



FINAL REPORT
OCTOBER 2022

Mendocino Council of Governments

Mendocino Transit Authority

Triennial Performance Audit, FY 2018/19 - FY 2020/21



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Chapter 1 | Executive Summary

In 2022, the Mendocino Council of Governments (MCOG) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates TDA funding.

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.

The Triennial Performance Audit is designed to be an independent and objective evaluation of Mendocino Transit Authority (MTA) 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 which it allocates TDA funds.

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

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

Mendocino Transit Authority offers a variety of services including long distance, commuter and local fixed routes, two Dial-A-Rides, and one Flex Route. MTA services connect the Mendocino Coast, the Inland Valleys, towns and communities to Ukiah. MTA also provides service to Santa Rosa, and from there connections to the Bay Area are available. Dial-A-Ride service is provided in Fort Bragg and Ukiah. The Flex Route is a deviated fixed-route of the Local 9 evening service in Ukiah. Fares vary based on the distance traveled.

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 Mendocino Transit Authority staff, analysis of program performance, and an audit of program compliance and function, the audit team presents one compliance finding:

1. MTA's State Controller Reports for FY 2018/19 were submitted more than two months after the deadline.

Status of Prior Recommendations

The prior audit – completed in December 2019 by Michael Baker International for the three fiscal years ending June 30, 2018 – included four recommendations:

1. [Improve upon consistent reporting of performance data to the State Controller.](#)
Status: Implemented.
2. [Perform expanded data analysis using results from newly invested technology systems.](#)
Status: Implementation in progress.
3. [Update the Short Range Transit Development Plan \(SRTDP\).](#)
Status: Implementation in progress.
4. [Consider an alternate funding formula for Senior Center TDA funds.](#)
Status: Implemented.

Findings and Recommendations

Based on discussions with Mendocino Transit Authority staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned compliance findings for MTA.

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

1. Prior to the COVID-19 pandemic, the farebox recovery ratio stood at 10.1 percent, barely above the required 10 percent threshold.
2. Compliance with MTA's Reserve Funds Policy should be assessed as part of its financial audit.

In completing this Triennial Performance Audit, we submit the following recommendations for MTA’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 Recommendation		Importance	Timeline
1	Ensure future State Controller Reports are submitted prior to the January 31 deadline.	Low	Ongoing
Functional Recommendation		Importance	Timeline
1	Ensure MTA is able to meet the farebox recovery ratio requirement by FY 2023/24.	High	FY 2023/24
2	Include the current balance of any reserve account as part of MTA’s annual fiscal audit, including the source of deposits and reasons for withdrawals.	Medium	FY 2021/22 audit

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the Mendocino Transit Authority public transit program covers the three-year period ending June 30, 2021. 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 2022, the Mendocino Council of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation, 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 Mendocino Transit Authority 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 Audit Standards* published by the U.S. Comptroller General.

Objectives

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

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

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of Mendocino Transit Authority 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 Mendocino Transit Authority included thorough review of documents relevant to the scope of the audit, as well as information contained on MTA'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.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with MTA representatives on August 4, 2022. The audit team met with Jacob King (Executive Director), Mark Harvey (Chief Financial Officer), Dawn White (Mobility Manager), and Bob Butler (Maintenance Manager), and reviewed materials germane to the triennial audit.

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

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

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Chapter 3 | Program Compliance

This section examines Mendocino Transit Authority 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. MTA 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 MTA 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.

One compliance item was identified for MTA:

1. MTA did not provide the cover page for either FY 2018/19 State Controller Report submittal; therefore, on-time submittal could not be verified.

Developments Occurring During the Audit Period

The last half of the audit period is markedly different from the first half. The impacts of the COVID-19 pandemic resulted in significant declines in ridership and revenue. In many instances, transit operators strove to retain operations staff despite adopting a reduced schedule, resulting in significant changes to many cost-related performance metrics. While infusions of funding through the CARES Act mitigated some of the lost revenues for federally funded programs, most transit operators have yet to return to pre-pandemic ridership and fare levels. As a result, the Triennial Performance Audits will provide an assessment not only of how COVID-19 impacted each organization, but how they responded to the crisis.

In addition to the COVID-19 pandemic, recent and proposed changes to the TDA may result in audit reports that look somewhat different than in prior years. In the nearly 50 years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California's state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented.

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

AB 90 included the following provisions specific to transit operator funding through the TDA:

1. It prohibited the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.
2. It required the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance (STA) Program for FY 2020/21 and FY 2021/22 based on the same individual operator ratios published by the Controller in a specified transmittal memo, and authorized the Controller to revise that transmittal memo, as specified. It required the Controller to use specified data to calculate those individual operator ratios. Upon allocation of the transit operator revenue-based funds to local transportation agencies pursuant to this provision, the Controller would publish the amount of funding allocated to each operator.
3. It exempted an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorized the operator to use those funds for operating or capital purposes during that period.
4. It required the Controller to allocate State of Good Repair (SOGR) program funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.
5. It required the Controller to allocate Low Carbon Transit Operations Program (LCTOP) funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.

Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. It extended the provisions of AB 90 through FY 2022/23 as well as provided additional regulatory relief including:

1. Waiving the annual productivity improvement requirement of Section 99244 through FY 2022/23.
2. Adding a temporary provision exempting operators from farebox recovery ratio requirements provided they expend at least the same amount of local funds as in FY 2018/19.
3. Expanding the definition of “local funds” to enable the use of federal funding, such as the CARES Act or CRRSAA, to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
4. Adjusting the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and micro-transit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
5. Allowing operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2022/23.

AB 149 also called for an examination of the triennial performance audit process, to ensure the practice continues to be effective and beneficial.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	Finding	FY 2018/19: April 16, 2020 FY 2019/20: January 29, 2021 FY 2020/21: January 25, 2022
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance (finding waived)	FY 2018/19: May 11, 2020* FY 2019/20: February 24, 2021 FY 2020/21: March 30, 2022
Operator’s terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	March 27, 2018 April 10, 2019 May 6, 2020 May 6, 2021
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 planning expenditures for that purpose.	PUC 99405	In compliance	
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	In compliance	MCOG has established alternative performance standards – in addition to the farebox recovery ratio – for MTA’s individual services.
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 2018/19: +3.6% FY 2019/20: +8.1% FY 2020/21: -5.7% <i>Source: TDA claims.</i>
The operator’s definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	

**While the fiscal audit for FY 2018/19 was submitted late, this was due to one-time extenuating circumstances including the start of the COVID-19 pandemic, transition to working from home, and the loss of staff in the Finance department. Given both subsequent audits were completed on time, the audit team elects to waive the finding in this case.*

Compliance Element	Reference	Compliance	Comments
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	In compliance	FY 2018/19: 10.1% FY 2019/20: 7.4% (waiver) FY 2020/21: 3.8% (waiver) <i>Penalties waived in FY 2020 and FY 2021 due to AB 90 and AB 149.</i>
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	MTA employees are eligible to participate in the Authority's pension plans administered by CalPERS.
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	
In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale.	PUC 99314.6	In compliance	
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	In compliance	

Chapter 4 | Prior Recommendations

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

The prior audit – completed in December 2019 by Michael Baker International for the three fiscal years ending June 30, 2018 – included four recommendations:

1. [Improve upon consistent reporting of performance data to the State Controller.](#)

Discussion: Operations data reported in the annual Transit Operators Financial Transaction Reports to the State Controller varied significantly from one year to the next. For example, the relatively large increase in revenue miles occurred in FY 2018, specifically for Dial-A-Ride, which showed an increase from 97,119 miles in FY 2017 to 232,117 miles in FY 2018, according to the State Controller Report prepared by MTA. This correlates with a significant increase in revenue hours for Dial-A-Ride in the same years, from 9,095 in FY 2017 to 27,250 hours in FY 2018, also shown in the State Controller Report. This type of increase is likely from an error in data reporting in FY 2018. Internal MTA data estimates for Ukiah and Fort Bragg DAR in FY 2018 show revenue hours of 8,958 and revenue miles of 77,030 which are more in alignment with the prior year.

Full time equivalent (FTE) data also showed significant variation over the three years, declining by 35 percent. Changes may be attributed to changes in data collection and/or in methodology to arrive at the latest FTE count. MTA should ensure that the proper formula according to TDA law is used to calculate FTEs, which is the annual sum of employee work hours divided by 2,000. MTA should implement verification procedures prior to submittal to the State Controller including checks of data by the operations manager and general manager. RouteMatch software should also provide an accurate accounting of vehicle operations data.

