



**FY 2016-2018  
Triennial Performance Audit  
of Santa Barbara County  
Association of Governments**

**Submitted to  
Santa Barbara County  
Association of Governments**

**October 2019**

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## **Executive Summary**

The Santa Barbara County Association of Governments (SBCAG) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years (FY) 2015–16 through 2017–18. As a Regional Transportation Planning Agency (RTPA), SBCAG is required by Public Utilities Code (PUC) Section 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans). TDA funding is used for SBCAG 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 SBCAG is meeting its administrative and planning obligations, as well as its organizational management and efficiency. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)* published by Caltrans was used to guide in the development and conduct of the audit. To gather information for the TDA performance audit, Michael Baker conducted interviews with SBCAG management, reviewed various documents, and evaluated SBCAG’s responsibilities, functions, and performance of the TDA guidelines and regulations.

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

### **Compliance with TDA Requirements**

SBCAG has satisfactorily complied with state legislative mandates for Regional Transportation Planning Agencies. To its credit, SBCAG meets these mandates using limited staff resources.

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

Two of the four prior performance audit recommendations have been fully implemented, one has been partially implemented, and the last has not been implemented due to lack of funding. The two recommendations implemented pertain to updating the SBCAG TDA claim manuals, and updating the Transit Resource Guide. The prior recommendation partially implemented was reviewing the strategic planning process, while the last recommendation not implemented was updating the Coordinated Public Transit-Human Services Transportation Plan. SBCAG was not successful in obtaining a grant for the update.

## Functional Review

1. SBCAG conducts its management of the TDA program in a competent, professional manner while operating in a complex intergovernmental environment.
2. A significant change was the retirement of the prior Executive Director and hire of the new Executive Director in January 2017. Changes in staff occurred from attrition and new hires, while promotions were made from within in building a stronger team oriented structure.
3. With the new management team, SBCAG has been taking incremental steps in strengthening its communications with stakeholders and maintaining trust in the community. This is leading to greater collaboration in the region to plan, fund, and implement projects across all transportation modes. Creating and communicating effective messages through public information is an emphasis at the agency which is accomplished through the hire of a new Government Affairs/Public Information Manager.
4. In August 2017, the SBCAG Board adopted Fast Forward 2040, the updated Regional Transportation Plan & Sustainable Communities Strategy (RTP-SCS). Fast Forward 2040 continues the vision laid out in the previous RTP-SCS, relies on the same core strategies and planning assumptions, and strives to achieve the same, broad goals as the prior plan in a condensed version.
5. The planning of local public transit services in the short term is accomplished primarily through the preparation of short-range transit plans (SRTPs). An SRTP was completed during the audit period for Santa Ynez Valley Transit (October 2017). Intercity transit issues and countywide transit studies are conducted through SBCAG including the North Santa Barbara County Transit Plan (September 2016), and Santa Maria-San Luis Obispo Transportation Connectivity Study (October 2017). Santa Maria and Clean Air Express are undertaking their respective SRTPs shortly after the audit period.
6. New early-morning Pacific Surfliner train service started in April 2018 and connects commuters from Ventura County and Carpinteria to Santa Barbara and Goleta. To meet first and last mile connectively, SBCAG contracted with Santa Barbara MTD to operate three shuttle routes free to rail pass holders, and worked with the Ventura County Transportation Commission (VCTC) to allow rail passes to be valid on all Coastal Express trips.
7. SBCAG updated its two TDA reference documents *Local Transportation Fund Claim Manual* and *State Transit Assistance Fund Claim Manual* in 2017 and 2018, respectively. The purpose of each manual is to clarify the respective provisions of TDA and to serve as a convenient reference document for TDA claimants and SBCAG in administering the TDA claims process. It also serves as a technical reference document for stakeholders who are involved with transportation planning in Santa Barbara County and with the unmet transit needs process.

8. Public information and outreach has played a significant role in SBCAG’s ability to achieve many of its milestones over the last three years, including adoption of the RTP-SCS, project development and delivery, and the Traffic Solutions’ interactive website which provides a one-stop-shop for dynamic real time commuter rideshare and trip-planning tools. *Try Transit* is a feature on the Traffic Solutions website and is a partnership between Traffic Solutions and all of the transit systems in Santa Barbara County. Free 10 ride tickets are available for anyone that wishes to try transit to see if it can work for their day to day transportation needs.

## Recommendations

| Performance Audit Recommendation   |   |
|--|---|
| <p>1. Implement prior performance audit recommendations.</p> <p>(Auditor Suggestion)</p> | <p>Two prior performance audit recommendations remain to be fully implemented, one being to update the Coordinated Public Transit-Human Services Transportation Plan titled <i>Transportation Connections</i>, and the second being to review the agency strategic plan. SBCAG sought state grant funding for updating the coordinated plan in FY 2017-18, but was not successful in obtaining the grant. No other action has been taken to date. SBCAG will continue to explore funding opportunities to update the plan. Projects selected under Federal Transit Administration Section 5310 funds are to be included in a locally developed, coordinated public transit-human services transportation plan. An updated plan will reflect the changing role of CTSA’s (Easy Lift and SMOOTH) in an evolving transit environment.</p> <p>Also, SBCAG management continues to discuss and refine strategic objectives and implementation. With new management in place during this audit period, the agency has opportunity to revisit its mission, vision, values, goals and strategies for the organization to guide priority setting, decisions about work programs and staffing, and other decisions by staff and board over the next several years. As an example, multimodal transportation planning and transit innovation have an emphasis under new leadership which can be reflected in updated goals and strategies. SBCAG should assume a leadership role in transit innovation for the region that accounts for disruptive trends, technological changes, and population inclusion. A review of the existing strategic plan by leadership and adjustments that further align to current values is a step</p> |

| Performance Audit Recommendation   |  |
|--|--|
|  | <p>toward furnishing the context to improve accountability for the use of resources, coordinating policies and building partnerships with all constituencies, ensuring the alignment of resources to address critical issues, and reinforcing the basis for clearly linking goals and objectives with ultimate outcomes.</p>   |
| <p>2. Require transit operator substantiation for budget increases over 15 percent in the TDA claim.</p> <p>(Compliance Requirement)</p> | <p>A specific standard assurance item in the transit claim that is signed off by the claimant relates to an operator providing justification for operating budget increases of more than 15 percent from the prior year (Document H, item 10). A few operators fell under this situation during the audit period from the auditor’s review of the claims where their operating budgets exceeded 15 percent from the prior year. While the standard assurance check off was made in the claim by the operators, there was no substantiation or descriptive justification made in the claim despite the claim requesting such description. A new section in the claim, or space provided in the standard assurance form, should be available for the operator to describe the reason for the increase above this threshold. SBCAG should verify during the claim review process that the operator provides description of a significant budget increase from the prior year.</p> |
| <p>3. Modify TDA triennial performance audit schedule for additional transit recipients of TDA.</p> <p>(Compliance Requirement)</p>      | <p>SBCAG commissions TDA triennial performance audits of all public transit systems that receive TDA funding according to the statute. A significant change for the Clean Air Express during the audit period was the administrative transition of the service from City of Lompoc to SBCAG in January 2018. The service is administered by the SBCAG Director of Rail and Transit Programs, including oversight and monitoring of the contract operator. In FY 2020-21, SBCAG will begin receiving TDA-State Transit Assistance (99314 farebox revenue) to supplement the Measure A North County Interregional Transit Program, which is currently the only dedicated source of funding for the Clean Air Express. About \$850,000 in Measure A is dedicated to CAE annually, but Measure A funds alone cannot sustain current service levels through the end of the Measure in 2040, and the amount of annual funding will</p>   |

| Performance Audit Recommendation |  |
|----------------------------------|--|
|                                  | <p>fall to around \$720,000 when bonds are issued for the US 101 HOV project. As a result of directly receiving TDA 99314 formula funds in the future, SBCAG is currently in compliance with TDA requirements, including submitting a State Controller Office Transit Operator Report, a financial compliance audit, and will be included in the triennial transit performance audits once SBCAG becomes a direct TDA (99314) recipient.</p> |

# Section I

## Introduction – Initial Review of SBCAG Functions

The Santa Barbara County Association of Governments (SBCAG) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years (FY) 2015–16 through 2017–18. As a Regional Transportation Planning Agency (RTPA), SBCAG is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans). This performance audit is intended to describe how well SBCAG 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, Michael Baker International accomplished the following activities:

- **Document Review:** Conducted an extensive review of documents including various SBCAG files and internal reports, TDA claims files, financial reports, committee and board agendas, and other published public documents.
- **Interviews:** Held interviews with various SBCAG personnel (executive director, deputy executive directors, rail and transit director, traffic solutions director, planning staff, and CFO/human resources manager), as well as with transit operators under SBCAG’s jurisdiction. All interviews were conducted in-person at their offices or at SBCAG.
- **Analysis:** Evaluated both the responses from the interviews as well as the documents to make findings about SBCAG’s responsibilities, functions, and performance as an RTPA and to the TDA guidelines and regulations.

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

## Overview of SBCAG

SBCAG is an association of city and county governments in Santa Barbara County. SBCAG's primary purpose is to assist local governments in solving common problems and addressing public policy issues that are regional or multi-jurisdictional in nature. SBCAG exists to provide a forum for regional collaboration and cooperation between agencies on issues that extend beyond jurisdictional boundaries such as traffic, housing, air quality, and growth.

SBCAG was established in October 1966 as a voluntary council of governments under a joint powers agreement executed by Santa Barbara County and each of the five general purpose city governments in the county at that time (Carpinteria, Guadalupe, Lompoc, Santa Barbara and Santa Maria). Three additional cities have incorporated since then and have joined the JPA (Solvang incorporated in 1985, Buellton in 1992, and Goleta in 2002).

Santa Barbara County is located along the southern portion California's central coast and extends inland from the coastal plains and valleys to the Santa Ynez, San Rafael and Sierra Madre mountain ranges. The county is bordered by San Luis Obispo County to the north, Ventura County to the east, Kern County to the northeast and the Pacific Ocean to the south and west. The county geographically encompasses 3,789 square miles, which includes the offshore islands of San Miguel, Santa Cruz, Santa Rosa and Anacapa of the Channel Islands chain. The county has a land area of 2,735 square miles. The highest elevation is 6,820 feet at the summit of Big Pine Mountain in the San Rafael Range.

Santa Barbara is the county seat and Santa Maria is the largest city by population. Other incorporated cities in order of population rank are Lompoc, Goleta, Carpinteria, Guadalupe, Solvang and Buellton. The eight incorporated cities account for about 68 percent of the county's total population, based on the 2019 State Department of Finance city/county population estimates. Unincorporated communities and census-designated places of note include Ballard, Cuyama, Hope Ranch, Isla Vista, Los Alamos, Los Olivos, Mission Hills, Montecito, New Cuyama, Orcutt, Santa Ynez, Summerland, and Vandenberg Village. Santa Barbara County has one federally-recognized Native American tribal entity composed of the Santa Ynez Band of Chumash Indians, who are established on the Santa Ynez Reservation. A demographic snapshot of incorporated cities and the County is presented below in Table I-1:

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

| City/Jurisdiction                       | 2010 US Census Population | Change from 2000 US Census | 2019 DOF Estimate | Population 65 years & older | Land area (in square miles) |
|---|---------------------------|----------------------------|-------------------|-----------------------------|-----------------------------|
| Buellton                                | 4,828                     | 26.12%                     | 5,453             | 13.19%                      | 1.58                        |
| Carpinteria                             | 13,040                    | -8.13%                     | 13,680            | 13.80%                      | 2.59                        |
| Goleta*                                 | 29,888                    | n/a                        | 32,759            | 13.54%                      | 7.90                        |
| Guadalupe                               | 7,080                     | 25.11%                     | 7,839             | 8.01%                       | 1.31                        |
| Lompoc                                  | 42,434                    | 3.24%                      | 43,649            | 9.95%                       | 11.60                       |
| Santa Barbara (county seat)             | 88,410                    | -4.24%                     | 93,532            | 14.22%                      | 19.47                       |
| Santa Maria                             | 99,553                    | 28.58%                     | 107,356           | 9.43%                       | 22.76                       |
| Solvang                                 | 5,245                     | -1.63%                     | 5,822             | 20.88%                      | 2.43                        |
| <b>Santa Barbara County (Co. Total)</b> | <b>423,895</b>            | <b>6.15%</b>               | <b>454,593</b>    | <b>12.83%</b>               | <b>2,735.09</b>             |

\*The City of Goleta incorporated in 2002. The population data from the 2000 Census do not reflect the current boundaries of Goleta.

Source: 2010 U.S. Census; California Department of Finance for 2019 population.

### Role of SBCAG

Similar to many other large regional transportation planning agencies in California, SBCAG has a complex legal structure, which delineates its responsibilities in the areas of transportation, planning, and investment decision-making. SBCAG’s original 1966 JPA has served as the foundation upon which several additional responsibilities have been added in later years by the state and federal governments. In its role as an association of governments, and guided by its bylaws, SBCAG provides a regional forum to identify, study, and recommend solutions to regional problems through the development of comprehensive area-wide plans and action programs. SBCAG also serves as the regional, multi-jurisdictional organization enabling local governments to qualify for state or federal funds and programs and serves as the designated agency to review and comment on local applications for federal or state funding.

