

TRIENNIAL PERFORMANCE AUDIT  
OF THE  
MODOC TRANSPORTATION AGENCY  
FOR THE THREE YEARS ENDED  
JUNE 30, 2015

Modoc Transportation Agency  
Triennial Performance Audit  
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June 30, 2015

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INDEPENDENT AUDITORS REPORT

To the Board Members of the  
Modoc Transportation Agency  
Alturas, California

We have conducted the performance audit of Modoc Transportation Agency for the three years ended June 30, 2015. The results of our audit and related recommendations and comments are contained within this report.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and with the guidance contained in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, published by the California Department of Transportation. The purpose of this performance audit is to evaluate the efficiency, effectiveness, and economy of the operation of Modoc Transportation Agency.

This report is intended solely for the information and use of the management of Modoc Transportation Agency and the Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,



SingletonAuman, PC  
October 30, 2015

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**EXECUTIVE SUMMARY**

We were engaged to conduct a performance audit of Modoc Transportation Agency (MTA, the Agency). This audit was performed in accordance with Government Auditing Standards and was designed to satisfy the requirements specified in Public Utilities Code section 99246 to evaluate the efficiency, effectiveness and economy of the organization's operations. This performance audit covers a three year fiscal period beginning July 1 ,2012 and ending June 30, 2015.

Our audit consisted of four main areas of focus that included a review of compliance with the Transportation Development Act (TDA), a verification and analysis of performance indicators, a review of functional areas and a review of the status of prior year performance audit recommendations. This summary presents our findings and recommendations.

During the course of our performance audit, we reviewed MTA's compliance with applicable laws, rules, and regulations as prescribed by the TDA. Our compliance audit findings are noted here and discussed in detail beginning on page 8. Our audit found MTA satisfied all of the compliance areas specified in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

As part of our audit, we performed procedures to verify data collection and reporting of the specific performance indicators required by the TDA. The results of our examination are presented beginning on page 13 and a review of the transit services follows.

We also examined the key functional areas of operations. Our functional audit findings are noted here and are discussed in detail on page 26. Our audit found MTA filled a range of regional roles and responsibilities and although challenged with limited resources, a struggling economy, and the complexities of providing public transit in a rural setting, MTA remained focused on meeting the public's transportation needs. We have made recommendations we believe will assist MTA in continuing to provide public transit in an efficient and effective manner.

**Functional Audit Findings**

1. MTA is governed by its own Board which functions to provide policy direction to management. The Agency operates in cooperation with the Modoc County Transportation Commission. MTA employees are paid as County of Modoc employees, so MTA benefits from the support of payroll processing and employee benefits. These support services would be costly for MTA to provide on its own, however will begin during the 15/16 fiscal year.
2. MTA coordinates its efforts with the Modoc County Transportation Commission to explore new services and routes that are requested by potential transit users as part of the unmet transit needs process. During the audit period, the Agency added its Ft. Bidwell Route.
3. During this audit period, MTA had a period where they struggled to maintain enough drivers to run all the routes. This caused a period of time where they had to cancel some days that certain routes ran. They also spent more funds on training because of the high turnover of drivers.

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4. MTA does a good job of managing its financial resources. The reporting system provides management with most of the information it needs to manage operations.
5. During the audit period, MTA constructed a new main office and vehicle garage.
6. During the audit period, the Agency's significant investments included 3 new buses, the new main office, numerous land improvements with the new office building, and a new bus shelter.
7. MTA has a maintained website where information on routes, schedules, fares and other information could be easily found by those wishing to use public transit.

**Recommendations**

1. The organization should consider investing in software that allows it to capture and calculate performance indicators required by the TDA, as well as other metrics that would enable management and the board to make better informed decisions.
2. MTA correctly excludes lunch periods, rest breaks and standby time in their terminus city on intercity fixed-routes. However, MTA does not exclude vehicle inspection/clean time and deadhead time. As noted above, Sage Stage first scheduled pickup/drop-offs are generally less than one half mile (or one minute) from the yard, although occasionally the DAR will have the first pickup in the community of California Pines, which is a 20 minute drive. Overall, the time associated with deadhead travel and inspection/cleaning is relatively small compared to total vehicle service hours and will not significantly change performance measures calculated as part of this audit. It should also be noted that changing the vehicle hour/mile calculation process would require changing driver run sheets and re-training drivers. However, to be consistent with stat regulations, MTA is required to report vehicle service hours in accordance with the TDA definition. Similarly, vehicle service miles should not include mileage accrued during deadhead travel. If changing the reporting process proves too costly, MTA management could estimate the number of deadhead hours/miles each month based on driver run sheets and subtract this figure from vehicle service hours and miles reported to the State Controller.

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**INTRODUCTION**

This is the performance audit report of Modoc Transportation Agency (MTA, the Agency) as the transit operator for Modoc County and the surrounding region, covering the three years ended June 30, 2015. The California Transportation Development Act (TDA) requires that each transportation planning agency designate an independent entity to conduct a triennial performance audit of the transit operators to whom it provides funding. As provided in Public Utilities Code (PUC) Section 99246, the purpose of the performance audit is to "evaluate the efficiency, effectiveness, and economy of the operation of the entity being audited."

This performance audit follows the guidance given in the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, published by the California Department of Transportation Division of Mass Transportation in January 1991. This audit was also conducted in accordance with the efficiency, economy and effectiveness standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. The methodology consisted of interviews of transit staff, review of pertinent documents, verification of data collection processes, analysis of operating and financial data, and review of internal and external documents.

This report includes the following:

- MTA's compliance with the TDA requirements.
- A verification and analysis of performance indicators.
- A review of functional areas.
- Review of the recommendations from the prior performance audit and the status of their implementation.

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**SYSTEM OVERVIEW**

Modoc Transportation Agency (MTA) is the transit operator providing public transportation service to the citizens of Modoc County. Operations began in 1999.

The MTA has an Executive Director, Transit Manager, and a Systems Manager who oversees the transit budget, prepares the monthly transit statistical reports, and prepares grant applications and annual TDA claims. The MTA also reports to members of the Modoc County Transportation Commission to coordinate services and meet transit needs. Annual budgets, including capital spending, are approved, by the MTA governing board. Grant applications are approved by the Modoc Transit Agency. Scope of services is determined each year by the annual Unmet Transit Needs process conducted in Modoc County.

The transit service operations were contracted out to MV Transportation from the period of July 1, 2012 to June 30, 2015, who provides drivers, and operations management. Route scheduling, vehicle purchases, budgeting and overall management is provided by MTA staff. Maintenance of buses is performed by an outside vendor in Redding, California.

MTA operates three fixed routes, and Dial-A-Ride (DAR) services. One fixed route service is provided from Alturas to Redding. The other two fixed routes run between Alturas and Klamath Falls, and a route from Alturas to Susanville, and then to Reno. The system includes connections and transfers to the Redding Area Bus Authority, Lassen Rural Bus, Plumas Transit, RTC / RIDE in Reno, and Basin Transit in Klamath Falls.

DAR service is provided for everyone's use, and operates within a 10 mile radius of the Alturas city limits. Dispatch is used to accept reservations for trips. Reservations are accepted but not required and can be made in advance and on a repetitive basis. Same-day reservations are also allowed.

