# OFFICE OF FINANCIAL & PROGRAM AUDIT

June 2014

Quarterly Report

FAIRFAX COUNTY BOARD OF SUPERVISORS

AUDITOR OF THE BOARD

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# Office of Financial & Program Audit

**QUARTERLY REPORT**

## EXECUTIVE SUMMARY

**Housing Cash Proffers (Remaining Balance)**

Housing cash proffers are accounted for in the Housing Trust Fund, which was established by the Board of Supervisors to encourage the preservation, development, and redevelopment of affordable housing. Remaining (unspent) housing cash proffers are part of the $6 million available balance in the Housing Trust Fund. We were unable to ascertain the portion of the fund balance that represents remaining (unspent) housing cash proffers because different revenue sources are pooled (comingled) in the Housing Trust Fund and cash proffers become untraceable in the county's system (FOCUS) at the point they are recognized as revenue. The Department of Housing and Community Development (HCD) has not established written procedures for its housing cash proffer accounting practices. In addition, there was an unresolved variance between reported fund balances in the Adopted Budget and the Comprehensive Annual Financial Report (CAFR). HCD provided justification for pooling revenues and reported that they will work with the Department of Finance to better document the overall proffer process. HCD will also continue to identify and reconcile the unresolved variance in the reported fund balance for the Housing Trust Fund.

**Cable Revenue Sources and Uses**

Cable revenues have been used to support variety of activities, including information technology projects, staff positions for the county and FCPS, seating and carpeting renovations in the Government Center Auditorium, equipment purchases, and the FCPS Full-Day Kindergarten program. During fiscal year 2013, the county received $24.1 million in cable revenues ($16.9 million from cable franchise fees and $7.2 million from PEG grants). Based on the information initially provided during our review, we were unable verify the county's calculations for two separate $4.3 million cable revenue transfers to the General Fund and FCPS for fiscal year 2013. We recommend that the Department of Cable and Consumer Services and the Department of Management and Budget continue efforts to ensure that the Excel spreadsheets that are used to calculate the annual cable revenue transfer amounts are linked to supporting documentation and should make the spreadsheets available upon request to allow for periodic independent reviews and verifications of the cable revenue transfer calculation. The Department of Cable and Consumer Services agreed with our recommendation.

**Bus Route Evaluation Methodologies**

The Fairfax County Department of Transportation (FCDOT) is responsible for the administration and oversight of the county's fixed-route bus system, the Fairfax Connector. During the past five years, FCDOT has focused primarily on the expansion of the Connector system and has not implemented a formal process (procedure) for conducting routine evaluations of bus routes. FCDOT indicated that they have a "suggested evaluation process" for the routine evaluation of the Connector system prepared by a consultant in 2011 that will be used in the future when they are not working on major services changes. The consultant noted that FCDOT does not have a formal systematic and periodic process for measuring bus route performance. We recommend that FCDOT formalize and implement a methodology for the routine evaluation of Fairfax Connector bus routes. FCDOT did not indicate whether they agreed or disagreed with our recommendation.

**Dulles Metrorail Project**

Total Phase 1expenditures (including finance costs incurred by MWAA) were $2.829 billion as of April 2014, which represents 85% of the total $3.344 billion budget. Construction for Phase 1 was more than 99% (but less than 100%) complete. Although MWAA declared the project substantially complete in April 2014, the Phase 1 prime contractor (Dulles Transit Partners) continued to work on a “punch list” of 33 required tasks that were not completed during the primary construction phase of the Project. WMATA agreed to take control of the Project before construction was complete to begin 90 scheduled days of safety testing. In early June 2014, WMATA officials expressed concerns about Dulles Transit Partners’ lack of progress in completing the punch list items, which could affect the revenue operations date. Later in the month, WMATA officials announced a firm date for revenue operations of July 26, 2014.

# STUDY BRIEFINGS

## HOUSING CASH PROFFERS (REMAINING BALANCE)

**Overview**

Cash proffers are an integral part of the zoning process in Fairfax County. Private developers and individual property owners make voluntary cash contributions that are "proffered" under conditions that limit or qualify how a specific property will be used or developed.[1] There are seven basic categories of cash proffers: (1) transportation, (2) schools, (3) parks and recreation, (4) libraries, (5) public works, (6) public safety, and (7) housing. A majority of the county's cash proffers are related to transportation. Housing cash proffers potentially represent less than ten percent of the county's estimated $55 million to $65 million total cash proffer balance.

As outlined in the Fairfax County Comprehensive Plan, housing cash proffers support the county's goal of ensuring an adequate supply of affordable housing for low and moderate income families.[2] To satisfy the affordable housing requirements set forth in the Comprehensive Plan, private developers provide a certain number of Affordable Dwelling Units (ADUs) in their housing developments or make cash contributions (in the form of housing cash proffers) to the Housing Trust Fund. Housing cash proffer contributions are generally equal to 0.5% of the estimated market value the approved units on the property. The Department of Housing and Community Development (HCD) is responsible for determining the required contribution amounts for housing cash proffers.

Housing cash proffers are accounted for in the Housing Trust Fund, which was established by the Board of Supervisors to encourage the preservation, development, and redevelopment of affordable housing. According to HCD officials, cash proffers are pooled with other revenue sources in the Housing Trust Fund and are used to support a variety of affordable housing projects. These projects include loans to non-profits for the acquisition and preservation of affordable housing, the Little River Glen II senior housing development, and the West County Family Shelter (currently under construction).

**Scope and Methodology**

We conducted our review in response to a request from the Board of Supervisors – Audit Committee for information regarding the housing cash proffers balance. The purpose of our review was to determine the remaining (unspent) housing cash proffer balance in the Housing Trust fund. This review was related to our previous county-wide review of cash proffers, which identified the following issues:

- Highly decentralized tracking process - at least seven different county departments and agencies maintain information related to cash proffers on at least 20 different Excel spreadsheets that are relied upon because departments and agencies are unable to generate a complete and accurate report of cash proffer balances from county's enterprise resource planning system (FOCUS).
- Inconsistent reported cash proffer balances.

[1] Commonwealth of Virginia, Commission on Local Government: "Report on Proffered Cash Payments and Expenditures by Virginia's Counties, Cities and Towns."

[2] The Fairfax County Comprehensive Plan outlines the Board of Supervisors' goals regarding land use, transportation, housing, the environment, human services, public facilities, parks and recreation, revitalization, and economic development. The Land Use section of the Fairfax County Comprehensive Plan establishes the specific requirements for housing cash proffers.

- Significant accounting errors and misallocations (primarily related to transportation cash proffers). [3]
- Insufficient and undocumented accounting procedures related to cash proffers.

We reported the results of our county-wide cash proffer review in a briefing document presented to representatives from the County Attorney's Office and the County Executive's Office in May 2013.

To ascertain the balance of housing cash proffers in the Housing Trust Fund, we interviewed management and staff from the Department of Housing and Community Development (HCD), reviewed Housing Trust Fund revenue and fund balance activity reported in the county's Adopted Budgets and Comprehensive Annual Financial Reports (CAFRs) for fiscal years 2004 through 2013, and reviewed the "Determination of Contributions to the Housing Trust Fund" memos maintained by HCD.

As described in our report, we were unable to determine the balance of remaining (unspent) housing cash proffers in the Housing Trust Fund.

**Unknown Housing Cash Proffer Balance**
During the past 10 years, housing cash proffers have been a significant source of revenue for the Housing Trust Fund. Revenues generated from housing cash proffers represent approximately 47 percent ($11.7 million of the total $25 million) of total revenues and transfers to the Housing Trust Fund from fiscal years 2004 through 2013. According to HCD officials, revenues from housing cash proffers have declined due to changing economic conditions and reduced construction activity. The table and chart on page 7 show the revenues, expenditures, and fund balance for the Housing Trust Fund for fiscal years 2004 through 2013.

The remaining balance of housing cash proffers is part of the Housing Trust Fund's total available fund balance, which was reported to be approximately $6 million at the end of fiscal year 2013. We were unable to ascertain the portion of the fund balance that represents remaining (unspent) housing cash proffers for the following reasons:

- HCD does not separately track housing cash proffers in the Housing Trust Fund. Different revenue sources are pooled (comingled) in the Housing Trust Fund and are allocated to various projects. According to HCD officials, all project and expenditure activities in the Housing Trust Fund are directed toward affordable housing projects and there has been no specific need to track individual cash proffers. However, housing cash proffers that have been designated for a specific purpose (such as the upcoming Tyson's Corner Development) do need to be separately tracked to ensure that designated cash proffers are not comingled with general purpose cash proffers and other revenue sources.

