



Transportation Agency for
Monterey County
Triennial Performance Audit
FY 2001-02, 2002-03, 2003-04

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Nelson | Nygaard
consulting associates
with
Lawler Consulting

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Chapter 1. Introduction

Audit Overview

The California Transportation Development Act (TDA) requires that each Regional Transportation Planning Agency (RTPA) have a triennial performance audit of its activities. As stated in Public Utilities Code (PUC) Section 99246, the performance audit is required to “evaluate the efficiency, effectiveness, and economy of the operation of the entity being audited.”

This is the performance audit report for the Transportation Agency for Monterey County (TAMC), as the designated RTPA for Monterey County covering the three years ending June 30, 2004.

This performance audit generally follows the guidance given in the “Performance Audit Guidebook for Transit Operators and Regional Transportation Planning entities” published by the California Department of Transportation, Division of Mass Transportation in January 1991. It was performed in accordance with the efficiency, economy and effectiveness standards of the General Accounting Office’s Government Audit Standards.

The audit was conducted by means of interviews with TAMC staff and review of pertinent documents, including published plans and guides, the prior performance audit, unmet transit needs reports and adopted findings, fiscal audits, annual budgets and work programs, staff reports and memoranda, transmittals to and from TDA claimants, and TAMC’s adopted bylaws.

This report includes the following items:

- A description of TAMC and a review of key events during the audit period.
- Administration of TDA funds, including determination of apportionment and allocations to claimants.
- Enforcement, monitoring, and assistance with respect to TDA requirements, including farebox recovery requirements.
- Administration of the unmet transit needs hearing process required prior to allocation of funds for non-transit purposes.
- Technical assistance to claimants and efforts to promote coordination of service.
- Compliance with SB 826 requirements regarding consolidation of social service transportation.
- TAMC organization, governance, and staffing to fulfill TDA and related responsibilities, including transportation planning, regional coordination, and marketing.
- A review of actions taken on prior performance audit recommendations.
- Recommendations for improving performance and/or complying with TDA requirements.

TAMC Roles and Responsibilities

The Transportation Agency for Monterey County (TAMC) is the Regional Transportation Planning Agency (RTPA) for Monterey County, one of six statutorily created RTPA's in California. As the RTPA, TAMC is responsible for regional multi-modal transportation planning, programming, and fund allocation required by the state statutes. TAMC's roles and responsibilities include:

- Periodic completion of a long-range Regional Transportation Plan (RTP) that addresses both urbanized and non-urbanized areas of Monterey County. Under state legislation, TAMC must complete an RTP every four years.
- Biennial preparation of the Regional Transportation Improvement Program (RTIP). The RTIP includes projects from the RTP Action Element nominated for state funds. Once adopted by the TAMC Board, the RTIP is submitted to the California Transportation Commission (CTC) for inclusion in the State Transportation Improvement Program (STIP). The CTC votes on the regional lists as elements of the STIP. TAMC is responsible for programming available regional share funds of the STIP, and works with Caltrans to plan, select and construct major highway projects.
- Distribution of federal Regional Surface Transportation Program (RSTP) funding to local jurisdictions for a wide range of eligible transportation projects. The TAMC Board approves funding following a local applicant claims process.
- TAMC acts as the Monterey County Service Authority for Freeways and Expressways (SAFE). SAFE owns and operates nearly 200 emergency call boxes on State Routes 1, 68, 156 and on US 101 in Monterey County, financed by a \$1.00 annual fee on all motor vehicles registered within the county. SAFE is a member of the California Service Authority for Freeway Emergencies (CalSAFE) organization.
- TAMC also coordinates the California Department of Transportation funded Freeway Service Patrol (FSP) program in Monterey County. This service provides assistance to motorists stranded on the highway, such as changing a flat tire, jumpstarting a stalled vehicle, or towing the vehicle to the nearest CHP-identified location for repair.
- TAMC is the designated Congestion Management Agency (CMA) for Monterey County, responsible for the development and implementation of the countywide Congestion Management Program.
- As the Local Transportation Commission and state designated RTPA, TAMC administers the provisions of the TDA, including the annual allocation of Local Transportation Funds (LTF) and State Transit Assistance (STA) Funds.

In addition, TAMC works on special studies as programmed in the annual Work Program.

Organization

TAMC is overseen by a 23-member Board of Directors including a local official from each of its twelve incorporated cities and the five County Supervisorial districts (17 members), and ex-officio representation from six additional public agencies: the Association of Monterey Bay Area Governments (AMBAG), the Monterey Bay Unified Air Pollution Control District (MBUAPCD), Monterey Peninsula Airport District, Monterey-Salinas Transit (MST), the City of Watsonville, and Caltrans District 5.

A current TAMC organizational chart is presented in Figure 1-1.

The TAMC Board has two sub-committees: the Executive Committee and the Rail Policy Committee.

The **Executive Committee** meets the first week of every month to review key administrative and policy issues and the Board's monthly agenda as well as provide direction to the TAMC Board. The Executive Committee also develops the annual legislative program for consideration and adoption by the TAMC Board. The legislative program sets general principles to guide staff and Board responses to proposed state and federal legislative or budgetary issues, and sets forth TAMC's position on issues of key importance. This program also includes TAMC's requests for federal earmarks for high priority projects.

The Executive Committee consists of the Chair, Vice-Chair, immediate past Chair, and two members selected by the Board of Directors (one from the County members and one from the City members).

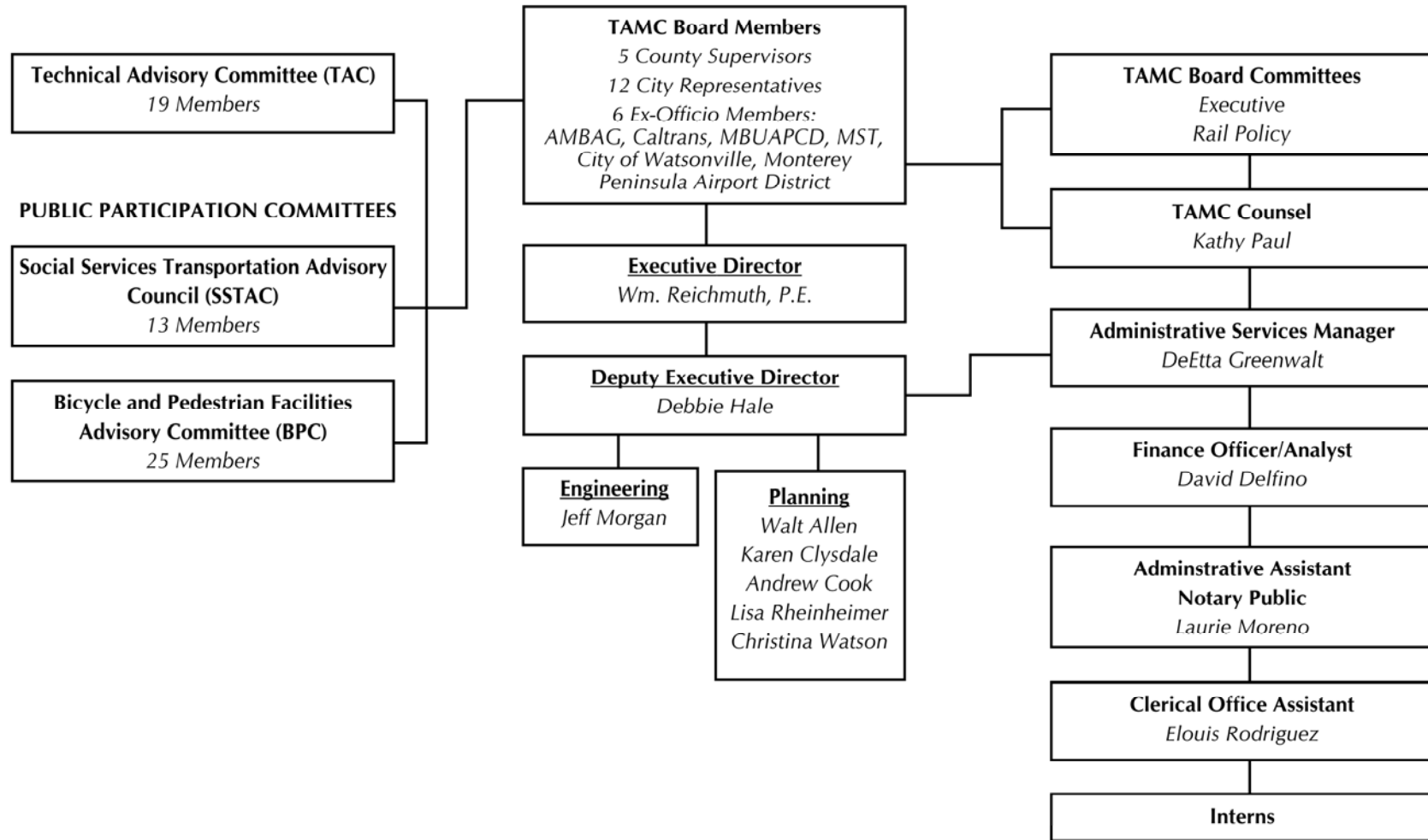
The **Rail Policy Committee** advises TAMC on issues related to the agency's rail programs. The committee is composed of 10 TAMC Board members or their alternates from the jurisdictions on the rail lines (Cities of Marina, Monterey, Salinas, Sand City, Seaside and Supervisorial Districts 1, 2, 4 and 5, and one representative from South County). The TAMC chair may also appoint ex-officio members of the Board as needed.

