

Final Audit Report
June 2017

Ventura County Transportation Commission TDA Triennial Performance Audit City of Camarillo



MA and ASSOCIATES
Certified Public Accountants

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Chapter 1

Executive Summary

In 2017, the Ventura County Transportation Commission selected the consulting team of Moore & Associates, Inc./Ma and Associates to prepare Triennial Performance Audits of itself as the RTPA and the nine transit operators to which it allocates funding. As one of the six statutorily designated County Transportation Commissions in the SCAG region, VCTC also functions as the respective county RTPA.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. As it receives no funding under Article 4, the City of Camarillo is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, the Ventura County Transportation Commission (VCTC), as the RTPA, requested the City be audited to enable a comprehensive and objective review to provide beneficial insights into program performance and to establish a baseline for future audits. This is the first Triennial Performance Audit of the City of Camarillo.

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

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

- Fiscal Year 2013/14,
- Fiscal Year 2014/15, and
- Fiscal Year 2015/16.

The City of Camarillo's transit program is marketed as Camarillo Area Transit (CAT). The City provides fixed-route service on two routes within Camarillo. One route is a traditional bus route, while the second route is a free trolley service linking retail and dining destinations, as well as regional transit connection points. The fixed-route service operates weekdays from approximately 8:00 a.m. to 4:30 p.m. The trolley operates Sunday through Thursday from 10:00 a.m. to 6:00 p.m., and Friday and Saturday from 10:00 a.m. until 10:00 p.m. The trolley has been wildly successful, exceeding the initial target of 30 riders/day to serve as many as 275 riders/day.

The City's Dial-A-Ride is open to the general public. Trips may be scheduled for any purpose except school trips. Service hours are weekdays from 6:00 a.m. to 9:00 p.m., Saturday from 8:00 a.m. to 9:00 p.m., and Sunday from 8:00 a.m. to 5:00 p.m.

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In addition to the trolley, the City's accomplishments during the review period include purchase of replacement and fleet expansion vehicles, and commencement with intercity and ADA senior service to cities in eastern Ventura County.

The City of Camarillo opted not to participate in the East County Transit Alliance inter-city senior/ADA Dial-A-Ride program, which includes the cities of Moorpark, Simi Valley, and Thousand Oaks. Reasons for the decision included the City's existing provision of DAR transportation in eastern Ventura County as well as the City's definition of senior as age 55 rather than 65 (per ECTA).

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

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

The Triennial Performance Audit includes four elements:

- Compliance requirements,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

Test of Compliance

The City of Camarillo opts to use TDA funds for streets and roads, as is allowable per TDA regulations. One item, which deals with the timely submittal of State Controller Reports, is identified as a compliance finding. Other items typically identified as compliance findings are provided as functional findings given the City's non-use of TDA funds for transit.

1. The City could not demonstrate that its FY 2013/14 State Controller Report was submitted within the 110-day timeframe, and its FY 2015/16 report was submitted several days late.

Status of Prior Recommendations

Given this is the first audit of the City of Camarillo, there are no prior recommendations.

Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned compliance finding for the City of Camarillo.

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

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1. The use of the TDA definition of full-time equivalent (FTE) for reporting to the State Controller could not be verified.
2. The City did not achieve the 20-percent farebox recovery ratio stipulated by the TDA for transit operators in urbanized areas at any point during the audit period.
3. The City does not report data consistently among internal documents, State Controller Reports, and NTD reports.
4. The City does not properly report its route guarantees to the State Controller.

In completing this Triennial Performance Audit, we submit the following recommendations for the City of Camarillo's public transit program. They have been divided into two categories: TDA Program compliance recommendations and functional recommendations. TDA program compliance recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the TPA that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with City staff responsible for preparing State Controller Reports to ensure that deadlines are met and that reports and signature pages are filed where they can be easily accessed for the next Triennial Performance Audit.	High	FY 2017/18
Functional Recommendations		Importance	Timeline
1	Demonstrate use of the TDA definition of full-time equivalent (FTE) and use that methodology when reporting Employees on the State Controller Report.	High	FY 2017/18
2	Consider and explore strategies for increasing the Farebox Recovery Ratio to 20 percent (as this is an industry standard and accepted metric).	High	Beginning in FY 2017/18
3	Develop and utilize a process to ensure data is compiled and reported consistently.	Medium	FY 2017/18
4	Ensure that route guarantees (such as those from Leisure Village and CSUCI) are appropriately reported to the State Controller as Special Transit Fares, not Passenger Fares for Transit Service.	Low	FY 2017/18

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Chapter 2

Review Scope and Methodology

The Triennial Performance Audit (TPA) of the City of Camarillo's public transit program covers the three-year period ending June 30, 2016. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2017, the Ventura County Transportation Commission selected the consultant team of Moore & Associates, Inc./Ma and Associates to prepare Triennial Performance Audits of itself as the RTPA and the nine transit operators to which it allocates funding. Moore & Associates is a consulting firm specializing in public transportation, while Ma and Associates is a Certified Public Accounting firm. Selection of the consultant team followed a competitive procurement process.

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

As it receives no TDA funding for transit, the City of Camarillo is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, the Ventura County Transportation Commission (VCTC), as the RTPA, requested the City be audited to enable a comprehensive and objective review to provide beneficial insights into program performance and to establish a baseline for future audits.

Given the City is not required to be in compliance with the requirements of the Transportation Development Act, we determined only items which fail to meet other defined guidelines (such as the timely submittal of the State Controller Reports) would be identified as compliance findings. Other items typically identified as compliance findings would be provided as functional findings given the City's non-use of TDA funds.

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

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit*

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Operators and Regional Transportation Planning Entities, as well as *Government Audit Standards* published by the U.S. Comptroller General.

Objectives

A Triennial Performance Audit has four primary objectives:

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

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the City of Camarillo included four tasks:

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

Methodology

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

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;

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- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;
- Accident/road call logs; and
- Organizational chart.

The methodology for this review included a site visit to the City of Camarillo city hall located at 601 Carmen Drive on March 7, 2017. The audit team met with Lindy Moore (Public Works Administrator), Tyler Nestved (Engineering Technician), Jason M. Samonte, P.E. (Traffic Engineer), Charles Sandlin (Roadrunner), and Joe Flores (Roadrunner); reviewed materials germane to the triennial audit; and visited the contractor's yard.

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

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

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Chapter 3

Program Compliance

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

The City of Camarillo does not use any TDA funding for transit and is not statutorily required to be audited, nor has it traditionally been held to the requirements of the TDA. However, the Ventura County Transportation Commission (VCTC), as the RTPA, requested the City be audited to enable a comprehensive and objective review to provide beneficial insights into program performance and to establish a baseline for future audits.

The City is not required to be in compliance with the requirements of the Transportation Development Act. Therefore, only one item, which deals with the timely submittal of State Controller Reports, is identified as a compliance finding. Other items typically identified as compliance findings are provided as functional findings given the City's non-use of TDA funds.

Status of compliance items was determined through discussions with City staff as well as a physical inspection of relevant documents including the fiscal audits for each year of the triennium, State Controller annual filings, California Highway Patrol terminal inspections, year-end performance reports, and other compliance-related documentation.

One compliance item was identified for the City of Camarillo.

1. The City could not demonstrate that its FY 2013/14 State Controller Report was submitted within the 110-day timeframe, and its FY 2015/16 report was submitted several days late.

Recent Changes Regarding Compliance

Three changes specific to the TDA and TDA funding went into effect beginning July 1, 2016. The first was a policy approved by VCTC which mandated funding originally received through the TDA would be classified as TDA funding even after being passed through to another entity. This disallowed the use of TDA funds passed from one claimant to another agency to be used as local support in the calculation of the farebox recovery ratio.

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

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

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

- (1) *The additional operating costs required to provide comparable complementary paratransit service as required by Section 37.121 of Title 49 of the Code of Federal Regulations, pursuant to the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 120101 et seq.), as identified in the operator’s paratransit plan pursuant to Section 37.139 of Title 49 of the Code of Federal Regulations that exceed the operator’s costs required to provide comparable paratransit service in the prior year as adjusted by the Consumer Price Index.*
- (2) *Cost increases beyond the change in the Consumer Price Index for all of the following:*
 - (A) *Fuel.*
 - (B) *Alternative fuel programs.*
 - (C) *Power, including electricity.*
 - (D) *Insurance premiums and payments in settlement of claims arising out of the operator’s liability.*
 - (E) *State and federal mandates.*
- (3) *Startup costs for new services for a period of not more than two years.*

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

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

Operators should be aware that the reporting forms for the State Controller may not be updated to reflect these exclusions for FY 2016/17. Until revised forms are made available, it is important for agencies to ensure any exclusions from operating cost are clearly itemized within TDA audits or other farebox revenue ratio calculations so that compliance can be clearly assessed.

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

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

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

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Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	Finding	FY 2014: <i>No date provided</i> FY 2015: October 15, 2015 FY 2016: October 21, 2016
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance	City CAFRs dated: FY 2014: December 4, 2014 FY 2015: December 3, 2015 FY 2016: December 5, 2016
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	September 26, 2013 September 23, 2014 September 24, 2015
Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	PUC 99270.1	N/A	
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2014: 5.00% FY 2015: 1.21% FY 2016: -2.29%
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance*	Unable to verify use of TDA definition of FTE.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	In compliance*	FY 2014: 8.5% FY 2015: 13.0% FY 2016: 9.6% <i>Per State Controller Reports.</i>
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	N/A	
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	N/A	
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	City employees are eligible for CalPERS retirement benefits.

* The City is technically in compliance because it does not receive any TDA funds. However, this item would be out of compliance with the TDA.

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Compliance Element	Reference	Compliance	Comments
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	N/A	The City does not receive State Transit Assistance funds.
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	N/A	The City does not receive any LTF funds for transit operations or STA funds.

