

Draft Audit Report
May 2017

Ventura County Transportation Commission TDA Triennial Performance Audit Valley Express



MA and ASSOCIATES
Certified Public Accountants

Table of Contents

Chapter 1: Executive Summary	01
Chapter 2: Review Scope and Methodology.....	05
Chapter 3: Program Compliance	09
Chapter 4: Performance Analysis.....	13
Chapter 5: Functional Review	29
Chapter 6: Findings and Recommendations	35

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

This page intentionally blank.

Chapter 1

Executive Summary

In 2017, the Ventura County Transportation Commission (VCTC) selected the consulting team of Moore & Associates, Inc./Ma and Associates to prepare Triennial Performance Audits of itself as the RTPA and the nine transit operators to which it allocates funding. As one of the six statutorily designated County Transportation Commissions in the SCAG region, VCTC also functions as the respective county RTPA.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. This is the first such audit of the Valley Express program, which launched in 2015. Prior to 2015, service in the Heritage Valley was provided by VCTC via VISTA Dial-A-Ride.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the Valley Express, 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 the Valley Express program for the period:

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

Valley Express service is managed and administered by the Ventura County Transportation Commission and provided by a cooperative agreement between VCTC, the cities of Fillmore and Santa Paula, and the County of Ventura. The Valley Express fixed-route service launched in March 2015, replacing a general public Dial-A-Ride program which no longer met the needs of the community efficiently. Valley Express routes link passengers to medical, civic, shopping, educational, and tourist destinations, as well as regional connectivity via VCTC's Highway 126 service.

The Valley Express fixed-route service includes five routes serving the cities of Santa Paula and Fillmore as well as the unincorporated area of Piru. Additional school trippers operate during the school year. Weekday service operates from approximately 5:40 a.m. to 8:00 p.m. Weekend service operates from approximately 8:00 a.m. to 5:40 p.m. Service is not operated on designated holidays.

Dial-A-Ride service is available for seniors age 65 and older and people with ADA-certified disabilities. Limited general public Dial-A-Ride service is available for trips to or from locations outside the fixed-route bus service area. The Dial-A-Ride service operates weekdays from 5:40 a.m. to 7:45 p.m. and weekends from 7:50 a.m. to 6:15 p.m., excluding designated holidays.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Since launching in 2015, Valley Express has tweaked routes and schedules in an effort to find the optimal service alignment and schedule. New services added post-launch are the River Central route and school tripper services. In January 2016, DAR eligibility was expanded to include seniors. Efforts continue to improve service, including the addition of on-board cameras in March 2016.

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*.

The Triennial Performance Audit includes four elements:

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

Test of Compliance

We conclude the Valley Express complies with the Transportation Development Act (TDA) regulations in an efficient and effective manner.

Status of Prior Recommendations

Given this is the first audit of the Valley Express, there are no prior recommendations.

Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and a review of program compliance and function, the audit team submits no compliance findings for Valley Express.

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

1. Valley Express did not achieve the 10 percent farebox recovery ratio stipulated by the TDA for transit operators in rural areas at any point during the audit period.

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

Exhibit 1.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Identify and implement strategies for increasing the farebox recovery ratio to 10 percent by FY 2017/18.	High	Beginning FY 2017/18

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

This page intentionally blank.

Chapter 2

Review Scope and Methodology

The Triennial Performance Audit (TPA) of the Valley Express public transit program covers the three-year period ending June 30, 2016. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2017, the Ventura County Transportation Commission selected the consultant team of Moore & Associates, Inc./Ma and Associates to prepare Triennial Performance Audits of itself as the RTPA and the nine transit operators to which it allocates funding. Moore & Associates is a consulting firm specializing in public transportation, while Ma and Associates is a Certified Public Accounting firm. Selection of the consultant team followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the Valley Express 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. Moore & Associates believes 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.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Scope

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

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

Methodology

The methodology for the Triennial Performance Audit of the Valley Express included thorough review of documents relevant to the scope of the audit, as well as information contained on the City's website. The documents reviewed included the following (spanning the full three-year period):

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

The methodology for this review included a site visit to Ventura County Transportation Commission headquarters located at 950 County Square Drive, Ventura, on March 15, 2017. The audit team met with Aaron Bonfilio (Program Manager - Transit Services) and Martin Erickson (Public Transit Director) and reviewed materials germane to the triennial review. The audit team also conducted a contractor

site visit at MV Transportation's Santa Paula yard 918 Mission Rock Road in Santa Paula on March 17, 2017, meeting with Aaron Bonfilio and Martin Erickson of VCTC as well as Tom Conlin (MV Transportation).

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

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

This page intentionally blank.

Chapter 3

Program Compliance

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

Compliance was determined through discussions with City staff as well as a physical inspection of relevant documents including the fiscal audits for each year of the triennium, TDA claim forms, State Controller annual filings, California Highway Patrol terminal inspections, year-end performance reports, and other compliance-related documentation.

Valley Express met the test of compliance with respect to Transportation Development Act (TDA) regulations.

Recent Changes Regarding Compliance

Three changes specific to the TDA and TDA funding went into effect beginning July 1, 2016. The first was a policy approved by VCTC which mandated funding originally received through the TDA would be classified as TDA funding even after being passed through to another entity. This disallowed the use of TDA funds passed from one claimant to another agency to be used as local support in the calculation of the farebox recovery ratio.

The second change was an amendment to the Public Utilities Code specific to the definition of operating cost and what costs can be excluded. It should be noted that many of the exclusions pertain only to *changes* in certain costs, either over the prior year or beyond the change in the Consumer Price Index. They do not apply to *all* costs related to specified exclusion categories.

Senate Bill 508, dated October 9, 2015, amended Section 99268.17 to read as follows:

99268.17 (a) *Notwithstanding subdivision (a) of Section 99247, the following costs shall be excluded from the definition of "operating cost" for the purposes of calculating any required ratios of fare revenues to operating cost specified in this article:*

- (1) *The additional operating costs required to provide comparable complementary paratransit service as required by Section 37.121 of Title 49 of the Code of Federal Regulations, pursuant to the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 120101 et seq.), as identified in the operator's paratransit plan pursuant to Section 37.139 of Title 49 of the Code of Federal Regulations that exceed the operator's costs required to provide comparable paratransit service in the prior year as adjusted by the Consumer Price Index.*

(2) Cost increases beyond the change in the Consumer Price Index for all of the following:

- (A) Fuel.*
- (B) Alternative fuel programs.*
- (C) Power, including electricity.*
- (D) Insurance premiums and payments in settlement of claims arising out of the operator's liability.*
- (E) State and federal mandates.*

(3) Startup costs for new services for a period of not more than two years.

(b) The exclusion of costs from the definition of operating costs in subdivision (a) applies solely for the purpose of this article and does not authorize an operator to report an operating cost other than as defined in subdivision (a) of Section 99247 or a ratio of fare revenue to operating cost other than as that ratio is described elsewhere in this article, to any of the following entities:

- (1) The Controller pursuant to Section 99243.*
- (2) The entity conducting the fiscal audit pursuant to Section 99245.*
- (3) The entity conducting the performance audit pursuant to Section 99246.*

Operators should be aware that the reporting forms for the State Controller may not be updated to reflect these exclusions for FY 2016/17. Until revised forms are made available, it is important for agencies to ensure any exclusions from operating cost are clearly itemized within TDA audits or other farebox revenue ratio calculations so that compliance can be clearly assessed.

The third change, also contained within Senate Bill 508, related to the type of funds that can be used to supplement farebox revenue. Prior to this bill, "local funds" was defined as "revenues derived from taxes imposed by the operator or by a county transportation commission." S.B. 508 amended Section 99268.19 to read:

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

This expanded definition opens up new revenue sources that can be used to offset farebox shortfalls. Applicable revenues include funds received through advertising, interest income, sale of surplus vehicles, and other such sources. While these funds are no longer limited to those generated by local taxes, they cannot be state or federal funds.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance	FY 2014: <i>Included under VCTC</i> FY 2015: October 19, 2015 FY 2016: October 13, 2016
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance	FY 2014: <i>Included under VCTC</i> FY 2015: December 11, 2015 FY 2016: November 28, 2016
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	Pending	March 17, 2015 (GPPV) July 16, 2015 July 19, 2016
Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	PUC 99270.1	N/A	
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2014: <i>Included under VCTC</i> FY 2015: --- FY 2016: -1.34%
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	N/A	
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	In compliance	FY 2014: <i>Included under VCTC</i> FY 2015: 8.5% FY 2016: 6.5% <i>Per TDA Article 4 and 8(c) annual audits; exempt through FY 2017 due to Extension of Service.</i>
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	N/A	
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	VCTC staff is eligible for CalPERS.
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	N/A	Valley Express does not receive STA funds.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Compliance Element	Reference	Compliance	Comments
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	In compliance	In FY 2014, the City of Fillmore received a refund from FY 2013, which caused it to exceed operating cost for that year. The funds were subsequently returned.

