



**FY 2016-2018
Triennial Performance Audit of
Santa Cruz County
Regional Transportation Commission**

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

April 2020

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Executive Summary

The Santa Cruz County Regional Transportation Commission (RTC, Commission) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit for fiscal years (FY) 2015–16, 2016-17, and 2017–18. As a Regional Transportation Planning Agency (RTPA), the RTC is required by California Public Utilities Code (PUC) Section 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) to continue receiving TDA funding. TDA funds are used primarily for RTC administration, planning, and implementation of public transportation and non-motorized projects and programs. This includes distribution of TDA funds for public transit services and non-motorized projects and programs.

This performance audit is intended to describe how well the RTC is meeting its 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 Caltrans was used to guide the development and conduct of the audit. To gather information for the TDA performance audit, Michael Baker conducted interviews with agency staff and Commissioners as well as with the public transit operators, reviewed various documents, and evaluated the RTC'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

The RTC has satisfactorily complied with applicable state legislative mandates for RTPAs. One compliance measure that did not apply to the RTC pertains to adopting rules and regulations for TDA claims under Article 4.5. The agency does not disburse any TDA funds under this article section. Rather, the CTSA in the county receives TDA Article 8 funds through the City of Santa Cruz acting as the claimant on behalf of the paratransit/community transportation system.

Status of Prior Audit Recommendations

The RTC has implemented one of the two prior performance audit recommendations. The recommendations pertained to the inclusion of a standard assurances form with the TDA claim submittal and update of the Commission's rules and regulations to account for recent changes in the TDA statute. The standard assurances form recommendation was not implemented during the audit period and is being carried forward in this audit for full implementation. It is noted that following the audit period Commission staff is reviewing the sample assurance form

and making adjustments in alignment with the existing TDA claim for transit. RTC will ask the transit claimants to use the form starting in FY 2020-21.

Functional Review

1. The Commission experienced changes in both its executive and professional staffing during and after the audit period. The Commission's long-time executive director retired from the agency in December 2018. A new executive director hired after the audit period was appointed and has led the agency since December 2018. Historically, the longevity of personnel at both the executive and professional staff levels has brought remarkable stability to the agency to address the various technical and policy issues.
2. One of the major accomplishments during the audit period was the passage of Measure D, a 30-year countywide transportation one-half cent transactions and use tax, on November 8, 2016. Passage of the measure gives the RTC leverage in applying for other transportation-related funding from state and federal grant programs as well as providing funding for transit services, infrastructure, major capital projects, some of the backlog of local road maintenance, and to maintain and expand transportation for seniors and people with disabilities. Santa Cruz County is now one of 24 self-help counties in California.
3. Several large projects were accomplished during the audit period, including the development of a preventative maintenance program for the Santa Cruz Branch Line Rail in March 2018, environmental review of auxiliary lanes on Highway 1 between 41st Avenue and Soquel Drive with a pedestrian and bicycle overcrossing at Chanticleer Avenue, and participation in the Bus on Shoulder Feasibility Study that was completed in June 2018. Designations as a Rail/Trail Authority and construction management authority place the RTC in a unique role of evolving from a purely transportation planning agency to a project implementation agency offering multimodal transportation options.
4. Interviews with RTC Commissioners provided overall high ratings for staff and activities undertaken during the audit period. Management and staff are professional, focused, and responsive. The new executive director has been charged with developing new partnerships and approaches that enhance the transparent nature of Commission activities.
5. The 2040 RTP update and corresponding environmental review was developed and adopted in June 2018. The RTP identifies the goals, projects, and programs that will maintain and improve the transportation system over the next 20 years in a measured and sustainable manner. The RTC featured numerous discussions about the RTP on the agency's Nextdoor social media platform, which reaches 77 neighborhoods, and on Facebook, which provided yet another avenue for getting information to the public.
6. Despite no TDA funds being allocated for streets and roads, the RTC 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. A public hearing is held annually in compliance with the law.

7. TDA claims submitted to the RTC are required to include detailed past and budgeted information to support the claims. The claims forms are reviewed by different Commission staff versed in their respective transportation expertise. Claims for transit and specialized transportation services, and claims for pedestrian improvements, are also reviewed by the E&D TAC. TDA claims for bicycle projects are reviewed by the Bicycle Advisory Committee.
8. The Commission's *Rules & Regulations* serves as an in-house TDA manual documenting the claims administration process by the RTC. Most recently updated on August 17, 2017, the document provides guidance for TDA fund claims. The latest update includes changes to efficiency requirements of transit operators, to bike and pedestrian provisions, and to STA provisions. Further changes to the *Rules & Regulations* may be appropriate in the near term for current proposals being made to the TDA statute.
9. RTC's public outreach focus has been to communicate its mission more effectively while working in close coordination with local jurisdictions and stakeholders. Public outreach efforts also include Spanish language to engage the Spanish speaking community. The Commission hired a communications specialist to coordinate public outreach and community engagement.
10. Commute Solutions and 511 combined under the Cruz511 umbrella and one website to reach more people and streamline operations. Alternative modes of travel are promoted and marketed, and Cruz511 has grown both in size and in popularity. A new on-line commuter management and ridesharing service is planned for launch. Growth in this program is consistent with the RTC's goals of planning for a multimodal transportation system.

Four recommendations are provided to improve the RTC's administration and management relating to the TDA:

1. Include standard assurances form in TDA claims for transit.

This recommendation is being forwarded in this audit, since TDA claims for transit funding must ensure compliance with a series of provisions in the TDA statute. These standard assurances are typically listed in a checklist format in the TDA claims and should be reviewed and signed off by the transit claimant prior to submittal of the claim. The RTC, in turn, would verify compliance for each applicable measure prior to approving the claim for funding. Standard assurances include completion of the annual fiscal and compliance audit and State Controller's Reports, and compliance with the farebox recovery ratio.

TDA requirements are currently covered by the RTC's claim form and claim review process but the standard assurances forms adds a tool in the process to provide a useful summary

and checklist. Many of these standard assurances are featured in the compliance matrix section of the performance audit of the transit operators. In addition, a sample standard assurance checklist from another RTPA is shown for reference in the appendix to this performance audit.

2. Make additional updates to the transit operator TDA process for consistency with the updated RTC rules and regulations.

RTC's revised rules and regulations manual outlines the changes made to the TDA process enacted by state legislation such as SB 508. Some of the changes also directly impact the content of the TDA claim form for transit which should be revised concurrently with the manual. For example, using the FY 2018 TDA claim form, Items #23 (Farebox Recovery Ratio) and #24 (FY 1978-79 ratios) applicable to Santa Cruz Metro should be consistent with the RTC rules and regulations and new state law. Specifically, for #23, additional exclusions from operating cost above the consumer price index for fuel, alternative fuel programs, power, insurance premiums and payments in settlement of claims, and state and federal mandates should be added in the footnotes in calculating urban/rural farebox recovery. For #24, the language should be deleted all together as the law eliminates the requirement for a separate ratio for FY 1978-79.

As an added measure, the quarterly TDA reports submitted by Community Bridges for Lift Line as described in the TDA claim form should include on-time performance of the service. Vehicle on-time arrival to pick up a passenger at the scheduled time is an important measure of operational effectiveness and customer service. The TDA claims submitted by Community Bridges describes the investment in automatic vehicle locator technology and mobile data computers that enable more automation in the tracking of vehicle movement. The technology allows the collection of accurate data such as on-time performance which should be on the list of performance metrics to include in the TDA quarterly report.

3. RTC and Santa Cruz METRO should clarify the performance eligibility criteria for TDA-Local Transportation Funds.

Article 4 of the TDA statute provides alternatives for Santa Cruz METRO to be eligible for TDA-Local Transportation Funds. One is for Santa Cruz METRO to meet the farebox recovery ratio. The other is to meet the 50 percent expenditure rule as an older operator, defined as service starting prior to 1974. Currently, Santa Cruz METRO meets both requirements but the documentation stating eligibility is not consistent. For example, the TDA claims form and resolution state that Santa Cruz METRO eligibility to receive LTF is from farebox compliance. However, its audited financial statements state Santa Cruz METRO meets the 50 percent expenditure limitation and does not use the alternative farebox recovery ratio. Historically, the amount of LTF allocated to Santa Cruz METRO has not exceeded 50 percent of operating expenditures; hence, either criteria applies. Farebox recovery is an important performance measure that gauges transit operational efficiency and effectiveness.

Santa Cruz METRO and RTC should discuss the applicability of each criteria and agree to which of the two meets compliance with rules and regulations for LTF. Currently, the adopting resolution allocating LTF from RTC to Santa Cruz METRO shows farebox recovery. Should the 50 percent expenditure criteria be applied instead, the TDA claims form and resolution should be adjusted. Should farebox remain the criteria, the Santa Cruz METRO audited financial statements should be modified to show audited farebox recovery rather than the 50 percent expenditure rule. This clarity will provide consistency in reporting of performance measures for LTF eligibility.

4. City of Santa Cruz, Volunteer Center, and RTC should discuss an alternative performance measure for TDA-Local Transportation Fund eligibility.

LTF are allocated to Volunteer Center under a performance standard that a 10 percent local match be provided by Volunteer Center. Budgets for the volunteer driver program show a local match would be provided by donations from riders, which are not enough for the 10 percent match. As the LTF revenue is claimed by the City of Santa Cruz on behalf of Volunteer Center through the TDA Article 8 program, the law provides latitude on the performance standard. In lieu of a local match, RTC, the City, and Volunteer Center should discuss an alternative measure for LTF eligibility. Among the possibilities include using goals set in the TDA claim form such as minimum ridership levels and number of unduplicated clients. Other data that is reported by Volunteer Center to RTC for which a performance standard could be created include minimum number of ride requests unable to fill, and maintenance of driver availability for clients in each of the three travel areas of Santa Cruz, San Lorenzo Valley/Scotts Valley, and Watsonville. Given that the current standard for local match cannot be met, another performance standard that is attainable yet provides a measure of service efficiency and effectiveness should be considered by the involved agencies.

Section I

Introduction – Initial Review of RTPA Functions

The Santa Cruz County Regional Transportation Commission (RTC, Commission) retained the firm Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, fiscal years (FY) 2015–16, 2016–17, and 2017–18. As a Regional Transportation Planning Agency (RTPA), the RTC is required by California Public Utilities Code (PUC) Section 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue to receive TDA funding.

This performance audit, as required by TDA, is intended to describe how well the RTC is meeting its obligations under TDA.

Overview of RTC

The RTC 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, the RTC plans, funds, and implements transportation projects and services. Working together with transportation partners, the RTC secures funding to maintain the existing transportation network as well as prepare for the transportation needs of the next generation. The RTC keeps residents, visitors, and businesses moving wherever they want to go and however they choose to get there.

The RTC was originally created in 1972 by statute establishing RTPAs. The agency later became a State-designated transportation planning agency under State Government Code Sections 67940 and 67941. The RTC comprises 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. A representative from Caltrans 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 RTC to act as a Rail/Trail 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 the RTC to contract for any services to accomplish its purpose.

The RTC is guided by its published *Rules & Regulations*, updated in August 2017, specifying its membership requirements and procedures for administering various funding sources. Among them are the procedures for establishing and processing TDA apportionments, which are a major funding source for RTC operations and multimodal transportation including transit operations and pedestrian and bicycle projects. Funds are established to account for funds which are restricted for a specific project or use. Separate funds are established for programs including: Administration, Planning & Rideshare; Rail/Trail Authority; Highway 1 Project Approval/Environmental Documentation; Service Authority for Freeway Emergency (SAFE); Freeway Service Patrol (FSP); RSTP Exchange; State Transit Assistance; and TDA.

Santa Cruz County is located in 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. Established in 1850, the county was one of the original counties in California; the county's name means "holy cross" in Spanish. It has the second smallest geographic area of any county in California after the City and County of San Francisco. A demographic snapshot of key cities and the county is presented in Table I-1.

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

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census (percentage)	Population 65 Years & Older (percentage)	2019 California DOF Estimates	Land Area (in square miles)
Capitola	9,918	-0.6%	15.5%	10,240	1.59
Santa Cruz	59,946	+9.8%	8.8%	65,807	12.74
Scotts Valley	11,580	+1.7%	13.6%	12,082	4.60
Watsonville	51,199	+11.9%	8.3%	53,021	6.69
Unincorporated Area	129,739	-3.1%	12.7%	133,721	419.55
Total Santa Cruz County	262,382	+2.6%	11.1%	274,871	445.17

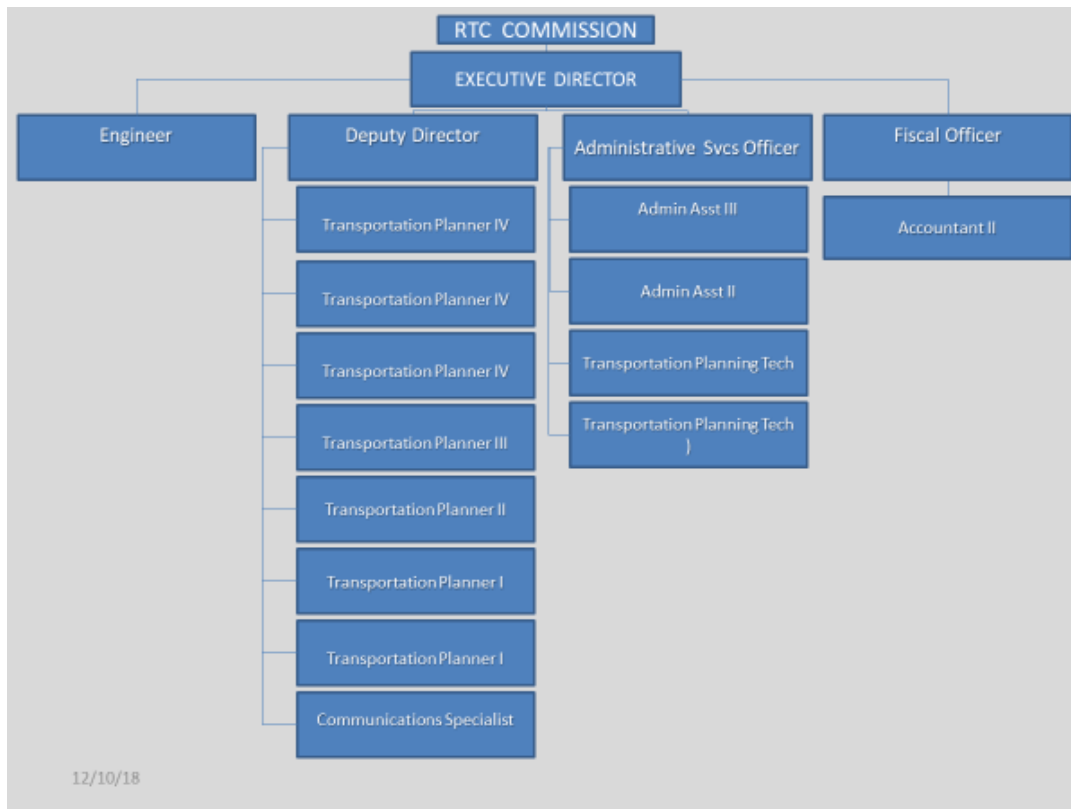
Source: 2010 US Census; California Department of Finance 2019 Population Estimates

The City of Santa Cruz is the county seat and the largest city in the county. The county and its four incorporated cities saw modest growth between 2000 and 2010, as recorded in the US Census for each of those years. Watsonville had the highest percentage increase in population. The senior citizen population, comprising residents aged 65 and over, is 11.1 percent countywide. The 2019 population for Santa Cruz County is estimated to be 274,871, as reported by the California Department of Finance.

Organizational Structure

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

Figure I-1 RTC Organization Chart



Source: RTC

RTC meetings are generally televised on Community TV and include a full agenda on a wide range of topics. Transportation Policy Workshop meetings offer a forum for more informal and in-depth discussion on a limited set of agenda topics. The workshop meets on the third Thursday at 9:00 a.m. as needed.

In addition to the governing board, there are a number of committees and a task force. Each is briefly described below:

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

The Budget, Administration & Personnel Committee provides oversight with respect to Commission administration, budget, policy, finance, audit, and personnel issues and makes recommendations to the RTC on these matters. The committee consists of six commissioners elected annually by the RTC. The committee elects a chair each year. The committee meets at least once a quarter.

The E&D TAC serves as the Paratransit Advisory Council and the Social Services Transportation Advisory Council (SSTAC) required by TDA statute. The E&D TAC advises the RTC 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 15 members comprising citizen, service provider, and agency representatives. The minimum membership for the SSTAC is nine; however, the Commission exceeds this participatory amount by including individuals representing elderly and/or disabled interests from each of the five supervisory districts, and a representative from Santa Cruz METRO. The E&D TAC meets the second Tuesday of every even-numbered month at 1:30 p.m. One meeting annually is scheduled at an appropriate location outside of the City of Santa Cruz and in proximity to a major transit route.

The Bicycle Committee serves in an advisory capacity to the RTC and its member agencies on bicycle-related issues, policies, plans, programs, and projects. Its responsibilities include advising on bicycle-related issues; reviewing proposed bicycle-related policies, programs, projects, plans, funding applications, and legislation; providing input on existing roadway/bikeway conditions affecting cycling; reviewing and approving Bikes Secure (bike parking subsidy) applications; developing bike projects for future implementation; and coordinating with local jurisdictions and bicycle-related organizations to promote cycling projects and programs. The 11-member committee comprises volunteers representing each of the five supervisorial districts, each of the four cities, Bike to Work, and the Community Traffic Safety Coalition. The committee meets the second Monday of every other month, or as needed, from 6:00 p.m. to 8:30 p.m. The time may be changed by the committee with a majority vote.

The ITAC comprises 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 the RTC 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 16 voting members and ex officio members drawing from agencies including City and County Public Works staffs; City and County Planning staffs; Santa Cruz METRO; Caltrans District 5; the Association of Monterey Bay Area Governments; the Monterey Bay Air Resources District (ex officio member); transportation management associations; the University of California, Santa Cruz; Cabrillo College (ex officio member); and

the California Highway Patrol (CHP; ex officio member). The ITAC meets on the third Thursday of the month at 1:30 p.m., or as needed.

The Measure D Taxpayer Oversight Committee reviews the annual independent fiscal audits of the expenditures of local Measure D, the 30-year countywide one-half cent transportation sales tax that was approved by Santa Cruz County voters in November 2016. The committee is tasked with releasing an annual report on its findings regarding compliance with the requirements of the Measure D Expenditure Plan and the Ordinance. Per the voter-approved ordinance, the total membership of the committee shall not exceed five members, each one a non-elected official selected from each of the five supervisorial districts in the county to ensure good geographical representation.

The Traffic Operations System Oversight and Safe on 17 Task Force meets jointly to share information about traffic operation systems in Santa Cruz County and about transportation projects and collisions on Highway 17. The task force meets regularly and is composed of staff from various entities across jurisdictional lines to help ensure coordination and collaboration and improved safety and also to help improve communication amongst the participating entities and with the public. 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 Operations System components that provide the public with important information. Members represent the RTC, the San Francisco Bay Area's Metropolitan Transportation Commission, CHP, Caltrans, local law enforcement and fire departments, legislators' offices, and the media.

Audit Methodology

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

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

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

- Compliance with state TDA requirements
- Organizational management and efficiency

The remainder of this report is divided into four sections. In Section II, Michael Baker reviews the compliance requirements of the TDA administrative process. Section III describes the RTC's responses to the recommendations in the previous performance audit. In Section IV, Michael Baker reviews the RTC's functions in detail, 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 transit operators' conformance with the TDA. Our findings concerning the RTC's compliance with state legislative requirements are summarized in Table II-1.

TABLE II-1 RTC Compliance Requirements Matrix		
RTC 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 RTC <i>Rules & Regulations</i> manual, which was revised in August 2017, specifies the requirements for apportionments. The primary claimant of the funds is Santa Cruz METRO. Other transit allocations are made to the City of Santa Cruz acting on behalf of Community Bridges and Volunteer Center for transit services. Allocations are also made to local jurisdictions for other uses including pedestrian and bicycle projects. Conclusion: Complied.
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 RTC <i>Rules & Regulations</i> specifies the requirements for uses of LTF for pedestrian and bicycle projects. According to the document, rather than allocating under Article 3 (PUC Section 99233.3) which has funding allocation limitations for these uses (2 percent of the County's allocation), the RTC allocates funds under Article 8 of the TDA. An eligible claim for Article 8 includes planning and investment in pedestrian and bicycle facilities. Conclusion: Complied.
The RTPA has established a social	Public Utilities Code,	The RTC has established an SSTAC

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
<p>services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.</p>	<p>Sections 99238 and 99238.5</p>	<p>required under PUC Section 99238. The roles and responsibilities of the 15-member E&D TAC, which serves as the SSTAC, are based on TDA guidelines. Additional members beyond the required positions include a member from Santa Cruz METRO and a represent from each county supervisorial district.</p> <p>Based on the member list on the RTC website, the committee has two vacancies (social service provider for the County-seniors and social service provider for the County-disabled) of the required positions. This is an improvement from the prior audit period in which there were four vacancies. The RTC has an application form available on its website to help fill the vacancies. A quorum is seven members, if all positions are full. Quorum is determined by the number of filled positions.</p> <p>Conclusion: Complied.</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"> • A committee for the purpose of providing advice on productivity improvements may be formed. 	<p>Public Utilities Code, Section 99244</p>	<p>The RTC 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 advising on productivity improvements is not formed, the E&D TAC, which includes Santa Cruz METRO as a member, also provides a venue for RTC discussion on transit activities and improvements.</p> <p>Through the commission of the triennial performance audit by the RTC, recommendations are made to</p>

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
<ul style="list-style-type: none"> 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. 		<p>improve the efficiency and economy of the transit systems. Santa Cruz METRO's Short-Range Transit Plan and Comprehensive Operations Analysis provide further areas for productivity improvements. Also, the annual TDA claims administered by the RTC present areas of improvement by transit, including progress in meeting performance goals and measures.</p> <p>Furthermore, each of the transit systems provides performance measures to the RTC on a quarterly and annual basis.</p> <p>Conclusion: Complied.</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).	Public Utilities Code, Section 99245	<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 2016, 2017, and 2018, the annual financial audits were submitted within the 180-day period, in December each year.</p> <p>Conclusion: Complied.</p>
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennium). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA monies and to the RTPA within 12 months after the	Public Utilities Code, Sections 99246 and 99248	<p>For the current three-year period, the RTC retained Michael Baker International to conduct the audit of the RTPA and the Santa Cruz County transit operators. Michael Baker International was retained to conduct the previous audit for the three fiscal years that ended June 30, 2015. Caltrans and RTC have granted extensions for submittal of the audits.</p>

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
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.		Conclusion: Complied.
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)	<p>The RTC submitted a written letter to Caltrans requesting an extension of the prior performance audit. The performance audit was submitted to Caltrans following its completion.</p> <p>Conclusion: Complied.</p>
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 provide services during peak hours, as defined in subdivision (a) of Section 99260.2	Public Utilities Code, Section 99246(d)	<p>The performance audit of the Santa Cruz County transit operators includes all required elements.</p> <p>Conclusion: Complied.</p>

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
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	<p>According to the previous RTC <i>Rules & Regulations</i>, Santa Cruz METRO was subject to a farebox recovery ratio of 15 percent. This requirement was changed from passage of Senate Bill 508 in October 2015. RTC updated its <i>Rules & Regulations</i> in 2017 with new language that Santa Cruz METRO is subject to farebox recovery ratios as set forth by state law.</p> <p>Beginning in FY 2016-17, state law set urban farebox at 20 percent and rural farebox at 10 percent. RTC local policy continues to require Santa Cruz METRO to show different ratios for urban and rural service.</p> <p>In the annual claims forms, Santa Cruz METRO separately reports its urban and rural farebox recovery ratios and has complied with meeting the respective ratios.</p> <p>In addition to farebox recovery, the annual financial audit for Santa Cruz METRO indicates that the agency meets the 50 percent expenditure limitation under the TDA (PUC 99268) in lieu of meeting the farebox recovery requirement.</p> <p>Whichever requirement applies to Santa Cruz METRO, either farebox recovery or 50 percent expenditure limitation, for LTF eligibility should be clarified between Santa Cruz METRO and the RTC. TDA law indicates only one of these two requirements applies (PUC 99268.2) if Santa Cruz METRO's claim for LTF remains below 50 percent of its operating costs.</p>

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
		Conclusion: Complied.
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	<p>The RTC 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, Volunteer Center also receives Article 8 transit funds through the City of Santa Cruz.</p> <p>Conclusion: Not applicable.</p>
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	Public Utilities Code, Sections 99310.5 and 99313.3 and Proposition 116	<p>The RTC allocates State Transit Assistance (STA) funds to Santa Cruz METRO for transit purposes. RTC may also allocate this portion of STA for community transportation services.</p> <p>Conclusion: Complied.</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.	Public Utilities Code, Section 99314.3	<p>The RTC allocates operator revenue-based STA funds to Santa Cruz METRO in accordance with the amounts published by the State Controller's Office.</p> <p>Conclusion: Complied.</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"> • Consulted with the Social 	Public Utilities Code, Section 99401.5	<p>As no TDA is used for streets and roads, the RTC is not required to hold a formal unmet transit needs process under PUC Section 99401.5. However, the RTC continues to obtain input on potential transit needs from the community. The RTC works through the E&D TAC and cooperatively with Santa Cruz METRO for this process in which an Unmet</p>

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
<p>Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code, Section 99238;</p> <ul style="list-style-type: none"> 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, and Analysis of potential alternatives to provide transportation services; Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet;” 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. <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>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 is prioritized within those categories. The transit needs process is addressed by the E&D TAC through development and review of a draft and final list. The Commission adopts the Unmet Specialized Transportation/Transit Needs List each spring following a public hearing.</p> <p>Conclusion: Complied.</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</p>	<p>California Administrative Code, Section 6662</p>	<p>The accounting firm of Moss, Levy & Hartzheim, LLP conducted the financial audit of the RTC for FYs 2016, 2017, and 2018. The Audited Financial Statements and Compliance Reports were submitted to the State Controller within 12 months of the</p>

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
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 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.		<p>end of each fiscal year.</p> <p>The RTC also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p> <p>Conclusion: Complied.</p>

Findings from RTPA Compliance Requirements Matrix

The RTC has satisfactorily complied with applicable state legislative mandates for RTPAs. One compliance measure that did not apply to the RTC pertains to adopting rules and regulations for TDA claims under Article 4.5. The RTC 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.

