

Draft Audit Report
May 2017

**Ventura County Transportation Commission
TDA Triennial Performance Audit
VCTC as the Regional Transportation Planning Agency**



MA and ASSOCIATES
Certified Public Accountants

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Chapter 1

Executive Summary

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

The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to maintain eligibility for TDA funding. This audit report focuses exclusively on VCTC's role as a regional transportation planning agency. The Authority's role as a transit operator is analyzed in a separate Triennial Performance Audit.

To determine VCTC's compliance with TDA requirements, as well as its overall program effectiveness and efficiency, Moore & Associates interviewed VCTC staff and reviewed supporting documentation. This audit report details findings of our compliance and functional reviews and includes recommendations to enhance VCTC's effectiveness.

The Triennial Performance Audit includes five elements:

1. Compliance requirements,
2. Follow-up of prior recommendations,
3. Analysis of internal goal setting and strategic planning efforts,
4. Review of the RTPA's functions and activities, and
5. Findings and recommendations.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit of VCTC for the period defined as:

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

Ventura County Transportation Commission (VCTC) is a state-designated regional transportation planning agency created to address regional transportation issues. Its member agencies include the County of Ventura and its 10 incorporated cities. VCTC is governed by elected officials and selected representatives from Ventura County and the cities of Camarillo, Fillmore, Moorpark, Ojai, Oxnard, Port Hueneme, Santa Paula, Simi Valley, Thousand Oaks, and Ventura.

VCTC sets transportation priorities, selects projects, and distributes state and federal monies to its members to maintain, repair and support operations of local roadways, public transportation and other transportation systems. The agency works with Caltrans to plan, select and construct major highway

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projects. VCTC is also responsible for administering Transportation Development Act (TDA) funds, including both State Transit Assistance (STA) funds and Local Transportation Funds (LTF). VCTC allocates transit funding to the City of Camarillo, City of Fillmore, City of Moorpark, City of Ojai, City of Santa Paula, City of Simi Valley, City of Thousand Oaks, County of Ventura, Gold Coast Transit District, and Metrolink. VCTC also operates VCTC Intercity Bus and serves as the administrator for Valley Express.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

TEST OF COMPLIANCE

With one exception, VCTC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner.

1. VCTC's fiscal audit was submitted late in FY 2014/15.

STATUS OF PRIOR RECOMMENDATIONS

The prior Triennial Performance Audit – completed in 2014 by Nelson\Nygaard for the three fiscal years ending June 30, 2013 – included the following recommendations.

1. Establish a Productivity Review Subcommittee of Transcom to review productivity and performance measurement of transit service.
Status: Partially implemented.
2. Update rules and regulations for the evaluation of claims for TDA Article 4.5 funds.
Status: Not implemented.
3. Monitor the newly established East County Transit Alliance with Eastern Ventura County cities.
Status: Implemented.
4. Update the county's Congestion Management Program and upload to the GoVentura website.
Status: Not implemented.
5. Add representation from VISTA to the Technical Transportation Advisory Committee (TTAC) and Transcom to comply with PUC Section 130105(e).
Status: Implemented.

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GOAL SETTING AND STRATEGIC PLANNING

VCTC's planning efforts have prioritized connectivity. Recent planning efforts have resulted in a county-wide short-range transit plan that tries to efficiently utilize resources and emphasize connectivity. This plan included a comprehensive analysis of all transit services within Ventura County, as well as a market analysis which identified service gaps.

To accompany this plan, VCTC also prepared an Intercity Service Plan, which guides service of its Intercity Transit routes. The plan was created as VCTC prepared to rebrand its public transit services from VISTA to VCTC Intercity, which helped build brand recognition among its various transit services.

FINDINGS AND RECOMMENDATIONS

Based on the current review, we submit the aforementioned TDA compliance finding.

We also identified three additional functional findings. While these findings are not compliance findings, we feel they are significant enough to be addressed within this review.

1. VCTC has two recommendations from the prior TDA audit that remain relevant but have yet to be implemented.
2. ECTA is currently reported only as part of the operating entities, and aggregate data is not available to conduct a performance audit of the service as a whole.
3. The City of Ojai continues to struggle regarding the 20 percent farebox requirement given its urbanized designation and rural nature.

In completing this Triennial Performance Audit, we submit the following recommendations for the Ventura County Transportation Commission as the RTPA. 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 agency into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the Triennial Performance Audit that are not specific to TDA compliance.

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Exhibit 1.1 Summary of Recommendations

TDA Program Compliance Recommendations		Importance	Timeline
1	Work with fiscal auditors and finance staff to ensure audits are prepared and submitted within the designated timeframe.	High	FY 2017/18
Functional Recommendations		Importance	Timeline
1	Update rules and regulations for the evaluation of claims for TDA Article 4.5 funds.	Medium	FY 2018/19
2	Update the county's Congestion Management Program and upload to the GoVentura website.	Medium	FY 2017/18
3	Work with ECTA partners to compile operating data on an annual basis so that a separate Triennial Performance Audit of ECTA can be completed during the next audit cycle.	Medium	FY 2018/19
4	Consider developing a policy for transit operators serving rural and urbanized areas (such as Ojai) that could be used to establish a "blended" farebox recovery ratio goal for such areas throughout the county, or continue to consider alternative options such as Article 4.5 funding.	Medium	FY 2017/18

Chapter 2

Audit Scope and Methodology

The Triennial Performance Audit of the Ventura County Transportation Commission (VCTC) covers a three-year period ending June 30, 2015. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2017, the Ventura County Transportation Commission selected the consultant team of Moore & Associates, Inc./Ma and Associates to prepare Triennial Performance Audits of itself as the RTPA, the five transit operators to which it allocates TDA Article 4 funding, and four additional transit operators that do not receive TDA Article 4 funding. Moore & Associates is a general consulting firm specializing in public transportation, while Ma and Associates is a Certified Public Accounting firm. Selection of the consultant followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of VCTC as the designated RTPA for Ventura County. Direct benefits of a Triennial Performance Audit include providing RTPA management with information on the economy, efficiency, and effectiveness of their 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 99246(a) that the RTPA designate an independent entity other than itself to conduct a performance audit of its activities as well as those of each operator to whom it allocates funds.

