

MADERA COUNTY TRANSPORTATION COMMISSION



TRIENNIAL PERFORMANCE AUDIT

DECEMBER 2008

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EXECUTIVE SUMMARY

CHAPTER 1 – EXECUTIVE SUMMARY

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit of the Madera County Transportation Commission (MCTC) for the following period:

- Fiscal Year 2005/2006,
- Fiscal Year 2006/2007, and
- Fiscal Year 2007/2008.

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

Each Triennial Performance Audit has three elements:

1. Assess compliance requirements,
2. Follow-up of prior performance audit report recommendations, and
3. Identify and review of the Regional Transportation Planning Agency's functions and activities.

Overview

The Madera County Transportation Commission (MCTC) is the Regional Transportation Planning Agency (RTPA) for Madera County. In addition, MCTC also serves as staff for the Madera County Transportation Authority, which administers funding collected as part of the Measure T transportation funding initiative.

As the designated RTPA, the MCTC is responsible for a wide variety of actions supporting a continuous, comprehensive, and coordinated planning process. In this regard, the MCTC is responsible for the

development of a Regional Transportation Plan (RTP) and Regional Transportation Improvement Plan (RTIP).

As the RTPA, the MCTC is also responsible for administering Transportation Development Act (TDA) funds, State Transit Assistance (STA) funds, Local Transportation Funds (LTF), and other transportation-related funds, as well as identifying regionally significant projects and developing funding strategies to address them. The administration of these funds requires the establishment of a Social Service Transportation Advisory Council, implementation of a public participation process appropriate for Madera County, annual recommendations for productivity improvements for publicly-funded transit operators, completion of an annual fiscal audit of all LTF claimants, and conducting an annual TDA “unmet needs” public process.

Compliance

The MCTC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner with two exceptions:

1. The MCTC did not complete the required Triennial Performance Audit for FY 2004/05.
2. An independent auditor report has yet to be submitted for FY 2006/07. MCTC staff states it will be submitted in January 2009.

Prior TPA Recommendations

The last audit, completed in 2002 by Quady, Brash & Leal, LLP declined to present any recommendations.

Functional Review

The MCTC was created as a local area planning agency to undertake regional transportation planning for Madera County. As the RTPA, the MCTC is responsible for outlining and implementing transit plans that align with the *Regional Transportation Plan Guidelines* so as to ensure the

region continues to receive federal and state funding for ongoing public transportation development development.

Recommendations

Moore & Associates recommends the MCTC take the following actions:

1. Ensure a Triennial Performance Audit is completed according to TDA guidelines every three years and submitted to the California Department of Transportation.
2. Ensure any issues related to the preparation and submission of annual fiscal audits are resolved and future audits are submitted as required.
3. Adopt a comprehensive set of goals and objectives governing MCTC's internal procedures and operations.

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INTRODUCTION

CHAPTER 2 – INTRODUCTION

The Triennial Performance Audit of the Madera County Transportation Commission (MCTC) covers a three-year period ending June 30, 2008. The California Public Utilities Code requires each RTPA conduct a Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

The TPA is designed to be an independent and objective evaluation of the MCTC as the regional transportation planning entity. The audit's intent is to: 1) Assess compliance with TDA regulations, 2) review improvements subsequently implemented and assess progress toward adopted goals, and 3) provide practical and useful recommendations for improving the efficiency and functionality of the MCTC as the Regional Transportation Planning Agency (RTPA).

Audit Scope and Methodology

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

The TPA is a high-level review of performance evaluating the efficiency, economy, and effectiveness of the regional transportation planning entity.

The audit of the MCTC consisted of three tasks:

1. A review of compliance with the TDA requirements and regulations.
2. An assessment of the implementation of recommendations contained in prior performance audits.

3. An examination of the major functions performed by the RTPA in the following areas:
 - Administration and management,
 - Transportation planning and regional coordination,
 - Claimant relationships and oversight,
 - Marketing and transportation alternatives, and
 - Grant applications and management.

The methodology for this audit included interviews with personnel at the MCTC, verification of data sources, examination of financial and statistical reports, and reviews of relevant planning documents and reports.

