

Council of San Benito County Governments

Triennial Performance Audit
of the Council of San Benito
County Governments as the
RTPA for FY 2022 - FY 2024

Final Report | September 2025



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Chapter 1 | Executive Summary

The Triennial Performance Audit of the Council of San Benito County Governments (SBCOG) covers a three-year period ending June 30, 2024. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2025, the Council of San Benito County Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the transit operator to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the SBCOG's programs for the period:

- Fiscal Year 2021/22,
- Fiscal Year 2022/23, and
- Fiscal Year 2023/24.

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

The review was also conducted in accordance with the processes established by the California Department of Transportation, as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

1. Compliance requirements,
2. Follow-up of prior recommendations,
3. Analysis of internal goal setting and strategic planning efforts,
4. Review of the RTPA's functions and activities, and
5. Findings and recommendations.

Test of Compliance

The Council of San Benito County Governments adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner.

Status of Prior Recommendations

The prior Triennial Performance Audit – completed in 2022 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included the following recommendations:

1. Revise the STA eligibility section of the TDA claim form to include an Excel worksheet detailing the calculation methodology and clearly indicating eligibility.
Status: Implemented.
2. Levy the penalty for farebox non-compliance on the LTA during FY 2022/23.
Status: Implemented.
3. Ensure all TDA claims are submitted according to the RTPA’s established guidelines and inclusive of all required information and documentation.
Status: Implemented.
4. Prepare an updated Short Range Transit Plan with a five-year planning horizon.
Status: Implemented.
5. Begin including the farebox recovery ratio calculation in the annual TDA fiscal audit.
Status: Implemented.

Goal Setting and Strategic Planning

The Council of San Benito County Governments is the regional transportation planning agency for the County of San Benito and the cities of Hollister and San Juan Bautista. The Council of San Benito County of Governments was formed and designated as the Regional Transportation Planning Agency (RTPA) for San Benito County in 1973.

The Regional Transportation Plan (RTP) is SBCOG’s primary planning tool. The RTP is a long-range (2020-2045) transportation plan providing a vision for regional transportation investments. The RTP considers the potential impacts of projected housing, population, and employment growth on the transportation network and identifies solutions to meet the increased demand on all modes, including highways, local roads, bicycle, pedestrian, public transit, among others. The most recent RTP was adopted on June 16, 2022, and the next update is currently underway.

Other planning activities conducted during or just prior to the audit period included:

- Overall Work Programs (FY 2023, FY 2024, FY 2025),
- Regional Transportation Improvement Program (RTIP) (2024),
- 6th Cycle San Benito County Regional Housing Needs Allocation (RHNA) Plan (2022),
- Monterey Bay Region Metropolitan Transportation Improvement Plan (MTIP) (FFY 2022/23 to FFY 2025/26) (in collaboration with the Association of Monterey Bay Area Governments),
- Regional Transportation Plan (2022),
- Short Range Transit Plan Update (2022), and
- SR-156 Multimodal Enhancement Study (2022).

Findings and Recommendations

Based on discussions with Council of San Benito County Governments staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no compliance findings or recommendations.

There is one observation regarding the function of the RTPA to be addressed through recommendations:

1. The TDA Handbook and Claim Forms were adopted in 2008 and are in need of updating.

Exhibit 1.1 Summary of Audit Recommendations

Additional Recommendations		Importance	Timeline
1	SBCOG should consider revising its TDA Handbook and Claim Forms to reflect all recent legislative changes.	Medium	FY 2026/27

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the Council of San Benito County Governments (SBCOG) covers the three-year period ending June 30, 2024. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2025, SBCOG selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the transit operator to which it allocates funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of Moore & Associates followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the Council of San Benito County Governments as the designated RTPA for San Benito County. Direct benefits of a triennial performance audit include providing RTPA management with information on the economy, efficiency, and effectiveness of their programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC 99246(a) that the RTPA designate an independent entity other than itself to conduct a performance audit of its activities as well as those of each operator to whom it allocates TDA funding.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Auditing Standards* published by the U.S. Comptroller General.

Objectives

A Triennial Performance Audit has four primary objectives:

1. Assess compliance with TDA regulations,
2. Review actions taken by the RTPA to implement prior recommendations,
3. Evaluate the efficiency and effectiveness of the RTPA through a review of its functions, and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the RTPA.

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the regional transportation planning agency. The audit of SBCOG included five tasks:

1. Review of compliance with TDA requirements and regulations.
2. Assessment of the implementation status of recommendations included in the prior Triennial Performance Audit.
3. Analysis of SBCOG’s internal goal setting and strategic planning functions.
4. Examination of the following functions:
 - Administration and Management,
 - Transportation Planning and Regional Coordination,
 - Claimant Relationships and Oversight,
 - Marketing and Transportation Alternatives, and
 - Grant Applications and Management.
5. Recommendations to address opportunities for improvement based on analysis of the information collected and the review of the RTPA’s core functions.

