



**FYs 2011–2013**  
**Triennial Performance Audit of**  
**Transportation Agency for**  
**Monterey County (TAMC)**

**December 2014**

Submitted to:

**Transportation Agency for Monterey County**

Prepared by:

**PMC**<sup>®</sup>  


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## Executive Summary

The Transportation Agency for Monterey County (TAMC) retained PMC to conduct its Transportation Development Act (TDA) performance audit for Fiscal Years (FY) 2010–11 through 2012–13. As a Regional Transportation Planning Agency (RTPA), TAMC 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) to continue receiving TDA funding. TDA funds are used for TAMC administration and planning of public transportation, and distribution for public transit services and non-motorized projects.

This performance audit is intended to describe how well TAMC is meeting its administrative and planning obligations under TDA, as well as its organizational management and efficiency. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008 (third edition)* published by the California Department of Transportation was used to guide in the development and conduct of the audit. To gather information for the TDA performance audit, PMC conducted interviews with agency staff and Board members as well as with the public transit operator, reviewed various documents, and evaluated TAMC's responsibilities, functions, and performance of the TDA guidelines and regulations.

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

### Compliance with TDA Requirements

TAMC has satisfactorily complied with applicable state legislative mandates for Regional Transportation Planning Agencies. One compliance measure that did not apply to TAMC pertains to adopting rules and regulations for TDA claims under Article 4.5. TAMC does not use this article section to disburse TDA funds.

### Status of Prior Audit Recommendations

The prior audit did not provide any recommendations. Given that the only finding was related to oversight of the transit operators that were consolidated into Monterey-Salinas Transit (MST) during this audit review period, no prior recommendations were presented.

### Functional Review

1. TAMC's mission is to develop and maintain a multimodal transportation system that enhances mobility, safety, access, environmental quality, and economic activities in

Monterey County. The agency has proven its adeptness in fulfilling its mission in many aspects. The TAMC Board of Directors sets policy and oversees a professional staff of 13 full-time and 2 part-time employees.

2. Several large projects were undertaken or in the planning stages during the audit period in an effort to improve safety and reduce congestion, including the Salinas Road/SR 1 Interchange Project, the SR 156 Widening Project, the US 101/San Juan Road Interchange Project, and the Prunedale Bypass Improvement Project.
3. Progress by TAMC is made through active support of the Board of Directors. Regular monthly Board meetings are held on the fourth Wednesday of the month and are well attended by the Board members based on the auditor's review of meeting minutes during the audit period. This is an indication of the Board's education, interest, and engagement on transportation topics. Board meetings are convened at the County of Monterey Agricultural Center in Salinas.
4. TAMC has worked to broaden representation of South County constituents as well as proven adept at delivering key transportation projects despite limited funding and a lengthy environmental review process. TAMC staff have built upon their focus, knowledge, and professionalism.
5. TAMC adopted the 2012 RTIP at its December 2011 meeting in order to be incorporated into the 2012 STIP. The 2012 RTIP was consistent with the STIP Guidelines adopted by the CTC in August 2011. Subsequent to the adoption of the 2012 RTIP, TAMC began development of the 2014 RTIP in 2013 that builds on the projects programmed into the prior RTIP as well as provides funding toward alternative transportation modes.
6. The draft 2014 RTP was developed by TAMC staff in cooperation with AMBAG and covers a 20-year planning horizon. The goal of the 2014 RTP is to address two challenges affecting circulation and mobility in Monterey County. The first challenge pertains to decreasing transportation revenues in a period of increasing need, and the second challenge concerns state and federal revenues that have become less reliable in recent years.
7. TAMC has also been involved in efforts to extend commuter passenger rail service to Salinas from the Bay Area through right-of-way and station improvements. This would allow Caltrain or Amtrak's Capitol Corridor to extend rail service into Monterey County as well as facilitate the reintroduction of Amtrak's Coast Daylight service between downtown Los Angeles and downtown San Francisco.
8. TAMC's Administrative Policies and Procedures provide the documented guidance for TDA fund administration and distribution. The Policies and Procedures describe the processes undertaken to ensure the proper sequence of actions and the eligibility requirements for the claimants.

9. For public transit claims, MST no longer submits a claim form since it receives all the LTF allocation for transit in the county under PUC Section 99260(a). In lieu of a claim form, TAMC will prepare a memorandum to the County of Monterey Auditor-Controller requesting an electronic transfer of funds from the LTF holding account to MST's bank made on a monthly basis.
10. TAMC utilizes a number of public information and community engagement approaches. Public access and information about TAMC and its activities are available through its website (<http://tamcmonterey.org/>), which is an extensive resource. TAMC publishes an annual report highlighting its activities and televises its Board meetings and posts the video links on the website.

Four recommendations are provided to improve TAMC's administration and management relating to TDA. Each recommendation is described in detail in the last chapter of this audit. These recommendations are summarized as follows:

1. *Re-commence the TDA claims process for MST.*

TAMC's Administrative Policies and Procedures provide the documented guidance for TDA fund administration and distribution. The Policies and Procedures describe the processes undertaken to ensure the proper sequence of actions and the eligibility requirements for the claimants. As a transit district, MST has received TDA funds allocated to Monterey County on behalf of its constituent agencies. MST has not been required by TAMC to submit annual claims for LTF and STA funding as a result of being eligible for most of the TDA revenue. In lieu of a claim form, TAMC will prepare a memorandum to the County of Monterey Auditor-Controller requesting an electronic transfer of funds from the LTF holding account to MST's bank account on a monthly basis.

Prior to this change, claims for TDA funds were submitted in compliance with the rules and regulations adopted by TAMC. Pursuant to PUC Section 99260(a), claims may be filed with the transportation planning agency by operators for the support of public transportation systems. Sections 6630–6632 (for LTF) and 6732–6734 (for STAF) of the California Code of Regulations (CCR) state that any claimant wishing to receive an allocation from a county's local transportation fund or regional entity's state transit assistance fund shall file an annual claim with the transportation planning agency in accordance with the rules and regulations established by the transportation planning agency, pursuant to PUC Section 99261, or in the absence of such rules and regulations at least 90 days prior to the beginning of the fiscal year. As an industry practice for transparent and documented processes, it is recommended that TAMC work with MST to reinstate the formal TDA claims procedures and requirements to apply and receive the funds. A TDA claim form provides a method to identify and recommend productivity improvements and enables TAMC to monitor MST's performance as part of its fiduciary duty and role as the RTPA.

2. *Work with MST on further integrating the SSTAC and MAC to ensure broad access on soliciting unmet needs.*

With LTF being allocated either to public transit or bicycle and pedestrian use, a formal unmet transit needs process is no longer required pursuant to PUC Section 99401.5. However, in compliance with PUC Section 99238.5, TAMC is still required to hold at least one public hearing to solicit comments and input on public transportation with assistance from the Social Services Transportation Advisory Council (SSTAC). The Monterey-Salinas Transit Mobility Advisory Committee was tapped by TAMC, in partnership with MST, to absorb the functions of the SSTAC. As part of the SSTAC's efforts to collect public comments on unmet transit needs, SSTAC representatives attend outreach meetings in the fall at both North and South County locations. TAMC should ensure that annual public hearings are rotated around the county in the spirit of SSTAC unmet needs requirements in areas that represent membership of the Mobility Advisory Committee and the MST service area coverage. Access to public comments on potential unmet needs should remain a priority from the integration of these two groups.

3. *Rotate TAMC Board meetings around the County to better engage the public.*

Regularly scheduled meetings of the TAMC Board of Directors convene at the County of Monterey Agricultural Center in Salinas. This audit acknowledges the efforts made by TAMC to make Board meetings more accessible to the public. For instance, Board meetings are televised and videos archived to the website. A suggestion for further reach to the community would be for Board meetings to be alternated at least once or twice a year in other parts of the county to encourage participation by the communities and enhance TAMC visibility regionwide. This method of alternating meetings by geography is conducted by other transportation planning agencies with success.

