

FY 2011-2013 TRIENNIAL PERFORMANCE AUDIT OF  
HUMBOLDT COUNTY ASSOCIATION OF  
GOVERNMENTS (HCAOG)



SUBMITTED TO  
HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS

**JUNE 2014**

SUBMITTED BY

**PMC**<sup>®</sup>

## TABLE OF CONTENTS

<b>Executive Summary</b> .....	<b>i</b>
<b>Section I</b> .....	<b>1</b>
Introduction – Initial Review of RTPA Functions .....	<b>1</b>
<b>Section II</b> .....	<b>7</b>
RTPA Compliance Requirements .....	<b>7</b>
<b>Section III</b> .....	<b>21</b>
Prior Triennial Performance Audit Recommendations .....	<b>21</b>
<b>Section IV</b> .....	<b>25</b>
Detailed Review of RTPA Functions.....	<b>25</b>
Administration and Management .....	<b>25</b>
Transportation Planning and Regional Coordination.....	<b>26</b>
TDA Claimant Relationships and Oversight.....	<b>30</b>
Public Information.....	<b>35</b>
Grant Application and Management .....	<b>35</b>
<b>Section VI</b> .....	<b>37</b>
Findings and Recommendations .....	<b>37</b>
<b>Appendix A</b> .....	<b>41</b>

## Executive Summary

PMC was retained by the Humboldt County Association of Governments (HCAOG) 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), HCAOG is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California State Department of Transportation (Caltrans) to continue to receive TDA funding. TDA funding is used for HCAOG administration and planning and is distributed to local jurisdictions for motorized and non-motorized forms of transportation.

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

Below are findings from the analysis:

1. HCAOG has fully complied with thirteen of fourteen state legislative mandates for Regional Transportation Planning Agencies. A requirement that is partially complied concerns the adoption of evaluation criteria for Article 4.5.
2. Of the six prior performance audit recommendations, HCAOG has fully implemented two recommendations, partially implemented or is in process of implementing three other recommendations, and has not yet implemented a sixth recommendation. The prior recommendation not implemented is to consider development of a mission statement for HCAOG. As the prior audit recommendations are still valid, HCAOG should make effort to implement the remaining recommendations.
3. The Association solidified its staffing during the earlier years of the audit period through expansion and reclassifications. Positions included an Associate Planner and Administrative Services Officer (July 2011), Executive Assistant (August 2011), and Senior Planner (August 2012). These positions were created in line with a classification and compensation study to delineate staff duties and make recommendations for appropriate compensation and staffing levels.
4. The listing of the Overall Work Program (OWP) work elements have been slightly re-organized over the years to improved their transparency and reflection of new work activities. Additional organization details have been added to the OWP including appendices containing tables of direct and indirect agency costs, and fiscal year budget.

5. HCAOG with assistance from a consultant commenced an update to the 2008 Regional Transportation Plan (RTP) which is required by the California Transportation Commission (CTC), and Caltrans, every five years. For the 2013 update of the RTP which is in conformance with the CTC's adopted RTP Guidelines, HCAOG is explicitly stating that the mission of the plan is to chart the course to provide Variety in Rural Options of Mobility.
6. HCAOG has been active in supporting regional transportation planning projects and programming funds to administer the development of these plans. HCAOG also supports interregional transportation planning priorities evidenced by its participation in past and current projects and programs. Significant projects include railbanking of the Arcata and Mad River Railroad corridor for interim use as the Annie and Mary Trail, the Eureka-Arcata Route 101 Corridor Improvement Project, and the Regional State Routes to School (SR2S) prioritization tool project.
7. HCAOG updated the *Humboldt County Coordinated Public Transit – Human Services Transportation Plan* that was adopted in December 2013 and was completed in-house. The Coordinated Plan is required to be updated every five years (last approved in 2008) and identifies the transportation needs of seniors and individuals with disabilities.
8. HCAOG staff follows the general provisions in its updated 2012 Rules and Regulations for the administration of TDA. The claims forms have since been put into a spreadsheet for electronic submission which is a very efficient method for both the claimant and HCAOG.
9. HCAOG conducts required annual unmet transit needs process in consultation with the SSTAC. The updated unmet transit needs definitions were approved by the HCAOG board and included in the TDA Rules and Regulations. Meeting minutes from HCAOG public hearings show relatively significant level of public comment and input to transit service needs. During the three-year audit period, staff and the SSTAC recommended to the Board an unmet transit need that was found to be reasonable to meet. The unmet need was the provision of Saturday service to Willow Creek by HTA which began offering three roundtrips in July 2012.
10. HCAOG's media relations efforts are conveyed through its website, publications, and public presentations. HCAOG updated its website (<http://www.hcaog.net/>) that serves as the agency's main Internet portal. Information and recent and archived meeting agendas for the board and each subcommittee are contained on the site and are easily accessible. Staff is also in the process of updating its Public Participation Plan.

Four recommendations are provided to improve HCAOG's administration and management of the TDA and its organization. Each recommendation is described in detail in the last chapter of this audit and is summarized below:

### Performance Audit Recommendations

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

Carried forward from a prior performance audit recommendation, there are other public transit systems in Humboldt County that currently receive TDA funds but have not been subject to the performance audit. Industry best practices among RTPAs provide for performance audits of all public transportation systems under their respective jurisdictions. This supports a policy for government to remain transparent in the use and accountability of public revenues.

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

Drawn from a prior performance audit recommendation, HCAOG should require that the transit operators provide a status of their implementation of audit recommendations from both the TDA fiscal audit and TDA performance audit. This will help HCAOG to be more compliant with the TDA requirement that the RTPA provide productivity recommendations. This could be accomplished by adding a new section to the electronic TDA claims form for the operators to describe their progress to implement the recommendations.

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

The TDA statute includes a requirement for the RTPA to adopt rules and regulations for approval of TDA claims under Article 4.5 (Public Utilities Code Section 99275). Claims under this article provision are typically made by designated Consolidated Transportation Services Agencies (CTSAs) to fund special and social services trips. HCAOG should at a minimum adopt the claims evaluation criteria described under PUC 99275.5. These rules and regulations should be added to the HCAOG TDA Rules and Regulations.

4. Consider development of a mission statement for HCAOG.

Carrying forward a prior audit recommendation, HCAOG as a whole would be served well by the formulation of a simple agency mission statement. The mission statement for HCAOG could be a formal, short, written statement of the purpose of the agency that guides its actions, goals and decision-making. As

responsibilities of a RTPA increase over time, and often become more complex, a mission statement would provide the framework or context within which HCAOG's activities and strategies are formulated and articulated to its member agencies and other partners. The mission statement and the activities to achieve the mission could strengthen HCAOG's position as a regional collaborator and facilitator of an improved transportation system in Humboldt County. The overall goal and policies contained in the HCAOG 2014 RTP could help serve as a foundation for the agency's mission statement.

## Section I

### Introduction – Initial Review of RTPA Functions

The Humboldt County Association of Governments (HCAOG) has retained the firm of PMC to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, Fiscal Years (FY) 2010–11 through 2012–13. As a Regional Transportation Planning Agency (RTPA), HCAOG is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue to receive TDA funding.

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

#### Overview of HCAOG and Humboldt County

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

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

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

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

HCAOG also functions as the Service Authority for Freeway Emergencies (SAFE). This role, which was initiated in 1994, includes the implementation and maintenance of a motorist-aid roadside call box system pursuant to a regional SAFE plan. In addition, a revision of HCAOG’s Cooperative Agreement between member agencies in December

2009 added regional trails planning, management and development duties to the agency's overall responsibilities.

