



FINAL REPORT
APRIL 2020

VCTC Intercity

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.

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

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

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

VCTC Intercity Transit bus service provides six fixed routes linking the cities of Ventura County and providing connections to neighboring Santa Barbara and Los Angeles counties. VCTC Intercity fixed-route hours of operation vary by route starting as early as 4:10 a.m. and running as late as 11:15 p.m., Monday through Friday. Saturday service is offered between 7:00 a.m. and 8:00 p.m. on five of the six routes, and Sunday service is limited to three routes: Route 60/62, Highway 126; Route 80/89, Coastal Express; and Route 99, Channel Islands (Oxnard-CSUCI-Camarillo). VCTC Intercity Transit does not operate on designated holidays.

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

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

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

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 VCTC Intercity Bus:

1. [Monitor the progress of TDA fiscal audits to ensure they are prepared and submitted within the designated timeframe.](#)

Status: Implemented.

Findings and Recommendations

Based on discussions with VCTC staff, analysis of program performance, and a review of program compliance and function, the audit team submits no compliance or functional findings for the Ventura County Transportation Commission.

Chapter 2

Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the Ventura County Transportation Commission’s Intercity Bus program covers the three-year period ending June 30, 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 VCTC as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

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

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

Objectives

A Triennial Performance Audit has four primary objectives:

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

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Scope

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

1. A review of compliance with TDA requirements and regulations.
2. 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 VCTC included thorough review of documents relevant to the scope of the audit, as well as information contained on VCTC's website. The documents reviewed included the following (spanning the full three-year period):

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;
- Accident/road call logs;
- Short Range Transit Plan; and
- Organizational chart.

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The methodology for this review included a site visit to VCTC’s offices (950 County Square Drive in Ventura) on January 29, 2020. The audit team met with Martin Erickson (Transit Director), Aaron Bonfilio (Program Manager), and Jeni Eddington (Transit Specialist); and reviewed materials germane to the triennial performance audit. The audit team also visited the RATP Dev operations and maintenance facility located at 240 South Glenn Drive in Camarillo. The audit team met with contractor representatives Syed Shadab (General Manager), Virgilio Ziranhua (Operations Manager), June Martinez (Safety Manager), and Jeff Brown (Maintenance Manager).

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

Compliance was determined through discussions with VCTC 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 Ventura County Transportation Commission 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 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.*

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(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.

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.

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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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: December 18, 2017 FY 2017/18: November 18, 2018 FY 2018/19: January 28, 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 14, 2017 FY 2017/18: November 15, 2018 FY 2018/19: November 25, 2019
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	August 20, 2015 September 16, 2016 March 30, 2017 March 14, 2018 March 27, 2019
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	VCTC-Intercity does not receive Article 8(c) funding.
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: + 0.37% FY 2017/18: -9.40% FY 2018/19: +11.89% <i>Source: VCTC Annual Budgets, FY 2017 – FY 2019.</i>
The operator’s definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	In compliance	FY 2016/17: 34.12% FY 2017/18: 31.53% FY 2018/19: 31.65% <i>Source: TDA Fiscal Audits, FY 2017 – FY 2019.</i>
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	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	Not applicable	

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Compliance Element	Reference	Compliance	Comments
<p>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.</p>	<p>PUC 99271</p>	<p>In compliance.</p>	<p>VCTC staff are eligible for CalPERS. Operations staff are employed by a third-party contractor.</p>
<p>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.</p>	<p>CCR 6754 (a) (3)</p>	<p>In compliance</p>	
<p>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.</p>	<p>PUC 99314.6</p>	<p>In compliance</p>	
<p>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.</p>	<p>CCR 6634</p>	<p>In compliance</p>	

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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 Ventura County Transportation Commission 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 VCTC Intercity Bus:

1. [Monitor the progress of TDA fiscal audits to ensure they are prepared and submitted within the designated timeframe.](#)

Discussion: PUC Section 99245 requires the RTPA ensure all claimants to which it allocated TDA funds submit to it and to the State Controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (or 270 days if a 90-day extension is granted). The VCTC Intercity TDA fiscal audit for FY 2014/15 was submitted well past the allowable 90-day extension. However, since the FY 2015/16 audit was submitted on time, this does not appear to be an ongoing problem.

Progress: During the current audit period, all TDA fiscal audits were submitted within the designated timeframe.

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 VCTC, the following sources were employed:

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

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

System Performance Trends

System operating cost saw a 96.4 percent increase across the past six years. During the audit period, however, operating cost increased 9.3 percent. Fare revenue saw a significant net increase across the past six years (89.7 percent) but declined a net 6.1 percent during the audit period.

Changes to vehicle service hours (VSH) and vehicle service miles (VSM) were much less dramatic than changes to finance-related metrics. VSH experienced a 17 percent net increase between FY 2013/14 and FY 2018/19 and a 14 percent net increase during the audit period. VSM saw a net 1.1 percent increase across the six-year period, but decreased a net 1.7 percent during the audit period. While system ridership experienced a net 20.5 percent decrease between FY 2013/14 and FY 2018/19, there was a net 9.5 percent decrease during the audit period.

