



FINAL REPORT
APRIL 2020

City of Simi Valley

Ventura County Transportation Commission

Triennial Performance Audit for FY 2017 - FY 2019



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Chapter 1

Executive Summary

In 2019, the Ventura County Transportation Commission (VCTC) selected Moore & Associates, Inc. to prepare Triennial Performance Audits of itself as the RTPA as well as the nine public transit programs to which it allocates TDA 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. This represents the second cycle for which the City of Simi Valley is required to be audited.

The Triennial Performance Audit (TPA) of the City of Simi Valley's public transit program covers the three-year period ending June 30, 2019. The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Simi Valley as a public transit operator, providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three 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 Simi Valley's public transit program for the period:

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

The city of Simi Valley, located in eastern Ventura County, provides public transit service consisting of fixed-route and ADA/senior Dial-A-Ride services within Simi Valley as well as to the Chatsworth Metrolink Station. During the audit period, Routes A, B, and C provided service Monday through Saturday, while Route D operated Monday through Friday (excluding designated holidays). Hours of operation are from approximately 5:15 a.m. to 8:00 p.m.

Effective March 2, 2020, the City implemented route recommendations arising from the recently completed Short Range Transit Plan. The four existing routes were reconfigured into three routes (Route 10, Route 20, and Route 30) which provide service Monday through Saturday. The service operates from approximately 5:00 a.m. to 8:00 p.m.

The City's Dial-A-Ride is a shared-ride, curb-to-curb service for ADA-certified individuals as well as seniors age 65 and above. Riders must complete a Dial-A-Ride application in order to be eligible to use the service.

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In addition, Simi Valley is one of five entities participating in the East County Transit Alliance, which provides the CONNECT InterCity Dial-A-Ride service, enabling seniors and ADA-certified individuals to travel throughout eastern Ventura County.

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 its 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 five elements:

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

Test of Compliance

With three exceptions, Moore & Associates concludes the City of Simi Valley complies with the Transportation Development Act (TDA) regulations:

1. In FY 2017/18, the City's State Controller Reports were submitted several days late. The General Services report was submitted on February 2, 2019, while the Specialized Services report was submitted on February 4, 2019.
2. In FY 2016/17 and FY 2017/18, the City did not meet the minimum 20 percent farebox recovery ratio threshold for urbanized services.
3. In FY 2016/17 and FY 2017/18, the City did not meet the minimum 10 percent farebox recovery ratio threshold for specialized services.

Status of Prior Recommendations

The prior audit – completed in 2017 by Moore & Associates, Inc./Ma and Associates for the three fiscal years ending June 30, 2016 – prescribed two recommendations for the City of Simi Valley:

1. The TDA auditor should verify during the audit process that it is using the base operating cost (absent any exclusions) before subtracting exclusions in the calculation of farebox recovery ratio.
Status: Implemented.
2. Identify and implement strategies for increasing the fixed-route farebox recovery ratio to 20 percent.
Status: Implementation in progress.

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 three compliance findings for the City of Simi Valley:

1. In FY 2017/18, the City's State Controller Reports were submitted several days late. The General Services report was submitted on February 2, 2019, while the Specialized Services report was submitted on February 4, 2019.
2. In FY 2016/17 and FY 2017/18, the City did not meet the minimum 20 percent farebox recovery ratio threshold for urbanized services.
3. In FY 2016/17 and FY 2017/18, the City did not meet the minimum 10 percent farebox recovery ratio threshold for specialized services.

The audit team has identified one functional finding. While this finding is not a compliance finding, we feel it is significant enough to be addressed within this audit:

1. In 2016 and 2019, the City's terminal received an Unsatisfactory CHP rating. While subsequent reinspections resulted in a Satisfactory rating, multiple Unsatisfactory ratings in a relatively short period is concerning.

In completing this Triennial Performance Audit (TPA), the auditors submit the following recommendations for the City of Simi Valley'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.

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Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Continue to ensure State Controller Reports are submitted in a timely manner.	Low	Ongoing
2	Expand marketing efforts to attract new riders and reverse the significant ridership loss.	High	FY 2020/21
3	Continue to utilize local supplementation to ensure compliance with the farebox recovery ratio while implementing service changes in an effort to reduce operating cost and increase ridership/fare revenue for the City's fixed-route service.	Medium	Ongoing
4	Continue to utilize local supplementation to ensure compliance with the farebox recovery ratio while determining what operational changes can be implemented to reduce demand-response operating cost.	Medium	Ongoing
Functional Recommendations		Importance	Timeline
1	The City should ensure it continues to enroll all drivers in the DMV's Employer Pull Notice Program as soon as they are employed for the operation of an eligible vehicle, as required by the program.	Medium	Ongoing

Chapter 2

Audit Scope and Methodology

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

In 2019, the Ventura County Transportation Commission selected Moore & Associates, Inc. to prepare Triennial Performance Audits of itself as the RTPA, the five transit operators to which it allocates TDA Article 4 funding, and four additional transit operators that do not receive TDA Article 4 funding. Moore & Associates is a general consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Simi Valley 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 the audit team plan and perform the audit so as 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.

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 Simi Valley included five tasks:

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

Methodology

The methodology for the Triennial Performance Audit of the City of Simi Valley 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;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;
- Accident/road call logs;
- Customer complaint logs;
- Short Range Transit Plan; and
- Organizational chart.

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The methodology for this review included a site visit to the City of Simi Valley Transit Maintenance Facility (490 West Los Angeles Avenue) on February 3, 2020. The audit team met with Ben Gonzalez (Deputy Public Works Director), Robin Walker (Senior Management Analyst), and Christopher Latham (Transit Operations Manager); reviewed materials germane to the triennial review; and toured the maintenance facility.

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

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

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Chapter 3

Program Compliance

This section examines the City of Simi Valley'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 three exceptions, the City of Simi Valley met the test of compliance with respect to Transportation Development Act (TDA) regulations:

1. In FY 2017/18, the City's State Controller Reports were submitted several days late. The General Services report was submitted on February 2, 2019, while the Specialized Services report was submitted on February 4, 2019.
2. In FY 2016/17 and FY 2017/18, the City did not meet the minimum 20 percent farebox recovery ratio threshold for urbanized services.
3. In FY 2016/17 and FY 2017/18, the City did not meet the minimum 10 percent farebox recovery ratio threshold for Specialized Services.

Recent Changes Regarding Compliance

Several changes specific to the TDA and TDA funding went into effect beginning July 1, 2016, and were in full effect throughout the audit period. 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.*

Reporting forms for the State Controller for FY 2016/17 were not updated to reflect these exclusions. Reporting forms were updated and in place for FY 2017/18 and FY 2018/19. However, 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 opened 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.

The Future of the Transportation Development Act¹

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

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

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

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

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

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

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

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Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	Finding	FY 2016/17: January 31, 2018 FY 2017/18: February 2/4, 2019 FY 2018/19: January 27, 2020
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance	FY 2016/17: February 28, 2018 FY 2017/18: March 14, 2019 FY 2018/19: January 22, 2020
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	May 5, 2016 (Unsatisfactory) September 6, 2016 (Reinspection – Satisfactory) September 27, 2017 October 16, 2018 October 3, 2019 (Unsatisfactory) January 16, 2020 (Reinspection - Satisfactory)
Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	PUC 99270.1	Not applicable	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	Not applicable	The City does not receive Article 8(c) funds.
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2016/17: +16.3% FY 2017/18: +9.9% FY 2018/19: +5.5% The increase in FY 2017 is substantiated by filling vacant positions as well as budgeting for consulting services for an SRTP.
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	FTE is being calculated correctly.
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	Finding	FY 2016/17: 13.37% FY 2017/18: 8.59% FY 2018/19: 20.01% <i>Source: TDA Fiscal Audits FY 2017 – FY 2019.</i>

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Compliance Element	Reference	Compliance	Comments
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	Not applicable	
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Finding	FY 2016/17: 5.04% FY 2017/18: 3.44% FY 2018/19: 10.02% <i>Source: TDA Fiscal Audits FY 2017 – FY 2019.</i>
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	City staff is eligible to receive retirement benefits through 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)	Not applicable	The City does not receive STA funds.
In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes on a sliding scale.	PUC 99314.6	Not applicable	The City does not receive 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

Prior Recommendations

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

The prior audit – completed in 2017 by Moore & Associates, Inc./Ma and Associates for the three fiscal years ending June 30, 2016 – prescribed two recommendations for the City of Simi Valley:

1. The TDA auditor should verify during the audit process that it is using the base operating cost (absent any exclusions) before subtracting exclusions in the calculation of farebox recovery ratio.

Discussion: In the prior audit, the audit team noted that in FY 2014/15 Operating Expense was used as the base for the farebox recovery ratio calculations and in FY 2015/16 Operating Cost was used (which turns out to be Operating Expense less depreciation). Therefore, the FY 2015/16 farebox recovery ratio inadvertently deducted depreciation twice from the total operating expense. Despite the City's efforts to ensure the farebox recovery ratio was calculated correctly by having Conrad [the TDA fiscal auditor] review the calculations along with the back-up, the expense and cost along with the TDA language made it easy to miss. The audit team also spoke with VCTC's Finance Director to identify potential strategies that could be taken with the TDA auditor to ensure the opportunity for such errors can be mitigated in future years.

Progress: Conrad, the incumbent fiscal auditor, continued to prepare fiscal audits during the current audit period. The spreadsheet that the City uses to calculate FBRR has been revised to assure that depreciation and any other exclusions are not deducted twice in error. Additionally, the spreadsheet data is reviewed by Conrad and any recommended corrections are made prior to submittal to the State Controller's Office. The farebox recovery ratio calculation included in those audits reflected the operating cost inclusive of depreciation, then correctly showed the exclusion of depreciation as part of the calculation.

Status: Implemented.

2. Identify and implement strategies for increasing the fixed-route farebox recovery ratio to 20 percent.

Discussion: Officially, the City's farebox recovery ratio ranged between 9.5 percent and 22.6 percent during the audit period. Determination of compliance with TDA farebox recovery ratio requirements was based on single-year TDA fiscal audits for FY 2014/15 and FY 2015/16, and on State Controller Reports for FY 2013/14. A miscalculation by the TDA auditor in FY 2015/16 resulted in the City being determined to be in compliance when it actually was not. Since VCTC acted in good faith in accepting the auditor's assessment, we have elected to accept the compliance finding for FY 2015/16. However, the City must be

vigilant moving forward to ensure its farebox recovery ratio for fixed-route service meets the 20 percent minimum.

The City should identify strategies that can be used to increase the farebox recovery ratio for its fixed-route service to 20 percent. The City is currently preparing a Short Range Transit Plan, and achieving the required 20 percent farebox recovery ratio for the fixed-route service should be a key goal of that plan. Strategies may include additional marketing to increase ridership and identifying efficiencies in transit operations. 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).

Progress: In FY 2016/17 and FY 2017/18, the City was not in compliance with the TDA thresholds. In FY 2016/17, the fixed-route farebox recovery ratio was 13.4 percent, while the specialized services farebox ratio was 5.0 percent. In FY 2017/18, the fixed-route farebox recovery ratio was 8.6 percent, while the specialized services farebox ratio was 3.4 percent. However, in FY 2018/19, the City utilized general funds to supplement its fare revenue, resulting in a fixed-route ratio of 20.0 percent and a specialized services ratio of 10.0 percent. In addition, the Short Range Transit Plan was completed and approved by the City Council in 2019. The City is implementing a service change (effective March 2, 2020) and is considering a fare increase in an effort to improve the unsupplemented farebox recovery ratio.