SBCAG’s various designations for Santa Barbara County include:

#### **Areawide Planning Organization (APO)**

Designated by the U.S. Department of Housing and Urban Development, SBCAG is responsible to comply with the comprehensive planning responsibilities of Section 701 of the Housing Act of 1954 and subsequent legislation.

#### **Regional Transportation Planning Agency (RTPA)**

Designated by the Secretary of the California Business, Housing and Transportation Agency, SBCAG is responsible for the multi-modal transportation planning, programming, and fund

allocation required by state statutes. This includes the annual allocation of Transportation Development Act (TDA) funds.

**Metropolitan Planning Organization (MPO)**

Designated by the Governor as the agency responsible for all transportation planning and programming activities required under federal law. This includes the development of long-range transportation plans and multi-year funding programs, and the selection and approval of transportation projects using federal funds.

**Airport Land Use Commission (ALUC)**

Responsible for protecting public health, safety, and welfare by ensuring those vacant lands in the vicinity of airports are planned and zoned for uses compatible with airport operations. To do this, SBCAG must determine that the adoption of local land use plans and policies will minimize the public’s exposure to excessive noise and safety hazards.

**Local Transportation Authority (LTA)**

SBCAG is responsible for administering the ½-cent county-wide sales tax authorized by voter approval of Measure A in 2008, which extends the existing sales tax until 2040. SBCAG is responsible for the annual allocation to local agencies as well as the development and construction of state and regional projects identified in the Measure A expenditure plan, approved by SBCAG, its member agencies and county voters.

**Areawide Clearing House**

Designated by the Governor’s Office of Planning and Research to coordinate the regional review of and response to proposed programs for federal assistance and proposed federal development activities.

**Service Authority for Freeway Emergencies (SAFE)**

This program is responsible for the installation, operation and administration of the system of approximately 350 roadside call boxes in Santa Barbara County. This system is financed by a \$1 annual fee on all motor vehicles registered in the county. SBCAG also operates a Freeway Service Patrol during peak hours on the South Coast US-101 corridor to address incident-related traffic congestion.

**Congestion Management Agency (CMA)**

SBCAG is responsible for the development and implementation of the county-wide Congestion Management Program (CMP) required in all urban counties in California. The CMP is a comprehensive program designed to reduce auto-related congestion through capital improvements, travel demand management, and coordinated land use planning among all local jurisdictions.

### **Council of Governments (COG)**

SBCAG is responsible for carrying out the Regional Housing Needs Allocation process prescribed in state housing law. SBCAG is also required to approve a Sustainable Communities Strategy to limit greenhouse gas emissions from passenger vehicles and light trucks as required by SB 375.

### **Traffic Solutions**

SBCAG administers a county-wide Transportation Demand Management (TDM) program that promotes ridesharing, public transportation, biking, walking, telecommuting, and other transportation alternatives. Traffic Solutions also works directly with employers to assist in developing employee transportation programs.

### **Transportation Management Area (TMA)**

The Santa Barbara County area has been designated as a Transportation Management Area pursuant to the provisions of federal transportation law (FAST Act). This designation imposes certain planning and programming responsibilities on SBCAG.

## Organizational Structure

### Governing Board and Committees

SBCAG is an independent public agency governed by a thirteen-member Board of Directors consisting of all five county supervisors and one city council member from each of the eight cities within the County. The Board meets on the third Thursday of each month alternating between Santa Barbara and Santa Maria. The Board has four standing advisory committees to assist in providing policy recommendations in its decision-making process. These committees include the Technical Planning Advisory Committee (TPAC), Technical Transportation Advisory Committee (TTAC), Santa Barbara County Transit Advisory Council (SBCTAC), and the Measure A Citizens Advisory Committee. All four standing advisory committees operate under the principles of the Brown Act and are duly noticed and open to the public. Table I-2 describes these committees in brief.

**Table I-2**  
**SBCAG Advisory Committees**

| <b>Committee</b>                                    | <b>Purpose and Function</b>   |
|---|---|
| Technical Transportation Advisory Committee (TTAC ) | TTAC reviews and makes policy recommendations on fiscal matters, fund allocations, special studies and planning documents for submittal to the SBCAG policy board. The committee consists of Public Works Department staff representatives from the county and eight cities, the Santa Barbara Metropolitan Transit District (SBMTD), Caltrans, SBCAPCD, and SBCAG. Additional non-voting, ex-officio members include the Federal Highways Administration (FHWA), Federal Transit Administration (FTA), Vandenberg Air Force Base (VAFB), and UC Santa Barbara (UCSB). TTAC |

| Committee  | Purpose and Function   |
|--|--|
|  | generally meets monthly in Solvang.  |
| Technical Planning Advisory Committee (TPAC )          | TPAC serves as a communication link between SBCAG and all planning agencies in the county. TPAC is composed of the planning directors of the county and eight cities, the Santa Barbara County Air Pollution Control District (SBCAPCD), and SBCAG. Additional non-voting, ex-officio members include representatives from the University of California, Santa Barbara (UCSB), Vandenberg Air Force Base, Local Agency Formation Council (LAFCO), and the County’s Housing Program. TPAC generally meets monthly in Solvang. |
| Santa Barbara County Transit Advisory Council (SBCTAC) | SBCTAC advises SBCAG on transit issues and provides input on unmet transit needs around the county. SBCTAC is comprised of representatives from fixed route transit and paratransit providers, social service agencies, nonprofit groups providing social services, and transit users. The SBCTAC serves as the statutorily required Social Service Transportation Advisory Council (SSTAC) under TDA, and includes the required members. SBCTAC generally meets monthly in Buellton.  |
| Measure A Citizens Advisory Committee                  | Appointment of this committee and its responsibilities are specified in the Measure A ordinance. The committee was established to help ensure accountability to voters regarding the expenditure of Measure A funds and to assist the LTA in ensuring all provisions are properly carried out.   |

SBCAG also maintains two subcommittees of the Board, known as “subregional planning committees,” one for the South Coast and the other for North County, in recognition of the unique issues between these subregions. The subregional committees allow for more focused discussion and consensus-building than is possible with the full board, and are given specific responsibilities in the implementation of the Measure A local sales tax. Membership includes Board members representing the cities or supervisorial districts within the subregion. The Caltrans District 5 Director is an ex-officio member of the committees, as is a member selected by the Santa Barbara Metropolitan Transit District (SBMTD) for the South Coast Subregional Planning Committee.

SBCAG also appoints members to other ad hoc or standing committees that focus on specific issues or topics, including the Santa Barbara County Travel Model Users Group, Joint Technical Advisory Committee (JTAC), Highway 154 Truck Safety Committee, and Highway 166 Safety Task Force. To guide the development of the Regional Transportation Plan and Sustainable Communities Strategy, the Board formed the ad hoc JTAC comprised of TPAC and TTAC together. SBCAG also appoints board members as representatives to the LOSSAN Rail Corridor

Agency, a joint powers authority that manages and operates the Pacific Surfliner rail service, and the Coast Rail Coordinating Council.

### SBCAG Divisions and Staff

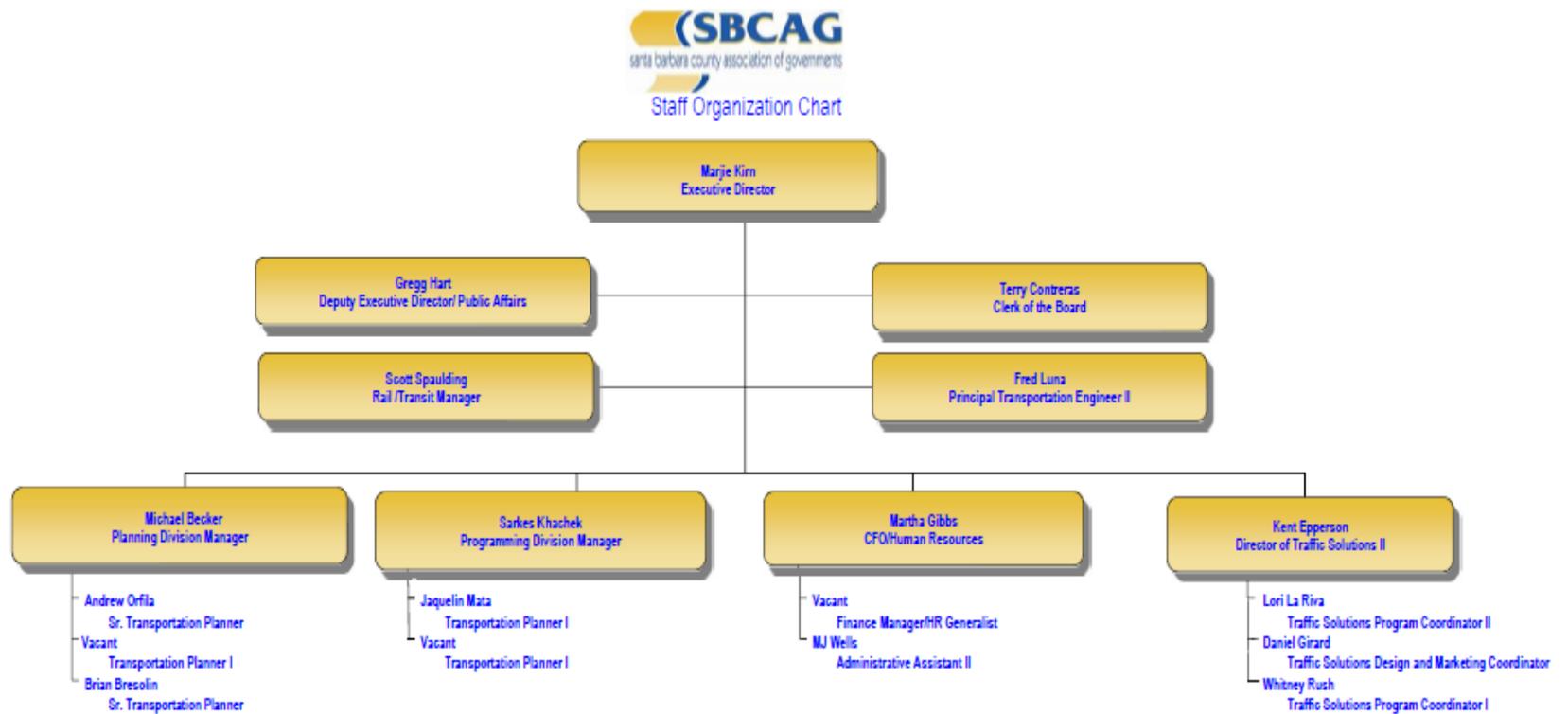
SBCAG maintains a small yet highly qualified staff. During the audit period, SBCAG retained 20 authorized positions with no significant changes to staffing levels. Outside of Executive Management, SBCAG staff is organized into four primary divisions: Administration & Finance, Planning, Programming, and Traffic Solutions. Some divisions encompass more than one programmatic unit. For example, the Administration & Finance Division provides administrative support to all SBCAG staff, including personnel, training, facilities management, accounting and fiscal management, grants administration and clerical support. Additional services are shown separately on the organization chart including public information and government affairs, rail/regional transit, and engineering/project delivery.

SBCAG has federal and state legislated responsibilities to provide various planning activities. Through the Planning Division, SBCAG is responsible for the regional growth forecast, census information, airport land use commission; regional housing needs assessment, and the inter-regional partnership project. Also, the Planning Division has responsibility for all regional transportation planning activities, including the Regional Transportation Plan, transit planning, passenger rail planning, bicycle/pedestrian planning, congestion management program, travel trend monitoring, and travel demand modeling.

SBCAG's Programming Division is responsible for programming of transportation funds pursuant to state and federal statutes, and project delivery for Measure A. The division advises and monitors projects to ensure that they are completed and funds expended in a timely manner. The division helps project sponsors successfully navigate funding, environmental, and engineering guidelines to deliver projects in a timely manner. It is also responsible for serving, as needed, as the lead agency on regionally significant projects in coordination with Caltrans and local agencies. Traffic Solutions promotes and encourages alternatives to driving alone, with the goals of reducing traffic congestion, air pollution and vehicle miles driven as well as improving the quality of life for employees, visitors, and residents of Santa Barbara County.

Public information and governmental affairs includes increasing awareness of and involving the public in all aspects of SBCAG's activities. Rail/Transit provides inter-city transit planning assistance and ensures effective and efficient use of Measure A Interregional Transit Program funds including administration of the Clean Air Express commuter bus service, and rail service implementation. Figure I-1 provides a chart of SBCAG that reflects the organizational structure in June 2018, the end of the audit period.

**Figure I-1, SBCAG Organization Chart**  
(as of June 2018)



## SBCAG General Fund Financials

According to the Comprehensive Annual Financial Reports (CAFRs), SBCAG’s audited revenue for the General Fund for the fiscal years covered by this audit ranged from \$4.10 million in FY 2016 to \$3.93 million in FY 2017 to \$4.64 million in FY 2018.<sup>1</sup> These audited revenues compare to final budgeted figures of \$4.57 million in FY 2016, \$4.97 million in FY 2017, and \$6.19 million in FY 2018.<sup>2</sup> As shown, actual revenues were lower than budgeted.

SBCAG’s audited expenditures for the General Fund ranged from \$3.67 million in FY 2016 to \$4.62 million in FY 2017 to \$5.16 million in FY 2018.<sup>3</sup> Remaining fund balances at the beginning of the year filled the gaps between the revenues and costs for those years where expenditures exceeded revenues (in FYs 2017 and 2018). From this balancing of the general fund for the two years, the unassigned fund balance for the General Fund declined from \$1.81 million, or 67.2 percent of total General Fund expenditures in FY 2016, to \$339,278, or 7 percent of total General Fund expenditures in FY 2018. Audited expenditures compare to budgeted figures of \$4.30 million in FY 2016, \$5.26 million in FY 2017, and \$6.55 million in FY 2018.<sup>4</sup> As shown, actual expenditures were lower than budgeted.

