleet. The Department has had to re-evaluate its processes over the past several years given the findings by past CHP terminal inspections to improve vehicle preventative maintenance procedures. The Maintenance Manager indicated the vehicle maintenance inspection program underwent a full evaluation which led to an overhaul of its practices. Most recently, the inspection revealed that preventative maintenance work was excessive and affective pullouts. In the interest of cost savings and performance, the Preventative Maintenance interval was lengthened while still meeting Federal, State, and manufacturer requirements. CHP and Federal Motor Vehicle Safety Standards (FMVSS) recommendations and requirements are still being met or exceeded as well.

The current Preventative Maintenance Vehicle Inspections (PMVIs) are due every 10,000 miles, an increase from the previous 6,000 mile interval. The inspections are conducted within a variance of 500 miles from the target 10,000 mileage and are different for each $10,000 interval. The Ellipse module has been used to track PMI operations since 1997, and had not been automated, so the analyst prepared the list of vehicles to be inspected, and the supervisors schedule the PMVIs. An upgrade to a new ERP (Enterprise Resource Planning) is underway, which should automate PMI tracking in the future.

As a measure of progress with the PMVI program, in FY2006 and FY2007, 99.9 percent of PMVIs were conducted on time on average for the system. In FY2008, 100 percent were conducted on time. As part of the revamped process during the last audit period (November 2003), Maintenance changed tasks on the PMVIs and critical component items (CCIs). There were too many tasks listed on the CCIs which forced mechanics to run through PMVIs too quickly. The Maintenance Department reviewed the list of tasks and simplified forms. The revised inspections led to a new defects list, which created work orders. Omnitrans also tracked lost service hours and miles due to vehicle maintenance.

Parts and Outsourcing

In FY2006, Omnitrans kept $1.89 million of inventory value on average throughout the year. In FY2007 this value increase to $2.2 million, then to $2.42 million in FY2008. Maintenance uses the manufacturer's recommended parts list until it has enough experience with the new alternative fueled vehicles to determine what and how much to keep in stock. The Ellipse system was intended to track inventory, but purchasing long lead items became a skill independent of the features of the inventory system. In early 2009, a new inventory system Vendor Managed Inventory (VMI) was introduced by procurement. Omnitrans should leverage this new VMI system to the fullest extent possible.

In the last audit year FY2008, there was an average vacancy of 7 maintenance positions of about 111 maintenance staff. Attracting desirable and qualified transit mechanics has been difficult for Omnitrans, as transit maintenance is a niche market, and the image of transit maintenance appears "outdated" compared to other industries. This is a transit industry wide problem. There is a need for new transit mechanics who can use computers and fix electronic components. With the advent and implementation of more information technology projects within Omnitrans, these skills are fast becoming requirements.

On an annual basis, there is a parts inventory review which compares an inventory list to what is expected to be in stock. It was indicated that there is no issue with parts theft.

Maintenance Performance

Tables VI-3 and VI-4 show the trends in maintenance performance for directly operated fixed route and contracted demand response service over the audit period.

Table VI-3
Maintenance Performance Indicators
Directly Operated Fixed Route

Base Data & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Cost for Maintenance	$13,598,808	$13,991,703	$13,999,290	$13,814,917	1.6%
Maintenance Pay Hours	226,444	233,523	230,215	227,611	0.5%
Total Vehicle Hours	600,981	698,295	691,568	664,215	10.5%
Total Vehicle Miles	7,936,839	9,387,001	9,327,403	8,826,701	11.2%
Active Vehicles	157	173	169	166	5.7%
Peak Vehicles	129	147	145	139	7.8%
Total Vehicle Failures	3,053	2,921	3,246	2,953	-3.3%
Maintenance Cost per Veh Hour	$22.63	$20.04	$20.24	$20.80	-8.1%
Maintenance Cost per Veh Mile	$1.71	$1.49	$1.50	$1.57	-8.7%
Maintenance Cost per Active Veh	$86,617	$80,877	$82,836	$83,222	-3.9%
Veh Hours per Maint Pay Hour	2.65	2.99	3.00	2.92	10.0%
Veh Miles per Maint Pay Hour	35.05	40.20	40.52	38.78	10.6%
Veh Hours per Active Vehicle	3,828	4,036	4,092	4,001	4.5%
Veh Miles per Active Vehicle	50,553	54,260	55,192	53,173	5.2%
Veh Miles Between Failures	2,600	3,214	2,874	2,989	15.0%
Spare Ratio	21.7%	17.7%	16.6%	19.4%	-10.5%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

Table VI-4
Maintenance Performance Indicators
Demand Response

Base Data & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Cost for Maintenance	$1,334,069	$1,314,606	$1,204,875	$1,916,712	43.7%
Total Vehicle Hours	220,840	226,144	199,469	194,404	-12.0%
Total Vehicle Miles	3,509,815	3,579,297	3,175,480	3,027,287	-13.7%
Active Vehicles	101	101	101	105	4.0%
Peak Vehicles	89	89	89	90	1.1%
Maintenance Cost Per Veh Hour	$6.04	$5.81	$6.04	$9.86	63.2%
Maintenance Cost Per Veh Mile	$0.38	$0.37	$0.38	$0.63	66.6%
Maintenance Cost Per Active Veh	$13,209	$13,016	$11,929	$18,254	38.2%
Veh Hours Per Active Vehicle	2,187	2,239	1,975	1,851	-15.3%
Veh Miles Per Active Vehicle	34,751	35,439	31,440	28,831	-17.0%
Spare Ratio	13.5%	13.5%	13.5%	16.7%	23.6%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

Findings and Trends From Performance Indicators:

Maintenance costs for fixed route service increased by just 1.6 percent during the audit period, significantly less than the rate of inflation. Maintenance cost per vehicle hour, per vehicle mile, and per active vehicle declined by 8.1 percent, 8.7 percent, and 3.9 percent respectively.

Directly operated fixed route vehicle hours per maintenance pay hour and vehicle miles per maintenance pay hour, functions of maintenance productivity, increased by 10.0 percent and 10.6 percent respectively. Vehicle hours per active vehicle and vehicle miles per active vehicle increased by 4.5 percent and 5.2 percent respectively.

Total directly operated fixed route vehicle failures increased from 3,053 in FY2005 to 3,246 in FY2007, but then went back down to 2,953 in FY2008. Vehicle miles between failures showed a 15.0 percent improvement during the audit period. The vehicle spare ratio declined from 21.7 percent to 19.4 percent during the audit period.

For demand response service, maintenance costs increased sharply in FY2008 while the amount of service provided was reduced. Maintenance costs per vehicle hour, per vehicle mile, and per active vehicle increased by 63.2 percent, 66.6 percent, and 38.2 percent respectively. Vehicle hours per active vehicle and vehicle miles per active vehicle decreased by 15.3 percent and 17.0 percent respectively. The vehicle spare ratio increased from 13.5 percent to 16.7 percent.

Planning

The Planning Department's mission is to develop short and long range plans, programs, and funding to accomplish Omnitrans' mission and vision. The Short Range Transit Plan (SRTP) is updated by the planning department and serves as the primary financial, planning, and service policy document for Omnitrans. The most recent SRTP was written at the end of the FY2007 and contains the guiding policy and oversight for the year 2008 to 2013.

Planning has been involved with several large scale planning-related studies and projects during the audit period, with assistance from the other departments. The following provides a description of these studies:

- Omnitrans began planning for an enhanced, state-of-the-art bus rapid transit (BRT) service along the E Street corridor in the cities of San Bernardino and Loma Linda during the previous audit period. The Locally Preferred Alternative (LPA) was approved by the Federal Transit Administration (FTA) in December 2007 and granted Omnitrans pre-award authority to enter the Project Development phase (Environmental Clearance, Preliminary Engineering and Final Design). sbX will span 16 miles, provide more comfortable vehicles, higher frequencies and higher speeds, which will increase transit usage and reduce traffic congestion. Projected to launch in 2011, it has widespread local and regional support as the first of seven interconnecting Bus Rapid Transit corridors planned by Omnitrans to help bring economic, environmental and transit improvements to the San Bernardino Valley.

- Multi-Dimensional Benchmarking Study – Transit System Cost and Performance (2006) – This study involved an analysis of Omnitrans' cost and performance for the period 1998 through 2005 based on research of over 100 western US transit systems reporting data to the National Transit Database (NTD). This study recommended that Omnitrans identify potential areas of cost reduction, set realistic strategic and cost performance targets, and negotiate quantitative performance targets.

- Review of Ontario Mills Bus Stop Accessibility and Safety (08/06/06) – Recommendations to improve accessibility and passenger amenities at the Ontario Mills Mall bus stop were provided to the mall owner and are under consideration.

- User Intercept Survey of Omnitrans Riders at the Ontario Mills Mall Final Report (06/27/06) – A key finding concluded that 63% of passengers using the Ontario Mills Mall transfer site were going to the mall and not transferring to another bus. This suggests the potential staggering of bus arrival/departure times to reduce bus and passenger congestion at this location.

- On-Board User Intercept Surveys of Omnitrans Riders (August 2006) – In a SANBAG-funded project, a weekday, on-board survey of Omnitrans fixed route riders and a mail-back intercept survey of OmniLink and Access riders were conducted by Omnitrans. A total of 4,055 completed fixed route questionnaires and 165 completed demand-response questionnaires were returned. Findings provide a recent overview of transit travel patterns and rider profiles for Omnitrans fixed route and demand-response services.

- San Bernardino Transcenter Project – Omnitrans will begin to construct the San Bernardino Transcenter at Rialto and E Street based on a timeline that is currently being modified and reviewed. This new facility will serve as a multi-modal hub for Omnitrans' sbX, fixed route, regional bus, Metrolink, and Redlands Passenger Rail services. Transit-oriented development (TOD) associated with the new Transcenter will also act as a trip generator and attractor for Omnitrans routes serving Downtown San Bernardino.

- Planned Yucaipa Transcenter – The new Yucaipa Transcenter design has been completed and is awaiting construction. It will serve as the eastern terminus for Omnitrans fixed route services, and will have eight bus bays to accommodate higher-capacity 60-foot articulated buses. The new Yucaipa Transcenter can serve as a transfer site between Omnitrans fixed route services and Yucaipa OmniLink service, and could eventually accommodate regional connections if service extensions from neighboring Riverside County are warranted.

- I-210 Completion (FY 2007/08) – When completed in FY 2007/08, I-210 (also known as the Foothill Freeway) will provide an eight lane east-west freeway through the San Bernardino County cities of San Bernardino, Rialto, Fontana, Rancho Cucamonga, and Upland, with access into Los Angeles County. With a carpool lane in each direction, I-210 provides a strategic alignment for the Foothill East and Foothill West Transit Corridors for future sbX expansion. West Valley segments of I-210 could also be used to avoid

operation along congested arterials as higher speed Metrolink feeders are considered in the future in conjunction with residential development north of I-210.

- Redlands Passenger Rail – Redlands Passenger Rail is a planned passenger rail service between the planned San Bernardino Transcenter and the City of Redlands along the Redlands Subdivision. On April 4, 2007, the SANBAG Board authorized additional studies that would examine the potential for this service. The introduction of this rail commute service will impact east-west Omnitrans ridership in the East Valley and also require East Valley service restructuring as feeders around the series of nine possible Redlands Passenger Rail stations. With the exception of the initial San Bernardino Transcenter development, Redlands Passenger Rail Plan impacts are anticipated to occur beyond the 2008-2013 Omnitrans SRTP timeframe.

- Comprehensive Operations Analysis (COA) was conducted in 2006 which assessed all transit services. The work completed for the COA resulted in the adoption of the FY 2008-2013 SRTP. COA is a very comprehensive review of fixed route, Access, and Omnilink Services. It led to updated performance standards since at the time ridership was decreasing and farebox recovery was heading below 20%. The COA helped eliminate underperforming routes, repositioned stations to compensate, and adjust fares accordingly. The COA is the basis for selecting service improvements. As part of the transit planning process, Omnitrans interviews staff in all the cities plus other stakeholders including social service agencies and others.

<u>Update to COA</u>

At the April 12, 2006 Planning and Productivity Committee, the Committee approved the scope of work for a Comprehensive Operations Analysis (COA) and FY 2008-2013 Short Range Transit Plan (SRTP). The Comprehensive Operations Analysis (COA) and Needs Assessment was conducted in 2006 which used passenger on/off counts, a passenger survey, stakeholder consultation and the historical performance of the bus routes were used to identify deficiencies in each route and route section. These on/off counts were taken on typical weekdays on all vehicles in May 2006; they provided boardings, alightings and loadings by stop by route, which enabled the current ridership performance (as measured by passengers per revenue hour) to be determined for each route and route section. The passenger survey was taken in April 2006 and provided demographic and travel information on the passengers riding each bus. Stakeholder consultation occurred over the July-October 2006 period and involved city officials, transit policy makers, Omnitrans management and operating staff, and the operators of the 30 routes. The consultation provided information on the strengths and weaknesses of each route and advice on the improvements that should be considered to improve the efficiency and effectiveness of the transit system's routes and services.

The SRTP serves as a reporting, financial and policy document for meeting the agency's planning requirements. The COA will assist in determining if the current service provided is meeting the 20 percent farebox recovery ratio for general public transit and a 10 percent farebox recovery for demand-responsive service for seniors and persons with disabilities over the life of the SRTP. The

COA reviews all existing services and provides recommendations for service adjustments and modifications that will improve the quality and delivery of transit.

Given the negative trend in farebox recovery and ridership during the audit period, the COA focuses on service delivery options that will increase farebox recovery and implement productive services. Coverage-oriented services should only be considered when productive services can compensate for the lower farebox returns from coverage in lower served areas.

Marketing

Marketing is responsible for coordinating and enhancing the flow of information about Omnitrans services, programs, projects and activities to existing and potential customers, the community at large, and the media. Marketing also fields complaints and comments from the Information Center, categorizes them and distributes the findings to the various appropriate departments.

Marketing Functions

The Marketing department serves as an internal communications consultant to the organization. It is responsible for preparing informational materials to support transit operations, including bus schedules, how-to guides, and fare media information. Marketing prepares and distributes Omnitrans internal and external newsletters, and manages the website to communicate Omnitrans services, programs, and employment opportunities. In addition, Marketing manages customer service functions in an effort to maintain high levels of customer satisfaction and manages bus stop amenities.

The Department is the focal point for Customer Service, including having a customer call center, implementing reduced fare programs, and conducting pass sales. All customer comments, whether complaints, compliments or service requests, are collected by Marketing which are entered into Trapeze and forwarded to the appropriate department to respond.

Marketing also provides service in the areas of promotions and customer communications. The Department evaluates marketing effectiveness using several indicators such as:

- Ridership.
- Pass sales.
- Omnitrans customer satisfaction surveys.
- Information from the Inland Empire Annual Surveys conducted by Omnitrans and California State University San Bernardino surveys.
- Response rates to advertising coupons.
- Website activity.

The department also utilizes several media outlets to promote and market Omnitrans service, including radio, television, direct mailings, movie theaters, and online properties. Free ride

coupons are distributed via direct mail advertising flyers and have a 4% usage rate. Omnitrans has also used student competitions to create TV commercials.

In 2006 for the Omnitrans 30 year anniversary, the mascot "Buster the Bus" was created. Since then he has appeared on marketing material and in person at local community events.

The website was overhauled during the audit period, with an updated system map catered towards new riders. Google transit was also engaged, and the ubiquitous Google Maps service now displays Omnitrans routes. Since there were no operating costs, this was a relatively straightforward decision that helped get Omnitrans routes visible to millions of internet users.

Omnitrans contracts with a Public Relations Firm which meets with Marketing on a monthly basis. This firm trains and advises Omnitrans but does not have a publicly facing component. A community Outreach Specialist position is being created to enhance community awareness.

Performance through Customer Feedback

Customer feedback is collected primarily by phone and through the Omnitrans website. Complaint statistics are also tracked and reported in TransTrack. Compliments are also collected and used to encourage positive behavior by Omnitrans staff. Employee recognition is displayed through printed posters and flyers. Those employees with complaint-free records on a quarterly and annual basis are recognized for the exemplary behavior.

The following performance indicators are shown for customer complaints and compliments in Table VI-5. While data about customer complaints are not a direct reflection of the Marketing Department, staff that process the comments are located within the Marketing Department and provide lead direction for the complaint resolution process that involves other departments. In addition, unsatisfied customers generally require a need for further marketing activity.

Table VI-5
Complaints and Compliments

	FY2006	FY2007	FY2008	% Change
Total Passengers	15,497,166	15,480,043	14,826,501	-4.3%
Complaints	1015	947	1369	34.9%
Compliments	60	88	217	261.7%
Complaints per Million Passengers	65.5	61.2	92.3	41.0%
Compliments per Million Passengers	3.9	5.7	14.6	278.0%

Source: Omnitrans.

Customer complaints and compliments provide a measure of customer satisfaction and operational effectiveness. The ratio of compliments per 1 million passengers increased by 278 percent during the audit period. Omnitrans achieved a 92 percent customer satisfaction rate in an Attitude and Awareness survey conducted by the agency in 2007.

In contrast to the number of complements, the ratio of complaints per 1 million passengers grew by 41 percent during the audit period. The actual number of complaints grew 35 percent, from 1,015 in FY 2006 to 1,369 in FY 2008. The various complaints made by the community are categorized for trend review by the Marketing Department. If three or more complaints are found against a specific coach operator in a quarter, Marketing alerts Operations for further follow up with that operator.

Omnitrans reports that the increase for both categories are mostly attributed to fixed route service, not paratransit services. Omnitrans implemented both service reductions and a fare increase in September 2007 (FY2008), which were likely contributors to increased complaints. The sub-categories with the biggest gains in complaints were ID/fare dispute and Pass-Up. Marketing has been working to reduce pass up complaints in current year through a combination of customer and coach operator education. Re-training sessions for coach operators who generated a high level of complaints is also offered.

On the compliment side, the significant increase was mostly attributed to a few customers taking time to provide commendations for multiple drivers.

Omnitrans revised and implemented its policy and procedures for handling complaints and comment prior to the audit period in January 2005 due to the implementation of the Trapeze COMM module. The procedures include a step by step description of how a comment is entered into the Trapeze software and disseminated by appropriate staff. The Customer Service Supervisor then forwards the valid complaint to the appropriate department, including operations, planning, maintenance, administration and marketing for response. Marketing provides trends and summary charts on comment numbers and types, including complaints, compliments and service requests. The Department also track complaints by coach operator.

In terms of public outreach, agency newsletters are distributed to customers by various means including mail, e-mail and on-board. Public hearings are also conducted on certain efforts, and onboard bus announcements are used to announce route and fare changes. Service schedule kiosks are located at approximately 250 of 2,800 bus stops, and customer service is available by phone 7 days a week.

General Administration and Management

Omnitrans is guided by a mission and vision statement. The mission is:

"To provide the San Bernardino Valley with comprehensive public mass transportation services which maximize customer use, comfort, safety, and satisfaction while efficiently using financial and other resources, in an environmentally sensitive manner."

Omnitrans' vision statement for 2015 was prepared in 1998 and helps determine the agency's annual goals and objectives, and helps provide a framework for documents such as the Short Range Transit Plan and Long Range Transit Plan. The vision includes:

- *Omnitrans is accepted by the public as the prime provider of quality transportation service.*
- *Omnitrans is one of the best places of employment in the Inland Empire.*
- *Omnitrans is recognized in our industry as an innovative leader in providing transportation services.*
- *Omnitrans ensures that there are adequate resources to achieve our visions.*

Strategic Plan

The mission and vision are attained through Omnitrans' preparation of a Strategic Plan. Each May or June, staff present to the Board of Directors a plan of what each department intends to accomplish each year. Within the strategic plan are separate elements for management, service provision, budgeting, and marketing. Goals and objectives for each plan element are developed, as are schedules for implementing programs and services to meet the goals.

In August 2008, the Omnitrans strategic planning process began. With the guidance and advice of a strategic planning and organizational development consultant, an Advisory Team comprised of the five Omnitrans Directors and CEO met with the consultant and formed the internal guiding group for the process. Together they analyzed strategic opportunities within Omnitrans and in the context of the changes taking place in regional public mass transportation, management practices, and the world in general. The analysis led the group to develop a Critical Success Factors "tree" and an assessment of Strengths, Weaknesses, Opportunities, and Threats (S.W.O.T.). In September 2008, a strategic plan was developed for 2009 – 2014 and presented to the board. The five goals summarized in the plan are:

- Create a governance structure which integrates all mass public transit services in San Bernardino County;
- Improve Omnitrans' system-wide operational strategy to achieve a well coordinated public transit system;
- Build a positive internal culture that guarantees the long-term success of Omnitrans;
- Expand market share; and
- Lead innovation technology that recognizes greater opportunities to improve regional public mass transportation development.

For each of these goals, there are "desired outcomes" stated in the plan, along with strategies and performance indicators.

The goals and tasks outlined in the various plans are measured and reported by the management staff to the CEO/General Manager. Monthly and quarterly reports provide the performance against goals. The implementation and success of the agency is also reflected in the annual performance review of the General Manager by the Board.

Technology Management

A new Director of Information Technology (IT) was hired during the audit period. All IT services, internal and external, are under the responsibility of the IT department. The amount and breadth of integrated systems utilized by the agency is extensive.

Omnitrans uses numerous integrated information technology software to manage and administer the transit system, including Mincom, GFI, Trapeze, MIMS financial system and the Ellipse module. There is a system-wide Enterprise Resource Management (ERP) installation in progress that stands to replace many of the reporting and management tools currently in use. In addition, Omnitrans has installed Automated Passenger Counters (APCs) on 20 of their vehicles for this activity and uses Automated Vehicle Locator (AVL) technology on the entire fleet.

As part of the RFIQ process for the ERP system, IT helped evaluate the top bidders and defined a proof of concept that helped select the lone qualified vendor.

Cooperation with other departments has been a hallmark of the IT department and reflected in the cross-platform nature of their services. The IT Helpdesk services every employee, and assigns staff to work on department specific projects including administration, finance, planning, human resources, operations and maintenance. The IT goal is to anticipate needs and become a solutions provider, rather than reacting to technology issues. The helpdesk ticket turnaround time has improved from over 1 week to 7 hours. Two IT department employees were selected for outstanding service during the audit period - one for employee of the year, and one for employee of the quarter. It is the first time in Omnitrans' history that a single department produced both the employee of the year and the employee of the quarter during the same year.

Key performance indicators (KPIs) for IT include system uptime, issue response time, and system efficiency. To address these issues, IT department recently conducted a Server Consolidation Project, which reduced the number of backend production servers from 75 to 47. This consolidation effort resulted in a projected ROI of approximately 50 percent annually.

In another effort to improve efficiency and reduce cost, a joint Server Assessment Effort with IBM is designed to implement a virtualization environment that collocates services across various servers depending on availability. This environment allows for seamless redundant processing, which results in significant cost savings and energy reductions which can lead to electrical credit from power utilities.

Administrative Performance

Tables VI-6 and VI-7 show the trends in administration performance for directly operated fixed route and contracted demand response service over the audit period.

Table VI-6
Administration Performance Indicators
Directly Operated Fixed Route

Base Data & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Costs for Administration	$12,951,887	$9,935,733	$12,354,578	$10,760,789	-16.9%
Administration Pay Hours	97,329	115,897	119,954	124,506	27.9%
Vehicle Service Hours (VSH)	573,419	668,501	661,759	635,678	10.9%
Vehicle Service Miles (VSM)	7,234,651	8,604,484	8,594,560	8,192,815	13.2%
Unlinked Passenger Trips	13,879,093	14,867,316	14,998,838	14,377,971	3.6%
Passenger Miles	60,572,342	68,836,122	72,173,114	71,071,565	17.3%
Admin Cost Per VSH	$22.59	$14.86	$18.67	$16.93	-25.1%
Admin Cost Per VSM	$1.79	$1.15	$1.44	$1.31	-26.6%
Admin Cost per Psgr Trip	$0.93	$0.67	$0.82	$0.75	-19.8%
Admin Cost per Psgr Mile	$0.21	$0.14	$0.17	$0.15	-29.2%
VSH per Admin Pay Hour	5.89	5.77	5.52	5.11	-13.3%
VSM per Admin Pay Hour	74.33	74.24	71.65	65.80	-11.5%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

Table VI-7
Administration Performance Indicators
Demand Response

Base Data & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Costs for Administration	$2,104,607	$2,578,873	$2,448,430	$3,637,445	72.8%
Vehicle Service Hours (VSH)	182,467	182,542	162,660	156,743	-14.1%
Vehicle Service Miles (VSM)	2,879,821	2,915,499	2,599,270	2,451,513	-14.9%
Unlinked Passenger Trips	545,033	522,029	481,205	448,530	-17.7%
Passenger Miles	5,864,018	5,649,953	5,505,162	4,973,031	-15.2%
Admin Cost Per VSH	$11.53	$14.13	$15.05	$23.21	101.2%
Admin Cost Per VSM	$0.73	$0.88	$0.94	$1.48	103.0%
Admin Cost per Psgr Trip	$3.86	$4.94	$5.09	$8.11	110.0%
Admin Cost per Psgr Mile	$0.36	$0.46	$0.44	$0.73	103.8%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

While administration costs were effectively controlled for directly operated fixed route service, they were not contained on the demand response side. This resulted in positive performance trends for fixed route service but negative performance trends for demand response service. Omnitrans reports this is a result of a change in its cost allocation procedure, which occurred in FY08, that shifted more administration costs from fixed route to demand response.

In addition, the following trends were identified from Omnitrans NTD reports:

- Directly operated fixed route fringe benefit costs increased by 18.2 percent during the audit period, from $11.96 million in FY2005 to $14.14 million in FY2008. Most of this increase took place from FY2005 to FY2007. The increase was higher than the overall Consumer Price Index (CPI) increase of 11.5 percent during the same timeframe.

- Directly operated fixed route casualty and liability costs decreased by 42.6 percent during the audit period, from $7.09 million in FY2005 to $4.07 million in FY2008. Most of this decrease took place from FY2005 to FY2006.

Grants Management

Based on discussions with Omnitrans management, all dated grants have been closed out and grants management is proceeding smoothly to date. The addition of a new Chief Financial Officer, as well as a new Director of Internal Audit Services, has helped Omnitrans with respect to the agency's overall financial management. Grant spreadsheets provided by Omnitrans show that older grants have mostly been drawn down. Remaining balances have been for large contruction projects that are still underway.

Shortly after the performance audits covering FY's 2003-2005, SANBAG commissioned an Omnitrans Cost Allocation Plan that enabled the agency to charge indirect program-related costs to Federal Transit Administration (FTA) grants. The plan allows Omnitrans to recover its staff costs for administering federal grants and is in compliance with OMB A-87 cost principles. The cost allocation plan was developed in February 2007 and was approved by the FTA. The cost allocation plan is included in Omnitrans' accounting procedures manual.

Personnel Recruitment

The Human Resources Department recruits new hires for the agency, including providing initial assessment and screening tests. Recruitment efforts are advertised in newspapers (local and regional), trade magazines, website, job fairs, Employment Development Department offices, and other transit agencies. The department also analyzes turnover by department on a regular basis.

The number of worker's compensation claims decreased from 107 in Calendar Year 2005 to 86 in 2006, and has since increased slightly to 90 in 2007 and to 92 in 2008. The overall reduction in the number of claims was 14.0 percent from 2005 to 2008. However, the average amount per claim increased from $4,853 in 2005 to $14,400 in 2007, and then went back down to $6,655 in 2008. As a result, the total amount of worker's compensation claims increased by 17.9 percent from 2005 to 2008, from $519,302 in 2005 to $612,247 in 2008. The high was in 2007, when worker's compensation claims reached $1,296,038.

Personnel Turnover

The total number of employee separations from the agency across all departments decreased from 84 in Calendar Year 2005 to 80 in 2006, 73 in 2007, and 50 in 2008. The majority of separations are from operations and maintenance. Omnitrans' goal of annual turnover is between 6 and 7 percent. The turnover rate agencywide decreased from 8.6 percent in 2005 to 4.8 percent in 2008.

Omnitrans utilizes a comprehensive, "360 degree" review process in which employees receive feedback from their superiors, peers, and subordinates. In addition, Omnitrans has a GEM (Going the Extra Mile) program which is an employee recognition program.

Section VII

Findings

The following summarizes the major findings obtained from this Triennial Audit covering FY's 2006 through 2008. A set of recommendations is then provided.

1. Omnitrans has complied with all applicable compliance requirements of TDA.

2. Six of the eight prior audit recommendations were fully implemented, one was partially implemented, and one was not implemented. Omnitrans has significantly improved its data reporting accuracy between the external reports it prepares, and also improved its financial accounting and reporting during the audit period.

3. Operating costs for Omnitrans general public service increased by just 2.6 percent over the last three years, which is remarkable given that the Consumer Price Index increased by 11.5 percent during the same period. Operating costs for Omnitrans Access service increased by 17.4 percent during the last three years, with most of that increase occurring in FY2008. Systemwide operating costs increased by 4.6 percent.

4. Ridership on general public service decreased by 4.4 percent, from 15.1 million to 14.4 million passengers, continuing a trend observed during the last audit period. Ridership on Access service decreased by 17.5 percent, from 492,108 to 405,814. The systemwide ridership decline was 4.9 percent during the audit period. However, preliminary ridership data from July 2008 to February 2009 (after the end of the audit period) indicates that general public ridership is up about 6 percent on a per month basis from FY2008, while Access ridership has stabilized.

5. The provision of vehicle service hours and miles for general public service decreased by 3.2 percent and 5.4 percent respectively, as Omnitrans streamlined its routes in order to realize cost efficiencies. Access vehicle service hours and miles decreased by 10.8 percent and 12.8 percent respectively.

6. Operating cost per passenger increased by 9.9 percent systemwide, 7.4 percent for general public service, and 42.4 percent for Access service. Operating costs were controlled effectively on the general public side, but not for Access service. In particular, maintenance and administration operating costs for Access increased significantly in FY2008.

7. Operating cost per vehicle service hour increased by 9.7 percent systemwide, 6.1 percent for general public service, and 31.7 percent for Access service. Operating cost per vehicle service mile increased by 12.6 percent systemwide, 8.5 percent for general public service, and 34.7 percent for Access service.

8. Passengers per vehicle service hour decreased by 0.2 percent systemwide, 1.2 percent for general public service, and 7.5 percent for Access service. Passengers per vehicle service mile increased by 2.5 percent systemwide and 1.1 percent for general public service, and decreased by 5.4 percent for Access service.

9. Vehicle service hours per employee Full Time Equivalent (FTE) for general public service, which measures labor productivity, increased by 3.2 percent over the past three years. Vehicle service hours per employee FTE for Access service decreased by 6.0 percent during the audit period.

10. The fare recovery ratio for general public service increased from 20.0 percent in FY2006 to 21.9 percent in FY2008, while the fare recovery ratio for Access service declined from 14.1 percent in FY2006 to 13.1 percent in FY2008. The TDA minimum requirement is 20.0 percent for general public service and 10.0 percent for Access service for senior and disabled patrons. Omnitrans met the minimum requirements in each fiscal year during the audit period.

11. Vehicle operations cost indicators for directly operated fixed route service increased during the audit period. Operations cost per vehicle service hour increased by 12.9 percent, cost per vehicle service mile increased by 10.5 percent, cost per passenger trip increased by 20.8 percent, and cost per passenger mile increased by 6.6 percent. These increases are roughly in line with the increase in inflation during the audit period of 11.5 percent

12. The number of directly operated fixed route revenue accidents increased from 496 in FY2005 to 682 in FY2006. Recognizing this trend, Omnitrans actively focused on strengthening safety training during the audit period. Revenue accidents were reduced to 597 in FY2007 and to 522 in FY2008, and the overall accident rate per million vehicle service miles went down by 7.1 percent during the audit period.

13. Directly operated fixed route lost trips as a percentage of scheduled trips increased by 14.1 percent during the audit period, from 0.44 percent to 0.50 percent. There was a big spike in lost trips observed in FY2007, with the lost trip rate reaching 0.76 percent in that year, but the number of lost trips then went down in FY2008.

14. Both East Valley and West Valley operations achieved overall on-time performance above the 90 percent goal during the audit period, with the exception of West Valley in FY2007 which reported on-time performance of 88.5 percent.

15. The directly operated fixed route vehicle operator turnover rate went down during the audit period, from 8.6 percent in FY2005 to 4.8 percent in FY2008. Turnover has gone down as a result of trends in the overall economy.

16. Demand response vehicle operations cost indicators all increased by between 27 and 34 percent during the audit period as costs increased while service provision and ridership

declined. Service hours per total hour and service miles per total mile decreased by 2.4 percent and 1.3 percent respectively.

17. Maintenance costs for fixed route service increased by just 1.6 percent during the audit period, significantly less than the rate of inflation. Maintenance cost per vehicle hour, per vehicle mile, and per active vehicle declined by 8.1 percent, 8.7 percent, and 3.9 percent respectively.

18. Total directly operated fixed route vehicle failures increased from 3,053 in FY2005 to 3,246 in FY2007, but then went back down to 2,953 in FY2008. Vehicle miles between failures showed a 15.0 percent improvement during the audit period.

19. For demand response service, maintenance costs increased sharply in FY2008 while the amount of service provided was reduced. Maintenance costs per vehicle hour, per vehicle mile, and per active vehicle increased by 63.2 percent, 66.6 percent, and 38.2 percent respectively.

20. While administration costs were effectively controlled for directly operated fixed route service, they were not contained on the demand response side. This resulted in positive performance trends for fixed route service but negative performance trends for demand response service.

21. Directly operated fixed route fringe benefit costs increased by 18.2 percent during the audit period, from $11.96 million in FY2005 to $14.14 million in FY2008. Most of this increase took place from FY2005 to FY2007. The increase was higher than the overall Consumer Price Index (CPI) increase of 11.5 percent during the same timeframe.

22. Directly operated fixed route casualty and liability costs decreased by 42.6 percent during the audit period, from $7.09 million in FY2005 to $4.07 million in FY2008. Most of this decrease took place from FY2005 to FY2006.

23. The number of worker's compensation claims decreased from 107 in Calendar Year 2005 to 86 in 2006, and has since increased slightly to 90 in 2007 and to 92 in 2008. However, the average amount per claim increased from $4,853 in 2005 to $14,400 in 2007, and then went back down to $6,655 in 2008. The total amount of worker's compensation claims increased by 17.9 percent from 2005 to 2008, from $519,302 in 2005 to $612,247 in 2008. The high was in 2007, when worker's compensation claims reached $1,296,038.

24. The total number of employee separations from the agency across all departments decreased from 84 in Calendar Year 2005 to 80 in 2006, 73 in 2007, and 50 in 2008. The majority of separations are from operations and maintenance. Omnitrans' goal of annual turnover is between 6 and 7 percent. The turnover rate agencywide decreased from 8.6 percent in 2005 to 4.8 percent in 2008.

Recommendations

1. Focus on Improving Demand Response Performance.
   (High Priority)

   Demand response operating costs increased significantly during the audit period, at the same time that ridership declined the amount of service provided was reduced. Farebox recovery has declined despite an appreciable increase in fare revenue collected. Omnitrans has taken measures to improve demand response performance through contractor changes in management and reporting. Stabilizing demand response operating costs should be a major focus for the agency during the next audit period.

2. Investigate the Potential to Restructure Service once Bus Rapid Transit is Implemented.
   (High Priority)

   The new sbX Bus Rapid Transit service represents a tremendous opportunity for Omnitrans to restructure and refocus its overall service network. Omnitrans should leverage the new service with respect to timed transfer opportunities with local routes and a shift of duplicative resources to other parts of the service area.

3. Leverage the VMI Inventory System.
   (High Priority)

   Currently, purchasing long lead items is more of a skill, independent of the features of the inventory system. In early 2009, a new inventory system Vendor Managed Inventory (VMI) was introduced by procurement. The new VMI system should be leveraged to the fullest extent possible. Properly utilizing an inventory management system can help mitigate the shortage of maintenance staff that the department faces. In addition, a properly leveraged inventory system can help reduce costs, improve order fulfillment, and avoid service outages due to parts shortages, similar to those that occurred at the start of the audit period.

4. Actively Integrate the SAP/ERP System Into Relevant Functional Departments.
   (High Priority)

   Utilized properly, an ERP system can drastically improve the performance and reporting accuracy of the agency. Omnitrans will have the ability to improve its overall reporting efficiency, and resolve how the TransTrack system fits in with the overall reporting process. SAP modules should be implemented in departments that benefit the most (Maintenance, HR, Procurement, Finance), while existing systems should continue to be used where effective. A post-implementation analysis can identify where data consolidation activities will help leverage the ERP suite even further.

5. Report Performance Against Strategic Planning Goals.
   (Medium Priority)

   Omnitrans should report actual performance relative to specified goals identified in its current Strategic Plan. Performance reporting should be done on an annual basis or more frequently. This provides insights with respect to functional areas where agency performance is improving, as well as functional areas where further improvements are warranted.

Governments
SANBAG
Working Together

FY 2006-2008
Triennial Performance Audit of Morongo Basin Transit Authority

Submitted to San Bernardino Associated Governments

June 2009

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Note: This document was prepared specifically for the Triennial Performance Audit of the San Bernardino Associated Governments, Omnitrans, Victor Valley Transit Authority, Morongo Basin Transit Authority, and Mountain Area Regional Transit Authority and the cities of Barstow and Needles transit systems. Any reuse or modification without the written authorization of PMC will be at the user's sole risk.

Executive Summary

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for Morongo Basin Transit Authority (MBTA) covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The audit includes a review of the following areas:

- Compliance with TDA Requirements
- Status of Prior Audit Recommendations
- Transit System Performance Trends
- Detailed Functional Review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of MBTA.

Compliance with TDA Requirements

MBTA has complied with most TDA requirements with two exceptions. One is that the FYs 2007 and 2008 fiscal audits were submitted to SANBAG and the State Controller after the statutory due date. The fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion. The other exception is the reporting of full-time equivalents (FTEs) in TransTrack and in the State Controller's Reports. MBTA has not been reporting FTEs in TransTrack, and the data was missing in the FY 2008 report submitted to the State.

Status of Prior Audit Recommendations

Three of the five prior audit recommendations were implemented. One prior recommendation no longer applies which relates to development of a formal fare subsidy agreement with Copper Mountain College. The other prior recommendation that was partially implemented is carried forward in this audit for full implementation, which is for MBTA to accurately record full-time equivalents in the State Controller's Report and in TransTrack.

System Performance Trends

1. The budget did not increase significantly during the audit period, as the largest year-over-year increase was 5 percent between fiscal years 2006 and 2007. Although fuel cost increased significantly in the earlier years of the audit, alternative fuel prices for the compressed natural gas (CNG) buses have stabilized over the past year. LTF carryover funds from one year to the next have been from overbudgeting for fuel costs.

2. Operating costs systemwide remained relatively flat over the past three years, increasing by 6 percent, well below the cumulative rate of inflation. Fixed route operating costs decreased by 7 percent while dial-a-ride (DAR) costs increased 25 percent. The transit system was not impacted as severely during the fluctuations in gasoline fuel prices since the entire fleet is powered by CNG. The agency was able to fill key management positions in 2008, while an accident in April 2008 pushed insurance rates higher.

3. Ridership increased by 18 percent systemwide. Fixed route passengers increased by 21 percent; however DAR ridership declined 8 percent. The service as a whole did not change very much during the audit period, pending the outcome of the Comprehensive Operations Analysis (COA) in 2007. The fluctuations in gasoline prices in past years might have been a contributing factor that increased ridership, along with incremental adjustments made to the service by MBTA.

4. Performance measures using operating costs and service variables such as passengers and service hours showed mostly positive trends. For example, operating cost per passenger decreased 10 percent systemwide over the past three years, a positive indicator showing that ridership increased faster than operating costs. In addition, operating cost per hour increased systemwide by 10 percent which is at the cumulative rate of inflation over a three year period.

5. Passengers per hour increased 23 percent systemwide as well as for the fixed route. DAR passengers per hour also increased but at a more modest pace. Ridership grew while revenue hours decreased, which is a positive indicator from a service effectiveness perspective.

6. The trend in the fare recovery ratio shows general stability. The farebox ratio for MBTA increased slightly in the past three years, ranging from 18.35 percent in FY 2006 to 19.04 percent in FY 2007 to 18.40 percent in FY 2008. The TDA minimum ratio of 10 percent was met in each year. Farebox for fixed route remained in the 22 percent recovery range while DAR was relatively stable. Fare revenues are enhanced from group pass sales and the annual subsidy provided by the fundraising foundation of Copper Mountain College.

7. For most inspections, only minor vehicle and driver records violations were reported by the CHP, and MBTA continued to maintain “satisfactory” ratings. However, during the January 2006 inspection, the CHP determined MBTA was out of compliance and gave an “unsatisfactory” terminal rating because MBTA had failed to enroll a driver with the DMV Pull Notice Program. Upon a subsequent reinspection in March 2006, the CHP deemed the terminal “satisfactory.”

Functional Review

1. The agency underwent top-level management changes, including the recruitment of a new General Manager, a new Operations Director, finance administration staff, and a new driver/trainer. The prior General Manager left to become city manager of Twentynine Palms.

2. The MBTA Comprehensive Operations Analysis developed in May 2007 contained a list of suggested performance standards and benchmarks to help evaluate current services. The local fixed route service appears to meet the COA performance benchmarks. The General Manager has developed a separate set of internal performance targets to gauge performance of the transit service. The targets set annual and monthly benchmarks based on previous year data for systemwide operating costs, farebox ratio, passengers, cost per passenger, and revenue per passenger.

3. Although outside the audit period, the new Yucca Valley Transit Center opened in March 2009 with some fixed route realignment to meet at the transit center. The sawtooth design of the new transit center includes eight bays and passenger amenities such as restrooms.

4. In April 2008, an accident occurred which involved a fatality and a MBTA bus vehicle. The fatality was a pedestrian in a wheelchair near an intersection. As a result, MBTA's general liability insurance is budgeted to increase approximately $25,000 to $30,000 between fiscal years 2008 and 2009, according to CalTIP conservative estimates.

5. MBTA implements a safety incentive program that recognizes driver safety. Each time a driver maintains a safe record for 100 days, the milestone is recognized by management. Continuous feedback from management and supervisors regarding each driver's record of safety has helped to reinforce this program. There is quarterly training for four hours including defensive driving.

6. An observation made during the site visit, and concurred by the maintenance supervisor, is that the inventory of parts and equipment at the facility is not electronically entered into Fleet Controller or other software. While parts are recorded as they are used, there is no electronic record keeping of remaining available parts or triggers when restocking is needed. This is currently undertaken by visual inspection. It is recommended that MBTA consider electronically integrating parts inventory that is linked to parts usage or create electronic record keeping of parts through a spreadsheet that will enable a comprehensive view of all parts and their value.

7. The General Manager is involved with local planning and interjects where transit amenities would be beneficial for transit. MBTA is involved with local planning efforts of the City of Twentynine Palms and the Town of Yucca Valley and makes requests for transit amenities during the planning and development process. Developers have helped pay for and install bus shelters as part of the mitigation requirements during the building stage.

8. The MBTA Board is kept abreast of transit activities through a number of Board reports. In spite of the changeover in General Managers, the MBTA board agendas have largely remained the

same and reflect a similar format to the City Council packets. Monthly board meetings are accompanied by a spiral-bound agenda packet.

Recommendations

Performance Audit Recommendation	Background	Timeline
#1 Develop/install software program to track vehicle parts inventory electronically.	The current maintenance software does not include a module that allows a vehicle parts inventory to be kept electronically nor linked to use of the parts for vehicle maintenance. As current inventory control is conducted manually, an electronic inventory program can help to consolidate and manage inventory functions such as tracking cycle counts, updating parts availability as they are used, and automatic notification when parts need to be restocked. Automating these functions could increase the efficiency for the maintenance department. Electronic management of parts inventory through an additional module to the existing maintenance software or from a separate spreadsheet program can also be backed up on the server.	High Priority
#2 Record key operations data such as on-time performance, roadcalls and accidents into TransTrack.	For TransTrack to be an effective performance monitoring tool, key performance data should be entered in a timely manner. The data includes on-time performance, number of roadcalls and collision accidents. TransTrack will in turn calculate performance measures that provide trend information about the transit system, such as revenue miles between roadcalls and revenue miles between accidents. MBTA currently tracks this information through internal reports and should make it available on TransTrack.	High Priority
#3 Strengthen the method for determining on-time performance for dial-a-ride.	There should be alternative means to verify on-time performance in addition to reviewing driver manifests. One alternative is to have DAR drivers call in to dispatch at certain pickups/drop-offs to confirm their timepoint. A sampling of call-ins to dispatch can be made on a predetermined basis against which the manifests could be verified. These additional measures could also help with enforcing the no show policy and guard the agency against unwarranted complaints.	High Priority
#4 Provide side-by-side comparison of planned versus actual performance indicators and include in Board meeting agendas.	MBTA maintains internal monthly targets for performance indicators such as systemwide operating costs, farebox ratio, passengers, cost per passenger, and revenue per passenger. While management reviews the planned indicators versus actual performance, this information should also be presented to the Board. A comparison of these targets against actual data for the month should be added to the Board meeting materials as an additional measure of the service, similar to the comparison of budget information that shows budgeted against actuals.	Medium Priority
#5 Properly record correct full-time equivalents into TransTrack and the State Controller's Report.	The correct count of full-time equivalents should be reported in the State Controller's plan module in TransTrack, which should serve as the basis for completing the actual State Controller's Report that is submitted to the State and SANBAG. Currently, this data is missing in TransTrack.	Medium Priority

Section I

Introduction

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction in San Bernardino County. This performance audit is conducted for Morongo Basin Transit Authority (MBTA) covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The purpose of the performance audit is to evaluate MBTA's effectiveness and efficiency in its use of TDA funds to provide public transit in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates MBTA's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether MBTA is meeting the PUC's reporting requirements and that it is endeavoring to implement prior audit recommendations made to the agency. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the agency's departments and organizational functioning. From the analysis that has been undertaken, a set of recommendations has been made for the agency which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the agency board and management the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with transit management, collection and review of agency documents, data analysis, and onsite observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)* published by the California Department of Transportation was used to guide in the development and conduct of the audit.

Overview of the Transit System

MBTA has been providing transit service since its establishment as a Joint Powers Authority (JPA) in October 1989 between the City of Twentynine Palms and the County of San Bernardino. The JPA was expanded in September 1992 to include the Town of Yucca Valley. The JPA is administered by a Governing Board of seven members. Two members and two alternates are appointed by each member jurisdiction. Representing the County are the supervisors representing the First and Third Districts or their designees. The seventh member is a resident of the Morongo Basin, who is selected by a majority of the other six members for a term of two years. In October 2008, the MBTA Joint Powers Agreement was amended to permit the appointment of a fifth "floating" alternate who may act in the absence of any sitting member or alternative. Day-to-day operations are overseen by a General Manager from MBTA's headquarters in Joshua Tree.

As the fourth largest transit operator in the county, MBTA provides general public deviated fixed route and demand responsive service primarily for seniors and the disabled. In addition, MBTA regulates taxicab operations within its service area. Route deviated service is provided within Yucca Valley, Twentynine Palms, the unincorporated community of Landers, the Marine Corps Air Ground Combat Center (MCAGCC), and on State Route 62 between Twentynine Palms and the Town of Yucca Valley. A deviated service is also provided connecting the MBTA service area from a park and ride facility in Yucca Valley to the Palm Springs area for commuters and for medical appointments and shopping. The demand responsive service, Ready Ride, serves most of the same area as the deviated fixed route, with the exception of the Palm Springs service, and includes the communities of Joshua Tree, Morongo Valley, Wonder Valley and Yucca Mesa.

The Morongo Basin is located in the south-central portion of San Bernardino County between Interstate 10 on the south and Interstate 40 on the north. The basin is part of the Mojave Desert and home to Joshua Tree National Park. The MBTA service area consists of 10 communities with a combined population of around 108,000, which mirrors approximately the service area of the Morongo Unified School District (excluding Palm Springs).

The two largest communities in the Morongo Basin are Twentynine Palms and Yucca Valley. Based upon the 2000 U.S. Census, Twentynine Palms' population was 14,764 of which 8.6 percent was age 65 or older. Yucca Valley's population was 16,865 of which 22.8 percent was age 65 or older. The 2008 population for the City of Twentynine Palms and the Town of Yucca Valley are estimated to be 27,966 and 21,268 respectively as reported by the State Department of Finance.

System Characteristics

Fixed Route: Deviated fixed route (herein referred to as "fixed route") includes eight routes, six of which provide local trips in the Morongo Basin area on one-hour headways. The Landers Loop route operates on between one- and three-hour headways. Route 1 is MBTA's principal trunk route linking the MCAGCC and Twentynine Palms with Yucca Valley with one-hour headways during the week and two-hour headways on Saturday. Route 12 provides intercity service during the week between Yucca Valley and Palm Springs, whereas Route 15 provides similar service between the MCAGCC and Palm Springs Friday through Sunday. Deviated service fulfills the requirements for the Americans with Disabilities Act and extends three-quarters of a mile beyond the fixed route.

Transfer centers are located in both Yucca Valley (new transit center) and in Twentynine Palms (at the Community Center). Passengers are able to transfer between the local routes that operate within each city, as well as connections onto the intercity route. Table I-1 details the fixed route services.

Table I-1
MBTA Fixed Route Services

Route Number	Description	Frequency/Operation	Destinations
1	**Yucca Valley – Marine Base**	Hourly (Monday through Friday from 6:00 a.m. to 10:00 p.m.); every 1 to 3 hours (Saturday from 7:15 a.m. to 10:08 p.m.); limited headways between the MCAGCC and Twentynine Palms Community Center	▪ Yucca Valley Park 'N Ride ▪ Staters East ▪ Hi-Desert Hospital ▪ Copper Mountain College ▪ Twentynine Palms Staters ▪ Twentynine Palms Community Center ▪ Himalaya Plaza ▪ MCAGCC Commissary
3A	**Twentynine Palms Marine Base**	Hourly (Monday through Friday from 7:00 a.m. to 5:41 p.m.)	▪ Twentynine Palms Community Center ▪ Base Commissary ▪ Base Hospital ▪ Post Exchange ▪ DMV
3B	**Twentynine Palms**	Hourly (Monday through Friday from 7:00 a.m. to 5:41 p.m.)	▪ Twentynine Palms Community Center ▪ Twentynine Palms Staters ▪ El Paseo Apartments ▪ Lucky Park ▪ Utah & Baseline
7A	**Yucca Valley North**	Hourly (Monday through Friday from 7:00 a.m. to 5:50 p.m.)	▪ Yucca Valley Transit Center ▪ State Route 62 & Avalon ▪ Mohawk Apartments ▪ Town Hall ▪ Park 'N Ride
7B	**Yucca Valley South**	Hourly (Monday through Friday from 7:00 a.m. to 5:50 p.m.)	▪ Yucca Valley Transit Center ▪ Airway Medical ▪ DPSS ▪ Park 'N Ride
12	**Yucca Valley – Palm Springs**	Two morning and one bi-directional afternoon headways (Monday through Friday)	▪ Stater Bros/WalMart ▪ Park 'N Ride ▪ Morongo Valley Country Market ▪ Morongo Valley Post Office

			▪ Palm Springs Airport
15	**MCAGCC – Palm Springs**	One evening bi-directional headway (Friday); two bi-directional headways (Saturday and Sunday)	▪ Base Post Exchange ▪ Building 1664 ▪ Twentynine Palms Community Center ▪ Twentynine Palms Staters ▪ Stater Bros/WalMart ▪ Palm Springs Airport
21	**Landers Loop**	Every two hours (Monday through Friday from 6:45 a.m. to 5:55 p.m.)	▪ Staters East ▪ Landers Post Office ▪ Haliday's Market ▪ Mojave Market ▪ Heros Market ▪ Aberdeen & Yucca Mesa

Source: MBTA

Routes 7A and 7B were realigned during the spring of 2009 to allow for connectivity to the new Yucca Valley Transit Center located adjacent to the Post Office. In addition, MBTA extended Route 7B to serve the Monterey Business Center for a 90-day trial period, which commenced mid-March 2009.

Dial-a-Ride: Ready Ride provides door-to-door service that is divided into zones. The zones are generally split among the communities in the service area, including Yucca Valley, Morongo Valley, Joshua Tree and Twentynine Palms. One-day advance reservations are recommended, with same-day reservations accepted on a space available basis. Reservations for specific times are accepted up to seven days in advance. The Ready Ride service areas are displayed in Table I-2.

Table I-2
MBTA Ready Ride

Service Area	Days of Operation	Hours of Operation
Joshua Tree	Monday through Friday	7:30 a.m. to 3:30 p.m.
Landers	Monday through Friday	7:00 a.m. to 5:00 p.m.
Morongo Valley	Monday and Thursday	8:30 a.m. to 11:30 a.m.
Twentynine Palms	Monday through Friday	7:00 a.m. to 1:00 p.m.
Wonder Valley	Tuesday and Friday	7:00 a.m. to 11:30 a.m.
Yucca Valley	Monday through Friday	7:30 a.m. to 5:30 p.m.

Source: MBTA

MBTA does not operate on major holidays including New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. Regular day service is provided on other holidays.

Fares

MBTA's fares are structured accordingly to service type and destination. The fare structure is shown in Table I-3.

Table I-3
MBTA Fare Schedule

Deviated Fixed Route	**Adult**	**Student**	**Senior/ Disabled**	**Child (age 5 & under)**
Intercity (Route 1) One Way	$2.00	$2.00	$1.00	-0-
Neighborhood Shuttles (Routes 3A,3B, 7A, 7B & 21) One Way	$1.00	$1.00	$0.75	-0-
Route 12				
From Twentynine Palms One Way	$10.00	$10.00	$4.50	-0-
Round Trip	$15.00	$15.00	$9.00	-0-
From Joshua Tree/Yucca Valley One Way	$7.00	$7.00	$4.50	-0-
Round Trip	$11.00	$11.00	$9.00	-0-
From Morongo Valley One Way	$5.00	$5.00	$4.50	-0-
Round Trip	$9.00	$9.00	$9.00	-0-
Route 15				
From Twentynine Palms One Way	$20.00	$20.00	$14.50	-0-
Round Trip	$25.00	$25.00	$19.00	-0-
From Joshua Tree/Yucca Valley One Way	$17.00	$17.00	$14.50	-0-
Round Trip	$21.00	$21.00	$19.00	-0-
From Morongo Valley One Way	$15.00	$15.00	$14.50	-0-
Round Trip	$19.00	$19.00	$19.00	-0-
Bus Passes	**Adult**	**Student**	**Senior/ Disabled**	**Child (age 5 & under)**
Day Pass (Routes 1, 3A, 3B, 7A, 7B & 21)	$3.00	N/A	N/A	N/A
31-Day *Go Pass*	$30.00	$20.00	$20.00	N/A
Palm Springs 7-Day Pass (Route 12)	$35.00	N/A	N/A	N/A

Ready Ride Dial-a-Ride	**Adult**	**Student**	**Senior/ Disabled**	**Child (age 5 & under)**
Regular Fares	$4.00	$4.00	$1.50	-0-
Discount Passes (Seniors/Disabled Only) 10-Punch Pass	N/A	N/A	$10.00	N/A
20-Punch Pass	N/A	N/A	$20.00	N/A

Source: MBTA

Fleet

There were 26 vehicles in the total fleet during the audit period. MBTA operates an all compressed natural gas (CNG) powered fleet. Table I-4 shows the vehicle fleet and service type.

