



TDA Triennial Performance Audit, FY 2019 - FY 2021 Modoc County Transportation Commission

Final Report
October 2021



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Chapter 1 | Executive Summary

The Triennial Performance Audit of the Modoc County Transportation Commission (MCTC) covers a three-year period ending June 30, 2021. The California Public Utilities Code requires all Regional Transportation Planning Agencies to conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2021, the MCTC selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the one transit operator to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of MCTC as the Regional Transportation Planning Agency for the period:

- Fiscal Year 2018/19,
- Fiscal Year 2019/20, and
- Fiscal Year 2020/21.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

The Triennial Performance Audit includes five elements:

1. Compliance requirements,
2. Follow-up of prior recommendations,
3. Analysis of internal goal setting and strategic planning efforts,
4. Review of the RTPA's functions and activities, and
5. Findings and recommendations.

Test of Compliance

MCTC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner.

Status of Prior Recommendations

The prior audit – completed in January 2019 by Monica Derner CPA PC for the three fiscal years ending June 30, 2018 – included no recommendations.

Goal Setting and Strategic Planning

The primary planning document is the Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS). The RTP is a long-range (20-year) transportation plan providing a vision for regional transportation investments. The Plan, which was completed in 2019 and is scheduled to be updated in 2024, considers the role of transportation including economic factors, quality of life issues, and environmental factors. As a rural (non-MPO) county, the MCTC is not required to prepare a Sustainable Communities Strategy (SCS) element.

The MCTC also periodically prepares a Short-Range Transit Development Plan for Modoc Transportation Agency/Sage Stage. The SRTDP, the most recent of which was completed in 2013 and covers a five-year planning horizon, identifies county-wide goals and objectives, sets mode-specific performance standards, assesses recent transit system performance, makes recommendations based on a needs analysis, provides a financial plan, and identifies marketing strategies. The SRTDP is the primary planning document for public transit in Modoc County.

The MCTC recently (December 2020) adopted its updated Coordinated Public Transportation Plan for Modoc County, which is a unified strategy that focuses on the transportation needs of persons with disabilities, seniors, and low-income individuals.

Findings and Recommendations

Based on the current review, the auditors submit no TDA compliance findings.

The auditors have identified four functional findings. While these findings are not compliance findings, the auditors believe they are significant enough to be addressed within this review:

1. The MCTC could not provide documentation that it had submitted its prior triennial performance audit to Caltrans and certified that the Modoc Transportation Agency audit had been completed.
2. The MCTC does not consistently calculate eligibility for using State Transit Assistance funding for operating purposes.
3. The MTA's annual TDA fiscal audit does not include a detailed calculation specific to farebox recovery ratio.
4. The MCTC should move forward with preparation of an updated Short Range Transit Plan for Sage Stage.

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the Modoc County Transportation Commission as the RTPA. 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 agency into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the Triennial Performance Audit that are not specific to TDA compliance.

Only functional recommendations are presented below.

Exhibit 1.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Ensure documentation of the submittal of the RTPA's triennial performance audit and certification of the transit operator's triennial performance audit is maintained and can be provided during the next triennial performance audit.	Medium	FY 2021/22
2	Begin assessing eligibility for use of State Transit Assistance funds for operating purposes using the efficiency tests.	High	FY 2023/24
3	Begin including the farebox recovery ratio calculation in the Modoc Transportation Agency's annual TDA fiscal audit.	Medium	FY 2021/22
4	Prepare an updated Short Range Transit Plan.	Medium	FY 2022/23

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the Modoc County Transportation Commission covers the three-year period ending June 30, 2021. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2021, the MCTC selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the one transit operator to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of Moore & Associates followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of MCTC as the designated RTPA for Modoc County. Direct benefits of a triennial performance audit include providing RTPA management with information on the economy, efficiency, and effectiveness of their 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 99246(a) that the RTPA designate an independent entity other than itself to conduct a performance audit of its activities as well as those of each Transit Operator to which it allocates TDA funding.

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. We 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 has four primary objectives:

1. Assess compliance with TDA regulations,
2. Review actions taken by the RTPA to implement prior recommendations,
3. Evaluate the efficiency and effectiveness of the RTPA through a review of its functions, and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the RTPA.

