



Madera County Transportation Commission

Triennial Performance Audit, FY 2018 - FY 2020 County of Madera

FINAL REPORT
FEBRUARY 25, 2021



Prepared by Moore & Associates, Inc.

Table of Contents

Chapter 1 Executive Summary	1
Chapter 2 Audit Scope and Methodology	5
Chapter 3 Program Compliance	8
Chapter 4 Prior Recommendations	14
Chapter 5 Data Reporting Analysis	18
Chapter 6 Performance Analysis	21
Chapter 7 Functional Review	28
Chapter 8 Findings and Recommendations	46

This page intentionally blank.

Table of Exhibits

Exhibit 1.1 Summary of Audit Recommendations	4
Exhibit 3.1 Transit Development Act Compliance Requirements	11
Exhibit 5.1 Data Reporting Comparison.....	20
Exhibit 6.1 System Performance Indicators	24
Exhibit 6.2 System Ridership	25
Exhibit 6.3 System Operating Cost/VSH	25
Exhibit 6.4 System Operating Cost/VSM.....	25
Exhibit 6.5 System VSM/VSH.....	25
Exhibit 6.6 System Operating Cost/Passenger	26
Exhibit 6.7 System Passengers/VSH	26
Exhibit 6.8 System Passengers/VSM.....	26
Exhibit 6.9 System VSH/FTE	26
Exhibit 6.10 System Farebox Recovery	27
Exhibit 6.11 System Fare/Passenger.....	27
Exhibit 6.12 Fixed-Route Performance Indicators.....	29
Exhibit 6.13 Fixed-Route Ridership.....	30
Exhibit 6.14 Fixed-Route Operating Cost/VSH	30
Exhibit 6.15 Fixed-Route Operating Cost/VSM	30
Exhibit 6.16 Fixed-Route VSM/VSH	30
Exhibit 6.17 Fixed-Route Operating Cost/Passenger.....	31
Exhibit 6.18 Fixed-Route Passengers/VSH	31
Exhibit 6.19 Fixed-Route Passengers/VSM	31
Exhibit 6.20 Fixed-Route VSH/FTE.....	31
Exhibit 6.21 Fixed-Route Farebox Recovery.....	32
Exhibit 6.22 Fixed-Route Fare/Passenger	32
Exhibit 6.23 Demand-Response Performance Indicators	34
Exhibit 6.24 Demand-Response Ridership	35
Exhibit 6.25 Demand-Response Operating Cost/VSH.....	35
Exhibit 6.26 Demand-Response Operating Cost/VSM.....	35
Exhibit 6.27 Demand-Response VSM/VSH.....	35
Exhibit 6.28 Demand-Response Operating Cost/Passenger	36
Exhibit 6.29 Demand-Response Passengers/VSH.....	36
Exhibit 6.30 Demand-Response Passengers/VSM.....	36
Exhibit 6.31 Demand-Response VSH/FTE	36
Exhibit 6.32 Demand-Response Farebox Recovery	37
Exhibit 6.33 Demand-Response Fare/Passenger.....	37
Exhibit 7.1 MCC Fixed-Route Fare Structure.....	40
Exhibit 7.2 Demand-Response Fare Structure	40

Exhibit 7.3 Organizational Chart..... 42
Exhibit 7.4 County of Madera Transit Fleet 45
Exhibit 8.1 Summary of Audit Recommendations..... 54

Chapter 1 | Executive Summary

In 2020, the Madera County Transportation Commission selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the three transit operators to which it allocates TDA funding.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. As it receives no funding under Article 4, the County of Madera is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, in 2017, the Madera County Transportation Commission (MCTC), as the RTPA, requested the County be audited to provide a comprehensive and objective review to offer beneficial insights into program performance and to establish a baseline for future audits. This is the second TDA Triennial Performance Audit of the County of Madera.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the County of Madera as a public transit operator, providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three fiscal years. In addition to assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the County of Madera’s public transit program for the period:

- Fiscal Year 2017/18,
- Fiscal Year 2018/19, and
- Fiscal Year 2019/20.

The County of Madera provides fixed-route and demand-response transit services to areas of Madera County outside of the cities of Chowchilla and Madera.

The Madera County Connection (MCC) provides fixed-route service along four routes: Eastern Madera County (serving downtown Madera to South Fork via Oakhurst), College (serving Valley Children’s Hospital, Madera Community College, and downtown Madera), Eastin Arcola-Ripperdan-La Vina (serving the area primarily southwest of Madera), and Chowchilla-Fairmead (serving the Highway 99 corridor between Madera and Chowchilla via Fairmead). MCC service operates from approximately 6:00 a.m. to 9:30 p.m., Monday through Friday. MCC connects with other transit services in the area, including Fresno Area Express (FAX), Yosemite Area Regional Transportation System (YARTS), Chowchilla Area Transit (CATX), Madera Metro and Dial-A-Ride.

MCC also provides general public demand-response service to County areas surrounding the cities of Madera and Chowchilla. The cities are responsible for providing trips that start or end within their

respective city limits. MCC Madera Area Dial-A-Ride service is provided Monday through Friday from 7:00 a.m. to 6:30 p.m., Saturday from 9:00 a.m. to 4:00 p.m., and Sunday from 8:30 a.m. to 2:30 p.m. MCC Chowchilla Area Dial-A-Ride service is provided Monday through Friday from 8:30 a.m. to 3:30 p.m.

The County's specialized services include the Senior Bus and Medical Escort Van programs. The Senior Bus program operates from 9:00 a.m. to 4:00 p.m., Monday through Friday. Residents of Ahwahnee, Bass Lake, Coarsegold, and Oakhurst who are age 60 or older and persons with disabilities are eligible to use the service. Trips may be scheduled for any purpose. The Medical Escort Van program provides service to Madera, Fresno, and Clovis for residents of Ahwahnee, Bass Lake, Coarsegold, North Fork, and Oakhurst on Tuesdays and Thursdays, and for residents of Raymond on Wednesdays. While trips are not eligibility-based, they are limited to doctor appointments and/or medical-related purposes. All Senior Bus and Escort trips are reservation-based. Senior Bus reservations must be placed the day before. Escort reservations must be requested 24 hours in advance and medical appointments must be scheduled for the morning.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. Moore & Associates believes the evidence obtained provides a reasonable basis for our findings and conclusions.

This audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Prior recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

Test of Compliance

The County of Madera does not use TDA Article 4 funds, but does receive Article 8 funds, some of which are used for transit. The audit team presents three compliance findings:

1. The County of Madera did not meet the TDA farebox recovery ratio requirement during any year of the audit period.
2. The County of Madera did not submit its TDA fiscal audits within the stipulated timeframe.
3. It is unclear as to whether the County of Madera met either of the STA efficiency standards, thereby being eligible to use its full STA allocation for operating purposes.

Status of Prior Recommendations

The prior audit – completed in February 2018 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2017 – included four recommendations:

1. Continue to submit reports to the State Controller’s Office each year by the established deadline.
Status: Implemented.
2. Identify strategies to increase fare revenue so as to bring the farebox recovery ratio to at least 10 percent or higher annually.
Status: Partially implemented.
3. Develop and utilize a process to ensure system-wide data is compiled and reported consistently, and can be easily reviewed as part of triennial audits.
Status: Implemented.
4. Revise CAPMC invoices to reflect proper data labeling and calculations.
Status: Implemented.

Findings and Recommendations

Based on discussions with County staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned three compliance findings for the County of Madera.

The audit team has identified three functional findings. While these findings are not compliance findings, we feel they are significant enough to be addressed within this audit.

1. The County does not currently receive FTA Section 5307 funding claimed by the City of Madera, even though it is entitled to a share of that funding.
2. The County reports full-time equivalent (FTE) employees incorrectly to the State Controller, though it has demonstrated use of the TDA definition.
3. Operating cost is reported inconsistently to the State Controller and National Transit Database.

In completing this Triennial Performance Audit, we submit the following recommendations for the County of Madera’s public transit program. They have been divided into two categories: TDA Program compliance recommendations and functional recommendations. TDA program compliance recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the TPA that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work toward meeting the 10 percent farebox recovery ratio requirement stipulated by the TDA.	High	FY 2021/22
2	Work with the County’s Finance department to ensure the County’s financial reporting is completed in a timely manner, thereby enabling the TDA fiscal audit to be completed within the established timeframe	Medium	FY 2020/21
3	Ensure one or both efficiency standards are met before claiming the full allocation of STA funding for operations.	Medium	F 2022/23
Functional Recommendations		Importance	Timeline
1	The City and the County should work together to ensure the County receives the Section 5307 funding to which it is entitled.	High	FY 2020/21
2	The County should ensure the FTE data reported on its State Controller Report is consistent with the TDA definition.	Medium	FY 2020/21
3	Ensure operating cost reported to the National Transit Database and State Controller is consistent.	High	FY 2020/21

Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the County of Madera’s public transit program covers the three-year period ending June 30, 2020. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2020, the Madera County Transportation Commission selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the three transit operators to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the County of Madera as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

As it does not receive TDA Article 4 funding for transit, the County of Madera is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, in 2017, the Madera County Transportation Commission (MCTC), as the RTPA, requested the County be audited to provide a comprehensive and objective review to offer beneficial insights into program performance and to establish a baseline for future audits.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The auditors believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Audit Standards* published by the U.S. Comptroller General.

Objectives

A Triennial Performance Audit (TPA) has four primary objectives:

1. Assess compliance with TDA regulations;
2. Review improvements subsequently implemented as well as progress toward adopted goals;
3. Evaluate the efficiency and effectiveness of the transit operator; and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the County of Madera included five tasks:

1. A review of compliance with TDA requirements and regulations.
2. A review of the status of recommendations included in the prior Triennial Performance Audit.
3. A verification of the methodology for calculating performance indicators including the following activities:
 - Assessment of internal controls,
 - Test of data collection methods,
 - Calculation of performance indicators, and
 - Evaluation of performance.
4. Comparison of data reporting practices:
 - Internal reports,
 - State Controller Reports, and
 - National Transit Database.
5. Examination of the following functions:
 - General management and organization;
 - Service planning;
 - Scheduling, dispatching, and operations;
 - Personnel management and training;
 - Administration;
 - Marketing and public information; and
 - Fleet maintenance.
6. Conclusions and recommendations to address opportunities for improvement based upon analysis of the information collected and the audit of the transit operator's major functions.

Methodology

The methodology for the Triennial Performance Audit of the County of Madera included a thorough review of documents relevant to the scope of the audit, as well as information contained on the County's website. The documents reviewed included the following (spanning the full three-year period):

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;
- Accident/road call logs; and
- Organizational chart.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this review included a virtual site visit with County of Madera representatives on January 15, 2021. The audit team met with Ellen Moy (County transit consultant), Monty Cox (Fresno Economic Opportunities Commission, Transit Services Director) and Rosalind Esqueda (Fresno Economic Opportunities Commission, General Manager – Madera) and reviewed materials germane to the triennial audit.

This report is comprised of eight chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the review and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Compliance with statutory and regulatory requirements,
 - Status of prior recommendations,
 - Consistency among reported data,
 - Performance measures and trends,
 - Functional audit, and
 - Findings and recommendations.

This page intentionally blank.

Chapter 3 | Program Compliance

This section examines the County of Madera’s compliance with the Transportation Development Act as well as relevant sections of the California Code of Regulations. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. The Madera County Transportation Commission considers full use of funds under California Code of Regulations (CCR) 6754(a) as referring to operating funds but not capital funds. The TPA findings and related comments are delineated in Exhibit 3.1.

The County of Madera does not use any TDA Article 4 funding for transit and is not statutorily required to be audited, nor has it historically been held to the requirements of the TDA. However, the Madera County Transportation Commission (MCTC), as the RTPA, requested the County be audited to support a comprehensive and objective review to provide beneficial insights into program performance.

Status of compliance items was determined through discussions with County representatives as well as a physical inspection of relevant documents including the fiscal audits for each year of the triennium, State Controller annual filings, California Highway Patrol terminal inspections, year-end performance reports, and other compliance-related documentation.

Three compliance items were identified for the County of Madera:

1. The County of Madera did not meet the TDA farebox recovery ratio requirement during any year of the audit period.
2. The County of Madera did not submit its TDA fiscal audits within the stipulated timeframe.
3. It is unclear whether the County of Madera met either of the STA efficiency standards, thereby being eligible to use its full STA allocation for operating purposes.

Developments Occurring During the Audit Period

The last half of FY 2019/20 is markedly different from the rest of the audit period. The impacts of the COVID-19 pandemic resulted in significant declines in ridership and revenue. In many instances, transit operators strove to retain operations staff despite adopting a reduced schedule, resulting in significant changes to many cost-related performance metrics. While infusions of funding through the CARES Act have mitigated some of the lost revenues, most transit programs have yet to return to pre-pandemic ridership and fare levels. As a result, the Triennial Performance Audits will provide an assessment not only of how COVID-19 impacted each organization, as well as how it responded to the crisis.

