



**RCTC**

**RIVERSIDE  
COUNTY  
TRANSPORTATION  
COMMISSION**



**FY 2022-2024**

# **Triennial Performance Audit of City of Banning Transit**

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# **Final**

Submitted to:  
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Submitted by:

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## Section I

### Introduction

California’s Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities that receive TDA revenues. The performance audit serves to ensure accountability in the use of public transportation revenue per Public Utilities Code (PUC) section 99246.

The Riverside County Transportation Commission (RCTC) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in Riverside County. This performance audit is conducted for the City of Banning Transit (Banning Connect) covering the most recent triennial period, fiscal years 2021–2022 through 2023–2024.

The purpose of the performance audit is to evaluate Banning Connect’s effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates Banning Connect’s compliance with the conditions specified in the California Public Utilities Code. This task involves ascertaining whether the transit agency is meeting the code’s reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a set of recommendations has been made which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive, and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

### Overview of the Transit System

The City of Banning has provided public transportation service since April 1973, which expanded to two routes in September 1985. The transit system comprises a fixed-route service mode and a Dial-A-Ride system that is limited to seniors and persons with disabilities, including riders certified under the Americans with Disabilities Act (ADA).

Banning Connect provides transfer opportunities with Riverside Transit Agency (RTA), SunLine Transit, and Beaumont Transit. RTA runs one intercity route that connects with the local transit system at Walmart on Highland Springs Road and at Sun Lakes Village in the City of Beaumont, while intercity connection with SunLine Transit also occurs at Walmart. Connections with Beaumont Transit can be made at the Walmart and at San Gorgonio Hospital.

In July 2019, the Cities of Banning and Beaumont adopted an interagency service agreement detailing specific boundaries and operating conditions for each provider through June 30, 2022. This agreement came after the discontinuation of Pass Transit, an initiative to integrate the two cities’ transit services into one regional service, which started in 2002. With the termination of the Pass Transit agreement, Pass Transit branding has been phased out, and Beaumont Transit Route 2 service was discontinued in the City of Banning; Banning Transit was rebranded at this time as “Banning Connect.”

Based on the 2020 US Census, Banning’s population is 29,505, which is a 0.3 percent decrease in population since the 2010 US Census. The senior citizen population, comprising residents aged 65 and over, is 27.4 percent. The 2025 population for Banning is estimated to be 31,949 as reported by the California Department of Finance, Population Estimates for Cities, Counties, and the State, January 1, 2025. The city covers 23.1 square miles.

System Characteristics

Banning Connect operates both fixed-route and demand-responsive transit services. During the audit period, the fixed route schedules showed the time range of operations from Monday through Friday from 5:11 a.m. to 10:00 p.m. and weekends from 8:00 a.m. to 4:57 p.m. Dial-A-Ride service operated Monday through Friday from 9:00 a.m. to 3:00 p.m.

Banning Connect does not operate on New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The transit system operates on a limited schedule (Route 5/6: 7:44 a.m. to 5:44 p.m.; Route 1: 8:00 a.m. to 5:56 p.m.) on Martin Luther King Jr. Day, Presidents’ Day, Veterans Day, and the Friday following Thanksgiving. Banning Connect’s fixed-route services during the audit period are summarized in Table I-1.

**Table I-1  
Banning Connect Fixed Route Services**

Route	Description	Frequency/Operation	Key Time Points
Route 1	Service from Beaumont to Cabazon via the Banning commercial corridor along Ramsey Street	Every 60 minutes on weekdays; every 2 hours on weekends (Monday through Friday from 5:11 a.m. to 10:00 p.m.; Saturday & Sunday from 8:00 a.m. to 4:50 p.m.; no service on weekends from 12:30 p.m. to 1:30 p.m.)	<ul style="list-style-type: none"> <li>▪ Casino Morongo to Banning</li> <li>▪ Outlets to Banning</li> <li>▪ Courthouse</li> <li>▪ San Gorgonio Hospital</li> <li>▪ Walmart</li> <li>▪ Sunlakes Village</li> <li>▪ Banning Police Dept</li> <li>▪ Cabazon Community Center on Carmen</li> <li>▪ Esperanza &amp; Elm</li> <li>▪ Cabazon Community Center on Broadway</li> </ul>

Route	Description	Frequency/Operation	Key Time Points
Route 5/6	Banning Circulator	Weekdays every approximately 60 minutes (from 5:30 a.m. to 6:23 p.m.); Weekends approximately every 2 hours (from 8:00 a.m. to 4:57 p.m.; no service from 12:27 p.m. to 1:27 p.m.)	<ul style="list-style-type: none"> <li>▪ Optum</li> <li>▪ Walmart</li> <li>▪ Sunlakes Village</li> <li>▪ MSJC Sunset Ramsey</li> <li>▪ BHS</li> <li>▪ Smith Correctional</li> <li>▪ Banning Police Dept/City Hall</li> <li>▪ Indian School</li> <li>▪ Library</li> <li>▪ 8<sup>th</sup> St &amp; Ramsey</li> <li>▪ Hemmerling School</li> <li>▪ Oregon Trail/Wilson</li> <li>▪ Atwell</li> </ul>

Source: Banning Connect

Banning Connect honors flag stops in residential areas at the corners of the route only. In commercial areas, the bus will only stop at designated marked stops.

### Dial-A-Ride

Dial-A-Ride offers curb-to-curb, demand-responsive transit service to persons with disabilities, the frail elderly, and senior citizens aged 60 years and older who reside one-quarter mile from any Banning Connect fixed route, or persons who are ADA certified. Priority service is given to ADA-certified passengers. Accessibility of the ADA paratransit service is within three quarters of a mile of the fixed-route service. Regular hours of operation for Dial-A-Ride are Monday through Friday from 9:00 a.m. to 3:00 p.m. Persons with ADA certification can access Dial-A-Ride by advance reservation within the City of Banning and into a small portion of the Beaumont area during expanded service days and hours. Such service operates Monday through Friday from 6:00 a.m. to 6:45 p.m., and Saturday and Sunday from 8:00 a.m. to 5:00 p.m. Reservations for service can be made as early as 21 days in advance but no later than 3:00 p.m. the day prior to the trip.

Dial-A-Ride does not operate on New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Dial-A-Ride operates on a limited schedule for ADA-certified passengers only with a 24-hour advance reservation on Martin Luther King Jr. Day, Presidents’ Day, Veterans Day, and the day following Thanksgiving.

### Fares

Banning Connect’s fares are structured based on passenger, route, and service type. Multi-trip passes are also available for purchase. Day passes are only available for purchase from the driver while monthly passes are available for purchase at the Banning Community Center. Ticket booklets and passes do not include the \$0.25 zone fare for Cabazon. The fare structures during the audit period are summarized in Table I-2.

**Table I-2  
Banning Connect Fare Schedule**

Fare Category	Fares
General Public	\$1.25
Youth (Ages 17 and under)	\$1.00
Seniors (Ages 65 and Older)	\$0.75
Persons with Disabilities (ADA or Medicare Card)	\$0.75
Military Veterans (with photo ID)	\$0.75
Child (46" tall or under accompanied by full fare paying adult)	\$0.25
Zone Charge (One way to/from Cabazon Route 1)	\$0.25
10-Ticket Book – General Public	\$12.00
10-Ticket Book – Seniors/Disabled/Veterans	\$7.50
Day Pass – General Public	\$3.25
Day Pass – Seniors/Disabled/Veterans	\$2.00
Monthly Pass – General Public	\$39.00
Monthly Pass – Youth	\$25.00
Monthly Pass – Seniors/Disabled/Veterans	\$24.75
Dial-A-Ride (one-way)	\$2.00
Dial-A-Ride 10-Ride Pass	\$18.00
Dial-A-Ride Companion	\$3.00

Source: Banning Connect

**Fleet**

There were 13 vehicles in the transit fleet during the audit period: nine fixed-route and four demand-response vehicles. Vehicles operated on the fixed route are primarily powered by compressed natural gas (CNG), whereas most vehicles operating on Dial-A-Ride are gasoline-powered. One vehicle utilized on Dial-A-Ride is battery electric (BEV). All vehicles in revenue service are wheelchair accessible with tie-downs in compliance with the ADA. Table I-3 summarizes the Banning Connect fleet.

**Table I-3  
Banning Connect Fleet**

Year	Make/Model	Quantity	Fuel Type	Service Mode	Seating Capacity
2010	El Dorado XHF-3	2	CNG	Fixed-Route	31 (2 W/C)
2010	El Dorado Aerotech 240	1	Unleaded	Dial-a-Ride	16 (1 W/C)
2013	Glaval Dial-A-Ride Van	1	CNG	Dial-a-Ride	18 (1 W/C)
2015	El Dorado National	1	CNG	Fixed-Route	30 (2 W/C)
2016	El Dorado Easy Rider-32	1	CNG	Fixed-Route	25 (2 W/C)
2017	El Dorado Easy Rider-32	1	CNG	Fixed-Route	25 (2 W/C)
2018	Starcraft Allstar 25	1	Unleaded	Dial-a-Ride	16 (1 W/C)
2023	Ford Transit 350 EL EV	1	BEV	Dial-a-Ride	10 (2 W/C)

Year	Make/Model	Quantity	Fuel Type	Service Mode	Seating Capacity
2023	El Dorado Easy Rider-32	3	CNG	Fixed-Route	25 (2 W/C)
2024	Starcraft Allstar 25	1	Unleaded	Dial-a-Ride	16 (1 W/C)
<b>Total</b>		<b>13</b>			

Source: Banning Connect, TransTrack Manager (<https://www.transtrack.net/RCTC/DataEntry/FleetInventory/>)

## Section II

### Operator Compliance Requirements

This section of the audit report contains the analysis of Banning Connect’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses Caltrans’s *Performance Audit Guidebook* to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the California Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator has submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due within seven (7) months after the end of the fiscal year (on or before January 31). The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.	Public Utilities Code, Section 99243	<p>Completion/submittal dates:</p> <p><i>Fixed Route:</i>                      FY 2022: January 31, 2023                      FY 2023: February 6, 2024                      FY 2024: January 31, 2025</p> <p><i>Specialized Services:</i>                      FY 2022: January 31, 2023                      FY 2023: February 6, 2024                      FY 2024: January 31, 2025</p> <p>Separate Transit Operators Financial Transaction Reports for both general and specialized services were submitted.</p> <p>The FY 2023 Transit Operator Financial Transactions Reports were submitted slightly beyond the submittal date.</p> <p><b>Conclusion: Partial Compliance.</b></p>
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27) or has	Public Utilities Code, Section 99245	<p>Completion/submittal dates:</p> <p>FY 2022: March 29, 2023                      FY 2023: March 29, 2024                      FY 2024: August 29, 2025</p>

