



San Joaquin Council of Governments

Triennial Performance Audit for FY 2019 - FY 2021 City of Manteca

MARCH 2022
FINAL REPORT



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Chapter 1 | Executive Summary

In 2021, the San Joaquin Council of Governments (SJCOG) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven transit operators to which it allocates State of California 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 City of Manteca is not statutorily required to undergo a Triennial Performance Audit, nor has it traditionally been held to the requirements of the TDA. However, the SJCOG, as the RTPA, includes the City in the Triennial Performance Audit process to provide a comprehensive and objective insight into program performance.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Manteca 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 City's public transit program for the period:

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

The City of Manteca provides bus and paratransit services within city boundaries. The City operates four fixed routes plus an ACE station shuttle. All routes operate Monday through Friday, while three of the routes provide service on Saturday. The fixed routes operate 6:00 a.m. to 7:00 p.m., while the ACE shuttle operates two round trips in the morning and three round trips in the afternoon. Saturday service runs between 9:00 a.m. and 4:00 p.m. Route 4 operates Monday through Friday between 8:00 a.m. and 5:00 p.m. only.

Manteca Transit also provides Dial-A-Ride/ADA Paratransit service for persons age 62 and older, Medicare cardholders, and ADA-certified individuals. It is an origin to destination transportation service. Service hours mirror the fixed-route hours. Saturday service is open to the general public. Trips can be scheduled within Manteca city limits as well as the Lathrop/Manteca ACE Station.

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, Inc. concludes the evidence obtained provides a reasonable basis for our findings and conclusions.

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

The Triennial Performance Audit includes five elements:

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

Test of Compliance

Based on discussions with City 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 April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included two recommendations:

1. The City should allocate its annual modal expenses according to the actual amount of service being provided.
Status: Implemented.
2. Report only the appropriate modal data on the appropriate State Controller Report, and ensure FTE data is reported accurately by mode.
Status: Implemented.

Findings and Recommendations

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

The audit team has identified three functional findings. These items are generally considered to be compliance findings with respect to Article 4, but are addressed herein as functional findings:

1. The FY 2019/20 State Controller Report was submitted more than one month beyond the established deadline.
2. The City has yet to complete a TDA fiscal audit for any year of the current audit period.
3. The City did not demonstrate use of the TDA definition of full-time equivalent (FTE) employee.

In completing this Triennial Performance Audit, we submit the following recommendations for the City’s public transit program. They have been divided into two categories: TDA Program compliance recommendations and functional recommendations. TDA program compliance recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the triennial audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Ensure responsibility for completing annual State Controller Reports is clearly designated and submittal deadlines are clearly communicated.	Medium	FY 2022/23
2	Work with the City's fiscal auditors and the SJCOG TDA auditors to complete outstanding prior audits and ensure on-time completion of future audits.	High	FY 2022/23
3	Once TDA audits have been completed, submit TDA claims for FY 2019/20 and FY 2020/21.	High	Variable
4	Effectively document full-time equivalent (FTE) employees using the TDA definition for each year of the next audit period.	Medium	FY 2022/23
5	Ensure full-time equivalent (FTE) employees calculated using the TDA definition are reported on the State Controller Reports.	Medium	FY 2022/23

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City of Manteca’s public transit program covers the three-year period ending June 30, 2021. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2021, the San Joaquin Council of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven transit operators to which it allocates TDA funding. Moore & Associates, Inc. is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates, Inc. followed a competitive procurement process.

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

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

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

Objectives

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

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

Scope

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

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

Methodology

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

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

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

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with City representatives on August 18, 2021. The audit team met with Juan Portillo (Transit Supervisor) 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 City of Manteca’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 City 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 City of Manteca 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 San Joaquin Council of Governments, as the RTPA, requested the City be audited to provide a support a comprehensive and objective review of program performance.

Status of compliance items was determined through discussions with City 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 findings specific to Article 8 were identified for the City of Manteca. However, three items generally considered to be compliance findings with respect to Article 4 will be addressed as functional findings:

1. The FY 2019/20 State Controller Report was submitted more than one month beyond the established deadline.
2. The City has yet to complete a TDA fiscal audit for any year of the current audit period.
3. The City did not demonstrate use of the TDA definition of full-time equivalent (FTE) employee.

Developments Occurring During the Audit Period

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

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

eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented.

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

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

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

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

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

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

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	Finding	FY 2018/19: January 31, 2020 FY 2019/20: March 11, 2021 FY 2020/21: March 17, 2022
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance*	FY 2018/19: March 2, 2022 FY 2019/20: Pending FY 2020/21: Pending
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	December 26, 2017 December 27, 2018 November 26, 2019 November 30, 2020
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	As an operator receiving funding under Article 8(c), the City of Manteca is judged compliant based on performance criteria, not farebox recovery ratio.
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	In compliance	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	In compliance	In order to be judged compliant, the City of Manteca must meet at least two of three performance criteria and demonstrate at least 10 percent of its operating revenues are non-TDA. <ul style="list-style-type: none"> • Operating cost/revenue hour • Passengers/revenue hour • Subsidy/passenger Penalties were waived in FY 2020 and FY 2021. See chart below (Exhibit 3.2).

*Only one TDA annual fiscal audit (FY 2018/19) was completed prior to the finalization of this audit. The City, having secured an extension from SJCOC, was in the process of preparing its FY 2018/19, FY 2019/20, and FY 2020/21 as this audit was being conducted. No TDA funds were claimed inappropriately during the time these audits were in process. While the City received an extension, audits for FY 2018/19 and FY 2019/20 are still outside the period (and allowable exemption) identified in PUC 99243.

**While LTF claims for FY 2019/20 and FY 2020/21 have yet to be filed, this is due to TDA annual fiscal audits for FY 2019/20 and FY 2020/21 not yet being completed. The FY 2018/19 claim was in compliance with RTPA rules and regulations, as is the City's delay in filing due to TDA audits not being completed.

Compliance Element	Reference	Compliance	Comments
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance*	FY 2018/19: +25.5% FY 2019/20: +20.1% FY 2020/21: +7.9% <i>The budget increase in FY 2018/19 was appropriately justified in the TDA claim (implementation of new service)..</i>
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	Finding	The City does not appear to use the TDA definition for calculating full-time equivalent (FTE) employees.
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	As an operator receiving funding under Article 8(c), the City of Manteca is judged compliant based on performance criteria, not farebox recovery ratio.
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	Not applicable	As an operator receiving funding under Article 8(c), the City of Manteca is judged compliant based on performance criteria, not farebox recovery ratio.
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	As an operator receiving funding under Article 8(c), the City of Manteca is judged compliant based on performance criteria, not farebox recovery ratio.
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	The City contracts out its transit operation. Retirement benefits for City staff are funded through CalPERS.
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	As a recipient of State Transit Assistance Funds, the City is making full use of federal funds available under the Urban Mass Transportation Act of 1964 as amended.

* Such increases are typically substantiated via the TDA claims process. Given no TDA claims for FY 2019/20 and FY 2020/21 have been filed yet, justification for the 20 percent increase in FY 2019/20 was not provided.

Compliance Element	Reference	Compliance	Comments
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	STA eligibility calculations are included as part of SJCOG's TDA claim form. As part of the claim review, SJCOG determines whether the operator is in compliance with either standard. The City does not currently use STA for operating purposes.
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	

Exhibit 3.2 Alternative Performance Measures

	FY 2018/19	FY 2019/20*	FY 2020/21*	Maximum/Minimum (+/-5%)
Operating cost per revenue hour				
<i>Standard (less than)</i>	\$132.17	\$135.90	\$139.85	\$146.85 (max)
<i>Actual</i>	\$149.20	\$142.90	\$128.65	
Passengers per revenue hour				
<i>Standard (at least)</i>	4.4	4.5	4.6	4.4 (min)
<i>Actual</i>	4.52	3.2	1.6	
Subsidy per passenger				
<i>Standard (less than)</i>	\$19.79	\$20.07	\$20.37	\$21.39 (max)
<i>Actual</i>	\$19.17	\$26.36	\$49.11	

*Calculation of performance metrics for FY 2019/20 and FY 2020/21 based on data provided in the NTD report. Official metrics will be taken from TDA Fiscal Audits once they become available.

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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 City of Manteca has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior audit – completed in April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included two recommendations:

1. [The City should allocate its annual modal expenses according to the actual amount of service being provided.](#)

Discussion: In both FY 2016 and FY 2017, the operating expenses reported for each mode were very similar, if not identical, though the number of vehicle service hours operated for demand-response were less than half those operated for fixed-route service. The auditor noted that this would result in a skewed farebox recovery ratio or other cost-related performance metrics.

The auditor recommended the City define a ratio of fixed-route and demand-response operating costs based on annual revenue hours in order to accurately reflect the cost of each mode. Certain costs may need to be factored in on a mode-specific basis. If that is the case, that amount can be deducted from the total operating cost before determining the split of operating cost based on the percentage of hours, then added back in to the appropriate mode only.

By the time the prior report was finalized, the City had utilized a more consistent methodology in reporting its FY 2017/18 data.

Progress: Based on the NTD documentation provided by the City, this has been done appropriately.

Status: Implemented

2. [Report only the appropriate modal data on the appropriate State Controller Report, and ensure FTE data is reported accurately by mode.](#)

Discussion: The City of Manteca filed separate Financial Transaction Reports to the State Controller, one for the regular (fixed-route) service and the other for the specialized (demand-response) service. Financial and performance data for the modes should be reported separately on the two reports.

In FY 2017/18, both reports included performance data for both modes, rather than only for the mode included in that report. In addition, FTE data for the fixed-route service (Motor Bus) was reported as 14 in the general report and as eight in the specialized services report. Demand-response FTE was reported as four in both reports. The errors in reporting create a misrepresentation of the operating characteristics of the City's transit service.

The auditor recommended the City ensure it accurately reported only the appropriate mode-specific data on each of the two Financial Transaction Reports it submits to the State Controller. Within this mode-specific data, FTE data should be accurately reported.

Progress: Based on State Controller Reports examined as part of this audit, modal data was appropriately split between the two reports. While FTE data was appropriately allocated by mode (and reported thus), there are issues with how FTE is calculated. This issue will be addressed as a separate audit finding.

Status: Implemented.

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 City of Manteca both internally as well as to outside entities during the audit period.

