



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued July 9, 2018

Berkshire Regional Transit Authority

For the period July 1, 2015 through June 30, 2017





Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

July 9, 2018

Mr. Robert Malnati, Administrator
Berkshire Regional Transit Authority
1 Columbus Avenue
Pittsfield, MA 01201

Dear Mr. Malnati:

I am pleased to provide this performance audit of the Berkshire Regional Transit Authority. This report details the audit objectives, scope, methodology, and conclusions for the audit period, July 1, 2015 through June 30, 2017. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Berkshire Regional Transit Authority for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump
Auditor of the Commonwealth

cc: Stephanie Pollack, Secretary of Transportation and Chief Executive Officer, Massachusetts Department of Transportation (MassDOT)
Sally Atwell, Director of Internal Special Audit, MassDOT

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
OVERVIEW OF AUDITED ENTITY	2
AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY	8

LIST OF ABBREVIATIONS

FTA	Federal Transit Administration
MBTA	Massachusetts Bay Transportation Authority
BRTA	Berkshire Regional Transit Authority
RTA	regional transit authority
RTAI	Ron Turley Associates, Inc.
RTD	Rail and Transit Division

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Berkshire Regional Transit Authority (BRTA) for the period July 1, 2015 through June 30, 2017. In this performance audit, we assessed certain aspects of BRTA's preventive maintenance activities related to its fleet of vehicles, including equipment and vehicles for transporting passengers with disabilities under the requirements of the Americans with Disabilities Act of 1990. We also examined BRTA's use of its non-revenue-producing vehicles, as well as its compliance with the General Laws regarding providing its financial records to the Secretary of Administration and Finance for public disclosure.

Our audit revealed no significant instances of noncompliance by BRTA that must be reported under generally accepted government auditing standards.

OVERVIEW OF AUDITED ENTITY

Regional Transit Authorities

Chapter 161B of the Massachusetts General Laws established regional transit authorities (RTAs) to provide a public transportation system under the control of municipalities. Each RTA supports a number of communities (member communities) and is governed by an advisory board composed of the chief elected officials from those communities. Chapter 161B of the General Laws gives the Commonwealth certain oversight responsibilities, and it defines the process by which RTAs may be formed or expanded within the Commonwealth, as well as the duties, powers, and limitations of these RTAs. This law also outlines the membership of RTA advisory boards and their authority to appoint administrators, approve budgets, and approve significant changes in service fares. Currently, there is a network of 15 RTAs (12 urban and 3 rural) operating in the Commonwealth, in addition to the transit services provided by the Massachusetts Bay Transportation Authority (MBTA). These RTAs serve a total of 262 cities, suburban municipalities, and rural communities outside the greater Boston area and provide transportation via buses and minibuses operated by private transit service companies. RTAs, which are locally controlled, manage their own operations but must hire private operating companies to provide their services in accordance with Chapter 161B of the General Laws.

Section 53 of Chapter 6C of the General Laws makes the Rail and Transit Division (RTD) of the Massachusetts Department of Transportation “responsible for overseeing, coordinating and planning all transit and rail matters throughout the commonwealth,” including intercity buses, the MBTA, and RTAs. RTD carries out its responsibility of providing and managing financial assistance for RTAs through its Community Transit Program Unit, which oversees the federal, state, and local programs that financially support RTAs. State appropriations for the 15 RTAs increased from approximately \$70 million in fiscal year 2014 to approximately \$80 million in fiscal years 2016 through 2018.

The Berkshire Regional Transit Authority

The Berkshire Regional Transit Authority (BRTA) was established in June 1974 and reports to RTD under Chapter 25 of the Acts of 2009, “An Act Modernizing the Transportation Systems of the Commonwealth.” According to BRTA’s website, the agency’s mission is “to provide an efficient and effective public transportation service to enhance the economic vitality of the member communities through improved access to jobs, education, and the marketplace.” An administrator is responsible for

day-to-day administration of the agency, which had 11 full-time staff members during our audit period. BRTA’s operations are overseen by an advisory board made up of one member from each of the 26 communities¹ the agency serves. The advisory board is responsible for hiring an administrator, setting fares, establishing service levels, and authorizing real-estate purchases. For fiscal years 2016 and 2017, BRTA contracted with First Transit Incorporated to provide fixed-route and demand-response² transportation services, including maintenance and administrative functions.

