

August 30, 2007

Ms. Armineh Saint  
Project Manager  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza, 23<sup>rd</sup> Floor  
Los Angeles, CA 90012-2932

**Subject: F04-FY06 Final Performance Audit of Culver City Municipal Bus Lines**

Dear Ms. Saint:

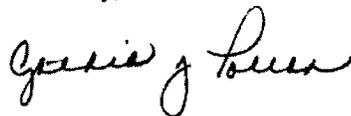
Booz Allen Hamilton is pleased to submit this final triennial performance audit report of Culver City Municipal Bus Lines (Culver CityBus).

Based on our review of data and documents received and analyzed, information gathered at the on-site interviews, and comments received on the draft report, this final report documents audit findings, conclusions and recommendations in the following areas:

- progress to implement prior audit recommendations
- compliance with pertinent sections of the Public Utilities Code (PUC)
- review of operator goals and objectives
- systemwide performance trends
- review of functional area performance results
- potential areas for improved cost savings or efficiency.

We would like to thank Culver CityBus and Metro for their cooperation and assistance throughout the audit process. If you have any questions or comments, please do not hesitate to contact me at (206) 275-3847 or the Culver CityBus Audit Team Leader, Eugene Matt at (360) 385-1205.

Sincerely,



Booz Allen Hamilton Inc.

Cynthia Pollan  
Associate

Attachment

cc: Art Ida, Culver CityBus

**FINAL REPORT**

*submitted to the*

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**



*for the*

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**FY04-FY06 TRIENNIAL PERFORMANCE AUDIT  
OF CULVER CITY MUNICIPAL BUS LINES**

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*prepared by*

**BOOZ ALLEN HAMILTON**

in association with

**MATT & ASSOCIATES**

August 2007

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## **EXECUTIVE SUMMARY**

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**TRANSIT OPERATORS THAT RECEIVE TRANSPORTATION DEVELOPMENT ACT FUNDS ARE REQUIRED TO UNDERGO TRIENNIAL PERFORMANCE AUDITS**

- Triennial performance audits are a requirement for the continued receipt of State Transportation Development Act (TDA) funds for public transit under California Public Utilities Code (PUC) Section 99246.
- This report represents the State-mandated performance audit of Culver CityBus for Fiscal Years 2004, 2005, and 2006, the period from July 1, 2003 through June 30, 2006.
- This performance audit is administered by Metro and prepared by Matt & Associates, in association with Booz Allen Hamilton.
- The TDA triennial performance audit of Culver CityBus covers:
  - Compliance with data collection and reporting requirements
  - Compliance with State Public Utilities Code (PUC) requirements
  - Progress to implement prior performance audit recommendations
  - Agency goals and objectives and performance monitoring
  - Performance trends
  - Functional area performance results.

**THE MISSION OF CULVER CITYBUS IS TO PROVIDE SAFE, RELIABLE, ACCESSIBLE PUBLIC TRANSIT SERVICE TO RESIDENTS OF CULVER CITY**

- Culver CityBus has adopted a mission to provide safe, reliable and accessible public transit to its residents.
- Culver CityBus operates over a service area of approximately 40 square miles that extends from LAX in the south to UCLA in the north, and from the West LA Transit Center on the east to Venice Beach on the west. This area encompasses a population of slightly less than 300,000 and includes the communities of Culver City, Westchester, Marina del Rey, Venice, Mar Vista, Palms, Rancho Park, Westwood, Century City, and West Los Angeles.
- Culver CityBus operates seven fixed routes: three line haul routes and three community circulators. Line haul routes operate seven days a week; community circulators run on weekdays. All services are operated directly by Culver City employees
- Culver CityBus coordinates service with adjoining and intersecting transit operators and provides connections to Torrance Transit at the LAX Transit Center, Santa Monica Big Blue Bus and Metro.

## **CULVER CITYBUS WAS MOSTLY INCONSISTENT IN ITS EXTERNAL REPORTING OF FINANCIAL AND OPERATING DATA**

- Culver CityBus reported inconsistent operating expenditures between its NTD, TPM and State Controller's Reports. Culver CityBus should take steps to ensure consistent and accurate reporting
- Culver CityBus generally reported inconsistent local subsidies and auxiliary revenues between its NTD, TPM, and State Controller's Reports. Culver CityBus should take steps to ensure consistent and accurate reporting
- Culver CityBus generally reported consistent data for farebox revenues, unlinked passengers, total vehicle hours, and peak vehicles. Other data reporting requirements noted minor inconsistencies throughout the audit review period
- Vehicle service hours are the total hours that vehicles are in revenue service annually. Culver CityBus calculates revenue vehicle hours by adjusting total scheduled service hours for missed trips. Neither scheduled nor unscheduled deadhead hours are included in vehicle service hours
- Vehicle service miles are the total miles that vehicles are in revenue service annually. Culver CityBus calculates revenue vehicle miles as it does revenue vehicle hours, by adjusting scheduled miles. Miles not driven due to missed trips and other service disruptions are subtracted from total scheduled revenue vehicle miles to generate actual revenue vehicle miles. Deadhead miles and miles during training, hostelling, maintenance work and charters are not included in vehicle service miles

**CULVER CITYBUS EXPERIENCED MIXED RESULTS IN ITS SYSTEM EFFICIENCY AND EFFECTIVENESS OVER THE AUDIT PERIOD**

- Operating Cost per Vehicle Service Hour for Culver CityBus increased by 12.4 percent during the audit period compared with an 11.8 percent increase in the CPI. While operating costs grew by 22.5 percent during the period, Vehicle Service Hours grew by 9.0 percent to offset a good portion of the increase
- Operating Cost per Passenger grew from \$1.98 per passenger to \$2.24 per passenger, an increase of 13.3 percent. The primary cause for this growth was due to smaller passenger growth at 9.0 percent compared to the 22.5 percent growth in operating costs. Similarly, Passengers per Vehicle Service Hour decreased by 0.8 percent during the audit period measured against an 8.2 percent growth in passengers and a 9.0 percent growth in Vehicle Service Hours.

**FUNCTIONAL AREA PERFORMANCE TRENDS WERE ALSO MIXED FOR THE AUDIT PERIOD**

- Overall transportation operating costs increased dramatically at 32.4 percent over the audit period, and transportation costs per vehicle service hour increased by 21.4 percent. These increases were, in large part, outside of Culver CityBus' control due to significant increases in the cost of fuel and employee fringe benefits. During the audit period transportation indicators for vehicle service hours and unlinked passengers increased by 9.0 and 8.2 percent respectively
- Maintenance cost per hour increased by 12.9 percent over the audit period which resulted in a very small increase of 3.5 percent in cost per vehicle service hour.
- Miles between total roadcalls decreased by 18.1 percent from 6,117 in FY03 to 5,011 in FY06. However, major mechanical system failures increased by 80.6 percent from 31 in FY03 to 56 in FY06 largely due to increasingly sophisticated and complex system sensors associated with the conversion to a 100% CNG fleet
- Total administrative costs decreased by 2.1 percent from FY03 to FY06. This decrease coupled with increases in vehicle service hours resulted in a corresponding administrative cost per vehicle service hour decrease of 6.3 percent. As a percentage of overall operating costs, administrative costs decreased a significant 16.6 percent over the audit period

### **THREE RECOMMENDATIONS ARE OFFERED FOR CULVER CITYBUS'S CONSIDERATION**

- Performance audit findings indicate areas of positive performance as well as opportunities for improved effectiveness, efficiency and productivity. Recommendations identify ways to capitalize on improvement opportunities. Rather than viewing the recommendations as negative, they should be balanced against Culver CityBus's positive performance results during the performance audit review period, noted throughout the audit report.
- Recommendations offered for Culver CityBus's consideration address both compliance issues and opportunities to improve performance trends:
  - One recommendation addresses opportunities to improve efficiency and effectiveness:
    - 1) Culver CityBus should develop a strategic business plan.
  - The second recommendation is provided to assist in improving compliance with PUC requirements:
    - 2) Culver Citybus should continue efforts to improve the accuracy of financial and operating data reporting.
  - The third recommendation is provided to improve compliance with EZ Pass fare reimbursement requirements:
    - 3) Culver Citybus should modify its EZ Pass fare reimbursement calculation formula to meet EZ Pass requirements.
- The context, possible actions to address the issue, and expected results of implementing the recommendations are provided in the audit report.

