



Final Audit Report
April 2016

Orange County Transportation Authority

Triennial Performance Audit, FY 2013 - FY 2015

Orange County Transit District



MA and ASSOCIATES
Certified Public Accountants





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Chapter 1

Executive Summary

The Triennial Performance Audit (TPA) of the Orange County Transit District's (OCTD) public transit program covers the three-year period ending June 30, 2015. The California Public Utilities Code requires all recipients of Transportation Development Act (TDA) funding to complete an independent performance audit on a three-year cycle in order to maintain funding eligibility.

In September 2015, the Orange County Transportation Authority (OCTA) selected the independent consultant team of Ma and Associates/Moore & Associates, Inc. (the "Audit Team") to prepare Triennial Performance audits of itself as the Regional Transportation Planning Entity (RTPE) and the two transit operators to which it allocates funding. Ma and Associates is a Certified Public Accounting firm; Moore & Associates is a general consulting firm specializing in public transportation. Selection of the consultant team followed a competitive procurement process.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit of OCTD's public transit program for the period defined as:

- Fiscal Year 2012/13,
- Fiscal Year 2013/14, and
- Fiscal Year 2014/15.

The purpose of this performance audit is to objectively evaluate the efficiency, economy, and effectiveness of OCTD's public transit program. This performance audit was conducted in accordance with the standards and processes applicable to performance audits outlined in the *Government Auditing Standards*, issued by the Comptroller General of the United States and with the guidance contained in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, published by the California Department of Transportation (Caltrans). Our services were performed in accordance with the Statement on Standards for Consulting Services issued by the American Institute of Certified Public Accountants (AICPA). The findings and results of this performance audit and related recommendations and comments are contained within this report. We greatly appreciate the time and cooperation from management and staff during the performance audit.

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Follow-up of prior report recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional audit.



Description of Transit Program

The Orange County Transportation Authority is the Regional Transportation Planning Entity for Orange County. OCTA's Transit Division is known as Orange County Transit District. OCTD's bus system offers 77 different routes and approximately 6,200 bus stops. The routes include local and community routes, express routes, and Stationlink services connecting Metrolink train stations to employment centers.

Paratransit service required by the Americans with Disabilities Act is provided by ACCESS, OCTA's shared-ride service for people who are unable to use the regular, fixed-route bus service because of functional limitations caused by a disability. These passengers must be certified by OCTA to use the ACCESS system by meeting the Americans with Disabilities Act (ADA) eligibility criteria. Additional paratransit service is available through alternative programs providing service to seniors and persons with disabilities.

Test of Compliance

Based on our audit, we conclude that the Orange County Transit District complies with all Transportation Development Act regulations in an efficient and effective manner. Therefore, no material findings specific to the compliance element have been developed.

Status of Prior Recommendations

The prior audit – completed in 2013 by CH2M HILL in association with PMC for the three fiscal years ending June 30, 2012 – included four functional recommendations to improve PUC requirements. All of the recommendations pertained to TDA claims, which is primarily the responsibility of OCTA. However, one relevant to OCTD regarding the filing of TDA claims has been listed below.

1. Improve compliance with PUC 99275.5 by requiring OCTD to submit the information described in OCTA TDA Guidelines. OCTD authorizing staff should also initial item 9b (performance criteria, local match requirements, fare recovery ratios) in the Standard Assurances for Applicants.

Status: Implemented.

Findings and Recommendations

Based on discussions with OCTD staff, analysis of program performance, and an audit of program compliance and function, the audit team submits no findings or recommendations for the Orange County Transit District.

Chapter 2

Performance Audit Scope and Methodology

The Triennial Performance Audit of the Orange County Transportation Authority's public transit program covers the three-year period ending June 30, 2015. The California Public Utilities Code requires all recipients of Transit Development Act funding to complete an independent audit on a three-year cycle in order to maintain funding eligibility.

In September 2015, OCTA selected the independent consultant team of Ma and Associates/Moore & Associates, Inc. ("Audit Team") to prepare a TPA of itself as the RTPE and the two transit operators to which it allocates funding.

The TPA is designed to be an independent and objective evaluation of OCTD as a public transit operator. Direct benefits of a TPA 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 TPA fulfills the requirement of PUC 99246(a) that the RTPE designate an independent entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

The audit was conducted in accordance with the processes established by the California Department of Transportation, as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Audit Standards* published by the U.S. Comptroller General.

Objectives

The Triennial Performance audit 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 examination of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of OCTD included six tasks:

1. A review of compliance with TDA requirements and regulations.
2. An assessment of the implementation of recommendations contained in prior performance audits.
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:
 - National Transit Database, and
 - State Controller Transit Operator Reports.
 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 review of the transit operator's major functions.

Methodology

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

- TPA reports for the prior review period;
- Annual budgets;
- Audited financial statements;
- State Controller Reports;
- Comprehensive Annual Financial Reports (CAFRs);
- Transit marketing collateral;
- Fleet inventory;
- Organizational charts;
- Monthly performance reports;
- CHP terminal inspection reports;
- National Transit Database reports;
- Short Range Transit Plan; and
- Preventive maintenance schedules and forms.

The methodology for this TPA also included on-site interviews at OCTA headquarters November 24, 2015, and December 16 and 17, 2015. Staff interviewed as part of the site visits include the following:

- Darrell Johnson, CEO
- Kenneth Phipps, Deputy CEO, Executive Director, Human Resources;
- Beth McCormick, General Manager;
- Erin Rogers, Assistant General Manager;

- Cliff Thorne, Maintenance Manager;
- Curt Burlingame, Contracted Services Manager;
- Matt DesRosier, Manager of Health, Safety, & Environmental Compliance;
- Jim Beil, Executive Director, Capital Programs
- Janet Sutter, Executive Director, Internal Audit;
- Bryan Hanley, Manager, Operations Support;
- Joy Rosin, Section Manager, Operations Training;
- Bruce Petrozza, Manager, Contracts & Procurement;
- Jenny Cahill, Human Resources Manager, Interim Department Manager
- Ricco Bonelli, Internal Auditor;
- Cathy Foreman, Office Specialist, Procurement Team;
- Rene Vega, Section Manager, Revenue/Grant Administration;
- Dale Fuchs, Section Manager, Transit Division Contracted Services;
- Virginia Abadessa, Director, Contracts Administration and Materials Management;
- Meena Katakia, Manager, Capital Projects, Contracts Administration and Materials Management;
- Rose Casey, Director, Highway Programs;
- Ric Teano, Grant Specialist;
- Anthony Baruch, Budget Manager;
- Victor Velasquez, Department Manager for Financial Planning and Analysis;
- Kia Mortazavi, Executive Director, Planning;
- Kurt Brotcke, Director, Strategic Planning;
- Andrew Oftelie, Executive Director, Finance & Administration; Chief Financial Officer
- Mark Schaff, Principal Training Administrator, Learning & Development Group; and
- Ana Ripalda, Manager of Bus Operations.

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

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. 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 review:
 - Compliance with statutory and regulatory requirements,
 - Progress in implementing prior recommendations,
 - Consistency between data reported to different agencies,
 - Performance measures and trends,
 - Functional review, and
 - Findings and recommendations.



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Chapter 3

Operator Compliance

This section examines OCTD'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. OCTA 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.

Compliance was determined through discussions and on-site visits with OCTD staff as well as a physical inspection of relevant documents including the fiscal audits for each year of the triennium, TDA claim forms, State Controller annual filings, California Highway Patrol terminal inspections, year-end performance reports, and other items deemed relevant by the audit team.

The Orange County Transit District met the test of compliance with respect to Transportation Development Act regulations.



Exhibit 3.1 Transit Development Act Compliance Requirements

REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
Uniform System of Accounts and Records: The transit operator submits annual reports to the RTPE based upon the Uniform System of Accounts and records established by the State Controller.	PUC 99243	In compliance.	FY 2012/13: October 16, 2013 FY 2013/14: October 20, 2014 FY 2014/15: October 19, 2015
Annual Fiscal Audit: The operator has submitted annual fiscal and compliance audits to its RTPE and to the State Controller within 180 days following the end of the fiscal year, or has received the appropriate 90-day extension allowed by law.	PUC 99245	In compliance.	FY 2012/13: December 30, 2013 FY 2013/14: December 31, 2014 FY 2014/15: December 29, 2015
CHP Certifications: The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code §1808.1 following a CHP inspection of the operator's terminal.	PUC 99251 B	In compliance.	While there were some gaps of more than 13 months between inspections, all inspections were completed satisfactorily prior to submittal of each year's TDA claim. See Exhibit 3.2 for details regarding inspection dates.
Transportation Planning Entity Regulations: The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPE for such claims.	PUC 99261	In compliance.	OCTD claims now include the information OCTA needs to make the required findings on its Article 4.5 evaluation criteria.
Budget Changes: The operator's claims has not included funds for an increase in operating budget in excess of 15% over the preceding year, or a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities, unless the operator's claim is accompanied by statements, reports, and other such supporting data as may be reasonably required to substantiate such change.	PUC 99266	In compliance.	OCTD budget increases during the audit period were well within the 15% cap: FY 2012/13: 6.4 percent FY 2013/14: 5.2 percent FY 2014/15: 9.1 percent
Data Reporting: The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service miles, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	PUC 99247	In compliance.	OCTD complies with PUC requirements in reporting data in the State Controller Reports.

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REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
<p>50 Percent Expenditure Limitation: Funding provided through the TDA makes up no more than 50 percent of the operator’s operating, maintenance, capital, and debt service requirements after federal grants are deducted.</p>	<p>PUC 99268</p>	<p>Not applicable</p>	
<p>Revenue Ratios: 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).</p>	<p>PUC 99268.2, 99268.4, 99268.5</p>	<p>In compliance.</p>	<p>OCTD is required to meet a 24.42 percent farebox recovery ratio with local support (based on the FY 79 ratio) as well as the 20 percent TDA farebox recovery ratio. OCTD met both thresholds as shown in Exhibit 3.3.</p>
<p>Employee Retirement System: 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 RTPE, which will fully fund the retirement system for 40 years.</p>	<p>PUC 99271</p>	<p>In compliance.</p>	<p>OCTD’s TDA claims include letters from the Orange County Employee Retirement System (OCERS) Board certifying that the plan is fully funded for all current costs and 62.52% of all current and future costs. The OCERS Board adopted a 30-year amortization as a funding policy as outlined in the County Employees Retirement Law of 1937. The most recent actuarial valuation of OCERS is as of December 31, 2014. Based on this information, OCERS certifies that OCTD satisfies the requirements of PUC Section 99271.</p>

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REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
<p>Required Findings: 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.</p>	<p>CCR 6754 (a) (3)</p>	<p>In compliance.</p>	<p>OCTA receives STA funds for transit projects. In addition, in its budgeting and reporting, OCTD plans for federal operating assistance grants, as well as federal capital assistance grants. During the audit period, annual budget documentation show that federal assistance grants accounted for 20 to 40 percent of total OCTD expenses. The highest budgeted percentage of federal assistance grants was during FY15 at 40.7 percent, followed by 29.9 percent in FY14 and 21.8 percent in FY13.</p>

Exhibit 3.2 CHP Inspections

OCTD Base	FY 2012/13	FY 2013/14	FY 2014/15
Anaheim	February 7, 2013	February 20, 2014	February 19, 2015
Santa Ana	December 13, 2012	January 24, 2014	January 22, 2015
Garden Grove	November 16, 2012	October 24, 2013	September 29, 2014
Irvine – Sand Canyon	September 20, 2012	January 16, 2014	January 9, 2015
Irvine – Construction Circle	August 24, 2012	December 18, 2013	December 14, 2014



Exhibit 3.3 Farebox Recovery Ratio

	FY 2012/13	FY 2013/14	FY 2014/15
Farebox recovery ratio (no local subsidy)			
Farebox revenue	\$53,788,092	\$57,446,036	\$54,515,147
Operating cost	\$254,635,390	\$267,897,764	\$270,173,232
Farebox recovery ratio	21.12%	21.44%	20.18%
Farebox recovery ratio (with local subsidy)			
Farebox revenue	\$53,788,092	\$57,446,036	\$54,515,147
Local subsidy	\$17,118,694	\$15,964,514	\$16,998,189
Operating cost	\$254,635,390	\$267,897,764	\$270,173,232
Farebox recovery ratio	27.85%	27.40%	26.47%
TDA Requirement	20.00%	20.00%	20.00%
OCTA Local Support Requirement	24.42%	24.42%	24.42%

*Data source: State Controller Reports. Operating cost excludes depreciation.
 Local subsidy includes advertising revenues and property taxes.*



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Chapter 4

Prior Recommendations

This section reviews and assesses the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the Orange County Transit District has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior performance audit – completed in 2013 by CH2M HILL in association with PMC for the three fiscal years ending June 30, 2012 – combined recommendations for OCTA and OCTD. All of the recommendations pertained to TDA claims, which is primarily the responsibility of OCTA. However, one relevant to OCTD regarding the filing of TDA claims has been listed below.