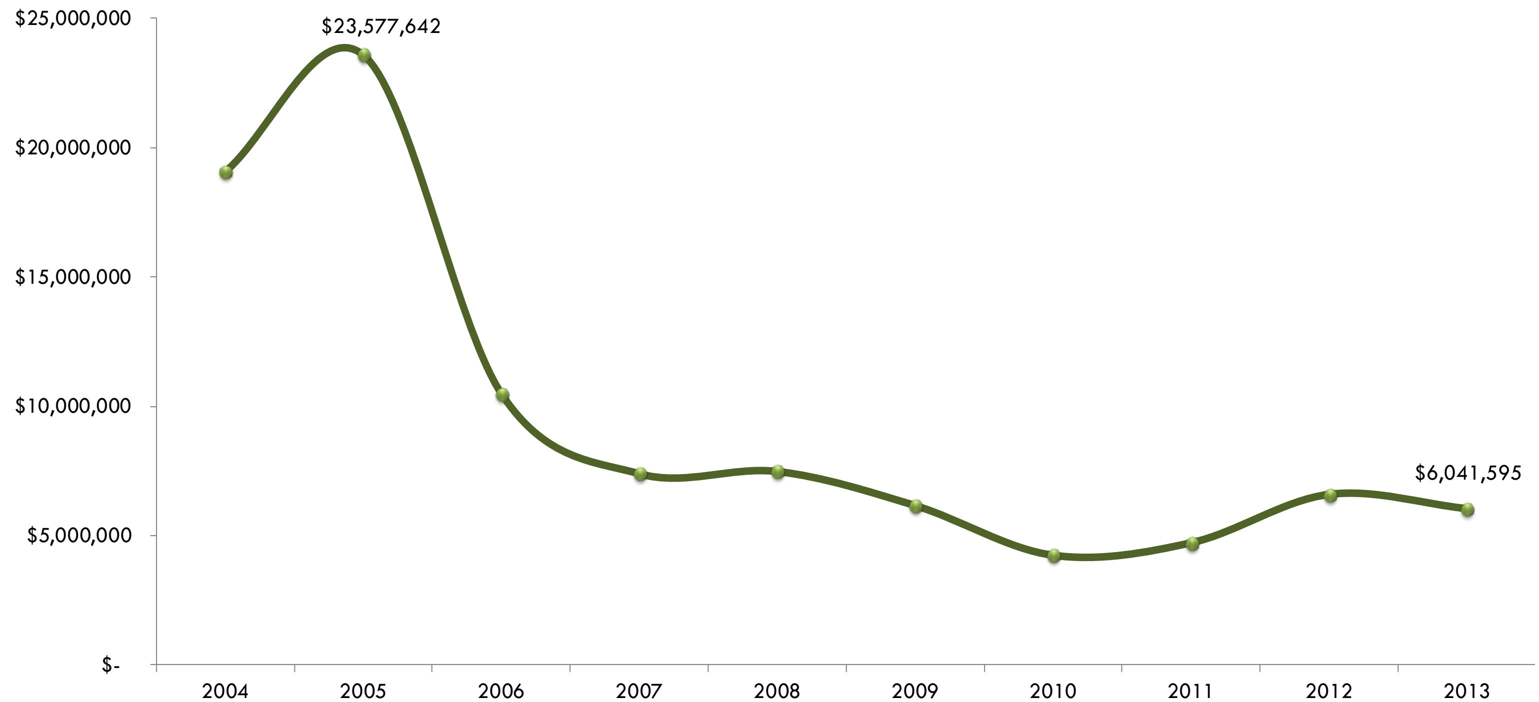
- When transferred to the Housing Trust Fund, housing cash proffers are immediately recognized as revenue (at which point they are no longer separately tracked) and are allocated to various projects within the Housing Trust Fund. Housing cash proffers become untraceable in the county's financial system (FOCUS) at the point they are recognized as revenue.

[3] From November 2011 through June 2013, the Department of Finance incorrectly allowed over $13 million in transportation cash proffers to be transferred to the wrong fund (the Transportation Improvements Bond Fund). This action was contrary to established procedures, which require transportation cash proffers to be transferred to the Contributed Roadway Improvement Fund. To reverse the error, the Department of Finance transferred $13 million back to the Contributed Roadway Improvement Fund in June 2013.

During our review, we found that HCD had not established written procedures for its housing cash proffer accounting practices. Specifically, HCD had not established housing cash proffer procedures that reflect the current accounting process in FOCUS, guidelines for how and when recognized revenues from housing cash proffers, the allocation of revenues to projects and other activities in the Housing Trust Fund, the reconciliation of actual housing cash proffer payments to the required amounts specified in the "Determination of Contributions to the Housing Trust Fund" memos, or the separate tracking of housing cash proffers designated for a specific purpose.

## Housing Trust Fund
## Revenues, Expenditures, and Fund Balance
## Fiscal Years 2004 – 2013

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues/Transfers In:** | | | | | | | | | | |
| Housing Cash Proffers | 3,120,758 | 1,989,924 | 1,984,962 | 1,007,161 | 930,208 | 627,179 | 90,850 | 398,991 | 1,351,838 | 164,869 |
| Interest on Investments | 134,536 | 361,863 | 799,758 | 696,284 | 362,250 | 142,955 | 33,003 | 20,447 | 29,479 | 20,182 |
| Loan Repayments/Other | 1,849,841 | 82,408 | 319,689 | 628,364 | 1,089,417 | 85,266 | 132,117 | 140,501 | 570,454 | 175,429 |
| Transfers In From General Fund | 1,500,000 | 4,020,000 | - | - | - | - | - | - | - | - |
| **Total Revenues/Transfers In** | **$ 6,605,135** | **$ 6,454,195** | **$ 3,104,409** | **$ 2,331,809** | **$ 2,381,875** | **$ 855,400** | **$ 255,970** | **$ 559,939** | **$ 1,951,771** | **$ 360,480** |
| **Expenditures/Transfers Out:** | | | | | | | | | | |
| Expenditures | 661,901 | 1,938,006 | 16,188,303 | 5,434,417 | 2,294,282 | 1,173,376 | 2,177,035 | 77,529 | 80,499 | 912,259 |
| Transfers Out To General Fund | - | - | - | - | - | 1,000,000 | - | - | - | - |
| **Total Expenditures/Transfers Out** | **$ 661,901** | **$ 1,938,006** | **$ 16,188,303** | **$ 5,434,417** | **$ 2,294,282** | **$ 2,173,376** | **$ 2,177,035** | **$ 77,529** | **$ 80,499** | **$ 912,259** |




| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fund Balance (Budget)** | **$ 19,061,453** | **$ 23,577,642** | **$ 10,493,748** | **$ 7,391,140** | **$ 7,478,733** | **$ 6,160,757** | **$ 4,239,692** | **$ 4,722,102** | **$ 6,593,374** | **$ 6,041,595** |

**Source:** Revenues, expenditures, transfers, and fund balances reported in the county's budget fund statements for the Housing Trust Fund (# 40300).

**Reported Fund Balance Does Not Include Outstanding Loans**

During our review, we noted a $9.7 million difference between the Housing Trust Fund's actual fiscal year 2013 ending fund balance reported in the county's Adopted Budget and Comprehensive Annual Financial Report (CAFR). The Adopted Budget reported a $6 million ending fund balance for the Housing Trust Fund, while the CAFR reported a $15.7 million ending fund balance. HCD officials indicated that the $9.7 million difference in reported fund balances is primarily attributable to outstanding deferred and long-term loans that are not included in in the county's Adopted Budget. The outstanding loans from Housing Trust Fund include a $5 million balance on a loan to the Wesley Housing Development Corporation for the Madison Ridge apartment complex and a $1.5 million balance on a deferred loan to Chesterbrook Residences for assisted-living housing services. According to HCD officials, the fund balance reported in the Adopted Budget correctly identifies the available portion of the total fund balance.

**Housing Trust Fund**
**Fiscal Year 2013 Reported Fund Balance Variances**

| | | |
|---|---|---|
| Actual Fund Balance Reported in the CAFR: | $ | 15,705,163 |
| Actual Fund Balance Reported in the Budget: | $ | 6,041,595 |
| Total Reporting Variance: | $ | 9,663,568 |
| Less: | | |
| Outstanding Loans to other Entities Not Included in the Adopted Budget | $ | (9,094,626) |
| Unresolved Reporting Variance | $ | 568,942 |

As noted in the table above, there was an approximately $570,000 unresolved reporting variance in the Housing Trust Fund after taking into account the outstanding loans. According to HCD officials, the unresolved reporting variance appears to be related to transactions that occurred prior to fiscal year 2001. HCD is in the process of identifying and reconciling source of the unresolved reporting variance.

