



**FY 2019-2021
Triennial Performance Audit of
Santa Cruz County
Regional Transportation Commission**

Final

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

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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) 2018–19, 2019–20, and 2020–21. 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 nonmotorized projects and programs.

This performance audit is intended to describe how well the RTC is meeting its obligations under the 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. Michael Baker interviewed several members of the Commission, management, and technical staff.

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 Consolidated Transportation Services Agency (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 two of the four prior performance audit recommendations. The recommendations implemented pertained to the inclusion of a standard assurances form with the TDA claim submittal and the development of an alternative performance measure for TDA-Local Transportation Fund eligibility. The recommendation to update the transit operator TDA process for consistency with the updated RTC rules and regulations was partially implemented.

The recommendation that Santa Cruz METRO should clarify the performance eligibility criteria for TDA-Local Transportation Funds was not implemented. Both of these recommendations are being forward in this audit for full implementation.

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 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 in addressing various technical and policy issues.
2. Measure D, a 30-year, countywide transportation one-half-cent transactions and use tax, 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 and maintaining and expanding transportation for seniors and people with disabilities. 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. Santa Cruz County is one of 25 self-help counties in California.
3. Several large projects were accomplished during the audit period, including the adoption of 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 along the Santa Cruz Branch Rail Line right-of-way. The Highway 9/San Lorenzo Valley Complete Streets Corridor Plan was completed in June 2019. 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 is seen as providing greater transparency and objectivity with Commission functions.
5. RTC initiated the development of the 2045 Regional Transportation Plan (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 work plan for the RTP update was presented in May 2019. New project ideas for the 2045 RTP were solicited through March 2020. The cost of implementation is approximately \$9.7 billion, whereas the estimated funds available through 2045 is approximately \$5 billion.

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 Elderly & Disabled Transportation Advisory Committee (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. In addition to the checklist of items to submit with the claim, RTC began requiring transit claimants to sign off on a standard assurances form to confirm compliance with different TDA measures.
9. RTC's public outreach focus has been to communicate its mission more effectively while working in close coordination with local jurisdictions and stakeholders. The Commission supports efforts that increase walking, biking, ride sharing, telecommuting, and taking public transit. The RTC offers transportation demand management (TDM) services under the Cruz511 program and encourages travelers to maximize the efficiency of the existing transportation system by providing information and resources to choose sustainable modes of transportation. Cruz511 also partnered with Ecology Action to provide virtual commute workshops to employers and their employees.
10. In 2019, the RTC entered into an agreement with RideAmigos which is a private third-party vendor that manages commuter programs for organizations across the United States. This agreement allows the use of their commute management platform to provide carpool and vanpool matching, multi-modal trip planning, and employer tools to setup commuter challenges and rewards programs. The program has a dedicated website (<https://rideamigos.com/>). The program has 2,200 participants, of which 30 percent of commuters are cyclists.
11. RTC first partnered with the City of Santa Cruz to lead a small-scale implementation with downtown employees, and in October 2019 the city launched "GO Santa Cruz". In April 2021, the RTC expanded GO Santa Cruz to employers and commuters countywide and renamed the platform GO Santa Cruz County. Staff also partnered with regional employers to help establish and expand worksite commuter programs using the GO Santa Cruz County platform.

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

1. Continue to ensure that the transit operator TDA process is consistent with the updated RTC rules and regulations.

This recommendation is being forwarded in this audit for full implementation. 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. The resolution accompanying the FY 2020–21 TDA claim for Santa Cruz METRO cites that “the level of passenger fares and charges is sufficient to enable METRO to meet the fare revenue requirements of PUC sections 99268.1 or 99268.2b as an older operator.” On the claim form itself, #24 displays a table showing the projected urban versus rural farebox recovery ratio for the claim year. The allocation of fare revenue between rural and urban service is from the actual fare revenue/total revenue from two years prior and the budgeted claim year fare revenue. However, included in the footnotes section is a reference to the 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 in calculating urban/rural farebox recovery.

This is an indication of some changes made to the Santa Cruz METRO TDA claim submittal. However, further clarification is warranted regarding the performance eligibility for Santa Cruz METRO. It is also noted that #23 of the Santa Cruz METRO FY 2020–21 TDA claim addresses the progress made towards implementation of prior audit recommendations. The recommendations cited do not reflect the most recent prior triennial performance audit for FYs 2016–2018 but those of the one prior (FY 2013–2015). It is suggested that the RTC and the operator ensure the accuracy of the recommendations being addressed. Nevertheless, it is acknowledged that the TDA claim form was updated to link the claim to the annual unmet needs list in 2022.

2. Continue to ensure the clarity of the performance eligibility criteria for TDA-Local Transportation Funds.

This recommendation is being forwarded in this audit for full implementation. 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 submitted to the RTC by Santa Cruz METRO provide a breakdown of the farebox recovery ratio split out between urbanized service versus non-urban service farebox ratios for the prior year and year-to-date.

The claim includes a table showing the projected urban versus rural farebox recovery ratio for the claim year. The allocation of fare revenue between rural and urban service is from the actual fare revenue/total revenue from two years prior and the budgeted claim year fare revenue. However, the resolutions submitted with recent TDA claims cite PUC Sections 99268.1 and 99268.2b, under which Santa Cruz METRO is classified as an older operator subject to the 50 percent expenditure limitation (PUC Section 99268.1) or the farebox recovery ratio (PUC Section 99268.2). Pursuant to the TDA, Santa Cruz METRO meets the 50 percent expenditure limitation and does not use the alternative revenue ratio to determine eligibility for TDA funds. Santa Cruz METRO and RTC should discuss the applicability of each criterion and agree on which of the two meets compliance with rules and regulations for LTF.

METRO has since clarified that the agency and SCCRTC have discussed and agreed to use only the 50 percent expenditure limitation rather than farebox recovery on the TDA claims form to be consistent with METRO's audited financial statements for the FY 2022 TDA Claims.

However, METRO's inability to implement this prior recommendation was attributed to the prior triennial audit draft report being completed in February 2020 and the final report being completed in April 2020. On March 29, 2020, METRO had already submitted its FY 2021 draft and final TDA claim materials to SCCRTC, as per SCCRTC's FY 2020-21 TDA Funding Cycle Calendar. Therefore, there was no time for METRO and SCCRTC to discuss the applicability of each criterion and agree on which of the two criteria meets compliance with rules and regulations for the LTF allocation. This recommendation has been implemented with the submittal of the ensuing TDA claims; however, it is suggested that subsequent TDA claim guidelines clarify the proper criteria. This clarity will provide consistency in reporting of performance measures for LTF eligibility.