Chapter 4

Performance Analysis

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

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

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

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

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

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

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667¹. 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:

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.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

- 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.² For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

Passenger Counts

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

Employees

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

Fare Revenue

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

TDA Required Indicators

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

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained from State Controller Reports for each fiscal year covered by this review. Data from these reports was then compared with information reported to the NTD as well

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

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

as in Valley Express' audited financial reports and was determined to be consistent with TDA guidelines and accurately reflects the costs for the City's transit services. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.

- Fare Revenue was not independently calculated as part of this audit. Fare Revenue data were obtained via State Controller Reports 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 from State Controller Reports for each fiscal year covered by this review. Data from these reports was then compared with information reported to the NTD. The City calculates VSH using schedule hours reconciled with driver trip sheets. The City's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained from State Controller Reports for each fiscal year covered by this review. Data from these reports was then compared with information reported to the NTD. Valley Express calculates VSM by subtracting deadhead and out-of-service miles subtracted from total vehicle mileage (as noted on each vehicle's odometer). This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained from State Controller Reports for each fiscal year covered by this review. Data from these reports was then compared with information reported to the NTD. This calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) methodology was provided by VCTC and is consistent with the TDA definition.

System Performance Trends

Performance trends for the Valley Express's public transit program were analyzed for the three years covered by this Triennial Performance Audit. Indicators were calculated using the methodologies described in the previous section.

It should be noted that inaccuracies and inconsistencies in the data may result in trends that are not entirely reflective of actual performance.

In Exhibit 4.1, the light gray shaded cells (FY 2013/13 and FY 2013/14) represent data from the prior VISTA Dial-A-Ride program. As the Valley Express service was only in operation for 16 months of the audit period, this data is provided to add historical context. It should also be noted that Valley Express service started in March 2015, so the data for FY 2014/15 includes eight months of VISTA Dial-A-Ride and four months of Valley Express performance data. In addition, FY 2014/15 included transition to a new operations contractor along with start-up costs for the new service, which resulted in a significant increase in operating cost for that year.

FY 2014/15 notwithstanding, operating cost for Valley Express increased by a net 21.3 percent over FY 2012/13. However, fare revenue dropped by 38.1 percent and ridership fell by 38.6 percent across the same period. VSH and VSM also decreased significantly in FY 2015/16, which was the first full year that reflected the new two-tiered transit system.

Employees appears to have been over-reported in FY 2014/15 and FY 2015/16, as the same number of employees (FTE) were reported for both fixed-route and Dial-A-Ride services. In addition, that figure is

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

roughly double that reported in prior years, suggesting the full number of employees for both fixed-route and Dial-A-Ride were reported under each mode.

The performance indicator that saw the least variation was average fare per passenger, which ranged from \$0.88 to \$0.91 between FY 2012/13 and FY 2013/14. This suggests that the introduction of fixed-route fares had little negative impact on this metric, given fare revenue and ridership decreased at similar rates. VISTA Dial-A-Ride fares prior to Valley Express were \$1.75 for base fare, \$0.85 for senior and disabled. Valley Express fixed-route fares are currently \$1.25 (\$0.60 for senior/disabled/youth), while Dial-A-Ride fares are \$2.00.

Exhibit 4.1 System Performance Indicators

Performance Measure	System-Wide			
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
Operating Cost (Actual \$)	\$1,497,438	\$1,548,500	\$2,425,451	\$1,816,752
<i>Annual Change</i>		3.4%	56.6%	-25.1%
Fare Revenue (Actual \$)	\$185,068	\$171,018	\$138,306	\$114,605
<i>Annual Change</i>		-7.6%	-19.1%	-17.1%
Vehicle Service Hours (VSH)	32,066	31,180	30,185	25,729
<i>Annual Change</i>		-2.8%	-3.2%	-14.8%
Vehicle Service Miles (VSM)	380,263	369,801	379,565	304,411
<i>Annual Change</i>		-2.8%	2.6%	-19.8%
Passengers	209,299	189,645	151,618	128,481
<i>Annual Change</i>		-9.4%	-20.1%	-15.3%
Employees	33	35	68	68
<i>Annual Change</i>		6.1%	94.3%	0.0%
Performance Indicators				
Operating Cost/VSH (Actual \$)	\$46.70	\$49.66	\$80.35	\$70.61
<i>Annual Change</i>		6.3%	61.8%	-12.1%
Operating Cost/Passenger (Actual \$)	\$7.15	\$8.17	\$16.00	\$14.14
<i>Annual Change</i>		14.1%	95.9%	-11.6%
Passengers/VSH	6.53	6.08	5.02	4.99
<i>Annual Change</i>		-6.8%	-17.4%	-0.6%
Passengers/VSM	0.55	0.51	0.40	0.42
<i>Annual Change</i>		-6.8%	-22.1%	5.7%
Farebox Recovery	12.4%	11.0%	5.7%	6.3%
<i>Annual Change</i>		-10.6%	-48.4%	10.6%
Hours/Employee	971.7	890.9	443.9	378.4
<i>Annual Change</i>		-8.3%	-50.2%	-14.8%
TDA Non-Required Indicators				
Operating Cost/VSM	\$3.94	\$4.19	\$6.39	\$5.97
<i>Annual Change</i>		6.3%	52.6%	-6.6%
VSM/VSH	11.86	11.86	12.57	11.83
<i>Annual Change</i>		0.0%	6.0%	-5.9%
Fare/Passenger	\$0.88	\$0.90	\$0.91	\$0.89
<i>Annual Change</i>		2.0%	1.2%	-2.2%

Source: State Controller Reports for FY 2014/15 and FY 2015/16; NTD reports for VISTA Dial-A-Ride for FY 2012/13 and FY 2013/14.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 4.2 System Ridership