Table I-4
MBTA Fleet

Year	Manufacturer	Quantity	Fuel Type	Service Type	Seating Capacity
2000	El Dorado MST	2	CNG	Dial-a-Ride	26
2001	Transmark	2	CNG	Fixed Route	31
2002	Ford Cutaway	2	CNG	DAR/Fixed-Route	14
2002	El Dorado MST	3	CNG	Fixed-Route	26
2003	Ford Cutaway	4	CNG	DAR/Fixed-Route	16
2004	Ford Cutaway	5	CNG	DAR/Fixed-Route	14
2004	Ford Cutaway	4	CNG	DAR/Fixed-Route	16
2004	El Dorado MST	1	CNG	Fixed-Route	26
2007	Starcraft Cutaway	2	CNG	Fixed-Route	16
2007	Transmark	1	CNG	Fixed-Route	31
Total		26			

Source: TransTrack Manager

MBTA Facility

Administration and central operations and maintenance are located in Joshua Tree. The total acreage of the site is 15 acres which has space to accommodate the current fleet. Buses are also parked in the City of Twentynine Palms corporation yard to reduce deadhead miles and hours at the beginning and end of the runs.

Two new CNG stations will be built in the near future that will have fast fill capability. One will be at the MBTA facility in Joshua Tree and the other in Twentynine Palms. MBTA currently fuels at a private CNG station near a park and ride lot in Yucca Valley. The Marine Base also has a CNG fueling site.

Taxi Administration

Although not included in the performance audit, MBTA provides taxi program administration and management through supervising drug tests, inspections of cabs and background checks. All of these tasks are completed by outside contractors. For example, a local garage conducts the cab inspections. Similar to that reported in the prior performance audit, there are 3 taxi companies, 14 cabs, and approximately 25 drivers. The MBTA clerk records how much time is spent by the agency on taxi business, and MBTA is reimbursed through fees charged to the taxi drivers for annual renewal of the taxi license.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of MBTA's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The updated guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

TABLE II-1
Operator Compliance Requirements Matrix

Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28) for paper filing, or 110 days (Oct. 18) if filed electronically (Internet). During the audit period, the State Controller extended the submittal dates during FY 2005-06 because the Controller's office was in the process of implementing a new updated electronic filing system. The extended dates were: FY 2005-2006: October 12 for paper filing, November 1 for electronic filing.	Public Utilities Code, Section 99243	Completion/submittal dates (Internet filing): FY 2006: October 25, 2006 FY 2007: October 18, 2007 FY 2008: October 20, 2008 **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90 day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2006: January 30, 2007 FY 2007: May 21, 2008 FY 2008: May 1, 2009. **Conclusion: Complied for FY 2006. Not complied for FYs 2007 and 2008. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion.**
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251	MBTA participates in the CHP Driver Pull Notice Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim submitted by the agency. Copies of the terminal safety inspections, driver examination reports, and vehicle inspections were submitted to the auditor for review. The inspection dates applicable to this audit include: January 11, 2005; January 12, 2006; March 15, 2006; and February 6, 2007. For most inspections, only minor vehicle and driver records violations were reported by the CHP, and MBTA continued to maintain "satisfactory" ratings. However, during the January 2006 inspection, the CHP determined MBTA to be out of compliance and gave an "unsatisfactory" terminal rating because MBTA had failed to enroll a driver with the DMV Pull Notice Program. Upon a subsequent reinspection in March 2006, the CHP deemed the terminal "satisfactory." **Conclusion: Complied.**
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	As a condition of approval, MBTA's annual claims for Local Transportation Funds and State Transit Assistance are submitted in compliance with rules and regulations adopted by SANBAG. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Sections 99270.1	Not applicable. MBTA only serves a rural area.
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Sections 99266	Percentage increase in MBTA's operating budget: FY 2006: 3.0% FY 2007: 4.8% FY 2008: -0.1% Source: FYs 2005-2008 MBTA budgets. **Conclusion: Complied.**
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	A review of TransTrack reports and State Controller's Reports indicate overall compliance. There are some data discrepancies between these reports and internal performance reports maintained by MBTA, such as systemwide ridership and revenue hours and miles. MBTA plans to improve its data input into TransTrack and coordinate the data with preparation of the annual State Controller's Report. For example, the calculation of full-time equivalents is not shown in TransTrack or in the FY 2008 State Controller's Report. This would impact the measure of vehicle service hours per employee. **Conclusion: Partial compliance.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating cost at least three-twentieths (15 percent), if so determined by the RTPE.	Public Utilities Code, Sections 99268.2, 99268.3, & 99268.1	Not applicable. MBTA only serves a rural area.
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent)	Public Utilities Code, Section 99268.2, 99268.4 and 99268.5	MBTA serves a rural area and is subject to a 10 percent ratio. The system's fare ratios using audited data are as follows: FY 2006: 18.35% FY 2007: 19.04% FY 2008: 18.40% **Conclusion: Complied.**
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	MBTA's retirement system is fully funded. The annual TDA claims form requires a sign-off from the transit claimant to comply with standard assurances. The agency's retirement system is one such standard assurance. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	MBTA utilizes federal funds that are available to the agency, as reported in the annual fiscal audits (FY 2006 and 2007) and State Controller's Report (FY 2008). FY 2006: Operations ($158,511) Capital ($417,759) FY 2007: Operations ($175,000) Capital ($428,325) FY 2008: Operations ($26,568) Capital ($804,600) **Conclusion: Complied.**

Findings and Observations from Operator Compliance Requirements Matrix

1. MBTA has complied with most TDA requirements with two exceptions. One is that the FYs 2007 and 2008 fiscal audits were submitted to SANBAG and the State Controller after the statutory due date. The fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion. The other exception is the reporting of full-time equivalents (FTEs) in TransTrack and in the State Controller's Reports. MBTA has not been reporting FTEs in TransTrack, and the data was missing in the FY 2008 report submitted to the State.

2. For most inspections, only minor vehicle and driver records violations were reported by the CHP, and MBTA continued to maintain "satisfactory" ratings. However, during the January 2006 inspection, the CHP determined MBTA to be out of compliance and gave an "unsatisfactory" terminal rating because MBTA had failed to enroll a driver with the DMV Pull Notice Program. Upon a subsequent reinspection in March 2006, the CHP deemed the terminal "satisfactory."

3. The budget did not increase significantly during the audit period, as the largest year-over-year increase was 5 percent between fiscal years 2006 and 2007. Although fuel cost increased significantly in the earlier years of the audit, alternative fuel prices for the CNG buses have stabilized over the past year. LTF carryover funds from one year to the next have been from overbudgeting for fuel costs.

4. The trend in the fare recovery ratio shows general stability. The farebox ratio for MBTA increased slightly, ranging between 18.35 percent and 19.04 percent over the last three years. The TDA minimum ratio of 10 percent was met in each year.

Section III

Prior Triennial Performance Recommendations

MBTA's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Ensure accuracy of data reported between State Controller and internal performance reports.

Actions taken by MBTA: As TransTrack has become the primary software package that maintains performance data, a comparison was conducted between the State Controller's data that is contained in TransTrack and the actual State Controller's Reports submitted to the State and SANBAG. The last two fiscal years data showed data consistency, with the exception of FTEs which MBTA has not reported in TransTrack.

Conclusion: This recommendation has been partially implemented, as the number of full-time equivalent employees should be recorded into TransTrack which would then feed into the State Controller's Reports.

Follow-Up: This recommendation is carried forward in this audit for full implementation, but is modified to focus on MBTA's need to accurately calculate FTEs.

Prior Recommendation 2

Monitor on-time performance for dial-a-ride.

Actions taken by MBTA: Data for on-time performance for either fixed route or DAR are not contained in TransTrack. However, on-time performance is reported monthly to the Board through the Operations Status Report which is part of the agenda package. A spreadsheet that tracks monthly on-time performance for both fixed route and DAR was also presented to the auditor as evidence of monitoring this indicator. The operations manager indicated that DAR on-time performance is determined primarily through a review of driver manifests by the dispatcher. About 25 on-time checks are conducted per week. The operations manager is assessing the need to have DAR drivers call in to dispatch to confirm pickup and drop-off times as an additional measure to track on-time performance.

Conclusion: This recommendation has been fully implemented in that a method has been employed to review this performance measure.

Follow-Up: A follow-up recommendation is made to employ additional methods to verify the pickup times recorded in the driver manifest, including requiring drivers to call in at each pickup over a random sampling of days.

Prior Recommendation 3

Consider shortening the dial-a-ride pickup window.

Actions taken by MBTA: MBTA began implementing a shorter pickup window in July 2006, shortening the time from 1 hour to 45 minutes, which is more in line with industry standards. The General Manager indicated that there has not been an increase in productivity gained from this change and that MBTA is considering a return to the previous standard of a 1-hour pickup window.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 4

Develop and monitor operational and maintenance performance standards.

Actions taken by MBTA: Performance standards for operations and maintenance are contained in TransTrack which provides comparison of historic data. Certain performance data is entered into TransTrack by MBTA and used in monthly reporting to the Board. A summary of customer complaints and feedback is also entered into TransTrack and calculated into performance indicators such as Complaints Per 100,000 Passengers. The Comprehensive Operations Analysis conducted for MBTA in May 2007 contains a standard suggested list of performance standards, including those relating to operations and maintenance. The General Manager has also developed a separate set of internal performance targets to gauge performance of the transit service.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 5

Develop formal written agreement for Copper Mountain College bus subsidy.

Actions taken by MBTA: MBTA maintains a pass subsidy agreement with the local community college that is documented via a Letter of Understanding (drafted annually by MBTA) between MBTA and Copper Mountain College. While it is not considered a contract, it provides the basis for the yearly renewal of this item. Since MBTA has not raised its general fares in the last nine years, there has not been an increase to the subsidy.

Conclusion: This recommendation no longer applies, as MBTA does currently maintain written documentation regarding the subsidy agreement with Copper Mountain College via a Letter of Understanding.

Section IV

TDA Performance Indicators

This section reviews MBTA's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables. A comparison of performance by mode against the benchmark standards contained in MBTA's Comprehensive Operations Analysis is also conducted.

Tables IV-1 through IV-3 provide the performance indicators for MBTA systemwide, fixed route and dial-a-ride. Charts are also provided to depict the trends in the indicators.

Table IV-1
MBTA TDA Performance Indicators
Systemwide

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$1,914,145	$1,934,888	$1,949,565	$2,033,839	***6.3%***
Total Passengers	293,601	301,646	322,153	346,666	***18.1%***
Vehicle Service Hours	33,102	32,844	31,980	31,903	***-3.6%***
Vehicle Service Miles	645,747	610,446	664,104	662,895	***2.7%***
Employee FTEs	27	24	24	25	***-7.4%***
Passenger Fares [(b)]	$318,521	$355,141	$371,147	$374,147	***17.5%***
Operating Cost per Passenger	$6.52	$6.41	$6.05	$5.87	***-10.0%***
Operating Cost per Vehicle Service Hour	$57.83	$58.91	$60.96	$63.75	***10.2%***
Operating Cost per Vehicle Service Mile	$2.96	$3.17	$2.94	$3.07	***3.5%***
Passengers per Vehicle Service Hour	8.9	9.2	10.1	10.9	***22.5%***
Passengers per Vehicle Service Mile	0.45	0.49	0.49	0.52	***15.0%***
Vehicle Service Hours per Employee	1,226.0	1,368.5	1,332.5	1,276.1	***4.1%***
Average Fare per Passenger	$1.08	$1.18	$1.15	$1.08	***-0.5%***
Fare Recovery Ratio	16.64%	18.35%	19.04%	18.40%	***10.6%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs. MBTA systemwide operating costs are drawn from annual fiscal audit. The breakdown by mode is drawn from unaudited TransTrack data, so modal costs will not add up to audited costs.
(b) Passenger fares are drawn from annual fiscal audit. The breakdown by mode is drawn from unaudited TransTrack data, so modal fare revenues will not add up to audited fare revenue.

Source: Fiscal Audit, TransTrack, and State Controller Operator's Reports

Table IV-2
MBTA TDA Performance Indicators
Fixed Route

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$1,605,448	$1,498,083	$1,457,390	$1,497,768	***-6.7%***
Total Passengers	264,955	273,819	292,060	320,362	***20.9%***
Vehicle Service Hours	25,636	25,704	25,290	25,140	***-1.9%***
Vehicle Service Miles	537,508	550,158	586,813	551,483	***2.6%***
Employee FTEs [(b)]	21	20	20	21	***0.0%***
Passenger Fares [(c)]	$244,202	$323,420	$334,945	$323,707	***32.6%***
Operating Cost per Passenger	$6.06	$5.47	$4.99	$4.68	***-22.8%***
Operating Cost per Vehicle Service Hour	$62.62	$58.28	$57.63	$59.58	***-4.9%***
Operating Cost per Vehicle Service Mile	$2.99	$2.72	$2.48	$2.72	***-9.1%***
Passengers per Vehicle Service Hour	10.3	10.7	11.5	12.7	***23.3%***
Passengers per Vehicle Service Mile	0.49	0.50	0.50	0.58	***17.8%***
Vehicle Service Hours per Employee	1,220.8	1,285.2	1,264.5	1,197.1	***-1.9%***
Average Fare per Passenger	$0.92	$1.18	$1.15	$1.01	***9.6%***
Fare Recovery Ratio	15.21%	21.59%	22.98%	21.61%	***42.1%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs. Data is drawn from unaudited TransTrack data.
(b) Estimated by mode using total FTEs in State Controller's Report.
(c) Data is drawn from unaudited TransTrack data.

Source: TransTrack, and State Controller Operator's Reports

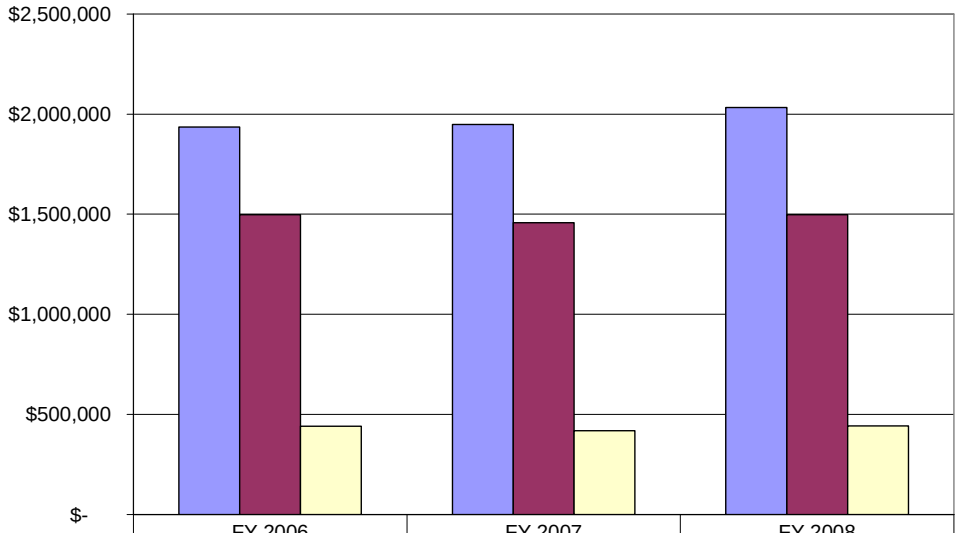
Table IV-3
MBTA TDA Performance Indicators
Dial-a-Ride

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$352,753	$441,024	$418,966	$441,807	***25.2%***
Total Passengers	28,646	26,821	25,430	26,304	***-8.2%***
Vehicle Service Hours	7,466	7,074	6,673	6,763	***-9.4%***
Vehicle Service Miles	108,239	111,007	108,140	111,412	***2.9%***
Employee FTEs [(b)]	6	4	4	4	***-33.3%***
Passenger Fares [(c)]	$26,665	$31,014	$31,182	$34,801	***30.5%***
Operating Cost per Passenger	$12.31	$16.44	$16.48	$16.80	***36.4%***
Operating Cost per Vehicle Service Hour	$47.25	$62.34	$62.79	$65.33	***38.3%***
Operating Cost per Vehicle Service Mile	$3.26	$3.97	$3.87	$3.97	***21.7%***
Passengers per Vehicle Service Hour	3.8	3.8	3.8	3.9	***1.4%***
Passengers per Vehicle Service Mile	0.26	0.24	0.24	0.24	***-10.8%***
Vehicle Service Hours per Employee	1,244.3	1,768.5	1,668.3	1,690.8	***35.9%***
Average Fare per Passenger	$0.93	$1.16	$1.23	$1.32	***42.1%***
Fare Recovery Ratio	7.56%	7.03%	7.44%	7.88%	***4.2%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs. Data is drawn from unaudited TransTrack data.
(b) Estimated by mode using total FTEs in State Controller's Report.
(c) Data is drawn from unaudited TransTrack data.

Source: TransTrack, and State Controller Operator's Reports

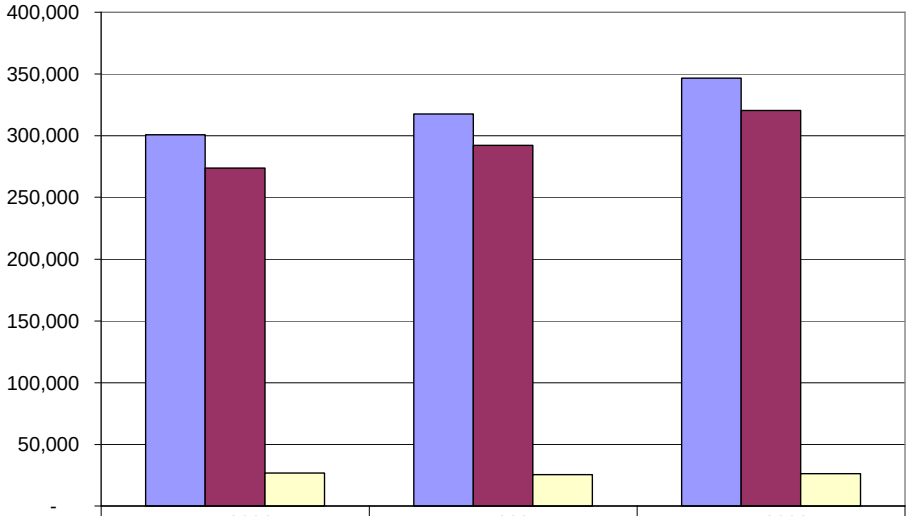
Graph IV-1
Operating Costs
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	$1,934,888	$1,949,565	$2,033,839
Fixed Route	$1,498,083	$1,457,390	$1,497,768
DAR	$441,024	$418,966	$441,807

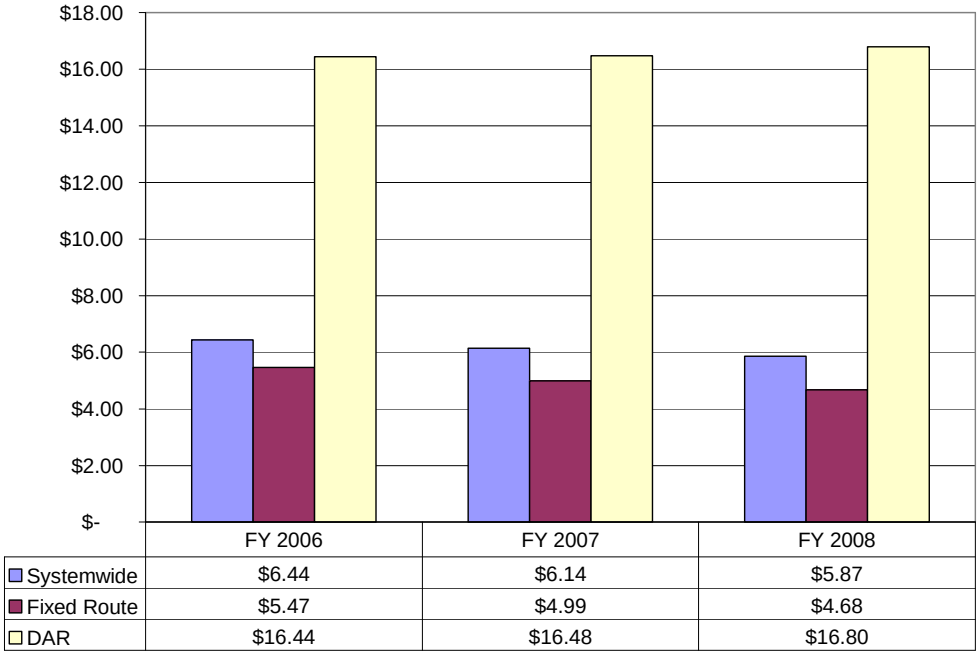
Note: Systemwide cost is audited data; modal cost is unaudited.

Graph IV-2
Ridership
Systemwide, Fixed Route and DAR



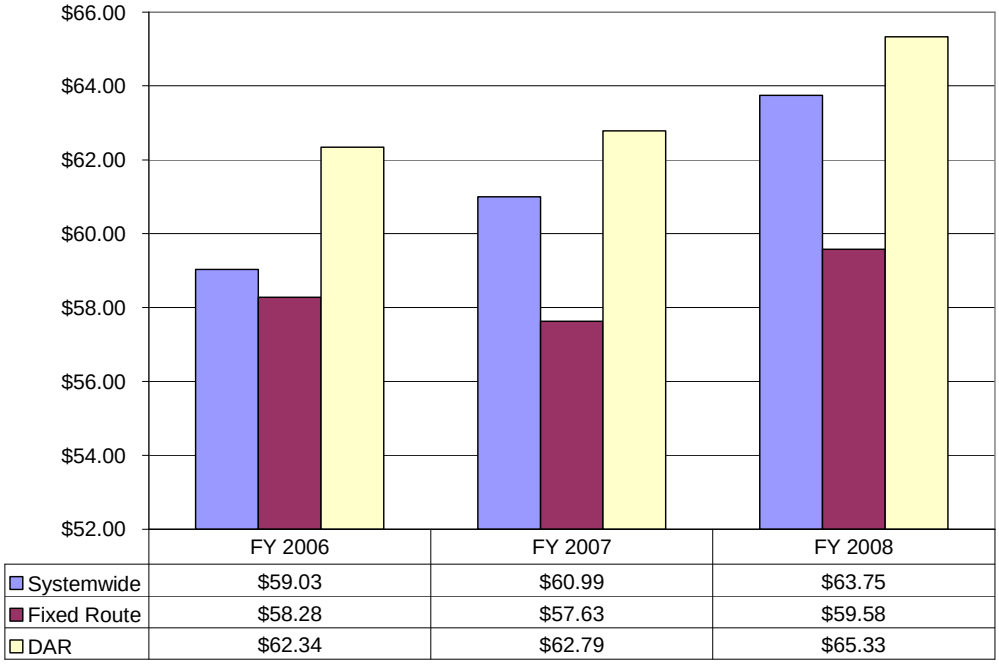
	FY 2006	FY 2007	FY 2008
Systemwide	300,640	317,490	346,666
Fixed Route	273,819	292,060	320,362
DAR	26,821	25,430	26,304

Graph IV-3
Operating Cost Per Passenger
Systemwide, Fixed Route and DAR



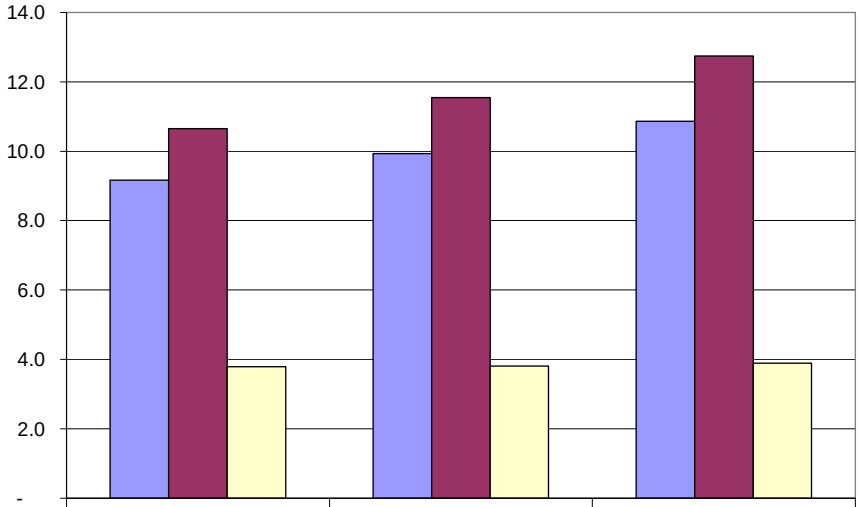
Note: Systemwide cost is audited data; modal cost is unaudited.

Graph IV-4
Operating Cost Per Vehicle Service Hour
Systemwide, Fixed Route and DAR



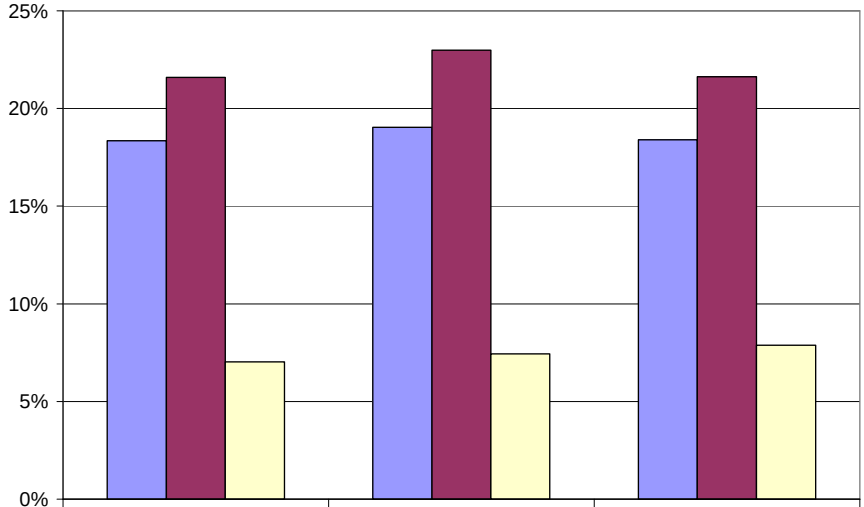
Note: Systemwide cost is audited data; modal cost is unaudited.

Graph IV-5
Passengers Per Vehicle Service Hour
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	9.2	9.9	10.9
Fixed Route	10.7	11.5	12.7
DAR	3.8	3.8	3.9

Graph IV-6
Fare Recovery Ratio
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	18.35%	19.04%	18.40%
Fixed Route	21.59%	22.98%	21.61%
DAR	7.03%	7.44%	7.88%

Note: Systemwide cost and fare revenue are audited data; modal cost and fares are unaudited.

Findings from Verification of TDA Performance Indicators

1. Operating costs systemwide remained relatively flat over the past three years, increasing by 6 percent, well below the cumulative rate of inflation. Fixed route operating costs decreased by 7 percent while DAR costs increased 25 percent. The transit system was not impacted as severely during the fluctuations in gasoline fuel prices since the entire fleet is powered by CNG. While MBTA has budgeted for increased CNG fuel during the audit period, the price of this fuel is assumed to have stabilized. General administration cost and insurance cost decreased between fiscal years 2006 and 2007, but increased between fiscal years 2007 and 2008. The agency was able to fill key management positions in 2008, while an accident in April 2008 pushed insurance rates higher.

2. Ridership increased by 18 percent systemwide. Fixed route passengers increased by 21 percent; however DAR ridership declined 8 percent. The service as a whole did not change very much during the audit period, pending the outcome of the Comprehensive Operations Analysis in 2007. The fluctuations in gasoline prices in past years might have been a contributing factor that increased ridership, along with incremental adjustments made to the service by MBTA.

3. The provision of revenue hours and miles was relatively flat systemwide during the audit period. Fixed route revenue hours decreased 2 percent while revenue miles increased by 3 percent. DAR revenue hours decreased by 10 while revenue miles increased by 3 percent.

4. Operating cost per passenger decreased 10 percent systemwide, a positive indicator showing that ridership increased faster than operating costs. Cost per passenger decreased 23 percent on fixed route but increased by 36 percent on DAR. The trend in DAR ridership has been declining, while costs continue to increase.

5. Operating cost per hour increased 10 percent systemwide. The indicator declined by 5 percent on fixed route while increasing by 38 percent for DAR. Both cost and revenue hours decreased for fixed route, as cost decreased at a faster pace. Operating costs for DAR increased while revenue hours decreased.

6. Passengers per hour increased 23 percent systemwide as well as for the fixed route. DAR passengers per hour also increased but at a more modest pace. Ridership grew while revenue hours decreased, which is a positive indicator from a service effectiveness perspective.

7. Vehicle hours per full-time equivalent, which measures labor productivity, increased by 4 percent systemwide over the past three years. This performance measure decreased slightly for fixed route but increased significantly for DAR. As the allocation of FTEs between the two modes are estimates, this indicator provides approximations for fixed route and DAR. The agencywide employee count remained fairly stable at between 24 and 25 FTEs.

8. The trend in the fare recovery ratio shows general stability. The farebox ratio for MBTA increased slightly in the past three years, ranging from 18.35 percent in FY 2006 to 19.04 percent in FY 2007 to 18.40 percent in FY 2008. The TDA minimum ratio of 10 percent was met in each year. Farebox for fixed route remained in the 22 percent recovery range while DAR was relatively stable. Fare revenues are enhanced from group pass sales and the annual subsidy provided by the fundraising foundation of Copper Mountain College.

MBTA Performance Against COA Benchmark Standards

The MBTA Comprehensive Operations Analysis developed in May 2007 contained a list of suggested performance standards and benchmarks to help evaluate current services. The evaluation of performance during the audit period against these benchmarks is summarized in Table IV-4. There is a mixture of performance indicators during the audit period that both meet the benchmarks and fall below the benchmarks. The local fixed route service appears to meet the COA performance benchmarks.

The General Manager indicated that the performance benchmarks in the COA are too broad and not quite representative of the service, although the farebox recovery standard is cited as a significant benchmark. The General Manager has developed a separate set of internal performance targets to gauge performance of the transit service. The targets set annual and monthly benchmarks based on the previous year's data for systemwide operating costs, farebox ratio, passengers, cost per passenger and revenue per passenger.

Table IV-4
MBTA Performance Against COA Benchmark Standards

COA Performance Standard	Benchmark		FY 2006			FY 2007			FY 2008		
			Commuter Route	Local Fixed Route	Ready Ride	Commuter Route	Local Fixed Route	Ready Ride	Commuter Route	Local Fixed Route	Ready Ride
Operating Cost/Passenger	Fixed Route	$6.00	$17.46	$5.00		$17.81	$4.55		$18.90	$4.26	
	Ready Ride	$15.00			$16.44			$16.48			$16.80
Operating Cost/Revenue Hour	All Services	$65.00									
	Fixed Route		$72.34	$56.78		$69.09	$56.38		$72.52	$58.23	
	Ready Ride				$62.34			$62.79			$65.33
Passengers/Revenue Hour	Fixed Route	11	4.1	11.4		3.9	12.4		3.8	13.7	
	Ready Ride	4.5			3.8			3.8			3.9
Farebox Recovery Ratio	Fixed Route	15%-20%	44.29%	18.48%		43.02%	20.03%		33.82%	20.03%	
	Ready Ride	5%-7%			7.03%			7.44%			7.87%
	Systemwide	10%	18.27%			19.51%			18.48%		
Revenue to Non-Revenue Hour Ratio	Non-revenue hours should not exceed 10% of total revenue and non-revenue hours for all service types.										
	Fixed Route		24%	11%		18%	9%		14%	9%	
	Ready Ride				15%			12%			11%

Source: TransTrack for fiscal year 2006, 2007 and 2008 performance data.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within MBTA. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at the agency:

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

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

Several changes at MBTA occurred over the past three years, including the following:

- The agency underwent top-level management changes, including the recruitment of a new General Manager, a new Operations Director, finance administration staff, and a new driver/trainer. The prior General Manager left to become city manager of Twentynine Palms.
- A Comprehensive Operations Analysis was completed in May 2007 that laid the foundation for enhancements and improvements in service delivery. MBTA has implemented some of the recommended service changes and is continuing its evaluation of other suggestions.
- Although outside the audit period, the new Yucca Valley Transit Center opened in March 2009 with some fixed route realignment to meet at the transit center. The sawtooth design of the new transit center includes eight bays and passenger amenities such as restrooms.

Operations

The current Operations Director joined MBTA in May 2008. There are 25 drivers and 3 dispatchers. Two dispatchers are present during most times of the day using three shifts that overlap. The first shift is from 5:00 a.m. to 9:00 a.m., the second is from 8:00 a.m. to 5:00 p.m., and the third is from 2:30 p.m. to 6:00 p.m. DAR manifests are derived from a customer database in TransTrack which is used to track DAR ridership.

Passengers are allowed to flag down fixed route vehicles while not at a designated bus stop only in extreme rural areas. In addition, the installation of I-Stops on Highway 62 where visibility is poor at night provides additional boarding and safety measures for both the bus and passenger. At an I-Stop,

a 14-foot pole has a solar-powered light on top that a passenger can activate to signal the bus to avoid quick stops or chances of passing by the rider.

In April 2008, an accident occurred which involved a fatality and a MBTA bus vehicle. The fatality was a pedestrian in a wheelchair near an intersection. As a result, MBTA's general liability insurance is budgeted to increase approximately $25,000 to $30,000 between fiscal years 2008 and 2009, according to CalTIP conservative estimates.

The protocol for overall operations is driven by the System Safety Program Plan (SSPP). The goal of the SSPP is to incorporate safety into each facet of operations which will prevent accidents and incidents. The document incorporates industry best practice relating to such topics as employee training and evaluation, pre- and post-vehicle inspection, and a general code of safe practices. The SSPP is produced by MBTA in collaboration with CalTIP, the agency's general insurer.

Drivers are initially hired part time but their weekly workload increases to 40 hours full time. An extraboard of drivers is maintained, and drivers are able to bid on routes and schedules every four months. Many drivers that are hired have limited experience operating large vehicles, although some have previous experience in the trucking industry. Being a coach operator is a second job that has lured several drivers out of retirement. Students from the local college are not recruited to be drivers, and there is no advertising on campus for such positions. According to the Operations Director, there is about a 10 percent annual turnover rate which equates to about three drivers per year. A new driver receives approximately 130 hours in training using a combination of classroom and behind the wheel techniques, and undergoes training evaluation before assuming revenue service.

A Transit Operator Evaluation Chart is used to test drivers when warranted. Reasons for evaluation include regular evaluations, retraining, initial training, or following a complaint. The chart measures the driver's proficiency and skills. Scores are generated in five areas including pre-trip inspection, Smith System five keys of behind-the-wheel driver training, unobserved ride check, onboard ride check, and wheelchair check. A section for comments by both the evaluator and the driver is also available. The scores are used to determine a percentage that rates the driver's performance. Scores below a certain percentage require driver retraining.

Regular drug and alcohol testing is conducted by a Department of Transportation certified third party firm located in Palm Desert. About a quarter of the drivers are tested every three months.

MBTA implements a safety incentive program that recognizes driver safety. Each time a driver maintains a safe record for 100 days, the milestone is recognized by management. Continuous feedback from management and supervisors regarding each driver's record of safety has helped to reinforce this program. There is quarterly training for four hours including defensive driving.

Farebox Revenue Controls

At the end of each day, drivers transfer the metal farebox from the bus to the dispatch office where the fares are deposited into a safe in the presence of the dispatcher. The driver signs the deposit form with the route number and the driver's name. The entire metal farebox could be deposited

without the need to open the box before depositing it into the safe. Two people are present to count the fares, whether they are dispatchers or administrative staff. A homeland security grant is being used to procure a new video camera system that will help to monitor farebox counting and other activities at the agency.

DAR No Show and Cancellation Policy

MBTA enforces a no show policy to enhance productivity and accountability of the clients of MBTA. The wait time by the driver at the rider's designated pickup is 5 minutes before the trip is considered a no show. A late cancellation is failure to notify MBTA within one hour of the scheduled pickup time. A series of verbal and written warnings are issued for no shows until the third offense in which a letter of suspension for 30 days is issued.

Operations Performance

On-time performance for fixed route is measured by the bus arriving no later than 5 minutes from the scheduled stop. The buses make some deviations to pick up passengers off the route but the time schedules build in some additional time to accommodate the deviations. Fixed route on-time performance is checked using several methods, including the following:

- Dispatch makes random calls to the drivers in the field. The Operations Director provides dispatch with a weekly sheet detailing the route and location of random time checks, which accumulate to about 30 time checks a week. The sheet provides space to record scheduled and actual depart time, time difference, bus number, driver and comments.
- Time checks at select locations by the two Operations Supervisors.
- Shadow rider program to evaluate drivers and conduct on-time checks.

Routes serving the Twentynine Palms Marine Corps Base could involve delays due to checks performed by the military police as the vehicles go onto the base for pickups and drop-offs as part of the route.

On-time performance for dial-a-ride is checked primarily from reviews of driver manifests by dispatchers. About 25 checks a week are conducted. However, currently the drivers are not required to call in to dispatch to verify their pickup time and location. Calling in would provide another means to confirm the rate of on-time performance. The current pickup window is approximately 20 minutes before and after the scheduled pickup time. MBTA is considering returning to a longer pickup window of one hour (30 minutes before and after the pickup time), as rider productivity has not increased since shortening the window.

Table V-1
On-Time Performance

Fiscal Year	2006	2007	2008	Performance Target
Fixed Route	95.7%	94.8%	90.4%	Greater than 90%
Dial-a-Ride		98.4%	98.1%	Greater than 90%

Note: The MBTA Comprehensive Operations Analysis suggests a 90% on-time benchmark.
Source: MBTA internal performance reports.

Customer complaints are made via email to MBTA, called in, or filled out on the customer comment form that is available on the buses. Each complaint is logged into TransTrack by the Operations Director who then calls the customer to inform them of the steps that will be taken to address the issue. Follow-up and resolution with the appropriate staff is made. The process is entered into TransTrack for record keeping while the comment form is placed in the employee's training file for future reference. The complaints are noted during the employee's evaluation.

Using TransTrack, there were 81 complaints recorded in FY 2007 and 58 complaints in FY 2008. The number of complaints can be measured as complaints per 100,000 passengers. Table V-2 shows this indicator for the transit system using TransTrack. The complaints data appeared incomplete for FY 2005-06.

The data shows that the trend of complaints has decreased during the audit period from 25.51 in FY 2007 to 16.73 in FY 2008, indicating a positive trend of reduced complaints.

Table V-2
Complaints Per 100,000 Passengers

Fiscal Year	Complaints per 100,000 Passengers	Percentage Change
2006	n/a	--
2007	25.51	--
2008	16.73	-34%

Note: The MBTA Comprehensive Operations Analysis suggests a benchmark of 1 complaint per 1,000 riders.
Source: TransTrack

Another performance measure of operations and driver success is the number of preventable accidents. There is no performance data on preventable accidents entered in TransTrack, although MBTA internal documents were provided for one calendar year that track vehicle incidents. During calendar year 2008, three collision accidents occurred. The benchmark in the COA is one

preventable accident per 200,000 revenue miles. Given that MBTA records about 650,000 revenue miles systemwide per fiscal year, the benchmark performance measure is generally met.

Maintenance

The Joshua Tree facility has two bays and can accommodate two vehicles for maintenance. There is one SEFAC lift available to reach the vehicle undercarriage. Maintenance staff is charged with ensuring that oil and other liquid hazards are contained on-site, as spraying to clean oil is not allowed due to water surface runoff issues. A fireproof storage locker is available to store flammable equipment. Occasional welding is also done at the maintenance facility.

There are three maintenance staff, including the maintenance supervisor, a bus technician and a utility worker. The utility worker attends to the bus shelters twice a week and empties trash, among other maintenance responsibilities. The bus technician is certified to conduct inspections of the facility's on-site oil tank which stores used vehicle oil. Vehicle maintenance is conducted during regular work hours between 7:00 a.m. and 4:30 p.m.

Clipboards of all vehicles and their mileage and upcoming services are kept on the wall for open viewing by the maintenance staff. The Maintenance Department uses the Fleet Controller program to track vehicles and flag those ready for Preventive Maintenance Inspections (PMIs). There are various levels of preventive maintenance, including "A," "B," "C" and "D" inspections which are based on each vehicle's maintenance guide. "A" PMIs are completed every 45 days or 3,000 miles, whichever comes first, and include a safety check and base inspection. "B" inspections include oil changes and are done every 3,000 to 6,000 miles depending on the make of the vehicle. "C" and "D" inspections are for larger items such as spark plug replacement, transmission service and CNG tank inspections. The "C" inspections occur generally between 24,000 and 30,000 miles, while "D" inspections are conducted between 36,000 and 60,000 miles.

A parts room at the facility is visually inspected regularly to keep track of items and reorder when parts run low. The General Manager approves any invoice over $500. Once a month, the maintenance supervisor conducts a manual inventory check and records available stock. Approximately $15,000 in spare parts is kept in the parts room at any given time, excluding tires. An alarm system is installed at the facility.

An observation made during the site visit, and concurred by the maintenance supervisor, is that the inventory of parts and equipment at the facility is not kept electronically or in the Fleet Controller software. While parts are recorded as they are used, there is no electronic record keeping of remaining available parts or triggers when restocking is needed. This is currently undertaken by visual inspection. It is recommended that MBTA consider electronically integrating parts inventory that is linked to parts usage or create electronic record keeping of parts through a spreadsheet that will enable a comprehensive view of all parts and their value.

MBTA maintains a spare tire ratio equivalent to two CNG buses per bus route. Vehicle warranty service is taken to several dealers including Palm Springs Motors which services John Deere and Ford vehicles. MBTA also pays the mileage for a Cummins representative to come to the transit facility to perform warranty repairs.

A bus wash is planned to be constructed adjacent to the maintenance facility in the near future. Vehicles are currently taken to a local car wash which charges between $6 and $10 per vehicle. The car wash requires a 14-mile roundtrip which creates additional expense and wear and tear on the vehicles.

A measure of maintenance performance is the number of recorded incidents that are related to equipment breakdown. There is no performance data on the number of roadcalls entered in TransTrack, although MBTA internal documents were provided that track vehicle incidents. During calendar year 2008, there were five equipment breakdowns recorded.

Figure V-3 shows the maintenance cost per mile for this audit period. Maintenance costs have increased steadily while revenue miles have also increased, thus resulting in steady growth in cost per revenue mile.

Table V-3
Vehicle Maintenance Cost Per Mile

Fiscal Year	Maintenance Cost	Revenue Miles	Maintenance Cost Per Mile	Percentage Change
2006	$233,091	661,165	$0.35	
2007	$266,020	694,953	$0.38	9%
2008	$273,746	662,895	$0.41	8%

Source: TransTrack

Planning

The General Manager is involved with local planning and interjects where transit amenities would be beneficial for transit. MBTA is involved with local planning efforts of the City of Twentynine Palms and the Town of Yucca Valley and makes requests for transit amenities during the planning and development process. The transit agency keeps an inventory of requests for comments that describes each potential development project, type of bus amenity requested and a contact for the project. These amenities include bus shelters, curbs, sidewalks and ramps. Developers have helped pay for and install bus shelters as part of the mitigation requirements during the building stage. Published transit guidelines that aid developers in designing transit-friendly projects are available from MBTA.

Another channel for planning is through the results of the annual unmet transit needs hearing. One set of hearings is held in Morongo Valley each year as part of SANBAG's unmet needs process. Although there were no unmet transit needs that were reasonable to meet in Morongo Valley during the audit period, MBTA continues to be involved in the process on an annual basis.

The largest planning and implementation endeavor over the last three years was the design and construction of the Yucca Valley Transit Center at Airway and Yucca Trail, near the Post Office. Funding was placed in reserve over several years to accumulate enough to purchase land and to design and construct the facility which became operational in March 2009.

Marketing

Marketing is the responsibility of the General Manager. During the audit period, ongoing marketing was conducted. The agency has contracts with two radio stations, Adelphia cable television and the newspapers. MBTA receives a reduced rate for advertisement through these agreements. About 90 percent of the advertisement is aimed at car drivers to switch transportation modes. The newspaper ad provides the schedule and fares for Route 15 which is the Palm Springs service connecting the Marine Corps Base in Twentynine Palms with various stops in Palm Springs.

MBTA issues a punch pass for its Palm Springs route that encourages multiple trips and commuters. The previous punch pass was good for seven days although commuters would only use the pass on weekdays, making the remaining two days useless. MBTA has modified the punch pass by replacing it with a 10-ride punch pass with no expiration date for the same price of $35.

The General Manager makes presentations at social service agencies and senior centers regarding the transit system. Volunteer transit ambassadors at these locations help to promote the system and train riders about taking the bus. Booths at local events are also available for transit marketing.

MBTA conducts an annual route survey of riders using almost identical questions each year and tracks the trends. The survey includes about 30 questions and asks passengers about the reliability and convenience of existing service and about potential changes to service. The survey results for that year are compared to the answers from the prior year.

MBTA's website includes general information about changes to the service, bus schedules, fares and contact information. Links are also provided to the member agencies' home pages as well as to neighboring transit systems. A commuter calculator is available that helps determine how much money a commuter can save by taking the bus versus driving within the Morongo Basin or to Palm Springs.

Bus shelters are being upgraded to include bus information, and additional I-Stops are being installed along the main corridor to facilitate better visibility of passengers at bus stops.

The budget for marketing is generally between $22,000 and $27,000 per year. MBTA received a FTA 5311(f) grant for about $30,000 to have a marketing study conducted by an outside professional to provide guidance on MBTA's marketing endeavors and capture additional ridership. The marketing study will be conducted in the spring of 2009.

General Administration and Management

MBTA underwent several management level changes during the audit period. The former General Manager left MBTA to become city manager for one of MBTA's JPA members. The former

Operations Director served as interim General Manager for one year during which recruitment for a new General Manager was conducted. At the conclusion of the recruitment process, the interim General Manager retained the position on a permanent basis. The agency's Finance Officer retired and the responsibilities were transferred to the current office manager. A new Operations Director was hired to fill the position vacated by the General Manager. Lastly, a driver/trainer position was filled.

Annual budgeting of MBTA activities is primarily conducted based on past performance, trends in the economy and other factors such as fuel and insurance. The budgeting tool employed by MBTA allows written notes to be added beside each line item to describe and justify the change in revenue and expense assumptions. The percentage changes between the budget years is also shown to provide trends.

Board Reports

The MBTA Board is kept abreast of transit activities through a number of Board reports. In spite of the changeover in General Managers, the MBTA board agendas have largely remained the same and reflect a similar format to the City Council packets. Monthly board meetings are accompanied by a spiral-bound agenda packet. Also, annual reports are submitted and presented to the Councils at the Town of Yucca Valley and City of Twentynine Palms.

The Board is provided an agenda packet at each regular board meeting. A sample agenda provided by the agency shows that performance data is tracked and reported to the Board monthly. On the consent calendar, a series of performance-oriented reports are scheduled, including an Operations Report, Ridership Report, Financial Report, and Administrative Report.

The Operations Report provides the status of personnel, operations/safety, and maintenance, as well as descriptions and resolutions of complaints. Specific customer complaints for the month are included, as are the comments made and actions taken to resolve the complaints. The Ridership Report shows passenger ridership by route and certain performance indicators including passengers per revenue hour and farebox recovery. Both route-level data and total data are shown. The Financial Report provides a comparison by line item of each expenditure during the month and year to date. Expenses are separated by departments including administrative, operations and maintenance. Revenues reported for the month are also shown in a separate statement of income. Finally, the Administrative Report includes a Management Report that provides an update on activities for the month and is accompanied by additional performance data on the transit system. TransTrack data is used as the basis of the operations and performance information.

For a relatively small operator, MBTA is commended for providing this level of performance data to its Board monthly.

Amendments to JPA

The JPA was amended twice over a one-year period. Amendment #4 amended the Agreement on October 4, 2007, to include compensation for the board members at a rate of $100 per board meeting attended. Any board member may decline compensation. In October 2008, the Agreement

was amended to permit the appointment of a fifth "floating" alternate who may act in the absence of any sitting member or their alternates. This additional appointment was made to help with reaching a quorum at the Board meetings.

Grants Administration

MBTA manages its grants using Excel spreadsheets and uses QuickBooks to track expenses by capital project. MBTA utilizes a variety of funding sources for prioritized capital projects. During the audit period, MBTA budgeted TDA revenues (primarily STAF), State funds (Proposition 1B), and federal monies (CMAQ, FTA 5311 and FTA 5311(f)). The largest capital project was the construction of the Yucca Valley Transit Center. The agency also received grants to install bus shelters and benches, I-Stops for bus stop locations in dark areas, and map cases for schedules. Replacement of transit vehicles is also programmed as vehicles are retired.

Other capital projects provide benefit to the alternative fuel fleet. Two CNG fast-fill stations at each MBTA facility (Twentynine Palms and Joshua Tree) are planned to accommodate the alternative fuel fleet. A bus wash will also be installed at the Joshua Tree facility. Future capital projects include the design and construction of a transfer center in Twentynine Palms and security cameras for the Joshua Tree facility using a homeland security grant.

The General Manager wrote the vehicle specifications and secured the purchase of about 34 vehicles over the next five years for the agency. The procurement required compliance with federal regulations and detailed procurement provisions. Other local transit agencies including Barstow Area Transit and MARTA piggybacked on the MBTA contract for vehicles.

Section VI

Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2006 through 2008. A set of recommendations is then provided.

1. MBTA has complied with most TDA requirements with two exceptions. One is that the FYs 2007 and 2008 fiscal audits were submitted to SANBAG and the State Controller after the statutory due date. The fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion. The other exception is the reporting of full-time equivalents (FTEs) in TransTrack and in the State Controller's Reports. MBTA has not been reporting FTEs in TransTrack, and the data was missing in the FY 2008 report submitted to the State.

2. For most inspections, only minor vehicle and driver records violations were reported by the CHP, and MBTA continued to maintain "satisfactory" ratings. However, during the January 2006 inspection, the CHP determined MBTA was out of compliance and gave an "unsatisfactory" terminal rating because MBTA had failed to enroll a driver with the DMV Pull Notice Program. Upon a subsequent reinspection in March 2006, the CHP deemed the terminal "satisfactory."

3. The agency underwent top-level management changes, including the recruitment of a new General Manager, a new Operations Director, finance administration staff, and a new driver/trainer. The prior General Manager left to become city manager of Twentynine Palms.

4. The budget did not increase significantly during the audit period, as the largest year-over-year increase was 5 percent between fiscal years 2006 and 2007. Although fuel cost increased significantly in the earlier years of the audit, alternative fuel prices for the CNG buses have stabilized over the past year. LTF carryover funds from one year to the next have been from overbudgeting for fuel costs.

5. The trend in the fare recovery ratio shows general stability. The farebox ratio for MBTA increased slightly in the past three years, ranging from 18.35 percent in FY 2006 to 19.04 percent in FY 2007 to 18.40 percent in FY 2008. The TDA minimum ratio of 10 percent was met in each year. Farebox for fixed route remained in the 22 percent recovery range while DAR was relatively stable. Fare revenues are enhanced from group pass sales and the annual subsidy provided by the fundraising foundation of Copper Mountain College.

6. Three of the five prior audit recommendations were implemented. One prior recommendation no longer applies which relates to development of a formal fare subsidy agreement with Copper Mountain College. The other prior recommendation that was partially implemented is carried forward in this audit for full implementation, which is for

MBTA to accurately record full-time equivalents in the State Controller's Report and in TransTrack.

7. Operating costs systemwide remained relatively flat over the past three years, increasing by 6 percent, well below the cumulative rate of inflation. Fixed route operating costs decreased by 7 percent while DAR costs increased 25 percent. The transit system was not impacted as severely during the fluctuations in gasoline fuel prices since the entire fleet is powered by CNG. The agency was able to fill key management positions in 2008, while an accident in April 2008 pushed insurance rates higher.

8. Ridership increased by 18 percent systemwide. Fixed route passengers increased by 21 percent; however DAR ridership declined 8 percent. The service as a whole did not change very much during the audit period, pending the outcome of the Comprehensive Operations Analysis in 2007. The fluctuations in gasoline prices in past years might have been a contributing factor that increased ridership, along with incremental adjustments made to the service by MBTA.

9. Performance measures using operating costs and service variables such as passengers and service hours showed mostly positive trends. For example, operating cost per passenger decreased 10 percent systemwide over the past three years, a positive indicator showing that ridership increased faster than operating costs. In addition, operating cost per hour increased systemwide by 10 percent which is at the cumulative rate of inflation over a three year period.

10. Passengers per hour increased 23 percent systemwide as well as for the fixed route. DAR passengers per hour also increased but at a more modest pace. Ridership grew while revenue hours decreased, which is a positive indicator from a service effectiveness perspective.

11. The MBTA Comprehensive Operations Analysis developed in May 2007 contained a list of suggested performance standards and benchmarks to help evaluate current services. The local fixed route service appears to meet the COA performance benchmarks. The General Manager has developed a separate set of internal performance targets to gauge performance of the transit service. The targets set annual and monthly benchmarks based on previous year data for systemwide operating costs, farebox ratio, passengers, cost per passenger, and revenue per passenger.

12. Although outside the audit period, the new Yucca Valley Transit Center opened in March 2009 with some fixed route realignment to meet at the transit center. The sawtooth design of the new transit center includes eight bays and passenger amenities such as restrooms.

13. In April 2008, an accident occurred which involved a fatality and a MBTA bus vehicle. The fatality was a pedestrian in a wheelchair near an intersection. As a result, MBTA's general liability insurance is budgeted to increase approximately $25,000 to $30,000 between fiscal years 2008 and 2009, according to CalTIP conservative estimates.

14. MBTA implements a safety incentive program that recognizes driver safety. Each time a driver maintains a safe record for 100 days, the milestone is recognized by management. Continuous feedback from management and supervisors regarding each driver's record of safety has helped to reinforce this program. There is quarterly training for four hours including defensive driving.

