



MENDOCINO COUNCIL OF GOVERNMENTS

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REVISED AGENDA Monday, May 4, 2020 at 1:30 p.m.

Teleconference Only

Zoom videoconference link provided to Council members and by request.

Please submit access request to info@mendocinocog.org or call MCOG Administration at (707) 463-1859.

Audio Call-in Option: 1 (669) 900-6833 (in CA)

Meeting ID: 894 0094 0664#

The Mendocino Council of Governments (MCOG) meets as the Board of Directors of:
Mendocino Regional Transportation Planning Agency (RTPA) and
Mendocino County Service Authority for Freeway Emergencies (SAFE)

NOTICE: During the declared local, state and national emergency, all meetings of the Mendocino Council of Governments will be conducted by teleconference (audio and/or video) and not available for in-person public participation, pursuant to the Governor's Executive Order N-29-20. In order to minimize the risk of exposure to COVID-19, the public may participate in lieu of personal attendance in several ways. Since opportunities during the meeting are limited, we encourage submitting comments in advance.

- In advance of the meeting: email comments to info@mendocinocog.org or send comments using the form at <https://www.mendocinocog.org/contact-us>, to be read aloud into the public record.
- During the meeting: email comments to info@mendocinocog.org or send comments using the form at <https://www.mendocinocog.org/contact-us>, to be made available as soon as possible to the Board of Directors, staff, and the general public as they are received and processed by staff.
- During the meeting: make oral comments on the conference call by phone or video when public comment is invited by the Chair.

Thanks to all for your interest and cooperation.

NOTE: *All items are considered for action unless otherwise noted.*

1. Call to Order and Roll Call
2. Convene as RTPA
3. Recess as RTPA – Reconvene as Policy Advisory Committee

PUBLIC EXPRESSION – *Please refer to notice at top of this Agenda.*

4. Participation is welcome in Council meetings. Comments will be limited to three minutes per person and not more than ten minutes per subject, so that everyone can be heard. "Public Expression" time is limited to matters under the Council's jurisdiction that may not have been considered by the Council previously and are not on the agenda. No action will be taken. Members of the public may comment also during specific agenda items when recognized by the Chair.

REGULAR CALENDAR

5. Presentation and Acceptance of Triennial Performance Audits – *Michael Baker International*
 - a. Mendocino Council of Governments
 - b. Mendocino Transit Authority

6. Fiscal Year 2020/21 RTPA Budget Presentation & Workshop
 - a. Report of Revenues Fiscal Year to Date 2019/20
 - b. Executive Committee Recommendations of February 24, 2020 – Revenues & Allocations
 - c. Technical Advisory Committee Recommendation of February 19, 2020 – Draft Planning Overall Work Program
 - d. Transit Productivity Committee Recommendations of April 13, 2020
 - e. Report of Senior Centers Transportation Program Workshops of September 17, 2019 and March 17, 2020

CONSENT CALENDAR

The following items are considered for approval in accordance with Administrative Staff, Committee, and/or Directors' recommendations and will be enacted by a single motion. Items may be removed from the Consent Calendar for separate consideration, upon request by a Director or citizen.

7. Approval of April 6, 2020 Minutes
8. Approval of April 13, 2020 Transit Productivity Committee Minutes

RATIFY ACTION

9. Recess as Policy Advisory Committee - Reconvene as RTPA - Ratify Action of Policy Advisory Committee

REPORTS

10. Reports – Information - *No Action*
 - a. Caltrans District 1 – Projects Update and Information
 - b. Mendocino Transit Authority
 - c. North Coast Railroad Authority
 - d. MCOG Staff - Summary of Meetings
 - e. MCOG Administration Staff
 - i. Miscellaneous
 - ii. Next Meeting Date – Monday, June 1, 2020
 - f. MCOG Planning Staff
 - i. SB 743 Vehicle Miles Traveled (VMT) Regional Baseline Study
 - ii. Fire Vulnerability Assessment & Emergency Evacuation Preparedness Plan
 - iii. Miscellaneous
 - g. MCOG Directors
 - h. California Association of Councils of Governments (CALCOG) Delegates

ADJOURNMENT

11. Adjourn

AMERICANS WITH DISABILITIES ACT (ADA) and TRANSLATION REQUESTS

Persons who require special accommodations, accessible seating, or documentation in alternative formats under the Americans with Disabilities Act, or persons who require interpretation services (free of charge) are advised to contact the MCOG office at (707) 463-1859, **at least five days** before the meeting.

Las personas que requieren alojamiento especial de acuerdo con el Americans with Disabilities Act, o personas que requieren servicios de interpretación (libre de cargo) deben comunicarse con MCOG (707) 463-1859 al menos cinco días antes de la reunión.

ADDITIONS TO AGENDA

The Brown Act, Section 54954.2, states that the Board may take action on off-agenda items when:

- a) a majority vote determines that an “emergency situation” exists as defined in Section 54956.5, **or**
- b) a two-thirds vote of the body, or a unanimous vote of those present, determines that there is a need to take immediate action and the need for action arose after the agenda was legally posted, **or**
- c) the item was continued from a prior, legally posted meeting not more than five calendar days before this meeting.

CLOSED SESSION

If agendized, MCOG may adjourn to a closed session to consider litigation or personnel matters (i.e. contractor agreements). Discussion of litigation or pending litigation may be held in closed session by authority of Govt. Code Section 54956.9; discussion of personnel matters by authority of Govt. Code Section 54957.

POSTED 5/1/2020

Next Resolution Number: M2020-04



MENDOCINO COUNCIL OF GOVERNMENTS

Agenda # 5a
Regular Calendar
MCOG Meeting
5/4/2020

STAFF REPORT – Revised

TITLE: Presentation and Acceptance of MCOG Triennial Performance Audit

SUBMITTED BY: Janet Orth, Deputy Director / CFO

DATE: 5.1.2020

BACKGROUND:

According to the Transportation Development Act (TDA), MCOG is required to "*designate an independent entity to make a performance audit*" of MCOG every three years (Section 99246). The contractor, Michael Baker International, has released the draft report of its performance audit of MCOG for the period ended June 30, 2018. It covers Fiscal Years 2015/16, 2016/17, and 2017/18. Our consultant, Mr. Derek Wong, AICP, will provide a presentation at our meeting.

We are pleased to receive another favorable report of performance: "*MCOG has satisfactorily complied with applicable State legislative mandates for RTPAs.*" Fourteen key compliance requirements are listed and described in the report. – *Executive Summary and Section II, Page 13*

Prior performance audit recommendations. Of the three recommendations, MCOG implemented two, and another is in process. The first, to update our TDA manual for inclusion of new state legislation, was completed. The second, to consider an alternate funding formula for senior center TDA funds, is continuing. The third, to strengthen existing role and explore additional functions of the Social Services Transportation Advisory Council (SSTAC), was completed. – *Section III, Pages 14-15*

Current recommendations. One is carried forward from the previous audit, suggesting that MCOG or MTA consider an alternate funding formula for senior center TDA funds; this effort is currently in progress, with a status report provided under this meeting's Agenda #6e.

The second is new: "*Confirm alignment of MCOG personnel roles and responsibilities with RTPA functions.*" Noting the staffing contract changes that started in 2014, the report suggests "*...an opportunity exists for ongoing MCOG review and evaluation of the organization in light of the growing responsibilities placed on RTPAs and COGs from changes in state and federal statutes.*" – *Executive Summary and Section V, Page 29*

The final report and presentation slides are attached, serving as a useful overview of the Council's operations and a valuable resource going forward, in addition to the necessary review of past performance. Staff welcomes discussion of any aspect the board members wish to review.

ACTION REQUIRED:

Accept the final audit report as presented by Derek Wong, AICP, of Michael Baker International.

ALTERNATIVES:

The Council may delay or decline acceptance. Regardless of MCOG's actions, the report must be submitted to Caltrans as required by TDA, by June 30, 2020.

RECOMMENDATION:

Accept the presentation and triennial performance audit of MCOG as prepared by the independent auditor consultant, Michael Baker International. Consider keeping the audit report with your board materials for future reference.



Michael Baker
INTERNATIONAL
We Make a Difference



MCOG

Triennial Performance Audit of Mendocino Council of Governments & Mendocino Transit Authority

May 4, 2020



Michael Baker
INTERNATIONAL

Introduction

- Transportation Development Act (TDA) requires that a triennial performance audit be conducted of MCOG and MTA.
- Audits commissioned by and submitted to Caltrans by MCOG as the Regional Transportation Planning Agency under State law.
- The process reviews accountability and efficient and effective use of revenues.

We Make a Difference

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Purpose of the Audit

- Audit is retrospective. Current triennial cycle covers FYs 2015-16 through 2017-18
- Test for compliance with various statutory provisions and performance measures.
- Management tool to improve for the future.

Scope of the Audit

- Has the agency complied with state requirements?
- Has the agency implemented prior recommendations?
- What are the performance trends?
- How well has the agency provided service?
- What recommendations can be made?

MTA Audit

- Full compliance with 6 of 9 requirements
 - ❖ Partial compliance with reporting
- Status 5 prior performance audit recommendations
 - ❖ 1 implemented, 3 carried forward, 1 no longer applicable
- Met farebox recovery ratios - change in 2016 to 10% ratio
 - ❖ Despite increased operating costs and declining ridership
- Organizational changes, update outdated operations policies

MTA Audit Recommendations

- Improve upon consistent reporting of performance data to the State Controller.
- Perform expanded data analysis using results from newly invested technology systems.
- Update the Short Range Transit Development Plan
- Consider an alternate funding formula for Senior Center TDA funds.

MCOG Audit

- Full compliance with 12 requirements
 - ❖ TPC - improved review of MTA performance against MCOG-derived transit standards.
- Status 3 prior performance audit recommendations
 - ❖ 2 implemented, 1 in progress (alternate funding formula for senior center TDA funds)
- New executive director in June 2018, develop relations and build partnerships to enhance MCOG
- Regional Transportation Plan (adopt Feb 2018) and partnerships to reducing greenhouse gas emissions

MCOG Audit Recommendations

- Consider an alternate funding formula for senior center TDA funds.
- Confirm alignment of MCOG personnel roles and responsibilities with RTPA functions.



FY 2016-2018
Triennial Performance Audit
of Mendocino Council of
Governments

Prepared for
Mendocino Council of Governments

April 2020

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Executive Summary

The Mendocino Council of Governments (MCOG) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit for fiscal years (FY) 2015–16 through 2017–18. As a Regional Transportation Planning Agency (RTPA), MCOG is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) to continue receiving TDA funding. TDA funds are used for MCOG administration and planning of public transportation, and distribution for public transit services and nonmotorized projects.

This performance audit is intended to describe how well MCOG is meeting its administrative and planning obligations under the TDA, as well as its organizational management and efficiency. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008* (third edition), published by Caltrans, was used to guide in the development and conduct of the audit. To gather information for the TDA performance audit, Michael Baker conducted interviews with MCOG executive and agency staff, reviewed various documents, and evaluated MCOG’s responsibilities, functions, and performance of the TDA guidelines and regulations.

The audit comprises several sections, including compliance with TDA requirements, status of implementing prior audit recommendations, and review of functional areas. Findings from each section are summarized below, followed by recommendations based on our audit procedures.

Compliance with TDA Requirements

MCOG has satisfactorily complied with applicable state legislative mandates for RTPAs. Two compliance measures that did not apply to MCOG pertain to 1) adopting rules and regulations for TDA claims under Article 4.5, and 2) regulations regarding urban and rural revenue ratios. There were no such Article 4.5 claims submitted during the audit period, and the Mendocino Transit Authority (MTA) does not serve an urbanized area. MCOG has significantly improved its compliance with the requirement to annually identify, analyze, and recommend potential productivity improvements for the MTA through annual reviews of MTA performance reports against MCOG-derived transit standards.

Status of Prior Audit Recommendations

Of the three prior performance audit recommendations, MCOG implemented two and one is in progress of being implemented. MCOG updated its TDA manual and

strengthened the role of the Social Services Transportation Advisory Council. The prior recommendation in progress concerns an alternate funding formula for senior center TDA funds.

Functional Review

1. In June 2018, a new executive director was hired who engages in external affairs to develop relations and build partnerships with a variety of key stakeholders and decision makers to enhance MCOG. Other staff changes included refinement of and more specific duties for the regional project manager/regional project coordinator.
2. With some internal organizational adjustments having occurred since the separation of contracts between administration/fiscal services and planning, MCOG personnel have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for a RTPA and council of government.
3. MCOG received extensive state-provided training to develop subrecipient agreements for pass-through funds to local agencies. The master agreement for five years with each of the four cities and the county clarifies and sets expectations on the scope of work, and funding and reimbursement amounts.
4. MCOG prepared and adopted the 2017 Regional Transportation Plan (RTP) in February 2018. The updated RTP goals and policies closely reflect those in the *Vision Mendocino 2030 Blueprint Plan*.
5. As part of the Mendocino region's commitment to reducing greenhouse gas emissions, MCOG has participated in several significant transportation partnerships over the past few years, including installing electric vehicle fast chargers along US 101, participating in the North Coast and Upstate Fuel Cell Readiness Project, and developing the *Mendocino County Zero Emission Vehicle (ZEV) and Alternative Fuels Readiness Plan Update*.
6. MCOG completed the *Transportation Program Safe Routes to School Non-Infrastructure Grant Report* which is a program to encourage, educate, and enforce increased walking and biking to schools and other locations.

Two recommendations are provided to improve MCOG's administration and management relating to TDA:

1. *Consider an alternate funding formula for senior center TDA funds.*

As a carryover from the prior audit, this recommendation to revisit the formula is taken in context of a larger discussion on the continuation of the MTA's role to administer the senior transportation program with Local Transportation Fund (LTF) revenues.

The MTA and/or MCOG would take the lead, with the other agency providing administrative and technical support, to address the current formula for allocating TDA funds to the senior centers, which does not account for operational performance of the respective systems. A request for more performance review data could be made by both agencies to develop trends and hold discussion of the formula. The MCOG Transit Productivity Committee (TPC) discussed the TDA funding formula for the senior centers in May 2019. The TPC suggested forming 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 also convened a separate ad hoc subcommittee to assist MTA management staff in its review of this service. 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.

An alternate funding formula is suggested for consideration as conditions warrant a review. The alternate formula would follow a structure similar to the existing State Transit Assistance (STA) formula, where a certain portion of the allocation to a transit system is based on performance and the remaining portion is based on the discretion of MCOG in its capacity as the RTPA.

The suggested formula for the senior center TDA allocation would have two portions: one based on fare revenue/dedicated local support generated by each senior center, and the other based on an amount approved by the TPC. Because the split of this allocation would not have to be on a 50/50 basis, like the STA fund, discussion would be needed to determine an appropriate amount.

For the fare revenue portion, each senior center would receive revenue based on its share of fare revenue and local support relative to total fare and local support revenue generated by all senior centers. The remaining TDA amount would come from the discretionary portion, which would be determined by the TPC and based on need, budgets, or other criteria. The purpose of the suggested formula is to tie in a certain measure of performance that is already present in the funding process (senior center fare revenues provide local match to the TDA) and to incentivize the recipients to enhance service or increase productivity. The TDA subsidy amount

provided by the MTA to the senior centers is close to reaching the agreed-upon subsidy cap.

2. *Confirm alignment of MCOG personnel roles and responsibilities with RTPA functions.*

Although there have been no procedural changes, MCOG personnel have been operating under a new contract relationship that separates staff under two contracts, one for administration/fiscal services and the other for planning. As this organizational change and RFP process was expedited relatively quickly by the County in response to the Caltrans pre-award audit in 2014, MCOG staff have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for a regional transportation planning agency (RTPA) and council of government (COG).

RTPA/COG roles and responsibilities are increasing and are defined through multiple areas such as state and federal statutes, state transportation agency guidelines, funding sources and scopes of work, and local needs and best practice. For example, state law requires an RTPA to develop a long-range regional transportation plan (RTP) pursuant to Government Code section 29532, which MCOG develops. The RTP development process evolves from meeting guidance and best practice that fit local conditions and needs.

The Overall Work Program (OWP), another requirement, is produced by MCOG and contains the annual work scope, budget, and deliverables for the agency. Caltrans provides an in-depth review of the OWP and its alignment with California Transportation Commission and Caltrans guidelines which MCOG continues to evaluate in confirming agency practice. Research and collection of peer agency work programs, organization charts, and staff job descriptions are another means of verifying MCOG activities. As MCOG participates in and is a member of numerous peer groups such as the California Association of Council of Governments, Rural Counties Task Force, and North State Super Region, information is available for an exercise of confirming agency roles.

With the settling of MCOG contract staff and business practices since the contract award, an opportunity exists for ongoing MCOG review and evaluation of the organization in light of the growing responsibilities placed on RTPAs and COGs from changes in state and federal statutes.

Section I

Introduction – Initial Review of RTPA Functions

The Mendocino Council of Governments (MCOG, Council) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, fiscal years (FY) 2015–16 through 2017–18. As a regional transportation planning agency (RTPA), MCOG is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue to receive TDA funding.

This performance audit, as required by the TDA, is intended to describe how well MCOG is meeting its administrative and planning obligations under the TDA.

Overview of MCOG

In 1972, a joint powers agreement (JPA) was executed by the Cities of Fort Bragg, Point Arena, Ukiah, and Willits, and the County of Mendocino, which provided the legal basis for the Mendocino County and Cities Area Planning Council. The council was reconstituted in 1978 as the Mendocino Council of Governments through an amendment to the JPA. The JPA members recognized that Mendocino County was changing from an isolated, rural area to a relatively developed area with continuing expansion of its incorporated cities and formerly underdeveloped areas. The existence of MCOG was necessary for the members to qualify for allocation funds from the state and federal governments.

MCOG is the designated RTPA under state law (California Government Code Section 29532) responsible for the appropriation and administration of state TDA funds in the county. MCOG has the authority to function both as the RTPA for Mendocino County and as a Council of Governments. As the RTPA, MCOG has a long-standing Memorandum of Understanding with Caltrans to participate in coordinated and comprehensive transportation planning activities and have a formal public participation process. MCOG serves as a forum for the local and regional communities to make policy decisions affecting the county's transportation system. This is reflected in the planning and programming of local, state, and federal transportation funds toward projects that provide improved highway and road maintenance, safety, traffic congestion relief, alternative transportation, and economic development.

Among MCOG's roles and responsibilities are the following:

- Fiscal oversight and allocations

- Transportation policy development
- Advocacy
- State Transportation Improvement Program (STIP) management
- Transportation planning
- Special projects

MCOG also serves as the Service Authority for Freeway Emergencies (SAFE) of Mendocino County, administering the call box program. MCOG pioneered the use of satellite radio systems in its call boxes, in particular in rural areas with cell service issues and where vehicle accidents are more likely. In addition, MCOG has a role in the state's Regional Housing Needs Assessment process and in economic development. The JPA designates "any other specific power, including regional planning in other functional areas besides transportation and economic development, which has been expressly authorized by Resolutions adopted by the respective bodies of each of the parties to this agreement."

Population growth in Mendocino County was relatively moderate over nearly the past decade. According to the California Department of Finance, the county had a population of 89,009 residents in 2019, a 3.2 percent increase over the 2010 Census population of 86,265 persons. The 2019 population includes 59,776 residents in the unincorporated areas, 16,296 in Ukiah, 7,478 in Fort Bragg, 4,996 in Willits, and 463 in Point Arena.

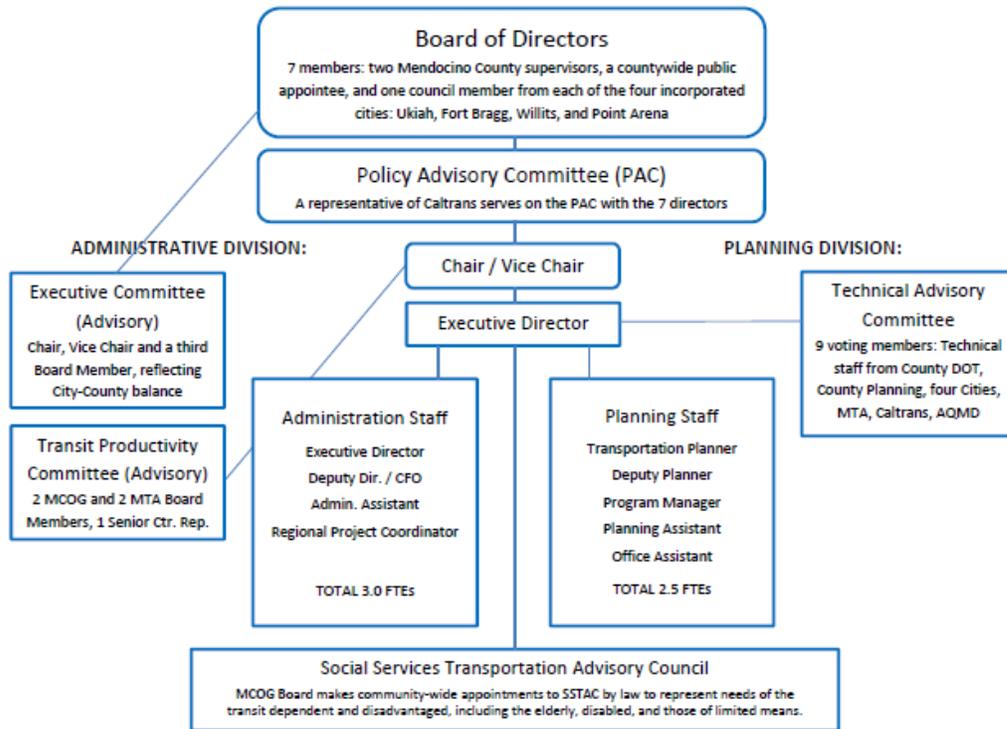
Organizational Structure

MCOG's mission is to "provide regional, community, and intercommunity transportation planning, to administer transportation funding and financing, to represent Mendocino County's interests at higher levels of government, to develop transportation projects for future funding, to provide technical assistance for transportation project delivery, to support rural/public transportation services, to administer grants for transportation/community enhancement projects, and to provide a forum to facilitate discussion on other matters of regional importance."

MCOG's vision is of "regional and local government working together to connect communities, create thriving town centers, and develop healthy, livable neighborhoods for drivers, cyclists, pedestrians, and transit riders."

The MCOG Board of Directors is composed of seven members: two appointed representatives of the Mendocino County Board of Supervisors, one member from each of the four city councils, and one public appointee. Preference for the public appointee is given first to a countywide elected official, then to any registered voter of Mendocino

County who has an interest in regional transportation issues. The MCOG bylaws specify the location of Council meetings and appointments to the Board of Directors. The organization chart of MCOG is shown below:



There are five standing committees of MCOG:

- Policy Advisory Committee
- Executive Committee
- Technical Advisory Committee (TAC)
- Social Services Transportation Advisory Council (SSTAC)
- Transit Productivity Committee (TPC)

The Policy Advisory Committee is composed of the board of directors as well as a representative of Caltrans District 1. The Council’s agendas are structured such that the Caltrans representative, as a member of the Policy Advisory Committee, has a vote on all matters dealing with transportation.

The Executive Committee consists of the Council chair, the vice chair, and one member from a city or the County. The Executive Committee may carry on the administrative and executive functions of the Council between regular meetings of the Council. The Council attempts to appoint members to the Executive Committee that reflect a balance

between City and County representation. The committee deals with administrative functions and makes policy recommendations to the full Council.