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## I. INTRODUCTION

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## **THE FY04-FY06 TRIENNIAL PERFORMANCE AUDIT OF CULVER CITYBUS FOLLOWS STATE GUIDELINES FOR TRANSPORTATION DEVELOPMENT ACT AUDITS**

- Triennial performance audits are a requirement for the continued receipt of State Transportation Development Act (TDA) funds for public transit under California Public Utilities Code (PUC) Section 99246.
- This report represents the State-mandated performance audit of Culver City Municipal Bus Lines (CCMBL, also known as Culver CityBus) for Fiscal Years 2004, 2005, and 2006, the period from July 1, 2003 through June 30, 2006.
- This performance audit is administered by the Los Angeles County Metropolitan Transportation Authority (LACMTA, Metro) and prepared by Matt & Associates, in association with Booz Allen Hamilton.
- The TDA triennial performance audit of Culver CityBus covers:
  - Compliance with data collection and reporting requirements
  - Compliance with State Public Utilities Code (PUC) requirements
  - Progress to implement prior performance audit recommendations
  - Agency goals and objectives and performance monitoring
  - Performance trends
  - Functional area performance results.

**THE PERFORMANCE AUDIT IS INTENDED TO PROVIDE AN OBJECTIVE ASSESSMENT OF CULVER CITYBUS PERFORMANCE AND SERVE AS AN INTERNAL MANAGEMENT TOOL**

- Significant accomplishments and positive performance trends are discussed as well as opportunities for improvement, thereby providing a balanced perspective on overall operator performance.
- Culver Citybus management and City Council should be able to use the audit to assist in evaluating performance from a balanced perspective.
- Metro and Culver Citybus should be able to use the performance audit results to:
  - Satisfy State requirements
  - Provide clear direction that enables Culver Citybus to verify that it is making satisfactory progress to implement recommendations and improve effectiveness and efficiency
  - Verify that operator productivity is improving
  - Identify opportunities to further improve productivity and reduce costs.
- In addition, any recommendations should provide implementation procedures for use by Culver CityBus, where appropriate.

**THE PERFORMANCE AUDIT TEAM REVIEWED RELEVANT DOCUMENTS AND DATA**

- Financial Audits, Fiscal Years 2004-2006
- National Transit Database Reports, Fiscal Years 2004-2006
- State Controllers Reports, Fiscal Years 2004-2006
- Prior TDA Performance Audit, dated November 2004
- Annual Financial Reports, Fiscal Years 2004-2006
- TPM/TDA Report Forms, Fiscal Years 2004-2006
- Various Strategic and Operational Memoranda
- Short Range Transit Plans, Fiscal Years 2004-2006
- Annual Budgets, Fiscal Years 2004-2006
- CHP Certifications
- Promotional and Informational Materials

Introduction – Performance Audit Scope

**THE PERFORMANCE AUDIT TEAM ALSO CONDUCTED INTERVIEWS WITH KEY STAFF AND TOURED MAJOR FACILITIES**

**KEY INTERVIEWS**

Transportation Director

Deputy Transportation Director

Senior Management Analyst

Operations Manager

Maintenance Superintendent

**SITE VISIT**

Culver City Bus yard and administrative facility

**CULVER CITYBUS WAS FOUNDED IN 1928, MAKING IT THE SECOND OLDEST CONTINUOUSLY OPERATED MUNICIPAL BUS SYSTEM IN CALIFORNIA**

- Culver CityBus was established in 1928 to provide an alternative to the Pacific Electric Railway, after a dispute over rising fares. Since that time, Culver CityBus has provided service to major retail, employment, health, commercial, educational, and recreational centers in Culver City and other communities in west Los Angeles.
- Culver CityBus operates as a department of the City of Culver City, with a separate enterprise fund. The Transportation Director reports to the Mayor and the City Council. The City Council provides oversight, sets policy, and approves the annual budget, Short Range Transportation Plan (SRTP), and grant requests.
- As a department of the City of Culver City, CityBus’s Fleet Equipment and Maintenance Division is responsible for providing maintenance and repair services for over 600 City vehicles and various units of equipment including emergency response and police vehicles in addition to the CityBus fleet.

**IT IS THE CITY'S POLICY TO PROVIDE REASONABLY PRICED, RELIABLE TRANSIT SERVICE**

- Culver CityBus service is intended to provide a reasonably priced and reliable alternative to the automobile and to serve as an integral component of the regional transit system.
- Culver CityBus services operate over a service area of approximately 40 square miles that extends from LAX in the south to UCLA in the north, and from the West LA Transit Center on the east to Venice Beach on the west. This area encompasses a population of slightly less than 300,000 and includes the communities of Culver City, Westchester, Marina del Rey, Venice, Mar Vista, Palms, Rancho Park, Westwood, Century City, and West Los Angeles.
- Culver CityBus operates seven fixed routes: three line haul routes and four community circulators. Line haul routes operate seven days a week; community circulators run on weekdays. All services are operated directly by Culver City employees.
- Culver CityBus coordinates service with adjoining and intersecting transit operators and provides connections to Torrance Transit at the LAX Transit Center, Santa Monica Big Blue Bus and the Metro.
- Culver CityBus is governed by a five member City Council. Culver CityBus is led by a Transportation Director and Deputy Transportation Director who supervise the work of an administrative staff of six individuals: one Transit Operations Manager, one Equipment Maintenance Manager, a Senior Management Analyst and three Management Analysts.

## **CULVER CITYBUS HAS ACHIEVED SOME SIGNIFICANT ACCOMPLISHMENTS DURING THE AUDIT PERIOD**

- During the audit period, Culver CityBus experienced an 8.2 percent increase in ridership.
- In September 2004, CityBus became the first operator in the Los Angeles basin to have a fleet comprised entirely of CNG vehicles and only the second operator in the state to achieve this fleet status.
- In FY05, competing with over 800 other transit and non-transit fleets, Culver City's Equipment Maintenance and Fleet Services Division finished 7<sup>th</sup> in North America and was named a "Top 10 Fleet" by Fleet Equipment magazine.
- In June 2006, Line 7 was added as a new CityBus route. Formerly, Line 7 was an underperforming portion of Metro Line 220. Line 7 is the first new bus line for Culver City in 25 years.
- In September 2005, CityBus awarded a contract to provide a SmartBus system for the City's fleet of transit buses and related vehicles. The system will provide CityBus with automated passenger counting, automated stop announcement and security camera subsystems, computer-aided dispatch, and automated vehicle location services.

## **CULVER CITYBUS IS ALSO FACING A NEW SET OF CHALLENGES**

- New development in and around the CCMBL service area has placed a greater burden on Culver CityBus to expand service. Several current and future projects will impact service requirements for Culver CityBus:
  - Playa Vista when complete will add just under 6,000 new residential units and approximately 350,000 square feet of retail and other office development to the immediate west of Culver City.
  - The Exposition Light Rail Project is scheduled for completion in 2010. The western terminus for the first phase of the route will be in Culver City. The route will eventually extend to Santa Monica.
  - LAX expansion, with a peak construction year in 2008, will directly impact CityBus service. Increased traffic will potentially require revamping local bus service.
  - West Los Angeles College expansion will generate significant trip requirements for Culver CityBus.
  - Metro plans to introduce Rapid Bus on Sepulveda Boulevard, a major Westside arterial. The service would be operated by Culver CityBus. Culver CityBus staff believe that operating Rapid Bus will require significant effort and are projecting that it will increase operating costs substantially.
- Operating costs have increased at a rate much higher than the CPI, primarily as a result of higher fuel costs and increasing labor costs. Labor costs have risen with significant increases in salaries, health care, pension and workers' compensation. These salary and benefit increases are mandated by City-approved labor agreements.

## **THE REMAINDER OF THE PERFORMANCE AUDIT REPORT IS ORGANIZED IN THE FOLLOWING SECTIONS**

- **II. Compliance Review**, which examines compliance with TDA data collection and PUC requirements, the consistency of data included in NTD, State Controller, and TPM reports and financial audits, the methodology for calculating EZ Pass reimbursements, and the status of prior audit recommendations.
- **III. Management Control and Reporting**, which discusses the agency's goals and objectives and performance monitoring systems.
- **IV. Performance Trends**, which examines systemwide and modal performance trends for TDA and TPM performance indicators.
- **V. Functional Area Performance Trends**, which describes performance of major functional areas involved in delivering transit services (e.g., transportation operations, maintenance, planning and administration).
- **VI. Conclusions and Recommendations**, which outlines recommendations and potential implementation strategies to capitalize on improvement opportunities for Culver CityBus.

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## **II. COMPLIANCE REVIEW**

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**THE COMPLIANCE REVIEW ASSESSES COMPLIANCE WITH STATE AND LOCAL MANDATES**

- The compliance review assesses compliance with State and local mandates:
  - Data collection and reporting procedures for the five TDA performance indicators required under Section 99246(d) and Section 99247 of the Public Utilities Code.
  - Data collection and reporting procedures for the performance indicators required by LACMTA's Transit Performance Measurement (TPM) Program.
  - The consistency of data reported to external agencies (i.e., State Controller Reports, National Transit Database Reports, TPM Reports, and Financial Audits).
  - Data collection and reporting for EZ Pass reimbursements.
  - PUC requirements for transit operators.
  - Progress to implement the recommendations of the previous triennial performance audit.
  
