

Butte County Association of Governments

TDA Triennial Performance Audit of the City of Gridley for FY 2021/22 - FY 2023/24

Table of Contents

Chapter 1 Executive Summary	1
Chapter 2 Audit Scope and Methodology	5
Chapter 3 Program Compliance	9
Chapter 4 Prior Recommendations	15
Chapter 5 Data Reporting Analysis	19
Chapter 6 Performance Analysis	21
Chapter 7 Functional Review.....	29
Chapter 8 Findings and Recommendations	35

This page intentionally blank.

Table of Exhibits

Exhibit 1.1 Summary of Audit Recommendations	3
Exhibit 3.1 Transit Development Act Compliance Requirements	11
Exhibit 5.1 Data Reporting Comparison.....	20
Exhibit 6.1 System Performance Indicators	24
Exhibit 6.2 System Ridership	25
Exhibit 6.3 System Operating Cost/VSH	25
Exhibit 6.4 System Operating Cost/VSM.....	25
Exhibit 6.5 System VSM/VSH.....	25
Exhibit 6.6 System Operating Cost/Passenger	26
Exhibit 6.7 System Passengers/VSH	26
Exhibit 6.8 System Passengers/VSM.....	26
Exhibit 6.9 System VSH/FTE	26
Exhibit 6.10 System Farebox Recovery	27
Exhibit 6.11 System Fare/Passenger.....	27
Exhibit 7.1 Fare Structure	29
Exhibit 7.2 Organizational Chart.....	30
Exhibit 7.3 City of Gridley’s Transit Fleet	33
Exhibit 8.1 Audit Recommendations	39
Exhibit 8.2 Recommended Data for Future Audit	40

This page intentionally blank.

Chapter 1 | Executive Summary

In 2024, the Butte County Association of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the two transit operators to which it allocates TDA funding.

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

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

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

The City of Gridley operates the Golden Feather Flyer Transit Service, a curb-to-curb demand-response service available to the residents of Gridley. The service operates within Gridley limits. Service is available Monday through Friday, between 8:00 a.m. through 4:00 p.m. The service does not operate on weekends and the following major holidays: New Year’s Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and the day after Thanksgiving, Christmas Eve, Christmas, and New Year’s Eve.

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

1. State Controller Reports for FY 2021/22 and FY 2022/23 were submitted after the January 31 deadline.
2. TDA fiscal audits were completed after the March 31 deadline for all years of the audit period.
3. Use of the TDA definition of Full-time Equivalent (FTE) employee could not be confirmed.
4. Use of the TDA definition of vehicle service hour could not be confirmed.

Status of Prior Recommendations

The prior audit – completed in May 2022 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included four recommendations:

1. Work with the City’s auditors to complete City audits in a timely manner so as to be able to submit State Controller Report by January 31.
Status: Implemented.
2. Update the daily driver sheets to include a space to record time and odometer mileage for breaks, and work with the driver to accurately calculated daily vehicle service hours.
Status: Not implemented.
3. Work with BCAG to undertake a short-range transit plan to address the City’s transit “vision” across a five-year planning horizon.
Status: implementation in progress.
4. Work with BCAG to identify funding for a second wheelchair-accessible transit vehicle.
Status: Implementation in progress.

Findings and Recommendations

Based on discussions with the City of Gridley staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned compliance findings for the City.

1. State Controller Reports for FY 2021/22 and FY 2022/23 were submitted after the January 31 deadline.
2. TDA fiscal audits were completed after the March 31 deadline for all years of the audit period.

3. Use of the TDA definition of Full-time Equivalent (FTE) employee could not be confirmed.
4. Use of the TDA definition of vehicle service hour could not be confirmed.

The audit team has identified one functional finding. While this finding is not a compliance finding, the audit team believes it warrants inclusion in this report:

1. The City and BCAG are exploring the potential for consolidating the Gridley Feather Flyer service into the B-Line service.

In completing this Triennial Performance Audit, we submit the following recommendations for the City of Gridley’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

TDA Compliance Recommendations		Importance	Timeline
1	Continue to submit State Controller Reports by the January 31 deadline.	Low	FY 2024/25
2	Work with City and TDA auditors to ensure TDA fiscal audits can be completed no later than March 31.	High	FY 2024/25
3	Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.	Medium	FY 2024/25
4	Utilize a driver trip sheet that clearly records the time the transit vehicle is in and out of service.	High	FY 2024/25
Functional Recommendations		Importance	Timeline
1	Work with the BCAG to determine the City’s needs and interest in consolidating the Gridley Feather Flyer into the B-Line service.	High	FY 2025/26
2	Should the City elect to consolidate its transit service into B-Line, ensure it has all of the documentation needed for its next Triennial Performance Audit, which may be conducted after the City ceases operating the service.	Medium	FY 2027/28

This page intentionally blank.

Chapter 2 | Audit Scope and Methodology

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

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

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

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

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

Objectives

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

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

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the City of Gridley 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 Gridley 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; and
- Organizational chart.

The methodology for this audit included a virtual site visit with City representatives on March 4, 2025. The audit team met with Martin Pineda (Finance Director), Patricia Taverner (Business Services Supervisor), Miguel Chavez (Senior Accounting Technician), Andy Newsum (BCAG Executive Director), and Julie Quinn (BCAG Chief Fiscal Officer), 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.

This page intentionally blank.

Chapter 3 | Program Compliance

This section examines the City of Gridley’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.

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, year-end performance reports, and other compliance-related documentation.

Four compliance items were identified for the City of Gridley:

1. State Controller Reports for FY 2021/22 and FY 2022/23 were submitted after the January 31 deadline.
2. TDA fiscal audits were completed after the March 31 deadline for all years of the audit period.
3. Use of the TDA definition of Full-time Equivalent (FTE) employee could not be confirmed.
4. Use of the TDA definition of vehicle service hour could not be confirmed.

Developments Occurring During the Audit Period

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

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

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

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

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

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

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

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	Finding	FY 2021/22: February 9, 2023 FY 2022/23: June 21, 2024 FY 2023/24: January 29, 2025
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	Finding	FY 2021/22: June 21, 2024 FY 2022/23: February 19, 2025 FY 2023/24: <i>Pending</i>
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	Not applicable	The City is exempt from this requirement due to the size of the vehicle it uses. This finding was made by the CHP on April 9, 2014.
Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	PUC 99270.1	Not applicable	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	Not applicable	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	Not applicable	
The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	PUC 99266	In compliance	FY 2021/22: +0.62% FY 2022/23: -65.45% FY 2023/24: -7.58% <i>Source: State Controller Reports, FY 2021 – FY 2023. The significant change in FY 2023 was due to unanticipated GASB costs in FY 2022, which artificially inflated the expenses for that year.</i>
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	Finding	Use of the TDA definition of Full-time Equivalent (FTE) employee could not be confirmed. It was also unclear how the City calculates vehicle service hours.
The operator does not routinely staff with two or more persons a vehicle for public transportation purposes designed to be operated by one person.	PUC 99264	In compliance	

Compliance Element	Reference	Compliance	Comments
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	In compliance	FY 2021/22: 7.96% (audit) FY 2022/23: 10.82% (audit) FY 2023/24: 2.03% (SCO) <i>Source: TDA fiscal audits & State Controller Reports. Penalties for not meeting farebox recovery ratio requirements were waived during the audit period under AB 90, AB 149, and SB 125.</i>
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Not applicable	
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	
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)	Not applicable	The City does not receive federal funds.
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	This requirement was waived during the audit period under AB 90, AB 149, and SB 125.

