



# City of New York

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## OFFICE OF THE COMPTROLLER

**Scott M. Stringer**  
**COMPTROLLER**



## FINANCIAL AUDIT

**Marjorie Landa**

Deputy Comptroller for Audit

Audit Report of the Metropolitan  
Transportation Authority's Oversight of  
the Access-A-Ride Program

FK15-098A

May 17, 2016

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
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NEW YORK, NY 10007

SCOTT M. STRINGER  
COMPTROLLER

May 17, 2016

To the Residents of the City of New York:

My office has audited the Metropolitan Transportation Authority's (MTA) oversight of the Access-A-Ride Program (AAR). We audit entities such as the MTA to determine whether they adequately monitor contractors to ensure that mandated services are provided, that they meet minimum performance standards, and that vendor payments were properly made.

The audit found that the MTA failed to effectively monitor AAR contractors' compliance with contract requirements for reliable and timely customer service and accurate reporting of pick-up and drop-off times. As a result, customers suffered from unreliable and unsatisfactory service. Further, the MTA overpaid and made additional questionable payments to contractors.

Additionally, the MTA missed significant cost savings opportunities by failing to direct certain contractors to implement service efficiencies that were available as of 2009. These efficiencies would have enabled the MTA to negotiate lower pricing for contracts currently valued at \$4.2 billion. The MTA also did not ensure that customers were offered the most cost-effective travel options.

The audit recommends that the MTA ensure that vehicles in AAR service are equipped with properly functioning global positioning system (GPS) devices and that GPS data be used to improve performance monitoring. The audit also recommends that the MTA take substantive measures against contractors that inaccurately report performance data, including but not limited to assessing higher penalties, reducing trip volumes, not renewing contracts and terminating contracts. Finally, the audit recommends that the MTA implement service efficiencies and negotiate corresponding contract price reductions.

The results of the audit were discussed with MTA officials during the course of the audit. Additionally, we requested that the MTA formally respond to the audit's findings and recommendations. However, the MTA did not provide written comments.

If you have any questions concerning this report, please e-mail my Audit Bureau at [audit@comptroller.nyc.gov](mailto:audit@comptroller.nyc.gov).

Sincerely,

A handwritten signature in blue ink that reads "Scott M. Stringer".

Scott M. Stringer



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# THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER FINANCIAL AUDIT

## Audit Report of the Metropolitan Transportation Authority's Oversight of the Access-A-Ride Program

FK15-098A

### EXECUTIVE SUMMARY

The Americans with Disabilities Act (ADA) of 1990 requires public transportation authorities to provide a paratransit system for passengers with disabilities who are unable to use public bus or subway service. The agreement between New York City and the Metropolitan Transportation Authority (MTA) New York City Transit authorizes the MTA's Paratransit Division (Paratransit) to administer and operate the City's paratransit service, known as Access-A-Ride (AAR). AAR offers shared ride, door-to-door paratransit service in the City and limited parts of Nassau and Westchester County 24 hours a day, seven days a week, including holidays.

AAR primarily delivers service through a network of Dedicated Service Contractors (DSCs) and Broker Car Service Contractors (BCSCs). During Calendar Year 2015, Paratransit paid \$321.4 million to DSCs and BCSCs for a total of 6 million combined trips.

DSCs use Paratransit-owned vehicles (specially equipped buses and cars) to perform AAR trips and are solely dedicated to the provision of paratransit service. Although they do not own the vehicles, DSCs are responsible for maintaining these vehicles and for providing drivers, dispatchers, and all other personnel necessary to manage and perform AAR trips. DSCs receive payments for the number of hours that vehicles are in AAR service, overhead costs, and vehicle maintenance costs, and are reimbursed for items such as tolls and vehicle insurance and registration.

BCSCs provide transportation services to ambulatory passengers through a network of subcontracted livery and black car service providers. BCSCs' payments are dependent on zone-based rates for each trip performed.

The contracts for Dedicated Service and Broker Car Service both specify minimum contractor-performance standards for reliable and timely service and provide remedies to the Paratransit in the event a contractor fails to meet these performance standards. As a means of monitoring contract performance, both Dedicated Service and Broker Car Service contracts require the installation and use of Global Positioning System (GPS) devices in all vehicles used in the AAR system. The GPS devices should enable Paratransit to determine whether contractors meet minimum performance standards related to reliable and timely service and to ensure that payment amounts are correct. For DSCs, Paratransit used a GPS System known as Automatic Vehicle Location Monitoring (AVLM).



## Audit Findings and Conclusions

Paratransit failed to effectively monitor AAR contractors' compliance with contract requirements for reliable and timely customer service and accurate reporting of pick-up and drop-off times. As a result, customers suffered from unreliable and unsatisfactory service. Further, Paratransit overpaid its contracted vendors, made additional questionable payments and failed to effectively manage the contracts to ensure better service and to obtain cost savings.

We specifically found that Paratransit did not ensure that contractually-mandated GPS devices were installed, operating properly, and activated when required in all contractor-operated vehicles. Moreover, even when GPS data was available, in most cases Paratransit did not use it to evaluate contractor performance or to determine whether the contractors' invoiced payment amounts were correct. Instead, Paratransit relied primarily on contractors' self-reported trip and vehicle data, which was often inaccurate and inconsistent with or unsupported by GPS data. Consequently, Paratransit did not accurately assess whether DSCs and BCSCs met minimum performance standards for reliable and timely service and made overpayments and questionable payments to contractors. In addition, Paratransit failed to decrease the number of trips assigned to a BCSC that consistently failed to meet required customer service standards.

Paratransit also missed significant cost savings opportunities by failing to direct DSCs to implement service efficiencies that were available as of 2009. These efficiencies would have enabled Paratransit to negotiate lower pricing for Dedicated Service contracts currently valued at \$4.2 billion. Finally, Paratransit also did not ensure that Reservation Agents offered customers the most cost-effective travel options.

## Audit Recommendations

To address these issues, we make 21 recommendations including that Paratransit should:

- Ensure that all DSCs' vehicles are equipped with AVL and that AVL is properly functioning and activated when in AAR service.
- Direct DSCs to stop recording "reconciled" times in ADEPT except upon system failure.
- Use AVL data to evaluate DSC performance; determine whether they met minimum no show and on time performance standards; calculate liquidated damages, credits for performance deficiencies, and incentive payments; and calculate contract component payments including Vehicle Service Hours.
- Take substantive measures against DSCs that inaccurately report trip and vehicle data, including but not limited to assessing higher penalties, reducing trip volumes, not renewing contracts and terminating contracts.
- Consider all remedies available for breach of material Broker Car Service Contract provisions up to and including termination.
- Consider seeking new BCSCs and/or alternatives to the existing Broker Car Service model.
- Negotiate corresponding reductions in Dedicated Service Contract prices based on service and management efficiencies including but not limited to reduced personnel costs and recordkeeping requirements.

- Immediately issue written notifications to all Reservation Agents to remind them of the Trip Offering Policy.

## **Agency Response**

On April 29, 2016, we requested that Paratransit formally respond to the audit's findings and recommendations by May 13, 2016. However, Paratransit did not provide comments on this report.



# AUDIT REPORT

## Background

The ADA requires public transportation authorities to provide a paratransit system for passengers with disabilities who are unable to use public bus or subway service. The agreement between New York City and the MTA authorizes Paratransit to administer and operate AAR. AAR offers shared ride, door-to-door paratransit service in the City and limited parts of Nassau and Westchester County 24 hours a day, seven days a week, including holidays. To schedule an AAR trip, customers must contact Paratransit's Reservation Unit at least 24 hours in advance of the requested trip. Paratransit utilizes the Automated Decision Engine for Passenger Transportation software system (ADEPT) to provide centralized AAR trip reservation, scheduling, and dispatch functions.

Paratransit primarily uses DSCs and BCSCs to fulfill its paratransit mandate. DSCs use Paratransit-owned vehicles (specially equipped buses and cars) to perform AAR trips and are solely dedicated to the provision of paratransit service. Although they do not own the vehicles, DSCs are responsible for maintaining these vehicles and for providing drivers, dispatchers, and all other personnel necessary to manage and perform AAR trips. DSCs receive a payment based on the number of hours that vehicles are in AAR service (Vehicle Service Hours); payments for overhead costs (Fixed Costs) and vehicle maintenance costs (Maintenance Costs); and are reimbursed for items such as tolls and vehicle insurance and registration. Between August 2008 and November 2009, Paratransit awarded 14 Dedicated Service contracts for 10-year periods with options to extend the terms an additional 10 years. During Calendar Year 2015, the 14 DSCs received payments totaling \$294.3 million.<sup>1</sup>

Started in 2011 as a pilot program, Broker Car Service was intended to provide cost-savings to Paratransit. BCSCs are responsible for scheduling and dispatching car service rides for ambulatory passengers through a network of subcontracted livery and black car service providers. In exchange for providing these services, BCSCs receive payments based on zone-based rates for each trip performed. Based on the success of the pilot initiative, Paratransit awarded two Broker Car Service contracts in August 2013 for three-year periods with options to extend the terms for up to two additional years. During Calendar Year 2015, the two BCSCs received payments totaling \$27.1 million.<sup>2</sup>

Since Paratransit is not directly responsible for Broker Car Service vehicle maintenance and other operating costs, this program is more cost effective than Dedicated Service, although it can serve only a limited segment of Paratransit's ridership. For September 2015, Paratransit reported that the average cost per trip for Dedicated Service and Broker Car Service was approximately \$67 and \$31, respectively. DSCs accounted for 78.5 percent of the trips and 91.6 percent of the costs while BCSCs accounted for 21.5 percent of the trips and 8.4 percent of the costs. Calendar Year 2015 trips and payments for each of the 14 DSCs and 2 BCSCs are detailed in Table 1 below.

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<sup>1</sup> In making payments to the DSCs, Paratransit deducts from the amount remitted to the DSCs the amount of the fares that the DSCs collected from AAR customers and their guests.

<sup>2</sup> As with payments made to DSCs, Paratransit deducts the amount of the fares collected by the BCSCs from customers and guests from the amount remitted to the BCSCs.

