

# City of Needles

## TDA TRIENNIAL PERFORMANCE AUDIT, FY 2021 – FY 2023



FINAL REPORT  
FEBRUARY 2024





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## Chapter 1 | Executive Summary

In 2023, the San Bernardino County Transportation Authority (SBCTA) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the five transit operators to which it allocates TDA funding.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. While not required, audits of Article 8 recipients are encouraged.

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

- Fiscal Year 2020/21,
- Fiscal Year 2021/22, and
- Fiscal Year 2022/23.

The City of Needles provides transportation services within the City at Needles Area Transit (NAT). Deviated fixed-route service operates weekdays from 7:00 a.m. to 6:55 p.m. and Saturday from 10:00 a.m. to 4:55 p.m. The deviated fixed-route service is comprised of two routes With route deviations available upon request as time allows.

The City also provides Dial-A-Ride service for seniors age 60 and older and persons with disabilities. Service hours are Monday – Friday, 9:00 a.m. to 2:00 p.m. Reservations are taken until 1:55 p.m. The City provides medical transportation to facilities in Mohave Valley and Bullhead City on Tuesday and Thursday by advance prepaid reservations. A shopper shuttle to Walmart, Safeway, Smith's, and CVS Fort Mohave locations is provided through advance prepaid reservations on Wednesday.

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 concludes the evidence obtained provides a reasonable basis for its findings and conclusions.

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

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Prior recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

### Test of Compliance

Based on discussions with City of Needles staff, analysis of program performance, and an audit of program compliance and function, the audit team presents one compliance finding:

1. Use of the TDA definition of Full-Time Equivalent (FTE) employee could not be confirmed.

### Status of Prior Recommendations

The prior audit – completed in August 2021 by Michael Baker International. for the three fiscal years ending June 30, 2020 – included three recommendations:

1. [Ensure timely completion and submittal of the Transit Operators Financial Transactions Reports to the State Controller.](#)  
**Status:** Implemented.
2. [Ensure key performance indicators as accidents, incidents, road calls, and deadhead service data are reported in TransTrack Manager.](#)  
**Status:** Implemented.
3. [Reinstate the Google Transit trip planning tool on the Needles Transit Services web page.](#)  
**Status:** Implementation in progress.

### Findings and Recommendations

Based on discussions with City of Needles staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned compliance findings for City of Needles.

1. Use of the TDA definition of Full-Time Equivalent (FTE) employee could not be confirmed.

The audit team has identified no functional findings.

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



## Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.	Medium	FY 2023/24

See page 46 for the City’s response to this finding and recommendation.

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## Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of City of Needles' public transit program covers the three-year period ending June 30, 2023. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2023, the San Bernardino County Transportation Authority (SBCTA) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the five 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 City of Needles 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 Auditing 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 City of Needles 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 Needles' public transit program included thorough review of documents relevant to the scope of the audit, as well as information contained on the City's website. The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit report for the prior audit period;
- Most recent Short Range Transit Plan/Transit Development Plan;
- Monthly performance reports;
- State Controller Reports;
- NTD reports;
- Annual budgets;
- TDA fiscal audits;
- TDA claims;
- Transit marketing collateral;

- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection Reports;
- Accident/road call logs;
- Customer complaint logs; and
- Organizational chart.

The methodology for this review included on-site interviews with key staff at 950 Front Street in Needles on September 29, 2023. The audit team met with Cheryl Sallis (Community Services Manager), Brett Baum (Transportation Concepts' Director of Operations), and Yvette Parsons (Transportation Concepts' Project Manager); toured the operations and maintenance facility; 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 Needles' 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.

The City of Needles does not use TDA Article 4 funding for transit and is not statutorily required to be audited. However, the San Bernardino County Transportation Authority, as the RTPA, requested the City be audited to support a comprehensive and objective review to provide beneficial insights into program performance.

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.

One compliance issue was identified for City of Needles:

1. Use of the TDA definition of Full-Time Equivalent (FTE) employee could not be confirmed.

### Developments Occurring During the Audit Period

The FY 2020/21 – FY 2022/23 audit period was the first to occur entirely after the onset of the COVID-19 pandemic. The pandemic resulted in significant declines in ridership and fare revenue, and recovery from those impacts continues beyond FY 2022/23. Most transit programs have yet to return to pre-pandemic ridership and fare levels.

In California, two notable pieces of legislation were passed that impact compliance during the audit period. These bills were intended to provide emergency relief during the pandemic, thereby ensuring transit operators continue to receive TDA funding despite significant impacts to key performance measures. 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 initially impacted by the COVID-19 pandemic. AB 90 included provisions specific to transit operator funding through the TDA, including temporary farebox recovery ratio waivers, changes regarding the allocation of STA funds, and eligibility for using STA for operating purposes.

Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. Recognizing the ongoing impact of the COVID-19 pandemic, it extended the provisions of AB 90 through FY 2022/23 as well as provided additional relief with respect to local funding, operating cost, and use of STA funds. Each year of the audit period took place while penalty waivers were in place, and FY 2023/24 is the first post-COVID year for which transit operators will face potential penalties for not meeting farebox recovery requirements.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance	FY 2020/21: January 31, 2022/ February 1, 2022 FY 2021/22: January 30, 2023 FY 2022/23: January 29, 2024
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 2020/21: December 29, 2021 FY 2021/22: December 22, 2022 FY 2022/23: Expected by end of February 2024
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	February 11, 2020 March 11, 2021 April 7, 2022 April 14, 2023
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	In compliance	
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	No such alternative criteria have been established.
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	Not applicable	Not required under Article 8(c).
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	Finding	The use of the TDA definition of Full-Time Equivalent (FTE) employee could not be confirmed.
The operator does not routinely staff with two or more persons a vehicle for public transportation purposes designed to be operated by one person.	PUC 99264	Not applicable	Not required under Article 8(c).
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 2020/21: 10.57% FY 2021/22: 11.95% FY 2022/23: 5.96% (waived)  <i>FY 2021 and FY 2022 data from TDA fiscal audits. FY 2023 data from State Controller Reports. The City uses Measure I funds to supplement farebox revenue to ensure TDA compliance. Penalties waived under AB 149.</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	Not applicable	Not required under Article 8(c).
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	
In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale.	PUC 99314.6	Not applicable	

Compliance Element	Reference	Compliance	Comments
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.	CCR 6634	In compliance	

## Chapter 4 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance City of Needles has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior audit – completed in August 2021 by Michael Baker International for the three fiscal years ending June 30, 2020 – included three recommendations:

1. [Ensure timely completion and submittal of the Transit Operators Financial Transactions Reports to the State Controller.](#)

**Discussion:** In the compliance review section of the prior audit, it was found that the City submitted its Transit Operators Financial Transactions Reports to the State Controller after the statutory deadline during all three years of the audit period. Pursuant to Public Utilities Code Section 99243, the report is due within seven months after the end of the fiscal year, which is on or before January 31. The submission of future reports to the State Controller in a timely manner will further demonstrate Needles' proactive approach to compliance with state reporting instructions.

**Progress:** During the prior audit period, reports were submitted on June 25, 2019; March 3, 2020; and February 17, 2021. The City's finance director explained how its auditors complete and submit this report on their behalf based on the City's Trial Balance reports. The City is lacking detailed notes as to why the reports were submitted late for those years. SBCTA retains the auditing firm that prepares the transit fiscal audits and State Controller reports and has met with the auditors and advised that timely completion and filing of these reports is a priority.

During the current audit period they were submitted on January 31 and February 1, 2022 (the specialized services report was technically one day late) and January 30, 2023. Given this improvement and the emphasis on on-time submittal, there is no reason to believe the FY 2022/23 report will not be submitted on time.

**Status:** Implemented.

2. [Ensure key performance indicators such as accidents, incidents, road calls, and deadhead service data are reported and monitored in TransTrack Manager.](#)

**Discussion:** Needles has been proficient in its utilization of TransTrack Manager in reporting of system performance metrics. During the prior audit, a review of the quarterly performance scorecard in TransTrack confirmed that most performance indicators and data were being reported, such as farebox recovery ratio, operating costs per revenue hour and mile, passengers per revenue hour and mile, complaints, and on-time performance. However, data for some performance categories such as miles between NTD reportable accidents, number of reportable accidents, system failures, and road calls were not reported in TransTrack. While reportable

accident data were reported in NTD, they did not get transferred into TransTrack. In addition, although the incidents of road calls were negligible during the audit period, they were not reported. Also, because the transit vehicles must be transported to Blythe (almost 100 miles one-way) to a Transportation Concepts facility for major maintenance and repairs, deadhead service hours and miles could build up which impact vehicle life. It was suggested that data for these vehicle performance categories be included in TransTrack.

**Progress:** Dial-A-Ride monthly management reports include revenue hours, road calls, vehicle collisions, and service incidents. NAT monthly reports also include the percent of non-revenue hours compared to revenue hours, farebox revenue, and on-time performance.

The City noted there have been no accidents (NTD reportable or otherwise). Staff continues to work with TransTrack to maximize use of the reporting system as applicable to NAT. Additionally, Needles' transit vehicles are no longer transported to Blythe and all maintenance and repairs are done on-site at the Needles locations, excluding warranty work.

**Status:** Implemented.

### 3. [Reinstate the Google Transit Trip planning tool on the Needles Transit Services web page.](#)

**Discussion:** This recommendation was carried forward in this prior audit for full implementation. The City implemented the Google Transit trip planner on the transit page of the City's website in mid-2018 as part of a transit marketing campaign funded through a LCTOP grant. However, in mid- to late 2019, a new City website was created and went live without the Google Transit trip planner feature being transferred. At the time of the prior audit report, the Google Transit trip planner had yet to be restored on the transit page of the City of Needles website. The prior auditor recommended staff work to reinstate the Google Transit trip planner as well as a Google Translate widget feature for non-English-speaking users.

**Progress:** In March 2022, the trip planning tool (Google Transit) including the Google Translate widget feature was restored and incorporated into the transit page of the City's website. Additionally, in August 2022, the website was updated with current ADA requirements.

The auditors viewed City's transit website on September 13, 2023 and noted accessibility features are clearly identified on the right side of the screen. The Google Trip Planner is accessible via a link that reads "Click here to plan your transit" (though there is no other indicator that it goes to Google). The webpage does not have a translation widget feature, though Google does allow the language to be changed for its trip planning feature.

**City Response:** Per IT, the city's website does have Google Translate; however, for some reason it is not showing up on the "accessibility tool." With regard to the trip planner, the language translator is available and working. With this noted, as discussed with SBCTA, the city is currently in the process of moving the entire transit webpage to an independent website – [needlestransit.com](http://needlestransit.com) – that will be funded by SBCTA and hosted and maintained by an SBCTA

contactor. The city's website will have a link to connect to the transit website once it is up and running which should be within the next few months.

**Status:** Implementation in progress.

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## Chapter 5 | Data Reporting Analysis

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

With respect to all performance measures, financial data reported to the State Controller and in the TDA annual fiscal audit were consistent with one another. Operating data reported in the monthly reports and to the State Controller were also consistent. Information reported to the National Transit Database (NTD) was notably lower due to not including data for the demand-response service due to it not being federally funded. Fixed-route data reported to the NTD was consistent with that reported elsewhere. No concerns regarding data reporting were identified.

