



Madera County Transportation Commission

Triennial Performance Audit, FY 2018 - FY 2020 City 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	9
Chapter 4 Prior Recommendations	13
Chapter 5 Data Reporting Analysis	19
Chapter 6 Performance Analysis	23
Chapter 7 Functional Review	41
Chapter 8 Findings and Recommendations	49

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.....	21
Exhibit 6.1 System Performance Indicators	27
Exhibit 6.2 System Ridership	28
Exhibit 6.3 System Operating Cost/VSH	28
Exhibit 6.4 System Operating Cost/VSM.....	28
Exhibit 6.5 System VSM/VSH.....	28
Exhibit 6.6 System Operating Cost/Passenger	29
Exhibit 6.7 System Passengers/VSH	29
Exhibit 6.8 System Passengers/VSM.....	29
Exhibit 6.9 System VSH/FTE	29
Exhibit 6.10 System Farebox Recovery	30
Exhibit 6.11 System Fare/Passenger.....	30
Exhibit 6.12 Fixed-Route Performance Indicators.....	32
Exhibit 6.13 Fixed-Route Ridership.....	33
Exhibit 6.14 Fixed-Route Operating Cost/VSH	33
Exhibit 6.15 Fixed-Route Operating Cost/VSM	33
Exhibit 6.16 Fixed-Route VSM/VSH	33
Exhibit 6.17 Fixed-Route Operating Cost/Passenger.....	34
Exhibit 6.18 Fixed-Route Passengers/VSH	34
Exhibit 6.19 Fixed-Route Passengers/VSM	34
Exhibit 6.20 Fixed-Route VSH/FTE.....	34
Exhibit 6.21 Fixed-Route Farebox Recovery.....	35
Exhibit 6.22 Fixed-Route Fare/Passenger	35
Exhibit 6.23 Demand-Response Performance Indicators	37
Exhibit 6.24 Demand-Response Ridership	38
Exhibit 6.25 Demand-Response Operating Cost/VSH.....	38
Exhibit 6.26 Demand-Response Operating Cost/VSM.....	38
Exhibit 6.27 Demand-Response VSM/VSH.....	38
Exhibit 6.28 Demand-Response Operating Cost/Passenger	39
Exhibit 6.29 Demand-Response Passengers/VSH.....	39
Exhibit 6.30 Demand-Response Passengers/VSM.....	39
Exhibit 6.31 Demand-Response VSH/FTE	39
Exhibit 6.32 Demand-Response Farebox Recovery	40
Exhibit 6.33 Demand-Response Fare/Passenger.....	40
Exhibit 7.1 Fixed-Route Fare Structure	42
Exhibit 7.2 Demand-Response Fare Structure	42

Exhibit 7.3 Organizational Chart..... 43
Exhibit 7.4 City of Madera Transit Fleet 47
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 City 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 City 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 Triennial Performance Audit of the City of Madera.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City 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 City of Madera's public transit program for the period:

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

The City of Madera currently provides local fixed-route and general public demand-response service. During the audit period, fixed-route service, marketed as Madera Metro, consisted of three routes operating between 7:00 a.m. and 6:30 p.m. on weekdays and between 9:00 a.m. and 4:00 p.m. on Saturday. No service is provided on six designated holidays.

General public Dial-A-Ride service mirrors fixed-route service hours, but is also available on Sunday from 8:30 a.m. to 2:30 p.m. Certified ADA customers receive priority Dial-A-Ride service. Curb-to-curb service is provided within city limits as well as to areas of the county south of Avenue 13, east of Road 29, north of Ellis Street, and west of Road 24½. Customers are advised to call at least one day in advance, but service is provided on a space-available basis for reservations made two hours prior to the requested pick-up time. A 30-minute pick-up window is provided, and drivers will wait no more than five minutes at the pick-up location. Subscription trips are also available.

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 City of Madera does not use TDA Article 4 funds, but does receive Article 8 funds, some of which are used for transit. Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. The City of Madera did not meet the TDA farebox recovery ratio requirement during any year of the audit period.
2. The City did not submit its TDA fiscal audits within the stipulated timeframe.

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 five recommendations:

1. [Identify and implement strategies for increasing ridership and fare revenue so as to achieve the mandated 15 percent farebox recovery ratio.](#)
Status: Partially implemented.
2. [Work with City staff responsible for preparing State Controller Reports to ensure submittal confirmations are appropriately saved for easy retrieval during Triennial Performance Audits.](#)
Status: Not implemented.
3. [Develop and utilize a process to ensure data is compiled and reported consistently.](#)
Status: Not implemented.

4. The operations contractor should improve its security with respect to cash handling.
Status: No longer relevant.

5. Prepare and implement a marketing plan to support growth in ridership and fare revenue.
Status: Implemented.

Findings and Recommendations

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

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

1. The City of Madera does not pass through the share of FTA Section 5307 (urbanized area) funding to which the County of Madera is entitled.
2. The City does not report performance data consistently on internal and external reports.

In completing this Triennial Performance Audit, we submit the following recommendations for the City 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 triennial audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work toward meeting the farebox recovery ratio requirement stipulated by the TDA.	High	FY 2021/22
2	Work with the City’s Finance department to ensure the City’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
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	Develop and utilize a process to ensure data is compiled and reported consistently.	High	FY 2020/21

Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City 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 City 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 City 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 City 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 City 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 City of Madera included thorough review of documents relevant to the scope of the audit, as well as information contained on the City'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 audit included a virtual site visit with City of Madera representatives on January 15, 2021. The audit team met with Ivette Iraheta (Grants Administrator), David Huff (Transit Manager), Michelle Avalos (Grants Specialist), Randy Collins (Maintenance Operations Manager), and Annie Self (MV Transportation General Manager), 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 City 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 City of Madera does not use any TDA Article 4 funding for transit and is not statutorily required to be audited, nor has it traditionally been held to the requirements of the TDA. However, the Madera County Transportation Commission (MCTC), as the RTPA, requested the City 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 City staff 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.

Two compliance items were identified for the City of Madera:

1. The City of Madera did not meet the TDA farebox recovery ratio requirement during any year of the audit period.
2. The City did not submit its TDA fiscal audits within the stipulated timeframe.

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.

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 15, 2019 FY 2018/19: January 22, 2020 FY 2019/20: January 27, 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: September 16, 2019 FY 2018/19: August 5, 2020 FY 2019/20: <i>Pending</i>
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	April 12, 2017 April 5, 2018 March 28, 2019 March 24, 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 in compliance	FY 2017/18: 13.69% FY 2018/19: 9.71% FY 2019/20: 6.97%
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 City 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: +4.45% FY 2018/19: -2.42% FY 2019/20: +13.04%
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
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 blended (urbanized/non-urbanized) environment.

*Also a finding for MCTC.

Compliance Element	Reference	Compliance	Comments
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 applicable	The transit program does not operate in a rural environment.
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 applicable	The transit program does not provide services limited to seniors and persons with disabilities.
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	City 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	In compliance	
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	

Chapter 4 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the City 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 five recommendations:

1. [Identify and implement strategies for increasing ridership and fare revenue so as to achieve the mandated 15 percent farebox recovery ratio.](#)

Discussion: PUC Section 99268 says if an operator serves urbanized and non-urbanized areas, it must maintain a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA. Given the City provides some service to the County areas surrounding the city limits of Madera, the TDA allows MCTC to determine an alternative farebox recovery ratio. Since the City does not operate a separate eligibility-based service for seniors and persons with disabilities, the system-wide farebox recovery goal should be 15 percent to achieve compliance with the 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.

The prior auditor noted it was difficult to determine the City’s actual farebox recovery ratio due to the way financial data was reported on various internal and external reports. System-wide farebox recovery ranged between 11.4 percent and 18.0 percent (based on data reported to the State Controller) and between 7.0 percent and 10.9 percent (based on data reported to the NTD).

The auditor also noted it was unclear as to whether the revenues identified as “non-transportation revenues” in the City’s State Controller Reports or “Directly Generated Revenues” in the NTD reports were eligible to be counted as local subsidies, but observed that the farebox recovery would likely still fall short even if these other funds were taken into account.

The prior audit recommended the City identify and implement strategies that can be used to increase its system-wide farebox recovery ratio to 15 percent. These strategies could include targeted marketing of the fixed-route service, a fare increase, or a reassessment of service delivery to transition to a more robust fixed-route service and convert the Dial-A-Ride program to an eligibility-based service for seniors and persons with disabilities. The City 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 City should ensure any revenues from the sale of surplus vehicles (such as the 2009 vehicle currently being prepared for auction) are counted as local revenues and applied toward the farebox recovery ratio.

Finally, the auditor noted the City should also clearly identify what revenues are being claimed as fare revenue (i.e., cash fares, ticket sales, Area Agency on Aging contribution, Madera Community College contribution) and what other revenues can be counted toward farebox recovery.

Progress: The City received a grant for a robust outreach program which included rebranding, outreach, and marketing. Since the prior audit, the City has developed a new name and logo for its transit program, developed a marketing plan, purchased branded promotional items, created a Facebook account separate from the City, and published new brochures. A significant amount of direct outreach to promote the service was planned for the community and the college. However, this was impacted by the COVID-19 pandemic, and the City was not able to conduct most of the outreach it had planned.

Status: Partially implemented.

2. [Work with City staff responsible for preparing State Controller Reports to ensure submittal confirmations are appropriately saved for easy retrieval during Triennial Performance Audits.](#)

Discussion: Public Utilities Code Section 99243 requires transit operators in receipt of TDA Article 4 funds to submit annual reports to the State Controller within 90 days following the end of the fiscal year (110 days if filing electronically). Effective for FY 2016/17 reporting, that deadline was changed to seven months following the end of the fiscal year (or January 31 of the following year). During the prior audit, the City could not provide a submittal date for its FY 2016/17 submittal.

The prior audit noted the manner in which State Controller Reports are submitted results in the dated submittal confirmation being separate from the .pdf version of the report itself. Therefore the submittal confirmation may not be filed with the report and may become misfiled or lost, and timely submittal of the report cannot be verified. In addition, given the Finance Department completes the form and the Grants Department is responsible for overseeing transit, a lack of communication between the two departments can result in information not being communicated in a timely manner.

The prior auditor recommended all City staff responsible for preparing the State Controller Report be mindful of submittal deadlines and ensure timely submittal of the reports is documented. It recommended the City have a designated electronic and/or physical location where documentation can be maintained and easily located. This storage location should be consistent and should be able to be accessed by both the Finance Department (which prepares the report) and the Grants Department (which manages transit).

At the time of the prior audit, the City's Transit Manager repeatedly contacted the Finance Department to confirm the submittal date for the FY 2016/17 report. However, she was unable to secure the information in a timely manner as the Finance Department was working with a new software system and her request was not given priority.

Progress: There have been significant personnel changes since the prior audit. The current Transit Manager has been in the position since April 2020, having served in the Parks Department for five years. The current Grants Specialist has been with the Grants Department for two years, though she has a total of 18 years with the City. In addition, there has been turnover in the Finance Department, with a new Finance Director starting in January 2020 and a new Finance Manager shortly after that. As such, there has been little continuity with respect to reporting. City staff have had difficulty locating signature pages for the State Controller Reports and risked missing the deadline for the FY 2019/20 report due to the staffing changes.