1. Clarify reporting requirements for Article 4.5 claims and the required evaluation and findings, and document annual findings prior to approving Article 4.5 claims. OCTA's TDA Guidelines define seven criteria that must be verified annually in approving the Article 4.5 claims. However, OCTD was not submitting the necessary evidence and OCTA was not conducting the evaluation and making the required findings. Performance auditors recommended OCTA improve compliance with PUC 99275.5 by:
 - Requiring OCTD to submit the information described in OCTA's TDA Guidelines. OCTD authorizing staff should also initial item 9b (performance criteria, local match requirements, fare recovery ratios) in the Standard Assurances for Applicants.
 - Requiring OCTA to document the required evaluation and findings. The findings could also be documented in the Board resolution authorizing the allocations of Article 4.5 funds.

Discussion: Although OCTA was found to be substantially in compliance with all PUC requirements, the prior performance audit included recommendations that OCTA could take to improve compliance. One such recommendation was the clarification of reporting requirements for Article 4.5 claims and the required evaluation and findings, and document annual findings prior to approving Article 4.5 claims. OCTA's TDA Guidelines define seven criteria that must be verified annually in approving the Article 4.5 claims for ACCESS, Special Agency Transportation Services, and the Senior Mobility Program. However, OCTD was not submitting the necessary evidence, and OCTA was not conducting the evaluation and making the required findings.

Progress: OCTA created a checklist including all required findings that must be made for Article 4.5 claims submitted by OCTD, the only eligible claimant of Article 4.5 funds. This completed checklist with supporting documentation was required with all OCTD Article 4.5 claims going forward. Both the Article 4.5 checklist and the initialed criteria are now included in LTF claim submittals.



In addition, the LTF claims form also includes the 16 performance measures as recommended for OCTA in the prior audit.

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 often times be challenging given the varying definitions employed by different entities as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported to the State Controller and Federal Transit Administration by OCTD during the audit period. Submissions to these entities were included within the Transit Operators Financial Transactions Report and the National Transit Database (NTD) report, respectively.

Exhibit 5.1 provides a comparison between performance data reported within the NTD and State Controller reports for the prior audit period (beginning in FY 2009/10) through the current audit period (ending in FY 2014/15). Entries for FY 2009/10 through FY 2011/12 reflect data reported during the prior audit completed by CH2M HILL in association with PMC.

We believe variations in Operating Cost and Fare Revenue are largely due to the inclusion of Vanpools as an “Other” mode in the State Controller Report. As the Operating Cost for Motor Bus and Other is combined for the State Controller Report, it could not be split out. Vanpool Operating Cost was omitted from the NTD figures given it was not included in the Operating Cost for the prior audit. Similar differences were noted for Vehicle Service Hours (VSH), Vehicle Service Miles (VSM), and Passengers.

Peak vehicles also saw a notable variance. In FY 2012/13, there was a difference of 371 vehicles; in FY 2013/14, that difference was reduced to 139. For NTD, peak vehicles included Motor Bus (directly operated and contracted), Commuter Bus (directly operated and contracted), Demand-Response (contracted), and Taxi (contracted), but did not include Vanpool. For the State Controller Report, peak vehicles included Motor Bus and Demand-Response, but did not include those reported in the Other category. Differences in how Vanpool and Taxi data is reported to these entities may explain these and other variances.

Possibly the most disparate performance measure is Full-Time Equivalent (FTE). This is due to the reporting requirements for the two entities. The State Controller Report requires FTE (Employees) be reported according to PUC 99247, which by definition includes all hours worked in conjunction with operation of the transit program, whether by direct employees or contracted employees. NTD, however, requires work hours only be reported for directly operated services. As OCTD operates both directly operated and contracted services, these figures will not be consistent with one another.



Exhibit 5.1 Data Reporting Consistency

Performance Measure	System-Wide					
	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Operating Cost (Actual \$)						
<i>National Transit Database</i>				\$249,115,450	\$259,504,371	\$266,304,965
<i>State Controller Report</i>	\$240,311,497	\$227,152,443	\$239,232,251	\$254,635,390	\$267,897,764	\$270,174,232
Fare Revenue (Actual \$)						
<i>National Transit Database</i>				\$53,971,378	\$57,700,004	\$54,867,083
<i>State Controller Report</i>	\$51,632,903	\$50,718,446	\$50,645,358	\$53,788,092	\$57,446,036	\$54,515,147
Local Subsidies & Auxiliary Revenue						
<i>National Transit Database</i>				\$25,964,675	\$15,891,174	\$16,968,177
<i>State Controller Report</i>	\$12,818,524	\$14,050,294	\$14,559,525	\$17,118,694	\$15,964,514	\$16,998,189
Vehicle Service Hours (VSH)						
<i>National Transit Database</i>				2,239,379	2,324,074	2,350,144
<i>State Controller Report</i>	2,340,497	2,222,018	2,221,277	2,433,981	2,530,142	2,560,487
Vehicle Service Miles (VSM)						
<i>National Transit Database</i>				30,232,199	31,126,867	31,965,331
<i>State Controller Report</i>	31,241,160	29,767,625	29,953,258	38,351,192	39,039,945	41,595,870
Passengers						
<i>National Transit Database</i>				53,046,461	50,617,355	48,736,032
<i>State Controller Report</i>	54,859,561	52,859,504	54,102,122	54,271,612	51,788,180	49,958,714
Employees						
<i>National Transit Database</i>				1,241.6	1,130.2	1,048.6
<i>State Controller Report</i>	2,402	2,050	2,341	2,192	2,411	2,119
Peak Vehicles						
<i>National Transit Database</i>				1,242	1,130	1,038
<i>State Controller Report</i>	Not reported	Not reported	Not reported	871	991	1,038

Data for FY 2009/10 through FY 2011/12 was taken from the prior TDA Triennial Performance Audit Report, which did not segregate data by source. As such, only one figure is provided for each performance metric.

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 key functions is revealed.

The Transportation Development Act 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 use and accuracy of performance indicators, the audit team completed 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 indicators 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 TDA 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. OCTD uses the accounting system prescribed by the Uniform System of Accounts (USOA). This internal accounting system was adopted and has been used to compile OCTD's NTD reports since FY 1986/87. That report included a statement signed by independent auditor Deloitte, Haskins and Sells, which was approved by the Federal Transit Administration.¹

Operating cost – as defined by PUC Section 99247(a) – excludes the following:

¹ FY 2012/13 NTD reports, Form D-10, Part 3a.

- 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.² 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 or Full-Time Equivalent (FTE)

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 is calculated by dividing the number of person-hours by 2,000.

Fare Revenue

Fare revenue is defined by California Codes of Regulations Section 6611.2 as revenue collected from the farebox plus sales of fare media.

TDA Required Indicators

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

- Operating Cost was not independently calculated as part of this performance audit. Operating Cost data were obtained via National Transit Database reports submitted to the Federal Transit Administration for each fiscal year covered by this performance audit. Operating Cost data included within the reports are consistent with TDA standards.

² A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

- Fare Revenue was not independently calculated as part of this performance audit. Fare revenue data were obtained via National Transit Database reports submitted to the Federal Transit Administration for each fiscal year covered by this review. Fare revenue from the reports is consistent with TDA guidelines.
- Vehicle Service Hours (VSH) data were obtained via National Transit Database reports submitted to the Federal Transit Administration for each fiscal year covered by this performance audit. Data from these reports were then compared to information included within monthly performance data summary reports. OCTD's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via National Transit Database reports submitted to the Federal Transit Administration for each fiscal year covered by this performance audit. Data from these reports were then compared to information included within monthly performance data summary reports. OCTD calculation methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via National Transit Database reports submitted to the Federal Transit Administration for each fiscal year covered by this performance audit. Data from these reports were then compared to information included within monthly performance data summary reports. OCTD's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained via State Controller Reports for each fiscal year covered by this performance audit. Data from these reports were then compared to information included within monthly performance data summary reports as well as reports to other external agencies. The calculation methodology used by OCTD complies with PUC guidelines.

Performance Trends

Performance trends were analyzed for OCTD for the three years covered by this Triennial Performance Audit. Indicators were calculated using the methodologies described in the previous section. Additionally, performance data from the prior audit period were provided to illustrate trends since the last performance audit period.

System Performance³

Operating cost for OCTD increased just 6.9 percent from FY 2012/13 to FY 2014/15, following a 5.3 percent increase between FY 2011/12 and FY 2012/13. A decrease in fare revenue in FY 2014/15 resulted in a net increase in fare revenue of just 1.7 percent across the same period.

Ridership saw a steady decline, dropping 8.1 percent between FY 2012/13 and FY 2014/15. Vehicle Service Miles and Vehicle Service Hours both saw modest growth, each increasing approximately five to six percent between FY 2012/13 and FY 2014/15.

Given the modest changes in Vehicle Service Miles and Vehicle Service Hours, Operating Cost/VSH and Operating Cost/VSM have both remained relatively stable. Operating Cost per Passenger increased steadily, a combination of a decline in ridership and increase in operating cost. Also consistent with the decline in ridership is the decrease in Passengers/VSH and Passengers/VSM.

³ Note: System Performance excludes Vanpool as reported to the NTD.



Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Operating Cost (Actual \$)	\$240,311,497	\$227,152,443	\$239,232,251	\$249,115,450	\$259,504,371	\$266,304,965
Annual Change		-5.5%	5.3%	4.1%	4.2%	2.6%
Fare Revenue (Actual \$)	\$51,632,903	\$50,718,446	\$50,645,358	\$53,971,378	\$57,700,004	\$54,867,083
Annual Change		-1.8%	-0.1%	6.6%	6.9%	-4.9%
Vehicle Service Hours (VSH)	2,340,497	2,222,018	2,221,277	2,239,379	2,324,074	2,350,144
Annual Change		-5.1%	0.0%	0.8%	3.8%	1.1%
Vehicle Service Miles (VSM)	31,241,160	29,767,625	29,953,258	30,232,199	31,126,867	31,965,331
Annual Change		-4.7%	0.6%	0.9%	3.0%	2.7%
Passengers	54,859,561	52,859,504	54,102,122	53,046,461	50,617,355	48,736,032
Annual Change		-3.6%	2.4%	-2.0%	-4.6%	-2.7%
Employees	2,402.0	2,050.0	2,341.0	1,827.6	1,990.2	2,109.0
Annual Change		-14.7%	14.2%	-21.9%	8.9%	6.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$102.68	\$102.23	\$107.70	\$111.24	\$111.66	\$113.31
Annual Change		-0.4%	5.4%	3.3%	0.4%	1.5%
Operating Cost/VSM	\$7.69	\$7.63	\$7.99	\$8.24	\$8.34	\$8.33
Annual Change		-0.8%	4.7%	3.2%	1.2%	-0.1%
Operating Cost/Passenger (Actual \$)	\$4.38	\$4.30	\$4.42	\$4.70	\$5.13	\$5.46
Annual Change		-1.9%	2.9%	6.2%	9.2%	6.6%
Passengers/VSH	23.44	23.79	24.36	23.69	21.78	20.74
Annual Change		1.5%	2.4%	-2.7%	-8.1%	-4.8%
Passengers/VSM	1.76	1.78	1.81	1.75	1.63	1.52
Annual Change		1.1%	1.7%	-2.9%	-7.3%	-6.2%
VSM/VSH	13.35	13.40	13.48	13.50	13.39	13.60
Annual Change		0.4%	0.7%	0.1%	-0.8%	1.6%
Hours/Employee	974.4	1083.9	948.9	1225.3	1,167.8	1,114.3
Annual Change		11.2%	-12.5%	29.1%	-4.7%	-4.6%
Farebox Recovery	21.5%	22.3%	21.2%	21.7%	22.2%	20.6%
Annual Change		3.9%	-5.2%	2.3%	2.6%	-7.3%
Fare/Passenger	\$0.94	\$0.96	\$0.94	\$1.02	\$1.14	\$1.13
Annual Change		1.9%	-2.4%	8.7%	12.0%	-1.2%

Source: NTD and State Controller reports (FY 2012/13-FY 2014/15); prior TDA Triennial Performance Audit report (FY 2009/10-FY 2011/12). All Employee data is taken from State Controller Reports.



