



VICTOR VALLEY TRANSIT AUTHORITY

*representing the communities of Adelanto, Apple Valley, Hesperia,
Victorville, Barstow and San Bernardino County*

TECHNICAL ADVISORY COMMITTEE MEETING AGENDA

January 5, 2022 3:00 p.m.

1. Interested persons may submit Public Comment in writing to the Clerk of the Board at info@vvta.org . Written comments must acknowledge the Agenda Item number and specify whether the commenter wishes the comment be included with the minutes or read into the record. Comments read into the record will be read for three minutes; if three minutes pass, the time will not be extended, and the remaining comment will not be read but shall be included in any public comment document. Public Comments must be submitted no later than 5:00 pm on January 2, 2022.

- 2. Review Draft Board Agenda..... K. Kane/Group
 - a. Amend the VVTA Fiscal Year 2021-22 to Fund Facility Maintenance and Repairs with Alternative Fuel Excise Tax Credits as Presented.
 - b. Fiscal Year 2021 FTA COVID-19 Relief ECHO Drawdown Review.
 - c. VVTA Annual NTD Audit Report for Fiscal Year Ending June 30, 2021, Completed by Eide Bailly CPAs, and Business Advisors.
 - d. Award of VVTA RFP 2022-06 Construction Consultant-Project Manager.
 - e. Adjust Employer Contribution for Health Insurance.

3. Bus stop shelters/benches/lighting..... S. Herrera

4. SBCTA Update..... N. Strickert

5. Other Business..... Group

6. Adjournment.

The next regularly scheduled meeting is February 2, 2022. To obtain further or available information regarding agenda items, please contact the Clerk of the Board VVTA at 760 948-3262. Posted: Friday, December 17, 2021.

VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Amend the VVTA Fiscal Year 2021-22 to Fund Facility Maintenance and Repairs with Alternative Fuel Excise Tax Credits as Presented.

SUMMARY STATEMENT

Staff have recently received Alternative Fuel Excise Tax Credits (CNG Credits) in the amount of \$877,389. These funds are earned by VVTA at a rate of \$0.50 per gallon for VVTA's sale and use of Compressed Natural Gas (CNG). Since VVTA first began receiving alternative-fuel tax credits for CNG, the Board has approved their use for capital projects or restricting the funds to be used for specific obligations. Staff is recommending that the Board restrict these funds for the use of facility maintenance and repairs.

VVTA has obligations for extraordinary facility and maintenance expenses beyond routine maintenance and repairs for which the Operations and Maintenance contractor is responsible. In prior years, VVTA has set aside flexible funding such as CNG credits to ensure future funding for these types of unplanned expenditures. Not only is VVTA's Hesperia facility now more than 10 years old, VVTA has added the facility in Barstow. New Transfer Points and a Hydrogen Fueling Station will be additional assets to maintain in the future. Staff recommends these funds be set aside for continued major repairs and maintenance items for various VVTA facilities.

RECOMMENDED ACTION

Amend the VVTA Fiscal Year 2021-22 to Fund Facility Maintenance and Repairs with Alternative Fuel Excise Tax Credits as Presented.

PRESENTED BY	FISCAL IMPACT	MEETING DATE	ITEM NUMBER
Nancie Goff, COO	Alternative Fuel Credits \$877,389	January 18, 2022	

VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Fiscal Year 2021 FTA COVID-19 Relief ECHO Drawdown Review.

SUMMARY STATEMENT

In March of 2020, the President declared a **National** Emergency due to the COVID-19 outbreak. Relief funding provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other emergency relief funds allowed for changes in how recipients use these FTA funds. The most significant of these changes has been allowing all recipients to charge operating expenses to the emergency relief FTA grants at 100% federal share. Because of the amount of the FTA funding and the flexibilities provided to support transit systems through COVID-19, the FTA is performing supplemental oversight of relief funds drawn down from the Electronic Clearing House Operation System (ECHO).

The attached report documents the FTA COVID-19 Relief ECHO Drawdown Review for VVTA. During this review, one issue was raised. The report states the recipient could not directly track backup documentation to the draw down. The amount of each ECHO draw down was the amount budgeted in the overall annual budget for CARES Act funding, not the full amount of eligible invoices. This is due, in part, to the multiple operating funding sources for each invoice.