*(Note: Data from the TDA fiscal audit for FY 2022/23 were not available for this analysis.)*

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2020/21	FY 2021/22	FY 2022/23
<b>Operating Cost (Actual \$)</b>			
<i>TDA fiscal audit</i>	\$501,925	\$537,361	Not available
<i>National Transit Database</i>	\$402,410	\$435,885	\$442,576
<i>State Controller Report</i>	\$501,925	\$537,361	\$557,141
<b>Fare Revenue (Actual \$)</b>			
<i>TDA fiscal audit</i>	\$28,988	\$40,995	Not available
<i>National Transit Database</i>	\$22,948	\$34,319	\$25,381
<i>State Controller Report</i>	\$28,988	\$40,995	\$33,178
<b>Vehicle Service Hours (VSH)</b>			
<i>Monthly Performance Reports</i>	4,960	4,788	5,011
<i>National Transit Database</i>	3,428	3,446	3,444
<i>State Controller Report</i>	4,960	4,788	5,011
<b>Vehicle Service Miles (VSM)</b>			
<i>Monthly Performance Reports</i>	61,955	62,559	63,786
<i>National Transit Database</i>	50,069	50,276	50,757
<i>State Controller Report</i>	61,955	62,559	63,786
<b>Passengers</b>			
<i>Monthly Performance Reports</i>	20,044	22,173	25,508
<i>National Transit Database</i>	15,813	16,380	19,201
<i>State Controller Report</i>	20,044	22,173	25,508
<b>Full-Time Equivalent Employees</b>			
<i>State Controller Report</i>	5	5	5



## Chapter 6 | Performance Analysis

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

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

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

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

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

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

### Operating Cost

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

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<sup>1</sup> CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

<sup>2</sup> Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

#### Vehicle Service Hours and Miles

*Vehicle Service Hours* (VSH) and *Miles* (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.<sup>3</sup> For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For 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.

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<sup>3</sup> A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

### TDA Required Indicators

To calculate the TDA indicators for the City, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the City's audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via annual TDA fiscal audits for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. The City calculates VSH using driver trip sheets. The City's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via State Controller Reports for each fiscal year covered by this audit. The City calculates VSM by subtracting deadhead and out-of-service miles from total vehicle mileage (as noted on each vehicle's odometer). This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller Reports for each fiscal year covered by this audit. Drivers document boardings on daily driver trip sheets. The City's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation could not be confirmed.

### System Performance Trends

System operating cost experienced an 11 percent increase during the audit period, and a 28.1 percent net increase between FY 2017/18 and FY 2022/23. Fare revenue significantly decreased in FY 2020/21, the first year fully impacted by the COVID-19 pandemic, and again less significantly in FY 2022/23. This resulted in a net 14.5 percent increase during the audit period and a net 20.5 percent decrease between FY 2017/18 and FY 2022/23.

Vehicle service hours (VSH) decreased during the audit period. This resulted in a net 1.0 percent increase during the audit period and a net 0.2 percent decrease during the six-year period. Vehicle service miles (VSM) decreased in FY 2018/19 and FY 2020/21. This resulted in a net 3.0 percent increase during the audit period and a net 1.1 percent decrease during the six-year period. Ridership increased during three years of the six-year period, with the most significant decline occurring in FY 2020/21 (34.8 percent). This led to a 27.3 percent net increase during the audit period and a 10 percent net decrease across the six-year period.

Cost-related metrics typically provide an indicator of a system's efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics. System cost-related metrics increased during the audit period with the exception of operating cost per passenger. Passenger-related metrics rose during

the audit period, with passengers per VSH increasing by 26 percent and passengers per VSM increasing by 23.6 percent.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
<b>Operating Cost (Actual \$)</b>	\$434,932	\$446,675	\$503,750	\$501,925	\$537,361	\$557,143
Annual Change		2.7%	12.8%	-0.4%	7.1%	3.7%
<b>Fare Revenue (Actual \$)</b>	\$41,722	\$47,765	\$48,395	\$28,988	\$40,995	\$33,178
Annual Change		14.5%	1.3%	-40.1%	41.4%	-19.1%
<b>Vehicle Service Hours (VSH)</b>	5,021	5,127	5,296	4,960	4,788	5,011
Annual Change		2.1%	3.3%	-6.3%	-3.5%	4.7%
<b>Vehicle Service Miles (VSM)</b>	64,515	64,010	66,965	61,955	62,559	63,786
Annual Change		-0.8%	4.6%	-7.5%	1.0%	2.0%
<b>Passengers</b>	28,355	32,624	30,738	20,044	22,173	25,508
Annual Change		15.1%	-5.8%	-34.8%	10.6%	15.0%
<b>Employees</b>	6	6	6	5	5	5
Annual Change		0.0%	0.0%	-16.7%	0.0%	0.0%
<b>Performance Indicators</b>						
<b>Operating Cost/VSH (Actual \$)</b>	\$86.62	\$87.12	\$95.12	\$101.19	\$112.23	\$111.18
Annual Change		0.6%	9.2%	6.4%	10.9%	-0.9%
<b>Operating Cost/Passenger (Actual \$)</b>	\$15.34	\$13.69	\$16.39	\$25.04	\$24.23	\$21.84
Annual Change		-10.7%	19.7%	52.8%	-3.2%	-9.9%
<b>Passengers/VSH</b>	5.65	6.36	5.80	4.04	4.63	5.09
Annual Change		12.7%	-8.8%	-30.4%	14.6%	9.9%
<b>Passengers/VSM</b>	0.44	0.51	0.46	0.32	0.35	0.40
Annual Change		16.0%	-9.9%	-29.5%	9.6%	12.8%
<b>Farebox Recovery</b>	9.6%	10.7%	9.6%	5.8%	7.6%	6.0%
Annual Change		11.5%	-10.2%	-39.9%	32.1%	-21.9%
<b>Hours/Employee</b>	836.8	854.5	882.7	992.0	957.6	1,002.2
Annual Change		2.1%	3.3%	12.4%	-3.5%	4.7%
<b>TDA Non-Required Indicators</b>						
<b>Operating Cost/VSM</b>	\$6.74	\$6.98	\$7.52	\$8.10	\$8.59	\$8.73
Annual Change		3.5%	7.8%	7.7%	6.0%	1.7%
<b>VSM/VSH</b>	12.85	12.48	12.64	12.49	13.07	12.73
Annual Change		-2.8%	1.3%	-1.2%	4.6%	-2.6%
<b>Fare/Passenger</b>	\$1.47	\$1.46	\$1.57	\$1.45	\$1.85	\$1.30
Annual Change		-0.5%	7.5%	-8.1%	27.8%	-29.6%

Sources: FY 2017/18 – FY 2019/20 data from prior Triennial Performance Audit.

FY 2020/21 – FY 2021/22 financial data from annual TDA fiscal audits.

FY 2022/23 financial data from State Controller Reports.

FY 2020/21 – FY 2022/23 operating data from State Controller Reports.