In addition to the COVID-19 pandemic, recent changes to the TDA will result in audit reports that look somewhat different than in prior years. In the nearly 50 years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The

draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented.

Assembly Bill 90, signed into law on June 29, 2020, provides temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 (the last year covered by this audit) and FY 2020/21. While the ability to maintain state mandates and performance measures is important, AB 90 offers much-needed relief from these requirements for these years impacted by the COVID-19 pandemic while TDA reform continues to be discussed.

AB 90 includes the following provisions specific to transit operator funding through the TDA:

1. It prohibits the imposition of the TDA revenue penalty on an operator that does not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.
2. It requires the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance (STA) Program for FY 2020/21 and FY 2021/22 based on the same individual operator ratios published by the Controller in a specified transmittal memo, and would authorize the Controller to revise that transmittal memo, as specified. It requires the Controller to use specified data to calculate those individual operator ratios. Upon allocation of the transit operator revenue-based funds to local transportation agencies pursuant to this provision, the Controller will publish the amount of funding allocated to each operator.
3. It exempts an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorizes the operator to use those funds for operating or capital purposes during that period.
4. It requires the Controller to allocate State of Good Repair (SOGR) program funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.
5. It requires the Controller to allocate Low Carbon Transit Operations Program (LCTOP) funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.

The first item, the only one specific to FY 2019/20, will be taken into consideration during the compliance review. Other provisions will be considered with respect to audit recommendations.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance	FY 2017/18: January 31, 2019 FY 2018/19: January 30, 2020 FY 2019/20: January 28, 2021
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	Not in compliance*	FY 2017/18: August 7, 2019 FY 2018/19: April 28, 2020 FY 2019/20: Pending
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	<i>Merced Transportation Co.:</i> January 17, 2017 January 30, 2018 January 17, 2019 <i>CAPMC:</i> April 19, 2016 April 19, 2017 April 6, 2018 April 3, 2019 <i>FEOC:</i> January 7, 2020
Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	PUC 99270.1	Not applicable	The transit program operates only in a non-urbanized area.
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	Not applicable	The County is not subject to alternative criteria.
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2017/18: -1.39% FY 2018/19: +6.50% FY 2019/20: +7.57%

*Also a finding for the RTPA.

Compliance Element	Reference	Compliance	Comments
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	County uses the TDA definition, but FTE reported to the State Controller appears to be based on headcount.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	The transit program operates only in a non-urbanized area.
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	Not in compliance	FY 2017/18: 3.76% FY 2018/19: 4.48% FY 2019/20: 4.46%
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Not in compliance	Senior Bus and Escort Program: FY 2017/18: 7.35% FY 2018/19: 6.20% FY 2019/20: Data insufficient to calculate
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	County staff are eligible for retirement benefits through CalPERS.
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	
In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale.	PUC 99314.6	Unable to verify compliance*	

*Also a finding for the RTPA.

Compliance Element	Reference	Compliance	Comments
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	In compliance	

This page intentionally blank.

Chapter 4 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the County of Madera has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior audit – completed in February 2018 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2017 – included four recommendations:

1. Continue to submit reports to the State Controller’s Office each year by the established deadline.

Discussion: The County did not submit State Controller Reports for transit in FY 2014/15 and FY 2015/16. As such, on-time submittal could not be assessed as part of the prior audit. The County resumed submitting the reports in FY 2016/17, and that report was submitted on time.

The requirement to submit a State Controller Report is in the TDA code under Chapter 3, which refers to Local Transportation Funds. It does not differentiate between Article 4 and Article 8. No further action was required provided the County continued submitting reports on-time as it did in FY 2016/17.

Progress: The County has continued to file State Controller Reports as required.

Status: Implemented.

2. Identify strategies to increase fare revenue so as to bring the farebox recovery ratio to at least 10 percent or higher annually.

Discussion: PUC Section 99268 establishes a 10 percent farebox recovery minimum for rural transit systems and programs providing services exclusively to seniors and persons with disabilities in order to remain compliant with TDA. While other locally generated funds may be used to subsidize farebox recovery, the standard is also used as a measure of efficiency and productivity.

During the prior audit, the farebox recovery ratio for MCC ranged between 7.2 percent and 8.0 percent. For Senior Bus, farebox recovery ranged from 6.1 percent to 6.9 percent. The Escort program saw the highest farebox recovery (between 7.4 percent and 8.9 percent), though it still fell short of the 10 percent threshold. The farebox recovery target for all County transit services (as detailed in MCTC’s most recent Short Range Transit Development Plan) is 10 percent, which is consistent with the TDA standard for such services.

The prior audit recommended the County consider and explore strategies that could be employed to increase its modal farebox recovery ratio to 10 percent. These strategies could include additional marketing of MCC, route guarantees, and/or a fare increase. (Increasing MCC ridership

should also have a positive effect on passengers/VSH and aid in bringing MCC up to the standard presented in the SRTDP.) The County should also consider what additional local funds may now be eligible to supplement its farebox recovery ratio (per the changes to PUC Section 99268.19). The goal prior to the next Triennial Performance Audit should be steady improvement in the farebox recovery ratio, even if it does not reach 10 percent by the time of the next audit.

Progress: Various strategies are being considered to increase fare revenue and improve cost effectiveness in service delivery. These strategies include identifying and improving high-demand corridors; increasing trip frequencies at peak periods; improving marketing and outreach; increasing fares; eliminating unproductive trips and/or route segments. However, the overall farebox recovery ratio has continued to stand below 10 percent.

Status: Partially implemented.

3. [Develop and utilize a process to ensure system-wide data is compiled and reported consistently, and can be easily reviewed as part of triennial audits.](#)

Discussion: During the preparation of the audit, it was difficult to determine, based on the documents provided, accurate performance measures and cost figures for each of the County's transit programs. While the underlying methodology appeared sound, the manner of reporting the data on the documents provided was inconsistent, and it was unclear with respect to what costs beyond the operations contractors were being included.

The auditor recommended the County develop a process to clearly document performance, operating, and fare data that is used to complete State Controller and NTD reports. Variances from data reported by the operations contractors should be noted, as should additional County costs for transit (e.g., consulting contract, web design, overhead, etc.). It should also clearly identify what costs are related to Amtrak rather than the County's bus programs.

Progress: The County has refined its system-wide data that include MCC, the Senior Bus and Escort Program that are consistent and allow for performance monitoring and for easier review for triennial audit purposes.

Status: Implemented.

4. [Revise CAPMC invoices to reflect proper data labeling and calculations.](#)

Discussion: The TDA defines "vehicle service hours" (alternately called "revenue service hours") as the hours a vehicle is actually providing revenue service (see Chapter 5). In addition, the TDA precludes excluding all insurance costs, but does allow the exclusion of "cost increases beyond the change in the Consumer Price Index for...insurance premiums and payments in settlement of claims arising out of the operators liability" (see Chapter 4).

On CAPMC's monthly invoices, the contractor included a line item for vehicle service hours on the first (summary) page of the invoice. However, that figure actually reflected total hours of service, not revenue service hours as identified later in the document.

In addition, farebox percentage was identified on the first (summary) page. However, this calculation did not appear to be a straight calculation of fares divided by the invoiced cost. The contractor was incorrectly excluding vehicle insurance costs from its farebox calculation, resulting in the higher ratio. As a result, monthly invoices inaccurately represent the farebox recovery ratio for the County's demand-response services.

The auditor noted the "vehicle service hours" line item on the first page should accurately reflect what is being displayed on that page by calling it "total hours" or "billable hours," depending on the purpose of that data item. Otherwise the contractor should ensure anything identified as "vehicle service hours" accurately reflects vehicle revenue hours.

With respect to the exclusion of insurance costs, the auditor recommended CAPMC either confirm it is correctly excluding the costs by providing details as to the difference between the current and prior years' costs and demonstrating that the cost is above and beyond the change in the Consumer Price Index, or adjust its calculation methodology so as not to exclude the insurance costs from the farebox recovery ratio calculation on its invoices.

Progress: This recommendation was addressed prior to finalizing the prior audit. Management noted the CAPMC Monthly Report first page (invoice) had been corrected to reflect "Total Billable Hours," and the second page farebox calculation to include insurance in operating costs.

Status: Implemented.

This page intentionally blank.

Chapter 5 | Data Reporting Analysis

An important aspect of the Triennial Performance Audit process is assessing how effectively and consistently the transit operator reports performance statistics to local, state, and federal agencies. Often as a condition of receipt of funding, an operator must collect, manage, and report data to different entities. Ensuring such data are consistent can be challenging given the differing definitions employed by different agencies as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported by the County of Madera both internally as well as to outside entities during the audit period.

Overall, data reporting for County of Madera was consistent between internal and external reports. The one area where inconsistencies were noted was operating cost. In FY 2017/18 and FY 2018/19, operating cost reported to the State Controller was roughly double that reported elsewhere. It appears that the State Controller Report includes the total TDA (LTF and STA) revenues allocated to the County, and those funds that were paid to the cities of Chowchilla and Madera are reported under Purchased Transportation. This led to a significantly higher operating cost. This should be a moot point beginning in FY 2019/20, as the services formerly purchased from the cities of Chowchilla and Madera have been consolidated into the single County transit operations contract.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2017/18	FY 2018/19	FY 2019/20
Operating Cost (Actual \$)			
<i>Monthly Performance Reports</i>	\$641,435	\$664,109	\$948,391
<i>National Transit Database</i>	\$629,823	\$666,360	\$1,059,515
<i>State Controller Report</i>	\$1,380,115	\$1,239,751	<i>Pending</i>
Fare Revenue (Actual \$)			
<i>Monthly Performance Reports</i>	\$51,927	\$55,595	\$46,124
<i>National Transit Database</i>	\$51,883	\$55,595	\$46,123
<i>State Controller Report</i>	\$51,883	\$55,595	<i>Pending</i>
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	9,483	9,372	10,909
<i>National Transit Database</i>	9,483	9,374	10,909
<i>State Controller Report</i>	9,483	9,374	<i>Pending</i>
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	244,351	245,396	260,558
<i>National Transit Database</i>	244,351	245,396	260,538
<i>State Controller Report</i>	237,443	245,396	<i>Pending</i>
Passengers			
<i>Monthly Performance Reports</i>	31,036	31,358	25,090
<i>National Transit Database</i>	31,036	31,358	25,090
<i>State Controller Report</i>	31,036	31,358	<i>Pending</i>
Full-Time Equivalent Employees			
<i>State Controller Report</i>	11	11	<i>Pending</i>
<i>Per TDA methodology</i>	8	8	8

Chapter 6 | Performance Analysis

Performance indicators are typically employed to quantify and assess the efficiency of a transit operator's activities. Such indicators provide insight into current operations as well as trend analysis of operator performance. Through a review of indicators, relative performance as well as possible inter-relationships between major functions is revealed.

The Transportation Development Act (TDA) requires recipients of TDA funding to track and report five performance indicators:

- Operating Cost/Passenger,
- Operating Cost/Vehicle Service Hour,
- Passengers/Vehicle Service Hour,
- Passengers/Vehicle Service Mile, and
- Vehicle Service Hours/Employee.

To assess the validity and use of performance indicators, the audit team performed the following activities:

- Assessed internal controls in place for the collection of performance-related information,
- Validated collection methods of key data,
- Calculated performance indicators, and
- Evaluated performance indicators.

The procedures used to calculate TDA-required performance measures for the current triennium were verified and compared with indicators included in similar reports to external entities (i.e., State Controller and Federal Transit Administration).

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667¹. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excludes the following:

¹ CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and *Miles* (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.² For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

Passenger Counts

According to the Transportation Development Act, *total passengers* is equal to the total number of unlinked trips (i.e., those trips that are made by a passenger that involve a single boarding and departure), whether revenue-producing or not.

Employees

Employee hours is defined as the total number of hours (regular or overtime) which all employees have worked, and for which they have been paid a wage or salary. The hours must include transportation system-related hours worked by persons employed in connection with the system (whether or not the person is employed directly by the operator). Full-Time Equivalent (FTE) is calculated by dividing the number of person-hours by 2,000.

Fare Revenue

Fare revenue is defined by California Code of Regulations Section 6611.2 as revenue collected from the farebox plus sales of fare media.

² A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

TDA Required Indicators

To calculate the TDA indicators for the County of Madera, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via NTD reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the County's audited financial reports monthly performance reports and was determined to be consistent with TDA guidelines and accurately reflects the costs for the County's transit services. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via NTD reports and monthly performance reports for each fiscal year covered by this audit. This is consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The County calculates VSH using driver trip sheets. The County's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The County calculates VSM by subtracting deadhead and out-of-service miles from total vehicle mileage (as noted on each vehicle's odometer). This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The County's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation was verified through documents provided by the County. However, this data appears to have been incorrectly reported on the State Controller Reports for all three years of the audit period.