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Chapter 4

Performance Analysis

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

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

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

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

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

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

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667¹. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excludes the following:

¹ CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

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

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and *Miles (VSM)* are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.² For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

Passenger Counts

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

Employees

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

Fare Revenue

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

TDA Required Indicators

To calculate the TDA indicators for the City of Camarillo, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the City's audited

² A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

- financial reports and was determined to be consistent with TDA guidelines and accurately reflects the costs for the City's transit services. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare Revenue data were obtained via State Controller Reports for each fiscal year covered by this audit. Fare subsidies/route guarantees provided by Leisure Village, CSUCI, and the Chamber of Commerce appear to be counted as fare revenue. This is consistent with TDA guidelines as well as the uniform system of accounts.
 - Vehicle Service Hours (VSH) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. Data from these reports were then compared with information included within the City's monthly performance data summary reports and State Controller Reports. The City calculates VSH using schedule hours reconciled with driver trip sheets. The City's calculation methodology is consistent with PUC guidelines.
 - Vehicle Service Miles (VSM) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. Data from these reports were then compared with information included within the City's monthly performance data summary reports and State Controller Reports. The City calculates VSM by subtracting deadhead and out-of-service miles subtracted from total vehicle mileage (as noted on each vehicle's odometer). This methodology is consistent with PUC guidelines.
 - Unlinked trip data were obtained from State Controller Reports for each fiscal year covered by this review. Data from these reports was then compared with information included within the City's monthly performance data summary reports. The City's calculation methodology is consistent with PUC guidelines.
 - Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation could not be verified.

System Performance Trends

Performance trends for the City of Camarillo's public transit program were analyzed for the three years covered by this Triennial Performance Audit as well as the year immediately prior. Indicators were calculated using the methodologies described in the previous section.

It should be noted that inaccuracies and inconsistencies in the data (due primarily to how data is reported to different entities) may result in trends that are not entirely reflective of actual performance.

While operating cost stayed fairly stable (fluctuating less than 10 percent between any given year), several performance metrics experienced significant variations due primarily to the introduction of the trolley service in FY 2014/15. This resulted in significant increases in VSH and VSM, as well as a corresponding increase in Passengers.

Fare revenue in FY 2014/15 increased by 64.6 percent, which is likely due primarily to additional funding from CSUCI and the Camarillo Chamber of Commerce, which are being counted as fare revenue. It is unclear whether this additional revenue is being reported consistently throughout the audit period. (These route guarantees are not reflected on the individual performance indicators for fixed-route and demand-response, which include fares by mode as reported to the NTD.)

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Passengers continued to increase slightly in FY 2015/16, while VSM remained the same. VSH and fare revenue, however, saw notable decreases in FY 2015/16.

Exhibit 4.1 System Performance Indicators

Performance Measure	System-Wide			
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
Operating Cost (Actual \$)	\$1,508,313	\$1,644,531	\$1,776,162	\$1,909,081
<i>Annual Change</i>		9.0%	8.0%	7.5%
Fare Revenue (Actual \$)	\$132,067	\$139,804	\$230,146	\$183,159
<i>Annual Change</i>		5.9%	64.6%	-20.4%
Vehicle Service Hours (VSH)	20,496	24,341	28,672	25,041
<i>Annual Change</i>		18.8%	17.8%	-12.7%
Vehicle Service Miles (VSM)	272,383	330,425	392,944	392,944
<i>Annual Change</i>		21.3%	18.9%	0.0%
Passengers	93,801	107,150	165,439	166,215
<i>Annual Change</i>		14.2%	54.4%	0.5%
Employees	18	32	35	24
<i>Annual Change</i>		77.8%	9.4%	-31.4%
Performance Indicators				
Operating Cost/VSH (Actual \$)	\$73.59	\$67.56	\$61.95	\$76.24
<i>Annual Change</i>		-8.2%	-8.3%	23.1%
Operating Cost/Passenger (Actual \$)	\$16.08	\$15.35	\$10.74	\$11.49
<i>Annual Change</i>		-4.6%	-30.0%	7.0%
Passengers/VSH	4.58	4.40	5.77	6.64
<i>Annual Change</i>		-3.8%	31.1%	15.0%
Passengers/VSM	0.34	0.32	0.42	0.42
<i>Annual Change</i>		-5.8%	29.8%	0.5%
Farebox Recovery	8.8%	8.5%	13.0%	9.6%
<i>Annual Change</i>		-2.9%	52.4%	-26.0%
Hours/Employee	1138.7	760.7	819.2	1,043.4
<i>Annual Change</i>		-33.2%	7.7%	27.4%
TDA Non-Required Indicators				
Operating Cost/VSM	\$5.54	\$4.98	\$4.52	\$4.86
<i>Annual Change</i>		-10.1%	-9.2%	7.5%
VSM/VSH	13.29	13.57	13.70	15.69
<i>Annual Change</i>		2.1%	1.0%	14.5%
Fare/Passenger	\$1.41	\$1.30	\$1.39	\$1.10
<i>Annual Change</i>		-7.3%	6.6%	-20.8%

Source: System data was taken primarily from State Controller Reports, supplemented by NTD reports in 2013 for data not reported to the State Controller.

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Exhibit 4.2 System Ridership

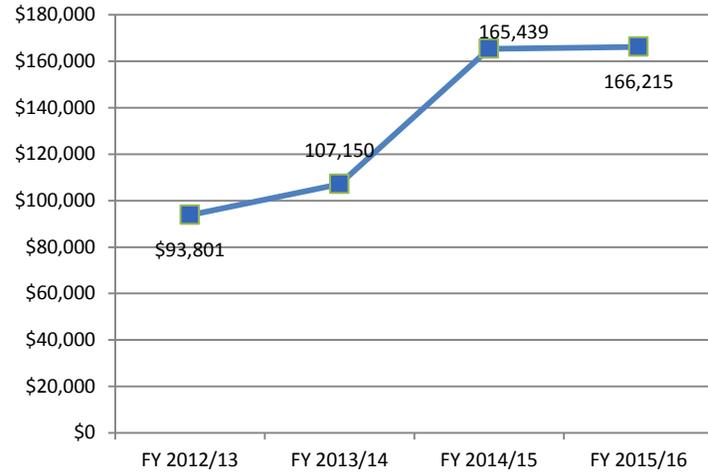


Exhibit 4.3 System Operating Cost/VSH

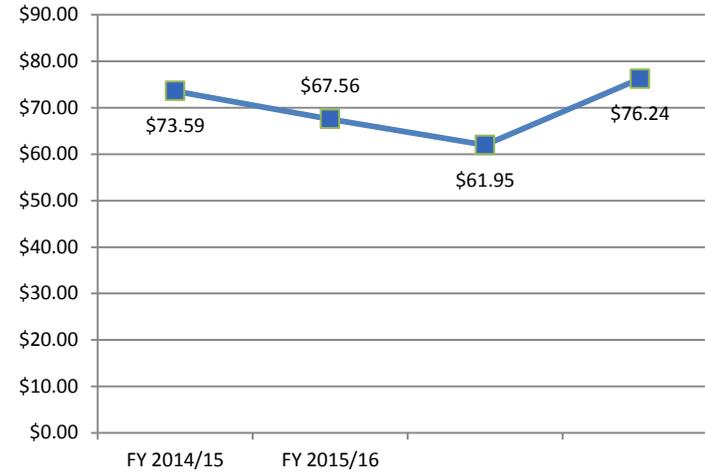


Exhibit 4.4 System Operating Cost/VSM

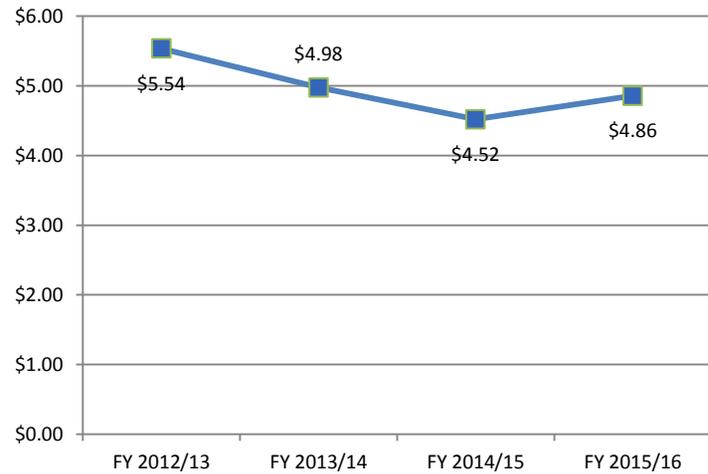
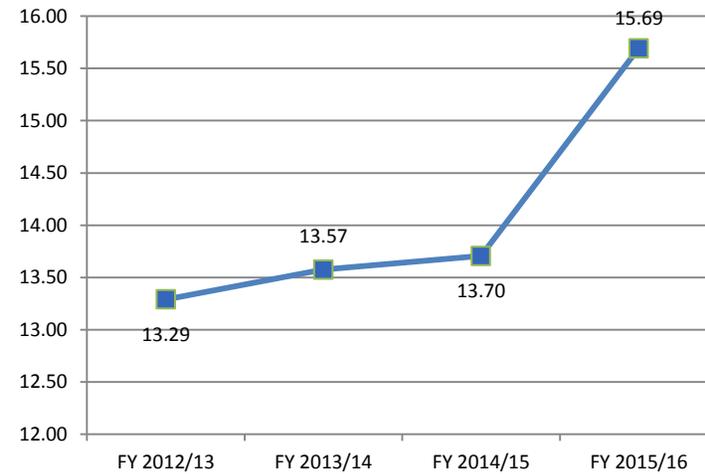


Exhibit 4.5 System VSM/VSH



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Exhibit 4.6 System Operating Cost/Passenger

