

FY2019 – FY2021 Triennial Performance Audit of the San Diego Association of Governments (SANDAG)

FINAL AUDIT REPORT

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EXECUTIVE SUMMARY

Triennial performance audits of Regional Transportation Planning Agencies (RTPAs) are required by the Transportation Development Act (TDA) of 1971. California Public Utilities Code (PUC) Section 99246 requires that regional transportation planning agencies responsible for administering state TDA funds contract for an independent triennial performance audit. This report represents the State-mandated performance audit of the San Diego Association of Governments (SANDAG) in its role as the regional transportation planning agency for San Diego County. The performance audit covers Fiscal Years 2019, 2020, and 2021—the period from July 1, 2018, through June 30, 2021.

The FY19–FY21 performance audit of the San Diego Association of Governments meets state requirements. The TDA triennial performance audit of SANDAG covers:

- Compliance with applicable sections of the California Public Utilities Code
- Progress to implement prior performance audit recommendations

Pursuant to Section 99246(a) of the California PUC, this audit serves as a high-level management report that evaluates SANDAG’s effectiveness and efficiency with respect to the following functions:

- TDA administration and management
- Claimant relationships and oversight
- Transportation planning and regional coordination
- Marketing and transportation alternatives
- Grant applications and management

SANDAG is in compliance with TDA requirements for RTPAs and has taken appropriate steps to implement prior audit recommendations. SANDAG is in full compliance both with California PUC requirements for regional transportation planning agencies and with respect to enforcing rules regarding operator farebox recovery requirements. SANDAG has taken steps to address TDA provisions from relatively new State legislation and should continue to improve compliance in carrying out these measures. Also, SANDAG has completed one of the recommendations and mostly completed the other with some further activity to undertake for full implementation.

Prior Recommendation 1: As a carryover from the prior SANDAG performance audit for full implementation, SANDAG and FACT should identify and pursue additional funding sources to support its activities as the Consolidated Transportation Services Agency (CTSA.)

- Compliance finding: Complete
- Actions and results: SANDAG and FACT worked together to identify additional funding sources. For the Specialized Transportation Grant Program Cycle 11 Call for Projects (July 2020), the Board approved a “carve off” of 25% of STGP available funding to the CTSA for mobility management activities, and reduction of the maximum grant request for other CTSA proposed projects to \$200,000 per year per funding source.

Recommendation 2: As a carryover from the prior SANDAG performance audit for full implementation, SANDAG should continue efforts to update Policy No. 27 and the SANDAG TDA Claim Manual to address statutory changes.

- Compliance finding: Partially complete.

- Actions and results: SANDAG updated its TDA Claim Manual to address SB 508 and informed the TDA claimants of the changes. The revised TDA Claim Manual was published in February 2021. Some provisions that were updated should be further addressed and clarified for full compliance. The TDA Claim Manual also needs to address the latest relevant State legislation including AB 149. SANDAG has also updated its Board Policy No. 27 (TDA), dated June 2021. One of the key updates in addressing SB 508 was the updated required farebox recovery ratio for MTS (20%).

During the audit period, the major story has been the COVID-19 pandemic and its impact against what has been a period of deep change for the organization. The pandemic started affecting the San Diego region in March 2020 and lasted throughout the rest of the audit period. Given the audit period goes from July 2018 to June 2021, the pandemic affected fully 16 months of the audit period or about 44 percent. COVID-19 pandemic had drastic and lasting effects on SANDAG, MTS, NCTD and FACT that linger to this day.

Several important Assembly Bills approved by the Governor and filed with the Secretary of State during the audit period – AB 90 and AB 149. The bills essentially prohibit the imposition of the penalty associated with an operator that does not maintain the required ratio of fare revenues to operating cost during Fiscal Years 2020, 2021, 2022 and 2023. This therefore includes two years into the next audit period.

Recent bills, prior to this audit period yet important to track for the TDA audit, include SB 508 and AB 805. The first bill offered additional flexibility in the calculation of the farebox recovery ratio by modifying the operating cost definition; the second resulted in governance changes for SANDAG as well as for MTS and NCTD. During the audit period MTS considered a tax measure but eventually shelved it. A broader citizen measure is currently being considered, one that would require a “50 percent plus 1” vote to pass.

This FY19-21 audit period for SANDAG represents a period of two and a half years with the new Chief Executive Officer. The period has been marked by profound changes with respect to organizational change, turnover, the overall vision and direction, the 2020 Federal Regional Transportation Plan and the 2021 Regional Plan, project delivery, and a vast technology transformation that involved significant process changes.

While the Federal RTP was critical for air quality conformity and keeping federal dollars coming, the 2021 Regional Plan (draft for public review in June 2021 and adopted in December 2021) is widely recognized as SANDAG’s largest accomplishment during the audit period guiding the overall vision and direction of the agency. The regional plan is a \$160 billion plan that relies on three future sales tax measures as well as a vehicle charge starting in 2030.

This period also saw the completion or major advancement of many signature projects such as the Mid-Coast Trolley Project (opening in November 2021 just outside of audit period), the Del Mar Bluff stabilization project, environmental phase for rail to Lindbergh Field, double tracking projects (e.g., San Diego River Bridge), Otay Mesa East crossing, bikeway projects.

Finally, SANDAG brought in many technology changes ranging from laptop computers (accelerated program for virtual work), a new web-based contract system, and a procurement for new Enterprise Resource Program. SANDAG also developed a new process to model new technologies and experimented with new sources of big-data. The SANDAG Board also adopted a Commitment to Equity Statement in 2021.

SANDAG effectively accomplished its TDA responsibilities during the audit period.

- TDA Administration – Since consolidation pursuant to SB 1703, SANDAG is solely responsible for TDA administration in the region. SANDAG’s Board Policy 27 governs its administration of TDA funding. Policy 27 was last updated in January 2017; the current version includes the modifications recommended by the previous performance audit. A section dedicated to TDA administration is on SANDAG’s website where documents relevant to TDA claimants are available, including SANDAG’s TDA Claim Manual (last updated in February 2021), current TDA claim forms, revenue estimates, the Caltrans TDA Statutes and California Codes of Regulations, and SANDAG Board Policy 27, along with previous audit reports. The TDA Claim Manual provides guidance for all San Diego County claimants of TDA funds. A review of the manual showed it is resourceful with detailed explanation of the administrative process undertaken by SANDAG.

SANDAG complies with the Memorandum of Understanding (MOU) and its amendments defining the functions and responsibilities among itself, MTS, and NCTD in implementing SB 1703. The flow and transfer of TDA funds among the three entities is guided by each agency’s function provided in the MOU and the administrative management by SANDAG.

- Claimant Relations and Transit Productivity Oversight – SANDAG administers the regional Productivity Improvement Program as part of its statutory responsibility. SANDAG tracks TDA performance indicators on a continual multiyear basis and progress toward implementing prior operator performance audit recommendations through its operator TDA claim forms. SANDAG prepares the Quarterly Transit Performance Monitoring Reports that are presented at the quarterly Regional Short Range Transit Planning Task Force meetings. Representatives from each transit system attend the meetings and partake in the discussion of the report results and productivity measures. The operators also provide updates on service changes and planning activities. SANDAG tracks TDA performance indicators using quarterly data provided by the operators that form multiyear trends as well as economic indicators that can impact the performance measures.
- Transportation Planning and Regional Coordination – SANDAG is responsible for comprehensive and integrated transportation planning in San Diego County. It completed several key planning documents, including most notably *San Diego Forward: The Regional Plan* (RTP) adopted by the SANDAG Board of Directors on October 9, 2015. The plan serves to guide the region’s transportation development over the next 35 years and sets the region’s sustainable communities strategies and performance measurement and monitoring objectives. Under normal circumstances the next RTP would be produced in 2019 but given the change in executive leadership SANDAG has decided to pursue a two-fold approach. First, by Fall 2019, a federally-compliant RTP will be produced. Then the full RTP will be adopted by the Board by Fall 2021.
- Marketing and Transportation Alternatives – The region’s transit operators retain primary responsibility for marketing their respective transit services. SANDAG manages the iCommute program to assist commuters with ride-matching services and other traveler information services and to assist local businesses to help them develop commuter benefit programs. SANDAG also leads the promotion of the Compass Card, the regional fare card, through the 511 free phone and web service that consolidates San Diego’s regional transportation information into a one-stop resource. The agency remains a key source of marketing data for alternative transportation options.
- Grants Applications and Management – SANDAG, NCTD, and MTS are all eligible recipients of federal grants. SANDAG allocates funding and programs projects in the TIP. SANDAG, NCTD, and MTS are all grantees and responsible for submitting their own grant applications and managing their own grants, consistent with the annual apportionments approved by the SANDAG Board.

Three recommendations are offered for SANDAG’s consideration.

- Recommendation 1: This recommendation is a re-framing of the prior recommendation regarding the Board Policy No. 27 and the SANDAG TDA Claim Manual to address statutory changes. Instead of revisiting both documents each cycle for specific edits, the recommendation is for SANDAG to set up a process for annually reviewing both the Policy No. 27 and the TDA Claim

Manual (handbook) given statutory changes from the prior 12 months and update them as appropriate. For a very long period in TDA history, there were little to no changes to apply to Policy No. 27 and the handbook. However, the last three audit cycles have required ongoing changes and so establishing an ongoing process addresses the recurring nature of this need.

- Recommendation 2: To address regional transit “gaps” for individuals with disabilities, persons with limited means, and seniors in areas not readily served by MTS and NCTD, SANDAG and FACT should jointly enhance the role of the SSTAC to advise on unmet transit needs.
- Recommendation 3: Given the recent reorganization to a more matrixed structure, staff departures (especially at senior levels), new promotions, and the need to fully recover from the impacts of COVID-19, SANDAG should implement motivation and alignment strategies to bring the whole of SANDAG staff along and make the new organization a dynamic success.

SECTION I: INTRODUCTION

Triennial performance audits of regional transportation planning agencies are required by the Transportation Development Act (TDA). California Public Utilities Code (PUC) Section 99246 requires that regional transportation planning agencies (RTPAs) responsible for administering State TDA funds contract for an independent triennial performance audit. Kimley-Horn & Associates was selected by the San Diego Association of Governments (SANDAG) to conduct the triennial performance audit of SANDAG for Fiscal Years 2019, 2020, and 2021, the period from July 1, 2018, through June 30, 2021.

This audit serves as a high-level management report that evaluates the effectiveness and efficiency of SANDAG with respect to the following functions:

- Administration and management of its responsibilities as the RTPA
- Claimant relationships and oversight
- Transportation planning and regional coordination
- Marketing and transportation alternatives
- Grant applications and management

In addition, TDA audits are required to assess compliance with applicable sections of the California PUC regarding TDA Local Transportation Funds (LTF) and State Transit Assistance (STA) funds and progress to implement prior audit recommendations.

The scope of the RTPA performance audit is set by the Caltrans Performance Audit Guidebook. The audit is intended to meet three primary SANDAG objectives for the conduct of the TDA triennial performance audit:

- Determine whether SANDAG is complying with the TDA rules and regulations
- Identify areas where the TDA administrative process may be improved
- Suggest improvements to the TDA administrative process which would be meaningful and cost-beneficial

The performance audit specifically includes RTPA activities in the following areas:

- Administrative processes, including those related to TDA fund administration and claims, and conformance to requirements of the Government Code, Public Utilities Code, and California Code of Regulations
- Responsibilities and authorities with respect to the TDA administrative process
- Claim approval processes for TDA and STA funds
- Regional systems for monitoring and reporting transit system performance
- Efforts to coordinate and improve transit services through transfer policies, fare policies, short-range planning, and marketing efforts

The findings, conclusions, and recommendations presented in this report are based on analysis and review of information provided by several sources. Documents and files reviewed include:

- Financial Audits, FY19-21
- Adopted Budgets, FY19-21

- List of Board Members, Committees and Committee Members
- Organization and Staffing Charts
- Year-end internal performance reports, FY19-21
- Samples of routine performance reports
- Short Range Transportation Plan (SRTP)
- Board Resolutions approving transit operator SRTPs, FY19-21
- Guidelines for Development and Amendment of Transportation Improvement Plan (TIP)
- Current TIP
- Board Resolution adopting TIP, FY19-21
- Transmittal Letter for the prior SANDAG Performance Audit to State Controller
- Letter to the State Controller Regarding Completion of Prior Transit Operator Performance Audits
- Annual Fiscal and compliance Audits, with transmittal letters FY19, FY20, FY21
- State Controller's Reports including transmittal letters, FY19-21
- Annual Revenue Projections and TDA Funding Allocations, including Mid-Year Adjustments if applicable, FY19-21
- Board Resolutions for Allocation of TDA and STA Funds, including Mid-Year Adjustments if applicable, FY19-21
- Revenue Ratios for TDA Article 4 Claimants
- Transit Performance Measurement Program Guidelines
- Transit Coordination Guidelines
- Board Report and Resolution Regarding "Reasonable Efforts" and Transit Operator Productivity Improvement Program Findings, FY19- FY21
- TDA Article 3 and 8 Claim Instructions
- TDA Article 3 and 8 Financial Audit Instructions
- SSTAC Membership Roster, FY19- FY21
- SSTAC Unmet Transit Needs Findings, FY19- FY21
- State Controller Reports for TDA Claimants, FY19- FY21
- TDA Claim Forms, FY19- FY21
- TDA Article 4 Capital Reserve Drawdown Requests, FY9- FY21
- Funding Guidelines and Annual Allocations of FTA Section 5307 Funds
- Funding Guidelines and Annual Allocations of CMAQ Funds
- Funding Guidelines and Annual Allocations of SAFE Funds
- Quarterly Project Status Reports for FTA Section 5307 and CMAQ Funds
- 2019 Federal Regional Transportation Plan and 2021 Regional Plan
- Specialized Transportation Strategic Plan

SANDAG's TDA administrative functions and its effectiveness as the RTPA were discussed with SANDAG management and staff, the Consolidated Transportation Services Agency (CTSA), and the transit providers. SANDAG management and staff interviewed for the audit included:

- Chief Executive Officer
- Chief of Staff
- General Counsel
- Deputy CEO, Business Operations
- Deputy CEO, Planning, Projects and Programs
- Independent Performance Auditor
- Manager of Human Resources
- Senior Director of Organization Effectiveness
- Manager of Contracts and Procurement Services
- Principal Planner, Technology Planning Manager
- Principal Research Analyst, Data Science, Research and Program Management
- Director of Data, Analytics, and Modeling
- Senior Director of Regional Planning
- Principal Regional Planner, Long Range Planning and Binational Goods Movement
- Transit Planning Manager
- Senior Transit Planner
- Director of Government Relations and Communications
- Acting Manager of Government Relations
- Director of Engineering and Construction
- Director of Accounting and Finance
- Director of Financial Planning, Budgets, and Grants
- Strategic Capital Funding and TransNet Program Manager
- Innovative Finance Director
- Budget Manager
- Grants Program Manager
- Director of Regional Transportation Services

Note that the positions listed above reflect titles at the time of the performance audit interviews. In February 2022, SANDAG was in the process of rolling out a new matrixed organizational model. Some of the position titles therefore shifted slightly from the end of the audit period eight months prior with new promotions and new alignment of functions. In addition to SANDAG staff, transit operator staff members were asked to provide input regarding the audit of SANDAG as the regional transportation planning agency when they were interviewed for the operator audits.

The remainder of this performance audit report is organized in the following sections:

II. Overview, which describes, from a transit perspective, SANDAG's accomplishments and challenges during the audit period.

III. Compliance Review, which includes compliance with TDA requirements, and the status of recommendations made by the previous performance audit.

IV. Functional Review, which addresses the RTPA activities performed by SANDAG.

V. Consolidated Transportation Services Agency, which discusses the roles and responsibilities of Full Access and Coordinated Transportation (FACT) as the CTSA.

VI. Conclusions and Recommendations, which highlights audit period findings and results and outlines significant opportunities for SANDAG to improve effectiveness in performing its RTPA responsibilities.

SECTION II: OVERVIEW

SANDAG's primary TDA-related responsibilities during the audit period were regional transportation planning, coordination, programming, project development, and construction. The San Diego Association of Governments (SANDAG) was formed in 1966 to oversee and coordinate planning for the region. With the passage of Senate Bill (SB) 1703, the San Diego Regional Transportation Consolidation Act, in 2002, SANDAG was reorganized and assigned responsibilities for all transportation planning (excluding annual transit service planning), funding allocation, project development, and construction in the San Diego region, a transition that has been completed.

With regional transit planning, every two years SANDAG has been coordinating with the transit operators and stakeholders to update the Coordinated Plan that provides a five-year blueprint for the implementation of public transit and social service transportation concepts described in the long-range Regional Transportation Plan (*San Diego Forward: The Regional Plan*). The Coordinated Plan is unique in that it combines SANDAG's regional requirement for a Short-Range Transit Plan with the federal requirement for a Coordinated Plan into one concise planning document. The combination of transit and social service transportation provides an opportunity to evaluate all available transportation services in the region.

SANDAG's other transit-related responsibilities during the audit period included public participation, productivity monitoring, legislative relations, and marketing and financial data collection and distribution. SANDAG continues to refine its regional responsibilities with MTS and NCTD in development of a coordinated regional transit system. Transit capital project programming and implementation are within SANDAG's purview to administer and manage on behalf of the transit operators. SANDAG also maintains a close working relationship with state-level agencies including the California Air Resources Board (CARB) and the California Department of Transportation (Caltrans). SANDAG continues to gather annual demographic and socioeconomic data and associated market-related data. The agency provides annual financial information that helps operators forecast their revenue and develop their budgets.

SANDAG has several responsibilities with respect to TDA administration in the region. These responsibilities include:

- Updating the TDA Claims Manual, as needed
- Distributing TDA instructions and procedures and reports of apportionments to all claimants
- Maintaining data on apportionments, allocations, and claims
- Assisting claimants in preparing claims and amendments
- Reviewing claims and amendments for eligibility, compliance, and funding
- Preparing reports to the SANDAG Board for approval
- Preparing and updating allocation instructions and payment schedules for the County Auditor
- Providing for the conduct of the TDA triennial performance audits
- Preparing performance productivity reports and monitoring results
- Soliciting feedback through public hearing and other means on the transportation needs of seniors, individuals with disabilities, and individuals of limited means

SANDAG supplied evidence of its overall compliance with TDA as demonstrated by procedure documents on the SANDAG TDA website,¹ the operator TDA claim files, the TDA claim submittal letters, and the SANDAG Board resolutions assessing operators' performance improvement efforts and approving TDA claims.

