



FYs 2014–2016
Triennial Performance Audit of
Transportation Agency for
Monterey County (TAMC)

June 2017

Submitted to:

Transportation Agency for Monterey County

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INTERNATIONAL

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Executive Summary

The Transportation Agency for Monterey County (TAMC) retained Michael Baker International (Michael Baker) to conduct its Transportation Development Act (TDA) performance audit for Fiscal Years (FY) 2013–14 through 2015–16. As a Regional Transportation Planning Agency (RTPA), 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 are distributed 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 the development and conduct of the audit. To gather information for the TDA performance audit, Michael Baker conducted interviews with agency staff 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. No such claims were submitted during the audit period.

Status of Prior Audit Recommendations

Of the four prior performance audit recommendations, three were fully implemented. The fourth recommendation, which pertained to rotating TAMC board meetings around the county as a means to engage the public, no longer applied. Other public outreach and engagement activities conducted by TAMC for various purposes such as the unmet transit needs, regional plan update, and the more recent Measure X have contributed to extensive public engagement.

Functional Review

1. Though no TDA funds are allocated for streets and roads, TAMC continues with an unmet transit needs process that involves obtaining public input and coordinating with the Monterey-Salinas Transit (MST) Mobility Advisory Committee, serving as the Social Services Transportation Advisory Council (SSTAC). These actions offer evidence of TAMC's objectives to provide an inclusive environment for discussion of public transportation services.
2. The new in-house TDA Guidelines developed by TAMC provide the documented guidance for TDA fund administration and distribution. The guidelines describe the processes undertaken to ensure the proper sequence of actions and the eligibility requirements for the claimants, and account for MST operating as a transit district through which the transit system receives virtually all of the Local Transportation Fund (LTF) for transit.
3. Starting this audit period, and meeting a prior performance audit recommendation, TAMC worked with MST to re-initiate the TDA claim submittal process which provides an accountable means for the claimant to request funds according to the rules and regulations established by the transportation planning agency. The claim form, supporting documentation checklist, and standard assurance list are representative of good industry practice by TAMC serving as an RTPA.
4. TAMC has taken a lead role in the region involving the implementation of several vital transportation improvement projects throughout the county. Development of the Transportation Safety & Investment Plan (Measure X), among other significant projects, highlights TAMC's partnership with Caltrans, the Association of Monterey Bay Area Governments (AMBAG), and local agencies in project development, funding, and coordination with local agencies and community members, as well as the agency's role in taking the lead in community outreach and media relations. Passenger rail extension to Salinas and the Holman Highway Roundabout project are additional current projects under way.
5. TAMC adopted state and federal programming documents to continue enabling transportation funding to flow to the region. For example, TAMC programmed \$2 million dollars in the State Transportation Improvement Program. MST will leverage this with federal funding to purchase over 20 new full-size buses.
6. The 2014 Regional Transportation Plan (RTP) was developed by TAMC staff in cooperation with AMBAG and covers a 20-year planning horizon. The 2014 RTP assumed revenues from a future sales tax measure, while the 2018 RTP being planned reflects the specific regional projects and local street and road maintenance that will be funded from the Measure X sales tax. The passage of Measure X in November 2016 will help to reduce the infrastructure funding gap documented in the RTP.

7. TAMC uses a number of public information and community engagement approaches. Public access and information about TAMC and its activities are available through the agency's website, which is an extensive resource and can be translated into many languages. A dedicated bus transit section on the TAMC website describes the transit needs process, detailed TDA and federal transit funding programs, and provides active links to MST and the Caltrans website for state and federal funding guidance.

One recommendation is provided to improve TAMC's administration and management relating to TDA:

1. **Amend the TAMC TDA Guidelines for enhanced TDA administration.**

TAMC is commended for developing an in-house TDA Guidelines manual during this audit period to provide documented procedures and processes that comply with various provisions of the TDA statute. As amendments to the guidelines are generally made to clarify these procedures and improve administration of the fund from practice, a number of recommendations are made to enhance the TAMC TDA guidelines:

- Clarify in all instances that the adopted farebox recovery ratio for Monterey-Salinas Transit is 15 percent, which is the ratio adopted by TAMC in 2004. Some passages in the TDA Guidelines indicate that a rural farebox ratio of 10 percent must be met. This is cited in at least two places: (1) Transit System Farebox Recovery Ratios section; and (2) subheading "L" in the Appendix B Standard Assurances for Transit Applicants. In addition, TAMC TDA resolutions approving annual allocations should be changed to reflect the 15 percent ratio.
- Identify the inputs on how the farebox recovery ratio is computed under Senate Bill (SB) 508. The new law specifies language regarding defining the type of revenues and operating costs that could be included in the ratio. For example, revenue can include local funds to supplement fare revenue such as a local transportation sales tax or advertising revenue. Also, operating costs can exclude certain costs above the rate of inflation. TAMC should include the specifics of SB 508 in the guidelines to clarify the farebox recovery calculation.
- Include a description and calculation of the State Transit Assistance (STA) fund qualifying criteria. SB 508 brings back the eligibility standards codified in Public Utilities Code Section 99314.6 to determine the operator's eligibility to use STA for operations. The law is modified to continue allowing the transit operator to use STA for operations even if the operator is not eligible, but at a reduced amount with the remaining STA shifting to capital. The two-prong application of the cost per revenue hour criteria generally remains the same as before; only the allowance to continue using the revenue for operations on a tapered scale has changed, which is dependent on the calculation results. TAMC allocation resolutions, as well as Monterey-Salinas Transit financial documents, indicate that STA is used for operational expenses. TAMC should work with

MST to determine the eligibility to use STA for operations, and make appropriate findings on funding apportionments based on the provisions in SB 508.

Section I

Introduction – Initial Review of RTPA Functions

The Transportation Agency for Monterey County (TAMC) retained the firm Michael Baker International (Michael Baker) to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years (FY) 2013–14 through 2015–16. As a Regional Transportation Planning Agency (RTPA), 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 and Monterey County

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 Caltrans, Monterey-Salinas Transit (MST), the Association of Monterey Bay Area Governments (AMBAG), the Monterey Bay Air Resources 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. Further, TAMC’s newly developed processing Transportation Development Act Guidelines address key aspects of the funding program, including identifying the different categories of TDA funding and their uses, the minimum applicable transit system farebox recovery ratio, the role of the Social Service Transportation Advisory Council, and TDA claim preparation requirements. TAMC adopts a three-year budget each May for the upcoming three 12-month fiscal years, each beginning July 1 and ending June 30.