<p align="center"><b>Table II-1</b> <b>Operator Compliance Requirements Matrix</b></p>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>received the appropriate 90-day extension by the RTPA allowed by law.</p>		<p>Banning Connect requested and was granted a 90-day extension for the fiscal and compliance audits by RCTC as allowed by law.</p> <p>The FY 2024 fiscal audit was submitted after the 90-day extension period.</p> <p><b>Conclusion: Partial Compliance.</b></p>
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator’s compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator’s terminal.</p>	<p>Public Utilities Code, Section 99251 B</p>	<p>Banning Connect participates in the California Highway Patrol (CHP) Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspections were conducted at the City of Banning located at 176 East Lincoln Street, Banning.</p> <p>Inspection dates applicable to the audit period were July 8, 2021; July 21 &amp; 26, 2022; and July 20, 2023.</p> <p>All inspections conducted were rated satisfactory.</p> <p><b>Conclusion: Complied.</b></p>
<p>The operator’s claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.</p>	<p>Public Utilities Code, Section 99261</p>	<p>As a condition of approval, the Banning Connect’s annual claims for Local Transportation Funds and State Transit Assistance are submitted in</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p>compliance with the rules and regulations adopted by RCTC.</p> <p><b>Conclusion: Complied.</b></p>
<p>If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.</p>	<p>Public Utilities Code, Section 99270.1</p>	<p>This requirement is not applicable at this time. Based on the results of the 2020 U.S. Census, the city of Banning is now included within the Riverside-San Bernardino-Ontario Urbanized Area (UZA). The City is in a transition period and will be subject to the 20 percent farebox recovery ratio, or a blended ratio, for fixed-route and Dial-A-Ride services beginning FY 2028. This may be reflected in future fiscal and performance audits as per RCTC’s direction.</p> <p><b>Conclusion: Not Applicable.</b></p>
<p>The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).</p>	<p>Public Utilities Code, Section 99266</p>	<p>Percentage change in Banning Connect’s transit operating budget in TransTrack:</p> <p>FY 2022: -14.0%  FY 2023: +8.5%  FY 2024: +42.7%</p> <p>The increase above 15 percent in FY 2024 was substantiated in the City’s budget documentation, which was attributed to increases in salaries, benefits, retirement contributions as well as Interfund Transfer Payments for fleet maintenance and insurance.</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p><i>Source: Table 4.0 - Summary of Funding Requests - City of Banning FYs 2021-2024.</i></p> <p><b>Conclusion: Complied.</b></p>
<p>The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.</p>	<p>Public Utilities Code, Section 99247</p>	<p>Banning Connect’s definition of performance is consistent with Public Utilities Code Section 99247. A review of TransTrack performance data reports generated during the audit period indicates that correct performance data are being collected. However, there were discrepancies found in the data reported in the Transit Operators Financial Transactions Reports related to passenger trips, vehicle service hours/miles, and full-time employee equivalents.</p> <p>For FY 2022, total passenger data reported in the Transit Operators Financial Transactions Report for fixed route were inconsistent with the data reported in TransTrack. Likewise, vehicle service hours and miles reported in the Transit Operators Financial Transactions Report – Specialized Service for FY 2022 were inconsistent with the data reported for this measure in the other reports.</p> <p>In FY 2023, vehicle service hours reported in the Transit</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p>Operators Financial Transactions Report were inconsistent with the data reported in TransTrack. For the triennial review period, full-time employee equivalent data reported in the Transit Operators Financial Transactions Reports for both service modes reflect a per person headcount rather than total labor hours divided by 2,000, pursuant to the TDA statute.</p> <p>Final review and check of the performance data should be conducted by City finance and transit management prior to submission to the State and RCTC.</p> <p><b>Conclusion: Partial Compliance.</b></p>
<p>If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.</p>	<p>Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1</p>	<p>This requirement is not applicable at this time. Based on the results of the 2020 U.S. Census, the city of Banning is now included within the Riverside-San Bernardino-Ontario Urbanized Area (UZA). The City is in a transition period and will be subject to the 20 percent farebox recovery ratio, or a blended ratio, for fixed-route and Dial-A-Ride services beginning FY 2028. This may be reflected in future fiscal and performance audits as per RCTC’s direction.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<b>Conclusion: Not Applicable.</b>
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	<p>Operating ratios for Banning Connect using audited data were as follows:</p> <p>Audited farebox ratio accounts for local support revenue and exclusion of new or expanded service.</p> <p>FY 2022: 13.45%  FY 2023: 11.12%  FY 2024: 12.73%</p> <p>Banning Connect is subject to a system-wide farebox standard of 10 percent. Based on the results of the 2020 U.S. Census, the city of Banning is now included within the Riverside-San Bernardino-Ontario Urbanized Area (UZA). The City is in a transition period and will be subject to the 20 percent farebox recovery ratio, or a blended ratio, for fixed-route and Dial-A-Ride services beginning FY 2028. This may be reflected in future fiscal and performance audits as per RCTC’s direction.</p> <p>*Assembly Bill (AB) 90 prohibits the imposition of a penalty on an operator that does not maintain the required ratio of fare revenues to operating cost</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>during FYs 2019–20, 2020–21, and 2021–22.</p> <p>*AB 149 extends the penalty exemption through FY 2022–23 and authorizes transit operators to include federal grant funds as local funds for the purpose of computing fare revenue ratios. This bill, until July 1, 2026, would exempt an operator from specified requirements related to fare box ratios and eligibility standards for a fiscal year in which the operator expended from local funding, as defined, an amount for transit operations not less than the amount the operator expended from local funding for transit operations during FY 2018–19.</p> <p><i>Source: City of Banning Transit Services Fund Financial Statements (Audited)</i></p> <p><b>Conclusion: Complied.</b></p>
<p>The current cost of the operator’s retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.</p>	<p>Public Utilities Code, Section 99271</p>	<p>To be eligible for TDA funds, the annual TDA claims form requires a sign-off from the transit claimant to comply with standard assurances, one of which is that the City of Banning’s retirement system is funded.</p> <p>City staff’s retirement is funded through the California Public Employees' Retirement System.</p>

<b>Table II-1 Operator Compliance Requirements Matrix</b>		
<b>Operator Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<b>Conclusion: Complied.</b>
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	Although Banning is a recipient of State Transit Assistance funds, it does not utilize federal funds.  <b>Conclusion: Not Applicable.</b>

## Findings and Observations from Operator Compliance Requirements Matrix

1. Banning Connect fully complied with five of the eight applicable compliance requirements. The operator was partially compliant in three areas: the timely completion and submittal of its FY 2023 Transit Operators Financial Transactions Report, its FY 2024 annual fiscal and compliance audit, and the consistent reporting of key performance metrics (including total passengers, vehicle service hours, vehicle service miles, and full-time employee equivalents). Three additional requirements—intermediate and urban farebox recovery ratios and the use of federal funds—were not applicable to the operator.
2. Based on the farebox calculation in the annual Transit Services Fund Financial Statements (*audited*), Banning’s farebox recovery ratio met or exceeded the required minimum standard of 10 percent in one of the three audit years. The system-wide farebox recovery ratios were 13.45 percent in FY 2022, 11.12 percent in FY 2023, and 12.73 percent in FY 2024.<sup>1</sup> Banning Connect utilized an allowable combination of additional local support revenues to meet minimum farebox recovery attainment during the audit period.
3. Banning Connect participates in the CHP Transit Operator Compliance Program in which the CHP conducted inspections within the 13 months prior to each TDA claim. The CHP inspection reports submitted for review were found to be satisfactory.
4. The annual operating budget increased above 15 percent in FY 2024 and exhibited varied fluctuations during the prior two fiscal years. Banning saw a 14 percent decrease in its operating budget in FY 2022 followed by an 8.5 percent increase FY 2023. For FY 2024, the transit operating budget increased 42.7 percent, which was attributed to higher salaries and fringe benefits, retirement plan contributions, as well as interfund transfers to fleet maintenance and insurance.

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<sup>1</sup> AB 90, passed into law and signed by the governor in June 2020 in response to the COVID-19 pandemic impacts, prohibits the imposition of penalties on a transit operator that does not maintain the required ratio of fare revenues to operating cost during FY 2019–20 or FY 2020–21. AB 149 extends the penalty exemption through FY 2022–23 and authorizes transit operators to include federal grant funds as local funds for the purpose of computing fare revenue ratios. This bill, until July 1, 2026, would exempt an operator from specified requirements related to fare box ratios and eligibility standards for a fiscal year in which the operator expended from local funding, as defined, an amount for transit operations not less than the amount the operator expended from local funding for transit operations during FY 2018–19.

## Section III

### Prior Triennial Performance Recommendations

Banning Connect’s efforts to implement the recommendations made in the prior triennial performance audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of Banning Connect’s efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

#### Prior Recommendation 1

Ensure timely completion and submittal of external TDA financial reports.

*Background:* Banning Connect was in partial compliance with the timely completion and submittal of its annual fiscal and compliance audits. The late submittal was attributed to the financial closeout procedures needed to generate the financial information required in the Controller’s report. This in turn impacts the timely submittal of its fiscal and compliance audits, which cannot be completed until the financial closeout by the City. The TDA statute provides the submittal timelines and allowable extensions granted by the RCTC. Although City financial closeout procedures were not within the scope of this performance audit, it was suggested that a schedule be coordinated between the City’s Finance Department, TDA fiscal auditor, and RCTC to anticipate financial closeout procedures and timelines by the City and completion of the external TDA financial reports. The financial closeout triggers the undertaking of the TDA financial reports, and close tracking of the timeliness of the closeout could advance some aspects and earlier preparation of the TDA reports.

#### Actions taken by Banning Connect

The City has tried to ensure the timely completion of its annual TDA fiscal and compliance audits within the statutory timeframes during the audit period. Banning Connect requested and was granted a 90-day extension for the fiscal and compliance audits by RCTC as allowed by law for FY 2022 and FY 2023. However, the FY 2024 fiscal audit was submitted after the 90-day extension period in August 2025.

This late submittal has been attributed to turnover in the City’s Finance Department in recent years, reflecting broader organizational shifts and efforts to stabilize fiscal operations. The City has periodically posted openings for finance-related roles, including budget analysts and accounting specialists, indicating ongoing efforts to rebuild and strengthen the department.

#### Conclusion

This recommendation has been partially implemented and is being carried forward for full implementation.

Prior Recommendation 2

Consider commissioning the development of a Comprehensive Operational Analysis.

*Background:* The FY 2020–2021 through FY 2022–2023 SRTP referenced the potential development of a Comprehensive Operational Analysis (COA) by Banning Connect. Given the service changes that have occurred as a result of the interagency services agreement with Beaumont as well as residential development taking place in the northwestern and southern portions of the city, a COA could provide a detailed look at Banning Connect’s existing bus services and fare structure and provide recommendations for improving service to meet the needs of the riders. It could also identify new markets and services that could strengthen the brand identity of Banning Connect.

Actions taken by Banning Connect

Banning Connect has signaled plans to undertake a COA as part of its broader transit planning efforts. This initiative is referenced in the city's SRTP for FY 2023/24 – FY 2025/26, which outlines future service evaluations and strategic improvements. A COA is typically used to identify underperforming routes, optimize service delivery, and align transit operations with community needs and growth.

While the SRTP does not specify exact dates for the COA, it includes:

- Performance reviews of existing services
- Productivity improvement efforts
- Planned service changes and marketing studies These are all foundational components of a COA, suggesting that Banning Connect is laying the groundwork for a full operational review.

Conclusion

This recommendation is partially implemented and is being carried forward for full implementation, until such time a draft scope of work is completed, and a Request for Proposals is released.

Prior Recommendation 3

Consider the development of an advertising program and other local funds to support farebox recovery.

