



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

## City of California City

Kern Council of Governments  
Final Report  
September 2023





# Table of Contents

---

Chapter 1   Executive Summary .....	1
Chapter 2   Audit Scope and Methodology .....	5
Chapter 3   Program Compliance .....	9
Chapter 4   Prior Recommendations .....	15
Chapter 5   Data Reporting Analysis .....	19
Chapter 6   Performance Analysis .....	21
Chapter 7   Functional Review.....	29
Chapter 8   Findings and Recommendations .....	35

*This page intentionally blank.*

# Table of Exhibits

---

Exhibit 1.1 Summary of Audit Recommendations .....	3
Exhibit 3.1 Transit Development Act Compliance Requirements .....	11
Exhibit 5.1 Data Reporting Comparison.....	20
Exhibit 6.1 System Performance Indicators .....	24
Exhibit 6.2 System Ridership .....	25
Exhibit 6.3 System Operating Cost/VSH .....	25
Exhibit 6.4 System Operating Cost/VSM.....	25
Exhibit 6.5 System VSM/VSH.....	25
Exhibit 6.6 System Operating Cost/Passenger .....	26
Exhibit 6.7 System Passengers/VSH .....	26
Exhibit 6.8 System Passengers/VSM.....	26
Exhibit 6.9 System VSH/FTE .....	26
Exhibit 6.10 System Farebox Recovery .....	27
Exhibit 6.11 System Fare/Passenger.....	27
Exhibit 7.1 Fare Structure .....	29
Exhibit 7.2 Organizational Chart.....	30
Exhibit 7.3 California City’s Fleet Inventory (end of FY 2021) .....	33
Exhibit 8.1 Audit Recommendations .....	38

*This page intentionally blank.*

## 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 California City 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 California City's public transit program for the period:

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

The City of California City's public transit service, marketed as California City Dial-A-Ride, is a curb-to-curb, general public demand-response service that operates Monday through Friday from 8:30 a.m. to 4:30 p.m. within city limits, and from 9:00 a.m. to 2:30 p.m. in Rancho Estates and Wonder Acres. The service does not operate on weekends or designated holidays.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. 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 California City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. The City did not complete its TDA fiscal audits prior to the extended deadline for any year of the audit period.
2. The City did not meet its 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 four recommendations:

1. Implement strategies to improve the farebox recovery ratio so that it meets or exceeds the 10 percent threshold.  
**Status:** Not implemented.
2. Utilize the TDA definition in calculating and reporting Full-Time Equivalent (FTE) employees to the State Controller.  
**Status:** Implemented.
3. Ensure the City submits its State Controller Reports on time.  
**Status:** Implemented.
4. Reassess recommendations made in the 2012 TDP to determine if they remain relevant, and begin implementation of those that remain relevant.  
**Status:** Not implemented.

#### 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 the aforementioned compliance findings for the City of California.

1. The City did not complete its TDA fiscal audits prior to the extended deadline for any year of the audit period.
2. The City did not meet its 10 percent farebox recovery ratio in FY 2018/19.



The audit team 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 most recent planning document (Transit Development Plan) was completed in 2012.

In completing this Triennial Performance Audit, we submit the following recommendations for the City of California’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	Complete all delinquent TDA fiscal audits as soon as possible, and ensure future audits are submitted within the established timeframe.	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 an updated Transit Development Plan.	Medium	Variable

*This page intentionally blank.*

## Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City of California City’s public transit program covers the three-year period ending June 30, 2018. 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 TDA funding eligibility.

In Spring 2023, the Kern Council of Governments 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. Selection of the consultant followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of California City 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 California City 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 California City 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 21, 2023. The audit team met with Kenny Cooper (Finance Manager), Kari Lee (Public Works Administrative Assistant), and Joe Barragan (Public Works Director), 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.

*This page intentionally blank.*

## Chapter 3 | Program Compliance

This section examines California City’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 California City:

1. The City did not complete its TDA fiscal audits prior to the extended deadline for any year of the audit period.
2. The City did not meet its 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 30, 2020 FY 2019/20: February 3, 2021 FY 2020/21: January 31, 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: October 20, 2022 FY 2019/20: Draft provided June 2023 FY 2020/21: Pending
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	April 19, 2018 April 3, 2019 (Unsatisfactory) August 6, 2019 (Satisfactory) March 9, 2020 March 30, 2021
Operator’s claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	While the City is behind in its LTF claims due to delays in completing TDA fiscal audits, prior claims have been in compliance with the RTPA’s rules and regulations.
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 8I 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 State Controller Report for FY 2019/20 was submitted two days late. While this is technically out of compliance, the City reported having some technical issues which resulted in the late submittal. The prior and subsequent reports were submitted on time. As such, we elected not to identify this as an audit finding.

Compliance Element	Reference	Compliance	Comments
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: +6.71% FY 2019/20: +10.20% FY 2020/21: +75.00%  The increase in FY 2021 was primarily due to expenses related to the planned retirements of two employees.  <i>Source: State Controller Reports, FY 2018 – FY 2020.</i>
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	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: 7.22% FY 2019/20: 5.22% (waived) FY 2020/21: 2.21% (waived)  <i>Source: FY 2019 – FY 2020 TDA audits and FY 2021 State Controller Report.</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	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	City staff are eligible for retirement benefits under 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)	In compliance	

Compliance Element	Reference	Compliance	Comments
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	The City has yet to claim STA funds for FY 2018/19 through FY 2020/21. While eligibility tests were waived for FY 2020/21, the City must still assess its eligibility to use funding for operational purposes when it claims STA funds for FY 2018/19 and FY 2019/20. If it does not meet the qualifying tests, the City must reserve the appropriate percentage of STA funds for capital purposes.
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 claim’nt’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	

*This page intentionally blank.*

## 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 California 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 four 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 California City achieved a farebox recovery ratio of 7.53 percent. In FY 2016/17, that farebox recovery ratio increased slightly to 8.17 percent. In neither of those years was any local supplementation identified, and the TDA fiscal audits found the City to be out of compliance with the TDA. However, the long delays in the completion of these audits resulted in full TDA funding being allocated even if a penalty may have been warranted. Even if the City is on track to exceed the 10 percent threshold for FY 2017/18, the prior auditor noted it should not receive an allocation for FY 2019/20 until the Kern Council of Governments and its auditors determined if a grace year had already been used, whether a penalty should be assessed, and if so, how much that penalty should be.