The recommendation is to **amend** our draw down and financial procedures for budget preparation and quarterly adjustments to be based on all known planned operating expenditures. Additionally, when selecting which invoices to use to calculate and substantiate the drawdown, the draw down should be equal to that amount and not the lesser budgeted dollar amount. In doing so, the original estimated amount of CARES Act funding budgeted should be changed to actuals based on the invoices received and paid prior to requesting the ECHO draw down.

RECOMMENDED ACTION

Receive and File the FY 2021 FTA COVID-19 Relief ECHO Drawdown Review.

PRESENTED BY	FISCAL IMPACT	MEETING DATE	ITEM NUMBER
Nancie Goff, Chief Operating Officer	None	January 17, 2022	

VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Fiscal Year 2021 FTA COVID-19 Relief ECHO Drawdown Review.

SUMMARY STATEMENT

VVTA provided to the auditors a detailed excel spreadsheet to clarify and highlight all funding sources used for the draw down including FTA and local funds tied to the invoice(s). As recommended and approved by FTA this spreadsheet will be used going forward for all operating draw downs.

VVTA's attached response to the one issue has been sent to FTA and is pending final approval and close out.

PRELIMINARY REPORT

**FISCAL YEAR 2021
COVID-19 RELIEF ECHO DRAWDOWN REVIEW**

of

**Victor Valley Transit Authority
VVTA
Hesperia, CA
Recipient ID Number: 5538**

Performed for:

**U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL TRANSIT ADMINISTRATION
REGION 9**

Prepared By:

Calyptus Consulting Group, Inc.

Preliminary Report Date: October 7, 2021

Table of Contents

I. Review Background and Process	1
1. Background	1
2. Process	1
II. Results of the Review.....	2
III. Summary of Issues	3
IV. Review Participants	4
V. Appendix	5

I. Review Background and Process

1. Background

On March 13, 2020, the President of the United States declared a National Emergency due to the COVID-19 outbreak. The funding provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA); and the American Rescue Plan (ARP) allowed for changes in how recipients use the Federal Transit Administration (FTA) funds. The most significant of these changes has been allowing all recipients, regardless of size or urbanized area population, to charge operating expenses to the FTA grants at 100 percent federal share.

Because of the amount of the FTA funding and the flexibilities provided to support transit systems through COVID-19, the FTA is performing supplemental oversight of funds drawn down from the Electronic Clearing House Operation System (ECHO). The FTA's ECHO Drawdown Review focuses only on CARES, CRRSAA, and ARP funds.

This report documents the FTA COVID-19 Relief ECHO Drawdown Review of the Victor Valley Transit Authority (VVTA) of Hesperia, California. The review was performed by Calyptus Consulting Group, Inc. (the Reviewer).

2. Process

The COVID-19 Relief ECHO Drawdown Review process includes an ECHO Information Request, documentation review, and recipient interview. The review period is from January 20, 2020, the date from which operating expenses were eligible under COVID-19 Relief funds, to the date of the review. An ECHO Information Request was sent to VVTA on July 28, 2021 indicating a review would be conducted during Fiscal Year 2021. Requested drawdown documentation was sent to the Reviewer electronically.

The Reviewer evaluated how VVTA has used CARES, CRRSAA, and ARP operating assistance funding through the review of a sample of three (3) ECHO drawdowns. Upon completion of the review, the FTA and the Reviewer provided a summary of preliminary issues to VVTA.

This preliminary report documents the issues identified from the review. All issues must be resolved within 90 days from the date of this report. Over the next 90 days, the Reviewer will be available to address the issues identified.

II. Results of the Review

Basic Requirement: The recipient must calculate operating assistance drawdowns correctly, including: charging only eligible and allowable costs to the award, calculating the correct federal share; documenting proper segregation of duties; and ensuring timely disbursement of funds.

During this review, one (1) issue was found. The following table summarizes the ECHO drawdowns reviewed and the issue noted. A more detailed description of the issue is included below. The completed ECHO Review Tool spreadsheet is included as an appendix to this report.