- PUC requirements verified as part of this performance audit include the compliance requirements for transit operators stipulated in the *TDA Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* (1998). In addition to the requirements identified in the Guidebook, compliance has been assessed with regard to PUC 99314.6, Operator Qualifying Criteria for State Transit Assistance.
  
- Compliance with PUC requirements and progress to implement prior audit recommendations are assessed as follows:

<b>PUC Compliance</b>	<b>Prior Audit Recommendations</b>
Full compliance	Fully implemented
Partial compliance (additional actions required to achieve full compliance)	Partially implemented (further progress is warranted)
Non-compliance or not applicable	Not implemented or not applicable

**CULVER CITYBUS IS IN COMPLIANCE IN ITS EXTERNAL REPORTING OF FINANCIAL AND OPERATING DATA, WITH ONE EXCEPTION**

Data Item	Data Definition	Compliance Finding	Comments
Operating Costs (TDA, TPM)	Total cost of providing transit services exclusive of capital costs, depreciation, direct costs of providing charter service, and vehicle lease costs	Full Compliance	Operating costs are collected and reported correctly, with lease costs, casualty and liability and depreciation/amortization identified.
Unlinked Passengers (TDA, TPM)	Total number of unlinked passenger trips; total passenger boardings, whether revenue producing or not	Full Compliance	Information is aggregated by weekday, Saturday and Sunday and then compiled correctly into monthly reports.
Total Vehicle Hours (TPM)	Total hours of travel consumed in normal scheduled service, including deadhead to and from the service area	Full Compliance	Total vehicle hours are reported correctly and include deadhead to and from the service area. In some years very minor inconsistencies occur.
Vehicle Service Hours (TDA, TPM)	Total hours that vehicles are in revenue service, from first to last scheduled stop. For demand response, includes times between first scheduled pick-up and last scheduled drop off	Full Compliance	Vehicle service hours are calculated consistently and reported correctly
Total Vehicle Miles (TPM)	The total distance traveled by transit vehicles, including both revenue miles and deadhead miles. Excludes miles traveled during training, hosteling, maintenance work and charters	Full Compliance	Data are reported correctly and consistently distinguish between vehicle miles and revenue miles
Vehicle Service Miles (TDA, TPM)	Total number of miles traveled by vehicles in revenue service. Excludes deadhead (i.e. travel to/from storage facilities, roadcalls)	Full Compliance	Data are reported correctly and consistently distinguish between vehicle miles and revenue miles
Employee Full Time Equivalents (TDA, TPM)	Total actual regular and overtime employee pay hours divided by 2000 hours. Includes pay hours for contract employees	Non-Compliance	Data are not calculated or reported correctly. TPM data reporting is consistently different than NTD reporting which is based on employee pay hours divided by 2000

Compliance Review – Data Collection and Reporting

**CULVER CITYBUS IS IN COMPLIANCE IN ITS EXTERNAL REPORTING OF FINANCIAL AND OPERATING DATA, WITH ONE EXCEPTION (CONTINUED)**

Data Item	Data Definition	Compliance Finding	Comments
Peak Vehicles (TPM)	Annualized average (monthly) of the maximum number of individual vehicles assigned during peak hours	Full Compliance	Data were consistently reported per NTD and TPM definitions during the audit period
Farebox Revenues (TPM)	Revenue earned from carrying passengers, including base fare and transfer costs	Full Compliance	CCMBL reports its farebox revenues consistent with TPM guidelines
Local Subsidies & Auxiliary Revenues (TPM)	Includes general operating assistance, local special fare assistance, and other local sources. Auxiliary and other revenue earned (e.g., advertising, concessions) for related transportation functions	Full Compliance	Data is reported correctly and includes appropriate funding sources

**WHILE IN COMPLIANCE IN REPORTING OF MOST FINANCIAL AND OPERATING DATA, THERE ARE INCONSISTENCIES IN THE DATA REPORTED BY CULVER CITYBUS**

- With the exception of reporting employee full-time equivalents, Culver CityBus develops and reports its financial and operating data in accordance with applicable data definitions.
- However, inconsistencies are noted in the actual data reported between various reports. In some cases, this is probably the result of different reporting timeframes and the extent to which data have been audited prior to the data a report is due:
  - Operating costs continue to be reported differently in the agency’s external reports. While the NTD and TPM reports are mostly consistent during the audit period, variances exist between those reports and the State Controller’s Report and the Audited Financial Statements,
  - External NTD and TPM reporting for Local Subsidies and Auxiliary Revenue are inconsistent in the early years of the audit period.
  - FTEs continue to be reported differently in each of the NTD, TPM and State Controller reports throughout the audit period. The disparity appears to be a result of reporting positions instead of FTEs (which are calculated by dividing pay hours by 2,000).

**WHILE IN COMPLIANCE IN REPORTING OF MOST FINANCIAL AND OPERATING DATA, THERE ARE INCONSISTENCIES IN THE DATA REPORTED BY CULVER CITYBUS (CONTINUED)**

TDA Statistic	Source	Base Year	Audit Review Period		
		FY03	FY04	FY05	FY06
Operating Cost	FTA National Transit Database	\$10,452,017	\$11,051,729	\$11,513,526	\$12,807,670
	State Controller's Report	\$10,735,724	\$11,126,729	\$11,847,635	\$13,099,850
	Audited Financial Statements	\$10,735,724	\$11,051,729	\$11,513,526	\$13,109,316
	MTA TPM Program	\$10,452,016	\$11,051,729	\$11,513,526	\$13,109,316
Farebox Revenues	FTA National Transit Database	\$2,241,859	\$2,506,121	\$2,546,908	\$2,731,738
	State Controller's Report	\$2,241,859	\$2,506,121	\$2,546,908	\$2,731,738
	Audited Financial Statements	\$2,241,859	\$2,506,121	\$2,546,908	\$2,731,738
	MTA TPM Program	\$2,221,772	\$2,481,519	\$2,522,397	\$2,731,737
Local Subsidies & Auxiliary Revenues	Audited Financial Statements	\$913,095	\$1,410,262	\$789,979	\$1,069,592
	MTA TPM Program	\$933,182	\$1,434,864	\$814,490	\$1,069,592
Unlinked Passengers	FTA National Transit Database	5,288,494	5,398,584	5,402,319	5,721,345
	State Controller's Report	5,288,494	5,398,584	5,402,335	5,721,345
	MTA TPM Program	5,288,494	5,398,584	5,402,319	5,721,345
Vehicle Service Hours	FTA National Transit Database	124,220	135,252	134,225	135,436
	State Controller's Report	124,840	136,600	134,579	133,485
	MTA TPM Program	124,840	135,253	134,225	130,489
Vehicle Service Miles	FTA National Transit Database	1,417,180	1,419,541	1,423,365	1,427,129
	State Controller's Report	1,417,045	1,419,541	1,423,326	1,415,371
	MTA TPM Program	1,417,046	1,419,541	1,423,365	1,415,374
Employee Full-Time Equivalents	FTA National Transit Database	99.8	98.4	103.2	103.5
	State Controller's Report	112.0	99.0	99.0	105.0
	MTA TPM Program	97.0	101.0	98.0	96.0
Total Vehicle Hours	FTA National Transit Database	127,274	138,362	138,645	138,319
	MTA TPM Program	127,285	138,362	138,645	138,441
Total Vehicle Miles	FTA National Transit Database	1,504,749	1,511,895	1,508,784	1,488,264
	MTA TPM Program	1,504,660	1,511,895	1,508,784	1,519,207
Peak Vehicles	FTA National Transit Database	33	32	32	33
	State Controller's Report	31	32	32	33
	MTA TPM Program	31	32	32	33

**CULVER CITYBUS IS NOT IN COMPLIANCE WITH EZ PASS REPORTING REQUIREMENTS**

- EZ Transit Pass Regional Program Guidelines permit operators to seek reimbursement for EZ Pass boardings by using one of the following methodologies:
  - EZ Pass boardings recorded at the farebox
  - EZ Pass boardings compiled from on-board surveys conducted at least annually using a reliable statistical methodology to record EZ Pass boardings on a line-by-line basis.
- Culver CityBus participates in the EZ Pass program. Culver CityBus captures EZ Pass boardings using farebox data. EZ Pass boardings are recorded for local boardings. Culver CityBus does not operate commuter or express service. Culver CityBus reported the following EZ Pass boardings (FY06 boardings were revised from the number reported in the FY06 TPM report to be consistent with EZ Pass invoices):

<b>EZ Pass Boardings</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>
Local	258,727	394,949	550,596

- Operators participating in the EZ Pass program are reimbursed at the rate of an annual average fare for each EZ Pass boarding reported. Each operator may calculate its annual average fare either as a single average fare for all EZ Pass boardings or as separate average fares for local, senior local, express and senior express boardings.