Progress: Many of the issues with reporting can be attributed to the RouteMatch software, which MTA staff asserts has never worked properly. Since 2020, when the current Executive Director assumed that role, MTA has been working to ensure its reporting is completed accurately. While a CPA firm prepares the State Controller Report, staff review the reports before they are submitted in an effort to address any incorrect reporting. MTA is currently working to procure electronic fareboxes, which it expects will help support accurate data collection and reporting.

Status: Implemented.

2. [Perform expanded data analysis using results from newly invested technology systems.](#)

Discussion: MTA invested in transit technology aimed at easing customer interface with the transit system such as RouteMatch which also enables real-time bus arrival information from a new app called Route Shout. MTA's implementation of software platforms provide real-time tracking of buses and business analytics data for on-going service evaluation. As technology is

further tested, improved, and further integrated into the MTA network, a higher level of data analysis using more real time information is possible and enabling more dynamic adjustments to the bus system.

MTA should develop protocol or desktop procedures on methods to harvest the data from these technologies and identify the type of analysis conducted using the data. Among its capabilities, for example, the technology can auto-collect actual on-time performance for use by staff for performance reporting, planning, and customer updates. The data, in turn, could free up resources and time for operations supervisors to attend to other needs rather than collect this data. Administrative staff could also benefit from streamlined processes that reduce manual input and other reporting activity. The capability of the data analytics should be identified so that MTA will be able to maximize and act upon information being collected while minimizing previous manual administrative tasks to obtain accurate data and improving operational efficiency.

Progress: RouteMatch was not able to provide the level of data MTA had hoped it would when it implemented the software. The data provided for Dial-A-Ride was accurate, but the fixed-route was highly inaccurate and could not be used. MTA made a considerable effort to get the software to work, but was ultimately unsuccessful. As such, MTA returned to using paper trip sheets, which provide much more accurate and usable information. The planned introduction of electronic fareboxes will also provide additional data for analysis.

Status: Implementation in progress.

3. Update Short Range Transit Development Plan (SRTDP).

Discussion: A prior recommendation that is carried forward in this audit, the current SRTDP was last updated in March 2012. An update is more timely given changes to management and a fresh evaluation of the system. These plans are generally updated every five years to assess current operations and gauge customer satisfaction, and provide recommendations for productivity improvement for the next five years. MTA recognizes a need for a redesign of the bus network and is considering conducting the update in-house on a more frequent basis such as annually rather than the typical timeline of every five years. MTA should work with MCOG on applying for planning grant funds for the SRTDP update.

Progress: At the time of the site visit, MTA was in the process of preparing a Request for Qualifications for a Short Range Transit Plan update. The project will be funded using LTF funds.

Status: Implementation in progress.

4. Consider an alternate funding formula for Senior Center TDA funds.

Discussion: As a carryover from the prior audit, the prior audit found that the current formula for allocating TDA funds to the senior centers does not account for performance of the respective systems and suggested that an alternative funding formula be adopted. This recommendation to

revisit the formula is taken in context of a larger discussion on the continuation of MTA's role to administer the senior transportation program with LTF funds.

The MCOG Transit Productivity Committee (TPC) discussed the TDA funding formula for the senior centers in May 2019. A suggestion was made by the committee to form a working group to analyze the issue with a fresh start and possibly propose a new basis of performance for the funding formula. The MTA Board of Directors convened a separate Ad Hoc Sub-Committee to assist MTA management staff in its review of this service. MTA's concerns with the senior center contracts have in turn garnered responses from the senior centers over operational matters and the nature of the services being provided. These issues have delayed the ability for MTA, MCOG, and the senior centers to revisit the funding formula and performance methodology for TDA allocation among these services. The MTA ad-hoc subcommittee and the MCOG TPC should further discuss the concerns and evaluate possible service and funding options that limit impacts to the senior and disabled community.

Progress: In 2019, MCOG began working with its transit productivity committee, senior center representatives, and the Social Services Transportation Advisory Council to review how funding was being allocated to the senior centers. Recommendations were made just prior to the start of the COVID-19 pandemic in 2020, which caused some delays in implementation. The MCOG Board adopted the new recommendations, which will be revisited every three years to ensure they remain relevant. FY 2022/23 is the first year the new formula is being used. As a result of the new formula, two of the senior centers that were receiving the greatest amount of funding actually had their funding reduced, based on the amount of the total service they are currently providing. Annual productivity reviews will also continue to look at performance by each senior center.

Status: Implemented.

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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 Mendocino Transit Authority both internally as well as to outside entities during the audit period.

- **Operating cost:** Operating cost as reported in the TDA fiscal audit and to the State Controller were highly consistent; not surprising, given the CPA firm that prepares the audits also prepares the State Controller Reports. However, the operating cost data reported to the National Transit Database were significantly different from the audited amount. In FY 2018/19, the amount reported to the National Transit Database was 18.5 percent lower than the audited amount. In FY 2019/20, it was 4.9 percent higher than the audited amount, and in FY 2020/21, it was 14.8 percent higher than the audited amount. The cause of these discrepancies is unclear.
- **Fare Revenue:** As noted with respect to operating cost, the fare revenues reported in the fiscal audits and to the State Controller were consistent with one another. While the amount reported to the NTD differed somewhat, it was not as great as with the operating cost. The amount reported to the NTD was 2.7 percent and 16.4 percent higher than the audited amount in FY 2018/19 and FY 2019/20, respectively. However, in FY 2020/21, the amount differed by less than \$200.
- **Vehicle Service Hours (VSH):** In FY 2018/19, vehicle service hours were incorrectly reported to the State Controller using the ridership figure rather than the total hours. This resulted in the systemwide vehicle service hours metric being reported as 273,633, as compared to 48,588 in the NTD report. This error was not repeated in subsequent years, though in FY 2019/20 the fixed-route VSH reported to the State Controller was significantly higher than that reported to the NTD, and in FY 2020/21 the demand-response VSH was higher than that reported to the NTD. In FY 2019/20 and FY 2020/21, data reported to both external entities was higher than that reported in the internal monthly performance reports.
- **Vehicle Service Miles (VSM):** In FY 2018/19, vehicle service miles reported to the State Controller reflected that reported in the monthly performance reports, but a higher figure was reported to the NTD. In FY 2019/20 and FY 2020/21, data reported to the NTD and State Controller was fairly consistent (though with modest differences), but the amounts included in the monthly reports were significantly lower. The differences between the NTD and State Controller Reports was primarily due to differences in the fixed-route reporting.

- Passengers:** Like vehicle service miles, FY 2018/19 ridership reported internally was consistent with that reported to the State Controller. However, that reported to the NTD was nearly 12 percent higher, due largely to a higher number of passengers reported on the fixed-route service. In FY 2019/20, fixed-route ridership was inconsistently reported, ranging from 184,539 to 222,640. In FY 2020/21, data reported to the NTD and State Controller was generally consistent, but about 15 percent higher than what was reported internally.
- Full-Time Equivalent (FTE) Employees:** Based on the data provided by MTA, “Employees” is not being reported correctly to the State Controller. While the figures were close in FY 2018/19, what was reported was significantly lower than the calculated FTE in FY 2019/20 and FY 2020/21. This will be discussed further in Chapter 8.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$5,863,247	\$5,659,081	\$5,033,304
<i>National Transit Database</i>	\$4,777,957	\$5,937,131	\$5,778,138
<i>State Controller Report</i>	\$5,863,247	\$5,659,081	\$5,033,304
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$590,096	\$414,816	\$191,891
<i>National Transit Database</i>	\$606,613	\$482,812	\$192,053
<i>State Controller Report</i>	\$590,096	\$414,816	\$191,891
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	49,359	31,139	18,382
<i>National Transit Database</i>	48,588	42,453	25,789
<i>State Controller Report</i>	273,633	52,425	27,080
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	969,940	596,058	361,551
<i>National Transit Database</i>	987,183	764,946	417,296
<i>State Controller Report</i>	969,940	734,524	432,995
Passengers			
<i>Monthly Performance Reports</i>	273,633	207,056	71,659
<i>National Transit Database</i>	305,443	245,157	82,469
<i>State Controller Report</i>	273,633	227,431	82,510
Full-Time Equivalent Employees			
<i>State Controller Report</i>	55	27	30
<i>Per TDA methodology</i>	61	58	45

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:

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.