Status: Implementation in progress.

Chapter 5

Performance Analysis

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

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

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

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

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

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

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667². 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:

² 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.³ 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 Simi Valley, 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. Operating Cost from the reports was compared against that reported to the NTD as well as in the City's audited financial reports and was

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

- 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. Fare revenue from the reports is consistent with TDA guidelines.
 - Vehicle Service Hours (VSH) data were obtained via State Controller Reports 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. 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 State Controller Reports 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. 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 audit. 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) methodology was provided by the City of Simi Valley and is consistent with the TDA definition.

System Performance Trends

System-wide operating cost posted a net increase of 35.7 percent across the six-year period, despite a modest decrease in FY 2018/19. The greatest increase (12.1 percent) occurred in FY 2017/18. Fare revenue saw a net 10.8 percent increase between FY 2013/14 and FY 2018/19, yet a 15 percent decrease during the audit period.

Vehicle service hours (VSH) experienced a net decrease of 5.6 percent across the six-year period. VSH peaked in FY 2016/17 and FY 2017/18 before decreasing 10.8 percent in FY 2018/19. Vehicle service miles (VSM) declined each year except for FY 2016/17, which saw a 13.4 percent increase. Overall, VSM experienced a net decrease of 12.1 percent across the last two audit periods. System ridership decreased 20.4 percent between FY 2013/14 and FY 2018/19. The most significant decrease (25 percent) occurred in FY 2017/18, followed by a slight rebound (1.8 percent increase) in FY 2018/19.

Cost-related performance indicators increased during the audit period, reflecting a decline in cost-effectiveness. Passenger-related performance indicators decreased during the audit period, reflecting a decline in productivity.

The unsupplemented farebox recovery ratio decreased between FY 2016/17 and FY 2017/18, but remained static in FY 2018/19. Fare per passenger increased in FY 2017/18, but declined slightly in FY 2018/19.

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Exhibit 5.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Operating Cost (Actual \$)	\$5,577,955	\$5,795,759	\$6,327,326	\$6,877,376	\$7,712,839	\$7,570,447
Annual Change		3.9%	9.2%	8.7%	12.1%	-1.8%
Fare Revenue (Actual \$)	\$415,476	\$459,713	\$704,217	\$541,598	\$468,903	\$460,401
Annual Change		10.6%	53.2%	-23.1%	-13.4%	-1.8%
Vehicle Service Hours (VSH)	46535	41093	42701	49162	49252	43953
Annual Change		-11.7%	3.9%	15.1%	0.2%	-10.8%
Vehicle Service Miles (VSM)	609464	598501	563461	639016	637386	536014
Annual Change		-1.8%	-5.9%	13.4%	-0.3%	-15.9%
Passengers	398237	423816	377104	416615	312433	316852
Annual Change		6.4%	-11.0%	10.5%	-25.0%	1.4%
Employees	39	41	41	41	40	39
Annual Change		5.1%	0.0%	0.0%	-2.4%	-2.5%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$119.87	\$141.04	\$148.18	\$139.89	\$156.60	\$172.24
Annual Change		17.7%	5.1%	-5.6%	11.9%	10.0%
Operating Cost/Passenger (Actual \$)	\$14.01	\$13.68	\$16.78	\$16.51	\$24.69	\$23.89
Annual Change		-2.4%	22.7%	-1.6%	49.5%	-3.2%
Passengers/VSH	8.56	10.31	8.83	8.47	6.34	7.21
Annual Change		20.5%	-14.4%	-4.0%	-25.1%	13.6%
Passengers/VSM	0.65	0.71	0.67	0.65	0.49	0.59
Annual Change		8.4%	-5.5%	-2.6%	-24.8%	20.6%
Farebox Recovery	7.4%	7.9%	11.1%	7.9%	6.1%	6.1%
Annual Change		6.5%	40.3%	-29.2%	-22.8%	0.0%
Hours/Employee	1193.2	1002.3	1041.5	1199.1	1231.3	1127.0
Annual Change		-16.0%	3.9%	15.1%	2.7%	-8.5%
TDA Non-Required Indicators						
Operating Cost/VSM	\$9.15	\$9.68	\$11.23	\$10.76	\$12.10	\$14.12
Annual Change		5.8%	16.0%	-4.2%	12.4%	16.7%
VSM/VSH	13.10	14.56	13.20	13.00	12.94	12.20
Annual Change		11.2%	-9.4%	-1.5%	-0.4%	-5.8%
Fare/Passenger	\$1.04	\$1.08	\$1.87	\$1.30	\$1.50	\$1.45
Annual Change		4.0%	72.2%	-30.4%	15.4%	-3.2%

Source: State Controller Reports.

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Exhibit 5.2 System Ridership

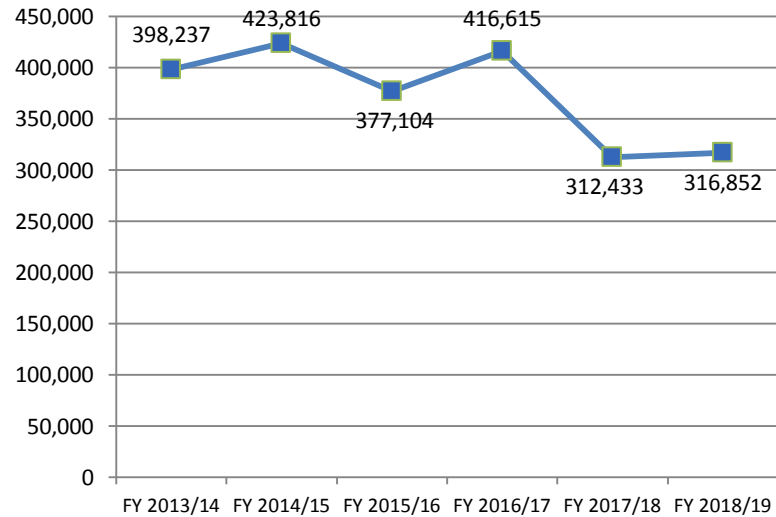


Exhibit 5.3 System Operating Cost/VSH

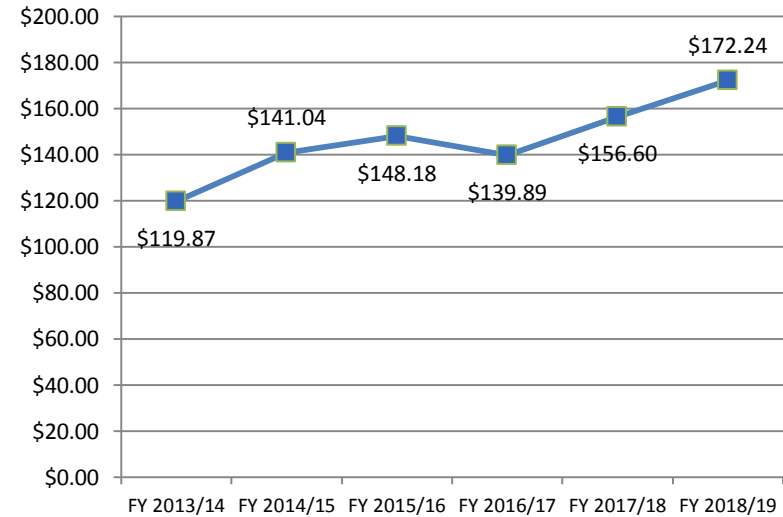


Exhibit 5.4 System Operating Cost/VSM

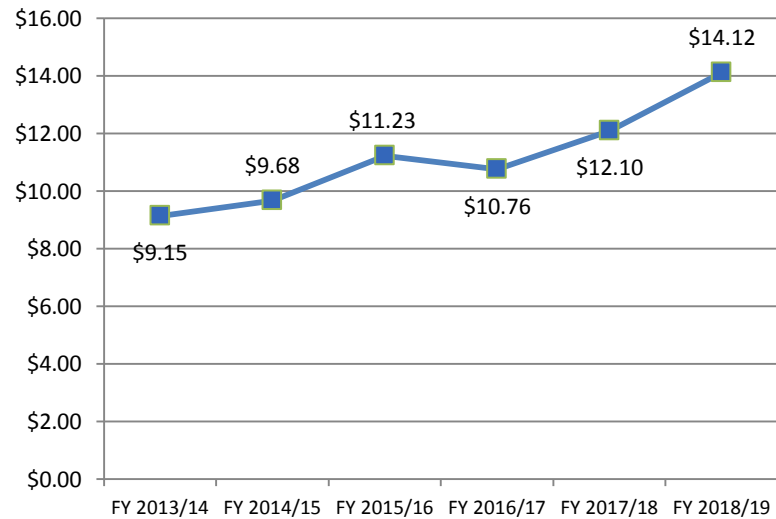
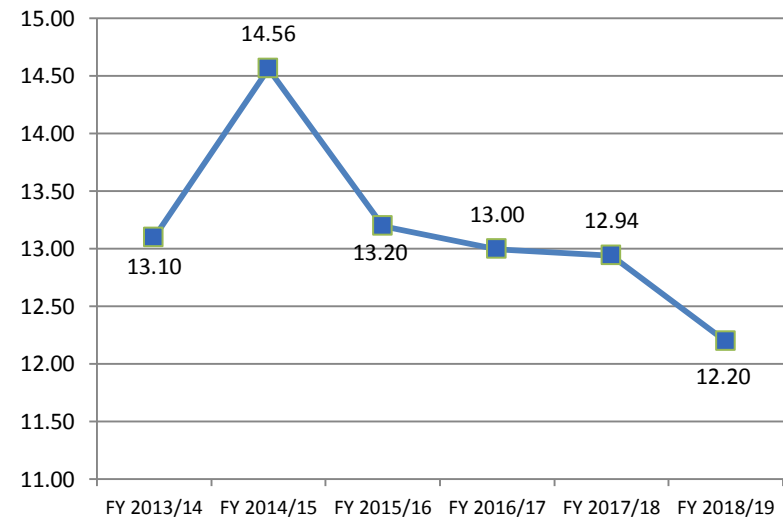


Exhibit 5.5 System VSM/VSH



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Exhibit 5.6 System Operating Cost/Passenger

