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- San Bernardino County Transportation Commission
  - San Bernardino County Transportation Authority
  - San Bernardino County Congestion Management Agency
  - Service Authority for Freeway Emergencies
- 

## **Additional Support Material Agenda Item No. 16**

### **Board of Directors Meeting**

**October 2, 2013**

**Regular Meeting**

**10:00 a.m.**

#### **Location:**

San Bernardino Associated Governments  
Santa Fe Depot  
1170 W. 3<sup>rd</sup> Street, 1<sup>st</sup> Floor Lobby  
San Bernardino, CA

### **CONSENT ITEM**

#### **Transit/Commuter Rail**

- 16. Transportation Development Act Triennial Performance Audit for Fiscal Years 2008/2009 to 2010/2011 San Bernardino Associated Governments (SANBAG)**

Receive Triennial Performance Audit Report for Fiscal Years 2008/2009 through 2010/2011 for San Bernardino Associated Governments.

*Attached is additional information for the Transportation Development Act Triennial Performance Audit for Fiscal Years 2008/2009 to 2010/2011.*

Governments  
**SANBAG**  
Working Together

**FY 2009-2011  
Triennial Performance Audit  
of San Bernardino Associated  
Governments**

**Submitted to San Bernardino  
Associated Governments**

May 2013

**PMC**<sup>®</sup>  




*PATTI POST & ASSOCIATES*

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## Executive Summary

PMC, in association with CH2MHILL and Patti Post & Associates, was retained by the San Bernardino Associated Governments (SANBAG) to conduct its Transportation Development Act (TDA) performance audit for Fiscal Years (FY) 2008–09 through 2010–11. As a Regional Transportation Planning Agency (RTPA), SANBAG is required by Public Utilities Code (PUC) Sections 99246 and 99248 to prepare and submit an audit of its performance on a triennial basis to the California State Department of Transportation (Caltrans) to continue receiving TDA funding. TDA funding is used for SANBAG administration and planning, and distributed to local jurisdictions for motorized and non-motorized forms of transportation.

This performance audit is intended to describe how well SANBAG is meeting its administrative and planning obligations under TDA, as well as its organizational management and efficiency. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)* published by the California Department of Transportation was used to guide in the development and conduct of the audit. To gather information for the TDA performance audit, PMC conducted interviews, reviewed various documents, and evaluated SANBAG's responsibilities, functions, and performance of the TDA guidelines and regulations. Interviews were conducted with agency staff, the transit operators within SANBAG's jurisdiction, and stakeholders that facilitate and serve on the SANBAG Public and Specialized Transportation Advisory and Coordination Council (PASTACC).

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

SANBAG has satisfactorily complied with most State legislative mandates for Regional Transportation Planning Agencies. One compliance measure was not applicable during the audit period pertaining to the adoption of rules and regulations to evaluate TDA Article 4.5 claims. Such claims for funds have not been submitted to SANBAG although the relatively new CTSA, VTrans, would be an eligible claimant. Another compliance measure was partially met, and a separate measure was not met pertaining to timely submittal of audit reports.

While SANBAG remains in compliance with TDA state mandates, recommendations are made to revise, update, or develop certain functions under its purview to improve clarity and to reflect current conditions. Recommendations include updating the TDA checklist contained in the claim form, updating the intermediate farebox ratio for VVTA, begin

developing Article 4.5 evaluation criteria in light of potential eligible claimants, and formalizing the allocation procedures for State Transit Assistance Regional Funds.

### **Status of Prior Audit Recommendations**

SANBAG has responded to and implemented five of the six prior performance audit recommendations. The recommendation not yet implemented is to update its TDA application manual which is forwarded in this audit for full implementation.

### **Functional Review**

1. The agency has taken an increased perspective on multimodal investments and interconnectivity not only for highways, but for transit and non-motorized transportation. With the evolving nature of the transportation commission, the renewal of Measure I, and changes in top leadership, SANBAG has been progressing toward serving in a greater project funding and delivery role. The agency has seen notable departmental and staff changes particularly at the senior management and executive leadership level.
2. SANBAG commissioned Comprehensive Operations Analysis for each of the transit operators. An exception was Needles Area Transit which had not undergone a similar type study. Each COA provided detailed analyses of socioeconomic conditions and current service trends. Recommendations for alternative service provision and benchmark performance measures to gauge productivity were developed. Due to poor economic conditions from the recession resulting in lower TDA receipts (decline of 17 percent between FYs 2009 and 2010), COA recommendations with regard to service expansion were delayed from being implemented. During the tail end of this audit period, however, revenue was increasing and resulting in improved allocations of TDA funding.
3. SANBAG completed the San Bernardino County Long Range Transit Plan (LRTP) in October 2009 that establishes a vision for transit for the next 25 years. The LRTP prioritizes goals and projects for transit growth and connects land use and transportation strategies. The LRTP also meets legal mandates for planning and programming set by SB 375.
4. The uses of TDA revenues apportioned to San Bernardino County flow through a priority process prescribed in state law. SANBAG is able to claim TDA revenues for administration of the fund and for transportation planning and programming purposes. SANBAG has been responsible in the amount it claims, limiting its apportionment to 3 percent of Local Transportation Funds for Planning and Programming.
5. There was complete turnover of Transit and Rail Program staff during the audit period. Two of the prior staff retired in 2009 while the third prior staff departed in late 2011. With the hiring of a new Director of Transit and Rail Programs in 2009, the

other vacant positions were filled by in-house employees who transferred from other departments, as well as by outside staff with prior local transit experience. Priorities for staff have shifted and have been placed on supporting program and project implementation and delivery.

6. During this period of transition among the transit program staff, there was a learning curve with regard to TDA that carried over to the communication between SANBAG and the transit operators. Whereas in prior years SANBAG was more passive in its handling of the distribution and expenditure of TDA by the transit agencies, the new staff was more pro-active in aligning the expenditure of the revenue to the requirements of the statute. Also, SANBAG staff ensure that the transit operator TDA claims are clean and consistent with adopted rules and regulations.
7. The relatively new Fund Administration and Programming Department is anticipated to handle TDA administrative duties, among other roles. Several transit fund administrative and grant monitoring responsibilities are being transferred to this department, with Finance taking on additional roles as well in preparing external TDA reports and financial auditing.
8. A significant accomplishment agencywide was the production of the Annual SANBAG General Assembly. The General Assembly began in 2011 and includes SANBAG's "Year in Review" featuring the agency's accomplishments of the past year and presentations by panels on the outlook for the year ahead. The Year in Review publication highlights accomplishments by program area and completion of major construction projects and studies, as well as services provided to the local jurisdictions and community members.

**Recommendations**

Performance Audit Recommendation	Background	Timeline
#1 Update the checklist contained in the TDA claim form for submittal of required attachments.	<p>The checklist in the TDA claim form for submittal of materials for the Productivity Improvement Program only vaguely describes the necessary attachments that should be submitted with the claim. It is unclear what types of submittals would be acceptable to SANBAG. It is recommended that the checklist in the claim be modified and expanded to specifically identify what documentation would be acceptable for the Productivity Improvement Program. Each transit claimant would then indicate on the checklist which items are included in the claim for compliance. This would clarify for both the transit operators and SANBAG how this required submittal is being met.</p> <p>Examples of acceptable documentation include 1) table showing responses to and status of implementing prior performance audit recommendations; 2) budgetary actions and performance data that would result in increased productivity; 3) responses to and status of implementing short range plan and COA recommendations; 4) status update on issues and improvements in usage of TransTrack; and 5) additional specific claimant-initiated efforts to improve productivity. While some of this information is being provided by most of the transit claimants, it is beneficial that the acceptable types of documentation also be clearly identified in the checklist for SANBAG review and approval.</p>	High Priority
#2 Update the SANBAG TDA application manual.	As a carryover recommendation from the prior performance audit, the agency's guidebook should be updated to reflect changes to the administration of TDA. These include the updated TDA statute book (February 2009), the updated TDA performance audit guidelines (September 2008), utilization of TransTrack as a performance monitoring tool, intermediate farebox ratio formula, and utilization of the TDA claim form. In addition, the new roles served by different SANBAG departments (Transit and Rail Program, Funds Administration and Programming, and Finance) in the administration of TDA should be described in the updated manual.	High Priority
#3 Formalize the allocation procedures for State Transit Assistance Regional Funds.	<p>PUC 99313 STA Regional Funds are allocated based on a population proportion of 75 percent San Bernardino Valley and 25 percent High Desert/Mountain region. However, the current allocation proportions are general estimates and should be updated to reflect current population location data using Census 2010 data or more recent estimates. It is estimated that the Valley share would decrease by a small proportion while the High Desert/Mountain share would increase.</p> <p>The existing distribution of these funds is based on need with a</p>	High Priority

Performance Audit Recommendation	Background	Timeline
	<p>minimum amount for each transit operator. A more formal distribution formula should be developed to provide a better indicator of revenue that a transit operator could expect. An example of such a formula could be an allocation by jurisdictional area or transit service area on the basis of population in these areas compared to the population of the county as a whole. In a situation where there are two or more eligible claimants in the same area, SANBAG could work with the eligible claimants on a distribution amount, or develop evaluation criteria in scoring and determining an allocation. Potential evaluation criteria could include meeting regional goals such as reduction in vehicle miles traveled as directed by SB 375. Calculation of transit ridership, passenger miles, and net reduction in vehicle miles traveled for each eligible transit claimant could be used as an approximation for competing STA regional allocations.</p> <p>As significant levels of STA have been used in the past for large transit projects (e.g. VVTA operations facility), current policy does not preclude SANBAG from over allocating revenue to a jurisdiction in light of a significant transit project need. A regional STA pot of funds could still be a part of the formalized procedures, but should be accompanied by a set of rules in how the regional funds can be allocated and for which purposes. Examples include meeting a regional need beyond the service area of the transit operator, or to improve compliance with air quality measures. Both rolling stock and fixed assets (e.g. facilities) would be eligible.</p>	
<p>#4 Develop TDA fund reserve policy.</p>	<p>Beginning in FY 2011-12, SANBAG has set aside about \$5 million countywide during the TDA Local Transportation Fund apportionment process. The unrestricted set aside is made before apportionment for eligible uses and provides a reserve cushion to minimize the impact of a decline in revenue or an unexpected financial need. SANBAG should develop a fund reserve policy that outlines the reserve amount and eligible uses of the funds. The policy should be consistent with CCR 6655.1 that describes the retention of LTF. One aspect of the policy should limit the unrestricted reserve funds for eligible public transportation and specialized transit uses only (non street and roads). Equity could be achieved through basing the maximum allocation to each eligible claimant on a population and geographic basis, similar to the existing apportionment areas. This ensures that at a minimum, there will be available reserves for each transit system.</p> <p>LTF reserves should be available for transit services that have been funded through the annual TDA claim process, whether actual LTF revenues fall short of LTF budget allocations, or from circumstances that warrant an additional allocation. This would be on a case-by-case basis, and help to either minimize operating and/or capital shortfalls. An additional potential use would be to provide short term funding during a demonstration period to meet</p>	<p>High Priority</p>

Performance Audit Recommendation	Background	Timeline
	unmet transit needs that are found to be reasonable to meet.	
#5 Develop and adopt TDA Article 4.5 evaluation criteria.	In light of potential eligible CTSA claimants, SANBAG should develop the evaluation criteria and required findings for approval under this article section (PUC 99275.5). The article section contains the necessary steps and findings that must be made by SANBAG in approving a future claim submitted for TDA funds. The corresponding TDA claims forms and adopting resolutions should also be updated to accommodate such claim.	Medium Priority
#6 Review options for updating the farebox ratio for VVTA	<p>The current farebox recovery ratio of 15 percent for VVTA was adopted in September 1997. Over the years, the service area and population have changed. As the intermediate farebox ratio is intended to reflect the proportional services in rural and urban areas, it is recommended that SANBAG revisit the intermediate farebox formula described in a May 1997 board report that shows how the VVTA farebox ratio is calculated.</p> <p>An update to the farebox formula would result in a potential fare ratio between 10 and 20 percent depending on the current service breakdown between rural and urban areas. The current farebox ratio of 15 percent remains an option as well. As VVTA is an Article 8 claimant, SANBAG has the capacity to set reasonable standards for a transit operator. Should there be a change in the farebox standard, SANBAG could also provide a certain amount of time for VVTA to meet the new standard.</p> <p>SANBAG should work with VVTA in reviewing options how the farebox ratio is calculated, including using the same or similar formula methodology contained in that board report and using current VVTA service and performance data. SANBAG should then adopt both the methodology and the updated farebox ratio, and submit to Caltrans District 8 for approval. This sequence is required by Public Utilities Code (PUC) 99270.1 and California Code of Regulations (CCR) 6645. Because VVTA currently claims TDA funds under Article 8, PUC 99405 would also apply that references back to the other statute sections.</p>	Medium Priority
#7 Consider alternate methods to promote focused meeting structure in PASTACC.	<p>While we applaud the activities and general enhancements made to PASTACC over the last several years, the diversity of transportation interests and geography of the voting and non-voting members create challenges for SANBAG to develop a program that furthers the objectives and interest of all committee members.</p> <p>Consideration should be given to alternative meeting structures that may be vetted for feasibility and consistency with the updated PASTACC goals and bylaws. One such structure is that in-lieu of holding bi-monthly meetings intended for all members, the bi-monthly meetings would focus on topics pertaining primarily to either specialized transit or public transit in an alternate meeting</p>	Medium Priority

