

Final



FY 2020-2022 Triennial Performance Audit of Monterey-Salinas Transit (MST)



Submitted to:
Transportation Agency for Monterey County

Prepared by:

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INTERNATIONAL

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Section I

Introduction

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

The Transportation Agency for Monterey County (TAMC) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in Monterey County. This performance audit is conducted for the Monterey-Salinas Transit District (MST) covering the most recent triennial period, fiscal years (FY) 2019–20 through 2021–22.

The purpose of the performance audit is to evaluate MST’s effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates MST’s compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether MST is meeting the PUC’s reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a set of recommendations has been made which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive, and objective evaluation of the organizations and their operations that otherwise might not be available. The methodology for the audit included in-person interviews with management via videoconference platform, document collection from MST, data analysis, and review of board agendas during the audit period.¹ The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide the development and conduct of the audit.

Overview of the Transit System

MST was created on July 1, 2010, pursuant to state Assembly Bill (AB) 644 (The Monterey-Salinas Transit District Act), which established the special district and dissolved the Monterey-Salinas Transit Joint Powers Agency (JPA). The JPA had been created in 1972 and encompassed the cities and communities located on the Monterey Peninsula. In 1981, the JPA was expanded and amended as Monterey-Salinas Transit (MST) when Monterey Peninsula Transit absorbed the Salinas Transit System. The MST Board of Directors comprised eight member jurisdictions between 1981 and June 2010. The newly configured MST encompasses the Cities of Gonzales, Greenfield, King City, Sand City, and Soledad, in addition to the cities and communities served under the former JPA.

¹ Videoconferencing and the review of board agendas were employed in lieu of on-site observations as part of this audit’s methodology.

Transit Service Area

Monterey County is in the Central Coast region of California and forms the southern portion of Monterey Bay. The county is bordered by San Benito County to the east, San Luis Obispo County to the south, Fresno and Kings Counties to the southeast, and Santa Cruz County to the north. Established in 1850, the county was one of the original counties in California. The county derives its name from Monterey Bay, which was named in honor of the Conde de Monterey (Count of Monterey) by Sebastián Vizcaíno in 1602. Parts of Monterey County were ceded to San Benito County in 1874. Agriculture, education, government services, health care, military operations, and tourism are mainstays of the local economy. Major highways traversing Monterey County include US Highway 101 (US 101) and State Routes (SR) 1, 25, 68, 146, 156, 183, 198, and 218. US 101 is the main north–south highway that runs through the Salinas Valley and connects the county with the Bay Area and San Luis Obispo. SR 1 is the main coastal highway connecting the Cities of Carmel-by-the-Sea, Monterey, and Seaside as well as the scenic Big Sur coastline to the south. SR 68 is the main east–west highway connecting Salinas and the Monterey Peninsula. A demographic snapshot of key cities and the county is presented in Table I-1.

**Table I-1
Monterey County Demographics**

City/Jurisdiction	2020 US Census Population	Change from 2010 US Census %	Population 65 Years & Older %	2023 State Department of Finance Estimates	Land Area (in square miles)
Carmel-by-the-Sea	3,220	-13.5%	49.0%	3,033	1.08
Del Rey Oaks	1,592	-2.0%	18.7%	1,540	0.48
Gonzales	8,647	+5.6%	6.8%	8,300	1.92
Greenfield	18,937	+16.0%	6.3%	19,917	2.14
King City	13,332	+3.6%	8.0%	13,817	3.85
Marina	22,359	+13.4%	14.5%	22,068	8.88
Monterey	30,218	+8.7%	17.7%	26,845	8.47
Pacific Grove	15,090	+0.3%	26.6%	14,741	2.87
Salinas	163,542	+8.7%	9.4%	159,475	23.18
Sand City	325	-2.7%	12.9%	376	0.56
Seaside	32,366	-2.0%	13.1%	29,790	9.24
Soledad	24,925	-3.2%	5.6%	26,230	4.41
Unincorporated Area	104,482	+4.3%	20.6%	104,236	3,254.87
Total Monterey County	439,035	+5.8%	13.7%	430,368	3,321.95

Sources: 2020 US Census; California Department of Finance, 2023 Population Estimates; 2021 American Community Survey Age & Sex Survey

The City of Salinas is the county seat and largest city. The county experienced relatively modest growth between the 2010 and 2020 US Census, with Carmel-by-the-Sea experiencing the largest decrease in population and Greenfield experiencing the highest increase in population. The senior citizen population, comprising residents aged 65 and over, has grown between the 2010 and 2020

US Census and now stands at 13.7 percent countywide. The 2023 population for Monterey County is estimated to be 430,368 as reported by the California Department of Finance.

Transit System Characteristics

MST operates local and regional service connected by a series of transit centers with timed connections to help speed travel and provide quick and easy transfers. High-frequency commuter services complement local and neighborhood services. Regional services connect urban areas such as the Monterey Peninsula and Salinas as well as to outlying areas. Prior to March 2020, MST provided bus transit services throughout the county and north into downtown Watsonville, Aptos, and Santa Cruz in Santa Cruz County, and Gilroy and San Jose in Santa Clara County, as well as south to San Miguel, Paso Robles, and Templeton in northern San Luis Obispo County. As a result of reduced military service and reduced service responding to the COVID-19 pandemic, MST now provides bus transit services throughout the county and north into downtown Watsonville in Santa Cruz County, as well as south to San Miguel and Paso Robles, in northern San Luis Obispo County. There is no other organization in Monterey County with a similar scope of public transportation service.

MST began operations in 1973 as Monterey Peninsula Transit and, by 1981, had consolidated two separate municipal systems into a viable network of local service throughout a 110-square-mile service area. In 1997, MST began operation of RIDES, a demand-response paratransit service for patrons with mobility impairment that had been previously operated by the County government. Over the years, MST's service area has expanded to what is, as of fiscal year 2020, approximately 295 square miles. However, in 2022, the service area reduced to 159 square miles as a result of service suspensions to Santa Cruz, Santa Clara, and San Luis Obispo Counties.

Public transit modes encompass bus rapid transit (BRT), express, fixed route, trolley, shuttle, and Americans with Disabilities Act (ADA) paratransit. The main transit centers are the Marina Transit Exchange, Monterey Transit Plaza, Salinas Transit Center, and the Sand City Station. Transit centers where interline connections take place are the North County Transportation Center, San Jose Diridon Station, Santa Cruz METRO Center, and the Watsonville Transit Center. The Gilroy Caltrain Center was also serviced prior to the pandemic but was suspended. Service to Gilroy resumed at the end of October 2023. MST has mobility management centers in Monterey and Salinas, which offer travel training and the MST Navigators services in addition to providing customer service and transit connections.

Most routes operate seven days a week with varying service hours based on the mode. Limited holiday service is operated on New Year's Day, Thanksgiving Day, and Christmas Day. Service operated on Martin Luther King Jr. Day, Presidents' Day, Veterans Day (observed), Thanksgiving Friday, Christmas Eve, and New Year's Eve is on the Saturday schedule. Service operated on Memorial Day, Independence Day, and Labor Day follows the Sunday schedule. A sampling of MST services includes the following:

- **MST Trolley:** The MST Trolley operates every 10 to 15 minutes from downtown Monterey and Fisherman's Wharf along Cannery Row to the Monterey Bay Aquarium, providing

residents and visitors with convenient connections to parking lots and transit centers. The service runs daily from Memorial Day weekend to Labor Day, and on weekends and holidays the remainder of the year. The MST Trolley is funded through a partnership of the City of Monterey, the Monterey Bay Aquarium, and MST.

- **Bus Rapid Transit (BRT):** MST operates a BRT service between Sand City, Seaside, and Monterey on two bidirectional lines (A & B). The service, called JAZZ, is designed to be a high-frequency service with bus stop and traffic priority amenities that ease passenger boarding and reduce dwell times and trip times through congested corridors. Unique to the service is MST’s collaboration with the Monterey Jazz Festival to develop a year-round linear jazz museum that features jazz-themed displays at new custom-designed bus shelters along the route.
- **University/College:** Fixed-route and express-route services are provided to California State University, Monterey Bay (CSUMB), and fixed-route service is provided to Hartnell College in Salinas.
- **South County connections:** Fixed-route service is offered from Soledad into San Luis Obispo County. Additional fixed routes serve South County cities with connections going north to Salinas.
- **On-Call:** MST offers its On-Call service in the Cities of Gonzales, Greenfield, and Soledad for areas that are best served by demand-response service. Passengers using the On-Call service must phone MST approximately one hour in advance and will then be directed to the closest pickup point. The On-Call service has limited time points and provides scheduling flexibility for passengers outside a fixed-route service area.

A summary of MST’s fixed-route service is presented in the appendix.

MST RIDES – ADA Paratransit

MST RIDES provides curb-to-curb paratransit services within 0.75 miles on either side of an MST fixed-route line for those individuals with disabilities who cannot access the regular MST fixed-route service. Service is provided to the Monterey Peninsula, Carmel, Carmel Valley, Salinas, Chualar, Gonzales, Greenfield, Soledad, and King City and to the Watsonville Transit Center.

MST RIDES operates in concert with the service hours and days of operation of the MST fixed-route service. Reservation requests are received until 5:00 p.m. daily for next-day service and can be received up to seven days in advance. Based on vehicle availability, MST RIDES may need to schedule a pickup or drop-off time within an hour of the time requested. There is also a 15-minute “ready window” on either side of the assigned pickup or drop-off time when the RIDES vehicle may arrive. One registered personal care attendant accompanying a fare-paying passenger may ride free of charge, while other companions must pay full fare and may ride as space is available.

While not part of the ADA paratransit program, additional services are made available to RIDES-certified customers to provide increased opportunities to meet their transportation needs. The MST RIDES Special Transportation (ST) program serves individuals who live beyond the 0.75-mile zone in communities in northern Monterey County as well as in areas between 0.75 and 1 mile of US 101 between Salinas and King City. Beyond King City, the RIDES ST program is available to anyone living within a mile of US 101 as far south as San Ardo, San Lucas, and Bradley. MST RIDES ST is for the purpose of traveling into the ADA service area. Once inside the ADA service area, certified RIDES customers may take full advantage of the RIDES program.

A taxi voucher program is also available for seniors and disabled persons traveling in one of two areas. The voucher program was implemented to provide more mobility options for riders aged 65 years and older or who are certified by MST RIDES. The voucher is valid for a one-way trip originating and ending in the same area. One area includes anywhere within Salinas, and the second area comprises the Cities of Carmel, Del Rey Oaks, Marina, Monterey, Pacific Grove, Sand City, and Seaside.

In addition, the MST Special Medical Trips service provides out-of-county medical transportation four days per month—two days to San Jose area medical facilities and two days to San Francisco area medical facilities. The program is open to all Monterey County residents. Each trip originates at and return to the Salinas Transit Center.

Fares

During the audit period, fixed-route fares were based on the length of the route. Routes were categorized into four types: Local, Primary, Regional, and Commuter. MST fixed-route fare media comprised cash and several pass options based on the number of consecutive days utilized. The regular fares were \$1.50 for Local routes, \$2.50 for Primary routes, \$3.50 for Regional routes, and \$12.00 for Commuter routes. Discount fares were \$0.75 for Local routes, \$1.25 for Primary routes, \$1.75 for Regional routes, and \$6.00 for Commuter routes.

Beginning December 10, 2022, fares for all routes were changed to be the same price. The uniform fares now allow riders to ride up to two hours system-wide with a daily cap of \$6.00. MST now offers contactless fare payment technology on its buses. Rider can tap their contactless-enabled bank cards and mobile wallets on smartphones to pay their fares. MST GoPasses and GoCards will continue to be available as another form of payment for bus fares.

Discounted fares are applicable for the following passenger categories:

- 18 years and under
- 65 years and older
- Individuals with disabilities
- Medicare card holders
- MST RIDES Paratransit Eligibility Card
- Veterans, veteran's spouse/caregiver
- Special Humanitarian Parole

Proof of age, an MST Courtesy Card, or a Medicare card is required upon boarding. MST also honors discount courtesy cards issued by other transit systems. Measure Q provides funds for discounted fares, including half-price fares on all MST services for veterans. The current fare structure for MST is summarized in Table I-2.

**Table I-2
MST Fare Schedule**

Fare/Pass Category	Regular	Discount
Fixed Route (up to 2 hours)	\$2.00	\$1.00
Children (maximum 46 inches tall, 3 children per paying adult)	Free	
GoPasses (consecutive days)		
Monthly GoPass	\$70.00	\$35.00
Weekly GoPass	\$20.00	\$10.00
Day Pass (available onboard)	\$6.00	\$3.00
Summer Youth (June 1–August 31)	\$38.00	

Source: MST

The GoPasses are valid on all MST bus routes. A GoCard is a stored value card that is used like a debit card and requires a \$10 minimum purchase. Fares are automatically deducted from the card balance. Passengers receive an additional 10 percent value each time the card is reloaded. Organizations with 5-20 riders received a 25 percent discount on Monthly GoPasses and a 35 percent discount for 21+ riders. GoPasses can be purchased at MST customer service locations, on MST’s website, and at a number of retail outlets throughout the county.

Residential housing complexes serving the elderly and disabled have the ability to pre-purchase discount monthly bus passes in bulk at a further 50 percent discount should the complex pay upfront for a full year of passes for all of their residents. This would make the Monthly GoPass \$210.00 per resident annually (\$17.50 per month).

Previously, the MST RIDES fare structure was based on miles traveled, one way. On December 10, 2022, fares were adjusted to be \$2.00 for one-way trips. Ticket books are available and may be purchased from MST customer service locations and by phone, mail, and online. The MST RIDES fare schedule is shown in Table I-3.

**Table I-3
MST RIDES Fare Schedule**

Distance/Fare Media	Fare
One-way	\$2.00
Ticket Books	
Books of 30, \$0.50 tickets	\$15.00
Books of 30, \$1.00 tickets	\$30.00

Source: MST

Fleet

There were 156 total vehicles in the MST fleet during the audit period, of which 134 were in revenue service. Of that total, 108 were fixed-route and 48 were demand-response vehicles. The larger fixed-route vehicles are diesel-powered, while the medium-sized fixed-route buses include a combination of diesel and gasoline vehicles. Diesel/electric hybrid vehicles are also part of the fleet of medium-sized vehicles, as well as electric battery-powered vehicles. All fixed-route vehicles are equipped with lifts or ramps in compliance with the ADA. Table I-4 shows the vehicle fleet information for the MST fixed-route service.

**Table I-4
MST Fixed-Route Transit Fleet**

Year	Make/Model	Quantity	Quantity Active	Seating Capacity/ Wheelchair	Fuel Type
2002	Gillig Low Floor	3	0	37/2	Diesel
2003	Optima American Heritage Streetcar	3	3	27/2	Electric/Battery
2003	Gillig Low Floor	9	0	37/2	Diesel
2003	Gillig Phantom	2	0	35/2	Diesel
2007	Gillig Low Floor	10	8	31/2	Diesel
2008	Gillig Low Floor	5	5	35/2	Diesel
2009	MCI Commuter D4500	2	2	57/2	Diesel
2010	MCI Commuter D4500	1	1	57/2	Diesel
2011	MCI Commuter D4500	1	1	57/2	Diesel
2011	Ford El Dorado	1	0	18/2	Gasoline
2013	Gillig Suburban	1	1	39/2	Diesel
2014	Ford Aerotech 240	5	4	18/2	Gasoline
2015	Ford Aerotech 240	14	10	18/2	Gasoline
2015	Ford F550	1	1	18/2	Gasoline
2015	Gillig 40' Low Floor	4	4	37/2	Diesel
2015	Gillig 35' Low Floor	11	11	31/2	Diesel
2015	Gillig Suburban	3	3	39/2	Diesel
2015	MCI Commuter D4500	2	2	57/2	Diesel
2016	Ford Starcraft	1	1	18/2	Gasoline
2016	Ford Aerotech	1	1	18/2	Gasoline
2017	Ford Aerotech	3	3	18/2	Gasoline
2018	Gillig 40' Low Floor	12	12	37/2	Diesel
2018	Gillig 35' Low Floor	9	9	30/2	Diesel
2018	Gillig 40' Suburban	5	5	39/2	Diesel
2019	Ford Aerotech 240	10	10	18/2	Gasoline
2019	BYD Electric Bus	2	2	22/2	Electric

Year	Make/Model	Quantity	Quantity Active	Seating Capacity/ Wheelchair	Fuel Type
2019	DKK Mainstreet Trolley	5	5	28/2	Diesel
2019	Gillig Suburban	1	1	39/2	Diesel
2021	Gillig Low Floor	7	7	38/2	Diesel
2021	Gillig Electric	2	2	38/2	Electric
2022	Ford Starcraft	9	9	18/2	Gasoline
2022	Gillig 40' Low Floor	2	2	38/2	Diesel
2022	Gillig 35' Low Floor	2	2	30/2	Diesel
2023	Gillig Suburban	4	4	38/2	Diesel
2023	Ford Starcraft	3	3	18/2	Gasoline
Total Fixed Route		156	134		

Source: MST Revenue Vehicle Inventory

MST Paratransit Fleet

MST operates a paratransit fleet of 39 gasoline-powered vehicles. Fleet vehicles vary by type and passenger capacity. All vehicles are wheelchair-accessible with tie-downs in compliance with the ADA. Table I-5 summarizes the paratransit fleet.

