



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

City of Ridgecrest

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 Ridgecrest 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 Ridgecrest’s public transit program for the period:

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

During much of the audit period, the City of Ridgecrest operates a deviated flex-route service under the name “ridgerunner.” The local service was comprised of four routes each with a distinct name: Coyote (Line 1), Roadrunner (Line 2), Rattlesnake (Line 3), and Joshua Tree (Line 4). Lines 1, 2, and 3 operated within Ridgecrest and Line 4 served the community of Inyokern. The service operated Monday through Friday from 7:00 a.m. to 4:50 p.m. in Ridgecrest and from 6:45 a.m. to 4:30 p.m. in Inyokern. A fifth “Mid-day Express” bus provided service down the City’s primary arterial between 11:00 a.m. and 1:00 p.m.

In FY 2020/21, as an outgrowth of the COVID-19 pandemic, deviated fixed-route service within Ridgecrest transitioned to a general public demand-response model, which is still in effect.

The City also offers transit life-line service in Johannesburg and Randsburg, with two trips on Fridays available by request only. Additionally, connections between the Inyokern and Eastern Sierra Transit Authority’s Mammoth Lakes to Lancaster route are available twice a day, Monday through Friday. Riders can connect to the Metrolink station in Lancaster using this route.

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 City's operating expenses exceeded a 15 percent change year-over-year and were not substantiated in the TDA claims.
2. Use of the TDA definition of full-time equivalent (FTE) employee could not be confirmed.

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. [Include local supplementation to bring the farebox recovery ratio above ten percent.](#)
Status: Not implemented.
2. [Ensure vehicle depreciation is reported on the State Controller Reports.](#)
Status: Implemented.
3. [Report County contributions appropriately on the State Controller Report so that they are not counted as fare revenue in the farebox recovery ratio calculation.](#)
Status: Implemented.
4. [Work with the City's TDA fiscal auditor to ensure only allowable exclusions are used in the calculation of the farebox recovery ratio.](#)
Status: Implemented.
5. [Determine why Operating Cost is reported inconsistently among internal and external reports.](#)
Status: 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 Ridgecrest:

1. The City’s operating expenses exceeded a 15 percent change year-over-year and were not substantiated in the TDA claims.
2. Use of the TDA definition of full-time equivalent (FTE) employee could not be confirmed.

The audit team has identified two functional findings. While these finding are not compliance findings, the audit team believes they warrant inclusion in this report:

1. The operating cost used to calculate farebox recovery ratio in FY 2018/19 was misleading due to a large value of pension-related deferred outflow.
2. Prior planning efforts are no longer relevant since the City has transitioned to a demand-response mode.

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

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure any program budget more than 15 percent greater than the prior year is accurately reflected on TDA claims and justification for the increase is provided.	Medium	FY 2023/24
2	Ensure the TDA definition of full-time equivalent (FTE) employee is used in preparation of the State Controller Reports.	Medium	FY 2023/24
Functional Recommendations		Importance	Timeline
1	Document actual operating costs separate from any pension or budget adjustments so that program compliance and efficiency can be accurately assessed.	High	FY 2023/24
2	Work with the Kern COG to prepare a new Transit Development Plan reflective of the current approach to transit service.	High	FY 2024/25

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City of Ridgecrest’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 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 Ridgecrest 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 Ridgecrest 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 Ridgecrest included thorough review of documents relevant to the scope of the audit, as well as information contained on the City's. 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 20, 2023. The audit team met with Kelly Crewton (Assistant Finance Director) and Christopher Smith (Transit Services Coordinator), 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 Ridgecrest’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 Ridgecrest:

1. The City’s operating expenses exceeded a 15 percent change year-over-year and were not substantiated in the TDA claims.
2. Use of the TDA definition of full-time equivalent (FTE) employee could not be confirmed.

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 24, 2020 FY 2019/20: January 13, 2021 FY 2020/21: January 28, 2022
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance	FY 2018/19: March 9, 2020 FY 2019/20: March 15, 2021 FY 2020/21: December 31, 2021
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	August 14, 2018 August 12, 2019 July 15, 2020 July 28, 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	Finding	FY 2018/19: +83.55% FY 2019/20: +43.50% FY 2020/21: +63.31% <i>Source: TDA Claims for FY 2019 – FY 2021.</i>
The operator’s definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	Finding	Calculation methodology for FTE was not provided and use of the TDA definition could not be confirmed.
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	In compliance	FY 2018/19: 20.96% FY 2019/20: 3.71% (waived) FY 2020/21: 2.17% (waived) <i>Source: TDA fiscal audits, FY 2019 – FY 2021</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 employees are eligible for retirement benefits through 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	
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 Ridgecrest 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. [Include local supplementation to bring the farebox recovery ratio above ten percent.](#)

Discussion: PUC 99258.4 requires rural transit operators to maintain a farebox recovery ratio of at least 10 percent. In FY 2017/18, the TDA fiscal audit determined the City’s farebox recovery ratio to be 7.73 percent. However, this calculation did not include any local supplementation. The prior audit recommended the City continue to identify local supplementation, which can then be applied to the farebox recovery ratio. This was successfully done in FY 2015/16 and FY 2016/17, but not in FY 2017/18.

Progress: In FY 2018/19, adjustments to budget and pension amounts resulted in an audited farebox recovery ratio of more than 20 percent, placing the City in compliance without requiring any supplemental funds. However, this was an artificially low operating cost, and when those adjustments were not taken into account (as reported to the State Controller), the farebox recovery ratio was less than eight percent. In FY 2019/20 and FY 2020/21, penalties for not meeting the farebox recovery ratio were waived, so no supplemental funding was identified. With the penalty waivers ending after FY 2022/23, the City will once again need to identify supplemental funding to ensure it meets the 10 percent requirement. This is discussed in greater detail in Chapter 8.

Status: Not implemented.

2. [Ensure vehicle depreciation is reported on the State Controller Reports.](#)

Discussion: The Income Statement – Operating Expenses Form in the State Controller’s Financial Transaction Report asks transit operators to report depreciation as part of their operating expenses. Depreciation is defined as a “loss in service value of assets,” whether those assets are acquired with the operator’s earnings or with grant funds. At the time of the prior audit, the City did not report depreciation of capital assets on its State Controller Reports. Depreciation is reported in annual TDA fiscal audits and City CAFRs.

The prior auditor recommended the City begin reporting depreciation on its State Controller Reports so that it can be accounted for in the calculation of operating expenses for the purposes of determining farebox recovery ratio. The auditor noted if the City excluded depreciation value from operating cost before it reports this information, it should instead report the full operating

cost of the transit program and report depreciation on the appropriate place on the form. Depreciation will automatically be excluded from the farebox recovery ratio calculation on the State Controller Report.

Progress: This appears to have been implemented on SCO reports beginning with FY 2018/19.

Status: Implemented.

3. Report County contributions appropriately on the State Controller Report so that they are not counted as fare revenue in the farebox recovery ratio calculation.

Discussion: At the time of the prior audit, the City reported the County’s non-fare contribution to the State Controller as “Special Transit Fares.” Based on the above definition, these funds cannot be recorded as fares or local support for purposes of farebox recovery, which has historically been defined as “revenues derived from taxed imposed by the operator or by a county transportation commission created pursuant to Division 12 of the Public Utilities Code.” Beginning in FY 2016/17, the definition of local support was expanded to include “non-federal and non-state grant funds or other revenues generated by, earned by, or distributed to an operator.” However, the prior auditor did not believe the County’s contribution qualified as “local support” under these new guidelines.

Reporting these revenues as “Special Transit Fares” in the State Controller Report automatically includes them as part of the farebox recovery ratio calculation, greatly exaggerating the farebox recovery ratio in that report. The City’s TDA audit correctly utilized other local funds as farebox supplementation, resulting in lower farebox recovery ratios, although these ratios still exceeded the target of 10 percent for rural transit services.

The prior auditor noted the City should ensure County contributions are being reported to the State Controller as General Operating Assistance, not Special Transit Fares. If necessary, the auditor suggested the City contact the State Controller’s Office to determine how the revenues should be reported.

Progress: Kern County contributions were not counted as passenger fares beginning with the FY 2018/19 State Controller Report.

Status: Implemented.

4. Work with the City’s TDA fiscal auditor to ensure only allowable exclusions are used in the calculation of the farebox recovery ratio.

Discussion: In FY 2015/16 and FY 2016/17, the City’s TDA fiscal auditor incorrectly excluded the County’s contribution from operating expenses in the calculation of farebox recovery ratio, identifying these costs as “directly reimbursable expenses.” This is not consistent with the TDA’s definition of operating cost. According to CCR 6634, this figure would be excluded from operating cost as part of the calculation of the maximum amount of TDA funds for which an operator is

eligible, but that is a separate calculation from the farebox recovery ratio. When calculated correctly, this reduced the City's farebox recovery ratio, although it did not fall below the 10 percent threshold.