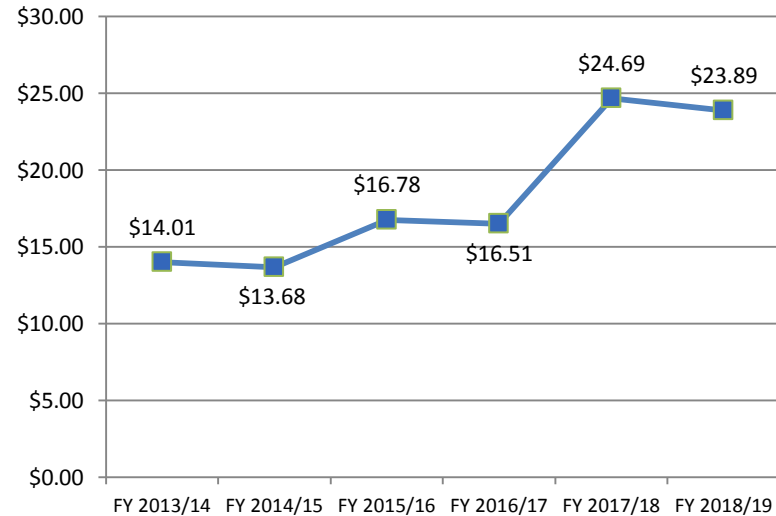


Exhibit 5.7 System Passengers/VSH

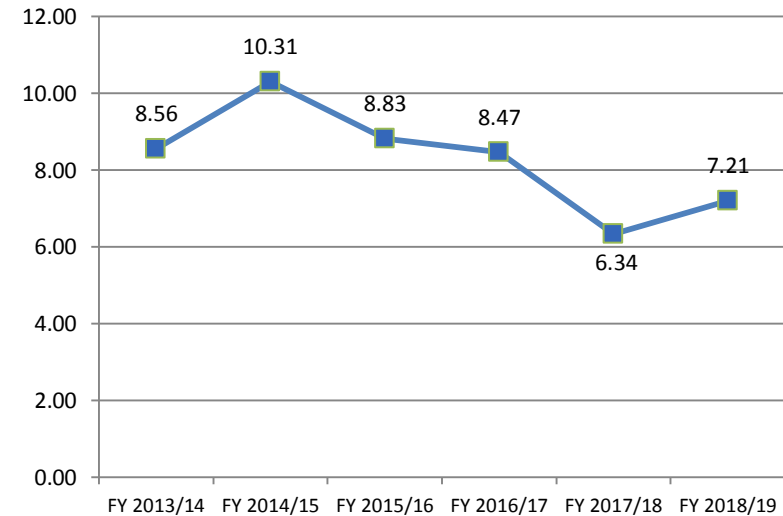


Exhibit 5.8 System Passengers/VSM

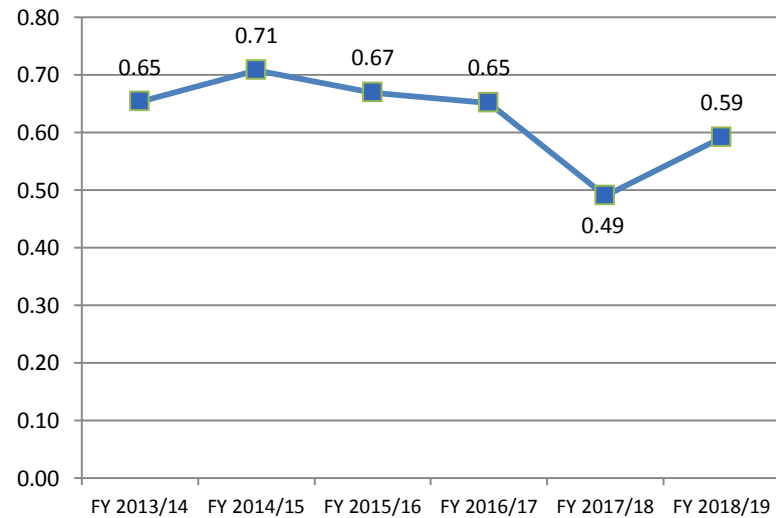
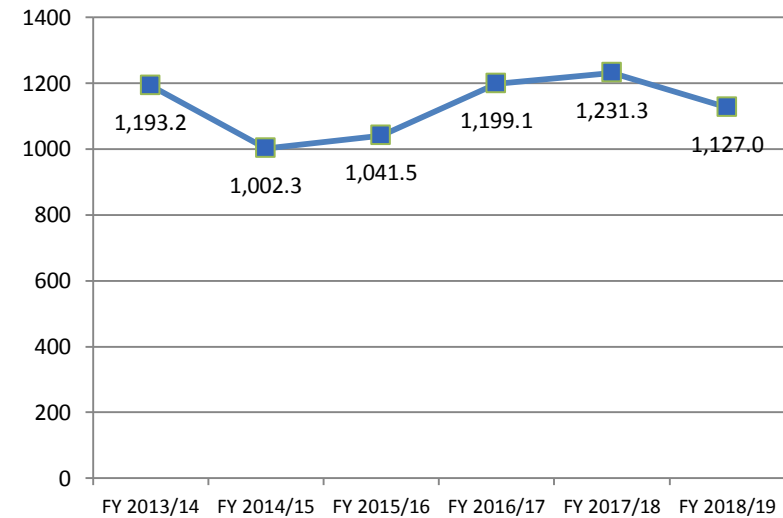


Exhibit 5.9 System VSH/FTE



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Exhibit 5.10 System Farebox Recovery

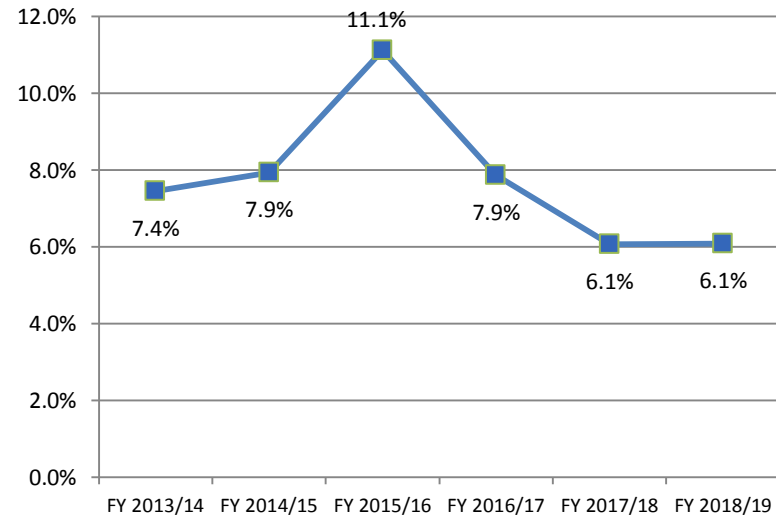
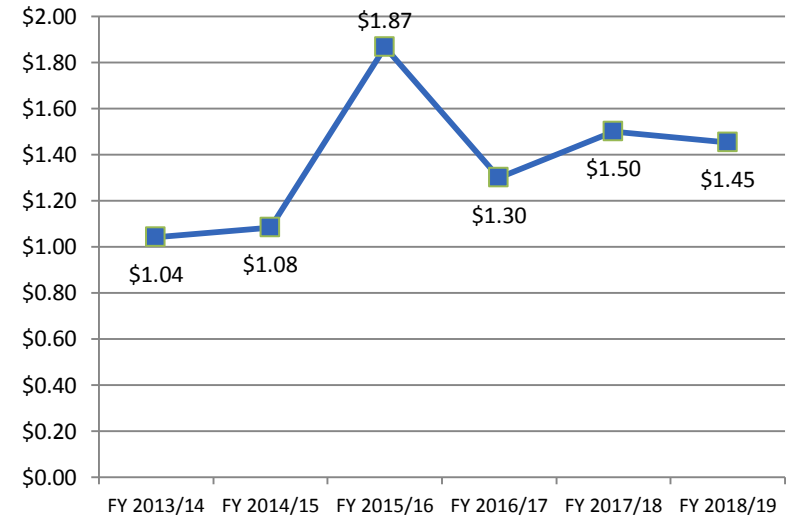


Exhibit 5.11 System Fare/Passenger



Fixed-Route Performance

Fixed-route operating cost experienced a net increase of 13.5 percent across the six-year period, despite modest decreases in FY 2015/16 and FY 2018/19, and a larger decrease in FY 2014/15. The greatest increase (29.7 percent) occurred in FY 2017/18. Fare revenue saw a net 1.2 percent increase between FY 2013/14 and FY 2018/19, yet decreased 13.6 percent during the audit period.

Vehicle service hours (VSH) experienced a net decrease of 6.4 percent across the six-year period. VSH peaked in FY 2013/14 and fluctuated through FY 2018/19. Vehicle service miles (VSM) declined each year except for FY 2014/15, which saw no change. Overall, VSM experienced a net decrease of 11.6 percent across the last two audit periods. Fixed-route ridership decreased 23.3 percent between FY 2013/14 and FY 2018/19. The most significant decrease (28.2 percent) took place in FY 2017/18, followed by a slight rebound (1.8 percent increase) in FY 2018/19.

Cost-related performance indicators increased during the audit period, reflecting a decline in cost-effectiveness. Passenger-related performance indicators decreased during the audit period, reflecting a decline in productivity.

The unsupplemented farebox recovery ratio decreased nearly 32 percent during the audit period. Fare per passenger increased 25.6 percent in FY 2017/18, yet declined in FY 2018/19.

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Exhibit 5.12 Fixed-Route Data Comparison

Performance Measure	Fixed-Route					
	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Operating Cost (Actual \$)	\$3,510,491	\$3,089,547	\$3,075,095	\$3,145,484	\$4,080,778	\$3,983,139
<i>Annual Change</i>		-12.0%	-0.5%	2.3%	29.7%	-2.4%
Fare Revenue (Actual \$)	\$331,878	\$393,798	\$484,211	\$388,706	\$350,526	\$335,942
<i>Annual Change</i>		18.7%	23.0%	-19.7%	-9.8%	-4.2%
Vehicle Service Hours (VSH)	28,550	25,551	25,345	26,904	27,340	26,727
<i>Annual Change</i>		-10.5%	-0.8%	6.2%	1.6%	-2.2%
Vehicle Service Miles (VSM)	426,057	426,057	404,857	380,354	378,284	376,506
<i>Annual Change</i>		0.0%	-5.0%	-6.1%	-0.5%	-0.5%
Passengers	347,929	378,452	333,619	364,810	262,024	266,718
<i>Annual Change</i>		8.8%	-11.8%	9.3%	-28.2%	1.8%
Employees	19	19	19	17	18	17
<i>Annual Change</i>		0.0%	0.0%	-10.5%	5.9%	-5.6%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$122.96	\$120.92	\$121.33	\$116.92	\$149.26	\$149.03
<i>Annual Change</i>		-1.7%	0.3%	-3.6%	27.7%	-0.2%
Operating Cost/Passenger (Actual \$)	\$10.09	\$8.16	\$9.22	\$8.62	\$15.57	\$14.93
<i>Annual Change</i>		-19.1%	12.9%	-6.5%	80.6%	-4.1%
Passengers/VSH	12.19	14.81	13.16	13.56	9.58	9.98
<i>Annual Change</i>		21.5%	-11.1%	3.0%	-29.3%	4.1%
Passengers/VSM	0.82	0.89	0.82	0.96	0.69	0.71
<i>Annual Change</i>		8.8%	-7.2%	16.4%	-27.8%	2.3%
Farebox Recovery	9.5%	12.7%	15.7%	12.4%	8.6%	8.4%
<i>Annual Change</i>		34.8%	23.5%	-21.5%	-30.5%	-1.8%
Hours/Employee	1502.6	1344.8	1333.9	1582.6	1518.9	1572.2
<i>Annual Change</i>		-10.5%	-0.8%	18.6%	-4.0%	3.5%
TDA Non-Required Indicators						
Operating Cost/VSM	\$8.24	\$7.25	\$7.60	\$8.27	\$10.79	\$10.58
<i>Annual Change</i>		-12.0%	4.7%	8.9%	30.4%	-1.9%
VSM/VSH	14.92	16.67	15.97	14.14	13.84	14.09
<i>Annual Change</i>		11.7%	-4.2%	-11.5%	-2.1%	1.8%
Fare/Passenger	\$0.95	\$1.04	\$1.45	\$1.07	\$1.34	\$1.26
<i>Annual Change</i>		9.1%	39.5%	-26.6%	25.6%	-5.8%

Source: State Controller Reports.