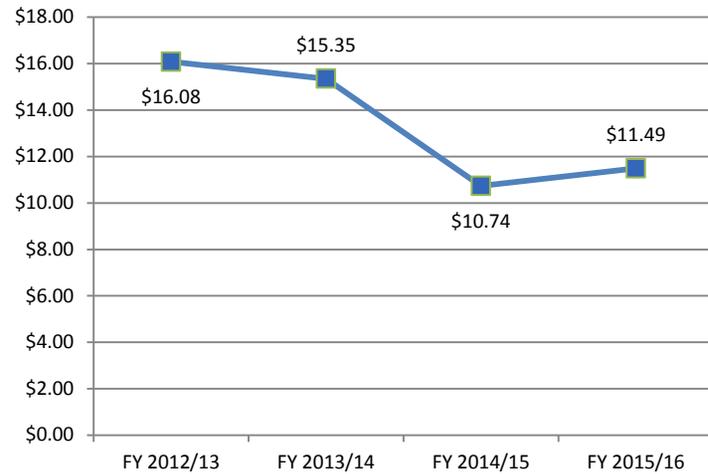


Exhibit 4.7 System Passengers/VSH

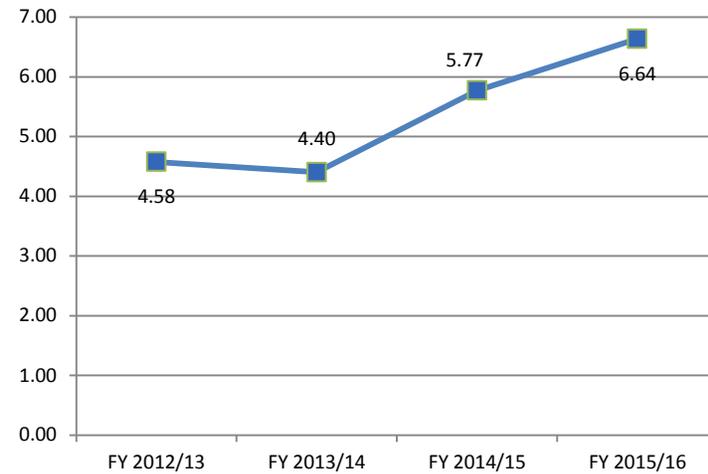


Exhibit 4.8 System Passengers/VSM

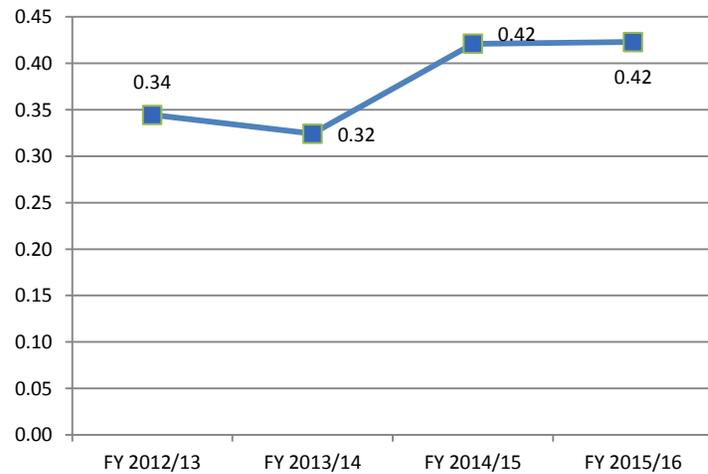
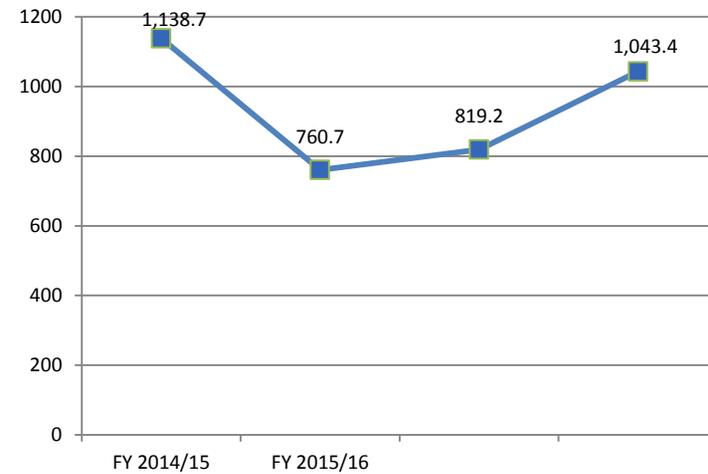


Exhibit 4.9 System VSH/FTE



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Exhibit 4.10 System Farebox Recovery

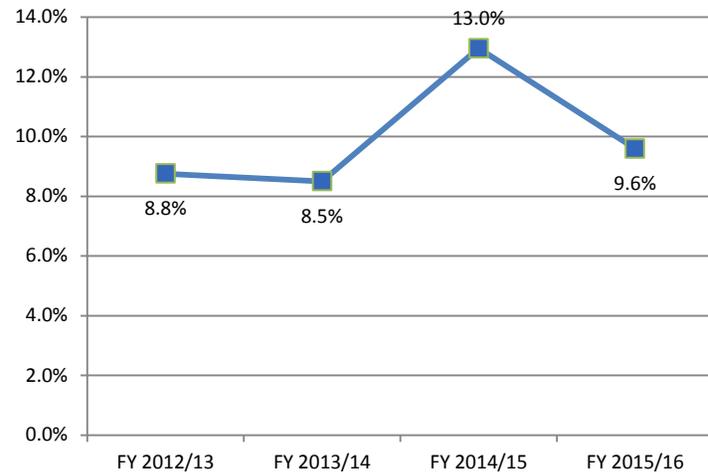
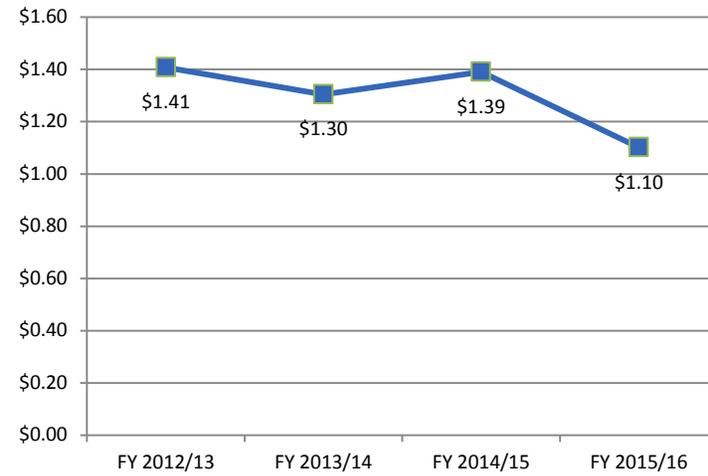


Exhibit 4.11 System Fare/Passenger



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Fixed-Route Performance

Mode-specific operating cost and fare revenue were taken from NTD reports and may not be totally consistent with data reported for the system as a whole.

Operating cost fluctuated significantly in FY 2014/15, consistent with the introduction of the trolley. It is unknown why it dropped nearly 45 percent in FY 2015/16, as operation of the trolley continued. VSH, VSM, and passengers all saw significant increases in FY 2014/15. Fare revenue stayed stable due to the fare-free Trolley service.

Exhibit 4.12 Fixed-Route Data Comparison

Performance Measure	Fixed-Route			
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
Operating Cost (Actual \$)	\$111,052	\$130,462	\$262,081	\$145,192
<i>Annual Change</i>		17.5%	100.9%	-44.6%
Fare Revenue (Actual \$)	\$21,084	\$19,560	\$18,617	\$19,282
<i>Annual Change</i>		-7.2%	-4.8%	3.6%
Vehicle Service Hours (VSH)	2,086	2,097	4,542	5,389
<i>Annual Change</i>		0.5%	116.6%	18.6%
Vehicle Service Miles (VSM)	29,643	31,593	54,578	54,578
<i>Annual Change</i>		6.6%	72.8%	0.0%
Passengers	13,030	13,793	53,633	84,876
<i>Annual Change</i>		5.9%	288.8%	58.3%
Employees	9	16	18	4
<i>Annual Change</i>		77.8%	12.5%	-77.8%
Performance Indicators				
Operating Cost/VSH (Actual \$)	\$53.24	\$62.21	\$57.70	\$26.94
<i>Annual Change</i>		16.9%	-7.3%	-53.3%
Operating Cost/Passenger (Actual \$)	\$8.52	\$9.46	\$4.89	\$1.71
<i>Annual Change</i>		11.0%	-48.3%	-65.0%
Passengers/VSH	6.25	6.58	11.81	15.75
<i>Annual Change</i>		5.3%	79.5%	33.4%
Passengers/VSM	0.44	0.44	0.98	1.56
<i>Annual Change</i>		-0.7%	125.1%	58.3%
Farebox Recovery	19.0%	15.0%	7.1%	13.3%
<i>Annual Change</i>		-21.0%	-52.6%	87.0%
Hours/Employee	231.8	131.1	252.3	1347.3
<i>Annual Change</i>		-43.5%	92.5%	433.9%
TDA Non-Required Indicators				
Operating Cost/VSM	\$3.75	\$4.13	\$4.80	\$2.66
<i>Annual Change</i>		10.2%	16.3%	-44.6%
VSM/VSH	14.21	15.07	12.02	10.13
<i>Annual Change</i>		6.0%	-20.2%	-15.7%
Fare/Passenger	\$1.62	\$1.42	\$0.35	\$0.23
<i>Annual Change</i>		-12.4%	-75.5%	-34.6%

Source: State Controller Reports and NTD Reports.

