Ventura County Transportation Commission

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Triennial Performance Audit, FY 2019/20 - FY 2021/22 VCTC Intercity Bus

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FINAL REPORT
APRIL 2023

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Chapter 1 | Executive Summary

In 2022, the Ventura County Transportation Commission (VCTC) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the 10 transit operators to which it allocates TDA funding.

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. Audits of Article 8 recipients are encouraged.

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 which it allocates TDA 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 2019/20,
- Fiscal Year 2020/21, and
- Fiscal Year 2021/22.

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 4:30 a.m. and running as late as 9:30 p.m., Monday through Friday. Saturday service is offered between 6:30 a.m. and 8:00 p.m. on five of the six routes, and Sunday service is limited to four routes: Route 60/62, Highway 126; Route 80, Coastal Express; and Route 70, East County (Simi Valley-Moorpark-Thousand Oaks); Route 99, Channel Islands (Oxnard-CSU Channel Islands-Camarillo). VCTC Intercity Transit does not operate on designated holidays.

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

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

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

The Triennial Performance Audit includes five elements:

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

Test of Compliance

Based on discussions with Ventura County Transportation Commission staff, analysis of program performance, and an audit of program compliance and function, the audit team presents one compliance finding:

1. VCTC does not include staff time in the full-time equivalent calculation, only reporting FTE provided by the operations contractor.

Status of Prior Recommendations

The prior audit – completed in April 2020 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included no recommendations.

Findings and Recommendations

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

1. VCTC does not include staff time in the full-time equivalent calculation, only reporting FTE provided by the operations contractor.

The audit team has identified no functional findings.

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

Exhibit 1.1 Summary of Audit Recommendations

	TDA Compliance Recommendations	Importance	Timeline
1	Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.	Medium	FY 2023

Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of Ventura County Transportation Commission's public transit program covers the three-year period ending June 30, 2022. 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 2022, the Ventura County Transportation Commission (VCTC) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the 10 transit operators to which it allocates TDA funding. Moore & Associates, Inc. is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates, Inc. followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of Ventura County Transportation Commission 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. The auditors 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 (TPA) has four primary objectives:

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

Scope

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

1. A review of compliance with TDA requirements and regulations.
2. A review of the status of recommendations included in the prior Triennial Performance Audit.
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. Comparison of data reporting practices:
   - Internal reports,
   - State Controller Reports, and
   - National Transit Database.
5. 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.
6. 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 Ventura County Transportation Commission 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;
- TDA claims;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;

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- Accident/road call logs; and
- Organizational chart.

Given impacts of the COVID-19 pandemic, the methodology for this audit included a virtual site visit with VCTC and contractor representatives on February 15, 2023. The audit team met with Claire Grasty (Transit Director, VCTC), Matt Miller (Program Manager, Transit Services, VCTC), Erin Kenneally (Transit Specialist, VCTC), and Syed Shadab (General Manager, RATP Dev), and reviewed materials germane to the triennial audit.

This report is comprised of eight 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,
   - Status of prior recommendations,
   - Consistency among reported data,
   - Performance measures and trends,
   - Functional audit, and
   - Findings and recommendations.

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Chapter 3 | Program Compliance

This section examines Ventura County Transportation Commission'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. VCTC 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.

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

One compliance issue was identified for VCTC:

1. VCTC does not include staff time in the full-time equivalent calculation, only reporting FTE provided by the operations contractor.

Developments Occurring During the Audit Period

The FY 2019/20 – FY 2021/22 audit period was significantly different than prior audit periods. The impacts of the COVID-19 pandemic resulted in significant declines in ridership and revenue, while changes to the TDA provided compliance waivers and amended existing legislation. In many instances, transit operators strove to retain operations staff despite adopting a reduced schedule, resulting in significant changes to many cost-related performance metrics. While infusions of funding through the CARES Act mitigated some of the lost revenues for federally funded programs, many transit operators have yet to return to pre-pandemic ridership and fare levels. As a result, this Triennial Performance Audit will provide an assessment not only of how COVID-19 impacted the organization, but how it responded to the crisis.

In the 50 years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it 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, which resulted in a draft framework for TDA reform released in early 2020. The draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented due to the COVID-19 pandemic.

Assembly Bill 90, signed into law on June 29, 2020, provides temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. Assembly Bill 149, signed into law on July 16, 2021, provides additional regulatory relief by extending the provisions of AB 90 through FY 2022/23 and adjusting definitions of eligible revenues and operating costs. While the ability to maintain state mandates and performance measures is important, these measures enable transit operators to adjust to the impacts of COVID while continuing to receive their full allocations of funding under the TDA.

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Together, these two pieces of legislation include the following provisions specific to transit operator TDA funding under Article 4 and Article 8:

1. Prohibits the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost from FY 2019/20 through FY 2022/23.
2. Waives the annual productivity improvement requirement of Section 99244 through FY 2022/23.
3. Adds a temporary provision exempting operators from farebox recovery ratio requirements through FY 2024/25 provided they expend at least the same amount of local funds as in FY 2018/19.
4. Expands the definition of "local funds" to enable the use of federal funding, such as the CARES Act or CRRSAA, to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
5. Adjusts the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and microtransit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
6. Requires the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance (STA) Program for FY 2020/21 and FY 2021/22.
7. Allows operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2022/23.

