

# FY 2014-2016 TRIENNIAL PERFORMANCE AUDIT OF HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS (HCAOG)



SUBMITTED TO  
HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS

**MAY 2017**

SUBMITTED BY

**Michael Baker**  
INTERNATIONAL

# TABLE OF CONTENTS

<b>Executive Summary .....</b>	<b>i</b>
<b>Section I .....</b>	<b>1</b>
Introduction – Initial Review of RTPA Functions.....	1
<b>Section II .....</b>	<b>8</b>
RTPA Compliance Requirements.....	8
<b>Section III .....</b>	<b>21</b>
Prior Triennial Performance Audit Recommendations .....	21
<b>Section IV.....</b>	<b>25</b>
Detailed Review of RTPA Functions .....	25
Administration and Management.....	25
Transportation Planning and Regional Coordination.....	28
TDA Claimant Relationships and Oversight .....	31
Public Information.....	37
Grant Application and Management .....	39
<b>Section V.....</b>	<b>40</b>
Findings and Recommendations.....	40

## Executive Summary

Michael Baker International was retained by the Humboldt County Association of Governments (HCAOG) to conduct its Transportation Development Act (TDA) performance audit for Fiscal Years (FY) 2013–14 through 2015–16. As a Regional Transportation Planning Agency (RTPA), HCAOG 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) to continue to receive TDA funding. TDA funding is used for HCAOG administration and planning and is distributed to local jurisdictions for motorized and non-motorized forms of transportation.

This performance audit is intended to describe how well HCAOG is meeting its administrative and planning obligations under TDA, as well as to present a description of its organizational management and efficiency. To gather information for the TDA performance audit, Michael Baker International conducted interviews with agency staff and the transit operators within HCAOG’s jurisdiction, reviewed various documents, and evaluated HCAOG’s responsibilities, functions, and performance of the TDA guidelines and regulations.

Below are findings from the analysis:

1. HCAOG has fully complied with each of 14 state legislative mandates for Regional Transportation Planning Agencies. Several of the requirements were fulfilled through the update to the HCAOG Rules and Regulations for Administration of TDA. The updated rules and regulations document promotes HCAOG’s transparency in how TDA funds are apportioned and allocated among the claimants.
2. HCAOG added additional specificity with regard to its rules and regulations for bicycle and pedestrian allocations under PUC Section 99234, including creating a reserve funding target.
3. Of the four prior performance audit recommendations, HCAOG has fully implemented three recommendations and is in the process of implementing the fourth. The prior recommendation in the process of implementation pertains to commissioning triennial performance audits of all public transit systems under HCAOG’s jurisdiction that receive TDA funds.
4. HCAOG has a solid staffing core that has largely remained intact since the last triennial period when staffing levels experienced expansion and reclassification to create positions in line with a classification and compensation study.
5. An Orientation Manual was designed in January 2014 that provides board members an easy-to-read resource to look up information and assist them in their decision-making processes. A Personnel Policies and Procedures Handbook was also developed

in October 2015 that contains the human resources policies, practices, guidelines, and procedures in effect at the time of publication.

6. HCAOG has grown as a proactive agency and through its participation in solving transportation issues not affecting the Humboldt region, but in rural communities throughout the state. This is evidenced by HCAOG's planning activities aimed at remaining in the forefront of addressing regional transportation issues, as well as its membership and active participation in regional and statewide associations.
7. HCAOG has continued on the path of promoting transparency in how it operates and administers funding, while maintaining its independence and partnerships with its member agencies and other stakeholder groups. As an example, the agency's in-house TDA manual, developed and updated during this audit period, provides documentation on the steps, requirements, and process to claim funds. Jurisdictions are made aware and kept abreast of their level of funding, how to obtain funds systematically, and rules to follow in their use.
8. HCAOG established a new standard for itself in long-range transportation planning when the agency updated the Regional Transportation Plan (RTP) in-house for the first time. The RTP update was adopted in August 2014 and is in conformance with the California Transportation Commission's adopted RTP Guidelines. To meet plan objectives and priorities, HCAOG developed a new complete streets element that is consistent with meeting the California Complete Streets Act.
9. HCAOG developed its Public Participation Plan and included strategies beyond those employed in past RTPs to involve the community and stakeholders in the RTP process.
10. HCAOG updated the Humboldt County Coordinated Public Transit–Human Services Transportation Plan that was adopted in December 2013 and was completed in-house. The document was amended in July 2014 and June 2016 to include significant additions to the appendices identifying a capital improvement/replacement program for the period 2015–2020, as well as development of a bus stop inventory and prioritization list.
11. HCAOG, with input from the Service Coordination Committee, made significant modifications to the State Transit Assistance Funds allocated under PUC Section 99313 which represent the regional share. The HCAOG Board approved the prioritization of these revenues in sequence.
12. HCAOG staff and the Social Services Transportation Advisory Council recommended to the Board two unmet transit needs that were found to be reasonable to meet: new bus services on Old Arcata Road and for the Tish Non Village. While the Tish Non Village transit service has since been implemented, the Old Arcata Road service

remains an unmet need to be implemented given that the County currently uses all its TDA for non-roadway uses.

13. HCAOG's media relations efforts are conveyed through its website, publications, and public presentations. HCAOG board meetings are televised and live-streamed on Access Humboldt, the region's local cable community media resource.

Three recommendations are provided to improve HCAOG's administration and management of the TDA and its organization. The recommendations are described in further detail in the last chapter of this audit and summarized below.

### Performance Audit Recommendations

1. Update the HCAOG TDA Rules for inclusion of new state legislation.

HCAOG has an in-house document guiding TDA funding in the county. A few changes have occurred in relation to the TDA and transit operations within the last year. Legislation (Senate Bill [SB] 508) passed in October 2015 significantly modified several provisions of the TDA. The legislation has several objectives, including simplifying fare recovery requirements, authorizing funding of bicycle and pedestrian safety education programs, and modifying State Transit Assistance (STA) qualifying criteria for operations. HCAOG's TDA rules and regulations 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. HCAOG should also communicate these changes to the transit operators and determine what implications, if any, the changes might have on transit operations.

SB 508 rationalizes performance metrics, for example, by applying the same operating cost exemptions to both the farebox recovery ratio and the STA qualifying criteria. In addition, this bill clarifies a few terms that should help ensure expectations are applied uniformly to the transit operators. Highlights of the bill are summarized in the last section of this audit report.

2. Formalize monitoring and evaluation procedures for new transit services implemented through the unmet transit needs process.

Upon HCAOG adoption of a need that is reasonable to meet, the transit operator in general implements the service and monitors performance, in particular farebox recovery. In most cases, the new service becomes part of the transit network. With limited financial resources to maintain and expand services, there should be a period determined by HCAOG by which the new service is evaluated using a set of performance metrics. This period of performance, such as the first or second full year of the new service, should be considered a demonstration period in which the service is further evaluated on its own merits and could possibly be a candidate for service

adjustment and/or elimination should it not meet certain key indicators such as farebox recovery, cost per hour, and passengers per hour. PUC Section 99268.8 and California Code of Regulations Section 6633.8 describe that the operator submits an annual report on the extended service to the RTPA. HCAOG should include similar language in its TDA rules and regulations to formalize the evaluation of demonstration services within an established time period such as one full year after implementation, require reporting of performance measures for the time period by the operator, and enable decision-making on the viability of continuing the service to ensure financial resources are maximized.

3. Highlight HCAOG accomplishments in publications such as the Overall Work Program (OWP) and an annual report.

HCAOG's achievements in transportation benefit the Humboldt region. These achievements should be made more visible through release of public information that highlights facts about projects and efforts made by all involved agencies. As part of the transparency embraced and practiced by HCAOG, the agency should encapsulate the activities and value that it brings to the community and highlight agency accomplishments, funding, and challenges. Suggestions include adding a list of accomplishments to the introduction section of the Overall Work Program, and producing a stand-alone HCAOG annual report. Information would show activities, progress, and the impact HCAOG has had in carrying out OWP work elements in the prior year. Elements to highlight include the level of funding procured, new projects implemented, and measurable results of OWP work elements. The information also ties progress made between previous and current OWPs. An annual report identifies the projects and outcomes for the community as well as educates the public and stakeholders on HCAOG's role in transportation. Many RTPAs develop annual reports that serve such a purpose to highlight the accomplishments and challenges for the year, and what to look forward to in the next year.

## Section I

### Introduction – Initial Review of RTPA Functions

The Humboldt County Association of Governments (HCAOG) has retained the firm of Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years (FY) 2013–14 through 2015–16. As a Regional Transportation Planning Agency (RTPA), HCAOG 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) in order to continue to receive TDA funding.

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

#### Overview of HCAOG and Humboldt County

HCAOG was originally formed in 1968 as a Joint Powers Agency (JPA) to include the seven incorporated cities in the county and the County of Humboldt. The member jurisdictions include the following entities:

- City of Arcata
- City of Blue Lake
- City of Eureka
- City of Ferndale
- City of Fortuna
- City of Rio Dell
- City of Trinidad
- County of Humboldt

At that time, the purpose of the JPA was to “advise, plan for and suggest solutions to common problems and qualify the local jurisdictions to receive allocation of state and federal funds.”

On July 20, 1972, the California Business, Transportation, and Housing Agency designated HCAOG as the Regional Transportation Planning Agency (RTPA) for Humboldt County. Specific mandated RTPA duties include preparing and adopting the Regional Transportation Plan (RTP), the Regional Transportation Improvement Program (RTIP), and the Overall Work Program & Budget to allocate federal and state funds, including Transportation Development Act funds, to local governments and transit operators.