System Performance Trends

Data for the performance evaluation was obtained from National Transit Database (NTD) reports, which segregates costs and fare revenues by mode. As a result, some data may be inconsistent with that reported to the State Controller, as operating costs differed significantly (as discussed in Chapters 5 and 8).

System-wide, operating cost saw a significant increase in FY 2019/20, following several years of modest (less than six percent) annual increases. This is concurrent with the County's new transit operations and maintenance contract with Fresno EOC as well as the County's resumed operation of Chowchilla and Madera area Dial-A-Ride programs.

Fare revenue saw a notable increase of 20.3 percent in FY 2017/18, and the increase continued the following year. A 17 percent decrease in FY 2019/20 can be attributed to the COVID-19 pandemic, which also led to a significant decline in ridership.

Vehicle service hours and vehicle service miles remained consistent through the first two years of the audit period. During FY 2019/20, increases in both metrics can be attributed to the County’s assumption of county Dial-A-Ride service in the Madera and Chowchilla areas. Beginning in FY 2016/17, the County saw an annual increase in ridership. The 20 percent ridership decline in FY 2019/20, as noted above, can be attributed to the COVID-19 pandemic.

Cost-related metrics increased throughout the audit period, reflecting a decline in efficiency. Passenger-related metrics decreased throughout the same period, reflecting a decline in productivity. The greatest changes occurred in FY 2019/20. That year saw the “perfect storm” of higher costs due to a new operations contract and declining ridership and fare revenue due to the COVID-19 pandemic. The farebox recovery ratio failed to meet the 10 percent threshold at any time during the current or prior audit period.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Operating Cost (Actual \$)	\$566,325	\$598,578	\$607,375	\$629,823	\$666,380	\$1,059,515
<i>Annual Change</i>		5.7%	1.5%	3.7%	5.8%	59.0%
Fare Revenue (Actual \$)	\$44,109	\$41,693	\$43,111	\$51,883	\$55,595	\$46,123
<i>Annual Change</i>		-5.5%	3.4%	20.3%	7.2%	-17.0%
Vehicle Service Hours (VSH)	7,393	8,098	9,453	9,483	9,372	10,909
<i>Annual Change</i>		9.5%	16.7%	0.3%	-1.2%	16.4%
Vehicle Service Miles (VSM)	213,826	224,088	246,012	244,351	245,396	260,558
<i>Annual Change</i>		4.8%	9.8%	-0.7%	0.4%	6.2%
Passengers	26,012	24,116	27,131	31,036	31,358	25,090
<i>Annual Change</i>		-7.3%	12.5%	14.4%	1.0%	-20.0%
Employees	9	9	10	9	9	8
<i>Annual Change</i>		0.0%	11.1%	-10.0%	0.0%	-11.1%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$76.60	\$73.92	\$64.25	\$66.42	\$71.10	\$97.12
<i>Annual Change</i>		-3.5%	-13.1%	3.4%	7.1%	36.6%
Operating Cost/Passenger (Actual \$)	\$21.77	\$24.82	\$22.39	\$20.29	\$21.25	\$42.23
<i>Annual Change</i>		14.0%	-9.8%	-9.4%	4.7%	98.7%
Passengers/VSH	3.52	2.98	2.87	3.27	3.35	2.30
<i>Annual Change</i>		-15.4%	-3.6%	14.0%	2.2%	-31.3%
Passengers/VSM	0.12	0.11	0.11	0.13	0.13	0.10
<i>Annual Change</i>		-11.5%	2.5%	15.2%	0.6%	-24.6%
Farebox Recovery	7.8%	7.0%	7.1%	8.2%	8.3%	4.4%
<i>Annual Change</i>		-10.6%	1.9%	16.1%	1.3%	-47.8%
Hours/Employee	821.4	899.8	945.3	1,053.7	1,041.3	1363.6
<i>Annual Change</i>		9.5%	5.1%	11.5%	-1.2%	30.9%
TDA Non-Required Indicators						
Operating Cost/VSM	\$2.65	\$2.67	\$2.47	\$2.58	\$2.72	\$4.07
<i>Annual Change</i>		0.9%	-7.6%	4.4%	5.4%	49.7%
VSM/VSH	28.92	27.67	26.02	25.77	26.18	23.88
<i>Annual Change</i>		-4.3%	-6.0%	-1.0%	1.6%	-8.8%
Fare/Passenger	\$1.70	\$1.73	\$1.59	\$1.67	\$1.77	\$1.84
<i>Annual Change</i>		2.0%	-8.1%	5.2%	6.1%	3.7%