The TAC serves as MCOG's independent technical committee to review material presented before it and make recommendations to the Council. The TAC consists of nine voting members or their authorized technical representatives, as follows: the County director of transportation, the County director of Planning & Building Services, the Mendocino Transit Authority (MTA) general manager, the Caltrans Transportation Planning Branch chief, one technical representative appointed by each of the four cities, and the County air pollution control officer. Additionally, one non-voting member is appointed by the North Coast Railroad Authority, with all other duties and privileges of TAC membership. A two-thirds majority of those members present voting in the affirmative is required for a decision.

The makeup of the SSTAC is prescribed by the TDA (Public Utilities Code Section 99238). MCOG staff serve the SSTAC which participates in the annual unmet transit needs process and advises the MCOG board on the transportation needs of the elderly, disabled, and economically disadvantaged, as well as on any other major transit needs. There are 10 membership positions on the SSTAC, including representatives of the transit community, various social service provider representatives, low-income representatives, and representatives of the consolidated transportation service agency (CTSA).

A subcommittee of the SSTAC serves as needed as the Local Review Committee (LRC) to evaluate Federal Transit Administration (FTA) Section 5310 program applications for vehicle and equipment purchases. When such a committee is not formed due to conflicts of interest given SSTAC members are often 5310 applicants, MCOG staff serve on the LRC as allowed by the program.

The SSTAC generally meets twice a year: in the late autumn/early winter (November or December) for the annual workshop to identify unmet transit needs, and in the spring (April or May) to review findings and recommendations of other stakeholders on the identified unmet transit needs. The spring meeting also serves for the SSTAC to review and rank any FTA Section 5310 applications (timing subject to the funding cycle).

The TPC is tasked with reviewing transit performance and advising on updates to MCOG's adopted transit performance standards, making recommendations to MCOG on the annual transit claim, and providing input on the annual unmet transit needs process. Five members comprise the TPC: two representatives each from the MTA Board and MCOG Board, plus one senior center representative selected by the senior centers. Meetings are held at least once annually, or more if warranted.

MCOG staffing is provided through contracts with two private firms: Dow & Associates for administration and fiscal services, as well as SAFE administration; and Davey-Bates Consulting for planning services, and SAFE planning and operations.

Audit Methodology

To gather information for this performance audit, Michael Baker accomplished the following activities:

- Document Review: Reviewed various MCOG files and internal reports, committee agendas, and public documents.
- Interviews: Interviewed MCOG executive management and staff, and the transit operator, MTA.
- Analysis: Evaluated the responses from the interviews as well as the documents reviewed about MCOG's responsibilities, functions, and performance to TDA guidelines and regulations.

All of the above activities were intended to provide information necessary to assess MCOG's efficiency and effectiveness in two key areas:

- Compliance with state TDA requirements
- Organizational management and efficiency

The remainder of this report is divided into four sections. In Section II, Michael Baker reviews the compliance requirements of the TDA administrative process. Section III describes MCOG's responses to the recommendations in the previous performance audit. In Section IV, Michael Baker provides a detailed review of MCOG's functions, while Section V summarizes our findings and recommendations.

Section II

Compliance Requirements

Fourteen key compliance requirements are suggested in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, which was developed by Caltrans to assess an RTPA’s conformance with the TDA. Our findings concerning MCOG’s compliance with state legislative requirements are summarized in Table II-1.

MCOG Compliance Requirements	Reference	Compliance Efforts
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	Public Utilities Code, Section 99231	<p>MCOG accounts for its claimants’ areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their area. MCOG makes this finding in each adopted resolution approving LTF claims. The primary claimant of the funds is the MTA, which submits its claim in the amount recommended by the MCOG’s Executive Committee as available for transit. MCOG uses a checklist to verify the claimant’s compliance with submittal requirements and the statute in its annual transit finding for allocation.</p> <p>Conclusion: Complied</p>
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	Public Utilities Code, Sections 99233.3 and 99234	<p>MCOG apportions LTF revenue for bicycle and pedestrian facilities using the statutory budget limit of 2 percent after administration. The apportionment is optional depending on need and availability of revenue. MCOG has awarded the funds on a competitive application basis. The application form addresses various eligible, strategic, and customarily preferred uses of the funds. During the audit period, the Executive Committee recommended an allocation of 2 percent, and funds were expended for</p>

**TABLE II-1
MCOG Compliance Requirements Matrix**

MCOG Compliance Requirements	Reference	Compliance Efforts
		<p>bicycle and pedestrian facilities as noted in the MCOG audited financial statements. The Technical Advisory Committee also recommended project awards.</p> <p>Conclusion: Complied</p>
<p>The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.</p>	<p>Public Utilities Code, Sections 99238 and 99238.5</p>	<p>MCOG has established an SSTAC required under PUC 99238. The roles and responsibilities of the SSTAC are based on TDA guidelines and described in MCOG’s policy manual. MCOG holds an unmet transit needs public workshop/hearing each year which involves the SSTAC.</p> <p>Conclusion: Complied</p>
<p>The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPA’s jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> • A committee for the purpose providing advice on productivity improvements may be formed. • The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation which exceeds its prior year 	<p>Public Utilities Code, Section 99244</p>	<p>MCOG’s TPC serves in this capacity to review transit performance and make recommendations on the annual transit claim, and provide input on the annual unmet transit needs process. The five-member committee includes representatives from the transit operator, MTA, which makes efforts to implement the recommendations.</p> <p>Within this three-year period, the TPC addressed the prior performance audit recommendations made for the MTA. MTA personnel provided a summary of how the agency was addressing the recommendations, such as employing technology to capture data, applying for grant funding to update the transit plan, forming a driver committee to evaluate ridership patterns, and continuing the discussion on revising the senior center formula funding.</p> <p>MCOG conducted its annual review of MTA performance reports against MCOG standards. Different transit</p>

**TABLE II-1
MCOG Compliance Requirements Matrix**

MCOG Compliance Requirements	Reference	Compliance Efforts
allocation.		<p>service types are evaluated against four standards and a tally is made of how many standards are met using the adopted “CPI Adjusted Rolling Average” with both one-year and three-year results. A discussion is held by the TPC on the results of the review and ways for the MTA to improve on meeting the standards.</p> <p>The commissioning of the triennial performance audit as well as funding support of transit development planning are additional actions by MCOG to recommended potential productivity improvements.</p> <p>Conclusion: Complied</p>
<p>The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).</p>	<p>Public Utilities Code, Section 99245</p>	<p>MCOG is proactive in ensuring the TDA fiscal and compliance audits are completed, and maintains communication with the State Controller’s Office. For FYs 2016 and 2018, the annual financial audits of the MTA were submitted within the extension period allowed by the statute. MCOG granted the extension each year. For FY 2017, the MTA financial audit was completed after the granted extension date from MCOG. This was due in large part to MTA management and administrative staff turnover during this time, rebuilding of financial records that were formerly stored on antiquated systems, and a digital attack on MTA computers creating challenges in providing information for the financial reports.</p> <p>Conclusion: Complied, and noting challenges in FY 2017.</p>
<p>The RTPA has designated an independent entity to conduct a</p>	<p>Public Utilities Code, Sections 99246 and</p>	<p>For the current three-year period, MCOG retained Michael Baker</p>

**TABLE II-1
MCOG Compliance Requirements Matrix**

MCOG Compliance Requirements	Reference	Compliance Efforts
<p>performance audit of operators and itself (for the current and previous triennium). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator’s TDA monies and to the RTPA within 12 months after the end of the triennium. If an operator’s audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.</p>	<p>99248</p>	<p>International to conduct the audit of MCOG and MTA. The required performance indicators were calculated in the MTA audit. Michael Baker International was retained to conduct the previous audit for the three fiscal years that ended June 30, 2015.</p> <p>Conclusion: Complied</p>
<p>The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director, that the performance audits of the operators located in the area under its jurisdiction have been completed.</p>	<p>Public Utilities Code, Section 99246(c)</p>	<p>MCOG submitted a written letter to Caltrans, dated September 29, 2016, certifying compliance with this requirement. The letter was enclosed with the FY 2012/13–2014/15 performance audit of MCOG. A separate email letter to Caltrans indicating completion of the MTA performance audit was submitted March 23, 2017.</p> <p>Conclusion: Complied</p>
<p>The performance audit of the operator providing public transportation service shall include a verification of the operator’s operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit</p>	<p>Public Utilities Code, Section 99246(d)</p>	<p>The performance audit of the MTA includes all required performance indicator calculations, including verification of the operator’s operating cost, passengers, vehicle service hours, vehicle service miles, and full-time employee equivalents.</p> <p>Conclusion: Complied</p>

**TABLE II-1
MCOG Compliance Requirements Matrix**

MCOG Compliance Requirements	Reference	Compliance Efforts
<p>shall include, but not be limited to, consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2</p>		
<p>The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.</p>	<p>Public Utilities Code, Section 99270.1 and 99270.2</p>	<p>This compliance requirement is not applicable as the MTA does not serve an urbanized area.</p> <p>Conclusion: Not Applicable</p>
<p>The RTPA has adopted criteria, rules and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.</p>	<p>Public Utilities Code, Section 99275.5</p>	<p>In 1981, MCOG designated the MTA as the CTSA in Mendocino County. The MTA contracts with various senior centers to provide specialized transportation service to their clients. The MTA does not claim Article 4.5 funds, but rather under Article 8 for this service. MCOG has not adopted rules and regulations for Article 4.5 claims.</p> <p>Conclusion: Not applicable</p>
<p>State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.</p> <p>(Note: Since the June 9, 1990 passage of Proposition 116, state transit assistance funds may no longer be used for street and road purposes, as had been permitted in certain cases under PUC Section 99313.3).</p>	<p>Public Utilities Code, Sections 99310.5 and 99313.3 and Proposition 116</p>	<p>MCOG allocates State Transit Assistance (STA) funds for transit purposes only. STA funds in the MCOG annual budget are shown for transit purposes to the MTA. The use of STA for transit only is also described in the explanatory notes on funding sources in the budget.</p> <p>Conclusion: Complied</p>

**TABLE II-1
MCOG Compliance Requirements Matrix**

MCOG Compliance Requirements	Reference	Compliance Efforts
<p>The amount received pursuant to Public Utilities Code, Section 99314.3 by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller’s Office.</p>	<p>Public Utilities Code, Section 99314.3</p>	<p>MCOG allocates operator revenue-based STA funds to the MTA in accordance with the amounts published by the State Controller’s Office. The MTA, as the sole public transit operator in the County, claims the funds under this PUC section.</p> <p>Conclusion: Complied</p>
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code, Section 99238; • Identified transit needs, including: <ul style="list-style-type: none"> ○ Groups that are transit-dependent or transit disadvantaged, ○ Adequacy of existing transit services to meet the needs of groups identified, and ○ Analysis of potential alternatives to provide transportation services; • Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet;” • Identified the unmet transit needs and those needs that are reasonable to meet; Adopted a finding that there are no unmet transit needs 	<p>Public Utilities Code, Section 99401.5</p>	<p>MCOG conducts an annual unmet transit needs process to solicit comment and feedback on potential transit needs. Although no TDA is allocated to streets and roads, MCOG continues to conduct a formal unmet needs process as a venue to work with the community and identify transit needs. MCOG works through the SSTAC and TPC, and cooperatively with the MTA, for this process. SSTAC meetings are held twice a year to primarily focus on unmet transit needs. The MTA also solicits and compiles transit needs from the public year-round at its board meetings. MCOG adopts resolutions of the findings of unmet needs based on recommendations made by the TPC.</p> <p>Conclusion: Complied</p>

**TABLE II-1
MCOG Compliance Requirements Matrix**

MCOG Compliance Requirements	Reference	Compliance Efforts
<p>that are reasonable to meet; or that there are unmet transit needs including needs that are reasonable to meet.</p> <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>		
<p>The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor, or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year, and must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the transportation development act and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p>	<p>California Administrative Code, Section 6662</p>	<p>The accounting firm of R.J. Ricciardi, Inc. conducted the financial audit for the three-year audit period of FYs 2016–2018. The Basic Financial Statements were submitted to the State Controller within 12 months of the end of each fiscal year.</p> <p>MCOG also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p> <p>Conclusion: Complied</p>

Findings from RTPA Compliance Requirements Matrix

MCOG has satisfactorily complied with applicable state legislative mandates for RTPAs. Two compliance measures that did not apply to MCOG pertain to 1) adopting rules and regulations for TDA claims under Article 4.5, and 2) regulations regarding urban and rural revenue ratios. There were no such Article 4.5 claims submitted during the audit period, and the MTA does not serve an urbanized area.

MCOG has significantly improved its compliance with the requirement to annually identify, analyze, and recommend potential productivity improvements for the MTA. The TPC serves in this capacity as a MCOG standing committee to make recommendations on the annual transit claim and provide input on the annual unmet transit needs process. The TPC also provides a forum for both MTA and MCOG staff and board members, as well as senior center representatives, to discuss transit issues and productivity. Analysis on productivity is enhanced through MCOG's annual review of MTA performance reports against MCOG-derived standards with both one-year and three-year results to show near- and mid-term data. This additional analysis provides quantitative results and comparative data for discussion on transit performance.

Section III

Prior Triennial Performance Audit Recommendations

This chapter describes MCOG's responses to the recommendations included in the prior triennial performance audit. Each prior recommendation is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Update the MCOG TDA manual for inclusion of new state legislation.

Actions taken by MCOG:

MCOG has worked to update its TDA manual to reflect new legislation from Senate Bill 508. The TPC met to review performance standards, including farebox recovery for the MTA and senior center-provided service. The TPC recommended that MCOG adopt updated farebox recovery ratios consistent with the new law, changing the MTA ratio from 15 percent to 10 percent, and senior center-provided service from 12 percent to 10 percent. Another recommended change from new legislation is the set-aside of up to 5 percent of LTF bicycle and pedestrian revenue for bicycle and pedestrian education programs. MCOG considered this revision, but determined the set-aside would be too small to provide a meaningful use of the funds for that specific purpose, and would reduce the effectiveness of the program. In addition, MCOG is incorporating the STA operating efficiency criteria in the fiscal audits and in the TDA manual.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 2

Consider an alternate funding formula for senior center TDA funds.

Actions taken by MCOG:

The MCOG TPC discussed the TDA funding formula for the senior centers in May 2019. The TPC suggested forming 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 subcommittee 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 the MTA, MCOG, and 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.

An example of an alternate formula would follow a similar structure to the existing STA formula where a certain portion of the allocation to a senior center (e.g., 50 percent) is based on performance and the remaining portion is based on another measure, such as service area population. Another method would allocate a portion of funding based on the discretion of MCOG and MTA working collaboratively to evaluate funding needs of each program. The purpose of the suggested formula is to tie in a certain measure of performance that is already present in the funding process (senior center fare revenues provide local match to TDA) and to further incentivize the Senior Centers to increase productivity.

Conclusion:

This recommendation is in process and is forwarded for ongoing consideration and implementation.

Prior Recommendation 3

Strengthen existing role and explore additional functions of the Social Services Transportation Advisory Council (SSTAC).

Actions taken by MCOG:

The SSTAC has had several opportunities for a larger role in regional transportation. The SSTAC reviewed and provided input on the development of the Regional Transportation Plan (RTP) and the Active Transportation Plan at several meetings during the audit period. This involvement will continue with the next RTP update in February 2022.

Another action to increase the role of the SSTAC is to add another step in the annual unmet transit needs process. Previously, the SSTAC was involved in development of the initial list of unmet needs in late fall/early winter; then the TPC would provide recommendations to the MCOG Board. The process now includes an additional review by the SSTAC following MTA analysis and TPC recommendations, prior to final MCOG Board action. This step takes place in the spring each year.

Conclusion: This recommendation has been implemented.

Section IV

Detailed Review of RTPA Functions

In this section, a detailed assessment of MCOG's functions and performance as an RTPA during this audit period is provided. Adapted from Caltrans's *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, MCOG's activities can be divided into the following activities:

- Administration, management, and coordination
- Transportation planning and programming
- TDA claimant relationships and oversight
- Marketing and transportation alternatives
- Grant applications and management

Administration, Management, and Coordination

Following a major change to the administrative structure in 2014 due to a Caltrans pre-award audit in which MCOG awarded one contract to Dow & Associates for administrative and fiscal services and the other to Davey-Bates Consulting for planning services, MCOG administration continued to evolve during this current performance period. For example, under the previous contract, MCOG had two clerical positions for one firm. Under the new contract, one clerical position was assigned to each during this audit period. Increases in overhead were minimal as office space size was generally maintained.

At the end of this performance audit period (June 2018), another significant change was made when a new executive director was hired. The long-serving prior executive director retired as anticipated. The new director is a former program manager with MCOG and engages in more external affairs to develop relations and build partnerships with a variety of key stakeholders and decision makers to enhance MCOG. Other staff changes included refinement of and more specific duties for the regional project manager to serve in a regional project coordinator role to provide project level coordination and data gathering and analysis. The regional project manager/regional project coordinator is a shared position between MCOG and Lake County/City Area Planning Council, with approximately two-thirds time spent with MCOG. Another position, the MCOG program manager, works with planning and programming

documents such as the RTP, Regional Transportation Improvement Program (RTIP), STIP, and Active Transportation Plan.

Although there have been no procedural changes, MCOG personnel have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for an RTPA and COG. The process to issue the RFPs for contract administration and planning was conducted quickly by the County in response to Caltrans's pre-award audit. With the settling of MCOG contract staff and business practices since the contract award, an opportunity exists for ongoing MCOG review and evaluation of the organization in light of the growing responsibilities placed on RTPAs and COGs.

MCOG continued efforts in updating procedural manuals such as its in-house TDA document, finance manual, procurement manual, and records retention and destruction policy. Clerical staffing shortages during the audit period contributed to the delay with the updates. These types of procedural manuals are in various stages of updating, and in the case of the TDA, MCOG is anticipating providing training to the claimants of the funds, such as the local jurisdictions, and the MTA following completion of the document.

MCOG, through the regional project coordinator, works with member agencies to provide local assistance and funding support. Duties include assisting as needed with applying for and obtaining transportation grants for mode-specific improvements for the smaller jurisdictions and communities.

Also, the MCOG chief financial officer received extensive state-provided training and was responsible for developing subrecipient agreements for pass-through funds to local agencies. A master agreement for five years was developed and signed off by each of the four cities and the county, effective July 1, 2017, through 2022. Annual exhibits including a scope of work and budget, sample subrecipient invoice, and MCOG's adopted policies and instructions are attached to the master agreement for each jurisdiction, which closes the information loop between their fiscal and planning departments within each jurisdiction. The agreements and exhibits clarify and set expectations on the funding and reimbursement amounts MCOG is passing through to the local jurisdictions, while also meeting state compliance to expend and be reimbursed for the following state and federal planning funds:

- LTF under the TDA
- State Rural Planning Assistance
- State Planning, Programming & Monitoring
- Regional Surface Transportation Program
- Other funding sources, such as grants, to be identified as applicable annually

MCOG work activities are prioritized in the annual Overall Work Program (OWP) and accompanying budget adopted by the board. The OWP and budget describe the transportation planning projects and required mandates that are to be undertaken and funded for the upcoming fiscal year. Board-approved amendments to the OWP are made as changes occur during the year to the projects and/or funding.

Beginning in FY 2017-18, MCOG's transportation planning staff work elements were reorganized to shift from a large comprehensive general work element for routine day-to-day tasks to several new more focused work elements that more closely align tasks with eligible funding sources. Depending on project type, the responsibility to implement work elements described in the OWP is assigned to MCOG, the cities and county, or MTA. Examples of these projects include combined special studies, street safety plan, transit designs guidelines manual, and transportation planning for Mill site reuse and rezoning.

Regarding the MCOG board, new board members attend a presentation given by staff as part of their orientation. This includes an updated presentation manual highlighting MCOG's role and function. MCOG staff enable on-the-ground education for board members by taking them on transportation tours throughout the county once or twice a year to gain a first-hand glimpse of community projects. The public and media are also invited to join the tours.

Transportation Planning and Programming

Regional Transportation Plan

MCOG prepared and adopted the 2017 RTP in February 2018. This RTP updates the 2010 RTP, which was previously being updated in phases through the end of 2014 when the MCOG board decided to adopt a revised update schedule, shifting from a five-year update cycle to a four-year cycle. This change was needed to allow the Regional Housing Needs Assessment planning period to shift from a five-year to an eight-year cycle. This decision reset the next RTP update due date to December 2017, which the current plan meets.

The updated RTP goals and policies closely reflect those in the *Vision Mendocino 2030 Blueprint Plan* as well as those from Assembly Bill 32 and Senate Bill 375, which support the state's climate action goals to reduce greenhouse gas emissions through coordinated transportation and land use planning. In preparing the RTP, MCOG staff coordinated with the public and staff from Caltrans, Mendocino County Department of Transportation, Mendocino County Department of Planning and Building Services, City of Ukiah, City of Willits, City of Fort Bragg, and City of Point Arena. Other agencies such as the MTA, North Coast Railroad Authority, Sierra Railroad, Noyo Harbor District, Air

Quality Management District, several airports that serve the region, and Walk & Bike Mendocino were also contacted.

Various transportation modal elements were addressed in the RTP such as the state highway system, county roads and city streets, active transportation, public transit, aviation, maritime, railroad, and tribal transportation. The action plan for the public transit system will focus largely on replacement of its fleet as necessary. Other projects include implementation of information technology systems to aid in efficient transit delivery, revamping MTA's solar facilities, bus stop improvements, and construction of new administration and operations buildings.

Public and stakeholder involvement was a major component of the RTP, and was guided using MCOG's adopted Public Participation Plan, which was designed with a public and interagency participation strategy for the RTP. The process included hosting a series of public workshops throughout the county to assess needs and identify priorities for projects in the RTP and Active Transportation Plan. In conjunction with the public workshops, an online survey was developed to help identify needs and determine areas of public concern and support for transportation projects. MCOG staff also gathered information and provided opportunity for public input at a number of other meetings, such as meetings of the Laytonville Municipal Advisory Council and Gualala Municipal Advisory Council. Members of the public and private sector were included in mailing lists for these meetings and have had opportunities to provide input.

Regional Transportation Improvement Plan

MCOG prepares and submits the RTIP to Caltrans every two years. In December 2015, MCOG adopted and submitted the 2016 RTIP. However, due primarily to the decrease in the price-based excise tax, the adopted 2016 State Transportation Improvement Program (STIP) fund estimate did not identify any new programming capacity for the region while the STIP as a whole was overprogrammed in the early years of the funding cycle. Because of the lack of funding statewide, MCOG worked with local agency project sponsors to determine what projects should be delayed to accommodate the shortfall. The only additional programming requested by the region was to accommodate cost increases in two "child projects" of the region's priority state highway project (Willits Bypass). MCOG's share in these cost increases totals \$349,000. MCOG had to later amend the RTIP and delete projects due to a revised negative fund estimate from the state.

In December 2017, MCOG adopted and submitted the 2018 RTIP, highlighted by the adopted 2018 STIP fund estimate that identified available STIP programming through FY 2022-23 of \$3,000,000 for the Mendocino County region. The total includes planning, programming, and monitoring funds in the amount of \$298,000, as well as \$43,000 which was previously approved for cost increases on the Sherwood Road Geometric Upgrade project. Reprogramming of projects that were deprogrammed in the 2016 STIP

was determined to be a statewide priority in the 2018 STIP. In addition to replacement of deleted projects, MCOG funding for additional components was needed on one existing regional project, as well as funding for cost increases on the aforementioned two “child projects” from the completed Willits Bypass.

