



# **FY 2013-2015 Triennial Performance Audit of Council of San Benito County Governments**

Prepared for  
Council of San Benito County Governments

October 2016

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## **Executive Summary**

The Council of San Benito County Governments (San Benito COG) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit for fiscal years (FY) 2012–13 through 2014–15. San Benito COG is required by Public Utilities Code (PUC) Section 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) as a condition of receiving TDA funding. TDA funds are expended for San Benito COG administration and planning of public transportation, and distributed to the Local Transportation Authority (LTA) for operations of public transit systems as well as to local jurisdictions for nonmotorized projects and streets and roads.

This performance audit is intended to describe how well San Benito COG is meeting its administrative and planning obligations under the TDA, as well as to present a description of its organizational management and efficiency. To gather information for the TDA performance audit, Michael Baker conducted interviews with agency staff, reviewed various documents, and evaluated San Benito COG’s responsibilities, functions, and performance of the TDA guidelines and regulations.

Below are findings from the analysis:

1. San Benito COG has satisfactorily complied with all applicable state legislative mandates for regional transportation planning agencies (RTPA). One mandate was not applicable to the COG with respect to revenue ratios for transportation operators providing services in urbanized and new urbanized areas.
2. Of the four prior performance audit recommendations, San Benito COG fully implemented three recommendations, while the fourth, pertaining to a review of the organizational structure, no longer applied. Alternative structures have been considered; however, the COG/LTA is not proposing major changes to its organizational structure.
3. San Benito COG’s mission is reflected in the multifaceted role that the COG plays in enhancing and sustaining the county’s multimodal transportation infrastructure. The various roles under the COG’s purview are carried out by a small yet competent staff.
4. COG staffing experienced a number of changes during the audit period, in particular a change in the executive director. San Benito COG has streamlined its organization by not filling the transportation planning manager position. Given that the current executive director formerly served in this position, efficiencies are being made to accomplish these responsibilities with leaner technical staff.
5. A significant accomplishment was the completion of the 2014 Regional Transportation Plan (RTP) in June 2014, including extensive public outreach activities and coordination with

regional partners. Outreach efforts included presentations to stakeholder groups and maintaining an online presence for the RTP.

6. The Monterey Bay Region's Coordinated Public Transit-Human Services Transportation Plan was prepared collaboratively in October 2013 by the Association of Monterey Bay Area Governments (AMBAG), its regional transportation partners including San Benito COG, and the public transit operators in the tri-county area, such as County Express and Jovenes de Antaño. Also, an updated LTA Short- and Long-Range Transit Plan was developed to improve and enhance regional public transportation in the San Benito County service area.
7. Staff prepares a detailed and thorough report and discussion of the unmet needs process, analysis of public comment, and a resolution approving the annual unmet transit needs findings. Each year, the COG Board reaffirms the adopted definitions of unmet transit needs and reasonable to meet. Resolutions adopted by San Benito COG during the unmet needs process in San Benito County found that there were no unmet transit needs that were reasonable to meet in each of the three audit years.
8. The unmet transit needs process is promoted extensively to ensure ample participation and comment from the public. Notice of the hearings was given 30 days in advance and provided in English and Spanish. In addition, the COG posted English and Spanish flyers around Hollister and San Juan Bautista and on-board County Express vehicles while distributing the flyer through an email blast to a list of subscribers.
9. As part of its public information and marketing efforts, San Benito COG utilizes a number of approaches that emphasize electronic and social media. The COG website contains an extensive array of information and documentation. The COG has a Facebook page associated with the San Benito RideShare program. Twitter and YouTube page links are also accessible through the San Benito RideShare website.
10. Under Proposition 1B, Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA), and California Office of Emergency Services, San Benito COG applied for and received funds toward upgrading transit fueling infrastructure, transit maintenance and operations improvement, customer service enhancements, and new bus vehicles.

## **Performance Audit Recommendations**

Four recommendations are provided to improve San Benito COG's administration and management of the TDA program and its organization.

**1. Maintain on file the cover letter accompanying submittal of TDA triennial performance audits to Caltrans.**

A cover letter typically accompanies the submission of the transportation planning agency TDA triennial performance audit to Caltrans. The letter drafted by the transportation planning agency indicates the completion of all required performance audits including for both the COG and the transit operator(s). Although the auditor was able to verify submission of the last performance audit with Caltrans for compliance, San Benito COG should maintain on file the letter and/or email message accompanying the audits.

**2. Ensure TDA claim prepared by the LTA includes all required attachments.**

The auditor's review of copies of TDA claims submitted by the LTA show several attachments that were not consistently included with the claim. These attachments are identified in the Annual Verification of TDA Compliance form and include a signed cover sheet of the State Controller Transit Operator's Financial Transactions Report; CHP terminal inspection certification; certified copy of the claimant's governing board approving the claim; description of the current fare structure; and reporting on efforts to implement the prior performance audit recommendations. While these attachments are available in other COG/LTA files, they should all be consistently attached to the claim packet for presentation of a full and complete submittal. San Benito COG, as the RTPA, should verify and ensure that a completed claim packet including all attachments is submitted and filed prior to approving the claim.

**3. Evaluate merits of allocating Local Transportation Funds (LTF) for bicycle and pedestrian safety education programs.**

San Benito COG allocates 2 percent of LTF for bicycle and pedestrian projects as allowed by the TDA statute. These revenues can be claimed by local jurisdictions (city or county) for eligible projects. One such eligible use of these allocated funds is for bicycle and pedestrian safety education programs. The COG and the local jurisdictions are members of Safe Kids California San Benito Partners which works to prevent unintentional childhood injuries through the collaborative efforts of community agencies to provide education and public awareness of bicycle and pedestrian safety. San Benito COG could evaluate the merits of reviewing potential TDA claims by a city or the county for such programs, and work with the partner agencies on funding opportunities.

**4. Update in-house TDA guidelines for inclusion of new state legislation.**

San Benito COG has an in-house document guiding TDA funding in the county. A few changes have occurred in relation to the TDA and transit operations within the last year. New legislation (Senate Bill [SB] 508) passed in October 2015 significantly modified several provisions of the TDA. The legislation has several objectives, including simplifying fare recovery requirements; authorizing funding of bicycle and pedestrian safety education programs; and modifying State Transit Assistance (STA) qualifying criteria for operations. San Benito's TDA guidelines should be updated to reflect these changes and identify the responsible party for implementing the updates, such as the fiscal auditor for the farebox recovery calculation. San Benito COG should also communicate these changes to the LTA and transit contractor and determine what implications, if any, the changes might have on transit operations.

SB 508 rationalizes performance metrics, for example, by applying the same operating cost exemptions to both the farebox recovery ratio and the STA qualifying criteria. In addition, this bill clarifies a few terms that should help ensure expectations are applied uniformly to the transit operators. Highlights of the bill are summarized in the last section of the audit.

## Section I

### Introduction – Initial Review of San Benito COG Functions

The Council of San Benito County Governments (San Benito COG) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, fiscal years (FY) 2012–13 through 2014–15. San Benito COG is required by Public Utilities Code (PUC) Section 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) as a condition of receiving TDA funding.

This performance audit, as required by the TDA, is intended to describe how well San Benito COG is meeting its administrative and planning obligations under the TDA.

#### Overview of San Benito County and San Benito COG

San Benito County is located in the Coast Range Mountain region of central California bordered by Santa Clara County to the north, Monterey County to the west and southwest, Santa Cruz County to the northwest, Merced County to the east, and Fresno County to the east and southeast. The county was named after the San Benito Valley and established in 1874 from parts of Monterey County. A demographic snapshot of key cities and the county is presented in Table I-1:

**Table I-1**  
**San Benito County Demographics**

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census	Population 65 years & older	Land area (in square miles)
Hollister	34,928	1.5%	7.4%	7.3
San Juan Bautista	1,862	20.2%	11.9%	2.6
Total San Benito County	55,269	3.8%	9.7%	1,391

Source: 2010 US Census

The City of Hollister is the county seat and largest city. The county and its two incorporated cities saw modest growth between the 2000 and 2010 US Censuses. San Juan Bautista saw the highest percentage increase in population. The senior citizen population, comprising residents aged 65 and over, is 9.7 percent countywide. The 2016 population for San Benito County is estimated to be 56,648 as reported by the state Department of Finance.

