



**SBCOG**

*Council of  
San Benito  
County Governments*

# **FY 2016-2018 Triennial Performance Audit of Council of San Benito County Governments**

Prepared for  
Council of San Benito County Governments

August 2019

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INTERNATIONAL

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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) 2015–16 through 2017–18. 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 two recommendations, which pertained to the inclusion of the cover letter with the performance audit submittals to Caltrans and the allocation of Local Transportation Funds to bicycle and pedestrian projects. The two remaining recommendations involving calculation of farebox recovery in the fiscal audit and the TDA claim attachments were not implemented and have been carried forward in this audit for full implementation.
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 some changes during the audit period, which included the formal appointment of the interim executive director as the COG executive director by the COG board on September 14, 2015. In addition, the transportation planning tech position was eliminated, and an office assistant position added in January 2016. There was turnover in the transportation planner I position as well as with a part-time temporary mechanic assistant position.

5. A significant accomplishment was the update to the Regional Transportation Plan (RTP) which began in March 2016. The update includes seven chapters and involved extensive public outreach and input. The 2040 RTP builds upon the policy guidance in the prior RTP with an emphasis on alternative transportation modes. The RTP was finalized and adopted in June 2018.
6. After the defeat of Measure P in June 2016, the Roads and Transportation Safety Investment Plan was unanimously approved by the County of San Benito, the City of Hollister, and the City of San Juan Bautista. Placed on the November 2018 ballot as Measure G, it was approved by 69.77 percent of the electorate and comprises a 1 percent sales tax increase over a 30-year period.
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 unmet transit needs that were reasonable to meet in two out 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 involve more focused strategies around specific projects. The COG retained the services of a graphic and web design firm to rebrand and update the San Benito COG website and logo. The new logo and website were rolled out in 2018. The logo is composed of a V-shaped roadway design in a burgundy, grey, and white color palette.
10. Pursuant to the federal Civil Rights Act of 1964, San Benito COG has an adopted Title VI Program, which was updated in May 2018. The Title VI Program includes a public participation plan and a language access plan for limited English proficiency individuals, which describe the various approaches to public engagement to which the COG is committed.

## **Performance Audit Recommendations**

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

### **1. Ensure proper calculation of farebox recovery in the annual fiscal audit.**

This recommendation is being carried over from the prior audit for full implementation. The annual fiscal and compliance audits of the LTA are included with the fiscal audit for San Benito COG. The fiscal auditor includes a "Statement of Net Position" and a "Statement of Revenues, Expenses and Changes in Fund Net Position" for the LTA. Although calculation of farebox recovery can be derived from the operating revenues and expenditures shown in the latter statement, the fiscal audit still does not provide a proper calculation of farebox recovery.

As was presented in this recommendation, the revenues and expenditures should better reflect the allowances and exemptions pursuant to Senate Bill 508, which revised the definition of "local funds" and "operating cost." A proper farebox calculation would reflect the inclusion of locally generated revenues such as local Measure G, advertising, and real estate income as well as exemption for new transit services for up to two years and principal and interest payments on capital projects. In addition, LTA passenger fare revenues reported in the fiscal audit are inclusive of Jovenes de Antaño generated revenue. The role of special transportation services should be clarified in the audit reporting and its impact on farebox recovery.

### **2. Submit complete TDA claim with requirement attachments.**

This recommendation is being carried over from the prior audit for full implementation. A review of the TDA claim submittal packages for the LTA found that all the required attachments were not being included. The claim submittals provided for review included the claim forms, Annual Project and Financial Plan, resolution, CHP inspection report, and a description of the current fare structure. A complete claim package submittal would include a checklist, Local Transportation Funds/State Transit Assistance claim forms, annual financial plan/budget, productivity improvement plan, CHP inspection report, status of prior performance audit recommendations, and a Statement of Assurances. It is recommended that the COG ensure all aforementioned elements are included with the LTA annual TDA claim submittal.

### **3. Conduct State Transit Assistance Eligibility Verification.**

STA revenue is used for LTA transit operating assistance. SB 508, passed in October 2016, reinstated the requirement for a RTPA to determine an operator's eligibility to use STA for operations. This is codified in PUC 99314.6 which institutes a two prong test using the latest audited data for operating cost and vehicle revenue hours. The test verifies the amount of STA that can be used for operations versus capital on a sliding scale based upon results from

the application and comparison of operating cost per hour from the current and prior year, as well as from the current and prior three year average, and indexed by inflation. This verification should be included in the TDA claim for STA funding and the calculation conducted by an entity designated by San Benito COG such as the independent fiscal auditor, LTA, or the COG.