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Exhibit 4.13 Fixed-Route Ridership

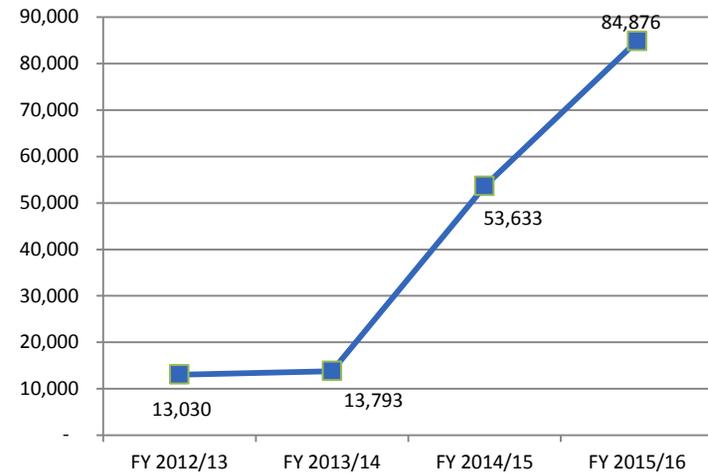


Exhibit 4.14 Fixed-Route Operating Cost/VSH

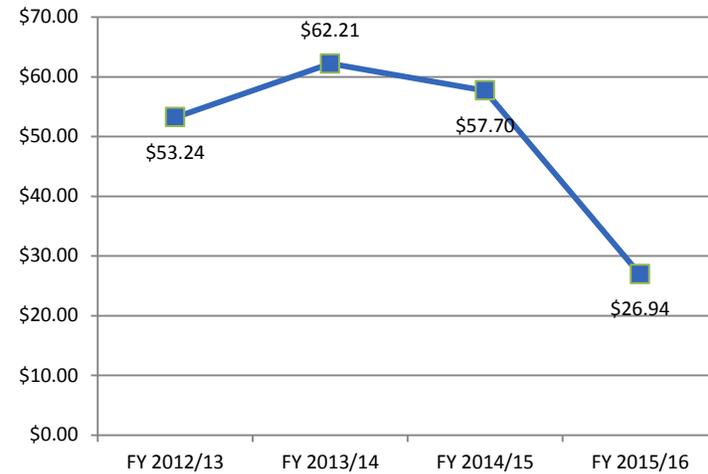


Exhibit 4.15 Fixed-Route Operating Cost/VSM

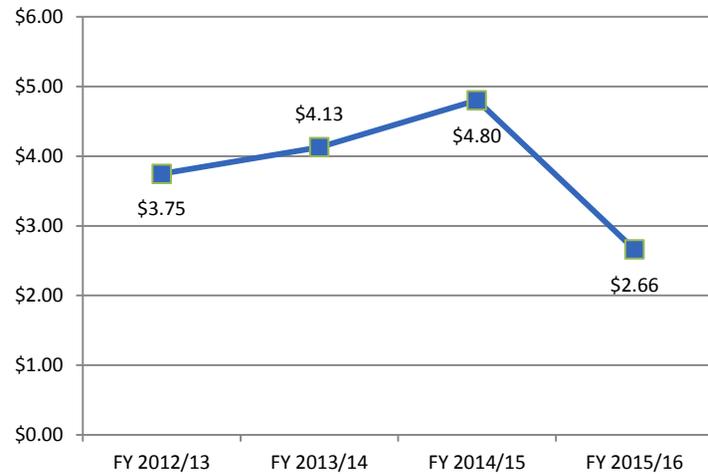
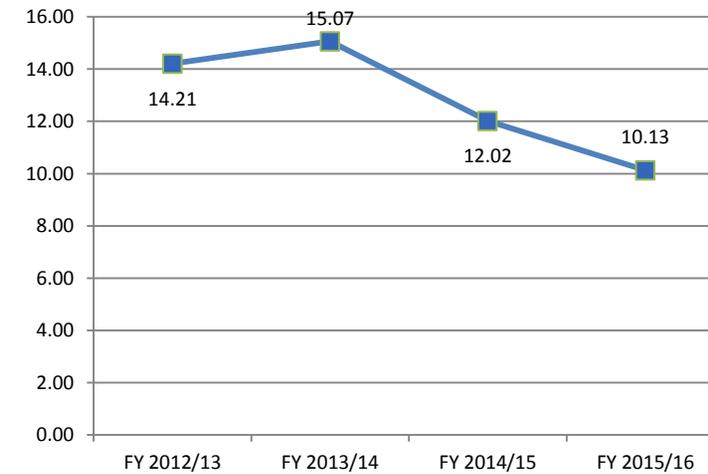


Exhibit 4.16 Fixed-Route VSM/VSH



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Exhibit 4.17 Fixed-Route Operating Cost/Passenger

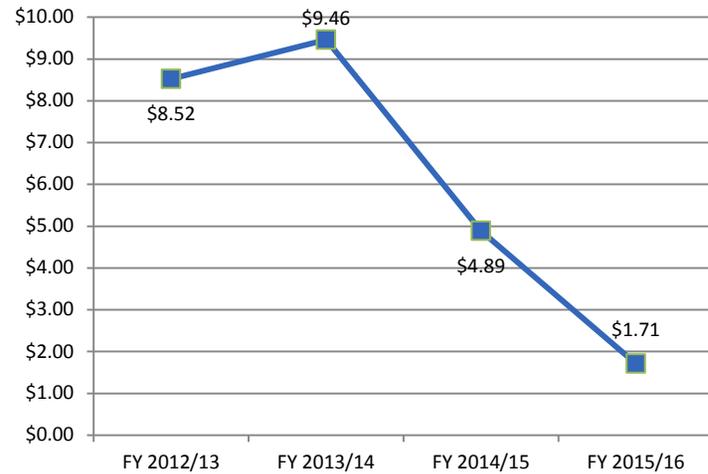


Exhibit 4.18 Fixed-Route Passengers/VSH

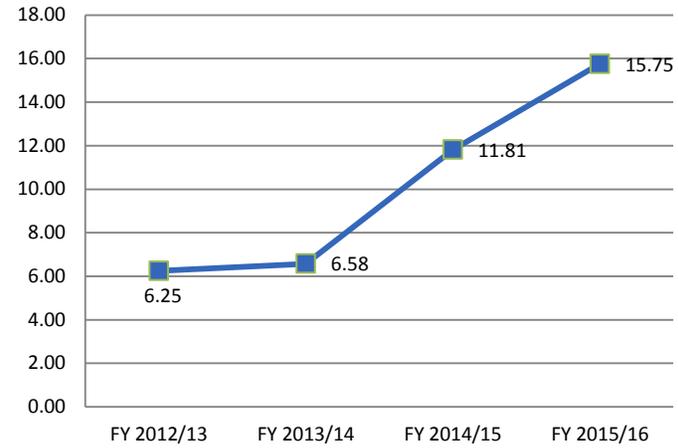


Exhibit 4.19 Fixed-Route Passengers/VSM

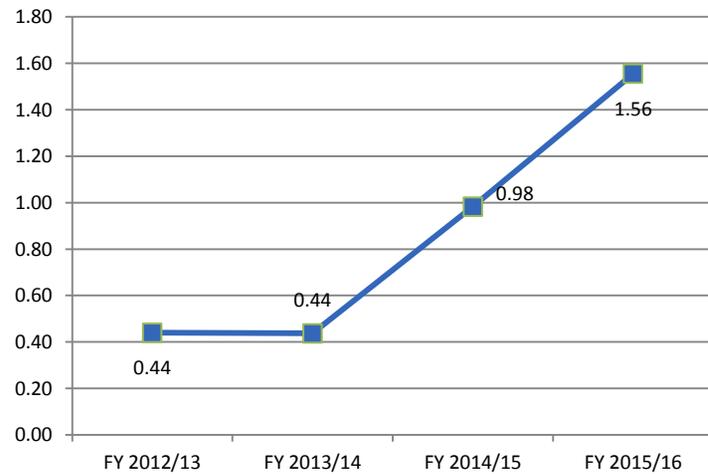
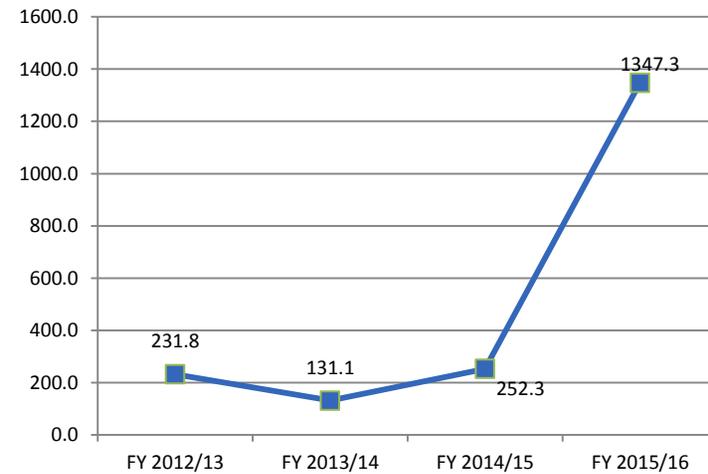


Exhibit 4.20 Fixed-Route VSH/FTE



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Exhibit 4.21 Fixed-Route Farebox Recovery

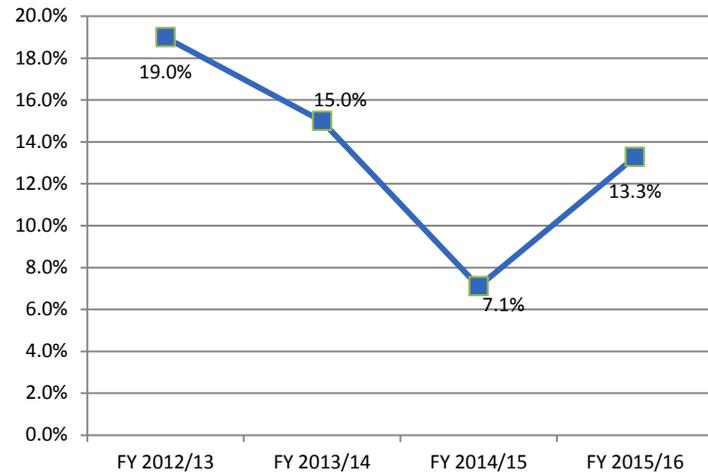
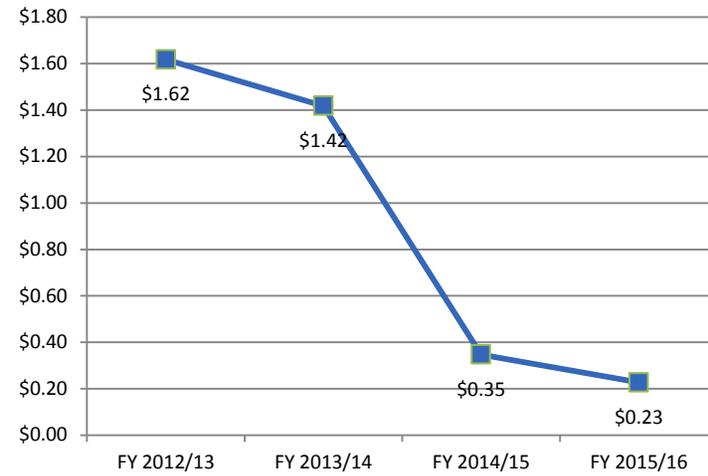


Exhibit 4.22 Fixed-Route Fare/Passenger



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Demand-Response Performance

Mode-specific operating cost and fare revenue were taken from NTD reports and may not be totally consistent with data reported for the system as a whole.