15. An observation made during the site visit, and concurred by the maintenance supervisor, is that the inventory of parts and equipment at the facility is not electronically entered into Fleet Controller or other software. While parts are recorded as they are used, there is no electronic record keeping of remaining available parts or triggers when restocking is needed. This is currently undertaken by visual inspection. It is recommended that MBTA consider electronically integrating parts inventory that is linked to parts usage or create electronic record keeping of parts through a spreadsheet that will enable a comprehensive view of all parts and their value.

16. The General Manager is involved with local planning and interjects where transit amenities would be beneficial for transit. MBTA is involved with local planning efforts of the City of Twentynine Palms and the Town of Yucca Valley and makes requests for transit amenities during the planning and development process. Developers have helped pay for and install bus shelters as part of the mitigation requirements during the building stage.

17. The MBTA Board is kept abreast of transit activities through a number of Board reports. In spite of the changeover in General Managers, the MBTA board agendas have largely remained the same and reflect a similar format to the City Council packets. Monthly board meetings are accompanied by a spiral-bound agenda packet.

Recommendations

1. Develop/install software program to track vehicle parts inventory electronically.
   (High Priority)

   The current maintenance software does not include a module that allows a vehicle parts inventory to be kept electronically nor linked to use of the parts for vehicle maintenance. As current inventory control is conducted manually, an electronic inventory program can help to consolidate and manage inventory functions such as tracking cycle counts, updating parts availability as they are used, and automatic notification when parts need to be restocked. Automating these functions could increase the efficiency for the maintenance department. Electronic management of parts inventory through an additional module to the existing maintenance software or from a separate spreadsheet program can also be backed up on the server.

2. Record key operations data such as on-time performance, roadcalls and accidents into TransTrack.
   (High Priority)

   For TransTrack to be an effective performance monitoring tool, key performance data should be entered in a timely manner. The data includes on-time performance, number of roadcalls and collision accidents. TransTrack will in turn calculate performance measures that provide trend information about the transit system, such as revenue miles between roadcalls and revenue miles between accidents. MBTA currently tracks this information through internal reports and should make it available on TransTrack.

3. Strengthen the method for determining on-time performance for dial-a-ride.
   (High Priority)

   There should be alternative means to verify on-time performance in addition to reviewing driver manifests. One alternative is to have DAR drivers call in to dispatch at certain pickups/drop-offs to confirm their timepoint. A sampling of call-ins to dispatch can be made on a predetermined basis against which the manifests could be verified. These additional measures could also help with enforcing the no show policy and guard the agency against unwarranted complaints.

4. Provide side-by-side comparison of planned versus actual performance indicators and include in Board meeting agendas.
   (Medium Priority)

   MBTA maintains internal monthly targets for performance indicators such as systemwide operating costs, farebox ratio, passengers, cost per passenger, and revenue per passenger. While management reviews the planned indicators versus actual performance, this

information should also be presented to the Board. A comparison of these targets against actual data for the month should be added to the Board meeting materials as an additional measure of the service, similar to the comparison of budget information that shows budgeted against actuals.

5. Properly record correct full-time equivalents into TransTrack and the State Controller's Report.
   (Medium Priority)

   The correct count of full-time equivalents should be reported in the State Controller's plan module in TransTrack, which should serve as the basis for completing the actual State Controller's Report that is submitted to the State and SANBAG. Currently, this data is missing in TransTrack.

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FY 2006-2008 Triennial Performance Audit of Barstow Area Transit

Submitted to San Bernardino Associated Governments

June 2009

PMC®

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Note: This document was prepared specifically for the Triennial Performance Audit of the San Bernardino Associated Governments, Omnitrans, Victor Valley Transit Authority, Morongo Basin Transit Authority, and Mountain Area Regional Transit Authority and the Cities of Barstow and Needles transit systems. Any reuse or modification without the written authorization of PMC will be at the user's sole risk.

Executive Summary

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for Barstow Area Transit (BAT) covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The audit includes a review of the following areas:

- Compliance with TDA Requirements
- Status of Prior Audit Recommendations
- Transit System Performance Trends
- Detailed Functional Review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of BAT.

Compliance with TDA Requirements

BAT has complied with most TDA requirements with three exceptions. One is that the reporting of full-time equivalents in the State Controller's Reports was inaccurately shown, as the figures varied significantly each year. Another exception is that the FY 2007-08 fiscal audit was not submitted to the State according to the statutory timeline. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion. The third, and more significant exception, was that BAT did not meet the 10 percent farebox recovery standard in FY 2008, placing the service out of compliance with a key TDA measure. A pattern of not meeting the farebox standard could have funding implications in future years.

Status of Prior Audit Recommendations

This section reviewed BAT's actions to implement six prior audit recommendations. Of the six recommendations, two were fully implemented, one is in the process of being implemented, two were not implemented and are furthered in this audit for full compliance, and one was no longer applicable. The one prior recommendation in the process of being implemented is adding transit administrative assistance which is dependent on budgetary considerations. The two recommendations that are furthered for full compliance include conducting independent on-time performance checks and improving the visual depiction of the bus map.

System Performance Trends

1. BAT received "satisfactory" ratings for each CHP terminal inspection during the audit period.

2. The trend in the fare recovery ratio shows a general decline during the audit period. The farebox ratio for BAT service (excluding Big River and Trona Transit systems) decreased slightly from 11.0 percent in FY 2006 to 9.6 percent in FY 2008 for BAT. Over the past six years, the farebox ratio has declined from about 14 percent to under 10 percent. The TDA minimum ratio of 10 percent was not met in FY 2008, placing the service out of compliance with a key TDA measure. The farebox recovery ratios for Big River Transit and Trona Transit exceeded the 10 percent ratio in each year of the audit, but have been declining as well.

3. Operating costs for Barstow Area Transit increased by 56 percent over the past three years, with fixed route increasing more than dial-a-ride (DAR) in percentage terms. Contract operations cost increased with the expanded fixed routes, along with a renegotiation for increased hourly driver rates which have been below market. Maintenance cost from an older fleet increased as well, which required additional funding for the contract operator. Fuel cost increases were a primary reason for the significant change in cost, as fuel expenses more than doubled for the transit system between fiscal years 2005 and 2006.

4. Ridership increased by 9 percent systemwide, including by 25 percent on fixed route, but declined by 10 percent on dial-a-ride. The conversion of the popular DAR service on the eastern end of Barstow to a fixed route service partly explains the trend. Ridership on both Big River and Trona Transit decreased significantly over the last three years, between 30 and 50 percent. The City indicated that the clientele may be moving away from the area or not riding as much.

5. The rate of service provision, expressed in growth in hours and miles of service, grew in close proportion to the growth in operating costs. Other performance measures such as cost per passenger and passengers per hour showed negative trends.

Functional Review

1. Changes to the system included expansion of the fixed route system in September 2005 from three to five routes. A demonstration service from Barstow to Fort Irwin was implemented for a month during September 2008 with relative success. In addition, a new county volunteer demand response service at Havasu Lake was ready to be implemented but was cancelled due to lack of volunteers.

2. BAT has had past issues with the timing of purchasing replacement vehicles due to lack of appropriate scheduling according to the transit plans. Significant vehicle purchases

began in FY 2007-08 which are reflected in the federal capital funds being used during that year. Funding had already been programmed by SANBAG, and upon the change in the Coordinator position, action was taken to get new buses delivered.

3. The long-time Transportation Coordinator retired from the position in 2007 and was replaced by the Management Analyst II. The Analyst previously served as the transit administrator on a short-term interim basis between December 2005 and March 2006. In April 2009, after the audit period, the City conducted interviews and hired a new full time Transportation Coordinator which is filled by the former Management Analyst.

4. MV Transportation changed management in June 2006 by replacing the previous Transit Manager. Internal contractor issues required the replacement of the Transit Manager. BAT issued an RFP and through a competitive bid retained the same contract operator to continue operating and maintaining the system. A new five-year service contract through 2013 was approved and commenced on July 1, 2008.

5. A new ADA application and recertification process was implemented to improve enforcement with rider eligibility. The Transportation Coordinator received assistance from SANBAG transit staff in the development of the form. The new application form provides more thorough questions about mobility impairment and a new section that requires completion by the applicant's health care professional. The new form provides a level of eligibility standard to the certification process and establishes clear timelines and responsibilities to become certified.

6. A new comment card is available on the buses to receive feedback from riders. Developed by the City in 2008 as a result of the transit unmet needs hearings, the comment card is postcard-sized and addressed to City Hall for easy mailing. The card includes lines to identify the bus number and driver, as drivers are now required to wear an identification badge. Five categories to rate the service are shown on the card.

7. A new head mechanic was brought onto BAT's contract operator in 2006, replacing the former Maintenance Manager who had been with BAT for about two years. During most of the audit period, the BAT vehicle fleet was aging and required replacement.

Recommendations

Performance Audit Recommendation	Background	Timeline
#1 Verify TransTrack data regularly.	Several performance statistics entered into TransTrack during the audit period were not representative of the service, based on missing or incomplete nature of the data. This was most prevalent in FY 2005-06 which underrepresented the data for the year. The data prepared for TransTrack feeds into the annual State Controller's Transit Operator's Report that is submitted to SANBAG and the State, and from which some funding decisions are made. It is recommended that City transit administration closely monitor the data being prepared in TransTrack and work with contract transit management to identify potential data collection and entry issues.	High Priority
#2 Consider implementing the liquidated damages provisions in operations contract.	With TransTrack slowly being improved as a central data collection source, the City has the ability to monitor for the performance measures in the contract that are linked to financial liquidated damages. The measures include missed service hours, on-time performance and number of complaints. With the farebox recovery ratio declining over the past several years and going below the SANBAG adopted minimum requirement for continued funding, the City should utilize available means in the current contract to monitor the service and take financial action for any service deficiencies. Implementing this program will require working with the contract operator and agreeing on the method by which these indicators will be measured.	High Priority
#3 Conduct independent on-time performance checks.	The contract operator, MV Transportation, is required to conduct on-time performance checks and record the findings in TransTrack. The contract operator will use its own methods to track on-time performance in consultation with city transit staff. The Transportation Coordinator, in turn, should conduct regular checks as well to confirm and verify the data being collected by the contractor. This is an aspect of good industry practice when contract providers are used. The Transportation Coordinator and the contractor might agree and select certain stops to determine on-time performance using either video imaging and/or trip sheets and in-person site observation. As on-time performance relative to minimum standards is identified as an issue, it should be closely monitored for improvements.	High Priority

Performance Audit Recommendation	Background	Timeline
#4 Present regular updates to the City Council about Barstow Area Transit.	The Transportation Coordinator is anticipating the opportunity to provide regular performance and financial information to the City Council about BAT. A summary packet that highlights the performance of the system, such as ridership, operating costs, complaints and farebox recovery, should be discussed as possible information to present. Monthly or quarterly budget data comparing budgeted with actual figures is also a common presentation item. Transit staff should work with the Council and determine the appropriate data to include.	High Priority
#5 Improve visual depiction of bus routes and landmarks on bus map and on website.	This recommendation from the previous performance audit is warranted for full implementation. A clear comprehensive bus map to accompany the route schedules is a marketing feature that is essential to having good customer service and encouraging ridership. Identified landmarks such as social services, government buildings, schools, shopping and health care facilities provide an added convenience factor to the bus map from which both existing and potential riders can plan their trips. Maps developed from technology such as GIS can bring together bus routes, street names and landmarks.	Medium Priority
#6 Place revised ADA certification application on-line.	The updated ADA certification application should be available as a PDF download on the City's website for accessibility by the public. This can reduce the burden of calls into dispatch for an application and mailing, although questions about the application should still go through either the City or the contractor.	Medium Priority

Section I

Introduction

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction in San Bernardino County. This performance audit is conducted for Barstow Area Transit (BAT) covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The purpose of the performance audit is to evaluate BAT's effectiveness and efficiency in its use of TDA funds to provide public transit in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates BAT's compliance with the conditions specified in the California Public Utilities Code. This task involves ascertaining whether BAT is meeting the PUC's reporting requirements and that it is endeavoring to implement prior audit recommendations made to the agency. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the agency's departments and organizational functioning. From the analysis that has been undertaken, a set of recommendations has been made for the agency which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the agency board and management the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with transit management, collection and review of agency documents, data analysis, and onsite observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)* published by the California Department of Transportation was used to guide in the development and conduct of the audit.

Overview of the Transit System

The City of Barstow administers public transportation through a Memorandum of Understanding (MOU) with the County of San Bernardino for three transit systems: Barstow Area Transit (BAT), Big River Transit and Trona Transit. BAT provides local fixed route and dial-a-ride service to those residing within the incorporated City of Barstow and County general public dial-a-ride service to the surrounding unincorporated communities of Hinkley, Lenwood, Grandview, Daggett, Yermo and Newberry Springs. The service area of BAT is approximately 653 square miles. The MOU also provides for specialized transit services for elderly and disabled residents in the unincorporated communities of Trona and Big River.

The City initiated a general dial-a-ride within the city limits in 1976, while the County began offering demand responsive service in 1978 to the surrounding unincorporated areas. Fixed route service began in 1991 and today both fixed route and demand response services are provided under the MOU. The transit system is currently administered by the City's Management Analyst

II/Transportation Coordinator and is governed by the Barstow City Council. BAT operations and maintenance are provided by a private contract operator, MV Transportation.

The City of Barstow is located in the Mojave Desert at the junction of Interstates 15 and 40 and State Routes 58 and 247. The City has a total land area of 33.59 square miles. Barstow is a general law city incorporated in 1947 and has a Council-Manager form of government. Based upon the 2000 U.S. Census, the city's population was 21,119, of which 12.1 percent was age 65 or older. The 2008 population is estimated to be 23,952 as reported by the State Department of Finance.

System Characteristics

The following transit services were offered during the audit period:

Fixed Route

Barstow Area Transit: The service consists of five fixed routes that are configured to operate from downtown to the eastern, western and central areas of the city. The routes serve major commercial development including the Factory Outlet Center/Tanger Mall and businesses along Main Street, governmental services, residential areas, the Veterans Home and Barstow Community College. Buses run in hourly headways from 7:00 a.m. to 7:00 p.m. on weekdays and from 9:00 a.m. to 7:00 p.m. on Saturdays. There is no service on Sundays or on major holidays. Table I-1 shows the details of the BAT fixed route during the audit period.

Table I-1
BAT Fixed Route Service

Route Number	Description	Frequency/Operation	Destinations
1	**Central Barstow**	Hourly; Monday through Friday, 7:00 a.m. to 7:00 p.m.; Saturdays, 9:00 a.m. to 7:00 p.m.	▪ City Hall ▪ Vons ▪ Food-4-Less ▪ Barstow College/ Childcare America ▪ Veterans Home ▪ Stater Brothers ▪ Wal-Mart ▪ Yucca ▪ City Hall
2	**Central Barstow**	Hourly; Monday through Friday, 7:00 a.m. to 7:00 p.m.; Saturdays, 9:00 a.m. to 7:00 p.m.	▪ City Hall ▪ Food-4-Less ▪ Senior Center ▪ Post Office ▪ East Main @ Mercado Mall ▪ Vons

			▪ Barstow College/ Childcare America ▪ Veterans Home ▪ City Hall
3	**West Barstow/Grandview/ Lenwood**	Hourly; Monday through Friday, 7:00 a.m. to 7:00 p.m.; Saturdays, 9:00 a.m. to 7:00 p.m.	▪ City Hall ▪ Fun Zone ▪ West Main @ Verizon ▪ Jasper Park ▪ Factory Merchants Outlet Mall
4	**West Barstow/Grandview/ Lenwood**	Hourly; Monday through Friday, 7:00 a.m. to 7:00 p.m.; Saturdays, 9:00 a.m. to 7:00 p.m.	▪ Factory Merchants Outlet Mall ▪ Lenwood Discount Market ▪ Rimrock Convalescent Home ▪ Avenue L @ Park and Ride ▪ City Hall
5	**Highway 58**	Hourly; Monday through Friday, 7:00 a.m. to 7:00 p.m.; Saturdays, 9:00 a.m. to 7:00 p.m.	▪ City Hall ▪ Harvey House ▪ McCoy's Feed ▪ Barstow Industrial ▪ Hacienda Trailer Park ▪ City Hall

Source: BAT

Dial-A-Ride

City Dial-A-Ride: Door-to-door demand responsive service for elderly and disabled passengers that meets the requirements of the American with Disabilities Act (ADA) for complementary paratransit. Persons with a disability may be required to provide verification, such as a Barstow Area Transit ADA card, if their condition is not readily visible. The service operates throughout the entire city plus adjacent unincorporated residential areas. Hours of operation are the same as the fixed route. A response time of 40 minutes is offered. Ride request call times can be made up to a half hour before service begins and ends.

All-Ride Program: Demand responsive service operating within the city limits and designed to operate when other city transportation services are not available, including on Sundays. Originally funded with Welfare-to-Work funds, the program operates before and after fixed route and on

seven holidays not covered by the other services. A response time of 40 minutes is offered. Ride request call times can be made up to a half hour before service begins and ends. Hours of operation are Monday through Friday, 6:00 a.m. to 7:00 a.m.; Monday through Saturday, 7:00 p.m. to 11:30 p.m.; and Sunday and holidays, 9:00 a.m. to 11:30 p.m.

County Dial-A-Ride: General public demand responsive zonal service in the surrounding county area. Three zones are established to serve the following communities:

- Route deviation service for the east (Yermo/Daggett) and west (Hinkley/Lenwood) with headways of 1.5 to 2 hours.
- Limited route deviation service to Newberry Springs with five trips daily on weekdays, four trips on Saturdays and three trips on Sundays. Each trip takes about two hours to complete.

Hours of operations are Monday through Friday, 6:00 a.m. to 10:45 p.m.; Saturdays, 8:00 a.m. to 10:45 p.m.; and Sundays, 8:00 a.m. to 2:00 p.m.

Big River Transit: Demand responsive service operated by volunteers assisting elderly and disabled residents in the Big River area. The County of San Bernardino entered into an agreement with the Bonnie Baker Citizens Club to provide the service, including a volunteer to oversee the service and volunteer drivers. Local trips are provided as well as trips to medical facilities as far away as Loma Linda and to shopping located in Parker, Arizona. Fares are not charged but donations for fuel are requested. The City of Barstow receives TDA funds from the County as a pass-through to administer the service. Through an MOU with the County, Barstow monitors maintenance and tracks performance.

Trona Transit: Demand responsive service operated by the Searles Valley Community Service Council (SVCSC) through an agreement with San Bernardino County. The service provides local rides to elderly and disabled persons residing in the community of Trona, as well as trips to medical and shopping centers in Ridgecrest, Lancaster and Loma Linda. A part-time paid employee of SVCSC manages the transit program which uses volunteer drivers. The agreement between SVCSC and the County includes that no fares be charged, but that passengers are requested to reimburse for the cost of fuel. The County pays for insurance and maintenance of the vehicles. The City of Barstow administers the contract through an MOU with the County and monitors maintenance and tracks performance.

Barstow to Fort Irwin: In September 2008 (outside audit period), BAT implemented a demonstration service providing transportation between the City of Barstow and Fort Irwin. Scheduled pickups in Barstow were in a west to east direction with drop-offs in the reverse order. Six scheduled pickup and drop-off windows were offered from 3:15 p.m. to 11:00 p.m. The demonstration period, which lasted 33 days, was to gauge the potential interest in such a service. Performance during this span was such that there is interest by the City to continue this service in the future.

Barstow Area Transit services are not available on major holidays with the exception of the All Ride Service which is available on the following major holidays: New Year's Day, Martin Luther King Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day.

Fares

BAT fares are structured according to service type. County dial-a-ride is separated into three zones with zonal charges based on distance. The fare structure is shown in Table I-2.

Table I-2
BAT City Fare Schedule

	Regular	Student	Senior/ Disabled	Child (age 5 & under)
Fixed Route				
One Way	$1.10	$0.85	$0.55	-0-
Transfers	-0-	-0-	-0-	-0-
Day Pass	$3.50	$2.75	$1.75	-0-
10-Ride Pass	$10.00	$7.50	$5.00	-0-
Monthly Pass	$38.00	$34.00	$19.00	-0-
Brass Tokens (Bag of 10)	$11.00	$8.50	$11.00	-0-
City Dial-a-Ride				
One Way	n/a	n/a	$1.65	n/a
Day Pass	n/a	n/a	$7.50	n/a
Monthly Pass	n/a	n/a	$25.00	n/a
Silver Tokens (Bag of 10)	n/a	n/a	$15.00	n/a
All Ride				
One Way	$1.65	$1.25	$0.85	-0-
Barstow to Fort Irwin (Demonstration service)				
One Way	$2.20			

Source: BAT

Table I-3
BAT County Dial-a-Ride Fare Schedule

	Regular	Student	Senior/ Disabled/ Child ages 6-12	Child (age 5 & under)
Zone 1				
One Way	$1.65	$1.65	$0.80	-0-
Day Pass	$7.50	$7.50	$3.75	-0-
10-Ride Pass	$15.00	$15.00	$5.25	-0-
Monthly Pass	$65.00	$65.00	$25.00	-0-
Zone 2				
One Way	$2.20	$2.20	$1.10	-0-
Day Pass	$10.00	$10.00	$5.00	-0-
10-Ride Pass	$20.00	$20.00	$7.00	-0-
Monthly Pass	$85.00	$85.00	$32.00	-0-
Zone 3				
One Way	$2.75	$2.75	$1.30	-0-
Day Pass	$12.50	$12.50	$6.25	-0-
10-Ride Pass	$25.00	$25.00	$8.75	-0-
Monthly Pass	$105.00	$105.00	$40.00	-0-

Source: BAT

There were 22 active vehicles in the fleet during the audit period (shown in Table I-4). BAT vehicles are maintained by the contract operator, MV Transportation, at a leased facility in Barstow. About 17 vehicles are used in peak service. Most of the demand response fleet was replaced in the last few years, including the recent period outside this audit.

Table I-4
BAT Fleet

Year	Make/Model	Quantity	Fuel Type	Seating Capacity (seats/wheelchair capacity
2004	Freightliner MST II	6	CNG	28/2
2007	Chevy Aero Elite	3	Gasoline	22/2
2008	Ford Allstar	5	Gasoline	17/2
2009	Ford Allstar	8	Gasoline	15/2
Total		22		

Source: *City of Barstow*

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of BAT's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The updated guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

TABLE II-1
Operator Compliance Requirements Matrix

Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28) for paper filing, or 110 days (Oct. 18) if filed electronically (Internet). During the audit period, the State Controller extended the submittal dates during FY 2005-06 because the Controller's office was in the process of implementing a new updated electronic filing system. The extended dates were: FY 2005-2006: October 12 for paper filing, November 1 for electronic filing.	Public Utilities Code, Section 99243	Completion/submittal dates (Internet filing): FY 2006: November 1, 2006 FY 2007: October 11, 2007 FY 2008: October 14, 2008 **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90 day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2006: September 20, 2006 FY 2007: February 20, 2008 FY 2008: April 13, 2009 **Conclusion: Complied for FYs 2006 and 2007. Not complied for FY 2008. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion.**
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251	BAT participates in the CHP Driver Pull Notice Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim submitted by the City. Copies of the terminal safety inspections, driver examination reports, and vehicle inspections were submitted to the auditor for review. The inspection dates applicable to this audit include: January 20, 2005; January 31, 2006; and February 27, 2007. For most inspections, only minor vehicle and driver records violations were reported by the CHP, and BAT continued to maintain "satisfactory" ratings. **Conclusion: Complied.**
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	As a condition of approval, BAT's annual claims for Local Transportation Funds and State Transit Assistance are submitted in compliance with rules and regulations adopted by SANBAG. **Conclusion: Complied.**
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Sections 99270.1	Not applicable. BAT only serves a rural area.

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Sections 99266	Percentage increase in BAT's operating budget: FY 2006: 30.5% FY 2007: 10.6% FY 2008: 5.8% The increased budget between fiscal years 2005 and 2006 is to account for higher vehicle fuel costs, and increased contract operations cost from the addition of two new fixed routes. Source: FYs 2005-2008 BAT budgets. **Conclusion: Complied.**
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	A review of internal operations reports and State Controller's Reports indicates some compliance issues. The number of full-time equivalents contained in the Controller's Reports is incorrectly reported since the annual figure varies significantly each year. This would impact the measure of vehicle service hours per employee. **Conclusion: Partial Compliance.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating cost at least three-twentieths (15 percent), if so determined by the RTPE.	Public Utilities Code, Sections 99268.2, 99268.3, & 99268.1	Not applicable. BAT only serves a rural area.
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent)	Public Utilities Code, Section 99268.2, 99268.4 and 99268.5	Transit services are funded by TDA Article 8(c). On July 1, 1993, the SANBAG Board adopted performance criteria for the BAT service that sets the farebox recovery ratio at 10 percent. The system's fare ratios using audited data are as follows (excludes Big River and Trona Transit systems): FY 2006: 11.0% FY 2007: 10.7% FY 2008: 9.6% **Conclusion: Complied for FY's 2006 and 2007, not complied for 2008.**
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	The City of Barstow's retirement system is fully funded. The annual TDA claims form requires a sign-off from the transit claimant to comply with standard assurances. The agency's retirement system is one such standard assurance. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	BAT utilizes federal funds that are available to the agency, as reported in the annual fiscal audits (FY 2006 and 2007) and State Controller's Report (FY 2008). FY 2006: Operations ($219,758) Capital ($0) FY 2007: Operations ($394,857) Capital ($0) FY 2008: Operations ($276,815) Capital ($650,022) **Conclusion: Complied.**

Findings and Observations from Operator Compliance Requirements Matrix

1. BAT has complied with most TDA requirements with three exceptions. One is that the reporting of full-time equivalents in the State Controller's Reports was inaccurately shown, as the figures varied significantly each year. Another exception is that the FY 2007-08 fiscal audit was not submitted to the State according to the statutory timeline. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion. The third, and more significant exception, was that BAT did not meet the 10 percent farebox recovery standard in FY 2008, placing the service out of compliance with a key TDA measure. A pattern of not meeting the farebox standard could have funding implications in future years.

2. BAT received "satisfactory" rating for each CHP terminal inspection during the audit period.

3. The budget increased substantially beginning in FY 2006 when the fixed route was expanded from three to five routes. This expansion increased the contract operations cost with the private vendor. Fuel cost has also increased significantly, which has impacted the annual budget.

4. The trend in the fare recovery ratio shows a general decline during the audit period. The farebox ratio for BAT service (excluding Big River and Trona Transit systems) decreased slightly from 11.0 percent in FY 2006 to 9.6 percent in FY 2008 for BAT. Over the past six years, the farebox ratio has declined from about 14 percent to under 10 percent. The TDA minimum ratio of 10 percent was not met in FY 2008, placing the service out of

compliance with a key TDA measure. Transit services are funded by TDA Article 8(c). In 1994, the SANBAG Board adopted performance criteria for the BAT service that sets the farebox recovery ratio at 10 percent.

The farebox recovery ratios for Big River Transit and Trona Transit also exceeded the 10 percent ratio in each year of the audit, but has been declining as well. Big River Transit's farebox recovery ranged from 25 percent to 16 percent, while Trona Transit's ratio ranged from 53 percent to 20 percent. As opposed to BAT services, these services request passengers to pay for the cost of fuel in lieu of a fare which is contributed toward the farebox.

5. BAT has had past issues with the timing of purchasing replacement vehicles due to lack of appropriate scheduling according to the transit plans. Significant vehicle purchases began in FY 2007-08 which are reflected in the federal capital funds being used during that year.

Section III

Prior Triennial Performance Audit Recommendations

BAT's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Develop and Monitor Maintenance Standards.

Actions taken by the City: The Transportation Coordinator utilizes TransTrack to monitor overall performance. TransTrack contains a performance indicator module that tracks current year performance as well as comparison with the previous year. There are a few performance indicators relating to maintenance, including revenue miles between total road calls and total miles between total road calls.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 2

Reinstate the Transportation Coordinator Position to Work Full Time on Transit.

Actions taken by the City: The prior Transportation Coordinator returned to this position until retirement in 2007. Since then, the Management Analyst II assigned to serve as the Transportation Coordinator spent the vast majority of time on BAT administration. However, by the end of the audit period (June 2008), the Management Analyst's position was not officially a full-time position for BAT nor was it changed to a full time Transportation Coordinator position. In April 2009, after the audit period, the City conducted interviews and hired a new full time Transportation Coordinator which is filled by the former Management Analyst.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 3

Consider Adding Transit Administrative Assistance.

Actions taken by the City: There has been consideration for additional help for BAT administration, although none has been given to date. Work tasks for the additional help have been identified by the Management Analyst, including conducting spot-checking of vehicles in service and assisting with grant preparation.

Conclusion: This recommendation is in the process of being fully implemented although it will also depend on budgetary considerations.

Prior Recommendation 4

Conduct Field Surveys for On-Time Performance.

Actions taken by the City: The Management Analyst/Transportation Coordinator indicated that due to lack of time or additional staff, field surveys for checking on-time performance by the City have not been conducted consistently. The Transportation Coordinator does some ride-alongs to gauge overall system performance and meets with the contract Transit Manager to discuss the service. As on-time performance is a valuable performance tool, the City should continue efforts to consistently implement this recommendation to independently verify any information that is presented by the contractor. In the past, the contract operator only checked for on-time performance using trip sheets recorded by the drivers. BAT has recently secured on-board video cameras that can have a viewing angle to the front of the bus and visually display the location of the vehicle. This visual display is time recorded, giving management the exact time and location to determine the on-time performance. However, this will be an ongoing effort and will need to be tested for accuracy.

Conclusion: This recommendation has not been implemented due to lack of staff time or additional staff assistance.

Follow-Up: Despite the installation of video cameras on the vehicles, BAT administration should still conduct independent checks for on-time performance. This recommendation is forwarded in this audit for full implementation.

Prior Recommendation 5

Improve Visual Depiction of Bus Routes and Landmarks in Bus Map and on Website.

Actions taken by the City: Transit management has not yet made improvements to the visual depiction of bus routes or maps on either hard copy brochures or on the transit website. With completion of the draft Operations Analysis, BAT should include an enhanced marketing strategy that, among other planned improvements, includes a clear map of the bus routes and landmarks that are served by the buses (government services, grocery stores, shopping, etc.).

Conclusion: This recommendation has not been implemented.

Follow-Up: This recommendation is forwarded in this audit for full implementation, as having a clear map providing the bus service routes and identifying some locations that are served will improve customer service and make the service easier to use for existing and potential passengers.

Prior Recommendation 6

Explore External Sales of Transit Passes.

Actions taken by the City: This recommendation was that the City explore opportunities for expanding its channels for selling monthly transit passes to include retail outlets such as grocery and convenience stores as a way of increasing its fare revenues and ridership. Transit management indicated that transit passes are currently only sold at City Hall and at the contract operator's location, the same two locations from the prior audit. Bulk passes are purchased by the local community college and by the Department of Social Services for their clients. The Transportation Coordinator also indicated that most riders purchase passes at City Hall since the central transfer center is right in front of City Hall. With the future central transfer center planned adjacent to City Hall, the primary pass outlet will likely continue to be City Hall.

Conclusion: This recommendation no longer applies, as it is likely that City Hall will continue to be the main location to purchase passes given that the existing and proposed central transfer terminal will continue to be at or near City Hall. External pass outlets may only provide marginal benefit.

Section IV

TDA Performance Indicators

This section reviews BAT's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-3 provide the performance indicators for Barstow Area Transit, including systemwide, fixed route and dial-a-ride. Tables IV-4 and IV-5 provide performance data during the audit period for Big River Transit and Trona Transit. Charts are also provided to depict the trends in the indicators.

Table IV-1
BAT TDA Performance Indicators
Systemwide

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$1,571,347	$2,102,076	$2,124,075	$2,451,322	***56.0%***
Total Passengers	219,492	222,192	206,116	238,259	***8.6%***
Vehicle Service Hours	35,709	44,502	44,721	51,664	***44.7%***
Vehicle Service Miles	735,674	761,286	769,270	844,351	***14.8%***
Employee FTEs	33	34	40	40	***21.2%***
Passenger Fares [(b)]	$235,523	$231,150	$226,690	$235,496	***0.0%***
Operating Cost per Passenger	$7.16	$9.46	$10.31	$10.29	***43.7%***
Operating Cost per Vehicle Service Hour	$44.00	$47.24	$47.50	$47.45	***7.8%***
Operating Cost per Vehicle Service Mile	$2.14	$2.76	$2.76	$2.90	***35.9%***
Passengers per Vehicle Service Hour	6.1	5.0	4.6	4.6	***-25.0%***
Passengers per Vehicle Service Mile	0.30	0.29	0.27	0.28	***-5.4%***
Vehicle Service Hours per Employee	1,082.1	1,308.9	1,118.0	1,291.6	***19.4%***
Average Fare per Passenger	$1.07	$1.04	$1.10	$0.99	***-7.9%***
Fare Recovery Ratio	15.0%	11.0%	10.7%	9.6%	***-35.9%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs. BAT systemwide operating costs are drawn from annual fiscal audit. The breakdown by mode is drawn from unaudited TransTrack data, so modal costs will not add up to audited costs.
(b) Passenger fares are drawn from annual fiscal audit. The breakdown by mode is drawn from unaudited TransTrack data, so modal fare revenues will not add up to audited fare revenue.

Source: Fiscal Audit, TransTrack, and State Controller Operator's Reports

Table IV-2
BAT TDA Performance Indicators
Fixed Route

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006[b]**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [a]	$462,908	$802,536	$827,929	$908,091	***96.2%***
Total Passengers	116,375	125,446	124,218	144,988	***24.6%***
Vehicle Service Hours	10,805	17,677	17,782	17,989	***66.5%***
Vehicle Service Miles	197,917	225,504	294,997	302,803	***53.0%***
Employee FTEs	10	10	20	20	***100.0%***
Passenger Fares [c]	$91,978	$91,884	$107,201	$137,100	***49.1%***
Operating Cost per Passenger	$3.98	$6.40	$6.67	$6.26	***57.5%***
Operating Cost per Vehicle Service Hour	$42.84	$45.40	$46.56	$50.48	***17.8%***
Operating Cost per Vehicle Service Mile	$2.34	$3.56	$2.81	$3.00	***28.2%***
Passengers per Vehicle Service Hour	10.8	7.1	7.0	8.1	***-25.2%***
Passengers per Vehicle Service Mile	0.59	0.56	0.42	0.48	***-18.6%***
Vehicle Service Hours per Employee	1,080.5	1,767.7	889.1	899.5	***-16.8%***
Average Fare per Passenger	$0.79	$0.73	$0.86	$0.95	***19.6%***
Fare Recovery Ratio	19.9%	11.4%	12.9%	15.1%	***-24.0%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs. Data is drawn from unaudited TransTrack data.
(b) FY 2006 costs and revenues are extrapolated from one quarter's data.
(c) Data is drawn from unaudited TransTrack data.

Source: TransTrack and State Controller Operator's Reports

Table IV-3
BAT TDA Performance Indicators
Dial-a-Ride

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006[b]**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [a]	$1,108,439	$1,226,408	$1,170,935	$1,368,182	***23.4%***
Total Passengers	103,117	96,746	81,898	93,271	***-9.5%***
Vehicle Service Hours	24,904	26,825	26,939	33,675	***35.2%***
Vehicle Service Miles	537,757	535,782	474,273	541,548	***0.7%***
Employee FTEs	23	24	20	20	***-13.0%***
Passenger Fares [c]	$140,170	$173,652	$117,052	$99,057	***-29.3%***
Operating Cost per Passenger	$10.75	$12.68	$14.30	$14.67	***36.5%***
Operating Cost per Vehicle Service Hour	$44.51	$45.72	$43.47	$40.63	***-8.7%***
Operating Cost per Vehicle Service Mile	$2.06	$2.29	$2.47	$2.53	***22.6%***
Passengers per Vehicle Service Hour	4.1	3.6	3.0	2.8	***-33.1%***
Passengers per Vehicle Service Mile	0.19	0.18	0.17	0.17	***-10.2%***
Vehicle Service Hours per Employee	1,082.8	1,117.7	1,347.0	1,683.8	***55.5%***
Average Fare per Passenger	$1.36	$1.79	$1.43	$1.06	***-21.9%***
Fare Recovery Ratio	12.6%	14.2%	10.0%	7.2%	***-42.7%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs. Data is drawn from unaudited TransTrack data.
(b) FY 2006 costs and revenues are extrapolated from one quarter's data.
(c) Data is drawn from unaudited TransTrack data.

Source: TransTrack and State Controller Operator's Reports

Table IV-4
TDA Performance Indicators
Big River Transit

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007 [b]**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [a]	$25,156	$39,338	$33,283	$49,449	***96.6%***
Total Passengers	1,300	1,200	800	914	***-29.7%***
Vehicle Service Hours	800	700	1,600	2,079	***159.8%***
Vehicle Service Miles	48,800	44,600	45,000	45,000	***-7.8%***
Passenger Fares	$6,871	$10,011	$5,720	$7,701	***12.1%***
Operating Cost per Passenger	$19.35	$32.78	$41.60	$54.10	***179.6%***
Operating Cost per Vehicle Service Hour	$31.45	$56.20	$20.80	$23.79	***-24.3%***
Operating Cost per Vehicle Service Mile	$0.52	$0.88	$0.74	$1.10	***113.2%***
Passengers per Vehicle Service Hour	1.6	1.7	0.5	0.4	***-72.9%***
Passengers per Vehicle Service Mile	0.03	0.03	0.02	0.02	***-23.8%***
Average Fare per Passenger	$5.29	$8.34	$7.15	$8.43	***59.4%***
Fare Recovery Ratio	27.3%	25.4%	17.2%	15.6%	***-43.0%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs.
(b) Operations data for FY 2007 are based on estimates from FY 2008-12 TOCP. City indicated actual data was not available. Operating cost and fare revenue are from fiscal audit.

Source: Annual Fiscal Audits, FY 2008-12 TOCP, and TransTrack

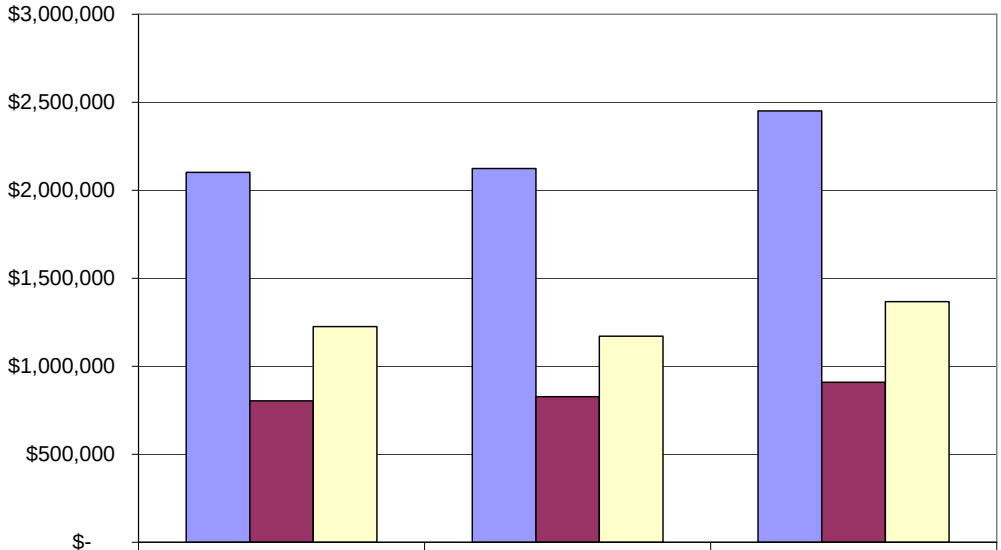
Table IV-5
TDA Performance Indicators
Trona Transit

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007 (b)**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost (a)	$20,158	$33,274	$22,079	$33,979	***68.6%***
Total Passengers	1,264	1,300	1,300	646	***-48.9%***
Vehicle Service Hours	272	300	300	300	***10.3%***
Vehicle Service Miles	11,200	16,800	16,800	16,800	***50.0%***
Passenger Fares	$4,521	$17,461	$7,682	$6,718	***48.6%***
Operating Cost per Passenger	$15.95	$25.60	$16.98	$52.60	***229.8%***
Operating Cost per Vehicle Service Hour	$74.11	$110.91	$73.60	$113.26	***52.8%***
Operating Cost per Vehicle Service Mile	$1.80	$1.98	$1.31	$2.02	***12.4%***
Passengers per Vehicle Service Hour	4.6	4.3	4.3	2.2	***-53.7%***
Passengers per Vehicle Service Mile	0.11	0.08	0.08	0.04	***-65.9%***
Average Fare per Passenger	$3.58	$13.43	$5.91	$10.40	***190.8%***
Fare Recovery Ratio	22.4%	52.5%	34.8%	19.8%	***-11.8%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs.
(b) Operations data for FY 2007 are based on estimates from FY 2008-12 TOCP. City indicated actual data was not available. Operating cost and fare revenue are from fiscal audit.

Source: Annual Fiscal Audits, FY 2008-12 TOCP, and TransTrack

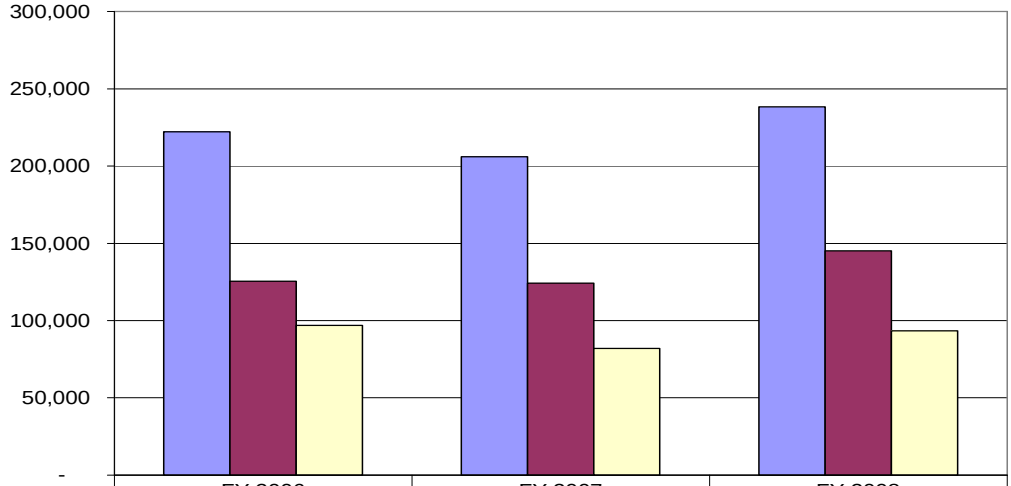
Graph IV-1
BAT Operating Costs
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	$2,102,076	$2,124,075	$2,451,322
Fixed Route	$802,536	$827,929	$908,091
DAR	$1,226,408	$1,170,935	$1,368,182

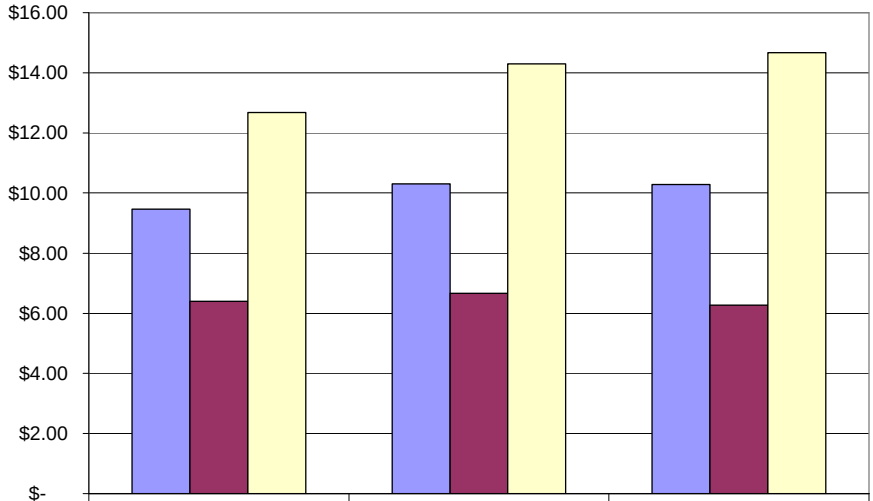
Note: Systemwide cost is audited data, modal cost is unaudited.

Graph IV-2
BAT Ridership
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	222,192	206,116	238,259
Fixed Route	125,446	124,218	144,988
DAR	96,746	81,898	93,271

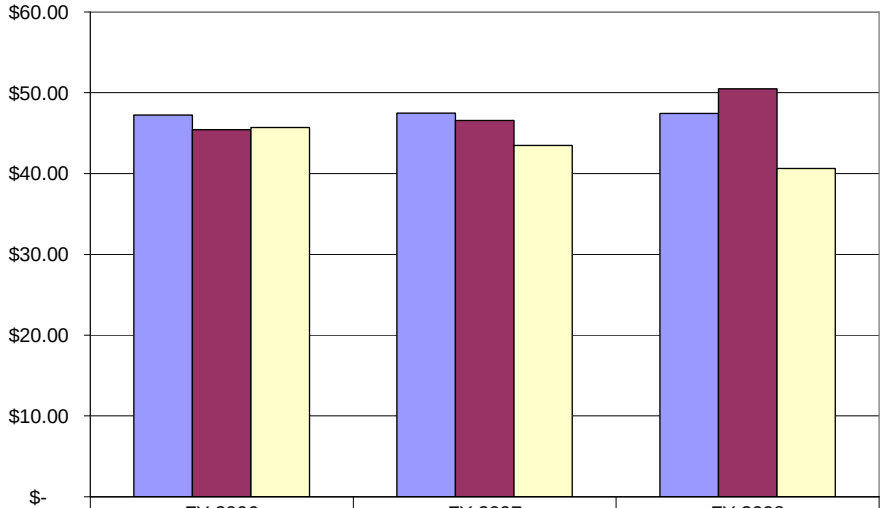
Graph IV-3
BAT Operating Cost per Passenger
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	$9.46	$10.31	$10.29
Fixed Route	$6.40	$6.67	$6.26
DAR	$12.68	$14.30	$14.67

Note: Systemwide cost is audited data, modal cost is unaudited.

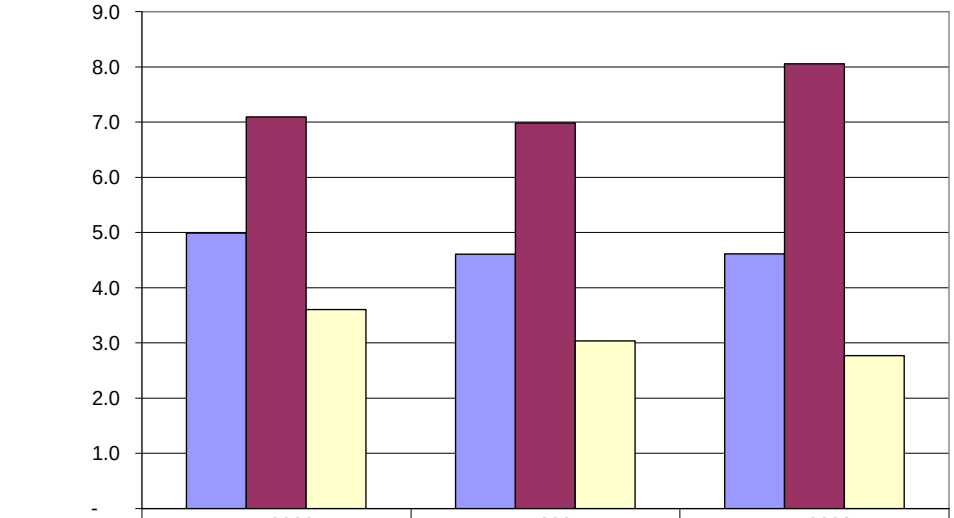
Graph IV-4
BAT Operating Cost per Vehicle Service Hour
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	$47.24	$47.50	$47.45
Fixed Route	$45.40	$46.56	$50.48
DAR	$45.72	$43.47	$40.63

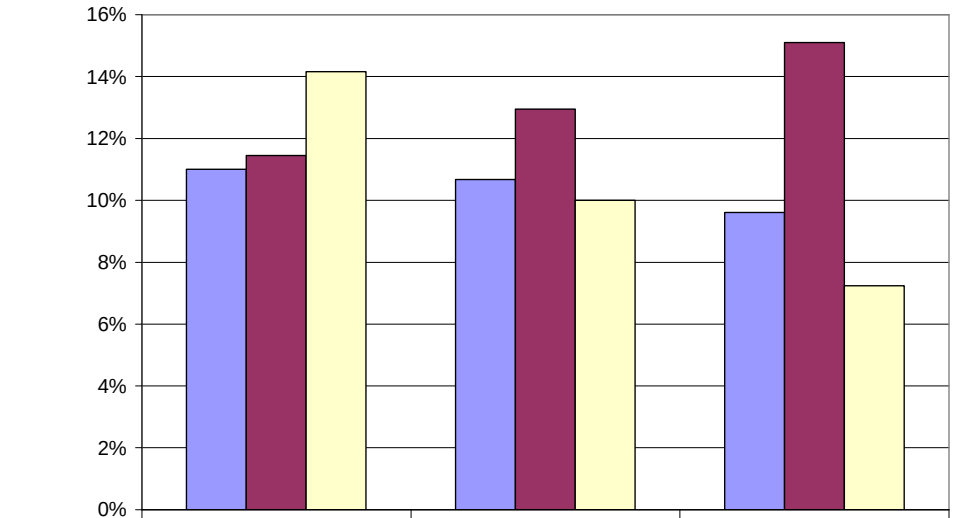
Note: Systemwide cost is audited data, modal cost is unaudited.

Graph IV-5
Passengers per Vehicle Service Hour
BAT System, Fixed Route, DAR and Volunteer Services



	FY 2006	FY 2007	FY 2008
Systemwide	5.0	4.6	4.6
Fixed Route	7.1	7.0	8.1
DAR	3.6	3.0	2.8

Graph IV-6
Fare Recovery Ratio
BAT System, Fixed Route, DAR and Volunteer Services



	FY 2006	FY 2007	FY 2008
Systemwide	11.00%	10.67%	9.61%
Fixed Route	11.45%	12.95%	15.10%
DAR	14.16%	10.00%	7.24%

Note: Systemwide cost and fare revenue are audited data, modal cost and fares are unaudited.

Findings from Verification of TDA Performance Indicators

1. Operating costs for Barstow Area Transit increased by 56 percent over the past three years. Fixed route operating costs increased by 96 percent while DAR costs increased 23 percent, using unaudited data. The fixed route system expanded service in September 2005 from three to five routes. As a result, contract operations cost increased with the expanded routes, along with a renegotiation for increased hourly driver rates which have been below market. Maintenance cost from an older fleet increased as well, which required additional funding for the contract operator. Fuel cost increases were a primary reason for the significant change in cost, as fuel expenses more than doubled for the transit system between fiscal years 2005 and 2006.

2. Ridership increased by 9 percent systemwide, including by 25 percent on fixed route, but declined by 10 percent on dial-a-ride. This trend in fixed route growth coupled with a decrease in DAR was attributed in part to the conversion of the popular DAR service on the eastern end of Barstow into the county to a fixed route service.

3. Ridership on both Big River and Trona Transit decreased significantly over the last three years, between 30 and 50 percent. The City indicated that the clientele may be moving away from the area or not riding as much.

4. The provision of revenue hours grew in relatively close proportion to the increase in cost during the audit period. Systemwide, vehicle hours grew 45 percent while vehicle miles grew 15 percent. Fixed route hours and miles increased significantly as the number of fixed route services increased. DAR hours grew in line with operating cost while vehicle miles remained relatively flat.

5. Operating cost per passenger increased 44 percent systemwide. Cost per passenger increased 58 percent on fixed route and by 37 percent on DAR. These trends indicate that growth in cost increased faster than the increase in ridership.

6. Operating cost per hour increased by 8 percent systemwide, while on fixed route this indicator increased by 18 percent. Cost per hour decreased by 9 percent for DAR, as growth in service hours increased faster than cost.

7. Passengers per hour decreased by 25 percent both systemwide and for fixed route, and by 33 percent for DAR. Ridership grew at a slower rate compared to the growth in service hours.

8. Vehicle hours per full-time equivalent, which measures labor productivity, increased by 19 percent over the past three years, although they decreased on fixed route. The recording of FTEs was an issue in the past because past State Controller's Reports were only including

drivers. The FY 2008 State Controller's Report showed a doubling of staff, indicating continued issues with reporting this performance measure.

9. The trend in the fare recovery ratio shows a general decline during the audit period. The farebox ratio for BAT service (excluding Big River and Trona Transit systems) decreased slightly from 11.0 percent in FY 2006 to 9.6 percent in FY 2008 for BAT. Over the past six years, the farebox ratio has declined from about 14 percent to under 10 percent. The TDA minimum ratio of 10 percent was not met in FY 2008, placing the service out of compliance with a key TDA measure. Transit services are funded by TDA Article 8(c). In 1994, the SANBAG Board adopted performance criteria for the BAT service that sets the farebox recovery ratio at 10 percent. The last fare increase was in 2002.

10. Big River Transit and Trona Transit data is submitted to city transit staff in raw form for processing as neither agency has the ability to process the information. There has been frequent turnover in volunteer staffing for the Senior Center that administers the Trona Transit system. The City is continuing its efforts to collect and process the performance data. The farebox recovery for these two transit services has been declining during the audit period, but still meeting the TDA standard of 10 percent.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within BAT. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed with the City:

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

Several activities and changes at BAT occurred over the past three years, including the following:

- The fixed route network expanded from three routes to five in September 2005. Demand was growing for dial-a-ride on the eastern end of Barstow into the county, and the City expanded the new fixed route service to alleviate the demand on the service. Also, increased train traffic was identified as a service issue as trains delay the buses near the Tanger Outlet Mall. To mitigate this, the bus route to the mall was split into two routes, creating a total of five fixed routes. All the routes, except the ones traveling to the outlet mall, meet at City Hall at the end of each run.

- The long-time Transportation Coordinator retired from the position in 2007 and was replaced on a full-time basis by the Management Analyst II. The Analyst previously served as the transit administrator on a short-term interim basis between December 2005 and March 2006.

- BAT issued an RFP and through a competitive bid retained the prior contract operator to continue operating and maintaining the system.

- SANBAG commissioned a Comprehensive Operations Analysis (COA) of BAT that is being finalized which will guide the growth of the system in the near future.

- Potential service to Havasu Lake for the elderly and disabled was planned and a vehicle was ready for implementation in July 2006, but the service was ultimately not implemented due to a lack of volunteers. The vehicle was transferred to Trona Transit.

- The City continued progress on site design and relocation of the Barstow Area Transit Central Transfer Station Concept Plan. An RFP for a consultant to prepare designs for the facility is planned.

