PERFORMANCE AUDIT OF THE COLUSA COUNTY TRANSIT AGENCY

FOR THE THREE YEARS ENDED JUNE 30, 2014

AUDIT PREPARED FOR THE COLUSA COUNTY LOCAL TRANSPORTATION COMMISSION

PREPARED BY
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Triennial Performance Audit
For the Three Years Ended June 30, 2014

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EXECUTIVE SUMMARY

Smith and Newell CPAs was retained by the Colusa County Local Transportation Commission (CCLTC) to conduct a performance audit of the Colusa County Transit Agency (CCTA) for Fiscal Years (FY) 2011-12 through 2013-14.

This performance audit is intended to evaluate CCTA's effectiveness and efficiency in its use of the TDA funds received to provide public transit services. To gather information for the TDA performance audit, Smith and Newell, CPAs conducted interviews with agency staff, reviewed various documents, and evaluated CCTA's responsibilities, functions, and performance of the TDA guidelines and regulations.

Below are summaries of findings from the analysis:

1. CCTA conducts its management of the TDA program in a competent, professional manner.

2. CCTA conducts surveys of riders, but not the general public.

3. CCTA has not set any specific goals or objections.

Below are summaries of recommendations:

1. Include surveys of the general public and compile the results of the surveys.

2. Determine reasonable goals and objectives and develop a plan of action for meeting those goals and objectives.

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SECTION I - INTRODUCTION

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

The Colusa County Local Transportation Commission (CCLTC) has retained the firm of Smith and Newell, CPAs to conduct a performance audit of the Colusa County Transit Agency (CCTA) covering the most recent triennial period, Fiscal Years 2011-12 through 2013-14. The purpose of the performance audit is to evaluate CCTA's effectiveness and efficiency in its use of TDA funds to provide public transit in its designated service area. This is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates CCTA's compliance with the conditions stipulated in the California Public Utilities Code (CPUC). This task involves ascertaining whether CCTA is meeting the CPUC's reporting requirements and that it is endeavoring to implement prior performance audit recommendations made to the agency. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the agency's departments and organizational functioning. From the analysis that has been undertaken, a set of recommendations has been made for the agency, which is intended to improve the performance of transit operations.

The methodology for the audit included in-person interviews with transit management, collection and review of agency documents and data analysis. The Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, published by the California Department of Transportation (Caltrans), was used to guide the development and direction of the audit.

Colusa County Transit Agency operates a Dial-A-Ride service with fixed timed routes. The Agency provides curb-to-curb service for the general public and door-to-door service for ADA passengers. The Agency provides services to the people of Colusa County within and around the cities of Colusa, Maxwell, Arbuckle, Williams, Princeton, Stonyford, Sites and Grimes. Services to other areas are provided on a limited basis. The Agency receives funding from the Area Agency on Aging to provide paratransit services to the elderly.

The transit service utilizes a fleet of 10 buses, 4 medical transport vehicles, and 1 staff vehicle. All of CCTA's revenue vehicle fleet with the exception of 3 medical transport vehicles complies with the requirements of the Americans With Disabilities Act (ADA) by being equipped with wheelchair lifts.

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SECTION II - AUDIT RESULTS

Results of Compliance Review

This section of the audit report contains the analysis of the CCTA's ability to comply with State requirements for continued receipt of TDA funds. The evaluation uses the guidebook, "Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities", which was developed by Caltrans to assess transit operators. The guidebook contains a checklist of eleven measures taken from relevant sections of the CPUC and the California Code of Regulations (CCR). Of the eleven compliance measures, nine are applicable to CCTA. Each of these requirements is discussed in the table below, including a description of the Agency's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