**Recommendations:**
The Department of Housing and Community Development (HCD) should:

1. Coordinate with the Department of Finance to develop written procedures that specifically address accounting practices related to housing cash proffers. The procedures should include, but not be limited to, the following:
    - the housing cash proffer accounting process for the county's current financial system (FOCUS);
    - how and when revenues from housing cash proffers are recognized;
    - the allocation of revenues to projects and other activities in the Housing Trust Fund;
    - the reconciliation of actual housing cash proffer payments to the required payments outlined in the "Determination of Contributions to the Housing Trust Fund" memos; and
    - the separate tracking of housing cash proffers designated for a specific purpose (such as cash proffers related to the upcoming Tyson's Corner Development) to ensure designated cash proffers are not comingled with general purpose cash proffers and other revenue sources.

2. Continue efforts to identify and reconcile the unresolved reporting variance between the fund balances reported in the Adopted Budget and the Comprehensive Annual Financial Report (CAFR) for the Housing Trust Fund.

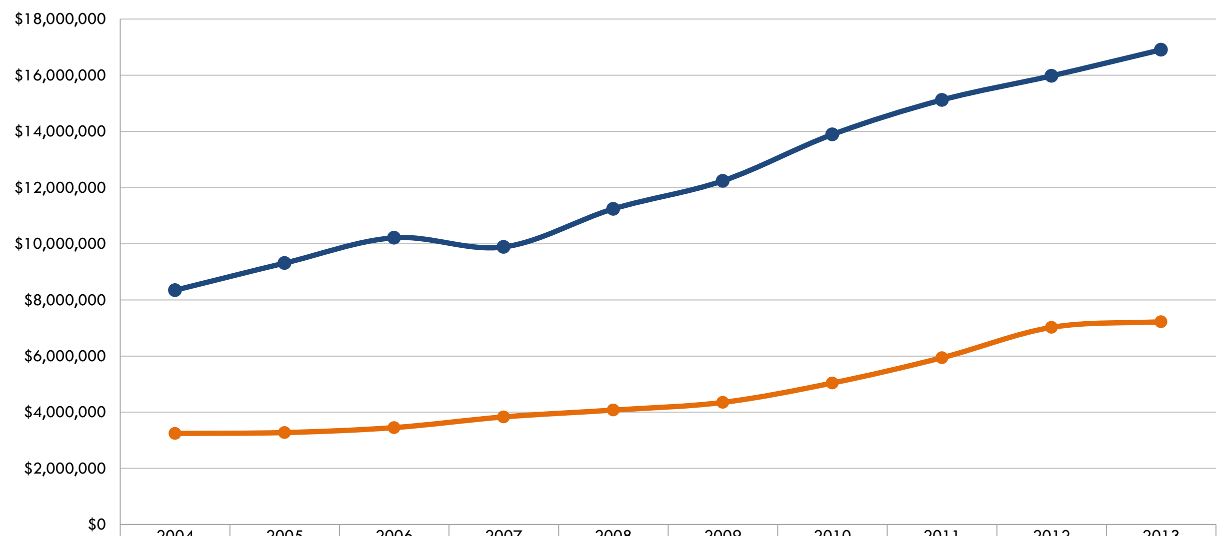
## CABLE REVENUE SOURCES AND USES

**Overview**

The county receives cable revenues from two primary sources: (1) the Communication Sales and Use Tax and (2) grants.[4] Cable revenues are provided to the county under franchise agreements with three cable operators: Cox, Comcast, and Verizon. The franchise agreements require the cable operators to pay franchise fees representing five percent of gross revenues as well as Public, Educational, Governmental (PEG) grants representing three percent of gross revenues (less franchise fees) for Cox and Verizon and a per-subscriber charge for Comcast. During fiscal year 2013, the county received $24.1 million in cable revenues ($16.9 million from cable franchise fees and $7.2 million from PEG grants).

As shown on the chart below, revenues from cable franchise fees and PEG grants have more than doubled over the past ten fiscal years. Cable franchise fees increased from $8.3 million in fiscal year 2004 to $16.9 million in fiscal year 2013. PEG grants increased from $3.2 million to $7.2 million during the same ten year period.

**Fairfax County Cable Revenues**
**Fiscal Years 2004 - 2013**




| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Cable Franchise | $8,344,220 | $9,310,004 | $10,212,324 | $9,884,592 | $11,242,037 | $12,240,701 | $13,892,262 | $15,122,060 | $15,978,933 | $16,906,911 |
| PEG Grants | $3,244,975 | $3,275,610 | $3,452,296 | $3,832,703 | $4,075,802 | $4,349,853 | $5,041,343 | $5,940,784 | $7,022,323 | $7,222,121 |

**Source:** Actual cable revenues reported in the county's Adopted Budgets for fiscal years 2004 through 2013.

Under the terms of the cable franchise agreements, the cable operators provide basic cable service to county and FCPS facilities at no additional cost (see Appendix B for the basic cable channel lineups for the county and FCPS). At the time of our review, the Department of Cable and Consumer Services reported 835 cable boxes in service for the county and FCPS reported 1,728 cable boxes in service. Some agencies and departments have independently obtained expanded (at-cost) cable television services. For example, the Park Authority pays for additional cable television service for the pro shops at its golf courses. The costs associated with the Park Authority's additional cable television services are paid from the Park Authority Revenue Fund.

[4] Effective January 2007, cable franchise fees were subsumed under the state-wide Communications Sales and Use Tax. The Virginia Department of Taxation distributes Communication Sales and Use Tax revenues to localities based on percentages established by the Virginia Auditor of Public Accounts (APA). The county's annual distribution represents approximately 18.93 percent of total state-wide Communication Sales and Use Tax revenues. In accordance with terms of the franchise agreements, the cable operators continue to make PEG grant payments directly to the localities.

**Scope and Methodology**
We conducted our review in response to a request from the Board of Supervisors - Audit Committee for general information regarding the sources and uses of cable revenues for the county and the Fairfax County Public Schools (FCPS) as well as general information regarding cable-related services, such as cable television boxes and channel packages.

We reviewed the applicable fund statements reported in the county's Adopted Budgets and Comprehensive Annual Financial Reports (CAFRs) for fiscal years 2004 through 2013 and reviewed the county's franchise agreements with the three cable operators: Cox, Verizon, and Comcast. We also requested the supporting documentation for the county's calculation for the fiscal year 2013 transfers of cable revenues to the General Fund and FCPS and reviewed the Board of Supervisors' 1998 Board Motion that established the calculation basis for the transfers. In addition, we interviewed management and staff from the county's Department of Cable and Consumer Services and FCPS and reviewed the cable franchise fee "Funding Report" prepared by FCPS for fiscal year 2013. We requested copies of the cable box inventory lists for the county and FCPS and the channel lineups for basic cable service provided under the franchise agreements. We also reviewed expenditures related to additional (at-cost) cable services that were obtained independently by some county agencies and departments.

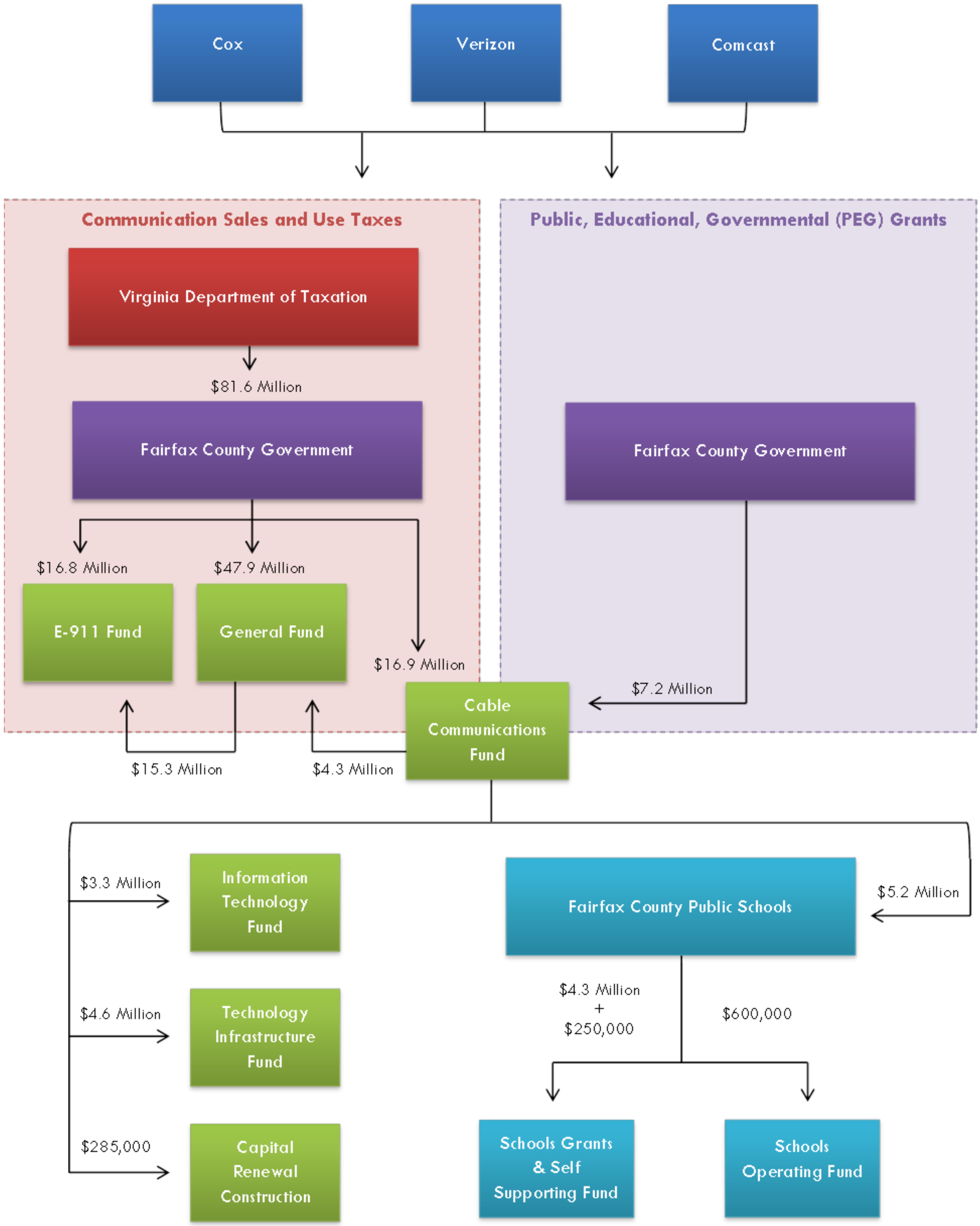
**Sources and Uses of Cable Revenues**
Cable revenues have been used to support variety of activities, including various information technology projects (such as in-car video technology for police cruisers and the Tax System Modernization Project), staff positions for the county and FCPS, seating and carpeting renovations in the Government Center Auditorium, equipment purchases, and the FCPS Full-Day Kindergarten program.