Since Fiscal Year 2003 when SANDAG incorporated the Metropolitan Transit Development Board (MTDB) Productivity Improvement Program (PIP) into its TDA Claim approval process, the PIP has become an important instrument for ensuring compliance with PUC Section 99244.² At that time, SANDAG assumed the responsibility for monitoring operators for consistency with planning and transit productivity objectives. The PIP is a process involving SANDAG's regular analysis of performance indicators and development of multiyear trends using data provided by the operators. SANDAG closely evaluates performance trends for each of the six TDA-mandated performance indicators (including farebox recovery) as well as a composite index that equally weights the six indicators. This evaluation is done on a quarterly basis, measured relative to annual productivity targets. Quarterly reports are generated and reviewed by the Regional Short Range Transit Planning Task Force, which includes representatives from the operators, MTS, and NCTD, as well as the region's Consolidated Services Transportation Agency, FACT.

SANDAG serves multiple roles in the San Diego region in addition to designation as the consolidated agency for regional decision-making. The agency carries out various responsibilities that are either mandated by federal or state law or regulation or delegated to SANDAG through local agreement. The following are among the numerous SANDAG transportation designations and responsibilities:

- Federally designated Metropolitan Planning Organization (MPO) – As the MPO, SANDAG administers federal transportation funding and must meet federal comprehensive planning requirements to receive federal funds. Comprehensive planning requirements include development of a Long-Range Transportation Plan and a biennial update of the Transportation Improvement Program (TIP) covering a five-year program of projects.
- State-designated Regional Transportation Planning Agency (RTPA) – As the RTPA, SANDAG administers TDA funding in the region.
- State-designated and voter-approved Regional Transportation Commission – As the RTC, SANDAG administers TransNet, the half-cent sales tax for transportation, and oversees and ensures delivery of all TransNet-funded projects.
- State and locally designated Congestion Management Agency (CMA) and Freeway Service Patrol administration.
- State-designated tolling authority for highway toll facilities in San Diego County.
- Locally designated council of governments to provide a public forum for regional decision-making to a broad range of topics pertinent to the region's quality of life.

SANDAG's non-transportation designations and responsibilities include Co-Lead Agency for Air Quality Planning (with the San Diego County Air Pollution Control District), Regional Census Data Center, Integrated Waste Management Task Force, housing needs determination, and area-wide clearinghouse to review projects with regional impacts under the California Environmental Quality Act and the National Environmental Policy Act.

¹ <http://www.sandag.org/index.asp?projectid=17&fuseaction=projects.detail>

² With the consolidation pursuant to SB 1703, the Metropolitan Transit Development Board became the Metropolitan Transit System.

With its broadened scope and administration of TransNet, SANDAG has accelerated its capital program. A significant portion of SANDAG's staff time is devoted to the delivery of the TransNet program. In efforts to initiate the TransNet Early Action Program (EAP), SANDAG has already delivered several TransNet-funded projects and is working on additional projects while maximizing TransNet's transparency. The implementation of the EAP shows the commitment of most anticipated TransNet funding during the remaining life of the current sales tax measure, leading SANDAG to evaluate a possible additional sales tax measure. The projects can be tracked through SANDAG's www.keepsandiegomoving.com site with its TransNet dashboard application. SANDAG generates high-level reports for TransNet projects that measure progress, budget, and work schedule completion. Projects that do not meet targeted dates of completion (for progress, budget, and schedule) are deemed as red lights and are presented to the Executive Team for review and discussion.

SANDAG achieved important accomplishments during the audit period. The agency was able to continue its strong working relationships with the region's operators, realize continued successes in winning grant funding, and make progress with TransNet capital projects. The following accomplishments are listed in sequential order from the Overall Work Program (OWP):

- SANDAG completed the construction of the remainder of Segments 4 & 5 of the Bayshore Bikeway, from Vesta Street to Marina Way and West 32nd Street in the City of National City, opened in February 2018.
- SANDAG replaced the existing six-lane Genesee Avenue overpass with a ten-lane structure on Interstate 5 (I-5)/Genesee Avenue Interchange which included replacement of the overcrossing, the project widened the freeway access ramps, added an auxiliary lane in the northbound direction on I-5 between Genesee Avenue and Roselle Street, and constructed a new separated bicycle/pedestrian path.
- SANDAG constructed realignment of Campus Point and Voigt Drive between I-5 and Genesee Avenue.
- SANDAG completed construction of a new overcrossing over I-5 between Gilman Drive and Medical Center Drive.
- SANDAG constructed southbound auxiliary lane along I-5 between Genesee Avenue and La Jolla Village Drive.
- SANDAG constructed State Route 11 (SR 11) four-lane toll highway from Enrico Fermi Drive to the proposed Otay Mesa East Port of Entry (POE) along with State Route 125 southbound to eastbound State Route 905 and eastbound SR 11 connectors.
- SANDAG completed construction of San Diego's first freeway-level transit stations along State Route 15 (SR 15) at University Avenue and El Cajon Boulevard which includes transit-only lanes within the existing median from north of I-805 to south of I-8. This construction is FTA funded.
- SANDAG constructed one mile of new bike path along east side of SR 15 from Camino Del Rio South to Adams Avenue.
- SANDAG constructed 2.1 miles of Class 1 shared use path on Santa Fe Street to west of Mission Bay Drive.
- SANDAG constructed 1.3 miles of separated bikeway along the Coastal Rail Train in the City of Encinitas between Chesterfield Drive and Santa Fe Drive undercrossing.
- SANDAG constructed 4.0 miles of new bike path on and along the North County Transit District rail corridor from North Melrose Drive in Oceanside to North Pacific Street in San Marcos.
- SANDAG completed reconstruction of Oceanside Transit Center that added an additional commuter rail platform and an additional track through the Transit Center station to facilitate operations. This reconstruction is FTA funded.

- SANDAG installed 1.5 miles of new double track, replaced Bridge 240.4, replacing CP Cardiff with double crossovers, installed new signals and drainage structures. This installation is FTA funded.
- SANDAG constructed a new grade-separated pedestrian crossing, installed new platform, fence, reconfigure tracks, and signals and track improvements at the Poinsettia Station along the LOSSAN corridor. This construction is FTA funded.
- SANDAG converted 2.6 miles of single-track to double-track, installed new signals, constructed seven bridges, two rail crossovers, and several retaining walls in addition to completing signal, utility, and drainage improvements north of Control Point (CP) Elvira near SR 52 to CP Morena near Balboa Avenue. This conversion/construction is FTA funded.
- SANDAG constructed 0.9 miles of double-track and new bridge along the LOSSAN corridor over the San Diego River. This is FTA funded.
- SANDAG constructed at-grade crossing improvements including bike/pedestrian facilities, double-track rail, signals and safety improvements at Chesterfield Drive.
- SANDAG constructed a new 10.9-mile rail extension of the Trolley Blue Line, including transit stations, from Old Town Transit Center, along I-5 to University Town Center. This construction is FTA funded.
- SANDAG developed a new *Rapid* transit service from the I-805/Palomar Direct Access Ramp to the Otay Mesa Border, including construction of a specified guideway over SR 125, and 11 stations along a 21-mile-long corridor from the Otay Mesa border area, through Chula Vista, and along the I-805 Corridor and SR 94 Corridor, to Downtown San Diego. This development of transit service and construction are FTA funded.
- SANDAG completed design and construction on the freeway shoulder infrastructure and implement technology improvements and procurement of 16 new compressed natural gas buses. This completion of design and construction are FTA funded.
- SANDAG constructed soundwalls along I-805 from Palomar Street to Sr 54, including improvements to the Sweetwater River Bridge.
- SANDAG developed and completed the **2019 Federal RTP and the 2021 Regional Plan** (the latter was adopted just outside the audit period, in December). In late 2019, the SANDAG Board approved the 2019 Federal Regional Transportation Plan to keep important transportation funding coming to the region while the 2021 Regional Plan vision was being developed in two years. In December 2021, the 2021 Regional Plan was adopted by the Board. This plan is the result of years of planning, data analysis, and community engagement to reimagine the San Diego region with a transformative transportation system that addresses traffic congestion, social equity, and state and federal mandates. The Plan includes the 5 Bid Moves which are Complete Corridors, Next Operating System, Transit Leap, Flexible Fleets, and Mobility Hubs. The Plan features a 19 percent Vehicle Miles Traveled (VMT) reduction and no more freeway widening. The Plan includes FTA planning funds.
- As the regional agency appointed to coordinate 2020 Census outreach, SANDAG led public education efforts alongside local jurisdictions and Count Me 2020, a coalition of more than 150 community-based organizations led by United Way of San Diego County. SANDAG convened the 2020 Census Complete Count Stakeholder Working Group to facilitate this coordination and managed an extensive outreach campaign. National Census Day was April 1, 2020.
- Major progress was accomplished on several high visibility programs including the Otay Mesa East port of entry and related trade corridor enhancement program, Del Mar bluff stabilization project and emergency repairs, and the transit connection to Lindberg Field airport.
- Finally, the Mid-Coast Trolley Project, made multiple milestones during the audit period; it's opening date of November 2021 was five months after the audit period.

In addition to the OWP listing, the following additional activities from the audit period are notable:

- SANDAG launched multiple initiatives and process changes to work through the COVID-19 pandemic and working from home (WFH) strategies. These included, among others, an accelerated schedule to equip all employees with laptops, new web-based processes and software for timecards, establishing a new web-based contract system (upgrade from email-based system), and a procurement for new Enterprise Resource Program to replace OneSolution. Implementation of the new Tyler system is expected to occur later in 2022.
- SANDAG developed a strategic plan in 2018 and followed that with a first re-organization. Multiple senior staff left the organization, including both retirements and non-voluntary departures.
- The SANDAG Board adopted an equity statement in 2021 during the development of the Regional Plan. The commitment to equity statement is the first thing a viewer sees when accessing the Board of Directors webpage. SANDAG also piloted a transit fare reduction program for some low-income communities, extending the hours of operation.
- As result of the Regional Plan development efforts, SANDAG developed early action pilots, and one of them to advance social equity goals was the development of a pilot to enable persons under 18 to travel for free for one year or 14 months.
- SANDAG continued its role in managing the fare ordinance for the region. The audit period saw the implementation of a new smart card system branded Pronto. However, the initiative was led by MTS with NCTD as a participant. SANDAG participated in discussions and proposal review, but as a non-voting member.
- SANDAG completed updates to two key TDA transportation documents:
 - Board Policy No. 27 – Transportation Development Act (June 2021)
 - SANDAG TDA Claim Manual (February 2021)

SANDAG continues to monitor capital projects' budgets to ensure timely completion and to address any issues that may arise. SANDAG conducts an annual *TransNet* Plan of Finance review that updates the latest project cost estimates, revenue forecasts and cashflow needs. These reviews allow the SANDAG Board of Directors to make adjustments to the capital program to ensure sufficient funding is available when needed to complete its capital program.

SECTION III: COMPLIANCE REVIEW

The TDA compliance review assesses RTPA compliance with state mandates. This section provides a review of SANDAG's compliance with the requirements of the Transportation Development Act for regional transportation planning agencies. SANDAG is the state-designated Regional Transportation Planning Agency and its performance audit includes an assessment of compliance with relevant TDA requirements in California Public Utilities Code Sections 99231–99401.5 and California Code of Regulations Section 6662. The compliance assessment also reviews SANDAG's efforts to address prior performance audit recommendations.

Compliance Assessment

SANDAG is in compliance with PUC and California Code of Regulations (CCR) requirements, as specified in the *TDA Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, issued by the California Department of Transportation Division of Mass Transportation in September 2008. (This is not the same as the 2021 Statute Book). These requirements oblige RTPAs to:

- Review claims to ensure that funds dispersed do not exceed allocations.
- Adopt rules for review of Article 3 pedestrian and bicycle facilities claims.
- Establish a Social Services Transportation Advisory Council (SSTAC).
- Make “reasonable efforts” findings regarding productivity improvements prior to approving increases in TDA funding for operators. This includes reviewing progress to implement prior audit recommendations at least annually, prior to approval of TDA funds.
- Ensure that claimants submit an annual report to the California State Controller.
- Conduct performance audits of SANDAG, MTS, and NCTD every three years, including: notifying the State regarding completion of performance audits and transmitting a copy of the RTPA audit, and including required compliance reviews in transit operator audits.
- Adopt rules and regulations for revenue ratios.
- Adopt criteria for evaluating Article 4.5 community transit service claims.
- Allocate STA funds for mass transportation purposes only.
- Allocate STA 99314.3 funds to transit operators.
- Conduct an annual public hearing to gain input from transit-dependent and transit-disadvantaged persons.
- Conduct an independent fiscal audit and transmit it to the State Controller.

Compliance for each requirement has been assessed as follows:

- Fully compliant
- Partially compliant, with additional actions required to achieve full compliance
- Not applicable

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
PUC Section 99231	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 moneys apportioned to that area.	Compliant: SANDAG did not allocate more Local Transportation Fund monies than were apportioned to San Diego County for each year of the performance audit period as verified by comparison of apportionment findings to actual allocations. Actual claims may exceed apportionments as a result of claims against carryover balances from the preceding year. Revised claims have been made and approved by SANDAG for shifting the same total amount of LTF between operations and capital. In the resolutions approving LTF and STA allocations, a statement is made that SANDAG has analyzed the revised claims and determined that the claims conform substantially to the provisions of the TDA.
PUC Sections 99233 & 99234	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>Compliant: SANDAG's Policy 27, last amended in June 2021, defines the procedures for administering TDA funds. SANDAG's <i>Transportation Development Act Claim Manual</i>, updated February 2021, provides further detail and serves as a guidebook for claimants.</p> <p>A claim must be part of the Regional Bike Early Action Program (EAP) for regional projects or evaluated based upon the SANDAG-adopted <i>TransNet/TDA Active Transportation Grant Program</i>. Chapter 3 of the manual describes the process for submitting claims for funds dedicated to the EAP and the Bicycle, Pedestrian, and Neighborhood Safety Program.³</p> <p>Policy 27, the TDA Claim Manual, and the TDA claim forms are all available on SANDAG's TDA website (http://www.sandag.org/index.asp?projectid=17&fuseaction=projects.detail). Active links on the topic are also inserted in the claim manual on the SANDAG website.</p> <p>The agency allocates portions of the 2 percent of eligible LTF funds. This includes</p>

³ The Bicycle, Pedestrian, and Neighborhood Safety Program is also referred to as the *TransNet/TDA Active Transportation Grant Program*.

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
		<p>SANDAG Board approval to set aside \$1 million per year for the Active Transportation Grant Program (ATGP) call for projects.⁴ On July 27, 2018, the SANDAG Board of Directors approved 21 projects to receive a total of \$3.6 million in funds under the TransNet ATGP for Cycle 4 in the capital and non-capital project categories.</p>
<p>PUC Sections 99238 & 99238.5</p>	<p>The RTPA has established a social services transportation advisory council (SSTAC). The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.</p>	<p>Compliant: The Social Services Transportation Advisory Council (SSTAC) held annual public hearings to gain input from transit-dependent and transit-disadvantaged persons. The public hearings are mandated through PUC Section 99238.5 for a public participation process. The hearings were held as part of the SSTAC meetings and were both in-person pre-COVID and by teleconference during the pandemic. Public hearings according to PUC Section 99238.5 were held on 5/13/19 (at San Diego State University), 5/11/20 (teleconference), and 5/18/21 (teleconference). In addition, the bimonthly SSTAC meetings include a public comment period at the beginning of each meeting. Other joint working group forums and sessions are held with the SSTAC during the year.</p>
<p>PUC Section 99244</p>	<p>The RTPA has annually identified, analyzed and recommended potential productivity improvements that could lower the operating costs of those operators that 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"> • A committee for the purpose of providing advice on productivity 	<p>Compliant: SANDAG's Policy 27 and <i>Transportation Development Act Claim Manual</i> describe the agency's responsibilities with regard to identifying and recommending potential productivity improvements. Policy 27 states that performance improvement is best measured over a multiyear time frame that focuses on longer-term trends. Performance recommendations are divided into two categories: (1) performance improvement recommendations; and (2) performance audit recommendations. Each claimant is required to provide sufficient information in their TDA claim. Per SANDAG instructions, the transit</p>

⁴ When the SANDAG Board approved the Regional Bike Early Action Program (EAP) in September 2013, it limited the ATGP to \$1 million per year with the remainder allocated to the Regional Bike EAP.

