



San Joaquin Council of Governments

Triennial Performance Audit for FY 2019 - FY 2021 City of Ripon

MARCH 2022
FINAL REPORT



Table of Contents

Chapter 1 Executive Summary	1
Chapter 2 Audit Scope and Methodology	5
Chapter 3 Program Compliance	9
Chapter 4 Prior Recommendations	15
Chapter 5 Data Reporting Analysis	17
Chapter 6 Performance Analysis	19
Chapter 7 Functional Review.....	27
Chapter 8 Findings and Recommendations	33

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Table of Exhibits

Exhibit 1.1 Summary of Audit Recommendations	3
Exhibit 3.1 Transit Development Act Compliance Requirements	11
Exhibit 5.1 Data Reporting Comparison.....	18
Exhibit 6.1 System Performance Indicators	22
Exhibit 6.2 System Ridership	23
Exhibit 6.3 System Operating Cost/VSH	23
Exhibit 6.4 System Operating Cost/VSM.....	23
Exhibit 6.5 System VSM/VSH.....	23
Exhibit 6.6 System Operating Cost/Passenger	24
Exhibit 6.7 System Passengers/VSH	24
Exhibit 6.8 System Passengers/VSM.....	24
Exhibit 6.9 System VSH/FTE	24
Exhibit 6.10 System Farebox Recovery	25
Exhibit 6.11 System Fare/Passenger.....	25
Exhibit 7.1 Fixed-Route Fare Structure	27
Exhibit 7.2 Organizational Chart.....	28
Exhibit 7.3 City of Ripon’s Transit Fleet	31
Exhibit 8.1 Audit Recommendations	35

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Chapter 1 | Executive Summary

In 2021, the San Joaquin Council of Governments (SJCOC) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven transit operators to which it allocates State of California 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.

As it receives no funding under Article 4, the City of Ripon is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, the SJCOC, as the RTPA, includes the City in its Triennial Performance Audit process both to provide a comprehensive and objective review to offer beneficial insights into program performance and as oversight given the City receives State Transit Assistance funding.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Ripon 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's public transit program for the period:

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

The City of Ripon provides public bus service within city limits and connecting to Modesto. The Blossom Express fixed-route service operates two days each week (Tuesday and Thursday), providing two morning and two afternoon round trips between Ripon and Modesto. Up to two deviations to locations within $\frac{3}{4}$ mile of the route may be provided each trip.

Local demand-response service is provided through an agreement with Bethany Home, which organizes volunteer drivers for a scheduled group trip each Wednesday as well as on-call service other days of the week.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. Moore & Associates believes the evidence obtained provides a reasonable basis for our findings and conclusions.

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

The Triennial Performance Audit includes 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 no compliance findings.

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 three recommendations:

1. Do not count funds that are allocated through the TDA (whether LFT or STA) as local revenue for the purpose of fare revenue supplementation.
Status: Implemented
2. Use the same methodology for calculating operating cost for all reports.
Status: No longer relevant.
3. Post the Title VI Notice to the Public in all transit vehicles.
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 no compliance findings for the City.

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 City's most recent Short Range Transit Plan was prepared in 2010, with a planning horizon that ended in 2020.
2. The City does not include information about other transportation options beyond the Blossom Express on the Blossom Express website.

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.

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

Exhibit 1.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Prepare an updated Short-Range Transit Plan with a five-year planning horizon.	Medium	FY 2023/24
2	Update the City’s Blossom Express and Transportation webpages to more accurately represent transit offerings available in Ripon.	Low	FY 2021/22

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City of Ripon’s public transit program covers the three-year period ending June 30, 2021. The California Public Utilities Code requires all recipients of State of California Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2021, the SJCOG selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven 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 followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Ripon 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 Ripon 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 Ripon included thorough review of documents relevant to the scope of the audit, as well as information contained on the City's website. The documents reviewed included the following (spanning the full three-year period):

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- TDA claims;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- Accident/road call 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 August 17, 2021. The audit team met with Lisa Roos (City Clerk/Finance Director), and reviewed materials germane to the triennial audit.

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

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

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Chapter 3 | Program Compliance

This section examines the City of Ripon’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.

No compliance issues were identified for the City of Ripon.

Developments Occurring During the Audit Period

The last half of the audit period is markedly different from the first half. The impacts of the COVID-19 pandemic resulted in significant declines in ridership and revenue. 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, most transit operators have yet to return to pre-pandemic ridership and fare levels. As a result, the Triennial Performance Audits will provide an assessment not only of how COVID-19 impacted each organization, but how they responded to the crisis.

In addition to the COVID-19 pandemic, recent and proposed changes to the TDA may result in audit reports that look somewhat different than in prior years. In the nearly 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.

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. While the ability to maintain state mandates and performance measures is important, AB 90 offered much-needed relief from these requirements for these years impacted by the COVID-19 pandemic while TDA reform continues to be discussed.