Exhibit 6.2 System Ridership

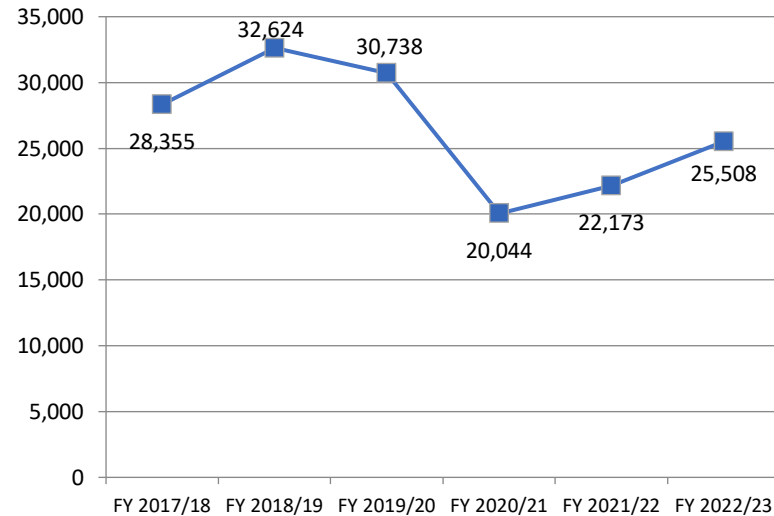


Exhibit 6.3 System Operating Cost/VSH

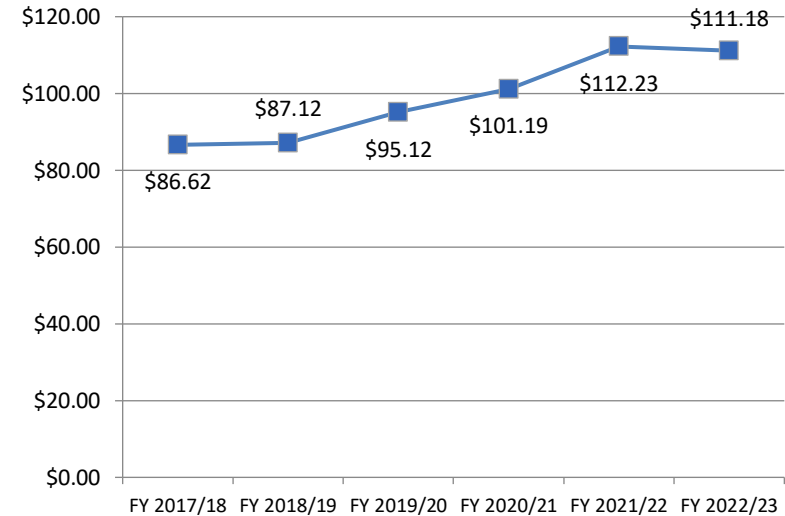


Exhibit 6.4 System Operating Cost/VSM

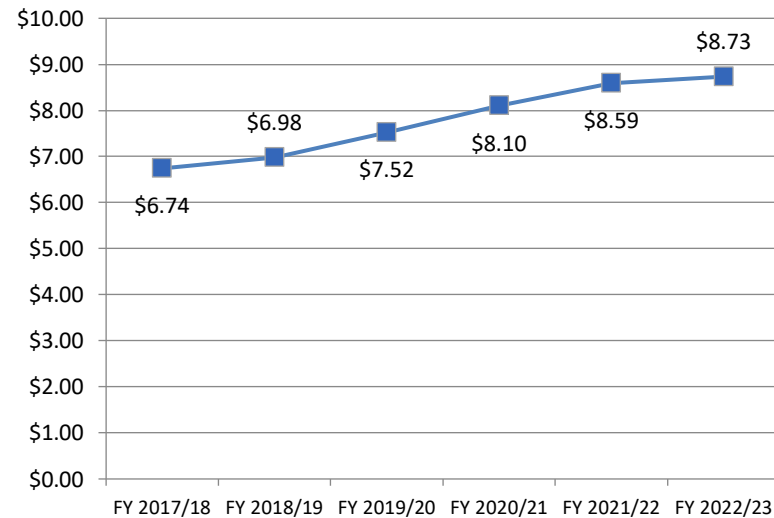


Exhibit 6.5 System VSM/VSH

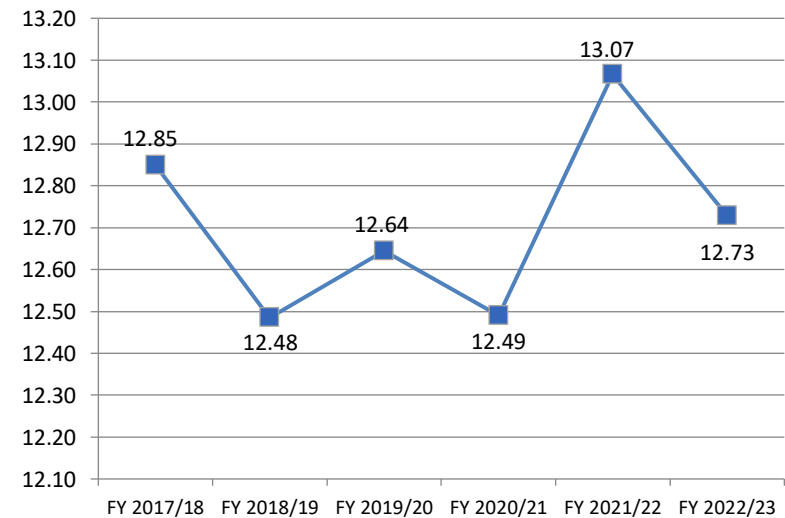


Exhibit 6.6 System Operating Cost/Passenger

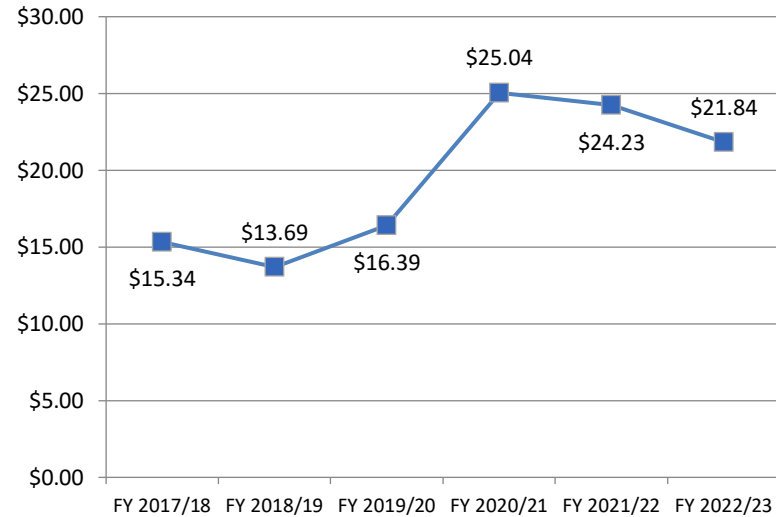


Exhibit 6.7 System Passengers/VSH

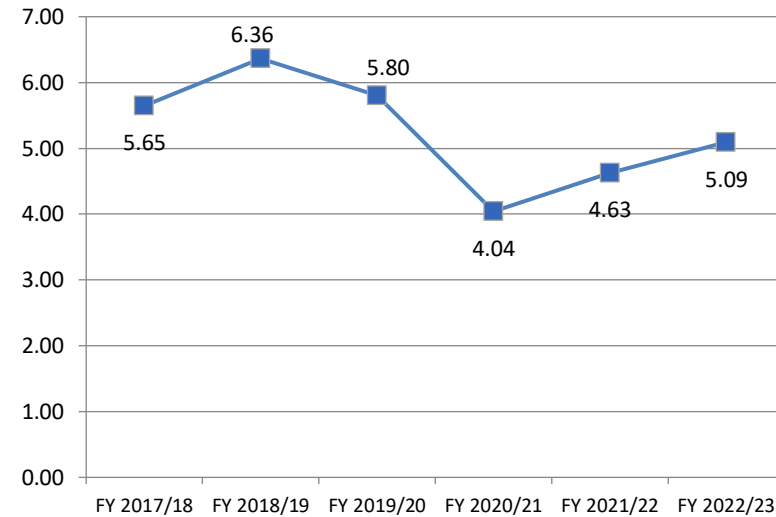


Exhibit 6.8 System Passengers/VSM

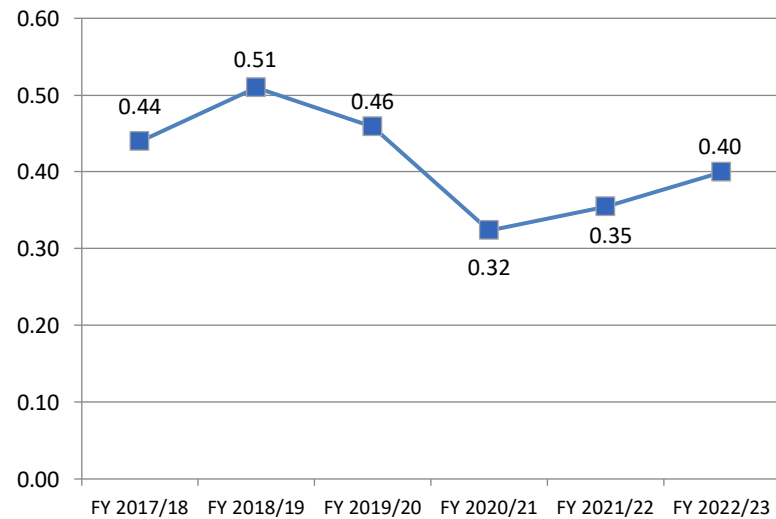


Exhibit 6.9 System VSH/FTE

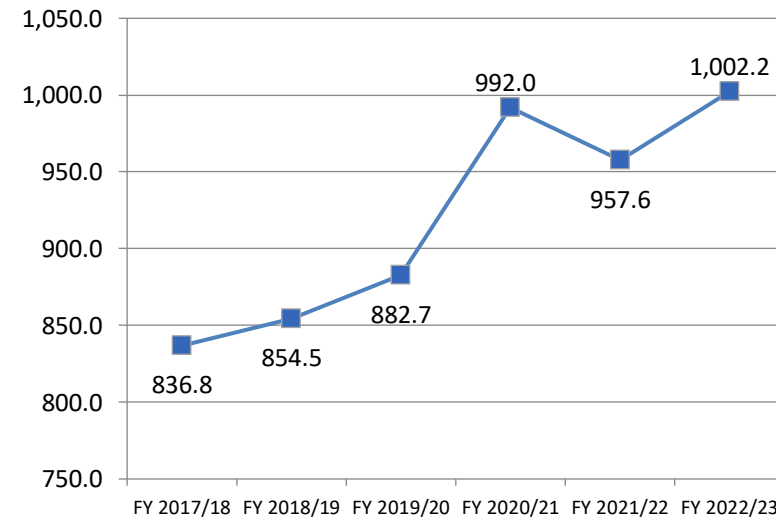


Exhibit 6.10 System Farebox Recovery

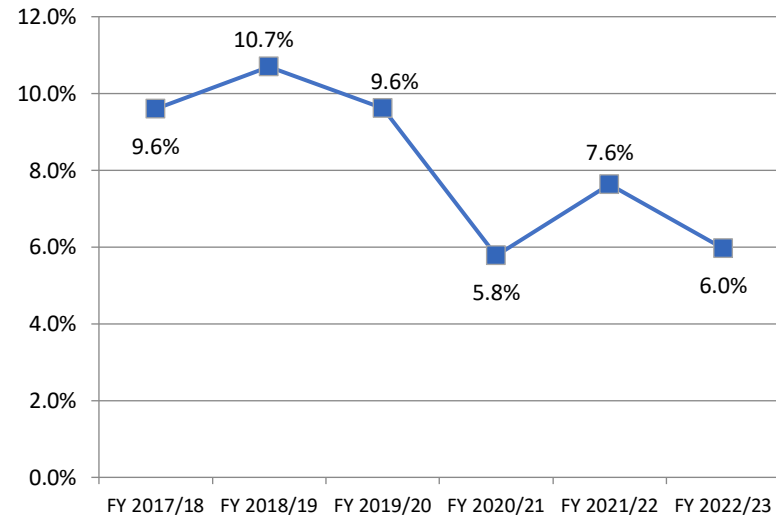
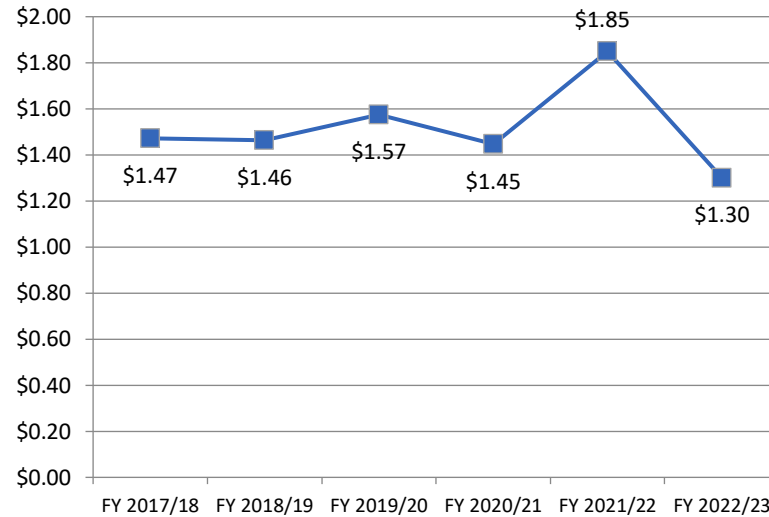


Exhibit 6.11 System Fare/Passenger



### Deviated Fixed-Route Performance Trends

Deviated fixed-route operating cost experienced a net 10 percent increase during the audit period, and a 30.2 percent net increase across the last six years. Fare revenue, however, significantly decreased three years of the six-year period. This resulted in a net 10.6 percent increase during the audit period and a net 30.2 percent decrease over six years.

Vehicle service hours (VSH) decreased every year with the exceptions of FY 2019/20 and FY 2021/22. This resulted in a net 0.5 percent increase during the audit period and a net 0.7 percent increase during the six-year period. Vehicle service miles (VSM) increased every year with the exception of FY 2020/21. This resulted in a net 1.4 percent increase during the audit period and a net 1.8 percent increase during the six-year period. Ridership increased throughout three years of the six-year period, with a significant decline occurring in FY 2020/21 (38.3 percent). This led to a 21.4 percent net increase during the audit period and an 18.9 percent net decrease across the six-year period.

Deviated fixed-route cost-related metrics increased during the audit period with the exception of operating cost per passenger. Passenger-related metrics rose during the audit period, with passengers per VSH increasing by 20.9 percent and passengers per VSM increasing by 19.8 percent.