TAMC has three standing committees that advise the Board on specific issues: the Technical Advisory Committee (TAC); the Social Service Transportation Advisory Committee (SSTAC); and, the Bicycle and Pedestrian Facilities Advisory Committee (BPC).

The **Technical Advisory Committee (TAC)** reviews and provides input on the programming of federal and state funds, transportation plans and planning studies. The TAC has a membership of 19, composed of professional staff from TAMC's member agencies (primarily Public Works Department staff), including the ex-officio TAMC members, and transportation providers in Monterey County. The TAMC Board may appoint additional members from other organizations and jurisdictions not represented on TAMC's Board (an example is the TAC member representative for the Fort Ord Reuse Authority). The TAC meets on the first Thursday of each month.

Figure 1-1 Transportation Agency for Monterey County (TAMC)

Local Transportation Commission (LTC)
 Regional Transportation Planning Agency (RTPA)
 Traffic Congestion Management Agency (CMA)
 Service Authority for Freeways and Expressways (SAFE)



The **Social Service Transportation Advisory Committee (SSTAC)**, required by Senate Bill 498 (1987), was established to advise TAMC on the transit needs of transit dependent and transit disadvantaged persons, including the elderly, disabled and persons of limited means. SSTAC generally meets six times per year, in February, April, June, August, October, and December.

TAMC approves appointments to SSTAC every year at its July meeting. SSTAC membership categories are prescribed by law and include:

- Potential transit user who is 60 years of age or older.
- Potential transit user who is disabled.
- Local social service provider for seniors.
- Social service transportation provider.
- Local social service provider for persons of limited means.
- Local consolidated transportation service agency.

The SSTAC purposes and duties are:

- To advise TAMC on the transit needs of transit dependent and transit disadvantaged persons, including the elderly, disabled, and persons of limited means.
- To participate in the identification of transit needs that may be reasonable to meet by establishing or contracting for new public transportation or specialized transportation services, or by expanding existing services.
- To annually review and recommend action by TAMC that finds, by resolution, that (A) there are no unmet transit needs, (B) there are no unmet transit needs that are reasonable to meet, or (C) there are unmet transit needs, including needs that are reasonable to meet.
- To advise TAMC on any other major transit issues, including coordination and consolidation of specialized transportation services.
- To review specialized transportation planning and other related studies.

The **Bicycle and Pedestrian Facilities Advisory Committee (BPC)** assists TAMC with bicycle and pedestrian issues, including the development of a regional bikeways plan. Each TAMC member agency, the Fort Ord Reuse Authority, the California State University, Monterey Bay, and the Velo Cycling Club of Monterey make committee membership nominations. TAMC confirms the appointments. The committee meets monthly.

Staffing

The Executive Director reports to the TAMC Board of Directors. The Deputy Executive Director, a new position created during the audit period, reports directly to the Executive Director, and manages three divisions (Engineering, Planning and Administrative Services) created in a reorganization of TAMC's staff. The new Planning Division has a staff of five planners, and the new Engineering Division has a staff of one. The reorganization resulted in some reassignment of planning staff work to better correspond with staff abilities and talents. The Administrative Division is composed of the Administrative Services Manager, who manages a staff of three. The agency has five student interns who assist the agency in a variety of tasks. A prior intern was hired as a Planner during the audit period.

TAMC-authorized staffing level includes 12 full-time employees. During the audit period, authorized staffing was reduced by one and a half full-time positions because of funding and budget cuts. The individuals in those positions handled transit (and staffed the SSTAC) and rail engineering activities; these functions shifted to another TAMC staff member and the TAMC rail consultant.

At the beginning of the audit period, TAMC planning staff consisted of a Chief Transportation Planning Manager and a Transportation Planning Manager, both of whom reported directly to the Executive Director, and both of whom supervised the planning staff of five (a Senior Transportation Planner, three Transportation Planners and an Assistant Transportation Planner). When the Chief Transportation Planning Manager became the Deputy Executive Director the prior position was eliminated, as was that of the Transportation Planning Manager position after the person filling this position retired in June of 2002. Consolidating management of the three divisions under the Deputy Executive Director in the reorganization created efficiencies in management as duplicative functions were eliminated.

Highlights of the Audit Period

TAMC relocated its offices to 55B Plaza Circle, Salinas in January 2001. All TAMC committee meetings are now held at the TAMC offices, which are fully accessible. Changes and significant events during the audit period include:

- In early 2002, TAMC developed an agency website. The site includes information on TAMC programs and activities as well as the agenda, minutes and staff reports for all Board and Committee meetings, resulting in significant savings in reproduction and mailing costs. A new more comprehensive upgrade of the website was unveiled in late 2004. The website is very user friendly and includes online access to recent agency publications.
- In February 2003, the Executive Director (who had been hired in October 2000) retired and a new Executive Director was hired.
- In 2003, TAMC obtained funding from the Monterey Bay Unified Air Pollution Control District (MBUAPCD) for video-conferencing equipment to improve access

to committee meetings. The equipment allows meetings to be held in a central location with member agencies participating electronically. The sixteen participating agencies include TAMC member agencies and regional transportation agency partners in Santa Cruz County and the Association of Monterey Bay Area Governments (AMBAG). The video equipment improved the participation of South County cities' representatives in various meetings.