Scope

The Triennial Performance Audit is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the regional transportation planning agency. The audit of the MCTC included five tasks:

1. Review of compliance with TDA requirements and regulations.
2. Assessment of the implementation status of recommendations included in the prior Triennial Performance Audit.
3. Analysis of the MCTC's internal goal setting and strategic planning functions.
4. Examination of the following functions:
 - Administration and Management,
 - Transportation Planning and Regional Coordination,
 - Claimant Relationships and Oversight,
 - Marketing and Transportation Alternatives, and
 - Grant Applications and Management.
5. Recommendations to address opportunities for improvement based on analysis of the information collected and the review of the RTPA's core functions.

Methodology

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

- Triennial Performance Audit reports for the prior review period;
- Annual budgets;
- Audited financial statements;
- State Controller Reports;
- Agency organizational chart;
- Board meeting minutes and agendas;
- Policies and procedures manuals;
- Regional planning documents;
- Overall work plans;
- Article 8 Unmet Transit Needs documentation;
- TDA claims manual; and
- TDA and transit funding allocations to operators.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with Modoc County Transportation Commission representatives on July 28, 2021. The audit team met with Niki Lemke (Chief Fiscal Officer) and Debbie Pedersen (Executive Director), and reviewed materials germane to the triennial audit.

The report is comprised of seven 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 audit 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,
 - Progress in implementing prior recommendations,
 - Goal setting and strategic planning,
 - Functional review, and
 - Findings and recommendations.

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Chapter 3 | Program Compliance

This section examines the Modoc County Transportation Commission's compliance with the State of California's Transportation Development Act as well as relevant sections of California's Public Utilities Commission code. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. Although compliance verification is not a Triennial Performance Audit function, several specific requirements concern issues relevant to the performance audit. The RTPA considers full use of funds under CCR Section 6754(a) to refer to operating funds but not capital funds. The Triennial Performance Audit findings and related comments are delineated in Exhibit 3.1.

Compliance was determined through discussions with MCTC staff as well as an inspection of relevant documents, including the fiscal audits for each year of the triennium. Also reviewed were planning documents, Board actions, and other related documentation.

No compliance findings were identified for the MCTC.

Developments Occurring During the Audit Period

The last half of the audit period was markedly different from the first half. For transit operators, 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 mitigated some of the lost revenues, most public transit programs in California have yet to return to pre-pandemic ridership and fare levels. As a result, this cycle of Triennial Performance Audits will provide an assessment not only of how COVID-19 impacted each organization, but how it responded to the crisis.

In addition to the COVID-19 pandemic, recent and proposed 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 transit operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California's state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. While the ability to maintain state mandates and performance measures is important, AB 90 offered much-needed relief from these requirements for these years initially impacted by the COVID-19 pandemic while TDA reform continues to be discussed. AB 90 included provisions specific to transit operator funding through the TDA, including temporary farebox recovery

ratio waivers, changes regarding the allocation of State Transit Assistance funds, and eligibility for using STA for operating purposes.

Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. Recognizing the ongoing impact of the COVID-19 pandemic, it extended the provisions of AB 90 through FY 2022/23 as well as provided additional relief with respect to local funding, operating cost, and use of STA funds.

There are several key considerations from AB 149 that are important for the MCTC to note across the next audit period, including compliance waivers and funding allocations. Of particular importance across the next three years is being mindful of when various waivers expire. Most extend through FY 2023, which is the second year of the next audit period. A couple of options extend through FY 2026, so it is important for both the RTPA and operator to be aware of these end dates.

Key considerations include the following:

1. PUC 75230 (LCTOP) – For FY 2020 through FY 2023, Low Carbon Transit Operations Program allocations are tied to operator ratios used for allocating STA funds. Though not new in AB 149, this section requires annual TDA fiscal audits to also include an audit of LCTOP funds.
2. PUC 99244 – The requirement to annually analyze operator productivity is waived for FY 2021 through FY 2023.
3. PUC 99246.5 – Caltrans will be reviewing the triennial performance audit process, with a report to be completed by November 30, 2021.
4. PUC 99268.9 – Penalties for not meeting the required farebox recovery ratio are waived for FY 2020 through FY 2023.
5. PUC 99268.17 – Beginning with FY 2022, additional operating costs may be exempted when calculating the farebox recovery ratio. These include costs for ADA paratransit, operating costs for demand-response and microtransit services that expand service beyond fixed-route corridors; costs for ticketing/payment systems; security costs; some pension costs; and planning costs specific to operations improvements, transition to zero-emission, and regional integration.
6. PUC 99268.19 – Beginning in FY 2022, operators may count federal funding as local funds (i.e., CARES Act or Coronavirus Response and Relief Supplemental Appropriations Act). It also allows operators to calculate free and reduced fares at their actual value.
7. PUC 99268.20 – This new Section provides an exemption from Farebox Recovery Ratio compliance if a transit operator expends at least the same amount in local funds as it did in FY 2019. The operator must be able to demonstrate this to the satisfaction of the State Controller's office or it will be required to reimburse any funds it should not have received. It also exempts operators from having to file reports that are only required for compliance with the Sections from which it is exempted.
Caltrans is charged with providing a report to the Legislature for operators exempted from these Sections. This Section is in effect from FY 2022 through FY 2026. It offers some additional flexibility for operators during the three-year period after the penalty waivers (PUC 99268.9) expire.
8. PUB 99312.1 (State Transit Assistance) - This allows transit operators to use STA funds as needed (operating or capital) to keep transit service levels from being reduced or eliminated (when

