



# Modoc County Transportation Commission

## FY 2021/22 – FY 2023/24 Triennial Performance Audit of MCTC as the RTPA



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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, 2024. 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 2024, the Modoc County Transportation Commission selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single 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 the MCTC’s programs for the period:

- Fiscal Year 2021/22,
- Fiscal Year 2022/23, and
- Fiscal Year 2023/24.

The Modoc County Transportation Commission (MCTC) is the regional transportation planning agency for Modoc County. The MCTC was established in 1972 by resolution of the Modoc County Board of Supervisors.

Moore & Associates, Inc. conducted this performance audit 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. The audit team believes the evidence obtained provides a reasonable basis for its findings and conclusions based on the 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

The Modoc County Transportation Commission adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner.

### Status of Prior Recommendations

The prior Triennial Performance Audit – completed in 2021 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included the following recommendations:

1. 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.  
**Status:** Implementation in progress.
2. Begin assessing eligibility for use of State Transit Assistance funds for operating purposes using the efficiency tests.  
**Status:** Not implemented (deemed no longer relevant during the audit period).
3. Begin including the farebox recovery ratio calculation in the annual TDA fiscal audit.  
**Status:** Implemented.
4. Prepare an updated Short Range Transit Plan.  
**Status:** Implementation in progress.

### Goal Setting and Strategic Planning

The Modoc County Transportation Commission (MCTC) is the regional transportation planning agency for Modoc County, established in 1972 by resolution of the Modoc County Board of Supervisors. According to its FY 2023/24 Overall Work Program, MCTC is responsible for ongoing administration and regional transportation planning in Modoc County.

The primary regional planning document is the Regional Transportation Plan (RTP). The RTP is a long-range (20-year) transportation plan providing a vision for regional transportation investments. The Plan, which was adopted on December 3, 2019 and is currently in the process of being updated, considers the role of transportation including economic factors, quality of life issues, and environmental factors. The update is scheduled for completion in September 2025. As a rural (non-MPO) county, MCTC is not required to prepare a Sustainable Communities Strategy (SCS) element.

### Findings and Recommendations

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

We also identified one functional finding. While this finding is not a compliance finding, the auditors believe it is significant enough to be addressed within this review:

1. The RTPA has yet to begin conducting the STA efficiency tests at part of its TDA claims process.

In completing this Triennial Performance Audit, we submit the following recommendations for the MCTC 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.

Exhibit 1.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Begin assessing eligibility for use of State Transit Assistance funds for operating purposes using the efficiency tests.	High	FY 2026/27

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## Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of Modoc County Transportation Commission (MCTC) covers the three-year period ending June 30, 2024. 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 2024, the MCTC selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of the audit firm followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the Modoc County Transportation Commission 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 operator to whom 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 Auditing 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 TPA 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 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.

The methodology for this audit included a virtual site visit with MCTC representatives on November 14, 2024. The audit team met with Debbie Pedersen (Executive Director) and Michelle Cox (Accountant I), 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 | Overview of MCTC

The Modoc County Transportation Commission (MCTC) is the regional transportation planning agency for Modoc County. The MCTC was established in 1972 by resolution of the Modoc County Board of Supervisors.

As stated in MCTC’s FY 2023/24 Overall Work Program, “MCTC is responsible for on-going administration and regional transportation planning based on the “3Cs” expressed in federal transportation law: continuing, cooperative, and comprehensive.”

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.

### MCTC Policy Board

The MCTC Policy Board 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 in the Sage Stage Conference Room (108 South Main Street, Alturas) with a phone-in option. Typically, at least five of the six Policy Board members attend in person. The same individuals also sit as the governing board for the Modoc Transportation Agency/Sage Stage, although the two are separate entities.