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The following is a summary of the routes offered by MTA and the respective service areas:

Type of Service	Route Name	Service Area	Days & Hours
Inter-City Route	Alturas – Redding	Alturas Canby Adin Bieber Fall River Mills Burney Redding	Monday & Friday 6:45 am start in Alturas. Arriving in Redding at 10:00 am Depart Redding at 12:00 pm. Arriving in Alturas at 3:30 pm route ends at 3:45 pm.
Inter-City Route	Alturas – Susanville – Reno	Alturas Likely Madeline Susanville Reno	Monday – Wednesday – Friday 7:00 am start in Alturas arrive in Susanville at 9:30 am. Arrive in Reno 11:15 am. Depart Reno 1:30 pm arrive Susanville 3:30 pm. Arrive Alturas 5:30 pm route ends at 5:35 pm.
Inter-City Route	Alturas – Klamath Falls	Alturas Canby Newell Tulelake Klamath Falls	Wednesday Only 7:45 am start in Alturas. Arrive in Klamath Falls at 9:50 am. Depart at 1:30 pm arrive Alturas at 4:00 pm. Route ends at 4:15 pm.
Inter-City Route	Alturas - Canby	Alturas Canby	Monday & Friday 6:45am start in Alturas. Arrive in Canby at 7:20am. Depart Canby at 3:00pm. Arrive in Alturas at 3:45pm Wednesday 7:45am. Start in Alturas. Travel back and forth from Canby to Alturas throughout the day. Route ends in Alturas at 4:15pm.
Inter-City Route	Alturas-Ft. Bidwell	Alturas Ft. Bidwell Cedarville	Thursday Only 7:30am, start in Alturas, arrives in Ft. Bidwell at 8:30am, depart Ft. Bidwell at



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			8:35am, arrive in Alturas at 9:30am. Leave Alturas at 12:30pm, arrive in Ft. Bidwell at 1:35pm, Depart Ft. Bidwell at 1:40pm, Arrive back in Alturas at 2:40pm.
Demand Response	Dial -A- Ride	City limits of Alturas	Monday to Friday 8:00 am to 12:00 pm 1:00 pm to 4:00 pm.

Alternate pick up and drop off times can be arranged before or after scheduled arrival and departure times for an additional fare.

MTA has two categories of fares which are the regular and discount. Discounts are available for students, children, elderly, or disabled passengers. Fixed route fares depend upon the route selected but vary from \$6-\$50 for general fare and \$4.50-\$38 for discounted fares. The Dial-A-Ride varies by destination as well and ranges from \$1-\$3.

MTA transit fleet is shown below consisting of 8 revenue producing vehicles. All vehicles are equipped with wheelchair lifts which comply with the Americans with Disabilities Act. Fleet funding has been provided by a combination of Federal and state grants and transportation development act revenues.

Vehicle Number	Model Year	Make	Mileage at June 30, 2015	Capacity
T11	2009	Chevy 5500, Aero Elite 290	146,768	18 + 2 w/c or 24 + 0 w/c
T12	2009	GMC 5500, Glaval Titan	112,151	16 + 1 w/c or 14 + 2 w/c
T14	2009	GMC 5500, Glaval Titan	116,690	16 + 1 w/c or 14 + 2 w/c
T15	2010	Dodge, Braun Enter Van	46,376	5 + 1 w/c or 3 + 1 w/c
T16	2010	Dodge, Braun Enter Van	4,579	5 + 1 w/c or 3 + 1 w/c
T17	2014	Chevy, Glaval Titan II	16,293	14 Or 12+2 w/c
T18	2015	Chevy, Glaval Titan II	3,099	14 or 12+2 w/c
T19	2015	Chevy, Glaval Titan II	2,976	14 or 12+2 w/c

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**REVIEW OF TDA COMPLIANCE**

The Public Utilities Code (PUC) and California Code of Regulations include twelve operator compliance requirements. We verified that MTA is in full compliance, or not subject to all of the twelve requirements. The table below summarizes the audit findings relative to each of the compliance requirements. A discussion of each area of compliance follows:

TDA Requirements per the PUC	PUC Code Reference	Compliance
1. Submit annual report to the State Controller based upon the Uniform System of Accounts and Records established by the State Controller.	99243	Yes
2. Submit annual fiscal and compliance audit to RTPA and the State Controller within 180 days of the end of the fiscal year, or has received the appropriate 90 day extension allowed by law.	99245	Yes
3. CHP certification of compliance with Vehicle Code Section 1801.1 completed within the 13 month period prior to TDA claim submittal.	99251	Yes
4. TDA claim was submitted in compliance with rules and regulation adopted by RTPA.	99261	Yes
5. If operator serves urbanized and non-urbanized areas it has maintained a ratio of fare revenues to operating costs as determined by the RTPA.	99270.1	NA
6. Operating Budget has not increased by more than 15% over prior year, unless a reasonable justification has been provided.	99266	Yes
7. Operator's definition of performance measures are consistent with PUC Code Reference 99247.	99247	Yes
8. For operators serving an urbanized area, operator has maintained a ratio of fare revenues to operating costs equal to or exceeding 20%. (10% for operators serving rural areas).	99268	NA
9. Operator's retirement plan is fully funded	99271	Yes
10. Operator makes use of funds available from the FTA before STA claims are made (applicable only if operator receives STA funds).	6754	Yes
11. The amount received pursuant to the Public Utilities Code, Section 99314.3; by each RTPA for state transit assistance is allocated by the State Controllers Office.	99314.3	Yes
12. The RTPA has caused a fiscal audit to be performed each year and submitted the audit report to the state controller within 12 months of the end of the fiscal year.	6662	Yes

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**Requirements of the Transportation Development Act**

1. The transit operator has submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records as established by the State Controller.

MTA submitted annual reports to the State Controller for each of the fiscal years in the audit period. The reports were submitted using the Uniform System of Accounts and Records as established by the State Controller. Data for the report was obtained from the Agency's accounting system after adjusting for capital assets, long-term liabilities and audit adjustments.

2. The operator has submitted an annual fiscal and compliance audit to its RTPA and to the State Controller within 180 days following the end of the fiscal year or has received the appropriate 90-day extension allowed by law.

Certified fiscal audits were completed and forwarded to the State Controller and Modoc County Transportation Commission as required by statute.

3. The CHP has, within 13 months prior to each IDA claim submitted by the operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.

CHP Safety Compliance and Terminal Record Inspection dates were in accordance with PUC Section 99251. All inspections were satisfactory.

4. The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.

TDA claims for all three years were submitted to and approved by Modoc County Transportation Commission.

5. If the operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs as determined by the RTPA.

The RTPA does not require a minimum farebox ratio because MTA is an article 8 claimant.

6. 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 changes.

During the audit period, annual operating costs for all services did not increase by more than 15 percent over the preceding year.

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7. The operator's definitions of performance measures are consistent with PUC Code Reference 99247.

A review of trip sheets during the audit period indicates that correct performance data are being collected.

8. If the operator served an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs at least equal to three-twentieths (15 percent), if so determined by the Local Transportation Commission. If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one tenth (10 percent).

MTA is an article 8 claimant and therefore, not subject to this requirement.

9. 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 MCTC which will fully fund the retirement system within 40 years.

The employees of MTA are county employees and are covered by the County's retirement system. The County participates in the Public Employees Retirement System (PERS), a defined benefit plan. The County's plan is fully funded.

10. If the operator receives STA funds, the operator makes full use of funds available to it under the Federal Transit Act (FTA) before TDA claims are granted.

MTA applies for and receives STA funds to operate the system. The Commission reviews MTA's use of federal grants before approving the annual claim for STA funds. In each fiscal year in the audit period, MTA budgeted federal grant revenues and these amounts were incorporated into its TDA claim.

11. The amount received pursuant to PUC Reference 99314.3 for state transit assistance is to be allocated to the operator in the area of its jurisdiction as allocated by the State Controllers Office.

The amount of STA funds received pursuant to PUC section 99314.3 is allocated to the transit operator in the area as allocated by the State Controller's Office.

12. There is to be a fiscal audit to be performed each year and submit the audit report to the state controller within 12 months of the end of the fiscal year.