3. Consider the development of a strategic plan.

During the audit period, the RTC underwent a change in executive leadership and technical and administrative personnel. Stakeholder feedback from the commissioners expressed confidence in the new executive director, citing the higher level of transparency and objectivity with Commission functions. With the adoption of the 2020 Measure D Strategic Implementation Plan and the Final Unified Corridor Investment Study concerning the Santa Cruz Branch Rail Line and other transportation corridors, RTC has expanded its role from being a planning and programming agency to an implementation agency. The preparation of a strategic plan would examine RTC's internal organizational processes as well as contain metrics gauging the amount of staff time expended on each project or program. A 5- or 10-year strategic plan would also establish guiding principles of how the RTC can build upon its 50-year legacy as an RTPA, transportation authority and mobility facilitator by setting goals, objectives, and strategies for attaining its vision.

4. Hold an annual Board retreat to foster better communication and cohesion among commissioners.

Stakeholder interviews with commissioners revealed concerns about meeting and interpersonal dynamics. The Santa Cruz Branch Rail has become a contentious issue resulting in deadlock. There is a perception that the balance of representation has moved away from the incorporated cities to the county. One commissioner suggested that more contentious issues undergo more vetting through the Transportation Policy Workshop prior to being presented to the Commission. Meeting locations have generally alternated between the four cities to encourage participation by the communities and enhance the visibility of the RTC to the community. With the onset of the COVID-19 pandemic in 2020, meetings were moved to a virtual format through Community TV. As the RTC resumes in-person Commission meetings in a hybrid format, there is an opportunity to create a more collaborative environment. Scheduling an annual Board retreat would serve to foster better communication and cohesion among the commissioners.

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) 2018–19, 2019–20, and 2020–21. 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 the TDA, is intended to describe how well the RTC is meeting its obligations under the 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, which specifies 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 that 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; RSTP Exchange; State Transit Assistance; and the 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	2020 US Census Population	Change from 2010 US Census (percentage)	Population 65 Years & Older (percentage)	2022 California DOF Estimates	Land Area (in square miles)
Capitola	9,938	+0.2%	23.9%	9,794	1.59
Santa Cruz	62,956	+5.0%	12.3%	64,075	12.74
Scotts Valley	12,224	+5.6%	17.0%	12,049	4.60
Watsonville	52,590	+2.7%	10.2%	50,669	6.69
Unincorporated Area	133,153	+2.6%	22.0%	129,977	419.55
Total Santa Cruz County	270,861	+3.2%	17.3%	266,564	445.17

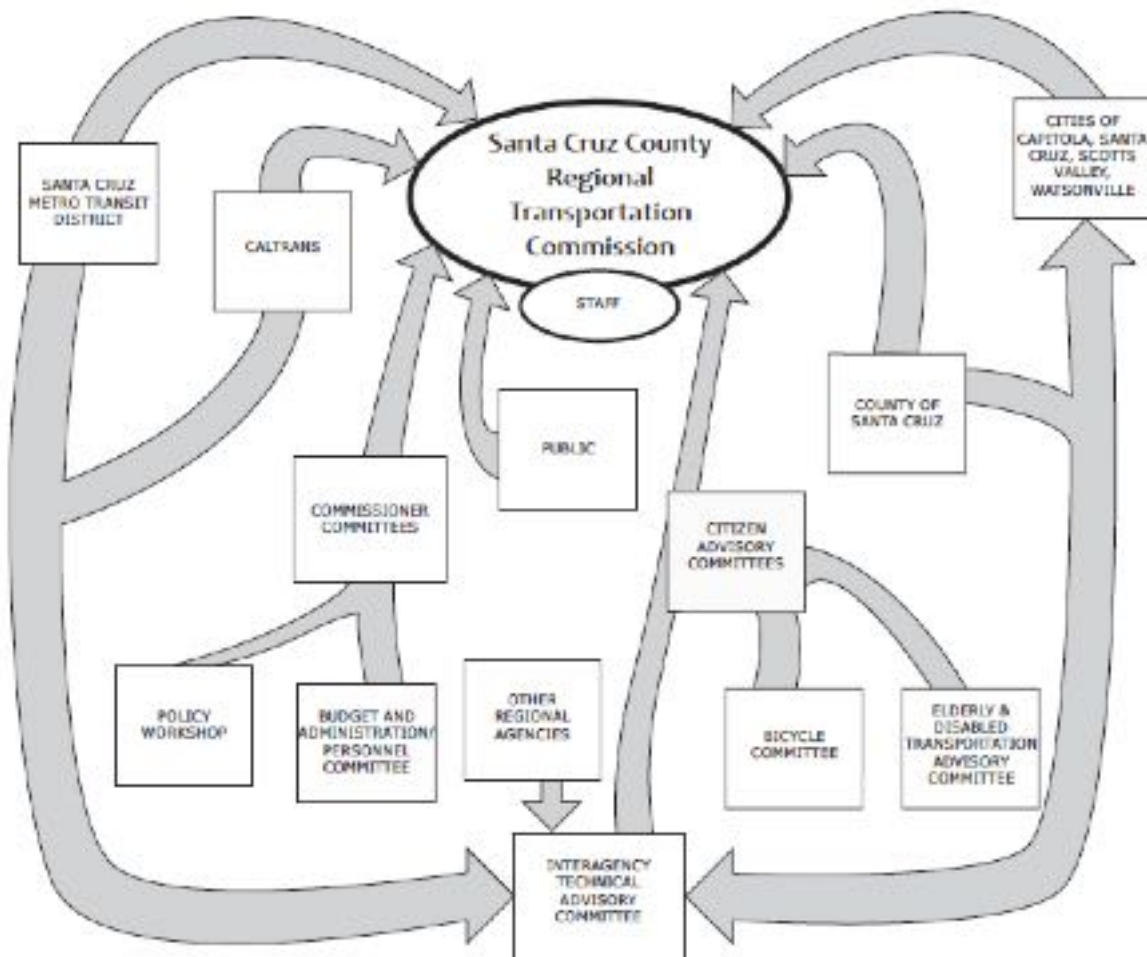
Source: 2020 US Census; California Department of Finance 2022 Population Estimates

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 2010 and 2020, as recorded in the US Census for each of those years. Scotts Valley had the highest percentage increase in population. The senior citizen population, comprising residents aged 65 and over, is 17.3 percent countywide. The 2022 population for Santa Cruz County is estimated to be 266,564, 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.

Figure I-1 RTC Organization Chart



Source: SCCRTC

As mentioned above, the Commission's governing board consists of five members of the Santa Cruz County Board of Supervisors, one member of the Watsonville, Santa Cruz, Scotts Valley and Capitola City Councils and three members appointed by Santa Cruz METRO. The Caltrans District 5 Director serves as an ex-officio member of the Commission. Regular meetings of the Commission are held the first and third Thursdays of the month at 9:00 a.m. Meetings are not convened in July. RTC meetings are generally televised on Community TV and include a full agenda on a wide range of topics. The RTC convenes on the first Thursday of the month and covers a full agenda on the scope of the RTC's work. The 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
- Bicycle Advisory Committee
- Interagency Technical Advisory Committee
- Measure D Taxpayer Oversight Committee
- Traffic Operations System Oversight and SAFE on 17 Task Force

Budget, Administration & Personnel Committee: This 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 and meets at least once a quarter.