The prior auditor recommended the City ensure the City's TDA auditor is notified about this finding prior to their preparation of the FY 2018/19 fiscal audit so that farebox recovery ratio can be calculated correctly.

Progress: In TDA fiscal audits completed during the audit period, only depreciation was excluded from the operating cost.

Status: Implemented.

5. Determine why Operating Cost is reported inconsistently among internal and external reports.

Discussion: In FY 2015/16, the operating cost reported on the TDA fiscal audit was significantly different from that reported to the State Controller and NTD. In FY 2016/17, operating cost was significantly different on all reports. It is unclear as to whether depreciation was appropriately excluded on data reported to the State Controller. TDA fiscal audit data was used in Chapter 6 (Performance Analysis) as it correctly excluded depreciation.

The prior auditor recommended the City determine why operating cost is reported inconsistently and determine a strategy for ensuring accurate data is reported. If staggered reporting deadlines results in different information being reported, use prior years' data to investigate what is causing the data to change so dramatically as it is finalized. Use this knowledge to minimize such significant variances in the future.

Progress: There were still significant differences in operating cost observed during this audit period. They seemed to be the result of two primary causes: Different reporting deadlines and the aforementioned budget and pension adjustments. The NTD report uses preliminary (unaudited) data and is filed prior to final closeout of financials for the year. Since adjustments are made after the final data is available, they are not reflected in the NTD reporting. In addition, while the State Controller Reports use audited final data, they do not reflect the pension and budget adjustments shown in the TDA fiscal audits. As a result, the data remains significantly different. However, the recommendation was to determine the cause of the inconsistency, which has been identified.

Status: Implemented.

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Chapter 5 | Data Reporting Analysis

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

There were several primary factors influencing the numerous discrepancies in the City's data. First, the earlier submittal data for the National Transit Database (NTD) reporting resulted in that report not taking into account the City's final financial data (all years) or revised performance data (FY 2018/19 and FY 2019/20). Second, the City has had an issue with the RouteMatch software duplicating some mileage when it calculates deviated fixed-route miles and passengers, so it has been utilizing spreadsheets to make sure they are not duplicated. Finally, a pension and budget adjustment in FY 2018/19 resulted in negative expenses for personnel, which were reflected in the audit but not the NTD or State Controller reports.

A data comparison is provided in Exhibit 5.1.

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>	\$159,250	\$834,485	\$1,057,418
<i>Monthly Performance Reports</i>	\$1,054,887	\$917,238	\$958,619
<i>National Transit Database</i>	\$910,030	\$1,198,663	\$1,169,174
<i>State Controller Report</i>	\$436,072	\$781,907	\$1,391,351
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$33,384	\$29,025	\$22,005
<i>Monthly Performance Reports</i>	\$33,324	\$22,381	\$21,742
<i>National Transit Database</i>	\$33,384	\$29,024	\$9,766
<i>State Controller Report</i>	\$33,384	\$29,205	\$22,005
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	7,196	5,502	838
<i>Supplemental Operating Data</i>	7,196	5,597	1,344
<i>National Transit Database</i>	8,486	5,590	1,344
<i>State Controller Report</i>	7,128	5,597	1,344
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	82,855	60,692	14,755
<i>Supplemental Operating Data</i>	92,875	61,505	25,064
<i>National Transit Database</i>	89,556	64,557	25,064
<i>State Controller Report</i>	82,796	61,505	25,064
Passengers			
<i>Monthly Performance Reports</i>	11,540	8,596	3,895
<i>Supplemental Operating Data</i>	11,540	9,186	3,895
<i>National Transit Database</i>	11,546	9,186	3,895
<i>State Controller Report</i>	12,151	9,186	3,895
Full-Time Equivalent Employees			
<i>State Controller Report</i>	8	8	8

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 Ridgecrest, 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 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 could not be confirmed.

System Performance Trends

System-wide, operating cost experienced an 89 percent net increase across the six-year period. Pension and budget adjustments were likely responsible for the artificially low operating costs in FY 2017/18 and FY 2018/19. The cause of the 77.9 percent increase in FY 2020/21 is unclear. (It should be noted that operating cost was difficult to accurately capture during the audit period due to conflicting data in the various reports, as discussed in Chapter 5.)

Fare revenue experienced a small increase in FY 2018/19 (0.4 percent) before decreasing significantly in FY 2019/20 and FY 2020/21. Fare revenue decreased 34.1 percent during the audit period.

Vehicle Service Hours (VSH) experienced a pattern similar to fare revenue. VSH saw a net 83.8 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 71.4 percent decrease over the six-year period. Ridership decreased every year, though these declines were greatest during the audit period. Overall, ridership experienced a net decrease of 67.9 percent during the audit period, and 71.4 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. However, productivity rose, as passengers per VSH and VSM both increased during the audit period. Passengers/VSH experienced a 70 percent increase during the audit period, while Passengers/VSM increased 5.9 percent during the audit period. This is due to VSH and VSM decreasing at a rate greater than the passenger decline.

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 \$)	\$736,075	\$735,734	\$430,219	\$436,072	\$781,907	\$1,391,351
<i>Annual Change</i>		0.0%	-41.5%	1.4%	79.3%	77.9%
Fare Revenue (Actual \$)	\$33,070	\$37,030	\$33,255	\$33,384	\$29,025	\$22,005
<i>Annual Change</i>		12.0%	-10.2%	0.4%	-13.1%	-24.2%
Vehicle Service Hours (VSH)	8,308	7,819	7,128	7,128	5,597	1,344
<i>Annual Change</i>		-5.9%	-8.8%	0.0%	-21.5%	-76.0%
Vehicle Service Miles (VSM)	87,512	86,034	82,796	82,796	61,505	25,064
<i>Annual Change</i>		-1.7%	-3.8%	0.0%	-25.7%	-59.2%
Passengers	13,629	15,957	12,151	12,151	9,186	3,895
<i>Annual Change</i>		17.1%	-23.9%	0.0%	-24.4%	-57.6%
Employees	8	8	8	8	8	8
<i>Annual Change</i>		0.0%	0.0%	0.0%	0.0%	0.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$88.60	\$94.10	\$60.36	\$61.18	\$139.70	\$1,035.23
<i>Annual Change</i>		6.2%	-35.9%	1.4%	128.4%	641.0%
Operating Cost/Passenger (Actual \$)	\$54.01	\$46.11	\$35.41	\$35.89	\$85.12	\$357.21
<i>Annual Change</i>		-14.6%	-23.2%	1.4%	137.2%	319.7%
Passengers/VSH	1.64	2.04	1.70	1.70	1.64	2.90
<i>Annual Change</i>		24.4%	-16.5%	0.0%	-3.7%	76.6%
Passengers/VSM	0.16	0.19	0.15	0.15	0.15	0.16
<i>Annual Change</i>		19.1%	-20.9%	0.0%	1.8%	4.0%
Farebox Recovery	4.5%	5.0%	7.7%	7.7%	3.7%	1.6%
<i>Annual Change</i>		12.0%	53.6%	-1.0%	-51.5%	-57.4%
Hours/Employee	1,038.5	977.4	891.0	891.0	699.6	168.0
<i>Annual Change</i>		-5.9%	-8.8%	0.0%	-21.5%	-76.0%
TDA Non-Required Indicators						
Operating Cost/VSM	\$8.41	\$8.55	\$5.20	\$5.27	\$12.71	\$55.51
<i>Annual Change</i>		1.7%	-39.2%	1.4%	141.4%	336.7%
VSM/VSH	10.53	11.00	11.62	11.62	10.99	18.65
<i>Annual Change</i>		4.5%	5.6%	0.0%	-5.4%	69.7%
Fare/Passenger	\$2.43	\$2.32	\$2.74	\$2.75	\$3.16	\$5.65
<i>Annual Change</i>		-4.4%	17.9%	0.4%	15.0%	78.8%