**Table 1**

Calendar Year 2015 Trips and  
Payments for DSCs and BCSCs

| <b>Contractor Name</b>                                | <b>Contractor Type</b> | <b>Trips Performed</b> | <b>Payments</b>      |
|---|------------------------|------------------------|----------------------|
| Corporate Transportation Group, Ltd. (CTG)            | Broker Car             | 948,935                | \$20,655,688         |
| Medical Transportation Management, Inc. (MTM)         | Broker Car             | 335,210                | \$6,438,307          |
| <b>Broker Car Service Subtotal</b>                    |                        | <b>1,284,145</b>       | <b>\$27,093,995</b>  |
| Advance Transit Company, Inc.(Advance or ADV)         | Dedicated              | 282,416                | \$12,861,827         |
| All Transit, LLC (All Transit or ITA)                 | Dedicated              | 224,793                | \$14,422,286         |
| CareRide Paratransit (CareRide or CRP)                | Dedicated              | 308,596                | \$13,803,231         |
| CBT Para Transit, Inc. (CBT)                          | Dedicated              | 217,386                | \$15,536,080         |
| Columbus Transit, LLC (Columbus or COT)               | Dedicated              | 159,995                | \$7,626,933          |
| Empire Paratransit Corp.(Empire or EPC)               | Dedicated              | 370,786                | \$23,510,891         |
| GVC II Ltd. (GVC II or GVC)                           | Dedicated              | 230,970                | \$13,559,499         |
| Maggies Paratransit Corp (Maggies or MAG)             | Dedicated              | 529,624                | \$47,271,560         |
| MV Public Transportation, Inc. (MVP)                  | Dedicated              | 496,804                | \$35,574,427         |
| MV Transportation, Inc. (MVT)                         | Dedicated              | 634,410                | \$34,330,471         |
| Premier Paratransit, LLC (Premier or PRE)             | Dedicated              | 189,789                | \$13,712,465         |
| PTM Management Corp. (PTM or PTC)                     | Dedicated              | 312,954                | \$20,325,435         |
| Star Cruiser Transportation, Inc.(StarCruiser or STC) | Dedicated              | 212,305                | \$14,434,411         |
| TransCare New York, Inc.(TransCare or TCP)            | Dedicated              | 512,139                | \$27,307,521         |
| <b>Dedicated Service Subtotal</b>                     |                        | <b>4,682,967</b>       | <b>\$294,277,037</b> |
| <b>Grand Total</b>                                    |                        | <b>5,967,112</b>       | <b>\$321,371,032</b> |



Dedicated Service and Broker Car Service contracts both specify minimum contractor-performance standards for reliable and timely service, including standards for no-shows and on-time performance. For each month, both the Dedicated Service and Broker Car Service contracts mandate that the contractors' no-shows must not exceed 0.3 percent of all trips assigned.<sup>3</sup> Further, for each month, the contractors must pick up customers within specified timeframes in a minimum of 92 percent of scheduled trips. DSCs must pick up customers within 30 minutes of scheduled times, and BCSCs must pick up customers within 5 minutes of scheduled times.

In order to facilitate Paratransit's monitoring of the contractors' performance, both Dedicated Service and Broker Car Service contracts require the installation and use of GPS devices in all vehicles used in the AAR system. The GPS devices should enable Paratransit to determine whether contractors meet minimum performance standards related to reliable and timely service and to ensure that payment amounts are correct. For DSCs, Paratransit used a GPS System known as AVL M.

Dedicated Service contracts provide for a system of liquidated damages, or credits, for performance deficiencies, such as failing to pick-up customers on time, and incentives for exceeding specified minimum standards. Broker Car Service contracts state that Paratransit will reduce the number of trips assigned to BCSCs who fail to meet performance standards.

## Objectives

The objectives of this audit were: (1) to assess Paratransit's controls over AAR contractor billing and payments; and (2) to determine whether Paratransit adequately monitors AAR contractors to ensure that they are providing paratransit services in a timely manner.

## Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope of this audit covers January 1, 2015, to December 31, 2015. Please refer to the Detailed Scope and Methodology at the end of this report for the specific procedures and tests that were conducted.

## Discussion of Audit Results

The matters covered in this report were discussed with Paratransit officials during and at the conclusion of this audit. A preliminary draft report was sent to Paratransit on March 23, 2016, and discussed at an exit conference held on April 6, 2016. On April 29, 2016, we submitted a draft

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<sup>3</sup> Paratransit considers a contractor no-show to be any instance where a driver does not show up to the scheduled pick-up location or when the driver arrives at the scheduled pick-up location more than 45 minutes after the scheduled pick-up time and the customer is not provided service.



report to Paratransit officials with a request for comments by May 13, 2016. However, Paratransit did not provide a formal, response to this report.

## FINDINGS AND RECOMMENDATIONS

Paratransit failed to effectively monitor AAR contractors' compliance with contract requirements for reliable and timely pick up and that they reported accurate pick-up and drop-off times and as a result, customers have suffered from unreliable and unsatisfactory service. In particular, Paratransit failed to ensure that contractually-mandated GPS devices were installed, operating properly, and activated when required in all contractor-operated vehicles to enable the real-time monitoring and recording of the location of AAR vehicles. Moreover, even when GPS data was available, in most cases, Paratransit did not use it to track arrival and departure times, evaluate performance, calculate liquidated damages, or determine whether the contractors' invoiced payment amounts were correct. Instead, Paratransit relied primarily on contractors' self-reported trip and vehicle data, which was often inaccurate and inconsistent with or unsupported by GPS data. As a result, Paratransit made in overpayments and questionable payments to contractors.

Although DSC vehicles have been equipped since 2009 with GPS systems that allow Paratransit to precisely track performance and evaluate whether DSCs met or exceeded minimum standards for no-show and on-time performance, Paratransit has mostly relied on DSCs' self-reported manually generated data, which we found to be substantially inconsistent with or unsupported by GPS data and which is subject to human error and intentional manipulation. Additionally, Paratransit failed to enforce its contract requirement that Broker Car Service vehicles must be equipped with GPS devices, or to enforce its requirement that the BCSCs submit electronically-reconciled trip data including scheduled and actual pick-up times and pick-up geo codes, and scheduled and actual drop-off times and drop-off geo codes. As a result of these deficiencies, Paratransit was not able to accurately assess whether DSCs and BCSCs met minimum performance standards for reliable and timely service, take appropriate corrective action to improve contractors' performance, or properly document and hold contractors accountable for poor performance. In addition, Paratransit failed to decrease the number of trips assigned to a BCSC that consistently failed to meet required customer service standards.

Paratransit may have also missed significant cost savings opportunities by failing to direct DSCs to implement service efficiencies that were available as of 2009. These efficiencies would have enabled Paratransit to negotiate lower pricing for Dedicated Service contracts currently valued at \$4.2 billion. Finally, Paratransit also did not ensure that Reservation Agents offered customers the most cost-effective travel options.

These matters are discussed in detail in the following sections of this report.



## Paratransit Did Not Effectively Monitor DSCs to Ensure that They Met Minimum Timeliness Standards

Paratransit did not effectively monitor DSCs to ensure they met material performance standards related to reliable and timely service.<sup>4</sup> As a result, customers have been inconvenienced by unreliable and unsatisfactory Dedicated Service. Although DSC vehicles have been equipped since 2009 with GPS systems that allow Paratransit to precisely track arrival, departure and trip times, Paratransit has largely opted not to use them to determine whether DSCs met or exceeded minimum standards for no-show and on-time performance, or to calculate liquidated damages, credits for performance deficiencies, and incentive payments.

Instead, Paratransit has mostly relied on DSCs' self-reported data, which we found to be substantially inconsistent with the data recorded by the GPS systems and which is subject to human error and intentional manipulation. Paratransit performed only limited reviews of no-shows, primarily of disputed customer no-shows, using GPS data. Moreover, Paratransit did not perform any reviews of DSC self-reported pick-up and drop-off times. In addition, Paratransit did not ensure that GPS devices were always installed, working, or activated in DSC vehicles in AAR service, and that existing GPS system controls were working properly and used and that prospective GPS system controls were implemented.

Dedicated Service contracts provide that GPS devices must be installed in vehicles. In 2009, Paratransit fully installed AVL M and integrated it with Paratransit's ADEPT software system. AVL M is a proprietary system that uses on-board vehicle equipment and land-based software and hardware to remotely monitor vehicles in real-time and record vehicle activity. Each AVL M-equipped vehicle has a Mobile Data Terminal (MDT) which uses GPS and other technologies to track vehicle location. Additionally, the MDTs enable Dedicated Service drivers to electronically record and transmit trip and vehicle data to Paratransit's ADEPT system, including: the driver's arrival and departure times; passenger events i.e., whether passengers were picked up, dropped off, canceled, or did not show up for scheduled trips; vehicle locations; and odometer readings.

Paratransit officials informed us that it employs and is working to further develop AVL M system controls to prevent DSC personnel from recording earlier than actual customer pick-up and drop-off times. As a control measure, drivers must have arrived at a location before they can record a trip event such as a customer pick-up or drop-off. Driver arrival times may be recorded one of two ways: (1) AVL M can automatically record a driver's arrival time once the vehicle is within 150 feet of the scheduled pick-up location ("auto arrive"); or (2) drivers can push a button on their MDTs to record their arrival time ("manual arrive"). According to Paratransit, manual recording of arrival times is necessary when location entrances are more than 150 feet from the street.

During the audit period, AVL M was not capable of differentiating an auto arrive time from a manual arrive time in its reports. In February 2015, Paratransit awarded and executed a contract modification that included a provision to develop and add this functionality to AVL M. AVL M does, however, have the ability to check all input data and parameters, whether collected automatically or entered by an AVL M user, for reasonability and to reject data and results if they are unreasonable. When unreasonable input data or results are detected, diagnostic messages, clearly describing the problem, can be generated.

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<sup>4</sup> Article 104 ("Standards of Performance") states that "[t]he requirements set forth in this Article are material provisions of the Contract and a breach thereof may result in the assessment of liquidated damages or deduction of performance credits as set forth in Article 108 or in the Authority availing itself of any other remedy existing herein, including termination, or any such remedy as may exist in law or equity."



Article 104 of each of the 14 Dedicated Service contract sets forth minimum standards for Contractor No-Shows and on-time performance for which “a breach thereof may result in the assessment of liquidated damages or deduction of performance credits” or other remedies, including termination of the contract. Conversely, contractors who exceed contract performance standards may receive incentive payments. Article 106(B)(1) and Article 108(A) of Dedicated Service Contracts both state that Paratransit will closely monitor contract performance. Further, Article 108(A) states “strict adherence to the Contract terms and conditions in providing clean, safe, reliable, Customer friendly effective service to the elderly and disabled community is of paramount importance to the Authority and is the basis upon which the Authority has agreed to the Contract price for the Work.” Nevertheless, in part as a consequence of program weaknesses referred to above and described in detail below, we found that Paratransit did not effectively monitor contractor performance and enforce contract terms.