Status: Not implemented.

3. [Develop and utilize a process to ensure data is compiled and reported consistently.](#)

Discussion: Operators report performance data using multiple formats (State Controller and NTD reports, as well as internal reports and audits). While data may be prepared at different times and using slightly different definitions, it should be able to be tracked consistently across multiple formats. During the preparation of the prior audit, it was difficult to determine, based on the documents provided, accurate performance measures and cost figures for the City's transit program. While the underlying methodology appeared sound, the manner of reporting the data on the documents provided was inconsistent.

The prior auditor recommended the City develop a process (which may involve investing in data management software) to support record-keeping regarding all performance data specific to National Transit Database, State Controller, and internal City reports. The system should also clearly document what additional revenues can be applied to the farebox recovery ratio. The State Controller's Uniform System of Accounts for Public Transit Operators (available on the State Controller's website) should be utilized to determine how revenues should be categorized. The City's Finance department may need to coordinate with the State Controller to determine how some locally generated revenues should be reported.

Progress: The City currently utilizes several separate systems for collecting transit financial and operational data. The contractor uses Simpli to collect operational data for Dial-A-Ride, but collects operational data for the fixed-route service manually. The City uses the Munis platform to manage all of its financial data. However, it does not appear there is a single unified system for managing transit data, or even two separate systems (one for financial data and one for operating data).

It was very difficult to determine an accurate farebox recovery ratio for each year in the audit period as different data appears to be used in different reports. The matrix below compares the calculated farebox recovery ratio using the financial data provided in NTD reports, State Controller Reports, TDA fiscal audits, and the City's annual budgets (actuals).

	FY 2017/18	FY 2018/19	FY 2019/20
NTD Reports	7.26%	9.60%	4.88%
State Controller Reports	13.69%	9.71%	Unavailable
TDA Fiscal Audits	8.09%	9.17%	Unavailable
Annual Budgets (Actuals)	6.09%	7.04%	Unavailable

Status: Not implemented.

4. **The operations contractor should improve its security with respect to cash handling.**

Discussion: One transit operator function evaluated as part of the Triennial Performance Audit is Revenue Collection and Cash Management. During the site visit for the prior audit, the audit team discussed with City staff the operations contractor’s procedure for handling cash fares collected during transit operations. The process, as described, seemed sufficiently secure for the size of the operation. City staff noted that revenues were stored in a bag which was stored in a lockbox. However, when the audit team toured the operations facility, it noted a locked cash bag sitting in the open on a chair in the general manager’s office. The office door was open and the bag was clearly visible from outside the office. It was unclear as to whether the bag contained money at that time. While the bag was not visible from the customer service counter and was as far from the exit door as possible, it was not in a secure location.

The prior audit recommended the operations contractor improve its security with respect to cash handling to ensure all revenue collection materials (including empty locked cash bags) are securely stored in a locked box or cabinet except during cash counting and transportation.

Progress: Since the prior audit, two things have occurred to render this recommendation moot. The first is the relocation of the transit offices to the new Transit Center, which has a dedicated camera-equipped fare room. The new fare room will be used for all cash-counting activities once the City begins collecting fares again (this was paused during the COVID-19 pandemic).

The second is a change in operations contractors. Since the recommendation was specific to the prior operations contractor, it does not apply to the new operations contractor.

Status: No longer relevant.

5. **Prepare and implement a marketing plan to support growth in ridership and fare revenue.**

Discussion: One transit operator function evaluated as part of the Triennial Performance Audit is Revenue Marketing and Public Information. Effective marketing and outreach can also play a critical role in growing ridership and fare revenue, which can have a direct impact on meeting farebox recovery goals. At the time of the prior audit, the City conducted limited marketing and outreach. While service brochures were available online, they were not generally available in print, and access to them throughout the community was very limited. Other outreach efforts

had been modest. The City had recently been selected for a public outreach grant, which would fund additional marketing and outreach activities.

The prior auditor recommended, upon award of the City's public outreach grant, the City undertake the development of a marketing plan to guide grant-funded activities as well as activities that may extend beyond the scope or funding horizon of the grant. The primary focus of the marketing plan should be the City's fixed-route service. It should include updating the existing service brochures; distribution of brochures throughout the community (including the Intermodal Transit Center, senior center, Madera Community College, medical facilities, library, city hall, other City facilities, etc.); a coordinated approach to social media that includes information of interest as well as rider/service alerts; and opportunities for outreach, as well as activities identified in the City's grant application. The marketing plan should also include mechanisms for evaluating the effectiveness of various strategies.

Progress: Since the prior audit, the City not only prepared and began implementation of a Marketing Plan, but also completed a service rebranding. Full implementation of the outreach component of the Marketing Plan was impacted by the COVID-19 pandemic, but is still planned to resume when it is safe to do so.

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 City of Madera both internally as well as to outside entities during the audit period.

There were significant inconsistencies with respect to much of the reported data. This was an issue during the prior audit as well, and one of the prior recommendations advised the City to “develop and utilize a process to ensure data is compiled and reported consistently.” That recommendation was not implemented, and continued concerns regarding data will ensure the recommendation is carried over into this audit report.

- **Operating cost:** At no time during the last three years has operating cost been reported consistently between the TDA fiscal audit, NTD report, and State Controller Report. In FY 2017/18, there was a variance of 42.3 percent between the amount reported to the State Controller and the amount reported to the NTD, with the amount in the TDA fiscal audit in between the two. In FY 2018/19, the amounts reported to the NTD and in the TDA fiscal audit had a variance of just one percent, though both exceeded the amount reported to the State Controller by approximately 24 percent. In FY 2019/20, only the NTD and State Controller Reports were available for review. The NTD report reported an amount more than 168 percent greater than the State Controller Report. With no “official” operating cost, neither cost-related performance metrics or the farebox recovery ratio can be accurately calculated.

It is possible there are operating costs that are included in some reports but not others, but the audit team was unable to identify if this was the case given the data provided. A clear accounting of operating cost in the TDA fiscal audits (discussed in Chapter 8) would be extremely beneficial in addressing this issue.

- **Fare Revenue:** There have also been inconsistencies in reporting fare revenues. The NTD report breaks down fares as “passenger-paid” and “organization-paid,” while the State Controller Report includes fields for “passenger fares” and the TDA fiscal audit uses the category “charges for service.” However, none of these amounts are consistent with one another.

In FY 2017/18, fare revenues reported to the NTD and by the TDA fiscal auditor were consistent, but were 41.4 percent lower than that reported to the State Controller. In FY 2018/19, the amount reported to the NTD was 37 percent higher than that reported by the TDA fiscal auditor, with the amount in the State Controller Report in between the two. In FY 2019/20, only the NTD and State Controller Reports were available, but the two figures had a variance of more than 45 percent.

- **Vehicle Service Hours (VSH):** With respect to VSH, two of the three reports were generally consistent with the third slightly different. In FY 2017/18, the NTD and State Controller Reports were consistent, but were 3.7 percent lower than the monthly performance reports. In FY 2018/19 and FY 2019/20, the State Controller Reports were generally consistent with the monthly performance reports, with the data reported to the NTD somewhat higher (11.7 percent and 13.8 percent, respectively). Staff preparing the reports should be mindful to report actual revenue hours rather than total hours, which could contribute to the higher figures.
- **Vehicle Service Miles (VSM):** The same pattern observed with respect to VSH was also noted with respect to VSM. In FY 2017/18, the NTD and State Controller Reports were consistent, but were 4.4 percent lower than the monthly performance reports. In FY 2018/19 and FY 2019/20, the State Controller Reports were generally consistent with the monthly performance reports, with the data reported to the NTD somewhat different (2.9 percent lower and 4.9 percent higher, respectively). Staff preparing the reports should be careful to report actual revenue miles rather than total miles, which could contribute to variances in the figures.
- **Passengers:** Ridership was reported fairly consistently in FY 2017/18 and FY 2019/20. However, in FY 2018/19, there was a significant variance (as much as 29.1 percent) between that reported in the monthly performance reports and to the NTD and that reported to the State Controller. The higher ridership appears in both the fixed-route and demand-response reporting, so it cannot be attributed to a single mode.
- **Full-Time Equivalent (FTE) Employees:** It was difficult to evaluate FTE, given the change in operations contractor during FY 2018/19. However, data was provided by the City and the operations contractor for FY 2019/20. The City demonstrated use of the proper definition of FTE, and both contractor and City hours were included in reporting to the State Controller. The variation may be explained by rounding given only whole numbers are allowable on the State Controller Report.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2017/18	FY 2018/19	FY 2019/20
Operating Cost (Actual \$)			
<i>TDA Fiscal Audit</i>	\$1,924,968	\$2,171,609	<i>Pending</i>
<i>National Transit Database</i>	\$2,134,957	\$2,149,875	\$4,612,999
<i>State Controller Report</i>	\$1,499,881	\$1,748,078	\$1,719,276
Fare Revenue (Actual \$)			
<i>TDA Fiscal Audit</i>	\$119,063	\$126,870	<i>Pending</i>
<i>National Transit Database</i>	\$119,063	\$173,846	\$170,728
<i>State Controller Report</i>	\$203,280	\$136,554	\$117,071
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	27,695	26,339	22,683
<i>National Transit Database</i>	26,674	29,432	25,823
<i>State Controller Report</i>	26,674	26,485	22,861
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	369,457	354,077	299,359
<i>National Transit Database</i>	353,873	344,227	313,930
<i>State Controller Report</i>	353,873	353,873	300,084
Passengers			
<i>Monthly Performance Reports</i>	143,599	113,020	95,386
<i>National Transit Database</i>	143,788	110,631	95,471
<i>State Controller Report</i>	143,788	142,855	95,326
Full-Time Equivalent Employees			
<i>State Controller Report</i>	23	23	28
<i>Per TDA methodology</i>	<i>Not provided</i>	<i>Not provided</i>	26

This page intentionally blank.

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 City of Madera, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the City's audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses. However, the significant variance between reports called into question which one accurately reflects the costs for the City's transit services.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via State Controller Reports for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts. Fare revenue data reported to the State Controller may not reflect other revenues reported as fare revenue to the NTD.
- Vehicle Service Hours (VSH) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The City calculates VSH using driver trip sheets. The City'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 City 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 City'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 confirmed.

System Performance Trends

Data from NTD reports was used to evaluate performance trends, as it provided financial data segregated by mode. However, given the discrepancies in the performance data discussed in Chapter 5, these observations may be different than those using data from another source.

Systemwide, operating cost increased dramatically across the last six years. Operating costs rose 46.9 percent between FY 2014/15 and FY 2018/19, yet more than doubled between FY 2018/19 and FY 2019/20. While a new operations and maintenance contract in December 2019 likely contributed to increased operating costs in the last two years of the audit period, they do not explain the astronomical increase reported to the NTD.

Fare revenues experienced a 46 percent increase in FY 2018/19. This appears to have been due to an increase in organization-paid fares, which was sustained into FY 2019/20 (even though fare revenues decreased slightly).