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and *Miles* (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.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 Mendocino Transit Authority, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via MTA'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.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via TDA fiscal audits reports for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. MTA'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. MTA's calculation 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. MTA's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from the operator for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation was confirmed.

System Performance Trends

System-wide, operating cost experienced a net 14.2 percent decrease during the audit period, but a 35.3 percent net increase across the last six years. Fare revenue significantly decreased during the six-year period, with most of the decline (67.5 percent) occurring in FY 2020/21. This resulted in a net 68.1 percent decrease during the audit period.

Vehicle service hours (VSH) experienced modest changes between FY 2015/16 and FY 2018/19, then declined significantly during FY 2019/20 and FY 2020/21 due to the COVID-19 pandemic. This resulted in a net 46.9 percent decrease during the audit period and a net 41.6 percent decrease during the six-year period. Vehicle service miles (VSM) experienced a similar pattern, steadily increasing during the first three years and declining sharply during the audit period. This resulted in an overall net decrease of 57.7 percent during the audit period and 40.4 percent over the six-year period. Ridership declined during five years of the six-year period, though the most significant declines did not occur until FY 2019/20 and FY 2020/21 in response to the COVID-19 pandemic. This led to a 73 percent net decrease during the audit period and a 75 percent net decrease 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. Despite decreases in operating cost during the audit period, cost-related metrics increased due to corresponding decreases in other performance measures. Operating cost per passenger was impacted the most, given the 73 percent decrease in ridership during the audit period. Passenger-related metrics fell during the audit period, with passengers per VSH decreasing by 49.1 percent and passengers per VSM decreasing by 36.1 percent.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$3,719,513	\$4,222,099	\$5,270,853	\$5,863,247	\$5,659,081	\$5,033,304
<i>Annual Change</i>		13.5%	24.8%	11.2%	-3.5%	-11.1%
Fare Revenue (Actual \$)	\$602,026	\$540,094	\$662,629	\$590,096	\$414,816	\$191,891
<i>Annual Change</i>		-10.3%	22.7%	-10.9%	-29.7%	-53.7%
Vehicle Service Hours (VSH)	44,171	45,975	45,529	48,588	42,453	25,789
<i>Annual Change</i>		4.1%	-1.0%	6.7%	-12.6%	-39.3%
Vehicle Service Miles (VSM)	700,050	796,498	959,817	987,183	764,946	417,296
<i>Annual Change</i>		13.8%	20.5%	2.9%	-22.5%	-45.4%
Passengers	329,446	299,188	285,514	305,443	245,157	82,469
<i>Annual Change</i>		-9.2%	-4.6%	7.0%	-19.7%	-66.4%
Employees	49	47	33	61	58	45
<i>Annual Change</i>		-4.1%	-29.8%	84.8%	-4.9%	-22.4%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$84.21	\$91.83	\$115.77	\$120.67	\$133.30	\$195.17
<i>Annual Change</i>		9.1%	26.1%	4.2%	10.5%	46.4%
Operating Cost/Passenger (Actual \$)	\$11.29	\$14.11	\$18.46	\$19.20	\$23.08	\$61.03
<i>Annual Change</i>		25.0%	30.8%	4.0%	20.3%	164.4%
Passengers/VSH	7.46	6.51	6.27	6.29	5.77	3.20
<i>Annual Change</i>		-12.7%	-3.6%	0.2%	-8.1%	-44.6%
Passengers/VSM	0.47	0.38	0.30	0.31	0.32	0.20
<i>Annual Change</i>		-20.2%	-20.8%	4.0%	3.6%	-38.3%
Farebox Recovery	16.2%	12.8%	12.6%	10.1%	7.3%	3.8%
<i>Annual Change</i>		-21.0%	-1.7%	-19.9%	-27.2%	-48.0%
Hours/Employee	901.4	978.2	1379.7	796.5	731.9	573.1
<i>Annual Change</i>		8.5%	41.0%	-42.3%	-8.1%	-21.7%
TDA Non-Required Indicators						
Operating Cost/VSM	\$5.31	\$5.30	\$5.49	\$5.94	\$7.40	\$12.06
<i>Annual Change</i>		-0.2%	3.6%	8.2%	24.6%	63.0%
VSM/VSH	15.85	17.32	21.08	20.32	18.02	16.18
<i>Annual Change</i>		9.3%	21.7%	-3.6%	-11.3%	-10.2%
Fare/Passenger	\$1.83	\$1.81	\$2.32	\$1.93	\$1.69	\$2.33
<i>Annual Change</i>		-1.2%	28.6%	-16.8%	-12.4%	37.5%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.

FY 2018/19 – FY 2020/21 financial data from TDA fiscal audits.

FY 2018/19 – FY 2020/21 performance data from NTD reports.

FY 2018/19 – FY 2020/21 FTE data provided by MTA using TDA methodology.