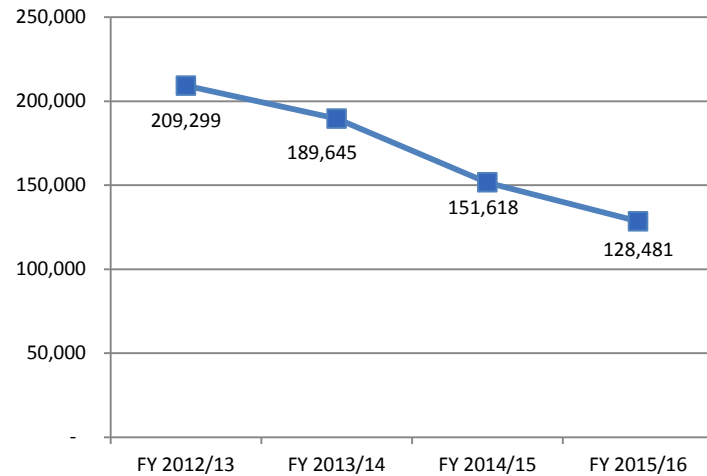


Exhibit 4.3 System Operating Cost/VSH

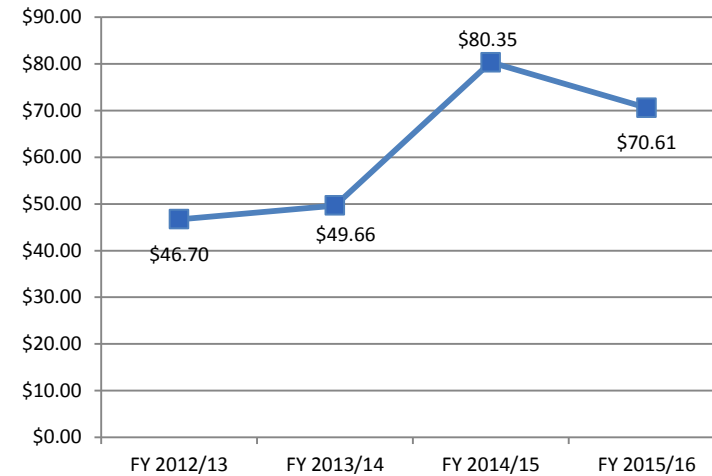


Exhibit 4.4 System Operating Cost/VSM

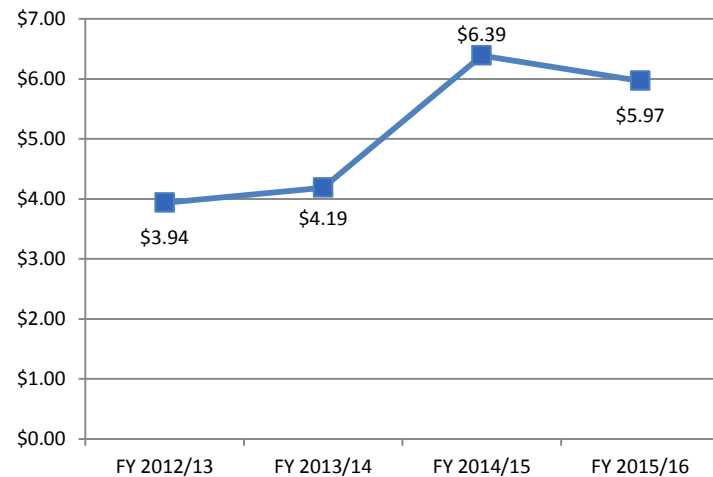
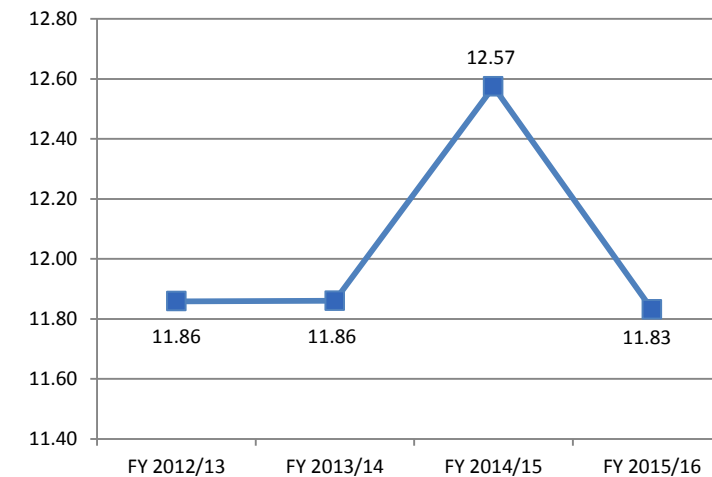


Exhibit 4.5 System VSM/VSH



Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 4.6 System Operating Cost/Passenger

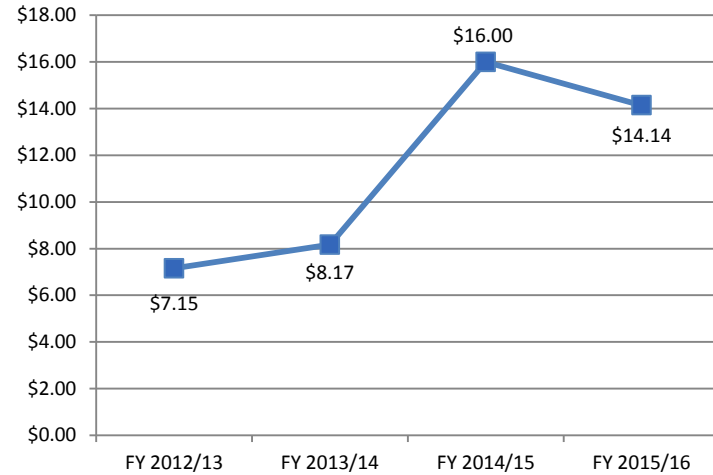


Exhibit 4.7 System Passengers/VSH

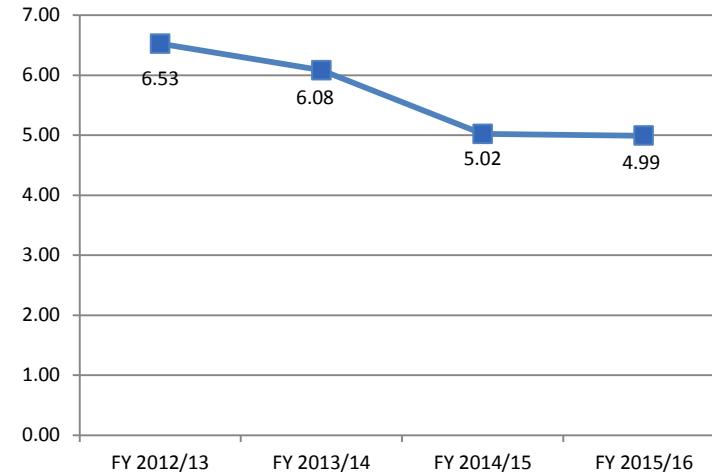


Exhibit 4.8 System Passengers/VSM

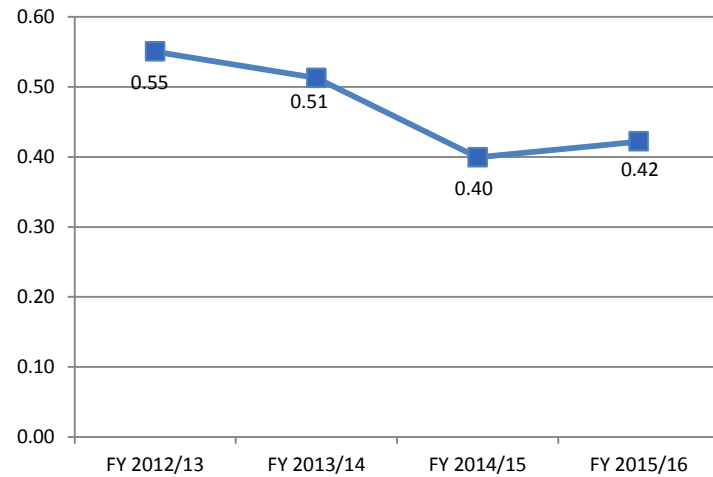
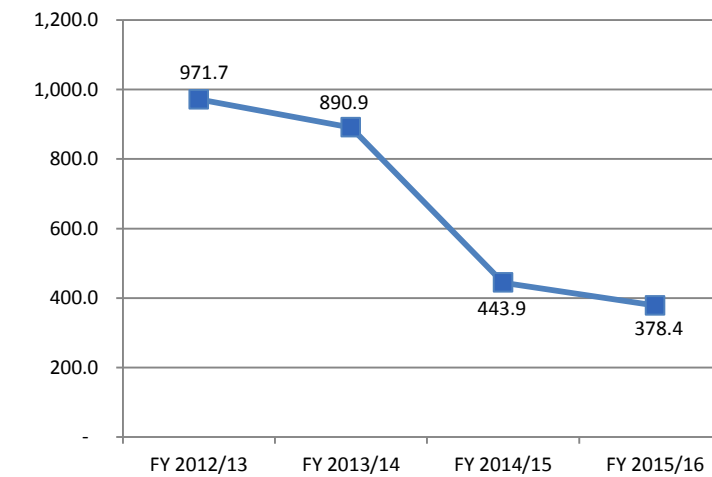


Exhibit 4.9 System VSH/FTE



Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 4.10 System Farebox Recovery

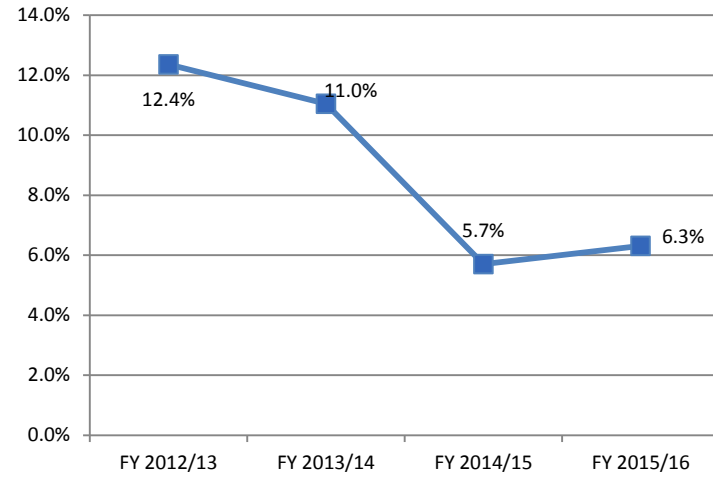
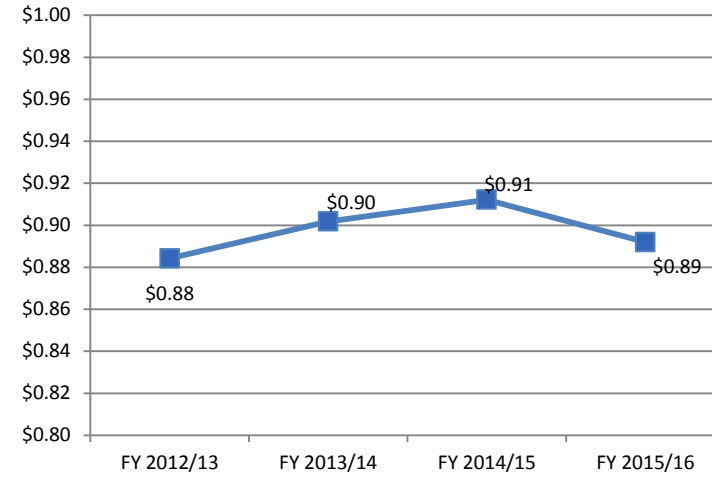