HCAOG also functions as the Service Authority for Freeway Emergencies (SAFE). This role, which was initiated in 1994, includes the implementation and maintenance of a motorist-aid roadside call box system pursuant to a regional SAFE plan. In addition, a revision of HCAOG’s Cooperative Agreement between member agencies in December 2009 added regional trails planning, management, and development duties to the agency’s overall responsibilities. In July 2016, the JPA was further amended to allow the designation of an alternate member to the HCAOG Board of Directors by the governing body of any jurisdiction represented on the HCAOG Board and the designation of the Humboldt County Auditor-Controller as the depository of TDA agency funds.

RTPA duties are also prescribed by other legislation, including the federal transportation bill, Moving Ahead for Progress in the 21<sup>st</sup> Century Act of 2012 (MAP-21), California legislation in the Global Warming Solutions Act (Assembly Bill [AB] 32, 2006), California Sustainable Communities Strategy (SB 375, 2008), and the California Complete Streets Act (AB 1358, 2008).

Located on California’s northern coast, Humboldt County is rural in nature and comprises nearly 3,500 square miles. A wide variety of topographical and weather conditions abound which provide for a diverse natural environment. The county contains large areas of coastal and forest habitats supporting fishery, timber, and tourism economies. Additionally, the Eel River Valley supports a significant agricultural dairy-based economy including cattle industry and truck farm operations. A demographic snapshot of the County is presented in Table I-1.

**Table I-1  
Humboldt County Demographics**

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census	Population 65 Years & Older	2016 DOF Population Estimate	Land Area (in square miles)
Arcata	17,231	+3.3%	8.17%	18,169	9.10
Blue Lake	1,253	+10.4%	10.14%	1,287	0.59
Eureka (county seat)	27,191	+4.1%	11.82%	26,765	9.38
Ferndale	1,371	-0.8%	22.47%	1,434	1.03
Fortuna	11,926	+13.6%	17.32%	11,848	4.85
Rio Dell	3,368	+3.9%	13.15%	3,416	2.28
Trinidad	367	+18.0%	19.35%	367	0.49
Unincorporated Area	71,916	+7.1%	14.03%	71,830	3,544.78
Total Humboldt County	134,623	+6.4%	13.17%	135,116	3,572.49

Source: 2010 US Census

Eureka is the county seat and the largest city in Humboldt County. The county and incorporated cities experienced modest growth between the 2000 and 2010 US Census. Trinidad saw the highest percentage increase in population, followed by Fortuna and Blue



Lake. The senior citizen population, comprising residents aged 65 and over, is 13.17 percent countywide. The 2016 population for Humboldt County is estimated to be 135,116 as reported by the California Department of Finance.

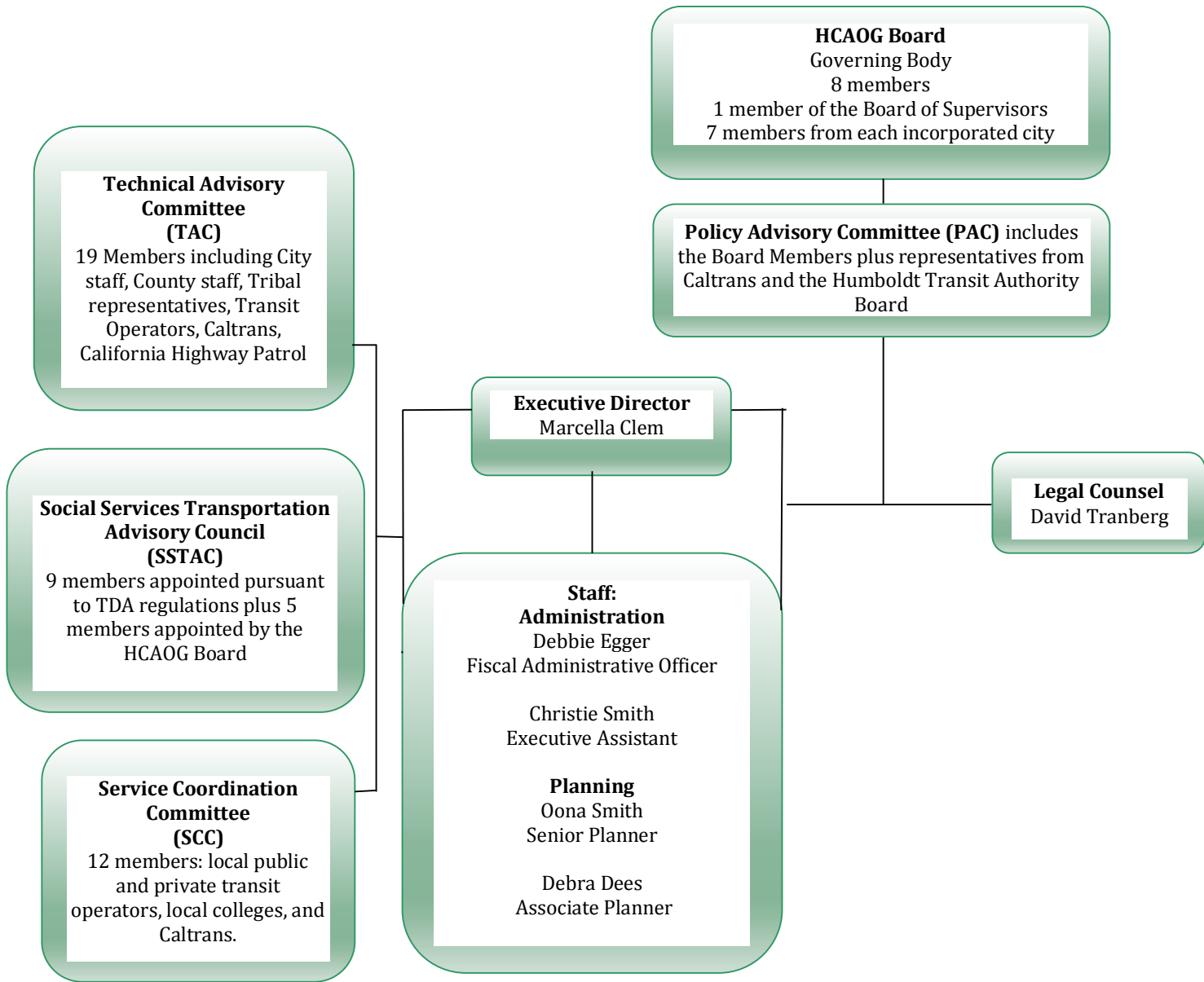
Humboldt County is traversed by approximately 1,800 miles of maintained highways, county roads, and city streets, and is also afforded accessible general public transportation systems in the major populated areas. Specialized transportation services provided by various public and social services agencies are also available for the elderly and for handicapped citizens.

Major highways traversing Humboldt County include US Highway 101 (US 101) and State Routes (SR) 36, 96, 169, 200, 211, 254, 255, 271, 283, and 299. US 101 is the main north-south highway connecting Humboldt with Mendocino County to the south and Del Norte County to the north. Several Humboldt Transit Authority (HTA) routes run along US 101, which links major cities and towns between Garberville and Trinidad. SR 299 runs east-west connecting US 101 in Arcata with the county's interior communities and Redding in the upper Sacramento Valley. SR 36 also runs in an east-west direction connecting US 101 just south of Fortuna with Red Bluff in the Sacramento Valley.

### Organizational Structure

An organization chart of HCAOG is shown in Figure I-1. The agency comprises eight members representing the seven incorporated cities and the County of Humboldt. All members of the Board are locally elected officials, which include the mayor or designated alternate of each incorporated city, and the chairman of the County Board of Supervisors or designated alternate. The eight-member Board represents the majority population of Humboldt County and attends regularly scheduled meetings on the third Thursday of each month. Board meetings are typically held in the council chambers at Eureka City Hall located at 531 K Street. Access Humboldt, a nonprofit, community media organization, records and televises HCAOG board meetings. Videos of each board meeting can be accessed through the Board of Directors agenda page on the HCAOG website.

**Figure I-1 HCAOG Organization Chart**



The Board has four standing advisory committees to assist in providing policy recommendations in its decision-making process. Table I-2 describes these committees.

**Table I-2  
HCAOG Committees**

<b>Committee</b>	<b>Purpose and Function</b>
<b>Policy Advisory Committee (PAC)</b>	The Policy Advisory Committee (PAC) comprises the same members as the HCAOG Board with the addition of the director of Caltrans District 1 and the chairman of the Humboldt Transit Authority Board of Directors. The committee guides the development and implementation of the HCAOG Regional Transportation Plan in its advisory capacity. Additionally, the committee is responsible for developing transportation planning issues and providing direction to HCAOG to ensure that plans continually meet the needs of the Cities, the County, and the State. Regularly scheduled meetings are held every month, in conjunction with HCAOG.
<b>Technical Advisory Committee (TAC)</b>	The Technical Advisory Committee (TAC) advises the HCAOG Board on technical matters, funding allocations, and transportation programs. This 18-member committee consists of representatives of public works or transportation staff of each of the Joint Powers entities, Native American tribes and rancherias, transit managers, Caltrans, and the California Highway Patrol. The TAC gives staff direction in developing the Regional Transportation Improvement Program (RTIP), the Regional Transportation Plan (RTP), and the annual OWP. Regularly scheduled meetings are held monthly.
<b>Social Service Transportation Advisory Council (SSTAC)</b>	The Social Services Transportation Advisory Council (SSTAC) is established to advise HCAOG on the region’s public transportation needs. The SSTAC is required to have a minimum of nine members representing the transit community, including handicapped and senior transit users, social service provider representatives, low-income representatives, and representatives of the Consolidated Transportation Service Agency (CTSA). The HCAOG Board has appointed additional members to the SSTAC in accordance with Public Utilities Code 99238(b).