Cost-related performance indicators were mixed during the audit period, with operating cost/VSH declining while operating cost/passenger and operating cost/VSM increasing. Passenger-related indicators decreased during the audit period, indicating a decline in productivity. Unsupplemented farebox recovery ratio decreased by 14.1 percent during the audit period, generally due to increases in operating cost and decreases in fare revenue, but remained above 20 percent each year.

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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 \$)	\$5,074,011	\$7,763,339	\$6,624,552	\$9,115,899	\$9,158,975	\$9,965,179
<i>Annual Change</i>		53.0%	-14.7%	37.6%	0.5%	8.8%
Fare Revenue (Actual \$)	\$1,252,361	\$1,212,058	\$1,733,653	\$2,528,741	\$2,205,508	\$2,375,531
<i>Annual Change</i>		-3.2%	43.0%	45.9%	-12.8%	7.7%
Vehicle Service Hours (VSH)	56,771	57,267	57,222	58,274	57,789	66,418
<i>Annual Change</i>		0.9%	-0.1%	1.8%	-0.8%	14.9%
Vehicle Service Miles (VSM)	1,548,346	1,539,247	1,585,460	1,591,629	1,471,359	1,564,942
<i>Annual Change</i>		-0.6%	3.0%	0.4%	-7.6%	6.4%
Passengers	823,001	782,381	786,754	723,221	640,121	654,595
<i>Annual Change</i>		-4.9%	0.6%	-8.1%	-11.5%	2.3%
Employees	66	68	79	79	79	71
<i>Annual Change</i>		3.0%	16.2%	0.0%	0.0%	-10.1%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$89.38	\$135.56	\$115.77	\$156.43	\$158.49	\$150.04
<i>Annual Change</i>		51.7%	-14.6%	35.1%	1.3%	-5.3%
Operating Cost/Passenger (Actual \$)	\$6.17	\$9.92	\$8.42	\$12.60	\$14.31	\$15.22
<i>Annual Change</i>		60.9%	-15.1%	49.7%	13.5%	6.4%
Passengers/VSH	14.50	13.66	13.75	12.41	11.08	9.86
<i>Annual Change</i>		-5.8%	0.6%	-9.7%	-10.7%	-11.0%
Passengers/VSM	0.53	0.51	0.50	0.45	0.44	0.42
<i>Annual Change</i>		-4.4%	-2.4%	-8.4%	-4.3%	-3.9%
Farebox Recovery	24.7%	15.6%	26.2%	27.7%	24.1%	23.8%
<i>Annual Change</i>		-36.7%	67.6%	6.0%	-13.2%	-1.0%
Hours/Employee	860.2	842.2	724.3	737.6	731.5	935.5
<i>Annual Change</i>		-2.1%	-14.0%	1.8%	-0.8%	27.9%
TDA Non-Required Indicators						
Operating Cost/VSM	\$3.28	\$5.04	\$4.18	\$5.73	\$6.22	\$6.37
<i>Annual Change</i>		53.9%	-17.2%	37.1%	8.7%	2.3%
VSM/VSH	27.27	26.88	27.71	27.31	25.46	23.56
<i>Annual Change</i>		-1.4%	3.1%	-1.4%	-6.8%	-7.5%
Fare/Passenger	\$1.52	\$1.55	\$2.20	\$3.50	\$3.45	\$3.63
<i>Annual Change</i>		1.8%	42.2%	58.7%	-1.5%	5.3%

Source: Data for FY 2013/14 – FY 2015/16 from prior Triennial Performance Audit.
Data for FY 2016/17 – FY 2018/19 from State Controller Reports.

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Exhibit 5.2 System Ridership

