moore & associates

Modoc County Transportation Commission

FY 2021/22 – FY 2023/24 Triennial Performance Audit of Modoc Transportation Agency

FINAL REPORT | JANUARY 2025

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Table of Exhibits

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Chapter 1 | Executive Summary

In 2024, the Modoc County Transportation Commission (MCTC) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates TDA funding.

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

As it receives no funding under Article 4, the Modoc Transportation Agency (MTA) is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, the MCTC, as the RTPA, includes the MTA in the Triennial Performance Audit process to provide a comprehensive and objective review to offer beneficial insights into program performance.

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

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

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

The Modoc Transportation Agency, operating as the Sage Stage, currently provides four inter-city routes and a general public demand-response service. During the audit period, the inter-city service, marketed as Sage Stage, consisted of four routes: Alturas to Reno, Alturas to Redding, Alturas to Klamath Falls and Alturas to Canby. The Alturas to Reno route operates between 8:00 a.m. and 5:30 p.m. on Monday, Wednesday, and Friday. The Alturas to Redding route operates between 8:00 a.m. and 4:30 p.m. on Tuesday. The Alturas to Klamath Falls route operates between 8:00 a.m. and 3:45 p.m. on Thursday. The Alturas to Canby route operates between 7:30 a.m. and 1:45 p.m. on Tuesday and between 8:00 a.m. and 1:45 p.m. on Thursday. Service is not provided on weekends or nine designated holidays. Sage Stage requires a reservation at least one day in advance to guarantee a trip on the inter-city service. At least one confirmed reservation is required for the bus to travel to Redding, Reno, or Klamath Falls. Same-day reservations are accepted when possible.

The Local Bus is the agency's demand-response service for the general public that provides door-to-door, shared-ride transportation within 10 miles of Alturas. The Local Bus operates between 7:45 a.m. and 5:15 p.m. Monday through Friday. Reservations can be made up to 14 days in advance. Same-day service and subscription service is available as well. Priority is given to individuals utilizing the service for healthcare appointments scheduled at least one day in advance. Fare is dependent on desired destination.

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

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

The Triennial Performance Audit includes five elements:

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

Test of Compliance

Based on discussions with MTA staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no compliance findings.

Status of Prior Recommendations

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

1. Follow up with the State Controller's Office to determine if the Modoc Transportation Agency should be filing a Transit Operator report instead of a Specialized Services report.
   Status: Implemented.

2. Begin including the farebox recovery ratio calculation in the MTA's annual TDA fiscal audit.
   Status: Implemented.

Findings and Recommendations

Based on discussions with MTA staff, analysis of program performance, and a review of program compliance and function, the audit team submits no findings or recommendations.

Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the Modoc Transportation Agency's public transit program covers the three-year period ending June 30, 2024. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2024, the Modoc County Transportation Commission selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the one transit operator to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates followed a competitive procurement process.

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

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

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

Objectives

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

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

Scope

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

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

Methodology

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

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

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

The methodology for this review included a virtual site visit on November 13, 2024. The audit team met with Debbie Pedersen (Executive Director) and Michelle Cox (Accountant I), and reviewed materials germane to the triennial audit.

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

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

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Chapter 3 | Program Compliance

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

The MTA does not use any TDA Article 4 funding for transit and therefore is not statutorily required to be audited, nor has it traditionally been held to the requirements of the TDA. However, the MCTC, as the RTPA, requested the MTA be audited to support a comprehensive and objective review to provide beneficial insights into program performance.

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

No compliance issues were identified for the MTA.

Developments Occurring During the Audit Period

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

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

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief by extending the provisions of AB 90 through FY 2022/23 and adjusting definitions of eligible revenues and operating costs. Most recently, Senate Bill 125, signed into law on July 10, 2023, extended protections provided via earlier legislation through FY 2025/26. While this means the audit period covered by this audit is fully exempt from penalties for non-compliance with the farebox recovery ratio, for example, it also means that transit operators will likely need to be in compliance by the last year of the next audit period.

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

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

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

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

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance*	FY 2021/22: February 6, 2023 FY 2022/23: January 24, 2024 FY 2023/24: December 16, 2024
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance	FY 2021/22: October 30, 2022 FY 2022/23: September 30, 2023 FY 2023/24: November 22, 2024
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	June 29, 2021 July 27, 2022 June 8, 2023 July 10, 2024
Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	PUC 99270.1	Not applicable	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	Not applicable	This limitation is not applicable to a transit operator that contracts for services.
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	Not applicable	No alternative performance criteria have been established.
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
The operator does not routinely staff with two or more persons a vehicle for public transportation purposes designed to be operated by one person.	PUC 99264	In compliance	
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2021/22: +13.25% FY 2022/23: +10.00% FY 2023/24: +36.84% *Source: State Controller Reports, FY 2021 – FY 2023. The increase in FY 2023/24 was due largely to budgeting for the contracting out of fiscal duties.*

** The FY 2021/22 State Controller Report was submitted six days late due to the departure of the prior Chief Fiscal Officer and return from medical leave of the Executive Director, resulting in no one being aware of the deadline. When contacted by the State Controller's Office, the report was submitted immediately. The MCTC has since taken measures to ensure on-time submittals and has not had another late submittal. As a result, the audit team finds the MTA in compliance with this requirement.*

Compliance Element	Reference	Compliance	Comments
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	In compliance	FY 2021/22: 6.66% FY 2022/23: 83.47% FY 2023/24: 81.91% *Source: TDA fiscal audits, FY 2022 – FY 2024. FY 2022 and FY 2023 are inclusive of federal funds. Penalties for non-compliance with farebox recovery ratio waived for all years of the audit period under AB 90, AB 149, and SB 125.*
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Not applicable	
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	Transit operations is contracted to a third-party contractor. Administrative staff are employees of the Modoc County Transportation Commission and participate in a multiple-employer defined benefit pension plan administered by the Public Agency Retirement System (PARS).
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	
In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale.	PUC 99314.6	In compliance	The efficiency requirement for full use of STA funds for operating purposes was waived during the audit period due to AB 90, AB 149, and SB 125. However, MTA would have been eligible to use its full STA allocation for operating in FY 2023 but not in FY 2022 or FY 2024.

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

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Chapter 4 | Prior Recommendations

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

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

1. Follow up with the State Controller's Office to determine if the Modoc Transportation Agency should be filing a Transit Operator report instead of a Specialized Services report.

   Discussion: The prior auditor recommended the Modoc County Transportation Commission contact the State Controller's Office regarding the type of report it should be submitting as a transit operator. If advised to continue submitting the Specialized Services report, the MCTC should document this communication so that it can be reviewed during the next triennial performance audit. If directed to begin filing the general Transit Operator report, it should work with the State Controller's Office to obtain the appropriate login and form.

   Progress: It was noted in the previous audit that this recommendation had already been largely implemented at the time the audit was finalized. MCTC staff contacted the State Controller's Office (SCO) in October 2021 following review of the draft audit report. The SCO confirmed MTA should be reported as a general service, not a specialized service. The SCO could not verify why MTA had been designated as a specialized service at the beginning. This change was implemented prior to the State Controller reporting for FY 2021/22, and all of the reports for this audit period reflect the change.

   Status: Implemented.

2. Begin including the farebox recovery ratio calculation in the MTA's annual TDA fiscal audit.

   Discussion: The prior auditor recommended the Modoc County Transportation Commission work with the fiscal auditor to incorporate the farebox recovery ratio calculation into MTA's annual fiscal audit. The prior auditor noted the TDA fiscal auditor should be familiar with TDA legislation regarding allowable exclusions and the calculation of operating cost (including, but not limited to, PUC 99268.4, 99268.5, 99268.8, 99268.9, 99268.17, and 99268.19; A.B. 90; and A.B. 149).

   Progress: The fiscal audits submitted for the current triennial performance audit cycle include the farebox recovery ratio calculation.

   Status: Implemented.

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Chapter 5 | Data Reporting Analysis

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

Overall, the data reported to the various entities was highly consistent. The most significant discrepancy was in the Vehicle Service Hours for FY 2023/24, which saw a variance of nearly 14 percent between what was reported to the State Controller and in the monthly performance reports and what was reported to the National Transit Database. A similar variance for this metric was observed in FY 2022/23. In nearly all cases where a variance was observed, it was the data reported to the NTD that differed from what was reported internally and to the State Controller.

While we verified that the MTA is using the proper definition of full-time equivalent (FTE) employee for reporting to the State Controller, in FY 2023/24 it improperly reported all employees under both modes, rather than splitting the employees between two modes. This led to employees being over-reported for FY 2023/24. This error was discussed with MTA/MCTC staff and is not expected to reoccur.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual $)			
TDA fiscal audit	$508,743	$496,719	$583,246
National Transit Database	$508,744	$496,517	$578,699
State Controller Report	$508,743	$496,719	$583,246
Fare Revenue (Actual $)			
TDA fiscal audit	$33,905	$45,903	$52,619
Monthly Performance Reports	$33,866	$45,903	$52,619
National Transit Database	$33,866	$45,904	$52,618
State Controller Report	$33,905	$45,903	$52,619
Vehicle Service Hours (VSH)			
Monthly Performance Reports	6,053	6,045	5,955
National Transit Database	6,065	6,847	6,785
State Controller Report	6,055	6,018	5,954
Vehicle Service Miles (VSM)			
Monthly Performance Reports	104,010	106,401	110,044
National Transit Database	104,010	110,345	109,468
State Controller Report	104,010	106,401	110,044
Passengers			
Monthly Performance Reports	8,811	10,721	12,603
National Transit Database	8,811	10,721	12,603
State Controller Report	8,811	10,721	12,603
Full-Time Equivalent Employees			
State Controller Report	3	3	6

Chapter 6 | Performance Analysis

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

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

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

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

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

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

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667[1]. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period[2]:

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

[2] Given the passage of AB 149, the list of expenses that could be excluded from operating cost for the calculation of farebox recovery ratio expanded beginning with FY 2021/22.

