



SBCAG

SANTA BARBARA COUNTY
ASSOCIATION OF GOVERNMENTS

**TDA Triennial Performance of the
Santa Barbara County Association of
Governments (as the RTPA)
for FY 2021/22 through FY 2023/24**



Final Report | March 2025



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Chapter 1 | Executive Summary

The Triennial Performance Audit of the Santa Barbara County Association of Governments (SBCAG) covers a three-year period ending June 30, 2024. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2024, the Santa Barbara County Association of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the nine transit operators to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of SBCAG’s programs for the period:

- Fiscal Year 2021/22,
- Fiscal Year 2022/23, and
- Fiscal Year 2023/24.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The review was also conducted in accordance with the processes established by the California Department of Transportation, as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

1. Compliance requirements,
2. Follow-up of prior recommendations,
3. Analysis of internal goal setting and strategic planning efforts,
4. Review of the RTPA’s functions and activities, and
5. Findings and recommendations.

Agency Overview

The Santa Barbara County Association of Governments (SBCAG) is the regional transportation planning agency for Santa Barbara County. SBCAG was established as a voluntary council of governments via a joint powers agreement in 1966. Its members include the County of Santa Barbara as well as the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, and Solvang.

Test of Compliance

With two exceptions, SBCAG adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. Several operator TDA fiscal audits were completed after the extended deadline or have yet to be completed.¹

Status of Prior Recommendations

The prior Triennial Performance Audit – completed in 2022 by Michael Baker International. for the three fiscal years ending June 30, 2021 – included the following recommendations:

1. Implement remaining performance audit recommendations from prior cycles. (Auditor Suggestion)
Status: Implemented.
2. Modify TDA triennial performance audit schedule for additional transit recipients of TDA. (Compliance Requirement)
Status: Implemented.
3. Consider prioritizing and ranking unmet transit needs public comments in coordination with the transit operators and SBCTAC. (Auditor Suggestion)
Status: No longer relevant.

Goal Setting and Strategic Planning

The primary regional planning document is the Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS). The RTP is a long-range transportation plan providing a vision for regional transportation investments. The Sustainable Communities Strategy (SCS) element, required under SB 375, demonstrates the integration of land use, transportation strategies, and transportation investments that will help Santa Barbara County meet regional greenhouse gas reduction targets.

The current Plan, *Connected 2050*, which was adopted on August 19, 2021, continues the vision delineated in prior Plans (2013 and 2017). It builds upon the core strategies, planning assumptions, and broad goals of prior efforts while incorporating several new aspects, including an updated Regional Growth Forecast (2019), a region-specific analysis of environmental justice indicators, and revenues resulting from Senate Bill 1 (2017).

Findings and Recommendations

Based on the current review, we submit the aforementioned TDA compliance findings.

Based on the current review, we submit the following TDA compliance finding:

1. Several operator audits for FY 2021/22 and FY 2022/23 were completed after the extended deadline or have yet to be completed.

¹ SBCAG uses the authority it has to promote compliance and withholds TDA funds until audit requirements are satisfied.

The following finding would normally be a compliance finding; however, given SBCAG received an extension from Caltrans regarding the late submittal of its prior Triennial Performance Audits, it is included here as a functional finding:

1. The prior Triennial Performance Audits were completed after the deadline of June 30, 2022.²

In completing this Triennial Performance Audit, we submit the following recommendations for SBCAG as the RTPA. They have been divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the agency into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the Triennial Performance Audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of audit recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with transit operators to identify strategies for completing their TDA fiscal audits within the established timeframe.	High	Ongoing
2	SBCAG should continue to work with its TDA Triennial Performance Auditor and its operators to ensure on-time completion of the triennial audits.	Medium	FY 2027/28

² At the direction of Michael Baker International, SBCAG requested an extension from Caltrans’ Mass Transit Division. The audits were beyond the deadline, but late with permission of Caltrans.

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of Santa Barbara County Association of Governments (SBCAG) covers the three-year period ending June 30, 2024. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2024, the Santa Barbara County Association of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the nine transit operators to which it allocates funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of Moore & Associates followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of SBCAG as the designated RTPA for Santa Barbara County. Direct benefits of a triennial performance audit include providing RTPA management with information on the economy, efficiency, and effectiveness of their programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC 99246(a) that the RTPA designate an independent entity other than itself to conduct a performance audit of its activities as well as those of each operator to whom it allocates TDA funding.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Auditing Standards* published by the U.S. Comptroller General.

Objectives

A Triennial Performance Audit has four primary objectives:

1. Assess compliance with TDA regulations,
2. Review actions taken by the RTPA to implement prior recommendations,
3. Evaluate the efficiency and effectiveness of the RTPA through a review of its functions, and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the RTPA.

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the regional transportation planning agency. The audit of SBCAG included five tasks:

1. Review of compliance with TDA requirements and regulations.
2. Assessment of the implementation status of recommendations included in the prior Triennial Performance Audit.
3. Analysis of SBCAG’s internal goal setting and strategic planning functions.
4. Examination of the following functions:
 - Administration and Management,
 - Transportation Planning and Regional Coordination,
 - Claimant Relationships and Oversight,
 - Marketing and Transportation Alternatives, and
 - Grant Applications and Management.
5. Recommendations to address opportunities for improvement based on analysis of the information collected and the review of the RTPA’s core functions.

Methodology

The methodology for the Triennial Performance Audit of SBCAG as the RTPA included thorough review of documents relevant to the scope of the review, as well as information contained on SBCAG’s website. The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit reports for the prior review period;
- Annual budgets;
- Audited financial statements;
- State Controller Reports;
- Agency organizational chart;
- Board meeting minutes and agendas;
- Policies and procedures manuals;
- Regional planning documents;
- Overall work plans;
- Article 8 Unmet Transit Needs documentation;
- TDA claims manual; and
- TDA and transit funding allocations to operators.