Methodology

The methodology for the Triennial Performance Audit of the Council of San Benito County Governments as the RTPA included thorough review of documents relevant to the scope of the review, as well as information contained on SBCOG’s website. The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit reports for the prior review period;
- Annual budgets;
- Audited financial statements;
- State Controller Reports;
- Agency organizational chart;
- Board meeting minutes and agendas;
- Policies and procedures manuals;
- Regional planning documents;
- Overall work programs;
- Article 8 Unmet Transit Needs documentation;
- TDA claims manual; and
- TDA and transit funding allocations to operators.

The methodology for this audit included a virtual site visit with Council of San Benito County Governments representatives on July 31, 2025. The audit team met with Dr. Binu Abraham (Executive Director), Norma Aceves (Administrative Services Specialist), Samuel Borick (Transportation Planner), and Myranda Arreola (Transportation Planner), and reviewed materials germane to the triennial audit.

The report is comprised of seven chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the audit and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Regional goal setting and strategic planning,
 - Compliance with statutory and regulatory requirements,
 - Progress in implementing prior recommendations,
 - Functional review, and
 - Findings and recommendations.

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Chapter 3 | Overview of Council of San Benito County Governments

The Council of San Benito County Governments is the regional transportation planning agency for San Benito County. SBCOG was formed and designated as the Regional Transportation Planning Agency (RTPA) for County of San Benito and the cities of Hollister and San Juan Bautista in 1973.

The Council of San Benito County Governments’ mission is to improve “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.”

Board of Directors

The Council of San Benito County Governments’ Board of Directors meets the third Thursday of each month at 4:00 p.m. in the Board of Supervisors Chambers (481 4th Street, Hollister). The Board is comprised of two representatives from the City of Hollister, two representatives from the County Board of Supervisors, and one representative from the City of San Juan Bautista. A representative of Caltrans District 5 serves in an ex-officio capacity. Members of the SBCOG Board during the audit period included:

- Ignacio Velazquez, City of Hollister (2021 – 2023)
- Rolan Resendiz, City of Hollister (2021 – 2023)
- Mia Casey, City of Hollister (2023 – 2024)
- Dolores Morales, City of Hollister (2023 – 2024)
- Mary Vazquez Edge, City of San Juan Bautista (2021 – 2023)
- Scott Freels, City of San Juan Bautista (2023 – 2024)
- Peter Hernandez, San Benito County Board of Supervisors (2021 – 2023)
- Bob Tiffany, San Benito County Board of Supervisors (2021 – 2022)
- Kollin Kosmicki, San Benito County Board of Supervisors (2022 – 2023)
- Mindy Sotelo, San Benito County Board of Supervisors (2023 – 2024)
- Bea Gonzales, San Benito County Board of Supervisors (2023 – 2024)
- Angela Curro, San Benito County Board of Supervisors (2024)

Board meetings are conducted in person, with an option for the public to participate remotely via Zoom. All directors attend the meetings, unless they are eligible to exercise one of the exceptions under AB 2499 and the Brown Act. The Board has not had any issues achieving a quorum.

The SBCOG Board has four primary roles within San Benito County: the Council of Governments, Local Transportation Authority, Measure A Authority, Service Authority for Freeways and Expressways, and Airport Land Use Commission.

As the *Council of San Benito County Governments*, SBCOG serves as the county’s regional transportation planning agency (RTPA). It oversees long- and short-term transportation planning, financing and constructing highway projects, funding bus transit, and promoting ridesharing and active transportation.

The *Local Transportation Authority* is responsible for administering and operating public transportation services in San Benito County. The Authority was established in October 1990 through a Joint Powers Agreement to transfer the operation, maintenance and administration of County Express from the City of Hollister to the Local Transportation Authority. County Express provides local fixed-route service, general public Dial-a-Ride, ADA Paratransit, and commuter services to the residents of San Benito County.

The *Service Authority for Freeways and Expressways (SAFE)* maintains the emergency call box program for San Benito County. The San Benito County Board of Supervisors designated the Council of San Benito County Governments as the agency to act as the SAFE, responsible for management and administration of the emergency call box programs.

The *Airport Land-Use Commission (ALUC)* makes recommendations to the City of Hollister City Council and the San Benito County Board of Supervisors as to commercial and/or residential development around public use airports in San Benito County. The Commission ensures orderly growth around the airport and protects the general welfare of the local inhabitants and the general public.

During the audit period, the Board also fulfilled the role of the Measure A Authority (MEA), which was the governing body for the ½-cent sales tax established in 1989 to raise money for specific transportation projects in San Benito County. It was made up of the chief administrative official from each member agency. The MEA was dissolved by the Board via resolution in June 2024.

The SBCOG Board has four standing committees: Technical Advisory Committee, Social Service Transportation Advisory Council, Bicycle and Pedestrian Advisory Committee, and Measure G Transportation Safety and Investment Plan Oversight Committee.

The *Technical Advisory Committee (TAC)* was established to provide technical assistance, advice, and recommendations to the Council of Governments on transportation planning studies and related transportation projects. The committee is composed of a minimum of eight members. Meetings are held at 2:00 p.m. on the first Thursday of every month and are open to the public to participate in person or via Zoom.