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

1. It prohibited the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.

2. It required 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 authorized the Controller to revise that transmittal memo, as specified. It required 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 would publish the amount of funding allocated to each operator.
3. It exempted an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorized the operator to use those funds for operating or capital purposes during that period.
4. It required 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 required 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, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. It extended the provisions of AB 90 through FY 2022/23 as well as provided 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 called 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 29, 2020 FY 2019/20: January 20, 2021 FY 2020/21: January 20, 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: December 27, 2019 FY 2019/20: December 31, 2020 FY 2020/21: December 30, 2021
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	Ripon would normally be subject to annual CHP inspections. However, as the City does not have a bus maintenance facility or a terminal, the City is not subject to the requirement.
Operator’s claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	PUC 99270.1	Not applicable	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	Not applicable	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	Not applicable	
The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2018/19: +12.68% FY 2019/20: -6.97% FY 2020/21: -8.20% <i>Source: TDA Claim forms FY 2019 –FY 2021.</i>
The operator’s definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	

Compliance Element	Reference	Compliance	Comments
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: 91.72% FY 2019/20: 94.84% FY 2020/21: 100.00% <i>Farebox recovery ratios reflect fares and Measure K funds.</i> <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 staff's retirement is funded through a defined contribution plan and elective 457 deferred compensation plan.
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)	Not applicable	Although the City is a recipient of State Transit Assistance Funds, it does not utilize federal formula grant funds to support transit operations.
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	STA eligibility calculations are included as part of SJCOC's TDA claim form. As part of the claim review, SJCOC determines whether the operator is in compliance with either standard. Ripon met the criteria in FY 2019 and FY 2021, but not FY 2020. In FY 2020, the use of STA for operating was reduced by an appropriate amount.

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 Ripon 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 three recommendations:

1. Do not count funds that are allocated through the TDA (whether LTF or STA) as local revenue for the purpose of fare revenue supplementation.

Discussion: In FY 2016/17, the State Controller’s Office began asking operators to complete a supplemental form to identify qualifying revenues that could be applied to farebox recovery ratio calculations per PUC 99268.

Given LTF is funded through sales tax, the City may have been mistakenly counting it as a local funding source. Such a mischaracterization of funds could have had an impact on the farebox recovery ratio calculation and, ultimately, the City’s eligibility to receive TDA funds.

In the prior audit on the form completed in FY 2016/17, staff included \$3,811 on line R11, identified as “Local Sales Tax (from other Local Governments).” On the State Controller Report completed earlier that year, that amount was identified as Local Transportation Funds (LTF). LTF is not considered a qualifying revenue for calculating the farebox recovery ratio. Per PUC 99268.19, as amended by Senate Bill 508, federal and state funds cannot be used for farebox revenue supplementation. Fortunately, the amount was such that it did not make a difference between meeting and not meeting farebox recovery requirements. The City receives sufficient Measure K funds (which are locally generated) that it meets its farebox recovery ratio requirement absent any additional supplementation.

The auditor recommended the City should be mindful of the characterization of LTF and STA funding as state TDA funds, not local funds, and be careful not to count those funds toward farebox revenue supplementation.

Progress: The City clearly identifies STA funds as such in its TDA fiscal audits and does not include them as local funds in the State Controller Report.

Status: Implemented.

2. Use the same methodology for calculating operating cost for all reports.

Discussion: PUC 99247 provides a definition of operating cost, which includes all costs in the operating expense class of the Uniform System of Accounts and excludes depreciation and amortization expense classes.

While there is no evidence that the City uses a definition of operating cost that is inconsistent with the TDA, amounts reported to various sources vary considerably. While the State Controller Report and City Budget are consistent with one another, the TDA fiscal audit was significantly lower in FY 2016/17 and higher in FY 2017/18. Large discrepancies can cast doubt on the accuracy of the City's reporting, and have an impact on farebox recovery ratios.

The auditor recommended all operating cost data should be drawn from the same sources, and should be generally consistent regardless of where it is reported. Even if slight variations are identified through the audit process, large discrepancies should not be present.

Progress: The City does not believe it is feasible to implement this recommendation given the City's financial statements are on a cash basis and the TDA audit is completed on an accrual basis. This causes the discrepancies in operating cost from year to year.

Status: No longer relevant.

3. Post the Title VI Notice to the Public in all transit vehicles.

Discussion: The FTA requires any transit operator in receipt of federal funds, regardless of whether they are used for operating or capital, to prepare a Title VI program to ensure there is no discrimination based on race, color, or national origin. One element of this program is the Notice to the Public, which is typically displayed, at a minimum, onboard transit vehicles and on transit websites.

While the City displayed its non-discrimination statement and Title VI complaint form on its website, transit vehicles did not include any signage pertaining to Title VI.

The auditor recommended the City prepare simple signage containing the Title VI Notice to the Public for display in all transit vehicles. The notice should be printed using a font large enough to be read by the average customer and provided in all languages identified as Safe Harbor languages by the City's Title VI program. Title VI notices are typically posted at the front of the vehicle, often above the front windshield.

Progress: This has been completed.

Status: Implemented.

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 Ripon both internally as well as to outside entities during the audit period.