4. *Formally adopt rules and regulations establishing the farebox recovery ratio for MST.*

The guidance contained in the TAMC Administrative Policies and Procedures does not provide language that helps to ensure MST's compliance with the required farebox recovery ratio. Since becoming a transit district and expanding its service area into non-urbanized areas, MST would be subject to an intermediate farebox ratio determined by TAMC. However, the Administrative Policies and Procedures document does not indicate the required ratio. Rather, the Financial Highlights section of the MST Comprehensive Annual Financial Report (CAFR) states that operating income from patron fares and/or local transaction and use taxes must cover at least 15 percent of applicable operating expenses to be eligible for the State of California Transportation Development Act (TDA). It is recommended that TAMC formally adopt rules and regulations establishing that MST would be subject to the 15 percent farebox recovery ratio as indicated in the CAFR, and include the policy in the Administrative Policies and Procedures.

## Section I

### Introduction – Initial Review of RTPA Functions

The Transportation Agency for Monterey County (TAMC) retained the firm PMC to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, FYs 2010–11 through 2012–13. As a Regional Transportation Planning Agency (RTPA), TAMC 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 TDA, is intended to describe how well TAMC is meeting its administrative and planning obligations under TDA.

### Overview of TAMC

TAMC is responsible for delivering a full range of safe, convenient, reliable, and efficient transportation choices for the community. TAMC's mission is to develop and maintain a multimodal transportation system that enhances mobility, safety, access, environmental quality, and economic activities in Monterey County.

TAMC was established in 1992 to coordinate congestion management planning as the successor agency to the Monterey County Transportation Commission. The agency later became a state-designated Regional Transportation Planning Agency (RTPA) under California Government Code Sections 67930 and 67931. In addition, TAMC serves as the designated Congestion Management Agency (CMA), Local Transportation Commission (LTC), and Service Authority for Freeways and Expressways (SAFE).

TAMC comprises 17 voting members plus 6 ex-officio members. Consistent with law, the governing body is composed of all five members of the Monterey County Board of Supervisors, one member from each of the 12 incorporated cities in the county, and ex-officio members representing the California Department of Transportation (Caltrans), Monterey-Salinas Transit (MST), the Association of Monterey Bay Area Governments (AMBAG), the Monterey Bay Unified Air Pollution Control District, the Monterey Regional Airport, and the City of Watsonville in Santa Cruz County. An alternate member may serve in the place of the regular member when the regular member is absent or disqualified from participating in a meeting of the governing body.

State legislative approval of Senate Bill 465 in 2002 provided additional powers to TAMC to act as a Rails/Trails Authority. Government Code Section 67931 added powers of eminent domain and the power to preserve, acquire, construct, improve, and oversee multimodal transportation projects and services on rail rights-of-way within Monterey County in any manner that

facilitates recreational, commuter, intercity, and intercounty travel. It also provides authority to TAMC to contract for any services to accomplish its purpose.

TAMC is guided by its published bylaws specifying its membership requirements and procedures for administering various funding sources. The TAMC Administrative Policies & Procedures manual contains procedures for establishing and processing Transportation Development Act apportionments, which are a major funding source for TAMC’s operations. Funds are established to account for funds that are restricted for a specific project or use. TAMC adopts a three-year budget each May for upcoming three 12-month fiscal years, each beginning July 1 and ending June 30.

Monterey County is located along the central coast region of California and forms the southern portion of Monterey Bay. The county is bordered by San Benito County to the east, San Luis Obispo County to the south, Fresno and Kings counties to the southeast, and Santa Cruz County to the north. Established in 1850, the county was one the original counties in California. The county derives its name from Monterey Bay, which was named in honor of the Conde de Monterey (Count of Monterey) by Sebastián Vizcaíno in 1602. Parts of Monterey County were ceded to San Benito County in 1874.

Agriculture, education, government services, health care, military operations, and tourism are mainstays of the local economy. Major highways traversing Monterey County include US Highway 101 (US 101) and State Routes (SR) 1, 68, 146, 156, 183, and 198. US 101 is the main north–south highway that runs through the Salinas Valley and connects the county with the Bay Area and San Luis Obispo. SR 1 is the main coastal highway connecting the cities of Carmel-by-the-Sea, Monterey, and Seaside as well as the scenic Big Sur coastline to the south. SR 68 is the main east–west highway connecting Salinas and the Monterey Peninsula. A demographic snapshot of key cities and the county is presented below in Table I-1.

**Table I-1  
Monterey County Demographics**

<b>City/Jurisdiction</b>	<b>2010 US Census Population</b>	<b>Change from 2000 US Census %</b>	<b>Population 65 Years &amp; Older %</b>	<b>Land Area (in square miles)</b>
Carmel-by-the-Sea	3,722	-9.9%	35.68%	1.08
Del Rey Oaks	1,624	-1.6%	18.97%	0.48
Gonzales	8,187	+8.6%	5.99%	1.92
Greenfield	16,330	+29.8%	2.70%	2.14
King City	12,874	+16.0%	5.90%	3.85
Marina	19,718	-21.4%	11.38%	8.88
Monterey	27,810	-6.4%	15.45%	8.47
Pacific Grove	15,041	-2.8%	21.57%	2.87
Salinas	150,441	-0.6%	7.48%	23.18
Sand City	334	+28.0%	2.69%	0.56
Seaside	33,025	+4.2%	8.61%	9.24

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census %	Population 65 Years & Older %	Land Area (in square miles)
Soledad	25,738	+124.8%	4.61%	4.41
Unincorporated Area	100,213	+0.6%	13.14%	3,254.87
Total Monterey County	415,057	+3.3%	10.70%	3,321.95

Source: 2010 US Census

The city of Salinas is the county seat and largest city. Population growth rates in the county and its incorporated cities varied between the 2000 and 2010 US Census, with some showing increases and others showing decreases. The exceptions to the variable trends were the south county cities which all continued to grow, with Soledad exhibiting the highest percentage increase in population. The senior citizen population, comprising residents aged 65 and over, is 10.7 percent countywide. The 2014 population for Monterey County is estimated to be 425,756 as reported by the California Department of Finance.

## Organizational Structure

Regular meetings of the TAMC Board of Directors are held the fourth Wednesday of each month at 9:00 a.m. Board meetings generally convene at the County of Monterey Agricultural Center Conference Room in Salinas. TAMC Board meetings are usually televised on Monterey County Comcast Channel 28. Streaming videos of the meetings are also available through the TAMC website.

In addition to the governing Board, there are five standing committees. Each is briefly described below.

- Technical Advisory Committee
- Executive Committee
- Bicycle and Pedestrian Facilities Advisory Committee
- Rail Policy Committee
- Social Service Transportation Advisory Council

**Technical Advisory Committee (TAC):** The TAC advises the TAMC Board on regional transportation improvement projects, transportation planning programs, and transportation funding programs. In addition, the TAC gives input relating to how federal and state funds should be spent on transportation projects in Monterey County. The 19-member TAC comprises public works and planning officials from the 12 incorporated cities in Monterey County, Monterey County Public Works, Monterey County Planning, Caltrans, MST, the Fort Ord Reuse Authority, the Monterey Bay Unified Air Pollution Control District, and AMBAG. The TAC convenes the first Thursday of each month at 9:30 a.m. in the TAMC Conference Room. There are no meetings in July or December.

*Executive Committee:* The Executive Committee is a policy committee that advises TAMC on critical policy and agency administrative issues, including the development of draft annual state and federal legislation to the TAMC Board and oversight of federal earmark funding requests. The membership comprises six TAMC Board members: TAMC Chair, Vice Chair, Second Vice Chair, the Immediate Past TAMC Chair, a City representative, and a County representative. The TAMC Chair and Vice Chair serve as the Chair and Vice Chair (respectively) of the Executive Committee. The TAC convenes the first Wednesday of the month at 8:30 a.m. in the TAMC Conference Room.