Compliance Element	Reference	Compliance	Comments
<p>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.</p>	<p>CCR 6634</p>	<p>In compliance</p>	

This page intentionally blank.

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

The prior audit – completed in May 2022 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included four recommendations:

1. [Work with the City’s auditors to complete City auditors in a timely manner so as to be able to submit State Controller Report by January 31.](#)

Discussion: None of the State Controller Reports submitted during the prior audit period were shown to be submitted within the established timeframe. High turnover in the City’s Finance Department resulted in delays in a number of areas, including preparation of the City’s annual fiscal audits and TDA fiscal audits. Data from these audits is used to prepare the State Controller Reports.

The root cause of the late submittals was the inconsistent staffing within the City’s Finance Department. This lack of “institutional memory” can have a negative impact on annual auditing and reporting tasks, both in terms of preparing the reports and audits and the timeline for their completion.

The prior auditor recommended City Finance staff and its auditors work together to ensure audited data is available for the State Controller Reports in time for them to be submitted no later than the January 31 deadline.

Progress: The State Controller Report for FY 2021/22 was submitted on February 9, 2023, approximately one week late. The FY 2022/23 report was submitted on June 21, 2024, nearly five months late. These late submittals continued to be the result of the insufficient staffing following the COVID-19 pandemic. However, the FY 2023/24 report was submitted on time as the City rebuilt to full staffing.

Status: Implemented.

2. [Update the daily driver sheets to include a space to record time and odometer mileage for breaks, and work with the driver to accurately calculate daily vehicle service hours.](#)

Discussion: On the driver trip sheets, the driver typically logs the time of the first pick-up and last drop-off, as well as break times. For the total service hours recorded at the top of the page, that figure correctly calculates the time between first pick-up and last drop-off (rather departure from and return to the yard) but does not exclude break time (which is typically 45 to 60 minutes per day). As a result, vehicle service hours are being over-reported. In addition, one driver did not

always fill out the form correctly, indicating only start times for breaks, which would make calculating VSH more difficult.

At the time of the prior audit, the City had already begun working to update its daily record-keeping, and had begun recording odometer readings for breaks as well as times. However, it continued to use the same form. The prior auditor recommended the City update the form so that it is easy to understand, can be completed consistently and correctly by all drivers, and includes directions about how to calculate VSH.

Progress: Driver forms provided to the audit team as part of this audit did not include any record of time in service or out of service, nor any calculation of vehicle service hours. In addition, vehicle service hours were not included on any of the monthly reports provided by the City, though this information was provided in the State Controller Reports.

Status: Not implemented.

3. [Work with BCAG to undertake a short range transit plan to address the City’s transit “vision” across a five-year planning horizon.](#)

Discussion: This recommendation was carried forward from the prior audit. It was not implemented during the prior audit period for a number of reasons, including significant staff turnover at the City. However, at the time of the prior audit, the City was looking at potentially significant growth over the next few years, including several low-income and senior housing developments and a sports complex (which was unlikely to have sufficient parking for large events). At that time, the City expressed a need for a practical transit “vision” that assessed the current service and looked at potential enhancements across the next five years. The current service delivery mode can only expand so much before it will have to start turning away riders due to reaching capacity. A short range transit plan (SRTP) would enable the City to prepare for whatever comes next before it reaches a tipping point.

The prior auditor recommended the City, in partnership with BCAG, retain a qualified consultant to provide an objective evaluation of the Gridley Feather Flyer program and offer recommendations for future program development based on anticipated population growth, land-use, and other considerations.

Progress: There have been discussions between BCAG and the City of Gridley regarding the potential consolidation of the Gridley Feather Flyer with the B-Line service. If the service is consolidated, planning for the Flyer would be conducted as part of regional B-Line planning. If the City chooses to retain operation of its service, the City should take the lead in preparing a short-range plan to more effectively plan for future services.

Status: Implementation in progress.

4. Work with BCAG to identify funding for a second wheelchair-accessible transit vehicle.

Discussion: The City operates its transit program using a single lift-equipped transit vehicle. Maintenance is typically planned for non-operating hours so as not to impact service delivery. A City pool car is available should the transit vehicle be out of service, but the pool car is not wheelchair-accessible.

While the City works to ensure the lift-equipped transit vehicle is available for all service hours, an unexpected issue could take the vehicle out of service. This could result in trips requiring a wheelchair-accessible vehicle not being able to be provided.

The prior auditor recommended the City work with BCAG to determine what funding is available to enable the City to purchase a second wheelchair-accessible vehicle. Some smaller vehicles (such as minivans) can be wheelchair-accessible, and such a vehicle may be appropriate if the vehicle is simply to serve as a back-up. However, the auditor noted that the City may wish to wait until its SRTP is completed to determine whether the role of the vehicle is as a back-up or if it is likely to be needed as a primary service vehicle, in which case it should be at least the size and capacity of the current transit vehicle. The City should also weigh whether a used vehicle would be appropriate for its needs, or if a new vehicle is preferred. (Additional reporting and compliance would be required if the City were to use any federal money for a vehicle.)

Progress: The City and BCAG have identified funding (using TDA capital reserves) for a wheelchair-accessible transit vehicle. The City will be placing an order soon and expects delivery in approximately eight months. Should the service no longer operate under the management of the City and be consolidated under BRT, the vehicle title would be transferred to BCAG at that time and the vehicle incorporated into the BRT fleet.

Status: Implementation in progress.

This page intentionally blank.

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 Gridley both internally as well as to outside entities during the audit period.

Vehicle service miles (VSM) and passengers were reported consistently between both reports.

- **Operating cost:** There was a noticeable variance in operating cost between the State Controller Report and the TDA fiscal audit. This may be due in part to GASB expenditures that are not part of the regular operating costs.
- **Fare Revenue:** Fare revenue was reported consistently in FY 2021/22, but there was a variance in FY 2022/23. It appears the revenue for FY 2021/22 was also reported in FY 2022/23 in the State Controller Report.
- **Vehicle Service Hours (VSH):** No data regarding vehicle service hours was provided in the monthly performance reports, so no assessment regarding the consistency or accuracy of the data could be made.
- **Full-Time Equivalent (FTE) Employees:** It appears the City is using a person-count for reporting employees to the State Controller. However, It did not provide its methodology, so it could not be determined whether this reflects the TDA definition. Due to the small size of the system, it is likely being correctly reported, but this could not be verified.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$242,150	\$158,568	
<i>State Controller Report</i>	\$334,338	\$151,675	\$154,603
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$3,515	\$3,120	
<i>State Controller Report</i>	\$3,515	\$3,515	\$3,142
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>			
<i>State Controller Report</i>	1,993	1,977	2,074
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	10,051	9,887	8,248
<i>State Controller Report</i>	10,051	9,885	8,248
Passengers			
<i>Monthly Performance Reports</i>	6,860	6,734	6,557
<i>State Controller Report</i>	6,860	6,734	6,557
Full-Time Equivalent Employees			
<i>State Controller Report</i>	1	2	2
<i>Per TDA methodology</i>			

Note: blank fields indicate where data was not provided.

