



TDA Triennial Performance Audit FY 2018/19 - FY 2020/21

City of Arvin

Kern Council of Governments
Final Report
September 2023



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Chapter 1 | Executive Summary

In Spring 2023, the Kern Council of Governments (Kern COG) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the twelve 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 City of Arvin as a public transit operator, 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 City of Arvin’s public transit program for the period:

- Fiscal Year 2018/19,
- Fiscal Year 2019/20, and
- Fiscal Year 2020/21.

The City of Arvin provides bus and paratransit weekday services within city boundaries as well as trips to Bakersfield, Lamont, and Tejon Ranch. The City operates a local route that operates every 30 minutes from 7:00 a.m. to 4:30 p.m., as well as six round trips to Lamont and two roundtrips each to the Tejon Industrial Complex, and downtown Bakersfield. All routes operate Monday – Friday only.

Arvin Transit also provides Dial-A-Ride/ADA Paratransit service for seniors age 60 and older, Medicare card holders, and ADA-certified individuals. Service hours are Monday – Friday, 8:00 a.m. to 3:00 p.m.

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 audit team concludes the evidence obtained provides a reasonable basis for its findings and conclusions.

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

The Triennial Performance Audit includes five elements:

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

Test of Compliance

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. The TDA fiscal audit for FY 2020/21 was submitted several months after the extended deadline.
2. The City did not meet the 10 percent farebox recovery ratio in FY 2018/19.

Status of Prior Recommendations

The prior audit – completed in April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included five recommendations:

1. Implement strategies to improve the farebox recovery ratio so that it meets or exceeds the 10 percent threshold.
Status: Implemented.
2. Begin utilizing the TDA definition in calculating and reporting Full-Time Equivalent (FTE) employees to the State Controller.
Status: Implemented.
3. Submit all future State Controller Reports on time.
Status: Implemented.
4. Develop comprehensive fare revenue handling procedures.
Status: Implemented.
5. Prepare and submit separate annual State Controller Reports for fixed-route and specialized demand-response service.
Status: Implementation in progress.

Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents the aforementioned compliance findings:

1. The TDA fiscal audit for FY 2020/21 was submitted several months after the extended deadline.
2. The City did not meet the 10 percent farebox recovery ratio in FY 2018/19.

The audit team has identified one functional finding. While this finding is not a compliance finding, the audit team believes it warrants inclusion in this report:

1. The City’s Transit Development Plan is significantly out of date.

In completing this Triennial Performance Audit, we submit the following recommendations for City of Arvin’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	Work with the fiscal auditors to ensure future TDA fiscal audits are completed on time.	High	FY 2023/24
2	Identify sources of local supplementation that can be used to bring the City’s farebox recovery ratio up to 10 percent beginning in FY 2023/24.	High	FY 2023/24
Functional Recommendations		Importance	Timeline
1	Work with the Kern COG to prepare a new Transit Development Plan reflective of the current approach to transit service.	Medium	FY 2024/25

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City of Arvin’s public transit program covers the three-year period ending June 30, 2021. 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 Spring 2023, the Kern Council of Government (Kern COG) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the twelve 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 the City of Arvin 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 the City of Arvin 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 the City of Arvin 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):

- Triennial Performance Audit report for the prior audit period;
- Most recent Short Range Transit Plan/Transit Development Plan;
- Monthly performance reports;
- State Controller Reports;
- NTD reports;
- Annual budgets;
- TDA fiscal audits;
- TDA claims;
- Transit marketing collateral;

- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection Reports;
- Accident/road call logs;
- Customer complaint logs; and
- Organizational chart.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with City representatives on June 22, 2023. The audit team met with Hesham Elshazly (Transit Manager), Dennis Clark (Accountant), and Christine Viterelli (Grants Manager), 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 the City of Arvin’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 City 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 City 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.

Two compliance issues were identified for the City of Arvin:

1. The TDA fiscal audit for FY 2020/21 was submitted several months after the extended deadline.
2. The City did not meet the 10 percent farebox recovery ratio in FY 2018/19.

Developments Occurring During the Audit Period

The FY 2018/19 – FY 2020/21 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, provided 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, provided 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.

Together, these two pieces of legislation include the following provisions specific to transit operator TDA funding under Article 4 and Article 8. Only AB 90 was in effect during this audit period, though both assembly bills are detailed below.

AB 90 includes the following provisions specific to transit operator funding through the TDA:

1. It prohibits the imposition of the TDA revenue penalty on an operator that does not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.
2. It 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 based on the same individual operator ratios published by the Controller in a specified transmittal memo, and would authorize the Controller to revise that transmittal memo, as specified. It requires the Controller to use specified data to calculate those individual operator ratios. Upon allocation of the transit operator revenue-based funds to local transportation agencies pursuant to this provision, the Controller will publish the amount of funding allocated to each operator.
3. It exempts an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorizes the operator to use those funds for operating or capital purposes during that period.
4. It requires the Controller to allocate State of Good Repair (SOGR) program funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.
5. It requires the Controller to allocate Low Carbon Transit Operations Program (LCTOP) funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.

Assembly Bill 149, signed into law on July 16, 2021 (and therefore not in effect during the audit period), provides additional regulatory relief with respect to Transportation Development Act (TDA) compliance. It extends the provisions of AB 90 through FY 2022/23 as well as provides additional regulatory relief including:

1. Waiving the annual productivity improvement requirement of Section 99244 through FY 2022/23.
2. Adding a temporary provision exempting operators from farebox recovery ratio requirements provided they expend at least the same amount of local funds as in FY 2018/19.
3. Expanding 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.
4. Adjusting the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and micro-transit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
5. Allowing 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 2018/19: January 21, 2020 FY 2019/20: January 11, 2021 FY 2020/21: January 18, 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	Finding	FY 2018/19: March 31, 2020 FY 2019/20: March 30, 2021 FY 2020/21: August 18, 2022
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	August 8, 2017 August 7, 2018 September 4, 2019 September 1, 2020 September 1, 2021
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	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	Not applicable	
The 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 2018/19: - 6.14% FY 2019/20: +10.23% FY 2020/21: -12.06% <i>Source: City of Arvin Transit Budgets, FY 2018 – FY 2021</i>
The operator’s definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
The operator does not routinely staff with two or more persons a vehicle for public transportation purposes designed to be operated by one person.	PUC 99264	In compliance	Per TDA claim certifications.

Compliance Element	Reference	Compliance	Comments
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	Not applicable	
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	Finding	FY 2018/19: 7.31% FY 2019/20: 6.11% (waived) FY 2020/21: 0.74% (waived)
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	
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	

Compliance Element	Reference	Compliance	Comments
<p>A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.</p>	<p>CCR 6634</p>	<p>In compliance</p>	

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Chapter 4 | Prior Recommendations

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

The prior audit – completed in April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included five recommendations:

1. Implement strategies to improve the farebox recovery ratio so that it meets or exceeds the 10 percent threshold.

Discussion: In FY 2015/16, the City of Arvin achieved a farebox recovery ratio of 8.91 percent. In FY 2016/17, that farebox recovery ratio was 8.57 percent. However, in FY 2017/18, the City's farebox recovery ratio increased to 11.04 percent, which met and exceeded the 10 percent requirement.

The City introduced a new service to Bakersfield during FY 2015/16, which contributed to increases in operating cost. Exclusion of this service was not sufficient to bring the farebox recovery ratio over 10 percent, as the fare revenue generated by that route would also need to be excluded. It is this intercity route that has likely helped to bring the farebox recovery ratio over 10 percent in FY 2017/18.

It should be noted that farebox revenue increased each year of the prior triennial period. The slight decline in the farebox recovery ratio in FY 2016/17 was due to cost increases that outpaced increases in fare revenue. However, in FY 2017/18, the increase in fare revenue was greater proportionally than the increase in operating cost, resulting in a considerable increase in the farebox recovery ratio.

The prior auditor noted the City had a number of strategies that could be implemented in order to increase the farebox recovery ratio, should it be at risk at falling below 10 percent for any given year:

- Utilize locally generated funds to supplement farebox revenue so that it achieves the 10 percent threshold.
- Implement a fare increase, which was recommended in the 2008 TDP.
- Increase marketing of the fixed-route service.
- Formally request from Kern COG and exclude from farebox recovery ratio calculations any new or substantially expanded services that may be introduced across the next three years according to the guidelines set forth in PUC 99268.8 (should doing so benefit the City with respect to farebox recovery ratio).
- Apply interest income, proceeds from the sale of surplus vehicles, or other locally generated non-operating revenues to supplement fare revenue.

