

Madera County Transportation Commission (MCTC)



Transportation
Development Act (TDA)
Triennial Performance Audit
of the County of Madera

Final Report
March 2024



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Chapter 1 | Executive Summary

In 2023, the Madera County Transportation Commission (MCTC) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the three transit operators to which it allocates TDA funding.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. Audits of Article 8 recipients are encouraged.

As it receives no funding under Article 4, the County of Madera is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, in 2017, the Madera County Transportation Commission, as the RTPA, requested the County be audited to provide a comprehensive and objective review to offer beneficial insights into program performance and to establish a baseline for future audits. This is the third Triennial Performance Audit of the County of Madera.

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

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

- Fiscal Year 2020/21,
- Fiscal Year 2021/22, and
- Fiscal Year 2022/23.

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

MCC also provides general public demand-response service to County areas surrounding the cities of Madera and Chowchilla. The cities are responsible for providing trips that start or end within their respective city limits. MCC Madera Area Dial-A-Ride service is provided Monday through Friday from 7:00

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

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

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

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

The Triennial Performance Audit includes five elements:

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

Test of Compliance

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

1. The County's State Controller Report was submitted nearly two weeks late in FY 2020/21.
2. TDA fiscal audits were submitted after the extended deadline in FY 2020/21 and FY 2021/22.

Status of Prior Recommendations

The prior audit – completed in February 2021 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2020 – included six recommendations:

1. Work toward meeting the 10 percent farebox recovery ratio requirement stipulated by the TDA.
Status: Implemented.
2. Work with the County’s Finance department to ensure the County’s financial reporting is completed in a timely manner, thereby enabling the TDA fiscal audit to be completed within the established timeframe.
Status: Implementation in progress.
3. Ensure one or both efficiency standards are met before claiming the full allocation of STA funding for operations.
Status: Implemented.
4. The City and the County should work together to ensure the County receives the Section 5307 funding to which it is entitled.
Status: Implemented.
5. The County should ensure the FTE data reported on its State Controller Report is consistent with the TDA definition.
Status: Implementation in progress.
6. Ensure operating cost reported to the National Transit Database and State Controller is consistent.
Status: Implementation in progress.

Findings and Recommendations

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

1. The County’s State Controller Report was submitted nearly two weeks late in FY 2020/21.
2. TDA fiscal audits were submitted after the extended deadline in FY 2020/21 and FY 2021/22.

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

1. While reporting improved during the audit period, the County could benefit from further improvements to financial and FTE reporting.
2. The fare revenue ratio calculation included in the TDA fiscal audits does not take into account any inclusions or exclusions that would impact the ratio.

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

Exhibit 1.1 Summary of Audit Recommendations

| TDA Compliance Recommendations | | Importance | Timeline |
|--------------------------------|--|------------|------------|
| 1 | Ensure future State Controller Reports are submitted on or prior to the January 31 deadline. | Low | Ongoing |
| 2 | Work with the County’s auditor to ensure future TDA fiscal audits can be completed within the established timeframe. | Medium | FY 2023/24 |
| Functional Recommendations | | Importance | Timeline |
| 1 | Continue to work toward ensuring data is reported as accurately as possible at the time it is submitted. | Medium | Ongoing |
| 2 | Ensure the TDA fiscal auditor is familiar with the allowable supplemental revenues and operating cost exclusions as detailed in PUC 99268.17 and 99268.19, as amended by Assembly Bill 149 (2021). | High | FY 2023/24 |

Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the County of Madera’s public transit program covers the three-year period ending June 30, 2023. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2023, the Madera County Transportation Commission selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the three transit operators to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates followed a competitive procurement process.

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

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

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

Objectives

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

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

Scope

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

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

Methodology

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

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- TDA claims;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;

- Accident/road call logs; and
- Organizational chart.

The methodology for this audit included a virtual site visit with County representatives on January 25, 2024. The audit team met with Monty Cox (Program Manager), Lilliana Zapien (Administrative Analyst) and Amber Parkinson (Accountant-Auditor), and reviewed materials germane to the triennial audit.

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

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

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Chapter 3 | Program Compliance

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

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

Two compliance items were identified for the County of Madera:

1. The County’s State Controller Report was submitted nearly two weeks late in FY 2020/21.
2. TDA fiscal audits were submitted after the extended deadline in FY 2020/21 and FY 2021/22.

Developments Occurring During the Audit Period

The FY 2020/21 – FY 2022/23 audit period was the first to occur entirely after the onset of the COVID-19 pandemic. The pandemic resulted in significant declines in ridership and fare revenue, and recovery from those impacts continues beyond FY 2022/23. Most transit programs have yet to return to pre-pandemic ridership and fare levels.

In California, two notable pieces of legislation were passed that impact compliance during the audit period. These bills were intended to provide emergency relief during the pandemic, thereby ensuring transit operators continue to receive TDA funding despite significant impacts to key performance measures. 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. AB 90 included provisions specific to transit operator funding through the TDA, including temporary farebox recovery ratio waivers, changes regarding the allocation of STA 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. Each year of the audit period took place while penalty waivers were in place, and FY 2023/24 is the first post-COVID year for which transit operators will face potential penalties for not meeting farebox recovery requirements.

Exhibit 3.1 Transit Development Act Compliance Requirements

| Compliance Element | Reference | Compliance | Comments |
|--|-------------|----------------|---|
| State Controller Reports submitted on time. | PUC 99243 | Finding | FY 2020/21: February 18, 2022 FY 2021/22: January 31, 2023 FY 2022/23: January 31, 2024 |
| Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension). | PUC 99245 | Finding | FY 2020/21: July 13, 2022 FY 2021/22: November 22, 2023 FY 2022/23: <i>Pending</i> |
| Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim. | PUC 99251 B | In compliance | January 7, 2020 January 12, 2021 April 22, 2022 May 30, 2023 |
| Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA. | PUC 99261 | In compliance | |
| If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA. | PUC 99270.1 | Not applicable | |
| Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planned expenditures for that purpose. | PUC 99405 | Not applicable | The 50% limitation is not applicable for contracted transit service under Article 8(c). |
| An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA. | PUC 99405 | Not applicable | The County is not subject to alternative criteria. |
| The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s). | PUC 99266 | In compliance | FY 2020/21: -17.84% FY 2021/22: +4.07% FY 2022/23: +47.28% <i>Source: County budget documents. The increase in FY 2022/23 is primarily due to route expansions and increased staffing at the County.</i> |
| The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247. | PUC 99247 | In compliance | |

| Compliance Element | Reference | Compliance | Comments |
|--|-------------------------------|----------------|---|
| If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent). | PUC 99268.2, 99268.4, 99268.1 | Not applicable | |
| If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent). | PUC 99268.2, 99268.4, 99268.5 | In compliance | FY 2020/21: 2.93% (waived) FY 2021/22: 2.52% (waived) FY 2022/23: 3.12% (State Controller Report) (waived) Source: TDA fiscal audits for FY 2021 and FY 2022. The established FBRR ratio for the County of Madera is 10%. Penalties for not meeting the farebox recovery ratio were waived for each year of the audit period under AB 149. |
| For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent. | PUC 99268.5, CCR 6633.5 | Not applicable | |
| The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years. | PUC 99271 | In compliance | Madera County employees are eligible for retirement benefits under CalPERS. |
| If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted. | CCR 6754 (a) (3) | In compliance | |
| In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale. | PUC 99314.6 | In compliance | This requirement was waived for each year of the audit period under AB 90 and AB 149. |

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

Chapter 4 | Prior Recommendations

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

The prior audit – completed in February 2018 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2020 – included six recommendations:

1. [Work toward meeting the 10 percent farebox recovery ratio requirement stipulated by the TDA.](#)

Discussion: The prior auditor noted this recommendation was complicated for a number of reasons, primarily the impact of the COVID-19 pandemic. At the time the prior audit was completed, only AB 90 had been passed, and the farebox recovery ratio was only waived through FY 2020/21. It was unknown whether additional legislation would extend the penalty waivers, whether federal CARES Act funds would be able to be applied to the farebox recovery ratio, or at what pace ridership would recover. It was also unknown whether any of the TDA reform measures discussed prior to the pandemic would be implemented during the audit period.

Taking these complications into account, the prior auditor recommended the County continue to work to improve its farebox recovery ratio to meet the TDA requirement by increasing fare revenues, identifying supplemental revenues that can be applied to the farebox recovery ratio calculation, and controlling operating expenses.

Progress: The County continues to work towards the 10 percent farebox recovery ratio. It feels ridership is key to this effort and has focused efforts on marketing by contracting with a marketing consultant and completing a marketing analysis complete with schedule of core branding elements and specific marketing tasks. As of the site visit, ridership for the fixed-route service had met and exceeded pre-pandemic levels by 52 percent.

Status: Implemented.

2. [Work with the County's Finance department to ensure the County's financial reporting is completed in a timely manner, thereby enabling the TDA fiscal audit to be completed within the established timeframe.](#)

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

The prior auditor noted it was not the County's responsibility to ensure on-time completion of the TDA fiscal audits when contracted by the RTPA. However, the auditor noted the County should ensure it could provide the required financial information to MCTC's auditor in a timely enough

manner that the auditor is able to complete the TDA fiscal audit on time. Transit staff should ensure County financial staff are aware of the time constraint specific to transit under the TDA.

Progress: A decision was made for the Public Works Department to hire an outside firm to conduct the FY 2021/22 audits because the County Auditor’s Office did not have the staff to complete them. This decision was not made in time to complete the FY 2021/22 audits on time; however, the Public Works department has contracted with another firm to complete the FY 2022/23 audits and it is on schedule to complete them on time within the allowed 90-day extension. While directly coordinating with the County Auditor’s Office previously was the suggested approach, the decision to engage a private company was made with the intent to enhance the efficiency and effectiveness of the audit process. The County Auditor’s Office and Public Works department working closely to devote adequate resources to the annual auditing process.

Status: Implementation in progress (pending on-time completion of the FY 2022/23 audit).

3. [Ensure one or both efficiency standards are met before claiming the full allocation of STA funding for operations.](#)

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

The prior auditor recommended that the County, working with the RTPA, should ensure it meets one or both STA efficiency standards before claiming the full allocation of STA funding for operating purposes. If the County did not meet either standard, the report advised, then the balance would need to be used for capital purposes only.

AB 90, in addition to waiving the penalty for noncompliance with the farebox recovery ratio for two years, also waived the STA qualifying test for FY 2020/21 and FY 2021/22. The prior audit noted this recommendation would not be relevant until 2022/23. However, AB 149 extended the waiver for the qualifying test through FY 2022/23, meaning no action would need to be taken until FY 2023/24.

Progress: At least one of the efficiency standards was met before claiming the full allocation of STA funding for operations in FY 2022/23. Beginning in FY 2023/24, MCTC added the STA efficiency test worksheet to its TDA claim form.

Status: Implemented.

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

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

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

The prior auditor recommended the City and County (and RTPA, if desired) work together to identify an appropriate split for the County's share of the funding. It recommended the City of Madera follow the FTA's guidance with respect to how the funding should be passed through to the County. As an FTA direct recipient, the City should work closely with the FTA to ensure all actions are in compliance with federal guidance.

Progress: The City and County of Madera worked with MCTC to allocate the federal Section 5307 funding, of which the County was entitled to approximately 20 percent. A Memorandum of Understanding was established and ratified by both governing bodies in 2021. The County successfully completed the process of becoming a Direct Recipient of FTA funds and has successfully received its first Section 5307 approved grant application totaling \$2,736,633 in federal funds. This included all FTA 5307 funds allocated to the County through 2021.

Status: Implemented.

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

Discussion: In documentation provided during the prior audit, the County demonstrated an understanding of how to calculate FTE by mode based on the TDA definition. However, State Controller Reports did not reflect these calculations. The prior auditor recommended the County's transit consultant work directly with the individual preparing the State Controller Report so that there is a clear understanding of how full-time equivalents should both be calculated and reported.

Progress: The County's recent efforts have resulted in aligning FTE data reported on the State Controller Report with the TDA definition. This achievement was made possible by the hiring of dedicated accounting staff responsible for collecting and accurately reporting the necessary information. Their role ensures the precise calculation of FTE data, marking a significant improvement in data accuracy and compliance. However, there was still a modest disconnect between the detailed FTE calculation and the demand-response employees reported to the State Controller.

Status: Implementation in progress.

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

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

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

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

Progress: The county has taken steps to guarantee consistency in reporting operating costs to both the National Transit Database and the State Controller. This effort involved the hiring of dedicated accounting staff and implementing measures to align and maintain coherence between the data reported to these entities, ensuring accuracy and uniformity in the reported operating costs. However, as observed in Chapter 5, there are still some variances with respect to the reporting of operating cost to different entities.

Status: Implementation in progress.

Chapter 5 | Data Reporting Analysis

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

Overall, performance data (Vehicle Service Hours, Vehicle Service Miles, and Passengers) was reported consistently within monthly performance reports and to the National Transit Database (NTD) and State Controller. Variances in other performance measures are discussed below.