AB 149 also calls for an examination of the triennial performance audit process, to ensure the practice continues to be effective and beneficial.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance	FY 2019/20: December 14, 2020 FY 2020/21: December 15, 2021 FY 2021/22: December 14, 2022
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 2019/20: November 17, 2020 FY 2020/21: December 14, 2021 FY 2021/22: December 6, 2022
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	Satisfactory ratings dated: March 27, 2019 March 18, 2020 March 18, 2021 March 16, 2022
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	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	Not applicable	VCTC Intercity does not receive funds under Article 8.
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 funds under Article 8.
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 2019/20: -5.46% FY 2020/21: +2.72% FY 2021/22: +1.16%
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	Finding	VCTC only reports contractor FTE to the State Controller and does not include VCTC staff time.
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 2019/20: 28.56% FY 2020/21: 10.20% (waived) FY 2021/22: 20.00% *Source: TDA fiscal audits, FY 2020 – FY 2022*

Compliance Element	Reference	Compliance	Comments
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	Not applicable	
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Not applicable	
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	VCTC staff are eligible for CalPERS. Operations staff are employed by a third-party contractor.
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	
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 according to a sliding scale.	PUC 99314.6	In compliance	In FY 2020, the TDA fiscal audit found that VCTC Intercity did not meet either of the efficiency tests and 2.33 percent of the allocation would need to be used for capital purposes. It also found VCTC Intercity to be in compliance with this requirement.
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	In compliance	

Chapter 4 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance 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 April 2020 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included no recommendations.

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Chapter 5 | Data Reporting Analysis

An important aspect of the Triennial Performance Audit process is assessing how effectively and consistently the transit operator reports performance statistics to local, state, and federal agencies. Often as a condition of receipt of funding, an operator must collect, manage, and report data to different entities. Ensuring such data are consistent can be challenging given the differing definitions employed by different agencies as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported by Ventura County Transportation Commission both internally as well as to outside entities during the audit period.

Data items were reported consistently except as indicated below.

- **Operating cost:** Operating cost is generally consistent except for FY 2019/20, when the operating cost in the fiscal audit was approximately 63 percent higher than that reported elsewhere. This appears to be due to nearly $6 million in vehicle leases that year. The cost of the vehicle leases in subsequent years was significantly lower (approximately $261,000).

- **Fare Revenue:** For all years, the fiscal audit and the NTD report include passenger fares only, while the State Controller report includes route guarantees as well. As a result, reporting to the State Controller looks significantly higher than the other entities.

- **Full-Time Equivalent (FTE) Employees:** Per VCTC, the employees reported to the State Controller include only the FTE reported by the operations contractor and do not include VCTC staff time. In addition, it appears the contractor's FTE calculations are based on a four-week sampling of employee hours rather than the total hours worked for the full year.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2019/20	FY 2020/21	FY 2021/22
Operating Cost (Actual $) (Less depreciation)			
TDA fiscal audit	$14,231,568	$7,653,690	$8,894,079
National Transit Database	$8,802,418	$7,427,651	$9,006,377
State Controller Report	$8,726,563	$7,653,690	$8,945,535
Fare Revenue (Actual $)			
TDA fiscal audit	$670,800	$0	$322,080
National Transit Database	$670,800	$0	$322,080
State Controller Report	$2,190,743	$753,815	$1,257,626
Vehicle Service Hours (VSH)			
Monthly Performance Reports	60,996	49,078	59,825
National Transit Database	60,996	49,077	59,825
State Controller Report	60,996	49,078	59,221
Vehicle Service Miles (VSM)			
Monthly Performance Reports	1,481,474	1,186,545	1,406,898
National Transit Database	1,482,922	1,186,485	1,406,898
State Controller Report	1,481,474	1,186,545	1,406,898
Passengers			
Monthly Performance Reports	507,268	219,378	309,140
National Transit Database	507,268	219,254	310,051
State Controller Report	507,268	219,421	310,050
Full-Time Equivalent Employees			
State Controller Report	71	60	64

Chapter 6 | Performance Analysis

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

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

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

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

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

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

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667[1]. 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) – excluded the following during the audit period[2]:

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,

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

[2] Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.

- 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.

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[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.

TDA Required Indicators

To calculate the TDA indicators for Ventura County Transportation Commission, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in VCTC's audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via State Controller Reports for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts. Fare revenue data reported to the State Controller reflects other revenues not reported as fare revenue to the NTD.
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. VCTC's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via State Controller Reports for each fiscal year covered by this audit. VCTC's calculation methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller Reports for each fiscal year covered by this audit. VCTC's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. However, use of the TDA definition regarding FTE calculation was not confirmed.

System Performance Trends

System-wide, operating cost experienced a net 2.5 percent increase during the audit period, but a 1.9 percent net decrease across the last six years. Fare revenue, however, steadily decreased through FY 2020/21 before significantly increasing in FY 2021/22 (due to the resumption of fare collection following a lengthy free fare period). This resulted in a net 42.6 percent decrease during the audit period and a net 50.3 percent decrease across six years.

Vehicle service hours (VSH) experienced modest changes between FY 2015/16 and FY 2018/19, then declined during FY 2019/20 and FY 2020/21 due to the COVID-19 pandemic. This resulted in a net 2.9 percent decrease during the audit period and a net 1.6 percent increase during the six-year period. Vehicle service miles (VSM) fluctuated during the six-year period, with significant declines in FY 2019/20 and FY 2020/21. This resulted in an overall net decrease of 5.0 percent during the audit period and an 11.6 percent decrease over the six-year period. Ridership declined during four years of the six-year period, though the significant declines did not occur until FY 2019/20 and FY 2020/21 in response to the COVID-19 pandemic. This led to a 38.9 percent net decrease during the audit period and a 57.1 percent net decrease across the six-year period.