Additionally, the prior auditor recommended each year the City should ensure its TDA fiscal auditor is made aware of any funds that are being applied to the farebox recovery ratio (beyond fare revenues) so that the farebox compliance assessment made as part of the fiscal audit is accurate.

Progress: In FY 2018/19, the City still fell below the 10 percent threshold. While the threshold was not met in FY 2019/20 or FY 2020/21 either, AB 90 waived penalties for not meeting the farebox recovery ratio requirement in those years.

Per the progress report in the FY 2020/21 TDA claim, the City is continuing to evaluate methods such as increasing the base fare and utilizing local funds to supplement fares. Beginning with FY 2021/22 and the passage of AB 149, the City will be able to count its federal funds toward its farebox recovery ratio. This should enable it to meet the farebox recovery ratio requirement. In addition, the City implemented a fare increase in FY 2023/24 that will increase its farebox recovery ratio.

Status: Implemented.

2. [Begin utilizing the TDA definition in calculating and reporting Full-Time Equivalent \(FTE\) employees to the State Controller.](#)

Discussion: The City appears to report its number of full-time employee equivalents to the State Controller by adding up the number of staff who spend their time on transit activities (“person-count”). By contrast, calculation methodology provided by the City as part of the prior audit explicitly stated the use of the 2,080-hour definition of a full-time employee, rather than the 2,000-hour definition. However, given the modest number of staff and the fact that all but one employee are fully dedicated to transit, this calculation methodology resulted in the correct number being reported to the State Controller, as both values round down to eight (City methodology = 8.15; TDA methodology = 8.48).

The prior audit recommended the City use a clearly defined methodology that is consistent with the TDA definition of full-time equivalent (FTE) employee. The City must also take into account an appropriate division of labor between fixed-route and Dial-A-Ride. Hours can be divided by the same allocation formula (i.e., based on vehicle service miles or hours) used to segregate operating cost for NTD, then each of those totals would be divided by 2,000. Results should be rounded to whole numbers using the standard rules of rounding.

Progress: The City confirmed the use of 2,000 as the divisor in its full-time equivalent (FTE) employee calculations.

Status: Implemented.

3. [Submit all future State Controller Reports on time.](#)

Discussion: In FY 2015/16, the deadline for submittal was October 18, 2016. The City’s report was submitted on January 31, 2017. In FY 2016/17 and FY 2017/18, the deadline for submittal was January 31. The City’s reports were submitted on time in both years.

All employees involved in the preparation of the State Controller Reports should be aware of the January 31 deadline and strive to complete and submit the report on time each year. Given subsequent reports have been submitted on time according to the new deadline, the prior auditor noted there was likely no further action required.

Progress: State Controller Reports for each year of the current audit period were submitted on time.

Status: Implemented.

4. [Develop comprehensive fare revenue handling procedures.](#)

Discussion: During the audit completed in 2013, auditors recommended the City strengthen internal controls for the handling of fare revenues. Recommendations included the development of a set of documented procedures and processes that outline the responsibility and steps for handling fare revenue, from collection of fares on board the buses to final account posting by the Finance Department, and ongoing monitoring of fare revenue trends by the Transportation Manager. During the prior and current audit cycles, the City provided no evidence that it has developed procedures and processes for the handling of fare revenues.

The prior auditor recommended the City move forward with the development of comprehensive fare revenue handling procedures and noted a copy of these procedures should be provided to the triennial performance audit team preparing the audit in 2021.

Progress: The City stated it would be transitioning to electric buses in FY 2020 and beyond. Those buses would have an elaborate farebox reporting system. The City indicated the Transportation Manager would be responsible for implementing the revised revenue handling procedures by FY 2021, following receipt of the buses. These were submitted as part of the current audit.

Status: Implemented.

5. [Prepare and submit separate annual State Controller Reports for fixed-route and specialized demand-response service.](#)

Discussion: The instructions for the State Controller Transit Operator Financial Transactions Reports require that separate reports be prepared for general public service and specialized service. In FY 2010/11, the City began offering fixed-route service and transitioned its Dial-A-Ride service from a general-public service to an ADA and seniors-only service. The General Information

sheet in the front of the Controller Report provides specific instructions to prepare separate reports for these different services. The prior auditors recommended the City prepare/submit separate reports starting in the next reporting period. As of FY 2017/18, the City continued to submit a single State Controller Report inclusive of both transit modes.

The prior auditor recommended the City begin filing separate State Controller Reports for the fixed-route and specialized demand-response services. If, following discussions with the State Controller, it is determined the City should continue to file a single report, this information should be conveyed to the triennial performance audit team preparing the audit in 2021. (If such direction were received, this recommendation would be deemed no longer relevant.)

Progress: As of FY 2020/21, the City is still filing a single State Controller Report. The City's position is that the State Controller has accepted this report for years and has not requested a separate report. The City is currently working with the State Controller's Office regarding resolution of this issue.

Status: Implementation in progress.

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 the City of Arvin both internally as well as to outside entities during the audit period.

- **Operating cost:** While the variances between different sources within a given year are modest (ranging from less than one percent to slightly more than eight percent), the cause of the variances is unknown. In FY 2018/19, the total included in the budget actuals was consistent with what was reported in the State Controller Report. In FY 2020/21, the totals reported in the NTD and State Controller reports were consistent with one another. Otherwise, all the totals reported were slightly different.
- **Fare Revenue:** There are modest differences in fare revenue, especially in FY 2020/21. This may be due in part to the submittal date for the NTD report being prior to the finalization of financial data for the year. However, in FY 2018/19, the NTD and State Controller Reports were nearly the same, but slightly different from the TDA fiscal audit.
- **Vehicle Service Hours (VSH):** Variances in this metric in FY 2019/20 are due to a transition of the dispatch software that resulted in a loss of data. This does not, however, explain the variance between the fixed-route data reported in the State Controller Report and that reported elsewhere.
- **Vehicle Service Miles (VSM):** Variances in this metric in FY 2019/20 are due to a transition of the dispatch software that resulted in a loss of data. In FY 2020/21, there appears to be a reporting error with respect to fixed-route VSM, which was reported as 118,207, compared to 18,226 reported elsewhere.
- **Passengers:** Variances in this metric in FY 2019/20 are due to a transition of the dispatch software that resulted in a loss of data.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$840,783	\$820,829	\$866,975
<i>City of Arvin Budget Actuals</i>	\$826,460	\$806,293	\$820,567
<i>National Transit Database</i>	\$832,459	\$834,863	\$801,491
<i>State Controller Report</i>	\$826,460	\$841,428	\$801,493
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$61,428	\$50,176	\$6,400
<i>National Transit Database</i>	\$62,252	\$50,598	\$7,060
<i>State Controller Report</i>	\$62,152	\$50,176	\$6,400
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	9,101	9,386	3,090
<i>National Transit Database</i>	9,386	7,450	3,090
<i>State Controller Report</i>	9,386	7,450	3,090
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	131,190	131,150	29,490
<i>National Transit Database</i>	131,539	99,299	29,490
<i>State Controller Report</i>	128,463	72,327	129,471
Passengers			
<i>Monthly Performance Reports</i>	84,592	61,757	7,253
<i>National Transit Database</i>	84,593	61,757	7,428
<i>State Controller Report</i>	84,593	61,293	7,253
Full-Time Equivalent Employees			
<i>State Controller Report</i>	7	7	7

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 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) – excluded the following during the audit period²:

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.

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and *Miles* (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.³ For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

Passenger Counts

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

Employees

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

Fare Revenue

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

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 the City of Arvin, 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 the City'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. However, the variance between reports called into question which one accurately reflects the costs for the City's transit services.
- 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 may not reflect other revenues 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. The City calculates VSH by recording time in and out of service. The City's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via State Controller Reports for each fiscal year covered by this audit. The City calculates VSM by subtracting deadhead and out-of-service miles from total vehicle mileage (as noted on each vehicle's odometer). This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller Reports for each fiscal year covered by this audit. The City'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. Use of the TDA definition regarding FTE calculation was confirmed.