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
	<p>improvements may be formed (not required).</p> <ul style="list-style-type: none"> 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 that exceeds its prior year allocation. 	<p>claimants' performance improvement information is not included in the TDA claim, but forwarded directly to SANDAG's Planning Department for evaluation during the June time frame as part of the claim process. The Board resolution approving the annual claims makes a finding that the transit claimants have made reasonable efforts to implement productivity improvement recommendations.</p> <p>SANDAG Board Policy 18, last amended in January 2017, establishes a requirement for annual and quarterly monitoring of transit performance for both MTS and NCTD operations. Six performance indicators are evaluated for the quarterly review, which are consistent with the annual performance measures required by the TDA. These indicators are tracked for 13 quarters to provide year-over-year trends as well as quarter-to-quarter changes in performance. Other factors are included in the review, including regional ridership, fuel prices, and jobs.</p> <p>These performance indicators are measured separately for fixed-route services (Metropolitan Transit System [MTS] Trolley, MTS Bus, and MTS <i>Rapid</i>; North County Transit District [NCTD] SPRINTER, NCTD COASTER, and NCTD BREEZE Bus) and Americans with Disabilities Act of 1990 (ADA) Paratransit services (MTS ADA and NCTD ADA). SANDAG staff develop quarterly reports for distribution and discussion at quarterly meetings of the Regional Short Range Transit Planning Task Force, an advisory group consisting of members of FACT, MTS, NCTD, and SANDAG. Transit agencies also monitor their operations performance on an annual, quarterly, and monthly basis, as appropriate.</p>

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
PUC Section 99245	The RTPA has ensured that all claimants to whom it allocates TDA funds submit 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 30). However, the responsible entity may grant an extension of up to 90 days, as it deems necessary.	Compliant: SANDAG transmits copies of the annual Comprehensive Annual Financial Reports for MTS and NCTD, and the annual TDA fiscal and compliance audit for FACT, to the State Controller and verifies their timely submittal.
PUC Sections 99246 & 99248	The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). 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 money, 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 the operator for that or subsequent fiscal years until the audit was transmitted.	Compliant: SANDAG contracts for triennial performance audits of its activities and of the activities of the operators in its jurisdiction. Performance audit requirements are discussed in Appendix C of SANDAG's <i>Transportation Development Act Claim Manual</i> . The previous audit and the current audit both include the required calculations and assessments. The previous audits of SANDAG, MTS, and NCTD were submitted to SANDAG in June 2019, within 12 months after the end of the triennium.
PUC Section 99246(c)	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.	Compliant: The FY16–FY18 performance audits were completed and submitted to the California Department of Transportation by June 30, 2019. A letter on SANDAG letterhead was transmitted along with copies of the SANDAG/CTSA, MTS, and NCTD audits.

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
PUC Section 99246(d)	<p>The performance audit of the operator providing public transportation services shall include a verification of the operator's 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.</p> <p>The performance audit shall include 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>Compliant: The current triennial performance audits of MTS and NCTD include the required five key performance measures.</p> <p>Both transit operators included in the performance audit program provide service to the general public and are not precluded from employing part-time drivers or contracting service during peak hours.</p>
PUC Sections 99270.1 & 99270.2	<p>The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.</p>	<p>Compliant: Chapter 4 of SANDAG's <i>Transportation Development Act Claim Manual</i> and SANDAG's Policy 27 include the revenue ratios that must be met by MTS and NCTD. The amended claim manual implements a prior performance audit recommendation to revise the revenue ratios per TDA law.</p>

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
<p>PUC Section 99275.5</p>	<p>The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.</p>	<p>Compliant: SANDAG's criteria and regulations for the evaluation of Article 4.5 claims are described in Chapter 5 of the <i>Transportation Development Act Claim Manual</i> and in Sections 7 and 11 of SANDAG Policy 27.</p> <p>As permitted by TDA, SANDAG allocates 5 percent of annual LTF revenue (after allocations for planning, administration, and pedestrian and bicycle projects) for community transit services. A maximum of 2 percent of Article 4.5 funds are available to the CTSA (FACT).</p> <p>A TDA 4.5 Fund Eligibility Worksheet is prepared by the claimants to determine the maximum eligibility for operating funds and anticipated fare revenue ratio with and without local support. Per eligibility requirements in Section 7.2(3) of Policy 27 for Article 4.5, the claimant must meet a 10 percent farebox recovery ratio. Local support may be included toward meeting the farebox ratio. There is no farebox recovery standard for FACT, as its CTSA services do not include direct operations. SANDAG and FACT developed updated eligibility criteria and amended service agreement to allocate the funds including meeting core functions.</p>

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
<p>PUC Sections 99310.5 & 99313.3 & Proposition 116</p>	<p>State Transit Assistance (STA) funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.</p>	<p>Compliant: STA guidelines are included in Chapter 8 of SANDAG's <i>Transportation Development Act Claim Manual</i> and in SANDAG Policy 27. In the San Diego region, claims for STA formula funds are filed by eligible Article 4 operators for public transportation purposes and by eligible Article 4.5 claimants for community transit services. The formula is consistent with the allocation made by the State Controller, which is on a population basis. MTS is apportioned STA funds directly from the State for allocation to eligible operators within the MTS area. STA funds for NCTD are apportioned to SANDAG, which then allocates the funds to NCTD for the area outside of the MTS area.</p> <p>The SANDAG TDA claims manual includes qualifying criteria for an operator to use STA for operations rather than capital. This provision has been suspended since FY21 (AB 90) to enable the operators to effectively address their services during the COVID-19 pandemic.</p>
<p>PUC Section 99314.3</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>Compliant: The formula for allocating STA funds is described in Chapter 8 of SANDAG's <i>Transportation Development Act Claim Manual</i>. The STA funds under this PUC section are allocated according to the ratio of total revenue for each operator in the area under SANDAG's jurisdiction during the prior fiscal year to the total revenue of all operators in the state during the prior fiscal year.</p> <p>The claim manual notes that the State Controller's estimates of STA allocations are subject to change based on more current data and on legislative actions affecting the state budget and the STA fund.</p>

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
PUC Section 99401.5	<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> • Consulted with the Social Services Transportation Advisory Council established pursuant to PUC Section 99238 • Identified transit needs, including: <ul style="list-style-type: none"> -Groups who are transit-dependent or transit-disadvantaged -Adequacy of existing transit services to meet the needs of groups identified -Analysis of potential alternatives to provide transportation services • Adopted or reaffirmed definitions of “unmet transit needs” and “reasonable to meet” • Identified the unmet transit needs and those needs that are reasonable to meet • Adopted a finding that there are not unmet transit needs; that there are no unmet transit needs that are reasonable to meet; or that there are unmet transit needs including needs that are reasonable to meet <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>	<p>Not applicable: Under the provisions of Section 99232, jurisdictions within San Diego County are not eligible to claim Article 8 funds for local street and road improvements. Therefore, the unmet transit needs process described in PUC Section 99401.5 is not applicable. However, as described earlier in this compliance matrix, an annual hearing is held during a SSTAC meeting generally each May to meet the requirements of PUC Section 99238.5 to address the unmet transit needs of the SSTAC's constituent groups. Each hearing item is documented and followed up with the appropriate staff and agency.</p>

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
CCR Section 6662	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.	Compliant: The SANDAG financial audits are performed by independent auditors under contract to SANDAG and are conducted in accordance with the Government Auditing Standards issued by the US Comptroller General. Audit reports were transmitted to the State Controller within 12 months of the end of each fiscal year: FY19: December 13, 2019 FY20: December 16, 2020 FY21: December 16, 2021

Prior Audit Recommendations

SANDAG has addressed one of the two prior performance audit recommendations, but continued work is needed for full compliance with one of them.

Prior Audit Recommendation 1: As a carryover from the prior SANDAG performance audit for full implementation, SANDAG and FACT should identify and pursue additional funding sources to support its activities as the CTSA.

Compliance Finding: Complete.

SANDAG Actions: SANDAG agreed with the recommendation from last cycle and has worked with FACT to identify sources of new funding and work towards funding reliability. For the Specialized Transportation Grant Program Cycle 11 Call for Projects (July 2020), the Board approved a “carve off” of 25% of STGP available funding to the CTSA for mobility management activities, and reduction of the maximum grant request for other CTSA proposed projects to \$200,000 per year per funding source. Cycle 11 covers two one-year amounts. The maximum the CTSA could receive from both dedicated and competitive funding would be approximately \$2.6 million, about 36% of all Cycle 11 STGP funding. Currently the Board approval only applies to Cycle 11, however SANDAG’s intention during the audit period was to normalize this policy and make the carve off indefinite so it does not have to come up for approval at each new Cycle. This allocation is still up for discussion. SANDAG is continuing to work on this funding with the other eligible operators.

Prior Audit Recommendation 2: As a carryover from the prior SANDAG performance audit for full implementation, SANDAG should continue efforts to update Policy No. 27 and the SANDAG TDA Claim Manual to address statutory changes.

Compliance Finding: Partially Complete.

SANDAG Actions: SANDAG agreed with the recommendation from the last cycle and made updates both to the Board Policy No. 27 and to the SANDAG TDA Claim Manual. SANDAG modified the Board Policy No. 27 to account for SB 508 statutory changes. Several modifications were performed, most notably to the Farebox Recovery Ration requirements for the operators, including reducing MTS' ratio from 31.9% to 20%. The Board Policy No. 27 was amended in June 2021. In the TDA Claim Manual (handbook) document, SANDAG added several sections to the Legislative changes section, listing SB 508, AB 1113, and even AB 90. The TDA Claim Manual update was issued in February 2021. However, in relation to the audit period the update does not include the latest applicable statutory change, AB 149, nor does it provide clear guidance on inclusions and exclusions for the determination of the farebox recovery ratio calculation.

SECTION IV: FUNCTIONAL REVIEW

SANDAG's RTPA functions were reviewed as part of the triennial performance audit. The functional review covers SANDAG's role and performance in the following areas:

- RTPA administration and management
- Claimant relationships, including transit productivity oversight
- Transportation planning and regional coordination
- Marketing and transportation alternatives
- Grant applications and management.

Together with the compliance review in Section III, the functional review provides the basis for recommendations offered for SANDAG's consideration in Section V and meets the three primary SANDAG objectives for the RTPA TDA triennial performance audit:

- Identify areas where the TDA administrative process may be improved
- Determine whether SANDAG is complying with the TDA rules and regulations
- Suggest improvements to the TDA administrative process which would be meaningful and cost-beneficial

Each of the functional areas is discussed in this section.

IV-1. RTPA Administration and Management

The SANDAG Board of Directors consists of 21 elected officials, including two from the City of San Diego, two from the County of San Diego, and one from each of the remaining 17 incorporated cities. Nine additional advisory members sit with the Board but do not have voting privileges. Agencies/jurisdictions with advisory representatives include Imperial County, the California Department of Transportation, MTS, NCTD, the US Department of Defense, the San Diego Unified Port District, the San Diego County Water Authority, the Southern California Tribal Chairmen's Association, and the Consul General of Mexico. The SANDAG Board of Directors, which meets twice monthly, has five standing committees (Executive, Transportation, Regional Planning, Borders, and Public Safety). The first board meeting each month is a policy meeting held on the second Friday, followed by a business meeting held on the fourth Friday. Various working groups and advisory committees are also formed and meet on particular topics such as biking and walking, environment, transportation, and land use and regional growth.

In October 2017, prior the current audit period, the Governor approved Assembly Bill 805 (AB 805). The bill entails multiple changes to the governance of SANDAG as well as MTS and NCTD. The principal changes are summarized below:

- The bill required the City of San Diego mayor and president of the San Diego city council to serve on the Board. The bill deleted the requirement for the chair of the County of San Diego Board of Supervisors to serve on the board.
- The bill revised the selection of alternate members of the board. The chairperson and vice chairperson need to be elected by the membership every 2 years or when a vacancy exists by the weighted vote process and the vice chairperson does not represent the same region.

- AB 805 modified the weighted vote process as follows. All official acts of the board require the affirmative vote of the majority of the members of board present. However, after a vote of the members is taken, a weighted vote may be called by members of any two jurisdictions.
- The bill increased the membership of the transportation committee from 9 to 10 members
- The bill established an audit committee with specified responsibilities, including the appointment of an independent performance auditor, increasing the number of standing committees to six.
- AB 805 required one of 4 San Diego City Council members on the MTS board to be the mayor and grant the City of Chula Vista a second member, who would be the mayor. The bill required the MTS chairperson to be selected by the board and revise the process for selecting alternate board members.
- The bill made modifications to the weighted voting process for MTS and NCTD
- Finally, AB 805 authorized MTS and NCTD to individually impose taxes in their jurisdictions, with revenues to be used for public transit purposes, and issue bonds backed by these tax revenues. During the current audit period, MTS seriously considered trying for a tax measure, but ultimately decided against it given the pandemic environment.

Each year, the Office of General Counsel solicits requests from staff and leadership for any suggested changes to board policies or bylaws and reviews these documents to determine if updates or changes should be recommended to the Board of Directors.

The Board's voting structure is designed to ensure that its actions reflect the interests of the majority of jurisdictions and the regional population. Consent items require only a majority of the unweighted tally vote (i.e., one vote per agency). Board actions require majorities of both the unweighted tally and the weighted (by population) vote. Each jurisdiction's weighted votes are recomputed every July 1. The weighted vote structure shown below is the current structure for the past audit period, post AB 805.

Jurisdiction	Tally	Weight	Jurisdiction	Tally	Weight
Carlsbad	1	3	Lemon Grove	1	1
Chula Vista	1	8	National City	1	2
Coronado	1	1	Oceanside	1	5
County of San Diego	1	15	Poway	1	1
Del Mar	1	1	San Diego	1	42
El Cajon	1	3	San Marcos	1	3
Encinitas	1	2	Santee	1	2
Escondido	1	4	Solana Beach	1	1
Imperial Beach	1	1	Vista	1	3
La Mesa	1	2	TOTAL	19	100

The Transportation Committee, which advises the SANDAG Board on policy issues related to transportation, is one of the standing policy advisory committees created by SB 1703.⁵ The Transportation Committee assists in the preparation of transportation planning documents, including *The 2021 Regional Plan* oversees the schedules, cost, and scope of transportation projects undertaken by SANDAG. The Transportation Committee approves the budget development guidelines provided to MTS and NCTD to assist them in preparing their annual budgets and also approve the annual TDA allocations.

The Transportation Committee now has 10 voting board members representing:

- East County
- North County Coastal
- North County Inland
- South County
- City of San Diego Mayor or Councilmember
- County of San Diego Supervisor
- MTS board member
- NCTD board member
- San Diego Unified Port District
- San Diego County Regional Airport Authority

AB 805 resulted in the creation of a sixth standing policy advisory committee – the Audit Committee, as well as the creation of an independent performance audit function which have now been active for over three years.

Internal and External Audit Functions

In July 2018, SANDAG created an Audit Committee of the Board, and set about to hire an Independent Performance Auditor, as required by AB 805. The Independent Performance Auditor was hired in April 2019. This function essentially replaced the prior internally-aligned audit function by establishing an “independent” audit function representing both internal and external audit functions, reporting directly to the Board – i.e., independent of the CEO chain of command.

Audit functions provide a mechanism to independently investigate and examine efficiency and effectiveness for SANDAG; potential sources of waste fraud and abuse; potential compliance issues; claims and allegations; and overall performance. Annual audit plans are typically risk-based (i.e., cyclically review areas of potential substantial negative impact should they fail or falter).

In theory, the argument for reporting to Executive Management is the auditor operates with the authority of the Executive Director/Chief Executive Officer and is a tool available to all management and the board to identify issues and improve performance. The argument for reporting to the Board is greater independence from management and often this position becomes a watchdog helping the Board execute their oversight duties. This Triennial Performance Audit period represents the first cycle with an Independent Performance Auditor SANDAG officialized this new function with the name Office of the Independent Performance Auditor, or OIPA.

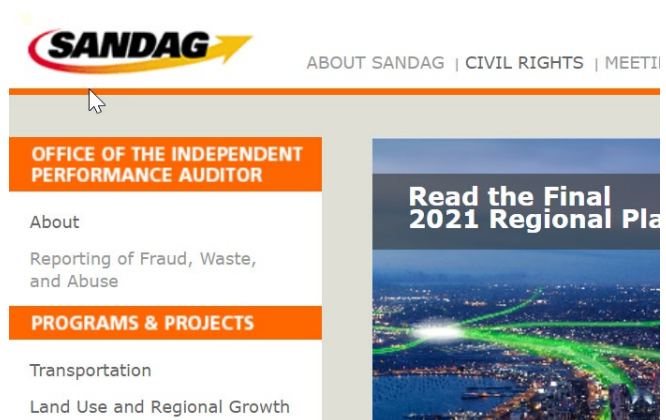
⁵ SANDAG’s fifth standing committee, the Public Safety Committee, was not required under SB 1703 but SB 1703 does authorize SANDAG to appoint other standing committees as needed.

The role of the OIPA includes a risk-based approach. The OIPA focuses on more specific reviews of high-risk areas, such as projects, contracts, or programs that contain risk themes due to types of funding, political or reputation, budget, or operational risk. The OIPA's audit plan is risk driven – In addition to risk planned audits and reviews, the OIPA may perform reviews at the request of the Chief Executive Officer, the Audit Committee, the Board, or other SANDAG Advisory Committees. Additionally, the OIPA will provide non-audit services such as providing training over risk, best practices, or other guidance to the Board and Executive Team. Regarding FWA, the OIPA is the official body that investigates all reported and identified potential fraud waste and abuse.

According to the interviews, the experience with the new function was rocky. Some managers resisted the independent auditor, not liking the external oversight from another Board report. Six senior managers seemed intent on hiding things from independent auditor, even telling their staff not to cooperate. Most of those managers have since left, and the working relationship appears positive now. Managers are learning how to use the independent auditor as a tool for change and understand the oversight role as well. The introduction of an independent auditor has really been a sea change, with initial opposition changing to a recognition that the function can elevate performance at SANDAG.

Initially the independent auditor function was just one person, but over the course of the performance audit period the OIPA identified the need for 10 positions. Three full time positions, and two intern positions have been approved to date; there is a pending request for a fourth full-time position in FY 2023 Budget. Approval of 10 audit FTEs for a 400-person organization is significant, even considering the capital program and grants.

Fraud, Waste and Abuse (FWA) is one of the most visible tools involving the independent auditor, working with the Audit Committee, Board members, and SANDAG staff. SANDAG's website was modified and the Office of the Independent Performance Auditor including a link to FWA is the first thing viewers can see on the website. Each year the OIPA produces FWA reports and posts them on the SANDAG website.



The first major audit pursued by the new OIPA was a Salaries and Compensation Performance and Compliance Audit (August 2020). Some internal management handled it in a combative manner, as alluded to above.

Another audit carried out by the OIPA early on was an analysis of SANDAG's Organizational Structure. OIPA provided 14 recommendations grouped around strategic focus, role clarity, and general administrative organizational design.