- **Operating cost:** Operating cost was not consistently reported in the NTD report and State Controller Report in FY 2018/19. Absent data from the TDA fiscal audit, it is difficult to determine the accurate operating cost. Operating cost was consistently reported in FY 2019/20, and fairly consistent in FY 2020/21.
- **Fare Revenue:** Fare revenue appeared to be consistently reported, with a slightly greater variance in FY 2020/21.
- **Vehicle Service Hours (VSH):** VSH was not consistently reported among the three sources. VSH included in the monthly performance reports was the highest, approximately 13 to 15 percent higher than what was reported to the NTD or State Controller. In FY 2018/19, data reported to the NTD and State Controller was generally consistent, but not in FY 2019/20. In FY 2020/21, data reported to the NTD and State Controller was consistent, but lower than the monthly performance reports.
- **Vehicle Service Miles (VSM):** VSM included in the monthly performance reports was the highest, approximately three to ten percent higher than what was reported to the NTD or State Controller. However, VSM was reported consistently to the other entities. In FY 2020/21, data reported to the NTD and State Controller was consistent, but lower than the monthly performance reports.
- **Passengers:** Passengers was generally consistently reported, though there were some slight variances. These variances were apparent in both fixed-route and demand-response modes.
- **Full-Time Equivalent (FTE) Employees:** The FTE reported to the State Controller was not consistent with the calculations and methodology provided by the City. However, the data provided by the City also did not appear to reflect all hours worked, and seems excessively low. In FY 2020/21, the State Controller Report included zero employees for both modes.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$2,130,860	<i>Not provided</i>	<i>Not provided</i>
<i>National Transit Database</i>	\$2,128,857	\$2,245,893	\$2,012,391
<i>State Controller Report</i>	\$3,112,210	\$2,245,893	\$2,029,081
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$54,455	<i>Not provided</i>	<i>Not provided</i>
<i>National Transit Database</i>	\$54,452	\$38,161	\$19,832
<i>State Controller Report</i>	\$54,451	\$38,161	\$20,097
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	17,547	17,870	17,104
<i>National Transit Database</i>	15,096	15,716	15,642
<i>State Controller Report</i>	15,346	16,436	15,642
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	192,940	197,979	219,016
<i>National Transit Database</i>	187,208	193,115	198,174
<i>State Controller Report</i>	187,207	193,115	198,174
Passengers			
<i>Monthly Performance Reports</i>	62,766	50,607	25,105
<i>National Transit Database</i>	63,066	50,789	25,351
<i>State Controller Report</i>	63,078	50,789	25,105
Full-Time Equivalent Employees			
<i>State Controller Report</i>	16	16	0
<i>Per TDA methodology</i>	4	3	3

Chapter 6 | Performance Analysis

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

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

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

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

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

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

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667¹. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period²:

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

² Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.

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

Vehicle Service Hours and Miles

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

Passenger Counts

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

Employees

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

Fare Revenue

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

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

TDA Required Indicators

To calculate the TDA indicators for the City of Manteca, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the City's State Controller 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. However, the significant variance between reports called into question which one accurately reflects the costs for the City's transit services.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts. Fare revenue data reported to the NTD may not reflect other revenues reported as fare revenue to the State Controller.
- Vehicle Service Hours (VSH) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The City's calculation methodology appears to be consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The City's calculation methodology appears to be consistent with PUC guidelines.
- Unlinked trip data were obtained via NTD reports submitted to the FTA for each fiscal year covered by this audit. The City's calculation methodology appears to be 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 based on the information provided by the City.

System Performance Trends

Systemwide, the City's transit program has experienced significant cost increases each year, ranging from 5.4 percent to 44.4 percent, before decreasing in FY 2020/21. While this resulted in a net decrease of 5.6 percent during the audit period, operating cost experienced a net 146.7 percent increase across the six-year period. Conversely, fare revenue has declined most years, with the most significant decrease occurring in FY 2020/21. This led to a six-year net decrease of 67.3 percent, and a 63.6 percent decrease during the audit period. This is not surprising, given the impact of the COVID-19 pandemic.

Vehicle service hours increased most years, but declined during FY 2020/21, for a net increase of 8.9 percent across the six-year period and 1.9 percent during the audit period. Vehicle service miles experienced a more consistent increase, for a net increase of 10.1 percent across the six-year period and 5.9 percent during the audit period. Ridership declined nearly every year of the six-year period, with the exception being FY 2018/19. During the pandemic ridership fell significantly, resulting in a 59.8 percent decrease during the audit period, and a 63.3 percent net decrease over the six-year period.

Cost-related metrics typically provide an indicator of a system’s efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics. Operating cost per vehicle service hour and operating cost per service mile both rose in FY 2019/20 but fell in FY 2020/21, resulting in a net decrease during the audit period. Operating cost per passenger, however, increased significantly as ridership fell, resulting in a 135 percent increase during the audit period. Passengers per vehicle service hour and passenger per vehicle service mile both decreased significantly during the audit period, reflecting a decline in productivity.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$815,495	\$1,078,242	\$1,557,388	\$2,130,857	\$2,245,893	\$2,029,081
<i>Annual Change</i>		32.2%	44.4%	36.8%	5.4%	-9.7%
Fare Revenue (Actual \$)	\$60,731	\$54,929	\$52,410	\$54,452	\$38,161	\$20,097
<i>Annual Change</i>		-9.6%	-4.6%	3.9%	-29.9%	-47.3%
Vehicle Service Hours (VSH)	14,367	14,532	14,497	15,346	15,717	15,642
<i>Annual Change</i>		1.1%	-0.2%	5.9%	2.4%	-0.5%
Vehicle Service Miles (VSM)	180,075	181,299	178,343	187,207	193,115	198,174
<i>Annual Change</i>		0.7%	-1.6%	5.0%	3.2%	2.6%
Passengers	68,990	64,106	61,679	63,078	50,789	25,105
<i>Annual Change</i>		-7.1%	-3.8%	2.3%	-19.5%	-50.6%
Employees	11	12	18	16	16	<i>Not reported</i>
<i>Annual Change</i>		9.1%	50.0%	-11.1%	0.0%	
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$56.76	\$74.20	\$107.43	\$138.85	\$142.90	\$129.72
<i>Annual Change</i>		30.7%	44.8%	29.3%	2.9%	-9.2%
Operating Cost/Passenger (Actual \$)	\$11.82	\$16.82	\$25.25	\$33.78	\$44.22	\$80.82
<i>Annual Change</i>		42.3%	50.1%	33.8%	30.9%	82.8%
Passengers/VSH	4.80	4.41	4.25	4.11	3.23	1.60
<i>Annual Change</i>		-8.1%	-3.6%	-3.4%	-21.4%	-50.3%
Passengers/VSM	0.38	0.35	0.35	0.34	0.26	0.13
<i>Annual Change</i>		-7.7%	-2.2%	-2.6%	-21.9%	-51.8%
Farebox Recovery	7.4%	5.1%	3.4%	2.6%	1.7%	1.0%
<i>Annual Change</i>		-31.6%	-33.9%	-24.1%	-33.5%	-41.7%
Hours/Employee	1306.1	1211.0	805.4	959.1	982.3	
<i>Annual Change</i>		-7.3%	-33.5%	19.1%	2.4%	
TDA Non-Required Indicators						
Operating Cost/VSM	\$4.53	\$5.95	\$8.73	\$11.38	\$11.63	\$10.24
<i>Annual Change</i>		31.3%	46.8%	30.3%	2.2%	-12.0%
VSM/VSH	12.53	12.48	12.30	12.20	12.29	12.67
<i>Annual Change</i>		-0.5%	-1.4%	-0.8%	0.7%	3.1%
Fare/Passenger	\$0.88	\$0.86	\$0.85	\$0.86	\$0.75	\$0.80
<i>Annual Change</i>		-2.7%	-0.8%	1.6%	-13.0%	6.5%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.
 FY 2018/19 – FY 2020/21 FTE data from State Controller Reports.