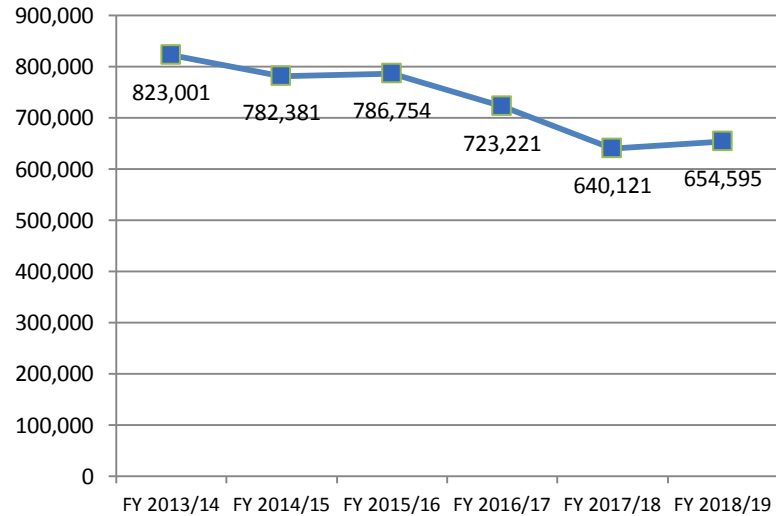


Exhibit 5.3 System Operating Cost/VSH

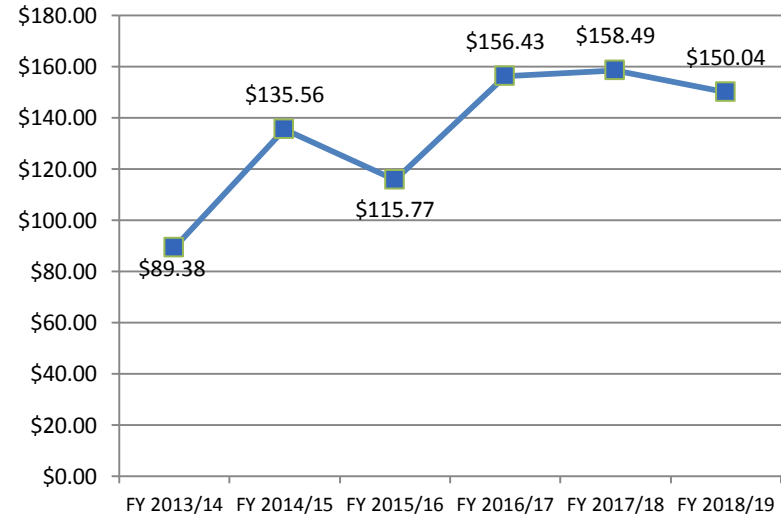


Exhibit 5.4 System Operating Cost/VSM

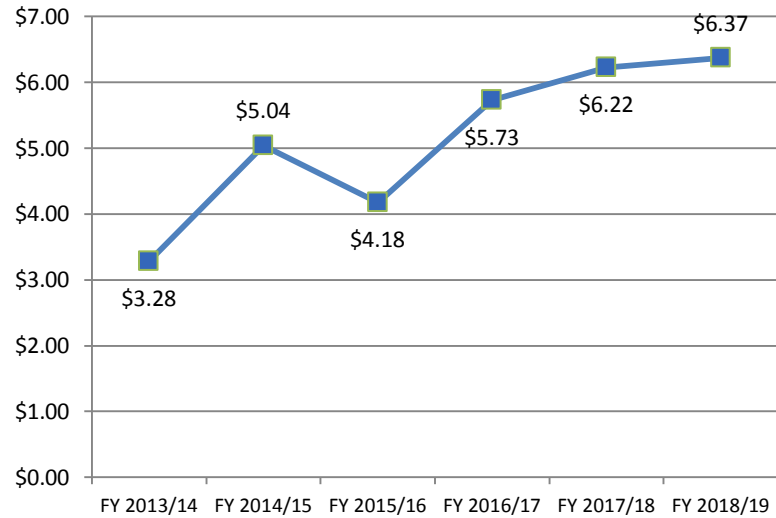
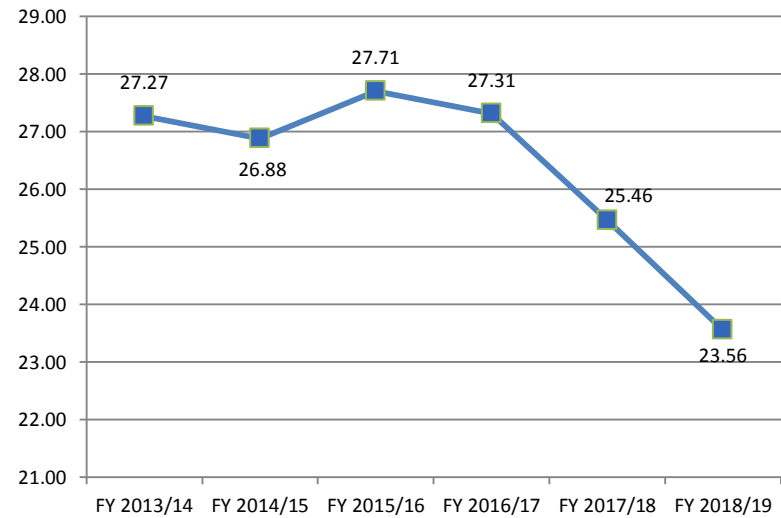


Exhibit 5.5 System VSM/VSH



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Exhibit 5.6 System Operating Cost/Passenger

