

ATTACHMENT A

Scope of Work and Schedule

TASK 1: INTERVIEWS AND SITE VISITS (TAMC AND MST)

Objective: Conduct initial kickoff meeting to communicate work scope and schedule, understand project expectations, and answer questions. Develop list of specific documents to be provided by TAMC and MST. Conduct site visits for functional review.

Approach: The Consultant will work with the TAMC project manager to coordinate a kickoff meeting that will include representatives from both TAMC and MST. As part of our initial communication, the Consultant will create a list of data needs and documents that traditionally have been used to help create a background assessment of the RTPA and the transit operator's performance and compliance over the past three years. Additional items may be identified as a result of the kickoff discussion. The Consultant the Consultant will coordinate on the request for specific information and documents necessary to be provided by TAMC to complete the audit requirements.

At a minimum, the types of information required from MST will include:

- 1) Prior TDA performance audits.
- 2) State Controller transit operator reports.
- 3) National Transit Database reports.
- 4) Annual budgets and financial and compliance audits.
- 5) CHP safety compliance report/terminal record update, carrier inspection, and equipment inspection report.
- 6) MOUs/service provider agreements with other operators and agencies.
- 7) Performance productivity reports (e.g., monthly and end-of-year summary).
- 8) Vehicle operations data such as on-time performance, road calls, vehicle failures, and customer comments.
- 9) Organizational charts, goals, objectives, policies, and procedures.
- 10) Short- and long-range transit plans.
- 11) Response to prior performance audit recommendations.

A sampling of information required for the audit of TAMC will include:

- 1) Annual budgets and financial and compliance audits.
- 2) Annual TDA and State Transit Assistance claims.
- 3) Unmet Transit Needs documentation.
- 4) Transportation Improvement Program (TIP) documentation.
- 5) Overall work program.
- 6) Response to prior performance audit recommendations.

During the kickoff meeting, the Consultant intends to discuss the audit steps and schedule, and understand some of the issues through discussion with each transit representative. The Consultant will also identify other data materials to collect, if necessary. Essentially, the kickoff meeting will clarify expectations and any concerns TAMC or the transit operator might have during the process, and prepare all affected parties for the auditing process.

Prior to our site interviews and fieldwork, the Consultant will review the materials provided from the list and generate a list of follow-up questions to ask during the meetings and possibly other materials. The background data and preliminary analysis will serve as a basis for the audit process and site visits. Upon receipt of the data, the Consultant will begin to compile performance profiles using numeric data and initiate compliance reviews as well as identify areas of compliance as well as potential noncompliance. The Consultant will also compile the TDA-mandated performance indicators, farebox recovery ratios, and other indicators that are relevant to functional area performance. The Consultant will document the values used for the statistics and indicators, note the amount of change, and determine whether this change represents a positive or negative trend.

Performance trend results will be discussed with each operator within major functional areas such as operations, maintenance, and administration in order to focus the site visit interviews accordingly. Interview guides will be developed to help focus discussions and maximize the effectiveness of time spent in discussions with transit staff. Potential topics for discussion include:

- Data collection and reporting processes.
- Performance trends and factors influencing trends.
- Accomplishments and challenges.
- Actions taken to implement prior audit recommendations, the resources required for implementation, and the results of those actions.

The Consultant recognizes that performance findings are only meaningful when placed in the context of established objectives, overall policy direction, and constraints of the operating environment.

Deliverables:

- Data request memo
- Meeting agenda and interview guide for on-site interviews; presentation materials

TASK 2: COMPLIANCE WITH STATUTORY AND REGULATORY REQUIREMENTS (TAMC AND MST)

Objective: Review and make a determination as to each agency's compliance with TDA and related sections of the California Code of Regulations.

Approach: During this task the Consultant will focus our activities on three specific areas.

- ***Discuss Compliance Requirements with the Agency.*** This first step involves meeting with MST staff and discussing the compliance requirements described in the Caltrans Performance Audit Guidebook. Eleven operator compliance requirements in the guidebook address topics such as timely submittal of external documents, farebox recovery, and compliance with rules and regulations guiding TDA funding.