Vehicle service hours (VSH) and vehicle service miles (VSM) fluctuated across the past six years. VSH had a net increase of 5.0 percent, peaking in FY 2016/17 and again in FY 2018/19. VSM peaked in FY 2016/17 but declined through FY 2019/20, resulting in a net decrease of 10.4 percent. Despite a brief rebound in FY 2017/18, ridership declined steadily throughout the past six years, ultimately resulting in a net decrease of 44.5 percent. (Even before the COVID-19 pandemic began in FY 2019/20, ridership had experienced a net decline of 35.7 percent.)

Cost-related metrics generally increased throughout the audit period, with significant increases in FY 2019/20 due to the spike in operating costs. Declining ridership contributed to steadily increasing operating cost per passenger, while operating cost per VSH improved in FY 2018/19 before increasing again in FY 2019/20. This indicates a decline in efficiency. Passenger-related metrics declined as ridership fell, indicating a decrease in productivity.

The farebox recovery ratio has remained below the 15 percent required for the City's blended service area. In FY 2019/20, the increased operating cost resulted in a system farebox recovery ratio of just 3.7 percent.

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 \$)	\$1,463,733	\$1,748,386	\$1,873,235	\$2,134,957	\$2,149,875	\$4,612,999
<i>Annual Change</i>		19.4%	7.1%	14.0%	0.7%	114.6%
Fare Revenue (Actual \$)	\$121,694	\$117,052	\$107,015	\$119,063	\$173,846	\$170,728
<i>Annual Change</i>		-3.8%	-8.6%	11.3%	46.0%	-1.8%
Vehicle Service Hours (VSH)	24,595	25,575	28,218	26,674	29,432	25,823
<i>Annual Change</i>		4.0%	10.3%	-5.5%	10.3%	-12.3%
Vehicle Service Miles (VSM)	350,303	346,864	366,748	353,873	344,227	313,930
<i>Annual Change</i>		-1.0%	5.7%	-3.5%	-2.7%	-8.8%
Passengers	171,998	147,536	138,663	143,788	110,631	95,471
<i>Annual Change</i>		-14.2%	-6.0%	3.7%	-23.1%	-13.7%
Employees	24	24	23	23	23	28
<i>Annual Change</i>		0.0%	-4.2%	0.0%	0.0%	21.7%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$59.51	\$68.36	\$66.38	\$80.04	\$73.05	\$178.64
<i>Annual Change</i>		14.9%	-2.9%	20.6%	-8.7%	144.6%
Operating Cost/Passenger (Actual \$)	\$8.51	\$11.85	\$13.51	\$14.85	\$19.43	\$48.32
<i>Annual Change</i>		39.3%	14.0%	9.9%	30.9%	148.6%
Passengers/VSH	6.99	5.77	4.91	5.39	3.76	3.70
<i>Annual Change</i>		-17.5%	-14.8%	9.7%	-30.3%	-1.6%
Passengers/VSM	0.49	0.43	0.38	0.41	0.32	0.30
<i>Annual Change</i>		-13.4%	-11.1%	7.5%	-20.9%	-5.4%
Farebox Recovery	8.3%	6.7%	5.7%	5.6%	8.1%	3.7%
<i>Annual Change</i>		-19.5%	-14.7%	-2.4%	45.0%	-54.2%
Hours/Employee	1024.8	1065.6	1226.9	1,159.7	1,279.7	922.3
<i>Annual Change</i>		4.0%	15.1%	-5.5%	10.3%	-27.9%
TDA Non-Required Indicators						
Operating Cost/VSM	\$4.18	\$5.04	\$5.11	\$6.03	\$6.25	\$14.69
<i>Annual Change</i>		20.6%	1.3%	18.1%	3.5%	135.3%
VSM/VSH	14.24	13.56	13.00	13.27	11.70	12.16
<i>Annual Change</i>		-4.8%	-4.2%	2.1%	-11.8%	3.9%
Fare/Passenger	\$0.71	\$0.79	\$0.77	\$0.83	\$1.57	\$1.79
<i>Annual Change</i>		12.1%	-2.7%	7.3%	89.8%	13.8%