Our audit report is comprised of three sections:

1. Executive Summary

A brief summary of the key findings and recommendations developed during the Triennial Performance Audit processes.

2. Introduction

Methodology of the audit and pertinent background information.

3. Audit Results

In-depth discussion of findings surrounding each of the subsequent major elements of the audit:

- Compliance with statutory and regulatory requirements.
- Progress in implementing prior audit recommendations.
- Transportation planning and regional coordination.
- Claimant relationships and oversight.
- Functional review.
- Marketing and transportation alternatives.

Description of the RTPA

The MCTC, as the local transportation commission, serves as the Regional Transportation Planning Agency (RTPA) for Madera County. As the

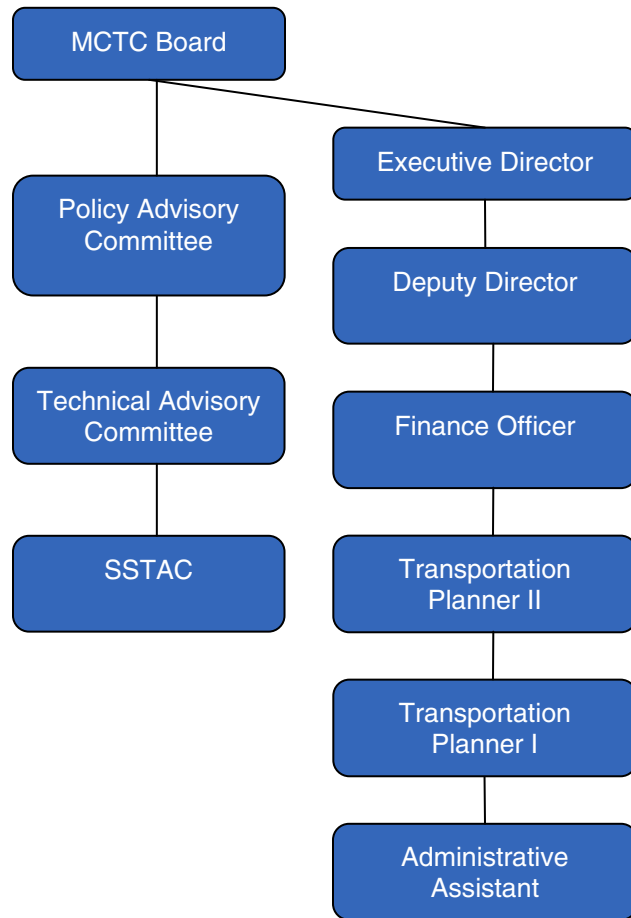
designated RTPA, the MCTC allocates Local Transportation Fund (LTF) and State Transit Assistance (STA) Funds to eligible public transit operators. Other responsibilities include the establishment of a Social Service Transportation Advisory Council, actions for a citizen participation process for Madera County, annual recommendations for productivity improvements for transit operators, ensuring fiscal audits are completed for all TDA claimants, and conducting the TDA Article 8 “Unmet Needs” public process.

The MCTC is responsible for ensuring the County’s Regional Transportation Plan (RTP) is up-to-date and relevant, and progress is made supporting implementing actions included therein. The MCTC updates the RTP approximately every four years. In addition to the RTP, the MCTC prepares the County’s Regional Transportation Improvement Program (RTIP) every two years (most recently adopted in January 2008), and also adopted its Human-Services Public Transit Coordinated Transportation Plan in April 2007, in order to be eligible for FTA Section 5310, 5316, and 5317 funds.

Other efforts include the annual preparation of the MCTC’s Overall Work Program (OWP), Federal Transportation Improvement Program (FTIP), as well as traffic volumes reports, monitoring, and modeling.

The RTPA also staffs the Madera County Transportation Authority (MCTA), which administers funding collected as part of the Measure T transportation funding initiative.

Exhibit 1 MCTC Organizational Chart



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3. AUDIT REPORT

CHAPTER 3 – AUDIT REPORT

This chapter presents detailed findings for each of the major performance audit sectors: Compliance requirements, prior audit recommendations, and review of RTPA functions.