Performance Audit Recommendation	Background	Timeline
	<p>format. Agenda materials would be customized to fit the needs for each group for their respective meeting. All members would be invited to every meeting and provided the full agenda, but with the understanding that the particular meeting will be focused on social service or public transit issues. This alternating format could be conducted for a few meetings throughout the year. For the remaining meetings, the full membership would meet for required business such as during the unmet transit needs process, discussion of regional transportation issues, and receipt of updates from the more focused meetings.</p>	

## Section I

### Introduction – Initial Review of RTPA Functions

The San Bernardino Associated Governments (SANBAG) has retained the PMC team to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years (FY) 2008-09 through 2010-11. As a Regional Transportation Planning Agency (RTPA), SANBAG is required by Public Utilities Code (PUC) Sections 99246 and 99248 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue receiving TDA funding. This performance audit is intended to describe how well SANBAG is meeting its administrative and planning obligations under TDA as well as its organizational management and efficiency.

#### Audit Methodology

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

- **Document Review:** PMC conducted an extensive review of documents including various SANBAG files and internal reports, committee agendas and public documents.
- **Interviews:** PMC interviewed key SANBAG management staff as well as the transit operators under SANBAG's jurisdiction. Interviews were also conducted with stakeholders that facilitate and serve on the SANBAG Public and Specialized Transportation Advisory and Coordination Council (PASTACC).
- **Analysis:** PMC evaluated the responses from the interviews as well as the documents reviewed about SANBAG's responsibilities, functions and performance to TDA guidelines and regulations.

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

#### Overview of SANBAG

SANBAG was established in 1973 as a Joint Powers Agency (JPA) of the County of San Bernardino and the incorporated cities in the county. Today, SANBAG's membership has expanded to include 24 cities plus the County. The member jurisdictions include the following entities:

City of Adelanto	City of Montclair
Town of Apple Valley	City of Needles
City of Barstow	City of Ontario
City of Big Bear Lake	City of Rancho Cucamonga
City of Chino	City of Redlands
City of Chino Hills	City of Rialto
City of Colton	City of San Bernardino
City of Fontana	City of Twentynine Palms
City of Grand Terrace	City of Upland
City of Hesperia	City of Victorville
City of Highland	City of Yucaipa
City of Loma Linda	Town of Yucca Valley
County of San Bernardino	

San Bernardino County is located in the Inland Empire region of Southern California, stretching nearly 200 miles across. The county is bordered by Inyo County to the north, Kern and Los Angeles counties to the west, Riverside County to the south, Orange County to the southwest, the State of Nevada to the northeast and the Colorado River to the east. San Bernardino County was created in 1853 from parts of Los Angeles County. The county is geographically the largest in the continental United States encompassing over 21,160 square miles and is traversed by 2,834 miles of County-maintained roadways. Population growth has seen a marked increase in recent years. Based upon the 2010 U.S. Census, the county's population was 2,035,210, the fifth largest in the state. The 2012 California Department of Finance (DOF) estimate reports a countywide population of 2,063,919. Based on the 2010 U.S. Census data, the most populous cities within the county include the county seat of San Bernardino (209,924), Fontana (196,069), Rancho Cucamonga (165,269), Ontario (163,924), and Victorville (115,903).

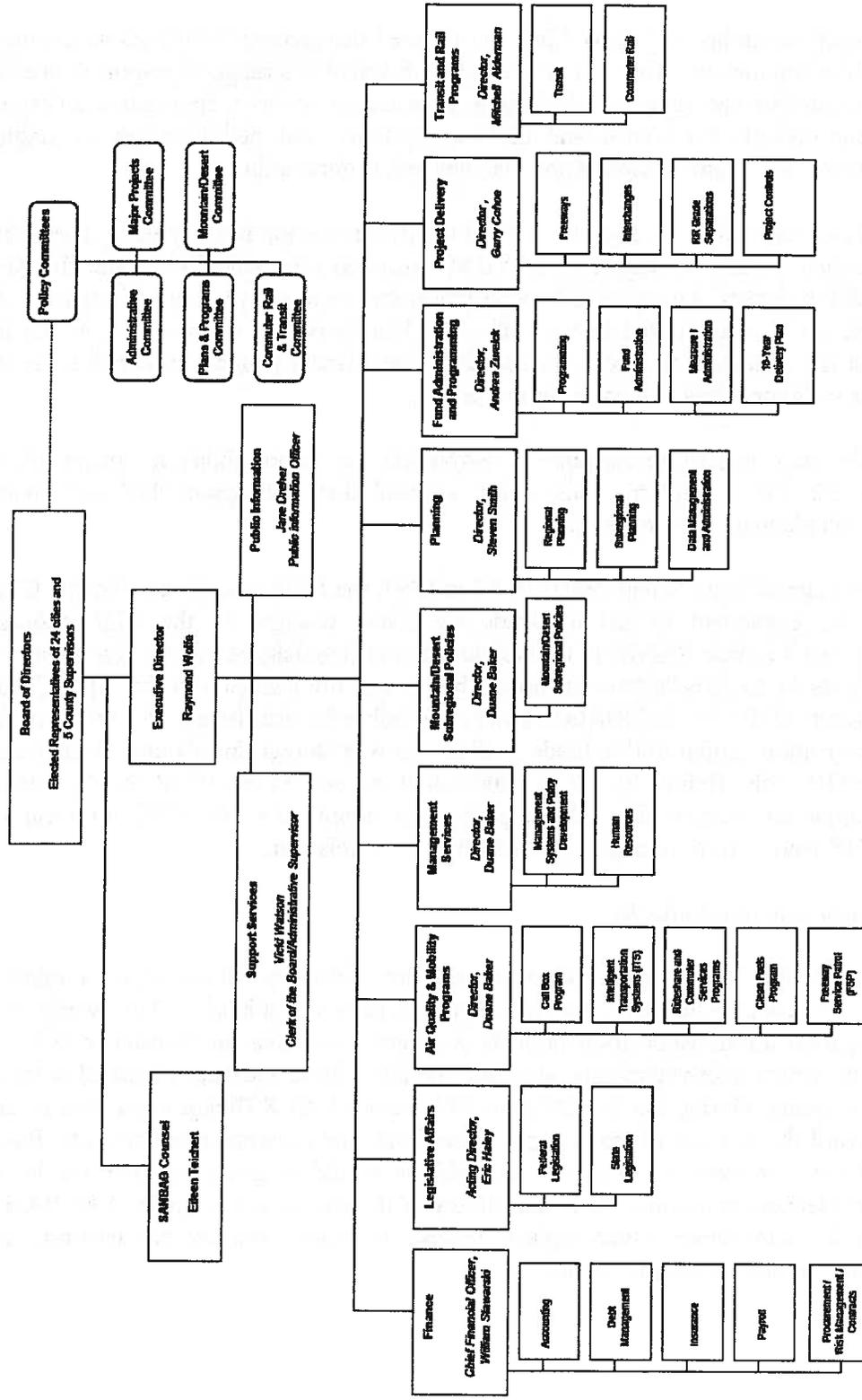
Against this backdrop of rapid population growth, San Bernardino County's economy has become increasingly diverse and robust. This is attributed to the large amount of goods movement and distribution facilities in the region. The Interstate 10 (I-10), I-15 and I-215 corridors have become major development areas for such activities. However, the recent economic challenges facing the county due to prolonged recession have resulted in contractions in the housing market and increased unemployment.

The current economic and population trends have created the need to plan and implement a myriad of transportation projects encompassing all modes including toll roads, commuter rail and enhanced bus transportation. SANBAG has committed itself to be an effective project planning and delivery agency for the county.

**Role of SANBAG**

Similar to many other large regional transportation planning agencies in California, SANBAG has a complex legal structure, which delineates its responsibilities in the areas of transportation, planning, programming, project delivery, and investment decision-making. SANBAG's original 1973 JPA has served as the foundation upon which several additional responsibilities have been added in later years by the state legislature. In addition to its primary role as a Council of Governments, SANBAG also serves as the County Transportation Commission, County Transportation Authority for Measure I, County Congestion Management Agency, Service Authority for Freeway Emergencies (SAFE), and Sub-Regional Planning Agency. Figure I-1 depicts the organization chart of SANBAG as of mid-2012.

Figure I-1 Organization Chart



County Transportation Commission

In 1976, State Assembly Bill (AB) 1246 was enacted designating SANBAG as a county transportation commission. This statute broadened SANBAG's range of responsibilities to include coordination and approval of all public mass transit services, approval of all capital development projects for transit and highway systems, and determination of staging possibilities for near-term transportation planning and programming.

With AB 1246, SANBAG, in essence, became the transportation programming agency for San Bernardino County. In addition, SANBAG assumed responsibility for the five-year capital outlay program, the regional transportation improvement program (RTIP) for the county. The RTIP is submitted to the California Transportation Commission (CTC) for inclusion in the statewide five-year transportation investment program referred to as the State Transportation Improvement Program (STIP).

In 1990, the state legislature assigned to SANBAG the responsibility for managing all aspects of the TDA program. This action ensured that the agency had multimodal transportation planning responsibilities.

Until the passage of State Senate Bill (SB) 45 in 1997, the STIP was directed by the CTC. However, the enactment of SB 45 made significant changes to the STIP process. Specifically, SB 45 made SANBAG (as well as other regional agencies) the final arbitrator of the projects in its jurisdiction that are to be chosen for inclusion in the STIP. Thus, under the terms of SB 45, SANBAG became responsible for prioritizing 75 percent of the state transportation capital outlay funds available to San Bernardino County during each two-year STIP cycle. Before SB 45, the individual projects in the RTIP that SANBAG and other regional transportation planning agencies submitted to the CTC for inclusion into the STIP were subject to negotiations with the Commission.

County Transportation Authority

SANBAG's designation as a county transportation authority allows it to administer Measure I, the countywide half-cent transportation sales tax initiative. The twenty-year funding program for transportation projects won voter approval in November 1989. In 2004, county voters overwhelmingly approved the 2010-2040 Measure I Extension for an additional 30 years. During the first 20 years of Measure I, \$1.8 Billion was collected and utilized toward the delivery of major regional roadway and commuter rail projects. Based on conservative forecasts, an estimated \$4.5 Billion would be generated over the life of the 30-year Measure extension. As administrator of the Measure I program, SANBAG is responsible for determining which projects receive Measure I funding and ensuring that transportation projects are implemented.

County Congestion Management Agency

In its role as the county's congestion management agency, SANBAG manages the performance level of the regional transportation system, which takes into consideration development impacts and air quality conformity. To this end, SANBAG develops a Congestion Management Program (CMP), which defines a network of state highways and arterials, level of service standards and related procedures, and provides technical justification for the approach. The most recent CMP was approved by the SANBAG Board in 2009, which serves as the current version until next major update in 2012. In the interim, the SANBAG Board approved updates in November 2011 to the CMP's Development Mitigation Nexus Study and the Development Mitigation Implementation Language.

Service Authority for Freeway Emergencies (SAFE)

SANBAG serves as the Service Authority for Freeway Emergencies or SAFE, which develops and operates a system of approximately 1,300 call boxes on highways and arterials throughout the county. Each call box is a battery-powered, solar-charged roadside cellular telephone. Call boxes are usually placed in pairs across from each other at approximately one-half mile to one mile intervals in urbanized areas, with greater spacing in rural areas. The SAFE program is funded through a \$1 vehicle registration fee levied on San Bernardino County motorists collected by the California Department of Motor Vehicles and forwarded to SANBAG for administration. The SAFE call box network is operated in close coordination with both the California Highway Patrol (CHP) and Caltrans.