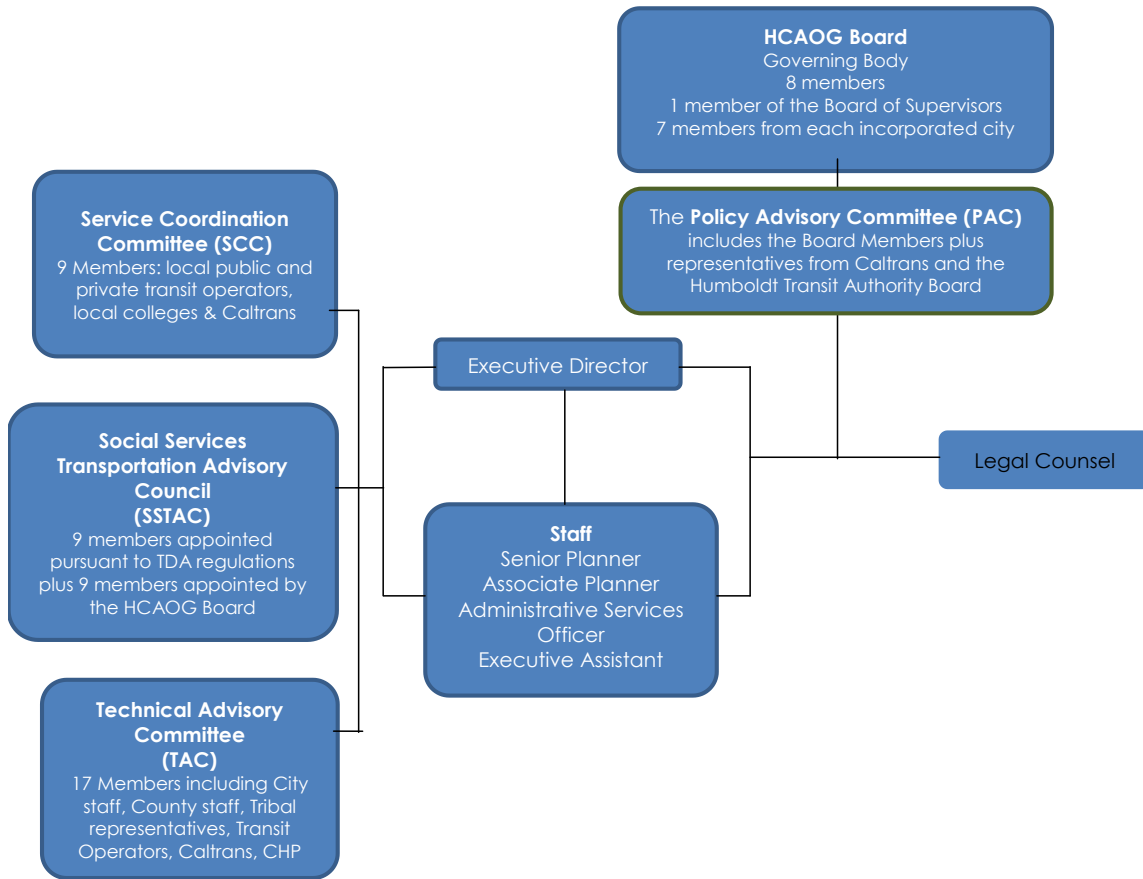
RTPA duties are also prescribed by other legislation, including the federal transportation bill, Moving Ahead for Progress in the 21<sup>st</sup> Century Act of 2012 (MAP-21), California legislation in the Global Warming Solutions Act (AB 32, 2006), California Sustainable Communities Strategy (SB 375,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

Located on California's northern coast, Humboldt County is rural in nature and is comprised of nearly 3,500 square miles. A wide variety of topographical and weather conditions abound which provide for a diverse natural environment. The County contains large amounts of coastal and forest habitats supporting fishery, timber, and tourism economies. Additionally, the Eel River Valley supports a significant agricultural dairy-based economy including cattle industry and truck farm operations. Humboldt County's 134,623 citizens (2010 Census) are served by approximately 1,800 miles of maintained highways, county roads and city streets, and are also afforded accessible general public transportation systems in the major populated areas. Specialized transportation services are also available for the elderly and handicapped citizens provided by various public and social services agencies.

### Organizational Structure

Figure I-1 presents an organization chart of HCAOG. The agency is comprised of eight members representing the seven incorporated cities and the County of Humboldt. All members of the Board are locally elected officials, which include the mayor or designated alternate of each incorporated city, and Chairman of the Board of Supervisors or designated alternate. The eight-member Board represents the majority population of Humboldt County and attends regularly scheduled meetings on the third Thursday of each month.

**Figure I-1 HCAOG Organization Chart**



The Board has four advisory committees to assist in providing policy recommendations in its decision-making process. Table I-1 describes these committees.

**Table I-1  
HCAOG Committees**

<b>Committee</b>	<b>Purpose and Function</b>
<b>Policy Advisory Committee (PAC)</b>	The Committee is comprised of the same members as the HCAOG Board with the addition of the Director of Caltrans District 01 and the Chairman of the Humboldt Transit Authority Board of Directors. The Committee guides the development and implementation of the HCAOG Regional Transportation Plan through its advisory capacity to the Association. Additionally, the Committee is responsible for developing transportation planning issues and providing direction to the Association to ensure that plans continually meet the needs of the Cities, the County, and the State. Regularly scheduled

Committee	Purpose and Function
	meetings are held every month, in conjunction with HCAOG.
<b>Technical Advisory Committee (TAC)</b>	HCAOG’s Technical Advisory Committee (TAC) advises the HCAOG Board on technical matters, funding allocations, and transportation programs. This eighteen-member committee consists of representatives of public works or transportation staff of each of the Joint Powers entities, Native American tribes and Rancherias, transit managers, Caltrans, and the California Highway Patrol. The TAC gives staff direction in developing the Regional Transportation Improvement Program (RTIP), Regional Transportation Plan (RTP), and the annual OWP. Regularly scheduled Technical Committee meetings are held monthly.
<b>Social Service Transportation Advisory Council (SSTAC)</b>	<p>The Social Services Transportation Advisory Council (SSTAC) is established to advise HCAOG on the public transportation needs of the region. The SSTAC is required to have a minimum of nine members representing the transit community, including handicapped and senior transit users, social service provider representatives, low-income representatives, and representatives of the Consolidated Transportation Service Agency (CTSA). The HCAOG Board has appointed additional members to the SSTAC in accordance with Public Utilities Code 99238(b).</p> <p>The SSTAC was established in compliance with Senate Bill 498 (1987) and, pursuant to Public Utilities Code 99238(c), has the following responsibilities:</p> <ol style="list-style-type: none"> <li>1. Annually participate in identifying transit needs in the jurisdiction.</li> <li>2. Annually review and recommend to the RTPA that (A) there are no unmet transit needs, (B) there are no unmet transit needs that are reasonable to meet, or (C) there are unmet transit needs, including needs that are reasonable to meet.</li> <li>3. Advise the RTPA on any other major transit issues, including the coordination and consolidation of specialized transportation services.</li> </ol>

Committee	Purpose and Function
	A subcommittee of the SSTAC serves as HCAOG’s Federal Transit Administration (FTA) Section 5310 Evaluation Committee. The subcommittee ranks applications for Section 5310 funds to buy transit vehicles and equipment.
<b>Service Coordination Committee (SCC)</b>	The Service Coordination Committee (SCC) consists of representatives from local public and private transit operators, local colleges, and Caltrans. The SCC advises the HCAOG Board on all matters general or relevant to regional transit issues. The SCC regularly reviews transit performance and productivity issues, reviews transit claims and fund requests, and provides input on the annual unmet transit needs process.

During the audit period, HCAOG provided support to the Mayors City Selection Committee comprised of Mayors representing each of the seven cities in the County. The committee met numerous times to select and vote on appointments to Boards of Director for various agencies including North Coast Unified Air Quality Management District, Local Agency Formation Commission, and North Coast Railroad Authority. This committee has since reverted to the County and the Clerk of the Board at the County Board of Supervisors is in charge of those meetings.

