

San Diego Association of Governments

FY10-FY12 Triennial Performance Audit of the San Diego Association of Governments (SANDAG)

FINAL AUDIT REPORT



in association with



July 1, 2013

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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 State 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 2010, 2011, and 2012 – the period from July 1, 2009 through June 30, 2012.

The FY10-FY12 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 (PUC)
- Progress to implement prior performance audit recommendations.

Pursuant to Section 99246(a) of the California Public Utilities Code (PUC), this audit serves as a high level management report that evaluates the effectiveness and efficiency of SANDAG 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 State PUC requirements for regional transportation planning agencies and with respect to enforcing rules regarding operator farebox recovery requirements. SANDAG has implemented three of the prior audit recommendations and partially completed one of the recommendations:

Recommendation 1: SANDAG should make updates to Board Policy 27 to ensure the document's language remains accurate.

- Compliance finding: partially completed.
- Actions and results: SANDAG amended Board Policy 27 to ensure that the policy remains consistent with TDA regulations. One additional change is needed to cite the correct reference to the California Code of Regulations (CCR 6634 instead of CCR 66234).

Recommendation 2: SANDAG should work to improve cooperation between the operators and to ensure that regional transit connections remain passenger friendly.

- Compliance finding: completed.
- Actions and results: SANDAG, MTS and NCTD staff note that there has been cooperation among the three agencies and that the three agencies appear to be committed to continue efforts to maintain and improve cooperative working relationships. Examples of this cooperation include revisions to the regional fare structure and a new five-year agreement on the Sorrento Valley Coaster Connection services.

Recommendation 3: SANDAG should consider implementing a financial risk management strategy to account for revenue downturns.

- Compliance finding: completed.
- SANDAG actions and results: As SANDAG has transitioned from a planning agency to one with responsibilities for construction and operations, finance staff have recognized the need to update policies and mitigate certain risks. SANDAG took several actions to manage recession-related losses in TDA and *TransNet* revenues, including reducing consulting contracts, slowing progress on projects, holding vacant positions open, and slowing expenditures to maintain reserve balances. SANDAG has also taken steps to better track sales tax revenue volatility and help agencies receiving the revenue better understand and manage their budgets and financial risk:
 - SANDAG adjusted its quarterly sales tax revenue forecasting methodology to better capture the significant recession and emerging trends that may make future revenue trends different from past experience, resulting in an improved ability to accurately project sales tax revenues.
 - SANDAG adjusted its method of measuring the accuracy of the sales tax revenue forecast. The resulting confidence interval is wider than previously, primarily because the sales tax revenue trend has become more volatile.
 - SANDAG meets quarterly with agencies that rely on or administer sales tax revenue for transportation, including both transit operators and the County of San Diego, to provide a quarterly update on sales tax revenue trends.

Recommendation 4: SANDAG should continue steps to improve the ridership counting methodology for MTS Trolley.

- Compliance finding: completed.
- Actions and results: Currently, SANDAG continues to use the Trolley Ridership Estimation Program (TREP) to determine Trolley ridership. However, automatic passenger counters (APCs) have been installed on all Trolley vehicles and SANDAG and MTS intend to fully transition to APCs as the basis for Trolley ridership counts in July 2013. SANDAG staff are aware that transitioning to APCs for this purpose will bring its own challenges and that a margin of error will need to be factored into the ridership counts.

SANDAG effectively accomplishes its TDA responsibilities.

- 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 November 2010; the current version includes the modifications recommended by the previous performance audit and is in full compliance with PUC requirements. SANDAG has developed a dedicated TDA website where documents relevant to TDA claimants are available, including SANDAG’s TDA Claim Manual (last updated in April 2009), current TDA claim forms, the most recent edition of *TDA Statutes and California Codes of Regulations* published by the California Department of Transportation’s Mass Transit Division, 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 up-to-date.
- Claimant Relations and Transit Productivity Oversight – SANDAG administers the regional Productivity Improvement Program as part of its TDA claims approval process for the region’s transit operators MTS and NCTD. SANDAG tracks TDA performance indicators and progress towards implementing prior operator TDA performance audit recommendations through its operator TDA claim form. One worksheet of the claim form includes data reporting and another asks the operators to document their progress in addressing the recommendations of the last audit. These worksheets form the basis of the Productivity Improvement Program reports which accompany the annual submission of TDA claims for approval by SANDAG’s board.