System Performance Trends

System-wide, operating cost experienced a net 3.1 percent increase during the audit period and a 31.5 percent net increase across the six-year period. Fare revenue experienced a significant increase in FY 2017/18 (53.3 percent) as the result of a fare increase before decreasing every year of the audit period. Fare revenue decreased 89.6 percent during the audit period.

Vehicle Service Hours (VSH) experienced slight increases in FY 2016/17 and FY 2018/19. VSH saw a net 66.7 percent decrease over the six-year period, and a net 67.1 percent decrease during the audit period. Vehicle Service Miles (VSM) followed a similar pattern, resulting in a net 77 decrease across the audit period and a net 76.4 decrease during the six-year period. Ridership increased every year until FY 2019/20, though these declines were greatest during the audit period. Overall, ridership experienced a net decrease of 91.4 percent during the audit period, and 89.5 percent 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. Operating cost per vehicle service hour, vehicle

service mile, and passenger all increased significantly during the audit period, reflective of a decline in efficiency. Productivity also declined significantly, as passengers per VSH and VSM both decreased during the audit period. Neither change is surprising, given the impact of the COVID-19 pandemic on transit operations and ridership.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$659,316	\$747,640	\$774,655	\$840,783	\$820,829	\$866,975
<i>Annual Change</i>		13.4%	3.6%	8.5%	-2.4%	5.6%
Fare Revenue (Actual \$)	\$56,590	\$54,161	\$83,020	\$61,428	\$50,176	\$6,400
<i>Annual Change</i>		-4.3%	53.3%	-26.0%	-18.3%	-87.2%
Vehicle Service Hours (VSH)	9,272	9,480	9,201	9,386	7,450	3,090
<i>Annual Change</i>		2.2%	-2.9%	2.0%	-20.6%	-58.5%
Vehicle Service Miles (VSM)	125,034	131,502	128,463	128,463	72,327	29,490
<i>Annual Change</i>		5.2%	-2.3%	0.0%	-43.7%	-59.2%
Passengers	69,205	70,103	78,606	84,593	61,293	7,253
<i>Annual Change</i>		1.3%	12.1%	7.6%	-27.5%	-88.2%
Employees	8	8	8	7	7	7
<i>Annual Change</i>		0.0%	0.0%	-12.5%	0.0%	0.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$71.11	\$78.86	\$84.19	\$89.58	\$110.18	\$280.57
<i>Annual Change</i>		10.9%	6.8%	6.4%	23.0%	154.7%
Operating Cost/Passenger (Actual \$)	\$9.53	\$10.66	\$9.85	\$9.94	\$13.39	\$119.53
<i>Annual Change</i>		11.9%	-7.6%	0.9%	34.7%	792.6%
Passengers/VSH	7.46	7.39	8.54	9.01	8.23	2.35
<i>Annual Change</i>		-0.9%	15.5%	5.5%	-8.7%	-71.5%
Passengers/VSM	0.55	0.53	0.61	0.66	0.85	0.25
<i>Annual Change</i>		-3.7%	14.8%	7.6%	28.7%	-71.0%
Farebox Recovery	8.6%	7.2%	10.7%	7.3%	6.1%	0.7%
<i>Annual Change</i>		-15.6%	47.9%	-31.8%	-16.3%	-87.9%
Hours/Employee	1,159.0	1,185.0	1,150.1	1,340.9	1,064.3	441.4
<i>Annual Change</i>		2.2%	-2.9%	16.6%	-20.6%	-58.5%
TDA Non-Required Indicators						
Operating Cost/VSM	\$5.27	\$5.69	\$6.03	\$6.54	\$11.35	\$29.40
<i>Annual Change</i>		7.8%	6.1%	8.5%	73.4%	159.0%
VSM/VSH	13.49	13.87	13.96	13.69	9.71	9.54
<i>Annual Change</i>		2.9%	0.7%	-2.0%	-29.1%	-1.7%
Fare/Passenger	\$0.82	\$0.77	\$1.06	\$0.73	\$0.82	\$0.88
<i>Annual Change</i>		-5.5%	36.7%	-31.2%	12.7%	7.8%

*Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.
 FY 2018/19 – FY 2020/21 financial data from TDA Fiscal Audit Reports.
 FY 2018/19 – FY 2020/21 operational data from State Controller Reports.
 FY 2020/21 VSM data from NTD Reports.*