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:

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,

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.

- 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 Gridley, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the City's audited financial reports and appeared to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare revenue data were obtained via State Controller Reports for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via driver trip sheets for each fiscal year covered by this audit. The City of Gridley cited calculating VSH using driver trip sheets. However, no example of the trip sheet was provided, and evidence that this metric was being captured was not demonstrated on other internal reports.
- Vehicle Service Miles (VSM) data were obtained via driver trip sheets for each fiscal year covered by this audit. The City calculates VSM by subtracting deadhead and out-of-service miles from total vehicle mileage (as noted on each vehicle's odometer). This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via driver trip sheets and ridership reports for each fiscal year covered by this audit. The City's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation could not be confirmed.

System Performance Trends

Systemwide, Operating Cost fluctuated across the past six years, though the large increase in FY 2021/22 is likely due to a GASB expense and is not reflective of actual operating costs. This resulted in net increase of 24.2 percent across the entire period. However, due to the significant increase in FY 2021/22, Operating Cost decreased by 53.8 percent during the audit period. Fare Revenue experienced a decrease of 10.6 percent during the audit period, but had a net decrease of 80.2 percent between FY 2018/19 and FY 2023/24.

Vehicle Service Hours (VSH) saw fluctuation over the past six years. Largely as a result of the pandemic, VSH saw a net decrease of 86.6 percent across the six-year period, though remained stable between FY 2020/21 and FY 2023/24. During the audit period, VSH saw a net increase of 4.4 percent. Vehicle Service Miles (VSM), however, experienced a net decrease of 46.5 percent across the six-year period and 17.9 percent during the audit period.

Ridership fell significantly each year except for a significant increase in FY 2021/22. Ridership decreased a net 4.4 percent during the audit period, and ended 15 percent lower than in FY 2018/19.

Efficiency and productivity measures are used to evaluate performance. Cost-related metrics are used to assess efficiency, and decreases in Operating Cost per Vehicle Service Hour, Vehicle Service Mile, and

Passenger indicate improvement. Passenger-related metrics are used to assess productivity, and increases in Passengers per Vehicle Service Hour and Vehicle Service Mile indicate improvement.

Cost-related metrics varied during the audit period. Operating Cost/VSH saw a net decrease of 55.6 percent. Operating Cost/Passenger decreased each year of the audit period, resulting in a 51.6 percent decrease. Operating Cost/VSM decreased by 43.7 percent during the audit period. Once again, it should be noted that the Operating Cost for FY 2021/22 is likely inflated due to GASB costs.

Passenger-related metrics were mixed during the audit period, with Passengers per VSH decreasing by 8.1 percent, and Passengers per VSM increasing by 16.5 percent.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Operating Cost (Actual \$)	\$124,527	\$146,936	\$96,412	\$334,338	\$151,675	\$154,603
<i>Annual Change</i>		18.0%	-34.4%	246.8%	-54.6%	1.9%
Fare Revenue (Actual \$)	\$15,838	\$7,556	\$4,322	\$3,515	\$3,515	\$3,142
<i>Annual Change</i>		-52.3%	-42.8%	-18.7%	0.0%	-10.6%
Vehicle Service Hours (VSH)	15,426	15,020	1,988	1,993	1,977	2,074
<i>Annual Change</i>		-2.6%	-86.8%	0.3%	-0.8%	4.9%
Vehicle Service Miles (VSM)	15,426	14,532	8,532	10,051	9,885	8,248
<i>Annual Change</i>		-5.8%	-41.3%	17.8%	-1.7%	-16.6%
Passengers	7,713	6,177	2,364	6,860	6,734	6,557
<i>Annual Change</i>		-19.9%	-61.7%	190.2%	-1.8%	-2.6%
Employees	1	1	1	1	2	2
<i>Annual Change</i>		0.0%	0.0%	0.0%	100.0%	0.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$8.07	\$9.78	\$48.50	\$167.76	\$76.72	\$74.54
<i>Annual Change</i>		21.2%	395.7%	245.9%	-54.3%	-2.8%
Operating Cost/Passenger (Actual \$)	\$16.15	\$23.79	\$40.78	\$48.74	\$22.52	\$23.58
<i>Annual Change</i>		47.3%	71.4%	19.5%	-53.8%	4.7%
Passengers/VSH	0.50	0.41	1.19	3.44	3.41	3.16
<i>Annual Change</i>		-17.7%	189.2%	189.5%	-1.0%	-7.2%
Passengers/VSM	0.50	0.43	0.28	0.68	0.68	0.79
<i>Annual Change</i>		-15.0%	-34.8%	146.3%	-0.2%	16.7%
Farebox Recovery	12.7%	5.1%	4.5%	1.1%	2.3%	2.0%
<i>Annual Change</i>		-59.6%	-12.8%	-76.5%	120.4%	-12.3%
Hours/Employee	15426.0	15020.0	1988.0	1,993.0	988.5	1037.0
<i>Annual Change</i>		-2.6%	-86.8%	0.3%	-50.4%	4.9%
TDA Non-Required Indicators						
Operating Cost/VSM	\$8.07	\$10.11	\$11.30	\$33.26	\$15.34	\$18.74
<i>Annual Change</i>		25.3%	11.8%	194.4%	-53.9%	22.2%
VSM/VSH	1.00	0.97	4.29	5.04	5.00	3.98
<i>Annual Change</i>		-3.2%	343.6%	17.5%	-0.9%	-20.5%
Fare/Passenger	\$2.05	\$1.22	\$1.83	\$0.51	\$0.52	\$0.48
<i>Annual Change</i>		-40.4%	49.5%	-72.0%	1.9%	-8.2%

Sources: FY 2018/19 – FY 2020/21 data from prior Triennial Performance Audit. FY 2021/22 – FY 2023/24 data from State Controller report.