*Bicycle and Pedestrian Facilities Advisory Committee (BPC):* The purpose of the BPC is to advocate bicycle and pedestrian travel as viable alternative modes of transportation and to advise TAMC, its member agencies, and private development with respect to bicycle and pedestrian facilities and travel. BPC membership comprises citizen representatives from each supervisorial district and incorporated city in Monterey as well as representatives from public agencies and a bicycle/pedestrian advocacy group, as appointed by the TAMC Board. The BPC convenes the first Wednesday of the month at 6:00 p.m. in the TAMC Conference Room.

*Rail Policy Committee:* The Rail Policy Committee advises the TAMC Board on matters related to the reestablishment of passenger rail service in Monterey County. Currently, two rail corridors are under study: Salinas to San José via Gilroy, and service to the Monterey Peninsula. TAMC currently owns the rail right-of-way for the Monterey Branch Line, which extends from Castroville to Seaside. The committee comprises TAMC Board members or their alternatives from the following jurisdictions on the rail corridors: the Cities of Salinas, Marina, Sand City, Seaside, and Monterey, Supervisorial District 1, Supervisorial District 2, Supervisorial District 4, and Supervisorial District 5. The Rail Policy Committee convenes the first Monday of each month at 3:00 p.m. in the TAMC Conference Room. There are no meetings in July or December, and the September meeting is on the second Monday due to a conflict with a holiday.

*Social Services Transportation Advisory Council (SSTAC):* TAMC has designated the Monterey-Salinas Transit Mobility Advisory Committee as the SSTAC for Monterey County pursuant to TDA. The SSTAC assists in the determination of transportation needs of the elderly and persons with disabilities, reviews specialized transportation needs of the elderly and disabled population, reviews specialized transportation planning and other related studies, and advocates on behalf of the elderly, disabled, and persons with disabilities and/or limited means on transportation-related issues. Meetings are held in the months of January, March, April, June, September, October, November, and December. As part of the SSTAC's efforts to collect public comments on unmet transit needs, SSTAC representatives attend outreach meetings in the fall at both North and South County locations. TAMC approves appointments to the SSTAC as needed. SSTAC membership categories are prescribed by law and include the following:

- Potential transit user who is 60 years of age or older
- Potential transit user who is handicapped
- Local social service providers for seniors

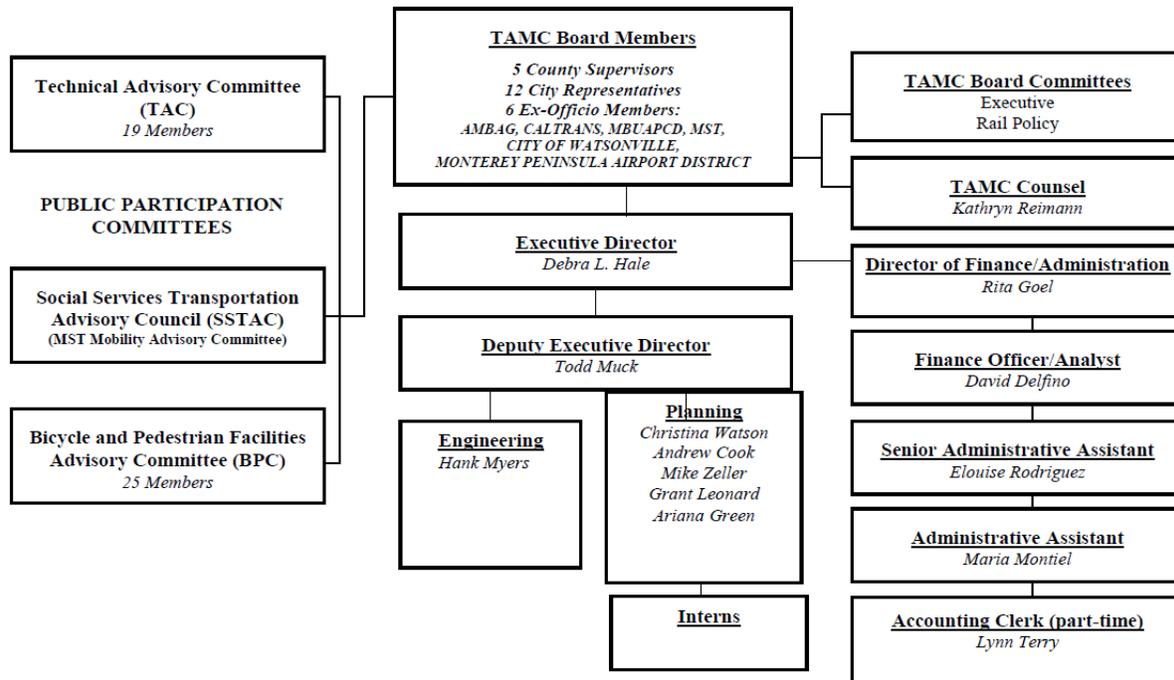
- Social service transportation provider
- Local social service provider for persons of limited means
- Local consolidated transportation service agency

TAMC staff offer administrative, technical, and policy recommendations to the Board on decisions affecting transportation. Figure 1-I shows the staff organization chart.

**Figure I-1 TAMC Organization Chart**

## 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)



Revised February 2014

Source: TAMC

### Transit Operators in Monterey County

Among its duties, TAMC administers TDA funds for and monitors public transportation in the county. Monterey-Salinas Transit (MST) is the sole public transit operator in Monterey County and receives all of the LTF allocation for transit services. MST was created on July 1, 2010, pursuant to California Assembly Bill (AB) 644 (The Monterey-Salinas Transit District Act), which established the special district and dissolved the Monterey-Salinas Transit Joint Powers Agency (JPA). The former MST Board of Directors comprised eight member jurisdictions between 1981

and June 2010. The newly configured MST encompasses the cities of Gonzales, Greenfield, King City, Sand City, and Soledad in addition to the cities and communities served under the JPA.

MST operates local and regional service connected by a series of transit centers with timed connections to help speed travel and provide quick and easy transfers. Public transit modes encompass bus rapid transit (BRT), express, fixed route, seasonal trolley, and Americans with Disabilities Act (ADA) paratransit under MST RIDES within Monterey County as well as to neighboring counties. Regional services connect major urban areas such as the Monterey Peninsula and Salinas, as well as connect with the Santa Cruz Metropolitan Transit District (Santa Cruz METRO) transit center in Watsonville, with Caltrain, and with Santa Clara Valley Transportation Authority (VTA) buses in Gilroy, Morgan Hill, and San José.

Required by TDA, a triennial performance audit of MST is also conducted and provided under separate cover.

## **Audit Methodology**

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

- Document Review: PMC conducted an extensive review of documents including various TAMC files and internal reports, committee agendas, and public documents.
- Interviews: PMC conducted in-person interviews with TAMC staff and telephone interviews with Board members.
- Analysis: PMC evaluated the responses from the interviews as well as the documents reviewed about TAMC's responsibilities, functions, and performance to TDA guidelines and regulations.