Exhibit 6.2 System Ridership

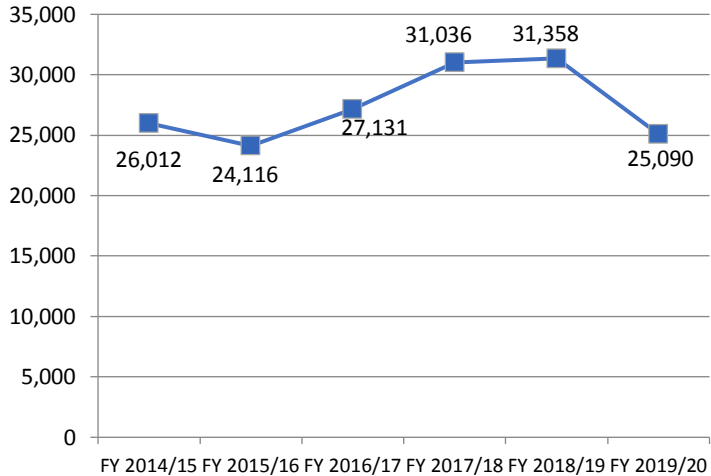


Exhibit 6.3 System Operating Cost/VSH

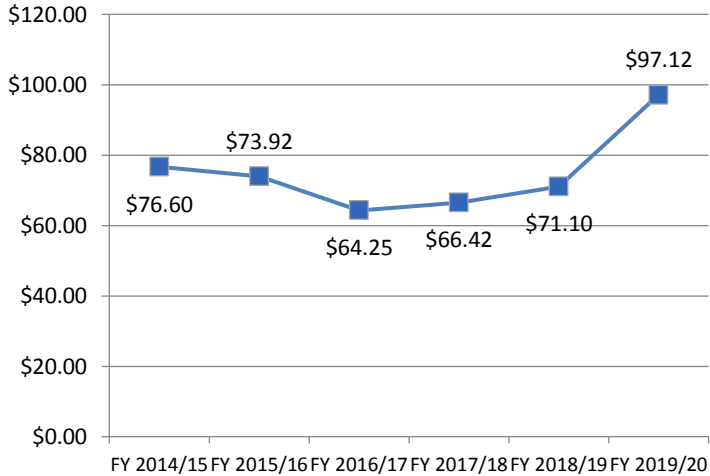


Exhibit 6.4 System Operating Cost/VSM

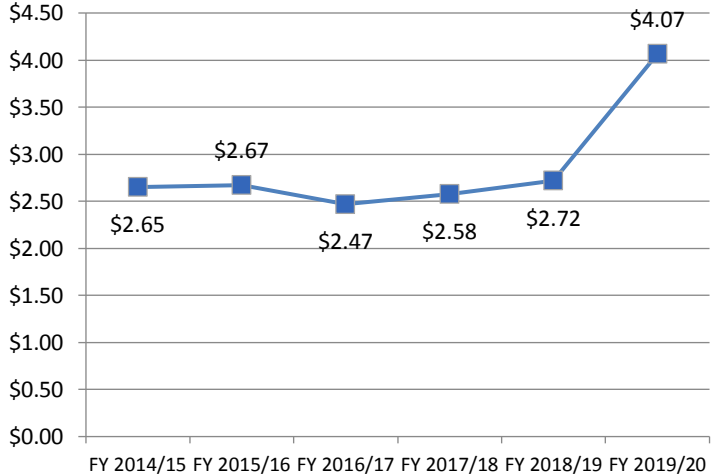


Exhibit 6.5 System VSM/VSH

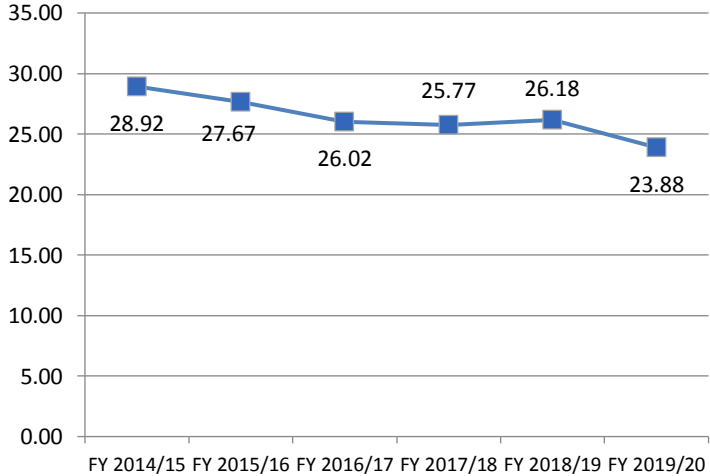


Exhibit 6.6 System Operating Cost/Passenger

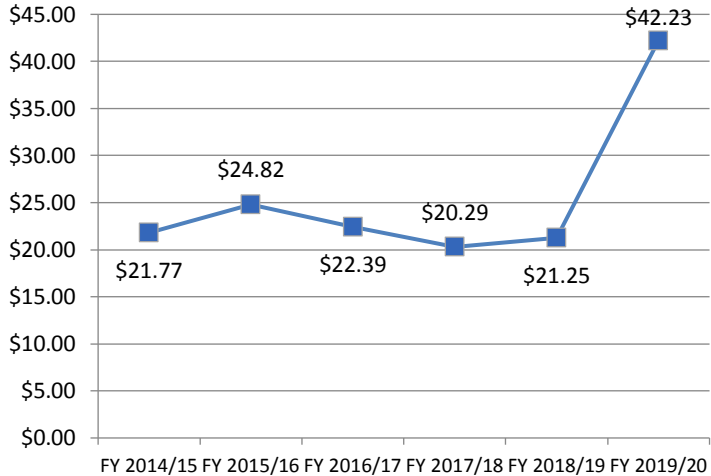


Exhibit 6.7 System Passengers/VSH

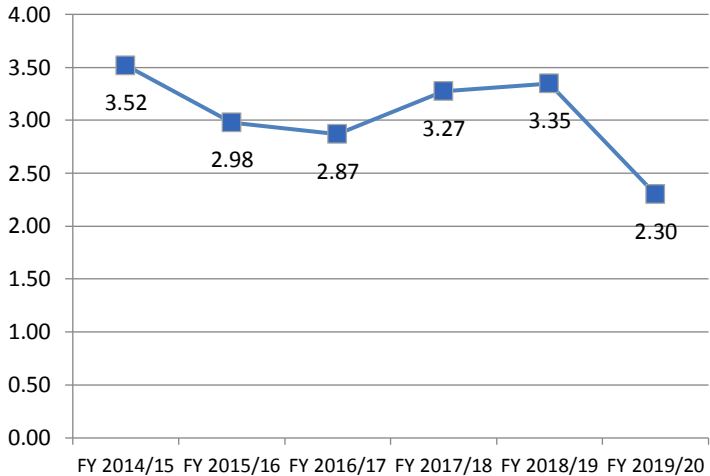


Exhibit 6.8 System Passengers/VSM

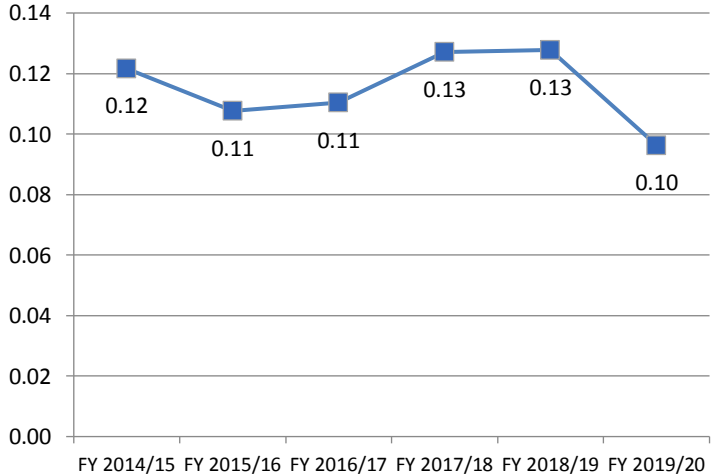


Exhibit 6.9 System VSH/FTE

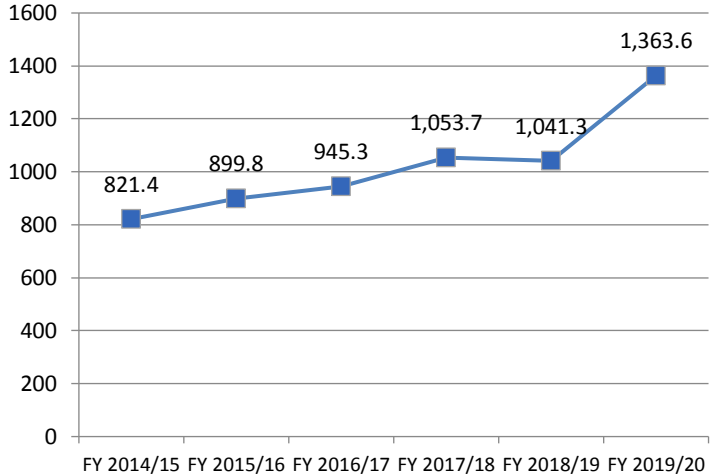


Exhibit 6.10 System Farebox Recovery

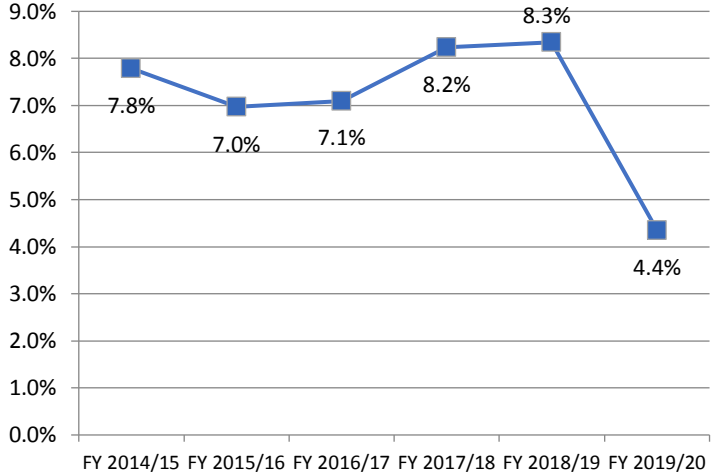
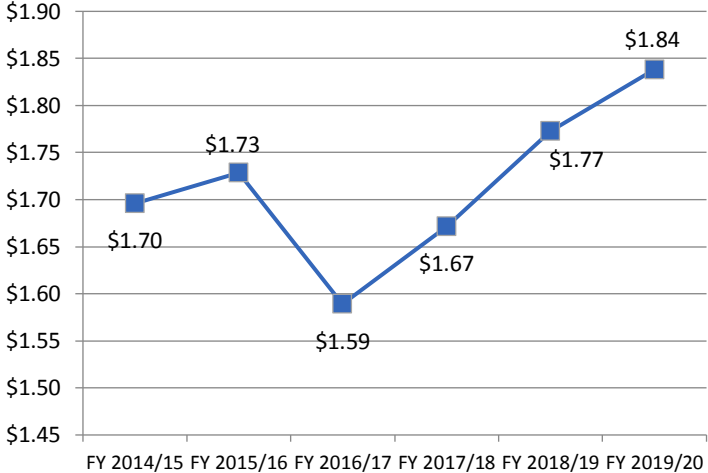


Exhibit 6.11 System Fare/Passenger



Fixed-Route Performance Trends

Fixed-route operating cost saw a significant increase (26.6 percent) in FY 2019/20, following several years of modest annual increases. This is concurrent with the County's new transit operations and maintenance contract with Fresno EOC. Fare revenue saw a notable increase of 22 percent in FY 2017/18, and the increase continued the following year. An 18.7 percent decrease in FY 2019/20 can be attributed to the COVID-19 pandemic, which also led to a significant decline in ridership.

Vehicle service hours and vehicle service miles remained consistent through the audit period. Beginning in FY 2016/17, the County saw an annual increase in ridership. The 26.4 percent ridership decline in FY 2019/20, as noted above, can be attributed to the COVID-19 pandemic. Prior to FY 2019/20, fixed-route ridership had been increasing for several years.

Cost-related metrics increased throughout the audit period, reflecting a decline in efficiency. Passenger-related metrics decreased throughout the same period, reflecting a decline in productivity. The greatest changes occurred in FY 2019/20. The farebox recovery ratio failed to meet the 10 percent threshold at any time during the current or prior audit period.

Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Operating Cost (Actual \$)	\$445,219	\$489,463	\$492,827	\$513,520	\$529,382	\$670,219
<i>Annual Change</i>		9.9%	0.7%	4.2%	3.1%	26.6%
Fare Revenue (Actual \$)	\$35,580	\$34,184	\$35,376	\$43,170	\$47,238	\$38,410
<i>Annual Change</i>		-3.9%	3.5%	22.0%	9.4%	-18.7%
Vehicle Service Hours (VSH)	5,426	6,171	7,541	7,481	7,393	7,477
<i>Annual Change</i>		13.7%	22.2%	-0.8%	-1.2%	1.1%
Vehicle Service Miles (VSM)	180,590	193,209	215,371	214,341	214,648	215,469
<i>Annual Change</i>		7.0%	11.5%	-0.5%	0.1%	0.4%
Passengers	22,063	20,409	22,986	26,532	27,010	19,885
<i>Annual Change</i>		-7.5%	12.6%	15.4%	1.8%	-26.4%
Employees	7	7	8	7	7	6
<i>Annual Change</i>		0.0%	14.3%	-12.5%	0.0%	-14.3%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$82.05	\$79.32	\$65.35	\$68.64	\$71.61	\$89.64
<i>Annual Change</i>		-3.3%	-17.6%	5.0%	4.3%	25.2%
Operating Cost/Passenger (Actual \$)	\$20.18	\$23.98	\$21.44	\$19.35	\$19.60	\$33.70
<i>Annual Change</i>		18.8%	-10.6%	-9.7%	1.3%	72.0%
Passengers/VSH	4.07	3.31	3.05	3.55	3.65	2.66
<i>Annual Change</i>		-18.7%	-7.8%	16.4%	3.0%	-27.2%
Passengers/VSM	0.12	0.11	0.11	0.12	0.13	0.09
<i>Annual Change</i>		-13.5%	1.0%	16.0%	1.7%	-26.7%
Farebox Recovery	7.99%	6.98%	7.18%	8.41%	8.92%	5.73%
<i>Annual Change</i>		-12.6%	2.8%	17.1%	6.1%	-35.8%
Hours/Employee	775.1	881.6	942.6	1068.7	1056.1	1246.2
<i>Annual Change</i>		13.7%	6.9%	13.4%	-1.2%	18.0%
TDA Non-Required Indicators						
Operating Cost/VSM	\$2.47	\$2.53	\$2.29	\$2.40	\$2.47	\$3.11
<i>Annual Change</i>		2.8%	-9.7%	4.7%	2.9%	26.1%
VSM/VSH	33.28	31.31	28.56	28.65	29.03	28.82
<i>Annual Change</i>		-5.9%	-8.8%	0.3%	1.3%	-0.7%
Fare/Passenger	\$1.61	\$1.67	\$1.54	\$1.63	\$1.75	\$1.93
<i>Annual Change</i>		3.9%	-8.1%	5.7%	7.5%	10.4%