Exhibit 6.2 System Ridership

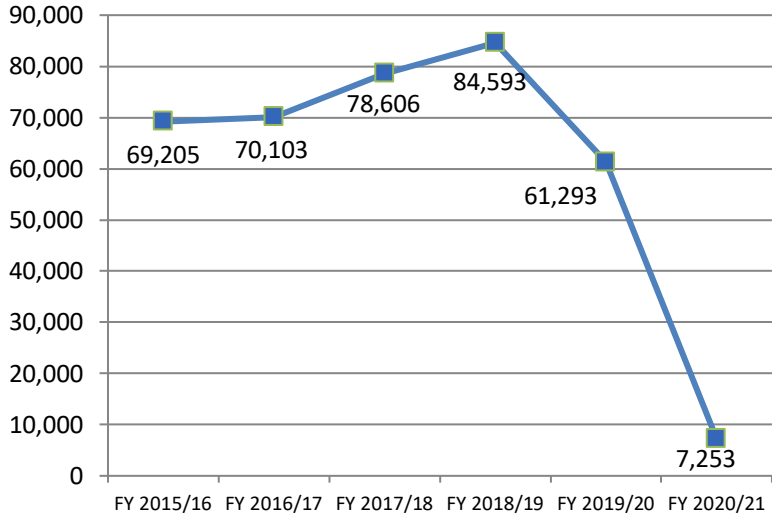


Exhibit 6.3 System Operating Cost/VSH

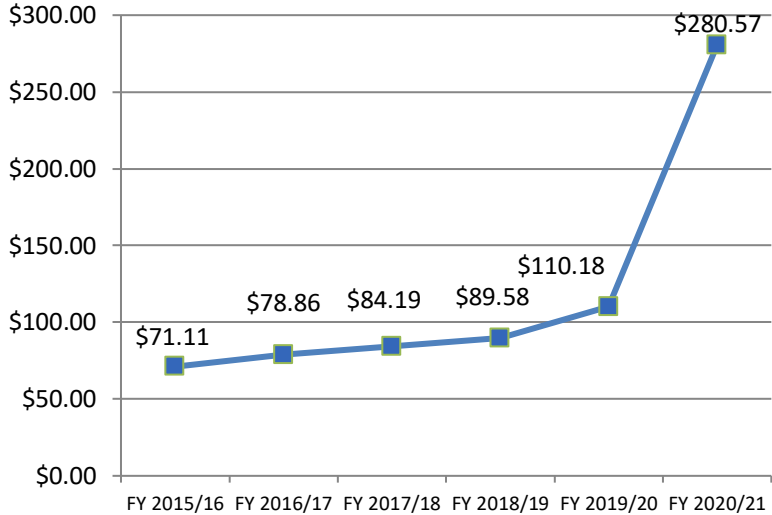


Exhibit 6.4 System Operating Cost/VSM

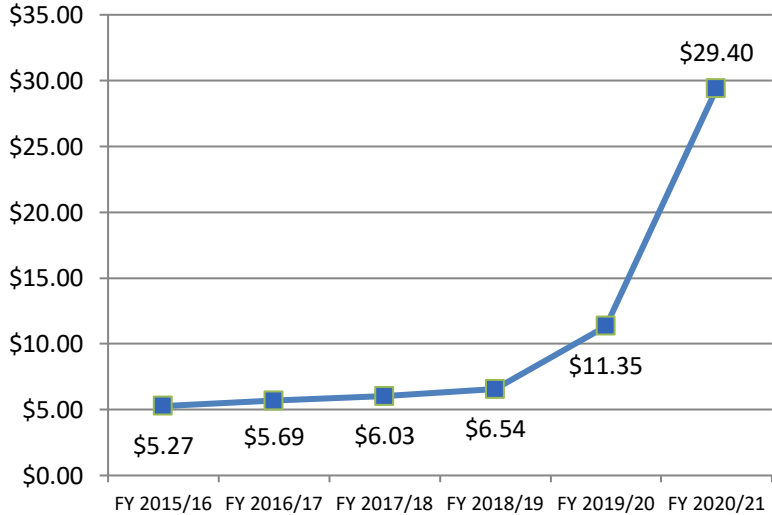


Exhibit 6.5 System VSM/VSH

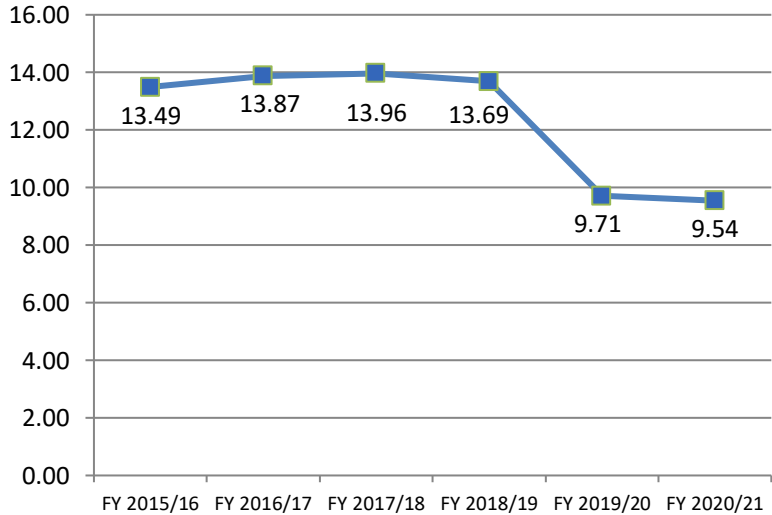


Exhibit 6.6 System Operating Cost/Passenger

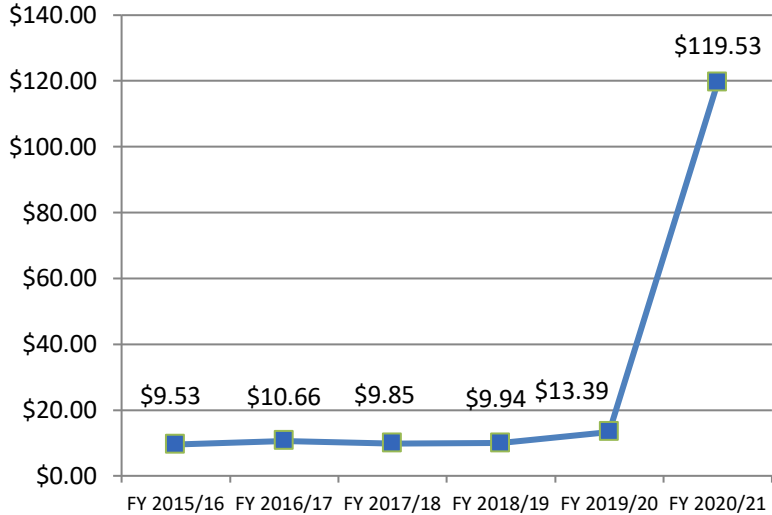


Exhibit 6.7 System Passengers/VSH

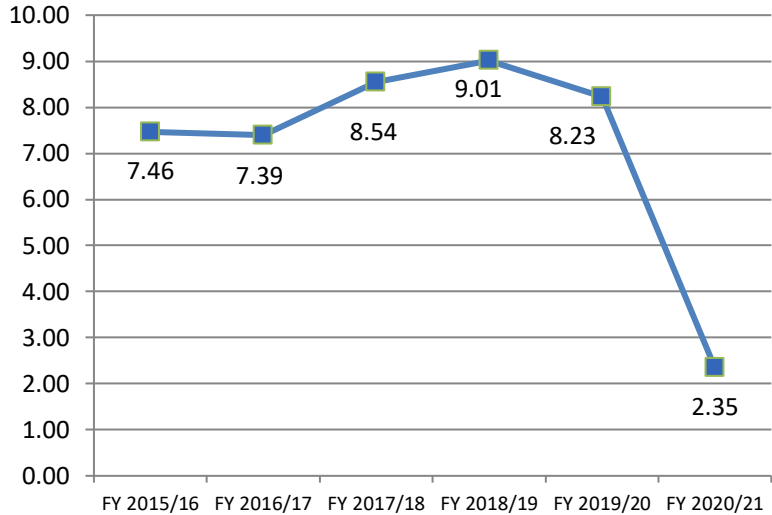


Exhibit 6.8 System Passengers/VSM

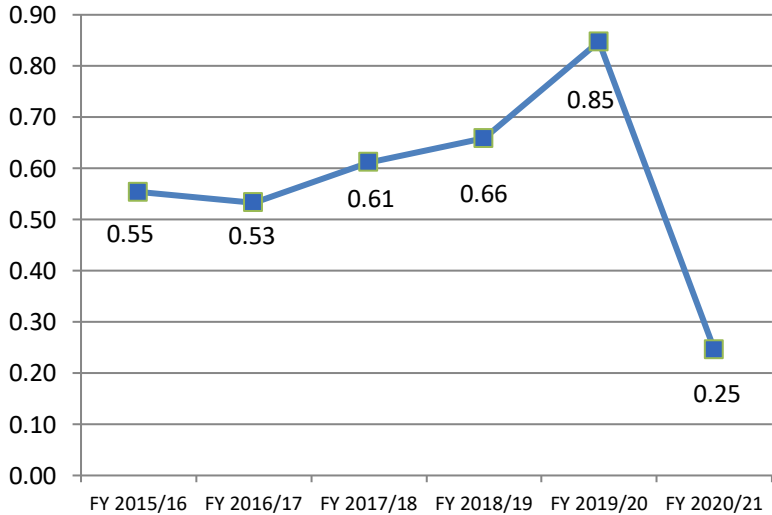


Exhibit 6.9 System VSH/FTE

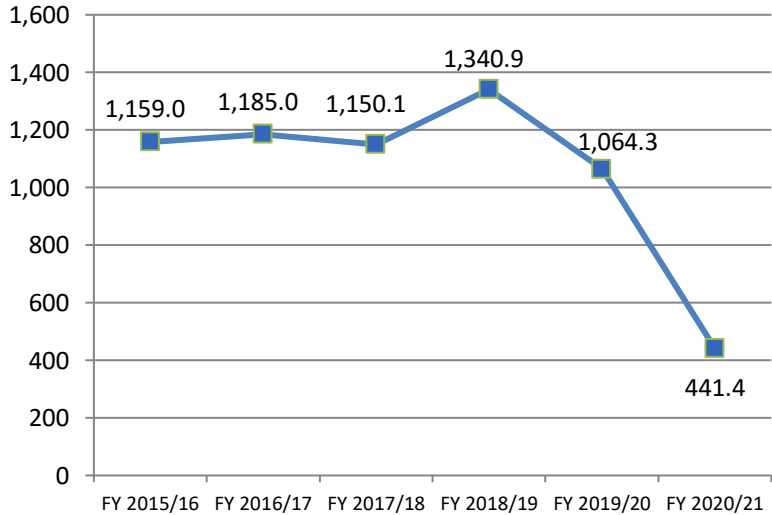


Exhibit 6.10 System Farebox Recovery

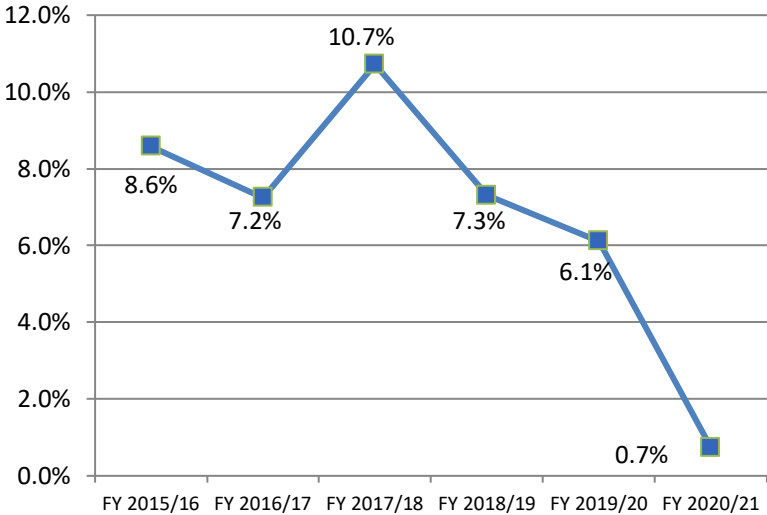
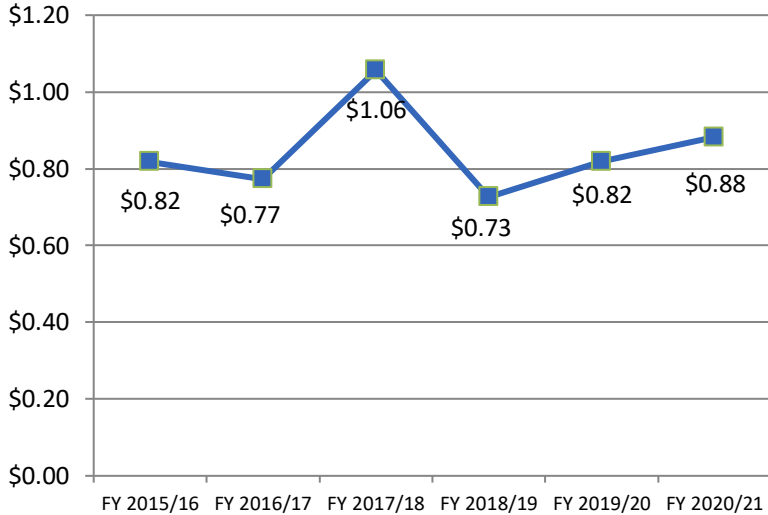


Exhibit 6.11 System Fare/Passenger



Fixed-Route Performance Trends

Fixed-route Vehicle Service Hours (VSH) decreased every year with the exception of FY 2016/17 and FY 2018/19. This resulted in a net 83 percent decrease during the audit period and a net 83 percent decrease during the six-year period. Vehicle Service Miles (VSM) experienced a similar pattern resulting in a net 84.6 percent decrease during the audit period and a net 84 percent decrease during the six-year period. Ridership increased every year until FY 2019/20, though the significant declines did not occur until the last two years of audit period. This led to a 97 percent net decrease during the audit period and a 96.2 percent net decrease across the six-year period.