Exhibit 6.2 System Ridership

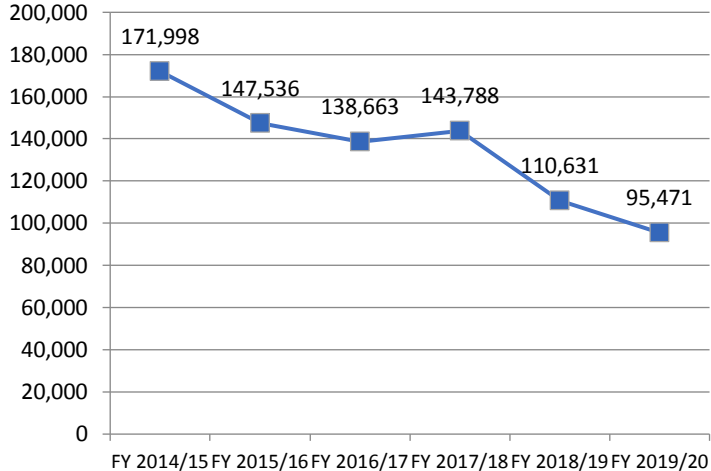


Exhibit 6.3 System Operating Cost/VSH

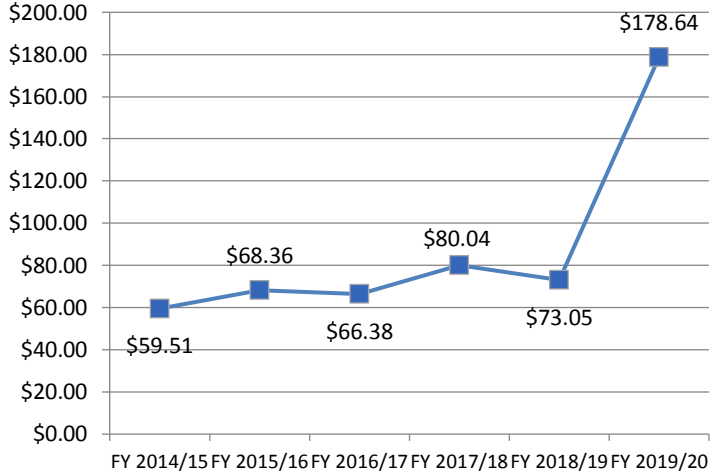


Exhibit 6.4 System Operating Cost/VSM

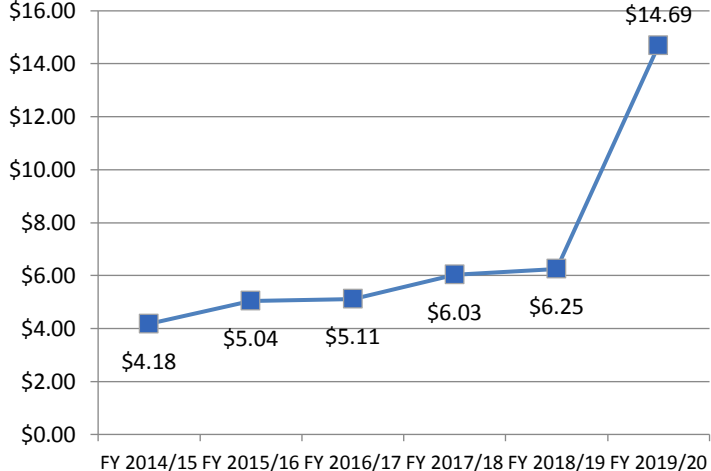


Exhibit 6.5 System VSM/VSH

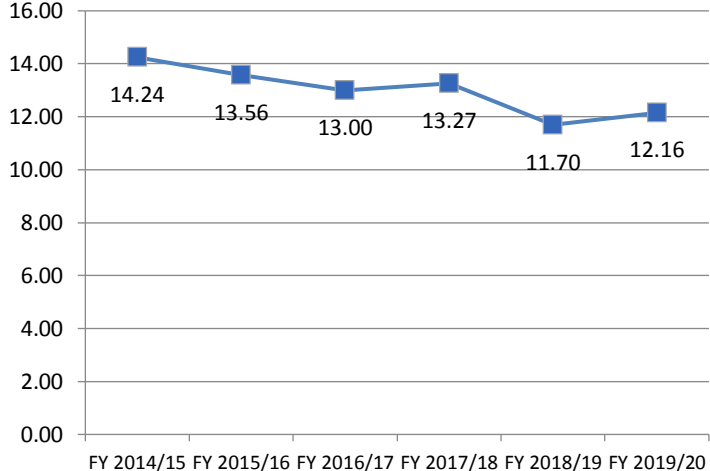


Exhibit 6.6 System Operating Cost/Passenger

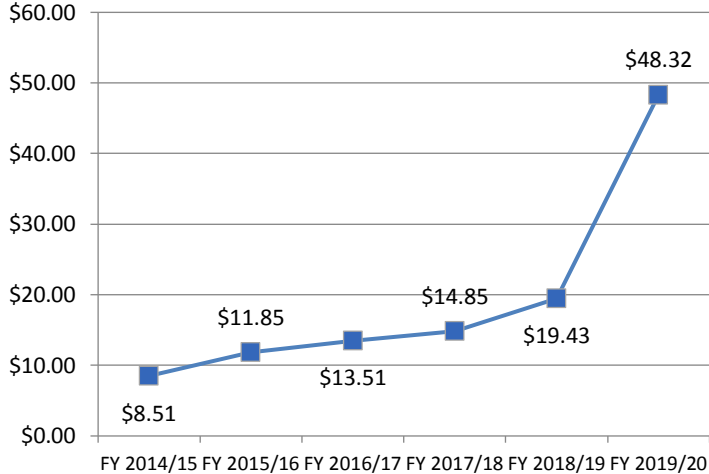


Exhibit 6.7 System Passengers/VSH

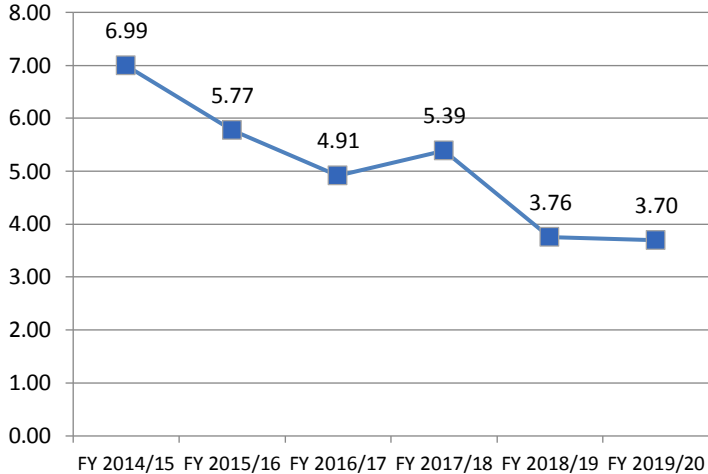


Exhibit 6.8 System Passengers/VSM

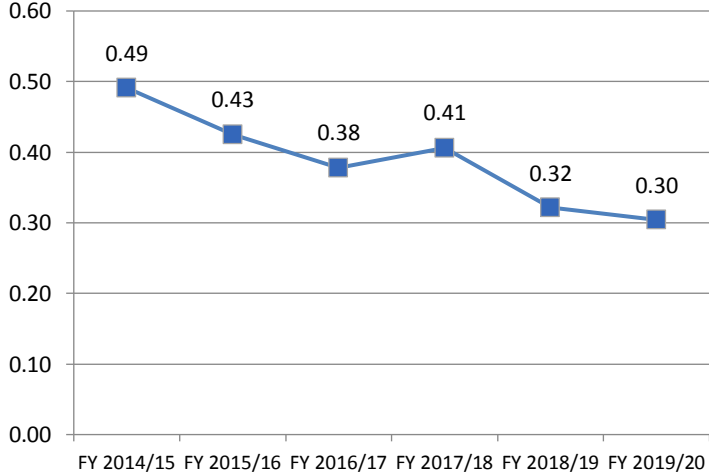


Exhibit 6.9 System VSH/FTE

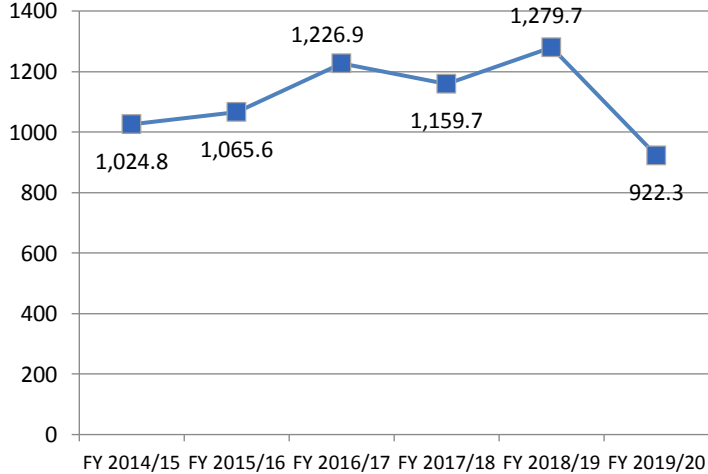


Exhibit 6.10 System Farebox Recovery

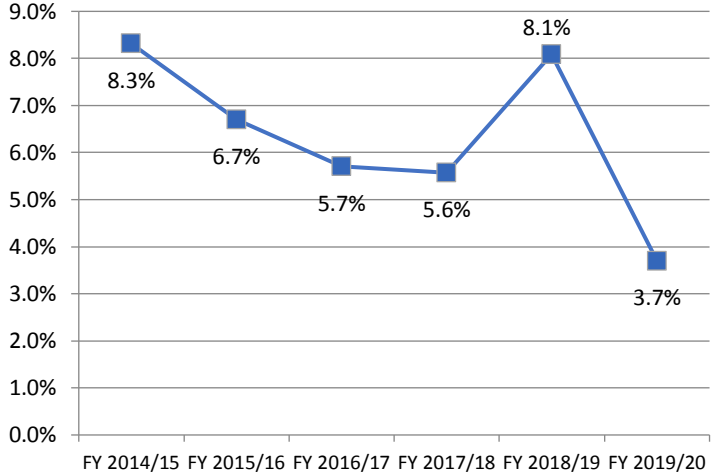
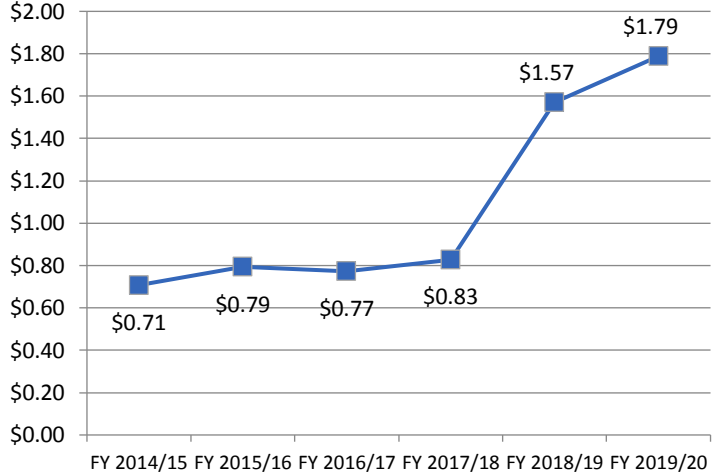


Exhibit 6.11 System Fare/Passenger



Fixed-Route Performance Trends

Fixed-route operating cost has also increased dramatically across the last six years. Operating costs rose 49.8 percent between FY 2014/15 and FY 2018/19, then a whopping 164.8 percent between FY 2018/19 and FY 2019/20. While a new operations and maintenance contract in December 2019 likely contributed to increased operating costs in the last two years of the audit period, they do not explain the astronomical increase reported to the NTD.

Fare revenues experienced a 29.6 percent increase in FY 2018/19. This appears to have been due to an increase in organization-paid fares, which was sustained into FY 2019/20 (even though fare revenues saw no change).

Vehicle service hours (VSH) and vehicle service miles (VSM) generally increased across the past six years. VSH had a net increase of 41.4 percent, with FY 2019/20 the only year in which this metric declined (likely due to the impact of the COVID-19 pandemic). VSM experienced a net increase of 47.9 percent, with virtually no change between FY 2018/19 and FY 2019/20. Ridership, however, decreased each year except for FY 2017/18, resulting in a net decrease of 31.8 percent between FY 2014/15 and FY 2018/19, and a further 7.7 percent decrease in FY 2019/20 (likely due in part to the pandemic).

Cost-related metrics generally increased throughout the audit period, with significant increases in FY 2019/20 due to the spike in operating costs. Declining ridership contributed to steadily increasing operating cost per passenger, while operating cost per VSH improved in FY 2018/19 before increasing again in FY 2019/20. This indicates a decline in efficiency. Passenger-related metrics declined as ridership fell, indicating a decrease in productivity.

The farebox recovery ratio has remained below the 15 percent required for the City's blended service area, though it improved steadily between FY 2016/17 and FY 2018/19 (increasing from 8.9 percent to 11.9 percent). In FY 2019/20, the significant increase in operating cost caused the fixed-route farebox recovery ratio to drop to 4.5 percent.

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 \$)	\$712,624	\$846,617	\$945,588	\$1,067,811	\$1,067,697	\$2,826,999
<i>Annual Change</i>		18.8%	11.7%	12.9%	0.0%	164.8%
Fare Revenue (Actual \$)	\$91,262	\$89,244	\$84,283	\$97,935	\$126,876	\$126,868
<i>Annual Change</i>		-2.2%	-5.6%	16.2%	29.6%	0.0%
Vehicle Service Hours (VSH)	12,575	12,560	14,864	15,495	19,119	17,776
<i>Annual Change</i>		-0.1%	18.3%	4.2%	23.4%	-7.0%
Vehicle Service Miles (VSM)	163,507	171,428	197,570	204,726	242,305	241,800
<i>Annual Change</i>		4.8%	15.2%	3.6%	18.4%	-0.2%
Passengers	131,493	108,391	103,002	111,564	89,650	82,716
<i>Annual Change</i>		-17.6%	-5.0%	8.3%	-19.6%	-7.7%
Employees	11	11	11	11	11	14
<i>Annual Change</i>		0.0%	0.0%	0.0%	0.0%	27.3%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$56.67	\$67.41	\$63.62	\$68.91	\$55.84	\$159.03
<i>Annual Change</i>		18.9%	-5.6%	8.3%	-19.0%	184.8%
Operating Cost/Passenger (Actual \$)	\$5.42	\$7.81	\$9.18	\$9.57	\$11.91	\$34.18
<i>Annual Change</i>		44.1%	17.5%	4.3%	24.4%	187.0%
Passengers/VSH	10.46	8.63	6.93	7.20	4.69	4.65
<i>Annual Change</i>		-17.5%	-19.7%	3.9%	-34.9%	-0.8%
Passengers/VSM	0.80	0.63	0.52	0.54	0.37	0.34
<i>Annual Change</i>		-21.4%	-17.5%	4.5%	-32.1%	-7.5%
Farebox Recovery	12.8%	10.5%	8.9%	9.2%	11.9%	4.5%
<i>Annual Change</i>		-17.7%	-15.4%	2.9%	29.6%	-62.2%
Hours/Employee	1143.2	1141.8	1351.3	1408.6	1738.1	1269.7
<i>Annual Change</i>		-0.1%	18.3%	4.2%	23.4%	-26.9%
TDA Non-Required Indicators						
Operating Cost/VSM	\$4.36	\$4.94	\$4.79	\$5.22	\$4.41	\$11.69
<i>Annual Change</i>		13.3%	-3.1%	9.0%	-15.5%	165.3%
VSM/VSH	13.00	13.65	13.29	13.21	12.67	13.60
<i>Annual Change</i>		5.0%	-2.6%	-0.6%	-4.1%	7.3%
Fare/Passenger	\$0.69	\$0.82	\$0.82	\$0.88	\$1.42	\$1.53
<i>Annual Change</i>		18.6%	-0.6%	7.3%	61.2%	8.4%