The flow chart on the following page shows the distribution of cable revenues from Communication Sales and Use taxes for fiscal year 2013. As shown on the flow chart, the county received $81.6 million in Communication Sales and Use Tax distributions that were allocated to three funds: (1) the E-911 Fund, (2) the General Fund, and (3) the Cable Communications Fund. In fiscal year 2013, the county allocated $16.8 million to the E-911 Fund, $47.9 million to the General Fund (from which $15.3 million was transferred to the E-911 Fund), and $16.9 million to the Cable Communications Fund. [5] In addition, the cable operators paid $7.2 million in PEG grants directly to the county.

The county transferred $17.6 million out of the Cable Communications Fund during fiscal year 2013. Of the total transferred, $7.9 million was transferred to two information technology funds ($3.3 million to the Information Technology Fund and $4.6 million to the Technology Infrastructure Fund), $4.3 million was transferred to the General Fund, $285,000 was transferred to the Capital Renewal Fund to pay for new seating and carpeting the county's Government Center Auditorium, and $5.2 million was transferred to FCPS. From the total $5.2 million transfer, FCPS allocated $4.3 million and $250,000 to the Schools Grants & Self Supporting Fund. FCPS reported that the cable revenues allocated to the Schools Grants & Self Supporting Fund were used to support 24 information technology positions, two communications positions, and equipment purchases. FCPS allocated the remaining $600,000 to the Schools Operating Fund to support the Full-Day Kindergarten program.

[5] Effective fiscal year 2015, the county will revise its methodology for allocating Communication Sales and Use Tax distributions. Specifically, the county will increase the Communication Sales and Use Tax amount allocated to the E-911 Fund and proportionally decrease the amount allocated to the General Fund, thereby eliminating the need for a secondary transfer to the E-911 Fund from the General Fund.

**Distribution of Cable Revenues from**
**Communication Sales and Use Taxes and PEG Grants**
**Fiscal Year 2013**



**Revised Cable Revenue Transfer Calculations**

The cable revenue transfers to the county's General Fund and FCPS are based (in concept) on a Board Motion approved by the Board of Supervisors in 1998. The 1998 Board Motion established annual transfers of cable revenues to the General Fund and FCPS representing one percent of the cable operators' gross revenues (20 percent of cable franchise fees).[6] However, in practice, the actual transfers represent adjusted amounts that are calculated during an annual "true up" process to correct the misalignment between budget estimates and actual revenues from prior years. As a result, the cable revenue amounts transferred to the General Fund and FCPS do not equal 20 percent of the cable franchise fees for the same year. To cover the funding variances that result from the county's annual adjustments to the cable revenue transfers, FCPS maintains a balance of unspent cable revenue funds (carryover reserve) in the Schools Grants & Self Supporting Fund. FCPS reported a cable revenue carryover reserve of $868,506 at the end of fiscal year 2013.

We requested the supporting documentation for the cable revenue transfer calculation to the General Fund and FCPS for fiscal year 2013. Supporting documentation should include the source documents that were used as the basis for financial transactions or calculations and should be sufficient to allow a third party to independently verify the amounts and underlying calculations. However, based on the information initially provided, we were unable verify the county's calculations for the $4.3 million transfers to the General Fund and FCPS for fiscal year 2013.

In response to our inquiries regarding the transfer calculations, staff from the Department of Management and Budget (DMB) proactively reviewed the county's methodology for calculating the transfers and found discrepancies and timing issues related to the calculations. DMB subsequently created a corrected and revised Excel spreadsheet that directly links the amounts that are used to calculate the transfers to supporting documentation. DMB staff indicated that the corrected and revised spreadsheet will be used as the basis for future transfer calculations.

**Recommendation**

The Department of Cable and Consumer Services and the Department of Management and Budget should continue efforts to ensure that the Excel spreadsheets that are used to calculate the annual cable revenue transfer amounts to the General Fund and FCPS are linked to supporting documentation and should make the spreadsheets available upon request to allow for periodic independent reviews and verifications of the cable revenue transfer calculation.

[6] The original 1998 Board Motion referenced one cable operator, Media General (now known as Cox). The basis for the actual cable revenue transfers to the General Fund and FCPS was subsequently modified through the budget amendment process to include two additional cable operators (Verizon and Comcast).

## BUS ROUTE EVALUATION METHODOLOGIES

### Overview

The Fairfax County Department of Transportation (FCDOT) is responsible for the administration and oversight of the county's fixed-route bus system, the Fairfax Connector. The Connector bus system operates within the county (including the towns of Vienna and Herndon) and also provides commuter service to and from Crystal City and the Pentagon in Arlington County. FCDOT contracts with a private company (MV Transportation) to operate the Connector bus system. During fiscal year 2013, the county reported that the Connector bus system transported nearly 11 million passengers. The Connector receives funding from a variety of sources, including bus fare and advertising revenue, state aid for transit from the Northern Virginia Transportation Commission (NVTC), Commercial and Industrial (C&I) taxes, and the county's General Fund.

The following table shows Connector bus system expenditures, authorized fleet size, routes served, and the percent change in ridership levels for the past five fiscal years, as reported in the county's Adopted Budgets.

**Fairfax Connector Bus System**
**Fiscal Years 2009 – 2013**

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| **Expenditures** | $55,202,144 | $60,457,088 | $65,398,123 | $80,759,746 | $82,401,303 |
| **Authorized Fleet Size (# of buses)** | 220 | 220 | 240 | 264 | 275 |
| **Routes Served** | 58 | 63 | 72 | 69 | 73 |
| **Percent Change in Passengers** | -2.38% Decrease | 0.70% Increase | 6.63% Increase | 5.96% Increase | -2.25%* Decrease |

**Source**: Fairfax Connector actual expenditures and other statistics reported in the county's Adopted Budgets. The significant increase in expenditures from fiscal year 2011 to fiscal year 2012 was attributed to the replacement of buses meeting age and mileage limits and the purchase of new buses to support service for the upcoming Dulles Metrorail extension.

* The -2.25% decrease reflects data collected from the fare boxes. According to FCDOT officials, the Connector system experienced software problems related to the fare boxes during fiscal year 2013. As a result, the figure reported in the fiscal year 2013 Adopted Budget may undercount actual ridership.

### Scope and Methodology

We conducted our review in response to a request from the Board of Supervisors – Audit Committee for information regarding the Fairfax County Department of Transportation's methodology for evaluating bus routes.[7] To obtain information regarding FCDOT's methodology for evaluating Connector bus routes, we interviewed staff and management from the FCDOT Transit Services Division and reviewed FCDOT's contract with its transit development program consultant (TranSysems). We reviewed summaries of FCDOT's recent evaluations of Connector bus routes and the December 2009 Transit Development Plan (the most current version at the time of our review). We also requested copies of internal procedures outlining FCDOT's methodology for routine evaluations of bus routes.