Monterey County is located in 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 of 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 in Table I-1.

**Table I-1
Monterey County Demographics**

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census %	Population 65 Years & Older %	2017 State Department of Finance Estimates	Land Area (in square miles)
Carmel-by-the-Sea	3,722	-9.9%	35.68%	3,842	1.08
Del Rey Oaks	1,624	-1.6%	18.97%	1,681	0.48
Gonzales	8,187	+8.6%	5.99%	8,549	1.92
Greenfield	16,330	+29.8%	2.70%	17,866	2.14
King City	12,874	+16.0%	5.90%	14,480	3.85
Marina	19,718	-21.4%	11.38%	21,528	8.88

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census %	Population 65 Years & Older %	2017 State Department of Finance Estimates	Land Area (in square miles)
Monterey	27,810	-6.4%	15.45%	28,828	8.47
Pacific Grove	15,041	-2.8%	21.57%	15,498	2.87
Salinas	150,441	-0.6%	7.48%	162,470	23.18
Sand City	334	+28.0%	2.69%	384	0.56
Seaside	33,025	+4.2%	8.61%	34,165	9.24
Soledad	25,738	+124.8%	4.61%	26,065	4.41
Unincorporated Area	100,213	+0.6%	13.14%	107,009	3,254.87
Total Monterey County	415,057	+3.3%	10.70%	442,365	3,321.95

Source: 2010 US Census, California Department of Finance, 2017 Population Estimates

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 2017 population for Monterey County is estimated to be 442,365 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 Monterey County Agricultural Center Conference Room in Salinas. Streaming videos of the meetings are also available through the TAMC website and using the Access Monterey Peninsula TelVue CloudCast Video Player.

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

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

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.

Technical Advisory Committee (TAC): The TAC advises the TAMC Board on regional transportation improvement projects, transportation planning programs, and transportation funding programs. The TAC gives input relating to how federal and state funds should be spent on transportation projects in Monterey County. The committee also provides input on transportation planning studies, including the 25-Year Regional Transportation Plan (RTP) and the local Measure X Transportation Safety & Investment Plan. The 19-member TAC comprises public works and planning officials from the 12 incorporated cities in Monterey County, Monterey County Public Works, Caltrans, MST, the Fort Ord Reuse Authority, the Monterey Bay Air Resources 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.

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 pedestrian and bicycle transportation infrastructure, safety, and maintenance. BPC membership comprises citizen representatives from each supervisorial district and incorporated city in Monterey County, 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 TAMC Chair annually appoints one representative to the committee from south Monterey County, either the 3rd District County Supervisor or a voting TAMC board member from one of the south Monterey County cities. The Chair may annually appoint ex officio members as needed to include but not be limited to Monterey-Salinas Transit, AMBAG, and Caltrans. 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 January and September meetings are 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 (MAC) as the SSTAC for Monterey County pursuant

to TDA. The MAC 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. All MST mobility program services are planned and implemented with the input and oversight of the MAC. Meetings are held on the last Wednesday of January, May, and September in Salinas, and on the last Wednesday of March, July, and November in Monterey. As part of the MAC's efforts to collect public comments on unmet transit needs, MAC representatives attend outreach meetings in the fall at both north and south county locations.

The MAC comprises a maximum of 15 individuals such as consumers and medical/social service agency personnel who have firsthand experience with specialized transportation services. The MST Board of Directors approves appointments to the MAC including meeting the membership categories as prescribed by TDA law for the SSTAC. The MAC bylaws were updated in December 2015 to require compliance with SSTAC membership categories including the following:

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

In following TDA provisions, MAC members are appointed for three-year terms that are staggered so that one-third of appointments expire each year. Members are eligible for reappointment.

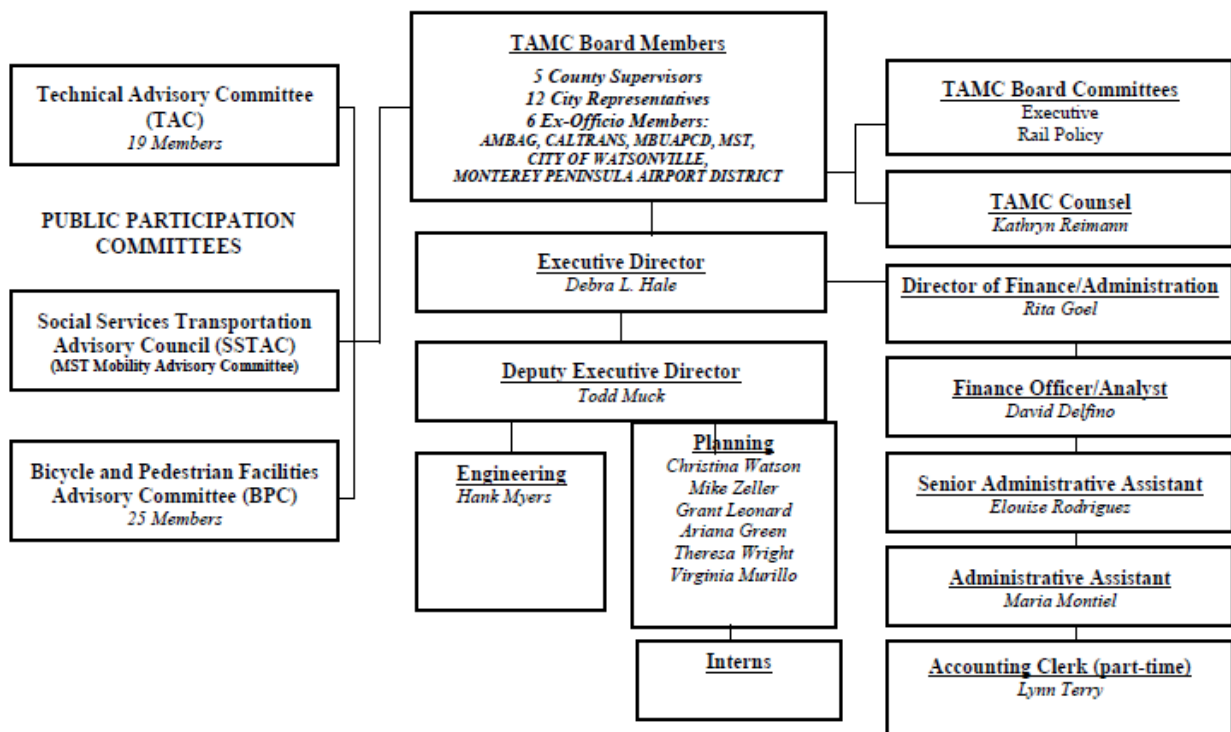
TAMC staff offer administrative, technical, and policy recommendations to the Board on decisions affecting transportation. Since May of 2015, TAMC had engaged in a public outreach effort to inform the public about transportation needs, funding challenges and the self-help local transportation sales tax option. TAMC placed the Transportation Safety & Investment Plan (Measure X) on the November 2016 ballot, and the measure was approved with 67.7 percent approval from Monterey County voters. TAMC is the administrating agency for Measure X, the 30-year transportation tax program, with oversight from a newly formed Citizens Oversight Committee representing a diverse range of community interests.