Sub-Regional Planning Agency

As a sub-regional planning agency, SANBAG represents the San Bernardino County region and assists the Southern California Association of Governments (SCAG) in its role as the federally designated metropolitan planning agency (MPO) for the county. SANBAG staff actively participates on various committees of SCAG, which make technical recommendations to SCAG's policy makers.

An important feature of SANBAG is that it operates in a complex intergovernmental environment, which requires ongoing communications and coordination with agencies at the local, regional, state and federal levels of government. This means, for example, that its transportation plan and RTIP must be coordinated with the regional transportation planning and programming process managed by SCAG. SANBAG must also coordinate its highway development programs with the Riverside County Transportation Commission (RCTC), Orange County Transportation Authority (OCTA), Los Angeles County Metropolitan Transportation Authority (LACMTA) and Caltrans. SANBAG interacts regularly with county government, municipalities and the county's transit operators to

ensure coordination between SANBAG policies and programs and the member agencies' programs and services.

In addition, in collaboration with Los Angeles, Orange, Riverside and Ventura counties, SANBAG is a founding partner of the Southern California Regional Rail Authority (SCRRA), the region's Metrolink commuter rail service provider. Metrolink operates the San Bernardino Line, which runs between San Bernardino and Los Angeles Union Station. The San Bernardino Line is one of the most heavily traveled lines in the Metrolink network. The Riverside Line operates between the City of Riverside and Union Station with a Metrolink Station located in East Ontario. In addition, the Inland Empire-Orange County line runs between San Bernardino and various Orange County destinations. Two members from SANBAG's Board of Directors serve on SCRRA's governing board.

In a partnership with the Riverside County Transportation Commission (RCTC), the Commuter Assistance Program provides assistance to all of the Inland Empire through the [www.IE511.org](http://www.IE511.org) website (a one-stop shop for commuters) and its ride-matching functionality.

Organizational Structure

SANBAG's governing body is the Board of Directors comprising 29 voting members, the SANBAG Executive Director and one ex-officio member, currently Caltrans' District 8 Director, who represents the governor. Of the 29 members, 5 are members of the County Board of Supervisors and the remaining 24 members are elected officials from each of the incorporated jurisdictions in the county. The SANBAG Board meets on the first Wednesday of every month. The Board is augmented by five policy committees and various advisory and ad-hoc committees to assist in providing policy recommendations in its decision-making process. The committees consist of the following:

Committee	Purpose and Function
<p><b>General Policy Committee</b>  <i>(formerly the Administrative and Plans &amp; Programs Committee)</i></p>	<p>This committee makes recommendations to the Board of Directors and</p> <ul style="list-style-type: none"> <li>• Provides general policy oversight that spans the multiple program responsibilities of the organization and maintains the comprehensive organization integrity.</li> <li>• Provides policy direction with respect to administrative issues, policies, budget, finance, audit, and personnel issues for the organization.</li> <li>• Serves as the policy review committee for any program area that lacks active policy committee oversight.</li> </ul>

Committee	Purpose and Function
	Meetings convene at 9 a.m. on the second Wednesday of the month and comprise 12 SANBAG Board members (4 East Valley, 4 West Valley, 4 Mountain/Desert). The Committee has authority to approve contracts up to \$25,000 with Board ratification to follow.
<b>Commuter Rail &amp; Transit Committee</b>	This committee provides policy guidance and recommendations to the SANBAG Board and SCRRA delegates with respect to commuter rail and transit service in San Bernardino County. The Commuter Rail Committee, comprising 9 Valley-members and 2 Mountain/Desert Board Members, convenes at 12 noon on the third Thursday following the SANBAG Board meeting.
<b>Metro Valley Committee (formerly the Major Projects Committee)</b>	This committee provides policy guidance and recommendations to the Board of Directors on issues related to Measure I Major Projects in the Valley region. The Committee meets at 9 a.m. on the second Thursday of every month following the SANBAG Board meeting.
<b>Mountain/Desert Committee</b>	<p>This committee provides ongoing policy-level oversight related to the full array of SANBAG responsibilities as they pertain specifically to the Mountain/Desert region.</p> <p>The committee also meets as the Mountain/Desert Measure I Committee as it carries out responsibilities for the Measure I Mountain/Desert Region Expenditure Plan. Membership consists of SANBAG Board Members from each Mountain/Desert jurisdiction and County Supervisors representing the First and Third Districts. The committee regularly meets at 9 a.m. on the third Friday of every month in Apple Valley.</p>
<b>City/County Manager Technical Advisory Committee</b>	<p>The City/County Manager Technical Advisory Committee (CCM-TAC) was created along the JPA that established SANBAG. The primary role of the committee is to provide a forum for the chief executives of SANBAG's member agencies to become informed about and discuss issues facing SANBAG. It also provides a forum for the discussion of items of mutual concern and a way to cooperate regionally in addressing those concerns.</p> <p>The committee includes two representatives from the County Administrative Office and the city manager or city administrator from each of the 24 cities in San Bernardino County. The committee generally meets on the first Thursday of the month at 10 a.m. and is subject to the</p>

Committee	Purpose and Function
	Brown Act.

In addition to the CCM-TAC, four other TACs review and discuss selected regional and technical issues before these items are presented to policy committees and the Board of Directors. These TACs include the Transportation Technical Advisory Committee, Public and Specialized Transportation Advisory and Coordination Council, Planning and Development Technical Forum, and Project Development Teams.

The Transportation Technical Advisory Committee (TTAC) was formed by SANBAG management to provide input on the technical aspects of transportation-related policy recommendations to the SANBAG Board of Directors. Membership is comprised of technical representatives from each member agency designated by the City Manager or County Administrative Officer. The TTAC meets on the first Monday of the month.

The Public and Specialized Transportation Advisory and Coordination Council (PASTACC) is the SANBAG-sponsored advisory body established under the California Transportation Development Act Section 99238. PASTACC members examine a wide range of topics for purposes of assisting SANBAG on matters related to social service transportation or public transportation services in San Bernardino County for the elderly, persons with disabilities or persons of limited means. Amendments to the PASTACC bylaws were adopted in September 2011 that grants three classes of membership, with two of these appointed by the SANBAG Executive Director as voting members. The third class is comprised of invited non-voting membership. PASTACC's voting membership consists of 13 total appointed members with at least 3 from the Mountain and Desert areas and up to 8 from the San Bernardino Valley. Of the 13 members, 6 are representatives from public transit agencies, 5 representatives from social services providers, 1 representative from the County Public Works Department, and 1 representative from the Consolidated Transportation Services Agency (CTSA). The PASTACC generally meets every other month.

The Planning and Development Technical Forum (PDTF) was formed by SANBAG management to provide dialogue amongst planning and development representatives from member agencies on planning issues of a multi-jurisdictional significance. Membership is comprised of planning representatives from each member agency designated by the City Manager or County Administrative Officer. The TTAC meets on the fourth Wednesday of the month.

Project Development Teams (PDTs) are formed for all major project development activities by SANBAG staff and comprise technical representatives from SANBAG and member jurisdictions associated with the project. The PDTs could also include representatives from Caltrans and other stakeholder agencies and groups. PDTs make recommendations related to project development, alternatives and technical solutions. PDTs meet on an as needed basis.

There are five ad-hoc committees that have been created and convene for specific purposes. These committees include the Audit Subcommittee of the Administrative Committee, Ad Hoc Committee on Litigation with the San Bernardino County Flood Control District (Colonies Development/Cactus Basin in Rialto), Contracting Process, Bylaws and Budget Process. Three of these committees (Contracting, Bylaws & Budget) were appointed in July 2012 and the remaining two ad-hoc committees were appointed in January 2007 (Litigation with the San Bernardino County Flood Control District) and November 2008 (Audit Subcommittee).

### Agency Budget

According to the annual audited financial statements<sup>1</sup>, SANBAG's annual revenue for the fiscal years covered by this audit ranged from \$493.0 million in FY 2009 to \$252.1 million in FY 2010 to \$293.3 million in FY 2011. The higher revenues in FY 2009 reflect the issuance of \$250 million in Measure I sales tax revenue notes, which matured in May 2012. The issuance of notes was used to finance certain projects in the Measure I 2010-2040 Expenditure Plan.

Excluding the Measure I notes, FY 2009 revenue was \$243.0 million. Overall, annual revenues increased 21 percent over the last three years. This was a result of an increase in federal funds in FY 2011 as well as significant refunds to the Local Transportation Fund Account during the same fiscal year. However, in terms of sales tax related growth, a recessionary economy continued to impact sales tax revenues for Measure I and the Local Transportation Fund, as well as fluctuations in state and federal revenues.

SANBAG's annual expenditures ranged from \$249.5 million in FY 2009 to \$278.8 million in FY 2010 to \$305.5 million in FY 2011. This reflects a 12 percent increase between FYs 2009 and 2010, and a 10 percent increase between FYs 2010 and 2011.

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<sup>1</sup> Statement of Revenues, Expenditures, and Changes in Fund Balances.

## Section II

### RTPA Compliance Requirements

Fourteen key compliance requirements are suggested in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) and used to assess SANBAG's conformance with TDA. Our findings concerning SANBAG's compliance with State legislative requirements are summarized in Table II-1.

TABLE II-1 SANBAG Compliance Requirements Matrix		
SANBAG 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	<p>SANBAG accounts for its claimants' areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their area. SANBAG makes this finding in each adopted resolution approving LTF claims.</p> <p>Each claimant's apportionments follow the population formula prescribed by law.</p> <p>To note, during the audit period, SANBAG required operators that received more LTF than expended but remained under the apportionment amounts to return the unused portion for future reallocation.</p> <p><b>Conclusion: Complied.</b></p>
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	As described in the SANBAG TDA Application Manual, SANBAG has an adopted set of policies governing the Article 3 Bicycle and Pedestrian Facilities Program and Transit Access Improvement Projects. In August 1999, the SANBAG Board approved a policy that 20 percent of TDA Article 3 funds would be

<b>TABLE II-1 SANBAG Compliance Requirements Matrix</b>		
<b>SANBAG Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
		<p>made available for projects that improve access to bus stops for pedestrians and persons with disabilities. The remaining 80 percent would be available for pedestrian and bicycle facilities. Funds are allocated through a Call for Projects process. The last call for projects during the audit period occurred in May 2011. LTF funds provide between 50 to 90 percent of funding for selected projects with the balance coming from the applicant's local match. Upon project approval, applicants have up to three years to complete the project and request reimbursement.</p> <p><b>Conclusion: Complied.</b></p>
<p>The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.</p>	<p>Public Utilities Code, Sections 99238 and 99238.5</p>	<p>To meet compliance, SANBAG established the Public and Specialized Transportation Advisory and Coordination Council (PASTACC) as an advisory body to serve as the Citizens Advisory Committee (CAC) required under PUC 99238.5 and the Social Services Transportation Advisory Council required under PUC 99238. It serves as a forum where public transit operators and social service transportation providers can discuss mobility issues that confront seniors, persons with disabilities, or persons with limited means.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle</p>	<p>Public Utilities Code, Section 99244</p>	<p>In the annual resolutions authorizing allocation of TDA funds, SANBAG makes a finding that transit claimant make reasonable effort to implement productivity improvement recommendations pursuant the</p>

TABLE II-1 SANBAG Compliance Requirements Matrix		
SANBAG Compliance Requirements	Reference	Compliance Efforts
<p>service miles within the RTPA's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> <li>• A committee for the purpose providing advice on productivity improvements may be formed.</li> <li>• The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation which exceeds its prior year allocation.</li> </ul>		<p>the Public Utilities Code. This finding is made through SANBAG's review and approval of the claimant's TDA claim form and required attachments.</p> <p>As an attachment to the annual TDA claim, SANBAG requires each transit operator or claimant to annually submit a Productivity Improvement Program (PIP) progress report on its productivity efforts. The PIP consists of three elements: 1) specific initiated efforts by the operator to improve productivity; 2) status on implementing prior audit recommendations; and 3) improvement in TransTrack usage.</p> <p>During the audit period, productivity reports in the claims have included responses to prior performance audit recommendations and budgetary actions to increase efficiency. Most operators submitted some form of evidence of their respective PIP progress report.</p> <p>On the claim form, since the checklist for submittal of the Productivity Improvement Program only vaguely describes the necessary attachments that should be submitted with the claim, it is unclear what types of submittals would be acceptable to SANBAG. It is recommended that the checklist in the claim be modified and expanded to specifically identify what documentation would be acceptable for the Productivity Improvement Program. Each transit claimant would then indicate on the checklist which items are included in the claim</p>