Despite no TDA funds being allocated for streets and roads, the RTC continues with an unmet transit needs process that involves obtaining public input and coordinating with the E&D TAC and Santa Cruz METRO to annually update the Unmet Specialized Transportation/Transit Needs List. 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.

The *RTC Rules & Regulations* manual was updated in August 2017 and provides the documented guidance for TDA fund administration and distribution. The rules describe the processes necessary to ensure the proper sequence of actions that are taken and the eligibility

requirements for the claimants. Other components of the rules and regulations stipulate the flow of TDA apportionments that directly affect the budgeting for the RTC and its members.

The *Rules and Regulations* and TDA claims form show the qualifying criteria for the transit operators. One is for Santa Cruz METRO to meet the farebox recovery ratio. However, METRO's audited financial statements show Santa Cruz METRO meeting the 50 percent expenditure limitation under TDA while stating the agency does not use the alternative farebox recovery ratio. Santa Cruz METRO and RTC should discuss the applicability of each criteria and agree to which of the two should be used for compliance and eligibility for LTF. In addition, Santa Cruz Volunteer Center is subject to local match requirements for TDA. Budgets for the volunteer driver program show a local match would be provided by donations from riders, which are not enough for the 10 percent match. In lieu of a local match, RTC, the City of Santa Cruz, and Volunteer Center should discuss an alternative measure for LTF eligibility.

TDA funds for bicycle and pedestrian projects are allocated under Article 8, which is a statutory provision that follows transit allocations to METRO under Article 4. The allocations are made to support community programs such as the Community Traffic Safety Coalition, and Ride 'n Stride/Ecology Action's Walk Smart Program. Allocations are also made to the County and the cities for bicycle and pedestrian projects using a population formula after allocations are made to all other recipients of TDA funds.

Section III

Prior Triennial Performance Audit Recommendations

This chapter describes the RTC'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

Include standard assurances form in TDA claims for transit.

Background: TDA claims for transit funding must ensure compliance with a series of provisions in the TDA statute. These standard assurances are typically listed in a checklist format in the TDA claims and should be reviewed and signed off by the transit claimant prior to submittal of the claim. The RTC, in turn, would verify compliance for each applicable measure prior to approving the claim for funding. Standard assurances include completion of the annual fiscal and compliance audit and State Controller's Reports, and compliance with the farebox recovery ratio.

Many of these standard assurances are featured in the compliance matrix section of the performance audit of the transit operators. In addition, a sample standard assurance checklist from another RTPA was included for reference in the appendix to the prior performance audit.

Actions taken by the RTC

The RTC's *Rules & Regulations* contains TDA claims procedures for all service modes that receive TDA funding. A checklist is provided toward the end of the TDA claim form entitled "Documentation to Include with Your Claim." All claims are required to have attached:

- A letter of transmittal addressed to the RTC executive director that attests to the accuracy of the claim and all its accompanying documentation; and
- Statement from the TDA-eligible claimant indicating its role and responsibilities.

In addition to the aforementioned, Article 8 Bicycle/Pedestrian Claims are required to include:

- Evidence of environmental review for capital projects.

All Transit and Specialized Transportation Claims (Santa Cruz METRO, CTSA, and Volunteer Center) are required to include:

- A copy of the operating and capital budgets for the coming fiscal year.
- Description of capital projects, including time frame over which project will be funded and implemented.
- Operating plan for current and upcoming activities – can be within project description.

Article 4 Transit Claims require:

- A certification from the CHP (completed within the last 13 months) indicating that the operator is in compliance with Section 1808.1 of the Vehicle Code.
- Other certifications.
- Written report of current and upcoming activities (per *RTC Rules & Regulations*).

Following this checklist, the local claimant certifies that the claim has been prepared in accordance with the RTC's budget, *Rules and Regulations*, and Caltrans TDA Guidebook. Although the claims checklist denotes important supporting documentation for inclusion with the claim, the Commission has yet to include the standard assurances check-off list with its claim form. As was explained in the prior performance audit, standard assurances are intended as an easy checklist for both the operator and RTC to confirm and sign off that major TDA provisions are met as a condition of receiving the funds such as completion of the annual fiscal and compliance audit and State Controller's Reports, and compliance with the farebox recovery ratio. Many of these standard assurances are featured in the compliance matrix section of the performance audit of the transit operators as a reference.

Conclusion

This recommendation has not been implemented and is carried forward for full implementation. It is noted that following the audit period Commission staff is reviewing the sample assurance form and making adjustments in alignment with the existing TDA claim for transit. RTC will ask the transit claimants to use the form starting in FY 2020-21.

Prior Recommendation 2

Update the RTC rules and regulations for new TDA legislation.

Background: The RTC updated its rules and regulations in 2014 in meeting a prior audit recommendation. Because of additional changes to the TDA legislation following the update, a number of new measures should be reflected in the rules and regulations. Among them are new TDA requirements created through passage of Senate Bill (SB) 508 in October 2015.

The legislation has several objectives, including simplifying fare recovery requirements, authorizing funding of bicycle and pedestrian safety education programs, and modifying STA qualifying criteria for operations. The RTC's rules and regulations should be updated to reflect

these changes and identify the responsible party for implementing the updates, such as the fiscal auditor or Santa Cruz METRO for the farebox recovery calculation. The RTC should also communicate these changes to the transit systems and determine what implication, if any, the changes might have on their respective transit operations.

Actions taken by the RTC

The Commission updated many areas in its rules and regulations during the audit period. The revised document, *Rules & Regulations*, was adopted by the Commission on August 17, 2017, and contains procedures for the apportionment and allocation of TDA under Articles 3, 4, and 8 that reflect the recent changes to TDA. These include changes to efficiency requirements of transit operators, to bike and pedestrian provisions, and to the State Transit Assistance program. In addition, the federal Fixing America's Surface Transportation (FAST) Act made some changes to federal funding programs. Changes made by SB 508 and the FAST Act are incorporated into the revised *Rules & Regulations*. Further changes to the *Rules & Regulations* may be appropriate in the near term for current proposals being made to the TDA statute. In addition, the RTC may want to incorporate some Measure D items such as bylaws for the Measure D oversight committee once they have been approved.

Conclusion

This recommendation has been implemented.

Section IV

Detailed Review of RTPA Functions

This section assesses in detail the RTC's functions and performance as an RTPA during this audit period. Using Caltrans's *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, the RTC'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

RTC 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. Historically, the longevity of personnel at both the executive and professional staff levels has brought remarkable stability to the agency to address the various technical and policy issues. However, the Commission saw turnover in both its executive and professional staffing during and after the audit period. The Commission's long-time executive director retired in December 2018. A new executive director hired after the audit period was appointed and has led the agency since December 2018. There were eight staff departures during the audit period, including three senior-level planners. Six employees joined the agency during the period, including a senior engineer and two engineering interns. There were several additional departures and new hires subsequent to the audit period. The RTC's long-tenured fiscal officer left the agency at the end of March 2019 and a new Director of Finance and Budget was hired. In addition, a new Communications Specialist was hired with responsibility for media contact, public outreach, and community engagement to advance the agency's public voice on transportation. At the end of FY 2017-18, there were 17 full- and part-time employees representing 15.75 full-time equivalent positions.

The RTC retains a contract with the County for certain functions like legal, real estate, and treasury. Although the RTC 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. Retirement benefits are provided through CalPERS including voluntary contribution to a 457 Deferred

Compensation Plan. Also, the RTC 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 employee unions are recognized: the RTC Association of Middle Managers representing four managers, and Service Employees International Union (SEIU) Local 521 representing planners, an accounting technician, and administrative employees. The SEIU contract, which expired in March 2015, was further extended to March 31, 2018, with provisions including cost of living increases and contributions to pensions. Effective April 2016, employees pay their full share of contributions to their retirement plans. As an equity offset, special provisions in the memorandum of understanding (MOU) provided that each step in the salary range for all employees is increased by a certain percentage in April 2015 and in April 2016. The MOU further included that the RTC and SEIU agree to postpone conducting a joint compensation study until the fall of 2017. It is noted that after the audit period a compensation study was completed and labor agreements were negotiated which implement the compensation study and expire on March 31, 2021.

Each year, the RTC produces an annual work program in consultation with Caltrans along with the annual budget; it also 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 RTC 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.

Highlights of multimodal transportation initiatives and projects that the RTC has facilitated through its committees and partnerships that are either completed or underway during the audit period include the following:

Local Measure D

One of the major accomplishments during the audit period was the passage of Measure D, a 30-year countywide transportation one-half cent transactions and use tax, on November 8, 2016. Passage of the measure gives the RTC leverage in applying for other transportation-related funding from state and federal grant programs as well as providing funding for transit services, infrastructure, major capital projects, some of the backlog of local road maintenance, and to maintain and expand transportation for seniors and people with disabilities. The funding includes 20 percent of measure D funds to METRO (16 percent) and the CTSA (4 percent), as well as 8 percent to the preservation of railroad infrastructure. This significantly increases the amount of funds that are dedicated to transit services and infrastructure. Measure D generates an estimated \$20 million in revenues annually.

Santa Cruz County is now one of 24 self-help counties in California. The measure's implementation and expenditures are overseen by the Measure D Taxpayer Oversight Committee. The committee is composed of five members, who are non-elected officials. The

members are selected to represent each of the five supervisorial districts in the county to ensure good geographical representation. At least one of the members, the committee chair, is a certified public accountant. Measure D contains a maintenance of effort requirement supported by audited financial data.

As part of the measure implementation, in late 2019 the RTC initiated development of a strategic implementation plan for the measure that would also assess potential bonding opportunities. The 2020 Measure D Strategic Implementation Plan is intended to serve as the guiding policy and programming document for the implementation of regional Measure D projects. Included in the 2020 Strategic Implementation Plan are:

- Policies related to managing and expending sales tax revenues;
- Policies related to project delivery and management;
- Schedules and descriptions of programs and projects for the next five years;
- Financial planning strategies, including borrowing and investment approaches; and
- Project implementation requirements such as audit and reporting requirements.

Santa Cruz Branch Rail Line

The RTC acquired the Santa Cruz Branch Line from the Union Pacific Railroad in October 2012. The RTC is designated as a Rail/Trail Authority and construction management authority involved in engineering work to rehabilitate structures and award contracts for construction. Bridge rehabilitation construction work was completed for four bridges, including complete reconstruction of the La Selva Beach trestle. Also, the Commission secured a Caltrans transit planning grant to analyze the feasibility of commuter and/or intercity passenger rail service in the corridor and completed a Passenger Rail Feasibility Study in December 2015 through extensive community engagement.

The Commission is responsible for maintaining the portion of the right-of-way (ROW) outside of the railroad easement, which is defined as a 10-foot lateral width in each direction from the railroad centerline. Designations as a Rail/Trail Authority and construction management authority place the RTC in a unique role of evolving from a purely transportation planning agency to 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. The Rail/Trail Authority generates \$60,000 in lease revenues.

A preventative maintenance program for the Santa Cruz Branch Line Rail corridor was developed by RTC staff and implemented in March 2018. The maintenance program includes a process for responding to maintenance reports from the community or local jurisdictions, and guidelines for regular maintenance inspections for preventative maintenance efforts. RTC staff

procured on-call maintenance contractors for light civil/grading, vegetation control, encampment cleanup, no-trespassing signing installation, and graffiti abatement. In addition, the Commission adopted the Final Unified Corridor Investment Study in January 2019, which would involve collaboration with Santa Cruz METRO on an Alternatives Analysis for high capacity transit options on the rail ROW. The RTC received a Caltrans State Highway Account Grant for \$100,000, which will be applied toward the Alternatives Analysis.

Coastal Rail Trail

The Monterey Bay Sanctuary Scenic Trail Network is an RTC-proposed 50-mile bicycle and pedestrian trail project. The spine of the trail network is composed of the 32-mile Coastal Rail Trail from Davenport to Watsonville, to build within or adjacent to the Commission-owned Branch Rail Line ROW. Initiation of projects began following adoption of the award-winning Master Plan, a document that serves as the guiding blueprint for the project's implementation. Thirteen miles of projects are in various stages of development and have been funded in full or in part.

The Commission is working with Central Federal Lands to implement a 7.5-mile north coast rail trail project for which a Federal Lands Access Grant had been awarded, with matching funds provided by the Land Trust of Santa Cruz County, the California Coastal Conservancy, and the Commission. A request for proposals for consultant services was released, and a team was selected to develop the environmental impact report in FY 2017-18. The environmental report was certified in March 2019 and the RTC is now working with Central Federal Lands to complete the final design.

Highway 1 Auxiliary Lanes

The Commission has been involved in the management and completion of a series of auxiliary lanes on Highway 1. The lanes extend the weaving and merging distance between the ramps and improve traffic flow by providing greater separation between vehicles entering and exiting the freeway from mainline traffic. In 2003, work began on the project approval/environmental documentation phase of the Highway 1 Corridor Investment Program. The RTC has been the construction manager for this project with the assistance of an engineering consultant and partnership with Caltrans.

The benefits of the RTC assuming construction management authority have 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. During the audit period, the Commission has been focused on the environmental review and design of auxiliary lanes on Highway 1 between 41st Avenue and Soquel Drive with a pedestrian and bicycle overcrossing at Chanticleer Avenue.

The RTC awarded a contract to a professional engineering consultant to prepare the plans, specifications, and estimate (PS&E) package for the Highway 1 auxiliary lanes project. Measure

D funds were used to expedite the delivery of this project by advancing the PS&E phase concurrent with the environmental phase.

Bus on Shoulder Feasibility Study

Increased levels of traffic congestion along the Highway 1 corridor have prompted the consideration of multimodal alternatives. Monterey-Salinas Transit (MST) approached Caltrans about the possibility of studying bus operations on the shoulders of Highway 1. Assembly Bill 946 (Stone) was passed in 2013 allowing Monterey and Santa Cruz Counties to operate busses on shoulders. The Commission participated in the Bus on Shoulder Feasibility Study, which evaluated the feasibility of operating buses on the shoulder of Highway 1 in Santa Cruz County. The feasibility study was completed in June 2018 and concluded that operating buses on the outside shoulders of Highway 1 is feasible and cost effective if implemented with the already planned auxiliary lanes projects on Highway 1. RTC staff has been working with Santa Cruz METRO, Caltrans, and CHP on an implementation strategy for the bus on shoulder project. A Concept of Operations document was released in May 2019, which provides the framework for the design, implementation, and operation of the facility.

Other multimodal transportation projects that the RTC has facilitated through its committees and partnerships that are either completed or underway during the audit period include:

- San Lorenzo Valley Highway 9 Corridor
- Branciforte Creek Bike/Ped Bridge, Santa Cruz
- Mt. Hermon Road/Scotts Valley Drive/Whispering Pines Drive Intersection Modifications, Scotts Valley
- Glen Canyon Road/Green Hills Road/S. Navarra Drive Bike Corridor and Roadway Preservation
- Airport Boulevard Improvements (Freedom Boulevard to Watsonville city limits)
- Freedom Boulevard Reconstruction (Broadis Street to Alta Vista Avenue)
- Sidewalk Infill Harkins Slough Road and Main Street, Watsonville
- Aptos Village Improvements
- Twin Lakes Beachfront (5th Ave to 7th Ave)
- ParaCruz van replacement
- Open Streets Watsonville

Progress by the RTC 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 are also held to focus in-depth on specific items. Meeting locations are alternated among each of the four cities to encourage participation by the communities and enhance the visibility of the RTC 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:

- RTC staff is professional, focused, and responsive. An attribute in the hiring of the new executive director was enabling greater transparency with Commission functions.
- Board representation has been adequate and more inclusive with the South County having more of a voice. The RTC has focused on efforts that provide more opportunity to obtain more input from South County residents.
- The Commission has become more project driven and is better able to anticipate issues on potential construction challenges.
- While Commission votes are not always unanimous, the RTC works on issues through rigorous technical and policy explanations.
- Relations have been close between the Commission and Santa Cruz METRO. RTC board members expressed need for further coordination between RTC and Santa Cruz METRO for accommodating multimodal alternatives on the rail corridor. The appointment of a designated liaison would be helpful in facilitating communication during the project.

Transportation Planning and Regional Coordination

Projects approved for funding by the RTC 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 RTC, are included in the Federal Transportation Improvement Program developed by the Association of Monterey Bay Association of Governments (AMBAG).

TDA revenues in the county increased during the audit period with an improving economy but were met by increased demands for the revenue to offset higher transit operating costs as well as from work programs undertaken by the Commission. Other state and federal funds for overall transportation activity were also carefully monitored. RTC management worked with the Commissioners to continue to fund programmed improvements.

During the audit period, the Commission adopted the 2016 RTIP following a public hearing at its December 2015 meeting. Since no new programming capacity was available for the 2016 STIP, the 2016 RTIP carried over projects from the 2014 RTIP. This was due to a projected decrease in

transportation revenues attributed to lowered gasoline excise tax rate by the State Board of Equalization, which went into effect on July 1, 2015. This further compounded fiscal challenges and resulted in a lack of funding capacity for projects programmed. Despite the funding shortfall, the 2016 RTIP was adopted in November 2015 for inclusion in the STIP. In December 2015, the RTC submitted its RTIP to the state as part of the 2016 STIP process. In January 2016, the CTC released its revised fund estimate, which forecasted lower than projected STIP revenues. The CTC deleted over \$750 million in projects that had previously been programmed funds and delayed most other projects for several years.

In response to this projected shortfall, RTC proposed to the CTC a shifting of funds for previously approved projects to later years. The Commission delayed 80 percent of previously approved funds. In May 2016, the CTC delayed additional projects and deleted funding designated for construction of one project in Santa Cruz County. At its March 2, 2017, meeting, the Commission approved amendments to its 2016 RTIP in order to maximize use of STIP funding available in FY 2017-18, which would program funds necessary to close out the construction contract for the Highway 1 Soquel-Morrissey Auxiliary Lanes Project.

With the passage of Senate Bill 1, new STIP funding was made available for programming for the first time since 2014. The 2018 STIP Fund Estimate identified Santa Cruz County's programming target for the five years of the 2018 STIP cycle (FY 2018-19 through FY 2022-23) as \$17,461,000. This funding is made up of \$9,279,000 in unprogrammed balances and reserves from prior STIP cycles and \$8,182,000 in the 2018 STIP Formula Share.

For programming of available transportation improvement program funds, the RTC holds a call for projects and hosts a workshop for applicants. The scoring of project applications includes linking scoring criteria to the Regional Transportation Plan (RTP) performance measure targets to achieve a balanced transportation system by mode and by geography. Project sponsors must follow state rules for environmental clearance and local matches. The TDA, as an example, is used as a local match for some transit and bicycle projects, while state toll credits can be used for federally funded projects. RTC staff maintain an Access database to track amendments submitted by project sponsors through letters to the Commission. A major amendment is required to go through the Commission's committees for review and approval. Staff conduct check-ins on the project sponsors about three times a year.

Regional Transportation Plan

For the audit period, the update to the RTP and corresponding environmental review was developed and adopted in June 2018. The draft 2040 RTP was available for public review and comment from December 8, 2017, to February 5, 2018. The RTP is incorporated into AMBAG's tri-county Metropolitan Transportation Plan/Sustainable Communities Strategy, which covers the counties of Santa Cruz, Monterey, and San Benito. The RTP's environmental impact report was developed by AMBAG. The 2040 RTP is required to conform to the mandates stipulated in California's Assembly Bill 32 and Senate Bill 375, which call for regions across California to reduce greenhouse gas emissions from cars and light trucks. The document is composed of an

executive summary, nine chapters, and associated appendices. Chapters address sustainability, the transportation network, travel patterns, vision and goals for 2040, funding, transportation investments, system performance, environmental and air quality, and emerging trends and opportunities. In addition, socioeconomic and demographic data were updated in the 2040 RTP.

Addressing all required elements including policy, action, and financial, 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 20 years. The financially constrained project list consists of approximately 220 projects that could be fully implemented and 120 projects that could be partially implemented over the time horizon of the RTP. The role of the RTP is to plan for a transportation system that will reduce the number of vehicle miles traveled through coordinated land use and transportation planning. The final plan reflects ideas, issues, and recommendations received from RTC committees, project sponsors, partner agencies, resource agencies, the public, and public interest groups at key milestones.

Public input is critical to the planning and decision-making process mandated by law. RTC staff conducted two years of extensive outreach in developing a vision for transportation in Santa Cruz County. As such, comments from a wide range of individuals, public interest groups, and local agencies were solicited during development of the plan. As outlined in the *2015 Public Participation Plan*, outreach for the RTP included a variety of public participation activities. The RTC's extensive public involvement process included public meetings, workshops, news releases, online and phone surveys, a plan website, social media engagement (Facebook, Twitter, and Nextdoor), radio and television interviews, and email notices to a broad range of over 1,000 individuals, groups, agencies, and stakeholders.

New for this RTP update was the increased usage of social media to inform the community on how to get involved in the long-range transportation planning process. The RTC featured numerous discussions about the RTP on the agency's Nextdoor social media platform, which reaches 77 neighborhoods, and on Facebook, which provided yet another avenue for getting information to the public. The public was able to review proposed projects in which the RTC conducted scoring to create a constrained funding project list and an unconstrained list for the plan.

A new and innovative tool, the Sustainable Transportation Analysis and Ratings System (STARS), was used to develop the 2014 RTP based on sustainability outcomes. This approach provided a framework for evaluating the RTP in terms of the triple bottom line of economy, environment, and healthy communities. The transportation plan's goals and policies incorporate STARS sustainability outcomes and will guide project selection for the short and long term.

The 2040 RTP includes the following key proposals based on available funding:

- Maintenance of the existing transportation network including roads, highways, bike lanes, sidewalks, and transit;

- Safety and operational improvements to SR 1, 9, 17, 129, and 152;
- Addition of auxiliary lanes on SR 1 between State Park Drive in Aptos and Soquel Drive;
- Bicycle and pedestrian crossings over SR 1 at Chanticleer and Mar Vista;
- Modifications to major arterial roads, including intersection improvements and bus, pedestrian, and bicycle facilities;
- Freeway Service Patrol along SR 1 and 17;
- Expanded bus service for high ridership routes to serve University of California, Santa Cruz, South County, and San José commuters;
- Transit queue jumps and high occupant vehicle signal priority; and
- Expansion of specialized transport services in response to projected increases in senior and disabled populations.

The RTC 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 the RTC, 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 greenhouse gases, and improving quality of life. As one of the visible partners for STARS, the RTC 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.

The 2045 RTP, scheduled for adoption in 2022, will address autonomous vehicles and other emerging technologies as well as climate change issues.

TDA Claimant Relationships and Oversight

This functional area addresses the RTC's administration of the provisions of the TDA. As LTF allocated to claimants have been used for public transit or non-roadway purposes, state law does not require the RTC to undertake a formal unmet transit needs process. However, the RTC 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. The E&D TAC endeavors to hold one unmet needs meeting per year in the City of Watsonville per the RTC Rules & Regulations to schedule an appropriate location outside of the City of Santa Cruz and in proximity to a major transit route. A public hearing is also held at a Commission meeting in Santa Cruz. The public hearing complies with the TDA statute that requires at least one public hearing in the citizen participation process (PUC Section 99238.5).

RTC Administration and Planning

The uses of TDA revenues apportioned to Santa Cruz County flow through a priority process prescribed in state law. The RTC is able to allocate LTF revenues for TDA administration and general planning. During the audit years of 2016 through 2018, the RTC claimed the amounts shown in Table IV-1.

Table IV-1
LTF Claims by the RTC for
Administration and Planning

Fiscal Year	TDA Administration & Planning
2016	\$1,181,350
2017	\$1,250,637
2018	\$1,284,747

Source: Annual RTC TDA apportionment

Based on the above table, in FY 2016, the amount shown for administration and planning equaled approximately 13.7 percent of total LTF (\$8,640,404). In FY 2017, the amount was 13.3 percent (out of \$9,417,753), and for FY 2018, the amount was 13.9 percent (out of \$9,252,675). 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, which have been supported by the RTC for many years. LTF allocations for these programs are matched by local funding sources.

LTF funds are allocated to eligible agencies including the RTC, Santa Cruz METRO for public transportation, the City of Santa Cruz as a pass-through for specialized transportation, and local jurisdictions for bike/pedestrian projects. The RTC 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. This reserve fund can fluctuate in the RTC budget because it is dependent on carryover funds from one year to the next and it is used only to pay TDA recipients if revenues come in below estimates. The reserve is replenished, as the RTC rules and regulations indicate new allocations are to be made to the reserve fund as a first priority. The TDA reserve was replenished in FY 2016-17 in the amount of \$133,244 as shown in the annual apportionments.