Fixed-route passenger-related metrics fell during the audit period, with passengers per VSH decreasing by 82.5 percent and passengers per VSM decreasing by 80.6 percent.

Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Vehicle Service Hours (VSH)	7,397	7,500	7,301	7,410	5,490	1,260
<i>Annual Change</i>		1.4%	-2.7%	1.5%	-25.9%	-77.0%
Vehicle Service Miles (VSM)	114,040	120,501	118,207	118,207	61,787	18,226
<i>Annual Change</i>		5.7%	-1.9%	0.0%	-47.7%	-70.5%
Passengers	60,287	61,178	70,194	76,843	55,582	2,293
<i>Annual Change</i>		1.5%	14.7%	9.5%	-27.7%	-95.9%
Performance Indicators						
Passengers/VSH	8.15	8.16	9.61	10.37	10.12	1.82
<i>Annual Change</i>		0.1%	17.9%	7.9%	-2.4%	-82.0%
Passengers/VSM	0.53	0.51	0.59	0.65	0.90	0.13
<i>Annual Change</i>		-4.0%	17.0%	9.5%	38.4%	-86.0%
TDA Non-Required Indicators						
VSM/VSH	15.42	16.07	16.19	15.95	11.25	14.47
<i>Annual Change</i>		4.2%	0.8%	-1.5%	-29.4%	28.5%

*Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.
 FY 2018/19 – FY 2020/21 data from State Controller Reports.
 FY 2020/21 VSM data from NTD Reports.*

Exhibit 6.13 Fixed-Route Ridership

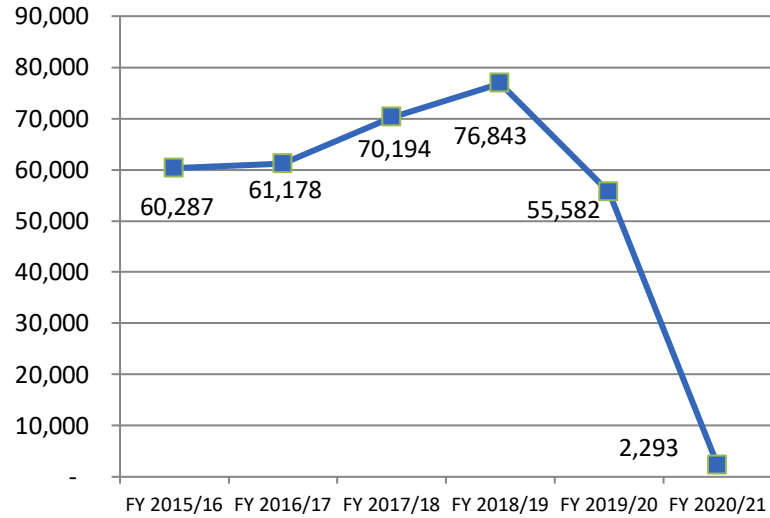


Exhibit 6.14 Fixed-Route VSM/VSH

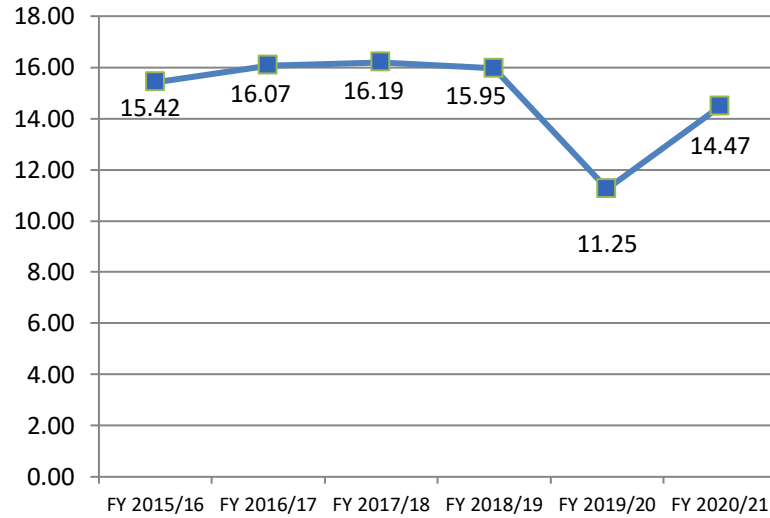


Exhibit 6.15 Fixed-Route Passengers/VSH

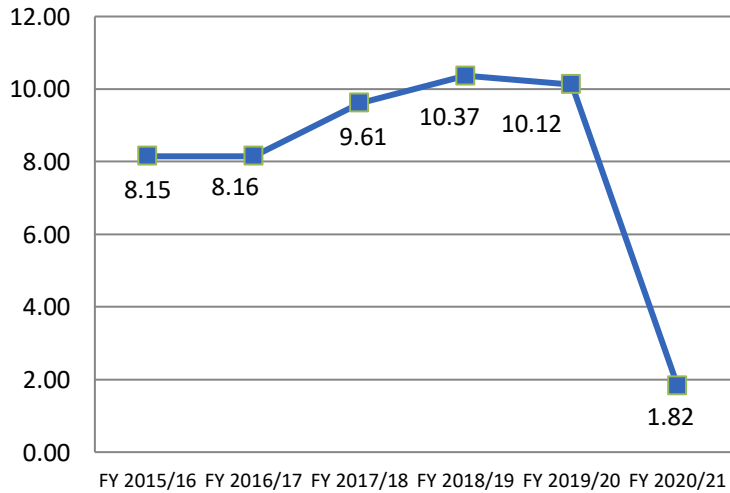
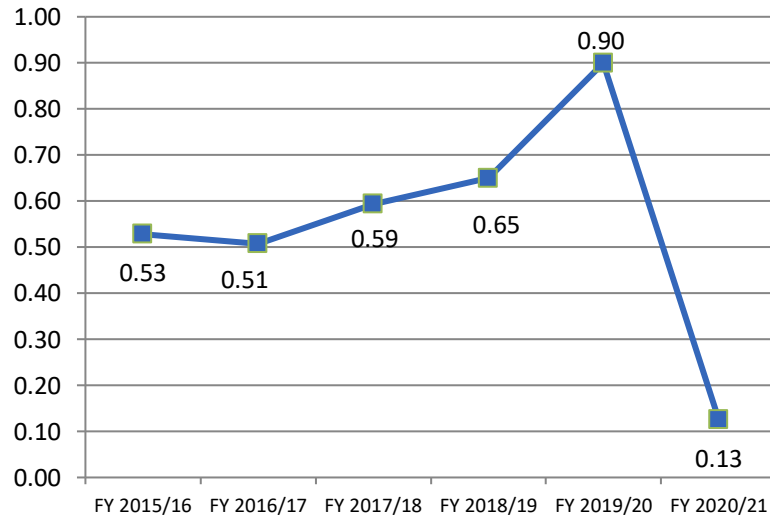