- **Operating cost:** In FY 2020/21, operating cost was consistently reported between the TDA fiscal audit and the State Controller Report, though this amount was 18.6 percent higher than that reported to the NTD. In FY 2021/22, different figures were reported within each report, with a variance of 34.5 percent between the lowest (State Controller Report) and highest (TDA fiscal audit). In FY 2022/23, the amount reported to the NTD was 30.1 percent higher than that reported to the State Controller (the TDA fiscal audit was not available at the time of this report).

According to the County, in FY 2021/22, the TDA fiscal audit was completed late as it had difficulty finding an auditor to perform the audit. It ended up using the auditor that had performed the City of Madera's audit, but was not confident that the results took into account all allowable deductions. The County also had challenges getting final accounting information for NTD and State Controller reports, and used the best information available at the time the reports were completed. The cause of the other variances was unclear.

- **Fare Revenue:** Fare revenue was consistently reported in FY 2020/21 and FY 2022/23. In FY 2021/22, different figures were reported within the three reports, though the variances were more modest than with the operating cost – 11.7 percent between the lowest (State Controller Report) and highest (NTD).
- **Full-Time Equivalent (FTE) Employees:** While the County utilizes the TDA definition of full-time equivalent (FTE) employees, the data provided as the County's calculations was slightly different from that reported to the State Controller, especially with respect to the demand-response service. The cause for this is unclear.

Exhibit 5.1 Data Reporting Comparison

| Performance Measure | System-Wide | | |
|---------------------------------------|-------------|-------------|--------------|
| | FY 2020/21 | FY 2021/22 | FY 2022/23 |
| Operating Cost (Actual \$) | | | |
| <i>TDA fiscal audit</i> | \$1,250,089 | \$1,674,539 | Not provided |
| <i>National Transit Database</i> | \$1,054,464 | \$1,362,437 | \$2,229,907 |
| <i>State Controller Report</i> | \$1,250,089 | \$1,245,304 | \$1,713,406 |
| Fare Revenue (Actual \$) | | | |
| <i>TDA fiscal audit</i> | \$36,569 | \$42,213 | Not provided |
| <i>National Transit Database</i> | \$36,569 | \$43,215 | \$52,293 |
| <i>State Controller Report</i> | \$36,569 | \$38,685 | \$52,293 |
| Vehicle Service Hours (VSH) | | | |
| <i>Monthly Performance Reports</i> | 10,607 | 12,001 | 13,225 |
| <i>National Transit Database</i> | 10,607 | 12,001 | 13,225 |
| <i>State Controller Report</i> | 10,607 | 12,002 | 13,224 |
| Vehicle Service Miles (VSM) | | | |
| <i>Monthly Performance Reports</i> | 253,044 | 292,602 | 327,947 |
| <i>National Transit Database</i> | 253,044 | 292,602 | 327,947 |
| <i>State Controller Report</i> | 253,044 | 292,602 | 327,947 |
| Passengers | | | |
| <i>Monthly Performance Reports</i> | 18,598 | 22,769 | 28,785 |
| <i>National Transit Database</i> | 18,598 | 22,743 | 28,801 |
| <i>State Controller Report</i> | 18,598 | 22,743 | 28,801 |
| Full-Time Equivalent Employees | | | |
| <i>State Controller Report</i> | 12 | 10 | 12 |
| <i>County calculations</i> | 12 | 12 | 10 |

Chapter 6 | Performance Analysis

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

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

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

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

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

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

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667¹. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period²:

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,

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

² Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.

- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and *Miles (VSM)* are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.³ For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

Passenger Counts

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

Employees

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

Fare Revenue

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

³ A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

TDA Required Indicators

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

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the County’s audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses. However, the variance between reports calls into question which one accurately reflects the costs for the County’s transit services.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via State Controller Reports for each fiscal year covered by this audit and compared against that reported in the County’s audited financial reports. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The County calculates VSH through its automatic dispatch system. The County’s calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The County calculates VSM by subtracting deadhead and out-of-service miles from total vehicle mileage through its automatic dispatch system. This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The County’s calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation was confirmed.

System Performance Trends

Note: Data for the mode-specific performance trends was obtained from National Transit Database (NTD) reports, which segregates costs and fare revenues by mode. As a result, some data may be inconsistent with that reported to the State Controller, which was used for the system-wide analysis. Operating costs differed significantly between these two reports, as was discussed in Chapter 5.

System-wide, operating cost experienced a net 37.1 percent increase during the audit period and a 172 percent net increase across the six-year period. The most significant increase was in FY 2019/20, which was the first year of the contract with Fresno EOC, which was also accompanied by an increase in vehicle service hours. Fare revenue experienced a significant decrease in FY 2019/20 and FY 2020/21, though recovered during the last two years of the audit period. Overall, reported fare revenue increased 43 percent during the audit period and a net 0.8 percent across the six-year period.

Vehicle Service Hours (VSH) fluctuated throughout the six-year period, with steady increases during two of three years of the audit period. VSH saw a net 39.5 percent increase over the six-year period. During the audit period, VSH experienced a 24.7 percent increase. A similar pattern was also observed with respect to Vehicle Service Miles (VSM), which had a net 34.2 percent increase over the six-year period and

a 29.6 percent increase during the audit period. Ridership decreased significantly during FY 2019/20 and FY 2020/21 before increasing in FY 2021/22 and FY 2022/23. Overall, ridership experienced a net increase of 54.9 percent during the audit period, but a net decrease of 7.2 percent across the six-year period.

Cost-related metrics typically provide an indicator of a system’s efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics. Operating cost per vehicle service hour and vehicle service mile increased during the audit period, reflective of a decline in efficiency, though operating cost per passenger decreased. However, productivity increased, as passengers per VSH and VSM both increased during the audit period.

Exhibit 6.1 System Performance Indicators

| Performance Measure | System-wide | | | | | |
|---|-------------|------------|-------------|-------------|-------------|-------------|
| | FY 2017/18 | FY 2018/19 | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 |
| Operating Cost (Actual \$) | \$629,823 | \$666,380 | \$1,059,515 | \$1,250,089 | \$1,245,304 | \$1,713,406 |
| Annual Change | | 5.8% | 59.0% | 18.0% | -0.4% | 37.6% |
| Fare Revenue (Actual \$) | \$51,883 | \$55,595 | \$46,123 | \$36,569 | \$43,215 | \$52,293 |
| Annual Change | | 7.2% | -17.0% | -20.7% | 18.2% | 21.0% |
| Vehicle Service Hours (VSH) | 9,483 | 9,372 | 10,909 | 10,607 | 12,001 | 13,225 |
| Annual Change | | -1.2% | 16.4% | -2.8% | 13.1% | 10.2% |
| Vehicle Service Miles (VSM) | 244,351 | 245,396 | 260,558 | 253,044 | 292,602 | 327,947 |
| Annual Change | | 0.4% | 6.2% | -2.9% | 15.6% | 12.1% |
| Passengers | 31,036 | 31,358 | 25,090 | 18,598 | 22,743 | 28,801 |
| Annual Change | | 1.0% | -20.0% | -25.9% | 22.3% | 26.6% |
| Employees | 9 | 9 | 8 | 12 | 10 | 12 |
| Annual Change | | 0.0% | -11.1% | 50.0% | -16.7% | 20.0% |
| Performance Indicators | | | | | | |
| Operating Cost/VSH (Actual \$) | \$66.42 | \$71.10 | \$97.12 | \$117.86 | \$103.77 | \$129.56 |
| Annual Change | | 7.1% | 36.6% | 21.3% | -12.0% | 24.9% |
| Operating Cost/Passenger (Actual \$) | \$20.29 | \$21.25 | \$42.23 | \$67.22 | \$54.76 | \$59.49 |
| Annual Change | | 4.7% | 98.7% | 59.2% | -18.5% | 8.6% |
| Passengers/VSH | 3.27 | 3.35 | 2.30 | 1.75 | 1.90 | 2.18 |
| Annual Change | | 2.2% | -31.3% | -23.8% | 8.1% | 14.9% |
| Passengers/VSM | 0.13 | 0.13 | 0.10 | 0.07 | 0.08 | 0.09 |
| Annual Change | | 0.6% | -24.6% | -23.7% | 5.8% | 13.0% |
| Farebox Recovery | 8.2% | 8.3% | 4.4% | 2.9% | 3.5% | 3.1% |
| Annual Change | | 1.3% | -47.8% | -32.8% | 18.6% | -12.1% |
| Hours/Employee | 1,053.7 | 1,041.3 | 1,363.6 | 883.9 | 1,200.1 | 1,102.1 |
| Annual Change | | -1.2% | 30.9% | -35.2% | 35.8% | -8.2% |
| TDA Non-Required Indicators | | | | | | |
| Operating Cost/VSM | \$2.58 | \$2.72 | \$4.07 | \$4.94 | \$4.26 | \$5.22 |
| Annual Change | | 5.4% | 49.7% | 21.5% | -13.9% | 22.8% |
| VSM/VSH | 25.77 | 26.18 | 23.88 | 23.86 | 24.38 | 24.80 |
| Annual Change | | 1.6% | -8.8% | -0.1% | 2.2% | 1.7% |
| Fare/Passenger | \$1.67 | \$1.77 | \$1.84 | \$1.97 | \$1.90 | \$1.82 |

Sources: FY 2017/18 – FY 2019/20 data from prior Triennial Performance Audit.
FY 2020/21 – FY 2022/23 financial and FTE data from State Controller Reports.
FY 2020/21 – FY 2022/23 performance data from National Transit Database (NTD) reports.