TABLE II-1 SANBAG Compliance Requirements Matrix		
SANBAG Compliance Requirements	Reference	Compliance Efforts
		<p>for compliance. This would clarify for both the transit operators and SANBAG how this required submittal is being met. Examples of acceptable documentation include 1) table showing responses to and status of implementing prior performance audit recommendations; 2) budgetary actions and performance data that would result in increased productivity; 3) responses to and status of implementing short range plan and COA recommendations; 4) status update on issues and improvements in usage of TransTrack; and 5) additional specific claimant-initiated efforts to improve productivity. While some of this information is being provided by most of the transit claimants, it is beneficial that the acceptable types of documentation also be clearly identified in the checklist for SANBAG review and approval.</p> <p>In addition, to meet compliance with this PUC area, SANBAG commissions short-range transit plans and Comprehensive Operations Analysis (COAs) that assess operator performance and make recommendations for service improvement and updated goals. These documents also serve to provide annual productivity improvements.</p> <p><b>Conclusion: Complied, with recommendation for modifying the checklist for the Productivity Improvement Program in the TDA claim form.</b></p>

TABLE II-1 SANBAG Compliance Requirements Matrix		
SANBAG Compliance Requirements	Reference	Compliance Efforts
<p>The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).</p>	<p>Public Utilities Code, Section 99245</p>	<p>For the three-year audit period, SANBAG has not generally received fiscal and compliance audits of the TDA claimants by the established dates set by the State Controller. SANBAG transmittal letters to the Controller's Office with completed fiscal and compliance audits range from a few months up to over a year past the extension period.</p> <p><b>Conclusion: Not in compliance</b></p>
<p>The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennium).</p> <p>For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA monies and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.</p>	<p>Public Utilities Code, Sections 99246 and 99248</p>	<p>For the current three-year audit period covering FY's 2009-2011, SANBAG has retained PMC to conduct the audit of SANBAG and the six transit operators. The operator audits include calculation of the required TDA performance indicators.</p> <p><b>Conclusion: Partial compliance – SANBAG has retained an independent auditor to conduct the performance audit, and the operator audits include calculation of required performance indicators; however, the performance audits are submitted to the State after the statutory timeline. Communication of extended timeline was made between SANBAG and appropriate Caltrans personnel.</b></p>
<p>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</p>	<p>Public Utilities Code, Section 99246(c)</p>	<p>SANBAG submitted a written letter to Caltrans on July 20, 2009 certifying compliance with this requirement. The letter was enclosed with the FY 2005-06 through 2007-08 performance audit of SANBAG.</p> <p><b>Conclusion: Complied</b></p>

TABLE II-1 SANBAG Compliance Requirements Matrix		
SANBAG Compliance Requirements	Reference	Compliance Efforts
have been completed.		
The performance audit of the operator providing public transportation service shall include, but not be limited to, a verification of the operator's operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include, but not be limited to, consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2.	Public Utilities Code, Section 99346(d)	The performance audits of the operators include all required TDA performance measure plus additional indicators to further assess each operator's efficiency, effectiveness and economy with the use of TDA funds.  <b>Conclusion: Complied</b>
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.	Public Utilities Code, Section 99270.1 and 99270.2	The PUC provision applies to a transit claimant under Article 4. There is one transit operator under SANBAG's jurisdiction, Victor Valley Transit Authority (VVTA), which serves both urbanized and non-urbanized areas. VVTA claims LTF funds under Article 8 in which SANBAG developed and adopted rules and regulations in 1997 with Caltrans' approval for determining the minimum fare ratios for the transit operators. For VVTA, the minimum farebox recovery ratio is 15 percent for fixed route service and 10 percent for ADA demand response. Since that time, the VVTA service area demographics have changed, as has the level and types of transit services to meet these changes.

TABLE II-1 SANBAG Compliance Requirements Matrix		
SANBAG Compliance Requirements	Reference	Compliance Efforts
		<p>While PUC 99270.1 pertains to Article 4 claimants, transit operators under Article 8 are held to similar performance criteria specified under PUC 99405. SANBAG, as the RTPA, has authority to review and, as necessary, update its rules and regulations in determining the required farebox ratio. Caltrans must approve the update. While the VVTA fixed route farebox standard has been set at 15 percent for the past 16 years, the ratio of services provided by VVTA in rural and urban areas has likely changed warranting an update to the fixed route farebox ratio to reflect current service. It is suggested that SANBAG undertake a review of the methodology used to develop the “blended” or “intermediate” ratio and update the VVTA fixed route farebox ratio under current operating conditions.</p> <p><b>Conclusion: Complied, with recommendation for updating the intermediate farebox ratio for VVTA.</b></p>
<p>The RTPA has adopted criteria, rules and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.</p>	<p>Public Utilities Code, Section 99275.5</p>	<p>Not applicable, as SANBAG only allocates transit funds through Article 4 and Article 8 claims at the time of the audit. It is recognized, however, that a relatively new transit agency, VTrans, is a designated consolidated services agency (CTSA) eligible as a claimant for these funds. Although VTrans is currently funded primarily through Measure I sales tax revenues, SANBAG should become familiar with and begin development of criteria, rules and regulations for the evaluation of</p>

TABLE II-1 SANBAG Compliance Requirements Matrix		
SANBAG Compliance Requirements	Reference	Compliance Efforts
		<p>potential claims under Article 4.5.</p> <p><b>Conclusion: Not Applicable during audit period, with recommendation for SANBAG to begin development of rules and regulations for potential transit claims under Article 4.5.</b></p>
<p>State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.</p> <p>(Note: The June 5, 1990, passage of Proposition 116 no longer allows the use of state transit assistance funds for street and road purposes, as had been permitted in certain cases under PUC Section 99313.3.)</p>	<p>Public Utilities Code, Sections 99310.5 and 99313.3 and Proposition 116</p>	<p>SANBAG allocates State Transit Assistance (STA) funds for transit services only. Per SANBAG policy, STA is primarily used to fund transit capital projects. PUC 99313 STA Regional Funds are allocated based on a population proportion of 75 percent San Bernardino Valley and 25 percent High Desert region. However, SANBAG staff indicated that the current allocation proportions are general estimates and that a more formalized program for allocation of these funds could be developed.</p> <p><b>Conclusion: Complied, with recommendation to establish a formalized allocation procedure for STA Regional Funds under PUC 99313.</b></p>
<p>The amount received pursuant to Public Utilities Code, Section 99314.3, by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.</p>	<p>Public Utilities Code, Section 99314.3</p>	<p>SANBAG administers STA Revenue based funds in accordance with the relevant PUC requirements (i.e., on the basis of population and operator revenues).</p> <p><b>Conclusion: Complied</b></p>
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or</p>	<p>Public Utilities Code, Section 99401.5</p>	<p>TDA funds are used exclusively for public transit in the San Bernardino Valley (Omnitrans and Metrolink). In the mountain</p>

TABLE II-1 SANBAG Compliance Requirements Matrix		
SANBAG Compliance Requirements	Reference	Compliance Efforts
<p>facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> <li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code, Section 99238;</li> <li>• Identified transit needs, including: <ul style="list-style-type: none"> <li>○ Groups that are transit-dependent or transit-disadvantaged,</li> <li>○ Adequacy of existing transit services to meet the needs of groups identified, and</li> <li>○ Analysis of potential alternatives to provide transportation services;</li> </ul> </li> <li>• Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet”;</li> <li>• Identified the unmet transit needs and those needs that are reasonable to meet;</li> <li>• Adopted a finding that there are no unmet transit needs; that there are no unmet transit needs that are reasonable to meet; or that there are unmet transit needs including needs that are reasonable to meet.</li> </ul> <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>		<p>and high desert regions, TDA revenues may be used for streets and roads, as is the case for local jurisdictions comprising VVTA and MBTA, as well as City of Needles. City of Big Bear Lake and City of Barstow currently use all TDA for transit. SANBAG conducts the unmet transit needs hearings in concert with each of the transit operators and in consultation with the PASTACC.</p> <p>During the audit period, SANBAG streamlined the number of annual unmet needs hearings from five to three. The five locations have included Victorville (upper desert region), Big Bear Lake/Crestline (mountain region), and Joshua Tree (lower desert region), as well as at a SANBAG Mountain/Desert committee meeting in Victor Valley and at a SANBAG Board meeting in San Bernardino. Hearings at the Big Bear Lake and SANBAG Mountain/Desert committee locations have been discontinued and consolidated with the remaining locations. The Big Bear Lake location ended in part because MARTA uses all LTF allocations for transit. However, SANBAG is working to have each local jurisdiction outside the San Bernardino Valley and each transit agency hold their own unmet needs hearings that are paired with existing regular meetings such as at Board or City Council meeting. This broadens the reach of the unmet transit needs process.</p> <p>Findings of the unmet needs process are reaffirmed by the entire SANBAG Board. The</p>

TABLE II-1 SANBAG Compliance Requirements Matrix		
SANBAG Compliance Requirements	Reference	Compliance Efforts
		<p>definitions of “unmet transit needs” and “reasonable to meet” are reaffirmed annually, and findings of the unmet needs process are adopted through Board resolution.</p> <p>LTF funds have only been allocated to streets and roads after completion of the unmet needs process.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year and must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the transportation development 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>	<p>California Administrative Code, Section 6662</p>	<p>The accounting firm of Vavrinek, Trine, Day &amp; Co., LLP conducted the SANBAG fiscal audit for the three year period. The Comprehensive Annual Financial Report was submitted to the State Controller within 12 months of the end of each fiscal year. Submittal dates were January 8, 2010, for the FY 2009 audit; January 10, 2011, for the FY 2010 audit; and February 3, 2012, for the FY 2011 audit.</p> <p><b>Conclusion: Complied</b></p>

### **Findings and Observations from RTPA Compliance Requirements Matrix**

SANBAG has satisfactorily complied with most State legislative mandates for Regional Transportation Planning Agencies. One compliance measure was not applicable during the audit period pertaining to the adoption of rules and regulations to evaluate TDA Article 4.5 claims. Such claims for funds have not been submitted to SANBAG although the relatively new CTSA, VTrans, would be an eligible claimant.

The requirement for SANBAG to retain an independent auditor to conduct the performance audit has been met, as well as ensuring that the operator performance audits include the necessary performance indicators. However, the performance audits are submitted after the statutory timeline of 12 months after the end of the triennial period, resulting in a partial compliance with the relevant PUC sections. A compliance area not met was the timely submittal of the TDA fiscal and compliance audits of all TDA claimants. The annual fiscal audits during the three year period were transmitted to the State from a few months late to over a year late past the extension period.

SANBAG has streamlined its outreach during the annual unmet transit needs process by holding at least two public hearings, one in Victor Valley and one in Morongo Basin, for the Mountain/Desert Region to take public testimony and by accepting written and Internet correspondence. The public hearings are held where public transit services are provided in each subregion. TDA statute requires at least one public hearing whereas SANBAG sponsors three including the primary one at a SANBAG Board meeting.

While SANBAG remains in compliance with TDA state mandates, recommendations are made to revise, update, or develop certain functions under its purview to improve clarity and to reflect current conditions. Recommendations include updating the TDA checklist contained in the claim form, updating the intermediate farebox ratio for VVTA, begin developing Article 4.5 evaluation criteria in light of potential eligible claimants, and formalizing the allocation procedures for STA Regional Funds.

## Section III

### Prior Triennial Performance Audit Recommendations

This chapter describes SANBAG's response to the recommendations included in the prior triennial performance audit prepared by PMC. For this purpose, each prior recommendation for the agency 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

Enhance the Transit Productivity Improvement Program (PIP).

Actions taken by SANBAG: The transit PIP, which comprises three components, was recommended in the prior audit to be strengthened in several areas. One area is for SANBAG to ensure that the transit operators submit their specific initiated efforts to improve productivity along with their TDA claims. A second area is for development of a brief form or table to attach to the TDA claim for the operators to describe their status and actions to implement the performance audit recommendations. The third area is ongoing work with the operators to improve their usage of TransTrack, whether through additional instruction or training, identifying and communicating data errors, or validating the method to enter the data consistently.