*Background:* State legislation (SB 508) reinforces current RCTC practice of allowing other locally generated revenues in the farebox ratio. These other revenues could include advertising generated by the transit system, bus wraps on the vehicles, CNG fuel sales, and other local contributions from the City to the transit program. During the prior audit interview process,

Banning Connect mentioned the possibility of implementing an advertising program to generate extra farebox revenue. Banning Connect did not have an advertising policy but expressed interest in developing one. However, staffing, and budgetary constraints have made it difficult to pursue. Nevertheless, given the farebox recovery trends, it was suggested that Banning Connect work with the RCTC and pursue this measure to incorporate other locally generated revenue in its farebox recovery. This may also include Banning Connect working with City officials internally to adopt a social media policy enabling the transit system to develop an on-line presence that drives customers to its transit services and provides a communication outlet for updates.

#### Actions taken by Banning Connect

In March 2023, the City of Banning officially launched its Transit Advertising Program for Banning Connect. This initiative was designed to create new revenue streams while fostering community engagement and supporting local businesses. The advertising program allows for limited commercial advertising on:

- Interior and exterior surfaces of Banning Connect buses
- Designated bus shelters throughout the city

The City emphasized that the advertising spaces are not public forums for political or religious discourse. Instead, they are curated environments for viewpoint-neutral, high-quality commercial and promotional content.

#### Conclusion

This recommendation has been implemented.

#### Prior Recommendation 4

Maintain efforts to hire and retain a transit manager.

*Background:* The transit system functioned without a transit manager and had been recruiting for the position. Banning Connect advertised the position and description on multiple platforms and online resources, such as Governmentjobs.com and the Municipal Management Association of Northern California, among many others. While the employment market has been challenging in general, it was suggested that Banning Connect retain efforts to identify recruitment channels for the hiring process above existing methods. Targeted transit industry associations that post jobs online include CalACT, California Transit Association, and Mass Transit Magazine; however, the most recent job listings on these sites did not advertise the opening for Banning. It was further suggested that Banning Connect consider expanding its advertising resources and target the job posting in industry sites to potentially increase capture of the intended qualified job seeker. Retaining a transit manager would help implement data collection procedures to more accurately collect data related to on-time performance, ridership growth, road calls, complaints, preventable

accidents, and rider injuries. The position would help meet a future goal of to have City Council-approved operating standards and performance metrics.

#### Actions taken by Banning Connect

In response to the recommendation, the City of Banning conducted a recruitment for the position of Transit Manager in spring 2022, with the application window closing on May 8, 2022. The role was designed to oversee the daily operations of the Transit Division under the Public Works Department, including planning, coordinating, and ensuring compliance with transit services and regulations. After a vetting process, a permanent Transit Manager was hired in July 2022.

However, the Transit Manager position still remains vacant with the recent departure of the manager in the fall of 2025, who was hired during the audit period. Therefore, it is recommended that City resume its efforts to recruit and retain a dedicated transit manager.

#### Conclusion

This recommendation has not been implemented and is being carried forward for full implementation.

## Section IV

### TDA Performance Indicators

This section reviews Banning Connect’s performance in providing transit service to the community in an efficient and effective manner. The TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators that gauge service effectiveness and revenue, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-3 provide the performance indicators for Banning Connect system-wide, fixed route, and Dial-A-Ride. Graphs are also provided to depict the trends in the indicators. It is noted that the system-wide operating costs and fare revenues are based on audited data. Modal operating costs and fare revenues are calculated from the audited figures.

Total operating costs and fare revenues are shown in the tables and include the exempted services (e.g., new, or extended services) to illustrate overall expenses and revenue for the transit system. The exempted services are then excluded from expenses and revenue to generate the farebox recovery ratios as allowed by the TDA and shown in the audit figures.

**Table IV-1  
Banning Connect TDA Performance Indicators  
System-wide**

Performance Data and Indicators	FY 2021	Audit Period			% Change FY 2021- 2024
		FY 2022	FY 2023	FY 2024	
Operating Cost (less depreciation) <sup>(1)</sup>	\$2,060,262	\$1,596,237	\$2,231,056	\$2,742,499	<b>33.1%</b>
Operating Costs Related to Exclusions & New Services	\$0	\$239,364	\$251,960	\$325,809	<b>n/a</b>
Adjusted Operating Costs (less exclusions) <sup>(1)</sup>	\$2,060,262	\$1,356,873	\$1,979,096	\$2,416,690	<b>17.3%</b>
Total Passengers	87,624	71,083	90,349	110,686	<b>26.3%</b>
Vehicle Service Hours	18,173	19,235	19,943	18,786	<b>3.4%</b>
Vehicle Service Miles	438,623	474,045	493,879	455,388	<b>3.8%</b>
Employee FTE's	18	12	26	22	<b>22.2%</b>
Passenger Fares	\$2,096	\$62,297	\$52,344	\$36,362	<b>1634.8%</b>
Fare Exclusions (Dial-A-Ride Fare Revenue)	\$0	\$6,596	\$7,553	\$9,466	<b>n/a</b>
Other Fare Revenue Contributions (City Contribution, Interest, LCTOP, Misc.)	\$494,456	\$126,733	\$175,224	\$280,843	<b>-43.2%</b>
Total Net Operating Revenue	\$496,552	\$182,434	\$220,015	\$307,739	<b>-38.0%</b>
Operating Cost per Passenger <sup>(2)</sup>	\$23.51	\$22.46	\$24.69	\$24.78	<b>5.4%</b>
Operating Cost per Vehicle Service Hour <sup>(2)</sup>	\$113.37	\$82.99	\$111.87	\$145.98	<b>28.8%</b>
Operating Cost per Vehicle Service Mile <sup>(2)</sup>	\$4.70	\$3.37	\$4.52	\$6.02	<b>28.2%</b>
Passengers per Vehicle Service Hour	4.8	3.7	4.5	5.9	<b>22.2%</b>
Passengers per Vehicle Service Mile	0.20	0.15	0.18	0.24	<b>21.7%</b>
Vehicle Service Hours per Employee	1,009.6	1,602.9	767.0	853.9	<b>-15.4%</b>
Average Fare per Passenger	\$0.02	\$0.88	\$0.58	\$0.33	<b>1273.4%</b>
Farebox Recovery Ratio (passenger fares only) <sup>(2)</sup>	0.10%	3.90%	2.35%	1.33%	<b>1203.3%</b>
Adjusted Farebox Recovery Ratio (including other fare revenue contributions) <sup>(3)</sup>	24.10%	13.45%	11.12%	12.73%	<b>-47.2%</b>
System-wide Adjusted Farebox Recovery Ratio Target	10.00%	10.00%	10.00%	10.00%	<b>0.0%</b>
Percentage Change in Consumer Price Index (CPI-All Items & Consumers, LA-Riverside-Orange Co.)	3.31%	2.45%	2.85%	8.24%	

Source: City of Banning Transit System Financial Statements (Audited); Table 2.1 SRTP Performance Report - TransTrack; Transit Operator Financial Transactions Report

<sup>(1)</sup> Systemwide operating costs are as shown in Basic Financial Statements (Audited). Modal operational costs in subsequent tables are calculated from audited data.

<sup>(2)</sup> Calculation uses operating costs less depreciation.

<sup>(3)</sup> Calculation uses adjusted operational costs

**Table IV-2  
Banning Connect TDA Performance Indicators  
Fixed Route**

Performance Data and Indicators	FY 2021	Audit Period			% Change FY 2021-2024
		FY 2022	FY 2023	FY 2024	
Operating Cost <sup>(1)</sup>	\$1,822,132	\$1,496,273	\$2,042,044	\$2,830,858	<b>55.4%</b>
Total Passengers	86,681	68,021	86,529	106,237	<b>22.6%</b>
Vehicle Service Hours	17,937	18,482	19,032	17,707	<b>-1.3%</b>
Vehicle Service Miles	432,848	458,905	477,084	436,087	<b>0.7%</b>
Employee FTE's	17	11	13	11	<b>-35.3%</b>
Passenger Fares <sup>(1)</sup>	\$512	\$55,892	\$81,772	\$113,137	<b>21997.1%</b>
Operating Cost per Passenger	\$21.02	\$22.00	\$23.60	\$26.65	<b>26.8%</b>
Operating Cost per Vehicle Service Hour	\$101.59	\$80.96	\$107.30	\$159.87	<b>57.4%</b>
Operating Cost per Vehicle Service Mile	\$4.21	\$3.26	\$4.28	\$6.49	<b>54.2%</b>
Passengers per Vehicle Service Hour	4.8	3.7	4.5	6.0	<b>24.1%</b>
Passengers per Vehicle Service Mile	0.20	0.15	0.18	0.24	<b>21.7%</b>
Vehicle Service Hours per Employee	1,055.1	1,680.2	1,464.0	1,609.8	<b>52.6%</b>
Average Fare per Passenger	\$0.01	\$0.82	\$0.95	\$1.06	<b>17929.5%</b>
Fare Recovery Ratio	0.03%	3.74%	4.00%	4.00%	<b>14123.2%</b>
Percentage Change in Consumer Price Index (CPI-All Items & Consumers, LA-Riverside-Orange Co.)	3.31%	2.45%	2.85%	8.24%	

<sup>(1)</sup> Modal operational costs and fare revenues are derived from audited financial statements less Dial-A-Ride expenses and revenues. (Note 10)

Source: City of Banning Transit System Financial Statements (Audited); Table 2.1 SRTP Performance Report - TransTrack; Transit Operator Financial Transactions Report

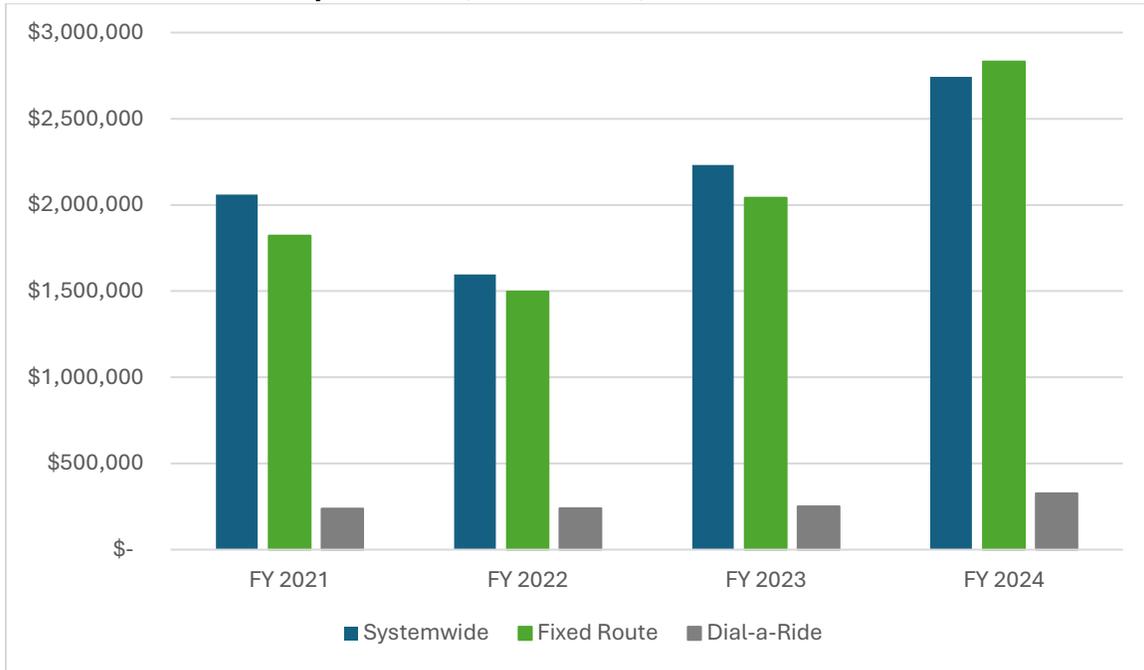
**Table IV-3  
Banning Connect TDA Performance Indicators  
Dial-A-Ride**