- A significant vehicle procurement program was undertaken to replace the aging fleet. Funding had already been programmed by SANBAG, and upon the change in the Coordinator position, action was taken to get new buses delivered.

- The ADA certification process was strengthened including development of a new application.

Operations

Contract BAT Operations

During the audit period, BAT was operating from a contract with MV Transportation that was signed in August 2003. The operating agreement was for a five-year period expiring July 2008. The City's Management Analyst/Transportation Coordinator managed the re-issuance of a new RFP for service in January 2008. A pre-proposal conference was held and the City received two bids. An interview panel comprising city transit staff, a County representative, and a SANBAG representative made the decision to continue to retain MV Transportation. A new five-year service contract through 2013 was approved and commenced on July 1, 2008.

MV Transportation changed management in June 2006 by replacing the previous Transit Manager as well as the head mechanic. Internal contractor issues required the replacement of the Transit Manager. Prior to the changeover in contract management, on-time performance was cited as one significant issue. During this time, MV had sent a team of general managers to help address issues associated with operating the service. As older TransTrack data was generally inaccurate, data entry into TransTrack is handled by one person, with the data becoming more reliable starting in July 2007, according to the MV Transit Manager.

The significant adjustment in service during the audit period was in September 2005 with the expansion of fixed route service from three routes to five. Part of the expansion was the development of a new Route 5 serving the incorporated areas that were using County DAR and portions of the nearby county area along Highway 58 from Soapmine Road to Lenwood Road. Increased demand for dial-a-ride service in this area was the reason for the conversion to fixed route. The former Route 3 was split into two routes (Routes 3 and 4) on the west side to serve the Tanger Outlet Mall and growing commercial area to alleviate traffic concerns and bus delays due to train crossings. Route 3 is still required to cross the railroad tracks on Lenwood Road, but this has not adversely affected travel time to the Outlet Mall.

The City has been delaying procurement of scheduling and routing software for both demand responsive and fixed route service. Dispatch is currently done manually. The new software would enable the Transportation Coordinator to view transit operations in "real time." The prior performance audit identified that an RFP was developed but was delayed from being issued

because review of the RFP by the City's Information Technology staff was not conducted due to personnel turnover. The City is waiting for the results of the COA and its recommendation on dispatch software and other technology enhancement before purchasing.

Most of the service remained stable once the expansion occurred and no significant adjustments were made during the remainder of the audit period. The City is waiting for the recommendations from the Comprehensive Operations Analysis to make future improvements.

Although outside the audit period, BAT implemented the Fort Irwin service in September 2008 as a short demonstration service to gauge potential interest. The scheduled service provided trips between Barstow and Fort Irwin for a little over a month. The total cost for the demonstration service was close to $5,200 and transported 375 passengers comprised of military personnel and their family members, and visitors to the training center. Total farebox collected was $858, resulting in a farebox recovery ratio of 16.6 percent. As planned, the City discontinued the service and will further evaluate how it might be provided on a longer-term basis in the future.

Contract Operator Staffing

The contractor currently employs the following staff:

- General Manager
- 35 total drivers (33 drivers are full-time including a trainer/driver). Four drivers are in training.
- 3 maintenance staff (Maintenance Manager, "A" mechanic, and a utility worker)
- 3 dispatchers
- 1 Operations Manager
- 1 ADA certifier/administrative assistance
- 1 TransTrack data entrant/administrative assistance

The staffing maintains at least the minimum staffing levels required in the service contract. The experience of the drivers vary, with one driver being with MV since 1992, while 15 other drivers have one year experience. Turnover is about 10 percent a year for drivers and about 8 percent in overall MV Transportation staff for the BAT service. The service experienced a driver shortage while the original 2002 service contract was in effect. The hourly wage from 2002 through most of 2005 was about $8 per hour. In September 2005, a higher wage rate of an additional dollar per hour was negotiated into the contract through January 2007. By May 2007, the driver wage became more competitive with an additional increase.

It is worth noting that drivers and dispatchers have been approached by the Teamsters union and have proposed creating a union by July 2009.

MV provides all its employees an operating policy handbook. Drivers bid on assignments bi-annually based on seniority and stay with that assignment for the quarter. New drivers are given over 100 hours of training including 40 hours of class time, 40 hours one-on-one behind the wheel

with the trainer, 16 hours of empathy training, and 8 hours of training for sexual harassment and drugs.

Safety and training are contained in the contractor's agreement and follow industry standards as well as those created by MV. Drug and alcohol testing is outsourced to a local family clinic in Barstow. Mandatory safety meetings are held monthly to discuss different topics. A total of eight annual hours of safety training is required to maintain the VTT certification. Safety contests are also held to provide incentives to keep a safe driving record including small financial prizes awarded to drivers for these contests and for good attendance at meetings. Annual bonuses of about $200 are distributed for meeting preventive accident goals. As safety is a priority for the contractor, regional and national safety driving contests are held with other properties, including for large prizes such as high-definition televisions and a car. The MV Transit Manager indicated BAT's preventive accident record is one of the better ones relative to other MV contract operations in the region. This was noted by the Transit Manager due to Barstow's traffic being partly visitor-oriented and coming off the main highway for a quick stop which can create driving hazards for the buses. The County DAR service also encounters driving hazards from other vehicles operating at high speeds.

The contractor deposits farebox revenue and deducts that amount from the monthly invoice. Two administrative employees are present at all times when the fares are counted. The data entry clerk reconciles the amount of revenue expected with the deposit slips. The contractor transmits a report to the City's Transportation Coordinator specifying the fare revenues collected along with the corresponding ridership data. The report provides a linkage between the fares collected and ridership by type.

MV leases its operations and maintenance facility near State and Main Street in Barstow. The City owns all the vehicles and pays for the fuel. Six compressed natural gas (CNG) vehicles are fueled at the City liquefied natural gas (LNG)/CNG fast-fill site on West Main Street in the Industrial Park. The fill site is open 24 hours and year-round. Gasoline vehicles are refueled at certain stations where the transit program has a card agreement with (Fuelman).

During the audit period, some of the CNG vehicles had compressor issues resulting in a limited range of about 80 miles between fill-ups. Because of this, the buses had to occasionally drop passengers off at a curb before going to fill up at the CNG station when a switch-out was not possible. When a switch-out of vehicles did occur on the route, it did not impact the passengers as much. The vehicles have since been replaced with new CNG buses that have a longer range of about 225 miles between fill-ups.

ADA Certification

In July 2008, City transit management implemented a new ADA application and recertification process to improve enforcement with rider eligibility. The Transportation Coordinator received assistance from SANBAG transit staff in the development of the form. The new application form provides more thorough questions about mobility impairment and a new section that requires completion by the applicant's health care professional. The new form provides a level of eligibility

standard to the certification process and establishes clear timelines and responsibilities to become certified. On the cover, the form also compares the one-way fare rate between dial-a-ride and a regular bus to show that the dial-a-ride is much more expensive (almost three times the cost).

Prior to this new application process, the previous form only requested that the applicant select the reason why he or she can not ride the fixed route bus and did not ask any other mobility questions. Although the previous form did require a health care professional's identification, it did not include any questions for the professional to answer. In this manner, the number of passengers who were deemed eligible by the transit program increased.

The transit operations contractor, MV Transportation, is responsible for responding to requests for an application, processing the approved applications in the database, and issuing the identification card. The issuance of a card takes about two weeks. As the application itself requires the applicant to receive a doctor's signed approval for ADA certification, neither the City nor MV Transportation makes the decision regarding certification.

There is a three-year eligibility period before recertification is required. Transit management indicated that the number of recertifications has increased recently due to the expiration of eligibility which did not require the more stringent certification. Prior certification was good for up to ten years but is now limited to three years. Meetings were held with senior center management to discuss the changes and address concerns. Through this more stringent certification process, the ADA certified population has decreased from about 300 riders to about 100.

Currently the new ADA form is not posted on the City's website for accessibility but is available through a phone call request to the contract operator. It is recommended that the ADA form be made available on the website to increase the program's visibility and access by applicants.

Dial-a-Ride

Dial-a-ride accepts advanced reservations; however, most requests for service are for immediate transport. The customer service representative will take reservations late in the day for the following morning, or riders can call in to reserve rides any time on the day of service. The standard pickup window is about 40 minutes between the call for service to pickup. It was indicated that ridership is generally the highest during the first full week each month, which is typically due to government checks being available for pickup and bills being paid in person.

The three county zones for County DAR present a gray area in that drivers cross over the zones depending on passenger loads. Drivers have been instructed to stay in their zone to maintain vehicle availability and service performance. City DAR vehicles are to remain in the City.

Cancellations and no shows have been identified as current issues. From a sample report provided by the contract operator, cancellations comprise about 3 percent of planned trips, and an additional 9 percent of trips are no shows. As the system maintains a no denial policy in which no eligible ADA trips are to be denied when a request is made and identification is provided at the time of

pickup, reducing the rate of no shows is an ongoing effort. A no show policy is in effect to make riders aware of potential consequences.

When making a reservation, passengers are only required to give an address for pickup and not their name. At the pickup, the passenger is required to show ADA certification for City dial-a-ride. If no certification is provided for a disability, the driver is instructed to deny service. This has been a practice implemented by former transit management which is being changed, as it could result in inefficient service. The current Transportation Coordinator is working with the City Council to require that passengers provide their name upon making the reservation so that their ADA eligibility on the City dial-a-ride could be verified prior to the vehicle making the pick-up.

Subscription service is offered for ADA eligible riders who primarily attend workshop centers for persons with developmental disabilities. Subscription services run Monday through Friday only, between 6:00 a.m. and 4:30 p.m. Subscription service or regular standing appointments account for less than 10 percent of the trips.

Operations Standards and Performance

The prior and current contract agreement with MV contains service standards, shown in Table V-1. These represent BAT's minimum services standards based on the system's previous performance history and represent the reasonable expectation of the City and BAT riders. One change in the standards between the agreements was the decrease in fixed route passengers per hour from 9.7 to 7.5. The Transportation Coordinator indicated holding regular meetings with the contract Transit Manager to discuss the operator's performance. MV also performs self-assessments using the standards.

As shown in the previous section of this audit for performance indicators, fixed route passengers per hour increased from 7.0 in FY 2007 to 8.1 in FY 2008. This indicates that fixed route performance both met and fell below the standard. Using TransTrack data, DAR passengers per hour for County DAR and City DAR fell below their respective standards during the audit period and have been in decline.

Table V-1
BAT Service Standards

		MINIMUM STANDARD
Demand Response Service		
A.	On-Time - pickup within 40-minute window of call, based on dispatch estimate	≥90%
B.	Average Wait-Time (elapsed time between an immediate service request and passenger pickup)	40 min.
C.	Average Service Time	≤ 60 min.

	(wait-time plus ride time although may be longer for service from outlying areas)	
D.	City DAR Productivity (passengers per hour) County DAR Productivity	≥ 4.5 pass. per hour ≥ 3.0 pass. per hour
E.	No Shows (per reporting period)	5%
Fixed-Route Services		
A.	On-Time Performance (zero minutes early and up to five minutes after the scheduled arrival time)	95%
B.	Scheduled Hours of Operation (completion of scheduled service hours)	99.5%
C.	Productivity (in passenger per hour)	7.5
Overall System		
A.	Customer Complaints (verifiable complaints, not including questions or comments)	3 monthly
B.	Average Time Hold (Reservation Line)	60 sec.

Source: 2008 MV Transportation Contract Agreement.

The MV contract also contains a set of liquidated damages that may be instituted by the City with written notice to the contractor in advance of implementing the liquidated damage clauses. Determination of liquidated damage is made utilizing sampling methods mutually agreed to by the City and MV Transportation. They include missed service hours, on-time performance and the rate of complaints. With better data collection and reporting by the contract operator using TransTrack, as well as new video cameras on buses, the City should consider instituting the liquidated damage clauses as an additional accountability measure to improve the BAT system.

On-time performance has been an issue for BAT service, especially in the earlier years of the audit period. This was part of the reason for the change in contract management. On-time performance for fixed route buses is monitored using a few methods, including the trip sheets that require the driver to record the scheduled and actual arrival time at certain stops, and when an evaluation of a driver by the trainer occurs during a ride-along every half year. In addition, through a state transportation security grant, eight of the buses are receiving a four-camera system in which one of the cameras faces the front window and could provide a picture of its location at any given time. DAR trip sheets include scheduled and actual pickup times. Table V-2 shows the systemwide on-time performance data for the audit period.

Table V-2
On-Time Performance

Fiscal Year	On-Time Performance	Performance Target
2006	50%	Greater than 95%
2007	50%	Greater than 95%
2008	82%	Greater than 95%

Source: TransTrack

Complaints are entered into TransTrack. A new comment card is available on the buses to receive feedback from riders. Developed by the City in 2008 as a result of the transit unmet needs hearings, the comment card is postcard-sized and addressed to City Hall for easy mailing. The card includes lines to identify the bus number and driver, as drivers are now required to wear an identification badge. Five categories to rate the service are shown on the card and include:

- Cleanliness of bus;
- Professionalism of drivers;
- Professionalism of dispatch;
- Whether the route met their travel need; and
- Availability of service.

An open space at the bottom enables a bus passenger to include any specific comments. The phone number of the Transportation Coordinator is provided on the form as well as an alternative to make a complaint.

Complaints received by the City are typically referred to the contract operator's Transit Manager to follow up. Most complaints are addressed within a day and a follow-up call to the bus passenger is made with a resolution. The actions taken are recorded in TransTrack for record keeping. Complaints have been made about rude dispatchers and drivers, missed pickups, long waits for the bus, and cussing and poor hygiene by other riders. The City indicated that the number of complaints has been reduced due to a combination of factors, including better on-time performance and cooler air conditioned buses.

The number of complaints can be measured as complaints per 100,000 passengers. Table V-3 shows this indicator for the transit system using TransTrack. The data shows that the trend of complaints has decreased during the audit period, with complaints per 100,000 riders decreasing from 7.19 in FY 2006 to 6.79 in FY 2007 to 3.76 in FY 2008.

Table V-3
Complaints per 100,000 Passengers

Fiscal Year	Complaints per 100,000 Passengers	Percentage Change
2006	7.19	--
2007	6.79	-5.6%
2008	3.76	-44.6%

Source: TransTrack

Another operational performance measure is the ratio of accidents per 100,000 miles for BAT. Table V-4 shows this ratio for the audit period. Although the trend shows an increase, the cause is due to the growing number of non-preventable accidents, meaning the bus driver was found to be not at fault. Accidents are first reported to the contract Transit Manager, who in turn contacts the Transportation Coordinator.

Table V-4
Accidents Per 100,000 Miles

	FY 2006	FY 2007	FY 2008
Fixed Route Non-Preventive Accidents	2	2	9
Fixed Route Preventive Accidents	1	1	0
DAR Non-Preventive Accidents	3	6	6
DAR Preventive Accidents	2	2	2
FR Miles	225,504	294,997	302,803
DAR Miles	535,782	474,273	541,548
FR Accidents per 100,000 Miles	1.3	1.0	3.0
DAR Accidents per 100,000 Miles	0.9	1.7	1.5

Source: BAT Internal Performance Reports.

Maintenance

A new head mechanic was brought onto BAT's contract operator in 2006, replacing the former Maintenance Manager who had been with BAT for about two years. During most of the audit period, the BAT vehicle fleet was aging and required replacement. However, the vehicles were not being purchased according to the vehicle replacement schedule contained in the Barstow-adopted Transit Operating and Capital Plan. The acquisition of new vehicles was planned for expansion service as well.

According to the fiscal audits, the older vehicles acquired in fiscal years 2001 and 2002 had fully depreciated from their useful lives of three years and had accumulated over 200,000 miles each, with some over 250,000 miles. The typical useful life of these vehicles is about half of the mileage accumulated by the older buses. These vehicles comprised about one-third of the fleet. The remaining fleet was purchased a few years later, although with a short estimated life of about three years, vehicle replacement is required on an ongoing basis. The current Transportation Coordinator worked with SANBAG to secure a number of replacement vehicles in FY 2008 using programmed funding to address this issue. Funding sources included CMAQ and TDA. These purchases, along with additional vehicle procurements in 2009 (outside the audit period), have replaced more than three-quarters of the BAT fleet.

Aside from replacement, the useful life of the vehicles is extended through maintenance. Most maintenance tasks are handled in-house, including transmission repairs and replacements, but the contractor outsources for engine rebuilds and engine head replacements. The contract with MV was renegotiated to increase the maintenance budget so that there would be enough resources to keep the older vehicles operating in revenue service. The Transportation Coordinator identified that keeping the buses cool with worn air conditioning units on the buses was a challenge. Some of the additional funding for maintenance was spent on air conditioning repairs and window tinting. This in turn has helped to make the buses more comfortable for riders and enhance the image of the system.

The maintenance facility has two bus bays. Preventative maintenance inspections (PMIs) are conducted per industry standards of every 3,000 miles or 45 days, whichever comes first. PMIs are kept on Excel spreadsheets and are linked internally to MV management locally and regionally. If a PMI is missed for a vehicle, an alert is sent electronically to the Maintenance Manager and also to the regional MV Maintenance Manager.

Table V-5 shows the number of revenue miles between roadcalls for BAT. When a vehicle requires a roadcall, delays in service could occur. The performance indicator shows that the number of roadcalls relative to revenue miles was relatively stable.

Table V-5
Revenue Miles Between Roadcalls

	FY 2006	FY 2007	FY 2008
Fixed Route Roadcalls	17	17	18
DAR Roadcalls	32	34	32
FR Miles	225,504	294,997	302,803
DAR Miles	535,782	474,273	541,548
FR Miles Between Roadcalls	13,265	17,353	16,822
DAR Miles Between Roadcalls	16,743	13,949	16,923

Source: City of Barstow

Due to the identified maintenance issues with an aging fleet, a performance indicator to gauge the relative cost increase is shown in Figure V-6 which shows the maintenance cost per revenue mile. The growth in this measure during FY 2007 indicates the level of maintenance activity required to keep the buses in revenue service.

Figure V-6
Vehicle Maintenance Cost Per Revenue Mile

Fiscal Year	Maintenance Cost	Revenue Miles	Maintenance Cost Per Mile	Percentage Change
2006	287,190	761,286	$ 0.38	
2007	353,006	769,270	$ 0.46	22%
2008	333,358	844,351	$ 0.39	-14%

Source: City of Barstow

Planning

A Comprehensive Operations Analysis commenced in October 2007 that is intended to assess the current BAT system, goals and policies, demographic and ridership characteristics, and applicable transit technologies. The COA will also provide recommended service alternatives and a financial plan forecast. A draft analysis was recently released and will be finalized in the near future. Completion of this report will provide direction to the City on future improvements and expansion to the service. Until the COA is completed, the BAT service has been essentially operating in a status quo mode.

The Transportation Coordinator indicated that there is no regular communication between transit administration and the City's Planning and Building Departments to identify and understand land use and development proposals that may impact demand for transit services. While the COA might be addressing the level of anticipated demand for service and where the demand will originate, as development patterns come to fruition, transit management should maintain an ongoing dialog with City planners to keep updated on residential and non-residential development proposals and be able to adjust BAT service as necessary to respond to the potential new demand.

The annual transit unmet needs process administered by SANBAG serves as another means for the public to identify potential new or improved services. Select local elected officials attend the unmet needs hearings which are usually held in various locations in the desert region including Victorville and Barstow. An unmet needs hearing was last held in Barstow in September 2008. As all TDA is used on existing transit, there are limited resources to expand service beyond growth in this funding source.

Marketing

Some marketing is undertaken by the Transportation Coordinator. The City publicizes its transit services with flyers and brochures showing bus stops and times; this literature is available on the buses and at City Hall. The contract operator distributes the bus brochures at senior centers. BAT does not have a booth to advertise at local fairs nor does it place regular advertisements in the newspaper. The transit system does however appear in the yellow telephone book and the yellow book Internet search engine.

In the service contract with MV Transportation, MV agrees to donate vehicles and labor to support the City's annual Fourth of July, and Mardi Gras Parades, and other events as agreed to. According to the Transportation Coordinator, there are 250 non-revenue hour services MV may be requested to provide the City. These donated services provide a marketing tool for BAT.

Bus passes are sold in bulk to some social service agencies and to Barstow College on a regular basis or on occasion. The availability of these passes helps to promote the transit system.

The City's website provides a link to BAT information which shows various items including bus riding rules, fixed route schedules, dial-a-ride information and fares. However, there is no clear map available that identifies the bus routes or key stops in either printed bus brochures or on the website. The last bus map was developed for a brochure dating back to 2002 and was not very clear. Building on the prior performance audit recommendation, it is recommended that future bus brochures and the website include a systemwide map to aid the passenger to visualize the bus routes and also to complement the bus time schedule. This map serves as an improvement to customer service. The new ADA application form is also not posted on the website and should be added as a downloadable file for easy access.

General Administration and Management

The mission statement of Barstow Area Transit is as follows:

"Barstow Area Transit is a joint effort of the public agencies of the City of Barstow and the County of San Bernardino. Barstow Area Transit provides transit services to the general population of the City of Barstow and to the surrounding unincorporated areas of the County of San Bernardino, including the communities of Hodge, Hinkley, Lenwood, Grandview, Daggett,

Yermo and Newberry. Our mission is to provide excellent transportation in a cost efficient manner while working to reduce harmful air pollutants and enhance the quality of life within our service area."

The long-time Transportation Coordinator for BAT retired from the position in 2007 and was replaced on a full-time basis by the Management Analyst II in July of that year. The Analyst previously served as the transit administrator on a short-term interim basis between December 2005 and March 2006 when the Transportation Coordinator was out on disability leave. Between March 2006 and July 2007, the Transportation Coordinator returned to manage the system until her retirement. During the remaining audit period, the Management Analyst/Transportation Coordinator position was not designated full time toward transit, although the Analyst indicated he spent over 90 percent of his time managing the BAT system. In April 2009, after the audit period, the City conducted interviews and hired a new full time Transportation Coordinator which is filled by the former Management Analyst.

The Memorandum of Understanding between the County and the City for coordinating efforts to provide public transportation in the unincorporated area was revised in 2006 and again 2008. The MOU was revised to eliminate duplication of effort and more clearly define the roles and responsibilities for each party. The 2006 MOU defined the roles between the County and City for administration of the volunteer transit services including Trona Transit, Big River Transit and Havasu Lake Transit. The 2008 MOU developed by SANBAG expanded upon the definitions of roles and included that the administrative functions to be performed by Barstow include planning, budget development, grants and TDA claims, and management of transit operations. The MOU applied to all BAT services including both volunteer services and County dial-a-ride.

It was indicated that the City Council does not receive regular updates about the performance of the BAT system. Transit program information is presented on an ad-hoc basis, such as to approve grant funding and vehicle purchases. The Transportation Coordinator indicated the desire to begin providing regular updates on a quarterly basis given activities that have been undertaken to improve the service and the availability of TransTrack data. The Transportation Coordinator should work with City management to create a package of data that would provide the highlights of the system's performance.

Transit management keeps detailed spreadsheets of farebox revenues on a monthly basis. For both fixed route and dial-a-ride, daily projected and actual fares collected on board the vehicles by mode are recorded with a variance calculated between the two. The variance between daily projected and actual pass sales is also determined. The information is drawn down from data provided by the contract operator, MV Transportation, and input into TransTrack.

The Transportation Coordinator works on grant funding to continue meeting the procurement schedule for vehicles and other capital purchases. Some funding sources have included CMAQ and rural FTA 5311 sources. The final COA to be released will include upcoming purchases to implement the service improvements.

Section VI

Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2006 through 2008. A set of recommendations is then provided.

1. BAT has complied with most TDA requirements with three exceptions. One is that the reporting of full-time equivalents in the State Controller's Reports was inaccurately shown, as the figures varied significantly each year. Another exception is that the FY 2007-08 fiscal audit was not submitted to the State according to the statutory timeline. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion. The third, and more significant exception, was that BAT did not meet the 10 percent farebox recovery standard in FY 2008, placing the service out of compliance with a key TDA measure. A pattern of not meeting the farebox standard could have funding implications in future years.

2. BAT received "satisfactory" ratings for each CHP terminal inspection during the audit period.

3. Changes to the system included expansion of the fixed route system in September 2005 from three to five routes. A demonstration service from Barstow to Fort Irwin was implemented for a month during September 2008 with relative success. In addition, a new county volunteer demand response service at Havasu Lake was ready to be implemented but was cancelled due to lack of volunteers.

4. The trend in the fare recovery ratio shows a general decline during the audit period. The farebox ratio for BAT service (excluding Big River and Trona Transit systems) decreased slightly from 11.0 percent in FY 2006 to 9.6 percent in FY 2008 for BAT. Over the past six years, the farebox ratio has declined from about 14 percent to under 10 percent. The TDA minimum ratio of 10 percent was not met in FY 2008, placing the service out of compliance with a key TDA measure. Transit services are funded by TDA Article 8(c). In 1994, the SANBAG Board adopted performance criteria for the BAT service that sets the farebox recovery ratio at 10 percent. The farebox recovery ratios for Big River Transit and Trona Transit exceeded the 10 percent ratio in each year of the audit, but have been declining as well.

5. BAT has had past issues with the timing of purchasing replacement vehicles due to lack of appropriate scheduling according to the transit plans. Significant vehicle purchases began in FY 2007-08 which are reflected in the federal capital funds being used during that year. Funding had already been programmed by SANBAG, and upon the change in the Coordinator position, action was taken to get new buses delivered.

6. Of the six recommendations, two were fully implemented, one is in the process of being implemented, two were not implemented and are furthered in this audit for full compliance, and one was no longer applicable.

7. Operating costs for Barstow Area Transit increased by 56 percent over the past three years, with fixed route increasing more than DAR in percentage terms. Contract operations cost increased with the expanded fixed routes, along with a renegotiation for increased hourly driver rates which have been below market. Maintenance cost from an older fleet increased as well, which required additional funding for the contract operator. Fuel cost increases were a primary reason for the significant change in cost, as fuel expenses more than doubled for the transit system between fiscal years 2005 and 2006.

8. Ridership increased by 9 percent systemwide, including by 25 percent on fixed route, but declined by 10 percent on dial-a-ride. The conversion of the popular DAR service on the eastern end of Barstow to a fixed route service partly explains the trend. Ridership on both Big River and Trona Transit decreased significantly over the last three years, between 30 and 50 percent. The City indicated that the clientele may be moving away from the area or not riding as much.

9. The rate of service provision, expressed in growth in hour and miles of service, grew in close proportion to the growth in operating costs. Other performance measures such as cost per passenger and passengers per hour showed negative trends.

10. The long-time Transportation Coordinator retired from the position in 2007 and was replaced by the Management Analyst II. The Analyst previously served as the transit administrator on a short-term interim basis between December 2005 and March 2006. In April 2009, after the audit period, the City conducted interviews and hired a new full time Transportation Coordinator which is filled by the former Management Analyst.

11. MV Transportation changed management in June 2006 by replacing the previous Transit Manager. Internal contractor issues required the replacement of the Transit Manager. BAT issued an RFP and through a competitive bid retained the same contract operator to continue operating and maintaining the system. A new five-year service contract through 2013 was approved and commenced on July 1, 2008.

12. A new ADA application and recertification process was implemented to improve enforcement with rider eligibility. The Transportation Coordinator received assistance from SANBAG transit staff in the development of the form. The new application form provides more thorough questions about mobility impairment and a new section that requires completion by the applicant's health care professional. The new form provides a level of eligibility standard to the certification process and establishes clear timelines and responsibilities to become certified.

13. A new comment card is available on the buses to receive feedback from riders. Developed by the City in 2008 as a result of the transit unmet needs hearings, the comment card is

postcard-sized and addressed to City Hall for easy mailing. The card includes lines to identify the bus number and driver, as drivers are now required to wear an identification badge. Five categories to rate the service are shown on the card.

14. A new head mechanic was brought onto BAT's contract operator in 2006, replacing the former Maintenance Manager who had been with BAT for about two years. During most of the audit period, the BAT vehicle fleet was aging and required replacement. However, the vehicles were not being purchased according to the vehicle replacement schedule contained in the Barstow-adopted Transit Operating and Capital Plan.

Recommendations

1. Verify TransTrack data regularly.
   (High priority)

   Several performance statistics entered into TransTrack during the audit period were not representative of the service, based on missing or incomplete nature of the data. This was most prevalent in FY 2005-06 which underrepresented the data for the year. The data prepared for TransTrack feeds into the annual State Controller's Transit Operator's Report that is submitted to SANBAG and the State, and from which some funding decisions are made. It is recommended that City transit administration closely monitor the data being prepared in TransTrack and work with contract transit management to identify potential data collection and entry issues.

2. Consider implementing the liquidated damages provisions in operations contract.
   (High priority)

   With TransTrack slowly being improved as a central data collection source, the City has the ability to monitor for the performance measures in the contract that are linked to financial liquidated damages. The measures include missed service hours, on-time performance and number of complaints. With the farebox recovery ratio declining over the past several years and going below the SANBAG adopted minimum requirement for continued funding, the City should utilize available means in the current contract to monitor the service and take financial action for any service deficiencies. Implementing this program will require working with the contract operator and agreeing on the method by which these indicators will be measured.

3. Conduct independent on-time performance checks.
   (High priority)

   The contract operator, MV Transportation, is required to conduct on-time performance checks and record the findings in TransTrack. The contract operator will use its own methods to track on-time performance in consultation with city transit staff. The Transportation Coordinator, in turn, should conduct regular checks as well to confirm and verify the data being collected by the contractor. This is an aspect of good industry practice when contract providers are used. The Transportation Coordinator and the contractor might agree and select certain stops to determine on-time performance using either video imaging and/or trip sheets and in-person site observation. As on-time performance relative to minimum standards is identified as an issue, it should be closely monitored for improvements.

4. Present regular updates to the City Council about Barstow Area Transit.
   (High priority)

   The Transportation Coordinator is anticipating the opportunity to provide regular performance and financial information to the City Council about BAT. A summary packet that highlights the performance of the system, such as ridership, operating costs, complaints and farebox recovery, should be discussed as possible information to present. Monthly or quarterly budget data comparing budgeted with actual figures is also a common presentation item. Transit staff should work with the Council and determine the appropriate data to include and how often (e.g. quarterly or annual presentations).

5. Improve visual depiction of bus routes and landmarks in bus map and on website.
   (Medium priority)

   This recommendation from the previous performance audit is warranted for full implementation. A clear comprehensive bus map to accompany the route schedules is a marketing feature that is essential to having good customer service and encouraging ridership. Identified landmarks such as social services, government buildings, schools, shopping and health care facilities provide an added convenience factor to the bus map from which both existing and potential riders can plan their trips. Maps developed from technology such as GIS can bring together bus routes, street names and landmarks.

6. Place revised ADA certification application on-line.
   (Medium priority)

   The updated ADA certification application should be available as a PDF download on the City's website for accessibility by the public. This can reduce the burden of calls into dispatch for an application and mailing, although questions about the application should still go through either the City or the contractor.

Governments
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FY 2006-2008
Triennial Performance Audit of Needles Transit Services

Submitted to San Bernardino Associated Governments

June 2009

PMC®

Booz | Allen | Hamilton

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Note: This document was prepared specifically for the Triennial Performance Audit of the San Bernardino Associated Governments, Omnitrans, Victor Valley Transit Authority, Morongo Basin Transit Authority, and Mountain Area Regional Transit Authority and the cities of Barstow and Needles transit systems. Any reuse or modification without the written authorization of PMC will be at the user's sole risk.

Executive Summary

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for Needles Transit Services covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The audit includes a review of the following areas:

- Compliance with TDA Requirements
- Status of Prior Audit Recommendations
- Transit System Performance Trends
- Detailed Functional Review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of Needles Transit Services.

Compliance with TDA Requirements

The City of Needles has complied with all applicable compliance requirements of TDA.

Status of Prior Audit Recommendations

Five of the eight prior audit recommendations were implemented. One of the recommendations is in the process of being implemented, and the other two recommendations have not been implemented. Two of these recommendations are carried forward in this audit for full compliance by the City (calculate number of full-time equivalent employees in TransTrack, and implement customer comment card).

System Performance Trends

1. The budget increased significantly between fiscal years 2006 and 2007 to account for the transition between Needles Area Transit (NAT) contract operators, start-up costs for the new contractor, and the need to conduct major repairs to the transit vehicles. Fuel prices were also beginning to rise which added to the costs. Since this transition, the budget has remained fairly stable.

2. Both deviated fixed route and dial-a-ride (DAR) exceeded their respective fare recovery ratios. However, the deviated fixed route farebox has been declining during the audit period, decreasing from 18.0 percent in FY 2006 to 10.6 percent in FY 2008. Operating costs grew at a faster pace than passenger fares. The trend in the fare recovery ratio for dial-a-ride showed overall growth. The audited farebox ratio increased from 15.7 percent

in FY 2006 to 16.7 percent in FY 2008. The contract between the City and the Senior Citizens Club sets a farebox recovery rate of 15 percent.

3. Operating costs systemwide increased by 45 percent over the past three years. Deviated fixed route operating costs increased by 48 percent and DAR costs increased by 28 percent. The growth in deviated fixed route operating cost resulted from the switch to a new contract operator starting in September 2006. A new set of fixed and variable costs proposed by McDonald Transit, start-up costs, and the factoring of projected fuel costs into the contract contributed to the contract increase. The increased cost for DAR was due to increases in labor, fuel and vehicle insurance during the audit period.

4. Ridership decreased slightly by 4 percent systemwide, including a modest 2 percent on deviated fixed route, but by 19 percent on the dial-a-ride. However, DAR ridership has been slowly increasing over the last few years from the earlier declines. There is only one part-time paid driver (plus one backup driver) available to provide trips, which has impacted the level of ridership. The overall decline in ridership may also be attributed to passengers leaving the area or not needing a ride anymore. Concern has also been expressed by the City that there is a growing perception of DAR being only a senior service, when in fact non-senior disabled riders are eligible. The Lunch Bunch nutrition shuttle during the middle of revenue service contributes to that perception.

5. Performance indicators that measure operating costs relative to other indicators such as ridership, hours and miles of service showed negative trends. Cost increased significantly while ridership and service hours and miles were either flat or decreasing.

Functional Review

1. During the audit period, the former contract operator located in Mohave Valley, Arizona, was no longer able to provide NAT service. The transfer of the NAT deviated fixed route vehicles from Laidlaw Education Services to the new contractor, McDonald Transit, was difficult given that the vehicles were found to be in poor operating condition. However, McDonald Transit was able to repair the vehicles and comply with all terminal inspection conditions by the time of the follow-up CHP visit. The NAT vehicles were brought back and stored in Needles rather than in a location in Mohave Valley, Arizona. This is significant because regular vehicle inspections could now be conducted by the CHP.

2. The NAT deviated fixed route service remained the same, but added a new stop (#32) at the Dollar Tree store which opened in early 2008 in the southeastern portion of the city along Highway 95 south and I-40.

3. A fare increase took effect on August 1, 2008 (Resolution No. 7-8-08) which raised all the one-way fares by 15 cents for the NAT service. A public hearing was held in the process. The fare increase was intended to help offset the increased cost of fuel and other

operating expenses. The 30-punch pass increased by close to 20 percent, from $24.00 to $28.50. DAR fares did not change.

4. New vehicles were purchased in 2007 and 2008 and replaced aging buses that were found to have significant repair problems during inspections by the CHP.

5. Although slightly outside the audit period, on October 21, 2008, the City implemented a pre-scheduled medical transportation service from Needles to Bullhead City, Arizona. The offering of the new service was a result of action taken from public comments made at the annual SANBAG unmet transit needs hearings, as well as findings from the Public Transit-Human Services Plan prepared for San Bernardino County. Over the first quarter, the service has been underutilized.

Recommendations

Performance Audit Recommendation	Background	Timeline
#1 Request that Public Works document maintenance activities of dial-a-ride vehicles.	Transit Services Manager should require mechanics within Public Works to maintain documented copies of maintenance performed on the transit vehicles. Transit staff should develop a service request form or work order for the mechanics to fill out key maintenance items including vehicle identification, mileage, type of service, parts, labor and cost. The forms should be filed by vehicle for each work order and stored by the Transit Services Manager.	High Priority
#2 Consider implementing the liquidated damages provisions in operations contract.	With TransTrack slowly being improved as a central data collection source, the City has the ability to monitor for the performance measures in the contract that are linked to financial liquidated damages. The measures include late start–up, missed revenue service hours, on-time performance, customer complaints, defective equipment, uncleaned vehicle, inoperable vehicles and monthly reporting. With the farebox recovery ratio declining over the past several years and hovering near the SANBAG adopted minimum requirement for continued funding, the City should utilize available means in the current contract to monitor the service and take financial action for any service deficiencies. Implementing this program will require working with the contract operator and agreeing on the method by which these indicators will be measured.	High Priority

Performance Audit Recommendation	Background	Timeline
#3 Enter dial-a-ride performance data into TransTrack in a timely manner.	The Transit Services Manager acknowledged that several performance measures for dial-a-ride are not entered into TransTrack in a timely manner or not at all, leaving gaps in information. These measures include number of accidents, roadcalls and complaints. Data must be entered into TransTrack regularly for the computer program to be effective in helping to monitor performance.	High Priority
#4 Present regular updates to the City Council about Needles Area Transit.	The Transit Services Manager should have the opportunity to provide regular performance and financial information to the City Council about NAT. A summary packet that highlights the performance of the system, such as ridership, operating costs, complaints and farebox recovery, should be discussed as possible information to present. Monthly or quarterly budget data comparing budgeted with actual figures is also a common presentation item. Transit staff should work with the Council and determine the appropriate data to include and how often (e.g., quarterly or annual presentations).	High Priority
#5 Ensure that the number of full-time equivalent employees is being calculated in TransTrack.	Because TransTrack is not currently showing this calculation of full-time equivalent employees (FTEs), the City should continue its progress to record annual work hours from all transit-related employees into the software. This is a carry-over recommendation from the prior audit.	Medium Priority
#6 Develop and implement customer comment card.	The City has not yet implemented a customer comment card. Several examples from other transit providers were provided by the performance auditor for helpful tips. It is anticipated the City will implement its own comment card in the near future, as comment cards provide a convenient method for the riding public to provide feedback about the service and report any problems with their transit trip. The cards also help with planning for service adjustments.	Medium Priority

Section I

Introduction

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction in San Bernardino County. This performance audit is conducted for the Needles Transit Services covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The purpose of the performance audit is to evaluate the effectiveness and efficiency of Needles Area Transit (NAT) and Senior Citizens Club dial-a-ride in their use of TDA funds to provide public transit in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates NAT's compliance with the conditions specified in the California Public Utilities Code. This task involves ascertaining whether NAT is meeting the PUC's reporting requirements and is endeavoring to implement prior audit recommendations made to the agency. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the agency's departments and organizational functioning. From the analysis that has been undertaken, a set of recommendations has been made for the agency which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the agency board and management the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with transit management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)* published by the California Department of Transportation was used to guide in the development and conduct of the audit.

Overview of the Transit System

Transit services in Needles have been in operation since the late 1970s when the City of Needles contracted dial-a-ride services with the Needles Senior Citizens Club, a nonprofit corporation. A transit needs study commissioned in 1994 paved the way for a fixed route transit service for general public use. As a result, Needles Area Transit commenced service in 1995, consisting of a deviated fixed route. NAT is administered by the City of Needles and operated under a current contract with McDonald Transit Associates, Inc. A separate dial-a-ride (DAR) service for seniors and persons with disabilities continues to be operated under contract by the Needles Senior Citizens Club. The DAR provides trips within or around the city. Together, both NAT and DAR form Needle Transit Services.

Needles is located at the east central edge of San Bernardino County along the western bank of the Colorado River opposite the State of Arizona. The city lies at the junction of Interstate 40 and U.S. Route 95. The City has a total land area of 29.8 square miles. Founded in 1883, Needles is a

California charter city incorporated in 1913 and has a council-manager form of government. Based upon the 2000 U.S. Census, the city's population was 4,830 of which 15.7 percent was age 65 or older. The 2008 population was estimated to be 5,807 as reported by the State Department of Finance.

System Characteristics

NAT provides a route deviation service that traverses through many parts of the city. The service is divided into two areas served by one bus which alternates every half hour between the two areas of town and meets at Broadway and "G" Street. There are 35 timepoints on the route. Route deviations are offered on a same-day basis provided there is sufficient time built into the schedule. Most route deviations are accommodated since the drivers are familiar with the repeat passengers who request a deviation and have developed routes to efficiently pick them up while keeping with the published bus schedule. Route deviation passengers are tracked separately from regular passengers in TransTrack.

The fixed route system operates from 7:00 a.m. to 7:00 p.m., Monday through Friday, and Saturdays from 10:00 a.m. to 2:00 p.m. The service does not operate on Sundays and the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

The dial-a-ride service is provided to senior citizens (age 55 and older) and disabled persons on a prescheduled basis. The Senior Citizens Club, a nonprofit corporation, has operated demand response services for well over 20 years. The service is provided within the City of Needles from 9:00 a.m. to 1:30 p.m., Monday through Friday. Within this time, a Lunch Bunch shuttle service is operated on weekdays from 11:00 a.m. to 1:00 p.m. The City obtains a Community Development Block Grant (CDBG) for $9,000 per year to fund one part-time driver's position, limiting the level of service to a little over half a day. The driver is a City employee.

Areas within the city not served by deviated fixed route but served by DAR include a mobile home park near the Five Mile area (Landing) and Highway 95 South on the eastern portions of the city and residential housing in the northern portions of Needles. Special runs sponsored by the Senior Citizens Club are provided outside the city limits. Reservations are accepted from 9:00 a.m. to 2:30 p.m. the day before or the day of the trip. Last call for same-day service is taken at 12:30 p.m. The window for a scheduled pickup is a half hour, 15 minutes before the scheduled time, and 15 minutes after. The service does not operate on weekends or the same holidays as deviated fixed route with the exception of Labor Day.

Fares

The fare schedule for NAT and the Needles Senior Citizens Club dial-a-ride is shown in the following table. A fare increase for the deviated fixed route occurred on August 1, 2008, per Resolution No. 7-8-08.

Table I-1
NAT & Dial-a-Ride Fare Schedule

Deviated Fixed Route	**Regular**	**Senior/ Disabled**	**Child (Age 5 & under)**
One Way	$1.00	$0.90	-0-
Route Deviation	$1.50	$1.40	-0-
30-punch pass	$28.50	$28.50	-0-
Dial-a-Ride			
One Way	n/a	$1.00	n/a
Lunch Bunch (Round Trip)	n/a	$1.00	n/a

Sources: NAT, Needles Senior Citizens Club

Up to two children five years of age or younger may ride free when accompanied by an adult.

Fleet

NAT operates two 18-passenger vehicles acquired in 2007. The dial-a-ride service operates three 7- passenger vehicles, including a recent acquisition in 2008. The transit fleet for both services is shown in the following table:

Table I-2
Vehicle Fleet

Year	**Manufacturer**	**Quantity**	**Fuel type**	**Service Type**	**Seating Capacity**
1994	Ford	1	Gasoline	Dial-a-Ride	7
2002	Ford	1	Gasoline	Dial-a-Ride	7
2007	Starcraft Type III Paratransit Bus	2	Gasoline	Fixed-Route	18
2008	El Dorado Aerolite	1	Gasoline	Dial-a-Ride	7
Total		5			

Source: TransTrack Manager

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of NAT's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The updated guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

TABLE II-1
Operator Compliance Requirements Matrix

Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28) for paper filing, or 110 days (Oct. 18) if filed electronically (Internet). During the audit period, the State Controller extended the submittal dates during FY 2005-06 because the Controller's office was in the process of implementing a new updated electronic filing system. The extended dates were: FY 2005-2006: October 12 for paper filing, November 1 for electronic filing.	Public Utilities Code, Section 99243	Completion/submittal dates (internet filing): FY 2006: October 31, 2006 FY 2007: October 11, 2007 FY 2008: October 17, 2008 **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90 day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2006: September 14, 2006 FY 2007: February 15, 2008 FY 2008: March 26, 2009 **Conclusion: Complied.**
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251	During the audit period, a new contract operator with a terminal located in Needles began operating NAT. This was significant because vehicle inspections could now be conducted by the CHP, whereas the prior contractor's terminal was located in Mohave Valley, Arizona. Thus, prior to this switch in contractor, the CHP had not regularly conducted inspections of NAT vehicles, although the City had participated in the CHP pull notice program to inspect records of its California licensed DAR drivers. The prior contractor, which employed the bus drivers, also had participated in the comparable Arizona driver pull notice system. The City requested an inspection in March 2006 at the Arizona facility in which the CHP inspected the vehicles and driver records. One of the three vehicles was deemed out of service and could not return to service without proper repairs and reinspection by the CHP. Upon the switch in contractors, another CHP terminal inspection was conducted in September 14, 2006. The terminal was rated unsatisfactory and vehicles not maintained properly. A follow-up inspection within the 120-day allowance occurred on January 31, 2007, and the terminal was then rated satisfactory and vehicles in properly maintained condition. The next annual CHP inspection on May 27, 2008, showed a satisfactory rating. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	As a condition of approval, Needles Transit Services annual claims for Local Transportation Funds and State Transit Assistance is submitted in compliance with rules and regulations adopted by SANBAG. **Conclusion: Complied.**
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Sections 99270.1	Not applicable. Needles Transit Services only serves a rural area.
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Sections 99266	Percentage increase in Needles Transit Services operating budget: FY 2006: 3.4% FY 2007: 26.0% FY 2008: 8.7% The increased budget between fiscal years 2005 and 2006 is to account for higher vehicle fuel costs and increased contract operations cost from the switch to a new contractor (start-up costs) plus the added maintenance costs to bring vehicles back to safe operating conditions. Source: FYs 2005-2008 NAT budgets. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	A review of trip sheets from the current contract provider, McDonald Transit, as well as from DAR indicates that correct performance data is being collected. For example, deadhead hours and miles are recorded separately from revenue hours and miles. **Conclusion: Complied.**
If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating cost at least three-twentieths (15 percent), if so determined by the RTPE.	Public Utilities Code, Sections 99268.2, 99268.3, & 99268.1	Not applicable. Needles Transit Services only serves a rural area.
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent)	Public Utilities Code, Section 99268.2, 99268.4 and 99268.5	Transit services are funded by TDA Article 8(c). The SANBAG Board adopted performance criteria for the Needles Transit Services that set the farebox recovery ratio at 10 percent for deviated fixed route and 15 percent for demand response. The system's fare ratios using audited data are as follows: FY 2006: FR: 18.00%, DAR: 15.68% FY 2007: FR: 11.09%, DAR: 15.98% FY 2008: FR: 10.64%, DAR: 16.68% **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	The City of Needles' retirement system is fully funded. The annual TDA claims form requires a sign-off from the transit claimant to comply with standard assurances. The agency's retirement system is one such standard assurance. **Conclusion: Complied.**
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	NAT utilizes federal funds that are available to the agency, as reported in the annual fiscal audits (FY 2006 and 2007) and State Controller's Report (FY 2008). FY 2006: Operations ($14,277) Capital ($0) FY 2007: Operations ($49,176) Capital ($0) FY 2008: Operations ($29,861) Capital ($0) **Conclusion: Complied.**

Findings and Observations from Operator Compliance Requirements Matrix

1. The City of Needles has complied with all applicable compliance requirements of TDA.

2. During the audit period, the former contract operator located in Mohave Valley, Arizona, was no longer able to provide NAT service. The transfer of the NAT deviated fixed route vehicles from Laidlaw Education Services to the new contractor, McDonald Transit, was difficult given that the vehicles were found to be in poor operating condition. The CHP inspections during this transition period made several findings about defects found on the vehicles, as well as noncompliance with the preventive maintenance program and issues with the pull notice reports.

   However, McDonald Transit was able to repair the vehicles and comply with all terminal inspection conditions by the time of the follow-up CHP visit. At that time the vehicles were rated satisfactory. An experienced maintenance supervisor provided by McDonald supplemented the maintenance effort. Subsequent annual CHP inspections also showed satisfactory ratings. The vehicles have since been replaced.

3. The budget increased significantly between fiscal years 2006 and 2007 to account for the transition between NAT contract operators, start-up costs for the new contractor, and the need to conduct major repairs to the transit vehicles. Fuel prices were also beginning to rise which added to the costs. Since this transition, the budget has remained fairly stable.

4. Both deviated fixed route and DAR exceeded their respective fare recovery ratios. However, the deviated fixed route farebox has been declining during the audit period, decreasing from 18.0 percent in FY 2006 to 10.6 percent in FY 2008. Operating costs grew at a faster pace than passenger fares. As transit services are funded by TDA Article 8(c), the SANBAG Board adopted performance criteria for the NAT service that sets the farebox recovery ratio at 10 percent.

   The trend in the fare recovery ratio for dial-a-ride showed overall growth. The audited farebox ratio increased from 15.7 percent in FY 2006 to 16.7 percent in FY 2008. Fare revenues grew consistently during the audit period. Since 2004, the Senior Center is required to report actual fares separate from any local support funds used to supplement the revenue amount required by the contract. Both revenues are counted in the farebox ratio. The contract between the City and the Senior Citizens Club sets a farebox recovery rate of 15 percent.

Section III

Prior Triennial Performance Audit Recommendations

The City's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Report Revenue Hours Consistent with TDA Definitions.

Actions taken by the City: There is space on the DAR trip sheets to record hours that constitute deadhead and revenue time according to TDA definitions. Deadhead is determined from the time the vehicle leaves the base to the first pickup, and then from last drop-off to return to base. The time between the first pickup and last drop-off is shown as revenue time.

From a sample set of trips sheets provided by the City, it appears the same trip sheet format is being used from the samples provided for the prior audit. DAR drivers are still able to record "downtime," meaning when the vehicle is idle with no passengers despite being in revenue service. This information should only be used only for internal planning purposes and should still be considered revenue time for purposes of the TDA definitions. The City enters data into TransTrack using the appropriate revenue hours.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 2

Request Modification to Dial-a-Ride Farebox Recovery.

Actions taken by the City: The City indicated that SANBAG has not taken action to modify the adopted farebox recovery criteria for the DAR service. The minimum 12 percent farebox recovery is determined to be from fares only, while the 15 percent farebox recovery is from the contract between the City of Needles and the Senior Center. The 12 percent farebox recovery is shown in the annual fiscal audits and references compliance with PUC 99405(c) of the TDA statute. The DAR has been meeting the 15 percent farebox recovery from both fares and local support revenues, although the service is slightly below the 12 percent farebox recovery for fares only. Should the farebox recovery become an issue for the DAR, this recommendation may need to be revisited.

Conclusion: This recommendation has not been implemented. There is no follow-up action recommended at this time.

Prior Recommendation 3

Prepare Year-to-Date Summaries in the Monthly Operations Report.

Actions taken by the City: The City has been able to utilize TransTrack to prepare year-to-date information in its performance reporting. This calculation is automated through the software program.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 4

Record Full-Time Equivalents Consistent with TDA Definitions.

Actions taken by the City: The Transit Services Manager indicated that work hours are entered into the TransTrack system from the daily operator sheets. TransTrack is then able to determine the full-time equivalents (FTEs) consistent with TDA. However, a review of the State Controller's tab contained in TransTrack for Needles does not appear to show this information being available. The hard copies of the actual State Controller's Reports submitted to the State do show FTEs, which leaves a gap in the data entry between what is entered into TransTrack and what is provided to the State Controller.

Conclusion: This recommendation is in the process of being fully implemented.

Follow-Up: This recommendation is carried forward in this audit to be fully implemented. To ensure full compliance, the City should determine whether full-time equivalents are being calculated through TransTrack. Since the software is not showing this calculation, the City should continue its progress to recording work hours by all transit-related staff into TransTrack.

Prior Recommendation 5

Review DAR Performance Data Prior to Submission of State Controller Reports.

Actions taken by the City: A year-end review of DAR performance data is conducted by the Transit Services Manager for consistency between reporting requirements. As comparison, Table III shows the performance data between TransTrack and the State Controller during the audit period. With the exception of the reporting of full-time equivalents, the two data sets match.

Table III-1
Comparison of Dial-a-Ride Performance Data

FY 2006	State Controller Report	TransTrack	Difference from State Controller	Percentage Deviation
Total Passengers	3,581	3,581	-	0.0%
Total Revenue Miles	10,029	10,029	-	0.0%
Total Revenue Hours	830	830	-	0.0%
Total FTE's	1	-	1	100.0%
FY 2007	State Controller Report	TransTrack	Difference from State Controller	Percentage Deviation
Total Passengers	3,712	3,712	-	0.0%
Total Revenue Miles	11,425	11,425	-	0.0%
Total Revenue Hours	891	891	-	0.0%
Total FTE's	1	-	1	100.0%
FY 2008	State Controller Report	TransTrack	Difference from State Controller	Percentage Deviation
Total Passengers	3,875	3,875	-	0.0%
Total Revenue Miles	11,072	11,072	-	0.0%
Total Revenue Hours	917	917	-	0.0%
Total FTE's	1	-	1	100.0%

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 6

Analyze Potential Scenarios for Future Operation and Maintenance of NAT.

Actions taken by the City: The City reviewed various options given the termination of the agreement with Laidlaw Education Services to operate the service. The Transit Services Manager contacted the local school district and it was not interested in taking over the transit service. Also, the City was not in a capacity to bring the service in-house. The contract agreement with the new contract operator includes optional extension years which will enable the City to continue with the contractor beyond the initial four-year period ending June 30, 2010, and through June 30, 2014. Because both the contractor and the vehicles are located in Needles, a significant barrier is overcome to the CHP inspection of the vehicles and all driver records.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 7

Use TransTrack to Develop and Monitor Performance Indicators on a Regular Basis.

Actions taken by the City: TransTrack provides a quarterly performance scorecard that calculates and reports various performance indicators that can be used to monitor the service. The scorecard provides data by quarter by mode and compared to the previous year. The data helps the Transit Services Manager to monitor both deviated fixed route and dial-a-ride.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 8

Develop and Implement a Customer Comment Card.

Actions taken by the City: The City has not yet implemented a customer comment card. Several examples from other transit providers were provided by the performance auditor for helpful tips. It is anticipated the City will implement its own comment card in the near future, as comment cards provide a convenient method for the riding public to provide feedback about the service and report any problems with their transit trip. The cards also help with planning for service adjustments.

Conclusion: This recommendation has not been implemented.

Follow-Up: This recommendation is carried forward in this audit to be implemented.

Section IV

TDA Performance Indicators

This section reviews NAT and DAR performance in providing transit services to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-3 provide the performance indicators for Needles Transit Services, including systemwide, deviated fixed route and the Senior Citizens Club DAR. Charts are also provided to depict the trends in the indicators.