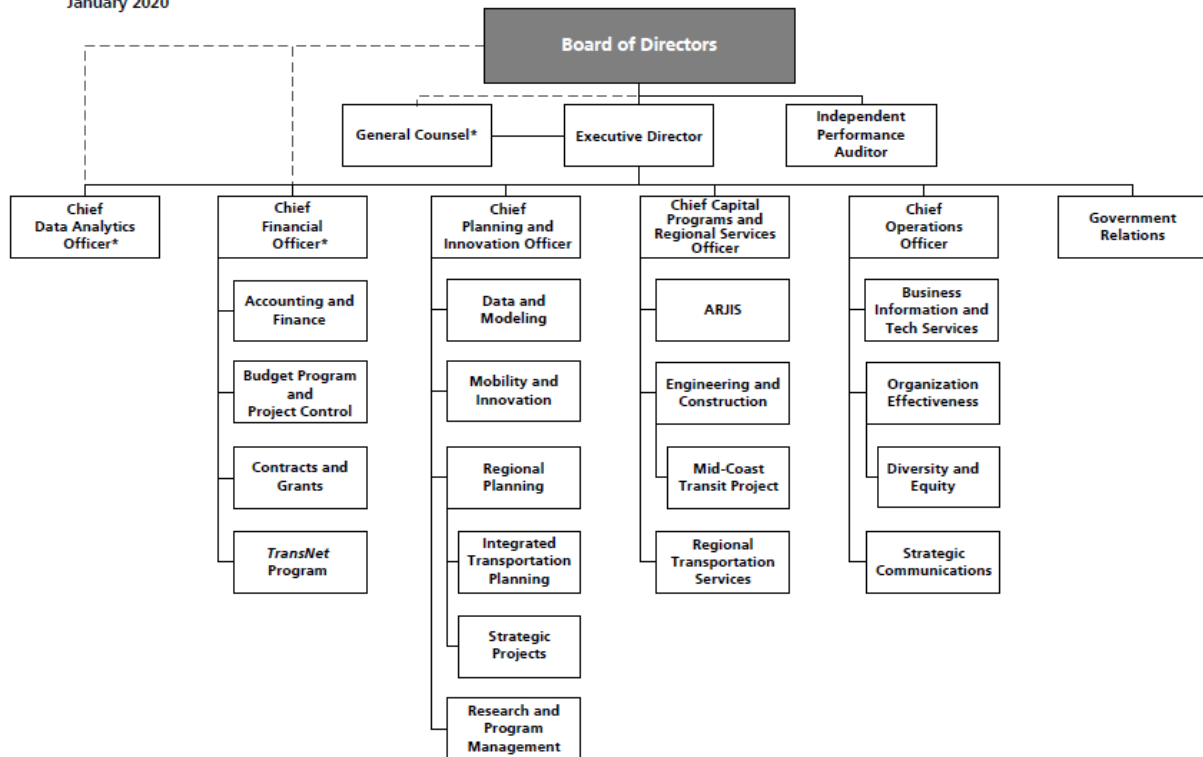
The OIPA typically does not involve the press. When the Board does involve the press, the CEO and OIPA work together to address as a team.

The biggest audit issue currently is that SANDAG has few documented processes and procedures, and weak systems controls at the Board level. SANDAG is working, with help of OIPA, to identify priorities for administrative processes and procedures.

In conclusion this Triennial Performance Audit concludes that all the basics regarding OIPA seem good. The annual risk-based audit plan incorporates input from management, CEO, Board and normal risk assessments start in April (for the next fiscal year). The OIPA then develops six to seven priority areas, socializes them, and then prioritizes them for execution, based on greatest number of red flags, exposure, etc.). Some audits are fraud, waste and abuse. Others are procedural (e.g., are we following our processes and policies?). Draft findings are well circulated, exit conference provided to review, time given for questions and comments (at least 7 days). Management responds then a report is finalized. Management leads corrective plan and the OIPA has input. Then quarterly reviews of results vs management plan.

SANDAG Organization Structure

The overall structure of SANDAG’s organization chart evolved and changed during the audit period with the executive office supported by the following six departments (previously it had been eight departments). SANDAG’s organization chart (as of January 2020) is shown below.



* The General Counsel, Chief Data Analytics Officer and the Chief Financial Officer have dotted line reporting to the Board of Directors.

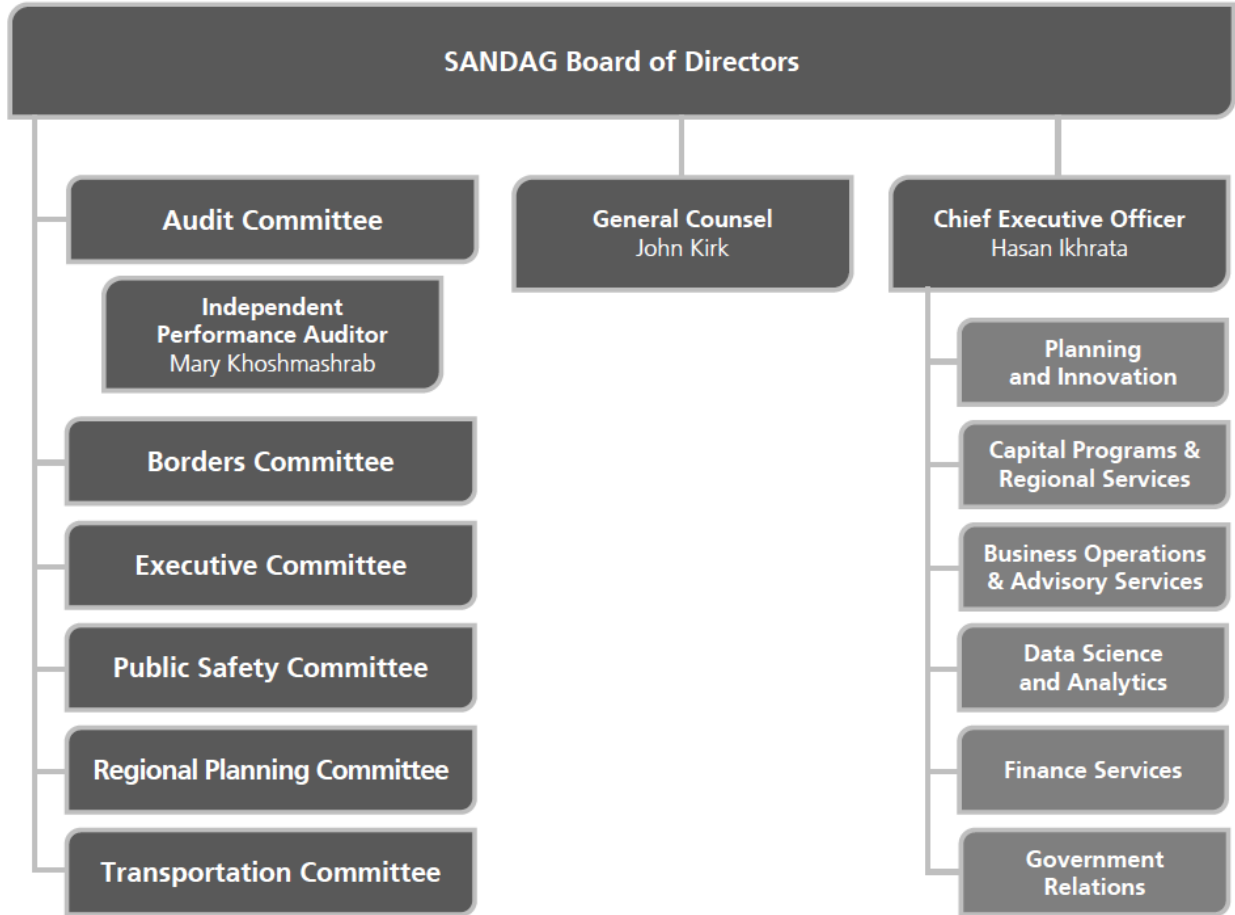
Source: SANDAG

The six major groups also evolved during the audit period, but generally represent the following from left to right on the organization chart:

- **Data Analytics** – applied research; data solutions; economic and demographic analysis and modeling; office of program management; software development solutions; transportation analysis and modeling; and technology solutions.
- **Finance** – accounting and finance; budget program and project control, contracts and grants, *TransNet* (*TransNet* and several Administrative functions were consolidated under Finance).
- **Planning and Innovation** – data and modeling, mobility and innovation, regional planning, integrated transportation planning, strategic projects, research and program management
- **Capital Programs and Regional Services** – ARJIS, engineering and construction, Mid-Coast transit project, regional transportation projects
- **Operations** – business information and tech services, organization effectiveness, diversity and equity, strategic communications.
- **Government Relations** – government relations.

The Independent Performance Auditor can be seen to the right of the Executive Director/Chief Executive Officer as a direct report to the Board of Directors. This organization chart represents the primary structure in place during the FY19-21 Audit period. Note that in February 2022 a new “matrixed” organization chart was rolled out. This is not presented here as it is outside of the audit period.

The SANDAG Board and its committee structure is illustrated below.



The SANDAG Chief Executive Officer’s tenure began in December 2018, or six months into the current three-year audit period. The ensuing two and half years brought about organizational changes for the agency, but the Board structure and number of board committees have remained the same.

TDA Fund Allocation Responsibility

As the RTPA, SANDAG is responsible for allocating TDA funds to the region's 18 cities, the County, and transit operators. SANDAG’s Board serves as the approving body for TDA claims. In February each year, SANDAG prepares the annual apportionments and the five-year estimate of transit revenues. The SANDAG Board adopts the resolutions allocating TDA funds: Articles 3, 4, 4.5, and 8 funds,⁶ Planning and Administration funds, and STA funds are allocated to NCTD. The MTS STA allocation is made directly to MTS by the State. Pursuant to passage of SB 508 in October 2015, SANDAG has updated TDA Claims Manual and published it in February 2021. MTS, NCTD, and FACT, serving as the CTSA for the County, prepared their own TDA claims and submitted them to SANDAG. Claims are submitted electronically for more efficient processing by the operators. The relatively small amount of LTF available for the CTSA is approved by the transit planning group that manages the agreement with FACT. Monthly cash flow payments are set up by the Finance Department upon approval of the claims by the SANDAG Board and

⁶ Although SANDAG is prohibited by TDA law to allocate Article 8 funds for streets and roads, claims under this article section are made by MTS for express bus service and Coronado ferry service.

instructions submitted to the County Auditor/Controller. The Finance Department also compares financial audit figures supplied by the local jurisdictions against SANDAG figures for accuracy.

As part of the resolution for Article 4, the Board is required to make a “reasonable efforts” finding with respect to operator actions to achieve stated performance targets, including PUC Section 99244. SANDAG makes this assessment by reviewing a combination of performance trends and performance against productivity improvement recommendations. Central to the Productivity Improvement Program (PIP) is the Quarterly Transit Performance Monitoring Program that focuses on shorter-term historical trends, the Coordinated Plan that sets transit performance goals and links current performance with future strategies for the next five years, and the TDA claims submitted by MTS and NCTD that include operators’ budgeted data and responses to triennial performance audit recommendations. The PIP report, discussed further in this chapter, is composed of four elements: performance improvement recommendations, performance measures for each operator, reasonable efforts findings regarding operators’ steps to improve productivity, and operators’ steps taken to implement triennial audit recommendations. The reasonable efforts finding is based primarily on the operating trends resulting from the required TDA performance measures and the audit response recommendations.

The Productivity Improvement Program includes all of the performance measures explicitly stated in the state TDA Manual Section 99246(d). Additionally, SANDAG tracks multiyear trends since it is recognized that steps taken by the transit agencies to improve system performance may take several years to be fully realized. The PIP includes the evaluation of the following TDA performance measures over three years:

- Operating Cost per Passenger (adjusted for annual inflation) – measures cost-effectiveness
- Operating Cost per Revenue Hour (adjusted for annual inflation) – measures cost-efficiency
- Passengers per Revenue Hour – measures service productivity
- Passengers per Revenue Mile – measures service productivity
- Revenue Hours per Employee – measures labor productivity
- Farebox Recovery Ratio – measures service cost-efficiency

These performance indicators are measured separately for each fixed-route service (MTS Trolley, MTS Bus, NCTD Sprinter, NCTD Coaster, and NCTD Breeze Bus) and Americans with Disabilities Act (ADA) paratransit services operated by the two agencies.

The indicators help in assessing whether the agency is obtaining the desired results from the system and whether overall performance is improving based on regional strategies and/or service operation plans. The indicators are also designed to help the transit operators determine where improvements can be made. These improvements can be incorporated into each operator’s Service Improvement Plan, which is submitted to SANDAG and included in the Coordinated Plan that is updated by SANDAG. Note that during the audit period, AB 90 was approved by the Governor and filed with the Secretary of State. The bill prohibits the imposition of the penalty associated with an operator that does not maintain the required ratio of fare revenues to operating cost during Fiscal Years 2020 and 2021 (and AB 149 passed subsequently further extends this provision).

In addition to the three-year performance monitoring conducted with annual TDA claim submittals, TDA triennial performance audits provide improvement recommendations for the transit agencies. These recommendations, and the associated MTS and NCTD action plans to implement them, are identified in the operators’ TDA claims and reviewed by SANDAG.

Personnel Management

SANDAG employees comprise full- and part-time staff as well as limited-term employees and interns. Limited-term employees are benefitted full-time employees, the primary difference being that they have a defined employment term, typically between one and three years, to work on specific projects. Along with part-time employees, these positions provide SANDAG with a level of employment flexibility as the agency continues to evolve. SANDAG made the decision, shortly after the start of the audit period, to implement a 9/80 schedule. A 9/80 means nine-hour work days with each tenth day off every two weeks. Starting from April 2019, SANDAG operates on a compressed work schedule and is open to the public nine days every two weeks, 8 a.m. to 5 p.m. daily, with every other Monday designated as the office closure day (I-15 Customer Service Center, Freeway Service Patrol and 511 Roadside Assistance call center remain open during Monday office closures).

About half-way through the audit period, SANDAG transitioned to a work from home (WFH) policy resulting from the COVID-19 pandemic. As a California employer, SANDAG was subject to numerous regulations related to public health and safety, including the Governor's Executive Orders, and orders issued by public health officials from the California Department of Public Health and the County of San Diego. SANDAG also was subject to specific workplace-related laws and regulations including the Families First Coronavirus Response Act (FFCRA), SB 95 (2021 COVID-19 Supplemental Paid Sick Leave), and various provisions set forth in the COVID-19 Emergency Temporary Standards adopted by Cal/OSHA. Compliance with these requirements guided many of the personnel management policies and guidance for staff during this time. SANDAG implemented its technology transformation to a working remote and hybrid work option by accelerating the acquisition of laptops for all employees.

SANDAG returned employees to onsite work in September 2021 and in doing so, made one modification to the existing 9/80 flexible work schedule policy, permitting WFH on one of the nine days for employee's whose job duties can be performed remotely.

At the end of FY 2021, SANDAG employed 349 full time employees, 12 limited-term staff, and approximately 50 part-time employees (48.9 FTEs). The culture at SANDAG is based on cross-training and communications, which offer professional development from working on projects and serve as factors that determine both employee and agency success. Performance evaluations are conducted annually, typically in July following conclusion of the prior fiscal year, with pay for performance rewards available, subject to budget approval by the Board. Agencywide strategic goals are used to as the basis for team level and individual employee goals that support achievement of the agency's goals. Other performance criteria flow down based on the agency and personal goals including areas of emphasis, competency development, and professional development that are used to provide more specific evaluation factors for the employee in meeting the desired professional job responsibilities. A two-part evaluation method is used to measure success factors determined through the employee's competencies and goal setting that match those of the agency.

IV-2. Claimant Relationships and Transit Productivity Oversight

SANDAG continues to use the Productivity Improvement Program to oversee MTS's and NCTD's efforts to improve their productivity. SANDAG's TDA Claim Guidelines specify that operators filing claims for Article 4 funds must respond to productivity improvement recommendations in three areas:

- Performance trends measuring productivity (passengers per revenue hour), service efficiency (operating cost per passenger and farebox recovery ratio), quality of service (on-time performance and percentage of completed trips), and service effectiveness (passengers per population)

- Productivity improvement recommendations developed by the operators
- Triennial performance audit recommendations.

Operators file quarterly data reports with SANDAG that include service statistics such as revenue hours and miles, as well as financial information including operating costs and fare revenues. SANDAG uses this quarterly statistical data to calculate performance indicators and analyze performance trends over the last 12 quarters. The program clearly shows performance trends over time and allows particular milestone dates such as service and fare changes to be identified relative to those trends. This performance monitoring program has been incorporated into the annual Coordinated Plan's performance monitoring chapter.

These performance measures, together with the operator's reports on efforts to implement productivity improvements and performance audit recommendations, make up the PIP that is evaluated annually as part of the TDA claim approval process. SANDAG uses this information, together with the forecast revenue estimates that provide the TDA apportionment amounts for each jurisdiction, as well as *TransNet* funds and FTA grant revenue, to make the required findings for Article 4 allocations including that operators have made reasonable efforts to implement improvements. Without the reasonable efforts finding, an operator's allocation cannot exceed its prior year allocation. Likewise, if the farebox recovery ratio does not meet the minimum permitted, SANDAG must debit the difference in fares to achieve an acceptable farebox recovery ratio from the operator's allocation in the third year (CCR Section 6633.9). This latest provision is not applicable to FY 2020 and FY 2021 due to AB 90 identified earlier.

Transit Needs Analysis

In compliance with TDA, SANDAG holds its annual public hearing to solicit feedback on the transportation needs of seniors, individuals with disabilities, and individuals of limited means. SANDAG staff requested clarification on the regulations informing this process. PUC Section 99238 requires a Social Services Transportation Advisory Council (SSTAC) to be formed by each transportation planning agency. The section spells out the role for the SSTAC should there be the unmet transit needs process under PUC Section 99401.5, which SANDAG is not required to conduct. The section also indicates the SSTAC's participation in identifying unmet needs and advising on other related matters which do not have to occur as part of the unmet transit needs process under PUC Section 99401.5.

The unmet transit needs process described under PUC Sections 99401.5 and 99401.6 is only required in counties where there may be street and road allocations from TDA. In counties with a population of at least 500,000 in 1970, TDA prohibits any allocation to streets and roads. Because San Diego County surpassed the population minimum, SANDAG is not required to undertake the unmet transit needs process described in those PUC sections. Large urban counties not required to undertake the unmet needs process under Section 99401.5 are not required to reaffirm the definitions of unmet needs or adopt a resolution.