Committee	Purpose and Function
	<p>The SSTAC was established in compliance with Senate Bill 498 (1987) and, pursuant to Public Utilities Code 99238(c), has the following responsibilities:</p> <ol style="list-style-type: none"> <li>1. Annually participate in identifying transit needs in the jurisdiction.</li> <li>2. Annually review and recommend to the RTPA that there are no unmet transit needs, there are no unmet transit needs that are reasonable to meet, or there are unmet transit needs, including needs that are reasonable to meet.</li> <li>3. Advise the RTPA on any other major transit issues, including the coordination and consolidation of specialized transportation services.</li> </ol> <p>A subcommittee of the SSTAC serves as HCAOG’s Federal Transit Administration (FTA) Section 5310 Evaluation Committee. The subcommittee ranks applications for Section 5310 funds to buy transit vehicles and equipment.</p>
<p><b>Service Coordination Committee (SCC)</b></p>	<p>The Service Coordination Committee (SCC) consists of representatives from local public and private transit operators, local colleges, and Caltrans. The SCC advises the HCAOG Board on all matters general or relevant to regional transit issues. The SCC regularly reviews transit performance and productivity issues, reviews transit claims and fund requests, and provides input on the annual unmet transit needs process.</p>

In addition to the standing committees, three ad hoc committees were created during the audit period that address the regional Dial-a-Ride/Lift program, annual bike plan progress report, and US 101 corridor improvements. The Dial-a-Ride/Dial-A-Lift (DAR/L) Committee was created by the HCAOG Board in April 2014 per the recommendation of the HCAOG Service Coordination Committee. The purpose of the DAR/L Committee is to review the administrative roles and responsibilities of the DAR/L program. The committee, comprising five local transit managers, meets on an as-needed basis. The second ad hoc committee is the Bicycle Advisory Committee, which was created to develop the annual bike plan progress report.

In concert with proposed highway improvements along the US 101 corridor between Arcata and Eureka, the California Coastal Commission conditioned that any construction would require adequate commitments to ensure the construction of a separate trail

parallel to US 101. In October 2013, the 101 Eureka-Arcata Corridor and Bay Trail Committee was formed with the purpose of ensuring collaboration between local agencies, the HCAOG Technical Advisory Committee, elected officials, stakeholders, and the general public in the development of corridor improvements such as the removal of billboards. Regularly scheduled Ad Hoc 101 Corridor meetings convene the second Thursday of the first month of each quarter.

### 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 HCAOG files and internal reports, TDA claims files, financial reports, committee and board agendas, and other published public documents.
- **Interviews:** Interviewed HCAOG management and planning staff, as well as the transit operators under HCAOG's jurisdiction.
- **Analysis:** Evaluated the responses from the interviews as well as the documents reviewed about HCAOG's responsibilities, functions, and performance to TDA guidelines and regulations. Additional research was conducted in audit areas that required further analysis.

The remainder of this report is divided into four sections. In Section II, Michael Baker provides a review of the compliance requirements of the TDA administrative process. Section III describes HCAOG's responses to the recommendations in the previous performance audit. In Section IV, Michael Baker provides a detailed review of HCAOG's functions. The last subsection summarizes our findings and recommendations.

## Section II

### RTPA Compliance Requirements

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

**Table II-1  
HCAOG’s Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>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.</p>	<p>Public Utilities Code, Section 99231</p>	<p>HCAOG accounts for its claimants’ areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their area. HCAOG makes this finding in each adopted resolution approving LTF claims. Board resolutions approving the claims affirm the level of funds allocated.</p> <p>HCAOG uses a formula based on population to determine each claimant’s apportionments. HCAOG’s updated TDA Rules and Regulations manual also cites the applicable statute provisions for the amount that each agency is eligible to claim.</p> <p><b>Conclusion: Complied</b></p>

RTPA Compliance Requirements	Reference	Compliance Efforts
<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.</p>	<p>Public Utilities Code, Sections 99233.3 and 99234</p>	<p>HCAOG includes descriptions for pedestrian and bicycle allocations under Article 3 (PUC Section 99233.3) in its updated TDA rules and regulations. The code section permits up to 2 percent of total LTF to be used for exclusive bicycle/pedestrian projects prior to apportionments to cities and counties, as reflected in Table 3 of the HCAOG TDA rules manual. In November 2013, HCAOG apportioned LTF for this use based on Board approval of a TAC recommendation. The apportionment is held in a separate account at the County Auditor-Controller’s office. Eligible projects include but are not limited to Class II striping, comprehensive bicycle and pedestrian facilities plan, non-motorized program match, and operating and maintaining regional bicycle and pedestrian facilities.</p> <p><b>Conclusion: Complied</b></p>

RTPA Compliance Requirements	Reference	Compliance Efforts
<p>The RTPA has established a social services transportation advisory council. The RTPAs 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>HCAOG has established the Social Services Transportation Advisory Council (SSTAC) required under PUC Section 99238. It serves as a forum where public transit operators and social service transportation providers can discuss mobility issues that confront seniors, persons with disabilities, or persons with limited means.</p> <p>During the audit period, SSTAC membership exceeded the minimum statutory requirements—there were 12 filled positions, whereas the minimum is 9, with filled positions including those mandated by the TDA statute. HCAOG added a public transit operator to the SSTAC, currently filled by the HTA General Manager. The larger membership demonstrates a level of commitment by HCAOG to engage public discussion on mobility issues. HCAOG holds public hearings in addition to SSTAC meetings.</p> <p><b>Conclusion: Complied</b></p>



RTPA Compliance Requirements	Reference	Compliance Efforts
<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 allocation.</li> </ul>	<p>Public Utilities Code, Section 99244</p>	<p>HCAOG relies in part on recommendations made in the triennial performance audit and Transit Development Plan, as well as the annual financial and compliance audits, to help provide productivity improvements. The annual TDA claims process is a recurring opportunity for evaluation of productivity recommendations and whether TDA funds are supporting these activities.</p> <p>The HCAOG committees, including the TAC, SCC, and SSTAC, also have a role in offering advice and suggestions on improvements. The SCC, in particular, includes members representing the transit systems in the county, enabling firsthand collaborative forums to discuss, implement, and report back on operational improvements.</p>

RTPA Compliance Requirements	Reference	Compliance Efforts
		<p>The HCAOG TDA rules and regulations describe that HCAOG shall consider the recommendations of the Technical Advisory Committee for the various transit programs when approving claims for funds, and the degree to which the operators are implementing prior year audit findings and productivity recommendations.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the State Controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).</p>	<p>Public Utilities Code, Section 99245</p>	<p>The fiscal and compliance audit of each claimant is completed by a local Certified Public Accountant. During the audit period, the accounting firm Anderson, Lucas, Somerville &amp; Borges, LLP, completed the TDA financial audits of each claimant within the 180 day period or within the 90-day extension.</p> <p>Cover letters accompanying the completed audits were dated February 20, 2015 (for FY 2014); March 18, 2016 (for FY 2015); and March 17, 2017 (for FY 2016).</p> <p><b>Conclusion: Complied</b></p>

RTPA Compliance Requirements	Reference	Compliance Efforts
<p>The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennium). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA monies and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.</p>	<p>Public Utilities Code, Sections 99246 and 99248</p>	<p>For the current three-year period, HCAOG has retained Michael Baker International to conduct the audit of HCAOG and of the public transit operators.</p> <p>PMC conducted the performance audit for the previous triennial period.</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 operators located in the area under its jurisdiction have been completed.</p>	<p>Public Utilities Code, Section 99246(c)</p>	<p>HCAOG submitted the triennial performance audit to Caltrans. HCAOG also certified that the performance audits of the transit operators were completed. A letter was submitted to the State Controller dated July 23, 2014.</p> <p><b>Conclusion: Complied</b></p>

RTPA Compliance Requirements	Reference	Compliance Efforts
<p>The performance audit of the operator providing public transportation services shall include, but not be limited to, a verification of the operator's operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include, but not be limited to, consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2.</p>	<p>Public Utilities Code, Section 99246(d)</p>	<p>The performance audits of the operators include all required performance metric elements. Trends are noted and the data inputs are validated.</p> <p><b>Conclusion: Complied</b></p>

RTPA Compliance Requirements	Reference	Compliance Efforts
<p>The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.</p>	<p>Public Utilities Code, Sections 99270.1 and 99270.2</p>	<p>In rural Humboldt County, the public transit operators are subject to their respective fare recovery ratios. Three operators that existed prior to FY 1978–79 are subject to the higher fare ratios they had at that time. They include:</p> <p>Arcata: 18.8%  Eureka: 22.4%  HTA: 26.4%</p> <p>It is noted that beginning in FY 2016–17, the rural farebox ratio for those operators with the higher ratio revert to 10 percent as a result of new state TDA law.</p> <p><b>Conclusion: Complied</b></p>

RTPA Compliance Requirements	Reference	Compliance Efforts
<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>HCAOG designated one Consolidated Transportation Services Agency (CTSA) for the county that could be eligible for the funds. However, through a past resolution, HCAOG used State Transit Assistance (STA) funds in lieu of Article 4.5 to support the Humboldt Community Access &amp; Resource Center during the audit period.</p> <p>In the updated HCAOG Rules and Regulations for Administration of TDA, language is included that describes the allocation of Article 4.5 funds for a CTSA and for what purposes. HCAOG references the TDA statute (PUC Section 99275.5) which provides evaluation criteria and required findings that may be considered by HCAOG for adoption to clarify how a future claim under this article section will be processed.</p> <p><b>Conclusion: Complied</b></p>

RTPA Compliance Requirements	Reference	Compliance Efforts
<p>State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.</p>	<p>Public Utilities Code, Sections 99310.5 and 99313.3, and Proposition 116</p>	<p>HCAOG allocates State Transit Assistance (STA) funds under PUC Section 99313 for mass transportation purposes only. Funds are allocated to the operators for capital purchases, and to the Humboldt Community Access &amp; Resource Center, the designated CTSA during the audit period, for Dial-a-Ride/Lift transit operations.</p> <p><b>Conclusion: Complied</b></p>
<p>The amount received pursuant to Public Utilities Code, Section 99314.3 by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller’s Office.</p>	<p>Public Utilities Code, Section 99314.3</p>	<p>Funds available under Section 99314 are computed by the State for each local operator proportionate to total statewide revenues in certain categories. These funds are allocated to operators for eligible public transit purposes consistent with TDA and its eligibility requirements for specific capital projects.</p> <p><b>Conclusion: Complied</b></p>