- **Operating cost:** In FY 2019/20, there was a difference of \$10,723 between the audited operating cost (\$43,736) and that reported to the State Controller (\$54,459). This variance is explained by a combination of multimodal station capital fees and an accrual journal entry, which resulted in the higher amount for the State Controller Report. The Multimodal station fees were included in the TDA audit as non-operating expenses. FY 2018/19 and FY 2020/21 had much smaller variances, which are explained by the differences in accounting methods discussed in Chapter 4.
- **Fare Revenue:** Fare revenue reported in the State Controller report and in the TDA audit were consistent in FY 2018/19, but varied significantly in FY 2019/20 and FY 2020/21. While the difference between the amounts was just \$250 and \$334, respectively, this represents a significant portion of the overall fare revenue.
- **Vehicle Service Hours (VSH):** In FY 2018/19 and FY 2019/20, differences between the monthly performance summary provided by the City and the State Controller Report are due to the inclusion of demand-response vehicle service hours in the monthly summary but not in the State Controller Report. This data was reported consistently in FY 2020/21, which included demand-response VSH in the State Controller Report.
- **Vehicle Service Miles (VSM):** This metric was reported consistently.
- **Passengers:** This metric was reported consistently.
- **Full-Time Equivalent (FTE) Employees:** This metric was reported consistently.

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>	\$45,097	\$43,736	\$49,355
<i>State Controller Report</i>	\$45,606	\$54,459	\$48,475
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$2,554	\$2,021	\$1,451
<i>State Controller Report</i>	\$2,554	\$2,271	\$1,117
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	484	333	378
<i>State Controller Report</i>	437	310	378
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	9,247	6,199	6,899
<i>State Controller Report</i>	9,247	6,199	6,900
Passengers			
<i>Monthly Performance Reports</i>	1,376	1,023	326
<i>State Controller Report</i>	1,376	1,023	326
Full-Time Equivalent Employees			
<i>State Controller Report</i>	2	2	2
<i>Per TDA methodology</i>	2	2	2

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 Ripon, 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.
- 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 and compared against monthly performance reports. 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 and compared against monthly performance reports. The City's calculation methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller Reports for each fiscal year covered by this audit and compared against monthly performance reports. The City's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation was confirmed.

System Performance Trends

Systemwide, operating cost experienced a net decrease of 1.5 percent, despite a more significant decline during FY 2016/17 and FY 2017/18. During the audit period, operating cost increased a net 6.9 percent. Fare revenue generally declined throughout the six-year period, with the most significant decrease occurring in FY 2020/21. This is not surprising, given the impact of the COVID-19 pandemic. This resulted in a 57 percent net decrease in fare revenue across the six-year period and a 56.3 percent decrease during the audit period.

Vehicle service hours (VSH) and vehicle service miles (VSM) decreased each year except for FY 2017/18 and FY 2020/21. This resulted in a net 13.5 percent decrease in VSH and net 25.4 percent decrease in VSM during the audit period. Ridership also decreased most years, declining nearly 19 percent between FY 2015/16 and FY 2018/19 (the last year unaffected by the COVID-19 pandemic). During the audit period, ridership decreased by 76.3 percent.

Operating cost per vehicle service hour and operating cost per vehicle service mile both saw significant net increases during the audit period (22.9 percent and 42.5 percent, respectively). Operating cost per passenger, however, was significantly impacted by the increase in operating cost combined with the dramatic loss in ridership, which resulted in a 348.6 percent increase during the audit period. These increasing costs reflect a decline in efficiency. Passengers per vehicle service hour and passenger per vehicle service mile fluctuated with the most significant changes occurring in FY 2020/21.

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 \$)	\$49,233	\$33,226	\$27,647	\$45,606	\$54,459	\$48,475
<i>Annual Change</i>		-32.5%	-16.8%	65.0%	19.4%	-11.0%
Fare Revenue (Actual \$)	\$2,597	\$2,609	\$2,438	\$2,554	\$2,271	\$1,117
<i>Annual Change</i>		0.5%	-6.6%	4.8%	-11.1%	-50.8%
Vehicle Service Hours (VSH)	486	444	474	437	310	378
<i>Annual Change</i>		-8.6%	6.8%	-7.8%	-29.1%	21.9%
Vehicle Service Miles (VSM)	9,792	9,279	9,348	9,247	6,199	6,900
<i>Annual Change</i>		-5.2%	0.7%	-1.1%	-33.0%	11.3%
Passengers	1,692	1,677	1,685	1,376	1,023	326
<i>Annual Change</i>		-0.9%	0.5%	-18.3%	-25.7%	-68.1%
Employees	2	2	2	2	2	2
<i>Annual Change</i>		0.0%	0.0%	0.0%	0.0%	0.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$101.30	\$74.83	\$58.33	\$104.36	\$175.67	\$128.24
<i>Annual Change</i>		-26.1%	-22.1%	78.9%	68.3%	-27.0%
Operating Cost/Passenger (Actual \$)	\$29.10	\$19.81	\$16.41	\$33.14	\$53.23	\$148.70
<i>Annual Change</i>		-31.9%	-17.2%	102.0%	60.6%	179.3%
Passengers/VSH	3.48	3.78	3.55	3.15	3.30	0.86
<i>Annual Change</i>		8.5%	-5.9%	-11.4%	4.8%	-73.9%
Passengers/VSM	0.17	0.18	0.18	0.15	0.17	0.05
<i>Annual Change</i>		4.6%	-0.3%	-17.4%	10.9%	-71.4%
Farebox Recovery	5.3%	7.9%	8.8%	5.6%	4.2%	2.3%
<i>Annual Change</i>		48.9%	12.3%	-36.5%	-25.5%	-44.7%
Hours/Employee	243.0	222.0	237.0	218.5	155.0	189.0
<i>Annual Change</i>		-8.6%	6.8%	-7.8%	-29.1%	21.9%
TDA Non-Required Indicators						
Operating Cost/VSM	\$5.03	\$3.58	\$2.96	\$4.93	\$8.79	\$7.03
<i>Annual Change</i>		-28.8%	-17.4%	66.8%	78.1%	-20.0%
VSM/VSH	20.15	20.90	19.72	21.16	20.00	18.25
<i>Annual Change</i>		3.7%	-5.6%	7.3%	-5.5%	-8.7%
Fare/Passenger	\$1.53	\$1.56	\$1.45	\$1.86	\$2.22	\$3.43
<i>Annual Change</i>		1.4%	-7.0%	28.3%	19.6%	54.3%