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

The remainder of this report is divided into five chapters. In Chapter II, PMC provides a review of the compliance requirements of the TDA administrative process. Chapter III describes HCAOG's responses to the recommendations provided in the previous performance audit. In Chapter IV, PMC provides a detailed review of HCAOG's functions. The last section summarizes our findings and recommendations.

## Section II

### RTPA Compliance Requirements

Fourteen key compliance requirements are suggested in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* September 2008, which was developed by Caltrans to assess HCAOG's conformance with the TDA. Our findings concerning HCAOG's compliance with state legislative requirements are summarized in Table II-1.

TABLE II-1 HCAOG's Compliance Requirements Matrix		
RTPA 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>HCAOG accounts for its claimants' areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their area. HCAOG makes this finding in each adopted resolution approving LTF claims. Board resolutions approving the claims affirm the level of funds allocated.</p> <p>HCAOG utilizes a formula based on population to determine each claimant's apportionments.</p> <p><b>Conclusion: Complied</b></p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.</p>	<p>Public Utilities Code, Sections 99233.3 and 99234</p>	<p>HCAOG includes descriptions for pedestrian and bicycle allocations under Article 3 (PUC 99233.3) in its updated Rules and Regulations for Administration of TDA (September 2012). The code section permits up to 2 percent of total LTF funds be used for exclusive bike/ped projects prior to apportionments to cities and counties. In November 2013, HCAOG apportioned LTF for this use based on Board approval of a TAC recommendation. The apportionment is held in a separate account at the County auditor's office. This process is subsequent to the development of a Regional Bicycle Plan by HCAOG in 2012 that identifies projects eligible for California Bicycle Transportation Account (BTA) funds.</p> <p><b>Conclusion: Complied</b></p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>The RTPA has established a social services transportation advisory council. The RTPAs must ensure that there is a citizen participation process which includes at least an annual public hearing.</p>	<p>Public Utilities Code, Sections 99238 and 99238.5</p>	<p>HCAOG has established the Social Services Transportation Advisory Council (SSTAC) required under PUC 99238. It serves as a forum where public transit operators and social service transportation providers can discuss mobility issues that confront seniors, persons with disabilities, or persons with limited means.</p> <p>During the audit period, SSTAC membership exceeded the minimum statutory requirements – there were 15 filled positions whereas the minimum is 9, with filled positions including those mandated by the TDA statute. This demonstrates a level of commitment by HCAOG to engage public discussion on mobility issues. HCAOG holds public hearings in addition to SSTAC meetings.</p> <p><b>Conclusion: Complied</b></p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> <li>• A committee for the purpose of providing advice on productivity improvements may be formed.</li> <li>• The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation which exceeds its prior year allocation.</li> </ul>	<p>Public Utilities Code, Section 99244</p>	<p>HCAOG relies in part on recommendations made in the triennial performance audit and transit development plan, as well as the annual financial and compliance audits to help provide productivity improvements. The annual TDA claims process provides a recurring opportunity for evaluation of productivity recommendations and whether TDA funds are supporting these activities.</p> <p>The HCAOG committees, including the TAC, SCC and SSTAC also have a role in providing advice and suggestions on improvements. The SCC, in particular, includes members representing the transit systems in the county, enabling first-hand collaborative forums to discuss, implement, and report back on operational improvements.</p> <p><b>Conclusion: Compliance, with recommendation to provide a recurring opportunity for evaluation of productivity recommendations, such as requiring transit claimants to report the status of implementing recommendations in the TDA claims.</b></p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the State Controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).</p>	<p>Public Utilities Code, Section 99245</p>	<p>The fiscal and compliance audit of each claimant is completed by a local Certified Public Accountant. During the audit period, the accounting firm Anderson, Lucas, Somerville &amp; Borges, LLC completed the TDA financial audits of each claimant within the 180 day period, or within the 90-day extension</p> <p>Cover letters accompanying the completed audits were dated March 7, 2012 (for FY 2011); February 22, 2013 (for FY 2012); and December 23, 2013 (for FY 2013).</p> <p><b>Conclusion: Compliance</b></p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennium). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA monies and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.</p>	<p>Public Utilities Code, Sections 99246 and 99248</p>	<p>For the current three-year period, HCAOG has retained PMC to conduct the audit of HCAOG and of the public transit operators.</p> <p>PMC also conducted the performance audit for the previous triennial period.</p> <p>To note, it is highly encouraged that HCAOG conduct performance audits of all public transit operators that receive Article 8 funding for the next cycle, including K/T Net and Blue Lake Transit.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.</p>	<p>Public Utilities Code, Section 99246(c)</p>	<p>HCAOG submitted the triennial performance audit to Caltrans. HCAOG also certified that the performance audits of the transit operators were completed.</p> <p><b>Conclusion: Complied</b></p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

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

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.</p>	<p>Public Utilities Code, Sections 99270.1 and 99270.2</p>	<p>The public transit operators are subject to their respective fare recovery ratios. Post FY 1978-79 operators in the county are subject to a 10 percent ratio for either rural operations or specialized transportation service. Three operators that existed prior to FY 1978-79 are subject to the higher fare ratios they had at that time. They include:</p> <p>Arcata: 18.8 percent Eureka: 22.4 percent HTA: 26.4 percent</p> <p><b>Conclusion: Compliance</b></p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>The RTPA has adopted criteria, rules, and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.</p>	<p>Public Utilities Code, Section 99275.5</p>	<p>HCAOG designated one Consolidated Transportation Services Agency (CTSA) for the county that could be eligible for the funds. However, through a past resolution, HCAOG utilizes State Transit Assistance (STA) funds in-lieu of Article 4.5 to support the Humboldt Community Access &amp; Resource Center.</p> <p>In the updated HCAOG Rules and Regulations for Administration of TDA (September 2012), language is included that describes the allocation of Article 4.5 funds for a CTSA and for what purposes. The TDA statute (PUC 99275.5) further provides evaluation criteria and required findings that may be considered by HCAOG for adoption. This PUC provision should also be referenced in the HCAOG Rules and Regulations to clarify how a future claim under this Article section will be processed.</p> <p><b>Conclusion: Partial Compliance</b></p>

<p style="text-align: center;"><b>TABLE II-1</b> <b>HCAOG's Compliance Requirements Matrix</b></p>		
<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.</p>	<p>Public Utilities Code, Sections 99310.5 and 99313.3, and Proposition 116</p>	<p>HCAOG allocates State Transit Assistance (STA) funds under 99313 for mass transportation purposes only. Funds are allocated to the operators for capital purchases, and to the Humboldt Community Access &amp; Resource Center, the designated CTSA, for dial-a-ride/lift transit operations.</p> <p><b>Conclusion: Compliance</b></p>
<p>The amount received pursuant to Public Utilities Code, Section 99314.3 by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.</p>	<p>Public Utilities Code, Section 99314.3</p>	<p>Funds available under Section 99314 are computed by the State for each local operator proportionate to total statewide revenues in certain categories. These funds are allocated to operators for eligible public transit purposes consistent with TDA and its eligibility requirements for specific capital projects.</p> <p><b>Conclusion: Compliance</b></p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> <li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code Section 99238;</li> <li>• Analyze transit needs;</li> <li>• Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet";</li> </ul>	<p>Public Utilities Code, Section 99401.5</p>	<p>LTF funds have only been allocated to streets and roads after completion of the unmet transit needs process. Public hearings on unmet transit needs are held each spring during a regular meeting of each city council and the board of supervisors. These meetings are held between late March and early May. HCAOG also holds a public hearing during its regular board meeting for unmet needs in May. Comments from other Humboldt County entities are routinely incorporated into the HCAOG Public Hearing Record as well as comments that the Association staff receives throughout the year.</p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<ul style="list-style-type: none"> <li>• Identified the unmet transit needs and those needs that are reasonable to meet;</li> <li>• Adopted a finding that there are no unmet transit needs, that there are no unmet needs that are reasonable to meet, or that there are unmet transit needs including needs that are reasonable to meet.</li> </ul> <p>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 SSTAC is consulted during the process, and has worked with HCAOG staff to update the unmet needs definitions to undertake improved analysis of unmet transit needs that could be reasonable to meet. The unmet needs definitions are included in the HCAOG Rules and Regulations for Administration of TDA (September 2012).</p> <p>During the audit period, resolutions approving the findings of the unmet transit needs were made by the HCAOG Board. There were unmet transit needs that were found to be reasonable to meet (Saturday service to Willow Creek began in July 2012; Sunday service for the RTS system started in November 2012).</p> <p><b>Conclusion: Complied</b></p>