Table IV-1
TDA Performance Indicators
Needles Transit Services, Systemwide

		Audit Years			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$200,114	$207,881	$277,718	$290,187	***45.0%***
Total Passengers	41,156	38,073	37,552	39,722	***-3.5%***
Vehicle Service Hours	4,143	4,072	4,144	4,185	***1.0%***
Vehicle Service Miles	54,442	52,863	52,892	55,518	***2.0%***
Employee FTEs	5	5	5	5	***0.0%***
Passenger Fares	$26,634	$36,773	$32,228	$32,740	***22.9%***
Operating Cost per Passenger	$4.86	$5.46	$7.40	$7.31	***50.2%***
Operating Cost per Vehicle Service Hour	$48.30	$51.05	$67.02	$69.34	***43.6%***
Operating Cost per Vehicle Service Mile	$3.68	$3.93	$5.25	$5.23	***42.2%***
Passengers per Vehicle Service Hour	9.9	9.3	9.1	9.5	***-4.5%***
Passengers per Vehicle Service Mile	0.76	0.72	0.71	0.72	***-5.4%***
Vehicle Service Hours per Employee	828.6	814.4	828.8	837.0	***1.0%***
Average Fare per Passenger	$0.65	$0.97	$0.86	$0.82	***27.4%***
Fare Recovery Ratio	13.31%	17.69%	11.60%	11.28%	***-15.2%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***
(a) Excludes depreciation and amortization costs.					

Source: Fiscal Audit, State Controller's Report, FY 2008-2012 SRTP, and TransTrack

Table IV-2
TDA Performance Indicators
NAT Deviated Fixed Route

		Audit Years			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$175,778	$180,345	$248,320	$259,195	***47.5%***
Total Passengers	36,367	34,492	33,840	35,847	***-1.4%***
Vehicle Service Hours	3,296	3,242	3,253	3,268	***-0.8%***
Vehicle Service Miles	43,296	42,834	41,467	44,446	***2.7%***
Employee FTEs	4	4	4	4	***0.0%***
Passenger Fares	$23,273	$32,456	$27,531	$27,572	***18.5%***
Operating Cost per Passenger	$4.83	$5.23	$7.34	$7.23	***49.6%***
Operating Cost per Vehicle Service Hour	$53.33	$55.63	$76.34	$79.31	***48.7%***
Operating Cost per Vehicle Service Mile	$4.06	$4.21	$5.99	$5.83	***43.6%***
Passengers per Vehicle Service Hour	11.0	10.6	10.4	11.0	***-0.6%***
Passengers per Vehicle Service Mile	0.84	0.81	0.82	0.81	***-4.0%***
Vehicle Service Hours per Employee	824.0	810.5	813.3	817.0	***-0.8%***
Average Fare per Passenger	$0.64	$0.94	$0.81	$0.77	***20.2%***
Fare Recovery Ratio	13.24%	18.00%	11.09%	10.64%	***-19.7%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***
(a) Excludes depreciation and amortization costs.					

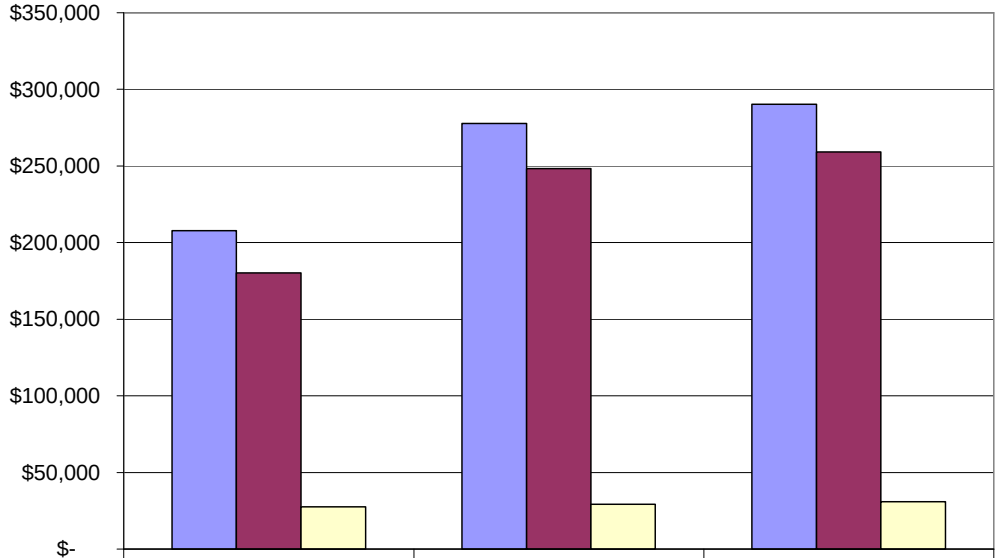
Source: Fiscal Audit, State Controller's Report and TransTrack

Table IV-3
TDA Performance Indicators
Senior Citizens Club Dial-a-Ride

		Audit Years			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$24,336	$27,536	$29,398	$30,992	***27.4%***
Total Passengers	4,789	3,581	3,712	3,875	***-19.1%***
Vehicle Service Hours	847	830	891	917	***8.3%***
Vehicle Service Miles	11,146	10,029	11,425	11,072	***-0.7%***
Employee FTEs	1	1	1	1	***0.0%***
Passenger Fares [(b)]	$3,361	$4,317	$4,697	$5,168	***53.8%***
Operating Cost per Passenger	$5.08	$7.69	$7.92	$8.00	***57.4%***
Operating Cost per Vehicle Service Hour	$28.73	$33.18	$32.99	$33.80	***17.6%***
Operating Cost per Vehicle Service Mile	$2.18	$2.75	$2.57	$2.80	***28.2%***
Passengers per Vehicle Service Hour	5.7	4.3	4.2	4.2	***-25.3%***
Passengers per Vehicle Service Mile	0.43	0.36	0.32	0.35	***-18.5%***
Vehicle Service Hours per Employee	847.0	830.0	891.0	917.0	***8.3%***
Average Fare per Passenger	$0.70	$1.21	$1.27	$1.33	***90.0%***
Fare Recovery Ratio	13.81%	15.68%	15.98%	16.68%	***20.7%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***
(a) Excludes depreciation and amortization costs.					
(b) Fare revenue shown includes both passenger fares and local support.					

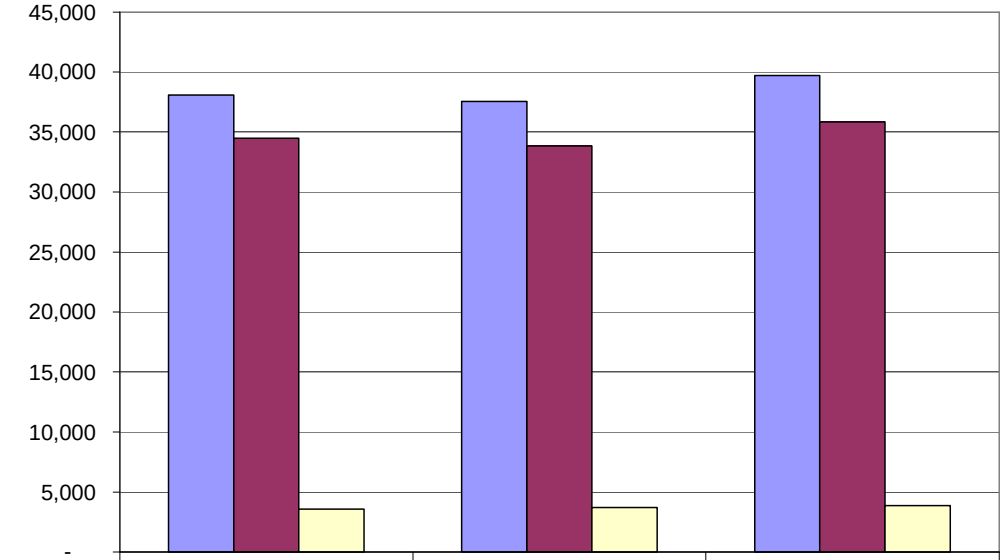
Source: Fiscal Audit, State Controller's Report, FY 2008-2012 SRTP, and TransTrack

Graph IV-1
Operating Costs
Systemwide, Deviated Fixed Route and DAR



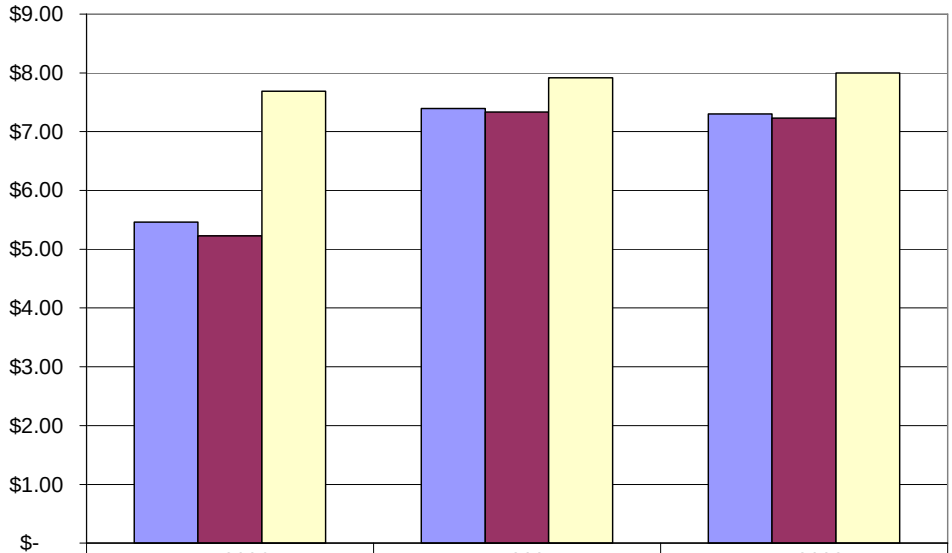
	FY 2006	FY 2007	FY 2008
Systemwide	$207,881	$277,718	$290,187
Fixed Route	$180,345	$248,320	$259,195
DAR	$27,536	$29,398	$30,992

Graph IV-2
Ridership
Systemwide, Deviated Fixed Route and DAR



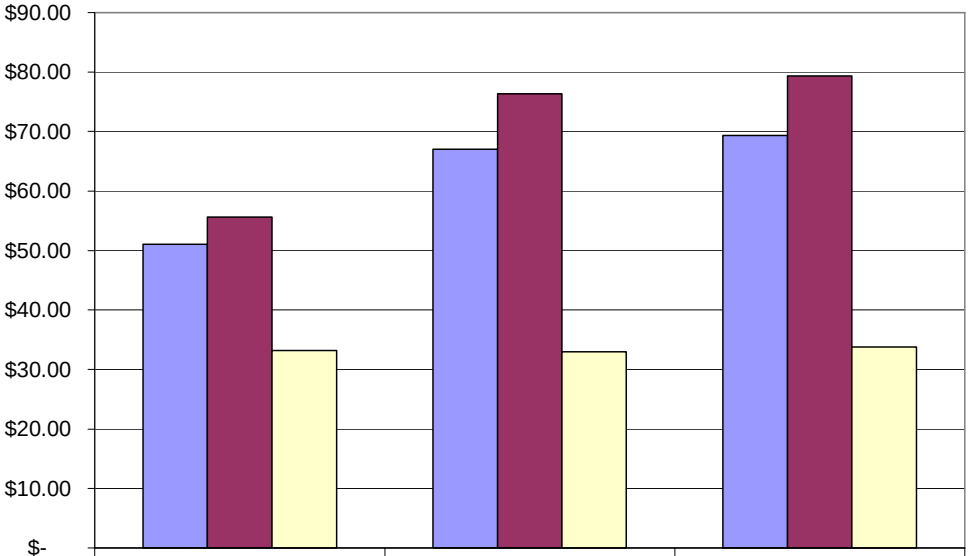
	FY 2006	FY 2007	FY 2008
Systemwide	38,073	37,552	39,722
Fixed Route	34,492	33,840	35,847
DAR	3,581	3,712	3,875

Graph IV-3
Operating Cost per Passenger
Systemwide, Deviated Fixed Route and DAR



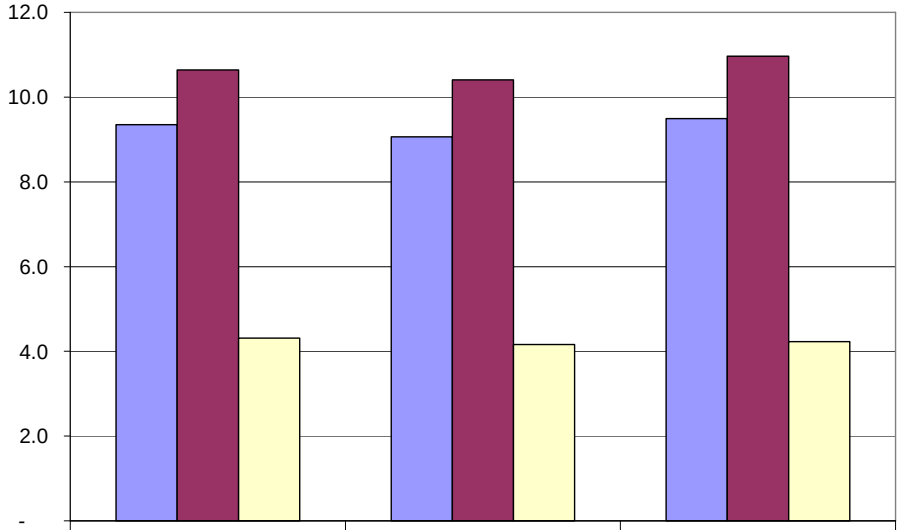
	FY 2006	FY 2007	FY 2008
Systemwide	$5.46	$7.40	$7.31
Fixed Route	$5.23	$7.34	$7.23
DAR	$7.69	$7.92	$8.00

Graph IV-4
Operating Cost per Vehicle Service Hour
Systemwide, Deviated Fixed Route and DAR



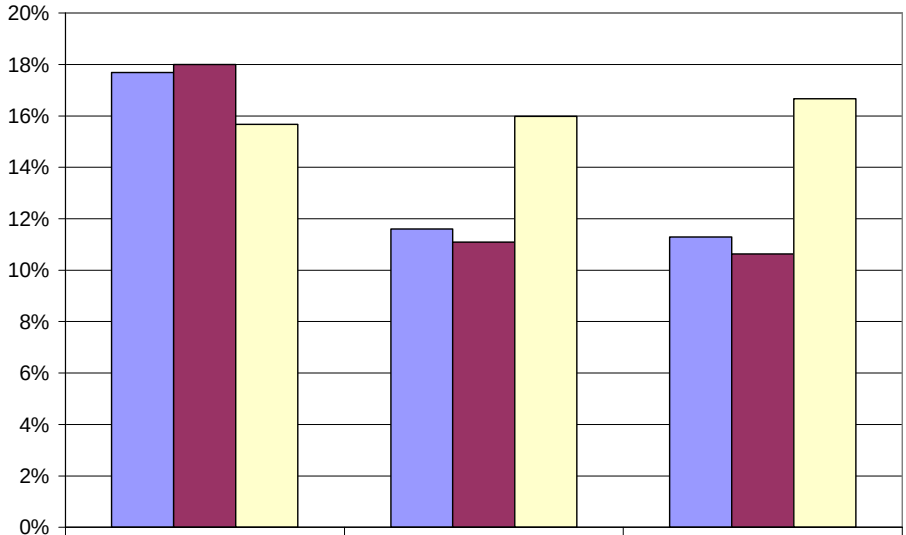
	FY 2006	FY 2007	FY 2008
Systemwide	$51.05	$67.02	$69.34
Fixed Route	$55.63	$76.34	$79.31
DAR	$33.18	$32.99	$33.80

Graph IV-5
Passengers per Vehicle Service Hour
System, Deviated Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	9.3	9.1	9.5
Fixed Route	10.6	10.4	11.0
DAR	4.3	4.2	4.2

Graph IV-6
Fare Recovery Ratio
System, Deviated Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	17.69%	11.60%	11.28%
Fixed Route	18.00%	11.09%	10.64%
DAR	15.68%	15.98%	16.68%

Findings from Verification of TDA Performance Indicators

1. Operating costs systemwide increased by 45 percent over the past three years. Deviated fixed route operating costs increased by 48 percent and DAR costs increased by 28 percent. The growth in deviated fixed route operating cost resulted from the switch to a new contract operator starting in September 2006. A new set of fixed and variable costs proposed by McDonald Transit, start-up costs, and the factoring of projected fuel costs into the contract contributed to the contract increase. The increased cost for DAR was due to increases in labor, fuel and vehicle insurance during the audit period.

2. Ridership decreased slightly by 4 percent systemwide, including a modest 2 percent on deviated fixed route, but by 19 percent on the dial-a-ride. However, DAR ridership has been slowly increasing over the last few years from the earlier declines. There is only one part-time paid driver (plus one backup driver) available to provide trips, which has impacted the level of ridership. The overall decline in ridership may also be attributed to passengers leaving the area or not needing a ride anymore. Concern has also been expressed by the City that there is a growing perception of DAR being only a senior service, when in fact non-senior disabled riders are eligible. The Lunch Bunch nutrition shuttle during the middle of revenue service contributes to that perception.

3. The provision of revenue hours and miles did not grow in relative proportion to the increase in cost during the audit period. There were no significant changes to Needles Transit Services during the audit period, accounting for the reason most of the hours and miles of service were relatively stable. Systemwide, vehicle miles grew 2 percent and vehicle hours increased by 1 percent in spite of operating costs increasing by 27 percent. Deviated fixed route hours were essentially flat while miles increased by 3 percent. The route deviations contributed to the growth in miles although revenue hours remained stable. DAR revenue hours grew by 8 percent while revenue miles were flat.

4. Operating cost per passenger increased 50 percent systemwide. Cost per passenger increased 50 percent on deviated fixed route service and increased by 57 percent on DAR. This is the result of a decline in ridership on both transit modes coupled with the increased cost to provide the service.

5. Operating cost per hour increased by 44 percent systemwide, while on deviated fixed route this indicator increased by 49 percent and by 18 percent for DAR. Costs increased at a faster rate than the provision of revenue hours.

6. Passengers per hour decreased 5 percent systemwide. This indicator remained flat for deviated fixed route but decreased by 25 percent for DAR. However, DAR has experienced relatively flat growth with this indicator in the past few years.

7. Average fare per passenger rose by 27 percent systemwide, increasing 20 percent for deviated fixed route and by 90 percent for DAR. The DAR fare revenue includes the local

subsidy required by the Senior Center to meet the 15 percent match in the contract. Without the subsidy, the DAR passenger fares show increases that are commensurate with the ridership gains.

8. Vehicle hours per full-time equivalent, which measures labor productivity, was relatively stable over the past three years, increasing by 1 percent systemwide. This measure was flat for deviated fixed route but increased by 8 percent for DAR.

9. The overall fare recovery ratio experienced a downward trend over the audit period. The systemwide farebox ratio decreased from 17.7 percent in FY 2006 to 11.3 percent in FY 2008. This pattern was similar for deviated fixed route due primarily to the increased cost from the switch to the new contract operator. Both deviated fixed route and DAR met their respective farebox recovery ratios.

   The DAR farebox recovery comprising passenger fares and local support revenue showed consistent growth during the audit period. Passenger fares without local support showed growth that is consistent with ridership increases. Passenger fares for DAR were $2,695 in FY 2006; $3,046 in FY 2007; and $3,054 in FY 2008. This trend is reflected by both the annual fiscal audits and internal city accounts. However, to meet the 15 percent farebox requirement, the annual local support funds as a proportion of all fare revenues has been increasing. Local support funding for DAR was $1,622 in FY 2006; $1,682 in FY 2007; and $2,154 in FY 2008. This indicates that operating cost have grown faster than passenger fares collected.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within Needles Transit Services. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at the agency:

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

Several changes at NAT occurred over the past three years, including the following:

- A new contract operator was retained in September 2006 as a result of the prior contractor no longer being able to operate the service. The NAT vehicles were subsequently brought back and stored in Needles rather than in a location in Mohave Valley, Arizona. This is significant because regular vehicle inspections could now be conducted by the CHP.

- The NAT deviated fixed route service remained the same, but added a new stop (#32) at the Dollar Tree store which opened in early 2008 in the southeastern portion of the city along Highway 95 south and I-40.

- A fare increase took effect on August 1, 2008, which raised all fares for the NAT service. The last fare increase was on July 1, 2003.

- New vehicles were purchased in 2007 and 2008 and replaced aging buses that were found to have significant repair problems during inspections by the CHP.

- Although slightly outside the audit period, on October 21, 2008, the City implemented a pre-scheduled medical transportation service from Needles to Bullhead City, Arizona. The offering of the new service was a result of action taken from public comments made at the annual SANBAG unmet transit needs hearings, as well as findings from the Public Transit-Human Services Plan prepared for San Bernardino County.

Operations

Contract NAT Operations

From the deviated fixed route's inception in 1995 until September 2006, Laidlaw Education Services operated the NAT system from a base in Mohave Valley, Arizona. The company had lost a school district contract in Arizona, and as a result, the operator provided notice to terminate the NAT contract which was through June 2008. Laidlaw submitted a letter to the City on March 19, 2006, indicating its desire to terminate the contract for NAT. The contract required that Laidlaw continue to operate the service for at least a 180-day period to allow the City to issue an RFP and procure a new contractor. The City of Needles issued an RFP in May 2006 and received two bids. An interview panel comprising five officials (two City of Needles staff, two SANBAG staff, and one staff from City of Barstow) evaluated the proposals using criteria that included pricing, qualifications, references and labor code. McDonald Transit was selected from the RFP process and assumed responsibility in September 2006, a month earlier than Laidlaw's 180-day termination clause was to end.

The contract agreement provides compensation to McDonald Transit based on a fixed amount per year plus a fixed hourly rate per revenue service hour. The rate per revenue service hour for the base contract increases each year by a smaller margin. Between the initial 10 months of service and the first full year, the rate per revenue service hour increased by 14 percent, from $22.90 per hour to $26.02 per hour. Between the first and second full year of service, the rate increases by 8 percent, then by 1 percent between the second and third full year. There are two optional extensions available that could extend the contract until June 2014.

The contractor is based in a leased space located on West Broadway in Needles, next to the lube and oil shop that provides light maintenance for the deviated fixed route vehicles. The two vehicles are parked at this site when not in service. An operations manager is responsible for operations and maintenance of NAT and doubles as the dispatcher. All the staff, including the operations manager and drivers (two full-time and one part-time/night dispatcher) were hired by McDonald Transit from the former operator, Laidlaw Education Services. The operating staff have been with NAT for some time, one driver since 1992 and all others since 2000. The operations manager is certified in CPR and first aid training.

During the transition between contractors, the vehicles were in such bad shape that Laidlaw Education Services agreed to reimburse McDonald Transit for repairs that met McDonald's own maintenance standards. The cost of the repairs was about $25,000. The City, Laidlaw and McDonald Transit signed an agreement for this reimbursement, as the City would have reduced Laidlaw's payments by the difference if reimbursement had not been made.

Staff training requirements are stated in the contract and ensure that the drivers are properly licensed by the State of California. Training is primarily conducted using instructors and materials from within McDonald Transit. For example, a DVD is used for training on operating a wheelchair lift. Training for new drivers includes 8 hours of behind the wheel instruction, 4 hours of defensive training, and 4 hours of sensitivity training. Retraining is required after a preventable

accident. Annual refresher safety training of a minimum of 8 hours is also required. The operations manager is a certified instructor and conducts annual drive-alongs or more frequent training as necessary. The contract provides that the City has the right to send the DAR drivers to the same training as the deviated fixed route drivers. Also, because the same contract company manages other properties such as the Victor Valley Transit Authority, the NAT operations manager participates in on-line webinars concerning ADA training on a regional basis.

Employee incentives are offered to maintain safe driving records. Pins are given at an annual safety meeting, and a $500 pool per year is available from McDonald to spend on staff at the discretion of the operations manager, including employee lunches during Thanksgiving and Christmas.

Turnover of vehicles has improved the quality of both services. Within the last few years, both deviated fixed route buses were replaced, as well as one of the DAR vans. The retired vehicles were sold at auction in 2007 which fetched $8,200 deposited into the transit account. Through a transit security grant, security cameras were recently installed on the two deviated fixed route buses. The cameras will also help with resolving passenger complaints and monitoring on-time performance through the use of their GPS capabilities.

A new policy implemented for NAT is a passenger bag limit. The rule includes a maximum of two bags and one case. Also, no open liquid containers are allowed, which will reduce spillage and trash.

A fare increase took effect in August 2008 (Resolution No. 7-8-08) which raised all NAT fares by 15 cents per one-way trip. A public hearing was held in the process. The fare increase was intended to help offset the increased cost of fuel and other operating expenses. The 30-punch pass increased by close to 20 percent, from $24.00 to $28.50. DAR fares did not change. Table V-1 shows the change in fares.

Table V-1
Change in NAT Fares

	NAT Prior Fares		**NAT New Fares**	
Fare Categories	Base	Deviation	Base	Deviation
Regular Adult	$0.85	$1.35	$1.00	$1.50
Elderly & Disabled	$0.75	$1.25	$0.90	$1.40
Student	$0.85	$1.35	$1.00	$1.50
Pass/Tokens				
30-Punch Pass	$24.00	$0.50/boarding	$28.50	$0.50/boarding

Source: City of Needles.

Fares are counted every morning and deposited twice a week into a City of Needles account. A review of actual against expected fare is conducted, and a tally of the underage/overage is made. Copies of the deposits are forwarded to the Transit Services Manager with the monthly management report.

Dial-a-Ride

The Needles Senior Citizens Club dial-a-ride accepts 24-hour advance reservations plus on-demand calls. However, for both types of requests, service is based on availability. The dispatcher will take reservations from 9 a.m. until 1:30 p.m. Because NAT is a route deviation service, the DAR does not have to comply with ADA complementary rules including a need to provide service during the same hours as the deviated fixed route. In comparison, the DAR only operates about one-third of the deviated fixed route hours on weekdays (4.5 hours for DAR versus 12 hours for deviated fixed route).

The City's Transit Services Manager indicated she is more hands-on with DAR given that new management at the Senior Center is not as involved. As the senior citizens helping with DAR have struggled with reporting the data, the Transit Services Manager has provided assistance in making the data accurate. For example, a data entrant was double-counting the lunch nutrition riders, an error which was corrected.

Each year, the City and the Senior Citizens Club renew the original 1984 agreement to provide DAR service. The agreement stipulates the hours of operation and the financial arrangements. Due to the availability of only one part-time driver paid from a City-sponsored CDBG grant, the hours of service are limited. Adjustments in cost and required fare revenue by the Senior Citizens Club to support the service are made in the agreement extension to reflect the change in schedules.

As part of the agreement, the Senior Citizens Club is required to reimburse the City an amount equal to 15 percent of the budgeted operating costs from fare revenue and local support. The local support comes from the club which set up a transportation set-aside account that was originally used as a local match to federal grants to purchase vans. The account now covers the local support portion of the reimbursement if passenger fares do not cover the full revenues stated in the contract. The transportation set-aside is not actually the club's money but is dedicated to the DAR service.

Although outside the audit period, SANBAG and the City of Needles approved starting a new general public non-emergency shuttle service from Needles to medical facilities in Fort Mohave and Bullhead City. The frequent request by the public for this type of service emerged from the annual unmet transit needs hearings. The December 2007 study entitled "Public Transit-Human Services Transportation Coordination Plan for San Bernardino County" also recommended such a service. The City advertised the service through a health fair, flyer in utility billings, local newspaper and postings on the buses. The two day a week service began on October 21, 2008, through the Senior Citizens Club, but to SANBAG's and the City's dismay, ridership has not materialized. Over the first quarter of the service, less than a dozen riders have used the service. The fare for a round trip ranges from $5.00 (Fort Mohave) to $10.00 (Bullhead City). As a result, farebox recovery has not met its target nor any other performance measure.

Operations Standards and Performance

The contract with McDonald Transit contains a set of liquidated damages for failing to meet minimum performance standards. The City has the discretion to apply these standards if service conditions warrant. Payment to the City by McDonald can be made for failing to meet certain standards in the following performance areas: late start-up, missed revenue service hours, on-time performance, customer complaints, defective equipment, uncleaned vehicle, inoperable vehicles, and monthly reporting. During the audit period, the City has had no cause to enforce the liquidated damages in the contract. However, due to the significant decline in the farebox recovery ratio for NAT, consideration should be given to exercising existing provisions in the contract, among other actions, to help ensure that transit services are being provided in the most effective manner.

Only some performance indicators that measure standards such as miles between accidents and complaints per 100,000 have been entered into TransTrack over the past two years. No such data was available in TransTrack prior to FY 2007. For complaints per 100,000 passengers, the NAT service experienced a decline from 5.91 complaints in FY 2007 to 2.81 in FY 2008, a positive indicator. The City should continue working with the contractor to enter all pertinent performance data to monitor and gauge performance.

On-time performance is determined through spot checking by the contract transit manager and calls to dispatch using the honor system. Another technique to check on-time performance, car shadowing, is not used anymore. The recent installation of video cameras with GPS capabilities on the buses will enable the operations manager to periodically track on-time performance from the computer. In some areas known to have delays, the schedule is adjusted accordingly to enable buses to meet their schedules.

The contract operations manager indicated that since McDonald Transit took over NAT in September 2006, there have been two total accidents and six roadcalls. On one occasion the service was interrupted when the other vehicle was in the shop for maintenance. A delay of about one hour in scheduled revenue service resulted while both vehicles were being maintained.

Complaints are generally made over the phone to either the contractor or the City. Phone numbers for both parties are provided on the NAT schedule. The City indicated it does not receive many complaints about NAT or DAR service. McDonald Transit completes a customer complaint form that identifies the customer, type of complaint, manager's response, and the driver's response. Actions taken are recorded on the form and it is signed by both the operations manager and the driver. A copy of the form is then stored in the employee's personnel file. Complaints about NAT are entered into TransTrack by both McDonald Transit and the City.

The Transit Services Manager stated that any complaints about DAR are not yet recorded into TransTrack, indicating a need to keep track of all complaints whether from deviated fixed route or from dial-a-ride. It is recommended that complaint data be tracked and recorded into TransTrack for all Needles Transit Services.

A prior audit recommendation was to enhance customer by increasing the convenience and availability for a customer to make a comment about the system. The City has not yet developed a customer comment card that could be placed on the transit vehicles, at City Hall, and at the Senior Citizens Club. The comment card could serve as an additional method for the City to receive comments/complaints. The cards could also provide survey information if the City desires to include questions about the service or the person's trip on the comment card. Sample comment cards from other transit agencies are provided by the auditor for reference.

Maintenance

NAT vehicles are outsourced by McDonald Transit for maintenance. The lube and oil change shop next to McDonald's leased facility provides light maintenance such as oil changes. Major maintenance is conducted by a mechanic in Fort Mohave. When the vehicles were under warranty, repairs were taken to a Ford dealer in Bullhead City. The warranties have since expired after 40,000 miles. The contract requires McDonald to keep record of all maintenance conducted on the deviated fixed route vehicles. The gasoline bus vehicles, as well as a company car, are fueled at a local Arco station; however there is no fuel discount.

DAR vehicles are maintained by the City of Needles Public Works Department. While maintenance is conducted, the Transit Services Manager indicated that the mechanics do not keep written record of the work that was completed on the vehicles. A service request form is planned to be submitted by the Transit Services Manager to Public Works to have the mechanics begin documenting their activities related to the vehicles, including time spent to service the vehicle and parts used. It is estimated that the mechanics spend about 10 hours a month, or 120 hours a year, on maintaining the DAR vehicles.

Planning

A Short Range Transit Plan (SRTP) was prepared by SANBAG and the City of Needles covering fiscal years 2008 through 2012 and was approved on August 14, 2007. The SRTP recommended the non-emergency medical shuttle service to Arizona which was implemented. It also recommended the City consider reorienting DAR to provide medical-related transportation in the immediate tri-state area should performance of the existing DAR continue to decline. Existing DAR trips could be picked up by the deviated fixed route.

The Transit Services Manager has considered plans for fixed route expansion to possible areas along the Colorado River, including Jack Smith Park. Other expansion plans to include an RV park in the northwest area of the city and to accommodate winter snowbirds have also been considered. However, it is understood that the service must be carefully planned to ensure that funding is available and that the farebox recovery can continue to be met.

Marketing

The City conducts very little marketing of NAT. The contract agreement with McDonald states that the City is responsible for marketing the service. With limited staff dedicated to transit administration, there are not enough resources or a need for regular marketing. The City developed an updated NAT brochure containing the bus schedule, a map, fares, ride guidelines, and contact phone information to McDonald Transit and to the City. The City and the Needles Senior Citizens Club continue to use a DAR brochure developed in July 2003 with a description of the service, rules, fares, phone contact and a registration application. The DAR and NAT brochures are distributed at the local hospital, social service agencies, and the senior center.

As described earlier, there is a growing perception that DAR is only available to seniors, when in fact it is available to non-seniors who are disabled. The City is considering additional target marketing to non-senior disabled who cannot ride the deviated fixed route bus. However, the marketing effort has to be targeted in a manner that does not take existing deviated fixed route passengers off the bus and onto dial-a-ride. The City may seek outside expertise in its marketing.

General Administration and Management

Needles Transit Services is administered by the Transit Services Manager who also serves as the Secretary to the City Manager. Other City staff including finance provide support as needed. SANBAG also provides additional support for planning and grants funding for the City.

The transit system is charged an administrative fee by the City as an allocation of the Transit Services Manager's time to administer the program. This charge is a line item in the operations budget. The Transit Services Manager/Secretary to the City Manager spends approximately 10 percent of her annual work hours on transit administration.

As stipulated in the service contract, McDonald Transit is required to submit reports to the City detailing the operation of NAT. A listing of sample report types is contained in the contract. Most of the operations data is captured through TransTrack from data entry by the contractor. The City in turn enters the financial data into TransTrack and does year-end checks of all performance data entered into TransTrack. The financial data is based on information received from the City Finance Department and McDonald's invoice. The Transit Services Manager performs a monthly comparison between budgeted and actual financial figures, and year-to-date totals. There had been identified discrepancies between cost information reported in TransTrack and data reported in the FY 2008 Federal National Transit Database, but they were addressed through communication between the City and Caltrans. This one time discrepancy was due to the City auctioning its old buses which resulted in higher revenues.

The City does receive hard copies of monthly data from the contractor including trip sheets, fare revenue counts and copies of deposit receipts. A management report accompanies the data and highlights the major performance measures for the month including total passengers, revenue miles, revenue hours, farebox revenue, roadcalls, collision accidents, on-time performance, and

platform hour percentage (time the driver is operating the bus vehicle relative to total pay hours). The City indicated its satisfaction with McDonald Transit in its handling of the NAT service.

For DAR, a monthly mileage and passenger report is prepared by the Senior Center which is crosschecked by the Transit Services Manager. The monthly report provides the bus number, ridership, hours, miles and fare data per day. The City Transit Services Manager indicated that some DAR data such as accidents and complaints are not input into TransTrack, which is the City's responsibility.

The Needles City Council is presented annual budget numbers and approves the annual TDA claims. It also receives copies of the annual fiscal audit. However, the Council has not requested, nor has staff provided, regular performance reports about the transit system. As a means to bring visibility to the Needles Transit Service, a minimal reporting of key performance data should be conducted at least annually, perhaps tied with either the annual budget or the TDA claims. Some key information can include annual ridership by mode, farebox recovery, cost per hour, and cost per passenger.

NAT may receive a small amount of federal stimulus funds to offset operations cost. This amount of possibly $60,000 will free up LTF revenues for other expenditures or carry over to next year.

Section VI

Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2006 through 2008. A set of recommendations is then provided.

1. The City of Needles has complied with all applicable compliance requirements of TDA.

2. During the audit period, the former contract operator located in Mohave Valley, Arizona, was no longer able to provide NAT service. The transfer of the NAT deviated fixed route vehicles from Laidlaw Education Services to the new contractor, McDonald Transit, was difficult given that the vehicles were found to be in poor operating condition. However, McDonald Transit was able to repair the vehicles and comply with all terminal inspection conditions by the time of the follow-up CHP visit. At that time the vehicles were rated satisfactory. An experienced maintenance supervisor provided by McDonald supplemented the maintenance effort. Subsequent annual CHP inspections also showed satisfactory ratings.

3. The budget increased significantly between fiscal years 2006 and 2007 to account for the transition between NAT contract operators, start-up costs for the new contractor, and the need to conduct major repairs to the transit vehicles. Fuel prices were also beginning to rise which added to the costs. Since this transition, the budget has remained fairly stable.

4. Both deviated fixed route and DAR exceeded their respective fare recovery ratios. However, the deviated fixed route farebox has been declining during the audit period, decreasing from 18.0 percent in FY 2006 to 10.6 percent in FY 2008. Operating costs grew at a faster pace than passenger fares. The trend in the fare recovery ratio for dial-a-ride showed overall growth. The audited farebox ratio increased from 15.7 percent in FY 2006 to 16.7 percent in FY 2008. The contract between the City and the Senior Citizens Club sets a farebox recovery rate of 15 percent.

5. Five of the eight prior audit recommendations were implemented. One of the recommendations is in the process of being implemented, and the other two recommendations have not been implemented. Two of these recommendations are carried forward in this audit for full compliance by the City.

6. Operating costs systemwide increased by 45 percent over the past three years. Deviated fixed route operating costs increased by 48 percent and DAR costs increased by 28 percent. The growth in deviated fixed route operating cost resulted from the switch to a new contract operator starting in September 2006. A new set of fixed and variable costs proposed by McDonald Transit, start-up costs, and the factoring of projected fuel costs into the contract contributed to the contract increase. The increased cost for DAR was due to increases in labor, fuel and vehicle insurance during the audit period.

7. Ridership decreased slightly by 4 percent systemwide, including a modest 2 percent on deviated fixed route, but by 19 percent on the dial-a-ride. However, DAR ridership has been slowly increasing over the last few years from the earlier declines. There is only one part-time paid driver (plus one backup driver) available to provide trips, which has impacted the level of ridership. The overall decline in ridership may also be attributed to passengers leaving the area or not needing a ride anymore. Concern has also been expressed by the City that there is a growing perception of DAR being only a senior service, when in fact non-senior disabled riders are eligible. The Lunch Bunch nutrition shuttle during the middle of revenue service contributes to that perception.

8. Performance indicators that measure operating costs relative to other indicators such as ridership, hours and miles of service showed negative trends. Cost increased significantly while ridership and service hours and miles were either flat or decreasing.

9. A new contract operator was retained in September 2006 and set up a local base in Needles. The NAT vehicles were subsequently brought back and stored in Needles rather than in a location in Mohave Valley, Arizona. This is significant because regular vehicle inspections could now be conducted by the CHP.

10. The NAT deviated fixed route service remained the same, but added a new stop (#32) at the Dollar Tree store which opened in early 2008 in the southeastern portion of the city along Highway 95 south and I-40.

11. A fare increase took effect on August 1, 2008 (Resolution No. 7-8-08) which raised all the one-way fares by 15 cents for the NAT service. A public hearing was held in the process. The fare increase was intended to help offset the increased cost of fuel and other operating expenses. The 30-punch pass increased by close to 20 percent, from $24.00 to $28.50. DAR fares did not change.

12. New vehicles were purchased in 2007 and 2008 and replaced aging buses that were found to have significant repair problems during inspections by the CHP.

13. Although slightly outside the audit period, on October 21, 2008, the City implemented a pre-scheduled medical transportation service from Needles to Bullhead City, Arizona. The offering of the new service was a result of action taken from public comments made at the annual SANBAG unmet transit needs hearings, as well as findings from the Public Transit-Human Services Plan prepared for San Bernardino County. Over the first quarter, the service has been underutilized.

Recommendations

1. Request that Public Works document maintenance activities of dial-a-ride vehicles. (High priority)

   Transit Services Manager should require mechanics within Public Works to maintain documented copies of maintenance performed on the transit vehicles. Transit staff should develop a service request form or work order for the mechanics to fill out key maintenance items including vehicle identification, mileage, type of service, parts, labor and cost. The forms should be filed by vehicle for each work order and stored by the Transit Services Manager.

2. Consider implementing the liquidated damages provisions in operations contract. (High priority)

   With TransTrack slowly being improved as a central data collection source, the City has the ability to monitor for the performance measures in the contract that are linked to financial liquidated damages. The measures include late start-up, missed revenue service hours, on-time performance, customer complaints, defective equipment, uncleaned vehicle; inoperable vehicles, and monthly reporting. With the farebox recovery ratio declining over the past several years and hovering near the SANBAG adopted minimum requirement for continued funding, the City should utilize available means in the current contract to monitor the service and take financial action for any service deficiencies. Implementing this program will require working with the contract operator and agreeing on the method by which these indicators will be measured.

3. Enter dial-a-ride performance data into TransTrack in a timely manner. (High Priority)

   The Transit Services Manager acknowledged that several performance measures for dial-a-ride are not entered into TransTrack in a timely manner or not at all, leaving gaps in information. These measures include number of accidents, roadcalls and complaints. Data must be entered into TransTrack regularly for the computer program to be effective in helping to monitor performance.

4. Present regular updates to the City Council about Needles Area Transit. (High priority)

   The Transit Services Manager should have the opportunity to provide regular performance and financial information to the City Council about NAT. A summary packet that highlights the performance of the system, such as ridership, operating costs, complaints and farebox recovery, should be discussed as possible information to present. Monthly or quarterly budget data comparing budgeted with actual figures is also a common

presentation item. Transit staff should work with the Council and determine the appropriate data to include and how often (e.g., quarterly or annual presentations).

5. Ensure that the number of full-time equivalent employees is being calculated in TransTrack.
   (Medium priority)

   Because TransTrack is not currently showing this calculation of FTEs, the City should continue its progress to record annual work hours from all transit-related employees into the software. This is a carry-over recommendation from the prior audit.

6. Develop and implement customer comment card.
   (Medium priority)

   The City has not yet implemented a customer comment card. Several examples from other transit providers were provided by the performance auditor for helpful tips. It is anticipated the City will implement its own comment card in the near future, as comment cards provide a convenient method for the riding public to provide feedback about the service and report any problems with their transit trip. The cards also help with planning for service adjustments.

Governments
SANBAG
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FY 2006-2008 Triennial Performance Audit of Mountain Area Regional Transit Authority

Submitted to San Bernardino Associated Governments

June 2009

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Note: This document was prepared specifically for the Triennial Performance Audit of the San Bernardino Associated Governments, Omnitrans, Victor Valley Transit Authority, Morongo Basin Transit Authority, and Mountain Area Regional Transit Authority and the Cities of Barstow and Needles transit systems. Any reuse or modification without the written authorization of PMC will be at the user's sole risk.

Executive Summary

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for the Mountain Area Regional Transit Authority (MARTA) covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The audit includes a review of the following areas:

- Compliance with TDA Requirements
- Status of Prior Audit Recommendations
- Transit System Performance Trends
- Detailed Functional Review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of MARTA.

Compliance with TDA Requirements

MARTA has complied with most TDA requirements with the exception of a finding regarding the late submission of the fiscal and compliance audits for FYs 2007 and 2008. The reports were transmitted electronically to the State Controller's Office and SANBAG nearly two weeks late, with no penalties. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion.

Status of Prior Audit Recommendations

This section reviews MARTA's actions to implement four prior audit recommendations. Three of the four prior audit recommendations were fully implemented, while one was partially implemented and is carried forward in this audit for full compliance. The recommendation carried forward is for MARTA to ensure consistency between data input for the State Controller's Report and internal databases such as TransTrack. A review of comparative data during the audit period showed some data discrepancies in the earlier audit years, but improvement by the last fiscal year. This finding provides an indication that MARTA has taken steps to begin improving data consistency.

System Performance Trends

1. Operating costs systemwide increased by 34 percent over the past three years. Fixed route operating costs increased by 39 percent and dial-a-ride (DAR) costs increased 20 percent. Similar to other transit operators, increased fuel prices impacted the transit agency, causing it to increase its fuel costs by about 60 percent between fiscal years 2006 and 2008. Insurance cost also increased significantly in the past year due to an in-service vehicle accident involving a pedestrian in Big Bear Lake. A new bargaining agreement was also reached with the teamsters representing drivers and dispatchers in September 2007.

2. The trend in the systemwide fare recovery ratio over the last three years shows a slight decline. However, the fare ratio exceeded the minimum TDA requirement of 10 percent each year. MARTA's implementation of improved services in February 2009 is anticipated to improve the farebox ratio, among other goals.

3. Most financial performance indicators such as operating cost per revenue hour and operating cost per passenger showed increases above the rate of inflation during the audit period. Factors influencing operations costs such as fuel, insurance and wages tended to increase faster over the past three years than the growth in vehicle hours and ridership.

4. Ridership increased by 10 percent systemwide. Fixed route passengers increased by 18 percent; however DAR ridership declined 13 percent. Peak systemwide ridership occurred in FY 2007 when it reached over 182,000, primarily due to the increase in fixed route passengers.

5. Management indicated that there was an increase in passenger complaints due to better record keeping with use of TransTrack. As shown on TransTrack, filed complaints have been driver-related (e.g., rude and discourteous drivers, or unsafe driving) or other suggestions. Reported data by MARTA shows an increase in complaints per 100,000 riders. Comments by the public include commendations as well. There were at least 7 commendations made during the audit period for a variety of reasons, including courteous drivers and assistance with making transit connections. Additional commendations have been made after the audit period.

Functional Review

1. Several changes at MARTA occurred over the past three years, including the following:

   - New transit management was introduced in September 2006. The current General Manager joined MARTA in September 2006, and the Operations Manager joined in November 2007.
   - Changes were made to internal processes to improve the accountability and general culture of the agency. Several employee handbooks and manuals were updated.

- A fare increase took effect in October 2006 which raised the Big Bear Valley general public dial-a-ride fare from $2.00 to $4.00. Also, the Crestline and Off the Mountain fixed route cash fare was split between a boarding fee and zonal fee; however, it did not raise the overall cash fare.
- The Big Bear Visitors Trolley, initiated in July 2004 as a joint project between MARTA and the City of Big Bear Lake, was terminated in April 2007. Increased operating costs and required subsidies, as well as declining farebox recovery, were factors for the trolley's elimination.
- A Comprehensive Operations Analysis was completed in August 2007 that laid the foundation for enhancements and improvements in service delivery. Although outside the audit period, a rollout of service improvements and marketing strategies occurred in February 2009 to increase service frequency and improve transit connections. A park and ride facility was also made available in Crestline. These improvements will be followed by the introduction of a new MARTA logo and anticipated fare increase.

2. The new General Manager implemented a series of policy formulations to introduce standardization and uniformity among the staff. These included development of a training manual, a personnel policy manual (still in progress), a driver handbook and an accident reporting procedure form. A probationary service policy for non-represented employees was also implemented which officially documents MARTA's probationary service practices. The implementation and familiarity of TransTrack as a performance measurement tool has also helped to standardize the tracking and reporting of data among the agency staff.

3. Communication was another identified issue from the past. In response, regular communication has improved between the facilities and staff through changes to the overall culture and implementation of documented standards. A success factor in improved communication and policy has come from the top in that new management is more responsive to agency needs and practices fairness. The implementation of the personnel policy manual and other guidance documents has helped to communicate and assure that MARTA employees are treated consistent with Board adopted policies, which in turn has improved the agency's culture.

4. The visibility of MARTA in relation to planning of services and local and regional issues has increased. MARTA is part of a local management group that commenced in late 2007 and meets quarterly to discuss emergency preparedness, land use and other current issues that could affect the local community. The group comprises MARTA, local politicians, top management from various departments in local agencies, the Chamber of Commerce, and state and federal governments. The management group provides MARTA a venue to communicate transit information with stakeholders and learn about new and potential developments that could impact its service. MARTA is a member of the Big Bear Lake Chamber of Commerce and will also join the Crestline, Arrowhead & Running Springs Chamber of Commerce.

5. For most California Highway Patrol (CHP) inspections, only minor vehicle and driver records violations were reported and MARTA continued to maintain "satisfactory" ratings. However, MARTA received an "unsatisfactory" rating during a CHP terminal inspection on February 1, 2006. The CHP inspector found nine violations that MARTA had failed to comply with Controlled Substance and Alcohol Testing Program requirements by failing to remove a covered employee from maintaining/operating an agency vehicle following a verified positive random substance test result. MARTA had 120 days to resolve these issues, and upon a subsequent CHP inspection on June 6, 2006, it received a "satisfactory" rating.

6. To better manage dial-a-ride operations, MARTA recently enforced its "Late Cancellation" and "No Show" policy. The policy is documented and is provided to the public via a link on the agency's Internet website. The new bus schedule also describes the policy. No shows and late cancellations have posed past problems and were tracked, but the policy was not enforced previously.

7. Management indicated that maintaining consistent on-time performance has been an ongoing issue due to the roadway layout and seasonal conditions in the service area. There is only one main road that collects most of the traffic, and during peak tourist seasons, traffic congestion often results which affects the buses' on-time performance. Management stated that riders do not typically complain about the fixed route bus schedule because it is a known condition that buses do not arrive at the exact scheduled time. MARTA should continue developing a formal on-time monitoring program to gauge the timely arrival of buses at designated stops.

8. In the past, drivers used pouches to collect fares on board the vehicles, posing security and safety risks. Fareboxes purchased from Humboldt Transit Authority in northern California are currently being installed to relieve drivers from handling cash fares. The agency plans to use a homeland security grant to install video cameras at both the Big Bear and Crestline facilities for safety and security.

9. MARTA has been able to improve its maintenance performance target of revenue miles between roadcalls from past years. The availability of a mechanics assistant at each facility, even with recent turnover at the Big Bear facility, has improved MARTA's ability to maintain vehicles and allows the Maintenance Manager flexibility to fill in where needed on preventive maintenance and vehicle repairs. New vehicle purchases will also help with reducing roadcalls.

10. The maintenance department currently does not have a functioning maintenance software package to electronically track and centralize maintenance activities and parts inventory at both facilities. As such, only original hard copies of work orders are available, with no electronic backup. Under prior management, maintenance software was purchased and installed at MARTA, but the current Maintenance Manager indicated it is too complex to use. Other priorities have prevented any training on the software.

Recommendations

Performance Audit Recommendation	Background	Timeline
#1 Enhance maintenance departmental controls through utilization of software.	MARTA has installed maintenance software but it is currently unused due to lack of training. Most vehicle maintenance activities are documented on hard copies and filed, while inventory tracking is typically kept by memory. Converting these methods into electronic format using maintenance software will provide several benefits, including improving the ability to analyze trends, centralizing all maintenance-related activity for both facilities, and creating electronic backups to the hard copy files. MARTA should either provide training on the available software or investigate purchasing a new package.	High Priority
#2 Develop performance targets for each transit mode using the suggested MARTA Operations Analysis standards as a reference.	MARTA currently uses its own set of performance measures that are contained in the Board packets. These measures are systemwide targets for certain performance data like total passengers, service hours and miles, total fare revenue and operating expenses. Because the types of services offered differ significantly within the MARTA system (local fixed route, OTM and DAR), it is recommended that individual standards also be developed for each transit mode to enable a more thorough evaluation of performance. Each mode can have its own set of performance standards that are customized to that type of service. The MARTA Comprehensive Operations Analysis prepared in August 2007 provides a starting point of benchmarks that could be considered for each transit mode.	High Priority
#3 Ensure updated trip sheets account for driver break time during revenue service.	The current trip sheets do not have an area to fill in break time, which is when there is not an expectation of carrying a passenger. Break time during revenue service should be excluded when determining revenue hours (however, scheduled layover for fixed route is considered part of revenue service). MARTA indicated it is redesigning the trip sheets and should include room for drivers to record break time duration (beginning and end time) and their location. Excluding break time will further meet the TDA definition of vehicle revenue hours.	High Priority
#4 Formalize tracking of on-time performance for fixed route.	In spite of management's indication that maintaining consistent on-time performance has been an ongoing issue due to the roadway layout and seasonal conditions in the service area, this provides more reason to have a consistent methodology for measuring on-time performance. By having the fixed route drivers call in to dispatch in the middle and at the end of each run with their location, the dispatch logs should indicate the time and location of each call that could be reviewed by operations management. A formal on-time monitoring program could assist with continuous service improvements that will enhance the reliability and visibility of MARTA to the public. Various tools to measure on-time performance are available, such as regular supervisor observation at timed checkpoints, shadow riding and documenting all driver call-ins to dispatch at preselected stops.	Medium Priority
#5 Designate one administrative staff member to cross-check the TransTrack data and the annual State Controller's Reports.	The linkage between preparation of the State Controller's Reports and the TransTrack data should improve. Information in TransTrack that is designed to be imported into the report was either missing or did not match. A comparison of the data between TransTrack and the State Controller's Report should be conducted by one designated person prior to submission to the State. This cross-checking should ensure uniformity in the performance data being presented to the public.	Medium Priority

Section I

Introduction

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction in San Bernardino County. This performance audit is conducted for the Mountain Area Regional Transit Authority (MARTA) covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The purpose of the performance audit is to evaluate MARTA's effectiveness and efficiency in its use of TDA funds to provide public transit in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates MARTA's compliance with the conditions specified in the California Public Utilities Code. This task involves ascertaining whether MARTA is meeting the PUC's reporting requirements and is endeavoring to implement prior audit recommendations made to the agency. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the agency's departments and organizational functioning. From the analysis that has been undertaken, a set of recommendations has been made for the agency which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the agency board and management the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with transit management, telephone interviews, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)* published by the California Department of Transportation was used to guide in the development and conduct of the audit.

Overview of the Transit System

MARTA covers a 640 square mile service area that encompasses the mountain communities of San Bernardino County. MARTA was created in December 1993 as a Joint-Powers Authority (JPA) between the City of Big Bear Lake and the County of San Bernardino. The purpose of MARTA is to provide coordinated public transit services to the "Rim of the World" mountain communities of Running Springs, Crestline, Lake Arrowhead, and Blue Jay, and the Big Bear Valley, with connections to San Bernardino.

The JPA is governed by a five-member board consisting of two elected officials from Big Bear Lake (or their designee), two members from the County Board of Supervisors (or their designee, representing the Second and Third Districts), and one member-at-large who is selected by a majority of the other members. The at-large member serves for a term of two years. An amendment to the JPA was adopted in July 2003 to compensate Board members for their

attendance at regular or special meetings to be consistent with other County Boards, Commissions and Committees, and the County Airports Commission. The amendment includes compensation not to exceed the amount of stipend contained in the County of San Bernardino Code salary ordinance relating to these meetings.