declared necessary by the governing board) for FY 2020 through FY 2023. It also relieves operators from some of the reporting requirements for these funds.

9. PUC 99314.6 (STA) – This allows operators to exclude certain costs (as amended in Section 99268.17) from the efficiency calculation used to determine an operator’s eligibility to use STA funds for operating purposes. It also exempts transit operators from the eligibility requirement for FY 2021, FY 2022, and FY 2023.
10. PUC 99314.10 (STA) – This Section pertains to funding allocations for STA. It extends the coverage of this Section through FY 2023 (instead of FY 2022), and extends the State Controller’s Transit Assistance Allocation memo date to June 30, 2023.
11. PUC 99314.11 (STA) – Similar to PUC 99268.20, this new Section eliminates the eligibility requirements for receiving STA funds for transit operators that expended at least the same amount in local funds as they did in FY 2019. The operator must be able to demonstrate this to the satisfaction of the Controller’s office or it will be required to reimburse any funds it should not have received. It also exempts operators from having to file reports that are only required for compliance with the Sections from which it is exempted. Caltrans is charged with providing a report to the Legislature for operators exempted from these Sections. This Section is in effect through FY 2026.
12. PUC 99405 – This Section exempts transit operators that are in compliance with Section 99268.20 (which provides an exemption from the FBRR if they meet the level of local funding expended in FY 2019) from the 50-percent limitation.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund monies apportioned to that area.	PUC 99231	In compliance	
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles (Article 3).	PUC 99233, 99234	In compliance	These are included in Chapter 6 of MCTC's TDA Handbook.
The RTPA has established a Social Services Transportation Advisory Council. The RTPA must ensure that there is a citizen participation process that includes at least an annual public hearing.	PUC 99238, 99238.5	In compliance	The SSTAC holds a public hearing once per year as part of the Unmet Transit Needs process.
The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit. <ul style="list-style-type: none"> A committee for the purpose of providing advice on productivity improvements may be formed. The operator has made a reasonable effort to implement improvements recommended by the RTPA as determined by the RTPA, or else the operator has not received an allocation that exceeds its prior year allocation. 	PUC 99244	In compliance	MCTC regularly tracks the Modoc Transportation Agency's productivity and performance. Any requests for service are addressed by the SSTAC through the TDA Article 8 "Unmet Transit Needs" process.
The RTPA has ensured that all claimants to whom it allocated TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	PUC 99245	In compliance*	FY 2018/19: September 16, 2019 FY 2019/20: September 16, 2020 FY 2020/21: Pending
The RTPA has submitted to the state controller an annual certified fiscal audit within 12 months of the end of the fiscal year.	CCR 6662	In compliance*	FY 2018/19: September 12, 2019 FY 2019/20: September 15, 2020 FY 2020/21: Pending
The RTPA has submitted within 90 days after the end of the fiscal year an annual financial transactions report to the state controller.	CCR 6660	In compliance*	FY 2018/19: January 14, 2020 FY 2019/20: February 4, 2021 FY 2020/21: Pending <i>The FY 2019/20 report was submitted three days late due to MCTC not receiving necessary information from the State Controller's Office.</i>

*In compliance pending on-time submittal of reports for FY 2020/21. Given these reports have historically been submitted on time, there is no reason to anticipate the FY 2020/21 reports will be submitted late.