Performance Data and Indicators	FY 2021	Audit Period			% Change FY 2021-2024
		FY 2022	FY 2023	FY 2024	
Operating Cost <sup>(1)</sup>	\$238,129	\$239,364	\$250,075	\$325,809	<b>36.8%</b>
Total Passengers	943	3,062	3,820	4,449	<b>371.8%</b>
Vehicle Service Hours	237	753	911	1,079	<b>355.7%</b>
Vehicle Service Miles	5,775	15,140	16,795	19,301	<b>234.2%</b>
Employee FTE's	1	1	13	11	<b>1000.0%</b>
Passenger Fares <sup>(1)</sup>	\$1,584	\$6,405	\$7,553	\$9,466	<b>497.6%</b>
Operating Cost per Passenger	\$252.52	\$78.17	\$65.46	\$73.23	<b>-71.0%</b>
Operating Cost per Vehicle Service Hour	\$1,005.61	\$317.88	\$274.51	\$301.95	<b>-70.0%</b>
Operating Cost per Vehicle Service Mile	\$41.23	\$15.81	\$14.89	\$16.88	<b>-59.1%</b>
Passengers per Vehicle Service Hour	4.0	4.1	4.2	4.1	<b>3.5%</b>
Passengers per Vehicle Service Mile	0.16	0.20	0.23	0.23	<b>41.2%</b>
Vehicle Service Hours per Employee	236.8	753.0	70.1	98.1	<b>-58.6%</b>
Average Fare per Passenger	\$1.68	\$2.09	\$1.98	\$2.13	<b>26.7%</b>
Fare Recovery Ratio	0.67%	2.68%	3.02%	2.91%	<b>336.8%</b>
Percentage Change in Consumer Price Index (CPI-All Items & Consumers, LA-Riverside-Orange Co.)	3.31%	2.45%	2.85%	8.24%	

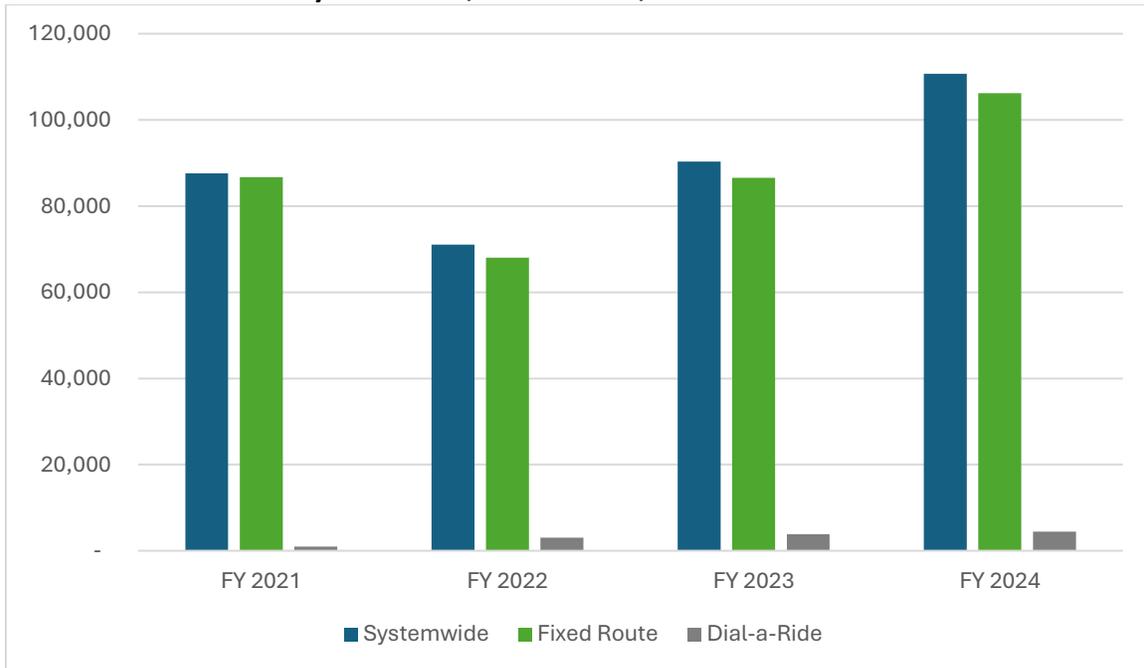
<sup>(1)</sup> Modal operational costs and fare revenues are derived from audited financial statements (Note 10).

Source: City of Banning Transit System Financial Statements (Audited); Table 2.1 SRTP Performance Report - TransTrack; Transit Operator Financial Transactions Report

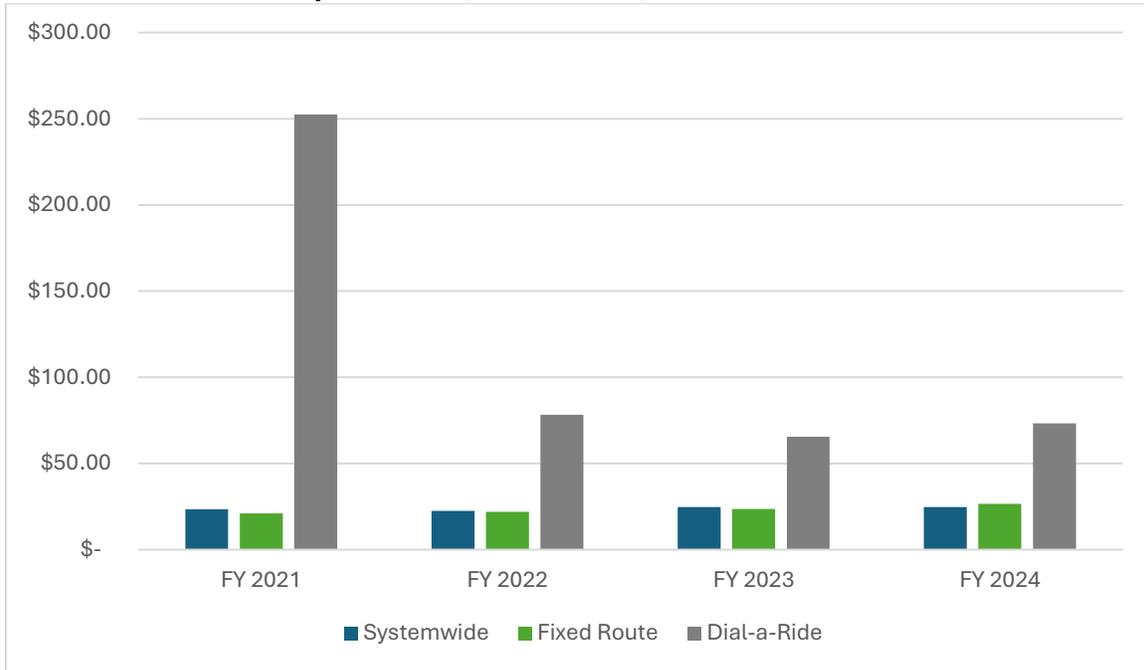
**Graph IV-1  
Operating Costs  
System-wide, Fixed Route, and Dial-A-Ride**



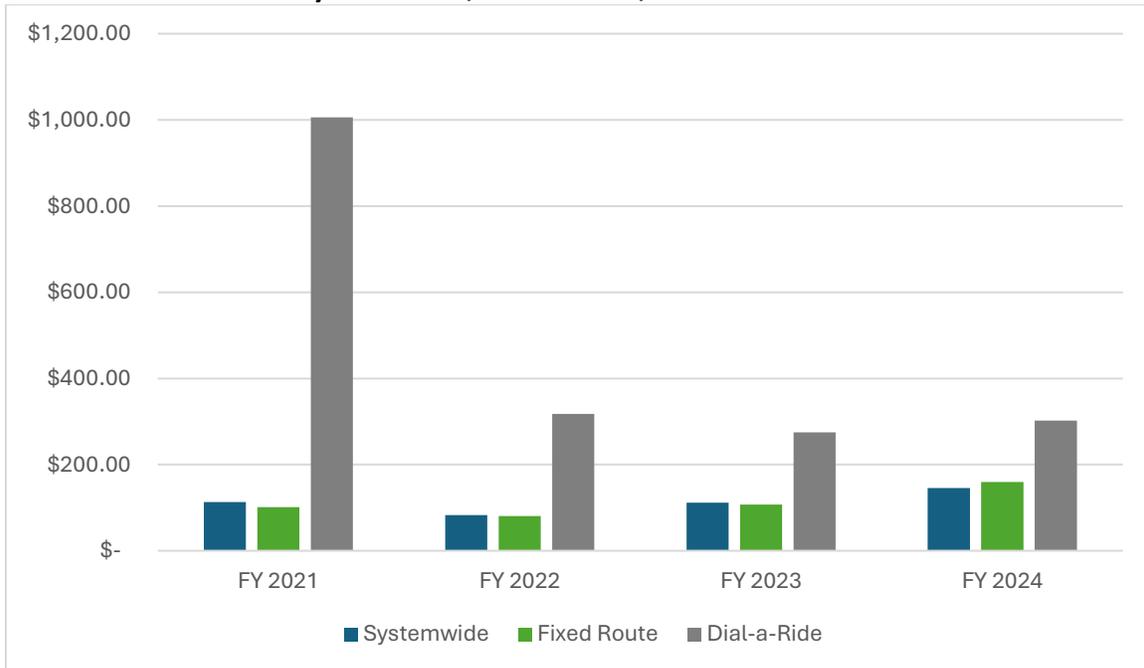
**Graph IV-2  
Ridership  
System-wide, Fixed Route, and Dial-A-Ride**



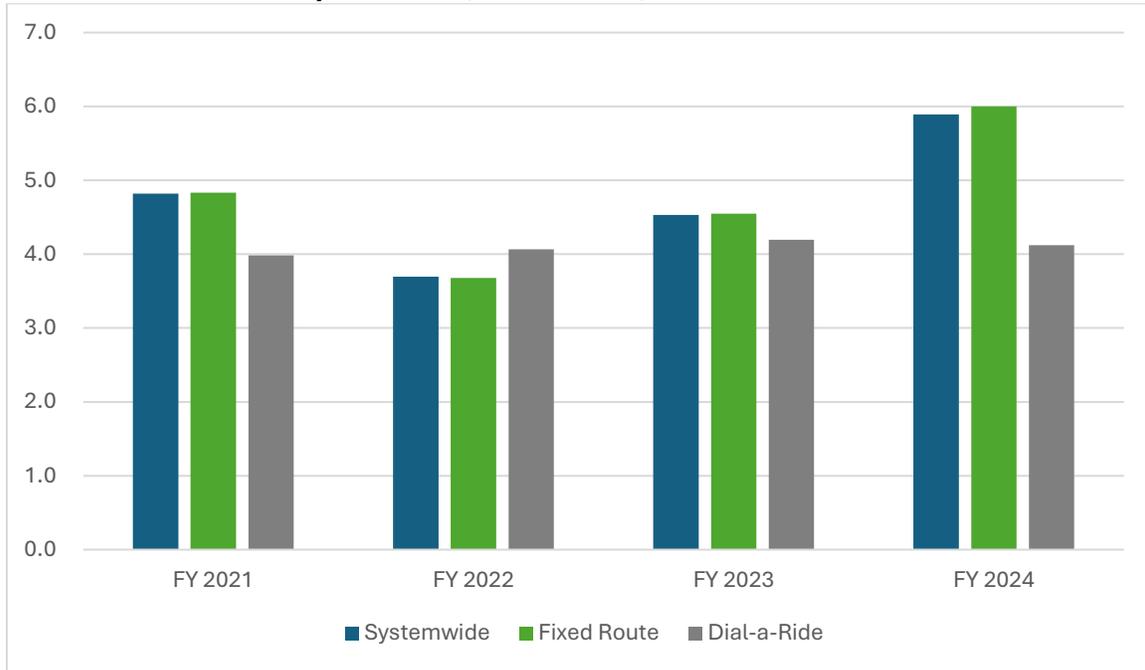
**Graph IV-3**  
**Operating Cost Per Passenger**  
**System-wide, Fixed Route, and Dial-A-Ride**