The methodology for this review included a site visit to the SBCAG Administration Office (260 N. San Antonio Road Suite B, Santa Barbara) on October 11, 2024. The audit team met with Michael Becker (Director of Planning), Martha Gibbs (Director of Finance), and Sarkes Khachek (Director of Programming), and reviewed materials germane to the triennial audit.

The report is comprised of seven chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the audit and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Compliance with statutory and regulatory requirements,
 - Progress in implementing prior recommendations,
 - Goal setting and strategic planning,
 - Functional review, and
 - Findings and recommendations.

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Chapter 3 | Overview of SBCAG

The Santa Barbara County Association of Governments (SBCAG) is the regional transportation planning agency for Santa Barbara County. SBCAG was established as a voluntary council of governments via a joint powers agreement in 1966. Its members include the County of Santa Barbara as well as the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, and Solvang.

SBCAG’s mission is to provide “collaborative leadership, planning, projects and services that serve regional and local needs to improve mobility and promote sustainable communities in Santa Barbara County.” Further, its vision statement encompasses the desired vision of SBCAG’s work:

SBCAG envisions Santa Barbara County as a region that values its diverse communities and resources, fosters economic vitality and innovation, and provides a mix of housing and mobility options that meet local and regional needs. This is accomplished through maximum cooperation between the SBCAG Board, staff, member agencies and other stakeholders.

The agency’s underlying values include professional excellence; fiscal responsibility; responsive service; respect; progressive innovation; integrity; leadership; and community, collaboration, and teamwork.

Roles

SBCAG fulfills a number of different roles for its member jurisdictions. They include:

- Area-wide Planning Organization (APO),
- Metropolitan Planning Organization (MPO),
- Regional Transportation Planning Agency (RTPA),
- Area-wide Clearinghouse,
- Airport Land Use Commission (ALUC),
- Local Transportation Authority (LTA),
- Service Authority for Freeway Emergencies (SAFE),
- Council of Governments (COG),
- Multimodal Programs, and
- Transportation Management Area (TMA).

SBCAG Board of Directors

The SBCAG Board of Directors is a thirteen-member governing board comprised of all five county board of supervisors and one representative from each city council. There is at least one alternate designated by each member agency. Members of the SBCAG Board of Directors serving during the audit period included:

- Das Williams, First District (2022-2024)
- Gregg Hart, Second District (2022)
- Laura Capps, Second District (2023-2024)

- Joan Hartmann, Third District (2022-2024)
- Bob Nelson, Fourth District (2022-2024)
- Steve Lavagnino, Fifth District (2022-2024)
- Holly Sierra, City of Buellton (2022)
- Dave King, City of Buellton (2023-2024)
- Al Clark, City of Carpinteria (2022-2024)
- Paula Perotte, City of Goleta (2022-2024)
- Ariston Juilan, City of Guadalupe (2022-2024)
- Jenelle Osborne, City of Lompoc (2022-2024)
- Randy Rowse, City of Santa Barbara (2022-2024)
- Alice Patino, City of Santa Maria (2022-2024)
- Charlie Uhrig, City of Solvang (2022)
- Mark Infanti, City of Solvang (2023-2024)

SBCAG Board members participate in, or receive guidance from, the following committees:

Policy Committees

- The [Executive Committee](#) reviews and makes recommendations to the Board of Directors on the annual budget, overall work program, bylaws, and the Executive Director performance evaluation. The committee is comprised of the SCBAG Board of Directors Chair, Vice-Chair, and the immediate past Chair and other members subject to approval by the board. The Executive Committee meets semiannually.
- The [North County Subregional Planning Committee](#) provides guidance and makes recommendations on policies to implement the North County subregion program of the Measure A Investment Plan and Ordinance. The committee also makes recommendations regarding projects to be funded by discretionary programs, excluding the Local Street and Transportation Improvement Program. It is comprised of the elected representatives appointed to the SBCAG Board of Directors by the cities of Buellton, Solvang, Lompoc, Guadalupe and Santa Maria, and Supervisors representing the 3rd, 4th and 5th Districts. Caltrans District 5 and the County Supervisor 1st District is an ex-officio, non-voting, member of the committee.
- The [South Coast Subregional Planning Committee](#) provides guidance and makes recommendations on policies to implement the South Coast subregion program of the Measure A Investment Plan and Ordinance. The committee also makes recommendations regarding projects to be funded by discretionary programs, excluding the Local Street and Transportation Improvement Program. It is comprised of elected representatives appointed to the SBCAG Board of Directors by the cities of Goleta, Santa Barbara, Carpinteria, and Supervisors representing the 1st, 2nd, and 3rd supervisorial districts. Caltrans District 5 and the Santa Barbara Metropolitan Transit District are ex-officio, non-voting members of the committee.

Advisory Committees

- The eighteen-member [Santa Barbara County Transit Advisory Committee \(SBCTAC\)](#) provides valuable input on transit issues affecting those who are transit dependent and transit disadvantaged persons, including the elderly, disabled, and persons of limited means. Committee members review unmet transit needs annually and make recommendations. The committee also assesses whether unmet transit needs are reasonable or unreasonable to meet. SBCTAC advises

the SBCAG Board of Directors on significant transit issues, such as the consolidation of specialized transportation services. SBCTAC acts as the social services transportation advisory council. Half of the committee members are volunteer positions and are often vacant. The Director of Planning introduced a \$100 stipend per meeting for volunteer positions. This has kept positions filled and have experienced no issues achieving quorum.