Cost-related metrics typically provide an indicator of a system's efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics. Despite the decreased operating cost in FY 2020/21, cost-related metrics increased during the audit period. Operating cost per passenger was

impacted the most, given the 38.9 percent decrease in ridership during the audit period. Passenger-related metrics fell during the audit period, with passengers per VSH decreasing 37.0 percent and passengers per VSM decreasing 35.6 percent.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Operating Cost (Actual $)	$9,115,899	$9,158,975	$9,965,179	$8,726,563	$7,653,690	$8,945,535
Annual Change	*37.6%*	*0.5%*	*8.8%*	*-12.4%*	*-12.3%*	*16.9%*
Fare Revenue (Actual $)	$2,528,741	$2,205,508	$2,375,531	$2,190,743	$753,815	$1,257,626
Annual Change	*45.9%*	*-12.8%*	*7.7%*	*-7.8%*	*-65.6%*	*66.8%*
Vehicle Service Hours (VSH)	58,274	57,789	66,418	60,996	49,078	59,221
Annual Change	*1.8%*	*-0.8%*	*14.9%*	*-8.2%*	*-19.5%*	*20.7%*
Vehicle Service Miles (VSM)	1,591,629	1,471,359	1,564,942	1,481,474	1,186,545	1,406,898
Annual Change	*0.4%*	*-7.6%*	*6.4%*	*-5.3%*	*-19.9%*	*18.6%*
Passengers	723,221	640,121	654,595	507,268	219,421	310,050
Annual Change	*-8.1%*	*-11.5%*	*2.3%*	*-22.5%*	*-56.7%*	*41.3%*
Employees	79	79	71	71	60	64
Annual Change	*0.0%*	*0.0%*	*-10.1%*	*0.0%*	*-15.5%*	*6.7%*
Performance Indicators						
Operating Cost/VSH (Actual $)	$156.43	$158.49	$150.04	$143.07	$155.95	$151.05
Annual Change		*1.3%*	*-5.3%*	*-4.6%*	*9.0%*	*-3.1%*
Operating Cost/Passenger (Actual	$12.60	$14.31	$15.22	$17.20	$34.88	$28.85
Annual Change		*13.5%*	*6.4%*	*13.0%*	*102.8%*	*-17.3%*
Passengers/VSH	12.41	11.08	9.86	8.32	4.47	5.24
Annual Change		*-10.7%*	*-11.0%*	*-15.6%*	*-46.2%*	*17.1%*
Passengers/VSM	0.45	0.44	0.42	0.34	0.18	0.22
Annual Change		*-4.3%*	*-3.9%*	*-18.1%*	*-46.0%*	*19.2%*
Farebox Recovery	27.7%	24.1%	23.8%	25.1%	9.8%	14.1%
Annual Change		*-13.2%*	*-1.0%*	*5.3%*	*-60.8%*	*42.7%*
Hours/Employee	737.6	731.5	935.5	859.1	818.0	925.3
Annual Change		*-0.8%*	*27.9%*	*-8.2%*	*-4.8%*	*13.1%*
TDA Non-Required Indicators						
Operating Cost/VSM	$5.73	$6.22	$6.37	$5.89	$6.45	$6.36
Annual Change		*8.7%*	*2.3%*	*-7.5%*	*9.5%*	*-1.4%*
VSM/VSH	27.31	25.46	23.56	24.29	24.18	23.76
Annual Change		*-6.8%*	*-7.5%*	*3.1%*	*-0.5%*	*-1.7%*
Fare/Passenger	$3.50	$3.45	$3.63	$4.32	$3.44	$4.06
Annual Change		*-1.5%*	*5.3%*	*19.0%*	*-20.5%*	*18.1%*

Sources: FY 2016/17 – FY 2018/19 data from prior Triennial Performance Audit.
FY 2019/20 – FY 2021/22 data from State Controller Reports.