During the audit period, the following individuals served as voting members of the Modoc County Transportation Commission:

- John Dederick, City of Alturas (2021 - 2023)
- Bobby Ray, City of Alturas (2021 - 2023)
- Cheryl Nelson, City of Alturas (2021 – 2023)
- Brian Cox, City of Alturas (2023 – 2024)
- Loni Lewis, City of Alturas (alternate 2021 - 2023)
- Paul Minchella, City of Alturas (alternate 2023 – 2024)
- Kathie Rhoads, County of Modoc (2021 – 2024)
- Elizabeth Cavasso, County of Modoc (2021 – 2024)
- Mark Moriarity, County of Modoc (2021 – 2024)
- Ned Coe, County of Modoc (alternate 2024)

The MCTC has two advisory committees that include representatives from throughout the county.

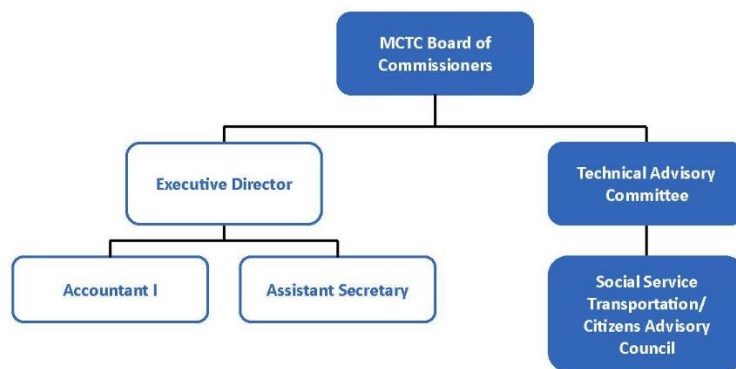
*Technical Advisory Council (TAC).* The MCTC Technical Advisory Committee (TAC) is comprised of members from City and County roads and public works departments, the county Planning Commission, and Caltrans District 2. It provides technical assistance to the Commission.

*Social Services Transportation Advisory Council (SSTAC).* The MCTC’s Social Services Transportation Advisory Committee (SSTAC) ensures citizen participation, assists with the annual Unmet Transit Needs process, and supports TDA allocations. An annual meeting is conducted in February and additional meetings are scheduled as needed. It also serves as a Citizens Advisory Committee during transportation planning activities when public input is needed.

### Organization

Reporting directly to the MCTC Board of Commissioners is the Executive Director. An organizational chart is presented as Exhibit 3.1.

Exhibit 3.1 MCTC Organizational Chart



### 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, 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 prepares the RTP in-house and the next update of the RTP is currently underway. Originally due to be updated in 2024, the MCTC contacted Caltrans about an extension resolution for another year. The updated RTP will also include a zero emission vehicle (ZEV) plan for Modoc County. Absent the ZEV plan, the RTP update was approximately 80 percent complete at the time of the site visit. The MCTC hopes to have the updated RTP completed by September 2025.

The MCTC also prepares a Short Range Transit Development Plan for Modoc Transportation Agency/Sage Stage. The prior SRTDP, which was completed in 2013 and covered a five-year planning horizon, identified county-wide goals and objectives, set mode-specific performance standards, assessed recent transit system performance, made recommendations based on a needs analysis, provided a financial plan, and identified marketing strategies. The SRTDP is the primary planning document specific to public transit in Modoc County.

The 2013 SRTDP set forth seven goals for regional transportation in Modoc County, which related 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.

At the time of the site visit, work was underway on an updated Short Range Transit Plan. The consultant completed an interim deliverable (Existing Conditions Report) in August 2024 and expects to have the updated SRTP completed in April 2025.

The MCTC is also responsible for adopting a 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 most recent Coordinated Plan was adopted on December 2, 2020. It 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.

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## Chapter 4 | Program Compliance

This section examines the MCTC’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 Triennial Performance Audit findings and related comments are delineated in Exhibit 4.1.

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 issues were identified for the MCTC.

### Developments Occurring During the Audit Period

For many operators, the FY 2021/22 – FY 2023/24 audit period reflected both the acute impacts of and recovery from the COVID-19 pandemic. By the end of the audit period – even earlier in some cases – most operators had exhausted federal relief funds, even though penalties for non-compliance with farebox recovery ratios continued to be waived. Many operators, even more than four years after the onset of the pandemic, still struggle with ridership that has yet to recover to pre-pandemic levels.