On the other hand, PUC Section 99238.5 requires that each transportation planning agency such as SANDAG hold at least one annual public hearing to solicit transit needs regardless of the unmet needs process under Section 99401.5. In counties prohibited from making street and road allocations, or that have historically allocated all TDA funds for transit, agencies have held an annual public hearing and collected input on transit needs. There is no need for a separate unmet transit needs hearing under PUC Section 99401.5.

The SSTAC is utilized during the public hearing to the extent possible, to help organize, participate in, or market and hold the hearing, and/or other participatory actions. The comments received from the public hearing are shared with the full SSTAC and the transit operators and serve as a planning tool for consideration and consistency with the operator's short-range transit plan. In the case of SANDAG, the

SSTAC is very involved in the public hearing process in which the hearing is held during a SSTAC meeting in May. Public comment is also received online. SANDAG staff organize the comments into a spreadsheet list of items and provide follow up to each comment. Follow-up is made with the commenter, within SANDAG departments for clarification or further information, or with the transit operator for consideration. If the comment warrants significant attention, SANDAG will create an agenda item of its own to address the comment.

In addition to the transit needs hearings, SANDAG staff engage the SSTAC in a broader discussion of transportation. Meetings are held every other month to cover a variety of regular agenda topics including service updates by MTS, NCTD, and FACT; development of the Coordinated Plan; status updates of grants; and appointments of members. Members are provided a complimentary transit pass to attend meetings and may voice their comments in a more inviting forum. A significant new activity has been for SSTAC members to meet individually with SANDAG engineers to view construction project plans and allow the members to make suggestions and offer ideas that accommodate special transportation needs. SANDAG staff bridged the relationship between the SSTAC and engineering to foster cooperative efforts during the construction phases.

IV-3. Transportation Planning and Regional Coordination

In its role as the regional transportation planning agency for San Diego County, SANDAG annually allocates millions of dollars in federal, state, and local funds for the regional transportation network. SANDAG's responsibilities include the development of a variety of regional transportation planning and funding documents. During the audit period, SANDAG developed and adopted several transportation planning documents, including the Federal Regional Transportation Plan (RTP) and the Regional Plan. Each of these plans is discussed below.

- *2019 Federal Regional Transportation Plan (2019 Federal RTP)* was adopted in October 2019. This plan complies with federal requirements for the development of regional transportation plans, retains air quality conformity approval from the U.S. Department of Transportation, and preserves funding for the region's transportation investments. Eleven near-term actions are intended to be completed before adoption of the 2021 Regional Plan, while continuing actions support longer-term implementation of projects and programs. The most important transportation related near-term action is to implement the Regional Transportation Improvement Program (RTIP). The RTIP includes transportation projects and improvements scheduled to receive funding in the region. The Regional Transportation Plan (Continued on reverse) SANDAG region 401 B Street, Suite 800 San Diego, CA 92101 (619) 699-1900 Fax (619) 699-1905 sandag.org SANDAG region SANDAG over the next five years. Some examples include adding carpool lanes to Interstate 5, completing the extension of the Mid-Coast Trolley, and continuing to double track the region's coastal rail corridor
- *The 2021 Regional Plan (2021 Regional Plan)* was adopted by the SANDAG in December 2021, six months after the end of the audit period. The 2021 Regional Plan is a 30-year plan that considers how San Diegans will grow, where to live, and how they will move around the region. It combines the Regional Transportation Plan (RTP), Sustainable Communities Strategy (SCS), and Regional Comprehensive Plan. As such, the 2021 Regional Plan must comply with specific state and federal mandates, including an SCS, per Senate Bill 375 (Steinberg, 2008), that achieves greenhouse gas emission reduction targets set by the California Air Resources Board; compliance with federal civil rights requirements (Title VI); and environmental justice considerations, air quality conformity, and a public participation process.

The 2021 Regional Plan was especially challenging to develop because it was developed in two rather than four years, mostly from scratch. It features a 19 percent per capital Vehicle Miles Traveled (VMT) reduction, and no more freeway widening. The emphasis is on multimodal transportation. Climate change, equity and the big five moves are also key aspects of this bold plan that assumes three separate sales taxes and the migration to a road user charge (RUC) by 2030 to replace fuel tax revenues.

The Regional Plan was developed in a format tailored for a general public audience. The main webpage, and chapters of the plan are available in English as well as in Spanish. The main chapters describe the outcomes of the technical analysis and the impacts to the region in an easy-to-read format with the text enhanced with informative graphics, maps, and photographs. Detailed technical work was placed in the appendices section of the plan, and available in English only. Several important analyses are included in the plan and presented as appendices to the main document. The documentation is contained in 30+ appendices, including:

- Transportation projects, programs, and phasing
- Implementation actions
- Air quality planning and transportation conformity
- Sustainable Communities Strategy documentation and related information
- Social equity engagement and analysis

All Regional Plan documentation is available on the website <https://sdforward.com/mobility-planning/2021-regional-plan>. The next Regional RTP is expected to be produced in four years (i.e., by Fall 2025).

- SANDAG's Policy 18 requires an update, no less often than every two years, to the *Regional Short-Range Transit Plan (SRTP)* and the *Coordinated Public Transit-Human Services Transportation Plan*. SANDAG's Coordinated Plan addresses both these requirements as well as transit performance improvements as required by TDA. Last update January 2020.

The Coordinated Plan provides a five-year blueprint for the implementation of public transit and social service transportation concepts described in the RTP. A prominent theme in the current Coordinated Plan is to further define the administration and implementation of the FAST ACT with respect to specialized transportation grant programs, such as FTA Section 5310, Enhanced Mobility for Seniors and Individuals with Disabilities. The Coordinated Plan not only helps to identify transportation-disadvantaged population groups but also works to address the specific travel needs of each group. While past plans have focused on a passenger-first perspective toward planning, this plan addresses a more holistic view of what services will meet the population's needs over the next five years.

The Coordinated Plan allows the distribution of local funding for projects targeted at seniors (through the Senior Mini-Grant program), which was created through *TransNet*. The plan describes the procedures to be followed under the various grant program competitive processes and provides an overview of the monitoring and reporting requirements that follow project funding. A Regional Service Implementation Plan is also included to help ensure annual transit operational changes are consistent with longer-range regional transportation goals included in the long-range Regional Plan. A performance monitoring program complete with goals, policies, and specific transit performance measures is contained in the Coordinated Plan.

The Coordinated Plan is prepared in collaboration with MTS, NCTD, Caltrans District 11, the SANDAG SSTAC, and FACT (the CTSA for San Diego County), as well as with input from social service agencies, citizens, stakeholders, and transportation service providers. The Coordinated Plan provides a framework for transit system development over a five-year horizon and reflects the direction for service development described in the Regional Plan. At its meeting on July 17, 2020, following a 28-day public comment period, the SANDAG Transportation Committee adopted the final 2020 Coordinated Plan and its Technical Appendix. As part of the Coordinated Plan update, SANDAG developed a long-term Specialized Transportation Strategic Plan to address the increasing specialized service needs of seniors and persons with disabilities. Staff held two outreach meetings, one in Central and one in North County San Diego, to encourage broad community participation. Staff also made presentations to the Tribal Transportation Working Group and the Community-Based Organizations Working Group. In addition, staff carried out two focus groups to hold a more refined conversation with seniors, people of limited means, and persons with disabilities. Further, staff used a questionnaire to reach a broad audience. The questionnaire was made available in English and Spanish and included questions on topics related to transportation.

- SANDAG, as the region MPO, is required by federal law to develop and implement a Regional Transportation Improvement Program (RTIP) every four years; however, the State has been updating the RTIP every two years. The RTIP is a multiyear, multibillion-dollar program of proposed projects for major highway, arterial, transit, and bikeway projects. Any transportation project funded with federal or state funds or by *TransNet* must be included in an approved RTIP. During the audit period, SANDAG developed the 2021 RTIP update.

The 2021 Regional/Federal Transportation Improvement Program is a multi-billion-dollar, five-year program of major transportation projects funded by federal, state, TransNet local sales tax, and other local and private funding covering FY 2021 to FY 2025. The 2021 RTIP development process, which includes the air quality emissions analysis for all regionally significant projects, requires approval by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA). The 2021 RTIP is a prioritized program designed to implement the region's overall strategy for providing mobility and improving the safety, condition, and efficiency of the transportation system while reducing transportation-related air pollution. This is in support of efforts to meet federal performance-management targets while also attaining federal and state air quality standards for the region. The 2021 RTIP also incrementally implements the 2019 Federal RTP.

SANDAG also conducts studies and surveys to assist SANDAG, the transit providers, and other stakeholders in the transportation community to better understand and meet the region's needs. During the audit period, a sampling of completed projects include:

- SANDAG completed the 6th Cycle Regional Housing Needs Assessment Plan. The preparation of the plan is a responsibility assigned to SANDAG by state housing element law. SANDAG performed a series of analyses and outreach to determine the required number of housing units each City (and the County of SD) will need to create capacity for by updating their general plans, housing elements, and zoning codes.
- In 2019, SANDAG conducted a Crossborder Travel Behavior survey, which was last conducted in 2010. The intent of the study was to provide a statistically reliable profile of the travel behaviors of residents of Mexico who cross into San Diego County on weekdays via one of three U.S. land ports of entry and gain a better understanding of the nature of the trips made by U.S. residents

returning from Mexico. Information from this study is included in the SANDAG travel forecasting model used to develop the long-range regional transportation plan for the San Diego region.

- SANDAG completed the Regional Digital Equity Strategy and Action Plan in 2021. Since the COVID-19 pandemic began, access to the internet has become vital for essential daily tasks such as doctor visits, remote work, access to government assistance programs, and attending school. In January 2021, the SANDAG Board of Directors adopted a Board Resolution committing to develop a regional strategy for rapid broadband deployment and adoption. The Regional Digital Equity Strategy and Action Plan lays out a roadmap for improving broadband access and adoption in the San Diego region.

Coordinating policy committees support SANDAG's transit planning, oversight, and support activities. A combination of standing and ad hoc working committees has been established to advise SANDAG's Transportation Committee. These committees provide elected officials, member agency staff, the public, and other community representatives an opportunity to participate in the regional programs under SANDAG's purview. During the audit period, the policy committees included:

- The Cities/County Transportation Advisory Committee advises on regional road system projects, including prioritizing project funding requests and making recommendations to the Transportation Committee.
- The Committee on Binational Regional Opportunities advises the SANDAG Borders Committee concerning both short and long-term binational related activities, issues and actions; provides recommendations regarding binational border-related planning and development; and identifies ways to assist and coordinate with existing efforts in the binational area.
- The 2020 Census Complete Count Stakeholder Working Group was established to involve community leaders throughout the San Diego region in developing a strategic plan and implementation plan for how the \$1.56 million in county-allocated funds provided by the California Complete Count Census 2020 Office will be used to best encourage all people to respond to the 2020 census, particularly those who have historically been difficult to count.
- The Environmental Mitigation Program Working Group advises the Regional Planning Committee on issues related to the implementation of *TransNet's* Environmental Mitigation Program.
- The Regional Energy Working Group was established to provide input and feedback on issues related to the Regional Energy Strategy and tasks of the Regional Energy Planning Program.
- The San Diego Regional Litter Abatement Subcommittee was established to provide input and guidance to the Board of Directors to support regional actions or policies that help reduce litter on major transportation corridors in the San Diego region.
- The Shoreline Preservation Working Group advises SANDAG on issues related to the adopted Shoreline Preservation Strategy and opportunities for beach replenishment.
- The 2021 Regional Plan Community-Based Organizations (CBO) Working Group (subsequently renamed Social Equity Working Group) provides a collaborative open and public forum for the various CBO organizations in the county and SANDAG to provide ongoing public input from disadvantaged or underrepresented communities in the region into key activities associated with

developing San Diego Forward: the 2021 Regional Plan and related planning activities with a focus on the social equity perspective.

- The Regional Equitable Housing Subcommittee exists to lead discussions and identify voluntary, innovative, and incentive-based housing approaches that address housing needs throughout the San Diego region.
- The Regional Housing Needs Assessment (RHNA) Subcommittee was established to provide input and guidance to the Board of Directors regarding the RHNA Plan.
- The Regional Planning Technical Working Group is a standing staff working group which provides advice to the Regional Planning Committee and the SANDAG Board of Directors on the development and implementation of San Diego Forward: The Regional Plan
- The San Diego Region Conformity Working Group provides federal interagency coordination for the transportation/air quality conformity process.
- The San Diego Regional Military Working Group provides a collaborative forum for the various branches of the military and SANDAG to address areas of mutual interest, including growth management, habitat, transportation, regional growth, housing, water, energy, and other related topics.
- The Chiefs'/Sheriff's Management Committee promotes regional collaboration in the acquisition, maintenance, and sharing of public safety technology.
- The Airport Connectivity Subcommittee is a temporary subcommittee, advisory in nature, established to identify future transportation solutions for improved transit and road connectivity to the San Diego International Airport.
- The SANDAG Regional Digital Divide task force brings together a wide range of stakeholders involved in various aspects of the digital divide to work collaboratively on real solutions that can be implemented in the near term.
- The *TransNet* Independent Taxpayer Oversight Committee aids in the implementation of the *TransNet* program, the San Diego region's half-cent sales tax for transportation improvements.
- The FasTrak Project Management Team assists in the cooperative planning, implementation, monitoring, and evaluation of the I-15 Value Pricing Project, as well as the I-15 Managed Lane project.
- The Freight Stakeholders Working Group provides input to the development of three freight planning efforts: (1) Freight Gateway Study Update, (2) Analysis of Freeway Operational Strategies Related to the Use of Managed Lanes by Trucks, and (3) Goods Movement Strategy portion of San Diego Forward: The Regional Plan.
- The San Diego Regional Traffic Engineers' Council serves as the agency's technical advisory committee on regional traffic engineering matters.

- SSTAC is a SANDAG advisory group consisting of 21 members who represent social service agencies, individuals, transportation providers, and the Consolidated Transportation Services Agency.
- The Mid-Coast Corridor Transit Project Working Group provides input on the Mid-Coast Corridor Transit Project purpose and need, alternatives for consideration in the environmental review process, the draft environmental document, and the draft public involvement plan.
- The Active Transportation Working Group assists with planning for and supporting the development of local and regional improvements for active transportation modes (bicycling and walking).
- The Bayshore Bikeway Working Group was established to promote improvements to the 26-mile bikeway around San Diego Bay. Members include the Metropolitan Transit System.
- The LOSSAN Corridor Agency is not a committee per se, but it does provide direct counsel to SANDAG's Transportation Committee. An amendment to the LOSSAN joint powers authority (JPA) was approved where staffing of the JPA was transferred from SANDAG to the Orange County Transportation Authority and both SANDAG and NCTD participate as member agencies

As evidenced by the various committees established by SANDAG, all modes of transportation are represented, as are all levels of decision-making (local, state, and federal).

IV-4. Marketing and Transportation Alternatives

Citizen Initiative

SANDAG's Measure A initiative in 2016 failed at the ballot box (it received 58%, short of the two thirds required). MTS decided to shelve its own 2020 sales tax measure (Elevate SD2020) given the COVID-19 epidemic, and it never even made it to the ballot.

A coalition made up of labor, business, and environmental groups has recently come together to strategize a citizen initiative it hopes to run in the November 2022 ballot. A citizen initiative is a process that allows California voters to bypass legislative bodies and enact laws directly, in this case a sales tax measure. The attraction of this type of process is that the bar to pass it is much lower, being at "50% + 1" vote to pass instead of the traditional two thirds. The 0.5 cent sales tax would benefit transit and road projects. It's early to predict the prospect of a measure such as this to actually making it to the ballot, or of passing, but it's noted here for the audit period.

Marketing Initiatives

SANDAG's Policy 18 assigned marketing responsibilities largely to the transit operators, with market research activities and regional branding development to be shared by SANDAG and the operators. SANDAG continues to spearhead regional transit data collection efforts as exemplified by the recent onboard survey on all fixed bus, train, and trolley routes in the region. The policy has not been updated since 2017.

SANDAG also runs San Diego County's 511 advanced traveler information service. Information is available both through an automated phone system and by using the 511 website (<http://511sd.com/>). The website offers the latest transit news including service changes, quick links to schedules, a transit trip planner, motorist aid, and real-time traffic conditions.

SANDAG's other most prominent marketing initiative is iCommute, the regional commuter assistance program. Powered by SANDAG and in cooperation with the 511 transportation information service, iCommute is the Transportation Demand Management (TDM) program for the San Diego region. iCommute

encourages use of transportation alternatives to help reduce traffic congestion and greenhouse gas emissions. Commuting alternatives offered under iCommute include:

- Carpool/Vanpool Partner Matching – iCommute maintains a database of commuters looking for ride-sharing partners. SANDAG has helped fund a network of park-and-ride lots adjacent to major freeways and with easy access to the carpool or express lanes.
- Regional Vanpool Program – Through iCommute, SANDAG offers up to \$400 monthly subsidies to groups of commuters to offset the cost of vanpooling. The vans are leased from SANDAG designated vendors. The program has experienced a slight increase in vanpools in operation (from 677 at the beginning of FY16 to 699 at the end of FY18). Goals for vanpools were 717, 736, 755 and 774 for FY2015-18. The program continues to grow both for expectations and in operations.
- Employer Outreach Program – SANDAG offers assistance to employers with setting up commuter benefit programs for their employees.
- Try Transit Pilot Program – This pilot program offers eligible employees a complimentary one-month Compass Card pass for rides on MTS and NCTD services. The program has had limited success.
- Guaranteed Ride Home – In the event of an emergency, this SANDAG program ensures carpool and vanpool participants, bicyclists, pedestrians, and transit riders can get a ride home in a taxi or rental car at no cost. The program provides three emergency rides home annually. To be eligible, the participant must have a valid iCommute account and must pre-register with iCommute.
- Bike locker and information program – SANDAG manages bike lockers at over 60 transit stations and park-and-ride lots in the region. Most locations offer mechanical lockers, but more stations are featuring electronic bike lockers. Bike lockers can be accessed for a \$25 key deposit and are available on a first-come, first-served basis to commuters who register with iCommute. SANDAG also provides a regional bike map, bike buddy matching services, and organizes bike commuting promotion and education events.
- iCommuteSD website – The website (<http://www.icommutesd.com/>) provides information and access to commuter services such as trip planning tools, bike lockers, guaranteed ride home, transit information, and various ongoing marketing initiatives.