RTPA Compliance Requirements	Reference	Compliance Efforts
<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"> <li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code Section 99238;</li> <li>• Analyze transit needs;</li> <li>• Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet";</li> <li>• Identified the unmet transit needs and those needs that are reasonable to meet;</li> <li>• Adopted a finding that there are no unmet transit needs, that there are no unmet needs that are reasonable to meet, or that there are unmet transit needs including needs that are reasonable to meet.</li> </ul>	<p>Public Utilities Code, Section 99401.5</p>	<p>TDA-LTF funds have only been allocated to streets and roads after completion of the unmet transit needs process. Public hearings on unmet transit needs are held each spring during a regular meeting of each city council and the County Board of Supervisors. These meetings are held between late March and early May. HCAOG also holds a public hearing during its regular board meeting for unmet needs in May. Comments from other Humboldt County entities are routinely incorporated into the HCAOG public hearing record as well as comments that HCAOG staff receives throughout the year.</p> <p>The SSTAC is consulted during the process and has worked with HCAOG staff to update the unmet needs definitions to undertake improved analysis of unmet transit needs that could be reasonable to meet. The unmet needs definitions are included in the HCAOG Rules and Regulations for Administration of TDA.</p> <p>During the audit period, resolutions approving the findings of the unmet transit needs were made by the HCAOG Board.</p>



RTPA Compliance Requirements	Reference	Compliance Efforts
<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>There were unmet transit needs that were found to be reasonable to meet in FY 2015–16 (service on Old Arcata Road and new bus service for the Tish Non Village).</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year, and it must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the transportation development act and accompanying rules and regulations. Financial statements may not commingle the State Transit Assistance fund, the local transportation fund, or other revenues or funds of any city, county, or other agency. The RTPA must maintain</p>	<p>California Administrative Code, Section 6662</p>	<p>The fiscal audit of HCAOG is completed by a local Certified Public Accountant. During the audit period, the accounting firm Anderson, Lucas, Somerville &amp; Borges, LLP, completed the financial audits within the 12-month period.</p> <p>The audits were completed December 9, 2014 (for FY 2014); January 10, 2016 (for FY 2015); and November 22, 2016 (for FY 2016).</p> <p><b>Conclusion: Complied</b></p>

RTPA Compliance Requirements	Reference	Compliance Efforts
fiscal and accounting records and supporting papers for at least four years following fiscal year close.		

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

HCAOG has fully complied with each of 14 state legislative mandates for Regional Transportation Planning Agencies. Several of the requirements were fulfilled through the update to the HCAOG Rules and Regulations for Administration of TDA that includes language pertaining to the allocation of funds and eligible uses, and timing of key document submittals. The updated rules and regulations document promotes HCAOG’s transparency in how TDA funds are apportioned and allocated among the claimants.

HCAOG also added additional specificity with regard to its rules and regulation for bicycle and pedestrian allocations under PUC Section 99234, including creating a reserve funding target. The entire 2 percent apportionment in FY 2014–15 was held in reserve to initiate the establishment of a reserve target of \$500,000 for future reimbursements to the Cities and the County for bicycle and pedestrian facilities. Each year thereafter, 50 percent of the 2 percent set-aside will be added to the reserve until the target is met. Beginning December 2015 and on an annual basis thereafter, there will be a call for projects for funds not designated as reserve funds. However, at any time, if an urgent regional priority project comes up, any claimant can request a call for projects for consideration of allocation. Such funds may be allocated upon approval of the HCAOG Board to claimants on such terms and conditions as HCAOG may determine in accordance with the TDA.

## Section III

### **Prior Triennial Performance Audit Recommendations**

This chapter describes HCAOG'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**

Commence TDA performance audits of all public transit systems under HCAOG's jurisdiction that receive TDA funds.

*Background:* The prior recommendation was made because there are other public transit systems in Humboldt County that currently receive TDA funds but have not been subject to the performance audit. These operators include K/T Net, which receives TDA funds from the County, and Blue Lake Transit, which receives funds from the City of Blue Lake. While the TDA statute does not mandate performance audits of transit systems that receive funding under Article 8, industry best practices among RTPAs throughout the state provide for performance audits of all public transportation systems under their respective jurisdictions.

#### **Actions Taken by HCAOG**

This recommendation was discussed at the July 2014 HCAOG board meeting. Staff met with each agency and discussed the possibility of triennial performance audits for agencies that receive TDA through the County. The affected transit agencies would be notified and the audit would apply in the next triennial cycle. The notification would include describing the conditions for continued receipt of the funds for transportation service.

The estimated cost for a non-mandated requirement prompted the HCAOG Board to direct staff to inquire if the four agencies already received individual audits that could provide key information captured in either Fiscal and Compliance Audits or Performance Audits, or both. Staff met with each agency and determined that none of the agencies have audits that would help determine how TDA funds are being utilized and whether they are in compliance with TDA rules and regulations. In February 2015, at the time the draft Overall Work Program was discussed, the HCAOG Board approved a total of \$10,000 to fund "Review Engagements" by a professional accountant, estimated at \$2,500 per agency for the four agencies that receive TDA funds through third-party contracts. The review engagement will include a complete review of financial statements for the TDA

recipients and preparation of a review report. The report will include basic transit performance measure data, such as farebox recovery ratio, vehicle service miles, vehicle service hours, operating cost increases, number of riders, and passenger fares, as applicable. The first review engagement was scheduled for completion in the near future. Pending the outcome of the deliverable, it may or may not include performance criteria and indicators that will need to be developed in the next triennial audit cycle.

### Conclusion

This recommendation is in the process of being implemented.

### Prior Recommendation 2

Track the status of each transit operator's efforts to implement audit recommendations.

*Background:* The prior audit suggested that HCAOG require each transit operator to provide a status of their implementation of audit recommendations from both the TDA fiscal audit and the TDA performance audit. Such a measure would help HCAOG to be more compliant with the TDA requirement that the RTPA provide productivity recommendations. This could be accomplished by adding a new section to the electronic TDA claims form for the operators to describe their progress in implementing the recommendations. The new section could request each operator to list each recommendation, activities taken during the past year to implement the recommendation, and the status of implementation (i.e., full implementation, partial implementation, not implemented).

### Actions Taken by HCAOG

HCAOG staff has been diligent in tracking Fiscal and Compliance Audit findings but has not done the same for Triennial Performance Audit findings in the past. In November 2014, the HCAOG Board approved an amendment to HCAOG's TDA rules and regulations that added the following item to the TDA checklist:

*An explanation that summarizes how the claimant has addressed applicable audit findings from annual fiscal and compliance reports, and triennial performance audit reports.*

Section II (A)(2)(a) of HCAOG's TDA regulations requires that prior to allocating funds, a finding must be made that the operator has made a reasonable effort to implement the productivity improvements of the performance audits (conducted pursuant to PUC Section 99246) and HCAOG's adopted five-year Transit Development Plan.

## Conclusion

This recommendation has been implemented.

### Prior Recommendation 3

Adopt rules and regulations under Article 4.5 for Community Transit Services.

*Background:* The TDA statute includes a requirement for the RTPA to adopt rules and regulations for approval of TDA claims under Article 4.5 (PUC Section 99275). Claims under this article provision are typically made by designated Consolidated Transportation Services Agencies (CTSAs) to fund special and social services trips. While there have not been any such claims by Humboldt Community Access & Resource Center because the agency receives STA funds for operations, HCAOG should at a minimum adopt the claims evaluation criteria described under PUC Section 99275.5. Adoption of Article 4.5 rules and regulations by HCAOG would give the designated CTSA a future option for claiming Local Transportation Funds for operations. It was recommended that these rules and regulations be added to the HCAOG Rules and Regulations for Administration of TDA.

### Actions Taken by HCAOG

In November 2014, the HCAOG Board approved an amendment to HCAOG's TDA rules and regulations that added Section II (A)(2)(d). The amendment allows the CTSA to file claims under Article 4.5 for its operating costs as well as for capital purchases such as vehicles and communications equipment. In addition, claims may also be filed by the CTSA for State Transit Assistance funds pursuant to Section 6731.1 of the TDA. At this time, Article 4.5 is not being utilized as part of the annual LTF allocation process.

## Conclusion

This recommendation has been implemented.

### Prior Recommendation 4

Consider development of a mission statement for HCAOG.

*Background:* The prior audit suggested that HCAOG as a whole would be served well by the formulation of a simple agency mission statement. The mission statement for HCAOG could be a formal, short, written statement of the purpose of the agency that guides its actions, goals, and decision-making. As responsibilities of a RTPA increase over time, and often become more complex, a mission statement would provide the framework or context within which HCAOG's activities and strategies are formulated and articulated to its member agencies and other partners. The mission statement and the activities to achieve the mission could strengthen HCAOG's position as a regional collaborator and

facilitator of an improved transportation system in Humboldt County. The overall goal and policies contained in the HCAOG 2014 Regional Transportation Plan could help serve as a foundation for the agency's mission statement.

#### Actions Taken by HCAOG

During the audit period, staff discovered that HCAOG already had a mission statement. The mission statement is included in the annual Overall Work Program and reads as follows:

*To develop, operate, and maintain a well-coordinated, balanced, countywide multimodal transportation system that is safe, efficient, and provides good access to all cities, communities, and recreational facilities, and into adjoining regions. A balanced multimodal transportation system includes but is not limited to highway, public transit, aviation, marine, railroads, recreation, bicycle, pedestrian, and utility systems.*

#### Conclusion

This recommendation has been implemented.