- In 2003, citizen outreach was improved by the elimination of the relatively small Citizen's Advisory Committee and implementation a new Public Participation Plan.
- In November 2003 TAMC purchased the Monterey Branch Line from Union Pacific Railroad, the first step towards initiating rail or bus rapid transit service linking the Monterey Peninsula and San Francisco. With the purchase of the rail line, TAMC has had a role emphasis change from an agency with purely planning and programming responsibilities to one with property ownership and management responsibilities. TAMC assumed ten leases with the purchase, and negotiated an additional lease in February 2004, turning some of the newly acquired railroad right-of-way into income earning opportunities. The revenues will be used to cover branch line maintenance. The revenue from the Monterey Branch Line was \$40,800 in FY 2003-04, in the seven months after the purchase. In FY 2004-05, \$85,500 in rent has been generated in the 9 months to date. TAMC staff anticipates \$160,000 in revenues from the leases in FY 2005-06.

Among the significant accomplishments during the period are two that will place Monterey County in a stronger position for meeting its transportation needs through local funding mechanisms outside the state's control, if implemented:

- In FY 2003-04, TAMC developed a joint powers agreement and fee schedule, project list and model local ordinance for a regional development impact fee. Projects are currently analyzed individually by each of the county's 13 land use jurisdictions, and regional traffic mitigation is assessed on an ad hoc basis.
- Also in FY 2003-04, TAMC developed a 14-year transportation expenditure plan along with an ordinance for a 14-year, ½ cent local transportation sales tax. The plan was adopted in July 2004.

After the audit period, the TAMC Board committed to the sales tax ballot measure, voting on December 1, 2004 to set June 2006 as the first choice of a date for placing the measure on the ballot.

Chapter 2. Review of TDA Compliance

This chapter reviews the extent to which TAMC effectively accomplished the tasks it is required to perform under the state legislative mandate. To verify compliance, the auditor reviewed TAMC records, interviewed TAMC staff members and members of the Board of Directors and TAMC advisory committees. Reports reviewed included the TAMC's Bylaws, the Bylaws of the advisory committees, TAMC's annual work program, financial reports, the agency's TDA rules and regulations, and selected staff reports and policy documents.

Figure 2-1 on the next page summarizes the 14 compliance audit requirements and the applicable Public Utilities or California Administrative Code section number. A discussion in each area of compliance follows.

Figure 2-1 Summary of Performance Audit Compliance Requirements

RTPA Compliance Requirement	PUC CODE Reference	TAMC Compliance
1. Claims do not exceed apportionment.	PUC Section 99231	Yes
2. Adopted rules for claims submissions for pedestrian and bicycle facilities.	99233.3 99234	Yes
3. Establish Social Services Transportation Advisory Council and hold at least one annual public hearing.	99238 99238.5	Yes
4. Annually identify, analyze and recommend potential productivity improvements.	99244	Yes
5. Annual fiscal and compliance audits to Caltrans.	99245	Substantial compliance
6. Triennial performance audits of operators and RTPA.	99246 992485	Yes
7. Submit RTPA and operator performance audit to Caltrans.	99246 (c)	Yes
8. Ensure operator performance audit requirements.	99246 (d)	Yes
9. Establish rules and regulations regarding revenue ratios for operators.	99270.1 99270.2	Yes
10. Establish rules and regulations for Article 4.5 and the determination of the cost effectiveness of the proposed services.	99275.5	N/A
11. Allocate State Transit Assistance (STA) funds only for transportation planning and mass transportation projects.	99310.5 9313.3 Prop. 116	Yes
12. Match STA allocations to State allocations.	99314.3	Yes
13. If TDA funds are allocated for non-transit purposes, the RTPE must annually: <ul style="list-style-type: none"> • consult with the SSTAC • identify transit needs • define reasonable to meet • identify unmet transit needs • adopt findings on unmet needs • fund unmet transit needs before allocation to streets and roads 	99401.5	Yes Yes Yes Yes Yes Yes
14. RTPE has fiscal and compliance audit: <ul style="list-style-type: none"> • Complete annually • Transmit to State Controller • No commingling of funds 	6662	Yes

Review of Compliance Requirements

1. Apportionment and Claims

The RTPA must ensure that all the operators and governmental entities in a given area claim no more than the LTF monies apportioned to that area. The County auditor is required to furnish the RTPA with an estimate of the total amount available for apportionment before February 1 of each year for the fiscal year beginning the following July 1. The auditor's estimate includes an estimate of anticipated sales tax revenues, with an addition or subtraction for differences between actual revenues in the current year and the estimate prepared the prior year. Before March 1 each year, the RTPA is required to determine and advise potential claimants of the apportionments for their area, including how funds are to be divided where claimants' areas overlap. Claimants wishing to receive an allocation must file an annual claim with the RTPA in accordance with the rules and regulations established by that transportation planning agency, and in the absence of such rules and regulations, at least 90 days before the start of the fiscal year for which funds are apportioned.

The auditor reviewed the TAMC allocation procedure and resolutions for each audit year, and found the agency in complete compliance with this requirement.

2. Rules and Regulations for Pedestrians and Bicycle Claims

Two percent of the LTF available for claims is to be made available to counties and cities for facilities for the exclusive use of pedestrians and bicycles and pedestrians according to rules and regulations adopted by each regional transportation-planning agency.

TAMC adopted rules and regulations for the TDA 2% funding for Pedestrian and Bicycle Projects on December 4, 2002. The agency is in full compliance with this requirement.

3. Social Services Transportation Advisory Council

The RTPA is required to establish a Social Services Transportation Advisory Council (SSTAC) and must ensure that there is a citizen participation process that includes at least an annual public hearing.

TAMC's SSTAC has existed since 1987 (it was established by the Monterey County Transportation Commission; the MCTC became TAMC on January 1, 1993 under California Assembly Bill 1886). The SSTAC Bylaws comply with TDA law (PUC Section 99238). TAMC approves appointments to SSTAC each year in July to ensure the membership adheres to the membership composition specified in the state statutes.

SSTAC generally meets six times annually, and in addition conducts outreach in the fall and conducts a public hearing to identify unmet transit needs. The committee provides recommendations to the TAMC Board based on the public input received during the Unmet Transit Needs public hearing process. SSTAC also provides input on other

transportation activities of the agency, including input into the transit and accessibility goals developed for the 2005 RTP Update.

TAMC is in compliance with this requirement.

4. Productivity Improvements

PUC Section 99244 requires TAMC to annually identify, analyze, and recommend potential improvements that could lower the operating costs of transit operators in Monterey County. The recommendations should include at least productivity-related recommendations of the latest triennial performance audit. The requirement for a Productivity Improvement Committee was made optional by the State beginning in 1988. The requirement for the RTPA to make and follow up on recommendations is still in force, however. The RTPA may not approve any increase in an operator's transit allocation from the LTF unless the operator has made a reasonable effort to implement the recommended improvements.

TAMC has exercised its discretion in not forming a Productivity Committee. As part of the annual TDA claims process, TAMC requires applicants to identify in their STA fund applications the actions taken to implement the productivity improvements recommended in the prior performance audit. TAMC's TDA Allocation Resolutions for each of the audit years included the finding that the claimants had made a reasonable effort to implement productivity improvements recommended in the performance audits.

TAMC is in compliance with this requirement.

5. Fiscal Audits of Claimants

The RTPA must conduct an annual fiscal audit of its activities and ensure that each claimant to whom it allocates TDA funds submits an annual certified fiscal audit to the State Controller within 180 days after the end of each fiscal year. Certified fiscal audits were completed and forwarded to the State Controller by the required deadline for all claimants with the exception of King City. Fiscal audits for King City Transit were not completed or submitted for either of the last two years of the audit period. Funds were not withheld in FY 2003-04 as a result of the noncompliance of the deadline by King City, nor were funds initially withheld in FY 2004-05, as the allocations approved by TAMC in the TDA allocation process for FY 2004-05 included funds for King City. In December 2004, however, TAMC notified King City that additional TDA claims for FY 2004-05 would not be processed until the City submits fiscal audits for FY 2003 and FY 2004, and furthermore, that TAMC will not allocate future TDA funds (FY 2005-06) to King City until an audit for these two years have been finalized and submitted.