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

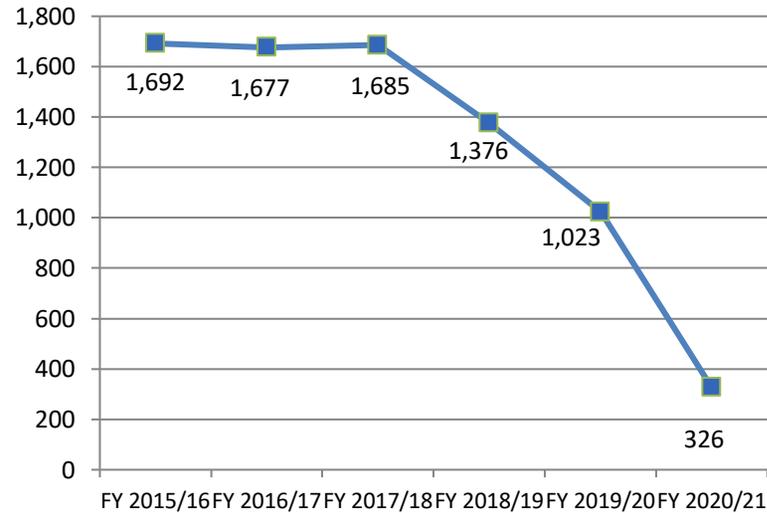


Exhibit 6.3 System Operating Cost/VSH

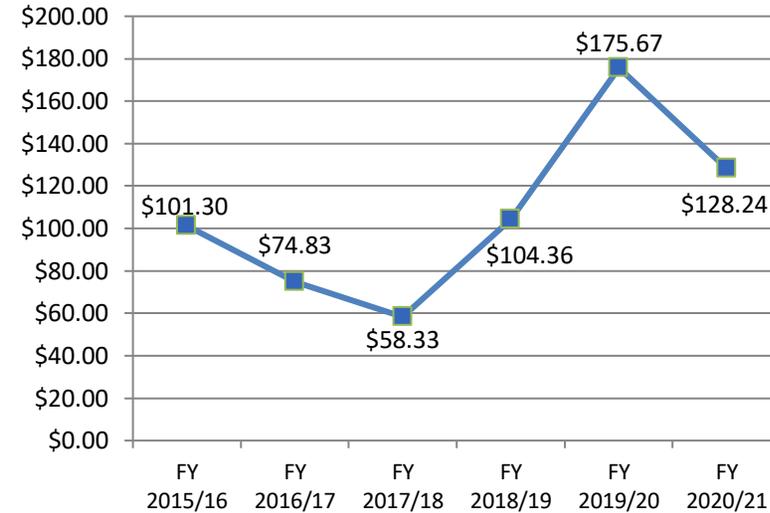


Exhibit 6.4 System Operating Cost/VSM



Exhibit 6.5 System VSM/VSH

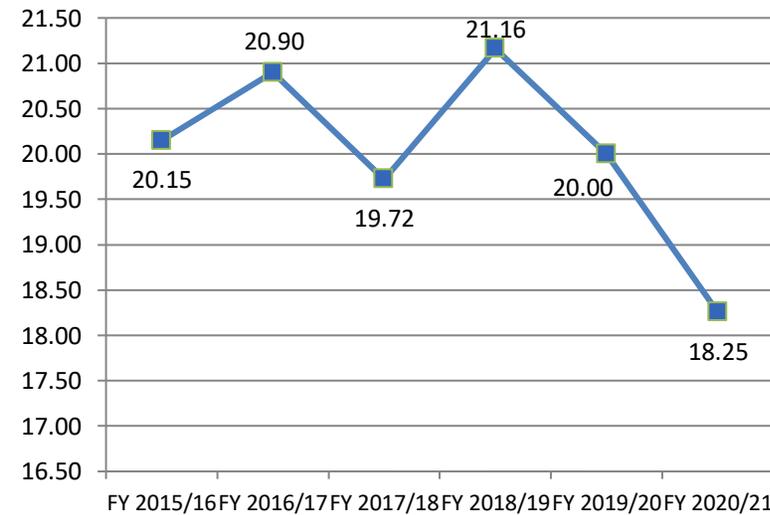


Exhibit 6.6 System Operating Cost/Passenger

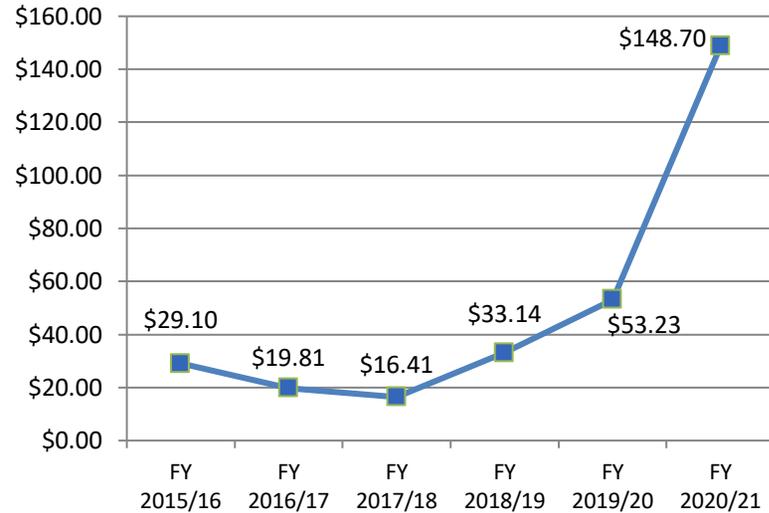


Exhibit 6.7 System Passengers/VSH

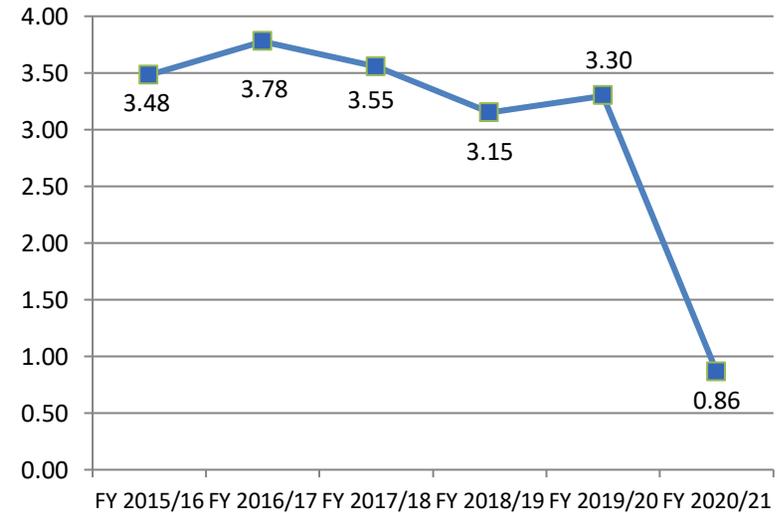


Exhibit 6.8 System Passengers/VSM

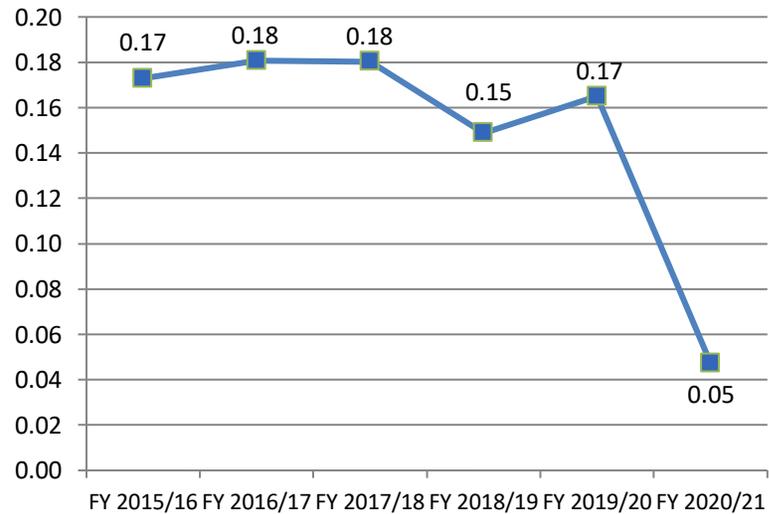


Exhibit 6.9 System VSH/FTE

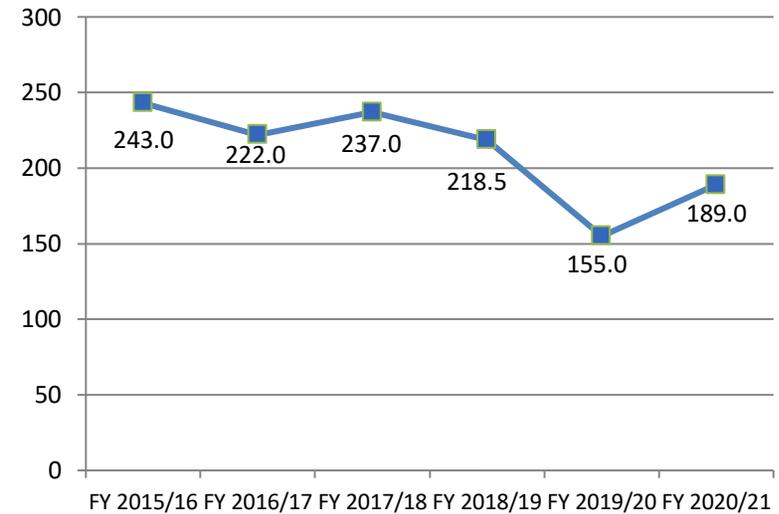


Exhibit 6.10 System Farebox Recovery

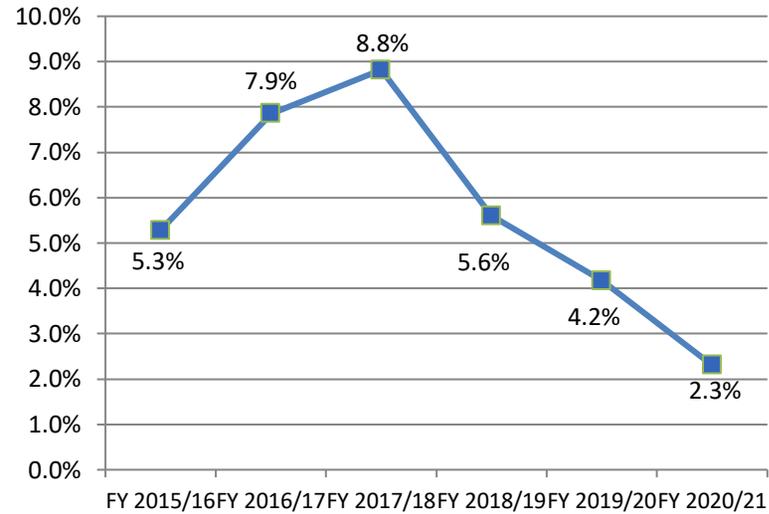


Exhibit 6.11 System Fare/Passenger



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Chapter 7 | Functional Review

A functional review of the City of Ripon’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;
- Scheduling, dispatch, and operations;
- Personnel management and training;
- Administration;