Over a three-year period, SBCAG salaries and benefits were relatively level, varying from \$2.89 million in FY 2016 to \$2.98 million in FY 2017 and to \$2.85 million in FY 2018.<sup>5</sup> Changes occurred in staffing from management attrition and turnover, plus promotions and new hires among SBCAG divisions. Staff FTE’s in the annual Overall Work Program (OWP) provide the distribution of staff work effort among the project tasks.

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<sup>1</sup> CAFRs for FYs 2016–2018. Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid. Expenditures include Salaries & Benefits, Services and Supplies, and Other.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid. Expenditures include Salaries & Benefits.

## Section II

### RTPA Compliance Requirements

Fourteen key compliance requirements are suggested in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies*, and used to assess SBCAG’s conformance with TDA. Our findings concerning SBCAG’s compliance with state legislative requirements are summarized in Table II-1.

| TABLE II-1<br>SBCAG Compliance Requirements Matrix  |   |   |
|---|---|---|
| SBCAG 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>SBCAG accounts for its claimants’ areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their area. Interregional and some local bus service cross jurisdictional boundaries; thereby the agencies release TDA to the transit provider to claim on their behalf.</p> <p>SBCAG makes a finding in each adopted resolution approving LTF claims that each jurisdiction’s claim is consistent with their approved apportionments plus releases from other agencies.</p> <p>Each claimant’s apportionments follow the population formula prescribed by law.</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 | SBCAG updated an in-house TDA-Local Transportation Claim Manual that includes instructions for completing TDA claims. A checklist determines which forms are required to be submitted to SBCAG  |

| TABLE II-1<br>SBCAG Compliance Requirements Matrix  |  |  |
|---|--|--|
| SBCAG Compliance Requirements   | Reference  | Compliance Efforts   |
|   |  | <p>by the claimant (Figure 4-1 of the Claim Manual). For bicycle and pedestrian claims, four items are to be provided including the Claim Form, Resolution, Project Description &amp; RTP Conformity, and State Controller Annual Report.</p> <p>While the claim manual states that SBCAG does not provide guidelines on the types of projects that might be eligible, it lists example projects that could be eligible.</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>SBCAG established the Santa Barbara County Transit Advisory Council (SBCTAC) in October 2002 which serves as the designated Social Services Transportation Advisory Council (SSTAC).</p> <p>SBCTAC meetings are open to the public, while public workshops on unmet needs are held at several north county locations, including in Lompoc and Santa Maria. Traditionally, south coast transit issues are discussed at the SBCTAC, in addition to public testimony received at public meetings held by SBMTD in the south county. The SBCAG Board also solicits public comment during an annual public hearing prior to adopting the Transit Needs Assessment document by resolution.</p> <p>The bylaws of the SBCTAC were</p> |

| TABLE II-1<br>SBCAG Compliance Requirements Matrix  |   |  |
|---|---|--|
| SBCAG Compliance Requirements   | Reference                                   | Compliance Efforts   |
|   |   | <p>amended in April 2012 by expanding membership to include an agricultural worker representative as part of a 2006 legal settlement agreement. The bylaws also clarified that membership of the SBCTAC shall consist of the nine members required by TDA, plus nine additional members.</p> <p><b>Conclusion: Complied</b></p>  |
| <p>The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> <li>• A committee for the purpose of providing advice on productivity improvements may be 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</li> </ul> | <p>Public Utilities Code, Section 99244</p> | <p>SBCAG undertakes actions that could result in development of potential productivity improvements as well as meet state and federal requirements. One is SBCAG's review of short-range transit plans (S RTP) for the transit operators. The S RTPs are updated every five years and generally include service recommendations to improve transit services. Regional transit studies such as the North County Transit Plan Update, Santa Maria-San Luis Obispo Transportation Connectivity Study, and recent Clean Air Express Short Range Transit Plan also provide potential productivity improvements.</p> <p>Another SBCAG action is the commissioning of triennial performance audits of the operators as required by state statute. The performance audits often contain recommendations for productivity improvement. The SBCAG TDA Manual indicates that that a Productivity Improvement Progress</p> |

| TABLE II-1<br>SBCAG Compliance Requirements Matrix |           |   |
|--|-----------|---|
| SBCAG Compliance Requirements                      | Reference | Compliance Efforts  |
| allocation.  |           | <p>Report be included with the TDA claim. This report includes the implementation status for each transit operator of the recommendations from the most recent TDA triennial performance audit, and a description of any other efforts made or planned to improve cost effectiveness and/or increase ridership. These efforts are summarized for both fixed route and demand response operations.</p> <p>A third SBCAG activity is the analysis conducted for the unmet transit needs process to determine whether transit needs are being met. A fourth activity SBCAG undertakes is discussion with SBCTAC members about transit operational issues and specialized transit service. Transit performance data is included in the annual Transit Needs Assessment, which SBCTAC reviews.</p> <p>Finally, SBCAG works directly with the transit operators to address special issues such as meeting farebox recovery standards and taking board action through recommendations from the advisory committees.</p> <p><b>Conclusion: Complied</b></p> |

| TABLE II-1<br>SBCAG Compliance Requirements Matrix  |                                      |   |
|---|--------------------------------------|---|
| SBCAG Compliance Requirements   | Reference                            | Compliance Efforts  |
| 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). | Public Utilities Code, Section 99245 | <p>SBCAG retains a Certified Public Accountant (CPA) to conduct all TDA claimant fiscal and compliance audits with the exception of Easy Lift, SMOOTH, and SBMTD which contract for their own fiscal audits. This practice of contracting for some of the audits but not all is acceptable per the TDA requirements and is a local decision.</p> <p>The CPA firm of Moss, Levy, &amp; Hartzheim LLP was retained and completed the fiscal audits for FYs 2016, 2017 &amp; 2018 for the following operators:</p> <p><b>County of Santa Barbara:</b><br/> FY 2016: March 31, 2016<br/> FY 2017: March 27, 2018<br/> FY 2018: April 15, 2019</p> <p><b>City of Guadalupe:</b><br/> FY 2016: February 28, 2017<br/> FY 2017: March 31, 2018 (<i>Audit states March 31, 2017</i>)<br/> FY 2018: March 30, 2019</p> <p><b>City of Lompoc:</b><br/> FY 2016: March 27, 2017<br/> FY 2017: March 30, 2018<br/> FY 2018: April 17, 2019</p> <p><b>City of Santa Maria:</b><br/> FY 2016: April 11, 2017<br/> FY 2017: June 29, 2018<br/> FY 2018: August 8, 2019</p> <p><b>City of Solvang (SYVT):</b></p> |

**TABLE II-1  
SBCAG Compliance Requirements Matrix**

| SBCAG Compliance Requirements | Reference        | Compliance Efforts  |
|-------------------------------|------------------|---|
|                               |                  | <p>FY 2016: March 31, 2017<br/> FY 2017: April 4, 2018<br/> FY 2018: April 10, 2019</p> <p>TDA fiscal audits were completed by the timelines set by the State Controller or have been granted the appropriate extension. Some audits exceeded the extension timeline.</p> <p>For Easy Lift, the CPA firm of MacFarlane Faletti Co. LLP completed the fiscal audit in FY 2016, and the CPA firm Anikouchine &amp; Associates completed the fiscal audits in FYs 2017 and 2018:</p> <p>FY 2016: December 15, 2016<br/> FY 2017: January 29, 2018<br/> FY 2018: November 9, 2018</p> <p>For SBMTD, the CPA firm of McGowan Guntermann completed the fiscal audits on the following dates:</p> <p>FY 2016: December 9, 2016<br/> FY 2017: November 14, 2017<br/> FY 2018: October 30, 2018</p> <p>For SMOOTH, the CPA firm of Moss, Levy, &amp; Hartzheim LLP completed the fiscal audits on the following dates:</p> <p>FY 2016: October 6, 2016<br/> FY 2017: December 10, 2017<br/> FY 2018: October 3, 2018</p> <p><b>Conclusion: Complied.</b></p> |
| The RTPA has designated an    | Public Utilities | For the current three-year audit,   |

**TABLE II-1  
SBCAG Compliance Requirements Matrix**

| <b>SBCAG Compliance Requirements</b>   | <b>Reference</b>                               | <b>Compliance Efforts</b>  |
|--|--|--|
| <p>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>Code, Sections 99246 and 99248</p>          | <p>SBCAG retained the independent firm Michael Baker International to conduct the performance audits of the RTPA and the transit operators.</p> <p>Michael Baker International was retained to conduct the performance audits for the previous triennium. The operator audits include calculation of the required TDA performance indicators.</p> <p>Performance audits from the previous triennium were delivered after the statutory timeline, but received proper SBCAG and Caltrans extensions.</p> <p><b>Conclusion: Complied</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 have been completed.</p>  | <p>Public Utilities Code, Section 99246(c)</p> | <p>Upon completion of the previous performance audits and approval for transmittal by the Board of Directors, SBCAG submitted a transmittal letter and copies of the performance audits to Caltrans dated January 23, 2017.</p> <p><b>Conclusion: Complied</b></p>   |
| <p>The performance audit of the operator providing public transportation service shall include, but not be limited to, a verification of the operator’s</p>  | <p>Public Utilities Code, Section 99346(d)</p> | <p>The performance audits of the operators include all required TDA performance measures plus additional indicators where warranted to further assess each operator’s efficiency,</p>  |

| TABLE II-1<br>SBCAG Compliance Requirements Matrix   |   |  |
|--|---|--|
| SBCAG Compliance Requirements  | Reference   | Compliance Efforts   |
| 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. |   | effectiveness, and economy with the use of TDA funds.<br><br><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, Sections 99270.1 and 99270.2 | The SBCAG TDA Claims Manual includes a table specifying the fare revenue ratios for each transit operator. Depending on service type and population size of the operator's service area, transit agencies are subject to varying farebox ratios that range from 10 to 20 percent. Rural systems are subject to 10 percent farebox while urban systems are generally subject to 20 percent. Farebox ratios by service mode also range from 10 to 20 percent for demand response and fixed route services. These ratios are consistent with TDA.<br><br>SBCAG approved a temporary farebox recovery ratio for Lompoc at 15 percent for three years (FY 2011-12 through FY 2013-14) per SBCAG |

| TABLE II-1<br>SBCAG Compliance Requirements Matrix  |   |  |
|---|---|--|
| SBCAG Compliance Requirements   | Reference                                     | Compliance Efforts   |
|   |   | <p>Resolution 10-36. Resolution 14-01 further extended this temporary reduction for one additional year (FY 14-15). Resolution 14-34 extended the reduction for an additional three years (FY 15-16 through FY 17-18). Santa Maria's farebox ratio was also reduced from 20 percent to 15 percent in FY 2014-15 (for fixed route or system-wide) (Resolution 14-02). The temporary reduction was extended through FY 2015-16 (Resolution 14-35).</p> <p><b>Conclusion: Complied</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>As described in Resolution No. 90-1 adopted February 1990 by the Santa Barbara County-Cities Area Planning Council (the predecessor to SBCAG); policies are established for claims by CTSA's under Article 4.5. These include several requirements:</p> <ol style="list-style-type: none"> <li>1. No more than 50% of the CTSA's operating budget for the year come from LTF.</li> <li>2. The claim includes an operations plan and budget describing existing and proposed service, and report on progress of coordination and consolidation.</li> <li>3. Conformance to TDA requirements and farebox ratios.</li> <li>4. Other administrative requirements.</li> </ol> <p><b>Conclusion: Complied</b></p> |
| <p>State transit assistance funds</p>   | <p>Public Utilities</p>                       | <p>SBCAG allocates State Transit</p>   |

| TABLE II-1<br>SBCAG Compliance Requirements Matrix   |   |  |
|--|---|--|
| SBCAG Compliance Requirements  | Reference   | Compliance Efforts   |
| received by the RTPA are allocated only for transportation planning and mass transportation purposes.  | Code, Sections 99310.5 and 99313.3, and Proposition 116 | Assistance (STA) funds for transit planning, operations and capital uses only. The annual staff report accompanying the resolution adopting STA allocations specify that STA funds are restricted to transit and transportation planning purposes.<br><br><b>Conclusion: Complied</b>  |
| The amount received pursuant to Public Utilities Code, Section 99314.3; by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.   | Public Utilities Code, Section 99314.3                  | SBCAG administers STA funds in accordance with the relevant PUC requirements (i.e., on the basis of population and operator revenues). SBCAG apportions PUC 99313 funds by population among four transit planning areas (Resolution No. 82-12): South Coast, Santa Maria Valley, Lompoc Valley and Santa Ynez/Cuyama Valleys. PUC 99314 funds are apportioned directly by the State Controller to transit operators based on fare and other revenues.<br><br><b>Conclusion: Complied</b>                 |
| If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually: <ul style="list-style-type: none"> <li>Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code,</li> </ul> | Public Utilities Code, Section 99401.5                  | Each year, SBCAG develops the document <i>Transit Needs Assessment</i> in consultation with the SBCTAC. As part of the unmet transit needs schedule, the SBCTAC meets to discuss the unmet transit needs process which generally occurs between October through April each year. SBCTAC discusses options for and provides direction on outreach efforts. The committee approves the type, design, and distribution of public outreach materials. SBCAG also accepts public input through transit agency |