Exhibit 6.12 Deviated Fixed-Route Performance Indicators

Performance Measure	Deviated Fixed-Route					
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
<b>Operating Cost (Actual \$)</b>	\$339,854	\$344,716	\$392,093	\$402,410	\$435,884	\$442,576
Annual Change		1.4%	13.7%	2.6%	8.3%	1.5%
<b>Fare Revenue (Actual \$)</b>	\$36,342	\$41,619	\$39,880	\$22,948	\$34,319	\$25,381
Annual Change		14.5%	-4.2%	-42.5%	49.6%	-26.0%
<b>Vehicle Service Hours (VSH)</b>	3,419	3,412	3,436	3,428	3,446	3,444
Annual Change		-0.2%	0.7%	-0.2%	0.5%	-0.1%
<b>Vehicle Service Miles (VSM)</b>	49,861	50,028	51,711	50,069	50,276	50,757
Annual Change		0.3%	3.4%	-3.2%	0.4%	1.0%
<b>Passengers</b>	23,665	27,623	25,616	15,813	16,380	19,201
Annual Change		16.7%	-7.3%	-38.3%	3.6%	17.2%
<b>Employees</b>	4	4	4	4	4	4
Annual Change		0.0%	0.0%	0.0%	0.0%	0.0%
<b>Performance Indicators</b>						
<b>Operating Cost/VSH (Actual \$)</b>	\$99.40	\$101.03	\$114.11	\$117.39	\$126.49	\$128.51
Annual Change		1.6%	12.9%	2.9%	7.8%	1.6%
<b>Operating Cost/Passenger (Actual \$)</b>	\$14.36	\$12.48	\$15.31	\$25.45	\$26.61	\$23.05
Annual Change		-13.1%	22.7%	66.3%	4.6%	-13.4%
<b>Passengers/VSH</b>	6.92	8.10	7.46	4.61	4.75	5.58
Annual Change		17.0%	-7.9%	-38.1%	3.0%	17.3%
<b>Passengers/VSM</b>	0.47	0.55	0.50	0.32	0.33	0.38
Annual Change		16.3%	-10.3%	-36.2%	3.2%	16.1%
<b>Farebox Recovery</b>	10.69%	12.07%	10.17%	5.70%	7.87%	5.73%
Annual Change		12.9%	-15.8%	-43.9%	38.1%	-27.2%
<b>Hours/Employee</b>	854.8	853.0	859.0	857.0	861.5	861.0
Annual Change		-0.2%	0.7%	-0.2%	0.5%	-0.1%
<b>TDA Non-Required Indicators</b>						
<b>Operating Cost/VSM</b>	\$6.82	\$6.89	\$7.58	\$8.04	\$8.67	\$8.72
Annual Change		1.1%	10.0%	6.0%	7.9%	0.6%
<b>VSM/VSH</b>	14.58	14.66	15.05	14.61	14.59	14.74
Annual Change		0.5%	2.6%	-2.9%	-0.1%	1.0%
<b>Fare/Passenger</b>	\$1.54	\$1.51	\$1.56	\$1.45	\$2.10	\$1.32
Annual Change		-1.9%	3.3%	-6.8%	44.4%	-36.9%

Sources: FY 2017/18 – FY 2019/20 data from prior Triennial Performance Audit.

FY 2020/21 – FY 2021/22 financial data from annual TDA fiscal audits.

FY 2022/23 financial data from State Controller Report.

FY 2020/21 – FY 2022/23 operating data from State Controller Reports.