Exhibit 6.2 System Ridership

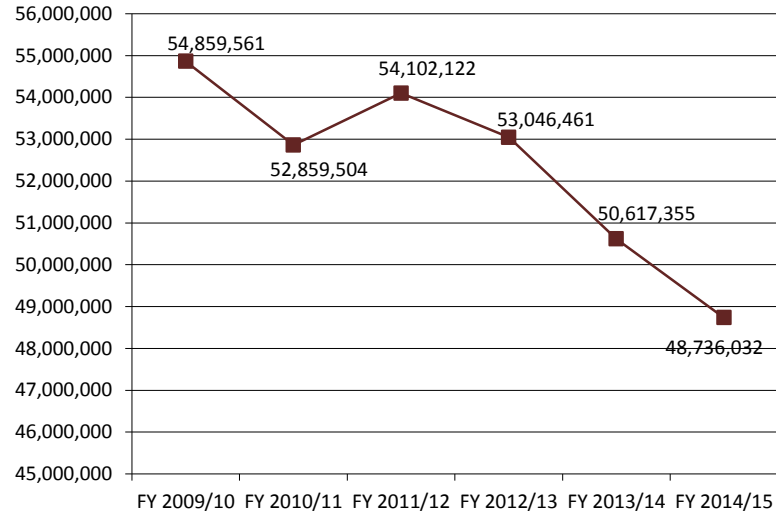


Exhibit 6.3 System Operating Cost/VSH

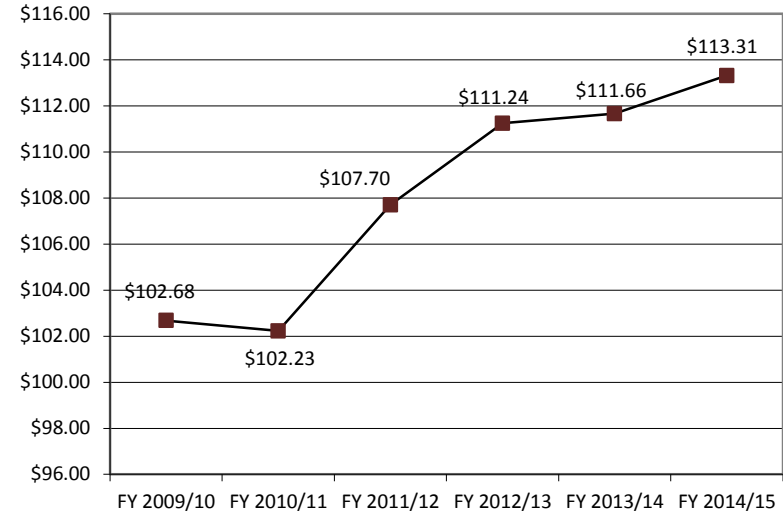


Exhibit 6.4 System Operating Cost/VSM

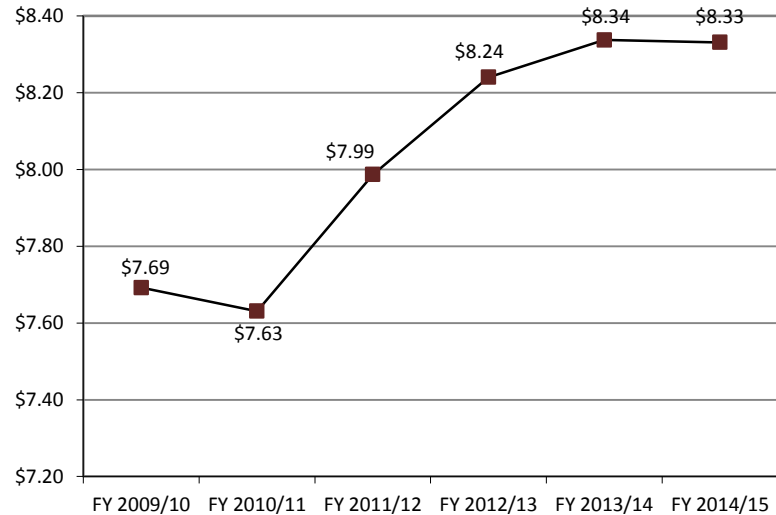


Exhibit 6.5 System Operating Cost/Passenger

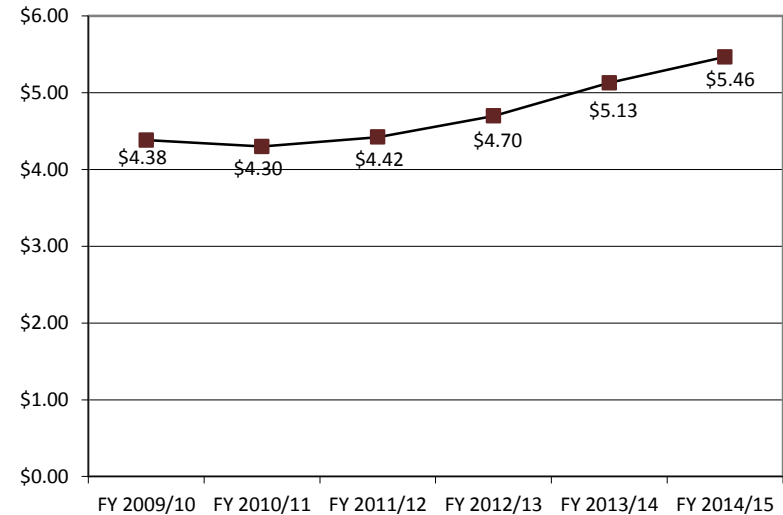




Exhibit 6.6 System Passengers/VSH

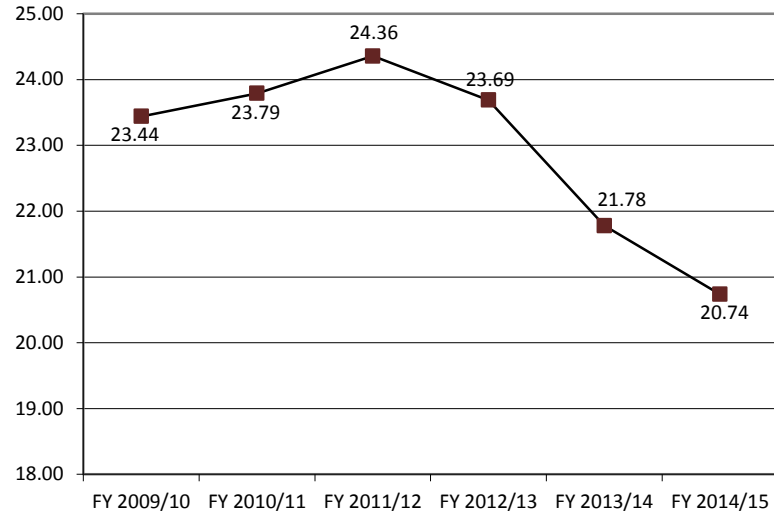


Exhibit 6.7 System Passengers/VSM

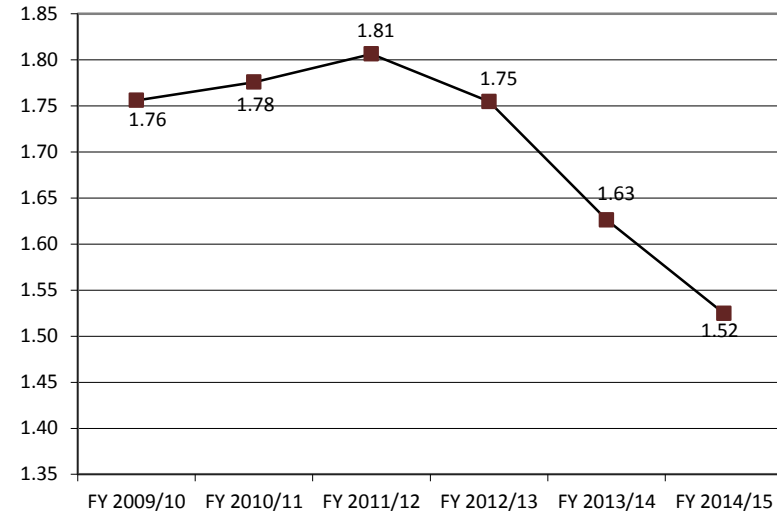


Exhibit 6.8 System VSM/VSH

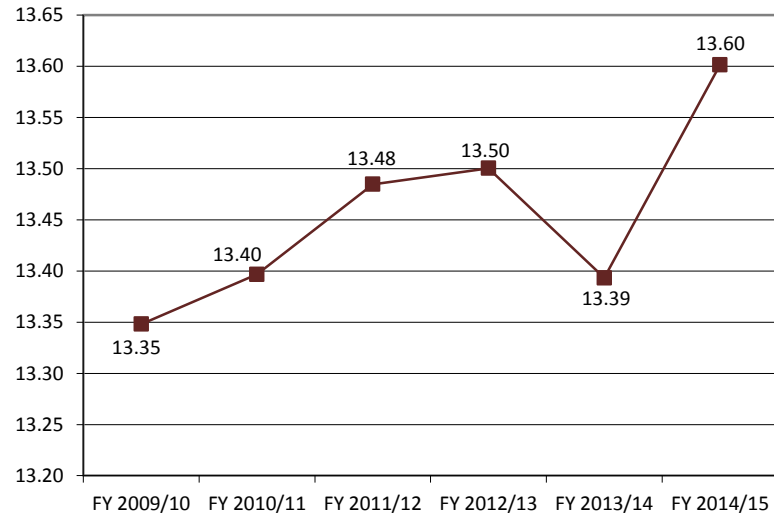


Exhibit 6.9 System VSH/FTE

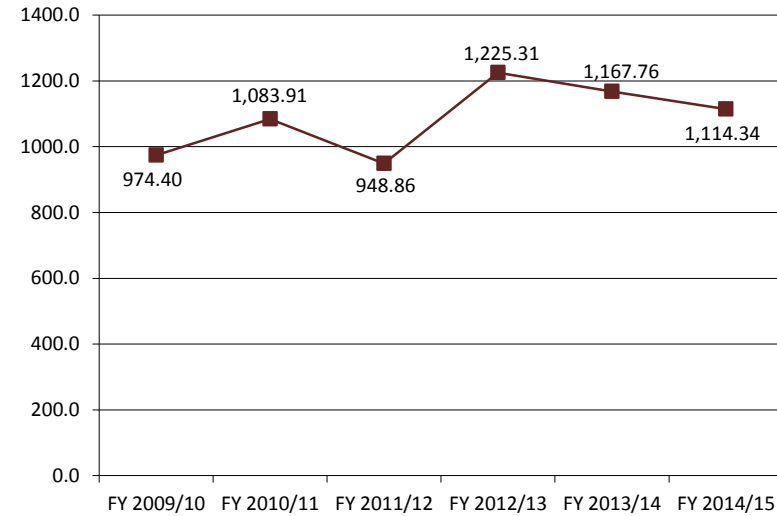




Exhibit 6.10 System Farebox Recovery⁴

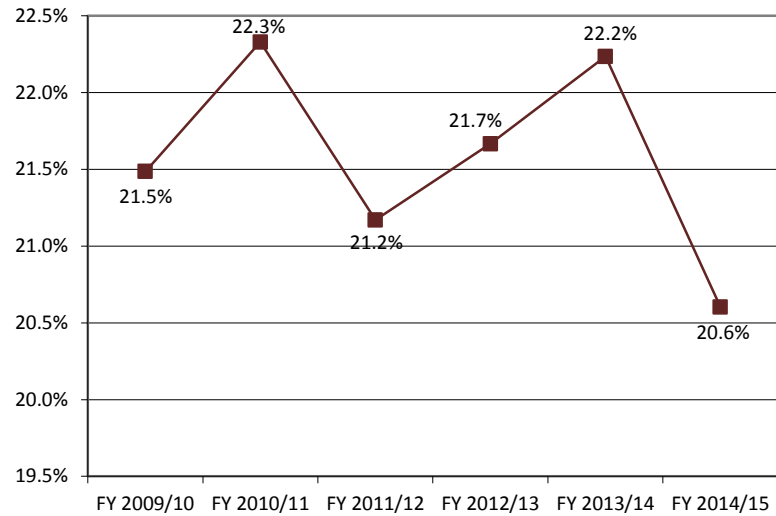
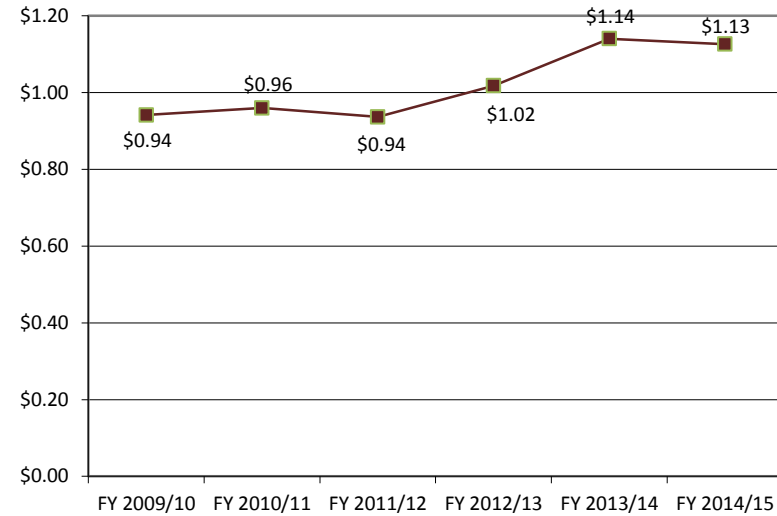


Exhibit 6.11 System Fare/Passenger



⁴ Discrepancies between Exhibit 6.10 and Exhibit 3.3 are due to differences in the data reported to the NTD and to the State Controller. Exhibit 3.3 utilizes State Controller data, while Exhibit 6.10 utilizes NTD data. In addition, no auxiliary revenue is included in this calculation.



Fixed-Route Bus Performance⁵

After an initial increase in FY 2012/13, operating cost decreased across the balance of the review period. Fare revenue rose in FY 2013/14 and fell in FY 2014/15, for a net decrease of 0.5 percent between FY 2012/13 and FY 2014/15. Vehicle Service Hours and Vehicle Service Miles remained relatively stable, though ridership decreased 8.6 percent during the audit period.