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

Vehicle Service Hours and Miles

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

Passenger Counts

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

Employees

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

Fare Revenue

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

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

TDA Required Indicators

To calculate the TDA indicators for the MTA, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via National Transit Database (NTD) for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the MTA's audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via NTD reports for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via monthly performance reports for each fiscal year covered by this audit. The MTA calculates VSH by subtracting deadhead hours from total vehicle hours. The MTA's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via monthly performance reports for each fiscal year covered by this audit. The MTA calculates VSM by subtracting deadhead and out-of-service miles from total vehicle mileage (as noted on each vehicle's odometer). This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via monthly performance reports for each fiscal year covered by this audit. The MTA's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation could not be confirmed.

System Performance Trends

Systemwide, Operating Cost fluctuated across the past six years, resulting in a net increase of 44 percent across the entire period. Operating Cost actually decreased in FY 2020/21 and FY 2022/23.

Fare Revenue decreased significantly during the prior audit period, attributed to the COVID-19 pandemic. A net 82.1 percent decline was noted between FY 2018/19 and FY 2020/21. During the current audit period, fare revenue began to increase, experiencing a 55.4 percent net increase.

Vehicle Service Hours (VSH) saw fluctuation over the past six years. In response to the pandemic, VSH decreased nearly 19 percent in FY 2019/20 but rebounded 28.5 percent in FY 2020/21. During the audit period, VSH saw a net decrease of 1.8 percent. Vehicle Service Miles (VSM) declined significantly throughout the prior audit period, with the greatest changes occurring in FY 2019/20 and FY 2020/21. The current audit period experienced a triple digit percentage increase in FY 2021/22 and a slight decrease of 0.9 percent in FY 2023/24, resulting in a net increase of 5.2 percent.

Ridership fell in FY 2019/20 and FY 2020/21 before steadily increasing through FY 2023/24. The COVID-19 pandemic resulted in a 20.3 percent decrease in FY 2019/20, followed by a 31 percent decrease in FY 2020/21. Ridership increased a net 43 percent during the audit period.

Cost-related metrics varied during the audit period. Operating Cost/VSH saw a decrease of 13.5 in FY 2022/23, followed by a 17.6 percent increase in FY 2023/24. Operating Cost/Passenger decreased every

year of the audit period, resulting in a net 20.5 percent decrease. Operating Cost/VSM decreased the first two years of the audit period, followed by a 17.5 percent in FY 2023/24. Decreases in cost-related metrics indicate increased cost-effectiveness.

Passenger-related metrics experienced net increases during the audit period. Passengers per VSH increased 45.7 percent, while passengers per VSM increased 35.9 percent. Increases in passenger-related metrics indicate increased productivity.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual $)	$401,881	$474,028	$460,148	$508,744	$496,517	$578,699
Annual Change		*18.0%*	*-2.9%*	*10.6%*	*-2.4%*	*16.6%*
Fare Revenue (Actual $)	$55,675	$36,460	$9,949	$33,866	$45,904	$52,618
Annual Change		*-34.5%*	*-72.7%*	*240.4%*	*35.5%*	*14.6%*
Vehicle Service Hours (VSH)	5,759	4,676	6,010	6,065	6,847	5,954
Annual Change		*-18.8%*	*28.5%*	*0.9%*	*12.9%*	*-13.0%*
Vehicle Service Miles (VSM)	122,655	88,478	50,206	104,010	110,345	109,468
Annual Change		*-27.9%*	*-43.3%*	*107.2%*	*6.1%*	*-0.8%*
Passengers	14,133	11,257	7,763	8,811	10,721	12,603
Annual Change		*-20.3%*	*-31.0%*	*13.5%*	*21.7%*	*17.6%*
Employees	3	3	3	3	3	6
Annual Change		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*100.0%*
Performance Indicators						
Operating Cost/VSH (Actual $)	$69.78	$101.37	$76.56	$83.88	$72.52	$97.19
Annual Change		*45.3%*	*-24.5%*	*9.6%*	*-13.5%*	*34.0%*
Operating Cost/Passenger (Actual $)	$28.44	$42.11	$59.27	$57.74	$46.31	$45.92
Annual Change		*48.1%*	*40.8%*	*-2.6%*	*-19.8%*	*-0.9%*
Passengers/VSH	2.45	2.41	1.29	1.45	1.57	2.12
Annual Change		*-1.9%*	*-46.3%*	*12.5%*	*7.8%*	*35.2%*
Passengers/VSM	0.12	0.13	0.15	0.08	0.10	0.12
Annual Change		*10.4%*	*21.5%*	*-45.2%*	*14.7%*	*18.5%*
Farebox Recovery	13.9%	7.7%	2.2%	6.7%	9.2%	9.1%
Annual Change		*-44.5%*	*-71.9%*	*207.9%*	*38.9%*	*-1.7%*
Hours/Employee	1,919.7	1,558.7	2,003.3	2,021.7	2,282.3	992.3
Annual Change		*-18.8%*	*28.5%*	*0.9%*	*12.9%*	*-56.5%*
TDA Non-Required Indicators						
Operating Cost/VSM	$3.28	$5.36	$9.17	$4.89	$4.50	$5.29
Annual Change		*63.5%*	*71.1%*	*-46.6%*	*-8.0%*	*17.5%*
VSM/VSH	21.30	18.92	8.35	17.15	16.12	18.39
Annual Change		*-11.2%*	*-55.9%*	*105.3%*	*-6.0%*	*14.1%*
Fare/Passenger	$3.94	$3.24	$1.28	$3.84	$4.28	$4.18
Annual Change		*-17.8%*	*-60.4%*	*199.9%*	*11.4%*	*-2.5%*

Sources: FY 2018/19 – FY 2020/21 data from prior report. FY 2021/22 – FY 2023/24 fiscal data from NTD reports. FY 2021/22 – FY 2023/24 operating data from monthly performance reports. FTE data from State Controller Reports.

