

Final Audit Report  
June 2017

# **Ventura County Transportation Commission TDA Triennial Performance Audit VCTC Intercity Bus**

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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 operator, 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 complete an independent audit on a three-year cycle in order to maintain funding eligibility.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the Ventura County Transportation Commission (VCTC) as operator of the VCTC Intercity public transit service, 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 VCTC's public transit program for the period:

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

VCTC Intercity Transit bus service provides six fixed routes linking the cities of Ventura County and providing connections to neighboring Santa Barbara and Los Angeles Counties. VCTC Intercity fixed-route hours of operation vary by route between the hours of approximately 4:30 a.m. and 10:40 p.m. Monday through Friday. Saturday service is offered between 6:45 a.m. and 7:00 p.m., and Sunday service is limited to three routes: Highway 126, Coastal Express, and Oxnard-Camarillo connector. VCTC Intercity Transit does not operate on designated holidays.

Until a rebranding in 2015, the service was known as VISTA (Ventura Intercity Service Transit Authority). The goal of the rebranding was to improve the visibility and familiarity of the organization. During the audit period, VCTC launched new electronic validating farebox in May 2015, a new Automatic Passenger Counting system in 2016, and a new onboard camera system in January 2016. In 2016, VCTC launched a new route, the Oxnard-Camarillo connector, linking South Oxnard to the Camarillo Premium Outlets. Other recent changes include expanding Highway 126 service hours and adding Saturday service on the East County route.

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

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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

With one exception, VCTC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner.

1. The VCTC Intercity TDA fiscal audit was submitted late in FY 2014/15.

### Status of Prior Recommendations

Given this is the first triennial performance audit of VCTC Intercity, there are no prior recommendations.

### Findings and Recommendations

Based on discussions with VCTC staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned compliance finding for the Ventura County Transportation Commission.

The audit team identified no functional findings.

In completing this Triennial Performance Audit, we submit the following recommendations for the Ventura County Transportation Commission'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.

Given there are no functional findings, only compliance recommendations are presented below.

### Exhibit 1.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Monitor the progress of TDA fiscal audits to ensure they are prepared and submitted within the designated timeframe.	High	FY 2017/18

## Chapter 2

# Review Scope and Methodology

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

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

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

### Objectives

A Triennial Performance Audit has four primary objectives:

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



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#### Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of VCTC 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 VCTC included thorough review of documents relevant to the scope of the audit, as well as information contained on VCTC'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;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;
- Accident/road call logs;
- Short Range Transit Plan; and
- Organizational chart.

The methodology for this review included a site visit to VCTC's offices, located at 950 County Square Drive in Ventura) on March 15, 2017. The audit team met with Martin Erickson (Transit Director), Aaron Bonfilio (Program Manager), and Sally DeGeorge (Finance Director) and reviewed materials germane to the triennial performance audit. The audit team also visited the Roadrunner Management



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Services operations and maintenance facility, located at 240 South Glenn Drive in Camarillo. The audit team met with contractor representatives Syed Shadab (General Manager) and Jeff Brown (Maintenance Manager).

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 VCTC'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.

Compliance 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, TDA claim forms, State Controller annual filings, California Highway Patrol terminal inspections, year-end performance reports, and other compliance-related documentation.

With one exception, the Ventura County Transportation Commission met the test of compliance with respect to Transportation Development Act (TDA) regulations:

1. The VCTC Intercity TDA fiscal audit was submitted late in FY 2014/15.

### 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*

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*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 taxes 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	In compliance	FY 2014: October 6, 2014 FY 2015: October 7, 2015 FY 2016: October 13, 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	Finding	FY 2014: December 10, 2014 FY 2015: June 14, 2016 FY 2016: December 13, 2016
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	August 16, 2013 August 13, 2014 August 20, 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: 6.96% FY 2015: 12.51% FY 2016: 1.99%
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	In compliance	FY 2014: 23.0% (combined) FY 2015: 21.1% FY 2016: 26.2%  <i>Per TDA Article 8(c) annual audit for FY 2014 and financial statements for FY 2015 and FY 2016.</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	In compliance	FY 2014: 23.0% (combined)  <i>Per TDA Article 8(c) annual audit for FY 2014</i>
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	

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Compliance Element	Reference	Compliance	Comments
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	VCTC staff is eligible for CalPERS.
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	FY 2014 was the only year VCTC Intercity received both LTF and STA 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	In compliance	

## 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 6667<sup>1</sup>. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excludes the following:

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



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

### Vehicle Service Hours and Miles

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

### Passenger Counts

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

### Employees

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

### Fare Revenue

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

### TDA Required Indicators

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

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

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

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VCTC's audited financial reports and was determined to be consistent with TDA guidelines and accurately reflects the costs for VCTC'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 NTD reports submitted to the FTA for each fiscal year covered by this audit. Fare revenue from the reports is consistent with TDA guidelines.
- Vehicle Service Hours (VSH) data were obtained via 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. VCTC calculates VSH using schedule hours reconciled with driver trip sheets. VCTC'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 VCTC's monthly performance data summary 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 Transit Operators Financial Transaction Reports submitted to the State Controller for each fiscal year covered by this review. Data from these reports was then compared with information included within VCTC's monthly performance data summary reports. VCTC's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) methodology was provided by VCTC and is consistent with the TDA definition.