The *Social Services Transportation Advisory Council (SSTAC)* advises the Council of Governments and the Local Transportation Authority on matters related to transportation accessibility for the elderly, disabled, and persons of limited means. Transit issues that may require the Advisory Council to look into are specialized transportation services, planning, and studies. The SSTAC meets quarterly on the fourth Friday of the month at 10:00 a.m., with meeting open to the public to participate in person or via Zoom.

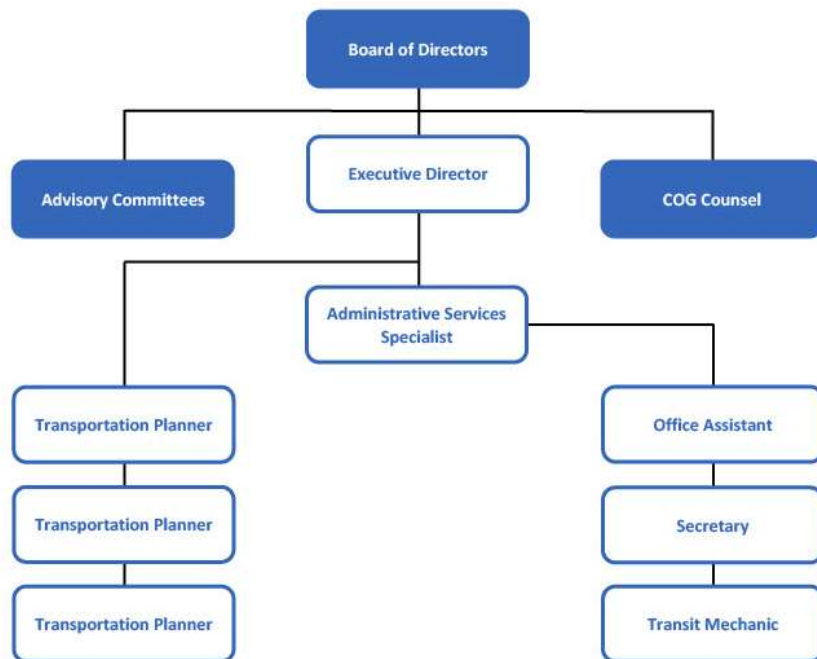
The *Bicycle/Pedestrian Advisory Committee (BPAC)* was established to advise the Council of Governments on bicycle and pedestrian needs and concerns in the San Benito County area. It is comprised of nine members who are bicyclists, pedestrians, and/or interested parties. Members hold three-year terms. Meetings are typically held quarterly at 10:00 a.m. on the first Friday of the month.

The *Measure G Transportation Safety and Investment Plan Oversight Committee* is the governing body for the one-cent sales tax to raise money for specific transportation projects to improve local streets and roads, improve connectivity, and reduce congestion in San Benito County. The committee consists of 11 San Benito County residents that represent the geographical, social, cultural, and economic diversity of the county to ensure maximum benefits for users of the transportation system. Committee members serve staggered two-year terms. Meetings are held on the last Wednesday of October, January, and April at the Council of San Benito County Governments conference room (650 San Benito St., Ste 120, Hollister).

Organization

An organizational chart is presented as Exhibit 3.1.

Exhibit 3.1 SBCOG Organizational Chart



Goal setting and strategic planning

The Regional Transportation Plan (RTP) is the Council of San Benito County Governments’ primary planning tool. The RTP is a long-range (2020 - 2045) transportation plan providing a vision for regional transportation investments. The most recent update, which was adopted on June 16, 2022, considers the potential impacts of projected housing, population, and employment growth on the transportation network and identifies solutions to meet the increased demand on all modes, including highways, local roads, bicycle, pedestrian, public transit, among others. Preparation of the RTP included coordination by Council of San Benito County Governments with entities throughout San Benito County, including the City of Hollister, City of San Juan Bautista, County of San Benito, Association of Monterey Bay Area Governments (AMBAG), and California Department of Transportation (Caltrans).

Public engagement for the RTP update was conducted in collaboration with the Monterey Bay Area Public Participation Plan. A majority of RTP announcements, surveys, and general information were provided in both English and Spanish. Bilingual staff attended all public and project meetings. Public engagement activities included the following:

- Association of Monterey Bay Area Governments’ (AMBAG) Metropolitan Transportation Plan/Sustainable Community Strategy and Regional Transportation Plan Public Open House,
- Staff meeting with Congressman Jimmy Panetta,
- Bilingual community mailer,
- Safe Kids Coalition of San Benito County virtual meeting,
- Public hearing on the draft RTP,
- AMBAG MTP/SCS public workshop virtual meeting,
- Coordination with the Technical Advisory Committee (TAC) and Social Services Transportation Advisory Council (SSTAC), and
- Distribution of physical and digital copies of the RTP throughout San Benito County.

Opportunities for public participation were promoted via a community mailer and posting on Facebook. Regular updates were also provided during the Council of San Benito County Governments’ Board meetings and the Association of Monterey Bay Area Governments (AMBAG) meetings.

As a rural RTPA, the Council of San Benito County Governments is not required to complete modeling for a Sustainable Communities Strategy. The 2022 RTP utilized assistance from the Association of Monterey Bay Area Governments (AMBAG), which serves as the Metropolitan Planning Organization (MPO) for the region.