## **Paratransit Did Not Use Available AVL Data to Monitor No Shows and On Time Performance and Calculate Liquidated Damages, Credits, or Incentive Payments**

### **Contractor No-Shows, Inaccurate Reporting and Weak Enforcement**

DSCs did not meet their contractual mandate of limiting their Contractor No-Shows to no more than 0.3 percent of their assigned trips in a given month. Instead, during Calendar Year 2015, the 14 DSCs were assigned 5,530,589 trips for which they reported a total of 233,811 no-shows, of which they classified 134,750 trips as Customer No-Shows,<sup>5</sup> 67,569 trips as No Fault No-Shows,<sup>6</sup> and 31,492 trips as Contractor No-Shows.<sup>7</sup> Based on the DSC self-reported data alone, the overall performance of the 14 DSCs collectively did not comply with the contract requirements because, on average, for Calendar Year 2015 they reported 0.57 percent of their assigned trips as Contractor No-Shows, nearly twice the contract limit of 0.3 percent. Individually, according to ADEPT reports, DSC’s average annual Contractor No-Shows rates ranged from 0.08 percent to 0.98 percent. Moreover, these Contractor No-Show rates may have been understated since the ADEPT reports are based on the DSCs’ self-reported and self-classified data rather than on the available AVL data.

Paratransit did not use available AVL data to monitor contractor performance and the accuracy of their reporting and to enforce the terms of the contracts. Among other things, Paratransit could use auto or DSC-recorded arrival times, DSC-recorded no-show times, and GPS coordinates to review DSC no-show reporting, calculate credits for deficient performance and incentive payments for no-shows, and methodically assess the overall performance of AAR Dedicated Service Contractors. Instead, Paratransit performed only limited reviews of no-shows, primarily of disputed customer no-shows, using the AVL flashback feature (Route Reconciliation Reviews). For 12 of the 14 DSCs, Paratransit selected only 4,393 (2.4 percent) of the reported

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<sup>5</sup> *Customer No-Show*: is any instance where a driver arrives within 30 minutes after the scheduled pick-up time, attempts to contact the customer, waits for the customer for 5 minutes, and the customer does not board the vehicle. Customers incurring excessive missed trips are subject to suspension. Paratransit considers missed trips to be excessive when a customer reserves seven or more trips within any month and no-shows and/or late cancels 30 percent or more of those scheduled trips. According to Paratransit, a late cancellation occurs when a customer cancels a trip less than two hours before the scheduled trip.

<sup>6</sup> *No Fault No-Show*: is any instance where a driver arrives at the scheduled pick-up location between 31 to 45 minutes after the scheduled pick-up time and the customer is not provided service.

<sup>7</sup> *Contractor No-Show*: is any instance where a driver does not show up to the scheduled pick-up location or when the driver arrives at the scheduled pick-up location more than 45 minutes after the scheduled pick-up time and the customer is not provided service.

182,662 Customer and No Fault No-Shows for review during Calendar Year 2015. Of those selected, 323 (7.4 percent) could not be reviewed because AVL was not installed, properly functioning, or activated in the DSC vehicle. (This issue is discussed in detail below.) For the remaining two DSCs, Paratransit Contract Managers did not identify how many no-shows were selected for review. A previous Comptroller's audit issued in July 2009 also cited Paratransit for failing to identify how many no-shows were selected for review and thus, the extent to which no-shows were misclassified.<sup>8</sup> Consequently, the audit recommended that Paratransit include the total number of no-shows that are reviewed in its no-show reconciliation review reports so that error rates for DSC no-show classifications can be determined. However, Paratransit did not follow this recommendation.

Further, Paratransit did not review 13 of the 14 DSCs' no-show reporting and classification each month. Paratransit's Route Reconciliation Review Process Guidelines state that Contract Managers should review DSC data for accuracy weekly and compile and report results monthly. However, during Calendar Year 2015, Paratransit reviewed 11 DSCs' no-show reporting and classification for 11 months, one DSC's reporting for 10 months, and the remaining DSC's reporting for only 6 months. A previous Comptroller's audit issued in July 2009 also cited Paratransit for failing to perform Route Reconciliation Reviews consistently and recommended that Paratransit enhance its monitoring of no-shows to ensure that each contractor is reviewed continually. Paratransit did not follow this recommendation. Consequently, contractors are still not being evaluated consistently and held accountable for their performance.

Paratransit's failure to consistently monitor contractor performance in accordance with its guidelines and effectively enforce contract terms has continued notwithstanding its own Route Reconciliation Reviews that found that many DSCs had consistently high rates of inaccurate no-show classification. For Calendar Year 2015, 12 of the 14 DSCs' average annual inaccurate no-show classification rates ranged from 2.7 percent to 40 percent. Primarily, Paratransit has identified DSCs that improperly reported *Contractor* No-Shows as *Customer* No-Shows.<sup>9</sup> Notwithstanding Paratransit's own findings, it failed to take meaningful action against DSCs who may have intentionally misclassified no-shows. Paratransit merely assessed a \$10 charge for each instance of inaccurate reporting. For Calendar Year 2015, Paratransit assessed charges totaling only \$11,970 for all 14 of the DSCs and did not assess charges consistently. These nominal charges represent only 0.004 percent of payments made to the 14 DSCs and therefore, do not serve as a deterrent for future inaccurate reporting.

Further, Paratransit did not take corrective action to improve the accuracy of reporting or quality of service. Consequently, customers continue to be inconvenienced by unreliable service and may be inappropriately suspended from receiving AAR services because they are incorrectly identified as having caused Customer No-Shows, when in fact the driver may have failed to pick up the customer within 45 minutes of the scheduled time—an event that should be recorded as a Contractor No-Show.

Paratransit's potential contractual remedies include liquidated damages or credits against a contractor's charges for the contractor's failure to meet specified minimum standards and

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<sup>8</sup> On July 28, 2009, the New York City Comptroller issued the Audit Report on Vendor Contracts with New York City Transit to Provide Access-A-Ride Services issued on July 28, 2009 (ME09-078A).

<sup>9</sup> This inaccurate data reporting constitutes a contract violation. Dedicated Service Contracts' Scope of Work Sections XVII(A) and (B) require Contractors to "accurately keep, complete, and/or submit trip reconciliation data" and "[o]ther information as deemed appropriate by the Authority summarizing the monthly activities and overall system performance." Further, Article 208 of each of the Dedicated Service Contract states that Contractors will be in default if "at any time the Project Manager shall be of the opinion...that the Contractor is willfully violating any of the provisions or covenants of this Contract or is not executing the same in good faith or in accordance with its terms."



incentives for exceeding specified minimum standards. Article 108(A)(1) provides that in “each month in which the Contractor No Shows exceed 0.3% of all trips assigned, the Authority shall be entitled to a Credit for Performance Deficiency of \$20.00 for each Contractor No Show.” Article 104(B)(1)(a) and (b) allow for charges to be waived if no-shows are due to circumstances beyond the DSC’s control. Conversely, Article 109(B) provides that in “any month in which the Contractor’s No Shows are less than 0.2% of all trips assigned to the Contractor, the Contractor will be paid an incentive payment of ten (10) cents per completed trip.”

By repeatedly reporting no-show classifications inaccurately, DSCs may inflate their performance, avoid being assessed performance credits of \$20 per Contractor No-Show, and/or receive incentive payments to which they are not entitled. For each of the 14 DSCs, Appendix I details the accuracy of their no-show reporting based on Paratransit Route Reconciliation Reviews, percentage of no-shows reported by ADEPT and misclassification charges for Calendar Year 2015.

### **Failures Related to On Time Performance**

Paratransit did not use available data to determine whether DSCs met or exceeded minimum on-time performance standards or to calculate liquidated damages and incentive payments. DSCs are required to pick-up customers within 30 minutes of scheduled times in a minimum of 92 percent of scheduled trips each month. As described above, their contracts provide for a system of liquidated damages for failing to meet specified standards and incentives for exceeding them. In 2009, Paratransit fully installed AVL and integrated it with ADEPT. Since that time, Paratransit has been able to electronically reconcile ADEPT scheduled pick-up times and AVL DSC-recorded customer pick-up times.

However, instead of reconciling ADEPT data with the AVL data, Paratransit has allowed DSCs to compare electronically-recorded times to drivers’ handwritten times recorded on paper manifests and manually report the resulting “reconciled” times in ADEPT. Paratransit evaluated DSCs based on these DSC-reported “reconciled” times, without assessing the reasonableness or independently verifying the accuracy against Paratransit’s own AVL data. Although DSCs have the ability and a monetary incentive to inflate their performance, Paratransit never performed reviews of DSC-reported “reconciled” pick-up times.

Paratransit did not perform high-level reviews of “reconciled” times to determine how often each of the 14 DSCs changed AVL recorded pick-up and drop-off times. Nor did it use this information to examine the nature of those changes and assess their impact on monthly on time performance percentages, liquidated damages, and incentive payments. However, for Calendar Year 2015, we conducted such a review of “reconciled” pick-up and drop-off times reported in ADEPT and found that the 14 DSCs changed 2,588,980 of 9,365,948—27.6 percent—AVL reported times to earlier times. In 1,156,192 of these 2,588,980—44.7 percent—instances, DSCs erroneously changed reported customer pick-up and drop-off times to the times that drivers arrived at locations.

Based on our review of DSC recorded pick-up times in AVL and DSC-reported “reconciled” pick-up times recorded in ADEPT for Calendar Year 2015, DSC changes to pick-up times altered the determination of whether 6 of the 14 DSCs met the minimum on time performance standard of



92 percent<sup>10</sup> or exceeded the incentive performance standard of 95 percent<sup>11</sup> in one or more months, and thus, whether and to what extent DSCs were subject to liquidated damages or eligible for incentive payments as detailed in Table 2 below. For example, based on AVLM reported pick-up times for November 2015, PTM Management Corporation (PTM) had only 91.5 percent on time performance and therefore, would have been subject to liquidated damages for late pick-ups that were not due to circumstances beyond its control (e.g., heavy traffic, inclement weather, etc...). However, based on PTM "reconciled" times reported in ADEPT for November 2015, PTM had 93.5 percent on time performance and therefore, did not pay liquidated damages of \$2,380 (\$10 for each of the 238 trips for which it was responsible for picking up customers 45 or more minutes late.)