### System Performance Trends

Performance trends for VCTC's fixed-route transit program were analyzed for the three years covered by this Triennial Performance Audit.<sup>3</sup> Indicators were calculated using the methodologies described in the previous section.

It should be noted that inconsistencies in how data is reported to different entities may result in trends that are not entirely reflective of actual performance.

Operating cost varied widely across the audit period. Two things happened in FY 2014/15 that could have contributed to the spike in operating cost (or how it was reported). The first is the change in service delivery in the Heritage Valley, which was now reported separately. The second is the that FY 2014/15 was the first year of the new Roadrunner contract, although that contract began in May and would have had a modest effect on operating cost. Most likely, however, is that financial data used in the performance evaluation is from a different source for FY 2014/15 and FY 2015/16 (TDA fiscal audits) than for FY 2012/13 and FY 2013/14 (NTD reports). While TDA fiscal audits are generally more accurate for financial data, the audits of VCTC Intercity were only available for those two years.<sup>4</sup>

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<sup>3</sup> Demand-response data for the VISTA Dial-A-Ride is omitted from totals for FY 2012/13 and FY 2013/14.

<sup>4</sup> Prior audits did not include financial data segregated by mode.

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Fare revenue showed a significant increase in FY 2014/15, but that is likely due to the inclusion of route guarantees and local supplementation in FY 2014/15 and FY 2015/16 that was not included for FY 2012/13 and FY 2013/14.

Ridership saw a decrease between FY 2012/13 and FY 2014/15, but improved slightly in FY 2015/16. Vehicle service hours and vehicle service miles varied three percent or less across the four years shown. When reviewing the last two years of the audit period, productivity and efficiency increased overall, the primary exception being passengers/VSM.

Performance indicators using operating cost or fare revenue may not be reflective of performance, given the issues identified above. In the future, comparison of performance indicators will improve once all the financial data can be taken from the same audited source.

Exhibit 4.1 System Performance Indicators

Performance Measure	System-Wide			
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
<b>Operating Cost (Actual \$)</b>	\$4,707,236	\$5,074,011	\$7,763,339	\$6,624,552
Annual Change		7.8%	53.0%	-14.7%
<b>Fare Revenue (Actual \$)</b>	\$1,252,361	\$1,212,058	\$1,635,940	\$1,733,653
Annual Change		-3.2%	35.0%	6.0%
<b>Vehicle Service Hours (VSH)</b>	58,336	56,771	57,267	57,222
Annual Change		-2.7%	0.9%	-0.1%
<b>Vehicle Service Miles (VSM)</b>	1,580,571	1,548,346	1,539,247	1,585,460
Annual Change		-2.0%	-0.6%	3.0%
<b>Passengers</b>	843,806	823,001	782,381	786,754
Annual Change		-2.5%	-4.9%	0.6%
<b>Employees</b>	64	66	68	79
Annual Change		3.1%	3.0%	16.2%
<b>Performance Indicators</b>				
<b>Operating Cost/VSH (Actual \$)</b>	\$80.69	\$89.38	\$135.56	\$115.77
Annual Change		10.8%	51.7%	-14.6%
<b>Operating Cost/Passenger (Actual \$)</b>	\$5.58	\$6.17	\$9.92	\$8.42
Annual Change		10.5%	60.9%	-15.1%
<b>Passengers/VSH</b>	14.46	14.50	13.66	13.75
Annual Change		0.2%	-5.8%	0.6%
<b>Passengers/VSM</b>	0.53	0.53	0.51	0.50
Annual Change		-0.4%	-4.4%	-2.4%
<b>Farebox Recovery</b>	26.6%	23.9%	21.1%	26.2%
Annual Change		-10.2%	-11.8%	24.2%
<b>Hours/Employee</b>	911.5	860.2	842.2	724.3
Annual Change		-5.6%	-2.1%	-14.0%
<b>TDA Non-Required Indicators</b>				
<b>Operating Cost/VSM</b>	\$2.98	\$3.28	\$5.04	\$4.18
Annual Change		10.0%	53.9%	-17.2%
<b>VSM/VSH</b>	27.09	27.27	26.88	27.71
Annual Change		0.7%	-1.4%	3.1%
<b>Fare/Passenger</b>	\$1.48	\$1.47	\$2.09	\$2.20
Annual Change		-0.8%	42.0%	5.4%

Source: NTD reports for FY 2013 – FY 2014 except where noted. Operating cost and fare revenue for FY 2015 – FY 2016 were obtained from TDA fiscal audits.