TAMC is in substantial compliance with this requirement.

6. Triennial Performance Audits

As required by PUC Section 99248, TAMC contracted with an independent entity, Nelson & Nygaard Consulting Associates to conduct a performance audit of TAMC and all of the public transit agencies within Monterey County for the three-year period ending June 30, 2001. The audited public transit agencies included:

- Monterey-Salinas Transit (MST) fixed route service, including MST RIDES service for persons with disabilities,
- City of Greenfield public transit service,
- King City public transit service, and
- City of Soledad public transit service.

TAMC is in full compliance with this requirement.

7. Submittal of Performance Audits to Caltrans

The RTPA must submit a copy of its performance audit to the Director of the California Department of Transportation, and must certify in writing to the Director that the performance audits of the operators were completed.

The last performance audit of TAMC's activities covered Fiscal Years 1998 through 2001. TAMC submitted a copy of the performance audit, as well as copies of the transit operators performance audits to the Department of Transportation, along with a cover letter stating that the operator performance audits were completed. TAMC is in compliance with this requirement.

8. Content of Transit Operator Performance Audit

The performance audits of the transit operators in Monterey County were conducted according to the rules and regulations laid out in the Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities published by the Department of Transportation.

The 1998-2001 performance audits included verification of the following performance indicators for fixed route and demand responsive service:

- Operating cost per passenger
- Operating cost per revenue hour
- Operating cost per revenue mile
- Passengers per revenue mile
- Passengers per revenue hour
- Revenue hours per full-time employee equivalent

For each indicator, a trend analysis was completed over a six-year period. TAMC is in full compliance with this requirement.

9. Rules and Regulations Regarding Revenue Ratios

For operators that serve a portion of any region which is in a designated urbanized area, PUC Section 99270.1 requires the responsible RTPA to establish rules and regulations to determine what portion of the operators' services serve the urbanized and non-urbanized areas respectively and to determine the applicable required fare revenue ratio. TAMC Bylaws stipulate that TDA funds will be distributed to the Cities, the County and the operators according to the provisions of the California Government Code and the Public Utilities Code. Thus, the transit operations for Greenfield, King City, and Soledad are subject to TAMC Bylaws and PUC Section 99268.2.

Salinas Transit and Monterey Peninsula Transit merged into Monterey-Salinas Transit in 1982, with the merged entity operating under the "base year" rules of PUC Section 99268.3. Thus MST until 2004 was required to achieve a 28.7% farebox recovery ratio. In May 2004 the TAMC Board of Directors adopted Resolution 2004-19, Monterey-Salinas Transit Reduced Ratios for Base Year Operators. Under this resolution, TAMC exercised its option under PUC Section 99268.12 to set the required ratio at not less than three-twentieths (15%) and made the following findings specifying reasons for this action:

1. MST passenger fares are already among the highest in the state; and
2. Insurance and fuel costs have risen significantly since the MST base fare was set in 1981; and
3. With the closure of Fort Ord in 1991, the population density of many of MST routes has been reduced, resulting in a reduction of passenger revenue for several MST routes; and
4. Since 1981 the service area of MST has significantly expanded to include long distance destinations such as Big Sur, Watsonville, Gilroy and King City, which has resulted in higher mileage routes with fewer passengers per mile and lower revenue per route compared to the cost of the route; and
5. The operating budget for MST for fiscal year 2004-05 is dependent upon lowering the ratio requirement in order to continue to make the fare recovery requirement in compliance with the TDA.

TAMC's LTF and STA application process requires each transit operator to report on its fare recovery ratio for the prior fiscal year as well as to present the projected fare recovery ratio for the budget year (i.e., the FY 2003-04 application requests the FBR for both FY 2002-03 and the projected FBR for FY 2003-04).

TAMC is in full compliance with the fare revenue requirement.

10. Article 4.5 Criteria, Rules and Regulations

Currently no entity in Monterey County is eligible to claim funds under Article 4.5 of the TDA, thus this requirement is not applicable to TAMC. If TAMC were to designate an operator as a consolidated transportation service agency (CTSA), that agency would be eligible to claim funds under Article 4.5, in which case, TAMC would be required to adopt criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and for determining the cost-effectiveness of the transit services.

11. State Transit Assistance (STA) Funds

PUC Section 99313.3 specifies that State Transit Assistance funds shall be allocated only for public transportation purposes, including community transit services. The auditor verified that TAMC allocates STA funds to transit operators for transit operations and transit capital purposes only.

12. STA Allocations

TAMC Bylaws specify that 10% of the STA funds available under PUC Section 99313 shall be apportioned to the MST RIDES Transportation Program for disabled persons, with the remaining 90% apportioned to each transit operator in the County according to the population they serve. The auditor verified that the STA funds apportioned via this formula matched the STA fund allocated to the region each year. TAMC is in compliance with the state's requirements.

13. Unmet Needs Process

If TDA funds are used for non-transit and non-pedestrian or bicycle projects, then the RTPA must follow a process concerning unmet transit needs as specified in PUC Section 99401.5. The RTPA must consult with the SSTAC, identify transit needs, adopt or reaffirm definitions of "unmet transit needs" and "reasonable to meet," identify any unmet transit needs that are reasonable to meet, and adopt a finding concerning the unmet transit needs. If the RTPA finds that there are unmet transit needs that are reasonable to meet, those needs must be funded before any funds are allocated for streets and roads purposes.

TAMC's definitions of "unmet transit need" and "reasonable to meet" were adopted by TAMC on March 23, 2001, after prior approval by the SSTAC and the TAC. Under the adopted TAMC definition, the following criteria must be met to determine there is an "unmet transit need":

1. The request has been identified as a deficiency at a public hearing, or at a meeting of the SSCTAC.
2. Community support expressed through the public hearing process.
3. Request represents a trip demand, and proposed transit services do not duplicate transit services currently provided either publicly or privately.

Once a determination has been made that there is an “unmet transit need”, the following six criteria must be met to find that the need is “reasonable to meet”:

1. The proposed service shall be feasible to fund within the existing and projected limits of TDA funds available to the affected jurisdiction(s).
2. An analysis has been made of the existing public transportation services and specialized transportation services, including privately and publicly provided services, and it has been determined that existing services do not meet this need.
3. An analysis has been made of the potential alternative public transportation and specialized transportation services and service improvements that would meet all or part of this request.
4. Funding of this transportation request would not result in Local Transportation Funds (LTF) replacing federal, and/or state revenues that presently fund this transportation request.
5. The proposed service is projected to generate the farebox recovery ratio as required of the operator (15% in the urbanized areas of Monterey Peninsula and Salinas served by MST, and 10% or more in the County unincorporated area and in South County Cities).
6. Existing transit operators are capable of expanding their services; or establishment of a new service is logistically feasible without negatively impacting the current transit system.

Prior to allocating TDA funds to streets and roads, TAMC completes the following tasks:

- Consults with the SSTAC
- Identifies unmet transit needs
- Adopts or re-affirms definitions of “unmet transit need” and “reasonable to meet”
- Adopts a finding that there are no unmet transit needs that are reasonable to meet.