Figure 1-I shows the TAMC 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 September 2016

Source: TAMC

Note: One employee listed under Planning has since separated from the Agency

Monterey County Transit Operations

Among its duties, TAMC administers TDA funds for and monitors public transportation in the county. Monterey-Salinas Transit is the sole public transit operator in Monterey County and receives all of the jurisdictional 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). Current members of the transit district are the Cities of Carmel, Del Rey Oaks, Gonzales, Greenfield, King City, Marina, Monterey, Pacific Grove, Salinas, Sand City, Seaside, Soledad and the County of Monterey.

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

Audit Methodology

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

- **Document Review:** Conducted an extensive review of documents including various TAMC files and internal reports, committee agendas, and public documents.
- **Interviews:** Conducted in-person interviews with TAMC staff and with the public transit operator, MST.
- **Analysis:** 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 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:

- Section II provides a review of the compliance requirements of the TDA administrative process.
- Section III describes TAMC's responses to the recommendations included in the previous performance audit.
- Section IV provides a detailed review of TAMC's functions; and
- 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* 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	<p>The primary claimant of the funds is Monterey-Salinas Transit (MST) for public transit uses, while allocations are made to local jurisdictions for pedestrian and bicycle projects under the Article 3 program limiting funding to 2 percent. As the only claimant following “off the top” allocations, MST claims no more than those LTF monies apportioned to the local jurisdictions. Each city and the County allocates its public transit fund apportionment to MST pursuant to California Assembly Bill 644, which established the countywide transit district effective July 1, 2010.</p> <p>In FY 2015–16, the City of Greenfield submitted a claim application for LTF originally approved by TAMC in 2008 for local street improvement and maintenance. The Greenfield City Council originally approved this application in May 2008 and held a public hearing on this matter and on unmet transit needs. The available funds had not yet been expended by the City.</p> <p>Conclusion: Complied.</p>
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for	Public Utilities Code, Sections 99233.3 and 99234	The TAMC TDA Guidelines include a description of the funding available for bicycle and pedestrian facilities and projects. This includes up to 5 percent of

TABLE II-1 TAMC Compliance Requirements Matrix		
TAMC Compliance Requirements	Reference	Compliance Efforts
the exclusive use of pedestrians and bicycles.		<p>the 2 percent that is available for bicycle and pedestrian education programs. All Monterey County jurisdictions are eligible claimants for these funds. TAMC allocates the 2 percent funds in three-year cycles. The last allocation was made in 2014, when the TAMC Board of Directors included the funding as part of the competitive allocation of Regional Surface Transportation Program exchange funds.</p> <p>Conclusion: Complied</p>
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.	Public Utilities Code, Sections 99238 and 99238.5	<p>TAMC has designated the MST Mobility Advisory Committee (MAC) as the SSTAC for Monterey County. The MST Board of Directors approves appointments to the MAC as needed. The role and responsibilities of the MAC, serving as the SSTAC, are based on TDA guidelines and the committee bylaws adopted in December 2015.</p> <p>Three public meetings are held annually to solicit unmet transit needs from the public. The meetings attempt to attract residents along the Monterey Peninsula, in the Salinas area, and most recently in the south part of the county. They include a meeting of the TAMC Board of Directors, a meeting of the MAC, and a meeting in a south county city such as King City. The public is also welcome at all MAC meetings.</p> <p>Conclusion: Complied</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	Public Utilities Code, Section 99244	TAMC commissions the TDA triennial performance audit, which is an alternative method for compliance with this provision. The performance audit provides an analysis and recommendations for potential

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

TAMC Compliance Requirements	Reference	Compliance Efforts
<p>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"> • A committee for the purpose of providing advice on productivity improvements may be formed. • The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation which exceeds its prior year allocation. 		<p>productivity improvements.</p> <p>Also, the MAC serves in the role of monitoring productivity improvements by assisting in the determination of the transportation needs of the elderly and persons with disabilities, reviewing specialized transportation needs of the elderly and disabled population, and specialized transportation planning and other related studies, as well as advocating on behalf of the elderly, the disabled, and persons with disabilities and/or limited means on transportation-related issues.</p> <p>Conclusion: Complied</p>
<p>The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).</p>	<p>Public Utilities Code, Section 99245</p>	<p>Annual certified fiscal and compliance audits were completed for MST. For FYs 2014 through 2016, the annual financial audits were completed within the 180-day period. Completion dates:</p> <p>FY 2014: December 19, 2014 FY 2015: December 22, 2015 FY 2016: December 19, 2016</p> <p>Conclusion: Complied.</p>
<p>The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennium). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator’s TDA monies and to the RTPA within 12 months after the</p>	<p>Public Utilities Code, Sections 99246 and 99248</p>	<p>For the current three-year period, TAMC has retained Michael Baker International to conduct the audit of the RTPA and MST. PMC was retained to conduct the previous audit for the three fiscal years that ended June 30, 2013.</p> <p>Conclusion: Complied</p>