Exhibit 6.2 System Ridership

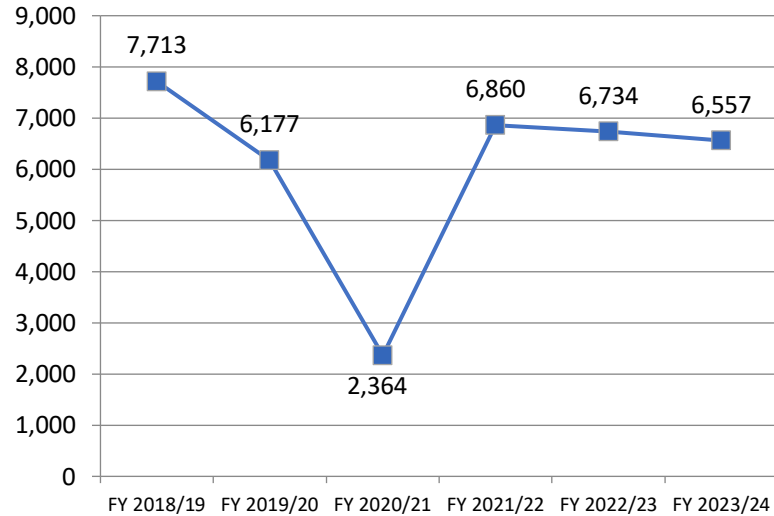


Exhibit 6.3 System Operating Cost/VSH

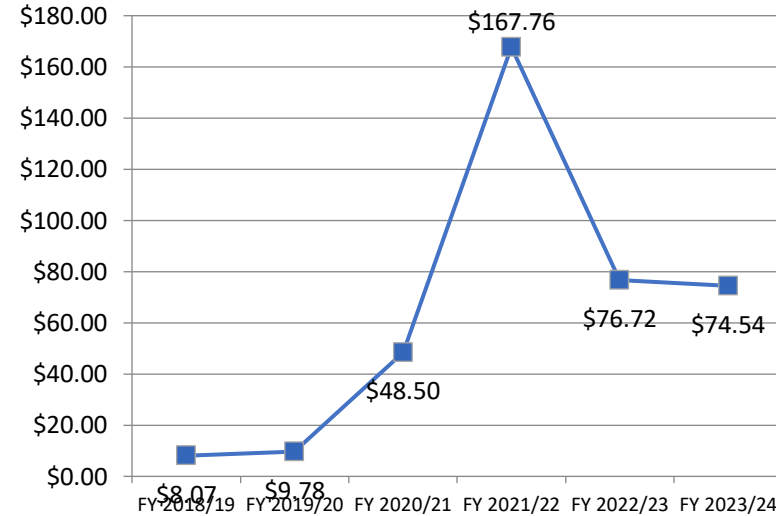


Exhibit 6.4 System Operating Cost/VSM

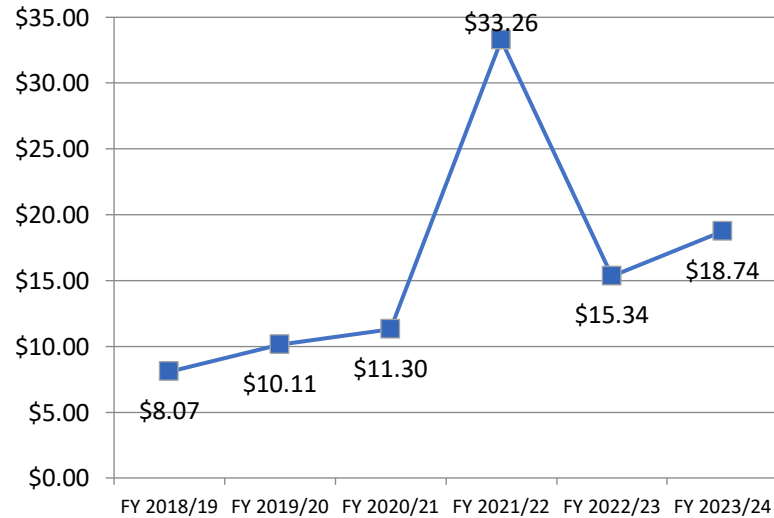


Exhibit 6.5 System VSM/VSH

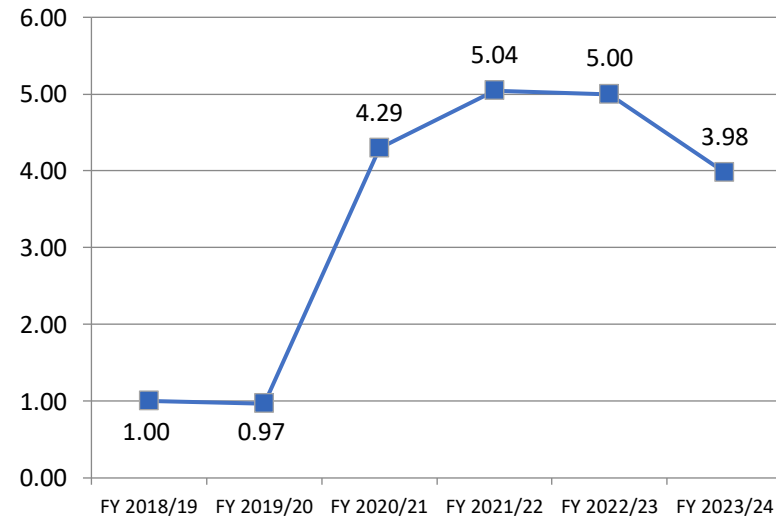


Exhibit 6.6 System Operating Cost/Passenger

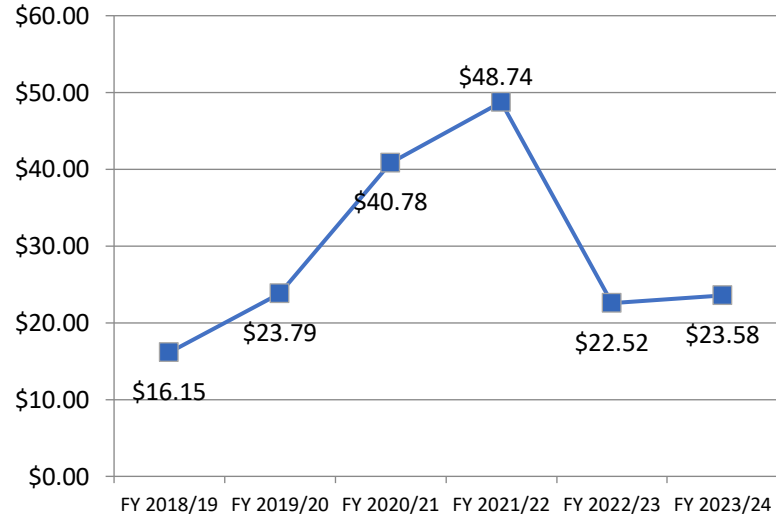


Exhibit 6.7 System Passengers/VSH

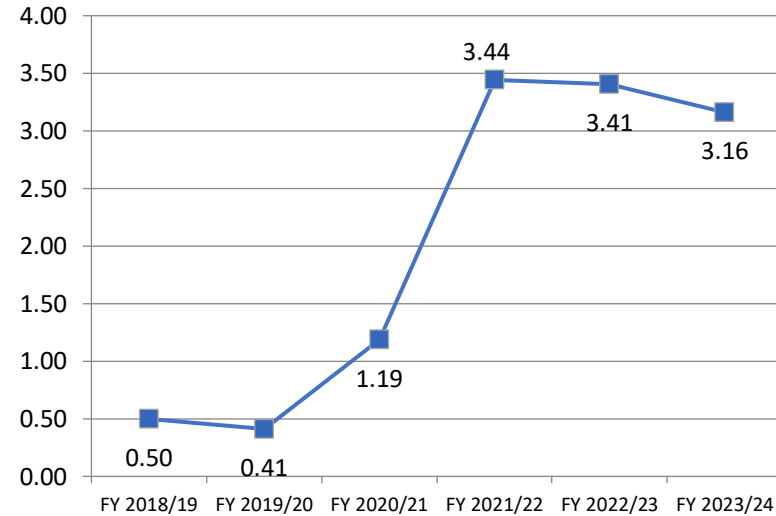


Exhibit 6.8 System Passengers/VSM

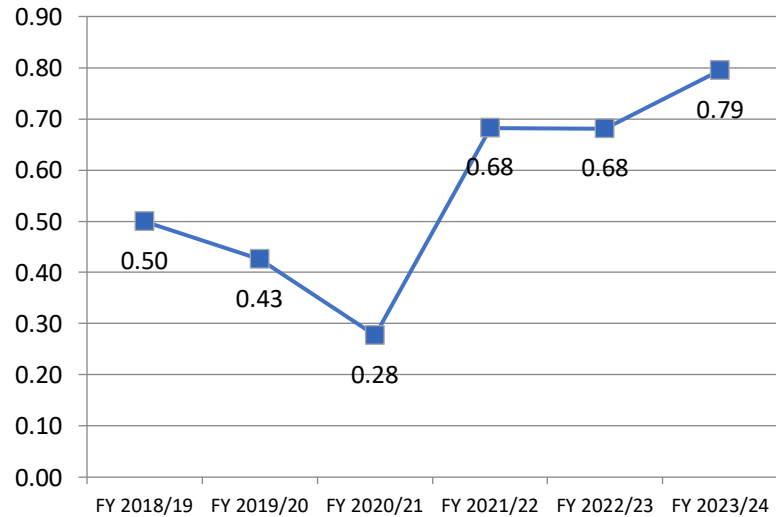


Exhibit 6.9 System VSH/FTE

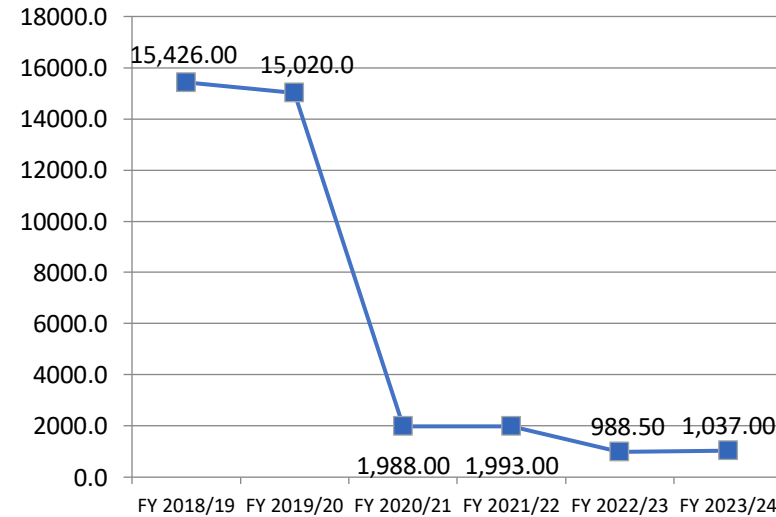


Exhibit 6.10 System Farebox Recovery

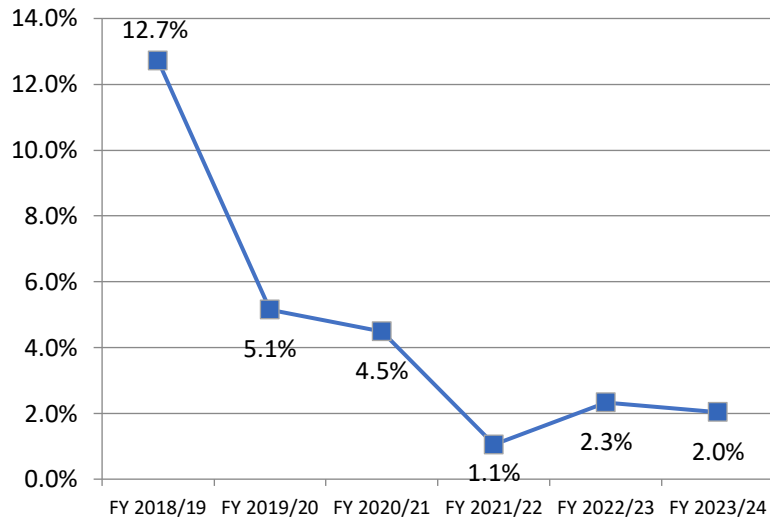
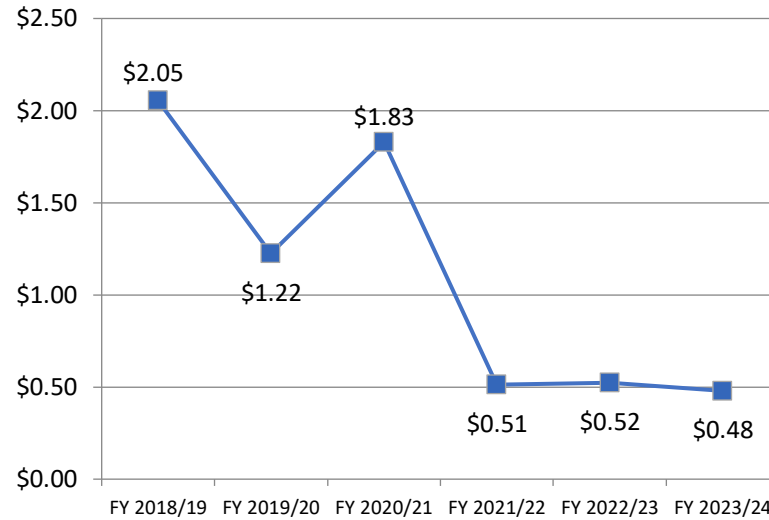


Exhibit 6.11 System Fare/Passenger



This page intentionally blank.

Chapter 7 | Functional Review

A functional review of the City of Gridley’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:

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

Service Overview

The City of Gridley operates the Golden Feather Flyer Transit Service, a curb-to-curb demand-response service available to the residents of Gridley. The service operates within Gridley city limits. Service is available Monday through Friday, between 8:00 a.m. through 4:00 p.m. The service does not operate on weekends and the following major holidays: New Year’s Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and the day after Thanksgiving, Christmas Eve, Christmas Day, and New Year’s Eve.

Reservations may be made the same day of the trip; however, the City encourages customers to schedule rides in advance for appointments.

Exhibit 7.1 Fare Structure

Fare Category	One way
General	\$2.00

Tickets can be purchased at City Hall or onboard the vehicle.