Exhibit 6.2 System Ridership

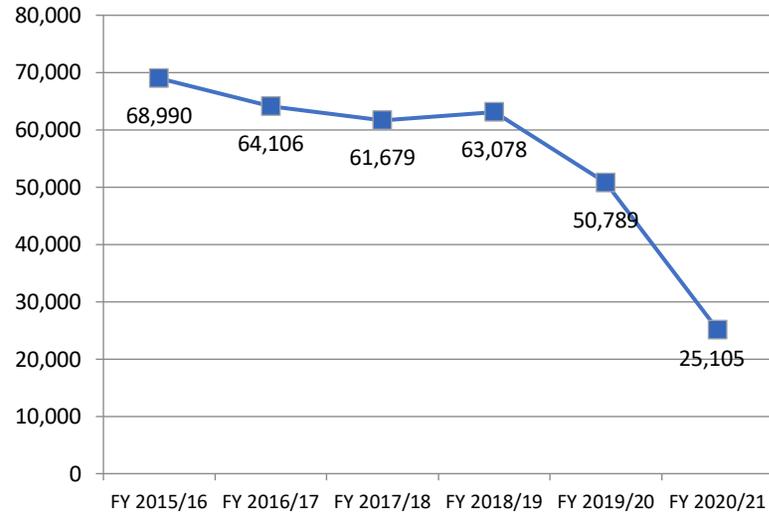


Exhibit 6.3 System Operating Cost/VSH

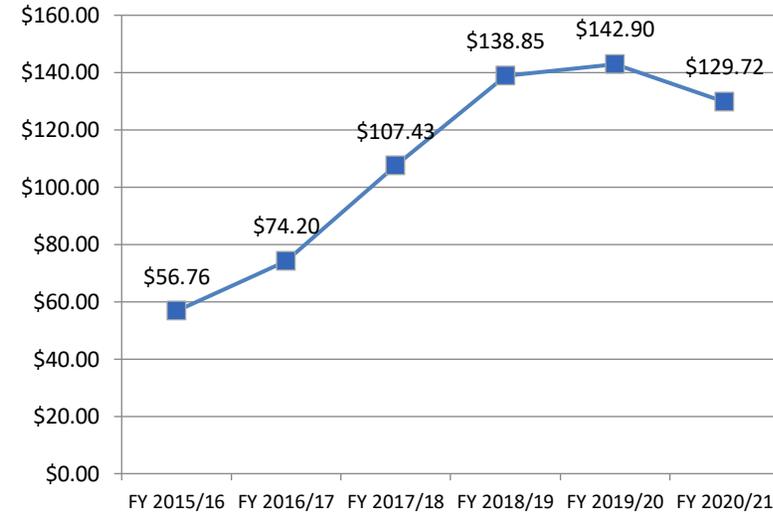


Exhibit 6.4 System Operating Cost/VSM

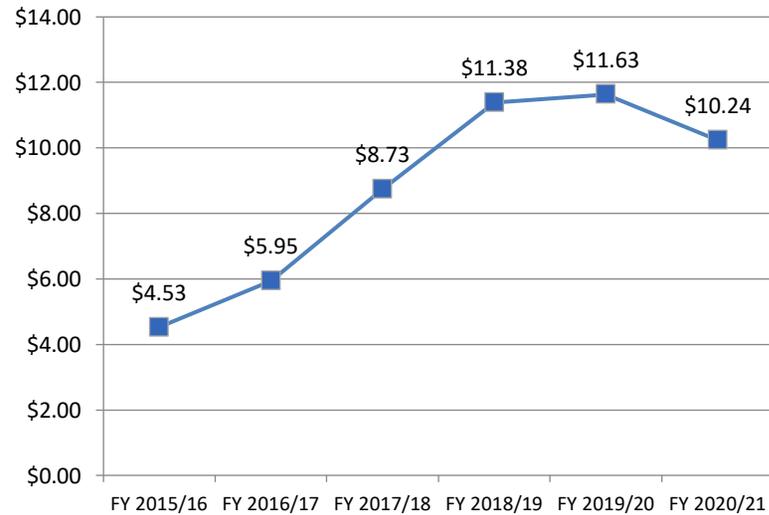


Exhibit 6.5 System VSM/VSH

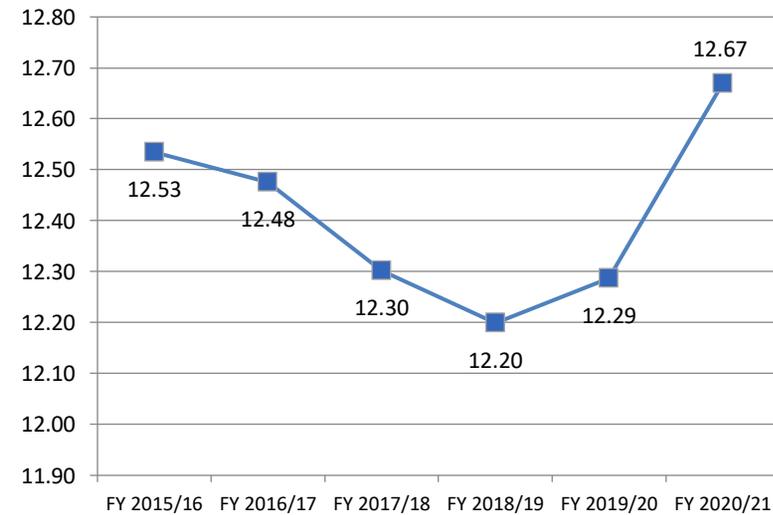


Exhibit 6.6 System Operating Cost/Passenger

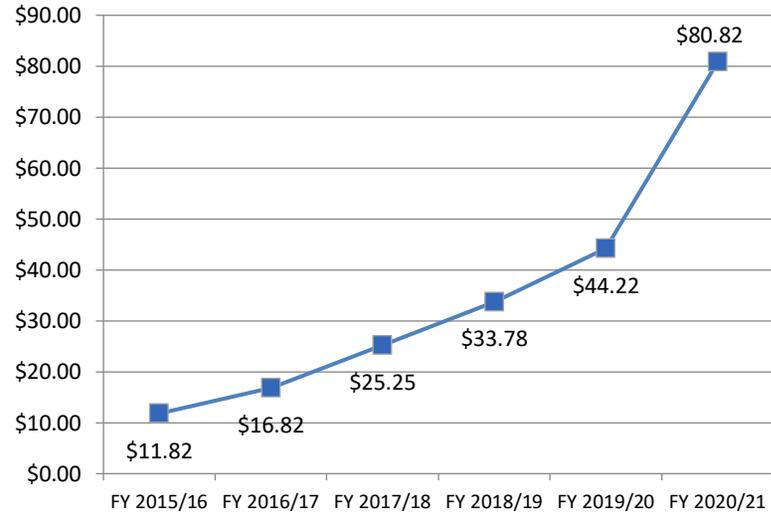


Exhibit 6.7 System Passengers/VSH

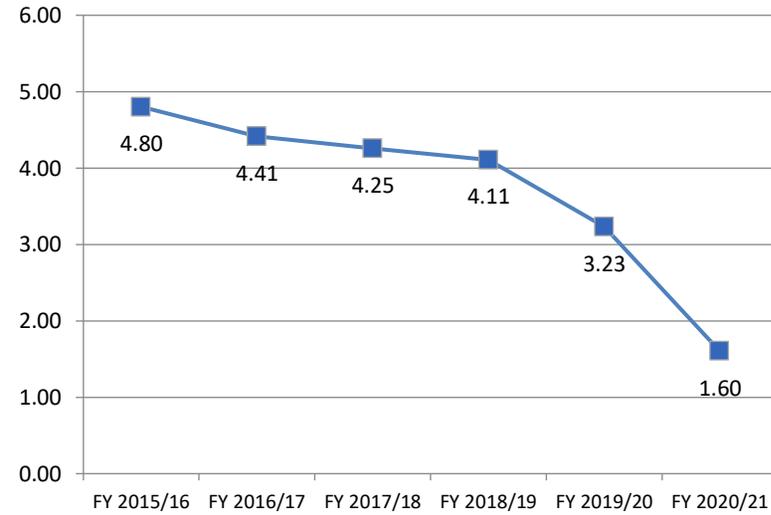


Exhibit 6.8 System Passengers/VSM

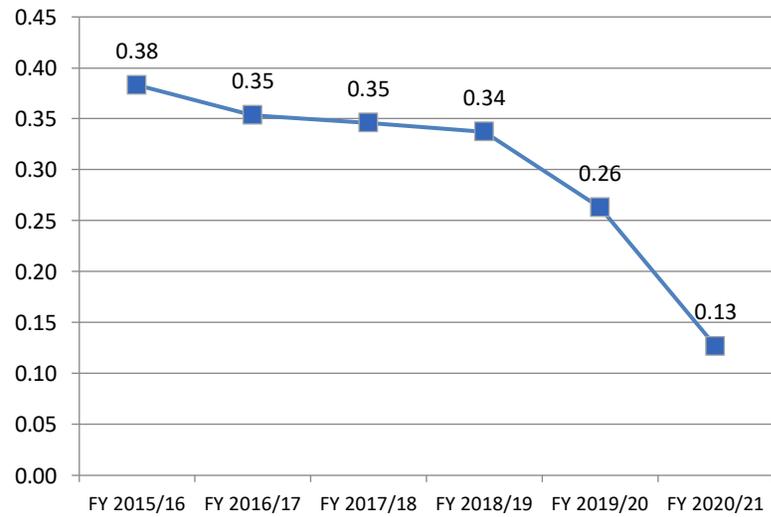


Exhibit 6.9 System VSH/FTE

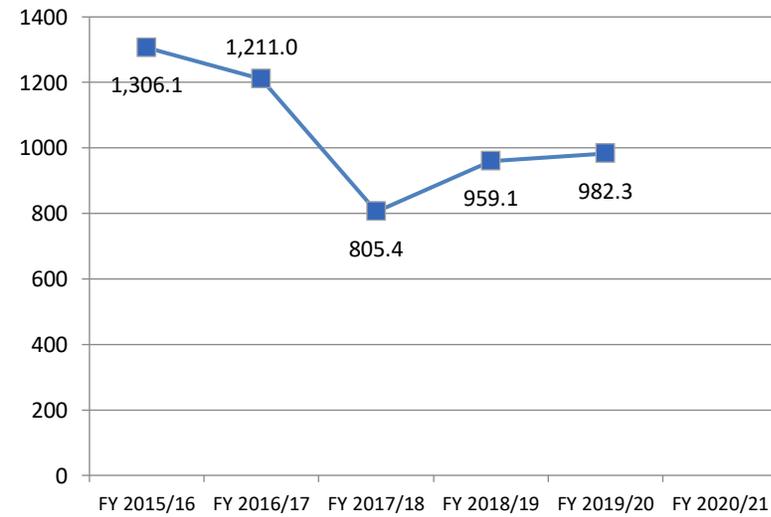


Exhibit 6.10 System Farebox Recovery

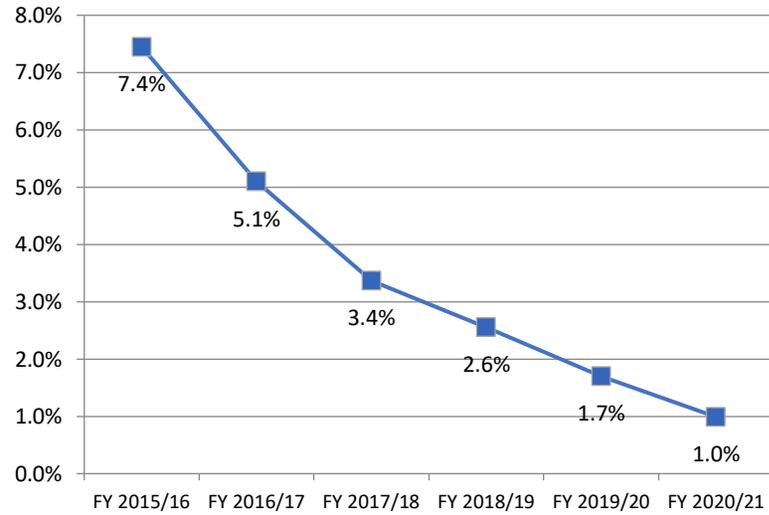
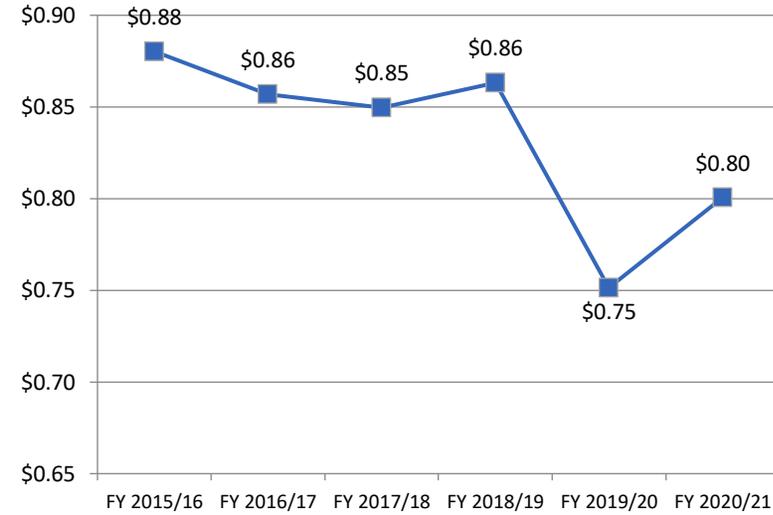


Exhibit 6.11 System Fare/Passenger



Fixed-Route Performance Trends

The fixed-route service experienced significant cost increases each year except FY 2020/21, with the highest increase in FY 2017/18 (70.9 percent). While this resulted in a net increase of just 7.0 percent during the audit period, operating cost experienced a net 249.6 percent increase across the six-year period. Conversely, fare revenue declined most years, with the most significant decrease occurring in FY 2020/21. This led to a six-year net decrease of 65.5 percent, and a 63.6 percent decrease during the audit period. This is not surprising, given the impact of the COVID-19 pandemic.

Vehicle service hours increased most years, resulting in a net increase of 32.8 percent across the six-year period and 18.1 percent during the audit period. Vehicle service miles exhibited the same pattern, for a net increase of 34 percent across the six-year period and 23 percent during the audit period. Ridership declined nearly every year of the six-year period, with the exception being FY 2018/19. During the pandemic ridership fell significantly, resulting in a 59.4 percent decrease during the audit period, and a 61.9 percent net decrease over the six-year period.

Operating cost per vehicle service hour rose in FY 2019/20 but fell in FY 2020/21, resulting in a net decrease during the audit period. Operating cost per vehicle service mile steadily decreased during the audit period, resulting in a decrease of 12.9 percent. Operating cost per passenger, however, increased significantly as ridership fell, resulting in a net increase of 163.8 percent during the audit period. Passengers per vehicle service hour and passenger per vehicle service mile both decreased significantly during the audit period, reflecting a decline in productivity.

Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$489,297	\$646,945	\$1,105,745	\$1,598,143	\$1,796,714	\$1,723,656
<i>Annual Change</i>		32.2%	70.9%	44.5%	12.4%	-4.1%
Fare Revenue (Actual \$)	\$32,886	\$28,871	\$29,320	\$31,181	\$26,439	\$11,613
<i>Annual Change</i>		-12.2%	1.6%	6.3%	-15.2%	-56.1%
Vehicle Service Hours (VSH)	10,023	9,973	10,320	11,275	12,617	13,313
<i>Annual Change</i>		-0.5%	3.5%	9.3%	11.9%	5.5%
Vehicle Service Miles (VSM)	131,675	131,282	135,031	143,554	164,470	176,496
<i>Annual Change</i>		-0.3%	2.9%	6.3%	14.6%	7.3%
Passengers	54,527	49,969	49,713	51,197	43,249	20,556
<i>Annual Change</i>		-8.4%	-0.5%	3.0%	-15.5%	-52.5%
Employees	8	8	14	13	13	<i>Not reported</i>
<i>Annual Change</i>		0.0%	75.0%	-7.1%	0.0%	
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$48.82	\$64.87	\$107.15	\$141.74	\$142.40	\$129.47
<i>Annual Change</i>		32.9%	65.2%	32.3%	0.5%	-9.1%
Operating Cost/Passenger (Actual \$)	\$8.97	\$12.95	\$22.24	\$31.22	\$41.54	\$83.85
<i>Annual Change</i>		44.3%	71.8%	40.3%	33.1%	101.8%
Passengers/VSH	5.44	5.01	4.82	4.54	3.43	1.54
<i>Annual Change</i>		-7.9%	-3.9%	-5.7%	-24.5%	-55.0%
Passengers/VSM	0.41	0.38	0.37	0.36	0.26	0.12
<i>Annual Change</i>		-8.1%	-3.3%	-3.1%	-26.3%	-55.7%
Farebox Recovery	6.7%	4.5%	2.7%	2.0%	1.5%	0.7%
<i>Annual Change</i>		-33.6%	-40.6%	-26.4%	-24.6%	-54.2%
Hours/Employee	1,252.9	1,246.6	737.1	867.3	970.5	
<i>Annual Change</i>		-0.5%	-40.9%	17.7%	11.9%	
TDA Non-Required Indicators						
Operating Cost/VSM	\$3.72	\$4.93	\$8.19	\$11.13	\$10.92	\$9.77
<i>Annual Change</i>		32.6%	66.2%	35.9%	-1.9%	-10.6%
VSM/VSH	13.14	13.16	13.08	12.73	13.04	13.26
<i>Annual Change</i>		0.2%	-0.6%	-2.7%	2.4%	1.7%
Fare/Passenger	\$0.60	\$0.58	\$0.59	\$0.61	\$0.61	\$0.56
<i>Annual Change</i>		-4.2%	2.1%	3.3%	0.4%	-7.6%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.
 FY 2018/19 – FY 2020/21 FTE data from State Controller Reports.