Exhibit 6.2 System Ridership
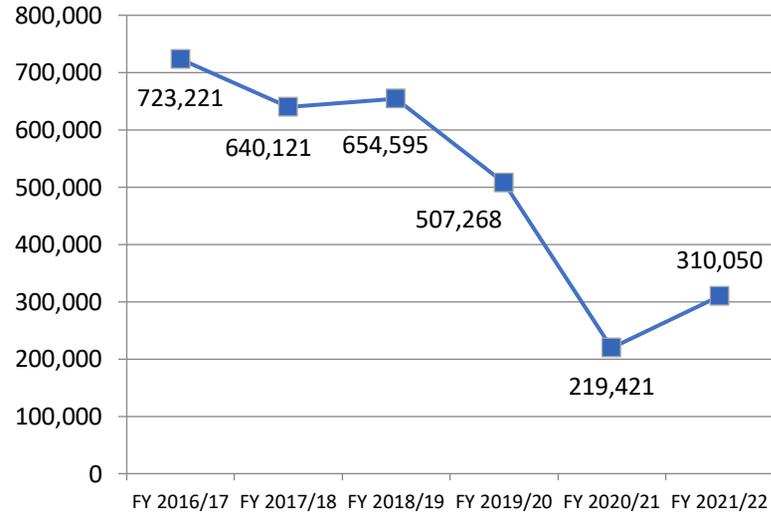
Exhibit 6.3 System Operating Cost/VSH
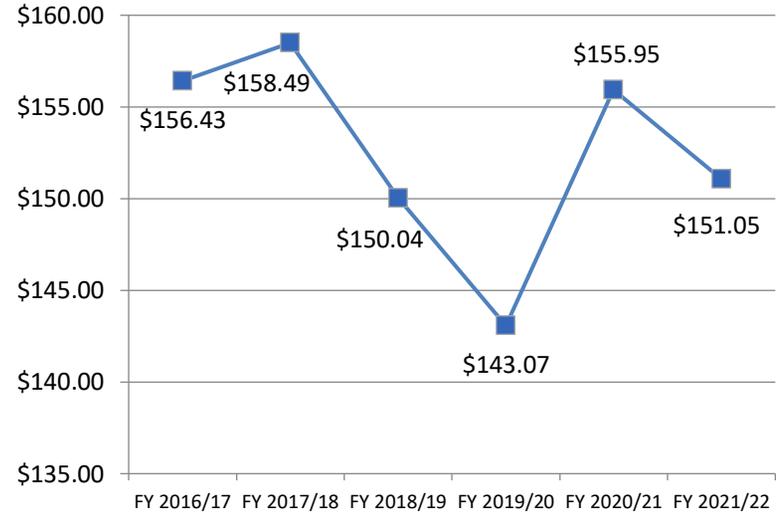
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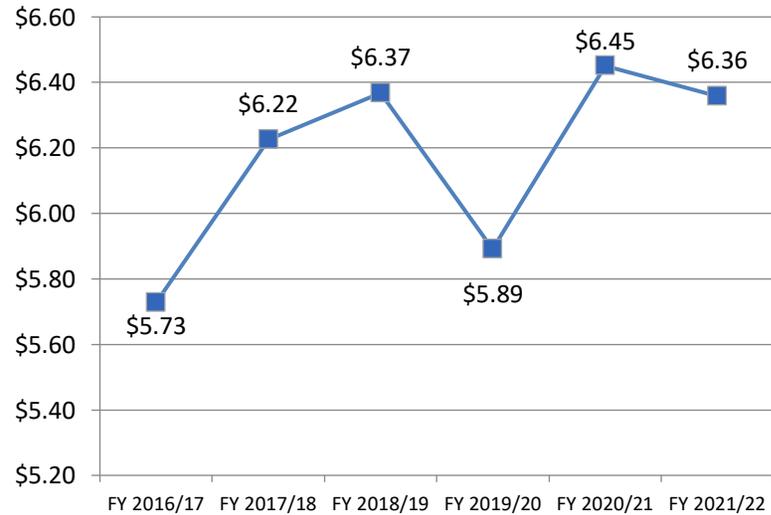
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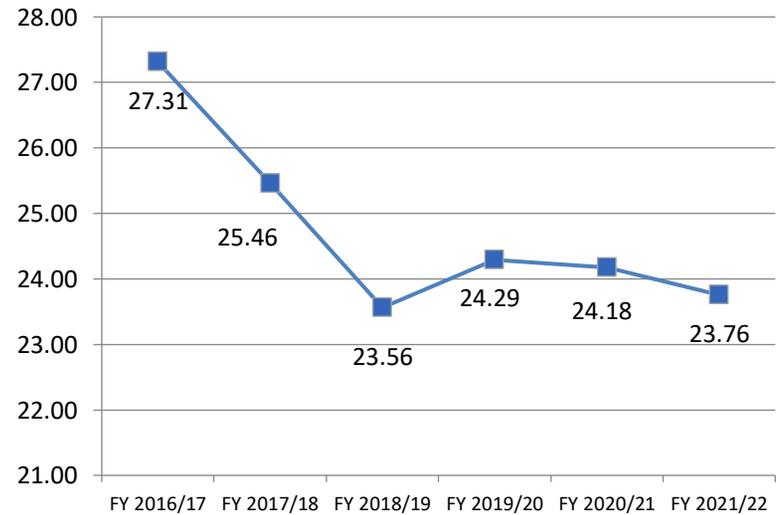
Exhibit 6.6 System Operating Cost/Passenger
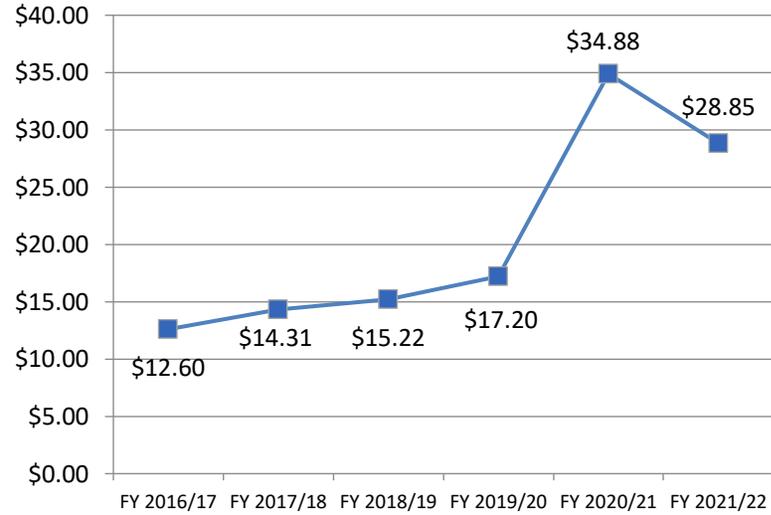