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Exhibit 4.2 System Ridership

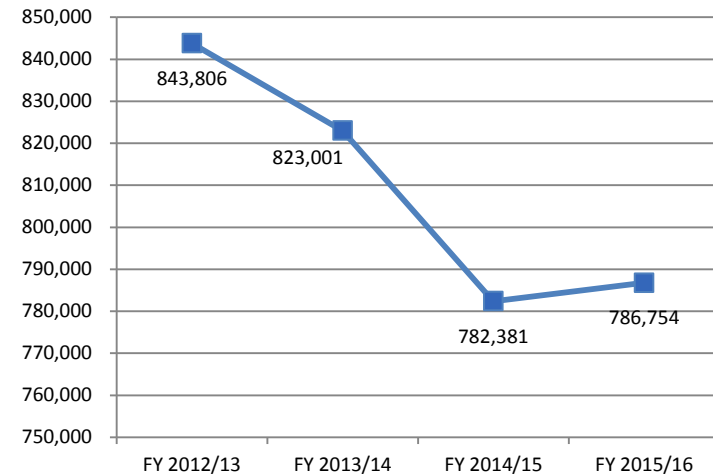


Exhibit 4.3 System Operating Cost/VSH

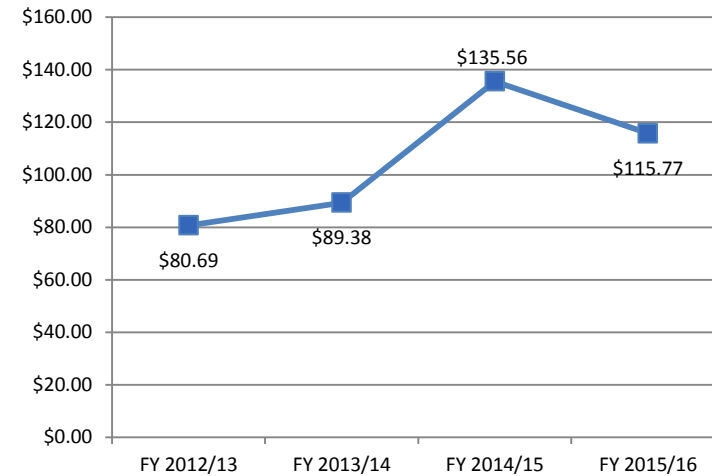


Exhibit 4.4 System Operating Cost/VSM

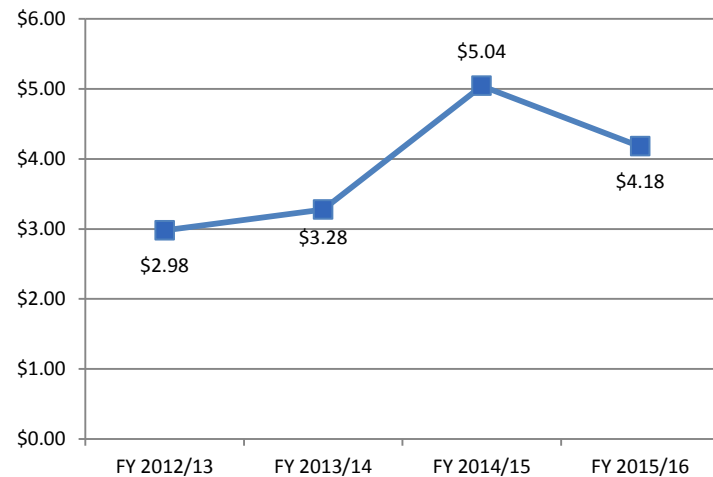
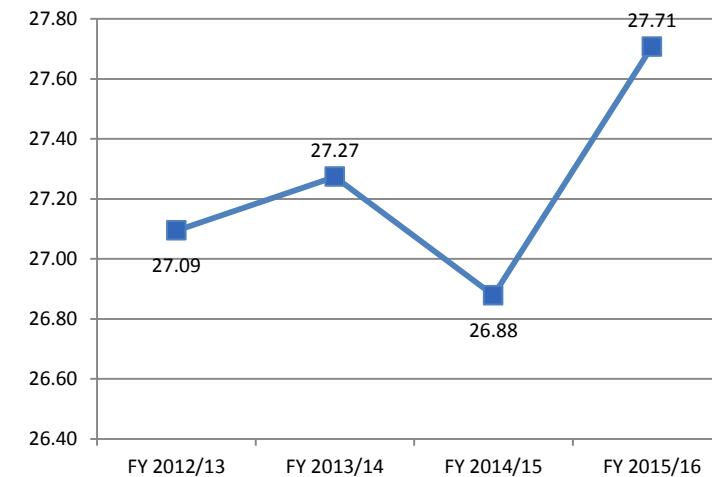