Exhibit 6.13 Fixed-Route Ridership

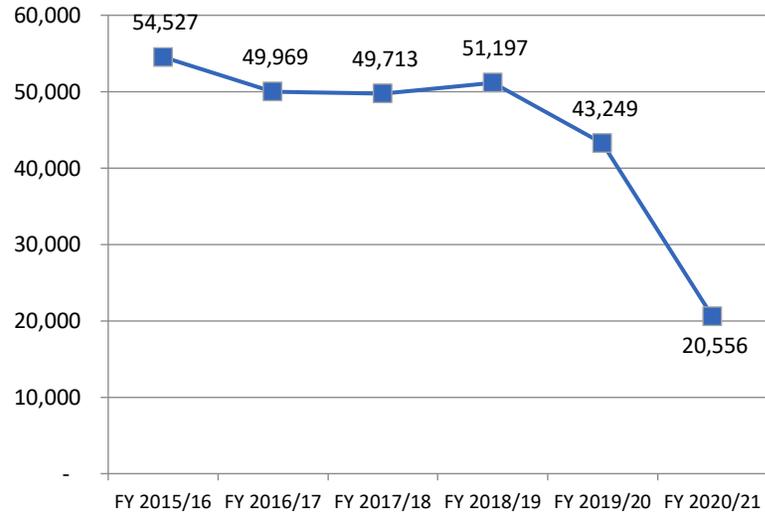


Exhibit 6.14 Fixed-Route Operating Cost/VSH

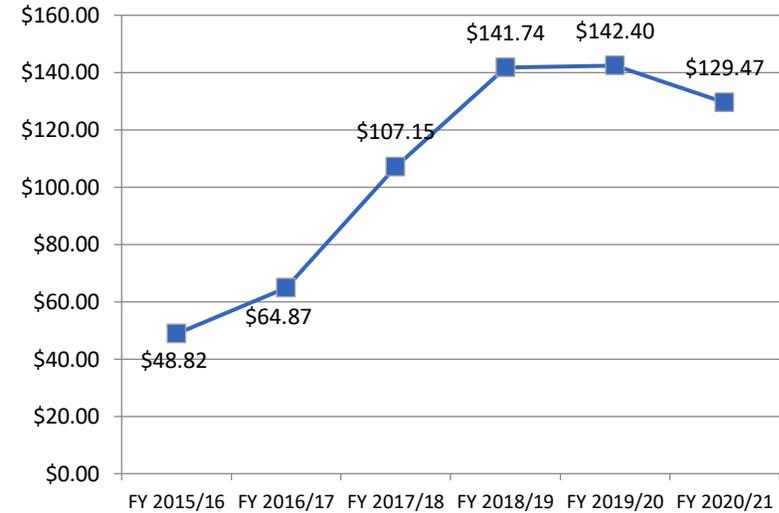


Exhibit 6.15 Fixed-Route Operating Cost/VSM

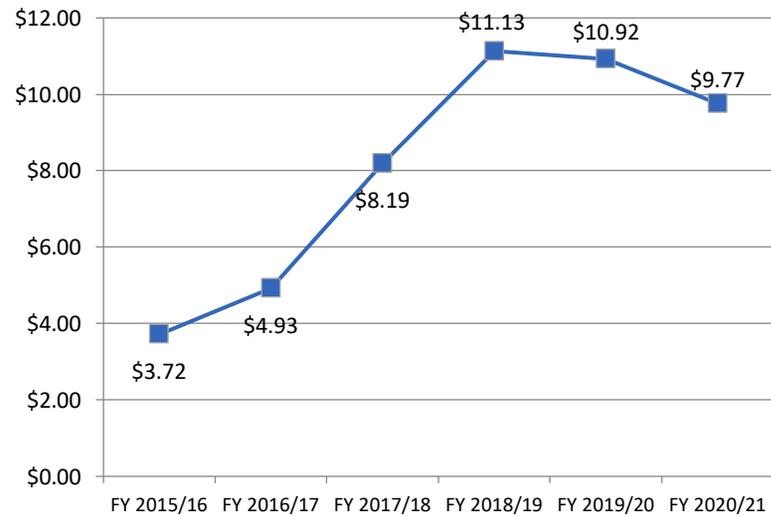


Exhibit 6.16 Fixed-Route VSM/VSH

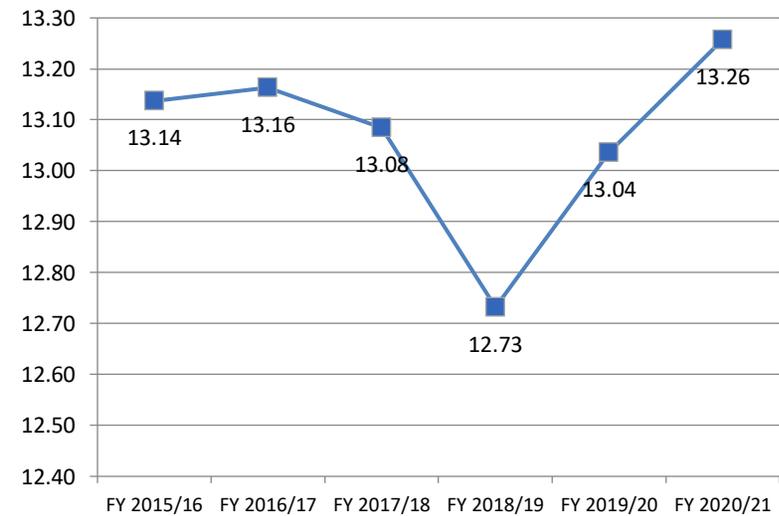


Exhibit 6.17 Fixed-Route Operating Cost/Passenger

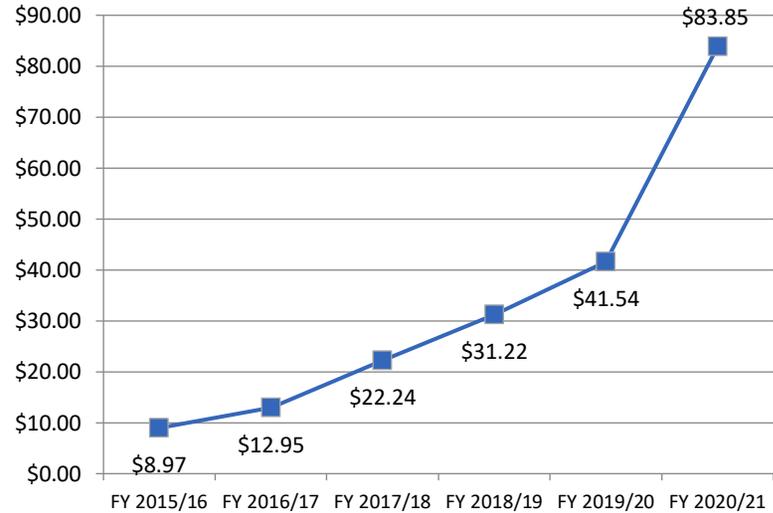


Exhibit 6.18 Fixed-Route Passengers/VSH

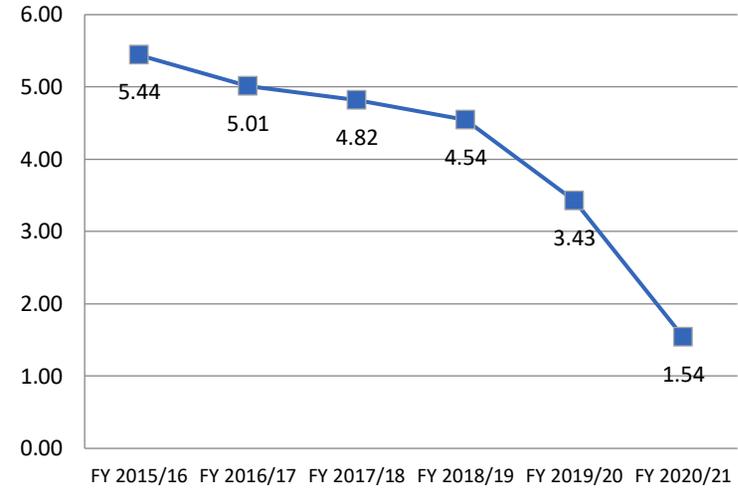


Exhibit 6.19 Fixed-Route Passengers/VSM

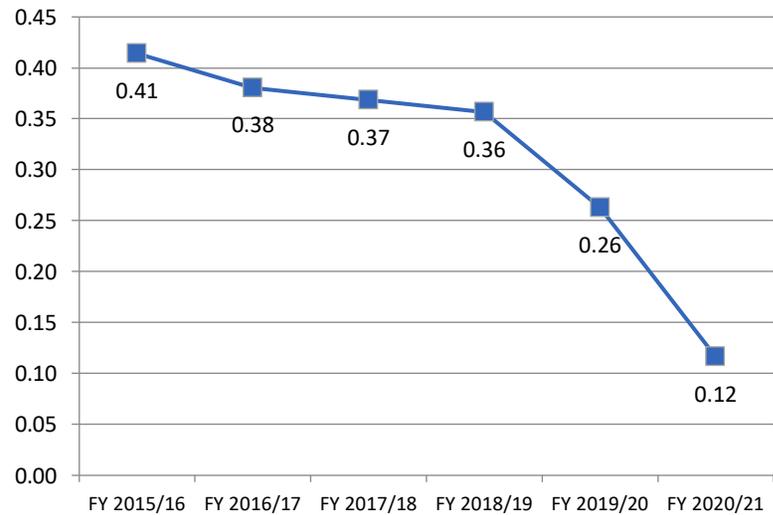


Exhibit 6.20 Fixed-Route VSH/FTE

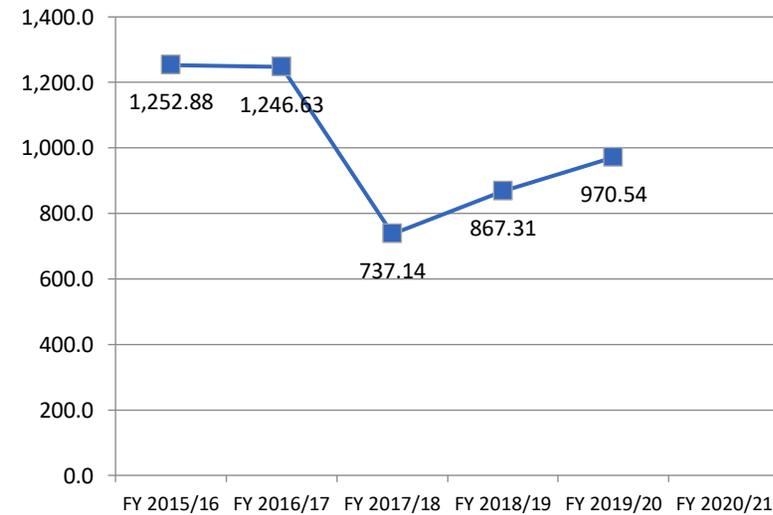


Exhibit 6.21 Fixed-Route Farebox Recovery

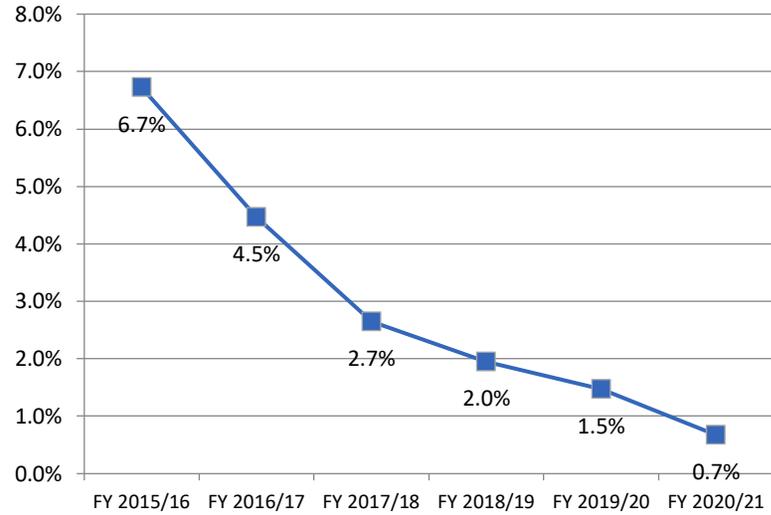
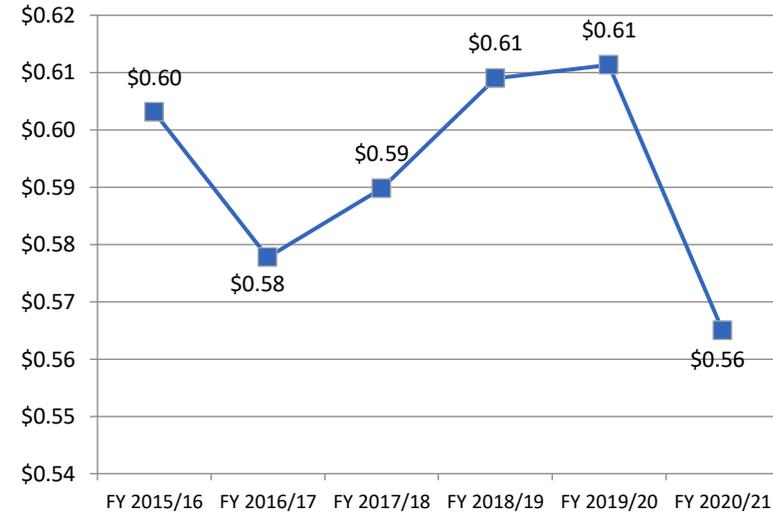


Exhibit 6.22 Fixed-Route Fare/Passenger



Demand-Response Performance Trends

The demand-response service experienced cost decreases each year of the audit period, following a period of increased costs during the three years prior. This resulted in a net decrease of 43.4 percent during the audit period, yet a net decrease of 7.5 percent across the six-year period. Fare revenue also declined most years, with the most significant decrease occurring in FY 2019/20. This led to a six-year net decrease of 69.5 percent, and a 63.5 percent decrease during the audit period. This is not surprising, given the impact of the COVID-19 pandemic.

Vehicle service hours decreased most years, resulting in a net decrease of 46.4 percent across the six-year period and 42.8 percent during the audit period. Vehicle service miles exhibited the same pattern, for a net decrease of 55.2 percent across the six-year period and 50.3 percent during the audit period. Ridership declined nearly every year of the six-year period. During the pandemic ridership fell significantly, resulting in a 61.5 percent decrease during the audit period, and a 68.4 percent decrease over the six-year period.

Operating cost per vehicle service hour and operating cost per vehicle service mile both rose in FY 2019/20 but fell in FY 2020/21. This resulted in a net decrease in operating cost per VSH during the audit period, but a net increase in operating cost per VSM. Operating cost per passenger increased significantly as ridership fell, resulting in a net increase of 47 percent during the audit period. Passengers per vehicle service hour and passenger per vehicle service mile both decreased during the audit period, reflecting a decline in productivity.

Exhibit 6.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$326,198	\$431,297	\$451,643	\$532,714	\$449,179	\$305,425
<i>Annual Change</i>		32.2%	4.7%	18.0%	-15.7%	-32.0%
Fare Revenue (Actual \$)	\$27,845	\$26,058	\$23,090	\$23,271	\$11,722	\$8,484
<i>Annual Change</i>		-6.4%	-11.4%	0.8%	-49.6%	-27.6%
Vehicle Service Hours (VSH)	4,344	4,559	4,177	4,071	3,100	2,329
<i>Annual Change</i>		4.9%	-8.4%	-2.5%	-23.9%	-24.9%
Vehicle Service Miles (VSM)	48,400	50,017	43,312	43,653	28,645	21,678
<i>Annual Change</i>		3.3%	-13.4%	0.8%	-34.4%	-24.3%
Passengers	14,463	14,137	11,966	11,881	7,540	4,549
<i>Annual Change</i>		-2.3%	-15.4%	-0.7%	-36.5%	-39.7%
Employees	3	4	4	3	3	<i>Not reported</i>
<i>Annual Change</i>		33.3%	0.0%	-25.0%	0.0%	
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$75.09	\$94.60	\$108.13	\$130.86	\$144.90	\$131.14
<i>Annual Change</i>		26.0%	14.3%	21.0%	10.7%	-9.5%
Operating Cost/Passenger (Actual \$)	\$22.55	\$30.51	\$37.74	\$44.84	\$59.57	\$67.14
<i>Annual Change</i>		35.3%	23.7%	18.8%	32.9%	12.7%
Passengers/VSH	3.33	3.10	2.86	2.92	2.43	1.95
<i>Annual Change</i>		-6.9%	-7.6%	1.9%	-16.7%	-19.7%
Passengers/VSM	0.30	0.28	0.28	0.27	0.26	0.21
<i>Annual Change</i>		-5.4%	-2.3%	-1.5%	-3.3%	-20.3%
Farebox Recovery	8.5%	6.0%	5.1%	4.4%	2.6%	2.8%
<i>Annual Change</i>		-29.2%	-15.4%	-14.6%	-40.3%	6.4%
Hours/Employee	1,448.0	1,139.8	1,044.3	1,357.0	1,033.3	
<i>Annual Change</i>		-21.3%	-8.4%	29.9%	-23.9%	
TDA Non-Required Indicators						
Operating Cost/VSM	\$6.74	\$8.62	\$10.43	\$12.20	\$15.68	\$14.09
<i>Annual Change</i>		27.9%	20.9%	17.0%	28.5%	-10.2%
VSM/VSH	11.14	10.97	10.37	10.72	9.24	9.31
<i>Annual Change</i>		-1.5%	-5.5%	3.4%	-13.8%	0.7%
Fare/Passenger	\$1.93	\$1.84	\$1.93	\$1.96	\$1.55	\$1.87
<i>Annual Change</i>		-4.3%	4.7%	1.5%	-20.6%	20.0%

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

FY 2018/19 – FY 2020/21 FTE data from State Controller Reports.