**TABLE II-1  
SBCAG Compliance Requirements Matrix**

| <b>SBCAG Compliance Requirements</b>  | <b>Reference</b>                                    | <b>Compliance Efforts</b>  |
|---|---|--|
| <p>Section 99238;</p> <ul style="list-style-type: none"> <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 or there are no unmet transit needs, or that there are unmet transit 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>workshops, surveys, e-mails, and telephone calls.</p> <p>As part of the transit needs assessment, SBCAG performs an assessment of the size and location of identifiable groups likely to be transit-dependent or transit-disadvantaged in Santa Barbara County. SBCAG also analyzes existing transportation services. Staff then conducts an analysis of comments using Board-adopted definitions of “unmet transit needs” and “reasonable to meet.”</p> <p>SBCAG discusses the findings at meetings with both the SBCTAC and the TTAC. The SBCAG Board also has an opportunity to review the draft assessment and conducts one noticed hearing to receive public comments. A final draft and review of the Transit Needs Assessment is undertaken prior to Board adoption by resolution of the findings of unmet transit need and reasonable to meet.</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</p>   | <p>California Administrative Code, Section 6662</p> | <p>An independent Certified Public Accountant completed the SBCAG Annual Financial Report. The CPA firm of Moss, Levy, &amp; Hartzheim LLP was retained and completed the fiscal audits.</p>   |

| TABLE II-1<br>SBCAG Compliance Requirements Matrix  |           |  |
|---|-----------|--|
| SBCAG Compliance Requirements   | Reference | Compliance Efforts   |
| 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>The annual reports are submitted to the State Controller within 12 months of the end of each fiscal year. Dates of completion were:</p> <p>FY 2016: February 6, 2017<br/> FY 2017: December 5, 2017<br/> FY 2018: January 10, 2019</p> <p><b>Conclusion: Complied</b></p> |

## Findings and Observations from RTPA Compliance Requirements Matrix

SBCAG has satisfactorily complied with state legislative mandates for Regional Transportation Planning Agencies. To its credit, SBCAG meets these mandates under limited staff resources.

In reference to the farebox recovery standard, SBCAG uses several compliance methods to determine each operator's TDA eligibility. Transit agencies that operate both fixed route and demand response services are subject to separate revenue ratios for each respective service (15-20% fixed route, 10% demand response). Agencies that operate one transit mode are subject to one revenue ratio. For COLT, SMAT, SYVT and Guadalupe, pursuant to SBCAG's policy (Res. 10-35), an operator which provides both specialized demand response and general public fixed route services may be allocated TDA funds if either its demand response services meet the farebox recovery ratio specified in CCR 6633.5(a) and its fixed route services meet the applicable farebox recovery ratios as specified in the PUC, or its services combined meet the farebox recovery ratio specified in CCR 6633.2(a). The in-house LTF claim manual provides description and a table of the farebox recovery ratio.

SBCAG has complied with the requirement to annually identify, analyze and recommend potential productivity improvements of the transit operators. These are achieved through activities conducted directly by SBCAG staff (e.g., Transit Needs Assessment and SBCTAC meetings) or SBCAG review of documents prepared using outside expertise (e.g., Short Range Transit Plans and TDA Performance Audits).

## Section III

### Prior Triennial Performance Audit Recommendations

This chapter describes SBCAG's response to the recommendations included in the prior triennial performance audit. 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

Update the SBCAG TDA Claims Manuals for new legislation.  
(Auditor Suggestion)

*Background:* The Local Transportation Fund (LTF) and State Transit Assistance (STA) claims manuals produced by SBCAG should be updated following new legislation that makes adjustments to some key TDA performance criteria. The passage of SB 508 in October 2015 has several objectives, including simplifying fare recovery requirements; authorizing funding of bicycle and pedestrian safety education programs; and modifying STA qualifying criteria for operations. The manuals should be updated to reflect these changes and identify the responsible party for implementing the updates, such as the fiscal auditor for the farebox recovery calculation. SBCAG should also communicate these changes to the transit systems and determine what implication, if any, the changes might have on their respective transit operations. A description of the suggested changes are provided in the last section of this audit report. SBCAG has contracted with an outside consulting firm to update both the STA and LTF manuals in the first half of 2017.

#### Actions taken by SBCAG

SBCAG contracted with outside consultant services to update both STA and LTF manuals. The updated manuals were prepared in 2017 for FY 2017-18 and included changes to various sections to reflect legislative updates from SB 508 and AB 1113 which affected a number of transit performance areas such as farebox recovery, fund criteria and eligibility, and operating cost exclusions. The manual update clarifies these new provisions for both the claimants of the TDA funds and SBCAG as the administrator of the funds. The manuals are located on SBCAG's website under the Transit/Rail Resources header: <http://www.sbcag.org/documents.html>.

#### Conclusion

This recommendation has been implemented.

### Prior Recommendation 2

Update the Coordinated Public Transit-Human Services Transportation Plan.  
(Auditor Suggestion)

*Background:* The coordinated plan, entitled *Transportation Connections*, helps coordinate specialized transit services for elderly, disabled, and transportation-disadvantaged individuals and is used by SBCAG to set priorities for certain federal transportation grant programs, with potential local match from sources such as TDA. The plan sets project goals, strategies, and selection criteria in the review of grant applications by SBCAG and in addressing the coordination and the provision of social service transportation. SBCAG intends to update the plan following completion of the North County Transit Plan update, and to ensure it is internally consistent with the RTP-SCS. The current plan, which SBCAG adopted in 2007, emphasizes the importance of CTSAs, such as Easy Lift and SMOOTH in transportation service coordination in the larger areas. An update would provide guidance for coordination of specialized services under more recent operating conditions and service capacities of the transportation providers.

### Actions taken by SBCAG

SBCAG sought state grant funding for updating the Coordinated Public Transit-Human Services Transportation Plan in FY 2017-18, but was not successful in obtaining the grant. No other action has been taken to date. SBCAG will continue to explore funding opportunities to update the plan.

### Conclusion

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

### Prior Recommendation 3

Update the Transit Resource Guide.  
(Auditor Suggestion)

*Background:* This is a carryover from the prior recommendation. Traffic Solutions is continuing the update to the guide and plans to include a trip planner. Since 2009 when the last transit guide was developed, several new and modified transit services have been implemented along with new system connections. The Transit Resource Guide should be updated following or concurrently with the update of several other documents, including the North County Transit Plan, Short Range Transit Plans, and the coordinated public transit-human services transportation plan. The Transit Resource Guide should be made available electronically given the prevalence of technology use by the public. It is suggested that the updated Transit Resource Guide be inserted within the same webpage as the transit operator links on the Traffic Solutions website, as well on the SBCAG publications site.

### Actions taken by SBCAG

SBCAG's Traffic Solutions recently updated the Transit Resource Guide with an on-line version: <http://www.trafficsolutions.org/Transit>, including an on-line trip planner at [www.smartride.org](http://www.smartride.org). The on-line transit resource guide is found under travel option links and provides information including local and regional bus services, trains, airport and courtesy shuttles, and dial-a-ride and medical services. A free 10-ride bus pass is offered on the Traffic Solutions website as well as information on the tax deductibility of transit passes for commuting.

### Conclusion

This recommendation has been implemented.

### Prior Recommendation 4

Review agency strategic planning process as warranted under new leadership.  
(Auditor Suggestion)

*Background:* The SBCAG strategic plan was approved in 2011 and presents a vision and high-level actions that executive management and the organization as a whole have been implementing the past several years through the OWP and budget. The upcoming three-year performance audit cycle is a window from which SBCAG could continue assessing the outcomes of the strategic plan in meeting broad agency goals and policies. With the understanding that there will be new executive leadership in the near future, a review of the existing strategic plan and its consistency with the region's transportation goals in collaboration with the SBCAG committees and the public should occur as conditions warrant. Oftentimes new leadership is an impetus for revisiting the organization's mission, vision, and direction. A review of the strategic plan by this leadership is a step toward furnishing the context to improve accountability for the use of resources, coordinating policies and building partnerships with all constituencies, ensuring the alignment of resources to address critical issues, and reinforcing the basis for clearly linking goals and objectives with ultimate outcomes.

### Actions taken by SBCAG

SBCAG management continues to discuss and refine strategic objectives and implementation. With new management in place during this audit period, the agency has opportunity to revisit its mission, vision, values, goals and strategies for the organization to guide priority setting, decisions about work programs and staffing, and other decisions by staff and board over the next several years. As an example, multimodal transportation planning and implementation has an emphasis under new leadership which can be reflected in updated goals and strategies. Also, implementation of Measure A has been on-going since the last strategic plan and updates to strategic objectives reflecting Measure A progress and outcomes could be included. Further, the current Regional Transportation Plan *Fast Forward 2040* provides a multimodal approach to

regional transportation planning from which its policy goals and objectives can be part of the framework for an updated strategic plan.

Conclusion

This recommendation is in progress of implementation and is carried forward in this audit for continued implementation.

## Section IV

### Detailed Review of RTPA Functions

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

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

#### Administration and Management

During this audit period, SBCAG accomplished several milestones during its work efforts on various projects. A significant change was the retirement of the prior Executive Director and hire of the new Executive Director in January 2017. Changes in staff occurred from attrition and new hires, while promotions were made from within in building a stronger team oriented structure. The new Executive Director, with a background managing a combined association of governments and transit joint powers authority, brings a different lens and perspective to SBCAG compared to past management. With the new management team, SBCAG has been taking incremental steps in strengthening its communications with stakeholders and maintaining trust in the community. This is leading to greater collaboration in the region to plan, fund, and implement projects across all transportation modes. Creating and communicating effective messages through public information is an emphasis at the agency which is accomplished through the hire of a new Government Affairs/Public Information Manager.

In addition, alternative transportation and public transit options are receiving increased visibility by SBCAG. This is demonstrated by the coordination efforts by the Director of Rail and Transit Programs for inter-regional travel and connectivity among rail and transit modes. This improved coordination resulted from SBCAG's work with Amtrak Surfliner to retime train service and also with Santa Barbara MTD for shuttle pick up and drop off at the train station. Clean Air Express, the regional commuter bus service in Santa Barbara County, is also managed directly by SBCAG which took over administration of the service from city of Lompoc

in January 2018. SBCAG continues to coordinate the Coastal Express intercity bus service with Ventura County Transportation Commission. Further, SBCAG's alternative transportation arm, Traffic Solutions, has been better integrated into SBCAG's transportation program to promote and market alternative transportation solutions to break down existing barriers in removing single occupancy vehicles.

Changes on the SBCAG Board provides opportunity for SBCAG to educate local officials on SBCAG goals and objectives including completion of a financial memo on the funding process for its transportation projects. Greater education on the funding process and sources helps board members better advocate on SBCAG's behalf for more funding for on-going critical large infrastructure projects such as Highway 101. SBCAG management held a board study session to build a business case and plan for major projects and set a path for project planning, advocacy, funding and implementation, while also opening the door for additional services that could be provided by SBCAG. Management also holds individual meetings with board members to provide more detailed information and be a resource to respond to their questions and issues.

Executive management indicated that SBCAG subcommittees formed to specifically address either north or south county issues have been beneficial to vetting out transportation solutions. These subcommittees (South Coast and North County Sub-regional Planning Committees) offer uninterrupted discussions with key stakeholders representing affected agencies and populations and focus on the issues and impacts on the local communities.

### **Personnel Management**

SBCAG experienced relatively high changes in staffing during the triennial audit period. While the same number of authorized full-time positions remained at 20, there were 7 terminations/separations and 7 new hires. Most staff turnover activity occurred between early 2017 and mid-2018. Early in this timeframe was the hire of a new Executive Director, as well as the vacating of the two Deputy Directors and CFO/HR positions which were filled from staff promotions residing in the planning and programming divisions, and in finance. Promotion and new hires resulted in changes in job functions and skills matching among planning, engineering, and funding responsibilities. For example, in the Programming Division, one of the new hires focuses on transit and shares in administration of the SB1 transportation funding program.

New planners, transportation demand management coordinators, and a finance manager were hired to replace existing positions and/or to expand existing programs. New planners are typically recruited from colleges to develop their careers and is a target location given the small budget for recruitment. Other recruitment resources are used including on-line portals (e.g. Indeed), Capitol Daybook containing government job want ads, and the SBCAG website. These recruitment strategies produced healthy numbers of applications for its planning and government affairs positions. In part as a result of recruiting younger staff and incentivizing more collaboration internally, SBCAG created an open floor plan in its office by reducing cubicle

configuration for staff to communicate more effectively and engage in social activities with each other.

The organizational structure of SBCAG is generally horizontal; however, for a relatively small agency, several positions at SBCAG have growth potential (e.g., Transportation Planner I/II/Senior/Principal, Transportation Engineer I/II/Sr/Principal, Government Affairs and & Public Information Manager I/II, Traffic Solutions Coordinator I/II and Administrative Assistant I/II/III) allowing for promotional opportunities as staff gains experience and training. Management offers cross-training among staff and opportunities to take leadership roles and positions outside of SBCAG.