Award Number	Financial Purpose Code	Transaction Date	Drawdown Amount	Issue
CA-2020-198	Operating Assistance	2/17/2021	\$6,270,000	<ul style="list-style-type: none"> Funds are not tied to direct backup documentation
CA-2020-198	Operating Assistance	6/16/2021	\$2,050,000	<ul style="list-style-type: none"> Funds are not tied to direct backup documentation
CA-2020-198	Operating Assistance	9/25/2020	\$2,200,000	<ul style="list-style-type: none"> Funds are not tied to direct backup documentation

Issue 1: In 3 of 3 ECHO drawdowns reviewed, the recipient could not directly track backup documentation to the amount drawn down. The amount of each ECHO draw under review was the amount budgeted in the overall annual budget for CARES Act funding, not the total amount of eligible invoices, or the total amount of selected eligible invoices to substantiate each drawdown. LTF funding was budgeted and used to cover the remainder of these costs. Any LTF funding that remained unused for each budget year was then returned to the jurisdictions.

Recommendation to address issue: To remedy the exception, the recipient must amend its financial procedures for budget preparation and quarterly adjustment to be based on all known planned operating expenditures. Additionally, the recipient must select which invoices it intends to use to calculate and substantiate its ECHO drawdowns and draw that amount, not a budgeted dollar amount.

The recipient knows what its purchased transportation rates are and what its planned revenue hours will be for budget preparation. Budget estimates should be calculated based on these knowns and adjusted quarterly to project estimated actuals for the remaining quarters of the budget year based on the actual invoices received during the current quarter. In doing so, the original estimated amount of CARES Act funding budgeted should be changed to actuals based on the invoices received and paid prior to the recipient requesting reimbursement and initiating an ECHO drawdown against the grant. This ensures that the recipient is directly tying its paid operating invoices to the drawdown. The recipient would still retain the ability to choose which operating invoices, whether all or some, it seeks reimbursement for, while ensuring its financial procedures leading up to and supporting its ECHO draws are compliant.

III. Summary of Issues

Issue Number	Issue Description	Recommendation	Status
1	Funds are not tied to direct backup documentation	The recipient must amend its financial procedures for budget preparation and quarterly adjustment to be based on all known planned operating expenditures. The recipient must select which invoices it intends to use to calculate and substantiate its ECHO drawdowns and draw that amount, not a budgeted dollar amount.	Implement within 90 days

IV. Review Participants

Name	Title	Phone Number	E-mail Address
<i>Victor Valley Transit Authority</i>			
Marie Downing	Grants Analyst	760-995-7446	mdowning@vvta.org
Maged Azer	Director	760-995-3578	mazer@vvta.org
Nancie Goff	Chief Operating Officer	760-995-3495	ngoff@vvta.org
Denise Madrid	Financial Analyst	760-995-3567	dmadrid@vvta.org
<i>FTA</i>			
Darin Allan	Director, Office of Financial Management and Program Oversight	415-734-9470	Darin.Allan@dot.gov
Charlene Lee Lorenzo	Director, Los Angeles Office	213-202-3952	Charlene.LeeLorenzo@dot.gov
Brenda Perez	Program Manager	213-629-8603	Brenda.Perez@dot.gov
Luis Lopez	General Engineer	213-629-8615	l.lopez@dot.gov
<i>Calyptus Consulting Group, Inc.</i>			
Sherry Snyder	Reviewer	814-325-1747	ssnyderconsulting@outlook.com
Richard Lopez	Reviewer	617-577-0042	rlopez@lopezllp.com

V. Appendix

Refer to the ECHO Review Tool spreadsheet for details of each drawdown reviewed.

FY 2021 COVID-19 ECHO DRAWDOWN REVIEW
of Victor Valley Transit Authority (VVTA)
Hesperia, CA 92345 Recipient ID # 5338

Corrective Action Document

VVTA estimates Purchase Transportation costs for the budget year by using the contract variable cost per revenue hour, per mode, times the scheduled revenue hours for the fiscal year.

Financial procedures for budget preparation will be adapted to include a quarterly adjustment, as needed, based on known and planned operating expenses associated with Federally funded operating drawdowns.

Further, VVTA now requires the PT contractor to submit two invoices, one for urban services and one for rural services. This will allow VVTA to draw down 100% of the selected urban or rural invoices with CARES Act funds and other emergency relief awards, ensuring that supporting documentation to substantiate the total amount of the draw down equals the amount being drawn down.