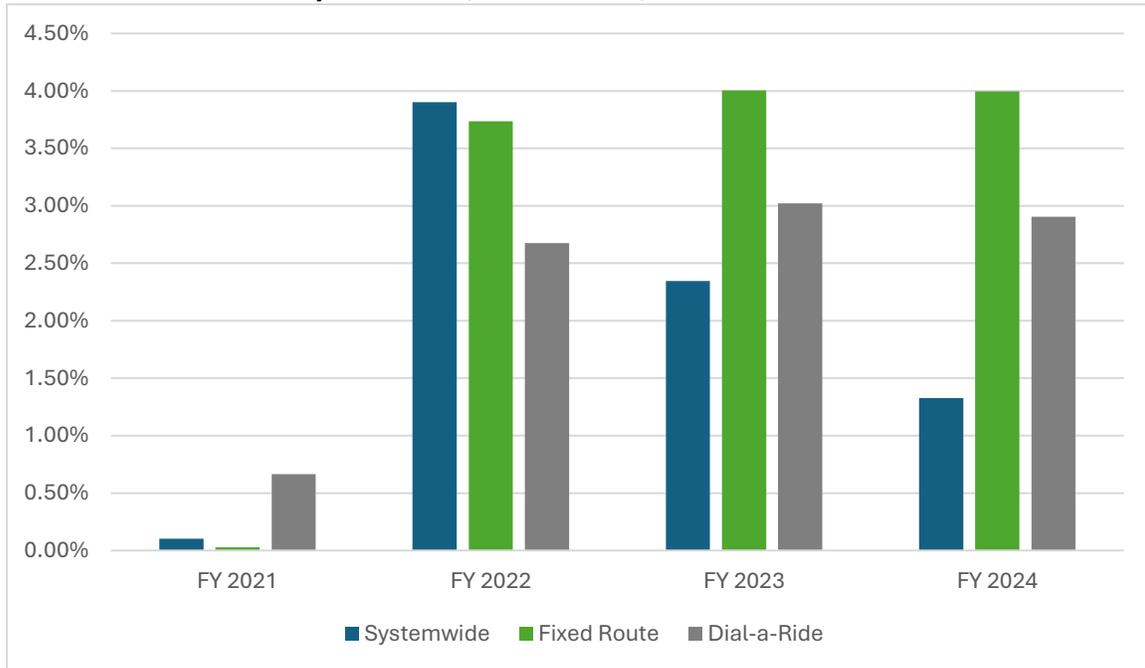
**Graph IV-4**  
**Operating Cost Per Vehicle Service Hour**  
**System-wide, Fixed Route, and Dial-A-Ride**



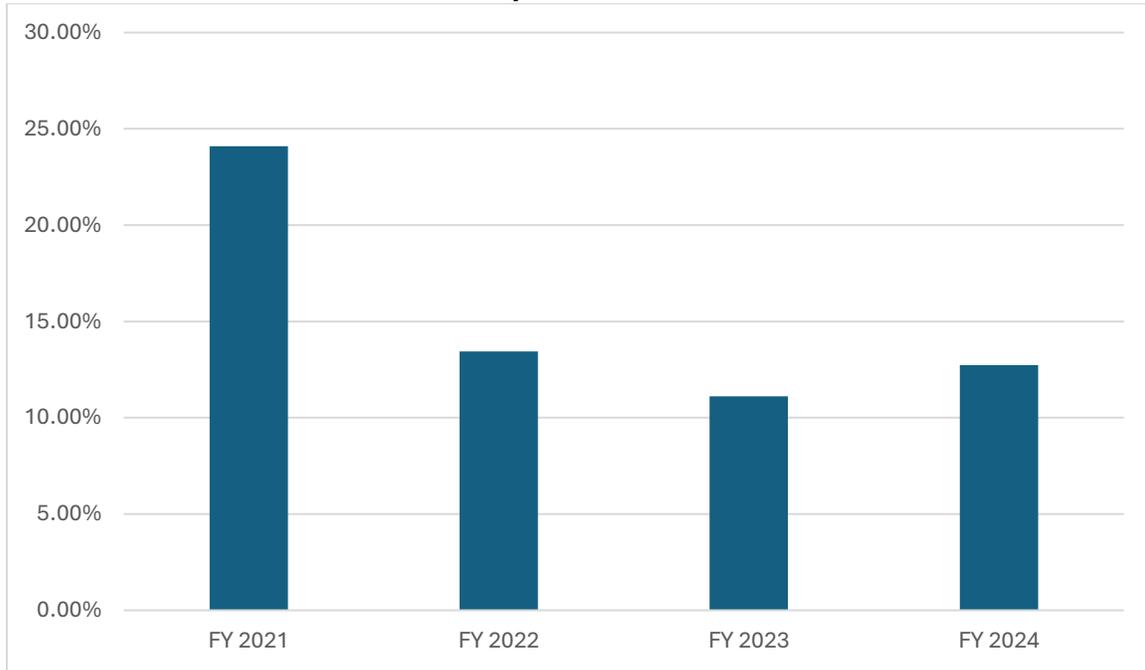
**Graph IV-5**  
**Passengers Per Vehicle Service Hour**  
**System-wide, Fixed Route, and Dial-A-Ride**



**Graph IV-6**  
**Fare Recovery Ratio (Based on Passenger Fares Only)**  
**System-wide, Fixed Route, and Dial-A-Ride**



**Graph IV-7**  
**Adjusted Fare Recovery Ratio (adjusted operating costs & other fare revenue contributions)**  
**System-wide**



## Findings from Verification of TDA Performance Indicators

1. **Operating cost per vehicle service hour**, an indicator of cost efficiency, increased 28.8 percent system-wide from \$113.37 in the FY 2021 base year to \$145.98 in FY 2024. Operating costs (based on audited data less depreciation) increased 33.1 percent system-wide as vehicle service hours increased by 3.4 percent over the same period. At the modal level, operating cost per vehicle service hour for fixed route rose 57.4 percent. However, Dial-A-Ride operating cost per vehicle service hour decreased 70 percent. Cost increases for both services are attributed to higher salaries and fringe benefits, fuel, tires, casualty, and liability insurance costs.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased 5.4 percent system-wide from \$23.51 in the FY 2021 base year to \$24.78 in FY 2024. Ridership system-wide increased by 26.3 percent, from 87,624 passengers in FY 2021 to 110,686 passengers in FY 2024, while operating costs increased 33.1 percent for the same period. At the modal level, cost per passenger increased 26.8 percent on fixed route but decreased 71 percent on Dial-A-Ride due to the significant increase in passenger trips relative to the increase in operating costs for that service mode.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 22.2 percent system-wide between FY 2021 and FY 2024 from 4.8 passengers per hour to 5.9 passengers per hour. Fixed-route operations reflected the system-wide trend with an increase of 24.1 percent over the same period from 4.8 to 6.0 passengers per hour. By contrast, demand-response operations exhibited an increase of 3.5 percent from 4.0 in FY 2021 to 4.1 passengers per hour in FY 2024.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased 21.7 percent system-wide, from 0.20 in FY 2021 to 0.24 passengers per mile in FY 2024. For fixed-route operations, the number of passengers per service mile increased 21.7 percent from 0.20 to 0.24 between FY 2021 and FY 2024. The increase in passengers per service mile for Dial-a-Ride over the same period was much higher, increasing 41.2 percent from 0.16 to 0.23.
5. **Vehicle service hours per employee** decreased 15.4 percent system-wide between FY 2021 and FY 2024. Vehicle service hours per employee for fixed-route service increased 52.6 percent during the reporting period, from 1,055.1 hours in FY 2021 to 1,609.8 hours in FY 2024, as vehicle service hours rebounded after pandemic-related measures were lifted, and the number of full-time equivalents (FTEs) decreased (from 17 to 11) during the period. For the Dial-A-Ride service mode, vehicle hours per employee decreased 58.6 percent. Vehicle service hours increased as Dial-A-Ride full-time equivalents increased from 1 to 11. The FTE calculation used for vehicle service hours per employee appears to be based on a headcount. Proper calculation of this measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee.

6. **Farebox recovery** exhibited an overall percentage decrease of 47.2 percent system-wide from 24.10 percent in FY 2021 to 12.73 percent in FY 2024 based on audited data. System-wide, passenger fares increased significantly as fare collection was resumed post-pandemic, supplemented by City’s General Fund, interest, and miscellaneous contributions. Without the local support revenues, farebox recovery exhibited an overall percentage increase of 1,203.3 percent from 0.10 percent in FY 2021 to 1.33 percent in FY 2024.

**Conclusion from the Verification of TDA Performance Indicators**

The performance indicators for Banning Connect reveals a period of significant operational transition and recovery between FY 2021 and FY 2024, marked by notable shifts in cost efficiency, service effectiveness, and labor productivity. These changes reflect both the lingering impacts of the COVID-19 pandemic and the City’s efforts to restore and enhance transit service delivery.

Banning Connect’s system-wide performance indicators reflect increases in operating costs while bus ridership and especially Dial-A-Ride ridership recovered from service disruptions during the COVID-19 pandemic. Ridership on the fixed route increased 22.6 percent whereas Dial-A-Ride ridership increased by about 371.8 percent. System-wide, vehicle service hours and miles increased 3.4 and 3.7 percent over the audit period, respectively, despite flagging slightly in FY 2023-2024. The vehicle service hours exhibited the highest increase with the Dial-A-Ride service, where service hours nearly quadrupled from the pandemic-induced low in FY 2020-2021. These gains suggest that vehicles were operating more efficiently in terms of passenger load relative to distance traveled, particularly within the demand-response mode.

Operating data reported in the Transit Operators Financial Transactions Report for Dial-A-Ride submitted to the State Controller for FY 2021-22 and FY 2022-23 appear inconsistent; for example, reported vehicle hours and passengers were identical in those two years. In such cases, internal performance productivity reports were used in lieu of the State Controller reports.

As was mentioned in the compliance review section of this audit, the FTE calculation used for vehicle service hours per employee appears to be inaccurate. FTEs are calculated for the annual Transit Operators Financial Transactions Report submitted to the State Controller. Proper calculation of this measure is based on the number of employee FTEs using employee pay hours from the State Controller Report and dividing by 2,000 hours per employee.

## Section V

### Review of Operator Functions

This section provides an in-depth review of various functions in the Banning Connect system. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at the Banning City Hall and Corporation Yard:

- Operations
- Maintenance
- Planning
- Marketing
- General Administration and Management

Within some departments are subfunctions that require review as well, such as Grants Administration that falls under General Administration.