TDA Claim Processing

On an annual basis during this audit period, the RTC was responsible for managing the apportionment of between \$8.6 and \$9.2 million in LTF revenues and up to \$3.67 million in STA funds.

TDA claims are generally submitted by applicants prior to the fiscal year of the claim. To its credit, the RTC uses a detailed TDA claim 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 incorporates a checklist of materials for claimants 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 creates uniformity in 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 technical staff versed in their respective expertise. The E&D TAC also participates in the claims review prior to approval by the Commission, generally in May. Quarterly payments are then made to the claimants.

In addition to the checklist of items to submit with the claim, other RTPAs require transit claimants to sign off on a standard assurances form to confirm compliance with different TDA measures. These measures include completion and submittal of the annual financial audit and State Controller's Reports, among other requirements. A prior performance audit recommendation was made for RTC to include a standard assurance form in the claim package. The appendix to this audit includes sample standard assurance forms for consideration by the RTC in enhancing the TDA claims process.

Rules & Regulations serves as an in-house TDA manual documenting the claims administration process by the RTC. Most recently updated in August 2017, 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. The latest update included modifications to areas recommended in the prior performance audit, clarification in terminology, membership and voting, and eligible funding programs. The RTC may also elect to designate a portion of TDA revenues for research and/or demonstration projects based on specific evaluation criteria.

Transit Performance Monitoring

Each transit claimant provides performance measures to the RTC on a quarterly and annual basis, which are shared with the E&D TAC. The list of performance metrics slightly differs among the transit systems (Community Bridges, Volunteer Center, and Santa Cruz METRO) to reflect their system size and service modes. As several Commissioners also serve on Santa Cruz

METRO's board, there is cross pollination of performance metrics review and regular monitoring of agendas. Documentation prepared by the transit systems shows their commitment to provide the information to the RTC as a condition of their receipt of TDA funds. The performance metrics for Santa Cruz METRO are listed in the TDA claims form and include those listed in Table IV-2.

Table IV-2
Santa Cruz 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 stats are kept) and amount of TDA funds used for each type of ride	17. Number 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. Number of bus stops
6. Number of fixed-route miles	21. Number of vehicles in operation
7. Service area – square miles	22. Number of monthly bus passes in circulation
8. Service area population	23. Maximum vehicles in service at any time
9. Passengers per vehicle service mile*	24. Hours of service
10. Average passengers per weekday	25. Approximate number 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. Number of FTE employees (all employees, not just drivers)	

* Denotes TDA indicator

The performance indicators submitted by Community Bridges are shown in Table IV-3.

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. Percentage of rides performed by subcontractors
8. Cancellations per month	17. Percentage of shared trips/ average vehicle occupancy
9. Donations per month	18. Percentage of cancellations of total rides

* Denotes TDA indicator

The performance indicators submitted by Volunteer Center are shown in Table IV-4.

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

The RTC is able to track and monitor transit operator trends using the above data and review them at E&D TAC meetings as well as with the Commission. The E&D TAC reviews transit data quarterly. 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 was discussed in the transit operator performance audit for this cycle, Community Bridges has enhanced capability to report on-time performance of its service vehicles using installed technology. This data should be added to the above performance measures reported by Community Bridges as another gauge of operational effectiveness and customer service.

Marketing and Transportation Alternatives

The RTC's public outreach focus has been to communicate its mission more effectively while working in close coordination with local jurisdictions and stakeholders. Public outreach efforts also include Spanish language to engage the Spanish speaking community. The Commission hired a communications specialist in February 2018 to coordinate public outreach and

community engagement. The communications specialist is tasked with engaging local stakeholders, monitoring and posting to social media, and developing project fact sheets.

Public access and information about the RTC and its work is available through its home website (<https://sccrtc.org/>). The website was updated to be available in English and other languages using Google Translate. 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. RTC staff also maintain an active email database of stakeholders and members of the community for electronic transmission of information. Social media engagement is conducted through Facebook and Twitter. Website metrics are tracked through Google Analytics.

The RTC has offered alternative transportation options since 1979. The beginning of the audit period saw the implementation of Cruz511. Cruz511 is an online, centralized, multimodal traveler information service. The service provides travelers with real-time traffic conditions including travel speeds, images from traffic cameras, and incident and construction notifications. In June 2015, Commute Solutions and 511 combined under the Cruz511 umbrella and one website (<http://cruz511.org/>) to reach more people and streamline operations. Cruz511 is managed by a transportation planner and the communications specialist works with the transportation planner on public outreach activities.

During the audit period, Cruz511 was further refined and streamlined to include programs such as real-time traffic alerts, links to the Caltrans QuickMap traffic conditions and CHP incident websites, a hotline providing information on local events, and a help desk where users can email inquiries. Grassroots initiatives have included Cruz511 In My Neighborhood, which is a neighborhood-focused, door-to-door outreach effort that makes contact with prospects three times. Cruz511 also provides information on Santa Cruz METRO service changes and a transit cost calculator. Additional features planned include automated vehicle locator feeds from Santa Cruz METRO and the ability to purchase transit passes online.

Contact information for Cruz511 staff is provided on the website which has grown both in size and in popularity. From this organic growth, clients can receive a customized plan including making trips on transit. For added benefit, the RTC has an MOU with the Bay Area Metropolitan Transportation Commission to partner in an expanded online travel matching service for 12 San Francisco Bay Area counties.

Along with the themes of using performance indicators to measure the impact of transportation choices, Cruz511 offers users the ability to calculate the cost of their commute. The site includes web links 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.

RTC has planned the launch of Ride Amigos in the spring of 2020, which is a two-year pilot program featuring carpool matching and trip planning services targeting area businesses, educational institutions, and government agencies. The program has a dedicated website (<https://rideamigos.com/>) featuring a toolbox of rideshare and commuter options as well as a blog and newsletter. The program also tracks performance measures for feedback on program success.

The Commission has been a conduit of funding to local community partners for alternative transportation campaigns. One such collaborative has been with Ecology Action, a local nonprofit that works with businesses in promoting sustainable practices and the reduction of carbon emissions. Through these partnerships, the RTC has provided grants in the amount of \$60,000 for Bike-to-Work Month and \$120,000 to the Traffic Safety Coalition. The RTC has also conducted outreach at the annual Santa Cruz County Fair in Watsonville and during Open Streets Santa Cruz events. The Commission ensures that Spanish language interpreters are available for outreach efforts in Watsonville.

Further, the RTC engages in intercounty coordination with Santa Clara County entities. The Commission has been involved in interline agreements between the Santa Cruz METRO Highway 17 Express and the Capitol Corridor Joint Powers Authority (Amtrak), Altamont Corridor Express, Caltrain, and the Santa Clara Valley Transportation Authority. Approximately 20 percent of Santa Cruz County's workforce commutes to Santa Clara County.

Grant Applications and Management

In Santa Cruz County, grant assistance and management are shared between the RTC 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 forecasts that are used in a variety of regional plans. RTC and AMBAG relations have been positive in the coordination of activities that impact each of their respective planning and programming responsibilities.

RTC administers the Federal Transit Administration 5310 Program for enhanced mobility for seniors and people with disabilities including soliciting grant applications with the E&D TAC reviewing and scoring each submittal. The RTC approves the lists of projects. Committee members are invited to participate on the evaluation committee.

Local Measure D has allowed for the RTC to support specialized transportation services. Four percent of Measure D revenues are allocated to Community Bridges Lift Line which has allowed for service expansion. The Lift Line Dial-A-Ride Program replaced two gas-powered shuttles with two electric vehicle shuttles. Two Level 2 electric charging stations are also included in the procurement. The Commission allocated \$62,000 in Measure D funding toward the project.

Funding was also provided for Community Bridges to secure a permanent operations and maintenance facility in Watsonville.

During the audit period, Santa Cruz METRO was the only recipient in the county for state transit funds including Proposition 1B—the Transit System Safety, Security, and Disaster Response Account (TSSDRA) and the Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA), with the RTC passing all of these formula funds through to Santa Cruz METRO. Proposition 1B funds, along with other sources, have been used for construction of the new Santa Cruz METRO operations facility. Other capital support is provided for the bus stop improvement plan and conversion of fuel from diesel to liquefied natural gas. The RTC approves the relevant resolution used to pass the funds through.

RTC also works with Caltrans and its grant funding partners to obtain Caltrans planning grants for special studies. Provided that RTC staff have good grant writing experience, staff provide assistance to local agencies that require help and RTC sponsorship for eligibility. This assistance further promotes the good relations between the RTC and its member agencies.

Section V

Findings and Recommendations

The following summarizes the findings from the triennial audit covering FYs 2016 through 2018. A set of recommendations is then provided.

Findings

1. The RTC has satisfactorily complied with applicable state legislative mandates for RTPAs. One compliance measure that did not apply to the RTC pertains to adopting rules and regulations for TDA claims under Article 4.5. The agency does not disburse any TDA funds under this article section. Rather, the CTSA in the county receives TDA Article 8 funds through the City of Santa Cruz acting as the claimant on behalf of the paratransit/community transportation system.
2. The RTC has implemented one of the two prior performance audit recommendations. The recommendations pertained to the inclusion of a standard assurances form with the TDA claim submittal and update of the Commission's rules and regulations to account for recent changes in the TDA statute. The standard assurances form recommendation was not implemented and is being carried forward in this audit for full implementation. It is noted that following the audit period Commission staff is reviewing the sample assurance form and making adjustments in alignment with the existing TDA claim.
3. The Commission experienced changes in both its executive and professional staffing during and after the audit period. The Commission's long-time executive director retired from the agency in December 2018. A new executive director hired after the audit period was appointed and has led the agency since December 2018. Historically, the longevity of personnel at both the executive and professional staff levels has brought remarkable stability to the agency to address the various technical and policy issues.
4. One of the major accomplishments during the audit period was the passage of Measure D, a 30-year countywide transportation one-half cent transactions and use tax, on November 8, 2016. Passage of the measure gives the RTC leverage in applying for other transportation-related funding from state and federal grant programs as well as providing funding for transit services, infrastructure, major capital projects, some of the backlog of local road maintenance, and to maintain and expand transportation for seniors and people with disabilities. Santa Cruz County is now one of 24 self-help counties in California.
5. Several large projects were accomplished during the audit period, including the development of a preventative maintenance program for the Santa Cruz Branch Line Rail in March 2018, environmental review of auxiliary lanes on Highway 1 between 41st Avenue

and Soquel Drive with a pedestrian and bicycle overcrossing at Chanticleer Avenue, and participation in the Bus on Shoulder Feasibility Study that was completed in June 2018. Designations as a Rail/Trail Authority and construction management authority place the RTC in a unique role of evolving from a purely transportation planning agency to a project implementation agency offering multimodal transportation options.

6. Interviews with RTC Commissioners provided overall high ratings for staff and activities undertaken during the audit period. Management and staff are professional, focused, and responsive. The new executive director has been charged with developing new partnerships and approaches that enhance the transparent nature of Commission activities.
7. The 2040 RTP update and corresponding environmental review was developed and adopted in June 2018. The RTP identifies the goals, projects, and programs that will maintain and improve the transportation system over the next 20 years in a measured and sustainable manner. The RTC featured numerous discussions about the RTP on the agency's Nextdoor social media platform, which reaches 77 neighborhoods, and on Facebook, which provided yet another avenue for getting information to the public.
8. Despite no TDA funds being allocated for streets and roads, the RTC 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. A public hearing is held annually in compliance with the law.
9. TDA claims submitted to the RTC are required to include detailed past and budgeted information to support the claims. The claims forms are reviewed by different Commission staff versed in their respective transportation expertise. Claims for transit and specialized transportation services, and claims for pedestrian improvements, are also reviewed by the E&D TAC. TDA claims for bicycle projects are reviewed by the Bicycle Advisory Committee.
10. The Commission's *Rules & Regulations* serves as an in-house TDA manual documenting the claims administration process by the RTC. Most recently updated on August 17, 2017, the document provides guidance for TDA fund claims. The latest update includes changes to efficiency requirements of transit operators, to bike and pedestrian provisions, and to STA provisions. Further changes to the *Rules & Regulations* may be appropriate in the near term for current proposals being made to the TDA statute.
11. RTC's public outreach focus has been to communicate its mission more effectively while working in close coordination with local jurisdictions and stakeholders. Public outreach efforts also include Spanish language to engage the Spanish speaking community. The Commission hired a communications specialist in February 2018 to coordinate public outreach and community engagement.

12. In June 2015, Commute Solutions and 511 combined under the Cruz511 umbrella and one website to reach more people and streamline operations. Alternative modes of travel are promoted and marketed, and Cruz511 has grown both in size and in popularity. A new on-line commuter management and ridesharing service is planned for launch. Growth in this program is consistent with the RTC's goals of planning for a multimodal transportation system.

Triennial Audit Recommendations

1. Include standard assurances form in TDA claims for transit.

This recommendation is being forwarded in this audit, since TDA claims for transit funding must ensure compliance with a series of provisions in the TDA statute. These standard assurances are typically listed in a checklist format in the TDA claims and should be reviewed and signed off by the transit claimant prior to submittal of the claim. The RTC, in turn, would verify compliance for each applicable measure prior to approving the claim for funding. Standard assurances include completion of the annual fiscal and compliance audit and State Controller's Reports, and compliance with the farebox recovery ratio/50 percent eligibility requirement.

TDA requirements are currently covered by the RTC's claim form and claim review process but the standard assurances forms adds a tool in the process to provide a useful summary and checklist. Many of these standard assurances are featured in the compliance matrix section of the performance audit of the transit operators. In addition, a sample standard assurance checklist is shown for reference in the appendix to this performance audit.

2. Make additional updates to the transit operator TDA process for consistency with the updated RTC rules and regulations.

RTC's revised rules and regulations manual outlines the changes made to the TDA process enacted by state legislation such as SB 508. Some of the changes also directly impact the content of the TDA claim form for transit which should be revised concurrently with the manual. For example, using the FY 2018 TDA claim form, Items #23 (Farebox Recovery Ratio) and #24 (FY 1978-79 ratios) applicable to Santa Cruz Metro should be consistent with the RTC rules and regulations and new state law. Specifically, for #23, additional exclusions from operating cost above the consumer price index for fuel, alternative fuel programs, power, insurance premiums and payments in settlement of claims, and state and federal mandates should be added in the footnotes in calculating urban/rural farebox recovery. For #24, the language should be deleted all together as the law eliminates the requirement for a separate ratio for FY 1978-79.

As an added measure, the quarterly TDA reports submitted by Community Bridges for Lift Line as described in the TDA claim form should include on-time performance of the service. Vehicle on-time arrival to pick up a passenger at the scheduled time is an important measure of operational effectiveness and customer service. The TDA claims submitted by Community Bridges describes the investment in automatic vehicle locator technology and mobile data computers that enable more automation in the tracking of vehicle movement. The technology allows the collection of accurate data such as on-time performance which should be on the list of performance metrics to include in the TDA quarterly report.

3. RTC and Santa Cruz METRO should clarify the performance eligibility criteria for TDA-Local Transportation Funds.

Article 4 of the TDA statute provides alternatives for Santa Cruz METRO to be eligible for TDA-Local Transportation Funds. One is for Santa Cruz METRO to meet the farebox recovery ratio. The other is to meet the 50 percent expenditure rule as an older operator, defined as service starting prior to 1974. Currently, Santa Cruz METRO meets both requirements but the documentation stating eligibility is not consistent. For example, the TDA claims form and resolution state that Santa Cruz METRO eligibility to receive LTF is from farebox compliance. However, its audited financial statements state Santa Cruz METRO meets the 50 percent expenditure limitation and does not use the alternative farebox recovery ratio. Historically, the amount of LTF allocated to Santa Cruz METRO has not exceeded 50 percent of operating expenditures; hence, either criteria applies. Farebox recovery is an important performance measure that gauges transit operational efficiency and effectiveness.

Santa Cruz METRO and RTC should discuss the applicability of each criteria and agree to which of the two meets compliance with rules and regulations for LTF. Currently, the adopting resolution allocating LTF from RTC to Santa Cruz METRO shows farebox recovery. Should the 50 percent expenditure criteria be applied instead, the TDA claims form and resolution should be adjusted. Should farebox remain the criteria, the Santa Cruz METRO audited financial statements should be modified to show audited farebox recovery rather than the 50 percent expenditure rule. This clarity will provide consistency in reporting of performance measures for LTF eligibility.

4. City of Santa Cruz, Volunteer Center, and RTC should discuss an alternative performance measure for TDA-Local Transportation Fund eligibility.

LTF are allocated to Volunteer Center under a performance standard that a 10 percent local match be provided by Volunteer Center. Budgets for the volunteer driver program show a local match would be provided by donations from riders, which are not enough for the 10 percent match. As the LTF revenue is claimed by the City of Santa Cruz on behalf of Volunteer Center through the TDA Article 8 program, the law provides latitude on the performance standard. In lieu of a local match, RTC, the City, and Volunteer Center should discuss an alternative measure for LTF eligibility. Among the possibilities include using goals set in the TDA claim form such as minimum ridership levels and number of unduplicated clients. Other data that is reported by Volunteer Center to RTC for which a performance standard could be created include minimum number of ride requests unable to fill, and maintenance of driver availability for clients in each of the three travel areas of Santa Cruz, San Lorenzo Valley/Scotts Valley, and Watsonville. Given that the current standard for local match cannot be met, another performance standard that is attainable yet provides a measure of service efficiency and effectiveness should be considered by the involved agencies.

Appendix A

Sample TDA Standard Assurances Checklist

STANDARD ASSURANCES FOR TRANSIT OPERATOR APPLICANTS

Claimant: _____

Fiscal Year: _____

1. CERTIFIED FISCAL AUDIT

Claimant certifies that it has submitted a satisfactory, independent fiscal audit, with the required certification statement, to (RTPA name) and to the State Controller's Office, pursuant to PUC 99245 and CCR 6664 for the prior fiscal year (project year minus two). Claimant assures that this audit requirement will be completed for the current fiscal year (project year minus one). This requirement does not apply to new operators.

Initials

2. STATE CONTROLLER REPORT

Claimant certifies that it has submitted a State Controller's report in conformance with the uniform system of accounts and reports, to (RTPA name) and to the State Controller, pursuant to PUC 99243, for the prior year (project year minus two). Claimant assures that this report will be completed for the current fiscal year (project year minus one). This requirement does not apply to new operators.

3. PART-TIME EMPLOYEES (STAF ONLY)

Claimant certifies that it is not precluded, by any contract, from employing part-time drivers or contracting with common carriers of persons operating under a franchise or license.

4. 50-PERCENT EXPENDITURE LIMITATION

Claimant filing a claim pursuant to PUC 99268 certifies expenditure of the funds may in no year exceed 50 percent of the amount required to meet operating, maintenance, and capital and debt service requirements of the system after deduction of approved federal grants and funds estimated to be allocated pursuant to the State Transit Assistance Fund.

5. REVENUE RATIOS FOR OLDER OPERATORS

Claimant filing a claim pursuant to PUC 99268.2 certifies that it maintain for the project year the ratio of fare revenues to operating cost at least equal 20 percent if serving an urbanized area and 10 percent if serving a non-urbanized area.

6. REVENUE RATIOS FOR EXCLUSIVE SERVICES TO ELDERLY AND DISABLED

Claimant filing a claim pursuant to PUC 99268.5 certifies that it maintain for the project year the ratio of fare revenues to operating cost at least equal 10 percent for the purpose of provides services exclusive to elderly and disabled persons.

7. REVENUE RATIOS FOR COMMUNITY TRANSIT AND CONTRACTED TRANSIT SERVICES

Claimant filing a claim pursuant to PUC 99275.5c and 99405c further certifies that, for the project year, it reasonably anticipates achieving the performance criteria, local match requirements, or fare recovery ratios adopted by the transportation planning agency or county transportation commission.

8. REVENUE RATIOS FOR OPERATORS SERVING URBANIZED AND NONURBANIZED AREAS

Claimant filing a claim pursuant to PUC 99270.1 certifies that it will maintain for the project year at least the alternative farebox recovery ratio as determined by the adopted (RTPA name) "fare ratio optional rule."

9. EXTENSION OF SERVICES

Claimant that received an allocation of LTF funds for an extension of service pursuant to PUC 99268.8 certifies that it will file a report of these services pursuant to CCR 6633.8b within 90 days after the close of the fiscal year in which that allocation was granted.

10. RETIREMENT SYSTEM

Claimant filing claim pursuant to PUC Section 99260 certifies that (check one):

☐ 1. The current cost of its retirement system is fully funded with respect to the officers and employees of its public transportation system (PUC Section 99271a); or

☐ 2. The operator is implementing a plan approved by the transportation planning agency which will fully fund the retirement system for such officers and employees within 40 years (PUC Section 99271a); or

☐ 3. The operator has a private pension plan which sets aside and invests on a current basis funds sufficient to provide for the payment of future pension benefits and which is fully compliant with the requirements stated in PUC Sections 99272 and 99273.

11. USE OF FEDERAL FUNDS

Claimant filing a claim for TDA funds for capital intensive projects pursuant to PUC 99268.7 certifies that it has made every effort to obtain federal funding for any project which is funded pursuant to PUC 99268.7.

12. REDUCED FARES FOR ELDERLY AND HANDICAPPED

A claimant filing a claim pursuant to PUC 99260 which offers reduced fares to senior citizens and disabled persons certifies that it is in compliance with PUC 99155.

13. DRIVERS PULL NOTICE PARTICIPATION

A claimant filing a claim for public transit assistance must include a certification completed within the prior 13 months by the California Highway Patrol indicating the operator has participated in a "pull notice system" to examine driver's records.

14. INCREASE IN OPERATOR'S COST PER HOUR (STAF OPERATING ASSISTANCE ONLY)

Claimant filing a claim for operating assistance from STAF funds must include a supplemental schedule which identifies either: A - 1) the most recent audited cost per revenue vehicle hour (year 1) and the cost per revenue hour for the year prior to the most recent audit year (year 2) and 2) the Consumer Price Index for the year prior to the most recent audit year (year 2); or B - 1) the most recent audited cost per revenue vehicle hour (year 1) and the cost per revenue hour for the three years prior to the most recent audit year and 2) the Consumer Price Index for the three years prior to the most recent audit year. The supplemental schedule information will be used to determine eligibility pursuant to PUC 99314.6.

15. STAFFING ON VEHICLES

Claimant certifies that it is in compliance with PUC Section 99264 that it does not routinely staff, with two or more persons, a vehicle for public transportation purposes designed to be operated by one person.

(Legal Name of Applicant/Claimant)

(Authorizing Signature of CEO/CFO)

(Name and Title)



**FY 2016-2018
Triennial Performance Audit of the
Santa Cruz County Transit Operators**

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

April 2020

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Section I

Introduction

California’s Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities that receive TDA revenues. The performance audit serves to ensure accountability in the use of public transportation revenue.

The Santa Cruz County Regional Transportation Commission (SCCRTC) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in Santa Cruz County. This performance audit is conducted for the Santa Cruz Metropolitan Transit District, Community Bridges, and the Volunteer Center covering the most recent triennial period, fiscal years 2015–16 through 2017–18.

The purpose of the performance audit is to evaluate the operators’ effectiveness and efficiency in their use of TDA funds to provide public transportation in their service areas. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates the operators’ compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the operators are meeting the PUC’s reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a set of recommendations has been made which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive, and objective evaluation of the organizations and their operations that otherwise might not be available. The methodology for the audit included in-person interviews with management, telephone interviews with board members, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide the development and conduct of the audit.

Overview of the Transit System

Santa Cruz Metropolitan Transit District (Santa Cruz METRO)

Santa Cruz METRO was created in 1968 by the Santa Cruz Metropolitan District Act of 1967, a special district with taxing authority pursuant to Part 5 of the California PUC. Santa Cruz METRO initially provided public transit services to Santa Cruz, Capitola, and Live Oak. Service was eventually expanded to the San Lorenzo Valley, Scotts Valley, and Watsonville in 1974. In 1979, Santa Cruz County voters approved a measure that changed the district’s local financing structure from a property tax to a one-half cent sales tax. The 1989 Loma Prieta earthquake, which resulted in the closure of State Route (SR) 17, prompted Santa Cruz METRO to provide an emergency bus bridge between Santa Cruz, Scotts Valley, and San José. This service eventually

evolved into the Highway 17 Express-Amtrak Thruway bus service in partnership with Amtrak California, the Capitol Corridor Joint Powers Authority (CCJPA), the San Joaquin Joint Powers Authority (SJJPA), and the Santa Clara Valley Transportation Authority (VTA). Santa Cruz METRO is governed by an 11-member Board of Directors comprising representatives of the cities of Watsonville, Santa Cruz, Capitola, and Scotts Valley, and from the unincorporated areas of the county. In addition, there is one ex officio member representing the University of California, Santa Cruz (UCSC).

Community Bridges

Community Bridges, the designated Consolidated Transportation Services Agency (CTSA) for Santa Cruz County, operates several specialized transportation services under the Lift Line program. The organization was founded in 1977 and offers a variety of human services programs encompassing family resources, nutrition, youth outreach, and transportation. Since 1982, Community Bridges has been offering transportation services through Lift Line as well as from taxi vehicles through the taxi scrip program. In November 2017, Community Bridges administration relocated from Aptos to the city of Watsonville which, among the changes, enables transit administrative staff to be closer to the drivers and the operations facility located in Watsonville. A permanent operations/maintenance facility was developed in Watsonville.