**CULVER CITYBUS IS NOT IN COMPLIANCE WITH EZ PASS REPORTING REQUIREMENTS (CONTINUED)**

- Culver CityBus has opted to use the single average fare methodology to determine its reimbursement rate. Culver CityBus calculates the average fare by dividing total fares received by the total number of unlinked passengers. During the audit period, Culver CityBus reported the following average fares:

<b>Average Fares</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>
Local	\$0.42	\$0.46	\$0.47

- Under the Single Average Fare option stipulated in the EZ Pass Guidelines, operators are required to use the following average fare calculation formula:

$$\frac{(\text{Total fare revenue including pass sales} - \text{EZ Pass sales revenue} - \text{Student fare revenue})}{(\text{Total Boardings} - \text{EZ Pass boardings} - \text{Student fare boardings} - \text{Free boardings})}$$

- Culver CityBus’s calculation methodology does not comply with EZ Pass Guidelines. It is likely that deducting EZ Pass and student revenue and boardings and free boardings would increase Culver CityBus’s reimbursement rate under the EZ Pass program.
- Data for boardings and revenue received are derived from TPM reports and information provided during on-site interviews. Verification of average fare calculations was provided by Culver CityBus’ Senior Management Analyst.

**CULVER CITYBUS TRANSIT FULLY COMPLIES WITH ALL PUC REQUIREMENTS**

<b>Code Reference</b>	<b>Operator Compliance Requirements</b>	<b>Compliance Finding</b>	<b>Verification Information</b>
PUC Section 99243	<b>Uniform System of Accounts and Records:</b> Annual reports based on the Uniform System of Accounts and Records established by the State Controller are submitted to the RTPE within 90 days of the end of the fiscal year, or within 110 days if submitted electronically. Reports due: FY04: 11/24/04 (paper); 12/14/04 (electronic) FY05: 09/28/05 (paper); 10/18/05 (electronic) FY06: 10/12/06 (paper); 11/01/06 (electronic)	Full Compliance	State Controller Report submittal dates: FY04: 12/14/2004 FY05: 10/18/2005 FY06: 10/26/2006
PUC Section 99245	<b>Annual Fiscal Audit:</b> Certified annual fiscal and compliance audits are submitted to the RTPE and State Controller within 180 days of the end of the fiscal year (December 30), or receive 90 day extension	Full Compliance	Annual fiscal audit submittal dates: FY04: Report dated 9/22/2004 FY05: Report dated 9/22/2005 FY06: Report dated 9/21/2006
PUC Section 99251	<b>CHP Certifications:</b> Following inspection of the operator's terminal, CHP has certified operator's compliance with Vehicle Code 1808.1 within 13 months prior to each TDA claim submittal	Full Compliance	CHP certification dates: FY04: 3/20/2003 FY05: 3/10/2004 FY06: 4/27/2005
PUC Section 99261	<b>Transportation Planning Agency Regulations:</b> Claims for TDA funds are submitted in compliance with RTPE's rules and regulations for such claims	Full Compliance	TDA claims were filed in compliance with Metro guidelines.
PUC Section 99264	<b>Staffing on Vehicles:</b> Public transportation vehicles designed to be operated by one person are not routinely staffed with two or more persons	Full Compliance	Culver CityBus does not routinely staff vehicles with more than one person.
PUC Section 99266	<b>Budget Changes:</b> Operating budget has not increased by more than 15% over the preceding year unless reasonable justification has been provided	Full Compliance	Percent growth in budget: FY04: 5.7% FY05: 4.2% FY06: 11.2%

**CULVER CITYBUS TRANSIT FULLY COMPLIES WITH ALL PUC REQUIREMENTS (CONTINUED)**

Code Reference	Operator Compliance Requirements	Compliance Finding	Comments
PUC Section 99268	<b>50% Expenditure Limitation:</b> Funding provided through the TDA makes up no more than 50% of the operator’s operating, maintenance, capital, and debt service requirements after federal grants are deducted	Full Compliance	TDA funds as a percentage of financial requirements: FY04: 48.6% FY05: 48.4% FY06: 48.7%
PUC Sections 99268.2 99268.3 99268.4 99268.5 99269	<b>Requirement – Revenue Ratios:</b> Operator has maintained a ratio of fare revenues to operating costs at least equal to: 20% for urban areas, 10% for non-urban areas, 10% for services for elderly and handicapped persons.	Full Compliance	Farebox Recovery Ratios: FY04: 22.7% FY05: 22.1% FY06: 21.3%
PUC Section 99271	<b>Employee Retirement System:</b> 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 an RTPE-approved plan to fully fund the retirement system within 40 years	Full Compliance	Audited financial statements for FY04 through FY06 confirm that Culver CityBus employees are covered by the California Public Employees’ Retirement System.
PUC Section 99314.5	<b>Eligibility for State Transit Assistance:</b> If the operator receives STA funds, the operator is not precluded by contract from employing part-time drivers or from contracting with common carriers	Full Compliance	The Culver CityBus Labor Agreement does not limit the number of part-time drivers or preclude contracting services.

**CULVER CITYBUS TRANSIT FULLY COMPLIES WITH ALL PUC REQUIREMENTS (CONTINUED)**

Code Reference	Operator Compliance Requirements	Compliance Finding	Comments
PUC Section 99314.6	<p><b>Operator Qualifying Criteria for State Transit Assistance:</b> If the operator receives STA funds:</p> <p>(a)(1) The operator’s total operating cost per revenue vehicle hour for the last year for which audited data is available does not exceed the prior year’s cost per hour adjusted for inflation using the CPI, OR:</p> <p>(a)(2) The operator’s average total operating cost per revenue hour in the latest three years for which audited data are available does not exceed the sum of the average of the preceding three years adjusted for inflation using the CPI</p>	Full Compliance	<p>Cost Per Hour and % Increase per TDA:</p> <p>FY04: \$81.71 = -2.9% (CPI 2.4%)                      FY05: \$85.78 = 5.0% (CPI 4.1%)                      FY06: \$94.57 = 10.2% (CPI 5.0%)</p> <p>Three Year Average Comparison:                      FY03 – FY05: \$83.88                      FY04 – FY06: \$87.35 (\$88.07 allowable with 5% over the preceding three years)</p>
CAC Section 6754(a)(3)	<p><b>Required Findings:</b> If the operator received STA funds, the operator makes full use of funds available from the Federal Transit Administration before TDA claims are granted</p>	Full Compliance	Federal funds allocated to Culver CityBus Transit are utilized in a timely manner.

**CULVER CITYBUS’ FAREBOX RECOVERY RATIO WAS STABLE DURING THE AUDIT PERIOD**

Data Item and Farebox Ratio	Base Year FY03	Audit Review Period			% Change FY03-FY06
		FY04	FY05	FY06	
<b>TDA Farebox Recovery Ratio</b>					
Farebox Revenues (a)	\$2,241,859	\$2,506,121	\$2,546,908	\$2,731,738	21.9%
Operating Costs (b)	\$10,452,017	\$11,051,729	\$11,513,526	\$12,807,670	22.5%
TDA Farebox Recovery Ratio	21.4%	22.7%	22.1%	21.3%	-0.6%
<b>TPM Farebox Recovery Ratio</b>					
Farebox Revenues (a)	\$2,221,772	\$2,481,519	\$2,522,397	\$2,731,737	23.0%
Local Subsidies & Auxiliary Revenues (c)	\$933,182	\$1,434,864	\$814,490	\$1,069,592	14.6%
Operating Costs (d)	\$10,452,016	\$11,051,729	\$11,513,526	\$13,109,316	25.4%
TPM Farebox Recovery Ratio	30.2%	35.4%	29.0%	29.0%	-3.9%

(a) Farebox revenues exclude charter revenues; (b) TDA operating costs exclude depreciation and charter costs

(c) Includes auxiliary and non-transportation revenues and Prop A local return subsidies; (d) TPM operating costs exclude depreciation and charter costs

Source: TDA, TPM Reports and audited financial data

- TDA Statues and TPM Guidelines each have minimum farebox requirements, but both allow local subsidies and auxiliary revenues to be added to fare revenues if necessary to achieve the targets:
  - Culver CityBus achieved the TDA-mandated 20 percent farebox recovery ratio in all three years of the audit period without the addition of local subsidies and auxiliary revenues.
  - Metro’s TPM program requires that operators achieve a 38 percent farebox recovery ratio. Including local subsidies and auxiliary revenue, Culver CityBus did not achieve the 38 percent ratio during the entire audit period.