In accordance with California Code of Regulations Section 6662, there have been a Fiscal and Compliance Audits of its accounts and records. The audits were performed in accordance with the Basic Audit Program and Report Guidelines prescribed by the State Controller by the firm of SingletonAuman, PC. The audit include a determination of compliance with the TDA and accompanying rules and regulations. Additionally, there is a maintenance of fiscal and accounting records and supporting papers for at least five years following fiscal year close.

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**VERIFICATION OF PERFORMANCE INDICATORS**

TDA regulations specify that transit operator performance audits verify data collection and reporting procedures for the five statistics described and discussed below. For this verification, we reviewed the methods used by MTA to measure operating costs, revenue service hours and miles, passengers and employee full-time equivalents.

**Vehicle Service Hours (VSH)**

Vehicle service hours are defined by the TDA as the total hours that vehicles are in revenue service. This excludes deadhead time, which is described as the travel time to and from storage facilities, and any breaks in service, such as driver's breaks and lunches. Due to the small area and minimal travel time between the lot and the first stop, revenue service begins when a vehicle leaves the parking lot to begin its daily route.

Drivers record the time on the Driver Manifest at the beginning and end of their shifts.

**Vehicle Service Miles (VSM)**

Vehicle service miles are defined by the TDA as the total annual miles traveled in revenue service. This excludes miles traveled to and from storage facilities and other deadhead travel. Drivers record the mileage at the start and end of their daily route on the Driver Manifest based on odometer readings.

**Passenger Boarding's**

Passenger counts include all passenger boarding, whether revenue producing or not.

The driver records the number of passengers carried for each trip on the Driver Manifest. Drivers indicate the type of fare paid for each passenger and the number of passengers is totaled at the end of the day. Data from the Driver Manifest is accumulated in MTA's Monthly Statistics reports. This consists of Excel spreadsheets that accumulate statistics by day for each route. The data is obtained directly from the Driver Manifest.

**Fare Revenue**

Methods of financial accounting of fare revenues were audited for each fiscal year in the audit period and fare revenues are reported in each year's audit report.

All buses have locked fareboxes. Drivers track fares on their Driver Manifest and at the end of the shift the drivers place the sheet inside the locked box. Drivers do not have keys to the boxes. At the end of the shift each day, the locked fareboxes are removed from the vehicles and brought to the office. A member of the office staff unlocks the fare box with the driver present and together they count the funds in the fare box. The total funds collected from the locked box is compared and reconciled to the total on the Driver Manifest.

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### Operating Cost

Operating cost for purposes of calculating performance indicators is defined as the annual cost of running a transit operation, exclusive of depreciation, capital expenditures, vehicle lease costs, and the direct costs of providing charter services. Methods of financial accounting for expenses in fiscal years in the triennial period and operating cost were audited and reported in each year's audit report.

Operating cost information is provided on the monthly system route statistic report. Expenses are taken from the monthly contractor invoices from MV Transit and also from the Agency's accounting system. Expenses are grouped and include operating costs, insurance, overhead and other administrative costs. Cost information by route is not available and can only be evaluated on a system-wide basis.

### Employee Full-Time Equivalents

For TDA purposes, full-time equivalent (FTE) hours are required to be calculated as all the hours worked by the employees during the fiscal year divided by 2,000. Thus one person working 40 hours per week, 50 weeks per year would qualify as 1.0 FTE. Hours worked must include all hours related to transit, including drivers, mechanics and administrative personnel.

Data to calculate FTE equivalents was available on the Agency's Monthly System Route Statistic Report.

### ANALYSIS OF PERFORMANCE INDICATORS

Transit services were evaluated using the following indicators:

- Operating cost per passenger;
- Operating cost per revenue service hour;
- Passengers per revenue service hour;
- Passengers per revenue service mile, and
- Revenue service hours per employee.

In addition to these TDA required indicators, a discussion of trends in fare revenue and the fare revenue ratio is included. Cost data was only available on a system-wide basis so indicators of this type are not presented by route.

The following schedules and analysis are provided:

- System-wide performance statistics are presented in Exhibit 1.
- Fixed route performance statistics are presented in Exhibit 2.
- Dial-A-Ride route performance statistics are presented in Exhibit 3.

### Data Sources Used

Data was obtained from the annual audit reports and internal spreadsheets that show performance for the individual services operated by MTA.

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Exhibit 1: System-Wide

Operating Data	09/10	10/11	11/12	12/13	13/14	14/15
Operating Cost	\$ 297,776	\$ 314,869	\$ 328,230	\$ 282,912	\$ 376,578	\$ 279,337
% Annual Change	-0.8%	5.7%	4.2%	-13.8%	33.1%	-26%
Passengers	10,040	9,216	10,893	10,001	9,051	9,594
% Annual Change	-7%	-8.2%	18.2%	-8.2%	-9.5%	6.0%
Revenue Miles	125,024	119,205	119,512	125,778	123,209	122,735
% Annual Change	-5%	-5%	0%	5%	-2.0%	-0.4%
Revenue Hours	4,831	4,527	4,686	5176	4721	4832
% Annual Change	-3%	-6.3%	3.5%	10.5%	-8.8%	2.4%
FTE Equivalents	3	3	3	3	3	3
% Annual Change	0%	0.0%	0.0%	0.0%	0.0%	0.0%
Farebox Revenue	\$ 56,872	\$ 58,988	\$ 68,607	\$ 71,079	\$ 71,720	\$ 68,326
% Annual Change	-7%	3.7%	16.3%	3.6%	0.9%	-4.7%
Cost per Passenger	\$ 29.66	\$ 34.17	\$ 30.13	\$ 28.29	\$ 41.61	\$ 29.12
% Annual Change	6%	15.2%	-11.8%	-6.1%	47.1%	-30.0%
Cost per Mile	\$ 2.38	\$ 2.64	\$ 2.75	\$ 2.25	\$ 3.06	\$ 2.28
% Annual Change	4%	10.9%	4.0%	-18.1%	35.9%	-25.5%
Cost per Hour	\$ 61.64	\$ 69.55	\$ 70.04	\$ 54.66	\$ 79.77	\$ 57.81
% Annual Change	2%	12.84%	0.71%	-21.97%	45.94%	-27.53%
Passengers per Mile	0.08	0.08	0.09	0.08	0.07	0.08
% Annual Change	-2.0%	-3.7%	17.9%	-12.8%	-7.6%	6.4%
Passengers per Hour	2.08	2.04	2.32	1.93	1.92	1.99
% Annual Change	-4%	-2.1%	12.4%	-20.3%	-0.8%	3.4%
Revenue Hours per FTE	1610	1509	1562	1725	1574	1611
% Annual Change	-3%	-6.3%	3.5%	10.5%	-9%	2.4%
Farebox Recovery	19.10%	18.73%	20.90%	25.12%	19.05%	24.46%
% Annual Change	-6%	-1.9%	11.6%	20.2%	-24.2%	28.4%
Average Fare per Passenger	\$ 5.66	\$ 6.40	\$ 6.30	\$ 7.11	\$ 7.92	\$ 7.12
% Annual Change	-0.3%	13.0%	-1.6%	12.8%	11.5%	-10.1%

1. FTE Equivalents were recalculated using the formula, total employee hours divided by 2,000.
2. Operating costs does not include depreciation.