The last compensation and classification study was conducted by SBCAG in 2015. SBCAG conducts a salary survey and compensation analysis every 5 to 7 years and makes adjustments as needed. In September 2015 the board adopted a resolution rescinding all prior classification and compensation plans and establishing a new compensation and classification plan, including an updated job class table and updated salary schedule reflecting a 1.5 percent cost of living adjustment and benefit adjustment, retroactive to the first pay period of the fiscal year. An across the board Cost of Living Adjustment (COLA) of 2 percent for all classifications was made in FY 2017-18 combined with position title changes to remain competitive in the market place.

### Personnel Handbook

The SBCAG Personnel Handbook detailing personnel policies and procedures was rewritten in March 2018 with assistance from agency counsel, about 8 years from the last handbook dating to January 2010. As a condition of employment, all employees are required to read the policies and are required to sign a statement of receipt acknowledging receipt of a copy and responsibility to become familiar with the contents. Changes to the handbook were made to incorporate more recent federal and state regulations, and create a category of an at-will employee who serves at the pleasure of SBCAG. All employees hired on or after January 18, 2018 are at-will employees. A new purchasing policy placing limits on approval was also developed to be legally compliant.

The handbook includes personnel measures guiding the human resource benefits (similar to County benefits), employment classifications and personnel behavior policies. The method and process by which performance evaluations are conducted are also described in the handbook. From a change in policy, Employee Performance Reports are provided on-time each June rather than on anniversary dates or at the end of probationary periods. Performance evaluations account for staff goals entered into the report, and are signed by three individuals prior to placement of the evaluation in the employee's official personnel file. These individuals include the employee, the immediate supervisor, and the Executive Director.

Wage increases are not automatically given when an employee receives a performance evaluation. Regular employees are considered for wage increases only from an annual cost of living adjustment at the discretion of the SBCAG Board, or based on merit. The merit salary

increase applies to the five steps within the position (Steps A through E). The employee must serve in a particular step for a minimum number of continuous months before consideration of a merit step increase.

### **Overall Work Program**

As a conduit for facilitating regional discussion on issues that transcend jurisdictional boundaries, SBCAG serves as a focal point on matters that impact its comprehensive planning program. SBCAG develops specific project tasks within work elements of the OWP that address these regional issues. As new requirements are imposed on SBCAG by statute or regulation, the OWP acknowledges the increasing importance, and difficulty, to ensure that all of the planning products are coordinated and consistent with each other. SBCAG endeavors to ensure that all plans and programs are consistent with each other and that the linkages between and among the documents are explicit and well-documented. SBCAG also strives to attain consistency between the RTP and the local General Plans, Caltrans' California Transportation Plan, Interregional Transportation Strategic Plan and Transportation Concept Reports.

The OWPs prepared during the audit period reflect SBCAG's efforts to integrate the ten planning principals and strategies contained in FAST Act legislation in the scope of the planning process. These planning factors are to:

1. Support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency;
2. Increase the safety of the transportation system for motorized and non-motorized users;
3. Increase the security of the transportation system for motorized and non-motorized users
4. Increase the accessibility and mobility of people and for freight;
5. Protect and enhance the environment, promote energy conservation, and improve quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns;
6. Enhance the integration and connectivity of the transportation system, across and between modes, for people and freight;
7. Promote efficient system management and operation;
8. Emphasize the preservation of the existing transportation system;
9. Improve the resiliency and reliability of the transportation system and reduce or mitigate storm water impacts of surface transportation; and
10. Enhance travel and tourism.

SBCAG projects that support the planning principals include development of the RTP, Transportation Improvement Program, Intelligent Transportation Systems, travel modeling, and transit planning. In addition, Federal Planning Emphasis Areas identified by the FHWA through

FY 2017-18 are addressed in the OWP as they are developed each year. The three federal Planning Emphasis Areas include: 1. MAP-21 Implementation; 2. Models of Regional Cooperation; and 3. Ladders of Opportunity. The SBCAG OWP identifies the specific work elements that address the emphasis areas.

The OWP is directly correlated with the agency's comprehensive budget and serves as a dynamic document that is amended as necessary to account for programmatic changes that may occur during the year. The OWP lays much of the groundwork for the budget in that it assigns staff resources to specific work tasks and products.

The general format and organization of the OWP during the audit period follows the functions of the agency, and is designed to comply with federal planning regulations and guidance as well as metropolitan planning guidelines issued by Caltrans. The five subcategories include Program Administration, Comprehensive Planning and Analysis, Transportation Planning and Programming, Air Quality Planning, and Program Delivery/Services, which are further subdivided into individual Work Elements. A funding source table is provided in the OWP showing how each work element is funded, whether through federal, state, and/or local sources. Another summary table shows the assignment of staff resources by FTEs by division for each work element that supports the budget projections and broadly identifies the utilization of personnel resources within the agency in meeting the strategy set forth in the OWP. This FTE table has been in place for the past four years since FY 2013-14.

## **Transportation Planning, Programming, and Coordination**

This functional area addresses planning functions required of SBCAG, including the Regional Transportation Plan (RTP), Transportation Improvement Program (TIP), project delivery, and transit planning and coordination.

### **Regional Transportation Plan & Sustainable Communities Strategy (RTP-SCS)**

With State legislation aimed at reducing greenhouse gas emissions (AB 32) and mandating the creation of regional plans to reduce emissions from vehicle use throughout the state through integrated transportation and land use planning (SB 375), SBCAG has a central role in regional transportation planning that meets these state mandates.

In August 2017, the SBCAG Board adopted Fast Forward 2040, the updated Regional Transportation Plan & Sustainable Communities Strategy (RTP-SCS). This plan updates the last RTP-SCS approved in August 2013 that marked SBCAG's first RTP that integrates the SCS mandates. Fast Forward 2040 continues the vision laid out in the previous RTP-SCS, relies on the same core strategies and planning assumptions, and strives to achieve the same, broad goals as the prior plan in a condensed version. In particular, Fast Forward 2040 is based on the same Regional Growth Forecast and Regional Housing Needs Allocation as well as essentially the same land use assumptions and growth allocation as the prior plan. Transportation projects

and programs have been updated to reflect funding source changes and projects completed and new projects added in the interim.

Since the plan's adoption in August 2017, SBCAG has continued to work diligently to advance programmed transportation projects and seek funding for near-term planned transportation projects. SBCAG performs its work in an internally-consistent manner; e.g., all work is aimed at implementing an aspect of the RTP-SCS.

At the same time that it meets the requirements of SB 375, Fast Forward 2040 builds on past efforts to move the region forward toward achievement of a broader range of goals related to the environment, mobility, social equity, health and safety, and economic vitality. The plan was shaped using a performance-based approach as required by federal transportation law that measures progress toward these plan goals. From the range of integrated land use and transportation planning options studied, Fast Forward 2040 designates a preferred future land use and transportation scenario that, applying quantifiable performance measures, best achieves the plan goals and meets the region's transportation needs. Fiscal constraints were applied to the project list to determine those projects that can be implemented within the planning period using committed, available or reasonably available revenue sources.

The RTP-SCS plans how the Santa Barbara County region should meet its transportation needs for the 25-year period from 2016 to 2040, which is the sunset date for the Measure A local sales tax. The RTP-SCS plans for and programs the approximately \$6.1 billion in revenues expected to be available to the region. It identifies and prioritizes expenditure of this anticipated funding for transportation projects of all transportation modes including roadways, transit, rail, and bicycle and pedestrian, as well as transportation demand management measures and intelligent transportation systems. The RTP-SCS is fiscally constrained while preserving local land use autonomy. There is no requirement that local General Plans be consistent with RTP-SCS as land use changes are at the discretion of the responsible local governments.

As required by MAP-21 and the FAST Act, SBCAG follows a performance-based approach to transportation decision-making in support of the national and regional goals. SBCAG has organized Fast Forward 2040 to fit the RTP-SCS goal framework and crafted objective, quantifiable performance measures that are keyed to the five plan goals: (1) the environment, (2) mobility and system reliability, (3) safety and public health, (4) social equity, and (5) a prosperous economy. The goal framework and the performance measures are based on Caltrans' Smart Mobility framework and in synchrony with the performance-based approach required by federal law. The preferred future scenario in the Sustainable Communities Strategy was developed and selected based on how well the scenario is expected to achieve the five plan goals and meet the region's transportation needs, applying the performance measures.

SBCAG worked with a number of stakeholders including State, County, local cities, general public, community groups, environmental organizations, resource agencies, and the business community to prepare the document and proactively seek public input. These collaborators provide input into the vision for the region, sharing their goals and priorities. Local jurisdictions,

transit agencies, and Caltrans provide SBCAG with information about regionally significant transportation system projects that will be needed over the life of the RTP-SCS.

SBCAG adopted a Public Participation Plan specific to the RTP-SCS process in September 2015. The SBCAG public participation process for development of Fast Forward 2040 was structured around three planning phases: (1) RTP-SCS Scoping and Goal-Setting, (2) Alternative Transportation / Land Use Scenarios, and (3) Draft RTP-SCS and Preferred Transportation / Land Use Scenario. The first phase focused on direct stakeholder outreach in which SBCAG staff met with numerous groups, both public sector and private sector organizations listed above. During the second phase of the public participation process, SBCAG held two public workshops (one each in North and South County) to report the preliminary results of the alternative land use and transportation scenario modeling and obtain stakeholder feedback. The third phase allowed public comment on the draft RTP-SCS and draft environmental document through two noticed public meetings before the SBCAG Board. There was a 45-day public comment period for the draft RTP-SCS and supplemental EIR in addition to the 55-day comment period on the draft SCS.

SBCAG Planning staff indicated the Public Participation Plan process was not as successful in obtaining the level of participation for community input, review, and feedback. The outreach method will be changed as SBCAG intends to solicit outside expertise through a RFP to either conduct the outreach and/or develop the facilitation blueprint for SBCAG staff to carry out for the next RTP update.

The RTP-SCS as well as other planning projects undertaken by SBCAG is increasing the agency's visibility as a leader of regional transportation planning. SBCAG is cognizant of the rapidly changing environment of emerging technology shaping how transportation is delivered. SBCAG's planning for multimodal systems includes concepts of electric vehicle readiness, autonomous vehicles, and active transportation modes. Planning funds are allotted for the study of emerging technologies in which SBCAG should serve in a leadership role as an innovator for the region.

### **Transportation Improvement Program (TIP)**

Transportation Improvement Programs developed by SBCAG include the federally required Federal Transportation Improvement Program (FTIP) and state-required Regional Transportation Improvement Program (RTIP). The FTIP provides short-term listing of financially constrained surface transportation projects that receive federal funds, are subject to a federally required action, or are regionally significant. SBCAG's FTIP is not required to include an air quality conformity analysis and findings due to Santa Barbara County attaining the federal 8-hour ozone standard and the federal one-hour ozone standard being revoked. As a result of this attainment status, SBCAG is not eligible for certain federal funding such as Congestion Mitigation and Air Quality (CMAQ) funds.

The 2017 and 2019 FTIPs were approved by SBCAG in September 2016 and September 2018, respectively. The FTIP covers a four-year period and integrates new and modified projects which initially took form as amendments to the prior FTIP. Individual projects are organized by project sponsor including Caltrans, local jurisdiction, transit agency, academic institution, and SBCAG itself. Approximately \$301.9 million in federal, state and local funding was identified in the 2017 FTIP to support local roadway and state highway maintenance projects, and transit operations and maintenance. For the 2019 FTIP, approximately \$879 million was identified driven primarily by higher SHOPP and STIP forecasts and project amendments plus additional projects added from SB 1 funding programs such as State of Good Repair.

Projects in the FTIP are specifically identified in SBCAG's adopted RTP or are consistent with the RTP's goals, policies and objectives. The FTIP projects also emerge from other transportation plans and programs, including the State Transportation Improvement Program (STIP), State Highway Operation and Protection Program (SHOPP), the Congestion Management Program (CMP), Measure A's Program of Projects, and from transit plans developed by the region's transit operators and SBCAG, in cooperation with the SBCTAC.

SBCAG utilizes CTIPS online software (a Caltrans provided tool) which serves as a FTIP management database. The state and federal database is stored on the vendor's servers (EcoInteractive) and enables local jurisdictions to view FTIP projects and amendments using different query functions. This online program provides one set of SBCAG-updated data that is shared between SBCAG and the member jurisdictions. Programming staff serve in a customer service role to the member jurisdictions and provide responses that help agencies consider trading off projects with funding and taking a wholistic approach to the strategic application of limited revenues. The online software enables agencies to submit changes online directly to the programming staff, thus reducing redundancies and misinformation due to "older" versions. SBCAG pays a monthly fee for this database.

Every two years, the RTIP is adopted as required by State law. The RTIP includes a five-year program of projects selected by SBCAG that are to be funded with the statutory share of state gas tax money. During the audit period, the 2016 RTIP was adopted in November 2015. The adopted 2016 STIP Fund Estimate identified no new funding for Santa Barbara County available for programming in FYs 2015-16 to 2020-21. Per the STIP Guidelines, the 2016 Fund Estimate indicated that the STIP was already fully programmed for the entire 5 years of the 2016 STIP. This was due primarily to the decrease in the price-based excise fuel tax. Projects currently programmed in the STIP would need to be reprogrammed into later years.

### **Project Delivery**

In recognition of the different needs between the north county jurisdictions and their south county counterparts, and to address these diverse needs efficiently, local project delivery assistance in the Programming Division is divided between the north and south county and assigned to separate staff. However, coverage is provided where programming staff are cross-trained to handle each other's responsibilities and provide program support. SBCAG typically

provides more assistance to the north county, as opposed to south county, as a means to help the local agencies with their transportation-related funding in spite of the limited staffing resources that the SBCAG programming division has currently available.