The prior audit also noted that, on its FY 2016/17 TDA fiscal audit, the City identified an amount of \$19,429 as “Operating Revenues: Miscellaneous” on the Statement of Revenues, Expenses, and Changes in Net Position for the City’s KCOG Transportation Enterprise Fund (page 9 of the document). If this was additional local revenue that should have been applied to the farebox recovery ratio calculation, it was not noted by the TDA auditors in their compliance assessment, nor was it reported in the State Controller Supplemental Report for that year. If that amount were added to the fare revenue, it would result in a farebox recovery ratio of 15.13 percent, which was well above the 10 percent threshold.

The prior audit recommended several 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.

**Progress:** The City did not meet its required 10 percent farebox recovery ratio in FY 2018/19. The City opted not to raise fares to improve the ratio in an effort to keep the cost of the program low. The City applied for (and received) an LCTOP grant to subsidize a free-fare period just prior to the start of the COVID-19 pandemic. Penalties for noncompliance were waived in FY 2019/20 and FY 2020/21 as a result of AB 90. However, it is expected this could still potentially be an issue after the waiver resulting from AB 149 expires after FY 2022/23.

**Status:** Not implemented.

2. Utilize the TDA definition in calculating and reporting Full-Time Equivalent (FTE) employees to the State Controller.

**Discussion:** The City did not provide its FTE calculation methodology to the audit team during this review, only details about how it determines hours for its full-time drivers. 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”).

The City should use a clearly defined methodology that is consistent with the TDA definition of full-time equivalent (FTE) employee. We recommend the City use a methodology similar to that shown below. Results should be rounded to whole numbers using the standard rules of rounding.

The FTE percentages used to determine the number of hours are provided as an example and do not accurately reflect the City’s staffing. If actual hours worked specific to transit are not available, use the FTE percentages defined by the City in its staffing plan to estimate hours for maintenance, Public Works staff, etc.

**Progress:** The methodology submitted as part of this audit demonstrated use of the TDA definition of full-time equivalent (FTE) employee.

**Status:** Implemented.

3. Ensure the City submits its State Controller Reports on time.

**Discussion:** In FY 2017/18, the City did not provide evidence that it had submitted its State Controller Report as of April 5, 2019. It is unclear as to whether the report had actually been submitted by that date.

If the cause of the delay is the availability of audited data, work with the City’s Finance Department and auditors to ensure the information can be provided in a timely manner to facilitate the on-time submittal of the report.

**Progress:** During the audit period, State Controller Reports were submitted on time for FY 2018/19 and FY 2020/21, and two days late for FY 2019/20. The two-day-late submittal for FY 2019/20 was due to some technical difficulties and does not appear to be an ongoing issue.

**Status:** Implemented.

4. Reassess recommendations made in the 2012 TDP to determine if they remain relevant, and begin implementation of those that remain relevant.

**Discussion:** Service Planning is a functional area reviewed as part of the Triennial Performance Audit. The prior audit noted the City’s primary transit planning document is the Transit Development Plan, the most recent of which was finalized in 2012. In the City’s 2016 Triennial Performance Audit, the audit team recommended the City move forward with a marketing plan

well in advance of the potential implementation of fixed-route service. The recommendation also advised the City to determine whether other recommendations contained in the TDP remained feasible.

At the time of the prior audit, the City had not created or implemented a multi-year marketing plan, made progress toward implementing fixed-route service, or reassessed the 2012 TDP recommendations.

The 2012 TDP included several recommendations, including a fare increase, introduction of fixed-route service, development and implementation of a marketing plan, and travel training. The City, with support from Kern COG, should determine whether these recommendations would have a positive effect on farebox recovery and ridership and develop a revised timeline for implementation for those that remain relevant.

**Progress:** The City and Kern COG have been hesitant to implement a fare increase due to California City being identified as a Disadvantaged Community. There appears to have been little assessment of the other recommendations. While other recommendations (such as implementation of a marketing plan and travel training) may remain relevant, other recommendations are likely to be no longer relevant as a result of changes arising from the COVID-19 pandemic.

**Status:** Not implemented.

*This page intentionally blank.*



## 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 California City both internally as well as to outside entities during the audit period.

Performance data and fare revenue was consistently reported among all reports. However, operating cost is reported differently in nearly each report. In years for which the TDA fiscal audits were provided, the operating cost data was consistent with the City’s Comprehensive Annual Financial Report (CAFR or ACFR). In FY 2018/19 and FY 2019/20, this figure was considerably higher than the operating cost reported to the NTD and State Controller. In FY 2020/21, the operating cost reported to the State Controller was significantly higher than that reported to the NTD and in the ACFR, though those reports were not consistent with one another either.