We conducted this performance review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

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

OBJECTIVES

The Triennial Performance Audit has four primary objectives:

1. Assess compliance with TDA regulations,
2. Review actions taken by the RTPA to implement prior recommendations,
3. Evaluate the efficiency and effectiveness of the RTPA through a review of its functions, and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the RTPA.

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SCOPE

The Triennial Performance Audit is intended to be a high-level review of performance evaluating the efficiency and effectiveness of the RTPA. The review of VCTC included five related tasks:

1. Review of compliance with the TDA requirements and regulations.
2. Assessment of implementation of recommendations presented in prior performance audits.
3. Analysis of VCTC's internal goal setting and strategic planning functions.
4. Examination of the following functions:
 - Administration and Management,
 - Transportation Planning and Regional Coordination,
 - Claimant Relationships and Oversight,
 - Marketing and Transportation Alternatives, and
 - Grant Applications and Management.
5. Recommendations to address opportunities for improvement based on analysis of the information collected and the review of the RTPA's core functions.

METHODOLOGY

The methodology for the Triennial Performance Audit of VCTC as the RTPA included extensive review of documents relevant to the scope of the review, as well as information contained on VCTC's website (www.goventura.org). The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit report for the prior review period;
- Annual budgets;
- Audited financial statements;
- State Controller Reports;
- Agency organizational chart;
- Board meeting minutes and agendas;
- Planning studies and documents prepared during and prior to the audit period;
- TDA and transit funding allocations to operators; and
- Calls for Projects.

The methodology for this review included a site visit to VCTC's offices (located at 950 County Square Drive in Ventura) on March 15, 2017. The audit team met with Martin Erickson (Transit Director), Aaron Bonfilio (Program Manager), and Sally DeGeorge (Finance Director) and reviewed materials germane to the triennial performance audit.

The report is comprised of seven chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. Scope and Methodology: Discussion of the review methodology and pertinent background information.

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3. Audit Results: In-depth discussion of VCTC's roles and responsibilities as well as findings surrounding each of the subsequent elements of the review:
 - Compliance with statutory and regulatory requirements,
 - Progress in implementing prior recommendations,
 - Goal setting and strategic planning,
 - Functional review, and
 - Findings and recommendations.

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Chapter 3 Overview of VCTC

The Ventura County Transportation Commission is a regional transportation planning agency governed by a Commission composed of one council member from each city, all five county supervisors, two public members, and one ex-officio member appointed by the Governor of California (typically the Caltrans District 7 Director). VCTC was created in 1989 by Senate Bill 1880 as the successor agency to the Ventura County Association of Governments (VCAG). In 2004, the Commission was reorganized under Assembly Bill 2784 into its current configuration.

VCTC's mission is to improve mobility within the County and increase funding to meet transportation needs. VCTC establishes transportation policies and priorities to ensure equitable allocation of federal, state, and local funds for a variety of transportation projects, including highway, transit, rail, aviation, bicycle, and pedestrian projects. VCTC's role is to build consensus, make strategic plans, obtain and allocates resource, and provide public information pertinent to Ventura County's transportation services and infrastructure. VCTC also administers a public transit program branded as Intercity Transit.

ROLES

VCTC serves many functions within the region, including:

Regional Transportation Planning Authority (RTPA). As the RTPA, VCTC is legally responsible for allocating Transportation Development Act (TDA) funds. The TDA provides two major sources of funding: Local Transportation Funds (LTF), which are derived from a one-quarter cent state sales tax, and State Transit Assistance (STA), which is derived from the statewide sales tax on diesel fuel. VCTC is required by state statutes to conduct multi-modal transportation planning, programming, and funding allocation.

Consolidated Transportation Service Authority (CTSA). VCTC is the agency responsible for coordinating programs serving the transportation needs of seniors, people with disabilities, and other historically transit-dependent populations.

The Airport Land Use Commission (ALUC). ALUCs implement state law (Public Utilities Code) regarding airports and surrounding land use compatibility.

County Transportation Authority (CTA). VCTC is responsible for determining the method for distributing sales tax revenue for transportation improvements, when applicable.

Ventura County Service Authority for Freeway Emergencies (SAFE). VCTC is responsible for operation and administration of roadside call boxes. This service is funded through a one dollar surcharge on vehicle registrations. In 2015, VCTC upgrades 420 of the county's 570 call boxes to 3G cellular service. In 2016, VCTC approved removal of approximately 140 boxes due to low usage.

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Congestion Management Agency (CMA). VCTC, as the designated Congestion Management Authority (CMA) for Ventura County, is responsible for coordinating land use, transportation planning, and air quality to mitigate traffic congestion. VCTC is responsible for developing and implementing a Congestion Management System, which identifies likely areas of vehicular congestion and proffers strategies and recommendations for alleviating this congestion.