- Transportation Planning and Regional Coordination – SANDAG is responsible for comprehensive and integrated transportation planning in San Diego County, and completed several key planning documents including most notably the 2050 Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS).
- Marketing and Transportation Alternatives – The region's transit operators retain primary responsibility for marketing their transit services. SANDAG manages the iCommute (formerly RideLink) program to assist commuters with ride matching services and a number of other traveler information services, and to assist local businesses to help them develop commuter benefit programs. SANDAG is also lead agency responsible for promoting the Compass Card, the regional fare card. The agency remains a key source of marketing data for the operators.
- 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 each 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: SANDAG and FACT should work together to review the scope of FACT's contractual responsibilities and to identify and pursue additional funding sources to support its activities as the CTSA. SANDAG's contract will more accurately depict FACT's growing responsibilities as the CTSA for San Diego County and further distinguish FACT's CTSA activities. SANDAG, under its obligation in state law as the custodian of TDA funds for the County, will also have increased transparency and improved oversight prior to the allocation of TDA revenue. In addition, SANDAG and FACT will increase capacity through partnership to further pursue alternative transportation funding for CTSA activities.
- Recommendation 2: SANDAG should consider providing, and requiring the operators to provide, management responses to audit recommendations. Although management responses to performance audit recommendations are not required by Caltrans' *Performance Audit Guidebook*, audits conducted under the U.S. Government Accountability Office's Government Auditing Standards (the "Yellow Book") and standard auditing practices include obtaining such management responses. This provides an opportunity for the auditee to respond officially to the specifics of each recommendation, to agree or disagree with each recommendation, and (if applicable) to commit to achieving each recommendation and providing a specified timeframe for doing so.
- Recommendation 3: SANDAG should work with NCTD and MTS to identify and develop opportunities to define fare policies to enhance connectivity between the two operating agencies and with other connecting providers of public transportation services, such as Amtrak and Metrolink. The last several performance audits have included recommendations to the effect that SANDAG, NCTD and MTS should work together to coordinate transit service delivery strategies and fare policies to enhance connectivity. The three agencies have made progress in improving connectivity (e.g., by linking the operators' service delivery objectives and targets to goals and objectives in the Regional Short Range Transit Plan). This recommendation encourages SANDAG, NCTD and MTS to continue to work together to extend connectivity to connecting public transportation providers.

SECTION I: INTRODUCTION

Triennial performance audits of regional transportation planning agencies are required by the Transportation Development Act (TDA). California State 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. CH2M HILL was selected by the San Diego Association of Governments (SANDAG) to conduct the triennial performance audit of SANDAG for Fiscal Years 2010, 2011, and 2012, the period from July 1, 2009 through June 30, 2012.

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 SANDAG performance audit guide. The audit is intended to meet three primary SANDAG objectives for the conduct of the RTPE 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 Government, Public Utilities, and Administrative Codes
- 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 reviewed include:

- SANDAG Transportation Development Act Claim Manual, TDA claim forms, and Board Policy 27
- 2050 Regional Transportation Plan (RTP)
- 2010-2014 and 2012-2016 Coordinated Plan (including components of the document previously published as the Short Range Transit Plan)
- 2010 and 2012 Regional Transportation Improvement Program documents

- Regional Comprehensive Plan
- FY10, FY11 State of the Commute
- SANDAG Overall Work Program
- SANDAG Board and Committee agendas, resolutions, and minutes
- SANDAG Final Program Budgets
- Annual Financial Reports
- Annual TDA Productivity Improvement Recommendations and SANDAG Board TDA Claim Approval resolutions
- FY07-FY09 Triennial Performance Audit of SANDAG

TDA Claims, claim-related documents, and TDA claim files were also reviewed. Planning documents, such as the September 2009 Transit Impediments Study Final Report, also provided information for the RTPA performance audit.