## 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) 2015–16 through 2017–18. 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 % (2010 US Census)	2019 DOF Population Estimates	Land Area (in square miles)
Hollister	34,928	1.5%	7.4%	40,149	7.3
San Juan Bautista	1,862	20.2%	11.9%	2,081	2.6
Unincorporated Area	18,479	6.9%	13.9%	20,066	1,381.1
Total San Benito County	55,269	3.8%	9.7%	62,296	1,391

Source: 2010 US Census; California Department of Finance, 2019 Population Estimates

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 2019 population for San Benito County is estimated to be 62,296 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 59<sup>th</sup> National Park in January 2013. As a result, Pinnacles National Park was expected to draw more 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. Nearly half of the workforce living in the county commutes to worksites 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 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 \$224,419 in FY 2015–16, to \$234,508 in FY 2016–17, and to \$222,490 in FY 2017–18.<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 San Benito COG are summarized in the table below:

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



**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 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 (ALUC)</b>	The ALUC 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

Designated Roles	Functions
	funding specific highway improvement projects, such as the Highway 25 bypass.
<p align="center"><b>Service Authority for Freeways &amp; Expressways (SAFE)</b></p>	<p>The San Benito SAFE was established by the City Councils of Hollister and San Juan Bautista and the San Benito County Board of Supervisors in September 1998 to administer and service the county’s network of 40 emergency roadside call boxes.</p>

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 481 4th Street, Hollister, in 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, Association of Monterey Bay Area Governments (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.

San Benito COG staff is composed of an executive director, one full-time transportation planner, office assistant and an administrative services specialist. In addition to the COG staff, the LTA employs one full-time transportation planner, a full-time mechanic, and a part-time mechanic, a position 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., Saturdays from 7:40 a.m. to 6:00 p.m., and Sundays from 9:00 a.m. to 3:00 p.m. 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 sections. In Section II, Michael Baker reviews the compliance requirements of the TDA administrative process. Section III describes San Benito COG's responses to the recommendations in the previous performance audit. In Section IV, Michael Baker provides a detailed review of San Benito COG's functions, while Section 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>In addition, the City of Hollister had two large projects allocated for the LTF 2% bicycle and pedestrian projects, which utilized the majority of these funds. The San Benito County Public Health Services Department also provides funding for bicycle and pedestrian safety education programs.</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 (with two vacancies) 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</p>

TABLE II-1 San Benito COG Compliance Requirements Matrix		
RTPA Compliance Requirements	Reference	Compliance Efforts
		<p>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 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>Public Utilities Code, Section 99244</p>	<p>Transit performance data are generated by the operations contractor and collected and analyzed on behalf of the 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>

<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 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 for all TDA claimants that 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> <p><b>San Benito County Local Transportation Authority –</b>                      FY 2016: November 28, 2016                      FY 2017: December 6, 2017                      FY 2018: December 18, 2018</p> <p><b>Conclusion: Complied.</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</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>Michael Baker International was retained to conduct the previous audit for the three fiscal years that ended June 30, 2015.</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>
subsequent fiscal years until the audit was transmitted.		
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.	Public Utilities Code, Section 99246(c)	San Benito COG submitted its triennial performance audit and that of the LTA to Caltrans. A cover letter accompanying the audits was submitted to Caltrans dated October 27, 2016.  <b>Conclusion: Complied.</b>
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.	Public Utilities Code, Section 99246(d)	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.  <b>Conclusion: Complied.</b>
The RTPA has established rules and regulations regarding revenue ratios for transportation operators	Public Utilities Code, Sections 99270.1 and 99270.2	The transit service in San Benito County operates in a nonurbanized area.