Exhibit 6.2 System Ridership

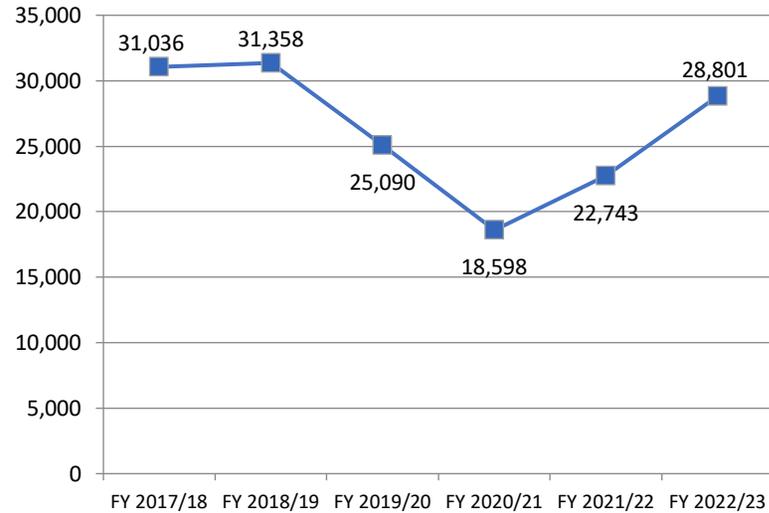


Exhibit 6.3 System Operating Cost/VSH

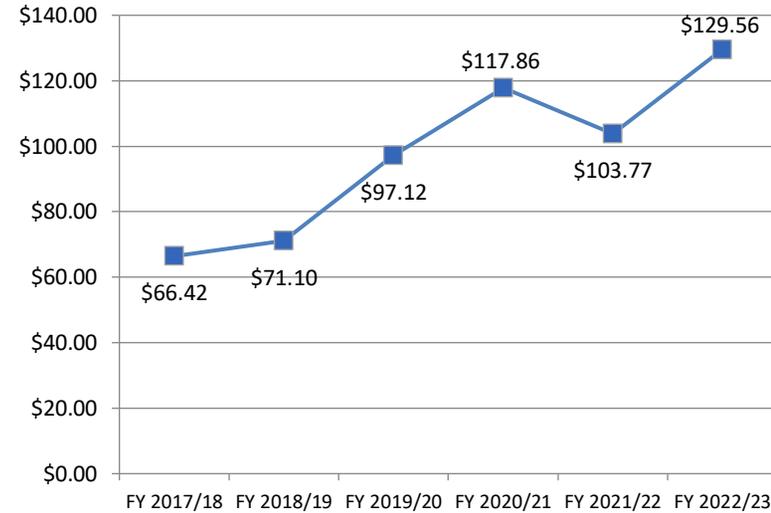


Exhibit 6.4 System Operating Cost/VSM

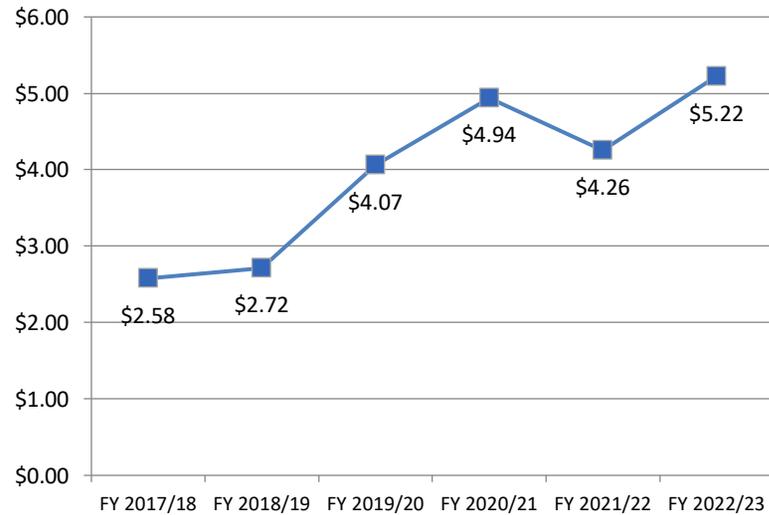


Exhibit 6.5 System VSM/VSH

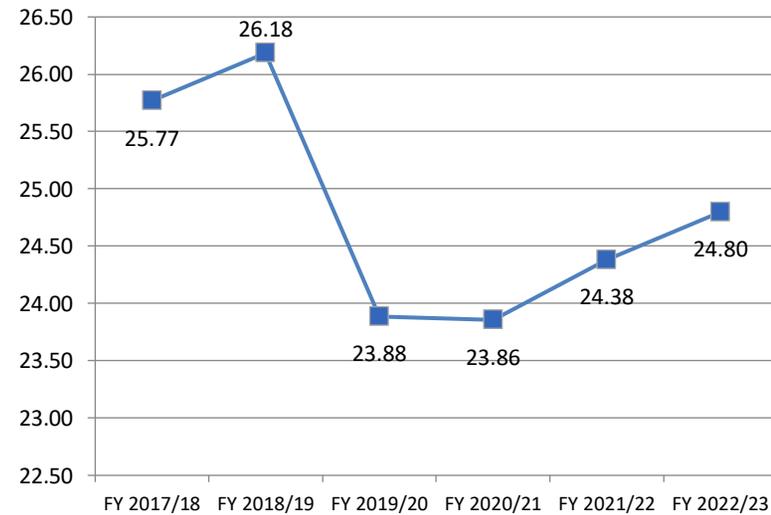


Exhibit 6.6 System Operating Cost/Passenger

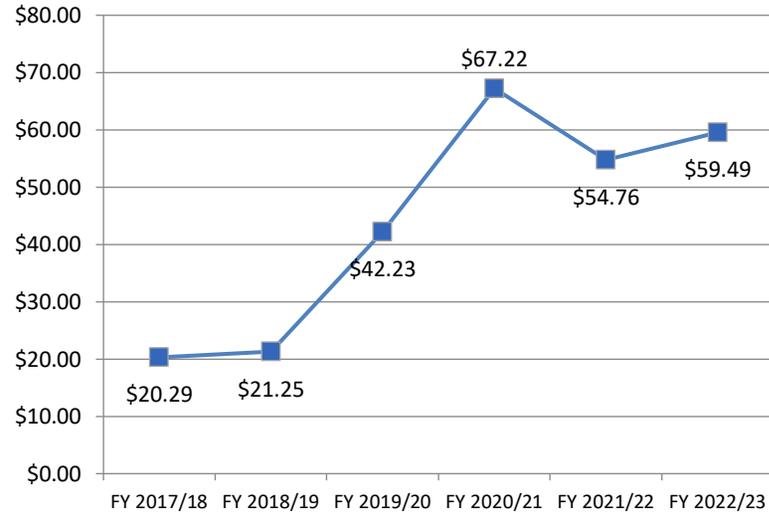


Exhibit 6.7 System Passengers/VSH

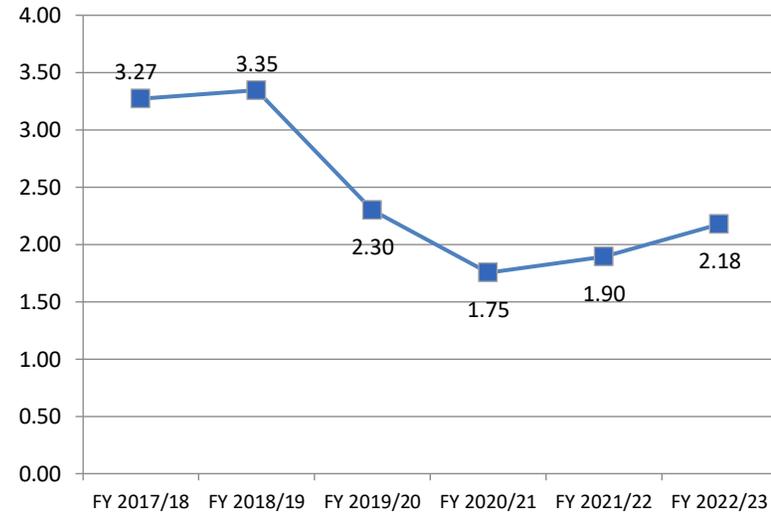


Exhibit 6.8 System Passengers/VSM

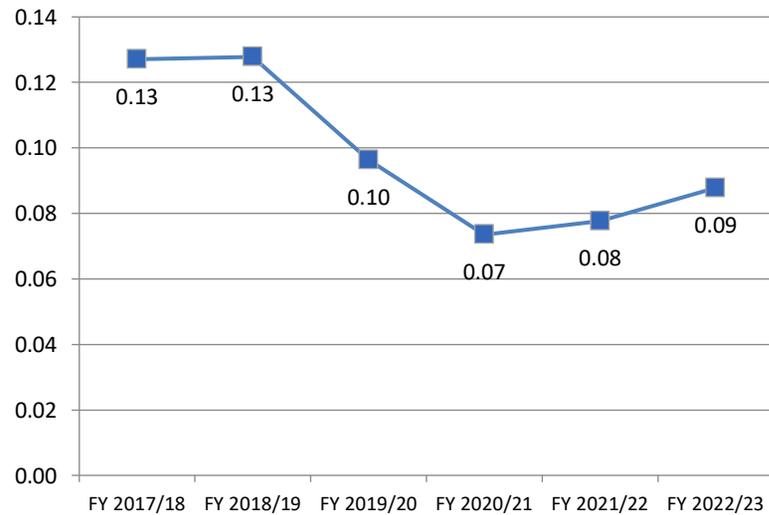


Exhibit 6.9 System VSH/FTE

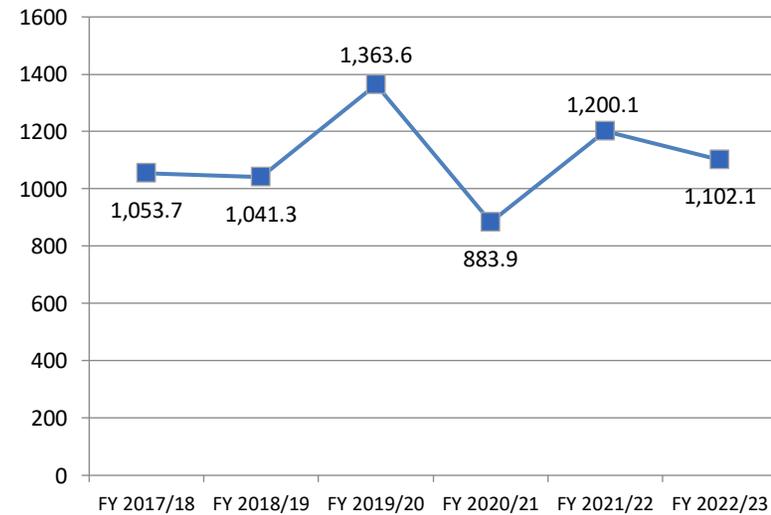


Exhibit 6.10 System Farebox Recovery

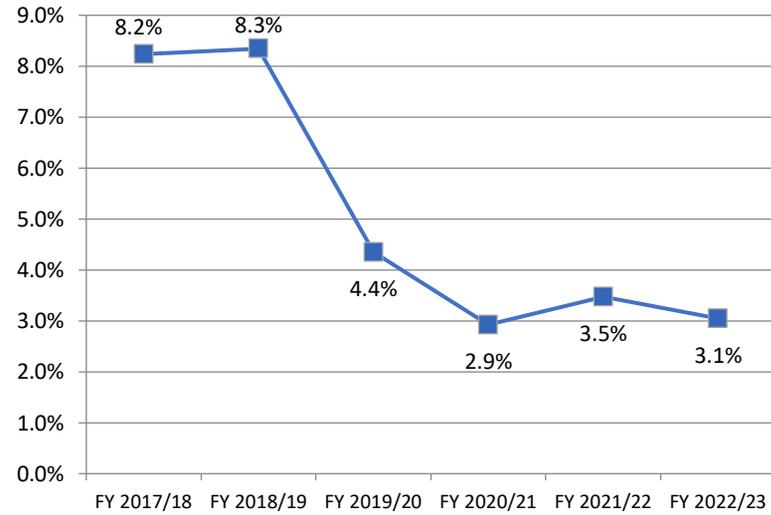
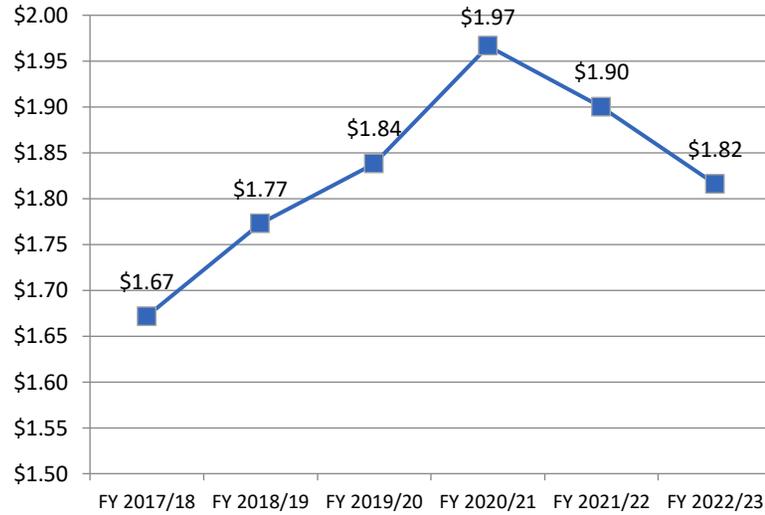


Exhibit 6.11 System Fare/Passenger



Fixed-Route Performance Trends

Fixed-route operating cost experienced a net 157.8 percent increase during the audit period and a 225.7 percent net increase across the six-year period. The most significant increase was in FY 2022/23, during which operating cost nearly doubled (as reported to the NTD). Fare revenue experienced a significant decrease in FY 2019/20 and FY 2020/21, though recovered during the last two years of the audit period. Overall, reported fare revenue increased 47.4 percent during the audit period and decreased a net 1.1 percent across the six-year period.

Vehicle Service Hours (VSH) fluctuated throughout the six-year period, with steady increases during each year of the audit period. VSH saw a net 27.9 percent increase over the six-year period. During the audit period, VSH experienced a 24.8 percent increase. A similar pattern was also observed with respect to Vehicle Service Miles (VSM), which had a net 32.7 percent increase over the six-year period and a 31.1 percent increase during the audit period. Ridership decreased significantly at during FY 2019/20 and FY 2020/21 before increasing in FY 2021/22 and FY 2022/23. Overall, ridership experienced a net increase of 68.4 percent during the audit period, but a net decrease of 13.1 percent across the six-year period.

Operating cost per vehicle service hour, vehicle service mile, and passenger increased during the audit period, reflective of a decline in efficiency. However, productivity increased, as passengers per VSH and VSM both increased during the audit period.

