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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 undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. This audit covers the County of Ventura in its role as transit operator of the Kanan Shuttle. This is the second such audit of the County, as the Kanan Shuttle launched in FY 2014. Triennial Performance Audits of other programs funded by the County but operated by another entity, including Valley Express and the City of Ojai, are prepared separately.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the Kanan Shuttle, 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) requiring 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 County of Ventura’s public transit program for the period:

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

The Kanan Shuttle, sponsored by the County of Ventura, began operating in August 2013 as a demonstration project. The service operates primarily along Kanan Road in Oak Park, from Roadside Drive to Lindero Canyon. The Kanan Shuttle began as a Monday through Friday operation; Saturday service was implemented in 2015. Hours of operation are 6:40 a.m. to 6:20 p.m. Monday through Friday, and from 8:10 a.m. to 6:20 p.m. on Saturday. The Kanan Shuttle is provided fare-free.

The primary goal of the Kanan Shuttle is to reduce traffic congestion on Kanan Road. Forty percent of students attending the Oak Park Unified School District live out of district. The Shuttle provides an alternative for parents who otherwise would drive their students to school. Shuttle ridership is lower in summer yet it is still heavily utilized. Service levels are reduced during summer.

Additionally, the County provides inter-city transit service through the East County Transit Alliance (ECTA). ECTA CONNECT Dial-A-Ride services are also provided to persons with disabilities and seniors age 65 years and above upon advance reservation. The service is offered Monday through Friday on a

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shared-ride, reservation basis by the cities of Moorpark, Simi Valley, and Thousand Oaks, as well as the County of Ventura. Effective July 1, 2018, ECTA CONNECT service was also offered on Saturday. Service is available to Camarillo, Moorpark, Simi Valley, Thousand Oaks, and unincorporated portions of eastern Ventura County. Connections can also be made through ECTA to other transportation providers such as Gold Coast Transit's ACCESS and Los Angeles County's Access Services.

The County also funds other transit operations, including the City of Ojai (via Gold Coast Transit District), and the Valley Express. Separate Triennial Performance Audits were prepared for these operators. ECTA was not the subject of a stand-alone Triennial Performance Audit, but is included within the audit of the City of Thousand Oaks.

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

The auditors conclude the County of Ventura complies with the Transportation Development Act (TDA) regulations in an efficient and effective manner.

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 one recommendation for the County of Ventura:

1. [Consider reporting the Kanan Shuttle completely separately from the City of Thousand Oaks.](#)
Status: Implemented.

Findings and Recommendations

Based on discussions with VCTC staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no compliance findings.

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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. The County does not exclude vehicle lease costs from operating cost as allowed by the TDA.

Program Recommendations

In completing this Triennial Performance Audit, we submit the following recommendations for the Valley Express 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.

Given there are no compliance recommendations, only functional recommendations are included below.

Exhibit 1.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	The County should exclude vehicle lease costs from its operating cost when calculating the farebox recovery ratio.	Medium	FY 2019/20

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Chapter 2

Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the County of Ventura’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 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 County of Ventura 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) requiring the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates TDA funds.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The auditors believe the evidence obtained provides a reasonable basis for its 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 the County of Ventura 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 County of Ventura included thorough review of documents relevant to the scope of the audit, as well as information contained on the County'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; and
- Organizational chart.

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The methodology for this review included a site visit to Ventura County Government Center (800 S. Victoria Avenue in Ventura) on January 27, 2020. The audit team met with Treena Gonzalez (Senior Transportation Analyst) and David Fleisch (Transportation Department Director), and reviewed materials germane to this performance audit.

With respect to the Kanan Shuttle and ECTA, the audit team conducted a site visit of the City of Thousand Oaks Municipal Service Center and Transportation Center, which houses contractor dispatching and operations personnel, on January 28, 2020. During the Thousand Oaks site visit, the audit team met with Mike Houser (Transit Manager), Priscilla Freduah-Agyemang (Transit Assistant), David Brown (Senior Accountant), Jennifer Singer (MV Transportation General Manager), and Mary Lozano (Dispatch Manager). The audit team also visited MV Transportation’s Santa Paula yard located at 918 Mission Rock Road in Santa Paula on January 30, 2020.

With respect to Valley Express, the audit team visited the Ventura County Transportation Commission headquarters (950 County Square Drive, Ventura) on January 29, 2020. The audit team met with Aaron Bonfilio (Program Manager – Transit Services), Jeni Eddington (Transit Specialist), and Martin Erickson (Public Transit Director). The audit team also conducted an operations contractor site visit at MV Transportation’s Santa Paula yard (918 Mission Rock Road, Santa Paula) on January 30, 2020, and met with Tom Conlon (MV Transportation).

With respect to the City of Ojai, the audit team conducted a site visit to the City of Ojai Public Works Yard (408 S. Signal Street, Ojai) on January 27, 2020. The audit team met with Ellen DeBord (Transit Operations Supervisor) and toured the City’s Corporation Yard.

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 County of Ventura’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 County 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.

The County of Ventura met the test of compliance with respect to Transportation Development Act (TDA) regulations.

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 current 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.

This is particularly significant for the City of Ojai, which had used TDA contributions from the County to supplement its farebox revenue as “local support.” Absent this funding source, the City’s farebox recovery ratio does not meet the minimum 20 percent threshold. The impact of this change is discussed in more detail in the City of Ojai’s Triennial Performance Audit.

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 taxed imposed by the operator or by a county transportation commission." S.B. 508 amended Section 99268.19 to read:

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

This expanded definition 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

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

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public transit, and to more realistically accommodate today's most pressing transit challenges and unfunded mandates.