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

TAMC Compliance Requirements	Reference	Compliance Efforts
<p>end of the triennium. If an operator’s audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.</p>		
<p>The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director, that the performance audits of the operators located in the area under its jurisdiction have been completed.</p>	<p>Public Utilities Code, Section 99246(c)</p>	<p>TAMC submitted a cover letter to Caltrans dated February 12, 2015, confirming completion of the performance audits of the agency and of MST for the period ending June 30, 2013. The performance audits were submitted electronically to Caltrans and are available on the TAMC website.</p> <p>Conclusion: Complied</p>
<p>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.</p>	<p>Public Utilities Code, Section 99246(d)</p>	<p>The performance audit of MST includes all required elements.</p> <p>Conclusion: Complied</p>

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

TAMC Compliance Requirements	Reference	Compliance Efforts
<p>The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.</p>	<p>Public Utilities Code, Section 99270.1 and 99270.2</p>	<p>The TAMC TDA Guidelines (amended March 2016) specify the farebox recovery ratio for MST. The guidelines indicate MST must meet the minimum farebox recovery ratio of 10 percent for rural areas.</p> <p>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 TDA.</p> <p>Discussions with TAMC revealed an error in the farebox recovery when the guidelines were last amended. The adopted farebox recovery ratio for MST is 15 percent, which reflects an intermediate farebox ratio for a transit system like MST that serves both rural and urban areas. The farebox ratio was set by TAMC Resolution 2004-19 pursuant to TDA law. TAMC intends to update the farebox to the correct figure in the guidelines.</p> <p>Conclusion: Complied</p>
<p>The RTPA has adopted criteria, rules and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.</p>	<p>Public Utilities Code, Section 99275.5</p>	<p>TAMC has not adopted rules and regulations for Article 4.5 claims, as the agency does not disburse any TDA funds under this article section. The consolidated transportation service agency (CTSA) in the county is MST, which claims its transit funds under Article 4.</p> <p>Conclusion: Not applicable</p>
<p>State transit assistance funds received by the RTPA are allocated only for transportation</p>	<p>Public Utilities Code, Sections 99310.5 and 99313.3, and</p>	<p>TAMC allocates State Transit Assistance (STA) funds to MST for transit purposes only. In addition, the TAMC TDA</p>

TABLE II-1 TAMC Compliance Requirements Matrix		
TAMC Compliance Requirements	Reference	Compliance Efforts
<p>planning and mass transportation purposes.</p> <p>(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.)</p>	Proposition 116	<p>Guidelines indicate STA funds may also be used for passenger rail.</p> <p>Conclusion: Complied</p>
<p>The amount received pursuant to Public Utilities Code, Section 99314.3 by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.</p>	Public Utilities Code, Section 99314.3	<p>TAMC allocates operator revenue-based STA funds to MST in accordance with the amounts published by the State Controller's Office.</p> <p>Conclusion: Complied</p>
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code, Section 99238; • Identified transit needs, including: <ul style="list-style-type: none"> ○ Groups that are transit-dependent or transit disadvantaged, ○ Adequacy of existing transit services to meet the needs of groups identified, and ○ Analysis of potential 	Public Utilities Code, Section 99401.5	<p>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 and MST continue to obtain input on potential transit needs from the community. TAMC and MST work through MST's MAC to collect public comments on unmet transit needs at public hearings held at various locations in the county. TAMC issued revised guidance on the unmet transit needs process following integration of the SSTAC into the MAC. MAC representatives attend outreach meetings in the fall at each of the public meeting locations.</p> <p>Conclusion: Complied</p>

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

TAMC Compliance Requirements	Reference	Compliance Efforts
<p style="text-align: center;">alternatives to provide transportation services;</p> <ul style="list-style-type: none"> • Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet”; • Identified the unmet transit needs and those needs that are reasonable to meet; • 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. <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>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 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</p>	<p>California Administrative Code, Section 6662</p>	<p>The accounting firm of Moss, Levy & Hartzheim LLP conducted the financial audit of TAMC for FYs 2014, 2015, and 2016. 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>TAMC also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p> <p>Conclusion: Complied</p>

TABLE II-1 TAMC Compliance Requirements Matrix		
TAMC Compliance Requirements	Reference	Compliance Efforts
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.		

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 toward the designated consolidated transportation service agency (CTSA), a role designated to MST.

Though no TDA funds are allocated for streets and roads, TAMC continues with an unmet transit needs process that involves obtaining public input and coordinating with the MST Mobility Advisory Committee, serving as the SSTAC. While 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 on both the Monterey Peninsula and in the Salinas Valley, combined with public hearings at various locations to solicit unmet transit needs, also offer evidence of TAMC’s objective to provide an inclusive environment for discussion of public transportation services.

The TDA Guidelines developed by TAMC during the audit period provide the documented guidance for TDA fund administration and distribution. The guidelines describe the processes undertaken to ensure the proper sequence of actions and the eligibility requirements for the claimants, and account for MST operating as a transit district through which the transit system receives virtually all of the LTF for transit.

Section III

Prior Triennial Performance Audit Recommendations

This chapter describes TAMC's response to the recommendations included in the prior triennial performance audit. Each prior recommendation is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Recommence the TDA claims process for MST.

Background: As a transit district, MST has received TDA funds allocated to Monterey County on behalf of its constituent agencies. TAMC has not required MST 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 Monterey County 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 to a transit district, claims for TDA funds by the local jurisdictions were submitted in compliance with the rules and regulations adopted by TAMC and with state TDA law. As an industry practice for transparent and documented processes, it was recommended that TAMC work with MST to reinstate the formal TDA claims procedures and requirements to apply and receive the funds.

Actions taken by TAMC: Beginning in FY 2014–15, TAMC reinstated the TDA claim process with MST. MST completed and submitted a signed claim for payment for that year as well as FY 2015–16. A check register showing expenses to be paid with the claim is included with the submission. TAMC developed the in-house TDA Guidelines in 2015, which contain a claim form, a checklist of submittals with the claim, and a standard assurance list. MST submits the full claim packet for TDA funds at the beginning of the fiscal year.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

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

Background: 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.