Sample components of local assistance provided by SBCAG staff for the north and south county are STIP Timely Use of Funds, STIP amendments, and STP Claim Tracking. Staff facilitate the North County and South County Subregional Committee, and the North County and South County Bike and Pedestrian and Safe Routes to Schools Programs. Measure A local project delivery is provided by a principal planner in the Project Delivery Division.

The ability to deliver regional projects and assist member jurisdictions with local programming and delivery has been a focus of SBCAG through the Programming and Project Delivery Divisions. As described above, programming documents are updated and amended as necessary to ensure the proper programming and allocation of federal and state funding for transportation projects countywide.

Federal law requires SBCAG to publish for public review an annual listing of projects for which federal funds have been obligated in the preceding year, as a record of project delivery and a progress report for public information and disclosure. The FTIP shows the number of projects and federal funding amounts obligated each fiscal year in Santa Barbara County. The amounts for transit capital and operations in the table are Federal Transit Administration funds.

### **Transit Planning and Coordination**

SBCAG provides regional coordination among the public transit operators in the county. The planning of local public transit services in the short term is accomplished primarily through the preparation of short-range transit plans (SRTPs). SRTPs are required to be updated every five years and are to be consistent with the SBCAG RTP and transit policies. The projects contained in an operator's respective SRTP are used as a basis for federal and state funding included in the transportation improvement programs.

An SRTP was completed during the audit period for Santa Ynez Valley Transit (October 2017). Also, while a SRTP was not formally adopted, outside consultant assistance was retained to assess and implement route revisions upon completion of the new transit center in Lompoc in 2018. These updates follow other transit operator SRTPs conducted in the prior audit period for City of Guadalupe (July 2014), SBMTD (March 2015), and City of Santa Maria (June 2015). Santa Maria (SMAT) issued a RFP for an update to its SRTP towards the end of the audit period. In addition, following the audit period, SBCAG is conducting the first SRTP for the Clean Air Express commuter service.

Intercity transit issues and countywide transit studies are conducted through SBCAG. Regional transit studies that have been commissioned by SBCAG reflect an evolution of the provision of transit in the county, particularly in the north county, where local control of transit is prevalent. There is more connectivity than in the past between communities, and among different transit

modes, that have traditionally operated their own local transit systems, or that did not have one. Most of these intercommunity services are operated on separate MOU's between the affected agencies and paid for by these parties. Examples include the Breeze 100 and 200 bus service, and the Wine Country Express.

In September 2016, SBCAG completed the North County Transit Study over the course of roughly three years as data was collected, analyses completed, and consensus was built. Numerous improvement scenarios were considered and analyzed during the development of the plan. Two recommendations ultimately were able to gain the consensus needed for inclusion in the plan: 1) voluntary merger of select transit services (e.g., SYVT into COLT, Guadalupe and Cuyama services into SMAT), and 2) consider an agreement to integrate the Clean Air Express into COLT and/or SMAT prior to the expiration of the Clean Air Express operating contract on December 31, 2017.

In October 2017, SBCAG in partnership with San Luis Obispo Council of Governments administered a study to identify opportunities to improve transit and ridesharing services between northern Santa Barbara County and southern San Luis Obispo County. The *Santa Maria-San Luis Obispo Transportation Connectivity Study* offered findings and recommendations using a methodology consisting of plan review, service/facility evaluation, market analysis, and community outreach efforts. Recommendations related to transit service, capital facilities, transit marketing and regional fare coordination.

With regard to social service transportation coordination, the 2007 coordinated public transit-human services transportation plan is titled *Transportation Connections*. SBCAG had intentions to update this coordinated study following completion of the North County Transit Plan update, but has not been successful in obtaining a grant for the update. The project goals, strategies, and selection criteria in *Transportation Connections* are used in the review of applications for federal funding assistance and in addressing the coordination and the provision of social service transportation. This plan emphasizes the importance of Consolidated Transportation Service Agencies (CTSAs), such as Easy Lift and SMOOTH, in transportation service coordination in the larger areas. As described in the prior performance audit recommendation section, the coordinated public transit-human services transportation plan is recommended for update as projects selected under federal section 5310 funds be included in a locally developed, coordinated public transit-human services transportation plan. An updated plan will reflect the changing role of CTSAs in an evolving transit environment.

The Transit Resource Guide updated by Traffic Solutions is the current regional guide to assist residents and visitors in understanding the transportation opportunities available in Santa Barbara County. The guide was a result of the collaborative efforts of SBCTAC, the CTSAs (Easy Lift and SMOOTH), and the public transit agencies. The Transit Resource Guide has been transformed onto the Traffic Solutions website and expanded in a format for the community at large and provides a comprehensive transportation resource for planning trips without use of the private automobile. A SmartRide Trip Planner tool enables commuters to determine their most efficient way to travel by offering a one-stop-shop for commuters and offering tools and

incentives to improve their travel. A variety of travel options are listed and described along with transit schedules and connections. The tool is managed through a commuter's dashboard customized to compare transportation options, log commute trips, and track travel savings.

One of the key transit documents produced by SBCAG on an annual basis is the Transit Needs Assessment. As discussed under the Unmet Transit Needs section of this audit, the Transit Needs Assessment report is intended to fulfill TDA requirements prior to TDA revenues being allocated for streets and roads. This requirements applies only to unincorporated north county as all other local jurisdiction TDA claimants are using their TDA for transit.

SBCAG also maintains a strong presence in rail planning. SBCAG is an active participant in the LOSSAN Rail Corridor Agency, comprised of regional government agencies served by the state-supported Pacific Surfliner rail service operating in the coastal rail corridor between San Diego and San Luis Obispo. The SBCAG Director of Rail and Transit Programs is directly involved with overseeing regional commuter transit services, coordinating grant applications for corridor rail infrastructure improvements, and interfacing with Caltrans Division of Rail, LOSSAN, Coastal Rail Coordinating Council staff, and acts as project manager for the statewide Intercity Rail Leadership Group. The passage of Measure A included \$25 million for improving passenger/commuter rail, thus providing seed capital for leveraging additional funding for rail improvements. New early-morning Pacific Surfliner train service started in April 2018 and connects commuters from Ventura County and Carpinteria to Santa Barbara and Goleta. To meet first and last mile connectively, SBCAG contracted with Santa Barbara MTD to operate three shuttle routes free to rail pass holders, and worked with the Ventura County Transportation Commission (VCTC) to allow rail passes to be valid on all Coastal Express trips.

### Clean Air Express

A significant change for the Clean Air Express during the audit period was the administrative transition of the service from City of Lompoc to SBCAG in January 2018. The service is administered by the SBCAG Director of Rail and Transit Programs including oversight and monitoring of the contract operator. An operations contract was entered into between SBCAG and private operator AmericanStar Trailways for a two and a half year period commencing December 2017 through June 2020. Payment is made on a per revenue vehicle hour basis. Changes in SBCAG executive management during the audit period has elevated the importance of regional transit mobility in Santa Barbara County, including the Clean Air Express, which serves passenger demand generated in part by the jobs/housing imbalance between north and south county.

In FY 2020-21, SBCAG will begin receiving TDA-State Transit Assistance (99314 farebox revenue) to supplement the Measure A North County Interregional Transit Program, which is currently the only dedicated source of funding for the Clean Air Express. About \$850,000 in Measure A is dedicated to CAE annually, but Measure A funds alone cannot sustain current service levels through the end of the Measure in 2040, and the amount of annual funding will fall to around \$720,000 when bonds are issued for the US 101 HOV project. As a result of directly receiving

TDA 99314 formula funds in the future, SBCAG is currently in compliance with TDA requirements, including submitting a State Controller Office Transit Operator Report, a financial compliance audit, and will be included in the triennial transit performance audits once SBCAG becomes a direct TDA (99314) recipient.

The current CAE bus schedule is 13 roundtrips per weekday. Ridership reports for FY 2017-18 from SBCAG shows annual ridership at about 174,000. This level of ridership is supporting a farebox recovery ratio of about 50 percent, which is a reduction percent-wise from the past which hovered around 80 percent. A guaranteed ridehome program supported by Traffic Solutions is available for emergencies for passengers to get back home, which also provides incentive to ride the bus. The CAE bus fleet of 17 active revenue vehicles (as of December 2018) range in year from 2004 to 2017. The focus by the Director of Rail and Transit Programs is on customer service in developing a robust transit system.

### SBCTAC

SBCTAC is the standing committee that advises on transit issues and provides input on unmet transit needs around the county. TDA requires a minimum of nine members representing specific interests to serve on a statutorily required Social Service Transportation Advisory Council (SSTAC). The SBCTAC has exceeded this minimum by including a total of 18 members drawn from north and south county, including an agricultural worker representative as part of a 2006 legal settlement agreement.

With membership that meets and exceeds the requirements of the SSTAC under TDA, SBCTAC provides the forum for regional transit discussion among representatives from fixed route transit and paratransit providers, social service agencies, nonprofit groups providing social services, and transit users. SBCAG provides support for service and planning coordination among the region's transit operators through the SBCTAC. The monthly scheduled meetings are held at the Buellton City Council Chambers and relatively well-attended, providing an indication of their value to the members.

The bylaws of the SBCTAC specify membership terms. The language includes that "the term of appointment shall be for three years, which may be renewed for an additional three-year term." SBCAG has interpreted this to mean that after the additional three-year term, a new appointment must be made for that position. As the Public Utilities Code section does not provide further direction on appointments following the consecutive three-year terms, the existing practice by SBCAG to appoint a new member is one method. Other RTPAs elect to re-appoint SSTAC members after each three year term as long as the member is willing to serve, which SBCAG has also elected to do. Continuous recruitment via active recruitment by staff and/or posting of the SSTAC member application on-line are also done. With many RTPAs challenged in keeping full SSTAC membership for each required position, most tend to retain their current members as long as possible. Some also appoint alternates to the positions. A review of the SBCTAC membership during the audit period shows primarily the same members for the full three year period.

## TDA Claimant Relationships and Oversight

As the designated RTPA, SBCAG is responsible for the administration of the TDA program. This functional area addresses SBCAG’s administration of the provisions of TDA. The subfunctions described include costs for regional transportation planning, TDA claims processing and related technical assistance, and the unmet transit needs process.

### TDA Planning and Programming Allocation

The uses of TDA revenues apportioned to Santa Barbara County flow through a priority process prescribed in state law. Prior to apportionment of funds to the local jurisdictions for bicycle and pedestrian facilities, transit operations and local streets and roads, SBCAG claims TDA revenues for planning and programming purposes. This amounts to 3 percent of total Local Transportation Funds (LTF) during the audit period after deduction for County administration of the fund. The three percent is an increase from two percent in prior years and remains within statutory levels.

According to the annual TDA apportionments, the agency received the following for transportation planning and programming (Table IV-1):

**Table IV-1**  
**Local Transportation Fund Allocations for**  
**SBCAG Planning & Programming**

| <b>Fiscal Year</b> | <b>Total LTF <sup>(1)</sup></b> | <b>SBCAG LTF Planning &amp; Programming</b> | <b>Percentage of LTF</b> |
|--------------------|---------------------------------|---|--------------------------|
| 2016               | \$17,181,200                    | \$505,128                                   | 3%                       |
| 2017               | \$17,571,200                    | \$516,595                                   | 3%                       |
| 2018               | \$17,922,000                    | \$526,906                                   | 3%                       |

(1) Total annual LTF receipts. Excludes STAF.

Source: SBCAG Annual TDA-LTF Apportionments, FYs 2016 - 2018.

The amount allocated to SBCAG was relatively stable each year due to the steady level of LTF revenue which is tied to the sales tax, a barometer of economic activity. Because SBCAG’s share is percentage-based, which is consistent with TDA, the amount fluctuates with the expected inflow of the revenue.

### TDA Claim Processing and Related Technical Assistance

SBCAG updated its two reference documents *Local Transportation Fund Claim Manual* and *State Transit Assistance Fund Claim Manual* in 2017 and 2018 using outside consultant assistance. The purpose of each manual is to clarify the respective provisions of TDA and to

serve as a convenient reference document for TDA claimants and SBCAG in administering the TDA claims process. It also serves as a technical reference document for stakeholders who are involved with transportation planning in Santa Barbara County and with the unmet transit needs process.

Available on the SBCAG website, the manual explains TDA statutory provisions, policies, procedures, and administrative instructions. Senate Bill (SB) 508 (October 2014) modifies a number of areas including the calculation of farebox recovery, claims for non-motorized projects, and STA fund eligibility. The updated claim manuals incorporate these latest changes. Claimants filling out TDA claims and those managing the claim process have the document to:

- Understand what TDA is;
- Understand how to complete the claim forms;
- Understand TDA requirements and the reasons for them; and
- Understand how the whole process fits together in Santa Barbara County.

The manual provides background about TDA, the flow of funds to claimants, reporting and performance requirements, timelines, and sample claims forms with instructions. A standard assurance checklist that is filled out by the claimant is included that summarizes compliance with specific TDA measures. Each submitting claimant certifies that all conformance requirements are satisfied to receive both Local Transportation Funds and State Transit Assistance funds.