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Exhibit 5.13 Fixed-Route Ridership

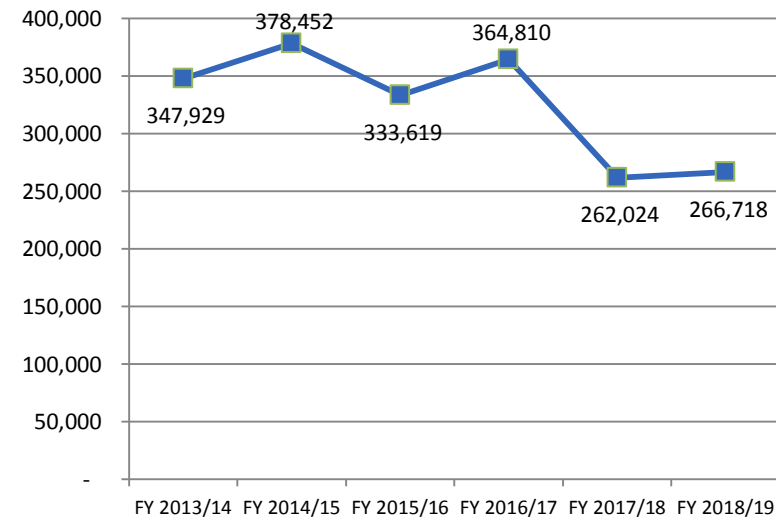


Exhibit 5.14 Fixed-Route Operating Cost/VSH

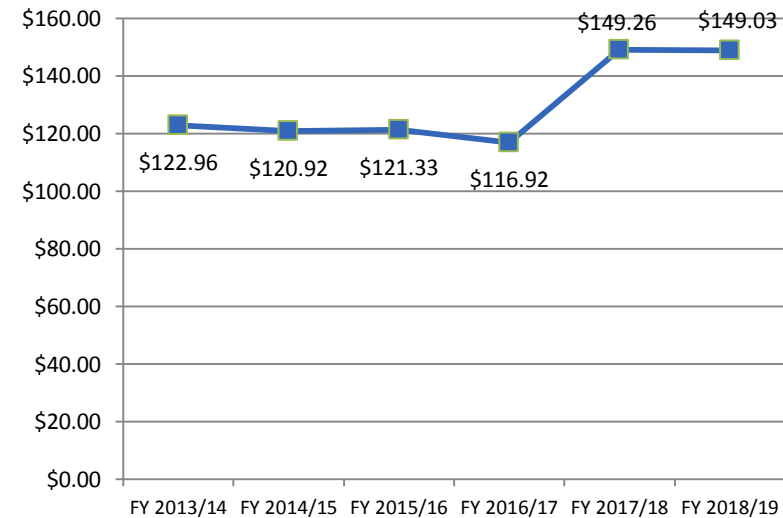


Exhibit 5.15 Fixed-Route Operating Cost/VSM

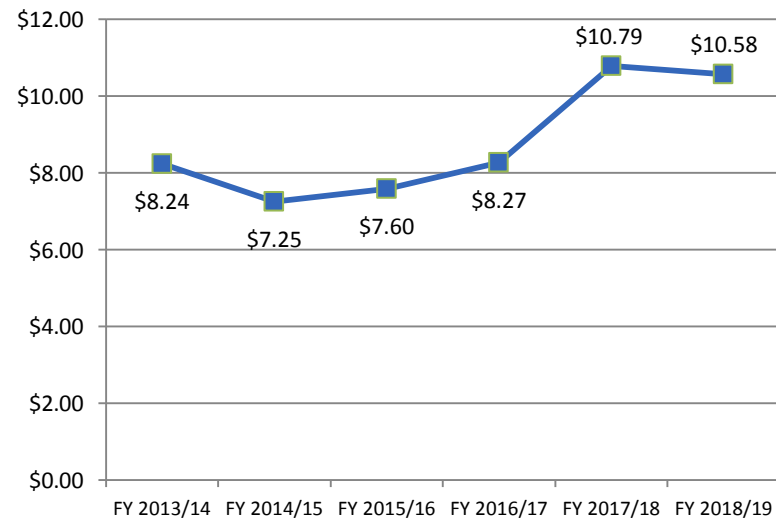
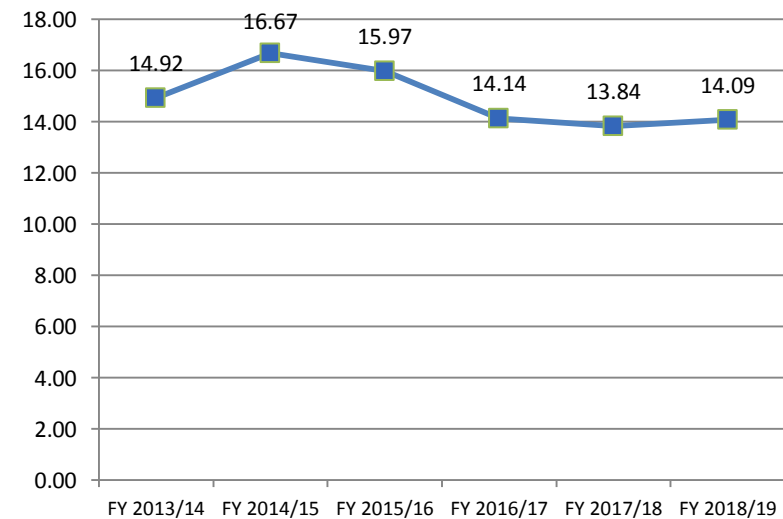


Exhibit 5.16 Fixed-Route VSM/VSH



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Exhibit 5.17 Fixed-Route Operating Cost/Passenger

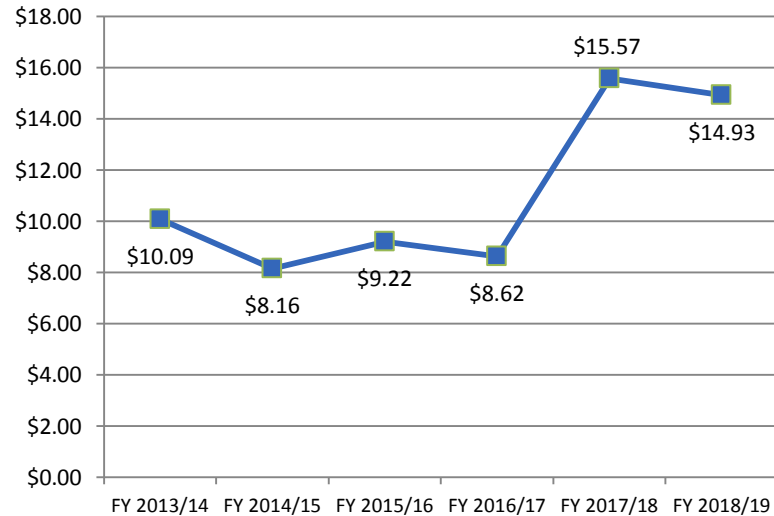


Exhibit 5.18 Fixed-Route Passengers/VSH

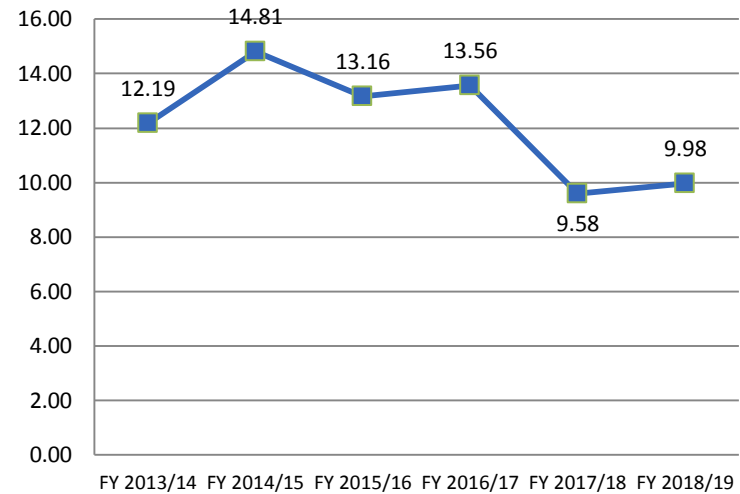


Exhibit 5.19 Fixed-Route Passengers/VSM

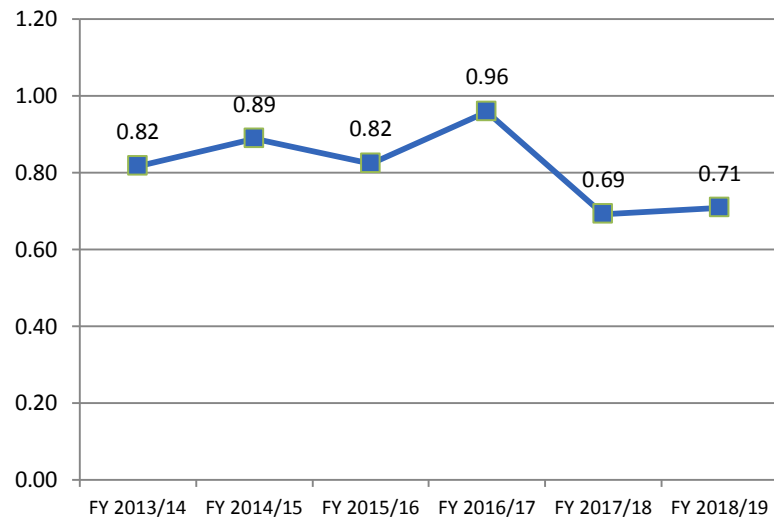
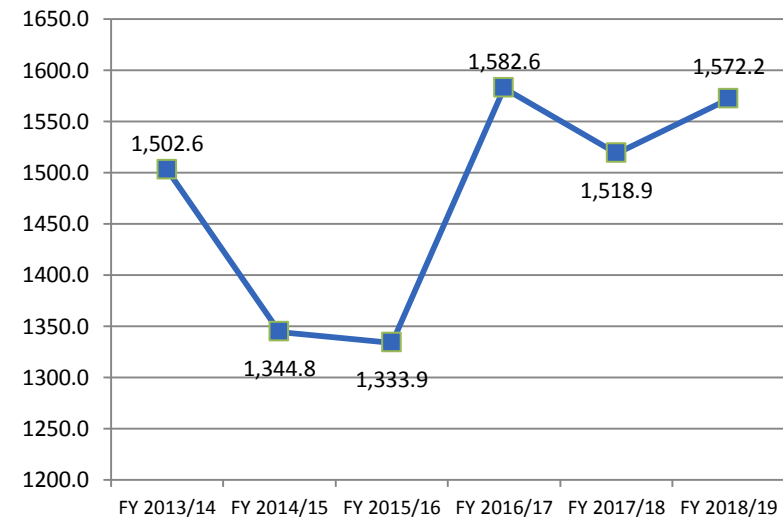


Exhibit 5.20 Fixed-Route VSH/FTE



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Exhibit 5.21 Fixed-Route Farebox Recovery