During our audit period, BRTA’s capital fund expenditures were \$1,357,425 for fiscal year 2016 and \$814,149 for fiscal year 2017. The table below shows the types of capital fund expenditures made by BRTA.

BRTA Capital Fund Expenditures

Type of Expenditure	Fiscal Year 2016	Fiscal Year 2017
Building Improvements	\$ 163,638	\$ 128,525
Revenue-Producing Vehicles	1,083,872	618,736
Office Equipment and Furniture	86,215	17,992
Service Vehicles	23,700	48,896
Total	<u>\$ 1,357,425</u>	<u>\$ 814,149</u>

In fiscal years 2016 and 2017, BRTA received revenue from a variety of sources, including fares from riders and assistance from various federal, state, and local sources. The largest source of funding is brokerage service income,³ followed by state contract assistance,⁴ Federal Transit Administration (FTA) grants, and local assessment⁵ payments. The table below shows the types of funding BRTA received during the audit period.

1. The communities are Adams, Alford, Becket, Cheshire, Clarksburg, Dalton, Egremont, Florida, Great Barrington, Hinsdale, Lanesborough, Lee, Lenox, Monterey, Mount Washington, New Ashford, North Adams, Otis, Peru, Pittsfield, Richmond, Sheffield, Stockbridge, Washington, Williamstown, and Windsor.
2. Demand-response transportation services are those that run on a flexible schedule and on flexible routes based on the needs of RTA passengers with special needs.
3. This is revenue from the Human Service Transportation Program, under which BRTA coordinates with human-service agencies to provide their clients with transportation services.
4. Under Section 23 of Chapter 161B of the General Laws, the Commonwealth, through the Executive Office for Administration and Finance, can contract with an RTA to fund 50% of the net cost of the service the RTA provides. Known as state contract assistance, this funding is provided through the Commonwealth Transportation Fund and the Massachusetts Transportation Trust Fund.
5. Under Section 9 of Chapter 161B of the General Laws, annual local assessment payments are adjusted based on the “loss” (operating cost minus revenue) for each specific transit route and the activity and the share of that loss attributable to each town or city.

BRTA Operating Funding Sources

Type of Funding	Fiscal Year 2016	Fiscal Year 2017
Brokerage Service Income*	\$ 7,734,546	\$ 9,051,989
State Contract Assistance	2,554,954	2,554,954
Federal Grants	1,736,306	1,782,181
Local Assessments	883,029	905,105
Fixed-Route Income	787,413	701,078
Other Federal and State Assistance	292,112	182,438
Demand-Response Income	150,889	134,650
Other Funds†	116,630	113,478
Total	<u>\$ 14,255,879</u>	<u>\$ 15,425,873</u>

* Brokerage service expenses are usually fully reimbursed by the Commonwealth's Human Service Transportation Office.

† Other funds include rental fees, advertising revenue, and reimbursements.

During our audit period, BRTA's operating costs were as follows.

BRTA Operating Expenses

Type of Expense	Fiscal Year 2016	Fiscal Year 2017
Fixed-Route Service	\$ 4,939,494	\$ 4,678,950
Demand-Response Service	903,509	948,503
Brokerage Service	7,789,792	9,054,617
Administrative Salaries, Taxes, and Fringe Benefits	384,559	371,940
Other Administrative Expenses	223,023	299,853
Reimbursable Depreciation	46,924	50,723
Total	<u>\$ 14,287,301</u>	<u>\$ 15,404,586</u>

Vehicle Fleet and Service Route Area

BRTA operates local fixed-route and demand-response services within the 384-square-mile Berkshire area, serving a population of more than 121,500. It operates a network of 14 local transit routes. The local fixed-route service operates six days a week; weekday service runs from as early as 5:45 a.m. to 7:20 p.m., and Saturday service runs from 7:15 a.m. to 7:00 p.m.