SANDAG's TDA administrative functions and its effectiveness as the RTPA were discussed with SANDAG management and staff, the CTSA, and the transit providers. SANDAG management and staff interviewed for the audit include:

- Executive Director
- Chief Deputy Executive Director
- General Counsel
- Department Director of Finance
- Department Director of Land Use and Transportation Planning
- Department Director of Mobility Management and Project Implementation
- Department Director of Administration
- Department Director of Operations
- Department Director of Communications
- *TransNet* and Legislative Affairs Program Director
- Department Director of Technical Services
- Principal Regional Planners, Transit Planning
- Principal Regional Planner, Long Range Transportation and Binational Planning
- Principal Regional Planner, Land Use Planning and Coordination
- Principal Planner, Transportation Demand Management
- Senior Transit Planner
- Regional Planner I
- Budget Program Manager
- Manager of Financial Planning and Budget Control
- Financial Programming Manager
- Principal Technology Program Manager

- Contracts and Procurement Manager
- Human Resources Manager

In addition to SANDAG staff, transit operator staff members were asked to provide input to 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 the accomplishments and challenges of SANDAG 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 & Coordinated Transportation (FACT) as the Consolidated Transportation Services Agency (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 was formed in 1966 to oversee and coordinate planning for the region. With the passage of SB1703, the San Diego Regional Transportation Consolidation Act, in 2002, SANDAG was reorganized and assigned responsibilities for all transportation planning (excluding annual service planning), funding allocation, project development, and construction in the San Diego region, a transition that has been completed.

In the area of regional planning, SANDAG has been coordinating with the transit operators and stakeholders to develop an Urban Area Transit Strategy, a policy process that seeks to concentrate transit services and investments in the areas with the highest potential. Another key initiative for SANDAG involved developing upgrades to its travel demand model to help the agency prepare to assess transportation investments under the new SB 375 regulations. This involved extensive outreach with cities throughout San Diego County to discuss and prepare in-depth demographic forecasts, tailored to individual jurisdictions. This work was among the many initiatives that SANDAG took on in order to develop the 2050 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS), which was adopted by the SANDAG Board of Directors in October 2011.

SANDAG's other transit-related responsibilities during the audit period included public participation, interregional planning, legislative relations, and marketing and financial data collection and distribution. SANDAG coordinated with partner agencies at the interregional level and maintains a productive relationship with neighboring planning authorities in Mexico. 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 annually, 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
- Preparing and updating allocation instructions and payment schedules for the County Auditor
- Providing for the conduct of the TDA triennial performance audits.

SANDAG complied in a request to supply full evidence of its compliance with TDA and California Administrative Code (CAC) regulations, including procedure documents on the SANDAG TDA website (www.sandag.com/tda), 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 FY 2003 when SANDAG incorporated the Metropolitan Transit Development Board (MTDB)¹ Productivity Improvement Program (PIP) into its TDA Claim approval process, the PIP has become an

¹ With the consolidation pursuant to SB 1703, the Metropolitan Transit Development Board became the Metropolitan Transit System.

important instrument for ensuring compliance with PUC Section 99244. At that time, SANDAG assumed the responsibility for monitoring operators for consistency with planning and transit productivity objectives. 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 these six indicators. This 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 (CTSA).

SANDAG serves a number of roles in the San Diego region in addition to designation as the consolidated agency for regional decision-making. SANDAG's transportation designations and responsibilities include:

- 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 ½ 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.

Non-transportation responsibilities include Co-Lead Agency for Air Quality Planning (with the San Diego County Air Pollution Control District), Integrated Waste Management Task Force, housing (i.e., determination of housing needs), manager of several environmental quality programs addressing beach replenishment, water quality, and habitat preservation, and its role as the area-wide clearinghouse for the review of projects with CEQA or NEPA impacts.

With its broadened scope and the reauthorization of *TransNet*, SANDAG has been able to enhance and accelerate its capital program. A significant portion of SANDAG's staff time is devoted to the delivery of the *TransNet* program. Although the reauthorization did not officially take effect until 2008, SANDAG was able to initiate the *TransNet* Early Action Program starting in 2005. SANDAG has already delivered several *TransNet*-funded projects and is working on additional projects, including the BRT component of the I-15 managed lanes. SANDAG has sought to maximize *TransNet*'s transparency. The projects can be tracked through SANDAG's www.keepsandiegomoving.com site with its *TransNet* Dashboard application. SANDAG also generates "Red Light reports" for *TransNet* projects which 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 had 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.