Exhibit 4.11 System Fare/Passenger



Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Fixed-Route Performance

Given fixed-route service was not launched until March 2015, only two years of performance data is available. Of those two years, only FY 2014/15 represents a full year of service, so it is difficult to track any trends pertaining to specific performance measures. However, there was improvement with respect to some performance indicators between the first and second year of service, including operating cost/passenger, passengers/VSH, passengers/VSM, average fare/passenger, and farebox recovery.

Exhibit 4.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route	
	FY 2014/15	FY 2015/16
Operating Cost (Actual \$)	\$328,792	\$848,869
<i>Annual Change</i>		158.2%
Fare Revenue (Actual \$)	\$20,085	\$67,176
<i>Annual Change</i>		234.5%
Vehicle Service Hours (VSH)	5,396	13,637
<i>Annual Change</i>		152.7%
Vehicle Service Miles (VSM)	78,541	166,071
<i>Annual Change</i>		111.4%
Passengers	29,828	96,994
<i>Annual Change</i>		225.2%
Employees	34	34
<i>Annual Change</i>		0.0%
Performance Indicators		
Operating Cost/VSH (Actual \$)	\$60.93	\$62.25
<i>Annual Change</i>		2.2%
Operating Cost/Passenger (Actual \$)	\$11.02	\$8.75
<i>Annual Change</i>		-20.6%
Passengers/VSH	5.53	7.11
<i>Annual Change</i>		28.7%
Passengers/VSM	0.38	0.58
<i>Annual Change</i>		53.8%
Farebox Recovery	6.1%	7.9%
<i>Annual Change</i>		29.5%
Hours/Employee	158.7	401.1
<i>Annual Change</i>		152.7%
TDA Non-Required Indicators		
Operating Cost/VSM	\$4.19	\$5.11
<i>Annual Change</i>		22.1%
VSM/VSH	14.56	12.18
<i>Annual Change</i>		-16.3%
Fare/Passenger	\$0.67	\$0.69
<i>Annual Change</i>		2.9%

Source: State Controller Reports and Valley Express annual performance summaries.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 4.13 Fixed-Route Ridership

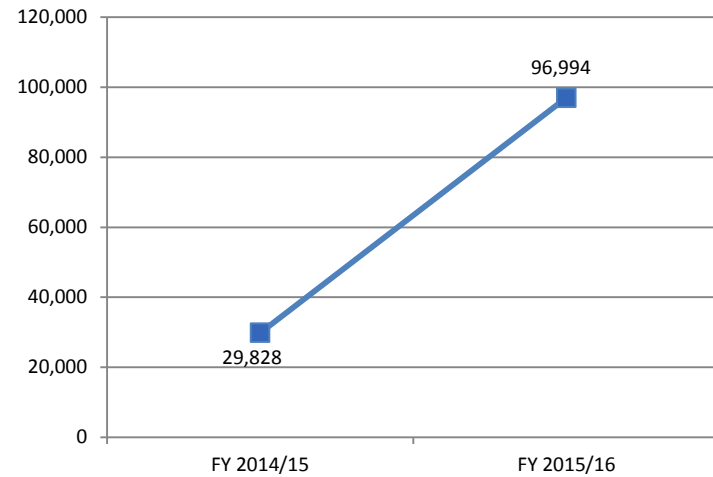


Exhibit 4.14 Fixed-Route Operating Cost/VSH

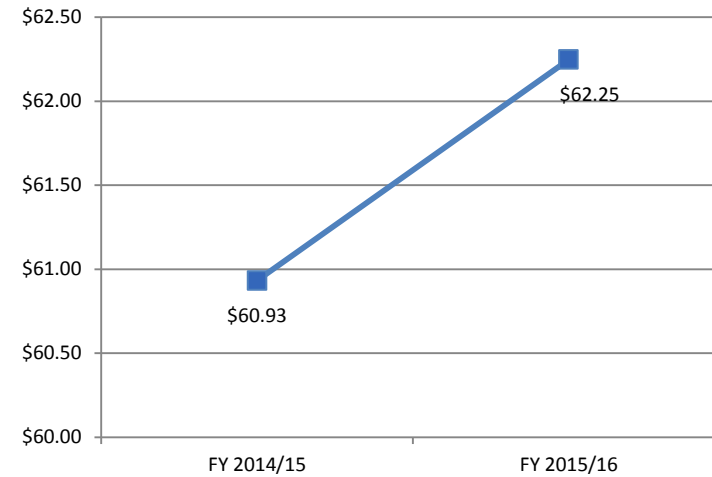


Exhibit 4.15 Fixed-Route Operating Cost/VSM

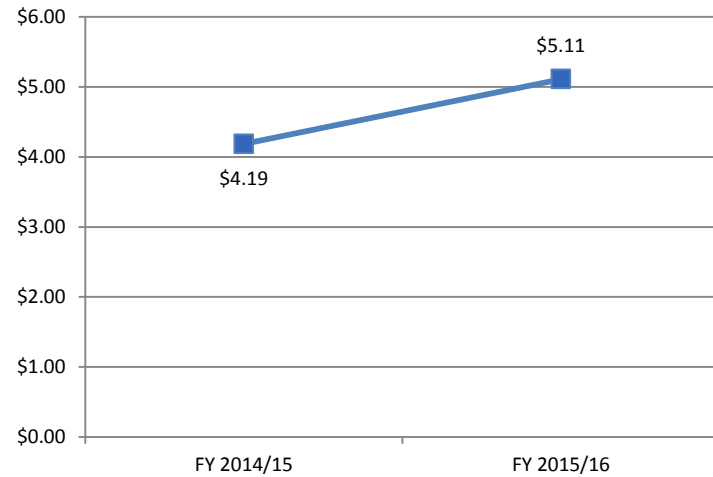
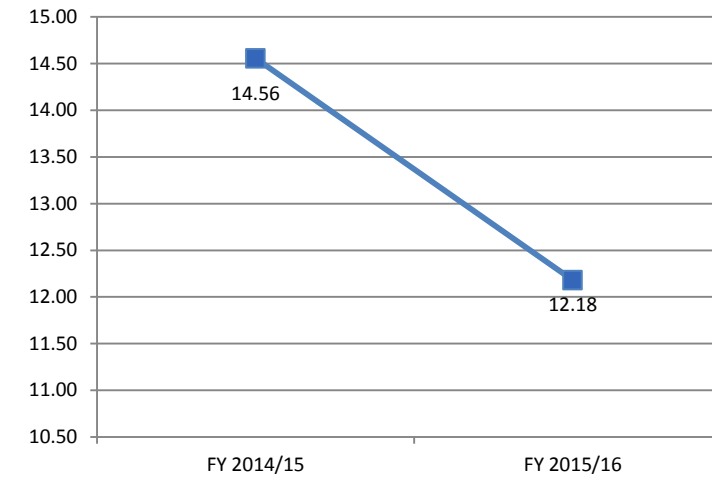


Exhibit 4.16 Fixed-Route VSM/VSH



Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 4.17 Fixed-Route Operating Cost/Passenger