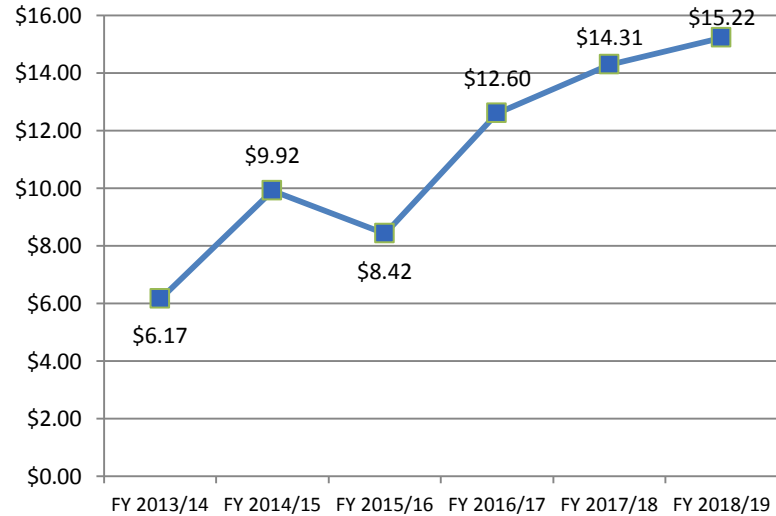


Exhibit 5.7 System Passengers/VSH

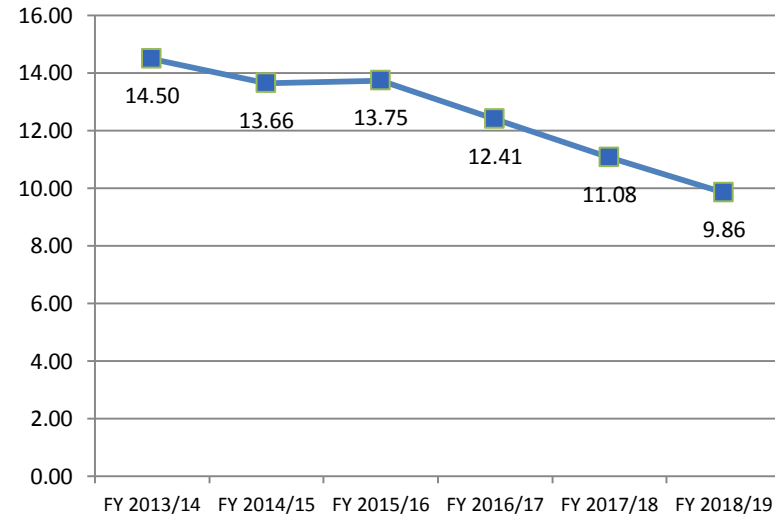


Exhibit 5.8 System Passengers/VSM

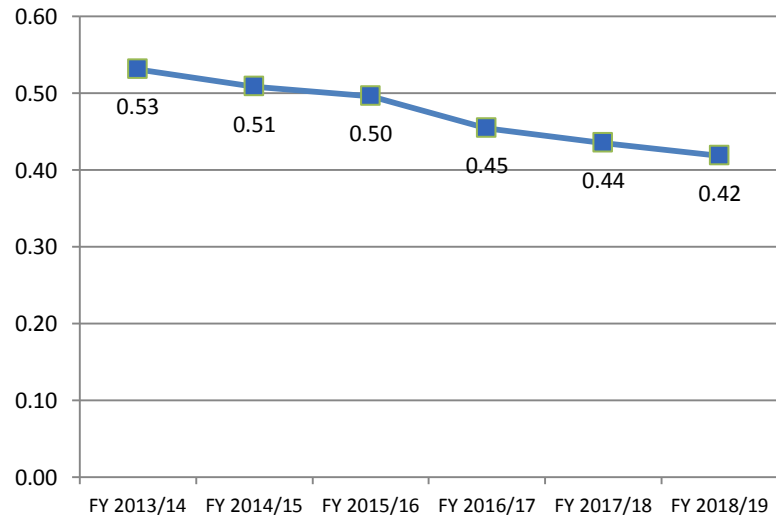
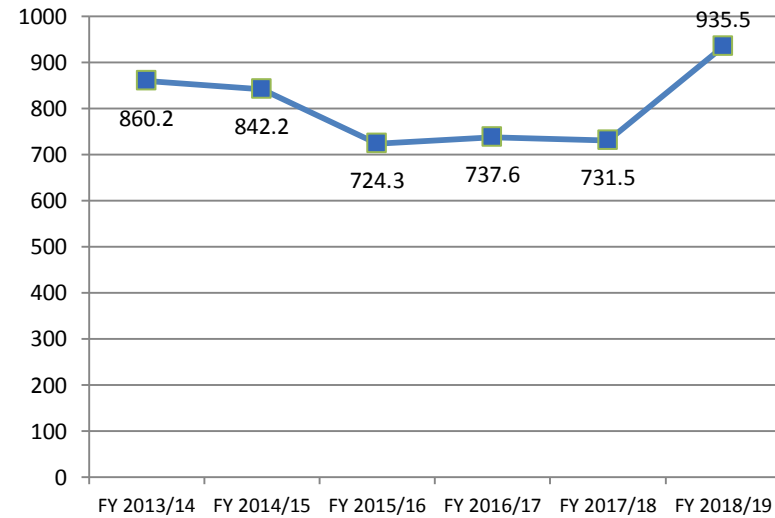


Exhibit 5.9 System VSH/FTE



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Exhibit 5.10 System Farebox Recovery