Exhibit 6.13 Fixed-Route Ridership

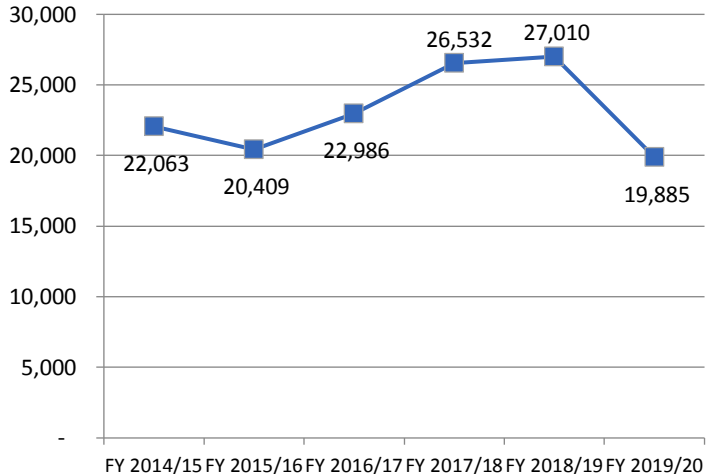


Exhibit 6.14 Fixed-Route Operating Cost/VSH

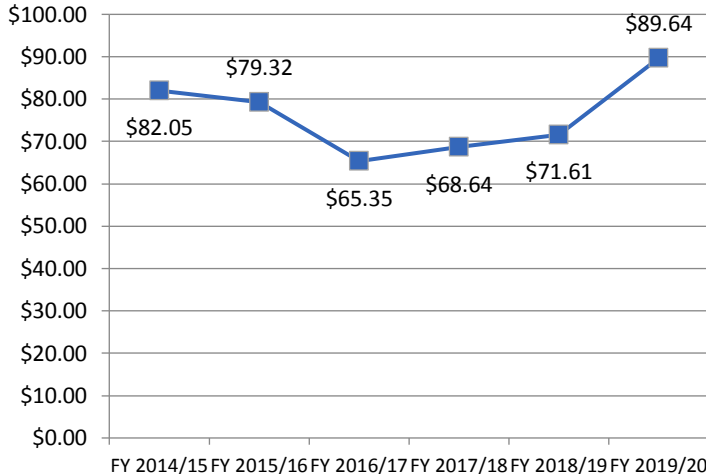


Exhibit 6.15 Fixed-Route Operating Cost/VSM

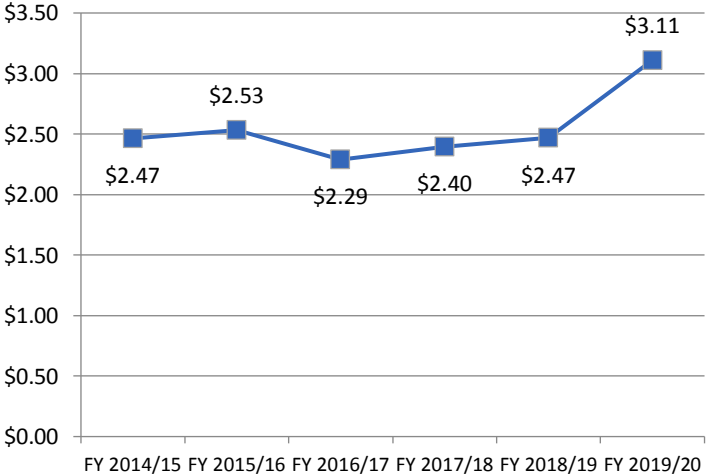


Exhibit 6.16 Fixed-Route VSM/VSH

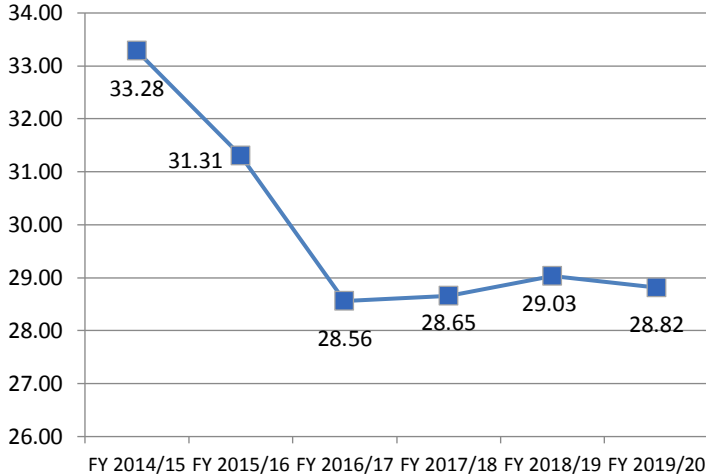


Exhibit 6.17 Fixed-Route Operating Cost/Passenger

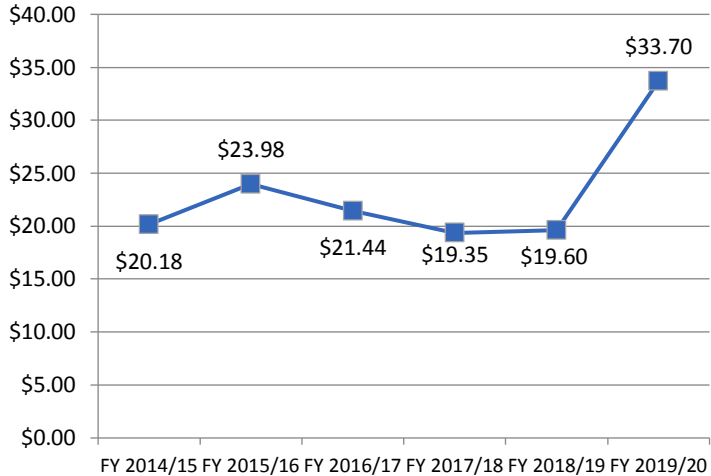


Exhibit 6.18 Fixed-Route Passengers/VSH

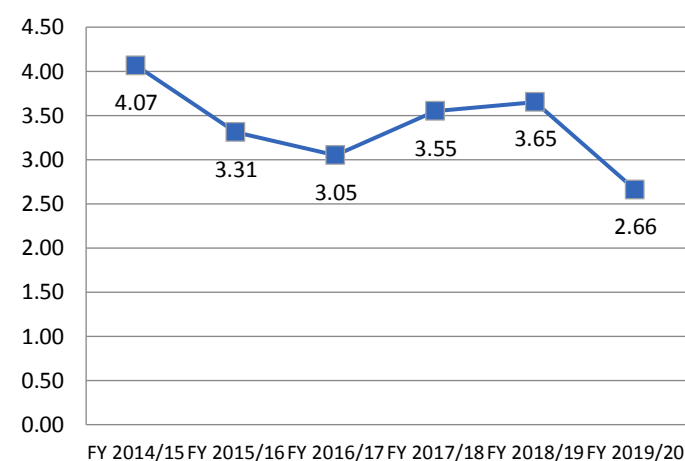


Exhibit 6.19 Fixed-Route Passengers/VSM

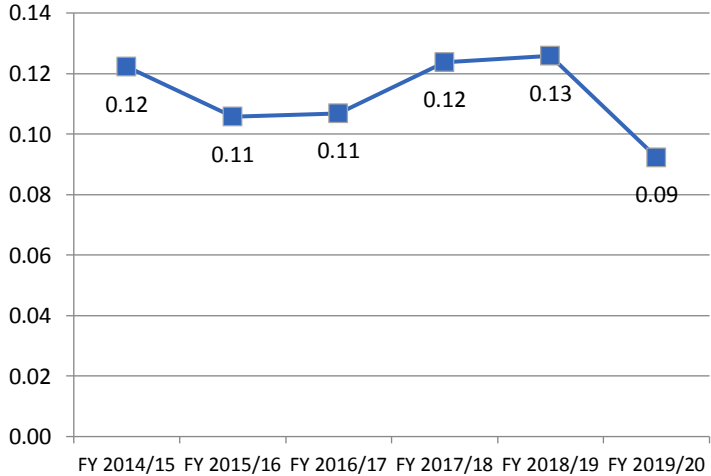


Exhibit 6.20 Fixed-Route VSH/FTE

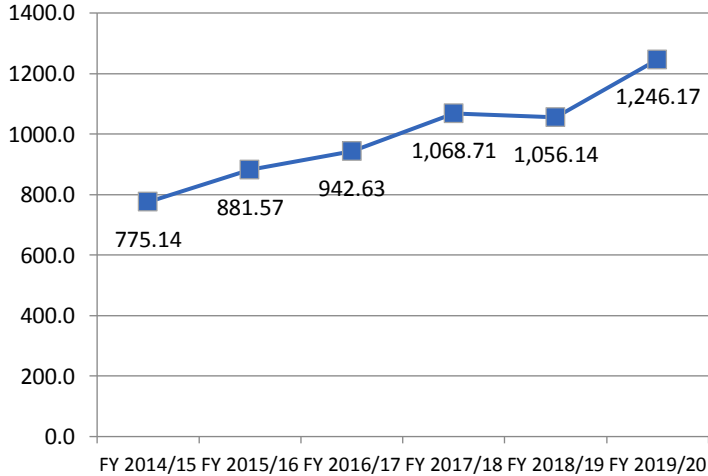


Exhibit 6.21 Fixed-Route Farebox Recovery

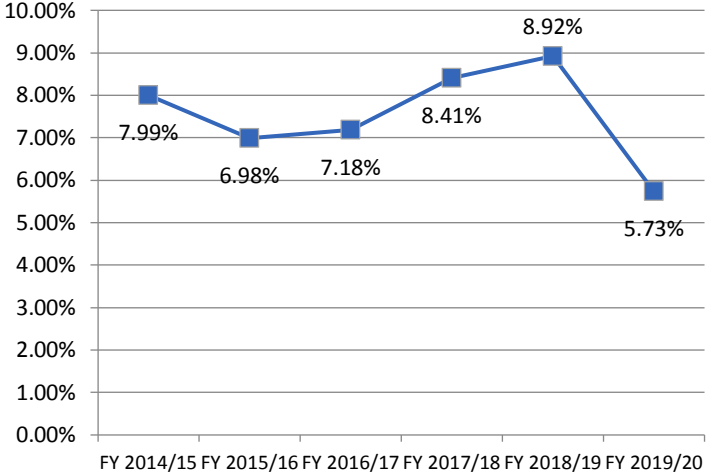
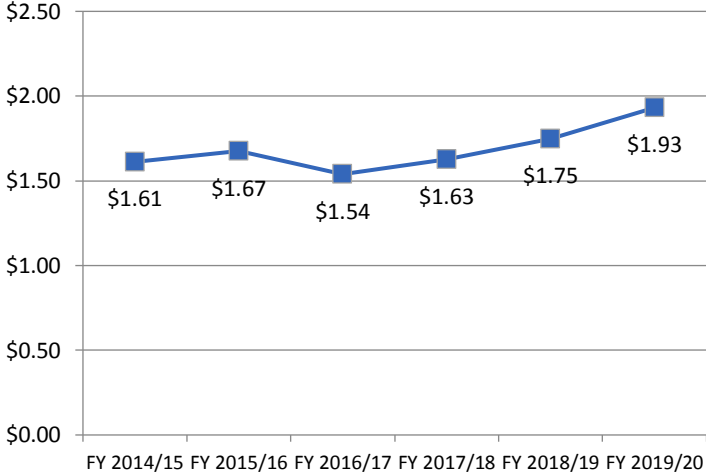


Exhibit 6.22 Fixed-Route Fare/Passenger



Demand-Response Performance Trends

Demand-response operating cost saw the greatest increase (184.2 percent) in FY 2019/20. This is concurrent with the County's new transit operations and maintenance contract with Fresno EOC as well as the County's resumed operation of Chowchilla and Madera area Dial-A-Ride programs.

Fare revenue saw an increase of 12.6 percent in FY 2017/18, followed by two years of declines. The 7.7 percent decline in fare revenue was likely tempered by the addition of Chowchilla and Madera area Dial-A-Rides into the calculation.

Vehicle service hours and vehicle service miles remained consistent through the first two years of the audit period. During FY 2019/20, increases in both metrics can be attributed to the County's assumption of county Dial-A-Ride service in the Madera and Chowchilla areas. Ridership increased in FY 2016/17 and FY 2017/18, but declined in FY 2018/19. A 19.7 percent increase in FY 2019/20 speaks to the essential nature of the demand-response services as well as reflects ridership on the County Dial-A-Ride services.

Cost-related metrics increased throughout the audit period, reflecting a decline in efficiency. Passenger-related metrics decreased throughout the same period, reflecting a decline in productivity. The greatest changes occurred in FY 2019/20. The farebox recovery ratio failed to meet the 10 percent threshold at any time during the current or prior audit period.

Exhibit 6.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Operating Cost (Actual \$)	\$121,106	\$109,115	\$114,548	\$116,303	\$136,998	\$389,296
<i>Annual Change</i>		-9.9%	5.0%	1.5%	17.8%	184.2%
Fare Revenue (Actual \$)	\$8,529	\$7,509	\$7,735	\$8,713	\$8,357	\$7,713
<i>Annual Change</i>		-12.0%	3.0%	12.6%	-4.1%	-7.7%
Vehicle Service Hours (VSH)	1,967	1,927	1,912	2,002	1,979	3,432
<i>Annual Change</i>		-2.0%	-0.8%	4.7%	-1.1%	73.4%
Vehicle Service Miles (VSM)	33,236	30,879	30,641	30,010	30,748	45,089
<i>Annual Change</i>		-7.1%	-0.8%	-2.1%	2.5%	46.6%
Passengers	3,949	3,707	4,145	4,504	4,348	5,205
<i>Annual Change</i>		-6.1%	11.8%	8.7%	-3.5%	19.7%
Employees	2	2	2	2	2	2
<i>Annual Change</i>		0.0%	0.0%	0.0%	0.0%	0.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$61.57	\$56.62	\$59.91	\$58.09	\$69.23	\$113.43
<i>Annual Change</i>		-8.0%	5.8%	-3.0%	19.2%	63.9%
Operating Cost/Passenger (Actual \$)	\$30.67	\$29.43	\$27.64	\$25.82	\$31.51	\$74.79
<i>Annual Change</i>		-4.0%	-6.1%	-6.6%	22.0%	137.4%
Passengers/VSH	2.01	1.92	2.17	2.25	2.20	1.52
<i>Annual Change</i>		-4.2%	12.7%	3.8%	-2.3%	-31.0%
Passengers/VSM	0.12	0.12	0.14	0.15	0.14	0.12
<i>Annual Change</i>		1.0%	12.7%	10.9%	-5.8%	-18.4%
Farebox Recovery	7.0%	6.9%	6.8%	7.5%	6.1%	2.0%
<i>Annual Change</i>		-2.3%	-1.9%	10.9%	-18.6%	-67.5%
Hours/Employee	983.5	963.5	956.0	1001.0	989.5	1716.0
<i>Annual Change</i>		-2.0%	-0.8%	4.7%	-1.1%	73.4%
TDA Non-Required Indicators						
Operating Cost/VSM	\$3.64	\$3.53	\$3.74	\$3.88	\$4.46	\$8.63
<i>Annual Change</i>		-3.0%	5.8%	3.7%	15.0%	93.8%
VSM/VSH	16.90	16.02	16.03	14.99	15.54	13.14
<i>Annual Change</i>		-5.2%	0.0%	-6.5%	3.6%	-15.4%
Fare/Passenger	\$2.16	\$2.03	\$1.87	\$1.93	\$1.92	\$1.48
<i>Annual Change</i>		-6.2%	-7.9%	3.7%	-0.6%	-22.9%