Compliance Element	Reference	Compliance	Comments
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA money, and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.	PUC 99246, 99248	In compliance	The prior audit (FY 2016 – FY 2018) was conducted by Monica Derner CPA PC. It was dated January 24, 2019. The current audit is being prepared by Moore & Associates, Inc., with a November 2021 completion date.
The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.	PUC 99246(c)	In compliance	The lack of documentation is addressed as a functional finding in Chapter 7.
For Article 8(c) claimants, the RTPA may adopt performance criteria, local match requirements, or fare recovery ratios. In such cases, the rules and regulations of the RTPA will apply.	PUC 99405	Not applicable	MCTC has not adopted alternative performance criteria for Modoc Transportation Agency.
The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of section 99260.2.	PUC 99246(d)	In compliance	
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	PUC 99270.1, 99270.2	Not applicable	
The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	PUC 99275.5	Not applicable	There are no Article 4.5 recipients in Modoc County.

Compliance Element	Reference	Compliance	Comments
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	PUC 99310.5, 99313.3, Proposition 116	In compliance	
Transit operators must meet one of two efficiency standards in order to use their full allocation of state transit assistance funds for operating purposes. If an operator does not meet either efficiency standard, the portion of the allocation that the operator may use for operations shall be the total allocation to the operator reduced by the lowest percentage by which the operator's total operating cost per revenue vehicle hour exceeded the target amount necessary to meet the applicable efficiency standard. The remaining portion of the operator's allocation shall be used only for capital purposes.	PUC 99314.6	In compliance	While the Modoc Transportation Agency met the efficiency standards, MCTC does not consistently apply the eligibility tests. This is addressed as a functional finding in Chapter 7.
The amount received pursuant to the Public Utilities Code, Section 99314.3, by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	PUC 99314.3	In compliance	
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238; • Identified transit needs, including: <ul style="list-style-type: none"> ▪ Groups that are transit-dependent or transit-disadvantaged; ▪ Adequacy of existing transit services to meet the needs of groups identified; and ▪ Analysis of potential alternatives to provide transportation alternatives; • Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet"; • Identified the unmet transit needs and those needs that are reasonable to meet; and • Adopted a finding that there are no unmet transit needs, that there are no unmet transit needs that are reasonable to meet, or that there are unmet transit needs including needs that are reasonable to meet. <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>	PUC 99401.5	In compliance	Unmet Transit Needs public hearings: April 13, 2018 April 2, 2019 April 21, 2020 April 6, 2021

Chapter 4 | Prior Audit Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the Modoc County Transportation Commission has made quantifiable progress toward improving both the efficiency and effectiveness of its programs.

The prior audit – completed in January 2019 by Monica Derner CPA PC for the three fiscal years ending June 30, 2018 – included no findings or recommendations.

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Chapter 5 | Goal Setting and Strategic Planning

This chapter analyzes the Modoc County Transportation Commission’s goal setting and strategic planning process. According to its FY 2021/22 Overall Work Program, MCTC is responsible for ongoing administration and regional transportation planning in Modoc County. It uses federal planning factors to develop planning goals consistent with the region’s rural needs. Regional planning concerns include preserving, rehabilitating, and improving safety on existing transportation facilities and coordinating projects and transportation services to maximize efficiency, effectiveness, and funding.

The primary planning document is the Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS). The RTP is a long-range (20-year) transportation plan providing a vision for regional transportation investments. The Plan, which was completed in 2019 and is scheduled to be updated in 2024, considers the role of transportation including economic factors, quality of life issues, and environmental factors. As a rural (non-MPO) county, MCTC is not required to prepare a Sustainable Communities Strategy (SCS) element.

At the core of the 2019 RTP are three goals, each with short- and long-range objectives and associated policies:

1. Reduce distressed lane miles in Modoc.
 - a. Short-range: Program STIP funding to local street and road deferred maintenance; support State SHOPP and CAPM projects.
 - b. Long-range: Program STIP funding to local streets and roads.
 - c. Policy: System preservation is the highest priority for funding from STIP.
2. Reduce fatalities, fatal collisions VMT, injury, property damage.
 - a. Short-range: Support partner agencies’ safety projects and include them in the RTP.
 - b. Long-range: Support State and local agency safety projects.
 - c. Policy: Safety is a high priority. Support State, City, and County safety projects; include these projects in the Regional Transportation Plan.
3. Mobility – transit operations.
 - a. Short-range: MTA to monitor operating cost per revenue mile and farebox ratio.
 - b. Long-range: Research sources for efficiencies for operations.
 - c. Policy: MTA to have Triennial Performance Audit and monitor the system performance; adjustments to maintain farebox ratios and operating costs. Submit grant funding for a new Short-Range Transit Plan.