ADVISORY COMMITTEES

Citizens Transportation Advisory Committee/Social Services Transportation Advisory Council (CTAC/SSTAC). The CTAC/SSTAC advises on planning regarding Unmet Transit Needs. The committee includes two non-elected members from each city and Ventura County, two at-large members, and one representative each from Camarillo Health Care District, Commission on Human Concerns, Developmental Disability, St. John’s Medical Center, Public Social Services Agency, and VCTC (as the CTSA).

Transportation Technical Advisory Committee (TTAC). TTAC advises VCTC on all technical transportation matters in the county and cities. The Committee includes one representative and one alternate from the following: Ventura County Public Works Department, each city, Oxnard Harbor District, Ventura County Air Pollution Control District, Gold Coast Transit, Southern California Association of Governments (SCAG), and Caltrans District 7. TTAC meets on an as-needed basis at locations throughout the county.

Transit Operators Advisory Committee (Transcom). Transcom advises VCTC on all transit-related matters including commuter rail. The committee includes one representative from each transit operator in Ventura County and one ex-officio member of the Transportation Technical Advisory Committee (TTAC). Transcom typically meets once a month at Camarillo City Hall.

Santa Paula Branch Line Advisory Committee (SPBLAC). The SPBLAC advises VCTC regarding usage and maintenance of the Santa Paula Branch rail line. Members include representatives of the cities of Ventura, Santa Paula, and Fillmore, as well as two County Supervisors who represent areas along the SPBL.

ORGANIZATION

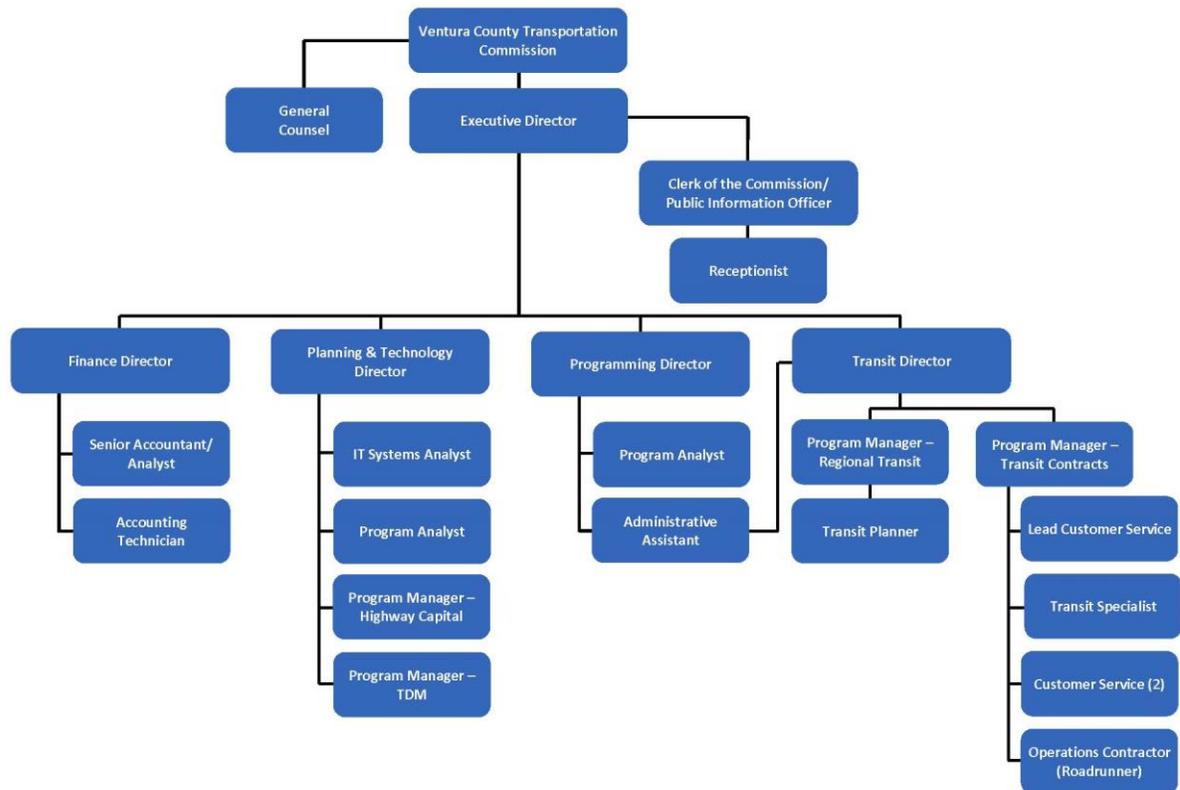
The VCTC organizational chart (see Exhibit 3.1) includes 23 full-time positions. VCTC’s Executive Director reports to the Commission and manages four departments—Finance, Technology and Planning, Programming, and Transit.

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Exhibit 3.1 Organizational Chart



Source: VCTC.