Elderly & Disabled Transportation Advisory Committee (E&D TAC): 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.

Bicycle Advisory Committee (BAC): The BAC 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 that affect 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.

Interagency Technical Advisory Committee (ITAC): 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.

Measure D Taxpayer Oversight Committee: The 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 that represents the geographical, social, cultural, and economic diversity of Santa Cruz County to ensure maximum benefit for transportation users. The committee's membership includes at least one person with an accounting or fiscal management background. The committee meets at least once but no more than four times per year.

The responsibilities of the committee include:

- Reviewing Measure D Expenditure Plan expenditures on an annual basis to ensure they conform to the Ordinance;
- Reviewing the Measure D annual audit and report prepared by an independent auditor, describing how funds were spent; and
- Produce a publicly available Annual Report of Oversight Activities.

Traffic Operations System Oversight and SAFE on 17 Task Force: The task force meets jointly and regularly to share information about traffic operation systems in Santa Cruz County and about transportation projects and collisions on Highway 17. The task force 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 among 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.

Santa Cruz County Transit Operators

Among its duties, RTC administers TDA funds for and monitors public transportation services in the county. Santa Cruz METRO is the public transit operator in Santa Cruz County and receives a majority of the jurisdictional Local Transportation Fund (LTF) allocation for transit services. 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.

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. Since 1982, Community Bridges has been offering transportation services through Lift Line as well as from taxi vehicles through the taxi scrip program.

The Santa Cruz Volunteer Center offers a variety of community-based programs targeted to the senior, disabled, family, and youth populations. The Volunteer Center Transportation Program provides free rides to ambulatory seniors and disabled people 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.

As required by the TDA, a triennial performance audit of the Santa Cruz County transit operators was also conducted and is provided under separate cover.

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 <i>RTC 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 <i>RTC 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 as

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.	Sections 99238 and 99238.5	<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 representative from each county supervisorial district.</p> <p>Based on the member list on the RTC website, the committee has one vacancy (social service provider for the disabled-County) of the required positions. This is an improvement from the prior audit period in which there were two 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. 	Public Utilities Code, Section 99244	<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 improve the efficiency and economy</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>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 2019, 2020, and 2021, 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 end of the triennium. If an	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, 2018. Caltrans and RTC have granted extensions for submittal of the audits.</p> <p>Conclusion: Complied.</p>

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
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.		
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)	The RTC submitted a written letter dated July 26, 2018, to Caltrans certifying the preparation of its performance audit. The performance audit was submitted to Caltrans following its completion. Conclusion: Complied.
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)	The performance audit of the Santa Cruz County transit operators includes all required elements. Conclusion: Complied.
The RTPA has established rules	Public Utilities Code,	According to the SCCRTC 2017 <i>Rules &</i>

TABLE II-1 RTC Compliance Requirements Matrix														
RTC Compliance Requirements	Reference	Compliance Efforts												
and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.	Section 99270.1 and 99270.2	<p><i>Regulations</i>, 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 percent. SCCRTC local policy continues to require Santa Cruz METRO to show different ratios for urban and rural service.</p> <p>In the annual claim forms, Santa Cruz METRO separately reports its urban and rural farebox recovery ratios and has complied with meeting the respective ratios:</p> <table border="1"> <tr> <th></th><th>Urban</th><th>Rural</th></tr> <tr> <td>FY 2019</td><td>20.7%</td><td>20.7%</td></tr> <tr> <td>FY 2020</td><td>20.3%</td><td>20.3%</td></tr> <tr> <td>FY 2021</td><td>18.8%</td><td>21.0%</td></tr> </table> <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, 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> <p>Conclusion: Complied.</p>		Urban	Rural	FY 2019	20.7%	20.7%	FY 2020	20.3%	20.3%	FY 2021	18.8%	21.0%
	Urban	Rural												
FY 2019	20.7%	20.7%												
FY 2020	20.3%	20.3%												
FY 2021	18.8%	21.0%												
The RTPA has adopted criteria,	Public Utilities Code,	The RTC has not adopted rules and												

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
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.	Section 99275.5	regulations for Article 4.5 claims, as the agency does not disburse any TDA funds under this article section. The 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. Conclusion: Not Applicable.
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	The RTC allocates State Transit Assistance (STA) funds to Santa Cruz METRO for transit purposes. The RTC may also allocate this portion of STA funding for community transportation services, which has been allocated to Community Bridges for that purpose in its FY 2020–21 claim. Conclusion: Complied.
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	The RTC allocates operator revenue-based STA funds to Santa Cruz METRO in accordance with the amounts published by the State Controller's Office. Conclusion: Complied.
If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually: <ul style="list-style-type: none"> Consulted with the Social Services Transportation Advisory Council (SSTAC) 	Public Utilities Code, Section 99401.5	As no TDA funding 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 Specialized Transportation/Transit Needs List is developed by staff.

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
<p>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>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 within 12 months of the end of each fiscal year and must be</p>	<p>California Administrative Code, Section 6662</p>	<p>The accounting firm of Moss, Levy & Hartzheim, LLP conducted the financial audit of the RTC on the following completion/submittal dates:</p> <p>FY 2019: June 24, 2020 FY 2020: April 22, 2021 FY 2021: March 9, 2022</p>

TABLE II-1 RTC Compliance Requirements Matrix		
RTC Compliance Requirements	Reference	Compliance Efforts
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>The Audited Financial Statements and Compliance Reports were submitted to the State Controller within 12 months of the end of each fiscal year.</p> <p>The 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 update process 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 or the 50 percent expenditure limitation. A prior audit recommendation suggested that Santa Cruz METRO and RTC discuss the applicability of each criterion and agree on which of the two should be used for compliance and eligibility for LTF. The TDA claims submitted to the RTC by Santa Cruz METRO provide a breakdown of the farebox recovery ratio split out between urbanized service versus non-urban service farebox ratios for the prior year and year-to-date. However, the resolutions submitted with recent TDA claims cite PUC Sections 99268.1 and 99268.2b, under which Santa Cruz METRO is classified as an older operator subject to the 50 percent expenditure limitation (PUC Section 99268.1) or the farebox recovery ratio (PUC Section 99268.2). Pursuant to the TDA, Santa Cruz METRO meets the 50 percent expenditure limitation and does not use the alternative revenue ratio to determine eligibility for TDA funds.