<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>
providing services in urbanized and new urbanized areas.		<b>Conclusion: Not Applicable.</b>
The RTPA has adopted criteria, rules, and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.	Public Utilities Code, Section 99275.5	San Benito LTA is the designated CTSA in San Benito County. Article 4.5 funds are 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>  Note: The COG should implement provisions of SB 508 including conducting the eligibility verification to use STA for operations. This verification should be a part of the TDA claim for STA revenue for LTA.
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>

TABLE II-1 San Benito COG Compliance Requirements Matrix		
RTPA Compliance Requirements	Reference	Compliance Efforts
<p>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:</p> <ul style="list-style-type: none"> <li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code Section 99238;</li> <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</li> </ul>	<p>Public Utilities Code, Section 99401.5</p>	<p>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.</p> <p>The definitions of "unmet transit needs" and "reasonable to meet" are reaffirmed in the 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>that there are unmet transit needs including needs that are reasonable to meet.</p> <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>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 2016: November 28, 2016  FY 2017: December 6, 2017  FY 2018: December 18, 2018</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 verification of the COG's submittal of its performance audit to Caltrans, which was a finding in prior audits, a copy of the cover letter was provided to the auditor. A copy of the letter is now retained in the COG's files.

## Section III

### Responses to Prior Triennial Performance Audit Recommendations

This section 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

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

*Background:* 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 prior audit was able to verify submission of the last performance audit with Caltrans for compliance, it was suggested that San Benito COG maintain on file the letter and/or email message accompanying the audits.

#### Actions taken by San Benito COG:

After prior audits cited a deficiency in this area, the COG implemented the practice of maintaining a copy of the cover letter that is submitted with its TDA triennial performance audits to Caltrans. A cover letter accompanying the audits was submitted to Caltrans dated October 27, 2016, along with a copy of the email correspondence.

#### Conclusion:

This recommendation has been implemented.

#### Prior Recommendation 2

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

*Background:* The prior audit found that copies of TDA claims submitted by the LTA showed several attachments that were not consistently included with the claim. These attachments were identified in the Annual Verification of TDA Compliance form and included 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 were available in other COG/LTA files, it was suggested that they 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.

Actions taken by San Benito COG:

The COG reviews the LTA's TDA claim to ensure it is full and complete with all required attachments submitted. However, a review of the TDA claim submittal packages for the LTA found that all the required attachments were still not being included. The claim submittals provided for review included the claim forms, Annual Project and Financial Plan, resolution, CHP inspection report, and a description of the current fare structure. A complete claim package submittal would include a checklist, LTF/STA claim forms, annual financial plan/budget, productivity improvement plan, CHP inspection report, status of prior performance audit recommendations, and a Statement of Assurances. It recommended that the LTA include all aforementioned elements with its annual TDA claim.

Conclusion:

This recommendation has been partially implemented and is carried forward for full implementation.

Prior Recommendation 3

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

*Background:* 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. It was suggested that 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.

Actions taken by San Benito COG:

In response to this recommendation, the City of Hollister has two large upcoming projects allocated for the LTF 2 percent bicycle and pedestrian projects, which will use the majority of these funds. Currently San Benito County Public Health Services provides funding for bicycle and pedestrian safety education programs.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 4

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

*Background:* 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. Furthermore, 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 were summarized encompassing farebox recovery, claims for funds, and STA qualifying criteria for operations.

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.

Actions taken by San Benito COG:

San Benito COG has reviewed the SB 508 legislation with the LTA and the transit contractor, identifying significant modifications to several provisions of the TDA. However, the COG's TDA manual, entitled *Forms and Instructions of Transportation Development Act (TDA) Funds, Regional Surface Transportation Program (RSTP), For Streets and Roads Projects & For Bicycle and Pedestrian Projects*, has not been updated to reflect the provisions of SB 508 and the eligibility test for the application of STA funds toward operations.

In addition, the annual TDA fiscal audits have yet to account for the SB 508 changes to the TDA. The annual fiscal and compliance audits of the LTA are included with the fiscal audit for San Benito COG. The fiscal auditor includes a "Statement of Net Position" and a "Statement of Revenues, Expenses and Changes in Fund Net Position" for the LTA. Although calculation of farebox recovery



can be derived from the operating revenues and expenditures shown in the latter statement, the fiscal audit still does not provide a proper calculation of farebox recovery.