Exhibit 6.13 Fixed-Route Ridership

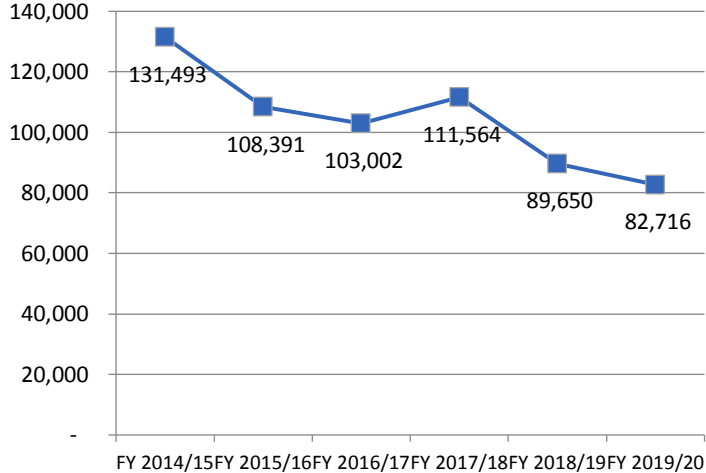


Exhibit 6.14 Fixed-Route Operating Cost/VSH

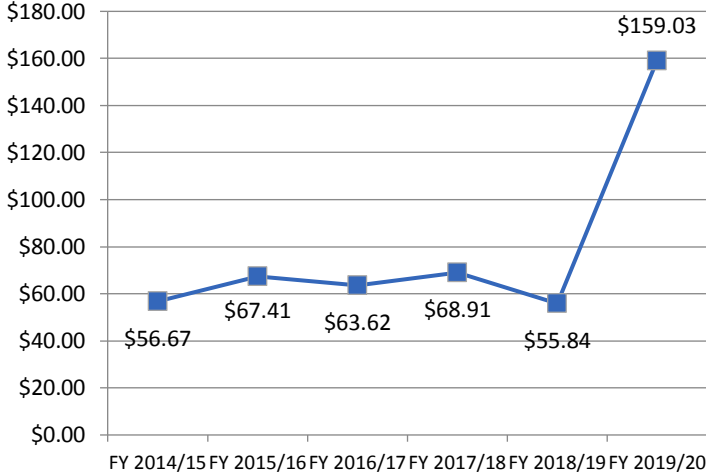


Exhibit 6.15 Fixed-Route Operating Cost/VSM

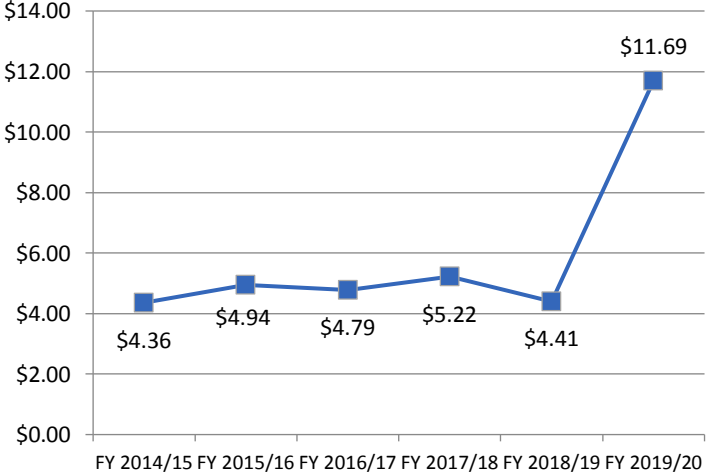


Exhibit 6.16 Fixed-Route VSM/VSH

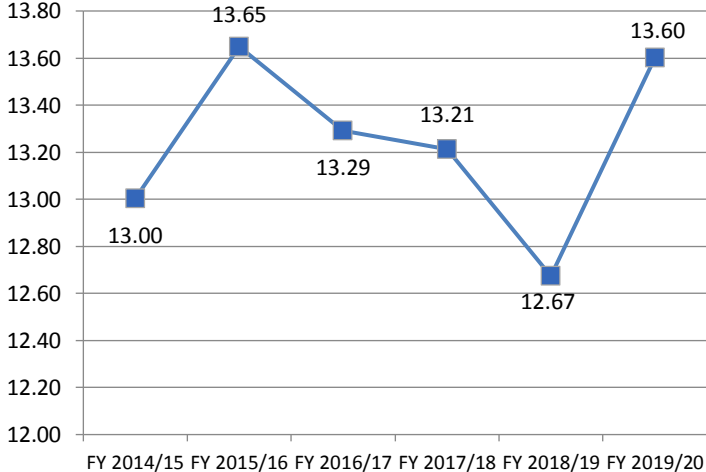


Exhibit 6.17 Fixed-Route Operating Cost/Passenger

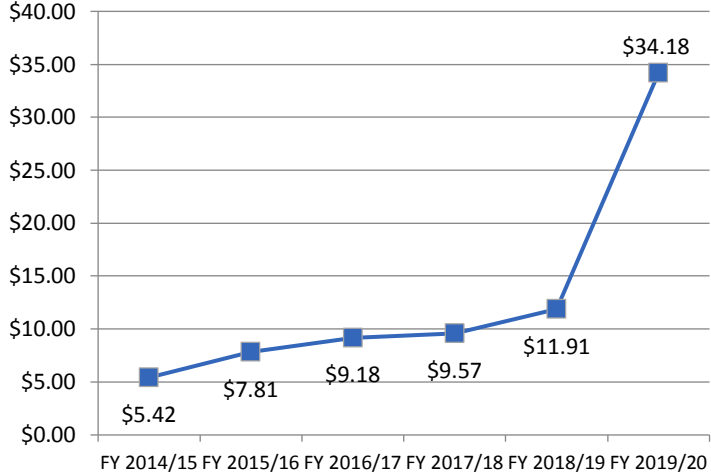


Exhibit 6.18 Fixed-Route Passengers/VSH

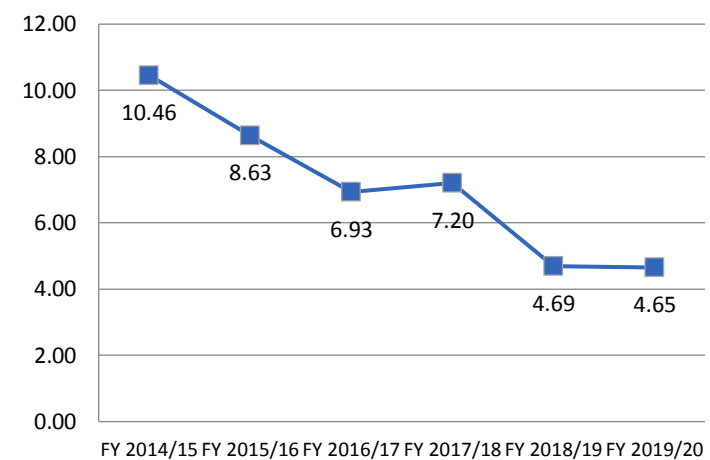


Exhibit 6.19 Fixed-Route Passengers/VSM

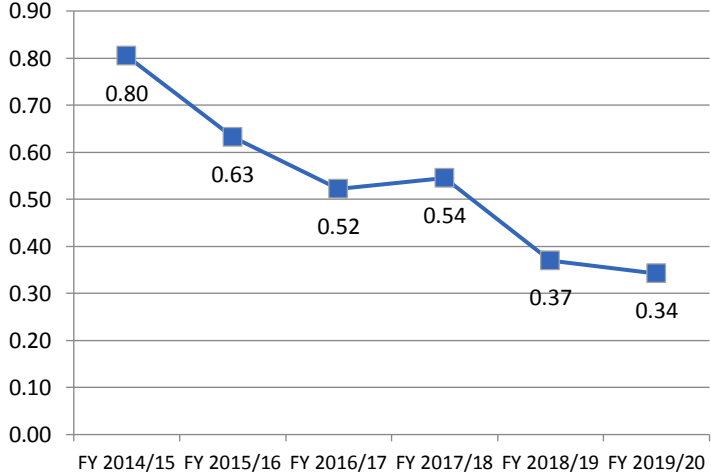


Exhibit 6.20 Fixed-Route VSH/FTE

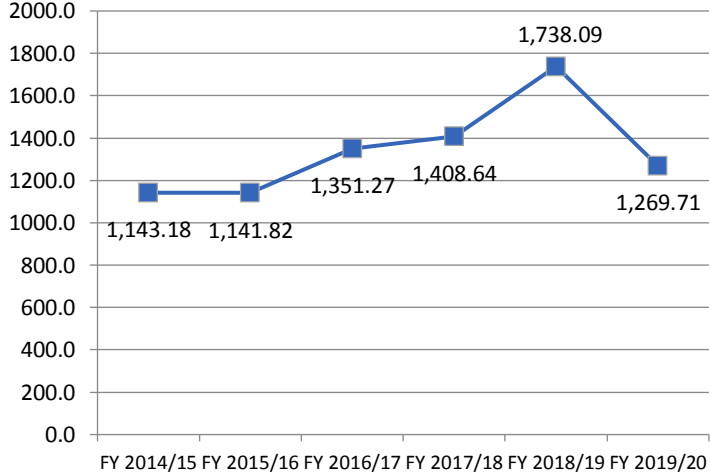


Exhibit 6.21 Fixed-Route Farebox Recovery

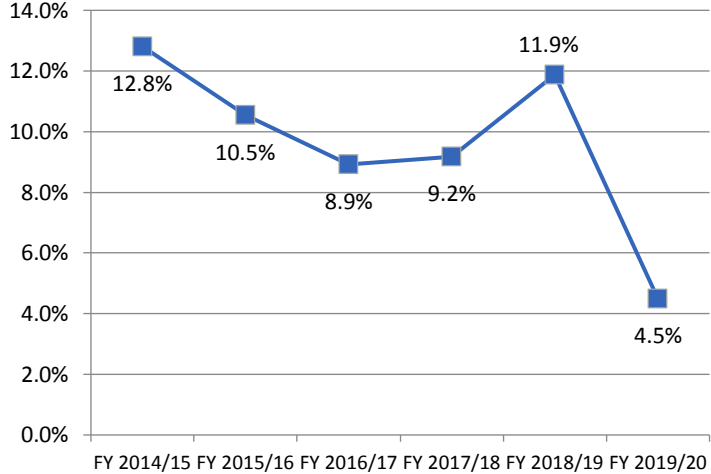
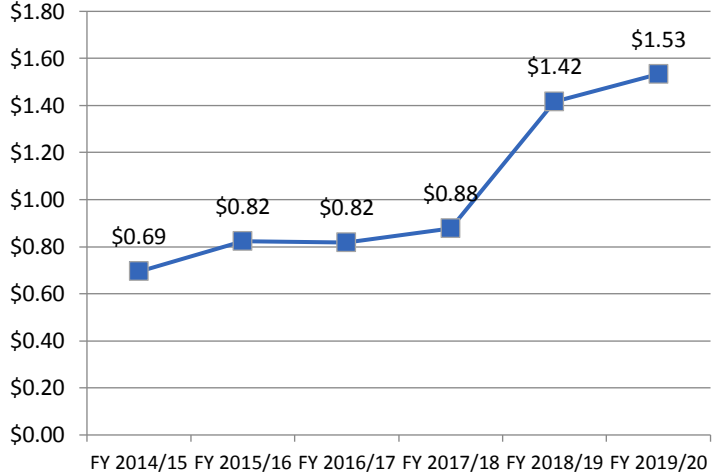


Exhibit 6.22 Fixed-Route Fare/Passenger



Demand-Response Performance Trends

Demand-response operating cost has also increased across the last six years, although not as significantly as the fixed-route costs. Operating costs rose 44.1 percent between FY 2014/15 and FY 2018/19, then another 65 percent between FY 2018/19 and FY 2019/20. While a new operations and maintenance contract in December 2019 likely contributed to increased operating costs in the last two years of the audit period, this does not explain the astronomical increase reported to the NTD.

Fare revenues experienced a 122.3 percent increase in FY 2018/19, likely due to an increase in organization-paid fares. This was sustained into FY 2019/20 (even though fare revenues declined by 6.6 percent).

Vehicle service hours (VSH) and vehicle service miles (VSM) generally decreased across the past six years. VSH had a net decrease of 33.1 percent, with all of the declines occurring during the audit period. VSM experienced a net decline of 61.4 percent, steadily decreasing during the audit period. Ridership also decreased each year, with significant losses in FY 2018/19 (34.9 percent) and FY 2019/20 (39.2 percent), only some of which can be attributed to the pandemic.

Cost-related metrics increased throughout the audit period, with significant increases in FY 2019/20 due to the spike in operating costs. This indicates a decline in efficiency. Passenger-related metrics declined as ridership fell, indicating a decrease in productivity.