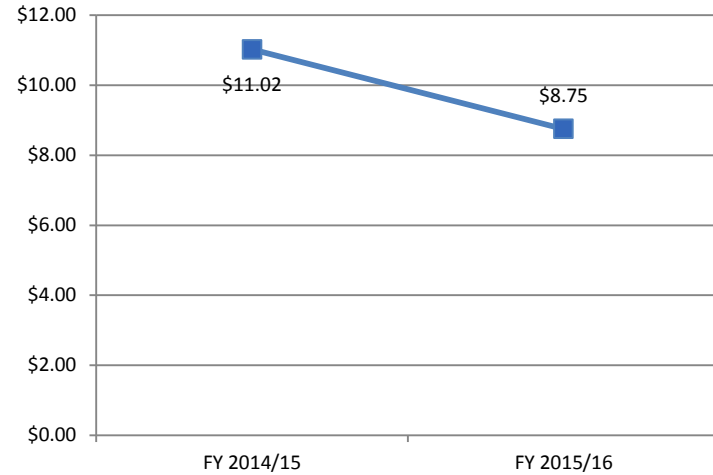


Exhibit 4.18 Fixed-Route Passengers/VSH

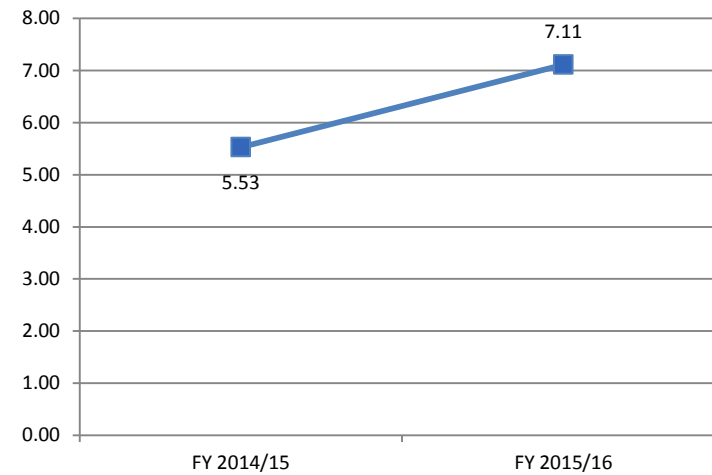


Exhibit 4.19 Fixed-Route Passengers/VSM

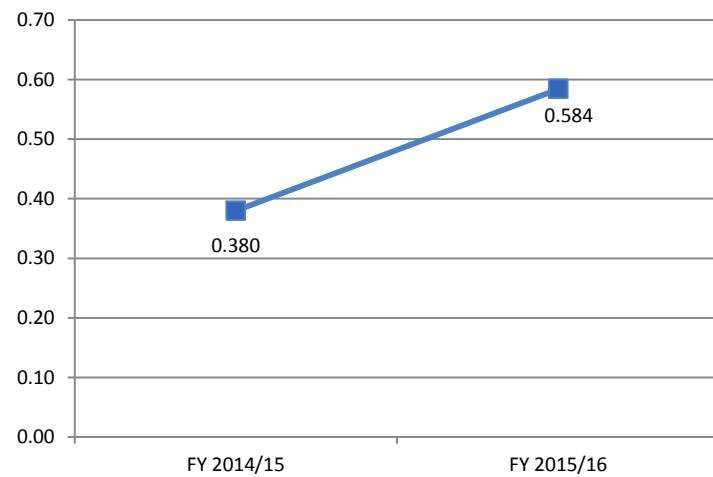
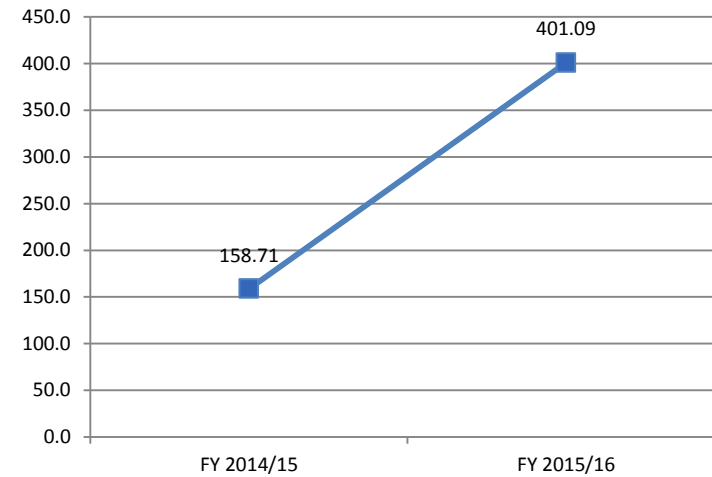


Exhibit 4.20 Fixed-Route VSH/FTE



Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 4.21 Fixed-Route Farebox Recovery

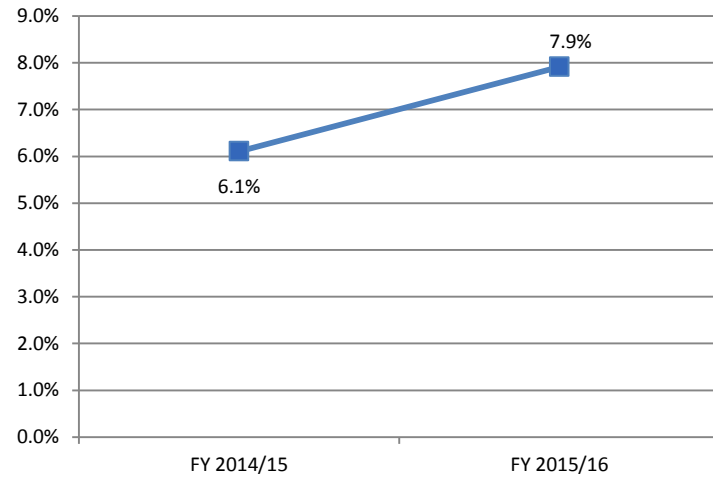
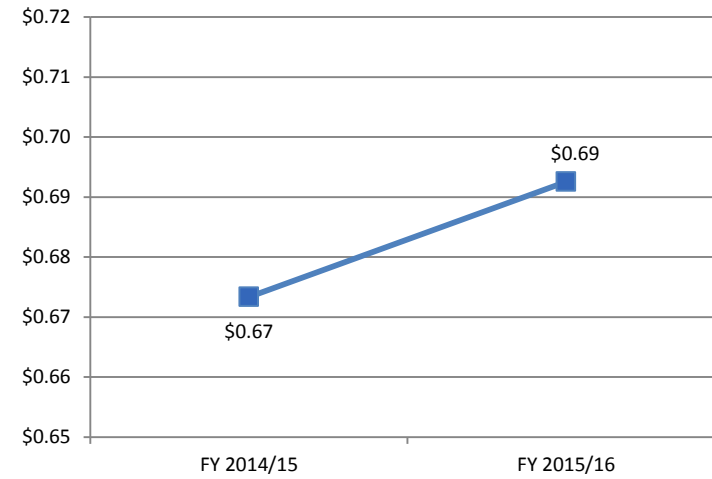


Exhibit 4.22 Fixed-Route Fare/Passenger



Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Demand-Response Performance

While the two prior years of VISTA Dial-A-Ride service is included in the system-wide performance analysis, they are omitted here since neither year of Valley Express service represents a full year of general public Dial-A-Ride service. As with the fixed-route service, it is difficult to track any trends pertaining to specific performance measures. However, there was improvement between the first and second year with respect to some performance indicators between the first and second year of service, operating cost/VSH, operating cost/VSM, fare per passenger, and farebox recovery ratio.