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**Exhibit 2: Fixed Route**

Operating Data	11/12	12/13	13/14	14/15
Passengers	2,632	3095	3333	3583
% Annual Change	6.3%	17.6%	7.7%	7.5%
Revenue Miles	96,541	101566	102940	106570
% Annual Change	0.7%	5.2%	1.4%	3.5%
Revenue Hours	2,512	2831	2557	3021
% Annual Change	-1.9%	12.7%	-9.7%	18.1%
Farebox Revenue	\$ 50,829	\$ 55,729	\$ 58,266	\$ 58,709
% Annual Change	11.2%	9.6%	4.6%	0.8%
Passengers Per Mile	0.03	0.03	0.03	0.03
% Annual Change	5.6%	11.8%	6.3%	3.8%
Passengers per Hour	1.05	1.09	1.30	1.19
% Annual Change	8.4%	4.3%	19.2%	-9.0%
Average Fare per Passenger	\$ 19.31	\$ 18.01	\$ 17.48	\$ 16.39
% Annual Change	4.6%	-6.8%	-2.9%	-6.3%

**Exhibit 3: Dial-A-Ride**

Operating Data	11/12	12/13	13/14	14/15
Passengers	8,261	6,906	5,718	6,159
% Annual Change	22.6%	-16.4%	-17.2%	7.7%
Revenue Miles	22,970	24,212	20,268	22,697
% Annual Change	-9.4%	5.4%	-16.3%	12.0%
Revenue Hours	2,175	2,345	2,163	2,020
% Annual Change	10.6%	7.8%	-7.8%	-6.6%
Farebox Revenue	\$ 17,779	\$ 15,351	\$ 13,454	\$ 10,781
% Annual Change	34.1%	-13.7%	-12.4%	-19.9%
Passengers Per Mile	0.36	0.29	0.28	0.27
% Annual Change	35.2%	-20.7%	-1.1%	-3.8%
Passengers per Hour	3.80	2.94	2.64	3.05
% Annual Change	10.8%	-22.5%	-10.2%	15.3%
Average Fare per Passenger	\$ 2.15	\$ 2.22	\$ 2.35	\$ 1.75
% Annual Change	9.4%	3.3%	5.9%	-25.6%



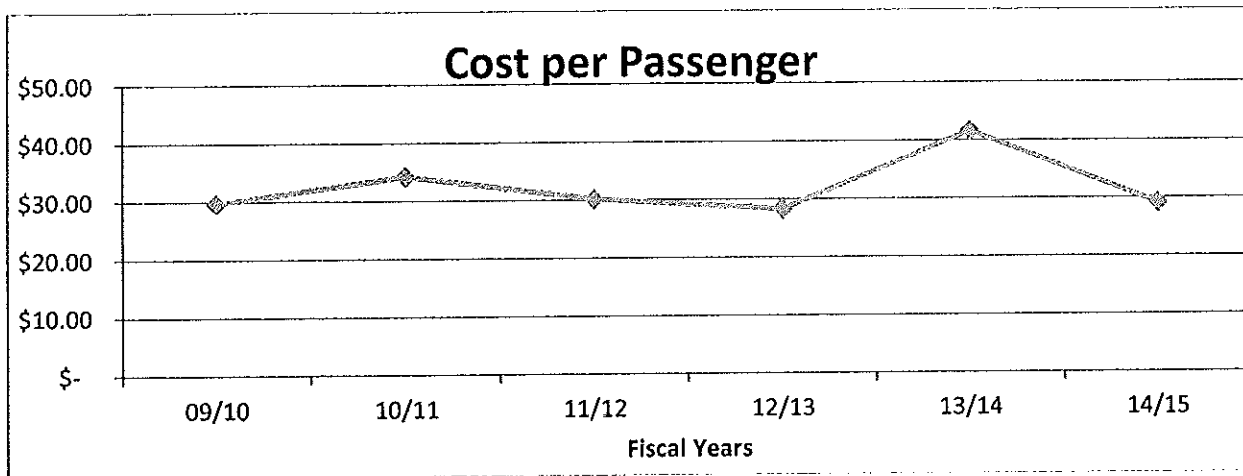
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**Cost Effectiveness**

Cost effectiveness of a transit system measures the rate at which services were consumed in relation to the resources expended. This concept addresses the question, "How many resources were expended per unit of consumption." Consumption is measured by the number of passengers using the system. Resources expended are measured by the amount of operating costs incurred.

The trend in operating cost per passenger is presented below in Exhibit 4.

**Exhibit 4:**



The cost per passenger trend remained relatively consistent over the 6 year period, with exception to the spike in 13/14. Operating costs increase in 13/14 due to professional services and furniture and equipment incorporated with building the new office, as well as increased training expenses associated with driver turnover. These expenses increased the cost per passenger in 13/14, however, in 14/15 operating costs declined back to the consistent levels in the years prior to 13/14.

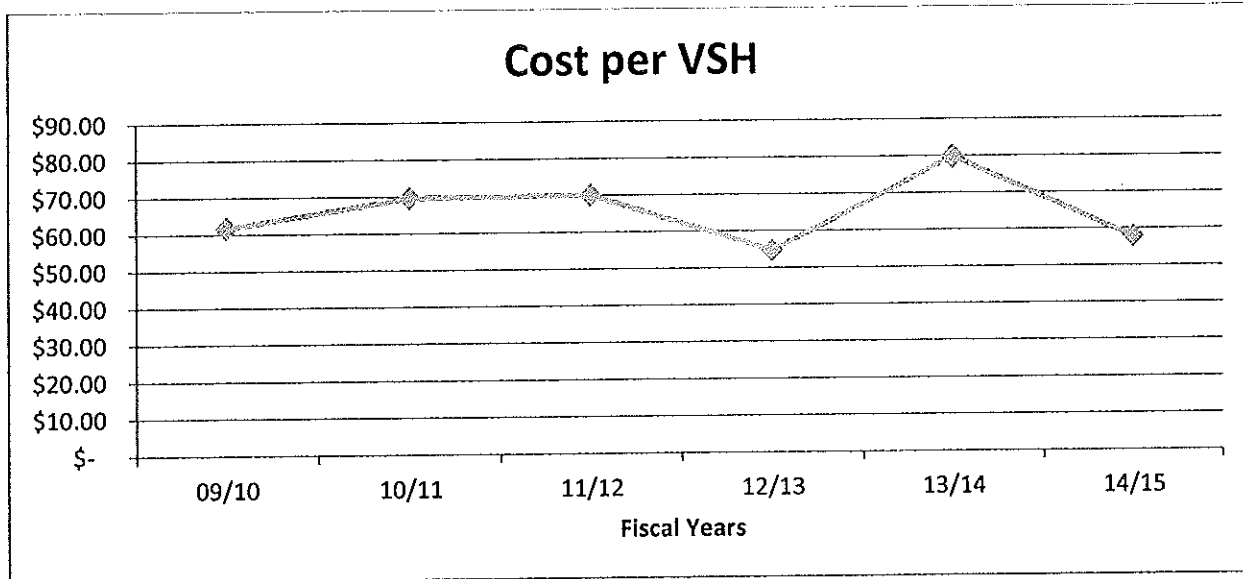
**Cost Efficiency**

Cost efficiency of a transit system measures the amount of public transit services produced for the community in relation to the resources expended. This measure addresses the question, "How many resources were expended per unit of public transit service produced?" Units of service produced are measured in terms of service outputs such as vehicle service hours and miles. Resources expended are measured by the amount of operating costs incurred.

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The trend in operating costs per vehicle service hour(VSH) is presented below in Exhibit 5.

Exhibit 5:



Operating costs were consistent from 09/10 to 11/12 and then began to decrease in 12/13 as the cost of fuel and other expenses decreased. The operating costs increased in the 13/14 year due to expenses related to the new main office, new training program, salaries, utilities, and other costs, and then dropped back to be consistent with the 12/13 costs in 14/15. Costs are relatively consistent from year to year due to the contract with the operator. The rate paid per hour of service to the transit provider does not necessarily increase or decrease with changes in service levels. Vehicle service hours have decreased due to decreased ridership and due to a portion of time that the Agency was short a driver.