**Table I-5
MST Demand Response Fleet**

Year	Make/Model	Quantity	Seating Capacity/ Wheelchair	Fuel Type
2011	Dodge Caravan	3	4/2	Gasoline
2013	Elkhart EC11	3	12/2	Gasoline
2015	Ford Starcraft	8	18/2	Gasoline
2016	Ford E450 Super Duty	5	18/2	Gasoline
2018	Ford E450 Super Duty	20	18/2	Gasoline
Total Demand Response		39		Gasoline

Source: MST Revenue Vehicle Inventory

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of MST’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the *Performance Audit Guidebook* to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the PUC and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator has submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due within seven (7) months after the end of the fiscal year (on or before January 31). The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.	Public Utilities Code, Section 99243	<p>Completion/submittal dates:</p> <p><i>For MST Fixed Route:</i></p> <p>FY 2020: January 28, 2021 FY 2021: January 28, 2022 FY 2022: January 27, 2023</p> <p><i>For MST RIDES: (Specialized Service)</i></p> <p>FY 2020: January 28, 2021 FY 2021: January 28, 2022 FY 2022: January 27, 2023</p> <p>Conclusion: Complied</p>
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27) or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	<p>Completion/submittal dates:</p> <p>FY 2020: December 18, 2020 FY 2021: December 29, 2021 FY 2022: March 17, 2023</p> <p>A 90-day extension was granted by the Regional Transportation Planning Agency (RTPA) for the FY 2022 submittal pursuant to</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>the TDA statute for the fiscal audits.</p> <p><i>Source: FY 2020–2022 MST Annual Comprehensive Financial Reports (ACFRs)</i></p> <p>Conclusion: Complied</p>
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator’s compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator’s terminal.</p>	<p>Public Utilities Code, Section 99251 B</p>	<p>MST and its contract operator, MV Transportation, participate in the California Highway Patrol (CHP) Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p>Inspections were conducted at MST’s facilities located at 19 Upper Ragsdale #200 in Monterey and 4512 Joe Lloyd Way in Seaside.</p> <p>Inspection dates applicable to the audit period were May 5-8, 2020; June 2, 2020; June 11, 2021; June 18, 2021; and July 6, 2022.</p> <p>Inspections were found to be satisfactory.</p> <p>Conclusion: Complied</p>
<p>The operator’s claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.</p>	<p>Public Utilities Code, Section 99261</p>	<p>Since becoming a transit district, MST has received the TDA funds allocated to Monterey County on behalf of its constituent agencies. MST submits annual claims for Local</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>Transportation Funds (LTF) and State Transit Assistance (STA) to TAMC in compliance with the rules and regulations adopted by TAMC. This includes providing supporting documentation and checking off standard assurances.</p> <p>Conclusion: Complied</p>
<p>If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.</p>	<p>Public Utilities Code, Section 99270.1</p>	<p>Since becoming a transit district and expanding its service area into non-urbanized areas by consolidating service in the South County, MST is subject to an intermediate ratio of no less than 15 percent as adopted by TAMC in 2004 by Resolution 2004-19. This revenue ratio is stated in the Financial Highlights section of the MST ACFR and TAMC TDA Guidelines. The farebox ratios for MST were as follows:</p> <p>FY 2020: 31.78% FY 2021: 30.55% FY 2022: 40.01%</p> <p><i>Source: FY 2020–2022 MST ACFRs</i></p> <p>*Note: With implementation of California Assembly Bill 149, specific adjustments could be made to enhance the transit farebox ratio, including the inclusion of local support revenues, exclusions of certain operating costs, and</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>exemptions for new services. Measure Q Local Funds have been used to satisfy the farebox ratio as permitted by Section 99268.19.</p> <p>Conclusion: Complied</p>
<p>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).</p>	<p>Public Utilities Code, Section 99266</p>	<p>Percentage increase in the MST operating budget:</p> <p>FY 2020: +7.9% FY 2021: -1.5% FY 2022: -0.9%</p> <p><i>Source: FY 2020–2022 MST Annual Budgets</i></p> <p>Conclusion: Complied</p>
<p>The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.</p>	<p>Public Utilities Code, Section 99247</p>	<p>MST’s definition of performance is consistent with PUC Section 99247.</p> <p>Conclusion: Complied</p>
<p>If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at</p>	<p>Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1</p>	<p>MST is subject to the intermediate ratio for operators that serve both</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.		urbanized and non-urbanized areas. Conclusion: Not applicable
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	MST is subject to the intermediate ratio for operators that serve both urbanized and non-urbanized areas. Conclusion: 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 within 40 years.	Public Utilities Code, Section 99271	MST contributes toward its employees’ retirement through the California Public Employees’ Retirement System (CalPERS) based on the 2% @ 55 formula. Employees are required to contribute 7 percent of covered salary to CalPERS, which is matched by a 9.17 percent employer contribution. Contractual employees’ retirement is provided through a 401(k) retirement savings plan. Conclusion: Complied
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act	California Code of Regulations, Section 6754(a)(3)	MST receives STA funds and makes full use of federal funds that are available to the district as reported in the federal National Transit Database reports:

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
of 1964 before TDA claims are granted.		<p>FY 2020: Operations: \$16,722,997 Capital: \$974,719</p> <p>FY 2021: Operations: \$24,236,157 Capital: \$10,028,783</p> <p>FY 2022: Operations: \$20,985,957 Capital: \$5,822,833</p> <p><i>Source: National Transit Database</i></p> <p>Conclusion: Complied</p>

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to MST, the operator fully complied with all nine applicable requirements. Two compliance requirements did not apply to the operator (i.e., exclusive urbanized and rural farebox recovery ratios).
2. MST is subject to a 15 percent system-wide farebox standard pursuant to rules and regulations adopted by TAMC through resolution. Pursuant to Section 99268.19 under Assembly Bill 149, Measure Q Local Funds may be used to satisfy the farebox ratio requirements. During the audit period, MST exceeded the standard and attained a system-wide ratio of 31.78 percent in FY 2020, 30.55 percent in FY 2021, and 40.01 percent in FY 2022. The average farebox ratio during the period was 34.11 percent.
3. Both MST and its contract operator, MV Transportation, participate in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budgets for MST exhibited modest fluctuations during the audit period and did not increase by more than 15 percent over the prior year. The FY 2020 operating budget increased 7.9 percent, followed by decreases of 1.5 percent and 0.9 percent in FY 2021 and FY 2022, respectively. The budget is divided by two service centers: fixed-route bus and public paratransit services. Each service center is balanced in terms of revenues and costs. MST also created a reserve account with a target 15 percent of total expenses that is funded.

Section III

Prior Triennial Performance Recommendations

MST's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of its efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Include the calculation of farebox recovery in the Annual Comprehensive Financial Report.

Background: This recommendation was carried over from the prior audit for implementation. An audited farebox recovery calculation showing revenue and cost inputs is typically included in the financial statements of the transit operator. MST's Annual Comprehensive Financial Reports (ACFR) prepared during the prior audit period did not contain a calculation of farebox recovery. Rather, the ACFRs only included a statement about farebox recovery. Through State Senate Bill (SB) 508, specific adjustments could be made to the transit farebox ratio, including the inclusion of local support revenues, exclusions of certain operating costs, and exemptions for new services. Given that the TAMC-adopted farebox ratio for MST is system-wide, the audited farebox calculation should be derived for the entire service, while farebox recovery by mode (fixed route and dial-a-ride) can also be determined and included in the financial audit, which provides key performance measures of the agency. The audited farebox ratio provides an official performance standard which MST is required to meet and gives TAMC a consistent source document to verify MST's eligibility for TDA funds. It also allows a check of consistency with audited financial data to complete the State Controller Operator Financial Transactions Report.

Actions taken by MST

Beginning in FY 2020, MST has started to include a section in its ACFR regarding farebox requirements as it relates to TDA funding. MST is held to a 15 percent farebox recovery threshold and includes an explanation of the cost exemptions and local fund supplementation in the ACFR in accordance with Section 99268.19 of the TDA. MST met its required farebox recovery threshold for all three years of the audit period.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Consider procurement and implementation of enterprise asset management software.

Background: MST had been proactive in the implementation of several technological upgrades during the previous audit period. These upgrades included the MST RealTime App, automated passenger counters (APC) on its fleet of vehicles, and Remix transit planning software. The agency also implemented a six-month pilot program in partnership with Caltrans and Visa credit card for contactless payment. However, certain internal administrative processes had not been upgraded. For instance, the annual budget is compiled utilizing an Excel spreadsheet. The agency indicated it was evaluating options to upgrade the accounting software since the current software program is antiquated. Given the management of more complex capital projects such as the South County maintenance facility and the revenues generated by Measure Q, an integrated accounting and asset management system would enable MST to better manage budgets and resources. While such programs are relatively costly to implement and maintain, including training needs, updated systems are meant to integrate with other related functions such as payroll, human resources, and agency assets, and provide benefits over the longer term such as more efficient processes, internal controls, and improved monitoring and oversight. This could potentially lead to cost savings in personnel time and resources.

Actions taken by MST

MST implemented this recommendation with the transition of its accounting and grant management systems to Microsoft Dynamics365, a cloud-based enterprise resource planning software. MST also transitioned its HR and payroll systems to NEOGOV, including all the modules to link its HR and payroll systems with the Microsoft Dynamics365 system. MST has indicated that the transition was seamless and has been easy to implement.

Conclusion

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews MST’s performance in providing transit service to the community in an efficient and effective manner. The TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators—operating cost per mile and average fare per passenger—are also included. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-3 provide the performance indicators for MST system-wide, fixed-route, and MST RIDES paratransit. Graphs are also included to depict the trends in the indicators. The primary source of the performance data is the annual Transit Operators Financial Transactions Report submitted to the State Controller, which presents the revenue, cost, and performance data by mode. The modal data are then summarized for system-wide figures.

**Table IV-1
MST TDA Performance Indicators
System-Wide**

Performance Data and Indicators	FY 2019	Audit Period			% Change FY 2019-2022
		FY 2020	FY 2021	FY 2022	
Operating Cost*	\$47,633,526	\$46,751,492	\$41,539,368	\$40,320,150	-15.4%
Total Passengers	4,477,762	3,278,225	1,404,753	1,910,402	-57.3%
Vehicle Service Hours	371,554	312,607	250,867	251,689	-32.3%
Vehicle Service Miles	5,971,740	4,866,298	3,775,934	3,953,583	-33.8%
Employee FTEs	358	345	296	287	-19.8%
Passenger Fares	\$8,715,328	\$5,316,913	\$1,888,753	\$3,291,842	-62.2%
Measure Q Local Funds	\$10,365,729	\$9,542,722	\$10,799,965	\$12,840,046	23.9%
Total Farebox Revenues	\$19,081,057	\$14,859,635	\$12,688,718	\$16,131,888	-15.5%
Operating Cost per Passenger	\$10.64	\$14.26	\$29.57	\$21.11	98.4%
Operating Cost per Vehicle Service Hour	\$128.20	\$149.55	\$165.58	\$160.20	25.0%
Operating Cost per Vehicle Service Mile	\$7.98	\$9.61	\$11.00	\$10.20	27.9%
Passengers per Vehicle Service Hour	12.1	10.5	5.6	7.6	-37.0%
Passengers per Vehicle Service Mile	0.75	0.67	0.37	0.48	-35.6%
Vehicle Service Hours per Employee	1,037.9	906.1	847.5	877.0	-15.5%
Average Fare per Passenger	\$1.95	\$1.62	\$1.34	\$1.72	-11.5%
Fare Recovery Ratio	18.30%	11.37%	4.55%	8.16%	-55.4%
Fare Recovery Ratio w/ Measure Q Local Funds	40.06%	31.78%	30.55%	40.01%	-0.1%

Source: MST Annual Comprehensive Financial Reports; Transit Operators Financial Transactions Reports

*Operating cost includes Measure Q sales tax service expenditures minus administrative fees, interest, and depreciation.

Table IV-2
MST TDA Performance Indicators
Fixed Route

Performance Data and Indicators	FY 2019	Audit Period			% Change FY 2016-2019
		FY 2020	FY 2021	FY 2022	
Operating Cost*	\$41,687,291	\$41,171,728	\$37,706,185	\$35,467,108	-14.9%
Total Passengers	4,272,624	3,082,463	1,280,619	1,759,050	-58.8%
Vehicle Service Hours	287,876	239,512	197,488	197,658	-31.3%
Vehicle Service Miles	4,684,476	3,784,919	2,955,461	2,951,850	-37.0%
Employee FTEs	299	282	248	245	-18.1%
Passenger Fares	\$8,437,793	\$5,120,855	\$1,747,045	\$3,082,838	-63.5%
Operating Cost per Passenger	\$9.76	\$13.36	\$29.44	\$20.16	106.7%
Operating Cost per Vehicle Service Hour	\$144.81	\$171.90	\$190.93	\$179.44	23.9%
Operating Cost per Vehicle Service Mile	\$8.90	\$10.88	\$12.76	\$12.02	35.0%
Passengers per Vehicle Service Hour	14.8	12.9	6.5	8.9	-40.0%
Passengers per Vehicle Service Mile	0.91	0.81	0.43	0.60	-34.7%
Vehicle Service Hours per Employee	962.8	849.3	796.3	806.8	-16.2%
Average Fare per Passenger	\$1.97	\$1.66	\$1.36	\$1.75	-11.3%
Fare Recovery Ratio	20.24%	12.44%	4.63%	8.69%	-57.1%

Source: MST Annual Comprehensive Financial Reports - Fixed Route Bus Service/Sales Tax; Transit Operators Financial Transactions Reports

*Operating cost includes Measure Q sales tax service expenditures minus administrative fees and interest.