## Section IV

### **Detailed Review of RTPA Functions**

In this section, a detailed assessment of HCAOG'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 Entities*, HCAOG's activities can be divided into the following activities:

- Administration and Management
- Transportation Planning and Regional Coordination
- TDA Claimant Relationships and Oversight
- Public Information
- Grant Application and Management

### **Administration and Management**

This section discusses the overall administration of HCAOG's functions, including administrative staffing and development of the Overall Work Program.

HCAOG has, as necessary, amended its cooperative agreement for the formation of the agency. The agreement, originally signed in 1968 creating the agency, was amended in July 2016 following the previous amendment in December 2009. Amendments are made to further clarify the cooperative nature of the member agencies and the powers necessary to carry out HCAOG functions. As the responsibilities of the agency evolve, so does the cooperative agreement empowering it. The latest amendment included changing language that the HCAOG Board consist of a member of the County Board of Supervisors or alternate, rather than specifying that only the chairman of the County Board of Supervisors be a HCAOG member. Formal bylaws for HCAOG as the designated RTPA were also adopted in July 2016. Operational measures such as agency composition and officers, meetings, duties and responsibilities, committees, and role of the executive director are spelled out in the bylaws and document the transparency of operations and the conduct of business.

#### **Administrative Staffing**

HCAOG is a relatively small organization, which places demands on all staff members to work on a broad range of projects and issues. The agency has a solid staffing core that has largely remained intact since the last triennial period when staffing levels experienced

expansion and reclassification to create positions in line with a classification and compensation study. All positions were held by the same staff during this audit period with the exception of the Executive Assistant, which had turnover in FY 2015–2016. The position experienced the turnover of two staff in a four-month period. The position remained vacant for five months until a new Executive Assistant was hired.

The Executive Director developed a Personnel Policies and Procedures Handbook in October 2015 that contains the human resources policies, practices, guidelines, and procedures in effect at the time of publication. All employees are required to read, understand, and comply with all provisions of the handbook. It describes many employee responsibilities and outlines the programs developed by HCAOG to benefit employees in a work environment that is conducive to both personal and professional growth while delivering high-quality plans, projects, and programs to the public.

HCAOG has grown as a proactive agency and through its participation in solving transportation issues not affecting the Humboldt region, but in rural communities throughout the state. This is evidenced by HCAOG’s planning activities aimed at remaining in the forefront of addressing regional transportation issues, as well as its membership and active participation in associations including the Rural Counties Task Force, North State Super Region, California Association of Councils of Governments, and COG Directors Association of California.

HCAOG staff is also proactive to ensure board members remain familiar with the organization, roles and responsibilities, policies and practices, staffing, and committee makeup. An easy-to-read Orientation Manual was designed in January 2014 that includes a brief history of the formation of HCAOG. Together with the current Overall Work Program and Regional Transportation Plan, the manual serves as a resource to board members as a place to look up information and assists them in their decision-making processes.

HCAOG has continued on the path of promoting transparency in how it operates and administers funding, while maintaining its independence and partnerships with its member agencies and other stakeholder groups. As an example, as described earlier, the agency’s in-house TDA manual, developed and updated during this audit period, provides documentation on the steps, requirements, and process to claim funds. Jurisdictions are made aware and kept abreast of their level of funding, how to obtain funds systematically, and rules to follow in their use. Other regional transportation planning functions are equally described and accounted for through HCAOG’s many other activities and coordination efforts. These activities are explained in the Overall Work Program.

### Overall Work Program

The Overall Work Program (OWP) provides a comprehensive overview of HCAOG and also serves to program transportation planning and administrative resources for the fiscal



year. The document includes descriptions of the region and the agency's political structure. The OWP also provides detailed work elements, which address regional issues facing the intermodal transportation system in Humboldt County.

The OWP is prepared in accordance with the Caltrans Regional Planning Handbook. Further, the objectives and tasks are developed in accordance with the goals and policies of HCAOG's adopted Regional Transportation Plan (RTP). Each OWP prepared during the audit period addresses the State's identified priorities for improving the transportation planning process and statutorily required products through the efforts identified in individual elements. Particular focus over the last several years has been on active transportation planning as state and federal funding cycles for non-motorized types of plans and projects were undertaken. These funds are coordinated with the TDA 2 percent set-aside for bicycle and pedestrian projects.

There are also efforts contained in the OWP which conform to priorities pursuing coordination and integration of state and local planning efforts. The OWP provides an administrative mechanism for programming the TDA required audit functions, administrative needs, unmet transit needs cycle, trails efforts, and support of the transportation planning committee processes.

Each year, the OWP places emphasis on using planning resources to generate solutions for regional concerns. The combined efforts of the HCAOG entities, staff, Caltrans, local Native American tribal governments, and others in concert with the many opportunities for public participation will all serve to improve the diverse communities in Humboldt County.

The OWP builds upon the modifications made to the document in the prior audit period to improve transparency and reflect new work activities. The OWPs each show over 20 work elements and address critical functions including TDA administration, planning and programming, RTP implementation, pavement management, implementation of the Humboldt County Coordinated Public Transit–Human Services Transportation Plan, and Overall Work Program development. A new work element in the FY 2015–16 OWP was the unmet transit needs process, which was previously included under the current planning work element. As an important annual work element with distinct tasks and work deliverables, HCAOG identified this as a separate work task.

Organization details in the OWP include appendices containing tables of direct and indirect agency costs, and fiscal year budget. Schedules and budgets are assigned by HCAOG to each project along with statements of the purpose, previous work, new tasks, and products. Formal amendments to the OWP are adopted by the HCAOG Board for adjustments to the work activities throughout the year.

As an additional means of linking previous OWP tasks and progress reporting on the work elements, some RTPAs include a highlighted description of overall achievements and

accomplishments from implementing the OWP. This description, in the form of short paragraphs and/or bulleted discussion, could provide further positive visibility for the agency and public awareness of the impact from projects funded and implemented by HCAOG and its partners.

## **Transportation Planning and Regional Coordination**

This functional area addresses planning functions required of HCAOG, including development of the Regional Transportation Plan, Transportation Improvement Program, and transit planning including performance monitoring and the short-range transit planning process.

### **Regional Transportation Plan**

HCAOG established a new standard for itself in long-range transportation planning when the agency updated the RTP in-house for the first time. Previous RTPs were prepared with outside consultant assistance. The RTP update was adopted in August 2014 and is in conformance with the California Transportation Commission's (CTC) adopted RTP Guidelines. In moving to an update every four years to be consistent with local jurisdictions' housing element updates, the next RTP update is under way.

The mission of the 2014 RTP was explicitly stated in the title to chart the course to provide variety in rural options of mobility; thus, the short name is "VROOM..." The policy narrative was changed in relation to the 2008 RTP to be more detailed in the planning of a comprehensive, coordinated, and balanced multimodal transportation system. The plan identified six main objectives/planning priorities to achieve the goal of a multimodal system including balanced and efficient mode share, economic vitality, environmental and social stewardship, and safety. To meet these objectives, HCAOG developed a new complete streets element that is consistent with the California Complete Streets Act, which requires the RTPA to adopt transportation plans that accommodate all users of roadways, including pedestrians, transit, bicyclists, the elderly, motorists, and the disabled. The complete streets element accelerates programming for projects that retrofit existing roads to provide safe and convenient travel by all users.

VROOM covers complete streets (roadway, pedestrian, and bicycle systems), public transportation, aviation, goods movement, and finance elements. It also covers three additional elements: commuter trails, tribal transportation, and emergency transportation. A chapter on public participation/community input is also part of the final plan. The updated RTP was conducted in coordination with Caltrans District 1, HCAOG committees, and many other stakeholders including Native American tribes, local transit authorities, local social service providers, residents, business interests, and other stakeholders.

The financial summaries assess available financial resources by mode, project funding, and funding strategies for future transportation improvements. Besides the more traditional revenue sources from state and federal sources, HCAOG recognizes the importance of finding new and innovative ways to pay for improving the regional transportation system. The RTP identified potential funding sources to be explored including a local transportation sales tax, traffic mitigation fees, special assessment districts, and public-private partnerships. It is noted that a 20-year local transportation sales tax that would have generated an estimated \$10 million annually was put before voters in the recent elections; however, the ballot measure implementing the tax and expenditure plan was not approved.

HCAOG developed its Public Participation Plan and included strategies beyond those employed in past RTPs to involve the community and stakeholders in the RTP process. These strategies included participation in local fairs, communication with bicycle associations, safe school presentations, and dedicated open houses during the environmental impact report process. HCAOG also partnered with established community groups such as the Humboldt Area Foundation to engage in public input.

The RTP's Tribal Transportation Element is a result of HCAOG's compliance with the RTP Guidelines that require consultation with and consideration of local Native American tribal governments' interests in developing regional transportation plans and programs. In 2013, the HCAOG Board, with input from tribes, the North Coast Tribal Transportation Commission (NCTTC), and other interested parties, defined criteria for adding membership to the HCAOG Board. HCAOG and the NCTTC are still discussing the potential of the HCAOG Board expanding to include a seat for an NCTTC representative.

#### *Transportation Improvement Program and Plans*

During the audit period, HCAOG was active in supporting regional transportation planning projects and programming funds through its OWP to administer the development of these plans. HCAOG supports interregional transportation planning priorities as evidenced by its participation in projects and programs. During the audit period, HCAOG submitted its Regional Transportation Improvement Programs (RTIPs) to the CTC for two cycles occurring in 2014 and more recently in 2016. Each RTIP cycle is a five-year cycle with updates every two years.