**TABLE II-1  
HCAOG's Compliance Requirements Matrix**

<b>RTPA Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year, and it must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the transportation development act and accompanying rules and regulations. Financial statements may not commingle the State Transit Assistance fund, the local transportation fund, or other revenues or funds of any city, county, or other agency. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following fiscal year close.</p>	<p>California Administrative Code, Section 6662</p>	<p>The fiscal audit of HCAOG is completed by a local Certified Public Accountant. During the audit period, the accounting firm Anderson, Lucas, Somerville &amp; Borges, LLC completed the financial audits within the 12 month period.</p> <p>Cover letters accompanying the completed audits were dated March 7, 2012 (for FY 2011); February 22, 2013 (for FY 2012); and December 23, 2013 (for FY 2013).</p> <p><b>Conclusion: Compliance</b></p>

## Findings and Observations from RTPA Compliance Requirements Matrix

HCAOG has fully complied with thirteen of fourteen state legislative mandates for Regional Transportation Planning Agencies. A requirement that is partially complied concerns the adoption of evaluation criteria for Article 4.5. Although there were no such TDA claims under this TDA section, HCAOG should develop evaluation criteria according to the language contained in PUC 99275.5. The *HCAOG Rules and Regulations for Administration of TDA* includes other language pertaining to the allocation of funds and eligible uses under this Article section; however, the evaluation criteria should also be specified.

## Section III

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

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

#### **Prior Recommendation 1**

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

#### **Actions taken by HCAOG**

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

HCAOG and the County have discussed the possibility of triennial performance audits for agencies that receive TDA through the County. If approved by the County Board of Supervisors, the affected transit agencies would be notified and the audit would apply in the next triennial cycle. The notification would include describing the conditions for continued receipt of the funds for transportation service.

#### **Conclusion**

This recommendation is in progress of being implemented.

#### **Prior Recommendation 2**

Enhance the TDA claims review process.

### Actions taken by HCAOG

There were three parts to the recommendation as follows: 1) ensure the application of proper statute codes for funding; 2) update its TDA Rules and Regulations document; and 3) request that the County auditor provide an estimate of LTF moneys to be available for apportionment and allocation during the ensuing fiscal year. Each of these prior recommendations has been implemented. A sampling of recent TDA claims shows that the proper statute references are being used for the claims. Also, the Rules and Regulations were updated and adopted in September 2012 that included details of the TDA process, schedules and claims information. In addition, HCAOG develops a LTF fund estimate that apportions the revenue based on population of each local jurisdiction. The fund estimated is used to guide TDA claims for the upcoming fiscal year.

### Conclusion

This recommendation has been implemented.

### Prior Recommendation 3

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

### Actions taken by HCAOG

As a way to help HCAOG to be more compliant with the TDA requirement that the RTPA provide productivity recommendations, it was recommended that HCAOG require the transit operators provide a status of their implementation of audit recommendations from both the TDA fiscal audit and TDA performance audit. This could be accomplished by adding a new section to the TDA claims form for the operators to describe their progress to implement the recommendations. The TDA claims reviewed for this audit period did not include a section for claimants to report their implementation of prior audit recommendations. HCAOG is in the process of updating the claims form to include this additional requirement.

### Conclusion

This recommendation is in progress of being implemented.

### Prior Recommendation 4

Enforce penalty provisions for transit operator non-compliance with the farebox ratio.

### Actions taken by HCAOG

During the prior audit period, a few transit systems did not consistently meet their respective farebox ratios, as found by the annual fiscal audit. The TDA statute has a penalty provision for transit systems that show patterns of not meeting their farebox recovery ratios. HCAOG, during this audit period, did enforce the penalty for non-compliance with the farebox ratio by imposing a penalty on City of Fortuna Transit for failing to meet its standards. The penalty, as stipulated in the statute, was a reduction of available LTF equivalent to the difference between the fares required to meet the ratio and actual fares collected.

### Conclusion

This recommendation has been implemented.

### Prior Recommendation 5

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

### Actions taken by HCAOG

Claims under this article provision are typically made by designated Consolidated Transportation Services Agencies (CTSAs) to fund special and social services trips. HCAOG has begun to implement this recommendation by describing the allocation of LTF toward Article 4.5 claims and eligible uses. As noted in findings under Section II of this audit, HCAOG should develop evaluation criteria according to the language contained in PUC 99275.5. The *HCAOG Rules and Regulations for Administration of TDA* includes other language pertaining to the allocation of funds and eligible uses under this Article section; however, the evaluation criteria should also be specified. Adoption of Article 4.5 evaluation criteria by HCAOG provides a future option for TDA claims and eligible uses.

### Conclusion

This recommendation has been partially implemented.

### Prior Recommendation 6

Consider development of a mission statement for HCAOG.

### Actions taken by HCAOG

The recommendation was made as HCAOG might be well served by the formulation of a simple agency mission statement. As responsibilities of a RTPA increase over time, and

often become more complex, a mission statement would provide the framework or context within which HCAOG's activities and strategies are formulated and articulated to its member agencies and other partners.

HCAOG management indicated that a mission statement has not been developed. The current RTP update including updated goals and policy direction could provide the basis for formulating a mission statement.

### Conclusion

This recommendation has not been implemented.

## Section IV

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

In this section, a detailed assessment of HCAOG's functions and performance as an RTPA during this audit period is provided. Adapted from Caltrans' *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, HCAOG's activities can be divided into the following activities:

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

### **Administration and Management**

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

#### **Administrative Staffing**

HCAOG is a relatively small organization, which places demands on all staff members to work on a broad range of projects and issues. The Association solidified its staffing during the earlier years of the audit period through expansion and reclassifications. The Executive Director joined HCAOG in December 2010, two existing positions were reclassified to Associate Planner and Administrative Services Officer in July 2011, an Executive Assistant was hired August 2011, and a Senior Planner was hired in August 2012. These positions were created in line with a classification and compensation study that was conducted by an outside consultant in FY 2011 on all positions to delineate staff duties and make recommendations for appropriate compensation and staffing levels.

#### **Overall Work Program**

The Overall Work Program (OWP) provides a comprehensive overview to the Humboldt County Association of Governments, and also serves to program transportation planning and administrative resources for the fiscal year. The document includes descriptions of the region and the agency's political structure. The OWP also provides detailed work

elements, which address regional issues facing the intermodal transportation system in Humboldt County.

Each OWP prepared during the audit period addresses the State's identified priorities for improving the transportation planning process and statutorily required products through the efforts identified in individual elements.

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

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

The listing of the OWP work elements have been slightly re-organized over the years to improved their transparency and reflection of new work activities. The latest OWP shows an increase in the number of work elements over prior years to include new tasks such as the Humboldt County Coordinated Public Transit-Human Services Transportation Plan (Coordinated Plan), and Overall Work Program Development.