The updated manuals also provides clarity with regard to the farebox recovery ratio requirements for each transit operator. A table contains the required farebox ratios for fixed route and demand response, as applicable, by operator. For those systems that operate both fixed route and specialized demand response (Guadalupe, Lompoc, Santa Maria, and SYVT), the systems are required to meet either a systemwide farebox or separate farebox ratios for each service (e.g., 20% fixed route, 10% demand response).

The claims forms are made available in Excel to create efficiencies in completing the forms. If requested, SBCAG will prefill the Excel spreadsheet with known financial information to assist the claimants. Training is also offered. Distribution of the forms is expedited via email. SBCAG's guidelines require claims for TDA revenues to be submitted by April 1 preceding the fiscal year of the claim. The claims are managed on the front end by the Programming Division in close association with the Administration & Finance Division, which conducts its verification for financial consistency with available LTF revenues, and uses the checklist from the claims manual to determine whether all necessary documentation is filed with the claim. Programming staff hold quarterly meetings with the transit operators and local jurisdictions to confirm and verify the TDA process is functioning and address any STA or LTF funding issues.

Programming staff review the TDA claim to verify the performance and operations and capital data submitted. TDA claims requirements slightly differ for CTSAs. In the standard assurance

checklist, as a condition of SBCAG approving claims for Article 4.5 funding for Easy Lift and SMOOTH, the CTAs provide documentation under SBCAG Resolution 90-1 Exhibit A, Section B, including an operations plan and budget, and insurance documentation.

The separate guidance document for State Transit Assistance Funds (STA) shows a timeline when fund estimates are made available and when revised claims are due. Apportionments are explained including how the revenues are divided according to state and SBCAG adopted provisions. A required forms checklist is also provided to ensure proper documentation is received for processing by SBCAG.

A specific standard assurance item in the transit claim that is signed off by the claimant relates to an operator providing justification for operating budget increases of more than 15 percent from the prior year. A few operators fell under this situation during the audit period from the auditor's review of the claims where their operating budgets exceeded 15 percent from the prior year. While the standard assurance check off was made in the claim, there was no substantiation or descriptive justification made in the claim. A new section in the claim, or space provided in the standard assurance form, should be available for the operator to describe the reason for the increase above this threshold.

### **Unmet Transit Needs**

The unmet transit needs process conducted by SBCAG Planning staff involves review and input from the advisory committees (TTAC and SBCTAC), the Board of Directors, and the community. The SBCTAC dedicates a significant portion of its meetings on the unmet transit needs process which generally occurs between October through April each year. Public workshops are conducted in the north county to solicit community comments on potential unmet transit needs, generally held in the cities of Santa Maria and Lompoc and facilitated by the respective city transit department. With Lompoc claiming TDA only for transit, the County of Santa Barbara remains the sole claimant to require an unmet transit needs process prior to approval of LTF for streets and roads in the north unincorporated county.

The Transit Needs Assessment documents the public workshops in Santa Maria. While not required, public unmet transit needs hearings are also scheduled in Lompoc and Santa Barbara. For the FY 2016-17 unmet needs process, SBCAG learned that the newspaper notices of the hearing in Santa Maria were not published at least 30 days in advance of the hearing as required by the TDA statute. To ensure compliance with the statute, staff scheduled a second public hearing and noticed the hearing as required. The hearing was noticed through multiple advertisement channels including the following: Santa Ynez Valley News advertisements; Lompoc Record advertisement; Santa Maria Times advertisement; Space Country Times advertisement serving Vandenberg Air Force Base; email notice to SBCAG's list of roughly 300 interested individuals; SBCAG website news item; press release in advance of the meeting; flyers posted by City of Lompoc Transit staff; and flyers posted by Santa Maria Area Transit staff. In its email list, staff sent notice to Allan Hancock College, the Solvang, Buellton, Oasis (Orcutt), and Mussel (Santa Maria) Senior Centers, persons who submitted public comments

last year, and to anyone who requested notification. Advertisements and flyers are produced in both English and Spanish.

Although SBCTAC members are not required to attend the public workshops, a staff representative attends to gather information from requests and testimony. A staff member representing the County also attends in addition to Lompoc and Santa Maria transit staff. These workshops are conducted in addition to the one public hearing held by SBCAG which attracts a larger number of speakers for unmet transit needs. Other public comments are received via written letter and email.

The Transit Needs Assessment, which is a requirement of law, provides the compilation of the unmet transit needs process. As prescribed in TDA, the transit assessment includes several sections including the consultation process, an assessment of population characteristics, analysis of existing transportation services, service expansions and improvements, and analysis of the unmet needs requests. The analyses of individual requests for unmet transit needs are organized by SBCAG into three different tables. One table lists requests that are unmet transit needs, which are analyzed further to determine their reasonableness to meet. A second list identifies requests that are not unmet transit needs because they are either already met by existing service, or do not meet the definition of unmet transit need. A third table lists requests that are not applicable to the transit needs assessment because they request service in jurisdictions already using all TDA funds for transit, are operational concerns, or require wholesale changes to the transit system. In addition, some of the requests in the third table are outside SBCAG's jurisdiction or do not provide enough information for analysis. All requests and comments are sent to the transit operators for review and consideration.

Each table identifies the specific request, the source of the request (survey, workshop, email, phone, etc.) and either the type of service affected by the request, reason it is not an unmet need, or reason it is not applicable, depending on where request is categorized. The document has evolved each year to include more graphic display and user friendly content, including an Executive Summary.

For the three-year audit period, SBCAG made findings that there were no unmet transit needs that were reasonable to meet. A formal resolution is considered and approved by the SBCAG Board of Directors with findings from the unmet needs process.

TDA regulations require SBCAG to adopt definitions of "unmet transit needs" and "reasonable to meet." The unmet transit needs definition was adopted by the SBCAG Board on January 19, 2006, while the reasonable to meet criteria was adopted on December 21, 2006. A copy of the definitions is included as an attachment in the unmet needs resolutions and reaffirmed by the Board. The definitions are as follows:

*Unmet Transit Needs Definition*  
*Adopted by SBCAG Board on January 19, 2006*

“An unmet transit need is the expressed or identified need of the community for additional public transportation services to meet existing basic mobility needs which are not currently being met through the existing system of public transit services or private transportation services. Included, at a minimum, are those public transportation or specialized services which are identified in the Regional Transportation Plan, short range transit plan, and/or transit development plan that have not been implemented or funded.

If an expressed or identified need is determined by SBCAG to be an “operational issue”, it shall not be considered to be an unmet transit need. Requests that do not require an identifiable additional increment of service will generally be considered operational. Issues such as, but not limited to, the adequacy of location of bus stops, minor route improvements, marketing, and service reliability will generally be considered operational.

The identified needs must be for the system of general public transit services. All eligible users of a given service should have equivalent access or opportunity to use the service.”

*Reasonable To Meet Criteria*

*Adopted by SBCAG Board on December 21, 2006*

“An identified unmet transit need shall be determined to be “reasonable to meet” if SBCAG determines that the transit service will be in general compliance with the following criteria:

1. Can be implemented consistent with the transportation improvement priorities, policies and performance standards contained in the Regional Transportation Plan, the transit development plan, or the short-range transit plan for the area.
2. Can be implemented safely and in accordance with local, state, and federal laws and regulations.
3. Excluding the first three years of operation, the additional transit service shall not cause the system of which it is a part to fail to meet systemwide performance standards including:
  - a. the operator’s ability to maintain the required fare to operating cost ratio;
  - b. the estimated number of passengers carried per service hour for proposed service shall be in the range of other similar services provided; and
4. The proposed service would not cause claimant to incur expenses in excess of the maximum allocation of TDA funds.
5. The proposed service is projected to reach a 20% fare box recovery within 3 years, 10% in non-urbanized areas providing rural services, 10% in non-urbanized areas serving urbanized areas, and projected to show continuous progress toward meeting the fare box recovery ratio within 3 years.”

## **Public Information and Alternative Transportation**

Public information and outreach has played a significant role in SBCAG's ability to achieve many of its milestones over the last three years. The adopted Public Participation Plan required by SB 375 lays out a process for public participation in adoption of the Sustainable Communities Strategy and Regional Transportation Plan. SBCAG staff conducted extensive public outreach meeting with a range of stakeholder groups and local stakeholders to inform the public and seek engagement in the RTP-SCS planning process. Public outreach materials were printed in English and Spanish, and Spanish language interpreters were available at public workshops. An American Sign Language interpreter is also provided upon request. SBCAG is revisiting the public participation strategies and is seeking outside assistance to develop a new outreach strategy.

The SBCAG website ([www.sbcag.org](http://www.sbcag.org)) provides a portal to most, if not all, of SBCAG's activities and serves as a central open site for regional projects. The updated website provides a number of user friendly drop down menus and links to resources on the website such as travel options for residents, commuters, and travelers; current construction projects; and planning projects. A documents page organizes an inventory of SBCAG reports for transit related documents, planning and services; FTIP; STIP; and surface transportation program. SBCAG's policies and financial resources are on the documents page, as well as its Title VI Civil Right Act program to ensure compliance with the Act and related statutes regarding nondiscrimination and environmental justice.

Links to major highway projects along US-101 direct a user to the Caltrans website that provides information and contacts for projects such as the South Coast 101 HOV Project, while another project site by SBCAG/Caltrans (<http://www.sbroads.com>) provides project information and travel options during construction for the Linden Casitas Route 101 Interchange Project, and Santa Barbara to Mussel Shoals project. Measure A information is provided through a link to the separate Measure A website that provides an abundance of information.

Board and advisory committee meeting agendas and a host of other pertinent public data, including direct email contact information with all SBCAG staff members, are also available. The "News" link on the website is kept fresh for required public information such as posting of workshops, funding recommendations, and other released materials and news feeds. SBCAG maintains a Twitter social media account to share its news releases to a broader market. Use of social media is an impetus for SBCAG to keep its news content fresh and relevant.

### **Alternative Transportation**

SBCAG completed a Regional Active Transportation Plan in August 2015, the beginning of the triennial audit period. The plan was prepared to meet the requirements of the California Transportation Commission's 2014 Active Transportation Program Guidelines. It provides an overview of the existing conditions as related to the bicycle and pedestrian modes in the region

and highlights current and future needs and improvements. The purpose of the plan is to create a regional vision for improving the bicycle and pedestrian network by integrating the bicycle and pedestrian planning of the region's nine member governments. The plan is also intended to establish a base level of eligibility for funding through Active Transportation Program grants for projects in the plan area. Four goals were developed for the plan to guide its development, as well as to shape the future of the bicycle and pedestrian environments in the region. Policies implement each goal and support the recommendations of this plan. The goals were developed with the input of the project's Technical Advisory Committee, and include:

- Enhance Mobility
- Increase Connectivity
- Promote Equity for all Users in all Communities
- Improve Safety and Public Health

### **Traffic Solutions**

Traffic Solutions promotes and encourages alternatives to driving alone, with the goals of reducing traffic congestion, air pollution and vehicle miles traveled as well as improving the quality of life for employees, visitors, and residents of Santa Barbara County. Staff work is driven by project issues (e.g. Highway 101 construction), and by emphasis and timing of events such as CycleMAYnia. Traffic Solutions has some information on the SBCAG website, but has much more on its own website and is branded separately with its own logo and color scheme as the countywide rideshare and mobility information agency for Santa Barbara County.

The website contains information for the following programs and services:

- SmartRide
- CycleMAYnia
- Love Your Ride
- Open Streets
- Commuter Program Consulting
- Try Transit
- Vanpool incentives
- Emergency Ridehome

Traffic Solutions' interactive website, SmartRide.org, launched in April 2015 and is a one-stop-shop for the following commuter and trip-planning tools:

- Trip-Planner – Compares how to get from one location to another by carpool, vanpool, bus, bike, train, walking or driving alone.
- Carpool and Vanpool Matching – Finds other commuters to share the ride with.
- Commute Calendar – Tracks a user’s commute to calculate savings and qualify for promotions through Traffic Solutions or participating businesses.
- Commuter Benefits – Local business offer their employees benefits and incentives that are managed through our site.
- Ridesharing for Events – One-time ridematching to special events and meetings.

Funding through the Federal Highway Administration (FHWA) for information technology systems resulted in upgrades to the website that provides, among a number of programs, a dynamic real time rideshare tool powered by Ride Amigos platform. The program instantaneously generates a list of interested carpools, 24 hours a day, for the commuter by registering with SmartRide.org and sharing information about their commute. There are roughly 6,000 registered participants in the new carpool program. The site is designed for daily commuter trips within Santa Barbara County or into Santa Barbara County from neighboring counties. A tutorial is available on the website to learn to navigate and use the site. Traffic Solutions indicated that the trip planning tool needs to be updated to better align with the other programs on the website.

Traffic Solutions set a goal to integrate technology and various tools such as mobile apps, social media, website, and video into the promotion, awareness and communication of alternative transportation. *Try Transit* is a partnership between Traffic Solutions and all of the transit systems in Santa Barbara County. Free 10 ride tickets are available for anyone that wishes to try transit to see if it can work for their day to day transportation needs. There are 13,000 single transit passes for distribution, and about 2,500 riders have registered for the pass and will receive text notifications about the train service in hopes of boosting ridership for public transit. Customer relationship software is used in attempts to build direct relations with commuters through the text notifications.

The Open Streets *Calles Vivas* program promotes public health, active transportation, and community by transforming streets into public parks for a day. Such events were organized and held over the last few years in Carpinteria (2017), Lompoc (2017), and Santa Maria (2018). Increased budgets were made for better coordination of the train service and for the Open Street program in Santa Maria to push alternative transportation measures in the north county where residents and employers have expressed interest through surveys in the Traffic Solutions programs. Traffic Solutions staff will continue to make strides in Santa Maria and its surrounding areas with travel options and solutions.