Overall, demand-response service was the most stable during the audit period, primarily because it was not influenced as much by the performance measures associated with the trolley. However, it should be noted that demand-response operating cost and passengers all decreased following the first year of trolley service, which was one goal of the trolley program.

Exhibit 4.23 Demand-Response Data Comparison

Performance Measure	Demand-Response			
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
Operating Cost (Actual \$)	\$1,017,556	\$1,275,549	\$1,322,434	\$1,274,521
<i>Annual Change</i>		25.4%	3.7%	-3.6%
Fare Revenue (Actual \$)	\$98,178	\$87,044	\$94,613	\$98,737
<i>Annual Change</i>		-11.3%	8.7%	4.4%
Vehicle Service Hours (VSH)	18,410	22,244	24,130	19,652
<i>Annual Change</i>		20.8%	8.5%	-18.6%
Vehicle Service Miles (VSM)	242,740	298,832	338,366	338,366
<i>Annual Change</i>		23.1%	13.2%	0.0%
Passengers	80,771	93,357	111,806	81,339
<i>Annual Change</i>		15.6%	19.8%	-27.2%
Employees	9	16	16	20
<i>Annual Change</i>		77.8%	0.0%	25.0%
Performance Indicators				
Operating Cost/VSH (Actual \$)	\$55.27	\$57.34	\$54.80	\$64.85
<i>Annual Change</i>		3.7%	-4.4%	18.3%
Operating Cost/Passenger (Actual \$)	\$12.60	\$13.66	\$11.83	\$15.67
<i>Annual Change</i>		8.5%	-13.4%	32.5%
Passengers/VSH	4.39	4.20	4.63	4.14
<i>Annual Change</i>		-4.3%	10.4%	-10.7%
Passengers/VSM	0.33	0.31	0.33	0.24
<i>Annual Change</i>		-6.1%	5.8%	-27.2%
Farebox Recovery	9.6%	6.8%	7.2%	7.7%
<i>Annual Change</i>		-29.3%	4.8%	8.3%
Hours/Employee	2045.6	1390.3	1508.1	982.6
<i>Annual Change</i>		-32.0%	8.5%	-34.8%
TDA Non-Required Indicators				
Operating Cost/VSM	\$4.19	\$4.27	\$3.91	\$3.77
<i>Annual Change</i>		1.8%	-8.4%	-3.6%
VSM/VSH	13.19	13.43	14.02	17.22
<i>Annual Change</i>		1.9%	4.4%	22.8%
Fare/Passenger	\$1.22	\$0.93	\$0.85	\$1.21
<i>Annual Change</i>		-23.3%	-9.2%	43.4%

Source: State Controller Reports and NTD Reports.

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Exhibit 4.24 Demand-Response Ridership

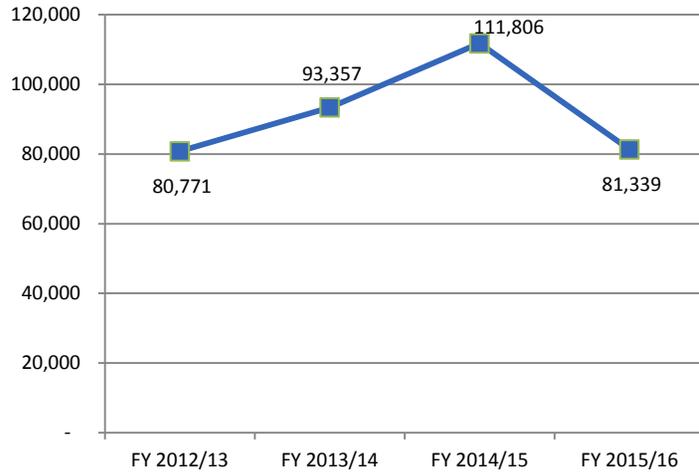


Exhibit 4.25 Demand-Response Operating Cost/VSH

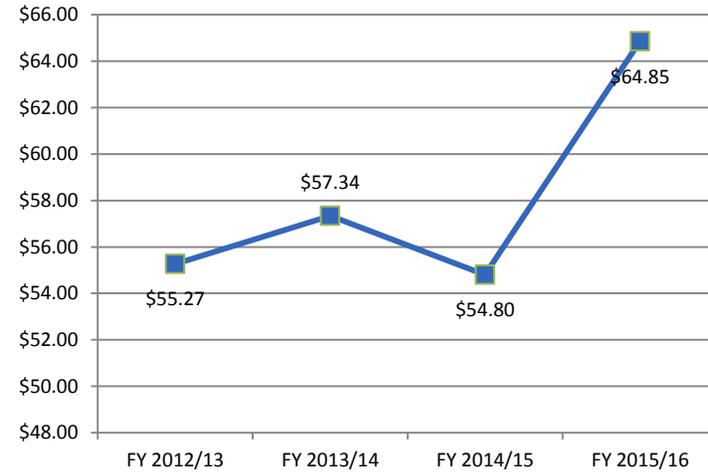


Exhibit 4.26 Demand-Response Operating Cost/VSM

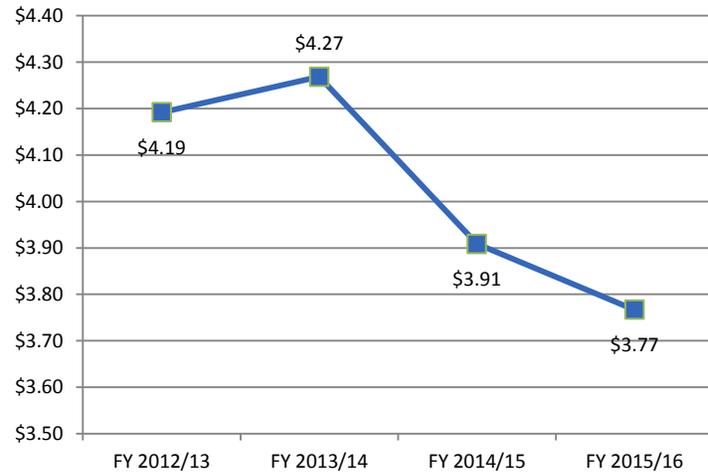
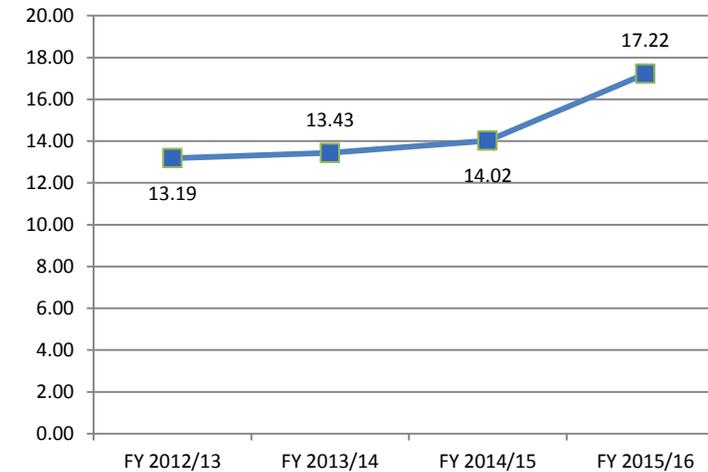


Exhibit 4.27 Demand-Response VSM/VSH



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Exhibit 4.28 Demand-Response Operating Cost/Passenger