Transportation Partnerships to Reduce Greenhouse Gas Emissions

As part of the Mendocino region’s commitment to reducing greenhouse gas emissions, MCOG has participated in several significant transportation partnerships over the past few years. From 2014 to 2018, MCOG staff helped to win a competitive grant and provided key personnel for "Bringing Electric Vehicle Charging Stations to Mendocino County California State Parks," funded by the California Energy Commission. In addition to state park locations, this project installed public chargers in Fort Bragg, Willits and Point Arena covering regional sites in MCOG's ZEV Plan.

In 2016, MCOG partnered with ChargePoint, a leading equipment manufacturer and network operator, on the Mendocino Express Interregional Corridor Project to install electric vehicle fast chargers along US 101 through northern Sonoma and Mendocino Counties as part of a statewide network, funded by the California Energy Commission. In 2017, MCOG participated in the North Coast and Upstate Fuel Cell Readiness Project to prepare nine of California’s northernmost counties for the introduction of fuel cell electric vehicles, also funded by California Energy Commission. In 2019, MCOG developed the *Mendocino County Zero Emission Vehicle (ZEV) and Alternative Fuels Readiness Plan Update* in consultation with a consultant and a regional ZEV advisory group. The plan provides research, recommendations, and resources for local agencies to meet a target of 150 public Level 2 electric vehicle chargers to meet 2025 demand, requiring the installation of 69 new chargers countywide.

TDA Claimant Relationships and Oversight

This functional area addresses MCOG’s interaction with TDA claimants and its administration of the provisions of the TDA. The subfunctions include costs to administer the program, TDA claims processing, and transit performance monitoring. As all LTF have been used for public transit purposes, state law does not require MCOG to undertake a formal unmet transit needs process. However, MCOG is commended for continuing this practice and working with the MTA, SSTAC, and TPC to solicit, analyze, and recommend unmet transit needs that are reasonable to meet.

A public workshop is held each year in compliance with the statute, which requires at least one public hearing in the citizen participation process. MCOG provides proper legal noticing and advertising of the public hearing in general circulation publications (four area newspapers), on an email listserv, and on the MCOG website. The TPC makes recommendations based on unmet needs analyses and evaluations of performance indicators of MTA services. These recommendations are shared with the SSTAC for

review and comment. A formal finding of unmet transit needs that are reasonable to meet is made to the Council for adoption by resolution. For the audit period, findings were made that “there are unmet transit needs that are reasonable to meet.”

Implementation of these unmet needs are generally contingent on funding availability. For example, unmet transit needs identified in 2016 were contingent on approval of MTA’s grant proposal under the FTA Section 5311f program, while in 2017, unmet needs were contingent on approval of MTA’s grant proposal for Mobility Management under the FTA Section 5310 Expanded Program and other grant opportunities. Further, in 2018, unmet needs were contingent on review of existing routes, update of the funding formula for the senior centers’ transportation contracts, and potential new revenues through the FTA Section 5311 program.

MCOG Administration and Planning

The uses of TDA revenues apportioned to Mendocino County flow through a priority process prescribed in state law. MCOG is able to allocate LTF revenues for TDA administration and planning purposes. During the audit years of 2016 through 2018, MCOG claimed the following total amounts:

Table IV-1
LTF Claims by MCOG for
Administration, Planning, and Programming

Fiscal Year	Administration of TDA & Planning and Programming
2016	\$553,053
2017	\$510,570
2018	\$549,426

Source: Annual MCOG Financial Statements, Schedule of Allocations, Expenditures, and Operating Transfers

Based on the above table, in FY 2016, the amount claimed by MCOG equaled approximately 15.2 percent of total LTF allocations (\$3,625,639). In FY 2017, the amount was 14.2 percent (out of \$3,594,562), and in FY 2018, the amount was 13.6 percent (out of \$4,033,756). The lower expenditures by MCOG in FY 2017 were due to planning and programming costs, which were below LTF allocation levels.

LTF funds are allocated to eligible agencies including MCOG, local jurisdictions for bike/pedestrian projects, and the MTA for public transportation. MCOG has an existing adopted reserve policy to set aside the larger of \$100,000 or 5 percent of the County Auditor's official LTF estimate. Conditions for their use are when actual LTF revenues fall short of LTF budget allocations, or extreme or unusual circumstances warrant an additional allocation. LTF reserve funds are available for transit services provided by the MTA which have been funded by MCOG through the annual transit claims and budget

process. During the audit period, MCOG held annual reserves at 5 percent of the LTF estimate, or between \$171,000 to \$175,000. This is notable given the lower reserve balances recommended by the MCOG Executive Committee in the prior triennial period due to depleted funds to cover transit revenue shortfalls stemming from the last recession.

TDA Claim Processing

On an annual basis during this audit period, MCOG was responsible for managing the apportionment of between \$3.6 and \$4.0 million in LTF revenues, and up to \$620,000 (FY 2015-16 MCOG budget) in STA funds (including carryover). STA revenues were lower in the ensuing two fiscal years due to lower fund estimates provided by the State Controller Office and from a reduced STA fund balance.

Preliminary TDA apportionments are released in February, and TDA claims are due to MCOG by April prior to the fiscal year of the claim. To its credit, MCOG uses a locally derived claims checklist to ensure that proper information is submitted by the MTA with the TDA claim. The checklist shows 10 different items that must be presented, including current and previous budgets, CHP inspection certification, capital plan, and compliance with audit recommendations. A second checklist of nine findings for compliance with the TDA is also developed as a condition of the operator's eligibility for the funds. The checklists provide uniformity to the claims process and ensure that adequate information is provided to substantiate the claim for TDA revenues.

An in-house TDA manual is also available, which provides a chronology of key dates in the TDA process. The manual provides a checklist of activities by month including the unmet transit needs process in the fall, due dates for various audit reports, board resolution preparation, and budgeting. As described in the prior performance audit recommendations section, MCOG has worked with the TPC to update its TDA manual to reflect new legislation from Senate Bill 508. Updates included changing the MTA minimum farebox recovery ratio consistent with the new law, and incorporating the STA operating efficiency criteria. MCOG is continuing its update of the manual.

TDA Allocations for the MTA/Senior Center Transportation

As part of the MTA claim, a certain level of TDA funds are provided to the senior center transportation services that are under contract to the MTA. As the designated CTSA, the MTA contracts with five senior centers to provide specialized services for their clients. The level of TDA funds to subsidize the special services is capped at 88 percent of total operations cost per senior center. The remaining 12 percent is matched by fares and other revenue dedicated by the senior centers to their respective transit programs. According to MTA budgets, the total TDA operating subsidy for the senior centers ranged from \$462,360 to \$473,056 annually, which is approximately 15.7 percent of MTA's annual allocation of LTF to provide public transportation. Changes in revenue

amounts during the audit period trickle down to each senior center on a proportional basis, meaning each senior center's TDA is increased by the same percentage relative to its subsidy amount. MCOG and MTA continue to work on the funding formula to allocate the share of TDA to each senior center; the formula was based on agreements made in the mid-1990s. A prior performance audit recommendation addresses the funding formula and suggested an alternate formula for consideration by MCOG and MTA. This prior recommendation is carried over in this audit for full implementation.

Transit Performance Monitoring

The TPC provides a venue for MTA and MCOG elected officials, a senior center representative, and staff to communicate about transit service needs and productivity. In implementing a prior performance audit recommendation, MCOG staff worked with the TPC in developing alternative methods for evaluating transit performance. MCOG tested the options and the TPC ultimately approved one of the alternatives, the CPI Adjusted Rolling Average, with both one-year and three-year results for evaluating MTA performance. The TPC conducts an annual review of performance using a series of performance targets for different transit modes including for dial-a-ride, short-distance bus routes, long-distance bus routes, and senior centers. The metrics include operating cost per hour, operating cost per passenger, passengers per hour, and farebox recovery. These efficiency standards are derived from the prior MTA Transit Development Plan.

Application of the productivity metrics for the three-year audit period by MCOG show that the long-distance bus routes and senior centers generally meet their metrics while the dial-a-ride and short-distance bus routes meet fewer metrics. The TPC holds discussion about the metrics and reasons for their trends, which are documented in the meeting minutes. Formal recommendations can be made on ways to improve service delivery and/or address issues. Examples of formal recommendations made by the TPC from the performance evaluation include the following:¹

1. MCOG consider reducing its farebox standard to ten percent over the next few years and revisit the issue this time next year with another year or two of performance data.
2. MTA work with community partner agencies to address the homelessness problem that is impacting ridership.
3. MCOG encourage MTA to conduct a review of all routes on the system for productivity.

¹ May 17, 2018, TPC Meeting Minutes

Alternatively, in lieu of formal recommendations, consensus by TPC members is met to take interim steps. For example, steps from the performance analysis have included the following:²

1. Move Route 20 Willits/Ukiah performance reporting to Long Distance Bus Routes category. (MTA staff)
2. Continue to watch Farebox Ratio performance of Senior Centers. (TPC)
3. Research options for Passengers per Hour standard. (MCOG staff)

Marketing and Transportation Alternatives

MCOG undertakes a series of public information efforts to gain public input and release information about its projects. MCOG has in place a Public Participation Plan which meets federal transportation mandates and outlines goals and strategies that provide reasonable opportunities for all interested parties and agencies to be involved in the transportation planning process. Generally, a significant public participation program is implemented for large planning endeavors, such as the RTP update. Workshops are held in smaller communities in the county to promote public participation.

Public access to MCOG board meetings has been enhanced through the recording of meetings that are made available on the Internet. All MCOG regular board meetings are available for live streaming and viewing at County of Mendocino's YouTube site (<https://www.youtube.com/channel/UCSYcX7uSxr-GyRh20JtuwFg/playlists>).

Information about MCOG and its work is available through MCOG's updated website (<http://www.mendocinocog.org/>). The website is developed through Streamline Web to provide a content management system designed specifically for local governments to keep in compliance with internet regulations. The website contains information about the agency's role in current transportation projects and programming; transportation plans (RTP, RTIP, etc.); board meeting agendas and minutes; news and issues; transportation links; and a library listing of past projects and studies. A significant improvement is that the website provides easy one-click access to board agendas. MCOG staff also maintains an active email listing for electronic transmission of information. Four list services are available for subscription: public transit, transportation grants, MCOG board agendas, and MCOG news and notices. The agency makes an effort to provide regular online updates of projects and activities under the website's news and notices header.

Alternative transportation is promoted by MCOG in part through its involvement in assisting local jurisdictions to secure grants through the State Active Transportation Program to fund nonmotorized projects and plans. The Active Transportation Program is

² May 2, 2019, TPC Meeting Minutes

also integrated into the goals and policies of the long-range RTP update. MCOG issues competitive calls for projects to use LTF funds for bicycle and pedestrian projects as another funding source to promote a balanced transportation system. In addition, MCOG completed the *Transportation Program Safe Routes to School Non-Infrastructure Grant Report* in December 2018 which is a program to encourage, educate, and enforce increased walking and biking to schools and other locations, by developing and sustaining a wide range of educational and training activities.

Grant Applications and Management

MCOG provides support to the MTA for various state and federal grant programs available for transit. During the audit period, MCOG supported the MTA in its application of Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds and Transit System Security for capital acquisition. The MTA is the project sponsor for application of the funds, and MCOG provides certification that the projects being funded are consistent with the region's transportation program and ensures all expenditure reporting procedures to the state are met. According to the MTA audited financial statements, at the end of FY 2018, the MTA had expended its PTMISEA funding, which coincided closely with one of the last cycles of the state bond program. MCOG and MTA have since coordinated use of Senate Bill 1 transit funds through the STA program including additional STA formula revenue and the State of Good Repair. Low Carbon Transit Operations Program revenue is also available for certain MTA transit activities that reduce greenhouse gas emissions, such as the fare-free ride program for Mendocino College students and capital purchase of an all-electric transit bus.

MCOG programs transit investment projects in required regional improvement plans to enable state and federal transit funds to be passed through to the MTA. MCOG and MTA staff stay aware of federal grant opportunities and work cooperatively to secure discretionary grants, including FTA 5310, 5311, and 5311(f) fund sources for planning, capital, and operations activities. The MTA prepares the grant application with support provided by MCOG.

MCOG secured grant funding from the Caltrans Active Transportation Program to complete the aforementioned *Transportation Program Safe Routes to School Non-Infrastructure Grant Report*. Two non-infrastructure grants (Countywide \$871,000 plus Covelo \$233,000) were awarded and subsequently combined into one comprehensive project (totaling \$1,104,000). Primary project partners included MCOG, Mendocino County Health & Human Services Agency, school districts, and the California Conservation Corps. Among the services conducted for the study were a variety of safe routes to school activities including engineering strategies, education strategies, encouragement strategies, enforcement strategies, and evaluation strategies.

Section V

Findings and Recommendations

The following material summarizes the findings obtained from the triennial audit covering FYs 2016 through 2018. A set of recommendations is then provided.

Findings

1. MCOG has satisfactorily complied with applicable state legislative mandates for RTPAs. Two compliance measures that did not apply to MCOG pertain to 1) adopting rules and regulations for TDA claims under Article 4.5, and 2) regulations regarding urban and rural revenue ratios. There were no such Article 4.5 claims submitted during the audit period, and MTA does not serve an urbanized area.
2. MCOG has significantly improved its compliance with the requirement to annually identify, analyze, and recommend potential productivity improvements for MTA. Analysis on productivity is enhanced through MCOG's annual review of MTA performance reports against MCOG-derived transit standards with both one-year and three-year results to show near- and mid-term data.
3. Of the three prior performance audit recommendations, MCOG implemented two and one is in progress of being implemented. MCOG updated its TDA manual and strengthened the role of the Social Services Transportation Advisory Council. The prior recommendation in progress concerns an alternate funding formula for senior center TDA funds.
4. In June 2018, a new executive director was hired who engages in external affairs to develop relations and build partnerships with a variety of key stakeholders and decision makers to enhance MCOG. Other staff changes included refinement of and more specific duties for the regional project manager/regional project coordinator.
5. With some internal organizational adjustments having occurred since the separation of contracts between administration/fiscal services and planning, MCOG personnel have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for a RTPA and council of government.
6. MCOG received extensive state-provided training to develop subrecipient agreements for pass-through funds to local agencies. The master agreement for five years with each of the four cities and the county clarifies and sets expectations on the scope of work, and funding and reimbursement amounts.

7. MCOG prepared and adopted the 2017 RTP in February 2018. The updated RTP goals and policies closely reflect those in the *Vision Mendocino 2030 Blueprint Plan*.
8. As part of the Mendocino region's commitment to reducing greenhouse gas emissions, MCOG has participated in several significant transportation partnerships over the past few years, including installing electric vehicle fast chargers along US 101, participating in the North Coast and Upstate Fuel Cell Readiness Project, and developing the *Mendocino County Zero Emission Vehicle (ZEV) and Alternative Fuels Readiness Plan Update*.
9. MCOG completed the *Transportation Program Safe Routes to School Non-Infrastructure Grant Report* which is a program to encourage, educate, and enforce increased walking and biking to schools and other locations.

Triennial Audit Recommendations

1. Consider an alternate funding formula for senior center TDA funds.

As a carryover from the prior audit, this recommendation to revisit the formula is taken in context of a larger discussion on the continuation of the MTA's role to administer the senior transportation program with Local Transportation Fund (LTF) revenues.

The MTA and/or MCOG would take the lead, with the other agency providing administrative and technical support, to address the current formula for allocating TDA funds to the senior centers, which does not account for operational performance of the respective systems. A request for more performance review data could be made by both agencies to develop trends and hold discussion of the formula. The MCOG Transit Productivity Committee (TPC) discussed the TDA funding formula for the senior centers in May 2019. The TPC suggested forming 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 also convened a separate ad hoc subcommittee to assist MTA management staff in its review of this service. 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.

An alternate funding formula is suggested for consideration as conditions warrant a review. The alternate formula would follow a structure similar to the existing State Transit Assistance (STA) formula, where a certain portion of the allocation to a transit system is based on performance and the remaining portion is based on the discretion of MCOG in its capacity as the RTPA.

The suggested formula for the senior center TDA allocation would have two portions: one based on fare revenue/dedicated local support generated by each senior center, and the other based on an amount approved by the TPC. Because the split of this allocation would not have to be on a 50/50 basis, like the STA fund, discussion would be needed to determine appropriate amounts.

For the fare revenue portion, each senior center would receive revenue based on its share of fare revenue and local support relative to total fare and local support revenue generated by all senior centers. The remaining TDA amount would come from the discretionary portion, which would be determined by the TPC and based on need, budgets, or other criteria. The purpose of the suggested formula is to tie in a certain measure of performance that is already present in the funding process (senior center fare revenues provide local match to the TDA) and to incentivize the recipients to enhance service or increase productivity. The TDA subsidy amount

provided by the MTA to the senior centers is close to reaching the agreed-upon subsidy cap.

2. Confirm alignment of MCOG personnel roles and responsibilities with RTPA functions.

Although there have been no procedural changes, MCOG personnel have been operating under a new contract relationship that separates staff under two contracts, one for administration/fiscal services and the other for planning. As this organizational change and RFP process was expedited relatively quickly by the County in response to the Caltrans pre-award audit in 2014, MCOG staff have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for a regional transportation planning agency (RTPA) and council of government (COG).

RTPA/COG roles and responsibilities are increasing and are defined through multiple areas such as state and federal statutes, state transportation agency guidelines, funding sources and scopes of work, and local needs and best practice. For example, state law requires an RTPA to develop a long-range regional transportation plan (RTP) pursuant to Government Code section 29532, which MCOG develops. The RTP development process evolves from meeting guidance and best practice that fit local conditions and needs.

The Overall Work Program (OWP), another requirement, is produced by MCOG and contains the annual work scope, budget, and deliverables for the agency. Caltrans provides an in-depth review of the OWP and its alignment with California Transportation Commission and Caltrans guidelines which MCOG continues to evaluate in confirming agency practice. Research and collection of peer agency work programs, organization charts, and staff job descriptions are another means of verifying MCOG activities. As MCOG participates in and is a member of numerous peer groups such as the California Association of Council of Governments, Rural Counties Task Force, and North State Super Region, information is available for an exercise of confirming agency roles.

With the settling of MCOG contract staff and business practices since the contract award, an opportunity exists for ongoing MCOG review and evaluation of the organization in light of the growing responsibilities placed on RTPAs and COGs from changes in state and federal statutes.



MENDOCINO COUNCIL OF GOVERNMENTS

Agenda # 5b
Regular Calendar
MCOG Meeting
5/4/2020

STAFF REPORT

TITLE: Acceptance of Triennial Performance Audit of Mendocino Transit Authority

SUBMITTED BY: Janet Orth, Deputy Director / CFO

DATE: 5.1.2020

BACKGROUND:

In staff's consultation with the independent performance auditor, the Council was advised to consider accepting the audit of Mendocino Transit Authority in addition to MCOG's. A brief presentation will be provided along with the attached report.

According to the Transportation Development Act (TDA), MCOG is required to "designate an independent entity to make a performance audit" of both MCOG and MTA every three years (Section 99246). The independent contractor, Mr. Derek Wong, AICP, of Michael Baker International has turned in the final report of MTA's performance audit for the period ended June 30, 2018. Overall, MTA received a favorable audit.

Compliance with TDA. *"MTA has complied with six of the nine requirements. The Authority was in partial compliance with regard to the submittal of its Transit Operators Financial Transactions Report to the State Controller and annual fiscal and compliance audit, and the reporting of full time equivalent (FTE) employees in the State Controller Report. Management and administrative staff turnover, rebuilding of financial records that were formerly stored on antiquated systems, and a digital attack on MTA computers created challenges in providing information for the financial reports. Two additional compliance requirements did not apply to MTA (intermediate farebox and exclusive urban recovery ratios)." – Executive Summary and Section II, Page 14*

Audit Recommendations. *"Of the five prior performance audit recommendations, MTA implemented one with an additional three carried forward for further consideration and implementation. The last prior recommendation was no longer applicable concerning charter bus service policy which MTA no longer provides. The recommendations carried forward include internal goals for on-time performance, update of the Short Range Transit Development Plan, and consideration of an alternate funding formula for senior center TDA funds." There are a total of four current recommendations. – Executive Summary and Section VI, Pages 48-49*

Performance Trends. The performance audit verifies data that, under California law (PUC Section 99246), transit operators must monitor and report on an annual basis, using certain performance indicators. Performance trends revealed that operating costs increased by nearly 38%, while overall ridership decreased by about 15% during the audit period. *"Decreases in general ridership reflect industry trends during this period as other travel modes became more economically available."* There was staff and management turnover during the period, along with restructuring and challenges such as the ransomware attack on computer records. MTA's farebox recovery ratio remained above the required 10% standard. Other observations were made in the report.

I have certified to Caltrans that the performance audit of the transit operator under MCOG's jurisdiction has been completed, as required by TDA.

ACTION REQUIRED:

Accept the audit report as prepared by Mr. Derek Wong, AICP, of Michael Baker International.

ALTERNATIVES:

The Council could defer acceptance to the MTA Board, or delegate review and recommendation to MCOG's Transit Productivity Committee. In any case, we expect it will be a useful resource for the committee.

RECOMMENDATION:

Accept the presentation and triennial performance audit of Mendocino Transit Authority as prepared by the independent auditor consultant, Michael Baker International.

Enc: FY 2016-2018 Triennial Performance Audit of MTA



FY 2016-2018 Triennial Performance Audit of Mendocino Transit Authority

Prepared for
Mendocino Council of Governments

December 2019

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Executive Summary

The Mendocino Council of Governments (MCOG) engaged Michael Baker International to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operator under its jurisdiction. The performance audit serves to ensure accountability in the use of public transportation revenue. This performance audit is conducted for the Mendocino Transit Authority (MTA or Authority) covering the most recent triennial period, fiscal years 2015–16 through 2017–18.

The audit includes a review of the following areas:

- Compliance with TDA requirements
- Status of prior audit recommendations
- Transit system performance trends
- Detailed functional review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of MTA.

Compliance with TDA Requirements

MTA has complied with six of the nine requirements. The Authority was in partial compliance with regard to the submittal of its Transit Operators Financial Transactions Report to the State Controller and annual fiscal and compliance audit, and the reporting of full time equivalent (FTE) employees in the State Controller Report. Management and administrative staff turnover, rebuilding of financial records that were formerly stored on antiquated systems, and a digital attack on MTA computers created challenges in providing information for the financial reports. Two additional compliance requirements did not apply to MTA (intermediate farebox and exclusive urban recovery ratios).

Status of Prior Audit Recommendations

Of the five prior performance audit recommendations, MTA implemented one with an additional three carried forward for further consideration and implementation. The last prior recommendation was no longer applicable concerning charter bus service policy which MTA no longer provides. The recommendations carried forward include internal goals for on-time performance, update of the Short Range Transit Development Plan, and consideration of an alternate funding formula for senior center TDA funds.