The 2022 Regional Transportation Plan includes goals, objectives, and policies in six planning categories: accessibility and mobility; system preservation and safety; economic vitality; social equity; healthy communities; and environment. Each category contains at least one goal, several short range strategies, and several long range strategies. The 2022 RTP goals are detailed in Exhibit 3.2.

Planning for the 2026 Regional Transportation Plan was initiated in 2023 and is currently underway. The update is on track for completion in 2026.

Exhibit 3.2 2022 RTP Goals, Objectives, Strategies, and Performance Measures

Policy Objective	Short-Range Strategies	Long-Range Strategies	Performance Measures
Goal: Accessibility and Mobility			
Provide convenient, accessible, and reliable travel options for local residents and visitors alike.	<ul style="list-style-type: none"> • Improve pavement conditions by investing in local roads. • Provide safe, attractive, and affordable modes of travel (e.g., walking, bicycling, etc.) that improve access to key destinations. • Improve transportation system efficiency by pursuing traditional and non-traditional funding sources. • Improve public transit mobility and access to other transit connections. Encourage transit-oriented development. 	<ul style="list-style-type: none"> • Monitor local roadway Pavement Conditions Index. • Monitor and address safety accident data related to bicycle and pedestrian injuries. • Improve travel time reliability of the transportation system between key origins and destinations. 	<ul style="list-style-type: none"> • Work trips within 30 minutes by mode (percent) • Commute travel time (minutes)
Goal: System Preservation and Safety			
Preserve the existing system with ongoing maintenance and rehabilitation.	<ul style="list-style-type: none"> • Prioritize rehabilitation and maintenance of the existing roadways. • Support “good” or higher Pavement Condition Index. • Decrease fatalities and injuries for all travel modes. • Improve transit options by linking residents to new employment. • Implement roundabouts as a proven countermeasure to reduce crashes that result in serious injury. 	<ul style="list-style-type: none"> • Implement projects that reduce the severity of traffic incidents. • Increase the pavement condition index of the roadway system. • Encourage transportation projects that shorten the disconnect between jobs and housing. 	<ul style="list-style-type: none"> • Number of fatalities and injuries (per capita) • Peak period congested vehicle miles of travel (miles) • Maintain the transportation system (percent of funding)

Policy Objective	Short-Range Strategies	Long-Range Strategies	Performance Measures
Goal: Economic Vitality			
Support investments in transportation that have a direct impact on retail spending and job growth.	<ul style="list-style-type: none"> • Support Surface Transportation Assistance Act (STAA) truck routes that bolster economies, while minimizing impacts to local traffic. • Use Transportation System Management strategies such as Intelligent Transportation System technologies. • Improve freight access to key strategic economic centers. 	<ul style="list-style-type: none"> • Improve accessibility for freight and reduce truck hours of delay. • Promote safe and efficient strategies to improve the movement of goods by air, rail, and truck. • Support transportation improvements that improve economic revitalization of commercial corridors. 	<ul style="list-style-type: none"> • Jobs near high-quality transit (percent) • Daily truck delay (hours)
Goal: Social Equity			
Provide an equitable level of transportation services to all segments of the population.	<ul style="list-style-type: none"> • Demonstrate that planned investments reduce or eliminate disparities in access and mobility, economic benefit, and safety and health objectives between transportation-disadvantaged populations. • Use a variety of methods to engage the public, encouraging representation from persons of color. 	<ul style="list-style-type: none"> • Demonstrate that transportation-disadvantaged communities do not experience disproportionate impacts from transportation construction or operations. 	<ul style="list-style-type: none"> • Distribution of investments for traditionally disadvantaged populations (percent) • Access to transit within ½ mile of a transit stop for low-income populations (percent) • Translated documents and provide interpretation at public meetings for Limited English-Proficient individuals
Goal: Healthy Communities			
Encourage active transportation projects and programs.	<ul style="list-style-type: none"> • Improve health by encouraging trips made through active transportation modes, such as by bicycle, on foot, and by transit. • Attend health-related meetings to ensure collaboration between transportation and health advocates. • Encourage Complete Streets implementation by local jurisdictions. 	<ul style="list-style-type: none"> • Promote bicycle and pedestrian activities to generate long-term healthy habits for school-age children. • Promote Context Sensitive Solutions, which improve the quality of life, including health, for all who have a stake in the system. 	<ul style="list-style-type: none"> • Harmful airborne pollutants – all vehicles (tons/day) • Bicycle, pedestrian, and transit mode share (percent)

Policy Objective	Short-Range Strategies	Long-Range Strategies	Performance Measures
Goal: Environment			
Promote environmental sustainability and protect the natural environment of the region.	<ul style="list-style-type: none"> • Avoid or minimize impacts to local, state, and federally environmentally defined sensitive areas. • Encourage efficient development patterns that maintain agricultural viability and natural resources. 	<ul style="list-style-type: none"> • Invest in transportation projects that reduce greenhouse gas emissions. • Support infrastructure that encourages electrification of the transportation system. 	<ul style="list-style-type: none"> • Projected greenhouse gas emissions (tons) • Open space consumed (acres) • Farmland converted (acres)

In addition to the RTP, the Council of San Benito County Governments also provides funding for preparation of a Short- and Long-Range Transit Plan (S/LRTP) for public transit service in San Benito County.