Given this is not the first Triennial Performance Audit to be conducted since the COVID-19 pandemic, this report will not focus on actions taken as a result of the health crisis. Instead, the compliance review, functional review, and resulting recommendations will focus on ensuring program sustainability once penalty waivers and other emergency legislation have ended.

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. Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief by extending the provisions of AB 90 through FY 2022/23 and adjusting definitions of eligible revenues and operating costs. Most recently, Senate Bill 125, signed into law on July 10, 2023, extended protections provided via earlier legislation through FY 2025/26. While this means the audit period covered by this audit is fully exempt from penalties for non-compliance with the farebox recovery ratio, for example, it also means that transit operators will likely need to be in compliance by the last year of the next audit period.

While the ability to maintain state mandates and performance measures is important, these measures enable transit operators to adjust to the impacts of COVID while continuing to receive their full allocations of funding under the TDA.

Together, these three pieces of legislation include the following provisions specific to transit operator TDA funding under Article 4 and Article 8:

1. Prohibits the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost from FY 2019/20 through FY 2025/26.
2. Expands the definition of “local funds” to enable the use of federal funding to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
3. Adjusts the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and microtransit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
4. Allows operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2025/26.

SB 125 calls for the establishment of the Transit Information Task Force to develop policy recommendations to grow transit ridership and improve the transit experience for all users. In the 50-plus years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The Transit Information Task Force is required to submit a report of its findings and policy recommendations to the State Legislature by October 31, 2025. This report is expected to include recommendations for TDA reform, which may impact the next Triennial Performance Audit period.

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	Not applicable	Article 3 is not used in Modoc County. Claims for bicycle and pedestrian purposes are filed under Article 8.
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	MCTC has established an SSTAC.  Public hearings for the Unmet Transit Needs process held on: April 5, 2022 April 4, 2023 April 2, 2024
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"> <li>• A committee for the purpose of providing advice on productivity improvements may be formed.</li> <li>• 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.</li> </ul>	PUC 99244	In compliance	Claimants are required to include a report on the status of recommendations from their prior Triennial Performance Audit.
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	
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 2021/22: October 30, 2022 FY 2022/23: September 30, 2023 FY 2023/24: <i>Pending</i>

Compliance Element	Reference	Compliance	Comments
The RTPA has submitted within 7 months after the end of the fiscal year an annual financial transactions report to the state controller.	CCR 6660	In compliance*	FY 2021/22: February 9, 2023 FY 2022/23: January 24, 2024 FY 2023/24: <i>Pending</i>
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 operators 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	Moore & Associates completed the prior cycle of Triennial Performance Audits in December 2021.  Moore & Associates was retained to prepare Triennial Performance Audits in 2024.
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	MCTC’s Triennial Performance Audit for FY 2018/19 - FY 2020/21 was submitted to Caltrans on December 30, 2021.
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 FY 2021/22 State Controller Report was submitted nine days late due to the departure of the prior Chief Fiscal Officer and return from medical leave of the Executive Director, resulting in no one being aware of the deadline. When contacted by the State Controller’s Office, the report was submitted immediately. The MCTC has since taken measures to ensure on-time submittals and has not had another late submittal. As a result, the audit team finds the MCTC in compliance with this requirement.*



Compliance Element	Reference	Compliance	Comments
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	There are no urbanized areas in Modoc County.
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	Article 4.5 is not used in Modoc County. As the only operator, MTA is also the designated CTSA.
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	
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"> <li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238;</li> <li>• Identified transit needs, including:               <ul style="list-style-type: none"> <li>▪ Groups that are transit-dependent or transit-disadvantaged;</li> <li>▪ Adequacy of existing transit services to meet the needs of groups identified; and</li> <li>▪ Analysis of potential alternatives to provide transportation alternatives;</li> </ul> </li> <li>• Adopted or reaffirmed definitions of “unmet transit needs” and “reasonable to meet”;</li> <li>• Identified the unmet transit needs and those needs that are reasonable to meet; and</li> <li>• 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.</li> </ul> <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	Public hearings for the Unmet Transit Needs process held on: April 5, 2022 April 4, 2023 April 2, 2024

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## Chapter 5 | Prior 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 October 2021 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included four recommendations:

1. [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.](#)

**Discussion:** 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. During the prior audit, the MCTC could not provide documentation of this submittal from the prior triennial performance audit.