Volunteer Center

The Santa Cruz Volunteer Center offers a variety of community-based programs targeted to seniors, the disabled, families, and youth. The agency also serves as a resource for businesses, nonprofits, schools, government, and faith-based agencies that want to make a difference through effective, meaningful volunteer initiatives. The Volunteer Center Transportation Program provides free rides to ambulatory seniors and the disabled throughout the county. The program matches drivers with seniors aged 60 and older and persons with disabilities for essential trips to access medical appointments, banking, pharmacies, and grocery shopping.

Transit Service Area

Santa Cruz County is located in 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. Established in 1850, the county was one of the original counties in California; the county's name means "holy cross" in Spanish. It has the second smallest geographic area of any county in California after the City and County of San Francisco. Agriculture, education, government services, health care, and tourism are mainstays of the local economy. Major highways traversing Santa Cruz County include SR 1, 9, 17, 35, 129, 152, and 236. SR 1 is the main coastal highway connecting the cities of Capitola, Santa Cruz, and Watsonville. SR 17 is the main north-south highway connecting Santa Cruz and Scotts Valley with San José and the Santa Clara Valley. A demographic snapshot of key cities and the county is presented in Table I-1.

Table I-1
Santa Cruz County Demographics

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census (percentage)	Population 65 Years & Older (percentage)	2019 California DOF Estimates	Land Area (in square miles)
Capitola	9,918	-0.6%	15.5%	10,240	1.59
Santa Cruz	59,946	+9.8%	8.8%	65,807	12.74
Scotts Valley	11,580	+1.7%	13.6%	12,082	4.60
Watsonville	51,199	+11.9%	8.3%	53,021	6.69
Unincorporated Area	129,739	-3.1%	12.7%	133,721	419.55
Total Santa Cruz County	262,382	+2.6%	11.1%	274,871	445.17

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

The city of Santa Cruz is the county seat and the largest city in the county. The county and its four incorporated cities saw modest growth between 2000 and 2010, as recorded in the US Census for each of those years. Watsonville had the highest percentage increase in population. The senior citizen population, comprising residents aged 65 and over, is 11.1 percent countywide. The 2019 population for Santa Cruz County is estimated to be 274,871, as reported by the California Department of Finance.

Transit System Characteristics

Santa Cruz METRO

Santa Cruz METRO operates fixed-route and Americans with Disabilities Act (ADA) compliant paratransit service within Santa Cruz County as well as commuter service to Santa Clara County along the SR 17 corridor. Santa Cruz METRO operates four transit centers, which provide connections between routes and other transit services. The main transit center is the Santa Cruz METRO Center (Pacific Station) located at 920 Pacific Avenue in Santa Cruz. The other three transit centers are Capitola Mall, Cavallaro (Scotts Valley), and Watsonville.

Transit services operate seven days a week with varying service hours based on the mode. Certain routes operate only during the school terms for the San Lorenzo Valley Unified School District, UCSC, and Cabrillo College. Local fixed route does not operate on New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, but operates on the weekend schedule on the day after Thanksgiving, Christmas Eve, and New Year's Eve. The Highway 17 Express operates the weekend schedule on the aforementioned holidays. The METRO ParaCruz operates most holidays except on New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Santa Cruz METRO operates 26 fixed routes, including the Highway 17 Express commuter route. Headways range from 30 minutes to 60 minutes depending on the route, time of day, and day of the week. Certain routes operate during peak periods to serve students attending UCSC and Cabrillo College as well as local middle and secondary schools. It is noted that the service

provided during the audit period underwent a major restructuring in September 2016 to address a structural deficit to increase revenue and decrease costs.

Fares

Santa Cruz METRO fare media comprise cash and several pass options based on the number of days and rides. All Santa Cruz METRO day passes are good for unlimited rides in Santa Cruz County, excluding the Highway 17 Express route. All Highway 17 Express passes are good for unlimited rides on all Santa Cruz METRO and VTA local routes. Santa Cruz METRO also offers a cash card with no expiration date that is available in denominations of \$10, \$20, \$30, and \$50. Electronic plastic smart cards, including the METRO CRUZ pass and CRUZ Cash cards, are reloadable and are read by tapping the GFI Odyssey electronic fareboxes on the Santa Cruz METRO buses. Transfers to Monterey Salinas Transit buses are available for passengers from certain Santa Cruz METRO routes at the Watsonville Transit Center and the Pacific Station. Fares for the Highway 17 Express were increased in September 2015. The current fare structure for Santa Cruz METRO and the Highway 17 Express is summarized in Table I-2.

Table I-2
Santa Cruz METRO and Amtrak Highway 17 Express Fare Schedule

Fare Category	Regular Santa Cruz METRO Service						Highway 17 Express (with fare increase)			
	Cash	Day Pass	3-Day Pass	7-Day Pass	31-Day Pass	15-Ride Pass	Cash	Day Pass	31-Day Pass	15-Ride Pass
Adult (Age 18+)	\$2	\$6	\$15	\$32	\$65	\$27	\$7	\$14	\$145	\$94.50
Youth (Through Age 17)	\$2	\$6	\$15	\$32	\$48	\$27	\$7	\$14	\$145	\$94.50
Discount Fare	\$1	\$3	\$7.50	\$16	\$32	\$13.50	\$3.50	N/A	N/A	N/A
Child (Under 46" Tall)	Free, limit of three children with a fare-paying adult									

Source: Santa Cruz METRO, <https://www.scmtd.com/en/>

Note: Beginning November 1, 2019, customers who are legally blind may ride the Santa Cruz METRO fixed-route bus system for free as a way to resolve some concerns raised by visually impaired riders who had difficulty using our ticket vending machines.

Santa Cruz METRO discount fares and passes are available to eligible seniors and persons with disabilities by presenting the following forms of identification:

- A METRO Discount photo ID card
- A METRO ParaCruz ID card
- A Discount photo ID card/Paratransit ID card issued by another transit agency
- A senior citizen ID card
- A Medicare ID card
- Current state driver's license or current state ID card
- Government-issued ID that displays date of birth
- A valid ID card for California disabled person parking placard

- A disabled veteran's ID card

METRO ParaCruz Paratransit

Through its ParaCruz service, Santa Cruz METRO provides door-to-door paratransit service for those passengers unable to use the fixed route. Eligibility for this complementary ADA paratransit service is determined through an in-person interview. METRO ParaCruz operates on days and hours that reflect the local fixed-route bus service in the same area. ParaCruz does not operate on New Year's Day, Independence Day, Labor Day, Thanksgiving, or Christmas Day. Service is provided to any destination within three-quarters of a mile of an operating Santa Cruz METRO bus route. Rides must be reserved at least one day in advance between the hours of 8:00 a.m. and 5:00 p.m. The ParaCruz fare is \$4.00 per one-way trip equivalent to a single fixed-route bus fare, and \$6.00 maximum per one-way trip if equivalent to two or more fixed-route bus fares. Premium fares are charged for will-call returns (\$8.00) and for a re-dispatched vehicle (\$16.00). A personal care attendant accompanying a fare-paying passenger rides free, if an attendant is determined necessary during the transit evaluation interview.

Santa Cruz METRO Fleet

There were 95 vehicles in the Santa Cruz METRO fixed-route active fleet during the audit period. Older vehicles are diesel-powered, whereas most later-model vehicles are powered by compressed natural gas (CNG). A number of older vehicles were replaced which was an initiative for the agency to reduce costs. All vehicles are wheelchair accessible with tie-downs in compliance with the ADA. Table I-3 shows the active vehicle fleet information.

Table I-3
Santa Cruz METRO Transit Fleet

Year	Make/Model	Quantity	Seating Capacity	Fuel Type
1998	New Flyer D35LF	9	30	Diesel
1998	New Flyer D40LF	8	39	Diesel
2002	New Flyer D609LF	4	57	Diesel
2003	New Flyer D35LFC	14	30	CNG
2003	New Flyer D40LFC	11	39	CNG
2003	Orion V	4	43	CNG
2003	Ford Goshen GCII	1	15	Gas
2006	New Flyer C40LF	2	39	CNG
2008	New Flyer C40LF	8	39	CNG
2008	New Flyer C40LF	5	36	CNG
2010	New Flyer C40LFR	5	39	CNG
2011	New Flyer C40LFR	11	39	CNG
2013	New Flyer XN35	6	28	CNG
2014	Gillig Low Floor	4	39	Diesel Hybrid
2016	New Flyer XN40	3	40	CNG
Total		95		

Source: Santa Cruz METRO Revenue Vehicle Listing

ParaCruz operates a fleet of 32 unleaded gasoline-powered vehicles. The fleet varies in type and passenger capacity. All vehicles are wheelchair accessible with tie-downs in compliance with the ADA. Table I-4 summarizes the ParaCruz fleet.

Table I-4
ParaCruz Fleet

Year	Make/Model	Quantity	Seating Capacity	Fuel Type
2003	Ford Goshen GCII	2	17	Gas
2011	Ford E350 - Versa Shuttle	5	4	Gas
2011	Ford E350 – Versa Shuttle	5	5	Gas
2011	Dodge Amerivans	2	2	Gas
2011	Dodge Amerivans	1	4	Gas
2015	Dodge Amerivans	2	4	Gas
2015	Ford/EIDorado-F550 Aerolight	1	22	Gas
2017	Ford E350-Starlite 22	1	8	Gas
2018	Ford/Starcraft-Starlite	11	10	Gas
2018	Ford/Starcraft-E450Allstar	2	14	Gas
Total		32		

Source: Santa Cruz METRO Revenue Vehicle Listing

Community Bridges

Community Bridges’ Lift Line offers a variety of demand-responsive transit services for the disabled, frail, and elderly throughout Santa Cruz County as well as to the adjacent counties of Monterey, San Mateo, San Benito, San Francisco, and Santa Clara. Lift Line services during the audit period included:

- Countywide medical transportation
- Out-of-county medical transportation
- Veterans medical transportation
- Taxi scrip
- Elderday Adult Health Care transportation
- Senior dining center transportation (Meals on Wheels)
- Same day medical transportation
- Interfaith Satellite Shelter Program homeless transportation

The medical transportation program provides transportation for Santa Cruz County residents who meet age, disability, and/or income criteria. Eligible riders are able to access dental, medical, and prescription appointments free of charge. This service operates Monday through Friday except holidays. Lift Line is currently using the ADA paratransit system pickup window lasting up to 30 minutes, with a pick up no sooner than 10 minutes before the scheduled pick up time and not less than 20 after the scheduled pick up time. The pickup window for outside contracts very depending on the agreement between Lift Line (contractor) and outside agency (contractee). Trips are prioritized on a first-come, first-served basis.

The out-of-county medical transportation service provides transportation from Santa Cruz County to a number of facilities including in Palo Alto (Stanford Medical Center), the Veterans Hospital, VA Monterey Bay/Fort Ord, Lucile Packard Children's Hospital, San Jose, Santa Clara, Menlo Park, San Francisco, and Gilroy. The service operates Monday through Friday excluding holidays and is available free of charge to Santa Cruz County residents who meet age, disability, and/or income criteria. Due to budget reductions, out-of-county areas are served certain days of the week. Locations closer to Santa Cruz County such as Monterey, Salinas, and San Benito are served Monday, Wednesday, and Friday, while northern locations including San Jose, Santa Clara, and San Francisco are served Tuesday and Thursday.

The veterans medical transportation program provided transport free of charge to veterans who meet residency, income, age, and/or disability criteria. This program provided service to the Veterans Building in Santa Cruz and to the VA Hospital Monterey Bay/Fort Ord. The veterans transportation was combined with the out-of-county medical transportation for days of service until 2017 when the Federal Transit Administration 5310 grant revenue ended and the veterans service was discontinued.

The taxi scrip program offers discounted coupons or "scrip" to use for taxi fares. This program receives federal and local support through the TDA. An eligible person purchases scrip from Lift Line at a discounted rate for use on any one of three designated taxi carriers in Santa Cruz. The participating taxi companies included Santa Cruz Yellow Cab, Deluxe Cab Company, and Courtesy Cab Company of Watsonville. Rides are arranged directly with the taxi companies. The growth of Transportation Network Companies (TNC's) have impacted the taxi industry disrupting taxi service in the County, particularly in northern Santa Cruz.

Elderday transportation provides rides to and from Elderday twice a day using seven set routes. The senior dining center transportation program provides coordinated transportation to Meals on Wheels congregate dining centers in Santa Cruz County. Community Bridges also offers bus charter services for outside contracts/private events to help support its free and reduced programming using competitive flat rates.

The homeless services transportation program provided after-hours transport to emergency shelters during inclement weather conditions for the county's homeless population, in particular for the disabled. Community Bridges partnered with the Homeless Services Center in Santa Cruz to provide transportation for the Interfaith Satellite Shelter Program (ISSP). In 2018, the Salvation Army took over the ISSP including providing their own vehicle and transportation service, thus eliminating the need for Lift Line.

Fleet

Community Bridges' Lift Line service operates a fleet of 15 unleaded gasoline-powered vehicles and 2 electric vehicles. The new electric vehicles are targeted for service in disadvantaged communities in Watsonville. Funding for the electric vehicles also provide two Level 2 charging stations at the Lift Line fleet facility in Watsonville. Newer vehicles have on-board cameras

installed for safety. The fleet varies in type and passenger capacity, with many older vehicles replaced during the audit period. Most vehicles are wheelchair accessible with tie-downs in compliance with the ADA. Table I-5 summarizes the Lift Line fleet.

Table I-5
Lift Line Fleet

Year	Make/Model	Quantity	Seating Capacity	Wheelchair Capacity
2006	Chevy Uplander	2	5	1
2007	Ford E350	1	8	2
2008	Ford E450	1	13/11	1/2
2008	Chevy Uplander	1	5/3	0/1
2013	Dodge Caravan	1	3	1
2013	Ford E450	2	16	2
2013	Ford E450	2	13/11	1/2
2013	Ford E450	2	17/11	0/2
2013	Ford E450	1	17/15/11	0/1/2
2016	Dodge Caravan	2	5/2	0/1
2019	Ford/E450 EV	2	14	2
Total		17		

Source: Lift Line/Community Bridges CTSA Vehicle List

Volunteer Center

The Santa Cruz Volunteer Center’s volunteer driver transportation program addresses the needs of ambulatory seniors and the disabled by offering free rides throughout the county. Wheelchair riders cannot be accommodated. The program matches drivers with seniors aged 60 years and older and disabled persons for essential trips to medical appointments, grocery shopping, banking, and pharmacies. Two rides per week are available for eligible persons to meet basic needs or get to needed appointments. Rides are provided throughout Santa Cruz County including Watsonville, San Lorenzo Valley, Scotts Valley, and Santa Cruz. Drivers are required to have a good driving record, a reliable automobile, and insurance. The Volunteer Center offers drivers supplemental insurance.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of the Santa Cruz County transit operators' ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, developed by Caltrans to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the PUC and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	<p>Completion/submittal dates:</p> <p><i>For Santa Cruz METRO:</i></p> <p>FY 2016: October 2, 2016 FY 2017: January 18, 2018* FY 2018: January 29, 2019*</p> <p><i>For Santa Cruz METRO-ParaCruz: (specialized service)</i></p> <p>FY 2016: October 2, 2016 FY 2017: January 18, 2018* FY 2018: January 29, 2019*</p> <p>Reports were filed electronically.</p> <p>*Note: New state legislation was passed (AB 1113, Bloom) on July 21, 2017, that changes the timeline to submit the annual Transit Operators Financial Transaction Reports to the State Controller effective reporting year FY 2017. The submittal date has been extended from within 110 days after fiscal year end to 7 months after</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>fiscal year end, or end of January. This is an extension of about 100 days from the original deadline. With the change in dates, these reports are required to contain underlying data from audited financial statements.</p> <p>Conclusion: Complied.</p>
<p>The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year, or has received the appropriate 90-day extension by the RTPA allowed by law.</p>	<p>Public Utilities Code, Section 99245</p>	<p>Completion/submittal dates:</p> <p><i>For Santa Cruz METRO:</i></p> <p>FY 2016: December 9, 2016 FY 2017: December 18, 2017 FY 2018: December 31, 2018</p> <p><i>For Community Bridges:</i></p> <p>FY 2016: December 9, 2016 FY 2017: December 12, 2017 FY 2018: December 17, 2018</p> <p>Conclusion: Complied.</p>
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.</p>	<p>Public Utilities Code, Section 99251 B</p>	<p>Santa Cruz METRO and Community Bridges participate in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim.</p> <p><i>For Santa Cruz METRO:</i></p> <p>Inspections were conducted at the Santa Cruz METRO facility located at 138 Golf Club Drive in Santa Cruz.</p> <p>Inspection dates applicable to the audit period were July 15, 2016; August 2, 2017; and August 9, 2018.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>Inspections were found to be satisfactory.</p> <p><i>For Community Bridges:</i></p> <p>Inspections were conducted at the Community Bridges facilities located at 240 Ford Street in Watsonville.</p> <p>Inspection dates applicable to the audit period were January 21, 2016; January 17, 2017; and April 6, 2018.</p> <p>Inspections were found to be satisfactory.</p> <p>Conclusion: Complied.</p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>As a condition of approval, the Santa Cruz County transit operators' annual claims for Local Transportation Funds and State Transit Assistance funds are submitted in compliance with the rules and regulations adopted by the SCCRTC.</p> <p>Conclusion: Complied.</p>
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	<p>According to the 2014 SCCRTC Rules & Regulations, Santa Cruz METRO was subject to a farebox recovery ratio of 15 percent. This requirement was changed from passage of Senate Bill 508 in October 2015. SCCRTC updated its Rules & Regulations in 2017 with new language that Santa Cruz METRO is subject to farebox recovery ratios as set forth by state law. Beginning in FY 2016-17, State law sets urban farebox at 20 percent, and rural farebox at 10</p>

Table II-1 Operator Compliance Requirements Matrix														
Operator Compliance Requirements	Reference	Compliance Efforts												
		<p>percent. SCCRTC local policy continues to require METRO to show different ratios for urban and rural service.</p> <p>In the annual claims forms, Santa Cruz METRO separately reports its urban and rural farebox recovery ratios. Both sets of ratios exceeded the respective thresholds each year and are shown below.</p> <table border="1"> <tr> <th></th><th>Urban</th><th>Rural</th></tr> <tr> <td>FY 2016</td><td>19.1%</td><td>15.1%</td></tr> <tr> <td>FY 2017</td><td>21.2%</td><td>16.0%</td></tr> <tr> <td>FY 2018</td><td>25.0%</td><td>16.1%</td></tr> </table> <p><i>Santa Cruz METRO TDA Claims</i></p> <p>In addition to farebox recovery, the annual financial audit for METRO indicates that the agency meets the 50 percent expenditure limitation under the TDA (PUC 99268) in lieu of meeting the farebox recovery requirement (see Table IV-6 for the 50% expenditure calculation).</p> <p>Which requirement applies to METRO, either farebox recovery or 50 percent expenditure limitation, for Local Transportation Fund (LTF) eligibility should be clarified between METRO and SCCRTC. TDA law indicates only one of these two requirements applies (PUC 99268.2) if METRO's claim for LTF remains below 50 percent of its operating costs.</p> <p>Conclusion: Complied.</p>		Urban	Rural	FY 2016	19.1%	15.1%	FY 2017	21.2%	16.0%	FY 2018	25.0%	16.1%
	Urban	Rural												
FY 2016	19.1%	15.1%												
FY 2017	21.2%	16.0%												
FY 2018	25.0%	16.1%												
The operator's operating	Public Utilities Code,	Percentage increase in the Santa Cruz												

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).	Section 99266	<p>County transit operators' operating budgets:</p> <p><i>For Santa Cruz METRO:</i></p> <p>FY 2016: +4.5% FY 2017: -7.8% FY 2018: +3.0%</p> <p><i>For Community Bridges:</i></p> <p>FY 2016: -22.6% FY 2017: 12.5% FY 2018: 16.1%</p> <p>In FY 2018, additional drivers and administrative staff were budgeted for increased service using Measure D funding, according to Community Bridges TDA Claim.</p> <p><i>For Volunteer Center:</i></p> <p>FY 2016: 3.1% FY 2017: -3.2% FY 2018: -20.0%</p> <p><i>Source: Santa Cruz County transit operators' budgets for FYs 2016–2019</i></p> <p>Conclusion: Complied.</p>
The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle	Public Utilities Code, Section 99247	<p>The Santa Cruz County transit operators' definition of performance is consistent with PUC Section 99247, based on data collection methods and reporting.</p> <p>Conclusion: Complied.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.		
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12	<p>SCCRTC updated its Rules & Regulations in 2017 with new language that Santa Cruz METRO is subject to farebox recovery ratios as set forth by state law. Beginning in FY 2016-17, State law sets urban farebox at 20 percent. As shown above, METRO met the urban ratio. SCCRTC local policy continues to require METRO to show different ratios for urban and rural service.</p> <p>Conclusion: Complied.</p>
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	<p>SCCRTC updated its Rules & Regulations in 2017 with new language that Santa Cruz METRO is subject to farebox recovery ratios as set forth by state law. Beginning in FY 2016-17, State law sets rural farebox at 10 percent. As shown above, METRO met the rural ratio. SCCRTC local policy continues to require METRO to show different ratios for urban and rural service.</p> <p>Community Bridges and the Volunteer Center are subject to a 10 percent local match requirement established by the SCCRTC. The TDA claim forms attest to at least a 10 percent local match to TDA allocations. However,</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>the budget for Volunteer Center transportation shows less than a 10 percent local match through donations. With the shortfall in local match, an alternative performance measure should be discussed between SCCRTC and Volunteer Center which is allowable under PUC 99400(c) claims.</p> <p>Conclusion: Partial Compliance.</p>
<p>The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.</p>	<p>Public Utilities Code, Section 99271</p>	<p>Santa Cruz METRO contributes toward its employees' defined benefit pension plan, the Miscellaneous Plan for the Santa Cruz Metropolitan Transit District. The plan is part of the California Public Employees' Retirement System (CalPERS). Santa Cruz METRO also offers a deferred compensation plan under IRS Section 457.</p> <p>Community Bridges offers a deferred compensation plan for full-time employees, as described in the memorandum of understanding (MOU) with UTU Local 23.</p> <p>Conclusion: Complied.</p>
<p>If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.</p>	<p>California Code of Regulations, Section 6754(a)(3)</p>	<p>Santa Cruz METRO receives State Transit Assistance funds in addition to federal funds that are available to the district as reported in the federal NTD reports:</p> <p>FY 2016: Operations (\$6,688,762) Capital (\$364,402) FY 2017: Operations (\$6,749,855) Capital (\$663,791) FY 2018: Operations (\$7,098,403)</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		Capital (\$552,749) Conclusion: Complied.

Findings and Observations from Operator Compliance Requirements Matrix

1. The Santa Cruz County transit operators complied with each of the compliance requirements. One exception is the partial compliance with the local match for LTF funding by Volunteer Center. The 10 percent local match is not met through donations.
2. Santa Cruz METRO attained farebox ratios for both urban and rural services that exceeded the standard. The agency also meets the 50 percent expenditure limitation under the TDA in lieu of meeting the farebox recovery requirement.
3. The Santa Cruz County transit operators (Santa Cruz METRO and Community Bridges' Lift Line) participate in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period for both agencies. For the Santa Cruz METRO inspection, no vehicles were placed out of service during the review period. No violations were noted for the Community Bridges' CHP inspections.
4. The operating budgets for the operators exhibited modest fluctuations during the audit period, with only the Community Bridges' Lift Line budget for FY 2018 showing an increase of more than 15 percent (16.1 percent) over the prior year. According to the Community Bridges TDA Claim for FY 2018, additional drivers and administrative staff were budgeted for increased service using Measure D funding.

Section III

Prior Triennial Performance Recommendations

The Santa Cruz County transit operators' efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the transit operators' 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

Santa Cruz METRO should prioritize the addition of on-board cameras.

Background: The prior audit stressed how surveillance cameras on transit vehicles are standard for relatively large transit agencies. Cameras serve multiple purposes, including risk management involving passenger and driver safety, complaint resolution, driver training, and incident capture for public safety. Given that the buses do not have cameras installed, Santa Cruz METRO bus and paratransit operators have been fully instructed on procedures to follow with respect to public safety and personal safety and in proper reporting processes to assist medical, fire, and police responders. As part of its measures to increase the use of technology in achieving efficiencies, it was recommended that Santa Cruz METRO continue working with the union on the addition of on-board cameras and plan for funding. Both fixed-route and paratransit vehicles could be ideally outfitted with cameras, but in considering funding constraints, a priority list of vehicles should be developed.

Actions taken by Santa Cruz METRO

During FY 2017-18, METRO installed on-board cameras on all its buses. Each bus is outfitted with 13 cameras at different angles. The cameras monitor driver performance and are used to investigate customer service complaints. Camera footage is recorded and stored for future reference and training. Local law enforcement has been able to request footage from the camera feed. METRO has established protocols and policies for the use of the on-board cameras.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Santa Cruz METRO should prioritize technology investment to continuously track on-time performance.

Background: Delays on the fixed route occur for a variety of reasons, including construction, narrow travel corridors, and congestion. Studies and limited collection methods to date have been employed to track bus on-time performance. The prior audit detailed how Santa Cruz METRO had some technology infrastructure, which was a start to developing tools to automate the collection of on-time performance data. Automated vehicle location and automated passenger counters are priority investments to further expand the collection and organization of on-time performance data, among providing other benefits. It was recommended that Santa Cruz METRO should continue to prioritize these projects for funding as they provide both operational and safety benefits to the riders.