Consistent with the decrease in operating cost, Operating Cost/VSH and Operating Cost/VSM both decreased during the audit period – both positive changes. However, the decrease in ridership resulted in an increase in Operating Cost/Passenger and decrease in Passengers/VSH – both negative changes. Passengers/VSM and VSM/VSH decreased as well. Fare per Passenger saw an initial jump in FY 2013/14, but dropped again in FY 2014/15.

Exhibit 6.12 Fixed-Route Bus Performance Indicators

Performance Measure	All Fixed-Route Bus					
	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Operating Cost (Actual \$)	\$193,364,502	\$176,530,801	\$187,429,610	\$200,561,624	\$198,789,952	\$196,333,440
<i>Annual Change</i>		-8.7%	6.2%	7.0%	-0.9%	-1.2%
Fare Revenue (Actual \$)	\$46,646,232	\$45,662,021	\$45,784,013	\$48,716,528	\$51,846,969	\$48,496,845
<i>Annual Change</i>		-2.1%	0.3%	6.4%	6.4%	-6.5%
Vehicle Service Hours (VSH)	1,669,408	1,543,937	1,543,454	1,544,058	1,606,925	1,608,522
<i>Annual Change</i>		-7.5%	0.0%	0.0%	4.1%	0.1%
Vehicle Service Miles (VSM)	20,624,072	19,047,960	19,087,553	19,127,420	19,648,316	19,614,473
<i>Annual Change</i>		-7.6%	0.2%	0.2%	2.7%	-0.2%
Passengers	53,376,612	51,305,413	49,987,463	51,417,678	48,909,632	47,021,445
<i>Annual Change</i>		-3.9%	-2.6%	2.9%	-4.9%	-3.9%
Employees	1,435.0	1,304.0	1,252.0	1,596.0	1,545.0	1,476.0
<i>Annual Change</i>		-9.1%	-4.0%	27.5%	-3.2%	-4.5%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$115.83	\$114.34	\$121.44	\$129.89	\$123.71	\$122.06
<i>Annual Change</i>		-1.3%	6.2%	7.0%	-4.8%	-1.3%
Operating Cost/VSM	\$9.38	\$9.27	\$9.82	\$10.49	\$10.12	\$10.01
<i>Annual Change</i>		-1.2%	6.0%	6.8%	-3.5%	-1.1%
Operating Cost/Passenger (Actual \$)	\$3.62	\$3.44	\$3.75	\$3.90	\$4.06	\$4.18
<i>Annual Change</i>		-5.0%	9.0%	4.0%	4.2%	2.7%
Passengers/VSH	31.97	33.23	32.39	33.30	30.44	29.23
<i>Annual Change</i>		3.9%	-2.5%	2.8%	-8.6%	-4.0%
Passengers/VSM	2.59	2.69	2.62	2.69	2.49	2.40
<i>Annual Change</i>		4.1%	-2.8%	2.6%	-7.4%	-3.7%
VSM/VSH	12.35	12.34	12.37	12.39	12.23	12.19
<i>Annual Change</i>		-0.1%	0.2%	0.2%	-1.3%	-0.3%
Hours/Employee	1163.4	1184.0	1232.8	967.5	1,040.1	1,089.8
<i>Annual Change</i>		1.8%	4.1%	-21.5%	7.5%	4.8%
Farebox Recovery	24.1%	25.9%	24.4%	24.3%	26.1%	24.7%
<i>Annual Change</i>		7.2%	-5.6%	-0.6%	7.4%	-5.3%
Fare/Passenger	\$0.87	\$0.89	\$0.92	\$0.95	\$1.06	\$1.03
<i>Annual Change</i>		1.8%	2.9%	3.4%	11.9%	-2.7%

⁵ This section includes a review of OCTD's fixed-route bus program as a whole. A comparison of directly operated and contracted services follows.