[7] The methodology for evaluating the economic viability of existing bus routes is typically part of a routine procedure to measure cost efficiency and effectiveness. The scope of our review did not include FCDOT's methodology for evaluating the economic viability of bus routes because (based on the information provided during this review) FCDOT has not implemented a formal process for the routine evaluation of bus routes.

In response to our request for procedures related to the evaluation of the Connector bus system, FCDOT officials provided a "suggested evaluation process" prepared by a consultant in early 2011for use when the "system stabilizes."

To identify best practices and standards related to the evaluation of bus routes, we reviewed studies on transit service planning published by the Center for Urban Research and the Transit Cooperative Research Program. We also reviewed and summarized other jurisdictions' published methodologies for routine evaluations of fixed-route bus service. [8]

**Bus Route Evaluation Standards**

There are well-established standards and best practices related to transit service planning and the evaluation of bus routes. The general standards for evaluating fixed-route bus systems fall under three basic categories: (1) Service Design Standards, (2) Performance Measurement, and (3) Service Evaluation.[9] As summarized below, service design standards include the classification of bus routes by the type of service provided (limited stop service, shuttle service, or cross-town routes) and the ability of passengers to access and use bus service. Performance measurement standards include the collection and analysis of bus route data to establish operational and financial measures. Service evaluation standards include the establishment of evaluation procedures and ongoing monitoring.

| Service Design Standards | Performance Measurement | Service Evaluation |
|---|---|---|
| • Service Classification Systems<br>• Service Availability<br>• Travel Time and Capacity<br>• Service Delivery<br>• Vehicle Standards<br>• Service Equity | • System Performance Measures<br>• Route Performance Measures<br>• Data Collection | • Performance Monitoring<br>• Service Evaluation Policies |

**Source:** *Best Practices in Transit Service Planning*; Center for Urban Transportation Research, March 2009.

Under the standard bus route evaluation framework, there are two basic focus areas: (1) Planning and Expansion and (2) Routine Evaluations. Planning and expansion evaluations are less frequent and more comprehensive than routine evaluations, with a strong focus on service design and data collection for modeling future transit demand trends. Routine evaluations of existing bus routes are more frequent and focus on the continuous monitoring of pre-established operational and financial performance measures. Some public transit systems perform this type of evaluation in conjunction with the annual budget process.

[8] "Fixed route" refers to service provided on a fixed-schedule basis along specific routes that pick up and deliver passengers to specific locations, unlike other transit services (such as taxicabs) that are customized to individuals or small groups of passengers.

[9] *Best Practices in Transit Service Planning*; Center for Urban Transportation Research; March 2009 and *TCRP Synthesis 10 – Bus Route Evaluation Standards*; Transit Cooperative Research Program; Howard P. Benn; 1995.

**Fairfax Connector Service Planning and Expansion**

FCDOT officials indicated that they have focused on expansion activities related to the Connector system over the past five years to accommodate major service changes and regional transportation initiatives (such as the upcoming Dulles Metrorail extension). FCDOT officials stated that they will return to more routine evaluations of bus routes when the Connector system stabilizes. FCDOT contracts with a consultant (TranSystems) to provide evaluation and planning services related to the expansion of the Connector system. TranSystems' general methodologies for evaluating the expansion of Connector system include modeling employment and demographic trends, passenger surveys, analysis of ridership levels, and an examination of regional economic trends. In addition, FCDOT engages in public outreach activities to obtain input on proposed changes to Connector bus service.

FCDOT and TranSystems conducted a comprehensive review and evaluation of the Connector system for the Transit Development Plan, which was finalized in December 2009. The Transit Development Plan established a baseline for Connector bus routes that were in place at the time of the review and includes the standard elements of service design standards and performance measurement. The 2009 Transit Development Plan also includes recommendations for changes to specific bus routes over a ten-year period based on an analysis of projected demographic trends through the year 2020. According to FCDOT officials, 71 of the 72 current Connector bus routes have been evaluated over the past five years. FCDOT is planning to conduct another comprehensive review of the Connector bus system through the upcoming update to the 2009 Transit Development Plan (see text box).

**Fairfax Connector Bus System**
**Transit Development Plan Update**

**Consultant:** TranSystems
**Contract Amount:** $1.7 million

**Contract Tasks/General Methodologies:**

- Review previous and current studies related to transit service planning in the county.
- Collect and analyze Fairfax Connector operations data.
- Collect and analyze travel demand and demographic data from Metropolitan Washington Council of Governments (MWCOG).
- Collect and analyze ridership and run times data.
- Perform customer and resident surveys.
- Develop recommendations regarding current and future bus service.
- Design an Outreach Plan.

**Routine Bus Route Evaluation Methodologies**

In order to provide cost efficient and effective bus transit service, public transit agencies should design their services around clear and defined principles and implement a process to monitor results and respond accordingly.[10] FCDOT indicated that they have a suggested routine evaluation process prepared by a consultant that will be used in the future when they are not working on major services changes to the Connector bus system. The consultant noted in the "suggested evaluation process" that FCDOT does not have in place a formal systematic and periodic process for measuring route performance for the Fairfax Connector bus system. The table on the following page provides a comparison of methodologies for the routine evaluation of bus routes.

[10] *Best Practices in Transit Service Planning*; Center for Urban Transportation Research, Project #BD549-38; March 2009.

## Routine Evaluation of Bus Routes
## Comparison of Methodologies

| Organization | Methodology | Frequency |
|---|---|---|
| **Fairfax County Department of Transportation** | FCDOT has a suggested evaluation process that was prepared by a consultant in 2011. The suggested evaluation process includes methods for evaluating the cost effectiveness and efficiency of routes. The suggested method for evaluating cost effectiveness includes estimating the average fare for each class of route, calculating gross operating cost per route, calculating revenue per route, determining the ratio of route net cost per passenger to the system or class net cost per passenger, and identifying routes with ratios of 3 or greater as poor performers. The suggested method for evaluating efficiency includes calculating the ratio of recovery, sorting routes from highest to lowest percentages, identifying routes with ratios higher than 0.3 (3%) during weekdays and 0.25 (25%) during weekends, and examining the schedule for those routes to identify excessive layovers and determine what solutions may bring greater efficiency. | Not Implemented |
| **WMATA Metrobus** | Measures used: 1) cost recovery (revenue/cost of service), 2) passengers per revenue hour (total # passengers/total revenue hours), 3) load factor (# of passengers at max load point/# of seats available). Lines are then classified by type for comparison: radial, crosstown or express. The average for the class is established. Lines that are 120% above the average or 60% below the average are identified for further review. | Bi-annual |
| **Hampton Roads Transit** | Measures used: 1) passengers per revenue hour: the avg ridership per hour generated for the hours of service operated on each route, 2) subsidy per passenger boarding: the avg funding required beyond fare revenue for each passenger boarding, 3) fare box recovery ratio: the avg fare revenue collected compared to the operating costs of a route. Each measure has an established threshold to identify low performing routes. Service productivity is analyzed using measure #1. Routes are categorized into service types (local, metro express, and peninsula commuter) and analyzed by weekday route productivity. Financial effectiveness is evaluated using measures #2 and #3. Any route failing 2 of 3 measure thresholds is identified for further detailed trip level review. | Annual |
| **SEPTA, Philadelphia** | Measures used: 1) fully allocated cost (actual year-end unit costs per operating mile and service hour [labor rate including fringe]), 2) passenger revenue (including senior fare reimbursement and specific route subsidies). Measures used to calculate operating ratio (passenger revenue/fully allocated costs). Routes are ranked annually based on operating ratio (greatest to least). The minimum operating ratio standard for a route is 60% of the average operating ratio. A route performing below the standard will be evaluated for service adjustments, route restructuring, consolidations, special subsidies, or possible discontinuance after targeted marketing. Exceptions to this evaluation include routes subsidized by sources outside the operating budget and routes that provide the only source of coverage in a specific area. Routes that consistently rank below the standard are subject to qualitative analysis. Qualitative factors include: local geography/topography, availability of transit alternatives, presence of significant trip generators, demographic characteristics of the area population. Factors are assigned benefit points based on importance to community. | Annual |
| **King County Metro Transit, Seattle** | Productivity and service quality measures. Productivity is calculated on 2 measures: 1) rides per platform hour - total ridership divided by the total hours a bus travels from the time it leaves its bases until it returns, 2) passenger miles per platform mile - total miles traveled by all passengers divided by the total miles the bus operated from its base until it returns. Productivity is analyzed for 3 time periods (peak, off-peak and night) and 2 market areas: Seattle Core and Non-Seattle Core. Routes below the productivity threshold are in the bottom 25% of the routes that operate in the same time period and market area. High productivity routes are in the top 25%. Service quality is assessed on 2 measures: 1) overcrowding - a trip that has on average 25 - 50% more riders than seats or has people standing for more than 20 minutes, 2) reliability - measured on how often trips are more than 5 minutes late. A route has low reliability if it is late more than 20% of the time on an average weekday or weekend, or more than 35% of the time in the weekday PM period. A combined route and corridor analysis is also conducted to determine major reduction and investment priorities. | Annual (Future reports scheduled to coincide with beginning of the budget process.) |
| **RTD, Denver** | Measures used: 1) subsidy per passenger and 2) passengers per mile. Reassess service if measures are 10-25% below or above average. Measures are linked to RTD budget. | Annual |

**Recommendation**

The Fairfax County Department of Transportation should formalize and implement a methodology for the routine evaluation of Fairfax Connector bus routes. The methodology should include operational and financial performance measures, balanced with the needs of the community.