Exhibit 6.2 System Ridership

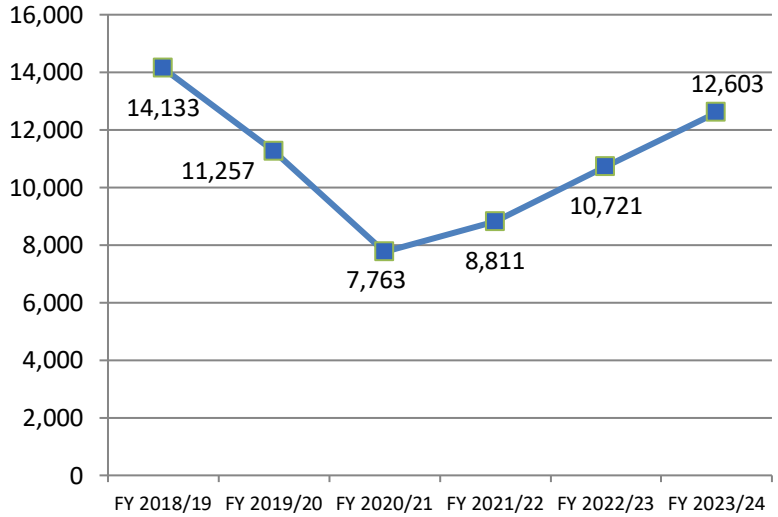


Exhibit 6.3 System Operating Cost/VSH

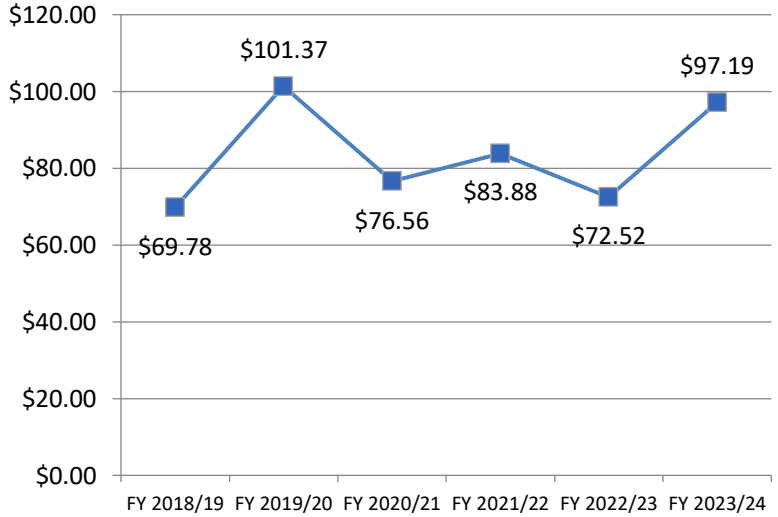


Exhibit 6.4 System Operating Cost/VSM

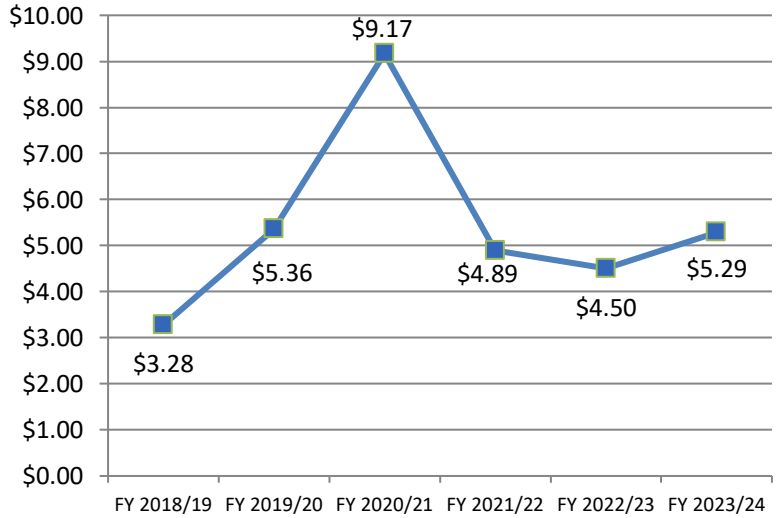


Exhibit 6.5 System VSM/VSH

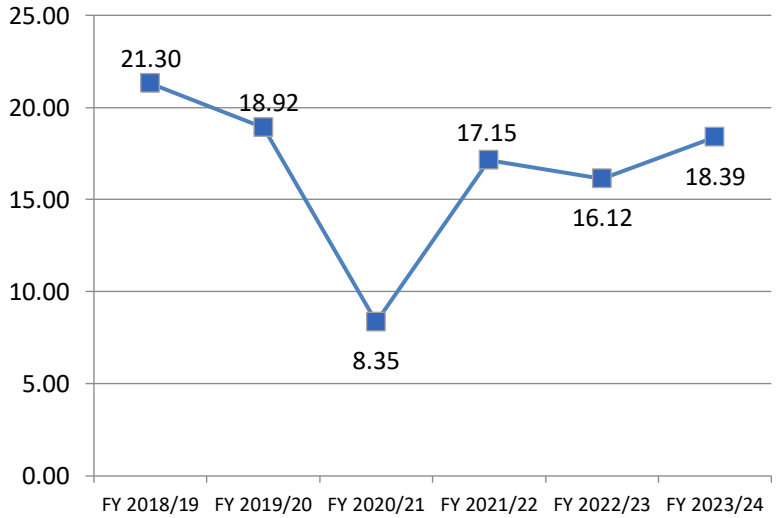


Exhibit 6.6 System Operating Cost/Passenger

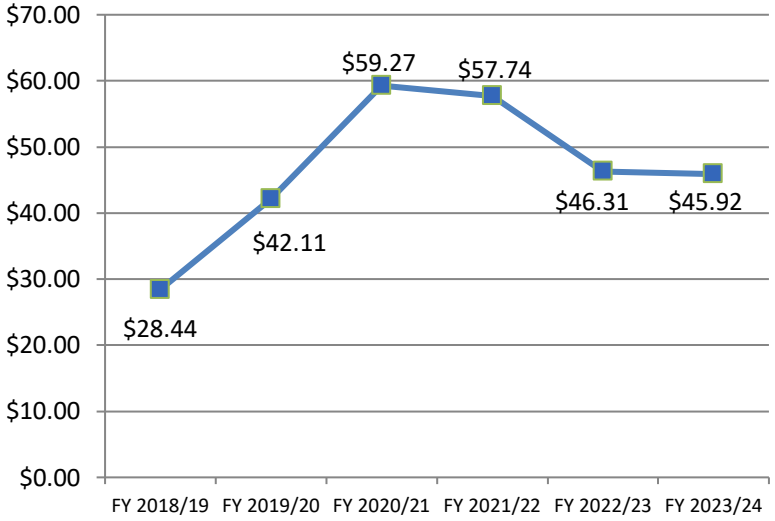


Exhibit 6.7 System Passengers/VSH

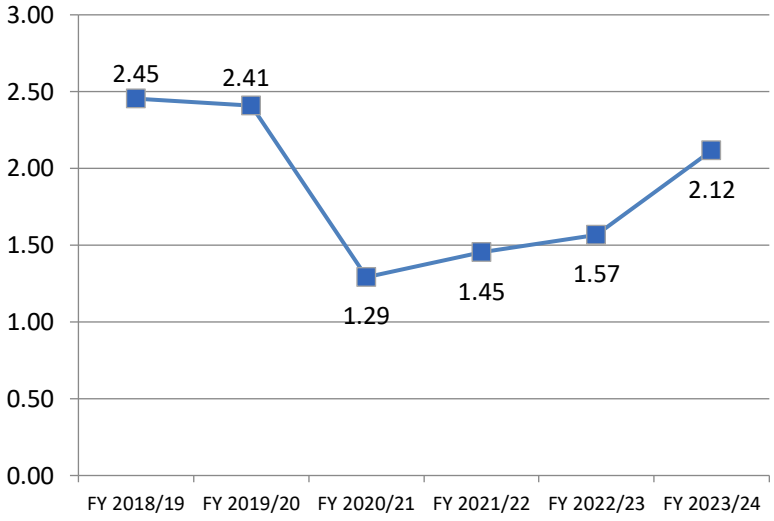


Exhibit 6.8 System Passengers/VSM

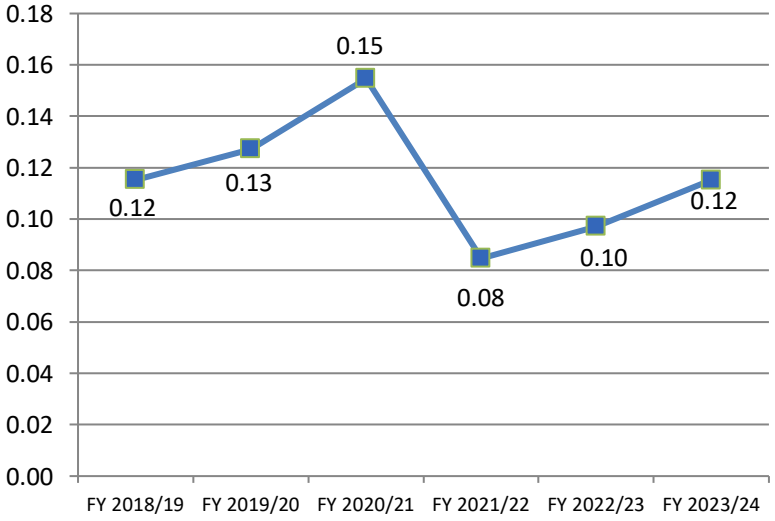


Exhibit 6.9 System VSH/FTE

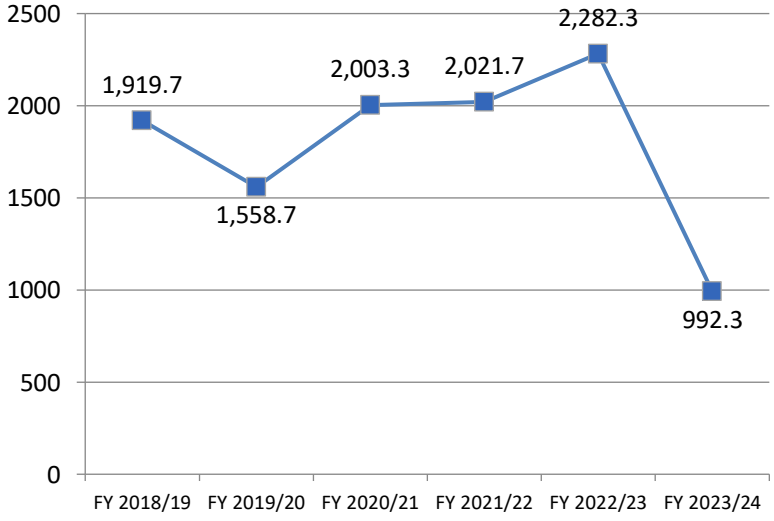


Exhibit 6.10 System Farebox Recovery

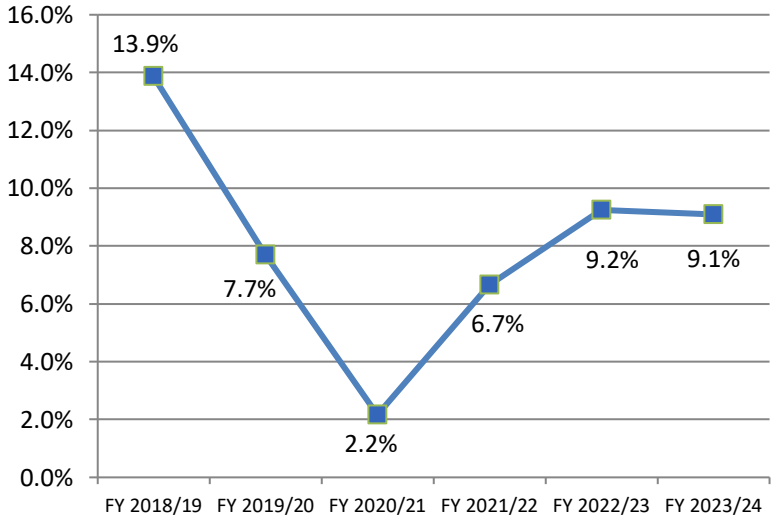
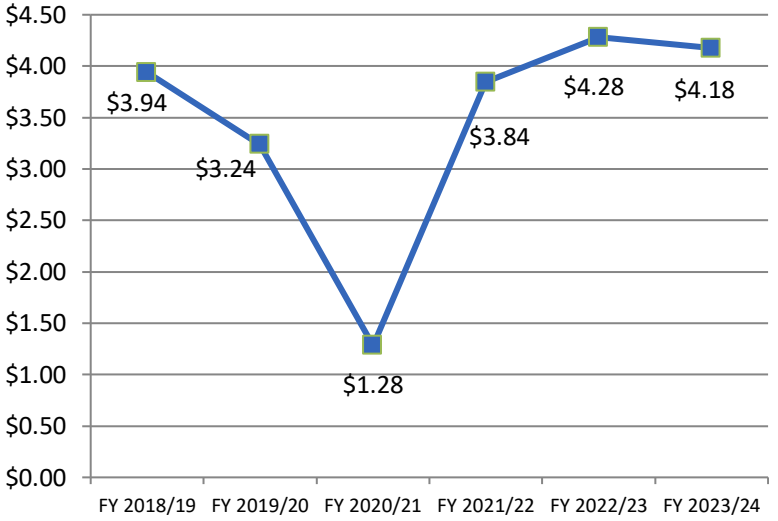


Exhibit 6.11 System Fare/Passenger



Fixed-Route Performance Trends

Fixed-route Operating Cost rose steadily throughout the current and prior audit periods, with the exception of FY 2021/22. That year experienced a 21.5 percent decrease. During the audit period Operating Cost increased 66.7 percent. The most significant increase occurred in FY 2022/23, which experienced a 35.1 percent increase. Fare Revenue during the prior audit period, particularly in FY 2020/21, was heavily impacted by the COVID-19 pandemic, resulting in an 80 percent decrease during that year. However, the Fare Revenue during the current audit period experienced a net increase of 55.8 percent.