The OWP categorizes work elements and specific projects by those that relate to outside agency participation planning projects, Caltrans transportation planning grants, responsibilities to Federal programs through Moving Ahead for Progress in the 21st Century Act (MAP-21), and other requirements such as TDA fund administration, public participation and development of the Humboldt County call-box system. Additional organization details have been added to the OWP including appendices containing tables of direct and indirect agency costs, and fiscal year budget. Schedules and budgets are assigned by HCAOG to each project along with statements of the purpose, previous work, new tasks and products. Formal amendments to the OWP are adopted by the HCAOG board for adjustments to the work activities throughout the year.

### **Transportation Planning and Regional Coordination**

This functional area addresses planning functions required of HCAOG, including development of the Regional Transportation Plan, Transportation Improvement Program, and transit planning including performance monitoring and the Short Range Transit Planning process.

## Regional Transportation Plan

During the audit period, HCAOG, with assistance from a consultant, commenced an update of the 2008 Regional Transportation Plan (RTP) which is required by the California Transportation Commission (CTC) and Caltrans every five years. For the 2013 update of the RTP which is in conformance with the CTC's adopted RTP Guidelines, HCAOG is explicitly stating that the mission of the plan is to chart the course to provide Variety in Rural Options of Mobility; thus, the short name (for HCAOG's *Humboldt Regional Transportation Plan Update 2013*) is "VROOM..."

VROOM covers: roadway, pedestrian, and bicycle systems (in the Complete Streets Element), and Public Transportation, Aviation, Goods Movement, and Finance Elements. VROOM also covers three additional (not required) elements: Trails, Tribal Transportation, and Emergency Transportation. A chapter on public participation/community input is also part of the final plan. The updated RTP is conducted in coordination with the Caltrans District 1, HCAOG committees, and many other stakeholders including but not limited to Native American tribes, local transit authorities, local social service providers, residents, business interests and other stakeholders.

The plan revamps the transportation policies from the 2008 document to focus on adopting RTP policies that will guide the development of an efficient, coordinated, balanced regional transportation system, and to improve the mobility of Humboldt County residents, visitors, and goods. HCAOG's overall goal is for Humboldt County to have a comprehensive, coordinated and balanced multi-modal transportation system, so that people in the region can travel and move goods safely and efficiently by the modes that best suit the individual or business/industry, and society at large.

The objectives of the RTP are six-fold covering 1) Balanced Mode Share/Complete Streets; 2) Economic Vitality; 3) Efficient & Viable Transportation System; 4) Environmental Stewardship; 5) Equitable & Sustainable Use of Resources; and 6) Safety. The transportation system descriptions provide detailed information regarding the current conditions for each mode of transportation including streets and highways, commuter trails, tribal transportation, public transportation, aviation, good movement, and emergency transportation. The financial summaries assess available financial resources by mode, project funding and funding strategies for future transportation improvements. Potential funding sources are also explored including a local transportation sales tax, traffic mitigation fees, special assessment districts, and public-private partnerships.

HCAOG is in the process of developing its Public Participation Plan which includes strategies to involve the community and stakeholders in the RTP process. A separate section in the RTP on public input will be included after HCAOG receives comments on

the RTP's Draft Environmental Impact Report (EIR). The Public Participation Plan will include evaluation procedures that measure the effectiveness of HCAOG's outreach and involvement efforts. HCAOG uses a number of committees, public hearings, workshops, surveys, and publications to inform, gauge, and respond to public concerns regarding regional issues.

The Tribal Transportation Element of the RTP is a result of HCAOG's compliance with the Regional Transportation Plan Guidelines (CTC 2010) that require consultation with and consideration of Indian Tribal Governments' interests in developing regional transportation plans and programs. In 2013, the HCAOG Board, with input from tribes, the Humboldt County Tribal Transportation Commission (HCTTC), and other interested parties, defined criteria for adding membership to the HCAOG Board. HCAOG and the HCTTC are still discussing the potential of the HCAOG Board expanding to include a seat for an HCTTC representative.

### Transportation Improvement Program and Plans

During the audit period, HCAOG has been active in supporting regional transportation planning projects and programming funds through its OWP to administer the development of these plans. HCAOG supports interregional transportation planning priorities evidenced by its participation in the sample following past and current projects and programs:

- Develop project study reports (PSRs), feasibility studies, capital improvement plans or major investment studies by local agencies.
- Research and provide technical assistance to local agencies for grant opportunities for transportation grants.
- Railbanking of the Arcata and Mad River Railroad corridor for interim use as the Annie and Mary Trail.
- Implement the Regional State Routes to School (SR2S) prioritization tool project.
- Continued phasing of HCAOG's Imagine Humboldt! Blueprint project.
- Propose a methodology for allocating housing units for the updated Regional Housing Needs Plan (RHNP).
- Update of the Regional Bicycle Plan.
- Eureka-Arcata Route 101 Corridor Improvement Project.

HCAOG submitted its Regional Transportation Improvement Programs (RTIPs) to the California Transportation Commission for two cycles occurring in 2012 and more recently in 2014. The 2014 cycle is a five year cycle covering years 2014/15 through 2018/19. The amended 2014 Fund Estimate shows a target of \$776,000 RTIP funds available for the Humboldt Region for programming in the two later years of 2017/18 and 2018/19. Of this amount, approximately \$456,000 will be available for programming

new projects following an allocation of \$320,000 of Planning, Programming and Monitoring (PPM) funds for 2017/18 and 2018/19. Three candidate projects were submitted for consideration for inclusion in the 2014 RTIP from the County, City of Blue Lake, and City of Fortuna. The County project is outside of the current five year STIP Cycle.

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

HCAOG updated the *Humboldt County Coordinated Public Transit – Human Services Transportation Plan* that was adopted in December 2013 and was completed in-house. The Coordinated Plan is required to be updated every five years (last approved in 2008) and identifies the transportation needs of seniors and individuals with disabilities. Stakeholder participation was accomplished through attendance at regular Social Service Transportation Advisory Council (SSTAC) and Service Coordination Committee (SCC) public meetings. Also, in September 2013, HCAOG facilitated two public workshops in Humboldt County—one in Garberville (Southern Humboldt) and the other in Eureka (Humboldt Bay area). These locations were suggested by the SSTAC and SCC committees. The goals of the workshops were to confirm previously identified unmet transportation needs, and identify and prioritize strategies/projects for addressing these needs.

HCAOG has taken a proactive role in the development of a Transit Development Plan (TDP). A TDP is updated every five years and helps to implement the transit goals and policies contained in the RTP. During the audit period, in July 2012, HCAOG adopted the TDP update covering a five-year period from FY 2011/2012 through FY 2015/2016. The TDP included the four transit operators that are required to have TDPs including Humboldt Transit Authority, Eureka Transit System, Arcata and Mad River Transit, and Fortuna Senior Transportation Program. The SRTP update was expanded to include additional systems including K/T Net and Blue Lake Transit.

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

HCAOG and the SCC have been discussing the role of the CTSA which is currently designated to HCAR. HCAR primarily provides dial-a-ride service under a contract with HCAOG and is paid for through State Transit Assistance Funds. Questions by the SCC

have arisen about the activities of a CTSA. The appendix to this audit provides detail on the role of a CTSA. Under this designation, HCAR has been in the early stages of developing a mobility management program. As mobility management can take many forms that benefit the local community, and it is recommended that HCAOG coordinate efforts with HCAR in the development of its mobility management program, in addition to its overall CTSA responsibilities.