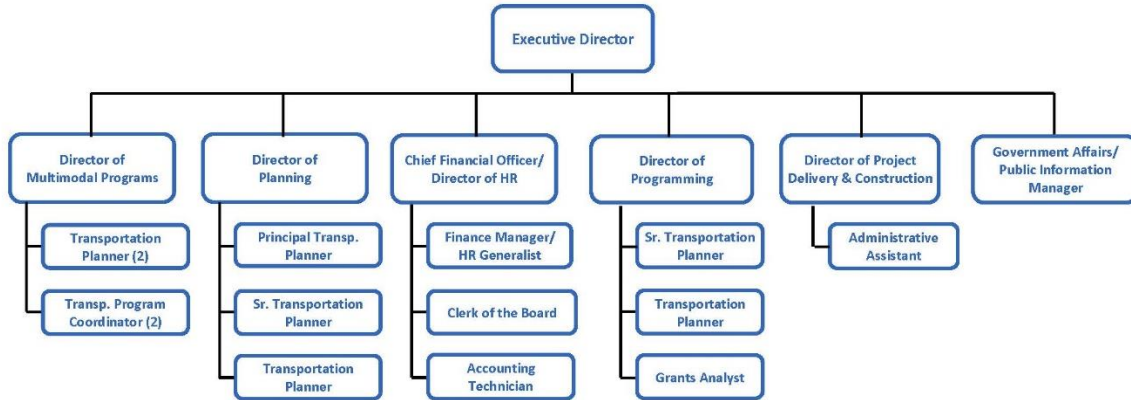
- The [Technical Transportation Advisory Committee \(TTAC\)](#) provides technical advice and makes recommendations to the SBCAG Board of Directors on transportation issues affecting the region. It also serves as a forum to exchange transportation-related information among members. TTAC is comprised of staff representatives from the County of Santa Barbara, each incorporated city within the county, Santa Barbara Metropolitan Transit District, Air Pollution Control District and Caltrans. Additionally, the Public Works Director, General Manager or department director, as appropriate, from each member agency.
- The [Technical Planning Advisory Committee \(TPAC\)](#) provides technical advice and makes recommendations to the SBCAG Board of Directors on issues related to land use planning affecting the region. It also serves as a forum to exchange planning-related information among member agencies. TPAC is comprised of staff representatives from the County of Santa Barbara, each incorporated city within the county, and the Air Pollution Control District. Additionally, the Public Works Director, General Manager or department director, as appropriate, from each member agency.
- The [Joint Technical Advisory Committee \(JTAC\)](#) provides professional technical advice and recommendations to the SBCAG Board of Directors on issues related to the regional transportation plan and sustainable communities strategy, or issues related to a combination of transportation and land use. The committee also offers a forum to exchange transportation and land use related information among member agencies. JTAC membership includes the combined members of the Technical Planning Advisory Committee and the Technical Transportation Advisory Committee. Voting members represent the County Public Works Department and Planning and Development, City Public Works Department and Community Development or Planning Department, SBCAG, consolidated Transit Service Agency, Caltrans District 5, and Santa Barbara Metropolitan Transit District.
- The [State Route 154 Safety Committee](#) acts as a forum for public agencies to address safety on Highway 154. Highway 154 is a California state highway that runs between U.S. 101 in Santa Barbara through the San Marcos Pass, Los Padres National Forest, Santa Ynez Valley, and Los Olivos, and State Route 246. E

Community Oversight Committees

- The eleven-member [Measure A Citizens Advisory Committee](#) formed in 2009 for public accountability and transparency, and to assist SBCAG in ensuring that the provisions, requirements, and voter mandates of Measure A are properly carried out. Committee members annually review an audit and collectively submit a compliance letter to the SBCAG Board of Directors in the Board's capacity as the designated Santa Barbara County Local Transportation Authority.

Reporting directly to the SBCAG Board is the Executive Director, who oversees a staff of twenty. An organizational chart is presented in Exhibit 3.1.

Exhibit 3.1 Organizational chart



Goal setting and strategic planning

The primary regional planning document is the Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS). The RTP is a long-range transportation plan providing a vision for regional transportation investments. The Sustainable Communities Strategy (SCS) element, required under SB 375, demonstrates the integration of land use, transportation strategies, and transportation investments that will help Santa Barbara County meet regional greenhouse gas reduction targets.

The current Plan, *Connected 2050*, which was adopted on August 19, 2021, continues the vision delineated in prior Plans (2013 and 2017). It builds upon the core strategies, planning assumptions, and broad goals of prior efforts while incorporating several new aspects, including an updated Regional Growth Forecast (2019), a region-specific analysis of environmental justice indicators, and revenues resulting from Senate Bill 1 (2017). The 2021 Plan was developed alongside the sixth cycle of the Regional Housing Needs Allocation (RHNA).

The 2021 RTP/SCS includes the following five regional goals, each of which is supported by objectives, policies, and performance measures. These are identified in Exhibit 3.2.

In addition to the regional goals, the 2021 RTP/SCS includes an evaluation of regional mobility needs; a list of specific transportation policies, supportive strategies, and performance indicators; and a financial plan balancing multimodal development with available funding through 2050.

Exhibit 3.2 2021 RTP/SCS goals, objectives, and performance measures

Goal Area	Objectives	Performance Measures
<p>Environment: Foster patterns of growth, development, and transportation that protect natural resources and lead to a healthy environment</p>	<ul style="list-style-type: none"> • Reduce greenhouse gas emissions in compliance with CARB regional targets. • Reduce criteria pollutant emissions. • Encourage affordable and workforce housing and mixed-use development within urban boundaries. • Promote transit use and alternative transportation. • Reduce vehicle miles traveled. • Preserve open space, agricultural land, and sensitive biological resources. • Manage congestion at acceptable levels. 	<ul style="list-style-type: none"> • Passenger vehicle CO2 emissions per capital (lbs/day) • Vehicle miles traveled per capita • On-road criteria pollutant emissions (tons/day) • Transit mode share (%) • Active transportation mode share (%)
<p>Mobility and System Reliability: Ensure the reliability of travel by all modes</p>	<ul style="list-style-type: none"> • Increase bike, walk, and transit mode share. • Employ best available transportation system management techniques. • Work cooperatively with schools and school districts to reduce congestion surrounding schools. 	<ul style="list-style-type: none"> • Vehicle hours of delay • Vehicle hours traveled • Average daily traffic • Congested vehicle miles traveled • Congested lane miles • Average vehicle trip time (all trips) (minutes) • Average vehicle commute time (workers) (minutes) • Transit accessibility (% of jobs within a high-quality transit corridor) • Transit accessibility (% of population within a high-quality transit corridor) • Percent drive-alone mode share (all) • Percent drive-alone mode share (workers) • Percentage of NHS bridges classified as in Good and Poor condition • Percentage of pavements of the non-Interstate NHS in Good and Poor condition • Percent of the person-miles traveled on the non-Interstate NHS that are reliable