All of the activities described above were intended to provide PMC with the information necessary to assess TAMC's efficiency and effectiveness in two key areas:

- Compliance with State TDA Requirements
- Organizational Management and Efficiency

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

## Section II

### Compliance Requirements

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

TABLE II-1 TAMC Compliance Requirements Matrix		
TAMC Compliance Requirements	Reference	Compliance Efforts
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	Public Utilities Code, Section 99231	The TAMC Administrative Policies and Procedures specify the requirements for apportionments. The primary claimant of the funds is Monterey-Salinas Transit (MST). Allocations are made to local jurisdictions for other uses, including pedestrian and bicycle projects.  <b>Conclusion: Complied.</b>
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	Public Utilities Code, Sections 99233.3 and 99234	The TAMC bylaws for funding of pedestrian and bicycle projects specify the requirements of LTF for these uses. The rules and regulations are divided into three general categories. Before March 1 of every even year, TAMC staff will advise prospective claimants, cities, and the County of the funds anticipated to be available and the procedures for applying for 2% Pedestrian and Bicycle Account Funds.  <b>Conclusion: Complied</b>
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process which	Public Utilities Code, Sections 99238 and 99238.5	TAMC has designated the MST Mobility Advisory Committee as the SSTAC for Monterey County pursuant to TDA under PUC Section 99238. The TAMC Board

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

TAMC Compliance Requirements	Reference	Compliance Efforts
<p>includes at least an annual public hearing.</p>		<p>approves appointments to the SSTAC as needed. The role and responsibilities of the nine-member MST Mobility Advisory Committee, serving as the SSTAC, are based on TDA guidelines.</p> <p>Although MST receives most of the LTF monies, the SSTAC is still involved in the gathering and review of unmet transit needs. The SSTAC Guidelines and Bylaws are available on the TAMC website.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPA’s jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> <li>• A committee for the purpose of providing advice on productivity improvements may be formed.</li> <li>• The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation which exceeds its prior year allocation.</li> </ul>	<p>Public Utilities Code, Section 99244</p>	<p>TAMC provides a pass-through function for funds allocated to transit. Since MST became a transit district and the sole transit operator in the county, it receives most of the LTF allocation. LTF payments are provided by TAMC to MST on a monthly basis. As a result, TAMC no longer requires that MST file a TDA claim form which provides a method to identify and recommend productivity improvements. The claim form also enables TAMC to monitor MST’s overall performance as part of its fiduciary duty as the RTPA.</p> <p>The commissioning of the triennial performance audit provides an alternative method for TAMC to comply with this provision.</p> <p>Also, the SSTAC serves the role of monitoring productivity improvements by assisting in the determination of transportation</p>

TABLE II-1 TAMC Compliance Requirements Matrix		
TAMC Compliance Requirements	Reference	Compliance Efforts
		needs of the elderly and persons with disabilities, reviewing specialized transportation needs of the elderly and disabled population, specialized transportation planning and other related studies, and advocating on behalf of the elderly, disabled, and persons with disabilities and/or limited means on transportation-related issues.  <b>Conclusion: Complied</b>
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).	Public Utilities Code, Section 99245	Annual certified fiscal and compliance audits were completed for the transit system MST. For FYs 2011 through 2013, the annual financial audits were submitted either within the 180-day period or within the extension period allowed by the statute.  <b>Conclusion: Complied.</b>
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	Public Utilities Code, Sections 99246 and 99248	For the current three-year period, TAMC has retained PMC to conduct the audit of the RTPA and MST. Moore & Associates was retained to conduct the previous audit for the three fiscal years that ended June 30, 2010.  <b>Conclusion: Complied</b>

TABLE II-1 TAMC Compliance Requirements Matrix		
TAMC Compliance Requirements	Reference	Compliance Efforts
that operator for that or subsequent fiscal years until the audit was transmitted.		
The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director, that the performance audits of the operators located in the area under its jurisdiction have been completed.	Public Utilities Code, Section 99246(c)	TAMC submitted copies of its performance audit and the performance audits of the transit operators, along with a cover letter, to Caltrans. Although a copy of the letter accompanying the audits was not available for review, receipt of the audits was confirmed by Caltrans.  <b>Conclusion: Complied</b>
The performance audit of the operator providing public transportation service shall include a verification of the operator's operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include, but not be limited to, consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2.	Public Utilities Code, Section 99246(d)	The performance audit of MST includes all required elements.  <b>Conclusion: Complied</b>
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized	Public Utilities Code, Section 99270.1 and 99270.2	The TAMC Administrative Policies and Procedures do not specify farebox revenue ratio standards for public transportation services in the urbanized areas of the

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

TAMC Compliance Requirements	Reference	Compliance Efforts
areas.		<p>county. For public transportation claims funds under TDA Article 4, MST is required to meet a farebox recovery ratio of 15 percent, according to the MST annual fiscal audit. The size and density of the service area as well as the proportion of the ridership that is transit dependent have been considered prior to the adoption of this ratio.</p> <p>Since becoming a transit district and expanding its service area into non-urbanized areas, MST would be subject to an intermediate ratio pursuant to rules and regulations adopted by TAMC. While the TAMC Administrative Policies and Procedures do not specify the farebox ratio, the Financial Highlights section of the MST Comprehensive Annual Financial Report (CAFR) states that operating income from patron fares and/or local transaction and use taxes must cover at least 15 percent of applicable operating expenses to be eligible for the State of California Transportation Development Act (TDA).</p> <p>It is suggested that TAMC formally adopt rules and regulations establishing that MST would be subject to the 15 percent farebox recovery ratio.</p> <p><b>Conclusion: Complied</b></p>
The RTPA has adopted criteria, rules and regulations for the evaluation of claims under Article	Public Utilities Code, Section 99275.5	TAMC has not adopted rules and regulations for Article 4.5 claims, as the agency does not disburse

TABLE II-1 TAMC Compliance Requirements Matrix		
TAMC Compliance Requirements	Reference	Compliance Efforts
4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.		any TDA funds under this article section. The consolidated transportation service agency (CTSA) in the County is MST.  <b>Conclusion: Not applicable</b>
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.  (Note: Since the June 9, 1990, passage of Proposition 116, state transit assistance funds may no longer be used for street and road purposes, as had been permitted in certain cases under PUC Section 99313.3.)	Public Utilities Code, Sections 99310.5 and 99313.3 and Proposition 116	TAMC allocates State Transit Assistance (STA) funds to MST for transit purposes only.  <b>Conclusion: Complied</b>
The amount received pursuant to Public Utilities Code, Section 99314.3 by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	Public Utilities Code, Section 99314.3	TAMC allocates operator revenue-based STA funds to MST in accordance with the amounts published by the State Controller's Office.  <b>Conclusion: Complied</b>
If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually: <ul style="list-style-type: none"> <li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code, Section 99238;</li> </ul>	Public Utilities Code, Section 99401.5	Since FY 2011, no TDA funding has been used for streets and roads; therefore, TAMC is not required to hold a formal "unmet transit needs" process under PUC Section 99401.5. However, TAMC continues to obtain input on potential transit needs from the community. TAMC works through the SSTAC and cooperatively with MST. As part of the SSTAC's efforts to collect public comments on unmet transit needs, SSTAC representatives attend outreach meetings in the fall at both North

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

TAMC Compliance Requirements	Reference	Compliance Efforts
<ul style="list-style-type: none"> <li>• Identified transit needs, including:               <ul style="list-style-type: none"> <li>○ Groups that are transit-dependent or transit disadvantaged,</li> <li>○ Adequacy of existing transit services to meet the needs of groups identified, and</li> <li>○ Analysis of potential alternatives to provide transportation services;</li> </ul> </li> <li>• Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet”;</li> <li>• Identified the unmet transit needs and those needs that are reasonable to meet;</li> <li>• Adopted a finding that there are no unmet transit needs that are reasonable to meet; or that there are unmet transit needs including needs that are reasonable to meet.</li> </ul> <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>		<p>and South County locations.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor, or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year, and must be performed in accordance with the Basic Audit Program and</p>	<p>California Administrative Code, Section 6662</p>	<p>The accounting firm of Moss, Levy &amp; Hartzheim LLP conducted the financial audit of TAMC for FYs 2011, 2012, and 2013. The Audited Financial Statements and Compliance Reports were submitted to the State Controller within 12 months of the end of each fiscal year.</p> <p>The TAMC also maintains fiscal</p>

TABLE II-1 TAMC Compliance Requirements Matrix		
TAMC Compliance Requirements	Reference	Compliance Efforts
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 fiscal and accounting records and supporting papers for at least four years following the fiscal year close.		and accounting records and supporting papers for at least four years following the fiscal year close.  <b>Conclusion: Complied</b>

### Findings from RTPA Compliance Requirements Matrix

TAMC has satisfactorily complied with applicable state legislative mandates for Regional Transportation Planning Agencies. One compliance measure that did not apply to TAMC pertains to adopting rules and regulations for TDA claims under Article 4.5. TAMC does not use this article section to disburse TDA funds which would go towards the designated consolidated transportation service agency (CTSA), a role designated to MST.