Compliance Requirements

This section examines the MCTC's compliance with the Transportation Development Act and relevant sections of California's Public Utilities Commission code. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. Although compliance verification is not a TPA function, several specific requirements concern issues relevant to the performance audit. The RTPA considers full use of funds under CCR 6754(a) to refer to operating funds and not capital funds. The TPA findings and related comments are delineated in Exhibit 2.

Compliance was determined through discussions with MCTC staff as well as a physical inspection of relevant documents, including the fiscal audits for each year of the triennium. Also reviewed were planning documents, Overall Work Program (OWP), Regional Transportation Plan (RTP), and other related documentation.

The MCTC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner with two exceptions:

1. The MCTC did not complete the required Triennial Performance Audit for FY 2004/05.
2. An independent auditor report has not yet submitted for FY 2006/07. However, the MCTC is working with an independent operator to complete and submit the report in January 2009.

Exhibit 2 TDA Compliance Requirements

REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
The RTPA has established a Social Service Transportation Advisory Council.	PUC 99238, 99238.5	In compliance	MCTC has an active Social Service Transportation Advisory Council.
The RTPA must ensure there is a public participation process which includes at least an annual public hearing.	PUC 99238.5	In compliance	MCTC actively solicits public participation throughout the development of the RTP. Once a draft has been produced, public comment is incorporated.
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.	PUC 99233.3, 99234	In compliance	Analysis of the financial audits indicated an adequate percentage of funds was allocated to non-motorized purposes.
The RTPA has ensured all claimants to whom it allocates TDA funds submit to the RTPA and to the State Controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	PUC 99245	In compliance	All operators within the MCTC’s jurisdiction are considered exempt from the Triennial Performance Audit process under TDA Article 8.
<p>The RTPA has annually identified, analyzed, and recommended potential productivity improvements that 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 being limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> • A committee for the purpose of providing advice on productivity improvements may be formed. • The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation exceeding its prior year allocation. 	PUC 99244	In compliance	The SSTAC functions as the forum for identifying transit needs and determining if they are reasonable to meet.

REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
All transportation operators and city/county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund monies apportioned to that area.	PUC 99231	In compliance	Properly allocates funds based on LTF apportionments.
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity which 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.	PUC 99246, 99248	In compliance	Commissions TPAs for the RTPA and each operator under its jurisdiction on regular three-year cycle.
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, that the performance audits of operators located in the area under its jurisdiction have been completed.	PUC 99246	Finding	No performance audit was submitted in FY 2004/05.
The performance audit of the operator providing transportation services shall include, but is not limited to, 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 shall include, but is not 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.	PUC 99246	In compliance	All operators within the MCTC's jurisdiction are considered exempt from the Triennial Performance Audit process under TDA Article 8.

REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
<p>If an operator serves urbanized and non-urbanized areas in the area of jurisdiction of a transportation planning agency, the RTPA shall adopt rules and regulations to determine what portion of the public transportation services of the operator serves urbanized areas and what portion serves non-urbanized areas to determine its required ratios of fare revenues to operating cost.</p>	<p>PUC 99270.1</p>	<p>In compliance</p>	<p>Farebox recovery ratios have been set for each operator within Madera County in accordance with TDA regulations.</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>PUC 99270.1, 99270.2</p>	<p>In compliance</p>	
<p>The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.</p>	<p>PUC 99275.5</p>	<p>In compliance</p>	<p>Criteria, rules, and regulations have been developed. The application process enforces the criteria, rules, and regulations.</p>
<p>State Transit Assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.</p>	<p>PUC 99312.5, 99313.3, Prop 116</p>	<p>In compliance</p>	<p>Fiscal audits for each year show STA funds are allocated only for public transit.</p>
<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>PUC 99314.3</p>	<p>In compliance</p>	<p>MCTC allocates STA funding according to State Controller guidelines.</p>

REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
<p>If TDA funds are allocated to purchases not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the RTPA 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 who 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; and • Adopted a finding that there are no unmet transit needs, that there are no unmet needs that are reasonable to meet, or that there are unmet transit needs including needs that are reasonable to meet. <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for non-transit purposes.</p>	<p>PUC 99401.5</p>	<p>In compliance</p>	<p>The Board annually determines if any unmet needs exist that are reasonable to meet. Any unmet need deemed reasonable to meet is funded before allocation is made to non-transit programs.</p>
<p>The RTPA has submitted to an audit of its accounts and records by the County Auditor, or a certified public accountant, for each fiscal year. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year, and the audit 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</p>	<p>CCR 6662</p>	<p>Finding</p>	<p>An audited report of MCTC’s accounts has not yet been submitted for FY 2006/07. The MCTC is working with an independent auditor to complete and submit the report by January 2009.</p>