Goal Area	Objectives	Performance Measures
<p>Equity: Ensure that the transportation and housing needs of all socio-economic groups are adequately served</p>	<ul style="list-style-type: none"> • Comply with HCD/Regional Housing Needs Assessment. • Support the development of affordable and workforce housing near jobs and educational institutions. • Support state and federal goals for reducing the frequency and severity of collisions. 	<ul style="list-style-type: none"> • New affordable and workforce housing (indicated by density) (units within 20 du/acre zones) • Transit accessibility for low incomes (% of population within a high-quality transit corridor) • Average trip time for low-income communities (minutes)
<p>Health and Safety: Improve public health and ensure the safety of the regional transportation system</p>	<ul style="list-style-type: none"> • Increase public outreach and education. • Optimize network performance to reduce time lost to commuting. 	<ul style="list-style-type: none"> • Serious injuries (number and rate per 100 million VMT) • Fatalities (number and rate per 100 million VMT) • Number of non-motorized fatalities and serious injuries • Active transportation mode share (all and worker trips) (%)
<p>A Prosperous Economy: Achieve economically efficient transportation patterns and promote regional prosperity and economic growth</p>	<ul style="list-style-type: none"> • Encourage measures that bring worker housing closer to job sites. • Promote a mix of land uses responsive to the needs of businesses, including agriculture and tourism. 	<ul style="list-style-type: none"> • Net commute savings (time) (minutes) • Net travel savings (time) (minutes) • Net cost avoided (money) • Average vehicle trip distance (all trips and work trips) (miles)

The 2021 RTP/SCS Update (*Connected 2050*) was supported by the 2019 SBCAG Regional Transportation Plan and Sustainable Communities Strategy Public Participation Plan. As a result of the COVID-19 pandemic, SJCOG staff were not able to implement all of the outreach activities identified in the Public Participation Plan under the established outreach timeline. A decision not to request an extension to the timeline from CARB may have limited some opportunities for public participation. Outreach activities transitioned phone, email, social media, and online video conference platforms. A lack of in-person activities limited the ability of the outreach team to distributed bilingual project information in a printed format. SBCAG partnered with community-based organizations (Just Communities and Bridging Voices) to support increased language access.

The following public engagement activities were undertaken as part of the 2021 update:

- *One Room, Many Voices* community outreach and engagement training for project team and key stakeholders;
- Meetings with community leaders and staff at community organizations;
- Outreach to stakeholders and community members through a team of Community Ambassadors;
- Bilingual project website;
- Digital notification platforms (such as MainChimp and Simple Texting);
- In-person and online listening sessions, including:
 - Santa Maria Open Streets Stakeholder Group,
 - Vandenberg Air Force Base,
 - Future Leaders of America – Santa Barbara,
 - Lompoc Valley Community Health Organization,
 - Guadalupe Community Changers,
 - Just Communities,
 - COAST – SBIKE, and
 - Latinx Elders Outreach Network (LEON);
- Online workshops;
- Bilingual Better Communities Survey;
- Video announcement in the virtual Santa Barbara Earth Day Festival;
- Distribution of a bilingual flyer at community centers in underserved communities;
- Distribution of a bilingual flyer through activities that supported public health responses (such as the distribution of PPE to farmworkers);
- Bilingual radio public service announcements on stations throughout the county; and
- Bilingual social media engagement (Facebook, Twitter, Instagram).

SBCAG is also responsible for regional planning for a variety of topics in addition to transportation, including air quality, housing, and climate adaptation. Regional plans completed during and subsequent to the audit period include the following:

- Cycle 6 Regional Housing Needs Allocation (2021),
- Santa Barbara US 101 Comprehensive Multimodal Corridor Plan (2022),
- Central Coast Zero Emission Vehicle Strategy (2023),
- Understanding Regional Travel Patterns (2024),

- SBCAG Coordinated Plan (2024),
- California Central Coast Sustainable Freight Study (2024),
- Accessory Dwelling Unit Owner Survey (2024), and
- SR 166 Multimodal Corridor Study (2024).

Chapter 4 | Program Compliance

This section examines SBCAG’s compliance with the State of California’s Transportation Development Act as well as relevant sections of California’s Public Utilities Commission code. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. Although compliance verification is not a Triennial Performance Audit function, several specific requirements concern issues relevant to the performance audit. The Triennial Performance Audit findings and related comments are delineated in Exhibit 4.1.

Compliance was determined through discussions with SBCAG staff as well as an inspection of relevant documents, including the fiscal audits for each year of the triennium. Also reviewed were planning documents, Board actions, and other related documentation.

With one exception, SBCAG adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. Several operator TDA fiscal audits were completed after the extended deadline or have yet to be completed.

Developments Occurring During the Audit Period

For many operators, the FY 2021/22 – FY 2023/24 audit period reflected both the acute impacts of and recovery from the COVID-19 pandemic. By the end of the audit period – even earlier in some cases – most operators had exhausted federal relief funds, even though penalties for non-compliance with farebox recovery ratios continued to be waived. Many operators, even more than four years after the onset of the pandemic, still struggle with ridership that has yet to recover to pre-pandemic levels.

