

ATTACHMENT 1



**FY 2010-2012  
Triennial Performance Audit of  
Santa Cruz County  
Regional Transportation Commission**

**Submitted to  
Santa Cruz County  
Regional Transportation Commission**

March 2014

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## Executive Summary

The Santa Cruz County Regional Transportation Commission (SCCRTC) retained PMC to conduct its Transportation Development Act (TDA) performance audit for Fiscal Years (FY) 2009-10 through 2011-12. As a Regional Transportation Planning Agency (RTPA), SCCRTC is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California State Department of Transportation (Caltrans) to continue receiving TDA funding. TDA funds are used for SCCRTC administration and planning of public transportation, and distribution for public transit services and non-motorized projects.

This performance audit is intended to describe how well SCCRTC is meeting its administrative and planning obligations under TDA, as well as its organizational management and efficiency. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)* published by the California Department of Transportation was used to guide in the development and conduct of the audit. To gather information for the TDA performance audit, PMC conducted interviews with agency staff and Commissioners as well as with the public transit operators, reviewed various documents, and evaluated SCCRTC's responsibilities, functions, and performance of the TDA guidelines and regulations.

The audit comprises several sections, including compliance with TDA requirements, status of implementing prior audit recommendations, and review of functional areas. Findings from each section are summarized below, followed by recommendations based on our audit procedures.

### Compliance with TDA Requirements

SCCRTC has satisfactorily complied with applicable State legislative mandates for Regional Transportation Planning Agencies. One compliance measure that did not apply to SCCRTC pertains to adopting rules and regulations for TDA claims under Article 4.5. SCCRTC does not use this article section to disburse TDA funds.

### Status of Prior Audit Recommendations

SCCRTC has implemented each of the three prior performance audit recommendations. One pertained to the update of the METRO Short Range Transit Plan, another related to the modification of the TDA claim form to include performance measures consistent with TDA, and the last was to work with AMBAG to align and refine planning objectives and communications.

## Functional Review

1. Santa Cruz County, much like the rest of the State, is slowly emerging from the economic recession that has created a local environment of greater resourcefulness. Longevity of SCCRTC staff brings remarkable stability to the agency to address the various technical and policy issues.
2. Several large projects were underway during the audit period including the addition of auxiliary lanes to Highway 1 between Soquel Avenue and Morrissey Boulevard (construction began in February 2012), and purchase of the Santa Cruz Branch Rail Line (purchase was completed in October 2012, which is slightly outside of the audit period). Designations as a Rail/Trail Authority and construction management authority place SCCRTC in a unique role of evolving from a purely transportation planning agency to inclusion as a project implementation agency offering multimodal transportation options.
3. Regular monthly Commission meetings are held and are well attended by the Commissioners based on the auditor's review of meeting minutes during the audit period. This is an indication of the education, interest, and engagement by the Commissioners on transportation topics. Transportation Policy Workshops were also held as needed to focus on specific items. Meeting locations are alternated among each of the four cities to encourage participation by the communities and enhance the visibility of SCCRTC to the community.
4. Interviews with SCCRTC Commissioners provided overall high ratings for staff and activities undertaken during the audit period. Management and staff are viewed as being solid, focused and knowledgeable. While there was acknowledgement that Commission votes are not always unanimous, SCCRTC works through the issues and receives technical and policy explanations for decision-making. Continued work is also needed to address transportation issues around the County including in more isolated communities.
5. The approved 2010 RTP serves as a transitional plan to the 2014 RTP which is a major update from prior RTPs to meet the new requirements Senate Bill 375. The 2014 RTP update is driven by the STARS performance-based process for developing outcome-based transportation plans and projects, and includes actual greenhouse gas emissions targets, methodology and implementation guidance. An expanded public outreach effort is also made for the 2014 RTP including revamped public workshops, expanded on-line and telephone surveys, and visits with community groups.
6. SCCRTC is recognized for continuing a process of soliciting and maintaining an annual prioritized transit needs list and working with its committees and Santa Cruz METRO. Unmet needs on the list are kept until they are implemented or removed. A public workshop is held each year in compliance with the TDA statute that requires at least one public hearing in the citizen participation process.

7. TDA claims submitted to SCCRTC are required to provide detailed past and budgeted information to support the claims. The information provided by claimants ensures that proper information is submitted to justify the TDA claim. The claim form also provides a checklist of materials to include which provides uniformity to the claims process and ensure that adequate information is provided to substantiate the claim for TDA revenues. The claims forms are reviewed by different staff versed in their respective transportation expertise, and also by the E&D TAC prior to approval by the Commission. TDA claims for bicycle projects are reviewed by the Bicycle Advisory Committee.
8. Alternative modes of travel are promoted and marketed through Commute Solutions that has grown both in size and in popularity. Commute Solutions' growth has spurred intentions of the program building its own brand identity. Growth in this program is consistent with SCCRTCs goals of planning for a multimodal transportation system.

Four recommendations are provided to improve SCCRTC's administration and management relating to TDA. Each recommendation is described in detail in the last chapter of this audit. These recommendations are summarized as follows:

1. *Enhance recruitment efforts to fill vacant positions on the Elderly & Disabled Transportation Advisory Committee.*

As the E&D TAC serves as the SSTAC under TDA, it is good practice to have all committee positions filled to build diversity in membership. Of the existing vacancies on this committee, two are part of the make-up of the SSTAC including representatives for a Social Service provider-Seniors, and a Potential Transit User (disabled). Some suggested methods for enhanced recruitment of open positions are made as well as incentives for attendance at meetings.

2. *Receive the Annual State Controller Reports from Santa Cruz METRO.*

It is recommended that this report transfer be made from METRO to SCCRTC to meet compliance and to provide an additional method for monitoring transit performance.

3. *Consider development of an annual report for Commute Solutions.*

Commute Solutions collects and processes a wealth of traveler information that is produced from its website and customer communication. A stand alone or integrated annual report would provide a snapshot and highlight in reasonable detail the regional activities, successes, and benefits of different multimodal and rideshare alternatives using information that is already developed by Commute Solutions. The report would have a marketing feel with the purpose of being a communications piece that connects with the community.

4. *Update the SCCRTC Rules and Regulations.*

A number of measures should be reflected in the Rules and Regulations including description of METRO farebox recovery ratios shown in the TDA claim, voting on Article 8 claims, and establishment of the operating reserve target.

## Section I

### Introduction – Initial Review of RTPA Functions

The Santa Cruz County Regional Transportation Commission (SCCRTC) retained the firm PMC to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years (FY) 2009-10 through 2011-12. As a Regional Transportation Planning Agency (RTPA), SCCRTC is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue to receive TDA funding.

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

### Overview of SCCRTC

SCCRTC is responsible for delivering a full range of safe, convenient, reliable, and efficient transportation choices for the community. With a focus on long-term sustainability, SCCRTC plans, funds, and implements transportation projects and services. Working together with transportation partners, SCCRTC secures funding to maintain the existing transportation network as well as prepare for the transportation needs of the next generation. The SCCRTC keeps residents, visitors, and business moving wherever they want to go and however they choose to get there.

SCCRTC was originally created in 1972 by statute establishing Regional Transportation Planning Agencies (RTPAs). The agency later became a state designated transportation planning agency under State Government Code sections 67940 and 67941. The SCCRTC is comprised of 12 voting members plus an ex-officio member. Consistent with law, the governing body is composed of all five members of the Santa Cruz County Board of Supervisors, one member for each of the cities in the county (Capitola, Santa Cruz, Scotts Valley, and Watsonville), and three members appointed by the Santa Cruz Metropolitan Transit District (Santa Cruz METRO). An alternate member may serve in the place of the regular member when the regular member is absent or disqualified from participating in a meeting of the governing body. Caltrans (the State Department of Transportation) serves as an ex-officio, non-voting member of the Commission.

State legislative approval of Senate Bill 465 in 2002 provided additional powers to the SCCRTC to act as a Rails/Trails Authority. Government Code Section 67941 added powers of eminent domain and the power to preserve, acquire, construct, improve, and oversee multimodal transportation projects and services on rail rights-of-ways within Santa Cruz County in any manner that facilitates recreational, commuter, intercity, and intercounty travel. It also provides authority to SCCRTC to contract for any services to accomplish its purpose.