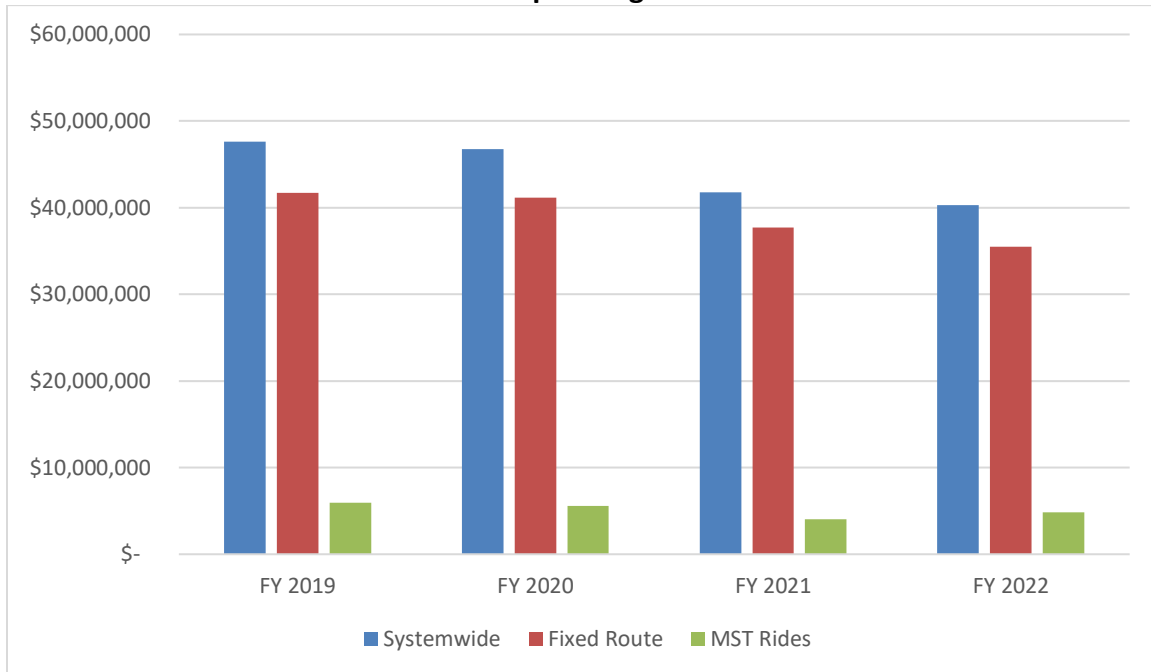
**Table IV-3
MST RIDES TDA Performance Indicators
Paratransit**

Performance Data and Indicators	FY 2019	Audit Period			% Change FY 2019- 2022
		FY 2020	FY 2021	FY 2022	
Operating Cost*	\$5,946,235	\$5,579,764	\$4,064,783	\$4,853,042	-18.4%
Total Passengers	205,138	195,762	124,134	151,352	-26.2%
Vehicle Service Hours	83,678	73,095	53,379	54,031	-35.4%
Vehicle Service Miles	1,287,264	1,081,379	820,473	1,001,733	-22.2%
Employee FTEs	59	63	48	42	-28.8%
Passenger Fares	\$277,535	\$196,058	\$141,708	\$209,004	-24.7%
Operating Cost per Passenger	\$28.99	\$28.50	\$32.75	\$32.06	10.6%
Operating Cost per Vehicle Service Hour	\$71.06	\$76.34	\$76.15	\$89.82	26.4%
Operating Cost per Vehicle Service Mile	\$4.62	\$5.16	\$4.95	\$4.84	4.9%
Passengers per Vehicle Service Hour	2.5	2.7	2.3	2.8	14.3%
Passengers per Vehicle Service Mile	0.16	0.18	0.15	0.15	-5.2%
Vehicle Service Hours per Employee	1,418.3	1,160.2	1,112.1	1,286.5	-9.3%
Average Fare per Passenger	\$1.35	\$1.00	\$1.14	\$1.38	2.1%
Fare Recovery Ratio	4.67%	3.51%	3.49%	4.31%	-7.7%

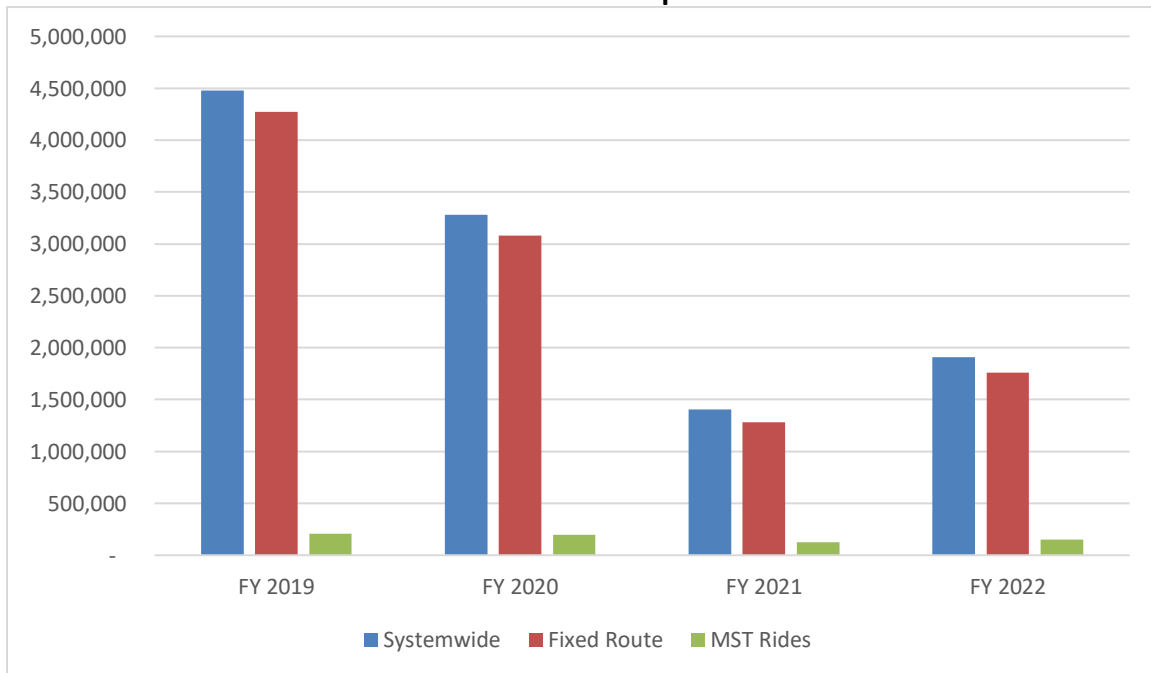
Source: MST Annual Comprehensive Financial Reports - RIDES; Transit Operators Financial Transactions Reports

*Operating cost includes Measure Q sales tax service expenditures minus administrative fees and interest.

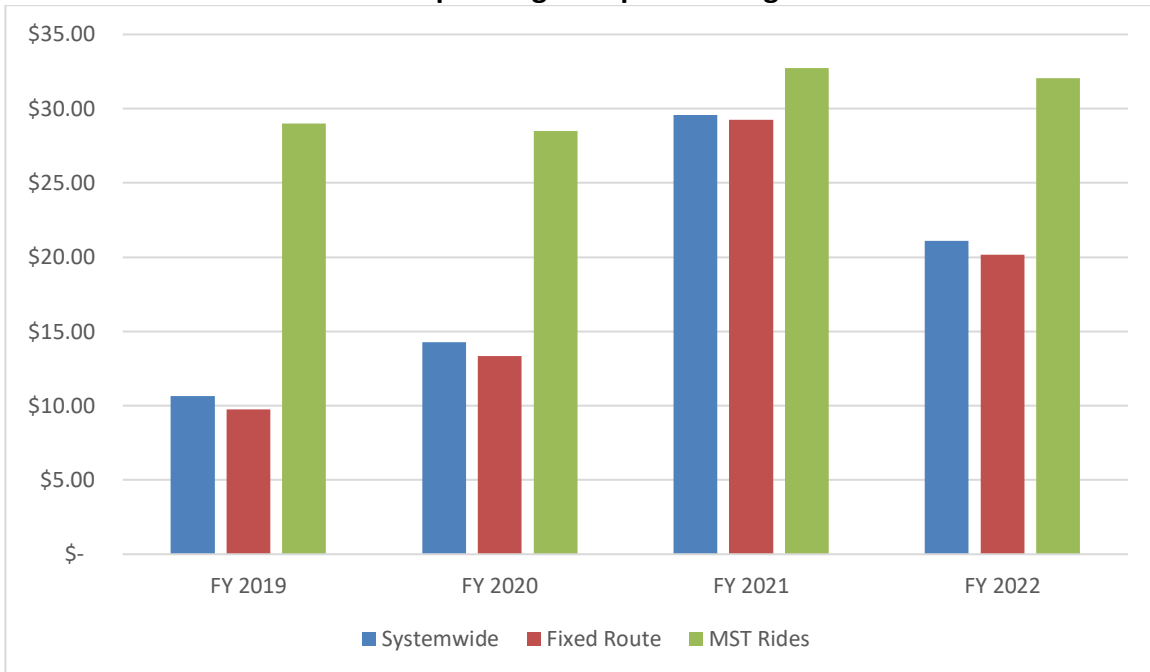
**Graph IV-1
MST Operating Costs**



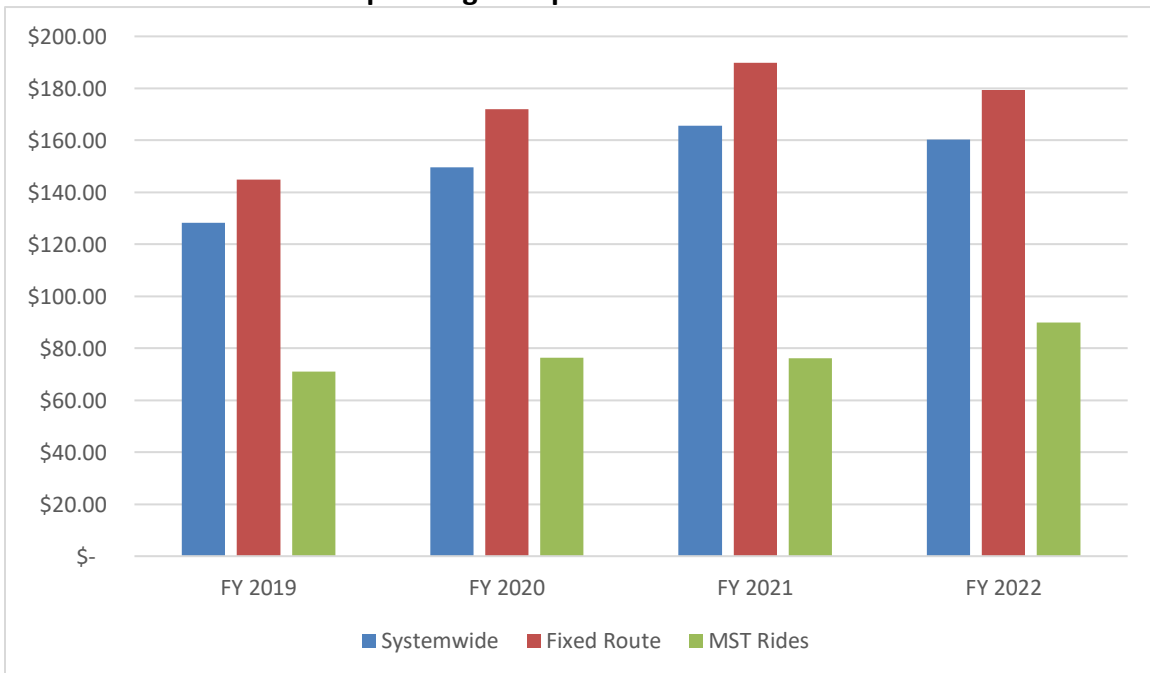
**Graph IV-2
MST Ridership**



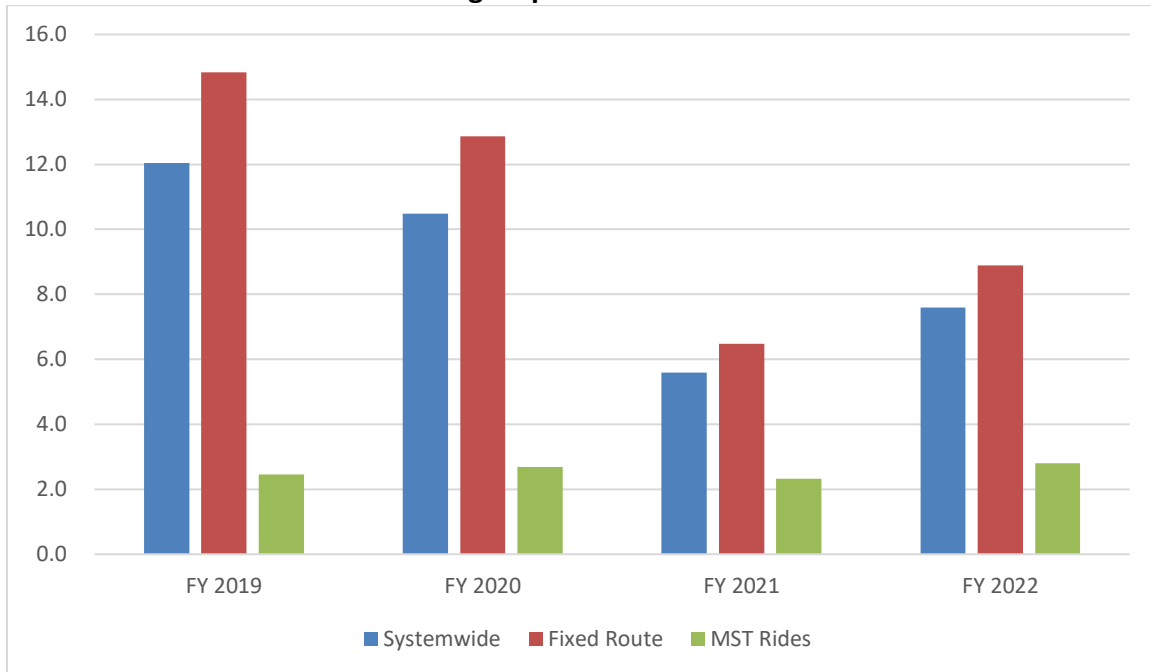
Graph IV-3
MST Operating Cost per Passenger



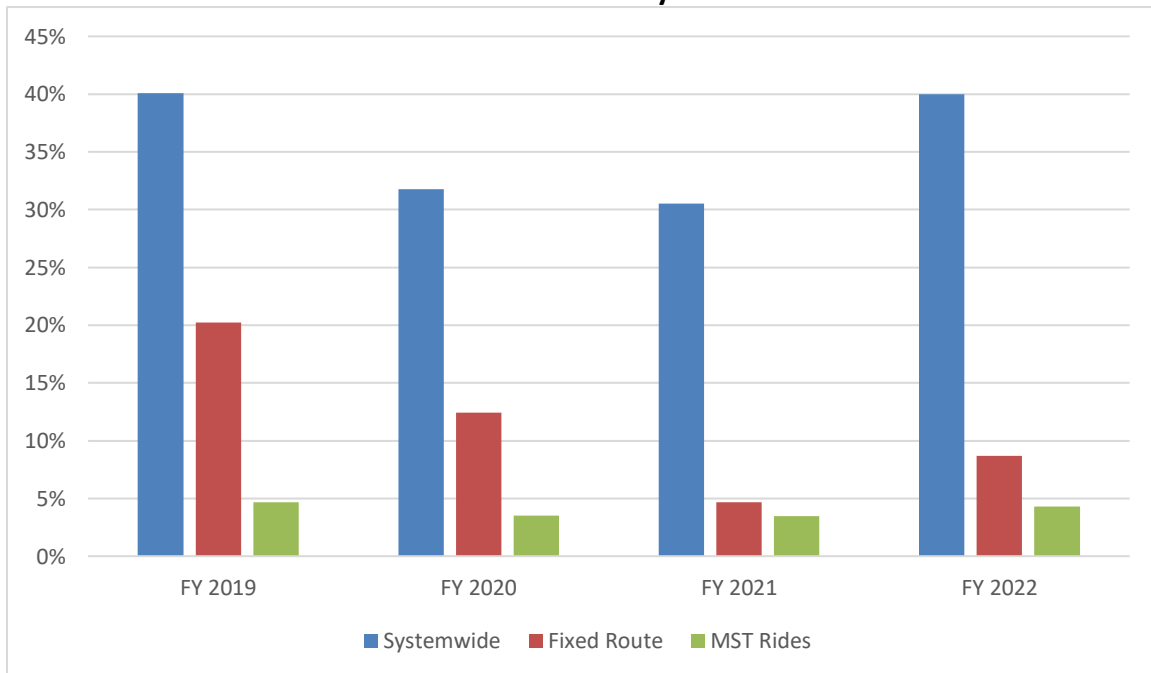
Graph IV-4
MST Operating Cost per Vehicle Service Hour



Graph IV-5
MST Passengers per Vehicle Service Hour



Graph IV-6
MST Fare Recovery Ratio



Findings from Verification of TDA Performance Indicators

1. MST operating costs decreased 15.4 percent system-wide over the audit period from the FY 2019 base year through FY 2022. Audited operating cost data reflect exclusions from depreciation costs. Operating costs decreased every year for both fixed route and MST RIDES, with fixed route decreasing 14.9 percent and MST RIDES decreasing 18.4 percent. The decreases in operating expenses can largely be attributed to the impacts of the COVID-19 pandemic on service levels. This includes such items as operator and non-operator wages/overtime, benefits, fuel usage, etc.
2. Ridership on MST decreased by 57.3 percent system-wide from the FY 2019 base year to FY 2022. Fixed-route ridership exhibited a decrease of 58.8 percent, while MST RIDES ridership decreased 26.2 percent. The vast majority of ridership decrease occurred in FY 2021, the first full year of the COVID-19 pandemic. System-wide ridership began to recover in FY 2022 with an increase of 36 percent from FY 2021.
3. The provision of revenue hours and miles by MST saw decreases across the board system-wide during the audit period, a reflection of the service reductions in response to the COVID-19 pandemic. System-wide vehicle service hours decreased 32.3 percent, whereas vehicle service miles decreased 33.8 percent. Fixed-route revenue hours decreased 31.3 percent and miles decreased 37.0 percent. MST RIDES revenue hours decreased 35.4 percent and revenue miles decreased 22.2 percent.
4. Operating cost per passenger, an indicator of cost effectiveness, increased by 98.4 percent system-wide for MST. Cost per passenger increased by a comparable 106.7 percent on fixed route whereas on MST RIDES, cost per passenger increased 10.6 percent. The trends for this indicator reflect the effects of the COVID-19 pandemic on ridership vastly outpacing the decreases in operating costs. MST RIDES is less affected by this as a demand-response service.
5. Operating cost per hour, an indicator of cost efficiency, increased by 25.0 percent for MST system-wide from the FY 2019 base year to FY 2022, as fixed-route operating cost per hour increased 23.9 percent and MST RIDES cost per hour increased by 26.4 percent. The trends for this indicator reflect the effects of the COVID-19 pandemic on vehicle service hours outpacing the decreases in operating costs.
6. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, decreased 37.0 percent system-wide from the FY 2019 base year to FY 2022. This included a 40.0 percent decline on fixed route from 14.8 passengers per hour to 8.9 passengers per hours, whereas on MST RIDES, this indicator increased 14.3 percent from 2.5 to 2.8 passengers per hour.
7. The fare recovery ratio, without the inclusion of Measure Q Local Funds, experienced significant decreases over the audit period for MST. Measure Q Local Funds were used to support farebox recovery pursuant to Section 99268.19 under AB 149. MST adheres to a

minimum TDA farebox ratio of 15 percent established by TAMC. During the audit period, the system-wide farebox averaged 35.56 percent, which includes both fixed route and MST RIDES as well as Measure Q funds. Excluding Measure Q Funds, system-wide farebox averaged 10.59 percent, reaching as low as 4.52 percent in FY 2021. This is primarily a result of the pandemic-driven decrease in ridership and subsequent fares, particular on fixed-route services. By comparison, passenger fares fell 63.5 percent for fixed route and 24.7 percent for MST RIDES.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within MST. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed with the MST Executive Leadership Team and management staff via videoconference platform:

- Operations
- Personnel
- Maintenance
- Planning
- Marketing
- General Administration and Management

Within some departments are subfunctions that also require review, such as Grants Administration that falls under General Administration.

