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STANISLAUS  
COUNCIL OF  
GOVERNMENTS  
– RIVERBANK  
OAKDALE  
TRANSIT  
AUTHORITY

FINAL TRIENNIAL PERFORMANCE AUDIT OF THE  
RIVERBANK-OAKDALE TRANSIT AUTHORITY

*Triennial Performance Audit of  
Riverbank-Oakdale Transit  
Authority  
Fiscal Years 2007, 2008, & 2009*

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## EXECUTIVE SUMMARY

### Why the Review was Conducted

This is the Performance Audit report for the Riverbank Oakdale Transit Authority (ROTA), covering Fiscal Years 2006-07, 2007-08 and 2008-09. An audit is required triennially of every transit operator in the state of California to be eligible for Transportation Development Act (TDA) funding. This audit was commissioned by the Stanislaus Council of Governments (StanCOG) and was conducted in accordance with the audit process established by the California Department of Transportation.

### What the Review Found

During the course of our performance audit we assessed the status of prior audit recommendations and examined compliance with applicable laws, rules and regulations as prescribed by the Transportation Development Act. We also examined key performance measures of operational efficiency and effectiveness as well as performed a high level functional review of key operational areas.

We found several concerning issues related to administration and management of ROTA, as evidenced by the following:

- ROTA had not systematically or fully addressed any prior audit recommendations and all issues that were of concern three years ago continue to persist.
- ROTA was substantially out of compliance with 4 of the 8 applicable TDA compliance requirements.
- ROTA's performance, as measured by indicators of operational efficiency and effectiveness, continued to decline. The primary reasons for the decline in performance are stagnant levels of ridership and a 37 percent increase in operational costs over the current audit period.

Operations and maintenance, which are administered by the contractor Storer, are performed well. Marketing and outreach are a notable strength for ROTA.

ROTA has taken action to position itself to improve operations; however a detailed strategy for that recovery is still forthcoming. During the audit period, the ROTA Board decided to shift all responsibility and authority for operations to the Riverbank Transit Coordinator and the City of Riverbank, including financial reporting and monitoring. At the time of our review, a consultant was developing a corrective action plan for ROTA to improve its operations.

## INTRODUCTION

This report of the Performance Audit for the ROTA transit service and covers a three-year period ending June 30, 2009. The California Public Utilities Code requires all public transit agencies to conduct a Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding. The Performance Audit is intended to be a high-level review to evaluate the efficiency, effectiveness and economy of transit operations, while ensuring compliance with the Transportation Development Act.

### OBJECTIVES

The audit is designed to be an independent and objective evaluation of ROTA as a transit operator. The examination addressed three areas:

- (1) Compliance with TDA regulations,
- (2) Progress at implementing prior audit recommendations, and
- (3) Efficiency and effectiveness of operations. This report also includes strategies for improving the efficiency and functionality of transit operations.

### SCOPE & METHODOLOGY

MCG used the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities (2009)*, published by the California Department of Transportation, as a guide in the development and conduct of the audit. Our approach to the audit included:

- In-person interviews with the ROTA Transit Coordinator, City of Oakdale Finance Director, Storer's Transit Operations Manager, Assistant Transit Operations Manager, Human Resource Analyst, and Safety and Training Manager.
- Analysis of transit operations documents, financial information, Transportation Operators Financial Transactions reports submitted to the California State Controller, bus driver training records, maintenance records, and Short-Range Transit Plan(s).
- Verification of performance indicators by conducting trend analyses on performance data
- On-site physical observation of operations.
- Verification of the accuracy of passenger and mileage data.

MCG presented and discussed the findings of this performance audit report with the ROTA Transit Coordinator in January 2010. ROTA provided formal comments in a letter which is attached to this report.

CHAPTER 1: AUDIT RESULTS

DESCRIPTION OF THE TRANSIT SYSTEM

ROTA began planning a transit system on September 26, 1993, when the cities of Riverbank and Oakdale formed a Joint Powers Authority for the provision of transportation service within and between the two cities. During the period of time covered in this triennial performance audit, ROTA provided a fixed-route trolley service and a demand-response service within the Cities of Riverbank and Oakdale.

ROTA’s dial-a-Ride or demand-response service operated between the hours of 6:00 a.m. to 7:00 p.m. Monday through Friday. Saturday service operated from 8 a.m. to 5:30 p.m. Fares are shown below in Figure 1.0 and ranged from \$1.50 to \$4.50 one way.