- SANDAG's transit capital project development work during the audit period was significant. This included the renewal of existing MTS Trolley lines including vehicles, tracks and stations, the 11-mile Mid-Coast Corridor Transit Project which will extend Trolley service from the Old Town Transit Center to UC San Diego and University City, and NCTD Coaster track improvements.

- SANDAG implemented the *SuperLoop* transit service in the North University City area of San Diego. SANDAG also conducted planning work for the Mid-City Rapid bus service and the South Bay Bus Rapid Transit service.
- SANDAG has taken important steps to support carpools, vanpools, and transit through its I-15 managed lanes. SANDAG will launch a new BRT service in mid-2014.
- SANDAG acquired the SR 125 toll road, or South Bay Expressway.
- SANDAG worked closely with MTS, NCTD, Amtrak, and several other agencies to plan and manage improvements to the LOSSAN corridor between San Diego, Orange, and Los Angeles counties. This includes double tracking, positive train control, and other system enhancements.
- SANDAG fully implemented the Compass Card, a smartcard-based fare system for San Diego region travelers. SANDAG and the transit operators transitioned monthly passes and other fare instruments to the Compass Card.
- Updates to key transportation documents were completed or begun during the audit period:
 - The 2050 RTP/SCS was adopted in October 2011. In May 2012, the SANDAG Board approved merging the next RTP/SCS with the next update of its Regional Comprehensive Plan (RCP), which provides a long-term planning framework for transportation and land use in San Diego County.
 - SANDAG prepares service implementation plans about once every two years, which incorporates the Coordinated Public Transit and Human Services Transportation Plan for San Diego County and addresses unmet transit needs.
 - The San Diego Regional Bicycle Plan, which was adopted in 2010, which provides a regional strategy for incorporating bicycle transportation into everyday travel, was developed to support implementation of both the Regional Comprehensive Plan and the Regional Transportation Plan as well as the Sustainable Communities Strategy.

Challenges SANDAG faced during the audit period include reduced funding levels with respect to both capital projects and transit operations. With respect to capital projects, the reductions in funding were offset to a large degree by lower contractor bid prices. However, mitigation of funding reductions with respect to transit operations was less significant, resulting in MTS and NCTD needing to make substantial cuts in service levels. As the economy has improved, some of those service cuts have since been restored and ridership has improved, but ridership overall has yet to return to pre-recession levels.

In order to fulfill the Sustainable Communities Strategy requirement under SB 375 and the Urban Area Transit Strategy, SANDAG expended more resources on its 2050 RTP/SCS than on prior RTP development efforts. The 2050 RTP's longer planning horizon and more complex requirements called for more modeling, further updates to SANDAG's regional models, and more effort to ensure a feasible, internally consistent policy document that meets statutory requirements.

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. As the state-designated Regional Transportation Planning Agency, SANDAG's performance audit includes an assessment of compliance with relevant TDA requirements in Sections 99231–99401.5 of the California Public Utilities Code and Section 6662 of the California Code of Regulations. The compliance assessment also reviews efforts made by SANDAG to address prior performance audit recommendations.

Compliance Assessment

SANDAG is in compliance with PUC and California Administrative Code (CAC) 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 March 2009. 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
 - 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 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 moneys 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.
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.	Compliant: SANDAG's Policy 27, last updated in November 2010, defines the procedures for administering TDA funds. SANDAG's <i>Transportation Development Act Claim Manual</i> , updated April 2009, provides further detail and serves as a guidebook for claimants. Chapter 3 of SANDAG's <i>Transportation Development Act Claim Manual</i> describes the process for submitting claims for bicycle and pedestrian projects. Policy 27, the TDA Claim Manual, and the TDA claim forms are all available on SANDAG's TDA website: www.sandag.com/tda . According to the TDA allocations submitted to the SANDAG Board, the agency allocated 2 percent of eligible TDA funds to bicycle and pedestrian projects annually during the audit period. According to the June 25, 2010 Board of Directors Agenda Item No. 10-06-9, the FY 2011 amount was held in reserve and shown as carryover for FY 2012 because the annual call for projects process was delayed due to the adoption of the Regional Bicycle Plan.
PUC Sections 99238 & 99238.5	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.	Compliant: The Social Services Transportation Advisory Council (SSTAC) held annual public hearings to gain input from transit-dependent and transit-disadvantaged persons. The meetings were held in the SANDAG offices in Downtown San Diego, and via video conference from the office of North County Transit District in Oceanside. Hearings were held on 9/27/10, 9/9/2011 and 9/17/12. In addition, bi-monthly meetings of the SSTAC include a public comment portion at the beginning of each meeting.
PUC Section 99244	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. <ul style="list-style-type: none">• A committee for the purpose of providing advice on productivity improvements may be formed (not required).• The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA,	Compliant: SANDAG's Policy 27 and <i>Transportation Development Act Claim Manual</i> describe SANDAG's responsibilities with regard to identifying and recommending potential productivity improvements. Policy 27 states that performance improvement is best measured over a multiyear timeframe 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 claimants' performance improvement information is not included in the TDA claim, but forwarded directly to SANDAG's Planning Department. The Board resolution approving the annual