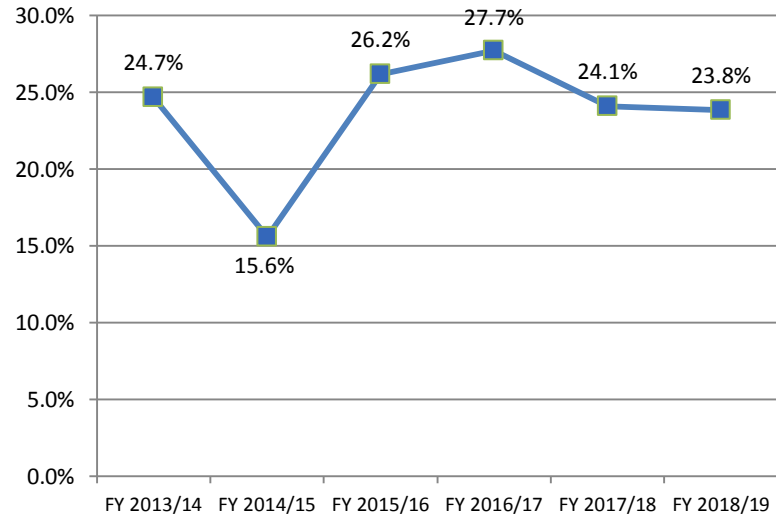
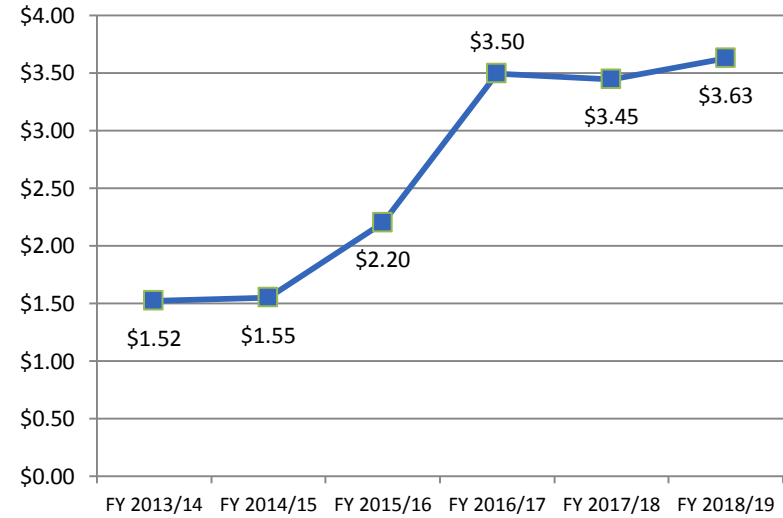


Exhibit 5.11 System Fare/Passenger



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Chapter 6 Functional Review

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

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

Service Overview

VCTC Intercity Transit bus service provides six fixed routes linking the cities of Ventura County and providing connections to neighboring Santa Barbara and Los Angeles counties. VCTC Intercity fixed-route hours of operation vary by route, starting as early as 4:10 a.m. and running as late as 11:15 p.m., Monday through Friday. Saturday service is offered between 7:00 a.m. and 8:00 p.m. on five of the six routes, and Sunday service is limited to three routes: Route 60/62, Highway 126; Route 80/89, Coastal Express; and Route 99, Channel Islands (Oxnard-CSUCI-Camarillo). VCTC Intercity Transit does not operate on designated holidays.



In October 2016, VCTC launched a new route, the Oxnard-Camarillo connector, linking South Oxnard to the Camarillo Premium Outlets. In May 2017, the Oxnard-Camarillo connector was combined with the Oxnard and Camarillo CSUCI routes, some non-productive trips were eliminated, and service to Piru on the Highway 126 route was eliminated. In December 2017, the Thomas Fire and subsequent mudslide impacted VCTC Intercity operation, and increased transit’s role in emergency management.

VCTC utilizes a zonal fare structure. Zone 1 includes routes traveling within Ventura County, while Zone 2 includes routes traveling beyond Ventura County. In November 2018, the Board approved a two-phase fare increase to address the rising costs of operation. This was the first fare adjustment since 2011. The first fare increase was effective January 14, 2019, which increased the base one-way cash

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fare from \$1.25 to \$1.50. The second phase of the fare increase went into effect January 20, 2020. The current fare schedule is provided in Exhibit 6.1.

Exhibit 6.1 VCTC Intercity Bus Fare Structure

	Zone 1	Zone 2
Cash Fares		
Full fare (one-way)	\$1.75	\$4.00
Reduced fare (senior 65+/Medicare/ADA)	\$0.80	\$2.00
Child under 5 (with fare-paying customer)	Free	Free
10-Ride Ticket		
Full fare	\$15.00	\$36.00
Reduced fare (senior 65+/Medicare/ADA)	\$7.00	\$18.00
VCTC 5-Day Pass (cash only)		
Full fare	\$10.00	N/A
Reduced fare (senior 65+/Medicare/ADA)	\$5.00	N/A
VCTC 31-Day Pass		
Full fare	\$50.00	\$130.00
Reduced fare (senior 65+/Medicare/ADA)	\$25.00	\$65.00