Actions taken by Santa Cruz Operators

Santa Cruz METRO recognizes that installing an automatic vehicle locator (AVL) system to help track on-time performance is one of its highest priorities. Santa Cruz METRO has been working on implementation of the Syncromatics intelligent transportation systems infrastructure, which includes real-time tracking via an AVL system, automated passenger counters, and voice annunciators. The system has been deployed on half of the revenue fleet to date and is in the testing phase.

Conclusion

This recommendation is in the process of implementation.

Prior Recommendation 3

Santa Cruz METRO should strengthen its marketing program.

Background: Prior to the development of the Short-Range Transit Plan (SRTP), there was no marketing plan for Santa Cruz METRO. Consequently, there has not been a dedicated marketing manager on staff to coordinate and manage a robust marketing program and integrate customer service with marketing activities. Currently, Santa Cruz METRO departments work together, but no single department is responsible for the overall appearance of Santa Cruz METRO's marketing tools, adherence to any design policies or programs, or management of the marketing function. The SRTP noted that stakeholders indicated very limited proactive marketing by Santa Cruz METRO, including no specialized efforts targeted to UCSC and Cabrillo College. The recent bus pass program secured with Cabrillo College and UCSC's contribution to new services provide momentum for proactive marketing and better service to the student population.

The prior audit found that a marketing manager type position could coordinate the various efforts being conducted and design a comprehensive strategy including actions proposed by the SRTP to increase awareness and brand strength. The prevalence of social media and technology in marketing campaigns raises the importance of an experienced transit marketer. Santa Cruz METRO should develop a strategy to centralize marketing functions, whether creating a dedicated marketing management position or designating qualified staff within existing

departments. This would have the effect of creating efficiencies in consistent messaging and marketing service across communication channels with riders and the public.

Actions taken by Santa Cruz Operators

Santa Cruz METRO has implemented a series of measures designed to boost its marketing outreach. Santa Cruz METRO hired a marketing director in May 2019 and has been developing a marketing plan based on an on-board survey conducted in June 2019. Other initiatives undertaken by the agency include an upgrade of the website's content management system, the opening of the Watsonville Transit Center, mobile ticketing pilot program for the Highway 17 Express Route, and increased social media engagement. Service-specific marketing campaigns were initiated, such as for the Watsonville Circulator. Social media optimization resulted in a significant increase in post reach on Facebook. Social media platforms are used for service alerts and to drive users to the website.

Conclusion

This recommendation has been implemented.

Prior Recommendation 4

Community Bridges' Lift Line should continue to pursue funding for a driver trainer/supervisor position.

Background: The driver trainer/supervisor position is key to maintaining a solid core of drivers qualified to operate the vehicles and provide customer service. In spite of a relatively healthy list of on-call drivers, it was indicated that many do not have the full training to obtain a Class B license with passenger endorsement. An in-house resource for training and supervision should be prioritized for funding. With a new Lift Line management structure in place to manage daily operations, the pursuit of grants to fund such a position should be undertaken.

Actions taken by Santa Cruz Operators

Community Bridges noted the recruitment for a driver/trainer in the FY 2018 TDA claim and budgeted for increased expenses. The position was filled toward the end of the audit period, and the driver trainer/supervisor position is shown on the Lift Line organizational chart dated June 2019. The driver trainer provides enhanced in-house resources such as on-line training and safety modules leading to benefits including quicker driver certification, driver retention, and improved morale. The trainer provides retraining for driver safety issues and also serves as a backup driver.

Conclusion

This recommendation has been implemented.

Prior Recommendation 5

The Volunteer Center should track driver time spent per trip.

Background: This recommendation is a carryover from the prior audit. The Volunteer Center currently does not request that drivers record drive time in transporting passengers. While trip length is recorded and used to calculate average trip length, drive time is not. The tracking of time spent to transport riders is another gauge of the volunteer program's value. Performance measures such as average trip time and operating cost per hour place values on the program and the drivers' and passengers' time in providing and using the service.

Actions taken by Santa Cruz Operators

During the audit period, Volunteer Center developed an innovative software program to manage the trip making and tracking of volunteer driver trips. The software helps match a customer with available driver and also uses Google maps to track the trip taken by the driver. Google maps has capability to determine the length and time of the trip. Given the software is relatively new, Volunteer Center is continuing to learn the capabilities of the program and increase its value to capture additional data including trip time.

Conclusion

This recommendation has been partially implemented.

Prior Recommendation 6

The Volunteer Center should regularly review the mileage reimbursement rate.

Background: This recommendation is a carryover from the prior audit. Volunteer drivers for the transportation program have the option to receive reimbursement at the rate of \$0.31 per mile. In contrast, the current Internal Revenue Service optional standard mileage rates used to calculate the deductible costs of operating an automobile for business purposes is \$0.54 per mile. Volunteer Center staff indicated that newer volunteer drivers have requested the reimbursement for the service. In an effort to maintain a qualified pool of volunteer drivers, there should be regular review of the mileage reimbursement rate offered by the Volunteer Center with the rate balanced against budgets for the transportation program. During the audit period, total reimbursements did not reach budgeted figures because many drivers elect to not take the reimbursement. This provides Volunteer Center with some flexibility in phasing in any rate adjustment to recruit and retain the pool of drivers.

Actions taken by Santa Cruz Operators

The Volunteer Center has not had opportunity to review the mileage reimbursement rate but sees a need to revisit the rate as a driver recruitment strategy. Since many drivers do not request reimbursement and the total payouts have not reached budgeted amounts, there is no

immediate urgency to consider changes to the rate. The number of available volunteer drivers have fluctuated some over the past years, and the reimbursement rate remains a consideration for driver retention.

Conclusion

This recommendation has not been implemented.

Section IV

TDA Performance Indicators

This section reviews the Santa Cruz County transit operators' performance in providing transit service to the community in an efficient and effective manner. The TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators, operating cost per mile and average fare per passenger, are included as well. Findings from the analysis are contained in the section following the tables.

Tables IV-1 through IV-5 provide the performance indicators for the Santa Cruz METRO system-wide, fixed route, and paratransit, as well as for Community Bridges and the Volunteer Center. Charts are also included to depict the trends in the indicators. It is noted that the system-wide operating costs and fare revenues are based on audited figures drawn from the financial statements, while modal costs and fare revenues for fixed-route and paratransit costs are unaudited and drawn from the federal National Transit Database (NTD). The annual fiscal audits do not provide a modal breakdown.¹ Also, only operations costs for Community Bridges are audited figures for the small operators, as the fiscal audits do not separate transportation costs and revenues from all programs provided by the nonprofit entities.

¹ The sum of operating expenses by mode reported in the NTD does not equal the audited total operating costs. The NTD operating costs by mode only reflect costs allocated by Santa Cruz METRO to that particular mode in following NTD guidelines. Additional operating costs are classified as other reconciling items in the NTD and are not separated by mode.

Table IV-1
Santa Cruz METRO TDA Performance Indicators
System-wide

	Audit Period				
Performance Data and Indicators	FY 2015	FY 2016	FY 2017	FY 2018	% Change FY 2015–2018
Operating Cost	\$49,614,127	\$49,962,296	\$51,843,931	\$53,527,521	7.9%
Total Passengers	5,752,012	5,583,798	5,162,583	5,120,721	-11.0%
Vehicle Service Hours	274,342	268,834	246,440	251,643	-8.3%
Vehicle Service Miles	3,857,070	3,808,780	3,329,335	3,312,817	-14.1%
Employee FTEs	334	306	315	311	-6.9%
Passenger Fares	\$9,796,024	\$9,923,862	\$9,720,871	\$10,280,559	4.9%
Operating Cost per Passenger	\$8.63	\$8.95	\$10.04	\$10.45	21.2%
Operating Cost per Vehicle Service Hour	\$180.85	\$185.85	\$210.37	\$212.71	17.6%
Operating Cost per Vehicle Service Mile	\$12.86	\$13.12	\$15.57	\$16.16	25.6%
Passengers per Vehicle Service Hour	21.0	20.8	20.9	20.3	-2.9%
Passengers per Vehicle Service Mile	1.49	1.47	1.55	1.55	3.7%
Vehicle Service Hours per Employee	821.4	878.5	782.3	809.1	-1.5%
Average Fare per Passenger	\$1.70	\$1.78	\$1.88	\$2.01	17.9%
Fare Recovery Ratio	19.74%	19.86%	18.75%	19.21%	-2.7%

Note: Audited operating costs reflect total Santa Cruz METRO operating expenses. Passenger fares include audited passenger fares and special transit fares.

Percentage change may not match figures due to rounding of the figures for presentation in the table.

Source: Annual Fiscal & Compliance Audit Reports, National Transit Database, State Controller's Reports

Table IV-2
Santa Cruz METRO TDA Performance Indicators
Fixed Route

Performance Data and Indicators	FY 2015	FY 2016	Audit Period		% Change FY 2015– 2018
			FY 2017	FY 2018	
Operating Cost	\$36,879,129	\$37,329,477	\$36,964,307	\$37,343,719	1.3%
Total Passengers	5,653,812	5,500,969	5,091,394	5,048,512	-10.7%
Vehicle Service Hours	225,347	225,455	206,966	207,680	-7.8%
Vehicle Service Miles	3,325,820	3,337,760	2,895,296	2,858,408	-14.1%
Employee FTEs	282	257	269	265	-6.0%
Passenger Fares	\$8,955,245	\$9,184,252	\$8,918,400	\$9,469,559	5.7%
Operating Cost per Passenger	\$6.52	\$6.79	\$7.26	\$7.40	13.4%
Operating Cost per Vehicle Service Hour	\$163.65	\$165.57	\$178.60	\$179.81	9.9%
Operating Cost per Vehicle Service Mile	\$11.09	\$11.18	\$12.77	\$13.06	17.8%
Passengers per Vehicle Service Hour	25.1	24.4	24.6	24.3	-3.1%
Passengers per Vehicle Service Mile	1.70	1.65	1.76	1.77	3.9%
Vehicle Service Hours per Employee	799.1	877.3	769.4	783.7	-1.9%
Average Fare per Passenger	\$1.58	\$1.67	\$1.75	\$1.88	18.4%
Fare Recovery Ratio	24.28%	24.60%	24.13%	25.36%	4.4%

Note: The sum of operating expenses by mode reported in the NTD does not equal the audited total operating costs. The NTD operating costs by mode only reflect costs allocated by Santa Cruz METRO to that particular mode in following NTD guidelines. Additional operating costs are classified as other reconciling items in the NTD and are not separated by mode. Farebox recovery for this table is based on NTD data.

Percentage change may not match figures due to rounding of the figures for presentation in the table.

Source: National Transit Database; METRO for FTE data.

Table IV-3
ParaCruz TDA Performance Indicators
Paratransit

		Audit Period			
Performance Data and Indicators	FY 2015	FY 2016	FY 2017	FY 2017	% Change FY 2015– 2018
Operating Cost	\$5,318,477	\$4,906,673	\$4,801,494	\$5,269,932	-0.9%
Total Passengers	98,200	82,829	71,189	72,209	-26.5%
Vehicle Service Hours	48,995	43,379	39,474	43,963	-10.3%
Vehicle Service Miles	531,250	471,020	434,039	454,409	-14.5%
Employee FTEs	52	49	46	46	-11.5%
Passenger Fares	\$329,050	\$322,797	\$290,282	\$287,363	-12.7%
Operating Cost per Passenger	\$54.16	\$59.24	\$67.45	\$72.98	34.8%
Operating Cost per Vehicle Service Hour	\$108.55	\$113.11	\$121.64	\$119.87	10.4%
Operating Cost per Vehicle Service Mile	\$10.01	\$10.42	\$11.06	\$11.60	15.8%
Passengers per Vehicle Service Hour	2.0	1.9	1.8	1.6	-18.1%
Passengers per Vehicle Service Mile	0.18	0.18	0.16	0.16	-14.0%
Vehicle Service Hours per Employee	942.2	885.3	858.1	955.7	1.4%
Average Fare per Passenger	\$3.35	\$3.90	\$4.08	\$3.98	18.8%
Fare Recovery Ratio	6.19%	6.58%	6.05%	5.45%	-11.9%

Note: The sum of operating expenses by mode reported in the NTD does not equal the audited total operating costs. The NTD operating costs by mode only reflect costs allocated by Santa Cruz METRO to that particular mode in following NTD guidelines. Additional operating costs are classified as other reconciling items in the NTD and are not separated by mode. Farebox recovery for this table is based on NTD data.

Percentage change may not match figures due to rounding of the figures for presentation in the table.

Source: National Transit Database; METRO for FTE data.

Table IV-4
Community Bridges’ Lift Line TDA Performance Indicators

	Audit Period				
Performance Data and Indicators	FY 2015	FY 2016	FY 2017	FY 2018	% Change FY 2015– 2018
Operating Cost	\$1,445,555	\$1,118,517	\$1,258,592	\$1,460,827	1.1%
Total Passengers	84,268	74,403	70,136	54,387	-35.5%
Vehicle Service Hours	19,037	22,967	21,937	26,439	38.9%
Vehicle Service Miles	278,757	112,062	224,319	252,305	-9.5%
Employee FTEs	18	13	15	18	-1.6%
Passenger Fares (donations)	\$5,549	\$5,816	\$9,703	\$3,865	-30.3%
Operating Cost per Passenger	\$17.15	\$15.03	\$17.95	\$26.86	56.6%
Operating Cost per Vehicle Service Hour	\$75.93	\$48.70	\$57.37	\$55.25	-27.2%
Operating Cost per Vehicle Service Mile	\$5.19	\$9.98	\$5.61	\$5.79	11.7%
Passengers per Vehicle Service Hour	4.4	3.2	3.2	2.1	-53.5%
Passengers per Vehicle Service Mile	0.30	0.66	0.31	0.22	-28.7%
Vehicle Service Hours per Employee	1,042.9	1,796.7	1,470.3	1,472.0	41.1%
Average Fare per Passenger	\$0.07	\$0.08	\$0.14	\$0.07	7.9%
Fare Recovery Ratio	0.38%	0.52%	0.77%	0.26%	-31.1%

Community Bridges is subject to a local match provision in lieu of meeting farebox recovery standard.

Percentage change may not match figures due to rounding of the figures for presentation in the table.

Source: Annual Fiscal Audit for operations costs; Community Bridges TDA Year-End Reports

Table IV-5
Volunteer Center TDA Performance Indicators

	Audit Period				
Performance Data and Indicators	FY 2015	FY 2016	FY 2017	FY 2018	% Change FY 2015– 2018
Operating Cost	\$74,592	\$76,926	\$74,445	\$59,613	-20.1%
Total Passengers	3,212	4,229	4,324	4,609	43.5%
Vehicle Service Miles	66,087	72,000	81,282	96,052	45.3%
Operating Cost per Passenger	\$23.22	\$18.19	\$17.22	\$12.93	-44.3%
Operating Cost per Vehicle Service Mile	\$1.13	\$1.07	\$0.92	\$0.62	-45.0%
Passengers per Vehicle Service Mile	0.049	0.059	0.053	0.048	-1.3%

Volunteer Center is subject to a local match provision in lieu of meeting farebox recovery standard.

In FY 2018, Volunteer Center performed a one-time salary savings of \$19,500 redirected to multi-year project.

Percentage change may not match figures due to rounding of the figures for presentation in the table.

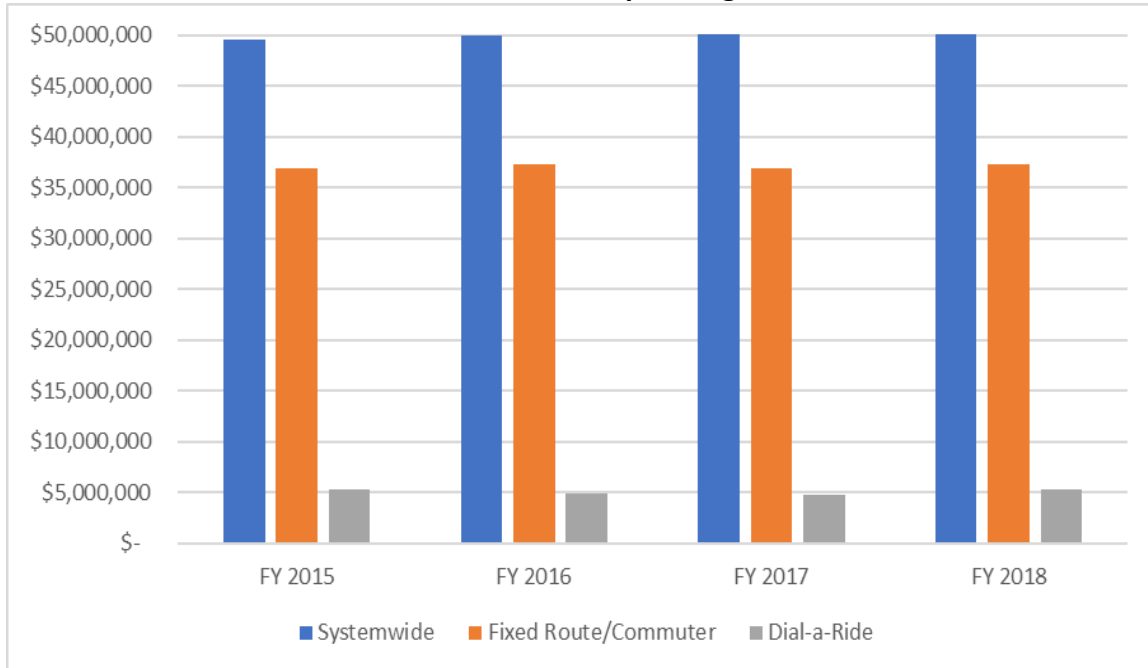
Source: Volunteer Center final reports FYs 2015–2018

Santa Cruz METRO is defined in the TDA as an older operator, having started service prior to July 1, 1974. Older operators may qualify for the TDA under the 50 percent expenditure limitation (PUC Section 99268.1) or the farebox recovery ratio (PUC Section 99268.2). As described in Santa Cruz METRO’s financial compliance audit, the operator has met the 50 percent expenditure limitation. The calculation below by the performance auditor in Table IV-6 shows the compliance.

Table IV-6
50 Percent Expenditure Limitation

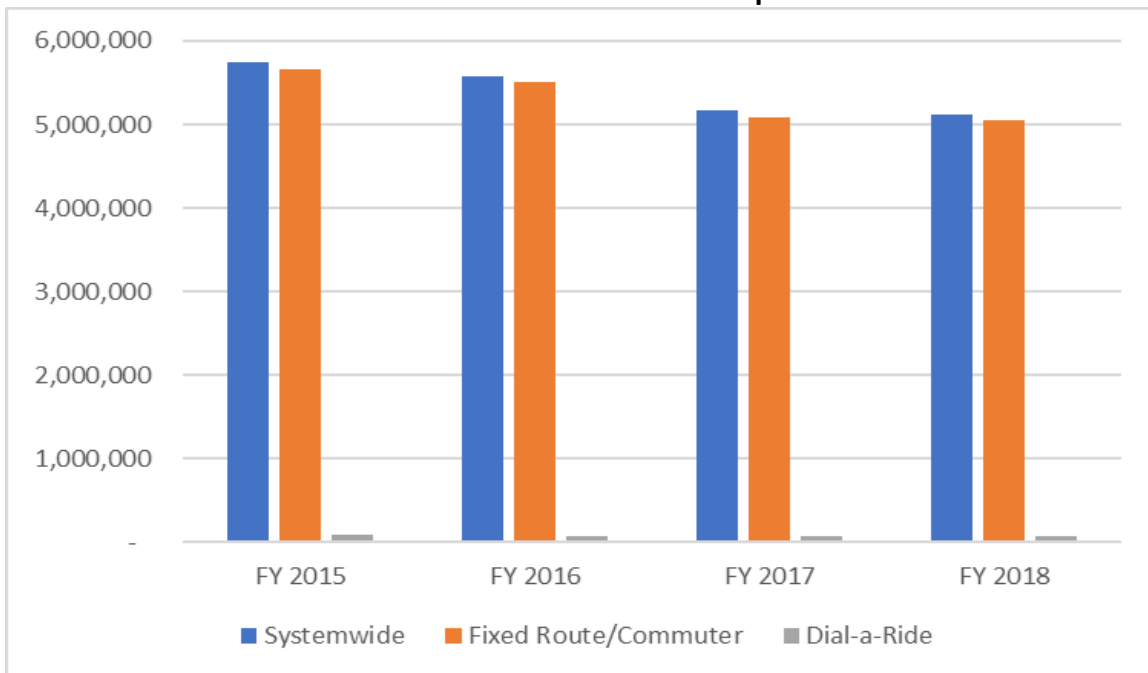
Line#	Description	FY 2016		FY 2017		FY 2018	
		\$ Amount	\$ Subtotal	\$ Amount	\$ Subtotal	\$ Amount	\$ Subtotal
1	Total Operating Cost	\$49,962,296		\$51,843,931		\$53,527,521	
2	Total Depreciation	\$3,915,785		\$4,297,447		\$4,527,151	
3	Total Capital Outlay	\$7,571,302		\$3,632,663		\$2,594,506	
4	Total Lines 1, 2 & 3		\$61,449,383		\$59,774,041		\$60,649,178
5a	Less Federal Ops Grants Received	\$5,715,265		\$6,454,874		\$6,738,883	
5b	Less Federal Capital Grants Received	\$1,283,609		\$663,791		\$552,748	
6	Less LTF Capital Intensive	\$0		\$0		\$0	
7	Less STAF Received	\$2,636,432		\$1,671,333		\$3,196,463	
8	Total Lines 5, 6 & 7		\$9,635,306		\$8,789,998		\$10,488,094
9	Total Line 4 Less Line 8		\$51,814,077		\$50,982,337		\$50,159,186
10	50% of Line 9	\$25,907,039		\$25,491,169		\$25,079,593	
11	Add Amount of LTF Claimed in Excess of Line 10 for Match to Federal Operating Grant	\$1,428,816		\$1,613,719		\$1,684,721	
12	Add LTF Capital Intensive	\$0		\$0		\$0	
13	Total Permissible LTF Expenditure		\$27,335,855		\$27,105,314		\$26,764,788
14	Total LTF Applied to Operations		\$6,377,491		\$6,804,838		\$6,767,933

Graph IV-1
Santa Cruz METRO Operating Costs

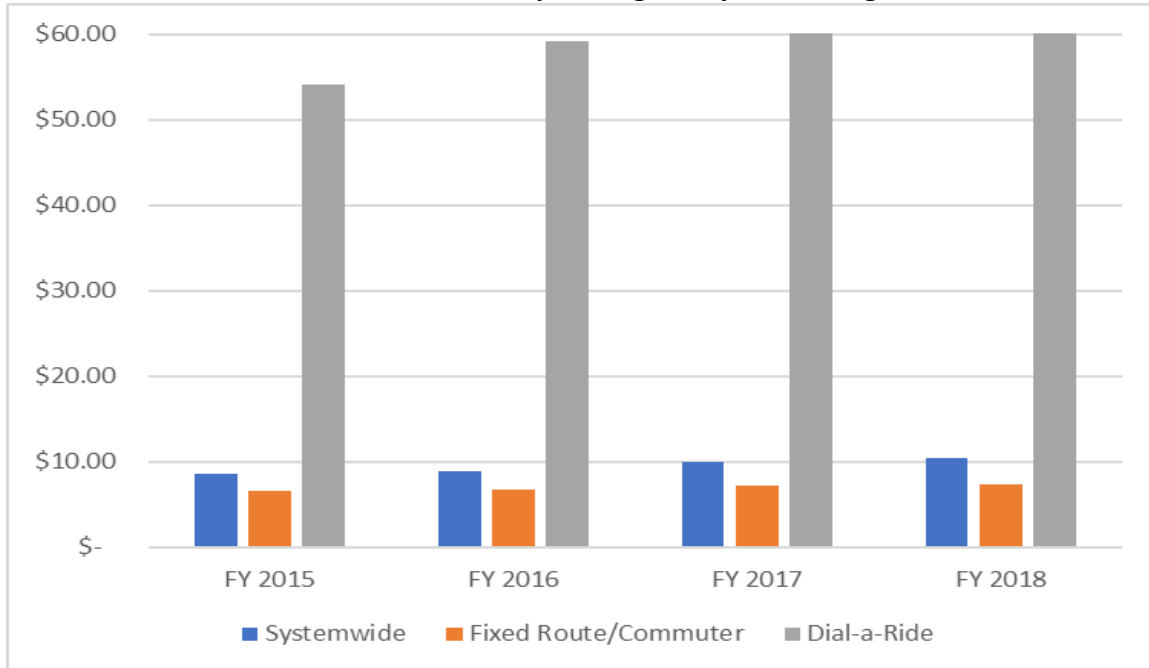


Note: System-wide operating costs are drawn from audited data, while data by mode are unaudited using NTD data.

