



Staff Report

TO: Mayor, and City Council Members
FROM: Elizabeth Gibbs, Community Services Director
DATE: March 3, 2020
SUBJECT: **Draft Triennial Performance Audit of the City of Beaumont Transit Fiscal Years 2016-2018**

Background and Analysis:

The Transportation Development Act (TDA) of 1971 provides funding to be allocated to transit (and non-transit) related purposes that comply with regional transportation plans.

To ensure program compliance, performance audits are conducted every three years and include performance measures that verify the efficiency and effectiveness of Beaumont transit services. Performance audits are generally conducted by auditing firms designated by the regional transportation planning agency (RTP). In Beaumont's case, the RTP is the Riverside County Transportation Commission (RCTC).

RCTC retained the services of Michael Baker International to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in Riverside County, including Beaumont transit, for Fiscal Years 2015-2016 through 2017-2018 (Attachment A)

The performance audit includes a review of the following four areas:

- Compliance with TDA requirements,
- Status of prior audit recommendations,
- Transit system performance trends, and
- Detailed functional review.

Recommendations are then developed to improve the operational efficiency and effectiveness of the transit service.

Triennial Performance Audit Highlights:

Compliance Requirements

The City of Beaumont fully complied with five of the eight applicable requirements and partially complied with the remaining three.

Fully Complied:

- CHP Transit Operator Compliance Program.
 - Vehicles inspected within 13 months prior to each claim with a rating of satisfactory.
- Annual claims for funding submitted to RCTC.
- Annual operating budget did not increase more than 15% over previous year.
 - FY 2016 +20.2%
 - FY 2017 +14.9%
 - FY2018 +4.7%

*Note: FYs 2016 and 2017 budget increases were attributed to higher salary and benefit costs, major service expansion, and route restructuring approved by RCTC and therefore, in compliance.
- Performance is consistent with Public Utilities Code Section 99247.
 - Trip sheets generated indicate that correct performance data is being collected (operating costs, total passengers, passengers per vehicle service hour, etc.)
- Employee retirement system is fully funded.

Partially Compiled:

- Farebox Recovery Ratio.
 - System-wide farebox recovery standard partially met.

FY2016	10.7%
FY2017	10.4%
FY2018	9.1%
- Transit Operators Financial Transactions Reports (FTR).
 - The FY 2016 FTR was submitted after the statutory deadline. The FYs 2017 and 2018 FTRs were submitted on time.
Plan of Action: The Audited Financial Statements were finalized and reviewed by the City Council on February 18, 2020, and staff is currently completing the FTR for submittal.
- Annual Fiscal and Compliance Audits.
 - A 90-day extension was granted by RCTC and FYs 2016 and 2017 were submitted after the 90-day extension period.
Plan of Action: The FY 2019 transit audit is on-going and no findings have been provided to the City as of current.

Status of Prior Recommendations (FY 2010-2012 Performance Audit)

In this section of the performance audit, the auditor reviews recommendations made in the prior triennial audit and makes conclusions concerning whether or not the recommendations have been adopted by the agency. During the prior audit period of FY 2013-2015, four recommendations were made by the previous auditor for actions to be taken by the City, two of which have been implemented:

- Timely completion and submittal of the FTRs.
 - Implemented.
- Separate the State Controller's Report into two submittals: Fixed Route and Dial-A-Ride.
 - Not implemented and carried forward for full implementation.
Plan of Action: In discussion with the controller's office, the City needs to obtain a separate transit operation ID for filing a separate report for specialized service. The City will seek to establish this ID to ensure the submittal of separate reports for the period ending June 30, 2020.
- Collaborate with Riverside Transit Agency (RTA) and Mt. San Jacinto College on fare revenue reimbursement from the GoPass revenue agreement.
 - Partially implemented and carried forward for full implementation
Plan of Action: Continue to work with Mt. San Jacinto College on fare revenue reimbursement from the GoPass revenue agreement.
- Track ridership trends for those using mobility devices.
 - Implemented.

Performance Trends / Indicators

In addition to maintaining the 10% minimum farebox recovery ratio, TDA requires a minimum of five specific performance indicators be reported and met to maintain funding. Included in the audit on pages 18-23 are tables and graphs depicting the trends and indicators of the Beaumont transit system. It should be noted that the system-wide operating costs and fare revenues are derived from audited data.

During the audit period, fixed route ridership decreased an average of 2.7% annually, while operating costs grew 51.3%. Conversely, Dial-A-Ride ridership decreased an average of 15.7% annually, while operating costs grew 19.1%. The auditor recommended that farebox recovery be monitored closely as the ratio hovers dangerously close to the mandated 10% system wide.

Detailed Functional Review

The performance audit reviews the various functions of the transit system including: maintenance and operations, planning, marketing, general management and oversight, and grants administration. A narrative summary can be found on pages 26-34 of the audit.

Overall Findings and Recommendations

The last section of the audit summarized the major findings in the triennial audit and provides a set of recommendations from auditing firm. For this reporting period, four recommendations were given and as required by RCTC, will be included in the upcoming Short Range Transit Plan, set for adoption in June 2020. Two of the four recommendations have already been implemented or completed.

- Separate the State Controller's Report into two submittals: Fixed Route and Dial-A-Ride.
 - Plan of Action: In discussion with the controller's office, the City needs to obtain a separate transit operation ID for filing a separate report for specialized service. The City will seek to establish this ID to ensure the submittal of separate reports for the period ending June 30, 2020.
- Collaborate with Riverside Transit Agency (RTA) and Mt. San Jacinto College on fare revenue reimbursement from the GoPass revenue agreement.
 - Plan of Action: Beaumont transit fixed routes provide Mt. San Jacinto College students with free access to any fixed route in the system while enrolled in college courses, without any fare subsidy. In order for Beaumont Transit to receive revenue reimbursement from the GoPass program, the associated student body (ASB) of Mt. San Jacinto College must conduct a vote of the students and pass the fare assessment with a majority of the voters in favor. Staff will focus on preparing the necessary process for election by ASB and if passed, target an implementation date of Fall 2020.
- Include a link to Banning Transit on the Beaumont web page.
 - Completed.
- Report mechanical road calls and other vehicle operation metrics in TransTrack Manager.
 - Implemented.

Conclusion

Riverside County Transportation Commission will formally review and act on this audit at their regularly scheduled board meeting in March. Should additional information come from that meeting, staff will update City Council at a future meeting.

Fiscal Impact:

This is an informational item only with no fiscal impact.

Recommended Action:

Receive and file the Draft FY 2016-2018 Triennial Performance Audit of the City of Beaumont Transit dated January 2020.

Attachments:

- A. Draft – FY 2016-2018 triennial Performance Audit of the City of Beaumont Transit dated January 2020