AGENCY: Victor Valley Transit Authority (# 5538)

FISCAL YEAR: 2021-22

Rural

PERIOD: Jul -Sept. 2021

Reference FTA Circular 9030.1E

OPERATING EXPENSE WORKSHEET

A. Total Operating Expenses Itemized							
Expense Type	Vendor Name	Invoice Number	Service/Purchase Date		Invoice Amount	Check #, ACH payment #, or Journal Entry	Check Amount
			Start	End			
Purchased Transportation							
Fuel							
Total Operating Expenses					\$		0

B. Less Eliminations	
(1) Less Ineligible Expenses (Itemize)	\$ 0
(2) Less nonpublic Transportation Expenses (Itemize)	\$ 0
(3) Less Revenue/Offset Items (Contra-Expenses) (Itemize)	\$ 0
(4) Less Other Exclusions (Itemize)	\$ 0
Total Eliminations (Less)	\$ 0

C. Eligible Operating Expenses	
Total Eligible Operating Expenses	\$ (0)

D. Less Farebox Revenues	
Total Fare Box Revenues (Less)	

E. Net Project Costs	
Total Net Project Costs	\$ (0)

F. Local Share (Itemize)	
LTF (L18-VVT-08)	\$ -
Measure I	\$ 0
AB2766	\$ 0
Misc.	\$ 0
LCTOP/Interest	\$ -
Total Local Share	\$ 0

G. Net Expenses before applying FTA funds	
Net Expenses before applying FTA funds	\$ (0)

H. Maximum FTA Share		
Maximum FTA Share	Funding type	Funding maximum share
	emergency relief award	100%
		\$ (0)

I. FTA Funds Requested			
Drawdown Amount	CRRSAA 5310	100%	
Total not to exceed	CRRSAA 5311	100%	
maximum FTA Share	CARES Act 5311	100%	

VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

**VVTA Annual NTD Audit Report for Fiscal Year Ending June 30, 2021,
Completed by Eide Bailly CPAs and Business Advisors.**

SUMMARY STATEMENT

In 1974 Congress established the National Transit Database (NTD) to be the Nation's primary source for information and statistics on the transit systems of the United States and is used to calculate Federal funding formulas. Urban and rural transit grantees of Federal funding are required to report annually. The NTD also requires monthly operating and safety statistics reports from agencies such as VVTA. This is because VVTA is required to file as a Full Reporter.

Transit agencies are responsible for the data that they report to the NTD. If the data does not follow NTD prescribed procedures or seem unreasonable or inaccurate, or an agency cannot provide a reasonable response to explain data, the NTD may publish the data with a 'questionable' notation.

Like many federal reviews, this in-depth review is performed for NTD by a contracted Independent Auditor. The Independent auditor's statement is provided to the Board to receive and file. Within this report, the entire years' service and financial data were affected by Covid-19.

FTA provided separate guidance for reporting changes resulting from the pandemic, as well as administrative relief from several requirements. For example, FTA waived the mandatory sampling requirement for Report Year 2020 for all agencies due to Covid-19. Therefore, VVTA used instead an FTA approved method to estimate the passenger miles traveled (PMT) again for this report year.

The results of the auditor's statement find that no events or instances of non-compliance were found that would require adjustment to, or disclosure to, the FFA-10 or Agreed Upon Procedures Report.

RECOMMENDED ACTION

Receive and file.

PRESENTED BY	FISCAL IMPACT	MEETING DATE	ITEM NUMBER
Nancie Goff, Chief Operator Officer	N/A	January 17, 2022	



**National Transit Database Report
Agreed-Upon Procedures
For the Period July 1, 2020 through June 30, 2021
Victor Valley Transit Authority**

Independent Accountant’s Report 1

Procedures and Findings

 Attachment 1 3



CPAs & BUSINESS ADVISORS

Independent Accountant's Report

Board of Directors
Victor Valley Transit Authority
Hesperia, California

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics Form FFA-10 (FFA-10) for the Victor Valley Transit Authority (VVTA) annual National Transit Database (NTD) report:

1. A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
2. A system is in place to record data on a continuing basis and the data gathering is an ongoing effort.
3. Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
4. A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
5. The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
6. The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.
7. Data are consistent with prior reporting periods and other facts known about VVTA's operations.