#### Operations

Banning Connect's transit operations have undergone meaningful transformation during the audit period, marked by service expansion, technology adoption, and organizational stabilization. The transit system operates seven days a week, delivering both fixed-route and Dial-A-Ride services across the City of Banning and surrounding areas. During the audit period, the system underwent meaningful operational enhancements, including the rebranding and expansion of the Banning Circulator (Routes 5 and 6) to serve the growing Atwell development in the northwest part of the city. Hourly service to Cabazon, previously suspended during the COVID-19 pandemic, was reinstated, reflecting the City's commitment to restoring regional connectivity and addressing community needs.

Leadership continuity has contributed to operational progress. The Transit Manager, hired in July 2022, has overseen several key initiatives, including the successful submission of the Innovative Clean Transit (ICT) rollout plan, the launch of a transit advertising program, and the implementation of service changes after a 15-year period of static operations. The Maintenance Manager, with five years of tenure, has supported fleet upgrades and facility improvements, including the development of a new CNG fueling station scheduled for completion in fall 2025.

Fleet modernization has supported operational reliability. In 2023, Banning Connect received three El Dorado EZ Rider buses, one Ford E-450 cutaway, and one battery electric vehicle. Four Level 2 chargers and one fast charger were installed to support the transition to zero-emission vehicles. A fare increase was implemented in July 2022, raising the general public one-way fare to \$1.50. Mobile fare payment through the Token Transit app now accounts for 10 to 20 percent of fare purchases, reflecting growing adoption of digital tools. While mobile ticketing adoption has

grown, the transition to cashless fare media has been gradual. Token Transit was introduced prior to the COVID-19 pandemic, but usage trends were disrupted during that time. Discussions around GTFS integration have focused more on service data than farebox modernization.

Despite challenges such as labor shortages, supply chain disruptions, and the closure of El Dorado National, Banning Connect has demonstrated resilience and adaptability. Ridership is steadily recovering, approaching pre-pandemic levels, with 110,686 trips recorded in FY 2024 compared to 116,748 in FY 2019. The City has prioritized system reliability, reframing service delivery fundamentals and leveraging technology to rebuild rider trust. Operational performance is actively monitored through metrics such as on-time performance, ridership trends, road calls, and customer feedback.

Banning Connect utilizes the Swiftly platform and General Transit Feed Specification (GTFS) for its Computer-Aided Dispatch and Automatic Vehicle Location (CAD/AVL) system to track real-time vehicle location and schedule adherence. Swiftly software creates real-time transit data that can be utilized by third-party apps providing real-time arrival predictions to help customers and staff utilize the transit system better. The dispatcher uses Swiftly to help communicate estimated bus arrivals for passengers on both services.

The system maintains a 90 percent on-time performance goal. Communications and dispatching rely on both electronic and manual methods. Banning utilizes Motorola push-talk radios provided by Verizon for communication between the drivers and dispatch, replacing the previously used two-way radio system. While fixed-route services benefit from automated tracking, Dial-A-Ride scheduling remains manual, with passenger records maintained in Microsoft Excel spreadsheets.

Major trip generators served by Banning Connect include the Sun Lakes Shopping Center, the 2<sup>nd</sup> Street Marketplace and Walmart Supercenter in Beaumont, the Banning Justice Center, San Gorgonio Memorial Hospital, Beaver and Loma Linda Medical Plazas, the Cabazon Outlet Stores, Desert Hills Premium Outlets, Casino Morongo, and Mt. San Jacinto College, San Gorgonio Pass Campus.

During the audit period, Banning Connect operated a modest but strategically structured fixed-route network designed to serve key residential, commercial, and institutional areas within the City of Banning and its surrounding communities. The system also included Dial-A-Ride services tailored to seniors and persons with disabilities.

Route 1 serves as a vital regional link between the City of Banning and the neighboring community of Cabazon, including key destinations such as Casino Morongo, Desert Hills Outlet Mall, and San Gorgonio Memorial Hospital. It operates on a loop-style schedule, with buses departing approximately every 60 minutes throughout the day.

Routes 5 and 6 were rebranded and enhanced to form the Banning Circulator, a loop-style service operating two buses per route. The Circulator provided improved connectivity across central Banning and extended service to the Atwell development in the northwest part of the city, a newly

built residential community. A built-in run cut was incorporated into the schedule to improve operational efficiency and driver coverage. Routes 5 and 6 served as the backbone of the local network, facilitating transfers and access to key destinations such as shopping centers, schools, and medical facilities.

A key transfer location was established at San Gorgonio Memorial Hospital, where a curb cutout was added to facilitate safe and efficient boarding. Additional transfer points included Walmart in Banning, which also served as a regional connection with Riverside Transit Agency (RTA) and Beaumont Transit. Coordination with neighboring agencies supported broader mobility across the Pass and Inland Empire regions.

Dial-A-Ride trips are booked a minimum of 24 hours in advance; however, same-day requests can be accommodated. There is a 15-minute pickup window for Dial-A-Ride scheduling. No-shows occur when the rider is not ready, forgets, fails to call and cancel in advance, or refuses their ride when the driver arrives. If three no-shows accumulate in a 60-day period, a 30-day suspension will result. Once the rider is reinstated, if an additional three no-shows occur within another 60 days, the suspension will be extended to 45 days. After the third infraction of three no-shows, the suspension is for 60 days. If an individual continues to misuse the program, a reinstatement fee may be charged. No-shows are tracked manually on a specific log, which records the day and time of the scheduled pickup, passenger name, details, and the fare amount owed.

Driver trip sheets for both service modes include sections for recording the passenger count and fare categories, fuel mileage, hours, and mileage. Both actual and revenue hours and mileage are recorded and segregated. The dispatcher uses one whiteboard and a calendar to track driver availability while a second white board shows the buses on their respective routes.

Performance data—including revenue miles, revenue hours, and ridership—is manually collected and verified using trip sheets. The executive secretary conducts initial reviews, followed by the transit manager, prior to monthly data entry into TransTrack. Swiftly software supports on-time performance tracking and serves as a secondary tool for validating service metrics. Internal performance reports are consistent with external submissions, including the Transit Operators Financial Transactions Report to the State Controller. Performance information is presented monthly to both RCTC and the Banning City Council through formal reports and presentations.

Banning Connect upgraded the surveillance camera systems on its newer vehicles. Video footage can be downloaded with GateKeeper wireless technology. Vehicles are equipped with six surveillance cameras. Older vehicles are equipped with Safety Vision surveillance camera systems. Camera footage is used to investigate customer complaints and for employee discipline.

Banning Connect currently operates under a fare-free promotion funded through the Low Carbon Transit Operations Program (LCTOP), which began in August 2022 following a fare increase to \$1.50 for general public one-way trips. Despite the fare-free period, fare collection infrastructure remains in place, including cash and mobile payment options. Onboard fare collection utilizes

Diamond vaults, which are emptied four times weekly (Monday through Thursday) under dual custody. Fare revenues are counted at City Hall and reconciled against driver trip sheets.

At the end of each shift, the office specialist and lead driver pull out the vaults from the buses and transport them to City Hall by car. The vaults are taken to the Fiscal Services Department, which has a key to the vaults. Fare revenues are counted by the field supervisor and one person from the Fiscal Services Department in a safe room and reconciled with the trip sheets. Pass and ticket sales are also noted on the trip sheets. The driver farebox receipt is placed in the farebox. The Fiscal Services staff is also able to determine any significant overages or shortages during the reconciliation process.

### Personnel

Banning Connect personnel are City employees. Drivers and non-exempt employees are represented by the International Brotherhood of Electrical Workers (IBEW), Local 47. The City and the IBEW entered into a three-year MOU covering July 1, 2022, through June 30, 2024. Full-time employees are covered under the general bargaining unit referenced in the MOU.

The transit division is staffed by 13 employees, including a Transit Manager, Maintenance Manager, Executive Secretary/Dispatcher, one Field Supervisor, and 11 drivers. Most drivers are full-time, with one part-time driver and an active recruitment underway for an additional part-time position. The average driver tenure is approximately 10 years, indicating a stable and experienced workforce. Employee turnover during the audit period was minimal, with only two drivers departing for personal reasons. Routes are bid out based on seniority.

Driver recruitment and training protocols are well established. At the time of application, driver candidates are required to have a valid Class B California driver license with air brake and passenger endorsements. In addition, drivers must have one of the following certifications: Verification of Transit Training, School Bus Driver, or School Pupil Activity Bus Certification. Drivers undergo a background investigation and must successfully complete periodic physical examinations as required by federal transportation regulations. Driver candidates undergo 80 hours of training, including 40 hours of behind-the-wheel instruction, ADA compliance, and route familiarization. The City advertises openings through multiple platforms including GovernmentJobs.com, Transit Talent, LinkedIn, and the City of Banning website.

Monthly safety meetings are held, and performance goals are established based on field observations, contributing to a culture of accountability and continuous improvement. The lead driver is a certified trainer and conducts safety meetings monthly. Safety meetings cover wheelchair placement, emergency evacuations, parking and driving maneuvers, service animals, and passenger etiquette. Banning Connect utilizes training resources from the Transportation Safety Institute.

Accruals for vacation and sick time commence on the first day of employment for full-time employees. Employees with one to four years of service accrue 10 vacation days, 15 days with five

to nine years, and up to 20 vacation days with 10 or more years of service. Employees accrue 3.69 hours of sick time per 80-hour pay period. Full-time employees and their dependents are provided with employer-paid health insurance benefits.

### **Maintenance**

Vehicle maintenance is the responsibility of the City's Fleet Maintenance Division and is performed at the City Yard located at 176 East Lincoln Street. The maintenance facility is well-equipped to support the current fleet size. It includes four service bays—two for larger vehicles with underground heavy-duty lifts, and two for smaller vehicles, one of which has an above-ground lift. The City also operates a CNG fueling facility with two compressors rated at 75 cubic feet per minute (cfm) and is transitioning to a new facility with two 200 cfm compressors and six additional dispensers, including public access. This upgrade will enhance fueling efficiency and storage capacity.

Banning Connect has implemented a structured and proactive vehicle maintenance program that supports both operational reliability and regulatory compliance. Drivers are allotted 15 minutes for pre-trip inspections, which have been streamlined using the Ron Turley Associates (RTA) Inspect module app. This mobile tool allows drivers to complete inspections via smartphone, ensuring consistency and immediate digital reporting. The City uses RTA software to manage its fleet maintenance, including tracking mileage, service intervals, and parts inventory.

Preventive maintenance inspections (PMIs) are scheduled according to vehicle type and usage. The system employs multiple PM protocols: wet PMs, which include oil and filter changes every 7,000 miles; dry PMs, which focus on tire, suspension, and lighting inspections every 45 days; and specialized services for CNG vehicles, such as cylinder inspections and tune-ups involving spark plugs and transmission checks. RTA software is configured to monitor these intervals and generate daily alerts for upcoming or overdue services, helping ensure that PMs remain on schedule.

Parts management is managed through the RTA Parts Module. Banning Connect maintains a small inventory of commonly used parts and relies heavily on local vendors for just-in-time ordering. Annual purges help ensure that obsolete or unused inventory is cleared. The parts room is modest in size but currently holds more inventory than needed, reflecting a cautious approach to stocking. Standard parts are kept on hand, while specialized components—such as sensors—are ordered as needed.

The maintenance team consists of two mechanics, one of whom is a dedicated bus mechanic with prior experience in Long Beach. While not ASE-certified, the bus mechanic has received factory training specific to the Ford and CNG vehicles in the fleet. The team also benefits from professional development opportunities through regional organizations such as the Southern California Consortium, where staff maintain active membership.

