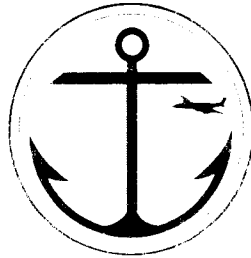


Municipality of Anchorage



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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

December 9, 1999

Internal Audit Report 99-12 AnchorRIDES Contract with Paratransit Services Inc. Public Transportation Department

Introduction. The Public Transportation Department (PTD) entered into a contract with Paratransit Services Inc. (Contractor) for operating a coordinated transportation system for the elderly and disabled through the use of AnchorRIDES and other subcontracted transportation services. The contract is effective December 1, 1997, through December 31, 1999, and contains two one-year options effective through December 31, 2001. The original amount of the contract was not to exceed \$2,698,156.00. Please see Attachment A for "Service Provided by Contractor" based on rides provided from January through June 1999.

Scope. The objective of this audit was to determine whether the Contractor was in compliance with the contract requirements. Specifically, we determined whether training was documented, the maintenance schedule was followed, insurance coverage was obtained, quarterly ridership goals were met, on-time performance percentages were properly determined and voluntary contributions for senior rides were being solicited. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of July through August 1999. The audit was requested by the Director of the PTD as part of the 1999 Audit Plan.

Overall Evaluation. The Contractor had documented training, followed the maintenance schedule, obtained the required insurance coverage and met quarterly ridership goals. However, on-time performance percentages were not accurately calculated and the procedures for soliciting voluntary

contributions for senior rides could be improved. In addition, the contract did not have a clear scope of service and changes to the terms and conditions of the contract were not formalized into contract amendments.

Management Overall Comments. Management stated, "Staff appreciates the work conducted by Internal Audit in review of this contract. As discussed previously, although this is a complex contract, we do have a good working relationship with the contractor and have been able to successfully implement coordinated transportation in Anchorage. With the addition of funding sources, and service efficiencies, more AnchorRIDES trips have been provided with constant general government tax dollars."

FINDINGS AND RECOMMENDATIONS

1. Method Used to Calculate On-time Performance Was Inaccurate.

- a. Finding.** On-time performance percentages reported by the Contractor were not always calculated based on the criteria in the contract. The contract states that trips will be considered "on-time" as long as they are within a window of plus or minus 15 minutes from the scheduled pick up time. The contract also states that the Contractor shall achieve on-time performance of 90% or more of all trips provided within each month. Our review revealed that "on-time" calculations for 84 of 163 (51%) trips selected were not properly computed based on information from drivers' manifests and dispatch records. We found that the calculations for 66 of the 84 trips (78%) did not include pick-up times that were more than 15 minutes prior to the scheduled pick up time. In addition, calculations for 4 of the 84 trips (1%) did not include pick-up times that were more than 15 minutes after the scheduled pick up time. For the remaining 14 trips, our calculations resulted in a higher on-time percentage than the Contractor calculated. As a result, monthly "on-time" percentages could not be relied upon.

- b. **Recommendation.** The Contractor should be required to present on-time performance data that follows the parameters set forth by the contract.

- c. **Management Comments.** Management stated, "Public Transportation staff concurs with this finding.

"On-time performance is important as it is part of the ADA service criteria for providing paratransit transportation for response time that is to be comparable to the fixed route and approved in the ADA paratransit plan for the Municipality of Anchorage. The approved response time was established through the process as 15 minutes before or after a scheduled pick-up time. This performance measure allows for the paratransit rider to plan their scheduled and the paratransit provider to consider the factors that influence on-time performance. Factors contributing to on-time performance are weather, passenger behavior (locating riders at pick-up sites, increased door-to-door service, cancellations and no shows), traffic, vehicle accidents and unanticipated vehicles break-downs.

"Based upon almost 12 months of data, Public Transportation Department staff verbally requested the contractor to provide on-time statistics within 3 different "windows":

- "1) Vehicle arrival times within 15 minutes before or after the scheduled pick up time. (This reflects the on-time performance commitment per the contract).
- 2) Vehicle arrival times within 20 minutes before or after the scheduled pick up time. (This internal statistic reflects how close performance is to the goal).
- 3) Vehicle arrival times any time early but not later than 15 minutes after the scheduled pick up time. (This statistic reflects how passenger behavior influences on-time performance. As passengers cancel or fail to take a scheduled trip, the vehicle has an unused block of time. The driver can dwell

at a remote site, or get to his/her next pick up location early. However, the passenger is not required to leave earlier than the 15-minute window. This helps maintain on-time performance throughout the route).