Exhibit 4.5 System VSM/VSH



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Exhibit 4.6 System Operating Cost/Passenger

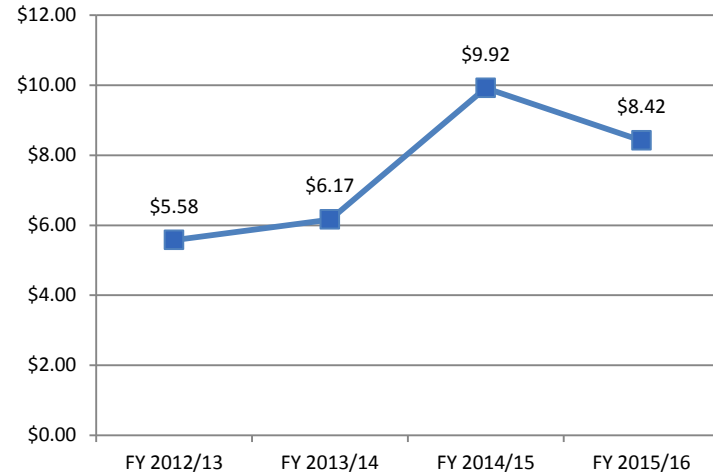


Exhibit 4.7 System Passengers/VSH

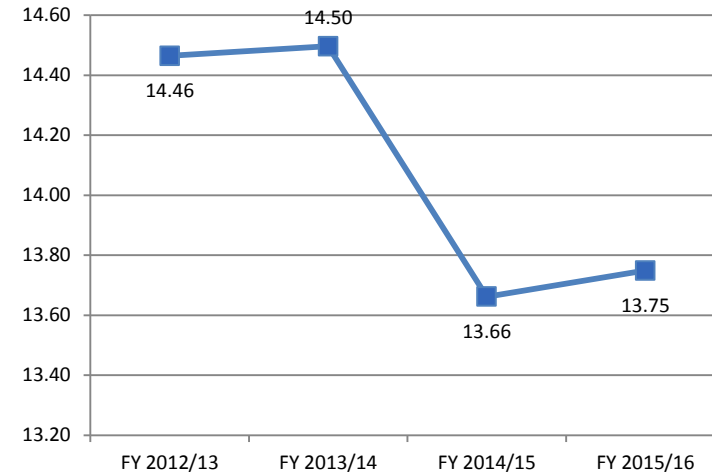


Exhibit 4.8 System Passengers/VSM

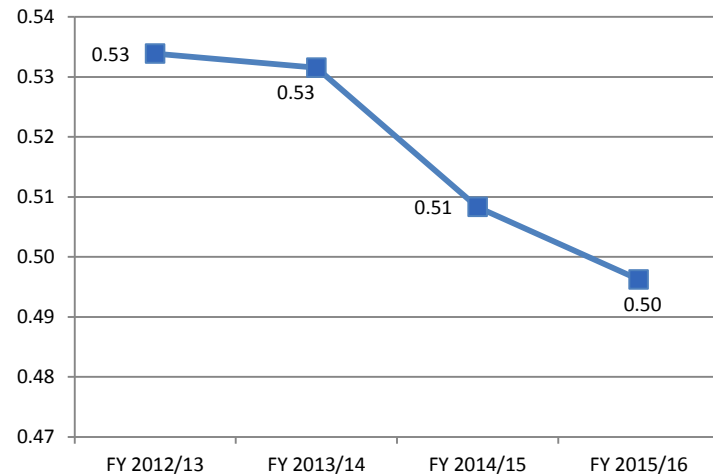
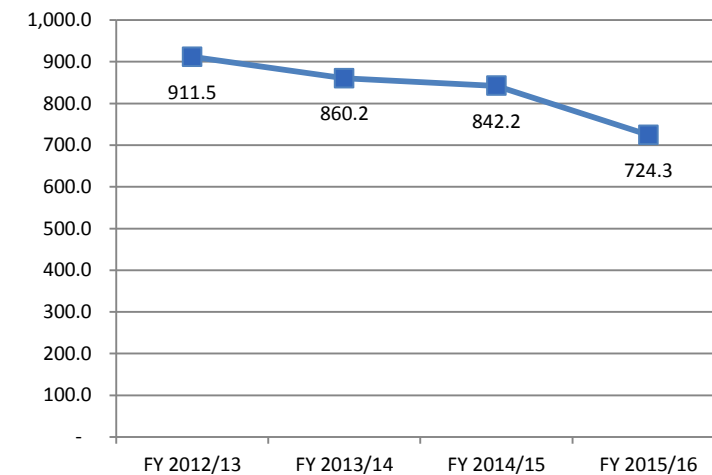