Graph IV-2
Santa Cruz METRO Ridership

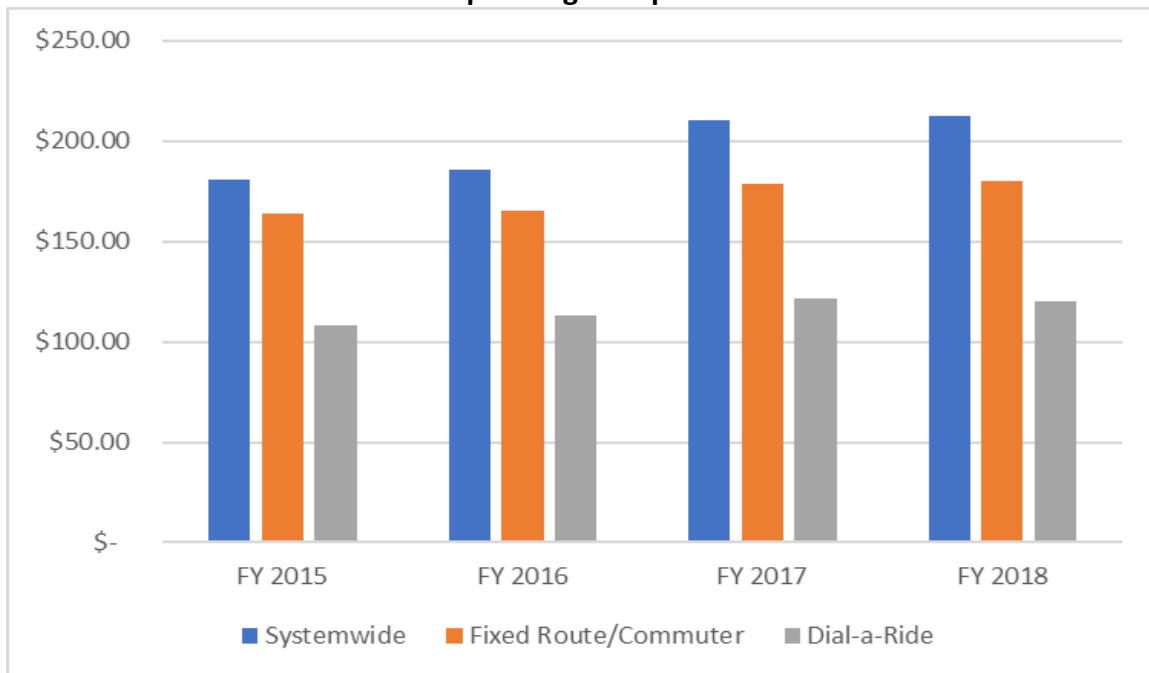


Graph IV-3
Santa Cruz METRO Operating Cost per Passenger



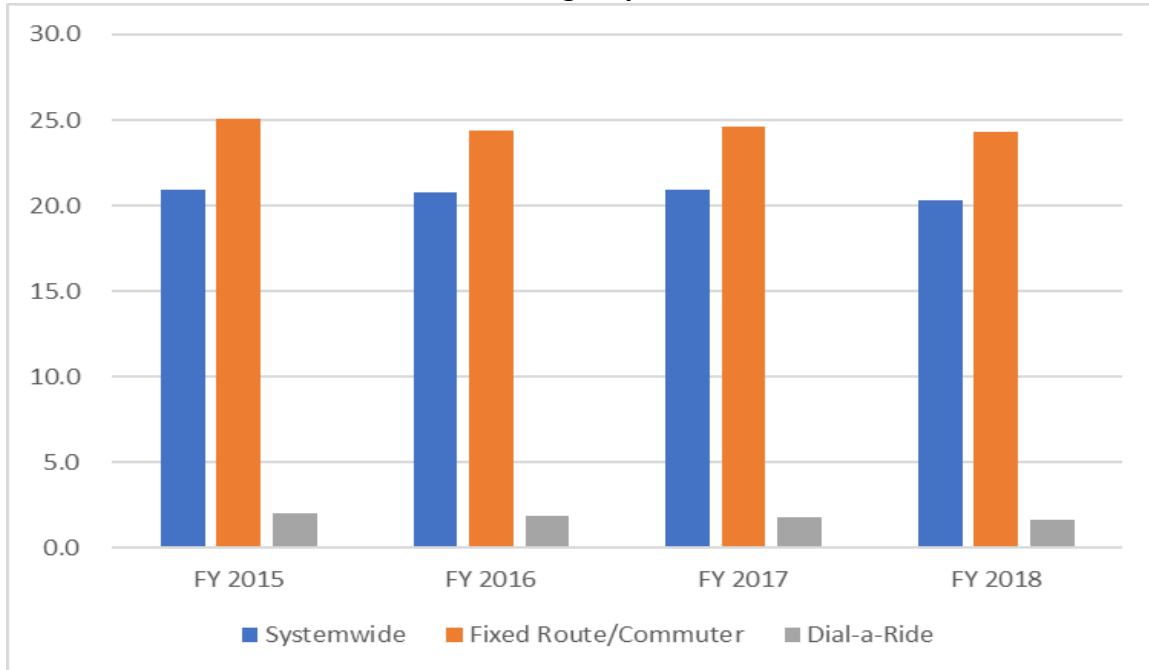
Note: System-wide operating costs are drawn from audited data, while data by mode are unaudited using NTD data.

Graph IV-4
Santa Cruz METRO Operating Cost per Vehicle Service Hour

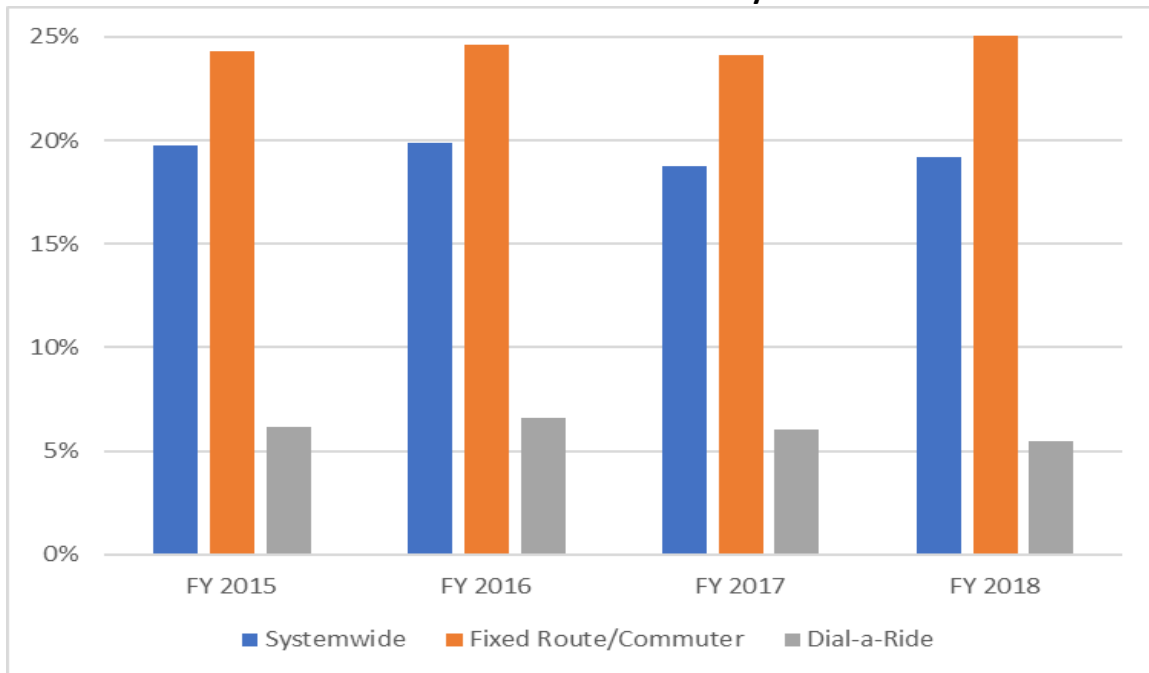


Note: System-wide operating costs are drawn from audited data, while data by mode are unaudited using NTD data.

Graph IV-5
Santa Cruz METRO Passengers per Vehicle Service Hour



Graph IV-6
Santa Cruz METRO Fare Recovery Ratio



Note: System-wide operating costs are drawn from audited data, while data by mode are unaudited using NTD data.

Findings from Verification of TDA Performance Indicators

1. Santa Cruz METRO operating costs increased 7.9 percent system-wide over the period based on audited data from the FY 2015 base year through FY 2018. System-wide operating costs reflect all costs and exclude depreciation costs. Using unaudited modal operating cost data drawn from the NTD, operating costs increased by 1.3 percent for fixed route and decreased by 0.9 percent for ParaCruz.² According to the annual financial audit, the trend in system-wide operating cost increases was due to increases in employee wage rates, overtime costs, benefits, the provision of other post-employment benefit, medical insurance rates, and the CalPERS retirement rate. Community Bridges' Lift Line operating costs were relatively flat for the three-year period, increasing by 1.1 percent. Volunteer Center transportation costs decreased by 20.1 percent for the audit period. In FY 2018, Volunteer Center performed a one-time salary savings of \$19,500 redirected to a multi-year project.
2. Ridership on Santa Cruz METRO decreased by 11 percent system-wide during the audit period. Fixed-route ridership decreased by approximately the same percentage, decreasing from 5.65 million to 5.05 million passengers between FY 2015 and FY 2018. ParaCruz ridership decreased by 26.5 percent, from 98,200 to 72,209 riders over the same period. Lift Line ridership decreased 35.5 percent during the audit period by about 30,000 passengers. Volunteer Center transportation ridership increased significantly by more than 43 percent for the three-year period, from 3,200 to 4,600 passengers.
3. The provision of revenue hours and miles by Santa Cruz METRO decreased system-wide during the audit period, 8.3 percent and 14.1 percent, respectively. Fixed-route revenue hours and miles decreased 7.8 and 14.1 percent, respectively. ParaCruz revenue hours and miles also decreased by 10.3 and 14.5 percent, respectively. Vehicle hours significantly increased for Lift Line during the audit period, increasing by 38.9 percent, while miles decreased 9.5 percent. Volunteer Services vehicle miles also increased significantly from 66,087 in FY 2015 to 96,052 in FY 2018.
4. Using audited data, operating cost per passenger increased by 21.2 percent system-wide for Santa Cruz METRO. On a modal basis using NTD data, cost per passenger for fixed route and ParaCruz increased by 13.4 percent and 34.8 percent, respectively. The trends for these indicators using audited costs reflect growth in operating cost as ridership decreases. Operating cost per passenger for Lift Line increased by 56.6 percent as ridership decreased and operations cost remained relatively stable.
5. Audited operating cost per hour system-wide increased 17.6 percent for Santa Cruz METRO as operating cost grew and vehicle hours decreased during the audit period. On a modal basis using NTD costs, the performance trend also showed an increase for both

² The sum of operating expenses by mode reported in the NTD do not equal the audited total operating costs. The NTD operating costs by mode only reflect costs allocated by Santa Cruz METRO to that particular mode in following NTD guidelines. Additional operating costs are classified as other reconciling items in the NTD and not separated by mode.

fixed route and ParaCruz of 9.9 percent and 10.4, respectively. As noted in this section, the NTD costs by mode do not show all operations costs compared to the system-wide audited figures. Lift Line operating cost per hour declined by 27.2 percent as the number of vehicle hours increased substantially faster than costs.

6. System-wide, passengers per vehicle service hour was relatively steady on Santa Cruz METRO, between 20 and 21 passengers per hour. This indicator was also relatively stable for fixed route, as the small percentage decrease for fixed route did not result in much change in the actual number of passengers served (between 24 and 25) per vehicle hour. For ParaCruz, passengers per hour dropped to below 2. For Lift Line, with a much smaller rider base, this performance indicator showed a decline of 53.5 percent with the number of passengers per hour decreasing by about 2 during the audit period. Several key services were no longer offered through Lift Line including the veteran transportation service and the homeless shelter service, both of which impacted the total number of riders.
7. The fare recovery ratio remained relatively strong over the audit period for Santa Cruz METRO. For the three-year period, the system-wide farebox averaged 19.27 percent. Separately, fixed route farebox averaged 24.70 percent for the three years, while ParaCruz averaged 6.03 percent. In the TDA claims, Santa Cruz METRO further separates its farebox recovery between urban and non-urbanized services. Both urban and rural ratios exceeded the 15 percent TDA minimum for the audit period.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within each of the Santa Cruz County transit operators. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed at Santa Cruz METRO, Community Bridges, and the Volunteer Center's offices in Santa Cruz:

- Operations
- Maintenance
- Planning
- Marketing
- General Administration and Management

Within some departments are sub-functions that require review as well, such as Grants Administration that falls under General Administration.

Operations

The operations of Santa Cruz METRO are guided by its mission statement:

To provide a public transportation service that enhances personal mobility and creates a sustainable transportation option in Santa Cruz County through a cost-effective, reliable, accessible, safe, clean, and courteous transit service.

The majority of Santa Cruz METRO's ridership is considered transit-dependent. Discretionary riders are attracted to the Highway 17 Express route, which offers a viable alternative to commuters traveling to the Santa Clara Valley and other Bay Area destinations. Students attending UCSC comprise the largest rider group, with many routes designed to accommodate student schedules. UCSC patronage comprises 50 percent of total system and averages 2.5 million trips annually. On-campus parking at UCSC has been priced at prohibitively high levels, which, coupled with UCSC's ingress-egress cap that limits the number of single-occupant vehicles accessing the campus, encourages alternative modes of travel.

Parking permits and employee bus passes are issued through the UCSC Transportation and Parking Services (TAPS). Santa Cruz METRO service for students is funded through the Student Transit Fee. By showing a valid UCSC student ID card, a student rider has access to unlimited rides on Santa Cruz METRO buses with no additional fare required, with the exception of the Highway 17 Express. UCSC faculty and staff can purchase a subsidized Santa Cruz METRO bus pass (at a fraction of the regular cost) through the TAPS sales office. During the audit period, the payment arrangement to Santa Cruz METRO was changed from a per ride basis to a lump sum

based on the prior year's enrollment growth. UCSC is also subsidizing a new service, Route 22, including the cost of a new operator, which amounts to \$130,000 annually.

In September 2016, Santa Cruz METRO successfully secured a comparable service contract arrangement with Cabrillo College, a local public community college in Aptos. Cabrillo College students held an election and voted to impose a mandatory transportation fee of \$40 per student per semester. The fee provides each student with a bus pass valid seven days a week. Students simply show their Cabrillo College ID card with a current semester sticker to ride the bus. Santa Cruz METRO will provide transit services with number of trips and routes specified in the agreement. The agreement runs for two years and may be renewed for successive periods upon written amendment of both parties. The college reimburses METRO based on the cost of providing coach operators and the per mile cost to run the service. Cross-marketing of each other's programs is also part of the agreement.

Santa Cruz METRO has placed a priority on replacing aging equipment and upgrading its communication infrastructure. Santa Cruz METRO has been working on implementation of the Syncromatics intelligent transportation systems infrastructure, which includes real-time tracking via an automatic vehicle locator (AVL) system, automated passenger counters, and voice annunciators. The system has been deployed on half of the revenue fleet to date and is in the testing phase.

During FY 2017-18, surveillance cameras were installed on the buses. Each bus is equipped with 13 cameras, which are utilized to monitor driver performance and customer complaints. Footage captured by the cameras is also used in law enforcement investigations. Policies and protocols have been established for the use of the camera footage. Santa Cruz METRO was able to secure grant funding to procure other security equipment for use on buses and surveillance equipment at facilities, including upgraded radios and an alert button on the bus that signals dispatch, as well as cameras, videos, and other devices for the transit centers. Automated ticketing feedback systems were also implemented during the period.

Santa Cruz METRO has invested in the security of facilities and its personnel through the hiring of a safety and training coordinator to actively work with police departments and emergency service agencies to coordinate the safety of riders and increase driver training in these areas. The safety officer provides security training tailored for the transit environment on the bus and at transit facilities. Drivers also receive training on how to handle security situations on the bus. Unarmed contracted employees are a presence at the transit facilities.

Schedule adherence and on-time performance for several bus routes have been challenging for a variety of reasons, including construction, narrow travel corridors, and congestion. Santa Cruz METRO's definition of "on-time" departures from timepoints is not early and no more than 5 minutes late. Its system-wide on-time goal is 72 percent of all departures, according to the Short Range Transit Plan (SRTP).

ParaCruz serves ADA-certified riders and its operating hours mirror those of the fixed route. With changes to the taxi industry resulting from the influx of ride-hailing companies such as

Transportation Network Companies, local taxi services have limited means to provide reliable back up for ParaCruz.

The use of larger wheelchairs by customers have heightened challenges given the limited space on the vehicle, weight of the wheelchairs, and security restraint system. To address these challenges, half of the ParaCruz fleet consists of newer vehicles with rear lift capacity and Q'Straint wheelchair securement systems.

On-time performance for ParaCruz was consistently in the 80 percent range or better for the audit period. The goal has ranged between 90 and 92 percent. According to ParaCruz operations status reports, on-time performance for the vehicle arriving within the ready window averaged 89.29 percent in FY 2016, 83.75 percent in FY 2017, and 85.22 percent in FY 2018. Other performance factors for ParaCruz, such as the percentage of passenger no-shows, remained at or slightly above the goal of less than 3 percent of trips requested, which meets general industry standard. Also, there were no denied rides. ParaCruz has a no-show policy that is not typically enforced due to the low number of no-shows. The policy when enforced involves sending a letter to those with an excessive number of no-shows.

Chargeable occurrences, or preventable accidents/incidents, are tracked; however, NTD data for incidents was not available for the fixed- and commuter-route modes. For ParaCruz, the number of chargeable occurrences decreased over the three years, declining from 19 in FY 2016 to 10 in FY 2017 and 7 in FY 2018. Santa Cruz METRO has an accident review committee that reviews preventable accidents/incidents for the month. The committee is overseen by the assistant safety and training coordinator.

Dispatching and bus scheduling is conducted using the Hastus software system for fixed route and Trapeze for ParaCruz. Santa Cruz METRO has been in the process of transitioning from Trapeze to Ecolane, which was scheduled for implementation by the fall of 2019. A key feature of Ecolane would be the ability to batch rides automatically as well as improve on-time performance monitoring and NTD reporting. Staff are cross-trained in both systems to enable flexibility in staffing and ample shift coverage. ParaCruz reservations can be booked directly into the Trapeze system. Paratransit vans have mobility safety devices to improve ergonomics and safety for both the passenger and the driver.

Customer complaints, compliments, inquiries, and suggestions are managed by Santa Cruz METRO through RSTickets Pro software, which creates a customer service ticket summary report. A summary of customer service metrics was provided for the ParaCruz operations. For FY 2016, a total of 63 entries were made, composed of 21 valid complaints, 21 non-valid complaints, and 21 compliments. In FY 2017, entries totaled 67 including 22 valid complaints, 24 non-valid complaints, and 21 compliments, while for FY 2018, there were 52 total ticket entries including 12 valid complaints, 20 non-valid complaints, and 20 compliments. Complaints varied and are operational in nature such as wireless Internet issues, driver rudeness, and unsafe driving. The customer service supervisor handles most entries and receives support from other staff if the issue cannot be readily addressed.

Community Bridges

Specialized transportation programs offered by Community Bridges' Lift Line went through changes during the audit period which affected ridership. The veterans medical transportation service was eliminated in FY 2017 due to the ending of a federal 5310 grant and has been difficult to revive the program since the shutdown including recommunicating with former riders. The Interfaith Satellite Shelter Program (ISSP) contract also ended for Community Bridges toward the end of 2018 when the Salvation Army expanded its services including taking over this program and providing its own vehicle to provide transportation. The ending of these two programs, especially the ISSP program, has reduced ridership totals for Lift Line.

Elderday Adult Day health center transportation remains Lift Line's largest program. Passengers from Lift Line's programs may share vehicles; however, Lift Line works to efficiently dedicate trips for each program. Community Bridges is also a participant in the City of Santa Cruz emergency resource program list of organizations that can assist during an emergency. As the CTSA for Santa Cruz County, Community Bridges coordinates transportation with social service agencies and participates through the SCCRTC Elderly and Disabled Transportation Advisory Group to identify and discuss program issues and needs in addition to providing justification for the TDA claim.

The taxi scrip program has run into challenges as local taxi companies continue to feel the impact from the influx of ride-hailing companies (TNCs). As a result of the increasing business pressure on taxis, service quality provided to scrip riders has declined such as rides being unreliable and poor according to Lift Line transit management. Much of the service decline has occurred in the north county area. However, the taxi service in Watsonville remains a viable option. To fill trip requests that go unserved, Lift Line works with Volunteer Center for transport and vice versa.

Lift Line is reviewing alternatives for scrip riders including a potential partnership with a local non-profit agency. During this review period for a new partner, Community Bridges should gauge the needs of scrip riders relative to continuing the program which sprouted from an identified unmet transit need. The taxis do not track riders and Community Bridges only captures riders at the time taxi script is sold, which is estimated to be about 250 customers. The time and days when the service is offered, and whether the service is for rider necessity or convenience, should be part of a survey to determine whether demand for the program can be shifted where other transportation alternatives at different times are available to better meet the needs of this limited market.

The reasons cited by riders for using Lift Line have expanded as Community Bridges increases its visibility in the community. Trips are provided to more than just social events but also for outpatient medical services such as physical therapy and counseling. The diversity of reasons for taking Lift Line aligns with County policy to address senior living and reduce isolation. In addition to receiving TDA funds and donations, Community Bridges has separate contracts with the local jurisdictions that support the transportation services. Contracts are in place with the cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville and the County for services such as

transportation for senior and low-income residents to medical appointments and dining centers within their respective jurisdictions.

A no-show policy reduces inefficiencies caused by passengers' failures to meet their assigned trip. The policy defines no-shows and identifies ways that passengers can avoid this issue. A suspension penalty could occur for a pattern of this behavior. Community Bridges tracks no shows for three programs including Medical, Meals on Wheels, and Elderday. The no show rate compared to total trips for these programs was 3.7 percent in FY 2016, 5.0 percent in FY 2017, and 5.2 percent in FY 2018. The industry standard rate is generally below five percent.

The CTSA utilizes Trapeze Pass, a computer transportation management system that includes reservations, scheduling, and real-time dispatching to track daily/monthly/annually clients' rides to medical destinations, shelters, social service agencies, and dining sites. Full capacity usage of the Trapeze system is ongoing by staff due to software upgrades and staffing resource and time constraints. Mentor mobile data terminals are on board the vehicles to communicate with dispatch. Community Bridges is evaluating the next generation of dispatch software in Trapeze Novus that automates many functions such as scheduling trips through algorithms.

Complaints collected by Community Bridges were consistent for the last several years, ranging between 11 and 13 per year. The number of accidents reported in the TDA quarterly report show 0 in FY 2016, 16 in FY 2017, and 16 in FY 2018. The number of incidents, which could be any reported activity by Lift Line during operations, ranged from 13 (FY 2018) to 33 (FY 2017). The on-time performance is a 30 minute pickup window, with the pickup no sooner than 10 minutes before the scheduled pickup time and not less than 20 minutes after the scheduled pickup time. The time of pickup is documented by drivers and tracked by the Mobile Data Computers and Automatic Vehicle Locator system; however, this effort is tedious for drivers to record for each pickup and drop off.

Volunteer Center

New clients fill out a registration form and are contacted by the dispatcher to confirm their eligibility through age (60+) or disability. Trips are prioritized by Volunteer Center in order of 1) medical, 2) shopping, and 3) social, and could include multiple stops during the trip. Each rider is limited to two trips per week with medical appointments taking priority. The primary ridership is seniors who are ambulatory; drivers and their passengers generally stay together and form a bond. Reservations are made between 5 and 7 days advance notice to secure a driver. The Volunteer Center will send a letter to riders who fall into a habit of not following general ride guidelines, including canceling their trips or not showing. Drivers will also conduct welfare checks on their passengers.

A significant activity undertaken by the Volunteer Center was the transition from a manual method of dispatch and data collection to an in-house developed software program. The software went live in 2019. The software has reduced the time spent coordinating individual rides as well as increased the quality of service to clients by standardizing the coordination process between dispatcher volunteers; eliminating time-consuming handwritten dispatch

processes; enabling the auto-tracking of drivers through a Google Maps based system; automating repetitive tasks like driver check-ins, email composition, and ride matching; and quickly generating program reports and statics. Overall the software has streamlined the program's administration and simplified complex, volunteer-run processes, enabling existing resources to be used more efficiently.

Client profiles are created in the software to capture data for creating successful trips, and data is stored on a cloud platform which reduces physical storage needs. Dispatchers send emails to the drivers with a list of ride needs and drivers select the trips to make. Dashboard summaries are available that show pertinent trip data. Alerts are also made when drivers need to renew their license, thus keeping the Volunteer Center and drivers aware of important to do's. The software is able to capture key data such as trip distance and time through the google map system which visually shows the direction of the trip from point to point.

As a check of the software information and summed in the quarterly transportation reports, the Volunteer Center tracks mileage driven through the monthly reports submitted by drivers, whether for mileage reimbursement or not. Typical trips are between 16 and 23 miles round trip, based on the quarterly reports during the audit period. The Volunteer Center does not track the time spent by drivers to transport their clients, as there is a value to the time spent by the volunteer to provide the trip which staff supplied an anecdotal value of \$21 per hour shown in the TDA claim. With the new dispatch software, there is opportunity to begin tracking both trip time and distance.

Personnel

Santa Cruz METRO

Santa Cruz METRO employs 150 fixed-route operators, 11 supervisors, a safety and training coordinator, and one assistant safety and training coordinator. For ParaCruz, there are 29 operators (budgeted for 30 operators) and 2 supervisors. Non-exempt employees are represented by two unions: Service Employees International Union (SEIU) Local 521 and United Transportation Union (UTU) Local 23. The SEIU represents Santa Cruz METRO employees, including the Professional Supervisors Association, Salaried Employees Association, and Vehicle Maintenance Unit. The UTU represents employees for the ParaCRUZ operation. Labor agreements in place during the audit period were modified and extended. The prior MOU between Santa Cruz METRO and SEIU Local 521, which expired June 30, 2015, was extended for an additional three-year period. The contract extension and modification commenced on December 31, 2015, and expired June 30, 2018. The pay rate schedule and paid leave provisions were modified. Two separate labor agreements between Santa Cruz METRO and UTU Local 23 that expired June 30, 2015 were also extended into the audit period and modified with regard to pay raises and leave policies.