A review of evidence such as TDA claims submitted during the audit period, TransTrack data entered by the operators, and interviews with SANBAG and transit operator staff shows improvement. Most operators have provided the status of prior performance audit recommendations in a separate attachment to their respective TDA claims. TransTrack has become more useful to the operators as a data tracking and analysis tool which is also used for reporting information to external agencies (e.g. State and Federal transit entities). For this audit project, several operators provided TransTrack printouts as a primary source of performance data indicating their use of the software as an integrated part of their operations. In addition, with Comprehensive Operations Analysis completed for most of the operators during the audit period, these documents serve as productivity improvement resources for improving service in the near term.

The preceding section of this audit report recommends further improvement to the PIP as part of the TDA claims process. However, SANBAG has made effort to implement the prior audit recommendation.

Conclusion: This recommendation has been implemented.

Prior Recommendation 2

Require transit operators to consistently submit CHP inspection certificates with TDA claims.

Actions taken by SANBAG: A review of submitted TDA claims by the transit operators shows that they have been including a copy of the CHP terminal inspection report and driver pull notice participation during the audit period. Each operator signs off on the TDA checklist that the driver pull notice is attached to their claim. The CHP inspections have rated the operators' facilities and pull notices as being satisfactory for the past several years.

Conclusion: This recommendation has been implemented.

Prior Recommendation 3

Maintain transit staff development for TDA administration.

Actions taken by SANBAG: In anticipation of a significant turnover of transit staff at SANBAG, the prior recommendation was provided to ensure that SANBAG put in place adequate training on TDA administration and compliance through the ranks. New hires with local transit background and experience were made, as well as staff transfers from other SANBAG departments who had prior experience with TDA. Although new desk procedures were not explicitly developed as a training tool, the new staff were able to take on full responsibility with TDA administration and maintain a high level of competency within the agency. SANBAG staff have been implementing a practice of being two-deep, meaning that at least two people are knowledgeable of each function and responsibility.

New transit staff complied with the TDA law in a manner that was slightly different from past SANBAG transit staff with additional emphasis placed on ensuring RTPA statutory responsibilities were enforced. An adjustment period between SANBAG and the claimants in communicating and meeting new expectations occurred during the transition. Although there was further transit staff turnover after the audit period, new experienced personnel has been hired.

Conclusion: This recommendation has been implemented.

Prior Recommendation 4

Update the SANBAG TDA application manual.

Actions taken by SANBAG: As a carryover recommendation from the past two performance audits, the agency's guidebook has not yet been updated to formally reflect changes to the administration of TDA. These include the updated TDA statute book (February 2009), the updated TDA performance audit guidelines (September 2008),

utilization of TransTrack as a performance monitoring tool, and utilization of TDA claim form. The updated TDA application manual would support the current practices by SANBAG and create a common reference platform by which all claimants could follow.

Conclusion: This recommendation has not been implemented and is carried forward in this audit for full implementation.

Prior Recommendation 5

Develop orientation packet for new and existing PASTACC members.

Actions taken by SANBAG: A PASTACC Appointed Member Notebook was developed in September 2011. The document includes a series of eight sections detailing many key aspects of the committee, including:

- Purpose and description of the committee
- PUC statutory section requiring such committee
- Bylaws and goals
- Policies and procedures
- Members and staff contacts
- Reference list of transit related resources
- Unmet transit needs
- Other resources, meeting agendas and minutes.

With the diversity of participating voting and invited non-voting members, the notebook provides a baseline reference for each member's involvement on the committee.

Conclusion: This recommendation has been implemented.

Prior Recommendation 6

Consider development of a broader transit policy committee in light of multimodal planning in the county and region.

Actions taken by SANBAG: The former SANBAG Commuter Rail Committee was renamed the Commuter Rail and Transit Committee in 2011. Committee agendas integrate both commuter rail and public transit items that enable policy makers to make recommendations to the Board and provide direction to staff. Items for public transit have included unmet transit needs, grant applications, transit studies, and TDA claims. The Director of Rail and Transit Programs provides staff lead for the committee.

Conclusion: This recommendation has been implemented.

## Section IV

### Detailed Review of RTPA Functions

In this section, a detailed assessment of SANBAG's functions and performance as a RTPA during this audit period is provided. Adapted from Caltrans' *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, SANBAG's activities can be divided into the following activities:

- Administration, Management and Coordination
- Transportation Planning and Programming
- TDA Claimant Relationships and Oversight
- Public Information and External Affairs
- Grant Application and Management

### Administration, Management and Coordination

SANBAG's mission is to enhance the quality of life for all residents in San Bernardino County by:

- Improving cooperative regional planning
- Developing an accessible, efficient, multimodal transportation system
- Strengthening economic development efforts
- Exerting leadership in creative problem solving

The SANBAG Board of Directors approved this mission statement on June 2, 1993, and reaffirmed it on March 6, 1996.

During the audit period, there were notable changes within the organizational structure of the agency as well as in senior management and executive leadership. They are summarized in the subsections below titled *Departmental Changes* and *Staffing*.

#### Departmental Changes

With the evolving nature of the transportation commission and changes in top leadership, SANBAG has been progressing toward serving in a greater project funding and delivery role. Following board direction, the agency has taken an increased perspective on

multimodal investments and interconnectivity not only for highways, but for transit and non-motorized transportation. In addressing current conditions combined with staff changes at the agency in recent years, departmental re-organization is being implemented for increased efficiency and responsiveness.

The relatively new organizational flow is designed to help deliver projects in a timely manner and implement the Measure I Strategic Plan that was approved by the Board in April 2009. With the local self help sales tax measure renewed for 30-years, SANBAG has an on-going responsibility to deliver projects contained in the plan while enhancing its funding and programming capability.

During the audit period, and extending beyond, several departmental changes occurred. To illustrate these changes, the table below shows the former program areas and the current programs:

**Table IV-1  
Changes to SANBAG Program Areas**

<i>Former Program Areas</i>	<i>New Program Areas</i>
Transit and Rail Programs	Transit and Rail Programs
Air Quality and Mobility Programs	Air Quality & Mobility Programs
Intergovernmental and Legislative Affairs	Legislative Affairs
Freeway Construction	Project Delivery
Planning and Programming	Planning
	Fund Administration and Programming
Mountain/Desert Subregional Policies	Mountain/Desert Subregional Policies
Management Services	Management Services
Finance	Finance

The Planning and Programming department was divided into two separate program areas, Planning and Fund Administration and Programming. Significant to the agency, and administration of TDA, is the planned transition of several administrative and funding responsibilities to the new Fund Administration and Programming Department. This new program area is designed to be the central point for all fund administration and programming responsibilities for the agency. This would include transitioning several aspects of TDA responsibilities from the Transit and Rail Programs to the new department as well as to other program areas such as Finance. A more detailed description of the planned transition of TDA functions is contained in the TDA Claimant Relationships and Oversight section of this functional review.

Staffing

The former Executive Director retired in August 2011 and was replaced on an interim basis by the former Director of Plans and Programs. The Interim Executive Director served in that capacity until the agency recruited a new permanent Executive Director in

April 2012 (the interim Executive Director retired in May 2012). The current Executive Director formerly served as the District 8 Director of Caltrans which encompasses Riverside and San Bernardino counties.

Also, the Transit and Rail Program underwent several staff changes in the last three years. Each of the three program staff members who were with SANBAG prior to the audit period separated from the agency. The former Director of Transit and Rail Programs retired in January 2009 and was replaced by the current Director. The Senior Transit Analyst also retired within six months while the Transit Planner was recruited to the newly formed CTSA in FY 2011-12. The entire Transit and Rail Program staff was essentially turned over and has been replaced with a combination of new hires from the outside as well as existing SANBAG personnel who transferred from other program areas.

In all, there were 11 new hires and 8 separations at SANBAG between FY's 2008-09 and 2010-11. Although beyond the audit period, it is worth noting that in FY 2011-12 alone, there were 10 new hires and 9 separations (excluding contract and temporary staff), indications of an active human resource transition for an agency of its size. The pace of hiring and separations slowed significantly the following year.

#### Capital Project Development

Projects are prioritized on a regional basis and documented through expenditure plans and programming documents that have been approved through review and consensus building. Through the development of comprehensive planning documents and compliance with state and regional transportation programming requirements, the agency is able to stimulate project development. The collaboration among the departments within SANBAG and its partners has enabled capital projects to receive funding and be delivered, especially projects funded through the Measure I local sales tax and the local transportation fund. SANBAG had continued work on completing major projects contained in the expenditure plan.

Guidance on implementation of Measure I is provided through the Measure I Strategic Plan which provides for the allocation and administration of local, state and federal transportation revenues. As the original Measure I sales tax program expired and the renewed program commenced in 2010, SANBAG has evolved from its freeway project delivery orientation to a more multimodal project perspective. SANBAG also acts as the pass-through agency for Measure I and LTF funding and disperses the funds to cities, subareas, transit operators and other claimants. Pass-through funds have ranged from \$92.0 million to \$ 97.7 million per year between FYs 2009 through 2011, a decrease from prior years due to the economic recession.<sup>2</sup>

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<sup>2</sup> FYs 2009-2011 SANBAG Basic Financial Statements, Statement of Revenues, Expenditures, and Changes in Fund Balances.

### Internal Controls

The SANBAG annual budget is a working document that is task driven and identifies the specific work elements that SANBAG will undertake for the coming fiscal year. During the audit period, SANBAG budgeted for 42 employees in FY 2009, 45 in FY 2010, and 45 in FY 2011. As SANBAG continues to grow in staff, the interaction between the departments as well as with its stakeholders also becomes more complex.

SANBAG has continued use of the EDEN financial management software since going live in November 2011. The more sophisticated software includes core financial, budgeting and human resource applications. In addition to software licenses, the contracts include related professional services, ongoing maintenance and support. The software features Project Fund Accounting and Contract Management applications that respond to specific needs. Project Accounting will provide the agency with multi-year, multi-phase project tracking and reporting, as well as the ability to carry forward from one budget year to the next.

The EDEN software package supports multiple internal and external funding, including local measures and federal and state grants. SANBAG has the ability to prioritize funding sources and define percentages with the revenue allocation feature. The system also simplifies the reimbursement process by automating the creation of general journal entries and accounts receivable invoices for reimbursement requests.

In conjunction with the financial system overhaul in 2011, the finance department is documenting financial policy changes and moving toward a process to conduct TDA administrative tasks including preparation of State Controller Reports and coordinating the annual TDA fiscal and compliance audits.

### Personnel Management

Personnel management at SANBAG is the charge of the Director of Management Services. The current director has been with SANBAG since August 2008. SANBAG's Policies Manual is kept current and posted on the agency's Intranet system. Approved changes in personnel policies during the audit period included for work requirements, leaves, and absences in August and November of 2008, and in July and August of 2009. Approved changes for compensation administration occurred in June and October of 2010. The changes in work requirements, leaves, and absences include corrections of errors, and clarification and revisions to specific language in the document such as to the flexible work schedule known as the "9/80". The changes in compensation administration include new authority for the Executive Director to authorize pay increases above 5 percent for exceptional staff work, and change in performance evaluation timelines.

## **Transportation Planning and Programming**

This functional area addresses planning functions required of SANBAG, including development of the Regional Transportation Improvement Program and the Congestion Management Program, Bicycle and Pedestrian Facilities Program, and Transit Planning. Additional transportation programs administered by the agency are also discussed, including Freeway/Roadway Construction, Local Stimulus Program, Commuter Assistance Program and the Motorist Assistance Program.

### **Regional Transportation Improvement Program (RTIP)**

SANBAG is responsible for preparing the Regional Transportation Improvement Program (RTIP) for San Bernardino County projects that have been approved for federal and state funding. The RTIP is a listing of all capital improvement projects spanning a six-year period. Federal fund sources that SANBAG allocates include those prescribed through the former SAFETEA-LU, while State fund sources include programs created through the Proposition 1B Bond, State Transportation Improvement Program (STIP) and Regional Improvement Program (RIP).

Federal regulations require that all projects funded with state and federal funds be included in a RTIP in order to receive the funds. In addition, projects that are regionally significant but locally funded are also required to be included in the RTIP.