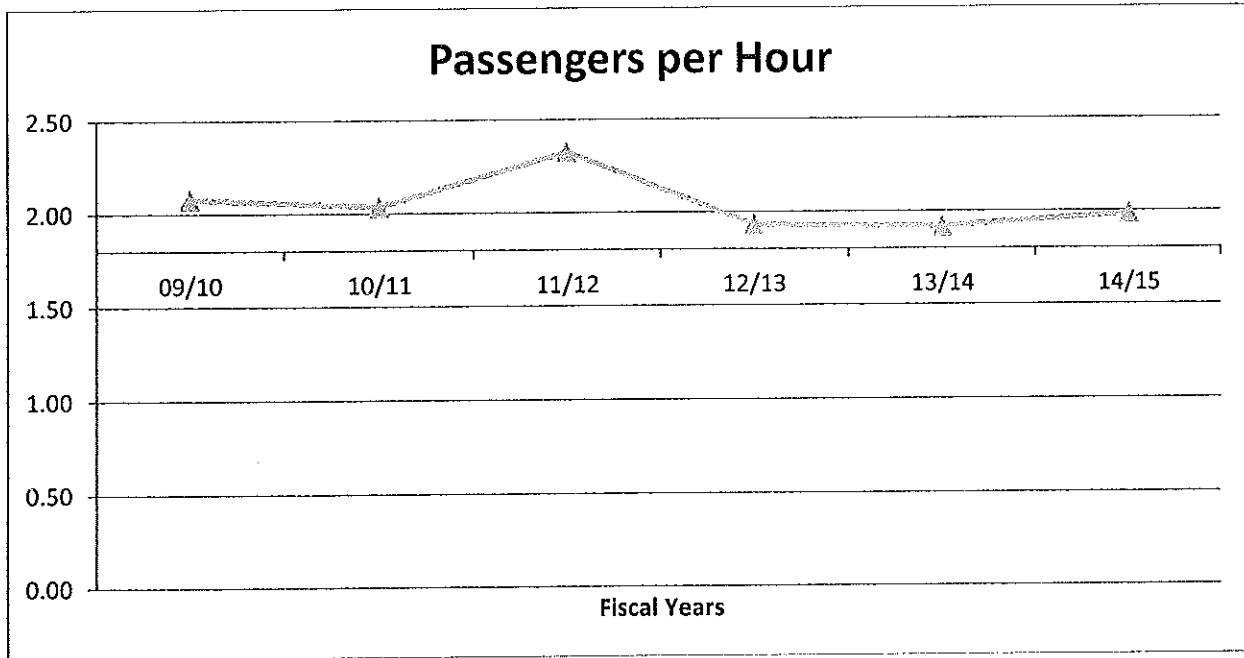
#### Service Effectiveness

Service effectiveness of the transit system measures the rate at which services are used compared to the amount of services available. This addresses the question, "How much transportation service was consumed?" Consumption is measured by ridership. The amount of service available is measured by vehicle service hours and miles. The result is an indication of the system's productivity.

The trend in the number of passengers per vehicle service hour is shown below in Exhibit 6.

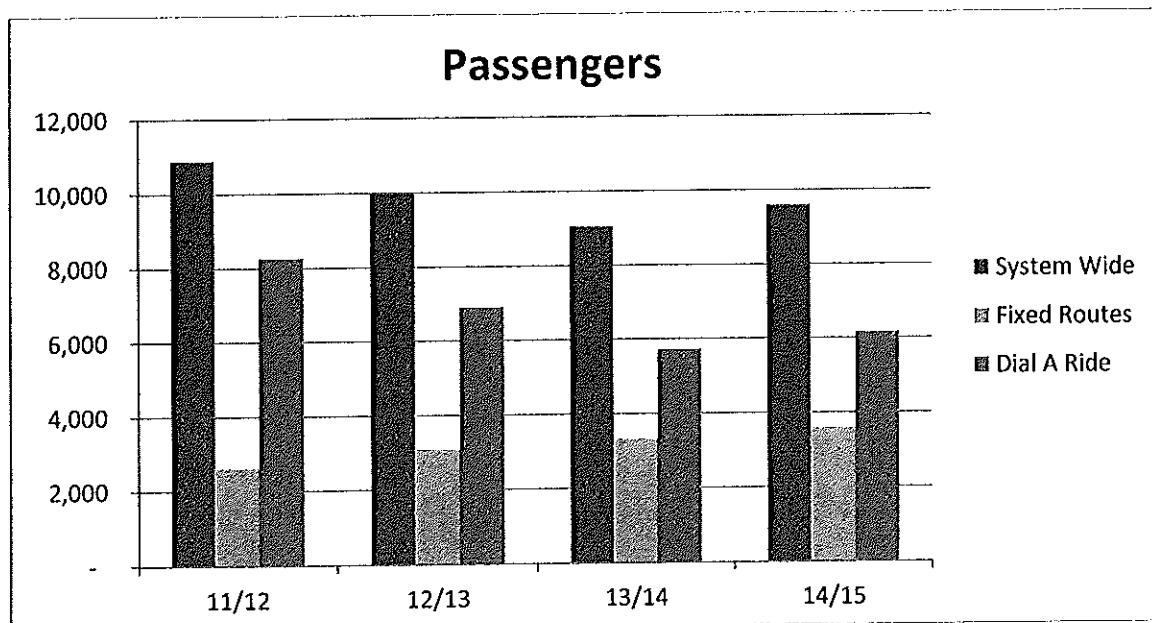
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Exhibit 6:



MTA provides two types of services that included the Fixed routes and the Dial-A-Ride service. The relative size of each type of service as measured by the total number of passengers per year is shown in Exhibit 7. The Dial a ride is the main route and carries about 70 percent of the system's passengers. The four-year trend illustrated in Exhibit 7 indicates that ridership is down for Dial-A-Ride and up for Fixed Routes.

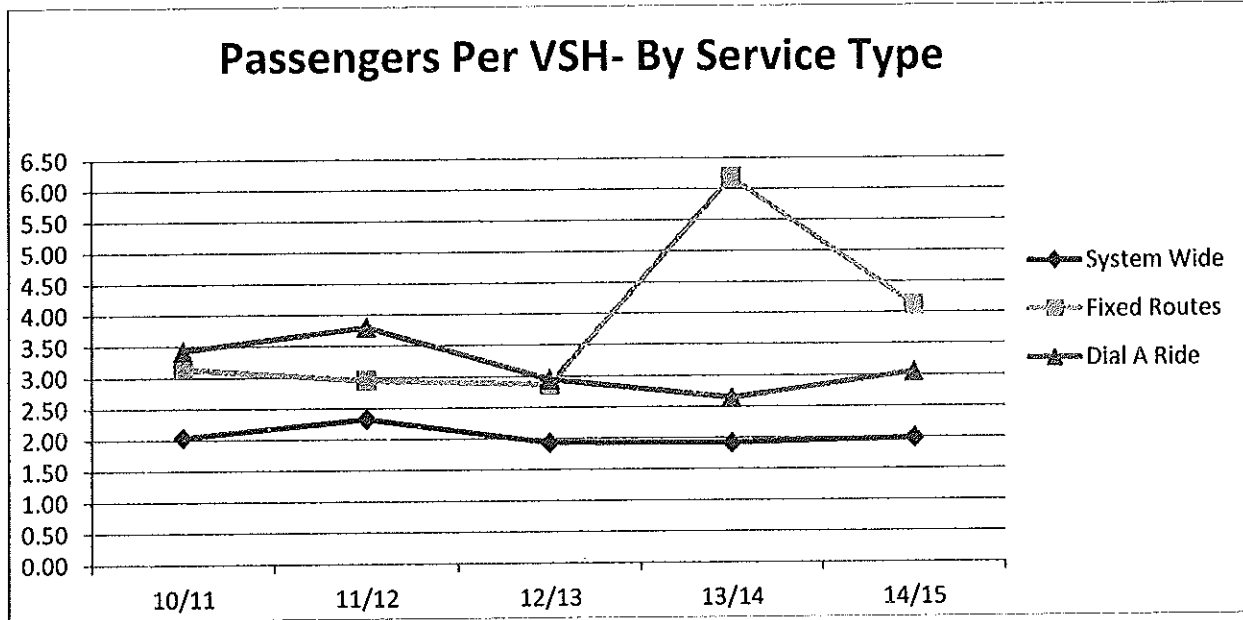
Exhibit 7:



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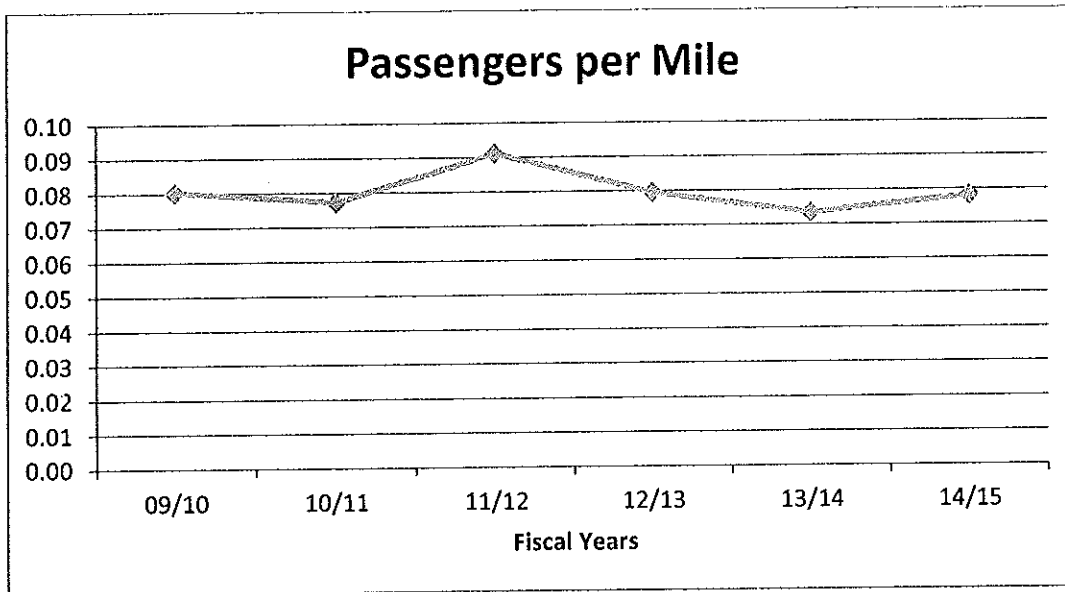
Exhibit 8 shows the number of passengers per vehicle hour by route as compared to the system-wide rate. The routes have remained fairly consistent over the four-year period. With a spike in 13/14 due to increased ridership and the addition of the Ft. Bidwell Route.

Exhibit 8:



The trend in the number of passengers per vehicle service mile is shown below in Exhibit 9. Passengers carried per vehicle service mile have remained fairly constant at 0.08 to 0.09 per mile.

Exhibit 9:

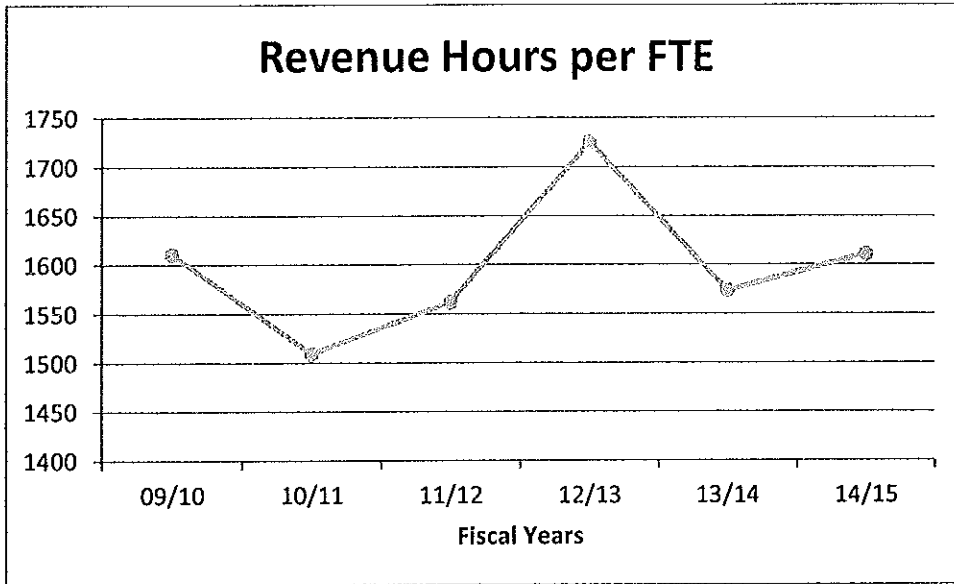


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**Vehicle Service Hours per FTE**

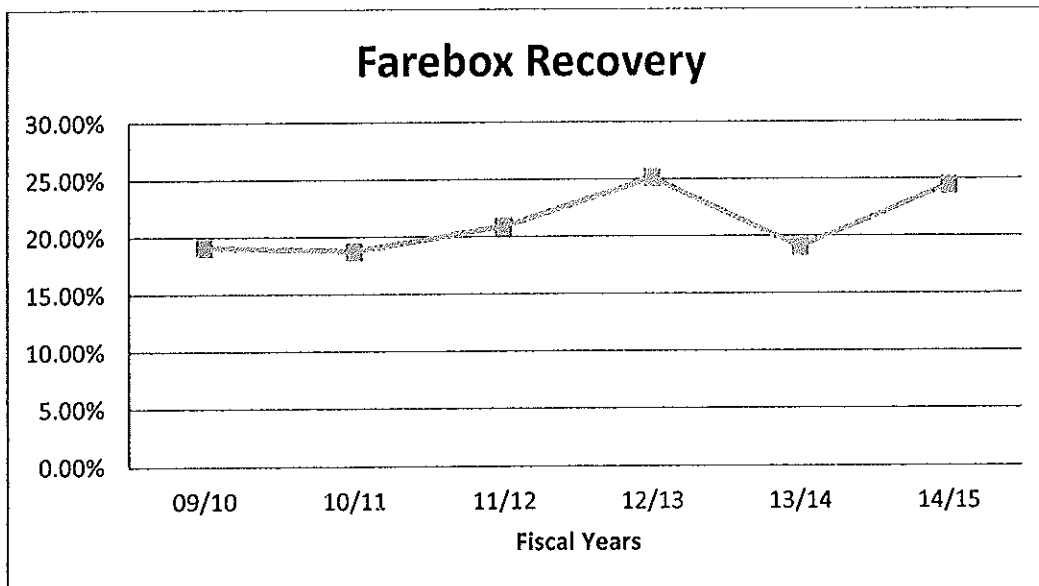
Vehicle service hours per employee measures transit system labor efficiency and is shown in Exhibit 10 for the six-year period on a system-wide basis. The changes are the result of being short drivers at times, and therefore being unable to run some routes, as well as the addition of routes which added more hours in years when the Agency was fully staffed.

**Exhibit 10:**



The trend in system-wide fare box recovery ratios is shown below in Exhibit 11.