Operations

MST's operations are guided by its mission statement:

Advocating and delivering quality public transportation as a leader within our community and within our industry.

The COVID-19 pandemic became the impetus for MST to explore a more nimble and responsive transit network. The pandemic revealed gaps in the route network and service modes, which informed where services were needed the most. The focus of the system redesign was the City of Salinas and the Salinas Valley region due to socioeconomic factors such as higher unemployment rates and a lack of automobile access. The system redesign was encapsulated in MST's Comprehensive Operational Analysis (COA) branded as the Better Bus Network, which was implemented on December 10, 2022. One of the new service modes implemented has been a weekday circulator in King City. More circulators are planned in the other Salinas Valley cities and communities.

The route redesign prioritized ridership over coverage and equity over equality. There has been an average 30-minute decrease in travel time. MST's fare structure was revamped, which saw the introduction of a \$2.00 fare that covers two hours of bus travel. Approximately 98 percent of the ridership experienced a 36 percent reduction in fares.

In July 2020, MST broke ground on the new South County Operations and Maintenance Facility in King City’s East Ranch Business Park. The project supports MST’s fixed-route services in southern Monterey and San Luis Obispo Counties. Basing buses near the start of regional routes, rather than 50 miles away in Salinas, reduces labor costs, decreases vehicle wear and tear, and curbs both fuel consumption and overall greenhouse gas emissions. Operations began from this facility in December 2021. MST’s South County facility is the nation’s second to be funded and first completed through the Build America Bureau’s Transportation Infrastructure Finance and Innovation Act (TIFIA) Rural Project Initiative. Using a TIFIA loan saved MST approximately \$5 million in interest payments, when compared with traditional private financing. Additional federal funds, State of California SB 1 funds, TAMC Measure X dollars, and other local contributions also supported the project. Starting its South County routes in King City eliminates the need to drive empty buses to and from MST facilities in Salinas and Monterey. Taking those 45- to-60-mile trips off the daily schedule will cut 900 tons of greenhouse gas emissions per year, which is equivalent to the electricity use for 163 homes for one year.

The MST RealTime app was implemented in July 2017, whereby riders can access data in real time via text, phone, the Transit App, and Google Maps. Buses are equipped with a GPS device that communicates with MST’s vehicle tracking system where the bus is located. When a bus reaches a bus stop timepoint, MST can determine schedule adherence. That information is then used along with the last known position of the bus to predict when that bus will arrive at another stop farther along the route. MST installed APCs on 111 fixed-route and On-Call buses in 2019 to support National Transit Database requirements. The infrared APC sensors note where riders board and disembark, presenting an accurate, system-wide picture of transit use. MST continues to utilize MST RealTime app to track downloads and taps, which help identify the most popular routes. In FY 2022, the most popular routes were JAZZ B with 6,381 taps, JAZZ A with 5,186 taps, and Line 41 with 5,165 taps.

During FY 2021, MST’s “Free 40’s” promotion, which made all routes in the City of Salinas fare-free on Saturdays, Sundays and most holidays, ended when the grant to pay for the lost fares ended. The “Free 40’s” promotion was made possible through a grant from the California Climate Fund Low Carbon Transit Operations Program (LCTOP), and the fare reduction on MST RIDES was made possible by utilizing revenues from local Measure Q—the one-eighth percent local sales tax to support transit services for seniors, veterans, and persons with disabilities. In addition to providing new programs to benefit MST customers, these new Measure Q local funds have provided financial stability for the agency for the first time in many years, despite funding uncertainties at the federal and/or state levels.

MST completed renovations to the 30-year old Salinas Transit Center, which serves over 300,000 passengers annually. The update featured a new “Portland Loo” public restroom that offers a clean, user-friendly experience. Durable, graffiti-resistant, dependable and wheelchair-accessible, it is one of the few public restrooms available in downtown Salinas. Also included was the addition of a larger staff and coach operator break room and restrooms, as well as new environmentally responsible landscaping that will lower water usage at the Transit Center.

Partnerships with local military facilities and installations had been instrumental in supporting ridership growth and compensating for some losses from MST's core ridership segments prior to the audit period. MST would transport officers, enlisted personnel, US Department of Defense (DOD) contract employees, military students, instructors, faculty, and staff to the Naval Postgraduate School, Presidio of Monterey, and Fort Hunter Liggett while offering extended service on its regional buses. These routes served individuals who commuted to and from work or school, while also providing access to shopping and leisure activities off the installations. In July 2019, MST celebrated its 10-year partnership with the military.

The partnerships were made possible in large part by the DOD's Mass Transportation Benefit Program under Executive Order 13150 for its members. The purpose of this program was to offset commuting costs to active duty military members and DOD civilian employees. Participants received a US Department of Transportation debit card with the monthly federal transit benefit preloaded. Funds on the debit card allowed the purchase of a Military GoPass valid for unlimited use on all MST bus routes for 31 consecutive days upon first use. Funds on the debit card were replenished on the tenth of each month. As many as 1,000 Presidio of Monterey employees had enrolled in the Mass Transportation Benefit Program and 75,000 monthly passenger trips were taken to, from, and on the installation.

However, changes in the way the Presidio administered the Mass Transportation Benefit Program in FY 2020 resulted in lower levels of funding to MST to provide transit services to the installation. In addition, participation in the program had already decreased by FY 2019, which coincided with the withdrawal of US troops from Afghanistan and Iraq. At the request of the Presidio of Monterey Garrison Command, MST reduced transit service to the Presidio of Monterey beginning February 2020. The cuts resulted in a 50 percent decrease in transit service to the Presidio as Lines 67 and 69 and Presidio Shuttle were eliminated. Weekend service on other lines serving the Presidio were either reduced or eliminated. MST has stated that providing service to the military base is resource-intensive and it has no plans to restore service. MST has continued to offer the federal transit pass benefit to the local military installations.

MST has been instrumental in providing assistance during natural disasters affecting Monterey County in recent years. During the recent flooding in Monterey County, MST partnered with its contract operator MV Transportation to rescue elderly residents needing to evacuate. It also responded to wildfires and evacuated some senior centers in Carmel Valley. Service to Federal Emergency Management Agency locations was also provided and free fare was offered in areas that were most heavily impacted.

Existing MST mobility programs supported by the initial revenues generated from Measure Q sales tax receipts include the taxi voucher program and travel training outreach that teaches passengers to independently ride MST buses. The money also funds the administration of MST's Navigators program, which is a group of volunteers who answer transit questions, move scooters on and off the bus, carry packages for passengers, and provide other help for those who need assistance.

A joint project between MST and CSUMB includes the CSUMB University Pass program, which offers unlimited access to MST's entire network. The University Pass program also funds expanded transit services on campus, including the CSUMB Otter Trolley as well as off-campus connections

to Marina, Seaside, Sand City, and downtown Monterey. During fiscal year 2021, MST continued its partnership with Hartnell College and with Monterey Peninsula College, both offering free fares to students. These higher education collaborations were part of a larger effort to introduce new passengers to public transportation and increase partnerships. The Marketing Plan from FY 2019 noted an opportunity to work with the community to grow ridership by initiating new conversations about public transportation and larger employers and institutions. In August 2022, MST partnered with Hartnell College, Monterey Peninsula College, and CSUMB to introduce the MST College EcoSmart Pass. Through the program, over 20,600 students simply scan their college ID cards and board. The free fare program also covers nearly 800 CSUMB faculty and staff members. In the past, schools negotiated individual one-year contracts with MST. State grants helped cover student fares, but those grants were no longer available. Now, program costs are based on ridership and all three institutions have the same three-year contract.

In September 2022, MST launched a subsidized vanpool program in partnership with Commute with Enterprise. The program serves a flexible alternative to regularly scheduled public transit routes. The program also makes commuting more environmentally sustainable and affordable than driving alone, especially when gas prices are high. Four or more participants create a vanpool group, choose their vehicle, and set their own schedules. MST provides a \$450 monthly subsidy, and participants pay a set fee that covers the remaining cost. Employers can incentivize participation by contributing to the monthly cost as well.

In 2022, MST celebrated 50 years of transit as a public agency in Monterey County. Innovative partnerships with the local colleges, the City of Monterey, and the Monterey Bay Aquarium were reinstated as the community transitioned into the recovery phase of the pandemic. With the responsibility of providing public transportation for five decades, MST is focusing on several major projects designed to improve travel in the County and into Santa Cruz and San Luis Obispo Counties, which include:

1. ***Focus on Health, Safety Measures and Recovery Planning***

During FY 2022, MST focused its COVID-19 pandemic efforts on installing driver protection plastic shields in buses to protect MST coach operators and the public from close contact. The MERV 7-rated air filters installed in FY 2021 reduced virus spread, as did the enhanced and more frequent bus cleaning protocols. MST continued to test and run the open loop contactless fare payment option for customers.

2. ***Comprehensive Operational Analysis Network Redesign***

In FY 2022, funded with federal monies, MST completed a network redesign through a COA. The MST Board of Directors approved the final COA in February 2022 and staff began the implementation efforts.

3. ***MST Continues to Support Measure Q Efforts***

In FY 2022, Measure Q staff continued their efforts supporting seniors, persons with disabilities, and veterans during the pandemic by offering virtual meetings for some appointments. Many of the mobility clients prefer the virtual meeting format from the comfort of their home. New software was in the works to help RIDES passengers manage and remember their appointment. Also in FY 2022, MST partnered with the Central Coast

Alliance for Health to provide non-emergency medical transportation for Monterey County Medi-Cal clients.

MST's previous contract with MV Transportation was for a five-year period, July 2013 through July 2018, and contained two two-year options for extensions to July 2022. The contract covers the operation of MST RIDES ADA and ST paratransit services and other dial-a-ride and fixed-route transit services. In total, these programs represent approximately 40 percent of all services offered by MST. MV Transportation has held this contract with MST since 2004. The last contract extension was authorized in July 2020 for two years. The contract is divided between two service models, the first covering provisions for MST RIDES ADA and ST paratransit services, and the second for fixed-route, public dial-a-ride (MST On-Call), and trolley services. A new contract between MV Transportation and MST was signed and went into effect July 2020, with a five-year period through June 2027 and two two-year options for extensions to July 2031.

MST utilizes the Dispatch Operations Reference Information System (DORIS), which streamlines the coordination and dissemination of route and schedule information to operations staff. DORIS provides drivers and communications systems specialists with the most current and accurate operational information to deploy MST routes. DORIS helps reduce duplication effort and provides drivers with what they need to drive the bus. Trapeze TransitMaster GPS is used to track vehicle departure and arrival times and provide real-time data for bus arrival for passengers. The MST Board of Directors approved a five-year agreement with Trapeze for TransitMaster system maintenance, not to exceed \$600,000, in July 2019. In addition, upgrades to Giro Hastus software were made to better plan, optimize, and manage scheduling and operations.

After vehicles pull in at the end of the day, fareboxes are probed by utility service workers in order to electronically download data stored in the farebox. The cash box is removed from the farebox, and the contents placed in receiver units. There is no direct handling of cash. Brink's armored car service arrives twice a week at the Monterey and Salinas facilities and every other week at the South County facility to pick up the receiver units, which are processed at the Brink's facility in San Jose and deposited at Rabobank. MST is able to print the GFI report, and the Brink's deposit report gets recorded into the general ledger. MST establishes a 1 percent tolerance level for revenue discrepancy, which then alerts the Revenue Department for follow-up.

MST is moving toward a contactless fare payment system. In a partnership with Caltrans and Visa, the agency launched a six-month pilot program in September 2020 that allowed riders to use a contactless credit, debit, prepaid card, or contactless-enabled mobile device to pay their fare on any MST bus line. MST was the first transit agency in California to introduce a contactless payment solution on its system as part of the California Integrated Travel Project, an initiative to facilitate easy and accessible travel planning and payments. This has proven successful with more riders using contactless payment with minimal influence from MST. MST has also begun to use the financial services platform Square and has informed riders that they can tap utilizing the Square terminals rather than buy their passes at the machines. Fare capping is automatically baked into the Square payment system.

All MST buses are equipped with ten cameras with the ability to have up to twelve. Four cameras are external, and six cameras are internal. In addition, security cameras are installed at all MST facilities, including upgrades at the transit centers. Overall, security cameras have reduced MST’s risk liability and incidents and have decreased the need for law enforcement collaboration. The cameras have a 72-hour footage loop.

On-time performance of the buses is tracked using the TransitMaster GPS system, which electronically tracks all scheduled arrivals at published timepoints. Table V-1 shows the on-time performance for the service. MST has improved its on-time performance for both fixed route and MST RIDES, resulting in improved system-wide performance. The goal is 90 percent on time, with MST coming in anywhere from 87.9 percent to 92.25 percent during the audit period. Better connectivity of routes and times improved on-time performance.

**Table V-1
On-Time Performance**

	FY 2019	FY 2020	FY 2021	FY 2022
MST Fixed Route	87.20%	87.30%	90.90%	85.40%
MST RIDES	91.10%	90.70%	93.60%	90.40%
System Average	89.15%	89.00%	92.25%	87.90%

Source: MST

In regard to vehicle safety, MST tracks the number of accidents, which are categorized as preventable or non-preventable. According to the Federal Motor Carrier Safety Administration, a preventable accident is one that occurs because the driver fails to act in a reasonably expected manner to prevent it. A non-preventable accident is the result of a collision or incident while the driver was lawfully operating the vehicle. Table V-2 summarizes miles between preventable collisions for both fixed route and MST RIDES recorded during the audit period.

**Table V-2
System-Wide Accidents**

	FY 2019	FY 2020	FY 2021	FY 2022
Miles Between Preventable Collisions (Fixed Route)	196,993	131,090	150,565	120,666
Miles Between Preventable Collisions (MST RIDES)	98,808	109,738	75,022	86,722

Source: MST

The number of collisions is monitored monthly. The MST Safety Committee meets quarterly to discuss potential safety issues. Post-accident/incident retraining is conducted after every accident, incident, or leave of absence. Driver trainers are offered a bonus for the completion of 16 hours of safety training offered through the US Department of Transportation. MST offers an annual safety bonus as an incentive to promote safe driving operations.