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.

While this information can be submitted via an email only, the prior auditor recommended 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. The MCTC was cautioned to avoid saving the email in the sender’s email account and nowhere else.

**Progress:** The Chief Fiscal Officer, who had been responsible for submitting the prior TDA Triennial Performance Audit to Caltrans, departed the agency in September 2022. At that time, all of that individual’s emails were deleted. Because the MCTC did not save its submittal to Caltrans separately from the CFO’s email, there was no documentation. However, upon reaching out to Caltrans during this audit, the MCTC was able to provide documentation from the recipient that the prior Triennial Performance Audit was submitted on time.

While failure to save the submittal did not result in a compliance finding due to being able to request the email from Caltrans, the MCTC still needs a procedure in place to maintain this record. The audit team will be providing a sample letter to Caltrans that can be maintained in addition to the email for future audits.

**Status:** Implementation in progress.

2. [Begin assessing eligibility for use of State Transit Assistance funds for operating purposes using the efficiency tests.](#)

**Discussion:** 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.

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.

The prior auditor recommended the MCTC conduct the STA efficiency tests annually as part of the TDA claims process or the TDA fiscal audit. It should 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 eligibility is 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.

**Progress:** The requirement that an operator pass at least one of the efficiency tests in order to be able to use its full amount of STA funding for operating purposes was waved during the current audit period under AB 90, AB 149, and SB 125. As a result, implementation of this recommendation was not relevant during the audit period, though it will be relevant after FY 2025/26 when the requirement is expected to be reinstated.

**Status:** Not implemented (deemed to be not relevant during the audit period).

3. [Begin including the farebox recovery ratio calculation in the annual TDA fiscal audit.](#)

**Discussion:** 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 was presented within the operator audit as well. At the time of the prior audit, the annual fiscal audits prepared for the Modoc Transportation Agency (MTA) did not address farebox recovery ratio compliance or any other TDA compliance requirements.

The prior auditor recommended the MCTC work with the fiscal auditor to incorporate the farebox recovery ratio calculation into the annual fiscal audit. The fiscal 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).

**Progress:** The fiscal audits now include calculation of the farebox recovery ratio.

**Status:** Implemented.

4. Prepare an updated Short Range Transit Plan.

**Discussion:** 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.

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.

The prior auditor recommended MCTC identify funding for and prepare an update to the 2013 Short Range Transit Development Plan.

**Progress:** The MCTC secured grant funding to prepare an updated Short Range Transit Plan (SRTP). At the time of the audit, a consultant had been hired and had completed the first interim deliverable, an analysis of existing conditions. The SRTP is expected to be completed in April 2025.

**Status:** Implementation in progress.

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## Chapter 6 | Functional Review

A functional review of the Modoc County Transportation Commission (MCTC) 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 MCTC provides an appropriate level of administration for regional transportation planning activities. TDA claims are presented to the Board for approval during the April or June meetings. MCTC follows TDA guidelines provided by Caltrans.

The Executive Director is primarily responsible for monitoring the progress and financial status of ongoing programs, as well as delegating and training other staff to assist. Each program and project is monitored and managed using an Excel spreadsheet and reviewed based on established milestones and billings. The MCTC holds meetings with its Technical Advisory Council during odd-numbered months. Additionally, the Policy Board of the Commission is split into two committees, Finance and Salary committees. MCTC's single transit claimant, the Modoc Transportation Agency (MTA), is satisfied with MCTC's efficiency and effectiveness.