Agriculture is the chief industry in San Benito County. Several important local industries, such as canning and food processing, are related to agriculture. Retail trade is the second largest industry, in terms of employment. Other leading employment sectors in San Benito County include manufacturing, construction, and educational services. Pinnacles National Park became

the 51st National Park in January 2013. As a result, Pinnacles National Park is expected to draw visitors to the region.

Residential construction fueled economic growth as San Benito County provided affordable housing for commuters traveling to work in the Bay Area, as evidenced by almost half of the workforce living in the county commuting to work sites located in other counties, according to the US Census. Major highways traversing San Benito County include US 101 and State Routes (SR) 25, 33, 129, 146, and 156. SR 156 is the main east–west highway connecting the cities of Hollister and San Juan Bautista with US 101. SR 25 is the main north–south highway that runs through Hollister and also connects with US 101 in Gilroy. US 101 runs north–south through the western portion of the county adjacent to San Juan Bautista, providing connections to Gilroy, Salinas, and San Jose.

In its capacity as a regional transportation planning agency (RTPA) for TDA administration, San Benito COG administers and allocates TDA revenues to eligible claimants, including the Local Transportation Authority (LTA) and local jurisdictions for street and road purposes. Among its planning responsibilities, San Benito COG is required to develop and approve a four- to five-year transportation improvement program that is updated every two years, as well as a short-range transit plan. In addition, San Benito COG plans and programs local and regional transportation projects for funding and coordination with regional programs.

San Benito COG’s audited TDA allocations for administration and plans/programs during the fiscal years addressed by this audit ranged from \$159,749 in FY 2012–13, to \$294,451 in FY 2013–14, and to \$281,375 in FY 2014–15.<sup>1</sup>

Role and Structure of San Benito COG

San Benito COG was created in December 1973 under a joint powers agreement (JPA) between the Cities of Hollister and San Juan Bautista and the County of San Benito. The JPA was amended in May 1974 with rules and regulations governing activity of the COG amended in May 2012 and March 2013. San Benito COG serves a multifaceted role in the planning and administration of transportation-related programs and projects throughout the county. The COG’s activities are governed by TDA regulations, the California Code of Regulations, and Memorandums of Understanding with Caltrans. The designated roles and functions of the San Benito COG are summarized in the table below:

**Table I-2  
San Benito COG Functions**

Designated Roles	Functions
<b>Regional Transportation Planning Agency (RTPA)</b>	The COG is responsible for the development of the Regional Transportation Plan (RTP) as well

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<sup>1</sup> Source: Annual Basic Financial Statements - State of Revenue, Expenditures, and Changes in Fund Equity General Administration Fund.



Designated Roles	Functions
	as the allocation of annual TDA funds to local jurisdictions and transit operators.
<b>Consolidated Transportation Service Agency (CTSA)</b>	The LTA, staffed by COG employees, is currently the designated CTSA and provides coordination of social service transportation activities and needs within the county. The CTSA was established under a JPA in September 1986.
<b>Local Transportation Authority (LTA)</b>	Established under a JPA by the Cities of Hollister and San Juan Bautista and the County of San Benito in June 1990, the LTA administers the regional public transportation system serving the county. The LTA Board of Directors is the same board as the COG. The LTA is staffed by COG employees.
<b>Area-wide Planning Organization</b>	San Benito COG is the designated Area-wide Planning Organization by the US Department of Housing and Urban Development, which is responsible for compliance with the comprehensive planning activities of Section 701 of the Housing Act of 1954.
<b>Airport Land Use Commission</b>	The commission reviews proposed land use applications within the planning areas of the two local airports: Hollister Municipal Airport and the Frazier Lake Airpark.
<b>Measure A Authority</b>	Pursuant to the San Benito County Local Roads and Highways Improvement Ordinance approved by the county’s electorate in June 1988, the COG is the designated Measure A Authority that administers the local sales tax measure funding specific highway improvement projects, such as the Highway 25 bypass.
<b>Service Authority for Freeways &amp; Expressways (SAFE)</b>	The San Benito SAFE was established by the City Councils of Hollister and San Juan Bautista and the San Benito County Board of

Designated Roles	Functions
	Supervisors in September 1998 to administer and service the county’s network of 36 emergency roadside call boxes.

Source: San Benito COG

San Benito COG’s offices are located at 330 Tres Pinos Road, Suite C7, in the City of Hollister. COG Board meetings are held at the San Benito County Board of Supervisors chambers. Advisory and standing committees of the COG meet at the COG’s offices in the conference room. Unmet transit needs hearings are generally held at the Hollister Community Center and in the San Benito County Board of Supervisors chambers. Staff provides support to the COG Board of Directors as well as to four advisory and standing committees, as described below:

San Benito COG Board of Directors: The purpose of the Board of Directors is to serve as the principal policy-making body of San Benito COG. The San Benito COG Board serves as the COG’s principal governing body whose members are appointed by the member agencies. Membership of the board is composed of two members from the San Benito County Board of Supervisors; two members from the Hollister City Council; one member from the San Juan Bautista City Council; and one ex-officio member from Caltrans. The board meets the third Thursday of the month at 3:00 p.m.

Technical Advisory Committee (TAC): The TAC is composed of planning and public works representatives from each member agency, Caltrans, AMBAG, and California Highway Patrol (CHP). The purpose of the TAC is to advise the COG on matters related to transportation planning. Members include the planning directors of San Benito County and the City of Hollister, the public works administrator of San Benito County, the public works director of the City of Hollister, the city manager of San Juan Bautista, one representative from Caltrans District 5, a representative from the CHP, and a representative from AMBAG. The TAC meets the first Thursday of every third month at 2:00 p.m.

Social Services Transportation Advisory Council (SSTAC): The SSTAC is San Benito COG’s only standing committee statutorily created (PUC 99238) to serve a broad representation of elderly, disabled persons, persons of limited means, social service agencies, the transit dependent, and transit providers. The SSTAC advises the COG during the annual unmet transit needs process as well as on any matter related to mobility. The SSTAC bylaws, amended in September 2012, outline duties and responsibilities, membership, and organization and procedures. The SSTAC meets the fourth Friday of every other month at 9:30 a.m.

Bicycle & Pedestrian Advisory Committee (BPAC): The BPAC was established in 2008 and is composed of members from the general public and local agencies who are appointed by the COG Board. The committee advises the COG on matters related to bicycle and pedestrian mobility and safety. The BPAC meets the first Friday of every third month at 10:00 a.m.

Transportation Plan Advisory Committee: This committee was created to advise the COG on the development of the RTP, a long-range planning document that sets forth goals and policies for transportation project development in the county, establishes a list of projects that may be constructed or implemented in the next 25 years, and identifies funding available for these projects. The latest RTP update was completed in June 2014.

During parts of the audit period, San Benito COG staff was composed of an executive director, transportation planning manager, one full-time transportation planner, and an administrative services specialist. Turnover in the executive director position toward the end of the audit period was followed by the transportation planning manager becoming interim executive director, and the planning manager position remaining vacant. Administrative support staff included an administrative services specialist, transportation planner, secretary, and student intern, now an office assistant in lieu of the intern. In addition to the COG staff, the LTA employs one full-time transportation planner, a full-time mechanic, and a part-time mechanic which is currently vacant. These positions experienced turnover during the three-year period.

### Transit Operators

San Benito COG approves TDA fund claims and monitors public transportation systems in the county. Each transit service in San Benito COG's jurisdiction is currently operated on a contract basis under the LTA. Each service is described briefly below:

*County Express:* County Express operates local fixed-route service in Hollister, an intercounty fixed-route between San Benito and Santa Clara Counties, and demand-responsive services. The transit service operates Monday through Friday from 5:30 a.m. to 8:30 p.m., and Saturdays and Sundays from 7:40 a.m. to 6:00 p.m., with the intercounty routes generally operating the full hours of operations. The service does not operate on the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. County Express is administered by the San Benito County LTA and is operated by a private contractor, MV Transportation.