The RTIP is prepared to implement projects and programs in the Regional Transportation Plan (RTP), a 30-year, financially constrained, long-range planning document. SANBAG submits the county RTIP to the Southern California Association of Governments (SCAG), the Metropolitan Planning Organization (MPO) for the six-county region (Orange, Los Angeles, Imperial, Riverside, San Bernardino, and Ventura counties). SCAG is responsible for ensuring that the RTIP is consistent with the Regional RTP and adopted air plans. SCAG is the responsible agency for submittal of the RTIP to federal agencies for approval. The RTIP is generally updated every two years with amendments occurring between updates.

### **Congestion Management Program**

SANBAG is the designated Congestion Management Agency (CMA) for San Bernardino County. As a CMA, SANBAG is responsible for developing a program that better links land use, transportation and air quality that prompt growth management strategies. The Congestion Management Plan (CMP) identifies deficiencies in the County transportation network that inhibit these growth strategies. The CMP involves the monitoring of congestion along a designated system that includes all highway facilities and selected major arterials. The system is monitored to ensure that the level of service along these roadways does not fall below the adopted level of service. Should a roadway fall to a deficient level of service, a deficiency plan would be required to identify mitigation measures including cost and a schedule of the recommended mitigation measures.

### Bicycle and Pedestrian Facilities Program

As an important piece of the County transportation system, non-motorized transportation is encouraged by SANBAG. In its efforts, the agency administers a biennial Call for Projects process for bicycle and pedestrian facilities. Article 3 of TDA provides that 2 percent of LTF be set aside for the implementation of bicycle and pedestrian facilities.

As described in the compliance section of this audit, 20 percent of TDA Article 3 funds would be made available for projects that improve access to bus stops for pedestrians and persons with disabilities. The remaining 80 percent would be available for pedestrian and bicycle facilities. Upon approval of a project list by the SANBAG Board, Article 3 funds will be allocated to the project sponsor agency. Allocated funds remain available for three full fiscal years after the year of Board approval.

Proposed projects are reviewed by an evaluation committee. The evaluation committee, using the criteria contained in the Call for Projects, assigns each proposed project a score. The evaluation committee comprises two SANBAG staff, engineering, public works or parks and recreation representatives from two cities/towns and the County, and one member from an adjacent county transportation commission. The evaluation committee presents its recommendation to the SANBAG General Policy Committee who in turn forwards its recommendation to the full SANBAG Board.

The allocations are based on 2 percent of TDA fund apportionments, as allowed by law, plus carryover funds from prior years. According to a SANBAG staff report in December 2011 recommending award of funds, about \$3.8 million was allocated for Pedestrian and Bicycle Facilities projects and another \$800,000 for Transit Access Improvement projects.

### Transit Planning

SANBAG is responsible for the coordination of transit among all of the operators in the county to ensure an efficient delivery of services. In this capacity, the agency has provided a regional perspective to facilitating the provision of public transit by the six transit operators and SCRRA. As the County Transportation Commission, SANBAG requires each transit operator to prepare a multi-year operating and capital plan.

During the audit period, SANBAG commissioned Comprehensive Operations Analysis for each of the transit operators. An exception was Needles Area Transit which had not undergone a similar type study. Each COA provided detailed analyses of socioeconomic conditions and current service trends. Recommendations for alternative service provision and benchmark performance measures to gauge productivity were developed. Due to poor economic conditions from the recession resulting in lower TDA receipts (decline of 17 percent between FYs 2009 and 2010), COA recommendations with regard to service expansion were delayed from being implemented. During the tail end of this audit period, however, revenue was increasing and resulting in improved allocations of TDA funding.

Short Range Transit Plans that are developed following the COA are guided by the COA's general goals and policies in forming a financially constrained five-year financial and service plan.

SANBAG completed the San Bernardino County Long Range Transit Plan (LRTP) in October 2009 that establishes a vision for transit for the next 25 years. The LRTP prioritizes goals and projects for transit growth and connects land use and transportation strategies. The LRTP also meets legal mandates for planning and programming set by SB 375.

Coordination with transit agencies, local governments and input from the community led to the development of four alternatives in the LRTP. They include the Baseline Alternative, which includes existing transit service only; the Plan Alternative, which includes existing service and currently planned transit improvements designed to serve the future growth in the region; the Vision Alternative, which includes existing transit, currently planned improvements and rapid bus and rail, and; the Sustainable Land Use Alternative (for San Bernardino Valley only), which redistributes population and employment growth to transit corridors and creates transit oriented development at station areas for implementation of SB 375. This alternative also allows the study of potential ridership benefits of public policy efforts to shape the transit/land use connection in the region.

#### Freeway/Roadway Construction

SANBAG serves as the lead agency for many construction projects, and provides funding support for projects overseen by other agencies. Major roadway projects are funded by a variety of revenue sources, including local Measure I and state and federal funds. SANBAG's Program Management Consultant develops a Major Projects Quarterly Project Status Briefing document. The document is intended to communicate project information between SANBAG staff and the SANBAG Board. Projects are organized by type – mainline project, segment project, interchange project, and grade separation project – the current phase of the project, and the roadway corridor. Most highway projects include improvements along the I-10 and I-215 corridors, while grade separation projects are on local streets.

#### Local Stimulus Program

On July 1, 2009, the Board of Directors approved a \$31.4 million Local Stimulus Program (LSP) for local jurisdictions (cities, towns, and county). The Local Stimulus Program is for eligible roads and streets projects defined in the Measure I 2010-2040 Strategic Plan for local street programs. SANBAG issued procedures for administration of the LSP as well as guidance on the funding breakdown in which \$2.05 million was designated for rural areas (less than 5,000 population) and \$29.35 million designated for non-rural areas. Projects were submitted during FY 2009-10 and local jurisdictions were given 36 months to complete them generally by the end of 2012.

### Commuter Assistance Program

The focus of the Commuter Assistance Program is to improve mobility throughout the transportation system by encouraging commuters to make a mode-shift decision away from solo vehicle commuting. SANBAG offers a comprehensive list of programs and outreach under the umbrella of Commuter Assistance which helps foster more efficient use of the transportation system and reduces congestion and vehicle emissions.

In addition to outreach to employees through employer channels, SANBAG promotes the Commuter Assistance Program online and in print. SANBAG, in partnership with the Riverside County Transportation Commission (RCTC), is marketing and promoting the IE 511 program as the primary tool for commuter and travel assistance. IE511.org and 511 phone service is a one-stop phone and web service for transportation information in Southern California's Inland Empire. Both the website and telephone service are owned and operated through the partnership of RCTC and SANBAG. The marketing efforts will help to steer the public away from the older commuter assistance site [www.commutersmart.info](http://www.commutersmart.info).

IE511 provides:

- Real-time traffic information with incidents and driving times for Southern California
- Links to construction information for Southern California
- Links to CHP incident information for Southern California
- Bus/Rail trip planning for Southern California
- Links to Southern California bus/rail providers
- Specialized Transit information for Riverside and San Bernardino counties
- Rideshare information for Riverside and San Bernardino counties
- Park & Ride lot map and information for Southern California
- Carpool lane map for Southern California
- Employer services for Riverside and San Bernardino county businesses interested in rideshare programs

### Motorist Assistance Program

#### Service Authority for Freeway Emergencies

SANBAG has served as the designated Service Authority for Freeway Emergencies (SAFE) for San Bernardino County since 1990. SAFE is known for the call boxes along major highways that enable stranded motorists to phone for assistance. The digital signal

at the call boxes was upgraded with TTY devices which are ADA compliant and help resolve signal receiver consistency. The number of call boxes decreased between FY 2010 and 2011 but then increased in FY 2012 from call box expansion from Fort Irwin along the I-15 corridor. The number of calls followed the same pattern, with overall declines due to the expansion in the use of cellular phones. Most calls for a disabled vehicle although other calls were made for such events as road hazards and accidents. Table IV-2 shows the trend in usage over the last three years.

**Table IV-2  
SAFE Program Usage**

<b>Fiscal Year</b>	<b>Number of Calls</b>	<b>Number of Call Boxes</b>	<b>Annual Change in Calls</b>
2010	1,253	1,245	
2011	916	1,192	-27%
2012	1,062	1,224	16%

Source: SANBAG

Freeway Service Patrol

SANBAG administers the Freeway Service Patrol (FSP) in conjunction with the CHP and Caltrans. The FSP provides quick motorist assistance during peak traffic conditions and in construction zones. Five tow truck contractors are used to provide 16 roving tow trucks along major freeways covering over 67 miles, an increase of about 7 miles from the prior audit period. Several beats were extended in length including Beats 2, 5, 7 and 8. The service corridors and corresponding eight beats are shown in Table IV-3.

**Table IV-3  
San Bernardino County Beat Summary**

<b>Beat Number</b>	<b>Description</b>	<b>Length in Miles</b>
Beat 1	I-10 Indian Hill Blvd. to Haven Avenue	8.16
Beat 2	I-10 Haven Avenue to Sierra Avenue	8.6
Beat 3	I-10 Sierra Avenue to Waterman Avenue	9.04
Beat 4	SR-60 Reservoir Street to Milliken Avenue	9.96
Beat 5	I-15 Jurupa Street to I-15 Summit Avenue	9.61
Beat 6	I-215 Center Street to 2 <sup>nd</sup> Street	6.79
Beat 7	I-215 2 <sup>nd</sup> Street to Palm/Kendall Avenue	7.3
Beat 8	I-10 Waterman Avenue to University St.	7.9
<b>Total Mileage Covered</b>		<b>67.36</b>

Source: SANBAG

The FSP operates during peak commute hours from 5:00 a.m. to 8:30 a.m. and between 3:00 p.m. and 7:00 p.m., which amounts to 7.5 hours per day. FSP is also utilized in construction zones. More than one-third of all FSP assists involve information and general assistance calls, followed by flat tires and mechanical failures. Table IV-4 shows the number of incidents for all corridors during the audit period. The number of incidents was fairly stable each year, growing by 3.5 percent between FYs 2009 and 2010, then declining by 1.3 percent between FYs 2010 and 2011.

**Table IV-4  
FSP Program Assists**

<b>Incident</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Flat Tire	5,619	6,062	5,788
Out of gas	2,961	3,263	3,441
Other*	13,260	13,578	13,008
Abandoned vehicle	2,009	1,705	1,309
Accident	1,937	2,243	2,152
Debris removal	1,631	2,010	3,014
Electrical problem	7,01	862	736
Mechanical problem	4,892	5,042	4,937
Overheated	1,440	1,601	1,508
<b>Total</b>	<b>35,151</b>	<b>36,366</b>	<b>35,893</b>

\*other assist type includes driver safety checks (for drivers pulled over on the side of the road) and providing information  
Source: SANBAG

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

As the designated County Transportation Commission, SANBAG is responsible for the administration of the TDA program. This functional area addresses SANBAG's interaction with the transit operators in San Bernardino County and its administration of the provisions of TDA. The sub-functions described include costs to administer the program, technical and managerial assistance to operators, TDA claims processing and the unmet transit needs process.

#### *SANBAG Administration and Planning*

The uses of TDA revenues apportioned to San Bernardino County flow through a priority process prescribed in state law. Prior to apportionment of funds to the Bicycle and Pedestrian Facilities Program and the transit operators, SANBAG is able to claim TDA revenues for administration of the fund and for transportation planning and programming purposes. SANBAG apportions 3 percent of LTF for Planning and Programming as

allowed by statute. The limit does not apply to fund administration, but SANBAG has been responsible in the amount it claims. In addition, SANBAG allocates revenues to SCAG for planning purposes as a member of the regional agency. During the audit years of 2009 through 2011, SANBAG apportioned the following LTF amounts (Table IV-5):

**Table IV-5  
Adopted LTF Apportionments for  
SANBAG Administration,  
Planning and Programming**

<b>Fiscal Year</b>	<b>Total LTF Available <sup>(1)</sup></b>	<b>SANBAG Administration of TDA</b>	<b>SANBAG Planning &amp; Programming</b>	<b>Total SANBAG Allocations</b>
2009	\$64,991,500	\$425,000	\$1,949,745	\$2,374,745
2010	\$54,232,188	\$450,000	\$1,626,965	\$2,076,965
2011	\$60,805,959	\$450,000	\$1,907,554	\$2,357,554

(1) Total annual LTF receipts estimated per SANBAG/County Auditor. Does not include annual carryover. Excludes State Transit Assistance Funds.

Source: SANBAG Board adopted apportionments and fund estimate.