As was presented in this recommendation, the revenues and expenditures should better reflect the allowances and exemptions pursuant to SB 508, which revised the definition of “local funds” and “operating cost.” A proper farebox calculation would reflect the inclusion of locally generated revenues such as local Measure G, advertising, and real estate income as well as exemption for new transit services for up to two years and principal and interest payments on capital projects. In addition, LTA passenger fare revenues reported in the fiscal audit are inclusive of Jovenes de Antaño generated revenue. It is suggested that the role of special transportation services be clarified in the audit reporting. It is also suggested that the COG update its TDA guidelines and ensure that its fiscal auditor account for all farebox revenues.

Conclusion:

This recommendation has not been implemented.

## Section IV

### Detailed Review of San Benito COG Functions

This section includes a detailed assessment of San Benito COG's functions and performance as an RTPA during this audit period. Adapted from Caltrans's *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, Overall Work Program (OWP), and personnel management.

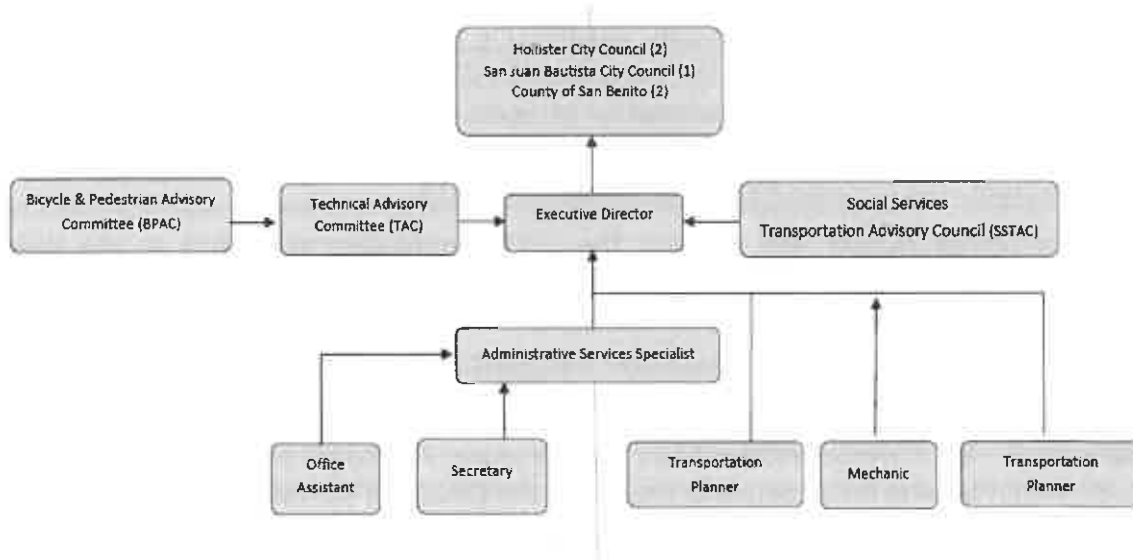
#### General Administration

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.

The various roles under the COG's purview are carried out by a small yet competent staff. At the beginning of the audit period, there was a change in the executive director, which had been 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. The interim executive director was formally appointed the COG executive director by the board on September 14, 2015. The executive director's contract is subject to annual review and renewal. In addition to serving as the executive director for the COG, the position also oversees the LTA, Measure A Authority, Airport Land Use Commission, and the Service Authority for Freeways and Expressways.

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 have been made to accomplish these responsibilities with leaner technical staff, with all staff now reporting directly to the executive director. The transportation planning tech position was also eliminated, and an office assistant position added in January 2016. There was turnover in the transportation planner I position in FY 2016 with the position being filled in July 2016 after the previous transportation planner separated from the COG in May 2016. A part-time temporary mechanic assistant position was vacated in August 2015, filled in January 2017, and vacated in May 2017. 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:

- **Highway 25 Widening Project:** Staff has been engaged in exploring options for transportation demand management, intelligent transportation systems, and ridesharing/public transit options that may help to lessen roadway congestion and offer alternatives for travel along the corridor. The COG coordinated locally with stakeholders on topics of interest including improvements to the Route 25 corridor.