The MCTC has established clear, comprehensive, and realistic goals and objectives for internal functions and grant applications through MCTC's agenda calendar and internal outlook calendar. The calendars are reviewed daily and progress is assessed by meeting or exceeding deadlines. Goals for regional coordination are established through Technical Advisory Committee meetings and State partnership meetings. Goals for transit operator performance are established and reviewed through the RTP, Short Range Transit Plan (SRTP) and annual fiscal audits. The MCTC reviews operator performance with the MTA contractor on a bi-monthly basis. Active transportation is not managed through the MCTC but through the County and the City of Alturas. The agency's budget is sufficient to accomplish the established goals.

Turnover of MCTC staff is typically modest. However, during the current audit period, the Chief Fiscal Officer resigned and two office assistants were hired yet did not stay. In addition, the Executive Director was out for nine months on disability. MCTC's staff of three have since reorganized, hiring a CPA on a consultant basis, converting the prior CFO position to an Accountant I position, and converting the Executive Assistant Secretary position to Assistant Secretary I. (See the MCTC organizational chart in Exhibit 3.1.) With a new Assistant Secretary being added in December 2024, MCTC is considered fully staffed. MCTC's employees are sufficient in number and qualifications for the RTPA to accomplish its functions.

Each MCTC staffer receives a job performance evaluation six months after hire and then annually thereafter. During the annual job performance evaluations, goals for the next year are outlined and new

training opportunities are identified. The MCTC provides \$100 fare cards per year as an incentive in addition to vacation, sick leave, paid holidays, and two floating holidays.

At least four Policy Board members must be in attendance for a quorum. There have been no issues achieving a quorum in recent years. All Board meetings are held in person with a phone-in option for outside agencies, the public, and the occasional board member.

One of the Board's recent interests has been the Secret Valley Roadside Rest Area in Lassen County. The existing rest stop (with pit toilets) was in deplorable condition and was the only rest stop between Modoc County and Reno. The Policy Board worked with Caltrans and Lassen County to gain support for the project. A new rest area with flush toilets is planned for completion by 2028-2030.

#### Transportation Planning and Regional Coordination

The MCTC completed an update of its Regional Transportation Plan (RTP) in December 2019 (detailed further in Chapter 3) and is working on its 2025 RTP update. In preparing the 2019 RTP, the MCTC reached out to a broad range of agencies and individuals, including neighboring counties, as part of the development process. A public workshop was held on November 6, 2019 and flyers were posted at social service agencies, in the City of Alturas, the County of Modoc, and onboard all Sage Stage vehicles. The RTP lays out clear goals, actions, milestones, and timelines for transportation in the region and has had a positive impact on regional transportation. The MCTC stays up to date on transportation service levels and types provided by regular communication with nearby agencies and local research.

In addition to the RTP, the MCTC is in the process of updating its Short-Range Transit Plan (SRTP). The Executive Director looks forward to Plan completion and believes it will be a beneficial tool. It is expected to include a list of action items that will advance the MCTC's goals for public transit in Modoc County.

#### Claimant Relationships and Oversight

The MCTC does not currently have a productivity committee. However, it conducts regular monitoring of transit operator performance through meetings with the MCTC Policy Board and the TAC. Progress with respect to productivity is typically evaluated through the SRTP or interagency coordination. In general, operator efforts to implement suggestions and recommendations are reasonable and effective.

The MCTC and its sole claimant, the MTA, are governed by the same members. MCTC provides administration for the MTA. The RTPA communicates TDA guidance to MTA, including the TDA handbook and claim forms. The MCTC, as part of its fiscal audit contract, arranges for annual fiscal audits of TDA funds. The MCTC is also responsible for contracting for triennial performance audits of itself and the MTA.

#### Marketing and Transportation Alternatives

Very few marketing activities are conducted specific to the MCTC. The agency maintains a website and promotes services and achievements via media releases and legal notices. The MCTC offers input into planning, zoning, and development projects by regional or local government entities. This is done through the Caltrans Project Development Team and during TAC meetings to discuss current or upcoming projects. The MCTC also provides feedback to the City of Alturas for its streets project and the County on STIP-funded projects.