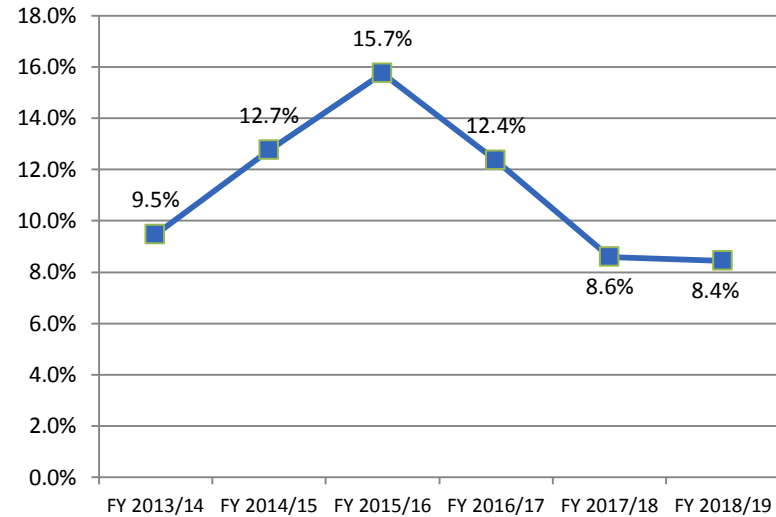
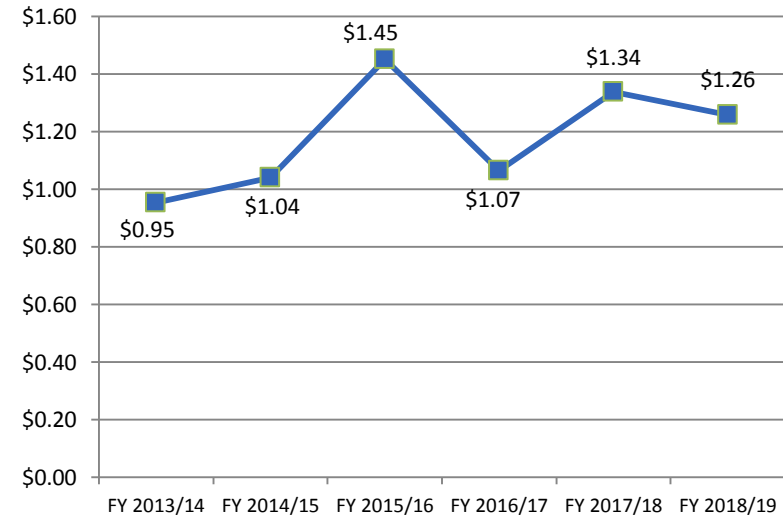


Exhibit 5.22 Fixed-Route Fare/Passenger



Demand-Response Performance

Demand-response operating cost experienced a net increase of 73.5 percent across the six-year period, although the bulk of the changes took place during the prior audit period. The greatest increase (30.9 percent) occurred in FY 2014/15. Between FY 2016/17 and FY 2018/19, demand-response operating cost actually decreased 3.9 percent. Fare revenue saw a net 48.9 percent increase between FY 2013/14 and FY 2018/19, yet an 18.6 percent decrease during the audit period.

Vehicle service hours (VSH) experienced a net decrease of 4.2 percent across the six-year period, yet decreased 22.6 percent during the audit period. The greatest change occurred in FY 2016/17 (28.2 percent decrease) and FY 2018/19 (21.4 percent decrease). Vehicle service miles (VSM) had a net decrease of 13.0 percent, yet experienced a 63.1 percent increase in 2016/17, followed by a 38.5 percent decrease in FY 2018/19. Demand-response ridership experienced a net decrease of less than one percent between FY 2013/14 and FY 2018/19, while the decrease during the audit period was 3.2 percent.

Cost-related performance indicators were mixed. Operating cost/VSH and operating cost/VSM both increased during the audit period, reflecting an erosion of cost-effectiveness, while operating cost/passenger declined slightly. Passenger-related performance indicators increased during the audit period, reflecting an improvement in productivity.

The unsupplemented farebox recovery ratio saw a net decrease of 15.3 percent during the audit period. Fare per passenger exhibited a similar pattern, with a net decrease of 15.9 percent.

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Exhibit 5.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Operating Cost (Actual \$)	\$2,067,464	\$2,706,212	\$3,252,231	\$3,731,892	\$3,632,061	\$3,587,308
<i>Annual Change</i>		30.9%	20.2%	14.7%	-2.7%	-1.2%
Fare Revenue (Actual \$)	\$83,598	\$65,915	\$220,006	\$152,892	\$118,377	\$124,459
<i>Annual Change</i>		-21.2%	233.8%	-30.5%	-22.6%	5.1%
Vehicle Service Hours (VSH)	17,985	15,542	17,356	22,258	21,912	17,226
<i>Annual Change</i>		-13.6%	11.7%	28.2%	-1.6%	-21.4%
Vehicle Service Miles (VSM)	183,407	172,444	158,604	258,662	259,102	159,508
<i>Annual Change</i>		-6.0%	-8.0%	63.1%	0.2%	-38.4%
Passengers	50,308	45,364	43,485	51,805	50,409	50,134
<i>Annual Change</i>		-9.8%	-4.1%	19.1%	-2.7%	-0.5%
Employees	20	22	22	24	22	22
<i>Annual Change</i>		10.0%	0.0%	9.1%	-8.3%	0.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$114.95	\$174.12	\$187.38	\$167.67	\$165.76	\$208.25
<i>Annual Change</i>		51.5%	7.6%	-10.5%	-1.1%	25.6%
Operating Cost/Passenger (Actual \$)	\$41.10	\$59.66	\$74.79	\$72.04	\$72.05	\$71.55
<i>Annual Change</i>		45.2%	25.4%	-3.7%	0.0%	-0.7%
Passengers/VSH	2.80	2.92	2.51	2.33	2.30	2.91
<i>Annual Change</i>		4.3%	-14.2%	-7.1%	-1.2%	26.5%
Passengers/VSM	0.27	0.26	0.27	0.20	0.19	0.31
<i>Annual Change</i>		-4.1%	4.2%	-27.0%	-2.9%	61.6%
Farebox Recovery	4.0%	2.4%	6.8%	4.1%	3.3%	3.5%
<i>Annual Change</i>		-39.8%	177.7%	-39.4%	-20.4%	6.4%
Hours/Employee	899.3	706.5	788.9	927.4	996.0	783.0
<i>Annual Change</i>		-21.4%	11.7%	17.6%	7.4%	-21.4%
TDA Non-Required Indicators						
Operating Cost/VSM	\$11.27	\$15.69	\$20.51	\$14.43	\$14.02	\$22.49
<i>Annual Change</i>		39.2%	30.7%	-29.6%	-2.8%	60.4%
VSM/VSH	10.20	11.10	9.14	11.62	11.82	9.26
<i>Annual Change</i>		8.8%	-17.6%	27.2%	1.8%	-21.7%
Fare/Passenger	\$1.66	\$1.45	\$5.06	\$2.95	\$2.35	\$2.48
<i>Annual Change</i>		-12.6%	248.2%	-41.7%	-20.4%	5.7%

Source: State Controller Reports

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Exhibit 5.24 Demand-Response Ridership

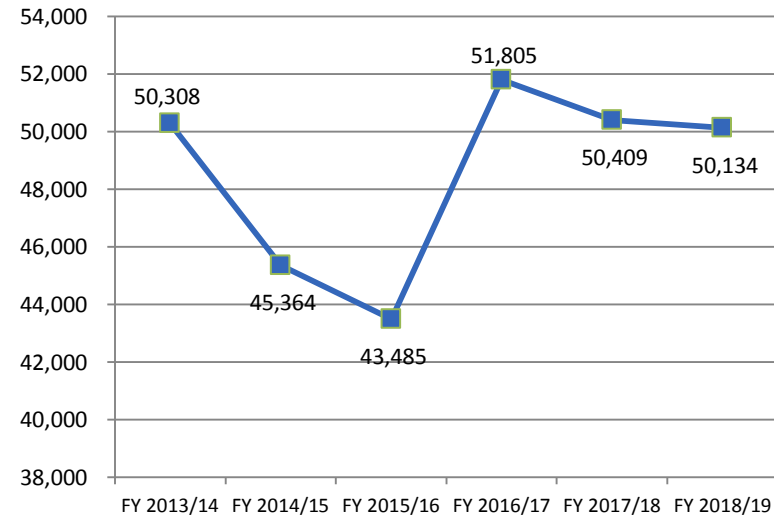


Exhibit 5.25 Demand-Response Operating Cost/VSH

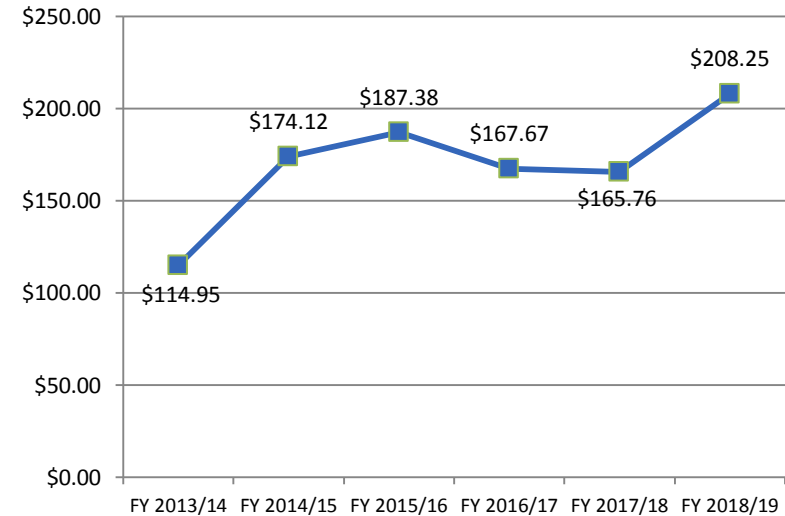


Exhibit 5.26 Demand-Response Operating Cost/VSM

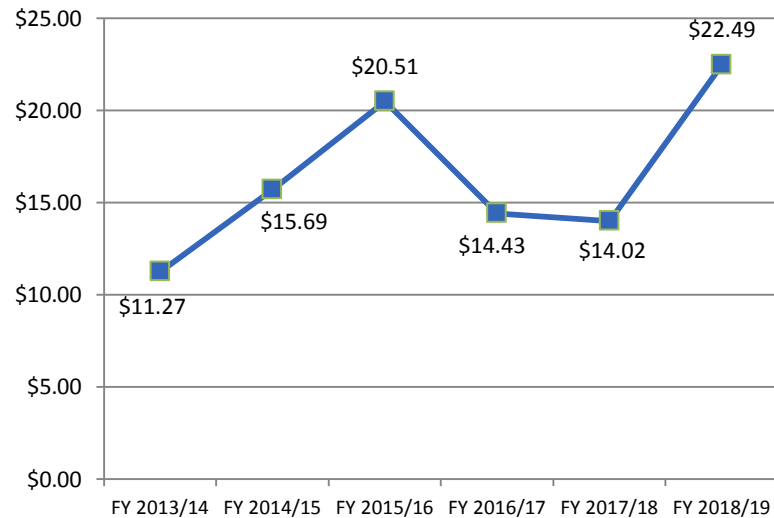
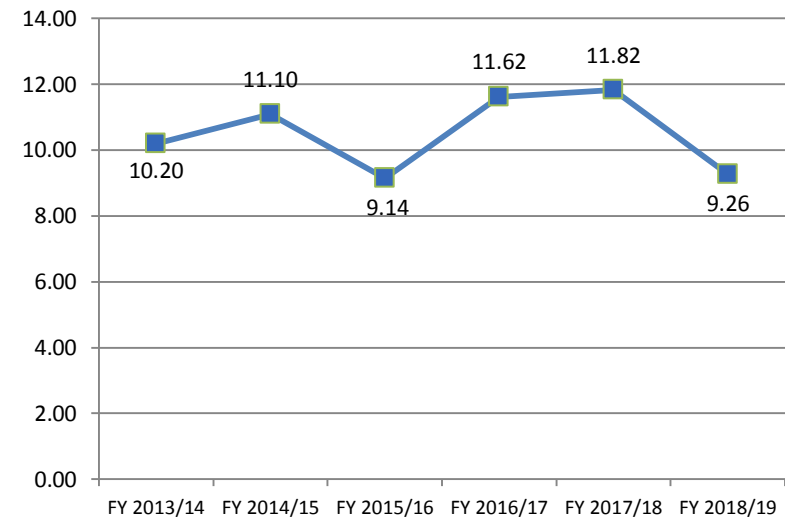