Given this is not the first Triennial Performance Audit to be conducted since the COVID-19 pandemic, this report will not focus on actions taken as a result of the health crisis. Instead, the compliance review, functional review, and resulting recommendations will focus on ensuring program sustainability once penalty waivers and other emergency legislation have ended.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief by extending the provisions of AB 90 through FY 2022/23 and adjusting definitions of eligible revenues and operating costs. Most recently, Senate Bill 125, signed into law on July 10, 2023, extended protections provided via earlier legislation through FY 2025/26. While this means the audit period covered by this audit is fully exempt from penalties for non-compliance with the farebox recovery ratio, for example, it also means that transit operators will likely need to be in compliance by the last year of the next audit period.

While the ability to maintain state mandates and performance measures is important, these measures enable transit operators to adjust to the impacts of COVID while continuing to receive their full allocations of funding under the TDA.

Together, these three pieces of legislation include the following provisions specific to transit operator TDA funding under Article 4 and Article 8:

1. Prohibits the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost from FY 2019/20 through FY 2025/26.
2. Expands the definition of “local funds” to enable the use of federal funding to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
3. Adjusts the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and microtransit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
4. Allows operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2025/26.

SB 125 calls for the establishment of the Transit Information Task Force to develop policy recommendations to grow transit ridership and improve the transit experience for all users. In the 50-plus years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The Transit Information Task Force is required to submit a report of its findings and policy recommendations to the State Legislature by October 31, 2025. This report is expected to include recommendations for TDA reform, which may impact the next Triennial Performance Audit period.

Exhibit 4.1 Transit Development Act compliance requirements

Compliance Element	Reference	Compliance	Comments
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 monies apportioned to that area.	PUC 99231	In compliance	
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 (Article 3).	PUC 99233, 99234	In compliance	SBCAG allocates 2% of LTF funds to bicycle and pedestrian purposes. These are distributed to claimants as part of their annual claims. Claimants do not have to specify projects.
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process that includes at least an annual public hearing.	PUC 99238, 99238.5	In compliance	SBCAG’s SSTAC, called the Santa Barbara County Transit Advisory Committee (SBCTAC), meets monthly. SSTAC Public Hearings: December 1, 2021 (virtual) December 7, 2022 (virtual) December 6, 2023 (virtual)
The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPA’s jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit. <ul style="list-style-type: none"> A committee for the purpose of providing advice on productivity improvements may be formed. 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 that exceeds its prior year allocation.	PUC 99244	In compliance	The status of audit recommendations is reviewed as part of the annual TDA claims process.
The RTPA has ensured that all claimants to whom it allocated 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.	PUC 99245	Finding	See Exhibit 4.2 below. Several audits were completed after the March 31, deadline. Some audits for FY 2023 have yet to be completed.
The RTPA has submitted to the state controller an annual certified fiscal audit within 12 months of the end of the fiscal year.	CCR 6662	In compliance	FY 2021/22: January 23, 2023 FY 2022/23: January 24, 2024 FY 2023/24: December 20, 2024

Compliance Element	Reference	Compliance	Comments
The RTPA has submitted within 90 days after the end of the fiscal year an annual financial transactions report to the state controller.	CCR 6660	In compliance	FY 2021/22: January 23, 2023 FY 2022/23: January 29, 2024 FY 2023/24: <i>Pending</i>
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). 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 money, and to the RTPA within 12 months after the end of the triennium. If an operators 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.	PUC 99246, 99248, CCR 6662.5	In compliance (with extension from Caltrans)	SBCAG engaged Michael Baker International to prepare triennial performance audits for FY 2019 – FY 2021. However, these audits were submitted after the deadline of June 30, 2022. Final draft audit reports for all operators were dated November 2022 and certified to Caltrans on December 15, 2022. SBCAG engaged Moore & Associates, Inc. to prepare triennial performance audits for FY 2022 – FY 2024.
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 operators located in the area under its jurisdiction have been completed.	PUC 99246(c)	In compliance	Submittal confirmed via letter to Caltrans dated December 15, 2022.
The performance audit of the operator providing public transportation services shall include a verification of the operator’s cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include 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.	PUC 99246(d)	In compliance	
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	PUC 99270.1, 99270.2	In compliance	SBCAG has adopted policies regarding revenue ratios for services in urbanized and newly urbanized areas in Resolution 10-35, dated December 16, 2010.

Compliance Element	Reference	Compliance	Comments
The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	PUC 99275.5	In compliance	SBCAG’s Resolution 90-1 (dated February 15, 1990) details its policies and guidelines regarding claims filed under Article 4.5.
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	PUC 99310.5, 99313.3, Proposition 116	In compliance	
The amount received pursuant to the 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.	PUC 99314.3	In compliance	
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238; • Identified transit needs, including: <ul style="list-style-type: none"> ○ Groups that are transit-dependent or transit-disadvantaged, ○ Adequacy of existing transit services to meet the needs of groups identified, ○ Analysis of potential alternatives to provide transportation services; • Adopted or reaffirmed definitions of “unmet transit needs” and “reasonable to meet”; and • Identified the unmet transit needs or there are no unmet transit needs that are reasonable to meet. <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>	PUC 99401.5	In compliance	<p>Unmet Transit Needs public hearings held on:</p> <ul style="list-style-type: none"> • November 4, 2021 (Lompoc) • November 19, 2021 (Santa Maria) • December 1, 2021 (virtual) • November 3, 2022 (Lompoc) • November 30, 2022 (Santa Maria) • December 7, 2022 (virtual) • November 30, 2023 (Lompoc) • December 6, 2023 (virtual) • December 7, 2023 (Santa Maria)