The farebox recovery ratio has remained below the 15 percent required for the City's blended service area, though it improved in 2018/19 (increasing from 2.0 percent to 4.3 percent). In FY 2019/20, the significant increase in operating cost caused the demand-response farebox recovery ratio to drop to 2.5 percent.

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 \$)	\$751,109	\$901,769	\$927,647	\$1,067,146	\$1,082,178	\$1,786,000
<i>Annual Change</i>		20.1%	2.9%	15.0%	1.4%	65.0%
Fare Revenue (Actual \$)	\$30,432	\$27,808	\$22,732	\$21,128	\$46,970	\$43,860
<i>Annual Change</i>		-8.6%	-18.3%	-7.1%	122.3%	-6.6%
Vehicle Service Hours (VSH)	12,020	13,015	13,354	11,179	10,313	8,047
<i>Annual Change</i>		8.3%	2.6%	-16.3%	-7.7%	-22.0%
Vehicle Service Miles (VSM)	186,796	175,436	169,178	149,147	101,922	72,130
<i>Annual Change</i>		-6.1%	-3.6%	-11.8%	-31.7%	-29.2%
Passengers	40,505	39,145	35,661	32,224	20,981	12,755
<i>Annual Change</i>		-3.4%	-8.9%	-9.6%	-34.9%	-39.2%
Employees	13	13	12	12	12	14
<i>Annual Change</i>		0.0%	-7.7%	0.0%	0.0%	16.7%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$62.49	\$69.29	\$69.47	\$95.46	\$104.93	\$221.95
<i>Annual Change</i>		10.9%	0.3%	37.4%	9.9%	111.5%
Operating Cost/Passenger (Actual \$)	\$18.54	\$23.04	\$26.01	\$33.12	\$51.58	\$140.02
<i>Annual Change</i>		24.2%	12.9%	27.3%	55.8%	171.5%
Passengers/VSH	3.37	3.01	2.67	2.88	2.03	1.59
<i>Annual Change</i>		-10.7%	-11.2%	7.9%	-29.4%	-22.1%
Passengers/VSM	0.22	0.22	0.21	0.22	0.21	0.18
<i>Annual Change</i>		2.9%	-5.5%	2.5%	-4.7%	-14.1%
Farebox Recovery	4.1%	3.1%	2.5%	2.0%	4.3%	2.5%
<i>Annual Change</i>		-23.9%	-20.5%	-19.2%	119.2%	-43.4%
Hours/Employee	924.6	1001.2	1112.8	931.6	859.4	574.8
<i>Annual Change</i>		8.3%	11.2%	-16.3%	-7.7%	-33.1%
TDA Non-Required Indicators						
Operating Cost/VSM	\$4.02	\$5.14	\$5.48	\$7.15	\$10.62	\$24.76
<i>Annual Change</i>		27.8%	6.7%	30.5%	48.4%	133.2%
VSM/VSH	15.54	13.48	12.67	13.34	9.88	8.96
<i>Annual Change</i>		-13.3%	-6.0%	5.3%	-25.9%	-9.3%
Fare/Passenger	\$0.75	\$0.71	\$0.64	\$0.66	\$2.24	\$3.44
<i>Annual Change</i>		-5.4%	-10.3%	2.9%	241.4%	53.6%