Exhibit 6.13 Fixed-Route Bus Ridership

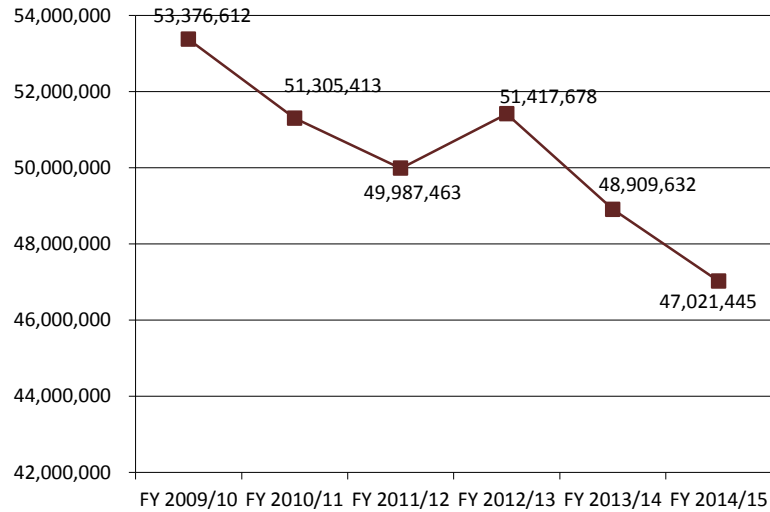


Exhibit 6.14 Fixed-Route Bus Operating Cost/VSH

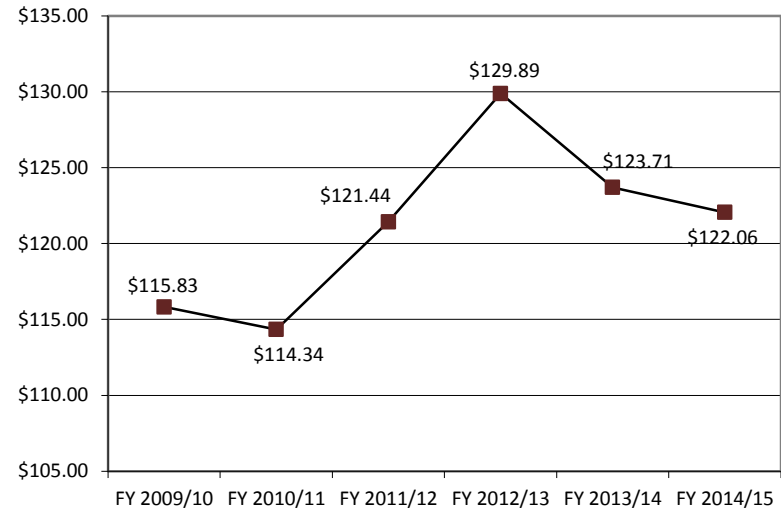


Exhibit 6.15 Fixed-Route Bus Operating Cost/VSM

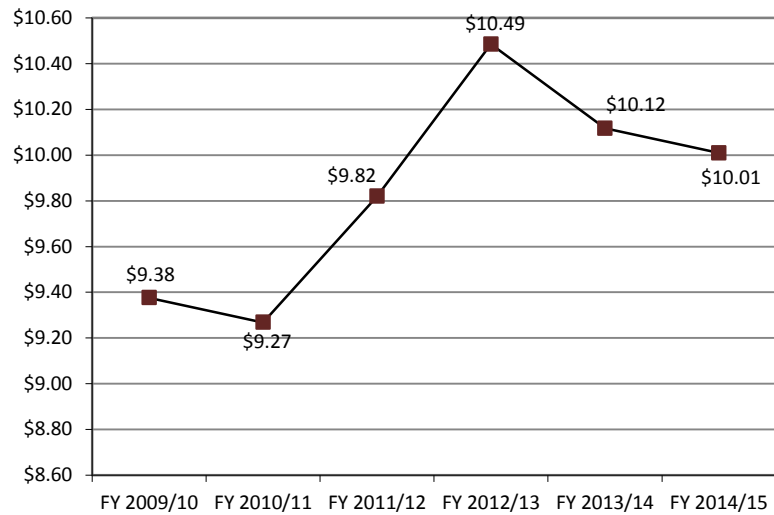


Exhibit 6.16 Fixed-Route Bus Operating Cost/Passenger

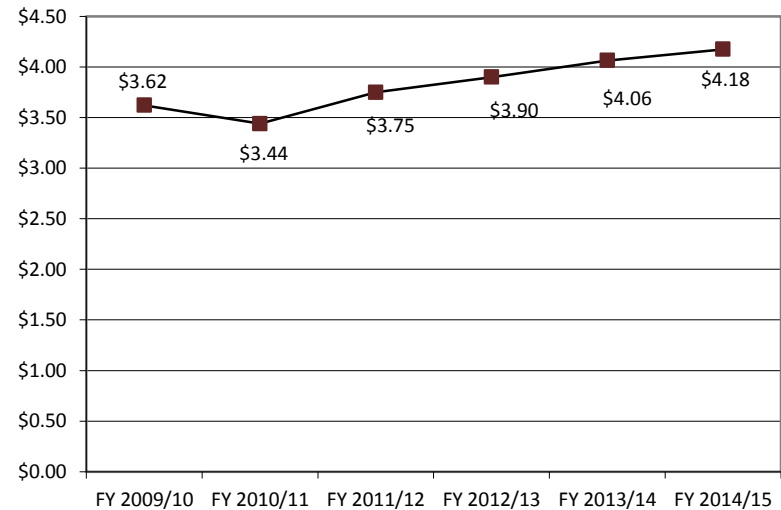




Exhibit 6.17 Fixed-Route Bus Passengers/VSH

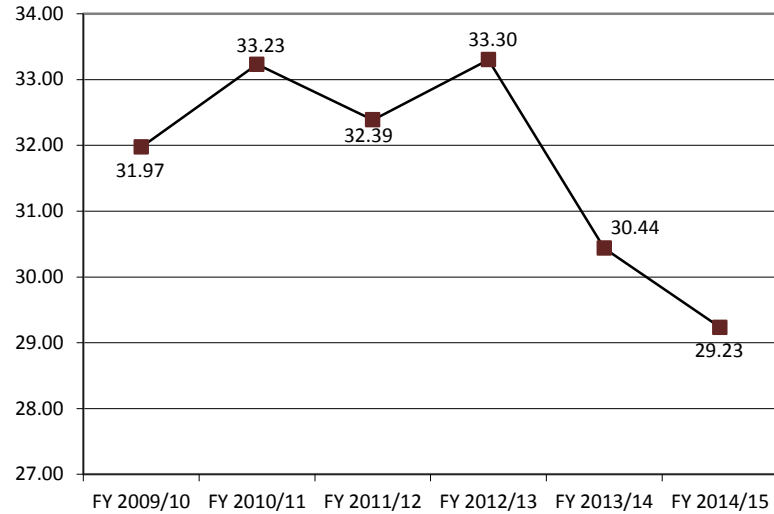


Exhibit 6.18 Fixed-Route Bus Passengers/VSM

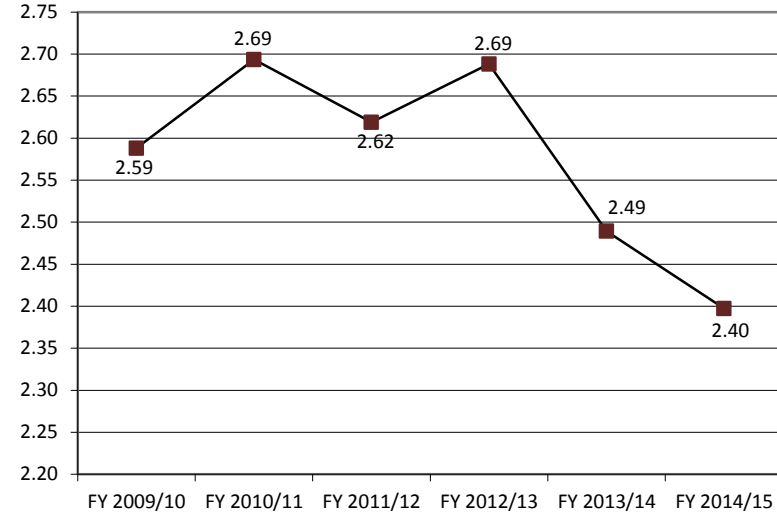


Exhibit 6.19 Fixed-Route Bus VSM/VSH

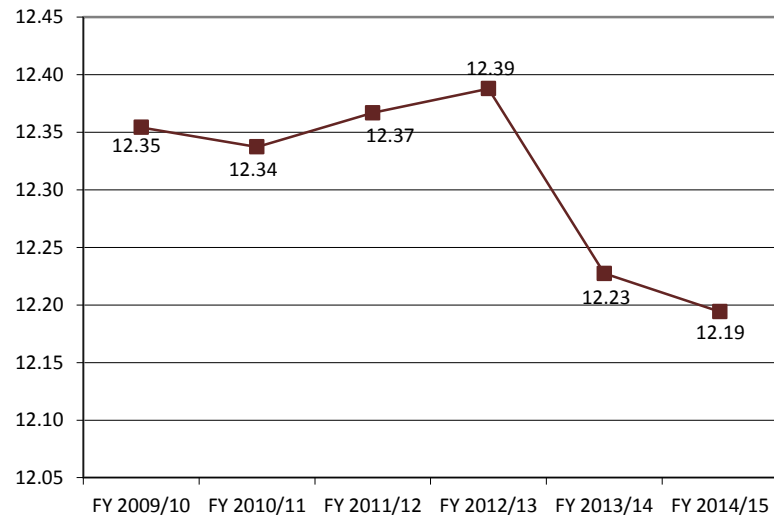


Exhibit 6.20 Fixed-Route Bus VSH/FTE

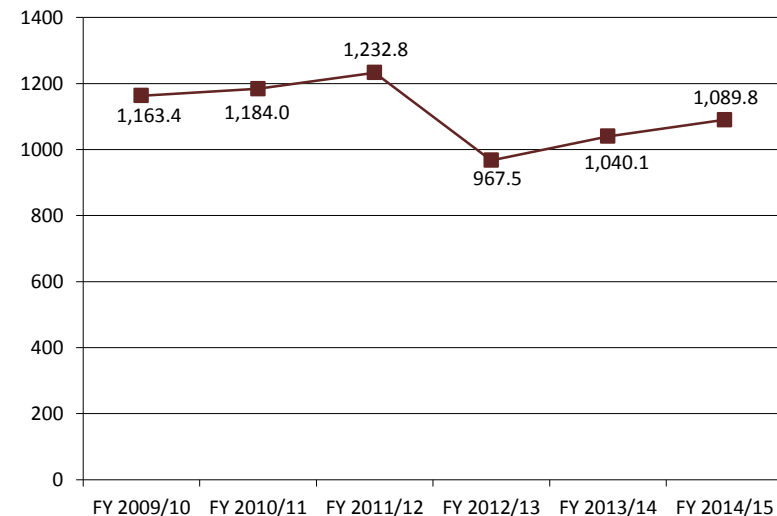




Exhibit 6.21 Fixed-Route Bus Farebox Recovery

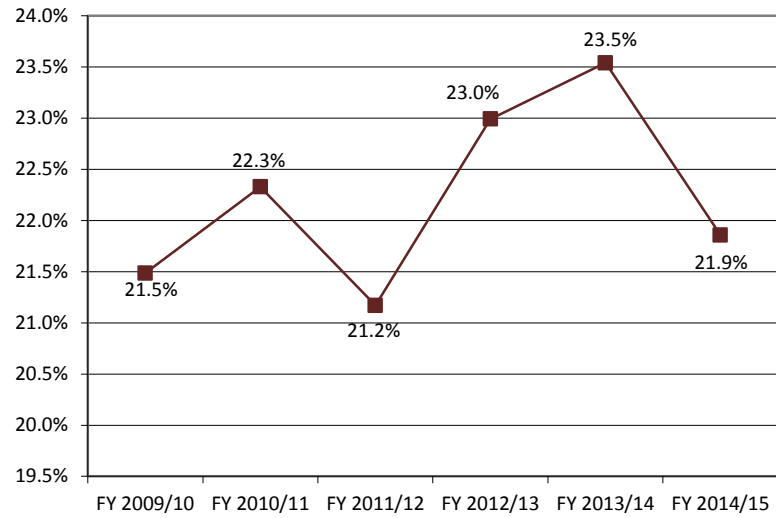
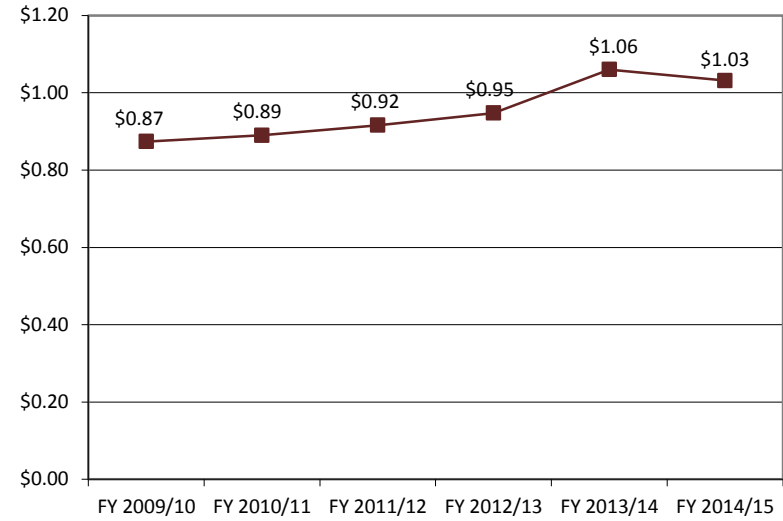


Exhibit 6.22 Fixed-Route Bus Fare/Passenger



Directly Operated vs. Contracted Fixed-Route Service⁶

Given OCTD provided fixed-route service that is both operated directly and contracted out, a comparison between the two modes is warranted.

Ridership on the directly operated service dropped as ridership on the contracted service rose, reflecting an increase in contracted service route assignments in an effort to contain costs. Operating Cost/VSH and Operating Cost/VSM is higher for the directly operated service, though Operating Cost/Passenger is lower and more stable. The directly operated service also carried more Passengers/VSH and Passengers/VSM.

The Farebox Recovery Ratio and Fare/Passenger metrics are omitted from this comparison due to an incorrect allocation of fares in FY 2013/14. This skewed the data considerably, resulting in an imbalance that does not accurately reflect these metrics for each mode.

⁶ Data used in the following analysis is reflective of that reported in the prior audit report (FY 2009/10-FY 2011/12) and OCTD's NTD reports (FY 2012/13-FY 2014/15) for the modes Motor Bus and Commuter Bus (directly operated) and Motor Bus and Commuter Bus (purchased transportation).



Exhibit 6.23 Directly Operated vs. Contracted Ridership

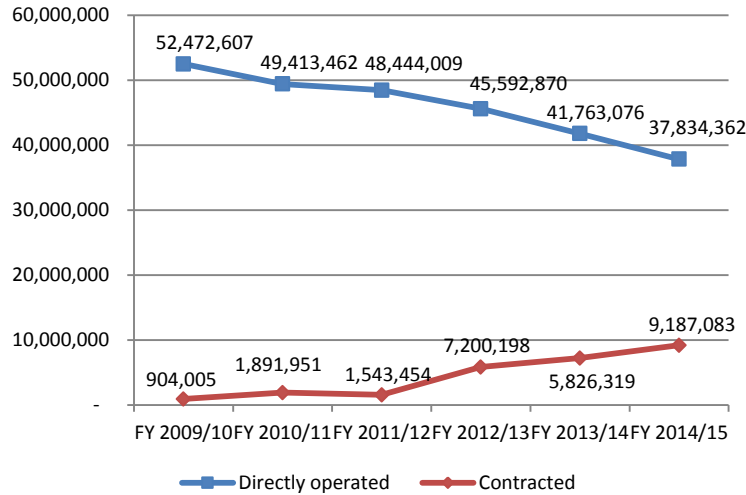


Exhibit 6.24 Directly Operated vs. Contracted Operating Cost/VSH

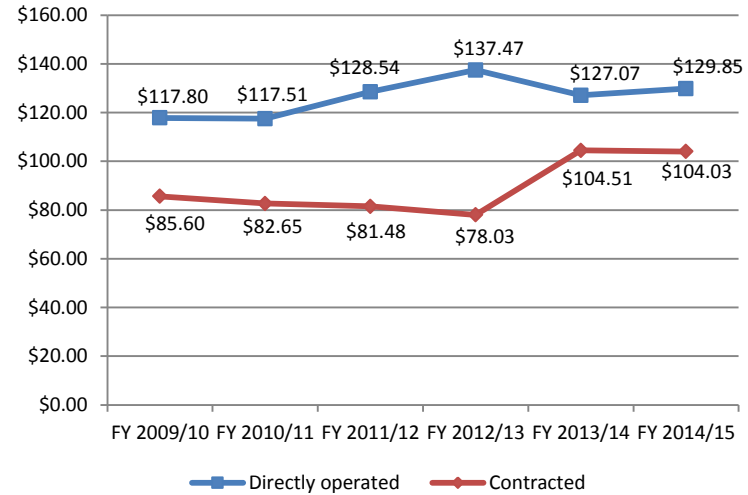


Exhibit 6.25 Directly Operated vs. Contracted Operating Cost/VSM

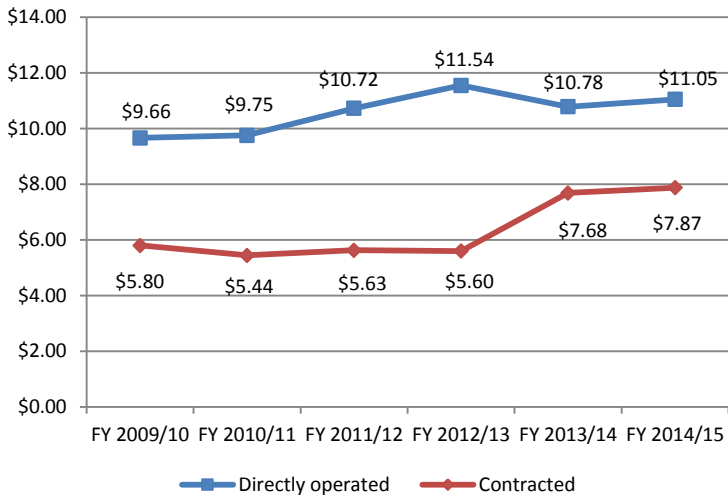


Exhibit 6.26 Directly Operated vs. Contracted Operating Cost/Passenger

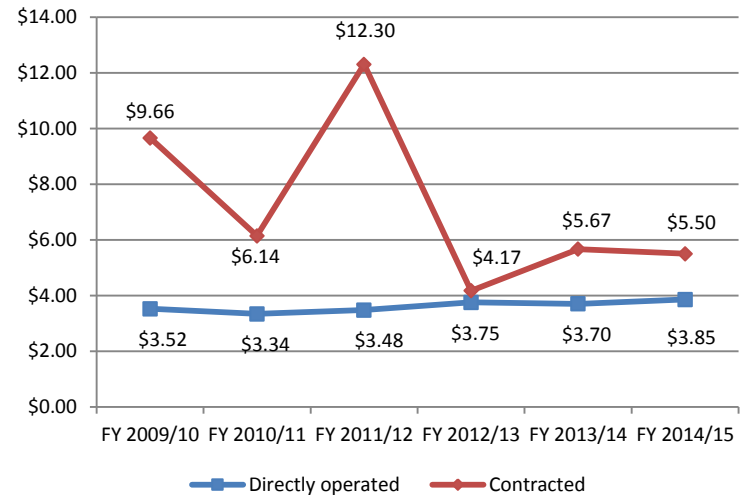




Exhibit 6.27 Directly Operated vs. Contracted Passengers/VSH

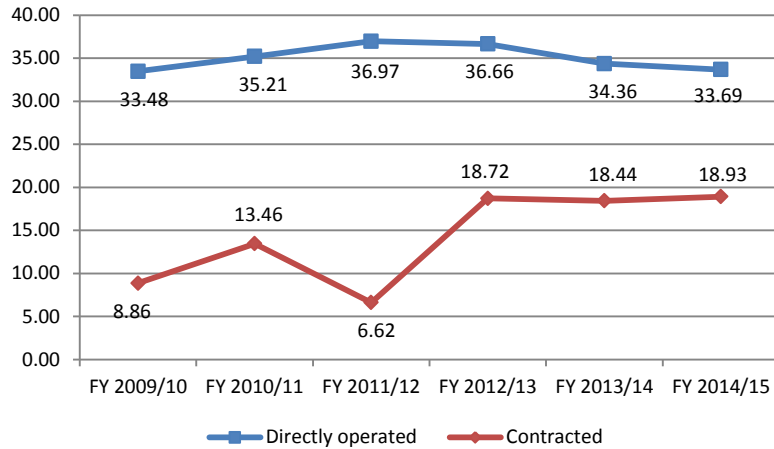


Exhibit 6.28 Directly Operated vs. Contracted Passengers/VSM

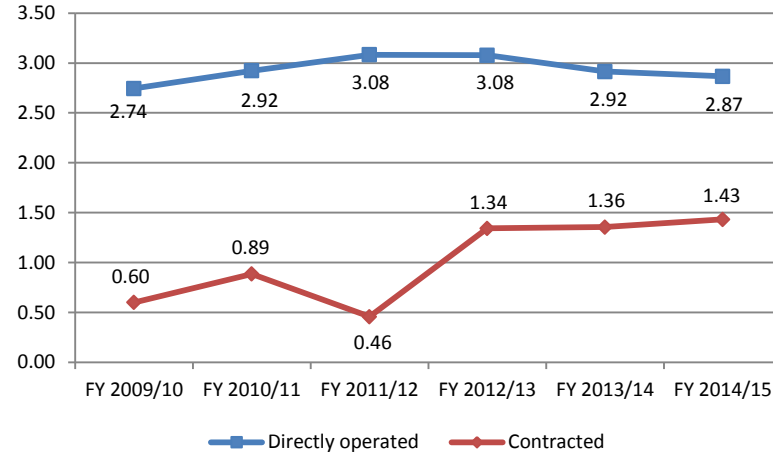
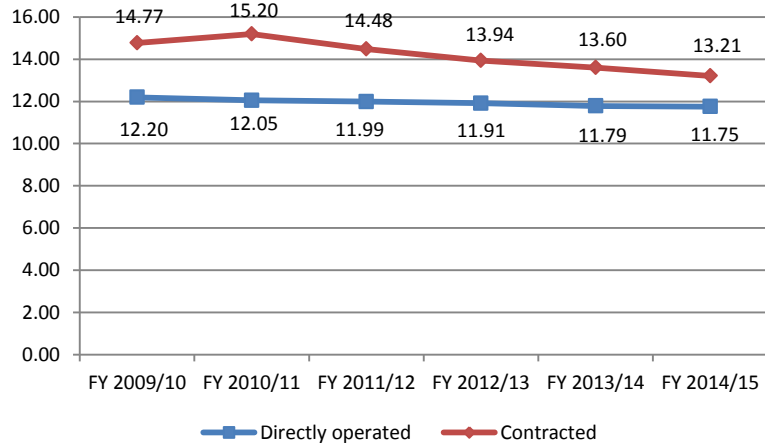


Exhibit 6.29 Directly Operated vs. Contracted VSM/VSH





Demand-Response Performance⁷

Demand-response service saw a dramatic spike in operating cost in FY 2013/14. Given there was no corresponding increase in vehicle service hours, vehicle service miles, or passengers, this can be attributed to a new contract. This increase led to significant increases in Operating Cost/VSH, Operating Cost/VSM, and Operating Cost/Passenger, as well as a decrease in Farebox Recovery.