Exhibit 6.2 System Ridership

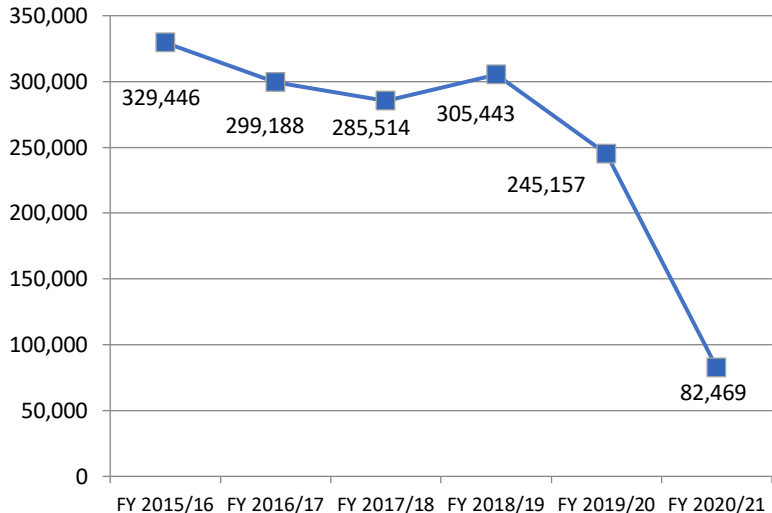


Exhibit 6.3 System Operating Cost/VSH

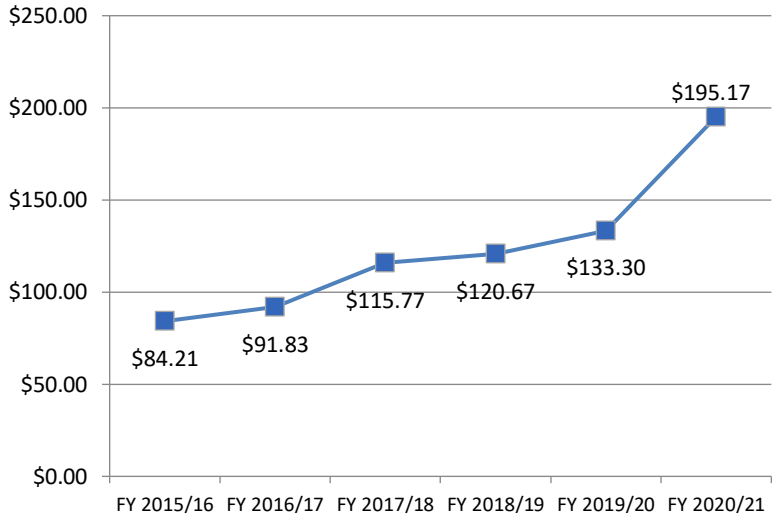


Exhibit 6.4 System Operating Cost/VSM

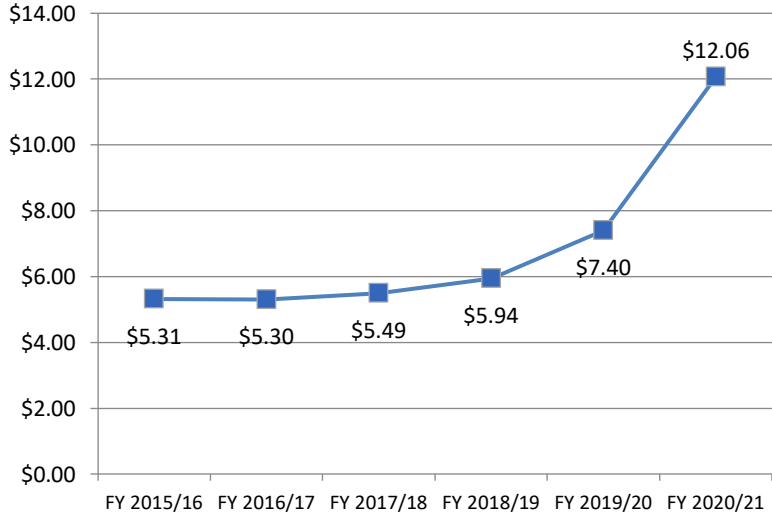


Exhibit 6.5 System VSM/VSH

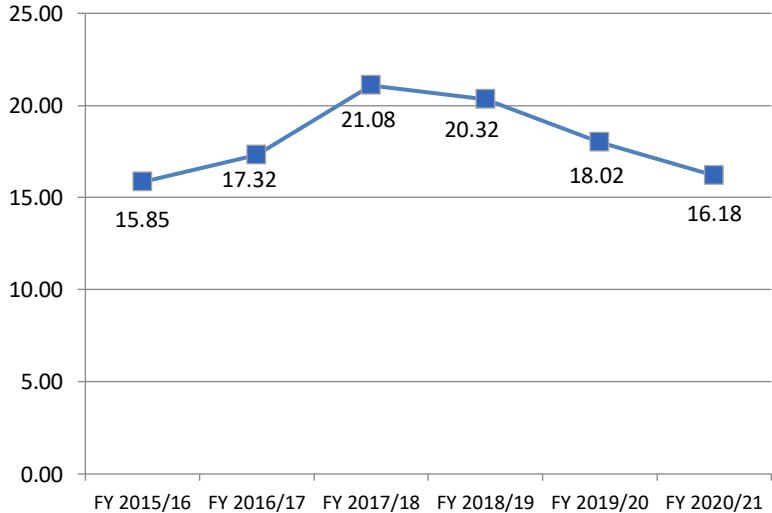


Exhibit 6.6 System Operating Cost/Passenger

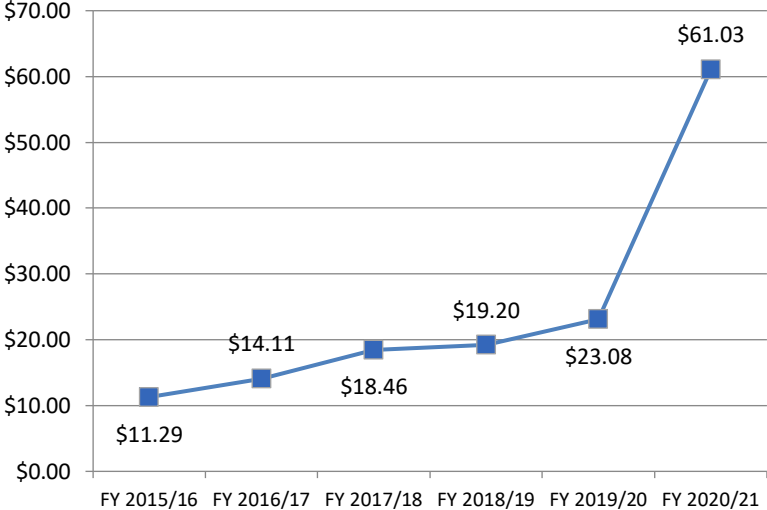


Exhibit 6.7 System Passengers/VSH

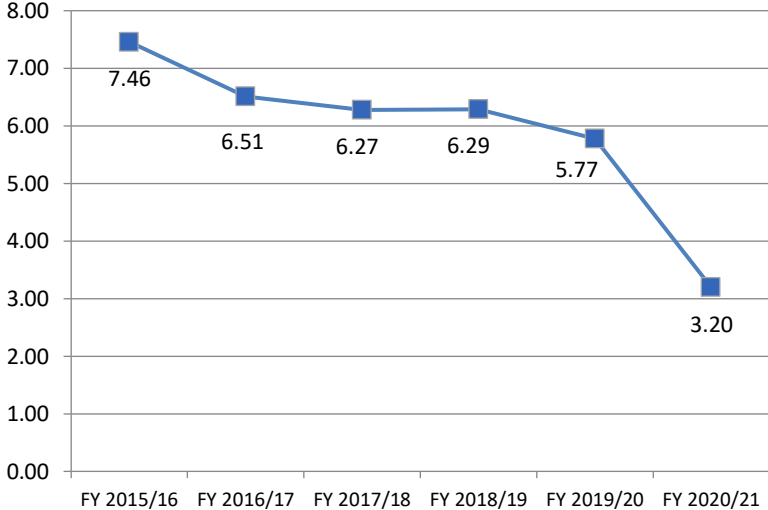


Exhibit 6.8 System Passengers/VSM

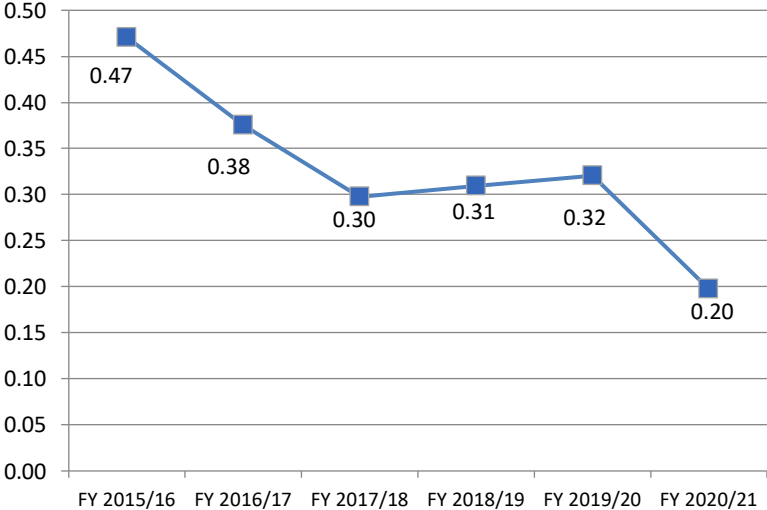


Exhibit 6.9 System VSH/FTE

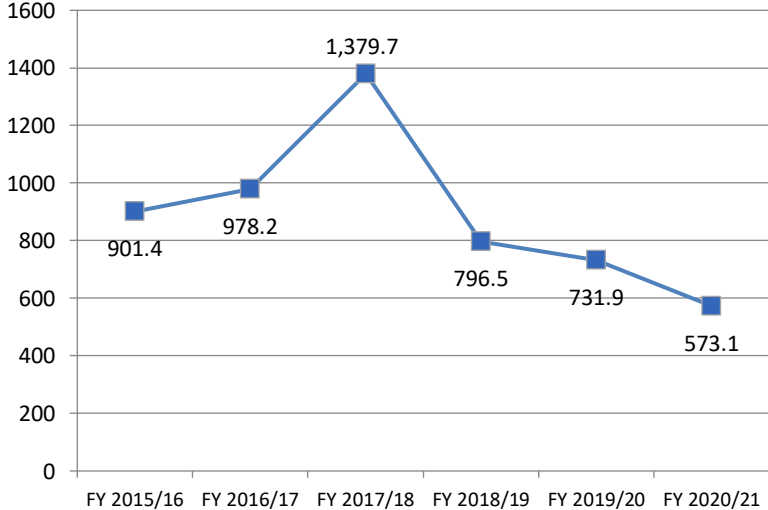


Exhibit 6.10 System Farebox Recovery

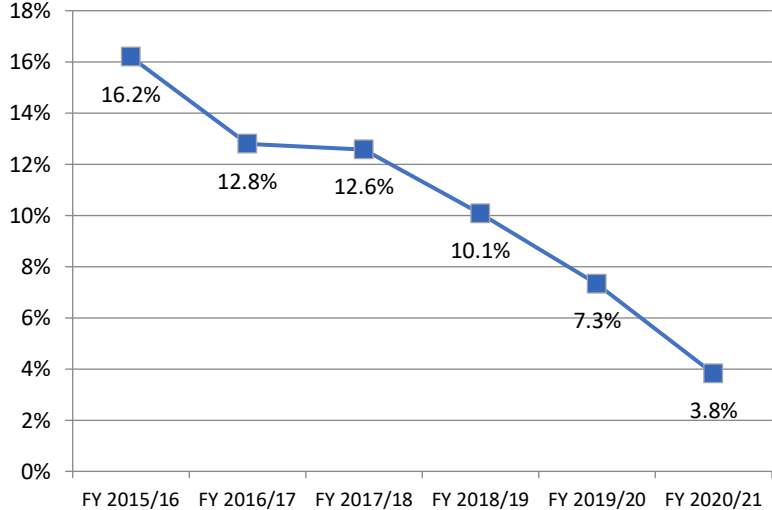
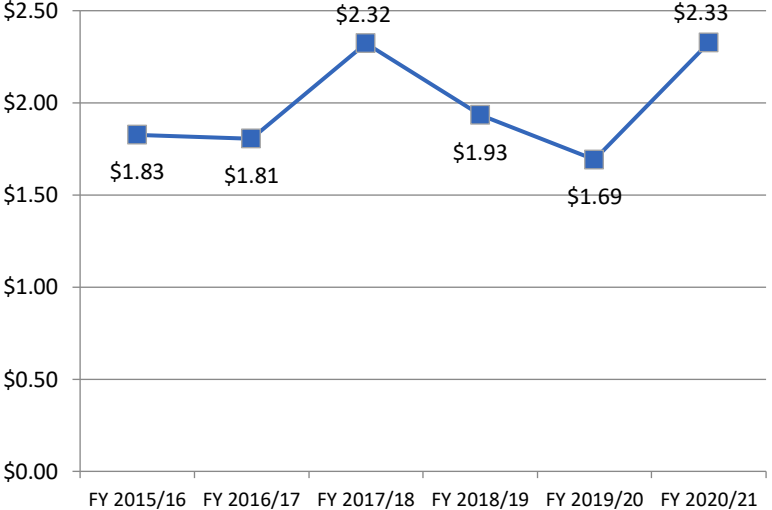


Exhibit 6.11 System Fare/Passenger



Mendocino Transit Authority uses a series of supplemental metrics that are measured against standards developed by the Mendocino County of Governments (MCOG). These metrics are passengers per vehicle service hour, farebox recovery ratio, operating cost per vehicle service hour, and operating cost per passenger. These metrics are evaluated separately for Dial-A-Ride, short-distance bus routes, long-distance bus routes, and senior centers.

Given the data available, analysis of these metrics is provided for calendar years 2018, 2019, 2020, and 2021.

Dial-A-Ride

Prior to the COVID-19 pandemic, the Dial-A-Ride service struggled to meet its passengers per vehicle service hour standard. It consistently met the farebox recovery ratio standard beginning in 2019, though it was unable to meet the cost per hour and cost per passenger standards in the years following the start of the COVID-19 pandemic.

Exhibit 6.12 Dial-A-Ride annual performance metrics

	2018	2019	2020	2021
Passengers per vehicle service hour	3.0	3.3	2.8	3.9
MCOG standard	4.5	4.5	4.5	4.5
Met/not met	Not met	Not met	Not met	Not met
Farebox ratio	11.5%	23.8%	15.0%	17.3%
MCOG standard	15%	10%	10%	10%
Met/not met	Not met	Met	Met	Met
Operating cost per vehicle service hour	\$74.11	\$76.96	\$87.49	\$173.68
CPI adjusted rolling average	\$80.63	\$80.63	\$81.69	\$116.41
Met/not met	Met	Met	Not met	Not met
Cost per passenger	\$25.12	\$23.03	\$33.69	\$43.41
CPI adjusted rolling average	\$17.92	\$17.92	\$18.15	\$25.87
Met/not met	Not met	Not met	Not met	Not met
Standards met	1 of 4	2 of 4	1 of 4	1 of 4

Short-distance bus routes

Short-distance bus routes include Route 1 (Willits Local), Route 5 (Bragg About), Route 7 (Jitney), and Route 9 (Ukiah Local). Prior to the COVID-19 pandemic, the short-distance bus routes struggled to meet the passengers per vehicle service hour standard. They consistently met the farebox recovery ratio standard, but were unable to meet the cost per hour and cost per passenger standards even before the start of the COVID-19 pandemic.

Exhibit 6.13 Short-distance bus routes annual performance metrics

	2018	2019	2020	2021
Passengers per vehicle service hour	7.1	7.7	6.4	3.9
MCOG standard	14.0	14.0	14.0	14.0
Met/not met	Not met	Not met	Not met	Not met
Farebox ratio	25.5%	35.5%	22.8%	13.8%