SCCRTC is guided by its published *Rules and Regulations* specifying its membership requirements and procedures for administering various funding sources. Among them are the procedures for establishing and processing Transportation Development Act apportionments which are a major funding source for SCCRTC’s operations. Funds are established to account for funds which are restricted for a specific project or use. Currently, the SCCRTC has twelve funds, including those listed below and three trust funds for employee pensions and other employment benefits.

1. Administration, Planning & Rideshare
2. Rail/Trail Authority
3. Highway 1 Project Approval/Environmental Documentation (PA/ED)
4. Service Authority for Freeway Emergency (SAFE)
5. Freeway Service Patrol (FSP)
6. Regional Surface Transportation Program (RSTP) Exchange
7. State Transit Assistance
8. TDA

Santa Cruz County is located along the central coast region of California and forms the northern portion of Monterey Bay. The county is bordered by Santa Clara County to the east and northeast, Monterey County to the south, San Benito County to the southeast, and San Mateo County to the north. The county was one of the original counties in California created in 1850, whose name in Spanish means “Holy Cross” and has the second smallest geographic area of any county in California after San Francisco. A demographic snapshot of key cities and the County is presented below in Table I-1:

**Table I-1  
Santa Cruz County Demographics**

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census %	Population 65 years & older %	Land area (in square miles)
Capitola	9,918	-0.6%	15.5%	1.59
Santa Cruz	59,946	+9.8%	8.8%	12.74
Scotts Valley	11,580	+1.7%	13.6%	4.60
Watsonville	51,199	+11.9%	8.3%	6.69
Total Santa Cruz County	262,382	+2.6%	11.1%	445.17

Source: 2010 U.S. Census

The city of Santa Cruz is the county seat and largest city. The county and its four incorporated cities saw modest growth between the 2000 and 2010 U.S. Census. Watsonville saw the highest percentage increase in population. The senior citizen population, comprised of residents aged

65 and over is 11.1 percent countywide. The 2013 population for Santa Cruz County is estimated to be 266,662 as reported by the State Department of Finance.

## **Organizational Structure**

SCCRTC meetings are usually televised on Community TV and include a full agenda on a wide range of topics. Transportation Policy Workshop (TPW) meetings offer a forum for more informal and in-depth discussion on a limited set of agenda topics.

In addition to the governing board, there are four committees and one joint task force. Each is briefly described below:

- Budget, Administration & Personnel Committee (BAP)
- Elderly & Disabled Transportation Advisory Committee (E&D TAC)
- Bicycle Committee
- Interagency Technical Advisory Committee (ITAC)
- Traffic Operations System Oversight and Safe on 17 Task Force

The Budget, Administration & Personnel Committee (BAP) provides oversight with respect to Commission administration, budget, policy, finance, audit and personnel issues and makes recommendations to SCCRTC on these matters. The committee consists of 6 commissioners elected annually by the SCCRTC. A chair is elected each year by the committee.

The Elderly & Disabled Transportation Advisory Committee serves as the Paratransit Advisory Council and the Social Services Transportation Advisory Council (SSTAC) required by TDA statute. The E&D TAC advises SCCRTC and other transportation agencies on the network of specialized transportation services for seniors and people with disabilities in Santa Cruz County as well as about the transportation needs of these members of the community. In its capacity as the local SSTAC, the state-required entity seeks input from transit-dependent and transit disadvantaged persons, including seniors, people with disabilities, low income persons, and youth regarding transit needs in Santa Cruz County. The E&D TAC has 16 members comprised of citizen, service provider and agency representatives that meet state law. As the minimum membership for the SSTAC is nine, the SCCRTC exceeds this participatory amount through the addition of individuals from each of the five supervisory districts who are elderly and/or has a disability, a representative for a private, for profit transportation agency, and a representative from the Metro Accessible Services Task Force.

The Bicycle Committee serves in an advisory capacity to the SCCRTC and its member agencies on bicycle-related issues, policies, plans, programs and projects. Its responsibilities include to advise on bicycle related issues; review proposed bicycle related policies, programs, projects, plans, funding applications, and legislation; provide input on existing roadway/bikeway conditions affecting cycling; review and approve Bikes Secure (bike parking subsidy) applications; develop bike projects for future implementation; and coordinate with local jurisdictions and bicycle

related organizations to promote cycling projects and programs. The 11 member committee is comprised of volunteers representing each of the five supervisorial districts, each of the four cities, Bike to Work and and the Community Traffic Safety Coalition.

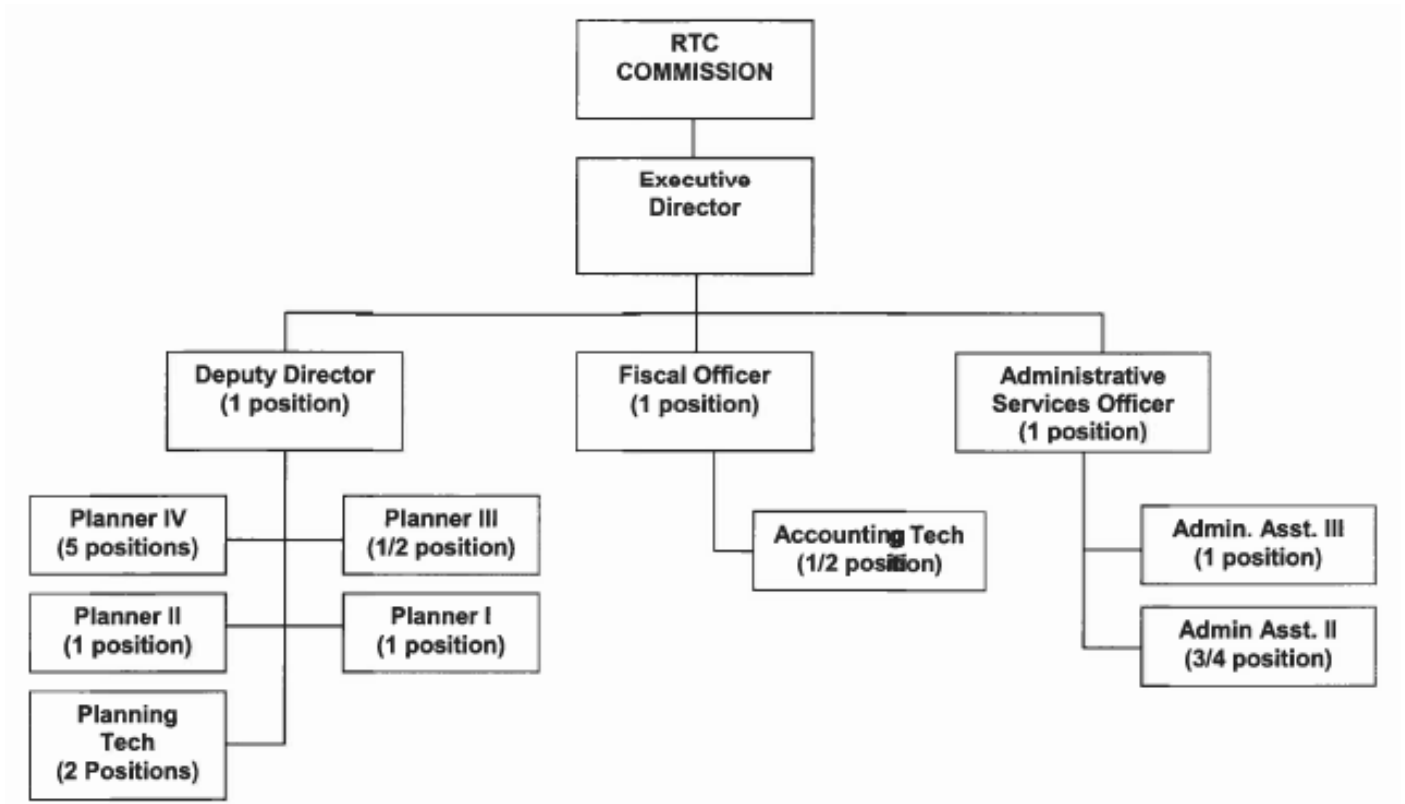
The Interagency Technical Advisory Committee is comprised of staff from a variety of jurisdictions and agencies. The (ITAC) reviews and provides technical advice on transportation projects and programs in the region; coordinates and provides recommendations to SCCRTC on the use of transportation funds; and serves as a forum for sharing information on transportation projects and federal and state requirements for project implementation. There are 19 voting members and one ex-officio member drawing from agencies including City and County Public Works staffs; City and County Planning staffs; Santa Cruz METRO; Caltrans District 5; Association of Monterey Bay Area Governments; Monterey Bay Unified Air Pollution Control District; Transportation Management Associations; University of California, Santa Cruz; Cabrillo College; and the California Highway Patrol (ex-officio member).