COVID-19 Pandemic Impacts

As impacts from the novel coronavirus (COVID-19) started to be realized in California, a state of emergency was declared on March 4, 2020. The first confirmed COVID-19 cases in Monterey County were reported on March 17, 2020, with stay-at-home orders issued for the county that day. In response to the order and pursuant to Centers for Disease Control and Prevention protocols, MST enacted many new protocols and service modifications.

When the first COVID-19 fatality was recorded in San Jose, a city served by MST, the executive team implemented the first step of the emergency plan, creating an emergency operations center and shifting responsibilities among managers to improve resilience. MST also acquired a stock of personal protective equipment. Ever since a hepatitis outbreak in the region four years prior, the agency had been disinfecting buses and had the supplies and expertise to continue this practice.

Through the month of April, ridership plummeted as much as 80 percent. Service was cut from 1,100 trips per day to 500 trips. Bus occupancy was restricted to ensure physical distancing could be maintained and passengers were required to wear masks. The agency provided its drivers with masks, goggles and face shields and stopped collecting fares and instituted rear door boarding, to keep passengers from congregating at the front of the bus and potentially exposing the driver. Video cameras on buses allowed managers to pay attention to whether drivers were using their PPE properly and ensuring that passengers followed public health guidelines. MST invested half a million dollars in plastic shields at the front of buses to offer further protection. At the beginning of August 2020, MST began to collect fares again, for the first time since March 18, 2020.

MST also looked for new ways to serve the community during the pandemic. MST reached out to stakeholders in its service zone—the agriculture and hospitality industries, military bases, community colleges, school districts and health-care providers and the groups that represent them to find out what they needed. During the summer of 2020, MST's drivers and vehicles that would have otherwise been idle helped Meals on Wheels in Salinas Valley to deliver 8,000 meals to seniors and persons with disabilities. Students living in agricultural communities were having difficulty keeping up with remote learning mandates. Many had been provided Chromebooks by the state, but they did not have Internet access. In response, MST parked its Wi-Fi-enabled commuter buses in rural areas to provide hot spots for them. MST donated a vehicle it no longer needed to a veterans group who used it to take homeless veterans to food, medical services, and shelter. The transit agency gave another vehicle to a nonprofit that trains at-risk youth to work in the hospitality industry.

Upon discovering that drivers who took disabled veterans to medical appointments had stopped volunteering because they were old, disabled, and at high risk of illness, MST found CARES Act funds to take over this service. To support the local agriculture industry, which is critical to the national food supply, MST provided two buses to be converted into mobile COVID-19 testing facilities, such as Clinica de Salud del Valle de Salinas, to get testing capability out to the workers in the fields. It offered additional support by arranging for 7,500 masks received from the federal government to be distributed to families by organizations serving farmworker communities. MST also looked at data to understand how transportation needs had changed, utilizing the Slido app

(an online survey tool) to survey passengers and employees and to resurvey community stakeholders.

FY 2022 began during the transition to recovery of the COVID-19 pandemic. MST focused its COVID-19 pandemic efforts on installing driver protection plastic shields in buses to protect MST coach operators and the public from close contact. The MERV 7-rated air filters installed in FY 2021 reduced virus spread, as did the enhanced and more frequent bus cleaning protocols. MST continued to test and run the open loop contactless fare payment option for customers. Significant reduction in ridership had begun in early 2020 due to changes implemented by MST’s long-standing Presidio of Monterey military partner and the onset of stay-at-home orders in response to the COVID-19 pandemic. At the end of fiscal year 2022, the MST fixed-route bus system consisted of 33 transit lines, down from 61 prior to the pandemic and military service reductions.

MST instituted a vaccination policy for its drivers, requiring vaccination or a medical exception waiver. Staff aged 65 and older and/or immunocompromised were allowed to shelter at home with pay for one year. Office staff worked remotely for two weeks before switching to work from home shifts where only one person would be in office at a time. Virtual interviews were held during this time for open positions. No outbreaks occurred at MST and contact tracing was done internally with employees having received training from the Johns Hopkins Coronavirus Resource Center contact tracing program. MST provided training to other transit operators and received recognition from Biden Administration officials, such as Vice President Kamala Harris and Secretary of Transportation Pete Buttigieg, for its COVID-19 response/protocols.

Specialized Transportation Services

Specialized transportation services have been provided through paratransit and taxi voucher programs. MST is the designated Consolidated Transportation Services Agency for Monterey County. The agency employs three mobility specialists and one ADA eligibility specialist.

The paratransit division, MST RIDES, provides service to persons with disabilities in Monterey County through its contract operator, MV Transportation. RIDES vehicles are owned by MST but are operated by MV Transportation. Paratransit services are provided within a 0.75-mile corridor on either side of an MST mainline bus route operating during the same days and times that the bus operates. MV Transportation also operates the demand-response services in the South County Cities of Gonzales, Greenfield, King City, and Soledad.

Liquidated damages are stipulated in the MV Transportation contract for key performance metrics. MST maintains a monthly customer service update report that summarizes customer satisfaction, late arrivals, employee courtesy, ADA compliance, and no-shows. Table V-3 summarizes the number of no-shows and late cancellations incurred during the audit period.

**Table V-3
MST RIDES – No-Shows and Cancellations**

	FY 2019	FY 2020	FY 2021	FY 2022
No-Shows	2,907	2,707	1,148	1,757

	FY 2019	FY 2020	FY 2021	FY 2022
Late Cancellations	17,809	15,017	6,776	9,556

Source: MST

The number of no-shows decreased 39.56 percent from 2,907 in the FY 2019 base year to 1,757 in FY 2022, which largely coincides with the decrease in ridership due to the pandemic coupled with better training provided by MST customer service and modified recording of the data. The rate of no-shows as a percentage of total riders was 1.38 percent in FY 2020, 0.92 percent in FY 2021, and 1.16 percent in FY 2022. Industry standards are generally in the range of less than 5 percent. Late cancellations have also declined during the audit period and can also be attributed to the loss of ridership during the pandemic.

An estimated 40 percent of paratransit trips are for dialysis appointments. MST reports that dialysis patients are often not ready when the vehicles arrive. In an effort to improve schedule adherence, MST is working with the dialysis clinics as well as recoding no-shows as will-calls. To help with appointment reminders, MST implemented an interactive voice response (IVR) telephone system that automatically places a telephone call the night before the passenger’s trip. However, the IVR system has not been effective due to old technology, compatibility issues, and algorithms. While the pandemic affected paratransit service ridership, this demographic of riders using service for dialysis appointments remained stable. The decrease in non-dialysis appointment ridership allowed MST to reallocate resources to meal delivery.

Off-peak overflow service is available to ambulatory ADA riders using taxicabs as part of the mobility management program. The operating contract allowed MV Transportation to subcontract with a third-party cab operator that is required to be compliant under the master contract. MST, in conjunction with MV Transportation, developed the Taxi ADA Certification Program (TACT), in response to ADA complaints against local taxi operators. Taxi operators who wish to provide services to MST customers through the MST RIDES and taxi voucher programs must undergo six hours of certification training. MST RIDES and taxi voucher customers are required to use only TACT-certified drivers.

Personnel

Nonexempt personnel such as coach operators, mechanics, parts and utility workers are represented by the Amalgamated Transit Union (ATU), Local 1225, based in Marina. MST reports a good working relationship between management and the union despite a change in leadership in the ATU. The ATU 1225 covers administrative staff as well as some executive positions. During the audit period, MST and ATU 1225 had a contract from October 2019 to September 2022 with a new contract signed that extends from October 2022 to September 2023.

All coach operators assigned to MST’s directly operated services are full time. Routes are bid out quarterly, with bids based on seniority and having been moved to a computerized system during the audit period. The average tenure of the drivers is about 12.4 years, and turnover is relatively low compared to the industry average. A suggestion box is located in the driver lounge for ideas. Almost a quarter of drivers for fixed route are contracted with MV Transportation, which conducts

its own hiring and training. Currently, MST has 105 drivers on staff, although this number is closer to 99 due to some drivers being on long-term illness leave. A combination of industry-wide hiring issues as well as the pandemic has led to a shortage of roughly 17 drivers to be at 100 percent staffing levels. While operations were reduced during the pandemic, no layoffs occurred.

The director of transportation service developed a database of driver records and history for improved management of resources. A classification and compensation study was completed to review options for employee working status. MST provides a breakdown of full-time equivalents (FTE) for both directly employed and contract staff by dividing the number of employee labor hours by 2,000. MST has been accounting for its FTEs for both directly and contracted operated services, as summarized in Table V-4.

**Table V-4
Employee Labor Hours/Full-Time Equivalents**

	Fixed Route Hours				RIDES Hours		Total Hours	
	MST	MV	Total	FTE	MV/MST	FTE	Total	FTE
FY 2020	442,979	120,523	563,502	282	125,568	63	689,070	345
FY 2021	398,702	97,092	495,794	248	95,188	48	590,982	295
FY 2022	407,319	82,729	490,048	245	83,940	42	573,988	287

Source: MST

The majority of MST’s recruitment efforts are focused on coach operators, conducted using various methods such as through job fairs, the California Employment Development Department, bus ads, destination sign announcements, print ads, and social media. MST has been in process of contracting with LocalJobs.com, an online career platform with an emphasis on recruiting minority and women candidates. Recruitment is also targeted to reach veterans, and a number of bus operators are former military personnel pursuing a second career. Hiring standards are based on personality and having a customer service orientation. MST offers a competitive benefits package that features flexible hours and pet insurance. MST also implemented various incentive bonuses such as \$500 for first solo trip, \$1,000 after 1,000 hours, and \$2,000 after 2,000 hours, as well as bonuses for safe driving.

To hire and retain the best qualified coach operators, MST has been using the Bus Operator Selection Survey (BOSS) program since 2004 to evaluate coach operator candidates. The BOSS program is a pre-employment screening program composed of 52 questions used to measure an applicant’s potential for success, risk, and critical performance behaviors such as safety, customer service, and attendance. The BOSS program is a validated test based on American Public Transportation Association standards. MST pays for each test. During the audit period, a standard operating procedure manual was created that addresses employee recruitment and screening. The manual provides guidance on tracking applicants and validated testing.

MST emphasizes safety and invests heavily upfront in personnel. This philosophy is followed to save the agency from going through potential driver discipline later. New coach operators must pass an extensive eight-week training program. The new hire orientation is conducted the first day followed by the training course the next day. During that training period, candidates undergo

approximately 15–20 hours of classroom time and at least 120 hours of behind-the-wheel training. The safety/training officer, with the assistance of a select group of certified US Department of Transportation trainers, oversees the training of new coach operators. The US Department of Transportation trainers are experienced coach operators with excellent safety and personnel records who have a major role in training new employees. Safety training includes crisis training for issues like fare disputes and understanding the role of the bus as a safe place for youth in crisis. MST grew its number of road supervisors from five to nine as the service expanded.

Once new coach operators have completed their initial training, including qualification on every type of coach in the fleet, they transition to the skilled oversight of MST line instructors. During this training phase, trainees drive in-service, interact with passengers, and complete the full duties of a coach operator, including conducting pre- and post-trip inspections. Coach operators are required to learn every line in the MST system. There is a training course at the MV Transportation operations facility equipped with curbs and bus stops.

In addition to the training protocol, coach operators undergo eight hours of Verification of Transit Training annually. Topics include the ADA, drug and alcohol policies, human trafficking, and post-accident training. In-service training campaigns include making coach operators conduct a full pre-trip inspection. Mechanics receive forklift training and attend an hourly monthly maintenance “tailgate” training.

Another way MST tracks the effectiveness of its safety programs is by monitoring its accident and injury claims history. By using an experience modification factor, MST can compare past loss experiences from accidents to the expected experience for a specific period of time. The experience modification factor calculated by the California Transit Insurance Pool for MST shows changes in accident severity and frequency. MST generally has between 8 to 10 drivers on disability at any one time, with some claims for workers compensation. Human Resources deems whether the injured driver is eligible for time off, and the driver works with the supervisor to receive approval. With good relations between MST and ATU, the rate of grievances has been very low. A safety committee composed of two members each from MST and ATU conducts grievance hearings, with the risk manager providing the deciding vote. The MST chief executive officer also reviews the written documentation. Employee town halls are held every Thursday following the MST board meetings. The town halls are announced on TransitMaster message board.

Employee recognition and team building initiatives include employee of the month and employee of the year, chosen from among the employee of the month designees. Awards are given for exemplary attendance and safety practices. Monetary safety awards are \$275 for coach operators and \$200 for mechanics. MST also holds an annual safety barbecue for employees. Employee badges double as bus passes.

Maintenance

The stated goal of MST’s Maintenance Department is to provide safe, clean, and reliable vehicles to meet operational/service requirements. During the audit period, the Maintenance Department returned to the Thomas D. Albert Division in Monterey after its renovation.

The service bays at the renovated facility were expanded from 3 to 10 service bays and are long enough to accommodate articulated buses as well as four vehicles side-by-side. The facility's new service bays include an eight post lift, a new tire servicing station and lift, larger parts storage, water-efficient bus wash, steam racks, electric bus charging station, and 45-foot length raptor lift. The drive-through bus wash uses recycled water. The second-floor communications center offers a bird's-eye view of the bus yard and contains the administrative offices for the supervisory staff. An emergency gate was installed to the adjacent school district property. The facility is also equipped with an emergency generator.

The new South County facility design and build proved to be successful, and now serves as the hub for South County services. The facility features four pull-through bays as well as room that will serve as the workstation in which buses will go under zero emissions bus (ZEB) retrofitting. MST is hoping to implement hydrogen fuel cell retrofitting at this location.

MST implemented Zonar in 2018, which utilizes electronic Vehicle Inspection Report (VIR) technology for daily pre- and post-trip inspections transmitted via cellular signal into a database. Radio-frequency identification tags are placed on the vehicle in critical inspection areas or zones. Drivers conduct their vehicle inspections by placing the Zonar reader within inches of each tag and indicating the condition of the components within the zone with one-handed, push-button responses. When a defect is discovered, the driver selects a description from a predefined list and indicates if the vehicle is safe to operate. Fault codes generated by the VIR, which is CHP-compliant, are transmitted to the lead mechanic for attention. The Zonar equipment is leased, and online trainings are offered.

Maintenance is overseen by the assistant general manager/chief operating officer (COO), who provides direction to the maintenance manager and four maintenance supervisors who oversee daily operations. In addition, maintenance staff comprises 24 maintenance technicians and 13 utility service workers. During the pandemic, MST had just seven mechanics but managed to get through this period largely due to reduced service hours. Parts inventory staff falls under procurement under the direction of the assistant general manager of Finance and Administration for better cost control.

Some senior-level maintenance technicians have been with MST close to 20 years, while about a third of the MST technicians have 8 years or less of experience. MST generally seeks candidates with heavy-duty engine experience. MST recruits through the County Workforce Development Board where MST had a seat on the board during the audit period. Mechanics undergo four to six weeks of training, which commences with the coach operator class.

MST incentivizes Automotive Service Excellence certifications of its mechanics at all levels, i.e., entry, intermediate, and advanced; these certifications are reviewed in the overall skills assessment for promotions. Several maintenance technicians have certification. MST reimburses fees and offers higher compensation incentives.

When new buses are delivered to MST, the vendors from Gillig and MCI will travel to MST's maintenance facilities to conduct specialized training. MST will also send one mechanic at a time to regional training at SamTrans in San Mateo. Specialized training includes developing maintenance skills for an electric fan versus a hydraulic fan. MST is also a member of the Southern California Regional Transit Training Consortium. The consortium is a training resource network comprising community colleges, universities, transit agencies, and public and private organizations focused on the development and delivery of training and employment of the transit industry workforce that is proficient at the highest standards, practices, and procedures for the industry. MST also partners with Hartnell College's Agricultural Business and Technology Institute diesel mechanic training program.

Directly operated bus transmissions are traded out, some vehicle support tasks are contracted out, and tires are leased. Under the MV Transportation contract, MV-owned vehicles as well as MST-owned vehicles that MV operates, such as the trolleys, are maintained by the contractor. An MV maintenance manager provides daily oversight and transmits to MST a list of vehicles that are placed out of service. MV Transportation corporate maintenance staff also randomly conduct inspections twice a year. Buses are generally placed out of service due to a lack of parts availability. MV now uses the old MST facility in Seaside for contracted services.