Exhibit 6.12 Fixed-Route Performance Indicators

| Performance Measure | Fixed-Route | | | | | |
|---|-------------|------------|------------|------------|------------|-------------|
| | FY 2017/18 | FY 2018/19 | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 |
| Operating Cost (Actual \$) | \$513,520 | \$529,382 | \$670,219 | \$648,794 | \$844,711 | \$1,672,430 |
| <i>Annual Change</i> | | 3.1% | 26.6% | -3.2% | 30.2% | 98.0% |
| Fare Revenue (Actual \$) | \$43,170 | \$47,238 | \$38,410 | \$28,972 | \$30,413 | \$42,691 |
| <i>Annual Change</i> | | 9.4% | -18.7% | -24.6% | 5.0% | 40.4% |
| Vehicle Service Hours (VSH) | 7,481 | 7,393 | 7,477 | 7,665 | 8,248 | 9,566 |
| <i>Annual Change</i> | | -1.2% | 1.1% | 2.5% | 7.6% | 16.0% |
| Vehicle Service Miles (VSM) | 214,341 | 214,648 | 215,469 | 217,048 | 241,533 | 284,458 |
| <i>Annual Change</i> | | 0.1% | 0.4% | 0.7% | 11.3% | 17.8% |
| Passengers | 26,532 | 27,010 | 19,885 | 13,695 | 16,009 | 23,056 |
| <i>Annual Change</i> | | 1.8% | -26.4% | -31.1% | 16.9% | 44.0% |
| Employees | 7 | 7 | 6 | 7 | 8 | 8 |
| <i>Annual Change</i> | | 0.0% | -14.3% | 16.7% | 14.3% | 0.0% |
| Performance Indicators | | | | | | |
| Operating Cost/VSH (Actual \$) | \$68.64 | \$71.61 | \$89.64 | \$84.64 | \$102.41 | \$174.83 |
| <i>Annual Change</i> | | 4.3% | 25.2% | -5.6% | 21.0% | 70.7% |
| Operating Cost/Passenger (Actual \$) | \$19.35 | \$19.60 | \$33.70 | \$47.37 | \$52.76 | \$72.54 |
| <i>Annual Change</i> | | 1.3% | 72.0% | 40.6% | 11.4% | 37.5% |
| Passengers/VSH | 3.55 | 3.65 | 2.66 | 1.79 | 1.94 | 2.41 |
| <i>Annual Change</i> | | 3.0% | -27.2% | -32.8% | 8.6% | 24.2% |
| Passengers/VSM | 0.12 | 0.13 | 0.09 | 0.06 | 0.07 | 0.08 |
| <i>Annual Change</i> | | 1.7% | -26.7% | -31.6% | 5.0% | 22.3% |
| Farebox Recovery | 8.41% | 8.92% | 5.73% | 4.47% | 3.60% | 2.55% |
| <i>Annual Change</i> | | 6.1% | -35.8% | -22.1% | -19.4% | -29.1% |
| Hours/Employee | 1,068.7 | 1,056.1 | 1,246.2 | 1,095.0 | 1,031.0 | 1,195.8 |
| <i>Annual Change</i> | | -1.2% | 18.0% | -12.1% | -5.8% | 16.0% |
| TDA Non-Required Indicators | | | | | | |
| Operating Cost/VSM | \$2.40 | \$2.47 | \$3.11 | \$2.99 | \$3.50 | \$5.88 |
| <i>Annual Change</i> | | 2.9% | 26.1% | -3.9% | 17.0% | 68.1% |
| VSM/VSH | 28.65 | 29.03 | 28.82 | 28.32 | 29.28 | 29.74 |
| <i>Annual Change</i> | | 1.3% | -0.7% | -1.7% | 3.4% | 1.5% |
| Fare/Passenger | \$1.63 | \$1.75 | \$1.93 | \$2.12 | \$1.90 | \$1.85 |
| <i>Annual Change</i> | | 7.5% | 10.4% | 9.5% | -10.2% | -2.5% |

Sources: FY 2017/18 – FY 2019/20 data from prior Triennial Performance Audit.
FY 2020/21 – FY 2022/23 data from National Transit Database (NTD) reports.
FY 2020/21 – FY 2022/23 FTE data from State Controller Reports.