In addition, Santa Cruz Volunteer Center has been subject to local match requirements for the TDA. Budgets for the volunteer driver program show generally include a 10 percent local match that would be provided through rider donations. However, based on the changes in service demand, rider donations have not been sufficient enough maintain the 10 percent match requirement. In lieu of a local match, Volunteer Center, in concert with the RTC, came up with a minimum number of riders—1,000—per quarter metric during the audit period.

Under PUC Section 99313, Community Bridges was apportioned \$100,000 in STA funding under the population-based formula in FY 2020–21. The STA funds are designated toward the expanded FTA Section 5310 Same Day and Out of County program helping to connect seniors, veterans, and children with complex health conditions with medical facilities.

TDA funds for bicycle and pedestrian projects are allocated under Article 8. Pedestrian and bicycle allocations under Article 3 are limited by state law to two percent of a County's apportionment. Pedestrian and bicycle allocations under Article 8 are not subject to this limitation and are therefore used by the SCCRTC instead of Article 3 monies to fund bicycle and pedestrian projects under the TDA. 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 responses 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 submitted for transit funding must ensure compliance with a series of provisions in the TDA statute. These standard assurances are typically 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 add 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 was included in the appendix of the prior performance audit for reference.

Actions taken by the RTC

Commission staff reviewed the sample assurance form included in the appendix of the prior audit and made the necessary adjustments in alignment with the existing TDA claim for transit. 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. RTC requested that the transit claimants use the form starting in FY 2020–21.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

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

Background: The prior audit noted that RTC’s revised *Rules & Regulations* manual outlined 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, it was recommended that the quarterly TDA reports submitted by Community Bridges for Lift Line as described in the TDA claim form 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 describe the investment in automatic vehicle locator technology and mobile data computers, which 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.

Actions taken by the RTC

A review of the TDA claim forms submitted by the transit operators during the audit period found that some updates were made. The resolution accompanying the FY 2020–21 TDA claim for Santa Cruz METRO cites that “the level of passenger fares and charges is sufficient to enable METRO to meet the fare revenue requirements of PUC sections 99268.1 or 99268.2b as an older operator.” On the claim form itself, #24 displays a table showing the projected urban versus rural farebox recovery ratio for the claim year. The allocation of fare revenue between rural and urban service is from the actual fare revenue/total revenue from two years prior and the budgeted claim year fare revenue. However, included in the footnotes section is a reference to the 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 in calculating urban/rural farebox recovery.

The FY 2020-21 TDA claim submitted by Community Bridges still references the utilization of automatic vehicle locator technology that integrates with its Trapeze dispatching software program as a means to gauge on-time performance. In response to a prior audit

recommendation discussed in the Santa Cruz Operators audit, Community Bridges contends that Lift Line has instituted a 30-minute pickup window in accordance with Americans with Disabilities Act guidelines. In addition, Lift Line has been in talks with the RTC as how to proceed and has been informed by the RTC that Lift Line will no longer be required to report on-time performance starting in FY 2020–21.

Conclusion

This recommendation has been partially implemented with regard to some of the changes made to the Santa Cruz METRO TDA claim submittal. However, further clarification is warranted regarding the performance eligibility for Santa Cruz METRO. It is also noted that #23 of the Santa Cruz METRO FY 2020–21 TDA claim addresses the progress made toward implementation of prior audit recommendations. The recommendations cited do not reflect the most recent prior triennial performance audit for FYs 2016–18 but those of the one prior (FY 2013–2015). It is suggested that the RTC and the operator ensure the accuracy of the recommendations being addressed.

Prior Recommendation 3

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

Background: Article 4 of the TDA statute provides alternatives for Santa Cruz METRO to be eligible for TDA-LTF. 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. Santa Cruz METRO met both requirements but the documentation stating eligibility was not consistent. For example, the TDA claims form and resolution stated that Santa Cruz METRO’s eligibility to receive LTF is from farebox compliance. However, its audited financial statements state that 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 criterion applies. Farebox recovery is an important performance measure that gauges transit operational efficiency and effectiveness.

It was suggested that Santa Cruz METRO and RTC discuss the applicability of each criterion and agree on which of the two meets compliance with rules and regulations for LTF. The adopting resolution allocating LTF from RTC to Santa Cruz METRO showed farebox recovery. Should the 50 percent expenditure criteria be applied instead, the TDA claims form and resolution should be adjusted. Should farebox recovery 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 would provide consistency in reporting of performance measures for LTF eligibility.

Actions taken by the RTC

The TDA claims submitted to the RTC by Santa Cruz METRO provide a breakdown of the farebox recovery ratio split out between urbanized service versus non-urban service farebox ratios for the prior year and year-to-date. The claim includes a table showing the projected urban versus rural farebox recovery ratio for the claim year. The allocation of fare revenue between rural and urban service is from the actual fare revenue/total revenue from two years prior and the budgeted claim year fare revenue. However, the resolutions submitted with recent TDA claims cite PUC Sections 99268.1 and 99268.2b, under which Santa Cruz METRO is classified as an older operator subject to the 50 percent expenditure limitation (PUC Section 99268.1) or the farebox recovery ratio (PUC Section 99268.2). Pursuant to the TDA, Santa Cruz METRO meets the 50 percent expenditure limitation and does not use the alternative revenue ratio to determine eligibility for TDA funds.

METRO has since clarified that the agency and SCCRTC have discussed and agreed to use only the 50 percent expenditure limitation rather than farebox recovery on the TDA claims form to be consistent with METRO's audited financial statements for the FY 2022 TDA Claims.

However, METRO's inability to implement this prior recommendation was attributed to the prior triennial audit draft report being completed in February 2020 and the final report being completed in April 2020. On March 29, 2020, METRO had already submitted its FY 2021 draft and final TDA claim materials to SCCRTC, as per SCCRTC's FY 2020-21 TDA Funding Cycle Calendar. Therefore, there was no time for METRO and SCCRTC to discuss the applicability of each criterion and agree on which of the two criteria meets compliance with rules and regulations for the LTF allocation.

Conclusion

This recommendation is in the process of implementation with the submittal of the ensuing TDA claims and is being forward in this audit for full implementation. However, it is suggested that subsequent TDA claim guidelines continue to clarify the proper eligibility criteria.

Prior Recommendation 4

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

Background: LTF are allocated to Volunteer Center under a performance standard that a 10 percent local match be provided by Volunteer Center. However, based on the changes in service demand, rider donations have not been sufficient enough maintain the 10 percent match requirement. 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. 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 the 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 a 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.

Actions taken by the RTC

In response to this recommendation, the RTC, in concert with the City of Santa Cruz Volunteer Center, came up with a minimum number of riders—1,000—per quarter metric. In addition, it was recommended that volunteer drivers track actual time spent on trips with participants. Volunteer Center continues to encourage volunteers to track time in addition to mileage each month. In addition, the RTC has allowed Volunteer Center a certain degree of flexibility during the COVID-19 pandemic and wildfire response.