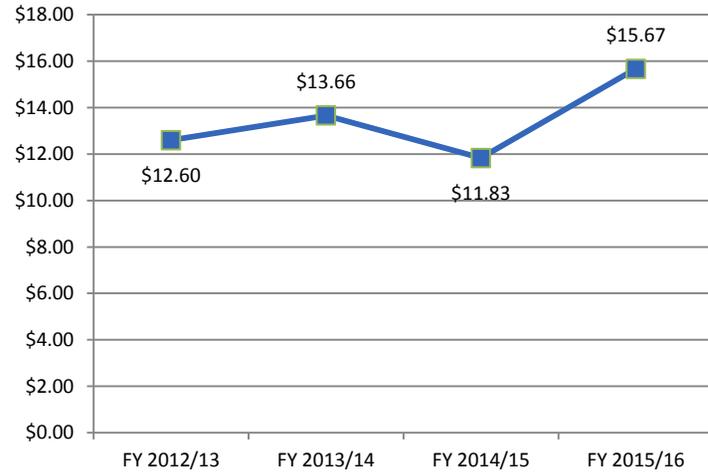


Exhibit 4.29 Demand-Response Passengers/VSH

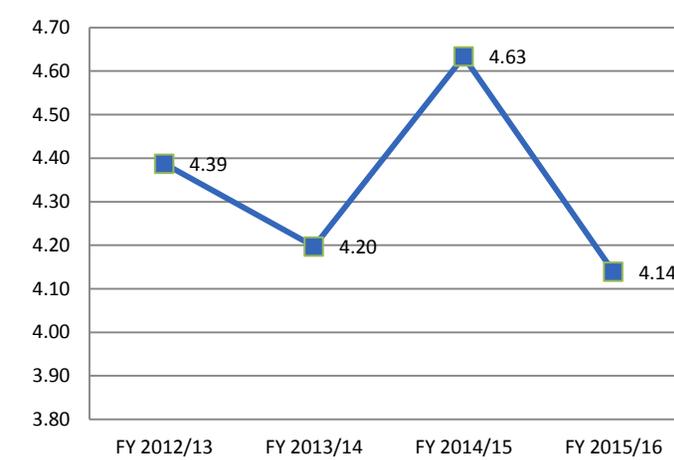


Exhibit 4.30 Demand-Response Passengers/VSM

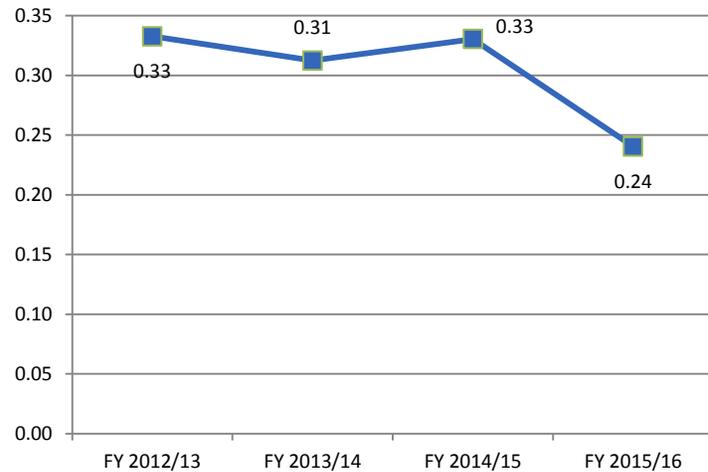
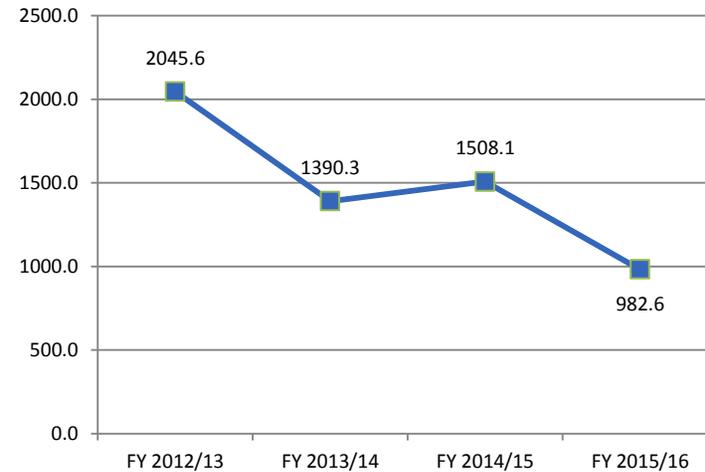


Exhibit 4.31 Demand-Response VSH/FTE



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Exhibit 4.32 Demand-Response Farebox Recovery

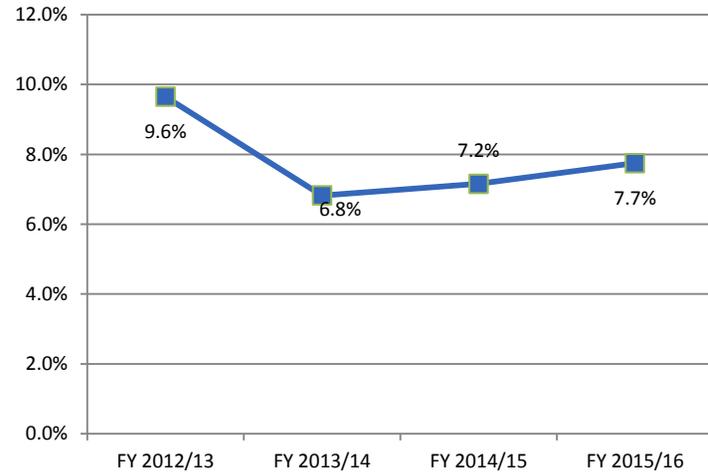
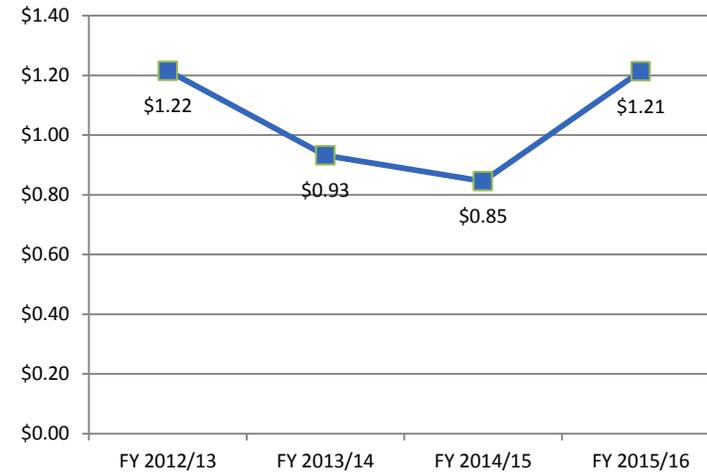


Exhibit 4.33 Demand-Response Fare/Passenger



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Chapter 5

Functional Review

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

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

Service Overview

The City of Camarillo’s transit program is marketed as Camarillo Area Transit (CAT). The City provides fixed-route service on two routes within Camarillo. One route is a traditional bus route, while the second route is a free trolley service linking retail and dining destinations with the Camarillo Metrolink rail station and CSUCI. The fixed-route service operates weekdays from approximately 8:00 a.m. to 4:30 p.m., excluding designated holidays. The trolley, which began operations in October 2014, operates Sunday through Thursday from 10:00 a.m. to 6:00 p.m., and Friday and Saturday from 10:00 a.m. until 10:00 p.m.

The City’s Dial-A-Ride is available to the general public. Trips may be scheduled for any purpose except school trips. In 2015, the City initiated intercity ADA and senior (age 55 and older) service to cities in eastern Ventura County. Service hours are weekdays from 6:00 a.m. to 9:00 p.m., Saturday from 8:00 a.m. to 9:00 p.m., and Sunday from 8:00 a.m. to 5:00 p.m., excluding designated holidays.

Fixed-route fares have remained stable during the audit period. The City offers fare-free rides to residents of Leisure Village, a retirement community for persons age 55 and older. Free rides are also provided on the City’s trolley service. Exhibit 5.1 illustrates the CAT fixed-route fare structure (excluding the trolley), while Exhibit 5.2 provides details on the DAR fare structure.



Exhibit 5.1 Fixed-Route Fare Structure

Fare Category	Fare
Adults (general)	\$1.00
Seniors, 55 and over / persons with disability	\$0.50
Leisure Village residents	Free
Monthly pass (general public and students)	\$50.00
Monthly pass (seniors/persons with disability)	\$25.00

Exhibit 5.2 Dial-A-Ride Fare Structure

Fare Category	Fare
General fare	\$2.00
Seniors/persons with disability	\$1.50
Children under age six (accompanied by paying adult)	Free

General Management and Organization

The Camarillo city council is the governing body overseeing the transit program. The City of Camarillo’s public transit program is administered within the City’s Public Works Department. The transit program’s management team changed during the audit period, as longtime City Assistant Traffic Engineer Roc Pulido stepped down and was replaced by Tyler Nestved.

The City contracts with Roadrunner Shuttle to provide vehicle operations and maintenance for fixed-route and Dial-A-Ride services. The City indicated staffing levels were appropriate both internally and for the contractor.

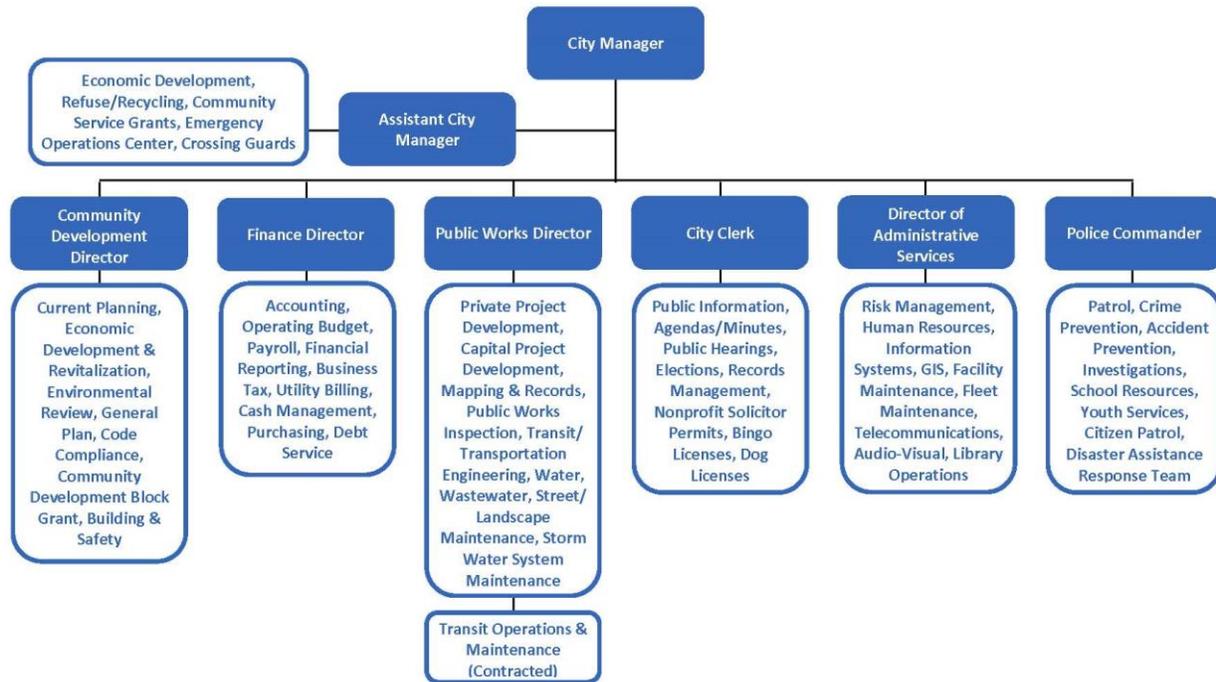
The City’s management team monitors performance via monthly invoices – including ridership and performance statistics – as well as via monthly contractor meetings.