- Marketing and public information; and
- Fleet maintenance.

Service Overview

The City of Ripon provides bus service within city limits and connecting to nearby Modesto. The Blossom Express fixed-route service operates two days each week (Tuesday and Thursday), providing two morning and two afternoon round trips between Ripon and Modesto. Up to two deviations to locations within ¼ mile of the route may be provided each trip.

Local demand-response service is provided through an agreement with Bethany Home, which organizes volunteer drivers for a scheduled group trip on Wednesday as well as on-call service other days of the week.

The base fare for the Blossom Express service is \$2.00. Discounted fares are available for seniors (60+), Medicare cardholders, students age 5-17, college students with valid ID, and ADA Certificate of Eligibility card holders. Up to four children age four and under ride free with a fare-paying adult. Personal care attendants (PCAs) ride free when accompanying a disabled passenger. Discounted 10-trip passes may be purchased at City Hall. Fares and passes for Blossom Express may also be purchased electronically using the regional EZHub Vamos Mobility app.

Exhibit 7.1 Fixed-Route Fare Structure

Fare Category	Fare
One-way general fare	\$2.00
One-way discount fare	\$1.00
Deviation fee general fare (additional fee)	\$2.00
Deviation fee discount fare (excludes students) (additional fee)	\$1.00
Full day pass general fare	\$4.00
Full day pass discount fare	\$2.00
10-Ride Discount Booklet general fare	\$16.00
10-Ride Discount Booklet discount fare	\$8.00
Children (age 4 & under) (up to 4 with a fare-paying adult)	Free
Additional children (age 4 & under)	\$2.00
Personal care attendants	Free

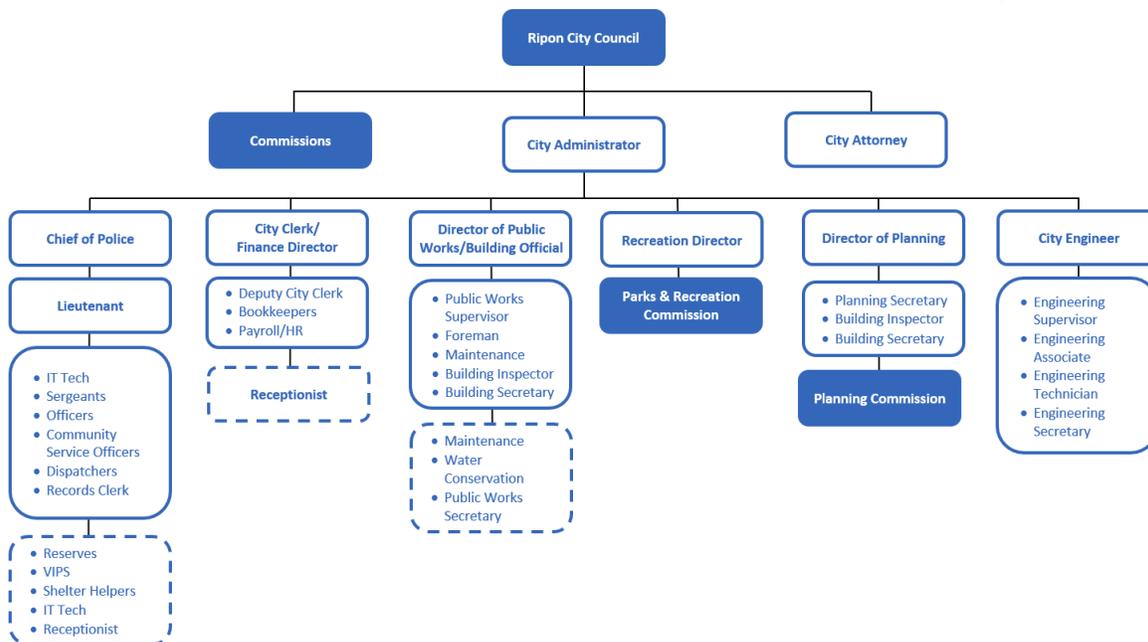
Response to COVID-19 pandemic

Transit operations were suspended between March 2020 and August 2020. Nothing at City Hall changed. The City has not analyzed how COVID impacted ridership. When operations resumed ridership was low, with no riders at times.