General Management and Organization

The Gridley Golden Feather Flyer service is under the direction of the Finance Department. There has been ongoing staffing turnover in the Finance Department since 2019. Prior to the COVID-19 pandemic, the department was fully staffed (five staff plus the transit driver), and the staffing dropped to two staff plus the driver for a while. The Finance Department is once again fully staffed and is working to identify how best to provide effective reporting and stay up-to-date with TDA and other requirements. During the audit period, the City made significant progress in getting caught up on its fiscal audits and other reporting.

The Finance Director’s staff designee prepares a monthly analysis of passenger ridership and mileage of the program. This information is reviewed by the Finance Director and then forwarded to the City Administrator. The Finance Director is also responsible for preparing and reporting data to the State Controller Office and on the City’s annual TDA claim.

The Finance Department prepares a monthly report and an annual budget, which are forwarded to the City Administrator. The City Administrator annual presents the transit budget and additional information to the city council for approval.

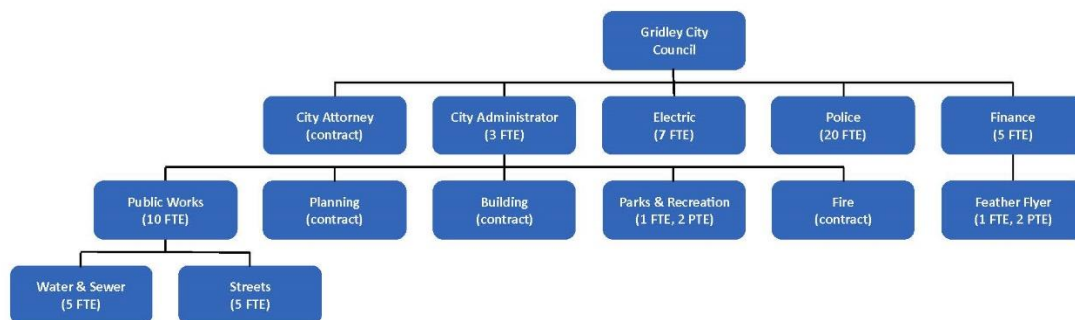
The Finance Director provides direction on a weekly or daily (if needed) basis. There is clear written information provided to subordinates as to duties as well as additional safety measures. The Finance Director immediately provides direction and takes action regarding notification by the Transit Driver of any problems or issues.

The City employs one full-time driver and one reserve part-time driver. There is daily communication between the driver and management. All matters of concern or safety are addressed immediately through written or verbal communication. Written communications provide the driver and transit riders with clarification regarding the City’s transit service.

The Gridley City Council is the governing body for the City’s transit program. City council meetings are held on the first and third Monday of each month. The meetings are open to the public and provide for an open community participation forum. The Council’s primary interest has been in maintaining a convenient transit service at a low cost to members of the community.

The City has a positive working relationship with BCAG and Caltrans. The City does not have a relationship with the FTA as it does not receive federal funding. The Finance Director or City Administrator serve as the primary liaison with other governmental organizations.

Exhibit 7.2 Organizational Chart



Service Planning

No major planning studies have been completed to date. The City is aware of several new housing developments coming to the area. There have been recent discussions with BCAG about Butte Regional Transit assuming the Gridley Feather Flyer service, but no decisions have been made as to whether to pursue this option.

Public participation is generally available via regular city council meetings. In addition, BCAG schedules public meetings in Gridley in order to solicit community feedback regarding transit service changes or unmet transit needs.

Administration

The budget is prepared annually by the Finance Director, forwarded to the City Administrator for review, and then approved by the City Council. Factors contributing to the budget include salaries and any labor negotiations that have been adopted by the City Council, as well as insurance increases and prior expenditures for items such as fuel and maintenance across the past three years. Any substantial excesses over budgeted expenses are agendaized before the City Council for consideration. Budgeted expenses and revenues are compared to actual revenues and expenses at the end of each fiscal year during the budget preparation process. Tyler Incode 10 software is used to manage the City's financial data.

The City typically identifies grant opportunities based on funding needs for specific programs or projects, such as FTA Section 5310 funding for a new transit vehicle. The Finance Director (or designee) is responsible for preparing grant applications and overseeing compliance. Meeting reporting requirements was sometimes a challenge while the Finance Department was understaffed, but this is no longer an issue now that it is fully staffed.

Risk management is handled by the City's Human Resources Department. All insurance claims are processed by HR. The City is not a member of a self-insurance pool but does maintain liability coverage that meets all minimum requirements. Safety practices and procedures are reviewed on an annual basis and updated when necessary.

Employees submit timesheets electronically through the Tyler Incode software. All employees are required to enter their time and then get approved by their department director. Data is verified a second time before the payroll process is completed. Only Finance employees who are involved with payroll have access to confidential information. All employees have the option to utilize direct deposit, and all but two choose that option.

The City's receiving function is separate from its purchasing and disbursement functions. All invoice terms are reviewed against purchase orders. Each department director (or designee) signs off on purchase orders once it has been verified that items have been received, and the purchase order is submitted to accounts payable.

The City's procurement policy meets local and state requirements. The procurement handbook was updated in November 2024, including all purchasing policies and procedures. Policies and procedures regarding competitive bids, quotes, and contracting are well-defined. Any purchases that are not budgeted over certain amounts must be authorized by the City Council. All purchases over \$5,000 are reviewed against budgeted amounts. The City has established vendors for fuel and maintenance, and vehicles are by competitive bid or through the state bid.

Marketing and Public Information

Transit service information is available on public counters in City Hall and the public library. An informational flyer is offered in lieu of a brochure. Service information has also been included on utility bills. The driver has a cell phone respond to telephone inquiries regarding service and scheduling.

While complaints are rare, those that are received have not always been documented. However, the City is currently working to ensure any complaints of substance are documented. Complaints are handled immediately, primarily through discussions with drivers. Typically the only calls that are logged are

appointments that are scheduled. The City is proud of the high level of customer service it offers, both by the drivers and front office staff.

The public's overall perception of the service is positive. It is known city-wide for being a low-cost transportation option that can be relied upon year-round.

Scheduling, Dispatch, and Operations

The City employs one full-time driver and one part-time reserve driver, who provides coverage when the full-time driver is not available. The full-time driver is represented by the International Brotherhood of Electrical Workers (IBEW) Local 1245. Both drivers are employees of the City of Gridley. The City's personnel rules and the IBEW MOU provide policy rules and information related to absences and sick leave. All vacations are requested in advance to allow for the scheduling of coverage. Given both drivers live locally, unplanned absences can generally be accommodated effectively.

The City's transit vehicle is not equipped with a farebox. The driver collects tickets and any cash fares in a money pouch, which is delivered to the Finance Department at the end of the day. Tickets can be purchased from the driver or at City Hall. The driver takes the cash and deposits it with the clerks who then validate it against logs. The accounting technicians reconcile and prepare the bank deposits. This location is secure and monitored by cameras. The Finance Director approves posting to the general ledger.

Fares are stored in a locked safe and deposited at the bank once per month. Only Finance clerks and management have access to the safe.