Due to significantly less revenue than previously projected for the 2016 State Transportation Improvement Program (STIP), HCAOG did not submit any new RTIP projects. The revised 2016 fund estimate projected a \$754 million statewide shortfall for the five-year STIP period, primarily because of the decrease in the gasoline price-based excise tax. Projects programmed in the STIP needed to be deleted or reprogrammed to later years. While no new projects were submitted for programming in the 2016 STIP cycle, the HCAOG Board recommended keeping the 101 Corridor Improvement Project and associated Mitigation Project as programmed in the 2014 STIP, in concurrence with

Caltrans District 1. The corridor project involves construction of the Indianola Interchange, a half signal at Airport Road, and closing of all other uncontrolled intersections. The Board also recommended delaying the two rehabilitation projects in Eureka rather than deleting them.

*Transit Planning Including Performance Monitoring and the Short-Range Transit Planning Process*

HCAOG updated the Humboldt County Coordinated Public Transit–Human Services Transportation Plan (Coordinated Plan) that was adopted in December 2013 and was completed in-house. The Coordinated Plan is required to be updated every five years (last approved in 2008) and identifies the transportation needs of seniors and individuals with disabilities. The document was amended in July 2014 and June 2016. The amendments included significant additions to the appendices identifying a capital improvement/replacement program for the period 2015–2020, as well as the development of a bus stop inventory and prioritization list. The capital improvement program lays out the vehicle replacement needs over a five-year period for social service agencies and transit systems providing specialized services. The program shows whether the vehicle is for replacement or expansion, passenger capacity, funding source, and implementation year. The primary funding sources include FTA Sections 5310 and 5311 grants.

The bus stop inventory and prioritization list is the product of work conducted by members of the SSTAC who surveyed all bus stops in the county. The survey was to identify issues and rate the condition and physical features of each stop using a number of criteria, and then to provide comments and recommended actions. From the descriptions of each bus stop, the SSTAC and HCAOG created a priority list of stops that require more immediate attention for improvement. The survey work was not only the first comprehensive bus stop inventory to be conducted, but also is indicative of the proactive involvement by the SSTAC and its members’ engagement to help advise HCAOG.

Stakeholder participation for the Coordinated Plan was accomplished through attendance at regular SSTAC and Service Coordination Committee public meetings. Also, in September 2013, HCAOG facilitated two public workshops in Humboldt County—one in Garberville (Southern Humboldt) and the other in Eureka (Humboldt Bay area). These locations were suggested by the SSTAC and the SCC. The goals of the workshops were to confirm previously identified unmet transportation needs and to identify and prioritize strategies/projects for addressing these needs.

In addition to the Coordinated Plan, HCAOG has taken a proactive role in the development of a Transit Development Plan (TDP). A TDP is updated every five years and helps to implement the transit goals and policies contained in the RTP. The 2012 TDP covers a five-year period from FY 2011–12 through FY 2015–16. The TDP included the four transit operators that are required to have TDPs: Humboldt Transit Authority, Eureka Transit System, Arcata & Mad River Transit System, and Fortuna Senior Transportation Program.

The TDP update was expanded to include additional systems, including K/T Net and Blue Lake Transit. Findings and recommendations were made to advance public transit in and around the Humboldt Bay region.

HCAOG has begun the process of updating the TDP and developing a Transit Marketing Plan for the regional transit network. A Request for Proposals for a TDP update was released in November 2016. The Five-Year TDP and Transit Marketing Plan will cover FY 2017–18 through FY 2021–22 and encompass the five transit operators and nine transit services. The TDP update’s goals are to reconfirm or redevelop shared goals and policies, relevant data, and useful short-term plans for capital investment, financing, and operational changes. The Transit Marketing Plan component would identify concepts and implementation steps for building a unified regional transit brand (from nine distinct existing service brands), and analyze the feasibility of upgrading to a regional transit website. The updated TDP will also suggest alternative methods to prioritize funding allocations to transit rather than the current method of using surveys to measure potential ridership.

The HCAOG Service Coordination Committee has been a resource for the generation of common issues and solutions facing the Humboldt County transit operators. The SCC comprises local public transit operators and advises HCAOG on all matters general or relevant to the provision of transportation services in Humboldt County. As a routine part of the SCC meetings, the transit operators present their latest month’s statistical performance data for review and discussion. This regular feature is an opportunity for updated data and challenges to be addressed by the stakeholders, along with suggestions for improvement. It also helps HCAOG to fill its responsibility as a RTPA to provide a forum for providing productivity recommendations to the operators.

In another sign of HCAOG’s active transit coordination activities, the agency compiled an emergency evacuation contact list and fleet capacity in the event of a regional emergency. Each of the transit agency’s contacts and their current fleet capabilities, including number of vehicles, fueling type, passenger capacity, and radio frequencies, are listed on a master sheet. The roster and inventory were finalized in June 2016.

## **TDA Claimant Relationships and Oversight**

As the designated RTPA, HCAOG is responsible for the administration of the TDA program. This functional area addresses HCAOG’s administration of the provisions of the TDA. The sub-functions described include administration of the program, TDA claims processing, and the conduct of the unmet transit needs process.

### *HCAOG Administration and Planning*

The uses of TDA revenues apportioned to Humboldt County flow through a priority process prescribed in state law. The flow of TDA funds is described in the HCAOG Rules

and Regulations for Administration of TDA. HCAOG claims TDA revenues for administration of the fund and for transportation planning and programming purposes. TDA resources for transportation planning and administrative actions are programmed via the OWP. During the audit period, according to the annual budget, LTF allocated for planning and administration totaled over \$200,000 per year. Several transportation plans described earlier in this audit have been funded in part by TDA, as are administrative requirements such as the conduct of TDA audits and fund management.

During the audit years of 2014 through 2016, HCAOG claimed the amounts shown in Table IV-1.

**Table IV-1**  
**Local Transportation Funds (LTF) Allocated for**  
**HCAOG Administration and Planning**

<b>Fiscal Year</b>	<b>Total</b>
2014	\$200,000
2015	\$220,000
2016	\$230,000

*Source: Annual LTF Apportionment Resolutions*

In FY 2014, the amount of LTF claimed by HCAOG equaled about 4.5 percent of total LTF revenues for the year (\$4,439,850) based on the apportionment estimates. In FY 2015, the amount was 4.7 percent (apportionment revenue of \$4,679,725), and for FY 2016, the amount was 4.9 percent (total revenue of \$4,706,225). The planning and programming expenditures fall within the statutory and reasonable limits.

*TDA Claim Processing*

HCAOG staff follows the general provisions in its updated February 2017 TDA rules and regulations to administer the fund. Prior to this update, the rules and regulations manual was amended in January 2016 during the audit period. The claims forms have been put into a spreadsheet available on HCAOG’s website for electronic submission, which is a very efficient method for both the claimant and HCAOG. Required information to be provided electronically by the claimants includes claim amount, annual project and financial plan, and statement of conformance calculations. A checklist of items for LTF and STA claims is provided to ensure a full packet is completed. HCAOG works with the transit operators and local jurisdictions to help them maintain compliance with the TDA by making adjustments where allowed under the law. This is evidenced by TDA revenue adjustments that are made in the resolutions adopted by the HCAOG Board.

The updated rules and regulations provide a general schedule for the annual claims process and other TDA activities. These include recurring reporting requirements such as unmet transit needs and financial transactions reports, the release of LTF and STA fund estimates, submittal of TDA claims, quarterly status of funds, and audits. TDA claims are

submitted by the local jurisdictions starting in April of the prior fiscal year. HCAOG conducts its review for compliance and communicates any issues prior to approval and adoption of a resolution.

Allocation of TDA funds is discussed at the SCC and TAC meetings. In the February 2017 update to the manual, HCAOG, with input from the SCC, made significant modifications to the State Transit Assistance Funds allocated under PUC Section 99313, which represent the regional share. The HCAOG Board approved the prioritization of these revenues in sequence starting with a contingency of \$200,000 that will remain in the STA fund account to cover shortages in any particular fiscal year. HCAOG will maintain a reserve of \$200,000 to ensure that all claimants receive their approved allocations.

The second priority of funds is for CTSA and supplemental Dial-a-Ride service. The CTSA may request STA funds for clearly defined and budgeted STA duties, which include the oversight and administration of the Dial-a-Ride contract. The third priority of funds is for transit capital vehicle purchase or grant match for vehicle purchases to sustain, replace, rehabilitate, or expand the existing bus fleet. Specific criteria are listed for a transit operator to request capital funding. The fourth priority is equipment projects that are essential to sustain, replace, rehabilitate, or expand services, i.e., charging stations, radios, dispatch equipment, bus stop improvements security equipment, website upgrades, licenses, etc. The last priority of the STA revenue is for existing operational expenses including general maintenance, parts and tires, fuel, facility improvements, security equipment, etc. In FY 2015–16, the City of Blue Lake submitted a STA claim and was allocated funds for operations for the first time. Consistent with recent state law (SB 508), the operator must qualify to use the funds for operations after applying a two-prong efficiency test described in the HCAOG rules and regulations. The new statute adds language as to how the test is applied under the new guidance, which should be updated in the HCAOG TDA manual.

On an annual basis during this audit period, HCAOG was responsible for managing the allocation of Local Transportation Fund revenues for transit and State Transit Assistance Funds. Prior to apportionment to the local jurisdictions, an amount of the LTF revenues is claimed off the top by HCAOG for administration and planning purposes, and set aside for pedestrian and bicycle allocations. Table IV-2 shows the annual LTF and STAF apportionments to the claimants during the audit period. The annual LTF amount slightly increased each year due to improvements to the economy measured through sales tax generation.