While Vehicle Service Hours (VSH) decreased during the previous audit period, the current audit period saw significant increases year to year, resulting in a 0.7 percent decrease during the audit period and a 14.2 percent net decrease across the six-year span. Vehicle Service Miles (VSM) followed a similar pattern. This resulted in a decrease of 2.7 percent during the audit period, and a net decrease of 12.6 percent since FY 2018/19.

Fixed-route Ridership decreased sharply in FY 2020/21 due to the COVID-19 pandemic. Ridership has steadily increased throughout the audit period. Overall, fixed-route Ridership increased by 71.7 percent during the audit period, and 6.3 percent over the six-year period. A triple-digit Ridership increase in FY 2021/22 contributed to this significant increase.

Operating Cost/VSH and Operating Cost/VSM experienced significant net increases across the audit period. Operating Cost/Passenger decreased a net 2.9 percent during the audit period. Passenger-related metrics rose, with Passengers/VSH increasing 73.0 percent and Passengers/VSM increasing 76.4 percent during the audit period.

Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual $)	$241,902	$261,978	$278,454	$218,699	$295,384	$364,549
Annual Change		*8.3%*	*6.3%*	*-21.5%*	*35.1%*	*23.4%*
Fare Revenue (Actual $)	$40,687	$26,758	$5,339	$25,195	$34,772	$39,242
Annual Change		*-34.2%*	*-80.0%*	*371.9%*	*38.0%*	*12.9%*
Vehicle Service Hours (VSH)	2,338	1,638	1,487	2,020	2,091	2,005
Annual Change		*-29.9%*	*-9.2%*	*35.8%*	*3.5%*	*-4.1%*
Vehicle Service Miles (VSM)	85,128	60,836	28,834	76,466	77,706	74,431
Annual Change		*-28.5%*	*-52.6%*	*165.2%*	*1.6%*	*-4.2%*
Passengers	2,268	1,628	336	1,404	2,024	2,411
Annual Change		*-28.2%*	*-79.4%*	*317.9%*	*44.2%*	*19.1%*
Performance Indicators						
Operating Cost/VSH (Actual $)	$103.47	$159.94	$187.26	$108.27	$141.26	$181.82
Annual Change		*54.6%*	*17.1%*	*-42.2%*	*30.5%*	*28.7%*
Operating Cost/Passenger (Actual $)	$106.66	$160.92	$828.73	$155.77	$145.94	$151.20
Annual Change		*50.9%*	*415.0%*	*-81.2%*	*-6.3%*	*3.6%*
Passengers/VSH	0.97	0.99	0.23	0.70	0.97	1.20
Annual Change		*2.5%*	*-77.3%*	*207.6%*	*39.3%*	*24.2%*
Passengers/VSM	0.03	0.03	0.01	0.02	0.03	0.03
Annual Change		*0.4%*	*-56.5%*	*57.6%*	*41.9%*	*24.4%*
Farebox Recovery	16.82%	10.21%	1.92%	11.52%	11.77%	10.76%
Annual Change		*-39.3%*	*-81.2%*	*500.8%*	*2.2%*	*-8.6%*
TDA Non-Required Indicators						
Operating Cost/VSM	$2.84	$4.31	$9.66	$2.86	$3.80	$4.90
Annual Change		*51.5%*	*124.3%*	*-70.4%*	*32.9%*	*28.8%*
VSM/VSH	36.41	37.14	19.39	37.85	37.16	37.12
Annual Change		*2.0%*	*-47.8%*	*95.2%*	*-1.8%*	*-0.1%*
Fare/Passenger	$17.94	$16.44	$15.89	$17.95	$17.18	$16.28
Annual Change		*-8.4%*	*-3.3%*	*12.9%*	*-4.3%*	*-5.3%*

Sources: FY 2018/19 – FY 2020/21 data from prior report. FY 2021/22 – FY 2023/24 fiscal data from NTD reports. FY 2021/22 – FY 2023/24 operating data from monthly performance reports.