“Action to be taken: The contractor will provide a formalized on-time performance methodology by January 15, 2000. The process will include definitions, goals for the upcoming year. The MOA Contractor Administrator will monitor this criteria by conducting another sampling, similar to auditors sampling to see if there is an improvement to on-time accuracy. Additionally, Public Transportation staff will continue to monitor on-time performance by rider surveys and on-board field monitoring.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Voluntary Contributions for Senior Trips.**

- a. **Finding.** Voluntary contributions for senior trips were not being encouraged as specified in the contract. The contract states that the Contractor shall encourage voluntary contributions for senior trips; display signage identifying the full cost to provide the service with the suggestion donation; solicit, record, and account for client contributions for senior transportation services; charge any non-senior persons riding with a senior the full cost of each ride (except a spouse or personal care attendant); and document in-kind contributions. Donations will be collected in envelopes, deposited in the fare box, securely handled, properly accounted for and shall be retained by the Contractor. We found that drivers were providing each senior rider with an envelope to make a donation and any donations were being placed in the fare box and retained by the Contractor. However, there were no signs posted to show the full cost of the ride with the suggested donation.

b. **Recommendation.** The Contractor should encourage voluntary contributions for senior trips by displaying signage as required by the contract and soliciting donations.

c. **Management Comments.** Management stated, "Public Transportation staff concurs with the finding that signs need to be posted on the vehicle to show the full cost of the ride and the suggested donation. The funding from the Alaska Commission on Aging specifically addresses the voluntary nature of donations for senior trips.

Action to be taken: Sign holders will be installed in all AnchorRIDES vehicles by December 31, 1999. The contractor will install signs reflecting the cost of the trip and the suggested donation in all vehicles by January 15, 2000. The MOA Contract Administrator will ensure compliance through a vehicle check. Drivers are trained to be careful in soliciting donations effectively, but discreetly. Follow-up discussion will occur at the next drivers meeting."

d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **Changes to the Contract Were Not Being Amended.**

a. **Finding.** Changes to the terms and conditions of the contract were not formalized in a contract amendment. For example, we noted the following:

- 1) The Contractor was asked to reduce the number of rides provided to seniors from 155,000 to 151,943 due to lack of funds. No amendment was made to the contract.

- 2) An agreement was made to allocate 5% of total trips to fixed route (People Mover) usage. The Municipality also agreed to pay the difference between actual trips taken on People Mover and the amount allocated. However, the payment would be limited to the 5%. No amendment was made to the contract.

Revising the contract terms without formal amendments can make administration of the contract and enforcing contract requirements difficult. To add to the problem, we noted that the scope of service was not clearly spelled out in the contract. Even though the original request for proposal contained a clear scope of service, the final contract incorporated the Contractor's revised funding proposal, the Contractor's scope of work, the Contractor's proposal and the Municipality's request for proposal and addendums to the final scope of service, which made the scope of service unclear.

- b. **Recommendation.** Scope of service needs to be clearly defined in the contract and any changes to the contract should be made by addendums or amendments to the contract.
- c. **Management Comments.** Management stated, "Public Transportation staff concurs that the final scope of services was not clearly spelled out in the contract and the contract concept is difficult to administer.

"This contract is a first attempt at coordinated transportation involving multiple funding sources (municipal general government funds, two Alaska Commission on Aging funds, Medicaid funds, and rider fares and donations). Public Transportation staff has taken the management oversight responsibility of coordinated transportation in Anchorage. The contract requires a fixed number of annual trips to be provided,

based upon assumptions about the funding sources, yet the Municipality does not have direct control over four of the six sources.

“Action to be taken: Due to the complex nature of this type services contract, the Public Transportation Department will be issuing a Request for Proposals for coordinated paratransit services during 2000 for implementation in January 2001. The MOA Contract Administrator will seek advice from MOA Purchasing, Legal, and Audit departments to ensure the contract can be easily administered.”

- d. Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on October 22, 1999.

Audit Staff:
Guy M. Bailly, CPA

ATTACHMENT A

Service Provided by Contractor

Based on Rides Provided from January 1999 Through June 1999

Number of Vans	35
Number of Routes Per Weekday	43
Number of Routes Per Saturday	5
Number of Routes Per Sunday	3
Average Daily Rides Per Weekday	612
Average Daily Rides Per Saturday	66
Average Daily Rides Per Sunday	38
In May a new service called "Shuttle Bug" was started with two fixed routes on Wednesdays and Thursdays to allow riders an opportunity to go shopping or see a movie.	

ATTACHMENT A

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