In 2014, the City implemented its trolley as a one-year demonstration project. Ridership is tracked separately from other services to support program evaluation. The trolley had an initial performance goal of 30 passengers/day; it is now achieving 275 passengers/day. The trolley carried more than 41,000 riders its first year and increased to more than 71,000 its second year. Ridership is expected top 100,000 in the current fiscal year. It is sponsored by the City, the Camarillo Chamber of Commerce, and California State University, Channel Islands (CSUCI).

The City is exploring the possibility of treating western Ventura County the same as eastern Ventura County, serving seniors and ADA customers with direct trips. The City has applied for a grant to try this program. The City has also investigated a transfer program with Gold Coast Transit.

Exhibit 5.3 Organizational Chart, FY 2015-16



Source: City of Camarillo.

Service Planning

The City includes goals and objectives for its transit program in each biennial budget, as well as accomplishments from the previous two years. Goals are revised every two years. For example, goals in the 2016-2018 budget include:

- Expanding the fleet to accommodate increasing ridership,
- Controlling costs for fixed-route and Dial-A-Ride services, and
- Promoting transit services in the community via the Senior Expo and other community events.

The City eyes developments for potential service expansion. As part of its planning process, transit needs such as new stops or bus cut-outs are identified. The most recent tweak was a change to fixed-route service to serve Trader Joe’s grocery, but this change had minimal impact on ridership. The City’s internal goal for Dial-A-Ride trips within the City is four passengers/hour per vehicle.

The City works with the Camarillo Council on Aging as a citizens advisory board. Other public participation efforts include participation in the Camarillo Seniors Expo. Service changes are publicized via internet and brochures.

The City has not conducted recent rider or community surveys. Avenues to provide feedback are customer service and dispatch lines as well as an open-door policy. Roadrunner, the operations contractor, also maintains a complaint log.

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The City of Camarillo opted not to participate in the East County Transit Alliance inter-city senior/ADA Dial-A-Ride program, which includes the cities of Moorpark, Simi Valley, and Thousand Oaks. Reasons for the decision included the City's existing provision of DAR transportation in eastern Ventura County as well as the City's definition of senior as age 55 rather than 65 (per ECTA).

Scheduling, Dispatch, and Operations

The City utilizes one fixed-route driver. Dial-A-Ride shifts are assigned based on seniority. The workforce is not represented.

Time off is accrued based on hours worked. Policies are communicated via employee handbook. The City employs standby drivers to assist with absences.

The City utilizes Roadsoft software for scheduling of Dial-A-Ride trips. Reservations can be made via phone or online. Reservations can be made from two hours to two weeks in advance. Subscription trips make up 20 percent of trips or less. Pick-up windows are ten minutes before and ten minutes after the scheduled time. The driver will wait five minutes before leaving. The City now auto-calls customers, which has reduced no-shows. Customers who do not cancel within two hours of a trip twice in one month can have privileges restricted the following month. Passengers who fail to cancel reserved rides more than three times will no longer be able to reserve rides until a \$5.00 penalty fee is paid to the city.

Personnel Management and Training

The city advertises open positions on online job boards. Drivers must possess a minimum of three years' professional driving experience and pass a background screening and driving test. Training includes one week of classroom and behind-the-wheel training.

Drivers are monitored by road supervisors and via DriveCam videos which are reviewed by the contractor's safety department, which includes two local safety managers and a safety director.

Drivers are recognized for good performance via a "Driver of the Month" award and gift certificates. Customer letters of appreciation are passed along to drivers.

Turnover is approximately 15 percent to 25 percent, based on a variety of factors including poor performance, violation of employment terms, or simply finding new jobs.

Contractor employees are eligible for benefits including medical insurance, vacation time, paid time off, sick leave, and 401(k) accounts.

Administration

Budgeting is conducted every two years, with regular reviews of expectations versus actual costs/revenue. In recent budgets, expenditures have outpaced revenue, but the City has taken steps to rectify this by fine-tuning its forecasts.

The council has approval authority over significant contracts. In 2015, the council questioned the Public Works department's recommendation to award separate contracts for intra-city Dial-A-Ride services and inter-city Dial-A-Ride services (a recommendation made for cost-saving purposes). The council expressed concern that awarding partial service to a company unfamiliar with the City would be too

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risky when weighted against potential cost savings. The entire contract was eventually awarded to Roadrunner Shuttle.

The Engineering Technician is responsible for contract management, including regular monitoring of Roadrunner Shuttle. The operations/maintenance contract relationship began in 2012; the current agreement is for three years plus up to seven option years.

Procurement follows guidelines set by the City, FTA, and RTPA. The City follows CalACT guidelines for rolling stock.

Collected revenue is brought into the contractor's facility in money bags. The contractor utilizes two-person counting. Onboard cameras also provide a layer of security.

The City utilizes an internal audit process, which is conducted on an annual basis.

Marketing and Public Information

Marketing efforts during the audit period included new service literature regarding the City's new Trolley service. The trolley has greatly exceeded ridership projections. The fixed-route brochure was updated in 2015. The Dial-A-Ride user guide was also updated in 2014, but does not provide details regarding intercity DAR service for seniors and ADA riders. The City's website also includes service-related information, including maps, schedules, fare information, and more.

Approximately four years ago the City held a Senior Transit Day which included a group ride to familiarize attendees with the vehicle. The City is interested in holding more such events.

Maintenance

City personnel are responsible for cleaning and inspecting bus shelter and stop infrastructure. Inspections occur every two weeks, with cleaning as needed. Infrastructure used to be pressure-washed routinely, but this practice was suspended during California's drought. Pressure washing now occurs only for health and safety reasons.

The City's preventive maintenance schedule conforms to manufacturers' recommended schedules. Maintenance staff uses a preventative maintenance inspection (PMI) program based upon the CHP A-B-C inspection schedule. Many vehicles in the City's fleet are under warranty (most are 2014 or newer) and can be sent to the manufacturer if repairs are necessary. Preventive maintenance is conducted after hours so as not to conflict with regular vehicle use. Vehicles undergo pre-trip safety inspections to ensure unsafe vehicles are not used for service.

The contractor's maintenance facility is dedicated to the City's fleet and is sufficient for that purpose. It includes two maintenance bays and three lifts. Parts inventory is also sufficient to minimize downtime. Dispatchers notify maintenance immediately if a vehicle breaks down. The City's fleet vehicle status is shared on Google drive so



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multiple departments have access to it. Dispatchers are also notified when a repaired vehicle is once again eligible for service.

The City fleet includes one vehicle used for fixed-route service, one trolley, and the remainder is comprised of cutaways and vans used for Dial-A-Ride services. Exhibit 5.4 details the City's public transit vehicle fleet.

Exhibit 5.4 City of Camarillo Transit Fleet

Mode	Year	Make	Model	Fuel type
Fixed-Route	2015	Chevy	Arboc	Gas
Trolley	2014	Chevy	Hometown	Gas
DAR	2013	Ford	Glaval Entourage	Gas
DAR	2009	Ford	ElDorado National	Disel
DAR	2015	Ford	ElDorado National	Disel
DAR	2010	Braun	EnterVan	Gas
DAR	2012	Braun	EnterVan	Gas
DAR	2014	Braun	EnterVan	Gas
DAR	2014	Braun	EnterVan	Gas
DAR	2016	Chevy	Glaval	Gas
DAR	2016	Chevy	Glaval	Gas
DAR	2016	Ford	Glaval Entourage	Gas
DAR	2016	Braun	Entervan	Gas
DAR	2016	Braun	Entervan	Gas
DAR	2016	Chevy	Glaval Titan II	Gas
DAR	2016	Chevy	Glaval Titan II	Gas

Chapter 6

Findings and Recommendations

Conclusions

The City of Camarillo does not receive any TDA funds for transit and is not required to be in compliance with the requirements of the Transportation Development Act. One item, which deals with the timely submittal of State Controller Reports, is identified as a compliance finding. Other items typically identified as compliance findings are provided as functional findings given the City's non-use of TDA funds. Recommendations intended to improve the effectiveness and efficiency of the operator are detailed below.

Findings

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents one compliance finding.

1. The City could not demonstrate that its FY 2013/14 State Controller Report was submitted within the 110-day timeframe, and its FY 2015/16 report was submitted several days late.

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

1. The use of the TDA definition of full-time equivalent (FTE) for reporting to the State Controller could not be verified.
2. The City did not achieve the 20-percent farebox recovery ratio stipulated by the TDA for transit operators in urbanized areas at any point during the audit period.
3. The City does not report data consistently among internal documents, State Controller Reports, and NTD reports.
4. The City does not properly report its route guarantees to the State Controller.

Program Recommendations

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

The Ventura County Transportation Commission requested the City be included in its 2017 Triennial Performance Audit process to enable a comprehensive and objective review to provide beneficial insights into program performance and to establish a baseline for future audits. As such, the same tests of compliance will be applied to the City as if it received TDA Article 4 funds. Since the City does not utilize Article 4 funding, any findings will be used as a tool for improvement, as they do not impact the City's ability to receive funding.