In FY 2018/19, the variance between the highest and lowest amounts was 36.3 percent, and in FY 2019/20, the variance was 39.9 percent. In FY 2020/21, the highest amount was nearly double the lowest. In FY 2020/21, the most significant difference was a much higher figure for “other operating expenses” in the State Controller Report that City staff indicated may be related to two retirements that year. These expenses do not appear to be included in other reports.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
<b>Operating Cost (Actual \$)</b>			
<i>TDA fiscal audit</i>	\$356,776	\$353,964	Not provided
<i>City of California City CAFR</i>	\$356,774	\$353,963	\$225,512
<i>National Transit Database</i>	\$261,707	\$252,949	\$259,338
<i>State Controller Report</i>	\$290,043	\$284,583	\$444,412
<b>Fare Revenue (Actual \$)</b>			
<i>TDA fiscal audit</i>	\$25,748	\$18,476	Not provided
<i>City of California City CAFR</i>	\$25,748	\$18,476	\$9,682
<i>National Transit Database</i>	\$25,748	\$18,500	\$9,900
<i>State Controller Report</i>	\$25,748	\$18,476	\$9,836
<b>Vehicle Service Hours (VSH)</b>			
<i>Monthly Performance Reports</i>	2,727	2,124	1,357
<i>National Transit Database</i>	2,727	2,126	1,357
<i>State Controller Report</i>	2,728	2,124	1,357
<b>Vehicle Service Miles (VSM)</b>			
<i>Monthly Performance Reports</i>	42,046	31,344	22,295
<i>National Transit Database</i>	42,045	31,544	22,295
<i>State Controller Report</i>	42,046	31,544	22,295
<b>Passengers</b>			
<i>Monthly Performance Reports</i>	16,772	12,218	6,947
<i>National Transit Database</i>	16,772	12,218	6,947
<i>State Controller Report</i>	16,772	12,218	6,947
<b>Full-Time Equivalent Employees</b>			
<i>State Controller Report</i>	4	4	3

## Chapter 6 | Performance Analysis

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

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

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

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

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

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

### Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667<sup>1</sup>. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period<sup>2</sup>:

---

<sup>1</sup> 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.

<sup>2</sup> 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.<sup>3</sup> 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 "deadhead" travel to the first scheduled pick-up, and will also exclude hours "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.

---

<sup>3</sup> 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 California City, 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 significant 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.
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. The City calculates VSH using driver trip logs. 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 36.8 percent decrease during the audit period and a 12.4 percent net increase across the six-year period. Fare revenue experienced a modest increase in FY 2018/19 (17.7 percent) before decreasing significantly in FY 2019/20 and FY 2020/21. Fare revenue decreased 62.4 percent during the audit period.

Vehicle Service Hours (VSH) experienced increases in FY 2017/18 and FY 2018/19. VSH saw a net 47.9 percent decrease over the six-year period, with most of that occurring in FY 2019/20 and FY 2020/21. A similar pattern was also observed with respect to Vehicle Service Miles (VSM), which had a net 41.7 percent decrease over the six-year period. Ridership followed a similar pattern to VSH and VSM. Overall, ridership experienced a net decrease of 58.6 percent during the audit period, and 55.5 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 passenger increased significantly during the audit period, reflective of a decline in efficiency. Operating cost per vehicle service hour and vehicle service mile also increased over the audit period, but saw a slight improvement in FY

2020/21. 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
<b>Operating Cost (Actual \$)</b>	\$257,549	\$279,078	\$274,826	\$356,774	\$353,963	\$225,512
<i>Annual Change</i>		8.4%	-1.5%	29.8%	-0.8%	-36.3%
<b>Fare Revenue (Actual \$)</b>	\$23,003	\$22,791	\$21,878	\$25,748	\$18,476	\$9,682
<i>Annual Change</i>		-0.9%	-4.0%	17.7%	-28.2%	-47.6%
<b>Vehicle Service Hours (VSH)</b>	2,603	2,369	2,546	2,728	2,124	1,357
<i>Annual Change</i>		-9.0%	7.5%	7.1%	-22.1%	-36.1%
<b>Vehicle Service Miles (VSM)</b>	38,227	36,889	38,628	42,046	31,544	22,295
<i>Annual Change</i>		-3.5%	4.7%	8.8%	-25.0%	-29.3%
<b>Passengers</b>	15,609	14,360	15,263	16,772	12,218	6,947
<i>Annual Change</i>		-8.0%	6.3%	9.9%	-27.2%	-43.1%
<b>Employees</b>	4	4	4	4	4	3
<i>Annual Change</i>		0.0%	0.0%	0.0%	0.0%	-25.0%
<b>Performance Indicators</b>						
<b>Operating Cost/VSH (Actual \$)</b>	\$98.94	\$117.80	\$107.94	\$130.78	\$166.65	\$166.18
<i>Annual Change</i>		19.1%	-8.4%	21.2%	27.4%	-0.3%
<b>Operating Cost/Passenger (Actual \$)</b>	\$16.50	\$19.43	\$18.01	\$21.27	\$28.97	\$32.46
<i>Annual Change</i>		17.8%	-7.3%	18.1%	36.2%	12.1%
<b>Passengers/VSH</b>	6.00	6.06	5.99	6.15	5.75	5.12
<i>Annual Change</i>		1.1%	-1.1%	2.6%	-6.4%	-11.0%
<b>Passengers/VSM</b>	0.41	0.39	0.40	0.40	0.39	0.31
<i>Annual Change</i>		-4.7%	1.5%	1.0%	-2.9%	-19.6%
<b>Farebox Recovery</b>	8.9%	8.2%	8.0%	7.2%	5.2%	4.3%
<i>Annual Change</i>		-8.6%	-2.5%	-9.3%	-27.7%	-17.7%
<b>Hours/Employee</b>	650.8	592.3	636.5	682.0	531.0	452.3
<i>Annual Change</i>		-9.0%	7.5%	7.1%	-22.1%	-14.8%
<b>TDA Non-Required Indicators</b>						
<b>Operating Cost/VSM</b>	\$6.74	\$7.57	\$7.11	\$8.49	\$11.22	\$10.11
<i>Annual Change</i>		12.3%	-6.0%	19.3%	32.2%	-9.9%
<b>VSM/VSH</b>	14.69	15.57	15.17	15.41	14.85	16.43
<i>Annual Change</i>		6.0%	-2.6%	1.6%	-3.6%	10.6%
<b>Fare/Passenger</b>	\$1.47	\$1.59	\$1.43	\$1.54	\$1.51	\$1.39
<i>Annual Change</i>		7.7%	-9.7%	7.1%	-1.5%	-7.8%