*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 6.2 System Ridership

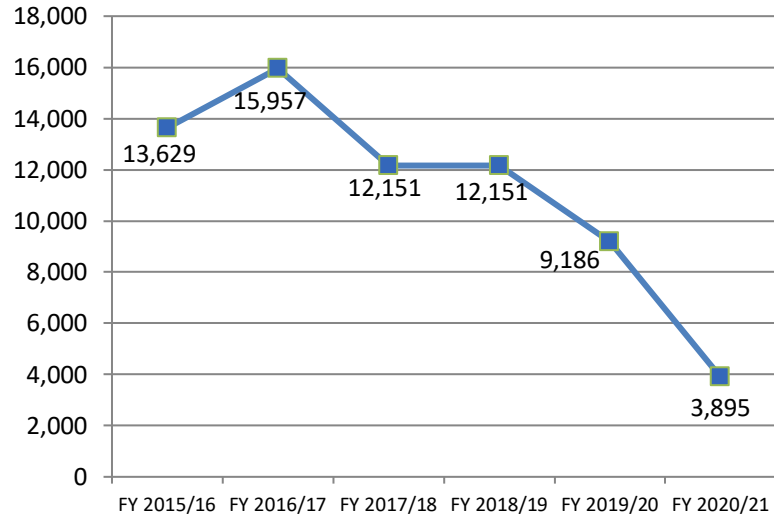


Exhibit 6.3 System Operating Cost/VSH

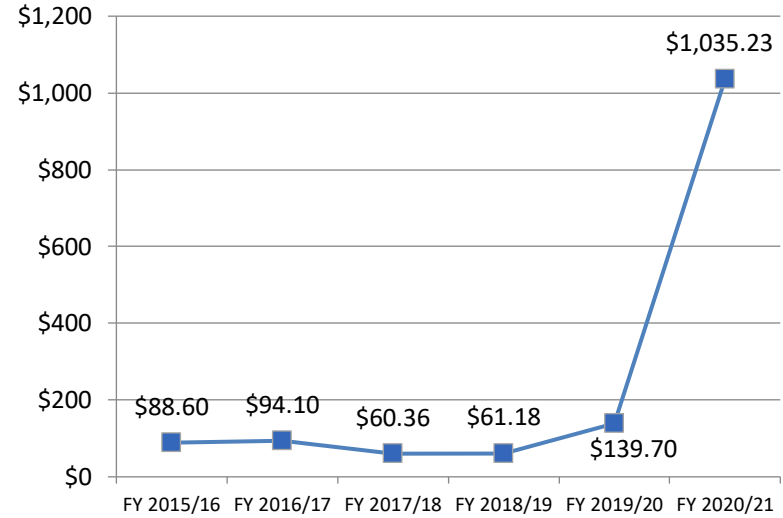


Exhibit 6.4 System Operating Cost/VSM

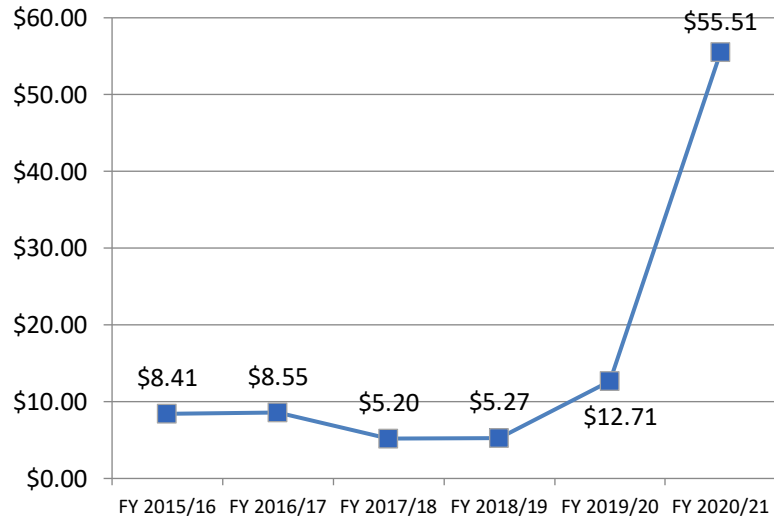


Exhibit 6.5 System VSM/VSH

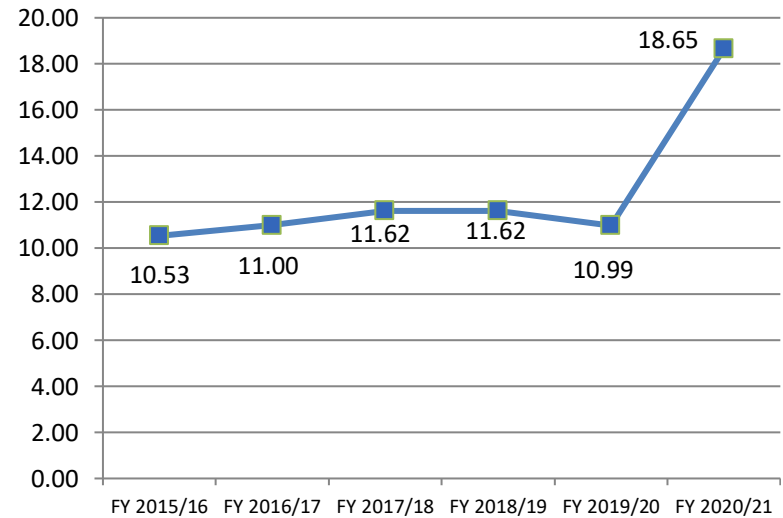


Exhibit 6.6 System Operating Cost/Passenger

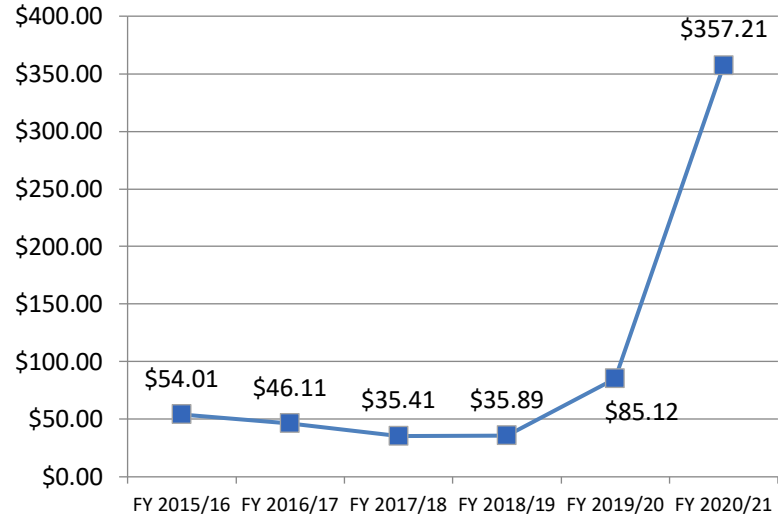


Exhibit 6.7 System Passengers/VSH

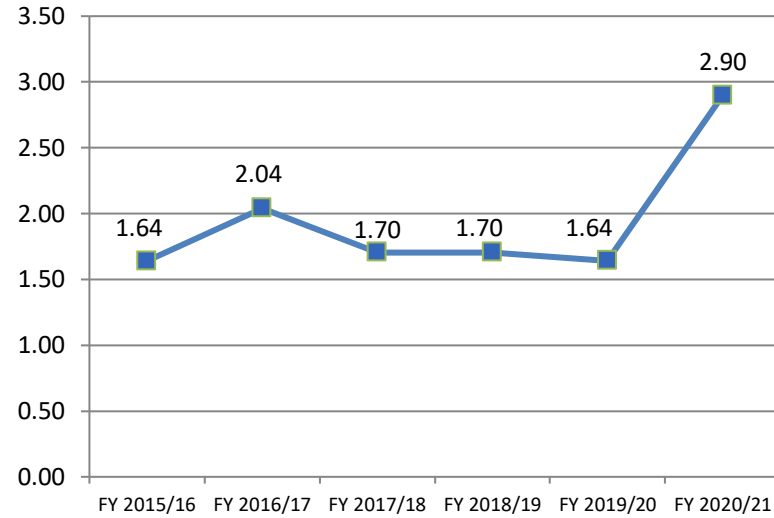


Exhibit 6.8 System Passengers/VSM

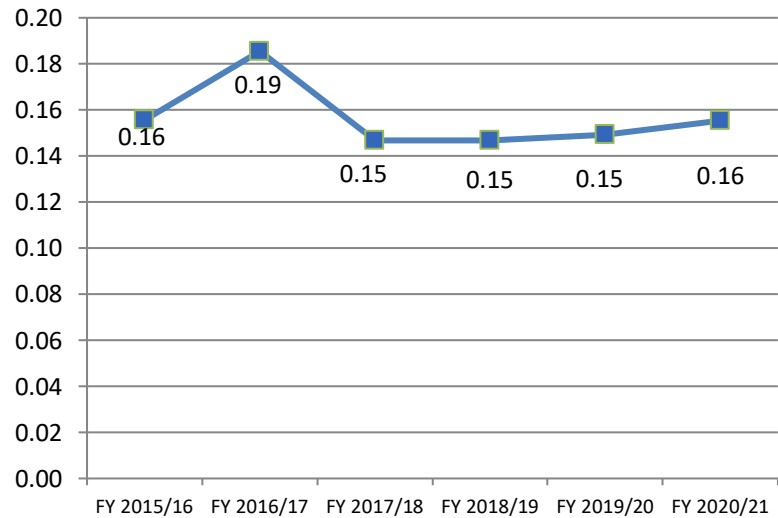


Exhibit 6.9 System VSH/FTE

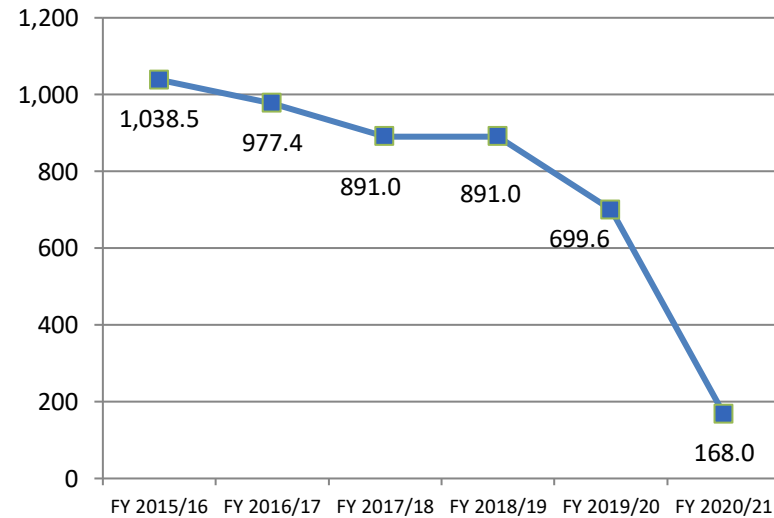


Exhibit 6.10 System Farebox Recovery

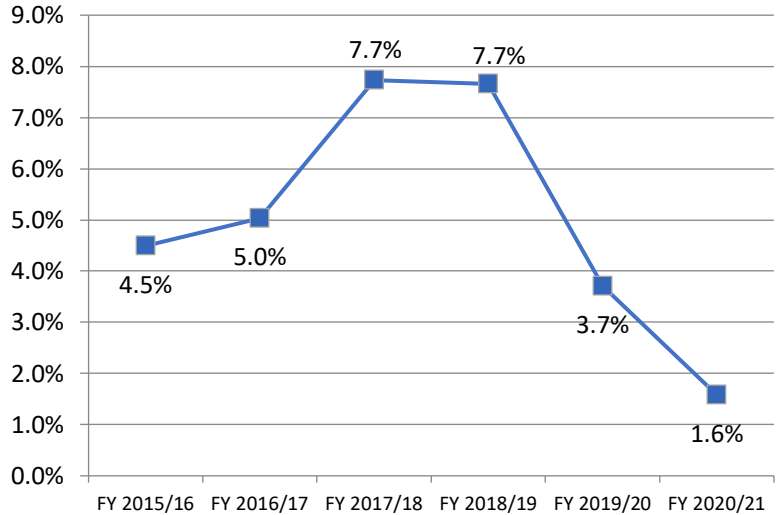
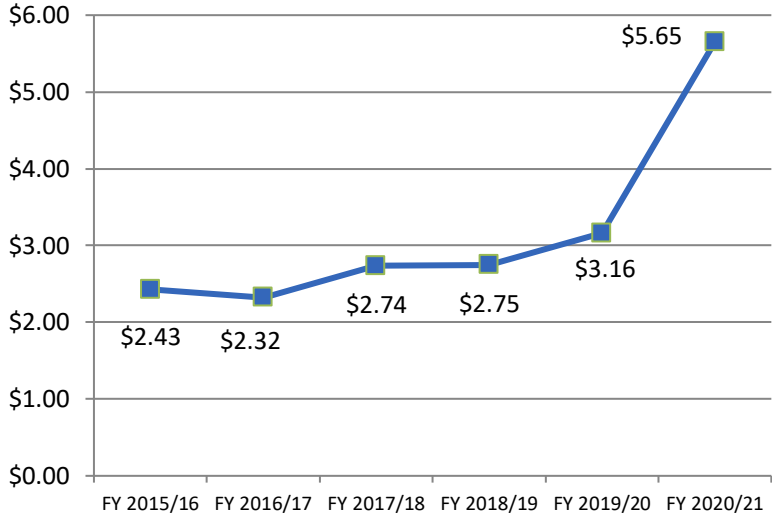


Exhibit 6.11 System Fare/Passenger



(Note: Mode-specific performance indicators were not included in the prior audit, and are not reflected in the mode-specific exhibits.)

Fixed-Route Performance Trends

Fixed-route vehicle service hours decreased every year of the audit period. This resulted in an 86.2 percent decrease during the audit period. The 83.3 percent decrease in FY 2020/21 was due to the suspension of fixed-route