The MCTC also prepares a Short-Range Transit Development Plan for Modoc Transportation Agency/Sage Stage. The SRTDP, the most recent of which was completed in 2013 and covers a five-year planning horizon, identifies county-wide goals and objectives, sets mode-specific performance standards, assesses recent transit system performance, makes recommendations based on a needs analysis, provides a financial plan, and identifies marketing strategies. The SRTDP is the primary planning document specific to public transit in Modoc County.

The 2013 SRTDP sets forth seven goals for regional transportation in Modoc County, which relate to the goals identified in the Regional Transportation Plan (prior to the 2019 RTP). Each goal is supported by objectives, performance measures, and policies.

1. Reliability and System Preservation Goal: Develop a reliable transportation system, implementing only projects that can be maintained, operated, and sustained by identified funding sources.
 - a. Objective: Compatible land and transportation planning to maximize the effectiveness of transportation investments.
 - b. Objective: Adequately maintained transit vehicles and facilities, to avoid service interruption and increased costs when routine maintenance is deferred.
 - c. Performance measure: Service miles between road calls.
 - d. Policy: Prioritize public transit vehicle maintenance and replacement, in light of extensive travel distances and lack of readily available emergency response along transit routes.
 - e. Other relevant policies: Maintenance and management of the existing transportation system have priority over capacity expansion.
2. Safety and Security Goal: Provide for optimum safety and security during movements of people and goods.
 - a. Objective: Safe and secure public transportation.
 - b. Performance measures: Transit accident rates per trip, miles traveled, and service hours.
 - c. Other relevant policies: Promote advanced technology applications, wherever feasible, to enhance traveler safety and transit information.
3. Mobility and Accessibility Goal: Provide transportation services and facilities that best facilitate mobility, provide reasonable accessibility, and are equitably distributed among all ethnic, age, and income groups.
 - a. Objective: Increase number of trips by transit and non-motorized modes through improved facilities and service quality.
 - i. Performance measure: Transit ridership
 - b. Objective: Coordinate public transit programs with adjacent jurisdictions, to facilitate effective regional and intercity mobility.
 - i. Performance measures: Proportion of connecting transportation service with which local services and schedules are coordinated.
 - c. Objective: Public transit services that access vital medical, commercial and recreation activities, both within and outside the region, to the extent practicable and financially sustainable.
 - i. Performance measures: Number of transit trips by trip purpose, as monitored through periodic passenger surveys.
 - d. Relevant policies: All existing and new public transit services, facilities and equipment shall be fully accessible to persons with disabilities as defined, mandated, and required under the Americans with Disabilities Act. All existing and new transit services shall be provided in ways that do not preclude the use on the basis of race, color, and/or national origin as defined, mandated, and required under Title VI of the Civil Rights Act of 1964.
4. Quality of Life Goal: Facilitate development of transportation services and facilities, for all transportation modes, that enhance enjoyment of increased mobility and minimize adverse impacts on the natural social, cultural, and historic achievements.

- a. Objective: Promote and design transportation projects that will reduce greenhouse gas (GHG) emissions and thereby positively contribute to meeting statewide global warming emissions targets set in the Global Warming Solutions Act of 2006 (AB 32).
 - b. Policies: Seek transportation planning grant funding to implement and plan projects that provide awareness of and compliance with climate change guidelines and support development and implementation of the best practices in community and regional planning.
5. Advanced Technology Goal: Deploy advanced technologies within regional transportation system to enhance traveler information, safety, mobility, and accessibility.
 - a. Objective: Internet access to the MCTC's agenda, public policies, and updates; MTA/Sage Stage bus schedule; and trip planning technologies for rural intercity travel.
 - b. Performance measures: Easy-to-use trip planning tool for intercity travel using two or more rural transit operators or passenger carriers.
6. Livable Communities Goal: Maintain and improve the regional transportation system to support livable communities, access to locally operated businesses, and economic vitality. (No relevant objectives or performance measures relevant to public transportation services.)
7. Financial Goal: Construct, operate, and maintain the regional transportation system to meet adequate standards, maximize return on investments, and serve as an integrated and well-coordinated whole.
 - a. Objective: Sufficient funding to provide adequate transit services for all county residents who will use them.
 - b. Performance measures: Public transit system that meets reasonable transportation needs.
 - c. Policies: Apply for all eligible state and federal funds with reasonable expectation of receipt and net benefit to the region. Effectively utilize all available transportation funding, relative to federal and state requirements.