During the audit period, the following individuals served as voting members of the Ventura County Transportation Commission:

- Bill Little, City of Camarillo (2015-2016)
- Jan McDonald, City of Camarillo (2013-2014)
- Manuel Minjares, City of Fillmore (2013-2016)
- Keith Millhouse, City of Moorpark (2013-2016; Vice Chair 2015; Chair 2016)
- Betsy Clapp, City of Ojai (2013-2015)
- Severo Lara, City of Ojai (2016)
- Bryan MacDonald, City of Oxnard (2013-2016; Vice Chair 2016)
- Douglas Breeze, City of Port Hueneme (2015-2016)
- John Sharkey, City of Port Hueneme (2013-2014)
- Carl Morehouse, City of San Buenaventura (2013-2016)
- Ralph Fernandez, City of Santa Paula (2013-2014; Vice Chair 2013; Chair 2014)
- Ginger Gherardi, City of Santa Paula (2015-2016)
- Steve Sojka, City of Simi Valley (2013-2016; Chair 2013)
- Claudia Bill-de la Peña, City of Thousand Oaks (2013-2016)

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- Steve Bennett, County of Ventura (2013-2016)
- Peter Foy, County of Ventura (2013-2016; Vice Chair 2014; Chair 2015)
- Kathy Long, County of Ventura (2013-2016)
- Linda Parks, County of Ventura (2013-2016)
- John Zaragoza, County of Ventura (2013-2016)
- Brian Humphrey, Citizen Rep, Simi Valley (2013-2016)
- Jim White, Citizen Rep, County (2013-2016)

VCTC Commissioners meet at 9:00 a.m. on the first Friday of the month at Camarillo City Hall.

The Commissioners utilizes a Finance/Administration committee, as well as other ad hoc committees as needed. Commissioners are also assigned to regional committees such as Los Angeles – San Diego – San Luis Obispo Rail Corridor (LOSSAN Corridor); Unmet Transit Needs; and Coastal Express commuter bus service (partnership with Santa Barbara County Association of Governments).

GOAL SETTING AND STRATEGIC PLANNING

In 2013, VCTC completed its first Comprehensive Transportation Plan (CTP) long-range policy document, built from community-based needs and priorities for enhanced regional connections. The goal of the CTP is to ensure mobility and enhance the quality of life for all Ventura County residents. It provides a framework for future planning and collaboration and informs Ventura County's long range transportation decisions. The CTP also examines various funding strategies and options from the federal, state, regional and local levels.

The CTP developed a vision to guide future planning:

A connected and integrated transportation system that provides convenient, safe and accessible options. This system is inclusive of all community members and needs, balancing all interests. It is intended to be built from a sustainable plan that reflects local priorities.

The plan demonstrated support among the population to improve transit options and connectivity within the county. The report characterized current public transit services as presenting a challenge to riders due to differing levels of service and a lack of coordination among multiple operators.

As a result, VCTC has placed a priority on connectivity. Recent planning efforts have resulted in a county-wide short-range transit plan that tries to efficiently utilize resources and emphasize connectivity. This plan included a comprehensive analysis of all transit services within Ventura County, including service levels and ridership. The study also featured a market analysis which identified service gaps.

To accompany this plan, VCTC also prepared a VCTC Intercity Service Plan, which guides development of its Intercity Transit routes. The plan was created as VCTC prepared to rebrand its public transit services from VISTA to VCTC Intercity, which helped build brand recognition among its various transit services.

In Chapter 6, we will further evaluate VCTC's effectiveness and efficiency as the RTPA.

Chapter 4

Program Compliance

This section examines the Ventura County Transportation Commission's compliance with the State of California's Transportation Development Act as well as relevant sections of California's Public Utilities Commission code. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. Although compliance verification is not a Triennial Performance Audit function, several specific requirements concern issues relevant to the performance audit. The RTPA considers full use of funds under CCR Section 6754(a) to refer to operating funds but not capital funds. The Triennial Performance Audit findings and related comments are delineated in Exhibit 3.1.

Compliance was determined through discussions with VCTC staff as well as a physical inspection of relevant documents, including the fiscal audits for each year of the triennium. Also reviewed were planning documents, Board actions, and other related documentation.

With one exception, VCTC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. VCTC's fiscal audit was submitted late in FY 2014/15.

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Exhibit 4.1 Transportation Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund monies apportioned to that area.	PUC 99231	In compliance	
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles (Article 3).	PUC 99233, 99234	In compliance	
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process that includes at least an annual public hearing.	PUC 99238, 99238.5	In compliance	Public Unmet Transit Needs hearings: February 24, 2014 February 9, 2015 February 8, 2016
The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit. <ul style="list-style-type: none"> A committee for the purpose of providing advice on productivity improvements may be formed. The operator has made a reasonable effort to implement improvements recommended by the RTPA as determined by the RTPA, or else the operator has not received an allocation that exceeds its prior year allocation. 	PUC 99244	In compliance	VCTC's Transcom Committee (made up of all Ventura County transit operators) meets monthly. However, the prior audit recommended formation of a Productivity Review Subcommittee, which has yet to be implemented.
The RTPA has ensured that all claimants to whom it allocated TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	PUC 99245	Finding	VCTC manages the contract for TDA fiscal audits for the majority of operators in Ventura County and grants up to a 90-day extension when appropriate. However, the audit for VCTC Intercity for FY 2015 was not completed until nearly a full year following the end of the fiscal year.
The RTPA has submitted to the state controller an annual certified fiscal audit within 12 months of the end of the fiscal year.	CCR 6662	In compliance	October 31, 2014 November 9, 2015 November 4, 2016
The RTPA has submitted within 90 days after the end of the fiscal year an annual financial transactions report to the state controller.	CCR 6660	In compliance	October 6, 2014 October 7, 2015 October 13, 2016