Though no TDA funds were allocated for streets and roads in recent years, TAMC continues with an unmet transit needs process that involves obtaining public input and coordinating with the nine-member MST Mobility Advisory Committee, serving as the SSTAC. Although TAMC is not required to implement the full unmet transit needs process described in the TDA statute, the annual process serves as a tool to identify and prioritize potential transit service and facility improvements throughout the county. Regular meetings of the MST Mobility Advisory Committee in the both the North and South County also offer evidence of TAMC’s objectives to provide an inclusive environment for discussion of public transportation services.

TAMC’s Administrative Policies and Procedures provide the documented guidance for TDA fund administration and distribution. The Policies and Procedures describe the processes undertaken to ensure the proper sequence of actions and the eligibility requirements for the claimants. However, the guidance contained in the recently updated Policies and Procedures does not account for the consolidation of MST into a transit district through which it receives virtually all of the LTF for transit. In addition, the document does not contain language that helps to ensure

compliance with several TDA measures such as the farebox recovery ratio for MST and the inclusion of the Transportation Development Act 2% Funding for Pedestrian and Bicycle Projects Bylaws. It is suggested that TAMC formally adopt rules and regulations establishing that MST would be subject to the 15 percent farebox recovery ratio. Other components of the Policies and Procedures address the formal unmet transit needs process, which is triggered when TDA funds are used for streets and roads.

## **Section III**

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

This chapter describes TAMC's response to the recommendations included in the prior triennial performance audit. The prior audit did not provide any recommendations. Given that the only finding was related to oversight of the transit operators that were consolidated into Monterey-Salinas Transit (MST) during this audit review period, no recommendations were presented.

## Section IV

### Detailed Review of RTPA Functions

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

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

### Administration and Management

TAMC's mission is to develop and maintain a multimodal transportation system that enhances mobility, safety, access, environmental quality, and economic activities in Monterey County. The agency has proven its adeptness in fulfilling its mission in many aspects. The TAMC Board of Directors sets policy and oversees a professional staff of 13 full-time and 2 part-time employees. The Executive Director is appointed and serves at the pleasure of the Board. Approximately 86 percent of the agency's funding comes from state and federal sources. Local funding comes primarily from member agency contributions for congestion management activities.

In addition to the Board, the agency's administrative guidance is derived from the Administrative Policies and Procedures document which was amended during the audit period in June 2011. A subsequent amendment took place in June 2014 which is after the audit period. The Administrative Policies and Procedures document covers a variety of issues related to procurement, use of financial resources, fraud and misuse of agency resources, management, and staff succession, as well as TDA claims procedures. Vacant positions at the agency consisted of two planner positions. The Deputy Executive Director retired during the audit period. The Public Outreach Coordinator also departed the agency during the period, whose position was filled by a full-time intern.

Detailed personnel matters are addressed in the Human Resources Rules and Regulations manual. The manual was revised and approved by the TAMC Board in March 2012. It contains an overview of employee benefits such as medical insurance, vacation time accrual, and retirement. TAMC contributes towards its employees' retirement through the California Public Employees' Retirement System (CalPERS) based on the 2 percent at 55 formula. In addition to the CalPERS contribution, TAMC offers a deferred compensation plan to which it contributes 8 percent of an employee's base salary. The number of paid holidays per year is fixed by the TAMC Board.

Each year, TAMC produces an annual work program along with the annual budget and makes amendments to the work program throughout the year as necessary. The work program guides the allocation of staff resources to meet mandated responsibilities as well as TAMC priorities for the coming year. Key information for each work element is described including financial data, project description, proposed federal expenditure, previous project accomplishments, and timelines and deliverables. To meet federal requirements and obtain federal funds, TAMC's work program and amendments are incorporated into the overall work program for AMBAG.

In addition to being the designated Regional Transportation Planning Agency (RTPA) for Monterey County, TAMC serves as the designated Congestion Management Agency (CMA), Local Transportation Commission (LTC), and Service Authority for Freeways and Expressways (SAFE).

TAMC has taken a lead role in the region involving the implementation of several vital transportation improvement projects throughout the county. In particular, TAMC has partnered with Caltrans, AMBAG, and local agencies in project development, funding, and coordination with local agencies and community members, as well as taking the lead in community outreach and media relations. Highlights of additional multimodal transportation projects that TAMC has facilitated through its committees and partnerships that are either completed or are under way include:

- *The Salinas Road/SR 1 Interchange Project:* This \$30 million project adds vital safety improvements to a high accident intersection that will reduce delays on SR 1. The project began construction in April 2010 and includes a new interchange at Salinas Road and SR 1 north of Moss Landing near the Santa Cruz County line. The new interchange will include a three-lane structure (Salinas Road) over SR 1 with three diamond-type ramps and one southbound loop on-ramp. A frontage road (Hilltop Road) will be constructed from Jensen Road to Salinas Road west of SR 1 and connect opposite the southbound ramps.
- *SR-156 Widening Project:* This \$268 million project would construct a new four-lane highway parallel to existing SR 156 with new interchanges constructed at Castroville Boulevard and at US 101. The current two-lane highway will be converted into a frontage road that would serve the local community. The result would be improved safety and traffic flow in the area for all drivers. The SR 156 corridor project emerged as

the TAMC Board's top project from its strategic planning session during the audit period. To meet the demand, the Board is seeking available sources to fund this high priority project, including tolling and a public-private partnership consideration. The environmental document was finalized in April 2013.

- *US 101/San Juan Road Interchange Project:* The San Juan Road area is a choke point for interregional travel along US 101 for goods movement, commuters, and visitors. In this area, US 101 has a high frequency of accidents and very high traffic volumes exceeding 63,000 per day. The project proposes to remove three at-grade intersections (Dunbarton Road, San Juan Road, and Cole Road) and construct one interchange near the Red Barn. It also converts this portion of US 101 from an expressway to a controlled-access freeway. The new interchange will help improve safety and reduce the congestion along this heavily traveled stretch of US 101. Construction began in early 2013.
- *The Prunedale Bypass Improvement Project:* This project involves the construction of interchanges and operational improvements along US 101 between Boronda and Echo Valley roads north of Salinas that would improve congestion and safety along the corridor. That particular stretch of US 101 has been configured as a four-lane expressway with numerous at-grade crossings.
- Collaboration with AMBAG to develop the Monterey Bay Area Complete Streets Guidebook.

Other coordination efforts involved TAMC staff assisting the County of Monterey Public Works Department with project development for a truck climbing lane along SR 1 in Carmel and intersection projects on the Monterey-Salinas Highway (SR 68). Agency staff also assisted the City of Marina on project development for improvements at the SR 1/Imjin Road Interchange and worked with Caltrans and the City of Salinas on preliminary design of improvements at the US 101/Sanborn Road Interchange.

Progress by TAMC is made through active support of the Board of Directors. Regular monthly Board meetings are held on the fourth Wednesday of the month and are well attended by the Board members based on the auditor's review of meeting minutes during the audit period. This is an indication of the Board's education, interest, and engagement on transportation topics. Board meetings are convened at the County of Monterey Agricultural Center in Salinas. A suggestion would be for Board meetings to be alternated at least once or twice a year in other parts of the county to encourage participation by the communities and enhance TAMC visibility countywide.