The audit guidebook also identifies a series of compliance requirements that RTPAs such as TAMC must meet. These comprise 14 specific requirements found in the Public Utilities Code and in the California Code of Regulations. Conformance with these requirements will be ascertained during this initial task in our meeting with TAMC.

- ***Investigate Evidence of Compliance.*** Based upon the interviews and discussions with appropriate staff, the Consultant will investigate evidence of compliance by collecting pertinent documents and records that show sufficient objective evidence to meet each compliance requirement. Some of the documents will be from the initial data list provided during the kickoff. Staff assistance from MST as well as from TAMC will be utilized to obtain the most relevant data. Evidence of compliance may also be produced from our direct observation of the compliance requirement.
- ***Disclose Results of the Compliance Review.*** The Consultant will document the methodology and results of the compliance review. The review will ensure that the evidence collected is objective and representative of the activities of the transit operator for the past three years. If the Consultant finds an indication of noncompliance with any of the requirements, the Consultant will make a finding in the audit report, draw conclusions, and make appropriate recommendations.

Deliverables:

- Summary table of relevant compliance sections to be analyzed

TASK 3: STATUS OF PRIOR PERFORMANCE RECOMMENDATIONS (TAMC AND MST)

Objective: Review prior performance audit recommendations and actions taken by the agency to implement the recommendations.

Approach: The prior performance audit of TAMC included four recommendations, and the prior performance audit of MST included three recommendations. During this task the Consultant will focus our activities on the following specific areas.

- ***Obtain and Review Key Documents.*** The Consultant will collect documentation that supports the implementation of these recommendations. The Consultant will work with staff to determine the validity of each recommendation in light of the evolving nature of transit operations. Possible key literature includes prior performance audits, recommendations submitted in management memorandums, and other performance evaluation documents. Evidence may be contained in operator reports, memorandums and documents, and performance evaluation documents, or obtained through direct observation.
- ***Document Implementation of Recommendation.*** The Consultant will follow up on the course of action taken by TAMC and MST to implement the recommendations.

If the agency has implemented a recommendation, the Consultant will seek data to confirm implementation, discuss the effectiveness and benefits from the recommendation, and discuss difficulties and costs associated with the recommendation.

If the agency is currently implementing a recommendation, the Consultant will address the current status of implementation, as well as any difficulties and costs of implementation.

If a recommendation has not been implemented, the Consultant will make a determination as to whether the recommendation is (a) no longer applicable, with a clear statement of why; (b) infeasible, with a clear statement of why; or (c) still valid and should be implemented and the benefits that are likely to result. For each determination, the Consultant will draw conclusions on the implementation status of these recommendations. If the prior recommendation still deserves merit, the Consultant will include the recommendation in the current audit report.

The Consultant will document evidence of implementation. Evidence may be contained in operator reports, memorandums and documents, or obtained by direct observation.

Deliverables:

- Summary table of prior performance recommendations

TASK 4: REQUIRED PERFORMANCE INDICATORS (MST ONLY)

Objective: Quantify and review the efficiency and effectiveness of MST's activities, TDA-required performance measures, and other potential performance indicators if warranted.

Approach: Subtask A: The Consultant will first review and validate MST's collection methods of basic data needed to calculate these indicators. The basic data include operating cost; passenger counts; vehicle service hours; vehicle service miles; employee hours; and fare revenue. This will be accomplished through tracing and evaluating the steps taken by the operator to report the data. The Consultant will review sample driver logs, driver manifests, daily and monthly operator reports, and other pertinent materials where actual performance data is recorded to determine its compliance with the TDA definitions (Public Utilities Code 99247).

Additional operations data such as on-time arrival, missed trips, and number of road calls and preventable accidents will be included in the review of operational performance. The Consultant will discuss this process with MST and identify any issues discovered from our review of the data. If warranted, the Consultant will then suggest corrective actions to ensure compliance with the statute.