While these proposed changes to the TDA legislation have yet to be finalized and enacted, it is very likely the TDA will undergo significant revisions during the next audit period. As a result, the test of compliance 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	In compliance	FY 2016/17: January 26, 2018 FY 2017/18: January 30, 2019 FY 2018/19: January 29, 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: December 31, 2017 FY 2017/18: February 28, 2019 FY 2018/19: February 7, 2020
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	<i>MV Transportation/City of Thousand Oaks</i> September 8, 2016 September 26, 2017 October 2, 2018 November 7, 2019 (Unsatisfactory) (reinspection pending)
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 County does not receive allocations under Article 8(c).
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: +0.07% FY 2017/18: +0.01% FY 2018/19: +0.36%
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*	<i>Kanan Shuttle:</i> FY 2016/17: 20.38% FY 2017/18: 20.47% FY 2018/19: 20.31% <i>Ojai Trolley:</i> FY 2016/17: 11.82% FY 2017/18: 20.36% FY 2018/19: 15.61%

*The County is in compliance with respect to the Kanan Shuttle. The Ojai Trolley's farebox recovery ratio shortfalls in FY 2016/17 and FY 2018/19 are addressed in the City of Ojai's Triennial Performance Audit report.

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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	In compliance	<i>Valley Express</i> FY 2016/17: 6.71% FY 2017/18: 11.81% FY 2018/19: 13.13% <i>Exempt through FY 2017 due to Extension of Service.</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	In compliance	<i>Thousand Oaks DAR</i> FY 2016/17: 10.50% FY 2017/18: 10.00% FY 2018/19: 10.00% <i>East County Transit Alliance</i> FY 2016/17: 12.10% FY 2017/18: 10.95% FY 2018/19: 11.01%
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	County employees are eligible for VCERA.
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 County does not receive State Transit Assistance 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	In compliance	The County does not receive State Transit Assistance funds.

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Compliance Element	Reference	Compliance	Comments
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	

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Chapter 4

Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the County of Ventura 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 one recommendation for the County of Ventura:

1. **Consider reporting the Kanan Shuttle completely separately from the City of Thousand Oaks.**
Discussion: PUC 99243 requires operators to submit annual reports to the State Controller which specify 1) the amount of revenues to be generated from each source and its application for the prior fiscal year, and 2) the data necessary to determine which section the operator is required to be in compliance with in order to be eligible for TDA funds. While the County submits a State Controller Report that meets the criteria specified above, it does not currently report operating data for any of the operations it funds, including Kanan Shuttle. At the direction of the State Controller (per a conversation with Susan Tsushima on September 12, 2012), operating data is reported by the cities that operate these services (i.e., Thousand Oaks and, at the time, Agoura Hills). As such, data reported to the State Controller cannot be tied to a specific service. Financial data appears to include that for both the Kanan Shuttle and other services.

Given the County tends to be a partner in the transit services it funds, it is reasonable for those operations to be reported on the partner entity's State Controller Report. The County should consider reporting the Kanan Shuttle completely separately from the City of Thousand Oaks. By reporting the Kanan Shuttle completely separately from the City of Thousand Oaks, it can be readily evaluated as a stand-alone program, even though it continues to be operated by the City of Thousand Oaks. The County may wish to contact the State Controller to determine why the initial instruction to include operating data on the contracting city's own report was given, and whether any reason exists to continue to do so.

Progress: In December 2018, the County contacted the State Controller's Office regarding the filing of a separate State Controller report for the Kanan Shuttle. The County began filing a separate report General Services report (with operating data) beginning with the FY 2018/19 reporting year. Operating data for demand-response services to which the County provides funding are reported under those programs, and the County's Specialized Services report includes financial data for those programs.

Status: Implemented.

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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 Kanan Shuttle, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via internal ridership reports. Operating Cost from the reports was compared against the County's audited financial reports and was determined to be

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.

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consistent with TDA guidelines and accurately reflects the costs for the County'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 internal ridership reports. Fare revenue from the reports is consistent with TDA guidelines.
- Vehicle Service Hours (VSH) data were obtained via monthly performance reports for each fiscal year covered by this audit. The County calculates VSH using schedule hours reconciled with driver trip sheets. The County's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via monthly performance reports for each fiscal year covered by this audit. The County 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 internal ridership reports for each fiscal year covered by this audit. The County's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data specific to individual operations was not provided. Full-Time Equivalent (FTE) methodology was provided by the County of Ventura as well as individual operators and is consistent with the TDA definition.

Only performance data for the Kanan Shuttle is reviewed in this section.

Composite operating data for the East County Transit Alliance (ECTA) program was not provided. This program is included within the City of Thousand Oaks' audit report, and performance data is reviewed internally on a regular basis. Performance data for the City of Ojai, Thousand Oaks Dial-A-Ride, and Valley Express are presented within the respective report.

System Performance Trends

Operating cost posted a net 7.0 percent decrease across the six-year period, yet increased 3.9 percent during the audit period. Fare revenue consists of contributions from local partners which is counted as fare revenue, given the service is fare-free. No fare revenue was recorded in FY 2013/14. Fare revenue increased 19.7 percent between FY 2014/15 and FY 2018/19, yet increased just 3.6 percent during the audit period. Fare revenue amounts are reflective of the amount needed in order to meet the 20 percent farebox recovery ratio.