We have performed the procedures described in Attachment 1 to this report. Management of VVTA is responsible for the accuracy of the NTD data reported in the Federal Funding Allocation Statistics Form 10 (FFA-10) in accordance with the requirements specified *Uniform System of Accounts and Records and Reporting System; Final Rule*, as specified in 49 CFR part 630, *Federal Register, January 15, 1993* and as presented in the *2021 Policy Manual*.

VVTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether VVTA complied with the reporting requirements described above and that the information included in the FFA-10 for the fiscal year ended June 30, 2021 is presented in conformity with the requirements of the *Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2021 NTD Policy Manual*. Additionally, the FTA has agreed to and acknowledged, as specified in the Declarations section of the *2021 Policy Manual*, that the procedures performed are appropriate to meet their purposes.

This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

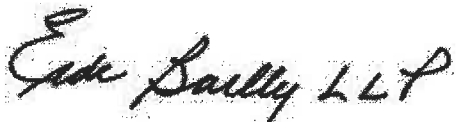
The procedures and the associated findings are listed in Attachment 1 to this report. The procedures were applied separately to each of the information systems used to develop the reported actual VRM, PMT, and OE of VTVA for the fiscal year ended June 30, 2021 for each of the following modes:

(1) Motor Bus - purchased transportation (MBPT), (2) Commuter Bus – purchased transportation (CBPT), (3) Demand Response - purchased transportation (DRPT) and (4) Vanpool Service - purchased transportation (VPPT).

We were engaged by San Bernardino County Transportation Authority (SBCTA) to perform this agreed-upon procedures engagement over VVTA and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accuracy of the FFA-10 data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of VVTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of VVTA management, VVTA Board of Directors and the FTA and is not intended to be and should not be used by anyone other than these specified parties.



Rancho Cucamonga, California
October 29, 2021

Excerpt from the *FTA 2021 Policy Manual Exhibit 79 - Federal Funding Allocation Data Review Suggested Procedures*:

FTA has specified and agreed to a set of procedures for the independent auditor to perform to satisfy the requirements of the Federal Funding Allocation data review. Several of the procedures below require the auditor to select a random sample of documents or data. The procedures do not specify the selected number (i.e., the percentage of the total documents/data). The auditor should use professional judgment to determine the percentage that will enable the auditor to make the required assurances.

The source documents and other records (such as data summaries) may be in the form of digital data files. The auditor should ensure that these files are securely stored and that a contingency plan is in place to ensure that the transit agency retains source documents for a minimum of three years:

- a. The procedures to be applied to each applicable mode and type of service (TOS) (directly- operated (DO) and purchased transportation (PT)) are: Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2021 Policy Manual. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

Results – We obtained and read a copy of VVTA’s Passenger Counting and Reporting (PCR) processing procedures. Based on our inquiry, we noted that VVTA maintains procedures that satisfy the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the *2021 Policy Manual*.

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:
 - The extent to which the transit agency followed the procedures on a continuous basis, and Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2021 Policy Manual.

Results – We inquired regarding VVTA’s procedures for the MBPT, CBPT, DRPT and VPPT services noting that the asserted procedures were consistently applied. In addition, based on our inquiry with the Chief Operating Officer, management asserted that the procedures resulted in the accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2021 Policy Manual.

- c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form.

Results – We inquired with the Chief Operating Officer, regarding VVTA’s retention policy for NTD data, Total Modal Operating Expenses data, Actual Vehicle Revenue Mile and Passenger Miles Traveled. Per inquiry, the current practice is to retain electronic data for more than the three-year minimum.

- d. Based on a description of the transit agency's procedures from items (1) and (2) above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.

Results – We inspected the following source documents for each type of service, selected three months out of the year and determined that the documents existed for each of these periods:

Type of Service	Source Document	Months Tested
MBPT	<ul style="list-style-type: none"> • MBPT Statistics Reports (queried from TransTrack system) • Random Sampling Database • Random Check Driver Trip Sheets • NTD Data Worksheets • Route plans 	<ul style="list-style-type: none"> • October 2020, February 2021 and June 2021. • Three years of data were noted to be archived on VVTA's network.
CBPT	<ul style="list-style-type: none"> • CBPT Statistics Reports (queried from TransTrack system) • Random Sampling Database • Random Check Driver Trip Sheets • NTD Data Worksheets • Route plans 	<ul style="list-style-type: none"> • October 2020, February 2021 and June 2021. • Three years of data were noted to be archived on VVTA's network.
DRPT	<ul style="list-style-type: none"> • DRPT Statistics Reports (queried from TransTrack system) • Random Sampling Database • NTD Data Worksheets • Ecolane Productivity Reports • Survey Trip Sheets • Driver Manifests 	<ul style="list-style-type: none"> • October 2020, February 2021 and June 2021. • Three years of data were noted to be archived on VVTA's network.
VPPT	<ul style="list-style-type: none"> • VPPT Statistics Reports (queried from TransTrack system) • Rider Log-in Website • Vanpool Route data from Website • NTD Data Worksheets 	<ul style="list-style-type: none"> • November 2020, March 2021 and May 2021. • Three years of data were noted to be archived on VVTA's network.