Transportation Demand Management highlights during Fiscal Year 2019:

- 100 Bike to Work Day pit stops recorded 8,200 visits from bike riders on Bike to Work Day 2019
- 100 employers participated in Rideshare Week 2019, and resulted in over 400,000 transit trips on Free Ride Day
- Over 4,800 vanpool participants saved more than 5 million gallons of gas in FY2019
- More than 7,000 San Diego County K-12 students learned about biking, walking, and skateboard safety.

SANDAG staff share and obtain ideas with others on TDM measures through SANDAG's participation in a national MPO TDM exchange, a Southern California TDM exchange, Association for Commuter Transportation, and a national TDM electronic listserv. SANDAG's uses the customer relationship management (CRM) software by salesforce.com that helps manage and analyze customer data using dashboards with the goal of improving business relationships and assisting in customer retention. SANDAG sponsors and promotes individual marketing campaigns such as Rideshare Month and Bike to Work Day.

One step in promoting alternative transportation options is SANDAG’s Regional Mobility Hub Strategy summarized above.

During the audit period, SANDAG staff successfully worked with the City of Carlsbad first with a pilot program study and ultimately to pass an ordinance for TDM. They focused on managing available parking and meeting the needs of the downtown corridor. The program is in place with outreach to employers however currently, there is no way to enforce it. Carlsbad is the first city in the county to have a TDM ordinance in place. SANDAG will next target the cities of San Diego and Chula Vista.

Bicycle and pedestrian needs are considered and funded in the transportation planning process. The *TransNet* extension ordinance specifically requires that “all new projects, or major reconstruction projects, funded by revenues provided under this Ordinance shall accommodate travel by pedestrians and bicyclists, except where pedestrians and bicyclists are prohibited by law from using a given facility or where the costs of including bikeways and walkways would be excessively disproportionate to the need or probable use.” *TransNet* funds dedicated to the Regional Bike Program are a valuable source of matching funding for competitive state grant funds.

SANDAG administers both *TransNet* and TDA funding through its claim process. SANDAG’s Regional Bike Early Action Program (EAP) was approved in September 2013 and funded at \$200 million by *TransNet*. Being a 10-year program that builds in the 2010 Riding to 2050: The Regional Bike Plan, the program advanced significantly during the three years of the audit period (the Coastal Rail Trail, Inland Rail Trail, and three significant bikeways were advanced through construction). The graphic below illustrates progress made since 2014. The bike program is an integral component of current RTP efforts. Two committees currently active are the Active Transportation Working Group and the Bayshore Bikeway Working Group.

Regional Bikeway Progress since 2014

San Diego Regional Bike Plan Early Action Program (EAP)	Planning	Environmental	Final Design	Construction	Open to Public
Coastal Rail Trail – Oceanside					Early 2014
Sweetwater Bikeway – Plaza Bonita Segment					Early 2015
Bayshore Bikeway – 32nd Street to Vesta Street					Mid-2015
Inland Rail Trail: Phase 1					Early 2017
SR 15 Commuter Bikeway					Mid-2017
Bayshore Bikeway – National City Segment					Early 2018
Coastal Rail Trail – Encinitas Chesterfield Drive to Santa Fe Drive					Mid-2019
Inland Rail Trail: Phase 2					Early 2021
Coastal Rail Trail – Rose Creek					Mid-2021
Fourth and Fifth Avenue Bikeway					Early 2022
Georgia – Meade Bikeway					Early 2022
Landis Bikeway					Early 2022

Finally, the RTP is the source of an extensive public outreach and involvement effort that started during the current audit period and that will carry forward.

Intelligent Transportation Systems (ITS) services are provided under the Operations Department and are geared toward a regional transportation development system. Services are generally divided into three components: IT project planning, project implementation and regional technology standardization, and long-

term operations support after transferring the project to the local agency. The Compass Card regional fare project is one example of an ITS product having gone through the three phases. Project development teams are formed around the IT project, which draws on expertise from different SANDAG departments and other agencies. The ITS group provides a home for the systems that are developed and lends its support to the local agencies receiving the IT project to operate.

IV-5. Grant Applications and Management

The grants function at SANDAG includes both filing and competing for grants as well as grants disbursements. SANDAG has organized two groups which meet on alternating two-week intervals to manage this process:

- The Grant Application Team (GAT) – Approximately 40 members, including SANDAG, municipalities, and Caltrans, to talk about grant opportunities and the status of existing applications
- The Grants Advisory Subcommittee (GAS) – 6-8 people, responsible for making final decisions and recommendations for senior leadership team.

As the RTPA, SANDAG's responsibilities potentially include providing technical assistance to MTS and NCTD as they apply for funding from non-TDA sources, such as FTA grants, non-TDA state grants, and grants or appropriations from local government sources such as *TransNet*. These activities may also include coordination of grant applications in the region and information sharing. Although the operators don't have a seat on the GAT or GAS, SANDAG's Grants Program Manager works with both MTS and NCTD if projects align and partnership can be beneficial (e.g., LOSSAN corridor with NCTD). SANDAG also provides letters of support and looks for opportunities for consistency with the Regional Plan.

For federal grants, SANDAG is responsible for allocating funding and performing the responsibilities of the Metropolitan Planning Organization. Each agency (i.e., SANDAG, NCTD, and MTS) is a direct grantee recipient and is responsible for submitting its own grant applications and following all federal requirements. SANDAG, as the MPO, provides the concurrence for each grant by agency. The transit agencies are responsible for programming the projects in the RTIP. Each year, the SANDAG Board approves the federal formula funds as well as the annual Transit Capital Improvement Program of projects that will be included in the upcoming grant.

If funding was available for discretionary grants, SANDAG would program the funds and provide lobbying and legislative support for the operating agencies. SANDAG's legislative staff provide assistance to sponsor, support, and monitor legislation pertinent to SANDAG's position on issues, and maintain a presence for the agency on leadership roundtables in Southern California and statewide. SANDAG is also an applicant for federal grants and creates teams to generate funding applications, including grants for regional projects such as a bridge replacement in the LOSSAN corridor.

For state grants, SANDAG's role depends on the program. SANDAG lends assistance as needed for state grants such as the Active Transportation Grant Program (ATP) applied for by local jurisdictions serving as the grantees. The first cycle of ATP projects was awarded by the California Transportation Commission in December 2014 and the program is still going strong. The most recent cycle is Cycle 5, resulting from the to the 2021 San Diego Regional Active Transportation Program Call for Projects.

In recognition of the ever-growing and more complex process of *TransNet* SANDAG grant administration and funding requiring coordination and collaboration across the agency, SANDAG established a multidisciplinary Grants and Partnerships Advisory Services team, led by the Grants Program Manager.

Multiple planners and grant analysts are involved with administering the seven SANDAG grant opportunities:

- Access for All Grant Program
- Housing Acceleration Grant Program
- *TransNet* Active Transportation Grant Program
- *TransNet* Environmental Mitigation Program: Land Management Grant Program
- *TransNet* Environmental Mitigation Program: Land Acquisition Grant Program
- *TransNet* Smart Growth Incentive Program
- Specialized Transportation Grant Program

The Grants Coordination Team developed a Grant Implementation Guide in June 2014 that is an informational resource for project coordinators, project managers, contract analysts, finance managers, and other staff involved in the administration and oversight of approved SANDAG grants. The guide describes general roles and responsibilities for best practices in grant administration through 27 steps that cover four major phases of grant program implementation: (1) development and release of the Call for Projects; (2) award of the grant funding; (3) implementation and administration of the grant following the award; and (4) performance monitoring of and periodic reporting on the grant.

The coordination and collaboration emphasized for effective grant administration carries over to Finance and to Contracts and Procurement. During grant implementation, the project manager works with the Finance Department to establish SANDAG project numbers for approved projects and to track the financial accounting. Once the grant project has been programmed in the RTIP, the project manager then works with Contracts staff to establish a seven-digit agreement number for each of the approved grant projects. The contract number is an assigned agreement number that corresponds to a particular grantee's contract documents. During the audit period, SANDAG procured and implemented a new contract management system to address deficiencies in the prior database system. Because of current database inadequacies, there have been challenges in keeping up with contractor data such as updating personnel rates and matching them with on-call personnel task orders and invoicing. Improvements have been made, however, to better streamline the approval process.

Federal transportation regulatory agencies such as the Federal Highway Administration (FHWA), Federal Railroad Administration (FRA), and FTA have imparted more regulations on contracts which affect the efficient delivery of projects and staff resources. This includes the Office of Management and Budget Super Circular, 2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, applicable to new awards and additional funding increments of existing awards made on or after December 26, 2014. A SANDAG Super Circular Working Group composed of staff from each department impacted was created to review SANDAG policies and procedures and establish updates as necessary to remain in compliance with the new rules. The super circular impacts grants management in several forms including reviewing cost and price analysis procedure and forms, and providing training to contracts staff.

SECTION V: CONSOLIDATED TRANSPORTATION SERVICES AGENCY

Full Access and Coordinated Transportation (FACT) was founded in 2005 and designated by SANDAG as the Consolidated Transportation Services Agency (CTSA) for San Diego County. SANDAG selected FACT as the CTSA after a competitive selection process in 2006. FACT's role as a CTSA is to facilitate coordination of transportation services in San Diego County to reduce gaps in transportation.

FACT is a nonprofit entity with a mission statement "to assist San Diego County residents with barriers to mobility to achieve independence through coordination of transportation services." As stated in its annual report, FACT provides the following:

1. Transportation Information and Referrals – FACT maintains a comprehensive database of transportation services operated by public transportation agencies, social services agencies, faith-based organizations, and private sector transportation providers in San Diego County. Referrals to these services may be obtained through the FACT website, www.factsd.org, or by calling FACT's call center.

2. RideFACT – The dial-a-ride serves all cities in San Diego County, as well as unincorporated areas and suburban and rural communities. RideFACT provides affordable general purpose transportation trips for seniors, persons with disabilities and others, seven days a week, from 7:00 a.m.–8:00 p.m. Reservations may be requested up to seven days in advance of the travel date. FACT procures trips for RideFACT through its in-house transportation brokerage in order to secure the most competitive rates.

3. Contracted Agency Services – FACT offers fee-for-service transportation, tailored to the needs of "agency" clients including the Cities of Oceanside, San Marcos, and Escondido. Other agency clients include Scripps Health, Tri-City Medical Center, Gary and Mary West Pace, County HHSA, Parkinson's Association of San Diego, and SDG&E. The rates are competitive due to the competition among FACT's transportation brokerage vendors.

4. Vehicle Sharing – FACT frequently applies for accessible vehicles through local and statewide grant opportunities. These vehicles are shared with members of FACT's brokerage as well as other transportation providers throughout San Diego County. Recent vehicle recipients include Eleet Transportation, Safety First Transportation, Furaat Transportation, Renewing Life, St. Paul's Senior Services, North County Transit District (NCTD), City of Oceanside, and City of Vista. This program has resulted in an increase in the number of accessible vehicles in circulation in the region and therefore has enhanced the capacity for accessible vehicle trips.

5. CARS – FACT expanded its capacity for providing transportation services round-the-clock. FACT entered into an agreement for operations and call-center support with the nonprofit agency Charitable Adult Rides & Services (CARS). CARS call-center staff is available nearly round the clock, seven days a week, and handles FACT's overflow telecommunications needs. CARS answers phones when FACT transportation services are operating outside of normal business hours as well as on the weekends.

During FY18–FY19, FACT and SANDAG worked together to update the CTSA Service Agreement, including revising the scope and definition of CTSA services and adding deliverables/performance measures. The contract was approved by the SANDAG Transportation Committee on September 7, 2018. The CTSA status enables FACT to claim State TDA Article 4.5 funds and gives FACT the potential to be a direct grantee of the US Department of Transportation.

The scope of work in the updated agreement is broken into two groups of services. The first group of services is the CTSA's Core Functions, considered to be the priority to be completed with the current TDA

allocation. The Other Functions are those that the CTSA may conduct and receive reimbursement with TDA funds upon prior approval from the SANDAG project manager. Services include the following:

Core Functions:

1. Provide comprehensive information and referral assistance on transportation for seniors, persons with disabilities, and other transportation disadvantaged populations.
2. Maintain an active (minimum four meetings per year) advisory council for the CTSA that can serve as a forum for local health and social service transportation agencies to coordinate and disseminate specialized transportation information inclusive of, but not limited to:
 - Legislative updates
 - Alternate transportation options Funding opportunities
 - Service gaps
 - CTSA policies and procedures
3. Maintain a public webpage that hosts a comprehensive and up to date database of specialized transportation providers, including options for seniors and persons with disabilities. The database is to be used for information and referral assistance as well as to be provided to SANDAG for use in specialized transportation planning.
4. Identify and pursue longer-term funding sources to leverage and support CTSA-related activities.
5. FACT is also required to complete administrative tasks such submission of financial reports to SANDAG and the State, quarterly operating statistics to SANDAG, developing an annual strategic business plan, and ensuring seats for specific elected officials on the FACT Board of Directors.

Other Functions:

Fulfill the intent of Section 15951 of the Government Code (Social Service Transportation Act) through the following actions:

- Facilitate combined purchasing to achieve cost savings among providers of social service transportation, develop a portfolio of transportation providers (brokerage) who have agreed to provide rides at reduced rates, and provide transportation using the brokerage.
- Provide consolidated driver training for social service transportation providers.
- Provide centralized dispatch of vehicles for social service transportation providers so that the most efficient use of vehicles can be achieved.
- Provide centralized maintenance of vehicles so that adequate and routine vehicle maintenance can be achieved at lowest cost to social service transportation providers.
- Provide centralized administration of various social service transportation programs so that elimination of numerous duplicative and costly administrative organizations can occur.
- Identify and consolidate all existing sources of funding for social service transportation to provide a more effective and cost efficient use of scarce resource dollars.
- Ensure that local elected officials from San Diego County or San Diego area municipalities are involved in development of local actions necessary for the success of CTSA.

- Participate on any Technical Advisory Committee established by SANDAG to oversee the development of a Coordinated Public Transit-Human Services Transportation Plan required by the Federal Transit Administration in order to access specialized transportation grants.

A quarterly performance evaluation section is added in the agreement to evaluate CTSA of its core functions. A sample performance report from FACT is shown below and covers referral services, facilitation of at least four Council on Access and Mobility (CAM) meetings, maintenance of a public web page, and increasing/leveraging of available funding for senior/disabled transportation in the San Diego Region.