Performance Trends

1. Operating costs system-wide increased by nearly 38 percent over the past three years based on audited data from the FY 2015 base year through FY 2018. The cost increases occurred in FYs 2017 and 2018 as the new general manager began implementing a restructuring of the agency that delivers upon the findings made during an agency assessment conducted by the general manager upon her hire. Significant staff and management turnover, coupled with internal data control issues and a ransomware attack on MTA computer files, necessitated action to create significant new operational policies and greater protection of financial data and other sensitive material. Costs were incurred to hire new administrative positions to carry out these policies and procedures; procure and manage new operations software to more efficiently deliver transit service; better maintain the revenue vehicle fleet; and provide cost of living adjustments (COLA) and increased health coverage to employees. These increases in expenditures were made in an effort to restore employees' trust and confidence in the credibility of the organizational structure.
2. MTA's farebox recovery ratio remained above its required 10 percent standard during the three years of the audit period. With passage of SB 508 in October 2015, the required farebox ratio to meet TDA standards was reduced which places MTA in farebox compliance. MTA continues to use its previous higher farebox ratio as a goal to meet. The farebox recovery ratio to meet compliance was 16.2 percent in FY 2016, 12.8 percent in FY 2017 and 12.6 percent in FY 2018 based on audited data. The average system-wide farebox recovery ratio was 13.9 percent during the triennial review period.
3. Overall ridership decreased by about 15 percent during the audit period. Ridership on both short distance and long distance bus routes decreased close to 12 percent, while Dial-A-Ride ridership decreased 27 percent. Senior center contract services saw a 16 percent increase in ridership. Decreases in general ridership reflect industry trends during this period as other travel modes became more economically available. The most pronounced decline in ridership occurred between FYs 2016 and 2017 with a 9 percent reduction.
4. As a result of increases in operating costs but declines in ridership and lower growth in services (hours and miles), operating cost efficiency trends showed higher cost per passenger and increased cost per service hour. Service effectiveness trends also declined as the number of passengers per hour on MTA services decreased over the past three years.

Functional Review

1. Funding has continued to be constrained which limits MTA's ability to expand overall service. As solutions were being implemented internally to make organizational changes, update outdated operations policies, and fill vacancies in transit operations management, the transit system was held relatively steady from a service delivery perspective which is a testament to the MTA staff during a time of uncertainty within the agency.

2. Investment in cloud-based RouteMatch scheduling and dispatch software aids with the changes in Dial-A-Ride policy back to a service for disabled and senior customers only. MCOG allocated TDA Local Transportation Funds for this system as requested by MTA. Prior to this software, MTA was manually scheduling riders on paper and using an antiquated spreadsheet program. RouteMatch was more recently implemented for the fixed route service to better track vehicles while in operation and improve communication protocol between drivers and dispatch. This improves safety and provides for generation and collection of accurate operations data for reporting to the State and Federal National Transit Database and planning of route improvements.
3. MTA experienced a shortage of drivers which is a recurring industry problem. Drivers, dispatchers, mechanics, and cleaners are represented by Teamsters Union Local 665. The labor agreements called for wage increases. Similar increases were also granted to non-represented staff. The new driver training wage was increased to \$15 as an incentive, with an additional wage increase following completion of the training. Although morale was adversely affected before and during the audit period from the prior organizational culture, changes in the collective bargaining agreement including paid time off and wage increases, among other agency cultural shifts, helped improve employee well-being.
4. Operations management was challenged during the early part of the audit period which was a continuation of issues from the prior three year period. Upon taking the helm, the new general manager prepared a 100-Day Organization Assessment Report which was released in August 2016. The goal of the assessment was to evaluate organizational areas where MTA was experiencing obstacles that impeded its ability to efficiently deliver those services, and focus on the internal factors which impeded or contributed to less than optimal performance. The assessment addressed the turnover in management during the prior 2 to 3 year period.
5. While beyond the audit period, MTA staff contend that the Senior Center transportation programs have evolved into duplicating the same service provided by MTA, in particular in Ukiah and Fort Bragg where MTA also provides Dial-A-Ride service. MCOG indicated through historic information the services largely provided by the Senior Center transportation programs have generally remained the same. In Ukiah, as of September 1, 2019, Dial-A-Ride provided by MTA transitioned from general public to paratransit customers only, meaning door-to-door service for disabled riders and seniors age 62 and over. Ft. Bragg general public Dial-A-Ride service is also operated by MTA which serves seniors door-to-door. Within these same service areas, Redwood Coast Senior Center (Fort Bragg) and Ukiah Senior Center provide door-through-door Dial-A-Ride trips for seniors. Door-through-door service affords the driver flexibility to enter the passenger's location at their request to provide further assistance, which differs from service starting/ending at the front door provided by MTA. The MTA Board of Directors convened an Ad Hoc Sub-Committee to assist MTA management staff in its review of Senior Center service. 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.

Further discussion is on-going by the MTA ad hoc subcommittee and the MCOG Transit Productivity Committee.

6. The FY 2017-18 budget was significantly modified compared to the prior years' budgets reflecting the stamp of MTA's new administrative management. The operating budget is expanded to provide a comparison of revenues and costs between the budget year and the past two years, and a monthly budget breakdown. Also, a new statistics section compares performance measures for each type of service and by bus route for the budget year and the prior year. A newly formed MTA Finance Committee was created to open a more focused channel with board members for agency financial and budget review.

Recommendations

1. Improve upon consistent reporting of performance data to the State Controller.

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.

2. Perform expanded data analysis using results from newly invested technology systems.

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.

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

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.

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

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.

Section I

Introduction

California’s Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities that receive TDA revenues. The performance audit serves to ensure accountability in the use of public transportation revenue.

The Mendocino Council of Governments (MCOG) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operator under its jurisdiction in Mendocino County. This performance audit is conducted for Mendocino Transit Authority (MTA or Authority) covering the most recent triennial period, fiscal years 2015–16 through 2017–18.

The purpose of the performance audit is to evaluate MTA’s effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates the agency’s compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the agency is meeting the PUC’s reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, recommendations have been made which are intended to improve the performance of transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive, and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews and site visit with MTA management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

Overview of the Transit System

MTA covers a 2,800-square-mile service area that encompasses the coastal and inland communities of Mendocino County and includes connections to northern Sonoma County. MTA was created in April 1976 as a joint powers authority (JPA) between the Cities of Fort Bragg, Point Arena, Ukiah, and Willits and the County of Mendocino.

MTA’s mission is to provide safe, courteous, reliable, affordable, and carbon-neutral transportation services. The transit system provides intercity, commuter, local fixed-route, and demand-response services. Other communities served by MTA include Albion, Anchor Bay, Bodega, Bodega Bay, Boonville, Calpella, Caspar, Elk, Fort Ross, Freestone, Gualala, Hopland,

Jenner, Manchester, Mendocino, Navarro, Philo, Redwood Valley, Santa Rosa, Sea Ranch, Stewarts Point, and Windsor.

The JPA is governed by a seven-member board consisting of one appointee from each of the four City Councils (Fort Bragg, Point Arena, Ukiah, and Willits) in Mendocino County, and three appointees from the Mendocino County Board of Supervisors. Members are appointed to serve a two-year term. The County and the Cities of Point Arena and Willits appoint one member each in July of even-numbered years. The County appoints two members and the Cities of Fort Bragg and Ukiah appoint one member each in July of odd-numbered years.

An amendment to the JPA was adopted in May 1993 to reaffirm the purpose and mission of MTA amongst its member agencies. A Memorandum of Understanding (MOU) was adopted concurrent to the JPA amendment to ensure that MTA maintains adequate liability insurance in order to protect each of the parties to the JPA. Bylaws for the MTA Board of Directors were adopted in July 2007 and approved by the Mendocino County Counsel.

A demographic snapshot of key cities and the County within the MTA service area is presented in Table I-1:

**Table I-1
MTA Service Area Demographics**

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census	Population 65 years & older	2019 DOF Population Estimate	Land area (in square miles)
Fort Bragg	7,273	+6.7%	13.7%	7,478	2.75
Point Arena	449	-5.3%	12.9%	463	1.40
Ukiah (County Seat)	16,075	+3.7%	14.5%	16,296	4.72
Willits	4,888	-3.6%	15.2%	4,996	2.80
Unincorporated Area	59,156	+1.4%	15.8%	59,776	3,494.79
Mendocino County	87,841	+1.8%	15.4%	89,009	3,506.34

Source: 2010 US Census; California Department of Finance 2019 estimate.

The City of Ukiah is the county seat and largest city. The county and its incorporated cities saw modest or negative growth between the 2000 and 2010 US Censuses. Fort Bragg had the highest percentage increase in population and Point Arena had the largest percentage decrease in population. The senior citizen population, composed of residents aged 65 and over, is just over 15 percent countywide. The 2019 population for Mendocino County is estimated to be 89,009 as reported by the California Department of Finance.

Forestry, government, tourism, and viticulture are mainstays of the local economy. Major highways traversing Mendocino County include US 101 and State Routes (SR) 1, 20, 128, 162, 175, 253 and 271. US 101 is the main highway connecting Mendocino County with Sonoma County and the San Francisco Bay Area to the south and Humboldt County to the north. SR 1 is the main coastal route. SRs 20, 128, and 162 connect the coastal region with the inland valleys.

System Characteristics

MTA operates different types of transit services: local fixed route, flex route, intercity, commuter, and Dial-A-Ride. The local fixed routes run in Fort Bragg, Ukiah, and Willits. Ukiah Local Route 9 connects with Lake Transit (Lake Transit Authority) at the Pear Tree Center stop in Ukiah. Intercity services connect inland and coastal communities with trips dispersed throughout the day, whereas commuter services run to and from Santa Rosa and provide connections with other transit systems in neighboring Sonoma County and beyond. Routes 65 and 95 provide commuter service daily to Santa Rosa, which allows for connections to Amtrak Thruway buses, Golden Gate Transit, Sonoma County Transit, and Santa Rosa CityBus. MTA categorizes these various services by geography such as inland routes, and coastal and long routes. MTA’s fixed-route services during the audit period are described in detail in Table I-2.

**Table I-2
MTA Bus Services**

Route Number	Route Description	Frequency/Operation	Key Time Points
1	Willits Local	Hourly (Monday through Friday from 7:12 a.m. to 6:33 p.m.)	<ul style="list-style-type: none"> ▪ Integrated Service Center ▪ Evergreen Shopping Center ▪ Safeway ▪ Little Lake Clinic ▪ Willits Post Office ▪ Redwood Meadows ▪ Willits City Park ▪ Sherwood Casino ▪ Willits Senior Center
5	BraggAbout (Fort Bragg Local)	Hourly (Monday through Friday from 8:00 a.m. to 5:57 p.m.) Two evening trips (Saturday from 6:30 p.m. to 10:00 p.m.)	<ul style="list-style-type: none"> ▪ Boatyard ▪ College of the Redwoods ▪ Coast Hospital ▪ Safeway ▪ Rite Aid ▪ CV Star Aquatic Center ▪ Footlighters ▪ Stewart/John Cimolino Way
7	Ukiah Jitney	Three northbound/two southbound trips (Monday through Friday from 7:10 a.m. to 5:45 p.m.)	<ul style="list-style-type: none"> ▪ Mendocino College ▪ U-Haul ▪ Library ▪ Ukiah Theater ▪ Public Health Department ▪ Airport ▪ Plant Road/South State Street
9	Ukiah Local	Every 30 minutes (Monday through Friday from 6:39 a.m. to 5:40 p.m.) Hourly (Monday through Friday from 5:00 p.m. to 10:55 p.m.)	<ul style="list-style-type: none"> ▪ Plant Road/South State Street ▪ Community Clinic @ Shelter ▪ Airport ▪ Walmart/Food Maxx ▪ Yokayo Center ▪ Pear Tree Center

Route Number	Route Description	Frequency/Operation	Key Time Points
		Every 45 minutes (Saturday from 7:40 a.m. to 5:19 p.m.)	<ul style="list-style-type: none"> ▪ Library ▪ Walnut Village ▪ Raley's ▪ Mendocino College
20	Willits – Redwood Valley - Ukiah	Three morning round trips and three afternoon round trips (Monday through Friday from 6:39 a.m. to 6:35 p.m.)	<ul style="list-style-type: none"> ▪ Willits City Park ▪ JD Redhouse ▪ Hospital ▪ Hwy 101 @ Baechtel ▪ Redwood Valley Center ▪ Taylor's ▪ Mendocino College
60	Mendocino – Caspar – Fort Bragg	Four bidirectional round trips (Monday through Friday – an extension of Route 5-Bragg About from 7:18 a.m. to 5:30 p.m.) Two evening trips (Saturday from 6:30 p.m. to 10:00 p.m.)	<ul style="list-style-type: none"> ▪ Navarro River ▪ Albion ▪ Little River ▪ Mendocino ▪ Caspar Beach ▪ Boatyard
65	Santa Rosa – Ukiah – Willits – Fort Bragg - Mendocino	Four northbound trips & four southbound trips - two trips in each direction continue to Santa Rosa (Monday through Saturday from 6:30 a.m. to 7:58 p.m.) One northbound trip & one southbound trip (Sunday from 6:30 a.m. to 5:52 p.m.)	<ul style="list-style-type: none"> ▪ Fort Bragg ▪ Willits ▪ Redwood Valley ▪ Ukiah ▪ Hopland ▪ Windsor ▪ Santa Rosa
75	South Coast to Ukiah	One morning northbound trip & one afternoon southbound trip (Monday through Saturday from 7:45 a.m. to 5:55 p.m.) Note: No Saturday service to Fort Bragg	<ul style="list-style-type: none"> ▪ Gualala ▪ Anchor Bay Store ▪ Point Arena ▪ Manchester ▪ Navarro ▪ Philo ▪ Boonville ▪ Ukiah
95	South Coast to Santa Rosa	One morning southbound trip & one afternoon northbound trip (Monday through Saturday from 8:00	<ul style="list-style-type: none"> ▪ Point Arena ▪ Anchor Bay ▪ Sea Ranch ▪ Fort Ross

Route Number	Route Description	Frequency/Operation	Key Time Points
		a.m. to 7:05 p.m.; Sunday from 10:00 a.m. to 7:05 p.m.)	<ul style="list-style-type: none"> ▪ Jenner ▪ Bodega Bay ▪ Freestone ▪ Sebastopol ▪ Santa Rosa

Source: MTA

MTA’s fixed-route system does not operate on the following holidays: New Year’s Day, Martin Luther King Jr. Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, and Christmas Day. Commuter routes 65 and 95 operate every day except Thanksgiving and Christmas Day.

Dial-A-Ride

During the audit period, MTA provided curb-to-curb Dial-A-Ride service in the communities of Fort Bragg and Ukiah. Dial-A-Ride service was available to the general public as well as to seniors and persons with disabilities. Discounted fares are offered to seniors age 62 and older and disabled passengers with a valid MTA discount card or Americans with Disabilities Act (ADA) certification. The Dial-A-Ride fare structure is based on zones in each respective service area. Fort Bragg has four fare zones and Ukiah has five fare zones. MTA’s Dial-A-Ride services are outlined in Table I-3.

**Table I-3
MTA Dial-A-Ride Services**

Dial-A-Ride Service	Operation
Fort Bragg	Monday through Friday: 8:00 a.m. to 6:00 p.m. Saturday: 10:00 a.m. to 5:00 p.m.
Ukiah	Monday through Friday: 7:00 a.m. to 6:00 p.m. Saturday: 10:00 a.m. to 5:00 p.m.

Source: MTA

In addition to the aforementioned general public Dial-A-Ride services, ADA paratransit services are available to persons with disabilities who live within a three-quarter-mile radius of MTA’s fixed-route services in Fort Bragg, Ukiah, and Willits. Reservations can be made 24 hours in advance or on a space available basis. In Ukiah and Fort Bragg, ADA paratransit service is operated by MTA. In Willits, ADA paratransit service is provided by Willits Seniors Inc.

Although outside of the audit period, MTA changed the Dial-A-Ride service to serve only seniors and persons with disabilities effective September 1, 2019. Riders are required to reserve trips at least 24 hours in advance. A subscription service is available for those riders with recurring pick-

up times. The changes also include an expanded service area and reduced fares. The Dial-A-Ride service area has been expanded to include central Redwood Valley to the north and Regina Heights, Deerwood, Manor Oaks, and Lake Mendocino to the east. Fares have been reduced to \$6.00 per trip.

As the designated Consolidated Transportation Services Agency (CTSA) for Mendocino County, MTA also contracts with local senior centers to provide demand-response services. The primary policy goal of this service was originally to provide door-through-door transportation with assistance. The senior centers serve a broad array of transportation needs among seniors and disabled individuals in the communities they serve.

Fares

MTA’s fare structure is reflective of its broad and varied service area. Local fixed-route fares are fixed; however, intercity and commuter-route fares are based on the distance traveled. Senior (age 62 and older), disabled, and student fares are discounted with a valid MTA discount card. Up to two children, age 6 years and under, ride free with a fare-paying adult 16 years of age or older. In addition to cash fares, MTA offers several multi-ride pass options. Monthly passes are based on the number of zones traveled up to three zones. The Youth Summer Pass is available during the months of June, July, and August. A 16-Ride Punch Pass is good for travel in one zone. Passes can be purchased directly from the driver or at MTA’s offices located in Fort Bragg and Ukiah. The fare structure during the audit period is shown in Table I-4.

**Table I-4
MTA Fare Schedule**

		Senior/ Disabled (with MTA Discount Card)
Local Fixed Routes	Regular	
Fort Bragg/Ukiah/Willits	\$1.50	\$0.75
Intercity & Commuter Routes	Regular	Senior/ Disabled (with MTA Discount Card)
Coastal Services (Routes 5, 60 & 75)	\$1.50 - \$5.75	\$0.75 - \$2.60
Inland Services (Routes 1, 7, 9 & 20)	\$1.50 - \$3.00	\$0.75 - \$1.50
Routes 65	\$1.50 - \$23.00	\$0.75 - \$11.50
Route 95	\$1.50 - \$8.25	\$0.75 - \$4.10 \$1.05 - \$6.00 (Students)
Dial-A-Ride		
General Public (Central Zone)	\$6.00	
Senior (age 62 and older)/Disabled	\$3.00	
Children Age 6 and Under	\$1.25	

		Senior/ Disabled (with MTA Discount Card)
Local Fixed Routes	Regular	
ADA Attendant		Free
ADA Companion		\$3.00
Each Additional Zone Traveled		\$6.00
Passes		
One-Zone (Good for trips within Ukiah, Willits, Fort Bragg and between Fort Bragg and Mendocino)		\$35.00
Two-Zone (Good for trips between Ukiah and Redwood Valley, Willits and Redwood Valley)		\$57.00
Three-Zone (Good for trips between Willits and Ukiah and Boonville and Ukiah)		\$85.00
Youth 18 years of age and younger		\$45.00
16-Ride Punch Pass (one fare zone per punch)		\$17.00

Source: MTA

Fleet

There were 43 vehicles in the total fleet during the audit period. All MTA buses are wheelchair accessible in compliance with the ADA. Large MTA buses are also equipped with bike racks which hold two bikes each. MTA made significant bus procurements in 2016 and 2018 to update its fleet, replacing over 20 percent of the revenue vehicles.

Table I-5 shows the vehicle fleet information.

**Table I-5
MTA Fleet**

Year	Make/Model	Quantity	Fuel Type	Passenger Capacity
1999	Gillig Phantom	1	Diesel	43 (2 W/C)
2007	Ford Starcraft	1	Gasoline	16 (2 W/C)
2008	Ford Supreme F450	1	Gasoline	22 (2 W/C)
2010	Ford Glaval	4	Gasoline	16 (2 W/C)
2011	Ford Glaval E350	5	Gasoline	8 (2 W/C)
2011	Ford Glaval E450	2	Gasoline	16 (2 W/C)
2012	International Champion Navistar	2	Diesel	24 (2 W/C)
2013	Ford Glaval Universal	5	Gasoline	8 (2 W/C)
2013	Ford Glaval Universal	3	Gasoline	16 (2 W/C)
2013	Gillig Low Floor HD	8	Diesel	38 (2 W/C)

Year	Make/Model	Quantity	Fuel Type	Passenger Capacity
2015	Ford Glaval Universal	1	Gasoline	16 (2 W/C)
2016	Ford Glaval	4	Gasoline	16 (2 W/C)
2016	Freightliner Medium Duty	1	Diesel	24 (2 W/C)
2016	Glaval Legacy	2	Gasoline	24 (2 W/C)
2018	Ford Glaval E450	3	Gasoline	16 (2 W/C)
Total		43		

Source: MTA

W/C=Wheelchair

The transit vehicles are kept in four yards dispersed around the County to ensure rollout of daily service and to lessen deadhead. The yards are gated with cameras for security at three of the yards (Fort Bragg location does not have cameras for its two vehicles).

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of MTA’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies* to assess transit operators. The guidebook contains a checklist of eleven measures taken from relevant sections of the PUC and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	<p>Completion/submittal dates:</p> <p>General Public Service: FY 2016: October 27, 2016 FY 2017: June 4, 2018* FY 2018: February 19, 2019*</p> <p>Specialized Service (Senior Centers): FY 2016: October 27, 2016 FY 2017: June 4, 2018* FY 2018: March 7, 2019*</p> <p>*Note: New state legislation was passed (AB 1113 - Bloom) on July 21, 2017, that changes the timeline to submit the annual Transit Operators Financial Transaction Reports to the State Controller effective reporting year FY 2017. The submittal date has been extended from within 110 days after fiscal year end to 7 months after fiscal year end, or end of January. This is an extension of about 100 days from the original deadline. With the change in dates, these reports are required to contain underlying data from audited financial statements.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>The FY 2017 & FY 2018 Transit Operators Financial Transaction Reports were submitted after the new statutory deadline to the State Controller. In addition, the signature covers pages were missing from the FY 2018 submittals.</p> <p>Conclusion: Partial Compliance.</p>
<p>The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.</p>	<p>Public Utilities Code, Section 99245</p>	<p>Completion/submittal dates: FY 2016: March 24, 2017 FY 2017: September 26, 2018 FY 2018: February 22, 2019</p> <p>The FY 2017 TDA Fiscal and Compliance Audit was not submitted within the 180-day time frame or the 90-day extension period.</p> <p>Conclusion: Partial Compliance.</p>
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator’s compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator’s terminal.</p>	<p>Public Utilities Code, Section 99251 B</p>	<p>MTA participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspections were conducted at MTA’s operation facility at 241 Plant Road in Ukiah.</p> <p>Inspection dates applicable to the audit period were February 18, 2015; March 3, 2015; March 1-3, 2016; March 15, 16 & 29, 2017; March 12, 14 & 29, 2018; and April 10, 2018.</p> <p>Inspections were rated satisfactory.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Complied.
The operator’s claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	As a condition of approval, MTA’s annual claims for Local Transportation Funds (LTF) and State Transit Assistance (STA) are submitted in compliance with the rules and regulations adopted by MCOG. MCOG completes a claims checklists verifying all applicable materials are submitted by MTA with the claim, and makes findings to allocate the funds. Amendments to the claims are submitted as funding and operating conditions warrant. Conclusion: Complied.
If an 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.	Public Utilities Code, Section 99270.1	This requirement is not applicable, as MTA only serves a nonurbanized area. Conclusion: Not Applicable.
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).	Public Utilities Code, Section 99266	Percentage increase in MTA’s operating budget: FY 2016: +4.9% FY 2017: +3.3% FY 2018: +3.8% <i>Source: MTA Operating Budget for FYs 2015–2018</i> Conclusion: Complied.
The operator’s definitions of performance measures are	Public Utilities Code, Section 99247	MTA’s definition of performance is generally consistent with PUC Section

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.		99247. A review of trip sheets and summary reports during the audit period indicates that correct performance data are being collected. However, the State Controller Report shows a significant decline in full time equivalent (FTE) count over the three year period, indicating miscalculations of total employee hours and dividing by 2,000 hours. Conclusion: Partial Compliance.
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	This requirement is not applicable, as MTA only serves a nonurbanized area. Conclusion: Not Applicable
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	MTA is subject to a farebox ratio of 10%. The farebox ratios using audited data were as follows: FY 2016: 16.2% FY 2017: 12.8% FY 2018: 12.6% <i>Source: Annual Fiscal and Compliance Audits</i>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Complied.
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 within 40 years.	Public Utilities Code, Section 99271	MTA maintains two pension plans for its employees: one covering temporary and casual part-time employees (less than 20 hours per week), and another for full-time and part-time employees. Temporary and casual part-time employees are covered by a Section 457 plan. Full-time and part-time employees, including MTA administrative staff and employees represented under Teamsters Local 665, are covered by CalPERS. Conclusion: Complied.
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.	California Code of Regulations, Section 6754(a)(3)	MTA utilizes federal funds that are available to the agency, as reported in the National Transit Database and Transit Operators Financial Transactions Report. FY 2016: \$631,245 (operations) \$300,000 (capital) FY 2017: \$469,217 (operations) FY 2018: \$1,023,836 (operations) \$309,131 (capital) <i>Source: FY 2016-2017 National Transit Database & FY 2018 Transit Operators Financial Transactions Report.</i> Conclusion: Complied.