	Requirement	PUC Reference	Comments
(1)	The transit operator submitted annual reports to the RTPE based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after the end of the fiscal year (Sept. 30), or 110 days (Oct. 20) if filed electronically (internet).	99243	Completion/submittal dates (internet filing): FY 2012: October 4, 2012 FY 2013: October 15, 2013 FY 2014: October 7, 2014 **Conclusion: Complied**
(2)	The operator has submitted annual fiscal and compliance audits to its RTPE and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the 90 day extension allowed by law.	99245	Completion/submittal dates: FY 2012: March 19, 2013 FY 2013: December 10, 2013 FY 2014: December 9, 2014 **Conclusion: Complied**
(3)	The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.	99251B	CCTA participates in the CHP Driver Pull Notice Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim submitted by CCTA. CCTA received a "satisfactory" rating for FY 2012, 2013 and 2014. The inspection dates applicable to this audit include: June 20, 2012, June 17, 2013, and June 5, 2014. **Conclusion: Complied**

SECTION II - AUDIT RESULTS (CONTINUED)

Results of Compliance Review (Continued)

	Requirement	PUC Reference	Comments
(4)	The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPE for such claims.	99261	As a condition of approval, the CCTA's annual claims for Local Transportation Funds and State Transit Assistance is submitted in compliance with rules and regulations adopted by CCLTC. **Conclusion: Complied**
(5)	If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPE.	99270.1	CCTA serves only rural areas. **Conclusion: Not Applicable**
(6)	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).	99266	CCTA's operating budget has increased in excess of the 15% threshold during the audit period. This increase has reasonably been substantiated by the Agency due to increases in professional services and capital assets. Percentage increase in CCTA's operating budget: FY 2012: -5.20% FY 2013: +16.90% FY 2014: +72.05% Source: FYs 2012-2014 Annual Fiscal and Compliance Audits. **Conclusion: Complied**
(7)	The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.	99247	CCTA generally follows the definitions of performance measures as indicated in the TDA Guidebook. **Conclusion: Complied**

SECTION II - AUDIT RESULTS (CONTINUED)

Results of Compliance Review (Continued)

	Requirement	PUC Reference	Comments
(8)	If the operator serves an urbanized area, it has maintained a ratio of fare revenue to operating cost at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenue to operating cost of at least equal to three-twentieths (15 percent), if so determined by the RTPE.	99268.1, 99268.2, 99268.3	CCTA serves only rural areas. **Conclusion: Not Applicable**
(9)	If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	99268.2, 99268.4, 99268.5	The fare ratio requirement during the audit period was 10 percent. The Agency's fare ratios using audited data are as follows: FY 2012: 10.32% FY 2013: 10.12% FY 2014: 10.49% **Conclusion: Complied**
(10)	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 RTPE which will fully fund the retirement system within 40 years.	99271	Colusa County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. **Conclusion: Complied**
(11)	If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754 (a)(3)	CCTA utilizes federal funds that are available to the agency, as reported in the annual State Controller reports. FY 2012: Operations $77,264 FY 2013: Operations $77,264 FY 2014: Operations $140,746 **Conclusion: Complied**

SECTION II - AUDIT RESULTS (CONTINUED)

Results of the Review of the Implementation of Prior Audit Recommendations

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

Prior Recommendation No. 1

We recommend that the Agency submit the annual fiscal and compliance audit reports to the RTPE and the State Controller within 180 days following the end of the fiscal year as prescribed by Public Utilities Code Section 99245.

Status:

Implemented

SECTION II - AUDIT RESULTS (CONTINUED)

Results of the Verification of Performance Audit Indicators

This section reviews CCTA's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following table. Farebox recovery ratio is not one of the five specific indicators, but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Findings from the analysis are contained in the section following the table.

CCTA Systemwide Performance Indicators

Performance Data and Indicators*	FY 2012	FY 2013	FY 2014
Operating cost	$ 974,027	$ 1,026,991	$ 1,023,129
Total passengers	56,265	54,914	49,525
Vehicle service hours	10,842	11,072	10,969
Vehicle service miles	185,666	197,128	184,979
Employee FTE's**	11.0	13.00	10.00
Passenger fares	$ 90,742	$ 91,952	$ 95,802
Operating cost per passenger	$ 17.31	$ 18.70	$ 20.66
Operating cost per vehicle service hour	$ 89.84	$ 92.76	$ 93.27
Passengers per vehicle service hour	5.19	4.96	4.51
Passengers per vehicle service mile	0.30	0.28	0.27
Vehicle service hours per employee	985.64	851.69	1,096.90
Fare recovery ratio***	10.32%	10.12%	10.49%