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 the audit period. The Commission's long-time executive director retired in December 2018. A new executive director was appointed and has led the agency since December 2018.

There were seven staff departures during the audit period, including one senior-level planner, planning tech, an engineering intern, and several accounting staff. Six employees joined the agency during the period, including a senior engineer and two engineering interns. 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. At the end of FY 2020–21, there were 18 full- and part-time employees as well as one vacant administrative assistant position, which has since been filled. There are currently 20 full-time equivalent positions.

The RTC retains a contract with the County for certain functions like real estate and treasury. As of 2019, the RTC no longer uses County Counsel as its main legal counsel. The RTC has retained the law firm of Meyers Nave for legal services but continues to use County Counsel minimally for shared projects. 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 California Public Employees' Retirement System, including voluntary contributions 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 (RAMM) representing four managers, and Service Employees International Union (SEIU) Local 521 representing planners, an accounting technician, and administrative employees. Both the RAMM and the SEIU memorandums of understanding (MOU) cover the period from April 1, 2018, through March 31, 2021, plus a side letter through March 31, 2022. The MOUs implemented a compensation study that was completed during the audit period with provisions for cost-of-living increases.

Each year, the RTC produces an annual Overall Work Program (OWP) along with the annual budget and makes amendments to the work program throughout the year as necessary. The OWP guides the allocation of staff resources to meet mandated responsibilities, including TDA LTF administration and 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. The FY 2018–19 OWP contained 19 work elements, while the FY 2019–20 and the FY 2020–21 OWPs contained 17 work elements each. The annual work program's direct expenditures ranged between \$35.7 million and \$46.7 million annually for the three-year audit period based upon the work program funding summary. The RTC also addresses the planning factors listed in the federal Fixing America's Surface Transportation (FAST) Act and includes a matrix in the OWP indicating which planning factors are addressed by each work program element.

The RTC utilizes WinCAMS, an automated, modular cost and project accounting system originally designed and developed for government agencies looking to track costs. WinCAMS is developed by Cascade Software. In addition, the Santa Cruz County Public Works Department uses the program. WinCAMS offers unlimited ledger capacity and allows for the tracking of encumbrances and project time. Any designated employee can pull reports and receive push notifications for invoices. About four to five employees have been selected to train on the system.

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

Local Measure D

The November 2016 passage of Measure D, a 30-year countywide transportation one-half-cent transactions and use tax, has allowed RTC to become an implementation agency. Santa Cruz County is one of 25 self-help counties in California. Passage of the measure gives the RTC leverage to apply 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 Santa Cruz METRO (16 percent) and Community Bridges, 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 \$25 million in revenues annually.

As part of the measure implementation, in late 2019 the RTC initiated development of the 2020 Measure D Strategic Implementation Plan, which would also assess potential bonding opportunities. The plan is intended to serve as the guiding policy and programming document for the implementation of regional Measure D projects. The RTC engaged in bonding education with the Board and added an amendment to the State Transportation Improvement Program (STIP). 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.
- Project implementation requirements such as audit and reporting requirements.

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 is a certified public accountant. Measure D contains a maintenance of effort requirement supported by audited financial data.

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. 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 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, was applied toward the alternatives analysis. The final Transit Corridor Alternatives Analysis identified electric rail transit as the preferred alternative for transit service in the corridor.

In another development, the RTC has been exploring railbanking opportunities along the corridor. Railbanking is a method by which freight rail lines proposed for abandonment can be preserved for future freight rail use through interim conversion to trail use, transit and other uses. To preserve the national railroad system, the federal government established railbanking in 1983 through the National Trails System Act (Rails to Trails Act). The Rails to Trails Act provides an alternative to completely abandoning a railroad right-of-way by allowing a railroad to negotiate a trail use agreement with a prospective trail sponsor.

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 Master Plan received the Outstanding Planning Document Award by the Association of Environmental Professionals.

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. The environmental impact report was certified in March 2019 and the RTC has been working with the Federal Highway Administration (FHWA) Central Federal Lands Highway Division (CFL) to complete the final design. The FHWA CFL finalized the environmental assessment pursuant to the National Environmental Policy Act in October 2021. Approximately 18 miles of trail are currently under development. To date, 1.3 miles of trail have been completed in Santa Cruz and another 0.50-mile segment was completed in Watsonville.

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.

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 project delivery by advancing the PS&E phase concurrent with the environmental phase. The final design phase was completed in 2021 with construction commencing in 2022.

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 buses 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.

Highway 9/San Lorenzo Valley Complete Streets Corridor Plan

The RTC worked with the community to prepare a complete streets plan along the Highway 9 corridor through the San Lorenzo Valley. After an extensive public engagement process and community input, the RTC adopted the final corridor plan at its June 27, 2019, meeting. The corridor plan focuses on the section of Highway 9 which serves as the “Main Street” and economic center for the towns, villages, and communities of Felton, Ben Lomond, Brookdale, and Boulder Creek, as well as connecting county-maintained roads.

The Highway 9 Corridor Plan identifies over 30 priority projects for the corridors. Priorities identified in the plan include improving safety for pedestrians, bicyclists, and motorists; access to schools, businesses, residences, and transit; and traffic operations throughout this travel corridor.

Other multimodal transportation projects that the RTC has facilitated through its discretionary funding programs that are either completed or underway during the audit period include:

- Citywide Pavement Management, City of Capitola
- Highway 1/9 Intersection Modifications, City of Santa Cruz
- River Street Pavement Rehabilitation, City of Santa Cruz
- Pavement Management, Scotts Valley
- Sidewalk Masterplan Implementation, Scotts Valley
- Bicycle Safety Improvements (Green Lanes), Watsonville
- Watsonville Rail Trail from Watsonville Slough Trailhead to Ohlone Parkway
- Highway 17 to Soquel Corridor Resurfacing, County of Santa Cruz
- Santa Cruz METRO ParaCruz van replacement
- Aptos Creek Road Traffic Signal, Soquel Drive Sidewalks and Bike Lanes, County of Santa Cruz

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 for an in-depth focus on specific items. Meeting locations have alternated between the four cities to encourage participation by the communities and enhance the visibility of the RTC to the community. With the onset of the COVID-19 pandemic in 2020, meetings were moved to a virtual format through Community TV Zoom. Assembly Bill 361, signed by the governor in September 2021, allows for continual virtual meetings by governmental bodies.

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. The new executive director has fostered an atmosphere of greater transparency and objectivity with Commission functions.
- Board representation has been fairly inclusive; however, there was some concern expressed that the County has more leverage with regard to certain issues than the Cities of Santa Cruz and Watsonville.