Given the Regional Transportation Plan has been updated twice since the most recent SRTDP was prepared, the MCTC should both a) update the Short-Range Transit Development Plan for Modoc County (as stated in the third RTP goal listed above) and b) ensure the transportation goals and objectives are consistent between the RTP and the SRTDP.

The MCTC recently (December 2020) adopted its updated Coordinated Public Transportation Plan for Modoc County, which is a unified strategy that focuses on the transportation needs of persons with disabilities, seniors, and low-income individuals. The Plan identified three priority strategies, some of which were carried forward from the prior Plan.

1. Maintain the current level of transportation services.
2. Continue outreach efforts.
3. Increase coordination among county agencies.

The Plan also identified several needs specific to COVID-19, which align with the overall priority strategies. These were:

1. Grocery/food delivery.
2. Maintaining pre-COVID-19 levels of transportation services.
3. Expanding outreach efforts.
4. Increased coordination among county agencies.

Chapter 6 | Functional Review

A functional review of the Modoc County Transportation Commission determines the extent and efficiency of the following functional activities:

- Administration and Management;
- Transportation Planning and Regional Coordination;
- Claimant Relationships and Oversight;
- Marketing and Transportation Alternatives; and
- Grant Applications and Management; and

Administration and Management

The Modoc County Transportation Commission (MCTC) is a state-designated regional transportation planning agency created to serve as the planning and programming authority for transportation projects in Modoc County. Its single TDA funding recipient is the Modoc Transportation Agency.

The MCTC's role as the RTPA is to foster intergovernmental coordination, undertake comprehensive regional planning with an emphasis on transportation issues, provide a forum for citizen input into the planning process, and provide technical services to its member agencies. The MCTC is also responsible for administering Transportation Development Act (TDA) funds. As the RTPA, the MCTC is responsible for preparing the Regional Transportation Plan every five years.

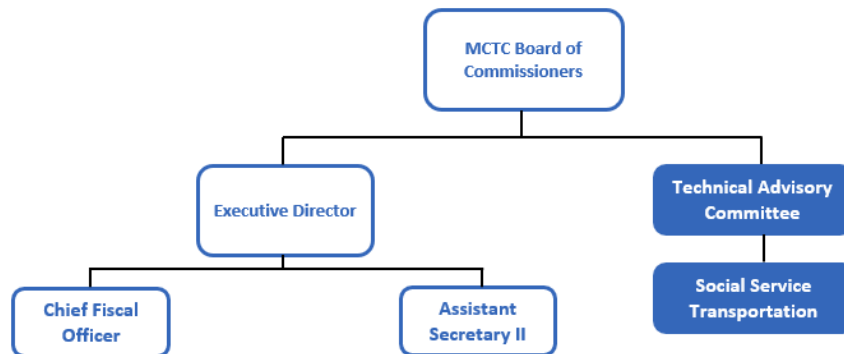
The MCTC Board of Directors is comprised of three representatives and one alternate appointed by the County of Modoc and three representatives and one alternate appointed by the City of Alturas. The Board meets on the first Tuesday of even-numbered months at 1:30 p.m. Meetings are held either in-person or by phone.

The MCTC Technical Advisory Committee (TAC) is comprised of members from City and County roads and public works departments, the county Planning Commission, and Caltrans District 2. It provides technical assistance to the Commission.

MCTC's Social Services Transportation Advisory Committee (SSTAC) ensures citizen participation, assists with the annual Unmet Transit Needs process, and supports TDA allocations. It also serves as a Citizens Advisory Committee during transportation planning activities when public input is needed.

Reporting directly to the MCTC board is the Executive Director. An organizational chart is presented as Exhibit 6.1.

Exhibit 6.1 Organizational Chart (FY 2019/20)



As the RTPA, the MCTC establishes and updates clear, comprehensive, and realistic goals and objectives for internal functions, regional coordination, grant applications, operator's performance, as well as, any transportation alternatives that develop over time. The RTPA governing board will break into committees on an as-needed basis.

Generally, the RTPA staff turnover rate is fairly low. Staff receive regular training through CalACT, Caltrans, and other resources. All full-time staff are eligible for the agency's benefits package.

Impact of COVID-19 pandemic

Due to the COVID-19 pandemic and the state's projection of sharp decline in state revenue, one full-time position was eliminated. Employees continued in-person work while the office was closed to the public. Meetings were conducted via teleconference. The office has since reopened to the public.

Claimant Relationships and Oversight

The MCTC provides technical and managerial assistance to operators on an ongoing basis. The RTPA has received an audited annual report from the Modoc Transportation Agency within 180 days after the end of the fiscal year.