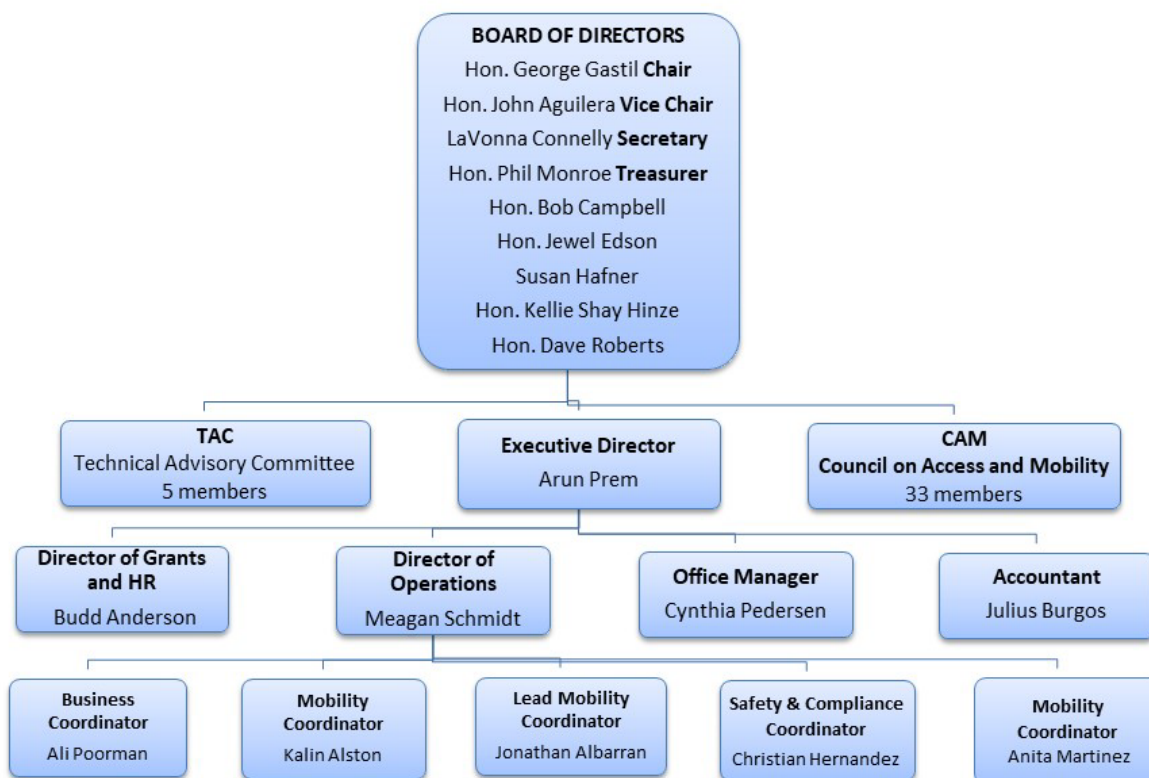
CTSA Performance Monitoring Report			
Consolidated Transportation Services Agency (CTSA)		QUARTER: 2 10/01/20 - 12/31/20 mm/dd/yy - mm/dd/yy	Notes:
Contact Information: Arun Prem, Executive Director Full Access and Coordinated Transportation, Inc. (FACT) 760-754-1252 aprem@factsd.org 518 Civic Center Dr., Oceanside, CA 92054		Contract Number: 5000644 TDA Article 4.5 Funds	
TASK PERFORMANCE MEASURE/DELIVERABLE		QUARTERLY DATA	
1. Provide information and referral services.			
Number of referrals	100% referrals number reported (by agency)	1,429 referrals (See Attachment A, Pg. 1 for a breakdown by agency)	
2. Facilitate at least 4 Council on Access and Mobility (CAM) Meetings annually.			
Manage CAM meetings and agendas	At least 4 CAM meetings held annually	*CAM COVID-19 Teleconference: -October 6 -November 10 -December 15 - FACT 2020 Annual Meeting	
CAM meeting agendas	Report agenda and attendance from each CAM meeting	* See Attachment A, Pg. 2 for Agendas * CAM Attendance: 25 to 30 participants each Teleconference. * FACT Annual Meeting Attendance: Approximately 85 participants	
1 technical training workshop per year, and 8 training/education items on CAM agenda	Report all training items	*Online Sexual Harassment Prevention Training made available to members free of cost to help agencies meet the new employee training requirements. *Group Training: Customer Service and Age Sensitivity Training was postponed due to COVID-19 crisis. *CAM COVID-19 Teleconference: Included information on safety procedures and supplies, funding, returning to work protocols, and updates from agencies. *FACT 2020 Annual Meeting: Speakers included Hon. Catherine Blakespear, Hasan Ikhtrata, Coleen Clementson, Ray Tellis, Sharon Cooney, and Robert Calix.	
3. Maintain a public webpage that hosts a comprehensive and up to date database of specialized transportation providers, including options for seniors and persons with disabilities.			
Number of web hits to FACT website	100% documentation of web hits	4,918 web hits	
Number of web hits for "Find a Ride" page	100% documentation of web hits	195 web hits	
Number of providers in the database	Maintain contact with 100% of the agencies in the database each year	*Current number of agencies: 189 *Approximately 25% of agencies in the database are contacted each quarter to verify annually that all agencies' information is accurate. List of agencies contacted this quarter (Attachment A, Pg.5) *Number of agencies added: 9 *Number of agencies removed: 1	
4. Increase/leverage available funding for senior/disabled transportation in the San Diego Region.			
List of identified sources of funding.	Update funding inventory at least annually	Caltrans' FTA 5310 program, FTA 5339 (b) and (c) programs, FTA Mobility for All Grants, NCMM Grants, County of San Diego Community Enhancement Grant (CE) and Neighborhood Reinvestment Program (NRP), SANDAG's Specialized Transportation Program (STGP): TransNet SMG and FTA 5310, Sustainable Transportation Equity Project (STEP) Grant, Paycheck Protection Program (PPP), County Community Development Block Grant, California Small Business COVID-19 Relief Grant, and Coordinated Agency Services (Currently 8 contracts); New contracts: City of Escondido began 11/1/19 and Scripps Healthcare to begin 1/15/20. Other contracts are currently under discussion.	
Number of applications to SANDAG, DOT and other funding sources	Provide list of annual applications submitted and dollar amount of successful applications.	*Sustainable Transportation Equity Project (STEP) - Applied for \$190,000 in August in partnership with NCTD, ARS, and Universidad Popular. - Not Awarded *SD County Community Enhancement Program (CE) application - Applied for \$50,000 in May *Paycheck Protection Program (PPP) - Submitted 7/20/20, \$111,3000 available *Note: As a non-profit FACT is not eligible to apply for many FTA grant programs.	

Additionally, SANDAG and FACT continue to work and help identify additional funding sources to support FACT's CTSA-related activities. A significant action benefiting FACT was the SANDAG Specialized Transportation Grant Program (STGP), which distributes both *TransNet* Senior Mini-Grant and FTA Section 5310 funds through a biennial competitive process; the last occurred in July 2020 for Cycle 11. Staff made changes to the eligibility criteria and evaluation criteria. Also, a dedication of 25 percent of available Cycle 11 funding was allocated to FACT, an increase from the 17 percent of total STGP funding for mobility management activities FACT received from Cycle 10. While this higher percentage reduced the maximum grant request amount for other CTSA proposed projects, these changes were presented to the SSTAC at its May 11, 2020, meeting, the Independent Taxpayer Oversight Committee (ITOC) at its July 8, 2020, meeting, and the Transportation Committee at its July 17, 2020, meeting. No refinements to staff proposals were recommended. The funding agreement for the additional amount has not been finalized. During the audit period SANDAG's intention was to normalize the policy and make the carve-off indefinite; however,

this allocation is still up for discussion. SANDAG is continuing to work on this funding with the other eligible operators.

FACT is governed by a Board that seats up to 11 regular positions as well as 2 ex-officio positions. Currently the Board has 9 members; new members are appointed by the Board with the exception of one member who is appointed from the Transportation Committee by the SANDAG Board of Directors. The FACT Board has appointed two advisory committees—the Council on Access and Mobility (CAM) and the Technical Advisory Committee (TAC). The Executive Director, TAC, and CAM report to the board. In practice, CAM serves as a forum for specialized transportation providers (to share best practices with each other, etc.) than as an advisory council to FACT. An organization chart of FACT during the audit period is shown below.

FACT Organization Chart



The agency currently employs an Executive Director, Grants and HR Director, Operations Director, Office Manager, Accountant, Business Coordinator, Safety and Compliance Coordinator, and Mobility Coordinators. The referral service uses a comprehensive database of participating public transportation agencies, social services agencies, faith-based organizations, and specialized transportation services. The database lists about 150 different service providers and is updated as needed as conditions change for the participating agencies. FACT indicated about 15 to 20 providers account for most of the referrals. There are transportation services available for the general public and services available only to individuals enrolled in the transportation provider’s program.

FACT’s database of transportation providers can be accessed directly at www.factsd.org. FACT’s website features an online trip planner tool (FIND A RIDE) that locates services based on the riders’ trip origin and destination. FIND A RIDE allows riders to search programs that meet their criteria, e.g., programs that service seniors or low-income individuals, or offer wheelchair-accessible vehicles. Mobility Coordinators

use the database to provide toll-free telephone referrals that match the appropriate transportation service with the specific needs of the customer.

In FY18-FY19, FACT began overhauling the website to improve the functionality, appearance, and search visibility/site traffic. The FACT website underwent improvements including relocating its FIND A RIDE tool front and center on its home page, as well as including its Title VI program. A series of changes to the website was launched in January 2020, to enhance the user interface, present data via a new services dashboard, and make it easier to search FACT-related information.

The Mobility Coordinators evaluate callers' needs and provide the referrals based on their experience in working with the agencies capable of meeting the specific need. FACT does not have control over the outcomes of the referrals. Customers are asked to call FACT back if the referral does not serve the rider's needs so that another referral can be made, but the action also acts as a feedback mechanism as to how well the referral service is working. However, general lack of rider response prevents meaningful data collection on the referral system. FACT will also ask the referral agency about who has contacted them and has issued customer survey cards for feedback. To improve the customer relation process, FACT installed transportation management software and customer relationship management software as part of a technology procurement. The software helps with managing trips and analyzing customer data using dashboards with the goal of improving business relationships and assisting in customer retention.

Since 2012, FACT has an established pool of transportation vendors to procure trips competitively when FACT is unable to find customers suitable transportation through referrals to other existing services. When an existing service is not available, FACT makes referrals using RideFACT. These vendors constitute the brokerage which is a non-CTSA service and includes for-profit, nonprofit, and social services transportation providers. If a senior's needs cannot be met by any of the available referral services, FACT will provide the ride through a brokerage model using RideFACT which is funded primarily by the TransNet Senior Mini-Grant and FTA Section 5310. The brokerage model promotes sustainable and cost-effective transportation in the county. FACT uses contractors in its brokerage who compete with each other, resulting in lower rates charged for the service. While contractors are added and subtracted, FACT currently has nearly 20 brokerage contractors including taxi partners and a transportation network company. The list below shows the brokerage contractors during the audit period with minor changes. AAA Transport (AAA) has been the largest provider of trips by volume over the three-year audit period.

List of Transportation Contractors in the FACT Brokerage by Fiscal Year

FY19

AAA Transport	Safety First Transportation
Eleet Transportation	Telekom Transportation
Furaat Transportation	Top State Medical Transportation
Golden State NEM Transportation	USA Medical Transportation
Home of Guiding Hands (Nonprofit)	Venture Medical Transportation
Lyft	Yellow Cab
Renewing Life (Nonprofit)	

FY20

AAA Transport	Lyft
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Eleet Transportation	Renewing Life (Nonprofit)
Furaat Transportation	Safety First Transportation
Happy2Help	Yellow Cab
Loops Transportation	Home of Guiding Hands (Nonprofit)

FY21

AAA Transport	Loops Transportation
Eleet Transportation	Lyft
Furaat Transportation	Renewing Life (Nonprofit)
Happy2Help	Safety First Transportation
Home of Guiding Hands (Nonprofit)	Yellow Cab

FACT's brokerage has made it possible to purchase trips at a low cost for other agencies. FACT established service contracts with other agencies to increase the efficiency of trips and ensure the sustainability of projects. FACT charges an administrative fee for this service.

FACT's vehicle fleet includes 21 minivans and 3 bus cutaways procured through FTA Section 5310 program funds (capital) through SANDAG and Caltrans competitive grant programs. FACT has MOU's with 9 partners including brokerage vendors, St Paul's PACE program, NCTD and the Cities of Oceanside and Vista.

To enhance its suite of transportation services, FACT also provides contracted agency transportation services through its brokerage for the following agencies:

- *City of Oceanside Senior Transportation Van Service*: Since September 2013, FACT has provided contracted on-demand transportation services for the City of Oceanside Solutions for Seniors on the Go program, under a service agreement. Seniors who are eligible to ride the van service are preapproved by City of Oceanside staff through a registration process. The program requires a 3-7 day advance reservation, verification of client eligibility, and providing call center support as well as transportation through the brokerage. There are roughly 2,100 seniors approved to ride the service at this time. The service area includes Oceanside as well as medical centers in the neighboring cities of Encinitas, Carlsbad, San Marcos and Vista. This is one of FACT's major contracted transportation programs.
- *LIFT Paratransit Service (NCTD/MV)*: Since March 2014, FACT has provided trips for NCTD's LIFT program as a subcontractor to the private operator. Under this agreement, FACT provides curb to curb transportation for NCTD clients as a subcontractor to MV Transportation, the contractor for LIFT service (First Transit was a prior contractor). As the direct contractor to NCTD, MV also conducts its own brokerage with a pool of providers and FACT is one of the agencies in the brokerage for this subcontractor service. This tempers anticipated demand for FACT as one of a number of providers. Mobility Coordinators provide assistance with coordinating transportation requests and referrals arising from this contract.
- *Scripps Mercy Hospital*: The hospital has partnered with FACT to transport discharged patients to their residences as well as to out-of-county hospitals. This service began in January 2020. Trips are provided on-demand and include curb-to-curb, door-to-door, and door-through-door transportation.

- *City of San Marcos Catch a Ride!:* The service provides transportation for eligible seniors 60+ within San Marcos city limits as well as for medical purposes outside of the city within a 20-mile radius. FACT has provided trips for this service since February 2018.
- *West PACE:* FACT provides transportation for qualified services to members of WestPACE since May, 2021.
- *Braille Institute:* FACT instituted a subsidized pilot project during first semester of 2021 for 13 weeks to assist students with round-trip transportation two days a week to attend programs at the Braille Institute in La Jolla. After being presented with a new rate that was not subsidized following the pilot project, the Institute decided to discontinue the service.
- *San Diego County - Health & Human Services Agency:* FACT provides trips for the County to non-contagious tuberculosis patients from their residences to clinics for treatment. FACT was awarded the contract in November 2018. Trips may be scheduled in advance (the previous month) or requested up to two hours before the time of trip service.
- *Parkinson's Association of San Diego (PASD):* PASD began a pilot project with FACT to provide transportation for medical appointments and support groups for their clients. The pilot trips were billed at a flat rate from July 12–October 11, 2018, to gain an understanding of the demand and trip data for a rate going forward. PASD staff created marketing material for their clients regarding the transportation service. Following the pilot period, a contract was executed for the continuation of the service at a per-mile rate through September 2022.
- *Tri-City Medical Center:* FACT began transportation services for Tri-City Medical Center in December 2016. Discharged patients are provided with rides from all hospital departments to their residence.
- *City of Escondido:* The City contracts with FACT for transportation to/from the Park Avenue Community Center for seniors attending the lunch nutrition program. This service began November 1, 2019.
- *Elderhelp On the Go:* FACT contracted service for Elderhelp starting in March 2015. When Elderhelp could not utilize their volunteers to service trips, FACT provided service. A total of 1,662 trips were provided between March 2015 and August 2018.
- *LEAGUE of Amazing Programmers:* The LEAGUE is a nonprofit school teaching programming to kids in fifth through twelfth grades. The LEAGUE contacted FACT seeking round-trip transportation for four students from City Heights to Viasat in Carlsbad for a six-week internship program. A total of 132 trips were performed by brokerage vendor Telekom between July and August 2018. The LEAGUE had planned to contract with FACT for the 2019 summer program.
- *St. Paul's PACE (Program of All-inclusive Care for the Elderly):* FACT began a transportation service pilot with St. Paul's PACE on September 11, 2018. Senior program participants are provided round-trip service to two PACE locations (Downtown San Diego and Chula Vista). On October 18, 2018, St. Paul's PACE executed a contract with FACT to extend the service for one year for transportation to three PACE centers (El Cajon location began on October 29) throughout San Diego County at a per-mile rate.

In addition to the contracted trips described above, select statistics are shown below for FACT activities during the audit period.

FACT Activity, FY 2018–19 through FY 2020–21

Activity	FY 2019	FY 2020	FY 2021
External referrals	1,075	39,287	41,959
FACT website hits	9,923	14,956	20,687
RideFACT one-way trips (not including contracted trips)	28,628	28,455	37,293
Average distance per one-way RideFACT trip (miles)	10.21	9.5	10.02
Cost per one-way RideFACT trip (paid to vendors)	\$12.81	\$14.70	\$21.08

Source: FACT Annual Report FYs 2019-2021

External referrals increased for the three-year period, particularly between FY19 and FY20, and continuing into FY21, in large part due to the continuous referrals FACT made to serve riders during the COVID-19 pandemic. Website hits also increased significantly, notably in FY21, upon FACT's rollout of its updated website and easier to navigate dashboards and trip planning. FACT tracks the session of activity that a user with a unique IP address spends on a Web site during a specified period of time. The number of user sessions on its site is used in measuring the amount of traffic the web site gets. RideFACT brokerage trips increased significantly going from about 28,500 trips in FY19 and FY20 to over 37,000 in FY21. Average one-way trip miles was relatively stable for the three years, while the cost per one-way trip increased in part to the additional expense of suspending group rides during the pandemic.

ACCOMPLISHMENTS AND CHALLENGES

Accomplishments

Among FACT's accomplishments during the audit period are the following:

- Amended CTSA Service Agreement with SANDAG
- Obtained additional funding through the SANDAG Specialized Transportation Grant Program (STGP)
- Transitioned to Ecolane, a software-based dispatching system that led to efficiencies in dispatching and yield improved data and reporting
- Submitted an annual Business Plan update covering the next five-year period
- Completed an Annual Report each fiscal year highlighting activities, statistics, and achievements in an attractive brochure format with modern graphics for public consumption
- Maintained the CTSA database and web-based referral system
- Expanded contract transportation service with several local institutions and regional businesses including City of Escondido, PASD, and Scripps Mercy Hospital
- Increased RideFACT trips more than a third from about 28,500 to over 37,000, in spite of the COVID-19 restrictions and changes to ride policy
- Website overhaul resulting in more website visits and online trip planning
- Administered Council on Access and Mobility (CAM) and outreach to providers: currently 32 out of 32 seats filled. Attendance at virtual meetings were up sharply during the pandemic

- Successful acquisition of FTA Section 5310 capital program funds through SANDAG and Caltrans competitive grant programs to purchase accessible vehicles for sharing/leasing with service providers
- Continued investment in safety, inspection, and security projects

FACT’s response during COVID-19 Pandemic

- FACT’s vendors began to require the use of personal protective equipment (PPE) and shared rides were suspended. During 2020, FACT supplied PPE to vendors in the following quantities:

Face masks.....	1,500
Bottles of hand sanitizer.....	315
Face shields.....	144
Gloves.....	1,020
- FACT began providing on-demand transportation at the request of the County in March 2020 to transport homeless individuals to and from shelters and other sites for quarantine and testing. This service was made possible through the partnership with County Health & Human Services.
- FACT began providing transportation to deliver food to San Diego County residents in collaboration with the County of San Diego and 2-1-1 San Diego. FACT’s vendors picked up meals Tuesday and Thursday mornings and delivered to various residences throughout the County. In November 2020, over 1,600 food deliveries were made.
- Since the beginning of the COVID-19 pandemic, FACT tripled its call volume and outgoing referrals. Over 300 referrals were made monthly. During the pandemic, FACT’s Board approved free trips to assist riders enduring financial hardship as well as to reduce the physical interaction. Anyone who needed a ride for an essential purpose was eligible.

Brokerage vendors have access to an online portal to review trip requests and report service data. The software assists with trip scheduling, dispatching, tracking, invoicing, and reporting. Also, Sales Force was selected as the vendor for the customer relationship management (CRM) software. FACT has been working with 2-1-1 on integrating both agency databases, connecting the CRM and transportation management software, and updating FACT’s phone system including the implementation of the cloud contact center software InContact. The project will streamline the referral process by connecting agency databases and allowing warm transfers between call centers.

FACT continues to invest in safety, inspection, and security projects. This takes the form of training for its employees and service providers, and more inspections of its vehicles. Other CAM presentations and trainings are offered regularly and have attracted participants where invited guests with specialized expertise speak and demonstrate on a variety of topics including emergency services coordination, independent living, accessible vehicle conversion, and SANDAG planning. FACT hires consultants to physically inspect all grant-funded vehicles annually. Vehicles funded by Caltrans and SANDAG are inspected approximately every three years by the corresponding agency staff.