- The Commission has become more project-driven and is better able to anticipate issues on potential construction challenges. Local Measure D and SB 1 funding have helped to facilitate project delivery.
- Commissioners cited that the Rail Branch Line has become a contentious issue. Some commissioners have expressed the need for a more collaborative approach in order to break the deadlock. The executive director has sought to be objective by publishing a primer of frequently asked questions on the potential for railbanking along the Santa Cruz Branch Rail Line.
- While Commission votes are not always unanimous, the RTC works on issues through rigorous technical and policy explanations.
- It was suggested that contentious issues such as the Rail Line should be vetted before the Transportation Policy Workshop first before going before the Commission.
- The virtual meeting format over Zoom has proven to be awkward and challenging at times. Overall, meetings are well run, and staff are prepared and attentive to requests.
- It was suggested that commissioners have the contact information of the other commissioners and the alternates. Annual Board retreat would be useful in fostering a more collaborative and cohesive environment.
- Relations have been close between the Commission and Santa Cruz METRO. Commissioners expressed the need for further accountability for Measure D projects as well as the need for a strategic plan to analyze and assess internal processes.

Transportation Planning and Regional Coordination

Projects approved for funding by the RTC are included in the Santa Cruz County Regional Transportation Improvement Program (RTIP), and/or the RTC budget and Measure D 5-year Program of Projects (5-year Plans). 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 for programming 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 2020 RTIP following a public hearing at its December 5, 2019, meeting. RTC advisory committees reviewed the recommended projects for

inclusion into the RTIP in November 2019. Each funding cycle, the RTC establishes a process for programming discretionary funds. In some years, the RTC programs the region's discretionary funds through a consolidated competitive process. These discretionary funds include regional shares of Surface Transportation Block Grant Program/Regional Surface Transportation Exchange (STBG/RSTPX), STIP, new SB 1 Local Partnership Program-formula (LPP-f), and federal Highway Infrastructure Program (HIP) funds. At its September 5, 2019, meeting, the RTC indicated its intent to program the region's anticipated shares of STIP, HIP, and LPP-f funds to the Highway 1 Auxiliary Lanes/Bus on Shoulders projects and to program the majority of STBG/RSTPX by formula to eligible projects proposed by local jurisdictions.

Projects included in the 2020 RTIP encompassed projects carried forward from the 2018 STIP. The 2020 STIP Fund Estimate identified Santa Cruz County's programming target for the five years of the 2020 STIP cycle (FY 2020–21 through FY 2024–25) as \$5,083,000. This funding is made up of \$759,000 in unprogrammed balances, lapses from FY 2018–19 of \$950,000, formula distribution of \$2,317,000 for FY 2024–25 and \$1,057,000 in the 2020 STIP Base Formula Share (FY 2020–21 to FY 2023–24).

For programming of available transportation improvement program funds, the RTC holds a call for projects and hosts a workshop for applicants. The evaluation of project applications includes linking evaluation 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 correspondence 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

The 2040 RTP and corresponding environmental review was developed and adopted in June 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 conforms to the mandates stipulated in California's Assembly Bill 32 and SB 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.

During the audit period, RTC initiated the development of the 2045 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 work plan for the RTP update was presented in May 2019. New project ideas for the 2045 RTP were solicited through March 2020. The RTC sought public input to help define the goals, targets, and policies for the plan, which were adopted at the February 6, 2020, Commission meeting. The RTC approved the draft financially constrained project list at the March 4, 2021, Commission meeting, which has since been updated for the final draft RTP based on input received. The list consists of approximately 360 projects that could be fully implemented and 150 projects that could be partially implemented over the time horizon of the RTP. The cost of implementation is approximately \$9.7 billion, whereas the estimated funds available through 2045 is approximately \$5 billion. 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.

The goals for the 2045 RTP are as follows:

- **Goal 1:** Establish livable communities that improve people's access to jobs, schools, recreation, healthy lifestyles, and other regular needs in ways that improve health, reduce pollution, and retain money in the local economy.
- **Goal 2:** Reduce transportation related fatalities and injuries for all transportation modes.
- **Goal 3:** Deliver access and safety improvements cost effectively, within available revenues, equitably and responsive to the needs of all users of the transportation system and beneficially for the natural environment.

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 plan development. As outlined in the *2019 Public Participation Plan*, outreach for the RTP included a variety of public participation activities. The RTC's extensive public involvement process included public meetings, virtual and in-person workshops, news releases, online and phone surveys, a plan website (<https://scrtc.org/2045rtp>), 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.

The use of social media continued to play a significant role 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 the constrained funding project list and an unconstrained list for the plan.

The 2045 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 Freedom Boulevard in Aptos and Soquel Avenue;
- 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 SR 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;
- Construction of the Monterey Bay Sanctuary Trail, the Pajaro River Trail, and the San Lorenzo Valley Trail;
- Local bicycle and pedestrian projects and programs designed to increase bicycle commuting, and provide safe bicycle and pedestrian routes to schools and key destination areas;
- Expansion of specialized transport services in response to projected increases in senior and disabled populations; and
- Individualized marketing programs to employers to increase carpooling and vanpooling.

The RTC released the draft 2045 RTP for public review and comment at the December 2, 2021, RTC meeting. The public comment period for the draft RTP was from December 2 through January 31, 2022. The RTC approved the final draft RTP at its March 3, 2022, meeting. The Final 2045 RTP is scheduled for adoption by the RTC on June 16, 2022.

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 2019 through 2021, 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
2019	\$1,144,393
2020	\$1,182,670
2021	\$1,114,456

Source: Annual RTC TDA apportionment

Based on the above table, in FY 2019, the amount shown for administration and planning equaled approximately 11.4 percent of total LTF (\$10,063,403). In FY 2020, the amount was 11 percent (out of \$10,779,985), and for FY 2021, the amount was 11.1 percent (out of \$10,006,059). 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 2020–21 in the amount of \$423,696 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 \$10.1 and \$10.8 million in LTF revenues and between \$3.4 and \$5.3 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. RTC requested the transit claimants to use the form starting in FY 2020–21.

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	15.	Number of FTE employees (all employees, not just drivers)
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	16.	Vehicle service hours/employee*
3.	Annual service hours	17.	Number of routes
4.	Passengers per vehicle service hour*	18.	Average route length
5.	Annual service miles	19.	Average travel times/rider
6.	Number of fixed-route miles	20.	Number of bus stops
7.	Service area – square miles	21.	Number of vehicles in operation
8.	Service area population	22.	Number of monthly bus passes in circulation
9.	Passengers per vehicle service mile*	23.	Maximum vehicles in service at any time
10.	Average passengers per weekday	24.	Hours of service
11.	Total operating costs in budget	25.	Approximate number of unduplicated passengers
12.	Operating cost per vehicle service hour*	26.	Cost per unit of service plus text about long range plans to make/keep this low
13.	Total operating cost per passenger*	27.	Funds and percentage spent on administration/overhead/grantee allocation/etc.
14.	Average farebox revenue per passenger (describe what is included)	28.	Actual financials compared with budget
29.	Actual number of rides provided compared with goal and text about whether goal was met and why/why not		

* 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	8.	Cancellations per month
2.	Total passenger trips (units of service) per month	9.	Donations per month
3.	Incidents per month	10.	Total operating cost per passenger*

4.	Accidents per month	11.	Total operating cost per vehicle service hour*
5.	Mechanical failures (including lift failure) per month	12.	Total passengers per vehicle service hour*
6.	No-shows per month	13.	Total passengers per vehicle service mile*
7.	Turndowns or referrals per month	14.	Van mileage per program

* 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/deliveries provided	6.	Number of unduplicated passengers
2.	Trip destinations	7.	Number of requests for service
3.	Mileage claimed	8.	Number of turndowns
4.	Estimated total mileage	9.	Reason for turndowns
5.	Average length of trip	10.	Number of active volunteers
11.	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.