Exhibit 6.24 Demand-Response Ridership

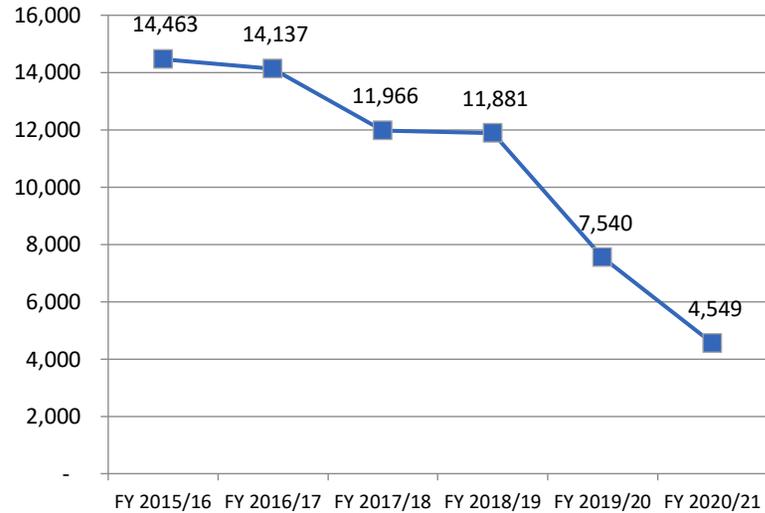


Exhibit 6.25 Demand-Response Operating Cost/VSH

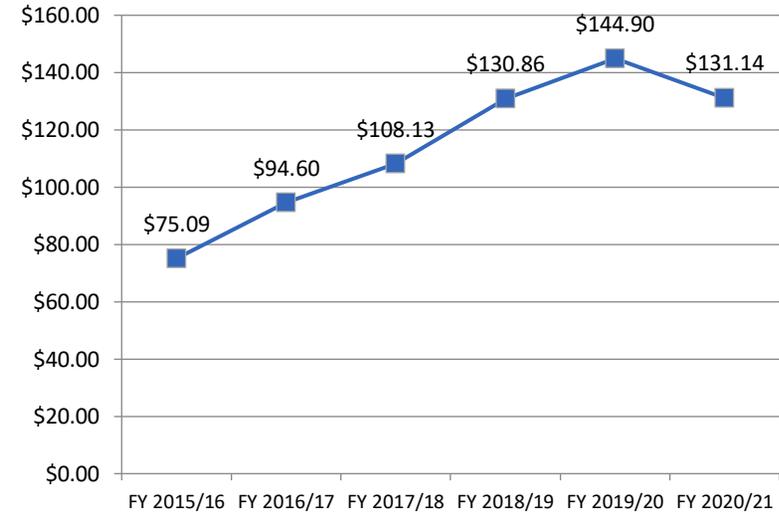


Exhibit 6.26 Demand-Response Operating Cost/VSM

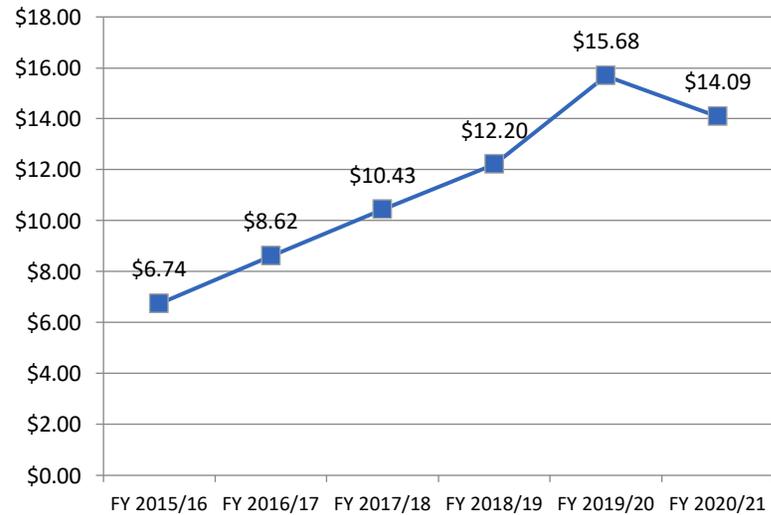


Exhibit 6.27 Demand-Response VSM/VSH

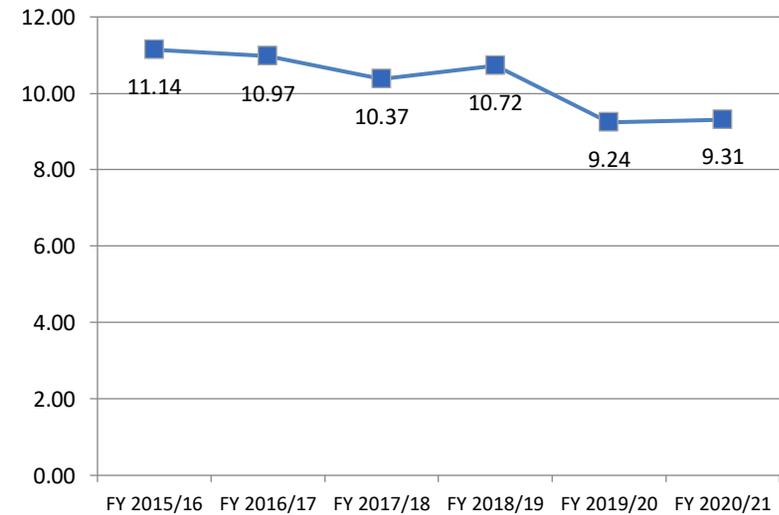


Exhibit 6.28 Demand-Response Operating Cost/Passenger

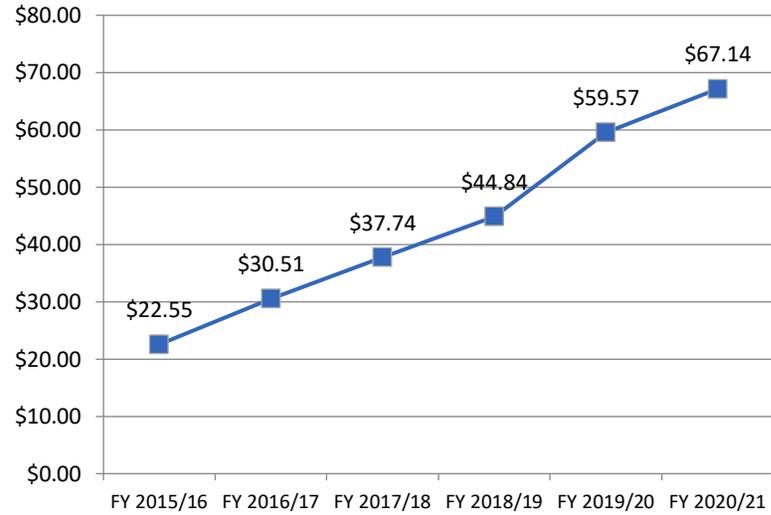


Exhibit 6.29 Demand-Response Passengers/VSH

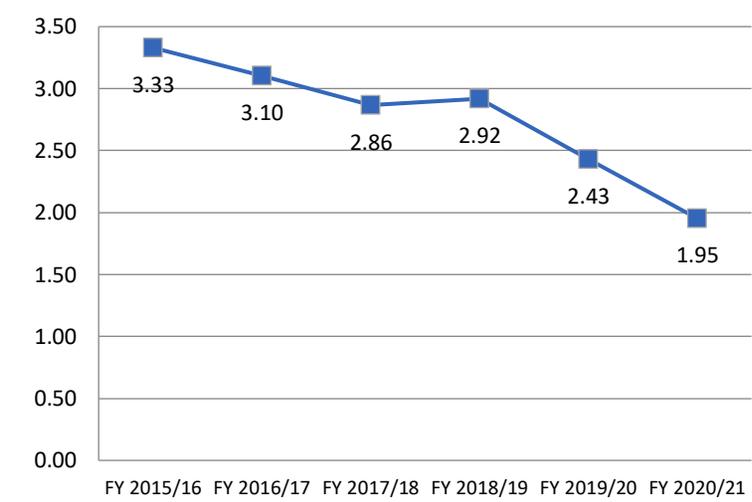


Exhibit 6.30 Demand-Response Passengers/VSM

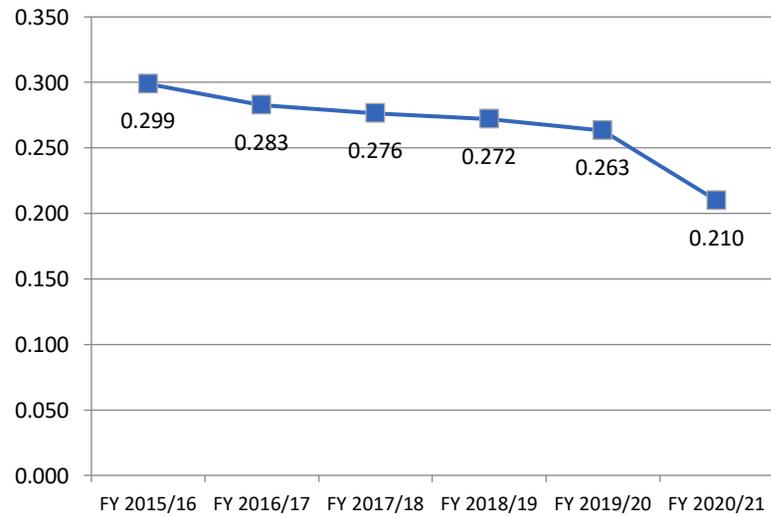


Exhibit 6.31 Demand-Response VSH/FTE

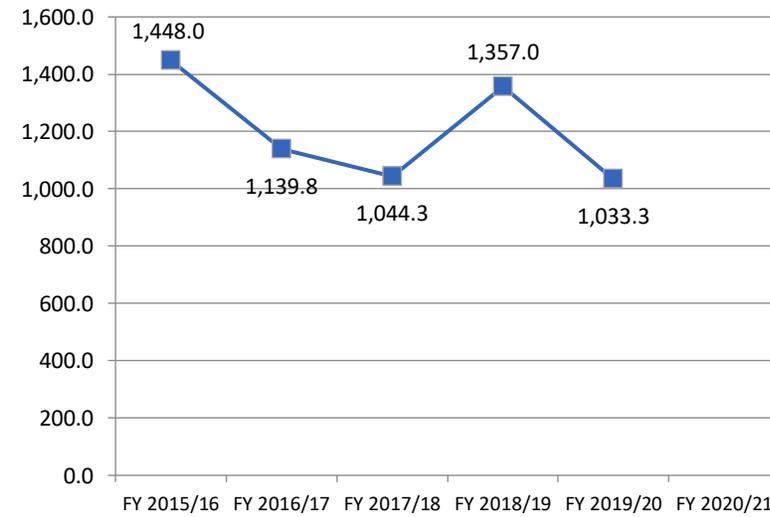


Exhibit 6.32 Demand-Response Farebox Recovery

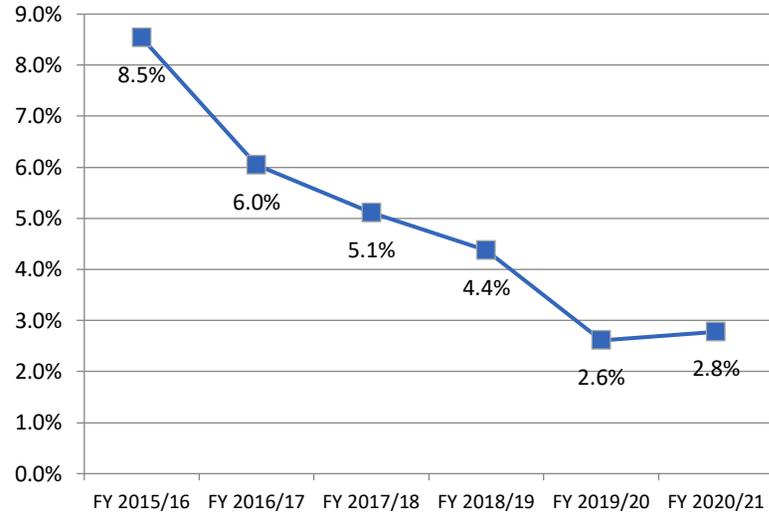
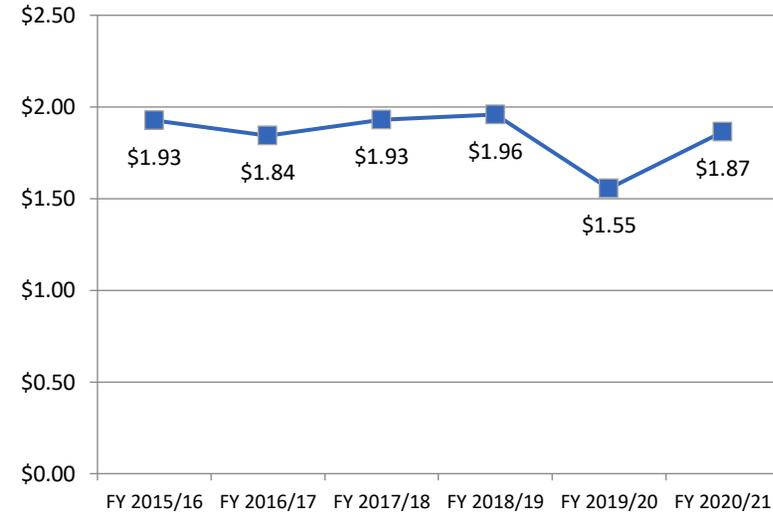