Exhibit 4.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response	
	FY 2014/15	FY 2015/16
Operating Cost (Actual \$)	\$2,096,659	\$725,706
<i>Annual Change</i>		-65.4%
Fare Revenue (Actual \$)	\$118,221	\$47,429
<i>Annual Change</i>		-59.9%
Vehicle Service Hours (VSH)	24,789	12,092
<i>Annual Change</i>		-51.2%
Vehicle Service Miles (VSM)	301,024	138,340
<i>Annual Change</i>		-54.0%
Passengers	121,790	31,487
<i>Annual Change</i>		-74.1%
Employees	34	34
<i>Annual Change</i>		0.0%
Performance Indicators		
Operating Cost/VSH (Actual \$)	\$84.58	\$60.02
<i>Annual Change</i>		-29.0%
Operating Cost/Passenger (Actual \$)	\$17.22	\$23.05
<i>Annual Change</i>		33.9%
Passengers/VSH	4.91	2.60
<i>Annual Change</i>		-47.0%
Passengers/VSM	0.40	0.23
<i>Annual Change</i>		-43.7%
Farebox Recovery	5.6%	6.5%
<i>Annual Change</i>		15.9%
Hours/Employee	729.1	355.6
<i>Annual Change</i>		-51.2%
TDA Non-Required Indicators		
Operating Cost/VSM	\$6.97	\$5.25
<i>Annual Change</i>		-24.7%
VSM/VSH	12.14	11.44
<i>Annual Change</i>		-5.8%
Fare/Passenger	\$0.97	\$1.51
<i>Annual Change</i>		55.2%

Source: State Controller Reports and Valley Express annual performance summaries.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 4.24 Demand-Response Ridership

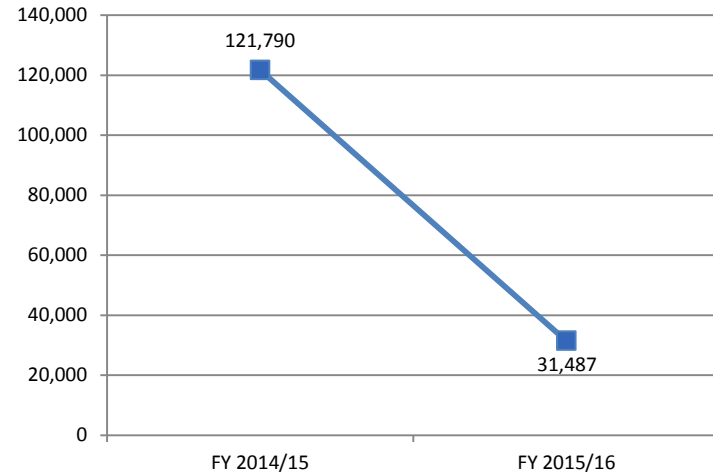


Exhibit 4.25 Demand-Response Operating Cost/VSH

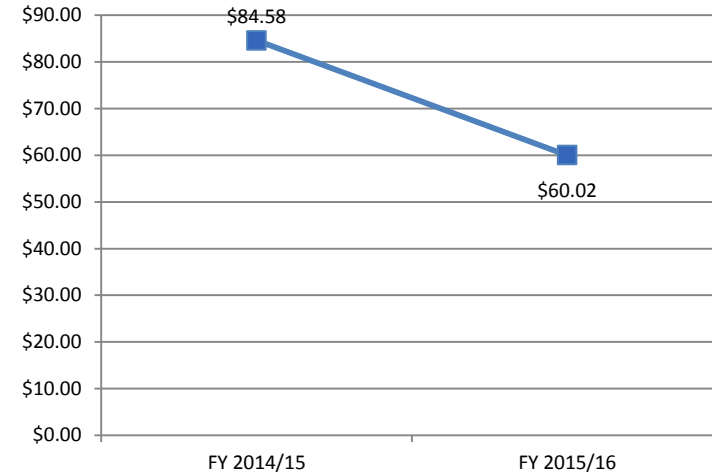


Exhibit 4.26 Demand-Response Operating Cost/VSM

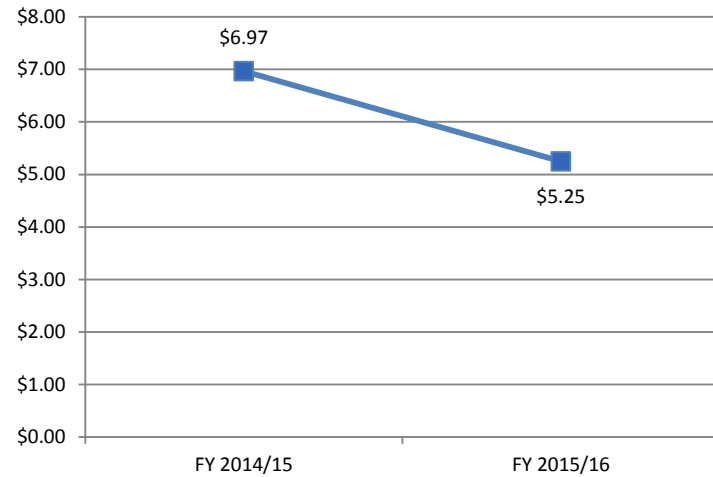
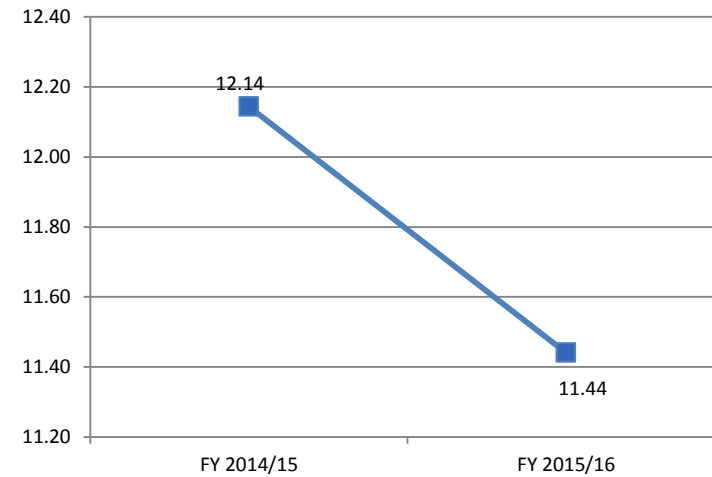


Exhibit 4.27 Demand-Response VSM/VSH



Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 4.28 Demand-Response Operating Cost/Passenger