Exhibit 6.7 System Passengers/VSH
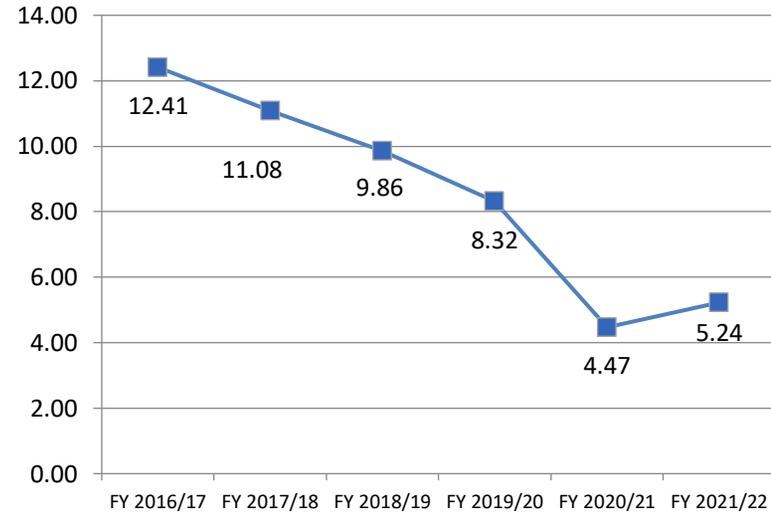
Exhibit 6.8 System Passengers/VSM
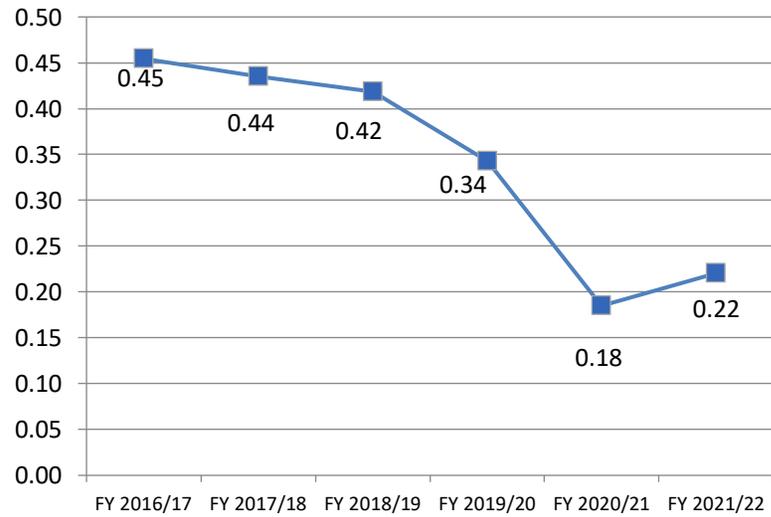
Exhibit 6.9 System VSH/FTE
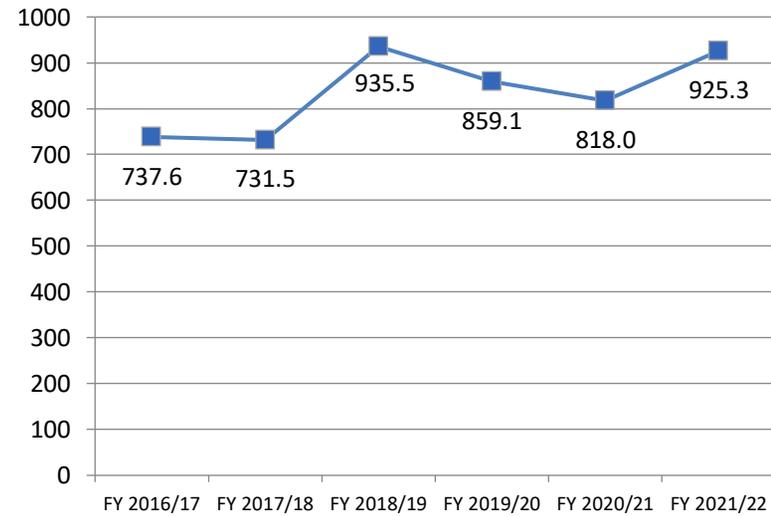
Exhibit 6.10 System Farebox Recovery
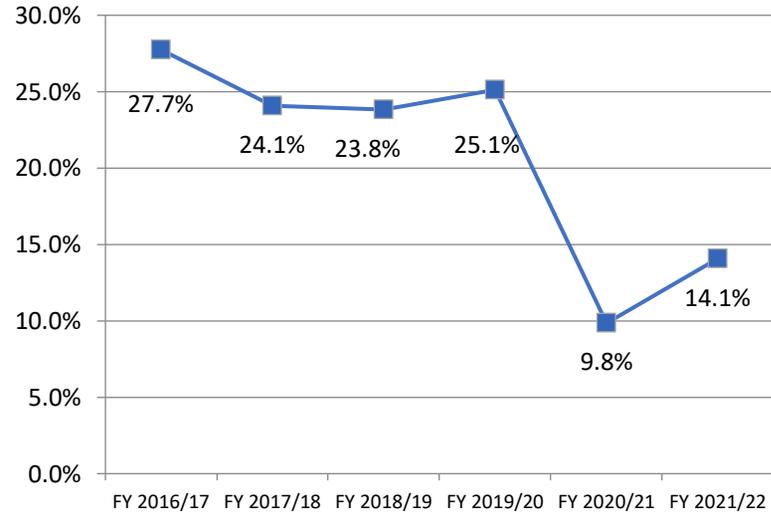
Exhibit 6.11 System Fare/Passenger
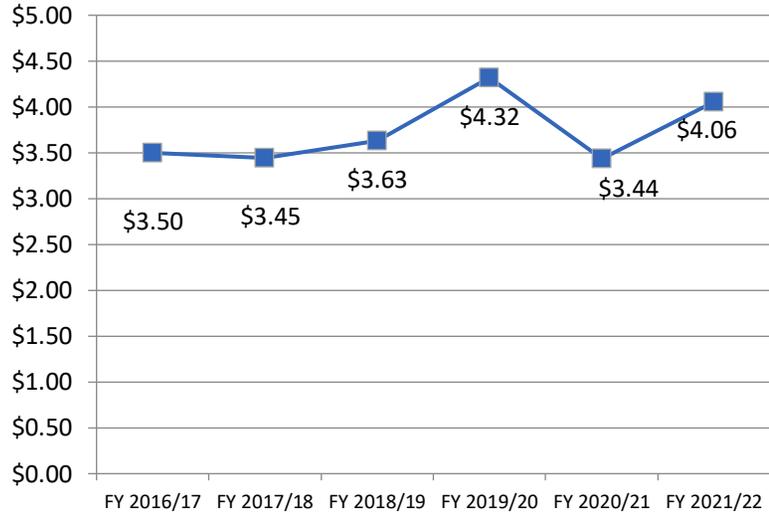
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Chapter 7 | Functional Review