MST uses Trapeze Enterprise Asset Management software, which is tied into the fueling system software program, FuelFocus. Vehicle parts inventory is tracked by the AssetWorks program, which allows parts to be automatically deducted from the inventory when utilized. The value of the parts inventory is also gauged. Vehicle parts are bar-coded, and cycle counts are conducted on a weekly and monthly basis. This information is reported to the MST Board of Directors. Parts are procured from a list of vendors. Cycle counts are conducted monthly and at random. Twice a year MST will also do a wall to wall inventory audit.

The preventive maintenance inspection (PMI) program is structured according to the original equipment manufacturer requirements. MST ensures that all PMIs meet and/or exceed the requirements of the original manufacturer. MST's goal is to meet or exceed the required PMI rate of 80 percent. PMIs for MST vehicles are generally scheduled every 45 days or 3,000 miles. For MST RIDES vehicles maintained by MV Transportation, the PMIs are scheduled for every 120 days or 5,000 miles. Under the taxi program, PMIs are scheduled every 5,000 miles with fines imposed should the taxi provider not meet the schedule. Both MST and its contract operator, MV Transportation, received satisfactory ratings for all vehicle inspections conducted during the audit period as part of the CHP Transit Operator Compliance Program. MST is now utilizing Trapeze for its work orders and PMI tracking.

Vehicle defects are reported by the drivers on the daily VIR or "defect card." A defect card is prepared for each bus in revenue service. If no problems or defects are found, the VIR is signed off with the notation that no defects were discovered. The VIRs are reviewed by the maintenance supervisors daily. MST tracks the number of road calls per mode in the annual federal National Transit Database report, which are summarized in Table V-5.

**Table V-5
System-Wide Road Calls**

	FY 2019	FY 2020	FY 2021	FY 2022
MST Fixed Route	221	168	76	129
MST RIDES	30	16	16	7
Total	251	184	92	136
Miles Between Road Calls (Fixed Route)	34,673	38,127	66,163	30,956
Miles Between Road Calls (MST RIDES)	65,434	89,995	67,461	83,333

Source: MST; National Transit Database

The industry standard for road calls for a heavy bus is about 7,000 miles; MST exceeded the standard in each year of the audit period. This is the minimum performance target, and MST sets a goal of 15,000 miles between major mechanical road calls. MST has met and exceeded this goal the past several years. In addition, MST set a minimum performance target of 30,000 miles between road calls for paratransit and a goal of 60,000 miles. This goal has also been met.

MST conducts monthly inspections of the MV Transportation operations and maintenance facility, which includes an examination of vehicle maintenance work orders and the inspection of two random vehicles monthly.

Planning

Service and long-range planning is under the purview of the director of Planning and Marketing. The director has been active on committees such as the TAMC Bicycle & Pedestrian Committee and the Wayfinding Planning Advisory Committee to provide transit input. Planning staff also participate in meetings with various local agencies, including the Association of Monterey Bay Area Governments, the Monterey County Hospitality Association, the Monterey County Business Council, and the Fort Ord Reuse Authority.

The implementation of the Remix transit-planning platform has allowed MST to analyze existing services and explore how moving bus stops, updating timetables, or adding new lines will impact passengers more accurately. Remix is a comprehensive, cloud-based program that draws data from the agency’s new APCs with maps, ridership trends, origin-destination data, and demographic information. Planners can then drag and drop routes and stop locations in real time to see what changes might mean for customers and overall traffic flow.

Planning and scheduling staff also focus efforts on service changes, which are made generally twice a year, once during Memorial Day weekend and again during Labor Day weekend. Changes are made when the area’s schools, colleges, and universities return to session. Staff coordinate efforts with CSUMB to review routes serving the campus and to plan for any changes to those routes when school begins in August. New bus stops are also planned and approved to improve service.

In December 2021, MST published its Innovative Clean Transit (ICT) Rollout Plan. This plan serves as the guide MST will use as it transitions its fleet to zero-emission vehicles to achieve the ICT regulation that requires all public transit agencies in the state to gradually transition to 100-

percent ZEB fleets by 2040. The Rollout Plan is broken into sections that discuss available technologies, current bus fleet composition and future bus purchases, facilities and infrastructure modifications, providing service in disadvantaged communities, workforce training, potential funding sources, and start-up and scale-up challenges.

In July 2021, the MST Board of Directors approved and fully funded the SURF! Busway and Bus Rapid Transit Project, supporting a proposed 6-mile, transit-only route that would connect Salinas, Marina, Seaside, Sand City, Monterey, and Pacific Grove, while also providing an efficient link to connecting service across the MST network. Residents and visitors will also enjoy 1 mile of new bicycle trail connections and improvements to the Monterey Bay Recreational Trail. MST and TAMC have conducted significant outreach to learn what the community wants for transit service along the SURF! Corridor. As of September 2022, MST and TAMC have participated in over 90 meetings with stakeholders and community members, including an open house in Marina with more than 65 attendees. During the audit period, MST and TAMC have reached over 2,200 members of the community. Currently, the project is in the final design stage, accompanied by a round of public outreach on key design areas throughout 2022 and 2023. Kicking off construction in 2024 would put the SURF! line on track for a 2027 public debut.

MST and TAMC are among several local agencies and jurisdictions that received property during the Fort Ord closure process. Before its 2020 sunset, the Fort Ord Reuse Authority issued bonds to fund the removal of blighted former military buildings on some of those properties. That included a pair of adjoining MST and TAMC parcels located along a former rail line, in the City of Marina. Through a shared funding agreement with TAMC, MST led building removal on the neighboring properties. Crews deconstructed a former bakery, along with cold storage facilities, warehouses, and other abandoned structures. TAMC is exploring mixed-use, transit-oriented development options for its former Fort Ord property. MST plans to utilize the site in its SURF! Busway and Bus Rapid Transit Project.

With the pandemic slowing operations significantly during the audit period, MST had an opportunity to rethink its service, the first full system review in over two decades. Prior to the pandemic, 25 percent of ridership was through military and college partnerships. With both these demographics no longer using service by March 2020, MST was in a position to evaluate its transit system and ridership base. Through its COA Final Network Plan, MST looked into where services were needed the most and began developing its Better Bus Network, utilizing locational data such as car ownership and income levels to determine who is in most need of MST services. Some issues it looked to address were most lines operating at very low frequencies, the time it takes to get from one location to the next in an efficient manner, the changes to where people now live and work in the regions, and unmet needs in Salinas, as well as equity issues exacerbated by the pandemic. In the first half of 2021, MST and the consultant team conducted outreach to hear the community's opinion on the key choices for the transit network. This included stakeholder groups, regular MST riders, and the general public through hundreds of surveys utilizing QR code and SLIDO technologies. MST focused these outreach efforts in finding the best solutions for the following choices:

- Ridership versus Coverage

- MST aimed to address whether service should be more heavily focused on ridership (higher frequency, longer hours, higher concentration of people/jobs/destinations) or coverage (more stops with less frequency). MST decided that more focus on ridership would be in the best interest of the operator and its riders, providing more frequency and less deviations of its more popular routes while eliminating its less frequently utilized lines.
- Equality versus Equity
 - MST's existing coverage-oriented service consisted of routes operating once an hour or less in a mix of suburban, small town, and rural areas at all income levels. Through the COA development, MST has focused on communities that are more likely to have less reliable modes of transportation and be more in need of MST services. This means ensuring coverage is maintained in low-income areas, maintaining coverage to key public and community services, and eliminating symbolic coverage to far-flung areas where the bus can only ever serve extremely small numbers of people.
- Local versus Regional
 - Because MST is the transit agency for all of Monterey County, there will always be tension in deciding how much transit service should be provided throughout the region. There are tradeoffs to longer lines, which cost more to operate at the same frequency than shorter lines as well as crossing large areas in which no one is using the bus, resulting in fewer riders per hour of service. The more MST spends on regional service, the fewer resources are available to provide lower-cost, higher-ridership lines in urbanized areas. But if MST did not provide regional lines to the small towns in southern and northern Monterey County, it is unlikely anyone else would step in. MST is looking to rebalance service to provide a 10 percent decrease in service in the greater Seaside-Monterey urban area in order to increase service in the greater Salinas area and the rest of the county. This balance is closer to the share of regional population and jobs, while acknowledging that an MST bus line is not the best tool to serve most isolated rural areas or most agricultural jobs.

While still in its infancy, the Better Bus Network has proven to be successful in achieving some of MST's goals in providing higher frequency service, with an average decrease in travel times of 30 minutes. MST also created a multimedia campaign for the reimagining of the bus network, which included a website where riders could compare the old network to the new network. In regard to measuring the success, the Board of Directors is now less interested in pre-COVID-19 comparisons and instead more interested in how MST can create a more efficient system in a post-pandemic transit industry. While the COA implemented major changes to MST's fixed-route services, its RIDES program was not addressed as part of the COA development. Similar to the Better Bus Network, fares were restructured to provide riders a more simplified fare structure. As mentioned earlier, a \$2.00 MST fare covers two hours of bus travel (\$1.00 for two hours for discount fares). When using contactless payment, there is no tapping off when exiting, and it is easy to travel anywhere in the system on one ticket. Through this fare restructuring, 98 percent of cash-paying riders saw a 36 percent reduction in fares.

Marketing

MST uses a number of media tools and approaches to market its services to the public. Marketing and customer service are overseen by a marketing manager and the director of Planning and Marketing. In addition, one community relations coordinator, a customer service supervisor, and five customer service representatives are assigned to MST transit centers in Marina, Monterey, and Salinas as well as the Mobility Service Center in Salinas. The customer service personnel are bilingual in English and Spanish. MST’s annual marketing budget has generally ranged between \$350,000 and \$400,000.

The MST Riders Guide is published and released twice annually. The Riders Guide is assembled with a glossy cover and a foldout system-wide map in the middle. New or specialized services are publicized through the distribution of brochures. It takes approximately 10 weeks to produce the Rider’s Guide.

The MST Annual Report is published in a 20-page glossy brochure format, with a “fast facts” insert. The Annual Report features a message from the general manager, financial data, ridership highlights, new services and programs, employee of the year/month, legislative initiatives, MST’s mission and strategic goals, and a roster of the Board of Directors. The 2022 Annual Report highlighted the implementation of the Better Bus Network, Measure Q and Mobility updates, MST’s 50th anniversary, the launch of the College Ecosmart Pass, updates on the SURF! Busway, and the Strategic Goals summary for 2022-2025. The Annual Report is in both English and Spanish.

Online marketing and information are provided through MST’s dedicated website, found at <https://mst.org/>, as well as through social media. The website contains extensive information about MST’s routes, fares, mobility management programs, administration, financials, and employment opportunities. An electronic copy of the Riders Guide can be accessed on the website. Conforming to Title VI requirements, the MST website includes copies of the most recent Title VI plan and a dedicated bilingual site for civil rights and filing a Title VI complaint. The website also contains a Google Transit trip planner and a Google Translate tool.

MST extensively uses social media including Facebook, Instagram, NextDoor, and YouTube to stay connected with riders, post press releases, and send bus alerts. YouTube videos are used as an advertising and mobility management tool. The agency discontinued the use of X (formerly known as Twitter). Social media metrics are included in the Administration Department monthly report as well as the annual general manager report. MST increased its following to 1,900 on Facebook and 1,370 on Instagram during the audit period. Social media engagement includes making sure that people are tagged on the posts. These electronic platforms are part of the movement by MST toward technology tools to create efficiencies and real-time information for its customers. A link to the transit app is available from the MST website to directly tie the rider into the electronic messaging of bus schedules and arrivals. The free user-friendly transit app gives passengers real-time bus arrival information on their iPhone or Android device. The app shows next bus arrivals, locates the nearest bus stop, and allows the user to set alerts for preferred routes.

During the development of the COA, MST engaged in several outreach campaigns to the public involving telephone surveys, virtual meetings, design workshops, and paid rider focus groups. The telephone survey effort yielded 500 contacts. Outreach also included a presentation before the Mobility Advisory Committee (MAC). One of the MAC members participated in the design workshops. The development of the COA resulted in the creation of a trip planning tool that provided a contrast between the old route network and the new route network.

Measure Q provides a significant boost in funding for MST's mobility management efforts for community outreach and volunteer initiatives, including the MST Navigators program. The program involves volunteers (Navigators) who are available to train others to ride the bus and navigate the MST system, assist seniors on shopping trips by bus, give public presentations, and represent MST at health and welfare events in the community. The program is marketed through a trifold brochure and dedicated website at www.MSTMobility.org. The screening process involves an application followed by an interview and criminal background check. Program volunteers need to be at least 18 years of age. MST also offers free fixed-route travel training to teach interested individuals how to ride the MST bus system safely and independently.

MST derives revenue from interior and exterior advertising space on its buses. Bus wrap advertising is not allowed. Also, advertising space is not available on bus shelters per MST policy. Rates are structured per ad charged on a per month net basis. Production and mounting costs include labor and materials. Nonprofit organizations receive two months of advertising for the price of one. MST generates approximately \$315,000 annually in advertising revenue. The advertising program is contracted through Chidlaw Marketing.

Complaints are received and handled by customer service and are logged into the customer service database. MST has adopted standard operating procedures to ensure that customer comments, complaints, and compliments are promptly and accurately entered into the service reports database for follow-up and to ensure that customer service reports are promptly and thoroughly processed with final resolution provided to MST's customers.

Most complaints pertain to improper driving, no show, passed by, and other service and bus operator incidents. Once the complaint is received, it is routed via email to the appropriate department head to address and validate. Upgraded cameras and video on the buses allow for review of incidents and verification of facts. The images are automatically downloaded to a server. MST follows up with the customer if that preference is indicated. Complaints are tracked by type in the monthly customer service update report and are separated between MST-generated complaints and other provider complaints. The number of valid complaints is also recorded, as are employee and service compliments received from riders. MST's civil rights officer reviews civil rights related complaints.

Pursuant to the federal Civil Rights Act of 1964, a Title VI Program has been developed and adopted by the agency. Title VI of the Civil Rights Act of 1964 requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. The Title VI Program was updated and adopted in August 2023. Program compliance includes Title

VI notices and complaint forms published in English, Spanish, and Tagalog (Filipino) that are posted on the transit website and vehicles. MST's Civil Rights and Title VI Policy documents are posted on the website ([Civil Rights | Monterey-Salinas Transit \(mst.org\)](#)).

General Administration and Management

MST's administration is governed by a Board of Directors comprising one representative from each member jurisdiction, including the County of Monterey. Each board member serves at the pleasure of the appointing member jurisdiction. Members are either elected officials or officers or employees of the appointing member jurisdiction. There are currently 13 board members. The board convenes the second Monday of each month at 10:00 a.m. MST's administrative offices are at 19 Upper Ragsdale Drive in Monterey, located about a mile away from the Thomas D. Albert Operations and Maintenance facility.

The board appoints the general manager/chief executive officer (CEO) to administer the operations of MST as head of the executive leadership team (ELT). Key executive level personnel serving under the direction of the general manager/CEO are the assistant general manager/deputy treasurer, COO, chief information officer (CIO), director of Planning/Innovation, director of Human Resources and Risk Management, and the civil rights officer.

The long-time assistant general manager/COO retired at the end of August 2019 after having been with MST since 2003. The director of Planning and Marketing was promoted to the assistant general manager/COO position effective September 2019. MST's approach to succession planning involves identifying key staff members from within the organization who are moved into strategic positions in the agency. The board adopted a succession plan during the audit period and identified two ELT members, who could potentially be promoted into the general manager/CEO position. Project management training is offered to qualified prospects. A CIO was introduced to the ELT during the audit period. The grants analyst for MST was promoted in October 2019 to be the director of Planning/Innovation.

MST's MAC serves in an advisory capacity to, and at the pleasure of, the MST Board of Directors. MAC members are appointed by the MST board and represent key stakeholder groups in Monterey County such as the disabled, senior, veteran, and social service agencies, pursuant to the TDA requirements of PUC Section 99238 for Social Services Transportation Advisory Council (SSTAC) membership. The MAC also advises the board on matters relating to all activities of the Consolidated Transportation Services Agency, including the complementary paratransit provisions of the ADA.