Prior Audit Recommendations

**CULVER CITYBUS IMPLEMENTED THE PRIOR AUDIT RECOMMENDATION**

<b>Prior Audit Recommendations</b>	<b>Compliance Finding</b>	<b>Implementing Actions</b>	<b>Result of Actions</b>
1. Monitor Maintenance costs in light of full conversion of Culver CityBus fleet to CNG and implement steps to control costs over the long term	Fully Implemented	Culver CityBus established a system to monitor and regulate maintenance costs throughout the audit period.	In contrast with a CPI increase of 11.8 percent over the audit period, Culver CityBus Maintenance costs increased by 12.9 percent with a full conversion of its fleet to CNG
2. Develop an accurate methodology to segregate weekday statistics for TPM reporting	Fully Implemented	Culver CityBus took steps to implement accurate reporting during the audit period.	Culver CityBus TPM reporting is now consistent with MTA reporting requirements

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### **III. MANAGEMENT CONTROL AND REPORTING**

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## **CULVER CITYBUS HAS ADOPTED GOALS AND OBJECTIVES**

1. Implementation and utilization of Smart Bus technology via the Automated Vehicle Locator system
2. Restructure routes and rearrange resources as needed by staff research, public comment, and thorough Line-By-Line Analysis that will provide the agency with accurate data in order to improve route and system productivity
3. Creation of an Alternative Transit Routing Study (in conjunction with the City's Natural Hazard Mitigation Plan)
4. Continued participation in reviewing and preparing the agency for service increases associated with Playa Vista (2008), LAX expansion (peak construction year 2008), and the Exposition Light Rail Line (construction planned to begin in 2007)
5. Prepare the agency for the West Los Angeles College expansion, the Symantec Development in Corporate Point, the Fox Hills Mall expansion, and the upcoming arrival and construction of Metro's new Division 6 Bus Facility
6. Redesign the Culver CityBus web page in its entirety and include Spanish translations
7. Establish system-wide services standards
8. Continue to work towards implementing the region-wide Universal Fare System/Transit Access Pass in conjunction with Metro and other transit agencies

**CULVER CITYBUS HAS AN ESTABLISHED PROCESS TO SET AND EVALUATE GOALS AND OBJECTIVES ON A RECURRING AND ANNUAL BASIS**

- The mission of Culver CityBus is to provide safe, reliable, accessible public transit service to residents of Culver City.
- Culver CityBus establishes and monitors its goals through:
  - Weekly in-house meetings between Culver CityBus management staff
  - An annual budget process
  - An annual Short Range Transit Plan.
- Goals and objectives are documented in the Short Range Transit Plan and the annual departmental budget.
- Culver CityBus is required to detail in its annual budget a proposed work plan for the agency as well as report on the status of the prior year's work program. The budget also contains an overview of key workload and performance indicators.
- However, Culver CityBus does not have a documented strategic plan which includes performance measurement criteria or means to track ongoing progress with regard to stated goals and objectives.

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## **IV. PERFORMANCE TRENDS**

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## **CULVER CITYBUS' TPM AND TDA PERFORMANCE INDICATORS WERE ANALYZED TO ASSESS SYSTEMWIDE TRENDS IN EFFICIENCY AND EFFECTIVENESS**

- Seven TPM service indicators are required by and reported to MTA to enable assessment of annual performance. Five TDA service indicators are required under section 99246 (d) and Section 99247 of the Public Utilities Code (PUC). Culver CityBus's efficiency and effectiveness is assessed based on the results of TDA and TPM performance indicators.
- The primary data for this analysis are extracted from the National Transit Database and TPM reports prepared by Culver CityBus. Where necessary, other data sources (e.g., Financial Audits, State Controller reports) have been used to achieve the highest possible level of accuracy. For the TPM indicators, data are taken from the audited TPM/TDA reporting forms, since they are the only source that distinguishes weekday from total system data.
- The performance trends cover the period from FY04 through FY06, with FY03 used as a base year to provide a point of reference for the analysis.
- Systemwide trends are reviewed in this section to assess Culver CityBus's efficiency and effectiveness. Functional area performance indicators discussed in the next section provide further insights into performance results.
- Transit agencies in the California business environment are impacted by many cost drivers outside of their direct control, including fuel costs, liability coverage, state mandated employee benefits, and air quality laws/regulations. While cost performance trends are compared to inflation over the audit period, many costs have increased faster than inflation over that time and this must be considered when reviewing cost-related performance.

**TPM PERFORMANCE INDICATORS ARE MANDATED BY MTA'S TRANSIT PERFORMANCE MEASUREMENT PROGRAM**

- TPM indicators are required by and reported to Metro annually to assess performance.
- The following indicators are included in the Metro TPM program (indicators marked with an asterisk are also required by TDA):
  - Cost per vehicle service hour\*
  - Farebox recovery ratio (including local and auxiliary revenues)
  - Metro subsidy per passenger
  - Passengers per vehicle service hour\*
  - Farebox recovery ratio
  - Farebox revenue per passenger
  - Vehicle service hours per peak vehicle.
- With the exception of peak vehicles, data definitions are similar for TDA and TPM reporting.

**CULVER CITYBUS’S TPM WEEKDAY INDICATORS SHOW GENERALLY POSITIVE PERFORMANCE RESULTS FOR THE AUDIT PERIOD**

**CULVER CITYBUS TPM WEEKDAY INDICATORS**

Verified TPM Statistics & Performance Indicators	Base Yr. FY03	Audit Review Period			% Change FY03-FY06
		FY04	FY05	FY06	
Operating Costs (a)	\$8,548,514	\$8,907,694	\$8,934,496	\$10,232,654	19.7%
Unlinked Passengers	4,571,130	4,923,477	4,189,174	5,436,600	18.9%
Total Vehicle Hours	113,295	116,642	113,100	112,579	-0.6%
Vehicle Service Hours	102,510	114,223	110,500	104,780	2.2%
Total Vehicle Miles	1,193,910	1,266,684	1,225,899	1,223,560	2.5%
Vehicle Service Miles	1,129,395	1,188,234	1,155,180	1,167,920	3.4%
Employee FTEs	97.0	101.0	98.0	96.0	-1.0%
Peak Vehicles	31.0	32.0	32.0	33.0	6.5%
Farebox Revenue	\$1,569,301	\$1,992,660	\$1,928,798	\$2,556,226	62.9%
Local Subsidies & Auxiliary Revenues	\$712,214	\$1,434,864	\$651,352	\$1,069,592	50.2%
LACMTA Subsidies	\$6,266,999	\$5,480,170	\$6,354,346	\$6,606,836	5.4%
Opg. Cost per Vehicle Service Hour	\$83.39	\$77.99	\$80.86	\$97.66	17.1%
Farebox Revenue + Local Subs+ Aux Rev/Oper Cost	26.7%	38.5%	28.9%	35.4%	32.8%
LACMTA Subsidies / Passenger	\$1.37	\$1.11	\$1.52	\$1.22	-11.4%
Passengers per Vehicle Service Hour	44.6	43.1	37.9	51.9	16.4%
Farebox Revenue / Operating Costs	18.4%	22.4%	21.6%	25.0%	36.1%
Farebox Revenue per Passenger	\$0.34	\$0.40	\$0.46	\$0.47	37.0%
Vehicle Service Hours per Peak Vehicle	3,307	3,569	3,453	3,175	-4.0%
Percentage Change Consumer Price Index (CPI-W)	--	2.4%	4.1%	5.0%	11.8%

(a) Operating costs exclude depreciation expense and charter costs

Source: Audited TPM Reports

**CULVER CITYBUS'S TPM WEEKDAY INDICATORS SHOW GENERALLY POSITIVE PERFORMANCE RESULTS FOR THE AUDIT PERIOD (CONTINUED)**

- **Operating Cost Per Vehicle Service Hour**, a measure of cost efficiency, dropped in FY04 and then increased for two years. From FY03 to FY06, this indicator increased 17.1 percent, as operating costs increased annually, and 19.7 percent overall, while vehicle service hours fluctuated, but ended the period up only 2.2 percent.
- **Farebox Revenue as a Proportion of Total Operating Costs** – Farebox recovery for the total system increased 36.1 percent for weekday service, from 18.4 percent in FY03 to 25.0 percent in FY06. While operating costs increased 19.7 percent over the period, farebox revenues increased 62.9 percent.
- **Farebox Recovery With Local Subsidies And Auxiliary Revenues** – This indicator increased by 32.8 percent from FY03 to FY06, with local subsidies and auxiliary revenues increasing 50.2 percent during the period.
- **Unlinked Passengers Per Vehicle Service Hour** – Passengers per vehicle service hour rose 16.4 percent over the audit period. Although service levels increased only slightly, passenger boardings increased 18.9 percent.
- **Farebox Revenue Per Unlinked Passenger** – Average fare per boarding increased 37.0 percent, \$0.34 to \$0.47, although fare levels did not change and boardings increased only 18.9 percent.
- **Vehicle Service Hours Per Peak Vehicle** – This indicator of fleet productivity declined 4.0 percent, dropping from 3,300 hours in FY03 to 3,175 hours per peak vehicle in FY06.