The MCTC processes TDA claims in a timely manner consistent with its own rules and has not had to withhold monies from the Modoc Transportation Agency.

Transportation Planning and Regional Coordination

The Regional Transportation Plan was last updated in 2019. Updates are prepared every five years (the MCTC elected to not follow a four-year update schedule). The document has become more concise each year to make it a more accessible and useful tool.

The MCTC is responsible for gathering information from local planning and zoning agencies, private businesses, regional air quality districts, and state and federal agencies concerning transportation-related demand, mandates, funding, and other issues. The MCTC has developed and implemented a systematic method to stay up-to-date on transportation service levels and types provided within its jurisdiction.

Marketing and Transportation Alternatives

Marketing strategies generally fall under the Transit Department. Marketing activities specific to the MCTC include the organization's website and funding for field trips. The MCTC promotes public engagement activities such as public hearings and workshops via media releases and legal notices. One recent example is outreach conducted as part of a California "Main Street" study, which lasted four to five months.

Periodic surveys are typically conducted in conjunction with the Social Service Transportation Advisory Council (SSTAC), though no surveys were conducted due to the COVID-19 pandemic. The MCTC expects to conduct a transit rider survey in the coming year. The MCTC offers input into planning, zoning, and development projects by regional or local government entities.

Grant Applications and Management

Given the MCTC provides administration for the Modoc Transportation Agency, it coordinates all transit-related grants. The MCTC is considering applying for a Caltrans Sustainable Communities grant to fund the next Short Range Transit Plan. Projects are detailed in the annual Overall Work Program (OWP). The MCTC recently provided assistance and support for the Big Valley Seniors group to get a vehicle through the FTA Section 5310 program.

The MCTC also administers and monitors expenditures of State Transportation Improvement Program funds for the City of Alturas and Modoc County.

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Chapter 7 | Findings and Recommendations

Conclusions

The auditors find the Modoc County Transportation Commission, functioning as the RTPA, to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner. Modest recommendations intended to improve the effectiveness of the organization as the RTPA are detailed below.

Findings and Recommendations

Based on the current review, the auditors submit no TDA compliance findings.

The audit team has identified four functional findings. While these findings are not compliance findings, the auditors believe they are significant enough to be addressed within this review:

1. The MCTC could not provide documentation that it had submitted its prior triennial performance audit to Caltrans and certified that the Modoc Transportation Agency audit had been completed.
2. The MCTC does not consistently calculate eligibility for using State Transit Assistance funding for operating purposes.
3. The MTA's annual TDA fiscal audit does not include a detailed calculation specific to farebox recovery ratio.
4. The MCTC should move forward with preparation of an updated Short Range Transit Plan for Sage Stage.

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the MCTC. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the agency 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. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Only functional findings are presented below.

Functional Finding 1: The MCTC could not provide documentation that it had submitted its prior triennial performance audit to Caltrans and certified that the Modoc Transportation Agency audit had been completed.

Criteria: PUC 99246 requires each RTPA to submit its completed performance audit to Caltrans and certify in writing it has completed the audits of any operator to which it allocates TDA funding.

Condition: The MCTC could not provide documentation of this submittal from the prior triennial performance audit.

Cause: Since most such submittals occur via email, it is common to keep the sent message in an individual's email account. This can cause the message/documentation to get lost if emails are archived or deleted or if the original sender is no longer with the entity three years later when it is needed for the next audit.

Effect: Failure to maintain this documentation could result in the RTPA being out of compliance with the TDA.

Recommendation: Ensure documentation of the submittal of the RTPA's triennial performance audit and certification of the operator's triennial performance audit is maintained and can be provided during the next triennial performance audit.

Recommended Action: While this information can be submitted via an email only, we recommend creating a submittal letter that can be sent via email along with the electronic version of the RTPA audit. The sent email should be saved (with attachments) on a network drive that can be readily accessed in preparation for the next triennial performance audit. Avoid saving the email in the sender's email account and nowhere else.

Timeline: Upon completion of the 2021 Triennial Performance Audit.

Anticipated Cost: None.

Functional Finding 2: The MCTC does not consistently calculate eligibility for using State Transit Assistance funding for operating purposes.

Criteria: PUC 99314.6 requires transit operators to meet one of two efficiency criteria in order to use STA funding for operational expenses. The measure of efficiency is based on change in cost per vehicle service hour. If an operator does not meet either test of efficiency, then the amount of STA funding available for operating expenses is reduced by the lowest percentage it exceeded the amount necessary to meet the standard.