Exhibit 4.2 Operator annual fiscal audit submittal

	FY 2022	FY 2023	FY 2024
City of Guadalupe	July 31, 2023	Not provided	Not provided
City of Lompoc	April 17, 2023	March 20, 2024	March 27, 2025
City of Santa Maria	Not provided	January 14, 2025	Not provided
Clean Air Express	January 23, 2023	January 24, 2024	December 20, 2024
Easy Lift	March 30, 2023	March 29, 2024	Not provided
Santa Barbara County	June 2, 2023	September 12, 2024	Not applicable
SBMTD	December 1, 2022	November 7, 2023	December 13, 2024
SMOOTH	December 28, 2022	December 22, 2023	September 6, 2024
SYVT	May 2, 2023	March 26, 2024	March 25, 2025

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Chapter 5 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance SBCAG has made quantifiable progress toward improving both the efficiency and effectiveness of its programs.

The prior audit – completed in November 2021 by Michael Baker International for the three fiscal years ending June 30, 2021 – included three recommendations:

1. [Implement remaining performance audit recommendations from prior cycles. \(Auditor Suggestion\)](#)

Discussion: 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. Subsequently, SBCAG applied for a Caltrans planning grant and was recently successful with a grant award. An RFP is being issued and the project is slated for development in FY 2022-23. 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 CTAs (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.

Progress: The SBCAG Coordinated Plan update was completed in April 2024. The agency's strategic plan is updated annually as part of the annual work program development, though it is not always provided as a separate document.

Status: Implemented.

2. [Modify TDA triennial performance audit schedule for additional transit recipients of TDA. \(Compliance Requirement\)](#)

Discussion: This prior performance audit recommendation is being carried forward for full implementation. 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 was the administrative transition of the service from City of Lompoc to SBCAG. SBCAG will begin receiving TDA-State Transit Assistance (99314 farebox revenue) directly to supplement the existing amounts from Measure A North County Interregional Transit Program and releases of additional TDA from the County and City of Solvang. About \$850,000 in Measure A is dedicated to CAE annually, and another \$220,000 per year from TDA pass-throughs by the local jurisdictions since FY 2018-19. This Measure A funding support will decline to about \$720,000 annually when bond debt payments begin for the US 101 HOV project, which is currently projected to take effect in 2024. As a result of directly receiving TDA 99314 formula funds in the future, SBCAG/Clean Air Express is currently in compliance with several TDA requirements, including submitting a State Controller Office Transit Operator Report and a financial compliance audit. A full TDA performance audit of Clean Air Express should be scheduled during the next cycle covering FYs 2021-22 through 2023-24 upon becoming a direct recipient of TDA funds. The current triennial performance audit schedule was set based on a five-year contract for auditing services. In the next audit cycle, SBCAG will conduct an RFP process which will allow for changes.

Progress: The Clean Air Express was included in the schedule of Triennial Performance Audits for FY 2022 – FY 2024 and will be audited moving forward.

Status: Implemented.

3. [Consider prioritizing and ranking unmet transit needs public comments in coordination with the transit operators and SBCTAC. \(Auditor Suggestion\)](#)

Discussion: While SBCAG no longer undertakes the full unmet transit needs process, but continues under law to collect input from public hearings, a more prescribed method of prioritizing and ranking the public comments should be considered and developed in concert with the transit operators and SBCTAC. Rather than simply passing on the comments to the operators, this proposed exercise will help identify those unmet needs that are high priority and should remain on the unmet transit needs list so that the operators can factor them into their service planning and demonstrate accountability for their eventual implementation. For example, and contained in the Appendix, another transportation commission (also not subject to the TDA unmet transit needs process) updates its unmet needs list annually through prioritization (High-Medium-Low) combined with an enumerated graduated scale (1-2-3) to help narrow the focus of the comments. High-priority items are those needs that fill a gap or absence of ongoing service. Medium-priority items supplement existing service. Low-priority items should be more specific and then be planned for, as funds become more available.

The graduated scale, for example, indicates to what extent the need, if addressed, would achieve the following outcomes: increase the number of individuals who are within a 30-minute transit

trip to key destinations; improve safety; support economic vitality by way of decreasing transportation costs; or improve cost-effectiveness of transportation services. Each unmet need is labeled such as H1 (high priority & graduated scale 1), M3 (medium priority & graduated scale 3), or L2 (low priority & graduated scale 2), as examples. The unmet needs list is substantiated with a series of strategies containing proposals and suggestions to address the need, including programs and projects.

The unmet needs list helps determine projects for funding when funding becomes available. The list could be organized as well under general needs, paratransit needs, and transit needs, or alternatively under operational, capital, and customer service, and would be prioritized within those categories.⁹ The informal unmet needs process could be addressed by the SBCTAC through development and review of a draft and final list prior to delivery to the transit operators for their planning and implementation.

Progress: The UTN summaries provided for FY 2022 and FY 2023 did not include any unmet transit needs, as all TDA funds are being used for transit purposes. The FY 2024 summary indicated there were no unmet transit needs that were reasonable to meet. For all 3 years, public comments were included but not ranked or prioritized.

Since there are no Article 8 LTF claims for streets and roads, there is no need to conduct a full Unmet Transit Needs process. SBCAG will be conducting the full process in the coming year to train staff following the departure of the staff member who had previously been responsible for the process. Future needs assessments should be part of the individual operator planning process. The RTPA should identify if anything rises to the level of an unmet transit need.

Status: No longer relevant.

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Chapter 6 | Functional Review

A functional review of SBCAG determines the extent and efficiency of the following functional activities:

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

Administration and Management

The RTPA processes TDA claims in a timely manner. The progress and financial status of ongoing programs is monitored primarily through the Overall Work Plan (OWP) and is amended several times throughout the year as priorities shift. The OWP includes realistic goals for both internal functions and regional coordination as separate work elements. It does not set goals for the transit operators beyond the farebox recovery ratio. SBCAG feels the transit operators are generally satisfied with its efficiency and effectiveness regarding any questions they may have or support they may need.