**TDA Claimant Relationships and Oversight**

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

**HCAOG Administration and Planning**

The uses of TDA revenues apportioned to Humboldt County flow through a priority process prescribed in state law. The flow of TDA funds are described in the *HCAOG Rules and Regulations for the Administration of the TDA*. HCAOG claims TDA revenues for administration of the fund and for transportation planning and programming purposes. TDA resources for transportation planning and administrative actions are programmed via the OWP. During the audit period, according to the annual budget, LTF allocated for planning and administration totaled about \$180,000 per year. Several transportation plans described earlier in this audit have been funded in part by TDA, as are administrative requirements such as the conduct of TDA audits and fund management.

During the audit years of 2011 through 203, HCAOG claimed the amounts shown in Table IV-1 below.

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

<b>Fiscal Year</b>	<b>Total</b>
2011	\$180,060
2012	\$180,060
2013	\$180,060

Source: Annual HCAOG Budget.

In FY 2011, the amount of LTF claimed by HCAOG equaled to about 5.0 percent of total LTF revenues for the year (\$3,586,121) based on the apportionment estimates. In FY 2012, the amount was 4.3 percent (apportionment revenue of \$4,194,437), and for FY

2013, the amount was 4.2 percent (total revenue of \$4,237,160). The planning and programming expenditure fall within the statutory limits.

### TDA Claim Processing

HCAOG staff follows the general provisions in its updated 2012 Rules and Regulations for the administration of TDA. The claims forms have since been put into a spreadsheet for electronic submission which is a very efficient method for both the claimant and HCAOG. HCAOG works with the transit operators and local jurisdictions to help them maintain compliance with the TDA by making adjustments where allowed under the law. This is evidenced by TDA revenue adjustments that are made in the resolutions adopted by the HCAOG Board.

The updated Rules and Regulations provide a general schedule for the annual claims process and other TDA activities. These include recurring reporting requirements such as unmet transit needs and financial transactions reports, the release the LTF and STA fund estimates, submittal of TDA claims, quarterly status of funds, and audits. TDA claims are submitted by the local jurisdictions starting in April of the prior fiscal year. HCAOG conducts its review for compliance and communicates any issues prior to approval and adoption of a resolution.

Allocation of TDA funds are discussed at the SCC and TAC meetings. State Transit Assistance Funds under PUC 99313 are the regional share and are allocated on a competitive discretionary basis to public transit operators for capital and operating purposes. From a prior decision of the HCAOG Board, HCAR receives 20 percent of the revenue for CTSA operations. HCAOG staff request that eligible agencies submit letters of intent to the Association for STAF funding from both PUC 99313 and 99314. HCAOG staff also takes action as needed to ensure the continuity of transit service despite uncertain funding.

On an annual basis during this audit period, HCAOG was responsible for managing the allocation of Local Transportation Fund revenues for transit and STAF funds. Prior to apportionment to the local jurisdictions, an amount of the LTF revenues are claimed off the top by HCAOG for administration and planning purposes, as described earlier. Table IV-2 shows the annual TDA expenditure by all claimants during the audit period. The annual amount has slightly increased each year due to greater economic stability and with State budget issues.

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

<b>Fiscal Year</b>	<b>Local Transportation Fund</b>	<b>State Transit Assistance Fund</b>	<b>Total</b>
2011	\$3,406,061	\$776,552	\$4,182,613
2012	\$4,014,377	\$838,698	\$4,853,075
2013	\$4,057,100	\$847,765	\$4,904,865

Source: Annual LTF apportionments, and STAF resolutions.

Unmet Transit Needs

HCAOG conducts required annual unmet transit needs process in consultation with the SSTAC. As several jurisdictions use TDA for street and road purposes, the unmet needs process is an integral element of the TDA in Humboldt County. Public hearings are held in each city and the county to solicit public feedback, including a final public hearing at the May or June HCAOG Board meeting. Formal letters and meeting minutes are submitted by each jurisdiction to HCAOG indicating the feedback received during their respective public hearings. Meeting minutes from HCAOG public hearings also show relatively significant level of public comment and input to transit service needs. The public hearing period is open for about a week after the HCAOG public hearing to receive additional comments for record. Comments from other Humboldt County entities that the Association staff has received throughout the year are routinely incorporated into the HCAOG Public Hearing Record as well. During the three-year audit period, staff and the SSTAC recommended to the Board an unmet transit need that was found to be reasonable to meet. The unmet need was the provision of Saturday service to Willow Creek by HTA which began offering three roundtrips in July 2012.

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

The updated unmet transit needs definitions were approved by the HCAOG board and included in the TDA Rules and Regulations. The following describes the new definitions:

*Unmet transit needs* are, at a minimum:

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

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

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

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

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

collaboration between organizations or agencies that work with potential ridership of the service and surveys documenting ways in which the service could be improved or made more attractive.

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

The analysis conducted for the “Unmet Transit Needs – Report of Findings” has become more extensive, including an assessment of the transit dependent population, and a description of existing transit service including public transit, paratransit, private transit, and social service providers. Performance information for the county’s three largest public transit systems (RTS, ETS and AMRTS) are also provided. Working with the SSTAC, HCAOG staff conduct the unmet transit needs process as stipulated in law with findings approved by the TAC, PAC and the Board.

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

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

image and education about the role of the SSTAC and HCAOG and their impact on county-wide transportation.

## **Public Information**

Development of transportation issues and implementation of the RTP and State and Federal related programs require the involvement of citizens groups and interested. To this end, HCAOG utilizes various public outreach efforts and citizens committee processes (e.g., the conduct of community presentations, efforts to encourage Native American involvement, Social Service Transportation Advisory Council, local public hearings, and Public Service Announcements) for input into the regional transportation system. Staff is also in the process of updating its Public Participation Plan to enhance and clarify the RTPA's duties and responsibilities for public participation, as well as the intergovernmental relationships between HCAOG and other entities in the region.

The agency's contributions to promoting public transportation and awareness exist through channels including working with and supporting the SCC, the unmet transit needs process, the 2013 RTP, and the conduct of various regional plans and transit studies. In addition, several HCAOG commissioned studies undertake public outreach elements to reach out to the community for ideas and suggestions.

HCAOG's media relations efforts are conveyed through its website, publications, and public presentations. HCAOG updated its website (<http://www.hcaog.net/>) that serves as the agency's main Internet portal. Information and recent and archived meeting agendas for the board and each subcommittee are contained on the site and are easily accessible. Current and past projects, studies and documents are listed in chronological order with many such products developed over the past three years. Each board member is listed on the site along with their email addresses for accessibility. Links to external websites are also provided for such entities as the North State Super Region and Safe Routes to School National Partnership.

## **Grant Application and Management**

TDA-LTF continues to be the primary source of operating needs for public transportation in Humboldt County. Transportation capital resources made available through the Regional Transportation Improvement Program (RTIP), Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA), and FTA Section 5311 Regional Apportionments have been used to program vehicle acquisition purchases for the area's public transit programs. HCAOG is using a Call for Projects process to solicit projects for the FTA 5311 through the Service Coordination Committee.

State Transit Assistance Funds (STAF) is another major capital and operating funding source for public transit. Capital projects funded during the audit period include transit facility improvements, dial-a-ride scheduling software, communications lines, vehicles, and maintenance equipment. HCAOG is also considering using the Call for Projects process for STAF.