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

- General management and organization;
- Service planning;
- Administration;
- Marketing and public information;
- Scheduling, dispatch, and operations;
- Personnel management and training; 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 4:30 a.m. and running as late as 9:30 p.m., Monday through Friday. Saturday service is offered between 6:30 a.m. and 8:00 p.m. on five of the six routes, and Sunday service is limited to four routes: Route 60/62, Highway 126; Route 80, Coastal Express; and Route 70, East County (Simi Valley-Moorpark-Thousand Oaks); Route 99, Channel Islands (Oxnard-CSU Channel Islands-Camarillo).   VCTC Intercity Transit does not operate on designated holidays.

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

VCTC provides grant-funded free bus service for students throughout the county, including on VCTC Intercity buses. The College Ride program allows students of all Ventura County Adult Schools, California Lutheran University, CSUCI, Moorpark College, Ventura College, Oxnard College, UCSB, and SBCC with school ID. This program was introduced during the audit period and continues into FY 2022/23. A second similar program, Youth Ride Free, for youth 18 and under, was launched on September 1, 2022.

During the audit period, VCTC utilized GFI paper fare media for 10-ride and 31-day passes. During the audit period, VCTC Intercity bus and other operators transitioned to the contactless VCbuspass program, which uses a smartcard or mobile phone app to store and pay fares. The VCbuspass card can be loaded with stored value funds or a 31-day pass. Using stored value funds on a VCBuspass offers a 10 percent discount over the cash fare. Paper passes are currently being phased out and will no longer be accepted after March 31, 2023.

Exhibit 7.1 Fixed-Route 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
Youth (up to age 18)	Free	Free
College students	Free	Free
VCbuspass – Stored Value		
Full fare	$1.57	$3.60
Reduced fare (senior 65+/Medicare/ADA)	$0.72	$1.80
VCbuspass – 31-day pass		
Full fare	$50.00	$130.00
Reduced fare (senior 65+/Medicare/ADA)	$25.00	$65.00

Most transfers are free, however transfers to VCTC Coastal Express are $1.50 ($0.75 reduced). Transfers to Valley Express Dial-A-Ride are $0.50.

Recent service and fare changes

In August 2019, VCTC Intercity made some changes to its Channel Islands routes, discontinuing Route 90, 96, and 97 and replacing them with the new Route 99. Weekday Coastal Express service to the Camarillo Metrolink station was also added at this time. Routes 90 and 97 were subsequently relaunched in January 2020, along with minor schedule changes on all routes. VCTC gathered data and evaluated the success of the August service changes, but was unable to gather much data from the January adjustments before the COVID-19 pandemic began.

A fare change went into effect in January 2020. It increased the base fare for Zone 1 from $1.50 to $1.75, and the base fare for Zone 2 from $3.50 to $4.00.

Response to COVID-19 pandemic

Beginning on March 26, 2020, VCTC Intercity transitioned to a Saturday schedule. Service returned to the January 2020 schedule for all routes more than a year later, on August 23, 2021. The driver shortage continued to impact operations, and some trips on the Coastal Express and Highway 101 routes were eliminated or modified in October 2021. In November 2021, VCTC implemented a service change that adjusted trip and stop times and eliminated some of the Coastal Express route variations to improve performance.

On March 18, 2020, fare collection was suspended on all routes. Fare collection resumed on July 1, 2021, with a half-fare promotion that extended through June 30, 2022. This also coincided with the introduction of contactless fare payment (VCbuspass).

To enhance onboard safety, VCTC Intercity introduced enhance cleaning methods that included cleaning seats and the driver area and fogging the buses with a sanitizing agent. VCTC as an organization focused on examining travel patterns and created goals to better meet the needs of the community as a whole, not just commuters.

Ridership was impacted significantly by the pandemic, declining by 80 percent initially. The Coastal Express route has been slower to recover ridership due to the high volume of commuters that make up its customer base. Current ridership levels are approximately 65 to 70 percent of pre-COVID ridership. Ridership has been greatly affected by changes in work patterns, since many commuters began working remotely or reduced the number of days they were working in the office. VCTC continues to implement enhanced cleaning practices, although it is no longer fogging the buses regularly.

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 7.2.