General Management and Organization

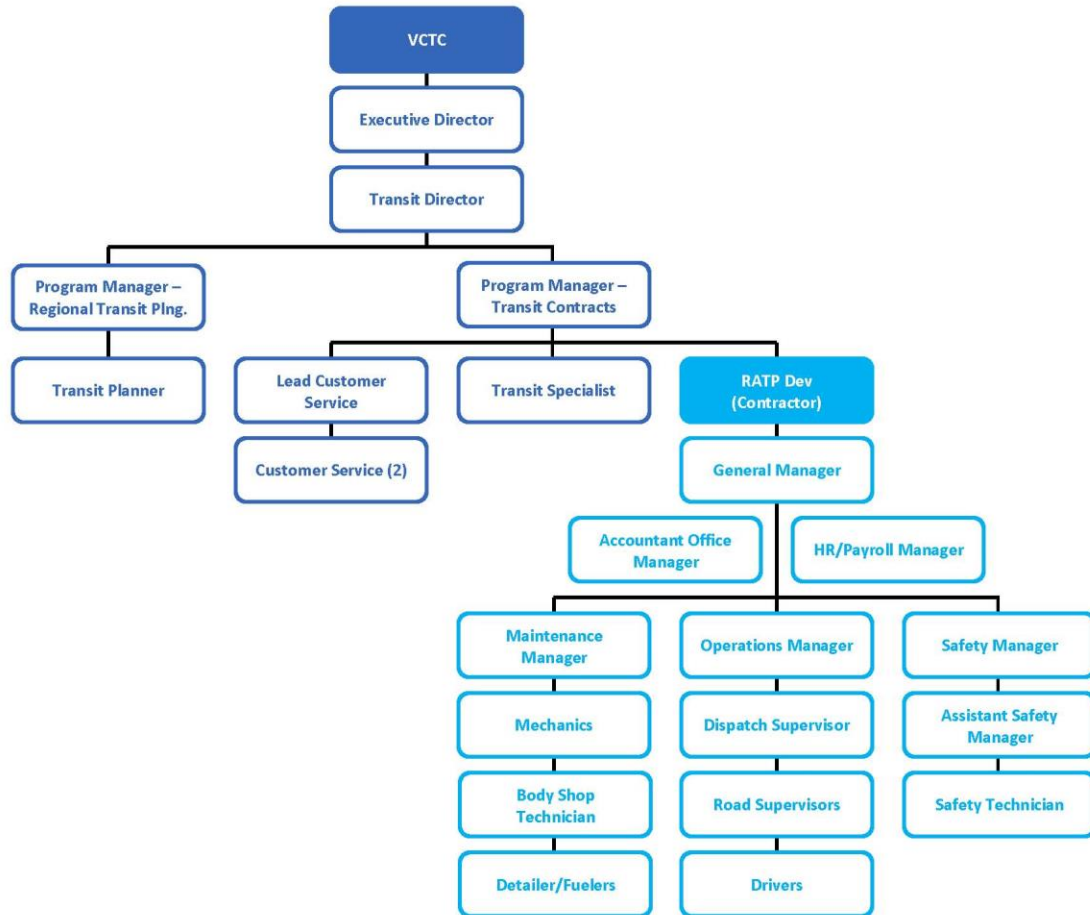
VCTC's Executive Director manages four departments: Finance, Planning and Technology, Programming, and Transit. The Transit Director oversees a department which includes two Program Managers, a Transit Planner, a Transit Specialist, a Customer Service Lead, and two additional Customer Service personnel. The operations contractor reports to the Transit Director as well. VCTC's organizational chart specific to VCTC - Intercity Bus is presented in Exhibit 6.2.

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Exhibit 6.2 VCTC Organizational Chart FY 2019/20



Source: VCTC.

Vehicles are owned by VCTC and operated by RATP Dev (formerly Roadrunner Management Services, Inc.), which is based in Camarillo. VCTC monitors performance via monthly report packets submitted with contractor invoices, as well as with in-field monitoring and operations meetings held quarterly (and monthly as needed). Dispatch updates VCTC if service falls 10 minutes behind. VCTC also works with the contractor to address customer complaints and issues. Onboard cameras provide the ability for live looks and spot checks.

In April 2017, the Board voted to approve a settlement and contract termination agreement with Roadrunner Management Services, the contracted operator of the VCTC Intercity Bus. Roadrunner had the option of selling its company and requesting assignment of its VCTC Intercity contract to a qualified buyer. In January 2018, RATP Dev submitted a letter to VCTC outlining its intent to purchase Roadrunner and expressed its interest in assuming the VCTC Intercity Bus contract. Effective May 2018, Roadrunner continued operating the VCTC Intercity service as a fully owned subsidiary of RATP Dev. The current base contract ends in FY 2023/24.

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RATP Dev has been responsive, although this has been an evolution. VCTC reported seeing immediate process improvements as well as changes in driver morale. RATP Dev has been bringing its own resources in. Staff noted it expects to be able to focus more on RATP Dev contract management moving forward, since it has now completed the second phase of a two-phase fare increase.

Syncromatics was installed in FY 2018/19 and provides a variety of reports, including onboard passenger counts (APC) and GPS (AVL). Nightly probes download data from fareboxes and cameras.

The Transit Division is currently fully staffed. However, VCTC recently had two retirements of senior personnel, which has had an impact on the organization overall.