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

## Section VI

### Findings and Recommendations

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

#### Findings

1. HCAOG has fully complied with thirteen of fourteen state legislative mandates for Regional Transportation Planning Agencies. A requirement that is partially complied concerns the adoption of evaluation criteria for Article 4.5.
2. Of the six prior performance audit recommendations, HCAOG has fully implemented two recommendations, partially implemented or is in process of implementing three other recommendations, and has not yet implemented a sixth recommendation. The prior recommendation not implemented is to consider development of a mission statement for HCAOG. As the prior audit recommendations are still valid, HCAOG should make effort to implement the remaining recommendations.
3. The Association solidified its staffing during the earlier years of the audit period through expansion and reclassifications. Positions included an Associate Planner and Administrative Services Officer (July 2011), Executive Assistant (August 2011), and Senior Planner (August 2012). These positions were created in line with a classification and compensation study to delineate staff duties and make recommendations for appropriate compensation and staffing levels.
4. The listing of the Overall Work Program (OWP) work elements have been slightly re-organized over the years to improved their transparency and reflection of new work activities. Additional organization details have been added to the OWP including appendices containing tables of direct and indirect agency costs, and fiscal year budget.
5. HCAOG with assistance from a consultant commenced an update to the 2008 Regional Transportation Plan (RTP) which is required by the California Transportation Commission (CTC), and Caltrans, every five years. For the 2013 update of the RTP which is in conformance with the CTC's adopted RTP Guidelines, HCAOG is explicitly stating that the mission of the plan is to chart the course to provide Variety in Rural Options of Mobility.
6. HCAOG has been active in supporting regional transportation planning projects and programming funds to administer the development of these plans. HCAOG also supports interregional transportation planning priorities evidenced by its

participation in past and current projects and programs. Significant projects include railbanking of the Arcata and Mad River Railroad corridor for interim use as the Annie and Mary Trail, the Eureka-Arcata Route 101 Corridor Improvement Project, and the Regional State Routes to School (SR2S) prioritization tool project.

7. HCAOG updated the *Humboldt County Coordinated Public Transit – Human Services Transportation Plan* that was adopted in December 2013 and was completed in-house. The Coordinated Plan is required to be updated every five years (last approved in 2008) and identifies the transportation needs of seniors and individuals with disabilities.
8. HCAOG staff follows the general provisions in its updated 2012 Rules and Regulations for the administration of TDA. The claims forms have since been put into a spreadsheet for electronic submission which is a very efficient method for both the claimant and HCAOG.
9. HCAOG conducts required annual unmet transit needs process in consultation with the SSTAC. The updated unmet transit needs definitions were approved by the HCAOG board and included in the TDA Rules and Regulations. Meeting minutes from HCAOG public hearings show relatively significant level of public comment and input to transit service needs. During the three-year audit period, staff and the SSTAC recommended to the Board an unmet transit need that was found to be reasonable to meet. The unmet need was the provision of Saturday service to Willow Creek by HTA which began offering three roundtrips in July 2012.
10. HCAOG’s media relations efforts are conveyed through its website, publications, and public presentations. HCAOG updated its website (<http://www.hcaog.net/>) that serves as the agency’s main Internet portal. Information and recent and archived meeting agendas for the board and each subcommittee are contained on the site and are easily accessible. Staff is also in the process of updating its Public Participation Plan.

## **Triennial Audit Recommendations**

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

Carried forward from a prior performance audit recommendation, there are other public transit systems in Humboldt County that currently receive TDA funds but have not been subject to the performance audit. These operators include K/T Net, which receives TDA funds from the County, and Blue Lake Transit, which receives funds from the City of Blue Lake. The statute does not mandate performance audits of transit systems that receive funding under Article 8 of the TDA law. However, industry best practices among RTPAs provide for performance audits of all public transportation systems under their respective jurisdictions. This supports a policy for government to remain transparent in the use and accountability of public revenues.

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

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

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

The TDA statute includes a requirement for the RTPA to adopt rules and regulations for approval of TDA claims under Article 4.5 (Public Utilities Code Section 99275). Claims under this article provision are typically made by designated Consolidated Transportation Services Agencies (CTSAs) to fund special and social services trips. While there have not been any such claims by HCAR because the agency receives STA funds for operations, HCAOG should at a minimum adopt the claims evaluation criteria described under PUC 99275.5. Adoption of Article 4.5 rules and regulations by HCAOG gives HCAR a future option for claiming LTF for operations as the CTSA. These rules and regulations should be added to the HCAOG TDA Rules and Regulations.

4. Consider development of a mission statement for HCAOG.

Carrying forward a prior audit recommendation, HCAOG as a whole would be served well by the formulation of a simple agency mission statement. The mission statement for HCAOG could be a formal, short, written statement of the purpose of the agency that guides its actions, goals and decision-making. As responsibilities of a RTPA increase over time, and often become more complex, a mission statement would provide the framework or context within which HCAOG's activities and strategies are formulated and articulated to its member agencies and other partners. The mission statement and the activities to achieve the mission could strengthen HCAOG's position as a regional collaborator and facilitator of an improved transportation system in Humboldt County. The overall goal and policies contained in the HCAOG 2014 RTP could help serve as a foundation for the agency's mission statement.

A few sample mission statements from other RTPAs are as follows:

"The mission of the County Transportation Commission is to plan, communicate, and coordinate with the citizens and decision makers of the member jurisdictions, and with Caltrans to identify transportation needs, propose solutions, and assist in implementing projects to create a balanced regional transportation system, while protecting the rural qualities and historic character of the County."

"The Mission Statement of the Transportation Council is to develop a plan that reflects the needs, concerns and actions of all the agencies involved in the Region. To identify, develop and fund transportation improvements that meet the region's mobility needs, contribute to the economic health of a region and preserve the environmental quality of the region."

"Delivering transportation projects, providing public information, and serving as a dynamic forum for regional planning and collaboration in the Metropolitan Area."

## Appendix A

### **Consolidated Transportation Services Agency**

(Some text sections are drawn from material produced by the Caltrans Division of Mass Transportation, as well as from other Transportation Planning Agencies.)

Consolidated Transportation Services Agencies (CTSAs) are designated by county transportation commissions (CTCs), local transportation commissions (LTCs) regional transportation planning agencies (RTPAs), or metropolitan planning agencies (MPOs) under auspices of the Social Services Transportation Improvement Act (Assembly Bill 120, Chapter 1120, Statutes of 1979) to achieve the intended transportation coordination goals of that Act.

The Act, also referred to as Assembly Bill 120, required planning agencies throughout California to conduct regional inventory reports and prepare and implement action plans. Humboldt County complied with these requirements by producing the *2002 Social Service Transportation Action Plan for Humboldt County*, and the *2002 Social Service Transportation Inventory for Humboldt County*.

Before the Social Service Transportation Improvement Act became law, California had no requirement for the coordination of social service transportation services. It was enacted to promote the consolidation of such transportation services so that the following benefits may accrue:

- (a) Combined purchasing of necessary equipment so that some cost savings through larger number of unit purchases can be realized.
- (b) Adequate training of vehicle drivers to insure the safe operation of vehicles. Proper driver training should promote lower insurance costs and encourage use of the service.
- (c) Centralized dispatching of vehicles so that efficient use of vehicles results.
- (d) Centralized maintenance of vehicles so that adequate and routine vehicle maintenance scheduling is possible.
- (e) Centralized administration of various social service transportation programs so that elimination of numerous duplicative and costly administrative organizations can occur. Centralized administration of social service transportation services can provide more efficient and cost effective transportation services permitting social service agencies to respond to specific social needs.
- (f) Identification and consolidation of all existing sources of funding for social service transportation services can provide more effective and cost efficient use of scarce resource dollars. Consolidation of categorical program funds can foster eventual elimination of unnecessary and unwarranted program constraints.