**Table 2**

Potential Monetary Impact of DSC  
Changes to Pick-up Times

| <b>DSC</b>                             | <b>Number of Months Impacted</b> | <b>Potential Impact on Liquidated Damages</b> | <b>Potential Impact on Incentive Payments</b> | <b>Total Potential Monetary Impact</b> |
|--|----------------------------------|---|---|--|
| PTM Management Corporation             | 7                                | \$16,090                                      | \$2,187                                       | \$18,277                               |
| All Transit, LLC                       | 2                                | \$6,590                                       | \$0   | \$6,590                                |
| MV Transportation, Incorporated        | 1                                | \$9,630                                       | \$0   | \$9,630                                |
| MV Public Transportation, Incorporated | 1                                | \$6,150                                       | \$0   | \$6,150                                |
| Premier Paratransit, LLC               | 1                                | 0   | \$2,452                                       | \$2,452                                |
| CBT Para Transit, Incorporated         | 1                                | \$2,560                                       | \$0   | \$2,560                                |
| <b>Total</b>                           | <b>13</b>                        | <b>\$41,020</b>                               | <b>\$4,639</b>                                | <b>\$45,659</b>                        |

<sup>10</sup> Article 106(A)(1) provides that in "any month in which the Contractor fails to achieve 92% On Time Performance, the Contractor shall pay the Authority the sum of \$10.00 for each trip that occurred fifteen (15) minutes or more past the Scheduled Pickup Window."

<sup>11</sup> Article 109(A) provides that in "any month in which the Contractor exceeds 95% On Time Performance, the Contractor will be paid an incentive payment of ten (10) cents per completed trip for all completed trips for the month."

We also found that Paratransit never performed reviews of the accuracy of DSC-reported “reconciled” pick-up times. We sampled three DSCs, and for each of them we reviewed available AVL data (i.e., vehicle latitude and longitude coordinates and timestamps) for 50 trips performed in June 2015 to determine whether contractors reported earlier pick-up times than indicated by the AVL data. Based on our analysis of these 150 trips, contractors either reported earlier pick-up times or did not have GPS data to support their reported pick-up times because GPS devices were not installed, properly functioning, or activated in 73.3 percent of the sampled trips as detailed in Table 3 below.

**Table 3**

Accuracy of Sampled DSCs’ Self-Reported Customer Pick-up Times for 150 Trips Performed in June 2015 Based on Auditors’ Review of GPS Data

|                  | A  |              | B  |              | C   |              | D   |              |
|------------------|--|--------------|--|--------------|---|--------------|---|--------------|
|                  | DSCs’ Self-Reported Time Was The Same Or Later Than The Audited Time |              | DSCs’ Self-Reported Time Was Earlier Than The Audited Time |              | DSCs’ Self-Reported Times Could Not Be Verified Because AVL Data Was Not Installed, Working, Or Turned On |              | DSCs’ Self-Reported Time Was Earlier Than The Audited Time Or Could Not Be Verified (Column B + Column C) |              |
|                  | #  | %            | #  | %            | #   | %            | #   | %            |
| <b>Maggies</b>   | 9  | 18.0%        | 33   | 66.0%        | 8   | 16.0%        | 41  | 82.0%        |
| <b>MVP</b>       | 17   | 34.0%        | 31   | 62.0%        | 2   | 4.0%         | 33  | 66.0%        |
| <b>TransCare</b> | 14   | 28.0%        | 18   | 36.0%        | 18  | 36.0%        | 36  | 72.0%        |
| <b>Total</b>     | <b>40</b>  | <b>26.7%</b> | <b>82</b>  | <b>54.7%</b> | <b>28</b>   | <b>18.7%</b> | <b>110</b>  | <b>73.3%</b> |

As described in Table 3 above, for the three DSCs that we sampled, we found that in five of the 82 (6.1 percent) pick-up times we identified as inaccurately reported, the inaccurate time had an impact on DSCs’ on-time performance and the potential assessment of liquidated damages. While this reflects a relatively small number, these instances are troubling because evidence in Paratransit’s records suggest that they could be willful. For example, a driver recorded in AVL data that he picked up a customer at 6:46 pm, which was 46 minutes after her scheduled pick-up time. Based on our review of vehicle latitude and longitude coordinates and timestamps, the driver accurately recorded the customer pick-up time. However, the DSC—the driver’s employer—reported that this customer was picked up at 6:42 pm, which was only 42 minutes after her scheduled pick-up time, three minutes under the 45-minute threshold that would have triggered a liquidated damages charge against the DSC. By inaccurately reporting this customer’s pick-up time, the DSC avoided a \$10 liquidated damages charge.

Since Paratransit largely relied on DSC self-reported performance data for the entire term of their contracts, Paratransit could not accurately assess whether DSCs met minimum performance standards for material contract provisions related to the reliable and timely provision of services,



take appropriate corrective action to improve performance, and document and hold DSCs accountable for poor performance. Further, Paratransit cannot make informed management decisions as to whether it should extend existing Dedicated Service contracts, which start to expire in September 2018, or issue a request for new Dedicated Service contract proposals.

## **Paratransit Did Not Ensure that AVL M Was Always Installed, Working, or Activated**

As detailed above and below, Paratransit did not ensure that AVL M was installed, working, or activated in DSC vehicles responsible for performing 28 of 150—18.7 percent—sampled trips and 13 of 150—8.7 percent—sampled routes. Paratransit informed us that this issue was limited to replacement vehicles, which should be replaced every seven years. Paratransit maintained that there were difficulties mounting MDTs in the replacement vehicles and so it did not install AVL M in vehicles prior to placing them in AAR service. Paratransit stated that it is working to address the mounting issues and to ensure that vehicles are not placed in AAR service until they are equipped with AVL M in the future. However, no documentation was provided to support these statements.

Moreover, we found that the lack of AVL M data was not, in fact, limited to newer vehicles. Based on our review of Paratransit-reported dates that vehicles were placed in service, 23 of the 35<sup>12</sup>—65.7 percent—vehicles that did not have AVL M installed, working, or activated were newer vehicles that had been in service for approximately four to eight months. However, 12 of the remaining 35—34.3 percent—vehicles that did not have AVL M installed, working, or activated were in AAR service for approximately two to eight years. For these 12 vehicles, Paratransit should have ensured that DSCs removed MDTs that were not working and replaced them from their spare inventory as required by Dedicated Service contracts Scope of Work, Section XXI(C).

## **AVL M System Controls Could Be Enhanced**

Paratransit did not ensure that existing AVL M system controls were operational, that they had not been overridden, and that prospective AVL M system controls were implemented. As discussed above, Paratransit officials maintained that AVL M employed system controls to prevent DSCs from reporting customer pick-up times that were earlier than driver arrival times at customer pick-up locations. However, based on our review of AVL M recorded customer pick-up and driver arrival times for Calendar Year 2015, this control was not always in place.

Of the 4,682,974 trip pick-up times reviewed, we found that DSC-recorded customer pick-up times in AVL M preceded DSC-recorded arrival times in AVL M for only 21,335 trips. For 2,824 of these 21,335 trips, DSCs reported the earlier pick-up time as the “reconciled” time and Paratransit designated a target pick-up time. Of these 2,824 trips, on time performance percentages were impacted 31 percent of the time and the potential assessment of liquidated damages were impacted 23.3 percent of the time. Consequently, Paratransit should ensure that AVL M system controls designed to prevent DSCs from claiming earlier pick-up and drop-off times are working and not overridden.

Additionally, Paratransit has not yet implemented or provided a timetable for the implementation of the functionality that would enable it to differentiate between auto arrive and manual arrive

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<sup>12</sup> In total, 35 unique vehicles were responsible for performing the combined 41 cited trips (28) and routes (13).



times. Consequently, it cannot identify DSCs and drivers who routinely manually record arrival times and thus could have a higher rate of inaccurately recording trip times and events.

Finally, Paratransit did not conduct reasonability checks of AVL input data and parameters and review results. We repeatedly requested documentation detailing: which input data and parameters were checked for reasonability; how and when reasonability tests were performed; and how and to whom results were communicated to Paratransit officials and in turn, the DSCs. However, Paratransit did not provide us with such documentation.

## **Paratransit Did Not Ensure that DSCs Were Paid the Correct Amounts**

Paratransit did not ensure that DSCs were paid in accordance with contract terms and that payments were adequately supported. Based on our analysis of 50 routes performed by each of the three sampled contractors, the contractors generally did not report their times accurately. As is detailed below, we found that DSCs were able to improperly claim Vehicle Service Hours, which resulted in their receiving payments that were unearned. The incidences of erroneous self-reporting identified in our sample suggest system-wide operational weaknesses that leaves Paratransit vulnerable to significant overpayments.

Article 110(C)(3) and (4)(a) of Dedicated Service contracts require contractors to submit monthly invoices itemized by contract component cost accompanied by appropriate documentation. Further, Article 110(C) (4)(e) requires

[a] sworn certificate or equivalent document signed by a knowledgeable officer of the Contractor that the services covered by the Contract have been performed for the period covered by the invoice. Any false certification shall render the invoice void, and the Authority shall be entitled to recover immediately any monies paid on such invoices.

As noted above, DSCs receive payments based on the number of hours that vehicles are in AAR service (Vehicle Service Hours); payments for overhead costs (Fixed Costs) and vehicle maintenance costs (Maintenance Costs); and are reimbursed for items such as tolls and vehicle insurance and registration. Thus, Vehicle Service Hours, Maintenance Costs, and Per Vehicle Fixed Costs account for the bulk of DSC payments. However, Paratransit did not use available AVL and other Paratransit trip and vehicle data to calculate payment amounts. Rather, Paratransit largely relied on DSCs' "reconciled" trip and self-reported vehicle data. As a result, DSCs were overpaid and received questionable payments as detailed below.

## **Vehicle Service Hours Are Not Appropriately Monitored**

DSCs should be paid "each month for the actual number of Vehicle Service Hours as reconciled by the Contractor and approved by the Authority at the rate specified in the Price Schedule." (Article 110(B)(3).) Vehicle Service Hours are defined in Article 101(80) as the time from Pull-Out<sup>13</sup> to Pull-In.<sup>14</sup> However, a maximum amount of time is set for travel to the first customer pick-

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<sup>13</sup> "Pull-Out" time is defined as the departure of a Vehicle from the Contractor's facility to perform a Revenue Service tour. Article 101(61).

<sup>14</sup> "Pull-In" time is defined as the return of a Vehicle to the Contractor's facility upon completion of a Revenue Service tour. Article 101(61).



up location and from the last customer drop-off location and what is deemed to be excessive travel time is excluded from the payments.

In an effort to prevent DSCs from claiming excess Vehicle Service Hours, Paratransit uses ADEPT, its trip reservation, scheduling, and dispatch system, to calculate payable pull-out and payable pull-in times and to ensure that DSC-reported pull-out and pull-in times fall within prescribed payable parameters. However, ADEPT-calculated payable times<sup>15</sup> are not derived from AVL data but rather come from DSC "reconciled" first pick-up and last drop-off times, which are not verified by Paratransit through comparisons with AVL data. By reporting earlier first pick-up times and later last drop-off times than actually occurred, DSCs may improperly extend payable Vehicle Service Hour windows.