SBCAG feels it struggles to accomplish its goals and objectives within its current budget. While SBCAG receives a set amount of federal planning funding and several one-time planning grants for its existing projects, the RTPA feels it is not sufficient for incorporating additional projects. SBCAG currently has sufficient staffing to accomplish its functions. Since the prior audit period, it has added two new positions – an unfunded administrative assistant vacancy in the area of construction project delivery and a grants analyst. The work SBCAG does is planned based on the existing staffing levels. As a result, some projects may take longer to accomplish.

Turnover has been higher than usual during the audit period. This is due to a handful of retirements and several staff members leaving for other jobs. The RTPA notes it goes through cycles where staff is retained for a long time, and then a period of turnover as long-time staff retire or move on to other positions. Two retirements are coming up in the next year; SBCAG would like to hire replacements before the current Chief Fiscal Officer/Human Resources Director retires, as she wears several hats.

Performance goals for staff are developed annually. All employees receive an annual review, though many managers do an informal mid-year check-in. SBCAG offers a commuter incentive for employees that do not drive themselves. Tuition reimbursement for classes related to the individual's job function is available. Additionally, employees are offered a hybrid remote work schedule with the requirement they work in the office two days a week (one of them must be Tuesday) and live within 200 miles of the office. SBCAG employees are eligible for a full range of benefits, including paid time off; health, dental, vision, life, and disability insurance; flexible spending account; and retirement benefits.

The SBCAG Board of Directors meets monthly on the third Thursday at 10:00 a.m. Meetings typically take place in the Santa Barbara Board of Supervisors Hearing Room in Santa Barbara (105 E. Anapamu St., 4th floor) and in Santa Maria (511 E. Lakeside Pkwy), which are served by Santa Barbara MTD Routes 2, 6, 11, 20 and Santa Maria Regional Transit (SMRT) Routes 7, 8, and 11, respectively. Most Board members

attend most meetings and there have not been any issues with achieving a quorum during recent years. The Board reviews and acts on key documents and issues in a timely manner. During the audit period, an area of specific interest to the Board was the issue of broadband, which has resulted in a Broadband Strategic Plan and its implementation.

Transportation Planning and Regional Coordination

SBCAG is responsible for the preparation of the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). The most recent update to the plan was completed and adopted in August 2021 and is in the process of conducting an update. Work has already begun on the 2025 RTP/SCS update. (For additional detail about the current RTP/SCS, see Chapter 3.)

SBCAG conducts the RTP/SCS planning process in-house. Staff begins by reviewing revenues and forecasts to plan how to spend funds. The RTPA has a list of projects funded under Measure A. All discretionary funds go to finish Measure A projects that were not fully funded. The SBCAG Board has adopted screening criteria for projects to be included in the updated RTP. The criteria is helpful in weeding out projects from local jurisdictions that SBCAG has no discretion over.

The RTP/SCS uses modeling conducted in-house. SBCAG provides access to the model to its member jurisdictions for their own planning purposes.

SBCAG prepared its 2024 Regional Transportation Improvement Program, which was adopted on November 16, 2024. While the RTIP is updated every two years, the 2024 RTIP covers fiscal years 2024/25 through 2028/29. The RTIP is developed based on an estimate of revenues that will be available for the State Transportation Improvement Program (STIP).

Additionally, SBCAG, through a consultant, completed its updated Coordinated Public Transit-Human Services Transportation Plan in April 2024. The Plan aims to make transportation more seamless for older adults, individuals with disabilities, and other communities facing mobility challenges within Santa Barbara County.

Claimant Relationships and Oversight

While SBCAG has several policy and advisory committees, it does not have a formal transit productivity committee. SBCAG includes a productivity improvement form as part of its TDA claims packet. The recent transition of oversight of the TDA claims process to the Programming Department is expected to improve productivity monitoring given the department's regular interactions with the operators.

Through quarterly meetings between the RTPA and the operators, SBCAG reviews what is currently funded through programs administered by SBCAG as well as makes operators aware of available grant opportunities. SBCAG serves as a liaison with Caltrans and is currently onboarding a grants analyst to assist with dissemination of information to operators. Staff feel like there is sufficient longevity with the claimants to have a good understanding of what is going on with each of them. SBCAG also has an informal working group which discusses coordination between operators.

As the RTPA, SBCAG contracts an auditor to prepare the annual TDA fiscal audits for most of the transit operators (with the exception of Easy Lift, SMOOTH, and Santa Barbara MTD). SBCAG offers blanket

extensions (through March 31) to most of its operators, as many are unable to complete their TDA fiscal audits by 180 days of the end of the fiscal year (December 30). Several operators have had issues completing their TDA fiscal audits on time, usually due to other challenges impacting the completion of City audits. This results in SBCAG not being able to pay out TDA claims until the appropriate audits have been completed.

Marketing and Transportation Alternatives

Each of the transit operators within SBCAG’s jurisdiction is responsible for its own marketing and promotion. SBCAG promotes the transit operators through its own website, by providing brochures in its lobby, and sharing information on social media. There is little marketing for SBCAG as an agency, though it does maintain an informative website and a social media presence on Facebook, Instagram, X, LinkedIn, and YouTube.

While SBCAG is not typically part of the formal review process for proposed developments with its member jurisdictions, it does offer input into planning and zoning (especially around transit and parking requirements) upon request.

Grant Applications and Management

SBCAG does not write grant applications on behalf of local jurisdictions, but will provide a letter of support upon request. During the audit period, SBCAG coordinated a multi-agency internal regional application for CalSTA Transit and Intercity Rail Capital Program (TIRCP) under SB 125. SBCAG managed expectations for the process from the outset and feels the process went well. The RTPA brought in a grant writing consultant that each operator got to meet with and discuss their needs, which was especially valuable.