service in mid-FY 2020/21 as a result of the COVID-19 pandemic. Vehicle service miles experienced a similar pattern. This resulted in a 73.6 percent decrease during the audit period. Ridership decreased significantly during the audit period, ultimately experiencing a decrease of 71.4 percent during the audit period.

Passenger-related productivity metrics (passengers per VSH and passengers per VSM) saw decreases of 20.4 percent and 58.3 percent, respectively.

Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route		
	FY 2018/19	FY 2019/20	FY 2020/21
Vehicle Service Hours (VSH)	6,474	5,356	895
<i>Annual Change</i>		-17.3%	-83.3%
Vehicle Service Miles (VSM)	68,884	57,385	18,187
<i>Annual Change</i>		-16.7%	-68.3%
Passengers	9,707	7,913	1,068
<i>Annual Change</i>		-18.5%	-86.5%
Employees	7	7	2
<i>Annual Change</i>		0.0%	-71.4%
Performance Indicators			
Passengers/VSH	1.50	1.48	1.19
<i>Annual Change</i>		-1.5%	-19.2%
Passengers/VSM	0.14	0.14	0.06
<i>Annual Change</i>		-2.1%	-57.4%
Hours/Employee	924.9	765.1	447.5
<i>Annual Change</i>		-17.3%	-41.5%
TDA Non-Required Indicators			
VSM/VSH	10.64	10.71	20.32
<i>Annual Change</i>		0.7%	89.7%

Sources: FY 2018/19 – FY 2020/21 data from State Controller Reports.