Most recently, SBCOG initiated planning for a State Route 25 four-lane widening project. With the majority of the county's workforce commuting to Santa Clara County, improvements to highway capacity are desperately needed. This project is a top priority within the county, spurring a sales tax measure. It is expected to take a minimum of 10 years to complete, with the actual timeline dependent upon community support.

Other planning activities conducted during or just prior to the audit period included the following:

- Overall Work Programs (FY 2023, FY 2024, FY 2025),
- Regional Transportation Improvement Program (RTIP) (2024),
- 6th Cycle San Benito County Regional Housing Needs Allocation (RHNA) Plan (2022),
- Monterey Bay Region Metropolitan Transportation Improvement Plan (MTIP) (FFY 2022/23 to FFY 2025/26) (in collaboration with the Association of Monterey Bay Area Governments),
- Short Range Transit Plan Update (2022), and
- SR-156 Multimodal Enhancement Study (2022).

Chapter 4 | Program Compliance

This section examines the Council of San Benito County Governments’ compliance with the State of California’s Transportation Development Act as well as relevant sections of California’s Public Utilities Commission code. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. Although compliance verification is not a Triennial Performance Audit function, several specific requirements concern issues relevant to the performance audit. The Triennial Performance Audit findings and related comments are delineated in Exhibit 4.1.

Compliance was determined through discussions with SBCOG staff as well as an inspection of relevant documents, including the fiscal audits for each year of the triennium. Also reviewed were planning documents, Board actions, and other related documentation.

No compliance items were identified for the Council of San Benito County Governments.

Developments Occurring During the Audit Period

For many operators, the FY 2022/23 – FY 2024/25 audit period reflected continued recovery from the COVID-19 pandemic. Some operators have successfully achieved a return to or exceeded pre-pandemic ridership. Many operators, however, even more than five years after the onset of the pandemic, still struggle with ridership that has yet to recover to pre-pandemic levels as well as ongoing industry-wide driver shortages. Penalties for non-compliance with farebox recovery ratios continued to be waived during the audit period as the state focused on TDA reform.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief by extending the provisions of AB 90 through FY 2022/23 and adjusting definitions of eligible revenues and operating costs. Most recently, Senate Bill 125, signed into law on July 10, 2023, extended protections provided via earlier legislation through FY 2025/26. While this means the audit period covered by this audit is fully exempt from penalties for non-compliance with the farebox recovery ratio, for example, it also means that transit operators will likely need to be in compliance by the last year of the next audit period.

While the ability to maintain state mandates and performance measures is important, these measures enabled transit operators to address the impacts of the pandemic on transit operations while continuing to receive their full allocations of funding under the TDA.

Together, these three pieces of legislation include the following provisions specific to transit operator TDA funding under Article 4 and Article 8:

1. Prohibits the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost from FY 2019/20 through FY 2025/26.
2. Expands the definition of “local funds” to enable the use of federal funding to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.

3. Adjusts the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and microtransit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
4. Allows operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2025/26.

SB 125 also called for the establishment of the Transit Transformation Task Force to develop policy recommendations to grow transit ridership and improve the transit experience for all users. In the 50-plus years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The Transit Transformation Task Force is required to submit a report of its findings and policy recommendations to the State Legislature by October 31, 2025. This report is expected to include recommendations for TDA reform, which may impact the next Triennial Performance Audit period.

Exhibit 4.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
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 monies apportioned to that area.	PUC 99231	In compliance	
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 (Article 3).	PUC 99233, 99234	In compliance	
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process that includes at least an annual public hearing.	PUC 99238, 99238.5	In compliance	Unmet Transit Needs hearings: February 18, 2021 – in Hollister February 19, 2021 – Zoom February 17, 2022 - Zoom February 21, 2022 – during COG Board meeting February 16, 2023 – during Board meeting and Zoom
The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPA’s jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit. <ul style="list-style-type: none"> A committee for the purpose of providing advice on productivity improvements may be formed. 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 that exceeds its prior year allocation.	PUC 99244	In compliance	Recommendations (and status) from the prior Triennial Performance Audit are reviewed as part of the TDA claims process.
The RTPA has ensured that all claimants to whom it allocated TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	PUC 99245	In compliance	FY 2021/22: March 22, 2023 FY 2022/23: December 18, 2023 FY 2023/24: December 11, 2024
The RTPA has submitted to the state controller an annual certified fiscal audit within 12 months of the end of the fiscal year.	CCR 6662	In compliance	FY 2021/22: March 22, 2023 FY 2022/23: December 18, 2023 FY 2023/24: December 11, 2025
The RTPA has submitted within seven months after the end of the fiscal year an annual financial transactions report to the state controller.	CCR 6660	In compliance	FY 2021/22: January 26, 2023 FY 2022/23: January 28, 2024 FY 2023/24: January 31, 2025