Personnel Management and Training

The City is not currently recruiting for drivers, as it is fully staffed. Only one driver is needed for regular service. The City has an additional part-time driver on call. When new drivers are needed, open positions are advertised through the City's advertising board and Facebook page. While all new hires require initial on-the-job training, experienced drivers are preferred. The City reviews all applications and determines applicant eligibility based on qualifications and experience. Job performance evaluations are conducted by the Finance Director on an annual basis.

There has been no turnover in the full-time driver position, as the current driver has been with the program for more than 20 years. The current part-time driver has been employed with the City for approximately 2.5 years. The higher turnover in the part-time position is often due to the lack of work hours.

All drivers must possess a valid Class C driver's license and participate in the Employer Pull Notice (EPN) program, pre-employment physical, substance abuse screening, and additional ongoing safety training (such as CPR certification) by the City's insurance provider. Part-time drivers are utilized on an as-needed and fill-in basis. They are required to have the same safety training and pre-employment screening as the full-time driver. Drivers must also have received wheelchair training through BCAG. The full-time driver typically provides training for all new/part-time drivers.

The City's Finance Director oversees its safety program. Safety activities include tailgate meetings. All discipline is enforced based on the City's personnel rules. All drivers are enrolled in a substance abuse

monitoring testing program. Progressive discipline is outlined in the IBEW MOU. The City complies with all drug and alcohol testing requirements.

Full-time driver benefits are detailed in the IBEW MOU and include life, health, dental, and vision insurance, sick leave, and retirement benefits. Part-time drivers only receive sick leave as required by California law. IBEW MOU handbooks detailing all benefits are provided to all members.

Maintenance

Maintenance services have been provided by Gridley Country Ford since 2000. The vendor is capable of accommodating most repairs. A preventive maintenance schedule that conforms with manufacturer’s requirements is maintained. Warranty claims are filed as appropriate. All records are maintained in City Hall.

Given the City has a single transit vehicle and the service is a demand-response service, maintenance is scheduled when there are no conflicts with scheduled riders. The current vehicle was placed into service in August 2017. If the vehicle requires maintenance during operating hours, the driver typically utilizes a City pool car to provide service. The driver will not put the transit vehicle into service if anything impacts its ability to operate safely. The vehicle is stored behind City Hall in the employee parking lot, next to the Police Department.

All maintenance is conducted on schedule to proactively avoid breakdowns. Should a breakdown occur, the vehicle will be serviced immediately by Gridley Country Ford. The maintenance vendor communicates effectively with the City, with prompt notification when maintenance or repairs are complete.

Exhibit 7.3 City of Gridley’s Transit Fleet

Vehicle	Model Year	Mileage (as of June 2021)	Passengers	WC Positions	Status
Ford Transit E350	2016	52,484	6	2	Active

This page intentionally blank.

Chapter 8 | Findings and Recommendations

Conclusions

With four exceptions, Moore & Associates finds the City of Gridley to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

Findings

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents four compliance findings:

1. State Controller Reports for FY 2021/22 and FY 2022/23 were submitted after the January 31 deadline.
2. TDA fiscal audits were completed after the March 31 deadline for all years of the audit period.
3. Use of the TDA definition of Full-time Equivalent (FTE) employee could not be confirmed.
4. Use of the TDA definition of vehicle service hour could not be confirmed.

The audit team has identified one functional finding. While this finding is not a compliance finding, the audit team believes it warrants inclusion in this report:

1. The City and BCAG are exploring the potential for consolidating the Gridley Feather Flyer service into the B-Line service.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City of Gridley'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.

Compliance Finding 1: State Controller Reports for FY 2021/22 and FY 2022/23 were submitted after the January 31 deadline.

Criteria: PUC 99243 requires operators receiving funding under Article 4 to submit their Financial Transaction Report to the State Controller within seven months of the end of the fiscal year.

Condition: In FY 2021/22, the City's State Controller Report was not submitted until February 9, 2023. In FY 2022/23, the report was not submitted until June 21, 2024. In FY 2023/24, the report was submitted on time.

Cause: Staff identified the cause of the late submittal as significant turnover in the City's Finance Department.

Effect: As a result, the deadlines were missed and the reports were submitted late.

Recommendation: Continue to submit State Controller Reports by the January 31 deadline.

Recommended Action: During the site visit, staff noted that the cause of the missed deadlines was turnover in the City’s Finance Department. The department is now fully staffed. Given the State Controller’s Report for FY 2023/24 was submitted on time, no further action needs to be taken provided the on-time submittals continue.

Timeline: Reporting for FY 2024/25.

Anticipated Cost: None.

Compliance Finding 2: TDA fiscal audits were completed after the March 31 deadline for all years of the 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. The RTPA cannot pay out TDA funding for a given year until the appropriate audit has been completed.

Condition: In FY 2021/22, the City’s TDA fiscal audit was completed on June 21, 2024. This was more than a year after the deadline established under PUC 99245. In FY 2022/23, the audit was completed on February 19, 2025, approximately 11 months after the deadline. At the time of this draft report (April 4, 2025), the FY 2023/24 had not yet been completed.

Cause: Staff identified the cause of the late submittal as significant turnover in the City’s Finance Department. This impacted the completion of the city-wide audits during years when the department was significantly understaffed, which in turn delayed the completion of the TDA fiscal audits.

Effect: The City has been unable to claim TDA funds until the appropriate audits have been completed.

Recommendation: Work with City and TDA auditors to ensure TDA fiscal audits can be completed no later than March 31.

Recommended Action: Once the City has caught up on all of the city-wide and TDA fiscal audits that are delayed, it should be mindful of the March 31 deadline for the TDA fiscal audits and work to ensure on-time completion. This will also enable the City to claim its TDA funds in a timely manner.

Timeline: Ongoing.

Anticipated Cost: Negligible.

BCAG Management Response: The City of Gridley not completing its TDA fiscal audit on time has been an ongoing issue and finding. The City is acutely aware of this and has done a good job of making this a

priority with recent efforts to fill vacant staff positions specifically tasked with and able to assess and respond to this issue. BCAG believes this issue will resolve by the next audit period.

Compliance Finding 3: Use of the TDA definition of Full-time Equivalent (FTE) employee could not be confirmed.

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 work hours divided by 2,000.

Condition: The City did not provide any documentation with respect to how the full-time equivalent (FTE) employee metric is calculated for reporting to the State Controller. Instead, it indicated that the drivers “worked as they were scheduled,” with the full-time driver working a 40-hour week and the part-time driver filling in on an as-needed basis. No summary of work hours was provided for either employee. As such, use of the TDA definition could not be confirmed.

Cause: Failure to provide calculation methodology as part of the audit data is the most common cause of this finding.

Effect: Auditors were unable to confirm use of the TDA definition.

Recommendation: Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.

Recommended Action: For each fiscal year, document all actual hours worked related to transit, both by the drivers and other City staff that spend time on administration of the City’s transit program. Hours for non-driver personnel be allocated based on the percentage they are assigned to transit, or estimated if no such percentage exists. These hours should be divided by 2,000 and rounded to the nearest whole number for reporting to the State Controller. Ensure the individual(s) completing the State Controller Reports are aware of how to calculate this data using the TDA definition.