Telephone interviews with Board members provided overall high ratings for staff and activities undertaken during the audit period. Highlights from the interviews include:

- TAMC staff is focused, knowledgeable, and professional. Management and professional staff have improved under the current Executive Director.
- TAMC Board meetings are constructive, collaborative, and inclusive, and compromise is fostered.
- TAMC has worked to broaden representation, especially with regard to the South County cities, in the allocation of state and federal funding.
- TAMC is held in high esteem among constituent and peer agencies. The agency has worked out issues with AMBAG.
- The agency has proven adept at delivering key transportation projects despite limited funding and a lengthy environmental review process.
- TAMC has taken an active role in prioritizing sustainability and alternative modes of transportation while ensuring improvements are made to existing transportation modes.

## **Transportation Planning and Regional Coordination**

Projects approved for funding by TAMC are included in the Monterey County Regional Transportation Improvement Program (RTIP). The RTIP identifies projects programmed to receive various state and federal funds, amends information on previously programmed projects, and acts as Monterey County's proposal to the California Transportation Commission (CTC) for programming State Transportation Improvement Program (STIP) funds. Federally funded transportation projects, including those projects approved for funding by agencies other than TAMC, are included in the Federal Transportation Improvement Program (FTIP) developed by AMBAG.

During the audit period, TAMC adopted the 2012 RTIP at its December 2011 meeting in order to be incorporated into 2012 STIP. The 2012 RTIP was consistent with the STIP Guidelines adopted by the CTC in August 2011. Multimodal projects including roadway, transit, rail, and non-motorized projects are programmed in the RTIP for funding. Projects along the US 101 corridor were given high priority. The US 101/San Juan Road Interchange Project received \$14 million in STIP funds and approximately \$18 million in Proposition 1B Corridor Mobility Improvement Account funds. A summary of benefits using defined criteria as required in the 2012 STIP Guidelines are identified in the applications submitted by local agency project sponsors. All projects programmed in the 2012 RTIP are also consistent with the goals and objectives of the 2010 Regional Transportation Plan.

Subsequent to the adoption of the 2012 RTIP, TAMC began development of the 2014 RTIP in 2013. The 2014 RTIP builds on the projects programmed into the prior RTIP as well as provides

funding toward alternative transportation modes such as bus, rail, bicycle, and pedestrian improvements.

The 2014 RTP was developed by TAMC staff in cooperation with AMBAG and covers a 20-year planning horizon. The goal of the 2014 RTP is to address two challenges affecting circulation and mobility in Monterey County. The first challenge pertains to decreasing transportation revenues in a period of increasing need, and the second challenge concerns state and federal revenues that have become less reliable in recent years. Nevertheless, the 2014 RTP sees an opportunity in the current backlog in local street and road maintenance needs to build smarter when funding becomes available.

The RTP includes three key components:

- Policy Element: Identifies goals and policies for how the Monterey County will meet its transportation needs.
- Financial Element: Identifies the sources of revenue that TAMC can reasonably expect to be available over the life of the RTP.
- Action Element: Includes a list of prioritized transportation projects that would serve the county's long-term needs within a constrained financial plan consistent with the goals and objectives established for the RTP.

TAMC has been actively involved in the AMBAG Blueprint process in conjunction with the 2014 RTP Update. The Blueprint presented various development and growth scenarios that served as an evaluation tool for the RTP project listing. The Blueprint process emphasized increased investment in quality transit and bicycle and pedestrian infrastructure improvements. The Complete Streets Guidebook was adopted in fall of 2013 and has been incorporated into the 2014 RTP Update.

AMBAG develops the regional Sustainable Communities Strategy (SCS) while TAMC develops its SCS share for Monterey County that is integrated into the regional strategy. While the release of the draft 2014 RTP for public review is anticipated after the audit period, key milestones for the project began in March 2011 with the Review of the Work Plan & Process for Goal Development.

Central to the development of the 2014 RTP was an extensive public outreach process. Building on the 2013 Regional Development Impact Fee Program, regional Blueprint process, and SCS, TAMC was able to engage member jurisdictions, community stakeholders, and individuals through public meetings and presentations that were used to guide development of a project list for the 2014 RTP Update. Public input is critical to the planning and decision-making process mandated by law. Public input was also sought through public meetings on key elements of the RTP. Additionally, in submitting projects for consideration, project sponsors take into consideration input they receive directly from the public. An expanded public outreach effort is

made for the 2014 RTP including revamped public workshops, expanded online and telephone surveys, and visits with community groups.

The RTP includes BRT/Express Bus implementation in Salinas and a dedicated busway between Monterey, Marina, and Salinas. TAMC purchased the Monterey Branch Rail Line in 2003 for \$9.3 million for the Monterey Peninsula Fixed Guideway Service. The 16-mile corridor extends between Monterey and Castroville on the publicly owned tracks adjacent to SR 1, which would accommodate a light rail line as the preferred alternative. Issues have arisen over the type of service that would be operated along the right-of-way. The Federal Railroad Administration (FRA) supports the provision of intercity rail service.

TAMC has also been involved in efforts to extend commuter passenger rail service to Salinas from the Bay Area through right-of-way and station improvements. This would allow Caltrain or Amtrak's Capitol Corridor to extend rail service into Monterey County as well as facilitate the reintroduction of Amtrak's Coast Daylight service between downtown Los Angeles and downtown San Francisco. Currently, the only passenger service is provided by Amtrak's long-distance Coast Starlight service with a stop in Salinas. This project has been delayed by ongoing negotiations with Union Pacific Railroad for the track rights between Salinas and San José and by capacity model analyses to identify the capital improvements that will be needed to support the additional trains. TAMC modified the project into phases. The first phase would involve improvements to the Salinas train depot, a layover facility, and at-grade street improvements. The 2012 STIP was amended in June 2013 to move Regional Improvement Program (RIP) funding for construction from FY 2013–14 to FY 2015–16 for the Coast Daylight/Caltrain Track Improvements project in Monterey County.

Also during the audit period, TAMC approved the 2011 Transportation Agency for Monterey County Bicycle and Pedestrian Master Plan. This plan will guide the design and planning of bicycle and pedestrian facilities improvements, and position the local cities and TAMC for grants to finance these improvements. The new plan includes a pedestrian component that was not previously included in the agency's 2005 General Bikeways Plan.

The 2011 Bicycle and Pedestrian Master Plan identifies all existing and proposed bicycle projects and facilities of jurisdictions within the Monterey County region, and satisfies the General Bikeways Plan requirements set by Caltrans. The plan also identifies a prioritized list of regionally significant bicycle and pedestrian projects listed. This priority list will help guide the allocation of agency-administered bikeway, trail, and sidewalk funds.

## **TDA Claimant Relationships and Oversight**

This functional area addresses TAMC's administration of the provisions of TDA. As Local Transportation Funds allocated to claimants have been used for public transit or non-roadway purposes, state law does not require TAMC to undertake a formal unmet transit needs process. However, TAMC is recognized for continuing a process of soliciting and maintaining an annual prioritized transit needs list and working with the MST Mobility Advisory Committee, which

serves as the designated Social Services Transportation Advisory Council. Unmet needs on the list are kept until they are implemented or removed. A public workshop is held each year in compliance with the statute that requires at least one public hearing in the citizen participation process.

TAMC Administration and Planning

The uses of TDA revenues apportioned to Monterey County flow through a priority process prescribed in state law. TAMC is able to allocate Local Transportation Fund (LTF) revenues for TDA administration and general planning. During the audit years of 2011 through 2013, TAMC claimed the following total amounts:

**Table IV-1  
LTF Claims by TAMC for  
Administration and Planning**

<b>Fiscal Year</b>	<b>TDA Administration &amp; Planning</b>
2011	\$908,484
2012	\$908,484
2013	\$908,485

*Source: Schedule of Allocations by Purpose, Annual TAMC Financial Audit*

Based on the above table, in FY 2011, the amount shown for TAMC toward administration and planning equaled approximately 7.8 percent of total Local Transportation Funds (\$11,700,000). In FY 2011, the amount was 7.4 percent (out of \$12,285,000) for FY 2012, and for FY 2013, the amount was 7.3 percent (out of \$12,530,700).