Exhibit 6.13 Deviated Fixed-Route Ridership

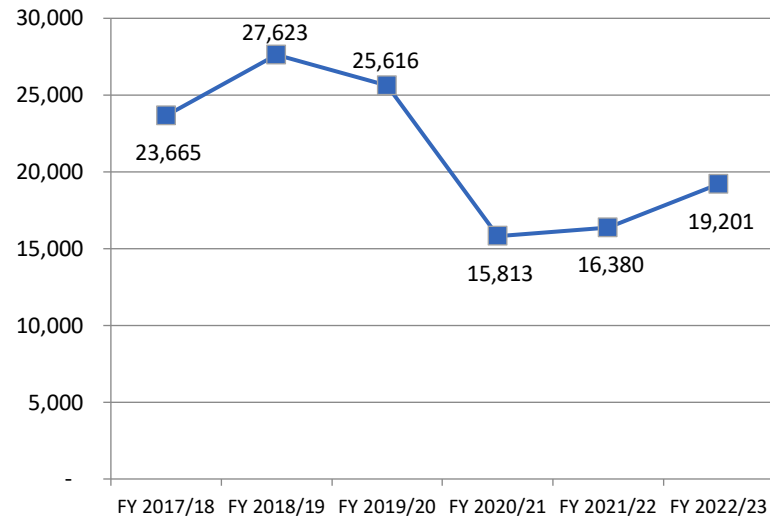


Exhibit 6.14 Deviated Fixed-Route Operating Cost/VSH

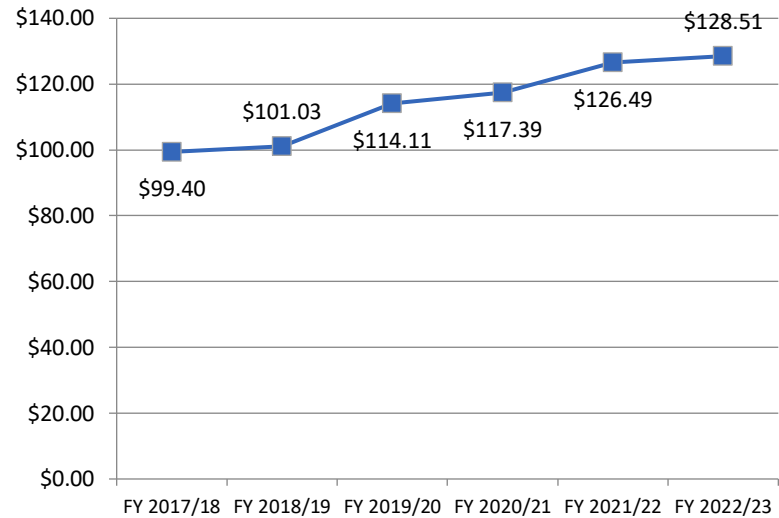


Exhibit 6.15 Deviated Fixed-Route Operating Cost/VSM

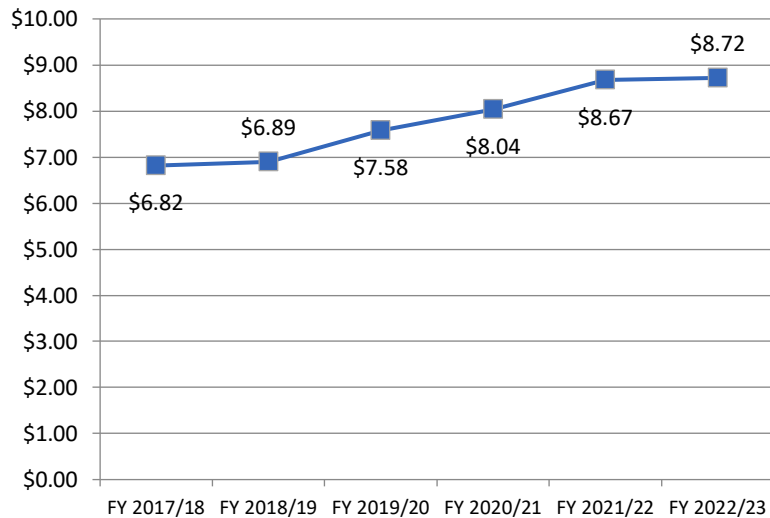


Exhibit 6.16 Deviated Fixed-Route VSM/VSH

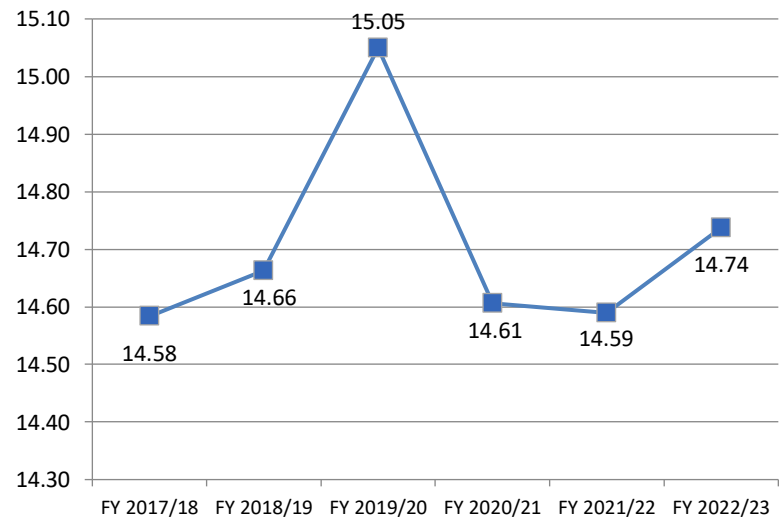


Exhibit 6.17 Deviated Fixed-Route Operating Cost/Passenger

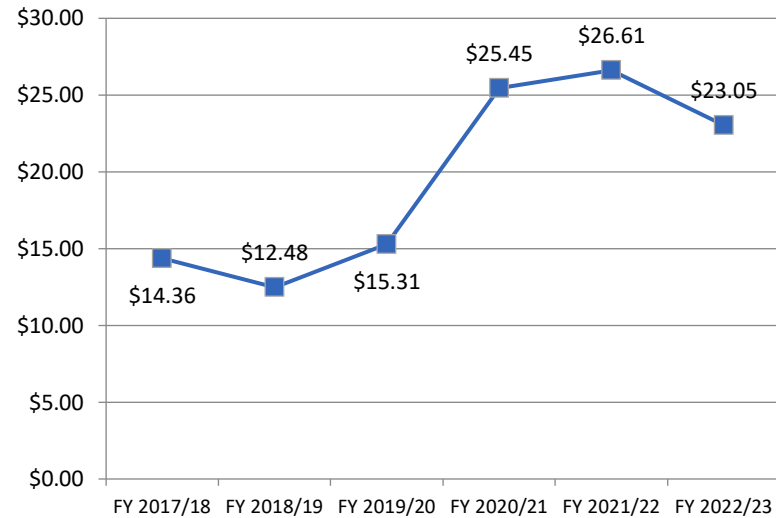


Exhibit 6.18 Deviated Fixed-Route Passengers/VSH

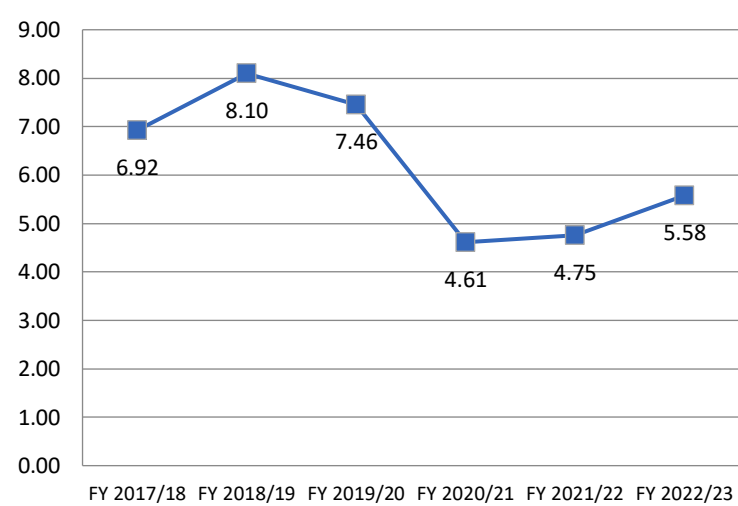


Exhibit 6.19 Deviated Fixed-Route Passengers/VSM

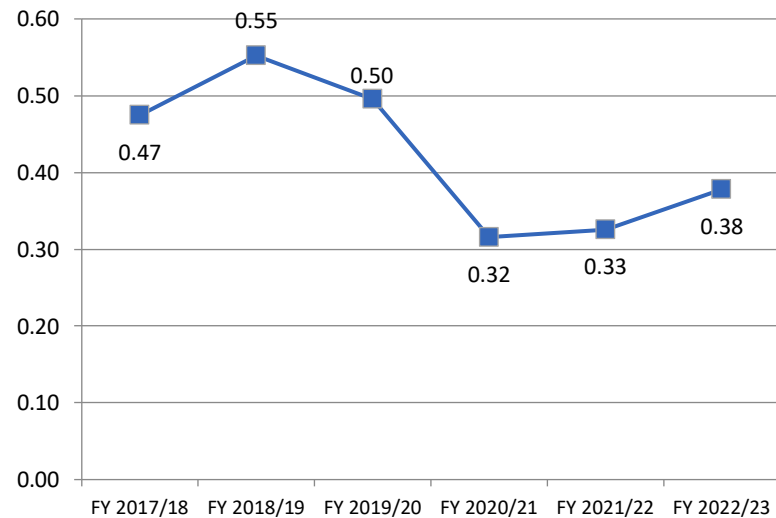


Exhibit 6.20 Deviated Fixed-Route VSH/FTE

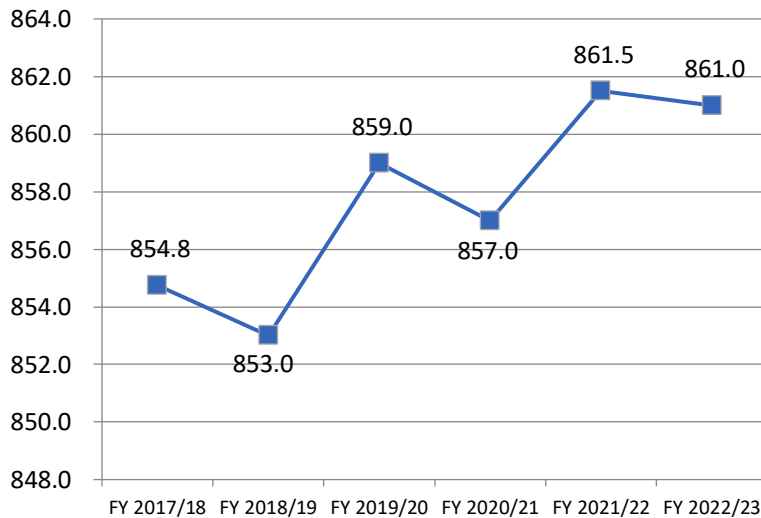


Exhibit 6.21 Deviated Fixed-Route Farebox Recovery

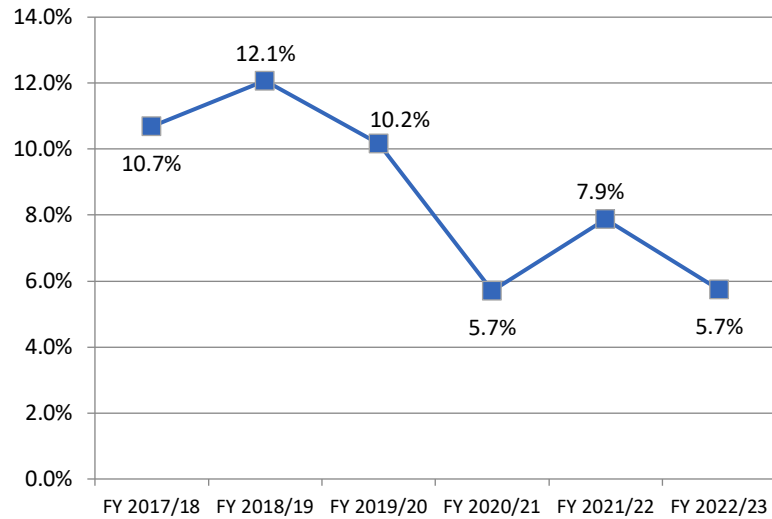
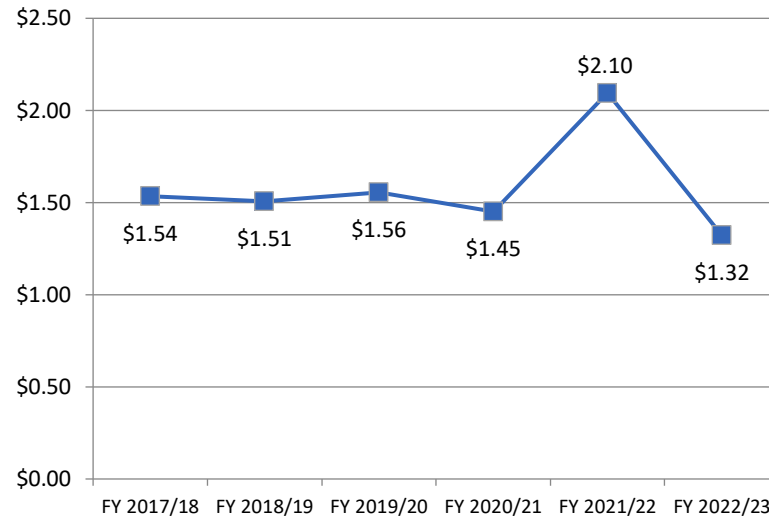


Exhibit 6.22 Deviated Fixed-Route Fare/Passenger



### Demand-Response Performance Trends

Demand-response operating cost experienced a 15.1 percent increase during the audit period, and a 20.5 percent net increase between FY 2017/18 and FY 2022/23. Fare revenue significantly decreased in FY 2020/21, as this was the first year fully impacted by the COVID-19 pandemic, but increased during each subsequent year. This resulted in a net 29.1 percent increase during the audit period and a net 44.9 percent increase between FY 2017/18 and FY 2022/23.

Vehicle service hours (VSH) decreased during the first two years of the audit period before increasing in FY 2022/23. This resulted in a net 2.3 percent increase during the audit period and a net 2.2 percent decrease during the six-year period. Vehicle service miles (VSM) decreased in FY 2018/19 and FY 2020/21. This resulted in a net 9.6 percent increase during the audit period and a net 11.1 percent decrease during the six-year period. Ridership increased each year except FY 2020/21, which experienced a decline of 17.4 percent. This led to a 49.1 percent net increase during the audit period and a 34.5 percent net increase across the six-year period.

Demand-response cost-related metrics increased during the audit period with the exception of operating cost per passenger. Passenger-related metrics rose during the audit period, with passengers per VSH increasing by 45.7 percent and passengers per VSM increasing by 36 percent.

Exhibit 6.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
<b>Operating Cost (Actual \$)</b>	\$95,078	\$101,959	\$111,657	\$99,515	\$101,477	\$114,567
Annual Change		7.2%	9.5%	-10.9%	2.0%	12.9%
<b>Fare Revenue (Actual \$)</b>	\$5,380	\$6,146	\$8,515	\$6,040	\$6,676	\$7,797
Annual Change		14.2%	38.5%	-29.1%	10.5%	16.8%
<b>Vehicle Service Hours (VSH)</b>	1,602	1,715	1,860	1,532	1,342	1,567
Annual Change		7.1%	8.5%	-17.6%	-12.4%	16.8%
<b>Vehicle Service Miles (VSM)</b>	14,654	13,982	15,254	11,886	12,283	13,029
Annual Change		-4.6%	9.1%	-22.1%	3.3%	6.1%
<b>Passengers</b>	4,690	5,001	5,122	4,231	5,793	6,307
Annual Change		6.6%	2.4%	-17.4%	36.9%	8.9%
<b>Employees</b>	2	2	2	1	1	1
Annual Change		0.0%	0.0%	-50.0%	0.0%	0.0%
<b>Performance Indicators</b>						
<b>Operating Cost/VSH (Actual \$)</b>	\$59.35	\$59.45	\$60.03	\$64.96	\$75.62	\$73.11
Annual Change		0.2%	1.0%	8.2%	16.4%	-3.3%
<b>Operating Cost/Passenger (Actual \$)</b>	\$20.27	\$20.39	\$21.80	\$23.52	\$17.52	\$18.17
Annual Change		0.6%	6.9%	7.9%	-25.5%	3.7%
<b>Passengers/VSH</b>	2.93	2.92	2.75	2.76	4.32	4.02
Annual Change		-0.4%	-5.6%	0.3%	56.3%	-6.8%
<b>Passengers/VSM</b>	0.32	0.36	0.34	0.36	0.47	0.48
Annual Change		11.8%	-6.1%	6.0%	32.5%	2.6%
<b>Farebox Recovery</b>	5.7%	6.0%	7.6%	6.1%	6.6%	6.8%
Annual Change		6.5%	26.5%	-20.4%	8.4%	3.4%
<b>Hours/Employee</b>	801.0	857.5	930.0	1,532.0	1,342.0	1,567.0
Annual Change		7.1%	8.5%	64.7%	-12.4%	16.8%
<b>TDA Non-Required Indicators</b>						
<b>Operating Cost/VSM</b>	\$6.49	\$7.29	\$7.32	\$8.37	\$8.26	\$8.79
Annual Change		12.4%	0.4%	14.4%	-1.3%	6.4%
<b>VSM/VSH</b>	9.15	8.15	8.20	7.76	9.15	8.31
Annual Change		-10.9%	0.6%	-5.4%	18.0%	-9.2%
<b>Fare/Passenger</b>	\$1.15	\$1.23	\$1.66	\$1.43	\$1.15	\$1.24
Annual Change		7.1%	35.3%	-14.1%	-19.3%	7.3%

Sources: FY 2017/18 – FY 2019/20 data from prior Triennial Performance Audit.

FY 2020/21 – FY 2021/22 financial data from annual TDA fiscal audits.

FY 2022/23 financial data from State Controller Report.

FY 2020/21 – FY 2022/23 operating data from State Controller Reports.