Actions taken by TAMC: The MAC now serves as the TAMC's Social Services Transportation Advisory Committee. All MST mobility program services are planned and implemented with the input and oversight of the MAC. To solidify the integration of the SSTAC into the MAC, the bylaws of the committee were updated in December 2015 to require compliance with SSTAC membership categories and involvement in soliciting unmet transit needs. Meetings are alternated between Salinas and Monterey. Also, as part of the MAC's efforts to collect public comments on unmet transit needs, MAC representatives attend outreach meetings in the fall at both north and south county locations. The meetings attempt to attract residents along the Monterey Peninsula, in the Salinas area, and in the south part of the county.

Conclusion

This recommendation has been implemented.

Prior Recommendation 3

Rotate TAMC board meetings around the county to better engage the public.

Background: Regularly scheduled meetings of the TAMC Board of Directors convene at the Monterey County Agricultural Center in Salinas. The prior audit acknowledged TAMC's efforts to make board meetings more accessible to the public. For instance, board meetings are televised and videos archived to the agency's website. A suggestion for further reach to the community would be for board meetings to be held at least once or twice a year in other parts of the county to encourage participation by the communities and enhance TAMC visibility regionwide.

Actions taken by TAMC: TAMC board meetings have been held at the Monterey County Agricultural Center in Salinas during the audit period. With a large board membership and as home to the TAMC offices, Salinas has been an ideal location. TAMC acknowledges that travel distance plays a role in board participation, and rotating meeting locations would likely contribute to reduced attendance. To engage and notify the public, agendas are on display and are posted 72 hours prior to the scheduled meeting at the TAMC offices and at these public libraries: Carmel, Monterey, Salinas Steinbeck Branch, Seaside, Prunedale, King City, Hartnell College, Monterey Peninsula College, and Cal State University Monterey Bay. Any person who

has a question concerning an item on the agenda may call the TAMC offices to inquire concerning the nature of the item described on the agenda. The agenda and all enclosures are available on the agency's website. Streaming videos of the meetings are also available through the TAMC website and using the Access Monterey Peninsula TelVue CloudCast Video Player.

The public is also engaged in different parts of the county through the unmet transit needs outreach that is conducted in different cities. In addition, the Bicycle and Pedestrian Facilities Advisory Committee alternates meetings between Salinas and Sand City. Further, beginning in May 2015, TAMC undertook a public outreach effort to inform the public about the region's transportation needs, funding challenges, and the self-help option leading to the local transportation tax measure on the ballot. These communications methods and strategies encourage participation by the communities and enhance TAMC visibility.

Conclusion

This recommendation is no longer applicable given the implementation of other means of engaging the communities.

Prior Recommendation 4

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

Background: The guidance contained in the TAMC Administrative Policies and Procedures did not provide language that helped to ensure MST's compliance with the required farebox recovery ratio. Rather, the Financial Highlights section of the MST Comprehensive Annual Financial Report (CAFR) stated the farebox ratio of 15 percent. It was 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.

Actions taken by TAMC: TAMC adopted a farebox policy of 15 percent for MST in 2004, despite this policy not being shown in the TAMC Administrative Policies and Procedures. The relatively new TDA Guidelines developed by TAMC have since documented the adopted farebox ratio. This ratio blends the transit services provided in both rural and urban areas of the county. Local fund sources, such as MST's Measure Q revenues, count for this farebox ratio. The guidelines also describe the process should a transit claimant not meet the required farebox recovery ratio.

Conclusion

This recommendation has been implemented.

Section IV

Detailed Review of RTPA Functions

In this section, a detailed assessment is provided of TAMC's functions and performance as an RTPA during this audit period. 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 proactively plan and fund a transportation system that enhances mobility, safety, access, environmental quality, and economic activities by investing in regional transportation projects serving the needs of Monterey County residents, businesses, and visitors. TAMC is responsible for distributing money for public transit, rail, local street and road maintenance, highways, and bicycle and pedestrian facilities. The TAMC Board of Directors sets policy and oversees a professional staff of 13 full-time employees and 1 part-time employee. Interns provide additional help on specific tasks and projects.

The agency's administrative guidance is derived from board policies that are codified in the Administrative Policies and Procedures document, which was amended during the audit period in June 2014. 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 a basic description of TDA claims procedures. In calendar year 2014, there were three new hires to fill existing positions (two Assistant Transportation Planners and one Associate Transportation Planner/Community Outreach Coordinator). In 2015, there was no staff turnover and one part time-student intern hired, while in 2016, one new staff position was created (Assistant Transportation Planner/511 Rideshare Coordinator). One part-time student intern was also hired. Positions are advertised in industry publications, at area colleges, and in general circulation media sources. TAMC has been

reviewing and preparing its staffing needs to implement the new Measure X transportation program.

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 2016. It contains an overview of employee benefits such as medical insurance, vacation time accrual, and retirement. TAMC offers ongoing education and training opportunities and tuition reimbursement. Internally, the agency provides mentoring and cross-training for staff.

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 including TDA Local Transportation Fund Administration 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. The annual work program direct expenditures ranged between \$10 and \$19 million annually for the three-year audit period.

TAMC has taken a lead role in the region involving the implementation of several vital transportation improvement projects throughout the county. Development of the Transportation Safety & Investment Plan (Measure X), among other significant projects, highlights TAMC's partnership with Caltrans, AMBAG, and local agencies in project development, funding, and coordination with local agencies and community members, as well as the agency's role in taking the lead in community outreach and media relations. Highlights of additional multimodal transportation planning studies and projects that TAMC has facilitated through its committees and partnerships that are either completed or are under way include:

- Designing and acquiring right-of-way for passenger rail extension to Salinas;
- Evaluating the feasibility of utilizing tolling and a public-private partnership to fund and construct the SR 156 Corridor project;
- Conducting public outreach for the construction phase of the Holman Highway Roundabout project;
- Conducting a conceptual planning study to evaluate potential projects to improve pedestrian and bicycle safety on Highway 68 in Pacific Grove;
- Identifying financially feasible operational improvements along Highway 68 between Monterey and Salinas, and evaluating opportunities to improve wildlife connectivity along the corridor;
- Supporting member agencies in work on regional highways and pedestrian and bicycle facilities;

- Developing an expenditure plan for the 2016 Transportation Safety and Investment Plan (Measure X); and
- Completing the study of sustainability outcomes of improvements on the US 101 corridor using the Federal Highway Administration’s INVEST tool.