REQUIREMENT	REFERENCE	COMPLIANCE	COMMENTS
with the Transportation Development Act and accompanying rules and regulations. Financial statements may not commingle State Transit Assistance funds, local transportation funds, 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 fiscal year close.			

Prior Audit Recommendations

This section reviews and evaluates the implementation of the prior Triennial Performance Audit recommendations and determines degree of implementation. This objective assessment is to provide assurance the MCTC has made quantifiable progress toward improving both the efficiency and effectiveness of its operation.

The last audit, completed in 2002 by Quady, Brash & Leal, LLP declined to present any recommendations.

Functional Review

The functional review of the MCTC identifies and determines the extent and efficiency of the following activities:

- RTPA administration and management,
- Transportation planning and regional coordination,
- Claimant relationships and oversight,
- Marketing and transportation alternatives, and
- Grant applications and management.

RTPA Administration and Management

- General Administration

In its role as Madera County's RTPA, the MCTC is responsible for processing TDA claims and has done so in a timely and accurate manner across the triennium. The MCTC regularly monitors both ongoing and special projects, and MCTC staff provides status updates to the Board on a regular basis.

The MCTC performs its general administrative duties in an efficient manner according to the guidelines set forth within the Transportation Development Act.

- Internal Planning and Achievements

The MCTC has not developed a clear set of goals and objectives to guide the agency's internal operations.

- Governing Board Activities

The MCTC Board is comprised of six members; three members of the County Board of Supervisors, two from the City of Madera, and one from the City of Chowchilla. Four alternates are also appointed; two from the County of Madera and one each from the Cities of Madera and Chowchilla. The Board meets monthly, with recesses in August and December (though special meetings can be convened as needed). The Board never missed having a quorum during the triennium, and the MCTC recently approved a stipend for Board members to encourage their attendance versus that of alternates.

The Board is divided into two committees which review items and provide recommendations to the commission as a whole. These committees, the Technical Advisory Committee and the Transportation Policy Advisory Committee, are composed of both MCTC Board members as well as representatives from other associated agencies (i.e., the County of Madera, Caltrans, etc).

Following review by the committees, items are brought before the full Board for final approval. The Board has reviewed and approved all key documents prepared for it by MCTC staff.

The Social Service Transportation Advisory Council members include representatives of transit riders age 60 and older, transit patrons with disabilities, local social service providers serving seniors, low-income persons, social service transportation providers, local transit operators, and other participants as deemed appropriate.

- Personnel

The MCTC is led by an Executive Director to whom the Administrative Assistant and Deputy Director report directly. The Deputy Executive Director oversees the planning staff. MCTC currently employs two planners.

Budget and staffing allocations satisfy current demands with the exception of the lack of a dedicated finance deputy within the organization. One of the Transportation Planners handles much of the duties that would otherwise be handled by a full-time finance officer.

Transportation Planning and Regional Coordination

- Regional Transportation Plan Development

Regional Transportation Planning Agencies are required to prepare a Regional Transportation Plan (RTP) on a regular basis as amended by the California Transportation Commission in 1999. The most recent RTP prepared by the MCTC was completed in May 2007. The MCTC convenes a RTP Steering Committee to guide the development of the RTP for each cycle.

The RTP segregated goals and objectives into two general categories: Multimodal Transportation System and Transportation Financing. Collectively, the two categories included seven goals and 20 objectives. The goals and objectives encompass a variety of transportation issues. Goals are broadly-stated targets, general in nature, and not time-specific. Objectives are specific and quantifiable results contributing to the achievement of a goal. A review of the goals and objectives in the RTP and Overall Work Program show progress towards the goals.