Compliance Element	Reference	Compliance	Comments
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit	PUC 99246, 99248	In compliance	FY 2011 – FY 2013: Nelson\Nygaard FY 2013 – FY 2015: Moore & Associates

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Compliance Element	Reference	Compliance	Comments
report was transmitted to the entity that allocates the operator's TDA money, and to the RTPA within 12 months after the end of the triennium. If an operators audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.			
The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.	PUC 99246(c)	In compliance	The RTPA's performance audit was submitted via email on July 25, 2014.
The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of section 99260.2.	PUC 99246(d)	In compliance	
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	PUC 99270.1, 99270.2	In compliance	
The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	PUC 99275.5	In compliance	
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	PUC 99310.5, 99313.3, Proposition 116	In compliance	
The amount received pursuant to the Public Utilities Code, Section 99314.3, by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	PUC 99314.3	In compliance	

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Chapter 5

Prior Recommendations

This section reviews and evaluates the implementation of the prior Triennial Performance Audit recommendations and determines degree of implementation. This objective assessment is to provide assurance the Ventura County Transportation Commission has made quantifiable progress toward improving both the efficiency and effectiveness of its functions.

The prior audit – completed in 2014 by Nelson\Nygaard for the three fiscal years ending June 30, 2013 – prescribed five recommendations for VCTC as the RTPA.

1. [Establish a Productivity Review Subcommittee of Transcom to review productivity and performance measurement of transit service.](#)

Discussion: VCTC’s Transportation Commission Transit Committee, or “Transcom,” is comprised of one representative from each city and each transit operator in Ventura County and one Ex-Officio member from the Ventura County Air Pollution Control District. Transcom advises VCTC on all transit-related matters, including commuter rail, and VCTC’s other standing committees often provide feedback and information necessary for Transcom to make its recommendations. Although Transcom has a broad range of responsibilities, auditors noted it is lacking the key oversight role of providing a systematic and regular review of operators’ productivity, even though its member composition made it well-positioned to do so. Auditors recommended that the Transcom operating rules (or bylaws) be revised to designate a Productivity Review Subcommittee (as recommended in PUC Code Section 99244). Such rules should be specific about which performance metrics will be tracked, how often they will be tracked, and to whom they will be reported. This subcommittee would support VCTC in tracking the TDA-required performance metrics including:

- Operating cost per passenger,
- Operating cost per vehicle service hour,
- Passengers per vehicle service hour,
- Passengers per vehicle service mile, and
- Vehicle service hours per full-time employee equivalent.

In addition to tracking these metrics, auditors recommended the subcommittee should develop performance targets for each measure.

Progress: While a Productivity Review Subcommittee has yet to be established, VCTC has taken positive steps toward a systematic period review of transit operator performance. By including all county operators in the Triennial Performance Review process, VCTC taken on this role itself. If VCTC elects to continue the practice of auditing all operators every three years, it is likely productivity oversight would be conducted every three years as part of the process.

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Status: Partially implemented. Elements of the recommendation not yet implemented include defining Transcom's role in the review process, determining whether a triennial review is sufficient for the purposes of this recommendation, and development of performance targets for each performance metric.

2. Update rules and regulations for the evaluation of claims for TDA Article 4.5 funds.

Discussion: As the designated Consolidated Transportation Services Agency (CTSA) for Ventura County, VCTC is the only eligible claimant for Article 4.5 (Community Transit Services) funds, but did not claim these funds during the prior audit period. At the time, VCTC's allocation policies and procedures for Article 4.5 funds were last updated and approved in 1995. Auditors called for updated guidelines for the evaluation of claims for these funds. Such guidelines were to include a determination of the cost effectiveness (e.g., the farebox recovery ratio) of the proposed services and could include each of the five TDA-required performance measures.

Progress: VCTC does not currently claim Article 4.5 funds. Within the last year, VCTC has been reassessing whether Article 4.5 could be used to fund communities such as Ojai that are considered urbanized, but because of the rural nature cannot meet the 20 percent farebox recovery ratio required of urbanized operators. However, except for a review of the Unmet Transit Needs process, VCTC has not made any changes to its TDA claims processes.

Status: Not implemented.

3. Monitor the newly established East County Transit Alliance with Eastern Ventura County cities.

Discussion: In September 2013, each of the cities in eastern Ventura County (Camarillo, Moorpark, Simi Valley, and Thousand Oaks) and the County of Ventura was established a Memorandum of Understanding to form the East County Transit Alliance (ECTA). Among the goals of the ECTA were to improve local and interagency transit connectivity within the ECTA service area and with other transit service providers in Ventura and Los Angeles counties and to establish a single provider for ADA and Senior DAR service within the ECTA service area. To ensure progress towards these goals and the execution of immediate next steps for transit implementation, auditors recommended that VCTC staff continue to monitor ECTA activities and progress reports. This could be achieved by designating a VCTC staff member to attend ECTA meetings.

Progress: VCTC has made progress in monitoring the ECTA. The Transit Director currently attends ECTA meetings.

Status: Implemented.

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4. Update the county's Congestion Management Program and upload to the GoVentura website.

Discussion: As the county's Congestion Management Agency, VCTC is required by federal regulation to maintain a Congestion Management Program (CMP). The Ventura County CMP provides local agencies and private developers the procedures and tools necessary to manage and decrease traffic congestion in the County. VCTC staff indicated that the 2009 CMP was being updated during the prior audit. Auditors recommended it be uploaded to the website as soon as it was approved by the Commission.