MCOG standard	15%	10%	10%	10%
Met/not met	Met	Met	Met	Met
Operating cost per vehicle service hour	\$88.96	\$101.38	\$108.68	\$208.58
CPI adjusted rolling average	\$85.91	\$85.91	\$102.39	\$144.10
Met/not met	Not met	Not met	Not met	Not met
Cost per passenger	\$12.91	\$13.19	\$19.48	\$53.42
CPI adjusted rolling average	\$6.14	\$6.14	\$7.31	\$10.29
Met/not met	Not met	Not met	Not met	Not met
Standards met	1 of 4	1 of 4	1 of 4	1 of 4

Long-distance bus routes

Long-distance bus routes include Route 20 (Willits/Ukiah), Route 60 (Coaster), Route 65/66 (CC Rider), Route 75 (Gualala/Ukiah), and Route 95 (Point Arena/Santa Rosa). The long-distance bus routes were the only mode consistently able to meet the passengers per vehicle service hour standard, though they were impacted by the COVID-19 pandemic in 2021. They consistently met the farebox recovery ratio standard, but have been unable to meet the cost per hour and cost per passenger standards since the start of the COVID-19 pandemic.

Exhibit 6.14 Long-distance bus routes annual performance metrics

	2018	2019	2020	2021
Passengers per vehicle service hour	3.8	4.7	4.2	2.5
MCOG standard	3.2	3.2	3.2	3.2
Met/not met	Met	Met	Met	Not met
Farebox ratio	14.3%	21.8%	15.5%	10.0%
MCOG standard	15%	10%	10%	10%
Met/not met	Within margin of error	Met	Met	Met
Operating cost per vehicle service hour	\$84.66	\$113.47	\$160.83	\$218.00
CPI adjusted rolling average	\$97.82	\$97.82	\$122.72	\$169.20
Met/not met	Met	Not met	Not met	Not met
Cost per passenger	\$25.05	\$25.41	\$50.48	\$89.45
CPI adjusted rolling average	\$30.57	\$30.57	\$38.35	\$52.88
Met/not met	Met	Met	Not met	Not met
Standards met	4 of 4	3 of 4	2 of 4	1 of 4

Senior Centers

Prior to the COVID-19 pandemic, the senior centers met the passengers per vehicle service hour standard, but have struggled in the years since. They consistently met the farebox recovery ratio standard, but have been inconsistent in meeting the cost per hour and cost per passenger standards.

Exhibit 6.15 Senior center annual performance metrics

	2018	2019	2020	2021
Passengers per vehicle service hour	3.6	3.0	2.1	2.0
MCOG standard	3.0	3.0	3.0	3.0
Met/not met	Met	Met	Not met	Not met
Farebox ratio	29.4%	30.3%	17.4%	20.4%
MCOG standard	12%	10%	10%	10%
Met/not met	Met	Met	Met	Met
Operating cost per vehicle service hour	\$62.89	\$67.94	\$63.05	\$101.28
CPI adjusted rolling average	\$61.84	\$61.84	\$66.43	\$79.88
Met/not met	Within margin of error	Not met	Met	Not met
Cost per passenger	\$17.85	\$22.45	\$32.32	\$50.93
CPI adjusted rolling average	\$20.61	\$20.61	\$22.14	\$26.63
Met/not met	Met	Not met	Not met	Not met
Standards met	4 of 4	2 of 4	2 of 4	1 of 4

In April 2022, MCOG’s Transit Productivity Committee voted to adopt new passenger per service hour standards to 73 percent of the existing standard for Dial-A-Ride, short-distance bus routes, and senior centers. This would adjust the standards in light of the impact of the COVID-19 pandemic to make them more attainable in the current environment. All standards will also be revisited after the Short Range Transit Plan is completed.