Vehicle service hours (VSH) decreased 21.9 percent during the six-year period, though most of the decrease took place during the prior audit period. VSH decreased 4.3 percent during the current audit period. Vehicle service miles (VSM) decreased 25.6 percent during the six-year period, though most of the decrease took place during the prior audit period. VSM decreased 1.1 percent during the current audit period. Ridership saw a net 3.1 percent decrease between FY 2013/14 and FY 2018/19. However, there was a net 12.5 percent decrease during the current audit period, with the greatest decline taking place in FY 2018/19.

Operating cost-related performance indicators increased during the current audit period, which indicates a decline in cost-effectiveness. Passenger-related metrics were mixed, improving in FY 2017/18

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and declining in FY 2018/19. This resulted in an overall decline in productivity. Farebox recovery ratio remained consistent throughout the current audit period.

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 \$)	\$443,319	\$330,422	\$382,595	\$396,768	\$397,589	\$412,360
<i>Annual Change</i>		-25.5%	15.8%	3.7%	0.2%	3.7%
Fare Revenue (Actual \$)	\$0	\$70,001	\$79,298	\$80,877	\$81,400	\$83,760
<i>Annual Change</i>			13.3%	2.0%	0.6%	2.9%
Vehicle Service Hours (VSH)	6,182	4,182	4,912	5,043	4,963	4,828
<i>Annual Change</i>		-32.4%	17.5%	2.7%	-1.6%	-2.7%
Vehicle Service Miles (VSM)	89,803	59,278	69,357	67,503	68,025	66,789
<i>Annual Change</i>		-34.0%	17.0%	-2.7%	0.8%	-1.8%
Passengers	70,818	63,919	73,207	78,493	79,613	68,650
<i>Annual Change</i>		-9.7%	14.5%	7.2%	1.4%	-13.8%
Employees	Not reported	Not reported	Not reported	Not reported	Not reported	3
<i>Annual Change</i>						
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$71.71	\$79.01	\$77.89	\$78.68	\$80.11	\$85.41
<i>Annual Change</i>		10.2%	-1.4%	1.0%	1.8%	6.6%
Operating Cost/Passenger (Actual)	\$6.26	\$5.17	\$5.23	\$5.05	\$4.99	\$6.01
<i>Annual Change</i>		-17.4%	1.1%	-3.3%	-1.2%	20.3%
Passengers/VSH	11.46	15.28	14.90	15.56	16.04	14.22
<i>Annual Change</i>		33.4%	-2.5%	4.4%	3.1%	-11.4%
Passengers/VSM	0.79	1.08	1.06	1.16	1.17	1.03
<i>Annual Change</i>		36.7%	-2.1%	10.2%	0.6%	-12.2%
Farebox Recovery	0.0%	21.2%	20.7%	20.4%	20.5%	20.3%
<i>Annual Change</i>		21.2%	-2.2%	-1.7%	0.4%	-0.8%
Hours/Employee						1,609.3
<i>Annual Change</i>						
TDA Non-Required Indicators						
Operating Cost/VSM	\$4.94	\$5.57	\$5.52	\$5.88	\$5.84	\$6.17
<i>Annual Change</i>		12.9%	-1.0%	6.6%	-0.6%	5.6%
VSM/VSH	14.53	14.17	14.12	13.39	13.71	13.83
<i>Annual Change</i>		-2.4%	-0.4%	-5.2%	2.4%	0.9%
Fare/Passenger	\$0.00	\$1.10	\$1.08	\$1.03	\$1.02	\$1.22
<i>Annual Change</i>			-1.1%	-4.9%	-0.8%	19.3%

Source: Monthly performance reports and State Controller Report (FY 2018/19).

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Exhibit 5.2 System Ridership