Other coordination planning efforts involved TAMC completing the Marina-Salinas Multimodal Corridor Conceptual Plan in June 2015 in response to the need for a regional route through the former Fort Ord area that will increase roadway capacity by prioritizing high quality transit, bicycling, and walking as viable alternatives to driving. Some features that are considered include bicycle facilities, sidewalks or paths, transit stops/shelters, transit prioritization at signalized intersections, dedicated bus rapid transit facilities, and pedestrian and equestrian crossing enhancements.

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 (including alternates), based on the auditor’s review of meeting minutes and attendance records during the audit period. This is an indication of the Board’s education, interest, and engagement on transportation topics for the past three-year period, highlighted by the development of the transportation sales tax plan.

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 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 2014 RTIP at its December 2013 meeting, and adopted the 2016 RTIP in February 2016 for inclusion in the STIP. The RTIPs are consistent with the STIP Guidelines adopted by the California Transportation Commission. 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. Extending the Capitol Corridor rail service to Salinas is also an important mobility project along the US 101 corridor. 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 and was completed in July 2015. The new funding proposed in the 2014 RTIP was \$14.3 million with a request of \$2 million to put toward the purchase of new buses for Monterey-Salinas Transit. MST will leverage federal funding to purchase over 20 new full-size buses.

The 2016 STIP had no funding capacity for programming new projects and reduced the share of funding for Monterey County by \$16.1 million. The shortfall in funds was the result of the reduction of the state excise tax on gasoline. As such, Monterey County's 2016 RTIP contains no new projects, deletes and reduces funding for several existing high priority projects, and seeks to maintain funding levels for other existing projects or to shift funds between years within existing projects to align with current project schedules.

In addition to STIP funding, TAMC receives state highway account funds in-lieu of federal Regional Surface Transportation Program (RSTP) funds. The State makes this exchange optional for rural counties. To receive funds, local jurisdictions have the responsibility to follow the TAMC Regional Surface Transportation Program guidelines and project implementation timelines. TAMC staff adheres to procedures when administering the RSTP Competitive Grant program proscribed in the guidelines, which were adopted in February 2014 and revised in June 2015.

The RTIP must be consistent with the goals and objectives of the Regional Transportation Plan. 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. The passage of Measure X in November 2016 has helped to bridge the funding gap. The 2014 RTP assumed revenues from Measure X, while the 2018 RTP being planned reflects projects that will be funded from the local sales tax. Nevertheless, the 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 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.

AMBAG develops the regional Sustainable Communities Strategy (SCS) while TAMC develops its SCS share for Monterey County that is integrated into the regional strategy. Central to the development of the 2014 RTP was an extensive public outreach process. Building on the 2013 Regional Development Impact Fee Program, regional AMBAG Blueprint process, and Sustainable Communities Strategy, 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 was made for the 2014 RTP, including revamped public workshops, expanded online and telephone surveys, and visits with community groups. Outreach for the update to the RTP to be completed in 2018 piggybacked on the efforts conducted for Measure X. TAMC developed its portion of the public participation plan (PPP) in the AMBAG PPP.

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. 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 expansion would allow Caltrain or Amtrak's Capitol Corridor to extend rail service into Monterey County. Currently, the only passenger rail service is provided by Amtrak's long-distance Coast Starlight service with a stop in Salinas. TAMC modified the project into phases. Construction could start as early as 2018, with service scheduled to start with two daily round trips. Currently, the project is programmed with \$18.856 million in state-only funding for construction in FY 2017–18.

TAMC had worked to develop the Active Transportation Plan (ATP) toward the end of the audit period. The ATP is an update to the agency's 2011 Bicycle and Pedestrian Master Plan and guides the development of priority projects and infrastructure improvements. The ATP focuses on identifying high priority bicycle and pedestrian projects, analyzing key gaps from the existing and proposed bicycle and pedestrian networks, identifying opportunity sites for innovative bicycle facility design, and identifying areas for enhanced regional and local connectivity. Further action by TAMC is being undertaken to educate the public about bicycle alternatives and links to public health. Efforts include an evaluation of starting a bikesharing program in Salinas. A link on the TAMC website leads to a virtual town hall called My Sidewalk that engages the public online on active transportation.

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 retained until they are implemented or removed. Several public workshops are held each year in compliance with the statute that also 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 planning. During the audit years of 2014 through 2016, TAMC claimed the total amounts shown in Table IV-1.

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

Fiscal Year	TDA Administration & Planning
2014	\$908,484
2015	\$908,484
2016	\$908,484

Source: TAMC Financial Statements, LTF Schedule of Claims by Purpose, FYs 2014–2016

Based on the above table, in FY 2014, the amount shown for TAMC toward administration and planning equaled approximately 6.1 percent of total Local Transportation Funds (\$14,834,251). In FY 2015, the amount was 5.7 percent (out of \$15,997,827), and for FY 2016, the amount was 5.5 percent (out of \$16,490,146). As LTF revenues increased over the three years, the amounts allocated by TAMC for administration and planning remained the same, resulting in a lower percentage each year relative to total revenue. These percentages are also lower than those in the prior triennial cycle.

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 TDA Guidelines provide the documented guidance for TDA fund administration and distribution, and 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.

TDA Claim Processing

On an annual basis during this audit period, TAMC was responsible for managing the apportionment of between \$14.8 and \$16.5 million in Local Transportation Fund revenues and about \$2.7 million in State Transit Assistance funds. The amount of STA revenue allocations declined slightly each year as revenues statewide declined.

Starting this audit period, and meeting a prior performance audit recommendation, TAMC worked with MST to re-initiate the claim submittal process in spite of MST being eligible for all

remaining LTF allocation. Following approval of the claim, TAMC prepares a memorandum to the Monterey County Auditor-Controller requesting an electronic transfer of funds from the LTF holding account to MST's account. 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. The TDA claim submittal and approval process is required by state law and is an accountable means for the claimant to request funds according to the rules and regulations established by the transportation planning agency.

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.