Exhibit 6.13 Fixed-Route Ridership

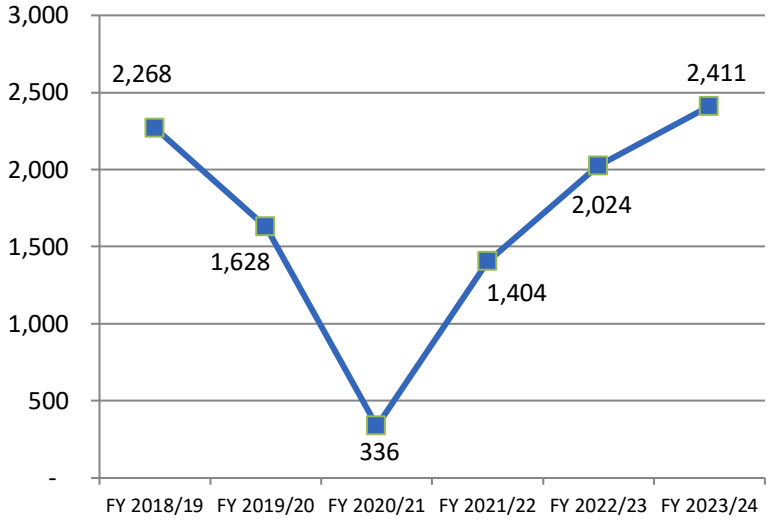


Exhibit 6.14 Fixed-Route Operating Cost/VSH

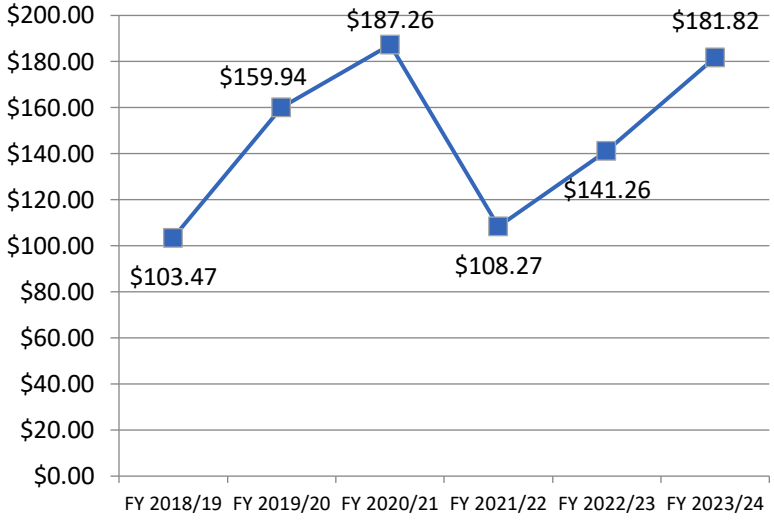


Exhibit 6.15 Fixed-Route Operating Cost/VSM

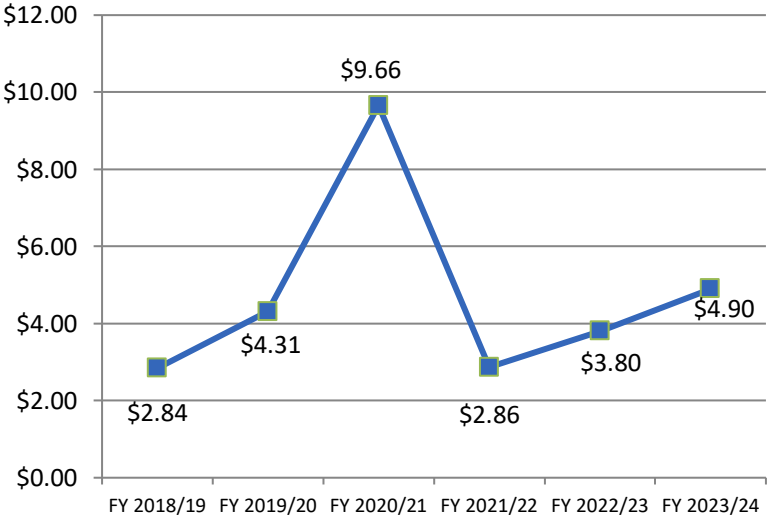


Exhibit 6.16 Fixed-Route VSM/VSH

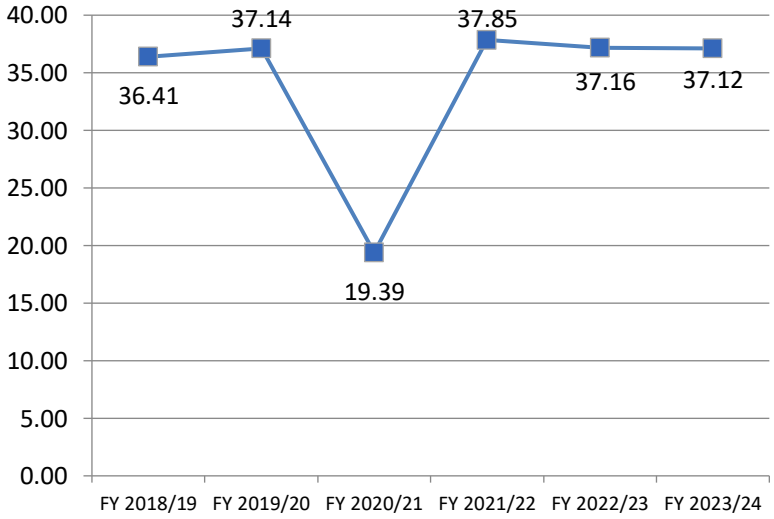


Exhibit 6.17 Fixed-Route Operating Cost/Passenger

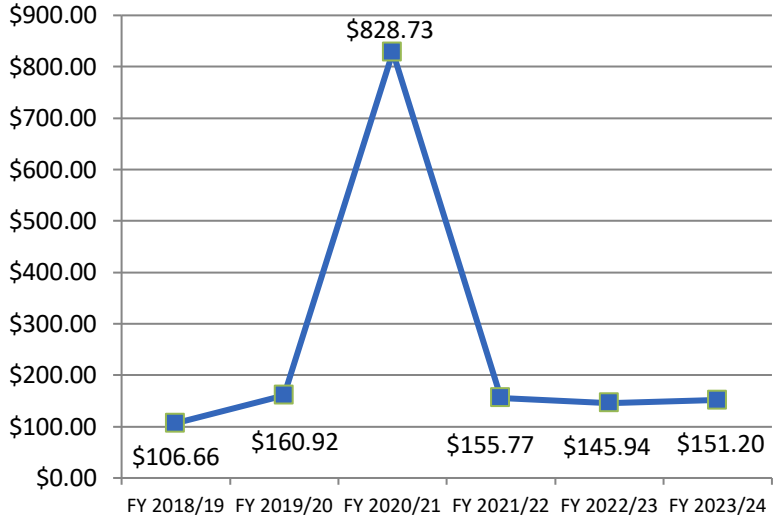


Exhibit 6.18 Fixed-Route Passengers/VSH

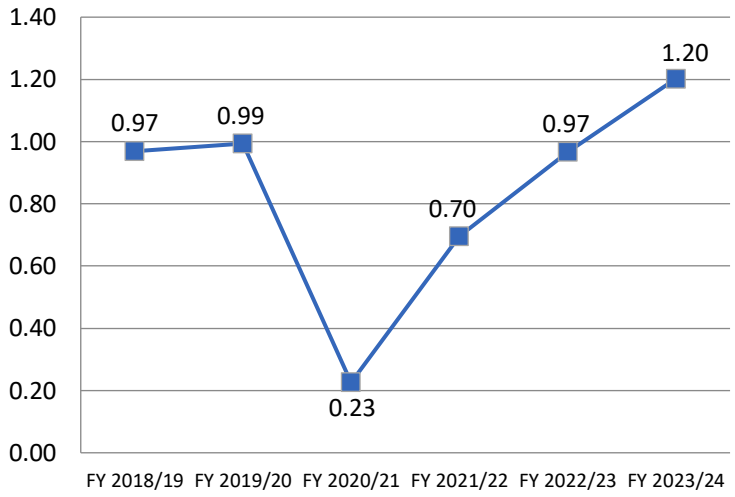


Exhibit 6.19 Fixed-Route Passengers/VSM

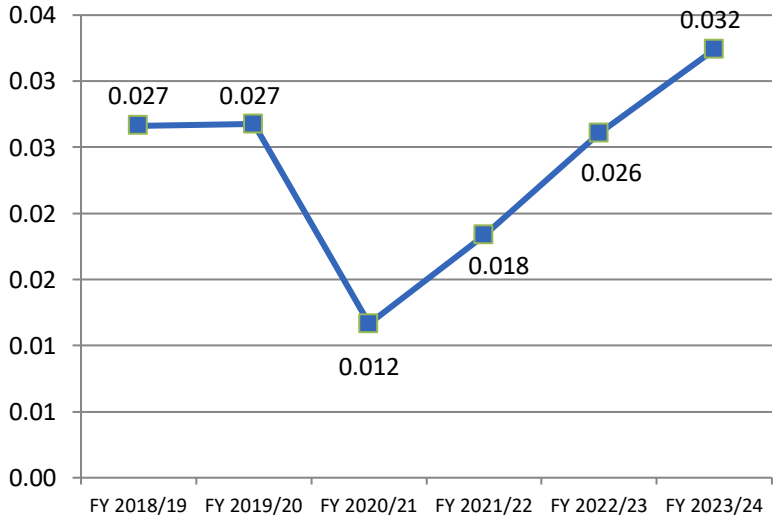


Exhibit 6.20 Fixed-Route Farebox Recovery

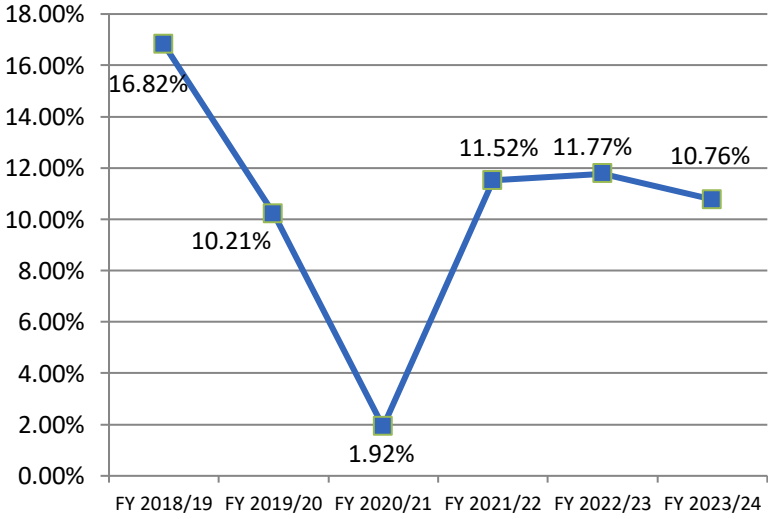
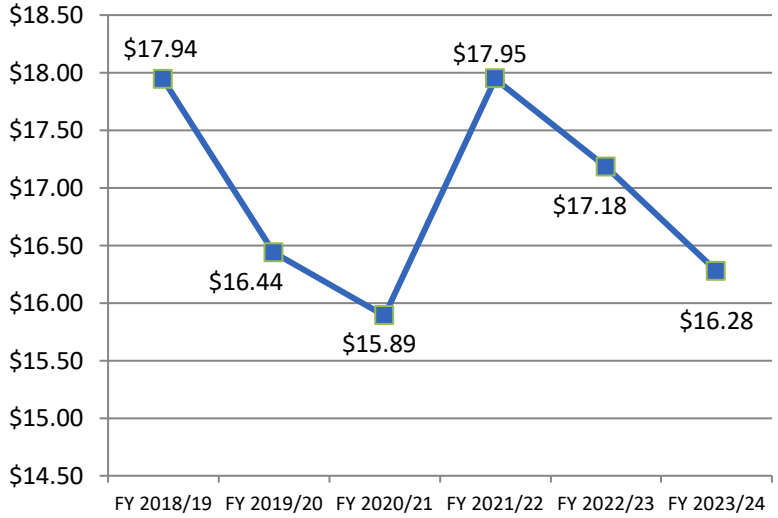


Exhibit 6.21 Fixed-Route Fare/Passenger



Demand-Response Performance Trends

Demand-response Operating Cost fluctuated from year to year. Between FY 2018/19 and FY 2023/24, there was a net 33.9 percent increase in Operating Cost. The most significant changes occurred in FY 2021/22, which experienced a 60.6 percent increase, and in FY 2022/23, which experienced a 30.7 percent decrease. This resulted in a net decrease of 26.2 percent during the audit period. Fare Revenue increased consistently during the audit period. This resulted in a 54.3 percent increase during the audit period.

Demand-response Vehicle Service Hours (VSH) fluctuated across the six-year period, with a decrease of 2.1 percent during the audit period and a 15.4 percent increase over the past six years. Vehicle Service Miles (VSM) fluctuated as well resulting in an increase of 27.2 percent during the audit period, and a net decrease of 6.6 percent since FY 2018/19.

Ridership declined through FY 2022/23. Overall, demand-response Ridership increased by 37.6 percent during the audit period, and decreased a net 14.1 percent over the six-year period. Double-digit Ridership increases in the last two years of the audit period contributed in this significant increase.

Cost-related metrics generally decreased over the audit period, though all saw improvements in FY 2022/23. Passenger-related metrics rose, with Passengers/VSH and Passengers/VSM increasing by 40.5 percent and 8.2 percent, respectively, during the audit period.

Exhibit 6.22 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual $)	$159,979	$212,050	$180,623	$290,045	$201,133	$214,150
Annual Change		*32.5%*	*-14.8%*	*60.6%*	*-30.7%*	*6.5%*
Fare Revenue (Actual $)	$14,988	$9,702	$4,580	$8,671	$11,132	$13,376
Annual Change		*-35.3%*	*-52.8%*	*89.3%*	*28.4%*	*20.2%*
Vehicle Service Hours (VSH)	3,421	3,038	4,523	4,033	3,954	3,949
Annual Change		*-11.2%*	*48.9%*	*-10.8%*	*-2.0%*	*-0.1%*
Vehicle Service Miles (VSM)	37,527	27,642	21,372	27,544	32,639	35,037
Annual Change		*-26.3%*	*-22.7%*	*28.9%*	*18.5%*	*7.3%*
Passengers	11,865	9,629	7,427	7,407	8,697	10,192
Annual Change		*-18.8%*	*-22.9%*	*-0.3%*	*17.4%*	*17.2%*
Performance Indicators						
Operating Cost/VSH (Actual $)	$46.76	$69.80	$39.93	$71.92	$50.87	$54.23
Annual Change		*49.3%*	*-42.8%*	*80.1%*	*-29.3%*	*6.6%*
Operating Cost/Passenger (Actual $)	$13.48	$22.02	$24.32	$39.16	$23.13	$21.01
Annual Change		*63.3%*	*10.4%*	*61.0%*	*-40.9%*	*-9.1%*
Passengers/VSH	3.47	3.17	1.64	1.84	2.20	2.58
Annual Change		*-8.6%*	*-48.2%*	*11.8%*	*19.8%*	*17.3%*
Passengers/VSM	0.32	0.35	0.35	0.27	0.27	0.29
Annual Change		*10.2%*	*-0.2%*	*-22.6%*	*-0.9%*	*9.2%*
Farebox Recovery	9.4%	4.6%	2.5%	3.0%	5.5%	6.2%
Annual Change		*-51.2%*	*-44.6%*	*17.9%*	*85.1%*	*12.9%*
TDA Non-Required Indicators						
Operating Cost/VSM	$4.26	$7.67	$8.45	$10.53	$6.16	$6.11
Annual Change		*79.9%*	*10.2%*	*24.6%*	*-41.5%*	*-0.8%*
VSM/VSH	10.97	9.10	4.73	6.83	8.25	8.87
Annual Change		*-17.1%*	*-48.1%*	*44.5%*	*20.9%*	*7.5%*
Fare/Passenger	$1.26	$1.01	$0.62	$1.17	$1.28	$1.31
Annual Change		*-20.2%*	*-38.8%*	*89.8%*	*9.3%*	*2.5%*

Sources: FY 2018/19 – FY 2020/21 data from prior report. FY 2021/22 – FY 2023/24 fiscal data from NTD reports. FY 2021/22 – FY 2023/24 operating data from monthly performance reports.