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
	<p>or else the operator has not received an allocation that exceeds its prior year allocation.</p>	<p>claims makes a finding that the transit claimants have made reasonable efforts to implement productivity improvement recommendations.</p> <p>SANDAG Board Policy No. 18 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.</p>
<p>PUC Section 99245</p>	<p>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.</p>	<p>Compliant: SANDAG provided letters to the State Controller to verify timely submittals of annual certified fiscal and compliance audits for MTS and NCTD.</p>
<p>PUC Sections 99246 & 99248</p>	<p>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.</p>	<p>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 April 2010, within 12 months after the end of the triennium.</p>
<p>PUC Section 99246(c)</p>	<p>The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.</p>	<p>Compliant: The FY07-FY09 performance audits were completed in April 2010, and submitted to the California Department of Transportation.</p>

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.</p>
PUC Section 99275.5	<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 five percent of annual TDA funds (after allocations for planning, administration, and pedestrian and bicycle projects) for community transit services. A maximum of two percent of Article 4.5 funds are available to the CTSA.</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% farebox recovery ratio. Local support may be included toward meeting the farebox ratio.</p>
PUC Sections 99310.5 & 99313.3 & Proposition 116	<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.</p>

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
PUC Section 99314.3	<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 formula is consistent with the allocation made by the State Controller. MTS is apportioned STA funds directly from the state. STA funds for NCTD are apportioned to SANDAG, which then allocates them to NCTD.</p>
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>Compliant: 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. An annual hearing is held during a SSTAC meeting each September to meet the requirements of PUC Section 99238 to address the unmet transit needs of the SSTAC's constituent groups.</p>

Reference	Compliance Requirements for RTPAs	SANDAG's Compliance Efforts
CAC 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.	<p>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 U.S. Comptroller General. Audit reports were transmitted to the State Controller within 12 months of the end of each fiscal year:</p> <p>FY10: March 24, 2011 FY11: February 26, 2012 FY12: December 27, 2012</p>

Prior Audit Recommendations

SANDAG has implemented key elements of the four prior performance audit recommendations:

Prior Audit Recommendation #1: SANDAG should make updates to Board Policy 27 to ensure the document’s language remains accurate.

Compliance Finding: Partially completed.

SANDAG Actions: When SANDAG amended Board Policy 27 in November 2010, recommended changes were made to Sections 6.6.2 and 7:

- Section 6.2.2 of the policy states “Transit vehicles routinely staffed by more than two or more persons are prohibited (Section 99262).” The section was revised to read “Transit vehicles routinely staffed by two or more persons are prohibited for any vehicle designed to be operated by 1 person (Section 99264).” The correct PUC citation is 99264.
- Section 7 was revised to reference “eligible annual TDA funds” since planning and administration funding is excluded from the funding limit calculations.

Section 6.2.4 of the policy was not revised to cite CCR 6634 instead of 66234. This citation should be corrected the next time the policy is amended.

Prior Audit Recommendation #2: SANDAG should work to improve cooperation between the operators and to ensure that regional transit connections remain passenger friendly.

Compliance Finding: Completed.