- *Traffic Impact Mitigation Fee Nexus Study:* Traffic impact mitigation fees are collected from retail, commercial, industrial, and residential developers as a requirement for a building permit. The primary objective of the program is to ensure that new development pays its fair share of the transportation costs associated with growth. The study was adopted in October 2015. The COG conducts the nexus study, but the fee is administered by the local jurisdictions.
- *Highway 156 Improvement Project:* The San Benito Route 156 Improvement Project will construct about 5 new miles of four-lane at-grade expressway from The Alameda in San Juan Bautista to Business Route 156 near Hollister. San Benito Route 156 provides a key east–west link between the Cities of Hollister and San Juan Bautista as well as the Central Coast and the Central Valley. The project is scheduled to commence in the spring of 2020.
- *Santa Clara/San Benito Mobility Partnership:* In September 2015, a Memorandum of Understanding (MOU) between the Council of San Benito County Governments and the Santa Clara Valley Transportation Authority (VTA) was implemented to create the Mobility Partnership and complete preliminary engineering and environmental documentation for highway improvements along SR 152 between US 101 and I-5. Partners will work together to complete studies to identify transportation projects along the SR 152 corridor from US 101 to I-5, and along 101 at SR 25. The COG and VTA previously worked in partnership on the same corridor. The previous MOU was dissolved in 2013.
- *Regional Transportation Plan Update:* The COG commenced an update to the Regional Transportation Plan (RTP) in March 2016. The update includes seven chapters and involved extensive public outreach and input. The 2040 RTP builds upon the policy guidance in the prior RTP with an emphasis on alternative transportation modes. The RTP was finalized and adopted in June 2018.
- *Measure G - 2018 Transportation Sales Tax Measure:* The Roads and Transportation Safety Investment Plan was unanimously approved by the County of San Benito, the City of Hollister, and the City of San Juan Bautista. Placed on the November 2018 ballot as Measure G, it was approved by 69.77 percent of the electorate and comprises a 1 percent sales tax increase over a 30-year period. County retailers began collecting the Measure G sales tax on April 1, 2019.
- *COG Website Update and Rebranding Efforts:* The COG retained the services of a graphic and web design firm to rebrand and update the San Benito COG website and logo. The new logo and website were rolled out in 2018. The logo is composed of a V-shaped roadway design in a burgundy, grey, and white color palette.

### 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 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 tasks to be undertaken by the COG. The appendix included a summary of AMBAG work elements partially funded by San Benito COG.

During 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 the annual OWP have been 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 (CalPERS) under the full formula of 2 percent at age 55, and employees hired after January 1, 2013, will receive 2 percent at age 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 which 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 prior RTP, titled *On the Move: 2035*, was prepared and adopted in June 2014.

In March 2016, the COG initiated the update to the RTP, entitled *On the Move: 2040*. The development of the 2018–2040 RTP incorporated 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 2040 RTP was prepared in accordance with the California Transportation Commission's Regional Transportation Plan Guidelines. The RTP was finalized and adopted in June 2018.

The RTP update contains an executive summary and seven chapters: Introducing *On the Move*, Overall Policy Approach and Framework, Regional Setting and Travel Patterns, Snapshot of the Existing Transportation Network and System Needs, Financing Our Transportation Investments, Investments in Our Transportation Future, and Public Participation and Coordination. In addition to the seven main chapters, the RTP includes seven appendices detailing projects, constrained financial plan, and public engagement activities. AMBAG prepared the RTP's environmental impact report.

There were no major policy changes in the 2040 RTP; however, there was more of an emphasis on alternative transportation modes and the demographic profile of San Benito County, as one-third of San Benito County's residents are under the age of 18. Projects were pulled from the local jurisdictions and included local sales tax measure considerations.

Using strategies and techniques identified in its Public Participation Plan, the COG enhanced 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:

- Incorporation of Title VI information as part of the RTP's demographic analysis.
- 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.
- Newspaper notifications and blog articles on Benito Link.
- Outreach efforts and multiple public workshops before the release of the draft RTP to allow direct participation by interested parties, which included a joint open house with AMBAG, joint planning commission meetings with the City of Hollister and the County of San Benito, Hollister Downtown Association's "Nibble and Network" event, and Indigenous Cultures Day.
- Involvement of multiple committees and task forces of COG partners, stakeholders, and interested groups to develop the key components of the RTP.
- Outreach to federal stakeholders including the local congressional representative.
- Outreach 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 2016 and 2018 RTIPs for adoption by the commission during the audit period. The 2016 RTIP covered FYs 2016–17 through 2020–21. No new projects were proposed for programming in the 2016 STIP; however, two projects were previously programmed and carried through from the 2014 STIP. The two projects were 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 also prepared the draft RTIP for the 2018 STIP cycle based on the five-year fund estimate covering FY 2018-19 through FY 2022-23. The 2018 RTIP included three projects: San Benito Route 156 Improvement Project, County Express transit operations, and the West Gateway Beautification Project in Hollister.