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

Exhibit 6.2 System Ridership

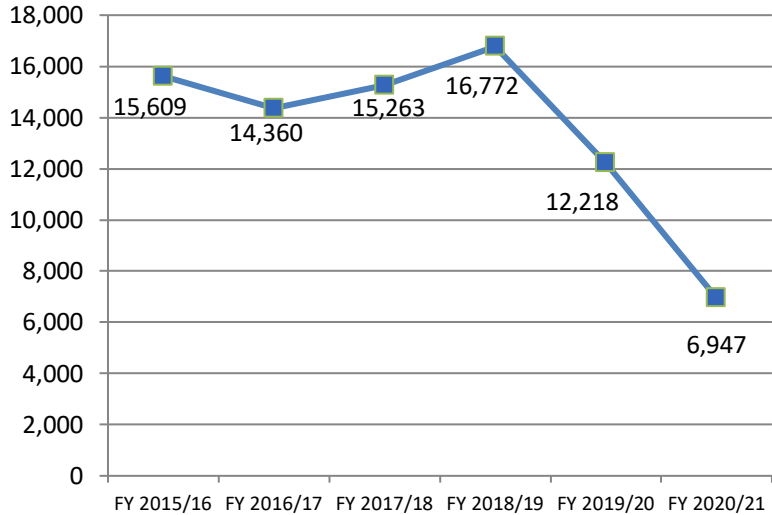


Exhibit 6.3 System Operating Cost/VSH

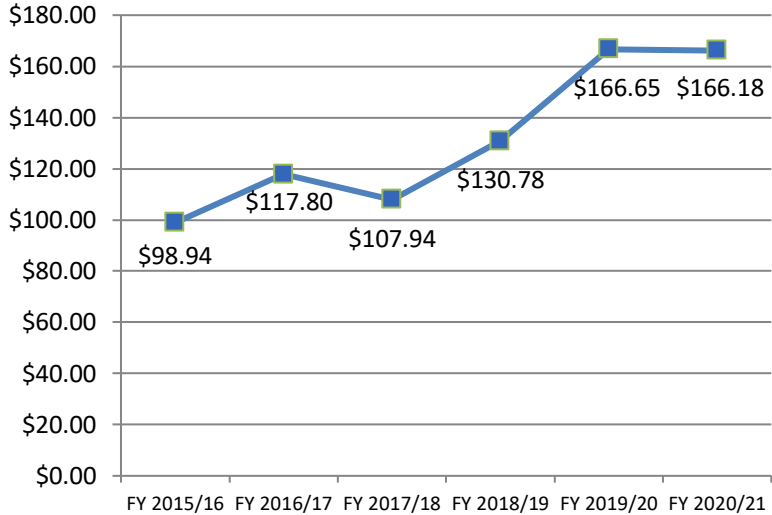


Exhibit 6.4 System Operating Cost/VSM

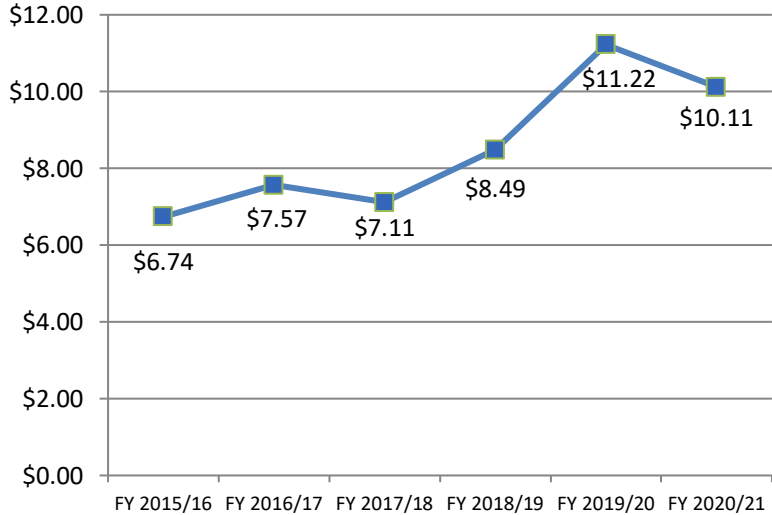


Exhibit 6.5 System VSM/VSH

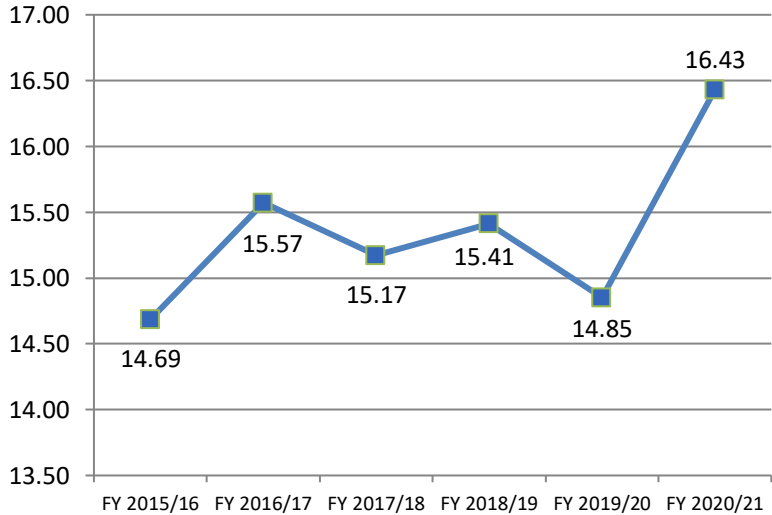


Exhibit 6.6 System Operating Cost/Passenger

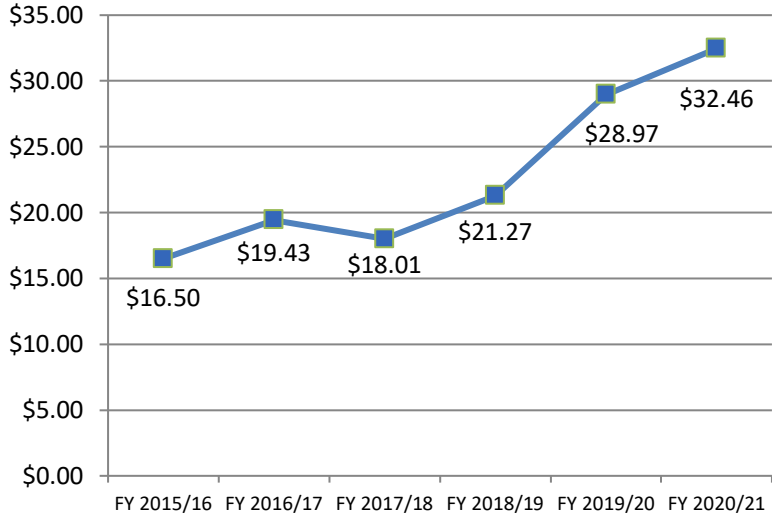


Exhibit 6.7 System Passengers/VSH

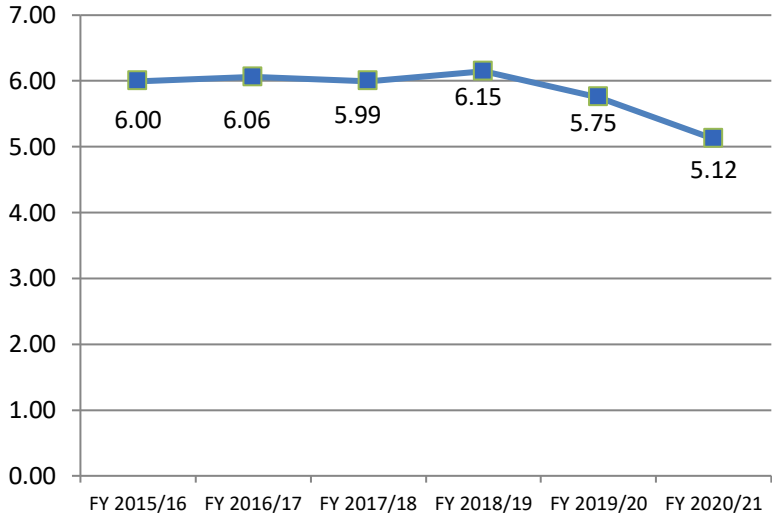


Exhibit 6.8 System Passengers/VSM

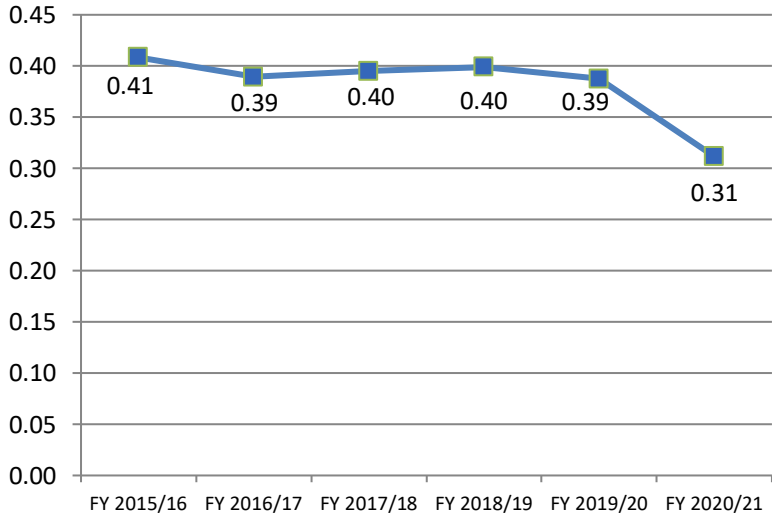


Exhibit 6.9 System VSH/FTE

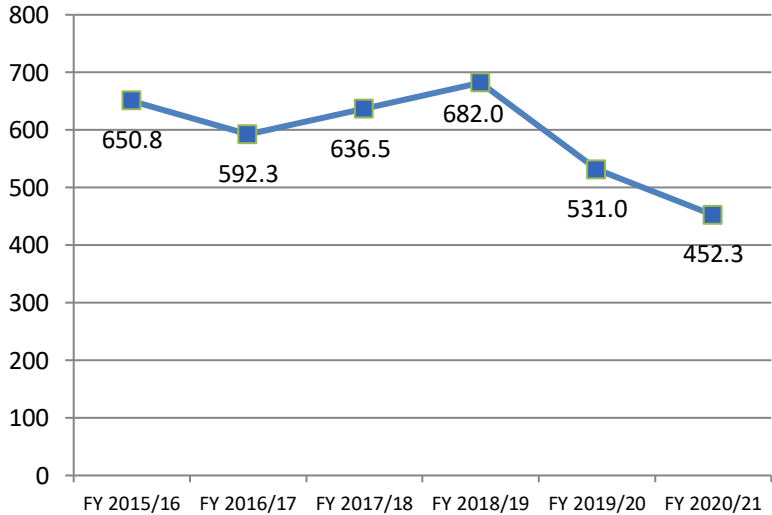




Exhibit 6.10 System Farebox Recovery

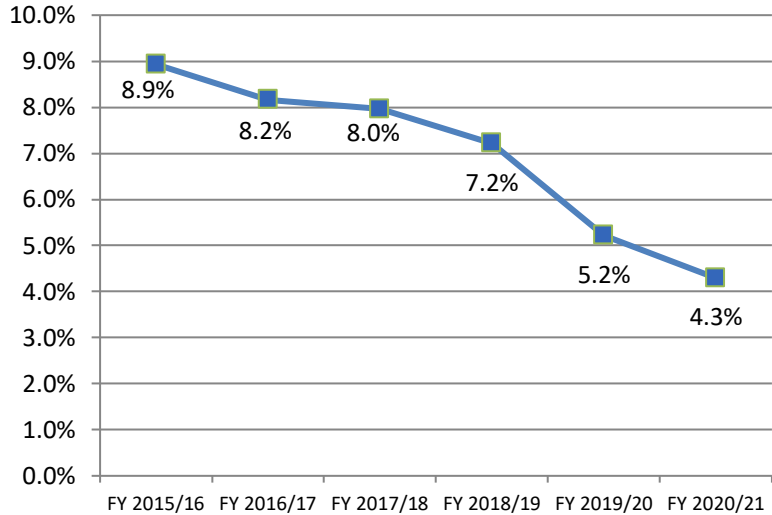
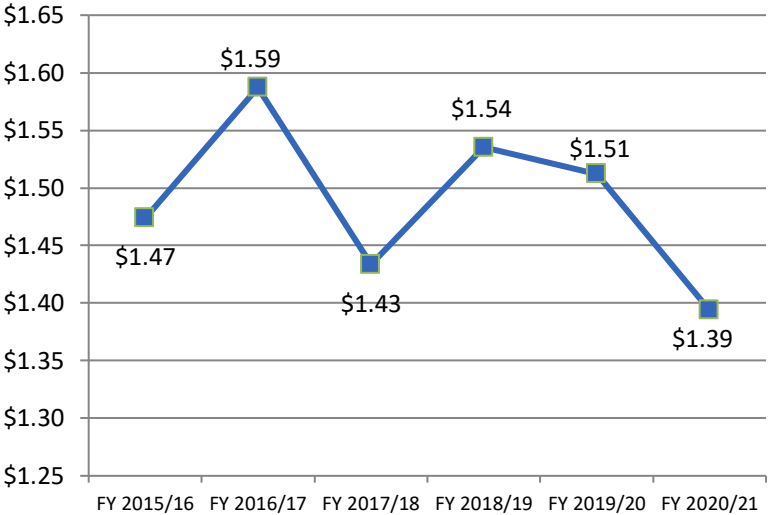


Exhibit 6.11 System Fare/Passenger



*This page intentionally blank.*

## Chapter 7 | Functional Review

A functional review of California City’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 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 California City’s public transit service, marketed as California City Dial-A-Ride, is a curb-to-curb, general public demand-response service that operates Monday through Friday from 8:30 a.m. to 4:30 p.m. within city limits, and from 9:00 a.m. to 2:30 p.m. in Rancho Estates and Wonder Acres. The service does not operate on weekends or designated holidays.