*Technical and Managerial Assistance to Operators*

As presented earlier in the discussion of staffing, there was complete turnover of Transit and Rail Program staff during the audit period. Two of the prior staff retired in 2009 while the third prior staff departed in late 2011. With the hiring of a new Director of Transit and Rail Programs in 2009, the other vacant positions were filled by in-house employees who transferred from the former Planning and Programming section and from the Finance department. The transferred employees essentially learned on-the-job about SANBAG's TDA responsibilities and were cross-trained in TDA, transit and rail. Toward the end of the audit period, an additional employee who previously worked for Omnitrans joined the transit program staff.

Direct interface with the operators has been through communications on TDA claims, transit funding, and other transit matters. Attendance at unmet transit needs hearings and PASTACC meetings, and review of findings and recommendations made in the Comprehensive Operations Analysis also presented opportunities for discussion.

During this period of transition among the transit program staff, there was a learning curve with regard to TDA that carried over to the communication between SANBAG and the transit operators. A change in focus within the Transit and Rail Program also had to be communicated to the operators. Whereas in prior years SANBAG was more passive in its review of the distribution and expenditure of TDA by the transit agencies, the new staff was more pro-active in aligning the expenditure of the revenue to the requirements of the statute. For example, SANBAG required Omnitrans to return a large sum of unused LTF

revenue that the transit operator had been allocated over a number of years. Although Omnitrans retained a small portion for cash flow purposes, the agency returned about \$16 million to SANBAG which reverts to the unallocated TDA reserves for transit uses in the San Bernardino Valley.

Ensuring that the transit operator TDA claims are clean and consistent with adopted rules and regulations, SANBAG has communicated with the operators about their funding applications. In one instance, SANBAG worked closely with Barstow Area Transit on its TDA claim to reconcile various financial assumptions contained in the claim. Because of inconsistencies found among the data shown in the claim as well as missing attachments, SANBAG posed multiple questions to the operator before approving its claim.

As part of implementing the Productivity Improvement Plan, SANBAG continues to work with the operators and the vendor on the implementation of TransTrack. Software upgrades are made to enhance the dashboard module and use of the system as a performance monitoring tool, and to gain further compliance with reporting consistent performance measures. While a few transit operators continue to have data entry issues with the various modules when comparing data across various reporting sources, the influence TransTrack has had in serving as the primary data performance program is recognized.

#### TDA Claim Processing

SANBAG was responsible for managing and disbursing \$65 million in Local Transportation Fund revenues in FY 2009, \$54 million in FY 2010, and \$61 million in FY 2011. In addition, according to the annual financial statements, the agency disbursed \$5.8 million in State Transit Assistance funds in FY 2009, \$5.6 million in FY 2010, and \$6.1 million in FY 2011. As described earlier, prior to apportionment to the transit operators and other claimants, LTF revenues are claimed by SANBAG for administration and planning purposes. Claims are also made for bicycle and pedestrian projects under the appropriate claim process.

During the audit period, the Transit Analyst oversaw and administered the TDA claims in addition to responsibilities related to commuter rail. The Transit Analyst sided on the conservative when working with TDA estimates that are used by the transit operators when completing their claims. As a result, an unallocated reserve balance of about \$5 million in LTF has been established for countywide uses. The unrestricted fund balance is reserved to minimize the impact of a decline in revenue or an unexpected financial need. There are no current in-house procedures that specify how this reserve is to be used when needed. Suggestions are made in the recommendations section of this audit for SANBAG's consideration.

The SANBAG TDA Application Manual is planned to be updated pending staff resources. The updated document will be made available online and contain the updated claim forms.

SANBAG prepares and distributes the TDA claims packets electronically along with funding information needed to prepare TDA claims. Included in the packet is a checklist of items to be filed. The claims checklist used during the audit period contained a listing of 14 items to include with the claim that allows each claimant to submit and justify their need for TDA funds.

The claims are prepared by each operator, adopted by the operator's governing board or council, and must include a signoff on the implementation of a number of TDA requirements. These requirements are contained in a "Standards Assurances" form that is separate from the checklist and includes compliance with revenue ratios, attachment of specific documentation, and submittal of compliance audits and reports. Each submitting claimant certifies that all conformance requirements are satisfied to receive both LTF and STA funds. Once the claims are processed and funds are allocated by SANBAG, operators can amend claims during the fiscal year as actual transit service is delivered.

STA funds are claimed using the same form and comply with the procedures and formulas established in the TDA statute. SANBAG is required to make annual findings prior to allocation of STA funds to the transit operators. These findings are part of the standard assurances checklist and are integrated with the claims for LTF revenues. Measure I elderly and disabled claims are a third aspect of the claims process.

The regional share of STA that SANBAG receives under PUC 99313 is distributed based on need. SANBAG transit staff indicated that the split of annual funding of about \$11 million is based on the relative population proportions between the Valley and Desert regions. The historic split has been 75 percent to the Valley and 25 percent to the Desert although updated population shifts show a slightly different percentage. A minimum level of funding is approved for each operator request. However, there is no formal policy by SANBAG guiding how these funds are to be allocated or the evaluation of the request for funds. A recommendation is made to establish a formalized allocation procedure for STA Regional Funds under PUC 99313.

Under the new Transit and Rail Program Director, priorities for staff have shifted and have been placed on supporting program and project implementation and delivery, as opposed to administration of funds. This is consistent with SANBAG's creation of a new Fund Administration and Programming Department that will eventually handle TDA administrative duties, among other roles. With regard to TDA, by FY 2013-14, this new department will assume responsibility from the Transit and Rail Program for the following:

- Monitoring of LTF receipts versus estimates
- Apportionment and allocation disbursement instructions and status
- Monitoring of federal transit grant expenditure by operators to ensure timely use

Also, several administrative tasks will be transitioned from the Transit and Rail program to the Finance Department, including

- Preparation of State Controller Reports of the LTF and STA funds
- Coordination of fiscal and compliance audits of TDA claimants
- Maintenance of LTF and STA interest earnings and balance sheets
- Coordination of invoices and fund disbursement
- Contracting for federal single audits for small urban and rural operators.

Transit and Rail Program staff will continue to provide technical assistance on federal funding applications and recommendations for awarding funding.

*Unmet Transit Needs and PASTACC*

Unmet transit needs hearings are required by TDA where claims can be made for streets and roads. This occurs only for the mountain and desert region of San Bernardino County since TDA is dedicated to transit in the San Bernardino Valley area. SANBAG conducts the annual unmet needs process in consultation with the Public and Specialized Transportation Advisory and Coordinating County (PASTACC), which serves as the statutorily required Social Services Transportation Advisory Council (SSTAC). Members of the PASTACC participate in the review of the comments.

Definitions of “unmet transit needs” and “reasonable to meet” are adopted by the County Transportation Commission Board of Directors during the unmet needs process. Unmet transit needs are defined as “any deficiency in the provision of public transit service, specialized transit service or private for-profit and non-profit transportation.” Transit needs that are “reasonable to meet” are based on the following criteria: (1) community acceptance; (2) timing; (3) equity; (4) cost effectiveness; and (5) operational feasibility.

Unmet transit needs hearings are coordinated by SANBAG transit staff and are generally held during the month of September. Given the vast geography of the mountain and desert region, public hearings were held in various locations during the audit period in cooperation with the local transit agencies in the upper desert (Victorville and Barstow), lower desert (Joshua Tree) and mountain region (Big Bear Lake/Crestline). To note, in FY 2008-09 SANBAG held four public hearings in the mountain/high desert region at Big Bear Lake/Crestline, Barstow, Victorville and Morongo Basin. Three hearings were held in FY 2009-10 (no mountain region,) and two hearings in FY 2010-11 (Victorville and Morongo). As MARTA began using all LTF for transit in the mountain region, the unmet needs hearings are no longer held. An additional public hearing during a SANBAG Board meeting in San Bernardino serves as the main hearing under state law.

The hearings are duly noticed in local print publications, such as the San Bernardino County Sun, Hi-Desert Star, and Desert Dispatch. Flyers announcing the public hearings are posted on transit vehicles serving the region and notices are mailed to social service agencies, transit advocates and interested citizens. Testimony gathered from the hearings

and subsequent analysis is coordinated between SANBAG staff and the contractor retained to facilitate PASTACC. Unmet transit needs findings were reviewed for the audit period, and although no unmet transit needs were found to be reasonable to meet, SANBAG has worked with the operators to address service needs recommended in the Comprehensive Operations Analysis, expand some weekend service hours, and implement new trial services such as connecting Barstow and Victor Valley with San Bernardino as well as non-emergency medical demand responsive service from Needles to Bullhead City, Arizona.

PASTACC serves as the primary group through which the unmet transit needs process is reviewed and testimony and findings discussed. PASTACC underwent several changes during the audit period as described earlier in this audit including an update to its bylaws, development of a member resource binder, and a more formalized and defined role in transportation decision making. As the committee discusses a broad range of transit and specialized transit issues, the bi-monthly meeting agendas contain a variety of discussion items that revolve around several primary areas including reporting on items of interest to voting members and the general membership, unmet transit needs, updates on transit grants and initiatives, and other items of current interest impacting transit and transportation. Other SANBAG staff and public members also participate on agendas as necessary, while ad-hoc subcommittees are created to focus on particular issues.

An initiative being developed is increasing the capacity of social service transportation providers in filling deficiencies in the transportation network. This includes providing travel training, supporting the goals of local social service transportation agencies, and identifying and surveying specific travel needs such as for veterans.

Interviews conducted with PASTACC members and staff revealed positive sentiment about the committee and its progress to promote transit and specialized transportation. Members appreciated the opportunity to learn and share information about current transportation issues. With the turnover in SANBAG transit staff that participate in PASTACC, it was observed that new staff made effort to retain the continuity. Because of the relatively large membership base and diversity of issues and needs countywide among both public transit and specialized services, it was indicated that there are some challenges to developing a program that furthers the interest among all the committee members. SANBAG has been working to better define the purpose, role and work scope of the committee with anticipation of retaining the interest level and involvement from all participants. This audit makes suggestions for consideration in the recommendations section to assist SANBAG with its efforts.

## **Public Information and External Affairs**

A significant accomplishment in this functional area during the audit period was the production of the Annual SANBAG General Assembly. This public event showcases transportation and COG activities, and recognizes local elected officials for their contribution to the development of the region. The General Assembly began in 2011 and

includes SANBAG's "Year in Review" featuring the agency's accomplishments of the past year and presentations by panels on the outlook for the year ahead. The Year in Review publication highlights accomplishments by program area and completion of major construction projects and studies, as well as services provided to the local jurisdictions and community members. A video commemorating SANBAG's 40th year was also produced.

In its COG capacity, SANBAG hosts a conference each spring for city and county representatives near Lake Arrowhead. The County, in partnership with SANBAG, created the Countywide Vision Report that sets countywide goals to improve local and regional prosperity. Elements of the Vision include Jobs/Economy, Education, Housing, Public Safety, Infrastructure, Quality of Life, Environment, Wellness, and Image.

SANBAG has continued to develop a comprehensive outreach effort to elicit support for its mission and to educate the public of its role in the delivery and maintenance of transportation infrastructure. SANBAG's media relations efforts are conveyed through the agency's Public Information Officer, its website, publications and public presentations. A consultant is used for public relations activities. The Public Information Officer reports directly to the Executive Director.

SANBAG produces a number of publications as part of its public information and outreach efforts. The two-page "Street Smart" newsletter is the monthly meeting summary of the SANBAG Board of Directors that features key agenda highlights and a calendar of upcoming Board and committee meetings. Another publication is the "Inland Empire Quarterly Economic Report," which contains a snapshot of economic conditions and forecasts in Riverside and San Bernardino counties. Other publications are more project-specific, such as those containing information on the progress of major construction projects including on Interstates 10 and 215. SANBAG has produced a multi-fold color brochure on Transportation Measure I, the Freeway Service Patrol, and about the role SANBAG plays in improving mobility in San Bernardino County. For legislative affairs, the Public Information Officer develops a publication titled "Building Tomorrow" as part of SANBAG's package of information to present on visits with State and Federal legislators.

Outreach has included the use of social media (Twitter) to reach a broad digital oriented audience in relative real time. SANBAG's website (<http://www.sanbag.ca.gov/>) also serves a digital portal for information and updates. The website is divided into seven main sections: About SANBAG, Projects, Commuter Info, Planning, Funding, News and Publications, and Resources. The left-hand margin entitled "Down the Road" contains a listing of upcoming Board and committee meetings as well as a link to Measure I, IE511, and San Bernardino 211 information and referral service. The right-hand margin entitled "Quick Picks" contains links to bid and career opportunities, major road construction projects, and recent publications. The Publications page has links to current newsletters, reports and studies, and informational brochures in Adobe Acrobat PDF format. There is also a link at the bottom of the page for the County Vision project.