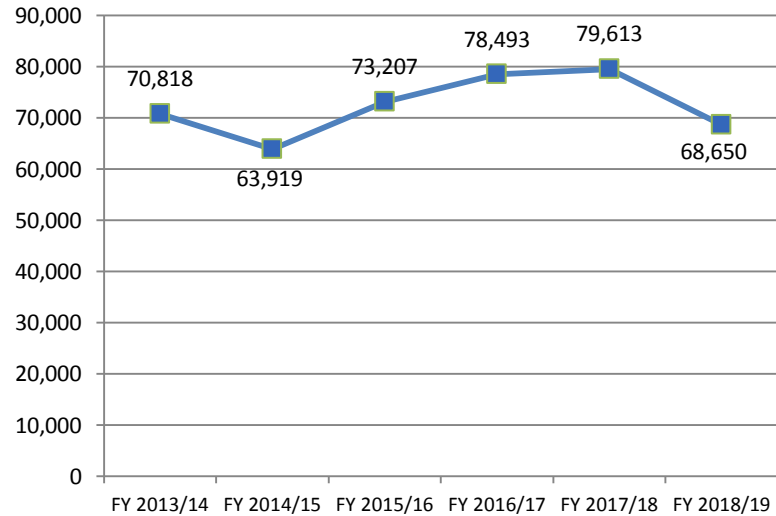


Exhibit 5.3 System Operating Cost/VSH

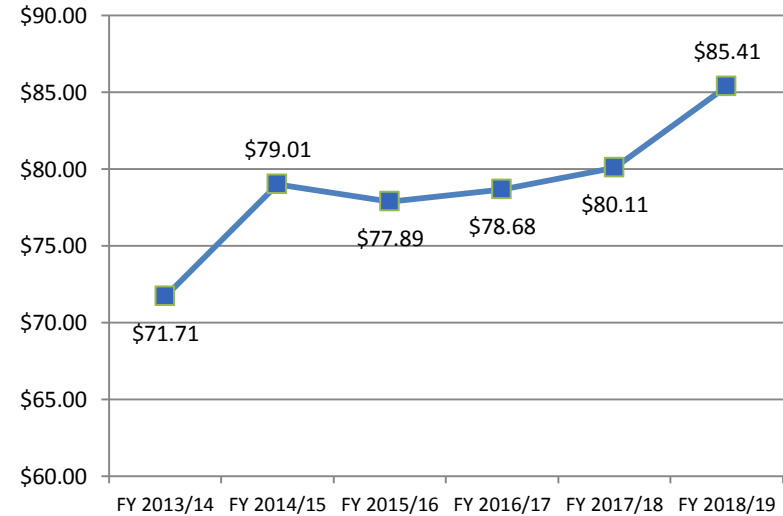


Exhibit 5.4 System Operating Cost/VSM

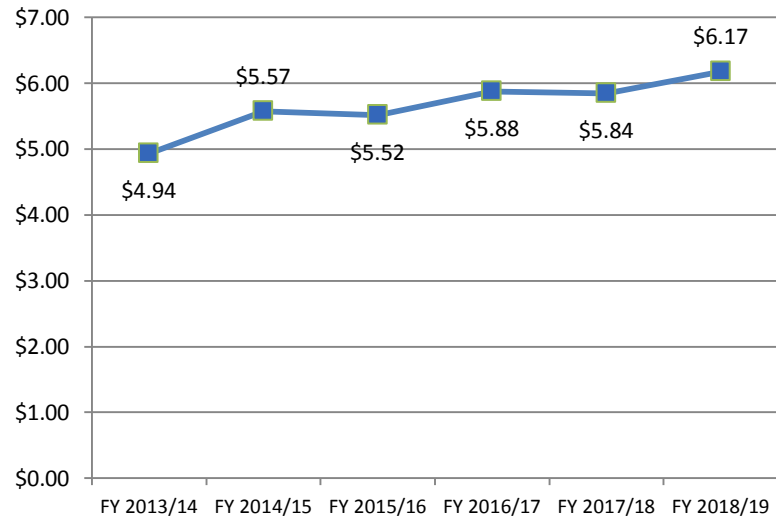
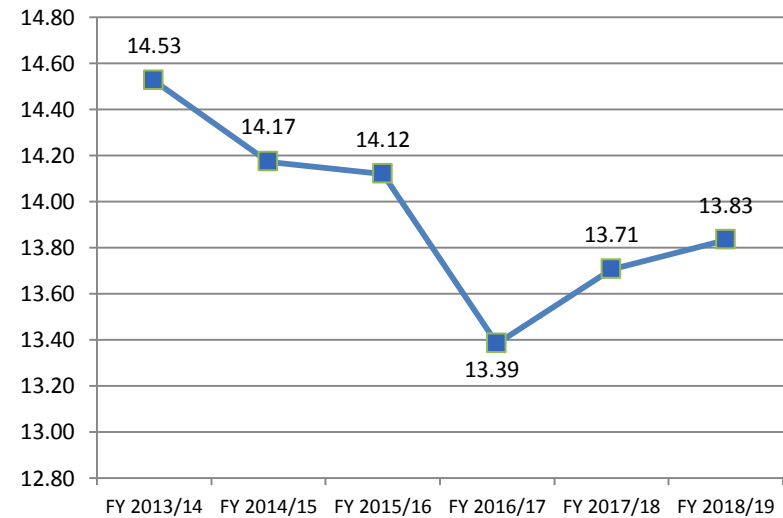


Exhibit 5.5 System VSM/VSH



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Exhibit 5.6 System Operating Cost/Passenger