Subtask B: A triennial performance audit must include the verification of a minimum of five performance measures. Section 99246(d) of the Public Utilities Code requires that the performance indicators are:

- operator's operating cost per passenger
- operating cost per vehicle service hour
- passengers per vehicle service hour
- passengers per vehicle service mile
- vehicle service hours per employee (as defined in Section 99247 of the Public Utilities Code)

Though the farebox recovery ratio is not a required performance indicator under Section 99246(d), Section 99268 et seq. requires that the farebox ratio be calculated so that an operator's eligibility for funding can be determined. The Consultant will attend to how the operator calculates its farebox ratios, as reflected in documents such as the State Controller's report, TDA claims, and annual fiscal audits. New state legislation modifies the inputs to the farebox calculation beginning January 1, 2016. The Consultant will discuss the implications of this legislation with TAMC and MST.

The Consultant will create user-friendly tables to depict the trends over the recent three-year period on a system-wide basis and by mode/type (i.e. fixed route, dial-a-ride). The Consultant will contrast these performance trends with other three year trends that influence transit performance (e.g., Consumer Price Index). The Consultant will document the values used for the statistics and indicators, note the amount of change, and determine whether this change represents a positive or negative trend. The Consultant will document causal factors for all observed performance trends based on the numerical information and information from the site visits.

In addition to tables, the Consultant will provide visual graphic representation via bar/line charts and data labels. The performance trends will reveal the symptoms of potential issues that will be reviewed in depth during the functional review audit, as well as changes in efficiencies and effectiveness.

Other performance indicators to be determined will be calculated if the analysis warrants further examination of a particular performance area of concern that is not covered by the five indicators. Any additional performance measures to be developed are intended to be useful and help determine trends in service. Example additional performance indicators include customer comments per 100,000 passengers, on-time performance, and road calls per 100,000 revenue miles.

The Consultant will consult the Transit Cooperative Research Program document entitled *A Guidebook for Developing a Transit Performance-Measurement System* for a comprehensive listing of performance indicators relative to various transit functional areas. Additional functional area performance indicators pertaining directly to service efficiency and effectiveness during the audit period will be developed as necessary.

Each piece of basic data can be influenced by a series of interrelated variables in transit operations. Therefore, the calculation and analysis of the above performance indicators may point out potential issues or concerns that may need further investigation during the next task, which will examine the operator functions. The Consultant will select and use the appropriate performance indicators to identify, quantify, and/or resolve performance problems and potential areas for improvement. The Consultant will draw upon our experience and also consult the Transit Cooperative Research Program document to select additional indicators. If appropriate, the Consultant will compare the performance indicators to select peer transit agencies for informational purposes and a frame of reference.

Deliverables:

- Summary of data collection findings

TASK 5: FUNCTIONAL REVIEWS OF TAMC AND MST

Objective: Conduct interviews with agency management and staff. Review the various functions and investigate potential functional concerns, problems, and possible improvements, while also highlighting recent accomplishments.

Approach:

TAMC FUNCTIONAL REVIEW

The Consultant will review the agency's organizational effectiveness through interviews with TAMC staff and an analysis of the following specific areas as described in the Caltrans *Performance Audit Guidelines*.

Administration and Management. This will include examining the general management of the agency and identifying achievements and challenges, policies and goals, governing board activities, roles and staff functions, and overall work programs. The Consultant will interview TAMC staff to identify any administrative and management issues of concern. The Consultant will investigate potential issues and make findings and possibly recommendations as part of the audit. Topics to be covered include:

- General administration
- Internal planning and achievement
- Governing board activities
- Personnel

Planning and Regional Coordination. This will include evaluating TAMC's regional functions as an RTPA. It will include the practices and methods in which TAMC prepares transportation and related planning documents. The Consultant will also examine the process TAMC follows in managing transit plans and other transit projects in its area of jurisdiction. Topics to be covered include:

- Subregional transportation plan development and adoption
- Subregional transportation plan topics and implementation
- Transportation and transit planning and programming
- Information collection, generation, and distribution for use in the planning process

Relationship with Related Agencies. The Consultant will interview TAMC staff on its role in working with allied planning organizations such as neighboring RTPAs, Association of Monterey Bay Area Governments, and Caltrans, as well as other local governmental agencies in TAMC's jurisdiction and in adjacent areas where travel and development may have an impact on TAMC's related responsibilities. The Consultant will contact these other agencies as necessary.