The revised standards (beginning with 2022) are as follows:

- Short-distance bus routes: 10.2 (currently 14.0).
- Dial-A-Ride: 3.3 (currently 4.5).
- Senior Centers: 2.2 (currently 3.0).

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Chapter 7 | Functional Review

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

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

Service Overview

The Mendocino Transit Authority (MTA) provides public transportation throughout Mendocino County. MTA provides long distance, commuter, and local fixed-routes, two Dial-A-Rides, and a Flex route. MTA also contracts with local senior centers to provide localized senior transportation.

MTA’s diverse service offerings operate on varying days and hours. Routes 1, 5, 7, and 9 are considered short-distance bus service. Routes 20, 60, 75, and 95 are considered long-distance bus service. Most routes operate Monday through Friday, with three providing weekend service. Current route details are provided in Exhibit 7.1. Some services have been reduced or suspended (such as the evening Route 9 service) due to the COVID-19 pandemic, which MTA is currently working to restore.



Exhibit 7.1 MTA fixed routes

Route	Service area	Service days	Service span	Frequency
Short-distance routes				
1	Willits local	Monday – Friday	10:27 a.m. – 6:33 p.m.	7 trips daily
5	Bragg About	Monday – Friday	10:35 a.m. – 5:23 p.m.	60 minutes
7	Ukiah Jitney	Monday - Friday	6:15 a.m. – 5:47 p.m.	4 trips daily
9	Ukiah local	Monday – Friday Saturday	6:45 a.m. – 6:15 p.m. 8:15 a.m. – 5:08 p.m.	30 minutes 60 minutes
Long-distance routes				
20	Willits to Ukiah	Monday – Friday	6:41 a.m. – 6:35 p.m.	6 trips daily
60	The Coaster – Fort Bragg to Navarro River Junction	Monday – Friday	Southbound: 7:40 a.m. & 3:57 p.m. Northbound: 8:55 a.m. & 4:50 p.m.	2 trips daily
65	CC Rider – Fort Bragg to Santa Rosa	Monday – Saturday	Southbound: 6:30 a.m. & 1:30 p.m. Northbound: 9:25 a.m. & 1:25 p.m.	2 trips daily
75	South Coast to Ukiah	Monday – Friday Saturday	7:15 a.m. – 6:20 p.m. 9:15 a.m. – 4:15 p.m.	Once daily
95	Point Arena to Santa Rosa	Monday – Saturday Sunday	8:00 a.m. southbound, 3:45 p.m. northbound 10:00 a.m. southbound, 3:45 p.m. northbound	Once daily
Dial-A-Ride				
Fort Bragg Dial-A-Ride		Monday – Friday Saturday	8:00 a.m. – 6:00 p.m. 10:00 a.m. – 5:00 p.m.	N/A
Ukiah Dial-A-Ride		Monday – Friday Saturday	7:00 a.m. – 6:00 p.m. 10:00 a.m. – 5:00 p.m.	N/A

MTA provides Dial-A-Ride service in Ukiah and Fort Bragg. Fort Bragg Dial-A-Ride is available to the general public with discounted fares provided to seniors (62+) and persons with disabilities. Customers can make reservations up to two weeks in advance and at minimum 24 hours before their scheduled trip. Fort Bragg serves four zones. Dial-A-Ride in Ukiah is only available for seniors (62+) and persons with disabilities. Reservations can be made 24 hours in advance and recurring rides as far out as riders like. Ukiah has three zones.

Additionally, MTA provides ADA paratransit for persons with disabilities who live within ¼ mile of MTA’s local Fort Bragg and Willits bus routes. The service requires ADA certification and reservations can be made at least 24 hours in advance.

MTA contracts with local senior centers to provide localized door-through-door demand-response service to seniors in the local communities. The five senior centers are Anderson Valley Senior Center (Boonville), Coastal Seniors (Point Arena), Redwood Coast Seniors (Fort Bragg), Ukiah Senior Center, and Willits Harrah

Senior Center. The senior centers establish their own hours and fares, and offer a combination of local and out-of-town trips.

Exhibit 7.2 Senior center transportation programs

Senior Center		Service area/purpose
Anderson Valley Senior Center	Tuesday & Thursday Friday	Local trips, transportation to nutrition program Service to Ukiah for medical trips & errands
Coastal Seniors	Monday – Wednesday Thursday & Friday Friday	Local trips, transportation to nutrition program Service to Santa Rosa for medical trips & errands Service to Fort Bragg or Ukiah
Redwood Coast Seniors	Monday – Friday	Local trips in Fort Bragg, north to Cleone, and south to Caspar
Ukiah Senior Center	Monday, Tuesday, Thursday, & Friday	Local trips in Ukiah as well as to surrounding areas and Redwood Valley
Willits Harrah Senior Center	Monday – Friday	Local trips as well as service to Ukiah, Santa Rosa, and Lake County for medical trips

Many of MTA’s fares are distance-based. Base adult fares start at \$1.50 per trip for all routes, with higher fares for longer distances. The most expensive trip is for end-to-end travel on Route 65, which travels from Fort Bragg to Santa Rosa. Reduced fares for seniors (age 60 and up) and persons with disabilities are available on all routes, but only for cash fares.

Exhibit 7.3 Fixed-Route Fare Structure

Routes	Regular Cash Fares	Senior (62+)/Disabled	Students (Mendocino College)	Children 6 and under
One-Way				
Route 65 (in-county)	\$1.50 – \$6.00	\$0.75 – \$3.00	-	Free (up to 2) with fare-paying adult age 16 or older
Route 65 (to Santa Rosa)	\$17.00 - \$23.00	\$8.50 - \$11.50	-	
Inland Services – Routes 1, 7, 9, 20	\$1.50 - \$3.00	\$0.75 - \$1.50	-	
Route 95	\$1.50 - \$8.25	\$0.75 - \$4.10	\$1.05 – \$6.00	
Coastal Services – Routes 5, 60, 75	\$1.50 - \$5.25	\$0.75 - \$2.60	-	
Monthly Passes				
One-zone pass (Good for trips within Ukiah or Willits or Fort Bragg between Fort Bragg and Mendocino)	\$35.00	-	-	-
Two-zone pass (Good for trips between Ukiah and Redwood Valley or Willits and Redwood Valley)	\$57.00	-	-	-
Three-zone pass (Good for trips between Willits and Ukiah and Boonville and Ukiah)	\$85.00	-	-	-
Multi-ride Pass				
16-Ride punch pass (1 punch per fare zone)	\$17.00	-	-	-

Mendocino College students are eligible for a reduced fare on Route 95 with a sticker on their school ID card. MTA also sells a Summer Youth Pass for \$45, which is good for June, July, and August for youth age 18 and under.

The base fare for Dial-A-Ride service is \$3.00 for eligible seniors and persons with disabilities. In Fort Bragg, service is available to the general public for a higher fare. In Ukiah, service is limited to seniors and persons with disabilities.

Exhibit 7.4 Demand-Response Fare Structure

Fare Category	Cost
Fort Bragg Dial-A-Ride (central zone)	
General Public	\$6.00
Senior (62+)/Disabled	\$3.00
Children, 6 and under	\$1.25
ADA Attendant	Free
ADA Companion	\$3.00
Ukiah Dial-A-Ride (central zone)	
Senior (62+)/Disabled	\$3.00
ADA Attendant	Free
ADA Companion	\$3.00

In Fort Bragg, fares for travel outside the central zone of Fort Bragg are an additional \$6.00 per zone. Total fare is based on the highest number zone the passenger is traveling to/from. Fare for travel outside the central Ukiah zone is \$4.00 and the fare for the outermost zone (including Redwood Valley) is \$6.00. Punch passes and tickets are available for purchase on board the vehicles and at MTA offices in Ukiah and Fort Bragg.

Response to COVID-19 pandemic

In response to the COVID-19 pandemic, route frequency was reduced and intercounty routes were suspended. MTA temporarily laid off a percentage of drivers and staff from March through November. Not all laid off employees came back which adversely affected the system.

Ridership decreased significantly and is slowly recovering. Ridership reduction can in part be attributed to the perception of the buses being COVID incubators. Currently, all routes are operating with the exception of Route 9's evening service in Ukiah. Route frequency has improved to approximately three-quarters of what it was pre-pandemic. As MTA recruits drivers, it will be able to bring frequency back. The upcoming Short Range Transit Plan update will seek to identify alternative solutions, which could include micro-transit and a new fixed-route to serve new apartment buildings and outlying areas.