General Management and Organization

Transit is overseen by the City’s Finance Director, who is supported by the Planning Secretary, Engineering Secretary, and Receptionist with respect to customer service, contract monitoring, and reporting. The Director of Public Works oversees the City’s maintenance employees. Operation of the Blossom Express service is contracted to the San Joaquin Regional Transit District (RTD), which contracts its operations to National Express Transit. Operation of the demand-response service is provided by volunteer drivers through Bethany Home. The City provides maintenance for all revenue vehicles. The City’s Finance Director is the liaison with RTD and SJCOG. The program is structured and staffed appropriately.

Exhibit 7.2 Organizational Chart



The Ripon city council is the governing body for the City’s transit program. The council meets on the second Tuesday of each month at 6:00 p.m. at the City’s Council Chambers, located at 259 N. Wilma Ave. in Ripon. Neither Blossom Express nor any RTD services (Hopper 91 or VanGo!) operate late enough to facilitate meeting attendance.

City staff monitors program performance by reviewing monthly reports. Ripon’s City Council does not have any particular concerns about transit, but tends to be supportive of the City’s programs.

Service Planning

All service planning for the City's transit service is provided by consultants. The City's primary service planning document is its Short Range Transit Plan, which was completed in 2010 with a planning horizon through 2020.

The Blossom Express deviated fixed-route service was launched in FY 2012/13. A Gillig CNG-powered transit bus was purchased by piggybacking onto a purchase made by the Stark Area Regional Transit Authority (Canton, Ohio). A second vehicle was purchased by piggybacking onto the Central Contra Costa Transit Authority, using an option from Monterey-Salinas Transit. Both vehicles were funded by a CMAQ grant. The program is currently funded through Measure K and does not receive federal or LTF funds.

Administration

The city-wide budget is prepared by the City Clerk/Finance Director. The City Clerk/Finance Director handles the budget based on prior year actuals. The City does not have a grants manager. The Finance Director oversees any grants with assistance from the Engineering Secretary. The Finance Director prepares the annual TDA claim.

The City's Finance Director handles risk management. The City has a third-party provider that is very helpful. All accident and injury claims go through the Finance Director or the Director of Public Works.

Contract management activities are minimal, and the City is generally satisfied with the San Joaquin RTD as its service provider. Invoices are typically paid monthly, and the operations contract has been renewed on an annual basis.

Purchasing and procurement policies are handled by the Engineering Department. The City uses a third-party to ensure the policies are compliant.

The City does not have an internal audit function. The city council reviews audit-related matters and provides comments to the Finance Director.

Scheduling, Dispatch, and Operations

San Joaquin Regional Transit District (RTD)⁴ uses one driver to operate the City's deviated fixed-route program. A backup driver is provided when the regular driver is not available. RTD drivers are assigned through the bidding process three times per year based on seniority. Drivers are not formally rotated through routes, but may do so as the bid allows. Vacation is scheduled in advance so a back-up driver can be assigned to the Ripon route.

Vehicles are assigned to routes based on service type. The two larger vehicles are used for the deviated fixed-route service, while the small vehicle is used for demand-response service.

Fares are collected onboard the buses in locked fareboxes. The driver brings the farebox into the City's reception area. The receptionist unlocks the farebox and counts the money in front of the driver, then

⁴ During the audit period, RTD contracted its County operations to National Express Transit (NEXT). Effective July 18, 2021, RTD took all County service in-house, alongside its Metro Stockton services.

reconciles the fares. There are cameras in the reception area, but they do not capture the cash counting, which is done at the back counter. The money is delivered to cash receiving in the Finance Department and is recorded as fare revenue in the transit fund. The cash is put into the City vault until it can be delivered to the bank. A City staff member takes the deposit to the bank using a personal vehicle. Given the City takes in less than fifty dollars per week in transit fare revenue, this level of security is deemed to be appropriate.

Personnel Management and Training

The San Joaquin RTD is continuously hiring and those who operations management feel would be a good fit for Ripon's Blossom Express service are trained on the route to be used as a backup driver. All new RTD drivers are required to go through a comprehensive training program and possess a CDL with airbrake, passenger, and VTT endorsements before being allowed to operate a service vehicle.

The RTD uses internal recognition such as Employee of the Month and Employee of the Year to motivate employees. When turnover does happen, it is typically because drivers choose to leave or retire (rather than due to disciplinary action). The Blossom Express driver is shared with RTD's County Division pool. Job performance evaluations are completed regularly for all operator staff.

Monthly safety meetings, which meet the state requirement for training, address locally identified issues as well as safety standard operating procedures. Annual Vehicle Transit Training (VTT) is also provided. Bus evacuation and site evacuation procedures are covered in monthly safety meetings.

The RTD addresses rule enforcement through progressive discipline as outlined in the employee handbook. The handbook includes a clear, communicated policy regarding absences and tardiness. The RTD's drug and alcohol program conforms with applicable federal and state requirements.