Exhibit 6.24 Demand-Response Ridership

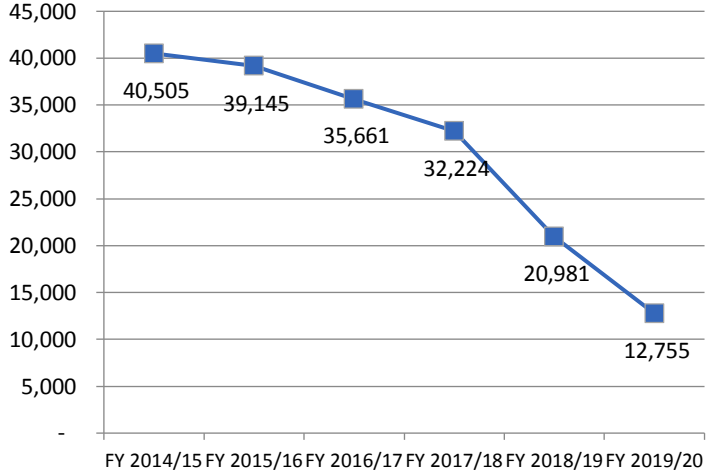


Exhibit 6.25 Demand-Response Operating Cost/VSH

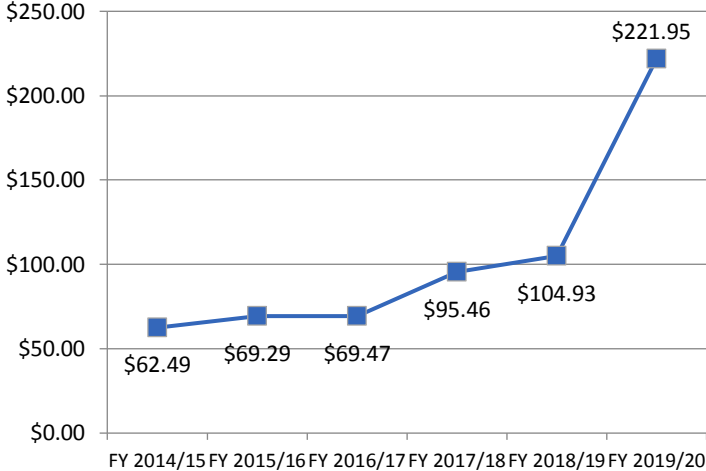


Exhibit 6.26 Demand-Response Operating Cost/VSM

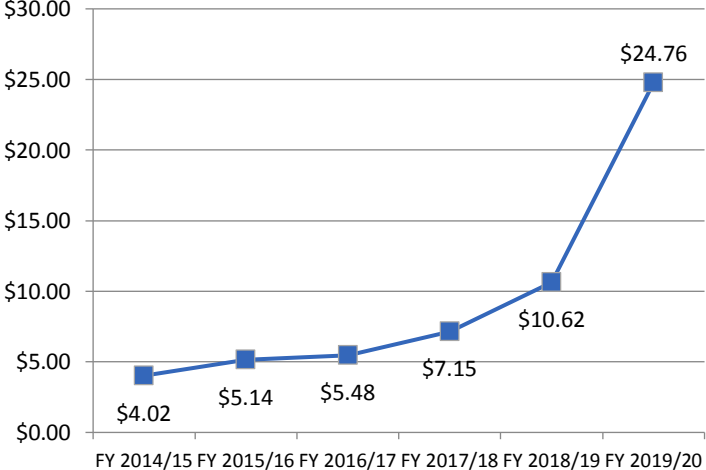


Exhibit 6.27 Demand-Response VSM/VSH

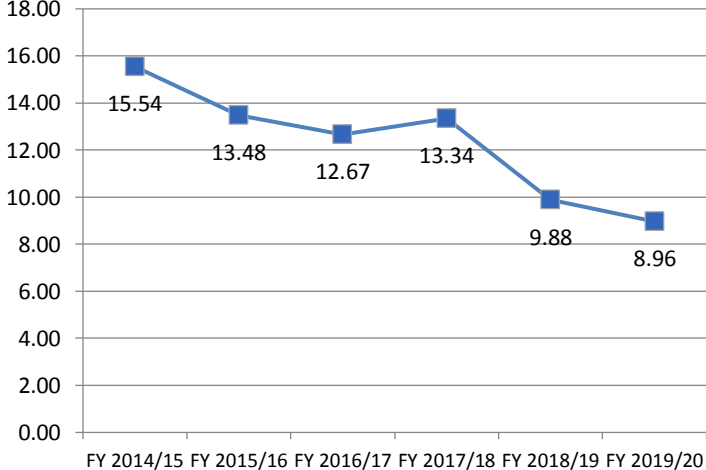


Exhibit 6.28 Demand-Response Operating Cost/Passenger

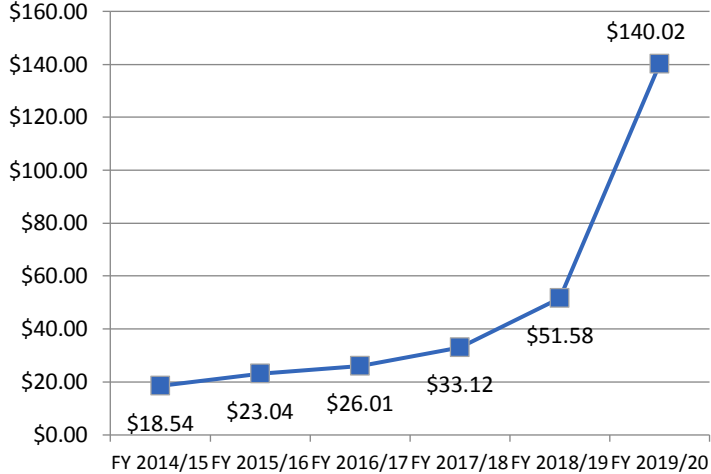


Exhibit 6.29 Demand-Response Passengers/VSH

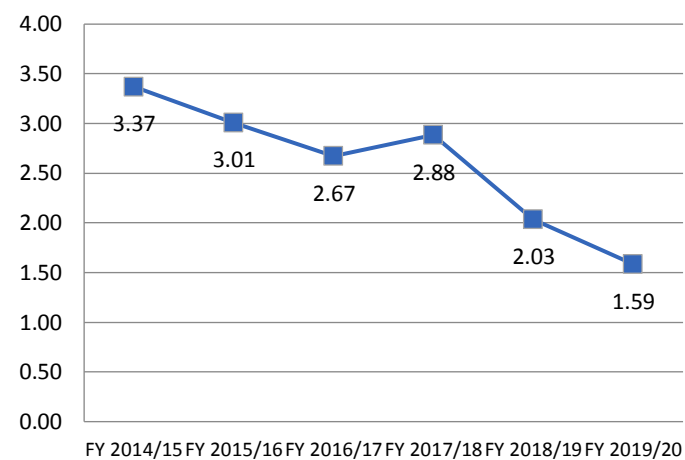


Exhibit 6.30 Demand-Response Passengers/VSM

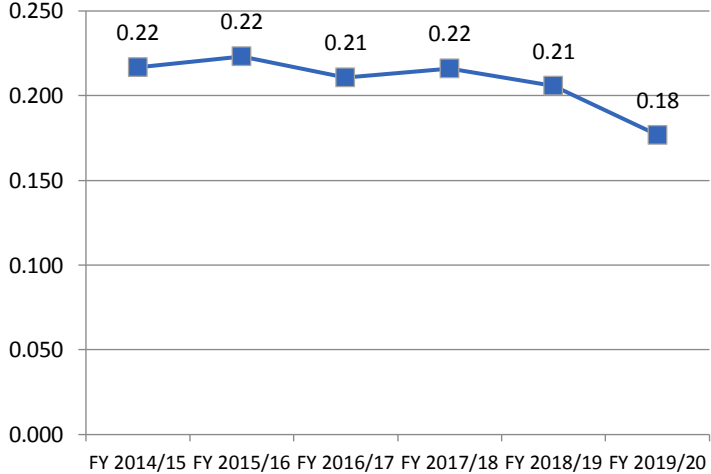


Exhibit 6.31 Demand-Response VSH/FTE

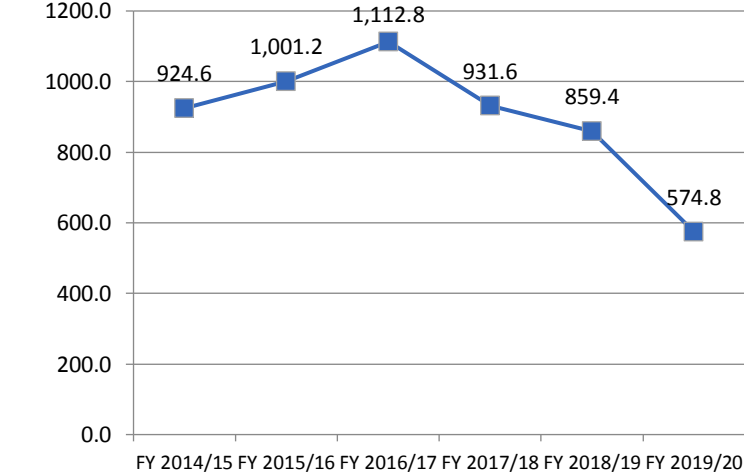


Exhibit 6.32 Demand-Response Farebox Recovery

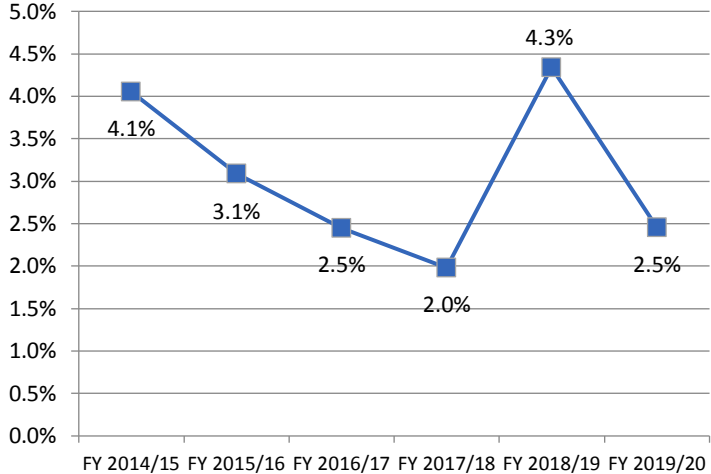
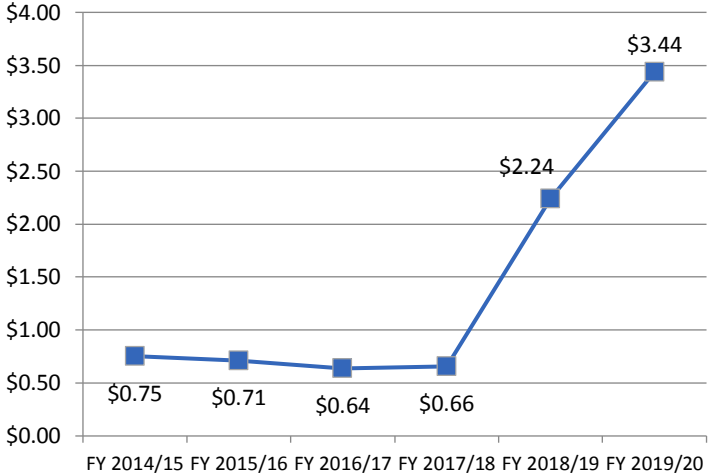


Exhibit 6.33 Demand-Response Fare/Passenger



Chapter 7 | Functional Review

A functional review of the City of Madera’s public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the City’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 City 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 City of Madera currently provides local fixed-route and general public demand-response service. During the audit period, fixed-route service, marketed as Madera Metro, consisted of three routes operating between 7:00 a.m. and 6:30 p.m. on weekdays and between 9:00 a.m. and 4:00 p.m. on Saturday. No service is provided on six designated holidays.

General public cash fare is one dollar, with a reduced fare (fifty cents) for seniors, persons with disabilities, and Medicare cardholders available during off-peak hours (10:00 a.m. to 2:00 p.m.) on weekdays and all day Saturday. Transfers between the two fixed routes are free. As of April 15, 2020, Madera City Council approved the recommendations to eliminate fares for Madera Metro’s fixed-route system and limited Dial-A-Ride (DAR) to seniors and persons with disabilities.



Exhibit 7.1 Fixed-Route Fare Structure

Fare media	Cost
Cash fare	\$1.00
Monthly pass	\$26.00
Transfers	Free
Children under 3 years old	Free
Seniors (60+)/Disabled/Medicare cardholders (between 10:00 a.m. and 2:00 p.m. weekdays and all day Saturday)	\$0.50

General public Dial-A-Ride service mirrors fixed-route service hours, but is also available on Sunday from 8:30 a.m. to 2:30 p.m. Certified ADA customers receive priority Dial-A-Ride service. Curb-to-curb service is provided within city limits as well as to areas of the county south of Avenue 13, east of Road 29, north of Ellis Street, and west of Road 24½. Customers are advised to call at least one day in advance, but service is provided on a space-available basis for reservations made two hours prior to the requested pick-up time. A 30-minute pick-up window is provided, and drivers will wait no more than five minutes at the pick-up location. Subscription trips are also available.

Exhibit 7.2 Demand-Response Fare Structure

Fare media	Cost
General public – City/County	\$3.00
Children under 1 year old	Free
Senior (60+)/Disabled – City area	\$1.00
Senior (60+)/Disabled – County area	\$2.00
General public – book of 20 tickets	\$40.00
Disabled – book of 10 tickets	\$9.00
Senior (60+) – book of 10 tickets	\$5.00

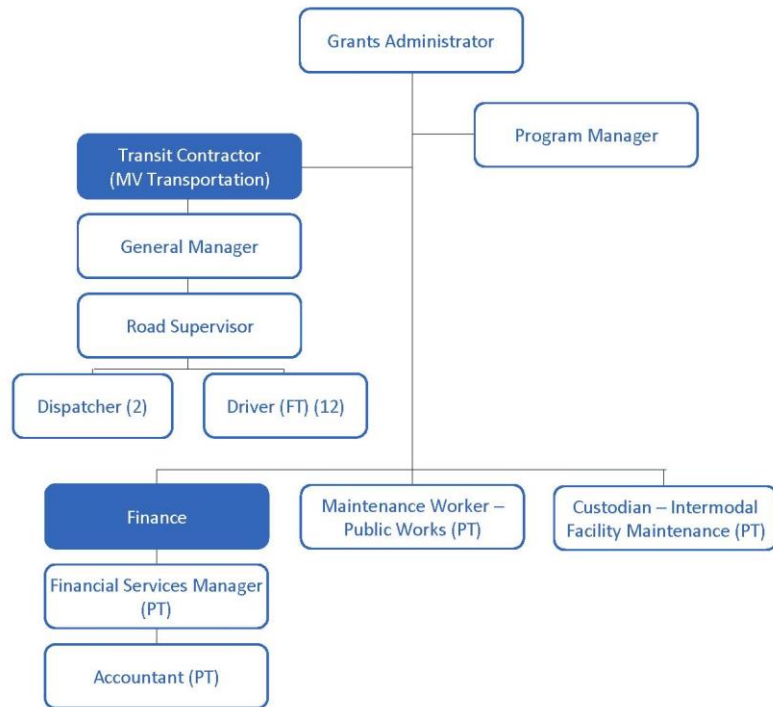
General Management and Organization

The Madera city council serves as the governing board for the City’s transit program. The Council meets at 6:00 p.m. on the first and third Wednesday of each month. All meetings are open to the public and noticed and posted according to City policies. Council meetings are held in the City’s council chambers located at 205 W. 4th Street. City council members represent specific districts, with an at-large mayor. The city council is invested and involved with transit with particular concern regarding seeing empty buses. Council members have shown keen interest in the rebranding and vehicle wraps as well as the new transit facility.

The City also has a Transit Advisory Board (TAB), which serves in an advisory capacity to the city council. The TAB is composed of seven members, each appointed by a member of the city council and representing a specific district. Each TAB member serves a four-year term. TAB meetings are held on the last Thursday of July, October, January, and April at 5:30 p.m. Additional meetings are held on an as-needed basis. TAB meetings are held at Madera City Hall and are open to the public. In response to the COVID-19 pandemic, all meetings are conducted through a virtual platform allowing for public comment.

The Madera County Transportation Commission (MCTC) holds monthly Technical Advisory Committee (TAC) meetings and quarterly Transit meetings. The City’s Transit Manager currently attends TAC and transit meetings. The City also 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.

Exhibit 7.3 Organizational Chart



Source: City of Madera.

Transit lies within the City’s Grants Administration department, which reports to Finance. The Transit Manager became a full-time dedicated position as of April 2020. The transit program is currently comprised of three individuals representing 2.0 FTE. The City is concerned that this may not be an appropriate level of staffing and would like to have a dedicated full-time transit accountant which would increase the staffing to 3.0 FTE.

Operation of the City’s transit program is currently contracted to MV Transportation, which assumed the contract in December 2018. Prior to that time, service was operated by First Transit. As of October 2020, MV relocated to a new transit center located at 1951 Independence Drive. This relocation to a new facility and rebranding has provided the City with the opportunity to “relaunch” its transit service.



The Grants Administrator and Finance department prepare the transit budget. The City currently utilizes Munis as its budgeting software. The budget is reviewed frequently throughout the year to compare actual with budgeted expenses. The budget is formally reviewed and presented to council twice annually, but the transit department would like to increase to quarterly.

Grants are prepared and managed by the Grants Department and Finance Department. The Transit Manager and Grant Administrator work together for drawdowns. The City has not lost any grants. However, the City acknowledges it has not been going after all federal grants available due to its focus on securing local grants.

Human Resources is responsible for risk management. For an injury or accident, an incident report is prepared. If a police report is generated, this is also submitted to Human Resources within a set timeframe. Each incident is investigated, including review of videos as appropriate. Human Resources has a safety committee that meets monthly. Each City department has a representative on the committee to review claims. The City participates in the San Joaquin Valley Risk Management Agency insurance pool.

City purchasing policies are clearly defined and are in compliance with the FTA. The Transit Manager has signing authority for purchases up to \$2,500. The City does not have an internal audit function.

Service Planning

MCTC produces a county-wide Short Range Transit Development Plan (SRTDP), which was last updated in March 2017. The City has no written specific policy in terms of service planning. The Transit Advisory Board (TAB) provides some guidance/feedback in terms of transit service. Based on recommendations from that group and the operator, the City identifies new stops, route or schedule changes, shelter amenities, etc. City staff would like to look at transit more strategically, making sure routes are strategically placed and service is comprehensively analyzed. At present, the primary criteria for service changes is requests for new stops and other similar feedback.

During the audit period, there was a fare increase for both fixed-route and Dial-A-Ride. During this period, the City also received funding for a planning grant from Caltrans with the goal of thoroughly assessing the system. The main objective is to improve system efficiency, focusing on evaluating Madera Metro’s routes. The City is currently working on the development of this assessment and hopes to serve the public with a more attractive and dependable service.