**Table IV-2  
Total TDA Allocations to Claimants**

<b>Fiscal Year</b>	<b>Local Transportation Fund</b>	<b>State Transit Assistance Fund</b>	<b>Total</b>
2014	\$4,155,053	\$793,295	\$4,948,348
2015	\$4,366,610	\$754,116	\$5,120,726

<b>Fiscal Year</b>	<b>Local Transportation Fund</b>	<b>State Transit Assistance Fund</b>	<b>Total</b>
2016	\$4,382,780	\$797,863	\$5,180,643

*Source: Annual LTF apportionment estimates to cities and county, and STAF resolutions*

### Unmet Transit Needs

HCAOG conducts the required annual unmet transit needs process in consultation with the SSTAC. As several jurisdictions use TDA for street and road purposes, the unmet needs process is an integral element of the TDA in Humboldt County. Public hearings are held in each city and the county to solicit public feedback, including a final public hearing at the May or June HCAOG board meeting. Additional meetings have been held at the McKinleyville Community Services District and the Manila Community Services District in the last few years, which have been productive. Formal letters and meeting minutes are submitted by each jurisdiction to HCAOG indicating the feedback received during their respective public hearings. Meeting minutes from HCAOG public hearings also show a relatively significant level of public comment and input on transit service needs. The public hearing period is open for about a week after the HCAOG public hearing to receive additional comments for the record. Comments from other Humboldt County entities that HCAOG staff have received throughout the year are also routinely incorporated into the HCAOG public hearing record. During the three-year audit period, in particular FY 2015–16, staff and the SSTAC recommended to the Board two unmet transit needs that were found to be reasonable to meet: new bus services on Old Arcata Road and for the Tish Non Village.

Staff has been updating the SSTAC members regarding their roles and responsibilities as the SSTAC and regarding unmet transit needs. An effort undertaken by HCAOG during the early parts of the audit period is the revision to the unmet transit needs definitions that are the basis for the analysis by HCAOG and the SSTAC as to whether there are needs that are reasonable to meet. In meeting minutes for the unmet transit needs process, the SSTAC requested clarification of the definitions. HCAOG established a subcommittee of the SSTAC and revised language to provide more clear and definitive criteria in the assessment of transit needs. This would help to further engage the SSTAC in its role to review unmet transit needs and advise on the reasonableness of the needs. This process is critical, as it provides the HCAOG Board with recommendations to direct TDA funding to transit or make findings that would enable the funding to go toward streets and roads.

In 2011, the unmet transit needs definitions were approved by the HCAOG Board and included in the TDA rules and regulations. The definitions are described below.



*Unmet transit needs* are, at a minimum:

1. Trips requested from residents who do not have access to public transportation, specialized transportation, or private transport services or resources for the purpose of traveling to medical care, shopping, social/recreational activities, education/training, and employment; or
2. Proposed public transportation, specialized transportation, or private transport services that are identified in the following (but is not limited to): Transportation Development Plans, the Regional Transportation Plan, the Coordinated Public Transit–Human Services Transportation Plan.

Additionally, the TDA stipulates that, for this process, unmet transit needs do not include:

- Improvements funded or scheduled for implementation in the next fiscal year.
- Minor operational improvements or changes such as bus stops, schedules, and minor route changes.
- Trips for purposes outside of Humboldt County.
- Trips for primary or secondary school transportation.
- Sidewalk improvements or street and road needs.

Unmet transit needs may be found to be *reasonable to meet* by means of the following criteria:

1. Pursuant to the requirements of Transportation Development Act (TDA) Statutes (Public Utilities Code Section 99401.5(c)), a determination of needs that are reasonable to meet shall not be made by comparing unmet transit needs with the need for streets and roads, for the allocation of TDA funds. The fact that an identified transit need cannot be fully met based on available resources shall not be the sole reason for finding that a transit need is not reasonable to meet.
2. If a new, expanded or revised transit service fails to meet ridership or cost effectiveness standards after one full year of operation, reasonable efforts will be made and documented to rectify the situation during the following year of operation. If service has not met performance standards during the period required by the Transportation Development Act Statutes, and efforts to improve service productivity have been documented by the operator to be unsuccessful, the service will be subject to termination as not being reasonable to meet. Efforts to rectify the underperforming ridership may include but are not limited to increased outreach/marketing of service (newspaper placement), collaboration between organizations or agencies that work with potential ridership of the

service and surveys documenting ways in which the service could be improved or made more attractive.

3. Evaluation of potential unmet needs shall be conducted by the TDA claimant that is expected to provide the new, expanded, or revised transit service. The TDA claimant shall review, evaluate, and indicate that the service is operationally feasible, including:
  - a. Forecast of anticipated ridership if service is provided.
  - b. Estimate of capital and operating cost for the provision of such services.
  - c. Determination if there are adequate roadways and selected turnouts to safely accommodate transit vehicles.
  - d. Determination that vehicles are currently available in the marketplace.
  - e. Determination if potential transit service duplicates existing services.
4. An unmet transit need may be determined to be unreasonable to meet because it is not feasible to initiate service within the coming fiscal year, due to the time required for vehicle acquisition, planning, or similar timing factors, or because additional information is needed to determine whether or not the unmet transit need is reasonable to meet. An unmet transit need shall not be determined unreasonable to meet more than once on these grounds.

In the FY 2014–15 unmet transit needs process, a focus survey was conducted based on prior year comments to determine ridership for potential transit service on Old Arcata Road (between Hall Avenue and Sunny Brae). Additionally, the Bear River Band of Rohnerville Rancheria conducted a survey and submitted a request for transit service to the Tish Non Village. These two services met evaluation criteria #3 above but were not determined to be reasonable to meet based on criteria #4. In that year, the HCAOG Board made a finding that there were no unmet transit needs that are reasonable to meet with consideration of criteria #4.

Updated cost and anticipated ridership information for both new services were revisited in the FY 2015–16 unmet transit needs process. Service to these areas met the adopted criteria but were not eligible for the application of criteria #4 that can only be used once in making findings. Therefore, the two new services were found to be reasonable to meet. While the Tish Non Village transit service has since been implemented, the Old Arcata Road service remains an unmet need to be implemented given that the County currently uses all its TDA for non-roadway uses. Once an unmet transit need is implemented, it is monitored for productivity, primarily for farebox recovery attainment. However, there are no HCAOG rules indicating how long a new service should be provided should performance standards not be met.

The general survey and focus survey were distributed to determine anticipated ridership or passenger fares, which are difficult to estimate. Ridership was estimated using

responses to directed surveys, including using an industry standard for predicting Saturday or Sunday service based on weekday statistics or the professional opinion of the operator. Anticipated operating costs are determined by the operator. The general survey was available in English and Spanish and was available on HCAOG's website and distributed at various locations throughout Humboldt County including city halls, County Board of Supervisors' office, libraries, College of the Redwoods, numerous social service agencies, and on transit buses. Two hundred and four people took the general survey. The focus survey was distributed to residents in the area along Old Arcata Road between Hall Avenue in Eureka and Sunny Brae. One hundred thirty-eight people took the focus survey. It is noted that HCAOG is reviewing alternative methods to conducting surveys in estimating ridership and fare revenue to better allocate resources. Survey results have not translated into actual ridership meeting estimates when new service is introduced. From recent experience with funding the Tish Non Village service, actual ridership figures have not aligned with survey responses.

The analysis conducted for the Unmet Transit Needs Report of Findings has become more extensive, including an assessment of the transit-dependent population and a description of existing transit service including public transit, paratransit, private transit, and social service providers. Working with the SSTAC, HCAOG staff conduct the unmet transit needs process as stipulated in law with findings approved by the TAC, the Policy Advisory Committee, and the Board.

Unmet needs hearings are properly advertised in the newspapers of general circulation including the Times-Standard and the Humboldt Beacon. Notices of public hearings are also posted by the local jurisdictions. HCAOG also receives responses in letters, phone calls, and electronic mail.

SSTAC agenda items have focused on the unmet transit needs and FTA Section 5310 grant applications. The SSTAC was responsible for reviewing the Bus Stop Improvement Plan that included a survey of bus stops in the county. Other presentations have been made to update and educate SSTAC members on items such as the Regional Transportation Plan update and the Coordinated Public Transit Human Services Transportation Plan. There is greater awareness and transparency in how the unmet transit needs are addressed, highlighted by the HCAOG Board's adoption of revised definitions for unmet transit needs and needs that are reasonable to meet. A more involved public will improve the image and education about the role of the SSTAC and HCAOG and their impact on countywide transportation.

## **Public Information**

Development of transportation issues and implementation of the RTP and state and federal related programs require the involvement of citizens groups and interested parties. To this end, HCAOG uses various public outreach efforts and citizens committee processes (e.g., the conduct of community presentations, efforts to encourage Native

American involvement, Social Service Transportation Advisory Council, local public hearings, and public service announcements) to gather input regarding the regional transportation system.

The agency's contributions to promoting public transportation and awareness exist through channels including working with and supporting the SCC, the unmet transit needs process, the RTP, and the conduct of various regional plans and transit studies. In addition, several studies commissioned by HCAOG undertake public outreach elements to reach out to the community for ideas and suggestions.

Central to HCAOG's outreach efforts was adoption of its Public Participation Plan in July 2014. General strategies include:

- Provide timely public notice;
- Hold accessible public meetings and workshops;
- Produce user-friendly plans and documents;
- Develop and apply visualization techniques;
- Utilize Facebook for announcements;
- Utilize the HCAOG website for distribution of plans, documents, and announcements;
- Maintain and utilize contact lists of interested parties;
- Work with local mass media to encourage public awareness; and
- Conduct surveys.

The Public Participation Plan includes evaluation procedures that measure the effectiveness of HCAOG's outreach and involvement efforts. HCAOG uses a number of committees, public hearings, workshops, surveys, and publications to inform, gauge, and respond to public concerns regarding regional issues. HCAOG's Social Services Transportation Advisory Council will ensure that there is an adequate effort made to include those traditionally underserved and underrepresented in the unmet transit needs process.