Unmet Transit Needs

Although the RTC does not allocate TDA funds to local streets and roads projects, and therefore is not required to perform this analysis, the RTC endeavors to solicit regular input on unmet transit and paratransit needs to provide a useful tool to identify and prioritize needs in the region. Serving as the SSTAC council per TDA statutes, the E&D TAC regularly hears and considers unmet paratransit and transit needs in Santa Cruz County. Unmet paratransit and transit needs are those transportation needs which are not being met by the current public transit system, have community support, and do not duplicate transit services provided publicly or privately.

The annual unmet transit needs list is updated annually and involves a prioritization of needs (High-Medium-Low) combined with an enumerated graduated scale (1-2-3). High priority items are those needs that fill a gap or absence of ongoing service. Medium priority items supplement

existing service. Low priority items should be more specific and then be planned for, as funds become more available. The graduated scale indicates to what extent the need, if addressed, would increase the number of individuals who are within a 30-minute transit trip to key destinations; improve safety; support economic vitality by way of decreasing transportation costs; or improve cost-effectiveness of transportation services. The unmet needs list is substantiated with a series of strategies containing proposals and suggestions to address the need, including programs and projects.

Starting in 2022, the TDA claim form was updated to link the claim to the annual unmet needs list.

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's 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 Spanish 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. One such medium has been Cruz511 (<http://cruz511.org/>), 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. 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. A county road map layer was added. 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.

The Cruz511 website has since 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. RTC first partnered with the City of Santa Cruz to lead a small-scale implementation with downtown employees, and in October 2019 the city launched “GO Santa Cruz”. In April 2021, the RTC expanded GO Santa Cruz to employers and commuters countywide and renamed the platform GO Santa Cruz County. Staff also partnered with regional employers to help establish and expand worksite commuter programs using the GO Santa Cruz County platform. GO Santa Cruz County features an online commute management tool available to employees who work or live in the county as well as incentives for using an alternative transportation mode through the Commute Rewards Program. Points can be accumulated and redeemed for gift cards.

Along with 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 impacts 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.

In coordination with the Transportation Agency for Monterey County, RTC conducted a comprehensive Monterey Bay Area 511 Traveler Information System Feasibility and Implementation Study. The 511 service is a web-based multimodal trip planning tool providing information on traffic conditions, rideshare matching, transit routes and schedules, and bicycle commuting.

In 2019, the RTC entered into an agreement with RideAmigos which is a private third-party vendor that manages commuter programs for organizations across the United States. This agreement allows the use of their commute management platform to provide carpool and vanpool matching, multi-modal trip planning, and employer tools to setup commuter challenges and rewards programs. 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 program has 2,200 participants, of which 30 percent of commuters are cyclists.

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.

Pursuant to the federal Civil Rights Act of 1964, a Title VI Program has been developed and adopted by the Commission. Title VI of the Civil Rights Act of 1964 requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. The current Title VI Program was developed during the audit period and approved on December 2, 2021. Program compliance includes Title VI notices and complaint forms published in English and Spanish that are posted on the RTC website and in its offices. RTC's Title VI Policy Statement is also posted on the website (<https://sccrtc.org/about/title-vi-civil-rights-program/>).

Grant Applications and Management

In Santa Cruz County, grant programming and management duties 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. The RTC is responsible for selecting projects to receive regional shares of certain state and federal funds and monitoring use of the funds. 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 (FTA) 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. FTA Section 5310 allows for the procurement of accessible vans and buses, communication equipment, and computer hardware and software for eligible applicants.

Local Measure D has allowed for greater leverage in the management and utilization of grant funding. Measure D funds are used as a local match for a variety of state and federal grant programs that RTC and transit operators rely upon. The adoption of the Strategic Implementation Plan has allowed RTC to match specific transportation improvement projects with potential grant and formula programs.

Local Measure D has allowed the RTC to better 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.

Staff work with project sponsors and the ITAC to determine the most appropriate funding source (“color of funds”) for each project that is recommended and approved for funds, taking into consideration funding source-specific eligibility criteria, project schedules and potential delivery risks, size, and other factors. RTC also provides letter of concurrence to partner agencies to support their grant application submittals.

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.

In February 2020, the RTC programmed \$350,000 in RSTPX funds that it made available through a competitive application process for non-municipal, non-County of Santa Cruz and non-Santa Cruz METRO projects. The approved projects included \$100,000 for Bike Santa Cruz County’s Project PASEO; \$50,000 to Ecology Action for BikeSmart and WalkSmart: Youth Bike & Walk Safety Education; and \$200,000 to Ecology Action for the Bike Challenge + to increase bike commuting.

Proposition 68, the Parks and Water Bond Act, passed by California voters in 2018, authorizes \$4.1 billion for state and local parks, natural resources protection, climate adaptation, water quality, and flood protection grant funding for trail development. RTC was able to secure funding through Proposition 68 for trail development.

Section V

Findings and Recommendations

The following summarizes the findings from the triennial audit covering FYs 2019 through 2021. 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 (Community Bridges) 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 two of the four prior performance audit recommendations. The recommendations implemented pertained to the inclusion of a standard assurances form with the TDA claim submittal and the development of an alternative performance measure for TDA-Local Transportation Fund eligibility. The recommendation to update the transit operator TDA process for consistency with the updated RTC rules and regulations was partially implemented. The recommendation that Santa Cruz METRO should clarify the performance eligibility criteria for TDA-Local Transportation Funds was not implemented. Both of these recommendations are being forward in this audit for full implementation.
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 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 in addressing various technical and policy issues.
4. Measure D, a 30-year, countywide transportation one-half-cent transactions and use tax, 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 and maintaining and expanding transportation for seniors and people with disabilities. 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. Santa Cruz County is one of 25 self-help counties in California.