Exhibit 5.27 Demand-Response VSM/VSH



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Exhibit 5.28 Demand-Response Operating Cost/Passenger

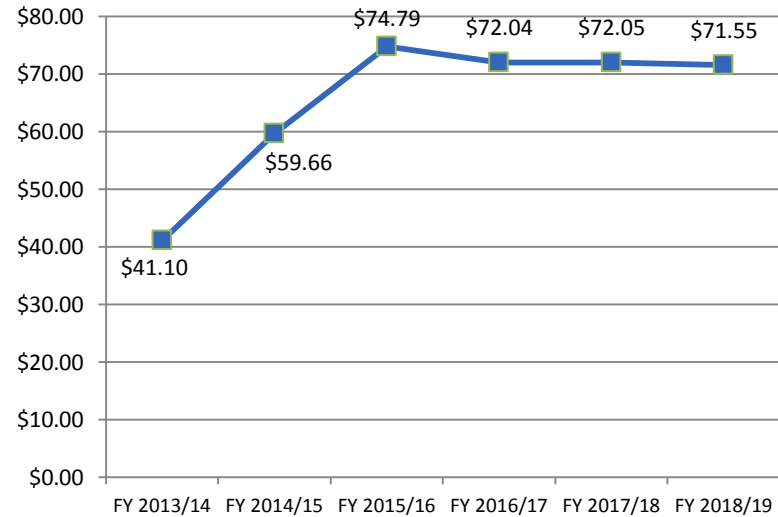


Exhibit 5.29 Demand-Response Passengers/VSH

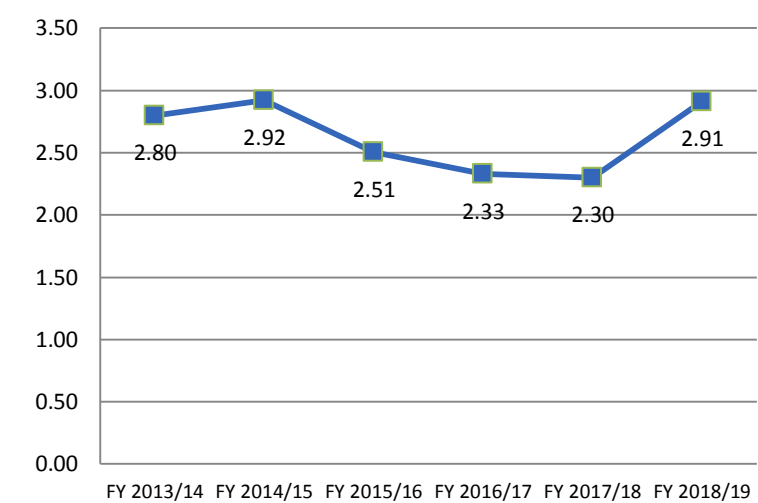


Exhibit 5.30 Demand-Response Passengers/VSM

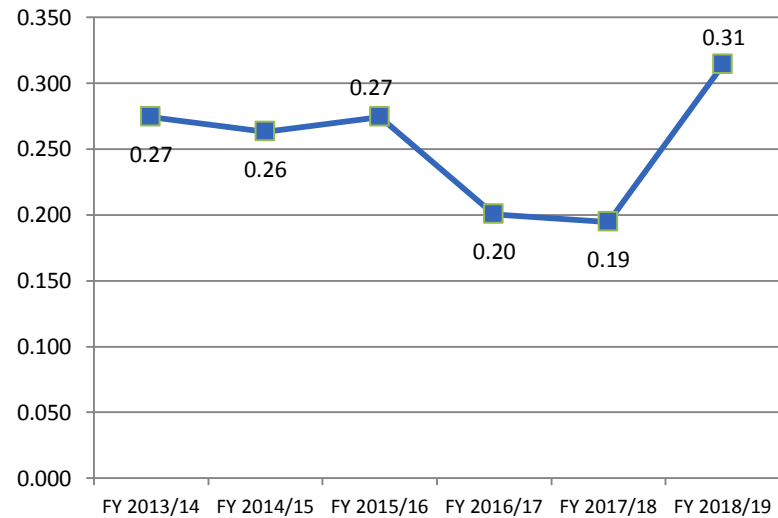
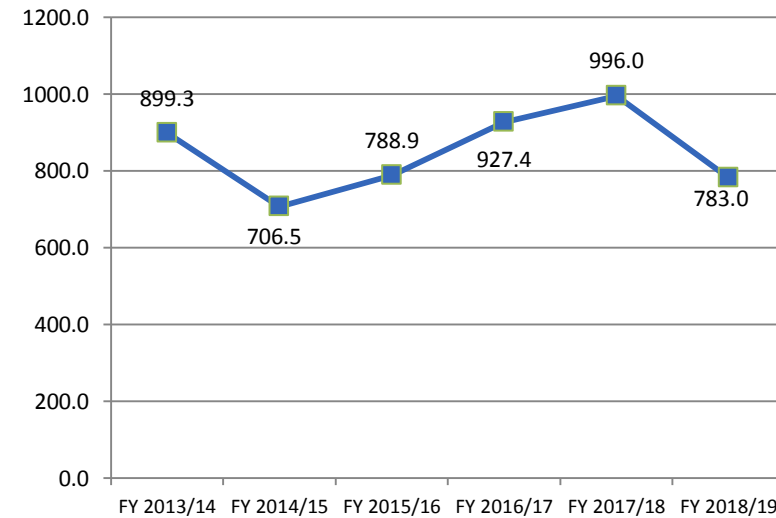


Exhibit 5.31 Demand-Response VSH/FTE



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Exhibit 5.32 Demand-Response Farebox Recovery

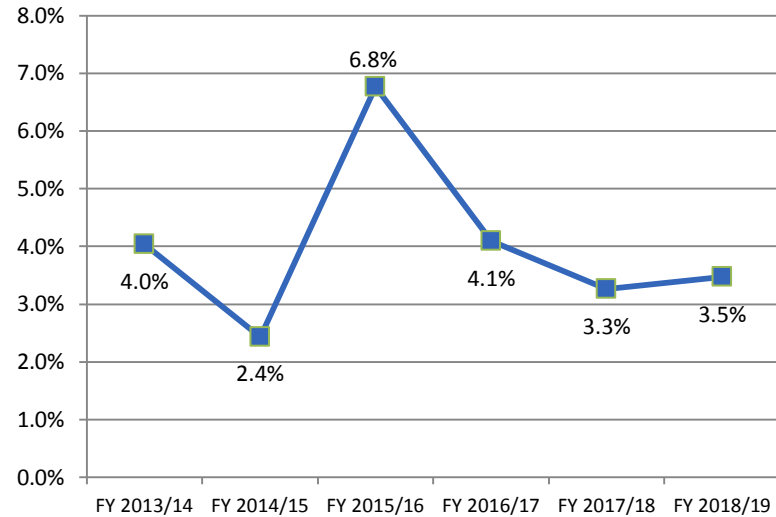
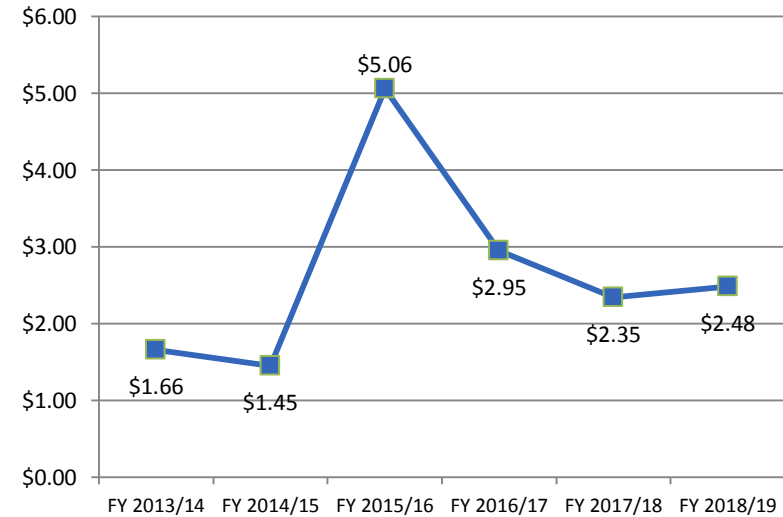


Exhibit 5.33 Demand-Response Fare/Passenger



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Chapter 5

Functional Review

A functional review of the City of Simi Valley’s public transit program is intended to assess the effectiveness and efficiency of the operation. 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 functions undertaken by the City of Simi Valley 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

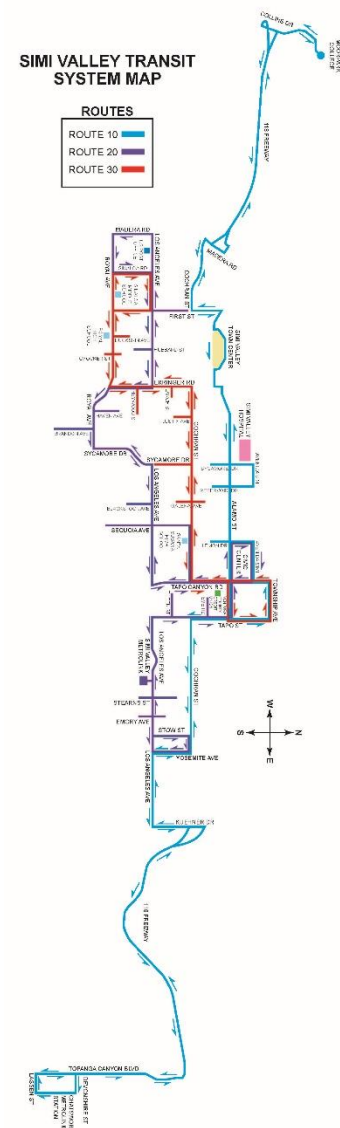
The City of Simi Valley, located in eastern Ventura County, provides public transit service consisting of fixed-route and ADA/senior Dial-A-Ride services within Simi Valley as well as the Chatsworth Metrolink Station. During the audit period, Routes A, B, and C provided bus service Monday through Saturday, while Route D operated Monday through Friday (excluding designated holidays). Hours of operation are approximately 5:15 a.m. to 8:00 p.m.

Effective March 2, 2020, the City implemented route revisions arising from the recently completed Short Range Transit Plan. The four existing routes were reconfigured into three routes (Route 10, Route 20, and Route 30) which provide service Monday through Saturday. The service operates from approximately 5:00 a.m. to 8:00 p.m.

The City’s Dial-A-Ride is a shared-ride, curb-to-curb service for ADA-certified individuals as well as seniors age 65 and above. Riders must complete a Dial-A-Ride application to be eligible for the service.

In addition, Simi Valley is one of five entities participating in the East County Transit Alliance, which provides the CONNECT InterCity Dial-A-Ride service, enabling seniors and ADA-certified individuals to travel throughout eastern Ventura County.

The current fare structure for fixed-route service is shown in Exhibit 6.1, while Exhibit 6.2 details the Dial-A-ride fare structure. Upon request,



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the City also provides transfers to Ventura County Transportation Commission's Intercity Bus and Los Angeles Metro.