## **Grant Application and Management**

SANBAG serves as the clearinghouse for federal grant applications that are reviewed to determine if there is any duplication of effort among agencies and to ensure that there is no conflict with local plans and policies. SANBAG's role for San Bernardino County is to review and be an integral part in state and federal funding assistance that promotes inter-jurisdictional coordination.

The agency assists the transit operators with obtaining both state and federal grants by ensuring the programming of resources and projects in the appropriate state and federal transportation implementation plans. Funding sources such as State Proposition 1B position SANBAG to provide the conduit and information for grant availability. State funding through the California Transit Security Grant Program for security cameras on board transit vehicles and at transit facilities is an example of the type of funding that has become available. Federal grants have also played an important role in funding continued operations and capital replacement of the transit operators. For example, in the revised TDA claims, SANBAG requires the operators to submit a listing of capital projects approved in the prior year's budget but not yet completed. This is in addition to the listing of capital projects requested in the current budget year.

With the formation of the new Fund Administration and Programming department, some grant functions such as transit grant monitoring and use will be transferred from the Transit and Rail program. In addition, contracting for the annual federal single audits for small urban and rural operators will be transferred to the Finance department. Most federal transit grant programming will remain with the Transit and Rail program including preparation of FTA 5311 and 5307 Program of Projects (POP) and grant assistance, call for projects for federal transit grants, and review and recommendation of FTA 5310 and 5311(f) applications.

## Section V

### Findings

The following material summarizes the major findings obtained from the Triennial Audit covering fiscal years 2009 through 2011. A set of audit recommendations is then provided.

1. SANBAG has satisfactorily complied with most State legislative mandates for Regional Transportation Planning Agencies. One compliance measure was not applicable during the audit period pertaining to the adoption of rules and regulations to evaluate TDA Article 4.5 claims. Such claims for funds have not been submitted to SANBAG although the relatively new CTSA, VTrans, would be an eligible claimant. Another compliance measure was partially met, and a separate measure was not met pertaining to timely submittal of audit reports.
2. SANBAG has responded to and implemented five of the six prior performance audit recommendations. The recommendation not yet implemented is to update its TDA application manual.
3. The agency has taken an increased perspective on multimodal investments and interconnectivity not only for highways, but for transit and non-motorized transportation. With the evolving nature of the transportation commission, the renewal of Measure I, and changes in top leadership, SANBAG has been progressing toward serving in a greater project funding and delivery role. The agency has seen notable departmental and staff changes particularly at the senior management and executive leadership level.
4. SANBAG commissioned Comprehensive Operations Analysis for each of the transit operators. An exception was Needles Area Transit which had not undergone a similar type study. Each COA provided detailed analyses of socioeconomic conditions and current service trends. Recommendations for alternative service provision and benchmark performance measures to gauge productivity were developed. Due to poor economic conditions from the recession resulting in lower TDA receipts (decline of 17 percent between FYs 2009 and 2010), COA recommendations with regard to service expansion were delayed from being implemented. During the tail end of this audit period, however, revenue was increasing and resulting in improved allocations of TDA funding.
5. SANBAG completed the San Bernardino County Long Range Transit Plan (LRTP) in October 2009 that establishes a vision for transit for the next 25 years. The LRTP prioritizes goals and projects for transit growth and connects land use and transportation strategies. The LRTP also meets legal mandates for planning and programming set by SB 375.

6. The uses of TDA revenues apportioned to San Bernardino County flow through a priority process prescribed in state law. SANBAG is able to claim TDA revenues for administration of the fund and for transportation planning and programming purposes. SANBAG has been responsible in the amount it claims, limiting its apportionment to 3 percent of Local Transportation Funds for Planning and Programming.
7. There was complete turnover of Transit and Rail Program staff during the audit period. Two of the prior staff retired in 2009 while the third prior staff departed in late 2011. With the hiring of a new Director of Transit and Rail Programs in 2009, the other vacant positions were filled by in-house employees who transferred from other departments, as well as by outside staff with prior local transit experience. Under the new Transit and Rail Program Director, priorities for staff have shifted and have been placed on supporting program and project implementation and delivery.
8. During this period of transition among the transit program staff, there was a learning curve with regard to TDA that carried over to the communication between SANBAG and the transit operators. Whereas in prior years SANBAG was more passive in its handling of the distribution and expenditure of TDA by the transit agencies, the new staff was more pro-active in aligning the expenditure of the revenue to the requirements of the statute. Also, SANBAG staff ensure that the transit operator TDA claims are clean and consistent with adopted rules and regulations.
9. The relatively new Fund Administration and Programming Department is anticipated to handle TDA administrative duties, among other roles. Several transit fund administrative and grant monitoring responsibilities are being transferred to this department, with Finance taking on additional roles as well in preparing external TDA reports and financial auditing.
10. A significant accomplishment agencywide was the production of the Annual SANBAG General Assembly. The General Assembly began in 2011 and includes SANBAG's "Year in Review" featuring the agency's accomplishments of the past year and presentations by panels on the outlook for the year ahead. The Year in Review publication highlights accomplishments by program area and completion of major construction projects and studies, as well as services provided to the local jurisdictions and community members.

## Recommendations

1. Update the checklist contained in the TDA claim form for submittal of required attachments.  
(High Priority)

The checklist in the TDA claim form for submittal of materials for the Productivity Improvement Program only vaguely describes the necessary attachments that should be submitted with the claim. It is unclear what types of submittals would be acceptable to SANBAG. It is recommended that the checklist in the claim be modified and expanded to specifically identify what documentation would be acceptable for the Productivity Improvement Program. Each transit claimant would then indicate on the checklist which items are included in the claim for compliance. This would clarify for both the transit operators and SANBAG how this required submittal is being met.

Examples of acceptable documentation include 1) table showing responses to and status of implementing prior performance audit recommendations; 2) budgetary actions and performance data that would result in increased productivity; 3) responses to and status of implementing short range plan and COA recommendations; 4) status update on issues and improvements in usage of TransTrack; and 5) additional specific claimant-initiated efforts to improve productivity. While some of this information is being provided by most of the transit claimants, it is beneficial that the acceptable types of documentation also be clearly identified in the checklist for SANBAG review and approval.

2. Update the SANBAG TDA application manual.  
(High Priority)

As a carryover recommendation from the prior performance audit, the agency's guidebook should be updated to reflect changes to the administration of TDA. These include the updated TDA statute book (February 2009), the updated TDA performance audit guidelines (September 2008), utilization of TransTrack as a performance monitoring tool, intermediate farebox ratio formula, and utilization of the TDA claim form. In addition, the new roles served by different SANBAG departments (Transit and Rail Program, Funds Administration and Programming, and Finance) in the administration of TDA should be described in the updated manual.

3. Formalize the allocation procedures for State Transit Assistance Regional Funds.  
(High Priority)

PUC 99313 STA Regional Funds are allocated based on a population proportion of 75 percent San Bernardino Valley and 25 percent High Desert/Mountain region. However, the current allocation proportions are general estimates and should be

updated to reflect current population location data using Census 2010 data or more recent estimates. It is estimated that the Valley share would decrease by a small proportion while the High Desert/Mountain share would increase.

The existing distribution of these funds is based on need with a minimum amount for each transit operator. A more formal distribution formula should be developed to provide a better indicator of revenue that a transit operator could expect. An example of such a formula could be an allocation by jurisdictional area or transit service area on the basis of population in these areas compared to the population of the county as a whole. In a situation where there are two or more eligible claimants in the same area, SANBAG could work with the eligible claimants on a distribution amount, or develop evaluation criteria in scoring and determining an allocation. Potential evaluation criteria could include meeting regional goals such as reduction in vehicle miles traveled as directed by SB 375. Calculation of transit ridership, passenger miles, and net reduction in vehicle miles traveled for each eligible transit claimant could be used as an approximation for competing STA regional allocations.

As significant levels of STA have been used in the past for large transit projects (e.g. VVTA operations facility), current policy does not preclude SANBAG from over allocating revenue to a jurisdiction in light of a significant transit project need. A regional STA pot of funds could still be a part of the formalized procedures, but should be accompanied by a set of rules in how the regional funds can be allocated and for which purposes. Examples include meeting a regional need beyond the service area of the transit operator, or to improve compliance with air quality measures. Both rolling stock and fixed assets (e.g. facilities) would be eligible.

4. Develop TDA fund reserve policy.  
(High Priority)

Beginning in FY 2011-12, SANBAG has set aside about \$5 million countywide during the TDA Local Transportation Fund apportionment process. The unrestricted set aside is made before apportionment for eligible uses and provides a reserve cushion to minimize the impact of a decline in revenue or an unexpected financial need. SANBAG should develop a fund reserve policy that outlines the reserve amount and eligible uses of the funds. The policy should be consistent with CCR 6655.1 that describes the retention of LTF. One aspect of the policy should limit the unrestricted reserve funds for eligible public transportation and specialized transit uses only (non street and roads). Equity could be achieved through basing the maximum allocation to each eligible claimant on a population and geographic basis, similar to the existing apportionment areas. This ensures that at a minimum, there will be available reserves for each transit system.

LTF reserves should be available for transit services that have been funded through the annual TDA claim process, whether actual LTF revenues fall short of LTF

budget allocations, or from circumstances that warrant an additional allocation. This would be on a case-by-case basis, and help to either minimize operating and/or capital shortfalls. An additional potential use would be to provide short term funding during a demonstration period to meet unmet transit needs that are found to be reasonable to meet.

5. Develop and adopt TDA Article 4.5 evaluation criteria.  
(Medium Priority)

In light of potential eligible CTSA claimants, SANBAG should develop the evaluation criteria and required findings for approval under this article section (PUC 99275.5). The article section contains the necessary steps and findings that must be made by SANBAG in approving a future claim submitted for TDA funds. The corresponding TDA claims forms and adopting resolutions should also be updated to accommodate such claim.

6. Review options for updating the farebox ratio for VVTA.  
(Medium Priority)

The current farebox recovery ratio of 15 percent for VVTA was adopted in September 1997. Over the years, the service area and population have changed. As the intermediate farebox ratio is intended to reflect the proportional services in rural and urban areas, it is recommended that SANBAG revisit the intermediate farebox formula described in a May 1997 board report that shows how the VVTA farebox ratio is calculated.

An update to the farebox formula would result in a potential fare ratio between 10 and 20 percent depending on the current service breakdown between rural and urban areas. The current farebox ratio of 15 percent remains an option as well. As VVTA is an Article 8 claimant, SANBAG has the capacity to set reasonable standards for a transit operator. Should there be a change in the farebox standard, SANBAG could also provide a certain amount of time for VVTA to meet the new standard.

SANBAG should work with VVTA in reviewing options how the farebox ratio is calculated, including using the same or similar formula methodology contained in that board report and using current VVTA service and performance data. SANBAG should then adopt both the methodology and the updated farebox ratio, and submit to Caltrans District 8 for approval. This sequence is required by Public Utilities Code (PUC) 99270.1 and California Code of Regulations (CCR) 6645. Because VVTA currently claims TDA funds under Article 8, PUC 99405 would also apply that references back to the other statute sections.

7. Consider alternate methods to promote focused meeting structure in PASTACC.  
(Medium Priority)

While we applaud the activities and general enhancements made to PASTACC over the last several years, the diversity of transportation interests and geography of the voting and non-voting members create challenges for SANBAG to develop a program that furthers the objectives and interest of all committee members.

Consideration should be given to alternative meeting structures that may be vetted for feasibility and consistency with the updated PASTACC goals and bylaws. One such structure is that in-lieu of holding bi-monthly meetings intended for all members, the bi-monthly meetings would focus on topics pertaining primarily to either specialized transit or public transit in an alternate meeting format. Agenda materials would be customized to fit the needs for each group for their respective meeting. All members would be invited to every meeting and provided the full agenda, but with the understanding that the particular meeting will be focused on social service or public transit issues. This alternating format could be conducted for a few meetings throughout the year. For the remaining meetings, the full membership would meet for required business such as during the unmet transit needs process, discussion of regional transportation issues, and receipt of updates from the more focused meetings.