HCAOG's media relations efforts are conveyed through its website, publications, and public presentations. HCAOG board meetings are televised and live-streamed on Access Humboldt, the region's local cable community media resource. HCAOG updated its website (<http://www.hcaog.net/>) that serves as the agency's main Internet portal. Information and recent and archived meeting agendas for the Board and each subcommittee are contained on the site and are easily accessible. Current and past projects, studies, and documents are listed in chronological order, with many such products developed over the past three years. A calendar is available that shows

upcoming scheduled events. Board members are listed on the site along with their email addresses. The website is also accessible using many languages through the Google Translate tool. Links to external websites are provided for such entities as the North State Super Region and Safe Routes to School National Partnership. HCAOG has a social media presence on Facebook and provides a widget on the website for interested parties to join and connect.

## **Grant Application and Management**

TDA-LTF continues to be the primary source of operating needs for public transportation in Humboldt County. Transportation capital resources made available through the Regional Transportation Improvement Program (RTIP), Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA), FTA Section 5310 Elderly and Disabled Specialized transit program, and FTA Section 5311 Regional Apportionments have been used to program vehicle acquisition purchases for the area's public transit programs. HCAOG is using a Call for Projects process to solicit projects for the FTA Section 5311 program through the Service Coordination Committee. Recent new revenues include the State's Low Carbon Transportation Operations Program (LCTOP). HCAOG authorizes the execution of certifications and assurances to comply with all conditions and requirements for funding sources.

State Transit Assistance Funds (STAF) are another major capital and operating funding source for public transit. Capital projects funded during the audit period include transit facility improvements, Dial-a-Ride/Lift scheduling software, communications lines, vehicles, and maintenance equipment. As described earlier, HCAOG adopted priority uses for STAF.

Other significant funding sources for OWP project activities include Rural Planning Assistance (RPA) funds for various transportation planning elements, and Planning, Programming and Monitoring (PPM) resources for development of the region's surface transportation system.

## Section V

### Findings and Recommendations

The following material summarizes the major findings obtained from the triennial audit covering FYs 2014 through 2016. A set of audit recommendations is then provided.

#### Findings

1. HCAOG has fully complied with each of 14 state legislative mandates for Regional Transportation Planning Agencies. Several of the requirements were fulfilled through the update to the HCAOG Rules and Regulations for Administration of TDA. The updated rules and regulations document promotes HCAOG's transparency in how TDA funds are apportioned and allocated among the claimants.
2. HCAOG added additional specificity with regard to its rules and regulations for bicycle and pedestrian allocations under PUC Section 99234, including creating a reserve funding target.
3. Of the four prior performance audit recommendations, HCAOG has fully implemented three recommendations and is in the process of implementing the fourth. The prior recommendation in the process of implementation pertains to commissioning triennial performance audits of all public transit systems under HCAOG's jurisdiction that receive TDA funds.
4. HCAOG has a solid staffing core that has largely remained intact since the last triennial period when staffing levels experienced expansion and reclassification to create positions in line with a classification and compensation study.
5. An Orientation Manual was designed in January 2014 that provides board members an easy-to-read resource to look up information and assist them in their decision-making processes. A Personnel Policies and Procedures Handbook was also developed in October 2015 that contains the human resources policies, practices, guidelines and procedures in effect at the time of publication.
6. HCAOG has grown as a proactive agency and through its participation in solving transportation issues not affecting the Humboldt region, but in rural communities throughout the state. This is evidenced by HCAOG's planning activities aimed at remaining in the forefront of addressing regional transportation issues, as well as its membership and active participation in regional and statewide associations.
7. HCAOG has continued on the path of promoting transparency in how it operates and administers funding, while maintaining its independence and partnerships with its

member agencies and other stakeholder groups. As an example, the agency's in-house TDA manual, developed and updated during this audit period, provides documentation on the steps, requirements, and process to claim funds. Jurisdictions are made aware and kept abreast of their level of funding, how to obtain funds systematically, and rules to follow in their use.

8. HCAOG established a new standard for itself in long-range transportation planning when the agency updated the RTP in-house for the first time. The RTP update was adopted in August 2014 and is in conformance with the California Transportation Commission's adopted RTP Guidelines. To meet plan objectives and priorities, HCAOG developed a new complete streets element that is consistent with meeting the California Complete Streets Act.
9. HCAOG developed its Public Participation Plan and included strategies beyond those employed in past RTPs to involve the community and stakeholders in the RTP process.
10. HCAOG updated the Humboldt County Coordinated Public Transit–Human Services Transportation Plan that was adopted in December 2013 and was completed in-house. The document was amended in July 2014 and June 2016 to include significant additions to the appendices identifying a capital improvement/replacement program for the period 2015–2020, as well as development of a bus stop inventory and prioritization list.
11. HCAOG, with input from the SCC, made significant modifications to the State Transit Assistance Funds allocated under PUC Section 99313 which represent the regional share. The HCAOG Board approved the prioritization of these revenues in sequence.
12. HCAOG staff and the SSTAC recommended to the Board two unmet transit needs that were found to be reasonable to meet: new bus services on Old Arcata Road and for the Tish Non Village. While the Tish Non Village transit service has since been implemented, the Old Arcata Road service remains an unmet need to be implemented given that the County currently uses all its TDA for non-roadway uses.
13. HCAOG's media relations efforts are conveyed through its website, publications, and public presentations. HCAOG board meetings are televised and live-streamed on Access Humboldt, the region's local cable community media resource.

## **Triennial Audit Recommendations**

1. Update the HCAOG TDA Rules for inclusion of new state legislation.

HCAOG has an in-house document guiding TDA funding in the county. A few changes have occurred in relation to the TDA and transit operations within the last year. Legislation (SB 508) passed in October 2015 significantly modified several provisions of the TDA. The legislation has several objectives, including simplifying fare recovery requirements, authorizing funding of bicycle and pedestrian safety education programs, and modifying STA qualifying criteria for operations. HCAOG's TDA rules and regulations 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. HCAOG should also communicate these changes to the transit operators and determine what implications, if any, the changes might have on transit operations.

SB 508 rationalizes performance metrics, for example, by applying the same operating cost exemptions to both the farebox recovery ratio and the STA qualifying criteria. In addition, this bill clarifies a few terms that should help ensure expectations are applied uniformly to the transit operators. Highlights of the bill are summarized below.

### *Farebox Recovery*

- Deletes the requirement for transit operators to maintain higher farebox requirements based on 1978–79 fiscal year. This applies directly to three of the Humboldt transit operators (HTA, Eureka, and Arcata), in which their respective farebox recovery standards are reduced to 10 percent for rural transit systems.
- Revises definition of “local funds” in farebox recovery to mean any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.
- Revises definition of “operating cost” to exclude principal and interest payments on capital projects funded with certificates of participation.
- Exempts startup costs for new transit services for up to two years.
- Exempts additional categories of expenditures from “operating cost” (cost increases above the Consumer Price Index for fuel, alternative fuel programs, power, insurance premiums and claims, and state and federal mandates).

### *Claims for Funds*

- Authorizes the funding of bicycle *and pedestrian* [italics added for emphasis] safety education programs up to 5 percent of the 2 percent bicycle and pedestrian allocation found under Article 3 (PUC Section 99234(a)).



### *STA Qualifying Criteria for Operations*

- Uses a “sliding scale” to reduce the operator’s STA allocation for operations, rather than “pass/fail.” New sliding scale effective July 1, 2016.

The farebox recovery ratios calculated in the next annual TDA fiscal audit (FY 2016–17) should account for these changes, given that operator eligibility for TDA funds is determined in large part by the audited farebox ratios. The revised STA sliding scale test that HCAOG must also apply could have certain budgeting and planning implications for the transit operators, as a reduced amount of STA funds for operations could result from application of the new test. However, given HCAOG’s adopted funding prioritization for STA in which operations is a low priority use of the revenue, the eligibility test might have a marginal effect on countywide transit.

2. Formalize monitoring and evaluation procedures for new transit services implemented through the unmet transit needs process.

The primary goal of the unmet transit needs process is to identify the public transportation needs that may exist within the jurisdiction and that might be reasonable to meet by establishing new public transportation or specialized transportation services or by expanding existing services. Upon HCAOG adoption of a need that is reasonable to meet, the transit operator in general implements the service and monitors performance, in particular farebox recovery. In most cases, the new service becomes part of the transit network.

However, with limited financial resources to maintain and expand services, there should be a period determined by HCAOG by which the new service is evaluated using a set of performance metrics. This period of performance, such as the first or second full year of the new service, should be considered a demonstration period in which the service is further evaluated on its own merits and could possibly be a candidate for service adjustment and/or elimination should it not meet certain key indicators such as farebox recovery, cost per hour, and passengers per hour. PUC Section 99268.8 and California Code of Regulations Section 6633.8 describe that the operator submits an annual report on the extended service to the RTPA. HCAOG should include similar language in its TDA rules and regulations to formalize the evaluation of demonstration services within an established time period such as one full year after implementation, require reporting of performance measures for the time period by the operator, and enable decision-making on the viability of continuing the service to ensure financial resources are maximized.

3. Highlight HCAOG accomplishments in publications such as the OWP and an annual report.

HCAOG's achievements in transportation benefit the Humboldt region. These achievements should be made more visible through release of public information that highlights facts about projects and efforts made by all involved agencies. As part of the transparency embraced and practiced by HCAOG, the agency should encapsulate the activities and value that it brings to the community and highlight agency accomplishments, funding, and challenges. Suggestions include adding a list of accomplishments to the introduction section of the Overall Work Program, and producing a stand-alone HCAOG annual report. Information would show activities, progress, and the impact HCAOG has had in carrying out OWP work elements in the prior year. Elements to highlight include the level of funding procured, new projects implemented, and measurable results of OWP work elements. The information also ties progress made between previous and current OWPs. An annual report identifies the projects and outcomes for the community as well as educates the public and stakeholders on HCAOG's role in transportation. Many RTPAs develop annual reports that serve such a purpose to highlight the accomplishments and challenges for the year, and what to look forward to in the next year.