Exhibit 6.13 Fixed-Route Ridership

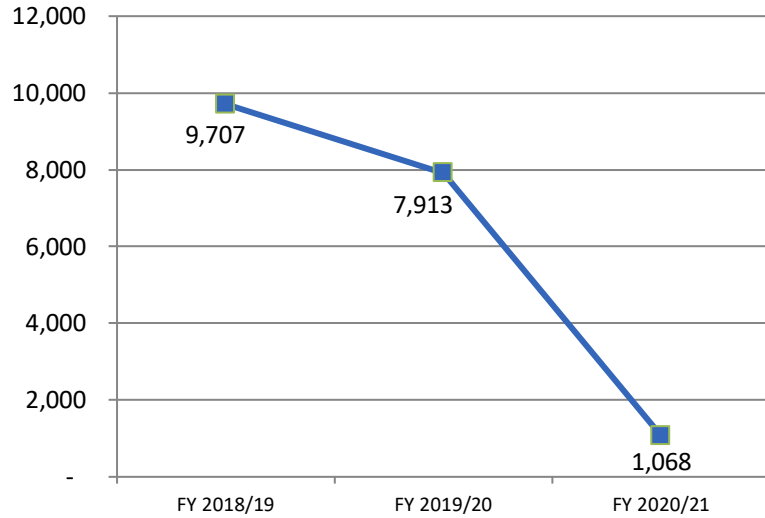


Exhibit 6.14 Fixed-Route VSM/VSH

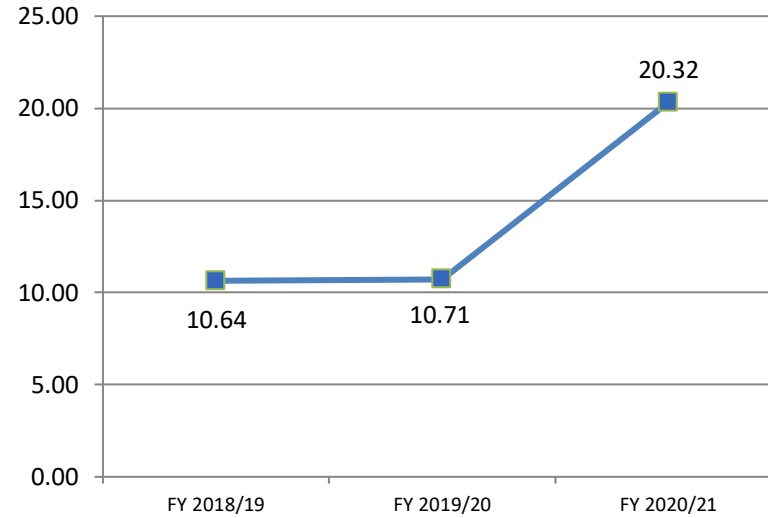


Exhibit 6.15 Fixed-Route Passengers/VSH

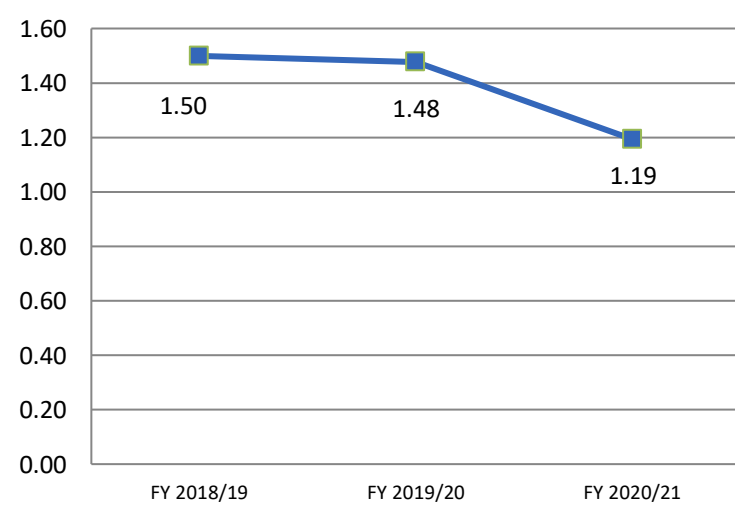


Exhibit 6.16 Fixed-Route Passengers/VSM

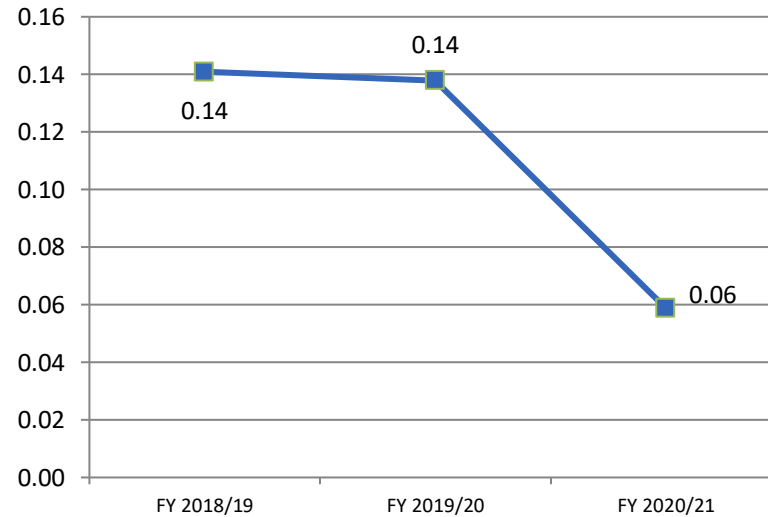
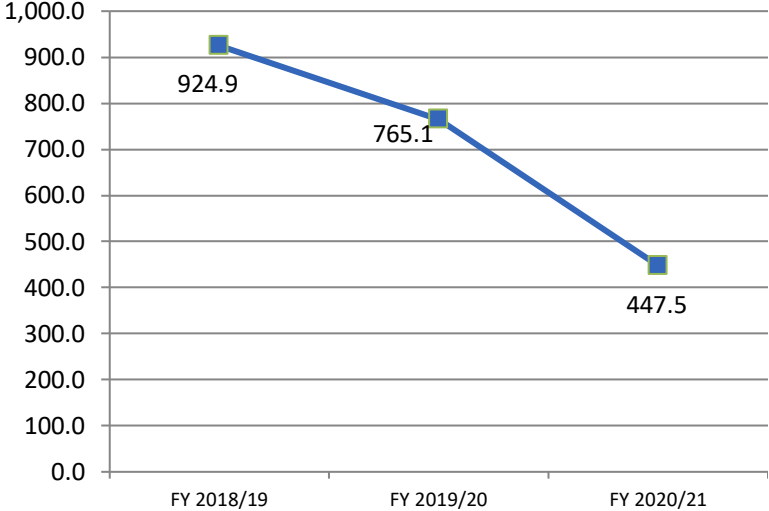


Exhibit 6.17 Fixed-Route VSH/FTE



Demand-Response Performance Trends

Demand-response vehicle service hours experienced a 31.3 percent net decrease during the audit period. The increase in FY 2020/21 was due to the introduction of local general public demand-response service in lieu of fixed-route service during FY 2020/21. Vehicle service miles saw a net decrease of 50.6 percent during the audit period. Ridership increased significantly in FY 2020/21, resulting in a net 15.7 percent increase during the audit period.

Passengers per VSH increased 68.5 percent during the audit period, while passengers per VSM had a net increase of 134 percent.

Exhibit 6.18 Demand-Response Performance Indicators

Performance Measure	Demand-Response		
	FY 2018/19	FY 2019/20	FY 2020/21
Vehicle Service Hours (VSH)	654	241	449
<i>Annual Change</i>		-63.1%	86.3%
Vehicle Service Miles (VSM)	13,912	4,120	6,877
<i>Annual Change</i>		-70.4%	66.9%
Passengers	2,444	1,273	2,827
<i>Annual Change</i>		-47.9%	122.1%
Employees	1	1	6
<i>Annual Change</i>		0.0%	500.0%
Performance Indicators			
Passengers/VSH	3.74	5.28	6.30
<i>Annual Change</i>		41.3%	19.2%
Passengers/VSM	0.18	0.31	0.41
<i>Annual Change</i>		75.9%	33.0%
Hours/Employee	654.0	241.0	74.8
<i>Annual Change</i>		-63.1%	-68.9%
TDA Non-Required Indicators			
VSM/VSH	21.27	17.10	15.32
<i>Annual Change</i>		-19.6%	-10.4%

Sources: FY 2018/19 – FY 2020/21 data from State Controller Reports.