Exhibit 4.9 System VSH/FTE



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Exhibit 4.10 System Farebox Recovery

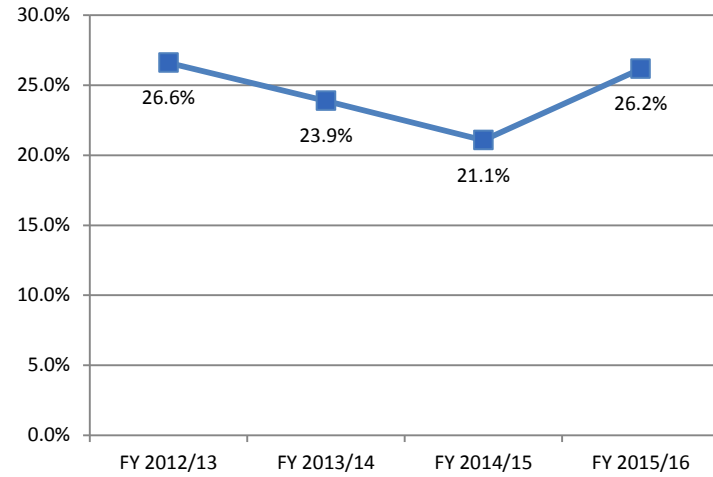
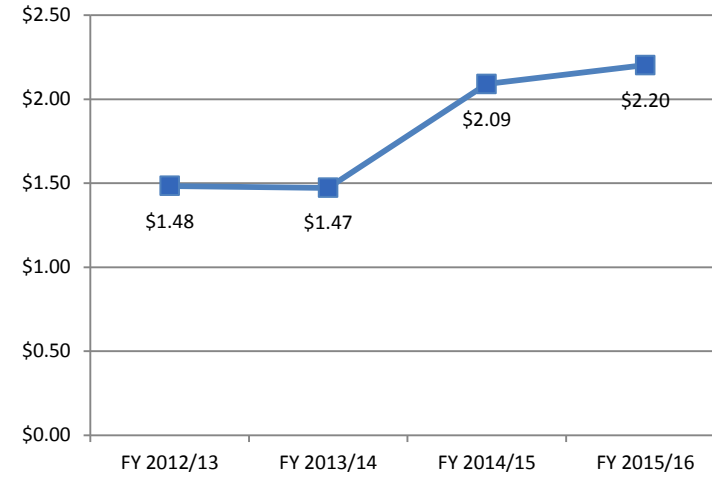


Exhibit 4.11 System Fare/Passenger



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## Chapter 5

# Functional Review

A functional review of the Ventura County Transportation Commission's public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of VCTC'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 VCTC 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

VCTC Intercity Transit bus service provides six fixed routes linking the cities of Ventura County and providing connections to neighboring Santa Barbara and Los Angeles Counties. VCTC Intercity fixed-route hours of operation vary by route between the hours of approximately 4:30 a.m. and 10:40 p.m. Monday through Friday. Saturday service is offered between 6:45 a.m. and 7:00 p.m. and Sunday service is limited to three routes: Highway 126, Coastal Express, and Oxnard/Camarillo/CSUCI. VCTC Intercity Transit does not operate on designated holidays. The most recent schedule change, which consolidated routes serving Oxnard, Camarillo, and CSUCI and began using number designations for routes and route variations, took place on May 22, 2017.

VCTC operated VISTA Dial-A-Ride until 2014 consisting of two separate demand-response services, one operating within Santa Paula and the other in the Fillmore-Piru area. These services were replaced by the Valley Express fixed-route and paratransit services, which are addressed in a separate audit report.

Until a rebranding in 2015, the service was known as VISTA (Ventura Intercity Service Transit Authority). The goal of the rebranding was to improve the visibility and familiarity of the organization as well as tie it more closely to VCTC as the operating organization.