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to MTA, the operator fully complied with six of the nine requirements. The Authority was in partial compliance with regard to the submittal of its Transit Operators Financial Transactions Report to the State Controller and annual fiscal and compliance audit, and the reporting of full time equivalent (FTE) employees in the State Controller Report. Management and administrative staff turnover, rebuilding of financial records that were formerly stored on antiquated systems, and a digital attack on MTA computers created challenges in providing information for the financial reports. Two additional compliance requirements did not apply to MTA (intermediate farebox and exclusive urban recovery ratios).
2. MTA's farebox recovery ratio remained above its required 10 percent standard during the three years of the audit period. With passage of SB 508 in October 2015, the required farebox ratio to meet TDA standards was reduced which places MTA in farebox compliance. MTA continues to use its previous higher farebox ratio as a goal to meet. The farebox recovery ratio to meet compliance was 16.2 percent in FY 2016, 12.8 percent in FY 2017 and 12.6 percent in FY 2018 based on audited data. The average system-wide farebox recovery ratio was 13.9 percent during the triennial review period.
3. MTA participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period, with only minor findings.
4. The operating budget exhibited modest increases during the period, which were attributed to higher administrative and maintenance costs. The budget increased 4.9 percent in FY 2016; 3.3 percent in FY 2017; and 3.6 percent in FY 2018.

Section III

Prior Triennial Performance Recommendations

MTA's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the Authority's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Develop internal goals for collection and measurement of on-time performance.

Background: As a carryover from the prior performance audit, it was recommended that MTA develop a minimum standard for on-time performance as a means to measure the relative improvement to schedule adherence. While the minimum standard could be based on actual data observations, which show about an 80 percent on-time rate, the standard range would be set higher to a higher goal, such as to 85 percent or 90 percent.

It was also recommended to determine a minimum number of time checks to be conducted. Time checks would be focused at critical points of the system, such as at major transfer points, along popular routes, and areas for propensities for delays. To aid in developing a consistent method of checking on-time performance, it was suggested that MTA investigate the capabilities of its existing Global Positioning System (GPS) technology as a tool for improved tracking of vehicles and recording of schedule adherence. Reliance on technology to report on-time performance is widely practiced across transit properties and serves to increase the number of observations among more routes, while reducing manual input and staff resources.

Actions taken by MTA

With the various changes occurring at MTA in administrative staffing and operations, and the need to address higher level needs, this particular activity was delayed in terms of adjustments to goals for collection and measurement of on-time performance. During the audit period, MTA procured route match software for fixed route which automates functions and data collection including Route Match Automated Vehicle Locator and on-board tablets. Start-up issues in implementing the software across the fixed route service delayed implementation of the system originally planned for Spring 2018. Tracking on-time performance using this software to develop an on-time goal is a function built into the system as the agency improves use of the software's functionality for a host of operational activities and collection of data.

From the customer perspective, MTA debuted a new technology to enhance customers' experience using a real-time bus app that shows where the bus is and when it will arrive at their

stop. Called Route Shout 2.0, the application can be downloaded for free to a mobile phone and used to find the nearest MTA bus stop, bus routes and schedules, and real-time bus arrival times.

Conclusion

This recommendation is in process and is forwarded in this audit for full implementation.

Prior Recommendation 2

Develop a charter policy that meets federal and state requirements.

Background: As a carryover from the prior performance audit, it was recommended that MTA develop a written charter policy that meets FTA requirements as well as state provisions. MTA has been following the requirements as they pertain to charters, including advertising to private vendors. However, the policy has yet to be formalized in written form and approved by the board. The auditor suggested that MTA formally develop and adopt a charter policy reflecting both federal and state compliance. A sample written term is provided in the last section of this audit report that defines special event service and describes a charter bus policy.

A sample written term is as follows:

Special Event Service:

Special event services are bus routes designed to take passengers to a specific venue and are not part of the regularly scheduled operation. (Transit operator name) will provide service under contract to other entities only if the provision of these services does not interfere with (transit operator name)'s ability to meet its regularly scheduled service obligations and fits within the scope of the agency's regular operation in terms of route structure, fares, and span of service. Special event services will be provided on a full cost recovery basis and in conformance with the agency's charter bus policy.

Charter Bus Policy:

Charter service is the use of buses or vans to provide a group of persons under a single contract, at a fixed charge, with the exclusive use of the vehicle or service to travel together under an itinerary either specified in advance or modified after having left the place of origin.

As a grantee of federal funds, (transit operator name) is prohibited from using its federally funded equipment and facilities to provide charter service except on an incidental basis and when one or more of the applicable exceptions below apply:

- Charter service shall be incidental to the mass transportation service and shall be provided only during times of the day when vehicles are not needed for regularly scheduled service.
- Charter service will only be considered when one of the following exceptions apply:

- There are no willing or able private charter operators;
- For special events, the private operators are not capable of providing the service;
- There is a formal agreement regarding the provision of charter services between the recipient and all private charter operators who have been identified as willing and able; or
- For government or certain nonprofit organizations, if the trip involves a significant number of disabled persons; the organization is a qualified social service agency; or the organization receives public welfare assistance funds for which implementation may require transportation services.
- All requests for charter service must be approved by the general manager and may require a waiver from the Federal Transit Administration. Petitions for a waiver should be requested in writing 90 days in advance of the event whenever possible.
- The rates for charter service shall equal or exceed the annual fully allocated cost, including depreciation, of providing charter bus operations, and (transit operator name) shall deduct the mileage and hours from the useful life of the buses.
- The operation of charter service also must comply with relevant state laws, including California Public Utilities Code Section 99250.

Actions taken by MTA

MTA eliminated charter bus services in 2017. MTA instead offers special event services which are used to fill transportation needs during public festivities and special public events. Special event transportation services are geared toward providing a community service that helps people access public events. In September 2018, the MTA Board of Directors approved a ‘Special Events’ schedule for MTA outlining events that MTA would provide vehicles. For example, on a MTA board meeting agenda, the City of Point Arena as a JPA partner requested that their Independence Day Celebration be added to the schedule for July 6, 2019 between the hours of 9:30 pm to 9:55 pm. The transportation service would begin at 4:00 pm and last until 11:00 pm.

Conclusion

This recommendation is no longer applicable as charter bus service is not offered.

Prior Recommendation 3

Consider an alternate funding formula for Senior Center TDA funds.

Background: 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. Although there is an existing local match requirement by the senior centers, an alternate formula is provided in the last section of this audit report which follows a similar structure to the existing State Transit Assistance (STA) formula, where a certain portion of the allocation to a transit system is based on

performance and the remaining portion is based on the discretion of MCOG serving as the regional transportation planning agency. The purpose of the suggested formula is to tie in a certain measure of performance already present in the funding process (senior center fare revenues provide local match to TDA) and further incentivize the recipients to increase productivity while allowing some level of flexibility for MTA to allocate more or less revenue based on service need projections.

Actions taken by MTA

The MCOG Transit Productivity Committee (TPC) discussed the TDA funding formula for the senior centers in May 2019. MCOG and MTA staff, a representative of the senior centers, and local officials serving on the committee held discussion on the history of this funding formula. MTA's reimbursement claim in the annual report shows that subsidy versus operating costs varied widely among the five centers, from 35 percent to 84 percent. A suggestion was made by the committee to form a working group to analyze the issue with a fresh start and possible propose a new basis of performance for the funding formula. The TPC recommended the need to revise the long-standing formula for the senior centers' transportation programs from allocations of the Local Transportation Fund, and continue this item to the next TPC meeting.

The senior center transportation program administered by MTA serving as the designated CTSA has been under review by MTA management regarding transportation program issues. As such, the TDA funding being provided to the senior center transportation program is under review and will be addressed as part of the overall review of the program by MTA, MCOG and the Transit Productivity Committee, in concert with the senior centers.

Conclusion

This recommendation has not been implemented, and is forwarded in this audit for full implementation.

Prior Recommendation 4

Update the Short Range Transit Development Plan (SRTDP).

Background: The current SRTDP was last updated was in March 2012. An update is timely given recent 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 should work with MCOG on applying for planning grant funds for the SRTDP update.

Actions taken by MTA

With changes occurring at MTA and the need to address pressing administrative and operational issues, MTA has not updated the SRTDP. MTA applied at least once for a Caltrans planning grant

for this purpose, but did not receive an award. MTA management indicated that the SRTDP may be updated in-house and transitioned to an annual update with work provided by MTA staff. A redesign of the transit network is being thought-out which could be part of the update that staff would undertake on their own.

Conclusion

This recommendation has not been implemented, and is forwarded in this audit for full implementation.

Prior Recommendation 5

Review opportunities for increasing local revenue to boost farebox recovery.

Background: MTA has sustained an adequate farebox recovery ratio that meets the revised State TDA farebox standard under State Senate Bill (SB) 508 passed in October 2015. MTA was previously required to meet a higher standard under old rules, but now has a lower standard to meet. As an internal goal, however, MTA will strive to meet its higher farebox standard as a measure of good practice and operational control. SB 508 makes changes to how farebox recovery is calculated. Consistent with current practice, transit systems are able to boost their farebox recovery through inclusion of local revenues generated by the transit service. Although the system-wide farebox recovery ratio for MTA exceeds the new 10 percent minimum standard, supplemental revenues would serve in providing a local match for state and federal grants to fund existing and future transit expansion. Other local fund revenues used by transit operators include advertisement on buses and bus shelters, gains on the sale of capital assets, lease revenues generated by transit-owned property, and fare revenue agreements in lieu of individual fare payment with entities that have regular riders. Both revenues and operating costs are modified under SB 508 in deriving the farebox ratio for TDA eligibility purposes, and MTA should work with the fiscal auditor to accurately reflect the farebox ratio allowed under new state law.

Actions taken by MTA

MTA has been able to comply with the farebox recovery ratio without the need for local support revenue, given the lower requirement from SB 508. MTA recognizes local funding support opportunities and has increased its local revenue generation including from advertising on buses and shelters, leasing of its agricultural vans, contracted services, and vehicle maintenance for other agencies. For example, advertising generates about \$90,000 annually which could be added to the farebox for the ratio calculation should the need arise to meet the TDA requirement of 10 percent.

Conclusion

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews MTA's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-5 provide the performance indicators for MTA system-wide and by mode (short distance bus routes, long distance bus routes, Dial-A-Ride, and senior center specialized service). System-wide operating costs and fare revenues are drawn from the audited financial statements which provides the basis for the farebox recovery ratio and TDA eligibility. Performance data by mode are shown for informational purposes to depict the variances in data resulting from these different services provided by MTA. Graphs are also provided on trends for the performance indicators.

**Table IV-1
MTA TDA Performance Indicators
System-wide**

Performance Data and Indicators	Audit Period				% Change FY 2015- 2018
	FY 2015	FY 2016	FY 2017	FY 2018	
Operating Cost*	\$3,824,974	\$3,719,513	\$4,222,099	\$5,270,853	37.8%
Total Passengers	337,221	329,446	299,188	285,514	-15.3%
Vehicle Revenue Service Hours	41,710	44,171	45,975	45,529	9.2%
Vehicle Revenue Service Miles	690,744	700,050	796,498	959,817	39.0%
Employee FTE's	51	49	47	33	-35.3%
Passenger Fares*	\$555,746	\$602,026	\$540,094	\$662,629	19.2%
Operating Cost per Passenger	\$11.34	\$11.29	\$14.11	\$18.46	62.8%
Operating Cost per Vehicle Revenue Service Hour	\$91.70	\$84.21	\$91.83	\$115.77	26.2%
Operating Cost per Vehicle Revenue Service Mile	\$5.54	\$5.31	\$5.30	\$5.49	-0.8%
Passengers per Vehicle Revenue Service Hour	8.1	7.5	6.5	6.3	-22.4%
Passengers per Vehicle Revenue Service Mile	0.49	0.47	0.38	0.30	-39.1%
Vehicle Revenue Service Hours per Employee	817.8	901.4	978.2	1,379.7	68.7%
Average Fare per Passenger	\$1.65	\$1.83	\$1.81	\$2.32	40.8%
Fare Recovery Ratio	14.53%	16.19%	12.79%	12.57%	-13.5%

Source: Annual Fiscal & Compliance Audits, MTA Internal Performance Data Reports, State Controller's Reports

*Operating costs and passenger fare revenues are audited data. Operating costs exclude depreciation, specialized services & contract and charter services, senior administration, vehicle maintenance under CTSA, and mobility management. These exclusions are for farebox recovery reporting in the fiscal audits.

Table IV-2
MTA TDA Performance Indicators
Short Distance Bus Routes

Performance Data and Indicators	Audit Period			% Change FY 2016-2018
	FY 2016	FY 2017	FY 2018	
Total Passengers	175,277	157,589	154,959	-11.6%
Operating Cost per Passenger	\$11.37	\$11.74	\$18.79	65.3%
Operating Cost per Vehicle Revenue Service Hour	\$96.41	\$83.58	\$135.34	40.4%
Passengers per Vehicle Revenue Service Hour	8.48	7.12	7.20	-15.1%

Bus routes include 1 WILLITS LOCAL, 5 BRAGG ABOUT, 7 JITNEY, 9 UKIAH LOCAL, and RCRC. Performance indicators other than total passengers were derived by MTA from a total fixed route basis (short and long distance bus routes combined)

Source: MTA Internal Performance Data Reports

Table IV-3
MTA TDA Performance Indicators
Long Distance Bus Routes

Performance Data and Indicators	Audit Period			% Change FY 2016-2018
	FY 2016	FY 2017	FY 2018	
Total Passengers	116,850	105,059	103,305	-11.6%
Operating Cost per Passenger	\$11.37	\$11.74	\$18.79	65.3%
Operating Cost per Vehicle Revenue Service Hour	\$96.42	\$83.58	\$135.35	40.4%
Passengers per Vehicle Revenue Service Hour	8.48	7.12	7.20	-15.1%

Bus routes include 20 Willits/Ukiah, 60 COASTER, 65/66 CC RIDER, 75 GUALALA/UKIAH, and 95 POINT ARENA/SANTA ROSA. Performance indicators other than total passengers were derived by MTA from a total fixed route basis (short and long distance bus routes combined)

Source: MTA Internal Performance Data Reports

Table IV-4
MTA TDA Performance Indicators
Dial-A-Ride

Performance Data and Indicators	Audit Period			% Change FY 2016-2018
	FY 2016	FY 2017	FY 2018	
Total Passengers	37,319	36,540	27,250	-27.0%
Operating Cost per Passenger	\$14.45	\$11.71	\$15.37	6.4%
Operating Cost per Vehicle Revenue Service Hour	\$55.49	\$47.06	\$43.26	-22.0%
Passengers per Vehicle Revenue Service Hour	3.84	4.02	2.82	-26.6%

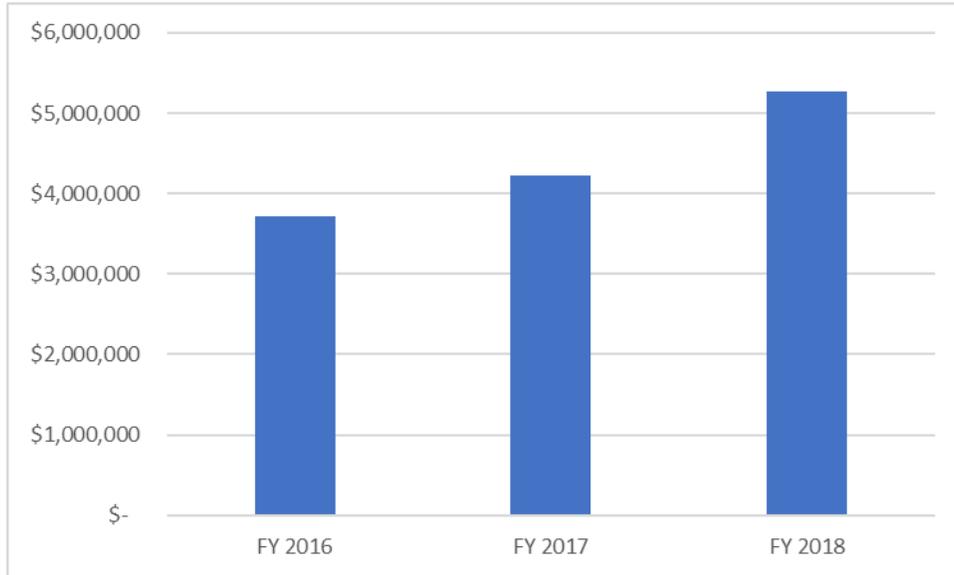
Source: MTA Internal Performance Data Reports

Table IV-5
MTA TDA Performance Indicators
CTSA Senior Center Contract Services

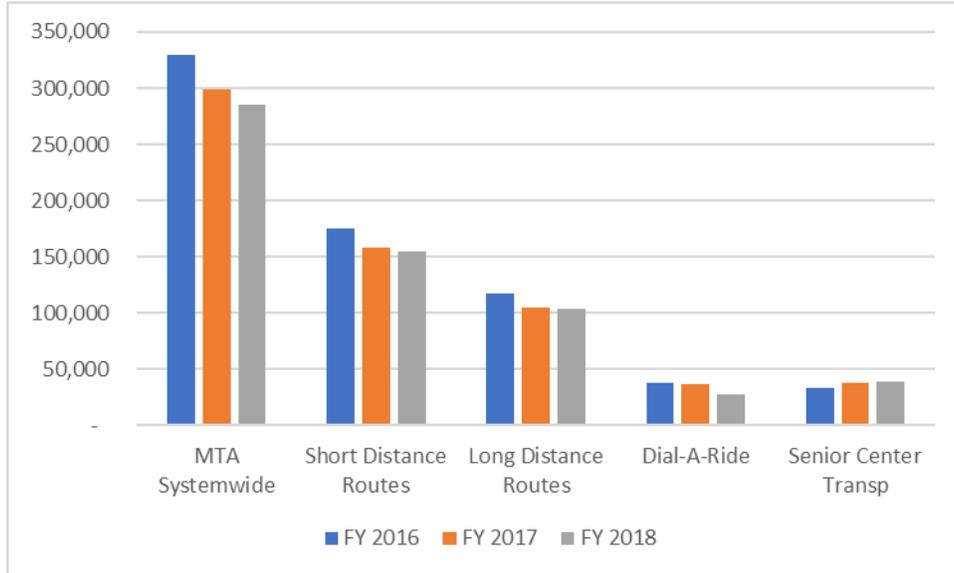
Performance Data and Indicators	Audit Period			% Change FY 2016-2018
	FY 2016	FY 2017	FY 2018	
Total Passengers	32,931	37,350	38,203	16.0%
Operating Cost per Passenger	\$17.63	\$15.53	\$15.16	-14.0%
Operating Cost per Vehicle Revenue Service Hour	\$51.86	\$50.34	\$49.23	-5.1%
Passengers per Vehicle Revenue Service Hour	2.9	3.3	3.3	12.2%

Source: State Controller Report FY 2016; MCOG Transit Productivity Committee Meeting Minutes FY 2017 and 2018

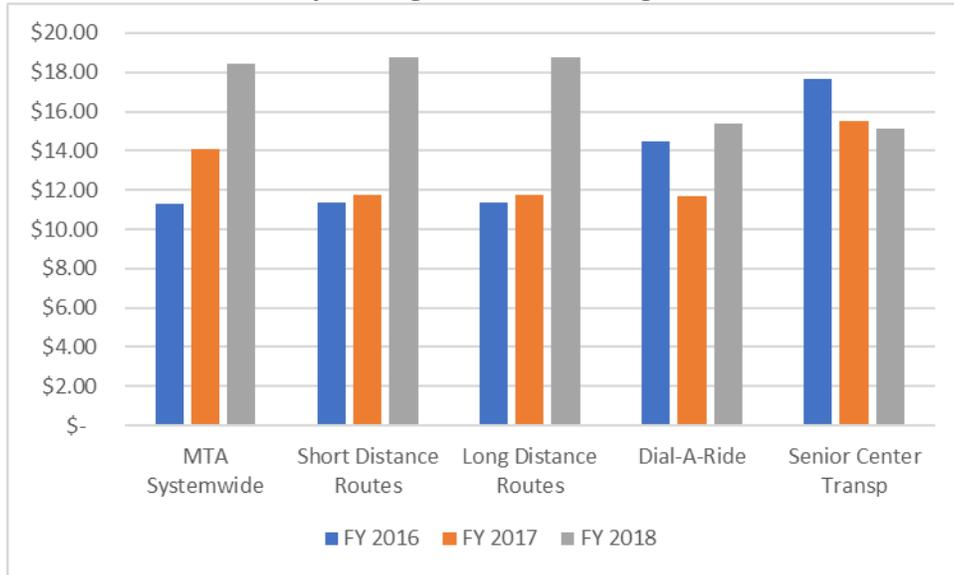
**Graph IV-1
Operating Costs, MTA Systemwide**



**Graph IV-2
Ridership**

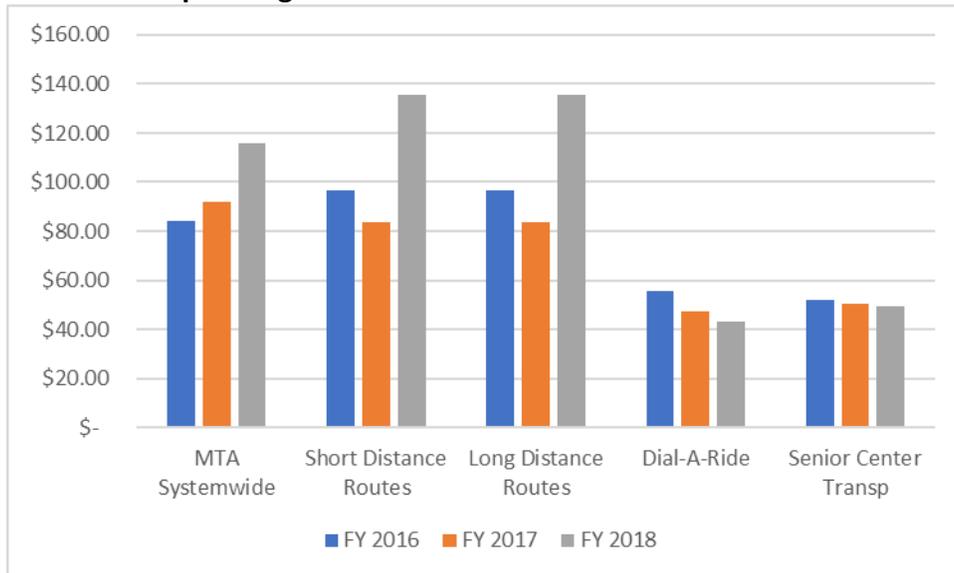


**Graph IV-3
Operating Cost Per Passenger**



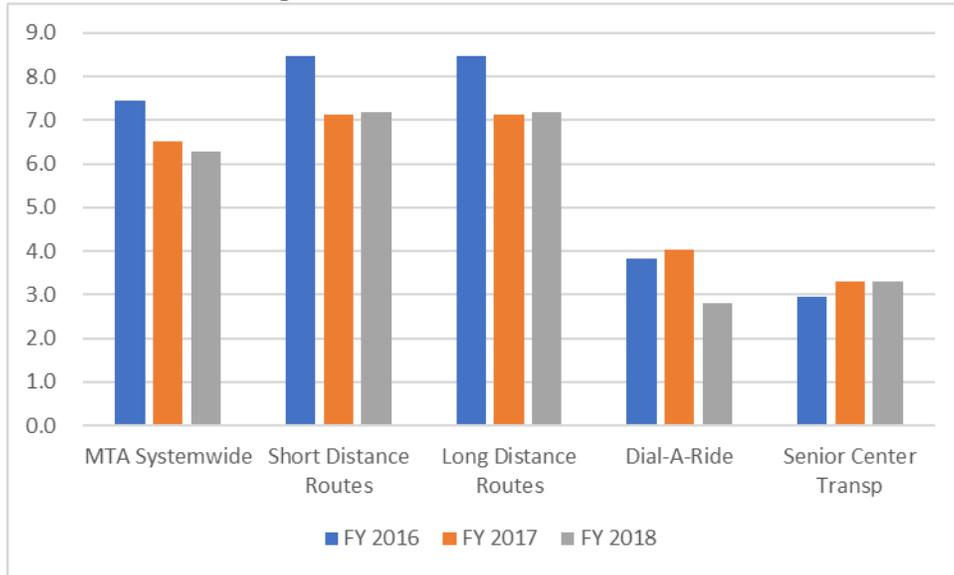
Note: MTA systemwide operating cost is audited; modal operating costs are unaudited.