Performance indicators not related to cost (Passengers/VSH, Passengers/VSM, and VSM/VSH) remained much more stable throughout the audit period, though an increase of 4.1 percent was noted for VSM/VSH in FY 2014/15. An increase in ridership combined with a greater increase in Fare Revenue resulted in a steady increase in Fare/Passenger, which ended the audit period up 15.5 percent.

Exhibit 6.30 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Operating Cost (Actual \$)	\$46,946,995	\$50,621,642	\$51,802,641	\$53,852,427	\$64,244,610	\$69,971,525
<i>Annual Change</i>		7.8%	2.3%	4.0%	19.3%	8.9%
Fare Revenue (Actual \$)	\$4,986,671	\$5,056,425	\$4,861,345	\$5,232,685	\$5,853,032	\$6,370,238
<i>Annual Change</i>		1.4%	-3.9%	7.6%	11.9%	8.8%
Vehicle Service Hours (VSH)	671,089	678,081	677,823	684,368	718,151	741,622
<i>Annual Change</i>		1.0%	0.0%	1.0%	4.9%	3.3%
Vehicle Service Miles (VSM)	10,617,088	10,719,665	10,865,705	11,081,709	11,490,776	12,350,858
<i>Annual Change</i>		1.0%	1.4%	2.0%	3.7%	7.5%
Passengers	1,482,949	1,554,091	1,571,189	1,627,272	1,654,081	1,714,587
<i>Annual Change</i>		4.8%	1.1%	3.6%	1.6%	3.7%
Employees	822	528	732	586	860	633
<i>Annual Change</i>		-35.8%	38.6%	-19.9%	46.8%	-26.4%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$69.96	\$74.65	\$76.43	\$78.69	\$89.46	\$94.35
<i>Annual Change</i>		6.7%	2.4%	3.0%	13.7%	5.5%
Operating Cost/VSM	\$4.42	\$4.72	\$4.77	\$4.86	\$5.59	\$5.67
<i>Annual Change</i>		6.8%	1.0%	1.9%	15.1%	1.3%
Operating Cost/Passenger (Actual \$)	\$31.66	\$32.57	\$32.97	\$33.09	\$38.84	\$40.81
<i>Annual Change</i>		2.9%	1.2%	0.4%	17.4%	5.1%
Passengers/VSH	2.21	2.29	2.32	2.38	2.30	2.31
<i>Annual Change</i>		3.7%	1.1%	2.6%	-3.1%	0.4%
Passengers/VSM	0.14	0.14	0.14	0.15	0.14	0.14
<i>Annual Change</i>		3.8%	-0.3%	1.6%	-2.0%	-3.6%
VSM/VSH	15.82	15.81	16.03	16.19	16.00	16.65
<i>Annual Change</i>		-0.1%	1.4%	1.0%	-1.2%	4.1%
Hours/Employee	816.4	1284.2	926.0	1167.9	835.1	1,171.6
<i>Annual Change</i>		57.3%	-27.9%	26.1%	-28.5%	40.3%
Farebox Recovery	10.6%	10.0%	9.4%	9.7%	9.1%	9.1%
<i>Annual Change</i>		-6.0%	-6.0%	3.5%	-6.2%	-0.1%
Fare/Passenger	\$3.36	\$3.25	\$3.09	\$3.22	\$3.54	\$3.72
<i>Annual Change</i>		-3.2%	-4.9%	3.9%	10.0%	5.0%

⁷ Data includes demand-response taxi program data.