Exhibit 6.13 Fixed-Route Ridership

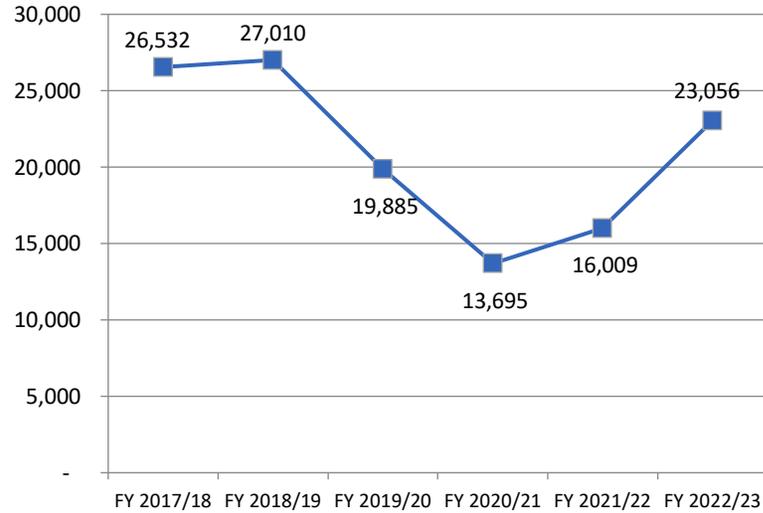


Exhibit 6.14 Fixed-Route Operating Cost/VSH

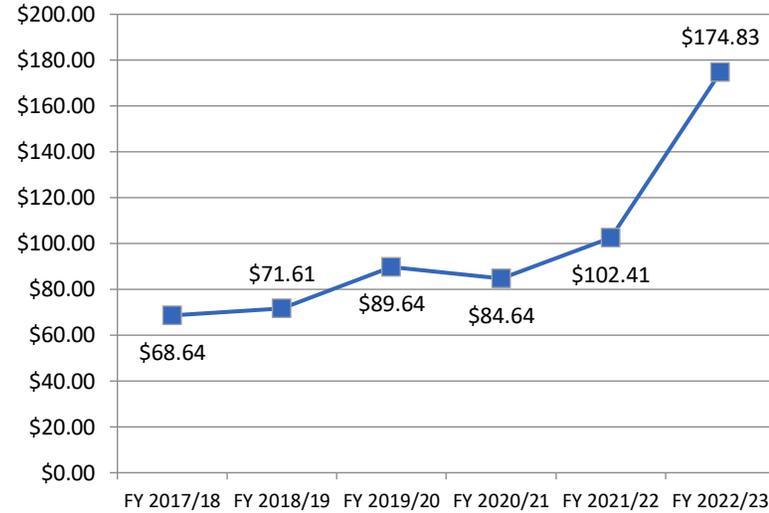


Exhibit 6.15 Fixed-Route Operating Cost/VSM

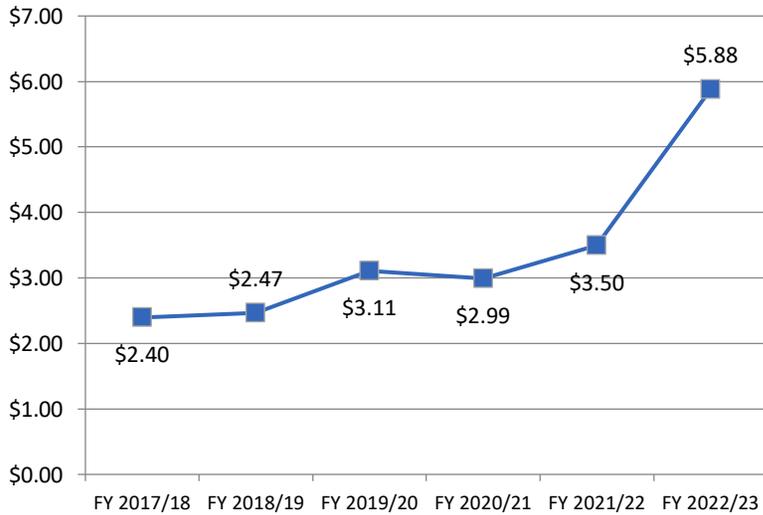


Exhibit 6.16 Fixed-Route VSM/VSH

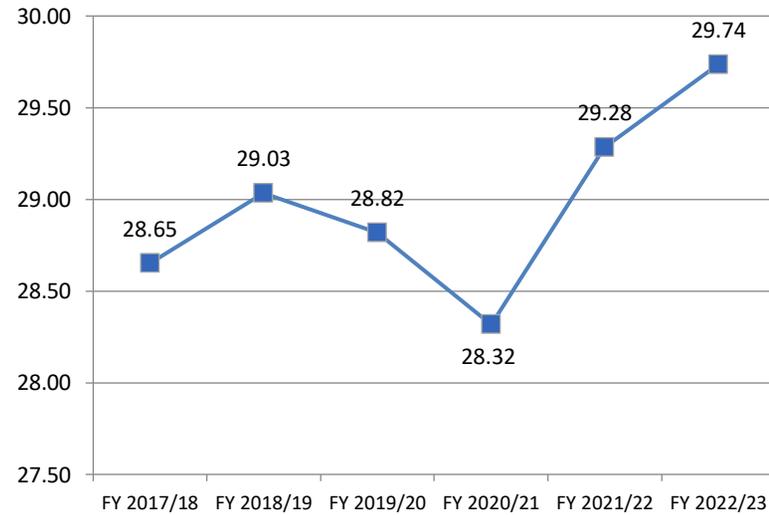


Exhibit 6.17 Fixed-Route Operating Cost/Passenger

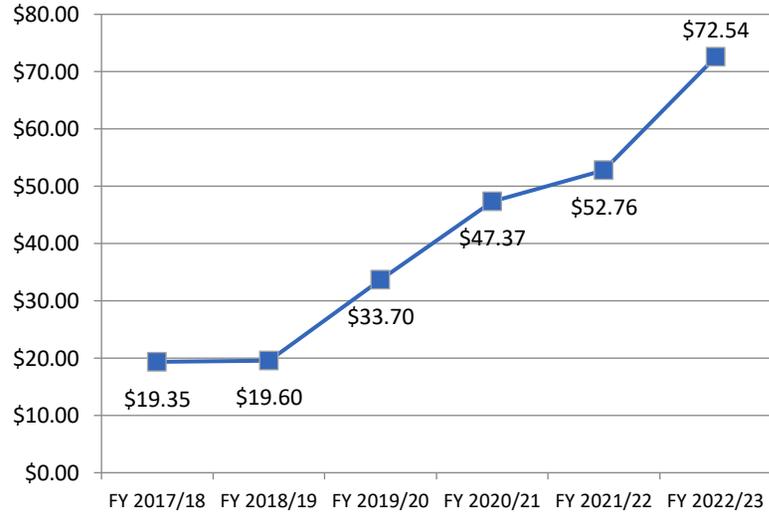


Exhibit 6.18 Fixed-Route Passengers/VSH

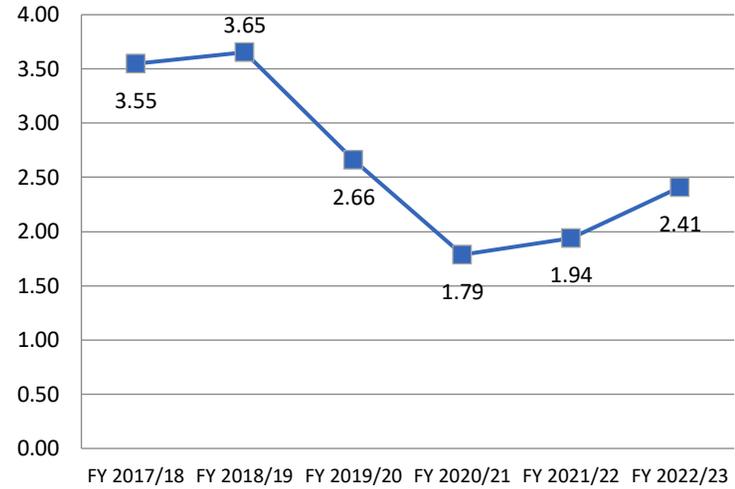


Exhibit 6.19 Fixed-Route Passengers/VSM

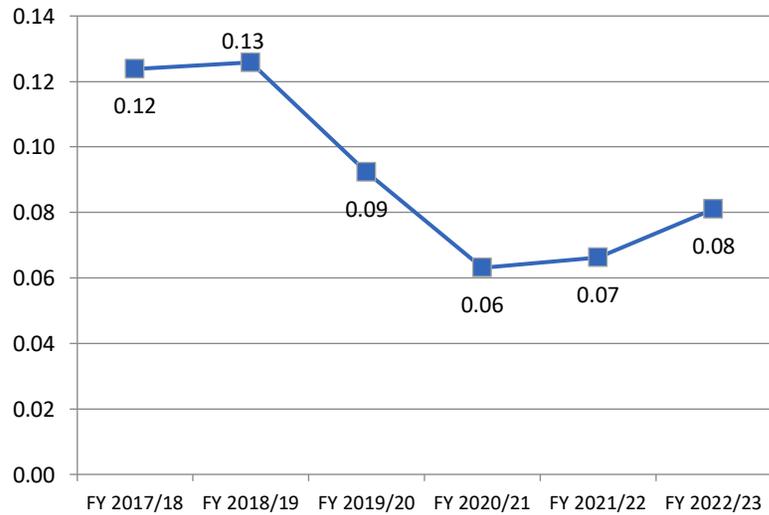


Exhibit 6.20 Fixed-Route VSH/FTE

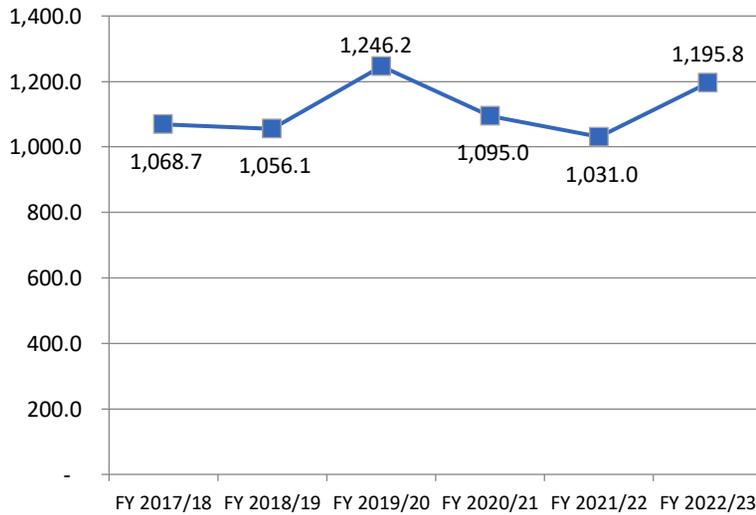


Exhibit 6.21 Fixed-Route Farebox Recovery

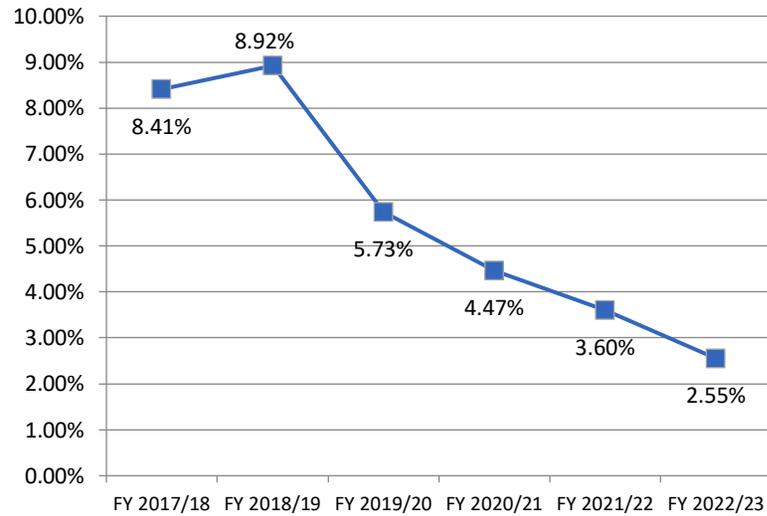
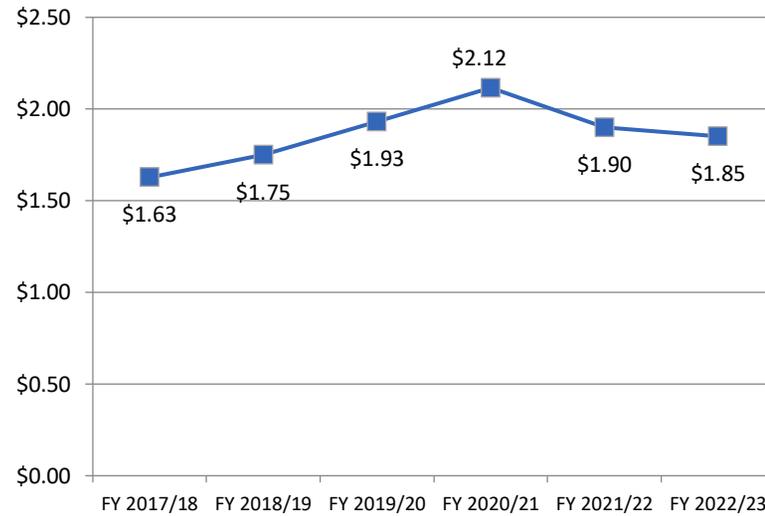


Exhibit 6.22 Fixed-Route Fare/Passenger



Demand-Response Performance Trends

Demand-response operating cost experienced a net 37.4 percent increase during the audit period and a 379.3 percent net increase across the six-year period. The most significant increase was in FY 2019/20, which was the first year of the contract with Fresno EOC. Fare revenue decreased every year except FY 2021/22. Overall, reported fare revenue saw a net increase of 10.2 percent during the audit period and 26.4 percent across the six-year period.

Vehicle Service Hours (VSH) fluctuated throughout the six-year period, with steady increases during two of the three years of the audit period. VSH saw a net 82.8 percent increase over the six-year period. During the audit period, VSH experienced a 24.4 percent increase. A similar pattern was also observed with respect to Vehicle Service Miles (VSM), which had a net 44.9 percent increase over the six-year period and a 20.8 percent increase during the audit period. Ridership fluctuated, with declines occurring in FY 2018/19, FY 2020/21, and FY 2022/23. Overall, ridership experienced a net increase of 17.2 percent during the audit period, and a net increase of 27.6 percent across the six-year period.

Operating cost per vehicle service hour, vehicle service mile, and passenger increased during the audit period, reflective of a decline in efficiency. Productivity decreased, as passengers per VSH and VSM both declined during the audit period.

Exhibit 6.23 Demand-Response Performance Indicators

| Performance Measure | Demand-Response | | | | | |
|---|-----------------|------------|------------|------------|------------|------------|
| | FY 2017/18 | FY 2018/19 | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 |
| Operating Cost (Actual \$) | \$116,303 | \$136,998 | \$389,296 | \$405,670 | \$517,726 | \$557,477 |
| <i>Annual Change</i> | | 17.8% | 184.2% | 4.2% | 27.6% | 7.7% |
| Fare Revenue (Actual \$) | \$8,713 | \$8,357 | \$7,713 | \$7,597 | \$12,802 | \$9,602 |
| <i>Annual Change</i> | | -4.1% | -7.7% | -1.5% | 68.5% | -25.0% |
| Vehicle Service Hours (VSH) | 2,002 | 1,979 | 3,432 | 2,942 | 3,753 | 3,659 |
| <i>Annual Change</i> | | -1.1% | 73.4% | -14.3% | 27.6% | -2.5% |
| Vehicle Service Miles (VSM) | 30,010 | 30,748 | 45,089 | 35,996 | 51,069 | 43,489 |
| <i>Annual Change</i> | | 2.5% | 46.6% | -20.2% | 41.9% | -14.8% |
| Passengers | 4,504 | 4,348 | 5,205 | 4,903 | 6,734 | 5,745 |
| <i>Annual Change</i> | | -3.5% | 19.7% | -5.8% | 37.3% | -14.7% |
| Employees | 2 | 2 | 2 | 5 | 2 | 4 |
| <i>Annual Change</i> | | 0.0% | 0.0% | 150.0% | -60.0% | 100.0% |
| Performance Indicators | | | | | | |
| Operating Cost/VSH (Actual \$) | \$58.09 | \$69.23 | \$113.43 | \$137.89 | \$137.95 | \$152.36 |
| <i>Annual Change</i> | | 19.2% | 63.9% | 21.6% | 0.0% | 10.4% |
| Operating Cost/Passenger (Actual \$) | \$25.82 | \$31.51 | \$74.79 | \$82.74 | \$76.88 | \$97.04 |
| <i>Annual Change</i> | | 22.0% | 137.4% | 10.6% | -7.1% | 26.2% |
| Passengers/VSH | 2.25 | 2.20 | 1.52 | 1.67 | 1.79 | 1.57 |
| <i>Annual Change</i> | | -2.3% | -31.0% | 9.9% | 7.7% | -12.5% |
| Passengers/VSM | 0.15 | 0.14 | 0.12 | 0.14 | 0.13 | 0.13 |
| <i>Annual Change</i> | | -5.8% | -18.4% | 18.0% | -3.2% | 0.2% |
| Farebox Recovery | 7.5% | 6.1% | 2.0% | 1.9% | 2.5% | 1.7% |
| <i>Annual Change</i> | | -18.6% | -67.5% | -5.5% | 32.0% | -30.3% |
| Hours/Employee | 1,001.0 | 989.5 | 1,716.0 | 588.4 | 1,876.5 | 914.8 |
| <i>Annual Change</i> | | -1.1% | 73.4% | -65.7% | 218.9% | -51.3% |
| TDA Non-Required Indicators | | | | | | |
| Operating Cost/VSM | \$3.88 | \$4.46 | \$8.63 | \$11.27 | \$10.14 | \$12.82 |
| <i>Annual Change</i> | | 15.0% | 93.8% | 30.5% | -10.0% | 26.4% |
| VSM/VSH | 14.99 | 15.54 | 13.14 | 12.24 | 13.61 | 11.89 |
| <i>Annual Change</i> | | 3.6% | -15.4% | -6.9% | 11.2% | -12.7% |
| Fare/Passenger | \$1.93 | \$1.92 | \$1.48 | \$1.55 | \$1.90 | \$1.67 |
| <i>Annual Change</i> | | -0.6% | -22.9% | 4.6% | 22.7% | -12.1% |

Sources: FY 2017/18 – FY 2019/20 data from prior Triennial Performance Audit.
FY 2020/21 – FY 2022/23 data from National Transit Database (NTD) reports.
FY 2020/21 – FY 2022/23 FTE data from State Controller Reports.