Exhibit 6.33 Demand-Response Fare/Passenger



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Chapter 7 | Functional Review

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

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

Service Overview

The City of Manteca provides bus and paratransit services within city boundaries. The City operates four fixed routes plus an ACE station shuttle. All routes operate Monday through Friday, while three of the routes provide service on Saturday. The fixed routes operate 6:00 a.m. to 7:00 p.m., while the ACE shuttle operates two round trips in the morning and three round trips in the afternoon. Saturday service runs between 9:00 a.m. and 4:00 p.m. Route 4 operates Monday through Friday between 8:00 a.m. and 5:00 p.m. only.



Manteca Transit also provides Dial-A-Ride/ADA Paratransit service for persons age 62 and older, Medicare cardholders, and ADA-certified individuals. It is an origin to destination transportation service. Service hours mirror the fixed-route hours. Saturday service is open to the general public. Trips can be scheduled within Manteca city limits as well as the Lathrop/Manteca ACE Station.

The ADA service serves a ¾-mile radius from the fixed routes. Only persons certified by Manteca Transit as meeting the requirements are eligible to use the paratransit service. Reservations for the Dial-A-Ride and ADA Paratransit services may be made up to 14 days in advance.

Exhibit 7.1 Fixed-Route Fare Structure

Fare category	Adult (18 -61)	Youth (2-18)*	Seniors (62+), Persons with disabilities, & Medicare Cardholders
One-way fare	\$1.00	\$0.75	\$0.50
10-Ride Pass	\$9.00	\$7.00	\$4.50
Monthly Pass	\$35.00	\$28.00	\$28.00

**Beginning in September 2021 and running through May 2022, Manteca Unified high school students can ride free with their student ID.*

Exhibit 7.2 Demand-Response Fare Structure

Fare category	General Public (Saturday Only)	Companion	Seniors (62+), persons with disabilities, & Medicare Cardholders
One-way fare	\$2.00	\$2.00	\$2.00
10-Ride Pass			\$20.00
Monthly Pass			\$60.00

Transfers between fixed routes are free and valid for up to one hour. Up to two children under two ride free with each fare-paying adult. Children under six must be accompanied by a rider age 12 or older. One Personal Care Attendant (PCA) rides free with an ADA customer. All other companions pay the appropriate fare. Fixed-route monthly passes are valid on the Saturday general public Dial-A-Ride and to/from the ACE station for no additional charge.

The City’s transit program is based out of the Manteca Transit Center, located at 220 Moffat Boulevard. Passes may be purchased at the Manteca Transit Office or the Manteca Parks and Recreation Office (252 Magnolia Avenue). Transit passes may also be purchased electronically through the regional EZHub program via the Vamos app.

Response to COVID-19 pandemic

Early in the pandemic, service was limited to essential trips only as a result of the stay-at-home order. Mask mandates and social distancing procedures were put in place. No events were scheduled at the transit center. The pandemic impacted ridership and revenue. Ridership fell and in the first three months was down 80 percent. As of July 2021, fixed-route ridership was around 53 percent of July 2019 ridership. At the time, the City was just trying to keep people safe. There were some issues with homeless individuals trying to ride the bus, but rides were limited to essential trips.

Regular service was maintained, though the City did cut its new Route 4 (which was started in January 2020), which served the south side of Manteca. As schools were closed, service was cut back to 8 a.m. to 5 p.m. Service has since been restored to full/normal operations (including Route 4).

Barriers were put up for the drivers. Drivers wiped down buses in between trips and utilized fogging machines for cleaning at night. The big bus, which features two doors, was put on Route 1 beginning in October 2021 to offer better social distancing. Masks acquired through the CalACT were provided along with hand sanitizer. While some employees tested positive for COVID, there was no major outbreak. NEXT conducted regular temperature checks, while the Transit Supervisor was able to work remotely.

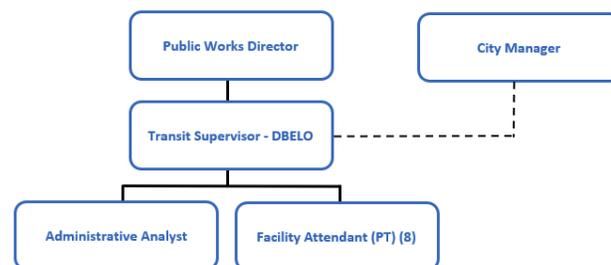
A vaccine clinic was held at the transit center as part of the City’s emergency response. That week, transit drivers were classified as essential workers, so all drivers who wanted to get vaccinated could do so. Outdoor COVID testing was also provided between October 2020 and June 2021.

General Management and Organization

Transit staff believe the program is structured and staffed appropriately, with well-defined managerial authority, with two employees, facility attendants, and oversight from the Public Works Director.

The Manteca city council is the governing body for Manteca Transit. The council meets formally on the first and third Tuesday of each month at 7:00 p.m. at the City’s Council Chambers, located at 1001 W. Center Street in Manteca. While this location is served by Manteca Transit, the service ends at 7:00 p.m., making it impossible to use transit to attend city council meetings. The City does not have any transit-related committee or citizens’ advisory board.

Exhibit 7.3 Organizational Chart



Operations are provided under contract by National Express (NEXT). Transit management reviews monthly reports, performs quality assurance checks, and meets with contractor management to monitor program performance. Transit management regularly receives performance information and takes appropriate action to address problems or issues faced by the contractor.

Recent changes to the City’s transit service includes the addition of Route 4; three new stops on Route 2 at Juniper/Tesoro apartments, Paseo Villas apartments, and Woodward Park; and two new stops on Route 3 at the Boys and Girls Club and the Manteca Adult School. Due to COVID-19, goals have not been measured since the new route began in 2020.

Service Planning

The City’s Short Range Transit Plan, completed in 2019, included program goals and objectives, which conform to the RTPA’s goals and objectives. The City has a plan of action toward regularly evaluating its goals and objectives laid out in the Short Range Transit Plan, Appendix C. The next Short Range Transit Plan will be a full plan, not simply an update

The City actively works to identify residential and commercial developments that may require transportation, as well as identifies and projects future service needs based on current utilization. Transit

staff regularly communicate with the City's Community Development Department with respect to upcoming development projects.

The City works collaboratively with agencies serving persons with disabilities and meets all federal and state requirements regarding serving persons with disabilities. Special fixed-route fares are offered to youth, seniors, Medicare card holders, and persons with disabilities. All vehicles are wheelchair-accessible.

The annual State TDA Article 8 "Unmet Transit Needs" public hearings are the City's primary public participation opportunity. The City also conducts surveys of riders and non-riders to support transit planning. Surveys are typically conducted through onboard surveying, at the Transit Center, and direct mail. The last surveying efforts were conducted during the City's Short Range Transit Plan update in 2019 and the Title VI Plan update in 2021.

Administration

In January of each year, the City begins its annual budget process. Preliminary departmental budgets are completed in February and finalized in March. The preliminary City budget is released to the Council in May and finalized and adopted in June. City staff regularly compare budgeted expectations for the transit program with actual revenue and expenses. Substantial excesses over budgeted expenses are approved by the Deputy Director of Public Works. The City uses New World Enterprise Resource Planning (ERP) software. Financials are reported to the governing body semi-annually.

Grant application and compliance responsibilities are clearly defined within the City. Risk management procedures are outlined in the City's Safety-Standard Operating Procedures Manual. Procedures for processing accident and injury claims are defined. A Safety Committee meeting is conducted monthly and all staff are required to attend. NEXT's General Manager is responsible for proactive safety/loss prevention initiatives. At least once a year, staff will go over the evacuation plan as part of one of their monthly safety meetings.

The operations contract, as well as transit advertising and janitorial contracts, are approved by the Manteca City Council. Contracts have a limited and defined term, clearly specified scope of work, and explicit price for goods or services. All other facility management services are provided by the City's Public Works Department, while copier and computer maintenance are provided by the City's IT division. Facility management services are clearly defined by the Facility Management Plan.

Employees clock in and out on a computer or biometric clock. Supervisor and Department Head review and approve hours. Any changes to an employee's time is input on a Personnel Action Form by Human Resources and reviewed by Finance.

The Administrative Analyst and the Transit Supervisor are responsible for accounts receivable and accounts payable. Invoice terms, quantities, and prices are verified against purchase orders, and receipt of goods or services is verified before invoices are paid.

The City maintains a Transit Procurement Policy as well as a City Purchasing Policy. The Transit Procurement Policy is in compliance with FTA requirements, including FTA standard terms and conditions.

All purchasing and procurement policies and procedures are well defined and appropriate. The City competitively procures fuel, vehicles, and other items of major expense, and may piggyback on other contracts when appropriate, depending on the item.

The City has their own internal audit function and conducts audits in accordance with the Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

Marketing and Public Information

The City's market efforts consist primarily of advertisements, rider guide distribution, website and social media updates, and promotion at special events and fairs. A comprehensive Ride Guide provides information in English and Spanish, and is available in print and electronic formats (from the Manteca Transit website).

Prior to the pandemic the City already faced a challenge encouraging residents to ride transit. The City conducted marketing in 2019 targeting high school students, seniors, and low-income individuals. Marketing efforts included an LCTOP grant for 10-ride fare cards, getting youth to ride instead of walking, and a mobile app to track the bus.

Manteca Transit has a system of accepting and responding to complaints and utilizes survey and performance data to develop marketing goals and targets. The Transit Supervisor will respond within 24 hours. The public perception of the program is generally positive. The City communicates effectively with schools and employers to promote transit services.

Scheduling, Dispatch, and Operations

Manteca Transit is operated by National Express Transit. Drivers are assigned to routes through the bidding process based on seniority. Drivers are not formally rotated through routes, but may do so as the bid allows. The bidding process is defined by the union agreement with the Teamsters.