General Management and Organization

Management monitors program performance on an ongoing basis. The Executive Director receives a weekly report from the Operations Manager, as well as has access to the daily paper logs.

The program is well-organized and lines of reporting and managerial authority are defined and effective. However, despite having returned all eligible and willing employees from layoff, the agency has faced challenges returning to a fully staffed status, especially with drivers and a grants manager. This presents barriers to reinstating services due to the lack of available operators and support staff.

Several service changes took place during the audit period not related to the COVID-19 pandemic. Frequency on all routes decreased. Inland roundtrips decreased from 50 roundtrips to 17 Monday through Friday and Saturday roundtrips decreased from 9 to 8 trips. Route 5 decreased from 11 roundtrips to 6 in the last two years of the audit period. Route 60 went from 4 roundtrips to 2 Monday through Friday.

Service changes are measured using existing goals and objectives, with consideration for the circumstances presented by the pandemic.

The agency has an open, collaborative, and productive relationship with MCOG. Staff and management at both organizations communicate regularly and work well together to further Transit's goals. The Executive Director and/or Planning Manager regularly attend regional coordination meetings and networking opportunities. Staff maintains communications with peer agencies and participates on multiple governing boards/committees for regional advocacy and pool insurance organizations.

MTA Board Meetings are held on the last Wednesday of the month at 1:30 p.m. Meetings were held virtually (via Zoom or telephone) through the COVID-19 pandemic, and recently transitioned to a hybrid in-person/virtual format.

Service Planning

The Short Range Transit Plan development process, typically conducted every five years, serves to establish goals and objectives for the program. It is usually conducted with the help of an outside consultant. The SRTP provides recommendations to improve all aspects of the administration and operation of the transit program within anticipated fiscal constraints, as well as establishes capital plan elements to support the growth of the program.

All vehicles in MTA's fleet are ADA compliant and fully accessible. MTA plans routes for Senior Day Care and Motherlode Rehabilitation to be efficient and cost effective. In addition to ADA Paratransit, MTA offers Dial-A-Ride services within Fort Bragg and Ukiah. The Dial-A-Rides are an origin-to-destination transportation service, available by advance reservation in specific areas of Mendocino County. Additional transportation service is provided by local senior centers.

Public participation is typically encouraged during major planning projects such as the SRTP. Public participation activities are also conducted during the Title IV Plan. Public hearings are generally held during regularly scheduled Board meetings. The public is also given the opportunity to email, mail, or call with their comments before the hearing, and all comments are presented to the Board.

Administration

The budget is developed by the Chief Financial Officer and the Executive Director. They start with prior year's budget and review line by line. All department heads offer assistance. The process begins in spring and is presented to the Board before June.

Currently the Executive Director has primary responsibility for grant management. MTA would benefit from having a dedicated staff member for grant management to ensure nothing is missed.

Safety risk management is handled in-house. Staff has established roles, responsibilities, and procedures for accident/incident investigation and tracking.

MTA is a long-standing and active member of the California Transit Insurance Pool (CalTIP). Safety practices are reviewed and tracked on an ongoing basis and are a focus annually as part of the Public Transportation Agency Safety Plan update process.

The Maintenance Manager oversees in-house maintenance of the bus stops.

Payroll is handled in-house with Paychex. A majority of employees utilize direct deposit with the exception of two.

Mendocino County is responsible for accounts payable and the County writes checks on their account. MTA submits requests to the County, but handles accounts receivable. MTA utilizes the QuickBooks accounting system, though the County's MUNIS system is used for reports and accounts payable. Deposits are made to MTA's accounts at the County.

The MTA does not have staff formally assigned to an internal audit function.

Scheduling, Dispatch, and Operations

Drivers are represented by the Teamsters Local #665. Currently MTA has 27 full-time drivers and one part-time driver. Driver assignments are governed by the collective bargaining agreement (CBA) and a quarterly service shake-up. Inland routes are fully staffed and all drivers are cross-qualified for the various services. MTA is still short drivers on other routes and services.

At the end of the day, maintenance workers take the vaults off of the buses and store them in a safe. Accounting staff count the cash the next day and the deposit is delivered daily. MTA's performance management system maintains the fare revenue calculation and comparison from prior periods. The update of the SRTP will look into the procurement of electronic fareboxes.

The vault count room is under video surveillance, with one door and no windows. The count is conducted by two staff members.

Personnel Management and Training

Recruiting is ongoing for all services with the exception of the Inland routes, which are fully staffed. MTA has had difficulty staffing the coastal routes and is focusing its efforts on filling those spots.

Training for new Transit Operators begins with approximately 40 hours of classroom instruction consisting of bus operations, emergency management, customer service, and local policies and procedures. At the conclusion of the classroom instruction, each new hire receives 20 hours of behind-the-wheel (BTW) training. The training team is led by Transit Operations Supervisors and the Safety Coordinator who have at a minimum attended formal bus operator training through the Transit Safety Institute. Safety meetings led by the road supervisor occur regularly with the addition of an annual all staff training. On Veterans Day all staff, including maintenance, attend a safety training that includes blood borne pathogens.

Marketing and Public Information

Transit marketing activities for the MTA include posting information to its website, Facebook, Twitter and Instagram. All marketing efforts are conducted in house. Campaigns launched by MTA have included COVID safety and bus cleaning, high cost of gas, and campaigns directed at seniors and persons with disabilities.

A combination of front office and dispatch staff respond to telephone inquiries during operating hours and make all reasonable attempts to resolve issues during the initial call. If customers leave a message after hours, messages are sent to the Executive Director's email and disseminated to the appropriate person. A software program called Track-It is used to document everything.

Maintenance

Maintenance is staffed by five full-time employees: three mechanics, one utility worker, and one cleaner.

The dedicated transit facility is capable of accommodating repairs that are not sent out. Some body repairs are handled in-house and outsourced if necessary. All transmission repairs are on a swap basis. Work orders are initially written on paper before being entered electronically. The parts room is secure and parts are tracked for inventory.

The current facility is adequate for the current size and needs of the fleet. The number of vehicles is sufficient and MTA maintains effective communication between maintenance and operations regarding vehicle availability.

Exhibit 7.5 MTA’s Transit Fleet

Year	Make/Model	Use	PAX + WC	Qty
2011	Glaval Ford E350	DAR/Paratransit	8 + 2	4
2013	Glaval Universal	DAR/Paratransit	8 + 2	5
2010	Glaval Ford E450	Fixed-route	20/16 + 2	1
2011	Glaval Ford E450	Fixed-route	20/16 + 2	2
2013	Glaval Universal	Fixed-route	20/16 + 2	3
2016	Glaval Ford	Fixed-route	20/16 + 2	1
2016	Glaval Universal	Fixed-route	20/16 + 2	4
2018	Glaval E450	Fixed-route	20/16 + 2	2
2018	Glaval E450	DAR/Paratransit	20/16 + 2	1
2019	Ford E450	Fixed-route	18/16 + 2	2
2016	Glaval Ford	Fixed-route	30/26 + 2	3
2013	Gillig 40’ Transit Bus	Fixed-route	38/31 + 2	5
2013	Gillig 40’ Low Floor	Fixed-route	38/31 + 2	2

Chapter 8 | Findings and Recommendations

Conclusions

With one exception, Moore & Associates finds Mendocino Transit Authority 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 MTA staff, analysis of program performance, and an audit of program compliance and function, the audit team presents one compliance finding:

1. MTA's State Controller Reports for FY 2018/19 were submitted more than two months after the deadline.

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

3. Prior to the COVID-19 pandemic, the farebox recovery ratio stood at 10.1 percent, barely above the required 10 percent threshold.
4. Compliance with MTA's Reserve Funds Policy should be assessed as part of its financial audit.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the MTA'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: MTA's State Controller Reports for FY 2018/19 were submitted more than two months after the deadline.

Criteria: PUC 99243 requires operators receiving funding under Article 4 to submit their Financial Transaction Reports to the State Controller within seven months of the end of the fiscal year (January 31). Extensions are not typically granted.

Condition: Based on the documentation provided by MTA, the State Controller Reports for FY 2018/19 were submitted on April 16, 2020 (per the electronic timestamp), which was two-and-a-half months after the January 31 deadline.