Exhibit 6.24 Demand-Response Ridership

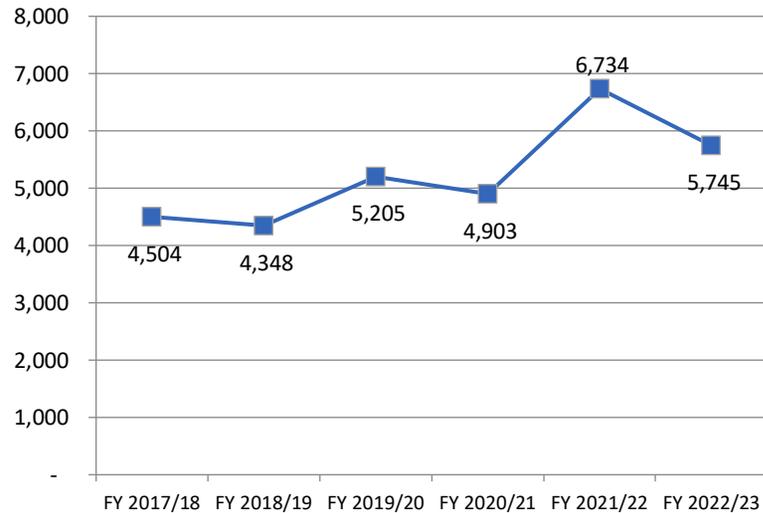


Exhibit 6.25 Demand-Response Operating Cost/VSH

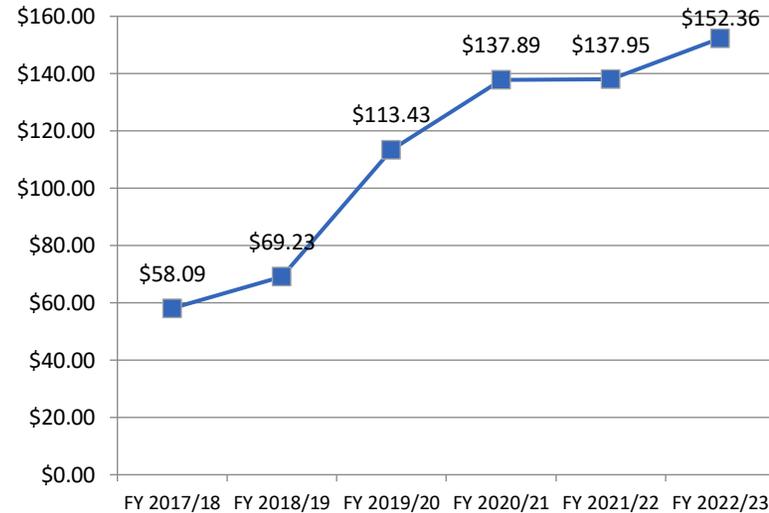


Exhibit 6.26 Demand-Response Operating Cost/VSM

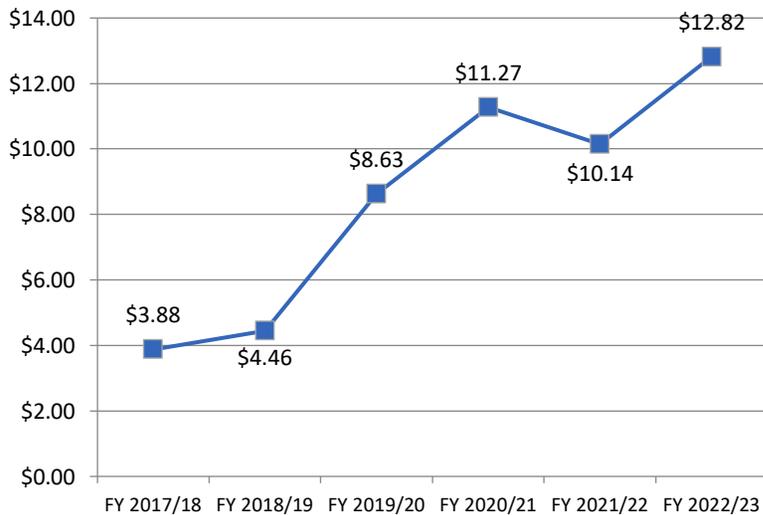


Exhibit 6.27 Demand-Response VSM/VSH

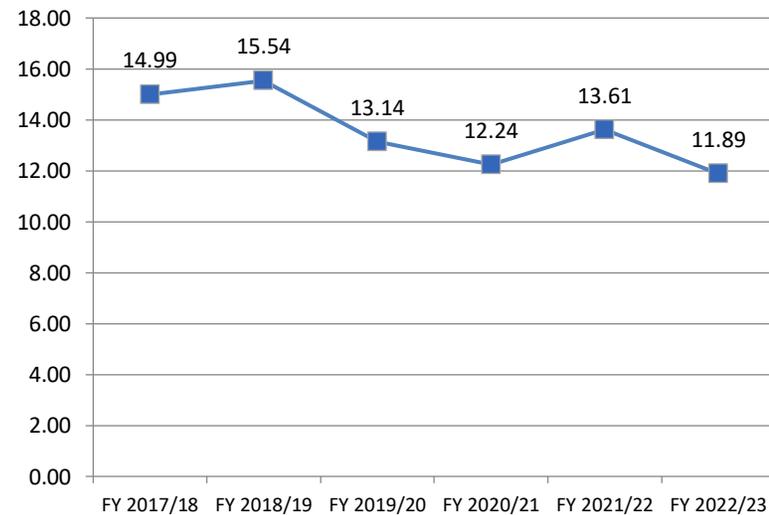


Exhibit 6.28 Demand-Response Operating Cost/Passenger

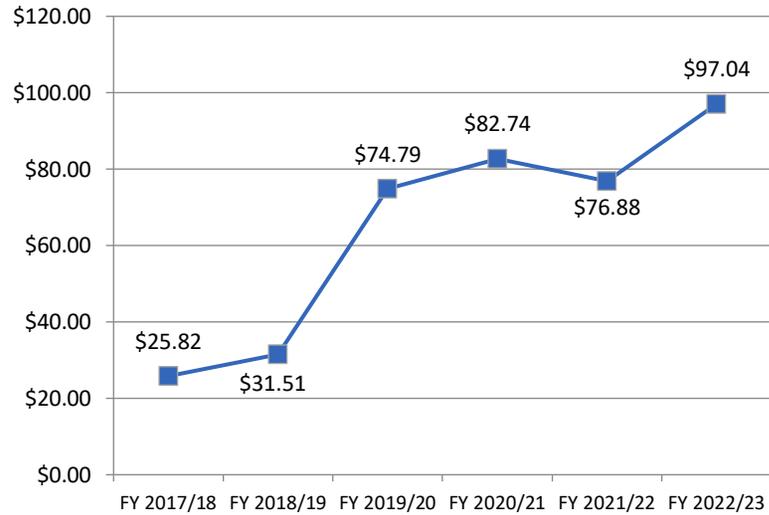


Exhibit 6.29 Demand-Response Passengers/VSH

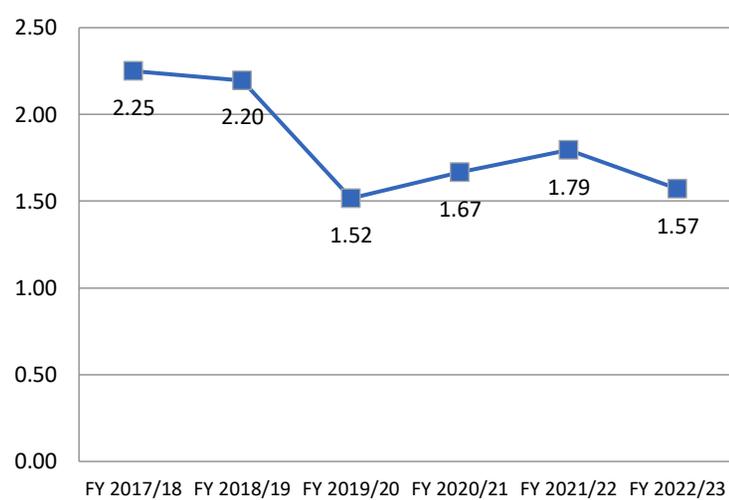


Exhibit 6.30 Demand-Response Passengers/VSM

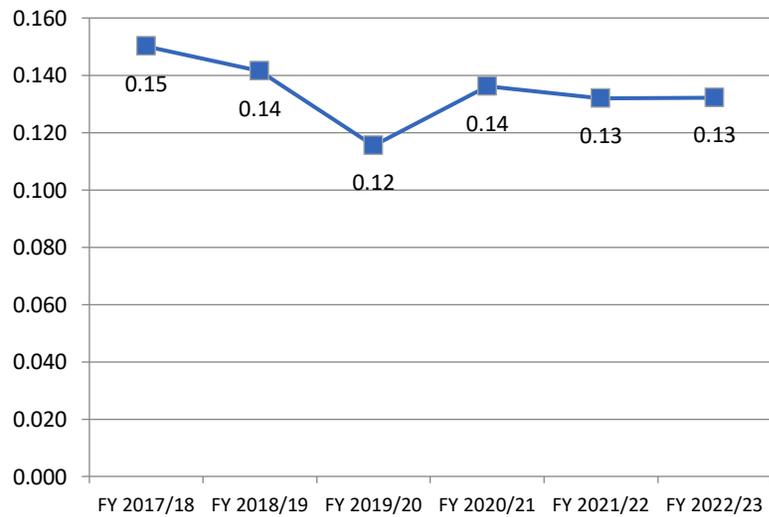


Exhibit 6.31 Demand-Response VSH/FTE

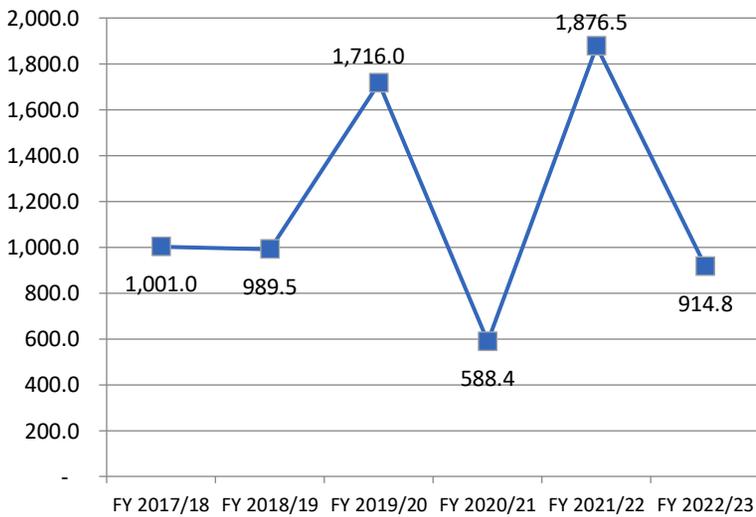


Exhibit 6.32 Demand-Response Farebox Recovery

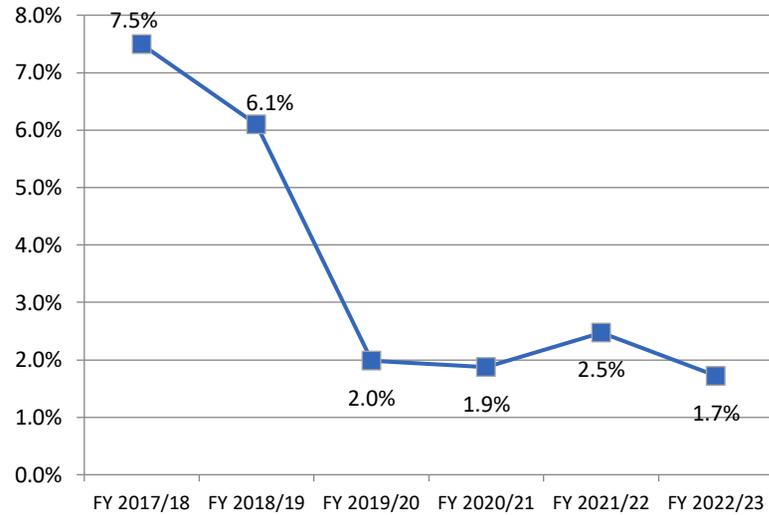
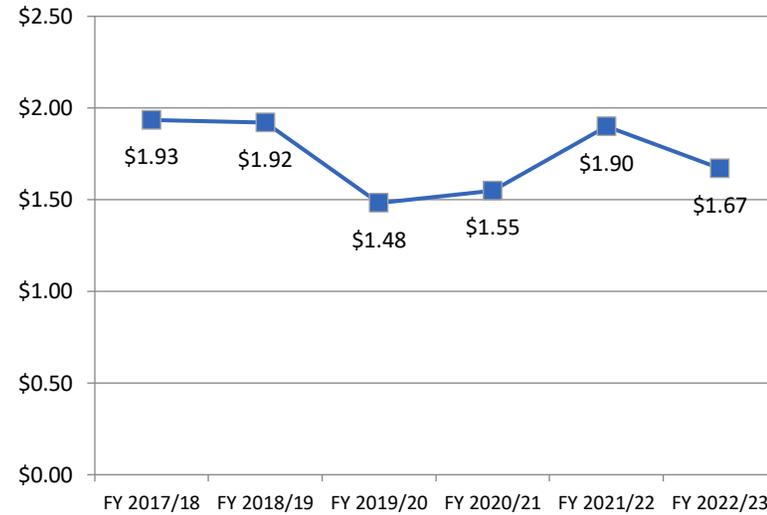


Exhibit 6.33 Demand-Response Fare/Passenger



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Chapter 7 | Functional Review

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

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

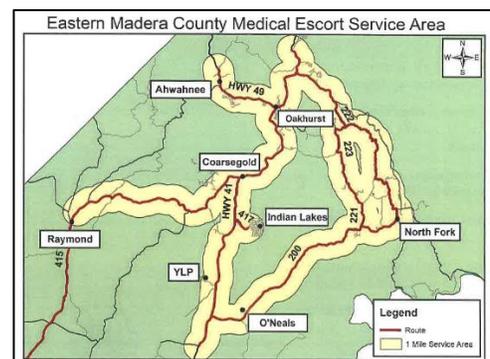
Service Overview

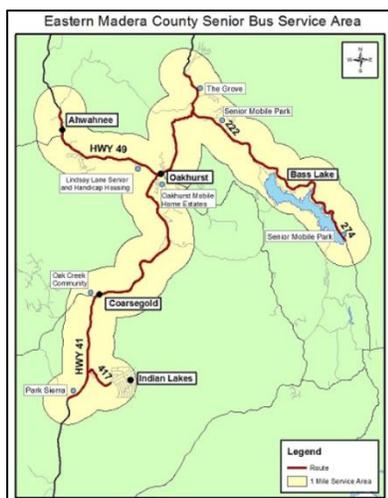
The County of Madera provides fixed-route and demand-response transit services to areas of Madera County outside of the cities of Chowchilla and Madera.

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

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

The County’s specialized services include the Senior Bus and Medical Escort Van programs. The Senior Bus program operates from 9:00 a.m. to 4:00 p.m., Monday through Friday. Residents of Ahwahnee, Bass Lake, Coarsegold, and Oakhurst who are age 60 or older and persons with disabilities are eligible to use the service. Trips may be scheduled for any purpose. The Medical Escort Van program provides service to Madera, Fresno, and Clovis for residents of Ahwahnee, Bass Lake, Coarsegold, North Fork, and Oakhurst on Tuesdays and Thursdays, and for residents of Raymond on Wednesdays.





While trips are not eligibility-based, they are limited to doctor appointments and/or medical-related purposes. All Senior Bus and Escort trips are reservation-based. Senior Bus reservations must be placed the day before. Escort reservations must be requested 24 hours in advance and medical appointments must be scheduled for the morning.

MCC tickets and fares can be purchased at the MCC Operations Office or onboard from the transit drivers. Fixed-route and demand-response fares are detailed in Exhibits 7.1 and 7.2.

Exhibit 7.1 Fixed-Route Fare Structure

| Fare Type | Price |
|---------------------------------------|---------|
| Base fare | \$2.00 |
| Transfer to Fresno Area Express (FAX) | Free |
| Children 5 and under | Free |
| Book of 10 tickets | \$20.00 |
| Monthly pass (unlimited rides) | \$40.00 |

Exhibit 7.2 Demand-Response Fare Structure

| Fare Type | Price |
|--|---------|
| Dial-A-Ride | |
| Base fare – General public | \$3.00 |
| Reduced fare – Senior (60+)/disabled | \$1.00 |
| Children under 3 (limit 2 per fare-paying adult) | Free |
| Book of 10 tickets – Senior (60+) | \$5.00 |
| Book of 10 tickets – Disabled | \$9.00 |
| Book of 20 tickets – General public | \$40.00 |
| Medical Escort Service | |
| Round trip (per person) | \$10.00 |
| Senior Bus | |
| One-way (per person) | \$1.50 |
| Round trip (per person) | \$3.00 |

Response to COVID-19 pandemic

In response to the COVID-19 pandemic, the County and its contractor installed driver barriers, implemented additional sanitizing, and adjusted the maximum rider capacity to accommodate social distancing. There were no changes to the services provided. The County feels it offers a relatively baseline service regularly, and cutting services did not make sense. Subsequent to the pandemic, some of the driver barriers are still in place, and the contractor is still doing the enhanced cleaning, but vehicle capacity is no longer being restricted.