Exhibit 6.24 Demand-Response Ridership

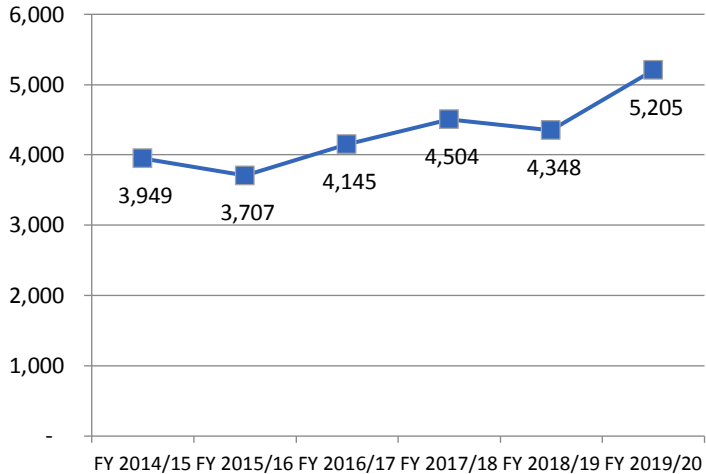


Exhibit 6.25 Demand-Response Operating Cost/VSH

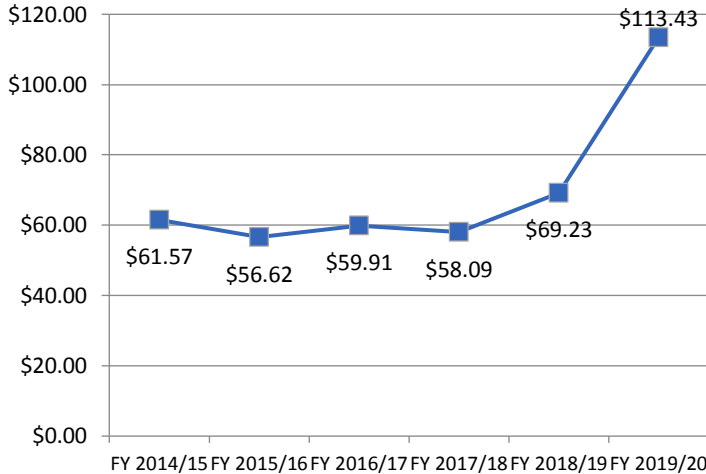


Exhibit 6.26 Demand-Response Operating Cost/VSM

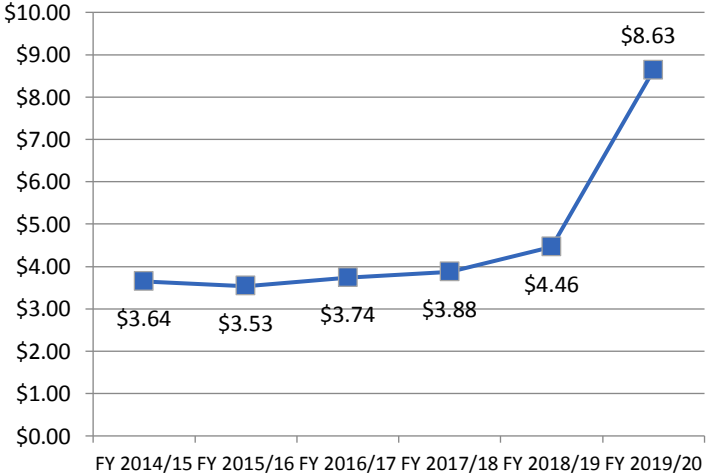


Exhibit 6.27 Demand-Response VSM/VSH

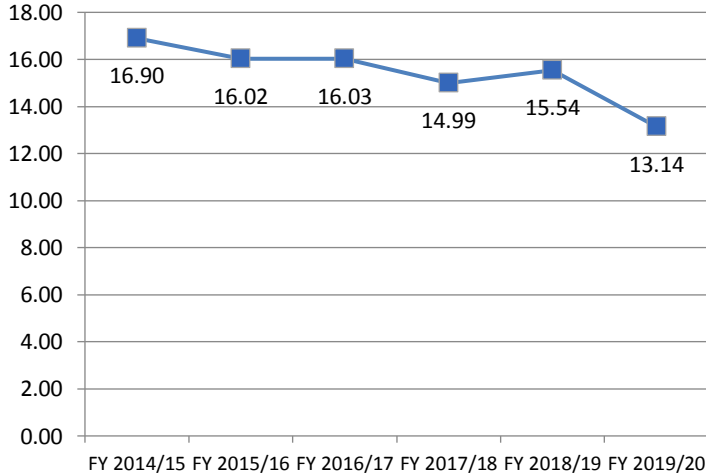


Exhibit 6.28 Demand-Response Operating Cost/Passenger

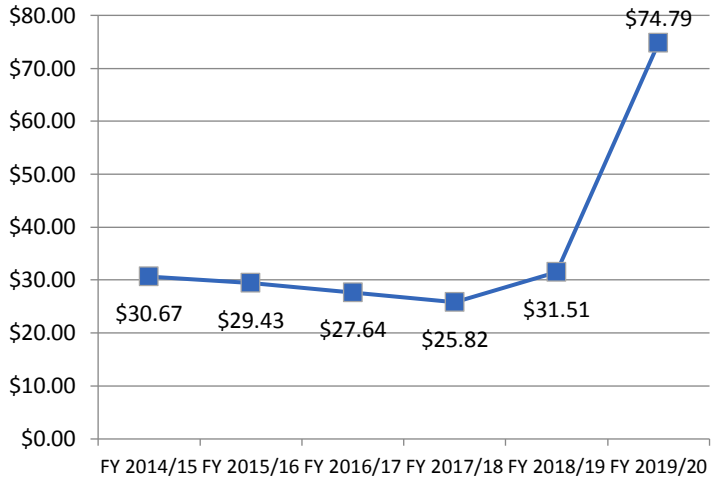


Exhibit 6.29 Demand-Response Passengers/VSH

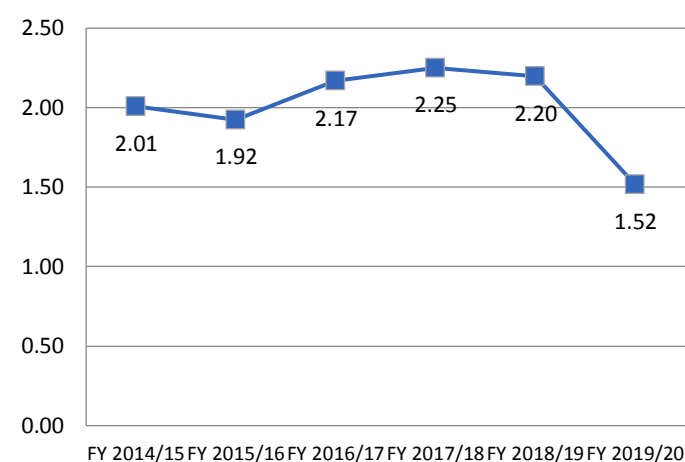


Exhibit 6.30 Demand-Response Passengers/VSM

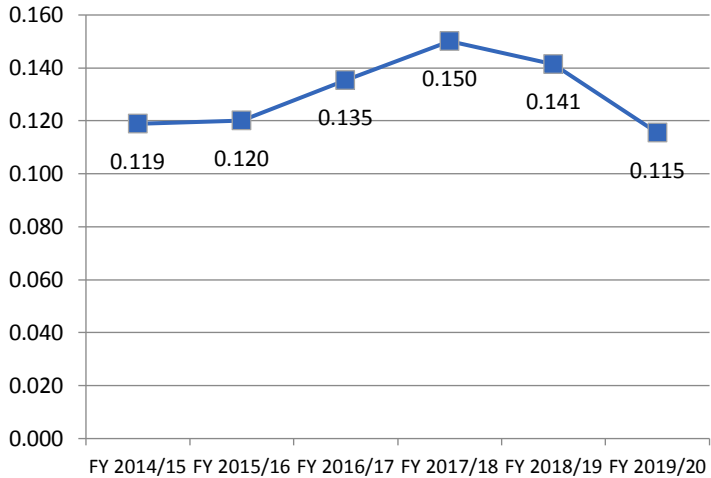


Exhibit 6.31 Demand-Response VSH/FTE

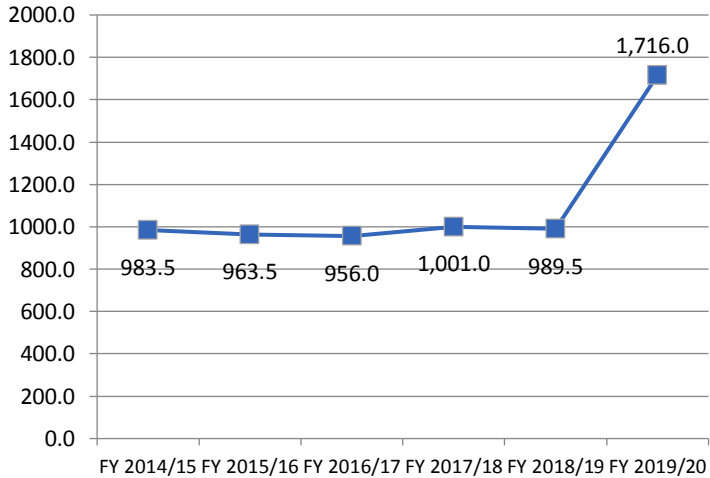


Exhibit 6.32 Demand-Response Farebox Recovery

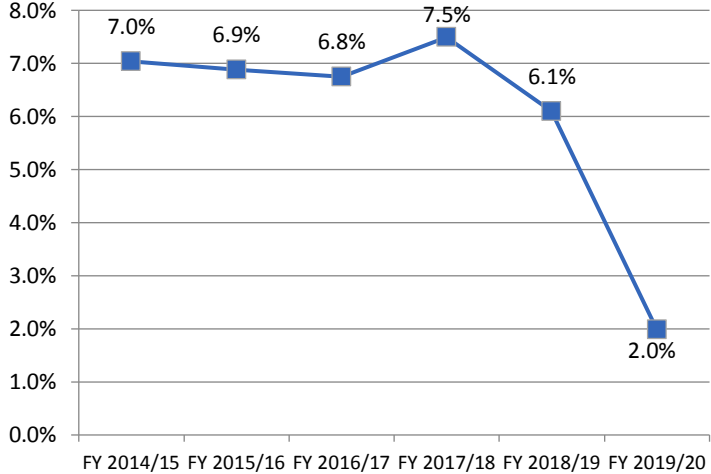
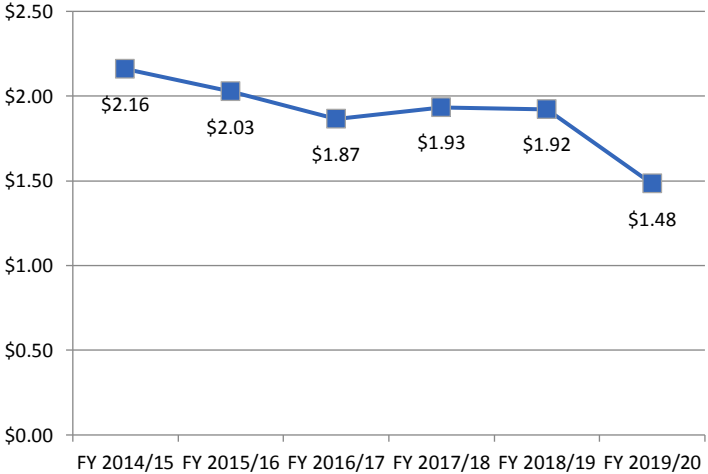


Exhibit 6.33 Demand-Response Fare/Passenger



This page intentionally blank.

Chapter 7 | Functional Review

A functional review of the County of Madera’s public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the County’s transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by the County of Madera through its transit program:

- General management and organization;
- Service planning;
- Scheduling, dispatch, and operations;
- Personnel management and training;
- Administration;
- Marketing and public information; and
- Fleet maintenance.

Service Overview

The County of Madera provides fixed-route and demand-response services to areas of Madera County outside of the cities of Chowchilla and Madera.

Madera County Connection (MCC) provides fixed-route service along four routes: Eastern Madera County (serving downtown Madera to South Fork via Oakhurst), College (serving Valley Children’s Hospital, Madera Community College, and downtown Madera), Eastin Arcola-Ripperdan-La Vina (serving the area primarily southwest of Madera), and Chowchilla-Fairmead (serving the Highway 99 corridor between Madera and Chowchilla via Fairmead). MCC service operates from approximately 6:00 a.m. to 9:30 p.m., Monday through Friday. MCC connects with other transit services in the area, including Fresno Area Express (FAX), Yosemite Area Regional Transportation System (YARTS), Chowchilla Area Transit (CATX), Madera Metro and Dial-A-Ride.



MCC also provides general public demand-response service to County areas surrounding the cities of Madera and Chowchilla. The cities are responsible for providing trips that start or end within city limits. MCC Madera Area Dial-A-Ride service is provided Monday through Friday from 7:00 a.m. to 6:30 p.m., Saturday from 9:00 a.m. to 4:00 p.m., and Sunday from 8:30 a.m. to 2:30 p.m. MCC Chowchilla Area Dial-A-Ride service is provided Monday through Friday from 8:30 a.m. to 3:30 p.m.

The County’s specialized services include the Senior Bus and Medical Escort Van programs. The Senior Bus program operates from 9:00 a.m. to 4:00 p.m., Monday through Friday. Residents of Ahwahnee, Bass

Lake, Coarsegold, and Oakhurst who are age 60 or older and persons with disabilities are eligible to use the service. Trips may be scheduled for any purpose. The Medical Escort Van program provides service to Madera, Fresno, and Clovis for residents of Ahwahnee, Bass Lake, Coarsegold, North Fork, and Oakhurst on Tuesdays and Thursdays, and for residents of Raymond on Wednesdays. While the trips are not eligibility-based, they are limited to doctor appointments and/or medical-related purposes. All Senior Bus and Escort trips are reservation-based. Senior Bus reservations must be placed the day before. Escort reservations must be requested 24 hours in advance and medical appointments must be scheduled for the morning.

Prior to FY 2019/20, the County’s transit service was provided under four separate contracts. MCC fixed-route service was contracted to Merced Transportation Company; Merced and Chowchilla county Dial-A-Ride services were contracted to the cities; and Senior Bus and Escort were contracted to the Community Action Partnership of Madera County (CAPMC). Beginning in FY 2019/20, the four separate contracts were consolidated under a single contract with the Fresno Economic Opportunities Commission (FEOC) for transit operations and maintenance.

Both the MCC fixed-route and Dial-A-Ride services accept cash fares as well as passes and ticket books. Fixed-route passes and ticket books can be purchased from the driver or at the County’s transit offices at 201 W. Almond Avenue in Madera. Dial-A-Ride ticket books can be purchased at the same locations. For the Senior Bus, cash fares are required upon boarding. Medical Escort fares may be paid by cash or check.