The Traffic Operations System Oversight and Safe on 17 Task Force meet jointly to share information about traffic operation systems in Santa Cruz County, and transportation projects and collisions on Highway 17. The Highway 17 corridor was identified as a high collision corridor in 1998 as a result of collision data analysis and recommendations of local, regional, county and state agencies. A Task Force was formed to develop collision reducing strategies. Also, Santa Cruz County's transportation system runs more efficiently and safely due to several Traffic Operation System components that provide the public with important information. Members represent SCCRTC, the San Francisco Bay Area's Metropolitan Transportation Commission (MTC), the California Highway Patrol, California Department of Transportation, local law enforcement and fire departments, legislators' offices and the media.

The SCCRTC serves as the Service Authority for Freeway Emergencies (SAFE) of Santa Cruz County, administering the call box program and the roving Freeway Service Patrol which assist motorists on State Highways 1 and 17. In addition, as a service of SCCRTC since 1979, Commute Solutions is the regional rideshare agency for Santa Cruz County. Commute Solutions serves commuters, employers, schools and other travelers by helping them successfully use the transportation system to access the things they want and need.

SCCRTC staff offer administrative, technical and policy recommendations to the Commission on decisions affecting transportation. Figure 1-I shows the organization chart of staff.

Figure I-1 SCCRTC Organization Chart



Source: SCCRTC

## Audit Methodology

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

- Document Review: PMC conducted an extensive review of documents including various SCCRTC files and internal reports, committee agendas and public documents.
- Interviews: PMC conducted in-person interviews with SCCRTC staff and telephone interviews with the Commissioners. In-person interviews were also held with the transit operators including Santa Cruz METRO to gain their perspective about the agency's efficiency and economy.
- Analysis: PMC evaluated the responses from the interviews as well as the documents reviewed about SCCRTC's responsibilities, functions and performance to TDA guidelines and regulations.

All of the activities described above were intended to provide PMC with the information necessary to assess SCCRTC's efficiency and effectiveness in two key areas:

- Compliance with State TDA Requirements, and
- Organizational Management and Efficiency.

The remainder of this report is divided into four sections. In Section II, PMC provides a review of the compliance requirements of the TDA administrative process. Section III describes SCCRTC's responses to the recommendations provided in the previous performance audit. In Section IV, PMC provides a detailed review of SCCRTC's functions, while Section V summarizes our findings and recommendations.

## Section II

### Compliance Requirements

Fourteen key compliance requirements are suggested in the “*Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*” which was developed by Caltrans to assess SCCRTC’s conformance with TDA. Our findings concerning SCCRTC’s compliance with State legislative requirements are summarized in Table II-1.

TABLE II-1 SCCRTC Compliance Requirements Matrix		
SCCRTC 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	The SCCRTC <i>Rules and Regulations</i> specify the requirements for apportionments. The primary claimant of the funds is Santa Cruz METRO. Allocations are made to local jurisdictions for other uses including pedestrian and bicycle projects.  <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	The SCCRTC <i>Rules and Regulations</i> specify the requirements for uses of LTF for pedestrian and bicycle projects. According to the document, rather than allocating under Article 3 (PUC 99233.3) which has funding allocation limitations for these uses, SCCRTC allocates funds under Article 8 of the TDA. An eligible claim for Article 8 includes planning and investment in pedestrian and bicycle facilities.  <b>Conclusion: Complied</b>
The RTPA has established a social services transportation	Public Utilities Code, Sections 99238 and 99238.5	SCCRTC has established a Social Services Transportation Advisory

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SCCRTC Compliance Requirements	Reference	Compliance Efforts
<p>advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.</p>		<p>Council (SSTAC) required under PUC 99238. The role and responsibilities of the 16-member Elderly &amp; Disabled Transportation Advisory Committee, serving as the SSTAC, are based on TDA guidelines.</p> <p>Of the 16 member committee, there are a number of current vacancies. Close to a third of the roster is vacant, including representatives for Social Service provider-Seniors; Private Operator; Potential Transit User (disabled); and 2<sup>nd</sup> and 4<sup>th</sup> Supervisorial Districts. Two of the vacancies are part of the make-up of the required SSTAC. SCCRTC has an application form available on its website to help fill the vacancies.</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</li> </ul>	<p>Public Utilities Code, Section 99244</p>	<p>SCCRTC actively monitors the activities of the transit systems in the County through various methods including reviewing quarterly and annual performance reports that are submitted by the operators. While a committee for the purpose of providing advice on productivity improvements is not formed, the E&amp;D TAC which includes Santa Cruz METRO as a member also provides a venue for SCCRTC discussion on transit activities and improvements.</p> <p>Through the commission of the triennial performance audit by</p>

TABLE II-1 SCCRTC Compliance Requirements Matrix		
SCCRTC Compliance Requirements	Reference	Compliance Efforts
<p>formed.</p> <ul style="list-style-type: none"> <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>the SCCRTC, recommendations are made to improve the efficiency and economy of the transit systems. Updates on Santa Cruz METRO's Short Range Transit Plan provide further areas for productivity improvements. Also, the annual TDA claims administered by SCCRTC staff present areas of improvement by transit including progress in meeting performance goals and measures.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).</p>	<p>Public Utilities Code, Section 99245</p>	<p>Annual certified fiscal and compliance audits were completed for the transit claimants including for Santa Cruz METRO and for City of Santa Cruz acting as the claimant for Community Bridges and Volunteer Center. For FYs 2010, 2011 and 2012, the annual financial audits were submitted either within the 180 day period or within the extension period allowed by the statute.</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</p>	<p>Public Utilities Code, Sections 99246 and 99248</p>	<p>For the current three year period, the SCCRTC has retained PMC to conduct the audit of the RTPA and the Santa Cruz County transit operators. LSC Transportation Consultants, Inc. was retained to conduct the previous audit for the three fiscal years that ended June 30, 2009. Caltrans has granted extensions for submittal of the audits.</p>



TABLE II-1 SCCRTC Compliance Requirements Matrix		
SCCRTC Compliance Requirements	Reference	Compliance Efforts
TDA monies and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.		<b>Conclusion: Complied</b>
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 the operators located in the area under its jurisdiction have been completed.	Public Utilities Code, Section 99246(c)	SCCRTC submitted a written letter to Caltrans requesting an extension of the prior performance audit to August 31, 2010. The performance audit was submitted to Caltrans following its completion.  <b>Conclusion: Complied</b>
The performance audit of the operator providing public transportation service shall include 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	Public Utilities Code, Section 99246(d)	The performance audit of the Santa Cruz County Transit Operators includes all required elements.  <b>Conclusion: Complied</b>

TABLE II-1 SCCRTC Compliance Requirements Matrix		
SCCRTC Compliance Requirements	Reference	Compliance Efforts
provide services during peak hours, as defined in subdivision (a) of Section 99260.2		
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.	Public Utilities Code, Section 99270.1 and 99270.2	The SCCRTC <i>Rules and Regulations</i> specify an intermediate fare recovery ratio for Santa Cruz METRO. For public transportation claims funds under TDA Article 4, Santa Cruz METRO is required to meet a farebox recovery ratio of 15 percent as designated by the SCCRTC. The size and density of the service area as well as the proportion of the ridership that is transit dependent have been considered prior to the adoption of this ratio.  <b>Conclusion: Complied</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	SCCRTC has not adopted rules and regulations for Article 4.5 claims, as the agency does not disburse any TDA funds under this article section. The consolidated transportation service agency (CTSA) in the County is Community Bridges which receives TDA Article 8 funds through the City of Santa Cruz acting as the claimant on behalf of the transit system. Likewise, the Volunteer Center also receives Article 8 transit funds through the City of Santa Cruz.  <b>Conclusion: Not applicable</b>
State transit assistance funds received by the RTPA are	Public Utilities Code, Sections 99310.5 and	SCCRTC allocates State Transit Assistance (STA) funds to Santa