Cause: MTA noted the late submittal was due to the onset of the COVID-19 pandemic. However, given the stay-at-home orders and other impacts of the pandemic did not begin until mid-March, this does not explain why it could not be submitted by January 31.

Effect: Regardless of the cause, it resulted in the reports being submitted late.

Recommendation: Ensure future State Controller Reports are submitted 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. However, MTA should be mindful to ensure all reports submitted to external agencies are submitted in a timely manner.

Timeline: Ongoing.

Anticipated Cost: None.

Functional Finding 1: Prior to the COVID-19 pandemic, the farebox recovery ratio stood at 10.1 percent, barely above the required 10 percent threshold.

Criteria: PUC 99268.4 requires a transit operator serving a non-urbanized (rural) area to achieve a farebox recovery ratio of 10 percent in order to be eligible for its full allocation of LTF funding. Penalties for not achieving the required farebox recovery ratio were waived through FY 2022/23 (due to AB 90 and AB 149).

Condition: Prior to the pandemic, MTA's farebox recovery ratio stood barely above the 10 percent threshold. It then declined to less than 10 percent due to the pandemic. By the beginning of the next fiscal year (FY 2023/24), MTA must be able to meet the 10 percent threshold again in order to remain eligible to receive its full TDA allocation in subsequent years.

Cause: The COVID-19 pandemic caused transit operators throughout California to lose ridership and fare revenue, thereby falling below the required farebox recovery ratio.

Effect: If MTA is unable to meet that ratio beginning in FY 2023/24, it could be assessed a penalty, under which a portion of LTF funding would be withheld.

Recommendation: Ensure MTA is able to meet the farebox recovery ratio requirement by FY 2023/24.

Recommended Action: There are two things MTA should do to ensure it can be fully compliant with the farebox recovery ratio by FY 2023/24. The first is to move forward with the update of the Short Range Transit Development Plan. This will enable MTA to look at its operations and potentially make changes to improve efficiency and productivity. This will have a positive impact on the farebox recovery ratio.

The second is to work with its fiscal auditor to ensure the farebox recovery ratio calculation includes all eligible revenues and excludes all allowable operating expenses. While this approach does not change the efficiency or productivity of the system, it can help MTA avoid penalties for not meeting the required farebox recovery ratio. AB 149 changed the requirements regarding which revenues can be counted as fare revenue for the purpose of calculating the farebox recovery ratio. PUC 99268.19 now defines "local funds" as "any non-state grant funds or other revenues generated by, earned by, or distributed to an operator." This now allows federal funds to be counted as fare revenue for the purposes of this

calculation. AB 149 also expanded the expenses that can be excluded from operating cost for the purposes of this calculation. These exclusions now include:

1. Operating costs required to provide ADA complementary paratransit services.
2. Cost increases beyond the change in the Consumer Price Index (CPI) for fuel, alternative fuel programs, power (including electricity), insurance premiums and payments in settlement of claims arising out of the operator's liability, and state and federal mandates.
3. Startup costs for new services for a period of not more than two years.
4. Costs required to operate demand-response and micro-transit services that expand access to transit beyond fixed-route corridors.
5. Costs of funding or improving payment and ticketing systems and services.
6. Costs of security services and public safety contracts.
7. Any expense greater than the actuarially determined contribution associated with pensions and other post-employment benefits as required by Governmental Accounting Board Statement Numbers 68 and 75.
8. Costs of planning for improvements in transit operations, integration with other operators and agencies, transitioning to zero-emission operations, and for compliance with state and federal mandates.

Incorporating these changes into the farebox recovery ratio calculation in the TDA fiscal audit will better enable MTA to ensure it meets the required threshold. However, MTA should continue to be mindful of its "unaided" farebox recovery ratio (the amount of fares divided by the operating cost less depreciation), as this figure will provide a more realistic view of how efficiently its programs and services are actually performing.

Timeline: FY 2023/24.

Anticipated Cost: Already budgeted (SRTDP update and annual fiscal audit).

Functional Finding 2: Compliance with MTA's Reserve Funds Policy should be assessed as part of its financial audit.

Criteria: In 2016, MTA's Board of Directors approved a reserve funds policy to provide operating and capital reserves for the agency's use. The policy was approved by the Board on June 30, 2016. It authorized the Board to establish reserve accounts specifying the purpose of the reserve, identifying eligible uses, identifying the funding source(s), and specifying a minimum funding level. The reserves were to be incorporated into the fiscal year-end financial analysis prepared by staff and presented to the MTA Board. All such reporting should be "self-explanatory and easy to understand."

Anticipated uses for the reserve funds were intended to be for one-time non-recurring purposes, used only under unusual financial circumstances. The examples given in the policy included: a) Spikes in the cost of fuel and other materials; b) opportunities to advance urgent, high-priority needs, c) unforeseen withdrawal or cutback in a revenue source; and d) to augment and/or balance the annual budget. The Board is not obligated to use the reserve fund to address such conditions, should alternatives exist.

The policy identified a targeted minimum amount of 25 percent of annually budgeted operating expenditures for the operating reserve. The amount to be contributed in a given year would be reevaluated by management staff following the end of the fiscal year close-out and completion of the independent audit. The Board would then formally review and approve the contribution to the fund.

The capital reserve fund was intended to build up funds in anticipation of future capital expenditures, either to fund the purchase in full or serve as the local match. The needed amount would be calculated based on actual and projected expenditures and funding sources as outlined in MTA's Five-Year Capital Plan.⁴

Condition: While the policy itself appears to be in compliance with the TDA, review of MTA's documents as part of this audit has raised some questions, primarily regarding the operating reserve. It is currently unclear 1) how often MTA contributes to the reserves, 2) how often it uses funding from the reserve, and 3) whether there is a cap on the amount in the fund.

The capital reserve fund maintained by MCOG is detailed within the annual financial statements, including a statement of the balance at the end of the fiscal year. MTA includes details of its capital reserve fund as part of its annual Capital Budget, including anticipated balance, deposits, and withdrawals. However, it does not clearly identify in this document the source of the deposits or the purchase tied to the withdrawal. As a result, it is unclear as to whether the MTA Board is being sufficiently informed about the details of deposits into and withdrawals from the capital reserve fund, even if it has access to information about the changes in the balance of the fund.

The operating reserve fund is a bit more problematic. Some operating budgets include line items regarding transfers into the reserve accounts as part of the annual expenditures. In FY 2019/20, for example, the budget included \$500,000 transferred into the operating reserve account and \$300,000 transferred into the CalPERS Liability reserve account, both specifying non-LTF revenues. However, no balance for either reserve account was included, nor did such transfers appear in other annual operating budgets.

The main concern is not that MTA wishes to maintain operating and capital reserves, but that the process for developing and monitoring those accounts does not appear to be transparent.

Cause: Lack of transparency with respect to reserve funds can be the result of inconsistent use or unfamiliarity with the language of the policy.

Effect: This appears to have resulted in a level of reporting that is not "self-explanatory and easy to understand," as stipulated by the language in the policy.

Recommendation: Include the current balance of any reserve account as part of MTA's annual fiscal audit, including the source of deposits and reasons for withdrawals.

Recommended Action: In addition to including the above information in the fiscal audits, MTA should also be very clear about balancing unmet transit needs with the need to establish a reserve. At a minimum,

⁴ Note: The discussion herein refers to MTA's internal capital reserve fund, not the capital reserve fund maintained on MTA's behalf by the RTPA.

any funds added to the operating reserve once the 25 percent threshold has been achieved should only be added after any unmet transit needs have been met. The operating reserve should find a balance between contingency planning and the need to address transit needs. A key component of this is having an understanding of how much money is in the reserve fund, what the source of those funds are (and any restrictions there may be on their use), and providing the Board with sufficient information to make informed decisions about the use of those funds.

Timeline: Beginning with the FY 2021/22

Anticipated Cost: Unknown.

Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendation		Importance	Timeline
1	Ensure future State Controller Reports are submitted prior to the January 31 deadline.	Low	Ongoing
Functional Recommendation		Importance	Timeline
1	Ensure MTA is able to meet the farebox recovery ratio requirement by FY 2023/24.	High	FY 2023/24
2	Include the current balance of any reserve account as part of MTA’s annual fiscal audit, including the source of deposits and reasons for withdrawals.	Medium	FY 2021/22 audit

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