Exhibit 7.1 MCC Fixed-Route Fare Structure

Fare Type	Cost
Cash fare	\$2.00
Transfer to FAX	Free
Children 5 and under	Free
Book of 10 tickets	\$20.00
Monthly pass (unlimited rides)	\$40.00

Exhibit 7.2 Demand-Response Fare Structure

Fare Type	Cost
Dial-A-Ride general public one-way fare	\$3.00
Dial-A-Ride senior/disabled one-way fare	\$1.00
Dial-A-Ride children under 3	Free
Dial-A-Ride general public book of 20 tickets	\$40.00
Dial-A-Ride senior book of 10 tickets	\$5.00
Dial-A-Ride disabled book of 10 tickets	\$9.00
Senior Bus one-way fare (per person)	\$1.50
Senior Bus round trip fare (per person)	\$3.00
Escort round trip fare (per person)	\$10.00

General Management and Organization

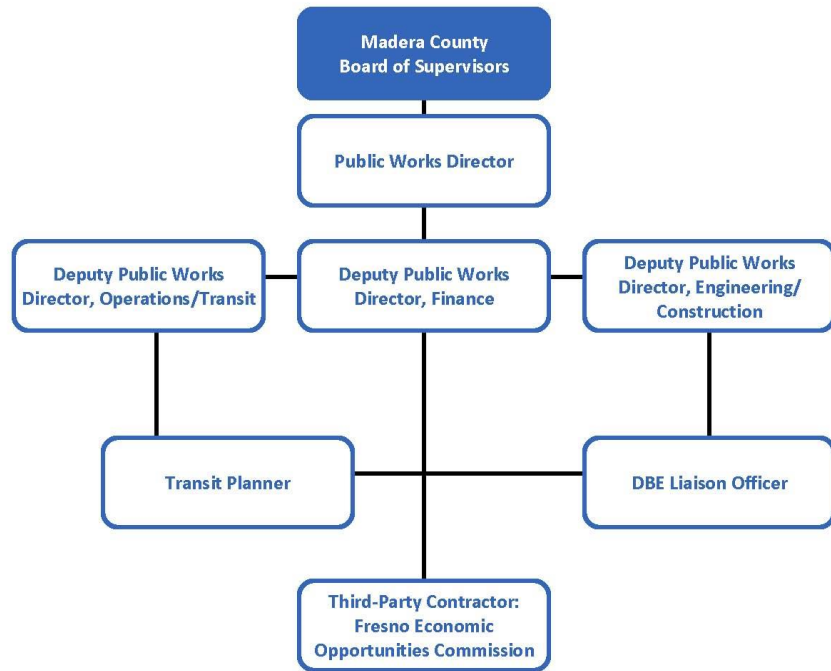
All County of Madera transit operations are currently contracted to the Fresno EOC. The Deputy Public Works Director, Operations/Transit oversees the transit programs, which are managed on behalf of the County by a transit consultant. The County has contracted with a transit consultant for more than ten years to provide contract oversight, grant management, and budgeting for its transit programs.

The transit consultant meets regularly with the transit operations contractor, each month at a minimum, with more informal contact typically occurring weekly. The operations contractor submits a comprehensive monthly performance report, which is reviewed by the transit consultant. The level of staffing currently provided at the County level is sufficient and is expected to remain so provided the system does not grow significantly. The transit consultant can also draw on additional County resources as necessary.

The County Board of Supervisors (BOS) is the policy-making entity for the County's transit programs. BOS meetings are held at 10:00 a.m. two Tuesdays per month in the Board Chambers of the County Administration Building in Madera. The BOS currently has shown specific interest with the M-Line service to the college, although this is on hold due to the COVID-19 pandemic. The County does not have a transit advisory board.

The Madera County Transportation Commission (MCTC) holds monthly Technical Advisory Committee (TAC) meetings and quarterly Transit meetings. The transit consultant currently attends TAC meetings. The transit consultant and operations contractor's transit manager attend the Transit meetings. Contractor representatives also attend annual TDA Article 8 "unmet transit needs" public hearings. The County belongs to the California Association for Coordinated Transportation (CalACT), which gives it access to professional development, networking and educational opportunities, and access to the CalACT/MBTA Purchasing Cooperative. The transit consultant also participates in meetings and activities of the Central California Transit Managers group and interacts with FTA and Caltrans staff as needed.

Exhibit 7.3 Organizational Chart



Source: County of Madera.

Budgeting for the County’s transit program is the responsibility of the transit consultant, who coordinates with County staff. The consultant compares actual versus forecast for the prior year and assesses what is anticipated in terms of service. The consultant also reviews the budget monthly compared to the contractor’s invoices and advises the County if a mid-year review is necessary.

Service Planning

MCTC produces a county-wide Short Range Transit Development Plan, which was last updated in March 2017. The County is aware of, and abides, by the goals and performance measures contained in that document. The County actively participates in the unmet transit needs process. The County is active with MCTC and provides inputs for their models.

The County has not undertaken any significant local service planning in recent years. For ad hoc changes, the transit consultant and operations contractor work together to identify areas warranting service due to development or increased activity level, such as at the local college which is monitored closely. There is also proactive action on the part of the Deputy Public Works Director to identify new residential developments through cooperation with the Planning department.

No fare changes were introduced during the audit period. Subsequent to the current audit period, the County introduced two additional morning and afternoon runs to its Madera – Eastin Arcola – Ripperdan – La Vina route. These extra trips were offered on a trial basis beginning July 1, 2020. They were discontinued due to lack of ridership in December 2020.

The County has a vehicle replacement program in effect and follows it robustly. During the audit period the County purchased eight new vehicles. Vehicles in service range from 2007 to 2020 models. All fixed-route and Senior Bus vehicles have two wheelchair spots and between seven and 15 capacity seating. Escort Vans have capacity of five seats and one wheelchair spot.

Scheduling, Dispatch, and Operations

The new operations contractor, Fresno EOC, retained all the same fixed-route and on-demand drivers from the prior contractor. Back-up drivers are available from pool drivers for FEOC's other contracts. The County believes this is a good structure and meets its staffing needs.

County drivers are assigned to routes on a seniority basis through a traditional bidding process. There are currently five full-time fixed-route drivers, one full-time and one part-time Dial-A-Ride driver, and one full-time Senior Bus driver. To reduce overtime, the County is discussing hiring one additional driver. There are no special requirements for drivers of particular routes or vehicles, so all drivers are trained to be on all routes or drive all vehicles.

Dispatching is done remotely from Fresno EOC's office in Fresno. A team of seven dispatchers cover all FEOC transportation contracts. One dispatcher was retained from the prior contract who is very familiar with Madera County and has helped train the other dispatchers. The operations contractor is currently working to add the County's services to its electronic dispatch program.

Drivers do not fill out timesheets but punch in and out with a timeclock. Direct deposit is available to all employees. All MCC buses are equipped with radios, first aid kits, fire extinguishers, back-up warning, horns, etc. MCC pre-trip inspections are conducted using pen and paper.

Revenue collection takes place at the County's Operations Office in Madera. All buses are equipped with vault-style fareboxes. Drivers pull the locked vaults and deliver them to the General Manager or Road Supervisor. The money is then reconciled in front of the driver. The General Manager or Road Supervisor takes the paperwork along with the vault and places it in a locked filing cabinet in an office with controlled access. Once the money is counted, it is taken to the Fresno EOC office in Fresno. The Fresno clerk counts again then prepares deposit slip. Bags are sealed and put in a safe. Two people take the money to the bank about twice a week. Fares are deducted from the County's invoice.

Risk management lies with the County. Fresno EOC is self-insured and also has a risk management department. If an injury occurs, the driver files a report at the time of the incident and collects the passenger's information. The transit manager pulls the onboard camera and reviews the video, involving senior operations staff as warranted. An incident report is generated and both the transit consultant and Deputy Public Works Director are notified. Law enforcement is advised as needed.

When a complaint is received, it is reviewed and discussed with appropriate parties. The complaint is documented via a formal complaint form and corrections are made as necessary. The transit manager addresses the incident immediately and follow ups with customers within a 72-hour period.

Personnel Management and Training

Fixed-route drivers in Madera are represented by the International Union of Operating Engineers (IUOE) Local 39. The Fresno and Madera DAR drivers are represented by Amalgamated Transit Union (ATU) Local 1027. The current transit operator would prefer to have a single union. Drivers and dispatchers have distinct functions and are recruited separately. Drivers are cross-trained to operate all routes. With Fresno EOC's pool of available drivers, there is never an issue with a back-up or stand-in driver. Full-time employees are offered a benefits package negotiated with the union. Typically, the starting pay has been a little low but the benefit package is competitive and serves to attract and retain drivers. The benefit program includes good health insurance coverage, keeping the employee contribution low; educational and professional development opportunities; life insurance; holiday pay (13 holidays); and an average of three weeks' vacation after a year of employment.

The County's training team consists of a state certified instructor and her assistant. Fresno EOC's general manager is also a state-certified instructor and serves as a backup trainer. Fresno EOC has a dedicated training program with both classroom and behind-the-wheel training. Retraining is available at the County's operations facility as needed. The contractor holds monthly safety meetings, and trainers provide quarterly training opportunities. All drivers receive first aid and CPR training.

Employee performance evaluations are used to set goals to provide opportunities for professional development (CPR renewal, defensive driving, etc.). The union contracts outline progressive disciplinary policies.

Marketing and Public Information

Current marketing collateral includes separate brochures for MCC, Senior Bus, and the Escort Van program. MCC's website (www.mcctransit.com) features a trip planning function and provides news alerts. In 2018, MCC began partnering with Swiftly App to provide customers with real-time information about bus routes. Fresno EOC maintains a user-friendly website with information about all Madera County Connection services. Senior Bus and Escort Van brochures are also provided on the County's website (<https://www.maderactc.org/transportation/page/public-transportation-providers>). The County's website does not include any information about the Madera and Chowchilla Area Dial-A-Ride services. The MCTC website mentions both programs, but links back to the main MCC site.

All program brochures are available on all service vehicles and distributed throughout the county, at seven different locations. Eastern Madera County Transportation Services are promoted primarily through the County's website and word-of-mouth.

Maintenance

The County owns all of the transit vehicles used to provide its transit services, with maintenance provided by the operations contractor. Fresno EOC does the majority of its fleet maintenance at its Fresno facility. Some major work (such as engine rebuilds and transmission work) are outsourced to a local vendor. The County is satisfied with the adequacy of the contractor’s maintenance capabilities. Maintenance does not conflict with regular vehicle use as there are sufficient spare vehicles available.



The maintenance program is designed to track warranty work. MCC is currently using Impulse software program that tracks daily mileage and several levels of inspection (A/oil change, etc. through D/transmission).

Exhibit 7.4 County of Madera Transit Fleet

Vehicle #	Model Year	Make/Model	Fuel Type	Capacity	Mileage (12/1/20)	Service	Status
15-01	2015	Ford E-450 Starcraft Allstar	Gas	15+2	255,421	MCC/DAR	Backup
15-02	2015	Ford E-450 Starcraft Allstar	Gas	15+2	221,884	MCC/DAR	Backup
15-03	2015	Ford E-450 Starcraft Allstar	Gas	15+2	229,840	MCC/DAR	Backup
19-01	2019	Ford E-450 Starcraft Allstar	Gas	15+2	71,111	MCC/DAR	Active
19-02	2019	Ford E-450 Starcraft Allstar	Gas	15+2	73,208	MCC/DAR	Active
20-01	2020	Ford E-450 Starcraft Allstar	Gas	15+2	TBD	MCC/DAR	Active
20-02	2020	Ford E-450 Starcraft Allstar	Gas	15+2	TBD	MCC/DAR	Active
20-03	2020	Ford E-450 Starcraft Allstar	Gas	15+2	TBD	MCC/DAR	Active
20-04	2020	Ford E-450 Starcraft Allstar	Gas	15+2	TBD	MCC/DAR	Active
408	2015	Ford E-450 Starcraft Allstar	Gas	15+2	104,399	Senior Bus	Backup
19-03	2019	Ford E-450 Starcraft Allstar	Gas	15+2	27,022	Senior Bus	Active
T-101	2011	Dodge Grand Caravan	Gas	5+1	153,301	Escort	Active
T-102	2018	National Amerivan (low-floor)	Gas	5+1	9,569	Escort	Active

Impact of the COVID-19 Pandemic

MCC is committed to caring for the well-being of its staff and passengers during this unprecedented pandemic. MCC has increased cleaning and sanitizing of facilities; increased cleaning and sanitized of all vehicles three to four times per day; posted a “Stop the Spread of Germs” signage on all vehicles; and provided disinfectant wipes, gloves, and PPE to all staff and drivers.

This page intentionally blank.

Chapter 8 | Findings and Recommendations

Conclusions

The County of Madera does not receive any TDA Article 4 funds for transit and has not historically been required to be in compliance with the requirements of the Transportation Development Act. Three findings that would normally be considered compliance findings during a Triennial Performance Audit have been identified, as well as one functional finding. Recommendations intended to improve the effectiveness and efficiency of the operator are detailed below.

Findings

Based on discussions with County staff, analysis of program performance, and an audit of program compliance and function, the audit team presents three compliance findings:

1. The County of Madera did not meet the TDA farebox recovery ratio requirement during any year of the audit period.
2. The County of Madera did not submit its TDA fiscal audits within the stipulated timeframe.
3. It is unclear as to whether the County of Madera met either of the STA efficiency standards, thereby being eligible to use its full STA allocation for operating purposes.

The audit team has identified three functional findings. While these findings are not compliance findings, the audit team believes they warrant inclusion in this audit:

1. The County does not currently receive FTA Section 5307 funding claimed by the City of Madera, even though it is entitled to a share of that funding.
2. The County reports full-time equivalent (FTE) employees incorrectly to the State Controller, though it has demonstrated use of the TDA definition.
3. Operating cost is reported inconsistently to the State Controller and National Transit Database.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the County of Madera's public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance.

The Madera County Transportation Commission requested the County be included in its Triennial Performance Audit process to support a comprehensive and objective review to provide objective insights into program performance. As such, the same tests of compliance will be applied to the County as if it received TDA Article 4 funds.