With respect to farebox recovery, the City is considering strategies to improve this metric. The City had a plan in place to increase ridership and farebox recovery but that was interrupted by the pandemic. The main goal was to liven up the image of the transit system, improve amenities, and attract new riders. The rebranding and marketing of the service were successful; however, the outreach wasn't able to take off given the state-wide shut down. The City hopes to reignite its efforts given they have already purchased Madera Metro outreach materials, published new brochures, and developed new bus stop signs.

Scheduling, Dispatch, and Operations

Monthly performance reports from the operations contractor include performance indicators and meet the requirements of the contract, which has shown great improvement compared to the prior operations contractor. The City holds a monthly meeting with the contractor's general manager. Since MV took over the operations contract, customer service has improved, customer complaints have reduced, and positive staffing changes implemented in dispatching department.

All City of Madera transit vehicles are wheelchair accessible. Some have bike racks. None of the vehicles are equipped with automatic vehicle locators (AVLs), but they are equipped with onboard and outboard cameras.

Vault-style fareboxes are used for onboard revenue collection. The operations contractor's general manager or road supervisor pulls the vaults daily on weekdays. The supervising dispatcher pulls the vaults on weekends. Vaults are taken into the fare room, where the counting is done. There is always at least one other person in the room. The operations contractor is not technically responsible for fare reconciliation, but it does reconcile fares with the manifests. The contractor utilizes a locking bag, which is stored in a safe in the fare room. The general manager brings the bag to city hall each day, where Finance reconciles the fares and makes the deposit. The City utilizes an armored car service for its deposits.

Personnel Management and Training

Currently, the City's transit program is staffed by 16 contracted personnel: one general manager, one road supervisor, two dispatchers, and 12 full-time drivers. Due to Madera Metro's service reduction in response to the COVID-19 pandemic, all shifts are covered by full-time drivers. There are currently no part-time staffers employed by the contractor. Driver assignments are based on seniority. Drivers are cross-trained for both Dial-A-Ride and fixed-route service. The operations contractor conducts monthly safety meetings, as well as initial and recurring training.

The operations contractor is not currently recruiting for additional staff. Historically, recruitment has not been an issue for the operator. It typically recruits from within, transferring staff from other MV Transportation properties.

Dispatchers are a separate function and are not cross-trained with drivers. All full-time employees are eligible for the contractor's benefit package. Operations staff are represented by Amalgamated Transit Union Local 1027.

Marketing and Public Information

The City currently produces a bilingual (English and Spanish) brochure inclusive of all Madera Metro and Dial-A-Ride information. Route-specific brochures are also available for all routes. Brochures are now more widely distributed, with hard copies available upon request and at the new transit facility and senior center. The City also hosts a transit webpage at www.MaderaMetro.gov. Interim service schedules and a service area map are provided on the City's transit page. Normally, service brochures would also be available on the webpage, but are not currently posted due to changes and uncertainty regarding the fixed-route service due to the pandemic.

The City has coordinated with Madera Community College to assess the needs of the students and hopes to fulfill those requests once the schools are back in session.

The City developed a marketing and outreach plan as part of its outreach grant. This effort included a complete rebranding and outreach program. Since the prior audit, the City has implemented a new logo, new name, and refreshed image and incorporated more marketing and outreach activities. The City has also improved amenities, including equipping new buses with USB chargers. This period also saw the opening of the new Transit Center, which included a ribbon-cutting. The City was on the cusp of ramping up its outreach program when the COVID-19 pandemic hit, which put most outreach activities on hold. A transit-specific Facebook page was introduced during the audit period.

Brochures and other outreach materials are prepared/provided based on Title VI and other requirements. Part of the City's Title VI plan is addressing language barriers. The City ensures route schedules, maps, and service area boundaries are available online to improve accessibility.

The City conducts public participation activities as required (DBE program, Title VI, safety plan, FTA requirements). An annual Unmet Transit Needs study is conducted through MCTC. The City participated in a transit and housing survey through a Community Development Block Grant in 2019 which highlighted the importance of enhancing transit in the downtown areas.

Complaints are typically handled by the operations contractor. The operations contractor reports calls and complaints on its monthly report, and review of a summary complaint log is part of monthly transit staff meetings. Staff review what has been resolved and identifies any necessary next steps. There is a defined timeframe for resolution for ADA complaints only.

Maintenance

The City's Equipment Maintenance Division, under Public Works Department, provides all maintenance for the transit program. The Transit Manager is pleased with the work provided. The City has two full-time mechanics dedicated to transit. They utilize a dedicated bay at the City's Public Works yard. The maintenance bay is equipped with a portable lift and is sufficient to meet all current needs.

The City's mechanics conduct all preventive maintenance. The operations contractor brings vehicles due for PMs to the City's yard. Some large-scale repairs are outsourced, including paint and body repairs, air conditioning, transmission, and engine rebuilds. Mechanics are trained to repair wheelchair lifts.

The City’s parts room is well-stocked, secured, and staffed. Maintenance staff use Track’em software to manage assets and inventory. The Maintenance Division is working to implement electronic work orders.



The City’s fleet consists of 17 gas- and CNG-fueled cutaway-type vehicles, the largest of which carry 27 passengers and the smallest carry 17 passengers. The bulk of the fleet carry 18 passengers with two wheelchair positions. The oldest vehicles are model year 2012, while the newest are model year 2020.

Exhibit 7.4 City of Madera Transit Fleet

Unit #	Year	Make/Model	Fuel	Capacity	Service	Mileage (as of 6/30/20)
37	2012	Ford E450 Elkhart	CNG	18+2	FR	173078
38	2012	Ford E450 Elkhart	CNG	18+2	FR	198789
39	2012	Ford E450 Elkhart	Gas	18+2	DAR	256676
40	2012	Ford E450 Elkhart	CNG	18+2	DAR	129993
41	2012	Ford E450 Elkhart	CNG	18+2	DAR	144434
42	2013	Ford E450 Starcraft	CNG	18+2	DAR	110726
43	2013	Ford E450 Starcraft	CNG	18+2	DAR	159668
44	2013	Ford E450 Starcraft	CNG	18+2	FR	157696
45	2013	Ford E450 Starcraft	CNG	18+2	FR	141202
46	2013	Ford E450 Starcraft	CNG	18+2	DAR	144352
47	2019	Ford E450 Starcraft	Gas	17	FR	19965
48	2019	Ford E450 Starcraft	Gas	17	DAR	11172
49	2019	Chevy 4500 Arboc	Gas	17	FR	16945
50	2019	Chevy 4500 Arboc	Gas	17	FR	15279
51	2019	Chevy 4500 Arboc	Gas	17	FR	16264
52	2020	International Starcraft	Diesel	27	FR	4458
53	2020	International Starcraft	Diesel	27	FR	4484
54	2019	Ford F550 El Dorado	CNG	27	FR	0
55	2019	Ford F550 El Dorado	CNG	27	FR	0

Response to COVID-19 pandemic

Effective July 10, 2020 Madera Metro implemented capacity restrictions of 10 passengers maximum on all Madera Metro buses. DAR vehicles have reduced capacity to 5 passengers maximum. The City temporarily revised DAR eligibility from general public to seniors and persons with disabilities. It also suspended Route 3 (which serves Madera Community College) from April through July 2020. The City reintroduced the route in August 2020, though the last two trips of the day were eliminated, and service ceased again in December 2020 when the college went on winter break. Fares were eliminated for both services. All updates are distributed through Facebook and on the City's website. Personal protective equipment (PPE) is available for staff, drivers, and passengers. The operations contractor cleans vehicles daily. Buses are sanitized weekly. Safety shields have been installed around the driver seat of each vehicle. Masks are required onboard the transit vehicles via a posted policy.

Chapter 8 | Findings and Recommendations

Conclusions

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

Findings

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

1. The City of Madera did not meet the TDA farebox recovery ratio requirement during any year of the audit period.
2. The City did not submit its TDA fiscal audits within the stipulated timeframe.

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

1. The City of Madera does not pass through the share of FTA Section 5307 (urbanized area) funding to which the County of Madera is entitled.
2. The City does not report performance data consistently on internal and external reports.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City 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 City 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 City as if it received TDA Article 4 funds.

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

Criteria: PUC 99270.1 states that transit operators serving both urbanized and non-urbanized areas must maintain the ratio of fare revenues to operating cost at least equal to that established by the RTPA. MCTC has established the farebox recovery ratio requirement for the City of Madera, which serves both urbanized and non-urbanized areas, at 15 percent.

Condition: This finding and recommendation were initially identified in the prior audit period, and continued into the current audit period. At no time did the City's farebox recovery ratio exceed 15 percent. Complicating the compliance assessment was the inconsistency in how financial data was reported, as discussed in Chapter 5.

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 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 City 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 City 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 City did not submit its TDA fiscal audits within the established 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 City's Finance department to ensure the City'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 City's responsibility to ensure on-time completion of the TDA fiscal audits when contracted by the RTPA.³ However, the City 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 City financial staff is aware of the TDA deadline so the City is 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 City Finance staff are unaware of the earlier deadline for transit operators.

Timeline: Beginning with TDA fiscal audits for FY 2020/21. Alternately, if the City 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.

Functional Finding 1: The City of Madera does not pass through that share of FTA Section 5307 (urbanized area) funding to which the County of Madera 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.

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. As a result, 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 under 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 City does not report performance data consistently on internal and external reports.

Criteria: Operators report performance data using multiple formats (State Controller and NTD reports, as well as internal reports and audits). While data may be prepared at different times and using slightly different definitions, it should be able to be tracked consistently across multiple formats.

Condition: During the preparation of the audit, it was difficult to determine, based on the documents provided, accurate performance measures and cost figures for the City's transit program. While the City appeared to be in compliance with the TDA definitions of the various performance indicators, the manner of reporting the data on the documents provided was inconsistent. This finding is carried forward from the prior audit as it remains relevant and has not been resolved.

Cause: Inconsistent reporting can have many causes, including use of data that has not been finalized, variations in how data is processed, changes in staff, and the requirements of specific reports.

Effect: Inconsistent reporting, even when the underlying data is solid, may call into question the accuracy of the data.

Recommendation: Develop and utilize a process to ensure data is compiled and reported consistently.

Recommended Action(s): Develop a process to support record-keeping regarding all performance data specific to National Transit Database, State Controller, and internal City reports (including TDA fiscal audits). It must address all required TDA performance measures: Operating Cost, Fare Revenue, Vehicle Service Hours, Vehicle Service Miles, and Ridership. This data can then be provided to the TDA fiscal auditor for determination of the official farebox recovery ratio as discussed in Compliance Finding 1.

Timeline: FY 2020/21.

Anticipated Cost: Negligible.

Exhibit 8.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work toward meeting the farebox recovery ratio requirement stipulated by the TDA.	High	FY 2021/22
2	Work with the City’s Finance department to ensure the City’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
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	Develop and utilize a process to ensure data is compiled and reported consistently.	High	FY 2020/21