RTD drivers and their dependents are offered medical, dental, and vision insurance benefits. RTD's human resources department handles benefit questions.

Demand-response volunteer drivers are recruited through Bethany Home, a local senior living community. Potential drivers provide their DMV record for review and receive driver training from the Public Works Supervisor.

Marketing and Public Information

Service information is available primarily through the City's website and a Blossom Express brochure. The City uses Nixle to push information about transit promotions out to its residents. All documents are available in English only. The webpage includes links to the Blossom Express brochure, route and schedule information, fare information, and Title VI notice and complaint form. Engineering staff handles customer calls. There is little information about the dial-a-ride service available online.

Maintenance

The City provides transit vehicle maintenance. Preventive maintenance is conducted in accordance with the manufacturer's recommended schedule. Compliance with the preventive maintenance schedule can be easily judged through maintenance records. Every effort is made to ensure maintenance does not

conflict with regular vehicle use, though having two of the larger buses offers more flexibility if a more time-intensive repair is required or the vehicle is waiting on a part. Warranty repairs are identified and appropriate adjustments are made.

The Ford E350 cutaway is 24 years old, while the two 35-foot Gillig coaches are newer (nine and three years old at the end of the audit period). Given the frequency with which each vehicle is used (one or two days per week), they accrue mileage much slower than a typical transit vehicle.

Exhibit 7.3 City of Ripon’s Transit Fleet

Vehicle #	Year	Make	Model	Fuel	PAX	WC Positions
68	1997	Ford	Econoline	Diesel	9	1
69	2012	Gillig	Bus	CNG	31	2
82	2018	Gillig	Bus	CNG	31	2

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Chapter 8 | Findings and Recommendations

Conclusions

Moore & Associates, Inc. finds the City of Ripon 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 no compliance findings.

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 City's most recent Short Range Transit Plan was prepared in 2010, with a planning horizon that ended in 2020.
2. The City does not include information about other transportation options beyond the Blossom Express on the Blossom Express website.

Program Recommendations

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

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

Functional Finding 1: The City's most recent Short Range Transit Plan was prepared in 2010, with a planning horizon that ended in 2020.

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 Short Range Transit Plan (SRTP) was prepared in 2010 and included a 10-year planning horizon. That planning horizon has since elapsed. In addition, changes in travel patterns and adjustments to service by San Joaquin RTD are likely to impact the needs of transit riders within Ripon.

Cause: The 10-year planning horizon ended during the audit period. Absent the COVID-19 pandemic, continuing the service plan outlined in the prior SRTP might be sufficient. However, doing so in the wake of the pandemic is not recommended given the scope of the changes that have occurred.

Effect: Failure to develop an updated SRTP could result in a service that does not effectively match the transportation needs of the community.

Recommendation: Prepare an updated Short Range Transit Plan with a five-year planning horizon.

Recommended Action: While the prior SRTP included a 10-year planning horizon, a five-year planning horizon is recommended due to the dynamic conditions surrounding the COVID-19 pandemic. The City should consider engaging a consultant experienced in developing SRTPs for small transit programs. Depending on the stability of conditions upon the expiration of that plan, a 10-year planning horizon may be able to be utilized moving forward.

Timeline: FY 2023/24.

Anticipated Cost: \$30,000.

Functional Finding 2: The City does not include information about other transportation options beyond the Blossom Express on the Blossom Express website.

Criteria: Marketing and Public Information is one of the functional areas examined during the audit process.

Condition: The City maintains a Blossom Express page on its website. This page contains key service information, including a downloadable brochure that can be easily printed on a home printer. The City's website also features a separate Transportation page, which includes links to transit programs in Escalon, Modesto, and San Joaquin county. In addition, the City of Modesto recently merged with the County of Stanislaus to form Stanislaus Regional Transit Authority (StanRTA). While the link to the MAX webpage remains valid at present, it should be monitored to ensure it remains active and renamed to Stanislaus Regional Transit Authority.

Cause: It is the City's responsibility to provide up-to-date information on its website.

Effect: Failure to provide up-to-date information about transportation options can leave residents unaware of their options and/or result in a higher volume of telephone calls seeking information.

Recommendation: Update the City's Blossom Express and Transportation webpages to more accurately represent transit offerings available in Ripon.

Recommended Action: This recommendation includes several separate components. The links on the Transportation page should be updated. Updating the Modesto link is not urgent, as it provides current information about StanRTA's The S service. Promotion of the Van Go! service could benefit Ripon residents, though it could also reduce Blossom Express ridership further since it operates on-demand. However, given the cost of a trip on the Blossom Express (\$2.00) versus the four-dollar base plus fifty cents per mile fare of the Van Go! service, Blossom Express will certainly remain the more affordable option. Making Ripon residents more aware of the service, while not strictly the City's responsibility,

could potentially enhance their mobility. Information about RTD’s County Hopper Route 91 should also be referenced.

Timeline: FY 2021/22.

Anticipated Cost: None.

Exhibit 8.1 Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Prepare an updated Short-Range Transit Plan with a five-year planning horizon.	Medium	FY 2023/24
2	Update the City’s Blossom Express and Transportation webpages to more accurately represent transit offerings available in Ripon.	Low	FY 2021/22

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