Trips are provided on a first-come, first-served basis. Requests for service must be made on the same day before 3:45 p.m. and one hour in advance for appointments. Connections are available to the wider Kern Transit system, including inter-city service to Lancaster and Ridgecrest/Mojave on Kern Transit Routes 230 and 250.

Exhibit 7.1 Fare Structure

Type	Fare
General Public Cash Fare	\$1.70
Senior/ADA/Disabled/Senior Desert Jade	\$1.00/\$0.50
10-Ride General Public	\$17.00
10-Ride Senior/ADA/Disabled	\$10.00
Children Under 4’9”	\$1.00

### Response to COVID-19 pandemic

CDC and FTA protocols regarding limited passenger capacity, social distancing, and mask mandates were implemented. The bi-weekly trips to Stater Brothers were suspended. There were no changes to fares. When the restrictions began to be lifted in 2022, face masks and social distancing requirements were eliminated, although the City continued to limit the number of riders and, at the time of the site visit, has yet to reinstate the Stater Brothers trip.

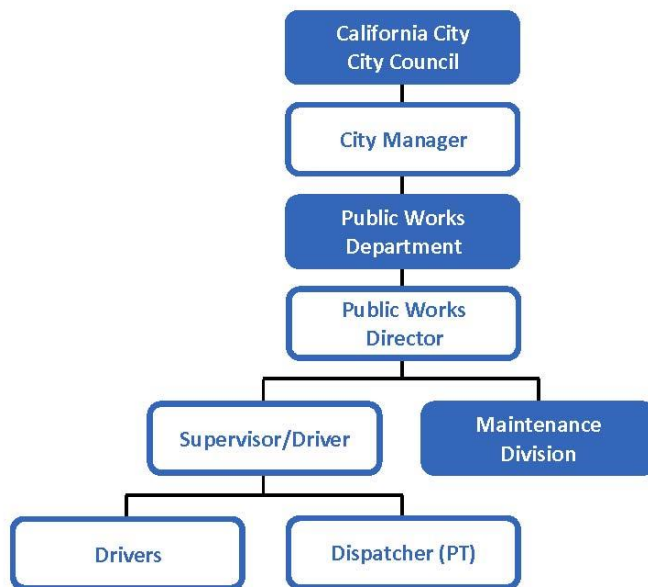
The program may reinstate the Stater Brothers trip with the hiring of a full-time dispatcher. Overall, the pandemic demonstrated a need for better preparation and planning.

### General Management and Organization

The Public Works Director oversees the City’s transit program, although the Street Supervisor is the direct supervisor for transit staff. The Street Supervisor is a full-time employee. The Public Works Director reviews all performance metrics. Performance data is recorded using paper logs. The City has looked at moving to a digital spreadsheet, and has used one in the past. A monthly departmental report is prepared for Public Works, as well as an annual report. This data is also reported to Kern COG.

The City of California City city council is the governing body for the City’s transit service. Council meetings are held at City Hall (21000 Hacienda Boulevard) on the second and fourth Tuesdays of each month at 6:00 pm. This location is served by Kern Transit Routes 230 and 250 as well as the City’s Dial-A-Ride. However, Dial-A-Ride service only operates until 4:30 pm, which impacts its usefulness in attending Council meetings. The City does not have a citizens’ advisory transportation committee. The City has a positive and effective relationship with Kern COG and feels they are supportive with regards to TDA.