The bylaws for the MAC were last updated in September 2021. In reviewing the roster of the MAC membership, while it appears to fulfill many of the required categories of the SSTAC, there is no corresponding reference to such categories. Section 1.0 of the bylaws specifically indicates that the MAC serves in the capacity as the SSTAC: *The Advisory Committee is designated and serves as the Transportation Agency for Monterey County's (TAMC) Social Services Transportation Advisory Committee (SSTAC) as stipulated in the TAMC Transportation Development Act (TDA) guidelines.* Under Section 3.0 of the bylaws, the statutory SSTAC membership categories are listed. However, the membership roster does not contain a column indicating which member meets the required SSTAC membership category. It is recommended that MST work with TAMC to update the MAC bylaws to incorporate a table that aligns the MAC membership with the SSTAC categories. In addition, alternate members should be identified and included on the MAC membership roster.

The Finance Committee meets several times annually to develop a budget. The annual budgeting process commences in January and February. The Finance Department gathers information from the other departments. Operations, Information Technology, Marketing, and Maintenance provide supporting documentation toward the budget. In addition, payroll, contracts, and capital projects are analyzed and compared to the forecasted revenue streams. Those revenues include state and federal grants, TDA, and sales tax projections.

Once the expenditures and revenues are identified, the Finance Department meets with the executive leadership team and the procurement manager. The agency headcount is further reviewed by the department heads. The Administrative Committee and the Operations Performance Committee of the MST Board of Directors reviews the draft budget in May each year. The final budget is adopted after a public hearing at the June board meeting. MST now utilizes Microsoft Dynamics365 to compile and update the annual budget. Previously, this had been done utilizing an Excel spreadsheet. During the audit period, MST also moved to developing a budget on a biennial basis. The finance team will review the budget on a monthly basis to compare budgeted versus realized values.

MST embraces the use of key performance indicators to regularly evaluate the transit system. For each board meeting, a monthly report is compiled using dashboard-type statistics and graphs to compare historical and current performance data against goals and minimum standards. These monthly performance statistics are created for the Transportation, Maintenance, and Administration Departments and are divided between fixed route and MST RIDES performance. More detailed descriptions and data for each department are included in attachments to the dashboard report. At the end of each fiscal year, MST reports the status of its achievement of performance goals. MST staff review performance in all relevant performance area indicators—safety, service, reliability, and finance—and work toward operating within acceptable performance parameters.

The key performance indicators represent outputs and results from MST’s adoption of seven strategic goals that follow its mission, guide growth, and improve service delivery over a three-year period:

1. Develop and Maintain Adequate and Stable Long-Term Revenues.
2. Provide Quality Transit and Mobility Service for the Communities We Serve.
3. Improve Board Protocols and Recommend Best Practices to Achieve Effective and Efficient Board Operations and Board Meeting Management.
4. Promote Policies and Practices that Encourage Environmental Sustainability and Resource Conservation.
5. Educate the Public on MST Services Through Promotion, Communication and Advocacy .

6. Promote Organizational Values to Maintain High-Quality Relationships with MST Employees, Contractors, Vendors, Board Members, and Community Stakeholders.
7. Enhance Industry Leadership for Like-Sized Agencies within California and the United States.

These strategic goals are included in MST’s Annual Report and budget and were updated in the FY 2022–2025 Strategic Goals and Objectives. Each goal includes indicators of success to measure the success of tactics in accomplishing the objectives and realizing the desired outcomes.

With a large number of systematic changes occurring during the audit period, MST has focused on ensuring the objectives to achieve these goals are updated and clearly defined. Some of these strategies include researching a permanent extension of Measure Q and/or opportunities for local funding to support fixed-route services and required infrastructure, formulate and implement a 5-year Capital Improvement Program, reduce by 50 percent consumption of pre-pandemic levels fossil and nonrenewable fuels by FY 2025, and receive 80 percent of employees, customers, and stakeholders surveyed who indicate overall satisfaction with MST services, practices, and programs.

The agency’s most recent FTA triennial review took place at the beginning of the audit period. The scoping meeting was conducted on June 12, 2019, with site visits on September 23-24, 2019. The final report was completed November 13, 2019. The triennial review covered 21 compliance areas. No deficiencies were found with the FTA requirements in 18 areas. Deficiencies were found in the areas of Maintenance, Disadvantaged Business Enterprise (DBE), and Equal Employment Opportunity (EEO). Under Maintenance: late facility/equipment preventive maintenance reporting (there was insufficient data to determine whether facility maintenance was conducted on time due to incomplete maintenance records). Under DBE: small business element not implemented; insufficient documentation of monitoring DBE compliance of contractors and/or subcontractors; insufficient documentation of monitoring DBE work; and recipient is not ensuring prompt payment. Under EEO: employment practices did not analyze deficiencies. MST responded to all deficiencies, which were closed out. MST’s EEO policy was updated, which included the implementation of an employment practices chart and updated self-identification forms.

Grants Management

MST relies on a variety of state and federal grants and other funding mechanisms to support its transit system. Programs such as the TDA and the FTA urbanized and rural area grants allocate funds annually by formula, while others such as the Monterey Bay Air Resources District’s AB 2766 Motor Vehicle Emissions Reduction Program and Caltrans discretionary planning grants are competitively awarded based on merit.

MST’s grants analyst procures and manages grants utilized by the district, while a compliance analyst ensures all regulatory requirements are met. The analyst and the assistant general manager for Finance and Administration meet weekly to review the status of grant procurements and drawdowns. The analyst also reports to MST’s ELT and meets with them quarterly. MST will

request a debrief with FTA in the event grants are not awarded. Grants are tracked on an Excel spreadsheet that is categorized according to grant type, contract number, FTA grant description, budget, and the period of eligible expenses from start to finish. Table V-6 provides a snapshot summary of MST’s recent grant activity.

**Table V-6
MST Grant Summary**

Grant Type			Description of Grant	Budget	Period of Eligible Expenses		
Class	Type	Contract		Fed/State	Start	End	Type
5307	JARC transfer to 5307	CA90Z005	RIDES software	\$400,000	10/1/2012	12/31/2018	Capital
5307	Urbanized Transit	CA-2020-033	Operating Assistance	\$8,805,000	7/1/2019	6/30/2020	Operations
5307	Urbanized Transit	CA-2020-183-00	SURF! Highway 1 Busway & BRT	\$68,799	7/24/2020	7/30/2023	Capital
5307	Urbanized Transit	CA-2021-123-00	Bus Procurement: 9 Medium Duty & 7 Heavy Duty	\$2,044,484	8/24/2021	12/31/2024	Capital
5307	Urbanized Transit	CA-2021-245 & CA-2021-105	CA-2021-245 & CA-2021-105 - Operating (incl. Watsonville)	\$6,837,273	8/24/2021	7/30/2024	Operations
5307	Urbanized Transit	CA-2022-114	CA-2022-114 - Operating (incl. Watsonville)	\$12,074,210	7/28/2022	6/30/2023	Operations
5307	Urbanized Transit	CA-2022-201	CA-2022-201 - Capital Projects	\$1,000,000	9/12/2022	7/31/2024	Capital
5307	Urbanized Transit	CA-90-Z005-01	JARC & NF xfer: Cycle 6 Projects	\$2,906,900	9/10/2012	11/16/2020	Capital
5310	Elderly & Persons with Disabilities	64AC18-00645	14 RIDES buses	\$980,000	5/1/2018	5/1/2028	Capital
5310	Elderly & Persons with Disabilities	64AC19-01198	6 Cut-Away Buses	\$460,200	12/18/2020	12/31/2028	Capital
5310	Elderly & Persons with Disabilities	Pending Award	4 Cut-Away Buses	\$360,000	Pending Award		Capital
5311	Rural Transit	64BA22-02103	Line 23 & 23x	\$890,351	7/1/2022	12/31/2023	Operations
5311	Rural Transit	64BO21-01724	Line 23 & 23x	\$684,885	7/1/2021	12/31/2022	Operations
5339	Bus & Bus Facilities	CA-2018-053	King City Maintenance Facility	\$4,280,512	10/12/2016	12/30/2019	Capital
5339	Bus & Bus Facilities	CA-2019-025	Trolleybus Replacements	\$1,444,004	7/15/2017	12/20/2020	Capital
5339	Bus & Bus Facilities	CA-2021-188-00	Bus Procurement: 4 Medium Duty & 4 Heavy Duty	\$2,521,984	8/25/2021	12/31/2023	Capital
5339	Bus & Bus Facilities (State)	64GC20-01514	4 Heavy & 4 Medium Duty Buses (Michelle)	\$3,099,100	8/2/2021	7/1/2025	Capital
5339	State of Good Repair	CA-2021-188	CA-2021-188 - 4 Heavy & 4 Medium Duty Buses	\$2,521,985	8/25/2021	12/31/2023	Capital
5339	State of Good Repair	CA-2022-199	CA-2022-199 - Countywide Passenger Facilities	\$122,752	9/12/2022	7/31/2024	Capital
5339	State of Good Repair	Formula	4 Heavy & 4 Medium Duty Buses (Match For CA-2021-188)	\$855,275	8/25/2021	12/31/2023	Capital
5311(f)	Intercity	64CO19-01006	Lines 82, 84, 85, 86	\$992,899	7/1/2019	6/30/2020	Operations
Cap & Trade	LCTOP	17-18-D05-075	\$507,914 toward an electric bus	\$507,914	7/1/2018	6/30/2021	Capital
Cap & Trade	LCTOP	18-19-D05-076	Free fares on Lines 41, 42, 44, 45, 49 (July 2019 to June 2020)	\$500,000	7/1/2019	6/30/2020	Operations
Cap & Trade	LCTOP	18-19-D05-077	600 summer youth passes (Summer 2020)	\$22,800	7/1/2019	12/31/2020	Operations

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Grant Type			Description of Grant	Budget	Period of Eligible Expenses		
Class	Type	Contract		Fed/State	Start	End	Type
Cap & Trade	LCTOP	18-19-D05-078	Free fares for Hartnell Students	\$100,000	7/1/2019	12/31/2020	Operations
Cap & Trade	LCTOP	18-19-D05-079	Mobile Fare Payment System	\$400,000	7/1/2019	6/30/2021	Capital
Cap & Trade	LCTOP	18-19-D05-080	\$65,441 toward an electric bus	\$65,441	7/1/2019	6/30/2023	Capital
Cap & Trade	LCTOP	19-20-D05-067	Free 40's	\$500,000	7/1/2020	6/30/2024	Operations
Cap & Trade	LCTOP	19-20-D05-068	Youth Passes	\$50,027	7/1/2020	6/30/2024	Operations
Cap & Trade	LCTOP	19-20-D05-069	Hartnell Free Fares	\$185,000	7/1/2020	6/30/2024	Operations
Cap & Trade	LCTOP	19-20-D05-070	Monterey Peninsula College Free Fares	\$30,000	7/1/2020	6/30/2024	Operations
Cap & Trade	LCTOP	19-20-D05-071	Hospitality Discounts	\$56,826	7/1/2020	6/30/2024	Operations
Cap & Trade	LCTOP	19-20-D05-072	Try Transit & Transit Adventures	\$25,000	7/1/2020	6/30/2024	Operations
Cap & Trade	LCTOP	19-20-D05-073	TDA ChargePoint Chargers	\$250,000	7/1/2020	6/30/2024	Capital
Cap & Trade	LCTOP	20-21-D05-063	CJW ChargePoint Chargers	\$275,000	7/1/2021	6/30/2025	Capital
Cap & Trade	LCTOP	20-21-D05-064	ZEB & Renewable Diesel	\$411,317	7/1/2021	6/30/2025	Capital
Cap & Trade	LCTOP	21-22-D05-058	Free Fares COA Implementation Week	\$125,000	7/1/2022	6/30/2026	Operations
Cap & Trade	LCTOP	21-22-D05-059	ZEB Rollover Project	\$1,186,416	7/1/2022	6/30/2026	Capital
Cap & Trade	LCTOP	21-22-D05-060	Free Summer Sundays	\$75,000	7/1/2022	6/30/2026	Operations
Cap & Trade	LCTOP	21-22-D05-061	Free Fares Election Days	\$10,000	7/1/2022	6/30/2026	Operations
Cap & Trade	TIRCP	PENDING	SURF! Busway and BRT	\$25,000,000	Not Programmed Yet		Capital
COVID Relief	ARPA 5307	CA-2021-165	ARPA Funding - Operating Assistance	\$14,569,886	8/24/2021	9/30/2024	Operations
COVID Relief	ARPA 5311	64TO21-01863	ARPA Funding - Operating Assistance Line 23	\$1,290,500	1/20/2020	6/30/2028	Operations
COVID Relief	ARPA 5311(f)	64MO21-01909	ARPA Funding - Operating Assistance Line 84	\$208,681	1/20/2020	6/30/2028	Operations
COVID Relief	CARES Act 5307	CA-2020-112-00	CARES Act Funding - Operating Assistance, Rolling Stock Replacements, and Preventative Maintenance	\$25,065,993	6/2/2020	12/31/2024	Operations
COVID Relief	CARES Act 5311 Part 1	64VO20-01064	CARES Act Funding - Operating Assistance Line 23	\$691,355	1/20/2020	6/30/2022	Operations
COVID Relief	CARES Act 5311 Part 2	64VO20-01329	CARES Act Funding - Operating Assistance Line 23	\$1,325,495	1/20/2020	6/30/2025	Operations
COVID Relief	CARES Act 5311(f) Part 1	64KO20-01267	CARES Act Funding - Operating Assistance Lines 82, 84, 85, 86	\$689,806	1/20/2020	6/30/2023	Operations
COVID Relief	CARES Act 5311(f) Part 2	64KO20-01370	CARES Act Funding - Operating Assistance Lines 82, 84, 85, 86	\$1,403,623	1/20/2020	6/30/2025	Operations
COVID Relief	CRRSAA 5307	CA-2021-033	CRRSAA Funding - Operating Assistance	\$6,080,025	4/12/2021	12/31/2024	Operations
COVID Relief	CRRSAA 5310	64SO21-01560	CRRSAA Funding - 5310	\$37,674	1/20/2020	8/31/2022	Operations
COVID Relief	CRRSAA 5311	64RO21-01646	CRRSAA Funding - Operating Assistance Line 23	\$1,810,666	1/20/2020	6/30/2026	Operations
FTA TOD Planning	FTA TOD Planning	CA-2022-090	TOD Planning in SURF! Corridor	\$405,000	7/19/2022	12/31/2023	Operations
Prop 1B	PTMISEA	FY 14/15	South County Maintenance Facility	\$1,000,000	6/17/2015	3/31/2019	Capital

Grant Type			Description of Grant	Budget	Period of Eligible Expenses		
Class	Type	Contract		Fed/State	Start	End	Type
SB 1	State of Good Repair	FY 18	Bus Replacements	\$772,263	7/1/2018	7/1/2022	Capital
SB 1	Local Partnership Program	FY 18 and FY 19	King City Facility	\$242,000	10/18/2018	6/30/2022	Capital
SB 1	Local Partnership Program	FY 18 and FY 19	Environmental for BRT Phase 2	\$100,000	6/27/2019	7/17/2020	Capital
SB 1	Local Partnership Program	FY20	Bus Replacements	\$241,000	10/21/2020	3/22/2023	Capital
SB1	Local Partnership Program	FY 21 and FY 22	4 Heavy & 4 Medium Duty Buses (Match for Michelle)	\$684,000	2/8/2021	12/31/2023	Capital
SB1	State of Good Repair	FY 22-23	Various Capital Projects	\$879,036	10/4/2022	Various	Capital

Source: MST

Capital grants awarded have been allocated toward vehicle procurement, facilities rehabilitation and expansion, BRT infrastructure, video cameras, and information technology system upgrades. Operational grant awards have been allocated toward new service expansion, mobility management, senior taxi vouchers, travel training, and transit studies. The MST board adopted a financing plan that will replace up to seven vehicles per year that have met or exceeded their useful lives based on federal transit asset management rules.

Shortly after the end of FY 2022, MST was awarded a \$25 million grant by State of California under the Transit and Intercity Rail Capital Program (TIRCP) to help fund the SURF! Busway and Bus Rapid Transit project. The TIRCP was created by SB 862 (Chapter 36, Statutes of 2014) and modified by SB 9 (Chapter 710, Statutes of 2015), to provide grants from the Greenhouse Gas Reduction Fund to fund transformative capital improvements that will modernize California’s intercity, commuter, and urban rail systems, and bus and ferry transit systems, to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion.

During the audit period, MST was awarded federal COVID relief funding in the form of CARES, Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act funds. Combined, this funding totals roughly \$50 million to be utilized in the coming years.