Exhibit 6.1 Fixed-Route Fare Structure

Fare Category	Price
Full Fare	
Single trip	\$1.50
Unlimited Day Pass	\$5.00
21-Ride Pass	\$25.00
Unlimited Monthly Pass	\$50.00
Reduced Fare	
Single trip	\$0.75
Unlimited Day Pass	\$2.50
25-Ride Pass	\$15.00
Unlimited Monthly Pass	\$25.00

Exhibit 6.2 Dial-A-Ride Fare Structure

Fare Category	Price
Single trip (one-way)	\$2.00
Personal Care Attendant (PCA) (w/ ADA-certified rider)	Free
Companion/guest/non-ADA PCA	\$2.00
10-ride book of passes	\$20.00
Out-of area service (one-way) (through ECTA)	\$6.00

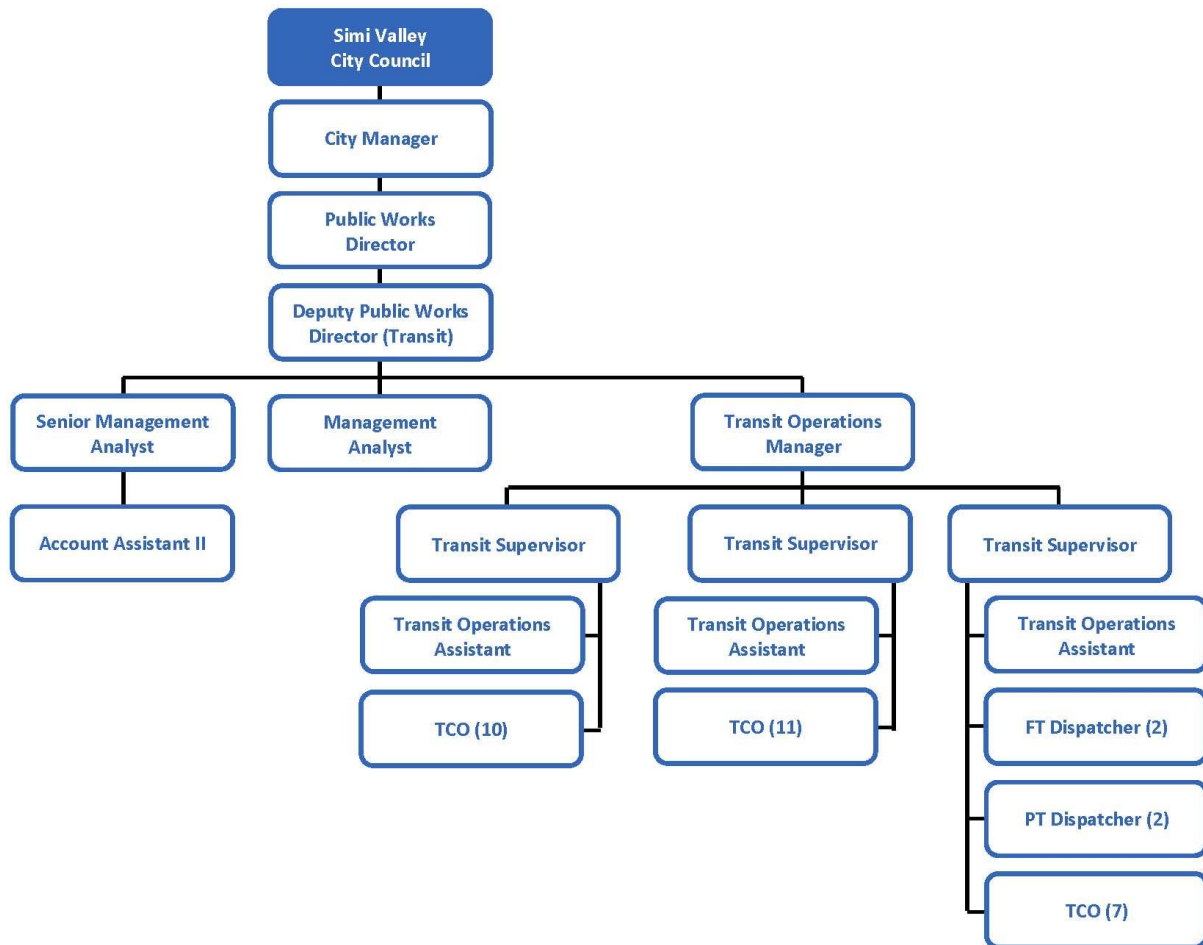
General Management and Organization

The Simi Valley City Council is the governing body for the City's transit program. The City Council meets at 6:30 p.m. on Monday at city hall (2929 Tapo Canyon Road) typically twice monthly.

The City's transit system is a division of the City of Simi Valley's Community Services Department. The Transit Division occupies the Transit Maintenance Facility (490 West Los Angeles Avenue). The division is managed by the Deputy Public Works Director (Transit), supported by a Senior Management Analyst, Management Analyst, and Transit Operations Manager. The Transit Operations Manager is supported by three Transit Supervisors which oversee drivers, dispatchers, and Transit Operations Assistants. Fleet maintenance lies under the Deputy Public Works Director (Maintenance Services).

The City's Transit organizational chart is included in Exhibit 6.3.

Exhibit 6.3 Transit Organizational Chart



Source: City of Simi Valley.

The City’s recently completed Short Range Transit Plan recommended staff reductions to reduce redundancies, especially within middle management. Staff believe the program is currently staffed appropriately. The City Council has expressed interest in ensuring the transit staff is “right-sized.” The Council is also focused on creating functional routes for the community, with a new extension to Moorpark College a priority.

The City’s Transit Supervisors monitor performance measures on a daily basis. Fixed-route metrics include ridership, farebox, and on-time performance. DAR metrics include trip denials, productivity, missed trips/no-shows, and additional resources needed to meet demand. In-service evaluations of drivers/ride-alongs are conducted at least twice yearly.

The City did not make any changes to its transit program during the audit period, although completion of the SRTP during the audit period has led to subsequent service changes and the consideration of a fare increase.

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City staff believes VCTC provides sufficient support and is a valuable resource. City staff participate in VCTC's Transcom for transit operators, which fosters regional collaboration. The City is also a member of CalACT, and staff have attended conferences in recent years.

Service Planning

In 2019, the City completed its Short Range Transit Plan (SRTP), which had been started in 2017. The SRTP was conducted by a consultant. It was undertaken in three phases:

- Phase I – Community outreach, information, and data gathering (completed October 2017).
- Phase II – Detailed analysis of three financial scenarios and four service alternatives (completed July 2018).
- Phase III – Development of two specific routing alternatives, followed by additional community outreach and presentation to City Council (completed February 2019).

The SRTP included development of a Transit mission statement, goals, and performance standards for the program. It also included recommendations for a transit management system, staff reductions, cost allocations, and technology, in addition to recommendations about routes. The SRTP also included an ADA/DAR service plan, which addressed recent performance for the City's local ADA/DAR program and ECTA CONNECT and included recommendations specific to the demand-response mode. Finally, the SRTP set forth a series of marketing objectives and strategies focusing on maximizing ridership on the revised system.

Prior to completing its SRTP, the City had conducted short-range planning through more modest activities, including assessment and reprioritization of budgeted projects, staff reorganization, and reacting to conditions and issues.

During the SRTP, the City (through its consultant) conducted five facilitated focus groups, two open house sessions, interviews with 27 stakeholders, an onboard rider survey (490 completed questionnaires) two public workshops, and three meetings with transit drivers.

Scheduling, Dispatch, and Operations

Drivers bid on schedules two times per year, with assignments awarded based on seniority. Both full-time and part-time drivers receive the same training. Full-time drivers work fixed routes Monday through Friday, while part-time drivers are primarily assigned to part-time Dial-A-Ride shifts.

Although drivers are collectively represented, these agreements do not affect route scheduling. The City has a memorandum of understanding with the labor union covering advance vacation requests, and also tries to accommodate late requests. Twice annually, hourly employees are allowed to "cash out" up to 100 hours of unused leave.



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The City utilizes Trapeze scheduling software to assign passengers to routes. The software makes approximately 85 percent of schedules, while City personnel handle the balance. The software is sufficient but does not handle group requests very well; the City would like to upgrade the software. Less than half of trips are recurring subscriptions. DAR drivers wait four minutes within a thirty-minute window.

Fixed-route vehicles are rotated through routes per Title VI requirements. Mechanics can pull vehicles from service if they do not meet operability requirements.

Personnel Management and Training

Drivers are recruited via the City's Human Resources department. Recruits may be experienced, yet all undergo classroom and "behind-the-wheel" training even if fully certified. Full-time positions must be filled with part-time drivers when they become available, per the negotiated labor agreement.

Drivers are rewarded with Driver Appreciation Day events, holiday events, and an annual barbecue. The City also tries to engage in meaningful dialogue with drivers. Formal communications are provided during performance evaluations, which have been the subject of positive comments from drivers. These motivation efforts, as well as competitive salaries, have led to low turnover rates.

Ongoing training includes classroom and behind-the-wheel lessons. The City also conducts monthly safety meetings. Ongoing training exceeds state requirements.

The City's progressive disciplinary policy includes significant staff counseling.

Full-time drivers receive a full benefits package, including health insurance, life insurance, retirement, health accounts, annual leave, and holidays. Part-time drivers receive prorated benefits. Drivers receive the proportionate benefits based on hours worked. There is no threshold for receiving the benefit adjustment; anything above their FTE status is compensated.

Administration

The transit budget is segregated into a separate government fund. Three times yearly, actual revenue and expenses versus budgeted forecasts are reported to the City Council. Transit management reviews more frequently. Maintenance needs and other special needs (such as computers) are discussed annually. As of FY 2018/19, the City began using General Fund contributions as local supplementation to achieve its TDA farebox recovery goals.

Grants are handled by the Management Analyst and Accounting Assistant. Additional staffing assistance with the preparation of grant applications is recommended.



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The City's risk manager receives reports of all incidents that could adversely impact the City. The City participates in Drug and Alcohol Monitoring and Information System (DAMIS), which provides information about emerging trends in drug misuse, to enable quick action regarding employees who misuse drugs. The City participates in the CalTIP self-insurance pool and utilizes self-funded workers' compensation insurance. Vehicles have onboard cameras for added security. Transit's role in the City's emergency plan is well-defined.

The City uses GFI Genfare fareboxes, with which drivers manually enter the fare type when riders board. At the end of each shift, transit supervisors pull secured fareboxes and DAR vaults from vehicles and place them in the cash room. The cash room features controlled access and is monitored by cameras. Two people currently count fare revenue. An armored car picks up the money on Tuesday and Thursday (through the City's contract) and delivers to the bank. Fares were formerly picked up four to five days each week, but this has now been reduced to two. Dial-A-Ride fares are reconciled against trip manifests. Bank deposits are monitored against unclassified fares.

All timesheets receive a four-person review. Drivers use paper timesheets, although the goal is to move to electronic timesheets. Payroll is handled through Human Resources. Direct deposit is offered, but participation is voluntary.

Each purchase order must go through the City's approval process.

The transit program does not have an internal auditor. However, the transit program is routinely subject to IRS, Prop 1B, TDA, and FTA audits.

Marketing and Public Information

The City utilizes multiple channels for marketing and public information, including media releases, websites, onboard notices, Rider Guides, and outreach to transit-dependent groups including ARC and adult daycare. The City would like to utilize more marketing campaigns. Travel training is provided on a quarterly basis. Brochures and other service information were recently updated in preparation for the March 2, 2020 service change.