5. Several large projects were accomplished during the audit period, including the adoption of 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 along the Santa Cruz Branch Rail Line ROW. The Highway 9/San Lorenzo Valley Complete Streets Corridor Plan was completed in June 2019. 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 is seen as providing greater transparency and objectivity with Commission functions.
7. RTC initiated the development of the 2045 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 work plan for the RTP update was presented in May 2019. New project ideas for the 2045 RTP were solicited through March 2020. The cost of implementation is approximately \$9.7 billion, whereas the estimated funds available through 2045 is approximately \$5 billion.
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. In addition to the checklist of items to submit with the claim, RTC began requiring transit claimants to sign off on a standard assurances form to confirm compliance with different TDA measures.
12. RTC's public outreach focus has been to communicate its mission more effectively while working in close coordination with local jurisdictions and stakeholders. The Commission supports efforts that increase walking, biking, ride sharing, telecommuting, and taking public transit. The RTC offers transportation demand management (TDM) services under the Cruz511 program and encourages travelers to maximize the efficiency of the existing

transportation system by providing information and resources to choose sustainable modes of transportation. Cruz511 also partnered with Ecology Action to provide virtual commute workshops to employers and their employees.

13. In 2019, the RTC entered into an agreement with RideAmigos which is a private third-party vendor that manages commuter programs for organizations across the United States. This agreement allows the use of their commute management platform to provide carpool and vanpool matching, multi-modal trip planning, and employer tools to setup commuter challenges and rewards programs. The program has a dedicated website (<https://rideamigos.com/>). The program has 2,200 participants, of which 30 percent of commuters are cyclists.
14. RTC first partnered with the City of Santa Cruz to lead a small-scale implementation with downtown employees, and in October 2019 the city launched “GO Santa Cruz”. In April 2021, the RTC expanded GO Santa Cruz to employers and commuters countywide and renamed the platform GO Santa Cruz County. Staff also partnered with regional employers to help establish and expand worksite commuter programs using the GO Santa Cruz County platform.

Triennial Audit Recommendations

1. Continue to ensure that the transit operator TDA process is consistent with the updated RTC rules and regulations.

This recommendation is being forwarded in this audit for full implementation. 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. The resolution accompanying the FY 2020–21 TDA claim for Santa Cruz METRO cites that “the level of passenger fares and charges is sufficient to enable METRO to meet the fare revenue requirements of PUC sections 99268.1 or 99268.2b as an older operator.” On the claim form itself, #24 displays a table showing the projected urban versus rural farebox recovery ratio for the claim year. The allocation of fare revenue between rural and urban service is from the actual fare revenue/total revenue from two years prior and the budgeted claim year fare revenue. However, included in the footnotes section is a reference to the 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 in calculating urban/rural farebox recovery.

This is an indication of some changes made to the Santa Cruz METRO TDA claim submittal. However, further clarification is warranted regarding the performance eligibility for Santa Cruz METRO. It is also noted that #23 of the Santa Cruz METRO FY 2020–21 TDA claim addresses the progress made towards implementation of prior audit recommendations. The recommendations cited do not reflect the most recent prior triennial performance audit for FYs 2016–2018 but those of the one prior (FY 2013–2015). It is suggested that the RTC and the operator ensure the accuracy of the recommendations being addressed. Nevertheless, it is acknowledged that the TDA claim form was updated to link the claim to the annual unmet needs list in 2022.

2. Continue to ensure the clarity of the performance eligibility criteria for TDA-Local Transportation Funds.

This recommendation is being forwarded in this audit for full implementation. 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 submitted to the RTC by Santa Cruz METRO provide a breakdown of the farebox recovery ratio split out between urbanized service versus non-urban service farebox ratios for the prior year and year-to-date.

The claim includes a table showing the projected urban versus rural farebox recovery ratio for the claim year. The allocation of fare revenue between rural and urban service is from the actual fare revenue/total revenue from two years prior and the budgeted claim year fare revenue. However, the resolutions submitted with recent TDA claims cite PUC Sections 99268.1 and 99268.2b, under which Santa Cruz METRO is classified as an older operator subject to the 50 percent expenditure limitation (PUC Section 99268.1) or the farebox recovery ratio (PUC Section 99268.2). Pursuant to the TDA, Santa Cruz METRO meets the 50 percent expenditure limitation and does not use the alternative revenue ratio to determine eligibility for TDA funds. Santa Cruz METRO and RTC should discuss the applicability of each criterion and agree on which of the two meets compliance with rules and regulations for LTF.

METRO has since clarified that the agency and SCCRTC have discussed and agreed to use only the 50 percent expenditure limitation rather than farebox recovery on the TDA claims form to be consistent with METRO's audited financial statements for the FY 2022 TDA Claims.

However, METRO's inability to implement this prior recommendation was attributed to the prior triennial audit draft report being completed in February 2020 and the final report being completed in April 2020. On March 29, 2020, METRO had already submitted its FY 2021 draft and final TDA claim materials to SCCRTC, as per SCCRTC's FY 2020-21 TDA Funding Cycle Calendar. Therefore, there was no time for METRO and SCCRTC to discuss the applicability of each criterion and agree on which of the two criteria meets compliance with rules and regulations for the LTF allocation. This recommendation has been implemented with the submittal of the ensuing TDA claims; however, it is suggested that subsequent TDA claim guidelines clarify the proper criteria. This clarity will provide consistency in reporting of performance measures for LTF eligibility.

3. Consider the development of a strategic plan.

During the audit period, the RTC underwent a change in executive leadership and technical and administrative personnel. Stakeholder feedback from the commissioners expressed confidence in the new executive director, citing the higher level of transparency and objectivity with Commission functions. With the adoption of the 2020 Measure D Strategic Implementation Plan and the Final Unified Corridor Investment Study concerning the Santa Cruz Branch Rail Line and other transportation corridors, RTC has expanded its role from being a planning and programming agency to an implementation agency. The preparation of a strategic plan would examine RTC's internal organizational processes as well as contain metrics gauging the amount of staff time expended on each project or program. A 5- or 10-year strategic plan would also establish guiding principles of how the RTC can build upon its 50-year legacy as an RTPA, transportation authority and mobility facilitator by setting goals, objectives, and strategies for attaining its vision.

4. Hold an annual Board retreat to foster better communication and cohesion among commissioners.

Stakeholder interviews with commissioners revealed concerns about meeting and interpersonal dynamics. The Santa Cruz Branch Rail has become a contentious issue resulting in deadlock. There is a perception that the balance of representation has moved away from the incorporated cities to the county. One commissioner suggested that more contentious issues undergo more vetting through the Transportation Policy Workshop prior to being presented to the Commission. Meeting locations have generally alternated between the four cities to encourage participation by the communities and enhance the visibility of the RTC to the community. With the onset of the COVID-19 pandemic in 2020, meetings were moved to a virtual format through Community TV. As the RTC resumes in-person Commission meetings in a hybrid format, there is an opportunity to create a more collaborative environment. Scheduling an annual Board retreat would serve to foster better communication and cohesion among the commissioners.