## DULLES METRORAIL PROJECT STATUS

### Overview

The Dulles Metrorail Project is a 23-mile extension of the Metrorail system through the Dulles Corridor. The project is divided into two phases. Phase 1 of the project includes five new stations as well as improvements to the West Falls Church rail yard. Phase 2 of the project will include six new stations as well as a maintenance and storage facility at Dulles International Airport. The Metropolitan Washington Airports Authority (MWAA) is responsible for managing the Dulles Metrorail Project through the substantial completion of each phase, at which point the project will be turned over to the Washington Metropolitan Area Transit Authority (WMATA).

The total combined budget for Phase 1 and Phase 2 is currently $6.47 billion ($3.34 billion for Phase 1 and $3.13 billion for Phase 2). Funding for the project is provided through a combination of federal, state, and local sources. Fairfax County's baseline funding obligation for the project is 16.1% of the actual project construction costs, notwithstanding construction costs related to parking garages.

### Project Budget

As shown in the table below, total construction expenditures for Phase 1 were $2.678 billion as of April 2014, which represents 92% of the total $2.906 billion Phase 1 project construction budget. Total Phase 1 expenditures (including finance costs incurred by MWAA) were $2.829 billion as of April 2014, which represents 85% of the total $3.344 billion Phase 1budget.[11]-[12]

**Dulles Metrorail Project Phase 1**
**Budget and Actual Expenditures**
**As of April 2014**

| PHASE 1 | Budget (a) | Expenditures (b) | Remaining (a) - (b) | % of Budget Spent (b) / (a) |
|---|---|---|---|---|
| Baseline Construction | 2,443,450,279 | 2,234,314,016 | 209,136,263 | 91% |
| Contingency | 462,245,014 | 443,827,914 | 18,417,100 | 96% |
| **Total Phase 1 Project Construction** | **$ 2,905,695,293** | **$ 2,678,141,930** | **$ 227,553,363** | **92%** |
| Project Finance Costs (MWAA) | 438,184,571 | 150,473,435 | 287,711,136 | 34% |
| **Total Phase 1** | **$ 3,343,879,864** | **$ 2,828,615,365** | **$ 515,264,499** | **85%** |

**Source**: Phase 1 budget and expenditures reported in MWAA's Monthly Progress Reports for April 2014 and the Monthly Cost and Schedule Update as of April 30, 2014 presented to MWAA's Board of Directors on June 18, 2014.

[11] Fairfax County separately funded $30 million in costs associated with the Wiehle Avenue parking garage.

[12] The total $462 million contingency budget for Phase 1 includes the $150 million budget increase that the MWAA Board approved in June 2012.

In the *Comprehensive Monthly Report* for April 2014, the Federal Transit Administration's Project Management Oversight Contractor (PMOC) noted that there were a significant number of construction change orders (25) totaling an estimated $27 million that remained under evaluation by MWAA and a large number of potential change orders (122), which had not yet been evaluated. The PMOC recommended that MWAA evaluate the sufficiency of the remaining Phase 1 contingency in light of the potential change orders that had not yet been evaluated and the potential for additional claims resulting from the delays in achieving substantial completion.

As shown in the table below, total construction expenditures for Phase 2 were $254 million as of April 2014, which represents 9% of the total $2.778 billion Phase 2 project construction budget.[13]

**Dulles Metrorail Project Phase 2**
**Budget and Actual Expenditures**
**As of April 2014**

| PHASE 2 | Budget (a) | Expenditures (b) | Remaining (a) - (b) | % of Budget Spent (b) / (a) |
|---|---|---|---|---|
| Baseline Construction | 2,226,784,385 | 253,485,754 | 1,973,298,631 | 11% |
| Contingency | 551,451,179 | 689,124 | 550,762,055 | 0.1% |
| **Total Phase 2 Project Construction** | **$ 2,778,235,564** | **$ 254,174,878** | **$ 2,524,060,686** | **9%** |
| Parking Garages (Fairfax and Loundoun) | 348,215,194 | See footnote. | See footnote. | See footnote. |
| **Total Phase 2** | **$ 3,126,450,758** | **$ 254,174,878** | **$ 2,872,275,880** | **8%** |

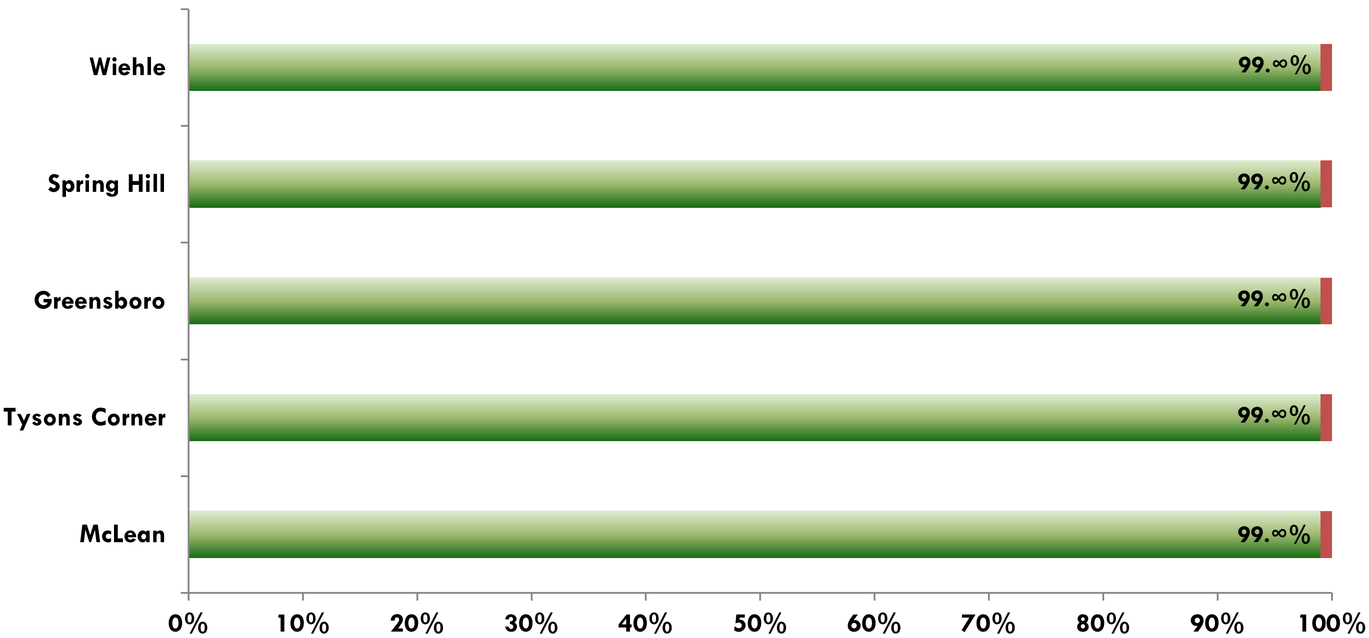
**Source**: Phase 2 budget and expenditures reported in MWAA's Monthly Progress Reports for April 2014 and the Monthly Cost and Schedule Update as of April 30, 2014 presented to MWAA's Board of Directors on June 18, 2014.

**Project Construction**
As of April 2014, construction for Phase 1 was more than 99% (but less than 100%) complete. Although MWAA declared the project substantially complete as of April 9, 2014, the Phase 1 prime contractor (Dulles Transit Partners) continued to work on a "punch list" of 33 required tasks that were not completed during the primary construction phase of the Project.

The chart on the following page shows the percentage of completion for the five new Phase 1 stations as of April 2014.

[13] Fairfax and Loudoun counties are responsible for designing and building parking garages with funding sources that are outside of the Project funding agreement. The $348 million budget for the Phase 2 parking garages includes $315 million for preliminary engineering and a $33 million contingency. Fairfax County is responsible for two parking garages: one at the Herndon Station and one at the Innovation Center Station. The Fairfax County Department of Public Works and Environmental Services is the lead county agency for the design and construction of both garages. Loudoun County is responsible for three parking garages: one at the Route 606 Station and two at the Route 772 Station. In May 2014, Fairfax and Loudoun counties received approval for federal Transportation Infrastructure and Finance Innovation Act (TIFIA) loans to help offset their respective project costs.