Expenditures had previously been tracked and managed through the Navision financial software suite. In the Navision software program, the AwardVision module tracks grants, monitors drawdowns, and issues purchase order numbers and invoices. This is now being done through Microsoft Dynamics365, which has allowed the financial and grants systems to be linked. The grant analyst assigns a grant code and a project code. Coding is required on all purchase orders and invoices. The general manager’s signing authority is up to \$25,000. Any amount exceeding \$25,000 requires board authorization.

Section VI

Findings

The following summarizes the findings obtained from this triennial audit covering fiscal years 2020 through 2022. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements pertaining to MST, the operator fully complied with all nine applicable requirements. Two compliance requirements did not apply to the operator (i.e., exclusive urbanized and rural farebox recovery ratios).
2. MST is subject to a 15 percent system-wide farebox standard pursuant to rules and regulations adopted by TAMC through resolution. Pursuant to Section 99268.19 under Assembly Bill 149, Measure Q Local Funds may be used to satisfy the farebox ratio requirements. During the audit period, MST exceeded the standard and attained a system-wide ratio of 31.78 percent in FY 2020, 30.55 percent in FY 2021, and 40.01 percent in FY 2022. The average farebox ratio during the period was 34.11 percent.
3. Both MST and its contract operator, MV Transportation, participate in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budgets for MST exhibited modest fluctuations during the audit period and did not increase by more than 15 percent over the prior year. The FY 2020 operating budget increased 7.9 percent, followed by decreases of 1.5 percent and 0.9 percent in FY 2021 and FY 2022, respectively. The budget is divided by two service centers: fixed-route bus and public paratransit services. Each service center is balanced in terms of revenues and costs. MST also created a reserve account with a target 15 percent of total expenses that is funded.
5. MST fully implemented all of the prior audit recommendations. The two recommendations involved the inclusion of the audited farebox recovery calculation in the annual financial statements and the procurement and implementation of enterprise asset management software.
6. MST operating costs decreased 15.4 percent system-wide over the audit period from the FY 2019 base year through FY 2022. Audited operating cost data reflect exclusions from depreciation costs. Operating costs decreased every year for both fixed route and MST RIDES, with fixed route decreasing 14.9 percent and MST RIDES decreasing 18.4 percent. The decreases in operating expenses can largely be attributed to the impacts of the COVID-19

pandemic on service levels. This includes such items as operator and non-operator wages/overtime, benefits, fuel usage, etc.

7. Ridership on MST decreased by 57.3 percent system-wide from the FY 2019 base year to FY 2022. Fixed-route ridership exhibited a decrease of 58.8 percent, while MST RIDES ridership decreased 26.2 percent. The vast majority of ridership decrease occurred in FY 2021, the first full year of the COVID-19 pandemic. System-wide ridership began to recover in FY 2022 with an increase of 36 percent from FY 2021.
8. Operating cost per passenger, an indicator of cost effectiveness, increased by 98.4 percent system-wide for MST. Cost per passenger increased by a comparable 106.7 percent on fixed route whereas on MST RIDES, cost per passenger increased 10.6 percent. The trends for this indicator reflect the effects of the COVID-19 pandemic on ridership vastly outpacing the decreases in operating costs. MST RIDES is less affected by this as a demand-response service.
9. Operating cost per hour, an indicator of cost efficiency, increased by 25.0 percent for MST system-wide from the FY 2019 base year to FY 2022, as fixed-route operating cost per hour increased 23.9 percent and MST RIDES cost per hour increased by 26.4 percent. The trends for this indicator reflect the effects of the COVID-19 pandemic on vehicle service hours outpacing the decreases in operating costs.
10. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, decreased 37.0 percent system-wide from the FY 2019 base year to FY 2022. This included a 40.0 percent decline on fixed route from 14.8 passengers per hour to 8.9 passengers per hours, whereas on MST RIDES, this indicator increased 14.3 percent from 2.5 to 2.8 passengers per hour.
11. In July 2020, MST broke ground on the new South County Operations and Maintenance Facility in King City's East Ranch Business Park. The project supports MST's fixed-route services in southern Monterey and San Luis Obispo Counties. Basing buses near the start of regional routes, rather than 50 miles away in Salinas, reduces labor costs, decreases vehicle wear and tear, and curbs both fuel consumption and overall greenhouse gas emissions. Operations began from this facility in December 2021. MST's South County facility is the nation's second to be funded and first completed through the Build America Bureau's Transportation Infrastructure Finance and Innovation Act Rural Project Initiative.
12. In July 2021, the MST Board of Directors approved and fully funded the SURF! Busway and Bus Rapid Transit Project, supporting a proposed 6-mile, transit-only route that would connect Salinas, Marina, Seaside, Sand City, Monterey, and Pacific Grove, while also providing an efficient link to connecting service across the MST network. MST and TAMC have conducted significant outreach to learn what the community wants for transit service along the SURF! Corridor. As of September 2022, MST and TAMC have participated in over 90 meetings with stakeholders and community members, including an open house in Marina with more than 65 attendees. During the audit period, MST and TAMC have reached over 2,200 members of the community. Currently, the project is in the final design stage, accompanied by a round of public

outreach on key design areas throughout 2022 and 2023. Kicking off construction in 2024 would put the SURF! Line on track for a 2027 public debut.

13. In 2022, MST celebrated 50 years of transit as a public agency in Monterey County. Innovative partnerships with the local colleges, the City of Monterey, and the Monterey Bay Aquarium were reinstated as the community transitioned into the recovery phase of the pandemic. With the responsibility of providing public transportation for five decades, MST is focusing on several major projects designed to improve travel in the county and into neighboring counties.
14. In December 2022, MST debuted its Better Bus Network, its first total system redesign in 20 years. The redesign aims to make travel more efficient and equitable for Monterey County's diverse communities. More transit lines now reach underserved, low-income, and carless households. People traveling between the Salinas Valley and Monterey save 30 to 90 minutes compared to the previous network. Part of the redesign also includes fare changes, with \$2 now buying two hours of travel anywhere on the MST system. The Better Bus Network demonstrates MST's commitment to connecting communities, creating opportunities, and being kind to the planet.
15. In December 2021, MST published its Innovative Clean Transit (ICT) Rollout Plan. This plan serves as the guide MST will use as it transitions its fleet to zero-emission vehicles to achieve the ICT regulation that requires all public transit agencies in the state to gradually transition to 100-percent ZEB fleets by 2040. The Rollout Plan is broken into sections that discuss available technologies, current bus fleet composition and future bus purchases, facilities and infrastructure modifications, providing service in disadvantaged communities, workforce training, potential funding sources, and start-up and scale-up challenges.
16. In a partnership with Caltrans and Visa, the agency launched a six-month pilot program in September 2020 that allowed riders to use a contactless credit, debit, prepaid card, or contactless-enabled mobile device to pay their fare on any MST bus line. MST was the first transit agency in California to introduce a contactless payment solution on its system as part of the California Integrated Travel Project, an initiative to facilitate easy and accessible travel planning and payments.
17. In August 2022, MST partnered with Hartnell College, Monterey Peninsula College, and California State University Monterey Bay (CSUMB) to introduce the MST College EcoSmart Pass. Through the program, over 20,600 students simply scan their college ID cards and board. The free fare program also covers nearly 800 CSUMB faculty and staff members. In the past, schools negotiated individual one-year contracts with MST. State grants helped cover student fares, but those grants were no longer available. Now, program costs are based on ridership and all three institutions have the same three-year contract.
18. The agency's most recent FTA triennial review took place at the beginning of the audit period. The scoping meeting was conducted on June 12, 2019, with site visits on September 23-24, 2019. The final report was completed November 13, 2019. The triennial review covered 21

compliance areas. No deficiencies were found with the FTA requirements in 18 areas. Deficiencies were found in the areas of Maintenance, Disadvantaged Business Enterprise, and Equal Employment Opportunity (EEO). MST responded to all deficiencies, which were closed out. MST's EEO policy was updated, which included the implementation of an employment practices chart and updated self-identification forms.

Recommendations

- 1. Work closely with TAMC to update the Mobility Access Committee (MAC) bylaws to include a table that aligns with the statutory composition of the Social Services Transportation Advisory Committee.**

MST's Mobility Advisory Committee (MAC) serves in an advisory capacity to, and at the pleasure of, the MST Board of Directors. MAC members are appointed by the MST board and represent key stakeholder groups in Monterey County such as the disabled, senior, veteran, and social service agencies, pursuant to the TDA requirements of PUC Section 99238 for Social Services Transportation Advisory Council (SSTAC) membership. The MAC Bylaws were last updated in September 2021. Section 1.0 of the bylaws specifically indicates that the MAC serves in the capacity as the SSTAC: *The Advisory Committee is designated and serves as the Transportation Agency for Monterey County's (TAMC) Social Services Transportation Advisory Committee (SSTAC) as stipulated in the TAMC Transportation Development Act (TDA) guidelines.* Under Section 3.0 of the bylaws, the statutory SSTAC membership categories are listed. However, the membership roster does not contain a column indicating which member meets the required SSTAC membership category. It is recommended that MST work with TAMC to update the MAC bylaws to incorporate a table that aligns the MAC membership with the SSTAC categories. In addition, alternate members should be identified and included on the MAC membership roster.

Appendix – MST Fixed Route Services

**Table A
MST Fixed Route Services**

Route Number	Description	Key Destinations/Timepoints
JAZZ	BRT Aquarium-Sand City (A-B Lines)	<ul style="list-style-type: none"> ▪ Sand City Station ▪ Monterey Transit Plaza ▪ Aquarium (Form & Irving)
1	Monterey - PG via Asilomar	<ul style="list-style-type: none"> ▪ Monterey Transit Plaza ▪ Lighthouse & Fountain ▪ Forest Hill Retirement Community ▪ Forest & Prescott
2	Monterey - PG via David Avenue	<ul style="list-style-type: none"> ▪ Monterey Transit Plaza ▪ Lighthouse & Fountain ▪ Forest Hill Retirement Community ▪ Forest & Prescott ▪ Griffin Senior Center ▪ Asilomar & Sinex
5	Monterey - Carmel Rancho	<ul style="list-style-type: none"> ▪ Monterey Transit Plaza ▪ Carmel – 6th & Mission ▪ Carmel Rancho
7	Monterey - Ryan Ranch	<ul style="list-style-type: none"> ▪ Monterey Transit Plaza ▪ Monterey Regional Airport ▪ Lower Ragsdale at Upper Ragsdale
8	Monterey - CHOMP	<ul style="list-style-type: none"> ▪ Monterey Transit Plaza ▪ Monterey Peninsula College ▪ Monterey Courthouse ▪ Glenwood Circle ▪ Del Mar Shopping Center ▪ CHOMP
17	Sand City - Marina via Gen Jim Moore	<ul style="list-style-type: none"> ▪ Sand City Station ▪ CSUMB Alumni & Visitor’s Center ▪ Imjin at 4th ▪ Marina Transit Exchange
18	Sand City - Marina via Monterey Road	<ul style="list-style-type: none"> ▪ Sand City Station ▪ CSUMB Alumni & Visitor’s Center ▪ VA-DOD Clinic ▪ Marina Transit Exchange ▪ The Dunes Shopping Center
20	Monterey - Salinas	<ul style="list-style-type: none"> ▪ Monterey Transit Plaza ▪ Sand City Station ▪ Marina Transit Exchange ▪ Salinas Transit Center

Route Number	Description	Key Destinations/Timepoints
21	Pebble Beach - Salinas Express	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ Marina Transit Center ▪ The Dunes Shopping Center ▪ Sand City Station ▪ Monterey Transit Plaza ▪ Monterey Conference Center ▪ Aquarium ▪ Inn at Spanish Bay ▪ Lodge at Pebble Beach
23	Salinas - King City	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ Chualar-Grant & South ▪ Gonzales 5th & Day ▪ Soledad-Front & San Vicente ▪ Soledad-Mission Shopping Center ▪ Greenfield-El Camino & Walnut ▪ King City-Mee Memorial ▪ King City-3rd & Lynn
23X	Salinas - King City Express	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ Gonzales Center ▪ Soledad-Front & San Vicente ▪ Greenfield-El Camino & Walnut ▪ King City-Mee Memorial
24	Crossroads Carmel - Carmel Valley	<ul style="list-style-type: none"> ▪ Crossroads Shopping Center ▪ Carmel Rancho ▪ Mid Valley Center ▪ Rippling River
25	CSUMB - Salinas	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ Abrams Road & Schoonover ▪ CSUMB Alumni & Visitor's Center
28	Watsonville via Castroville	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ Castroville-Merritt & Union ▪ Salinas Road Park & Ride ▪ Watsonville Transit Center
29	Watsonville via Prunedale	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ Prunedale Park & Ride ▪ Las Lomas Hall & Willow ▪ Watsonville Transit Center
34	King City	<ul style="list-style-type: none"> ▪ 3rd & Lynn ▪ King City Center Canal St ▪ San Antonio & Bedford
41	Salinas - Alisal - Northridge	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ E. Alisal & Sanborn ▪ Garner & Pacific ▪ Natividad Medical Center ▪ Northridge Mall

Route Number	Description	Key Destinations/Timepoints
42	Salinas - Alisal	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ E. Alisal & Sanborn ▪ Garner & Pacific
43	Salinas - South Main via SVMH	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ SVMH ▪ South Main & Plaza
44	Salinas - Westridge	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ Rossi & Rico ▪ Westridge
45	Salinas - East Market/Creekbridge	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ Sanborn & Market ▪ Sanborn & Del Monte ▪ Independence & Lexington
46	Salinas - Natividad	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ Salinas Adult School ▪ Natividad Medical Center
48	Salinas - Northridge via North Main	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ N. Main & Laurel ▪ Northridge Mall
49	Salinas - Santa Rita via North Main	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ N. Main & Laurel ▪ N. Main at Big 5 ▪ Main & Harden ▪ San Juan Grade
61	Salinas – VA-DOD Clinic	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ South Main & Stephanie ▪ Sherman & Ord ▪ Marina Transit Exchange ▪ Preston & Ready ▪ Integrated Health – 4th & Imjin ▪ The Dunes ▪ VA-DOD Clinic
84	King City - Paso Robles	<ul style="list-style-type: none"> ▪ King City 3rd & Lynn ▪ King City Mee Memorial Hospital ▪ San Lucas San Benito & Rosa St ▪ San Ardo Cattlemand & Main Street ▪ Bradley Post Office ▪ San Miguel Mission & 14th St ▪ Paso Robles-Niblick & Woodland Plaza ▪ Paso Robles Transit Center

Route Number	Description	Key Destinations/Timepoints
91	Monterey - Pacific Meadows	<ul style="list-style-type: none"> ▪ Hacienda Carmel ▪ Del Mesa Carmel ▪ Pacific Meadows ▪ Carmel Rancho Shopping Center ▪ Crossroads Shopping Center ▪ Crossroads Safeway ▪ Carmel-6th & Mission ▪ CHOMP ▪ Del Monte Center ▪ Monterey Transit Plaza
94	Carmel - Sand City	<ul style="list-style-type: none"> ▪ Carmel-6th & Mission ▪ CHOMP ▪ Del Monte Center ▪ Monterey Transit Plaza ▪ Euclid & Casanova ▪ Hilby & Wheeler ▪ Villa Del Monte ▪ Sand City Station
95	Williams Ranch-Northridge	<ul style="list-style-type: none"> ▪ Northridge Mall ▪ Regency Circle ▪ Navidad Medical Center ▪ Garner & Pacific ▪ Sanborn & Boronda
96	Salinas - Airport Business Center	<ul style="list-style-type: none"> ▪ Salinas Transit Center ▪ County Government Center ▪ Salinas Airport Business Center
MST On Call	MST On Call Gonzales	<ul style="list-style-type: none"> ▪ Gonzales
MST On Call	MST On Call Greenfield	<ul style="list-style-type: none"> ▪ Greenfield
MST On Call	MST On Call Soledad	<ul style="list-style-type: none"> ▪ Soledad
Trolley	MST Trolley Monterey	<ul style="list-style-type: none"> ▪ Monterey Transit Plaza ▪ Downtown Parking Garage ▪ Pacific & Del Monte ▪ Fisherman's Wharf ▪ Cannery Row ▪ Monterey Bay Aquarium
Special Service	Del Rey Oaks-Sand City/Monterey	<ul style="list-style-type: none"> ▪ Canyon Del Rey & Del Rey Gardens ▪ Sand City Station ▪ Tyler & Franklin

Source: MST, December 2022