Exhibit 6.19 Demand-Response Ridership

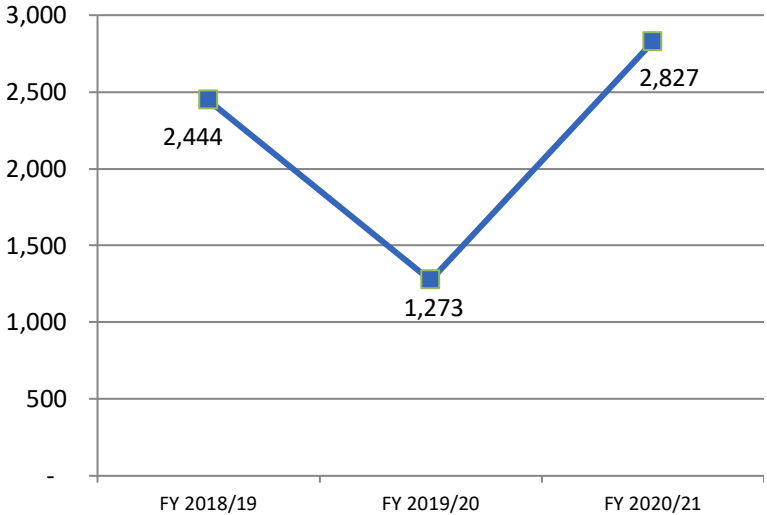


Exhibit 6.20 Demand-Response VSM/VSH

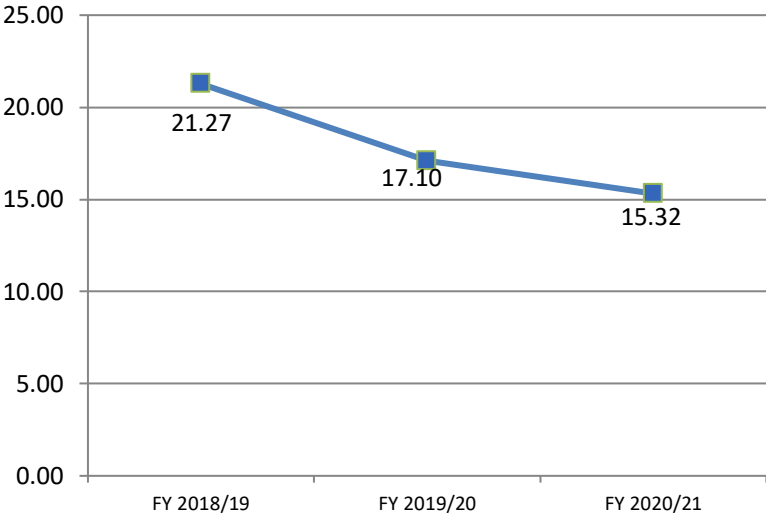


Exhibit 6.21 Demand-Response Passengers/VSH

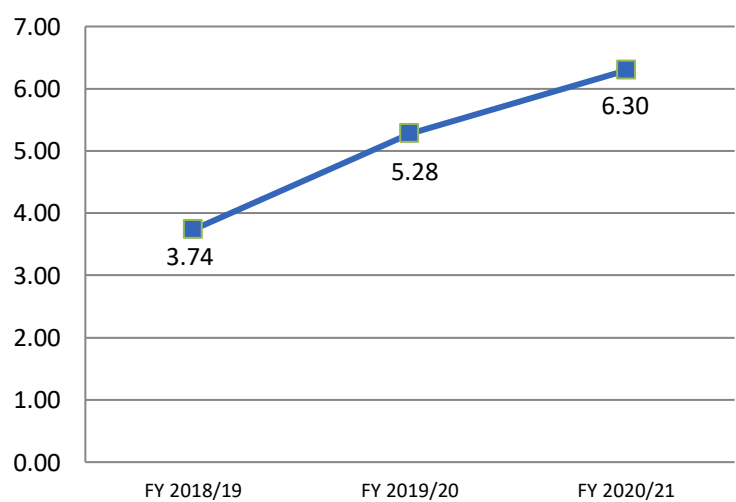


Exhibit 6.22 Demand-Response Passengers/VSM

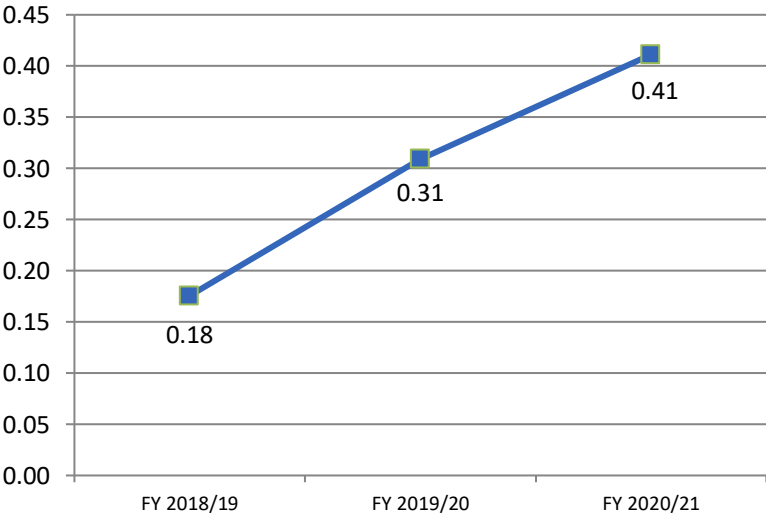
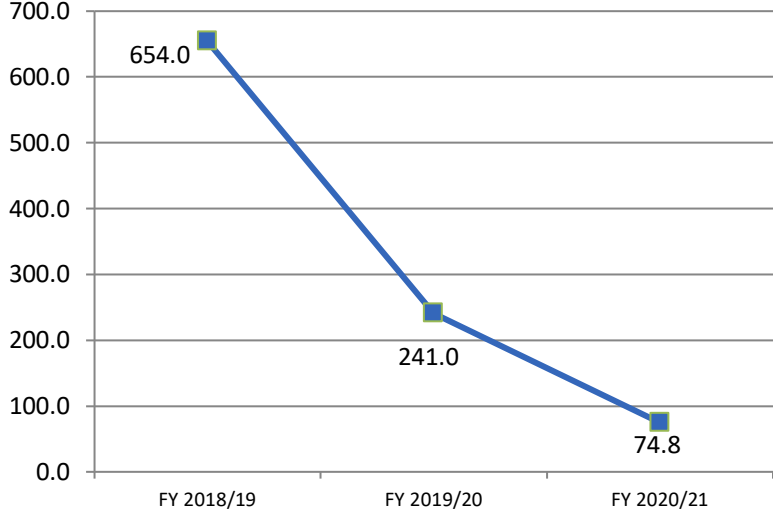


Exhibit 6.23 Demand-Response VSH/FTE



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Chapter 7 | Functional Review

A functional review of the City of Ridgecrest’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

During much of the audit period, the City of Ridgecrest operates a deviated flex-route service under the name “*ridgerunner*.” The local service was comprised of four routes each with a distinct name: Coyote (Line 1), Roadrunner (Line 2), Rattlesnake (Line 3), and Joshua Tree (Line 4). Lines 1, 2, and 3 operated within Ridgecrest and Line 4 served the community of Inyokern.

The *ridgerunner* service operated Monday through Friday from 7:00 a.m. to 4:50 p.m. in Ridgecrest and from 6:45 a.m. to 4:30 p.m. in Inyokern. A fifth “Mid-day Express” bus provided service down the City’s primary arterial between 11:00 a.m. and 1:00 p.m.

Each route had designated bus stops and a 15-minute “deviation” window. The buses follow defined routes, picking up and dropping off passengers at designated stops. Persons with disabilities which preclude using flex-route bus stops may apply for Transit Functional Needs eligibility. Persons who qualify as a Transit Functional Needs Passenger may make a reservation for deviated service within three-fourths (3/4) of a mile from a fixed route. Requests for trip/ride deviations may be made by phone one business day in advance Monday through Friday between the hours of 8:00 a.m. and 12:00 p.m. and 1:00 p.m. through 5:00 p.m.

In FY 2020/21, as an outgrowth of the COVID-19 pandemic, deviated fixed-route service within Ridgecrest transitioned to a general public demand-response model, which is still in effect.

The City also offers transit life-line service in Johannesburg and Randsburg, with two trips on Fridays available by request only. Additionally, connections between the Inyokern and Eastern Sierra Transit Authority’s Mammoth Lakes to Lancaster route are available twice a day, Monday through Friday. Riders can connect to the Metrolink station in Lancaster using this route.

Exhibit 7.1 Ridgecrest Local Service Fare Structure

Fare Category	Fare	Senior/Disabled/Youth
General Ride-City	\$2.50	\$1.25
Monthly Pass	\$45.00	\$35.00
Deviation	\$2.00	-
Children Under 3	Free	-
General Ride - County	\$2.00	\$1.00
General Ride - Inyokern/Crest	\$2.50	\$1.25
Deviation	\$2.00	-
General Ride- Randsburg/Johannesburg	\$8.00	\$4.00
Monthly Pass-All County	\$35.00	-
Monthly Pass-Inyokern	\$45.00	\$35.00
Punch Pass	\$10.00	-

All rides include one free transfer redeemable at the transfer point.

Response to COVID-19 pandemic

In FY 2020/21, deviated fixed-route service within the City of Ridgecrest was consolidated into a system-wide demand response service. Reservations may be made same day and up to seven days in advance. Limited capacity onboard the vehicles and in building spaces were implemented. Vehicles were cleaned and disinfected regularly and assigned to drivers for longer periods of time to prevent cross-contamination. The City continues to operate the system-wide demand response service with no current plans to return to individual routes. Other operational changes relaxed as COVID-19 restrictions were lifted in 2022.

The City’s biggest takeaway from the COVID-19 pandemic was the importance of continued service to transit-dependent riders while keeping staff safe.

General Management and Organization

The Transit Services Coordinator oversees the Transit program with oversight from the Ridgecrest City Manager and the Director of Public Works. The Public Works Director attends KernCOG TTAC and SSTAC meetings.

The City has had difficulty with driver staffing and retention. To address this issue, the City increased advertising job openings and recruiting efforts through local employment agencies and the local community college. The Transit Services Coordinator feels the transit program is currently adequately staffed.

A new Public Works Director was hired during the audit period due to the previous Public Works Director retiring. This has had a positive impact on transit, as the new Director worked to get raises for transit employees as well as expanded benefits.

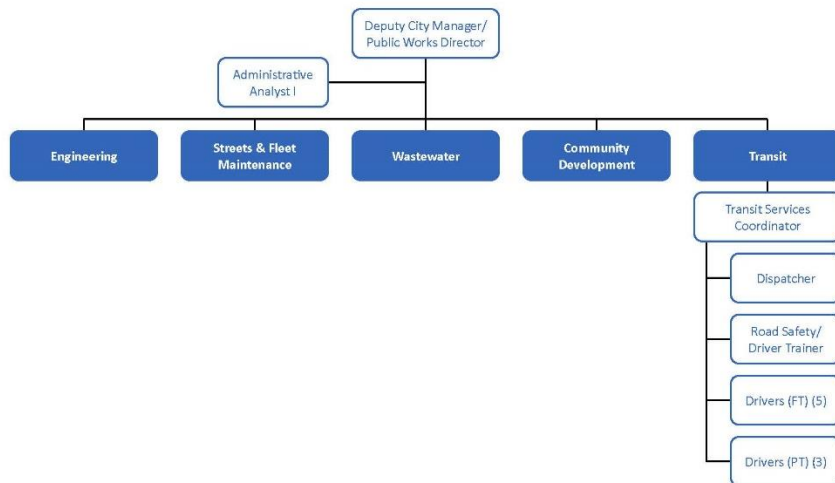
The issue of greatest concern for the city council was during the transition to a full demand-response service. The council questioned how reporting would work and was concerned the change would affect

the money available for street and road maintenance. In response, City staff researched the issue and found other agencies who had used this approach to service had no effect on street and road funding.