The COG has an MOU 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.

An update to the San Benito County Transit Plan was commissioned in July 2015. The transit plan includes short- and long-range recommendations to improve County Express and specialized transportation services (Jovenes de Antaño) transit services. 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 2016 transit plan involved a thorough assessment of system performance and agency financial data. Plan development also included 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 2016 through 2018, 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
2015–16	\$224,419
2016–17	\$234,508
2017–18	\$222,490

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

The amounts claimed 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 \$1.10 million and \$1.26 million in LTF revenues and between \$194,000 and \$420,000 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>
2016	\$1,103,947	\$223,180	\$1,327,127
2017	\$1,262,932	\$194,296	\$1,457,228
2018	\$1,170,772	\$420,310	\$1,591,082

*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 Annual 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

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

listed in the Annual Verification of TDA Compliance form have not been consistently submitted with the claim. A review of the TDA claim submittal packages for the LTA found that all the required attachments were not being included. The claim submittals provided for review included the claim forms, Annual Project and Financial Plan, resolution, CHP inspection report, and a description of the current fare structure. A complete claim package submittal would include a checklist, LTF/STA claim forms, annual financial plan/budget, productivity improvement plan, CHP inspection report, status of prior performance audit recommendations, and a Statement of Assurances. 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, 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 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 unmet transit needs that were reasonable to meet in two out of the three audit years. The following findings were made:

- For 2016, San Benito COG received 16 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 2017, San Benito COG received 30 public requests from the unmet transit needs hearings of which 3 were classified as unmet transit needs that were reasonable to meet, and 6 were classified as unmet transit needs that were not reasonable to meet. The remaining 21 requests were classified as not an unmet transit need.
- For 2018, San Benito COG received 25 public requests from the unmet transit needs hearings of which 4 were classified as unmet transit needs that were reasonable to meet and 5 were classified as unmet transit needs that were not reasonable to meet. The remaining 16 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 was updated during the audit period and 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 COG retained the services of a graphic and web design firm to rebrand and update the San Benito COG website and logo. The new logo and website were rolled out in 2018. The logo is composed of a V-shaped roadway design in a burgundy, grey and white color palette.

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 providing 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 such as 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 the Central Coast Coalition – U.S. 101 Corridor. The agencies included in the MOU are striving to work together to raise the awareness of the importance of the transportation networks along the Central Coast and secure additional state and federal funding to comprehensively address the needs of the regions. The coalition meets monthly and every year organizes a trip to Sacramento to meet with elected leaders and transportation officials to support its mission.

Safe Kids California San Benito Partners 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 Services 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.

Pursuant to the federal Civil Rights Act of 1964, San Benito COG has an adopted Title VI Program, which was updated in May 2018. Title VI of the Civil Rights Act of 1964 requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination, under any program or activity receiving federal financial assistance. The Title VI policies and complaint forms are available through the COG's web page (<http://sanbenitocog.org/wp-content/uploads/2018/05/Title-VI-Program-SBCOG.pdf>) and at the COG's office in English and Spanish.

The Title VI Program includes a public participation plan and a language access plan for limited English proficiency individuals, which describe the various approaches to public engagement to which the COG is committed. The public participation plan also cites the federal and state requirements that apply to the COG requiring public participation processes. In addition to the COG web page link and the COG's offices in Hollister, the LTA posted the Title VI notice at the

Transit Operations Facilities located at 3220 Southside Road in Hollister, at the Jovenes de Antaño Office located at 300 West Street in Hollister, and on the County Express website.

### **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 recent passage of Measure G will allow the COG to leverage increased state and federal funding sources. Measure G is composed of a 30-year, 1-cent sales tax that was passed by 69.77 percent of the electorate in November 2018. Local measure funds will allow for current projects to be expedited and deferred maintenance to be addressed. For example, the pavement conditions of San Benito County roadways rank amongst the poorest in the state.