**Graph IV-4
Operating Cost Per Vehicle Revenue Service Hour**

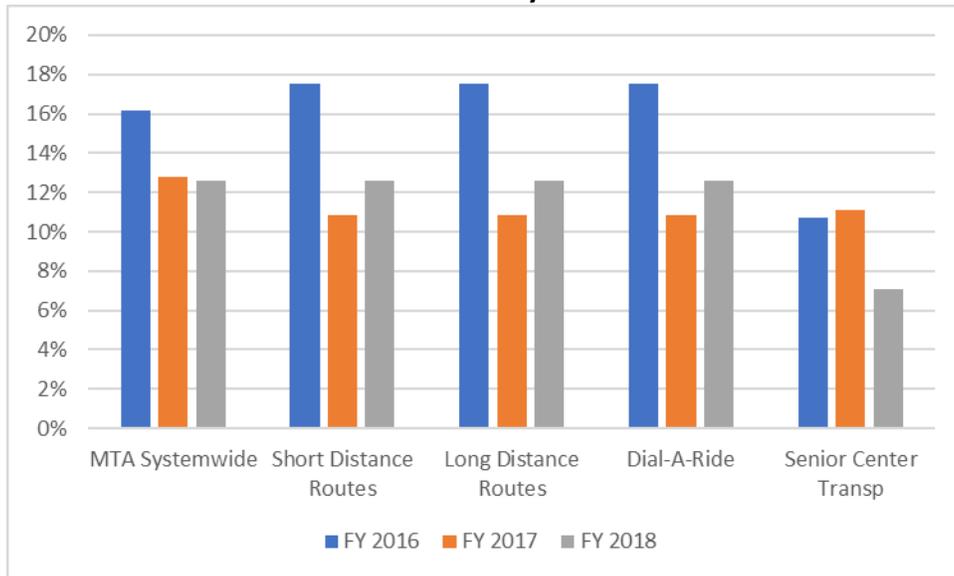


Note: MTA systemwide operating cost is audited; modal operating costs are unaudited.

**Graph IV-5
Passengers Per Vehicle Revenue Service Hour**



**Graph IV-6
Fare Recovery Ratio**



Note: MTA systemwide operating cost is audited; modal operating costs are unaudited.

Findings from Verification of TDA Performance Indicators

1. Operating costs system-wide increased by nearly 38 percent over the past three years based on audited data from the FY 2015 base year through FY 2018. The cost increases occurred in FYs 2017 and 2018 as the new general manager began implementing a restructuring of the agency that delivers upon the findings made during an agency assessment conducted by the general manager upon her hire. Significant staff and management turnover, coupled with internal data control issues and a ransomware attack on MTA computer files, necessitated action to create significant new operational policies and greater protection of financial data and other sensitive material. Costs were incurred to hire new administrative positions to carry out these policies and procedures; procure and manage new operations software to more efficiently deliver transit service; better maintain the revenue vehicle fleet; and provide cost of living adjustments (COLA) and increased health coverage to employees. These increases in expenditures were made in an effort to restore employees' trust and confidence in the credibility of the organizational structure.
2. Overall ridership decreased by about 15 percent during the audit period. Ridership on both short distance and long distance bus routes decreased close to 12 percent, while Dial-A-Ride ridership decreased 27 percent. Senior center contract services saw a 16 percent increase in ridership. Decreases in general ridership reflect industry trends during this period as other travel modes became more economically available. The most pronounced decline in ridership occurred between FYs 2016 and 2017 with a 9 percent reduction.
3. The provision of revenue hours and miles system-wide on MTA increased during the audit period. Revenue hours increased by 9 percent for the three year period while revenue miles increased by 39 percent, according to data submitted by MTA to the State Controller Office. 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. 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.
4. Operating cost per passenger increased by 63 percent system-wide for the three years, given the divergent trends between increases in operating cost and decreases in ridership. Cost per passenger increased by a comparable percentage on fixed route services, but to a much lesser extent on DAR which increased only 6 percent. The cost per passenger for DAR declined between FY 2016 and 2017 before increasing in FY 2018. Cost per passenger declined by 14 percent for Senior Center transportation.

5. Operating cost per hour increased 26 percent system-wide but exhibited varied trends at the modal level. Cost per hour on the short and long distance bus routes increased by 40 percent whereas on Dial-A-Ride, cost per hour decreased 22 percent. Senior Center Transportation cost per hour declined by 5 percent. Operating cost increases incurred as part of the restructuring of the agency were higher than the increase in vehicle service hours, resulting in overall cost growth for this performance indicator.
6. Passengers per vehicle service hour decreased 22 percent system-wide as ridership declined in comparison to the slight growth in vehicle hours. Most service modes saw decreases in this indicator as there was a 15 percent decline for both short and long distance bus routes, and a nearly 27 percent decline for dial-a-ride. Senior center service ridership per hour increased by 12 percent from 2.9 to 3.3. riders.
7. Full Time Equivalent (FTE) were incorrectly reported in the annual State Controller Report, showing a significant decrease by the last audit year, dropping from 51 to 33 FTE over a three year period. With new financial systems in place at MTA, the correct count of employees should be reconciled based on total employee hours and dividing by 2,000 hours.
8. The system-wide fare recovery ratio decreased at a rate close to almost 14 percent over the past three years. While both audited passenger fares and operating costs experienced increasing trends, costs increased at a more rapid pace which lowered the annual farebox recovery ratio. MTA calculated farebox by mode using the same assumptions resulting in the same annual farebox as systemwide for each of the three audit years. With difficulty and challenges rebuilding the financial inputs and reports, the audited system-wide farebox recovery ratio is used to determine continued MTA eligibility for receipt of TDA funds.

MTA Performance against MCOG Benchmark Standards

MCOG’s Transit Productivity Committee (TPC) provides annual benchmarks to evaluate MTA services covering the period from March through February. The evaluation of performance during the audit period against these benchmarks is summarized in Table IV-6. The benchmark review uses the “CPI Adjusted Rolling Average” for the one and three year period. The review consists of evaluating the prior year’s performance (1 year) against standards, and a three-year average for each performance indicator against the same standards.

As shown in the table, the performance indicators during the audit period both meet the benchmarks and fall below the benchmarks.

Table IV-6
MTA Performance Against MCOG Benchmarks

Fiscal Year	Service Type	1-Year	3-Year Average
2016	Dial-A-Ride (DAR) met just Cost/Hour over 3 years	0 of 4	1 of 4
	Short Distance Bus Routes improved in past year (from 1 of 4)	3 of 4	2 of 4
	Long Distance Routes met all standards	4 of 4	4 of 4
	Senior Centers declined in past year (from 3 of 4)	2 of 4	4 of 4
2017	Dial-A-Ride (DAR) met Cost/Hour, improved Passengers/Hour	2 of 4	1 of 4
	Short Distance Bus Routes met just Cost/Hour	1 of 4	1 of 4
	Long Distance Routes declined in Farebox, Cost/Hour rose	2 of 4	4 of 4
	Senior Centers declined in Farebox, Cost/Hour rose	3 of 4	4 of 4
2018	Dial-A-Ride (DAR) improved Cost/Hour, declined in Passengers/Hr., Farebox	1 of 4	1 of 4
	Short Distance Bus Routes met just Cost/Hour, no significant changes	1 of 4	1 of 4
	Long Distance Routes improved Passengers/Hr., Cost/Pass. for current year	4 of 4	4 of 4
	Senior Centers declined in Farebox, met all other standards	3 of 4	3 of 4

Source: MCOG Transit Productivity Committee meeting minutes- April 19, 2017; May 17, 2018; and May 2, 2019.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within MTA. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at the agency:

- Operations
- Maintenance
- Planning
- Marketing
- General Administration and Management

Within some departments are subfunctions that require review as well, such as Grants Administration that falls under General Administration.

Operations

During the audit period, MTA generally maintained service levels with minor adjustments made as necessary. Some examples of route adjustments included conversion of some southbound bus stops in Santa Rosa to “by request only” starting June 2017 for long distance bus routes #65 and #95; a new bus stop at the Costco in Ukiah starting July 2018; and continuation of a bus stop at Sea Ranch Lodge on Highway 1, even though the lodge is closed. Funding has continued to be constrained which limits MTA’s ability to expand overall service. As solutions were being implemented internally to make organizational changes, update outdated operations policies, and fill vacancies in transit operations management, the transit system was held relatively steady from a service delivery perspective which is a testament to the MTA staff during a time of uncertainty within the agency.

In June 2015, at the start of the audit period, MTA added a second trip on the CC Rider route serving Willits/Ukiah and Santa Rosa. It was intended to run through the end of FY 2016; however, MTA submitted a federal rural intercity grant application and was awarded funds to extend this second trip to Fort Bragg and meet unmet transit needs. The service was also expanded on Saturdays. Effective September 2017, MTA discontinued premium drop-off/pick-up service for Route 65.

Wildfires from the Mendocino Complex Fire in late Summer 2018 created some bus service disruption as the large fire spread in multiple parts of the County. Although not located centrally within MTA’s service area, evacuations were made along the Highway 20 area from one mile

south of Highway 20, east of Potter Valley Road, south of the fire perimeter, and west of Mendocino-Lake County Line.

After the audit period, MTA instituted significant policy changes for the Dial-A-Ride program. Starting September 1, 2019, Dial-A-Ride changed back to a service for disabled and senior customers only. Riders must make an appointment at least 24 hours in advance and up to two weeks before enabling MTA to coordinate buses and drivers to the customer's schedule and eliminate wait times that are currently an hour or more. The revised service offers subscription service for those who have recurring pick-up times so that customers call MTA once to set up the subscription service and only call again if a ride needs to be cancelled.

Dial-A-Ride door-to-door service was expanded as far north as central Redwood Valley and east to Regina Heights, Deerwood, Manor Oaks, and Lake Mendocino. The fare for seniors and disabled riders was reduced to \$6 for trips north to Redwood Valley. The eliminated general public trips were charged a much higher rate which had limited ridership and long wait times, and now allowing Dial-A-Ride to become more responsive.

Investment in cloud-based RouteMatch scheduling and dispatch software aids with the changes in Dial-A-Ride service policy. MCOG allocated TDA Local Transportation Funds for this system as requested by MTA. Prior to this software, MTA was manually scheduling riders on paper and using an antiquated spreadsheet program. Also, the need for four drivers to provide Dial-A-Ride was trimmed to two drivers who use on-board tablets to increase customer pick-up and drop-off efficiency and effectiveness. RouteMatch was more recently implemented for the fixed route service to better track vehicles while in operation and improve communication protocol between drivers and dispatch. This improves safety and provides for generation and collection of accurate operations data for reporting to the State and Federal National Transit Database and planning of route improvements.

To assist general public riders who may have previously taken Dial-A-Ride, as well as anyone interested in taking the fixed route, MTA implemented a new travel training program. The customer can call MTA and ask for a tutor who accompanies people on their first several bus rides until they understand routes and schedules, which bus to board, paying bus fare, bus etiquette and anything else they want to learn about riding the bus.

Personnel

MTA experienced a shortage of drivers which is a recurring industry problem. Current headcount is 40 drivers including both full-time and casual employees. An extraboard of three drivers is maintained by MTA and are referred into operating bus service due to absence of scheduled drivers. Drivers, dispatchers, mechanics, and cleaners are represented by Teamsters Union Local 665. There were two labor agreements during the performance audit period (the previous three-year agreement in effect through June 2016, and the current three-year agreement in effect starting in July 2016). Each labor agreement called for wage increases that were implemented for represented employees of 2.5 percent in FY 2016, 5.0 percent in FY 2017, and 6.0 percent in FY

2015. Similar increases were also granted to non-represented staff. The new driver training wage was increased to \$15 as an incentive, with an additional wage increase following completion of the training. Although morale was adversely affected before and during the audit period from the prior organizational culture, changes in the collective bargaining agreement including paid time off and wage increases, among other agency cultural shifts, helped improve employee well-being.

New drivers undergo at least 60 hours of training, including 40 hours of classroom and 20 hours behind the wheel. While new drivers are trained on their specific route with a supervisor multiple times before going on their own, all drivers become cross trained on MTA bus services for Inland, Coastal, and Regional routes. MTA has a full-time supervisor trainer/driver to lead the training. A new training curriculum was developed replacing an outdated module. The curriculum and courses are derived from Transit & Paratransit Company (TAPTCO) as well as from the Federal Transportation System Institute (TSI). Drivers receive Verification of Transit Training (VTT) with passenger endorsement from the DMV following successful completion of the training and tests to drive a bus. Awards and recognition for safety are made including for those drivers who are accident free, and who receive peer recognition submitted by other employees.

Operations management was challenged during the early part of the audit period which was a continuation of issues from the prior three year period. When the former transportation operations manager was selected as the interim general manager, it created a ripple effect on the operations manager position that was largely difficult to successfully fill. A long-time transportation supervisor and mentor to the drivers was slated to fill the vacant operations manager position, but soon retired. MTA widely advertised the position and received only four applications in which none was a fit. The difficulty of filling this position and shifting of transportation supervisor responsibilities to fill the gap impacted morale among the drivers. The former general manager who retired in 2013 was hired back temporarily to help with managing the system. The new general manager doubled as the operations manager until 2018 when a supervisor with a high level of responsibility was promoted into the position which facilitated a more stable environment.

Operations supervisors are stationed at the different MTA yards, with most located at the main Ukiah facility. Turnover in the supervisor positions occurred from terminations and retirement which left the Ukiah facility short, and new hires were made to backfill these positions. The overhaul of the operations training program benefits not only drivers to excel at their positions but also to prepare employees for supervisory and higher level operations management.

Senior Center Transportation

MTA, as the designated CTSA for Mendocino County, contracts with local area senior centers to provide Dial-A-Ride trips for seniors. ADA service is also provided by Willits Seniors Inc. for the Willits local fixed route through an amendment to the senior center contract with MTA. During the audit period, MTA contracted with five senior centers throughout the county and provided TDA funds for their operation. The senior centers are:

- Anderson Valley Senior Center
- Coastal Seniors, Inc. (South Coast)
- Redwood Coast Senior Center
- Ukiah Senior Center
- Willits Senior Center

MTA pays a maximum amount of 88 percent of the operating cost to each senior transportation program with TDA funding, not to exceed a certain subsidy amount calculated and shown in each respective contract. The remaining 12 percent comes from passenger fares and/or other sources other than the MTA subsidy. MTA maintains separate records between its bus operations and senior center transportation, and charges an administration fee of about \$26,500 per year. The contracts were renewed annually but have since changed to a month-to-month basis as contract issues are discussed.

Operating data and performance are reported such as passengers, hours, miles, passengers per hour, cost per passenger, average fare, and subsidy as a percentage of operating costs. The number of passengers served as well as hours and miles of service vary broadly among the senior center providers. Efficiency standards derived from the prior Transit Development Plan are used to compare passengers per hour, farebox recovery, operating cost per passenger, and operating cost per hour. The Transit Productivity Committee conducts an annual review of performance of senior center transportation including comparing performance to benchmarks. As shown in the earlier section of this audit report, the senior centers on average met 3 of 4 measures on an annual basis, and between 3 and 4 measures on a rolling three year average. Farebox recovery declined over the past several years as indicated in the committee meeting notes, while other standards were met.

Annual funding allocated to the senior centers is based on a formula agreed upon in the Letter of Intent to Fund Senior Transportation, dated March 19, 1997. According to the MTA budget, TDA funding to the senior centers were \$436,460 in FY 2016, \$446,557 in FY 2017, and \$446,557 in FY 2018. MTA and the senior centers have met in the past to discuss changing the formula to allow more flexibility for some senior centers to increase service and others to cut back or hold even. The prior Short Range Transit Development Plan consultant also addressed the funding formula and service issues. While no changes to the formula have been made, a prior audit recommendation for MTA and MCOG to revisit the funding formula as conditions warrant has been forwarded in this audit.

The separate contracts between MTA and each senior center stipulate the responsibilities of each entity. Exhibits are included such as program description of days and hours of operation and fares, and services to be provided; line item budget; vehicle inspection sheet; and driver selection, training, and licensing requirements. Sample stipulations include that MTA provides vehicle liability insurance and vehicle physical damage insurance while the senior centers must

meet all requirements for any vehicle used in connection with the agreement. The senior centers are responsible for meeting the driver selection, training, and licensing requirements, as well as operations requirements by providing the “highest standard of care”. The contract also includes a clause on coordination for the senior center and MTA to cooperate to eliminate duplication of services and share in resources available to make transit services in Mendocino County more efficient and cost effective. A termination provision for cause is described; however, the agreement may be terminated by either party without cause with a minimum of 60 days prior notice.

While beyond the audit period, MTA staff contend that the Senior Center transportation programs have evolved into duplicating the same service provided by MTA, in particular in Ukiah and Fort Bragg where MTA also provides Dial-A-Ride service. MCOG indicated through historic information the services largely provided by the Senior Center transportation programs have generally remained the same. In Ukiah, as of September 1, 2019, Dial-A-Ride provided by MTA transitioned from general public to paratransit customers only, meaning door-to-door service for disabled riders and seniors age 62 and over. Door-to-door service enables the driver to assist a passenger to/from their front door. Ft. Bragg general public Dial-A-Ride service is also operated by MTA which serves seniors door-to-door. Within these same service areas, Redwood Coast Senior Center (Fort Bragg) and Ukiah Senior Center provide door-through-door Dial-A-Ride trips for seniors. Door-through-door service affords the driver flexibility to enter the passenger’s location at their request to provide further assistance, which differs from service starting/ending at the front door provided by MTA.

The MTA Board of Directors convened an Ad Hoc Sub-Committee to assist MTA management staff in its review of the Senior Center service. The Contracted Transportation Services Ad Hoc Committee met in September 2019 to discuss LTF funding history, MTA’s role as CTSA, and MTA costs and liabilities associated with subcontracting LTF funds. MTA’s continuation to administer the senior center contracts brings to light concern for the provision of service by the senior centers relative to the contract. MTA’s contract concerns 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. Further discussion is on-going by the MTA ad hoc subcommittee and the MCOG Transit Productivity Committee.

Fare Revenue Count and Handling

Fare vaults are switched on a daily basis. Maintenance workers pull the vaults out of buses and place them in a safe located in MTA’s administration building. Cash is counted by accounting personnel the following day under the watch of a camera. The deposit is delivered to the bank daily. MTA’s detailed performance management system maintains the fare revenue calculation and comparison from prior periods.

Operations Performance

Tracking and reporting of operations data was conducted by various supervisors due to the issues in filling the vacant operations manager position. MTA reported no reportable events, fatalities, or injuries in the safety portion of its National Transit Database submitted to the FTA. Complaints are handwritten and collected by the training supervisor who passes them along to the appropriate staff for addressing and resolution.

Due to the ransomware attack on MTA computer systems, much of the data for operations performance was compromised. For data that was re-built, the performance information is compared against standards set by MCOG.

The following statistics are provided for the different transit modes and compared to the standards. The night dispatcher validates passenger and miles data nightly. Each mode met some standards while not meeting others. These performance data are fiscal year-end while the TPC performance measures are from March to February cycle, which could alter some of the results.

**Table V-1
Modal Performance Against Standards**

	FY 2015-16	FY 2016-17	FY 2017-18
DIAL-A-RIDE			
PASSENGERS	37,319	36,540	27,250
PASSENGERS PER HOUR /STANDARD 4.5	3.84	4.02	2.82
FAREBOX RATIO /STANDARD 10%	17.51%	10.85%	12.57%
OPERATING COST PER HOUR /STANDARD \$95.12	\$55.49	\$47.06	\$43.26
COST PER PASSENGER /STANDARD \$21.14	\$14.45	\$11.71	\$15.37
SHORT DISTANCE BUS ROUTES*			
PASSENGERS	175,277	157,589	154,959
PASSENGERS PER HOUR /STANDARD 14	8.48	7.12	7.20
FAREBOX RATIO /STANDARD 10%	17.51%	10.85%	12.57%
OPERATING COST PER HOUR /STANDARD \$85.97	\$96.41	\$83.58	\$135.34
COST PER PASSENGER /STANDARD \$6.14	\$11.37	\$11.74	\$18.79
LONG DISTANCE BUS ROUTES**			
PASSENGERS	116,850	105,059	103,305
PASSENGERS PER HOUR /STANDARD 3.2	8.48	7.12	7.20
FAREBOX RATIO /STANDARD 10%	17.51%	10.85%	12.57%
OPERATING COST PER HOUR /STANDARD \$90.44	\$96.42	\$83.58	\$135.35
COST PER PASSENGER /STANDARD \$28.26	\$11.37	\$11.74	\$18.79
* 1 WILLITS LOCAL, 5 BRAGG ABOUT, 7 JITNEY, 9 UKIAH LOCAL, RCRC			
** 20 Willits/Ukiah, 60 COASTER, 65/66 CC RIDER, 75 GUALALA/UKIAH, 95 POINT ARENA/SANTA ROSA			
Source: MTA			

Prior to new software installation, on-time performance was manually tracked in the field by supervisors. Regular checks of on-time performance have not been consistent as supervisors have many responsibilities to attend to during revenue service, in particular when there is a supervisor shortage. Drivers are expected to call into dispatch when running late. On-time arrival for fixed route is defined by the bus arriving at the stop either on schedule or within five minutes after the scheduled time. Early bus arrivals typically approach the time point one to two minutes ahead and are held at the bus stop until departure at the scheduled time, which are then counted as on-time. Past information for on-time performance from prior audits and data collected for the Short Range Transit Plan showed on-time performance to be in the 70 to 90 percent range.