- e. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

Results – We inquired regarding the system of internal controls noting that each respective mode/type of service is being reviewed by personnel independent of the preparation process. The review is performed monthly for the MBPT, CBPT, DRPT and VPPT modes.

- f. Select a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.

Results – We selected a haphazard sample of 40 Check Trip Sheets for the MBPT and CBPT services and identified supervisory signatures documenting reviews of the data presented without exception. For the DRPT service the Survey Trip Sheets are prepared and reviewed by the contractor who provides the survey data to VVTA. Management asserted that the data which is in electronic format is reviewed before being entered into the accumulation worksheets that compiles the NTD data. For VPPT, data is accumulated electronically by the drivers. Management asserted that the data, which is in electronic format, is reviewed before being entered into the accumulation worksheets that compiles the NTD data.

- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summaries.

Results – We obtained the worksheets utilized by VVTA to transcribe statistics to the Federal Funding Allocation Statistics form and compared the data to summaries without exception. We tested the arithmetical accuracy of the summarizations without exception.

- h. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the *2021 Policy Manual*.

Results – Sampling was conducted for the MBPT, CBPT and DRPT modes. For the current year, FTA has waived the sampling requirement for Report Year 2021 for all agencies with this sampling frequency due to COVID-19. We inspected the sampling methodologies and noted that the sampling methodology used met the requirements of the *2021 Policy Manual* and the Guide: National Transit Database (NTD) Reporting and COVID-19.

The VPPT mode does not involve sampling. This mode used a 100% count of actual PMT.

- i. Discuss with transit agency staff (the auditor may wish to list the titles of the persons interviewed) the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:

- According to the 2010 Census, the public transit agency serves an UZA with a population less than 500,000.
- The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
- Service purchased from a seller is included in the transit agency's NTD report.
- For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2017) and determine that statistical sampling was conducted and meets the 95 percent confidence and ± 10 percent precision requirements.
- Determine how the transit agency estimated annual PMT for the current report year.

Results – VVTA meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year. Per the triennial sampling requirement, 2020 was a mandatory sampling year. For 2020 and 2021, FTA has waived the sampling requirement due to COVID-19. The 2017 statistical sampling was used for the CBPT mode. Statistical sampling for the MBPT and DRPT modes was performed in 2019. The VPPT mode does not involve sampling. This mode used a 100% count of actual PMT.

- j. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency’s working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.

Results – For the MBPT, CBPT and DRPT modes we obtained a copy of VVTA’s methodology used in the statistical sampling to estimate average PMT and determined that the methodology used by VVTA resulted in a random selection of runs and that the stated sampling procedure was followed.

The VPPT mode does not involve sampling since it uses a 100% count of actual PMT.

- k. Select a random sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulation periods that were tested. Test the arithmetical accuracy of the summary.

Results – As described in procedure I the statistical sampling for MBPT, CBPT and DRPT was waived by FTA due to COVID-19. As such, procedure not applicable in the current year. For VPPT, we compared ridership being entered on the Vanpool internet database for November 2020, March 2021 and May 2021 against amounts uploaded to the Data Warehouse without exception. We also tested 6 Vanpool routes and verified the accuracy of calculations used to determine PMT with no exceptions noted as a result of these procedures.

- l. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual Vehicle Revenue Miles (VRM) with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.

Results – The procedure identified above is not applicable. Per inquiry with VVTA’s management, VVTA did not provide charter, school bus or other ineligible services.

- m. For actual VRM data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:
- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.