TABLE II-1 SCCRTC Compliance Requirements Matrix		
SCCRTC Compliance Requirements	Reference	Compliance Efforts
<p>allocated only for transportation planning and mass transportation purposes.</p> <p>(Note: Since the June 9, 1990 passage of Proposition 116, state transit assistance funds may no longer be used for street and road purposes, as had been permitted in certain cases under PUC Section 99313.3).</p>	99313.3 and Proposition 116	<p>Cruz METRO for transit purposes only.</p> <p><b>Conclusion: Complied</b></p>
<p>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.</p>	Public Utilities Code, Section 99314.3	<p>SCCRTC allocates operator revenue-based STA funds to Santa Cruz METRO in accordance with the amounts published by the State Controller's Office.</p> <p><b>Conclusion: Complied</b></p>
<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</li> </ul> </li> </ul>	Public Utilities Code, Section 99401.5	<p>As no TDA is used for streets and roads, the SCCRTC is not required to hold a formal "unmet transit needs" process under PUC 99401.5. However, SCCRTC continues to obtain input on potential transit needs from the community. SCCRTC works through the E&amp;D TAC and cooperatively with Santa Cruz METRO, for this process in which an Unmet Specialized Transportation/Transit Needs List is developed by staff. During the annual public hearing, staff reports that the unmet needs list helps determine projects for funding when funding becomes available. The list is organized under general needs, paratransit needs and transit needs and prioritized within those categories. High priority</p>

TABLE II-1 SCCRTC Compliance Requirements Matrix		
SCCRTC Compliance Requirements	Reference	Compliance Efforts
<p>identified, and</p> <ul style="list-style-type: none"> <li>○ Analysis of potential alternatives to provide transportation services;</li> <li>● Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet;”</li> <li>● Identified the unmet transit needs and those needs that are reasonable to meet; Adopted a finding that there are no unmet transit needs that are reasonable to meet; or that there are unmet transit needs including needs that are reasonable to meet.</li> </ul> <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>		<p>deficiencies that have been identified include lack of safe pedestrian access between transit stops and community services, the need for a mobility management center, and transportation of foster children to their school of origin. The Commission annually adopts the Unmet Specialized Transportation/ Transit Needs List each spring.</p> <p><b>Conclusion: Complied</b></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 transportation development</p>	<p>California Administrative Code, Section 6662</p>	<p>The accounting firm of Moss, Levy &amp; Hartzheim LLP conducted the financial audit of SCCRTC for FYs 2010, 2011, and 2012. The Audited Financial Statements and Compliance Reports were submitted to the State Controller within 12 months of the end of each fiscal year.</p> <p>The SCCRTC also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p> <p><b>Conclusion: Complied</b></p>

TABLE II-1 SCCRTC Compliance Requirements Matrix		
SCCRTC Compliance Requirements	Reference	Compliance Efforts
act and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following the fiscal year close.		

### Findings from RTPA Compliance Requirements Matrix

SCCRTC has satisfactorily complied with applicable State legislative mandates for Regional Transportation Planning Agencies. One compliance measure that did not apply to SCCRTC pertains to adopting rules and regulations for TDA claims under Article 4.5. SCCRTC does not use this article section to disburse TDA funds. Rather, the CTSA (Community Bridges) receives TDA funds through the City of Santa Cruz as the claimant for Article 8.

In spite of no TDA funds being allocated for streets and roads, SCCRTC continues with an unmet transit needs process that involves obtaining public input and coordinating with the E&D TAC and Santa Cruz METRO to update the Unmet Specialized Transportation/Transit Needs List. The Commission also formally adopts the list in a sign of agreement. Although SCCRTC is not required to implement the full unmet transit needs process described in the TDA statute, the annual updating of the Unmet Specialized Transportation/Transit Needs List serves as a tool to identify and prioritize potential transit service and facility improvements throughout the County. Regular meetings of the E&D TAC comprising additional members above the minimum for a SSTAC also offer evidence of SCCRTC’s objectives to provide an inclusive environment for discussion of public transportation services.

SCCRTC’s *Rules and Regulations* provide the documented guidance for TDA fund administration and distribution. The rules describe the processes undertaken to ensure the proper sequence of actions that are taken and the eligibility requirements for the claimants. The document contains language that helps to assure compliance with several TDA measures including development of an intermediate farebox recovery ratio for Santa Cruz METRO, and directions for allocation of LTF for pedestrian and bicycle projects. Other components of the *Rules and Regulations* stipulate the flow of TDA apportionments that directly affect the budgeting for SCCRTC and its members.

## Section III

### Prior Triennial Performance Audit Recommendations

This chapter describes SCCRTC's response to the recommendations included in the prior triennial performance audit. Each prior recommendation is described, followed by a discussion of the agency'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

The SCCRTC should work closely with Santa Cruz METRO, Community Bridges, and the Volunteer Center to develop an SRTP update, including the following plan elements:

- Financially sustainable public transportation service levels;
- Vehicle replacement needs for each agency; and
- Development of countywide performance goals, objectives, and measurable standards.

The SCCRTC's involvement in the SRTP effort could include coordination, technical assistance, and partial funding.

#### Actions taken by the SCCRTC:

Given the uncertain economic situation resulting from the "great recession" it has been challenging for transit agencies and others to produce meaningful plans. A new short range transit plan for the Santa Cruz County region has not been produced since the last triennial performance audit. However, the SCCRTC and Santa Cruz METRO have been working together on various items that provide useful information for a short range transit plan. These include a Watsonville transit study completed in February 2012 managed by Santa Cruz METRO and for which Santa Cruz METRO secured grant funds; an on-board transit ridership study managed jointly by SCCRTC and Santa Cruz METRO and for which SCCRTC secured grant funds; and a bus use survey of elderly and disabled adults conducted primarily by an intern at SCCRTC.

Santa Cruz METRO hired a consultant in 2013 to develop an SRTP, and SCCRTC as well as a number of other entities have participated in the development of that SRTP. At the December 2013 meeting of the Santa Cruz METRO Board of Directors, the transit board voted to release the draft Short Range Transit Plan for a 90 day public review period.

#### Conclusion:

This recommendation has been implemented.

### Prior Recommendation 2

The SCCRTC should require that the sub-recipients of TDA Article 8 funds report the pertinent performance measures identified in PUC Section 99246(d) at least annually to the City of Santa Cruz and to the SCCRTC. Those performance measures should be evaluated in future triennial performance audits.

#### Actions taken by SCCRTC:

SCCRTC modified its TDA claim form beginning with FY 2011-12 to obtain the information by adding the following language for Article 8 transit claims made by City of Santa Cruz on behalf of Community Bridges and Volunteer Center:

“22. Provide performance information, as pertinent, such as: verification of the operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee for last fiscal year (definitions available in Section 99247 of TDA Guidelines).”

#### Conclusion:

This recommendation has been implemented.

### Prior Recommendation 3

The SCCRTC should continue to work with the AMBAG to align and refine to the extent possible planning objectives, schedules and milestones for the region, and to continue to improve communications between the two agencies.

#### Actions taken by SCCRTC:

There have been significant changes at AMBAG since the completion of the last triennial performance audit. The long-time executive director retired, there were two interim directors for short time periods and now there is a new permanent executive director. Throughout the AMBAG transition, SCCRTC has continued to work with AMBAG including with the two interim executive directors and now the permanent executive director to improve collaboration in transportation planning for the region.

SCCRTC, AMBAG and the other transportation planning agencies in the region have been working closely in the production of the Metropolitan Transportation Plan and the Sustainable Community Strategy required by SB375. There are regular meetings among the various executive directors and key staff. Recently, the SCCRTC executive director was added as an ex-officio representative to the AMBAG board in an effort to further improve communications and collaboration.

Conclusion:

This recommendation has been implemented.