Exhibit 6.23 Demand-Response Ridership

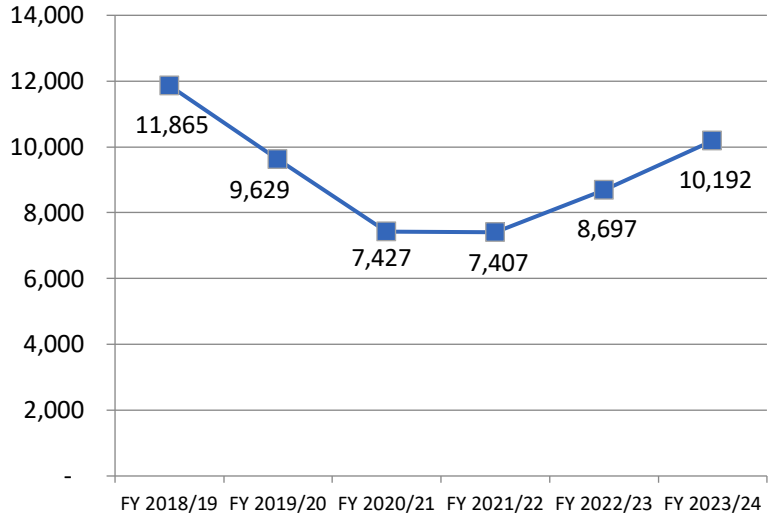


Exhibit 6.24 Demand-Response Operating Cost/VSH

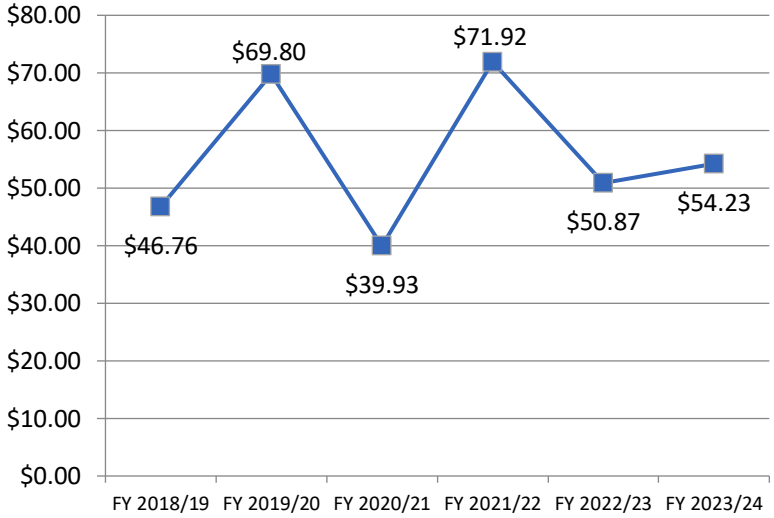


Exhibit 6.25 Demand-Response Operating Cost/VSM

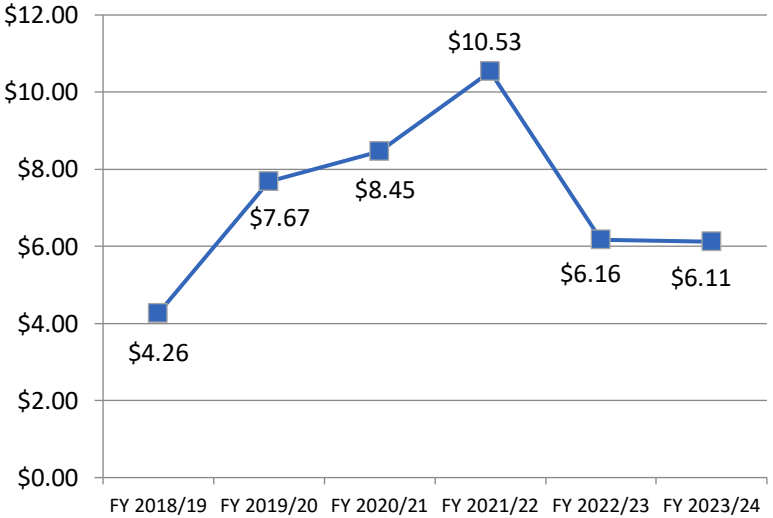


Exhibit 6.26 Demand-Response VSM/VSH

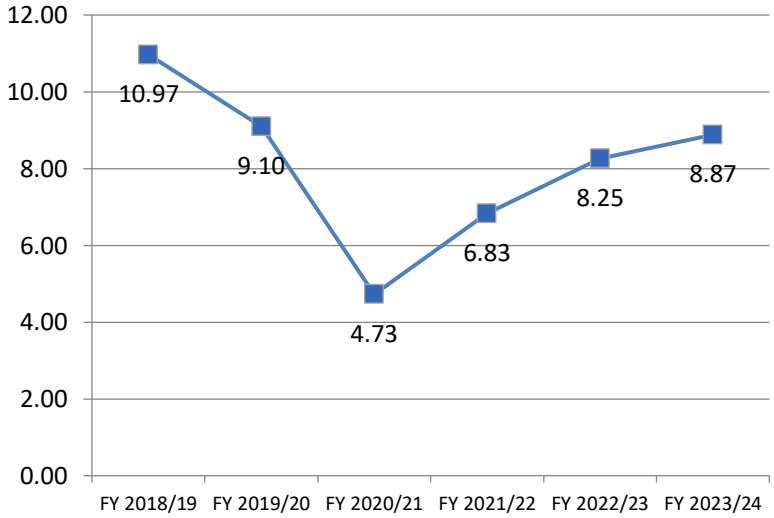


Exhibit 6.27 Demand-Response Operating Cost/Passenger

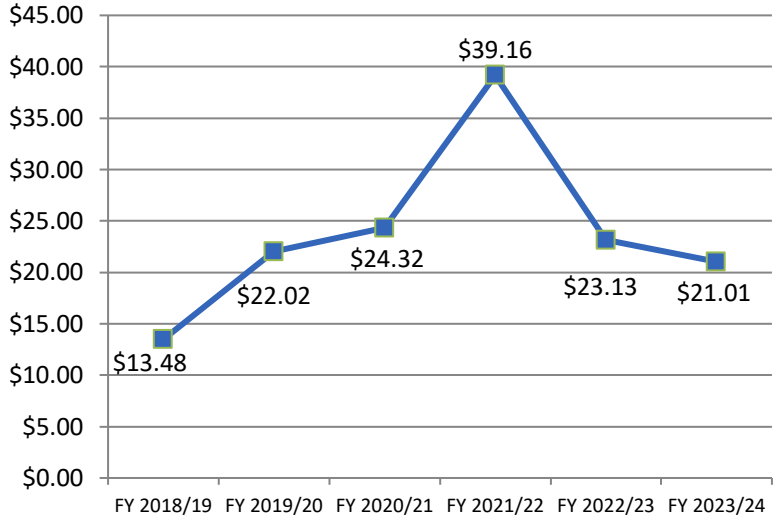


Exhibit 6.28 Demand-Response Passengers/VSH

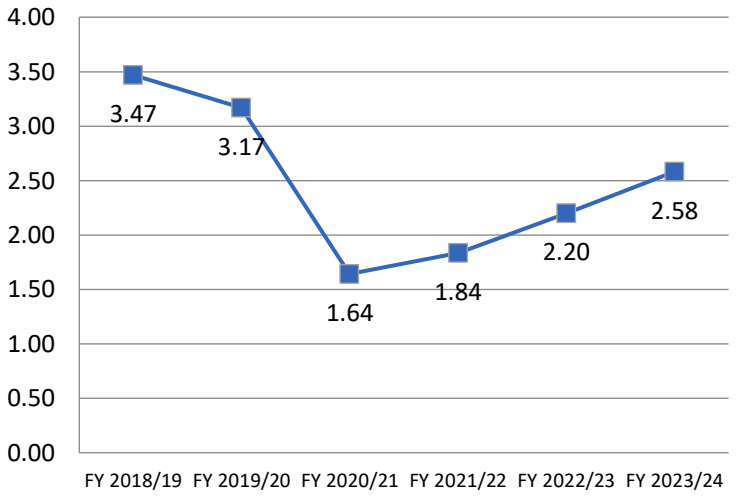


Exhibit 6.29 Demand-Response Passengers/VSM

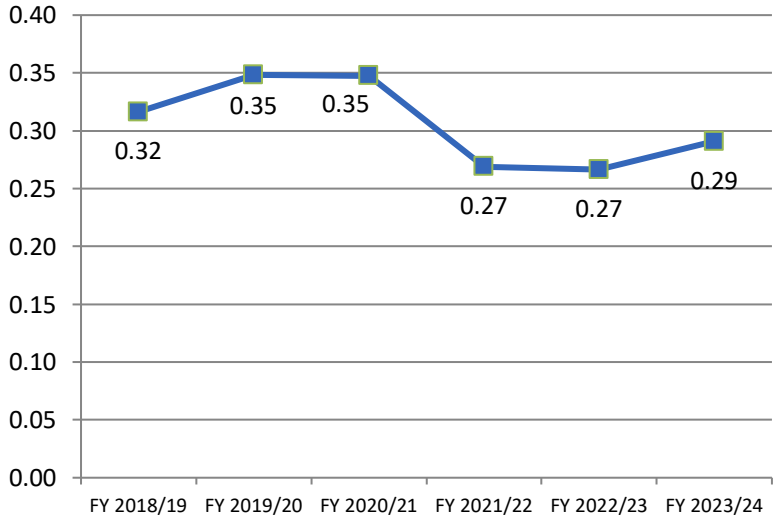


Exhibit 6.30 Demand-Response Farebox Recovery

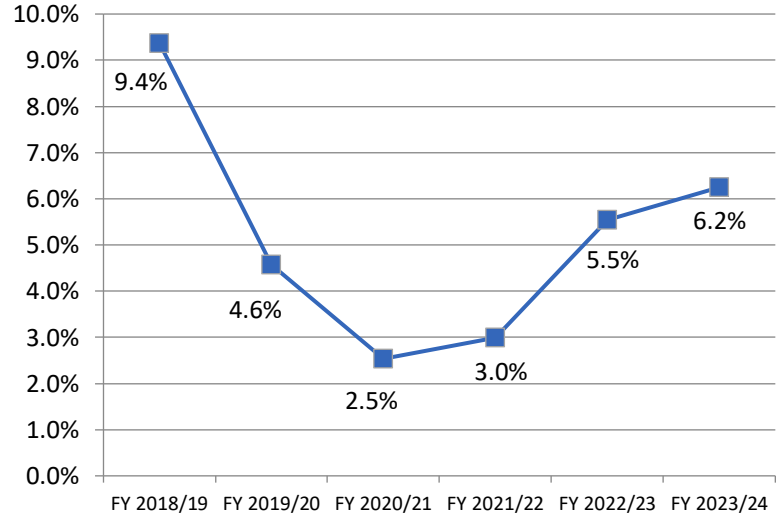
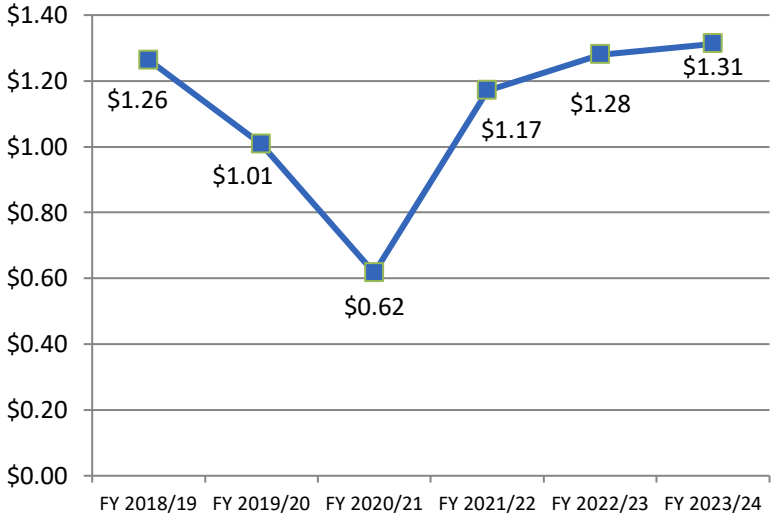


Exhibit 6.31 Demand-Response Fare/Passenger



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Chapter 7 | Functional Review

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

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

Service Overview

The Modoc Transportation Agency, operating as the Sage Stage, currently provides four inter-city routes and a general public demand-response service. During the audit period, the inter-city service consisted of four routes: Alturas to Reno, Alturas to Redding, Alturas to Klamath Falls and Alturas to Canby. The Alturas to Reno route operates between 8:00 a.m. and 5:30 p.m. on Monday, Wednesday, and Friday. The Alturas to Redding route operates between 8:00 a.m. and 4:30 p.m. on Tuesday. The Alturas to Klamath Falls route operates between 8:00 a.m. and 3:45 p.m. on Thursday. The Alturas to Canby route operates between 7:30 a.m. and 1:45 p.m. on Tuesday and between 8:00 a.m. and 1:45 p.m. on Thursday. Service is not provided on weekends or nine designated holidays. Sage Stage requires a reservation at least one day in advance to guarantee a trip on the inter-city service. At least one confirmed reservation is required for the bus to travel to Redding, Reno, or Klamath Falls. Same-day reservations are accepted when possible.

The Local Bus is the agency's demand-response service for the general public that provides door-to-door, shared-ride transportation within 10 miles of Alturas. The Local Bus operates between 7:45 a.m. and 5:15 p.m. Monday through Friday. Reservations can be made up to 14 days in advance. Same-day service and subscription service is available as well. Priority is given to individuals utilizing the service for healthcare appointments scheduled at least one day in advance.

Fares are dependent on the desired destination. Discounts are available to children (up to age 12 years) accompanied by a fare-paying adult, seniors (60 years and above), and persons with disabilities meeting ADA criteria with an approved application.

A breakdown of the fare structure for the fixed-route system and the demand-response system is provided in Exhibits 7.1 and 7.2 below.

Exhibit 7.1 Fixed-Route Fare Structure

Route	Zone	General Cost	Discount Cost
One-way			
US 395 (Reno)	Alturas to Susanville	$18.00	$13.50
	Susanville to Reno	$22.00	$16.50
	Alturas to Reno	$32.00	$24.00
	Likely/Ravendale to Reno	$28.00	$21.00
	Likely/Ravendale to Susanville	$15.00	$11.00
SR 299 (Redding)	Alturas to Burney	$16.00	$12.00
	Burney to Redding	$12.00	$9.00
	Alturas to Redding	$26.00	$19.50
	Canby to Redding	$21.00	$16.00
	Adin/Bieber to Redding	$16.00	$12.00