Results – For the MBPT and CBPT modes, VVTA calculates actual missed vehicle revenue miles using the TransTrack system. The system generates an accumulation of missed revenue miles per trip which are subtracted from scheduled revenue miles. We selected a sample of 10 missed trips for MBPT and 10 missed trips for CBPT and noted that those trips were subtracted from the scheduled revenue miles. No exceptions with the arithmetic accuracy were noted as the result of these procedures.

- If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.

Results – This procedure is not applicable as VRMs are not calculated from hubodometers.

- If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

Results – For the DRPT mode, Revenue Miles are calculated by the Ecolane system based on the odometer readings from the first pickup to the last drop off. Deadhead miles are excluded from the Revenue Miles calculations. We randomly selected 4 trips to test and noted without exception that the deadhead miles are not included in the Revenue Miles calculations.

For the VPPT mode deadhead miles are automatically excluded because only commute miles are entered into the calculation of Revenue Miles and the results are reviewed by the Chief Operating Officer.

- n. For rail modes, review the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.

Results – The procedure identified above is not applicable as VVTA does not provide rail service.

- o. If fixed guideway or High Intensity Busway Directional Route Miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet FTA definition of fixed guideway (FG) or High Intensity Busway (HIB) in that the service is:
- Rail, trolleybus (TB), Ferryboat (FB), or Aerial Tramway (TR); or
 - Bus (MB, CB, or RB) service operating over exclusive or controlled access rights-of- way (ROW); and
 - i. Access is restricted;
 - ii. Legitimate need for restricted access is demonstrated by peak period level of service D or worse on a parallel adjacent highway;
 - iii. Restricted access is enforced for freeways; priority lanes used by other HOV (i.e., Vanpools (VP), carpools) must demonstrate safe operation.

Results – The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.

- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that he or she computed mileage in accordance with FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.

Results – The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.

- q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to an FG segment(s), the following apply:
- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
 - If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. FTA will make a determination on how to report the DRMs.

Results – The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.

- r. Measure FG/HIB DRM from maps or by retracing route.

Results – The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.

- s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and Operating Expense (OE) for the service operated over the same FG/HIB.

Results – The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.

- t. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2021 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2021 report year, the Agency Revenue Service Date must occur within the transit agency's 2021 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Busway segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, FTA will only consider segments continuously reported to the NTD.

Results – The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.

- u. Compare operating expenses with audited financial data after reconciling items are removed.

Results – Operating expenses were compared to the trial balances subject to audit without exception.

- v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of PT-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form.

Results – We identified the purchased transportation fare revenues reported on the B-30 and reconciled the amounts to the general ledger without exception.

- w. If the transit agency's report contains data for PT services and assurances of the data for those services are not included, obtain a copy of the IAS-FFA regarding data for the PT service. Attach a copy of the statement to the report. Note as an exception if the transit agency does not have an Independent Auditor Statement for the PT data.

Results – The data for purchased transportation are included in the reporting by VVTA and therefore no IAS for the purchased transportation services is included.

- x. If the transit agency purchases transportation services, obtain a copy of the PT contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract, and determine that copies of the contracts are retained for three years.

Results – We inspected the MBPT, CBPT, DRPT and VPPT service contracts and determined that they contained the items noted above without exception. We inquired with the Chief Operating Officer, regarding VVTA's retention policy for executed contracts for purchased transportation programs. Per inquiry, the current practice is to retain contracts for ten years.

- y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and review the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

Results – For the MBPT and CBPT modes VVTA provides services between two UZA's and a non-UZA. We tested five of the UZA route allocations against Google Maps without exception.

All DRPT data is reported in one UZA.

The requirement to allocate VPPT data is not applicable per NTD reporting requirements.

- z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10 percent, or FG DRM data that have increased or decreased. Interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

Results – The following fluctuations were noted on the FFA-10 Form:

- A 55.4% decrease in Passenger Miles for MBPT
- A 27.9% increase in Operating Expenses for MBPT
- A 10.6% increase in Operating Expenses for CBPT
- A 40.3% decrease in Vehicle Revenue Miles for DRPT
- A 59.8% decrease in Passenger Miles for DRPT
- A 19.1% decrease in Operating Expenses for DRPT
- A 19.7% decrease in Passenger Miles for VPPT
- A 40.4% decrease in Operating Expenses for VPPT

A 55.4% decrease in the Passenger Miles for MBPT was noted. Per inquiry with the Chief Operating Officer, this was the result of suspended service that occurred in March of FY 20 due to Covid-19 that wasn't restored to full service until September 2021. The restoration in service was to allow for social distancing and not because of increased ridership as ridership and passengers remained low during FY21.