Road calls have been manageable during the audit period, reflecting the effectiveness of the maintenance program. The City attributes this positive trend to its commitment to completing PM

services and predictive maintenance. Repairs are typically addressed comprehensively when vehicles are in the shop, minimizing the likelihood of recurring issues. The only notable exception involved ruptured coolant hoses and clamps on the El Dorado EZ Rider vehicles, which required replacement after the manufacturer went out of business, leaving the City to absorb the repair costs. Road calls are tracked and recorded in TransTrack Manager. A summary of road calls incurred during the audit period is presented in Table V-1.

**Table V-1  
Banning Connect Road Calls**

Category	FY 2022	FY 2023	FY 2024
Mechanical Road calls	5	3	4
Non-Mechanical Road calls	0	7	16
<b>Total</b>	<b>5</b>	<b>10</b>	<b>20</b>

Source: City of Banning TransTrack Manager (<https://www.transtrack.net/RCTC/DataEntry/MonthlyRoadcalls/>)

Banning transit system experienced a notable upward trend in vehicle road calls. Total road calls increased steadily from five in FY 2022 to 10 in FY 2023 and then doubled again to 20 in FY 2024. Mechanical road calls showed relative stability, decreasing from five in FY 2022 to three in FY 2023, followed by a slight increase to four in FY 2024. This suggests that mechanical reliability remained generally consistent, with no significant deterioration over the audit period. In contrast, non-mechanical road calls rose sharply, starting at zero in FY 2022, increasing to seven in FY 2023, and more than doubling to 16 in FY 2024. This category accounted for the majority of the overall increase in road calls and may reflect emerging operational or procedural issues, such as driver-related incidents, farebox malfunctions, or other non-mechanical disruptions. The CHP is responsible for certifying Banning’s maintenance facilities and for inspecting vehicles on an annual basis. Inspections conducted during the audit period were rated satisfactory.

**Planning**

Transit planning within the City of Banning is guided by a collaborative and evolving framework that integrates local priorities, regional coordination, and community engagement. The City plays a significant role in the development and implementation of its Short-Range Transit Plan (SRTP). During the audit period, the City conducted a full presentation of the SRTP to the Banning City Council, which recently experienced significant turnover—three of five members are new. This shift has sparked renewed interest in transit planning, prompting the City to commit to annual presentations and a forthcoming educational workshop to ensure council members are informed about transit operations, funding mechanisms, and service needs.

Banning Connect prepares its SRTP on an annual basis. The SRTP covers a three-year planning horizon and includes a system overview; services and performance analysis for each route and service provided; service changes; and financial and capital plans. Under the Existing Service and Route Performance chapter, a series of recommendations for service improvements is presented for each route or program. Performance data from TransTrack Manager is also included to provide an annual comparison.

Connectivity with neighboring transit systems remains a priority. Banning Connect maintains two key transfer points—at Walmart and San Gorgonio Memorial Hospital—with Beaumont Transit and regularly engages in discussions to improve interagency coordination. A Comprehensive Operational Analysis (COA) is planned for the near future, with a draft scope of work already in development. The COA will assess unmet needs, evaluate route-level performance, and explore opportunities for joint planning with Beaumont Transit, which is also preparing its own COA. The timing is considered ideal, as post-pandemic ridership data has stabilized and new development patterns are emerging. Banning is encouraged to pursue steps in the preparation of a COA.

Public participation is embedded in the planning process through multiple channels. Service changes and rebranding efforts were presented to the City Council and opened to public comment. The City has enhanced its social media presence, using digital platforms to share updates and solicit feedback. Outreach efforts extend to senior centers, shelters, and targeted surveys, such as the ridership and interest survey conducted for the Atwell community. These efforts have helped build a more engaged and informed rider base.

Route evaluation has historically been infrequent, with no major changes for over 15 years prior to the rebranding of Routes 5 and 6. The SRTP now serves as the primary tool for annual route review, and the upcoming COA will provide a deeper analysis of service effectiveness. Rapid residential growth in areas like Atwell—where over 1,000 homes were sold in a single year—has prompted discussions about future route adjustments and the need for transit access to emerging commercial developments, including potential anchor tenants like Target.

Performance criteria used to evaluate routes include on-time performance, ridership levels, and community feedback, including complaints and comments. These metrics are tracked through a combination of manual trip sheets and digital tools such as Swiftly and TransTrack, as discussed in the Operations section.

In addition to the SRTP process, the Banning Connect Zero-Emission Bus Rollout Plan was completed and published in 2023. The rollout plan outlines the City of Banning’s strategy to transition its transit fleet to zero-emission vehicles (ZEBs) in compliance with California’s Innovative Clean Transit (ICT) regulation. This regulation, administered by the California Air Resources Board (CARB), requires all public transit agencies in the state to gradually phase out internal combustion buses and achieve a fully zero-emission fleet by 2040.

Planning responsibilities are shared among several entities. RCTC provides regional oversight and funding coordination, while the City Council sets policy direction and approves service changes. The Citizens and Specialized Transit Advisory Committee (CSTAC) includes representatives from Banning and meets quarterly to offer technical expertise. CSTAC participated in three meetings during the audit period and remains an engaged stakeholder in the planning process.

Transit planning is also integrated into the City’s development review process. Applications are uploaded to SmartGov, and the Transit Manager reviews them for potential impacts on service

demand and infrastructure. This practice has been in place for several years and was particularly relevant during the Atwell development review. The upcoming Rancho development in the southern part of the city presents new opportunities for transit integration, especially with the planned road network improvements near Highland Springs.

## **Marketing**

Banning Connect has made notable strides in marketing and public engagement during the audit period, with efforts focused on improving visibility, accessibility, and community connection. A major milestone was the 2024 overhaul of the City of Banning’s official website, which included a redesigned and regularly updated transit webpage (<http://www.banning.ca.us/596/Transit>). The updated site features route schedules, service alerts, and rider resources, and reflects a broader commitment to digital modernization.

Social media has become a key outreach tool, with active Facebook and Instagram accounts used to share service updates, promotional content, and community engagement highlights. The hiring of a new Public Information Officer (PIO) has strengthened the City’s digital presence, with increased posting frequency and the use of video content to reach a wider audience. While Banning Connect may also have a presence on platforms like TikTok, further expansion into other channels such as X (formerly Twitter) is under consideration.

Despite a modest operating budget for marketing, Banning Connect has leveraged competitive grant funding to support promotional efforts. Marketing success is measured informally through community feedback, ridership trends, and engagement at public events. Printed materials remain in demand, including individual route schedules and a “How to Ride” brochure, which are distributed both online and in physical form. While a consolidated rider’s guide is under consideration, current materials are designed externally and modified internally to reflect service changes.

Outreach efforts are particularly strong in support of specialized services for seniors and persons with disabilities. Transit staff conduct presentations at local high schools three times annually, targeting transitional students preparing for independent travel. Additional outreach includes engagement with senior centers, community organizations, and youth groups such as the Boy Scouts. Banning Connect is exploring partnerships with foster-care programs and independent living initiatives and has responded to requests for service information from individuals recently released from correctional facilities.

Community events serve as important platforms for visibility and engagement. Banning Connect regularly participates in Stagecoach Days, providing shuttle service and promotional materials. All bus stops are equipped with SMS codes, enabling riders to access real-time arrival information via mobile devices. The system’s GTFS feed is integrated with Google and other transit apps, enhancing trip planning and accessibility.

Customer feedback is monitored and addressed through a complaint process managed primarily via the community center. While complaints are not formally filed in driver records, they are reviewed and considered in service evaluations. The City is committed to improving responsiveness and transparency in this area.

Although Banning Connect does not currently have a Title VI Plan, discussions are underway to develop one in the future to ensure compliance with federal civil rights requirements. Overall, public perception of the transit system has improved significantly since the service rebranding and reliability enhancements. Continued investment in communication, outreach, and rider education will be essential to sustaining this positive momentum and deepening community trust.

In March 2023, the City of Banning officially launched its Transit Advertising Program to generate extra farebox revenue. This initiative was designed to create new revenue streams while fostering community engagement and supporting local businesses. The advertising program allows for limited commercial advertising on the interior and exterior surfaces of Banning Connect buses and on designated bus shelters throughout the city. Transit advertising is not for political or religious discourse, as per City policy. Instead, they are curated environments for viewpoint-neutral, high-quality commercial and promotional content.

### **General Administration and Management**

The City of Banning was incorporated February 6, 1913, as a general law city and currently operates under a council/manager form of government. The five-member City Council serves as the City's principal legislative body and members are elected to four-year terms, which are staggered. The mayor and the mayor pro tem are elected from the City Council and serve one-year terms. The City Council meets the second and fourth Tuesdays of each month at 5:00 p.m. in the Banning City Council Chambers located at City Hall, 99 E. Ramsey Street in Downtown Banning.

The chief administrative officer for the City is the City Manager, who is appointed by the City Council. The City Manager oversees and coordinates City departments and services. The Transit Division operates under the Public Works Department and is responsible for managing the city's public transportation services. The division has been led by a Transit Manager who oversees daily operations, strategic planning, grant administration, and interagency coordination. This role was filled in July 2022 after a period of recruitment challenges, and the current manager has been instrumental in advancing key initiatives like the Zero-Emission Bus Rollout Plan and service rebranding. The Maintenance Manager has worked in tandem with the Transit Manager to ensure fleet reliability and facility readiness. This position has been stable for several years and plays a key role in capital planning and vehicle procurement. As was mentioned earlier in this audit report, the Transit Manager separated from the City in the fall of 2025 and the position is currently vacant.

The primary source of transit funding support is derived from the Local Transportation Fund (LTF) for operations. Banning Connect submits the annual TDA claim for funds to RCTC. TDA claims are based on Banning Connect's annual budget projections and the financial element of the SRTP. Banning Connect's LTF allocation as reported in the annual fiscal and compliance audits was

\$1,687,000 in FY 2022; \$1,893,657 in FY 2023; and \$1,967,071 in FY 2024. State Transportation Assistance (STA) funds received by Banning Connect were \$96,959 in FY 2023 and \$3,372,178 in FY 2024. STA is used toward capital projects.

Grants Management

Grant funding allocated toward the transit system has been derived from state sources composed of Proposition 1B, SB 1 State of Good Repair (SGR), and Low Carbon Transit Operation Program funds. Under Proposition 1B Transit System Safety, Security & Disaster Response Account (TSSSDRA) administered by the Governor’s Office of Emergency Services, Banning Connect utilized funds toward security cameras and equipment. As of June 30, 2021, Banning Connect had an unexpended balance of \$16,125 in TSSSDRA funds, which were expended in FY 2022. The City was awarded \$138,146 in LCTOP funding during the audit period, which was applied toward farebox revenues under AB 149.

Banning does not utilize federal transit funding for operating expenses, thus avoiding federal transit grant and Title VI reporting requirements. Based on the results of the 2020 U.S. Census, the city of Banning is now included within the Riverside-San Bernardino-Ontario Urbanized Area (UZA). This classification places Banning within one of the major urbanized areas in Southern California, which has implications for federal transit funding and planning. This designation—defined as having a population of 50,000 or more—qualifies Banning for participation in the Federal Transit Administration’s Urbanized Area Formula Funding Program (FTA Section 5307).

## Section VI

### Statement of Facts

The following summarizes factual events and trends obtained from this triennial audit covering fiscal years 2022 through 2024. A set of recommendations is then provided.