GPS technology was procured at MTA in order to verify vehicle coordinates in the field and support video imaging from the on-board cameras of incidents. While RouteMatch scheduling and dispatch software was procured earlier for Dial-A-Ride, MTA purchased RouteMatch Fixed Route AVL, Push to Talk Software/Hardware. MCOG allocated TDA Local Transportation Funds for this system as requested by MTA. The components of the system include Fixed Route Management, Mobile Data System, Reporting & Analysis, Traveler Information System, and Push-to-Talk Communications. Benefits of the system are safety, security and efficiency such as mobile data entry to Android tablets compared to handwritten tally sheet that drivers use to log ridership data which is labor intensive for drivers and clerical staff inadequate for state reporting requirements and grant applications. The automatic vehicle locator system is used for tracking vehicles, and Push-to-Talk provides bidirectional communication and recording of incidents. The Traveler module, called Route Shout, is a smartphone application that uses GPS to give real-time updates to riders waiting at stops and other information.

MTA indicated RouteMatch is the only system with unified modules from a single vendor. The contract with the vendor was signed in August 2017 but delays with tablet installation which affected database development and subsequent push back of the real-time customer information feature resulted in the full fixed route AVL going “live” after the audit period in Fall 2018. Installation and operability of the new technology system incurred stumbling blocks but upon activation the technology is enhancing the rider experience including receiving real time bus updates via smartphone. Also, the improved vehicle tracking capability helps resolve passenger complaints like being stranded at bus stops on a case-by-case basis. Complaints and incidents are retained on a cloud-based system using transit track-it software. The software for tracking incidents is a tool for risk management.

Maintenance

Maintenance of MTA vehicles is conducted from a state-of-the-art, energy efficient facility that opened in August 2012. The facility, designed and built to LEED (Silver Leadership in Energy & Environmental Design) standards, contains four service bays including two bays for larger vehicles. In addition to the increased capacity, the new facility features four lifts: two lifts for larger vehicles and two lifts for smaller vehicles. Cameras are mounted in the facility for visual

reference, and the available open space provides better working conditions and fewer safety hazards.

The division is staffed by the maintenance manager, two mechanics (including a lead mechanic), mechanics helper, shelter maintenance cleaner, and cleaner. The manager and mechanics have between 16 and 39 years of experience. A mechanic is available before and after the pre-trip and post-trip vehicle inspections by the drivers to address any maintenance issue. Technology from Zonar Systems was procured to enhance the vehicle inspection process and tie into better system productivity. Fleet models including the Gillig diesel/electric hybrid vehicles require a higher degree of training due to the electronic components that need to be serviced. Mechanics received training in-house from Gillig including maintenance of the diesel particulate traps, while Ford provided training on the wheelchair lift equipment on the latest cutaway vehicles. Mechanics are also sent for training to be kept abreast of the newer engine technologies. Typical maintenance issues on newer vehicles include sensor problems on the exhaust that require the bus to travel at certain speeds to burn fuel correctly in the traps.

Preventive maintenance inspection (PMI) intervals are based on the vehicle type. For the senior center paratransit vehicles, the service schedule is every 3,000 miles or 45 days. For vans and Gillig vehicles, the service schedule is every 4,000 miles. MTA transitioned from the Fleet Controller software to a cloud-based Ron Turley Associates fleet software to track vehicle maintenance. Work orders are generated on laptops to improve efficiency and record keeping. Hard copies of previous work orders were kept safe during the ransomware computer attack.

MTA keeps parts inventory low, given the relatively quick order turnaround from the vehicle manufacturers. Gillig provides parts in one day, and Ford has a three-day turnaround. As the vehicles in the fleet become more standardized based on the procurements, parts management is more efficient. This method cuts down on the number and value of parts that have to be stored on-site. An inventory or cycle count of parts is performed annually and is better tracked from the software upgrade which assists maintenance management with determining the cost per mile as a performance indicator.

In its role as the CTSA, MTA also maintains vehicles for other agencies. These organizations have included the Ukiah Valley Association for Habilitation, Veterans Administration, Northern California Adaptive Living Center, and the Senior Centers under contract for door-to-door service. The labor cost for this function is kept separate by MTA and excluded from the agency's farebox recovery calculations.

Planning

In February 2015, MTA conducted a countywide transit ridership survey. A consultant was retained to conduct several surveys: (1) an on-board passenger survey of all MTA transit services, both in the summer and in the fall, (2) a general public telephone survey of residents throughout Mendocino County, and (3) a survey of social service program clients. As a whole, this information provides MTA staff and decision makers with the following:

- Background information to assist in setting goals and objectives, and to better respond to customer needs;
- Awareness in the general public of MTA' services and the effectiveness of existing marketing/public information efforts, as the basis for improvements in marketing strategies;
- An understanding of the factors that influence transportation decisions, and how best MTA can remove current barriers to transit use;
- Information on transit needs that can be used to craft service improvements and;
- General trends both within the ridership and the community as a whole that are impacting the need for and provision of transit services.

MTA's last significant planning document is the FY 2012-16 Short-Range Transit Development Plan (SRTDP) completed in March 2012. The purpose of the SRTDP is to guide the development of transit and mobility services for county residents and visitors for the coming five years, which included parts of this audit period. The SRTDP process included a number of elements:

- Provided opportunities for public input.
- Established a policy element including goals, objectives, and performance standards.
- Conducted market research to determine current perspectives of the service by the riding public.
- Evaluated recent performance of the current system.
- Provided service plan and fare recommendations.
- Developed a marketing plan for communicating MTA services.
- Established a financial plan for future operations and capital assets.

A series of recommended actions divided by geographic reach and service mode, including inland service recommendations, coast recommendations, and senior center demand response recommendations, were described in the document. Also, recommendations were made for other MTA services and functions including mobility management and marketing.

Recommended efforts included conducting a targeting marketing effort at Mendocino College, adjusting existing route alignments, and adding Sunday service as warranted with new available revenues. Various financial scenarios forecasted in the document provided an implementation plan of services under different financial constraints.

The SRTDP serves as a guidance tool for ongoing growth and delivery of services in an efficient and effective manner but is dependent on the nature of MTA's productivity, cost efficiencies, and status of revenues. An update to the SRTDP has not occurred since; however, 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.

Technology investment the past few years by MTA including for both operations and maintenance is enabling cloud-based granular and accurate data to be generated and harvested for analysis and planning. This operational data would be evaluated along with the large passenger survey study completed in 2015. A possible missing opportunity for significant data generation is the existing fareboxes on the buses which are only capable of accepting cash fare and do not have “smart” data capture functionality like products readily on the market. MTA is investigating the suite of newer generation products that will modernize its operations.

Marketing

MTA took steps to increase its visibility through updates to its marketing collateral. The MTA website (www.mendocinotransit.org) has grown to be a more integral facet of the agency’s marketing and communication strategy. The website improved the availability and ease of access to pertinent information about its transit services, including news, alerts, and bus service schedules. A trip planning function powered by Google transit is also available on the home site to assist in trip making and improve customer interaction and experience on the website. Television and newspaper advertisements replaced other traditional media such as trade publications to reach a larger audience.

Mendocino College promotes the public transit option on its website for students to get to its various campuses located in Ukiah and Willits, and a third satellite location in Lake County. Contact information to MTA and a brief bus schedule are provided on the college website. The college also promotes free transit rides for its college students under the student perks section of its website. For the past three years, Mendocino College students have been provided with free bus rides onboard MTA using a state grant. Over the first 13 months since the program’s inception in fall semester 2016, MTA buses gave 31,268 free rides to college students. In the Fall of 2018, the free rides were extended to include Lake County transit. Students must request a special sticker available at certain locations on campus when getting their student ID.

MTA also maintains a social media presence on Facebook, Instagram, and Twitter to generate communication, interest, and delivery of information to customers. A recent check of these sites reveal measures on their use by the social media network:

Facebook:

- 1,114 likes
- 1,159 followers

Instagram:

- 415 posts
- 109 followers
- 76 following

Twitter:

- Tweets: 847
- Following: 393
- Followers: 150
- Likes: 343

In comparison to figures from the last triennial period (2015), MTA's Facebook page back then revealed 234 "likes" and 223 people following the page. Today's measures are about five times the number of likes and followers, showing MTA has targeted the younger "millennial" generation to become transit users.

MTA debuted a new technology to enhance customers' experience with a real-time bus app that shows where the bus is and when it will arrive at a specific stop. Called Route Shout 2.0, a product of RouteMatch, the downloadable free application is used to find the nearest MTA bus stop, bus routes and schedules, and real-time bus arrival times. MTA found that two-thirds of its riders use smart phones to check bus schedules and expects the improved convenience to attract new riders to the bus service and enhance the experience for its customers. This is in contrast to the 2015 MTA customer survey which bus users, when asked how they got information on MTA services, predominately indicated the printed schedules and bus stop information, with 10 percent visiting the MTA web page. MTA's communications strategy has evolved to match the shift from mainly print to digital. Bringing Route Shout technology was a year-long process, beginning with an upgrade in MTA's digital service provider and installation of GPS technology and tablets on buses.

General Administration and Management

MTA is governed by a seven-member Board of Directors composed of one appointee from each of the four city councils (Fort Bragg, Point Arena, Ukiah and Willits) in Mendocino County and three appointees from the Mendocino County Board of Supervisors. The Board meets the last Wednesday of the month at 1:30 p.m. with the exception of the month of December, when the Board meets the first Wednesday of the month. Meeting locations are rotated around the county.

The former long-time general manager was recruited out of retirement on a temporary contract basis until early January 2016 when the MTA board ended the contract. The agency conducted a search for a new general manager and successfully filled the position in May 2016.

Upon taking the helm, the new general manager prepared a 100-Day Organization Assessment Report which was released in August 2016. The goal of the assessment was to evaluate organizational areas where MTA was experiencing obstacles that impeded its ability to efficiently deliver those services, and focus on the internal factors which impeded or contributed to less than optimal performance. The assessment addressed the turnover in management during the prior 2 to 3 year period. The Transportation Superintendent position was left vacant for budgetary reasons, the passing of the agency's long-time Marketing Manager, and turnover in both the Transportation Manager and General Manager positions. The duties and responsibilities of these critical positions were absorbed by the remaining managers, resulting in unreasonable workloads.

Organizational assessments were conducted on the MTA culture, compliance, and structure. In-person and focus group sessions with managers, first line supervisors, and employees provided

the general manager with significant insights about the strengths, weaknesses and future opportunities. Concerns were rated from green, indicating stability, to red indicating critical concern. From the review and evaluation, a roadmap with strategies and recommendations to address the findings was developed to move the agency forward, many of which were implemented during this audit period.

Recommendations that were implemented include reducing the work overload by the development and hiring of a human resources manager position to reduce the workload for one employee who was doing both finance and HR; development and hiring of a maintenance “lead mechanic” position to lessen the workload for the maintenance manager, and organizational restructure to realign the trainer, road supervisor and HR positions. Succession planning, leadership development and talent management structures were also recommended to ensure continuity and availability of essential skills and competencies.

Operational procedures were also identified as a concern which were addressed. MTA designed a set of standard operating procedures and work rules that are articulated, documented and consistently enforced by management. Desk procedures for other formal policies were also developed or updated for many aspects of administration and operations including the following samples:

- ADA policy
- Advertising policy
- Risk exposure policy
- Cash reserve policy
- Signatory authority policy
- Public records request policy
- Updated Title VI policy
- Asset Management Plan
- Procurement policy
- Customer complaint and satisfaction policy and procedures.
- EEO and drug and alcohol policy
- Nepotism policy
- Travel reimbursement policy

MTA managers and transportation supervisors hold their respective regular meetings, and then also meet together to address any outstanding issues and board agenda items. MTA has an open door policy to allow employees to hold discussion with management. Training and staff development are emphasized within the agency to build a stronger workforce and spread responsibilities across more individuals rather than relying on a few managers to shoulder the work. MTA continues to work on developing training protocols and employee skills.

The Filemaker database was evaluated by the software developer to determine ability to meet FTA requirements and was concluded that it was outdated to the point that any attempted changes would “crash” the system. Due to the cyberattack and crash of the Filemaker software

program, the agency's administrative and financial infrastructure had to be rebuilt. The financial data system which had no detailed ledgers was re-entered into QuickBooks accounting software. Records were scanned and retained. Performance data such as ridership was previously stored using outdated software until the change using RouteMatch managed by the Operations Manager. Critical data is backed up on the cloud server and on separate hard drives that are kept outside of the administrative facility.

Board and subcommittee agenda packets and meeting minutes are available on the MTA website and contain reports of administrative and operating activities, ridership reports, financial reports, unmet transit needs, and the capital program. The full agenda plus attachments can be downloaded as PDFs from the website for community distribution. A newly formed MTA Finance Committee was created to open a more focused channel with board members for agency financial and budget review.

Development of the annual budget involves building upon three areas: MTA operations, senior center operating subsidies, and MTA and senior center capital. Financial and economic trends as well as activities by the state legislature are integrated into the budget assumptions, which keeps the forecast conservative. The budget also factors in other considerations including the previous year's budget, outcomes of the unmet transit needs process, and other anticipated transit needs. Actual expenditures versus budgeted numbers are compared and presented to the board.

The FY 2017-18 budget was significantly modified compared to the prior years' budgets reflecting the stamp of MTA's new administrative management. The operating budget is expanded to provide a comparison of revenues and costs between the budget year and the past two years, and a monthly budget breakdown which is also compared to the prior year. Also, a new statistics section compares performance measures for each type of service and by bus route for the budget year and the prior year. Key measures include ridership, fare revenue, service hours, passengers per hour, farebox recovery, operating cost per hour, and average fare per passenger.

The wage and staffing table was moved up in the budget document rather than in the appendix that shows the pay steps for each position within the agency, both represented and non-represented employees.

The capital budget identifies revenue sources that are remaining and those that are no longer available. By the end of the audit period, MTA identified only 3 remaining federal programs out of 7 due to changes in federal policy. State funding sources were also analyzed for their applicability and statutory sunset dates and timely usage. The capital program budget is significantly expanded with detailed revenue and expenditure line items for a 10 year horizon to plan for large investments in bus replacement, equipment, solar modernization, and administrative/operations building.

To more clearly define the agency's operating funding reserves, the general manager and the finance department worked with the independent fiscal auditor to recategorize the reserve funding, showing the revenue as restricted funds instead of unrestricted. Given the revenue are

specifically tied to programs such as State safety and security and capital grants, displaying the revenue as such shows the limited flexibility of revenues being held in the agency's accounts.

Another change in the financial reporting is that MTA retained the services of its Certified Public Accountant to prepare the annual State Controller Transit Operators Financial Transactions Report beginning in FY 2018. In FY 2016, the former finance officer prepare the State Controller Report, and in FY 2017 the general manager prepared the report. Having the independent CPA prepare the report should achieve the consistency between the financial data contained State Controller Report and the annual fiscal audit which new State law requires.

Grants Management

As part of the modifications made to the budget document, MTA evaluates the changes to capital funding sources that sustain its investment program. The general capital model is used from past years; however a 10-year component was added in light of the heavy duty fleet replacement schedule and completion of the solar modernization project with construction of the administrative/operations building. The solar project is aimed at providing the bulk of the facility's energy demand.

MTA breaks out its capital program in several formats including by expenditure type and by grant funding source. A fleet replacement schedule is provided for its various vehicle types matched against expected funding sources. The capital program by grant source ties which projects go with the grant funds. The FY 2018 fiscal audit of MTA indicates a capital reserve balance of \$343,000 for vehicle replacement.

Federal funding sources identified by MTA as remaining for rural transit include Section 5310 Elderly Disabled, 5311(f) intercity, and 5311 discretionary. The State Proposition 1B program which supports the Office of Emergency Service safety and security grants and PTMISEA grants has sunset with only two remaining funding cycles through FY 2019. This program has provided substantial capital grant funding and is being replaced with State SB 1 funding through additional State Transit Assistance which is main source of matching funds. MCOG capital reserves also provide local funds. Cap and Trade funding remains available but are restricted for specific type of projects that expand or increase revenue service. The solar modernization project was moved out to FY 2020 and administration facility design delayed to FY 2022 due to defunding of federal programs.

MTA received \$41,878 for the college free ridership program in FY 2016-17 funded through California's Low Carbon Transit Operations Program (LCTOP). In its request for funding, MTA proposed to reduce emissions by attracting more students to ride the bus rather than drive to campus. In the 13 months since its inception in fall semester 2016, MTA buses gave 31,268 free rides to college students, saved 10,539 vehicle miles traveled and reduced greenhouse gas emissions by 5.5 metric tons of particulates, as calculated using California Air Resources Board methodology. With money from an additional FY 2015-16 LCTOP grant, MTA has provided a total of \$73,000 in transportation support for the county's college students.

The next LCTOP funding cycle for MTA increased to \$180,091. MTA approved the continuation of the Fare-Free Ride for Mendocino College Students for the next year and that the remaining LCTOP funds be allocated to a capital roll-over fund to purchase an all-electric cutaway bus for use on the #9 Local Route in the evenings. MTA is also exploring development of a new transit center in Ukiah and has received \$128,000 in SB1 State of Good Repair funding through MCOG to research possible sites. Funding will be available in the near future for the study.

Section VI

Findings

The following summarizes the findings obtained from this triennial audit covering fiscal years 2016 through 2018. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements pertaining to MTA, the operator fully complied with six of the nine requirements. The Authority was in partial compliance with regard to the submittal of its Transit Operators Financial Transactions Report to the State Controller and annual fiscal and compliance audit, and the reporting of full time equivalent (FTE) employees in the State Controller Report. Management and administrative staff turnover, rebuilding of financial records that were formerly stored on antiquated systems, and a digital attack on MTA computers created challenges in providing information for the financial reports. Two additional compliance requirements did not apply to MTA (intermediate farebox and exclusive urban recovery ratios).
2. MTA's farebox recovery ratio remained above its required 10 percent standard during the three years of the audit period. With passage of SB 508 in October 2015, the required farebox ratio to meet TDA standards was reduced which places MTA in farebox compliance. MTA continues to use its previous higher farebox ratio as a goal to meet. The farebox recovery ratio to meet compliance was 16.2 percent in FY 2016, 12.8 percent in FY 2017 and 12.6 percent in FY 2018 based on audited data. The average system-wide farebox recovery ratio was 13.9 percent during the triennial review period.
3. MTA participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period, with only minor findings.
4. Of the five prior performance audit recommendations, MTA implemented one with an additional three carried forward for further consideration and implementation. The last prior recommendation was no longer applicable concerning charter bus service policy which MTA no longer provides. The recommendations carried forward include internal goals for on-time performance, update of the Short Range Transit Development Plan, and consideration of an alternate funding formula for senior center TDA funds.
5. Operating costs system-wide increased by nearly 38 percent over the past three years based on audited data from the FY 2015 base year through FY 2018. The cost increases occurred in FYs 2017 and 2018 as the new general manager began implementing a restructuring of the agency that delivers upon the findings made during an agency assessment conducted by the general manager upon her hire. Significant staff and management turnover, coupled with internal data control issues and a ransomware attack on MTA computer files, necessitated

action to create significant new operational policies and greater protection of financial data and other sensitive material. Costs were incurred to hire new administrative positions to carry out these policies and procedures; procure and manage new operations software to more efficiently deliver transit service; better maintain the revenue vehicle fleet; and provide cost of living adjustments (COLA) and increased health coverage to employees. These increases in expenditures were made in an effort to restore employees' trust and confidence in the credibility of the organizational structure.

6. Overall ridership decreased by about 15 percent during the audit period. Ridership on both short distance and long distance bus routes decreased close to 12 percent, while Dial-A-Ride ridership decreased 27 percent. Senior center contract services saw a 16 percent increase in ridership. Decreases in general ridership reflect industry trends during this period as other travel modes became more economically available. The most pronounced decline in ridership occurred between FYs 2016 and 2017 with a 9 percent reduction.
7. As a result of increases in operating costs but declines in ridership and lower growth in services (hours and miles), operating cost efficiency trends showed higher cost per passenger and increased cost per service hour. Service effectiveness trends also declined as the number of passengers per hour on MTA services decreased over the past three years.
8. Funding has continued to be constrained which limits MTA's ability to expand overall service. As solutions were being implemented internally to make organizational changes, update outdated operations policies, and fill vacancies in transit operations management, the transit system was held relatively steady from a service delivery perspective which is a testament to the MTA staff during a time of uncertainty within the agency.
9. Investment in cloud-based RouteMatch scheduling and dispatch software aids with the changes in Dial-A-Ride policy back to a service for disabled and senior customers only. MCOG allocated TDA Local Transportation Funds for this system as requested by MTA. Prior to this software, MTA was manually scheduling riders on paper and using an antiquated spreadsheet program. RouteMatch was more recently implemented for the fixed route service to better track vehicles while in operation and improve communication protocol between drivers and dispatch. This improves safety and provides for generation and collection of accurate operations data for reporting to the State and Federal National Transit Database and planning of route improvements.
10. MTA experienced a shortage of drivers which is a recurring industry problem. Drivers, dispatchers, mechanics, and cleaners are represented by Teamsters Union Local 665. The labor agreements called for wage increases. Similar increases were also granted to non-represented staff. The new driver training wage was increased to \$15 as an incentive, with an additional wage increase following completion of the training. Although morale was adversely affected before and during the audit period from the prior organizational culture, changes in the collective bargaining agreement including paid time off and wage increases, among other agency cultural shifts, helped improve employee well-being.

11. Operations management was challenged during the early part of the audit period which was a continuation of issues from the prior three year period. Upon taking the helm, the new general manager prepared a 100-Day Organization Assessment Report which was released in August 2016. The goal of the assessment was to evaluate organizational areas where MTA was experiencing obstacles that impeded its ability to efficiently deliver those services, and focus on the internal factors which impeded or contributed to less than optimal performance. The assessment addressed the turnover in management during the prior 2 to 3 year period.

12. While beyond the audit period, MTA staff contend that the Senior Center transportation programs have evolved into duplicating the same service provided by MTA, in particular in Ukiah and Fort Bragg where MTA also provides Dial-A-Ride service. MCOG indicated through historic information the services largely provided by the Senior Center transportation programs have generally remained the same. In Ukiah, as of September 1, 2019, Dial-A-Ride provided by MTA transitioned from general public to paratransit customers only, meaning door-to-door service for disabled riders and seniors age 62 and over. Ft. Bragg general public Dial-A-Ride service is also operated by MTA which serves seniors door-to-door. Within these same service areas, Redwood Coast Senior Center (Fort Bragg) and Ukiah Senior Center provide door-through-door Dial-A-Ride trips for seniors. Door-through-door service affords the driver flexibility to enter the passenger's location at their request to provide further assistance, which differs from service starting/ending at the front door provided by MTA. The MTA Board of Directors convened an Ad Hoc Sub-Committee to assist MTA management staff in its review of Senior Center service. 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. Further discussion is on-going by the MTA ad hoc subcommittee and the MCOG Transit Productivity Committee.