The Transit Division includes multiple staff members focused on regional transit—including fareboxes, fare media, Nextbus, and regional trip planning. VCTC oversees or participates in numerous committees, including the Transportation Technical Advisory Committee and Transcom for transit operators.

Recently, VCTC has been interested in promoting service accessibility to different population groups. VCTC recently instituted its College Ride program, providing free rides to students enrolled at California Lutheran University, California State University – Channel Islands, Moorpark College, Oxnard College, and Ventura College. It is also monitoring Assembly Bill 1350, which proposes free bus service for youth, and has provided Veterans promotions as well.

The VCTC Board has undergone significant changes in personnel since the prior audit. The Board would like to see mobility's role enhanced, but understands the challenges. The Board is supportive of the recent fare increase.

Service Planning

A county-wide Short Range Transit Plan (SRTP) was updated in Fall 2015, providing strategies for improved regional coordination and connectivity. VCTC expects to update the SRTP in 2021. During the audit period, there has been sub-regional planning done, but not a lot of regional planning. VCTC would like the SRTP to be more developed, with more financial details.

VCTC has conducted several surveys during the audit period. In FY 2017/18, VCTC conducted a fare survey of VCTC Intercity Bus customers to ensure compliance with Title VI prior to implementing a fare increase. This survey was fielded in September 2017, garnering responses from nearly 1,650 riders. In FY 2018/19, VCTC conducted origin/destination, transfer, and customer surveys. The origin/destination survey was conducted on 18 routes across six different Ventura County transit operators. The transfer survey included 12 different transfer locations. The customer satisfaction surveys were conducted on VCTC Intercity Bus and Valley Express services. Specific to VCTC Intercity Bus, 588 origin/destination surveys and 348 customer satisfaction survey responses were collected. Staff noted they would like to do more frequent surveys, possibly every two to three years.

During VCTC's annual unmet needs process, it also conducts an online survey (which has been the most successful method of gathering input) as well as conducts community meetings. In 2020, meetings were conducted in five communities (Thousand Oaks, Camarillo, Santa Paula, Fillmore, and Moorpark). Staff noted rider comments are received fairly regularly.

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Prior to the 2020 fare increase, VCTC conducted significant community outreach, including social media, public hearings, the aforementioned fare survey, and outreach in Spanish.

VCTC, in conjunction with Santa Barbara County Association of Governments, has also been in the process of preparing a Transportation Emergency Plan, which has included outreach to stakeholder groups and community meetings.

Scheduling, Dispatch, and Operations

Drivers bid for their work assignments three times annually (at the CSUCI break, in June, and at the beginning of the year), as well as prior to a major schedule change. Awards are based on seniority. Drivers are rotated among routes only if they choose as part of the bid process.

Part-time drivers are not eligible for vacation or insurance; they do receive sick leave. RATP Dev currently employs 40 drivers, eight of which are part-time. Full-time drivers are eligible for health insurance, 401(k) retirement accounts, paid time off, and sick leave. Part-time drivers who work 32 or more hours per week are considered full-time, even though they may work a part-time bid.

RATP Dev finds it hard to maintain a part-time extra board. As a result, road supervisors and dispatchers may be assigned to cover call-outs. Vacation time is scheduled in advance and cover drivers are scheduled for the route. RATP Dev has a clear communicated policy on absences and sick leave that requires notice prior to the driver's report time.

Personnel Management and Training

Roadrunner's Safety and Training Manager left before the company was bought by RATP Dev. RATP Dev subsequently hired a staffer with broader experience, including police and CHP officer experience. RATP Dev also employs an Assistant Safety Manager.

RATP Dev is facing challenges in hiring a sufficient number of drivers. ZipRecruiter and "word of mouth" have been the most successful recruitment tools. RATP Dev also hires through an agency, which has the down side of having to employ the recruits through the hiring agency for a minimum period. VCTC also raised driver wages in conjunction with its contract renegotiation in FY 2017/18. Most recruits require initial training, and all recruits receive full training even if they have a commercial license. VCTC Intercity Bus is the only operator in Ventura County with an in-house testing program that does not require DMV testing.

RATP Dev's training program offers more than the minimum training. It includes 15 hours of classroom/VTT training, 15 hours of policies and procedures training, 20 hours of behind-the-wheel training, and 15 hours of pre-trip time. RATP Dev will not use a driver that is not ready or a good "fit" for the job. When RATP Dev assumed the operations contract, it revised Roadrunner's policies and memos to be up to date with current legislation.

RATP Dev prides itself on promoting safety, not just "telling" about it. It does this through a notice board with safety topics (provided through the corporate office) and quarter safety meetings (which feature 99 percent attendance). In addition, the management team attends safety meetings so as to set an example. Ongoing safety monitoring takes place with the Samsara app. Through the Samsara platform, management can monitor a log of on-time performance and review events that are logged on video.

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When a driver is going too fast, the app warns the driver to lower their speed. In addition, facial recognition helps to enforce hours of service maximums.