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 findings obtained from the triennial audit covering FYs 2016 through 2018. 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 two recommendations, which pertained to the inclusion of the cover letter with the performance audit submittals to Caltrans and the allocation of LTF to bicycle and pedestrian projects. The two remaining recommendations involving calculation of farebox recovery in the fiscal audit and the TDA claim attachments were not implemented and have been carried forward in this audit for full implementation.
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 some changes during the audit period, which included the formal appointment of the interim executive director as the COG executive director by the board on September 14, 2015. In addition, the transportation planning tech position was eliminated, and an office assistant position added in January 2016. There was turnover in the transportation planner I position as well as with a part-time temporary mechanic assistant position.
5. A significant accomplishment was the update to the Regional Transportation Plan (RTP) which began in March 2016. The update includes seven chapters and involved extensive public outreach and input. The 2040 RTP builds upon the policy guidance in the prior RTP with an emphasis on alternative transportation modes. The RTP was finalized and adopted in June 2018.
6. After the defeat of Measure P in June 2016, the Roads and Transportation Safety Investment Plan was unanimously approved by the County of San Benito, the City of Hollister, and the City of San Juan Bautista. Placed on the November 2018 ballot as Measure G, it was approved by 69.77 percent of the electorate and comprises a 1 percent sales tax increase over a 30-year period.



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 unmet transit needs that were reasonable to meet in two out 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 involve more focused strategies around specific projects. The COG retained the services of a graphic and web design firm to rebrand and update the San Benito COG website and logo. The new logo and website were rolled out in 2018. The logo is composed of a V-shaped roadway design in a burgundy, grey, and white color palette.
10. Pursuant to the federal Civil Rights Act of 1964, San Benito COG has an adopted Title VI Program, which was updated in May 2018. The Title VI Program includes a public participation plan and a language access plan for limited English proficiency individuals, which describe the various approaches to public engagement to which the COG is committed.

## **Recommendations**

### **1. Ensure proper calculation of farebox recovery in the annual fiscal audit.**

This recommendation is being carried over from the prior audit for full implementation. The annual fiscal and compliance audits of the LTA are included with the fiscal audit for San Benito COG. The fiscal auditor includes a “Statement of Net Position” and a “Statement of Revenues, Expenses and Changes in Fund Net Position” for the LTA. Although calculation of farebox recovery can be derived from the operating revenues and expenditures shown in the latter statement, the fiscal audit still does not provide a proper calculation of farebox recovery.

As was presented in this recommendation, the revenues and expenditures should better reflect the allowances and exemptions pursuant to SB 508, which revised the definition of “local funds” and “operating cost.” A proper farebox calculation would reflect the inclusion of locally generated revenues such as local Measure G, advertising, and real estate income as well as exemption for new transit services for up to two years and principal and interest payments on capital projects. In addition, LTA passenger fare revenues reported in the fiscal audit are inclusive of Jovenes de Antaño generated revenue. The role of special transportation services should be clarified in the audit reporting and its impact on farebox recovery.

### **2. Submit complete TDA claim with requirement attachments.**

This recommendation is being carried over from the prior audit for full implementation. A review of the TDA claim submittal packages for the LTA found that all the required attachments were not being included. The claim submittals provided for review included the claim forms, Annual Project and Financial Plan, resolution, CHP inspection report, and a description of the current fare structure. A complete claim package submittal would include a checklist, LTF/STA claim forms, annual financial plan/budget, productivity improvement plan, CHP inspection report, status of prior performance audit recommendations, and a Statement of Assurances. It is recommended that the COG ensure all aforementioned elements are included with the LTA annual TDA claim submittal.

### **3. Conduct State Transit Assistance Eligibility Verification.**

STA revenue is used for LTA transit operating assistance. SB 508, passed in October 2016, reinstated the requirement for a RTPA to determine an operator’s eligibility to use STA for operations. This is codified in PUC 99314.6 which institutes a two prong test using the latest audited data for operating cost and vehicle revenue hours. The test verifies the amount of STA that can be used for operations versus capital on a sliding scale based upon results from the application and comparison of operating cost per hour from the current

and prior year, as well as from the current and prior three year average, and indexed by inflation. This verification should be included in the TDA claim for STA funding and the calculation conducted by an entity designated by San Benito COG such as the independent fiscal auditor, LTA, or the COG.