Progress: Completion of the CMP Update has been budgeted each fiscal year. The FY 2016/17 budget included carry-over funds for consultant assistance to prepare the CMP update. However, at the time of this report, no RFP had been issued. As of May 2017, the 2009 version is still available online.

Status: Not implemented.

5. Add representation from VISTA to the Technical Transportation Advisory Committee (TTAC) and Transcom to comply with PUC Section 130105(e).

Discussion: At the time of the prior audit, VCTC's public transit program (then known as VISTA) was not represented on the Technical Transportation Advisory Committee (TTAC) or Transcom advisory committees. Given that VISTA was administered by VCTC, auditors reasoned it made sense for the Executive Director to appoint a representative to each committee. Under California Public Utilities Code (PUC) 130105(e), VCTC is directed to "appoint a technical advisory committee of representatives from all of the transit operators, all of the cities and the county, and the Department of Transportation, and such other advisory committees it deems necessary." Implementing this recommendation would help VCTC fulfill this responsibility. This would also help VCTC achieve its duties under PUC 130303, which deals with the Commission's short-range transit planning and coordination responsibilities.

Progress: VCTC currently has a designated representative of VCTC Intercity Bus appointed to Transcom.

Status: Implemented.

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Chapter 6

Functional Review

A functional review of the Ventura County Transportation Commission determines the effectiveness and efficiency of the following functional activities:

- Administration and Management,
- Transportation Planning and Regional Coordination,
- Claimant Relationships and Oversight,
- Marketing and Transportation Alternatives, and
- Grant Applications and Management.

ADMINISTRATION AND MANAGEMENT

VCTC sets transportation priorities, selects projects, and distributes state and federal monies to its members to maintain, repair and support operations of local roadways, public transportation and other transportation systems. The agency works with Caltrans to plan, select and construct major highway projects. VCTC is also responsible for administering Transportation Development Act (TDA) funds, including both State Transit Assistance (STA) funds and Local Transportation Funds (LTF). VCTC allocates transit funding to the City of Camarillo, City of Fillmore, City of Moorpark, City of Ojai, City of Santa Paula City of Simi Valley, City of Thousand Oaks, County of Ventura, Gold Coast Transit District, and Metrolink. VCTC also operates VCTC Intercity Bus and serves as the administrator for Valley Express. All major policy efforts go through a committee process to ensure collaboration.

Ventura County is included within the Southern California Association of Governments' Regional Transportation Plan. VCTC's recent planning efforts have placed a priority on connectivity. These planning efforts have resulted in a county-wide short-range transit plan that tries to efficiently utilize resources and emphasize connectivity. This plan included a comprehensive analysis of all transit services within Ventura County, including service levels and ridership. The study also featured a market analysis which identified service gaps.

Staff turnover has traditionally been low but has increased with loss of both retirees and junior staff. Pay has increased to help retain staff, generally provided via merit raises accompanying annual performance evaluations. Otherwise, VCTC does not utilize employee incentive programs. VCTC staff are eligible for health insurance (including dental and vision), life insurance, CalPERS retirement benefits, and vacation.

CLAIMANT RELATIONSHIPS AND OVERSIGHT

VCTC has monitored progress through SRTP updates and Senate Bill 716 annual report. It is also working with the Transcom chair to develop a set of goals for the committee. Overall, operators report satisfaction with VCTC's oversight and assistance. VCTC has been assisting operators with compliance with the FTA's final rule regarding Transit Asset Management, which requires FTA grantees to develop asset management plans for their public transportation assets, including vehicles, facilities, equipment, and other infrastructure.

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The relatively small size of most transit operators has caused some disconnect in reporting, as Finance Departments often prepare reports. If VCTC notices an issue with a report, there can be a disconnect in communicating with non-transit Finance personnel.

VCTC feels its staff is too small to have a formal productivity committee, but its staff conducts these functions on an ongoing basis. As the designated RTPA and a trusted source of transportation-related knowledge (as well as the conduit through which funding passes), VCTC staff interacts frequently with its claimants. Staff provides guidance on forms, claims, questions, and financial issues as needed. VCTC took the lead in pushing a sales tax to support transit, which would have provided a steady revenue stream for operators. However, voters did not approve this measure.

VCTC has displayed a willingness to withhold TDA monies if a compliance issue is identified. The City of Ojai's Article 3 audit identified an issue with local match funds, a problem exacerbated the next year when the City's finance director left. In the third year, VCTC allowed the Article 3 claim to proceed but did not disburse funds until the audit was finished.

TRANSIT PLANNING

The regional planning landscape in Southern California is unique with respect to how responsibility for particular activities has been assigned. The Southern California Association of Governments (SCAG) is the designated Metropolitan Planning Organization (MPO) for a six-county region (Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura). As the MPO, SCAG is responsible for coordinating land-use and transportation planning efforts within its jurisdiction. Its core areas of focus include:

- Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS),
- Federal Transportation Improvement Program (FTIP),
- Annual Overall Work Program,
- Transit and Passenger Rail,
- Air Quality,
- Regional Transportation Model,
- Active Transportation,
- Plug-in Electric Vehicle Readiness,
- Transportation Finance, and
- Regional Housing Needs Assessment.

Responsibility for development of the RTP/SCS and FTIP would normally fall under the purview of the RTPA in other regions (such as San Diego County). Though VCTC and SCAG may appear to serve the same function regarding Ventura County, SCAG's focus is on Ventura County as one part of the six-county region, while VCTC's focus is solely on Ventura County.