The City of Big Bear Lake is the only incorporated city in MARTA's local service area. The city's total land area is 6.5 square miles. Big Bear Lake is a charter city incorporated in 1980 and has a council-manager form of government. Based upon the 2000 U.S. Census, the city's population was 5,438 of which 17.4 percent was age 65 or older. The 2008 population is estimated to be 6,256 as reported by the State Department of Finance. The unincorporated communities within MARTA's local service area include Crestline (population 10,218), Lake Arrowhead (population 8,934) and Running Springs (population 5,125).

System Characteristics

MARTA operates three types of transit services: local fixed route, general dial-a-ride, and Off the Mountain (OTM) service into San Bernardino Valley for connecting trips. The local fixed routes comprise the Big Bear Valley Route, the Big Bear Valley Express, and the Lake Arrowhead/Crestline routes. Big Bear local fixed route service operates seven days a week, with abbreviated service on Sundays. There is no weekend service on the local Lake Arrowhead/Crestline routes. The Big Bear Valley Express operates on weekdays only.

MARTA's Off the Mountain service connects the mountain communities with major stops in San Bernardino, such as Metrolink, Greyhound, Transit Center and St. Bernadine Medical Center, as well as other stops along the way. This service runs Monday through Saturday with two trips from Big Bear and four trips from Crestline/Lake Arrowhead.

MARTA's fixed route services during the audit period are described in detail in Table I-1.

Table I-1
MARTA Fixed Route Services

Route Description	Frequency/Operation	Destinations
Lake Arrowhead/Crestline (RIM Service)	Hourly (Monday through Friday from 6:00 a.m. to 6:30 p.m.)	▪ Running Springs ▪ Sky Forest ▪ Rim of the World High School ▪ Arrowhead Village ▪ Blue Jay ▪ Old Town ▪ Cedar Pines Fire Station
Big Bear Valley	Hourly (Monday through Saturday from 6:00 a.m. to 6:30 p.m., and Sunday from 8:15 a.m. to 6:30	▪ Boulder Bay ▪ The Village ▪ Hospital ▪ Stater Brothers

	p.m.)	▪ Gold Mountain ▪ Sugarloaf ▪ Erwin Lake
Big Bear Valley – Express Route	Hour and 20 Minutes (Monday through Friday from 10:00 a.m. to 6:00 p.m.)	▪ Mountain Meadows ▪ Hospital ▪ Stater Brothers ▪ Senior Center ▪ Whispering Pines ▪ High School ▪ Sugarloaf
Big Bear Visitors Trolley	Friday through Sunday (12:00 p.m. to 8:45 on Friday and Saturday; 12:00 p.m. to 6:45 p.m. on Sunday)	▪ Boulder Bay ▪ The Village ▪ Bear Mountain ▪ Discovery Center ▪ Rite Aid & Vons Center
Off the Mountain – Lake Arrowhead/Crestline (Rim Service)	Monday through Saturday (four roundtrips on weekdays, two roundtrips on Saturday)	▪ Lake Arrowhead ▪ Blue Jay ▪ Rim Forest ▪ Crestline ▪ Metrolink (San Bernardino) ▪ Greyhound (San Bernardino) ▪ Transit Mall ▪ St. Bernardines Med. Ctr.
Off the Mountain – Big Bear Valley	Monday through Saturday (three roundtrips on weekdays, two roundtrips on Saturday)	▪ Big Bear Lake ▪ Snow Valley ▪ Arrowbear ▪ Running Springs ▪ Metrolink (San Bernardino) ▪ Greyhound (San Bernardino) ▪ Transit Mall ▪ St. Bernardines Med. Ctr.

Source: MARTA

The transit system operates year-round but does not operate on the following holidays: New Year's Day, Independence Day (observed), Thanksgiving and Christmas. Service may be limited or cancelled due to inclement weather conditions. MARTA's office provides bus status and service information.

General Dial-a-Ride

In addition to the fixed route services described, MARTA offers dial-a-ride services. Dial-a-ride covers the same area as the local fixed route service. There are no Off the Mountain dial-a-ride services, although a dial-a-ride vehicle will drop a passenger off at the nearest bus stop. Dial-a-

ride service is available for seniors and disabled persons living within ¼ mile beyond a MARTA fixed route and to anyone living more than ¼ mile beyond the fixed route. All other passengers must use MARTA's fixed route service. Dial-a-ride passengers are advised to call for service at least two hours prior to requested pickup time. Appointments for return trips should be made at the time of initial appointment when possible. MARTA's dial-a-ride services are outlined in Table I-2.

Table I-2
MARTA Dial-a-Ride Services

Dial-a-Ride Service	Operation
Big Bear Valley	Daily; 6:00 a.m. to 7:30 p.m.
Rim/Crestline (Cedar Pines to Running Springs, serving Blue Jay, Lake Arrowhead, and Running Springs)	Monday through Friday; 7:00 a.m. to 6:00 p.m.
Crestline	Saturday; 9:00 a.m. to 5:00 p.m
Lake Arrowhead	Saturday; 10:00 a.m. to 4:00 p.m.
Running Springs	No Weekend Service
Green Valley Lake	Tuesdays and Thursdays only, first available pickup at 9:45 a.m. Return trips are scheduled according to availability.

Source: MARTA

Due to the unique geography of the service area, MARTA operates out of two facilities, one in Big Bear Valley to the east and the other in Crestline to the west (known as the RIM Facility). The administrative functions are primarily located in the Big Bear facility although some of the accounting functions for RIM services are located in the Crestline facility.

MARTA is also part of the Mountain Mutual Aid Association that plans and prepares for disasters such as fire, snow and flood. Assistance provided by MARTA during a crisis is reimbursed by the Federal Emergency Management Agency through payments to the County. MARTA provided assistance in 2007 during the Slide and Grass Valley fires.

Fares

A fare increase took effect in October 2006 which raised the Big Bear Valley general public dial-a-ride fare from $2.00 to $4.00. Also, the Crestline and Off the Mountain fixed route cash fare was split between a boarding fee and zonal fee; however, it did not raise the overall cash fare. The fare structure during the audit period is shown in Table I-3.

Table I-3
MARTA Fare Schedule

Local Fixed Route	**Adult**	**Student**	**Senior/ Disabled**	**Child (age 5 & under)**
Big Bear One Way	$1.00	$1.00	$0.50	-0-
Crestline One Way	$0.50 per zone + $0.50 boarding fee	$0.50 per zone + $0.50 boarding fee	$0.25 per zone + $0.25 boarding fee	-0-
Big Bear Passes				
10-Ride	$10.00	$7.50	$5.00	-0-
30-Ride	$27.00	$22.00	$13.50	-0-
One-Day	$3.00	$3.00	$1.50	-0-
Three-Day	$8.00	$8.00	$4.00	-0-
Crestline Passes				
10-Zone	$5.00	$5.00	$2.50	-0-
20-Zone	$10.00	$10.00	$5.00	-0-
Off the Mountain Services	**Adult**	**Student**	**Senior/ Disabled**	**Child (age 5 & under)**
One-Zone	$1.50	$1.50	$0.75	-0-
Boarding Fee	$1.00	$1.00	$0.75	-0-
Crestline (Two Zones)	$4.00	$4.00	$2.00	-0-
Arrowhead (Three Zones)	$5.50	$5.50	$2.75	-0-
Big Bear (Four Zones)	$7.00	$7.00	$3.50	-0-
10-Zone	$15.00	$15.00	$7.50	-0-
10-Ride – Big Bear	$70.00	$70.00	$37.50	-0-
30-Ride – Big Bear	$189.00	$189.00	$90.00	-0-
30-Ride – Crestline	$108.00	$108.00	$40.00	-0-
30-Ride – Lake Arrowhead	$148.50	$148.50	$60.00	-0-
Dial-a-Ride	**Adult**	**Student**	**Senior/ Disabled**	**Child (age 5 & under)**
Big Bear	$4.00	$4.00	$1.00	-0-
Crestline	$1.00 per zone + $1.00 boarding fee	$1.00 per zone + $1.00 boarding fee	$0.50 per zone + $0.50 boarding fee	-0-

Big Bear Passes				
10-Ride	$40.00	$7.50	$10.00	-0-
30-Ride	$108.00	$108.00	$27.00	-0-
Crestline Passes				
10-Zone	$10.00	$10.00	$5.00	-0-
20-Zone	$20.00	$10.00	$10.00	-0-

Source: MARTA

Fleet

There were 30 vehicles in the total fleet during the audit period, as shown on TransTrack. Twenty-nine vehicles are active and one is operated as a contingency vehicle. Table I-4 shows the vehicle fleet and service type.

Table I-4
MARTA Fleet

Year	Manufacturer	Quantity	Fuel type	Service Type	Seating Capacity
1996	Ford Goshen	1	Gasoline	Dial-a-Ride	24
1998	Ford Startrans	1	Gasoline	Dial-a-Ride	11
1998	Ford Startrans	1	Gasoline	Dial-a-Ride	14
1998	Ford Startrans	2	Gasoline	Dial-a-Ride	14
1999	Ford Startrans	1	Gasoline	Dial-a-Ride	11
2000	Aerotech	3	Gasoline	Dial-a-Ride	16
2000	Aerotech	1	Gasoline	Dial-a-Ride	20
2000	Aerotech	1	Gasoline	Dial-a-Ride	24
2000	Transmark	4	Diesel	Fixed-Route	24
2003	Ford Goshen	5	Gasoline	Dial-a-Ride	18
2003	Ford Goshen	2	Gasoline	Fixed-Route	18
2003	Ford Goshen	1	LPG	Dial-a-Ride	18
2004	Trolley	1	Diesel	Fixed-Route	30
2008	El Dorado Aero Elite	2	Diesel	Fixed-Route	26
2008	Starcraft Type II	3	Gasoline	Dial-a-Ride	15
2008	Starcraft Type III	1	Gasoline	Fixed-Route	20
Total		30			

Source: TransTrack Manager

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of MARTA's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)* which was developed by the Department of Transportation (Caltrans) to assess transit operators. The updated guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the agency's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

TABLE II-1
Operator Compliance Requirements Matrix

Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28) for paper filing, or 110 days (Oct. 18) if filed electronically (Internet). During the audit period, the State Controller extended the submittal dates during FY 2005-06 because the Controller's office was in the process of implementing a new updated electronic filing system. The extended dates were: FY 2005-2006: October 12 for paper filing, November 1 for electronic filing.	Public Utilities Code, Section 99243	Completion/submittal dates (internet filing): FY 2006: November 1, 2006 FY 2007: October 18, 2007 FY 2008: October 20, 2008 (The FY 2007-08 State Controller deadline fell on a weekend.) **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2006: January 17, 2007 FY 2007: April 7, 2008 FY 2008: April 9, 2009 **Conclusion: Complied for FY 2006. Not complied for FYs 2007 and 2008 (submitted almost two weeks after deadline). The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion.**
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251	MARTA participates in the CHP Driver Pull Notice Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim submitted by the agency. There are two transit facilities that undergo inspections, one in Big Bear Lake and the other in Crestline. Copies of the terminal safety inspections, driver examination reports, and vehicle inspections were submitted to the auditor for review. The inspection dates applicable to this audit include: Big Bear Lake: November 30, 2005; February 1, 2006/June 6, 2006; November 3, 2006; and November 26, 2007. Crestline: June 17, 2005; June 14, 2006; and June 25, 2007. For most inspections, only minor vehicle and driver records violations were reported by the CHP, and MARTA continued to maintain "satisfactory" ratings. However, MARTA received an "unsatisfactory" rating during the February 1, 2006, inspection. The CHP found nine violations that MARTA had failed to comply with Controlled Substance and Alcohol Testing Program requirements by failing to remove a covered employee from operating an agency vehicle following a verified positive random substance test result. Within 120 days, MARTA's Drug and Alcohol Program was retested upon a subsequent CHP inspection and found to be in compliance. (continued on next page)

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
		MARTA received an upgraded "satisfactory" rating on June 6, 2006. **Conclusion: Complied.**
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	As a condition of approval, MARTA's annual claims for Local Transportation Funds and State Transit Assistance is submitted in compliance with rules and regulations adopted by SANBAG. **Conclusion: Complied.**
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Sections 99270.1	Not applicable. MARTA local service only serves a rural area.
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Sections 99266	Percentage increase in MARTA's operating budget: FY 2006: 8.0% FY 2007: 11.3% FY 2008: 26.6% The increased budget between fiscal years 2007 and 2008 is to account for higher vehicle fuel costs, increased payroll, and increased general liability insurance. Source: FYs 2005-2008 MARTA budgets. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	A review of internal operations reports and State Controller's Reports indicate that most measures are in compliance. MARTA plans to improve its data input into TransTrack and coordinate the data with preparation of the Annual State Controller's Report. MARTA is also updating its trip sheets and should include space to allow the recording of driver breaks during revenue service. **Conclusion: Partial Compliance.**
If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating cost at least three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, & 99268.1	Not applicable. MARTA local service only serves a rural area.
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Section 99268.2, 99268.4 and 99268.5	MARTA serves a rural area and is subject to a 10 percent ratio. The system's fare ratios using audited data are as follows: FY 2006: 11.7% FY 2007: 11.0% FY 2008: 10.4% **Conclusion: Complied.**
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	MARTA submitted a notice to SANBAG dated March 22, 2005, confirming that the current cost of its retirement system is fully funded with respect to its officers and employees. In addition, the annual TDA claims form requires a sign-off from the transit claimant to comply with standard assurances. The agency's retirement system is one such standard assurance. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	MARTA utilizes federal funds that are available to the agency, as reported in the annual National Transit Database. FY 2006: Operations ($153,174) Capital ($261,392) FY 2007: Operations ($318,501) Capital ($0) FY 2008: Operations ($314,423) Capital ($0) **Conclusion: Complied.**

Findings and Observations from Operator Compliance Requirements Matrix

1. MARTA has complied with most TDA requirements with the exception of a finding regarding the late submission of the fiscal and compliance audits for FYs 2007 and 2008. The reports were transmitted electronically to the State Controller's Office and SANBAG nearly two weeks late, with no penalties. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion. Two additional compliance requirements did not apply to MARTA.

2. For most CHP inspections, only minor vehicle and driver records violations were reported and MARTA continued to maintain "satisfactory" ratings. However, MARTA received an "unsatisfactory" rating during a CHP terminal inspection on February 1, 2006. The CHP inspector found nine violations that MARTA had failed to comply with Controlled Substance and Alcohol Testing Program requirements by failing to remove a covered employee from maintaining/operating an agency vehicle following a verified positive random substance test result. MARTA had 120 days to resolve these issues, and upon a subsequent CHP inspection on June 6, 2006, it received a "satisfactory" rating.

   Vehicle inspections have been rated "satisfactory" in each year of the audit.

3. MARTA's budget increased each year of the audit, increasing above 15 percent in the last audit year. Similar to other transit operators, increased fuel prices impacted the transit agency, causing it to increase its fuel budget by about 43 percent between fiscal years 2006 and 2008. The fuel and lube budget increased from $243,877 in FY 2006 to $349,568 in FY 2008. Insurance cost also increased significantly in the past year due to an in-service vehicle accident involving a pedestrian in Big Bear Lake.

4. The trend in the fare recovery ratio over the last three years shows a slight decline using audited dated for fiscal years 2006 and 2007, and unaudited TransTrack data for FY 2008. The fare ratio exceeded the minimum TDA requirement of 10 percent each year. The farebox ratio decreased from 11.7 to 10.4 percent between FY 2005-2006 and FY 2007-2008. In spite of a fare increase in October 2006, the farebox ratio did not improve, although local weather conditions and other environmental factors, as well as traffic congestion on main access roads, can play a role in the consistent delivery of service and level of ridership. Although outside the audit period, MARTA implemented improved services in February 2009.

Section III

Prior Triennial Performance Audit Recommendations

MARTA's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Increase the Fare Differential Between General Public DAR and Fixed Route.

Actions taken by MARTA: A fare increase took effect in October 2006 which raised the Big Bear Valley general public dial-a-ride fare from $2.00 to $4.00. This new fare matches the general public dial-a-ride fare in other jurisdictions, such as Morongo Basin Transit Authority.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 2

Ensure that Performance Data is Consistent Between Internal Reports and the State Controller Report.

Actions taken by MARTA: Operations performance data should be consistent between the State Controller's Report and TransTrack performance reports, as the operations data is reported for the prior fiscal year and should not need to be adjusted in the ensuing months when the State Controller's Report is prepared. There was some initial resistance by administrative staff to utilize TransTrack, which impeded its use as the primary performance data system. The current data process is that the General Manager prepares the State Controller's Report performance data separately from the Administrative Analyst who enters the TransTrack data. Ideally, TransTrack data should serve as the primary data source from which the State Controller data is drawn, as TransTrack includes a reporting section for the State Controller. This is assuming that data entered into TransTrack is accurate.

As reference, Table III-1 shows the comparison of data between the two reports during the audit period.

Table III-1
Comparison of Operations Data Between State Controller's and TransTrack Performance Reports

FY 2006	State Controller Report	TransTrack	Difference from State Controller	Percentage Deviation
Total Passengers	174,686	173,127	1,559	0.9%
Total Revenue Miles	569,105	565,382	3,723	0.7%
Total Revenue Hours	33,115	32,114	1,001	3.0%
Total FTE's	22	-	22	100.0%
FY 2007	State Controller Report	TransTrack	Difference from State Controller	Percentage Deviation
Total Passengers	180,991	182,325	(1,334)	-0.7%
Total Revenue Miles	602,175	563,867	38,308	6.4%
Total Revenue Hours	35,034	31,387	3,647	10.4%
Total FTE's	27	-	27	100.0%
FY 2008	State Controller Report	TransTrack	Difference from State Controller	Percentage Deviation
Total Passengers	166,518	166,518	-	0.0%
Total Revenue Miles	520,758	520,758	-	0.0%
Total Revenue Hours	30,630	30,629	1	0.0%
Total FTE's	24	-	24	100.0%

From the comparison, it appears that there were discrepancies in the data reporting during the first two years of the audit. However, in FY 2008, only the reporting of Full-Time Equivalent employees was different. This provides an indication that MARTA has taken steps to begin improving data consistency. A pattern of annual consistency would demonstrate full compliance.

Conclusion: This recommendation has been partially implemented, as the last year's data sets are consistent relative to the prior years.

Follow-Up: To continue data consistency among reports, it is recommended that MARTA designate one administrative staff member to input and cross-check the TransTrack data and the annual State Controller's Reports. The comparison of the data should be conducted prior to submission to the State.

Prior Recommendation 3

Report FTEs According to TDA Definition.

Actions taken by MARTA: The TDA definition (via the TDA Guidebook) of a Full-Time Equivalent employee is "Transportation system-related hours worked by persons employed in connection with the public transportation system (whether or not the person is employed by the operator, for example, a city accounts payable person whose time is partly charged to transit operations). Such persons include contractor staff. A Full-Time Equivalent employee count can be calculated by dividing the number of person-hours worked by 2,000."

During the audit period, the number of FTE employees recorded in the MARTA State Controller's Reports varied between 22 and 27 FTEs due to changes in staff and some vacancies. While FTE data is not currently entered into TransTrack, the agency's payroll program allows worker hours to be counted which then can be divided by 2,000 hours. MARTA should also begin recording FTE employees in TransTrack.

Conclusion: This recommendation has been fully implemented.

Prior Recommendation 4

Evaluate Maintenance Budget to Keep Pace with Growth in Vehicle Miles.

Actions taken by MARTA: Systemwide vehicle maintenance cost reported in TransTrack during the audit period is as follows: FY 2006 – $227,035; FY 2007 – $203,800; and FY 2008 – $246,987. Revenue miles supplied by MARTA in the same period are as follows (using TransTrack): FY 2006 – 565,382; FY 2007 – 563,867; FY 2008 – 520,758. The decrease in vehicle maintenance costs in FY 2007 was from a decline in services costs and other materials/supplies. Maintenance salaries grew over the past three years, as MARTA hired a full-time mechanic to work at its Big Bear facility. There are currently three total full-time mechanics, including a mechanic at each of the two maintenance facilities and the Maintenance Manager. A mechanic helper was also recently hired on a part-time basis. There was frequent turnover of the Big Bear mechanic position over the past few years, although the position is currently filled. To maintain vehicle maintenance costs, drivers are required to inspect and conduct light cleaning of the vehicles each morning before their runs.

The overall growth in maintenance costs appears to be in line with the trend in vehicle miles. The elimination of the Big Bear Trolley in April 2007 reduced revenue miles by about 17,000 a year, helping to explain some of the reduction by FY 2008.

Conclusion: This recommendation has been fully implemented.

Section IV

TDA Performance Indicators

This section reviews MARTA's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables. A comparison of performance by mode against the benchmark standards contained in MARTA's Comprehensive Operations Analysis is also conducted.

Tables IV-1 through IV-3 provide the performance indicators for MARTA systemwide, fixed route and dial-a-ride. Charts are also provided to depict the trends in the indicators.

Table IV-1
MARTA TDA Performance Indicators
Systemwide

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$1,721,929	$1,922,557	$2,090,547	$2,310,807	***34.2%***
Total Passengers	151,249	173,127	182,325	166,518	***10.1%***
Vehicle Service Hours	29,720	32,114	31,388	30,630	***3.1%***
Vehicle Service Miles	520,581	565,382	563,867	520,758	***0.0%***
Employee FTEs	18	22	27	24	***33.3%***
Passenger Fares [(b)]	$209,720	$225,211	$229,733	$241,227	***15.0%***
Operating Cost per Passenger	$11.38	$11.10	$11.47	$13.88	***21.9%***
Operating Cost per Vehicle Service Hour	$57.94	$59.87	$66.60	$75.44	***30.2%***
Operating Cost per Vehicle Service Mile	$3.31	$3.40	$3.71	$4.44	***34.2%***
Passengers per Vehicle Service Hour	5.1	5.4	5.8	5.4	***6.8%***
Passengers per Vehicle Service Mile	0.29	0.31	0.32	0.32	***10.1%***
Vehicle Service Hours per Employee	1,651.1	1,459.7	1,162.5	1,276.3	***-22.7%***
Average Fare per Passenger	$1.39	$1.30	$1.26	$1.45	***4.5%***
Fare Recovery Ratio	12.18%	11.71%	10.99%	10.44%	***-14.3%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs. MARTA systemwide operating costs are drawn from annual fiscal audit. The breakdown by mode is drawn from unaudited TransTrack data, so modal costs will not add up to audited costs.
(b) Passenger fares are drawn from annual fiscal audit. The breakdown by mode is drawn from unaudited TransTrack data, so modal fare revenues will not add up to audited fare revenue.

Source: Fiscal Audit, TransTrack, National Transit Database, and State Controller Operator's Reports

Table IV-2
MARTA TDA Performance Indicators
Fixed Route

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$1,017,472	$1,183,934	$1,297,069	$1,408,949	***38.5%***
Total Passengers	114,159	139,833	150,619	134,247	***17.6%***
Vehicle Service Hours	17,647	20,379	19,964	18,934	***7.3%***
Vehicle Service Miles	341,391	397,078	400,890	366,036	***7.2%***
Employee FTEs	11	13	23	17	***54.5%***
Passenger Fares [(b)]	$145,402	$174,234	$178,506	$181,449	***24.8%***
Operating Cost per Passenger	$8.91	$8.47	$8.61	$10.50	***17.8%***
Operating Cost per Vehicle Service Hour	$57.66	$58.10	$64.97	$74.41	***29.1%***
Operating Cost per Vehicle Service Mile	$2.98	$2.98	$3.24	$3.85	***29.2%***
Passengers per Vehicle Service Hour	6.5	6.9	7.5	7.1	***9.6%***
Passengers per Vehicle Service Mile	0.33	0.35	0.38	0.37	***9.7%***
Vehicle Service Hours per Employee	1,604.3	1,567.6	868.0	1,113.8	***-30.6%***
Average Fare per Passenger	$1.27	$1.25	$1.19	$1.35	***6.1%***
Fare Recovery Ratio	14.29%	14.72%	13.76%	12.88%	***-9.9%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs. Data is drawn from unaudited TransTrack data.
(b) Data is drawn from unaudited TransTrack data.

Source: TransTrack, National Transit Database, and State Controller Operator's Reports

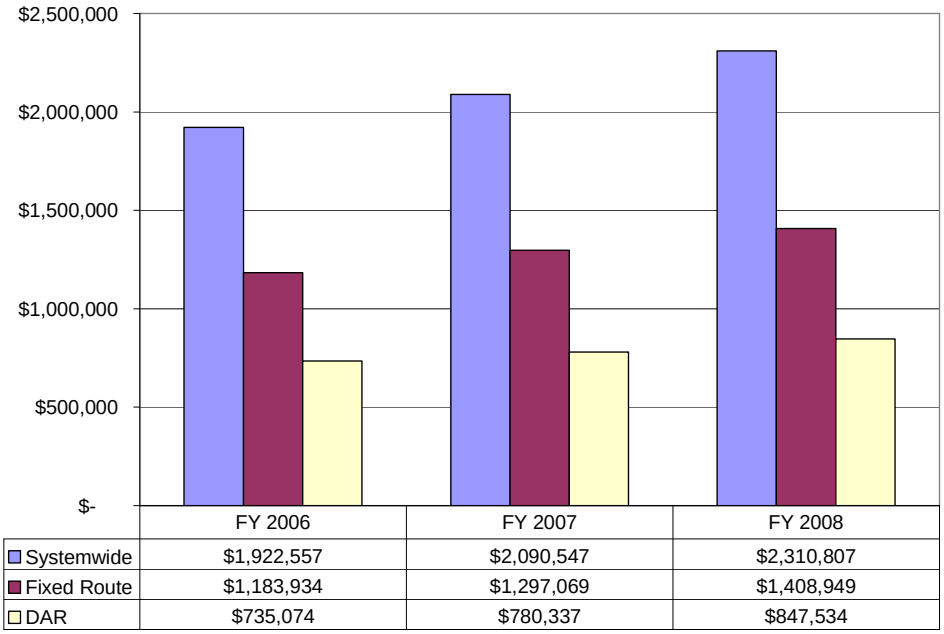
Table IV-3
MARTA TDA Performance Indicators
Dial-a-Ride

		Audit Period			
Performance Data and Indicators	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	***% Change FY 2005-2008***
Operating Cost [(a)]	$703,891	$735,074	$780,337	$847,534	***20.4%***
Total Passengers	37,090	33,294	31,706	32,271	***-13.0%***
Vehicle Service Hours	12,073	11,735	11,424	11,696	***-3.1%***
Vehicle Service Miles	179,190	168,304	162,977	154,722	***-13.7%***
Employee FTEs	7	9	4	7	***0.0%***
Passenger Fares [(b)]	$64,318	$50,977	$51,171	$52,764	***-18.0%***
Operating Cost per Passenger	$18.98	$22.08	$24.61	$26.26	***38.4%***
Operating Cost per Vehicle Service Hour	$58.30	$62.64	$68.31	$72.46	***24.3%***
Operating Cost per Vehicle Service Mile	$3.93	$4.37	$4.79	$5.48	***39.4%***
Passengers per Vehicle Service Hour	3.1	2.8	2.8	2.8	***-10.2%***
Passengers per Vehicle Service Mile	0.21	0.20	0.19	0.21	***0.8%***
Vehicle Service Hours per Employee	1,724.7	1,303.9	2,856.0	1,670.9	***-3.1%***
Average Fare per Passenger	$1.73	$1.53	$1.61	$1.64	***-5.7%***
Fare Recovery Ratio	9.14%	6.93%	6.56%	6.23%	***-31.9%***
Consumer Price Index (CPI-Los Angeles)	--	4.3%	3.3%	3.5%	***11.5%***

(a) Excludes depreciation and amortization costs. Data is drawn from unaudited TransTrack data.
(b) Data is drawn from unaudited TransTrack data.

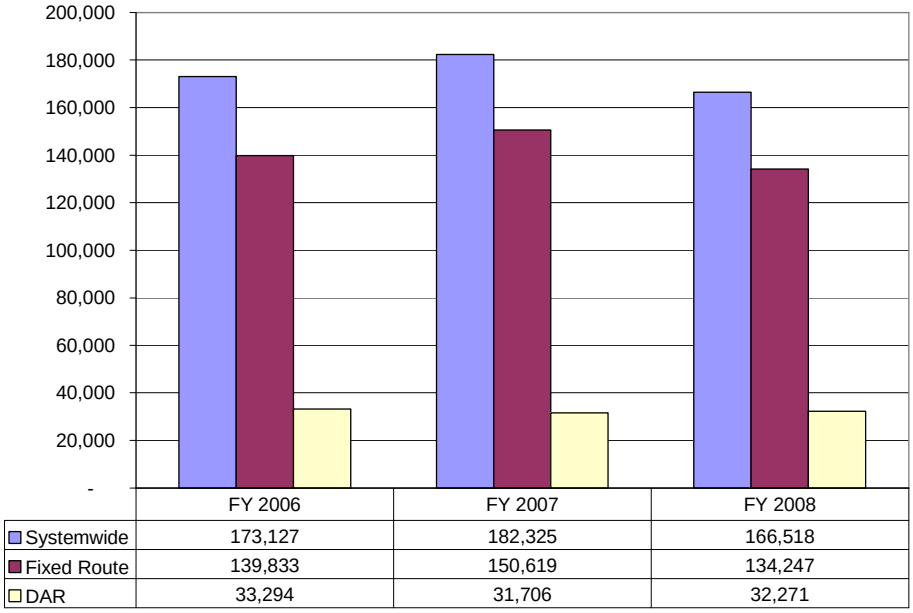
Source: TransTrack, National Transit Database, and State Controller Operator's Reports

Graph IV-1
Operating Costs
Systemwide, Fixed Route and DAR

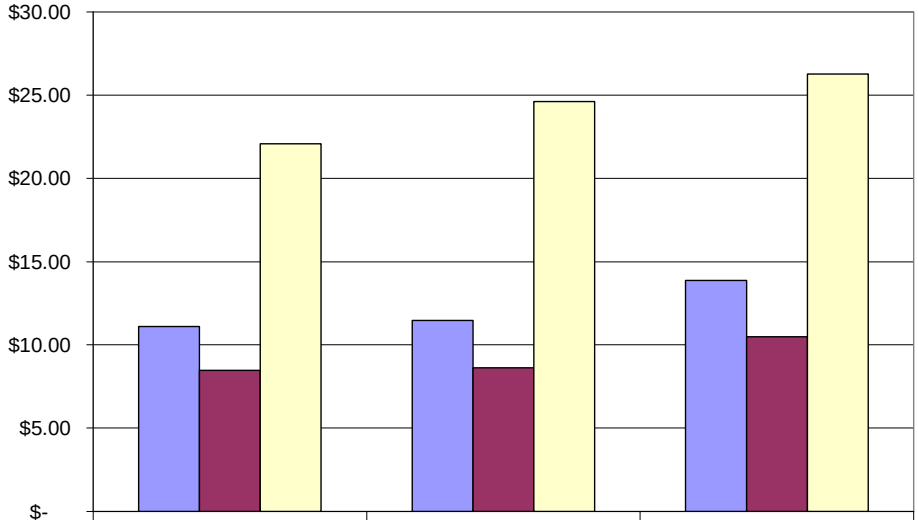


Note: Systemwide cost is audited data, modal cost is unaudited.

Graph IV-2
Ridership
Systemwide, Fixed Route and DAR



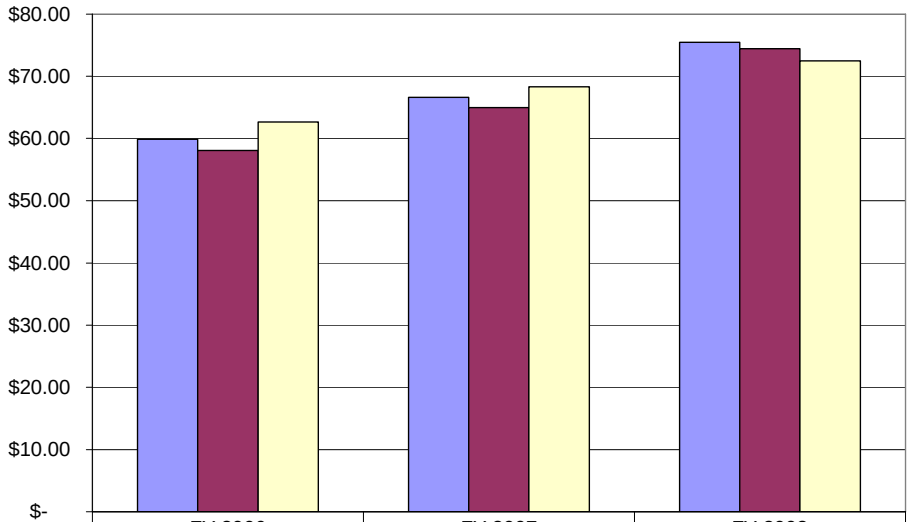
Graph IV-3
Operating Cost Per Passenger
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	$11.10	$11.47	$13.88
Fixed Route	$8.47	$8.61	$10.50
DAR	$22.08	$24.61	$26.26

Note: Systemwide cost is audited data, modal cost is unaudited.

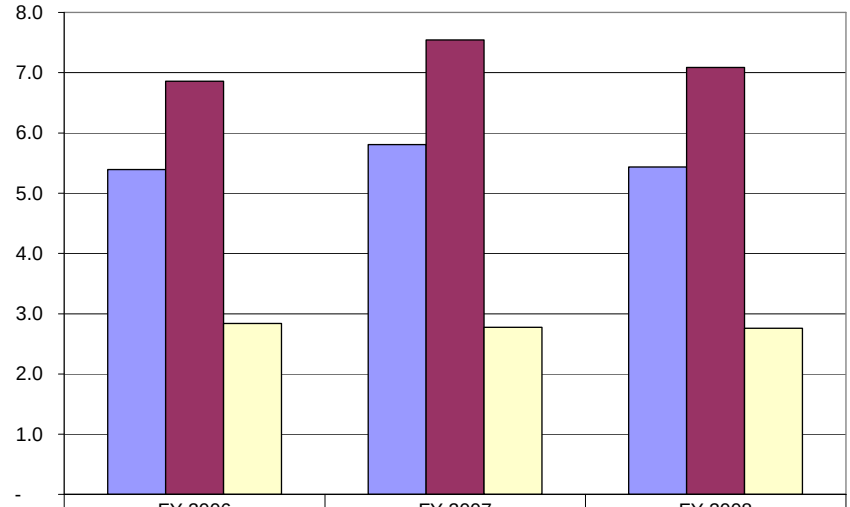
Graph IV-4
Operating Cost Per Vehicle Service Hour
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	$59.87	$66.60	$75.44
Fixed Route	$58.10	$64.97	$74.41
DAR	$62.64	$68.31	$72.46

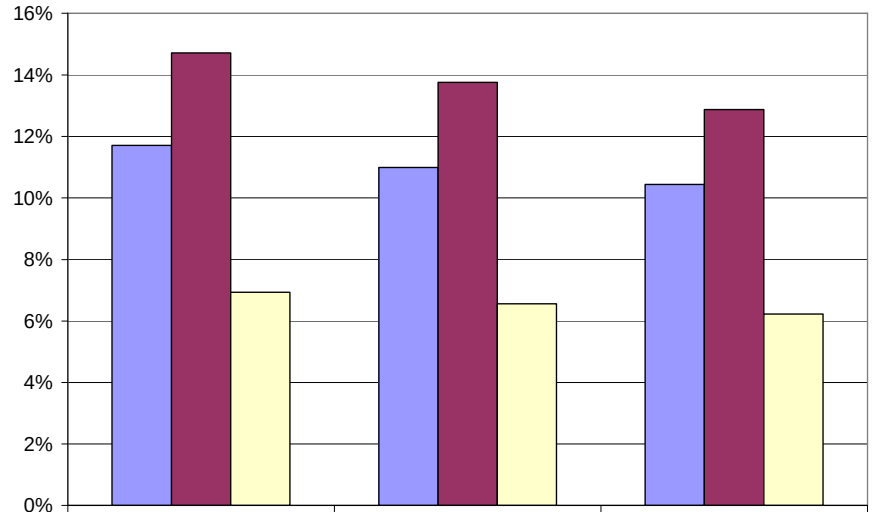
Note: Systemwide cost is audited data, modal cost is unaudited.

Graph IV-5
Passengers Per Vehicle Service Hour
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	5.4	5.8	5.4
Fixed Route	6.9	7.5	7.1
DAR	2.8	2.8	2.8

Graph IV-6
Fare Recovery Ratio
Systemwide, Fixed Route and DAR



	FY 2006	FY 2007	FY 2008
Systemwide	11.71%	10.99%	10.44%
Fixed Route	14.72%	13.76%	12.88%
DAR	6.93%	6.56%	6.23%

Note: Systemwide cost and fare revenue are audited data, modal cost and fares are unaudited.

Findings from Verification of TDA Performance Indicators

1. Operating costs systemwide increased by 34 percent over the past three years. Fixed route operating costs increased by 39 percent and DAR costs increased 20 percent. One of the primary reasons for the cost increase was the rapid growth in gasoline prices that occurred during this period. Increased fuel prices impacted the transit agency, causing it to increase its fuel costs by about 60 percent between fiscal years 2006 and 2008. Insurance cost also increased significantly in the past year due to an in-service vehicle accident involving a pedestrian in Big Bear Lake. Labor cost for direct vehicle operations increased 35 percent between 2006 and 2008. Fixed route direct labor cost increased 32 percent while DAR direct labor increased 40 percent. A new bargaining agreement was reached with the teamsters representing drivers and dispatchers in September 2007.

2. Ridership increased by 10 percent systemwide. Fixed route passengers increased by 18 percent; however DAR ridership declined 13 percent. Peak systemwide ridership occurred in FY 2007 when it reached over 182,000, primarily due to the increase in fixed route passengers. Ridership then decreased from this peak in FY 2008. This trend might in part be attributed to the fare increase on the DAR for general public riders who moved on to the fixed route, as well as incremental improvements to service.

3. The provision of revenue hours and miles was relatively flat systemwide during the audit period, although hours and miles for fixed route increased while decreasing for DAR. Fixed route revenue hours and miles increased by 7 percent while DAR revenue hours and miles decreased by 3 and 13 percent, respectively.

4. Operating cost per passenger increased 22 percent systemwide. Cost per passenger increased 18 percent on fixed route and 38 percent on DAR. The trend in DAR ridership has been declining, while costs continue to increase.

5. Operating cost per hour increased 30 percent systemwide. The indicator grew by 29 percent on fixed route and by 24 percent for DAR. Operating costs for both modes increased at a faster pace than the changes in revenue hours and miles.

6. Passengers per hour increased 7 percent systemwide and 10 percent for fixed route. DAR passengers per hour decreased by 10 percent, although the indicator was relatively stable at 2.8 riders per hour. The growth in ridership outpaced the growth in revenue hours, which is a positive indicator.

7. The fare recovery ratio over the past three years declined for both modes. Farebox for fixed route declined 10 percent while DAR declined by 32 percent. The overall decrease systemwide was almost 15 percent. However, in each year of the audit, MARTA's farebox exceeded the TDA farebox requirement. As described earlier, the cost of providing the service driven by fuel and labor expenses outpaced the growth in fare revenues.

MARTA Performance Against COA Benchmark Standards

The MARTA Comprehensive Operations Analysis developed in August 2007 contained a list of suggested performance standards and benchmarks to help evaluate current services. The evaluation of performance during the audit period against these benchmarks is summarized in Table IV-4. There is a mixture of performance indicators during the audit period that both meet the benchmarks and fall below the benchmarks. The Big Bear fixed route appears to meet all the benchmark standards.

In its monthly Board reports, MARTA uses a separate set of performance targets to gauge its service. Some performance targets, such as for fare revenue and operating expenses, were adjusted by MARTA staff between fiscal years 2005 and 2006 to reflect recent trends. Other targets, such as for total passengers, vehicle hours and miles, and vehicle reliability, have remained the same.

Table IV-4
MARTA Performance Against COA Benchmark Standards

COA Performance Standard	Benchmark		FY 2006		FY 2007		FY 2008	
			Big Bear	Crestline	Big Bear	Crestline	Big Bear	Crestline
Operating Cost/Passenger	Off the Mountain	$ 10.00	$ 21.52	$ 15.39	$ 23.55	$ 25.35	$ 28.59	$ 23.38
	Fixed Route	$ 10.00	$ 5.39	$ 21.26	$ 5.05	$ 20.50	$ 6.97	$ 22.54
	Dial-A-Ride	$ 27.00	$ 22.70	$ 21.71	$ 24.71	$ 24.55	$ 28.43	$ 25.07
Operating Cost/Revenue Hour	All Services	$ 75.00						
	Off the Mountain		$ 57.29	$ 60.98	$ 64.94	$ 92.70	$ 81.10	$ 77.10
	Fixed Route		$ 57.01	$ 60.58	$ 58.38	$ 60.02	$ 72.08	$ 74.41
	Dial-A-Ride		$ 63.93	$ 61.87	$ 67.66	$ 68.73	$ 73.16	$ 72.04
Passengers/Revenue Hour	Off the Mountain	7.0	2.7	4.0	2.8	3.7	2.8	3.3
	Fixed Route	7.0	10.6	2.8	11.6	2.9	10.3	3.3
	Dial-A-Ride	3.0	2.8	2.8	2.7	2.8	2.6	2.9
Farebox Recovery Ratio	Off the Mountain	20.00%	17.98%	12.82%	19.51%	11.22%	17.54%	14.35%
	Fixed Route	12.00%	17.84%	6.55%	16.41%	6.94%	13.05%	6.65%
	Dial-A-Ride	6.00%	6.51%	7.19%	6.18%	6.79%	6.56%	6.01%
Revenue to Non-Revenue Hour Ratio	Non-revenue hours should not exceed 10% of total revenue and non-revenue hours for all service types.							
	Off the Mountain		3%	15%	14%	15%	12%	14%
	Fixed Route		8%	11%	7%	9%	7%	7%
	Dial-A-Ride		15%	9%	10%	10%	12%	9%

Source: TransTrack for FY's 2006, 2007 and 2008 performance data.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within MARTA. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at the agency:

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

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

Several changes at MARTA occurred over the past three years, including the following:

- New transit management was introduced in September 2006. The current General Manager joined MARTA in September 2006, and the Operations Manager joined in November 2007.
- Changes were made to internal processes to improve the accountability and general culture of the agency. Several employee handbooks and manuals were updated.
- A fare increase took effect in October 2006 which raised the Big Bear Valley general public dial-a-ride fare from $2.00 to $4.00. Also, the Crestline and Off the Mountain fixed route cash fare was split between a boarding fee and zonal fee; however, it did not raise the overall cash fare.
- The Big Bear Visitors Trolley, initiated in July 2004 as a joint project between MARTA and the City of Big Bear Lake, was terminated in April 2007. Increased operating costs and required subsidies, as well as a declining farebox recovery, were factors for the trolley's elimination.
- A Comprehensive Operations Analysis was completed in August 2007 that laid the foundation for enhancements and improvements in service delivery. Although outside the audit period, a rollout of service improvements occurred in February 2009 to increase service frequency and improve transit connections. A park and ride facility was also made available in Crestline. These improvements will be followed by the introduction of a new MARTA logo and anticipated fare increase.

Operations

MARTA's service market is largely seasonal but with a high proportion of low-income transit-dependent riders. Mountainous terrain, traffic congestion on key corridors, unpredictable seasonal weather and natural disasters can impede the smooth delivery of transit and continuous service. There were two wildfires in 2007 that affected service and required MARTA to provide assistance through the Mountain Mutual Aid Association. However, MARTA is finding ways to improve service in spite of these conditions, most recently introducing 30-minute fixed route service.

A new Operations Manager was hired in November 2007. This position assumes responsibility for duties formerly distributed to several staff, including an office manager at Crestline and an operations manager in Big Bear (later upgraded to Assistant General Manager). Three operations supervisors, including one Operations Supervisor/Trainer in Crestline, report to the Operations Manager and provide the daily management of the system.

A bargaining agreement with Teamsters Local 572 representing full-time drivers and dispatchers was negotiated and signed on September 24, 2007. The contract renewal is for a three-year period through FY 2009-10. An amendment to the agreement was signed in January 2008 that provided retirement contributions to the Teamsters Pension Fund for probationary drivers and dispatchers. Incentive pay is provided if a certain level of work hours is successfully achieved. Other benefits for full-time drivers such as sick leave and health insurance are offered. Benefits are not extended to part-time employees. Absenteeism was identified as a minor issue by the Operations Manager, but may be attributed to medical issues for a few drivers.

A review of sample trip sheets provided by MARTA for fixed route and dial-a-ride shows that drivers are able to fill in both deadhead and revenue time and mileage. These are input into TransTrack for performance measurement. However, during revenue service, if drivers are allowed official break times in which there is no expectation of carrying a passenger, this time should be recorded separately and not counted as part of revenue service. Currently, there is no separate space for drivers to record their break time during revenue service. Management is in the process of updating the trip sheets and should consider adding space on the trip sheet for drivers to record the beginning and end of break time, as well as their location.

Fueling of vehicles was moved from a private business to a county fueling facility in early 2007. The county fueling station is located closer to MARTA's facility. Fuel cards are used to monitor the amount of fuel used by drivers and to control cost. Since the majority of the fleet is run on either gasoline or diesel, fueling options have become more abundant.

Interagency Agreements

MARTA continues its existing interagency agreements with other public transportation providers in San Bernardino Valley as they pertain to Off the Mountain commuter services. One is a Cooperative Service Agreement with Omnitrans for the provision of public transit service. Under the terms of the agreement, signed in June 1999, both agencies would share operational

information and coordinate transit service to increase rider convenience of transfers between systems. Each operator would alert the other of changes in service levels and accept each other's fare media as a base fare. MARTA has OTM transit services that terminate in downtown San Bernardino, enabling the potential for transfers between the systems.

MARTA entered into an Interagency Service Agreement in September 2001 with the Southern California Regional Rail Authority (SCRRA) for passenger transfers from Metrolink onto the MARTA system. MARTA honors Metrolink tickets, an arrangement by which MARTA does not collect an additional fee. MARTA provides SCRRA with an invoice of transferring passengers for fare reimbursement. The base fare for each transfer in the agreement is $2.00 per transferring passenger. Recently improved and expanded MARTA OTM schedules provide better connections to both Omnitrans and Metrolink in San Bernardino.

Driver Turnover

Turnover in staff has varied over the last several years. Using available documented data from MARTA, turnover in total staff was 5 percent in FY 2004, 28 percent in FY 2005, 28 percent in FY 2006, and 12 percent in FY 2007. This turnover included changes in new leadership of the agency in 2006 and 2007. There are about 25 drivers currently on staff who work 32 hours per week.

MARTA improved its recruitment process through method of advertising for driver positions, venues where it recruits (e.g., job fairs, newspaper, website, word of mouth) and appropriate questions to ask. Generally MARTA requires new drivers to possess a commercial license which lowers MARTA's cost but reduces the number of qualified applicants. A Recruitment and Selection of Employees Policy was adopted and implemented in the spring of 2008 to document MARTA's recruitment practices and help applicants understand the selection process.

Scheduling of drivers and dispatch work hours has improved. Management instituted a bid process for drivers to select their schedule based on seniority. An extraboard of on-call drivers was developed to provide backup personnel for emergencies. MARTA has also been working on enhancing the employee recognition program.

Seniority of drivers varies, ranging from 1 year of service to over 20 years. There is a sizable gap between the driver with 20 years of service and the next in seniority with 10 years. Most other drivers have between 7 and 10 years of service, while some have as little as 3 years. About one-fifth of drivers had prior transit experience, but the entire group's backgrounds are diverse. Most drivers tend to be in the same age group.

Drivers are evaluated based on their driving performance, attendance, comments received and supervisor evaluation. A defined method for disciplinary action is communicated by management with staff and is strictly followed to avoid ambiguity. In addition to the Operations Manager, there are three supervisors to oversee the daily activities of the staff.

Training

Improved consistent training was implemented during the audit period. Management standardized the type of training received by the drivers including maintaining Verification of Transit Training (VTT) and/or General Public Paratransit Vehicle (GPPV) certification. Standardization helps to coordinate the various training needs and requirements. A new training manual was developed to assist with standardizing and documenting the safety and operational procedures. Additional materials that have been developed by MARTA to help with training in operations include a personnel policy manual (still in progress), a driver handbook and an updated accident reporting procedure form.

The updated driver handbook, effective September 2008 and shortly after the audit period, represents official MARTA policy and operating procedures and supersedes the previously published driver handbook. The handbook is the most current statement of expectations for MARTA drivers and dispatchers. Employees are charged with the duty to read, know, understand and comply with the rules set forth in the handbook. Failure to comply with stated policy and procedures could result in corrective action and/or discipline if appropriate under the labor contract between MARTA and the Teamsters Union. The handbook also includes an ADA Announcements by Route policy indicating where MARTA drivers will routinely make all stop announcements at a minimum. In addition, drivers will make any other stop announcement requested by a customer.

The accident reporting procedures form contains five subject areas and a sub-listing of procedures that should be followed under each subject. The subject areas are accident notification, accident scene, accident report, accident report package, and accident review.

MARTA hired and utilizes one certified driver trainer for both facilities. After an employee passes the written test and obtains a learner's permit, MARTA provides road training. Regular safety training is provided, with renewal courses to ensure drivers maintain their licenses. Required training of at least eight hours a year is provided, per California State law. This training consists of any combination of classroom, behind the wheel, or inservice training. Driver safety conferences and safety meetings also qualify toward the annual refresher training. While the classroom training does not typically include guest speakers, representatives from the elderly and disabled community, the CHP and the County are invited to speak.

Terminal Inspections

As described in earlier sections of the performance audit, for most CHP inspections, only minor vehicle and driver records violations were reported and MARTA continued to maintain "satisfactory" ratings. Vehicle inspections have been rated "satisfactory" in each year of the audit.

However, MARTA received an "unsatisfactory" rating during a CHP terminal inspection of the Big Bear facility on February 1, 2006. This was the second unsatisfactory rating at that facility over an 18-month period going back to September 2004. The CHP inspector found nine violations

that MARTA had failed to comply with Controlled Substance and Alcohol Testing Program requirements by failing to remove a covered employee from operating an agency vehicle following a verified positive random substance test result. The violations referenced California Vehicle Code Section 34520(d)-Motor Carriers and Drivers Controlled Substances and Alcohol Use Testing. The inspection report stated that MARTA's records indicated that the employee in question had a verified positive test result on March 23, 2005, but continued to perform a safety-sensitive function (i.e., operate a revenue vehicle) until January 23, 2006.

MARTA had 120 days to resolve these issues, and upon a subsequent CHP inspection on June 6, 2006, it received a "satisfactory" rating. Since then, both MARTA facilities have received continuous satisfactory ratings.

Dial-a-Ride Policies

MARTA's window for pickups is generally no earlier than 30 minutes before and up to 15 minutes after the scheduled pickup time. Passengers are requested to be ready at least 30 minutes prior to scheduled pickup. The DAR vehicle waits no longer than 3 minutes for the passenger to be visible and ready at their pickup location. MARTA has a policy of no denials for ADA riders.

To better manage DAR operations, MARTA has recently enforced its "Late Cancellation" and "No Show" policy. The policy is documented (copy provided to the auditor) and is provided to the public via a link on the agency's Internet website. The new bus schedule also describes the policy. No shows and late cancellations have posed past problems and were tracked, but the policy was not enforced previously.

Cancellations must be made at least 1 hour in advance of the pickup time. Failure will result in a "no show," which is defined as:

1. Failing to be ready at the scheduled pickup time or within 3 minutes after the bus arrives;
2. Choosing not to ride the bus after the bus arrives at the scheduled pickup time.
3. Failing to cancel a reservation at least 1 hour in advance.

MARTA implements a series of steps upon issuing a customer the first no show during a 90-day period. For the first no show, the customer is contacted by phone. For the second no show, a warning letter is issued emphasizing the policy. A third no show within the same 90-day period results in a 30-day suspension of DAR privileges, although the customer can still ride the fixed route. The customer is offered an opportunity to appeal the decision. Two violations of the no show policy can result in a suspension of dial-a-ride privileges for 6 months.

Operations Performance

Management indicated that maintaining consistent on-time performance has been an ongoing issue due to the roadway layout and seasonal conditions in the service area. There is only one main road that collects most of the traffic, and during peak tourist seasons, traffic congestion often results

which affects the buses' on-time performance. Management stated that riders do not typically complain about the bus schedule because it is a known condition that buses do not arrive at the exact scheduled time. Nevertheless, on-time performance of the transit system is tracked by MARTA. The criteria for a bus to be on time is not more than 5 minutes late.

Fixed route drivers call dispatch in the middle and end of each run with their location. However, dispatch does not typically record each call for on-time performance. Informal dispatch logs generated by dispatch are also eventually discarded. On the other hand, DAR driver logs are kept and filed that include scheduled and actual pickup times. Table V-1 shows the systemwide on-time performance data for the audit period, drawn from internal year-end performance reports (MARTA's TransTrack does not show on-time performance data). During the audit period, MARTA has improved its on-time performance based on its current methods, but it should continue developing a formal on-time monitoring program that uses various tools such as observation at timed checkpoints, shadow riding and recording of all driver call-ins to dispatch at preselected stops.

Table V-1
On-Time Performance

Fiscal Year	On-Time Performance	Performance Target
2006	88%	Greater than 95%
2007	96%	Greater than 95%
2008	95%	Greater than 95%

Note: The MARTA Comprehensive Operations Analysis suggests a 90% on-time benchmark and 75% on-time benchmark during severe weather conditions.
Source: MARTA internal performance reports.

Customer complaints provide a simple measure of customer satisfaction and operational effectiveness. MARTA uses TransTrack to document and log all complaints. The Operations Manager is the designated staff member who fields the complaint and inputs into TransTrack. There are several venues for the public to file a complaint or compliment, including use of a customer comment card on the vehicles, by letter or email, and by phone to either the Big Bear or Crestline dispatcher. Generally about 40 percent of respondents want a follow-up call about the handling of the complaint. A summary description of complaints and their status is provided monthly to the Board in the operational reports. Management indicated that there was an increase in complaints due to better record keeping with use of TransTrack. As shown on TransTrack, filed complaints have been driver-related (e.g., rude and discourteous drivers, or unsafe driving) or other suggestions.

The number of complaints can be measured as complaints per 100,000 passengers. Table V-2 shows this indicator for the transit system using internal MARTA performance indicators reports. The complaints data on TransTrack appeared incomplete for FY 2005-06.

The data shows that the trend of complaints has increased during the audit period, with complaints per 100,000 riders increasing from 12.50 in FY 2006 to 30.91 in FY 2007 and 23.12 in FY 2008. A concern is that the number of complaints is above the performance goal of 15 complaints per 100,000 riders. In spite of more accurate tracking and recording of complaints, the increase above the performance target should be addressed, given the number of complaints above the target.