SANDAG Actions: SANDAG, MTS and NCTD staff note that there has been cooperation among the three agencies and they appear to be committed to continuing efforts to maintain and improve cooperative working relationships. Examples of this cooperation include revisions to the regional fare structure and a new five-year agreement on the Sorrento Valley Coaster Connection services.

Prior Audit Recommendation #3: To better manage the discrepancies between sales tax revenue forecasts and sales tax revenue receipts, SANDAG should implement a more robust financial risk management strategy to account for sales tax revenue downturns.

Compliance Finding: Completed,

SANDAG Actions: SANDAG is revising its strategy for managing financial risk. As SANDAG has transitioned from a planning agency to one with responsibilities for construction and operations, finance staff have recognized the need to update policies to mitigate for certain risks. During the audit period, SANDAG took a number of actions to manage recession-related losses in TDA and *TransNet* revenues, including reducing consulting contracts, slowing progress on projects, holding vacant positions open, and slowing expenditures to maintain reserve balances. The Chief Economist worked on enhancing the accuracy of its sales tax forecast, making adjustments to leading indicators.

SANDAG has taken three actions that are designed to better track sales tax revenue volatility and help agencies receiving the revenue better understand and manage their budgets and financial risk. First, SANDAG adjusted its quarterly sales tax revenue forecasting methodology to better capture the significance of the recession and emerging trends that may make future revenue trends different from past experiences. SANDAG's adjusted approach has significantly improved their ability to project more accurately the sales tax revenue received from the State of California's Board of Equalization.

Secondly, SANDAG adjusted its method to measure the accuracy of the sales tax revenue forecast. The measure of accuracy matches the adjusted procedure used to forecast sales tax revenue trends. The new measure of accuracy, or confidence interval, is wider than the previous approach primarily because the sales tax revenue trend has become more volatile, requiring a widening of the error band (above and below) for the forecasted estimate to five percent from two percent.

Thirdly, SANDAG meets quarterly with agencies that rely on or administer sales tax revenue related to transportation, including representatives from both transit operators and the County of San Diego. These meetings include a quarterly update on sales tax revenue trends that can be compared to expected or budgeted amounts to determine if adjustments are required.

Automatic Passenger Counters (APCs) have been installed on Trolley vehicles and it is intended that they will be used to determine Trolley ridership (Recommendation 4).

Prior Audit Recommendation #4: SANDAG should continue to assess whether a more accurate MTS Trolley ridership estimation methodology is possible using available technologies such as the Compass smart card or APCs, or through adjustments to existing counting procedures.

Compliance Finding: Completed.

SANDAG Actions: At this time, SANDAG continues to use the TREP to determine Trolley ridership. However, APCs are installed on all Trolley vehicles and SANDAG and MTS intend to fully transition to APCs as the basis for Trolley ridership counts in July 2013. SANDAG staff are aware that transitioning to APCs for this purpose will bring its own challenges and that a margin of error will need to be factored into the ridership counts.

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 Chapter III, the functional review provides the basis for recommendations offered for SANDAG's consideration in Chapter 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.

Administration and Management

The SANDAG governing board 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, California Department of Transportation, MTS, NCTD, U.S. Department of Defense, San Diego Unified Port District, San Diego County Water Authority, 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 the Business meeting held on the fourth Friday.

The SANDAG bylaws were changed in January 2006 to include an application step in the nomination and selection process for the three Board officer positions: the Chair and two Vice Chairs. Only those directors who have submitted an application or who are nominated from the floor on the day of the election may be considered for election by the Board of Directors. The election is held annually, in December.

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 un-weighted tally vote (i.e., one vote per agency). Board actions require majorities of both the un-weighted tally and the weighted (by population) vote. Each jurisdiction's weighted votes are re-computed every July 1.

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	16	Poway	1	1
Del Mar	1	1	San Diego	1	40
El Cajon	1	3	San Marcos	1	3
Encinitas	1	2	Santee	1	2
Escondido	1	5	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 four standing policy advisory committees created by SB1703.² The Transportation Committee assists in the preparation of transportation planning documents including the Regional Transportation Plan and the Regional Short Range Transit Plan, and 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 is made up of nine 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
- NCTD – San Diego County Regional Airport Authority
- San Diego County Regional Airport Authority

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 Transportation Development Act claims. In February each year, SANDAG prepares the annual apportionments and the five-year estimate of transit revenues including TDA, *TransNet*, and federal formula funds. The SANDAG Board adopts the resolutions allocating TDA funds: Articles 3, 4, 4.5, and 8 funds, Planning and Administration funds, and STA funds allocated to NCTD. The MTS STA allocation is made directly to MTS by the state.