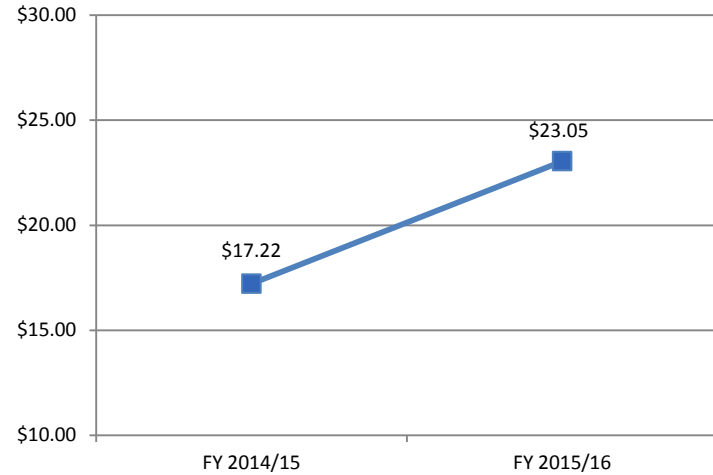


Exhibit 4.29 Demand-Response Passengers/VSH

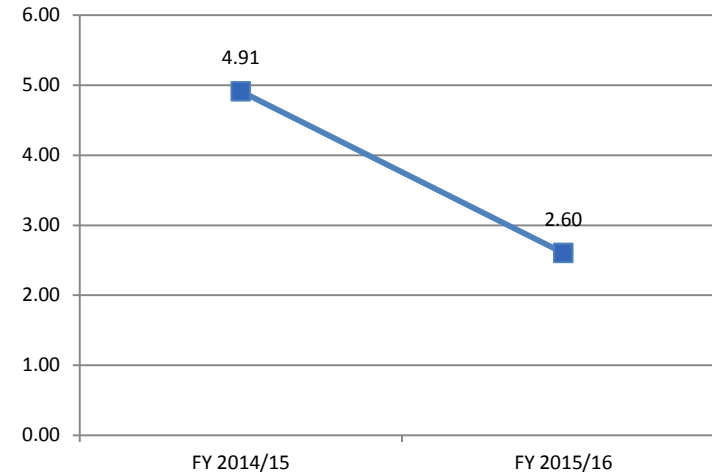


Exhibit 4.30 Demand-Response Passengers/VSM

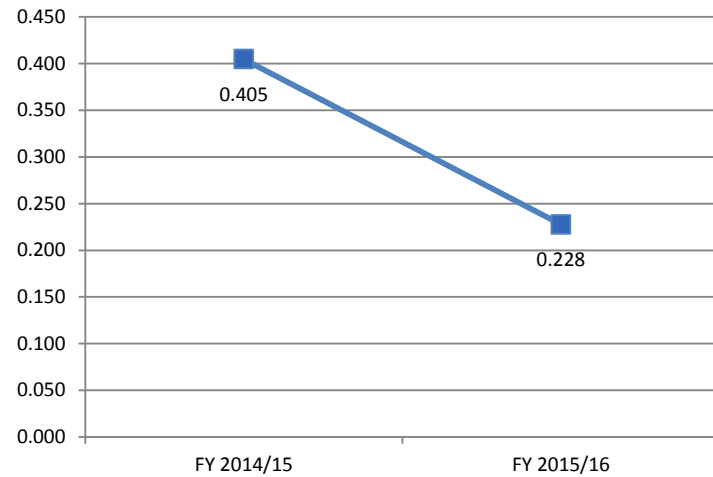
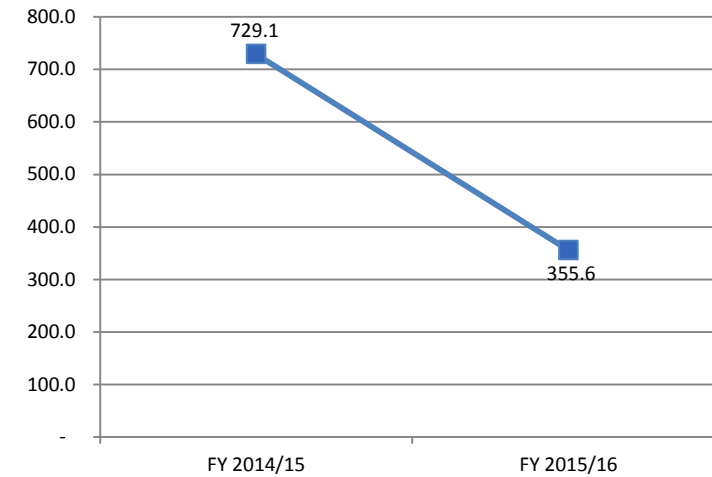


Exhibit 4.31 Demand-Response VSH/FTE



Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 4.32 Demand-Response Farebox Recovery

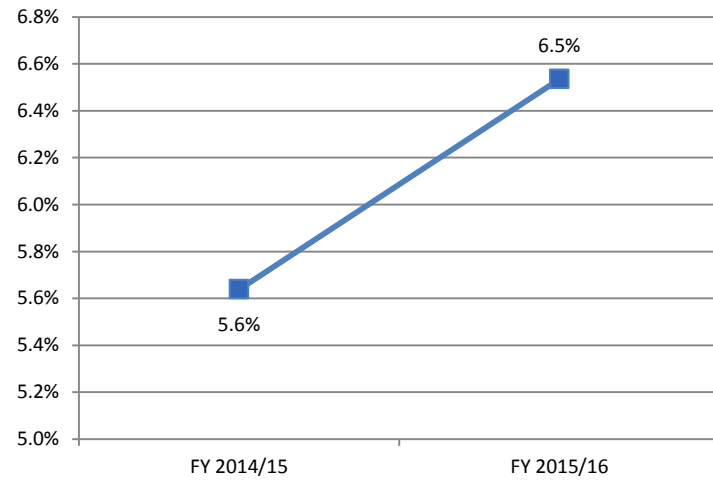
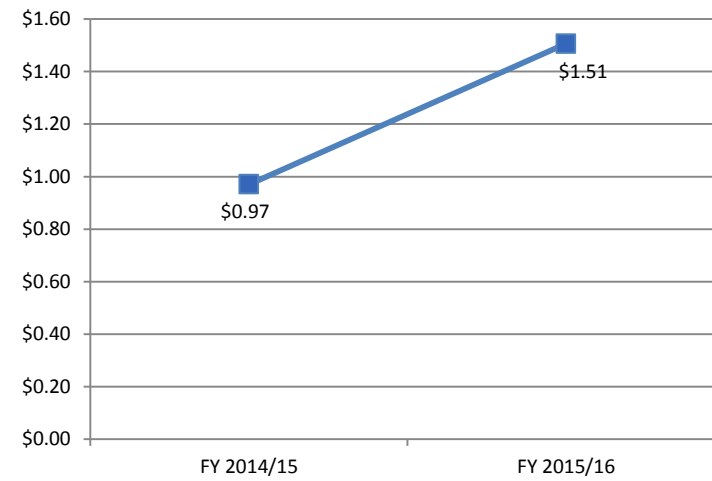


Exhibit 4.21 Demand-Response Fare/Passenger



Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

This page intentionally blank.

Chapter 5

Functional Review

A functional review of the Valley Express'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 the Valley Express through its transit program:

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

Service Overview

The Valley Express fixed-route service launched in March 2015, replacing a general public Dial-A-Ride program which no longer met the needs of the community efficiently. Valley Express services were designed to meet the unique needs of people who live and work in the Heritage Valley, specifically the mobility needs among a rural population whose members were increasingly living near poverty and lacking access to a personal vehicle. To that end, Valley Express provides scheduled service to medical, civic, shopping, educational, and tourist destinations, as well as regional connectivity via VCTC's Highway 126 service.

The Valley Express fixed-route service includes five routes serving the cities of Santa Paula and Fillmore as well as the unincorporated area of Piru. Additional school trippers operate during the school year. Weekday service operates from approximately 5:40 a.m. to 8:00 p.m. Weekend service operates from approximately 8:00 a.m. to 5:40 p.m. Service is not operated on designated holidays.

The Valley Express Dial-A-Ride (DAR) service is available for seniors age 65 and older and people with ADA-certified disabilities. Limited general public Dial-A-Ride service is available for trips to or from locations outside the fixed-route bus service area. The Dial-A-Ride service operates weekdays from 5:40 a.m. to 7:45 p.m. and weekends from 7:50 a.m. to 6:15 p.m., excluding designated holidays.

Valley Express Dial-A-Ride offers free transfers to VCTC Highway 126 and Valley Express Fixed-Route. Transfers onto DAR require \$0.50 fee. The current fare structure for fixed-route service is shown in Exhibit 5.1, while Exhibit 5.2 details the DAR fare structure.



Exhibit 5.1 Fixed-Route Fare Structure

Fare Category	Fare
Adult Cash Fare	\$1.25
Youth (under 18) Cash Fare	\$0.60
Senior (65+)/Disabled/Medicare Cash Fare	\$0.60
Child under 5 (with fare-paying adult)	Free
Day Pass	\$3.75
Adult Monthly Pass	\$20.00
Youth (under 18) Monthly Pass	\$10.00
Senior (65+)/Disabled/Medicare Pass	\$10.00

Exhibit 5.2 Dial-A-Ride Fare Structure

Multi-ride Passes	Fare
Adult/Youth (under 18) Cash Fare	\$2.00
Senior (65+)/Disabled/Medicare Cash Fare	\$2.00
ADA Paratransit Cash Fare	\$2.00
Child under 5 (with fare-paying adult)	Free
Day pass	\$3.75
Super Pass Adult/Youth (under 18) Monthly Pass	\$30.00
Super Pass Reduced (Senior 65+/ Disabled / Medicare) Monthly Pass	\$25.00

General Management and Organization

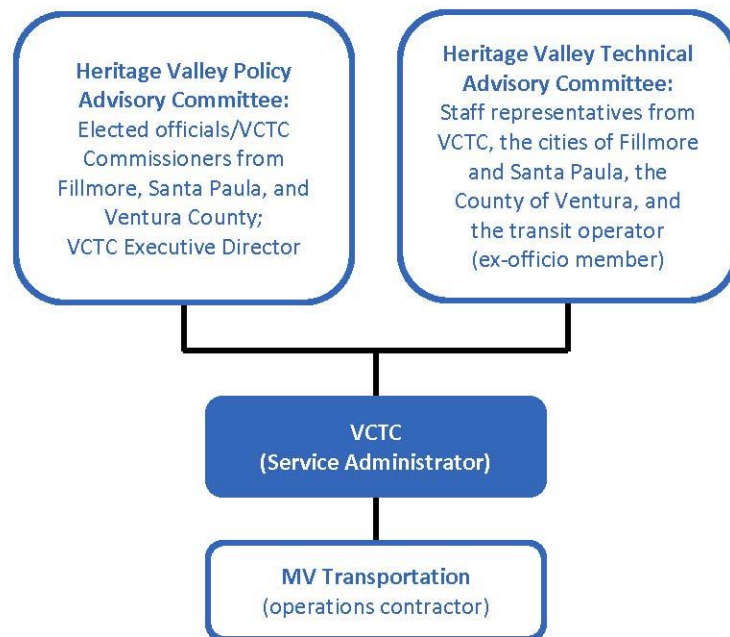
Valley Express service is managed and administered by the Ventura County Transportation Commission and provided by a cooperative agreement between VCTC, the Cities of Fillmore and Santa Paula, and the County of Ventura. As the contracting entity, VCTC is responsible for project management and oversight.