**Exhibit 11:**



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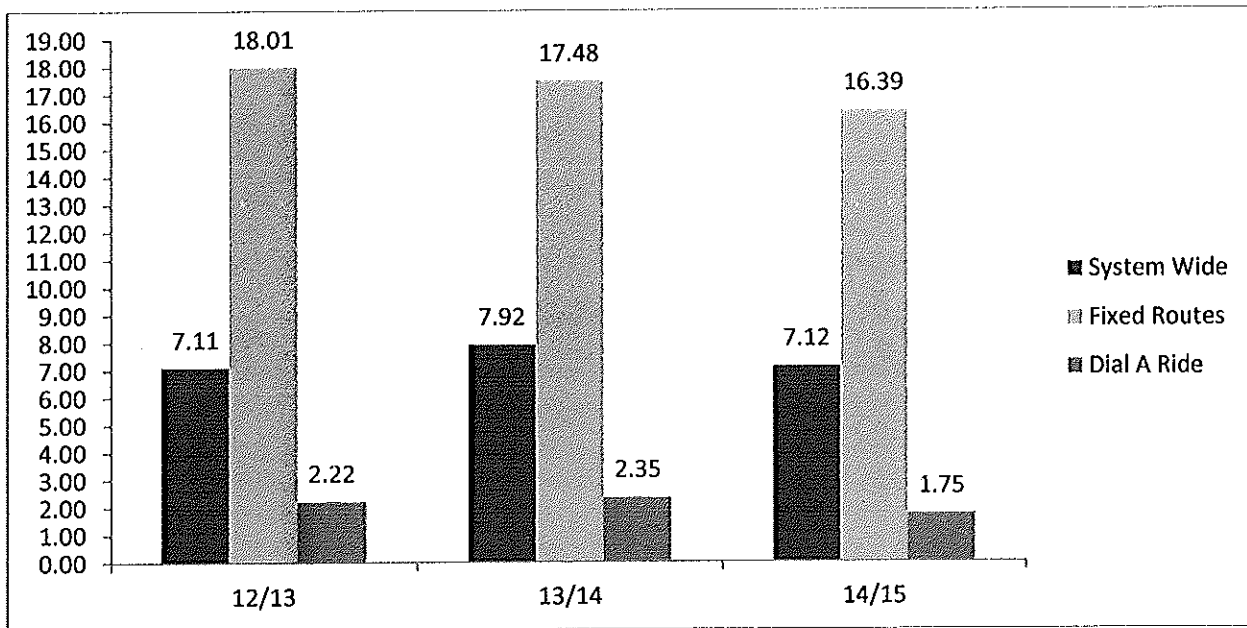
Operating Data	09/10	10/11	11/12
Operating Cost	297776	314869	328535
Farebox Revenue	56872	58988	68607
Farebox Recovery	19%	19%	21%

MTA is not required to meet a minimum farebox recovery because it is an Article 8 claimant. While other rural transit providers are struggling to meet minimum farebox requirements, MTA is doing an excellent job through controlling operating costs.

**Average Fare per Passenger**

Average fare per passenger varies widely across MTA routes as shown in Exhibit 12. MTA has a wide range of fare pricing. The Dial A Ride route charges one-way fares ranging from \$1.00 to \$3.00 to the general public. The Fixed routes are inter-City routes which have much higher one way fares, running from \$8.00 to \$32.00. The route fares vary depending on the passenger's destination and length of trip. The trend illustrates the demand for commuter-style public transit and the need for linking inter-community origins and destinations.

**Exhibit 12:**



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## FUNCTIONAL REVIEW

This section identifies and reviews the major functions of MTA. The following functional areas are discussed:

- General Management and Administration
- Service Planning
- Scheduling, Dispatch and Operations
- Personnel Management and Training
- Administration
- Marketing and Public Information
- Maintenance

### General Management and Organization

This functional area involves the overall administration of all functions performed by the transit operator and includes administrative oversight, organizational structure and reporting, and communications with other government agencies.

Policy direction comes from the Modoc Transit Agency Board of Directors, which is responsible for the adoption of the annual transit budget, as well as making all final decisions for the agency. Unmet transit needs are facilitated by the Modoc County Transportation Commission. Day-to-day management of the system is the responsibility of the Executive Director, who is assisted by a small staff consisting of a systems manager and a transit manager. Transit operations are contracted to MV Transportation, a private entity. The management team functions to control transit operations and communicate with the MTA board, the Local Transportation Commission board and MV Transportation staff.

MTA management works toward staying within its annual budget and meeting public needs for transit. Route statistics are collected each month and financial data is integrated. Comparisons of the current month to the same month of the previous year are made for each route. More than the minimum performance indicators are reviewed. Current productivity levels are compared to the annual budget and desired productivity levels.

MTA's system for accessing and reviewing data is developed from statistics obtained on daily route slips. The route statistics including ridership, vehicle service hours and miles and fare revenues are collected from the daily driver time and fare sheets. These are input to an Excel spreadsheet and then aggregated to produce a comprehensive monthly report. This information is reviewed regularly and action is taken if indicators change by significant amounts. These reports are reviewed during the board meetings which are held every other month for a total of 6 times per year.

### Service Planning

This functional area includes short-range planning, route evaluation, planning for special transportation needs, public participation processes, and administration of surveys to transit and non-transit users.

The MTA in cooperation with the Local Transportation Commission carries out the functions of transit planning, route evaluation, and planning for special transportation needs. All meetings of the MTA are open to the public, and the public is encouraged to participate in these meetings. The MTA undergoes

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constant evaluation to determine unmet transit needs, where ideas for changes in levels of service, and route modifications are explored, implemented, and evaluated.

Existing routes are evaluated by the data collected on the Driver manifest. Rider information is documented in spreadsheets and evaluated on a monthly basis. The operator ended the "rule of thumb" policy during the audit period and now will run a route as long as there is a minimum of one rider. The operator does not currently obtain information regarding the purpose of trips made by route, however, reasonable estimates are made based upon destinations of riders.

New routes are evaluated after a start-up phase of ninety days. If the route is being utilized and there is evidence that ridership for that route is increasing, the route will be extended for another evaluation period of six months. Upon determination if the route is feasible the MTA will either establish it as a route, or will discontinue its operation.

Every vehicle in the MTA fleet is equipped with ADA compliant equipment. Discount fares are available for students aged 6 to 18 when traveling to or from school, children under 12 receive reduced fare when traveling with a fare paying adult, seniors over 60 are also eligible for discounted fares, and disabled persons with valid ADA cards are eligible to receive reduced fares.

Surveys are administered to existing riders via on-board surveys, which are available on all vehicles. Surveys are also published in local newspapers and distributed through social agencies. To supplement limited surveying a telephone number is posted on each bus instructing passengers to call the transit office if they have a comment, question, suggestion, or complaint.

#### **Scheduling, Dispatch and Operations**

This functional area involves the daily or weekly scheduling of routes, assignment of drivers to routes, and vehicle assignments.

During the audit period, MTA contracted with MV Transportation for the day-to-day operation, and management of the transit operations. MV Transportation staff assigned to Modoc's transit system includes four drivers. Of the drivers, two are full time, and two are part-time. All drivers start their routes at the transit office. Drivers are scheduled weekly by the Transit Manager, who works for MTA. The Transit Manager creates the schedule at the beginning of the week. All drivers are licensed and capable of driving all vehicles. Drivers generally are assigned to a route covering a specific geographical area.

One of the Agency's biggest challenges is the recruiting of qualified drivers. The Agency is located in a rural area and has a very limited hiring pool from which to select drivers. In some cases potential recruits are not experienced with the types of vehicles the Agency operates, in these instances the Agency offers training at the transit service center.

All drivers are eligible to receive paid vacation. Driver's requests for time off are scheduled in advance and coordinated to ensure that there are enough drivers, for scheduled routes. When drivers have unscheduled absences, they will call the transit service center to arrange for another driver to take their route for that day.



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Dispatch operations are used for the Dial-A-Ride(DAR) service and are located at the transit service center. The dispatch operations are handled by the office clerk or the general manager. The DAR service has no limitations on eligible passengers as the service area is small and the DAR service provides transportation services to a 10 mile radius of the City of Alturas.

Passengers may call in advance to schedule reservations or they can call the same day for service. Riders also have the ability to use a subscription service which allows them to be picked up on set days and times, if those riders will be using the DAR service regularly.