Table V-2
Complaints Per 100,000 Passengers

Fiscal Year	Complaints per 100,000 Passengers	Performance Target
2006	12.50	Less than 15
2007	30.91	Less than 15
2008	23.12	Less than 15

Note: The MARTA Comprehensive Operations Analysis suggests a benchmark of 1 complaint per 100,000 riders.
Source: MARTA internal performance reports

Comments by the public include commendations as well. There were at least 7 commendations made during the audit period for a variety of reasons, including courteous drivers and help making transit connections. Additional commendations have been made after the audit period.

Another performance measure of operations and driver success is the number of preventable accidents. MARTA maintains an accident log on a calendar year basis detailing the date, driver name, bus number, accident description, and determination (chargeable or nonchargeable accident). Internal accident logs provided by MARTA show that in calendar year 2006, there were five recorded accidents, three in Big Bear and two in Crestline. One of the five was an at-fault chargeable accident involving a collision with a bus mirror. In calendar year 2007, there were 21 recorded accidents, 12 in Big Bear and 9 in Crestline. Five of the accidents were chargeable, primarily from collisions and one onboard passenger injury.

A performance indicator of accidents can be expressed as the number of preventable accidents per 100,000 miles by fiscal year. Table V-3 shows the results of the analysis. MARTA is meeting its performance target of less than 2 accidents per 100,000 miles. However, a severe accident in 2007 involving a pedestrian and a MARTA vehicle has financially impacted the agency through increases in insurance premiums.

Table V-3
Preventable Accidents
Per 100,000 Miles

Fiscal Year	Accidents per 100,000 Miles	Performance Target
2006	0.2	Less than 2
2007	0.1	Less than 2
2008	0.2	Less than 2

Note: The MARTA Comprehensive Operations Analysis suggests a benchmark of 1 preventable accident per 200,000 miles.
Source: MARTA internal performance reports.

Although outside the audit period, MARTA rolled out enhanced and improved service in February 2009 to address some critical performance issues such as the declining trend in farebox recovery. There is a two-phase implementation strategy, the first being the introduction of the improved services and the second being a new logo and likely fare increase. As the performance indicators show that the Off the Mountain services are falling below the COA benchmark for passengers per hour, as shown in Section IV of this audit, the improved services include better connections with Metrolink and Greyhound stations in San Bernardino. Higher frequency service is also being offered on the local Big Bear fixed route, and a park and ride facility is now available in Crestline.

Fare Revenue Count and Handling

In the past, drivers used pouches to collect fares on board the vehicles, posing security and safety risks. Fareboxes purchased from Humboldt Transit Authority in northern California are currently being installed to relieve drivers from handling cash fares. Two people are present at all times to count the fares, with another administrative employee to make the deposit. The fares are counted in a separate locked room, which is an improvement from the previous method of counting fares close by a facility door entrance. The agency plans to use a homeland security grant to install video cameras at both facilities for safety and security. While it can not be verified nor confirmed, management indicated some potential discrepancies with cash handling by the drivers.

The trip sheets for both fixed route and dial-a-ride include an "office use only" section for the comparison of estimated and actual fares. Estimated fares are the expected revenues based on the rider types recorded by the drivers. The expected fares are compared to the counted actual fares to determine the amount of overage or shortage. The sample trip sheets provided by MARTA showed these sections being completed to allow management to review the degree of difference and patterns in fare revenue collection.

Maintenance

The Maintenance Manager has been with MARTA for 10 years, serving as manager for the past three and a half years. There are currently three full-time mechanics and a part-time mechanics helper. The Big Bear and Crestline facilities each have a mechanic, with the manager rotating between the two facilities. The mechanic position for the Big Bear facility experienced frequent turnover over the past year with two mechanics leaving. During this time, the position was open for a few months and required the Maintenance Manager to fill in to ensure vehicles were maintained appropriately and that revenue service was not interrupted. The mechanics helper (currently a non-benefitted part-time position) washes the vehicles, among other duties. MARTA is experiencing some savings from washing the vehicles on the premises versus taking them to a privately operated bus wash, which was previous practice. It was indicated that the per unit cost to wash a bus offsite was between $80 and $120.

Each facility is relatively compact and has two bays. The Crestline maintenance facility is about 1,500 square feet and can accommodate buses with a maximum length of 25 feet. The Big Bear facility is slightly larger and can accommodate up to 30-foot buses. Preventive maintenance inspections (PMIs) follow the vehicle manuals for each type of bus as well as the CHP regulations code. Maintenance (regular oil changes and other routine checks) is conducted every 45 days or 4,500 miles, depending on the respective vehicle manuals. The Maintenance Manager will schedule maintenance at 4,000 miles or 40 days as a buffer to stay in compliance. At each facility, a bulletin board is posted in the open showing all the vehicle maintenance schedules, mileage and required repairs. All maintenance is recorded on a time-and-materials sheet per vehicle that includes parts numbers; the sheet is then filed as a hard copy in the file for that particular vehicle.

All vehicle repairs are done in-house with the exception of warranty repairs which MARTA will take to a dealer. The closest dealers for warranty repairs are located in San Bernardino and Victorville. For a small maintenance staff, having the capability and expertise to make non-warranty-covered repairs in-house could represent significant cost savings provided the buses are repaired when needed for service.

Spare parts are kept in key-locked rooms at each facility, with approximately $4,500 worth of inventory at the Big Bear facility and between $3,000 and $4,000 worth of inventory at the Crestline facility. Each morning the Maintenance Manager conducts an inventory check and keeps mental note of available quantities. Restocking occurs when only a few quantities of an item remain. A local Napa parts store typically provides one-day turnaround on orders. Bulk oil levels are checked by a representative from the independent oil provider.

The maintenance department currently does not have a functioning maintenance software package to electronically track and centralize maintenance activities and parts inventory at both facilities. As such, only original hard copies of work orders are available, with no electronic backup. Under prior management, maintenance software developed by JJ Keller (Keller's Maintenance Manager) was purchased and installed at MARTA, but the current manager indicated it is too complex to use. Other priorities have prevented any training on the software. MARTA should make effort to

install usable maintenance software and provide training so that records can be centralized and stored electronically for safekeeping.

Maintenance-related performance measures are included in the monthly Board agendas. One measure of vehicle maintenance is the number of vehicle roadcalls during revenue service. Figure V-4 shows the trend in this measurement over the three audit years.

Figure V-4
Revenue Miles Between Roadcalls

Fiscal Year	Miles Between Roadcalls	Performance Target
2006	19,496	Greater than 15,000
2007	24,849	Greater than 15,000
2008	18,935	Greater than 15,000

Note: The MARTA Comprehensive Operations Analysis suggests a benchmark of 1 roadcall per 10,000 revenue miles.
Source: MARTA internal performance reports.

The performance target is greater than 15,000 miles between roadcalls. MARTA has been able to meet this performance standard over the last three years. The availability of a mechanics assistant at each facility, even with recent turnover at the Big Bear facility, has improved MARTA's ability to maintain vehicles and allows the Maintenance Manager flexibility to fill in where needed on preventive maintenance and vehicle repairs. New vehicle purchases will also help with reducing roadcalls.

An issue raised during the last triennial performance audit was the lack of growth in maintenance costs relative to growth in service miles. This was an issue because the number of miles between roadcalls remained below the performance standard, indicating vehicles might not have been maintained sufficiently due in part to instability with mechanic turnover. Figure V-5 shows the maintenance cost per mile for this audit period. Although changes in annual maintenance costs did not fully correlate with changes in revenue miles, the stability in costs over the past six years shows positive strides in maintenance practice because the performance standard of miles between roadcalls is now being met with essentially the same number of staff and the same vehicles.

Figure V-5
Vehicle Maintenance Cost Per Mile

Fiscal Year	Maintenance Cost	Revenue Miles	Maintenance Cost Per Mile	Percentage Change
2006	$227,035	565,382	$0.40	
2007	$203,800	563,867	$0.36	-10.0%
2008	$246,987	520,758	$0.47	30.6%

Source: TransTrack

Planning

The visibility of MARTA in relation to planning of services and local and regional issues has increased. MARTA is part of a local management group that commenced in late 2007 and meets quarterly to discuss emergency preparedness, land use and other current issues that could affect the local community. The group comprises MARTA, local politicians, top management from various departments in local agencies, the Chamber of Commerce, and state and federal governments. The management group provides MARTA a venue to communicate transit information with stakeholders and learn about new and potential developments that could impact its service. MARTA also will join as a member of the Big Bear Lake Chamber of Commerce.

System performance is reviewed monthly by MARTA management with respect to key statistics including ridership, operating expenses and revenue hours and miles. Meetings with staff are held to discuss the data so they are aware of the trends and can make adjustments as necessary. There was initial resistance by some staff in using TransTrack as a data management tool. However, management worked with these staff to alleviate the initial difficulties with the new software. Detailed performance reports and financial statements of actual versus budgeted revenues and costs are prepared and reviewed by the General Manager as part of the monthly agenda for the Board. The ongoing review of performance data with the Board aids in making service planning decisions.

A significant planning effort during the audit period was the completion of the MARTA Comprehensive Operations Analysis in August 2007. The operations analysis replaces the Transit Operations and Capital Plan (TOCP). Among the study efforts was a demographic analysis of the service area, an assessment of current routes and operations, suggested performance standards and recommended alternatives for improvements to services. An operating and capital financial plan was also developed that provided a five-year forecast of revenues and costs. The operations analysis provided the basis for service adjustments by current management including the rollout of improved services beginning in February 2009.

SANBAG's annual unmet transit needs hearings are rotated between Big Bear Lake and Crestline, among other locations in the high desert area. The hearings provide the public an opportunity to voice their opinions and needs for public transit. In addition, prior to adoption of any service adjustments, MARTA holds public meetings in both Big Bear and Crestline during Board sessions to discuss the anticipated changes. Past unmet need requests that have been recommended for funding have included adding a mid-day trip on the OTM service from Big Bear Valley to San Bernardino and extending existing service operating between Crestline and Lake Arrowhead to Green Valley Lake.

Marketing

Prior to this audit period, MARTA had a marketing plan completed by an outside consultant in early 2004 which the agency references in its ongoing marketing efforts. As part of the two-phase improvements in transit service being implemented starting in February 2009, MARTA is

implementing marketing strategies that will improve its visibility and promote the usefulness of the services MARTA provides in the mountain region. The marketing strategies comprise several focus areas. One focus area is to enhance the system's identity and image through clean buses, bus stop improvements and amenities, promoting feedback from passengers, and a redesigned logo and visual scheme on the sides of the buses. A second focus area is on new signage at bus stops, at the park and ride lot in Crestline and at local grocery stores. A third area is to build partnerships with business/tourism and other organizations to promote MARTA service. MARTA is a member of the Big Bear Lake Chamber of Commerce and will also join the Crestline, Arrowhead & Running Springs Chamber of Commerce. A fourth focus area is the provision of information resources including adding links on MARTA's website home page and posting customer information such as "how to ride" public information notices and the DAR no show policy.

There are 19 bus shelters in the mountain area with the majority located in Big Bear. The shelters are owned by Parallel Broadcasting, which sells advertising space. MARTA receives 10 percent of the revenue amounting to a few thousand dollars per year. The previous 10-year contract with the private vendor was expiring at the beginning of this audit period, and MARTA indicated the contract was renegotiated under similar terms.

MARTA developed a new transit brochure as part of its rollout of improved service in February 2009 to reflect the new schedules and modernize the brochure format. The new brochure includes rules to ride by and clearly states the DAR cancellation and no show policies. As an added convenience, the one-way fare per route is shown alongside the route schedule. The one-way cash fare in the brochure no longer separates the fare between the zone fee and boarding fee for the Crestline local fixed routes, Off the Mountain commuter routes, and Crestline dial-a-ride.

The brochure, available on MARTA buses and facilities, is distributed to the Chamber of Commerce and other key business locations, including senior centers, libraries, grocery stores and government offices. The agency's website has been recently updated to reflect the new services and bus schedules. MARTA also intends to introduce a new systemwide logo during its second phase implementation to bring new visibility and awareness to the transit system.

Customer comment cards on the vehicles are being updated to include checkboxes and other user-friendly formats when reporting a situation. The comment card serves several purposes, including allowing ongoing customer feedback on service and reporting an incident involving a MARTA vehicle. Other suggestions included on the card for providing feedback to MARTA include sending a letter or email or making a phone call.

During the conduct of the Comprehensive Operations Analysis in 2007, survey work was undertaken by the consultant to assess ridership types and collect trip and boarding data. An onboard passenger survey was conducted, and public and stakeholder interviews were held to document comments voiced by community leaders, political leaders, representatives of local agencies and organizations, and community members.

A customer calling the general public phone number listed on the bus brochure and website to contact MARTA is first circulated to dispatch, who responds to the question or request, or

forwards the call to the appropriate staff. A voice recorder is utilized during off hours to record all calls not taken by dispatch.

MARTA offers a variety of fare media to capture riders' trip needs and distinguish between the types of transit services offered. Single and multi-trip passes are available, and zonal fares are charged for longer-haul Crestline services. Both fixed route and DAR offer single and multi-ride tickets. During the fare increase in 2006, the Crestline one-way fares were separated between a zonal charge and a boarding fee, although the total cost of the fare did not increase. This separation of the fare distinguished between the portion of fare charged per zone, and the one-time boarding fee. The fare reverted to the one cash fare in the most recent brochure published in February 2009.

General Administration and Management

The transit agency continues to be guided by a Vision and Goals statement. The vision statement is:

A stable and responsive transit service which:

- *Is safe, cost effective and convenient to use;*
- *Is valued by and matches the diverse needs of the residents of the mountain communities;*
- *Is user friendly, and projects a positive attitude;*
- *Assist in promoting economic development and tourism;*
- *Receives funding to match the desired levels of service;*
- *Is a cost effective, well managed and professional organization;*
- *Recognizes and values its employees as a resource in carrying out its mission.*

The goals of the agency are:

- *To provide clear and open communication;*
- *To develop well-trained staff;*
- *To ensure continuous financial stability;*
- *To provide improved public transit service to the entire mountain communities;*
- *To implement proactive public relations marketing, and advertising.*

There were several significant personnel changes during the audit period. Under the prior General Manager, a new Assistant General Manager position replaced one of the two Operations Managers who each served at the MARTA facilities. A new General Manager was hired in September 2006.

The Assistant General Manager position soon became vacant. It was indicated that this position, while still recognized, will not be filled. The new Operations Manager, hired in November 2007, serves in this capacity in addition to having operational responsibilities.

Current staffing comprises 25 full-time drivers (working 32 hours per week), 3.5 full-time maintenance staff, 2 dispatchers, and 5 administrative personnel. There was recognition by the new General Manager that in spite of the one agency, there were two distinct cultures at the Big Bear and Crestline facilities, presenting organizational issues. The Big Bear operation was geared toward a fixed route culture given that the fixed route service is predominant in Big Bear, while the Crestline operation reflected more of a dial-a-ride environment, although fixed route service is also provided from that location.

To address these issues, the new General Manager implemented a series of policy formulations to introduce standardization and uniformity among the staff. These included development of a training manual, a personnel policy manual (still in progress), a driver handbook and an accident reporting procedure form. A probationary service policy for non-represented employees was also implemented which officially documents MARTA's probationary service practices. The implementation and familiarity of TransTrack as a performance measurement tool has also helped to standardize the tracking and reporting of data among the agency staff.

In response to a fiscal compliance audit finding, written accounting procedures were also outlined for receiving, counting and depositing cash, approval of accounts payable/receivable and payroll. Financial oversight procedures were strengthened and cash handling procedures were tightened. The General Manager reviews accounting and purchases including the accounting conducted at both facilities. Payroll checks are automatically deposited into employee accounts. Changes to the agency's chart of accounts using QuickBooks software are also being undertaken to make the accounts more transparent and include additional detail. The General Manager reviews and approves all invoices and investigates for the best prices.

MARTA experienced a severe computer system crash which resulted in lost information because the system lacked a backup server. A new server system with hardware and backup capabilities has since been installed. The agency is investigating ways to ensure backup data is maintained offsite.

Communication was another identified issue from the past. In response, regular communication has improved between the facilities and staff through changes to the overall culture and implementation of documented standards. A success factor in improved communication and policy has come from the top in that new management is more responsive to agency needs and practices fairness. The implementation of the personnel policy manual and other guidance documents has helped to communicate and assure that MARTA employees are treated consistent with Board adopted policies, which in turn has improved the agency's culture.

The Board Agenda Reports include detailed information for Board review. For example, trends in operations are provided, as well as financial budget reports. Web traffic on the agency's Internet site is also documented. Using TransTrack, monthly performance reports including year-to-date

information is developed. The data is separated by route and service (Big Bear fixed route, OTM Big Bear, OTM Crestline, Big Bear DAR, etc.) with graphic display of trends which helps Board members view the different aspects of the Big Bear and Crestline systems. Some of the measures are TDA indicators while others include subsidy per passenger and average fare per passenger.

Other operating activities, including roadcalls, complaints and accidents, are also reported to the Board. These indicators are compared to performance targets that are different from those contained in the Comprehensive Operations Analysis. An updated income and expenditure statement detailing the various line items is shown in the Board packet. From a review of several sample Board agenda packets provided by MARTA, the Board receives a thorough report about ongoing operational results and can make informed decisions about the transit system.

Development of the annual budget involves meetings between the General Manager and agency staff, and several considerations including the previous year's budget, short-range transit plans, outcomes of the unmet transit needs process, and other anticipated transit needs. Actual expenditures versus budgeted numbers are compared monthly and presented to the Board.

Grants Management

MARTA manages its capital STAF and LTF through spreadsheets depicting the fiscal year, allocation number and federal grant number. A project description is provided, along with allocation amounts and disbursement on a monthly basis. Federal grants and STAF matching funds provided the majority of capital revenues for asset purchases during the audit period. MARTA continues to follow the recommended capital improvement schedules in the short-range plan.

During the audit period, STAF funding was allocated for the following under various grant numbers: FY 2006 – shelters, benches and trash receptacles, vehicle replacement, computer equipment, and Crestline facility repair; FY 2007 – vehicle replacement and office equipment; FY 2008 – replacement and expansion of vehicles, office equipment and bus stop repairs.

The General Manager takes responsibility for applying for transit grants. The grants are pursued as a means to continue the operating and capital funding of the agency and meet schedules contained in planning documents. MARTA recently procured seven new revenue vehicles in the past year. Four of the new vehicles are dial-a-ride gasoline powered, two are Type VII fixed route diesel vehicles, and one is a staff vehicle. The vehicles were purchased off the State's procurement contract. MARTA received a federal CMAQ grant and utilized STAF funds as the local match. This procurement keeps the agency in line with its vehicle replacement schedule. Total cost of the procurement was $656,300.

A grant through the California Transit Security Grant Program – California Transit Assistance Fund was also pursued by MARTA in 2008 for surveillance cameras that will be installed at both the Big Bear and Crestline facilities. Other capital security projects include improved lighting and gated fencing at the Crestline facility.

Other recent grant activity by MARTA includes working on securing an FTA 5311(f) intercity grant for the Big Bear service and an FTA 5316 JARC grant for Crestline service.

Section VI

Findings

The following summarizes the major findings obtained from this triennial audit covering fiscal years 2006 through 2008. A set of recommendations is then provided.

1. Several changes at MARTA occurred over the past three years, including the following:

   - New transit management was introduced in September 2006. The current General Manager joined MARTA in September 2006, and the Operations Manager joined in November 2007.
   - Changes were made to internal processes to improve the accountability and general culture of the agency. Several employee handbooks and manuals were updated.
   - A fare increase took effect in October 2006 which raised the Big Bear Valley general public dial-a-ride fare from $2.00 to $4.00. Also, the Crestline and Off the Mountain fixed route cash fare was split between a boarding fee and zonal fee; however, it did not raise the overall cash fare.
   - The Big Bear Visitors Trolley, initiated in July 2004 as a joint project between MARTA and the City of Big Bear Lake, was terminated in April 2007. Increased operating costs and required subsidies, as well as a declining farebox recovery, were factors for the trolley's elimination.
   - A Comprehensive Operations Analysis was completed in August 2007 that laid the foundation for enhancements and improvements in service delivery. Although outside the audit period, a rollout of service improvements and marketing strategies occurred in February 2009 to increase frequency and improve transit connections. A park and ride facility was also made available in Crestline. These improvements will be followed by the introduction of a new MARTA logo and anticipated fare increase.

2. MARTA has complied with most TDA requirements with the exception of a finding regarding the late submission of the fiscal and compliance audits for FYs 2007 and 2008. The reports were transmitted electronically to the State Controller's Office and SANBAG nearly two weeks late, with no penalties. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion. Two additional compliance requirements did not apply to MARTA.

3. The new General Manager implemented a series of policy formulations to introduce standardization and uniformity among the staff. These included development of a training manual, a personnel policy manual (still in progress), a driver handbook, and an accident reporting procedure form. A probationary service policy for non-represented employees was also implemented which officially documents MARTA's probationary service

practices. The implementation and familiarity of TransTrack as a performance measurement tool has also helped to standardize the tracking and reporting of data among the agency staff.

4. Communication was another identified issue from the past. In response, regular communication has improved between the facilities and staff through changes to the overall culture and implementation of documented standards. A success factor in improved communication and policy has come from the top in that new management is more responsive to agency needs and practices fairness. The implementation of the personnel policy manual and other guidance documents has helped to communicate and assure that MARTA employees are treated consistent with Board adopted policies, which in turn has improved the agency's culture.

5. The visibility of MARTA in relation to planning of services and local and regional issues has increased. MARTA is part of a local management group that commenced in late 2007 and meets quarterly to discuss emergency preparedness, land use and other current issues that could affect the local community. The group comprises MARTA, local politicians, top management from various departments in local agencies, the Chamber of Commerce, and state and federal governments. This provides MARTA a venue to communicate transit information with stakeholders and learn about new and potential developments that could impact its service. MARTA is a member of the Big Bear Lake Chamber of Commerce and will also join the Crestline, Arrowhead & Running Springs Chamber of Commerce.

6. For most CHP inspections, only minor vehicle and driver records violations were reported and MARTA continued to maintain "satisfactory" ratings. However, MARTA received an "unsatisfactory" rating during a CHP terminal inspection on February 1, 2006. The CHP inspector found nine violations that MARTA had failed to comply with Controlled Substance and Alcohol Testing Program requirements by failing to remove a covered employee from maintaining/operating an agency vehicle following a verified positive random substance test result. MARTA had 120 days to resolve these issues, and upon a subsequent CHP inspection on June 6, 2006, it received a "satisfactory" rating.

7. Operating costs systemwide increased by 34 percent over the past three years. Fixed route operating costs increased by 39 percent and DAR costs increased 20 percent. Similar to other transit operators, increased fuel prices impacted the transit agency, causing it to increase its fuel costs by about 60 percent between fiscal years 2006 and 2008. Insurance cost also increased significantly in the past year due to an in-service vehicle accident involving a pedestrian in Big Bear Lake. A new bargaining agreement was also reached with the teamsters representing drivers and dispatchers in September 2007.

8. The trend in the systemwide fare recovery ratio over the last three years shows a slight decline. However, the fare ratio exceeded the minimum TDA requirement of 10 percent each year. MARTA's implementation of improved services in February 2009 is anticipated to improve the farebox ratio, among other goals.

9. Most financial performance indicators such as operating cost per revenue hour and operating cost per passenger showed increases above the rate of inflation during the audit period. Factors influencing operations costs such as fuel, insurance and wages tended to increase faster over the past three years than the growth in vehicle hours and ridership.

10. Ridership increased by 10 percent systemwide. Fixed route passengers increased by 18 percent; however DAR ridership declined 13 percent. Peak systemwide ridership occurred in FY 2007 when it reached over 182,000, primarily due to the increase in fixed route passengers.

11. Three of the four prior audit recommendations were fully implemented, while one was partially implemented and is carried forward in this audit for full compliance. The recommendation carried forward is that MARTA ensures consistency between data input for the State Controller's Report and internal databases such as TransTrack. A review of comparative data during the audit period showed some data discrepancies in the earlier audit years, but improvement by the last fiscal year. This finding provides an indication that MARTA has taken steps to begin improving data consistency.

12. To better manage dial-a-ride operations, MARTA recently enforced its "Late Cancellation" and "No Show" policy. The policy is documented and is provided to the public via a link on the agency's Internet website. The new bus schedule also describes the policy. No shows and late cancellations have posed past problems and were tracked, but the policy was not enforced previously.

13. Management indicated that maintaining consistent on-time performance has been an ongoing issue due to the roadway layout and seasonal conditions in the service area. There is only one main road that collects most of the traffic, and during peak tourist seasons, traffic congestion often results which affects the buses' on-time performance. Management stated that riders do not typically complain about the fixed route bus schedule because it is a known condition that buses do not arrive at the exact scheduled time. MARTA should continue developing a formal on-time monitoring program to gauge the timely arrival of buses at designated stops.

14. Management also indicated that there was an increase in passenger complaints due to better record keeping with use of TransTrack. As shown on TransTrack, filed complaints have been driver-related (e.g., rude and discourteous drivers, or unsafe driving) or other suggestions. Reported data by MARTA shows an increase in complaints per 100,000 riders. Comments by the public include commendations as well. There were at least 7 commendations made during the audit period for a variety of reasons, including courteous drivers and assistance with making transit connections. Additional commendations have been made after the audit period.

15. In the past, drivers used pouches to collect fares on board the vehicles, posing security and safety risks. Fareboxes purchased from Humboldt Transit Authority in northern California are currently being installed to relieve drivers from handling cash fares. The agency plans

to use a homeland security grant to install video cameras at both the Big Bear and Crestline facilities for safety and security.

16. MARTA has been able to improve its maintenance performance target of revenue miles between roadcalls from past years. The availability of a mechanics assistant at each facility, even with recent turnover at the Big Bear facility, has improved MARTA's ability to maintain vehicles and allow the Maintenance Manager flexibility to fill in where needed on preventive maintenance and vehicle repairs. New vehicle purchases will also help with reducing roadcalls.

17. The maintenance department currently does not have a functioning maintenance software package to electronically track and centralize maintenance activities and parts inventory at both facilities. As such, only original hard copies of work orders are available, with no electronic backup. Under prior management, maintenance software was purchased and installed at MARTA, but the current Maintenance Manager indicated it is too complex to use. Other priorities have prevented any training on the software.

Recommendations

1. Enhance maintenance departmental controls through utilization of software.
   (High Priority)

   MARTA has installed maintenance software but it is currently unused due to lack of training. Most vehicle maintenance activities are documented on hard copies and filed, while inventory tracking is typically kept by memory. Converting these methods into electronic format using maintenance software will provide several benefits, including improving the ability to analyze trends, centralizing all maintenance-related activity for both facilities, and creating electronic backups to the hard copy files. MARTA should either provide training on the available software or investigate purchasing a new package.

2. Develop performance targets for each transit mode using the suggested MARTA Comprehensive Operations Analysis standards as a reference.
   (High Priority)

   MARTA currenty uses its own set of performance measures that are contained in the Board packets. These measures are systemwide targets for certain performance data like total passengers, services hours and miles, total fare revenue and operating expenses. Because the types of services offered differ significantly within the MARTA system (local fixed route, OTM and DAR), it is recommended that individual standards also be developed for each transit mode to enable a more thorough evaluation of performance. Each mode can have its own set of performance standards that are customized to that type of service. The MARTA COA prepared in August 2007 provides a starting point of benchmarks that could be considered for each transit mode.

3. Ensure updated trip sheets account for driver break time during revenue service.
   (High Priority)

   The current trip sheets do not have an area to fill in break time, which is when there is not an expectation of carrying a passenger. Break time during revenue service should be excluded when determining revenue hours (however, scheduled layover for fixed route is considered part of revenue service). MARTA indicated it is redesigning the trip sheets and should include room for drivers to record break time duration (beginning and end time) and their location. Excluding break time will further meet the TDA definition of vehicle revenue hours.

4. Formalize tracking of on-time performance for fixed route.
   (Medium Priority)

   In spite of management's indication that maintaining consistent on-time performance has been an ongoing issue due to the roadway layout and seasonal conditions in the service area, this provides more reason to have a consistent methodology for measuring on-time

performance. By having the fixed route drivers call in to dispatch in the middle and at the end of each run with their location, the dispatch logs should indicate the time and location of each call that could be reviewed by operations management. A formal on-time monitoring program could assist with continuous service improvements that will enhance the reliability and visibility of MARTA to the public. Various tools to measure on-time performance are available such as regular supervisor observation at timed checkpoints, shadow riding and documenting all driver call-ins to dispatch at preselected stops.

5. Designate one administrative staff member to cross-check the TransTrack data and the annual State Controller's Reports.
   (Medium Priority)

   The linkage between preparation of the State Controller's Reports and the TransTrack data should improve. Information in TransTrack that is designed to be imported into the Controller report was either missing or did not match. A comparison of the data between TransTrack and the State Controller's Report should be conducted by one designated person prior to submission to the State. This cross-checking should ensure uniformity in the performance data being presented to the public.

Governments
SANBAG
Working Together

FY 2006-2008
Triennial Performance Audit of Victor Valley Transit Authority

Submitted to San Bernardino Associated Governments

June 2009

PMC®

Booz | Allen | Hamilton

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Note: This document was prepared specifically for the Triennial Performance Audit of the San Bernardino Associated Governments, Omnitrans, Victor Valley Transit Authority, Morongo Basin Transit Authority, and Mountain Area Regional Transit Authority and the cities of Barstow and Needles transit systems. Any reuse or modification without the written authorization of PMC will be at the user's sole risk.

Executive Summary

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for Victor Valley Transit Authority (VVTA) covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The audit includes a review of the following areas:

- Compliance with TDA Requirements
- Status of Prior Audit Recommendations
- System Performance Trends
- Functional Review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of VVTA.

Compliance with TDA Requirements

VVTA has complied with most TDA requirements. Submittal of reports to the State Controller's Office, including the annual fiscal and compliance audits and the State Controller annual transit operator reports, were not on time. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion.

Status of Prior Audit Recommendations

This section reviewed VVTA's actions to implement six prior audit recommendations. Two of the prior audit recommendations were implemented, three were partially implemented, and one was not implemented. Some of the prior recommendations are carried forward for full compliance, including reviewing data for accuracy and creating a finance officer position.

System Performance Trends

1. Operating costs systemwide increased by 32.6 percent over the past three years. Fixed route operating costs increased by 29.8 percent and demand response costs increased by 38.8 percent. During the audit period, VVTA expanded certain services and implemented a fare adjustment. As part of the Operations and Growth Analysis performed during the audit period, route headways were reduced from 70 minutes to 60 minutes in August 2007. Peak period headways on some routes were reduced further to 30 minutes in August 2008, after the end of the audit period.

2. Ridership increased by 4.9 percent systemwide, with fixed route ridership increasing 4.2 percent and demand response ridership increasing 11.5 percent. The ridership increase is notable as it took place during the same timeframe that routes were redesigned and fares were increased. To better serve the needs of special access patrons, VVTA has increased the number of deviation routes. These routes operate along fixed routes but allow ¾ mile deviation to pickup an ADA certified rider.

3. Cost efficiency and effectiveness measures generally declined over the last audit period. Operating cost per passenger increased by 26.4 percent systemwide. For fixed route service, cost per passenger increased 24.6 percent, while for demand response service cost per passenger increased 24.4 percent.

4. Service effectiveness measures showed improvement over the last audit period. Although passengers per vehicle service hour declined 3.2 percent systemwide and 7.0 percent for fixed route, passengers per hour for demand response increased by 10.3 percent. This shows a marked improvement over the previous audit period, which showed a 15 percent systemwide decline in passengers per vehicle service hour.

5. The fare recovery ratio for fixed route service decreased from 15.6 percent in FY2006 to 15.1 percent in FY2008. The fare recovery ratio for demand response service increased from 10.7 percent in FY2006 to 11.4 percent in FY2008. VVTA has complied with the minimum TDA farebox recovery ratios established by SANBAG.

Functional Review

1. VVTA operations were consolidated under ATC (now Veolia) in early 2005 when the cities of Victorville and Adelanto ceased their own bus operations that were being operated through MOU's with VVTA. Systemwide performance metrics have generally improved, but operations and maintenance costs have also increased.

2. VVTA received "satisfactory" ratings during each of the CHP terminal inspections at the maintenance facilities during the audit period. Annual inspections occurred during the first calendar quarter of each audit year, with some inspections taking several days to complete. The Veolia facility is located in Hesperia.

3. During the audit period, VVTA eliminated problematic Agent fareboxes and replaced them with electronic GFI Odyssey fareboxes. In addition, the agency began utilizing the new TransTrack reporting system to create standard reports and improve data reporting consistency.

4. The trend of customer complaints has decreased for both fixed route and demand response services during the audit period due to a change in contractor operations management. Complaints per 100,000 riders decreased by 13.3 percent in the last audit year for fixed route, and decreased 64.4 percent in the last audit year for demand response. From fiscal years 2007 to 2008, the complaints rate decreased significantly.

5. The Victor Valley Operations and Growth Analysis was completed during the audit period. The development of a five year recommended action plan was based on a number of factors including an analysis of existing service demand and utilization. Recommendations from the analysis included consideration for several planning initiatives including areas of development and potential major employment destinations in Victor Valley. The five year plan is reviewed every quarter and serves as a basis for planning decisions and service adjustments. VVTA is currently in the second year of implementing the action plan.

6. There was a particular attempt to reduce ADA expenses, which was successful. Having a more stringent ADA certification process helped in this respect, as well as enforcing a strict no-show policy. There was also an increase in graffiti and vandalism following a high population influx from 2003 to 2006. Since 2006 those occurrences have subsided.

Recommendations

Performance Audit Recommendation	Background	Timeline
#1 Create Finance Officer Position.	VVTA should hire a finance officer that is capable of managing projects such as the development of an accrual accounting system, a methodology to allocate operating expenses to transit services, and the monitoring and reporting of performance such as cost and revenue to budget as well as the traditional key performance indicators. This will help VVTA with the accuracy and timeliness of its external reporting.	High Priority
#2 Review operating cost allocation between the vehicle operations, maintenance, and administration functions.	For fixed route service, vehicle operations costs from the NTD reports increased by 20 percent while maintenance costs fell by 11 percent and administration costs fell by 9 percent. The divergence in cost trends between these functions should be investigated by reviewing the operating cost allocation methodology.	Medium Priority
#3 Actively plan for transition into new facility.	The plan to construct a new VVTA facility has been in progress for several years, and is likely to occur during the next audit period. The increased capacity and capabilities of the facility can be best realized with close collaboration between VVTA, the design firm, the service contractor and other stakeholders. Proactive planning and preparation will be valuable for addressing maintenance and operational needs, mitigating expansion issues, and providing superior service.	Medium Priority
#4 Investigate potential discrepancies in reported passenger miles.	Reported fixed route passenger miles in the NTD reports fell from 9.9 million in FY2007 to 5.9 million in FY2008, despite fixed route passenger trips increasing during that time. This potential discrepancy in passenger mile reporting should be evaluated and documented.	Medium Priority

Section I

Introduction

The San Bernardino Associated Governments (SANBAG) engaged the PMC consultant team to conduct the Transportation Development Act (TDA) triennial performance audit of the six public transit operators under its jurisdiction in San Bernardino County. This performance audit is conducted for the Victor Valley Transit Authority (VVTA) covering the most recent triennial period, fiscal years 2005-06 through 2007-08.

The purpose of the performance audit is to evaluate VVTA's effectiveness and efficiency in its use of TDA funds to provide public transit in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates VVTA's compliance with the conditions specified in the California Public Utilities Code. This task involves ascertaining whether VVTA is meeting the PUC's reporting requirements and is endeavoring to implement prior audit recommendations made to the agency. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the agency's departments and organizational functioning. From the analysis that has been undertaken, a set of recommendations has been made for the agency which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the agency board and management the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with transit management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008* (third edition) published by the California Department of Transportation was used to guide in the development and conduct of the audit.

Overview of the Transit System

VVTA was formed in 1974 as a Joint Powers Authority (JPA) between the Cities of Adelanto and Victorville, and San Bernardino County. Upon their incorporation in 1988, the Town of Apple Valley and the City of Hesperia joined the JPA. The JPA was updated in 2002 to change the percentages each jurisdiction pays for administrative services. In 2006, the percentages were finalized to 20% for each jurisdiction.

VVTA is overseen by a board of five members, one representing each member jurisdiction. The system is directed by a General Manager who is in turn supported by a small administrative staff. Management and operations are contracted to two management companies.

Since 1998, the Board has had a management contract with McDonald Transit Associates, Inc. to manage the service. In January 2005 the operations contract for all transit service in the Victor

Valley area was consolidated under a separate contract with ATC (now Veolia). Operations are also overseen by a technical advisory committee.

Based on data from the U.S. Census Bureau as of 2008, the population of the four subject cities is 287,458. The cities of Victorville, Hesperia, and Apple Valley are of similar size and comprise 90% of the total population. The remaining city of Adelanto and its 27,500 inhabitants comprise the remaining 10% of the population.

Regional fixed route was first introduced in 1993. Beginning in April 1998, the fixed route service was divided and shared between the cities of Victorville and Adelanto and a new contractor, Forsythe & Associates, Inc. (this contract is currently held by Veolia). Through separate Memoranda of Understanding (MOUs) with VVTA, Victorville and Adelanto each operated fixed route service that traveled primarily within their respective city limits. VVTA contracted with ATC Connex to operate fixed route service to Apple Valley and Hesperia, and a rural fixed route and deviated system to serve Lucerne Valley, Phelan, Wrightwood, Pinon Hills and Helendale. The various services were consolidated in January 2005 when all Victorville and Adelanto transit operations were turned over to ATC Connex per a provision in the 2002 VVTA RFP 2002-2011 and ATC's subsequent successful proposal. VVTA also provides complementary paratransit service that is contracted to ATC Connex. As of January 2005, Veolia operates and maintains all fleet vehicles.

In August 2007, VVTA implemented service adjustments intended to improve on-time performance and increase service to the senior and disabled ridership community. There have been incremental route modifications since that time, and the following services are currently provided:

Regional Fixed Route: Comprised of 15 routes that cover the urban areas of the Victor Valley. These routes meet at transfer points to enable riders to reach destinations such as shopping, medical, recreational and government facilities. The majority of Apple Valley, Hesperia, and Victorville fixed routes run on 60 minute headways, with certain routes running on 30 minute headways during peak periods to accommodate increased transit demand and increased traffic congestion.

County Deviated Fixed Route: Comprised of three routes that provide service to the County areas of Helendale, Lucerne Valley, Oro Grande, Pinon Hills, Phelan and Wrightwood. Some early morning trips do not operate on Saturdays. The Tri-Community route operates on 90 minute headways, with certain off peak hours increasing to two hour headways. The Lucerne Valley service operates on 90 minute to 2 hour headways for the full route departing from the Apple Valley Post Office. The Helendale service operates on 2 hour headways.

Deviated Fixed Route: Deviation routes are comprised of general riding public commingled with ADA certified riders within ¾ of a mile of the deviated route. For an ADA certified rider to utilize the service, a reservation must be made and an additional charge will be applied for most routes. There are 7 deviated routes: county routes 21, 22, & 23 and urban routes 40, 46, 47, & 54.

ADA Paratransit Service: Direct Access serves Adelanto, Apple Valley, Hesperia, and Victorville. Subscription service is also offered and has been primarily used to serve clients attending workshop centers for the developmentally disabled. The paratransit service area is divided into 3 zones defined by geographic distance from the fixed routes. Zone 1 comprises up to ¾ mile band on either side of the fixed routes. Zone 2 is the band from ¾ miles to 1.5 mile, and Zone 3 is beyond 1.5 miles. Boundaries for Zone 3 are determined for each community based on need for service and road accessibility.

Reservations may be made 1 day to 14 days in advance. Reservations are taken from 8 am to 5 pm Monday through Sunday.

During the audit period, VVTA implemented a Greyhound bus ticket subsidy program. The program sells Greyhound bus service from Victorville to San Bernardino and Barstow at half price. This program came about as a result of the annual unmet needs hearings, and fulfills service gaps to the cities of San Bernardino, Riverside and Barstow.

VVTA buses operate from 6:00 a.m. to 9:00 p.m. Monday through Friday, and from 7:00 a.m. to 8:00 p.m. on Saturdays. There is no transit service on Sundays or the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The current fare structure for VVTA transit service is shown in Table I-1:

Table I-1
Fare Schedule

	Fixed Routes	County Routes	County Deviated Service
Regular	$ 1.25	$ 2.25	$ 2.00
Student	$ 1.00	$ 2.00	$ 2.00
Senior & Disabled	$ 0.60	$ 1.00	$ 1.00
Children 5 & Under	Free	Free	Free
Day Pass			
Fixed Route Regular	$ 3.50		
Fixed Route Student	$ 3.25		
Fixed Route Senior & Disabled	$ 1.75		
County Regular		$ 5.50	
County Student		$ 4.50	
County Senior & Disabled		$ 3.50	
31-Day Pass			
Regular	$ 50.00	$ 75.00	
Student	$ 40.00	$ 65.00	
Senior & Disabled	$ 25.00	$ 35.00	
Direct Access			
Zone 1	$ 2.50		
Zone 2	$ 4.50		
Zone 3	$ 6.00		

There were 69 active and spare vehicles in the total fleet during the audit period. The entire fleet was converted to Compressed Natural Gas (CNG) with the exception of two diesel vehicles. Those vehicles are slated to be replaced with unleaded fueled vehicles.

In September 2008, VVTA received an additional 7 North American Bus Industries (NABI) buses. The forty-foot buses seat 40 passengers and feature CNG engines, kneeling capability for ADA passengers, and brighter, more efficient LED lighting.

Table I-2 shows the transit fleet.

Table I-2
Vehicle Fleet

Description/ Manufacturer	Yr Built	# Vehicles	Seats	Service Type
ELDORADO/Aerotech 220	2001	6	12+2wc	ADA
ELDORADO/Aerotech	2002	6	12+2wc	ADA
ELDORADO/Aerotech III	2002	1	7+3wc	ADA
ELDORADO/CalTrans TypeVI	2003	8	11+2wc	ADA
ELDORADO/Aerotech	2005	16	12+2wc	ADA
BLUEBIRD/Transhuttle	1999	2	23+3wc	Fx Rte
BLUEBIRD/Transhuttle	2001	2	21+2wc	Fx Rte
BLUEBIRD/xcl 102	2003	2	27+0 wc	Fx Rte
NABI	2002	4	33+2wc	Fx Rte
ELDORADO/NATIONALS	2000	8	26+2wc	Fx Rte
NABI / 40LFW-29.02	2004	2	33+2wc	Fx Rte
BLUEBIRD	2001	7	37+2wc	Fx Rte
BLUEBIRD XLF 35	2007	5	30+2wc	Fx Rte
NABI	2008	7	40+2wc	Fx Rte
Total		76		

Source: *Victor Valley Transit Authority Operations and Growth Analysis*

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of VVTA's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The updated guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

TABLE II-1
Operator Compliance Requirements Matrix

Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPE based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28) for paper filing, or 110 days (Oct. 18) if filed electronically (internet). During the audit period, the State Controller extended the submittal dates during FY2005-06 because the Controller's office was in the process of implementing a new updated electronic filing system. The extended dates were: FY 2005-2006: October 12 for paper filing, November 1 for electronic filing.	Public Utilities Code, Section 99243	Completion/submittal dates (internet filing): FY 2006: November 14, 2006. FY 2007: December 12, 2007. FY 2008: October 22, 2008. Reports were submitted after the specified deadline for each fiscal year during the audit period. VVTA does not have a Finance Director. The external auditor for VVTA was late in preparing the reports during the audit period, despite VVTA's efforts to help resolve the situation. **Conclusion: Not in Compliance.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator has submitted annual fiscal and compliance audits to its RPTE and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90 day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2006: May 23, 2007 FY 2007: February 29, 2008 FY 2008: April 27, 2009. Report was submitted after the specified deadline in FYs 2006 and 2008. The FY2006 report was submitted late due to delays from VVTA's external auditor. The FY 2008 report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion. **Conclusion: Partial Compliance.**
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	Public Utilities Code, Section 99251	VVTA participates in the CHP Driver Pull Notice Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim submitted by the Authority. Inspections were conducted at facilities in Hesperia. The inspections applicable to this audit were completed: March 17, 2006; February 1, 2007; February 22, 2008. All inspections received satisfactory ratings. **Conclusion: Complied.**
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPE for such claims.	Public Utilities Code, Section 99261	As a condition of approval, VVTA's annual claim for Local Transportation Funds and State Transit Assistance is submitted in compliance with rules and regulations adopted by SANBAG. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RPTA.	Public Utilities Code, Section 99270.1	VVTA is subject to a 15% farebox ratio for fixed route service and a 10% farebox ratio for demand response service, as granted by SANBAG in 1997. VVTA's farebox ratios using audited financial statements are as follows: FY 2006: 15.6% (fixed route) FY 2007: 16.1% (fixed route) FY 2008: 15.1% (fixed route) FY 2006: 10.7% (demand response) FY 2007: 10.0% (demand response) FY 2008: 11.4% (demand response) **Conclusion: Complied.**
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Public Utilities Code, Section 99266	Percentage increase in VVTA's operating budget: FY 2006: -5.1% FY 2007: 6.7% FY 2008: 30.8% Source: Audited Financial Statements. VVTA expanded its service significantly in FY2008, going from 70 minute headways to 60 minute headways on its fixed route services (30 minute peak period headways on key routes) and adding new routes. This is justification for the increase in operating costs observed in FY2008. **Conclusion: Complied.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
The operator's definition of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	Public Utilities Code, Section 99247	VVTA performance measures are defined in accordance with PUC requirements. VVTA did not report employee full-time equivalents in the State Controllers Reports or in TransTrack in FY2006 and FY2007. **Conclusion: Partial Compliance.**
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs at least equal to three-twentieths (15%), if so determined by the RTPE.	Public Utilities Code, Section 99268.2, 99268.3, & 99268.1	This is not applicable to VVTA, which is subject to an intermediate ratio as noted previously in PUC Section 99270.1.
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Section 99268.2, 99268.4, & 99268.5	This is not applicable to VVTA, which is subject to an intermediate ratio as noted previously in PUC Section 99270.1. **Conclusion: Not Applicable.**
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 RTPE, which will fully fund the retirement system for 40 years.	Public Utilities Code, Section 99271	There are no in-house employees that are employed by VVTA. All employees of the transit system are contracted personnel. **Conclusion: Not Applicable.**

TABLE II-1 Operator Compliance Requirements Matrix, continued		
Operator Compliance Requirements	**Reference**	**Compliance Efforts**
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	VVTA utilizes federal funds that are available to the agency, as reported in the annual State Controller reports. A federal funding deadline was missed in FY 2006 for JARC and New Freedom funding, due to miscommunication between VVTA and an external consultant. FY 2006: Operations ($917,602) Capital ($441,312) FY 2007: Operations ($316,669) Capital ($3,570,224) FY 2008: Operations ($1,805,282) Capital ($3,132,807) **Conclusion: Partial Compliance.**

Findings and Observations from Operator Compliance Requirements Matrix

1. VVTA has complied with most TDA requirements. Submittal of reports to the State Controller's Office, including the annual fiscal and compliance audits and the State Controller annual transit operator reports, were not on time. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion.

2. VVTA has received "satisfactory" terminal ratings at the Hesperia maintenance facility where the vehicles are maintained.

3. VVTA's operating budget increased by less than 10 percent in each of the first two years of the audit period, and increased by 31 percent in the last year as a result of implementing recommendations in its Operations and Growth Analysis.

4. The farebox ratio decreased from 15.6 percent in FY2006 to 15.1 percent in FY2008 for fixed route service, and increased from 10.7 percent in FY2006 to 11.4 percent for demand response service. VVTA has complied with the minimum TDA farebox recovery ratios established by SANBAG.

In addition to the operator compliance requirements, data consistency between the reports that VVTA prepares for external agencies was an issue during the audit period - particularly for financial-related data items. Table II-2 compares the reported operating expenses and farebox revenues reported by VVTA in its National Transit Database (NTD) reports, State Controller Reports, Audited Financial Statements, and in TransTrack. While some of the numbers matched, others did not – particularly in FY2008.

Table II-2
Data Consistency – Operating Expenses and Fare Revenue

TDA Statistic	Source	Audit Review Period		
		FY06	FY07	FY08
Total Operating Expenses	FTA National Transit Database	$6,916,551	$7,094,470	$8,024,338
(less depreciation, leases & rentals)	State Controller Report	$6,919,779	$7,095,858	$8,675,732
	Audited Financial Statements	$6,864,207	$7,323,126	$9,587,359
	TransTrack	$6,919,745	$7,339,026	$8,031,105
Farebox Revenues	FTA National Transit Database	$923,761	$1,028,796	$1,346,339
	State Controller Report	$923,761	$1,028,796	$1,310,615
	Audited Financial Statements	$945,005	$1,017,796	$1,336,245
	TransTrack	$923,761	$1,082,888	$1,324,899

Section III

Prior Triennial Performance Audit Recommendations

VVTA's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Monitor Farebox Recovery Monthly.

Actions taken by VVTA: This recommendation was carried forward from the previous audit report. Since that time, VVTA has been attempting to monitor the farebox ratio on a regular basis and has taken several steps towards this end. During the audit period, VVTA eliminated Agent fareboxes which had been hindering farebox recovery data, and replaced them with electronic GFI Odyssey fareboxes. In addition, the agency began utilizing the new TransTrack reporting system to create standard reports and improve data reporting consistency. However, the last three fiscal years still see a discrepancy between TransTrack, audited financial statements, and California State Controller Reports.

Conclusion: This recommendation has been partially implemented.

Follow Up: This recommendation is carried forwarded in this audit to be implemented by VVTA.

Prior Recommendation 2

Record and Report On-Time Performance for both Fixed Route and DAR.

Actions taken by VVTA: Just prior to the audit period, all operations were contracted under Veolia which provides and tracks key performance indicators. On-time performance is a key service effectiveness measure that interfaces with the riding public. An on-time trip is defined as no more than 5 minutes late. Starting in January 2006, an on-time performance table was included with the monthly manager report to the board of directors. Later in 2006, on-time performance reports from the prior year was included for comparison and trend analysis. Starting in January 2008, which reported information from November 2007, a Veolia report for fixed route and ADA paratransit on-time performance was included in the manager report. Recent on-time performance rates have met or exceed the 95 percent requirement, which is a marked improvement from the start of the audit period.

Conclusion: This recommendation has been implemented.

Prior Recommendation 3

Report Full Time Equivalents in the State Controller Report.

Actions taken by VVTA: This recommendation was carried forward from the previous audit report. VVTA includes total labor pay hours in its performance reporting system. The recording of FTE's should be reported in the Annual State Controller's Report. A review of the Controller Reports for the three audit years showed no FTE counts in FY2006 and FY2007. TDA requires that FTEs include both direct and contracted employees be included in the State Controller's Report. VVTA should report FTEs in the Annual Controller's Report as well as in TransTrack according to the TDA definition which is total labor hours divided by 2,000 hours. FTE reporting in the State Controller's Report was done in FY2008, and VVTA is now in compliance.

Conclusion: This recommendation has been implemented.

Prior Recommendation 4

Review State Controller and NTD for Data Consistency and Accuracy.

Actions taken by VVTA: Although there was progress in data consistency between State Controller and NTD reports, this continues to be an area that can be improved. Management has cited the time delay between data collection and reporting as a contributing factor to inconsistencies. VVTA is working to provide standardized TransTrack reports that reflect the major expenses and revenues in the month where they apply rather than when they were received (i.e., shifting from cash basis accounting to accrual basis accounting). The implementation of TransTrack provides near real time reporting, and will help improve consistencies. Still, certain reports requires manually adjusting data into the NTD format, which hinders its effectiveness. A review of performance data between NTD reports, State Controller reports, and TransTrack show consistency for demand response services, but fixed-route vehicle service data, and farebox revenues continue to have disparities.

Conclusion: This recommendation has been partially implemented.

Follow Up: This recommendation is carried forwarded in this audit to be implemented by VVTA.

Prior Recommendation 5

Conduct Short Range Planning Efforts.

Actions taken by VVTA: The last audit report recommended a comprehensive approach to address short range planning efforts. This included a preference for a phased implementation of new technology as a solution for transit improvements, movement to a new facility, and revised service routes and fares to provide more comprehensive service. The agency has progressed on each of

these goals, notably with a fleet upgrade to CNG fuel and GFI fareboxes, the adoption of TransTrack reporting system, and service and fare changes. The new facility is planned for operations in Hesperia in 2011.

The Victor Valley Operations and Growth Analysis was completed during the audit period. It included an analysis of existing service demand and an assessment of service utilization leading to recommendations for potential modifications or restructuring. The development of a five year recommended action plan was based on a number of factors including data collection, the findings from data collection efforts, input from technical staff, and public involvement. VVTA is currently in the second year of implementing the action plan.

Conclusion: This recommendation has been implemented, and VVTA should continue to implement the action plan.

Prior Recommendation 6

Create Finance Officer Position.

Actions taken by VVTA: The previous audit report recommended the hiring of a finance officer capable of managing projects such as the development of an accrual accounting system, a methodology to allocate operating expenses to transit services, and the monitoring and reporting of performance such as cost and revenue to budget as well as traditional performance indicators. The finance position could also administer and manage grants. To address that issue, VVTA hired a contracted grants manager during the audit period, but did not fulfill the finance director position. The accounting and reporting needs referenced throughout this document would be well served by a dedicated financial officer, and efforts to obtain one should continue in a high priority fashion.

This was a medium priority recommendation in the previous finding, and has become a high priority.

Conclusion: This recommendation has been partially implemented with the hiring of a contracted Grants Manager. However VVTA should continue to seek a dedicated Financial Director as a top priority.

Section IV

TDA Performance Indicators

This section reviews VVTA's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators, but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-3 provides the performance indicators for VVTA systemwide, fixed route and dial-a-ride. Charts are also provided to depict the trends in the indicators. Data in the tables and charts were derived from several sources, including National Transit Database (NTD) reports, Audited Financial Statements, and State Controller Reports. This is noted in footnotes below the tables.