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.

The Productivity Improvement Program (PIP) focuses on longer term trends, including operators' responses to triennial performance audit recommendations and the PIP findings in the Coordinated Plan's performance monitoring chapter. The PIP report, discussed further in this chapter, is composed of four elements: performance improvement recommendations, performance measures for each operator,

² SANDAG's fifth standing committee, the Public Safety Committee, was not required under SB1703 but SB1703 does authorize SANDAG to appoint other standing committees as needed.

reasonable efforts findings regarding operators' steps to improve productivity, and operators' steps taken to implement triennial audit recommendations. Currently, the "reasonable efforts" finding includes only 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 make take several years to be fully realized. For example, the Productivity Improvement Program for FY 2011 included the evaluation of the following TDA performance measures over a three-year (12 quarter) period:

- 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 included in the Coordinated Plans that are prepared by SANDAG.

In addition to the three-year performance monitoring conducted with annual TDA claim submittals, the 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 for the Productivity Improvement Program.

During the audit period, both MTS and NCTD prepared their own TDA claims and submitted them to SANDAG.

Transit Productivity Oversight

SANDAG continues to use the Productivity Improvement Plan to oversee MTS' 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 percent 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 twelve quarters. 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 to make the required findings for Article 4 allocations – 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 6633.9).

Recognizing that the single year performance targets of the PIP provided limited perspective on operator performance, SANDAG implemented a new quarterly performance monitoring program beginning in FY 2009. Reports are now provided to the Regional Short Range Transit Planning Working Group (composed of representatives from the transit agencies and the Consolidated Transportation Services Agency) quarterly in March, June, September, and December each year.

The revised program provides performance against the five TDA indicators (operating cost per passenger, operating cost per revenue hour, passengers per revenue hour, passengers per revenue mile, and revenue hours per employee), the farebox recovery ratio, and a composite index of the six indicators. Performance trends are based on a rolling 12-quarter (three-year) period and are calculated using the data provided quarterly by the operators. The revised program clearly shows performance trends over time, and allows for 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.

Planning and Regional Coordination

In its roles 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 2050 Regional Transportation Plan, two Coordinated Plans, and two Regional Transportation Improvement Programs. Each of these plans is discussed further below.

- *Our Region, Our Future*, the **2050 Regional Transportation Plan (RTP)**, which was adopted in October 2011, implements a 40-year vision for buses, the Trolley, rail, highways, major streets, bicycle travel, walking, good movement and airport services in the region, by laying out a plan for investing an estimated \$214 billion in local, state and federal transportation funds. Transit is planned to receive the largest proportion of those funds (36%), primarily to add high occupancy vehicle lanes in existing freeway corridors.

The 2050 RTP includes the Sustainable Communities Strategy (SCS) that is required by SB 375, which was passed in 2008. SB 375 implements AB 32, was signed into law in 2006 and requires California to lower statewide greenhouse gas (GHG) emissions to 1990 levels by 2020, by encouraging planning practices that create sustainable communities. As a California Metropolitan Planning Organization (MPO), SANDAG is required to prepare an SCS that shows how the region will meet its goals for reducing GHG emissions from automobiles and light trucks. Regional emission targets for 2020 and 2035 are established by the California Air Resources Board (ARB).

The 2050 RTP seeks to guide the region toward a more sustainable future by integrating land use, housing, and transportation planning to create communities that are more sustainable, walkable, transit-oriented, and compact, envisioning land use patterns and a transportation network that:

- Support a prosperous economy; promotes a healthy and safe environment, including climate change protection; and provides a higher quality of life for all San Diego County residents

- Better link jobs, homes, and major activity centers by enabling more people to use transit and to walk and bike; efficiently transports goods; and provides fast, convenient, and effective transportation options for all people.