Condition: When the efficiency tests were conducted as part of the triennial performance audit, the Modoc Transportation Agency was found to be fully eligible in FY 2018/19 and FY 2019/20. The test was waived for FY 2020/21 under AB 90 as part of the COVID-19 response.

Cause: Failure to conduct the efficiency test can result in the operator claiming STA funding it is not eligible to claim.

Effect: The operator would not be able to use claimed funds it is not eligible to use for operating purposes, but would have to allocate them for capital purposes.

Recommendation: Begin assessing eligibility for use of State Transit Assistance funds for operating purposes using the efficiency tests.

Recommended Action: Conduct the STA efficiency tests annually as part of the TDA claims process or the TDA fiscal audit. Ensure the tests have been conducted and the operator is eligible prior to authorizing any claims for STA operating funds. If the operator is not eligible to claim all available STA funds for operating, determine how much STA funding must be reserved for capital purposes only. If included within the fiscal audit, the auditor must be familiar with relevant portions of the TDA legislation, including PUC 99314.6, AB 90, and AB 149.

Timeline: FY 2023/24 (STA eligibility for operations use has been waived through FY 2022/23 per AB 149).

Anticipated Cost: None.

Functional Finding 3: The Modoc Transportation Agency’s annual TDA fiscal audit does not include a detailed calculation of the farebox recovery ratio.

Criteria: While not explicitly required by the TDA, PUC 99245 requires the annual fiscal audit to include “a certification that the funds allocated to the claimant pursuant to this chapter were expended in conformance with applicable laws and rules and regulations.” Inclusion of a detailed breakdown of how the farebox recovery ratio is calculated can ensure all allowable exclusions and depreciation are properly accounted for and the farebox recovery ratio is accurately calculated. This recommendation is presented within the operator audit; however, given the RTPA manages the fiscal audit process, the RTPA is the responsible party for addressing this finding.

Condition: The annual fiscal audits prepared for MTA do not address farebox recovery ratio compliance or any other TDA compliance requirements.

Cause: This may be omitted from the audit as it is not a standard component of a fiscal audit.

Effect: Lack of an “official” calculated farebox recovery ratio in the fiscal audit can make it difficult for the RTPA and operator to confirm their own farebox recovery ratio calculations.

Recommendation: Begin including the farebox recovery ratio calculation in the annual TDA fiscal audit.

Recommended Action: Work with the fiscal auditor to incorporate the farebox recovery ratio calculation into the annual fiscal audit. The auditor should be familiar with TDA legislation regarding allowable exclusions and the calculation of operating cost (including, but not limited to, PUC 99268.4, 99268.5, 99268.8, 99268.9, 99268.17, and 99268.19; AB 90; and AB 149).

Timeline: Beginning with the audit of FY 2021/22.

Anticipated Cost: Negligible.

Functional Finding 4: The MCTC should move forward with the preparation of an updated Short Range Transit Plan for Sage Stage.

Criteria: Short-range planning is an important part of any public transit operation, as it helps to ensure a transit program continues to meet the needs of the community it serves. It is also part of the Claimant Relationships and Oversight function of the RTPA, which includes the provision of technical assistance (such as short-range planning) to operators.

Condition: The current Short Range Transit Development Plan was adopted in 2013 covering a planning horizon through FY 2017/18. The MCTC had intended to begin the planning process prior to the COVID-19 pandemic, but this did not happen. Given the recent challenges of COVID-19, it has become increasingly more important to update short-range planning efforts.

Cause: A lack of funding or absence of notable system or environmental changes can delay the update of the SRTP.

Effect: There is no updated direction for transit service development.

Recommendation: Prepare an updated Short Range Transit Plan.

Recommended Action: Identify funding for and prepare an update to the 2013 Short Range Transit Development Plan.

Timeline: FY 2022/23.

Anticipated Cost: Variable.

Exhibit 7.1 Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Ensure documentation of the submittal of the RTPA's triennial performance audit and certification of the transit operator's triennial performance audit is maintained and can be provided during the next triennial performance audit.	Medium	FY 2021/22
2	Begin assessing eligibility for use of State Transit Assistance funds for operating purposes using the efficiency tests.	High	FY 2023/24
3	Begin including the farebox recovery ratio calculation in the Modoc Transportation Agency's annual TDA fiscal audit.	Medium	FY 2021/22
4	Prepare an updated Short Range Transit Plan.	Medium	FY 2022/23