**TDA PERFORMANCE INDICATORS ARE REQUIRED FOR THE STATE TRIENNIAL PERFORMANCE AUDITS**

- TDA indicators measure performance for the total system (weekday, weekend and holiday services), where as TPM indicators are focused on weekday service only.
- TDA indicators, which are calculated for the total system, include:
  - Operating Cost Per Passenger
  - Operating Cost Per Vehicle Service Hour
  - Passengers Per Vehicle Service Hour
  - Passengers Per Vehicle Service Mile
  - Vehicle Service Hours Per Employee.

**USING TDA INDICATORS, CULVER CITYBUS EXPERIENCED GENERALLY POSITIVE SYSTEMWIDE EFFICIENCY AND EFFECTIVENESS**

**CULVER CITYBUS TDA INDICATORS**

Verified TDA Statistics & Performance Indicators	Base Yr. FY03	Audit Review Period			% Change FY03-FY06
		FY04	FY05	FY06	
Operating Costs (a)	\$10,452,017	\$11,051,729	\$11,513,526	\$12,807,670	22.5%
Unlinked Passengers	5,288,494	5,398,584	5,402,319	5,721,345	8.2%
Vehicle Service Hours	124,220	135,252	134,225	135,436	9.0%
Vehicle Service Miles	1,417,180	1,419,541	1,423,365	1,427,129	0.7%
Employee FTEs (b)	100	98	103	104	N/A
Cost Per Hour	\$84.14	\$81.71	\$85.78	\$94.57	12.4%
Cost Per Passenger	\$1.98	\$2.05	\$2.13	\$2.24	13.3%
Passengers Per Hour	42.6	39.9	40.2	42.2	-0.8%
Passengers Per Mile	3.7	3.8	3.8	4.0	7.4%
Hours Per Employee FTE	1,245	1,374	1,301	1,308	5.1%
Percentage Change Consumer Price Index	--	2.4%	4.1%	5.0%	11.8%

N/A - Not available

(a) TDA operating costs exclude depreciation and charter costs

(b) Total labor hours/2000

Source: National Transit Database Reports

**USING TDA INDICATORS, CULVER CITYBUS EXPERIENCED GENERALLY POSITIVE SYSTEMWIDE EFFICIENCY AND EFFECTIVENESS (CONTINUED)**

- **Operating Cost Per Vehicle Service Hour** – This key indicator of cost efficiency increased annually, and by 12.4 percent during the audit period, compared with an 11.8 percent increase in the CPI. While operating costs grew by 22.5 percent, vehicle service hours increased 9.0 percent, offsetting a good portion of the cost increase.
- **Operating Cost Per Passenger** – This cost effectiveness measure grew from \$1.98 per passenger to \$2.24 per passenger, an increase of 13.3 percent compared to a CPI increase of 11.8 percent over the same period. While operating costs rose significantly during the period, passenger increases were more modest at 8.2 percent.
- **Passengers Per Vehicle Service Hour and Per Vehicle Service Mile** – These indicators of service effectiveness trended in opposite directions. Passengers per vehicle service hour dropped six percent in FY04 and then increased annually, ending the audit period at 42.2, 0.8 percent below FY03's 42.6. On the other hand, boardings adjusted for service miles grew 7.4 percent, because the growth in miles was much flatter (0.7 percent) than the growth in service hours (9.0 percent). During this time, boardings increased 8.2 percent.
- **Vehicle Service Hours Per Employee Full-Time Equivalent** – This indicator of labor productivity increased of 5.1 percent over the audit period as the growth in service was not matched by the growth in overall employee hours.

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## **V. FUNCTIONAL AREA PERFORMANCE TRENDS**

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**FUNCTIONAL AREA PERFORMANCE TRENDS ARE REVIEWED TO PROVIDE FURTHER INSIGHT INTO PERFORMANCE RESULTS**

- Performance trends were analyzed for the period between FY04 and FY06. Fiscal Year 2003 is used as baseline for trend analysis. Information for the analysis of each functional area is taken from Culver CityBus' reports to the National Transit Database. These reports provide data by functional area. Interviews with key staff provided additional supporting information and insight
- Performance results are presented for three functional areas – transportation, maintenance, and planning and administration
- Transit agencies in the California business environment are impacted by cost factors that are outside their direct control, including fuel costs, liability coverage, state mandated employee benefits, and air quality laws/regulations. It therefore may not be realistic to expect a transit agency to keep the cost of doing business in line with the overall rate of inflation. The cost impacts associated with regulatory mandates (e.g., expanded drug and alcohol testing, revised labor regulations) are acknowledged but have not been quantified.

Functional Area Performance Trends – Transportation

**TRANSPORTATION PERFORMANCE TRENDS ARE POSITIVE, ALTHOUGH OPERATIONS COSTS INCREASED SIGNIFICANTLY DUE TO FACTORS OUTSIDE CULVER CITYBUS’S CONTROL**

**CULVER CITYBUS – TRANSPORTATION PERFORMANCE INDICATORS**

Base Data and Performance Indicators	Base Yr. FY03	Audit Review Period			% Change FY03-FY06
		FY04	FY05	FY06	
Transportation Operations Costs	\$6,254,172	\$6,682,796	\$7,215,476	\$8,278,190	32.4%
Transportation Labor Costs (a)	\$3,991,598	\$4,117,109	\$4,312,470	\$4,481,027	12.3%
Fringe Benefit Costs	\$1,371,761	\$1,626,125	\$2,003,928	\$2,705,316	97.2%
Services	\$102,998	\$116,552	\$28,686	\$64,001	-37.9%
Fuel and Lubricants Costs	\$613,086	\$623,410	\$719,505	\$875,443	42.8%
Materials & Supplies Costs (b)	\$107,916	\$97,636	\$88,963	\$84,725	-21.5%
Utilities	\$37,698	\$37,734	\$35,296	\$35,474	-5.9%
Miscellaneous Expenses	\$29,115	\$64,230	\$26,628	\$32,204	10.6%
Gallons of Diesel Fuel	59,578	27,299	4,288	0	-100.0%
Vehicle Service Hours (VSH)	124,220	135,252	134,225	135,436	9.0%
Total Vehicle Hours	127,274	138,362	138,645	138,319	8.7%
Vehicle Service Miles (VSM)	1,417,180	1,419,541	1,423,365	1,427,129	0.7%
Total Vehicle Miles	1,504,749	1,511,895	1,508,784	1,488,264	-1.1%
Unlinked Passengers	5,288,494	5,398,584	5,402,319	5,721,345	8.2%
Operator Pay Hours	140,471	134,960	148,179	150,768	7.3%
Vehicle Operations FTEs	70.2	67.5	74.1	75.4	7.3%
Transportation Costs per VSH	\$50.35	\$49.41	\$53.76	\$61.12	21.4%
Fuel Cost per Vehicle Mile	\$0.41	\$0.41	\$0.48	\$0.59	44.4%
VSH per Vehicle Operations FTEs	1,769	2,004	1,812	1,797	1.6%
Revenue Service Miles per VSH	11.4	10.5	10.6	10.5	-7.6%
Consumer Price Index	--	2.4%	4.1%	5.0%	11.8%

(a) Includes Other Transportation Salaries & Wages

(b) Includes Tires and Lubes

Source: National Transit Database Reports

**TRANSPORTATION PERFORMANCE TRENDS ARE POSITIVE, ALTHOUGH COSTS INCREASED SIGNIFICANTLY DUE TO FACTORS OUTSIDE CULVER CITYBUS’S CONTROL (CONTINUED)**

- Transportation operating costs increased over the audit period by 32.4 percent compared to an increase in the CPI of 11.8 percent. As a result of the 9.0 percent increase in vehicle service hours, costs hour increased by 21.4 percent.
- The increase in transportation operating costs is largely a result of:
  - A 42.8 percent increase in fuel costs
  - A 97.2 percent increase in employee fringe benefit costs, which were significantly impacted by a retroactive catch-up in retirement contribution plan premiums and assessments
  - The City’s reorganization of Workers’ Compensation program to correct what the City believed was an insufficient share of costs attributed to CityBus
  - Labor contracts providing for 4.0% annual increases in wages.
- Vehicle service hours increased 9.0 percent. Coupled with the large increases in fringe benefits and fuel, transportation costs per vehicle service hour increased 21.4 percent.