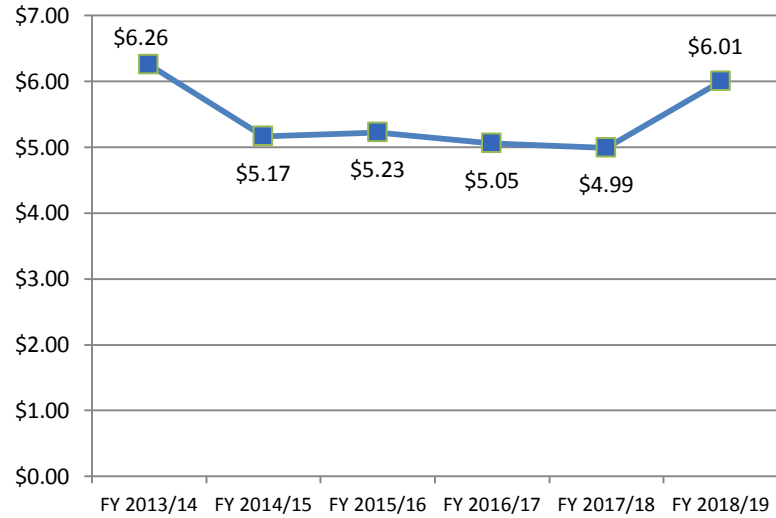


Exhibit 5.7 System Passengers/VSH

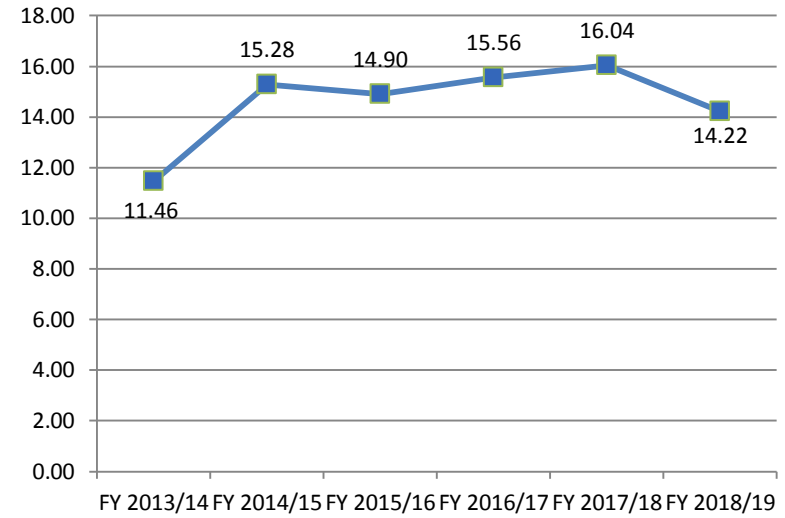


Exhibit 5.8 System Passengers/VSM

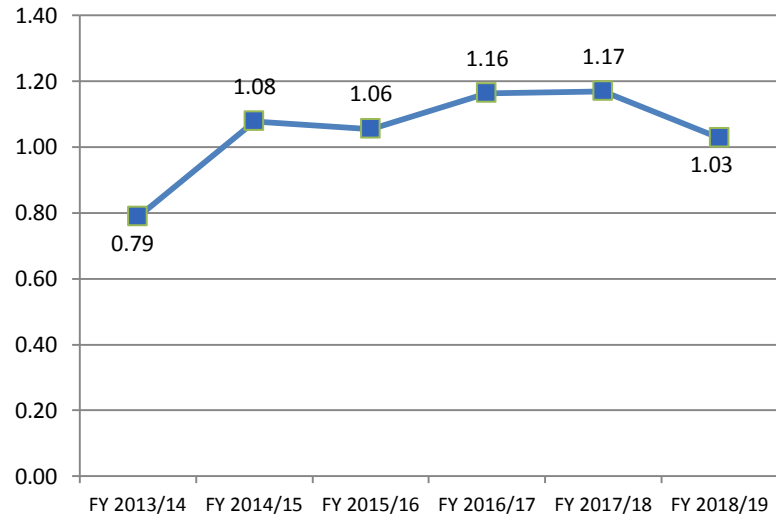
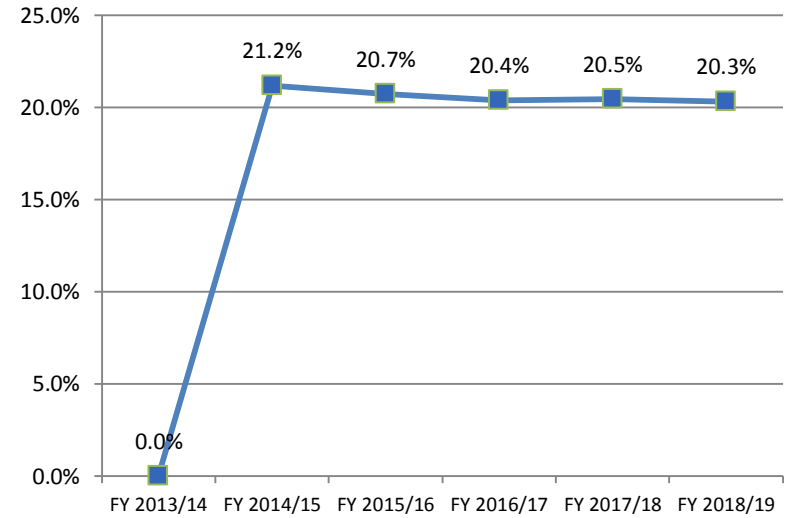


Exhibit 5.9 System Farebox Recovery

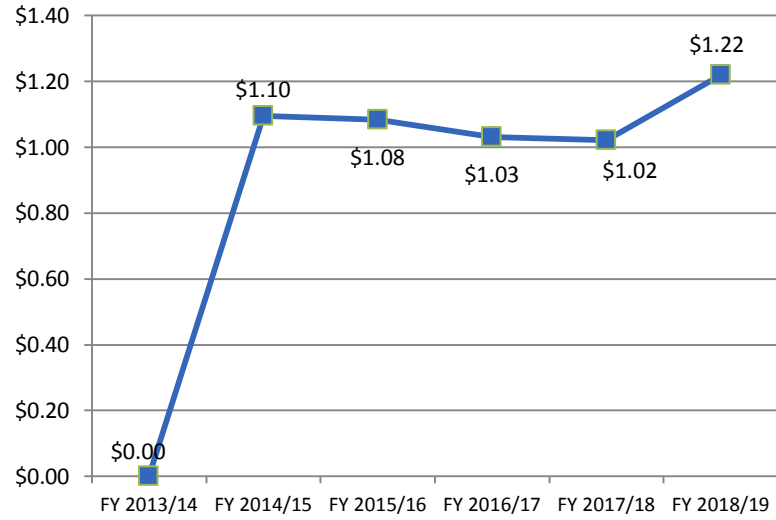


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Exhibit 5.10 System Fare/Passenger



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Chapter 6

Functional Review

A functional review of the County of Ventura’s public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the County’s transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by the County of Ventura 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 Kanan Shuttle, sponsored by the County of Ventura, began in August 2013 as a demonstration project. The service operates primarily along Kanan Road in Oak Park, from Roadside Drive to Lindero Canyon. The Kanan Shuttle is provided on a fare-free basis.

The Kanan Shuttle began as a Monday through Friday operation; Saturday service was implemented in 2015. During the audit period, hours of operation were 6:40 a.m. to 6:20 p.m. Monday through Friday, and from 8:10 a.m. to 6:20 p.m. on Saturday. Effective September 30, 2019, the County discontinued low-usage trips between 9 a.m. and 12 p.m., discontinued its Saturday service, and added some new stops (Roadside Drive/Cornell Road and Kanan Road/Canwood Street). The County has also upgraded several bus stops by adding amenities such as benches, shelters, and trash bins.