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Compliance Finding 1: The City could not demonstrate that its FY 2013/14 State Controller Report was submitted within the 110-day timeframe, and its FY 2015/16 report was submitted several days late.

Criteria: Public Utilities Code Section 99243 requires transit operators in receipt of TDA Article 4 funds to submit annual reports to the State Controller within 90 days following the end of the fiscal year (110 days if filing electronically).

Condition: The submittal and signature page for the FY 2013/14 State Controller Report could not be located. As such, no submittal date could be verified for that fiscal year. The submittal date for the FY 2015/16 report was outside the timeframe specified by the State Controller's Office. The submittal date was October 21, 2016, when the deadline for submittal was October 18, 2016 (110 days following the end of the fiscal year).

Cause: Several challenges can result in reports being submitted late, including difficulties with the FTP system, the unavailability of final data, and lack of awareness regarding submittal deadlines. In addition, the absence of a process for archiving submissions (inclusive of the signature page) internally for later retrieval can result in staff being unable to confirm on-time submission.

Effect: This can result in the City being out of compliance with the TDA.

Recommendation: Work with City staff responsible for preparing State Controller Reports to ensure that deadlines are met and that reports and signature pages are filed where they can be easily accessed for the next Triennial Performance Audit.

Recommended Action(s): Staff should establish a designated electronic storage location for State Controller Reports (inclusive of the signature page) and ensure that each report is saved there after being submitted to the State. In addition, all City staff responsible for preparing the State Controller Report for transit should be made aware of the specific deadline for each year (typically included in the annual letter from the State Controller).

Timeline: Beginning with FY 2016/17 reporting in early FY 2017/18.

Anticipated Cost: Negligible.

Functional Finding 1: The use of the TDA definition of full-time equivalent (FTE) for reporting to the State Controller could not be verified.

Criteria: Public Utilities Code Section 99247(j) defines the vehicle service hours per employee metric as "the number of vehicle service hours divided by the number of employees employed in connection with the public transit system" based on person-hours of work. The item goes on to state, "The count of employees shall also include those individuals employed by the operator, which provide services to the agency of the operator responsible for the operation of the public transportation system even though not employed in that agency."

Condition: As part of this review, the City did not provide any documentation outlining the methodology it uses in calculating FTE. Employees as reported to the State Controller varied widely

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from year to year. In FY 2013/14 and FY 2014/15, the number of employees was the same for both fixed-route and demand-response, which was interpreted as the City reporting the total number of employees system-wide as the number of employees for each mode. In FY 2015/16, the number of employees reported appeared to be much more appropriate for each mode. However, it is unclear how the City is calculating the number of employees or FTE it is reporting.

Cause: There is likely a lack of understanding of the TDA definition of full-time equivalent, which would result in use of either a person-count or FTE calculated using the federal definition of full-time (which is 2,080 hours).

Effect: When FTE reported to the State Controller cannot be verified by internal calculation methodology, or when that calculation methodology is incorrect, it is a TDA compliance issue.

Recommendation: Demonstrate use of the TDA definition of full-time equivalent (FTE) and use that methodology when reporting Employees on the State Controller Report.

Recommended Action(s): City staff responsible for preparing the State Controller Report and transit management staff should be made aware of the TDA definition for full-time equivalent (FTE) as well as how it should be reported on the State Controller Report. In completing the State Controller Report, all staff and contractor hours worked for the full fiscal year should be added together, then divided by 2,000 to get the total FTE. Rather than accepting FTE figures from the contractor, we recommend the City request actual hours worked from the contractor, add City staff hours, then calculate FTE for the State Controller Report.

In situations where City staff do not document time but are instead allocated by a percentage of their position, an estimate can be used as long as it is based on the 2,000 definition. Since most employers use the 2,080 definition of FTE internally, this requires additional calculation. For example:

- Staff A is dedicated three-quarters-time (75%) to transit → .75 FTE
- Calculate the number of hours based on 2,080 hours per year → 1,560 hours
- Either add this to the total hours OR determine what 1,560 hours equals based on 2,000 hours per year → .78 FTE

For small programs, this change in methodology may not change what is reported to the State Controller appreciably. However, it can have a much more significant impact for larger systems. The methodology and process for this calculation should be well documented and easily accessible for each fiscal year at the time of the next Triennial Performance Audit.

Timeline: Beginning with FY 2016/17 reporting in early FY 2017/18.

Anticipated Cost: Negligible.

Functional Finding 2: The City did not achieve the 20 percent farebox recovery ratio stipulated by the TDA for transit operators in urbanized areas at any point during the audit period.

Criteria: PUC Section 99268 establishes a 20 percent farebox recovery minimum for urbanized transit systems in order to remain compliant with TDA.

Condition: PUC Section 99268 establishes a 20 percent farebox recovery minimum for urbanized transit systems in order to remain compliant with TDA. While other locally generated funds may be used to subsidize farebox recovery, the standard is also used as a measure of efficiency and productivity.

Cause: The City's farebox recovery ratio ranged between 8.5 percent and 13.0 percent during the audit period. Given the City does not use TDA funds to operate its system, its internal goal for farebox recovery has been 10 percent, and compliance with the 20 percent goal has not been required.

Effect: A farebox recovery ratio under 20 percent is out of compliance with the TDA.

Recommendation: Consider and explore strategies for increasing the Farebox Recovery Ratio to 20 percent (as this is an industry standard and accepted metric).

Recommended Action(s): The City should consider and explore strategies that can be used to increase its farebox recovery ratio to 20 percent. These strategies may include additional marketing, increased contributions from existing partners or new route guarantees from other partners, a fare increase, or a reassessment of service delivery to focus on more fixed-route service and less demand-response service. Any low-cost strategies that can be implemented quickly should be put in place during FY 2017/18, while other strategies that may require planning or budgeting should be implemented the following year. The City should also consider what additional local funds may now be eligible to supplement its farebox recovery ratio (per the changes to PUC Section 99268.19). The goal prior to the next Triennial Performance Audit should be steady improvement in the farebox recovery ratio, even if it does not reach 20 percent by the time of the next audit.

Timeline: Identify strategies during FY 2017/18, with implementation in FY 2017/18 and FY 2018/19.

Anticipated Cost: Negligible.

Functional Finding 3: The City does not report data consistently among internal documents, State Controller Reports, and NTD reports.

Criteria: Operators report performance data using multiple formats (State Controller and NTD reports, as well as internal reports and audits). While data may be prepared at different times and using slightly different definitions, it should be able to be tracked consistently across multiple formats.

Condition: During the preparation of the audit, it was difficult to determine, based on the documents provided, accurate performance measures and cost figures for the City's transit program. While the underlying methodology appeared sound, the manner of reporting the data on the documents provided was inconsistent.

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Cause: Inconsistent reporting can have many causes, including use of data that has not been finalized, variations in how data is processed, changes in staff, and the requirements of specific reports.

Effect: Inconsistent reporting, even when the underlying data is solid, may call into question the accuracy of the data.

Recommendation: Develop and utilize a process to ensure data is compiled and reported consistently.

Recommended Action(s): Develop a process (which may involve investing in data management software) to support record-keeping regarding all performance data specific to National Transit Database, State Controller, and internal City reports. The City has already begun using a single database to document performance statistics. Regardless of what system or process is used, it must include the all required TDA performance measures: Operating Cost, Fare Revenue, Vehicle Service Hours, Vehicle Service Miles, and Ridership. The system should also clearly segregate route guarantees from regular fare revenue for reporting to the State Controller.

Timeline: Beginning with FY 2016/17 reporting in early FY 2017/18.

Anticipated Cost: Negligible.

Functional Finding 4: The City does not properly report its route guarantees to the State Controller.

Criteria: The State Controller's Uniform System of Accounts for Public Transit Operators considers revenue received as a route guarantee as separated from passenger fare revenue. Passenger Fares for Transit Service (Account 401.000) includes revenue earned through passenger fares and park and ride parking lot revenues. Special Transit Fares (Account 402.000) includes "revenues earned for rides given in regular transit service, but paid for by some organization rather than by the rider, and for rides given along special routes for which revenues may be guaranteed by a beneficiary of the service."³ The revenue data reported via the transit State Controller Report should break revenues out into the appropriate categories.

Condition: The City did not segregate its passenger fare revenue from its route guarantee in reporting to the State Controller.

Cause: Lack of familiarity with specifics contained within the Uniform System of Accounts is the most likely cause of the improper reporting.

Effect: Combined data reported to the State Controller under Passenger Fares appears to consist entirely of passenger fare revenues and no route guarantees, which can be misleading.

Recommendation: Ensure that route guarantees (such as those from Leisure Village and CSUCI) are appropriately reported to the State Controller as Special Transit Fares, not Passenger Fares for Transit Service.

³ California State Controller's Uniform System of Accounts, 2009, page 21.

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Recommended Action(s): Track route guarantee funds separate from passenger revenues (see Functional Finding 1) to ensure the data can be accurately reported to the State Controller. These fares will still be included in the calculation of farebox recovery ratio.

Timeline: Beginning with FY 2016/17 reporting in early FY 2017/18.

Anticipated Cost: Negligible.

Exhibit 6.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with City staff responsible for preparing State Controller Reports to ensure that deadlines are met and that reports and signature pages are filed where they can be easily accessed for the next Triennial Performance Audit.	High	FY 2017/18
Functional Recommendations		Importance	Timeline
1	Demonstrate use of the TDA definition of full-time equivalent (FTE) and use that methodology when reporting Employees on the State Controller Report.	High	FY 2017/18
2	Consider and explore strategies for increasing the Farebox Recovery Ratio to 20 percent (as this is an industry standard and accepted metric).	High	Beginning in FY 2017/18
3	Develop and utilize a process to ensure data is compiled and reported consistently.	Medium	FY 2017/18
4	Ensure that route guarantees (such as those from Leisure Village and CSUCI) are appropriately reported to the State Controller as Special Transit Fares, not Passenger Fares for Transit Service.	Low	FY 2017/18