**Dulles Metrorail Project**
**Phase 1 Station Construction Progress as of April 2014**




As of April 2014, the West Falls Church rail yard had an estimated completion date of July 2014. The Service and Inspection Building for the West Falls Church rail yard was reported as "essentially" complete. In its monthly progress report for April 2014, MWAA reported a design error that caused the wheel stop in the Service and Inspection Building to be unusable as constructed. The Phase 1 prime contractor (Dulles Transit Partners) is working to address the problem. The initial delivery of the new 7000–series rail cars is scheduled through 2014 and 2015.

**Project Schedule**

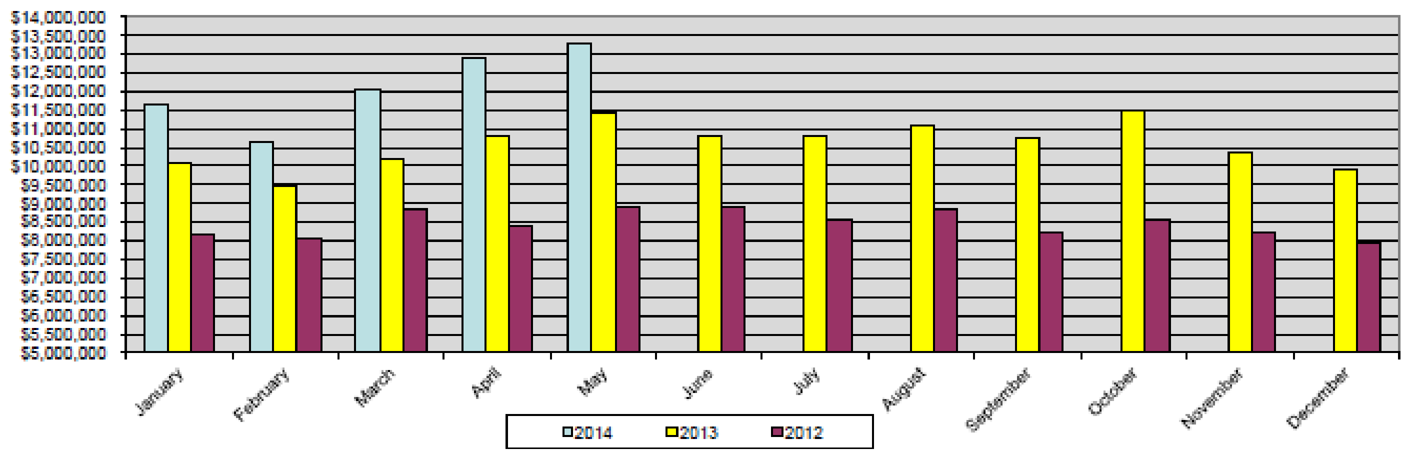
Two critical dates for Phase I are the Scheduled Substantial Completion Date (SSCD) and Revenue Operations Date (ROD). The substantial completion date represents the point at which MWAA is ready to turn over the project to WMATA. The Revenue Operations Date is the point at which the Dulles Metrorail is ready for passenger service. The revenue operations date is projected to occur 90 calendar days after the scheduled substantial completion date.

In late April 2014, MWAA announced that Phase 1 of the project had retroactively achieved substantial completion as of April 9, 2014 (eight months past the original baseline date of July 31, 2013). Although the project was declared substantially complete, Dulles Transit Partners continued to work on a "punch list" of 33 required tasks that were not completed during construction. In late May 2014, WMATA agreed to take control of the Project before construction was complete to begin 90 scheduled days of safety testing. In early June 2014, WMATA officials expressed concerns about Dulles Transit Partners' lack of progress in completing the punch list items, which could affect the revenue operations date. Later in the month, WMATA officials announced a firm date for revenue operations of July 26, 2014.

**Dulles Toll Road Revenues**
Revenues generated from the Dulles Toll Road are the single most significant funding source for the Dulles Metrorail Project. A sizeable part of the project's estimated $6.47 billion in total costs will be supported through long-term debt obligations backed by toll road revenues. Dulles Toll Road revenues will be used to sustain debt service payments until the debt is retired in 2047. In May 2014, MWAA announced that it would hold toll rates steady for the next five years (2014 through 2018) with $300 million in additional funding from the Commonwealth of Virginia and the approval of federal Transportation Infrastructure and Finance Innovation Act (TIFIA) loans.

MWAA reported that actual toll road revenues and transactions were consistent with budget estimates and toll road study projections as of May 2014. MWAA's reported toll road revenues for calendar years 2012 through May of 2014 are presented in the chart below:

**Dulles Toll Road Revenues**
**Calendar Years 2012 - 2014**




**Source:** MWAA Dulles Corridor Enterprise May 2014 Financial Report, presented to the MWAA Board on June 18, 2014.

**Audit and Oversight Activities**
The Federal Transit Administration (FTA) has contracted with a private company (known as the Project Management Oversight Contractor) to provide ongoing monitoring and oversight of Phase 1. In addition, the FTA Office of the Inspector General (FTA OIG) has conducted audits of FTA's oversight of Phase 1 and the underlying assumptions used to develop MWAA's estimates of toll road revenues. The FTA OIG made recommendations to improve project oversight of Phase 1 and concluded that the toll road revenue estimates were generally reasonable. In January 2014, the FTA OIG issues an audit report on the financial management of Phase 1. The FTA OIG made recommendations to improve oversight and management of Project grant expenditures. FTA and MWAA are in the process of developing a corrective action plan to address the findings noted in the OIG's report.

# FOLLOW-UP AND OTHER ONGOING ACTIVITIES

## CAPITAL RENOVATION COSTS REVIEW

At the request of the Audit Committee, we initiated a comparative review of costs related to capital renovation construction projects. Capital renovations are major improvements to existing public buildings, such as police stations, libraries, and schools. The Department of Public Works and Environmental Services (DPWES) is responsible for managing capital renovations of county buildings. The Fairfax County Public Schools (FCPS) Design and Construction Division is responsible for managing capital renovations of schools.

During our preliminary review, we found that capital renovation construction projects frequently include expansions and additions (new construction). For example, the Dolley Madison Library renovation project included 19,046 total square feet – of which 8,486 square feet related to renovation and 10,560 square feet related to expansion (new construction). The county tracks capital construction costs by general project categories, but does not track or allocate costs by the type of construction (renovation vs. expansion). Therefore, detailed information specifically related to the county's capital renovation costs was not readily available. FCPS provided an Excel spreadsheet showing a high-level breakdown of costs related to renovation and additions (new construction) for eight selected school renovation projects. However, based on the information provided during our preliminary review, we were unable to verify the comparability of FCPS' renovation cost per square foot calculations.

The county and FCPS each use independent cost estimates prepared by a consultant for their respective capital renovation projects. The cost estimates provide a detailed breakdown of total construction costs (including the costs per square foot) by standardized cost categories: demolition, electrical, concrete, plumbing, Heating, Ventilation, and Air Conditioning (HVAC), doors and windows, masonry, etc. We found that the county's independent cost estimates for two of the eight selected renovation projects included a separate breakdown of the costs per square foot by renovation and expansion, which would allow for a detailed and comparable analysis of capital renovation costs. DPWES indicated that they will require their independent cost consultants to provide a separate breakdown of the renovation costs and expansion costs for future capital construction projects, as applicable.

# APPENDIX A – MANAGEMENT RESPONSES

## HOUSING CASH PROFFERS (REMAINING BALANCE)

**OFPA Recommendation #1**

Coordinate with the Department of Finance to develop written procedures that specifically address accounting practices related to housing cash proffers. The procedures should include, but not be limited to, the following:

- the housing cash proffer accounting process for the county's current financial system (FOCUS);
- how and when revenues from housing cash proffers are recognized;
- the allocation of revenues to projects and other activities in the Housing Trust Fund;
- the reconciliation of actual housing cash proffer payments to the required payments outlined in the "Determination of Contributions to the Housing Trust Fund" memos; and
- the separate tracking of housing cash proffers designated for a specific purpose (such as cash proffers related to the upcoming Tyson's Corner Development) to ensure designated cash proffers are not comingled with general purpose cash proffers and other revenue sources.

| Agree/Disagree | Target Implementation Date | Point of Contact | Email Address |
|---|---|---|---|
| See below | TBD-collaborative effort | Robert Easley<br>Stuart Stallman | robert.easley@fairfaxcounty.gov<br>stuart.stallman@fairfaxcounty.gov |

**Management Comments (optional):**

As stated in the overview, Housing represents a very small fraction of the current outstanding proffer balance. In fact, based on the ratio of proffer revenues to non-proffer revenues, it is likely that DHCD would represent less than 5%. However, we would like to address the specific comments that resulted from this recent audit.