Additionally, the County provides inter-city transit service through the East County Transit Alliance (ECTA). ECTA CONNECT Dial-A-Ride services are also provided to persons with disabilities and seniors age 65 years and above upon advance reservation. The service is offered Monday through Friday on a shared-ride, reservation basis by the cities of Moorpark, Simi Valley, and Thousand Oaks, as well as the County of Ventura. Effective July 1, 2018, service was also offered on Saturday. Service is available to Camarillo, Moorpark, Simi Valley, Thousand Oaks, and unincorporated portions of eastern Ventura County. Connections can also be made through ECTA to other transportation providers such as



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Gold Coast Transit's ACCESS and Los Angeles County's Access Services. The County also provides local demand-response service through the Thousand Oaks Transit Dial-A-Ride program. This includes service to the unincorporated areas of Newbury Park, Oak Park, Ventu Park, Lynn Ranch, Rolling Oaks, Hidden Valley, and Lake Sherwood.

The County also funds other transit operations throughout the county, including the City of Ojai (via Gold Coast Transit District), and the Valley Express. The Ojai Trolley, though geographically within the Gold Coast Transit District, is operated fully by the City of Ojai. The County, as a member of GCTD, receives all LTF funds for other County-sponsored services through the annual GCTD claim process. Individual Triennial Performance Audits were prepared for the City of Ojai and Valley Express. ECTA was not the subject of a stand-alone Triennial Performance Audi, but is included within the audit of the City of Thousand Oaks.

The Kanan Shuttle is currently the only County-funded transit program operated solely by the County. All others are operated in conjunction with other jurisdictions. The primary goal of the Kanan Shuttle is to reduce traffic congestion on Kanan Road. Forty percent of students attending the Oak Park Unified School District live out of district. The Shuttle provides an alternative for parents who would otherwise drive their students to school. Shuttle ridership is lower in summer yet it is still heavily utilized. Service levels are reduced during summer.

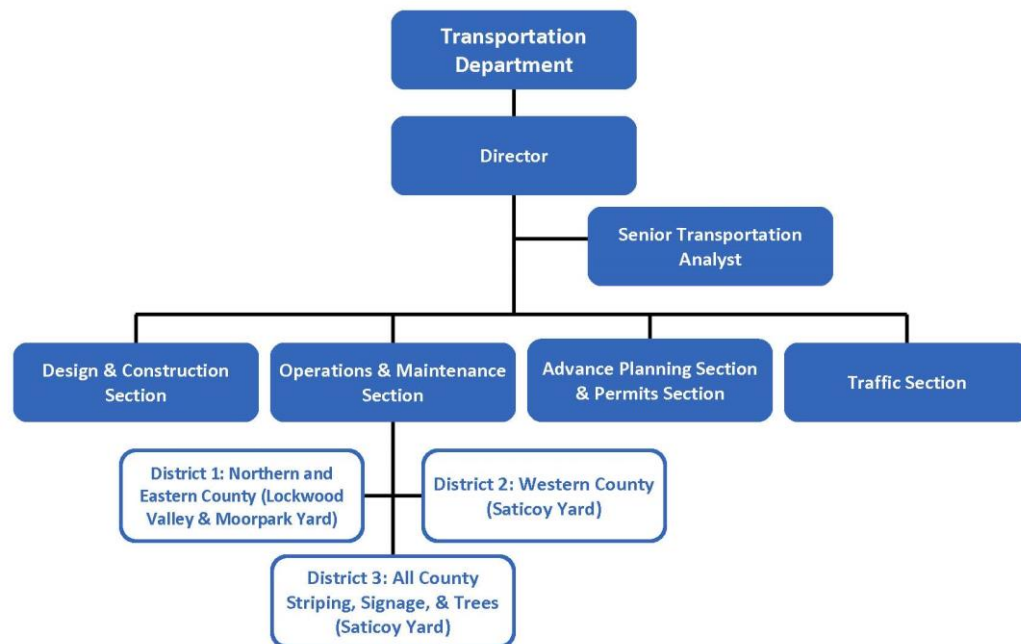
Although shuttle riders can transfer to LA Metro Route 161 at the Thousand Oaks Boulevard or Roadside Drive bus stops, connectivity with other transit services is limited. The Shuttle has no connection with Thousand Oaks. Connectivity to services in Agoura Hills is difficult given the city is located in Los Angeles County.

General Management and Organization

The County of Ventura's Transportation Department is a component of the Public Works Department. The department includes just one full-time transit employee, a Senior Transportation Analyst. The Transportation Department director is a member of VCTC's Heritage Valley Technical Advisory Committee and the East County Transit Alliance (ECTA). The Senior Transportation Analyst is a member of VCTC's Transcom, ECTA Operations Committee, and Gold Coast Transit Technical Advisory Committee.

The County's Senior Transportation Analyst maintains close communication with the City of Thousand Oaks' Senior Analyst through phone calls and at ECTA, contractor management and operations meetings, and Transcom. The City is very responsive. The County has little direct contact with MV Transportation.

Exhibit 6.1 Organizational Chart



Source: County of Ventura.