SR 139 (Canby)	Alturas to Canby	$8.00	$6.00
SR 139 (Klamath Falls)	Alturas to Klamath Falls	$18.00	$13.50
	Newell or Tulelake to Klamath Falls	$6.00	$4.50
Same-day round trip			
	Alturas to Klamath Falls (includes two stops)	$35.00	$26.00
	Alturas to Redding	$50.00	$38.00

Exhibit 7.2 Demand-Response Fare Structure

Range (miles)	Zone (one-way)	Cost
0.0 – 2.0	1 – Within city of Alturas	$1.00
2.1 – 5.0	2 – To Modoc Estates	$2.00
5.1 – 10.0	3 – To California Pines	$3.00

General Management and Organization

The Modoc Transportation Agency (MTA), which operates the Sage Stage, is managed by MCTC staff. Operations is provided by a third-party contractor. TransDev holds the current operations contract, which began on July 1, 2024 with a five-year base term and two option years. The prior contract (in effect during the audit period) was held by First Transit, which was acquired by TransDev. MTA performance is monitored by reviewing costs and revenue, farebox, and number of passengers by route. Expenses are constrained by the contracted operations cost.

MTA does not use software to track performance. Summary sheets for each route are reviewed on a monthly basis. Budget-to-actual and monthly costs are carefully monitored to ensure they will not exceed the total contract cost.

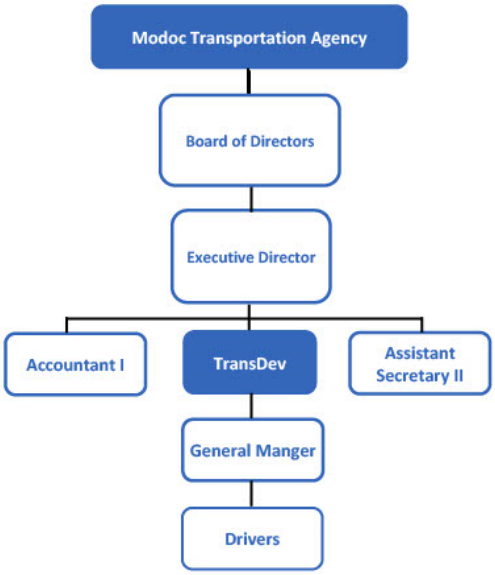
The MTA Board of Directors is the governing body for the Sage State program. It includes three representatives and one alternate appointed by the County of Modoc and three representatives and one

alternate appointed by the City of Alturas. Board meetings are held on the first Tuesday of even numbered month following the MCTC meeting at 1:30 p.m. in the Sage Stage Conference Room (108 South Main Street, Alturas).

MCTC staff reports a lot of statistical information to the Board. Transfer coordination at Hallelujah Junction (a stopover on the way to Reno) was recently completed. The Board is pleased regarding the level of service MTA has been able to maintain.

MTA's transit program is structured and staffed effectively following a recent reorganization. They are in the process of cross-training staff members and once that is completed, staffing and reporting structure should be stable for some time.

Exhibit 7.3 Organizational Chart



No formal service changes occurred during the audit period. However, there had to be some internal adjustments after a driver retired to ensure all the routes were covered. At the time of the audit, a consultant was evaluating the Redding route (since buses are no longer being serviced while in Redding). An initial conclusion suggests the Redding service meet the Burney Express in Burney rather than the latter traveling all the way into Redding.

One of the challenges during the audit period concerns an MTA vehicle that has been out of service since November 2023. MTA had been using a mobile mechanic who said the vehicle needed a new motor. The mechanic had the vehicle for a long time at a cost of roughly $20,000. When MTA received the vehicle back, a different mechanic discovered that the motor had not been rebuilt or replaced, and in fact runs fine. The new mechanic is working to get the vehicle running again. MTA will request criminal fraud charges as federal and state funds were used to cover the excessive maintenance costs. In addition, the older fleet has been more costly to keep running.