Exhibit 7.2 Organizational Chart



At the time of the site visit, the two drivers were sufficient to address regular demand, but not to reinstate bi-weekly service to Stater Brothers in Mojave. There have been many requests from customers to restart the service. A full-time dispatcher is included in the next budget request; if this position can be filled, the City will be able to resume the trips.

The Public Works Director attends the Kern COG’s TTAC and SSTAC meetings. The Kern COG has been very supportive and helpful. The City has friendly relationships with other transit operators.

### Service Planning

The Kern COG handles formal planning through the periodic development of a Short Range Transit Plan (SRTP) or Transit Development Plan (TDP). The most recent TDP was completed in May 2012. More informal planning is conducted by the Lead Driver and Public Works Director. There were no fare changes during the audit period. The City has not conducted a rider or community survey recently.

### Administration

The Public Works Director makes initial recommendations for the annual budget, which are then approved by Finance. The budget is approved by the city council. Budgeted versus actual revenue is compared on a monthly basis, though it may occur more frequently. Public Works reports to the city council on a monthly basis. Financial data is managed using Caselle software.

Grants are handled through a joint effort between Public Works and the Engineering department. Decisions regarding applying for grants is based on what is available, what they have done in the past, the City's funding needs, and the City's competitiveness. The City regularly looks for new grant opportunities. Either Public Works Director or the City Engineer will manage the grant, depending on the project.

Risk Management is handled by the City's Human Resources department, with input from the Public Works Director. Drivers attend weekly safety meetings. The Human Resources department provides annual training, while the Public Works department sponsors monthly safety meetings through Human Resources. The City has a policy for processing accident and injury claims and is a member of an insurance pool, which includes all departments. The City's Fire Chief oversees the City's Incident Response Plan.

The Engineering department is responsible for procurement activities, though there are no current transit-related contracts. The Facilities department (within Public Works) is responsible for facilities management.

The Finance department is responsible for payroll. At present, time is self-reported and tracked electronically through the Caselle financial software, though paper timesheets were used during the audit period. Timesheets are reviewed and approved by the supervisor. The payroll processor confirms the reported time meets established standards. Only Human Resources and the payroll processor have access to personal information and payroll data. Direct deposit is encouraged, though only about 85 percent of employees use it.

The Finance department handles accounts payable and accounts receivable. Accounts payable ensures appropriate backup is provided for anything that goes to council. Receipt of goods or services is verified by the department making the purchase. Anything over \$1,000 must be approved by the city council. The City attempts to get three quotes for purchases, although sometimes this is not possible.

### Marketing and Public Information

Information on the service is provided on the City's website and uses Nixle for email and text message updates for subscribers. This was used to communicate free ride promotions through LCTOP. The City does not use social media given the amount of time that would be required to moderate comments. The

City does not distribute printed brochures as part of its compliance with CalRecycle regulations. There is no marketing plan, and outreach activities are typically limited to the unmet transit needs process.

Customer phone calls/inquiries are handled by the Dispatcher. Complaints are handled by the Public Works Director and are typically resolved within 24 hours. All calls are recorded in a logbook and complaints are tracked. Public perception of the service is generally positive, though readily complain if a driver is out and the service is reduced.

#### Scheduling, Dispatch, and Operations

The City's transit program is operated by a staff of four: two full-time drivers, one of which is also a lead driver; a part-time (three days per week) dispatcher; and an on-call dispatcher. Both drivers and the part-time dispatcher are cross-trained; however, the on-call dispatcher is not trained to drive. If a driver calls in sick and the on-call dispatcher is unavailable, the service is suspended that day. The City would like to hire either a full-time dispatcher or another licensed driver. The City finds it difficult to hire licensed drivers and is considering contracting its public transit service to the County.

While the City has four available vehicles, service is typically operated using the two newest vehicles, both of which are less than three years old. Drivers fill out maintenance request forms and communicate with the in-house mechanic. The mechanic keeps all maintenance documentation and notifies the drivers and dispatcher when a vehicle needs to be downed for maintenance.

Fares are deposited into onboard manual fareboxes. Drivers pull the vaults at the end of the day and bring them into the office. Driver counts the money and records it and the dispatcher conducts a secondary count. Counting takes place in a Public Works room. There are always two people present, sometimes three. The money is stored in the safe overnight, then delivered to Finance where it is processed at the utility desk. Finance handles all reconciliation, records the revenue in the General Ledger, and makes the deposit. At the time of the site visit, the City did not offer any non-cash fare media, though it is exploring the options for doing so.

#### Personnel Management and Training

Drivers are represented by the City's Miscellaneous Union. At the time of the site visit, the transit program was short-staffed and the City was actively recruiting for a full-time dispatcher or an additional driver. The two drivers each have a tenure of about one year, while the dispatcher has been on staff for over two years. Prior to the current staff, driver positions were filled by two long-term employees.

The Human Resource department uses Indeed, advertises on the City's website, and sends out flyers and Nixle emails for recruitment. Advertisements for transit positions may also be posted on the transit vehicles. A commercial driver's license is required for drivers. The City acknowledges that the pay is low for what is required. All full-time employees receive the full menu of City-provided benefits, while part-time drivers are eligible for partial benefits.

Driver training is handled by Human Resources and often contracted out due to turnover in that department. Transit safety meetings are held monthly. The Public Works department holds safety meetings each week, with a departmental training once a month. Transit is included in the city-wide

disaster preparedness program. Discipline is handled equitably across all positions according to City guidelines. The City participates in the FTA-required drug and alcohol random testing program. The Medical Review Officer sends a representative out from Bakersfield to conduct random testing as required.

**Maintenance**

Maintenance is overseen by the City’s Shop Superintendent at the City’s Corporate Yard/Fleet Shop. Maintenance is appropriately staffed. Preventive maintenance conforms to the manufacturer’s maintenance schedule and is managed using iWorQ software. Transit maintenance is given priority. When maintenance conflicts with regular vehicle use, a spare vehicle is deployed.

The City sometimes sends out work, especially with respect to recalls or services like camera installation. Vehicles often have to go back to the manufacturer for recalls, but the City tries to get other vendors to come to them.