Exhibit 6.24 Demand-Response Ridership

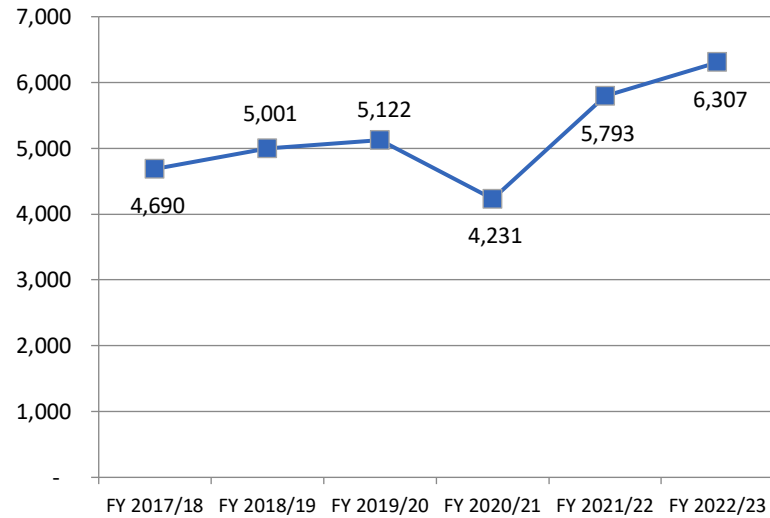


Exhibit 6.25 Demand-Response Operating Cost/VSH

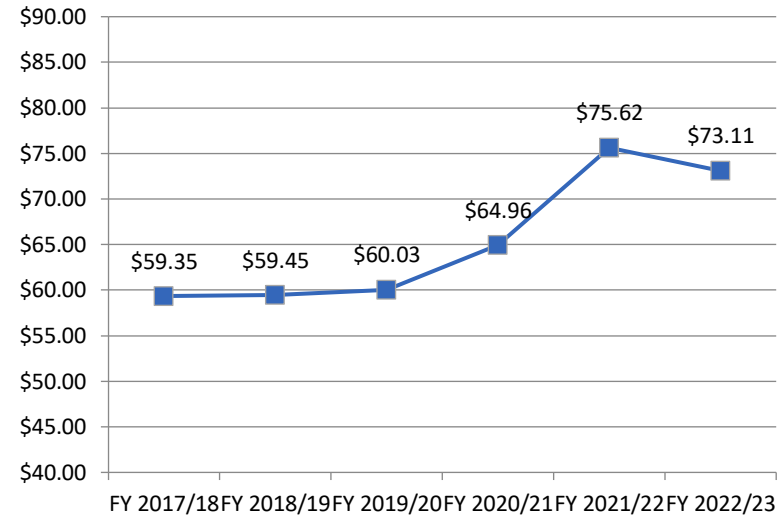


Exhibit 6.26 Demand-Response Operating Cost/VSM

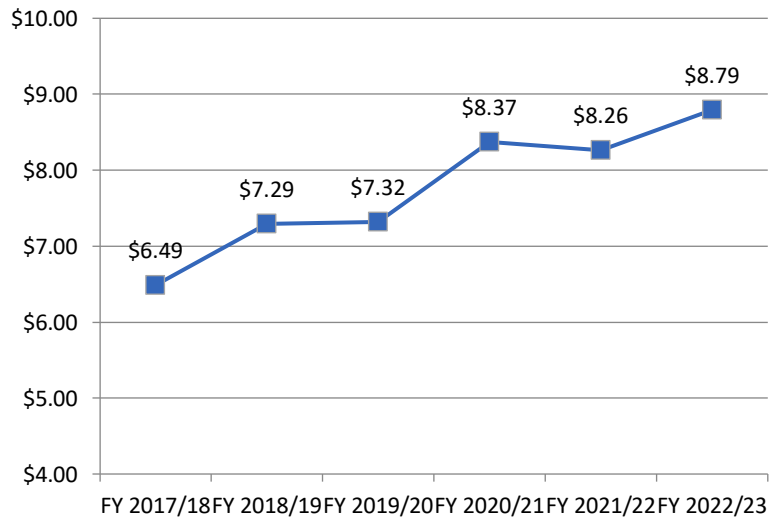


Exhibit 6.27 Demand-Response VSM/VSH

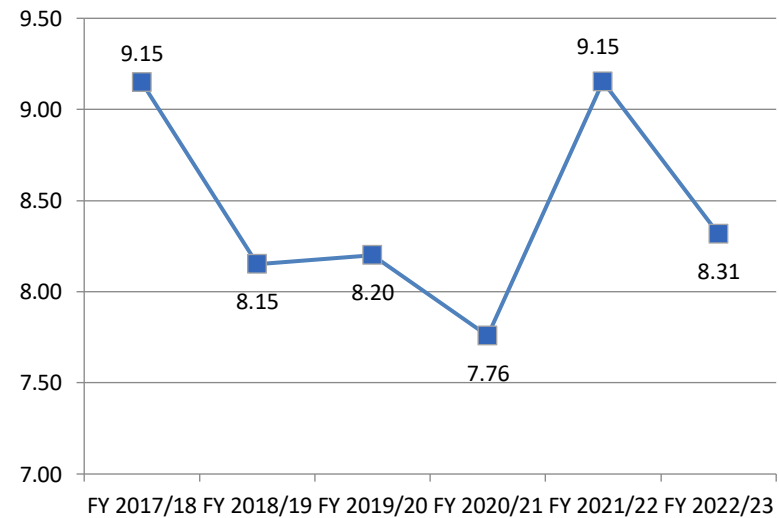


Exhibit 6.28 Demand-Response Operating Cost/Passenger

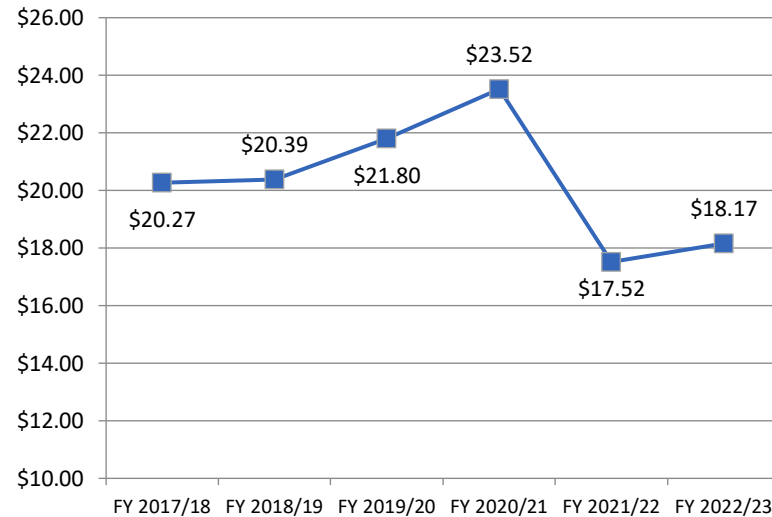


Exhibit 6.29 Demand-Response Passengers/VSH

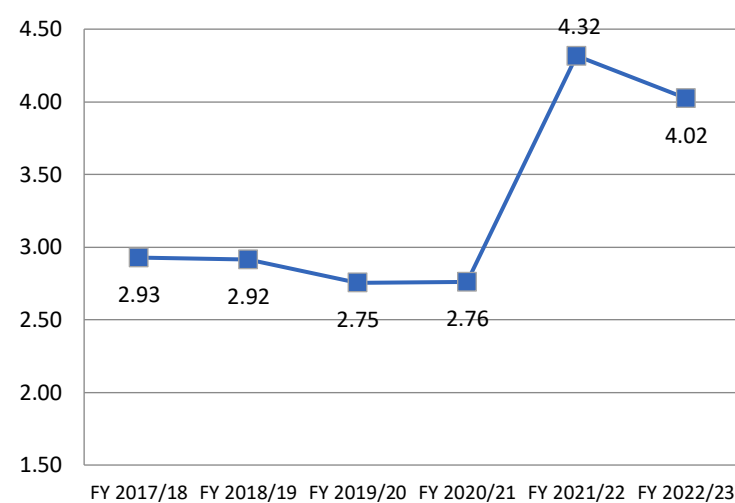


Exhibit 6.30 Demand-Response Passengers/VSM

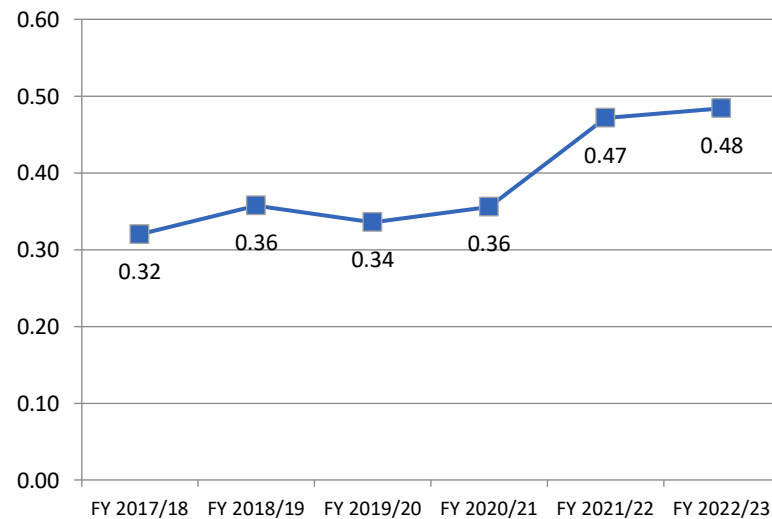


Exhibit 6.31 Demand-Response VSH/FTE

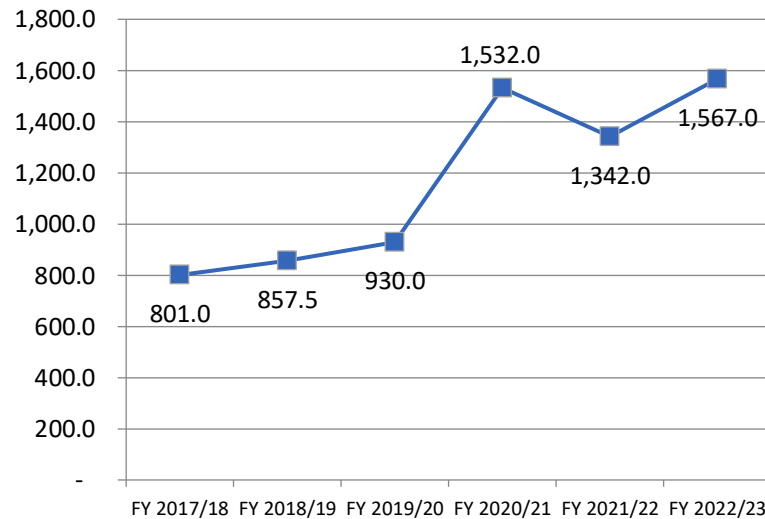




Exhibit 6.32 Demand-Response Farebox Recovery

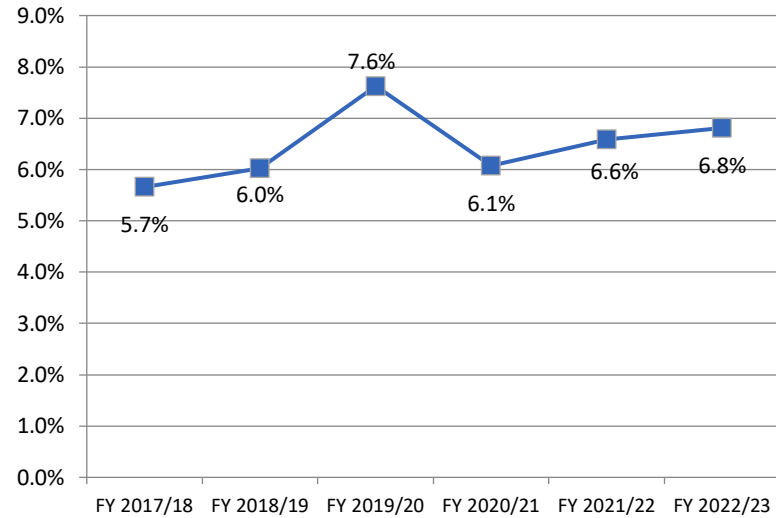
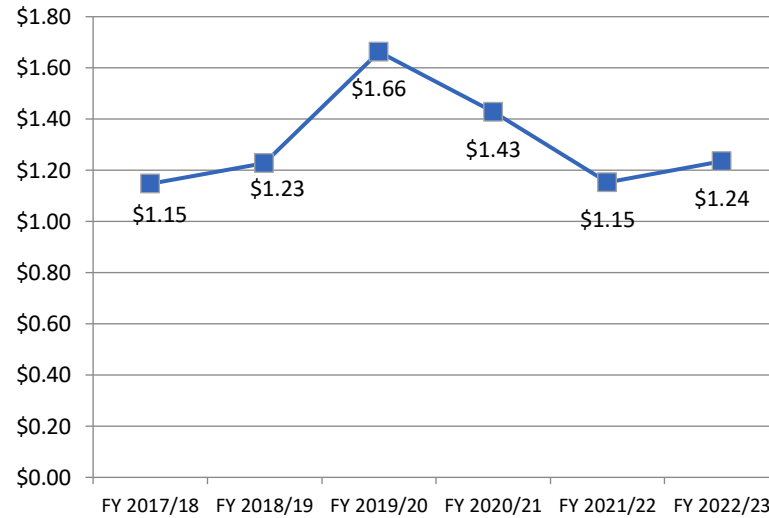


Exhibit 6.33 Demand-Response Fare/Passenger



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## Chapter 7 | Functional Review

A functional review of City of Needles' public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the City's transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by the City through its transit program:

- General management and organization;
- Service planning;
- Administration;
- Marketing and public information;
- Scheduling, dispatch, and operations;
- Personnel management and training; and
- Fleet maintenance.

### Service Overview

The City of Needles provides transportation services within the city via Needles Area Transit (NAT). Deviated fixed-route service operates weekdays from 7:00 a.m. to 6:55 p.m. and Saturday from 10:00 a.m. to 4:55 p.m. The fixed-route service is comprised of two routes which interline at G Street and Broadway Street. The West Loop operates between Pashard Street and Needles Highway and Victory Drive and East Broadway Street. The North-South Loop operates between Erin Drive and Coronado Street and Needles Town Center. Both routes serve Broadway Street between Needles Town Center and G Street. Route deviations are available upon request on a space-available basis and as time allows.

The City also provides Dial-A-Ride service for seniors age 60 and older and persons with disabilities. Local service hours are Monday through Friday from 9:00 a.m. to 2:00 p.m. Reservations are taken until 1:55 p.m. The City also provides medical transportation to facilities in Mohave Valley and Bullhead City on Tuesday and Thursday by advance prepaid reservations. A shopper shuttle to Walmart, Safeway, Smiths, and CVS in Fort Mohave is provided through advance prepaid reservations on Wednesday.

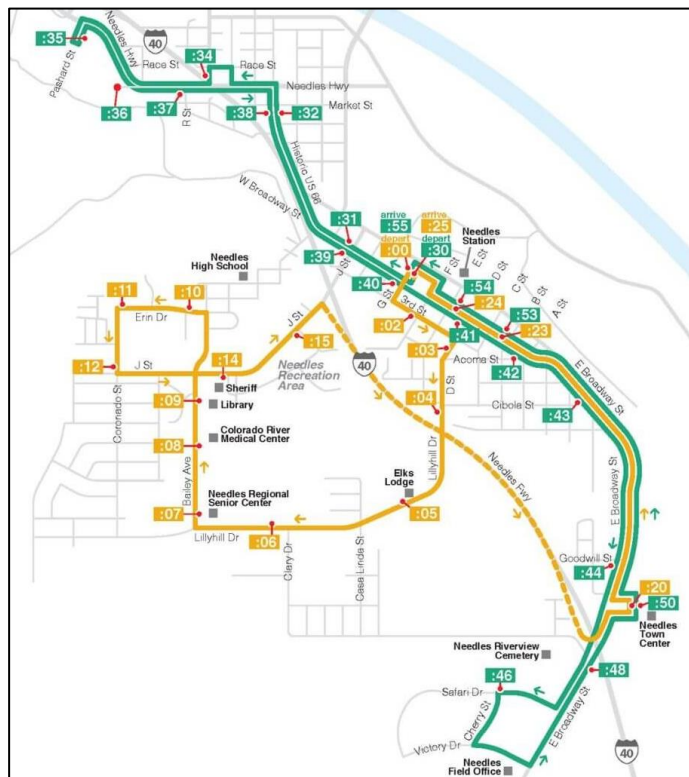


Exhibit 7.1 Fare Structure

Service	Regular Fare	Discounted Fare
Deviated fixed-route (one-way)	\$1.35	\$1.25
Deviated fixed-route 30-Punch Pass	\$39.00	N/A
Deviation Service (one-way)	\$2.00	\$1.90
Dial-A-Ride (one-way)	\$1.10	N/A
Medical Transportation to Valley View Medical Center (round-trip)	\$6.00	N/A
Medical Transportation to Bullhead City Medical Facilities (round-trip)	\$12.00	N/A
Shopper Shuttle to Fort Mohave (round-trip)	\$9.00	N/A

Discounted fixed-route fares are available to persons with disabilities and seniors age 60 and older with a City-issued photo ID. Children age five and younger ride for free with a fare-paying adult (up to two children per adult).

#### Response to COVID-19 pandemic

Service remained unchanged throughout the pandemic. Updated safety measures were implemented, including social distancing and reduced passenger capacity, as well as enhanced cleaning and providing hand sanitizer onboard. During the first pandemic year, ridership dropped to approximately 30 percent of pre-pandemic boardings due, in part, to people purchasing personal vehicles. Despite this decline, the City felt it was better off than most and is continuing to recover. The City's biggest takeaway from the pandemic was a single thing can bring the world to its knees, and to not take things for granted.