The Act did not define social service agency transportation, so an advisory definition was promulgated for purposes of implementing all aspects of the Act. “Social Service agency” was defined as a public or private, nonprofit organization which provides services to any of these four target groups: elderly individuals, individuals with disabilities, youth, and individuals with low-income. The following nine functional areas were identified:

1. Services to children
2. Employment services
3. Provision of food, clothing, and housing
4. Guidance
5. Health services, both mental and physical, including services to individuals with disabilities
6. Recreation
7. Services to special groups, including non English speaking individuals, individuals with alcoholism, etc.
8. Welfare

Additionally, social service transportation costs were defined as encompassing the following four major categories of activities:

1. Transportation services provided by social service agencies (e.g., vehicles purchased, drivers hired, and maintenance and operating costs furnished).
2. Cash payments (i.e., chits or tokens given to clients for securing transportation for an approved activity).
3. Purchase of transportation services from public, private for-profit, or private nonprofit providers for eligible clients.
4. Payments made to social service agency personnel or volunteers for transporting clients in their personal vehicles to approved locations (mileage).

As TDA Article 4.5 claimants, CTSAs may operate their own community transit services or may contract through a competitive bid process with another entity to provide such services.

The 2002 *Social Service Transportation Action Plan for Humboldt County* concluded that there are a limited number of social service transportation providers in the County, leading to limited potential for cost reductions through consolidation as envisioned by the Act. The Humboldt County plan also concluded that many of the coordination and integration efforts that can achieve efficiencies were already been implemented.

In light of these past conclusions for the County, there is a new focus on CTSAs as the appropriate entity to implement the federal programs in the MAP-21 legislation. While no two CTSAs are structured the same or provide exactly the same services, there are common objectives to be found in all CTSA activities:

- Increase transportation options for seniors, the disabled, and persons of low income.
- Reduce the costs for public transportation.
- Identify and implement efficiencies in community transportation operations.

AB 120 offers a general concept of a coordinating agency. Within that guidance is great latitude to mold the concept to the unique circumstances of a local community. The typical target populations include the disabled, elderly, and low-income individuals. CTSAs use limited funds in creative ways such as joint funding of service provided by human service agencies for their own client populations (i.e. Regional Centers, Area Agency on Aging, etc.). As the definition of need is broadened to include young children and possibly other groups, the volume of need becomes even more extensive.

A CTSA is an organization that serves as a broad facilitator – or champion - of transportation coordination. The role typically means that the agency is well connected in the transportation and human service community and is a leader in creating solutions to travel needs. This is often accomplished through negotiating cooperative agreements between agencies to coordinate their use of funds, acquisition of capital assets (e.g. vehicles, computer equipment, etc.), buying power for goods or services (e.g. joint fuel purchase), physical facilities such as garages and parking, or other functional elements. Service delivery can range from coordinating a volunteer driver program to managing a travel training program for use of the fixed route service to facilitation of direct service delivery through contracts with social service agencies or even private companies.

The range of options for CTSA designation as defined in law are:

- a) A public agency, including a city, county, operator (transit operator), any state department or agency, public corporation, or public district, or a joint powers entity.
- b) A common carrier of persons as defined in Section 211 of the Public Utilities Code, engaged in the transportation of persons.
- c) A private entity operating under a franchise or license.

d) A nonprofit corporation.

Coordination functions can be divided into three functions: administration, vehicle operations, and vehicle maintenance. Coordination concepts include four major methods in which some or all of these service functions could be combined. These are cooperation, coordination, consolidation, and brokerage.

HCAR released a prior job description for a Humboldt County Mobility Manager which could address a few of the coordination functions and concepts. The job description provides insight as to the plans to develop a mobility management program. Primary duties include:

1. Work with existing informal and formal transportation providers to establish a joint call and mobility management ‘trip planner’ center.
2. Develop a coordination program for human services transportation, assist with the facilitation and promotion of coordinated efforts.
3. Organize and facilitate an annual County-wide Mobility Management meeting for those interested in transportation issues.

With regard to the joint call and mobility management “trip planner” center, the tasks include:

- a) Develop customer information that explains the range of services and empowers transit users to choose the most appropriate, cost-effective, and time-effective option that will meet the customer’s needs;
- b) Coordinate with the existing effort to bring 211.org to Humboldt County (211 is a telephone/website referral service that contains information about housing, social services, transportation, and so forth);
- c) Partners with other agencies to apply for grants; or directly applies for and administers grants;
- d) Investigate the feasibility of shared resource system that relates to vehicle maintenance, sharing of backup vehicles, and cost saving fueling options; and
- e) Strengthen the network of human services providers that provide both information about existing transportation options and directly provides transportation service in Humboldt County while maintaining and supporting the identity of each provider in order to provide increased mobility in the region.

The tasks described above include several elements of the benefits of a CTSA embodied in law, namely shared resources and offering transportation options. The updated *Coordinated Public Transit – Human Services Transportation Plan* for Humboldt County indicated that HCAR secured a technical assistance grant from Easter Seals Project Action to further develop a mobility management program and a mobility management center.

CTSA activities are generally linked to the strategies recommended in the *Coordinated Public Transit – Human Services Transportation Plan*. The updated plan for Humboldt County includes five highest ranked strategies and implementation plans. Several are related to CTSA activities. The strategies are:

1. Provide transportation services from remote areas of southern and eastern Humboldt County to Eureka.

(Status: HTA provides services to these areas)

2. Provide dial-a-ride services in rural areas of the county not presently served (outside of the Humboldt Bay area).

(Status: Not implemented)

3. Provide specialized medical trips from outlying remote areas into Eureka.

(Status: Not implemented)

4. Establish and staff a mobility management program to advance coordination efforts within the county.

(Status: Several actions taken including launch of 211 service by Humboldt Community Switchboard in March 2013; a new coalition entitled the Accessible Transportation Coalition Initiative (ATCI) Coalition was developed in October 2012; HCAR has taken a lead role for mobility management in Humboldt County);

5. Develop Capital Replacement Program.

(Status: Not implemented. It was suggested that HCAR as the county's Consolidated Transportation Service Agency is the likely agency to assume a lead role in developing a countywide capital improvement program. HCAOG could also serve as the lead agency.)

Further, the coordinated plan describes that HCAR has developed an ongoing travel training program to provide travel training services throughout Humboldt County. The program helps users access local transportation services. HCAR has contracted with several social service agencies to provide education and in-person travel training on how to utilize dial-a-ride services and public transportation systems. In addition, HCAR has received a Federal Transit Administration Section 5310 grant to upgrade dispatching equipment to facilitate county-wide coordination. HCAR also has been allocated State Transit Assistance Funds for the research and implementation of a 511 system for Humboldt, to facilitate the transition for paratransit dispatching, and computer hardware.

## Conclusion

The implementation and success of the Social Services Transportation Improvement Act, or Assembly Bill 120, has varied across the state. As the Act leaves room for interpretation at the local level, the role of a CTSA also varies across counties and regions. However, the stated benefits from the intent of the Legislature are uniform for each CTSA to achieve which are re-stated below:

- (a) Combined purchasing of necessary equipment so that some cost savings through larger number of unit purchases can be realized.
- (b) Adequate training of vehicle drivers to insure the safe operation of vehicles. Proper driver training should promote lower insurance costs and encourage use of the service.
- (c) Centralized dispatching of vehicles so that efficient use of vehicles results.
- (d) Centralized maintenance of vehicles so that adequate and routine vehicle maintenance scheduling is possible.
- (e) Centralized administration of various social service transportation programs so that elimination of numerous duplicative and costly administrative organizations can occur. Centralized administration of social service transportation services can provide more efficient and cost effective transportation services permitting social service agencies to respond to specific social needs.
- (f) Identification and consolidation of all existing sources of funding for social service transportation services can provide more effective and cost efficient use of scarce resource dollars. Consolidation of categorical program funds can foster eventual elimination of unnecessary and unwarranted program constraints.

While Assembly Bill 120 does not proscribe the exact method to achieve these benefits, it provides an end measure by which CTSA's and the RTPAs can judge the impact of local actions. For Humboldt County, according to the recent Coordinated Plan, the actions taken by HCAR to support its role as a designated CTSA is shaping in a manner that shows progress toward meeting the intent of the law.