### Grant Applications and Management

Given the MCTC provides administration for the Modoc Transportation Agency, it coordinates all transit-related grants, which are billed as MTA staff time. Staff prepare applications and letters of support and submit the applications. Projects are detailed in the annual Overall Work Program (OWP). The MCTC occasionally applies for FTA 5310 funding in addition to FTA formula funds (Section 5311 and 5311(f)).

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

Moore & Associates finds the MCTC 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.

### Findings and Recommendations

Based on the current review, we submit no TDA compliance findings:

The audit team has identified one functional finding. While this finding is not a compliance finding, the auditors believe it is significant enough to be addressed within this review:

1. The RTPA has yet to begin conducting the STA efficiency tests at part of its TDA claims process.

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the MCTC's program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Given there are no compliance findings, only functional findings and recommendations are presented below.

#### Functional Finding 1: The RTPA has yet to begin conducting the STA efficiency tests at part of its TDA claims process.

**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:** This recommendation is carried forward from the prior audit as it was not relevant to implement during the current audit period. However, with the waiver that transit operators did not need to meet at least one of the efficiency tests set to expire after FY 2025/26, it will be relevant moving forward.

**Cause:** There was no need to implement this recommendation during the audit period due to AB 90, AB 149, and SB 125. However, failure to conduct the efficiency test when there are no waivers in place can result in the operator claiming STA funding it is not eligible to claim.

**Effect:** As a result, no changes to the TDA claims process were made during the current audit period. If not implemented for future years, 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. Alternately, the efficiency tests can be conducted as part of the annual TDA fiscal audit. If included within the fiscal audit, the auditor must be familiar with relevant portions of the TDA legislation, including PUC 99314.6, AB 90, AB 149, and SB 125. The recommended worksheet shown in Exhibit 7.2 has also been provided separately as an Excel worksheet.

**Timeline:** FY 2026/27 (STA eligibility for operations use has been waived through FY 2025/26 per SB 125).

**Anticipated Cost:** Negligible.

Exhibit 7.1 Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Begin assessing eligibility for use of State Transit Assistance funds for operating purposes using the efficiency tests.	High	FY 2026/27

Exhibit 7.2 STA Worksheet

Operator's STA Qualifying Criteria (99314.6) - Worksheet		FY 2025/26			
FISCAL YEAR (Audited Data)	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	
A. Operating Cost	_____	_____	_____	_____	
B. Operating Cost Exclusions:					
Depreciation	_____	_____	_____	_____	
_____	_____	_____	_____	_____	
_____	_____	_____	_____	_____	
C. Adjusted Operating Cost (A-B)	\$0	\$0	\$0	\$0	
D. Revenue Vehicle Hours (RVH)	_____	_____	_____	_____	
E. RVH Exclusions: (add sheets if required)	_____	_____	_____	_____	
_____	_____	_____	_____	_____	
_____	_____	_____	_____	_____	
F. Adjusted RHV (D-E)	0	0	0	0	
G. Operating Cost per RVH (C/F)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
I. Operating Cost per RVH	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
	W	X	Y	Z	
H. % Change in CPI	_____	_____	_____	3.45%	
% Change in CPI 3 prior years (change in annual CPI between first year of first fiscal year and last year of last fiscal year)	5.55%	_____	_____	_____	
<b>Efficiency Standard 1:</b>					
Z must be less than or equal to (Y)*(CPI%) [CPI% = average percentage change in the CPI%]					
	Z =	#DIV/0!	Difference:	#DIV/0!	
	Y =	#DIV/0!	Percentage:	#DIV/0!	
	[Y + Y * (CPI)] =	#DIV/0!			
<b>Efficiency Standard 2:</b>					
[(X + Y + Z) / 3] must be less than or equal to [(W + X + Y)/3] (3-year CPI%)					
	[(X + Y + Z) / 3] =	#DIV/0!	Difference:	#DIV/0!	
	[(W + X + Y) / 3] =	#DIV/0!	Percentage:	#DIV/0!	
	[(W + X + Y) / 3] + [(W + X + Y) / 3]*CPI =	#DIV/0!			
<b>For RTPA Use Only</b>					
Operator qualifies under:					
Standard 1:	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
Standard 2:	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	

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