Exhibit 6.16 Fixed-Route Passengers/VSM



Demand-Response Performance Trends

Demand-response Vehicle Service Hours (VSH) decreased every year with the exception of FY 2016/17. This resulted in a net 7.4 percent decrease during the audit period and a net 2.4 percent decrease during the six-year period. Vehicle Service Miles (VSM) increased every year with the exception of FY 2017/18 resulting in a net 9.8 percent increase during the audit period and a net 2.5 percent increase during the six-year period. Ridership increased slightly in FY 2016/17 and decreased every year since 2017/18. This led to a 36 percent net decrease during the audit period and a 44.4 percent net decrease across the six-year period.

Demand-response passenger-related metrics fell during the audit period, with passengers per VSH decreasing by 30.9 percent and passengers per VSM decreasing by 41.7 percent.

Exhibit 6.17 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Vehicle Service Hours (VSH)	1,875	1,980	1,900	1,976	1,960	1,830
<i>Annual Change</i>		5.6%	-4.0%	4.0%	-0.8%	-6.6%
Vehicle Service Miles (VSM)	10,994	11,001	10,256	10,256	10,540	11,264
<i>Annual Change</i>		0.1%	-6.8%	0.0%	2.8%	6.9%
Passengers	8,918	8,925	8,412	7,750	5,711	4,960
<i>Annual Change</i>		0.1%	-5.7%	-7.9%	-26.3%	-13.2%
Performance Indicators						
Passengers/VSH	4.76	4.51	4.43	3.92	2.91	2.71
<i>Annual Change</i>		-5.2%	-1.8%	-11.4%	-25.7%	-7.0%
Passengers/VSM	0.81	0.81	0.82	0.76	0.54	0.44
<i>Annual Change</i>		0.0%	1.1%	-7.9%	-28.3%	-18.7%
TDA Non-Required Indicators						
VSM/VSH	5.86	5.56	5.40	5.19	5.38	6.16
<i>Annual Change</i>		-5.2%	-2.8%	-3.8%	3.6%	14.5%

*Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit .
 FY 2018/19 – FY 2020/21 data from State Controller Reports.*

Exhibit 6.18 Demand-Response Ridership

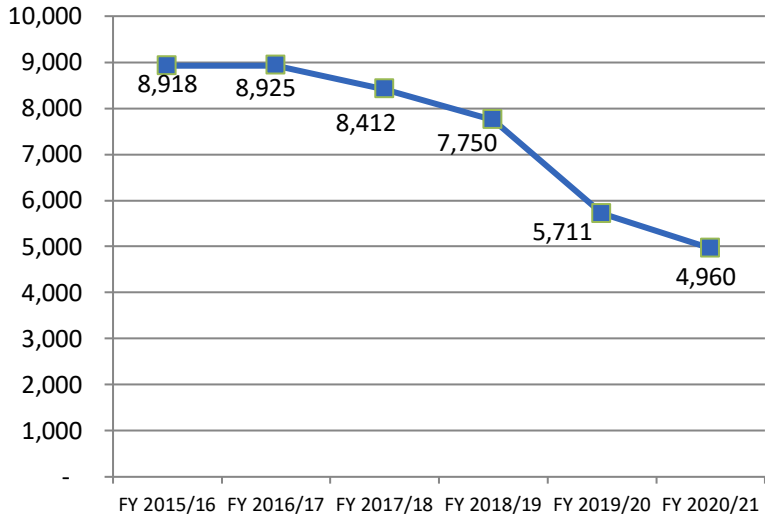


Exhibit 6.19 Demand-Response VSM/VSH

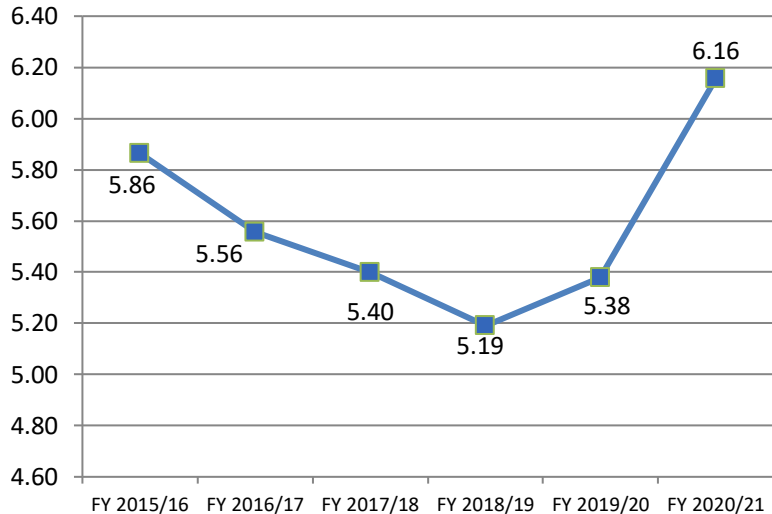


Exhibit 6.20 Demand-Response Passengers/VSH

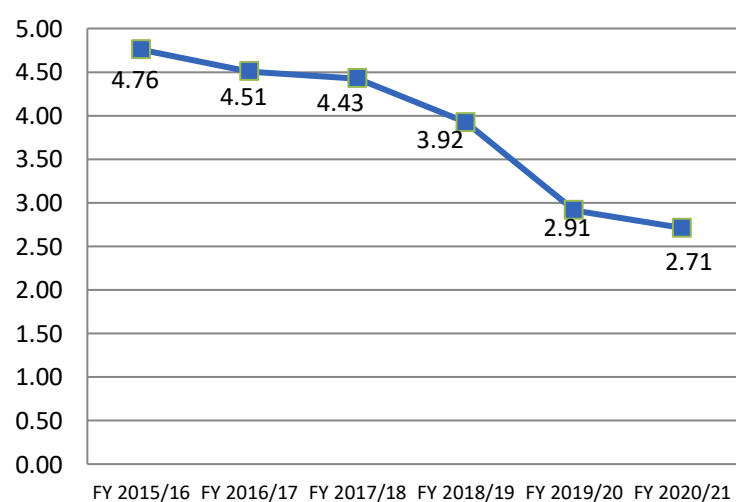
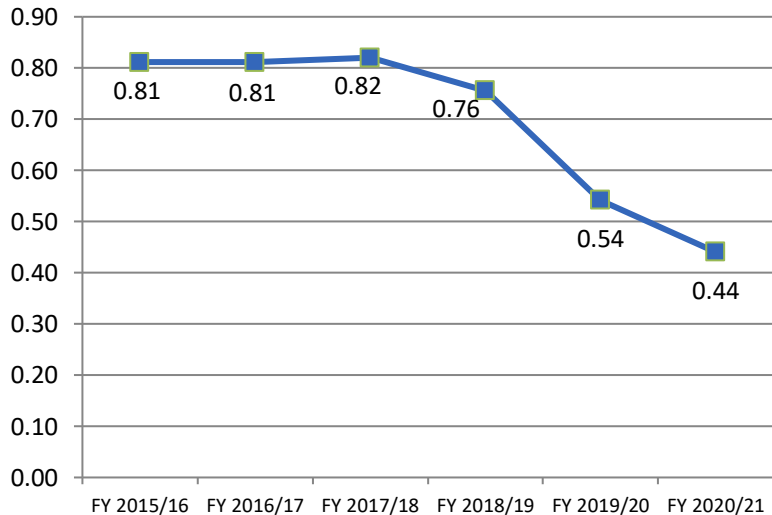


Exhibit 6.21 Demand-Response Passengers/VSM



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Chapter 7 | Functional Review

A functional review of City of Arvin’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 City of Arvin 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

The City of Arvin provides bus and paratransit weekday services within city boundaries as well as trips to Bakersfield, Lamont, and Tejon Ranch. The City operates a local route that operates every 30 minutes from 7:00 a.m. to 4:30 p.m., as well as six round trips to Lamont and two roundtrips each to the Tejon Industrial Complex and downtown Bakersfield. All routes operate Monday – Friday only.