The Ventura County Board of Supervisors (BOS) is the governing body for the County’s transit programs. Five supervisors each represent one district of Ventura County. The BOS typically meets Tuesday at 8:30 a.m. at the Ventura County Government Center (800 S. Victoria Avenue, Ventura) and may meet up to three times in a given month. Meetings frequently take place on the second and fourth Tuesday, although several months feature an alternate schedule. All transit items are reported to the BOS on an annual basis concurrent with the annual renewal of the agreement for transit services (with City of Thousand Oaks), the fiscal agent agreement for ECTA service (with the City of Thousand Oaks), and approval of the TDA claim to Gold Coast Transit District. Most recently, the issue of greatest concern has been to monitor the operating cost so that contributions do not have to increase. The Supervisor representing the district in which the Kanan Shuttle operates remains very interested in the program.

Service Planning

The Ventura County Board of Supervisors has established a Municipal Advisory Council (MAC) in Oak Park to advise the Board. Supervisors may also request one Board of Supervisors meeting per year in their district. Input is received through the Supervisor’s office, City of Agoura, or other channels. The County Public Works department also utilizes social media to publicize feedback opportunities. The County looks at any requests and evaluates them.



Kanan Shuttle has traditionally been a static service, with the September 2019 service change representing the first significant adjustment since 2015. There has been some political interest to connecting with the Thousand Oaks Transit Blue route, but that is out of the County’s purview given the

closest access point to the Blue route's current alignment is more than three miles to the west of Kanan Road. Most recently, the City used stop-level data provided by Thousand Oaks.

Significant public outreach was conducted prior to the September 30, 2020 service change. This include an updates to the printed brochure and website, emails to parents through the schools, social media, postings at bus stops, and advertisements in the *Acorn*. The County intends to do a rider survey, but plans to wait until after the revised service schedule has had time to settle in.



**NEW SCHEDULE!
EFFECTIVE
SEPTEMBER 30TH**

• Visit www.kananshuttle.com for more information and to download the new schedule

• Weekday service reduced

• Weekend service discontinued

• Additional stops added

• Call 805-375-5473 for questions, or email info@kananshuttle.com

Serving the residents of Oak Park and Agoura Hills

Scheduling, Dispatch, and Operations

The City of Thousand Oaks contracts with MV Transportation to provide vehicle operators and maintenance of leased vehicles for the Kanan Shuttle. Currently, there are not enough drivers being recruited to meet the contractor's needs. Recruitment and training are continual and ongoing, but MV has not had full staffing for at least 18 months due to low unemployment and higher wages available in neighboring counties. The City of Thousand Oaks (as the managing entity) believes the contractor needs to hire 12 additional drivers to meet current program needs. Employee recruitment is conducted via multiple methodologies, including job fairs, workforce/job placements/outreach programs, ads on local hiring sites, veterans outreach, and County offices.

While some recruits come in with some experience, the majority of candidates require full training. All training meets federal and state requirements. Safety activities include monthly safety meetings, safety stand-downs, road evaluations, risk assessments, and ongoing wheelchair recertification. Minimum safety and training requirements are included in the transit operations operator's contract.

Approximately 50 percent of recruits successfully complete the training period, including the required drug test. Most last about six months to one year; once they get their Class B license and some experience, they go elsewhere for higher pay. MV is considering offering a hiring bonus to get recruits to stay (the bonus would have to be paid back if the recruit left before the minimum time period).

MV strives to motivate its employees by holding employee appreciation events and luncheons, conducting customer service and safety contests, and selecting an Employee of the Month. Drivers receive bonuses for safety, gift cards, and food events to help motivate them and enhance job satisfaction. All positive rider comments are passed along to drivers. Operator staff regularly receive risk assessments and road evaluations.

Discipline and attendance policies are outlined in an Employee Handbook which is provided to all employees upon the start of employment. These include a safety point system, attendance point system, coaching, and counseling. A progressive discipline program is also utilized. MV's drug and alcohol policy is monitored by the City of Thousand Oaks and the FTA.

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MV Transportation provides comprehensive benefits to all full-time employees. Employees receive a package outlining available benefits on an annual basis.

Multiple vehicles are used to provide the Kanan Shuttle service during peak service hours. The County has new larger vehicles that will be going into service. On non-school days, there is a reduced service schedule. In November 2018, service was canceled at least one day due to local fires, and the reduced service schedule was operated on days school was closed.



Personnel Management and Training

Drivers are unionized (Teamsters Local 848) and bid for their work assignments on a seniority basis. Many bid schedules have multiple route or service components, but not all. Some drivers may work for multiple agencies under contract with the City of Thousand Oaks on a single shift. All drivers are trained to operate all fixed-route and demand-response vehicles.

While the operator does not preclude the hiring of part-time drivers, the bid schedules require full-time coverage. As a result, there is currently only one part-time driver, and part-time positions are being phased out. Offering only full-time positions is more attractive to potential drivers. MV Transportation is required by its contract to have cover/standby drivers ready to respond when needed. Drivers may be used on their scheduled days of if needed. Full-time drivers are eligible for paid holidays, vacation, sick leave, health insurance, and life insurance.

Administration

The County's transit budget is based on the TDA allocation available through Gold Coast Transit District. The County receives a monthly TDA check from GCTD and is also invoiced by the transit operations contractor. The County maintains separate trust funds for different services, capital, and administration, which can all be tracked utilizing a shared-drive system.

Local supplementation of fare revenues is provided through contributions from the Oak Park Unified School District, Ventura County Service Area 4, and the City of Agoura Hills. Each contributor is invoiced at the end of the year to ensure the program meets the 20 percent farebox recovery ratio.

The County does not receive any grants for transit, only for bicycle and pedestrian plans.