Customer concerns/complaints are tracked and escalated as necessary. Bilingual (English/Spanish) customer service is provided in-house.

Maintenance

The City's Transit Maintenance Facility (490 West Los Angeles Avenue) is a certified LEED-Gold building which realized a 25 percent energy savings following renovations in 2011. The facility's bus washing system filters and recycles wash water to reduce water use by 42 percent. The City's renovations included a CNG fueling facility that enables the City to sell fuel to other fleet operators, including the City of Moorpark, Simi Valley Unified School District, and a local waste-management company.



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The City's preventive maintenance program includes monthly inspections, pre- and post-trip driver inspections, and servicing every 6,000 miles. This schedule complies with manufacturers' recommended schedules. Other issues are addressed based on need. Maintenance staff can reschedule preventive maintenance to optimize vehicle availability.

The Maintenance Facility and Garage are sufficient for the current transit fleet, including three bays, two lifts, and a pit. Specialized repairs such as engine or body work are contracted out. The transit fleet is maintained separately from other City vehicles using dedicated mechanics. The mechanics operate on two shifts from 6:00 a.m. to 8:30 p.m. Monday through Friday, with a mechanic on call on Saturday. Paper work orders are used.

The facility features a parts room which is secure. All parts are labeled and access is limited to the parts room.

Maintenance schedules are repeatedly communicated to dispatch. Should an unsafe vehicle be identified, it is tagged out and marked on the fleet status board, and dispatch is notified. If there is any doubt to a vehicle's soundness, it is kept out of service. While warranty work is sent out, transmission and AC repairs are completed in-house.

The City's fleet is summarized in Exhibit 6.4.

Exhibit 6.4 City of Simi Valley Transit Fleet FY 2019/20

Year	Make/Model	Length	Capacity	Fuel type	Mode	Qty
2010	New Flyer	40'	37/2 WC	CNG	Fixed-route	3
2014	New Flyer	40'	40/2 WC	CNG	Fixed-route	3
2014	New Flyer	35'	32/2 WC	CNG	Fixed-route	3
2015	Chevrolet	28'	13/3 WC	CNG	ADA/DAR	12
1999	Chevrolet Astro		6/0 WC	Gas	Relief	4
2003	Dodge Caravan		7/0 WC	Gas	Supervisory	1
2000	Ford Crown Victoria		4/0 WC	Gas	Supervisory	1

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Chapter 7

Findings and Recommendations

Conclusions

With three exceptions, Moore & Associates finds the City of Simi Valley to be in compliance with the requirements of the Transportation Development Act. Recommendations intended to improve the effectiveness of the operator are detailed below.

Based on discussions with City staff, analysis of program performance, and a review of program compliance and function, the audit team submits three compliance findings for the City of Simi Valley:

1. In FY 2017/18, the City's State Controller Reports were submitted several days late. The General Services report was submitted on February 2, 2019, while the Specialized Services report was submitted on February 4, 2019.
2. In FY 2016/17 and FY 2017/18, the City did not meet the minimum 20 percent farebox recovery ratio threshold for urbanized services.
3. In FY 2016/17 and FY 2017/18, the City did not meet the minimum 10 percent farebox recovery ratio threshold for specialized services.

The audit team has identified one functional finding. While this finding is not a compliance finding, we believe it is significant enough to be addressed within this audit:

1. In 2016 and 2019, the City's terminal received an Unsatisfactory CHP rating. While subsequent reinspections resulted in a Satisfactory rating, multiple Unsatisfactory ratings in a relatively short period is concerning.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City of Simi Valley'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.

Compliance Finding 1: In FY 2017/18, the City's State Controller Reports were submitted several days late. The General Services report was submitted on February 2, 2019, while the Specialized Services report was submitted on February 4, 2019.

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). Beginning FY 2016/17, this submittal deadline was amended to January 31 following the end of the fiscal year. Beginning with the online reporting for FY 2017/18, the cover sheet is timestamped with the submittal date and time upon its generation. This makes it easier to determine when the report was actually submitted.

Condition: The submittal deadline for both reports was January 31, 2019. The General Services report was submitted electronically on February 2, 2019, while the Specialized Services report was submitted on February 4, 2019. However, the reports for FY 2016/17 and FY 2018/19 were submitted on-time.

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

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

Recommendation: Continue to ensure State Controller Reports are submitted in a timely manner.

Recommended Action(s): No specific action is necessary, as the subsequent report was submitted on time.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Compliance Finding 2: In FY 2016/17 and FY 2017/18, the City did not meet the minimum 20 percent farebox recovery ratio threshold for urbanized services.

Criteria: PUC 99268.2 requires operators in urbanized areas to maintain a farebox recovery ratio of 20 percent. Fare revenues can be supplemented by locally generated funds if fare revenues are not sufficient to meet the 20 percent requirement.

Condition: In FY 2016/17 and FY 2017/18, the City's fixed-route farebox recovery ratio stood at 13.37 percent and 8.59 percent, respectively.

Cause: The likely cause of this shortfall is decreasing ridership and increasing operating cost.

Effect: Decreasing ridership and increasing operating cost, when combined, result in a lowered farebox recovery ratio.

Recommendation 1: Expand marketing efforts to attract new riders and reverse the significant ridership loss.

Recommended Action(s): The City should expand its marketing budget to accommodate more marketing campaigns, community outreach, and public engagement. A good rule of thumb for transit operators marketing is to spend three percent of the operating budget on marketing. In order to increase ridership, the City must position its transit program as a viable option for choice riders; a reliable mobility option; and a good community partner. The more people can interact with and learn about transit, the more likely they are to consider riding. The City should start with a transit marketing plan rather than adding activities on the fly, so as to optimize the value of every marketing dollar. Marketing can be handled internally or through a third-party contract.

Timeline: Beginning in FY 2020/21.

Anticipated Cost: Up to three percent of the annual operating cost.

Recommendation 2: Continue to utilize local supplementation to ensure compliance with the farebox recovery ratio while implementing service changes in an effort to reduce operating cost and increase ridership/fare revenue for the City's fixed-route service.

Recommended Action(s): The City has already begun utilizing General Funds to supplement fare revenue in order to meet the required farebox recovery ratio. It is also implementing a service change in an effort to ensure the service that is provided meets the needs of the community, thereby increasing ridership and fare revenue. In addition, the City is considering a fare increase that would also contribute to increased fare revenue. Therefore, it is recommended the City continue with the actions it has already taken, and conduct regular reviews of their status to determine what effect these actions are having on fare revenue and the farebox recovery ratio. In addition, the City should confirm with VCTC that its service change is eligible for exemption from the farebox recovery standard under PUC 99268.8, and ensure it meets the reporting requirements following the end of the first year of implementation. Doing so would exempt the City from farebox recovery ratio compliance for FY 2019/20 (the year of implementation), FY 2020/21, and FY 2021/22. By the end of FY 2021/22, the City should be positioned to meet the 20 percent farebox recovery ratio requirement.

Timeline: Ongoing.

Anticipated Cost: Varies depending on each year's fare revenue shortfall.

Compliance Finding 3: In FY 2016/17 and FY 2017/18, the City did not meet the minimum 10 percent farebox recovery ratio threshold for specialized services.

Criteria: PUC 99268.5 requires operators who provide specialized services to seniors and persons with disabilities to maintain a farebox recovery ratio of 10 percent. Fare revenues can be supplemented by locally generated funds if fare revenues are not sufficient to meet the 10 percent requirement.

Condition: In FY 2016/17 and FY 2017/18, the City's fixed-route farebox recovery ratio stood at 5.04 percent and 3.44 percent, respectively.

Cause: Given there were not significant increases in operating cost or decreases in ridership, the likely cause is a fare that is priced too low or an operating cost that is too high overall for the level of service provided.

Effect: The fare revenues received are too low to meet the 10 percent farebox recovery ratio given the typical operating cost.

Recommendation: Continue to utilize local supplementation to ensure compliance with the farebox recovery ratio while determining what operational changes can be implemented to reduce demand-response operating cost.

Recommended Action(s): The City has already begun utilizing General Funds to supplement fare revenue in order to meet the required farebox recovery ratio. However, the fixed-route service change will not have a significant effect on the farebox recovery ratio for the Dial-A-Ride service, given as fare revenues increase due to increased ridership, operational costs are also likely to increase. A fare increase, which is being considered, would probably have the greatest effect on fare revenue. It is unlikely this service will qualify for an exemption from the TDA farebox recovery ratio requirement, as the Dial-A-Ride service area does not appear that it will change. Therefore, the City will be required to meet the 10 percent requirement across the next three years.

Timeline: Ongoing.

Anticipated Cost: Varies depending on each year's fare revenue shortfall.

Functional Finding 1: In 2016 and 2019, the City's terminal received an Unsatisfactory CHP rating. While subsequent reinspections resulted in a Satisfactory rating, multiple Unsatisfactory ratings in a relatively short period is concerning.

Criteria: PUC 99251 requires operators to receive a Satisfactory terminal rating from the California Highway Patrol (CHP) within 13 months prior to their TDA claim.

Condition: CHP inspections conducted on May 5, 2016 and October 3, 2019 resulted in Unsatisfactory ratings. Subsequent inspections conducted within 120 days following the Unsatisfactory ratings resulted in a Satisfactory rating. As a result, the City remained compliant with the TDA.

Cause: The violations contributing to the 2016 Unsatisfactory rating were as follows:

- Carrier does not enroll all drivers in the DMV's Employer Pull Notice Program.
- Carrier does not maintain records of the different types of vehicles and vehicle combinations each driver is capable of driving pursuant to 13 CCR 1229.
- Carrier does not sign and date each driver's Pull Notice record.

The violation contributing to the 2019 Unsatisfactory rating was as follows:

- Carrier does not enroll all drivers in the DMV's Employer Pull Notice Program.

All violations had been resolved by the time the re-inspections took place.

While the second Unsatisfactory rating did not occur within the audit period, the presence of two such ratings in less than four years was notable. As a result, the audit team felt it should be addressed within this audit so as not to recur during the next audit period.

Effect: While it is not uncommon for an operator to receive an occasional Unsatisfactory rating, multiple occurrences can indicate problems with the City's procedures. The Pull Notice Program is a key element of the state's monitoring to ensure public safety.

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Recommendation: The City should ensure it continues to enroll all drivers in the DMV's Employer Pull Notice Program as soon as they are employed for the operation of an eligible vehicle, as required by the program.

Recommended Action(s): The enrollment of drivers in the Pull Notice Program appears to be the most significant issue with respect to the Unsatisfactory inspections. As a result, the City should be vigilant in its compliance so as to ensure it continues to receive Satisfactory inspections.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Exhibit 7.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Continue to ensure State Controller Reports are submitted in a timely manner.	Low	Ongoing
2	Expand marketing efforts to attract new riders and reverse the significant ridership loss.	High	FY 2020/21
3	Continue to utilize local supplementation to ensure compliance with the farebox recovery ratio while implementing service changes in an effort to reduce operating cost and increase ridership/fare revenue for the City's fixed-route service.	Medium	Ongoing
4	Continue to utilize local supplementation to ensure compliance with the farebox recovery ratio while determining what operational changes can be implemented to reduce demand-response operating cost.	Medium	Ongoing
Functional Recommendations		Importance	Timeline
1	The City should ensure it continues to enroll all drivers in the DMV's Employer Pull Notice Program as soon as they are employed for the operation of an eligible vehicle, as required by the program.	Medium	Ongoing

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