SCAG's 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy is the guiding long-range transportation planning document for Ventura County. The plan takes a holistic approach to improving air quality, with plans for smarter development and additional modes of transportation resulting in reduced emissions and improved air quality. Such planning includes placing residences and commercial offices in proximity, promoting ridesharing, telecommuting, and alternative schedules, thereby removing vehicle trips during peak periods. The 2016 RTP/SCS calls for further investment across all transit modes and also calls for new household and employment growth to be targeted in

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areas that are well served by public transportation to maximize the improvements called for in the Plan. The Plan also endorses county plans to close arterial gaps and chokepoints in the transportation network.

Transit planning is impacted by an uncertain federal funding environment. VCTC must work with operators to identify critical projects and defer more discretionary projects. VCTC also reprograms unclaimed funds.

MARKETING AND TRANSPORTATION ALTERNATIVES

Alternative transportation methods are encouraged via Rideshare Month and Bike to Work Week programs. Marketing campaigns include outreach to veterans regarding public transportation. VCTC's Transit Information Center offers county-wide information and works to promote other transit operators. VCTC also works to distribute other operators' schedules at public events. VCTC recently implemented Google Transit, with links on its website.

The effects of surveys, passenger counts, and other research are discussed at Transcom meetings. Sharing of data is encouraged.

GRANT APPLICATIONS AND MANAGEMENT

All FTA and CMAQ applications are submitted through VCTC except for Gold Coast Transit District and the City of Simi Valley. VCTC is the designated recipient for Section 5310 funding. If operators apply for grants on their own, VCTC may also write letters of recommendation. Some Proposition 1B and LCTOP (Cap-and-Trade) funds are distributed through VCTC's budget.

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Chapter 7

Findings and Recommendations

CONCLUSIONS

With one exception, we find the Ventura County Transportation Commission, functioning as the RTPA, 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. The compliance finding and the recommendation for its resolution, as well as recommendations intended to improve the effectiveness of the organization as the RTPA, are detailed below.

FINDINGS AND RECOMMENDATIONS

Following discussions with VCTC staff and a review of program compliance, we identified the following compliance finding:

1. VCTC's fiscal audit was submitted late in FY 2014/15.

We also identified three additional functional findings. While these findings are not compliance findings, we feel they are significant enough to be addressed within this review.

1. VCTC has two recommendations from the prior TDA audit that remain relevant but have yet to be implemented.
2. ECTA is currently reported only as part of the operating entities, and aggregate data is not available to conduct a performance audit of the service as a whole.
3. The City of Ojai continues to struggle regarding the 20 percent farebox requirement given its urbanized designation and rural nature.

In completing this Triennial Performance Audit, we submit the following recommendations for the Ventura County Transportation Commission as the RTPA. 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 agency into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the Triennial Performance Audit that are not specific to TDA compliance.

Compliance Finding 1: VCTC's fiscal audit was submitted late in FY 2014/15.

Criteria: PUC Section 99245 requires the RTPA ensure all claimants to which it allocated TDA funds submit to it and to the State Controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (or 270 days if a 90-day extension is granted).

Condition: VCTC's fiscal audit for FY 2014/15 was submitted well past the allowable 90-day extension. However, since the FY 2015/16 audit was submitted on time, this does not appear to be an ongoing problem.

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Cause: The TDA (CCR 6662) requires that an RTPA submit its fiscal audit within 12 months of the end of the fiscal year. However, the deadline for transit operators is considerably sooner (180 days following the end of the fiscal year, or 270 days if a 90-day extension is granted). This difference in submittal deadlines is a potential contributor to the late submittal of VCTC's fiscal audit.

Effect: When TDA fiscal audits are submitted beyond the established deadline, entities are out of compliance with the TDA.

Recommendation: Monitor the progress of fiscal audits to ensure they are prepared and submitted within the designated timeframe.

Recommended Action(s): Because the subsequent year's audit was submitted on time, we do not believe this is an ongoing issue that requires action at this time. VCTC should monitor its TDA fiscal auditor to ensure appropriate deadlines are built into the contract and that those deadlines are being met.

Timeline: Beginning with audits for FY 2016/17.

Anticipated Cost: Negligible.

Functional Finding 1: VCTC has two recommendations from the prior TDA audit that remain relevant but have yet to be implemented.

Criteria: Two functional areas identified by Caltrans' *Performance Audit Guidebook*¹ are Transportation Planning and Regional Coordination and Claimant Relationships and Oversight, which include the sub-functions of Information Generation and Distribution and Communication of TDA. Two recommendations pertaining to these sub-functions cited in the prior Triennial Performance Audit have yet to be implemented.

Condition: As the designated Consolidated Transportation Services Agency (CTSA) for Ventura County, VCTC is the only eligible claimant for Article 4.5 (Community Transit Services) funds, but did not claim these funds during the prior audit period. At the time, VCTC's allocation policies and procedures for Article 4.5 funds were last updated and approved in 1995. The prior audit called for updated guidelines for the evaluation of claims for these funds.

As the county's Congestion Management Agency, VCTC is required by federal regulation to maintain a Congestion Management Program (CMP). The Ventura County CMP provides local agencies and private developers the procedures and tools necessary to manage and decrease traffic congestion in the County. VCTC staff indicated that the 2009 CMP was being updated during the prior audit. Auditors recommended it be uploaded to the website as soon as it was approved by the Commission. However, while completion of the CMP Update has been budgeted each fiscal year, the update has yet to be completed.