In April 2001, the TAMC Board found no unmet needs deemed reasonable to meet for FY 2002-03.

In April 2002, TAMC adopted Resolution 2002-10 with the following findings for FY 2002-03:

- There are unmet transit needs, including needs that are reasonable to meet in South Monterey County cities, namely, implementation of fixed route service between Salinas and King City, and
- There is an unmet transit need that is reasonable to meet in the City of Soledad, namely the restoration of full-time operation of the Soledad Taxi service.

The resolution included the finding that TAMC would consider applications for Local Transportation Funds (LTF) streets and roads from the South County cities because funding was in place and a demonstration project for public transit service between Salinas and King City was programmed to begin before July 1, 2002.

The resolution additionally stated that the City of Soledad had one year to return its public transit service to an 8-hour service span Monday through Friday.

In May 2003, the TAMC Board approved the following two findings for FY 2003-04:

- 8-hour per day, 5-day per week service in the City of Soledad is an unmet transit need that is reasonable to meet. The resolution additionally stated that the City's LTF applications for streets and roads would be considered by TAMC only after the City submitted proof of resumption of Soledad Taxi services back to full service hours.
- Sunday service for the South County Tranist (MST Line 23) is potentially an unmet transit need that is reasonable to meet. The County and cities of Gonzales, Greenfield, King City, Soledad, and Monterey-Salinas Transit were directed to return with a validation of the unmet need, and an Action Plan on how Sunday service could be funded in FY 2004-05.
- On July 23, 2003, the TAMC Board adopted an amended resolution requested by Caltrans to clarify the Board's findings. The resolution directed TAMC staff to work with the County and South County cities to develop an action plan for Sunday Transit service for the South County Transit during the FY 2003-04 Unmet Transit Needs process, and made the finding that lack of 8-hour a day, 5-day per week taxi service was an unmet transit need that was reasonable to meet. The resolution also stated that TAMC would consider Soledad applications for streets and roads upon submittal by Soledad of proof of resumption of 8-hour a day, 5-day per week Soledad Taxi Service.

In April 2004, the TAMC Board adopted the following finding:

- Sunday service connecting the southern Monterey County cities (King City, Greenfield, Soledad and Gonzales) to Salinas is an unmet transit need that is reasonable to meet.

The TAMC Board took action to devote funding to expanding MST line 23 (South County) to Sunday service to meet this need.

TAMC is in substantial compliance with the TDA Unmet Transit Needs hearing process requirement. The area of noncompliance is in making unmet transit needs findings without following up with the required action regarding funding. As noted above, in April 2002, TAMC adopted a finding for FY 2002-03 that there was an "unmet transit need that is reasonable to meet in the City of Soledad", and gave the City of Soledad a one-year extension to meet the need. This one-year extension was provided to allow the City of Soledad time to recruit personnel to provide the full 8-hour day taxi service. However, such an extension is not in compliance with TDA requirements. TDA Article 99401.5 (e) states that if an RTPA adopts a finding that there are unmet transit needs, including needs that are reasonable to meet, the unmet transit needs shall be funded before any allocation is made for streets and roads within the jurisdiction. There is no provision allowing for an extension for the unmet need to be met in the subsequent year if the need has been determined by the RTPA reasonable to meet within the fiscal year.

14. Audits of Accounts and Records

TAMC hired the independent auditor, Moss, Levy & Hartzheim, to complete a fiscal audit of its accounts and records, and prepare financial statements each year during this audit period. The audits and statements were completed within the state mandated time limit. The statements did not co-mingle the STAF, the LTF, or other revenue or funds. Separate reports and statements on the schedules of allocations and disbursements for the fund accounts were prepared. TAMC complies with this requirement.

Chapter 3. Functional Review

This chapter provides a review of following functional areas:

1. Administration and management
2. Transportation planning and regional coordination
3. TDA administration
4. Marketing and transportation alternatives
5. Grant applications and management

Since most of the functions performed by an RTPA are difficult to quantify, the review relies heavily on TAMC's achievements in each of the functional areas.

1. Administration and Management

This functional area encompasses the general administration activities and oversight of the agency, including governing board activities, internal planning achievements, and personnel issues.

TAMC is effectively organized to fulfill its various responsibilities. The TAMC Board meets monthly and provides policy guidance to staff. The TAMC Board agendas, which include links to staff reports and attachments, are available at the agency's website. The Board minutes and highlights of each meeting are also posted, providing good public access for people who cannot attend the Board meetings to follow issues of interest. The agendas are also posted at the TAMC office, and the following libraries: Carmel, King City, Monterey, Salinas Steinbeck Branch, Seaside, Prundale, Harnell College and Monterey Peninsula College.

The agendas and minutes of the agency's advisory committees (TAC, BPC and SSTAC) are also posted on TAMC's website, and SSTAC's agendas are posted at most of the libraries noted above.

The Board minutes indicate that the meetings are well organized. There has been no problem obtaining a quorum at the meetings. However, the meeting location is somewhat inconvenient for South County members (i.e., King City, Greenfield, Gonzales and Soledad), a problem that TAMC administrative staff plans to evaluate new Board meeting locations that may be more convenient for South County and Monterey Peninsula members.

The interviewed Board members expressed satisfaction with TAMC's staff support and staff reports; Board members feel staff keeps them well informed on the issues. The Board also receives regular reports from its subcommittees as well as from Caltrans District 5, Association of Monterey Bay Area Governments, Ford Ord Reuse Authority, Monterey Bay Unified Air Pollution Control District, Monterey Peninsula Airport District, Monterey-

Salinas Transit, and the California Council of Governments. The monthly consent calendar includes approval of the minutes of the subcommittees (Executive Committee, Legislative Committee, and Rail Policy Committee), and the agency's advisory and public participation committees (TAC, BPC, and SSTAC). Ad hoc meetings of interested TAMC Board members with stakeholders every other month or so address high profile projects, such as the US101 Prunedale improvements and Salinas Road/SR1 projects, and finances.

TAMC adopts an annual budget that supports the agency's work program activities in May of every year, and approves in concept a budget for the last two years of a three-year budget cycle. TAMC staff monitor the budget to ensure costs do not exceed revenues. The agency's objectives are regularly reviewed through the development of the annual Work Program (WP). This major document guides TAMC's work and addresses the five functional areas as well as the state and federal transportation emphasis areas. The annual WP is incorporated into the AMBAG Overall Work Program. TAMC staff prepares and submits quarterly progress reports to AMBAG that track implementation of the work activities included in the WP.

Personnel related activities include recruitment, training and evaluations. Personnel changes during the period include:

- New Executive Director, hired in February 2003.
- Creation of new Deputy Executive Director position, filled from within the agency.
- Elimination of the Chief Transportation Planning Manager and Transportation Planning Manager positions.
- Reduction in planning staff by 1.5 positions.

A reorganization of the agency's staff, described in Chapter 1, resulted in creation of two new departments, and management efficiencies. There was also some attrition among the planning staff, and the agency was successful in recruiting and hiring highly qualified new employees.

The TAMC Board reviews the Executive Director's performance on an annual basis. Annual personnel evaluations of the TAMC staff allow staff to review their achievements and set goals for the coming year as well as discuss management expectations.

TAC members interviewed as part of this audit all mentioned that TAMC staffing was significantly improved over the period, and the agency as a result is much more effective. The staff was reported to be very supportive of member agencies, very knowledgeable and highly efficient.

2. Transportation Planning and Coordination

TAMC coordinates countywide transportation planning and programming and monitors new guidelines and legislation. TAMC's regularly scheduled Board and TAC meetings include agenda items relaying progress on regional transportation planning and programming activities. TAMC staff coordinates with staffs of other agencies on transportation plans, programs, and other comprehensive planning activities.