The Ridgecrest city council is the governing body for the City’s transit service. Council meetings are held at City Hall (100 W California Avenue) on the first and third Wednesdays of each month at 6:00 p.m. This location is served by the demand-response service as well as by Kern Transit routes 227 and 230. However, *ridgerunner* service only operates until 4:50 p.m., limits its usefulness in attending Council meetings. There is no citizen’s advisory council.

The Transit Division of the City of Ridgecrest works with the Kern Council of Governments and CalTrans to secure funding and satisfy reporting requirements. The City has a good relationship with both entities. The Public Works Director or the Transit Services Coordinator serves as intergovernmental liaison. The City also works closely with the Eastern Sierra Transit Authority (ESTA) and Kern Transit to provide regional connections. The City of Ridgecrest is a member of California Association for Coordinated Transportation (CalACT), which provides access to training and industry networking opportunities.

Exhibit 7.2 Organizational Chart



Service Planning

The Kern Council of Governments (RTPA) is responsible for transit planning for the City of Ridgecrest through the periodic development of a Short Range Transit Plan (S RTP) or Transit Development Plan (TDP). The most recent TDP was completed in June 2007. The City has identified the preparation of a new TDP as a high priority. The Kern COG is in the process of securing funding to resume the preparation of short-range planning for the small operators in Kern County.

The City of Ridgecrest holds an annual “Unmet Needs” public hearing in conjunction with the Kern COG. The process typically begins in January with a hearing before the city council occurring at the beginning of March.

The only major service change during the audit period was the transition to a fully demand-response service in March 2020 due to the COVID-19 pandemic.

Administration

The Public Works Director, in consultation with the Transit Services Coordinator, is responsible for the transit department budget. The budget is ultimately presented to and adopted by the city council and reviewed at the quarterly finance committee meeting. Budgeted versus actual expenditures and revenues may be reviewed more frequently by staff. The City uses Tyler New World to manage its financial data.

The Transit Services Coordinator is responsible for grant writing as well as administering all grant funds. Occasionally there are grants identified that the City would like to apply for but is unable to, primarily due to a lack of staffing, but this is not typically a problem.

Risk management is handled by the City Clerk. Accident and injury claims are reported to the Supervisor, Department Head/City Manager, and Risk Manager (City Clerk). An internal discussion or investigation takes place, then the Risk Manager reports the claim to the insurance company as needed. The City is a member of the Public Risk Innovation, Solutions, and Management (PRISM) insurance pool.

The City periodically reviews its safety practices, at least annually in meetings with the Transit Services Coordinator, Dispatcher, Road Safety Driver Trainer and the Transit Drivers. Additionally, practices are reviewed following any safety incident. A disaster preparedness plan is in place. Transit's role in the plan is to assist with the movement of people when necessary.

The Transit Services Coordinator and Streets Supervisor are jointly responsible for maintenance of the combined administrative and maintenance facility used for transit. The Transit Services Coordinator inspects bus stops and the City's Streets employees typically conduct maintenance work.

The only transit-related contract the City manages is for construction of a solar and electric vehicle charging project with Crosstown Electric. Transit uses the Public Works department's practices for contract management.

The Finance Department is responsible for payroll. On a biweekly basis, employees turn in handwritten timesheets to their supervisors, who review, approve, and enter time. The Transit Services Coordinator double-checks payroll for errors and approves payroll to be processed. All employees utilize direct deposit. Personal information and payroll data is securely managed, and the Payroll Technician and Human Resources Administrative have access.

Invoices are reviewed by the Transit Services Coordinator and the Public Works Director prior to submission to the Accounts Payable Technician for payment. Six positions are authorized to make purchases (IT Manager, City Clerk, department heads, Finance Director, Deputy City Manager, and City Manager). Department heads may authorize purchases up to \$15,000, but anything over \$2,000 must be pursuant to a purchase order. The Finance Director and Deputy City Manager may authorize purchases up to \$30,000, and the City Manager may authorize purchases up to \$50,000. Anything above \$50,000 must be approved by the city council. The City utilizes the CalACT bid for vehicle purchases, and competitively procures other items of major expense.

Marketing and Public Information

The City's primary promotional tools are its brochures, flyers, and social media. Paper maps and flyers were distributed and posted around the community to inform the public on the demand-response service. Transit information is also available on the City's website. The brochure is in English only, though the website includes a Google Translate widget to provide translation into Spanish and other languages. ADA information and Title VI Notice to the Public, Complaint Procedure, and Complaint Form are available in Spanish. The City does not sell advertising on vehicle exteriors or at bus stops. The Transit Department participates in community events such as the Randsburg Old West Days and the Petroglyph Festival. The City also distributed a direct mail postcard to all residents in the Randsburg/Johannesburg area.

While the City does not have a current marketing plan, it does use performance data to target areas with declining ridership. Some of the most successful outreach activities have been information booths at local events. The City also conducts outreach with the local community college, high schools, and independent study school.

The Dispatcher handles all customer service calls and complaints. Only complaints are logged, through email to the Transit Services Coordinator. For complaints, the City collects the name and contact information of the complainant, the nature of the complaint, and actions taken toward resolution. There is no standardized timeframe to resolve customer complaints, though they are typically resolved as soon as possible. The public's perception of the transit service is generally positive with the service being viewed as a necessity for transit-dependent riders.

Scheduling, Dispatch, and Operations

The City currently has five full-time drivers. While it previously attempted to employ part-time drivers, it was unable to find appropriate candidates. Drivers are represented by the United Food & Commercial Workers International Union (UFCW). There is no formal bid process and assignments are not seniority based. There are five different driver shifts; each driver rotates shifts every two weeks. Vehicles are assigned to shifts on a biweekly rotation based on mileage. Vehicle availability is communicated to the dispatcher by the Fleet Mechanic and a schedule for preventative maintenance is displayed in the office.

Schedules are adjusted to accommodate planned absences. Unplanned absences may be covered by calling in other drivers. The Road Safety Driver/Trainer is trained to drive and currently provides coverage as needed. Administrative staff are also cross-trained and licensed and may cover shifts as needed.

Onboard fares are collected in manual fareboxes with self-locking vaults. Once the fare has been dropped from the top of the farebox into the vault, the driver no longer has access. Once the vault is removed, only the Dispatcher, Road Safety Driver/Trainer, or Transit Services Coordinator has access. The key for the vaults is kept in a locked cabinet in the Dispatch office. A farebox report is created daily by the Dispatcher and the deposit is reconciled to this report by the Road Safety Driver/Trainer or the Transit Services Coordinator. Fares are counted in the dispatch office and secured in a locked cabinet until the Transit Services Coordinator transfers the deposit to city hall. At city hall the deposit is immediately dropped into the safe and logged. Final reconciliation is done by the Finance Department. All revenue is processed using Tyler New World BRP financial software. Cash deposits for the bank are prepared daily and sent for deposit in an armored car service. Monthly, punch, and single-ride passes are sold at city hall in the Finance department.

Personnel Management and Training

The Transit department is currently staffed adequately. During the audit period there were issues with high turnover and recruitment as the pool of candidates is very limited. Employees left for a variety of reasons, including better job opportunities or to move out of the area. The City is not currently recruiting for drivers. Previously, the City has used social media, job websites, and advertising through the local community college, employment agencies, and signs on the buses. The City found the signs onboard the vehicles to be the most effective. In recent years, the City has increased its wages and the current group of employees is working well together.

Management motivates staff through a positive work environment offering respect and recognition for extraordinary efforts. The Transit Services Coordinator donates money (fifty dollars) for a monthly raffle that drivers earn entries for by arriving to work on-time, completing paperwork properly, and receiving positive feedback from the community and their peers.

The City trains drivers through the licensing process. Written testing is conducted at the local DMV office, while the Lancaster DMV is used for commercial driver testing. The City meets all California Highway Patrol requirements for General Public Paratransit Vehicle licensing.

All driver training is handled by the Road Safety Driver/Trainer, with assistance from the Transit Dispatcher, Transit Services Coordinator, and experienced drivers. Trainings include RTAP training and behind-the-wheel refresher training including back-up maneuvers and pre-trip inspections. The Transit Services Coordinator oversees the safety program. The City complies with all drug and alcohol random testing requirements and DAMIS reporting requirements.

All drivers are City employees, and are eligible for benefits based on the City's compensation structure. Benefits include CalPERS retirement, holidays, sick leave, vacation, tuition reimbursement, health insurance, dental and vision insurance, and life insurance. Full-time drivers are eligible for full City benefits. All City employees are subject to the same personnel and discipline rules, which are detailed during employee onboarding. Benefits information is communicated during onboarding and annually during the open enrollment period.