## Section IV

### Detailed Review of RTPA Functions

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

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

### Administration and Management

SCCRTC staff is led by the Executive Director responsible for reporting to the Commission and facilitating the coordination of the transportation system in Santa Cruz County. The longevity of staff at the agency brings remarkable stability to the agency to address the various technical and policy issues. Santa Cruz County, much like the rest of the State, is slowly emerging from the economic recession that has created a local environment of greater resourcefulness. TDA revenues in the County dropped between FYs 2010 and 2011, and then slightly bumped up in FY 2012, creating a continuous financial scenario of limited growth. Other State and Federal funds and subsequent activity were also curtailed. SCCRTC management worked with the Commissioners to continue to fund programmed improvements.

SCCRTC retains a contract with the County for certain functions like legal, real estate, and treasury. Although SCCRTC does not employ a human resources officer, personnel management and other administrative functions are the responsibility of the Administrative Services Officer. The agency contracts with vendors to offer health benefits and other coverage. A change in vendor occurred in June 2010. Retirement benefits are provided through CalPERS including voluntary contribution to a 457 Deferred Compensation Plan. Also, SCCRTC manages its own payroll using a web-based program. Staff evaluations are conducted for pay step increases until the employee reaches the maximum step.

Two employees unions are recognized including the RTC Association of Middle Managers representing three managers, and Service Employees International Union Local 521 representing planners, accounting technician, and administrative employees. An updated compensation study was scheduled but delayed because of the poor economy. The previous compensation study was conducted seven years ago. As the union contracts expire in March 2015, SCCRTC will review its budgeting for personnel costs.

Each year the SCCRTC produces an annual work program along with the annual budget and makes amendments to the work program throughout the year as necessary. The work program guides the allocation of staff resources to meet mandated responsibilities as well as SCCRTC priorities for the coming year. Key information for each work element is described including financial data, project description, proposed federal expenditure, previous project accomplishments, and timelines and deliverables. To meet federal requirements and obtain federal funds, the SCCRTC's work program and amendments are incorporated into the overall work program for AMBAG.

One of the larger accomplishments during the audit period was to start construction to add auxiliary lanes to Highway 1 between Soquel Avenue and Morrissey Boulevard, a distance of approximately one mile in each direction. The lane extends the weaving and merging distance between the ramps and improves traffic flow by providing greater separation between vehicles entering and exiting the freeway from mainline traffic. SCCRTC was the construction manager for this project with the assistance of an engineering consultant and partnership with Caltrans. The benefits of the SCCRTC assuming construction management authority included direct involvement in critical decisions regarding the project; proactive construction management approach; development of locally beneficial, and lasting ancillary transportation components; and local accountability and community relations. The building contract was awarded to the lowest bidder in January 2012 with construction commencing in February 2012, and completion in December 2013. A ribbon cutting ceremony was held in January 2014.

Funding sources for the construction phase included \$13.8 million in voter-approved Proposition 1B – State Transportation Bond funds (Corridor Mobility Improvement Account or CMIA) secured by the SCCRTC via a competitive process and \$2.5 million in State Transportation Improvement Program funds. The state released construction funding in August 2011.

Another significant accomplishment was in May 2010 when the SCCRTC unanimously decided to purchase the Santa Cruz Branch Rail Line (Branch Line) for \$14.2 million. In October 2010 the SCCRTC completed negotiations with Sierra Northern Railway to provide freight service, initiate recreational rail service and maintain the Branch Line. In January 2011, the SCCRTC secured approval and funding from the California Transportation Commission for purchase of the Branch Line. While in May 2012, the SCCRTC selected Iowa Pacific Holdings to operate freight and tourist passenger service on the Branch Line.

Although slightly after the audit period, in October 2012, after more than ten years of extensive due diligence and negotiations, the SCCRTC closed escrow for the acquisition of the Branch Line

from Union Pacific thereby placing a new transportation corridor in public ownership and beginning a new era of mobility options and opportunities. A community event was held in November 2012 at locations throughout the county to commemorate public ownership and demonstrate potential use of the corridor.

Acquisition of this key transportation corridor will allow greater transportation options to the more than 80 parks, 25 schools and over half of the county's population who live in census blocks within 1 mile of the corridor. The SCCRTC plans to use \$10 million in State Transportation Improvement Program (STIP) funds and \$11 million in Proposition 116 funds for pre-acquisition activities, the purchase, and improvements to the rail right-of-way. A \$1.5 million federal earmark was obtained by Congressman Sam Farr for the project in 2003. In addition, Sierra Railway plans to spend up to \$2 million to implement recreational rail service from Santa Cruz to Davenport.

Designations as a Rail/Trail Authority and construction management authority place SCCRTC in a unique role of evolving from a purely transportation planning agency to inclusion as a project implementation agency offering multimodal transportation options. Internal goals and achievements must align with these multifaceted responsibilities which the agency has exemplified through these large projects, among other functions. Challenges lie ahead, however, with regard to management of the rail corridor and its connectivity with the overall transportation network.

Highlights of additional multimodal transportation projects that SCCRTC has facilitated through its committees and partnerships that are either completed or underway include:

- Highway 1 Mar Vista Bicycle/ Pedestrian Bridge
- Monterey Bay Sanctuary Scenic Trail (MBSST) Network Final Master Plan
- La Fonda Bridge Demolition & Reconstruction (as part of the Highway 1 Auxiliary Lane project)
- Highway 17 guardrail project to upgrade guardrails at twenty-eight different locations between Scotts Valley and the Summit in Santa Cruz County (under construction in 2011)
- Collaboration with Association of Monterey Bay Area Governments (AMBAG) to develop the *Monterey Bay Area Complete Streets Guidebook*

Progress by SCCRTC is made through active support of the Commissioners. Regular monthly Commission meetings are held and are well attended by the Commissioners based on the auditor's review of meeting minutes during the audit period. This is an indication of the education, interest, and engagement by the Commissioners on transportation topics. Transportation Policy Workshops were also held as needed to focus on specific items. Meeting

locations are alternated among each of the four cities to encourage participation by the communities and enhance the visibility of SCCRTC to the community.

Telephone interviews with Commissioners provided overall high ratings for staff and activities undertaken during the audit period. Highlights from the interviews include:

- SCCRTC staff is solid, focused and knowledgeable. Management is straightforward with the Commission.
- The agency's shift over time from being highway focused to emphasizing a multimodal approach has largely been successful given the range of projects and balancing of modal planning in the short and long term.
- While Commission votes are not always unanimous, SCCRTC works through the issues and receives technical and policy explanations for decision-making.
- The approach to the next Regional Transportation Plan shows the continued development of transportation policies and projects aimed at meeting sustainable performance measures.
- Continued work is needed to address transportation issues around the County including in more isolated communities.
- Implementation of rules of order that follow parliamentary procedure is suggested for Commission meetings.

## **Transportation Planning and Regional Coordination**

Projects approved for funding by the SCCRTC are included in the Santa Cruz County Regional Transportation Improvement Program (RTIP). The RTIP identifies projects programmed to receive various state and federal funds, amends information on previously programmed projects, and acts as Santa Cruz County's proposal to the California Transportation Commission (CTC) for programming State Transportation Improvement Program (STIP) funds. Federally-funded transportation projects, including those projects approved for funding by agencies other than the SCCRTC, are included in the Federal Transportation Improvement Program (FTIP) developed by AMBAG.

During the audit period, the SCCRTC adopted the 2012 RTIP at its December 2011 meeting, selecting projects in the amount of about \$10.3 million split \$8.9 million in STIP funds and \$1.4 million in Regional Surface Transportation Program (RSTP) funds. The CTC subsequently approved the STIP projects at its meeting in March 2012. The SCCRTC amended the RTIP in May 2012 to match CTC actions on STIP-funded projects and update information on several other projects. Multimodal projects including roadway, transit, rail, and non-motorized projects are programmed in the RTIP for funding. A summary of benefits using defined criteria as required in the 2012 STIP Guidelines are identified in the applications submitted by local agency project

sponsors. All projects programmed in the 2012 RTIP are also consistent with the goals and objectives of the *2010 Regional Transportation Plan*.

For the audit period, the update to the Regional Transportation Plan (RTP) and corresponding environmental review was finalized in June 2010. The 2010 RTP covers a 25 year period between 2010 and 2035 and is a minor update of the last version completed in 2005 and to meet state and federal guidelines. Addressing all required elements, the RTP is a comprehensive planning document that identifies the goals, projects, and programs that will maintain and improve the transportation system over the next twenty-five years.