Per the Collective Bargaining Agreement full-time employees are those who work more than 32 hours per week. NEXT does not use standby drivers. When drivers call out sick, dispatch works with drivers who are on and off shift to cover the routes. The labor agreement includes a clear and communicated policy on absences and sick leave requiring prior notice.

Vehicles are assigned to routes based on maintenance, repairs, and availability.

Fares are collected onboard the buses using drop vaults. At the end of the day, the dispatcher removes the fareboxes from the vehicles and secures them in a locked cabinet. The money is counted twice the next morning, once by the morning dispatcher and again by the Operations Supervisor in a room equipped with cameras. Amounts are entered into a spreadsheet and compared to passenger count. The Operations Supervisor or NEXT's General Manager handle the bank deposits twice a week.

Drivers and dispatchers sell passes and the money is either dropped into the farebox or received with receipt in the transit office. Mobile ticketing is available online and processed by the vendor into the City's designated account.

Personnel Management and Training

The City's contractor is recruiting a sufficient number of drivers to meet the program's needs. At the time of the site visit, NEXT was in the process of recruiting another driver and a standby driver. When needed, National Express has a recruiter who posts the open positions to job boards. In addition, NEXT can participate in joint recruiting efforts with Modesto when they conduct monthly recruitments. Inexperienced recruits are trained by NEXT trainers in Modesto.

National Express management places an emphasis on motivating employees, starting with an open-door policy for employees to share their issues and concerns. Management conducts quarterly one-on-one check-ins with each employee to discuss their goals, how they think things are going, what we are doing well, what should change, and so forth. Management also selects an Employee of the Month with recognition and a prize. Management believes it is important to recognize employee accomplishments.

Employee turnover is relatively low. Across the last four years, the annual turnover rate has been 16 percent. NEXT hosts employee events such as pizza parties nearly every quarter. NEXT has a driver score card based on speeding events, DriveCam events, attendance, pre/post-trip inspections and other safety factors so it can focus on individual needs for additional training and support.

Monthly safety meetings, which meet the state requirement for training, address locally identified issues as well as company safety standards. All drivers are trained prior to starting in-service and retrained as needed. Safety practices and procedures are clearly defined, as well as all vehicles are appropriately equipped with safety equipment.

National Express addresses rule enforcement through Attendance and Safety points as part of a progressive discipline policy. Accumulation of six Safety points or eight Attendance points will result in termination. The employee handbook includes a clear policy regarding absences and tardiness. NEXT's drug and alcohol policy is compliant with state and federal requirements.

NEXT drivers and their dependents are offered group medical insurance, dental insurance, and vision insurance. Employees also receive basic life insurance, accidental death and dismemberment, and long-term disability coverage. As a retirement benefit, NEXT offers a 401(k) plan with up to a 4 percent match. There are also voluntary options for additional life insurance, short-term disability, employee assistance programs, and legal coverage.

Maintenance

National Express provides maintenance for the City's transit fleet through a subcontract with a local maintenance shop. Preventive maintenance is conducted every 5,000 miles or 45 days, whichever is sooner. This schedule conforms with the manufacturer's recommended schedule. Compliance with the preventive maintenance schedule is tracked in the contractor's monthly report spreadsheet. Since receipt of the new buses, maintenance has not conflicted with regular vehicle use.

The average age of the transit vehicles is three years with an average mileage of 77,225 miles. Vehicles are inspected each day prior to pull-out. If safety concerns are found, the vehicle is not put into service but is scheduled for repair. All revenue vehicles are very similar and can be swapped out if one must be

taken out of service. As of the site visit, NEXT had yet to order a supply of parts for the new buses as most items were still under warranty.

When breakdowns occur, dispatch notifies maintenance directly and promptly. Maintenance schedules are communicated to dispatch. Maintenance typically notifies the dispatcher when a vehicle repair is complete.

Exhibit 7.4 City of Manteca’s Transit Fleet

Vehicle #	Year	Make	Model	PAX	WC Positions	Service	Mileage as of 6/30/21
1174	2018	Champion	LF270FP	14	3	ADA	38770
1175	2018	Champion	LF270FP	14	3	ADA	35230
1176	2018	Champion	LF270FP	14	3	ADA	53053
1177	2018	Champion	LF270FP	17	2	Fixed-Route	93945
1178	2018	Champion	LF270FP	17	2	Fixed-Route	94887
1179	2018	Champion	LF270FP	17	2	Fixed-Route	100752
1180	2018	Champion	LF270FP	17	2	Fixed-Route	103407
1181	2018	Champion	LF270FP	17	2	Fixed-Route	97758

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Chapter 8 | Findings and Recommendations

Conclusions

The City of Manteca does not receive any TDA Article 4 funds for transit and is not traditionally required to be in compliance with the requirements of that article of the Transportation Development Act. Three findings that would normally be considered compliance findings during an Article 4 Triennial Performance Audit have been identified. However, since Article 8 recipients are not subject to the same level of compliance as Article 4 recipients, they are presented as functional findings. Recommendations intended to improve the effectiveness and efficiency of the operator are detailed below.

Findings

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

The audit team has identified three functional findings. These items are generally considered to be compliance findings with respect to Article 4, but are addressed herein as functional findings:

1. The FY 2019/20 State Controller Report was submitted more than one month beyond the established deadline.
2. The City has yet to complete a TDA fiscal audit for any year of the current audit period.
3. The City did not demonstrate use of the TDA definition of full-time equivalent (FTE) employee.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City of Manteca's public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Given there were no compliance findings, only functional findings and recommendations are provided.

Functional Finding 1: The FY 2019/20 State Controller Report was submitted more than one month beyond the established deadline.

Criteria: PUC 99243 requires operators receiving funding under Article 4 to submit its Financial Transaction Report to the State Controller within seven months of the end of the fiscal year. While Article 8 recipients submit this form as well, compliance with the deadline is not stated as a condition of compliance with Article 8. However, since the deadline is established by the State Controller's Office, it should be treated as a hard deadline and complied with.

Condition: In FY 2019/20, the City’s State Controller Report was not submitted until March 11, 2021.

Cause: The cause of the late submittal was not identified.

Effect: The deadline was missed and the report was submitted late.

Recommendation: Ensure responsibility for completing annual State Controller Reports is clearly designated and submittal deadlines are clearly communicated.

Recommended Action: Responsibility for preparing and submitting the State Controller’s Transit Operator Financial Transaction Report should be clearly designated, whether in the Finance or Transit department. Given the submittal deadline does not change from year to year, it should be clearly documented in a location accessible to appropriate personnel. If Finance is responsible for completing the form, we recommend the Transit Supervisor be provided with the opportunity to review it prior to its submittal.

Timeline: FY 2022/23.

Anticipated Cost: None.

Functional Finding 2: The City has yet to complete a TDA fiscal audit for any year of the current audit period.

Criteria: PUC 99245 requires all Article 4 recipients to submit an annual fiscal audit to the State Controller within 180 days of the end of the fiscal year. The RTPA has the authority to extend the deadline for another 90 days, typically to March 31. While Article 8 recipients submit TDA fiscal audits as well, compliance with the deadline is not a condition of compliance with TDA Article 8. However, since the RTPA cannot release Article 4 funds until the audit is submitted, it is helpful to have all transit operator audits submitted according to the same deadline.

Condition: At the time of this audit, the City had yet to complete any of the TDA fiscal audits for any year of the audit period. While the City appropriately requested extensions and did not claim any TDA funds during this period, two of the three audits are well outside the allowable extension period proscribed in the TDA legislation.

Cause: Staff did not identify the exact cause of the late audit completion. However, during the audit period, the City was put on a “do not fund” list by Caltrans due to issues with deficiencies appearing in audits for more than one year. While this was not specific to TDA funds, it may have impacted the completion of the TDA audits. The City has since been taken off the “do not fund” list and is resolving its auditing issues.

Effect: The City is unable to claim any further TDA funds until the audits have been completed.

Recommendation #1: Work with the City’s fiscal auditors and the SJCOG TDA auditors to complete outstanding prior audits and ensure on-time completion of future audits.

Recommended Action: The City should work with its auditors to resolve the backlog of audits and “catch up” to the current year. Future audits should be completed on-time (or within the 90-day extension allowed under the TDA).

Timeline: FY 2022/23.

Anticipated Cost: None.

Recommendation #2: Once TDA audits have been completed, submit TDA claims for FY 2019/20 and FY 2020/21.

Recommended Action: Once it is eligible to do so, the City should complete and submit claims for TDA funds for FY 2019/20 and FY 2020/21. Future claims should be submitted in a timely manner provided audits have been completed on time.

Timeline: Variable.

Anticipated Cost: None.

Functional Finding 3: The City did not demonstrate use of the TDA definition of full-time equivalent (FTE) employee.

Criteria: The State Controller, for its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of “employee” as total hours worked divided by 2,000.

Condition: While the City did appropriately allocate work hours between the two modes, what was reported on each year’s State Controller Report was significantly higher than that represented by the work hours in the documentation provided by the City.

Cause: Failure to use the TDA definition is typically due to a lack of understanding of how this metric should be calculated. There may also be a disconnect between staff who are aware of how the metric should be calculated and staff who complete the State Controller Report.

Effect: The FTE metric can be calculated and/or reported incorrectly, resulting in incorrect information appearing in the State Controller’s Report.

Recommendation #1: Effectively document full-time equivalent (FTE) employees using the TDA definition for each year of the next audit period.

Recommended Action: Work with the City and contractor to document all hours worked related to transit beginning with FY 2021/22. Hours should be allocated between fixed route (general operations) and demand-response (specialized services) based on either actual work performed or a formula based on vehicle service hours by mode. Calculate FTE employees by dividing the number of hours worked by 2,000.

Ensure the individual(s) completing the reports are aware of how to calculate this data using the TDA definition.

Timeline: FY 2022/23.

Anticipated Cost: None.

Recommendation #2: Ensure full-time equivalent (FTE) employees calculated using the TDA definition are reported on the State Controller Reports.

Recommended Action: For future State Controller Reports, the reports should accurately reflect the correctly calculated FTE data. Ensure hours are allocated between general operations and specialized services, and that full (system-wide) data is not used for each mode individually. This data (including calculations) should then be provided as part of the next triennial performance audit.

Timeline: FY 2022/23.

Anticipated Cost: None.

Exhibit 8.2 Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Ensure responsibility for completing annual State Controller Reports is clearly designated and submittal deadlines are clearly communicated.	Medium	FY 2022/23
2	Work with the City's fiscal auditors and the SJCOG TDA auditors to complete outstanding prior audits and ensure on-time completion of future audits.	High	FY 2022/23
3	Once TDA audits have been completed, submit TDA claims for FY 2019/20 and FY 2020/21.	High	Variable
4	Effectively document full-time equivalent (FTE) employees using the TDA definition for each year of the next audit period.	Medium	FY 2022/23
5	Ensure full-time equivalent (FTE) employees calculated using the TDA definition are reported on the State Controller Reports.	Medium	FY 2022/23