Regional Transportation Plan – Developing and adopting the RTP is one of the major responsibilities of TAMC. In February 2002, TAMC adopted the most recent update of the Monterey County Regional Transportation Plan (RTP), and certified its Environmental Impact Report. The purpose of the RTP is to provide policy guidance regarding the planning and programming of transportation projects for the next twenty years. The RTP identifies existing and future transportation related needs, considers all modes of travel, analyzes alternative solutions, and examines funding availability for the projects and programs. The RTP includes an Action Element, which prioritizes the planned transportation projects according to financial and air quality constraints, and a Financial Element that compares the anticipated costs of the improvements with projected revenues. The plan also includes financially constrained projects (projects identified as critical transportation needs over the planning period for which funding has not been identified).

AMBAG incorporates the Monterey County RTP prepared by TAMC into the Metropolitan Transportation Plan (MTP), which serves as the federally required document for the tri-county region. The 2005 RTP Update is currently in development. TAMC, AMBAG, and the Santa Cruz County Regional Transportation Commission and San Benito Council of Governments agreed to coordinate the development of the 2005 RTP Update with the 2005 MTP, including the environmental document, to reduce costs and duplication of efforts.

Regional Transportation Improvement Program (RTIP) – The RTIP is a four-year program of transportation projects for Monterey County prepared by TAMC that includes federally funded transportation projects, and projects nominated for inclusion in the State Transportation Improvement Program (STIP). The document is submitted to Caltrans and California Transportation Commission (CTC) for approval of funding priorities. TAMC adopted and submitted the 2002 RTIP to the CTC in December 2001, with subsequent revisions as requested by the CTC. The RTIP programmed \$32.5 million in STIP funds for highway capacity improvements, local road projects, and rail and bus facilities, as well as funding for a new Transit Oriented Development incentive program. The TAMC Board adopted the 2004 RTIP in March 2004, and ratified subsequent technical changes in July; the CTC approved the document in August 2004. The RTIP project list includes three new projects of region-wide significance (Highway 68 Safety and Operational Improvement Project, Highway 1 Climbing Lane near Carmel, and Highway 1 at Salinas Road Interchange), and funding for Planning, Programming, and Monitoring activities included in the annual TAMC's Work Program.

TAMC also administers federal aid funding programs, including the Regional Surface Transportation Program (RSTP), the Congestion Mitigation and Air Quality (CMAQ) program, and the Transportation Enhancement Activities (TEA) program.

Congestion Management Program (CMP) – As the Congestion Management Agency (CMA) for the region, TAMC periodically develops a traffic monitoring and level of service report. This report is prepared under contract with a consultant to assist in determining traffic congestion conditions and where deficiency plans might be required. Since 1996, under SB 437, CMAs have the option of whether to continue their CMPs. TAMC first adopted a CMP in 1992, with the last update in 1994. TAMC formed a subcommittee to create a CMP replacement program better suited to local needs, and opt out of the statewide CMP requirements. That program is called Congestion Analysis Level of Service Management (CALM). Included in the CALM efforts is creation of a new regional traffic impact fee. A subcommittee of the TAC is providing input on the fee development.

Regional Bikeway Planning – TAMC adopted its first Regional Bikeway Plan in 1994. The plan was updated in 1999; a minor update was planned for 2003, but will not be completed until FY 2004-05. The update will set priorities for regional bikeway improvements. Completion of the update will meet state requirements for eligibility for Bicycle Transportation Account funding. A project list for all jurisdictions was completed in early 2004, and the TAC established criteria for setting project priorities.

In 2003 TAMC staff worked closely with the Bicycle Pedestrian Facilities Advisory Committee and the EMC Planning Group to design and publish an updated Monterey Regional Bikeway Map.

Other accomplishments during the period include the creation of a Bicycle Facilities Service Request program in 2002 that allows bicyclists to report potential roadway and bikeway hazards to public works departments, distribution of bicycle lockers and racks throughout the County under the Bicycle Protection Program in 2003, and work in initiating the Monterey Bay Sanctuary Scenic Trail in 2004. Bike Week events are held annually, and during the audit period shifted from having a consultant coordinate the activities to bringing the function in-house, organized through a sponsorship program with a team of volunteers. Over 1,350 cyclists participated in Bike Week 2004.

Rail Planning – Rail planning has become an ever more important focus of the agency. TAMC is responsible for developing funding plans and implementing activities related to initiating rail service in the San Francisco-Monterey Peninsula and the San Jose/Gilroy-Salinas Corridors. The TAMC Rail Policy Committee, a subcommittee of the Board provides policy direction and input on these activities.

In 2002, TAMC contracted with Parsons Transportation Group to complete the alternatives analysis and environmental review of the Caltrain Extension Project planned between San Jose/Gilroy and Salinas, including conceptual design of station and yard improvements at the three stations in Salinas, Castroville and Pajaro, and completion of the necessary state and federal environmental documents. In 2004, a federal earmark of nearly \$1 million was

awarded to TAMC to continue this effort and apply for federal new starts funding. In 2003, TAMC purchased the Monterey Branch Line with Proposition 116 funds as a first step in the San Francisco to Monterey Peninsula service. TAMC also participates in the Coast Rail Coordinating Council, which identifies capital improvements for increased service along the Union Pacific mainline between Sacramento and Los Angeles.

Regional Coordination – TAMC coordinates its regional planning efforts with other counties through AMBAG involvement. In the audit period, TAMC provided input into the Santa Clara Valley Transportation Authority's (VTA) Southern Gateway Study of the transportation network needs for travel occurring between Santa Clara, northern Monterey, eastern Santa Cruz, San Benito and western Merced counties. The study evaluated the need for highway improvements to serve travel demand in this multi-county region. TAMC staff also participates as an ex-officio member on the Ford Ord Reuse Authority (FORA) and assists with the ongoing transportation planning for the former military base.

3. TDA Administration

The agency processes TDA claims for both the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STAF). TAMC's Bylaws clearly delineate the process and schedule for administering TDA funds. By February 1 of each year, the County Controller furnishes TAMC with an estimate of LTF money available for the upcoming year. TAMC advises the claimants of their LTF apportionment by the first of March. Transit claims are submitted to TAMC by April 1. TAMC also monitors transit operator implementation of recommendations in the triennial performance audit required under the TDA.

The apportionment memo also provides instructions on how to complete the TDA funding applications. There are two separate TDA application forms, one for claiming LTF and STA funding for public transit and special transportation services, and the second for applying for funds for street construction, street maintenance, local jurisdiction bicycle/pedestrian projects, contributions to the Congestion Management Agency, and local transportation planning.

TAMC Bylaws require the jurisdictions making applications for streets and roads projects to first hold a public hearing to identify any unmet transit needs of the jurisdiction, and determine if there are unmet transit needs that are reasonable to meet. Claims for street and road project funding must be accompanied by a description of the project construction detail, a Resolution describing the jurisdiction's public hearing on unmet transit needs, the applicant's finding on unmet transit needs, as well as minutes and comments from the hearing. The requirement for these hearings refers to the County, and cities of King City, Greenfield, Soledad and Gonzales. The City of Salinas and Monterey Peninsula cities use 100% of the available TDA funds to support public transit; therefore public hearings on unmet transit needs are not required of these jurisdictions.