¹ *Performance Audit Guidebook*, Caltrans, page 100.

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Cause: Non-critical program updates can be delayed due to a number of reasons, including funding shortfalls, unexpected challenges, or staffing shortages. The specific reason for VCTC's failure to implement these recommendations is unknown.

Effect: Delays to non-critical program updates can be pushed to the point they become urgent issues.

Recommendation 1: Update rules and regulations for the evaluation of claims for TDA Article 4.5 funds.

Recommendation 2: Update the county's Congestion Management Program and upload to the GoVentura website.

Recommended Action(s): VCTC should move forward with updates to both of the documents per the direction of the prior auditor. Updated Article 4.5 policies and procedures may become relevant should VCTC consider a claim with respect to the City of Ojai. The county's CMP was originally due to be updated in 2011.

Timeline: FY 2018/19.

Anticipated Cost: Varies.

Functional Finding 2: ECTA is currently reported only as part of the operating entities, and aggregate data is not available to conduct a performance audit of the service as a whole.

Criteria: Given ECTA does not operate as an independent entity, the TDA does not require it to be evaluated as a stand-alone operator. However, each ECTA operator that uses Article 4 funds is required to undergo a Triennial Performance Audit.

Condition: Currently, ECTA is largely evaluated as part of the operating entities. It cannot be easily evaluated as a stand-alone program. While the TDA fiscal audit does evaluate compliance with the farebox recovery ratio requirement, no full performance evaluation of the service is possible given the information provided to the team preparing the Triennial Performance Audit. In order to achieve an independent audit, the auditor cannot be tasked with compiling the data that will be audited.

Cause: Given ECTA's structure as an MOU, operating data is scattered among multiple operators.

Effect: A true evaluation of program performance is difficult to assess.

Recommendation: Work with ECTA partners to compile operating data on an annual basis so that a separate Triennial Performance Audit of ECTA can be completed during the next audit cycle.

Recommended Action(s): We recommend VCTC work with ECTA partners – particularly the City of Thousand Oaks, which is ECTA's fiscal agent – to compile operating data on an annual basis so that a separate Triennial Performance Audit of ECTA can be completed during the next audit cycle. The primary purpose of the Triennial Performance Audit, in addition to evaluating ECTA's compliance as a separate program, is to assess ECTA's overall performance. We do not recommend reporting ECTA as a

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separate service to the State Controller, or excluding services provided as ECTA from individual operator reporting.

Timeline: FY 2018/19.

Anticipated Cost: Unknown.

Functional Finding 3: The City of Ojai continues to struggle regarding the 20 percent farebox requirement given its urbanized designation and rural nature.

Criteria: In prior years, the City utilized TDA funds received by the County of Ventura and passed through by Gold Coast Transit District to Ojai as local support to supplement farebox revenue. In May 2016, VCTC approved a policy clarifying that money allocated as TDA funds must retain that “color” even as it is passed through to other entities. The policy went into effect on July 1, 2016. As a result, the City struggles to meet the 20 percent farebox recovery ratio requirement due to its designation as part of the Oxnard-Ventura urbanized area despite its rural nature.

Condition: VCTC does not currently claim Article 4.5 funds. Within the last year, VCTC has been reassessing whether Article 4.5 could be used to fund communities such as Ojai that are considered urbanized, but because of the rural nature cannot meet the 20 percent farebox recovery ratio required of urbanized operators. Another potential option, given Ojai’s transit program serves both urbanized and non-urbanized areas, is to develop a county-wide policy allowing a “blended” ratio for any operator meeting defined operating criteria.

Cause: Ojai faces a distinct challenge with respect to operations, as it is held to the same criteria as an urbanized area despite its largely rural operating environment.

Effect: It can be difficult for a small system to meet TDA farebox recovery requirements given these circumstances.

Recommendation: Consider developing a policy for transit operators serving rural and urbanized areas that could be used to establish a "blended" farebox recovery ratio goal for such areas, or continue to consider alternative options such as Article 4.5 funding.

Recommended Action(s): Given the City of Ojai is expected to fall below the 20 percent farebox recovery ratio threshold absent its prior source of supplemental revenue, VCTC should consider developing a policy for transit operators serving rural and urbanized areas (such as Ojai) that could be used to establish a "blended" farebox recovery ratio goal for such areas throughout the county, or continue to consider alternative options such as Article 4.5 funding.

Timeline: FY 2017/18.

Anticipated Cost: Negligible.

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Exhibit 7.1 Summary of Recommendations

TDA Program Compliance Recommendations		Importance	Timeline
1	Monitor the progress of fiscal audits to ensure they are prepared and submitted within the designated timeframe.	High	FY 2017/18
Functional Recommendations		Importance	Timeline
1	Update rules and regulations for the evaluation of claims for TDA Article 4.5 funds.	Medium	FY 2018/19
2	Update the county's Congestion Management Program and upload to the GoVentura website.	Medium	FY 2018/19
3	Work with ECTA partners to compile operating data on an annual basis so that a separate Triennial Performance Audit of ECTA can be completed during the next audit cycle.	Medium	FY 2018/19
4	Consider developing a policy for transit operators serving rural and urbanized areas (such as Ojai) that could be used to establish a "blended" farebox recovery ratio goal for such areas throughout the county, or continue to consider alternative options such as Article 4.5 funding.	Medium	FY 2017/18

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