For each of the three sampled DSCs, we reviewed available AVL data (i.e., vehicle latitude and longitude coordinates and timestamps) for 50 routes performed during June 2015 to determine whether contractors reported earlier first pick-up and/or later last drop-off times and thus extended payable Vehicle Service Hour windows. Based on our analysis of these 150 routes, contractors generally did not accurately report times as detailed in Table 4 below.

**Table 4**

Accuracy of Sampled DSC Self-Reported First Pick-up and Last Drop-off Times for 150 Routes Performed in June 2015 Based on Auditors' Review of GPS Data

|              | A  |              | B  |             | C  |              |
|--------------|--|--------------|--|-------------|--|--------------|
|              | DSCs' Self-Reported First Pick-up Times Were Earlier and/or DSCs' Reported Last Drop-off Times Were Later Than Audited Times |              | DSCs' Self-Reported Times Could Not Be Verified Because AVL Was Not Installed, Working, or Activated |             | DSCs' Self-Reported Times Were Inaccurate or Unverifiable <sup>16</sup> (Column A + B) |              |
|              | #  | %            | #  | %           | #  | %            |
| Maggies      | 40   | 80.0%        | 3  | 6.0%        | 42   | 84.0%        |
| MVP          | 33   | 66.0%        | 0  | 0.0%        | 33   | 66.0%        |
| TransCare    | 23   | 46.0%        | 10   | 20.0%       | 30   | 60.0%        |
| <b>Total</b> | <b>96</b>  | <b>64.0%</b> | <b>13</b>  | <b>8.7%</b> | <b>105</b>   | <b>70.0%</b> |

<sup>15</sup> ADEPT calculates payable pull-out times based on the DSC's self-reported first customer pick-up times and estimated travel times as follows: DSC "reconciled" (i.e., manually reported) first customer pick-up time – (ADEPT calculated travel time + 15 minutes). For example, if a DSC reported a first customer pick-up time of 9:00 am and ADEPT calculated the travel time from the DSC facility to the first customer pick-up location to be 30 minutes, the ADEPT calculated payable pull-out time would be 8:15 am as follows: 9:00 am – (30 minutes + 15 minutes) or 9:00 am – 45 minutes. If the DSC reported that the driver pulled-out at 7:45, which is before the ADEPT calculated payable time of 8:15 am, the DSC would not be paid for the Vehicle Service Hour between 7:45 am and 8:15 am.

ADEPT calculates payable pull-in times based on DSC self-reported last drop-off times and estimated travel times as follows: DSC "reconciled" last customer drop-off time + ADEPT calculated travel time + 15 minutes.

<sup>16</sup> There were instances in which AVL data was available for only part of the route (i.e., AVL data was available for the first pick-up time but not the last drop-off time). Consequently, there were four instances in which we cited a Dedicated Service Contractor for both reporting an earlier pick-up time and for not having data to support a reported last drop-off time.

Further, for each of the three sampled DSCs, we reviewed available AVL data for these same 150 routes (three sampled vendors times 50 routes each) to determine whether the ADEPT-calculated payable parameters prevented or limited DSCs from improperly claiming Vehicle Service Hours. Based on our analysis, the ADEPT-calculated payable parameters were fairly effective. However, DSCs were able to circumvent the ADEPT parameters and improperly claim Vehicle Service Hours in 51 of 300 sampled instances,<sup>17</sup> which resulted in approximately 7 Vehicle Service Hours being improperly paid for a total of \$215.

For example, a DSC reported that a driver pulled out of the facility at 4:25 pm. ADEPT calculated a payable pull-out time of 4:25 pm. Consequently, Paratransit paid this DSC for Vehicle Service Hours starting at 4:25 pm. However, based on our review of vehicle latitude and longitude coordinates and timestamps, the driver did not pull-out until 5:08 pm and therefore, should not have been paid for the time between 4:25 pm and 5:08 pm—43 minutes. The ADEPT-calculated payable window was not effective in this example because the DSC reported an earlier first customer pick-up time. Based on our review of vehicle latitude and longitude coordinates and timestamps, the driver picked the first customer up at 6:56 pm. However, the DSC reported that this customer was picked up at 6:41 pm. By reporting a first pick-up time that was 15 minutes earlier than actually occurred, the DSC extended the payable Vehicle Service Hour window. Additionally, the ADEPT-calculated payable window was not effective in this example because it allowed for excess travel time.

While the overpayments for these 51 instances is not significant, the overpayments system-wide, and in particular for one contractor Maggies, could potentially be given that more than \$5.5 million was paid to the three sampled DSCs in June 2015 for 180,775 Vehicle Service Hours as detailed in Table 5 below.

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<sup>17</sup> For each of the three sampled Dedicated Service Contractors, we reviewed 50 routes to determine whether Dedicated Service Contractors were paid for time prior to pull-out and after pull-in. In total, we reviewed 300 reported times—150 reported pull-out times and 150 reported pull-in times.



**Table 5**

Comparative Analysis of Sampled  
DSCs' Improperly Claimed Vehicle  
Service Hours and Total Vehicle  
Service Hour Payments for June  
2015

|              | Total Vehicle Service Hours Reviewed | Improperly Claimed Vehicle Service Hours | Percentage Improperly Claimed Vehicle Service Hours | June 2015 Vehicle Service Hours | Vehicle Service Hour Rate | June 2015 Vehicle Service Hour Payments |
|--------------|--------------------------------------|--|---|---------------------------------|---------------------------|---|
| Maggies      | 406:15                               | 4:01                                     | 1.0 %   | 74,108.24                       | \$31.65                   | \$2,345,526                             |
| MVP          | 402:37                               | 1:21                                     | 0.3 %   | 51,560.89                       | \$29.78                   | \$1,535,483                             |
| TransCare    | 444:37                               | 1:35                                     | 0.4 %   | 55,106.12                       | \$30.13                   | \$1,660,347                             |
| <b>Total</b> | 1,253:29                             | 6:57                                     |   | 180,775.25                      |                           | \$5,541,356                             |

**Maintenance and Per Vehicle Fixed Costs Are Not Appropriately Monitored**

We found that Paratransit lacks written policies and procedures to provide direction to Paratransit Contract Managers on key aspects of their contract oversight and reviews. The absence of such guidance has contributed to inadequate contract management and potential overpayments for contractor-reported maintenance costs and vehicle fixed costs. In addition, weaknesses in the contract language allow vehicles to be classified by the DSCs in more than one maintenance category.

Pursuant to their contracts, DSCs should be paid "[o]ne-twelfth (1/12) of the Maintenance Costs specified in the Price Schedule...based upon the actual number and category of Vehicles in the Contractor's active fleet." (Article 110(B)(4).) DSCs' Price Schedules set forth annual Maintenance Cost rates to be paid for vans and sedans which increase based on vehicle age and/or mileage. Article 110(B)(4) provides that:

All Vehicles will be assigned to a maintenance category based on that Vehicle's mileage as of that Vehicle's Revenue Service start date. On the first day of the seventh full calendar month of Revenue Service, the fleet will be adjusted to reflect the then appropriate maintenance categories. This will occur every six (6) months thereafter.

Additionally, DSCs should be paid “[o]ne-twelfth (1/12) of the total annual Per-Vehicle Fixed Costs rate specified in the Price Schedule...for each Vehicle in the Contractor's active fleet on the last day of the billing month.”

DSCs submit vehicle fleet logs each month to Paratransit to support invoiced Maintenance Costs and Per Vehicle Fixed Costs. These fleet logs list each vehicle and its associated make, model, and year; mileage; date placed in service; and maintenance age. However, Paratransit did not implement formal written policies and procedures detailing how its Contract Managers should verify this self-reported vehicle information. Consequently, Paratransit Contract Managers did not effectively review DSCs' self-reported vehicle data.

Paratransit Contract Managers reviewed fleet log data submitted by the three sampled DSCs to support vehicle maintenance age classifications. However, these reviews consisted of Paratransit Contract Managers simply comparing DSC self-reported mileage on fleet logs to DSC self-reported mileage in ADEPT. Although Paratransit's Standards and Compliance Unit inspects vehicles and records vehicle mileage, Paratransit Contract Managers did not review Standards and Compliance Unit inspection reports to independently check the accuracy of DSC self-reported mileage. Consequently, DSCs may inflate costs by improperly classifying vehicle maintenance ages.

Finally, Dedicated Service contracts were written in a manner that allows vehicles to be classified in more than one maintenance category and thus, be paid at different rates. However, the contracts do not specify whether DSCs should be paid at the lesser or greater Maintenance Cost rate in these instances. For each of the three sampled contractors, Dedicated Service contracts define maintenance ages C, D, and E and provide for corresponding rates as detailed in Table 6 below.



**Table 6**

Maintenance Age Category C, D,  
and E Definitions and Rates for the  
Three Sampled DSCs

| Age | Vehicle Maintenance Age Definition  | Maggies           |                 | MVP               |                 | TransCare         |                 |
|-----|---|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
|     |   | Annual Sedan Rate | Annual Van Rate | Annual Sedan Rate | Annual Van Rate | Annual Sedan Rate | Annual Van Rate |
| C   | A vehicle that is at least 24 months old and no more than 36 months old or has more than 90,000 miles on the odometer and has less than 140,000 miles on the odometer | \$13,793          | \$24,383        | \$16,370          | \$22,431        | \$10,709          | \$15,924        |
| D   | A vehicle that is at least 36 months old and no more than 60 months old and has less than 140,000 miles on the odometer   | \$15,256          | \$28,508        | \$16,982          | \$23,299        | \$14,179          | \$18,010        |
| E   | A vehicle that is more than 60 months old or has more than 140,000 miles on the odometer  | \$17,521          | \$35,493        | \$17,594          | \$24,166        | \$19,918          | \$30,225        |

Maintenance Cost rates vary considerably and DSCs generally claimed and were paid at the higher rates. For example, Maggies reported that it had a sedan that was 50 months old and had 123,794 miles. Consequently, this vehicle could be classified as either age C or D and receive an annual rate of \$13,793 or \$15,256.

## Recommendations

Paratransit should:

1. Ensure that all DSCs' vehicles are equipped with AVL and that AVL is properly functioning and activated when in AAR service.
2. Direct DSCs to stop recording "reconciled" times in ADEPT except upon system failure.
3. Use AVL data to evaluate DSC performance; determine whether they met minimum no show and on time performance standards; calculate liquidated damages, credits for performance deficiencies, and incentive payments; and calculate contract component payments including Vehicle Service Hours.