The City’s maintenance facility is shared with other City fleets, with no dedicated space. Time and materials are coded to transit. The number of bays and lifts is appropriate (the shop has two fixed lifts). There are two mechanics, one of which does most of the transit work, with the other assisting when needed.

The City would like a new maintenance building with some larger tool items, and has been working on getting its equipment updated. One of the biggest maintenance challenges is having enough drivers to rotate the buses enough. Most recently, the City was down to one driver for three to four days. In addition, prior to receiving its new buses, a catalytic converter was stolen, and the City started securing the buses in the garage when not in use.

The parts room is secured. Parts are added to the inventory via a paper log as they come in and marked when they are pulled. The City has had some difficulty in obtaining some parts due to supply chain issues. The catalytic converter took a long time to replace.

All vehicles are ADA accessible and some are equipped with bike racks. Vehicles are equipped with onboard security cameras (which auto-download each evening), fire extinguishers, and first aid kits. The useful life for the vehicles is 12 years. The City estimates the next vehicle replacements will occur in approximately eight years, when the City hopes to begin its transition to electric vehicles.

Transit vehicles are used as part of the City’s emergency plan in conjunction with the police and fire departments, and to provide transportation to cooling centers.

**Exhibit 7.3 California City’s Fleet Inventory (end of FY 2021)**

Year	Vehicle #	Model	Passengers	Wheelchair
2010	123	Eldor BU E450	16	2
2020	140	Starcraft Allstar	16	2
2020	141	Starcraft Allstar	16	2

*This page intentionally blank.*



## Chapter 8 | Findings and Recommendations

### Conclusions

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

1. The City did not complete its TDA fiscal audits prior to the extended deadline for any year of the audit period.
2. The City did not meet its 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 most recent planning document (Transit Development Plan) was completed in 2012.

### Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for California City'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 City did not complete its TDA fiscal audits prior to the extended deadline for any year of the audit period.

**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 2018/19, the City's TDA fiscal audit was not submitted until October 20, 2022. In FY 2019/20, the City's draft TDA fiscal audit was not received until June 2023, and at the time of this audit had yet to be finalized. The FY 2020/21 audit has yet to be completed.

**Cause:** The City had high staff turnover in 2018, resulting in departments being short-staffed.

**Effect:** This resulted in City audits – and, subsequently, TDA fiscal audits – not being completed.

**Recommendation:** Complete all delinquent TDA fiscal audits as soon as possible, and ensure future audits are submitted within the established timeframe.

**Recommended Action:** The City is already working to get the missing City and TDA fiscal audits completed so that it can start getting reports submitted on time beginning with FY 2022/23. Once the delinquent TDA fiscal audits have been completed, the City should move ahead with filing the TDA claims that were on hold during the audit period.

**Timeline:** Ongoing.

**Anticipated Cost:** None.

**Compliance Finding 2: The City did not meet its 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. While AB 90 offered a waiver from penalties for FY 2019/20 and FY 2020/21, FY 2018/19 was still subject to this requirement.

**Condition:** In FY 2018/19, the City’s farebox recovery ratio (as calculated by the TDA auditor) was 7.22 percent, below the 10 percent requirement. The City was also out of compliance in during several years of the prior audit period. It is unclear as to whether Kern COG withheld any funding following these findings. The City opted not to raise fares to improve the ratio in an effort to keep the cost of the program low. The City applied for (and received) an LCTOP grant to subsidize a free-fare period just prior to the start of the COVID-19 pandemic. Penalties for noncompliance were waived in FY 2019/20 and FY 2020/21 as a result of AB 90. However, it is expected this could still potentially be an issue after the waiver resulting from AB 149 expires after FY 2022/23.

**Cause:** This is an ongoing issue caused by fare revenue being consistently low compared to the operating cost.

**Effect:** This results in the City being out of compliance with the TDA and, when there is no penalty waiver, subject to a reduction in LTF funding as a penalty.

**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.

**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 most recent planning document (Transit Development Plan) was completed in 2012.**

**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 2012 and included a five-year planning horizon (from FY 2012/13 – FY 2016/17). The prior audit included a recommendation that the City evaluate the recommendations contained within the TDP to assess whether they remain relevant. Most of the staff participating in the site visit were either unaware of the TDP or had not reviewed it (recently or at all). As a result, they were unfamiliar with the recommendations contained therein, and had not reassessed them or sought to implement them. In addition, the COVID-19 has made many prior planning efforts no longer relevant, and it is unclear as to whether this is the case in California City as well. The City’s best option is likely to be the preparation of a new short-range planning document.

**Cause:** Changes in staffing and an older planning document were major contributors to the failure to reassess the recommendations. In addition, the five-year planning horizon ended six years prior to this report.

**Effect:** As a result, no recent reassessment of the recommendations was ever conducted.

**Recommendation:** Work with the Kern COG to prepare an updated Transit Development Plan.

**Recommended Action:** The Kern COG historically has contracted for short-range planning for the rural operators in Kern County, and it is presently exploring funding sources to restart this planning. The City should work with the Kern COG regarding its need for an updated planning document, especially if the City is considering contracting with the County rather than continuing to operate its program in-house. However, given TDPs for some other operators are older (for example, completed in 2008), the City may have to “wait its turn” before it is eligible for planning assistance. As such, the City may wish to explore funding options to prepare a short-range plan on its own.

**Timeline:** Variable.

**Anticipated Cost:** Dependent upon funding availability and project scope.

Exhibit 8.1 Audit Recommendations

<b>TDA Compliance Recommendations</b>		<b>Importance</b>	<b>Timeline</b>
1	Complete all delinquent TDA fiscal audits as soon as possible, and ensure future audits are submitted within the established timeframe.	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
<b>Functional Recommendations</b>		<b>Importance</b>	<b>Timeline</b>
1	Work with the Kern COG to prepare an updated Transit Development Plan.	Medium	Variable