Figure 1.0: Current Fares for ROTA Dial-A-Ride

Cash Fares –ROTA Dial-A-Ride	
<b>Local Service - One Way</b>	
General Public* ages 4-64	\$ 2.00
Seniors (age 65 & older), Passengers with Disabilities	\$ 1.50
Students	\$ 1.50
<b>Zone Service - One Way</b>	
Service to/from Orange Blossom Rd to Oakdale or Riverbank - General Public, Seniors and Passengers with Disabilities	\$ 3.00
<b>Zone to Zone - One Way</b>	
Service to/from Orange Blossom Rd to Modesto Amtrak Station) General Public, Seniors and Passengers with Disabilities	\$ 4.50
<b>Book of 20 Tickets - One Way</b>	
Seniors, Passengers with Disabilities, or Students only	\$25.00
<b>Transfers to MAX, StaRT, Modesto DAR, SJRTD eTrans</b>	\$ .25

Source: ROTA Ride Guide

CHANGES DURING THE AUDIT PERIOD

Declining ridership forced ROTA to reduce its fixed route services from the prior audit period. Fixed route trolley service was eliminated July 1, 2009 (FY 2009-10) after approximately five years of operation due to declining ridership and ROTA’s inability to meet farebox recovery ratios. ROTA also experienced a reduction in Federal Transit Administration funding because the usage of the trolley service by residents was less than three riders per hour. As a result, it was no longer cost effective to operate the service and the ROTA Board voted to eliminate Fixed Route services.

The ROTA Board contracted with the consulting group HDR in September 2009 to identify alternative ways to improve its operations. The results of this effort were presented the ROTA Board on December 8, 2009 and provided three alternatives:

- Alternative 1: Continue the status quo structure of the JPA. The City of Oakdale retains financial reporting and budgeting and the Riverbank Transit Coordinator continues to administer the public information, marketing and service planning functions.)
- Alternative 2: Amend the JPA and give the Riverbank Transit Coordinator all for monitoring, evaluating, budget preparation and reporting to ROTA Board. This would also include the authority to cut administrative costs and service hours.
- Alternative 3: Dissolve the Joint Powers Agreement and contract with the County to run ROTA Dial-A-Ride (also operated by Storer Transit)

The ROTA board decided on Alternative 2, shifting all responsibility to Riverbank and making the current Transit Coordinator responsible for all administrative roles, including financial reporting and monitoring. At the time of our review, the consultant was developing a corrective action plan for ROTA to improve its operations.

### COMPLIANCE RESULTS

This section of the audit report contains the analysis of ROTA's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of ROTA's efforts to comply with the requirements.

Similar to the prior audit period, ROTA continued to be non-compliant with pertinent TDA rules and regulations for the audit period. Specifically, ROTA did not maintain compliance with four of the eight applicable Public Utilities Code (PUC) requirements, as shown in Table 1.0. First, fiscal audits were not completed timely. Second, although TDA funds were apportioned correctly, the Transit Operator Reports were not submitted to the State Controller's Office and to StanCOG within appropriate time frames. Third, farebox recovery ratios fell below the TDA required levels for non-urbanized areas. Lastly, operating budget increases exceeded the allowable 15 percent and increased 34 percent between FY 2007 to FY 2008.

There were four areas where ROTA was in compliance: (1) CHP certifications were timely and satisfactory, (2) performance measures were calculated correctly, (3) the Cities of Oakdale and Riverbank have retirement funds that are fully funded by CalPERS, and (4) the TDA claim was submitted properly.

Table 1.0: TDA Compliance Results- Riverbank-Oakdale Transit Authority – FY 2007-2009

Requirement	Results
1. The transit operator submitted annual reports to the RTPe based upon the Uniform System of Accounts and Records established by the State Controller. Public Utilities Code, Section 99243	✗
2. The operator has submitted annual fiscal and compliance audits to its RTPe and to the state controller with 180 days following the end of the fiscal year, or has received the appropriate 90 day extension allowed by law. Public Utilities Code, Section 99245.	✗
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 CHP inspection of the operator's terminal. Public Utilities Code, Section 99251.	✓
4. The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPe for such claims. Public Utilities Code, Section 99261.	✓
5. 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). Public Utilities Code, Sections 99268.2, 99268.3, & 99268.12.	N/A
6. 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). Public Utilities Code, Section 99268.2, 99268.4, & 99268.5.	✗
7. If an operator serves urbanized and non-urbanized areas it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA. Public Utilities Code, Section 99270.1	N/A
8. The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s). Public Utilities Code, Section 99261.	✗
9. The operator's definitions of performance measures are consistent with PUC code 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 vehicles, (h) vehicle service hours, (i) vehicle service miles and (j) vehicle service hours per employee. Public Utilities Code, Section 99268.	✓
10. The current cost of 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 with 40 years. Public Utilities Code, Section 99271.	✓
11. If the operator receives state transit assistance funds, the operator makes full use of funds if available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted. Public Utilities Code, Section 6754 (a) (3).	N/A

Legend: ✓ In Compliance ✗ Non-Compliance N/A Not Applicable