Article 3 funds are rolled into the RSTP funding guidelines. Projects using RSTP funds are not required to have a local match like federal transportation programs. Prior to the allocation cycle, 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 by the deadline specified in the call for projects. The Agency adopts a program of projects for a three-year funding cycle, with one pot being competitive and one pot being formula distribution. Once funds are allocated to an approved project, the project sponsor has three years to expend the funds. Funds are paid to projects on a reimbursement basis and upon claim by the project sponsor to TAMC.

The information provided by claimants such as MST ensures that proper information is submitted to justify the TDA claim. TAMC's new claim form also includes a checklist of materials to include with the transit claim to ensure that all required information is provided to substantiate the request for TDA revenues:

- Claimant's most recent comprehensive annual financial report
- Claimant's current fiscal year transit budget with all capital/operating costs and revenues identified separately
- California Highway Patrol Certifications, pursuant to PUC Section 99251
- Claimant's governing body resolution or minute action making application for the LTF funds
- Claimants monthly performance statistics, including farebox recovery ratio

A standard assurance list is also included for MST to hand initial indicating its compliance with the respective mandate. TAMC's list shows 15 different assurances. The standard assurances,

combined with the claim form and supporting documentation checklist, are representative of good industry practice by TAMC serving as an RTPA.

Following passage of State Senate Bill 508 in October 2015, which TAMC references in its TDA Guidelines, various changes were made to key areas such as how farebox recovery is calculated, and the reinstatement of the STA qualifying criteria enabling MST to continue using STA revenue for operations. TAMC's TDA Guidelines should include these additional measures in a future update.

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 a standing item on the TAMC board agenda for MST to report on its operations. MST provides updates on its activities and prepares a summary of monthly performance statistics for its transportation, maintenance, and administration departments. The reports are presented to the MST Board whose membership overlaps with the TAMC Board. The statistics highlight performance metrics within each department's services compared to the prior year and against goals.

Another method of transit monitoring 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. TAMC and MST continue to obtain input on potential transit needs from the community. TAMC and MST work through MST's Mobility Advisory Committee to collect public comments on unmet transit needs at public hearings held at various locations in the county. TAMC issued revised guidance on the unmet transit needs process following integration of the SSTAC into the MAC. The comments received are categorized into one of three categories: (1) transit service improvement; (2) transit service expansion; and (3) capital improvement project. Each comment is further considered as a short-term or long-term improvement and is reviewed by the MAC, which then recommends a list for receipt by the TAMC Board. Finally, the recommencement of the TDA claims process is another method by which TAMC monitors transit performance through the supporting details for the fund request that MST must submit.

Marketing and Transportation Alternatives

TAMC uses a number of public information and community engagement approaches. Public access and information about TAMC and its activities are available through the agency's updated website (<http://tamcmonterey.org/>), which is an extensive resource. The menu just below the masthead provides links to updates, Measure X, Board actions, committees, programs, calendar, and agency and staff contact information. Highlights of projects and upcoming meetings headline the home page. Traffic advisories, Requests for Proposals (RFPs), transit needs comments, and video links to board meetings are accessible on the main page as well. A public outreach survey is provided on the website soliciting comment on transportation

and how to reach the audience. The TAMC website also contains an option to translate into any number of languages, including Spanish and Chinese. In addition, social media accounts were set up on Facebook and Twitter. The Facebook page has received 290 “likes” to date and 287 followers, an increase from the prior audit period. TAMC uses its Twitter feed to post updates of construction projects such as the Holman Highway Roundabout, and traffic advisories.

A dedicated Bus Transit section on the TAMC website describes the involvement of the MAC and the unmet transit needs process, as well as detailed TDA and federal transit funding programs. The section provides active links to MST and the Caltrans website for state and federal funding guidance, and contact information for the TAMC coordinator for transit.

As mentioned previously, TAMC televises its board meetings and posts the video links on the website. Recordings are made for broadcast on Monterey County Comcast channel 28, while streaming videos of the meetings are available through the TAMC website. Another media outreach during parts of the audit period had been the Your Town public information television program that TAMC hosted monthly in which experts provide an update on the latest transportation issues. The last program was televised in January 2014; the Your Town program was put on hold, though TAMC anticipates restarting it in the future.

TAMC continues with its publication of an Annual Report highlighting activities, accomplishments, current issues, and project updates. The user-friendly report is contained on the website in the public outreach section and is available in both English and Spanish. With significant regionwide outreach conducted for major activities including the RTP update and Measure X during the last few years, TAMC makes focused effort to maintain its visibility in the community and engage county residents.

In coordination with the Santa Cruz County Regional Transportation Commission, TAMC conducted a comprehensive Monterey Bay Area 511 Traveler Information System Feasibility and Implementation Study. The 511 service is a web-based multimodal trip planning tool providing information on traffic conditions, rideshare matching, transit routes and schedules, and bicycle commuting. Following the study, TAMC worked with AMBAG to re-assume responsibility for the Rideshare/511 operations from AMBAG after 20 years. Toward the end of the audit period, in June 2016 TAMC recruited for a new full-time Rideshare/511 Program Coordinator/Transportation Planner position to develop the integrated countywide Rideshare/511 traveler information program, conduct public outreach promoting sustainable transportation modes and travel choices through coordination with employers and events, and manage alternative commuter support programs. The work will include rebranding the Rideshare/511 program and increasing awareness and usage of the system.

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 used in a variety of regional plans. TAMC and AMBAG coordinate activities that impact each of their respective planning and programming responsibilities.

MST is the only recipient in Monterey 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, with TAMC passing all of these formula funds through to MST.

Under the relatively new State Low Carbon Transit Operations Program (LCTOP), TAMC acts as a “contributing sponsor” of the funds allocated to the region and released its FY 2015–16 LCTOP allocation to MST for a new all-electric bus for transit services in East Salinas and for repayment to the Santa Cruz Metropolitan Transit District (SCMTD) of a prior year transfer of its LCTOP funds to SCMTD. Of the estimated \$480,000 in LCTOP funds for the Monterey region, about \$297,000 was allocated to MST for the electric bus, and the remaining funds allocated to repay SCMTD. A resolution was passed by the TAMC Board in January 2016.