Ridership declined significantly during the pandemic. The fixed-route service has rebounded quicker than the demand-response service. This is partly due to the fact that if you struggle with transportation, if alternatives are available (such as virtual appointments or delivery), you will use them. The County did not do much marketing during the pandemic, and hopes to increase its activities during FY 2023/24.

One of the most significant lessons learned from the County’s COVID-19 response was the importance of adaptability and resilience in maintaining critical services. The pandemic challenge the County to swiftly pivot its operations, protocols, and service delivery to ensure the safety of passengers and staff while sustaining essential services. The experience reinforced the County’s commitment to improvement and innovation.

General Management and Organization

Management monitors the performance of its transit programs through monthly performance reports. The County contracts with Trillium and Swiftly for its online customer-based bus locations, which also provide on-time performance data. Staff are currently evaluating these platforms and considering other options. Fresno Economic Opportunities Commission (Fresno EOC), the current operations contractor, uses CTS Trip Master to schedule and monitor buses and rides. This platform also provides on-time performance reports.

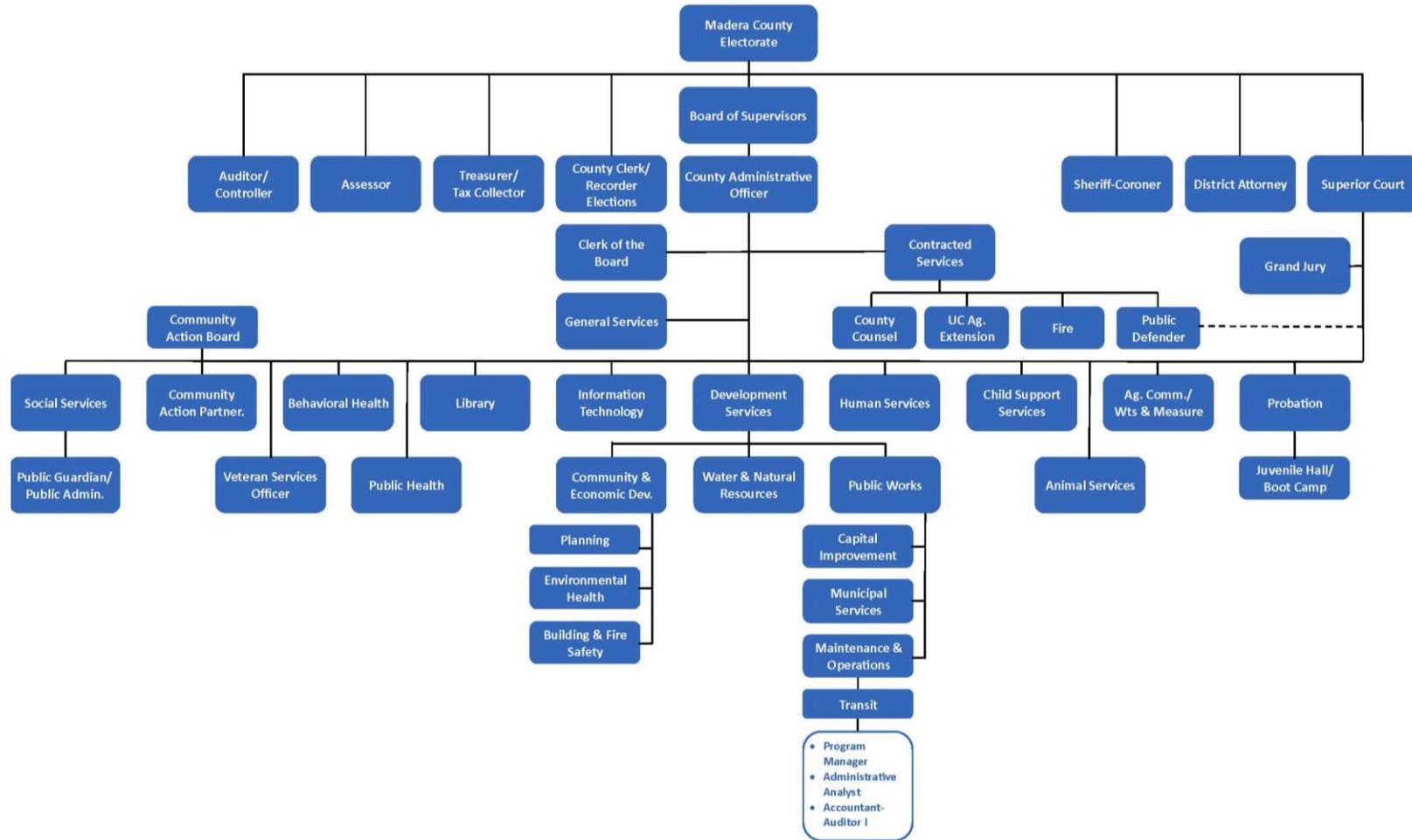
Historically, the County has not had dedicated transit staff, utilizing the services of a consultant as well as a Transit Planner. Since December 2021, the County has added three Transit positions: Program Manager, Administrative Analyst, and Accountant-Auditor. This staffing level is sufficient, and helps the County take manage of FTA Direct Recipient responsibilities and take advantage of other funding opportunities.

In March 2022, MCC added two runs on its Eastern Madera County route and an additional service day on its Eastin Arcola-Ripperdan-La Vina route. The impact of these changes was tracked through daily ridership reports. The County regularly receives requests from the Leadership Council for Justice and Accountability for more service to the La Vina and Fairmead communities, and has hired a consultant to draft a microtransit plan for those areas.

The Madera County Board of Supervisors is the governing body for the County’s transit program. The Board regularly meets on the first three Tuesdays of each month at 10:00 a.m. at the County Government Center in Madera. This local is accessible via Madera Metro Routes 2 and 3. The Intermodal Transportation Center is served by all four MCC routes, which connect to Madera Metro routes. The County’s organizational structure is detailed in Exhibit 7.3.

The County works closely with MCTC as the RTPA and Caltrans to plan transit improvements and maximize the use of available federal and state transit funding. As a Direct Recipient of Section 5307 and 5339 funding, the County has an effective relationship with the FTA. The County is also a member of CalACT and uses its membership to take advantage of training and education, networking opportunities, cooperative purchasing agreements, and to public employment opportunities.

Exhibit 7.3 Organizational Chart



Service Planning

The RTPA is primarily responsible for short range planning for the County of Madera. County staff provide requested information to MCTC for inclusion in the Madera County Short Range Transit Plan (SRTP). The current SRTP was adopted in March 2022 and has a planning horizon through FY 2026/27. The plan includes goals, objectives, and performance standards for MCC. The County regularly measures its performance against these goals and regularly meets these standards. It has begun implementing recommendations from the SRTP, including the installation of three additional bus shelters in Madera Ranchos and Coarsegold. There are another three locations ready for installation. The County has also coordinated its transfers with FAX, YARTS, CATX, and Madera Metro and will continue to increase its coordination efforts. The County expects to start planning efforts for its next SRTP in FY 2024/25.

All short-range planning includes input from the public as well as the MCTC Social Services Transportation Advisory Council (SSTAC). Onboard surveys are conducted as part of the SRTP. The County also recently contracted with a consultant to conduct a microtransit study.

The County has completed its Zero-Emission Bus Rollout Plan, which was submitted to CARB. It has begun implementing that plan. Charging stations have been purchased and are pending installation. Three electric buses have been ordered. The County also constructed its bus barn project and bus wash and fueling infrastructure during the audit period.

Administration

The Program Manager and Accountant-Auditor are primarily responsible for preparing the transit budget. Budgeted versus actual revenues and expenditures are compared quarterly. Financial information is reported to the Board of Supervisors annually. The County uses Consolidated Asset Management Services (CAMS) software and Excel to manage its financial data. Funds can be moved between budget categories through a budget adjustment, while adding funds to the budget requires a budget amendment. Both are approved by the department and then by the Board.

Designated staff, with assistance from MCTC, research and identify the competitive grants available. Program staff determine if specific grants are needed for capital or operating needs. County Grants staff assist with applications as needed. The transit Accountant-Auditor, under direction from the Program Manager, is responsible for managing grants. The County also has a consultant on contract to use as needed. The County has sufficient staffing to meet all reporting requirements for the grants it has been awarded.

The Risk Management department handles risk management for the County. The County's liability coverage meets requirements and is appropriate. The operations contractor is responsible for providing insurance and handling incidents onboard the buses.

FEOC conducts monthly safety meetings where it reviews all incidents and recommendations. County staff receive copies of meeting agendas, minutes, and schedules and are invited to attend meetings. Transit is included in the County's Emergency Operations Plan as evacuation support.

The County manages a number of contracts through its transit program. These include contracts for operations and maintenance, website, Transit App, transit planning and consulting, microtransit study, marketing consultant, engineering and design, construction, bus stop lighting, electric vehicle chargers,

and bus wash equipment. Contract performance is monitored via monthly reports and regular communication. FEOC is responsible for facility management for transit offices and facilities under the direction of County Transit staff.

County employees submit timesheets for payroll. A supervisor signature is required for approval. Contractor employees use daily trip logs, maintenance logs, or timesheets to track their time. The County's personal information and payroll data is securely managed. Payroll clerks and management have access.

The County has a procurement handbook. All federally funded procurements follow FTA guidance. Prior procurements were reviewed by Caltrans. Invoices for goods and services are reviewed against what was actually received before payments were made. Purchases over \$100,000 must be approved by the Board of Directors. Purchases up to \$25,000 can be approved at the director or manager level. The County participates in the CalACT/MBTA Purchasing Cooperative for vehicle purchases.

The County has an internal audit function. An annual audit is completed by the Auditor-Controller's office.

Marketing and Public Information

The County markets its transit program through printed brochures and bus schedules that are available on every bus, as well as its website and a route tracking app (Transit App). It is currently working with a marketing consultant to prepare a marketing plan. Performance and other data is used to inform marketing activities, but has not yet conducted any advertising or promotional campaigns.

The County shares transit-related updates and information on its main Facebook page. The Transit App provides real-time bus route information.

The operations contractor logs all customer calls. A database of complaints includes the name of the person making the complaint, contact information, the date and location of the incident, who or what is the subject of the complaint, a summary of the complaint, the name of the person documenting the complaint, the date and time the complaint was filed, and the outcome. Complaints are typically resolved in a few days. Based on the rider survey conducted in 2021, the public is satisfied with MCC's transit services.

Scheduling, Dispatch, and Operations

Fresno EOC's workforce is represented by I.U.O.E. Stationary Engineers Local #39. It employs nine full-time drivers for the MCC program, which is fully staffed. The contractor currently has no part-time drivers because such positions are difficult to fill. Part-time drivers may be used as relief drivers, and part-time positions function as a first step toward full-time positions. Road supervisors are also licensed to drive.

Drivers are assigned to routes or shifts through a bid process based on seniority every six months. Vehicles are assigned on a rotating basis based on mileage. Maintenance holds the keys for vehicles that are down to prevent them from being put into service.

Absences are covered by a pool of relief drivers. Drivers must call in two hours before their shift. Fresno EOC operates a variety of transportation services, with 60 to 70 drivers company-wide. Only 50 or 60 are needed to cover its routes, including those provided by MCC. The extra drivers are assigned relief driver positions, including one assigned to the County's contract. The relief driver reports every day in case they

are needed to fill in, though there are very few call-outs. County staff report MCC drivers are exceptional and committed.

MCC uses Diamond drop fareboxes. Drivers collect fares from the vehicles. Fares are counted by each driver at the MCC administration office, who complete paperwork and put them into a locked drawer. There are no cameras. Fares are compared with the reservation system. Fares are taken in locked bags to the contractor's main office in Fresno on a daily basis, then a second count is completed and compared to the first before the deposit is made. Passes are sold at the transit office by the contractor. No mobile ticketing is currently offered.

Personnel Management and Training

Fresno EOC is recruiting enough drivers to meet its needs for MCC. All applicants must have a commercial driver's license, though the contractor does have a separate driver training program. Most recruitment is done using internet resources. Fresno EOC does not offer referral or retention bonuses or incentive programs. Turnover is unusually low, with most drivers leaving due to retirement. Staff receive an annual performance evaluation.

The Road Supervisor, who holds a Behind-the-Wheel (BTW) Trainer Certificate, is responsible for training new and existing drivers. The Safety and Training Manager oversees the contractor's safety program, providing monthly in-service training for all staff.

Fresno EOC has a defined progressive disciplinary policy, which is written into the bargaining agreement between Fresno EOC and the I.U.O.E. Stationary Engineers Local #39. It also has a defined policy regarding absences and tardiness that is communicated via its Personnel Policies and Procedures manual. Fresno EOC complies with all drug and alcohol testing and DAMIS reporting requirements.

Fresno EOC motivates its employees through the provision of good benefits. Full-time employees receive health and dental plans. These benefits are communicated to employees during employee orientation at initial hire and as changes occur.