Table IV-1
TDA Performance Indicators
Systemwide

Verified TDA Statistics & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Operating Costs	$7,232,512	$6,866,607	$7,328,020	$9,587,359	32.6%
Unlinked Passengers	1,071,153	1,037,338	1,096,965	1,123,283	4.9%
Vehicle Service Hours	112,634	109,200	111,544	122,063	8.4%
Vehicle Service Miles	2,150,919	2,047,870	2,023,796	2,115,337	-1.7%
Employee FTEs	83.0	NR	NR	108.0	30.1%
Passenger Fare Revenue	$1,180,562	$945,005	$1,017,796	$1,336,245	13.2%
Operating Cost per Passenger	$6.75	$6.62	$6.68	$8.54	26.4%
Operating Cost per Vehicle Service Hour	$64.21	$62.88	$65.70	$78.54	22.3%
Operating Cost per Vehicle Service Mile	$3.36	$3.35	$3.62	$4.53	34.8%
Passengers per Vehicle Service Hour	9.51	9.50	9.83	9.20	-3.2%
Passengers per Vehicle Service Mile	0.50	0.51	0.54	0.53	6.6%
Veh Service Hours per Employee FTE	1,357	n/a	n/a	1,130	-16.7%
Average Fare per Passenger	$1.10	$0.91	$0.93	$1.19	7.9%
Farebox Recovery Ratio	16.3%	13.8%	13.9%	13.9%	-14.6%
Percentage Change					
Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

NR - not reported; n/a - not available

Operating costs exclude depreciation, charter, vehicle lease costs.

Source: Unlinked Passengers, Vehicle Service Hours/Miles are from FY05-FY08 National Transit Database Reports.
Operating Costs and Fare Revenue are from Audited Financial Statements.
Employee FTEs are reported total employees from State Controller Reports.

Table IV-2
TDA Performance Indicators
Fixed Route

Verified TDA Statistics & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Operating Costs	$5,021,538	$4,286,426	$4,701,104	$6,519,595	29.8%
Unlinked Passengers	970,968	923,888	983,757	1,011,566	4.2%
Vehicle Service Hours	75,171	71,214	70,888	84,182	12.0%
Vehicle Service Miles	1,491,850	1,373,410	1,353,146	1,458,200	-2.3%
Employee FTEs	48.0	NR	NR	68.0	41.7%
Passenger Fare Revenue	$935,511	$668,470	$755,029	$985,669	5.4%
Operating Cost per Passenger	$5.17	$4.64	$4.78	$6.45	24.6%
Operating Cost per Vehicle Service Hour	$66.80	$60.19	$66.32	$77.45	15.9%
Operating Cost per Vehicle Service Mile	$3.37	$3.12	$3.47	$4.47	32.8%
Passengers per Vehicle Service Hour	12.92	12.97	13.88	12.02	-7.0%
Passengers per Vehicle Service Mile	0.65	0.67	0.73	0.69	6.6%
Veh Service Hours per Employee FTE	1,566	n/a	n/a	1,238	-21.0%
Average Fare per Passenger	$0.96	$0.72	$0.77	$0.97	1.1%
Farebox Recovery Ratio	18.6%	15.6%	16.1%	15.1%	-18.8%
Percentage Change					
Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

NR - not reported; n/a - not available

Operating costs exclude depreciation, charter, vehicle lease costs.

Source: Unlinked Passengers, Vehicle Service Hours/Miles are from FY05-FY08 National Transit Database Reports.
Operating Costs and Fare Revenue are from Audited Financial Statements.
Employee FTEs are reported total employees from State Controller Reports.

Table IV-3
TDA Performance Indicators
Demand Response

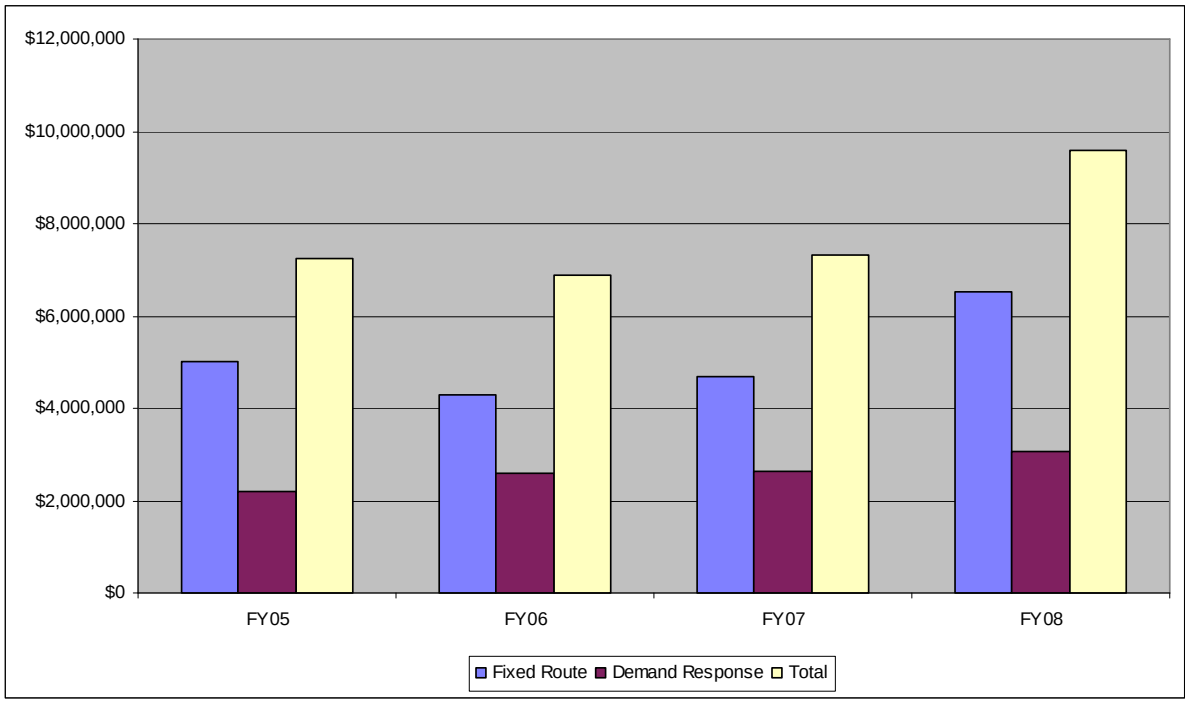
Verified TDA Statistics & Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Operating Costs	$2,210,974	$2,580,181	$2,626,916	$3,067,764	38.8%
Unlinked Passengers	100,185	113,450	113,208	111,717	11.5%
Vehicle Service Hours	37,463	37,986	40,656	37,881	1.1%
Vehicle Service Miles	659,069	674,460	670,650	657,137	-0.3%
Employee FTEs	35.0	NR	NR	40.0	14.3%
Passenger Fare Revenue	$245,051	$276,535	$262,767	$350,576	43.1%
Operating Cost per Passenger	$22.07	$22.74	$23.20	$27.46	24.4%
Operating Cost per Vehicle Service Hour	$59.02	$67.92	$64.61	$80.98	37.2%
Operating Cost per Vehicle Service Mile	$3.35	$3.83	$3.92	$4.67	39.2%
Passengers per Vehicle Service Hour	2.67	2.99	2.78	2.95	10.3%
Passengers per Vehicle Service Mile	0.15	0.17	0.17	0.17	11.8%
Veh Service Hours per Employee FTE	1,070	n/a	n/a	947	-11.5%
Average Fare per Passenger	$2.45	$2.44	$2.32	$3.14	28.3%
Farebox Recovery Ratio	11.1%	10.7%	10.0%	11.4%	3.1%
Percentage Change					
Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

NR - not reported; n/a - not available

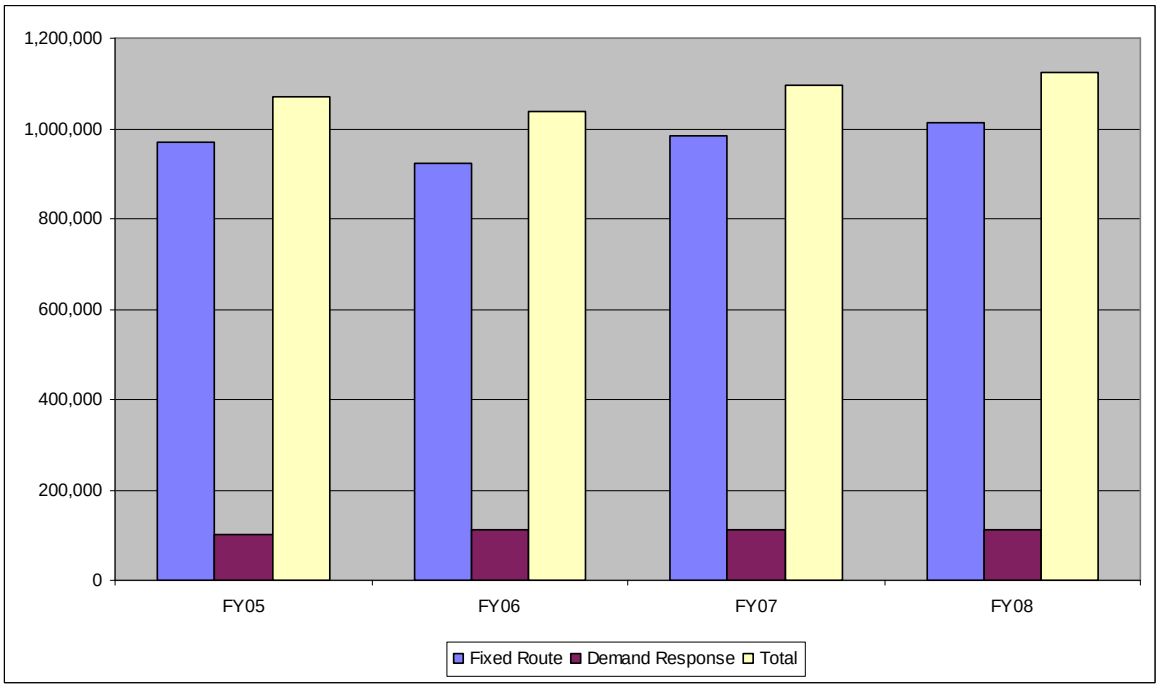
Operating costs exclude depreciation, charter, vehicle lease costs.

Source: Unlinked Passengers, Vehicle Service Hours/Miles are from FY05-FY08 National Transit Database Reports.
Operating Costs and Fare Revenue are from Audited Financial Statements.
Employee FTEs are reported total employees from State Controller Reports.

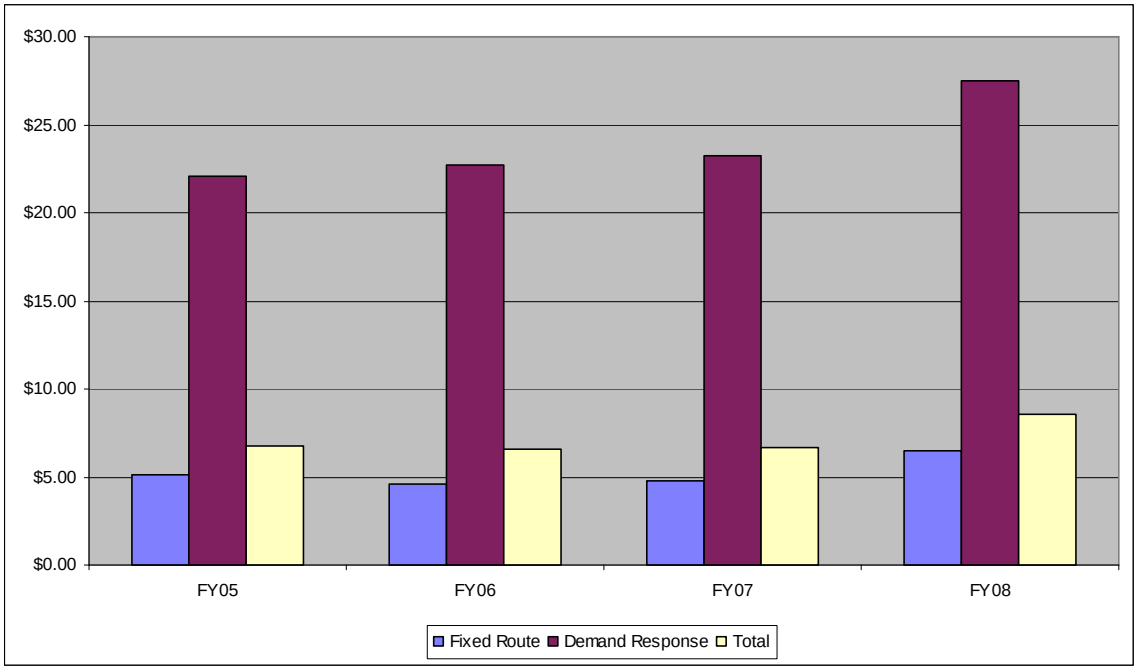
Graph IV-1
Operating Costs
Systemwide, Fixed Route and Demand Response



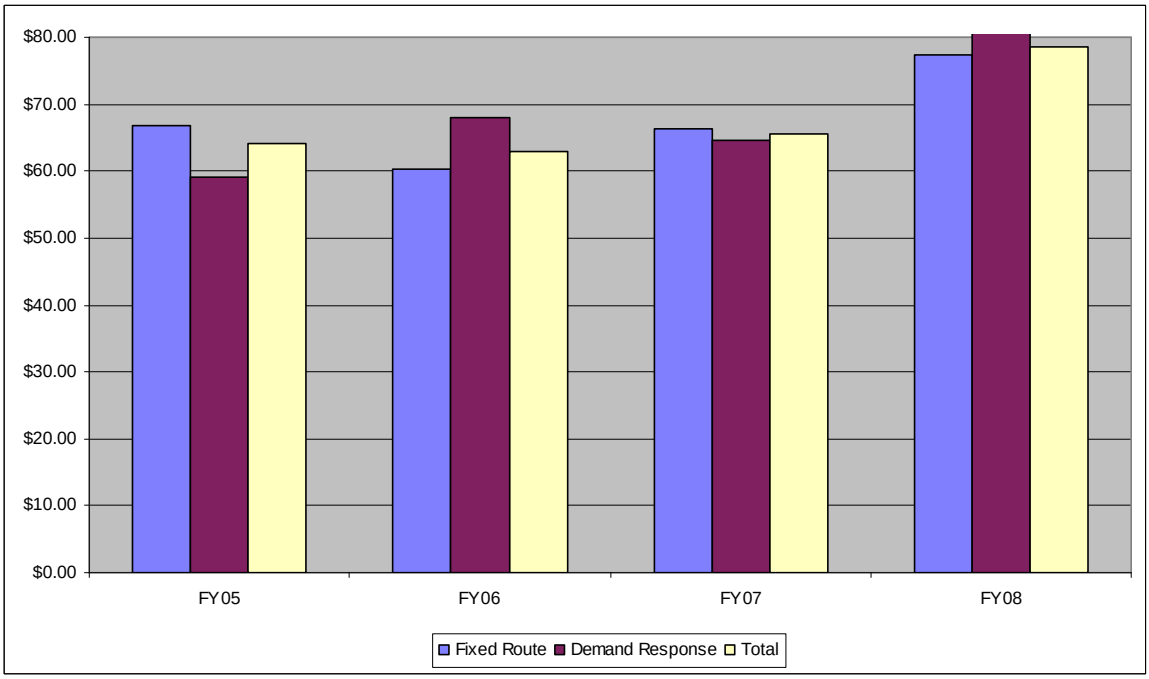
Graph IV-2
Ridership
Systemwide, Fixed Route and Demand Response



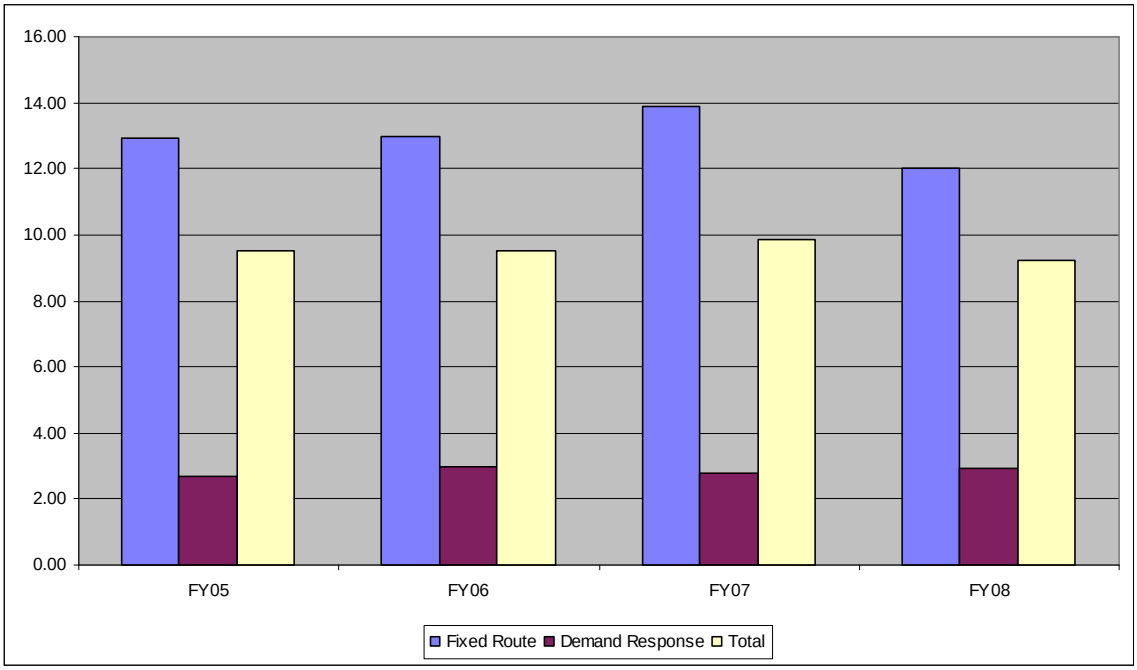
Graph IV-3
Operating Cost per Passenger
Systemwide, Fixed Route and Demand Response



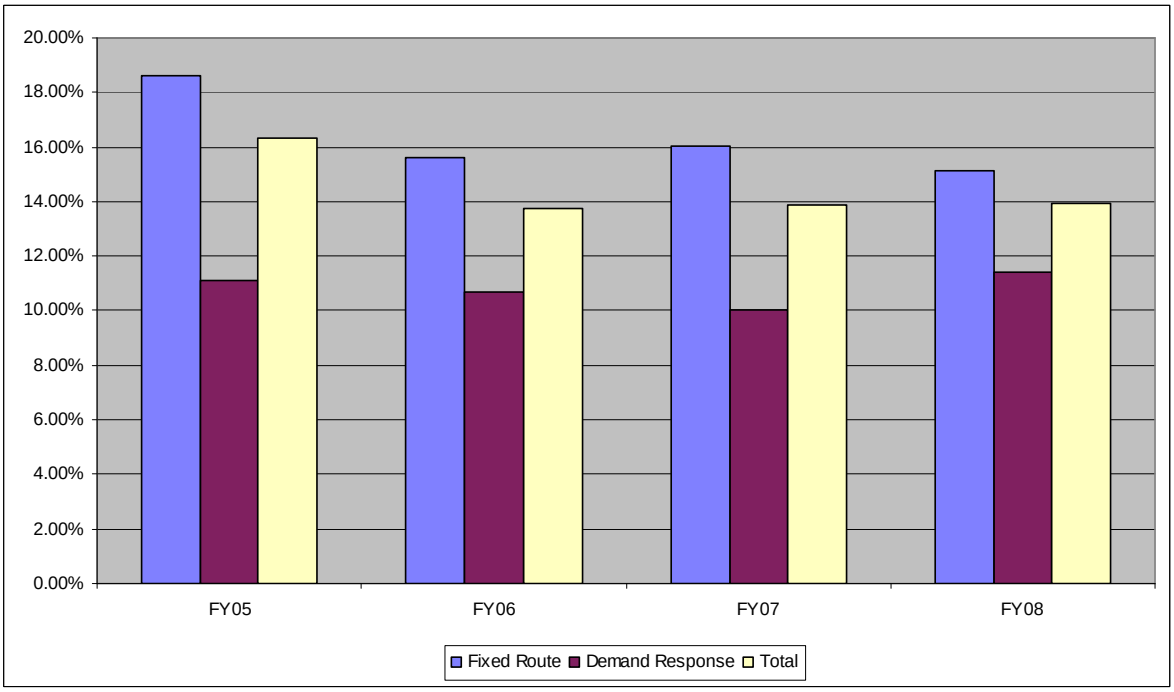
Graph IV-4
Operating Cost per Vehicle Service Hour
Systemwide, Fixed Route and Demand Response



Graph IV-5
Passengers per Vehicle Service Hour
Systemwide, Fixed Route and Demand Response



Graph IV-6
Fare Recovery Ratio
Systemwide, Fixed Route and Demand Response



Findings from Verification of TDA Performance Indicators

1. Operating costs systemwide increased by 32.6 percent over the past three years. Fixed route operating costs increased by 29.8 percent and demand response costs increased by 38.8 percent. Most of the cost increase was observed in FY2008 as VVTA reduced its service headways from 70 minutes to 60 minutes and added new routes.

2. Ridership increased by 4.9 percent systemwide, with 4.2 percent ridership growth on the fixed route side and 11.5 percent on the demand response side. The ridership increase is notable as it took place during the same timeframe that routes were redesigned and fares were increased.

3. The provision of vehicle service miles decreased by 1.7 percent systemwide during the audit period. The provision of vehicle service hours increased by 8.4 percent systemwide, due to a spike in FY2008. The difference in trends between miles and hours indicates that average vehicle operating speeds fell in FY2008.

4. Operating cost per passenger increased by about 26.4 percent systemwide. For fixed route service, cost per passenger increased by 24.6 percent. For demand response service, cost per passenger increased by 24.4 percent.

5. Operating cost per vehicle service hour increased by 22.3 percent systemwide, with a 15.9 percent increase for fixed route and a 37.2 percent increase for demand response. Operating cost per vehicle service mile increased by 34.8 percent systemwide, with 32.8 percent growth for fixed route and 39.2 percent growth for demand response.

6. Passengers per vehicle service hour decreased by 3.2 percent systemwide, while passengers per vehicle service mile increased by 6.6 percent systemwide. For fixed route service, passengers per hour declined by 7.0 percent and passengers per mile increased by 6.6 percent. For demand response service, passengers per hour increased by 10.3 percent and passengers per mile increased by 11.8 percent.

7. Estimated vehicle service hours per employee Full Time Equivalent, which measures labor productivity, decreased by 16.7 percent over the past three years. It is difficult to draw more complete conclusions from this finding because VVTA only reported its number of employees in FY2008, not in FY2006 or FY2007.

8. The fare recovery ratio for fixed route service decreased from 15.6 percent in FY2006 to 15.1 percent in FY2008. The fare recovery ratio for demand response service increased from 10.7 percent in FY2006 to 11.4 percent in FY2008.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within VVTA. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at the Authority:

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

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

Several changes and notable events have occurred at VVTA over the past three years, including the following:

- VVTA operations were consolidated under the transit contractor Veolia in January 2005 when the cities of Victorville and Adelanto ceased their own bus operations that were being operated through MOU's with VVTA.
- In 2007, VVTA signed a contract with Trapeze and DDS for dispatch software.
- In September 2006, VVTA began installation of new GFI electronic fareboxes.
- VVTA completed a campaign to convert the fleet to Compressed Natural Gas (CNG) fuel, with the exception of two diesel vehicles.
- The Victor Valley Operations and Growth Analysis was completed during the audit period. It included an analysis of existing service demand and an assessment of service utilization leading to recommendations for potential modifications or restructuring.

Operations

VVTA operations were consolidated under the transit contractor Veolia in January 2005 when the cities of Victorville and Adelanto ceased their own bus operations that were being operated through MOU's with VVTA. Prior to this consolidation, a study was conducted to determine the potential cost savings before the cities agreed to relinquish their respective operations. The study found that the greatest cost savings could be created from all services being consolidated. Over a three year period, the estimated savings was forecasted to be $1.5 million. Since the start of the audit period, fixed route operating costs have increased 29.8 percent from 2005 to 2008. During the previous audit period, fixed route operating costs had increased 51 percent. VVTA did see a reduction in operating costs from FY2005 to FY2006. VVTA operating costs increased from FY2006 to FY2008 as a result of the addition of new routes and shorter headways.

In 2007, VVTA signed a contract with Trapeze and DDS for dispatch software. Prior to the implementation of Trapeze, schedule adherence and on-time performance was an issue. The inclusion of on-time performance reports by the contractor has resulted in recent on-time performance levels at or above the required 95 percent mark.

In the previous audit period, the Transit Manager indicated a desire to modify fixed routes in low density areas to a deviated fixed route service. The goal was to provide a better level of service, lower cost of operations, and possibly eliminate the need for complementary ADA paratransit in those areas. The implementation of Trapeze has allowed for a deviated service, and there are currently 7 deviated routes in service.

VVTA has become a Greyhound bus service ticket distributor as a result of feedback from the annual transit unmet needs hearings. This service fulfills service gaps lost with the cancellation of the Victor Valley commuter service in June 2005. VVTA offers a 50% subsidy on Greyhound tickets, which was suggested by SANBAG.

Farebox Issues

Since 2001 VVTA had used Agent fareboxes, which had been identified as a problem that affected the ability to track ridership and fare revenue accurately. In September 2006, VVTA began installation of new GFI electronic fareboxes. The procedure to reconcile and verify fare collection was comprehensive in that operations staff monitored the handling and counting of fare from fareboxes on site along with video surveillance from the General Managers office. The GM audited the video weekly for compliance. Operations staff reconciled GFI reports with cash deposits, track unclassified revenue, and print passenger reports daily. The GM spot checked security reports weekly, and staff monitored PMI reports for the upkeep of the GFI system. Administration also oversaw operation's use of the fare box systems, including random checks and reconciliation of individual farebox vaults at least weekly.

The updated GFI farebox and reconciliation procedures, coupled with the new TransTrack reporting software have helped improve financial reporting significantly. While farebox recovery levels continue to be an issue, the veracity of the data is much more assured.

Fueling

During the audit period, VVTA completed a campaign to replace its fleet with Compressed Natural Gas (CNG) fueled vehicles, with the exception of two diesel vehicles. These vehicles are slated to be replaced with unleaded fueled vehicles.

The Operations and Growth Analysis Report cited the difficulty of fueling CNG vehicles as a result of fueling station issues. These fueling problems in turn led to instances in which buses ran out of fuel in the middle of revenue service. The VVTA fleet is housed outdoors in the complex on Sante Fe Avenue off I Avenue south of Bear Valley Road in Hesperia.

The establishment of a new facility has been in progress for several years. A new A&E firm has been hired to undertake the project, and construction bidding is scheduled to occur in June 2009. The new site location will cover 10 acres in Hesperia, and will have 8 maintenance bays. The facility will have capacity to accommodate 75-100 buses, and should alleviate maintenance and fuel related needs. Photovoltaic structures will help save electricity costs. The current timeframe is to relocate in December 2011. A new CNG fueling station is located on site, which went into operation in May 2009 after the end of the audit period.

Contract Personnel

At the start of the audit period, the operations contract for all transit service in the Victor Valley area was consolidated under a separate contract with Veolia. Operations are overseen by a technical advisory committee, and managed by an operations manager.

Veolia currently hires 81 fixed route drivers and 31 ADA drivers. All employees are full time union members, with no part time operations staff. On-time performance has generally improved since operations were outsourced to Veolia, as a result of having sufficient staff available to meet trip requests.

The operator has not had any significant absenteeism or retention problems as of late. The last fiscal year in particular has seen low calloffs, and a turnover rate reduction from about 30% to just 2%. Prevailing economic conditions are likely a main factor, and can be expected to positively affect employee retention for the foreseeable future.

Employee evaluations are performed through mandatory manager reviews and ridealongs, undercover spot checks, and on vehicle cameras. Customer complaints are tracked and investigated with individual drivers. The management handbook describes the disciplinary process, which escalates from verbal and written action, followed by suspension and termination if necessary.

Training options include classroom and behind-the-wheel lessons. Attendance at safety meetings are mandatory for all operators. Occurrences of accidents were above acceptable levels in 2007, which operations management actively addressed. A combination of accident investigations with

local law enforcement and positive reinforcement tools for incident-free driving records have helped decrease the number of accidents in 2008. Claims from accidents are the responsibility of Veolia, and VVTA is indemnified from such actions. In addition, VVTA is a member entity of the Public Entity Risk Management Authority (PERMA), which provides additional liability insurance for public agencies.

Direct Access Policies

Direct Access services are available to Direct Access certified riders per the Americans with Disabilities Act (ADA). Reservations may be made from 1 day to 14 days in advance. Reservations can be made daily from 8 am to 5 pm Monday through Sunday. Direct Access travels beyond the ¾ mile radius around a bus route with zonal fares that are charged based on the distance away from the bus route. Zone 1 comprises up to ¾ mile band on either side of the fixed routes. Zone 2 is the band from ¾ miles to 1.5 mile, and Zone 3 is beyond 1.5 miles. A trip between zones is charged the higher rate. As a result of new Trapeze dispatch software and management desire to provide more comprehensive ADA service at reduced cost, deviated routes have been introduced. Deviation routes are comprised of general riding public commingled with ADA certified riders within ¾ of a mile of the deviated route. Advanced reservations must be made as mentioned.

Operations Performance

The standard for on-time performance in the operator's contract is 95 percent. Standards for on-time are between 0 and 5 minutes late for arrival at a bus stop for fixed route and no more than 10 minutes before or 30 minutes after promised pick-up time for DAR. As on-time performance is an important measure of service effectiveness, VVTA started reporting on-time performance in its monthly report to the Board of Directors in 2006. By the end of the audit period, Veolia provided both fixed-route and ADA paratransit on-time performance rates along with tabular data. The implementation of Trapeze and TransTrack software has helped improved data collection in this respect. As a result, on-time performance has generally met or exceeded the 95 percent standard.

Table V-1 and Table V-2 show vehicle operations performance measures for VVTA fixed route and demand response service, as provided in NTD reports.

Table V-1
Vehicle Operations Performance Measures – Fixed Route

Base Data and Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Cost for Operations	$3,191,728	$3,080,290	$2,996,322	$3,829,592	20.0%
Vehicle Service Hours (VSH)	75,171	71,214	70,888	84,182	12.0%
Vehicle Service Miles (VSM)	1,491,850	1,373,410	1,353,146	1,458,200	-2.3%
Total Vehicle Hours	78,382	75,028	75,028	87,681	11.9%
Total Vehicle Miles	1,604,634	1,471,127	1,450,539	1,537,730	-4.2%
Unlinked Passenger Trips	970,968	923,888	983,757	1,011,566	4.2%
Passenger Miles	9,776,917	9,303,658	9,905,516	5,923,576	-39.4%
Veh Ops Cost per VSH	$42.46	$43.25	$42.27	$45.49	7.1%
Veh Ops Cost per VSM	$2.14	$2.24	$2.21	$2.63	22.8%
Veh Ops Cost per Psgr Trip	$3.29	$3.33	$3.05	$3.79	15.2%
Veh Ops Cost per Psgr Mile	$0.33	$0.33	$0.30	$0.65	98.0%
Service Miles per Service Hour	19.8	19.3	19.1	17.3	-12.7%
Service Hours / Total Hours	95.9%	94.9%	94.5%	96.0%	0.1%
Service Miles / Total Miles	93.0%	93.4%	93.3%	94.8%	2.0%
Avg Psgr Miles per Psgr Trip	10.1	10.1	10.1	5.9	-41.8%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

Note: FY08 passenger miles is likely a discrepancy in reporting by VVTA in the NTD report.

Table V-2
Vehicle Operations Performance Measures – Demand Response

Base Data and Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Cost for Operations	$1,870,305	$1,698,232	$1,789,692	$1,808,481	-3.3%
Vehicle Service Hours (VSH)	37,463	37,986	40,656	37,881	1.1%
Vehicle Service Miles (VSM)	659,069	674,460	670,650	657,137	-0.3%
Total Vehicle Hours	50,102	48,123	46,194	43,018	-14.1%
Total Vehicle Miles	810,613	828,572	805,642	765,707	-5.5%
Unlinked Passenger Trips	100,185	113,450	113,208	111,717	11.5%
Passenger Miles	1,153,289	1,304,704	1,398,756	1,384,324	20.0%
Veh Ops Cost Per VSH	$49.92	$44.71	$44.02	$47.74	-4.4%
Veh Ops Cost Per VSM	$2.84	$2.52	$2.67	$2.75	-3.0%
Veh Ops Cost Per Psgr Trip	$18.67	$14.97	$15.81	$16.19	-13.3%
Veh Ops Cost Per Psgr Mile	$1.62	$1.30	$1.28	$1.31	-19.4%
Service Miles Per Service Hr	17.6	17.8	16.5	17.3	-1.4%
Service Hours / Total Hours	74.8%	78.9%	88.0%	88.1%	17.8%
Service Miles / Total Miles	81.3%	81.4%	83.2%	85.8%	5.6%
Avg Psgr Miles per Psgr Trip	11.5	11.5	12.4	12.4	7.6%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

Vehicle operations costs increased by 20.0 percent for fixed route service, and decreased 3.3 percent for demand response service as reported by VVTA in the National Transit Database. For fixed-route service, vehicle service hours increased 12.0 percent but service miles decreased 2.3 percent. As a result, the operations cost per vehicle service mile and hour both increased. Most significantly, the operations cost per passenger mile increased 98.0 percent from 2005 to 2008. There is believed to be a discrepancy in FY2008 passenger mile reporting, and possibly a discrepancy in how operating costs were allocated between the vehicle operations, maintenance, and administration functions during the audit period that is resulting in this finding.

For demand response service, the vehicle service hours and mileage stayed relatively steady, while the total vehicle hours and mileage decreased. As a result, the performance measures of operations cost per hour and per mile showed a decrease. Notably, the vehicle operations cost per passenger mile decreased 19.4 percent, and the vehicle operations cost per passenger trip decreased 13.3 percent.

Customer Complaints

VVTA collects and tracks customer complaints and comments. Customer complaints provide a simple measure of customer satisfaction and operational effectiveness. Complaints are generally made through the phone to the VVTA administrative offices. They are also collected from VVTA's website and from Board meetings and other public hearings.

VVTA accepts and logs customer complaints, and tracks them in TransTrack. The administration contractor decides whether the complaints are chargeable for liquidated damages.

Any changes to route service levels of over 25% or fare levels require public hearings. An annual Unmet Needs Hearing in the Fall (September) is used to receive input from the public on any transit issues. The new offering of Greyhound tickets was a result of a formal transit Unmet Needs finding. Students and seniors comprise the majority of those who attend public feedback forums.

The number of complaints can be measured as complaints per 100,000 passengers. Table V-3 shows this indicator for the fixed route, paratransit, and systemwide. The data shows that the trend of complaints has decreased for both fixed route and demand response services during the audit period. Complaints per 100,000 riders decreased 13.3 percent in the last audit year for fixed route, and decreased 64.4 percent in the last audit year for DAR. Systemwide, the trend has decreased from 18.4 to 13.6.

Table V-3
Complaints per 100,000 Passengers

	Complaints	Passengers	Complaints per 100,000 Passengers	Percent Change
Fixed Route				
FY 2006	155	923,888	16.8	
FY 2007	157	983,757	16.0	-4.9%
FY 2008	140	1,011,566	13.8	-13.3%
DAR				
FY 2006	36	113,450	31.7	
FY 2007	37	113,208	32.7	3.0%
FY 2008	13	111,717	11.6	-64.4%
Total				
FY 2006	191	1,037,338	18.4	
FY 2007	194	1,096,965	17.7	-4.0%
FY 2008	153	1,123,283	13.6	-23.0%

Source: VVTA monthly board complaints reports

Between fiscal years 2006 and 2007, the volume of complaints decreased by a modest amount. From fiscal years 2007 to 2008, the rate of complaints decreased significantly. This can be attributed to management and operational changes over the last year. Operator retention has improved as a result of the adverse economic climate, which has resulted in having more experienced operators available. In addition, there was a focus on improving customer courtesy.

Maintenance

There are currently 67 revenue vehicles of various sizes, with several spare vehicles. The most recent bus purchase occurred in September 2008 with the addition of 7 North American Bus Industries (NABI) buses. Approximately half of the revenue vehicles are shorter cutaway buses and the remaining are full length single deck buses.

VVTA uses a maintenance program from Ron Turley & Associates (RTA). Daily mileage is recorded into the system which then flags buses that are due for a preventative maintenance inspection (PMI). A preventive maintenance inspection occurs every 3,000 miles or 45 days, whichever comes first. The RTA system is also used to track parts, and is administered by a parts clerk. The system has the ability to send data to the corporate system server. RTA system training is offered every 6 months.

Parts inventories are kept on hand, with over 240,000 secured parts. Cycle counts are used to track monthly and annual inventories. All parts are labeled electronically, and access is limited to maintenance staff.

Maintenance generally tries to conduct the inspection before the mileage reaches the required PMI interval. A window of 500 miles before the PMI is provided for maintenance staff to conduct the inspection. This is equivalent to about two days of bus travel before the PMI becomes past due. In 2006, preventative maintenance was not performed to expectations, and the maintenance staff has worked to improve PMI calls.

Maintenance rebuilds engines in-house but will outsource for transmission rebuilds and complete overhauls. Rebuilds are done in-house since it is more cost effective and the Maintenance Supervisor has more control over the quality of the work.

There are three shifts, with maintenance work being done at night. Turnover in mechanics at the contractor has not been an issue. According to reported NTD data, the vehicle spare ratio for fixed route service is about 29 percent in FY2008 and for demand response service is about 32 percent. While these spare ratios are above the industry norm of about 20 percent, they are reasonable given VVTA began running more frequent service on some of its routes shortly after the end of the audit period. Vehicles are not specifically assigned to the same routes. The morning maintenance shift prepares the buses for service and checks fluids, and inspects the operability of the fareboxes. Service workers are also available for cleaning the buses.

The establishment of a new 10 acre maintenance and administrative facility in Hesperia is underway for use in 2011. The new location will have 8 maintenance bays, which can accommodate 75-100 buses, and will allow for an expansion of maintenance service and inventory.

Table V-4 and Table V-5 show maintenance performance measures for VVTA fixed route and demand response service, as provided in NTD reports.

Figure V-4
Maintenance Performance Measures – Fixed Route

Base Data and Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Cost for Maintenance	$864,798	$641,036	$627,027	$770,975	-10.8%
Total Vehicle Hours	78,382	75,028	75,028	87,681	11.9%
Total Vehicle Miles	1,604,634	1,471,127	1,450,539	1,537,730	-4.2%
Active Vehicles	34	27	26	27	-20.6%
Peak Vehicles	21	16	17	21	0.0%
Maintenance Cost per Veh Hour	$11.03	$8.54	$8.36	$8.79	-20.3%
Maintenance Cost per Veh Mile	$0.54	$0.44	$0.43	$0.50	-7.0%
Maintenance Cost per Active Veh	$25,435	$23,742	$24,116	$28,555	12.3%
Veh Hours per Active Vehicle	2,305	2,779	2,886	3,247	40.9%
Veh Miles per Active Vehicle	47,195	54,486	55,790	56,953	20.7%
Spare Ratio	61.9%	68.8%	52.9%	28.6%	-53.8%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

Figure V-5
Maintenance Performance Measures – Demand Response

Base Data and Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Cost for Maintenance	$380,989	$264,756	$268,194	$268,729	-29.5%
Total Vehicle Hours	50,102	48,123	46,194	43,018	-14.1%
Total Vehicle Miles	810,613	828,572	805,642	765,707	-5.5%
Active Vehicles	37	36	36	33	-10.8%
Peak Vehicles	25	25	25	25	0.0%
Maintenance Cost Per Veh Hour	$7.60	$5.50	$5.81	$6.25	-17.9%
Maintenance Cost Per Veh Mile	$0.47	$0.32	$0.33	$0.35	-25.3%
Maintenance Cost Per Active Veh	$10,297	$7,354	$7,450	$8,143	-20.9%
Veh Hours Per Active Vehicle	1,354	1,337	1,283	1,304	-3.7%
Veh Miles Per Active Vehicle	21,908	23,016	22,379	23,203	5.9%
Spare Ratio	48.0%	44.0%	44.0%	32.0%	-33.3%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

As shown in the tables, maintenance costs fell from FY2005 to FY2006 then increased from FY2006 to FY2008. Fixed route maintenance cost per mile during the audit period fell by 7.0 percent, and demand response service fell by 25.3 percent.

Planning

To address city planning needs and population trends that may require transportation services, the general manager works with Technical Advisory Committee (TAC) members from member jurisdictions on a monthly basis. This monthly meeting is an integral part of the planning environment, and lends to a collaborative partnership between VVTA and local stakeholders.

The Victor Valley Operations and Growth Analysis was completed during the audit period. It included an analysis of existing service demand and an assessment of service utilization leading to recommendations for potential modifications or restructuring. The development of a five year recommended action plan was based on a number of factors, and VVTA is currently in the second year of implementing the action plan. Recommendations from the analysis included consideration for several planning initiatives including the Southern California Logistics Airport (SCLA), which has been identified as an area of development and a potential major employment destination in Victor Valley. The five year plan is reviewed every quarter and serves as a basis for planning decisions and service adjustments.

Planned projects include the following:

- New facility – VVTA has been working to establish of a new facility for several years. In 1994 a 5.2 acre site was identified to expand operations and accommodate the growing fleet. Negotiations to swap that parcel with a private developer commenced, and eventually a new 10 acre site in Hesperia was selected as the new location. During the audit period, an A&E firm has been hired to undertake the project, and construction bidding is scheduled to occur in June 2009. The new facility will have 8 maintenance bays and administrative office space. The increased capacity should alleviate maintenance and fuel related needs, and mitigate expansion issues. The current timeframe is to relocate in December 2011.

- Technology software and hardware – VVTA planned to implement additional technology during the last audit period. To that end, the agency replaced Agent fareboxes with electronic GFI Odyssey fareboxes. In addition, the agency began utilizing the new TransTrack reporting system to create standard reports and improve data reporting consistency, and Trapeze dispatch software to improve on-time performance and allow for expanded ADA transit services. VVTA plans to continue to leverage these technologies to further increase efficiency and save cost.

A prime source of planned projects is the Operations and Growth Analysis Report, which contains the five year action plan for increasing Arterial Fixed Routes, Route Deviation/Point Deviation Circulator, and Demand Response routes. In addition, the report includes an analysis of future development projects of local cities and probable future activity centers that need to be provided with transportation service.

Marketing

VVTA does little in-house marketing given there is no marketing staff. The agency has hired a third party marketing firm to assist with advertising campaigns. The General Manager meets quarterly with the marketing firm to discuss new initiatives for students, seniors, and other high target constituencies. This marketing effort has resulted in campaigns for video guides, bus buddies, and most recently VVTA shopping bags to encourage shoppers to take public transit.

The agency has produced a number of rider alerts, flyers, and promotional tickets, and advertising campaigns that are direct mailed to customers. Local and school newspapers, college brochures (Victor Valley Community College), and bike rack advertisements are all used to market VVTA services. Credit card support for ticket sales started in 2007.

The website (www.vvta.org) is the primary means of marketing transit services. Rider alerts and route changes are continuously updated. Alerts are also posted on buses along with schedules and time tables at certain stops. The site also contains standard essential information such as schedules, routes, fares, bid opportunities, board meeting minutes, contact information, and news about the system.

General Administration and Management

To guide the agency, the VVTA Board adopted a Mission Statement:

"Our mission is to serve the entire community with excellent public transportation services in terms of quality, efficiency, and responsiveness."

Three goals that relate to quality, efficiency and responsiveness were also adopted in principle by the Board. VVTA is a unique transit agency in that it does not have in-house employees. The JPA contracts for all services including operations, maintenance, administration and management. Operations and maintenance is contracted to Veolia while McDonald Transit provides management and administration. The General Manager and Assistant General Manager are employees of McDonald Transit. Transit Ways, a California corporation and a wholly owned subsidiary of McDonald, employs other administration employees including an Office Manager/Clerk of the Board, Customer Service/Clerk (including pass sales), Intelligent Transportation Systems (ITS) manager, contract compliance coordinator, part-time ADA clerk, and part-time schedule clerk. A contracted Grants Manager was hired during the audit period.

Table V-6 and Table V-7 show administration performance measures for VVTA fixed route and demand response service, as provided in NTD reports.

Figure V-6
Administration Performance Measures – Fixed Route

Base Data and Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Costs for Administration	$965,012	$704,796	$869,502	$880,558	-8.8%
Vehicle Service Hours (VSH)	75,171	71,214	70,888	84,182	12.0%
Vehicle Service Miles (VSM)	1,491,850	1,373,410	1,353,146	1,458,200	-2.3%
Unlinked Passenger Trips	970,968	923,888	983,757	1,011,566	4.2%
Passenger Miles	9,776,917	9,303,658	9,905,516	5,923,576	-39.4%
Admin Cost Per VSH	$12.84	$9.90	$12.27	$10.46	-18.5%
Admin Cost Per VSM	$0.65	$0.51	$0.64	$0.60	-6.6%
Admin Cost per Psgr Trip	$0.99	$0.76	$0.88	$0.87	-12.4%
Admin Cost per Psgr Mile	$0.10	$0.08	$0.09	$0.15	50.6%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

Figure V-7
Administration Performance Measures – Demand Response

Base Data and Performance Indicators	Base Year FY05	Audit Review Period FY06	FY07	FY08	% Change FY05-FY08
Costs for Administration	$524,247	$527,441	$543,733	$466,003	-11.1%
Vehicle Service Hours (VSH)	37,463	37,986	40,656	37,881	1.1%
Vehicle Service Miles (VSM)	659,069	674,460	670,650	657,137	-0.3%
Unlinked Passenger Trips	100,185	113,450	113,208	111,717	11.5%
Passenger Miles	1,153,289	1,304,704	1,398,756	1,384,324	20.0%
Admin Cost Per VSH	$13.99	$13.89	$13.37	$12.30	-12.1%
Admin Cost Per VSM	$0.80	$0.78	$0.81	$0.71	-10.8%
Admin Cost per Psgr Trip	$5.23	$4.65	$4.80	$4.17	-20.3%
Admin Cost per Psgr Mile	$0.45	$0.40	$0.39	$0.34	-25.9%
Percentage Change Consumer Price Index (CPI-U)		4.3%	3.3%	3.5%	11.5%

Source: National Transit Database Reports for FY05-FY08

Administration performance measures, as measured in cost per quantity of service provided (vehicle service hours or miles) or service consumed (passenger trips or passenger miles), generally improved during the audit period due to reduced administration costs. The exception is fixed route administration costs per passenger mile, which was impacted by a probable discrepancy in the reporting of FY2008 passenger miles.

The contractor provides VVTA with monthly reports on performance. The data is then reviewed by VVTA management and included in the Board Agenda Reports. For example, trends in ridership and fare revenues are provided, as well as route by route and paratransit performance data.

Grants Management

During the audit period, several grants managers were hired, and currently a contracted grants manager is retained to manage capital grants. Capital grants and projects are tracked in a dedicated binder and updated by the grants manager. In FY2006, one grant deadline was missed for JARC and New Freedom Funding, which was attributed to miscommunication between VVTA and an external consultant. Roles and responsibilities have since been clearly defined, and no grant deadlines have been missed since.

The 2000 Census put the Victor Valley area at over 200,000 (200,346) population. This enables VVTA to be its own designated recipient for federal transit administration urbanized grants.

VVTA manages its grants and procurement process through a network of spreadsheets. Capital facilities and equipment costs are shown, along with the type of funding. For each grant application, VVTA tracks invoices claimed, total claimed and total remaining. Revenue sources and their funding amounts are identified. The fiscal auditor has made annual findings relating to instances of improper or misidentified draw downs of capital purchases from various funding sources. While there was no case of noncompliance found by the fiscal auditor, VVTA has reviewed its procedures and is making revisions as necessary. The agency hired an accounting firm to help with its grants process while a contracted grants manager monitors all grant and contract activity. The new TransTrack system allows for near real time tracking of Quality of Service (QoS) metrics to ensure compliance with performance standards.

Section VI

Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2006 through 2008. A set of recommendations is then provided.

1. Operating costs systemwide increased by 32.6 percent over the past three years. Fixed route operating costs increased by 29.8 percent and demand response costs increased by 38.8 percent. During the audit period, VVTA expanded certain services and implemented a fare adjustment. As part of the Operations and Growth Analysis performed during the audit period, route headways were reduced from 70 minutes to 60 minutes in August 2007. Headways on some routes were reduced further to 30 minutes during peak periods in August 2008, after the end of the audit period.

2. VVTA has complied with most TDA requirements. Submittal of reports to the State Controller's Office, including the annual fiscal and compliance audits and the State Controller annual transit operator reports, were not on time. The FY 2008 fiscal audit report was submitted late due to a formatting change by the auditor retained by SANBAG which delayed its completion.

3. VVTA received "satisfactory" ratings during each of the CHP terminal inspections at the maintenance facilities during the audit period. Annual inspections occurred during the first calendar quarter of each audit year, with some inspections take 2 or 3 days to complete. The main Veolia facility is located in Hesperia, on Sante Fe Avenue.

4. The fare recovery ratio for fixed route service decreased from 15.6 percent in FY2006 to 15.1 percent in FY2008. The fare recovery ratio for demand response service increased from 10.7 percent in FY2006 to 11.4 percent in FY2008. VVTA has complied with the minimum TDA farebox recovery ratios established by SANBAG.

5. Two of the prior six audit recommendations were implemented and four were partially implemented. The prior recommendations that were not fully implemented are carried forward for full compliance.

6. TDA performance measures showed mixed results over the previous audit period. Ridership increased by 4.9 percent systemwide. The ridership increase is notable as it took place during the same timeframe that routes were redesigned and fares were increased. Operating cost per passenger increased by 26.4 percent systemwide, operating cost per vehicle service hour increased by 22.3 percent systemwide, and operating cost per vehicle service mile increased by 34.8 percent systemwide.

7. Vehicle operations indicators are reflective of increased vehicle operations costs for the fixed route mode and reduced vehicle operations costs for the demand response mode.

8. Maintenance costs decreased over the past three years. Maintenance cost per vehicle mile decreased 7.0 percent for fixed route and 25.3 percent for demand response. Administration performance indicators were generally positive during the audit period due to a reduction in administration costs.

9. VVTA operations were consolidated under Veolia in early 2005 when the cities of Victorville and Adelanto ceased their own bus operations that were being operated through MOU's with VVTA. VVTA did see a reduction in operating costs from FY2005 to FY2006. VVTA operating costs increased from FY2006 to FY2008 as a result of the addition of new routes and shorter headways.

10. VVTA had expressed concern about the reliability of tracking ridership and fare revenue using Agent farebox equipment. During the audit period, VVTA eliminated problematic Agent fareboxes and replaced them with electronic GFI Odyssey fareboxes. In addition, the agency began utilizing the new TransTrack reporting system to create standard reports and improve data reporting consistency. However, there has been improvement in the farebox recover ratio over the performance audit period, which further underscores the importance for constant and accurate monthly review

11. The trend of customer complaints has decreased for both fixed route and demand response services during the audit period. Complaints per 100,000 riders decreased 13.3 percent in the last audit year for fixed route, and decreased 64.4 percent in the last audit year for DAR. Systemwide, the trend has decreased from 18.4 to 13.6. From fiscal years 2007 to 2008, the complaints rate decreased significantly.

12. The Victor Valley Operations and Growth Analysis was completed during the audit period. The development of a five year recommended action plan was based on a number of factors including an analysis of existing service demand and an assessment of service utilization. Recommendations from the analysis included consideration for several planning initiatives including the Southern California Logistics Airport (SCLA), which has been identified as an area of development and a potential major employment destination in Victor Valley. The five year plan is reviewed every quarter and serves as a basis for planning decisions and service adjustments. VVTA is currently in the second year of implementing the action plan.

13. The last audit report recommended a comprehensive approach to address short range planning efforts. This included a preference for a phased implementation of new technology as a solution for transit improvements, movement to a new facility, and revised service routes and fares to provide more comprehensive service. The agency has progressed on each of these goals, notably with a fleet upgrade to CNG fuel and GFI fareboxes, the adoption of TransTrack reporting system, and service and fare changes.

14. Monthly board reports have been supplemented with TransTrack performance data, on-time performance data, farebox recovery information, complaint logs, lift deployments, bike logs,

vehicle cleanliness reports, and roadcall performance data. The phased implementation of new technology and processes to leverage that technology have allowed for these reports.

Recommendations

1. Create Finance Officer Position.
   (High Priority)

   A carryover from the prior audit report, a finance officer position should be created that is capable of managing projects such as the development of an accrual accounting system, a methodology to allocate operating expenses to transit services, and the monitoring and reporting of performance such as cost and revenue to budget as well as the traditional performance indicators. These activities require the employment of personnel familiar with financial and accounting standards. Since VVTA has retained the services of a contracts grants manager, the finance officer could support the grant approval and verification process. Current financial settling often occurs at year end, which is insufficient for reporting and management purposes.

   In 2006, the State of California passed Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. This includes funding for the Department of Transportation Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). VVTA is currently understaffed to properly pursue such funds, and a full time finance director could assume such responsibilities.

   The following recommendations are carried over from the prior audit that warrants full compliance upon the recruitment of a finance officer:

   - Transition from a monthly cash method of accounting to a monthly accrual method.
   - Compare actual revenue and costs against budgeted revenue and cost by route or program.
   - Allocation of costs to the transit programs and routes (Community Transit, County Routes and Regional Routes).
   - Review reports prepared for external agencies for data consistency and accuracy, to resolve discrepancies noted between data items contained in NTD reports, State Controller Reports, Audited Financial Statements, and the new TransTrack system. VVTA should also submit reports to the appropriate agencies in compliance with applicable reporting requirements.

2. Review Operating Cost Allocation Between the Vehicle Operations, Maintenance, and Administration Functions.
   (Medium Priority)

   For fixed route service, vehicle operations costs from the NTD reports increased by 20 percent while maintenance costs fell by 11 percent and administration costs fell by 9 percent. The divergence in cost trends between these functions should be investigated by reviewing the operating cost allocation methodology.

3. Actively Plan for Transition Into New Facility.
   (Medium Priority)

   While the plan for relocation to a new VVTA facility has been in progress for several years, it is likely to occur during the next audit period. Construction is scheduled to begin occur in FY2009, and be ready for occupation in FY2011. The increased capacity and capabilities of the facility can be best realized with close collaboration between VVTA, the design firm, the service contractor and other stakeholders. Proactive planning and preparation will be valuable for addressing maintenance and operational needs, mitigating expansion issues, and providing superior service.

4. Investigate Potential Discrepancies in Reported Passenger Miles.
   (Medium Priority)

   Reported fixed route passenger miles in the NTD reports fell from 9.9 million in FY2007 to 5.9 million in FY2008, despite fixed route passenger trips increasing during that time. This potential discrepancy in passenger mile reporting should be evaluated and documented. In 2005, a mandatory sampling year for NTD showed that VVTA's operating contractor did not provide accurate data. As a result, NTD directed VVTA to use the previous mandatory sampling year trip lengths from the year 2002. This was a period where VVTA was operating 16 daily commuter trips each with an average trip length of 45 miles. In 2008, it is probable that average trip lengths and passenger miles would be significantly lower when compared to 2002.