During the audit period, VCTC launched new electronic validating fareboxes in May 2015, a new Automatic Passenger Counting system in 2016, and a new onboard camera system in January 2016. In October 2016, VCTC launched a new route, the Oxnard-Camarillo connector, linking South Oxnard to the Camarillo Premium Outlets. Other changes included expanding Highway 126 service hours and adding Saturday service on the East County route. In May 2017, the Oxnard-Camarillo connector was combined with the Oxnard and Camarillo CSUCI routes, some non-productive trips were eliminated, and service to Piru on the Highway 126 route was eliminated.

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VCTC utilizes a zoned fare structure. Zone 1 includes routes traveling within Ventura County, while Zone 2 includes routes traveling beyond Ventura County.

Exhibit 5.1 Zone 1 Fare Structure

Fare Category	Fare
Full Fare	\$1.25
Reduced Fare*	\$0.60
Child under 5	Free
31-Day Pass (Full Fare)	\$50.00
31-Day Pass (Reduced Fare)	\$25.00
10-Ride Ticket (Full Fare)	\$11.00
10-Ride Ticket (Reduced Fare)	\$5.50

\*Reduced Fare - Seniors 65 years of age and over; Medicare or ADA cardholder.

Exhibit 5.2 Zone 2 Fare Structure

Fare Category	Fare
Full Fare	\$3.00
Reduced Fare*	\$1.50
Child under 5	Free
31-Day Pass (Full Fare)	\$105.00
31-Day Pass (Reduced Fare)	\$52.00
10-Ride Ticket (Full Fare)	\$27.00
10-Ride Ticket (Reduced Fare)	\$13.50

\*Reduced Fare - Seniors 65 years of age and over; Medicare or ADA cardholder.

### General Management and Organization

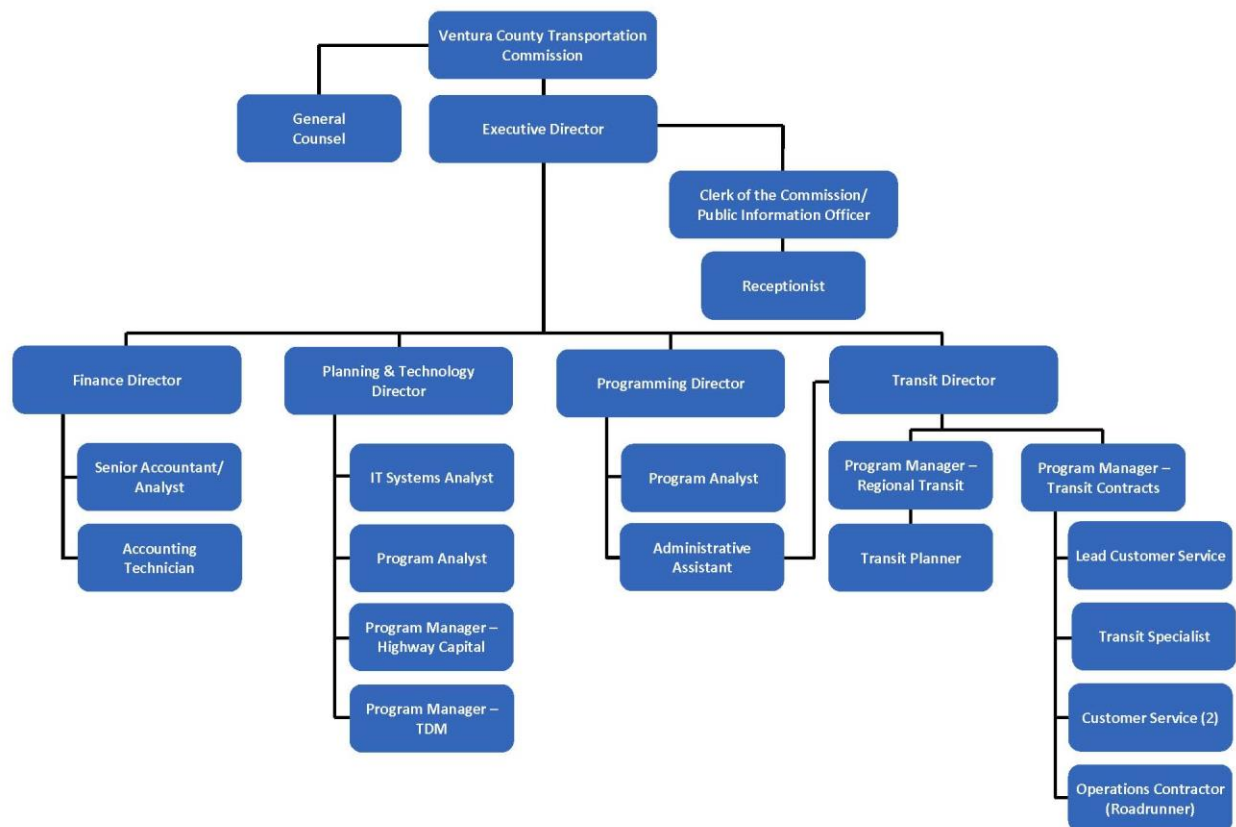
VCTC's Executive Director manages four departments—Finance, Technology and Planning, Programming, and Transit. The Transit Director oversees a department that includes two Program Managers, a Transit Planner, a Transit Specialist, a Customer Service Lead, and two additional Customer Service personnel. The operations contractor is under the Transit Director as well. VCTC's organizational chart is presented in Exhibit 5.3.