Arvin Transit also provides Dial-A-Ride/ADA Paratransit service for seniors age 60 and older, Medicare cardholders, and ADA-certified individuals. Service hours are Monday – Friday, 8:00 a.m. to 3:00 p.m. The City’s fixed-route service will deviate to provide pickups for ADA students between 7:00 a.m. and 8:00 a.m. and 3:30 p.m. and 4:30 p.m. However, there has traditionally been no demand for Dial-A-Ride service during those hours.

Exhibit 7.1 Fare Structure

Route	Regular Fare	Discounted Fare (Senior/ADA Certified)	Free Fares	Monthly Pass Regular/Discounted
Arvin Local	\$1.50	\$1.25	ADA attendant, child under 5	\$40.00/\$35.00
Arvin-Lamont	\$2.00	\$1.50	ADA attendant, child under 5	\$40.00/\$35.00
Arvin-Tejon	\$3.00	N/A	N/A	\$50.00
Arvin-Bakersfield	\$3.00	\$2.00	ADA attendant, child under 5	\$50.00/\$40.00
				College student - \$45.00
Dial-A-Ride	N/A	\$1.00	ADA attendant, child under 5	\$30.00

Response to COVID-19 pandemic

Operating hours remained the same throughout the pandemic. Updated safety measures were implemented, including social distancing and limited passenger capacity, as well as sanitizing the vehicles when they return to the yard and sometimes mid-route. These changes have since been lifted. The City’s biggest takeaway from the pandemic was to remain prepared with a plan and a backup plans. It also plans to keep all equipment it purchased for sanitizing the buses in case it is needed in the future.

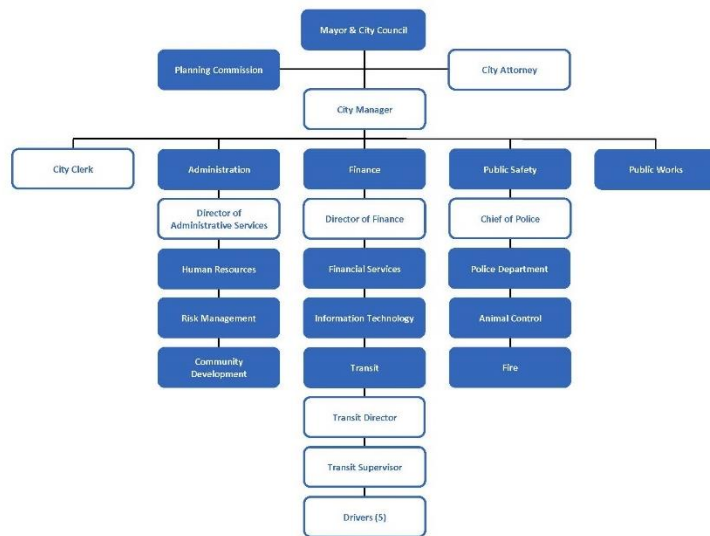
General Management and Organization

The Transit Manager reviews on-time performance, ridership, and fare revenue daily, weekly, and monthly. On-time performance is a big priority. The transit program is effectively and appropriately staffed.

The Arvin city council is the governing body for the City’s transit service. Council meetings are held in the city council chambers at City Hall (200 Campus Drive) on the second and fourth Tuesday of each month at 6:00 pm. This location is served by all Arvin Transit routes as well as Kern Transit Routes 140 and 145. However, Arvin’s fixed-route service only operates until 4:30 p.m., which limits its usefulness for attending council meetings.

The Arvin city council is fine with the service, and has no specific concerns. There have been no customer complaints to the council. The City does not have a citizens’ advisory committee. The City has an excellent relationship with the Kern COG. The Grants Manager is on Kern COG’s Transportation Technical Advisory Committee (TTAC) and Regional Planning Advisory Committee (RPAC) and regularly attends those monthly meetings. The City also has a good relationship with Caltrans and is a member of CalACT.

Exhibit 7.2 Organizational Chart



The only service change that occurred during the audit period was the introduction of the Arvin-to-Bakersfield route in 2019. The Bakersfield route is very successful and the Transit Manager would like to expand transit service to serve the new casino at Tejon Ranch and the new Bakersfield College satellite campus in Arvin.

The City is working in collaboration with the Kern County Community College District to create an electric vehicle charging and solar workforce training program.

Service Planning

The Kern Council of Governments is responsible for transit planning for the City of Arvin through the periodic development of a Short Range Transit Plan (SRTP) or Transit Development Plan (TDP). The most recent TDP was completed in May 2008. The Kern COG is in the process of identifying grants to fund updates to outdated planning efforts. Given the date of the prior planning effort, the City needs to be one of the first operators to prepare an updated TDP.

In 2017, informal surveys of customers were conducted via intercept methodology onboard the buses.

Administration

Budgeting is handled by the Transportation Manager and the Finance Director/City Manager. Monthly reports are generated to compare actual versus forecast expenses. The City utilizes Tyler Incode software to track financial data. It recently transitioned from the old Tyler FundBalance to the newer Incode platform.

Grant writing is done by the Grants Manager. The City began responding to the State's electric vehicle initiative shortly after it was introduced in 2013. Rather than waiting for programs to be rolled out, the City decided to start immediately with its plan to transition to electric vehicles. It aimed to be at the forefront of the technology due to the high cost of the buses and began applying for funding. The City has been pursuing grants for both climate change and electric vehicles, since its goal is to help clean the air. This approach has been supported by the City Manager. The City has been successful in securing the grants for which it applies yet is limited by the capacity of the Grants Manager. As such, there are efforts to expand the Grants department.

Human Resources handles risk management via a full-time Human Resources Director. The City is self-insured and is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA). It has had no workers compensation claims or automobile accidents since 2013. All accidents and injuries are reported to insurance within 24 hours, and drivers are drug and alcohol tested if the damage is estimated at \$500 or greater. The City has a random drug/alcohol testing program in place per FTA requirements for all safety-sensitive Transit employees.

Safety practices are reviewed monthly. The City has a current disaster/preparedness plan, of which Transit is a part.

Payroll is handled by the City's Finance Department. Timesheets are submitted every two weeks. The Transportation Manager reviews and approves each timesheet and provides them to the City's Accountant electronically.

The Transit department is not responsible for managing any contracts; any contracts run through the City. Accounting handles both accounts payable and accounts receivable. For goods and services, the department making the request reviews the invoice and verifies everything has been received before payment is made. For capital project, the City holds a retention to ensure the project is completed before

the contract is paid out. The City has a formal Procurement policy as part of its Policy Manual. Purchases \$15,000 or higher must be approved by the city council. Smaller purchases can be approved by the City Manager, but still require three quotes.

Marketing and Public Information

The bilingual (English/Spanish) service brochure is the City's primary transit marketing tool. The City also promotes transit service on its Facebook page and webpage. The webpage, which is hosted on the City's website, includes onboard announcements about policies, changes, etc., and uses a Google Translate widget to translate the page into Spanish.

In June 2023, KBAK (CBS 29) featured a spotlight on Arvin Transit as part of the City's Clean Energy Fair. The City was also featured in Caltrans' Division of Rail and Mass Transit (DMRT) newsletter in June 2023. Both the Transit Director and Grants Manager actively promote transit within the community.

A bilingual Dispatcher (English/Spanish) is responsible for taking all transit-related customer phone calls. Complaints are logged when received, though routine calls are not tracked. No complaints have been filed during the triennium and public perception of transit is generally positive. The City published notices regarding the Unmet Transit Needs process but does not typically receive any input.

Scheduling, Dispatch, and Operations

Drivers and dispatchers are unionized, represented by the Service Employees International Union (SEIU) Local #521. The transit program is currently staffed by six full-time drivers (five drivers and one Transit Supervisor) and is considered to be fully staffed. There is no bid system; all drivers are cross-trained to operate any fixed route or Dial-A-Ride and are GPPV certified. This provides the flexibility to assign any driver where they are needed. There are no part-time drivers. Absences are typically covered by the Transit Supervisor, who serves as a cover driver.