4. Ensure that AVL M arrival times are earlier than customer pick-up and drop-off times.
5. Ensure that the AVL M functionality to differentiate between auto arrive and manual arrive times is developed and implemented.
6. Monitor DSCs' use of auto and manual arrive.
7. Review DSCs that consistently use the manual arrive function at high rates.
8. Conduct reasonability checks of AVL M input data and parameters; review rejected data and results, and diagnostic messages; review underlying GPS data, and revise data based on these reviews.
9. Independently review DSC self-reported vehicle mileage to ensure that DSCs accurately report vehicle mileage and thus, vehicle maintenance age classifications.
10. Take substantive measures against DSCs that inaccurately report trip and vehicle data, including but not limited to assessing higher penalties, reducing trip volumes, not renewing contracts, and terminating contracts.
11. Specify whether vehicles that may be classified in more than one maintenance category should be paid at the lesser or greater Maintenance Cost rate.

## **Paratransit Failed to Ensure that BCSCs Met Minimum Timeliness Standards**

Paratransit failed to monitor its two providers of Broker Car Services, Corporate Transportation Group, Ltd. (CTG) and Medical Transportation Management, Inc. (MTM), to ensure that they met material performance standards related to reliable and timely service. Among other things, Paratransit failed to enforce its contract requirement that Broker Car Service vehicles must be equipped with GPS devices, or to enforce its requirement that the BCSCs submit electronically-reconciled trip data including trip number, scheduled and actual pick-up times and pick-up geo codes, and scheduled and actual drop-off times and drop-off geo codes (Reconciliation Reports). Both of these are identified in the contracts as "material" contract requirements. Moreover, even when one of the BCSCs, MTM, submitted reports that contained scheduled and actual pick-up and drop-off times for the majority of its fleet, Paratransit did not use this data to assess whether MTM met minimum on-time performance standards or violated maximum ride times.

Thus, for the entire term of their contracts, Paratransit did not determine whether the BCSCs met minimum performance standards for reliable and timely provision of services, nor did it take appropriate corrective action to improve performance, and document and hold BCSCs accountable for poor performance. Accordingly, we question whether Paratransit can make fully informed management decisions as to whether it should renew existing Broker Car Service contracts which expire in August 2016 and October 2016, issue a request for new Broker Car Service contract proposals, or seek alternatives to the Broker Car Service model.

The Broker Car Service contracts set forth "material provisions of the Contract" in Article 104 for which "a breach thereof may result in the termination of the Contract." These provisions include the following minimum standards for reliable and timely travel:

- *Contractor No-Shows*: For each month, Contractor No-Shows must not exceed 0.3 percent of all trips assigned.



- *On Time Performance*: For each month, Contractors must pick up customers within five minutes of scheduled times in a minimum of 92 percent of scheduled trips.
- *Maximum Ride Times*: For each trip, Contractors must ensure that ride times fall within specified parameters which are based on trip mileage.
- *Route Efficiency*: For each trip, Contractors are expected to take the most direct and timely route.

To enable effective monitoring, the BCSCs are required to ensure that all of their subcontractors' vehicles are "technologically equipped such that the location of Vehicles can be monitored on a real time basis and recorded in order to verify the actual execution of trips." (Article 104(E).) In addition, the BCSCs are required to submit Reconciliation Reports to Paratransit. (Article 104(J).)

To ensure these material contract requirements are met, Article 104(C) of the Broker Car Service contracts provides that Paratransit "will closely monitor performance of this Work" and "intends to reduce trip volumes to Contractors who fail to satisfy the performance standards." Paratransit commits to, in part, "use information supplied through the Contractor's monthly GPS based billing. . .to assess the overall quality of the service being delivered" (Article 104(C)) and further "reserves the right to periodically review trip routes retrospectively to ensure that the Contractor is performing the routes in the most efficient manner possible." (Article 104(F).)

Neither of the two BCSCs with which Paratransit contracts have installed GPS devices or submitted GPS based billing reports with scheduled and actual customer pick-up times and geo data for all trips as required, notwithstanding their having featured their technological capabilities in their bid proposals.

CTG performed the majority of Broker Car Service trips. However, based on documentation of discussions and correspondence between Paratransit and CTG, Paratransit did not address CTG's breach of these material contract requirements until more than a year into the contract. According to Paratransit, CTG had GPS data for only 16 percent of its trips in November 2014. Although its contract began in September 2013, it was not until December 2014 that Paratransit informed CTG that "16% was unacceptable and that those numbers needed to improve." Further, Paratransit stated that "[e]ventually we want to be able to measure on time performance." In March and May 2015, Paratransit again told CTG that it needed to comply with the terms of its contract and provide GPS data for all of its trips.

In response, in July 2015 CTG informed Paratransit that it was rolling out a new GPS application. However, CTG stated that "the roll out is taking longer than expected due to technical issues and it will take them several more months to roll out the App to their entire fleet." Additionally, CTG stated that it was unable to generate any on-time performance reports at this time. Paratransit reported that as of March 2016, CTG had installed GPS devices on 74 percent of its vehicles. However, CTG has yet to submit to Paratransit any GPS-based billing reports which contain required trip data.

Moreover, although MTM submitted to Paratransit reports that contained scheduled and actual pick-up and drop-off times for 85.7 percent of the trips it performed during Calendar Year 2015, Paratransit did not use this data to assess whether MTM met minimum on-time performance standards or violated maximum ride times. Had Paratransit reviewed available MTM trip data, it would have found that MTM consistently failed to meet minimum on-time performance standards as detailed in Table 7 below.

**Table 7**

MTM On Time Performance for  
Calendar Year 2015 Based on  
Monthly Reconciliation Reports

| Month                 | Jan   | Feb          | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   |
|-----------------------|-------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| On Time Performance % | 49.0% | Limited Data | 46.8% | 49.9% | 47.8% | 43.5% | 44.7% | 41.6% | 40.3% | 39.5% | 43.7% | 38.7% |

Thus, we found that Paratransit did not determine whether either of the BCSCs met the minimum performance standards for reliable and timely provision of services. In addition, it failed to take appropriate corrective action to improve performance and hold the two BCSCs accountable for poor performance.

**Paratransit Did Not Effectively Enforce Contract Requirements That the BCSCs Meet Minimum Customer Service Standards**

Paratransit has not held the BCSCs accountable for their failing to meet minimum customer service standards. As a result, customers have been inconvenienced by unreliable and unsatisfactory Broker Car Service. Although MTM and CTG both consistently failed to meet minimum customer service standards, Paratransit reduced only the number of trips assigned to MTM to below contract award levels, although that remedy was available for CTG's failures as well. Instead, Paratransit increased the number of trips assigned to CTG which received a higher rate of customer complaints than MTM. Table 8 below details MTM and CTG's customer complaints and trip volumes for Calendar Years 2014 and 2015.



**Table 8**

**MTM and CTG Customer  
Complaints and Trips Performed  
Reported by Paratransit for Calendar  
Years 2014 and 2015**

| Contractor | Awarded Trips | Calendar Year 2014                          |                 |   | Calendar Year 2015                          |                 |   |
|------------|---------------|---|-----------------|---|---|-----------------|---|
|            |               | Average Customer Complaints Per 1,000 Trips | Performed Trips | Percentage Difference Between Awarded Trips and Performed Trips | Average Customer Complaints Per 1,000 Trips | Performed Trips | Percentage Difference Between Awarded Trips and Performed Trips |
| MTM        | 1,200,000     | 5.7   | 200,258         | (83.3%)   | 6.0   | 335,210         | (72.1%)   |
| CTG        | 800,000       | 7.0   | 1,297,476       | 62.2%   | 9.3   | 948,935         | 18.6%   |

Both of Paratransit's Broker Car Service contracts set forth minimum customer service standards, which are identified as "material contract standards" that, if breached, could result in contract termination. ( Article 104(C).) Among other requirements, pursuant to the contract, "[t]he Contractor shall provide a sufficient level of customer service to minimize the number of Customer Complaints" and "shall not exceed 1.5 Customer Complaints for every 1,000 trips performed." Paratransit's enforcement options are also set forth in Article 104(C) as noted above; both Broker Service contracts state that Paratransit "will closely monitor performance" and "intends to reduce trip volumes to Contractors who fail to satisfy the performance standards."

In August 2013, Paratransit awarded MTM and CTG contracts to provide Broker Car Service. Over the three-year term of these contracts, Paratransit estimated that MTM and CTG would perform 6 million trips in total. Paratransit awarded 60 percent of these trips to MTM (i.e., 3.6 million trips in total or 1.2 million trips per year) and 40 percent to CTG (i.e., 2.4 million trips in total or 800,000 trips per year).

Paratransit acknowledged that MTM and CTG were both poor performers and therefore stated that it wanted to reduce the number of trips assigned to both contractors but could not do so proportionately. Paratransit explained that MTM could not fulfill the number of trips that it was awarded because it could not secure subcontractors to perform AAR trips. However, based on documentation of discussions between Paratransit and MTM, while MTM acknowledged difficulties subcontracting off-hour trips, it proposed a solution to this issue (i.e., that Paratransit focus its trip distribution between 6:00 am and 8:00 pm) and requested that its trip volume be increased.

In addition, Paratransit informed us that it was unable to reduce the number of trips assigned to CTG because Paratransit could not find AAR service alternatives. Primarily, Paratransit explained that it could not shift trips to DSCs because they were operating at capacity, and due to budgetary constraints Paratransit could not purchase additional vehicles to assign to them. However, Paratransit did not provide us with documentation to support these assertions.

Since their contracts started, MTM and CTG both consistently failed to meet customer service standards. Consequently, Paratransit has had more than two years to find service alternatives and fulfill its federal mandate to provide disabled customers comparable public transportation service. Since Paratransit did not effectively hold either firm accountable for poor performance and instead merely assigned the majority of trips to CTG, customers continue to be inconvenienced by unreliable and unsatisfactory Broker Car Service.

In addition, Paratransit has yet to conduct formal performance evaluations for MTM and CTG as required by their contracts. In connection with this omission, Paratransit did not document MTM and CTG's consistent failure to meet material performance standards on Contractor Performance Evaluation Forms.

As a consequence of Paratransit's failure to properly monitor and document the BCSCs' performance, Paratransit may have missed an opportunity to make informed management decisions as to whether it should renew their existing Broker Service Contracts, which expire in August 2016 and October 2016, issue a request for new Broker Service contract proposals, or seek alternatives to the Broker Service model.

## **Paratransit Failed to Ensure that BCSCs Were Paid Only for Trips Performed**

Paratransit did not effectively monitor BCSCs to ensure that they were paid only for trips actually performed. In the absence of GPS data required by their contracts, Paratransit generally paid BCSCs based on self-reported trip data. However, as reflected in our audit findings, this is not a reliable and effective substitute for GPS billing data.