TDA Claims Processing and Transit Oversight. The Consultant will review the claims process and TAMC's role in administering the funds. Sample completed claims packets and accompanying documentation to substantiate the claims for TDA and State Transit Assistance funds will be collected and reviewed. The Consultant will evaluate compliance checklists and/or other supporting documents typically attached to the claims forms. Topics to be covered include:

- Transit productivity monitoring and evaluation
- Technical and managerial assistance to transit operator
- Assistance with TDA compliance
- TDA claim processing

Marketing and Transportation Alternatives. The Consultant will review the agency's marketing and communication efforts to help keep the public informed about transportation issues and external events that influence travel and transportation choices.

Grant Management. This will include gaining an understanding of the level of grant administration and assistance provided by TAMC for transportation revenue sources such as state and federal programs. The Consultant will review TAMC's ability to secure discretionary funding sources that enhance and increase the availability and quality of transportation in the county. Topics to be covered include:

- Grant application coordination
- Grant application assistance
- Grant management and compliance

Additional telephone interviews with select individuals from TAMC's standing committees may be conducted to gauge their perspectives regarding the activities of the agency, should issues arising from the staff interviews warrant further information gathering.

MST FUNCTIONAL REVIEW

The review of transit operator functions can be divided into two parts: an initial review and a detailed review. The initial review will provide an understanding of the operator's characteristics and the functions performed. Operator characteristics include general data such as a description of the entity providing service, legal status (e.g., district), mode of service (bus, general public, specialized, etc.), type of service (fixed-route and dial-a-ride), and size of operations. The Consultant will review pertinent documents such as transit plans and staff reports in addition to discussions with appropriate transit staff to obtain a clear view of the general functions of the audited transit system.

Each function for the transit operator audit, in turn, can be broken into several subfunctional areas as described by the following (adapted from the Caltrans *Performance Audit Guidebook*):

- **General Management and Organization.** The Consultant will review the management and structure of the operator, including an assessment of:
 - Administrative oversight
 - Organizational structure and reporting
 - Recent program changes and innovations
 - Areas of interest to management and governing body
- **Scheduling, Dispatch, and Operations.** The daily scheduling and coordination of routes, drivers, and vehicles will be reviewed, including:
 - Assignment of drivers and vehicles to specific routes
 - Driver absence and sick leave
 - Part-time and cover drivers
 - Dispatch procedures and communication

- ***Service Planning.*** The Consultant will review how short-range transit plan recommendations, public input through surveys, and other planning and evaluation techniques have been implemented, and assess their results on operations. Topics that will be covered include:
 - Strategic planning
 - Short-range planning
 - Evaluation of routes
 - Planning for special transportation needs
 - Surveys of riders/non-riders
- ***Maintenance.*** The Consultant will review maintenance records, CHP terminal and vehicle inspections, and other maintenance-related documentation on the condition of the vehicles and other capital facility assets. The subfunctions in this area include:
 - Preventive maintenance
 - Sufficiency of facility
 - Vehicle condition and maintenance schedules
 - Parts and inventory management
 - Communications with dispatch
 - Maintenance outsourcing
- ***Personnel Management and Training.*** The Consultant will review personnel policies, driver recruitment practices, turnover trends, and management of human resources. Topics that will be covered include:
 - Recruitment and motivation
 - Training and safety
 - Discipline
 - Benefits
- ***Administration and Financial Controls.*** Business and support services necessary for the operations of the agency will be assessed. The Consultant will examine adopted policy documents guiding financial management and procurement practices. Administrative activities include:
 - Budgeting, financial, and grants management
 - Revenue collection and cash management
 - Payroll
 - Risk management
- ***Marketing and Public Information.*** Efforts to make information available to the public, market the service to the community, and communicate with social service agencies and other governmental entities will be reviewed. The assessment will include:

- Marketing programs and objectives
- Communications strategies with the public
- Intergovernmental communications

The Consultant will utilize various data means to perform the assessment, including interviews with transit staff and management, in-house data collection, annual productivity reports, surveys and public input, transit plans, and other materials presented to the governing board.