The MTA has good relationships with its peer agencies in the region including those in Shasta and Lassen counties, Eastern Sierra Transit Authority, and Greyhound. Shasta would like to see more service into Redding, but MTA does not have enough drivers to make that happen. The Executive Director is the primary liaison with other governmental organizations. Communication with Caltrans remains effective and positive. The agency is a member of CalACT and APTA.

Service Planning

The MCTC is responsible for all transit service planning, typically through consultant agreements. The MTA's goals and objectives are detailed in its Short Range Transit Plan. An update of the SRTP is underway by a consultant and is expected to be completed in April 2025. Goals are reviewed annually and the prior SRTP provided the organization an action list organized by fiscal year. The Executive Director is excited for the new action list that comes from this update. An extensive rider survey was conducted during July and August 2024 as part of the SRTP update process. Additional surveys are conducted during the Unmet Transit Needs process annually.

Board meetings are held every other month and are open to the public. Public hearings are conducted as needed to remain compliant with Title VI. Legal notices are posted on the MTA's website and the MCTC's website.

The MTA has not completed a Zero-Emission Bus Rollout Plan. The agency was notified by CARB and will be including one in MCTC's next RTP update. MTA does not have sufficient infrastructure or funding for zero-emission vehicles at this time, and the inter-city routes are not well suited for zero-emission vehicles (especially battery-electric). In fact, MTA is in the process of switching from diesel back to gasoline. This included the purchase of two vehicles during the audit period.

Administration

The Executive Director is responsible for developing the transit budget, which is based primarily on the operations contract amount. The Executive Director reviews the prior year, identifying revenue sources, estimating farebox revenue, and compiling any other expenses. Most recently, there was an up to 25 percent increase on costs such as supplies and fuel that had to be taken into account. In addition, maintenance costs are increasing due to the aging fleet.

Budgeted and actual expenses are reviewed monthly, with summary sheets taken to the Board every other month. MCTC uses QuickBooks to manage both its own and the MTA's finances. Each agency's finances are budgeted, expended, and managed separately. A contracted CPA is in the process of updating how both the MCTC and MTA use QuickBooks in order to make it more effective. Profit-and-loss and transaction statements are provided to the Board at every meeting.

The MTA typically applies for discretionary grants based on its needs. Recent awards include a RMRA grant for the Short Range Transit Plan and a federal Section 5339 grant for two new buses (to be purchased in the next year). It also utilizes FTA Section 5311(f) intercity transit funding. Grants are applied for based on staffing, time, and need, as well as whether the application would be competitive. The Executive Director and the Accountant I are responsible for managing the grants.

The MTA maintains insurance on the transit facility as well as liability insurance. TransDev is responsible for insuring the vehicles and employees. A current disaster preparedness and response plan is included as part of the County's Office of Emergency Services (OES) Plan.

The MTA periodically reviews its safety practices. There is a safety meeting every other month, and MCTC staff sit in on driver safety meetings. The Golden State Risk Management Authority (GSRMA) also comes out periodically and does a facility walk-through.

The MTA manages contracts with TransDev and some professional services such as janitorial, IT, and legal. Administrators monitor contracts through monthly invoicing.

Policies and procedures for competitive bids, quotes, and ad contracting are clearly defined. Procurement of buses goes through the CalACT bid using purchase orders. Once the quote is approved, the order is placed, and only once the order arrives and has been checked against the purchase order will the payment be made. Any regular purchases are ordered by the Executive Director and put on the agency's credit card. Any purchase over $10,000 has to be approved by the Board and must be in the budget for that year.

Marketing and Public Information

The MTA uses a variety of marketing strategies: radio and newspaper advertisements, Sage Stage website, rider guides in all the shelters and distributed through social services agencies (locally and in Susanville, Redding, and Reno), and branding on buses. In the past, MTA representatives have attended health fairs and offered a free ride day during the holidays. The MTA is considering reviving its Christmas free-ride promotion now that ridership as increased.

The MTA does not currently use social media. While it has considered doing so, staff determined they did not have sufficient time to take care of the process properly for Facebook. Transit information is occasionally posted by the Modoc *Record* through its social media platforms.

A short section of the prior Short Range Transit Plan details the MTA's marketing strategy, and an updated marketing plan is expected to be included in the next SRTP. Sage Stage stops are posted to Google Maps for trip planning assistance. Staff make regular presentations to Rotary Clubs and senior centers. Communication with schools has increased since the introduction of a cross-tutor program between the middle school and high school. More school aged children have started riding the bus across within last two years.

Calls to the MTA come into the MCTC office and are directed to the appropriate staff member depending on the call type. Typically calls are addressed immediately (ride reservations, answering questions, etc.). Customer complaints are sent to the Executive Director. All complaints are logged and their resolution documented. Monitoring equipment is onboard every vehicle. Ride requests for the demand-response service are monitored by the drivers. Inter-city drivers call the office at check-points if riders need to be added on. Overall, public perception is positive. Staff receive a lot of compliments, especially on the Reno route. The Executive Director noted that she had used the Reno route to access the airport and healthcare facilities.

Scheduling, Dispatch, and Operations

Day-to-day operations are contracted through First Transit. The transit program is staffed by four drivers, three full-time and one part-time. Due to the pandemic, operations currently utilize two full-time drivers and two part-time drivers. Drivers are cross-trained for both inter-city and demand-response services. If a driver "calls out," the procedure is to call in a part-time driver. The same procedure is used for cover driver vacations.

Vehicles are rotated through all services rather than being assigned to a single service or route to balance mileage accrual. Vehicles are serviced locally by a DOT mechanic (Alturas Tire), so they no longer need to be assigned to the Redding route when service is needed.

Vault-style fareboxes are used for onboard revenue collection. The driver verifies the amount provided by the customer and turns the handle to drop into the vault. At the end of their shift, drivers bring the locked vault with the manifest to the MCTC office. The Executive Director and Accountant 1 complete the deposit slip and take the deposit to the bank daily. If a deposit cannot be made that day it is placed into a locked drawer.

Pre-paid 10-, 20-, or 30-dollar fare cards can be purchased in advance of the trip via phone. Local agencies will often purchase blocks of passes for their clients. Drivers do not sell passes on the vehicles.

Personnel Management and Training

Driver recruitment has always been a challenge; however, with TransDev, the MTA has noted an improvement over the prior contract. Recruitment opportunities are advertised in newspapers, on radio, and at job fairs. The online recruitment site, Indeed, has been utilized, along with other recruiting websites. All recruits receive the same comprehensive training, with more inexperienced recruits receiving additional training.

Recurring training is provided throughout the term of employment. Safety meetings are conducted every other month. New drivers are reviewed every 60 to 90 days. Employees receive classroom training including blood-borne pathogens, managing emergencies, defensive driving, drug and alcohol awareness, mobility aids, and wheelchair securement. Drivers are sent to the DMV or a third-party administrator in Vacaville to administer the tests for commercial licenses.

To motivate employees, management provides incentives such as food, gift cards, and bonuses for safe driving. In the past, the MTA has experienced modest driver turnover. However, COVID has presented driver recruitment and retention challenges. Clear policies for discipline are laid out in the driver handbook.

Full-time employees are offered medical, dental, vision, 401K, and life insurance after one month of employment. Payroll is conducted in-house through TransDev's corporate office. Time is entered locally and processed by the corporate office. Drivers submit their times via their manifest and Wage Order 9 timesheets.

Maintenance

The Executive Director and Accountant I oversee the fleet's maintenance. Vehicle maintenance is contracted through local vendors. MTA currently uses a local mechanic to provide maintenance services. It previously used a mobile mechanic, but that relationship resulted in a criminal fraud investigation. Using a local mechanic eliminates the need to tow vehicles to Redding for service.

The maintenance program is managed using Excel. The spreadsheet tracks Schedule A and Schedule C preventive maintenance services, switching out snow tires, and annual CHP inspections. Two GPPV buses are scheduled for maintenance every 45 days, while the others are scheduled every 60 days. If multiple buses are broken down, maintenance may conflict with regular vehicle use. In such cases, a route may need to be canceled in order to get the vehicle serviced. At present, two vehicles have been out of service for more than a year.

The MTA's Alturas office has the maintenance records on file. Vehicles are stored at the transit facility in Alturas. Built in 2012, the facility has a large bus barn with bays on both sides. The street side opens up and garage door comes down. The facility is fenced in, locked in the back, and equipped with security cameras. Drivers maintain the fixed-route bus stops in Alturas whiles the City empties the trash.

The average age of the vehicles in the fleet is approximately eight years. One bus is still under warranty and three more vehicles will be added in the coming year. The current vehicle replacement program is included in the 20-year Capital Plan.

In the event of a vehicle breakdown in town, the MTA will tow the vehicle to the transit facility and deploy another. For out of town routes, the MTA will deploy another driver/bus to pick up passengers and a tow truck will bring the vehicle to the transit facility.

Vehicles are inspected daily by the driver and any maintenance items that need to be addressed will be entered into the daily vehicle inspection reports. Any deficiencies with the vehicles will go into spreadsheets to be communicated to the mechanic. If a safety issue is identified, the vehicle gets towed and repaired and will not be used for service.

The fleet is detailed in Exhibit 7.5.

Exhibit 7.4 MTA Transit Fleet

Vehicle #	Year	Make/Model	Fuel	PAX + WC
T-17	2014	Chevy 4500 Glaval Titan II	Diesel	12 + 2
T-18	2015	Chevy 4500 Glaval Titan II	Diesel	12 + 2
T-19	2015	Chevy 4500 Glaval Titan II	Diesel	12 + 2
T-20	2016	Chevy 4500 Arboc	Diesel	11 + 2
T-21	2018	Ford Transit 350 Glaval	Gasoline	7 + 2
T-22	2023	Ford E450 Glaval	Gasoline	12 + 2
T-23	2024	Ford E450 Glaval	Gasoline	12 + 2

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Chapter 8 | Findings and Recommendations

Conclusions

Moore & Associates finds the Modoc Transportation Agency (MTA) to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

Findings

Based on discussions with MTA staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no findings or recommendations.

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