The unmet transit needs process is a major element of TAMC's work on TDA. In 2003, the Unmet Transit Needs (UTN) Public Hearing Process and TDA allocation included the following scheduled activities:

- 9/23/03: City of King Public UTN Public Hearing
- 9/25/03: City of Greenfield UTN Public Hearing
- 10/1/03: City of Soledad UTN Public Hearing
- 10/9/03: SSTAC meeting to discuss UTN process
- 10/20/03: City of Gonzales UTN Public Hearing
- 10/28/03: Monterey County UTN Public Hearing
- 12/3/03: First TAMC Board UTN Public Hearing
- 12/11/03: SSTAC UTN Public Hearing
- 2/12/04: SSTAC meeting to discuss needs/recommendations
- 3/24/04: TAMC Board finding/resolution of Unmet Transit Needs
- 4/1/04: Submittal of local agency FY 04-05 LTF claims to TAMC.

TAMC approved the local agency FY 2004-05 LTF applications between April and August of 2004.

Interviews with TAC and SSTAC members found a general perception that TAMC staff is very thorough in administering the TDA process, and in providing technical assistance. TAC members expressed satisfaction with the timeliness of the TDA funding allocation process.

The auditor found one area where improvement is indicated in the Unmet Transit Needs hearing process. Several SSTAC members interviewed, including one transit operator, felt the public hearing scheduling and noticing by the cities was insufficient to allow adequate notification of social service agencies and the public in general, resulting in a general lack of attendance at the meetings. TAMC staff is aware of this issue and is developing policies that will allow for more effective notice of public hearings for unmet transit needs. TAMC posts news releases of its own public hearings 10 days in advance of the meetings, and notices are published in local newspapers.

One other issue identified by SSTAC members relates to the need for orientation/education of new SSTAC members regarding their role in the Unmet Transit Needs process. In response to this identified issue, TAMC staff is planning to provide a regular SSTAC Unmet Transit Needs process orientation at the beginning of each year (such an orientation was conducted in February of 2005, beyond the audit period).

4. Marketing and Transportation Alternatives

TAMC maintains a comprehensive website that provides detailed information about the agency, including activities and meeting schedules, and the agendas and minutes of the Board and its advisory committees. For many years, TAMC has prepared and distributed "highlights" of the Board meetings. The Highlights are now posted monthly on the website. In 2003, TAMC updated its public participation mailing list, and initiated electronic distribution of the Highlights, meeting agendas and news releases.

The website includes information on transportation alternatives, including a web page devoted to transit projects which identifies the public transit providers in the region and presents a regional map of bus service and public transportation. Proposed Monterey County rail services are also profiled on the site, as is TAMC's bicycle and pedestrian program. As noted earlier, in 2003, the agency published an updated Monterey County Bike Map; the map is available in paper format free, and in a more durable Polyart paper format for \$5.00 each retail, or \$2.50 wholesale for 10 or more copies.

TAMC's website includes a link to Monterey-Salinas transit website, which publishes route and schedule information, as well as information on RIDES, the public paratransit MST component. The agency contracts with AMBAG to provide regional vanpooling and carpooling, and marketing of these transportation alternatives.

In FY 2002-03, TAMC replaced its Citizens Advisory Committee with a more comprehensive Public Participation Plan with a variety of public involvement activities. Included among the activities are targeted presentations on various TAMC projects to community organizations. During the year, the Executive Director made at least one presentation to each member jurisdiction's policy body at their regularly scheduled public meetings, and attended and made presentations at Chambers of Commerce and Rotary Club meetings throughout the county. In addition, continued involvement was sought from agricultural, business and development interests through ad hoc shareholders meetings on high profile projects.

To encourage and reward public involvement in transportation activities and issues, TAMC initiated a Transportation Excellence Awards program in FY 2002-03. The program honors individuals, businesses, groups or programs in the local communities for their contributions towards improving transportation in Monterey County, recognizing outstanding accomplishments in the county. The awards also increase TAMC's visibility in the community.

In FY 2002-03, TAMC created the Transportation for Livable Communities Transit-Oriented Development Incentive Program (TLC), which rewards jurisdictions with additional transportation funds if they approve new housing and mixed-use development in urban locations near transit hubs. The goal is to promote infill development in walkable areas, increase living and transportation choices and reduce the need to build additional transportation infrastructure.

5. Grant Administration and Management

This functional area includes technical assistance to member agencies as they apply for funding from non-TDA sources, including federal government, non-TDA state grants, apportionments from local sources, and grants from private and non-profit organizations.

TAMC approves a fiscal program of projects for public transit services in the cities of King, Greenfield, and Soledad and to MST for South Monterey County Transit Services for FTA Section 5311 funding. TAMC also annually reviews FTA Section 5310 applications for vehicle replacement or vehicle expansion projects and associated equipment needs. SSTAC reviews the applications and makes recommendations to the TAMC Board.

TAMC is also responsible for administering funding programs created under the federal Transportation Equity Act for the 21st Century (TEA-21). Several of these programs as they relate to this functional area include the Congestion Mitigation and Air Quality (CMAQ) program, the Regional Surface Transportation Program (RSTP), and the Transportation Enhancement Activities (TEA) program.

Some examples of TAMC's work in this area include the 2002 STIP, which proposes \$12.9 million in funds for local projects in each TAMC jurisdiction, and annual distributions of the RSTP Fair Share allocations. In 2003, the Board approved \$5.25 million in competitive RSTP funds to 13 projects in the region. The scoring criteria for projects to be funded from the competitive RSTP were adopted on 2/26/03. Projects are selected for RSTP grant awards based on how soon they can be constructed, their regional significance, and their priority to the local sponsor. The 2004 RTIP included \$3.93 million in programmed Transportation Enhancement funds for the region.

TAMC implemented several creative funding swaps during the audit period. In one case, the TAMC Board authorized a loan of up to \$2 million to Monterey-Salinas Transit (MST) in December 2002 to help the transit agency manage a short-term cash flow crisis due to delays in receiving federal transit operating funds. The funds were transferred from the Regional Surface Transportation Program/State Highway Account Exchange fund. In another funding swap, \$250,000 in federal CMAQ funds originally awarded to MST was exchanged in August of 2003 with funds from the more flexible state RSTP. In this case, MST was able to use the federal funds for a Lighthouse Avenue Signal Pre-emption project, while Pacific Grove gained funds to initiate environmental review and design for repair of the Pacific Grove Trail.

Member agencies interviewed stated that TAMC's performance in this functional area had improved significantly during the audit period with the new staffing of the agency, and is now excellent.

Chapter 4. Review of Prior Audit Recommendations

The prior performance audit of TAMC included three recommendations. Progress in implementing these recommendations is summarized below.

Prior Audit Recommendation #1: TAMC should take necessary steps to ensure that in the future all TDA fiscal and compliance audits are completed within 180 days of the end of each fiscal year, as required by law.

Prior Auditor Rationale: This recommendation was carried forward from the prior triennial performance audit for FY 1995-98. While TAMC and the cities of Greenfield, Soledad and King City had contracted with one firm to conduct their financial audits, all three south county cities did not submit their audits on time in FY 2001, and King City was late in all three years.

Current Status: Partially implemented. King City did not submit fiscal audits for FY 2002-03 or FY 2003-04. TDA funds for FY 2003-04 were not withheld by TAMC as a result of the submittal noncompliance. The initial TDA allocation for FY 2004-05 also included funds for King City. However, in December 2004, TAMC notified the City that it would not pay additional TDA claims for FY 2004-05 pending receipt of the fiscal audits for FY 2002-03 and FY 2003-04. In addition, TAMC notified King City that future TDA funds (FY 2005-06) would not be allocated to the City until audits for these two prior years have been finalized and submitted. The City has retained an auditor who anticipates completion of the FY 2002-03 audit by the end of April, and completion of the FY 2003-04 audit by the end of May. The recommendation is carried forward in this audit.