Compliance Element	Reference	Compliance	Comments
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). 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 money, and to the RTPA within 12 months after the end of the triennium. If an operators 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.	PUC 99246, 99248	In compliance	Moore & Associates prepared the prior TDA audits and they were completed on time. Moore & Associates was also selected to prepare the current TDA audit. However, the process was started late and reports will be completed in September 2025.
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.	PUC 99246(c)	In compliance	SBCOG submitted its performance audit to Josh Pulverman with Caltrans in a letter dated June 20, 2022 (which also certifies completion of LTA's audit).
The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include 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.	PUC 99246(d)	In compliance	
For Article 8(c) claimants, the RTPA may adopt performance criteria, local match requirements, or fare recovery ratios. In such cases, the rules and regulations of the RTPA will apply.	PUC 99405	Not applicable	
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	PUC 99270.1, 99270.2	Not applicable	
The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	PUC 99275.5	In compliance	Line items for Article 4.5 are included within TDA Handbook; evaluation criteria is the same as Article 4.
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	PUC 99310.5, 99313.3, Proposition 116	In compliance	

Compliance Element	Reference	Compliance	Comments
Transit operators must meet one of two efficiency standards in order to use their full allocation of state transit assistance funds for operating purposes. If an operator does not meet either efficiency standard, the portion of the allocation that the operator may use for operations shall be the total allocation to the operator reduced by the lowest percentage by which the operator's total operating cost per revenue vehicle hour exceeded the target amount necessary to meet the applicable efficiency standard. The remaining portion of the operator's allocation shall be used only for capital purposes.	PUC 99314.6	In compliance	SBCOG has updated its claims process to include a worksheet assessing compliance with the efficiency tests.
The amount received pursuant to the 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.	PUC 99314.3	In compliance	
<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"> • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238; • Identified transit needs, including: <ul style="list-style-type: none"> ○ Groups that are transit-dependent or transit-disadvantaged, ○ Adequacy of existing transit services to meet the needs of groups identified, ○ Analysis of potential alternatives to provide transportation services; • Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet"; and • Identified the unmet transit needs or there are no unmet transit needs that are reasonable to meet. <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>	PUC 99401.5	In compliance	SBCOG, in conjunction with its SSTAC, conducts an annual Unmet Transit Needs process that meets the requirements of PUC 99401.5. An Unmet Transit Needs Report is prepared detailing each year's process and findings.

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Chapter 5 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the Council of San Benito County Governments has made quantifiable progress toward improving both the efficiency and effectiveness of its programs.

The prior audit – completed in June 2022 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included five recommendations:

1. [Revise the STA eligibility section of the TDA claim form to include an Excel worksheet detailing the calculation methodology and clearly indicating eligibility.](#)

Discussion: The prior auditor recommended SBCOG conduct the STA efficiency tests annually as part of the TDA claims process or, alternately, as part of the TDA fiscal audit. SBCOG should ensure the tests have been conducted and the operator is eligible prior to authorizing any claims for STA operating funds. If the operator is not eligible to claim all available STA funds for operating, it should determine how much STA funding must be reserved for capital purposes only. If included within the fiscal audit, the auditor must be familiar with relevant portions of the TDA legislation, including PUC 99314.6, AB 90, and AB 149. A sample STA eligibility worksheet was provided as a working Excel file.

Progress: The STA worksheet has been included in recent claim forms provided by SBCOG. The updated forms will also be added to the new Guidebook when it is updated.

Status: Implemented.

2. [Levy the penalty for farebox non-compliance on the LTA during FY 2022/23.](#)

Discussion: In FY 2018/19, the LTA did not meet its farebox recovery ratio requirement and had already utilized its grace year. As a result, it should have been penalized (by withholding a portion of TDA funding) during FY 2020/21. However, as a result of the COVID-19 pandemic, penalties for non-compliance during FY 2019/20 through FY 2022/23 were waived. The language of the legislation was somewhat confusing in this specific instance, so the auditors consulted with Joshua Pulverman at Caltrans. He confirmed the interpretation that the waiver was for penalties that would have been incurred by not meeting the farebox recovery ratio requirement during the specified years, not that penalties incurred during prior years should be waived. As such, the COG was still responsible for imposing a penalty on LTA for not meeting the farebox recovery ratio requirement in FY 2018/19.

Progress: SBCOG's Board of Directors voted to not penalize the San Benito Local Transportation Authority given there is no reserve or other funding from which to recoup the penalty funds. As a result, especially given the ongoing impacts of the COVID-19 pandemic, this recommendation was determined to be implemented.

Status: Implemented.

3. Ensure all TDA claims are submitted according to the RTPA's established guidelines and inclusive of all required information and documentation.

Discussion: RTPAs generally develop their own internal processes for TDA claims, including the development of a TDA Handbook, claim forms, and internal schedule. In the past, there have been some challenges with claim forms being incomplete, either with questions left unanswered or documentation not being provided. For example, the TDA Handbook provided during the prior audit included detailed budget worksheets that were not included in the submitted claims.