Traffic Solutions offers additional services to carpool matching including commuter savings calculator, Emergency Ride Home, commute calendar and employer tools for administering employee commuter benefits and promotions. The Traffic Solutions website is used to

administer commuter benefits programs by most of the largest employers in Santa Barbara County, including the County of Santa Barbara, City of Santa Barbara, Cottage Health System, CenCal Health, Valle Verde Retirement Community and Marian Medical Center.

Traffic Solutions continues its work with the Green Business Program of Santa Barbara County. To become certified, businesses must offer commuter benefits to their employees as a means to reduce air pollution and traffic congestion. This certification requirement has greatly expanded the reach of SBCAG Traffic Solutions by exposing many new businesses to commuter benefits that would not have done so otherwise. Among the alternative transportation options promoted by Traffic Solutions is staff's work with employers to provide employees with transit passes. This program provides opportunities for Traffic Solutions to reach out to additional participating businesses with more than 100 employees.

Traffic Solutions, the City of Santa Barbara and the Santa Barbara Bicycle Coalition hold the annual CycleMAYnia, a culmination of bicycling events during the month of May. Traffic Solutions issues mini-grants for \$50 to \$500 through Measure A revenue to volunteer organizations that host such events. Mini-grants can be for events for kids and/or adults that relate to any type of cycling or bicycle lifestyle and are leveraged to extend the events to larger numbers in the community. The CycleMAYnia event is secured in three year cycles. SBCAG has secured three cycles (9 years), with the third cycle falling within the audit period.

The Countywide Bike Map is also available, which is paid for by a Measure A grant with support from Cottage Health System. However, customers must pay a fee for the map in paper form. A mobile app to download the county bike map is available for free. In addition to the normal features of the bike map, a user can track their trips, save ride stats, and link to bike shops and resources directly from the app.

Transit marketing received a boost from the new low carbon and transit operations program (LCTOP) which provided funding for the free 10-ride transit pass. Traffic Solutions works with the transit operators to promote routes that experience light ridership and/or new services. A promotion such as a free transit pass is used to generate more interest on the routes. For example, the Saturday Clean Air Express pilot service received marketing assistance from Traffic Solutions and free bus passes. However, this pilot project was canceled.

Traffic Solutions evaluates its performance through participation statistics for its programs and online enrollment. Employer participation in commuter reductions is also a factor as well as the environmental benefits that are quantified from participation in carpool, bicycling and other transportation modes. Staff indicated that budget has been set aside to develop and monitor performance measures for Traffic Solutions activities.

## **Grant Application and Management**

SBCAG receives the bulk of its funding from grants and has had success in obtaining grants to fund many of its programs. During the audit period, SBCAG received funding for transit capital

improvements from the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) included in Proposition 1B which has sunset. The funds can only be expended for capital projects such as the purchase of buses, vans and development and construction of transit centers. SBCAG sub-apportions the funds by formula to local agencies that operate transit public services. The transit operators then nominate projects for approval by SBCAG to expend their share of the funding. By law, the status of PTMISEA expenditures and remaining balances are contained in the annual TDA fiscal and compliance audits of each transit recipient.

Santa Barbara County received approximately \$4.55 million from the PTMISEA population formula for FYs 2014-15 and 2015-16 (1st year of audit period). After FY 2016-17, the authority to expend the funds expired and the State would presumably apply unspent funds to retire Proposition 1B bond debt after November 15, 2017. There was no new allocation of funds during FY 2016-17; only the opportunity to apply for previously unclaimed funds. To ensure that SBCAG would not be left with a large balance in the last fiscal year of the program, the SBCAG Board adopted a requirement that local transit operators submit a Program of Projects (POP) demonstrating when and how their sub-apportionments will be spent down. SBCAG elected to host a call for projects in a traditional “application” style process, as the funds were subapportioned and left unclaimed previously.

For the three-year apportionment for FYs 2014-15 through 2016-17, the SBCAG region had \$225,109 remaining under this apportionment. Four applications for this remaining funding were received including from City of Solvang, MTD, Easy Lift, and SBCAG/Lompoc (Clean Air Express). Each application was for matching funds for replacement of vehicles.

SBCAG fulfills its responsibilities as the designated recipient for FTA Section 5307 funds attributable to the Santa Barbara County Transportation Management Area. The funds are allocated to the urban operators in the county including SBMTD, and the cities of Santa Maria and Lompoc after SBCAG conducts the grant application reviews. Annual FTA 5307 apportionments for FYs 2015-16 through 2017-18 have been about \$5.0 million for MTD, \$3.0 million for Santa Maria, and \$1.0 million for Lompoc. With the urbanized area for MTD likely exceeding 200,000 population in the next census, concern is raised about MTD possibly losing \$2.0 million under the Small Transit Intensive Cities grant program.

The SBCAG Board adopted FTA Section 5307 project selection procedures and announced a call for projects for funding. The procedures required each of the transit operators to issue a call for projects for their respective urbanized area (in addition to a countywide call issued by SBCAG), then screen, score and recommend to SBCAG which projects in their urbanized area should be funded. Using the FTA Section 5307 project scoring system adopted by the SBCAG Board, each transit operator scored and selected projects and submitted those projects to SBCAG staff. Projects submitted for funding for the Lompoc, Santa Barbara and Santa Maria Urbanized Areas were selected and approved by the respective transit operator’s city council or governing board. SBCAG then approved the project allocations and added the funding and projects to the Federal Transportation Improvement Program (FTIP) via a formal amendment. SBCAG also

coordinates with SLOCOG to implement transit planning for the expanded Santa Maria urbanized area and provides appropriate allocation of FTA Section 5307 formula funds.

In addition to urbanized funds, SBCAG prepares the FTA Section 5311 Program of Projects for the rural operators which include City of Guadalupe (Guadalupe Flyer) and the City of Solvang (Santa Ynez Valley Transit - SYVT). The estimated FTA Section 5311 apportionment is divided by the population served by the transit systems. SBCAG also administers the application process for FTA Section 5310 - Enhanced Mobility of Seniors and Individuals with Disabilities. SBCAG, as the Metropolitan Planning Organization for Santa Barbara County, is responsible for conducting a regional or "first level" scoring of projects submitted from within the county before they are submitted to Caltrans to be included in a statewide competitive selection process and scored by a statewide scoring committee. During this audit period, the SBCAG FTIP showed no available revenue or programmed revenue from either FTA 5311 or 5310 although the operators would be spending down available balances from earlier funding cycles.

## Section V

### Results

The following material summarizes the information obtained from the Triennial Audit covering fiscal years 2016 through 2018. A set of audit recommendations is then provided.

1. SBCAG conducts its management of the TDA program in a competent, professional manner while operating in a complex intergovernmental environment.
2. SBCAG has satisfactorily complied with state legislative mandates for Regional Transportation Planning Agencies. To its credit, SBCAG meets these mandates using limited staff resources.
3. Two of the four prior performance audit recommendations have been fully implemented, one has been partially implemented, and the last has not been implemented due to lack of funding. The two recommendations implemented pertain to updating the SBCAG TDA claim manuals, and updating the Transit Resource Guide. The prior recommendation partially implemented was reviewing the strategic planning process, while the last recommendation not implemented was updating the Coordinated Public Transit-Human Services Transportation Plan. SBCAG was not successful in obtaining a grant for the update.
4. A significant change was the retirement of the prior Executive Director and hire of the new Executive Director in January 2017. Changes in staff occurred from attrition and new hires, while promotions were made from within in building a stronger team oriented structure.
5. With the new management team, SBCAG has been taking incremental steps in strengthening its communications with stakeholders and maintaining trust in the community. This is leading to greater collaboration in the region to plan, fund, and implement projects across all transportation modes. Creating and communicating effective messages through public information is an emphasis at the agency which is accomplished through the hire of a new Government Affairs/Public Information Manager.
6. In August 2017, the SBCAG Board adopted Fast Forward 2040, the updated Regional Transportation Plan & Sustainable Communities Strategy (RTP-SCS). Fast Forward 2040 continues the vision laid out in the previous RTP-SCS, relies on the same core strategies and planning assumptions, and strives to achieve the same, broad goals as the prior plan in a condensed version.
7. The planning of local public transit services in the short term is accomplished primarily through the preparation of short-range transit plans (SRTPs). An SRTP was completed during the audit period for Santa Ynez Valley Transit (October 2017). Intercity transit issues and

countywide transit studies are conducted through SBCAG including the North Santa Barbara County Transit Plan (September 2016), and Santa Maria-San Luis Obispo Transportation Connectivity Study (October 2017). Santa Maria and Clean Air Express are undertaking their respective SRTPs shortly after the audit period.

8. New early-morning Pacific Surfliner train service started in April 2018 and connects commuters from Ventura County and Carpinteria to Santa Barbara and Goleta. To meet first and last mile connectively, SBCAG contracted with Santa Barbara MTD to operate three shuttle routes free to rail pass holders, and worked with the Ventura County Transportation Commission (VCTC) to allow rail passes to be valid on all Coastal Express trips.
9. SBCAG updated its two TDA reference documents *Local Transportation Fund Claim Manual* and *State Transit Assistance Fund Claim Manual* in 2017 and 2018, respectively. The purpose of each manual is to clarify the respective provisions of TDA and to serve as a convenient reference document for TDA claimants and SBCAG in administering the TDA claims process. It also serves as a technical reference document for stakeholders who are involved with transportation planning in Santa Barbara County and with the unmet transit needs process.
10. Public information and outreach has played a significant role in SBCAG's ability to achieve many of its milestones over the last three years, including adoption of the RTP-SCS, project development and delivery, and the Traffic Solutions' interactive website which provides a one-stop-shop for dynamic real time commuter rideshare and trip-planning tools. *Try Transit* is a feature on the Traffic Solutions website and is a partnership between Traffic Solutions and all of the transit systems in Santa Barbara County. Free 10 ride tickets are available for anyone that wishes to try transit to see if it can work for their day to day transportation needs.

## Recommendations

1. Implement prior performance audit recommendations.  
(Auditor Suggestion)

Two prior performance audit recommendations remain to be fully implemented, one being to update the Coordinated Public Transit-Human Services Transportation Plan titled *Transportation Connections*, and the second being to review the agency strategic plan. SBCAG sought state grant funding for updating the coordinated plan in FY 2017-18, but was not successful in obtaining the grant. No other action has been taken to date. SBCAG will continue to explore funding opportunities to update the plan. Projects selected under Federal Transit Administration Section 5310 funds are to be included in a locally developed, coordinated public transit-human services transportation plan. An updated plan will reflect the changing role of CTSA's (Easy Lift and SMOOTH) in an evolving transit environment.

Also, SBCAG management continues to discuss and refine strategic objectives and implementation. With new management in place during this audit period, the agency has opportunity to revisit its mission, vision, values, goals and strategies for the organization to guide priority setting, decisions about work programs and staffing, and other decisions by staff and board over the next several years. As an example, multimodal transportation planning and transit innovation have an emphasis under new leadership which can be reflected in updated goals and strategies. SBCAG should assume a leadership role in transit innovation for the region that accounts for disruptive trends, technological changes, and population inclusion. A review of the existing strategic plan by leadership and adjustments that further align to current values is a step toward furnishing the context to improve accountability for the use of resources, coordinating policies and building partnerships with all constituencies, ensuring the alignment of resources to address critical issues, and reinforcing the basis for clearly linking goals and objectives with ultimate outcomes.

2. Require transit operator substantiation for budget increases over 15 percent in the TDA claim.  
(Compliance Requirement)

A specific standard assurance item in the transit claim that is signed off by the claimant relates to an operator providing justification for operating budget increases of more than 15 percent from the prior year (Document H, item 10). A few operators fell under this situation during the audit period from the auditor's review of the claims where their operating budgets exceeded 15 percent from the prior year. While the standard assurance check off was made in the claim by the operators, there was no substantiation or descriptive justification made in the claim despite the claim requesting such description. A new section in the claim, or space provided in the standard assurance form, should be available for the operator to describe the reason for the increase above this threshold. SBCAG should verify

during the claim review process that the operator provides description of a significant budget increase from the prior year.

3. Modify TDA triennial performance audit schedule for additional transit recipients of TDA. (Compliance Requirement)

SBCAG commissions TDA triennial performance audits of all public transit systems that receive TDA funding according to the statute. A significant change for the Clean Air Express during the audit period was the administrative transition of the service from City of Lompoc to SBCAG in January 2018. The service is administered by the SBCAG Director of Rail and Transit Programs, including oversight and monitoring of the contract operator. In FY 2020-21, SBCAG will begin receiving TDA-State Transit Assistance (99314 farebox revenue) to supplement the Measure A North County Interregional Transit Program, which is currently the only dedicated source of funding for the Clean Air Express. About \$850,000 in Measure A is dedicated to CAE annually, but Measure A funds alone cannot sustain current service levels through the end of the Measure in 2040, and the amount of annual funding will fall to around \$720,000 when bonds are issued for the US 101 HOV project. As a result of directly receiving TDA 99314 formula funds in the future, SBCAG is currently in compliance with TDA requirements, including submitting a State Controller Office Transit Operator Report, a financial compliance audit, and will be included in the triennial transit performance audits once SBCAG becomes a direct TDA (99314) recipient.