Compliance Finding 1: The County of Madera did not meet the TDA farebox recovery ratio requirement during any year of the audit period.

Criteria: PUC 99268.4 states that transit operators serving non-urbanized areas must maintain a ratio of fare revenues to operating cost at least equal to one-tenth, or 10 percent. PUC 99268.5 states that transit operators providing exclusive services for seniors and persons with disabilities must also maintain a farebox recovery ratio of 10 percent.

Condition:

One of the challenges of determining compliance with the farebox recovery ratio is the lack of a detailed farebox recovery ratio calculation in the annual TDA fiscal audit. A separate recommendation has been included in MCTC's audit recommending the TDA fiscal auditor include this information (inclusive of all supplemental revenues and allowable exclusions) in each transit operator's annual TDA audit.

Cause: Failure to maintain the required farebox recovery ratio can have a number of causes. These include insufficient ridership to generate sufficient fare revenues, increased operating costs, lack of supplemental locally generated revenues, or a combination of causes. In FY 2019/20, the COVID-19 pandemic significantly impacted the farebox recovery ratio. However, in response to the pandemic, AB 90 waived penalties for not meeting the farebox recovery ratio threshold for FY 2019/20 and FY 2020/21.

Effect: Regardless of the cause, failing to maintain the minimum farebox recovery ratio results in the operator being out of compliance with the TDA and, except for a one-time grace year, makes the operator subject to a financial penalty as discussed in CCR 6633.9.

Recommendation: Work toward meeting the 10 percent farebox recovery ratio requirement stipulated by the TDA.

Recommended Action: This recommendation is complicated for a number of reasons, the first of which is the COVID-19 pandemic. While the farebox recovery ratio penalty has been waived statewide for FY 2019/20 and FY 2020/21, social distancing requirements, capacity limitations, and reduced ridership are likely to continue into the next fiscal year. As such, it is unknown as to whether there will be an additional year for which the penalty is waived, whether federal CARES Act funding (some of which is intended to backfill lost fare revenue) will be allowed to be counted toward the farebox recovery ratio, or if further progress will be made toward the implementation of alternative performance measures and/or the elimination of the financial penalty. Regardless, across the next audit period, the County should continue to work to improve its farebox recovery ratio to meet the TDA requirement by increasing fare revenues, identifying supplemental revenues that can be applied to the farebox recovery ratio calculation, and controlling operating expenses. Supplemental revenues are locally generated funds that may include general fund contributions, developer fees, revenue from the sale of surplus vehicles, advertising revenues, interest income, rental/lease income, etc. The County should also bear in mind that operating costs and fare revenues for a pilot or demonstration project can be excluded from the farebox recovery ratio calculation if desired, provided the conditions of PUC 99268.8 are met.

Timeline: Beginning with FY 2021/22, or as soon as is feasible considering the COVID-19 pandemic.

Anticipated Cost: Variable.

Compliance Finding 2: The County of Madera did not submit its TDA fiscal audits within the stipulated timeframe.

Criteria: PUC 99245 requires the RTPA ensure a fiscal audit of TDA funds within 180 days following the end of the fiscal year (generally December 31). The RTPA may grant an extension of up to 90 days (generally March 31) as it deems necessary.

Condition: In Madera County, the MCTC contracts for the single-year TDA fiscal audits for all transit operators. However, none of the operator audits were completed or submitted within the allowable 270-day period. This is due primarily to the late start of the auditors, who for FY 2019/20 had not started the audits at the time this report was prepared.

Cause: The cause for the late submittals is likely two-fold. First, the auditor may not contractually be held to the TDA-stipulated deadline, and therefore has no incentive to complete the audits by March 31. Second, the transit operators (cities and county) may close out their own books too late to complete the TDA audits by March 31.

Effect: Late submittal of the TDA fiscal audits, regardless of the cause, results in the transit operator and the RTPA being out of compliance with the TDA.

Recommendation: Work with the County's Finance department to ensure the County's financial reporting is completed in a timely manner, thereby enabling the TDA fiscal audit to be completed within the established timeframe.

Recommended Action: It is not the County's responsibility to ensure on-time completion of the TDA fiscal audits when contracted by the RTPA.³ However, the County should ensure it can provide the required financial information to MCTC's auditor in a timely enough manner that the auditor is able to complete the TDA fiscal audit on time. Transit staff should ensure County financial staff are aware of the time constraint specific to transit under the TDA. Typically, local government agencies have until March 31 to file their audits for the prior fiscal year.⁴ This can create problems in filing TDA fiscal audits if County Finance staff are unaware of the earlier deadline for transit operators.

Timeline: Beginning with TDA fiscal audits for FY 2020/21. Alternately, if the County has an existing contract with an auditor, revisions to contracted timelines should be incorporated when the contract is renewed or rebid.

Anticipated Cost: Negligible.

³ A corresponding finding has been included in the FY 2018 – FY 2020 TDA Triennial Performance Audit of MCTC.

⁴ Due to COVID-19, that deadline was extended by six months for FY 2018/19 and FY 2019/20 audits. However, the requirement for transit operators was not extended for FY 2019/20.

Compliance Finding 3: It is unclear as to whether the County of Madera met either of the STA efficiency standards, thereby being eligible to use its full STA allocation for operating purposes.

Criteria: PUC 99314.6 sets forth qualifying criteria for using State Transit Assistance (STA) funds for operating purposes. The transit operator must meet at least one of two efficiency standards in order to use its full allocation for operating purposes. If the operator does not meet either efficiency standard, the amount available for operating is reduced by the lowest percentage by which the cost per revenue hours exceeded the target amount necessary to meet the efficiency standard. This remaining portion of the allocation may only be used for capital purposes.

Condition: The audit team was unable to determine, based on the data available, whether the County met either of the qualifying tests for the three years of the audit period. It is also unclear as to whether the County used its full STA allocation for operating purposes or if any of it was applied to capital purposes.

Cause: This was caused by the RTPA failing to incorporate the test of efficiency standards into its TDA claims process.⁵

Effect: The County of Madera may have been allowed to use funds for operating purposes that should have been restricted to capital uses.

Recommendation: Ensure one or both efficiency standards are met before claiming the full allocation of STA funding for operations.

Recommended Action: Working with the RTPA, the County should ensure it meets one or both STA efficiency standards before claiming the full allocation of STA funding for operating purposes. If the County does not meet either standard, then the balance will need to be used for capital purposes only.⁶

AB 90, in addition to waiving the penalty for noncompliance with the farebox recovery ratio for two years, also waived the STA qualifying test for FY 2020/21 and FY 2021/22. Therefore this recommendation will not be relevant until 2022/23.

Timeline: Beginning with STA allocations for FY 2022/23.

Anticipated Cost: Variable.

Functional Finding 1: The County of Madera does not receive the share of FTA Section 5307 (urbanized area) funding to which it is entitled.

Criteria: Both “Financial and Grants Management” and “Communications with Other Government Agencies” are included as functional areas to be reviewed as part of the Triennial Performance Audit.

⁵ A similar recommendation has been included in MCTC’s FY 2018 – FY 2020 Triennial Performance Audit.

⁶ A full discussion of how to test for STA eligibility using the efficiency standards is included in MCTC’s FY 2018 – FY 2020 Triennial Performance Audit.

Condition: As it provides service within the Madera Urbanized Area, the County of Madera is entitled to a share of the FTA 5307 (urbanized area) funding claimed by the City of Madera. Prior to FY 2019/20, the County purchased transportation services from the City to provide demand-response service within the unincorporated areas surrounding the city of Madera. The County’s share of Section 5307 funding could be retained by the City as payment for services. However, in FY 2019/20, the County consolidated its services into a single contract and no longer purchased services from the City. As a result, the City has not passed through to the County funding it is entitled to under FTA Section 5307.

According to the RTPA, initial guidance from the FTA was for the City to reimburse the County using local funds, thereby retaining the federal funds. This would be the simplest solution. A far more complicated solution would entail the County becoming an official subrecipient to the City, which would result in significantly more reporting and compliance requirements for the County and added oversight responsibilities for the City. No action has yet been taken.

Cause: A combination of changes in the County’s operations contract and recent turnover in City staffing likely contributed to the failure to resolve this issue.

Effect: The County is not receiving the share of FTA Section 5307 funding to which it is entitled.

Recommendation: The City and the County should work together to ensure the County receives the Section 5307 funding to which it is entitled.

Recommended Action: The City and County (and RTPA, if desired) should work together to identify an appropriate split for the County’s share of the funding. Making the County a formal subrecipient to the City is not recommended at this time. Rather, the audit team recommends the City follow the FTA’s guidance with respect to how the funding should be passed through to the County. As an FTA direct recipient, the City should work closely with the FTA to ensure all actions are in compliance with federal guidance.

Timeline: FY 2020/21, or depending on funding source for the County share. It should include funding for FY 2019/20 as soon as is allowable, and for future shares based on the receipt of funds by the City.

Anticipated Cost: Equivalent to the County’s share of FTA Section 5307 funding as determined by the City and County.

Functional Finding 2: The County reports full-time equivalent (FTE) employees incorrectly to the State Controller, though it has demonstrated use of the TDA definition.

Criteria: PUC 99247(j) identifies “full-time equivalent” (FTE) using the assumption that 2,000 annual labor hours constitutes one employee.

Condition: In documentation provided during this audit, the County has demonstrated an understanding of how to calculate FTE by mode based on the TDA definition. However, State Controller Reports do not reflect these calculations.

	FY 2017/18	FY 2018/19	FY 2019/20
County-provided calculation			
Fixed-route	6.54	6.46	6.25
Demand-response	1.74	1.72	2.04
Total	8.28	8.18	8.39
State Controller Reports			
Fixed-route	8	8	10
Demand-response	3	3	2
Total	11	11	12
Based on headcount*			
Fixed-route	8.5	10.5	7.0
Demand-response	2.3	2.4	5.0
Total	10.8	12.9	12.0

**Headcount does not include County hours, only contractor hours.*

While the County’s FTE is calculated using decimals, data can only be reported to the State Controller as whole numbers. When rounding is taken into account, total FTE should range from eight to 10 depending on how mode-specific numbers are rounded. However, the data actually reported is not consistent with either the calculated FTE or a person-count (headcount).

Cause: The most common cause of the disconnect between calculation and reporting is a lack of communication between the individual who calculates FTE and participates in the Triennial Performance Audit and the individual responsible for filing the State Controller Report.

Effect: This can result in incorrect data reported to the State Controller.

Recommendation: The County should ensure the FTE data reported on its State Controller Report is consistent with the TDA definition.

Recommended Action: The County’s transit consultant should work directly with the individual preparing the State Controller Report so that there is a clear understanding of how full-time equivalents should both be calculated and reported.

Timeline: FY 2020/21 reporting to the State Controller.

Anticipated Cost: None.

Functional Finding 3: Operating cost is reported inconsistently to the State Controller and National Transit Database.

Criteria: Operating cost is reported to the National Transit Database and State Controller on an annual basis. This data reflects the cost of operating the transit program excluding capital costs.

Condition: In FY 2017/18 and FY 2018/19, the operating cost reported to the National Transit Database was 54.3 percent and 46.3 percent lower than that reported to the State Controller, even once depreciation is excluded from the operating cost. In FY 2019/20, operating cost was reported more consistently, with a variance of just 2.4 percent between the two reports.

Cause: The cause of the inconsistent reporting is unclear. The audit team could not determine which costs may have been excluded from the NTD reporting.

Effect: When operating cost is not reported consistently, it can be difficult to determine what the actual operating cost is. This can result in confusion regarding the farebox recovery ratio.

Recommendation: Ensure operating cost reported to the National Transit Database and State Controller is consistent.

Recommended Action: Operating cost reported to the National Transit Database and State Controller should be consistent and based on actual expenses. While there may be some costs that are not reported to one of these entities, it should be relatively easy to determine where the difference lies.

Another related action that may help with farebox recovery ratio calculation is the inclusion of a compliance assessment specific to farebox recovery ratio in the TDA fiscal audit. Given MCTC contracts for these audits, this recommendation is included within MCTC's FY 2018 – FY 2020 Triennial Performance Audit.

Timeline: FY 2020/21.

Anticipated Cost: Negligible.

Exhibit 8.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work toward meeting the 10 percent farebox recovery ratio requirement stipulated by the TDA.	High	FY 2021/22
2	Work with the County’s Finance department to ensure the County’s financial reporting is completed in a timely manner, thereby enabling the TDA fiscal audit to be completed within the established timeframe	Medium	FY 2020/21
3	Ensure one or both efficiency standards are met before claiming the full allocation of STA funding for operations.	Medium	F 2022/23
Functional Recommendations		Importance	Timeline
1	The City and the County should work together to ensure the County receives the Section 5307 funding to which it is entitled.	High	FY 2020/21
2	The County should ensure the FTE data reported on its State Controller Report is consistent with the TDA definition.	Medium	FY 2020/21
3	Ensure operating cost reported to the National Transit Database and State Controller is consistent.	High	FY 2020/21