Operators within SBCAG’s jurisdiction are not denied grants specifically due to omissions or errors in the grant application. Typically, the larger operators go after the larger grant resources, for which they can be more competitive, while they have found that it is often more effective to give the smaller operators formula funding than to put together a competitive grant application.

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Chapter 7 | Findings and Recommendations

Conclusions

With one exceptions, we find SBCAG, functioning as the RTPA, to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner. The compliance finding and the recommendation for its resolution, as well as modest recommendations intended to improve the effectiveness of the organization as the RTPA, are detailed below.

Findings and Recommendations

Based on the current review, we submit the following TDA compliance finding:

1. Several operator TDA fiscal audits were completed after the extended deadline or have yet to be completed.

The following finding would normally be a compliance finding; however, given SBCAG received an extension from Caltrans regarding the late submittal of its prior Triennial Performance Audits, it is included here as a functional finding:

1. The prior Triennial Performance Audits were completed after the deadline of June 30, 2022.

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the SBCAG program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Compliance Finding 1: Several operator TDA fiscal audits were completed after the extended deadline or have yet to be completed.

Criteria: PUC 99245 requires recipients of TDA funds to submit an annual fiscal audit within 180 days of the end of the fiscal year, or with a 90-day extension which may be granted by the RTPA. With the extension, fiscal audits are due by March 31 following the end of the fiscal year.

Condition: For FY 2021/22, TDA fiscal audits for the City of Guadalupe, City of Lompoc, County of Santa Barbara, and Santa Ynez Valley Transit were completed after the March 31 deadline, while the audit for the City of Santa Maria was not provided and could not be evaluated. For FY 2022/23, the audits for the County of Santa Barbara and City of Santa Maria were completed after the deadline, while the audit for the City of Guadalupe has yet to be completed. At the time of this final report, three operators (City of Guadalupe, City of Santa Maria, and Easy Lift) had yet to complete their FY 2023/24 TDA fiscal audit.

Cause: The most common cause of a late TDA fiscal audit is a delay in the completion of the city-wide audit, which typically must be completed before the TDA audit can be completed. In some cases, staffing changes at the transit operators also contributed to the delays. For Easy Lift in FY 2023/24, the cause of the delay appeared to be an issue with the auditor which resulted in transmission of the draft audit in being delayed.

Effect: When TDA fiscal audits are submitted beyond the established deadline, both the RTPA and the operator are considered out of compliance with the TDA. The RTPA cannot pay out TDA claims until the appropriate TDA fiscal audit is completed.

Recommendation: Work with transit operators to identify strategies for completing their TDA fiscal audits within the established timeframe.

Recommended Action: In some cases, transit staff have little control over the completion of the audit, as they are awaiting completion of the city-wide fiscal audit before the TDA fiscal audit can be completed. When an audit is late, SBCAG should continue to withhold payment of TDA claims until that audit is completed.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Functional Finding 1: The prior Triennial Performance Audits were completed after the deadline of June 30, 2022.

Criteria: CCR 6662.5 requires the RTPA to submit its Triennial Performance Audit to Caltrans by July 1 of the year following the last year of the audit period. At this time, the RTPA must also certify completion of Triennial Performance Audits of the operators to which it allocates TDA funding.

Condition: Under CCR 6662.5, the prior audits should have been completed by June 30, 2022. However, they were not completed until November 2022 and were presented to the SBCAG Board on December 15, 2022, at which time they were also certified to Caltrans. CCR 6662.5 allows an RTPA to receive TDA funds allocated for administration and planning with prior approval of Caltrans even when the RTPA's audit is submitted late. PUC 99248 requires the RTPA to have received an operator's Triennial Performance Audit before the operator receives its allocation for the next fiscal year. According to SBCAG, the majority of the operator reports were completed prior to the November 2022 date, but all were officially finalized then since the last report was completed at that time.

At the direction of the prior auditor (Michael Baker International), SBCGA requested an extension from Caltrans' Mass Transit Division. While the audits were beyond the deadline, it was with the permission of Caltrans.

Cause: Based on discussions with SBCAG, it appears the delayed audits were due in large part to the inability of the auditors to complete one of the operator audits due to a lack of data.

Effect: This resulted in all audits being completed late, which has the potential to impact the flow of TDA funding to the operators.

Recommendation: SBCAG should continue to work with its TDA Triennial Performance Auditor and its operators to ensure on-time completion of the triennial audits.

Recommended Action: SBCAG has already established a timeframe for completion of the current Triennial Performance Audits that will ensure on-time completion. In addition, the auditor has worked closely with the operators regarding receipt of the necessary data and is committed to completing all of the audits within that timeframe. In the future, should SBCAG be at risk of late completion of the Triennial Performance Audits, the following steps are recommended so that the RTPA and operators have the least amount of disruption to their TDA funding:

1. Identify which operator(s) will not be able to meet the established deadline.
2. Encourage the triennial auditor to finalize the Triennial Performance Audits of all other operators prior to the established deadline and ensure SBCAG is in receipt of those reports.
3. Reach out to Caltrans for prior approval for SBCAG to continue to receive administration and/or planning allocations even if its audit is not completed by June 30.
4. Complete the delinquent operator and RTPA audits as soon as possible, then submit the RTPA audit to Caltrans and certify completion of the operator audits as of the date they were completed.

Timeline: FY 2027/28.

Anticipated Cost: Negligible.

Exhibit 7.1 Audit recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with transit operators to identify strategies for completing their TDA fiscal audits within the established timeframe.	High	Ongoing
2	SBCAG should continue to work with its TDA Triennial Performance Auditor and its operators to ensure on-time completion of the triennial audits.	Medium	FY 2027/28

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