Exhibit 6.31 Demand-Response Ridership

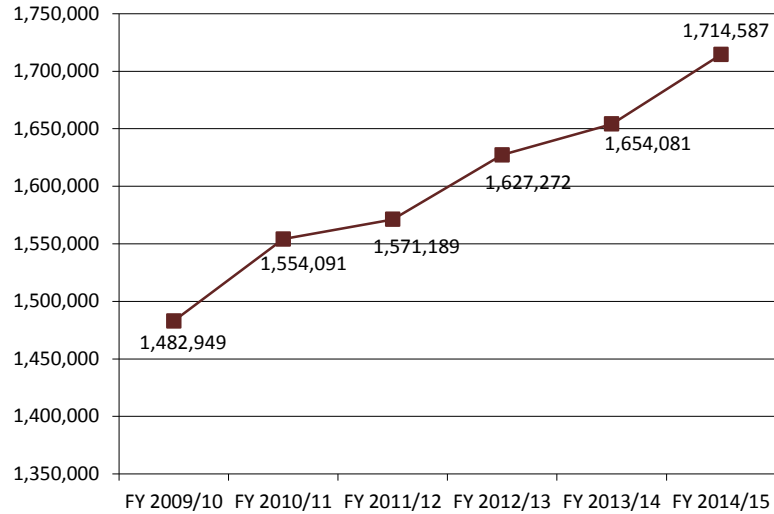


Exhibit 6.32 Demand-Response Operating Cost/VSH

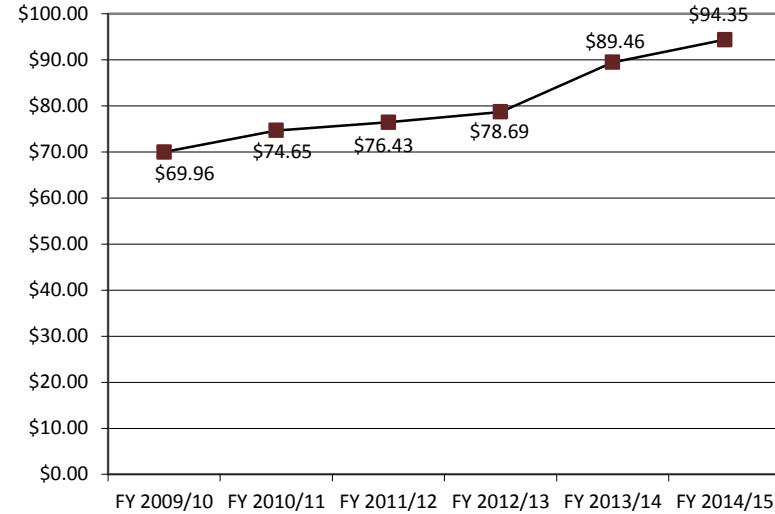


Exhibit 6.33 Demand-Response Operating Cost/VSM

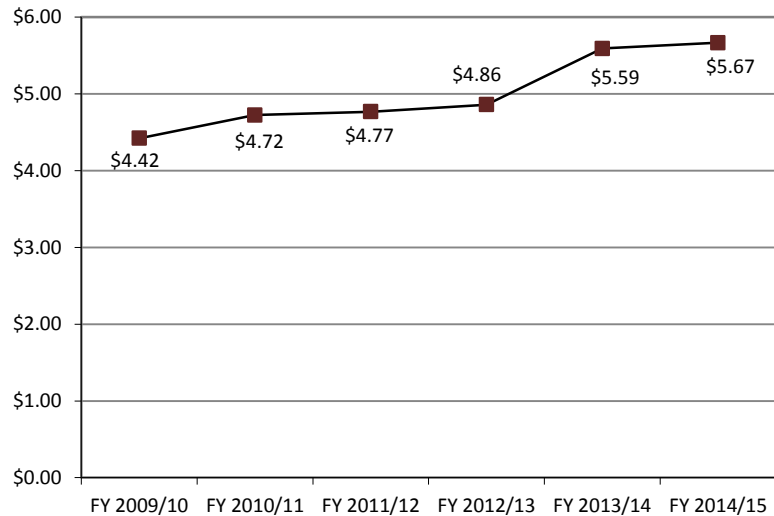


Exhibit 6.34 Demand-Response Operating Cost/Passenger

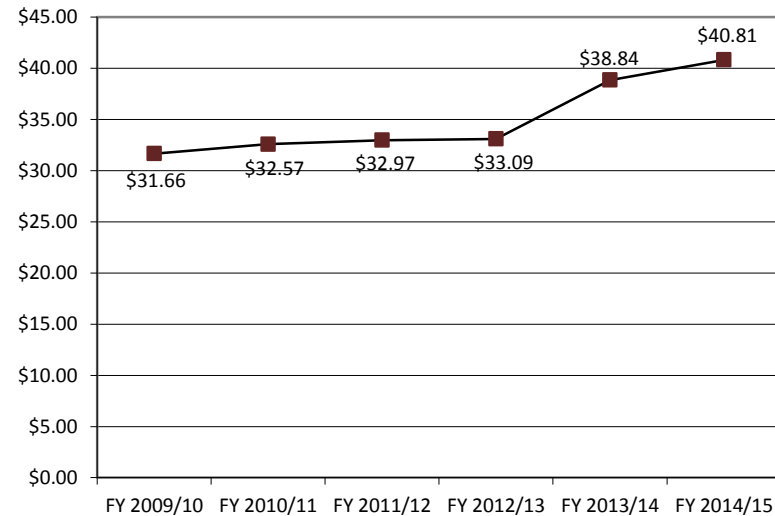




Exhibit 6.35 Demand-Response Passengers/VSH

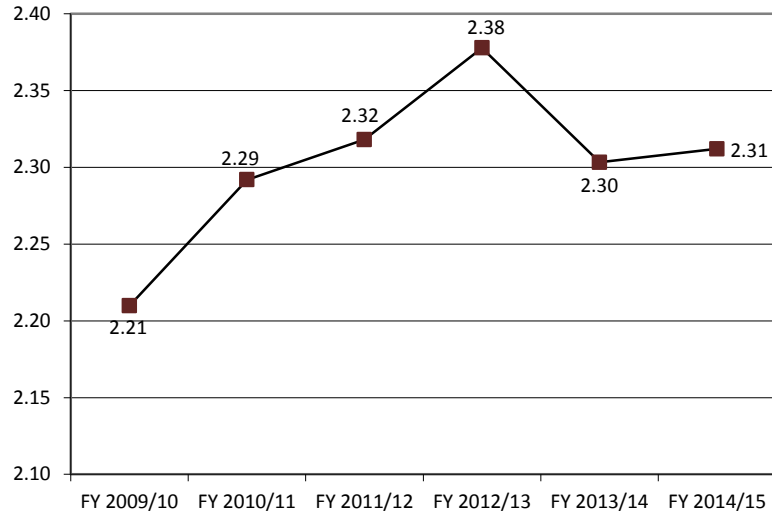


Exhibit 6.36 Demand-Response Passengers/VSM

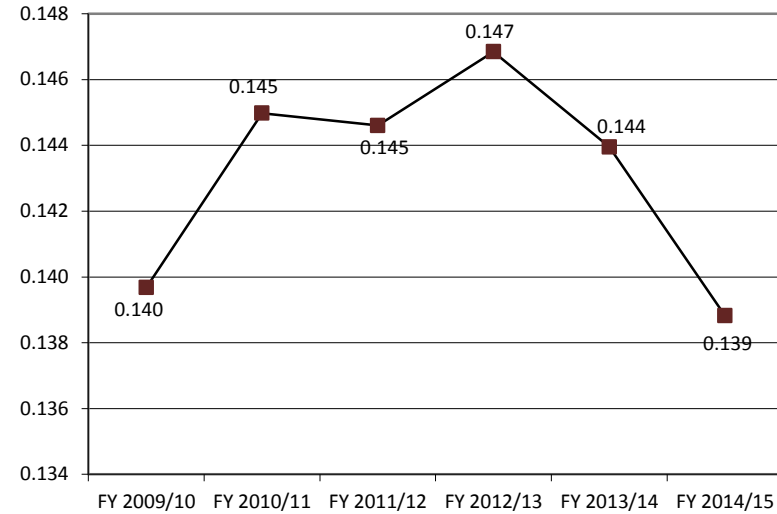


Exhibit 6.37 Demand-Response VSM/VSH

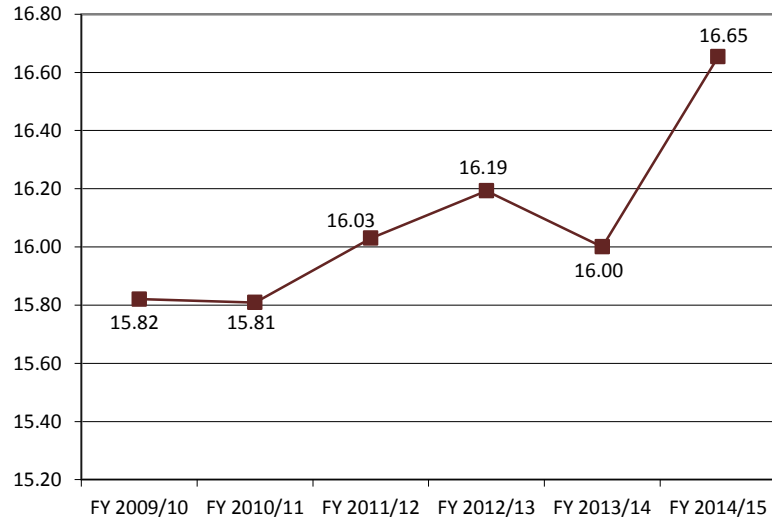


Exhibit 6.38 Demand-Response VSH/FTE

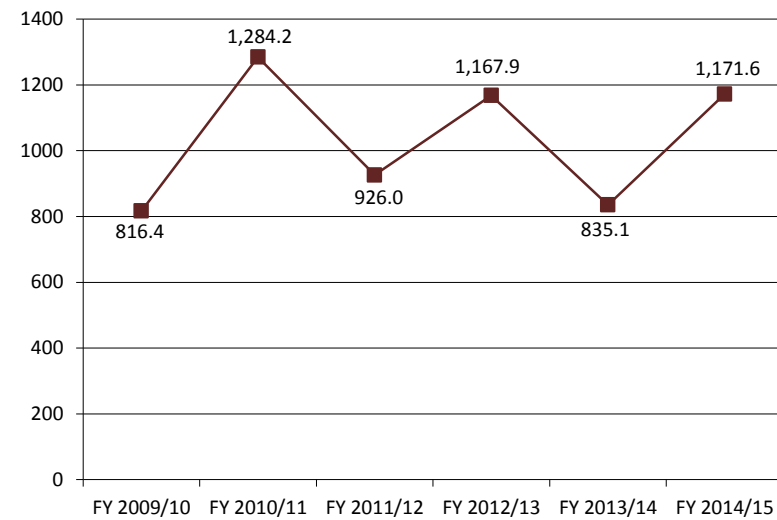


Exhibit 6.39 Demand-Response Farebox Recovery

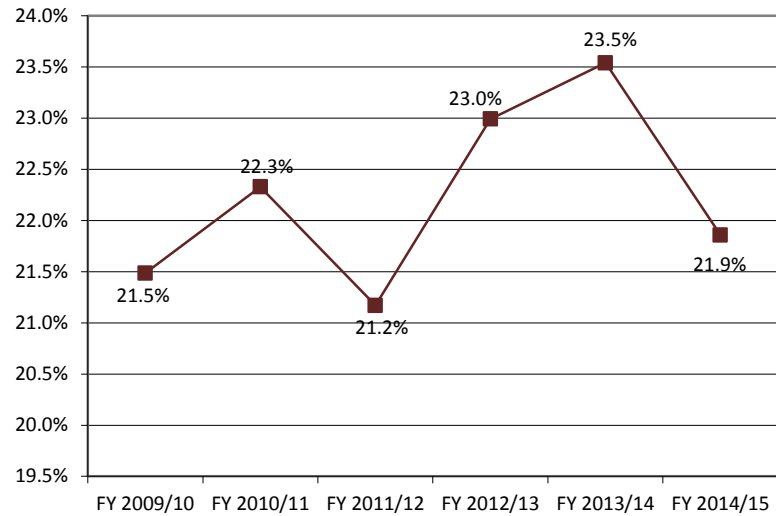
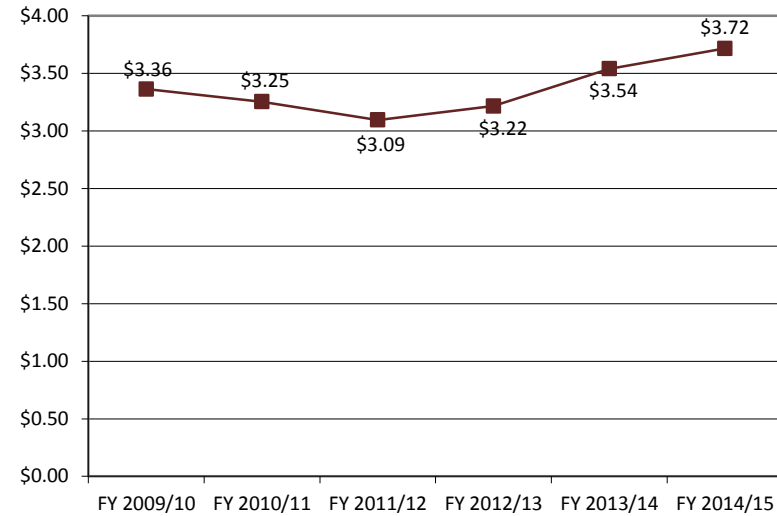


Exhibit 6.40 Demand-Response Fare/Passenger



Chapter 7

Functional Review

A functional review of the Orange County Transit District's public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of OCTD transit service, 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 OCTD 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

OCTD's bus system offers 77 different routes and approximately 6,200 bus stops. The routes include local and community routes, express routes, and Stationlink services connecting Metrolink train stations to employment centers.

ACCESS is OCTA's complementary paratransit service required by the Americans with Disabilities Act. It is a shared-ride service for people who are unable to use the regular, fixed-route bus service because of functional limitations caused by a disability. These passengers must be certified by OCTA to use the ACCESS system by meeting the Americans with Disabilities Act eligibility criteria. Additional paratransit service is available through alternative programs providing service to seniors and persons with disabilities.

In February 2013, OCTA implemented a fare increase to offset declining farebox recovery and rising costs. Regular cash fare for a one-way trip rose from \$1.50 to \$2.00, and the cost of a regular-fare 30-day pass increased from \$55.00 to \$69.00. Cash fare for seniors and people with disabilities increased from 60 cents to 75 cents and discounted monthly passes increased from \$18.00 to \$22.25. OCTA introduced a five-ride pass for \$9.00—a savings of 20 cents per ride—and discounted pre-paid day passes to help offset the fare increase.



Exhibit 7.1 OCTD Fare Structure

Fare Category	Base Fare	Reduced Fare	Youth
Local Fixed-Route			
One-way trip	\$2.00	\$0.75	-
ACCESS-eligible fixed-route fare	\$0.25	-	-
7-Day Pass	\$25.00	\$8.25	-
30-Day Pass	\$69.00	\$22.25	\$40.00
5 Rides Pass	\$9.00	-	-
Day Pass	\$5.00	\$1.50	-
Pre-paid Day Pass	\$4.50	\$1.50	-
Youth Summer Pass	-	-	\$20.00
College 30-Day Pass	\$46.00	-	-
College 75-Day Pass	\$115.00	-	-
College 120-Day Pass	\$185.00	-	-
Express Fixed-Route			
Express Routes (701, 721, and 794) one-way trip	\$6.00	\$5.00	-
Express Routes (702, 721, and 794) 30-Day Pass	\$187.50	-	-
Express Routes (702, 721, and 794) Day Pass	\$12.00	\$10.00	-
OC Express (757 and 758) one-way trip	\$4.00	\$3.50	-
OC Express (757 and 758) 30-Day Pass	\$125.00	-	-
OC Express (757 and 758) Day Pass	\$8.00	\$7.00	-
ACCESS			
One-way trip	\$3.60	-	-
Same-Day Taxi Program	\$3.60 + additional costs over 5 miles	-	-
ACCESS fare coupons (10 coupons)	\$36.00	-	-

General Management and Organization

The Orange County Transit District is a division of the Orange County Transportation Authority, the Regional Transportation Planning Entity for Orange County. OCTA is governed by a Board of Directors composed of 18 individuals representing Orange County.

The Transit Division is accountable to the OCTA Chief Executive officer and Board of Directors. The Transit Division General Manager and Assistant General Manager are responsible for planning, operations, and maintenance functions of the OCTD.

The Transit Division consists of seven departments that are responsible for operations and maintenance of fixed route and demand response services, service planning, scheduling, customer relations, security, and motorist services.



Three departments report directly to the General Manager of Transit. Three departments report to the Assistant General Manager of Transit. Two departments report to the Director of Maintenance and Motorist Services.

The following charts reflect OCTD's structure.



Exhibit 7.2 OCTD Organizational Chart (FY 2014/15)

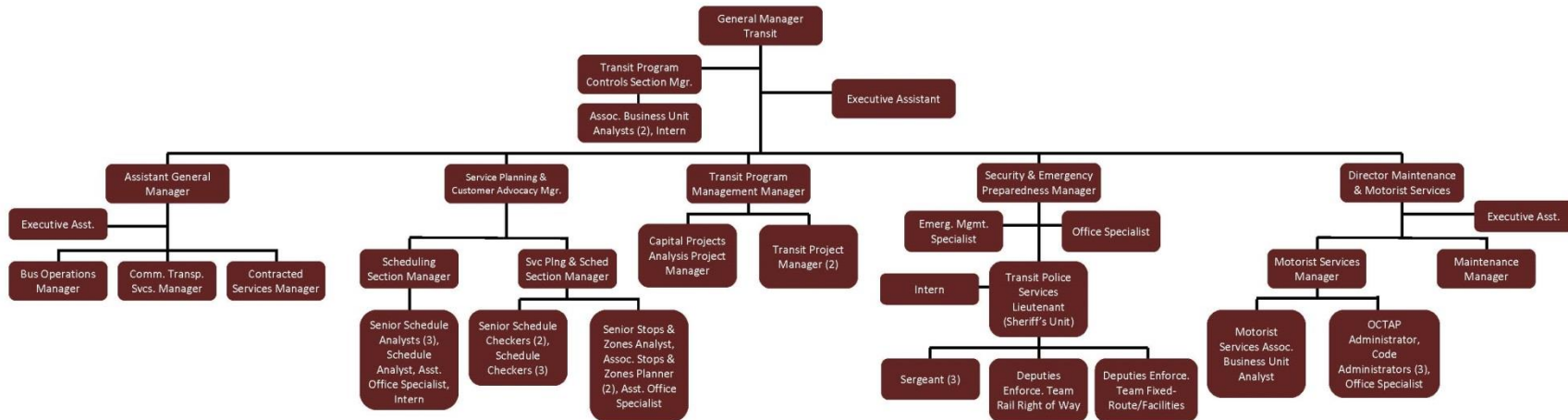




Exhibit 7.3 Transit Bus Operations Organizational Chart (FY 2014/15)