Valley Express is guided by two committees:

- The Heritage Valley Policy Advisory Committee (HVPAC), which consists of representatives from the cities of Santa Paula and Fillmore and the Third Supervisorial District, and determines the routes, schedules and operation of the service; and
- The Heritage Valley Technical Advisory Committee (HVTAC), which is comprised of technical staff from the cities of Santa Paula, Fillmore, the County of Ventura, VCTC, and the transit operator, and provides recommendations to the HVPAC.

Exhibit 5.3 illustrates the Valley Express organizational structure.

Exhibit 5.3 Organizational Chart

*Source: Valley Express.*

Service Planning

Prior to March 2015, the transit service within the Heritage Valley was limited to a demand-responsive general public Dial-A-Ride service (VISTA Santa Paula and VISTA Fillmore Dial-A-Ride services). In 2013, VCTC commissioned the Heritage Valley Transit Study, which recommended implementation of local fixed-route bus service to provide cost-effective service to meet the evolving needs of the community. A five-year operations and maintenance contract was awarded to MV Transportation in November 2014, effective March 2, 2015.

Since launching in 2015, Valley Express has tweaked routes and schedules in an effort to find the optimal service alignment and schedule. New services added following launch are the River Central route and school tripper services. In January 2016, DAR eligibility was expanded to include seniors. Service planning decisions are based on performance metrics as well as market research such as rider and community surveys.

The HVPAC and HVTAC are currently monitoring service and exploring ways to ensure compliance with farebox recovery mandates, which go into effect in FY 2017/18. A 2017 system evaluation included rider surveys, a community survey, public open houses, and a fixed-route ridecheck to measure stop-level activity.

Management is interested in ensuring transit-dependent populations have available transit options, especially riders eligible for Dial-A-Ride service. In addition to an ongoing roster of paratransit-eligible customers, usage rates are monitored to identify trends and historical patterns. For example, approximately a dozen riders who use Dial-A-Ride daily are traveling to a sheltered workshop.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

HVPAC and HVTAC meetings are open to the public and listed on the VCTC website.

Scheduling, Dispatch, and Operations

Drivers bid for their work assignments approximately two times per year, with awards based on seniority. Drivers cannot bid on work for which they do not have certification. Two of Valley Express' 20 drivers are part-time employees.

Vehicles are assigned in the morning via the pullout sheet, with dispatchers checking with maintenance staff to ensure vehicles are service-ready.

Demand-response schedules are made utilizing Trapeze software; approximately 25 percent to 35 percent are subscription trips. Dispatchers try to group trips by geographic region, with varying success depending on dispatcher. Seniors and ADA customers receive priority over general public riders; denial DAR trips have a thirty-minute window, with drivers instructed to wait five minutes within that window.



Personnel Management and Training

An MV Transportation recruiting officer utilizes multiple methods to attract drivers, including multiple online job sites and a Southern California recruiter. Approximately half of recruits already possess necessary certifications, while the other half are inexperienced. All recruits receive training.

Drivers are rewarded with a National Transit Driver Day luncheon as well as awards for no DriveCam violations. Employees are eligible for monthly and quarterly awards, as well as a \$10,000 annual regional award. Drivers with no preventable accidents are eligible for a \$200 award.

MV requires 45-day operator evaluations, which happen more frequently for Valley Express drivers.

In addition to orientation and training, ongoing classroom and behind-the-wheel training is conducted. Retraining can be triggered by DriveCam violations or incident reports. Points-based disciplinary policies are covered in the MV Transportation Employee Handbook.

Benefits are collectively bargained. Full-time employees are eligible for holidays, vacation, bereavement, health insurance, life insurance, 401(k), and a recruitment bonus. Part-time drivers receive prorated vacation against a 35-hour work week and can accrue time based on hours worked. They receive life insurance and sick time. They can also pay for health insurance. Vacation is typically scheduled eight to 30 days in advance, up to one year.

Administration

Fare revenue collection procedures prevent drivers from handling fares (with the exception of drivers who assist persons with disabilities). Fares are collected via manual Diamond farebox vaults. Just a couple of managers have keys to vaults. Drivers drop a vault slip into locked vaults; revenue is counted

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

by vault in a locked conference room. Two people participate in the counting process—one who counts, one who observes. Fares are reconciled to drivers, then revenue is deposited into VCTC's bank account.



Marketing and Public Information

Marketing support is provided via a third-party consultant under contract to VCTC. During the audit period, the marketing consultant was responsible for all start-up activities, including a naming contest, vehicle and service branding, launch event, launch video, bus stop signage and info-posts, brochures, website, social media, and advertising. Following service start-up, the consultant represented Valley Express at community events, updated service materials for each service change, managed bilingual social media content, designed and produced fare media, designed and placed advertising, prepared onboard notices, developed and distributed press releases, conducted customer and community surveys, performed ridechecks, managed the Valley Express website,

distributed service information, and developed relationships within the Heritage Valley community on behalf of Valley Express.

Maintenance

Preventive maintenance schedules follow manufacturer recommendations. Enterprise Asset Management software tracks preventive maintenance, parts purchase orders, work codes, and road calls, and has the benefit of tying in with Trapeze software. The MV maintenance president can review division compliance with preventive maintenance schedules.

The maintenance facility has sufficient space for the fleet (one bay, one lift) but is at capacity. Engine and transmission work is typically sent out. Mechanics are capable of performing work such as engines and transmissions, but the return on investment is deemed insufficient.



Dispatchers alert maintenance personnel promptly of vehicle breakdowns, and dispatchers are notified when vehicles are ready for service. Inventory reports are checked once per week to minimize down time.

Given the newness of the service, vehicles are all 2015 and have accumulated low mileage. They have a planned seven-year life cycle.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Exhibit 5.4 Valley Express Fleet

Manufacturer	Year	Passengers	WC Capacity	Quantity	Mode
Arboc	2015	23	2	5	Fixed-route
Glaval	2015	12	2	5	Demand-response
Glavac	2015	16	2	5	Both

Chapter 6

Findings and Recommendations

Conclusions

We find Valley Express to be in compliance with the requirements of the Transportation Development Act. Recommendations intended to improve the effectiveness of the operator are detailed below.

Findings and Recommendations

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

The audit team has identified two functional findings. While these findings are not compliance findings, we feel they are significant enough to be addressed within this audit.

1. Valley Express did not achieve the 10 percent farebox recovery ratio stipulated by the TDA for transit operators in rural areas at any point during the audit period.

Program Recommendations

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

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

Functional Finding 1: Valley Express did not achieve the 10 percent farebox recovery ratio stipulated by the TDA for transit operators in rural areas at any point during the audit period.

Criteria: PUC Section 99268 establishes a 10 percent farebox recovery minimum for rural transit systems in order to remain compliant with TDA. However, Valley Express was exempt from the farebox recovery ratio requirement during the audit period due to the expansion of service from Dial-A-Ride to fixed-route/complementary paratransit service. This exemption ends after FY 2016/17.

Condition: Based on data reported to the State Controller, system-wide farebox recovery ratios stood at 8.5 percent and 6.5 percent for the two years of the audit period the program operated.

Cause: Service inefficiencies and lack of ridership are two common causes of a low farebox recovery ratio.

Effect: A system-wide farebox recovery ratio under 10 percent is out of compliance with the TDA.

Valley Express

Triennial Performance Audit, FY 2014-2016

Draft Report

Recommendation: Identify and implement strategies for increasing the farebox recovery ratio to 10 percent by FY 2017/18.

Recommended Action(s): Valley Express should identify strategies that can be used to increase its farebox recovery ratio to 10 percent. The results of the recent Transit Service Evaluation were provided to the HVTAC and HVPAC in April 2017, with VCTC staff presenting multiple scenarios designed to address the farebox recovery ratio shortfall. Potential strategies could include changes to service delivery, more robust marketing, a fare increase or change in service policy, or contracting with local partners (such as Limoneira) to provide route guarantees. Any strategies that can be implemented quickly should be put in place during FY 2017/18, while other strategies that may require additional planning or budgeting should be implemented the following year. VCTC and the JPA partners should also consider what additional local funds may now be eligible to supplement Valley Express' farebox recovery ratio (per the changes to PUC Section 99268.19). The goal prior to the next Triennial Performance Audit should be increase system farebox recovery ratio to 10 percent for each fiscal year.

Timeline: Implement strategies during FY 2017/18.

Anticipated Cost: Varies depending upon strategy.

Exhibit 6.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Identify and implement strategies for increasing the farebox recovery ratio to 10 percent by FY 2017/18.	High	Beginning FY 2017/18