*Specialized Transportation:* The LTA contracts with Jovenes de Antaño, a local nonprofit organization, to provide specialized paratransit service to seniors aged 60 and older and persons with disabilities. The service area encompasses most of San Benito County. Reservations are required at least two days in advance. An out-of-county, nonemergency medical transportation service is available to facilities in Gilroy, Palo Alto, San José, Stanford, Salinas, and Monterey. Reservations for medical transportation must be made at least one week prior to the appointment. The service is funded through contributions from the Area Agency on Aging of San Benito and Santa Cruz Counties, and from San Benito COG/LTA.

## **Audit Methodology**

To gather information for this performance audit, Michael Baker accomplished the following activities:

*Document Review:* Conducted an extensive review of documents, including various San Benito COG files and internal reports, committee agendas, and public documents.

*Interviews:* Interviewed San Benito COG and LTA staff, and each transit contractor (MV Transportation and Jovenes de Antaño) to gain their perspectives about the agency's efficiency and economy.

*Analysis:* Evaluated the responses from the interviews as well as the documents reviewed about San Benito COG's responsibilities, functions, and performance to TDA guidelines and regulations.

All of the activities described above were intended to provide information necessary to assess San Benito COG's efficiency and effectiveness in two key areas:

- Compliance with state TDA requirements
- Organizational management and efficiency

The remainder of this report is divided into four chapters. In Chapter II, Michael Baker reviews the compliance requirements of the TDA administrative process. Chapter III describes San Benito COG's responses to the recommendations in the previous performance audit. In Chapter IV, Michael Baker provides a detailed review of San Benito COG's functions, while Chapter V summarizes our findings and recommendations.

## Section II

### RTPA Compliance Requirements

Fourteen key compliance requirements are suggested in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, September 2008, developed by Caltrans, which was used to assess San Benito COG’s conformance with the TDA. Our findings concerning San Benito COG’s compliance with state legislative requirements are summarized in Table II-1.

TABLE II-1 San Benito COG Compliance Requirements Matrix		
RTPA Compliance Requirements	Reference	Compliance Efforts
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	Public Utilities Code, Section 99231	San Benito COG accounts for its claimants’ areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their area.  San Benito COG uses a formula based on annual California Department of Finance population estimates to determine each local jurisdiction’s apportionments.  <b>Conclusion: Complied</b>
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	Public Utilities Code, Sections 99233.3 and 99234	San Benito COG provides guidance on its TDA Claims form for the submission of claims for pedestrian and bicycle projects. The COG’s internal TDA guidance document describes the submission requirements of a claim including project description, financial plan, and certified copy by the claimant’s board/council approving the claim. The <i>San Benito County Bikeway and Pedestrian Master</i>

<b>TABLE II-1</b> <b>San Benito COG Compliance Requirements Matrix</b>		
<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p><i>Plan</i>, completed in December 2009, provides a basis for expenditure of TDA funds for these projects. Claims are approved by the San Benito COG Board of Directors.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has established a social services transportation advisory council. The RTPAs must ensure that there is a citizen participation process which includes at least an annual public hearing.</p>	<p>Public Utilities Code, Sections 99238 and 99238.5</p>	<p>The SSTAC is currently composed of seven members who advise the COG during the annual unmet transit needs process as well as on any matter related to mobility. Although the required number of representatives in the state statute is nine members, some current members may be representing more than one interest to satisfy the makeup of the SSTAC. In addition to the annual unmet transit needs process and hearings, the SSTAC participates on a number of other issues including coordination of specialized transportation services and short-range transit planning.</p> <p>The San Benito COG unmet transit needs public hearings are scheduled in the spring at public venues in Hollister.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has annually identified, analyzed, and recommended potential productivity</p>	<p>Public Utilities Code, Section 99244</p>	<p>Transit performance data are generated by the operations contractor, and collected and</p>

<b>TABLE II-1</b>		
<b>San Benito COG Compliance Requirements Matrix</b>		
<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> <li>• A committee for the purpose of providing advice on productivity improvements may be formed.</li> <li>• The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation which exceeds its prior year allocation.</li> </ul>		<p>analyzed on behalf of COG through the LTA on a monthly, quarterly, and annual basis to provide historic comparison and trend analysis.</p> <p>The 2016 <i>San Benito County Short and Long Range Transit Plan</i> designed a performance measurement system around the LTA's mission, vision, and eight guiding principles. The performance measures can be used by LTA to identify, analyze, and recommend potential productivity improvements.</p> <p>San Benito COG has not established a separate committee for the purpose of advising on productivity improvements (e.g., transit operators committee); however, the SSTAC and LTA fulfill that function.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the State Controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).</p>	<p>Public Utilities Code, Section 99245</p>	<p>San Benito COG maintains files that all TDA claimants submit an annual certified fiscal and compliance audit. Since the COG serves as the LTA, the audited fiscal data for the county transit system is included in the COG's annual fiscal and compliance audit. The following fiscal audits were completed by JJACPA, Inc., a professional accounting services corporation:</p>

<b>TABLE II-1</b> <b>San Benito COG Compliance Requirements Matrix</b>		
<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p><b>San Benito County Local Transportation Authority –</b>                      FY 2013: December 5, 2013                      FY 2014: December 2, 2014                      FY 2015: December 9, 2015</p> <p><b>Conclusion: Compiled</b></p>
<p>The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennium). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA monies and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.</p>	<p>Public Utilities Code, Sections 99246 and 99248</p>	<p>For the current three-year period, San Benito COG has retained an independent entity, Michael Baker International, to conduct the audit of San Benito COG.</p> <p>Pacific Municipal Consultants, which was acquired by Michael Baker in 2015, was retained to conduct the previous audit for the three fiscal years that ended June 30, 2012.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.</p>	<p>Public Utilities Code, Section 99246(c)</p>	<p>San Benito COG submitted its triennial performance audit and that of the LTA to Caltrans. A cover letter accompanying the audits was not located to verify the date of submittal. However, a check with Caltrans TDA staff confirmed receipt of the audit report on July 25, 2013.</p>



<b>TABLE II-1</b> <b>San Benito COG Compliance Requirements Matrix</b>		
<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p><b>Conclusion: Complied. San Benito COG should ensure that a cover letter accompanying the San Benito COG and LTA performance audits to Caltrans is kept on file.</b></p>
<p>The performance audit of the operator providing public transportation services shall include, but not be limited to, a verification of the operator's operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include, but not be limited to, consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2.</p>	<p>Public Utilities Code, Section 99246(d)</p>	<p>A separate performance audit of the San Benito County LTA, which provides public transportation services in the county, includes the required verification of performance measures and analyses.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.</p>	<p>Public Utilities Code, Sections 99270.1 and 99270.2</p>	<p>The transit service in San Benito County operates in a nonurbanized area.</p> <p><b>Conclusion: Not Applicable</b></p>
<p>The RTPA has adopted criteria, rules, and regulations for the evaluation of claims under Article</p>	<p>Public Utilities Code, Section 99275.5</p>	<p>San Benito COG is the designated CTSA in San Benito County. Article 4.5 funds are</p>

<b>TABLE II-1 San Benito COG Compliance Requirements Matrix</b>		
<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.		claimed for the provision of Americans with Disabilities Act (ADA) paratransit services. Performance measures for specialized transportation are developed and monitored quarterly in the LTA transit and specialized transportation operations report.  <b>Conclusion: Complied.</b>
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	Public Utilities Code, Sections 99310.5 and 99313.3, and Proposition 116	San Benito COG allocates State Transit Assistance (STA) funds for transit operations pursuant to state statutes.  <b>Conclusion: Complied</b>
The amount received pursuant to Public Utilities Code, Section 99314.3 by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller’s Office.	Public Utilities Code, Section 99314.3	STA funds under this section are allocated to fund all eligible transit services.  <b>Conclusion: Complied</b>
If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually: <ul style="list-style-type: none"> <li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public</li> </ul>	Public Utilities Code, Section 99401.5	San Benito COG conducts the annual unmet transit needs process and hearing in consultation with the SSTAC. One of the primary responsibilities of the SSTAC is to advise San Benito COG on existing public transportation needs.  The definitions of “unmet transit needs” and “reasonable to meet” are reaffirmed in the