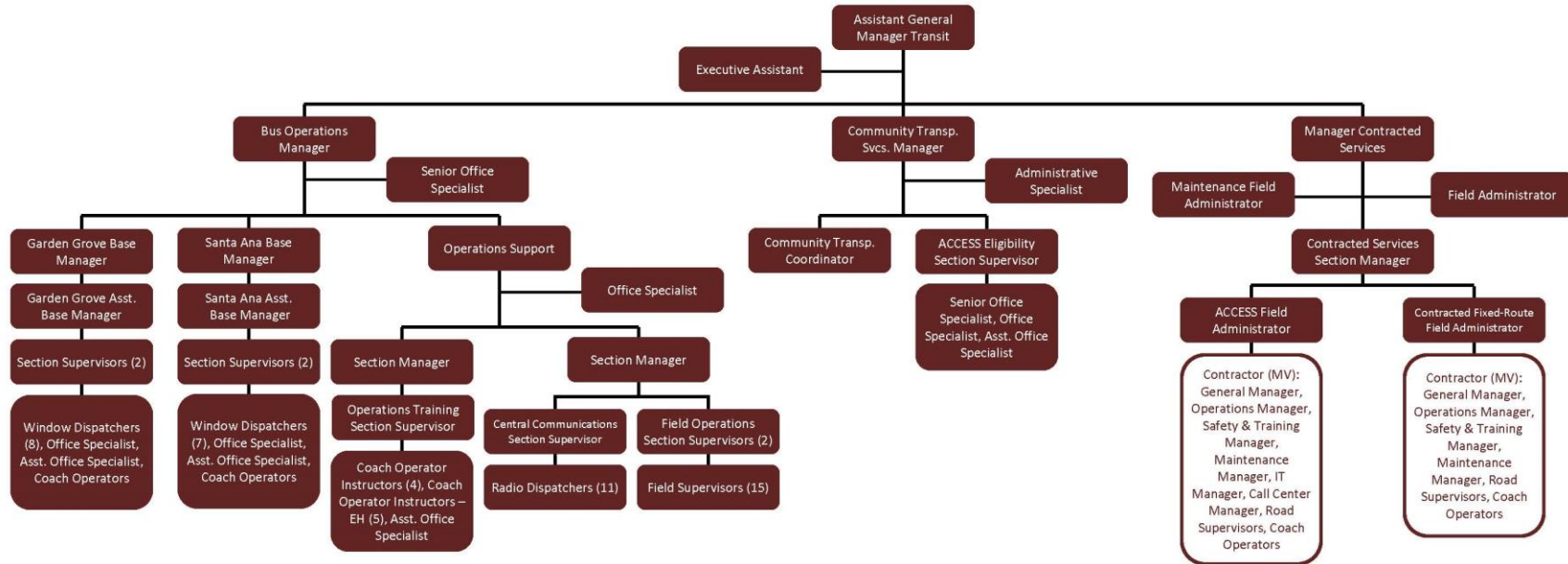
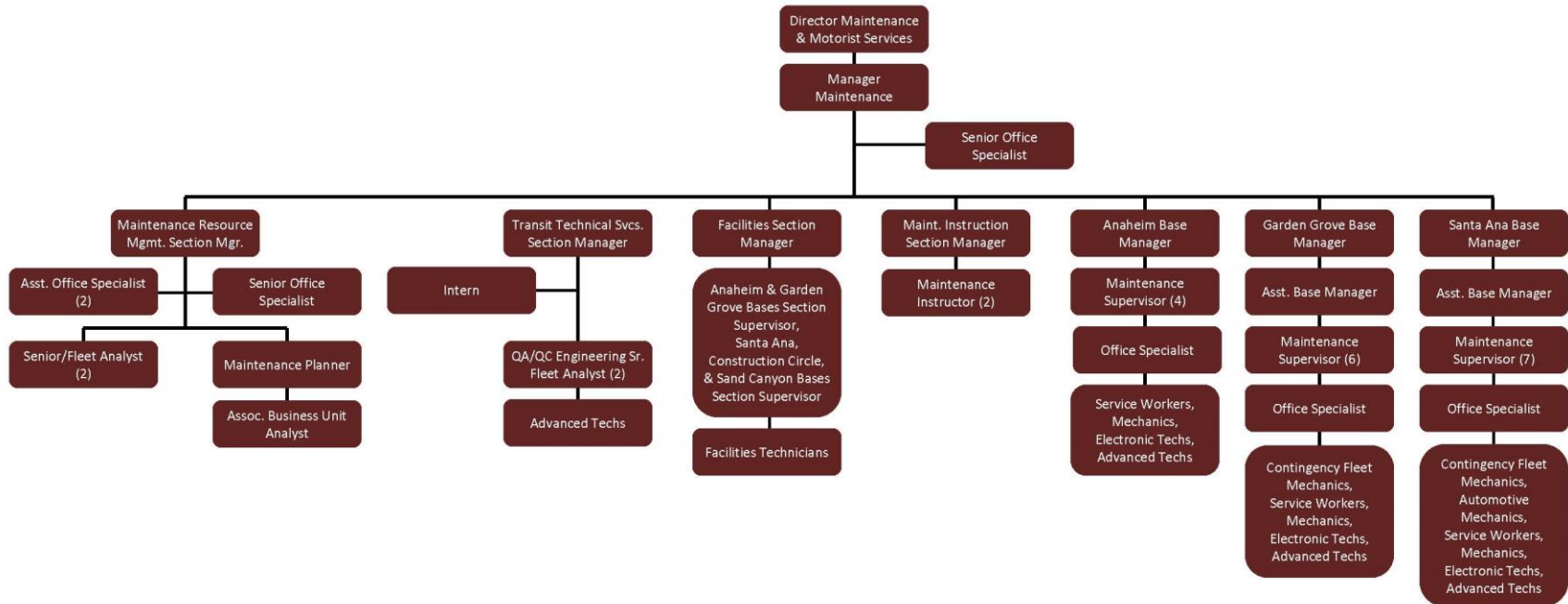




Exhibit 7.4 Maintenance Organizational Chart (FY 2014/15)



Service Planning

The Short-Range Transit Plan (SRTP) is OCTD's primary planning document. The SRTP outlines priorities for fixed-route bus system improvements contingent on future economic conditions for the next five years, including bus service and capital priorities.

In October 2012, OCTA's Board approved the System-wide Bus Service Standards and Policies, which allows for schedule changes and service area adjustments for fixed-route bus service within the OCTA service area. These policies were devised as a response to budget shortfalls experienced by the public transportation industry from 2008 to 2010, enabling transit managers to adjust to operational conditions to ensure sustainability.

OCTD implements schedule revisions to selected bus routes three times a year, in February, June, and October. Revisions are based on reviews of passenger load and on-time performance data collected throughout the year, as well as input from passengers, drivers, and other OCTD staff. Revisions are intended to improve passenger load distribution and schedule reliability, or as a response to major construction programs. Changes are usually minor, such as adjusted running times, added services, or the reinstatement of seasonal schedules. For example, October 2014 changes included the modification of Routes 50, 53, 153, and 430 to serve the new Anaheim Regional Transportation Intermodal Center (ARTIC). In June 2015, schedules for ten Stationlink routes were adjusted to match new Metrolink commuter rail schedules.

Changes defined as "major" under the Service and Fare Change Evaluation Policy require an equity analysis and a public hearing before they can be adopted.

When considering changes, OCTD has wrestled with how to reverse the trend of declining ridership rather than focus on growing ridership. Given changes in the economy and Orange County demographics, it is unclear if existing statistics are an accurate measure of current conditions. Therefore, OCTD service changes may include the introduction of pilot programs or demonstration projects to more effectively determine demand. For example, in fall 2015, a limited-stop service (Bravo Route 543) was implemented on Route 43, as was a Route 57 Xpress to offer faster service. Ridership on the 57 Xpress increased every week for the first two months and was up to 1,900 riders per day. Another express service (Route 64) was launched in February 2016.

OCTD surveys bus riders every three years. In early 2015, OCTD commissioned its Bus Market Research Study to assess the potential market for fixed-route bus service among current non-riders. The study followed a period of declining ridership due to service reductions in 2010 and fare increases in 2013. The study found that of the respondents who were familiar with OCTA bus, nearly 70 percent had a very favorable or somewhat favorable opinion of the service as a travel option.

Scheduling & Dispatch

Assignment bidding is governed by the collective bargaining agreement. Drivers bid on assignments three times per year based primarily on seniority. Drivers bid within OCTD's contractor and direct-operated bases. One time per year drivers can move between bases.

OCTD has not employed part-time drivers for several years because it could not keep the part-time positions filled. There are part-time assignments, as required by the Collective Bargaining Agreement (CBA), which can be bid on by full-time drivers.

Vehicles are assigned to routes based on various factors. For example, LNG fueling is available only at the Garden Grove and Anaheim bases. ARTIC buses operate out of the Santa Ana base. Cutaways are assigned to the contracted service bases and are used primarily to provide ACCESS services.

During the audit period OCTD completed a five-year data and voice communication upgrade to Open Sky 2. This upgrade gets rid of narrow hertz radios and incorporates the entire paratransit fleet. The upgrade includes new cellular phone towers, repeaters, consoles, mobile equipment, and hand helds.

Personnel Management and Training

Operators are recruited through online posts and advertisements in newspapers and other publications as well as participation in career fairs and movie theater ads. Recruitment is considered sufficient. Each year OCTD trains classes of recruits comprised of approximately seven students per class. Historically, classes have about a 75 percent graduation rate. The number of classes held each year is determined by current staffing needs.

Operators undergo a four-week training program with instructors at the training department. Training is divided between classroom and field training. Once trainees earn their transit training certificate, they receive two more weeks of behind-the-wheel training. Training also includes onboard evaluation and a probationary period.

The Operations Training Section conducts vehicle operator training, including annual training for vehicle operators required by the Department of Motor Vehicles. OCTD also emphasizes training beyond requirements such as safety training and personal and professional development training.

The maintenance department also has its own set of three instructors. Health, Safety, Environmental Compliance oversees all compliance-related training. Other training methods include a mechanic apprentice program and backfilling of positions to enable new employees to work side-by-side with retiring staff.

Evaluations are conducted annually but managers are encouraged to meet with employees on a weekly or biweekly basis. OCTD relies on Halogen, an automated performance management system, to track performance goals, which are initially set at hire.

Disciplinary issues are typically handled by OCTD's managers. If necessary, they are taken to OCTA's Labor and Employee Relations group. The disciplinary system for both union and non-represented employees involves progressive resolution and consequence.

Operators are rewarded for safe driving, including a certificate for every year of safe driving and a belt buckle to display years of safe driving. Following 30 years of safe driving, operators are given a \$1,000 bonus.

Administration

OCTA's budget development process begins in December and runs through June. Budget requests are submitted in January and reviewed by analysts in February and March. Analysts meet with the budget review committee in February and March. Budget requests also go through the Finance Committee, the executive management team, a Board workshop, and a presentation to the Board. A public hearing occurs in June.

The most significant source of revenue is sales taxes, followed by fare revenue and other contributions. Three local universities forecast sales tax revenues for planning purposes. Measure M is a point-of-destination tax while TDA is a point-of-sale tax. Online sales have had a big impact on point-of-sales tax. Legislative solutions are being explored but it is unclear if there is regional support.

During the audit period, contracts were awarded to MV Transportation to operate ACCESS and First Transit to operate fixed-route buses. First Transit replaced MV Transportation as the fixed-route bus contracted operator.

Fixed-route vehicles are equipped with electronic GFI fareboxes. Paratransit vehicles are equipped with non-recording, money-drop fareboxes. Armored car service picks up money from the fixed-route bases directly from the vaults. No cash counting is conducted at fixed-route bases.

For payroll, coach operators report exceptions to schedules. This timekeeping system is called the Automated Coach Operator Reporting System (ACORS), which logs time and attendance for contracted operations, and scheduling is done through HASTUS. HASTUS feeds into ACORS, then the file is imported into the Lawson payroll software via an interface file from ACORS. On a biweekly basis, both ACORS and the Kronos timekeeping system feed into Lawson via an interface file. Administrative employees fill out a timesheet using hourly project codes. Every administrative timesheet must be signed by a supervisor. All administrative timesheets are entered into Lawson by the Payroll Department, and a payroll manager handles distribution. Nearly all employees participate in a voluntary direct deposit program.

Marketing

In 2015, OCTA rebranded its buses as the "OC Bus." The new look features a light blue and orange wave and the words "OC Bus." The rebranding was timed to coincide with the introduction of several new CNG buses into the fleet.

Each year OCTA creates a marketing plan for each service mode. These plans guide budgeting for the coming year and include marketing plans for each individual service.

Outreach efforts conducted by OCTA include employer-targeted kits and materials designed to promote ridesharing activities among employees. Employers with 250 employees or more must have a certified Employee Transportation Coordinator (ETC) in order to remain compliant with Air Quality Management District's Rule 2202. Therefore, OCTA offers a free AQMD Marketing Certification Class at least twice a year.



OCTA fields public feedback through its call center, which is contracted through Alta Resources. OCTA utilizes 1.5 full-time equivalents to investigate complaints. Customers can also send comments through the OCTA website, or via mail or email.

Fleet Maintenance

The Maintenance Department maintains directly-operated fixed-route revenue fleet and non-revenue support vehicles, including heavy maintenance and electronics support for both directly-operated and contractor-operated revenue fleets. The Maintenance Department is also responsible for procurement of OCTD rolling stock.

OCTD's current spare ratio is 20.6 percent. Maintaining this ratio is a challenge because of engine rebuilds and other programs. NABI LNG vehicles and 16 diesel-powered articulated buses (artics) are due to be replaced by vehicles currently on order that will be delivered through 2017. After that, the fleet will be 100 percent CNG. The LNG facility will be decommissioned by 2018. During the audit period, OCTD received a delivery of CNG artics and deployed 20 within the last year. The Santa Ana base has bays dedicated to artics.

Exhibit 7.5 details the OCTD transit fleet.



Exhibit 7.5 OCTD Transit Fleet

Make	Model	Year	Quantity
NABI	40LFW-09	2000	27
NABI	40LFW-09-02	2001	163
New Flyer	D40LF-SR1273	2008	1
New Flyer	D40LF-SR1273	2007	29
New Flyer	D40LF-SR467	1998	36
New Flyer	D40LF-SR466	1998	1
New Flyer	D40LF-SR481	1998	12
New Flyer	D40LF-SR1068	2007	1
New Flyer	D40LF-SR1129	2007	63
New Flyer	D40LF-SR1150	2007	138
New Flyer	D40LF-SR1174	2007	4
Eldorado	Aero Elite 320	2005	10
Eldorado	Aerotech	2008	8
Eldorado	Aerotech	2013	11
Eldorado	Aerotech 220	2006	2
Eldorado	Aerotech 220	2007	53
Eldorado	Aerotech 220	2008	142
Eldorado	Aerotech 220	2010	33
Eldorado	Aerotech 220	2013	17
New Flyer	D60LF-SR719	2000	1
New Flyer	D60LF-SR719	2001	18
New Flyer	D40LF-SR1272	2007	63
New Flyer	XN60-SR1725	2013	20
Glaval	Universal	2014	76



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Chapter 8

Findings and Recommendations

Conclusions

We find the Orange County Transit District 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 and Recommendations

Following discussions with OCTD staff, analysis of program performance, and a review of program compliance and function, we offer no findings or recommendations.



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