Buses and minibuses provide transit services to the vast majority of BRTA passengers, and its vanpool provides paratransit services. The table below shows the number of revenue-producing and non-revenue-producing vehicles⁶ used at BRTA during fiscal years 2016 and 2017.

Number of BRTA Vehicles

Vehicle Type	Fiscal Year 2016	Fiscal Year 2017
Revenue-Producing	43	55
Non-Revenue-Producing	10	10
Total	<u>53</u>	<u>65</u>

Vehicle Maintenance

BRTA’s contracted operating company, Berkshire Transit Management, Inc., operates an administrative office, a wash bay, and a maintenance facility in an approximately 22,228-square-foot building in Pittsfield. At the end of our audit period, BRTA had a total of 65 vehicles in its fleet. The table below shows the types and average ages of the vehicles in BRTA’s fleet during the audit period.

BRTA Vehicle Fleet Average Age

Make and Model	Vehicle Type	Vehicle Count	Average Age (Years)
Ford E450	Minibus	31	2.68
Ford E350	Minibus	13	7.15
ELDorado E-Z Rider II	Bus	3	3.00
Gillig Low Rider	Bus	5	10.80
Ford F350	Truck	2	1.00
Ford Fusion Hybrid	Sedan	2	2.00
Toyota Highlander	SUV	2	3.50
StarTrans Belo	Bus	2	4.00
Ford 500	Sedan	1	11.00
International HC-31	Bus	1	7.00
Ford Elkhart Shuttle Bus	Minibus	1	4.00
Ford F450	Truck	1	2.00
Ford Escape	SUV	1	1.00
Total		<u>65</u>	

6. Non-revenue-producing vehicles are light-duty vehicles for temporary use by BRTA employees for agency-related business.

The table below shows BRTA's fixed-route maintenance and operating expenses for the audit period.

BRTA Fixed-Route Maintenance and Operating Expenses

Expenses	Fiscal Year 2016	Fiscal Year 2017
Operator and Supervisor Salaries	\$ 1,710,019	\$ 1,669,312
Mechanic Salaries	280,177	280,397
Maintenance Salaries	233,552	234,064
Fringe Benefits, Pensions, and Health Insurance	1,233,597	1,225,195
Fuel Oil and Lubricants	428,419	291,603
Repair Parts and Supplies	395,331	370,165
Management Fees and Professional Services	260,768	240,515
Insurance	188,123	202,253
Building Maintenance, Telephone Service, and Utilities	91,348	131,435
Other Maintenance Expenses	118,160	34,011
Total	<u>\$ 4,939,494</u>	<u>\$ 4,678,950</u>

Below are the actual mileage and maintenance costs per vehicle for fiscal year 2017.

BRTA Vehicle Mileage and Maintenance Expenses

Make and Model	Vehicle Count	Total Mileage	Labor Cost	Parts Cost	Total Maintenance Cost	Average Maintenance Cost per Vehicle
Ford E450	31	735,705	\$ 51,306	\$ 33,902	\$ 85,209*	\$2,749
Ford E350	13	169,190	16,256	17,140	33,396	\$2,569
EIDorado E-Z Rider II	3	139,742	20,778	38,586	59,364	\$19,788
Gillig Low Rider	5	168,175	35,986	77,637	113,623	\$22,725
Ford F350	2	6,603	137	11	148	\$74
Ford Fusion Hybrid	2	1,914	33	41	74	\$37
Toyota Highlander	2	7,168	111	0	111	\$55*
StarTrans Belo	2	79,190	8,999	18,461	27,460	\$13,730
Ford 500	1	1,187	111	298	410*	\$410
International HC-31	1	32,160	8,189	13,072	21,261	\$21,261
Ford Elkhart Shuttle Bus	1	6,710	178	0	178	\$178
Ford F450	1	8,859	268	187	454*	\$454
Ford Escape	1	2,372	23	0	23	\$23
Total	<u>65</u>	<u>1,358,975</u>	<u>\$ 142,375</u>	<u>\$ 199,335</u>	<u>\$341,710*</u>	

* Discrepancies in totals are due to rounding.