TABLE II-1 San Benito COG Compliance Requirements Matrix		
RTPA Compliance Requirements	Reference	Compliance Efforts
<p>Utilities Code Section 99238;</p> <ul style="list-style-type: none"> <li>• Identified transit needs, including:                             <ul style="list-style-type: none"> <li>✓ Groups that are transit-dependent or transit-disadvantaged;</li> <li>✓ Adequacy of existing transit services to meet the needs of groups identified; and</li> <li>✓ Analysis of potential alternatives to provide transportation alternatives.</li> </ul> </li> <li>• Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet";</li> <li>• Identified the unmet transit needs and those needs that are reasonable to meet;</li> <li>• Adopted a finding that there are no unmet transit needs, that there are no unmet needs that are reasonable to meet, or that there are unmet transit needs including needs that are reasonable to meet.</li> </ul> <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>		<p>report and findings of the unmet needs process are adopted through board resolution. Evidence of published advertisement of the hearings in each jurisdiction is also provided in the report.</p> <p>LTF have only been allocated to streets and roads after completion of the unmet needs process.</p> <p><b>Conclusion: Complied</b></p>

<b>TABLE II-1</b> <b>San Benito COG Compliance Requirements Matrix</b>		
<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor, or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year, and must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the TDA and accompanying rules and regulations. Financial statements may not commingle with other revenues or funds. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following fiscal year close.</p>	<p>California Administrative Code, Section 6662</p>	<p>San Benito COG has had an audit of its accounts and records performed for each fiscal year by a certified public accountant. San Benito COG retained the firm of JJACPA, Inc. a professional accounting services corporation.</p> <p>Completion dates were:</p> <p>FY 2013: December 5, 2013  FY 2014: December 2, 2014  FY 2015: December 9, 2015</p> <p>San Benito COG also maintains fiscal and accounting records and supporting papers for at least four years following fiscal year close.</p> <p><b>Conclusion: Complied</b></p>

**Findings from RTPA Compliance Requirements Matrix**

San Benito COG has satisfactorily complied with all applicable state legislative mandates for RTPAs. One mandate was not applicable to the COG with respect to revenue ratios for transportation operators providing services in urbanized and new urbanized areas.

With regard to the COG’s submittal of its performance audit to Caltrans, the auditor did not receive a copy of the cover letter. Even though the auditor was able to confirm with Caltrans that the RTPA has certified in writing to Caltrans that the performance audit of the LTA had been completed, it is suggested that a copy of the cover letter be retained on file.

## Section III

### Responses to Prior Triennial Performance Audit Recommendations

This chapter describes San Benito COG's response to the recommendations included in the prior triennial performance audit. For this purpose, each prior recommendation is described followed by a discussion of San Benito COG's 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

Provide estimation of San Benito COG employee time allocation for Overall Work Program (OWP) elements.

#### Actions taken by San Benito COG:

In the prior performance audit, it was suggested that San Benito COG attach an equivalent allocation of staff time on each task. This recommended effort would project staffing times based on task budgeting. This added feature to the OWP indicates projected human resource commitment to each project and associated expense, and level of agency effort needed to complete the task.

During the audit period, the COG fully implemented tracking work on OWP work elements by staff hours, while the OWP budget is prepared based on the estimated number of hours by staff person. Although the OWP identifies the amounts budgeted for each work element and not the labor hours, staff is able to track expenses against labor internally.

#### Conclusion:

This recommendation has been implemented.

#### Prior Recommendation 2

Consider the implementation of a Mobility Management Plan and the appropriate CTSA designation and implementation.

#### Actions taken by San Benito COG:

This recommendation is carried over from the prior audit and concerns the adoption and implementation of a Mobility Management Plan along with the appropriate CTSA designation. The *Short and Long Range Transit Plan* described the LTA as the designated CTSA and being proactive in improving and coordinating transportation services. However, limited resources

and personnel have restricted its role. The plan includes a mobility management alternative as a longer-term strategy to be implemented when demand for the door-to-door services provided by Jovenes de Antaño exceeds available funding. The strategies in the *Short and Long Range Transit Plan* will be implemented over the coming 12–18 months.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 3

Consider alternative organizational structures for an RTPA that directly administers transit services.

Actions taken by San Benito COG:

During the prior audit cycle, San Benito COG was reviewing alternative organizational structures for the administration of its RTPA responsibilities as well as those of the LTA. Sample organizational structures from other similar transportation planning agencies were provided by the auditor in an appendix in the prior performance audit.

While these have been considered, the COG/LTA indicated it is not proposing major changes to its organizational structure.

Conclusion:

This recommendation no longer applies.

Prior Recommendation 4

Establish performance criteria for evaluating transit systems under Article 4.5.

Actions taken by San Benito COG:

It was suggested in the prior performance audit that San Benito COG propose a system of four to five performance benchmarks for Jovenes de Antaño, as the provider of specialized services, and evaluate whether the operator meets a minimum of three out of five indicators, or otherwise provide recommendations for service enhancements that can help attain the standards.

Performance measures for specialized transportation are developed and monitored quarterly in the LTA transit and specialized transportation operations report. The measures include ridership, revenue service hours, passengers per revenue hour, cost per revenue hour, cost per

passenger, and operations cost. In addition to determining these measures, the percentage change by quarter compared to the same quarter in the previous year is calculated for each of these measures, which are broken down by service and system-wide for Jovenes de Antaño.

Conclusion:

This recommendation has been implemented.

## Section IV

### Detailed Review of San Benito COG Functions

In this section, a detailed assessment of San Benito COG's functions and performance as a RTPA during this audit period is provided. Adapted from Caltrans' *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, San Benito COG's activities can be divided into the following activities:

- Administration, management, and coordination
- Transportation planning and regional coordination
- TDA claimant relationships and oversight
- Public information and external affairs
- Grant applications and management

#### **Administration, Management, and Coordination**

This section discusses the overall administration of San Benito COG's functions, which include general administration, internal planning and achievements, OWP, and personnel management.

##### **General Administration**

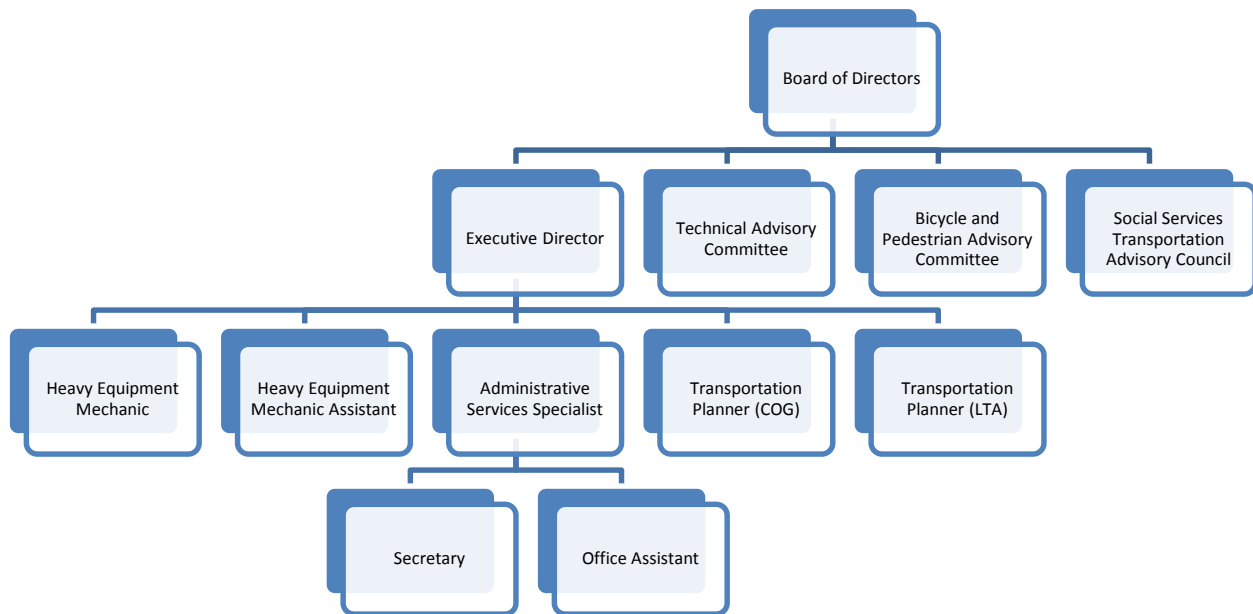
Based upon its mission statement, the San Benito COG "improves the mobility of San Benito County travelers by planning for and investing in a multi-modal transportation system that is safe, economically viable, and environmentally friendly." The COG's mission is reflected in its multifaceted role in enhancing and sustaining the county's multimodal transportation infrastructure. Rules and regulations of San Benito COG were updated in March 2013 to identify the date and time of regular COG board meetings, and to identify recordkeeping requirements of each board meeting.