Exhibit 7.2 Organizational Chart
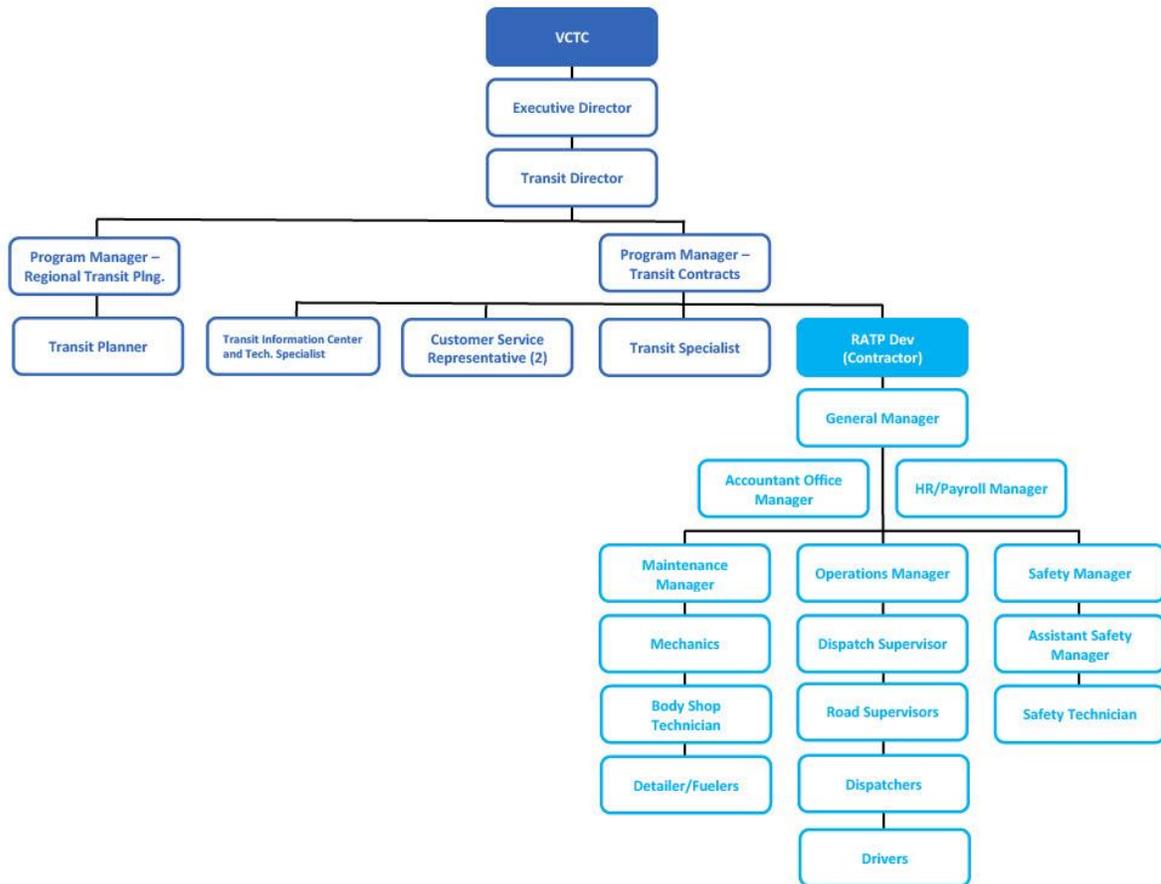
VCTC monitors program performance through monthly meetings and monthly reports from the operator, RATP Dev (formerly Roadrunner Management Services). Additionally, VCTC reviews bus tracking and cameras frequently.

The Transit Division is currently fully staffed. It 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.

Service Planning
The VCTC Intercity Five-Year Service Plan as well as a county-wide Short Range Transit Plan (SRTP) were completed in Fall 2015. These documents provide strategies for improved regional coordination and connectivity and establish program goals and performance standards. At present, VCTC is finalizing its county-wide Transit Integration and Efficiency Study (TIES), which further examines opportunities for regional coordination and service integration. The TIES project, which was launched after it became apparent COVID would have a long-term impact on transit, has presented three separate alternatives: 1) better coordination between procurement, technology, and marketing; 2) consolidating some of the services; and 3) full consolidation of all transit operators. Following conclusion of the TIES project, VCTC will begin updating its short-range transit plan.

VCTC conducts an annual Unmet Transit Needs process, which includes a survey. While many survey responses are not applicable to the VCTC service, all relevant input is documented. Comments have included a desire for improved service up to Santa Barbara and a need for expanded Coastal Express into Camarillo, which were not considered unmet needs but were still addressed. VCTC Intercity's most recent rider survey was conducted in-house in 2019.

VCTC Intercity has a robust marketing program and active social media presence, which actively engages riders. Staff have resumed participation in in-person events since the pandemic. Some of the recent community outreach efforts have included an Easter touch-a-truck event; holiday toy drive; and the Ventura County Fair.

Administration
VCTC's annual budget includes a program-level annual budget for the VCTC Intercity service. Program managers develop detailed line-item budgets which include objectives, recent accomplishments, work elements, funding sources, and expenditures. The Finance Director compiles all program budgets into the main budget. This is reviewed by the Executive Director. The draft budget is reviewed by the VCTC Finance Committee before being recommended to the full Board for a public hearing and approval.

Detailed monthly financial statements are created from the general ledger and presented to the Commission. The Program Manager for VCTC monitors actual versus budgeted expenses and requests budget amendments on an as-needed basis.

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, Trapeze, video system (maintenance), and Celtis (marketing). The Transit Specialist addresses related operational issues. VCTC also manages several contracts on behalf of operators county-wide (including VCTC Intercity).

Risk management is handled through a risk management consultant through VCTC insurance broker. VCTC is not self-insured.

Twice a month, VCTC employees prepare a timesheet in Excel, print it, and submit it to their supervisor for approval and signature. The electronic timesheets are password protected, and only the employee and Manager of Information Technology have access. All time is coded and tracked for billing purposes, which ensures time spent working on VCTC Intercity is appropriately identified. Payroll is then prepared by the Senior Accountant. Payroll is paid via direct deposit unless specifically otherwise requested.

Accounts receivable and accounts payable are handled collectively by the senior accountant, accounting manager, and the finance director. Disbursements are coded and approved by program managers and reviewed and paid by the Finance Department. It is the responsibility of the program manager to ensure goods or services have been received before the invoice payment is approved.

Procurement procedures are guided by a VCTC procurement manual, per recommendation from an FTA Triennial Review. The Programming Department leads all procurement activities. Procurement practices conform to all applicable requirements.

VCTC does not have an internal audit function. All audits are outsourced.

Marketing and Public Information
At the beginning of each fiscal year, VCTC works with its marketing consultant, Celtis, to identify marketing campaigns and activities. A report is prepared at the end of each campaign detailing performance and impact to keep in mind for future similar activities. Currently, marketing efforts emphasize social media. VCTC Intercity recently received an AdWheel marketing award for its Spanish marketing campaign – a series of videos featuring a local influencer. The public's perception of VCTC Intercity is generally positive.