Drivers are rewarded for good performance with luncheons, gift cards, twice-annual driver appreciation events, and rewarded for reporting incidents under a “See something, prevent it” campaign. RATP Dev has reduced turnover by being very truthful up front about what drivers can expect on the job, though they do lose a driver about once every two months. Turnover typically happens due to higher pay rates at other agencies.

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

Administration

VCTC’s annual budget includes transit funding for both VCTC Intercity Bus and the Valley Express. The budget is developed and approved via the VCTC Finance subcommittee. Budget development begins with the receipt of annual FTA revenue projections. VCTC also goes through the Program of Projects and tracks farebox revenue. VCTC Intercity Bus is currently operating at a good level, so budgeting activities focus on maintaining the program, rather than planning for significant changes. The VCTC Intercity Bus budget is constrained by the size of the fleet.

Given it is a program-based budget, it is very transparent. A lot of information is available to the public, and there are good internal controls. The budget is adopted in June. VCTC monitors expenses and revenue monthly against budgeted projections. VCTC programs a contingency fund each year.

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

The Program Manager is responsible for contract management. During the audit period, this has included the operations contract, maintenance inspection contract, GFI (maintenance), MCI, UTA (APC provider), and video system (maintenance). The Transit Specialist addresses related operational issues. The marketing/outreach contract was previously managed by the Public Information Officer, but has been managed by the Executive Director since the PIO’s retirement.

VCTC utilizes GFI fareboxes. Only certain contractor staff are able to unlock fareboxes. Vaults are taken to a secure key-controlled count room at the operations facility, where a two-person team of contractor personnel handles counting and reconciliation. The final count is handled by the contractor’s Finance Department. Each month, an adjustment is made if there is any variance between what is reported and what is received (which usually does not amount to more than seven dollars per day).

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

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Marketing and Public Information

A marketing contractor functions as an extension of VCTC staff, providing the following services across all VCTC programs, including VCTC Intercity Bus:

- Community outreach
- Employer outreach/ETC engagement
- Digital outreach
- Media relations
- Event planning
- Education programs
- Student outreach
- Senior outreach
- Ridership generation
- Real-time service alerts
- Brochures/rider information
- Fare media
- Social media management
- Email blasts
- Website design
- Translations
- Brand management
- Crisis communications
- Service promotions
- Event staffing
- Media buying
- Printing and collateral

Marketing for Intercity Bus comprises approximately 19 percent of VCTC’s marketing budget; the overall marketing budget comprises less than one percent of VCTC’s overall budget. Recent campaigns included a launch of Shopify to enable online fare media purchases, promotion of the College Ride program, and promotion of service and fare changes. VCTC is currently featuring student artwork on the exterior of its buses, and has shifted its youth outreach to have more of a college (rather than teen) focus. Despite this level of effort, VCTC Intercity Bus ridership declined nearly 10 percent during the audit period.



VCTC Intercity has two dedicated customer service representatives (CSRs), plus one part-time CSR. During business hours, all calls come through VCTC. After 6:00 p.m., calls roll over to the operations contractor. Any complaint or fare call gets routed back to VCTC. Customer service data is reported to VCTC as part of the contractor’s monthly reporting packet.

Maintenance

The contractor has a dedicated yard for VCTC operations, vehicle storage, and maintenance at 240 South Glenn Drive in Camarillo, adjacent to the Camarillo Metrolink Station. During the audit period, the facility was expanded by extending the maintenance bays so that the vehicle will fit fully within the maintenance bays.

Preventive maintenance is conducted every 5,000 miles, and all preventive maintenance is delivered on time. FleetMate software helps generate a list of needed maintenance and repairs. Repairs still covered by warranty are identified.



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Maintenance does not conflict with regular vehicle use. Most buses operate on a split shift, which allows maintenance to be completed during midday, and there is a sufficient spare ratio. The Samsara app reports defects, which are checked and addressed by a mechanic. Unless a mechanic signs off that the defect is fixed, it shows as unresolved in the system. The app sends an email to dispatch every time a driver downs a bus. The only backlog of repairs is due to waiting on parts. There is no backlog of preventive maintenance.

The average vehicle mileage at the end of the audit period was approximately 290,000. The useful life benchmark for VCTC's buses is 12 years. VCTC Intercity Bus is included in VCTC's group Transit Asset Management Plan. VCTC's fleet is detailed in Exhibit 6.3.

Exhibit 6.3 VCTC Intercity Transit Fleet FY 2018/19

Make/Model	Year	Quantity
Volvo 9700	2013	3
Volvo 9700	2014	2
MCI D4500	2015	25
MCI D4500	2016	1
MCI D4500	2017	2
MCI D4500	2019	2

VCTC implemented a quarterly fleet inspection program to provide oversight of the contractor's maintenance program. A third-party maintenance consultant was retained to provide the inspections. The consultant is no longer under contract but VCTC is considering bringing them back for a longer-term contract, as the inspections resulted in improved maintenance quality.

Chapter 7

Findings and Recommendations

Conclusions

The auditors find the Ventura County Transportation Commission to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

Findings and Recommendations

Based on discussions with VCTC staff, analysis of program performance, and an audit of program compliance and function, the audit team have no compliance or functional findings to submit.

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