1. Banning Connect fully complied with five of the eight applicable compliance requirements. The operator was partially compliant in three areas: the timely completion and submittal of its FY 2023 Transit Operators Financial Transactions Report, its FY 2024 annual fiscal and compliance audit, and the consistent reporting of key performance metrics (including total passengers, vehicle service hours, vehicle service miles, and full-time employee equivalents). Three additional requirements—intermediate and urban farebox recovery ratios and the use of federal funds—were not applicable to the operator.
2. Based on the farebox calculation in the annual Transit Services Fund Financial Statements (*audited*), Banning’s farebox recovery ratio met or exceeded the required minimum standard of 10 percent in one of the three audit years. The system-wide farebox recovery ratios were 13.45 percent in FY 2022, 11.12 percent in FY 2023, and 12.73 percent in FY 2024.<sup>2</sup> Banning Connect utilized an allowable combination of additional local support revenues to meet minimum farebox recovery attainment during the audit period.
3. Banning Connect participates in the CHP Transit Operator Compliance Program in which the CHP conducted inspections within the 13 months prior to each TDA claim. The CHP inspection reports submitted for review were found to be satisfactory.
4. The annual operating budget increased above 15 percent in FY 2024 and exhibited varied fluctuations during the prior two fiscal years. Banning saw a 14 percent decrease in its operating budget in FY 2022 followed by an 8.5 percent increase FY 2023. For FY 2024, the transit operating budget increased 42.7 percent, which was attributed to higher salaries and fringe benefits, retirement plan contributions, as well as interfund transfers to fleet maintenance and insurance.
5. Banning satisfactorily implemented or is in the process of implementing of the two out of the four prior audit recommendations pertaining to the development of a COA, and the

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<sup>2</sup> AB 90, passed into law and signed by the governor in June 2020 in response to the COVID-19 pandemic impacts, prohibits the imposition of penalties on a transit operator that does not maintain the required ratio of fare revenues to operating cost during FY 2019–20 or FY 2020–21. AB 149 extends the penalty exemption through FY 2022–23 and authorizes transit operators to include federal grant funds as local funds for the purpose of computing fare revenue ratios. This bill, until July 1, 2026, would exempt an operator from specified requirements related to fare box ratios and eligibility standards for a fiscal year in which the operator expended from local funding, as defined, an amount for transit operations not less than the amount the operator expended from local funding for transit operations during FY 2018–19.

establishment of a transit advertising program. The city implemented a Transit Advertising Program in March 2023. Meanwhile, the recommendation to commission a COA has been partially implemented, with a draft scope of work in development. Despite the hiring of a Transit Manager in July 2022, the manager has since left the City, and the position remains vacant. The recommendation pertaining to the timely completion and submittal of external TDA financial reports was partially implemented. The recommendations pertaining to the COA, transit manager, and external TDA reports are being carried forward for full implementation.

6. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 28.8 percent system-wide from \$113.37 in the FY 2021 base year to \$145.98 in FY 2024. Operating costs (based on audited data less depreciation) increased 33.1 percent system-wide as vehicle service hours increased by 3.4 percent over the same period. At the modal level, operating cost per vehicle service hour for fixed route rose 57.4 percent. However, Dial-A-Ride operating cost per vehicle service hour decreased 70 percent. Cost increases for both services are attributed to higher salaries and fringe benefits, fuel, tires, casualty, and liability insurance costs.
7. Operating cost per passenger, an indicator of cost effectiveness, increased 5.4 percent system-wide from \$23.51 in the FY 2021 base year to \$24.78 in FY 2024. Ridership system-wide increased by 26.3 percent, from 87,624 passengers in FY 2021 to 110,686 passengers in FY 2024, while operating costs increased 33.1 percent for the same period. At the modal level, cost per passenger increased 26.8 percent on fixed route but decreased 71 percent on Dial-A-Ride due to the significant increase in passenger trips relative to the increase in operating costs for that service mode.
8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 22.2 percent system-wide between FY 2021 and FY 2024 from 4.8 passengers per hour to 5.9 passengers per hour. Fixed-route operations reflected the system-wide trend with an increase of 24.1 percent over the same period from 4.8 to 6.0 passengers per hour. By contrast, demand-response operations exhibited an increase of 3.5 percent from 4.0 in FY 2021 to 4.1 passengers per hour in FY 2024.
9. Passengers per vehicle service mile, another indicator of service effectiveness, increased 21.7 percent system-wide, from 0.20 in FY 2021 to 0.24 passengers per mile in FY 2024. For fixed-route operations, the number of passengers per service mile increased 21.7 percent from 0.20 to 0.24 between FY 2021 and FY 2024. The increase in passengers per service mile for Dial-a-Ride over the same period was much higher, increasing 41.2 percent from 0.16 to 0.23.
10. Banning Connect underwent a significant transformation marked by service expansion, leadership stabilization, and technology adoption. Notable service enhancements included the rebranding and expansion of the Banning Circulator (Routes 5 and 6), which extended coverage to the rapidly growing Atwell development. Additionally, hourly service to Cabazon was reinstated, restoring regional connectivity that had been suspended during the pandemic.

11. Banning Connect maintained a stable and experienced workforce, with all personnel employed directly by the City of Banning. Drivers and non-exempt staff were represented by the International Brotherhood of Electrical Workers (IBEW), Local 47. The transit division was staffed by 13 front line employees, including an executive Secretary/dispatcher, field supervisor, and 11 drivers—most of whom were full-time. The average driver tenure was approximately 10 years. Turnover was minimal, with only two drivers leaving for personal reasons.
12. Vehicle maintenance is the responsibility of the City’s Fleet Maintenance Division and is performed at the City Yard located at 176 East Lincoln Street. The facility is equipped with four service bays and supports both standard and heavy-duty vehicles, alongside a CNG fueling station currently undergoing a major upgrade to improve capacity and public access. Maintenance operations were guided by the Ron Turley Associates (RTA) software suite, which streamlined pre-trip inspections, tracked service intervals, and managed parts inventory.
13. Banning Connect significantly expanded its marketing and public outreach efforts, enhancing visibility and community engagement. A major achievement was the 2024 redesign of the City’s website, including a modernized transit page with updated schedules, alerts, and rider resources. Social media became a central outreach tool, with active Facebook and Instagram accounts. In March 2023, the City launched a Transit Advertising Program to generate revenue and promote local businesses, reinforcing its commitment to inclusive, high-quality public communication.
14. Banning Connect advanced its transit planning through a collaborative framework that emphasized local priorities, regional coordination, and community engagement. Banning Connect prepares its SRTP on an annual basis, which covers a three-year planning horizon and includes a system overview; services and performance analysis for each route and service provided; service changes; and financial and capital plans. Additionally, the City completed its Zero-Emission Bus Rollout Plan in 2023, aligning with state mandates to transition to a fully zero-emission fleet by 2040.
15. Banning Connect’s general administration is anchored by a dedicated Transit Division operating under the City’s Public Works Department. Leadership was strengthened with the appointment of a new Transit Manager in July 2022, who played a pivotal role in advancing strategic initiatives such as the Zero-Emission Bus Rollout Plan and service rebranding. The division submits annual TDA claims to RCTC based on budget projections and SRTP planning, ensuring alignment between financial resources and service goals.

## Recommendations

### **1. Ensure timely completion and submittal of external TDA financial reports.**

This prior audit recommendation is being forwarded for full implementation. Banning was in partial compliance with the timely completion and submittal of its annual fiscal and compliance audits. The City has tried to ensure the timely completion of its annual TDA fiscal and compliance audits within the statutory timeframes during the audit period. Banning Connect requested and was granted a 90-day extension for the fiscal and compliance audits by RCTC as allowed by law for FY 2022 and FY 2023. However, the FY 2024 fiscal audit was submitted after the 90-day extension period in August 2025.

This late submittal has been attributed to turnover in the City's Finance Department in recent years, reflecting broader organizational shifts and efforts to stabilize fiscal operations. The City has periodically posted openings for finance-related roles, including budget analysts and accounting specialists, indicating ongoing efforts to rebuild and strengthen the department. In the interim, it is suggested that a schedule be coordinated between the City's Finance Department personnel, TDA fiscal auditor, and RCTC to anticipate financial closeout procedures and timelines by the City and completion of the external TDA financial reports.

### **2. Ensure timely completion and submittal of the Transit Operators Financial Transactions Report.**

The City was in partial compliance with the timely completion and submittal of its Transit Operators Financial Transactions Report to the State Controller. This concerns the report submitted for FY 2023, which was submitted after the statutory deadline of January 31. The late submittal may be due to the financial closeout procedures needed to generate the financial information required in the Controller's report. Although City financial closeout procedures are not within the scope of this performance audit, it is suggested that a schedule be coordinated between the City's Finance Department and Transit Services Division to ensure timely submittal of the report to the State Controller.

### **3. Provide consistent and accurate performance measures on all external and internal transit reporting, including to the State Controller and RCTC.**

A review of TransTrack performance data reports generated during the audit period indicates that correct performance data are being collected. However, there were discrepancies found in the data reported in the Transit Operators Financial Transactions Reports that were submitted to the State Controller related to passenger trips, vehicle service hours/miles, and full-time employee equivalents.

For FY 2022, total passenger data reported in the Transit Operators Financial Transactions Report for fixed route were inconsistent with the data reported in TransTrack. Likewise, vehicle service hours and miles reported in the Transit Operators Financial Transactions Report – Specialized Service for FY 2022 were inconsistent with the data reported for this measure in the other reports. In FY 2023, vehicle service hours reported in the Transit Operators Financial Transactions Report were inconsistent with the data reported in TransTrack.

For the triennial review period, full-time employee equivalent data reported in the Transit Operators Financial Transactions Reports for both service modes reflect a per person headcount rather than total labor hours divided by 2,000, pursuant to the TDA statute. It is recommended that a final review and check of the performance data be conducted by City finance and transit management prior to submission to the State and RCTC.

**4. Continue efforts to hire and retain a transit manager.**

This prior audit recommendation is being forwarded for full implementation. During the audit period, the City of Banning conducted recruitment to fill the Transit Manager position in spring 2022, with the application window closing on May 8, 2022. The role was designed to oversee the daily operations of the Transit Division under the Public Works Department, including planning, coordinating, and ensuring compliance with transit services and regulations. After a vetting process, a permanent Transit Manager was hired in July 2022.

However, the Transit Manager position still remains vacant with the recent departure of the manager in fall 2025, who had been hired during the audit period. Retaining a transit manager would help implement data collection procedures to more accurately collect data related to on-time performance, ridership growth, road calls, complaints, preventable accidents, and rider injuries. The position would help meet a future goal of to have City Council-approved operating standards and performance metrics. Therefore, it is recommended that City resume its efforts to recruit and retain a dedicated transit manager.

**5. Continue efforts to develop a Comprehensive Operational Analysis.**

This prior audit recommendation is being forwarded for full implementation. A Comprehensive Operational Analysis (COA) is planned for the near future, with a draft scope of work already in development. The COA will assess unmet needs, evaluate route-level performance, and explore opportunities for joint planning with Beaumont Transit, which is also preparing its own COA. The timing is considered ideal, as post-pandemic ridership data has stabilized and new development patterns are emerging. This initiative is referenced in the city's SRTP for FY 2023/24 – FY 2025/26, which outlines future service evaluations and strategic improvements. It is recommended that Banning continue to pursue steps in the preparation of a COA.