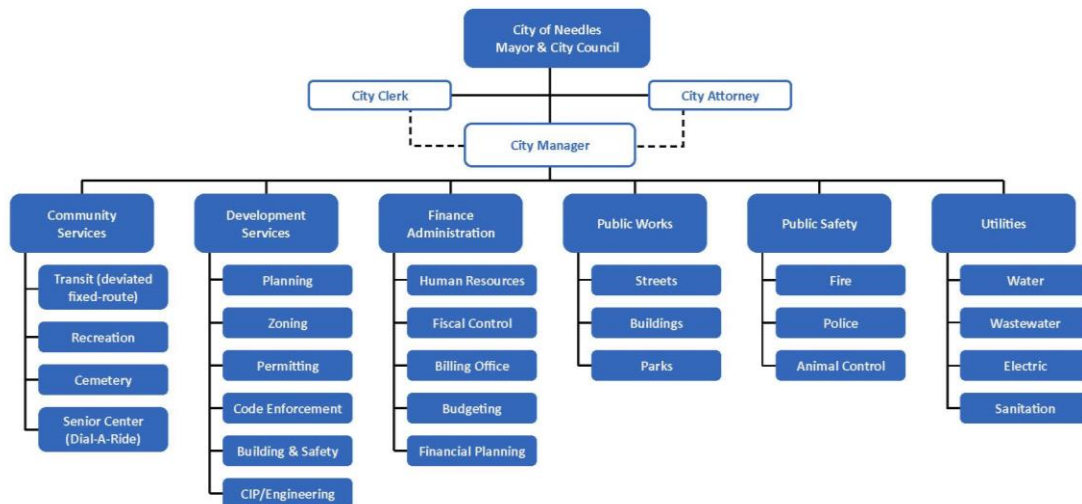
#### General Management and Organization

The City relies heavily on TransTrack software as well as close collaboration with contractor staff to provide continuing oversight of program performance. While the City feels it may not be maximizing all of the features available in TransTrack, it is able to access all necessary data, which it uses in concert with other budget and finance documents. The transit program is effectively and appropriately staffed.

The Needles city council is the governing body for the City's transit service. Council meetings are held in the city council chambers at 1111 Bailey Avenue on the second and fourth Tuesday of each month at 6:00 pm. This location is served by NAT's west loop route.

The Needles city council is satisfied with the service and has no specific concerns. There have been no customer complaints to the council. The City does not have a citizens' advisory committee.

Exhibit 7.2 Organizational Chart



The City has an excellent relationship with the San Bernardino County Transportation Authority. It works with neighboring operators, who were recently very helpful as the City sought to prepare an Independent Cost Estimate (ICE) prior to its most recent contract extension with its operations contractor. The City feels Caltrans could be more supportive. It belongs to industry organizations such as CalACT.

The only service change that occurred during the audit period was the increase in Dial-A-Ride service by one hour per day in October 2022. However, the City feels that hour is not being utilized as well as it could be and is looking to encourage riders to use the service. The City is also working to enhance usage by offering additional Senior Center programming during that time period.

The City anticipates looking at GTFS in the future, especially as part of its electric fleet. This will be explored as part of the City's next Short-Range Transit Plan (SRTP).

### Service Planning

The San Bernardino County Transportation Authority is responsible for transit planning for the City of Needles through a consultant. The most recent short range transit plan (SRTP) was completed in January 2020, just prior to the onset of the COVID-19 pandemic. The planning horizon for that document was through FY 2024/25. Given the modest size of the City's transit program, the four recommendations included in the SRTP still likely remain relevant. They included:

1. Consolidation of the Medical and Shopper Shuttle services into a single Fort Mohave/Bullhead City limited stop service operating twice per week;
2. Bus stop improvements (including shelters, benches, and trash receptacles);
3. Preparation of a Zero Emission Bus Rollout Plan (completed); and
4. The purchase of replacement NAT vehicles.

The City expects to launch an update of its SRTP in FY 2023/24.

In 2018, customer surveys were conducted via intercept methodology onboard the buses as part of the SRTP process. An additional stakeholder survey was conducted to capture community organizations' feedback and written comments were encouraged at a public open house.

### Administration

Budgeting is handled by the Community Services Manager by looking at the prior year, anticipated contract costs for the upcoming year, fuel estimates, service hours, and planned capital costs. The Transit Manager at the San Bernardino County Transportation Authority (SBCTA) assists with anticipated revenues. The Transit budget then goes into the City budget for approval. Actual expenses and revenues are compared to budgeted amounts on a monthly basis by staff. Mid-year budget revisions are made on an as-needed basis, but are very infrequent. Funds can be moved between line items within a specific fund or account budget by the Community Services Manager and Finance Director without council approval.