Vehicles are assigned based on availability. The City tries to schedule its electric buses first to save on diesel and gas. Drivers conduct pre-trip inspections using a paper Daily Vehicle Inspection Report (DVIR) form. Post-trip inspections are also documented.

Fares are collected using GenFare fareboxes. The Transit Supervisor and the Dispatcher count the money in a room with a camera and limited access. The amount of fares is compared against vehicle tablet data. The money is then taken to the Finance Department. Finance staff deliver the money to a local bank at the end of each month. The City offers a monthly pass but does not currently offer mobile ticketing.

Personnel Management and Training

The City's transit program is appropriately staffed and is not currently recruiting for drivers. It typically recruits candidates that already possess a commercial driver's license. Recruitment efforts have included job postings on the City website, in the newspaper, and on employment websites such as Monster and Indeed. Only one or two drivers have turned over in the last few years, none related to COVID-19. All drivers are full-time City employees.

The Transit Director oversees the City's safety program. The City encourages ongoing training and brings a trainer on site every three months. Drivers receive 40 hours of training per year. City policies, including

discipline and attendance, are communicated to employees during the onboarding process and are included within the Policy Manual. The City participates in a random drug-testing program as required by the FTA; employees are sent to Bakersfield when selected for testing. All transit employees receive City benefits.

Maintenance

All transit vehicle maintenance is provided by a contracted repair shop in Bakersfield, which also offers a mobile maintenance component. Preventive maintenance is tracked by the repair shop as well as by the Transit Director using an Excel spreadsheet. Records are kept in a book for each vehicle and compliance can be easily evaluated. Preventive maintenance is conducted every 45 days, which reflects the manufacturer’s recommended schedule for preventive maintenance. Warranty work is tracked and performed as appropriate. The City currently has three vehicles under warranty.

The City does not have its own maintenance facility. The contractor has a mobile maintenance vehicle that performs maintenance at the Arvin Transit facility. For more major repairs (such as those requiring a lift), vehicles are taken to the contractor’s facility in Bakersfield. There is no backlog regarding vehicle repairs. The contractor provides all parts. Upon notification of a breakdown, the contractor responds within 30 minutes.

The City’s Public Works Department maintains the Transit building.

All vehicles are equipped with wheelchair lifts and bike racks with a capacity for two bikes. They are also equipped with fire extinguishers, first aid kits, radios, and cameras. Drivers use tablets as mobile data terminals using RouteMatch software. The City is satisfied with this software.

The City currently has six vehicles; five vehicles are required to operate daily service. Four vehicles are used for fixed-route service and one is used for Dial-A-Ride. The City purchased its first battery-electric buses in 2019 and expects to fully transition to battery-electric vehicles by 2025, 15 years ahead of the CARB requirement to be fully zero-emission by 2040. Electric vehicles will replace existing vehicles on a one-to-one basis. The City used federal funds to construct a solar-powered micro-grid charging station. It installed seven electric vehicle chargers for transit, as well as additional chargers for public use.

Exhibit 7.3 Fleet Inventory

Year	Vehicle #	Make	Model	Fuel
2010	110	Glaval	Ford 450	Gas
2013	209	Glaval	Freightliner	Diesel
2013	211	Glaval	Freightliner	Diesel
2019	203-EV	Proterra	Catalyst 35	Electric
2019	205-EV	Proterra	Catalyst 35	Electric
2019	207-EV	Proterra	Catalyst 35	Electric

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Chapter 8 | Findings and Recommendations

Conclusions

With two exceptions, Moore & Associates, Inc. finds the City of Arvin 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 City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. The TDA fiscal audit for FY 2020/21 was submitted several months after the extended deadline.
2. The City did not meet the 10 percent farebox recovery ratio in FY 2018/19.

The audit team has identified one functional finding. While this finding is not a compliance finding, the audit team believes it warrants inclusion in this report:

1. The City's Transit Development Plan is significantly out of date.

Program Recommendations

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

Compliance Finding 1: The TDA fiscal audit for FY 2020/21 was submitted several months after the extended deadline.

Criteria: PUC 99245 requires all Article 4 recipients to submit an annual fiscal audit to the State Controller within 180 days of the end of the fiscal year. The RTPA has the authority to extend the deadline for another 90 days, typically to March 31.

Condition: In FY 2020/21, the City's TDA fiscal audit was completed on August 18, 2022. This was nearly five months after the deadline established under PUC 99245. Prior audits were submitted by the extended deadline.

Cause: The City was in the middle of a financial software conversion that was more complicated than anticipated.

Effect: Completion of the audit was delayed by nearly five months.

Recommendation: Work with the fiscal auditors to ensure future TDA fiscal audits are completed on time.

Recommended Action: The City should work with its fiscal auditors to ensure future TDA fiscal audits are completed within the established timeframe. If an audit is completed late, the City should not file its TDA claim for the next fiscal year until the audit is completed.

Timeline: FY 2023/24.

Anticipated Cost: None.

Compliance Finding 2: The City did not meet the 10 percent farebox recovery ratio in FY 2018/19.

Criteria: PUC 99268.4 requires a transit operator serving a non-urbanized (rural) area to achieve a farebox recovery ratio of 10 percent in order to be eligible for its full allocation of TDA funding.

Condition: In FY 2018/19, as detailed in the TDA fiscal audit, the City of Arvin had a system-wide farebox recovery ratio of 7.31 percent. The City also did not meet the 10 percent threshold in FY 2019/20 and FY 2020/21, but a penalty waiver under AB 90 eliminated the penalty for doing so. AB 149 extended these penalty waivers through FY 2022/23, but given the impacted of the COVID-19 pandemic, it is unlikely the City will be able to meet the 10 percent requirement in FY 2023/24.

Cause: There are many causes for not meeting the farebox recovery requirement, including increasing operating costs and lower ridership/fare revenue. In this case, the City was able to meet the 10 percent farebox recovery ratio the prior year due to a fare increase, but this compliance did not extend to a second year.

Effect: When revenues and costs get out of balance, the farebox recovery ratio can drop below the required threshold.

Recommendation: Identify sources of local supplementation that can be used to bring the City's farebox recovery ratio up to 10 percent beginning in FY 2023/24.

Recommended Action: The City should ensure it has sufficient local supplementation in order to remain in compliance with the 10 percent farebox recovery ratio requirement. This could be through applying a sufficient amount of federal operating funds to the farebox revenue plus local supplementation calculation (as allowed under AB 149) or by applying City general funds in a sufficient amount. In addition, the fares reflected within this report reflect a fare increase adopted in June 2023, which will also help the City to meet its farebox recovery ratio goals.

Timeline: Beginning in FY 2023/24 (following the expiration of penalty waivers resulting from AB 149).

Anticipated Cost: Unknown.

Functional Finding 1: The City’s Transit Development Plan is significantly out of date.

Criteria: The Service Planning functional area examines the operator’s planning and service evaluation activities, including goal-setting, evaluation of existing routes, and public engagement.

Condition: The City’s most recent Transit Development Plan (TDP) was prepared in 2008 and included a five-year planning horizon. That planning horizon has since elapsed. In addition, changes in travel patterns due to the COVID-19 pandemic as well as a shift in capital priorities have rendered the previous plan largely irrelevant.

Cause: The COVID-19 pandemic put many planning processes on hold.

Effect: The City is well overdue for an updated TDP.

Recommendation: Work with the Kern COG to prepare a new Transit Development Plan reflective of the current approach to transit service.

Recommended Action: Unless the City is able to secure its own funding for a new Transit Development Plan, it should work with the Kern COG to prioritize the City’s updated service planning. The TDP should include a marketing plan and vehicle replacement plan as well as a five- to ten-year service plan.

Timeline: FY 2024/25.

Anticipated Cost: Varies, likely \$40,000 - \$60,000.

Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with the fiscal auditors to ensure future TDA fiscal audits are completed on time.	High	FY 2023/24
2	Identify sources of local supplementation that can be used to bring the City’s farebox recovery ratio up to 10 percent beginning in FY 2023/24.	High	FY 2023/24
Functional Recommendations		Importance	Timeline
1	Work with the Kern COG to prepare a new Transit Development Plan reflective of the current approach to transit service.	Medium	FY 2024/25

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