Public input is critical to the planning and decision-making process mandated by law. As such, comments from a wide range of individuals, public interest groups, and local agencies were solicited during development of the plan, most notably during extensive Transportation Funding Task Force workshops. Public input was also sought through public meetings on key elements of the RTP. Additionally, in submitting projects for consideration, project sponsors take into consideration input they receive directly from the public. An expanded public outreach effort is made for the 2014 RTP including revamped public workshops, expanded on-line and telephone surveys, and visits with community groups.

The 2010 RTP included a separate chapter describing the challenges in meeting greenhouse gas (GHG) reductions from the passage of AB 32, the California Global Warming Solutions Act of 2006, and SB 375. During the production of the 2010 RTP, the actual implications and methods to address legislation targeting GHG emissions were still evolving. Several of the strategies to reduce greenhouse gas emissions were being implemented by entities throughout Santa Cruz County, including several efforts discussed in the 2010 RTP.

The 2010 RTP serves as a transitional plan to the 2014 RTP which is a major update from prior RTPs to meet the new requirements Senate Bill 375. They include greenhouse gas emissions targets, methodology and implementation guidance. AMBAG develops the regional Sustainable Communities Strategy (SCS) while SCCRTC develops its SCS share for Santa Cruz County that is integrated into the regional strategy. While the release of the draft 2014 RTP for public review is after the audit period, key milestones for the project began in March 2011 with the Review of the Work Plan & Process for Goal Development. Other key milestones were scheduled through the audit period. The 2014 RTP provides information on the following:

- Transportation needs in the region through 2035, based on population growth, environmental, economic and other social trends.
- The amount of state, federal, and local funding available for transportation projects and new sources of funding needed to deliver high priority projects.
- Sustainability of the transportation system and sustainable outcomes utilizing the Sustainable Transportation Analysis and Rating System (STARS).

- New legislative requirements, including SB375, which stipulate that regions must meet greenhouse gas reduction targets by reducing vehicles miles traveled through a coordinated land use and transportation plan called the Sustainable Communities Strategy.
- “Complete Streets” manual as a tool for planning for a balanced and multi-modal transportation system, particularly for those transportation improvements needed to accommodate growth.

SCCRTC is the first RTPA to implement STARS which is a performance-based process for developing, analyzing, rating and comparing outcome-based transportation plans and projects. Developed by the Portland Bureau of Transportation, the North American Sustainable Transportation Council, and SCCRTC, STARS intends to improve transportation outcomes by certifying and rewarding performance and improving the triple bottom line of providing economic benefit, reducing petroleum use and GHGs, and improving quality of life. As one of the visible partners for STARS, SCCRTC is providing an innovative tool to allow planners and project managers to compare alternatives based on performance, not modes, while guiding plans and projects to establish targets and evaluation strategies to achieve the targets.

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

This functional area addresses SCCRTC’s administration of the provisions of TDA. As Local Transportation Funds allocated to claimants have been used for public transit or non-roadway purposes, state law does not require SCCRTC to undertake a formal unmet transit needs process. However, SCCRTC is recognized for continuing a process of soliciting and maintaining an annual prioritized transit needs list and working with its committees and Santa Cruz METRO. Unmet needs on the list are kept until they are implemented or removed. A public workshop is held each year in compliance with the statute that requires at least one public hearing in the citizen participation process.

#### SCCRTC Administration and Planning

The uses of TDA revenues apportioned to Santa Cruz County flow through a priority process prescribed in State law. SCCRTC is able to allocate Local Transportation Fund (LTF) revenues for TDA administration and general planning. During the audit years of 2010 through 2012, SCCRTC claimed the following total amounts:

**Table IV-1  
LTF Claims by SCCRTC for  
Administration and Planning**

<b>Fiscal Year</b>	<b>TDA Administration &amp; Planning</b>
2010	\$810,680
2011	\$806,966
2012	\$869,840

Source: Annual SCCRTC TDA apportionment.

Based on the above table, in FY 2010, the amount shown for SCCRTC for administration and planning equaled approximately 10.5 percent of total Local Transportation Funds (\$7,657,898). In FY 2011, the amount was 10.8 percent (out of \$7,463,917), and for FY 2012, the amount was 12.4 percent (out of \$7,004,300). TDA Planning is used for three programs: 1) General Planning; 2) Bike to Work; and 3) Bike & Pedestrian Safety (Community Traffic Safety Coalition and Ride & Stride Program). The Bike to Work and Bike & Pedestrian Safety programs are claimed by the Commission under Article 8 for Ecology Action and the County of Santa Cruz Health Services Agency, respectively, in helping to support community based bicycle and pedestrian operations. The two entities submit claims for review by the Commission for their programs that have been supported by SCCRTC for many years. LTF allocations for these programs are matched by local funding sources.

LTF funds are allocated to eligible agencies including SCCRTC, METRO for public transportation, City of Santa Cruz as a pass-through for specialized transportation, and local jurisdictions for bike/pedestrian projects. SCCRTC has an existing adopted TDA reserve fund of at least 8 percent of the annual revenue estimate. Reserves are used due to a deficit in TDA revenues or a special allocation. In FY 2009-10, a special allocation was made to Community Bridges transit. In FY 2010-11, the reserve was further reduced as shown in the annual apportionments to fill funding gaps in TDA claims. This reserve fund can fluctuate significantly in the SCCRTC budget because it is dependent on carryover funds from one year to the next and it is used for cash flow management due to the fact that most of the funds that the SCCRTC uses for its operations can only be received on a reimbursement basis. The reserve has slowly been replenished, as the SCCRTC *Rules & Regulations* indicate new allocations are to be made to the Reserve Fund as a first priority.

At its February 2012 meeting, the Budget, Administration & Personnel Committee discussed the need for a more dependable and stable operating reserve for the SCCRTC. After consultation with other agencies, the SCCRTC established a 30 percent operating reserve target that is divided by a cash flow reserve of 8 percent of annual operating costs and a restricted reserve of 22 percent of annual operating costs. The cash flow reserve will continue to be used for cash flow management, while the restricted reserve will not be used at all without specific authorization from the SCCRTC.

In building the restricted reserve, TDA surplus revenues have been proposed to help build this reserve. SCCRTC will need to develop specific instructions for eligible withdrawals and uses of the restricted reserve. As the restricted reserve is proposed to be funded by TDA surplus revenue, withdrawals should include those uses that are eligible for TDA funds made through the claims process. For example, restricted reserves can be used for transportation services that have been funded by SCCRTC through the annual claim process, when 1) actual LTF revenues fall short of LTF budget allocations, or 2) extreme or unusual circumstances warrant an additional allocation.

For LTF revenues held in the County Treasury, the revenues are invested by the County Treasurer using prudent fund management. The interest earned is reported to SCCRTC and disbursed only in accordance with allocation instructions issued by SCCRTC. The allocation instructions are to be consistent with California Code of Regulations Section 6623 which specify that interest earned on funds allocated for a particular purpose shall be expended only for those same purposes.

### TDA Claim Processing

On an annual basis during this audit period, SCCRTC was responsible for managing the apportionment of between \$7.0 and \$7.7 million in Local Transportation Fund revenues, and up to \$2.8 million in State Transit Assistance funds. In June 2010, the State Controller released a one time lump sum payment of STA statewide due to passage of ABx8\_9 (gas tax swap) in March 2010. The payment was essentially for two fiscal years, Fiscal Years 2009-10 and 2010-11. The legislation also enables transit agencies to use STA for operations without conducting the performance efficiency evaluation.

To its credit, SCCRTC uses a detailed TDA claims form that requires detailed past and budgeted information to support the claims. The TDA claim form is applicable to either an Article 4 or Article 8 claimant and the instructions in the form direct which sections need to be completed. The information provided by claimants ensures that proper information is submitted to justify the TDA claim. Among the required data for transit claims is the status of implementing prior audit recommendations and financial performance metrics. The claim form also provides a checklist of materials to include for each type of claim, whether for Article 4 or Article 8, and for transit systems such as CHP inspection certification and operating and capital plans. The checklist provides uniformity to the claims process and ensures that adequate information is provided to substantiate the claim for TDA revenues. Pedestrian/bicycle claims and transit claims are reviewed by different staff versed in their respective expertise. The E&D TAC also participates in the claims review prior to approval by the Commission.