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Exhibit 5.3 VCTC Organizational Chart<sup>5</sup>



Source: VCTC.

Vehicles are operated by Roadrunner Management Services, Inc., which is based in Camarillo.

VCTC monitors performance via monthly reports submitted with contractor invoices, as well as in-field monitoring, with operations meetings held quarterly (and monthly as needed). VCTC also works with the contractor to address customer complaints and issues. Onboard cameras provide the ability for live looks and spot checks.

When all positions are filled, the Transit Department is appropriately staffed, although additional positions could help. The Transit Department has nine people, three of which are only 50 percent dedicated to transit. The department has had relatively high turnover in recent years, and two people are currently on leave.

The Transit Division includes multiple staff members focused on regional transit—including fareboxes, fare media, Nextbus, and regional trip planning. VCTC oversees or participates in numerous committees, including the Transportation Technical Advisory Committee and Transcom for transit operators. The Transit Director would like to see more coordination among these committees, as well as more participation from East County cities.

<sup>5</sup> Note: Operations Contractor (Roadrunner) is not a VCTC employee.

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The VCTC governing board used to be more focused on the productivity of individual routes but has recently shifted to focus on the productivity of the system as a whole. The goal is to provide effective transit for transit-dependent populations.

### Service Planning

A county-wide Short Range Transit Plan was updated in Fall 2015, providing strategies for improved regional coordination and connectivity. The goal was to establish a cohesive and consistent set of transit services.

The VCTC Intercity five-year plan, also completed in 2015, included recommendations to simplify service, enhance connectivity between core routes, and expand service to reduce travel time and minimize transfers. Recommendations included route modifications, schedule adjustments, service expansion, and elimination of low-ridership stops. The next SRTP effort will include criteria for reducing or expanding routes. Routes currently do not have minimum ridership targets, with the exception of the Coastal Express route. Changes to routes serving CSUCI are made only after stakeholder involvement.

VCTC has five-year overall system goals. The countywide SRTP included classification of routes that guides performance monitoring.

The Ventura County Coordinated Public Transit-Human Services Transportation Plan was updated in 2016. The plan identifies and addresses transportation needs for seniors, persons with disabilities, and low-income individuals. Paratransit services are offered by multiple operators in Ventura County. Numerous municipal operators provide service and formed the East County Transportation Alliance for the eastern part of the county, while Gold Coast Transit District covers the western part of the county with its GO ACCESS program. The Heritage Valley is served by the Valley Express Dial-A-Ride program. ADA eligibility is established through a partnership with Mobility Management Partners, Inc. (MMP), a non-profit agency based in Camarillo.

Planning efforts have included numerous rider and route-specific surveys, including a system-wide survey of VCTC Intercity customers as part of the SRTP in 2015. Santa Barbara County Association of Governments surveyed Coastal Express riders in April 2016.

### Scheduling, Dispatch, and Operations<sup>6</sup>

Drivers bid for their work assignments twice per year, with awards based on seniority. Drivers are rotated among routes only if they choose. Although VCTC utilizes four different vehicles, they are all from the same manufacturer, and there are minimal functional differences.

Part-time drivers are not eligible for vacation or insurance; they do receive sick leave. Only two of 36 drivers are part-time. Full-time drivers are eligible for health insurance, 401(k) retirement accounts, paid time off, and sick leave.

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<sup>6</sup> Operations personnel (including dispatch and vehicle operators) are employed by the contractor. Benefits described herein are provided by the contractor, not VCTC.

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Buses are assigned to routes based on availability. Some drivers have preferred vehicles, which VCTC sees as a positive because drivers become familiar with the bus. The downside is that they do not always notice when something starts to go wrong.

#### Personnel Management and Training

The contractor (Roadrunner) currently has no issues recruiting drivers, although it has been an issue in the past. Ads are placed on multiple websites and in newspapers. Not all applicants are qualified. Some recruits have school bus experience or a Verification of Transit Training (VTT) certificate; some need additional training for VTT. The contractor is authorized to provide classroom training and can issue Class C licenses.