The prior auditor recommended COG staff, when preparing TDA claims, complete the forms as if they are going to be reviewed by an outside entity. This means ensuring all information detailed in the TDA Handbook is provided within a single claim packet. It suggested a staffer outside of those who prepare the claims should be tasked with reviewing them, and that reviewer should look for completeness and compliance with the RTPA's own processes in addition to verifying the accuracy of what is submitted.

The prior auditor noted the COG may also wish to collect additional information within the TDA claims, such as a productivity evaluation. This can take the form of a worksheet where the operator documents the implementation status of each recommendation from the prior Triennial Performance Audit and may also require the operator to provide key performance metrics for evaluation.

Progress: During the document review process for the current audit, TDA claims prepared for LTA appeared to be fully complete.

Status: Implemented.

4. Prepare an updated Short Range Transit Plan with a five-year planning horizon.

Discussion: While the prior S/LRTP included an up to 25-year planning horizon, a five-year planning horizon was recommended due to the dynamic conditions surrounding the COVID-19 pandemic. At the time of the prior audit, an update to the Plan was in the works, with an anticipated adoption date of June 2022. Depending on the stability of conditions upon the expiration of that plan, a longer planning horizon could be utilized moving forward.

Progress: The Short Range Transit Plan update was completed in August 2022.

Status: Implemented.

5. Begin including the farebox recovery ratio calculation in the annual TDA fiscal audit.

Discussion: The prior auditor suggested SBCOG work with its fiscal auditor to incorporate the farebox recovery ratio calculation into the annual fiscal audit. The auditor should be familiar with

TDA legislation regarding allowable exclusions and the calculation of operating cost (including, but not limited to, PUC 99268.4, 99268.5, 99268.8, 99268.9, 99268.17, and 99268.19; AB 90; and AB 149). Consideration of additional guidance regarding allowable “local supplementation” (including federal revenues) and exclusions from operating cost for the purpose of the farebox recovery ratio calculation have the potential to offer additional relief from recent challenges with the farebox recovery ratio.

Progress: SBCOG included this requirement in its new fiscal audit contract that went into effect for FY 2024/25. The new contract requires the auditor to include the farebox recovery ratio calculation in the annual fiscal audit. While this is considered implemented, given inclusion of the calculation in the audit will not occur until FY 2024/25 is audited, verification of implementation should take place at the time of the next TDA Triennial Performance Audit.

Status: Implemented.

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Chapter 6 | Functional Review

A functional review of the Council of San Benito County Governments determines the extent and efficiency of the following functional activities:

- Administration and Management;
- Transportation Planning and Regional Coordination;
- Claimant Relationships and Oversight;
- Marketing and Transportation Alternatives; and
- Grant Applications and Management.

Administration and Management

SBCOG staff process TDA claims in an accurate and timely manner. RTPA staff monitor project and program performance against budgeted time and costs by monitoring invoice amounts and project hours throughout the duration of the projects. More in-depth reviews are conducted quarterly in conjunction with Caltrans reporting. Staff balance work elements from the Overall Work Plan (OWP) and make amendments to the budget or OWP if a project lags or accelerates.

As the RTPA, SBCOG establishes and updates clear, comprehensive, and realistic goals and objectives for regional coordination, operator's performance, and any transportation alternatives that develop over time. These goals and objectives are presented in the agency's Overall Work Program, Regional Transportation Plan, and the TDA Claim Process.

Reporting directly to the SBCOG Board is the Executive Director. The RTPA executive director is also the Executive Director of the Local Transportation Authority (LTA). This staffing level is adequate to meet all responsibilities at this time; however, as the agency and community's needs continue to grow with the passing of the local sales tax Measure G, more staff support will be required. Once the vacant Transportation Planner position is filled, SBCOG will re-evaluate its staffing needs to ensure it can achieve its goals.

There has been significant staff turnover during the audit period. The current Executive Director was hired in January 2023, with three transportation planning positions also turning over during that time. Two of those positions are currently filled, while there are plans to reopen the application process for the third later in the year. Administrative staffing has been stable during this time. Employees receive an annual performance evaluation and receive training through webinars and training workshops. All employees receive benefits which include health and retirement through CalPERS.

SBCOG is governed by a five-member Board of Directors comprised of two representatives from the City of Hollister, two representatives from the County Board of Supervisors, and one representative from the City of San Juan Bautista. The Board meets on the third Thursday of each month at 4:00 p.m. Regular meetings are held in the Board of Supervisors Chambers, located at 481 4th Street in Hollister. The public and legal counsel may utilize the virtual option. Some Directors may attend remotely per exceptions under AB 2499 and the Brown Act. All meetings are open to the public.

The State Route (SR) 25 Corridor Improvement Project has been an area of interest for the Board. SR 25 is an arterial lifeline for the community, connecting San Benito County to the Bay Area. Much of the workforce already commutes to Santa Clara County, and there will be greater need for additional capacity as the population continues to grow. This project is expected to take a minimum of ten years to complete.