The *Rules & Regulations* serve as an in-house TDA manual documenting the claims administration process by SCCRTC. Last updated in December 2004, the document provides guidance for TDA submissions but also describes the operating procedures for the Commission and for other funding programs such as the RTIP and STP Exchange. Since the last update, there are several areas in the document that provide opportunity for update including the member voting rules with regard to Article 8 claims, and the inclusion of both the fare recovery ratio as well as the fare plus local support ratio for METRO. Currently, only the fare recovery ratio is described in the manual although both ratios are contained in the TDA claims form.

In regard to voting rules on Article 8 claims, with SCCRTC becoming a state designated transportation planning agency under Government Code sections 67940 and 67941, the agency is not subject to Government Code Section 29536 prohibiting Commissioners selected by METRO from voting on Article 8 claims. When SCCRTC was later re-created through Government Code Section 67940, the language states "... The commission may be known by



any other name it chooses and is the legal successor to the Santa Cruz County Regional Transportation Commission, established pursuant to Section 29535, for all purposes, including those set forth in Section 67941..." This indicates that the current Commission, as the legal successor to the former Commission and created through statute, has no formal attachment to Government Code Section 29535 and its applicable measures including prohibiting the transit district from voting on Article 8 claims.

Transit Performance Monitoring

Each of the transit systems provides performance measures to SCCRTC on a quarterly and annual basis. The list of performance metrics slightly differs among the transit systems (Community Bridges, Volunteer Center, and METRO) to reflect their system size and service modes. As several Commissioners also serve on METRO’s board, the performance of METRO is shared as needed with SCCRTC. Documentation provided by the transit systems show their commitment to provide the information to SCCRTC as a condition of their receipt of TDA funds. The performance metrics for METRO are listed in the TDA claims form and include the following:

**Table IV-2  
METRO Performance Measures**

1. Annual passengers	16. Vehicle Service hours/Employee*
2. Rides/passenger trips provided by type (student, senior, adult, pass holders, etc, or however stat’s kept) and amount of TDA \$ used for each type of ride	17. # of routes
3. Annual service hours	18. Average route length
4. Passengers per vehicle service hour*	19. Average travel times/rider
5. Annual service miles	20. # of bus stops
6. # of fixed-route miles	21. # of vehicles in operation
7. Service Area – square miles	22. # of monthly bus passes in circulation
8. Service Area Population	23. Max vehicles in service at any time
9. Passengers per vehicle service mile*	24. Hours of service
10. Average passengers per weekday	25. Approximate # of unduplicated passengers
11. Total operating costs in budget	26. Cost per unit of service plus text about long range plans to make/keep this low
12. Operating cost per vehicle service hour*	27. Funds and percentage spent on administration/overhead/grantee allocation/etc
13. Total operating cost per passenger*	28. Actual financials compared with budget
14. Average Farebox Revenue per passenger (describe what is included)	29. Actual number of rides provided compared with goal and text about whether goal was met and why/why not
15. # of FTE employees (all employees, not just drivers)	
* Denotes TDA indicator	

The performance indicators submitted by Community Bridges are as follows:

**Table IV-3  
Community Bridges Performance Measures**

1. Unduplicated passengers per month	10. Total operating cost per passenger *
2. Total passenger trips (units of service) per month	11. Total operating cost per vehicle service hour *
3. Incidents per month	12. Total passengers per vehicle service hour *
4. Accidents per month	13. Total passengers per vehicle service mile *
5. Mechanical failures (including lift failure) per month	14. Fare box recovery level *
6. No-shows per month	15. Van mileage per program
7. Turndowns or referrals per month	16. % of Rides performed by subcontractors
8. Cancels per month	17. % of shared trips/ Average vehicle occupancy
9. Donations per month	18 % of cancellations of total rides
* Denotes TDA indicator	

The performance indicators submitted by Volunteer Center are as follows:

**Table IV-4  
Volunteer Center Performance Measures**

1	Number of rides provided	7	Number of unduplicated passengers
2	Trip destinations	8	Number of requests for service
3	Mileage claimed	9	Number of turndowns
4	Estimated mileage donated	10	Reason for turndowns
5	Estimated total mileage	11	Number of active volunteers
6	Average length of trip	12	Geographic distribution of clients

SCCRTC is able to track and monitor transit operator trends using the above data and review at E&D TAC meetings as well as with the Commission. Performance data prepared by the smaller operators are also submitted to the City of Santa Cruz as part of the conditions of the City claiming TDA funds on behalf of the agencies.

As a TDA provision under PUC Section 99243, SCCRTC is to receive a copy of METRO's *Transit Operators Financial Transactions Report* submitted annually to the State Controller. This state-mandated report contains financial and performance data of the transit system using State issued guidelines. While METRO has submitted electronic copies of the transactions report to the State on-time, a copy has not been submitted to SCCRTC as required. It is recommended that this report transfer be made from METRO to SCCRTC to meet compliance and to provide an additional method for monitoring transit performance.

## **Marketing and Transportation Alternatives**

Public access and information about SCCRTC and its work is available through its home website (<http://www.sccrtc.org/>). The website was updated two years ago and is available in English and other languages using Google translation. The website contains information about the agency's role in current transportation projects and programming; transportation plans (RTP, RTIP, etc.); Commission meeting agendas and minutes; newsletters and issues; transportation links; and library listing of past projects and studies. SCCRTC staff also maintain an active email listing for electronic transmission of information. Social media accounts were also set up on Facebook and Twitter, although their use has been limited given staff resources required for these accounts.

SCCRTC has provided alternative transportation options since 1979. Through a separate new website developed at the same time as SCCRTC's site, Commute Solutions (<http://commutesolutions.org/>) provides personalized commute trip planning, instant online carpool matching, commute program assistance for employers and bike and pedestrian support. Contact information to SCCRTC commute staff is provided on the website that has grown both in size and in popularity so that clients can receive a customized plan including making trips on transit. For added benefit, SCCRTC has a contract with the Bay Area Metropolitan Transportation Commission (MTC) to partner in an expanded on-line travel matching service for 12 San Francisco Bay Area Counties.

Travel options are organized by trip purpose on the website, whether the trip is for work or to go to school, or to simply understand the available modes of transportation to get around. The traffic conditions page of the website is the most popular among users. Also, as part of the website's user interface, viewers can notify SCCRTC of obstacles or hazards that may inhibit bike or pedestrian travel by using the SCCRTC's Hazard Report.

Along the themes of using performance indicators to measure the impact of transportation choices, Commute Solutions offers the ability for a user to calculate the cost of their commute. Weblinks are provided on the site to several tools that measure this impact such as the true cost of driving calculator, a calculator to compare the price of using public transportation with the cost of driving, and a side by side comparison of the impacts of various vehicles in terms of gas mileage, greenhouse gas emissions, air pollution and safety.

Commute Solutions' growth has spurred intentions of the program building its own brand identity. With the growth in users and services, performance metrics tied to this growth would bring value in demonstrating the policy shifts of SCCRTC from a roads only agency to a multimodal provider. Potential development of an annual report highlighting the number of users of Commute Solutions services, combined with other data described above such as gas mileage savings and air pollution reduction, would show the effectiveness of SCCRTC and local agency transportation programs.

## **Grant Applications and Management**

In Santa Cruz County, grant assistance and management is shared between the two planning agencies, SCCRTC and AMBAG which serves as the federal Metropolitan Planning Organization for the three county areas of Santa Cruz, Monterey and San Benito. AMBAG performs metropolitan level transportation planning on behalf of the region. Among its many duties, AMBAG manages the region's transportation demand model and prepares regional housing, population and employment forecast that are utilized in a variety of regional plans. In spite of some continuing issues relating to the travel demand model affecting regional planning efforts, SCCRTC and AMBAG relations have been improved in the coordination of activities that impact each of their respective planning and programming responsibilities. AMBAG reduced federal highway planning funds to SCCRTC in FY 2011-12, although AMBAG uses state toll credits to provide the match to the federal funds.