Functional Area Performance Trends – Maintenance

**OVERALL, MAINTENANCE PERFORMANCE INDICATORS ARE GENERALLY POSITIVE, BUT THE CONVERSION TO 100% CNG FLEET PRESENTS A UNIQUE CHALLENGE**

**CULVER CITYBUS – MAINTENANCE PERFORMANCE INDICATORS**

Base Data and Performance Indicators	Base Yr. FY03	Audit Review Period			% Change FY03-FY06
		FY04	FY05	FY06	
Vehicle Maintenance Costs	\$2,172,855	\$2,205,859	\$2,094,092	\$2,452,237	12.9%
Maintenance Labor Costs	\$1,160,451	\$1,177,010	\$1,135,132	\$1,139,249	-1.8%
Fringe Benefit Costs	\$497,336	\$504,432	\$486,485	\$709,694	42.7%
Materials & Supplies Costs	\$466,519	\$468,994	\$435,270	\$557,350	19.5%
Miscellaneous Expenses	\$42,418	\$55,423	\$37,205	\$45,944	8.3%
Vehicle Service Hours	124,220	135,252	134,225	135,436	9.0%
Total Vehicle Miles	1,504,749	1,511,895	1,508,784	1,488,264	-1.1%
Major Mechanical System Failures	31	19	27	56	80.6%
Total Mechanical System Failures	246	308	278	297	20.7%
Vehicle Maintenance FTEs	15.1	15.2	13.7	13.9	-8.0%
Active Vehicles	46	46	46	46	0.0%
Peak Vehicles	33	32	32	33	0.0%
Vehicle Maintenance Cost Per Hour	\$17.49	\$16.31	\$15.60	\$18.11	3.5%
Vehicle Maintenance Cost Per Mile	\$1.44	\$1.46	\$1.39	\$1.65	14.1%
Maintenance Labor Costs Per Mile	\$0.77	\$0.78	\$0.75	\$0.77	-0.7%
Miles Between Major System Failures	48,540	79,573	55,881	26,576	-45.2%
Miles Between Total System Failures	6,117	4,909	5,427	5,011	-18.1%
Miles Per Active Vehicle	32,712	32,867	32,800	32,354	-1.1%
Materials/Supplies Cost per Active Vehicle	\$10,142	\$10,196	\$9,462	\$12,116	19.5%
Active Vehicles Per Maintenance FTE	3.0	3.0	3.3	3.3	8.7%
Spare Ratio	39%	44%	44%	39%	0.0%
Consumer Price Index	--	2.4%	4.1%	5.0%	11.8%

Source: National Transit Database Reports

**OVERALL, MAINTENANCE PERFORMANCE INDICATORS ARE GENERALLY POSITIVE, BUT THE CONVERSION TO 100% CNG FLEET PRESENTS A UNIQUE CHALLENGE (CONTINUED)**

- Overall vehicle maintenance costs increased only 12.9 percent, compared to the overall increase in the CPI of 11.8 percent.
- As with transportation costs, the increase in overall maintenance costs is largely a factor of:
  - A 42.7 percent increase in employee fringe benefit costs, significantly impacted by a retroactive catch-up in retirement contribution plan premiums and assessments
  - A 19.5 percent increase in the cost of maintenance materials and supplies
  - The City’s reorganization of the Workers’ Compensation program to correct what the City believed was an insufficient share of costs attributed to CityBus
  - Labor contracts providing for 4.0% annual increases in wages.
- Actual hourly labor costs fell by 1.8 percent during the audit period as a result of the drop in full-time-equivalents from 15.1 to 13.9.
- Although total vehicle miles decreased slightly, by 1.1 percent, coupled with the increase in fringe benefit costs, vehicle maintenance costs per mile increased from \$1.44 per mile to \$1.65 per mile, or 14.1 percent over the audit period,
- Culver CityBus had 46 active vehicles in the revenue fleet each year of the audit period. Peak vehicles dropped by one in FY04 and increased by one in FY06. As a result, the spare ratio increased to 44 percent and then dropped back to 39 percent. While these levels are high, the FTA’s spare ratio requirements do not apply to bus fleets with fewer than 50 buses.

**OVERALL, MAINTENANCE PERFORMANCE INDICATORS ARE GENERALLY POSITIVE BUT THE CONVERSION TO 100% CNG FLEET PRESENTS ITS OWN UNIQUE CHALLENGE (CONTINUED)**

- The conversion to an all CNG fleet represents a significant maintenance challenge for the agency as indicated by the 80.6 percent increase in total mechanical failures over the audit period. This is in large part a result of the change over to more sophisticated onboard safety technology that includes sensors that determine when a system should be shut down. In repeated cases, passengers' extreme use of perfume or hairspray has been identified by the onboard sensors as methane and results in a major system shutdown.

Functional Area Performance Trends – Administration

**TRANSIT ADMINISTRATION PERFORMANCE INDICATORS ARE POSITIVE**

**CULVER CITYBUS – ADMINISTRATION PERFORMANCE INDICATORS**

Base Data and Performance Indicators	Base Yr. FY03	Audit Review Period			% Change FY03-FY06
		FY04	FY05	FY06	
Administrative Costs	\$2,009,358	\$2,148,097	\$2,178,028	\$2,052,432	2.1%
Admin. Labor Costs	\$917,351	\$1,026,434	\$1,186,538	\$1,197,287	30.5%
Fringe Benefit Costs	\$388,826	\$366,477	\$424,508	\$462,444	18.9%
Services	\$25,840	\$10,580	\$12,228	\$35,552	37.6%
Materials & Supplies Costs	\$3,413	\$3,446	\$1,917	\$4,831	41.5%
Utilities	\$11,000	\$19,324	\$23,425	\$24,538	123.1%
Casualty & Liability Costs	\$504,482	\$521,383	\$425,020	\$283,408	-43.8%
Miscellaneous Expenses	\$158,446	\$200,453	\$104,392	\$44,372	-72.0%
Administrative FTEs	14.5	15.7	15.4	14.4	-0.4%
Vehicle Service Hours (VSH)	124,220	135,252	134,225	135,436	9.0%
Vehicle Service Miles (VSM)	1,417,180	1,419,541	1,423,365	1,427,129	0.7%
Peak Vehicles	33	32	32	33	0.0%
Unlinked Passengers	5,288,494	5,398,584	5,402,319	5,721,345	8.2%
Passenger Miles	16,394,325	15,980,780	15,372,052	15,803,146	-3.6%
Admin. Costs Per VSH	\$16.18	\$15.88	\$16.23	\$15.15	-6.3%
Admin. Costs Per Peak Veh.	\$60,890	\$67,128	\$68,063	\$62,195	2.1%
Administrative Costs as % of Total	19.3%	19.5%	19.0%	16.1%	-16.6%
Peak Vehicles per Admin. FTE	2.3	2.0	2.1	2.3	0.4%
Casualty & Liability Costs per VSM	\$0.36	\$0.37	\$0.30	\$0.20	-44.2%
Average Passenger Trip Length	3.1	3.0	2.8	2.8	-10.9%
Passengers Per VSH	42.6	39.9	40.2	42.2	-0.8%
Passengers Per VSM	3.7	3.8	3.8	4.0	7.4%
Consumer Price Index	--	2.4%	4.1%	5.0%	11.8%

Source: National Transit Database Reports

**TRANSIT ADMINISTRATION PERFORMANCE INDICATORS ARE POSITIVE (CONTINUED)**

- Administrative cost efficiency can be measured by administrative cost per hour, cost per peak vehicle, and administrative costs as a percentage of total operating costs. Administrative costs increased in all key areas, except for casualty and liability costs, which dropped significantly. Nevertheless, overall administrative costs increased by only 2.1 percent in comparison to an 11.8 percent increase in the CPI.
- During the audit period:
  - Administrative costs per vehicle service hour decreased by 6.3 percent, as the 9.0 percent increase in vehicle service hours outweighed the 2.1 percent increase in administrative costs.
  - Administrative costs per peak vehicle increased just over two percent.
  - Casualty and liability costs dropped almost 44 percent, from \$504,000 in FY03 to \$283,000 in FY06.
  - Miscellaneous costs also decreased significantly, dropping 72 percent from \$158,000 in FY03 to \$44,000 in FY06.
- Administrative costs as a percentage of overall operating costs dropped significantly, by 16.6, percent primarily due to the large increase in transportation operating costs.
- Administrative costs per vehicle service hour declined 6.3 percent as a result of a 9.0 percent increase in vehicle service hours coupled with the very small 2.1 percent increase in overall administrative costs.