The Consultant will describe the improvements and changes made over the past three years in each of the functions. The Consultant will also review events and/or activities that may have occurred either before or after the audit period, as necessary, to digest the impacts during the audit period. The Consultant will identify any functional concerns and evaluate them using such methods as calculating additional performance indicators that would be applicable to the functional concern. Our site visits and interviews, as well as documents such as board and advisory committee reports and agendas, and internal documentation, will help with describing the service changes or performance concerns.

Deliverables:

- Summary of data collection findings

TASK 6: DRAFT AUDIT FINDINGS AND RECOMMENDATIONS WITH DRAFT REPORTS

Objective: Prepare administrative draft audits of TAMC and MST for review and comment.

Approach: Each audit report will be developed in a positive and easy-to-read manner to help management and staff improve operations and increase efficiency and cost-effectiveness. The Consultant will organize the audit reports using the following areas as guidance:

- Table of Contents
 - Listing of chapter headings and major sections
 - Tables and figures
 - Associated page numbers
- Executive Summary
 - Synopsis of key findings and recommendations
- Introduction
 - Agency's recent history, administrative and policy structure, budget, staffing, and nature of services provided
 - Overview of regulatory requirements

- Approach and methods used in conducting the audit
- Audit Findings
 - Compliance review results
 - Status of prior recommendations
 - Results of performance measures review
 - Results of functional review separated by subfunction
- Conclusions and Recommendations
 - Findings and recommendations
 - Strategies and follow-up actions to address performance issues

The Consultant will provide the administrative draft reports in an electronic PDF copy to TAMC and MST by February 3, 2017, for review and comment according to the production schedule prescribed in the RFP. The Consultant will integrate comments received from the agencies into final draft audit reports.

Deliverables:

- Draft reports for TAMC and MST submitted electronically by February 3, 2017

TASK 7: FINAL AUDIT REPORTS

Objective: Prepare final audit reports.

Approach: The final draft audits will be issued in electronic PDF to TAMC and MST by March 3, 2017. The final audit reports will incorporate comments and input. An electronic copy and three sets of hard copies of each final report will be provided by March 31, 2017. These dates are contingent on the completion of other required reports that are necessary for the performance audit, including the annual financial and compliance audit for TAMC and MST, the annual MST State Controller Report, and the annual National Transit Database report for MST. If Consultant has any reason to believe it will not meet the deadlines noted in Tasks 6 and 7, it shall contact TAMC immediately and work to resolve obstacles to timely performance. The Consultant will be available to answer questions on the final audit findings and when the final audit reports are considered by the Transportation Agency Board.

Deliverables:

- Final draft reports for TAMC and MST submitted electronically by March 3, 2017
- Final reports for TAMC and MST submitted electronically along with three sets of hardcopies for submission to TAMC, MST and Caltrans by March 31, 2017

Schedule

Audit Tasks	Sept		Oct		Nov		Dec		Jan		Feb		Mar	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Task 1 - Interviews and Site Visits														
Task 2 - Compliance with Statutory and Regulatory Requirements														
Task 3 - Status of Prior Performance Recommendations														
Task 4 - Required Performance Indicators														
Task 5 - Operator Functional Reviews														
Task 6 - Draft Audit Findings and Recommendations with Draft Reports														
Task 7 - Final Audit Reports											Draft (2/3/17)		Final Draft (3/3/17)	Final (3/31/17)
Meetings and Interviews	★			★	□			□						★