A 27.9% increase in the Operating Expenses for MBPT was noted. Per inquiry with the Chief Operating Officer, this was the result the transition to a new PT contractor. VVTA staff determined that the increase PT contract cost was necessary to resolve issues with the prior contract conditions in fleet maintenance and operations. The increased PT contract costs for MB was for 9 months of the FY.

A 10.6% increase in the Operating Expenses for CBPT was noted. Per inquiry with the Chief Operating Officer, this was the result of the transition to a new PT contractor. VVTA staff determined that the increase PT contract cost was necessary to resolve issues with the prior contract conditions in fleet maintenance and operations. The increased PT contract costs for CB was for 9 months of the FY. Service for CB was not modified as the service for MB was.

A 40.3% decrease in the Vehicle Revenue Miles for DRPT was noted. Per inquiry with the Chief Operating Officer, this was the result of reduced passengers that was caused by the ongoing Covid-19 pandemic.

A 59.8% decrease in the Passenger Miles for DRPT was noted. Per inquiry with the Chief Operating Officer, this was the result of a corresponding drop in ridership and passengers due to the ongoing Covid-19 pandemic.

A 19.1% decrease in the Operating Expenses for DRPT was noted. Per inquiry with the Chief Operating Officer, this decrease was not in proportion to the decrease in ridership as a result of the transition to a new PT contractor. The increased contractor costs were offset by reductions in demand for service that were a result of the ongoing Covid-19 pandemic.

A 19.7% decrease in the Passenger Miles for VPPT was noted. Per inquiry with the Chief Operating Officer, this was the result of a loss of vanpools and a corresponding drop in current year ridership and passengers that were the result of the ongoing Covid-19 pandemic.

A 40.4% decrease in the Operating Expenses for VPPT was noted. Per inquiry with the Chief Operating Officer, this was the result of the loss of vanpools due to the pandemic. The VVTA subsidy for the VP's did not change.

- aa. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor but not by FTA.

Results – We have documented the procedures followed based on the *FTA 2021 Policy Manual* Exhibit 79 - Federal Funding Allocation Data Review - Suggested Procedures, and noted the documents reviewed and tests performed in our workpapers. Additional procedures were not performed.

VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Adjust Employer Contribution for Health Insurance.

SUMMARY STATEMENT

VVTA received the new health insurance rates from CalPERS for the enrollment of the 2022 health coverage. The new rates average a 23% increase for all plans. Currently, the VVTA employer share is \$1,000.00 for employee single, employee + one, and family, per the employee handbook.

In October 2018, the Board approved the updated Employee Handbook, and since that date the employer/ employee share of the health insurance has not been revisited. The dramatic increase in the rates this year, on top of the increases of the past 2 years, show that the health insurance increases have exceeded 40%. These yearly increases have created a significant financial burden on certain staff members. The employees most impacted by the increases are the **employee + one** and the **employee with family** plans. In some cases, the employee cost/share for family insurance coverage is as much as 30% of their paycheck.

Staff analyzed the last three years and compared the employee usage based on their plan selections and the available annual employer share for each staff member. It should be noted that many municipalities and public agencies distribute to their employees the difference in dollars, based on the plan they choose as compared to the amount set aside for each staff member. VVTA does not do this. As a result, there is \$83,000 that was allotted but not distributed for staff member insurance.

In recognizing the negative financial impact to VVTA staff health insurance is causing, staff recommends the Board consider increasing the set aside for the employer share to \$1,600 per employee with no return of funds for employees who do not use the full amount based on family structure applied for. Currently the monthly cost for family is \$1,850 per month.

Based on the current health insurance rates and current staff selections the recommended increased set aside cost would be less than \$24,000 annually.

RECOMMENDED ACTION

Staff is seeking Board approval to adjust the health insurance employer share set aside to \$1,600 per employee with no return of funds for those who do not need the full amount based on family structure.

PRESENTED BY
Maged Azer,
CFO

FISCAL IMPACT
\$23,765

MEETING DATE
January 18, 2022

ITEM NUMBER