Both Broker Car Service contracts require the contractors to ensure that each of their subcontractors' vehicles are "technologically equipped such that the location of Vehicles can be monitored on a real time basis and recorded in order to verify the actual execution of trips." Article 104(E). In addition, the BCSCs are required to submit Reconciliation Reports which include customer pick-up and drop-off times and geocodes. (Article 104(J).) However, as previously discussed, Paratransit did not enforce these material contract requirements. Most notably, CTG, which performed the majority of Broker Car Service trips, only recently reported that it installed GPS devices on 74 percent of its fleet—some two and a-half years into the contract—and has yet to submit GPS-based billing reports which contain required trip data. Consequently, for the entire contract term to date, Paratransit could not effectively monitor the majority of the Broker Car Service fleet and verify that trips were performed, which is necessary to ensure that it paid only for services rendered.

Instead, Paratransit generally paid BCSCs based on self-reported trip data.<sup>18</sup> According to Paratransit, Contract Managers verified that billed trips were assigned to contractors and were not cancelled. Additionally, Contract Managers deducted trips for which customers reported a Contractor No-Show and were granted authorization for taxi reimbursement. We compared Broker Car Service Contractor No-Show complaints and billing deductions for Calendar Year 2015 and found that no-show complaints far exceeded deductions as detailed in the Table 9 below.

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<sup>18</sup> The 2013 MTM and CTG contracts had a combined value of \$179.1 million. Paratransit estimated that the contractors would perform 6 million trips over their three year contract terms. In exchange for providing Broker Car Service, Paratransit agreed to pay MTM and CTG zone-based rates for each trip performed less the standard fare for each scheduled customer and guest. The weighted average cost per trip for MTM and CTG was \$29.62 and \$30.49, respectively.



Based on this analysis, it appears that Paratransit may have paid BCSCs for trips that were not performed.

**Table 9**

Comparative Analysis of Broker Car  
Service Contractor No-Show  
Complaints and Taxi Authorization  
Billing Deductions for Calendar Year  
2015

| Month                                     | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total        |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------------|
| <b>MTM No-Show Data</b>                   |     |     |     |     |     |     |     |     |     |     |     |     |              |
| No-Show Complaints                        | 37  | 63  | 127 | 79  | 94  | 91  | 51  | 58  | 80  | 86  | 99  | 50  | <b>915</b>   |
| Billing Deductions for Taxi Authorization | 9   | 19  | 28  | 26  | 31  | 21  | 5   | 7   | 9   | 13  | 22  | 14  | <b>204</b>   |
| <b>CTG No-Show Data</b>                   |     |     |     |     |     |     |     |     |     |     |     |     |              |
| No-Show Complaints                        | 189 | 389 | 660 | 437 | 384 | 292 | 284 | 266 | 253 | 226 | 232 | 244 | <b>3,856</b> |
| Billing Deductions for Taxi Authorization | 24  | 39  | 68  | 46  | 40  | 32  | 19  | 24  | 26  | 25  | 22  | 17  | <b>382</b>   |

Given the magnitude of Broker Car Service contract costs and the significant number of Contractor No-Show complaints, Paratransit should have enforced material contract terms and ensured that Broker Car Service Contractor vehicles were equipped with GPS data so that it could effectively monitor Broker Car Service Contractor performance and pay only for services rendered.

## Recommendations

Paratransit should:

12. Immediately complete Vendor Performance Evaluation Forms for BCSCs for the first two contract years.
13. Consider all remedies available for breach of material Broker Car Service Contract provisions up to and including termination.
14. Consider seeking new BCSCs and/or alternatives to the existing Broker Car Service model.
15. Immediately enforce Article 104(E) and (J) of existing Broker Car Service Contracts if it intends to exercise renewal options.

## **Other Matters – Paratransit Did Not Implement Cost Saving Measures**

### **Paratransit Did Not Negotiate Dedicated Service Contract Price Reductions**

Under its contracts with the DSCs, Paratransit is entitled to take advantage of AVL M efficiencies and negotiate lower pricing for Dedicated Service Contracts.<sup>19</sup> As previously discussed, the Scope of Work in the DSCs' contracts, Section XXI(C), anticipated that AVL M would be installed during the ten-year terms of these contracts and "that the implementation of AVL M will produce service and management efficiencies. For example, Trip Reconciliation may be eliminated except upon system failure. Dispatch functions and Operator recordkeeping may be reduced." Accordingly, the Scope of Work provided that MTA-NYCT "may seek to negotiate corresponding reductions in Contract Price."

However, DSCs' Scope of Work, Section XXI(C) stated that drivers should continue to:

record Route performance information manually on their paper Manifest in addition to using the MDT, unless and until the Project Manager directs otherwise. Similarly, Dispatchers and Reconcilers shall verify performance data and reconcile Route information manually, unless and until the Project Manager directs otherwise.

After AVL M was implemented in 2009, Paratransit did not direct DSCs to stop performing manual reconciliations, eliminate Reconciler positions, and seek contract price reductions based on reducing staffing levels and recordkeeping requirements. We requested that Paratransit provide us DSC payroll data and contract proposals so that we could estimate the annual cost savings that would be achieved by eliminating Reconciler positions. To date, Paratransit provided us with payroll data or contract proposals detailing staffing levels and salaries upon which contract prices were based for 13 of the 14 DSCs. These 13 DSCs employed or proposed to employ 56 Reconcilers who received estimated salaries totaling \$1,381,813 for Calendar Year 2015 as well as fringe benefits.

Paratransit informed us that it did take advantage of other AVL M service and management efficiencies. Specifically, Paratransit eliminated DSC Dispatch Liaison positions which it funded. The elimination of these positions resulted in annual cost savings of \$2.2 million.

### **Recommendations**

Paratransit should:

16. Eliminate DSC Reconciler positions.
17. Negotiate corresponding reductions in Dedicated Service Contract prices based on service and management efficiencies including but not limited to reduced personnel costs and recordkeeping requirements.

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<sup>19</sup> As of March 2016, the 14 Dedicated Service contracts had a combined value of \$4.2 billion.



## Paratransit Did Not Ensure that Reservations Staff Offered the Most Cost Effective Transportation

Paratransit did not ensure that Global Contact Services (GCS) Reservation Agents complied with Paratransit's Trip Offering Policy which requires Reservation Agents to offer certain ambulatory customers<sup>20</sup> the option of taxi reimbursement before scheduling AAR service for intra-borough trips (except Staten Island) and for trips to and from City airports. This Trip Offering Policy, which has been in effect since at least 2008, was implemented to reduce AAR service costs and to provide customers with more flexibility. Thus, additional cost savings and customer efficiencies are potentially being lost.

Paratransit's Trip Offering Policy is documented in its Reservation Department Training Manual, Travel Planning Training Manual, and other training materials. Further, the Trip Offering Policy is embedded in the ADEPT reservations travel planning script. Nevertheless, based on our review of recordings for 50 sampled qualifying reservation calls received in June 2015, Reservation Agents offered taxi authorization on only 7 of the 50 sampled reservation calls.

The GCS Quality Assurance Monitoring Unit reviews recordings of reservation calls and rates numerous aspects of Reservation Agents' performance, including compliance with the Trip Offering Policy. However, Quality Assurance Monitoring Unit protocols only enable it to aggregate and report on Reservation Agents' overall performance scores but cannot aggregate and report on Reservation Agents' performance on each individual component measure. Consequently, Paratransit cannot identify performance deficiency trends, such as non-compliance with its Trip Offering Policy, and address them.

The Trip Offering Policy was implemented as a cost saving and customer service measure. According to Paratransit, the average cost per trip for September 2015 for Dedicated Service and Broker Car Service was approximately \$67 and \$31, respectively. Whereas, the average cost for taxi services was approximately \$18 for the same period. By not ensuring that Reservation Agents comply with the Trip Offering Policy, Paratransit is foregoing considerable savings opportunities and not providing customers with travel alternatives.

### Recommendations

Paratransit should:

18. Immediately issue written notifications to all Reservation Agents to remind them of the Trip Offering Policy.
19. Require all Reservation Agents to attend refresher training classes on Trip Offering Policy.
20. Instruct supervisory personnel to observe Reservation Agents to ensure that they are complying with the Trip Offering Policy.
21. Investigate the feasibility of aggregating and reporting on Reservation Agents' performance on each individual quality assurance component measure.

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<sup>20</sup> The Trip Offering Policy applies to customers who do not require a wheelchair or lift equipment and are traveling within the same borough (except Staten Island) or to or from a City airport. These customers may choose to take a taxi, pay the fare, and be reimbursed by Paratransit.



## DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The issues with AAR are fully disclosed in the Findings and Recommendations section of this report. The scope of this audit covers January 1, 2015 to December 31, 2015.

To gain an understanding of Paratransit's procedures for monitoring Dedicated Service and BCSCs, we interviewed the Vice President of Department of Buses Paratransit Division, and Reservations, Scheduling, Command Center, Contract Management, Customer Relations Unit staff. We also interviewed DSC personnel responsible for dispatch, trip reconciliation, and project management.

Additionally, we reviewed Dedicated Service and Broker Car Service contracts and in particular, their performance standards and payment terms. We also reviewed ADEPT and AVL systems user manuals, guides, and system specifications.

We also reviewed prior New York City Comptroller initial and follow-up audit reports on Vendor Contracts with New York City Transit to Provide Access-A-Ride Services issued on July 28, 2009 (ME09-078A), and February 3, 2012 (7S11-129F), respectively.

### **DSCs Sampling**

To determine if Paratransit was monitoring DSCs to ensure that they met performance standards and were paid correctly, we sampled 3 of the 14 DSCs. We selected a targeted sample comprising the three DSCs with the highest aggregated ridership, payments, and complaints during January 1, 2012–December 31, 2014 period and whose contracts were reviewed by a cross section of Paratransit personnel. Those contractors were Maggies, MVP, and TransCare. These three contractors combined for 34% of the ridership, 38% of the payments, and 40% of complaints filed against AAR during Calendar Year 2014.

While the results of our tests for the three DSCs that were sampled cannot be projected to the 11 DSCs that were not sampled, it does provide sufficient and appropriate evidence for our conclusions involving the three sampled contractors.

### **DSCs Performance Monitoring**

#### ***No-Shows***

For each of the DSCs, we reviewed Paratransit's monthly Route Reconciliation Reviews for Calendar Year 2015 to determine whether contractors' no-show reporting was reviewed each month and if so, the number and percentage of no-shows reviewed. Additionally, we calculated DSCs' no-show misclassification rates and checked whether Contract Managers assessed charges for each misclassified no-show.



### ***On Time Performance***

For each of the three sampled DSCs, we randomly selected 50 trips performed during June 2015 (the most recent closed billing period at the time the test was performed). To determine whether DSCs accurately reported customer pick-up times, we reviewed AVL M vehicle latitude and longitude coordinates and timestamps to independently determine when customers were picked up. We also compared DSC self-reported "reconciled" times with driver times electronically recorded in AVL M, driver times manually recorded on manifests, and customer times manually recorded on trip tickets.