LTF funds are allocated to eligible agencies including TAMC, MST for public transportation and specialized transportation, and local jurisdictions for bike/pedestrian projects. TAMC’s Administrative Policies and Procedures provide the documented guidance for TDA fund administration and distribution. The Policies and Procedures describe the processes undertaken to ensure the proper sequence of actions and the eligibility requirements for the claimants.

For LTF revenues held in the County Treasury, the revenues are invested by the County Treasurer using prudent fund management. The interest earned is reported to TAMC and disbursed only in accordance with allocation instructions issued by TAMC. The allocation instructions are to be consistent with California Code of Regulations Section 6623, which specify that interest earned on funds allocated for a particular purpose shall be expended only for those same purposes.

TDA Claim Processing

On an annual basis during this audit period, TAMC was responsible for managing the apportionment of between \$11.7 and \$12.5 million in Local Transportation Fund revenues and

up to \$3.7 million in State Transit Assistance funds. In June 2010, the State Controller released a one-time lump sum payment of STA statewide due to passage of ABx8 9 (gas tax swap) in March 2010. The payment was essentially for two fiscal years, FYs 2009–10 and 2010–11. The legislation also enables transit agencies to use STA for operations without conducting the performance efficiency evaluation.

For public transit claims, MST no longer submits a claim form since it receives all the LTF allocation for transit in the county under Section 99260(a). In lieu of a claim form, TAMC will prepare a memorandum to the County of Monterey Auditor-Controller requesting an electronic transfer of funds from the LTF holding account to MST's account at Rabobank. Transfer payments are made on a monthly basis. The Local Transportation Fund is designated 552 along with enumerated four-digit subaccounts that correspond to each city and the County. The State Transit Assistance Fund is designated 551, which also has enumerated four-digit subaccounts for local agencies.

For bicycle and pedestrian claims submitted under Article 3, TAMC will also prepare a memorandum to the County authorizing a transfer of funds from Fund 552. A resolution authorizes the TAMC Executive Director to pay claims to the County for bike and pedestrian purposes. Article 3 claims are submitted in accordance with TAMC's Transportation Development Act 2% Funding for Pedestrian and Bicycle Projects Bylaws. Before March 1 of every even-numbered year, TAMC staff will advise prospective claimants, cities, and the County of the funds anticipated to be available and of the procedures for applying for the Article 3 funds. To be considered for funding, an application must be received by TAMC no later than the first Monday in April.

Even though MST no longer submits a claim for TDA funds, it is advisable from a compliance and industry practices standpoint for TAMC to have MST formally submit a TDA claim form that requires detailed past and budgeted information and performance data to support the claim. Pursuant to PUC Section 99260(a), claims may be filed with the transportation planning agency by operators for the support of public transportation systems. Sections 6630–6632 (for LTF) and 6732–6734 (for STAF) of the California Code of Regulations state that any claimant wishing to receive an allocation from a county's local transportation fund or regional entity's state transit assistance fund shall file an annual claim with the transportation planning agency in accordance with the rules and regulations established by the transportation planning agency, pursuant to PUC Section 99261 or in the absence of such rules and regulations at least 90 days prior to the beginning of the fiscal year.

The information provided by claimants ensures that proper information is submitted to justify the TDA claim. Among the required data for transit claims are the status of implementing prior audit recommendations and financial performance metrics. The claim form would also include a checklist of materials to include with the transit claim such as California Highway Patrol (CHP) inspection certification and operating and capital plans. The checklist helps to ensure that all required information is provided to substantiate the claim for TDA revenues.

### Transit Performance Monitoring

Since the configuration of MST into a transit district, it has served as the only transit operator in Monterey County. One of the ways that TAMC monitors performance of the transit system is through the unmet transit needs process. An unmet transit needs survey is posted on the TAMC website, which allows the public to comment on potential service needs in Monterey County. SSTAC meetings are held in the months of January, March, April, June, September, October, November, and December. As part of the SSTAC's efforts to collect public comments on unmet transit needs, SSTAC representatives attend outreach meetings in the fall at both North and South County locations. Transit needs are taken into consideration during the development of the RTIP and RTP. The re-commencement of the TDA claims process provides another method to monitor transit performance which is a TDA compliance measure for TAMC.

### **Marketing and Transportation Alternatives**

TAMC utilizes a number of public information and community engagement approaches. Public access and information about TAMC and its activities are available through its website (<http://tamcmonterey.org/>), which is an extensive resource. The menu just below the masthead provides links to updates, Board actions, committees, programs, and agency and staff contact information. Traffic advisories, Requests for Proposals (RFPs), and video links to Board meetings are accessible on the main page. The TAMC website also contains a page with plans and reports translated into Spanish. Social media accounts were also set up on Facebook and Twitter (@TAMC101News). The Facebook page has received 153 “likes” to date. TAMC uses its Twitter feed to post updates of construction projects along the US 101 corridor.

TAMC publishes an annual report highlighting its activities. As was mentioned previously, TAMC televises its Board meetings and posts the video links on the website. Another media outreach has been the *Your Town* public information television program, which TAMC hosts monthly. The agency has expanded its public outreach to the South County by building strong relationships with city staff and elected officials. A particular emphasis has been a focused outreach effort to ethnic communities. The South County has a large Hispanic population, which includes the indigenous Mixtec community from the southern Mexican state of Oaxaca.

In coordination with the Santa Cruz County Regional Transportation Commission (SCRTC), TAMC is preparing a comprehensive Monterey Bay Area 511 Traveler Information System Feasibility and Implementation Study. The 511 service would be a web-based multimodal trip planning tool providing information on traffic conditions, rideshare matching, transit routes and schedules, and bicycle commuting.

### **Grant Applications and Management**

In Monterey County, grant assistance and management is shared between the two planning agencies, TAMC and AMBAG, which serves as the federal Metropolitan Planning Organization

for the three-county area of Monterey, San Benito, and Santa Cruz. AMBAG performs metropolitan-level transportation planning on behalf of the region. Among its many duties, AMBAG manages the region's transportation demand model and prepares regional housing, population, and employment forecasts that are utilized in a variety of regional plans. In spite of some continuing issues relating to the travel demand model affecting regional planning efforts, TAMC and AMBAG relations have been improved in the coordination of activities that impact each of their respective planning and programming responsibilities. AMBAG reduced federal highway planning funds to TAMC in FY 2011–12, although AMBAG uses state toll credits to provide the match to the federal funds.

Federal Transit Administration (FTA) grant programs are administered through AMBAG including the FTA Section 5316 Jobs Access and Reverse Commute and 5317 New Freedom programs, both of which have been integrated into other federal transit programs under the new federal transportation legislation (Moving Ahead for Progress in the 21st Century Act, or MAP-21). MST is the only recipient in the county for state transit funds including Proposition 1B—the Transit System Safety, Security, and Disaster Response Account and the Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA)—with TAMC passing all of these formula funds through to MST.

TAMC staff review and score FTA Section 5310 applications. FTA Section 5310 grant funds are available for meeting the transportation needs of elderly persons and persons with disabilities in areas where public mass transportation services are otherwise unavailable, insufficient, or inappropriate. FTA Section 5310 allows for the procurement of accessible vans and buses, communication equipment, and computer hardware and software for eligible applicants. MST is generally the only applicant for these grant program funds. The only other applicant was the Easter Seals, Central California Chapter.