Outside of advanced reservations and subscription services for the DAR service, riders make same day reservations with the drivers themselves. Each driver has a phone with them on the MTA's vehicles and as part of working the DAR service drivers will accept new rider reservations and work riders into the DAR system as they serve riders already on the vehicle. Due to the size of the transit operation there is no automated system used for the DAR service, and drivers are flexible to accommodate riders.

### **Personnel Management and Training**

This functional area includes management of human resources and recruiting and training policies.

Open positions are recruited by MTA through advertisements in local newspapers, as well as advertisements on the Sage Stage Website, a large now hiring sign, and on occasion, through Craigslist advertisements. It is difficult for the agency to recruit drivers due to the rural area of Modoc County, which provides a minimal pool of eligible recruits. It is not common for recruits to have experience, so all new hires, regardless of experience, receive an initial one week classroom training. Further training and licensing is provided to recruits without prior experience.

Turnover rates were high during the audit period . Turnover appears to be due to low wage and high job expectations and due to the fact that intensive training is required. During one point of the audited period, MTA was short drivers and had to rearrange route schedules and cancel some days that routes usually would run. MTA is currently fully staffed and running all routes again.

MV Transportation offers a safety incentive to drivers who do not have any accidents or incidents within the year period. Employee Evaluations are performed at 90 days and six months for new hires and then are performed annually. This gives the agency an opportunity to monitor employee performance and provide feedback. Evaluations monitor the employees overall performance, safety, and attendance.

MTA follows State guidelines to determine the level of training to provide its employees and ensure all employees are properly licensed. All initial training and licensing is offered by MTA on site. All employees receive two hours every other month of ongoing training which meets state requirements. All vehicles are equipped with necessary safety equipment and safety inspections are performed by the drivers daily using a safety checklist.

Absentee and tardiness policies are communicated to employees at the time of hire. Drug and alcohol policies require pre employment testing and follow state and federal requirements to enforce a zero

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tolerance policy. When disciplinary action is necessary, personnel policies are followed. These policies include verbal, written, and final warnings as well as possible unpaid suspension or termination.

Full time employees are offered benefits including health and dental insurance, and the option for a 401K retirement plan through MV Transportation. Additionally, MTA offers Paid Time Off to employees. These benefits are described in the employee handbook and provided to employees at the time of hire and during annual open enrollment times. Part time employees are not eligible for benefits.

The annual CHP inspections found MTA driver records, including driver proficiency, proof of driver's enrollment, supervisor training, lab testing, and DMV records to be current and in compliance.

#### **Administration**

This functional area includes the business and support type services necessary for an organization to continue operating and performing its primary functions. Sub-functions which are applicable to MTA include:

- Budgeting and Management Information Systems
- Financial and Grants Management
- Risk Management and Insurance
- Revenue Collection
- Payroll
- Accounts Payable

Budgetary comparisons are performed on a monthly basis. There is little excess on the budget, however, when a budget increase does occur, any expenses exceeding the proposed budget must be approved by the board.

Insurance requirements are placed on the transit provider (MV Transportation) who provides for liability coverage up to \$5 million. Evidence of coverage is provided to the transit manager by MV Transportation. These policies are periodically reviewed and evaluated.

MTA follows strict procurement procedures and policies that conform to the County's requirements. All purchases other than standard monthly fees require a prior authorized purchase order or a contract. Expenses over \$50,000 must go out to bid with a minimum of three bids. All purchases, regardless of the amounts, are reviewed against the current budget.

All vehicles have lockboxes for collecting fares. Proper segregation of duties is maintained as drivers do not have keys to the lockboxes. MTA tracks the fare revenues by route and by driver. Each driver independently is required to track the number of riders by type on a driver manifest. From this, MTA can calculate what the farebox revenue for the day should be. Comparisons are made between this and the actual count made from the lockboxes. At the end of the shift, drivers return the farebox directly to MTA and count the fare revenue with the Transit Manager or Operations Manager. Any discrepancies are investigated. All deposits of fare revenue and pass sales are reconciled back to the deposits on a daily basis.

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Payroll services are processed by the Transit Manager. All drivers submit their daily driver manifest with the fareboxes. The Transit Manager updates each driver's timesheet daily, based off the information on the driver manifest. Employee payroll information is kept in a secure database as well as in locked file cabinets. Payroll is prepared for the County employees by the Systems Manager, direct deposit is then processed by the County for each employee.

The Systems Manager and Transit Manager are responsible for all grant applications and compliance. MTA has been successful in receiving federal grants on a regular basis. During the audit period, MTA received a federal grant each year to offset operating costs. Claims for reimbursement are prepared and submitted timely. There is no indication that MTA has ever been denied grant funding because of errors in the grant application process or had grants revoked.

### **Marketing and Public Information**

This functional area involves the operator's marketing efforts and communication activities within its service area. Modoc Transportation Agency advertises its services both online and periodically on local radio station to make its services known to the general public. Special newspaper and radio advertising is targeted prior to starting new routes or expanding existing routes.

MTA publishes and distributes rider's guides that provide information about services, schedules, and maps. It also provides phone numbers that possible riders can call for additional information. These are distributed at numerous locations including the transit center, all County and City facilities, community centers, senior centers and neighboring communities. Detailed route information can be obtained online at [www.sagestage.com](http://www.sagestage.com). The Agency has developed a marketing objective and strategies in order to obtain improved advertising and awareness within the community and surrounding area.

MTA has staff available to respond to telephone inquiries. The transit center accepts calls and complaints. All vehicles have complaint forms that can be completed and placed in a container on the bus. All buses have a phone number posted where passengers can call and communicate a problem. Performance and survey data are routinely collected and there have been marketing campaigns to promote ridership growth.

The Agency has indicated that public perception of the system is positive. This is also reflected by the fairly high farebox ratio that the system has maintained in comparison to other rural areas and systems.

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**Summary**

Our audit found MTA to be effectively and efficiently operating, using its limited resources to provide public transit services in a rural area. MTA routes provide mobility to its residents and it strives to satisfy unmet transit needs that are reasonable. The system provides good coverage linking communities and regions as well as linking with transit systems from other jurisdictions. Our recommendations are made as possible considerations for improvement and should be considered within the confines of limited funding resources. Overall, MTA is doing an admirable job providing public transportation.

The prior TDA performance audit was completed for the triennial period ended June 30, 2015, contained two recommendations. As part of the current audit, the status of this recommendation was reviewed. The recommendation is listed below along with its current status.

**Prior Audit Recommendation #1**

1. The Organization should consider investing in software that allows it to capture and calculate performance indicators required by the TDA, as well as other metrics that would enable management and the board to make better informed decisions

Status of Recommendation: This recommendation has not been implemented. See current year recommendation #1.

2. MTA correctly excludes lunch periods, rest breaks and standby time in their terminus city on intercity fixed-routes. However, MTA does not exclude vehicle inspection/clean time and deadhead time. As noted above, Sage Stage first scheduled pickup/drop-offs are generally less than one half mile (or one minute) from the yard, although occasionally the DAR will have the first pickup in the community of California Pines, which is a 20 minute drive. Overall, the time associated with deadhead travel and inspection/cleaning is relatively small compared to total vehicle service hours and will not significantly change performance measures calculated as part of this audit. It should also be noted that changing the vehicle hour/mile calculation process would require changing driver run sheets and re-training drivers. However, to be consistent with stat regulations, MTA is required to report vehicle service hours in accordance with the TDA definition. Similarly, vehicle service miles should not include mileage accrued during deadhead travel. If changing the reporting process proves too costly, MTA management could estimate the number of deadhead hours/miles each month based on driver run sheets and subtract this figure from vehicle service hours and miles reported to the State Controller.

Status of Recommendation: This recommendation has not been implemented. See current year recommendation #2.