Maintenance

The City utilizes Manager Plus for its maintenance program. Maintenance is provided at the City's garage, which is shared with other City vehicles. There is a dedicated space for transit, though staff is shared with other City fleets. One mechanic services all City vehicles, which is sometimes a challenge. The facility features two lifts. There is no locked parts storage area, though a modest parts inventory is maintained and parts are tracked using the Manager Plus software. There have been some difficulties in obtaining parts due to supply chain issues, which resulted in one vehicle being down for an extended period of time.

There is frequent communication between the Dispatcher and Maintenance regarding vehicle availability, and there are no issues with vehicles being available for pullout. If a vehicle is identified as unsafe during a daily pre-trip or other inspection, the keys are pulled and separated from the available fleet so there is no risk that the vehicle will be put into service. The preventive maintenance schedule uses a time and mileage combination based on the manufacturer's recommendations; 3,000 miles for lube/oil/fluids and 45 days for CHP. The City uses a service sticker to ensure regular preventive maintenance is performed.

Warranty work is done as appropriate and typically is outsourced. Maintenance rarely conflicts with regular vehicle use.

The City’s fleet consists of ten vehicles: six Ford Eldorado Aero Elites, three Starcraft Allstars, and one Ford Econoline van. All vehicles are wheelchair accessible. Vehicles are equipped with fire extinguishers, first aid kits, and bike racks. A fleet inventory is provided in Exhibit 7.3. The City has a vehicle replacement program in place.

Exhibit 7.3 Fleet Inventory

Vehicle #	Year	Make	Model	PAX	WC	Mileage	Status
R301	2003	Ford	Econoline 350	8	1	-	Retired
R340	2008	Starcraft	Allstar	16	2	-	Retired
R389	2012	Ford	Eldorado Aero Elite	20	2	189,001	Active
R390	2012	Ford	Eldorado Aero Elite	20	2	96,578	Active
R391	2012	Ford	Eldorado Aero Elite	20	2	110,240	Active
R392	2012	Ford	Eldorado Aero Elite	20	2	98,770	Active
R398	2013	Ford	Eldorado Aero Elite	22	2	95,141	Active
R399	2013	Ford	Eldorado Aero Elite	22	2	108,572	Active
R423	2016	Starcraft	Allstar	20	2	59,650	Active
R424	2016	Starcraft	Allstar	20	2	70,476	Active

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Chapter 8 | Findings and Recommendations

Conclusions

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

1. The City's operating expenses exceeded a 15 percent change year-over-year and were not substantiated in the TDA claims.
2. Use of the TDA definition of full-time equivalent (FTE) employee could not be confirmed.

The audit team has identified two functional findings. While these finding are not compliance findings, the audit team believes they warrant inclusion in this report:

1. The operating cost used to calculate farebox recovery ratio in FY 2018/19 was misleading due to a large value of pension-related deferred outflow.
2. Prior planning efforts are no longer relevant since the City has transitioned to a demand-response mode.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City of Ridgecrest'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's operating expenses exceeded a 15 percent change year-over-year and were not substantiated in the TDA claims.

Criteria: PUC 99266 requires any operator with a budgeted increase in operating costs more than 15 percent higher than the previous year to substantiate its claim with statements, reports, and other supporting data.

Condition: This is typically done as part of the TDA claims process. The Kern COG's TDA claims form includes a "System Characteristics Questionnaire" form that asks "Is a budget increase in excess of 15% proposed for [Fiscal Year]" and "Is an increase or decrease in excess of 15% in the scope of operations or capital budget provisions proposed for [Fiscal Year]"? A "yes" response to the second requires the

submittal of a statement that describes the components of the increase or decrease and justified or substantiates the change.

Using data provided on the TDA claims, the budget change for each year of the audit period was calculated as 83.55 percent, 43.50 percent, and 63.31 percent, respectively. However, at no time did the City identify or justify any such increases above 15 percent.

Cause: The reasons for both the lack of identification of the increase and the failure to include further explanation could not be identified.

Effect: Increases in budget were not justified or substantiated.

Recommendation: Ensure any program budget more than 15 percent greater than the prior year is accurately reflected on TDA claims and justification for the increase is provided.

Recommended Action: When TDA claims are being prepared, the City needs to carefully review its estimated actuals for the current fiscal year against the proposed operating budget for the next fiscal year. If this shows an increase greater than 15 percent, justification for the increase must be provided. The TDA does not require this justification to conform to any specific

Timeline: FY 2023/24.

Anticipated Cost: None.

Compliance Finding 2: Use of the TDA definition of full-time equivalent (FTE) employee could not be confirmed.

Criteria: The State Controller, for its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of “employee” as total work hours divided by 2,000.

Condition: The City did not provide documentations for this metric as part of the current audit. As such, use of the TDA definition could not be evaluated or confirmed.

Cause: The cause of this failure to provide the data is unknown.

Effect: Compliance with this requirement could not be verified.

Recommendation: Ensure the TDA definition of full-time equivalent (FTE) employee is used in preparation of the State Controller Reports.

Recommended Action: The City should document all hours worked related to transit beginning with FY 2022/23. Hours should be based on either actual work performed. For individuals not dedicated to transit (such as the Public Works Director), hours may be estimated based on a percentage of time spent on transit. Once all hours have been totaled, divide by 2,000 to calculate the number of employees. Ensure the individual(s) completing the State Controller Report is aware of how to calculate this data using the

TDA definition. Maintain documentation of this calculation methodology for the next Triennial Performance Audit.

Timeline: Beginning with the State Controller Report for FY 2022/23.

Anticipated Cost: None.

Functional Finding 1: The operating cost used to calculate farebox recovery ratio in FY 2018/19 was misleading due to a large value of pension-related deferred outflow.

Criteria: PUC 99247 defines operating cost as “all costs in the operating expense classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243.” PUC 99268.17 goes on to identify costs that may be excluded from operating cost for the purpose of calculating the farebox recovery ratio, and PUC 99314.6 extends the exclusion of those costs to the calculation of operating cost for the STA efficiency tests. PUC 99268.17 also states that the exclusion of costs applies only to the calculation of the farebox recovery ratio and does not change the operating cost reported to the State Controller or auditors.

Condition: In FY 2018/19, the City reported a negative personnel cost due to a pension adjustment, according to City staff. This resulted in an audited operating cost of \$159,250. Other reports did not reflect the operating cost data in the same way – NTD was filed prior to the finalization of the year’s data, and the State Controller Report did not reflect all of the negative amounts. It does not appear the fiscal auditors did anything wrong, as they looked at the fiscal year as a whole and applied all related revenues and expenses. However, it was very difficult to determine which was the “correct” operating cost prior to the application of the pension adjustment.

Cause: The TDA does not provide direction regarding how such adjustments should be considered with respect to the calculation of operating cost.

Effect: The audited amount is considerably different than the expected operating cost. This also resulted in an artificially inflated farebox recovery ratio because it used the much lower operating cost reflective of the pension adjustment.

Recommendation: Document actual operating costs separate from any pension or budget adjustments so that program compliance and efficiency can be accurately assessed.

Recommended Action: If possible, the City should document any pension or budget adjustments as a separate line items in its fiscal audit or other documentation. Beginning in FY 2021/22, the TDA allows for “any expense greater than the actuarially determined contribution associated with pensions and other post-employment benefits as required by GASB Statement Number 68 and 75” to be excluded from operating cost for the purpose of calculating the farebox recovery ratio and STA efficiency tests. While this was not exactly the situation here (given the operating cost was significantly lower than it should have been), this illustrates the need to document such expenses or adjustments in such a way that they can be readily identified.

Timeline: Beginning with the fiscal audit for FY 2022/23.

Anticipated Cost: None.

Functional Finding 2: Prior planning efforts are no longer relevant since the City has transitioned to a demand-response mode.

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 2007 and included a seven-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 service delivery 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, especially given its new approach to service delivery.

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	Ensure any program budget more than 15 percent greater than the prior year is accurately reflected on TDA claims and justification for the increase is provided.	Medium	FY 2023/24
2	Ensure the TDA definition of full-time equivalent (FTE) employee is used in preparation of the State Controller Reports.	Medium	FY 2023/24
Functional Recommendations		Importance	Timeline
1	Document actual operating costs separate from any pension or budget adjustments so that program compliance and efficiency can be accurately assessed.	High	FY 2023/24
2	Work with the Kern COG to prepare a new Transit Development Plan reflective of the current approach to transit service.	High	FY 2024/25

Management Response

Upon review of the draft audit report, City staff acknowledged that staff turnover led to challenges in maintaining consistent adherence to the City’s established procedures. They regret any shortcomings identified during the audit and are committed to immediately rectifying the situation. In response to the findings, staff are implementing a comprehensive plan to alleviate these concerns and prevent similar issues from arising in the future.

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