DHCD has always maintained what we believe to be the appropriate level of control over housing proffers. Without exception, all housing related proffers received are recorded in and expended within the Housing Trust Fund to support the creation and/or rehabilitation of affordable housing. Since there hasn't been any previous finding that individual tracking of these revenues is a requirement, there has not been a need to specifically document the process beyond what is already documented by the Department of Finance (DOF) related to revenue recognition.

Regarding the pooling of revenues and budgetary distribution to projects, it is important to remember that the Trust Fund was not created simply as a receptacle for cash proffers. It was organized as an efficient way to manage funding from more than one source that would be used for affordable housing capital projects. To that end, it is more appropriate that the funds are pooled than not. We are diligent in the cases where a proffer or other revenue sources are dedicated or restricted to a certain use and we carefully comply with that (Tysons, for example, will fall in this category and we have already set up internal orders in FOCUS to capture those proffers). However, we caution against identifying particular cash proffers to specific projects. It is not intended for the Trust Fund to allocate funds in this way and to do so may begin to unintentionally segregate funding to certain geographic areas that generated the proffers. This could lead to fair housing issues. As we stated, proffers are budgeted within the one fund and spent within the confines of that one fund. That process was essentially documented and approved in the establishment of the fund by the Board of Supervisors.

We will work with the DOF to better document the overall proffer process and if necessary, will work towards developing our own procedures to identify the specific variations unique to our agency.

**OFPA Recommendation #2**

Continue efforts to identify and reconcile the unresolved reporting variance between the fund balances reported in the Adopted Budget and the Comprehensive Annual Financial Report (CAFR) for the Housing Trust Fund.

| Agree/Disagree | Target Implementation Date | Point of Contact | Email Address |
|---|---|---|---|
| Agree | N/A – research will continue. | S Stallman | stuart.stallman@fairfaxcounty.gov |

**Management Comments (optional):**

We will continue to pursue resolving the discrepancy noted in the audit. However, based on the process of recognizing proffers, it is very unlikely the variance is the result of proffer revenues. The transaction code that liquidated the proffer deposit account in FAMIS would have also recorded revenue, leaving little chance for flexibility. It would seem more likely variance is the result of another type of transaction, possibly a loan repayment which could have hit the balance sheet receivable account directly.

## CABLE REVENUE SOURCES AND USES

**OFPA Recommendation:**

The Department of Cable and Consumer Services and the Department of Management and Budget should continue efforts to ensure that the Excel spreadsheets that are used to calculate the annual cable revenue transfer amounts to the General Fund and FCPS are linked to supporting documentation and should make the spreadsheets available upon request to allow for periodic independent reviews and verifications of the cable transfer calculation.

| Agree/Disagree | Target Implementation Date | Point of Contact | Email Address |
|---|---|---|---|
| Agree | Ongoing | Michael Liberman | michael.liberman@fairfaxcounty.gov |

**Management Comments (optional):**

The Department of Cable and Consumer Services concurs with the recommendation of the Office of Financial and Program Audit.

## BUS ROUTE EVALUATION METHODOLOGIES

**OFPA Recommendation:**

The Fairfax County Department of Transportation should formalize and implement a methodology for the routine evaluation of Fairfax Connector bus routes. The methodology should include operational and financial performance measures, balanced with the needs of the community.

| Agree/Disagree | Target Implementation Date | Point of Contact | Email Address |
|---|---|---|---|
| | | Tom Biesiadny | tom.biesiadny@fairfaxcounty.gov |

**Management Comments (optional):**

FCDOT has submitted a number of comments on this report which we believe should be addressed. The report does not adequately reflect the fact that significant route analyses have occurred over the past five years as part of major service adjustments. It also does not adequately summarize the suggested route evaluation procedures that have been prepared for the Fairfax Connector. The report also does not include information about the performance measures that the Fairfax Connector reports annually in the County budget.

### AUDITOR RESPONSE

- FCDOT acknowledged that it has not implemented the "suggested evaluation process" prepared by a consultant in 2011 for the Fairfax Connector bus system. An unimplemented "suggested evaluation process" is not on par with established (implemented) procedures.
- The consultant noted in the "suggested evaluation process" that FCDOT does not have a formal systematic and periodic process for measuring bus route performance.
- The purpose of this study was to review FCDOT's methodology for evaluating the economic viability of bus routes. During the past five years, FCDOT has focused primarily on the expansion of the Connector system and has not implemented a formal process (procedure) for conducting routine evaluations of bus routes. When a formal procedure is implemented, an evaluation of the methodology can be performed.
- The report reflects the information FCDOT provided during this review.

# APPENDIX B – CABLE CHANNEL LINEUP

| CH# | Channel Name |
|---|---|
| 2 | Telefuturo (WMDO) |
| 3 | The CW (WDCW) |
| 4 | WRC 4 (NBC) |
| 5 | WTTG 5 (Fox) |
| 6 | Galavision |
| 7 | WJLA 7 (ABC) |
| 8 | News Channel 8 |
| 9 | WUSA 9 (CBS) |
| 10 | FCAC 10 (Fairfax Access) |
| 11 | City of Falls Church |
| 12 | City of Fairfax |
| 14 | Univision (WFDC) |
| 15 | Ion |
| 16 | Fairfax County Government |
| 17 | Superstation TBS |
| 18 | George Mason University |
| 19 | Northern Virginia Community College |
| 20 | WDCA 20 (My 20) |
| **21** | **FCPS Red Apple 21** |
| 22 | WMPT 22 (PBS) |
| 23 | Town of Herndon/Town of Vienna |
| 24 | QVC |
| **25** | **FCPS Community Classroom** |
| 26 | WETA 26 (PBS) |
| 29 | Shop NBC |
| 30 | FPA International Access |
| 32 | WHUT 32 |
| 34 | HSN |
| 37 | FPA Community Board |
| 38 | Cable Market Place (JTV) |
| 41 | C-SPAN |
| 42 | C-SPAN -2 |
| 43 | C-SPAN-3 |
| 53 | MASN |
| 54 | Speed Channel |
| 55 | ESPN2 |
| 56 | ESPN |
| 57 | Comcast SportsNet |
| 58 | Lifetime |
| 59 | Home & Garden TV (HGTV) |
| 60 | Food Network |
| 61 | Spike TV |
| 62 | Bravo |
| 63 | MTV |
| 64 | VH-1 |
| 65 | CMT |
| 66 | BET |
| 67 | MSNBC |
| 68 | CNBC |
| 69 | The Weather Channel |
| 70 | CNN Headline News |
| 71 | CNN |
| 72 | Fox News |
| 73 | Discovery Channel |
| 74 | Cox Sports |
| 75 | The Learning Channel (TLC) |
| 76 | A&E |
| 77 | The History Channel |
| 78 | Animal Planet |
| 79 | truTV |
| 80 | USA Network |
| 81 | Unavailable |
| 82 | Unassigned |
| 83 | Unassigned |
| 84 | Unassigned |
| **85** | **FCPS Approved Instructional Material** |
| **86** | **FCPS Distance Learning** |
| **87** | **NASA TV 24/7** |
| **88** | **Reserved FCPS** |
| **89** | **Reserved FCPS** |
| 90 | Fairfax County Training Network |
| 91 | Reserved Fairfax County Government |
| 92 | Reserved Fairfax County Government |
| 93 | Reserved Fairfax County Government |
| 94 | Reserved Fairfax County Government |
| **99** | **FCPS Teacher Channel** |

| Current FCPS | Unavailable | Unassigned | Allocated FCPS | Reserved FCPS | Fairfax Co. Government | FCG Reserved |
|---|---|---|---|---|---|---|
| | | | | | | |

# LIST OF ACRONYMS

| | |
|---|---|
| ADU | Affordable Dwelling Unit |
| APA | Auditor of Public Accounts |
| CAFR | Comprehensive Annual Financial Report |
| DMB | Department of Management and Budget |
| DPWES | Department of Public Works and Environmental Services |
| FCDOT | Fairfax County Department of Transportation |
| FCPS | Fairfax County Public Schools |
| FOCUS | Fairfax County Unified System |
| FTA | Federal Transit Administration |
| HCD | Housing and Community Development |
| MWAA | Metropolitan Washington Airports Authority |
| NVTC | Northern Virginia Transportation Commission |
| OFPA | Office of Financial and Program Audit (Auditor of the Board) |
| PEG | Public, Educational, Governmental |
| PMOC | Project Management Oversight Contractor |
| ROD | Revenue Operations Date |
| SSCD | Scheduled Substantial Completion Date |
| TIFIA | Transportation Infrastructure and Finance Innovation Act |
| WMATA | Washington Metropolitan Area Transit Authority |