*Systemwide operating costs and fare revenues are audited data.
**Employee FTE's are calculated by dividing the number of person hours by 2,080.
***Systemwide farebox recovery taken from Annual Financial Audit which reflects TDA cost exclusions and revenue adjustments.
Source: State Controller Operator's Reports, Annual Financial Audits, Administrative Operations Reports

An overview of the performance indicators reflects an environment where general operating costs like fuel and insurance continue to increase with a decrease in fuel costs in FY 2014. Also, operating costs have grown faster than fare revenues which causes the farebox ratio to decrease. However, in FY 2014, we see an increase in the farebox ratio due to a decrease in fuel costs.

SECTION II - AUDIT RESULTS (CONTINUED)

Results of the Detailed Functional Review of the Transit Operator

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

- General Management and Organization
- Service Planning
- Scheduling, Dispatch, and Operations
- Personnel Management and Training
- Administration
- Marketing and Public Information
- Maintenance

A. General Management and Organization

The Transit Manager receives and reviews financial reports monthly and route logs daily. The route logs are completed daily by the drivers and include number of passengers, employee hours, vehicle service hours, vehicle service miles, and drivers vehicle inspection. The Transit Manager communicates with employees as needed and takes appropriate action with respect to problem areas.

B. Service Planning

The Transit Manager analyzes where service is needed and works to improve existing service. CCTA has not set any goals or objectives and has not developed any strategic plans or short range plans other than the goals set in the Regional Transportation Plan. The Transit Manager reviews the passenger counts on the daily route logs. CCTA has not developed a policy for minimum ridership levels. CCTA serves the elderly, handicapped, and general public of Colusa County. 100% of revenue vehicles are handicapped accessible. Dial-a-ride service and medical transport services are offered to those with special needs.

CCTA is governed by the Colusa County Local Transportation Commission. All meetings are open to the public and the board authorizes fare increases. The Board of Commissioners holds public hearings to approve route changes prior to the changes taking effect. Route changes are made by the Commissioners and Transit Manager.

Ongoing surveys of riders on the Yuba City route are conducted. In addition, CCTA conducts surveys of riders using the medical transport service and senior nutrition center riders. CCTA has not conducted surveys of the general public. CCTA has not compiled and analyzed the results of the surveys conducted.

C. Scheduling, Dispatch, and Operations

CCTA is a small organization with one Transit Manager, an Operations Supervisor, a lead Transit Specialist, a mechanic, six full-time drivers and one part-time driver. Drivers are assigned to routes by the Operations Supervisor. CCTA follows all Colusa County policies regarding payroll and benefits.

SECTION II - AUDIT RESULTS (CONTINUED)

Results of the Detailed Functional Review of the Transit Operator (Continued)

C. Scheduling, Dispatch, and Operations (Continued)

Advance reservations are accepted by the transit office and logged on the daily route sheets. The Operations Supervisor reviews the daily route sheets when scheduling to ensure that an appropriate vehicle and driver are assigned the route for the day.

D. Personnel Management and Training

Any new employees receive training when hired and current employees receive training updates periodically which meets state requirements and includes safety training. CCTA has a low turnover rate, the full time employees have been with CCTA for several years.

All vehicles are equipped with appropriate safety equipment. CCTA follows all Colusa County policies. Full time employees receive all benefits offered by Colusa County.

E. Administration

The Transit Manager works with the Colusa County Auditor Controller to develop a budget each year. The Colusa County Auditor Controller submits budget to actual reports to the Transit Manager on a monthly basis. Any expenses in excess of budgeted amounts require a budget revision approved by the Board of Commissioners prior to payment of the expense.

Grant applications are completed by the Transit Manager on behalf of the CCTA. CCTA is included under the County's self-insurance programs. Facilities management functions are performed by CCTA. General accounting functions and payment of accounts payable are performed by the Colusa County Auditor Controller's office. All invoices are prepared and approved for payment by the Transit Manager before payment by the County Auditor Controller's office. CCTA is a small organization and does not have an internal audit function.