While the deviated fixed-route service (NAT) receives federal funding, the Dial-A-Ride service does not. Dial-A-Ride is funded primarily through the TDA (State Transit Assistance funds) and Measure I. The Medical and Shopper Shuttles are budgeted separately from the local Dial-A-Ride.

The City does not directly apply for grants except for FTA Section 5311. The SBCTA handles most of the funding and helps to shoulder some of the funding reporting duties. This is especially important as the City has no full-time dedicated transit employees. The TDA fiscal auditor is responsible for preparing the State Controller Transit Operator Financial Transaction Reports while the Community Services Manager prepares the National Transit Database reports.

The operations contractor insures the operation and vehicles. The NAT office and garage are maintained on the City's property insurance. The City is self-insured and is a member of the California Joint Powers Insurance Authority (CJPIA).

The City has a formal procurement policy as part of its Policy Manual. Purchases higher than \$15,000 must go through a formal bidding process. Purchases between \$5,000 and \$15,000 require three informal quotes. Purchases up to \$5,000 can be approved by City staff. The City typically uses the CalACT bid to purchase vehicles.

Transportation Concepts has been the City's transit operations contractor since 2019, including deviated fixed-route (NAT) and all demand-response (all Dial-A-Ride services). At that time, the prior contractor gave notice it was terminating its contract due to a buy-out and a "refocusing" of the organization. The initial procurement process garnered no bids, and a re-bid resulted in two bids, at which time Transportation Concepts was selected. The City has been very happy with Transportation Concepts and recently extended its contract to June 30, 2025. The City has one more two-year option before it will need to put the contract out for bid again.

### Marketing and Public Information

The City promotes its transit service on its webpage. The webpage, which is hosted on the City's website, includes service and fare information, Title VI policy, information regarding regional transit, and a link to Google's transit planner. Program flyers are available at the hospital, the senior center, and city offices. However, the City relies heavily on word of mouth. The City does not currently utilize social media. The

City Manager has been hesitant to do so. The City promotes county-wide fare promotions, such as the recent K-12 and college students ride free. It coordinates with schools by providing informational flyers, as well as the County which purchases tickets for distribution to seniors and clients.

The Senior Center and the contractor's Project Manager are responsible for taking all transit-related customer phone calls. If necessary, they are referred to the Community Services Manager for handling. While the Project Manager has access to TransTrack, the Dial-A-Ride dispatcher at the Senior Center does not. All complaints are logged into TransTrack by the Community Services Manager.

Overall, the public's perception of transit is generally positive. At present, Dial-A-Ride ridership is increasing faster than NAT ridership, due in part to a greater number of disabled riders. The City hopes a new SRTP will provide additional feedback regarding public perception.

### Scheduling, Dispatch, and Operations

Operation of the City's transit programs is contracted to Transportation Concepts, though dispatching for the Dial-A-Ride program is done through the Senior Center rather than the transit office. The City's transit programs are currently staffed by four full-time NAT drivers, one full-time Dial-A-Ride driver, and one project manager, as well as one part-time utility worker who also drives the Medical and Shopper shuttles. The Dial-A-Ride dispatcher is a City employee.

Drivers are not unionized. There is no bid system; drivers typically work the same schedule every week. Planned absences are accommodated through adjustments to weekly schedules and are typically covered by the other drivers or the project manager. The Project Manager frequently covers for unplanned absences.

Each service has dedicated vehicles which are not usually mixed. Mileage typically determines which will be sent out first. Very rarely are Dial-A-Ride buses used for NAT service (only in an emergency situation if NAT buses are down for maintenance or repairs). Any driver can return a bus if it feels unsafe. Non-functioning air conditioning is an out-of-service criteria.

Fares are collected using drop fareboxes on the NAT buses and a cup on the Dial-A-Ride. At the end of each shift, NAT drivers bring the fareboxes into the transit office and empty them in front of a witness. The money is placed in an envelope and stored in the safe until deposits are made with the City on Monday, Wednesday, and Friday. High usage of passes minimizes the amount of cash collected. Dial-A-Ride drivers follow the same process, though fares are delivered to and counted with the Senior Center aide/dispatcher, who deposits fares with the City once per week on Friday.

The City offers a NAT 30-punch pass and a single-boarding pass, which are sold at City Hall. Single-boarding Dial-A-Ride passes are available at the Senior Center, with large quantity purchases made at City Hall. All prepaid passes are also purchased by and distributed through County programs, Behavioral Health, etc. The City does not currently offer mobile ticketing.

### Personnel Management and Training

At present, the City's program is fully staffed, though it was short-staffed by two drivers at one point during the audit period. The contractor will accept recruits with any level of training and train up to what they need. Recruitment efforts have included referral programs, hiring bonuses, posters onboard the



vehicles, and on employment websites such as Monster and Indeed. The contractor has the ability to send drivers up from the Los Angeles region if necessary to ensure the continuation of service.

Management motivates employees through lunches, safety incentives, periodic bonuses, and other activities. It offers a friendly and happy environment that makes employees feel comfortable and want to work. Employees receive annual job performance evaluations. There was no real driver shortage until recently, when one driver retired and other moved out of state for personal reasons. It can be challenging to retain people who come in from outside of Needles, because many of them (or their families) do not know what to expect from the environment and choose to leave.

Monthly safety meetings are conducted by the contractor's Project Manager, with the regional Safety Training Manager providing training and ride checks on a quarterly basis. Commercial license testing is conducted by the DMV. Personnel policies, including discipline and attendance, are communicated to employees during the onboarding process and are included within the contractor's employee handbook. Random drug-testing is conducted as per Transportation Concepts' drug and alcohol program as required by the FTA. All transit employees receive benefits including vacation; sick time; 401(k); and health, vision, and dental insurance. Benefits information is communicated through the Pay Common payroll portal and email.

### Maintenance

All transit vehicle maintenance is provided by the contractor's company-wide staff of 12 maintenance technicians. Transportation Concepts has a maintenance facility in Blythe and staffs a part-time mechanic in Needles. The part-time mechanic handles all minor maintenance requests. Preventive maintenance and other repairs typically require bringing in maintenance staff from Blythe or the Los Angeles region once or twice per month.

Preventive maintenance is tracked using an Excel spreadsheet and Fleetio software, which staff says is very user-friendly. The system features a PMI plotter, which anticipates when PMIs are due based on days and miles. This is monitored through Transportation Concepts' maintenance department in Los Angeles. Records are kept in a book for each vehicle and compliance can be easily evaluated. Preventive maintenance is conducted every 45 days, which reflects the manufacturer's recommended schedule for preventive maintenance. PMIs are planned at least a week ahead, and may be conducted after service ends for the day.

Warranty work is identified and typically provided in a timely manner. Anything that would need heavy equipment (such as transmission, body work, and tires) is sent out. There are a sufficient number of vendors in the area to provide such services.

The City has a small maintenance facility near the transit office and the contractor has a maintenance location in Blythe. For more major repairs (such as those requiring a lift), vehicles are taken to the contractor's facility in Blythe. The City and contractor would like to have a larger maintenance area, wash bay, space to secure vehicles at the facility, and infrastructure to support electrification. Additionally, the City would like to build an additional three-bay garage to store all transit vehicles on-site.



Many of the existing challenges with the fleet are related to extreme heat and older vehicles. A fleet replacement plan will be included in the upcoming SRTP update. The City is looking toward electrification, but is unsure how it will work in the current environment.

There is no current backlog regarding vehicle repairs, though there have been some occasions when they were waiting for parts. There are still some delays in getting parts, but it has improved. The contractor keeps a small parts stock in the maintenance garage. Mechanics that come in to conduct preventive maintenance bring parts with them. There are also several national chain auto parts stores in town that keep things stocked.

The current transit fleet is provided in Exhibit 7.3.

Exhibit 7.3 City of Needles' Transit Fleet

Vehicle Number	Year	Manufacturer/Model	Usage	Seats/ PAX + WC	Mileage
N-7	2012	Elkhart	NAT	18 / 16 + 2	166,673
N-9	2018	Glaval Titan II	NAT	18 / 16 + 2	145,810
N-10	2018	Glaval Titan II	NAT	18 / 16 + 2	120,541
S-3	2002	Ford	DAR	8 / 4+1	75,020
S-4	2008	ElDorado Aerolite	DAR	7 + 2	92,144
S-5	2009	Starcraft Starlite Type I	DAR	7 + 2	98,375
S-6	2019	Arboc Spirit of Independence	DAR	8 / 5 + 2	17,552

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## Chapter 8 | Findings and Recommendations

### Conclusions

With one exception, Moore & Associates finds the City of Needles 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 one compliance finding:

1. Use of the TDA definition of Full-Time Equivalent (FTE) employee could not be confirmed.

The audit team identified no functional findings.

### Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City's public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

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

#### Compliance Finding 1: Use of the TDA definition of Full-Time Equivalent (FTE) employee could not be confirmed.

**Criteria:** The State Controller, for its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of "employee" as total work hours divided by 2,000. Work hours include all hours worked (including overtime), but not vacation or sick leave hours that, while they may be paid, are not worked.

**Condition:** Insufficient information was provided during the audit to confirm whether the City is using the TDA definition of FTE. While the Employees reported to the State Controller appeared consistent with the TDA definition, no calculation methodology was provided.

**Cause:** A lack of understanding of this requirement of the State Controller Report is the most frequent cause of this finding.

**Effect:** The operator is out of compliance with the TDA and may report erroneous information to the State Controller by failing to use the TDA definition for this metric.

**Recommendation:** Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.

**Recommended Action:** Ensure both the City and Transportation Concepts document all hours worked related to transit beginning with FY 2022/23. City administrative hours may need to be allocated between fixed-route (general operations) and demand-response (specialized services) based on either actual work performed or a formula based on vehicle service hours by mode. The City's Dial-A-Ride dispatcher hours should be included in the calculation for specialized services. The contractor's hours should include administrative, managerial, driver, and maintenance staff. Ensure the individual(s) completing the reports are aware of how to calculate this data using the TDA definition. An example using hypothetical data is shown below.

Fixed-route		Dial-A-Ride	
City hours	400	City hours	1,025
Contractor – admin hours	2,200	Contractor – admin hours	300
Contractor – driver hours	5,875	Contractor – driver hours	1,250
Contractor – maintenance hours	450	Contractor – maintenance hours	80
Total hours	8,925	Total hours	2,655
FTE (hours/2,000)	4.46	FTE (hours/2,000)	1.33

Since the State Controller Report only accepts whole numbers, the fixed-route FTE (which is on the cusp of 4.5) may be reported as either four or five. The Dial-A-Ride FTE should be reported as one. The calculation methodology should be provided to the TDA Triennial Performance Auditor for each year of the audit period to verify the data reported to the State Controller.

**Timeline:** FY 2023/24 (for FY 2022/23 reporting).

**Anticipated Cost:** Negligible.

**Management Response:** The TDA-defined full-time equivalent (FTE) employee definition was implemented with the State Controller's Reports for FY 2022/23.

Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.	Medium	FY 2023/24