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. In January 2015, TAMC authorized the programming of \$300,000 in FTA 5310 Program funds for MST to purchase four replacement vehicles for its RIDES program and to fund MST's taxi voucher program. TAMC executed and filed the required program certifications and assurances that the projects are consistent with the Regional Transportation Plan and included in the Federal Transportation Improvement Plan. TAMC also approved the regional priority project list submitted to Caltrans.

Other federal funding includes TAMC authorizing the programming of FTA Section 5339 Bus and Bus Facilities Program funds through Caltrans to MST. The program provides capital assistance to replace, rehabilitate, and purchase buses and bus-related equipment. TAMC is required to prepare and authorize the program of projects for MST's grant application, which funded three new buses with a federal share of about \$647,000. TAMC submitted the grant application to Caltrans in June 2015 for the federal fiscal year 2014. The FTIP was also amended to include these buses.

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. Rural transit in the MST service area is provided in the south county and is funded by these revenues.

As a recipient of federal financial assistance, TAMC is required to prepare a Title VI Program and Language Assistance Plan. The agency prepared such a plan in June 2015 to serve as guidance in the administration and management of Title VI–related activities, and details how TAMC meets the requirements set forth in the FTA Circular. TAMC operates its programs and services ensuring that no person is excluded from the equal distribution of its services and amenities based on their race, color, or national origin in accordance with Title VI of the Civil Rights Act of 1964.

Section V

Findings and Recommendations

The following material summarizes the major findings obtained from the Triennial Audit covering FYs 2014 through 2016. A set of 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. Of the four prior performance audit recommendations, three were fully implemented. The fourth recommendation, which pertained to rotating TAMC board meetings around the county as a means to engage the public, no longer applied. Other public outreach and engagement activities conducted by TAMC for various purposes such as the unmet transit needs, regional plan update, and the more recent Measure X have contributed to extensive public engagement.
4. Though no TDA funds are allocated for streets and roads, TAMC continues with an unmet transit needs process that involves obtaining public input and coordinating with the MST Mobility Advisory Committee, serving as the SSTAC. These actions offer evidence of TAMC's objectives to provide an inclusive environment for discussion of public transportation services.
5. The new in-house TDA Guidelines developed by TAMC provide the documented guidance for TDA fund administration and distribution. The guidelines describe the processes undertaken to ensure the proper sequence of actions and the eligibility requirements for the claimants, and account for MST operating as a transit district through which the transit system receives virtually all of the LTF for transit.
6. Starting this audit period, and meeting a prior performance audit recommendation, TAMC worked with MST to re-initiate the TDA claim submittal process which provides an accountable means for the claimant to request funds according to the rules and regulations established by the transportation planning agency. The claim form, supporting documentation checklist, and standard assurance list are representative of good industry practice by TAMC serving as an RTPA.
7. TAMC has taken a lead role in the region involving the implementation of several vital transportation improvement projects throughout the county. Development of the

Transportation Safety & Investment Plan (Measure X), among other significant projects, highlights TAMC's partnership with Caltrans, AMBAG, and local agencies in project development, funding, and coordination with local agencies and community members, as well as the agency's role in taking the lead in community outreach and media relations. Passenger rail extension to Salinas and the Holman Highway Roundabout project are additional current projects under way.

8. TAMC adopted state and federal programming documents to continue enabling transportation funding to flow to the region. For example, TAMC programmed \$2 million dollars in the State Transportation Improvement Program. MST will leverage this with federal funding to purchase over 20 new full-size buses.
9. The 2014 RTP was developed by TAMC staff in cooperation with AMBAG and covers a 20-year planning horizon. The 2014 RTP assumed revenues from a future sales tax measure, while the 2018 RTP being planned reflects the specific regional projects and local street and road maintenance that will be funded from the Measure X sales tax. The passage of Measure X in November 2016 will help to reduce the infrastructure funding gap documented in the RTP.
10. TAMC uses a number of public information and community engagement approaches. Public access and information about TAMC and its activities are available through the agency's website, which is an extensive resource and can be translated into many languages. A dedicated bus transit section on the TAMC website describes the transit needs process, detailed TDA and federal transit funding programs, and provides active links to MST and the Caltrans website for state and federal funding guidance.

Triennial Audit Recommendations

1. Amend the TAMC TDA Guidelines for enhanced TDA administration.

TAMC is commended for developing an in-house TDA Guidelines manual during this audit period to provide documented procedures and processes that comply with various provisions of the TDA statute. As amendments to the guidelines are generally made to clarify these procedures and improve administration of the fund from practice, a number of recommendations are made to enhance the TAMC TDA guidelines:

- Clarify in all instances that the adopted farebox recovery ratio for Monterey-Salinas Transit is 15 percent, which is the ratio adopted by TAMC in 2004. Some passages in the TDA Guidelines indicate that a rural farebox ratio of 10 percent must be met. This is cited in at least two places: (1) Transit System Farebox Recovery Ratios section; and (2) subheading “L” in the Appendix B Standard Assurances for Transit Applicants. In addition, TAMC TDA resolutions approving annual allocations should be changed to reflect the 15 percent ratio.
- Identify the inputs on how the farebox recovery ratio is computed under Senate Bill 508. The new law specifies language regarding defining the type of revenues and operating costs that could be included in the ratio. For example, revenue can include local funds to supplement fare revenue such as a local transportation sales tax or advertising revenue. Also, operating costs can exclude certain costs above the rate of inflation. TAMC should include the specifics of SB 508 in the guidelines to clarify the farebox recovery calculation.
- Include a description and calculation of the State Transit Assistance (STA) fund qualifying criteria. SB 508 brings back the eligibility standards codified in Public Utilities Code Section 99314.6 to determine the operator’s eligibility to use STA for operations. The law is modified to continue allowing the transit operator to use STA for operations even if the operator is not eligible, but at a reduced amount with the remaining STA shifting to capital. The two-prong application of the cost per revenue hour criteria generally remains the same as before; only the allowance to continue using the revenue for operations on a tapered scale has changed, which is dependent on the calculation results. TAMC allocation resolutions as well as Monterey-Salinas Transit financial documents indicate that STA is used for operational expenses. TAMC should work with MST to determine the eligibility to use STA for operations, and make appropriate findings on funding apportionments based on the provisions in SB 508.