Challenges

The primary challenge facing FACT is long-term sustainability from the perspective of funding solutions and meeting unmet needs, especially in rural areas of the County that have limited to no alternative transportation options. While FACT remained busy during the COVID-19 pandemic period of this audit to fill service request gaps, the agency was overburdened and limited the number of trips per day, which

resulted in the unintended consequence of increased service denials. FACT currently relies on three primary revenue sources for CTSA mobility management: TDA, federal 5310 grants, and *TransNet* Senior Mini-Grants. These sources are in addition to other funding sources identified in the FACT performance report, which lists recent grants pursued by FACT. SANDAG updated its 2020 Program Management Plan which applies for additional Section 5310 funding through the STPG with the funding made available through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 and American Rescue Plan Act of 2021. The challenge for long-term funding solutions have resulted in FACT no longer conducting revenue forecasting in its annual business plan, as grant funds are generally for two-years. Due to the short-term and sporadic nature of these grants, FACT is not in a position to plan for long-range programs or contracts beyond the next few years. Smaller County grants and grants for specific projects such are championed for particular uses and benefits. The business plan has evolved to describe CTSA and transportation services under a short-term financially constrained scenario.

In the business plan, FACT divides its grants by source and use (TDA Article 4.5, capital, mobility management, operating, and small grants) and strikes out older grants as they expire and are used up. Since grants are competitively awarded and generally require local match contributions, it is difficult for FACT to rely exclusively on grant funding. As a result, FACT has continued to pursue contracted service opportunities to generate additional income. FACT reaches out to additional medical service providers, cities and other agencies that need pre-arranged or real time transportation to assist clients. The transportation services are priced based on the brokerage rates available to FACT and a markup is generally applied to the base rate in order to account for expenses and generate unrestricted funds for FACT’s future operations and service needs.

For capital, the primary funding sources are the federal Section 5310 competitive grant program and with local match funds from Senior Mini-Grants. FACT also procured an FTA Section 5339 (b) grant with local match covered by toll credits for six accessible vehicle replacements and expansion in San Diego County. FACT’s operating funds for subsidizing trips have remained relatively constant over the past several years through the Senior Mini-Grants program, with additional 5310 and Senior Mini-Grants retained for mobility management and expansion of CTSA activities. FACT is exploring means to effectively manage resources to meet demand for trips as well as lessen the cost burden of providing its brokered transportation services. Contracted services have helped in this regard by providing an opportunity for FACT to partner with agencies to provide transportation on their behalf for an administrative fee that offsets the cost of trips.

Regional Transportation “Gaps”

FACT’s Business Plan describes the SANDAG Coordinated Plan that outlines regional transit “gaps” for individuals with disabilities, persons with limited means, and seniors. These gaps represent geographic areas lacking public, private, and social service transit. Some of the transit gaps are within the following cities/regions:

Bonita	Lakeside	San Carlos
Carlsbad	La Mesa	San Marcos
Carmel Mountain	Linda Vista	Santee
Carmel Valley	Mira Mesa	Scripps Ranch
Chula Vista	Oceanside	South El Cajon
Clairemont Mesa	Poway	Spring Valley
Del Mar	Ramona	Tierrasanta
El Cajon	Rancho Bernardo	Tri City

Encinitas	Rancho San Diego	Vista
La Jolla	Sabre Springs	University City

These gap areas have significant impacts on sensitive populations who are often dependent on transit for regional services. The Business Plan states that an overriding need in San Diego County is for regional and intercity transportation options, particularly for seniors and other transportation disadvantaged groups. Many of FACT’s services are aimed at filling this gap since it was identified as a Coordinated Plan priority that is not addressed by any other agencies. However, the shortfall continues in filling the needs of these specialized groups.

COMPLIANCE WITH TDA

Two TDA compliance areas reviewed as part of the performance audit apply to FACT in its role as the CTSA. One is ensuring that the TDA claims submitted by FACT are in compliance with SANDAG’s rules and regulations (PUC Section 99275.5). The second is ensuring that the CTSA is represented on the SANDAG Social Service Transportation Advisory Council (PUC Section 99238). FACT, in coordination with SANDAG, is in compliance with both measures. Two staff members from FACT including the operations manager serve on the SSTAC in compliance with the TDA membership requirements. The FACT operations manager serves as the Chair of the SSTAC which improved its focus on programs and SANDAG priorities in the agenda.

As a CTSA, FACT is eligible for a portion of TDA 4.5 funds in San Diego County. Under the contract between FACT and SANDAG, and as described in SANDAG’s *Transportation Development Act Claim Manual* and SANDAG’s Policy 27, FACT, acting as the CTSA, receives a maximum of 2 percent of the total apportionment available under Article 4.5. MTS and NCTD claim the remaining Article 4.5 funds for community transportation services. In addition to using TDA for CTSA activities, FACT leverages TDA funds to obtain federal grants and TransNet Senior Mini-Grants.

During the audit period, FACT submitted TDA claims to SANDAG for Article 4.5 funds in compliance with SANDAG’s rules and regulations. FACT claimed TDA funds in the amount of \$139,826 in FY19, \$144,755 in FY20, and \$132,615 in FY21. With exception of FY21, due to lower TDA revenue returns, these amounts were incrementally higher than the previous triennial period. As shown in FACT’s TDA claims, TDA funds are used to cover a number of expense categories attached to CTSA activities including the one-click/one-call mobility center, regional coordination, and management of CTSA activities. FACT budgets TDA funds for eligible expenses as part of its overall budget and claims the funds for these proposed expenses to fill in funding gaps in its mobility management program. The management of CTSA activities category rolls up the personnel and administrative costs while the other categories are tailored toward other non-salaried hard costs.

FACT’s primary points of contact at SANDAG are in the TransNet and Planning sections. The claim request and form is submitted to the TransNet department. FACT’s TDA claims are then reviewed by several SANDAG staff in different departments including TransNet, Finance, and Planning. FACT’s TDA claims are approved as part of the annual TDA claims process by resolution of the SANDAG Board. FACT’s TDA allocation is applied toward CTSA activities as a condition of the funding.

SECTION VI: CONCLUSIONS AND RECOMMENDATIONS

SANDAG is in compliance with all requirements of the Public Utilities Code pertaining to TDA reviewed as part of this audit.

Progress to Implement Prior Audit Recommendations – SANDAG fully addressed one of the prior audit recommendations, but continued work is needed for full compliance with one of them as follows (that recommendation is being re-framed).

- 1) SANDAG should set up a process for annually reviewing both the Policy No. 27 and the TDA Claim Manual (handbook) given statutory changes from the prior 12 months, update them as appropriate and communicate any changes to the operators.

SANDAG achieved important accomplishments during the audit period. The agency continued its strong working relationships with the region's operators, realize continued successes in winning grant funding, and make progress with *TransNet* capital projects. The period is characterized by the first audit period under the helm of the new Executive Director/Chief Executive Officer and of course was severely impacted, during the second half of the audit period, by the global calamity which is the COVID-19 pandemic.

Most of SANDAG's most visible accomplishments can be traced back to the Overall Work Program (OWP). The OWP itself comprises of multiple categories such as regional planning, modeling and research, project implementation, and external support and communications. Many of the project implementation accomplishments are in this third bucket and are listed in the report Overview. They include many roadway improvements, soundwalls, transit-only lanes, new overcrossings, pedestrian crossings, bikeways and bike paths, transit centers, double tracking of existing track. There was also a notable rail extension, the 10.9 Trolley Blue Line extension (Mid-Coast), which opened November 2021, just five months after the end of the audit period.

Asked what the greatest accomplishment during the interview process was, many respondents said emphatically, the 2019 Federal Regional Transportation Plan and the 2021 Regional Plan. The later was adopted six months after the end of the audit period, in December 2021, but a major area of focus for almost the entire agency for a good part of the period. Whereas previous regional plans are typically completed in four years, this plan took on a new direction, and was completed in approximately two years, processing more data, and virtually from scratch. The plan assumes a 19 percent Vehicle Miles Traveled reduction, and no more freeway widening. It also assumes three new funding rounds to pay for the plan and has a scenario for Road User Charging starting in 2030.

SANDAG made some organizational changes during the audit period, but the biggest change occurred beyond the audit period (the "matrix" organization of February 2022). Other notable accomplishments include the audit work performed, the adoption of an equity statement, supporting both MTS and NCTD with the fare ordinance management, and helping to implement the new Pronto smart card system. Building on technology accomplishments, SANDAG took the steps to replace its Enterprise Resource Program – Tyler is expected to replace OneSolution sometime in 2022.

SANDAG also faced several challenges during the audit period. The most common response coming from the interview process included the word Covid somewhere in the response. The pandemic forced everyone to work remotely as they tacked on their normal work activities and the new Regional Plan. The pandemic affected fully 44 percent of the audit period and almost the entirety of the second half. The pandemic also forced the agency to accelerate some technology shifts and work processes which will benefit the agency in the future.

A significant headwind for SANDAG concerns the Road User Charge (RUC) policy. Perhaps because of insufficient education or outreach, and/or insufficient and inconsistent federal guidance, and other factors, the Board requested SANDAG produce a Regional Plan with an option to remove the RUC. Political challenges, economic challenges, all play into controversial reactions to SANDAG moving forward with its key programs, such as implementing the Sustainable communities plan, increasing transit service levels, justifying additional mobility improvements.

Finally, from a staff motivation and retention perspective, the Covid period has caused a third layer of challenges. As mentioned above, SANDAG made organizational changes during the audit period (and beyond). Some of the senior staff departures that occurred during the audit period caused friction, but they also provided upward mobility and role expansion opportunities. Just outside of the audit period, in September 2021, SANDAG also moved to add one flexible work-from-home day per pay period, such that employees, if selecting Monday for example, get every other Monday off and they work the other Mondays from home. Still retention of the younger staff, especially, is expected to be a challenge when they can find more flexible working arrangements elsewhere.

The following recommendations are based on observations made during the performance audit and are offered for SANDAG's consideration:

- 1) As a re-framing of the prior SANDAG should set up a process for annually reviewing both the Policy No. 27 and the TDA Claim Manual (handbook) given statutory changes from the prior 12 months, update them as appropriate and communicate any changes to the operators
- 2) SANDAG and FACT should jointly enhance the role of the SSTAC to advise on unmet transit needs.
- 3) Given the recent reorganization to a more matrixed structure, staff departures, new promotions and the need to fully recover from the impacts of COVID-19, SANDAG should implement motivation and alignment strategies to bring the whole of SANDAG staff along and make the new organization structure a dynamic success.

Recommendation 1: As a re-framing of the prior SANDAG performance audit recommendation for full implementation, SANDAG should set up a process for annually reviewing both the Policy No. 27 and the TDA Claim Manual (handbook) given statutory changes from the prior 12 months, update them as appropriate and communicate any changes to the operators.

Issues and Opportunities – SANDAG agreed with the recommendation from the last cycle and made updates both to the Board Policy No. 27 and to the SANDAG TDA Claim Manual. SANDAG modified the Board Policy No. 27 to account for SB 508 statutory changes. Several modifications were performed, most notably to the Farebox Recovery Ration requirements for the operators, including reducing MTS' ratio from 31.9% to 20%. The Board Policy No. 27 was amended in June 2021. In the TDA Claim Manual (handbook) document, SANDAG added several sections to the Legislative changes section, listing SB 508, AB 1113, and even AB 90. The TDA Claim Manual update was issued in February 2021. However, in relation to the audit period the update does not include the latest applicable statutory change, AB 149, nor does it provide clear guidance on inclusions and exclusions for the determination of the farebox recovery ratio calculation. Most opportunities center on the handbook but the Board Policy No. 27 should be visited at the same time for possible updates. Opportunities exist for the following:

- Including all recent applicable statutory changes as part of an established, annual process

- Examining ways to make the manual more user friendly, in coordination with the operators, with detailed examples of inclusions and exclusions in the determination of operating cost and farebox recovery ratio.
- Reaching out to the operators for possible training needs / TDA administration support
- Updating the table of contents in the current handbook.

Recommended Actions – Establish a process for annually reviewing both the Policy No. 27 and the TDA Claim Manual (handbook) given statutory changes from the prior 12 months, update them as appropriate and communicate any changes to the operators.

Expected Results – Better alignment of fare collection statistics in the region. Continued proper administration of the TDA claims process and updates to the allocation of LTF and STA funds according to law.

SANDAG Response – SANDAG agrees with the recommendation and will continue efforts to review and update Board Policy No. 027 and the SANDAG TDA Claim Manual as appropriate to reflect the statutory changes and communicate such to affected operators.

Recommendation 2: SANDAG and FACT should jointly enhance the role of the SSTAC to advise on unmet transit needs.

Issues and Opportunities – The Coordinated Plan and FACT’s Business Plan outline regional transit “gaps” for individuals with disabilities, persons with limited means, and seniors. These gaps represent about 30 different geographic areas around San Diego County that lack public, private, and social service transit. FACT services are aimed at filling this gap, which is not addressed by any other agencies. External research presented by FACT shows a large swath of eastern county and portions along the coast that have no safety net transit service for seniors and non-ADA residents, but FACT must weigh whether it can afford to provide the service where neither MTS nor NCTD serve. This gap also raises potential concern with equity of transit accessibility and funding of community transportation countywide. SANDAG functions with a commitment to equity and being accountable to the communities served. This commitment is reflected, among its intentions and actions, in overarching planning and implementation documents such as the Regional Plan and the Coordinated Plan. Opportunities to further address equitable transit accessibility are embedded in the existing institutional structure of SANDAG, namely in the roles and responsibilities of the SSTAC which, as a regional advisory council composed of members who are able to address these specific topics, has a TDA responsibility to advise on unmet transit needs. Though the current SSTAC meetings and agendas generally fulfill the spirit of the TDA law, there remains a regional transit “gap” that is a high priority for discussion by this advisory council.

Recommended Actions – The SSTAC should take on an enhanced role to accumulate information and be a forum for ongoing discussion of unmet transit needs under an existing SANDAG setting. The annual public hearing required by the TDA is one timepoint to collect unmet needs input; however, input should be encouraged, collected, and documented by SANDAG throughout the entire year, whether from SSTAC public comments or agenda item, or other input mediums, plans, and reports. Review by SSTAC and SANDAG of the accumulated input from current and past periods could reveal trends with regional accessibility issues, geographic locales, and specialized group needs. The review should be conducted in a manner to present to the Transportation Committee as an information item annually. Under existing structure, the SSTAC reports to the Transportation Committee, which has the charge to advise on policy-level matters related to transportation including funding.

Expected Results – Progress toward planning, implementing, and measuring equitable transit alternatives for individuals in areas of San Diego County not readily served by either MTS or NCTD, or qualified to use their specialized service.

SANDAG Response – SANDAG agrees with this recommendation and will continue to work with FACT and the SSTAC to jointly enhance the role of the SSTAC to advise on unmet transit needs.

Recommendation 3: Given the recent reorganization to a more matrixed structure, staff departures (especially at senior levels), new promotions, and the need to fully recover from the impacts of COVID-19, SANDAG should implement motivation and alignment strategies to bring the whole of SANDAG staff along and make the new organization structure a dynamic success.

Issues and Opportunities – SANDAG has been in the throes of a major transformation for the last three years with a new strategic vision for the regional transportation plan, new approaches, a re-organization, turnover at senior levels and throughout the organization. This transition has been slowed by the COVID-19 pandemic. Consistent with social distancing recommendations from state and local public health officials in response to COVID-19, SANDAG implemented remote work schedules for a majority (90%) of the workforce – from March 2020 through September 2021. While COVID accelerated various technology shifts and new processes, which are considered highly desirable, COVID has also impeded social interactions. The post pandemic workplace is different to prior conditions, and there are challenges about staff hiring and retention strategies, especially with younger professionals.

Recommended Actions – Implement motivation and alignment strategies to bring the whole of SANDAG staff along with the major transformation and make the new organization a dynamic success. Example strategies include doubling down on communications, especially with the CEO and his direct reports. There are multiple possible approaches, including some already used by the operators. Senior managers could meet with other groups once per quarter (e.g., head of finance meets with Operation staff), to give them a few minutes to understand how they are aligned to the overall mission. Support functions can be challenging for functional units. SANDAG should create opportunities to facilitate communications between managers and staff so there is a better understanding and appreciation of what the support functions bring to the table. From a CEO perspective, you want all of the managers to be on the same page. Staff like it, because they have few channels to see different parts of the organization are rowing in the same direction. The Chief Executive Officer has a lot of great personality but this has been under-leveraged due to Covid. In this case you want to leverage the fact the CEO is a face-to-face person, walk the halls and talk to staff at different times, have all-hands meetings. etc. The virtual meetings were a necessity during COVID but to the extent interactions can be in person that will be more effective.

Expected Results – Smoother implementation of the organization changes are expected, as well as greater staff retention and satisfaction.

SANDAG Response – SANDAG management has undertaken and/or is planning several actions to improve the agency's ability attract, reward, and retain employees, and to align employee work efforts to the agency's highest priorities. The work plan is informed by research confirming the needs of a modern workforce – flexible work arrangements, fair compensation, and opportunities for professional development. Activities and expected outcomes include:

- Implementation of Strategic Plan initiatives in the areas of Improved Use of Technology Resources, Internal Communications, and Recruitment and Retention of Employees.
- Expanding efforts to source qualified candidates for job openings, including employment branding efforts.

- Maintaining competitive salary ranges and revising pay practices to ensure employees are paid market rate salaries.
- Clarifying the roles and responsibilities of each employee through development of duty statements.
- Revising the performance management program, including goal setting practices, increased and effective feedback cycles, preparation of annual performance reviews, and improvements to the performance-based rewards system.
- Designing and implementing a custom manager development training program.
- Placing greater emphasis on professional development and career progression, including succession planning.
- Adopting more flexible work arrangements, including the policies and resources necessary for operational effectiveness.
- Improved methods and increased volume of internal communication.

These actions, combined with other organization development and culture enhancement initiatives are expected to secure SANDAG's reputation as an 'employer of choice' with a talented and highly-valued workforce who are imperative to the agency's success.