The various roles under the COG's purview are carried out by a small yet competent staff. There was a change in the executive director, which was filled on an interim basis by the former transportation planning manager. The interim title was eliminated following an open recruitment for executive director from March–July 2015, which was handled by the County, and the formal appointment of the interim executive director by the COG board. In addition to serving as the executive director for the COG, the position also encompasses the LTA, Measure A Authority, Airport Land Use Commission, and the Service Authority for Freeways and Expressways.



Although beyond the audit period, it is noted that San Benito COG has streamlined its organization by not filling the transportation planning manager position. Given that the current executive director served in this former planning management position, efficiencies are being made to accomplish these responsibilities with leaner technical staff, with all staff now reporting directly to the executive director. The transportation planning tech was also eliminated, with an office assistant position added. A part-time mechanic assistant position is currently vacant. The following figure shows the change in the organization chart.

**Figure IV-1**  
**San Benito COG Organization Chart**



Source: San Benito COG

### Internal Planning and Achievements

In addition to the transition in executive leadership and streamlining of staff, San Benito COG managed a number of transportation planning activities of importance to the San Benito County region. Several are listed below:

- Completion of the 2014 RTP, including extensive public outreach activities and coordination with regional partners. Outreach efforts included presentations to stakeholder groups and maintaining an online presence for the RTP.
- Completed the relinquishment of Highway 25 to the City of Hollister.
- On a regional level, continued coordination with Caltrans and the Santa Clara County Valley Transportation Authority (through a Memorandum of Understanding) on the Route 152

Corridor Project, and coordinated with the Central Coast RTPAs to raise the importance of US 101 and transportation needs associated with it.

- Continued implementation of the 2009 San Benito County Bikeway and Pedestrian Master Plan. The plan guides the future development of bicycle and pedestrian facilities in the San Benito County region.
- Coordinated locally with stakeholders on topics of interest including improvements to the Route 25 corridor.
- Coordination with the City of Hollister in its submittal of an Active Transportation Program grant for the construction of the West Gateway Project.
- Initiated implementation of the Safe Routes to School plan for R.O. Hardin and Calaveras Elementary Schools. The plan's recommendations led to the implementation of crosswalk and bicycle lane striping by the City of Hollister in the project area.
- Continued discussions and planning work on the Alameda circulation project in San Juan Bautista.
- Finalized coordination and assisted in the implementation of the City of Hollister's Complete Streets Plan for the Tres Pinos Corridor Project.
- Continued efforts to reduce congestion by assisting commuters and employers with RideShare commute alternatives programs such as the Vanpool Program and 511.
- Prepared 2015 Title VI Program and Language Assistance Plan for Limited English Proficiency individuals.
- Assisted AMBAG in April 2015 with the update of the Monterey Bay Area Public Participation Plan, which is a comprehensive document that aims to guide the public participation process for regional planning agencies and local jurisdictions in the tri-county Monterey Bay region that either receive federal funds or are subject to a federally required action.
- Partnered with AMBAG, the Santa Cruz County Regional Transportation Commission, and the Transportation Agency for Monterey County to develop a Complete Streets Guidebook.
- Completed work on the Traffic Mitigation Impact Fee Study update for the City of Hollister and San Benito County.

### Overall Work Program

The OWP serves as San Benito COG's annual budget and program guide. The OWP identifies the specific work elements that the COG will undertake for the coming fiscal year. Most of the OWP work elements address the COG's state and federal planning requirements; the document is subject to federal and state guidance. Other work elements included in the OWP address and resolve local transportation planning issues and priorities, including the local Measure A program.

The OWPs prepared during the audit period included three main chapters plus an appendix. The introductory section of the OWP provided an overview of what the COG does, county demographics, and public participation procedures as well as a listing of board members, committees, and staff. Chapter 2, Planning and Funding, contained an overview of the past year's OWP accomplishments and a budget summary for each work element. Chapter 3 presented the OWP work program that described the specific planning task to be undertaken by the COG. The appendix included a summary of AMBAG work elements partially funded by San Benito COG.

Following the audit period, San Benito COG revised the OWP format to separate specifically emphasized work elements. For example, the outreach, coordination, and communications work programs received their own chapter. Also, each transportation mode (highways, streets, public transportation, aviation, and goods movement) is highlighted for its importance to the county transportation system with detailed work elements assigned by function such as coordination, transportation plan update, short-range planning, and special studies. Most of the work elements addressed in San Benito COG's annual OWP have been fairly consistent during the audit period. TDA administration is categorized under the Coordination and Information work element in the OWP.

The OWP is developed by reviewing the previous year's document, which involves a staff review of the specific work elements that they are involved with. Each work element is assigned a number and title along with the designated lead agency and project manager. In addition, the work element contains the objective, previous and ongoing work assessment, tasks, work products, and budget with the funding source and amount.

### *Personnel Management*

Personnel management is undertaken by several staff members, including the executive director and the administrative services specialist. Employee recruitment is conducted through the County.

The County of San Benito *Personnel Policies & Procedures Handbook* provides personnel management guidance for San Benito COG. The handbook, dating to 1991, includes the County's personnel ordinance, personnel rules, and employer-employee relations policy. Comprehensive medical and dental plans are available for full-time employees. Vision coverage and basic life insurance coverage is provided for each employee. Regular full-time employees with up to five years of service accrue up to 10 days of annual vacation leave, with a progression of additional vacation leave based on longer years of service. Sick leave is also accrued.

San Benito COG employees participate in the California Public Employees' Retirement System under the full formula of 2 percent at 55, and employees hired after January 1, 2013 will receive 2 percent at 62. The retirement benefit is 100 percent paid by the County. In addition to the defined benefit retirement plan, employees may participate in two 457 tax-deferred retirement

savings plans. Employees may roll over funds from prior 401(k) or 457 pursuant to applicable IRS limits. Employees hired prior to January 1, 2013 contribute 7 percent toward the employee CalPERS contribution. After January 1, 2013, employees contribute 6.5 percent toward the employee CalPERS contribution.

### **Transportation Planning and Regional Coordination**

This functional area addresses planning functions required of San Benito COG, including development of the RTP and the Transportation Improvement Program. Additional planning initiatives undertaken by the COG are also discussed.

#### **Regional Transportation Plan**

The RTP is San Benito COG's long-range planning document that guides the development of transportation in San Benito County over a 20-year horizon. The RTP demonstrates how San Benito County will better maintain, operate, and expand its transportation system in a financially constrained manner. The document is updated every four years and is required by state and federal law. It also serves to expedite project approval and prioritization.

The most current RTP, titled *On the Move: 2035*, was prepared and adopted in June 2014 under the direction of the California Transportation Commission Regional Transportation Plan Guidelines. The RTP was developed with input from the COG board and committees as well as from Hollister and San Juan Bautista, San Benito County, Caltrans, neighboring RTPAs, AMBAG, and the public.

The RTP update contains an Executive Summary and seven chapters: Introduction, Regional Issues and Overall Policy Approach, Existing Conditions, Action Plan, Financial Plan, Performance Measures, and Public Participation. San Benito COG has committed to planning for complete streets in the future, and that commitment is reflected in the RTP, with significant investments in bicycle and pedestrian facilities and other enhancements to the system.

The preparation of the updated RTP was a departure from previous RTPs and involved addressing new state requirements as well as conducting additional outreach to gather opinions from community groups, policy makers, other governmental agencies, and interested residents. Several changes included:

- Expanded Funding Assumptions – provided options for addressing the gap between the amounts of money expected to be received compared with the amounts of money needed to solve transportation problems.
- Complete Streets – addressed street design to embrace everyone, including motorists, pedestrians, bicyclists, the elderly, people with disabilities, and transit users.