VCTC Intercity has two dedicated customer service representatives (CSRs). 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. Complaints are resolved within five business days. Customer service data is reported to VCTC as part of the contractor's monthly reporting packet.

Scheduling, Dispatch, and Operations
Operation and maintenance of VCTC Intercity is provided by RATP Dev, formerly Roadrunner Management Services.   RATP Dev employees are represented by Teamsters Local 186. 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 any major schedule change (which the collective bargaining agreement defines as any deviation of two hours or more per route). Awards are based on seniority.   Drivers are rotated among routes only if they choose as part of the bid process.

RATP Dev currently employs 27 full-time drivers and six part-time drivers. Full-time drivers are eligible for health insurance, 401(k) retirement accounts, paid time off, and sick leave. Part-time drivers are not eligible for vacation or insurance; they do receive 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.

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. Coverage for time off is normally through the extra board. However, RATP Dev finds it hard to maintain a part-time extra board due to the driver shortage. As a result, road supervisors, dispatchers, or other personnel with the required license/certification may be assigned to cover call-outs.

Vehicles are typically assigned to individual drivers rather than being assigned to routes. If a vehicle is downed for scheduled maintenance, a different vehicle will be assigned to that driver.

The fareboxes are locked with no driver access. As the buses return to the yard, they are probed by the dispatcher and the money dropped into the vault. The next day, RATP Dev's cashier clerk counts the money. RATP Dev utilizes a cash logistic company called Tectrans. Fares are deposited in a designated VCTC account at Wells Fargo.

Personnel Management and Training

RATP Dev is facing challenges in hiring a sufficient number of drivers. At present, the contractor is at least two drivers short. Jobs are advertised via Indeed, job fairs, advertisements around town, CalJobs, America's Job Center, and at military and veteran job fairs.

Most recruits require initial training, and all recruits receive full training even if they have a commercial license. RATP Dev's training program can take a driver with no experience through the DMV testing and commercial licensing process. For a good candidate, this takes about seven weeks.

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. RATP Dev employs a state-certified training instructor as well as a behind-the-wheel trainer.

It is RATP Dev's corporate policy to offer both weekly and monthly programs for its drivers. The contractor recognizes graduations for new drivers, offers safe driver certificates, and offers driver incentives and referral bonuses. Incentives for new hires include payment of the union fee ($600 after five months, the remaining $400 after one year) and DMV testing fees. RATP Dev loses about two drivers each month. While new recruits are being brought in to replace the drivers being lost, DMV delays can impact this process.

Performance evaluations are conducted annually. Drivers are subject to counseling, warnings, suspension, and termination depending upon the severity of infraction according to the progressive discipline policy.

Full-time employees are eligible for vacation, sick leave, health insurance, dental, vision, and 401(k). Part-time drivers receive three days sick leave per state requirement, and those working 30 hours or more qualify for health insurance.

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 prior audit period, the facility was expanded by extending the depth of the three maintenance bays so that vehicles fit fully within them. The facility is sufficient for the number of vehicles. The only repair work sent out are engine rebuilds and major body work.

Preventive maintenance is conducted every 5,000 miles, and all preventive maintenance is delivered on time. FleetMate software tracks preventive maintenance and repairs. Repairs still covered by warranty are identified by FleetMate as well. VCTC Intercity currently has three buses that are still under transmission warranties.

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. During the pre-trip inspection, each driver receives a maintenance update letting them know if the bus is safe or unsafe. The only backlog of repairs is due to waiting on parts. There is no backlog of preventive maintenance.

All vehicles are owned by VCTC. The useful life benchmark for VCTC's buses is 14 years. VCTC Intercity Bus is included in VCTC's group Transit Asset Management Plan. The current fleet will operate through 2024 and then will be up for replacement. VCTC's fleet is detailed in Exhibit 6.3.

Exhibit 7.4 VCTC Intercity Transit Fleet

Make/Model	Year	Quantity
Volvo 9700	2013	3
Volvo 9700	2014	2
MCI D4505	2015	11
MCI D4500	2015	14
MCI D4500	2016	1
MCI D4500	2017	2
MCI D4500	2019	3

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Chapter 8 | Findings and Recommendations

Conclusions

With one exception, Moore & Associates, Inc. finds Ventura 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

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

1. VCTC does not include staff time in the full-time equivalent calculation, only reporting FTE provided by the operations contractor.

The audit team has identified no functional findings.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the VCTC'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. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

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

Compliance Finding 1: VCTC does not include staff time in the full-time equivalent calculation, only reporting FTE provided by the operations contractor.

Criteria: The State Controller, for its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of "employee" as total work hours divided by 2,000. Reported work hours should include both contractor personnel (management, drivers, dispatch, maintenance, etc.) as well as VCTC administrative personnel.

Condition: VCTC does not use the TDA definition of FTE employee in completing the State Controller Report as it does not include VCTC staff hours in the calculation. In addition, the document provided by the operations contractor represents a single four-week period, rather than includes all hours worked for each employee for the full fiscal year.

Cause: A general lack of understanding of this requirement of the State Controller Report is the most frequent cause of this findings.

Effect: The operator is out of compliance with the TDA by failing to use the TDA definition for this metric.

Recommendation: Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.

Recommended Action: Ensure both VCTC and RATP Dev document all hours worked related to transit beginning with FY 2022/23. Ensure the individual(s) completing the reports are aware of how to calculate this data using the TDA definition. Data provided to VCTC by the contractor should reflect work hours, not a person-count. Hours representing paid time off (such as sick time or PTO) should be excluded from these hours. VCTC should add its transit-related work hours to these totals before calculating Employees by dividing by 2,000.

Timeline: FY 2022/23.

Anticipated Cost: None.

Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.	Medium	FY 2023