Federal Transit Administration grant programs are administered through AMBAG including the FTA Section 5316 Jobs Access and Reverse Commute and 5317 New Freedom programs, both of which have been integrated into other federal transit programs under the new federal transportation legislation (Moving Ahead for Progress in the 21st Century Act, or MAP-21). METRO is the only recipient in the County for state transit funds including Proposition 1B – the Transit System Safety, Security, and Disaster Response Account and the Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) - with SCCRTC passing all of these formula funds through to METRO. Proposition 1B funds along with other sources have been used for construction of the new METRO operations facility. Other capital support is provided for the Bus Stop Improvement Plan and conversion of fuel from diesel to liquefied natural gas. SCCRTC approves the relevant resolution used to pass the funds through. Also, SCCRTC works with Caltrans and its grant funding partners to obtain Caltrans planning grants such as Environmental Justice Planning grants. SCCRTC staff provide assistance to local agencies that require help and SCCRTC sponsorship for eligibility.

## Section V

### Findings and Recommendations

The following material summarizes the major findings obtained from the Triennial Audit covering FY's 2010 through 2012. A set of recommendations is then provided.

#### Findings

1. SCCRTC has satisfactorily complied with applicable State legislative mandates for Regional Transportation Planning Agencies. One compliance measure that did not apply to SCCRTC pertains to adopting rules and regulations for TDA claims under Article 4.5. There were no such claims submitted during the audit period. Rather, the consolidated transportation service agency (CTSA) in the County receives TDA Article 8 funds through the City of Santa Cruz acting as the claimant on behalf of the transit system.
2. SCCRTC has implemented each of the three prior performance audit recommendations. One pertained to the update of the METRO Short Range Transit Plan, another related to the modification of the TDA claim form to include performance measures consistent with TDA, and the last was to work with AMBAG to align and refine planning objectives and communications.
3. Santa Cruz County, much like the rest of the State, is slowly emerging from the economic recession that has created a local environment of greater resourcefulness. Longevity of SCCRTC staff brings remarkable stability to the agency to address the various technical and policy issues.
4. Several large projects were underway during the audit period including the addition of auxiliary lanes to Highway 1 between Soquel Avenue and Morrissey Boulevard (construction began in February 2012), and purchase of the Santa Cruz Branch Rail Line (purchase was completed in October 2012, which is slightly outside of the audit period). Designations as a Rail/Trail Authority and construction management authority place SCCRTC in a unique role of evolving from a purely transportation planning agency to inclusion as a project implementation agency offering multimodal transportation options.
5. Regular monthly Commission meetings are held and are well attended by the Commissioners based on the auditor's review of meeting minutes during the audit period. This is an indication of the education, interest, and engagement by the Commissioners on transportation topics. Transportation Policy Workshops were also held as needed to focus on specific items. Meeting locations are alternated among each of the four cities to encourage participation by the communities and enhance the visibility of SCCRTC to the community.

6. Interviews with SCCRTC Commissioners provided overall high ratings for staff and activities undertaken during the audit period. Management and staff are viewed as being solid, focused and knowledgeable. While there was acknowledgement that Commission votes are not always unanimous, SCCRTC works through the issues and receives technical and policy explanations for decision-making. Continued work is also needed to address transportation issues around the County including in more isolated communities.
7. The approved 2010 RTP serves as a transitional plan to the 2014 RTP which is a major update from prior RTPs to meet the new requirements Senate Bill 375. The 2014 RTP update is driven by the STARS performance-based process for developing outcome-based transportation plans and projects, and includes actual greenhouse gas emissions targets, methodology and implementation guidance. An expanded public outreach effort is also made for the 2014 RTP including revamped public workshops, expanded on-line and telephone surveys, and visits with community groups.
8. SCCRTC is recognized for continuing a process of soliciting and maintaining an annual prioritized transit needs list and working with its committees and Santa Cruz METRO. Unmet needs on the list are kept until they are implemented or removed. A public workshop is held each year in compliance with the TDA statute that requires at least one public hearing in the citizen participation process.
9. TDA claims submitted to SCCRTC are required to provide detailed past and budgeted information to support the claims. The information provided by claimants ensures that proper information is submitted to justify the TDA claim. The claim form also provides a checklist of materials to include which provides uniformity to the claims process and ensure that adequate information is provided to substantiate the claim for TDA revenues. The claims forms are reviewed by different staff versed in their respective transportation expertise, and also by the E&D TAC prior to approval by the Commission. TDA claims for bicycle projects are reviewed by the Bicycle Advisory Committee.
10. Alternative modes of travel are promoted and marketed through Commute Solutions that has grown both in size and in popularity. Commute Solutions' growth has spurred intentions of the program building its own brand identity. Growth in this program is consistent with SCCRTCs goals of planning for a multimodal transportation system.

## **Triennial Audit Recommendations**

### **1. *Enhance recruitment efforts to fill vacant positions on the Elderly & Disabled Transportation Advisory Committee.***

As the E&D TAC serves as the SSTAC under TDA, it is good practice to have all committee positions filled to build diversity in membership. Of the existing vacancies on this committee, two are part of the make-up of the SSTAC including representatives for a Social Service provider-Seniors, and a Potential Transit User (disabled). SCCRTC has an application form available on its website to help fill the vacancies. Some suggested methods for enhanced recruitment of open positions on the E&D TAC include providing a weblink to the application form on the websites of member jurisdictions for additional visibility, and further direct targeted outreach to those community organizations that would have an interest in such a committee. Other techniques might include offering free transportation to and from the committee meetings, or a free transit pass for their service.

### **2. *Receive the Annual State Controller Reports from Santa Cruz METRO.***

Under TDA provisions, SCCRTC is to receive a copy of METRO's *Transit Operators Financial Transactions Report* submitted annually to the State Controller. This state-mandated report contains financial and performance data of the transit system using State issued guidelines. While METRO has submitted electronic copies of the transactions report to the State on-time, a copy has not been submitted to SCCRTC as required. It is recommended that this report transfer be made from METRO to SCCRTC to meet compliance and to provide an additional method for monitoring transit performance.

### **3. *Consider development of an annual report for Commute Solutions.***

Commute Solutions collects and processes a wealth of traveler information that is produced from its website and customer communication. Bicycle and pedestrian campaigns also produce data on how residents use and value non-motorized transportation assets. As a means to combine data gathered from program marketing, participation figures, and performance measures, a Commute Solutions annual report would provide a snapshot and highlight in reasonable detail the regional activities, successes, and benefits of different multimodal and rideshare alternatives using information that is already developed by Commute Solutions. The report would have a marketing feel with the purpose of being a communications piece that connects with the community. The document could be circulated around the region and be used to garner further community interest while enticing additional potential program sponsorship.

Whether the annual report is part of a larger SCCRTC report or a separate document, the suggestion for its own report is consistent given that Commute Solutions is working to build

its brand. Samples of similar rideshare documents from peer agencies focus on graphical highlights and the benefits of their programs in easy to read format.

#### **4. *Update the SCCRTC Rules and Regulations.***

A number of measures should be reflected in the Rules and Regulations. Among them include:

- Voting on Article 8 claims - When SCCRTC was re-created through Government Code Section 67940, the current Commission, as the legal successor to the former Commission and created through statute, has no formal attachment to Government Code Sections 29535 and 29536 or to their applicable measures including prohibiting Santa Cruz METRO from voting on Article 8 claims. The current Commission structure allows METRO to vote on Article 8 claims.
- METRO farebox recovery ratios – The TDA claim shows two farebox recovery calculation methods applicable to METRO as a condition of receipt of funds. These ratios include 1) the ratio of fare revenue to operating cost of no less than 15 percent, and 2) the ratio of fare revenue plus local support to operating cost of no less than 56.9 percent (ratio in FY 1978-79 for services to the general public). The Rules and Regulations should reflect both calculation methods rather than only the first.
- Adopted operating reserve target - SCCRTC established a 30 percent operating reserve target that is divided by a cash flow reserve of 8 percent of annual operating costs and a restricted reserve of 22 percent of annual operating costs. These percentages should be added in the Rules and Regulations in addition to the reserve of at least 8 percent of the annual TDA revenue estimate. SCCRTC will need to develop specific instructions for eligible withdrawals and uses of the restricted reserve. As the restricted reserve is proposed to be funded by TDA surplus revenue, withdrawals should include those uses that are eligible for TDA funds made through the claims process.