- Healthy Communities – addressed how transportation policy and project decision making impacts obesity, pollution, and quality of life.
- Economic Vitality – discussed the connection between transportation investments and the short- and long-term economic vitality of the region for job creation, freight mobility, and time spent stuck in traffic.
- Sustainable Communities Strategy – discussed the AMBAG Sustainable Communities Strategy, which requires RTPs to evaluate the connection between transportation and land use in relation to greenhouse gas emissions. Through the AMBAG travel demand model, provided performance measures specifically for this RTP.

Using strategies identified in its Public Participation Plan, the COG enhanced the techniques and strategies for communication and outreach for the RTP. San Benito considered an array of options for public participation and partnerships, especially for those of underserved or underrepresented minorities, low income, elderly, and disabled populations in San Benito County. Strategies included the following:

- Developed outreach presentation materials in a variety of formats (e.g., PowerPoint presentations, fact sheets, surveys, maps) to reach broad audiences.
- Enhanced website capabilities to allow posting of all RTP-related information on its website and ensure that the information is accessible and transparent to the public.
- Coordinated outreach efforts and held multiple public workshops before the release of the draft RTP to allow direct participation by interested parties.
- Involved multiple committees and task forces of COG partners, stakeholders, and interested groups to develop the key components of the RTP.
- Reached out to traditionally underrepresented and/or underserved audiences.

### *Transportation Improvement Program*

San Benito COG is responsible for preparing the Regional Transportation Improvement Program (RTIP) for San Benito County projects that have been approved for federal and state funding. RTIP development is guided by principles established by Senate Bill (SB) 45, which provides for mainly local control over the programming of projects with state and federal funding. Under SB 45, the regional share of program funds makes up 75 percent of the State Transportation Improvement Program (STIP) while the remaining 25 percent encompasses the state's share of interregional funds. The plan is financially constrained, meaning that only those projects with expected available funding can be included.

The RTIP is updated every two years, covering a five-year planning horizon, and submitted to the California Transportation Commission. The COG submitted the 2012 and 2014 RTIPs for adoption by the commission during the audit period. The 2012 RTIP covered FYs 2012–13

through 2016–2017, while the 2014 RTIP covered FYs 2014–15 through 2018–19. No new projects were proposed for programming in either the 2012 or 2014 State STIP; however, two projects were previously programmed and carried through from the 2010 STIP. The two projects include the San Benito Route 156 Improvement Project, and Planning, Programming and Monitoring activities. These proposed projects meet the commission’s adopted STIP guidelines and provisions of state law.

The COG has a Memorandum of Understanding with AMBAG, the metropolitan planning organization, to develop a Metropolitan Transportation Improvement Program. This program includes San Benito COG’s boundaries to meet federal air quality and transportation planning requirements.

### *Transit Planning*

San Benito COG, the Transportation Agency of Monterey County, the Santa Cruz County Regional Transportation Commission, Santa Cruz Metropolitan Transit District, and Monterey–Salinas Transit worked with local transportation providers, community organizations, and human service advocates, as well as members of the public, to identify the existing gaps and needs in human service transportation. The preparation and implementation of the Coordinated Public Transit-Human Services Transportation Plan (CPTP) improves coordination between transportation systems and providers in the Monterey Bay region, and strengthens transportation services for those with special needs throughout Monterey, San Benito, and Santa Cruz Counties. The CPTP is used as the region’s framework for establishing eligibility for projects to receive funding through the FTA Section 5310 Elderly Persons and Persons with Disabilities program.

In FY 2012–13, San Benito COG/LTA received a Caltrans transportation planning grant to update its short-range and long-range transit plan from 2008. With the assistance of a consultant, an updated *Short and Long Range Transit Plan* was developed and completed in February 2016 to improve and enhance regional public transportation in the service area. The transit plan involved a thorough assessment of system performance and agency financial data. Plan development also provided different forums for community input and involvement to gain insight on each community’s various needs. New goals for the current transit performance monitoring system more directly reflect the evolving system and address the LTA’s new mission, vision, and values. When financial limitations were considered, three alternatives were developed for a short-term solution: the status quo, streamlining LTA’s service delivery model through a deviated fixed-route system, and a pulsed fixed route. An operations and implementation plan was created that integrates the various options for service improvements in the short and long term.

### **TDA Claimant Relationships and Oversight**

As the designated RTPA, San Benito COG is responsible for the administration of the TDA program. This functional area addresses San Benito COG’s role as the LTA in San Benito County

and its administration of TDA provisions. The subfunctions described include administration of the program, provision of technical and managerial assistance, transit coordination, TDA claims processing, and the conduct of the unmet transit needs process.

San Benito COG Administration and Planning

The uses of TDA revenues apportioned to San Benito County flow through a priority process prescribed in state law. The LTF allocations are distributed to the jurisdictions based on the latest population figures from the California Department of Finance. In order of priority, LTF monies are allocated as follows:

- TDA fund administration (2 to 3 percent of total LTF)
- Regional transportation planning (3 percent)
- Bicycle and pedestrian facilities (2 percent)
- Public transit (Article 8)
- Streets and roads (Article 8)

Prior to apportionment of funds to the Bicycle and Pedestrian Facilities Program and the transit operators, San Benito COG is able to claim TDA revenues for fund administration and for regional transportation planning and programming purposes. During the audit fiscal years of 2013 through 2015, San Benito COG claimed the amounts shown in Table IV-1 below.

**Table IV-1**  
**LTF Revenue Claims by San Benito COG for**  
**Administration and Planning**

Fiscal Year	LTF Claim
2012–2013	\$159,749
2013–2014	\$294,451
2014–2015	\$281,375

Source: STA and LTF audited financial statements for San Benito COG

The increased amounts were to help pay for increased transit system administration and planning, which included maintaining current service levels and the size of the transit fleet, helping improve service efficiency, increasing accessibility of services, and developing a flexible plan for the future of its transit services.

Technical and Managerial Assistance to Operators

San Benito COG’s public transit planning and coordination efforts are handled internally through the LTA. The transportation planner or administrative services specialist assigned to the LTA completes and submits the LTA’s annual claim. Each TDA claim packet contains a Standard Assurance Form entitled “Annual Verification of TDA Compliance to Accompany LTF

and STA Claims for Transit and Streets and Roads Purposes.” The Annual Verification form contains two parts, with the second part pertaining specifically to transit claims. An Annual Project and Financial Plan is required by the claimant to describe the projects and budgets for the use of TDA funds. The claims instruction packet includes the “unmet transit needs” and “reasonable to meet” definitions and guidelines.

TDA Claim Processing

On an annual basis during the audit period, San Benito COG was responsible for managing the apportionment of between \$945,000 and \$1.12 million in LTF revenues and between \$288,000 and \$309,000 in STA funds (annual financial audit figures).

**Table IV-2  
Total TDA Funding Allocation**

<b>Fiscal Year</b>	<b>Local Transportation Fund (LTF)</b>	<b>State Transit Assistance (STA)</b>	<b>Total</b>
2013	\$945,184	\$308,800	\$1,253,984
2014	\$1,119,313	\$304,774	\$1,424,087
2015	\$1,083,160	\$288,030	\$1,371,190

*Source: STA and LTF audited financial statements for San Benito COG*

San Benito COG prepares and distributes several documents during the TDA claims process. The documents include the initial and final estimates of apportionment to each jurisdiction and a packet providing claimants with the necessary forms and funding information needed to prepare TDA claims. Initial revenue projections are provided by the County in January, with final revenue estimates provided in early May.

The TDA claims are generally prepared by LTA staff during autumn of the claim year. For example, the claims were prepared in October in each of the three audit years. The claims are adopted by the LTA board on behalf of its constituent members. The COG’s administrative services specialist reviews the claims and prepares the resolutions that are adopted by the LTA board.