Maintenance

Fresno EOC provides maintenance for MCC vehicles under its maintenance and operations contract. It uses MPulse software to track vehicle maintenance. Mileage is input into the program on a daily basis, which constantly tracks when vehicles are due for preventive maintenance. Paper documentation is stored onsite in a locked cabinet. The preventive maintenance schedule conforms with the manufacturer's recommended schedule and can easily be evaluated.

All maintenance is done at Fresno EOC's facility in Fresno. Fresno EOC has access to a facility in Madera, but it is not equipped with tools or equipment. This location is primarily for tire changes or other minor repairs performed by a mechanic who comes down from Fresno. Maintenance does not conflict with regular vehicle use.

Repairs covered by a manufacturer's warranty are identified effectively. Fresno EOC typically sends out major engine, transmission, and body work. It is more cost-effective to use specialized vendors for these types of work.

MCC has a dedicated bay and maintenance personnel at Fresno EOC’s maintenance facility, which is shared with other programs. The number of bays and lifts is sufficient. There is also sufficient office space and room for records storage. If Fresno EOC could make one improvement, it would be to add a diagnostic computer.

MCC vehicles are equipped with tablets (mobile data terminals). One of the most significant challenges during the audit period was getting parts for older vehicles. Fresno EOC has a secure parts room, with access limited to mechanics. Parts are tracked via computerized work orders. Targeted inventory and reorder levels have been established for common and high usage items. The parts inventory is sufficient to minimize downtime. Maintenance is notified promptly about breakdowns. When a vehicle is repaired and ready to be put back into service, the vehicle keys are returned to the board.

Daily vehicle inspections are used to ensure unsafe vehicles are not put into service. Fresno EOC prioritizes repairs to ensure the most critically needed types of vehicles are repaired first. There is no backlog of repairs.

Exhibit 7.4 Madera County’s Transit Fleet

| Bus # | Model Year | Make | Model | PAX + WC | Fuel Type | Mileage (as of 6/30/23) | Usage |
|-------------|------------|------------|-------------------------------|----------|-----------|-------------------------|------------|
| 15-01 (405) | 2015 | Ford E-450 | Starcraft Allstar 25 | 15+2 | Gas | 299,165 | MCC Fixed |
| 15-02 (406) | 2015 | Ford E-450 | Starcraft Allstar 25 | 15+2 | Gas | 252,104 | MCC Fixed |
| 15-03 (407) | 2015 | Ford E-450 | Starcraft Allstar 25 | 15+2 | Gas | 273,485 | MCC Fixed |
| 19-01 | 2019 | Ford E-450 | Starcraft Allstar 25 | 15+2 | Gas | 168,177 | MCC Fixed |
| 19-02 | 2019 | Ford E-450 | Starcraft Allstar 25 | 15+2 | Gas | 158,482 | MCC Fixed |
| 20-01 | 2020 | Ford E-450 | Starcraft Allstar 25 | 15+2 | Gas | 90,518 | MCC Fixed |
| 20-02 | 2020 | Ford E-450 | Starcraft Allstar 25 | 15+2 | Gas | 107,557 | MCC Fixed |
| 20-03 | 2020 | Ford E-450 | Starcraft Allstar 25 | 15+2 | Gas | 115,298 | MCC Fixed |
| 20-04 | 2020 | Ford E-450 | Starcraft Allstar 25 | 15+2 | Gas | 117,687 | MCC Fixed |
| 408 (3) | 2015 | Ford E-450 | Starcraft Allstar 25 | 14+2 | Gas | 152,331 | Senior Bus |
| 19-03 (2) | 2019 | Ford E-450 | Starcraft Allstar 25 | 14+2 | Gas | 82,956 | Senior bus |
| T-101 | 2011 | El Dorado | Dodge Grand Caravan | 5+1 | Gas | 158,424 | Escort |
| T-102 | 2018 | El Dorado | National Amerivan (Low Floor) | 5+1 | Gas | 36,885 | Escort |

Chapter 8 | Findings and Recommendations

Conclusions

With two exceptions, Moore & Associates finds the County of Madera 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

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

1. The County's State Controller Report was submitted nearly two weeks late in FY 2020/21.
2. TDA fiscal audits were submitted after the extended deadline in FY 2020/21 and FY 2021/22.

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

1. While reporting improved during the audit period, the County could benefit from further improvements to financial and FTE reporting.
2. The fare revenue ratio calculation included in the TDA fiscal audits does not take into account any inclusions or exclusions that would impact the ratio.

Program Recommendations

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

Compliance Finding 1: The County's State Controller Report was submitted nearly two weeks late in FY 2020/21.

Criteria: PUC 99243 requires operators receiving funding under Article 4 to submit their Financial Transaction Report to the State Controller within seven months of the end of the fiscal year. While Article 8 recipients submit this form as well, compliance with the deadline is not stated as a condition of compliance with Article 8. However, since the deadline is established by the State Controller's Office, it should be treated as a hard deadline and complied with.

Condition: In FY 2020/21, the State Controller Report was submitted on February 13, 2022, nearly two weeks late.

Cause: The cause of the late reporting was unknown. However, it was shortly after the Program Manager was hired, which could have led to confusion with respect to communication from the state.

Effect: As a result, the report was submitted late.

Recommendation: Ensure future State Controller Reports are submitted on or prior to the January 31 deadline.

Recommended Action: Given the State Controller Reports for the two subsequent years were submitted on time, this is unlikely to be a problem in the future.

Timeline: Ongoing.

Anticipated Cost: None.

Management Response: Since December of 2021, the County has added three dedicated Transit positions: Program Manager, Accountant-Auditor, and Administrative Analyst. The additional positions will ensure that future State Controller Reports are submitted on or prior to the January 31 deadline. The State Controller Reports due in January of 2023 and 2024 were successfully submitted to the State Controller’s Office by the required deadline.

Compliance Finding 2: TDA fiscal audits were submitted after the extended deadline in FY 2020/21 and FY 2021/22.

Criteria: PUC 99245 requires all Article 4 recipients to submit an annual fiscal audit to the State Controller within 180 days of the end of the fiscal year. The RTPA has the authority to extend the deadline for another 90 days, typically to March 31. While Article 8 recipients submit TDA fiscal audits as well, compliance with the deadline is not a condition of compliance with TDA Article 8. However, since the RTPA cannot release Article 4 funds until the audit is submitted, it is helpful to have all transit operator audits submitted according to the same deadline, even if it might not affect the release of Article 8 funds.

Condition: In FY 2020/21, the County’s TDA fiscal audit was completed on July 13, 2022. This was more than three months after the deadline established under PUC 99245. In FY 2021/22, the audit was completed on November 13, 2023, more than seven months after the deadline.

Cause: In FY 2020/21, responsibility for the fiscal audit was with MCTC. In FY 2021/22, the County’s challenges with securing an auditor led to delays in its completion.

Effect: This impacted compliance with the TDA.

Recommendation: Work with the County’s auditor to ensure future TDA fiscal audits can be completed within the established timeframe.

Recommended Action: Ensure that all parties – the auditor, transit program staff, and County financial staff – are fully aware of the audit deadlines, as well as how they compare with other County audit deadlines, so that on-time submittal can be achieved.

Timeline: FY 2023/24.

Anticipated Cost: None (should already be included within fiscal audit contract).

Management Response: Transit staff will continue to work with the County’s auditor to ensure future TDA fiscal audits can be completed within the established timeframe. Transit staff will maintain close collaboration with the county auditor's office to ensure timely completion of TDA audits. We are prepared to engage an external accounting firm if needed due to auditor staffing constraints.

Functional Finding 1: While reporting improved during the audit period, the County could benefit from further improvements to financial and FTE reporting.

Criteria: It is the responsibility of the transit operator to ensure data is accurately recorded and reported to external agencies.

Condition: This recommendation is carried forward from the prior audit. In FY 2020/21, operating cost was consistently reported between the TDA fiscal audit and the State Controller Report, though this amount was 18.6 percent higher than that reported to the NTD. In FY 2021/22, different figures were reported within each report, with a variance of 34.5 percent between the lowest (State Controller Report) and highest (TDA fiscal audit). In FY 2022/23, the amount reported to the NTD was 30.1 percent higher than that reported to the State Controller (the TDA fiscal audit was not available at the time of this report).

According to the County, in FY 2021/22, the TDA fiscal audit was completed late as it had difficulty finding an auditor to perform the audit. It ended up using the auditor that had performed the City of Madera’s audit, but was not confident that the results took into account all allowable deductions. The County also had challenges getting final accounting information for NTD and State Controller reports, and used the best information available at the time the reports were completed. The exact cause of the other variances was unclear.

Cause: One of the common causes of inconsistent financial data is the timeframe during which the various reports are completed. Initial NTD reports are due in the fall, with State Controller Reports due at the end of January. TDA fiscal audits are due at the end of December, though may be extended to the end of March. As a result, audited data is not typically available for completion of the NTD reports, and may not be available for preparation of the State Controller Reports.

Effect: Varying data can affect the accuracy of the data used to determine compliance with several established performance measures.

Recommendation: Continue to work toward ensuring data is reported as accurately as possible at the time it is submitted.

Recommended Action: With the hiring of an Accountant-Auditor for the transit program, it is likely this issue will continue to improve. In addition, if subsequent audited data is significantly different than data reported to the NTD or State Controller, it would be helpful to document the reason for that variance at the time of the audit, so that the differences are easier to explain during the next Triennial Performance Audit.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Management Response: The County has taken measurable steps to achieving data accuracy by hiring appropriate staff to the Transit program. The County will continue to work toward ensuring data is reported as accurately as possible at the time it is submitted.

Functional Finding 2: The fare revenue ratio calculation included in the TDA fiscal audits does not take into account any inclusions or exclusions that would impact the ratio.

Criteria: While PUC 99245 does not explicitly require the farebox recovery ratio to be calculated as part of the annual TDA fiscal audit, it does indicate that the audit must “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.” Given compliance with the farebox recovery ratio (or alternative criteria) must typically be demonstrated in order to receive full funding for the subsequent year, inclusion of this calculation in the audit is common practice.

Condition: In the FY 2020/21 and FY 2021/22 TDA fiscal audits, neither auditor included any supplemental revenues or allowable exclusions in its calculation of the fare revenue ratio. While this may have been due in part to the penalty waiver (under which it was not critical to meet the required ratio), the omission of this information is somewhat concerning. The fiscal audit generally provides the most accurate calculation of the farebox recovery ratio, as it draws upon audited financials and is prepared by professionals with full access to the appropriate financial documents for the specified year.

(As a side note, the FY 2021/22 TDA fiscal audit, in the narrative regarding the fare revenue ratio, cited a requirement of 15 percent. This is incorrect, as the County is only required to achieve a 10 percent farebox recovery ratio.)

Cause: When details of supplementary revenues or excluded expenses are not detailed in the audit, it can be difficult to determine the accuracy of the fare revenue ratio included therein.

Effect: This can create confusion as well as lead the transit operator, its leadership, and the RTPA to believe that the transit operator has a higher or lower fare revenue ratio than it actually does, and may falsely result in a penalty.

Recommendation: Ensure the TDA fiscal auditor is familiar with the allowable supplemental revenues and operating cost exclusions as detailed in PUC 99268.17 and 99268.19, as amended by Assembly Bill 149 (2021).

Recommended Action: Ideally, the TDA fiscal auditor would be familiar with TDA legislation, including the most recent amendments (2020 and 2021). In any case, it is recommended that the County include a requirement for a comprehensive fare revenue ratio calculation within all subsequent annual TDA fiscal audits. This calculation should include local supplementation (such as interest income or revenue from the sale of surplus vehicles), fare replacement revenue, and sufficient federal funding (if needed) to achieve the 10 percent minimum ratio. It should also reflect allowable exclusions from operating cost, including depreciation; any cost increases beyond the change in CPI for fuel, power, and insurance premiums; service expansions; planning costs; and other expenses identified in PUC 99268.17.

Timeline: FY 2023/24.

Anticipated Cost: None (should already be included within fiscal audit contract).

Management Response: To ensure the TDA fiscal auditor is familiar with the allowable supplemental revenues and operating cost exclusions outlined in PUC 99268.17 and 99268.19, as amended by Assembly Bill 149 (2021), the County will take the following steps:

- Distribute relevant documentation.
- Clarify the importance of compliance.
- Encourage questions and provide support contacts.
- Ensured regular updates on regulations.

Exhibit 8.1 Audit Recommendations

| TDA Compliance Recommendations | | Importance | Timeline |
|--------------------------------|--|------------|------------|
| 1 | Ensure future State Controller Reports are submitted on or prior to the January 31 deadline. | Low | Ongoing |
| 2 | Work with the County's auditor to ensure future TDA fiscal audits can be completed within the established timeframe. | Medium | FY 2023/24 |
| Functional Recommendations | | Importance | Timeline |
| 1 | Continue to work toward ensuring data is reported as accurately as possible at the time it is submitted. | Medium | Ongoing |
| 2 | Ensure the TDA fiscal auditor is familiar with the allowable supplemental revenues and operating cost exclusions as detailed in PUC 99268.17 and 99268.19, as amended by Assembly Bill 149 (2021). | High | FY 2023/24 |

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