The Senior Transportation Analyst is responsible for contract management. Program performance is monitored via quarterly performance data, invoices, and monthly meetings. The Thousand Oaks operations contract for the Kanan Shuttle was renegotiated in 2019, and the Heritage Valley contract is in place through 2020. There is currently no operations contract in place regarding the Ojai Trolley as the City of Ojai operates its transit program in-house. The ECTA fiscal agreement auto renews each year until cancelled.

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The County's internal auditor/controller reviews all bills before payment. The auditor provides VCTC with calculated anticipated TDA fund allocations.

Marketing and Public Information

The County has utilized numerous marketing and outreach efforts to educate the public about the existence of the Kanan Shuttle and the evolving demand-response options in the area. Most outreach is conducted in conjunction with the City of Thousand Oaks. Kanan Shuttle brochure changes go through the City of Thousand Oaks' marketing contract, while updates to the Kanan Shuttle webpage are also handled by the City of Thousand Oaks (as the page is hosted on the City's website). The County also utilizes a robust social media presence to communicate its transit message to the community.

Overall there is a positive perception of the Kanan Shuttle, and it is viewed as a benefit. The heavy student ridership helps to take vehicle trips off of Kanan Road. The community likes that the service is provided fare-free.

Maintenance

The City of Thousand Oaks contracts with MV Transportation to maintain vehicles for the Kanan Shuttle, ECTA, and the City of Agoura Hills at its Santa Paula facility. The City typically maintains at least one spare vehicle per service it operates (Thousand Oaks fixed-route, Thousand Oaks DAR, Kanan Shuttle, Moorpark, etc.) at the Thousand Oaks Transportation Center (TOTC) for ease of access, though this practice has been put on hold during the ongoing construction related to the expansion of the TOTC.

In the past, there was not a spare Kanan Shuttle vehicle. A Thousand Oaks or MV Transportation vehicle would be used should a spare be needed. With the new reduced schedule, there is now one spare vehicle.

Drivers complete a Daily Vehicle Inspection Report (DVIR), which identifies any unsafe conditions. MV has standing orders to identify any issues with the vehicles as part of pre- and post-trip inspections. Maintenance will notify dispatch regarding any vehicle deemed unsafe. Vehicles undergoing maintenance will be tagged so they are not used.

Exhibit 6.2 provides details on the County's transit fleet. All vehicles are ADA-compliant.

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Exhibit 6.2 County of Ventura Transit Fleet

Make/Model	Year	Seating capacity	Fuel Type	Quantity	Assigned to:
Ford E450 Cutaway	2014	20/2 WC	CNG	4	Kanan Shuttle
Dodge Caravan	2014	3/1 WC	Gasoline	9	Thousand Oaks DAR
Ford Transit	2018	8/5 WC	Gasoline	2	Thousand Oaks DAR
Ford E450 Cutaway	2014	12/2 WC	CNG	6	Thousand Oaks DAR
Starcraft Cutaway	2018	8/3 WC	Gasoline	6	ECTA
Starcraft Cutaway	2015	8/3 WC	Gasoline	3	Thousand Oaks DAR

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Chapter 6

Findings and Recommendations

Conclusions

The auditors find the County of Ventura to be in compliance with the requirements of the Transportation Development Act. In addition, the auditors conclude the County's public transit program generally functions in an efficient, effective, and economical manner.

Findings and Recommendations

Based on discussions with County staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no compliance findings.

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. The County does not exclude vehicle lease costs from operating cost as allowed by the TDA.

Program Recommendations

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

Given there are no compliance findings, on functional findings are provided below.

Functional Finding 1: The County does not exclude vehicle lease costs from operating cost as allowed by the TDA.

Criteria: PUC Section 99247(a) states the TDA's definition of operating cost excludes, in addition to several other items, all vehicle lease costs.

Condition: The County currently leases three Kanan Shuttle vehicles from the City of Thousand Oaks' contracted transit operator. To date, it has not been excluding the lease expense of its vehicles from operating cost when calculating the farebox recovery ratio for the Kanan Shuttle program. In FY 2019/20, this will result in a lease expense of \$2,374.86 per month per bus, for an annual total of \$85,494.96. Using the County's estimated budget for FY 2019/20 as an example, it is apparent the exclusion of this cost will have a significant impact.

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	FY 2019/20 Without lease exclusion	FY 2019/20 With lease exclusion
Fare revenue (budget)	\$86,600	\$86,600
Purchased transportation (operating cost)	\$433,200	\$433,200
Less: Vehicle lease costs	- \$0	- \$85,495
Net operating cost	\$433,200	\$347,705
Farebox recovery ratio	19.99%	24.91%

Cause: The likely cause is a lack of awareness regarding this exclusion.

Effect: Failing to exclude these costs results in a higher operating cost, which requires a greater subsidy in order to meet the 20 percent farebox recovery ratio.

Recommendation: The County should exclude vehicle lease costs from its operating cost when calculating the farebox recovery ratio.

Recommended Action(s): The exclusion of the vehicle lease costs should be reported in both the State Controller Report and the TDA fiscal audit. In the State Controller Report, vehicle lease costs should be entered as R02 of the Operating Cost page (Form #6) under Expense Exclusions. In the TDA fiscal audit, it should be included as a line item in the farebox recovery ratio calculation for Kanan Shuttle. The County should begin excluding these costs in its reporting for FY 2019/20.

Timeline: FY 2019/20.

Anticipated Cost: None.

Exhibit 7.1 Summary of Audit Recommendations

Functional Recommendations	Importance	Timeline
1 The County should exclude vehicle lease costs from its operating cost when calculating the farebox recovery ratio.	Medium	FY 2019/20