Claims are completed for LTF and STA allocations as well as for bicycles, planning, and streets and roads. Submitted with the claim forms is the TDA Annual Project and Financial Plan form, which shows the planned expenditures of all TDA funds claimed for that fiscal year. On the form’s matrix, a brief project description is noted (e.g., “transit system”) along with the total project cost and a breakdown of the funding sources and amounts. Both STA funds and LTF revenues are noted in the Project and Financial Plan along with other funding sources (e.g., FTA grants, fares) and comply with procedures and formulas established in the TDA statute.

As a general rule, transit operator claims must include supplemental information of a number of TDA requirements, including attachment of specific documentation such as the budget, prior



year revenues and expenditures, CHP terminal inspection certification, and transit efficiency calculation if the operator chooses to use STA monies for operations.<sup>2</sup> However, several items listed in the Annual Verification of TDA Compliance form have not been consistently submitted with the claim, including a signed cover sheet of the State Controller Transit Operator's Financial Transactions Report, description of the current fare structure, CHP inspection certificate, and reporting on efforts to implement the prior performance audit recommendations. San Benito COG, as the RTPA, should verify and ensure a completed claim packet including all attachments is submitted and filed prior to approving the claim.

### Unmet Transit Needs

Unmet transit needs hearings are required by the TDA where claims can be made for streets and roads. San Benito COG conducts the annual unmet transit needs process for San Benito County to allow the LTA to plan for future services. The public outreach process for the three-year audit period comprised one public meeting and two public hearings. The public hearings were held at various locations including the San Benito County Board of Supervisors Chambers in Hollister, Hollister Community Center, and San Juan Bautista Public Library. The hearings were attended by members of the San Benito COG board and staff.

As a means to streamline and increase efficiency during the outreach process, the number of formal public hearings after the audit period were consolidated from two to one and held at the Board of Supervisors Chambers as part of a regular COG board meeting, while the public meetings to solicit unmet needs were increased from one to two and held in San Juan Bautista and Hollister.

Staff prepares a detailed and thorough report and discussion of the unmet needs process, analysis of public comment, and a resolution approving the annual unmet transit needs findings. Recommended findings by the SSTAC are included in the staff report. Each year, the COG board reaffirms the adopted definitions of unmet transit needs and reasonable to meet.

Pursuant to PUC Section 99401.5, San Benito COG is required to adopt formal definitions of "unmet transit need" and "reasonable to meet." This first definition is the primary tool used to evaluate the public testimony received during the initial hearing and the second definition is used to evaluate the reasonableness of meeting such requests. In July 1992, the COG board adopted definitions of "unmet needs" and "reasonable to meet" in Resolution 1992-01. Unmet transit needs "Reasonable to Meet" criteria were adopted in July 1990 (Resolution 90-12) and amended in April 2011 (Resolution 11-04).

The unmet transit needs process adopted by the COG is structured on three levels. First, unmet needs are defined "as expressed or identified needs of a significant segment of the community for public transportation services to meet basic mobility needs which are not currently being met through existing transit services or other means of transportation. Included, at a minimum,

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<sup>2</sup> Eligibility to use STA for operations is modified per SB 508 (October 2015).

are those public transportation or specialized services that are identified in the Regional Transportation Plan, Short Range Transit Plan and/or Transit Development Plan, which have not been implemented or funded.”

In the second phase, unmet needs are subject to a threshold criteria adopted by the COG. If the request fails to satisfy any of the criteria below, the request is not considered to be an unmet need:

- 1) The request fills a gap in transit service, or is identified as a deficiency in the Regional Transportation Plan;
- 2) Sufficient *broad-based* community support exists;
- 3) Request is a *current* rather than a *future* need; and
- 4) Request is not operational in nature (e.g., minor route change, bus stop change)

Once an unmet need satisfies the threshold criteria, a reasonableness determination is made based on an analysis of existing transit services, available options, potential demand, and cost estimates. After this determination has been made, the reasonable to meet definition would apply based on the following criteria summarized below:

- A. Equity
- B. Timing
- C. Cost effectiveness
- D. System performance
- E. Operational feasibility
- F. Community acceptance
- G. ADA conformity
- H. Other factors

Unmet needs hearings conducted during the audit period were properly noticed pursuant to PUC Section 99238.5, which requires at least one public hearing be held for the purpose of soliciting comments on the unmet transit needs that may exist. Notice of the hearings was given 30 days in advance and was provided in English and Spanish. In addition, the COG posted English and Spanish flyers around Hollister and San Juan Bautista and on-board County Express vehicles while distributing the flyer through an email blast to a list of subscribers. Demand-response transportation was also offered to the scheduled hearings to encourage attendance and public input.

Resolutions adopted by San Benito COG during the unmet needs process in San Benito County found that there were no unmet transit needs that were reasonable to meet in each of the three audit years. The following findings were made:

- For 2013, San Benito COG received 9 public requests from the unmet transit needs hearings. Staff made a finding that the requests do not meet the definition of an unmet transit need.
- For 2014, San Benito COG received 14 public requests from the unmet transit needs hearings of which 6 were classified as unmet transit needs, but found not reasonable to meet. The remaining 8 requests were classified as not an unmet transit need.
- For 2015, San Benito COG received 38 public requests from the unmet transit needs hearings of which 29 were classified as unmet transit needs, but found not reasonable to meet. The remaining 9 requests were classified as not an unmet transit need.

### **Public Information and External Affairs**

As part of its public information and marketing efforts, San Benito COG utilizes a number of approaches that involve more focused strategies around specific projects. There is a greater emphasis on electronic media than on print publications and collateral. San Benito COG's principal electronic portal continues to be its website (<http://www.sanbenitocog.org/>).

The San Benito COG website contains an extensive array of information and documentation. The website menu lists seven categories including links to items of general interest, meetings, planning, projects, public transit, rideshare, and a library of publications available in PDF.

The Public Participation Plan, developed in April 2015 by AMBAG in collaboration with the member RTPAs for the Monterey Bay region, provides direction for public participation activities conducted by member agencies. The plan is guided by a set of principles to conform to federal transportation legislation and to changes in state law with the passage of SB 375, which emphasizes active public engagement throughout all stages of the planning process. The Public Participation Plan sections address the regulatory setting pursuant to federal and state statutes as well as provide strategies to increase public involvement.

With regard to social media and networking sites, such as Facebook and Twitter, San Benito COG has made notable inroads into this marketing arena. Social media are both time-sensitive and labor-intensive, which may require frequent monitoring and updating. The COG has a Facebook page associated with the San Benito RideShare program, and has used Facebook to advertise open positions on the SSTAC. Twitter and YouTube page links are also accessible through the San Benito RideShare website.

San Benito RideShare provides carpooling and vanpooling matching services and information for alternative transportation including Bike Week and walking resources. Information for both

commuters and employers is available while benefits from program participation are described and quantified in terms of pollution savings. Links to County Express and Google Transit trip making are also provided. The San Benito RideShare website (<http://sanbenitorideshare.org/>) is supported through the emission reduction grant awarded by the Monterey Bay Unified Air Pollution Control District.

The COG is a member of Safe Kids California San Benito Partners, which works to prevent unintentional childhood injuries through the collaborative efforts of community agencies to provide education and public awareness of bicycle and pedestrian safety. Events have included car-seat safety checkups, helmets distributed to children, bike to school week, and an annual kids at the park fair. Participating agencies include the CHP, City of Hollister Recreation, City of Hollister Fire Department, City of Hollister Police Department, San Benito COG, County of San Benito Health & Human Services Agency, First Five San Benito County, Hazel Hawkins Memorial Hospital, Off the Chain Bikes, San Benito County Public Health Department, and the Youth Alliance. Eligibility for local transportation funds includes bicycle and pedestrian safety education programs. San Benito COG could evaluate the merits of reviewing potential claims for such programs.

### **Grant Applications and Management**

The COG's role is to review and be an integral part to state and federal funding assistance that promotes interjurisdictional coordination. Pursuant to federal law, San Benito COG is required to publish for public review an annual listing of projects for which federal funds have been obligated in the preceding year as a record of project delivery, as well as a progress report for public information and disclosure.