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## **VI. CONCLUSIONS AND RECOMMENDATIONS**

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**CULVER CITYBUS IS IN COMPLIANCE WITH PUC REQUIREMENTS AND IMPLEMENTED PRIOR AUDIT RECOMMENDATIONS**

- **Compliance with PUC Requirements** – Culver CityBus is in full or reasonable compliance with all PUC requirements
- **Progress to Implement Prior Audit Recommendations** – Culver CityBus has taken all appropriate steps to address prior audit recommendations.
- **Data Collection and Reporting** – In several areas data are not collected consistently or reported in compliance with TDA and TPM data definitions, as discussed in Section II of this report.
- **Data Consistency** – Data is not consistently reported in all reports to external agencies. Again, this is evidenced by the number of inconsistencies identified in Section II of this report.

**DESPITE SIGNIFICANT CHALLENGES, CULVER CITYBUS' AUDIT PERIOD ACCOMPLISHMENTS ARE NOTABLE**

- Culver CityBus experienced an 8.2 percent increase in ridership. During the audit period, ridership increased annually, from 5.29 million in FY03 to 5.72 million in FY06,
- In September 2004, CityBus became the first operator in the Los Angeles basin to have a fleet comprised entirely of CNG vehicles and only the second operator in the state to accomplish this achievement.
- In FY05, competing with over 800 other transit and non-transit fleets, Culver City's Equipment Maintenance and Fleet Services Division finished 7<sup>th</sup> in North America and was named a "Top 10 Fleet" by Fleet Equipment magazine.
- In June 2006, Line 7 was added as a new CityBus route. Formerly, Line 7 was an underperforming portion of Metro Line 220. Line 7 is the first new bus line for Culver City in 25 years.

**THREE RECOMMENDATIONS ARE OFFERED FOR CONSIDERATION BY CULVER CITYBUS**

- Findings documented in the previous section of the performance audit indicate areas of positive performance as well as opportunities for improved effectiveness, efficiency and productivity. This section provides recommendation to capitalize on these improvement opportunities. Rather than reviewing the recommendation as negative, it should be balanced against Culver CityBus' positive performance results during the performance audit period, noted throughout this report.
- Recommendations offered for Culver CityBus's consideration address both compliance issues and opportunities to improve performance trends:
  - One recommendation addresses opportunities to improve efficiency and effectiveness:
    - 1) Culver CityBus should develop a strategic business plan.
  - The second recommendation is provided to assist in improving compliance with PUC requirements:
    - 2) Culver Citybus should continue efforts to improve the accuracy of financial and operating data reporting.
  - The third recommendation is provided to improve compliance with EZ Pass fare reimbursement requirements:
    - 3) Culver Citybus should modify its EZ Pass fare reimbursement calculation formula to meet EZ Pass requirements.

Conclusions and Recommendations

**THREE RECOMMENDATIONS ARE OFFERED FOR CONSIDERATION BY CULVER CITYBUS  
(CONTINUED)**

- For each of the recommendations, the context, possible actions to address the issue, and expected results are provided in the remainder of this section.

## **RECOMMENDATION 1: CULVER CITYBUS SHOULD DEVELOP A STRATEGIC BUSINESS PLAN**

- **Problem/Opportunity:** As a department of the City, Culver CityBus follows the City's strategic plan, and has developed a mission and goals and objectives that are specific to transit and used to guide transit investments and operations. However, Culver CityBus does not have a dedicated performance measurement program to track and regularly report the success of its programs and initiatives. The Short Range Transit Plan, which is primarily a descriptive document with information about existing services and planned improvements, does not identify the agency's mission and vision and provides only the performance data that are required by LACMTA, not necessarily the data that are useful to Culver CityBus and meaningful to its public.
- Culver CityBus is undertaking or implementing a number of new programs, including the introduction of a Rapid Bus route, new on-board technologies such as AVL, and continuing efforts associated with Playa Vista development, LAX expansion, and introduction of the Exposition Light Rail Plan (construction planned to begin in 2007). Coupled with Culver CityBus's plans to conduct a line-by-line analysis and restructure routes and rearrange resources as appropriate, this is the perfect time to prepare a strategic business plan, to provide direction and performance targets for those programs as well as for the organization as a whole. In addition, a strategic business plan can provide a means of focusing attention and finding solutions to challenges.

**RECOMMENDATION 1: DEVELOP A STRATEGIC BUSINESS PLAN (CONTINUED)**

- **Suggested Action:** In anticipation of its new ventures and direction, it is recommended that Culver CityBus consider developing a department-specific strategic business plan in support of its current mission statement and articulated goals and objectives, and a means for monitoring and reporting on its goals and objectives. Several other Los Angeles County transit providers have developed similar plans (e.g., Foothill Transit, Long Beach Transit, Metro) and Torrance Transit could contact them to obtain examples.
- **Expected Results:** The development of a strategic plan will help define the organization's direction and provide guidance to help in achieving mission, vision and goals. In addition, a performance monitoring program will provide a means of assessing progress toward goals and objectives, and provide sufficient lead time to change course if necessary to achieve the overall mission and vision.

## **RECOMMENDATION 2: CULVER CITYBUS SHOULD CONTINUE EFFORTS TO IMPROVE THE ACCURACY OF FINANCIAL AND OPERATING DATA REPORTING**

- **Issue/Opportunity** – The TDA triennial audits rely largely on the data that the operators report to calculate TDA-mandated and functional performance indicators and trends. These data are used to meet both local and TDA performance requirements. Given these uses, it is important that the data be as accurate as possible.

Numerous inconsistencies were noted in the external reports for all three audit years, significantly impacting the ability to measure Culver CityBus performance. Of particular concern are the data inconsistencies between NTD, TPM and the State Controller's Report addressing:

- Operating Costs
  - Vehicle Service Hours
  - Employee Full Time Equivalent
  - Local Subsidies and Auxiliary Revenues
- **Recommended Actions** – Culver CityBus should document its data reporting procedures for improved accuracy and consistency. Culver CityBus should also work with and share with City's City Treasurer the inconsistencies noted in Section II of this report to enlist the support and understanding of the City Treasurer to address data reporting inconsistencies.

**RECOMMENDATION 2: CULVER CITYBUS SHOULD CONTINUE EFFORTS TO IMPROVE THE ACCURACY OF FINANCIAL AND OPERATING DATA REPORTING (CONTINUED)**

- **Expected Results** – Continuing to improve the quality of performance data will ensure accuracy in evaluating performance indicators and trends in assessing compliance with TDA requirements. In some cases, TDA mandates carry penalties (e.g., failure to meet farebox recovery requirements), making it particularly important to have and use accurate data to develop performance indicators and assess performance

### **RECOMMENDATION 3: CULVER CITYBUS SHOULD MODIFY ITS EZ PASS FARE REIMBURSEMENT CALCULATION FORMULA TO MEET EZ PASS REQUIREMENTS**

- **Issue/Opportunity** – Operators participating in the EZ Pass program are reimbursed at the rate of an annual average fare for each EZ Pass boarding reported. In calculating EZ Pass boardings operators have the option of using farebox data or statistically valid survey data to record EZ Pass boardings.

Operators also must use one of two methodologies for calculating the average fare reimbursement rate:

- Option 1: Single Average Fare
- Option 2: Different Average Fare for Each Type of EZ Pass

Culver CityBus has elected to use Option 1 – Single Average Fare. However, in doing so, Culver CityBus has calculating the average fare for reimbursement by dividing total system fare revenue by total system unlinked passengers as reported in the TDA/TPM reports.

- **Recommended Actions** – Should Culver CityBus continue to use Single Average Fare methodology it should calculate its farebox reimbursement rate by utilizing the Single Fare Average formula required by the EZ Pass Guidelines:

$$\frac{(\text{Total fare revenue including pass sales} - \text{EZ Pass sales revenue} - \text{Student fare revenue})}{(\text{Total boardings} - \text{EZ Pass boardings} - \text{Student fare boardings} - \text{Free boardings})}$$

**RECOMMENDATION 3: CULVER CITYBUS SHOULD MODIFY ITS EZ PASS FARE REIMBURSEMENT CALCULATION FORMULA TO MEET EZ PASS REQUIREMENTS (CONTINUED)**

- **Expected Results** – Adoption of the MTA calculation formula will result in more accurate EZ Pass fare reimbursement rates for Culver CityBus. It is also likely that deducting EZ Pass and student revenue and boardings and free boardings would increase Culver CityBus's reimbursement rate under the EZ Pass program.