Transportation Planning and Regional Coordination

The primary regional planning document is the Regional Transportation Plan (RTP), which is prepared in-house. The RTP is a long-range plan providing a vision for enhancing the regional transportation infrastructure. The document comprehensively identifies, documents, and assesses transportation needs within the RTPA's jurisdiction, while noting any major weaknesses in the transportation system. The RTP addresses air quality and the environment, public transportation, alternative transportation, streets and roads, highways, and capital planning. The current RTP was adopted on June 16, 2022. Preparation for the next RTP is already underway.

Goals, actions, milestones, and timelines for transportation in the region are clearly defined in the RTP (see Chapter 3 for further discussion). The RTP clearly defines responsibilities for implementing necessary actions, including funding sources.

SBCOG works with the Association of Monterey Bay Area Governments (as the designated MPO) to model and project transportation demand levels and characteristics. SBCOG staff is actively involved in state, regional, and local affiliations where information is shared between partner organizations.

Claimant Relationships and Oversight

SBCOG does not have a formal productivity committee to review services and recommend improvements for lower transit costs, although the Social Services Transportation Advisory Council (SSTAC) does provide some oversight. Transit operator productivity is reviewed as part of the TDA claims process. RTPA staff oversee transit productivity, which is reported to the LTA Board of Directors.

SBCOG staff also manage the San Benito Local Transit Authority (LTA). Staff have been very proactive in obtaining and managing planning grants for specific transit studies. These responsibilities are shared across SBCOG staff and transportation planners. The RTPA makes technical and managerial assistance (in the form of planning assistance and financial analysis) available through the RTP process.

Marketing and Transportation Alternatives

SBCOG staff conduct marketing on behalf of the LTA as part of their management of the transit program. Through the Unmet Transit Needs process, the RTPA receives feedback on effective marketing. Ridership and comments are recorded through performance tracking software as a means of measuring the effectiveness of the marketing strategies used.

RTPA staff actively participate as a local jurisdictional Developmental Review Committee. The RTPA and LTA share an administrative office where information such as routes, schedules, type of services, and fares are made available to the public. In the event of significant service changes, SBCOG and the LTA will prepare and distribute press releases. SBCOG also has regional Vanpool and Rideshare programs and promotes biking and walking as alternatives to driving. The vans were funded in the past through a

Caltrans clean air grant. The RTPA owns the vans outright and has two available for lease. It usually partners with local agencies who wish to operate vanpools.

Grant Applications and Management

SBCOG/LTA staff applies for federal capital and operating funds (Section 5310, 5311, 5339(b)) as well as other grants for Rural Planning Assistance. They apply for state non-TDA grants such as LCTOP, STIP, and State of Good Repair.

Historically SBCOG and the LTA have not applied for discretionary transit funding due to a lack of staffing to handle the application and grant administration process. They have had to pass up opportunities, especially for capital, due to this issue. SBCOG and LTA have an on-call grant writing contractor available.

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Chapter 7 | Findings and Recommendations

Conclusions

Moore & Associates finds the Council of San Benito County Governments to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

Findings and Recommendations

Based on discussions with Council of San Benito County Governments staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no compliance findings or recommendations.

There is one observation regarding the function of the RTPA to be addressed through recommendations:

1. The TDA Handbook and Claim Forms were adopted in 2008 and are in need of updating.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the Council of San Benito County Governments. TDA Compliance Recommendations are designed to remedy findings of non-compliance with the TDA as identified in Chapter 4. Additional recommendations are based on functional observations and are not considered compliance findings. Each finding or observation reflects elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Given there are no compliance findings, only a functional recommendation is provided below.

Functional Observation: The TDA Handbook and Claim Forms were adopted in 2008 and are in need of updating.

Criteria: Under CCR 6680, the RTPA has the authority to establish rules and regulations for filing TDA claims by transit operators or other claimants in its jurisdiction. While there is no specific guidance, the claims process must be sufficient for the RTPA to effectively determine the eligibility of claimants.

Condition: SBCOG's current TDA Handbook and claim forms were formally adopted in 2008. While there have been some changes to the claim forms since then, the TDA Handbook has not been formally updated to reflect legislative changes occurring after 2008 (including those arising from the COVID-19 pandemic).

Cause: It is common for an agency to make incremental changes in its forms and processes without formally updating its TDA Handbook, especially when legislative changes occur frequently.

Effect: When incremental changes to forms are made, at some point they become inconsistent with the TDA Handbook and a formal update is needed.

Recommendation: SBCOG should consider revising its TDA Handbook and Claim Forms to reflect all recent legislative changes.

Recommended Action: While an update to the TDA Handbook and Claim Forms is recommended, it should not be rushed. AB 149 calls for the Transit Transformation Task Force to submit a report of its findings and policy recommendations for changes to the TDA by October 31, 2025. Consequently, it is not reasonable to update SBCOG’s TDA Handbook or Claim Forms prior to that time. Once additional legislation has been passed and TDA guidance is sufficiently settled, SBCOG should move forward with the update. This may or may not occur before the next Triennial Performance Audit.

Timeline: FY 2026/27 or later.

Anticipated Cost: Variable.

Exhibit 7.1 Audit Recommendations

Additional Recommendations		Importance	Timeline
1	SBCOG should consider revising its TDA Handbook and Claim Forms to reflect all recent legislative changes.	Medium	FY 2026/27