San Benito COG administers various grant programs derived from local, state, and federal sources. Operating in the role of the local Measure A Authority during the audit period, San Benito COG administered the half-cent transportation sales tax measure approved by San Benito County voters in 1988. The sales tax measure raised revenue toward a number of local transportation improvement projects, such as the Hollister Highway 25 bypass. With the sunset of Measure A, the COG board started discussing a new transportation measure, Measure P, in 2015 when the agency had been conducting a survey of public sentiment on transportation spending. Measure P, a proposed half-cent sales tax for 30 years for road repairs and transportation improvements, was placed on the voter ballot in June 2016 but was defeated.

The COG receives federal grants from the FTA by ensuring the programming of resources and projects in the appropriate federal implementation plans. Federal grants have played an important role in funding continued operations and capital replacement of the transit operators. FTA Section 5311 rural transit funds have been procured for transit operating assistance for County Express. San Benito COG also assists with administering other federal transit grant programs, including FTA Section 5304 planning funds, toward the development of the *Short and Long Range Transit Plan*, and FTA Section 5310 for efforts to improve elderly and disabled transit.

Under Proposition 1B, Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA), and California Office of Emergency Services, San Benito COG applied for and received funds toward upgrading transit fueling infrastructure, transit maintenance and operations improvement, customer service enhancements, and new bus vehicles.

## Section V

### Findings and Recommendations

The following summarizes the major findings obtained from the triennial audit covering FYs 2013 through 2015. A set of recommendations is then provided.

#### Findings

1. San Benito COG has satisfactorily complied with all applicable state legislative mandates for RTPAs. One mandate was not applicable to the COG with respect to revenue ratios for transportation operators providing services in urbanized and new urbanized areas.
2. Of the four prior performance audit recommendations, San Benito COG fully implemented three recommendations, while the fourth, pertaining to a review of the organizational structure, no longer applied. Alternative structures have been considered; however, the COG/LTA is not proposing major changes to its organizational structure.
3. San Benito COG's mission is reflected in the multifaceted role that the COG plays in enhancing and sustaining the county's multimodal transportation infrastructure. The various roles under the COG's purview are carried out by a small yet competent staff.
4. COG staffing experienced a number of changes during the audit period, in particular a change in the executive director. San Benito COG has streamlined its organization by not filling the transportation planning manager position. Given that the current executive director formerly served in this position, efficiencies are being made to accomplish these responsibilities with leaner technical staff.
5. A significant accomplishment was the completion of the 2014 Regional Transportation Plan (RTP) in June 2014, including extensive public outreach activities and coordination with regional partners. Outreach efforts included presentations to stakeholder groups and maintaining an online presence for the RTP.
6. The Monterey Bay Region's Coordinated Public Transit-Human Services Transportation Plan was prepared collaboratively in October 2013 by AMBAG, its regional transportation partners including San Benito COG, and the public transit operators in the tri-county area, such as County Express and Jovenes de Antaño. Also, an updated LTA *Short and Long Range Transit Plan* was developed to improve and enhance regional public transportation in the San Benito County service area.
7. Staff prepares a detailed and thorough report and discussion of the unmet needs process, analysis of public comment, and a resolution approving the annual unmet transit needs

findings. Each year, the COG Board reaffirms the adopted definitions of unmet transit needs and reasonable to meet. Resolutions adopted by San Benito COG during the unmet needs process in San Benito County found that there were no unmet transit needs that were reasonable to meet in each of the three audit years.

8. The unmet transit needs process is promoted extensively to ensure ample participation and comment from the public. Notice of the hearings was given 30 days in advance and provided in English and Spanish. In addition, the COG posted English and Spanish flyers around Hollister and San Juan Bautista and on-board County Express vehicles while distributing the flyer through an email blast to a list of subscribers.
9. As part of its public information and marketing efforts, San Benito COG utilizes a number of approaches that emphasize electronic and social media. The COG website contains an extensive array of information and documentation. The COG has a Facebook page associated with the San Benito RideShare program. Twitter and YouTube page links are also accessible through the San Benito RideShare website.
10. Under Proposition 1B, Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA), and California Office of Emergency Services, San Benito COG applied for and received funds toward upgrading transit fueling infrastructure, transit maintenance and operations improvement, customer service enhancements, and new bus vehicles.

## **Recommendations**

### **1. Maintain on file the cover letter accompanying submittal of TDA triennial performance audits to Caltrans.**

A cover letter typically accompanies the submission of the transportation planning agency TDA triennial performance audit to Caltrans. The letter drafted by the transportation planning agency indicates the completion of all required performance audits including for both the COG and the transit operator(s). Although the auditor was able to verify submission of the last performance audit with Caltrans for compliance, San Benito COG should maintain on file the letter and/or email message accompanying the audits.

### **2. Ensure TDA claim prepared by the LTA includes all required attachments.**

The auditor's review of copies of TDA claims submitted by the LTA show several attachments that were not consistently included with the claim. These attachments are identified in the Annual Verification of TDA Compliance form and include a signed cover sheet of the State Controller Transit Operator's Financial Transactions Report; CHP terminal inspection certification; certified copy of the claimant's governing board approving the claim; description of the current fare structure; and reporting on efforts to implement the prior performance audit recommendations. While these attachments are available in other COG/LTA files, they should all be consistently attached to the claim packet for presentation of a full and complete submittal. San Benito COG, as the RTPA, should verify and ensure that a completed claim packet including all attachments is submitted and filed prior to approving the claim.

### **3. Evaluate merits of allocating LTF for bicycle and pedestrian safety education programs.**

San Benito COG allocates 2 percent of LTF for bicycle and pedestrian projects as allowed by the TDA statute. These revenues can be claimed by local jurisdictions (city or county) for eligible projects. One such eligible use of these allocated funds is for bicycle and pedestrian safety education programs. The COG and the local jurisdictions are members of Safe Kids California San Benito Partners which works to prevent unintentional childhood injuries through the collaborative efforts of community agencies to provide education and public awareness of bicycle and pedestrian safety. San Benito COG could evaluate the merits of reviewing potential TDA claims by a city or the county for such programs, and work with the partner agencies on funding opportunities.

### **4. Update in-house TDA guidelines for inclusion of new state legislation.**

San Benito COG has an in-house document guiding TDA funding in the county. A few changes have occurred in relation to the TDA and transit operations within the last year. New legislation (SB 508) passed in October 2015 significantly modified several provisions of the TDA. The legislation has several objectives, including simplifying fare recovery



requirements; authorizing funding of bicycle and pedestrian safety education programs; and modifying STA qualifying criteria for operations. San Benito's TDA guidelines should be updated to reflect these changes and identify the responsible party for implementing the updates, such as the fiscal auditor for the farebox recovery calculation. San Benito COG should also communicate these changes to the LTA and transit contractor and determine what implications, if any, the changes might have on transit operations.

SB 508 rationalizes performance metrics, for example, by applying the same operating cost exemptions to both the farebox recovery ratio and the STA qualifying criteria. In addition, this bill clarifies a few terms that should help ensure expectations are applied uniformly to the transit operators. Highlights of the bill are summarized below.

#### *Farebox Recovery*

- Deletes the requirement for transit operators to maintain higher farebox requirements based on 1978–79 fiscal year.
- Revises definition of “local funds” to mean any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.
- Revises definition of “operating cost” to exclude principal and interest payments on capital projects funded with certificates of participation.
- Exempts startup costs for new transit services for up to two years.
- Exempts additional categories of expenditures from “operating cost” (cost increases above the Consumer Price Index for fuel, alternative fuel programs, power, insurance premiums and claims, and state and federal mandates).

#### *Claims for Funds*

- Authorizes the funding of bicycle and pedestrian safety education programs up to 5 percent of the 2 percent bicycle and pedestrian allocation found under Article 3 (PUC Section 99234(a)).

#### *STA Qualifying Criteria for Operations*

- Uses of a “sliding scale” to reduce the operator's STA allocation for operations, rather than “pass/fail.”
- STA qualifying criteria requirement is exempt through FY 2015–16.
- New “sliding scale” effective July 1, 2016.

The farebox recovery ratios calculated in the next annual TDA fiscal audit should account for these changes, given that operator eligibility for TDA funds is determined in large part by the audited farebox ratios. The revised STA sliding scale test that San Benito COG must also

apply would have certain budgeting and planning implications for the operations of the County Express, as a reduced amount of STA funds might be available for operations through the new test.