FTA requires all RTAs to report to it any information related to their transit vehicle inventories and maintenance and repairs that they conduct. This information is included in FTA's National Transit Database. At the time of our audit, BRTA was using the Ron Turley Associates, Inc. Fleet Management Software to document all of its vehicle asset and expense information and report it to FTA.

BRTA Community Programs

BRTA belongs to a number of organizations and agencies throughout the communities it serves. It reaches out to the community through local schools and fairs to educate the public about its services. It also has an information bus that sells tickets in various communities and responds to questions about itself, and it offers a travel training program on riding BRTA buses.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Berkshire Regional Transit Authority (BRTA) for the period July 1, 2015 through June 30, 2017.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer and the conclusion we reached regarding each objective.

Objective	Conclusion
1. Did BRTA maintain a cost maintenance log for each vehicle to ensure that preventive maintenance for vehicles and equipment for transporting passengers with disabilities under the requirements of the Americans with Disabilities Act of 1990 was up to date per Federal Transit Administration (FTA) guidelines?	Yes
2. Did BRTA submit all required financial records to the Commonwealth for inclusion on the Commonwealth's searchable website as required by Section 14C of Chapter 7 of the General Laws?	Yes
3. Did BRTA properly manage the use of its non-revenue-producing vehicles?	Yes

To achieve our audit objectives, we gained an understanding of BRTA's internal controls that we deemed significant to our audit objectives through inquiries and observations, and we evaluated the design of controls over cost maintenance logs, financial reporting to the Commonwealth, and non-revenue-producing vehicles.

In addition, we performed the following procedures to obtain sufficient, appropriate audit evidence to address the audit objectives:

- We analyzed the data in the Ron Turley Associates, Inc. (RTAI) Fleet Management Software maintained by BRTA, which documents all vehicle fleet maintenance and repairs, to determine

whether all vehicles used and vehicle maintenance performed during the audit period were properly documented.

- We verified that BRTA had a vehicle maintenance schedule and tested to determine whether the agency followed the recommended schedule for preventive maintenance and replacement.
- We compared records of the mileage traveled per vehicle to records of oil changes performed during the audit period and tested to determine whether BRTA followed specific vehicles' manufacturer guidelines and the required FTA preventive maintenance guidelines.
- We extracted from the RTAI software a fleet inventory list and maintenance records. Using Audit Command Language software, we grouped the work orders based on the associated vehicle license plate numbers and then generated a list that identified the number of work orders per vehicle. We judgmentally selected a nonstatistical sample of 15 out of 68 vehicles, choosing the 10 vehicles with the most work orders and the 5 vehicles with the fewest work orders. We verified that the preventive maintenance performed met the manufacturers' standards. Because this sample was nonstatistical, we could not project the results of the test to the population.
- We asked BRTA management about the use of non-revenue-producing vehicles and the process of lending a non-revenue-producing vehicle from the motor pool.
- We asked BRTA management whether the keys to non-revenue-producing vehicles were in the possession of the general manager of First Transit Incorporated or BRTA personnel or were left in the vehicles.
- We requested and reviewed the sign-in/sign-out log for non-revenue-producing vehicles.
- We examined the state's publicly available, searchable website, as well as BRTA's website, to ensure that they included data for BRTA expenditures, including payroll, to ensure transparency with regard to the agency's spending.

We analyzed the RTAI Fleet Management Software by performing validity and integrity tests, including testing for missing data and scanning for duplicate records. We performed a source documentation review of BRTA's vehicle list to ensure that that each vehicle matched the information in the RTAI software. We determined that the data from this system were sufficiently reliable for the purposes of our audit.