Base wage rates were increased by 2 percent per year until the union agreed to defer this increase until 2020 to help the agency address the structural deficit and maintain its union workforce. A new wage scale for ParaCruz consolidates the pay rates for represented classes.

Upon commencement of the labor agreement, employees were placed on the new wage scale but were not disadvantaged by a reduction in base wage rate after the wage consolidation. Santa Cruz METRO pays medical premiums depending on bargaining union contract requirements. Union leadership fosters a cooperative relationship between Santa Cruz METRO and the unions as evidenced by the union agreement to defer the cost of living adjustment, which has maintained the number of drivers. A summary of employees for both Santa Cruz METRO and ParaCruz during the period is presented in Table V-1:

Table V-1
Santa Cruz METRO Employee Count

	FY 2016	FY 2017	FY 2018
Santa Cruz METRO Bus/All Other	267	269	265
ParaCRUZ DAR	49	46	40
Total Employees	316	315	305

Source: Santa Cruz METRO

Fluctuations in staffing levels were due to turnover although there were no layoffs. Santa Cruz METRO offered a separation package in an effort to trim staffing levels in lieu of layoffs. ParaCruz operations turnover was attributed to retirements and ParaCruz operators transferring to the fixed route. The average years of experience decreased from an average of 10 to 15 years to an average of 5 to 10 years. It is reported that 29 drivers have been with the agency since 1999. Driver turnover, among other reasons stated earlier such as traffic congestion, has contributed to issues with meeting performance measures such as on-time performance which fell below 90 percent schedule adherence. An average of 15 drivers, or roughly 10 percent of total coach operators, are absent or on leave at any given time, according to METRO management. Employees undergo three- and six-month evaluations as well as an annual evaluation, which is tied to a step increase. Supervisors are reminded to conduct employee evaluations based on the schedule.

From the need to address the structural deficit and trimming of personnel, METRO has taken initiative to improve its driver training. The hiring of a safety and training coordinator and an assistant safety and training coordinator has improved the training status of the operators and streamlining the licensing and permitting process. Training protocols have sped up to retain new drivers while improving the quality of training and customer service. Further, the operations division moved into a new facility in March 2016 after years of revenue planning, facility design, and construction. The new facility is a modern structure and environment for operations personnel previously housed in temporary buildings until the facility was completed. This has some improvement on morale.

Santa Cruz METRO implemented several new methods of recruitment during the period. The agency has used the Employment Development Department, veteran centers, churches, movie ads, and radio spots on I-Heart Radio. About 14 people were recruited through the radio spot. Human resources has also recruited candidates through job fairs and local colleges. Open houses are held at the transit center and feature applications and interest sheets. Santa Cruz METRO's

focus has been to draw from Santa Cruz County as well as from neighboring Monterey and Santa Clara Counties. In spite of these efforts, there was a lull in the number of qualified candidates due to the improving economy and other job prospects. Santa Cruz METRO receives an average of 20 applicants at any given time.

The new employee interview panel involves four to five employees encompassing management personnel, supervisors, and union representatives. Santa Cruz METRO uses a validated testing system to screen prospective candidates. The agency uses Ergometrics, a behavioral-based approach that encompasses video simulation tests designed to assess applicant abilities in important, hard-to-test areas, such as situational judgment, human relations, teamwork, listening and communications skills, dealing with difficult and stressful situations, multitasking, problem solving, and safety orientation. Testing also encompasses knowledge of the rules of the road. The new coach operators handbook was updated in 2019 after the audit period.

Operators undergo eight hours of recurring Verification of Transit Training annually. In addition, each operator is required to attend eight hours of annual safety training. With the addition of the new articulated buses, the training protocol has been expanded. DMV pull notices are monitored daily. Employees also undergo sexual harassment and violence in the workplace training every three years as required by Santa Cruz METRO's Sexual and Gender Discrimination, Harassment and Retaliation Prevention Policy.

A management classification and compensation study was commissioned in FY 2019, which involved an update of job specifications. Under the most recent MOU with the SEIU (FY 2020), four positions can be reclassified two times annually. Santa Cruz METRO provides health insurance coverage through CalPERS that is 95 to 100 percent paid. There are five HMO and three PPO plans offered. There are PPO dental and vision plans that are 100 percent paid by Santa Cruz METRO. The defined benefit retirement plan is offered through CalPERS. Santa Cruz METRO utilizes Epicor ERP software for payroll and benefit processing.

Community Bridges

Lift Line budgets a total of 26 personnel, including 6 office staff, 4 operations staff (operations and maintenance personnel, and project manager), and 16 drivers (full and part-time, including a driver/scheduler). This includes two additional drivers hired using Measure D funds. Drivers and the mechanic are represented by the same union as METRO personnel, UTU Local 23. The new contract approved in the last year allows Community Bridges to track patterns of sick-outs while remaining within labor laws. New full-time drivers have Class B licenses and go through the requisite orientation and training, including drive-alongs, safety training, and general proficiency with the routes. On-call drivers do not need to have a Class B license upon joining but must work toward getting the license. The vehicle fleet includes minivans which require a Class C license and can be driven for service during the time the driver is training for the Class B license. Lift Line management indicated challenges in recruiting drivers and retaining personnel due to similar reasons affecting the transit industry such as other job opportunities.

The hiring of a driver trainer has improved the in-house training program although DMV certifications are conducted outside and take long to schedule testing with more strict rules for certification. Driver meetings are held once a month to review safety and operational procedures and include the use of a driver simulator supplied by the insurance carrier.

All Lift Line personnel including administration, operations management, maintenance, and drivers are located in Watsonville, a significant and positive change during the audit period. The operations and maintenance staff are housed in a permanent facility using Measure D funds and is located near the Community Bridges administrative building. This enables better team building and communications compared to previously when administration and management were located in Aptos. Quarterly meetings are held for different purposes, including one for all staff, another for safety training, and another for drivers to discuss other issues.

Volunteer Center

There were between 41 and 61 volunteer drivers during the audit period, serving about 150 unduplicated clients, based on estimates from the quarterly transportation reporting. The number of volunteer drivers fluctuates among each of the three service areas of Santa Cruz, San Lorenzo Valley, and Watsonville, with Volunteer Center indicating the total number of drivers holds relatively steady at 55. Santa Cruz typically has the most drivers, followed by San Lorenzo and Watsonville. The general pattern is the more available drivers, the more rides provided in each of the service areas. Volunteer Center staff expend resources conducting screens of volunteer drivers including criminal background checks and their ability to provide frequent service over at least a 6 month commitment. Volunteer Center has been active over the past year in grouping rides using the new dispatch software.

Driver turnover is relatively frequent, as shown by national rates of 50 percent retention, with driver numbers declining mainly during the summer. Drivers have the option of requesting reimbursement on a mileage basis at \$0.31 per mile. While newer drivers tend to request the reimbursement, many drivers provide the service without requesting reimbursement. Volunteer Center personnel indicated that drivers can be selective and give preferences for the rides they want to provide. The new dispatch software builds profiles of riders which can better match with driver preferences. Volunteer Center tracks unfilled ride requests which range between 2 and 6 percent of total rides. Trips filled by other providers are also recorded which helps alleviate unfilled requests.

Drivers are required to complete a volunteer registration form, vehicle insurance form, and the authorization to do a background check. Volunteer Center staff also conduct screenings and interviews. Driver background checks are conducted and incur a nominal cost to the agency. The Volunteer Center provides excess general liability and medical insurance above the driver's own insurance coverage.

Maintenance

Santa Cruz METRO's maintenance facility was completed in 2009 and features 11 bays, 5 in-ground lifts, 8 portable lifts, and one set of 6 posts for the newer articulated buses. The facility is open daily with the following hours: Monday through Friday, 24 hours, and Saturday and Sunday from 6:30 a.m. to 2:30 p.m. The facility opens at 10:45 p.m. Sunday to begin the week. Energy-efficient LED lighting was installed during the audit period.

There are 19 mechanics on staff, including three maintenance supervisors, assigned over three weekday and two weekend shifts. There were some promotions and turnover in the maintenance department. The current maintenance manager was hired in 2017, having previously served in the maintenance department of the City of Santa Monica's transit agency. New mechanics undergo a three-month training process and training is tracked for each mechanic. Training is conducted through the manufacturer or coordinated with other transit agencies such as the San Mateo County Transit District (SamTrans) and the Southern California Regional Transit Training Consortium. METRO has budgeted additional resources for maintenance training as the agency prepares for introduction of electric buses to the fleet.

About half of the mechanics were hired in the past five to seven years; they work in three shifts on weekdays and one to two on weekends. Mechanics obtain Automotive Service Excellence (ASE) certification for specific technical tasks. Santa Cruz METRO is looking to incentivize ASE certification, which would require amending the MOU with the SEIU. The maintenance manager is reviewing the maintenance staff schedules to improve efficiency and has identified the need to hire an in-house trainer. Safety concerns are discussed during "toolbox" meetings.

The maintenance department utilizes MaintStar asset management software to track repairs and parts inventory. The department is interested in integrating mobile tablets and modules with the MaintStar program. Repairs are coded and categorized. Labor time and vehicle mileage are also tracked. The lead mechanic reviews repairs, which are followed up by the supervisor who approves the work order. Defect cards are obtained from operations for review by the lead mechanic before being assigned and tracked in MaintStar.

Part requisitions have to be approved prior to use. Parts are barcoded but not used in the module. Safety issues and operations were addressed involving engine inframes, staffing levels, and vehicle spare ratio levels. Warranties on new vehicle procurements have been negotiated, which resulted in a five-year warranty on engines and a two-year warranty on transmissions. Body and paint work are outsourced. Santa Cruz METRO is generally able to receive parts the next day. Every part issued is entered onto a work order for both fleet and facility maintenance. Santa Cruz METRO keeps brake kits in stock so as to allow mechanics to perform a full brake job. Group cycle counts are conducted weekly.

A Fleet Maintenance Resource Work Plan was developed in December 2015 that revamped the policies and procedures guiding preventive maintenance inspections (PMIs) and other servicing work. Santa Cruz METRO has expressed the intention to update the work plan to include the servicing of newer vehicles in the fleet. All vehicle maintenance for both fixed-route and

ParaCruz services is conducted in-house as a cost-saving measure, with only certain major overflow issues and body work contracted out. PMIs are performed per manufacturer's requirements, including in 6,000-mile increments and within a 10 percent mileage window. Santa Cruz METRO performs a safety inspection midway through the 6,000-mile PMI cycle for all fixed-route and commuter-revenue vehicles, not to exceed 3,500 miles. ParaCruz vehicles require PMIs to be performed in 5,000-mile increments within a 10 percent mileage window. Extended warranties are leveraged.

Pre- and post-vehicle inspection reports were revised and include placing a sticker on the bus wheel indicating maintenance attention. Quality control/quality assurance requirements are documented in the work plan, as are 10 key performance indicators to measure maintenance quality and compliance. These indicators are included in the monthly fleet service summary worksheet. Road calls are tracked and summarized in the following table:

Table V-2
Santa Cruz METRO Road Calls

	FY 2016	FY 2017	FY 2018
Santa Cruz METRO Bus	315	319	324
ParaCRUZ DAR	23	16	25
Total Road Calls	338	335	349

Source: Santa Cruz METRO

Road calls increased slightly during the audit period from 338 in FY 2016 to 349 in FY 2018 with a minor dip in FY 2017. It is anticipated that as new vehicles are procured and placed into revenue service, the number of road calls will start to decline. The implementation of the new protocols outlined in the Fleet Maintenance Work Plan will also assist in reducing the number of road calls. Annual CHP terminal inspections conducted during the period have been satisfactory.

Community Bridges

The permanent operations and maintenance facility funded by Measure D is on two acres of land located at 545 Ohlone Parkway in Watsonville. The facility features two bays and two lifts, and a 3,000 square foot maintenance shop. A form is created to track mileage at time of service and mechanic charges for the vehicle. A Microsoft Access database is used to manage the maintenance program that is based on mileage and days. Management is reviewing a new maintenance program. As a gauge of maintenance, the number of mechanical failures (including lift failure) reported by Community Bridges in the TDA quarterly report ranged between 3 and 6 annually during the audit period, with the higher number of failures occurring at the end of the period. A wheelchair malfunction resulted in a passenger incident. With delivery of two new electric vehicles and battery chargers, Lift Line staff are learning the operations and maintenance of the new vehicle technology.

Planning

Santa Cruz METRO planning staff combine ridership data, on-board survey data, and countywide demographic data to analyze the productivity of transit corridors in the county and design service accordingly. Additionally, Santa Cruz METRO partners with SCCRTC, the Association of Monterey Bay Area Governments (AMBAG), UC Santa Cruz Transportation and Parking Services, and the Santa Clara Valley Transportation Authority (VTA), as well as other county and local municipalities, in overall transportation improvement planning. The mixture of rural and urban areas, geography, topographical landscape, and the diverse needs of the community all provide challenges that Santa Cruz METRO faces when planning transit service.

The Short Range Transit Plan had an objective to create policies directed at identifying service metrics that guide the decision-making for identifying productive service. This would include specifying service performance targets, designing appropriate bus stop spacing, and maintaining a fiscally sustainable service. A stop-by-stop level of data gathering has been a challenge for Santa Cruz METRO staff to conduct more in-depth planning; although the agency's adopted budget included a half-time surveyor position, the position had not been filled for some time. The busy Soquel corridor has been a focus of planning, but significant service adjustments are difficult without in-depth data.

A new planning and development manager and scheduler were hired in November 2015 to support efforts in the planning and restructuring of service. The agency had limited planning staff and only limited funding for hiring outside contractors to collect data upon which to base planning and scheduling decisions. The planning manager reports to the Board of Directors on service trends quarterly as well as conducts an annual board presentation on the state of service planning.

A comprehensive operations analysis (COA) was conducted in 2016 to lay the foundation for overall service restructuring. Entitled *Metro Forward: Transit for Tomorrow*, the COA was adopted in May 2016 and reviews the broader network structure as well as individual route performance to provide Santa Cruz METRO with a comprehensive understanding of market conditions and service performance. A set of recommendations and service scenarios were provided to build upon the network's market opportunities and performance strengths, minimize ridership loss, ensure adequate coverage throughout the county, and maximize financial sustainability.

Implementation of the COA recommendations resulted in the elimination of 19 percent of daily trips and an 8 percent decrease in ridership. A summary of the proposed changes in the COA included the elimination of Route 30 in the San Lorenzo Valley; Routes 8 and 12 in Santa Cruz; Routes 54 and 56 in the Live Oak/Capitola/Aptos area; and Routes 74 and 77 in Watsonville. Santa Cruz METRO also eliminated Route 33 and 34, which were school tripper services operating in a rural area. Route 35 in the San Lorenzo Valley continues to operate as a lifeline service. Route 71, an intercity route, is the most productive outside of the routes serving UCSC. Ridership on the Highway 17 Express with its 30 daily trips has been static during the period.

A metric of 10 to 15 passengers per hour triggers service monitoring. Santa Cruz METRO has realized that service standards can be too aspirational. The agency is pursuing more flexible and cost-effective ways to serve areas of low ridership with microtransit and collaborative arrangements with transportation network companies such as Uber and Lyft. ParaCruz is available as a backup service mode for ADA service requests.

In April 2019, METRO conducted an on-board survey and ridecheck, METRO's first since 2012, to enhance its understanding of its riders, demographics, travel patterns, satisfaction with METRO services, and preferences in the use of various technologies including fare payment methods.

Transit Performance Monitoring

Each of the transit systems provides performance measures to the SCCRTC on a quarterly and annual basis. The list of performance metrics differs slightly among the transit systems (Community Bridges, Volunteer Center, and Santa Cruz METRO) to reflect their system size and service modes. As several commissioners also serve on Santa Cruz METRO's board, the performance of Santa Cruz METRO is shared as needed with the SCCRTC. Documentation supplied by the transit systems shows their commitment to provide the information to the SCCRTC as a condition of their receipt of TDA funds. The performance metrics for Santa Cruz METRO are listed in the TDA claims form and include those listed in Table V-3.

Table V-3
Santa Cruz 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 statistics are kept) and amount of TDA funds used for each type of ride	17. Number 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. Number of bus stops
6. Number of fixed-route miles	21. Number of vehicles in operation
7. Service area – square miles	22. Number of monthly bus passes in circulation
8. Service area population	23. Maximum vehicles in service at any time
9. Passengers per vehicle service mile*	24. Hours of service
10. Average passengers per weekday	25. Approximate number 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. Number of FTE employees (all employees, not just drivers)	
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* Denotes TDA indicator

The performance indicators submitted by Community Bridges are shown in Table V-4.

Table V-4
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. Percentage of rides performed by subcontractors
8. Cancellations per month	17. Percentage of shared trips/ average vehicle occupancy
9. Donations per month	18. Percentage of cancellations of total rides

* Denotes TDA indicator

The performance indicators submitted by the Volunteer Center are shown in Table V-5.

Table V-5
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

Community Bridges and METRO have invested in Automatic Vehicle Locator technology that enables more automation in the tracking of vehicle movements. The technology serves multiple benefits including for safety and operational efficiencies. The AVL feature, when combined with dispatch/scheduling and other communications technology, can provide accurate performance

measures such as on-time performance for the different vehicle modes as the technology becomes more available on the vehicle fleet. Given this technology integration for the transit systems, reporting on-time performance in the quarterly reports should be added as another key indicator of operational effectiveness and customer service.

Marketing

Marketing and communications are conducted by customer service staff in the operations division. The Santa Cruz METRO website (<https://www.scmttd.com/en/>) was redesigned with an upgraded content management system. This has resulted in better functionality. The website contains a Google Transit trip planner, service calendar, and a Spanish version (<https://www.scmttd.com/es/>). Several Santa Cruz METRO departments, including IT, planning, and operations, collaborated on a pilot project called Schedule by Stop to provide the day's bus schedule for each stop using Google Transit data collected for trip planning. The page displays the approximate time of all routes serving that location all day long, as well as optional trip detail showing all stops that each bus makes along the route. The planning pages were also redesigned.

Santa Cruz METRO's "Headways" bus rider's guide is revised several times a year to reflect the route changes, which are described in the front section of the guide. Usage of the Headways publication is dropping due to the growing use of electronic and mobile sources of transit information. For instance, the agency is planning to deploy "E-Ink" electronic timetables on bus stop poles at UCSC in FY 2020. There has also been an emphasis on service-specific marketing campaigns, such as for the launch of the Watsonville Circulator.

Social media platforms such as Facebook and Twitter have been used for communicating service alerts and driving users to the website. The agency saw more engagement on Facebook, which has proven to be a more effective medium with a seven-fold increase in post reach. METRO's Twitter account has been relatively inactive with only 38 followers. The agency is looking to add content on Instagram. Text messaging is a larger communications venue where riders subscribe to Stay Connected text messaging with the schedule on demand at any location of interest; riders receive real-time subscriber alerts whenever schedules are impacted on the routes they ride. Rider alerts on service changes or current issues are also placed on the Santa Cruz METRO website in a news bulletin feature.

Santa Cruz METRO has an online store where customers can purchase bus passes online using a credit card. A mobile ticketing pilot has been planned for the Highway 17 Express route in FY 2020. Santa Cruz METRO has retained the fare media platform Masabi to implement the pilot. Masabi's JustRide mobile ticketing platform is already being utilized by Sonoma-Marin Rail Transit and the Altamont Corridor Express.

The Watsonville Transit Center has been open for the past three years and is open weekdays from 8:00 a.m. to 5:00 p.m. Santa Cruz METRO reports a low volume of ticket sales at the Watsonville Center, ranging from \$150 to \$200 in daily sales. Ticket vending machines have been installed. The downtown Santa Cruz transit center handles ticketing and all other customer service requests. The Watsonville facility currently contains a local grocer that occupies space

and promotes a sense of customer well-being. Santa Cruz METRO is working with the SEIU to emphasize outreach as an integral part of operations, including more face-to-face interaction with the public. An accessibility coordinator who provides travel training is located at the downtown Santa Cruz transit center and is a central figure for this interaction. Bilingual outreach and interpretation is provided in-house in English and Spanish, with Santa Cruz METRO staff attending community events such as the county fair and interactive activities.

Customer service is the front line for handling complaints and following the procedures described on the Santa Cruz METRO website. The customer service coordinator investigates complaints that are logged with red flags. Other department staff are involved to further investigate and resolve the complaint prior to closing the file. All managers are able to receive and review customer comments and complaints. Valid complaints are kept in the employee's file for one year, which is acceptable to the union.

Prior to the development of the SRTP, there was no marketing plan for Santa Cruz METRO. The agency hired a marketing director in May 2019 and is developing a marketing plan based on the on-board survey conducted in June 2019. The recent bus pass program secured with Cabrillo College and UCSC's contribution to new services add momentum for proactive marketing and better service to the student population. Marketing strategies proposed by the SRTP include electronic informational tools, printed materials, branding of the system, fare media, bus stops—signage and facilities, and coordinated marketing. Santa Cruz METRO also revised its logo.

Community Bridges conducts more outreach compared to past years and has hired an extra position for this. As described earlier in the operations function, more types of trips are being made for different appointments such as for medical, physical therapy, and counseling. The expanded outreach aligns with County policy to address senior living and reduce loneliness and isolation. Community Bridges develops a brochure for its services and tailored flyers for specific services. The brochure is provided in both English and Spanish and contains detailed information about Lift Line services and eligibility. The Community Bridges website includes information about Lift Line on its main program site as well as a dedicated site for Lift Line services and detailed information. Advertising space on the back of the vehicles is also available for businesses that see value in Lift Line's visibility around the community.

The Volunteer Center also produces a community brochure for distribution and markets an ongoing need for volunteer drivers to maintain a qualified pool. By filling a transportation need that other transit modes cannot efficiently provide, Volunteer Center is serving a different rider market and is developing a means to share their clients' stories. For growth in the program and recruitment of both drivers and passengers, investment in public awareness of how the program benefits riders should be an ongoing activity by the Volunteer Center.

General Administration and Management

The Santa Cruz Metropolitan Transit District is governed by an 11-member Board of Directors, plus one ex officio member from UCSC. A number of members on the board serve as

commissioners on the Santa Cruz County Regional Transportation Commission. A few board members also serve on the AMBAG board.

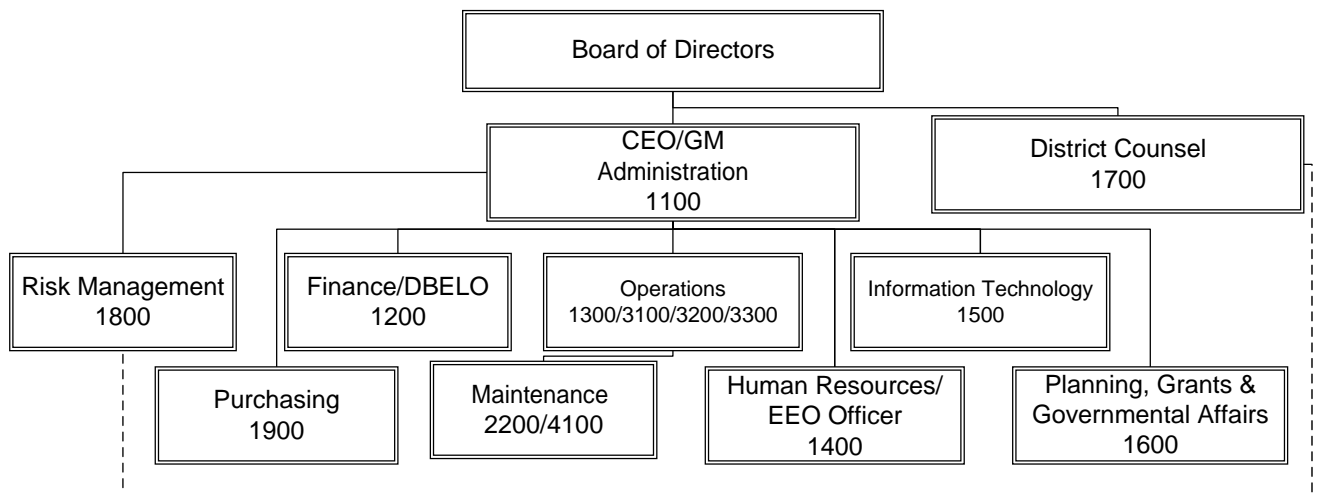
The METRO Advisory Committee advises Santa Cruz METRO’s Board of Directors on matters of policy and operations referred to by the board or the CEO/general manager. The Advisory Committee may also address issues regarding the quality and quantity of transportation services provided by Santa Cruz METRO. Membership comprises anyone from Santa Cruz County who applies and is appointed by a Santa Cruz METRO board member.

Administrative departments are located at the Administration Facility at 110 Vernon Street. The CEO/general manager was focused on addressing the agency’s structural deficit while ensuring vehicle replacement was occurring and developing strategic priorities moving forward. Major contributing factors to the structural deficit included too many consecutive years in which Santa Cruz METRO experienced an increase in the recurring costs of personnel, goods, and services without the same growth in recurring revenues, and uncontrollable outside forces contributing to the structural deficit, such as a sluggish economic recovery.

Many of the activities that Santa Cruz METRO has undertaken to mitigate the structural deficit included actions that increase revenue or reduce costs. The CEO/general manager’s approach to undertaking this large task involved an inclusive style of education and information among board members and the public during the process. New key positions were added during the audit period, including a planning and development manager and a dedicated safety specialist to augment existing safety trainers; new job titles were introduced to align with more advanced current responsibilities; and purchasing practices were enhanced. A classification study to review staff titles and job roles in relation to the industry was commissioned in FY 2019.