13. The FY 2017-18 budget was significantly modified compared to the prior years' budgets reflecting the stamp of MTA's new administrative management. The operating budget is expanded to provide a comparison of revenues and costs between the budget year and the past two years, and a monthly budget breakdown. Also, a new statistics section compares performance measures for each type of service and by bus route for the budget year and the prior year. A newly formed MTA Finance Committee was created to open a more focused channel with board members for agency financial and budget review.

Recommendations

1. Improve upon consistent reporting of performance data to the State Controller.

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.

2. Perform expanded data analysis using results from newly invested technology systems.

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.

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

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.

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

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 Subcommittee 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.



MCOG Budget Workshop
May 4, 2020



FY 2020-21
DRAFT
BUDGET

Caveat that much of this is based on estimates that are likely to change due to the pandemic and resulting economic crisis, so revisions are anticipated for the coming fiscal year.

Budget Summary – Detail Format 5

Also in agenda packet:

MENDOCINO COUNCIL OF GOVERNMENTS FY 2020/21 BUDGET SUMMARY For Board of Directors Workshop May 4, 2020 Supplemental Format					
REVENUES	FY 2019/20 Budget or Amended	FY 2020/21 Budget Proposed	\$ Change	% Change	NOTES
LOCAL REVENUES:					
Local Transportation Funds (LTF):					
LTP Official County Auditor's Estimate	\$ 3,852,843	\$ 4,174,318	\$ 321,735	8.4%	Transportation Development Act (TDA) Funds
Auditor's Anticipated Unrestricted Balance - Current Year	\$ 163,319	\$ 209,426	\$ 46,907	28.8%	(Year as of 3.6%. Recommendation no allocation of income due to COVID-19 impact)
Total Local Transportation Fund LTP Estimate	\$ 4,016,162	\$ 4,383,744	\$ 367,582	9.2%	(Reimbursing this due to changes in forecast - refer to staff report)
Auditor's Anticipated's Unrestricted Balance - Revenue	\$ (143,319)	\$ (209,426)	\$ (66,107)	46.2%	Per policy, any excess flows through LTP Reserve
LTP Unrestricted - Accounting Variation to County's annual method	\$ 25,747	\$ 25,747	\$ -	0.0%	One-time funds, represents 2 months of sales tax revenue
Prop Year Balance Remaining for Later Allocation	\$ -	\$ -	\$ -	-	
MTA Fiscal Audit - Amount returned to MCOG, Fany	\$ 83,281	\$ 83,281	\$ (963)	-1.1%	FY 2018/19 verification of full eligibility for funds received pending fiscal audit
Planning Council Work Program (OWP) - Carryover from Previous FY	\$ 3,338,788	\$ 4,283,317	\$ 944,529	28.3%	FY 2019/20 OWP as amended Oct. 7, 2019; 2020/21 carryover as of Feb. 24
Total Local Transportation Funds:					
LTP Revenue Funds:					
LTP Unrestricted Balance of Unrestricted Revenue	\$ 378,814	\$ 218,768	\$ (160,046)	-42.0%	Last audited year, actual LTP revenue excess/shortfall per Auditor's Estimate
LTP Reserve Fund Balance	\$ 203,019	\$ 571,363	\$ 368,344	181.4%	Revenue used to cover transit allocation shortfalls and claims per policy
Less/Plus Current Year Revenue Allocation	\$ (89,988)	\$ 275,624	\$ 365,612	406.3%	2019 year-unrestricted "excess revenue" above fund balance
Subtotal	\$ 388,836	\$ 412,075	\$ (26,761)	-7.0%	
Less: LTP Reserve Minimum Balance per Policy adopted 4/22/2017	\$ (193,000)	\$ (200,000)	\$ (7,000)	-3.6%	Per policy, Reserve is 5% of County Auditor's est. of new revenue, nearest 1,000
LTP Reserve Available for Allocation:	\$ 195,836	\$ 212,075	\$ 16,239	8.3%	Plus income in prior-year LTP uses to recover
TOTAL LTP REVENUES	\$ 4,212,000	\$ 4,600,800	\$ 388,800	9.2%	
Capital Sources Funds: Total Capital Revenue Fund	\$ 674,846	\$ 680,001	\$ 5,155	0.8%	Fund balance available for transit claim based on 5-Year Capital Program
Local Agency Contributions	\$ -	\$ -	\$ -	-	In-kind match for any planning grants
Total Local Government Revenues:	\$ 4,986,846	\$ 5,140,801	\$ 153,955	3.1%	
STATE:					
Planning Programming & Monitoring (PPM) Funds:					
Planning Council Work Program (OWP) - New Revenue	\$ 80,000	\$ 150,000	\$ 70,000	87.5%	FY 2019/20 OWP as amended Oct. 7, 2019; 2020/21 carryover as of Feb. 24
Planning Council Work Program (OWP) - Carryover from Previous FY	\$ 182,448	\$ 66,884	\$ (115,564)	-63.4%	
Total PPM Funds:	\$ 262,448	\$ 216,884	\$ (45,564)	-17.4%	
State Transit Assistance (STA) Funds:					
State Controller's Estimate	\$ 946,179	\$ 834,837	\$ (111,342)	-11.8%	Revised 2019/20 SCC est. \$839,740, preliminary 2020/21 likely to change
Estimated Fund Balance Available for Allocation	\$ 453,982	\$ 284,442	\$ (169,540)	-37.4%	Based on cash in account and revised estimate of 2019/20 activity
Total State Transit Assistance Funds:	\$ 1,400,161	\$ 1,119,284	\$ (280,877)	-20.1%	
State Controller's Estimate	\$ 131,002	\$ 133,825	\$ 2,823	1.9%	Transit funding program in Senate Bill 1
Estimated Fund Balance Available for Allocation	\$ 258,181	\$ 193,527	\$ (64,654)	-25.0%	First 3 years were allocated by MCOG, saving for MTA project
Total State of Good Repair Funds	\$ 131,002	\$ 133,527	\$ 2,525	1.9%	Includes actual revenues 2017/18 and 2018/19
State Planning Assistance Funds (SPAF)					
Planning Council Work Program (OWP) - New Revenue	\$ 284,000	\$ 284,000	\$ -	0.0%	
Planning Council Work Program - Carryover	\$ 28,314	\$ -	\$ (28,314)	-100%	
Total SPAF Funds:	\$ 312,314	\$ 284,000	\$ (28,314)	-9.1%	

Funding Sources – More Info 6

“Explanatory Notes on Funding Sources” in agenda packet

MENDOCINO COUNCIL OF GOVERNMENTS 2020/21 Budget Explanatory Notes on Funding Sources 4/24/2020	
LTF - Local Transportation Fund	<ul style="list-style-type: none"> Generated from quarter-cent sales tax on all sales countywide. Fund estimate provided by County Auditor/Controller. Allocated by Regional Transportation Planning Agencies (RTPAs). Governed by the Transportation Development Act (TDA). Transportation planning and public transit systems are supported by these revenues according to TDA.
LTP Reserve Fund	<ul style="list-style-type: none"> Allowed under TDA, Section 6635, adopted by MCOG on June 7, 1999, revised April 2, 2001. Fund balance adjusted annually at five percent of County Auditor/Controller's LTP estimate. Surplus allocated through annual budget process. To be used "for transit services provided by Mendocino Transit Authority (MTA) that have been funded by MCOG through the annual transit claim process, when 1) actual LTP revenues fall short of LTP budget allocations, or 2) extreme or unusual circumstances warrant an additional allocation." The fund was depleted to cover the FY 2008/09 revenue shortfall and policy waived in 2010/11 and 2011/12. The policy was partially waived for the three following fiscal years. A claim was made to meet the FY 2015/16 shortfall of \$68,364. Since 2015/16, MCOG has fully restored the LTP Reserve policy, releasing two years of surplus for allocation between \$100,000 and \$200,000, then a shortfall of \$65,000, a surplus of \$71,000, and for 2019/20 (from 2017/18 revenue) a record surplus of \$373,634. Audited surplus from 2018/19 is 213,766, for allocation in 2020/21.
STA - State Transit Assistance	<ul style="list-style-type: none"> Generated from sales taxes on diesel and gasoline, until the Transportation Tax Swap of March, 2010, when it was replaced by an increased excise tax on gasoline and increased sales tax on diesel. This expired with SB 1, the Road Repair & Accountability Act of 2017. The gas tax is now indexed to inflation. Governed by the Transportation Development Act (TDA). Eligibility is open only to transit operators - MTA in Mendocino County. May be used for either Operations, subject to an eligibility formula based on certain cost efficiency standards, or for Capital. MTA typically has used STA for Capital purposes, until the operations requirement was waived for FY 2009/10 - 2015/16 during the Recession. Senate Bill 508, effective July 1, 2016, provides more flexibility, so that "rather than making an operator ineligible to receive State Transit Assistance program funds for operating purposes for an entire year for failure to meet the efficiency standards, would instead reduce the operator's operating

Highlights of This Year's Budget

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REDUCTIONS:

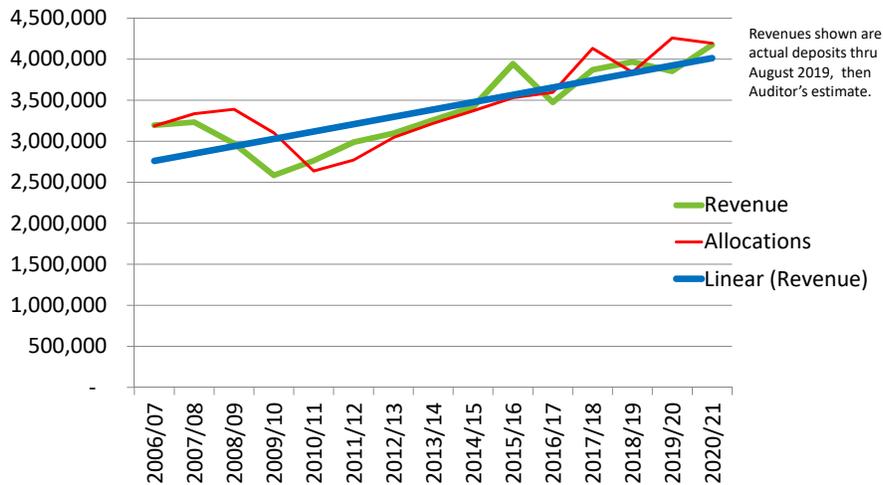
- Local Transportation Fund (LTF) sales tax revenue estimated in January at all-time high of \$4.17M now expected to drop
- Proposal to reserve projected increase, limit allocations
- State Transit Assistance (STA) from gas taxes also likely to drop
- Revised estimates expected after first months of actuals

ADDITIONS:

- Transit funding relief from federal CARES Act – est. \$1.20M
- ATP grant for Covelo Trail project for construction at \$2.86M
- These help inflate the total draft budget to ~\$12 million

LTF Revenues & Allocations - Trend

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LTF Revenues FYTD 2019/20

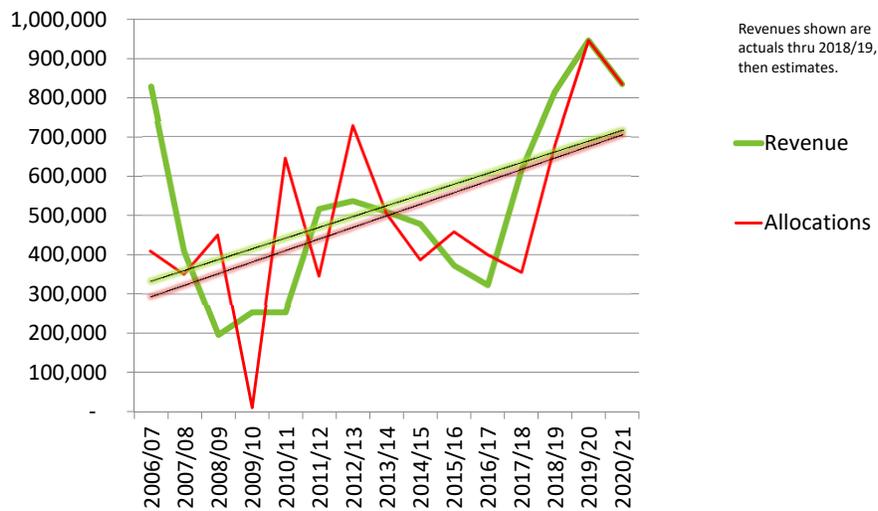
9

LTF budget compared to actual receipts July through February - 8 months, accrual basis:

	<u>BUDGET</u>	<u>ACTUAL</u>
Auditor's FY Estimate	\$ 3,852,643	
Budget FYTD	2,568,429	\$ 2,811,776
Excess FYTD		243,347 (6.3%)
4 mos. remaining	1,284,214	1,040,867 need
Auditor's FYE estimate	\$ 200,246 (5.2%)	

STA Revenues & Allocations - Trend

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LTF Reserve Policy since 1999

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Last Audited FY:
Any excess LTF
revenue over
Budget is added to
Reserve

Current FY:
Prepare next year's
Budget, set Reserve
balance

Next FY:
Any excess over
Reserve balance is
allocated in Budget
/shortfall is covered
by Reserve

LTF Allocation Priorities

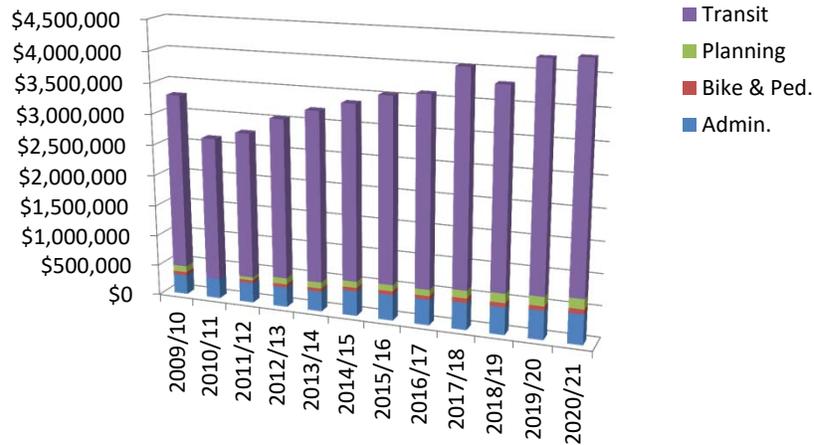
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Consistent with TDA:

- Administration
- 2% Bicycle & Pedestrian (opt.)
- Planning Program
- Transit – MTA
 - Operations
 - Senior Center Contracts
 - Capital Reserve – 5 Year Plan
 - Unmet Transit Needs

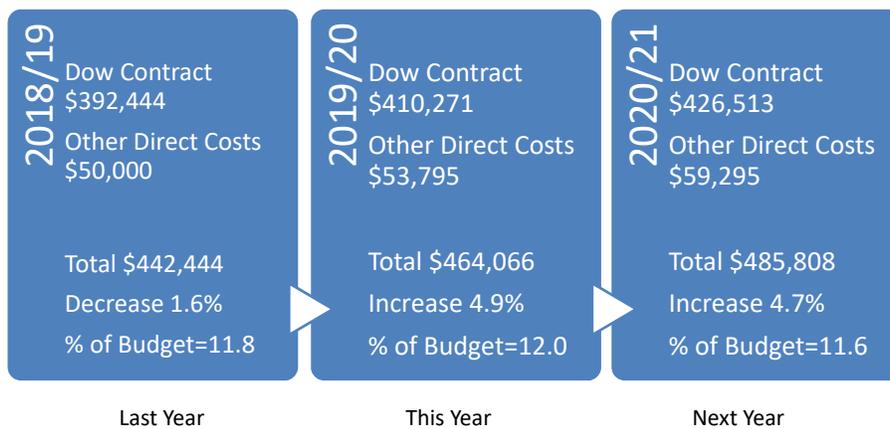
LTF Allocations - Trend

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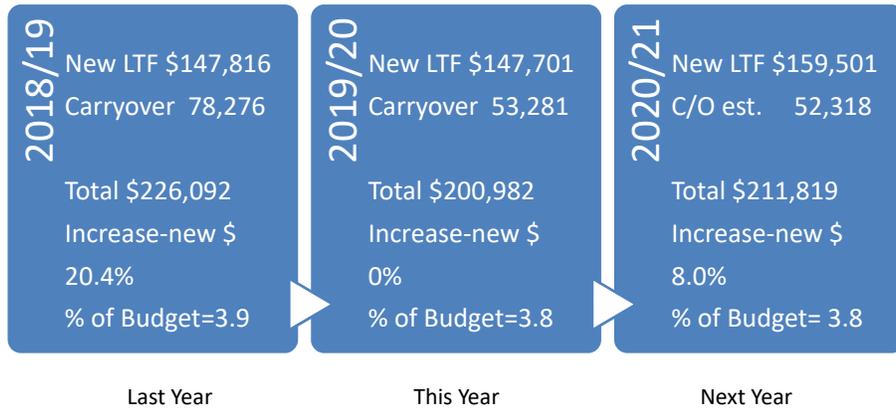
LTF Allocations – Admin.

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LTF Allocations – Planning

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All Allocations – Planning

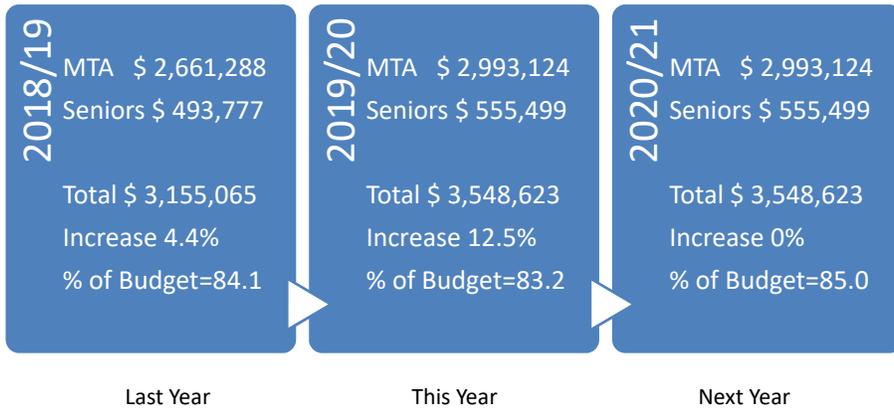
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Draft FY 2020/21 Overall Work Program:

W.E. #	Project	Agency	\$ Source	Amount
1	Regional Govt./Intergov'tl Coordination	MCOG	State RPA	114,500
2	Planning Mgmt. & General Coordination	MCOG	LTF	97,559
4	Sustainable Transportation Planning	MCOG	LTF	10,000
6	Combined Special Studies	MCDOT	State RPA	54,000
7	Planning, Programming & Monitoring	MCOG	State PPM	56,024
8	Fire Vulnerability / Emergency Plan - <i>Carryover</i>	MCOG	LTF, State Grant	TBD
9	Regional / Active Transportation Plans Update	MCOG	State RPA	65,500
10	Pavement Management Program Update	MCOG	LTF, State PPM	150,000
12	Sidewalk Maint. / ADA Curb Ramp Inventory	Ukiah	LTF	45,000
14	Training	MCOG	LTF	13,000
15	Trans. Planning for Mill Site Reuse - <i>Carryover</i>	Fort Bragg	State PPM	TBD
16	Multi-Modal Transportation Planning	MCOG	State RPA	32,000
18	Geographic Information System Activities	MCOG	State RPA	3,000
20	Grant Development & Assistance	MCOG	State RPA	25,000
	<i>PROJECT RESERVE</i>	MCOG	LTF	11,800
	TOTAL			677,383

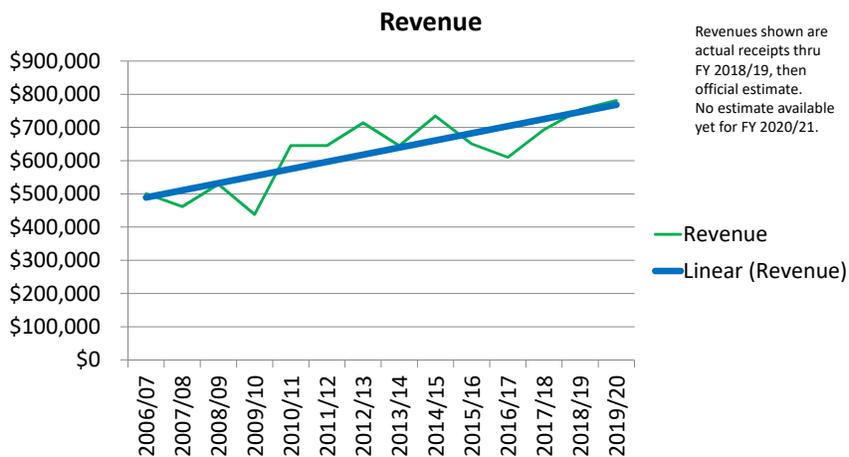
LTF Allocations – Transit

17



STBGP Revenues – Trend

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STBGP Allocation Priorities

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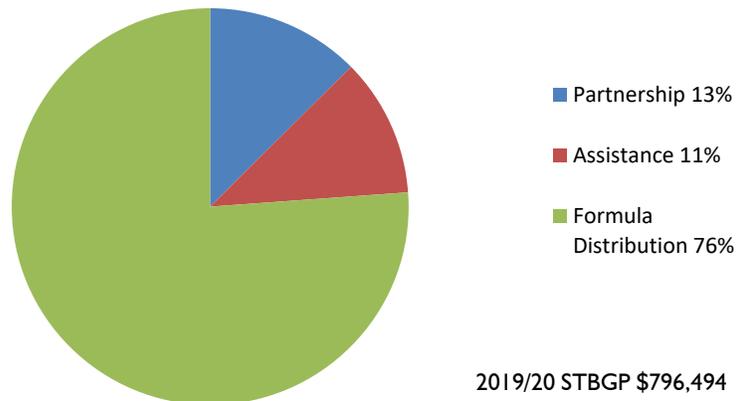
MCOG Policy for Surface Transportation Block Grant Program, Section 182.6(d)(1):

- Partnership Funding Program
- Regional Mgr. & Local Assistance – Project Delivery
- County & Cities Projects – by formula

STBGP Allocations

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FY 2020/21 Proposed Budget – No Fund Estimate Yet



Funding Available to MCOG from SB I 21

- State Transportation Improvement Program (STIP) – Regional Share
- Planning Grants
 - Sustainable Communities
 - Climate Adaptation
- Active Transportation Program (ATP)
- State Transit Assistance (STA)
- State of Good Repair - transit

What's Not in the Budget 22

- Regional/State Transportation Improvement Program (RTIP, STIP)
 - Capital programming, no cash flow
- Service Authority for Freeway Emergencies (Mendocino SAFE)
 - Motorist Aid Call Box System
 - Separate 5-Year Financial Plan approved 2017

Budget Adoption FY 2020/21

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- **Recommendations:**
 - Staff – Admin & Planning
 - Executive Committee – Feb. 24
 - Technical Advisory Committee – Feb. 19
 - Transit Productivity Committee – April 13
 - SSTAC pending

- **Adopt Budget June 1, 2020**
- **Expect to amend during Fiscal Year**

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Questions?

Thank You!

Presentation by:
Janet Orth, Deputy Director & CFO

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