At the end of each working day, each driver stops in front of the office area and advises the dispatcher by code that it is time to remove the farebox from the vehicle. The driver does not announce over the radio that they are ready to have their farebox emptied.

The dispatcher and driver are both present for the removal of the farebox from the farebox holder in the vehicle. The contents of the farebox are placed into a bag marked with the following information: vehicle number, date, drivers (who drove the vehicle during the day), dispatcher signature (who is emptying the farebox) and driver signature (who is emptying the farebox). In the event the farebox needs to be emptied during the day and there are passengers on board, the farebox is taken into the dispatch office where both the dispatcher and driver are present while the farebox is emptied of all cash into a bag provided for that vehicle.

SECTION II - AUDIT RESULTS (CONTINUED)

Results of the Detailed Functional Review of the Transit Operator (Continued)

E. Administration (Continued)

Each bag is sealed in the presence of both the dispatcher and driver. The bag is then placed into the safe in the Transit Manager's office. The door to the Transit Manager's office is locked at all times unless occupied by the Transit Manager. After the last vehicle's farebox has been changed and the bag placed into the safe, the safe is locked and the office door also locked. All revenues are deposited with the Colusa County Treasurer and are invested in accordance with the County's investment policies.

Payroll is processed by the Colusa County Auditor Controller's office. Employees complete timesheets which are reviewed and approved by the Transit Manager and submitted to the payroll clerk for payment.

F. Marketing and Public Information

Route schedules are available at the Transit office and online at www.countyofcolusa.org. CCTA has not had any advertising campaigns during the audit period. All complaints are directed to the Transit Manager for response. The Transit Manager informs the Board of complaints as necessary and also requests the assistance of the Colusa County Counsel when needed.

G. Maintenance

Maintenance services are provided by the Agency. Any vehicle needing service that the Agency mechanic cannot perform is sent out for service at the direction of the Transit Manager. All vehicles have a preventative maintenance schedule which is monitored by the drivers and the Transit Manager. The preventative maintenance schedules have been developed by the Agency mechanic in accordance with the manufacturers specifications. When maintenance is needed the Operations Supervisor schedules the service with the Agency mechanic to minimize the impact on service. The drivers, Transit Manager and Agency mechanic work together in determining if a vehicle is unsafe and needs to be removed from service. Parts are ordered from a local facility, so stock is kept low.

SECTION III - CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The following summarizes the major conclusions obtained from this Triennial Performance Audit covering the years 2012 through 2014:

1. Of the eleven compliance requirements, the operator fully complied with nine of the requirements. Two additional requirements did not apply to CCTA (e.g., blended and urbanized farebox recovery ratio).

2. CCTA's farebox recovery ratio remained above the required 10 percent standard for a rural operator.

3. CCTA participates in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.

4. The operating budget increased by more than 15 percent in FY 2013 and FY 2014. This was mainly due to budgeting for items related to the Prop 1B PTMISEA funding allocation received. The Prop 1B PTMISEA funding allocation will be used for the construction of a covered parking area with solar panel roofing for buses, parking lot rehabilitation for the CCTA headquarters building, and the replacement of five buses.

5. CCTA implemented the prior recommendation pertaining to the submission of the annual fiscal and compliance audit.

6. As a result of the detailed functional review of the Transit Operator, we noted that under Service Planning the CCTA had not set any goals or objectives and had not developed any strategic plans or short range plans other than the goals sets in the Regional Transportation Plan. Also under Service Planning we noted that the CCTA had conducted some surveys, but they had not conducted surveys of the general public, and they had not compiled and analyzed the results of surveys they had conducted.

Current Year Recommendations

Current Recommendation No. 1

As part of its ongoing service planning, CCTA should set reasonable goals and objectives and develop a plan of action for meeting those goals and objectives.

Current Recommendation No. 2

Surveys of passengers and the general public, as well as a compilation of the survey results, should be done as a basis to improve the transit program.

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