The organization chart of the agency is shown below.

Figure V-1
Santa Cruz METRO Organization Chart



With emphasis on open communication, departments participate in board meetings and present their own topics and reports as a means to build rapport with board members and among each other. A leadership meeting occurs weekly and empowers staff to participate in decision-making for the agency. The CEO/general manager has introduced a management style founded on data analysis and development of key performance indicators (KPIs) for every department. The value of KPIs relies on collection and analysis of multitude of data, but there has been a lack of staff analysts and data warehousing space at Santa Cruz METRO. However, departments have developed and reported some KPI figures in monthly reports, such as the maintenance department through its Fleet Maintenance Resource Work Plan. Formalizing a KPI program based on benchmarks gathered from peer agencies and having the resources and infrastructure in place to support this are being planned. METRO should continue with training staff on data analysis and using the amount of information generated from new technology programs for decision making. This would include participation of the IT department that houses the data systems and networks.

In June 2019, the METRO board approved a 10-Year Strategic Business Plan that sets key tactical initiatives in support of the strategic priorities. The priorities include:

1. Safety First Culture
2. Financial Responsibility, Stability, Stewardship, Accountability
3. Service Quality and Delivery
4. Internal and External Technology
5. Employee Engagement: Attract, Retain, Develop
6. State of Good Repair
7. Strategic Alliances and Community Outreach

The strategic priorities and key tactical initiatives are intended to prioritize the use of METRO's financial and staff resources in the coming years. Beginning in October 2018, the METRO board undertook an initial work session in which the board and management team established a preliminary set of strategic priorities. Through the ensuing months leading up to the approval of the plan, the board adopted the strategic priorities and key initiatives, the management team developed a 5 year implementation plan, and the Capital Projects Standing Committee provided comments to the strategic plan. The plan identifies the responsible department within METRO to implement the initiatives and estimated costs for procurement of proposed capital projects.

Santa Cruz METRO adopts a budget annually with a two-year horizon. The finance department conducts regular budget meetings with each department manager. Operator overtime has resulted in budget overruns in part contributed by the number of drivers at any time who are absent or on leave. According to the audited financial statements, overtime comprises about 15 percent of direct labor costs, and salary and fringe benefits comprise 80 percent of the total operating budget. Reserves are not tapped for budget overruns and are maintained for critical needs such as local match for operations and capital grants; operations sustainability; and bus replacement. Revenue from Measure D and from Senate Bill 1 through the STA and State of

Good Repair Program provide needed infusion of new funds for both operating and capital match. METRO has budgeted \$800,000 toward the procurement of an enterprise resource planning software program for FY 2020 to enhance administrative management and financial control.

Santa Cruz METRO adopted a procurement policy manual in 2016, which was reviewed and approved by the agency's legal counsel. The agency utilizes Puridium/Bravo Advantage procurement software, which tracks each department's budget. Requests can be inputted and research conducted through the program. Purchases and requisitions are processed online through the software.

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

- Santa Cruz METRO has become more attentive to the needs of the South County with planned implementation of the Watsonville Circulator in 2020.
- The board orientation process was adequate but not always comprehensive regarding the key issues facing the agency.
- METRO has become more proactive and resourceful in the procurement of new vehicles and the implementation of better marketing strategies.
- The agency sees a broader role for METRO in the development of the rail corridor and buses on shoulders between Santa Cruz and Watsonville.
- Concerns were expressed about the long-term fiscal health of the agency with regard to cost per hour, growing CalPERS retirement, and other post-employment benefit costs.

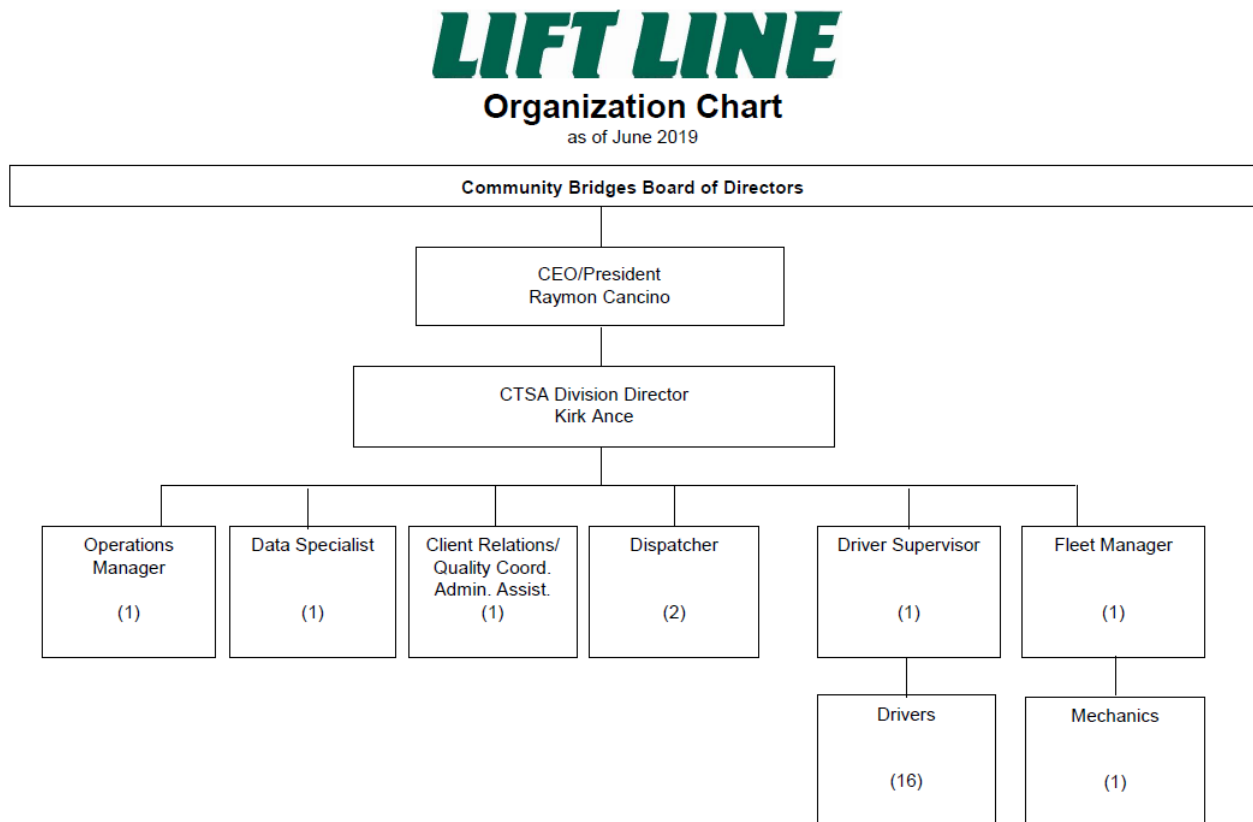
The agency's most recent FTA triennial review was conducted on January 8, 2016 (scoping meeting) with site visits on April 28-29, 2016. A draft report was completed June 1, 2016. No deficiencies were found in 10 of the 17 areas of FTA requirements. Deficiencies were found in seven areas: Financial Management and Capacity, Technical Capacity, ADA, Title VI, Procurement, Disadvantage Business Enterprise (DBE), and Planning/Program of Projects. In Financial Management and Capacity, one deficiency was noted: no financial plan. In Technical Capacity, one deficiency was noted: inadequate oversight of subrecipient/third party subcontractor/lessees. Under ADA, there were two deficiencies: facility accessibility standards and limits or capacity constraints on ADA complementary paratransit service. Under Title VI, there were two deficiencies: lacking a language assistance plan and lacking assessment or provision for limited English proficiency persons. Under Procurement, there were two deficiencies: procurement policies not current or complete and contract administration system not implemented. For DBE, there were three deficiencies: DBE goal submission not complete, DBE policy not updated, and shortfall analysis or corrective steps inadequate. Under Planning/Program of Projects, there was one deficiency: no current agreement or deficiencies in current agreement with the metropolitan planning organization. Santa Cruz METRO responded to all deficiencies, which were closed out. The agency received its triennial review closeout letter in response to the Summary of Findings and Corrective Actions on June 8, 2017.

Community Bridges

General management of Lift Line was largely unchanged during the audit period following changes to the organization in the prior period. The management layer supports the director including an operations manager who oversees daily operations and management of drivers. With both administration and operations located in Watsonville, communications and interaction occurs more frequently among management and drivers. Operations and maintenance were separated to allow each manager to focus on their primary duties.

The organization chart of Lift Line is shown below.

Figure V-2
Community Bridges' Lift Line Organization Chart



Because Lift Line is one program within Community Bridges, the transportation program is allocated joint administrative costs including administrative and fiscal personnel and other agency-wide operating expenses. A documented cost allocation policy is regularly updated and specifies the method used for allocation of indirect costs, which is required for grant funding. Community Bridges uses a fixed percentage indirect cost rate that is universally applied to all of its programs. The joint cost rate is determined by taking the pooled joint administrative costs as a percentage of total program direct operating costs. Direct operating costs are total program costs less capital expenditures for major equipment, leasehold improvements, in-kind expenses,

and amounts passed through to other agencies. Documentation provided by Community Bridges shows an indirect cost rate of 17.1 percent applied to direct program costs such as Lift Line expenditures. Since the joint cost rate is based on expenses incurred, each Lift Line transportation program is assessed proportional to the expenses incurred for that particular program.

Volunteer Center

Goals for the program are reviewed each year and compared to actual data in the reports submitted to the City of Santa Cruz and the SCCRTC as conditions of receiving TDA funds. The goals for unduplicated clients and total rides were not met with exception in FY 2018. The number of volunteer drivers declined compared to the prior triennial period. As a result, the goals were more difficult to meet. For the three-year audit period, the actual figures compared to goals were as shown in Table V-3.

Table V-3
Volunteer Center Transportation Program Goals

	Unduplicated Clients	Goal	Total Rides	Goal
FY 2016	169	200	4,229	4,600
FY 2017	156	200	4,324	4,600
FY 2018	160	200	4,609	4,600

Note: Unduplicated clients is selected from the highest quarterly amount each fiscal year.

Total rides is sum of rides from quarterly report.

Source: Volunteer Center Quarterly Report for unduplicated clients and total rides.

TDA claim forms - project productivity goals.

Grants Management

Santa Cruz METRO historically relies on a variety of grants and other funding mechanisms, including local sales tax revenues, to support its transit system. The Grants/Legislative Analyst evaluates the feasibility of obtaining funding for proposed projects, writes grant applications, and ensures agency compliance with federal, state, and local regulations and funding source requirements. The analyst also monitors and analyzes the impact of legislative and regulatory issues and develops a coordinated strategy for responding to these issues as they impact METRO's transportation services.

The analyst closely monitors and reports on grant activity, and prepares and presents a quarterly status report of grant applications and active grants to the METRO Board. On a monthly basis, the analyst meets with the executive and management team to review pending grant awards, upcoming and current grant solicitations, active grants, and a review of capital needs.

The agency has developed a bus replacement sheet that outlines capital procurement goals and priorities. The aim is to access grant opportunities that would allow for reducing the average age

of the revenue fleet, refurbishment of vehicles in the interim, and the consideration of lease-to-own options. The average age of the fleet is 11.65 years. Santa Cruz METRO has procured 10 2014 Gillig electric-diesel hybrid surplus buses from VTA. In addition, the agency expects delivery of four electric Proterra buses for use on the Watsonville Circulator in 2020.

Santa Cruz METRO has \$200 million in unfunded capital needs and only about \$20 million on hand annually to meet those needs. New revenues from local Measure D and SB 1 funding have helped attain financial sustainability. A bus replacement fund was created into which \$3 million annually is set aside using funding Local Measure D, SB 1/State of Good Repair program and State Transit Assistance. There is a rolling 10-year bus replacement program tied to METRO's Transit Asset Management program. METRO strategic plan also contains a five-year implementation schedule related to capital procurement.

In November 2016, Santa Cruz County voters approved Local Measure D, a one-half cent sales tax to be used for transportation-related expenditures within the county. Santa Cruz METRO receives a portion of these proceeds to support ParaCruz operations and transit capital needs. Based on audited financial data, Santa Cruz METRO received \$1.8 million in Local Measure D funding in FY 2018. Of that amount, about \$1.27 million was expended on operations and \$532,333 was expended on capital.

Santa Cruz METRO relies on both formula and discretionary grant revenue to support its operating and capital budgets. Capital funding sources that METRO applies for include the Federal Transit Administration (5339 Bus and Bus Facilities; 5309 Capital Investment Grant; 5307 Urbanized; FTA 5311 Rural; and 5310 Specialized), Federal Surface Transportation Program; State of California (Proposition 1B-PTMISEA and TSSSDRA - now sunset; State Transit Assistance; Low Carbon Transit Operations Program; CALSTART Zero Emission; Transit and Intercity Rail Capital Program (TIRCP); Local Partnership Program; and State Transportation Improvement Program), Monterey Bay Unified Air Pollution Control District AB 2766 Motor Vehicle Emissions Reduction Program, and cash reserves.

Community Bridges receives FTA Section 5310 Elderly and Disabled Specialized Transit Program funds for vehicle and capital equipment purchases and submits its semi-annual reports to Caltrans certifying use and condition of the equipment. Community Bridges also receives grant funding from contracts with various government entities, including the Area Agency on Aging and each of the four cities and the County for services such as Meals on Wheels, as well as outside contracts for specific programs like Elderday and Interfaith Satellite Shelter Program.

Section VI

Findings

The following summarizes the findings obtained from this triennial audit covering fiscal years 2016 through 2018. A set of recommendations is then provided.

Triennial Audit Findings

1. The Santa Cruz County transit operators complied with each of the compliance requirements. One exception is the partial compliance with the local match for LTF funding by Volunteer Center. The 10 percent local match is not met through donations.
2. New State law passed in late 2015 made changes to farebox recovery requirements. Santa Cruz METRO was previously subject to a 15 percent farebox standard pursuant to the previous Rules and Regulations of the SCCRTC. In 2017, SCCRTC revised the rules and regulations with new language that Santa Cruz METRO is subject to farebox recovery ratios as set forth by state law. Santa Cruz METRO attained farebox ratios for both urban and rural services that exceeded the 20 percent and 10 percent standard, respectively.

In the METRO annual financial statements, the agency meets the 50 percent expenditure limitation under the TDA (PUC 99268) in lieu of meeting the farebox recovery requirement. As an older operator under TDA, either farebox recovery or the 50 percent expenditure limitation must be met for Local Transportation Fund (LTF) eligibility. While both measures are met by METRO, it should be clarified as to which of the two is used for fund eligibility.

3. Santa Cruz METRO and Community Bridges' Lift Line participate in the CHP Transit Operator Compliance Program and received vehicle inspections within the 13 months prior to each TDA claim. Satisfactory ratings were made for all inspections conducted during the audit period for both agencies.
4. Of the prior six performance audit recommendations, the Santa Cruz County operators implemented three recommendations, partially implemented two, and did not implement one. The recommendation not implemented relates to the Volunteer Center review of the mileage reimbursement rate.
5. Santa Cruz METRO operating costs increased 7.9 percent system-wide over the period based on audited data from the FY 2015 base year through FY 2018. System-wide operating costs reflect all costs and exclude depreciation costs. According to the annual financial audit, the trend in system-wide operating cost increases was due to increases in employee wage rates, overtime costs, accrued leave payouts, the provision of other post-employment benefit, medical insurance rates, and the CalPERS retirement rate. Community Bridges' Lift Line audited operating costs were relatively flat for the three-year period, increasing by 1.1

percent. Volunteer Center transportation costs decreased by 20.1 percent for the audit period, as the Volunteer Center performed a one-time salary savings of \$19,500 redirected to a multi-year project in FY 2018.

6. Ridership on Santa Cruz METRO decreased by 11 percent system-wide during the audit period. Fixed-route ridership decreased from 5.65 million to 5.05 million between FY 2015 and FY 2018, while ParaCruz ridership decreased from 98,200 to 72,209 riders over the same period. Lift Line ridership decreased 35.5 percent during the audit period by about 30,000 passengers due to the loss of two services, the veteran's shuttle and the Interfaith Satellite Shelter Program. Volunteer Center transportation ridership increased significantly by more than 43 percent in FY 2018 when compared against the base year of FY 2015 which showed a significant decrease in rides.
7. From a combination of performance data trends, TDA performance indicators for Santa Cruz METRO showed increases in costs on a per unit basis, including per hour and per passenger. The trends for these indicators using audited costs reflect marginal growth in operating cost paired with declines in ridership and service hours.
8. In September 2016, METRO successfully secured a comparable service contract arrangement with Cabrillo College. Cabrillo College students held an election and voted to impose a mandatory transportation fee of \$40 per student per semester. The fee provides each student with a bus pass valid seven days a week. The college reimburses METRO based on the cost of providing coach operators and the per mile cost to run the service. Cross-marketing of each other's programs is also part of the agreement.
9. Schedule adherence and on-time performance for several bus routes have been challenging for a variety of reasons, including construction, narrow travel corridors, and congestion. Its system-wide on-time goal is 72 percent of all departures, according to the Short Range Transit Plan (S RTP).
10. METRO has placed a priority on replacing aging equipment and upgrading its communication infrastructure. This includes working on implementation of the Syncromatics intelligent transportation systems infrastructure, which includes real-time tracking via an automatic vehicle locator (AVL) system, automated passenger counters, and voice annunciators. The system has been deployed on half of the revenue fleet to date and is in the testing phase. Surveillance cameras were also installed on the buses.
11. METRO has invested in the security of facilities and its personnel through the hiring of a safety and training coordinator to actively work with police departments and emergency service agencies to coordinate the safety of riders and increase driver training in these areas. Drivers also receive training on how to handle security situations on the bus.
12. The CEO/general manager was focused on addressing the agency's structural deficit while ensuring vehicle replacement was occurring and developing strategic priorities moving forward. In June 2019, the METRO board approved a 10-Year Strategic Business Plan that sets

key tactical initiatives in support of the seven strategic priorities. The strategic priorities and key tactical initiatives are intended to prioritize the use of METRO's financial and staff resources in the coming years. The priorities speak to safety, financial sustainability, service quality, technology, employee engagement, asset management, and partnerships.

13. Community Bridges' Lift Line taxi scrip program has run into challenges as local taxi companies continue to feel the impact from the influx of ride-hailing companies (TNCs). As a result of the increasing business pressure on taxis, service quality provided to scrip riders has declined such as rides being unreliable and poor according to Lift Line transit management. Much of the service decline has occurred in the north county area. However, the taxi service in Watsonville remains a viable option. Lift Line is reviewing options for the scrip program.
14. A significant activity undertaken by the Volunteer Center was the transition from a manual method of dispatch and data collection to an in-house developed software program. The software serves many benefits including reducing human error from more automation, eliminating manual dispatch and standardizing dispatch functions, auto tracking of drivers through the GPS system and eliminating frequent driver call-ins to dispatch during customer pickups, and attracting younger volunteers to run the software.

Recommendations

1. METRO and SCCRTC should clarify the performance eligibility criteria for TDA-Local Transportation Funds.

Article 4 of the TDA statute provides alternatives for Santa Cruz METRO to be eligible for TDA-Local Transportation Funds. One is for METRO to meet the farebox recovery ratio. The other is to meet the 50 percent expenditure rule as an older operator, defined as service starting prior to 1974. Currently, METRO meets both requirements but the documentation stating eligibility is not consistent. For example, the TDA claims form and resolution state METRO eligibility to receive LTF is from farebox compliance. However, the METRO audited financial statements state METRO meets the 50 percent expenditure limitation and does not use the alternative farebox recovery ratio. Historically, the amount of LTF allocated to METRO has not exceeded 50 percent of operating expenditures; hence, either criteria applies. Farebox recovery is an important performance measure that gauges transit operational efficiency and effectiveness.

METRO and SCCRTC should discuss the applicability of each criteria and agree to which of the two meets compliance with rules and regulations for LTF. Currently, the adopting resolution allocating LTF from SCCRTC to METRO shows farebox recovery. Should the 50 percent expenditure criteria be applied instead, the TDA claims form and resolution should be adjusted. Should farebox remain the criteria, the METRO audited financial statements should be modified to show audited farebox recovery rather than the 50 percent expenditure rule. This clarity will provide consistency in reporting of performance measures for LTF eligibility.

2. METRO should ensure the alignment of data analytics training for staff with deployment of new technology.

Santa Cruz METRO has placed a priority on replacing aging equipment and upgrading its communication infrastructure. For example, METRO has been working on implementation of the Syncromatics intelligent transportation systems infrastructure, which includes real-time tracking via an automatic vehicle locator system, automated passenger counters, and voice annunciators. As this deployment occurs and is being tested along with integration of other existing technology investments including fare collection system, the technology will provide a wealth of new data as transit operators gravitate toward data-driven analysis for service improvement and cost efficiency. The amount of data that is generated is bountiful and provides new defensible methods of evaluating routes, ridership, operations, and customer service.

METRO budgets annually for staff training to increase competencies from new computer systems. Emphasis should be placed on training and readying key staff for these data-driven operational systems that will have a significant impact on how transit service is evaluated and prioritized. METRO departments including information technology, finance, and human resources should coordinate training for staff on these new systems such as mining data and conducting data analysis to form trends and patterns that could further METRO operations, customer service, and planning. Creating an environment where real-time data is heavily used with performance criteria to develop dashboard metrics involves personnel training to appropriately interpret and apply the information. One of the strategic priorities in the METRO strategic plan is to develop advanced technology systems which in turn generates sizable data output.

3. City of Santa Cruz, Volunteer Center, and SCCRTC should discuss an alternative performance measure for TDA-Local Transportation Fund eligibility.

Local Transportation Funds are allocated to Volunteer Center under a performance standard that a 10 percent local match be provided by Volunteer Center. Budgets for the volunteer driver program show a local match would be provided by donations from riders, which are not enough for the 10 percent match. As the LTF revenue is claimed by the city of Santa Cruz on behalf of Volunteer Center through the TDA Article 8 program, the law provides latitude on the performance standard. In lieu of a local match, SCCRTC, the City, and Volunteer Center should discuss an alternative measure for LTF eligibility. Among the possibilities include using goals set in the TDA claim form such as minimum ridership levels and number of unduplicated clients. Other data that is reported by Volunteer Center to SCCRTC for which a performance standard could be created include minimum number of ride requests unable to fill, and maintenance of driver availability for clients in each of the three travel areas of Santa Cruz, San Lorenzo Valley/Scotts Valley, and Watsonville. Given that the current standard for local match cannot be met, another performance standard that is attainable yet provides a measure of service efficiency and effectiveness should be considered by the involved agencies.

4. Volunteer Center should capture client and driver stories in its reporting on the volunteer driver program.

In its effort to promote the volunteer driver program, Volunteer Center personnel should consider additional means to show the importance of the program in the community. With this service filling a needed travel gap that cannot be provided efficiently by other transit or transportation alternatives, there is opportunity for Volunteer Center to capture the human component of the program by demonstrating the benefits received from the riders. From interviews or other ways to collect information, passenger stories can be expressed on how the program has helped them retain their livelihood and the relationships built. The same can be told by volunteer drivers who are empathetic and also cultivate relationships with riders. With data showing that many drivers do not seek mileage reimbursement, there is the human element that should be captured from the program. These stories can be featured in Volunteer Center literature and/or its website, as well as in presentations and other communication channels about the volunteer driver program.

5. Community Bridges should conduct survey of taxi scrip riders to determine service needs.

The taxi scrip program offered by Community Bridges, where residents can purchase discounted coupons to supplement the price of a taxi ride, originated from meeting a SCCRTC unmet transit need. With the changing landscape to the ridesharing environment including presence of ride-hailing companies (Transportation Network Companies) in Santa Cruz, the local taxi industry has been impacted. Lift Line management cited taxi service has been poor and unreliable in the city of Santa Cruz which affects the scrip program, although taxi service has continued to function satisfactorily in the city of Watsonville.

With uncertainty in the taxi industry and concerns about service, Community Bridges should conduct a survey of scrip participants whether the taxi scrip program is an essential service relative to other transportation services available. The survey should determine whether the scrip program, which serves a limited market, is a mere convenience for the customer versus offering a lifeline service, and whether their trip can be adjusted to enable these riders to access other transportation services at other times. For example, a question could be whether the trip purpose of using taxi scrip could be moved to another time or day that have other transportation options. If responses show the scrip program remains a lifeline service, Community Bridges is reviewing alternative ways to continue the service such as having a non-profit agency operate the service using a loaner vehicle from Lift Line.

6. Community Bridges should report on-time performance in the TDA Quarterly Performance Report.

Vehicle on-time arrival to pick up a passenger at the scheduled time is an important measure of operational effectiveness and customer service. The Lift Line on-time performance window for pickup is 20 minutes (plus/minus 10 minutes from pickup time). The time of pickup is documented by drivers; however, it is noted this effort is tedious for drivers in light of their primary driver and customer service responsibilities, according to Lift Line management. The TDA claims submitted by Community Bridges describes the investment in automatic vehicle locator (AVL) technology and mobile data computers that enable more automation in the tracking of vehicle movement. The technology serves multiple benefits including for safety and operational efficiencies. The technology also allows the collection of accurate data such as on-time performance. With implementation of this technology, Community Bridges should report on-time performance in the quarterly reports as another key indicator of operational effectiveness and customer service. SCCRTC will need to update the TDA claim form to include this measure on the list of performance metrics to include in the quarterly report.