- Regional Transportation Plan Topics

The structure reflects state and federal statutory requirements as well as California Transportation Commission (CTC) guidelines. The Plan includes five essential components:

1. Assessment of Need: Identifies the current and future conditions on the Madera County transportation system.
2. Policy Element: Identifies the mobility goals, policies, and objectives of the region.
3. Action Element: Identifies programs and project-specific actions to implement the RTP.
4. Financial Element: Identifies expected funding and costs for projects and programs.
5. Public Participation: Identifies the steps taken to solicit public input in the development of the Regional Transportation Plan and RTP Environmental Impact Report.

These elements are mutually supportive and achieve an integrated approach to the transportation planning and programming process.

- Regional Transportation Implementation

The Financial and Action Element of the RTP forms the basis for development and ongoing maintenance of the Regional Transportation Improvement Program (RTIP). The MCTC's 2007 RTP Financial and Action Element include the following steps:

1. Forecast available transportation revenues over the time horizon of the plan and developing funding assumptions.
2. Update the regional project list included in the 2004 plan based on an updated analysis of needs on the regional roadway network and through consultation with local jurisdictions and partner agencies.
3. Compare forecasted revenues with updated project costs.

4. Develop performance measures to evaluate and select projects for the financially-constrained project list.

The RTP allocates 1.45 billion dollars in funding across the next 25 years into three distinct categories:

- Streets and roads (92 percent),
- Public transit (4 percent), and
- Other (4 percent).

The third category includes non-motorized transportation, alternative-fuel projects, and transportation demand management.

Claimant Relationships and Oversight

- Technical and Managerial Assistance

MCTC staff is available and responsive in providing technical and managerial assistance. However, the three operators within Madera County maintain contracts with a private consultant for the majority of their technical assistance. The MCTC prepares and updates a Short Range Transit Plan which guides program development for the operators in Madera County. Finally, the MCTC participates in the Madera Area Express (MAX) Transit Advisory Committee.

- Communication of TDA

The MCTC ensures all operators in Madera County are fully informed regarding TDA regulations and guidelines. This includes providing each with updates and key documents related to the TDA. The MCTC also establishes specific farebox recovery ratios for each operator within its jurisdiction:

- Madera County: 10 percent
- City of Madera: 15 percent
- City of Chowchilla: 10 percent

- TDA Claim Processing

The MCTC processes TDA claims for both the Local Transportation Fund (LTF) and the State Transit Assistance program (STA).

- Unmet Needs Assessment

Before the MCTC approves its annual plan for the distribution of TDA funds for purposes other than public transportation, it must conduct an annual “Unmet Needs” public hearing. From a review of the Regional Transportation Plan and testimonies received at these hearings, the Social Services Transportation Advisory Council makes recommendations to the Board which determines if there are any areas within its jurisdiction with “unmet needs that are reasonable to meet.”

The TDA Article 8 process, analysis, and determination are well documented and were performed consistently at the beginning of each year for each of the three audit years.

The definitions of “unmet need” and “reasonable to meet” adopted by the MCTC include the qualifications for determining the respective recommendations. Our review of the MCTC’s “Unmet Transit Needs” documentation indicated staff is diligent and consistent in applying criteria.

No unmet needs that were deemed “reasonable to meet” were identified during the audit period.

[Marketing and Transportation Alternatives](#)

The MCTC hosts a website and distributes a newsletter to interested parties. The Commission also hosts service information for each of Madera County’s transit operators on its website.

The MCTC participates in the regional rideshare program and is a member of the Clean Air Coalition, which is an alternative fuels program sponsored by Pacific Gas and Electric.

Grant Applications and Management

The MCTC is responsible for reviewing and coordinating grant applications for the operators within Madera County. Funding is typically allocated using a population-based formula, though the operators work collaboratively to prioritize projects and share funding as needed. On occasion, an operator's grant application must be re-submitted for review pending revision by the operator, but no grant applications were rejected due to errors during the audit period.

Recommendations

Moore & Associates recommends the MCTC take the following actions:

1. Ensure a Triennial Performance Audit is completed according to TDA guidelines every three years and submitted to the California Department of Transportation.
2. Ensure any issues related to the preparation and submission of annual fiscal audits are resolved and future audits are submitted as required.
3. Adopt a comprehensive set of goals and objectives governing MCTC's internal procedures and operations.