In addition, TAMC signs off on the certifications and assurance for FTA Section 5311 submittals and prepares the Program of Projects (POP). FTA Section 5311 is a non-urbanized area formula funding program that provides funding for public transit in non-urbanized areas with a population less than 50,000 as designated by the US Census Bureau.

## Section V

### Findings and Recommendations

The following material summarizes the major findings obtained from the Triennial Audit covering FYs 2011 through 2013. A set of recommendations is then provided.

#### Findings

1. TAMC has satisfactorily complied with applicable state legislative mandates for Regional Transportation Planning Agencies. One compliance measure that did not apply to TAMC pertains to adopting rules and regulations for TDA claims under Article 4.5. No such claims were submitted during the audit period.
2. The prior audit did not provide any recommendations. Given that the only finding was related to oversight of the transit operators that were consolidated into Monterey-Salinas Transit (MST) during this audit review period, no recommendations were presented.
3. TAMC's mission is to develop and maintain a multimodal transportation system that enhances mobility, safety, access, environmental quality, and economic activities in Monterey County. The agency has proven its adeptness in fulfilling its mission in many aspects. The TAMC Board of Directors sets policy and oversees a professional staff of 13 full-time and 2 part-time employees.
4. Several large projects were undertaken or in the planning stages during the audit period in an effort to improve safety and reduce congestion, including the Salinas Road/SR 1 Interchange Project, the SR 156 Widening Project, the US 101/San Juan Road Interchange Project, and the Prunedale Bypass Improvement Project.
5. Progress by TAMC is made through active support of the Board of Directors. Regular monthly Board meetings are held on the fourth Wednesday of the month and are well attended by the Board members based on the auditor's review of meeting minutes during the audit period. This is an indication of the Board's education, interest, and engagement on transportation topics. Board meetings are convened at the County of Monterey Agricultural Center in Salinas.
6. TAMC has worked to broaden representation of South County constituents as well as proven adept at delivering key transportation projects despite limited funding and a lengthy environmental review process. TAMC staff have built upon their focus, knowledge, and professionalism.

7. TAMC adopted the 2012 RTIP at its December 2011 meeting in order to be incorporated into the 2012 STIP. The 2012 RTIP was consistent with the STIP Guidelines adopted by the CTC in August 2011. Subsequent to the adoption of the 2012 RTIP, TAMC began development of the 2014 RTIP in 2013 that builds on the projects programmed into the prior RTIP as well as provides funding toward alternative transportation modes.
8. The draft 2014 RTP was developed by TAMC staff in cooperation with AMBAG and covers a 20-year planning horizon. The goal of the 2014 RTP is to address two challenges affecting circulation and mobility in Monterey County. The first challenge pertains to decreasing transportation revenues in a period of increasing need, and the second challenge concerns state and federal revenues that have become less reliable in recent years.
9. TAMC has also been involved in efforts to extend commuter passenger rail service to Salinas from the Bay Area through right-of-way and station improvements. This would allow Caltrain or Amtrak's Capitol Corridor to extend rail service into Monterey County as well as facilitate the reintroduction of Amtrak's Coast Daylight service between downtown Los Angeles and downtown San Francisco.
10. TAMC's Administrative Policies and Procedures provide the documented guidance for TDA fund administration and distribution. The Policies and Procedures describe the processes undertaken to ensure the proper sequence of actions and the eligibility requirements for the claimants.
11. For public transit claims, MST no longer submits a claim form since it receives all the LTF allocation for transit in the county under PUC Section 99260(a). In lieu of a claim form, TAMC will prepare a memorandum to the County of Monterey Auditor-Controller requesting an electronic transfer of funds from the LTF holding account to MST's bank made on a monthly basis.
12. TAMC utilizes a number of public information and community engagement approaches. Public access and information about TAMC and its activities are available through its website (<http://tamcmonterey.org/>), which is an extensive resource. TAMC publishes an annual report highlighting its activities and televises its Board meetings and posts the video links on the website.

## **Triennial Audit Recommendations**

### **1. Re-commence the TDA claims process for MST.**

TAMC's Administrative Policies and Procedures provide the documented guidance for TDA fund administration and distribution. The Policies and Procedures describe the processes undertaken to ensure the proper sequence of actions and the eligibility requirements for the claimants. As a transit district, MST has received TDA funds allocated to Monterey County on behalf of its constituent agencies. MST has not been required by TAMC to submit annual claims for LTF and STA funding as a result of being eligible for most of the TDA revenue. In lieu of a claim form, TAMC will prepare a memorandum to the County of Monterey Auditor-Controller requesting an electronic transfer of funds from the LTF holding account to MST's bank account on a monthly basis.

Prior to this change, claims for TDA funds were submitted in compliance with the rules and regulations adopted by TAMC. Pursuant to PUC Section 99260(a), claims may be filed with the transportation planning agency by operators for the support of public transportation systems. Sections 6630–6632 (for LTF) and 6732–6734 (for STAF) of the California Code of Regulations (CCR) state that any claimant wishing to receive an allocation from a county's local transportation fund or regional entity's state transit assistance fund shall file an annual claim with the transportation planning agency in accordance with the rules and regulations established by the transportation planning agency, pursuant to PUC Section 99261, or in the absence of such rules and regulations at least 90 days prior to the beginning of the fiscal year. As an industry practice for transparent and documented processes, it is recommended that TAMC work with MST to reinstate the formal TDA claims procedures and requirements to apply and receive the funds. A TDA claim form provides a method to identify and recommend productivity improvements and enables TAMC to monitor MST's performance as part of its fiduciary duty and role as the RTPA.

### **2. Work with MST on further integrating the SSTAC and MAC to ensure broad access on soliciting unmet needs.**

With LTF being allocated either to public transit or bicycle and pedestrian use, a formal unmet transit needs process is no longer required pursuant to PUC Section 99401.5. However, in compliance with PUC Section 99238.5, TAMC is still required to hold at least one public hearing to solicit comments and input on public transportation with assistance from the Social Services Transportation Advisory Council (SSTAC). The Monterey-Salinas Transit Mobility Advisory Committee was tapped by TAMC, in partnership with MST, to absorb the functions of the SSTAC. As part of the SSTAC's efforts to collect public comments on unmet transit needs, SSTAC representatives attend outreach meetings in the fall at both North and South County locations. TAMC should ensure that annual public hearings are rotated around the county in the spirit of SSTAC unmet needs requirements in areas that represent membership of the Mobility Advisory Committee and the MST service area

coverage. Access to public comments on potential unmet needs should remain a priority from the integration of these two groups.

**3. Rotate TAMC Board meetings around the county to better engage the public.**

Regularly scheduled meetings of the TAMC Board of Directors convene at the County of Monterey Agricultural Center in Salinas. This audit acknowledges the efforts made by TAMC to make Board meetings more accessible to the public. For instance, Board meetings are televised and videos archived to the website. A suggestion for further reach to the community would be for Board meetings to be alternated at least once or twice a year in other parts of the county to encourage participation by the communities and enhance TAMC visibility regionwide. This method of alternating meetings by geography is conducted by other transportation planning agencies with success.

**4. Formally adopt rules and regulations establishing the farebox recovery ratio for MST.**

The guidance contained in the TAMC Administrative Policies and Procedures does not provide language that helps to ensure MST's compliance with the required farebox recovery ratio. Since becoming a transit district and expanding its service area into non-urbanized areas, MST would be subject to an intermediate farebox ratio determined by TAMC. However, the Administrative Policies and Procedures document does not indicate the required ratio. Rather, the Financial Highlights section of the MST Comprehensive Annual Financial Report (CAFR) states that operating income from patron fares and/or local transaction and use taxes must cover at least 15 percent of applicable operating expenses to be eligible for the State of California Transportation Development Act (TDA). It is recommended that TAMC formally adopt rules and regulations establishing that MST would be subject to the 15 percent farebox recovery ratio as indicated in the CAFR, and include the policy in the Administrative Policies and Procedures.