Prior Audit Recommendation #2: Provide technical assistance to transit operators and monitor implementation of performance audit requirements.

Prior Auditor Rationale: The prior auditor noted that this recommendation had also been carried forward from the triennial performance audit for 1995-1998, and that while TAMC had made progress in addressing the recommendation, TAMC should require MST to report on its progress in implementing productivity-related recommendations of its performance audit.

Current Status: Fully Implemented. TAMC requires the transit agencies to identify actions taken to implement the productivity improvements recommended in the prior performance audit in the TDA claims submitted annually. TAMC TDA allocation resolutions for each of the audit years included the finding that the claimants had made a reasonable effort to implement the recommendations.

Prior Audit Recommendation #3: TAMC should fully appoint the Social Services Transportation Advisory Committee (SSTAC).

Prior Auditor Rationale: TAMC continues to have difficulty fully appointing the SSTAC, and although the committee has always included representation from each of the six member categories required by the TDA, the membership has not included representation from South County, where the issue of unmet transit needs is particularly relevant.

Current Status: This recommendation is still appropriate; the committee's membership does not include specific geographic representation. The appointed members are primarily from either Salinas or Monterey, resulting in little representation from South County. The membership does include representatives from regional agencies (for example, Community Action Commission, Area Alliance on Aging and Area Agency on Aging). These committee members represent their clients throughout the County, however, the members may not be aware of community specific needs.

Chapter 5. Findings and Recommendations

The audit findings and recommendations are presented below.

Findings

1. TAMC underwent a reorganization of the planning and management staff during the period, which, coupled with successful recruitment of highly qualified experienced new employees to replace employees who left the agency, resulted in significant improvements in the efficiency and effectiveness of the agency.
2. The Board is well informed on the transportation issues in the region by TAMC staff, and provides effective direction to the agency.
3. TAMC processes its TDA claims efficiently and in a timely manner. All agency representatives interviewed praised TAMC staff, stating that the technical assistance provided by TAMC had improved significantly over the period.
4. TAMC does an effective job of administering numerous grant programs to benefit local public transportation agencies and programs. All claimants interviewed stated that TAMC had an excellent track record in obtaining funding for the agencies and working creatively with funding programs to assure the local projects could be delivered despite the reduction in state funding.
5. TAMC has an expanding Rail Program, including acquisition of the Monterey Branch Line during the audit period, the first step toward initiating rail or bus rapid transit service linking the Monterey Peninsula and San Francisco. TAMC purchased the Monterey Branch Line and assumed leases along the corridor during the audit period, with a resulting role shift from an agency with strictly planning and programming responsibilities to one that also has property ownership and management responsibilities.
6. TAMC is in compliance with all relevant provisions of the TDA, with the following exception: The RTPA is to ensure that each claimant to whom it allocates TDA funds submits an fiscal and compliance audit to the State Controller within 180 days after the end of each fiscal year (the RTPA may grant an extension of up to 90 days as it deems necessary). PUC Code Section 99245, and Code of Regulations Article 5 Section 6664 specify the completion and submission of the annual fiscal audit as a requirement for TDA funding allocation; no allocation shall be made to any claimant that is delinquent in its submission of a fiscal and compliance audit report. TAMC did not enforce this requirement during the audit period, as TDA funding was allocated to King City despite the lack of the required submittal by the required deadline. The fiscal and compliance audits for King City were not completed and submitted for two of the audit years, and were not submitted within the timeframe specified by law in at least two prior years. However, TAMC did

notify King City in December 2004 TAMC that no additional TDA claims would be paid until the fiscal audits for FY 2002-03 and FY 2003-04 are completed and approved.

7. TAMC is to be commended for the efforts undertaken during the period to be more inclusive of the public. The new Public Participation Plan includes various activities to increase public participation as well as TAMC's visibility in the community. TAMC's comprehensive website is user-friendly (to users who have high speed internet access) and provides the public with a wealth of information about TAMC programs and activities. The agendas, staff reports, minutes and highlights of TAMC Board meetings are posted monthly, as are the agendas and minutes of TAMC advisory committee meetings.

Recommendations

Recommendation #1: TAMC should take necessary steps to ensure that in the future all TDA fiscal and compliance audits are completed within 180 days of the end of each fiscal year, as required by law.

This recommendation, made in the last two triennial performance audits, has not been implemented and is still valid. King City did not submit fiscal audits for FY 2002-03 or FY 2003-04. TDA funds were not withheld by TAMC as a result of the deadline noncompliance, however, TAMC has notified King City that additional claims for FY 2004-05 will not be paid, and that future TDA funds will not be allocated to the City until audits for the previous years have been finalized and submitted.

Recommendation #2: TAMC should make appointments to the Social Services Transportation Advisory Committee (SSTAC) that allows representation from all areas of the County among the required membership categories.

Although the committee has always included representation from each of the six member categories required by the TDA, the membership is not based on geographic representation. There is little representation from South County communities. The membership includes representatives from regional agencies (for example, Community Action Commission, Area Alliance on Aging and Area Agency on Aging). However the specific appointed members from these agencies are primarily from either Salinas or Monterey because of the location of the agencies' offices. While these committee members represent their clients throughout the County, they may not be fully apprised of the transportation issues specific to outlying communities. This policy of representation from the County's urbanized areas may result in representatives less aware of, or concerned with, transportation issues specific to the rural parts of the County. Even if the representatives are fully effective in addressing rural issues, lack of representation for the South County may lead to the perception of second-class status by South County citizens and jurisdictions. In addition, the South County cities are growing rapidly. TAMC staff should work with the existing SSTAC membership to identify potential representatives from the South County, where the issue of unmet transit needs is particularly relevant.

Recommendation #3: TAMC should prepare orientation materials for new members of its advisory committees.

There is a wealth of information supplied on TAMC's website regarding the agency and its roles and responsibilities, as well as information about its advisory committees, including each committee's adopted Bylaws which clearly delineate the roles and responsibilities of the committee. Nevertheless, interviewed SSTAC members expressed the need for a separate orientation meeting annually, or distribution of orientation materials, to familiarize new members with the process. The requested materials include a concise explanation of the committee's role, and a dictionary/list of acronyms. The use of unfamiliar acronyms at the meetings was identified as a barrier for new members' effective participation in the committee.

In February 2005 (beyond the audit period), TAMC staff conducted a SSTAC orientation in response to this issue. The auditor has been assured that in the future TAMC will provide orientation for new members of its advisory committees at the beginning of each calendar year. In February 2005, staff completed a revised Resource Guide for TAMC Board Members that could be distributed to TAMC Committee members as part of the annual committee orientation meetings.

Recommendation #4: TAMC should work with the cities to ensure that their Unmet Transit Needs public hearing noticing allows sufficient time for SSTAC notification and public involvement.

Several SSTAC members interviewed for this audit indicated that the public hearing scheduling and noticing by the cities was insufficient, as they didn't have time to "get the word out" to their members about the unmet transit needs hearings to be held by the cities, and they felt this resulted in a lack of participations by affected citizens.

The auditor was assured that in response to this identified issue, TAMC is working with South Monterey County Cities and the County of Monterey to establish a noticing procedure for future Unmet Transit Needs public hearings, requiring information about the scheduled hearings to be distributed at least 14 days in advance of the hearings, with a goal of a 30-day lead time.