### **DSCs Payments**

#### ***Vehicle Service Hours***

For each of the three sampled DSCs, we randomly selected 50 routes performed during June 2015 (the most recent closed billing period at the time the test was performed). To determine whether DSCs accurately reported first customer pick-up and last customer drop-off times and thus, whether payable Vehicle Service Hour windows were extended, we reviewed AVL M vehicle latitude and longitude coordinates and timestamps to independently determine when customers were picked up and dropped off at locations. We also compared DSC self-reported first customer pick-up and last customer drop-off times with driver times electronically recorded in AVL M, driver times manually recorded on manifests, and customer times manually recorded on trip tickets.

For these same 150 routes, we also reviewed AVL M vehicle latitude and longitude coordinates and timestamps to independently determine when drivers pulled out and pulled into garages. We then compared these times with those times reported by DSCs and those times used by Paratransit to calculate Vehicle Service Hour payments.

#### ***Maintenance Costs and Per Vehicle Fixed Costs***

For each of the three sampled DSCs, we reviewed Contract Manager six month reviews to determine what steps they took to check whether DSCs accurately reported the number, type, and age of vehicles in their fleets. We also independently reviewed this information. To determine whether DSCs accurately reported the number of vehicles in service, we generated ADEPT "Vehicle Hours by Fuel Type" reports. We then compared all vehicles listed in ADEPT reports with those listed on DSC monthly fleet logs.

To determine whether DSCs accurately reported the type and age of vehicles in service, we compared New York State Department of Motor Vehicle registration data (i.e., make and model) and inspection data (i.e., mileage) with vehicle data reported on DSC monthly fleet logs for a sample of vehicles.

### **BCSCs Performance Monitoring**

#### ***No-Shows and On-Time Performance***

We reviewed available documentation of discussions and correspondence between Paratransit and BCSCs to assess Paratransit's efforts to enforce material contract requirements to install GPS devices and submit GPS based billing reports. We also reviewed available billing reports to assess BCSCs on-time performance. Specifically, we compared scheduled and actual pick-up times and calculated how often BCSCs picked up customers within five minutes of scheduled times.

### **Customer Complaints**

We reviewed Paratransit reported monthly customer complaint and trip data for BCSCs for Calendar Years 2014 and 2015 to determine whether contractors met minimum performance standards for customer service (i.e., that customer complaints did not exceed 1.5 complaints for every 1,000 trips). For those BCSCs that did not meet minimum performance standards for customer service, we determined whether Paratransit reduced contractor trip volumes. We reviewed Broker Car Service contract award documents detailing awarded trip volumes. We then compared Broker Car Service Contractor awarded trip volumes with the number of trips performed each month. We then discussed with Paratransit why trip volumes were not reduced for a Broker Car Service Contractor who did not meet minimum performance standards for customer service.

### **BCSCs Payments**

To determine whether BCSCs were paid only for services rendered (i.e., trips performed), we compared Paratransit reported customer no-show complaints with Paratransit invoice deductions for no-shows for Calendar Year 2015.

### **Trip Offering Policy**

To determine whether Reservation Agents were complying with the Trip Offering Policy, we reviewed audio recordings of 50 sampled qualifying calls to determine whether Reservation Agents offered customers taxi authorization before scheduling AAR service.

We obtained from Paratransit a list of 209,147 trip reservations made for the last full week of June 2015 (June 21-27, 2015). Based on customer data (i.e., use of wheelchair or lift equipment) and trip data (pick-up and drop-off locations) recorded in ADEPT, 103,618 of the 209,147 reservations qualified for taxi pre-authorization. We randomly selected 50 of these 103,618 qualifying trip reservations for review.



## Appendix I

### Paratransit's Reviews of Contractor No Shows and No Fault No Shows During Calendar Year 2015

| A                            | B                | C                 | D                 | E                   | F                          | G   | H   | I   | J                        | K                             | L                                 | M                             | N  | O                                      | P  | Q  | R   | S                                    |
|------------------------------|------------------|-------------------|-------------------|---------------------|----------------------------|---|---|---|--------------------------|-------------------------------|-----------------------------------|-------------------------------|--|--|--|--|---|--------------------------------------|
| Dedicated Service Contractor | Assigned Trips   | Customer No Shows | No Fault No Shows | Contractor No Shows | Total No Shows (C + D + E) | Total Customer No Shows and No Fault No Shows (C + D) | Customer No Shows and No Fault No Shows Selected for Review | Trips Changed to No Fault No Show Because AVL/M Was Not Installed, Properly Functioning, or Activated | Reviewable Trips (H - I) | Number of Misclassified Trips | Percentage of Misclassified Trips | Total Number of Changes (I+K) | Number of No Shows Changed from Customer No Show to Contractor No Show | Number of Other Classification Changes | ADEPT Reported Contractor No Show Percentage | Estimated Charges for Inaccurate No-Show Reporting | Actual Performance Credit - Quality of Service for Inaccurate Reporting | Estimated Charges vs. Actual Credits |
| GVC II                       | 268,761          | 7,512             | 2,022             | 599                 | 10,133                     | 9,534   | 193   | 33  | 160                      | 64                            | 40.0%                             | 97                            | 48   | 16                                     | 0.22%  | \$ 970   | \$ 390  | \$ 580                               |
| MVP                          | 580,243          | 11,949            | 7,306             | 3,231               | 22,486                     | 19,255  | 451   | 35  | 416                      | 131                           | 31.5%                             | 166                           | 130  | 1                                      | 0.56%  | \$ 1,660   | \$ 1,640  | \$ 20                                |
| PTM                          | 357,732          | 8,823             | 4,167             | 269                 | 13,259                     | 12,990  | 297   | 77  | 220                      | 79                            | 35.9%                             | 156                           | 75   | 4                                      | 0.08%  | \$ 1,560   | \$ 790  | \$ 770                               |
| MVT                          | 768,469          | 20,347            | 11,645            | 5,853               | 37,845                     | 31,992  | 1,000   | 84  | 916                      | 278                           | 30.3%                             | 362                           | 253  | 25                                     | 0.76%  | \$ 3,620   | \$ 3,580  | \$ 40                                |
| COLUMBUS                     | 189,076          | 4,601             | 1,830             | 922                 | 7,353                      | 6,431   | 100   | 0   | 100                      | 30                            | 30.0%                             | 30                            | 27   | 3                                      | 0.49%  | \$ 300   | \$ 130  | \$ 170                               |
| CARERIDE                     | 359,795          | 8,383             | 4,631             | 3,012               | 16,026                     | 13,014  | 249   | 0   | 249                      | 49                            | 19.7%                             | 49                            | 47   | 2                                      | 0.84%  | \$ 490   | \$ 420  | \$ 70                                |
| STARCRUISER                  | 249,563          | 5,402             | 3,037             | 971                 | 9,410                      | 8,439   | 236   | 3   | 233                      | 35                            | 15.0%                             | 38                            | 19   | 16                                     | 0.39%  | \$ 380   | \$ 380  | \$ -                                 |
| TRANSCARE                    | 613,375          | 13,890            | 6,285             | 6,024               | 26,199                     | 20,175  | 592   | 0   | 592                      | 62                            | 10.5%                             | 62                            | 59   | 3                                      | 0.98%  | \$ 620   | \$ 560  | \$ 60                                |
| PREMIER                      | 217,588          | 5,723             | 2,305             | 377                 | 8,405                      | 8,028   | 170   | 0   | 170                      | 11                            | 6.5%                              | 11                            | 11   | 0                                      | 0.17%  | \$ 110   | \$ 110  | \$ -                                 |
| MAGGIES                      | 617,374          | 11,533            | 9,055             | 3,710               | 24,298                     | 20,588  | 362   | 89  | 273                      | 18                            | 6.6%                              | 107                           | 16   | 2                                      | 0.60%  | \$ 1,070   | \$ 240  | \$ 830                               |
| ADVANCE                      | 345,702          | 11,923            | 4,800             | 2,620               | 19,343                     | 16,723  | 298   | 1   | 297                      | 23                            | 7.7%                              | 24                            | 23   | 0                                      | 0.76%  | \$ 240   | \$ 220  | \$ 20                                |
| EMPIRE                       | 437,245          | 10,254            | 5,239             | 2,169               | 17,662                     | 15,493  | 445   | 1   | 444                      | 12                            | 2.7%                              | 13                            | 12   | 0                                      | 0.50%  | \$ 130   | \$ 120  | \$ 10                                |
| <b>Total 12 DSCs</b>         | <b>5,004,923</b> | <b>120,340</b>    | <b>62,322</b>     | <b>29,757</b>       | <b>212,419</b>             | <b>182,662</b>  | <b>4,393</b>  | <b>323</b>  | <b>4,070</b>             | <b>792</b>                    | <b>19.46%</b>                     | <b>1,115</b>                  | <b>720</b>   | <b>72</b>                              | <b>0.59%</b>                                 | <b>\$ 11,150</b>                                   | <b>\$ 8,580</b>   | <b>\$ 2,570</b>                      |
| CBT                          | 259,847          | 7,910             | 2,454             | 518                 | 10,882                     | 10,364  | N/A   | N/A   | N/A                      | 134                           | N/A                               | 134                           | N/A  | N/A                                    | 0.20%  | \$ 1,340   | \$ 1,340  | \$ -                                 |
| All Transit                  | 265,819          | 6,500             | 2,793             | 1,217               | 10,510                     | 9,293   | N/A   | N/A   | N/A                      | 205                           | N/A                               | 205                           | N/A  | N/A                                    | 0.46%  | \$ 2,050   | \$ 2,050  | \$ -                                 |
| <b>Total 2 DSCs</b>          | <b>525,666</b>   | <b>14,410</b>     | <b>5,247</b>      | <b>1,735</b>        | <b>21,392</b>              | <b>19,657</b>   |   |   |                          | <b>339</b>                    |                                   | <b>339</b>                    |  |  |  | <b>\$ 3,390</b>                                    | <b>\$ 3,390</b>   | <b>\$ -</b>                          |
| <b>Total 14 DSCs</b>         | <b>5,530,589</b> | <b>134,750</b>    | <b>67,569</b>     | <b>31,492</b>       | <b>233,811</b>             | <b>202,319</b>  |   |   |                          |                               |                                   |                               |  | <b>0.57%</b>                           | <b>\$ 14,540</b>                             | <b>\$ 11,970</b>                                   | <b>\$ 2,570</b>   |                                      |

\* DSCs Empire (one month) and Premier (five months) did not have no show trips reviewed during parts of CY 2015.