Timeline: Reporting for FY 2024/25.

Anticipated Cost: Negligible.

Compliance Finding 4: Use of the TDA definition of vehicle service hour could not be confirmed.

Criteria: PUC 99247 defines “vehicle service hour” as “the total number of hours that each transit vehicle is in revenue service, including layover time.” This is typically documented by recording the time the vehicle goes into service and out of service. While it does include layover time, formal driver breaks (such as a 30-minute lunch period) are not considered as time the vehicle is in service.

Condition: Driver logs provided to the audit team as part of this audit did not include any record of time in service or out of service, nor any calculation of vehicle service hours. In addition, vehicle service hours were not included on any of the monthly reports provided by the City, though this information was

provided in the State Controller Reports. As such, the use of the TDA definition of vehicle service hour could not be confirmed.

Cause: The cause of this finding is a lack of documentation.

Effect: When the methodology cannot be demonstrated, use of the TDA definition cannot be confirmed.

Recommendation: Utilize a driver trip sheet that clearly records the time the transit vehicle is in and out of service.

Recommended Action: This recommendation is carried forward from the prior audit. It calls for the use of a more formal driver trip sheet that includes fields to record time in and out of service. It should enable the driver to log the time of the first pick-up and last drop-off, as well as break times. For the total service hours, that figure should calculate the time between first pick-up and last drop-off (rather than departure from and return to the yard) and exclude break time. The form should also include fields to record starting and ending odometer mileage as well as ridership.

Timeline: FY 2024/25.

Anticipated Cost: Negligible.

Functional Finding 1: The City and BCAG are exploring the potential for consolidating the Gridley Feather Flyer service into the B-Line service.

Criteria: One of the functional areas for transit operators identified in Caltrans' *Performance Audit Guidebook* is Service Planning. This includes short-range planning

Condition: City of Gridley has recently engaged in discussions with BCAG, in its function both as the RTPA and the administrator of Butte Regional Transit (BRT), regarding the consolidation of its Feather Flyer service into the regional B-Line transit service operated by BRT. However, the City is still exploring its options with respect to continuing to operate the service. The City is proud of its local transit program and the service it provides to its residents.

Cause: Staffing changes in the City's Finance Department have led to some difficulties in effectively managing the City's transit program. In addition, development in the community may require an increased level of transit service from the City.

Effect: If the City chooses to continue operating the service, it may need to be prepared to expand its capacity and service area. If it does not, BRT would likely be able to provide a comparable level of service in Gridley in addition to its inter-city service connecting Gridley with Oroville and Chico.

Recommendation 1: Work with the BCAG to determine the City's needs and interest in consolidating the Gridley Feather Flyer into the B-Line service.

Recommended Action: Should the City of Gridley prefer to continue operating the Feather Flyer, it should seek to undertake the development of a short-range transit plan to guide future service operation and effectively meet the needs of the community. Should the City choose consolidation with B-Line, it should

work with BCAG (as the RTPA and administrator of BRT) to identify mutually agreed-upon service parameters and a timeline for implementation.

Timeline: FY 2025/26.

Anticipated Cost: Unknown.

Recommendation 2: Should the City elect to consolidate its transit service into B-Line, ensure it has all of the documentation needed for its next Triennial Performance Audit, which may be conducted after the City ceases operating the service.

Recommended Action: Given the timeline for consolidation, should that be the City’s decision, is likely to be prior to the end of the next audit period, the City should ensure it has maintained and stored (in an accessible location) all of the documentation it will need for its next Triennial Performance Audit, which is expected to take place in early 2028. Because the City will have functioned as a transit operator during at least part of the next audit period, it will be required to undergo a Triennial Performance Audit, even if it is no longer operating its own transit service. A suggested list of documents and information to maintain is provided as Exhibit 8.2.

Timeline: FY 2025/26.

Anticipated Cost: Unknown.

Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Continue to submit State Controller Reports by the January 31 deadline.	Low	FY 2024/25
2	Work with City and TDA auditors to ensure TDA fiscal audits can be completed no later than March 31.	High	FY 2024/25
3	Ensure the TDA definition of full-time equivalent (FTE) employee is used for reporting to the State Controller.	Medium	FY 2024/25
4	Utilize a driver trip sheet that clearly records the time the transit vehicle is in and out of service.	High	FY 2024/25
Functional Recommendations		Importance	Timeline
1	Work with the BCAG to determine the City’s needs and interest in consolidating the Gridley Feather Flyer into the B-Line service.	High	FY 2025/26
2	Should the City elect to consolidate its transit service into B-Line, ensure it has all of the documentation needed for its next Triennial Performance Audit, which may be conducted after the City ceases operating the service.	Medium	FY 2027/28

Exhibit 8.2 Recommended Data for Future Audit

- Prior TDA Triennial Performance Audit Report (FY 2021/22 – FY 2023/24)
- Documentation of implementation of prior triennial performance audit recommendations
- Any recent transit planning documents
- Summary of service changes during the audit period (July 2024 – June 2027 or whenever the City's provision of the service ended)
- Documentation of any fare structure changes during the audit period (July 2024 – June 2027 or whenever the City's provision of the service ended)
- Monthly performance data/reports plus year-end summary (performance data should include regular records of operational information including ridership, vehicle service hours, and vehicle service miles segregated by mode)
 - FY 2024/2025
 - FY 2025/2026
 - FY 2026/2027
- Documentation of how full-time equivalent (FTE) employees is calculated for reporting to the State Controller (include all in-house and contractor hours)
 - FY 2024/2025
 - FY 2025/2026
 - FY 2026/2027
- Transit Operator State Controller Reports (Financial Transaction Reports) (Including cover/signature page from original submittal showing timestamp with date and time of submittal)
 - FY 2024/2025
 - FY 2025/2026
 - FY 2026/2027
- Final Budgets
 - FY 2023/2024
 - FY 2024/2025
 - FY 2025/2026
 - FY 2026/2027
- Annual TDA Fiscal Audits (including documentation of any extensions)
 - FY 2024/2025
 - FY 2025/2026
 - FY 2026/2027
- TDA claims (as submitted to BCAG)
 - FY 2024/2025
 - FY 2025/2026
 - FY 2026/2027
- City organizational chart showing transit employees
- Transit marketing collateral (samples)
- Title VI Program
- Transit Asset Management (TAM) Plan
- Procurement Policy
- Employee handbook
- Collective bargaining agreements
- Driver training syllabus and/or examples of training materials
- Fleet inventory (includes fleet number, make/model, passengers/wheelchair capacity, year acquired, model year, and mileage at end of the final fiscal year)
- Accident/road call logs (summaries of accidents/road calls are acceptable)
- Customer complaint log (a summary of customer calls is acceptable, or a sample of the form used to log complaints)
- Missed trips/trip denials reports
- On-time performance data/evidence of regular on-time performance monitoring