Drivers are rewarded for good performance with luncheons, gift cards, twice-annual driver appreciation events, and rewarded for reporting incidents under a “See something, prevent it” campaign.

Performance evaluations are conducted every six months. Drivers are subject to counseling, warnings, suspension, and termination depending upon the severity of infraction.

Exit interviews shed light on staff turnover. Many exiting drivers indicate that the job was not what they expected—whether interactions with passengers, long hours, or work atmosphere.

A state-certified instructor/trainer can issue Class C licenses with passenger endorsement. New drivers are trained on rules and regulations and undergo four days of testing to qualify on every type of bus. On-the-road training with another driver shows what can be expected.

#### Administration

VCTC’s annual budget includes transit funding for both VCTC Intercity Transit and the Valley Express. The budget is developed and approved via the VCTC Finance subcommittee. The budget is adopted in June. VCTC monitors expenses and revenue monthly against budgeted projections. VCTC programs a contingency fund each year.

VCTC’s Programming Department works with Transit on grant application, management, and compliance. VCTC has not lost any grants due to neglected or mismanaged opportunities.

The Transit Director or Program Manager is responsible for contract management. The Transit Specialist addresses related operational issues.

VCTC’s new electronically validating fareboxes have improved the revenue collection process, including security. Only certain contractor staff are able to unlock fareboxes. Vaults are taken to a secure count room at the operations facility, where a two-person team of contractor personnel handles counting and reconciliation. The final count is handled by the contractor’s Finance Department. Counts are compared against Point of Sale tallies.

Procurement procedures are guided by a manual updated in 2016, per recommendation from an FTA Triennial Review. Procurement practices conform to all applicable requirements.

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## Marketing and Public Information

VCTC's largest marketing effort during the audit period was a 2015 rebranding effort that included a new color scheme and coordinated brand identity to ensure the community understood the value of VCTC and its transit services.

A marketing contractor conducts a wide range of transit-related marketing activities, including annual events, advertorials, a website, social media, rider alerts, and seasonal projects such as updated schedules. VCTC engaged a new marketing consultant in FY 2015/16. Recent campaigns have focused on Veterans Day, the Oxnard-Camarillo route, route detours due to the Ventura County Fair in July/August, and education regarding the difference between commuter bus and city bus. Marketing of VCTC Intercity is also included as part of Rideshare marketing efforts.

## Maintenance

Preventive maintenance is conducted every 5,000 miles. FleetMate software helps generate a list of needed maintenance and repairs. Repairs still covered by warranty are identified. Engine and body work is sent off-site. The contractor has a dedicated yard for VCTC operations, vehicle storage, and maintenance at 240 South Glenn Drive in Camarillo, adjacent to the Camarillo Metrolink Station.

The fleet is relatively new; even four of the 2008 buses have new engines. The SRTP specifies a 12-year life cycle for vehicles. VCTC has an option to purchase three more from MCI. A Transit Asset Management plan is currently in development.

Exhibit 5.4 VCTC Intercity Transit Fleet

Make/Model	Year	Passengers	WC Capacity	Quantity
MCI 4500	2015	57	2	14
MCI 4505	2015	56	2	11
Volvo 9700	2013	54	2	1
MCI J4500	2008	56	2	2
MCI D4505	2008	56	2	2

## Chapter 6

# Findings and Recommendations

### Conclusions

With one exception, we find the Ventura County Transportation Commission to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner. Recommendations intended to improve the effectiveness of the operator are detailed below.

### Findings and Recommendations

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

1. The VCTC Intercity TDA fiscal audit was submitted late in FY 2014/15.

The audit team has identified no functional findings.

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

Given there were no functional findings, only compliance findings are presented below.

#### Compliance Finding 1: The VCTC Intercity TDA fiscal audit was submitted late in FY 2014/15.

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

**Condition:** The VCTC Intercity TDA fiscal audit for FY 2014/15 was submitted well past the allowable 90-day extension. However, since the FY 2015/16 audit was submitted on time, this does not appear to be an ongoing problem.

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

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



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**Recommendation:** Monitor the progress of TDA fiscal audits to ensure they are prepared and submitted within the designated timeframe.

**Recommended Action(s):** Because the subsequent year's audit was submitted on time, we do not believe this is an ongoing issue that requires action at this time. VCTC should monitor its TDA fiscal auditor to ensure appropriate deadlines are built into the contract and that those deadlines are being met.

**Timeline:** Beginning with audits for FY 2016/17.

**Anticipated Cost:** Negligible.

Exhibit 6.1 Summary of Review Recommendations

Functional Recommendations		Importance	Timeline
1	Monitor the progress of TDA fiscal audits to ensure they are prepared and submitted within the designated timeframe.	High	FY 2017/18