In adopting the 2050 RTP and its SCS, SANDAG's Board of directors also approved several actions that set part of SANDAG's near term planning agenda. These actions include:

- Evaluating alternative land use scenarios as part of the Regional Comprehensive Plan update to attempt to address "backsliding" of greenhouse gas levels between 2035 and 2050
- Developing an early action program for projects included in the Regional Bicycle Plan
- Planning for the boarder Active Transportation program, including Safe Routes to School and Safe Routes to Transit, within the next two years
- Implementing an action to develop a regional transit-oriented development policy in the 2050 RTP Sustainable Communities Strategy to promote and incentivize sustainable development
- Continuing to make enhancement to the travel demand models
- Developing a regional complete streets policy within the next two years.

SANDAG's Sustainable Communities Strategy was the first one adopted in California and was prepared during the time when the ARB was developing and adopting GHG emission targets for each MPO region. The ARB adopted those targets in February 2011 and in July 2011 published its methodology for determining whether a region's SCS would meet the targets. SANDAG released the draft RPT/SCS in June 2011; the final RTP/SCS was adopted by SANDAG's Board of Directors in July 2011. Soon after the 2050 RTP was adopted, the Cleveland National Forest Foundation and the Sierra Club filed suit in Superior Court against the plan on the ground that the plan will not meet long-term GHG emission reduction requirements. The court ruled in December 2012 that the Plan did not clearly define its effects on GHG emissions. SANDAG is appealing the ruling.

- SANDAG's Policy 18 requires the annual development and update of a *Regional Short-Range Transit Plan* (RSRTP), and SAFETEA-LU requires the development of a *Locally Developed Coordinated Public Transit-Human Services Transportation Plan*. SANDAG's **Coordinated Plan** addresses these requirements and also transit performance improvements as required by the Transportation Development Act.

Coordinated Plans provide a blueprint and progress report for the performance and accountability of all publicly supported transportation providers in the region, with particular focus on the rider's perspective. During the audit period, these report were required for allocation of federal funds for Job Access and Reverse Commute (JARC, Section 5316), New Freedom (Section 5317), and Elderly Persons with Disabilities (Section 5310). SANDAG adopted Coordinated Plan in October 2010 and July 2012. With the passage of Moving Ahead for Progress in the 21st Century (MAP-21), which reauthorizes federal surface transportation programs through federal FY2014, funding sources have been consolidated and the Coordinated Plan will be required for allocation of Section 5310 funds (formula grants for enhanced mobility of seniors and individuals with disabilities).

SANDAG has designated the nonprofit FACT (Full Access and Coordinated Transit) as the regional Consolidated Transportation Services Agency to implement *Coordinated Plan* recommendations for improving social services and other non-scheduled transit and to pilot consolidation of procurement, training, dispatch, and other operational functions to achieve efficiencies. FACT receives TDA funding as well as funding through *TransNet's* Senior Mini-Grant program.

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 input from social service agencies, citizens, stakeholders, and transportation service providers. As the SRTP, 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 RTP. The appendix to the Plan documents the extent of the public outreach that is involved in developing the plan.

- Metropolitan Planning Organizations, such as SANDAG, are required by state and federal laws to develop and implement a **Regional Transportation Improvement Program (RTIP)** every two years. The RTIP is a multi-year, multi-billion 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 RTIPs in 2010 and 2012. The latest RTIP update, for the period FY2013-FY2017, implements the 2050 Regional Transportation Plan and was approved in September 2012, just after the end of the audit period.

SANDAG is currently developing the **Regional Plan**, which will consolidate the Comprehensive Plan and the 2050 Regional Transportation Plan/Sustainable Communities Strategy in a single document with a single vision and implementation program for the region. The SANDAG Board approved the merger of the two documents in May 2012; this approach is expected to enhance public participation opportunities and provide a more efficient use of the resources required to develop the plans. Public meetings to gather input on land use, transportation, housing healthy environment, public health, economic prosperity, public facilities, energy, climate changes, and borders are scheduled during May, June and July 2013. The Regional Plan is scheduled to be adopted in 2015.

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. Some of these include:

- Two studies that identify trip generation rates and parking demand and provide planning tools for smart growth development: *Trip Generation for Smart Growth* and *Parking Strategies for Smart Growth*.
- The *Work-Related Travel Survey*, for which SANDAG is currently collecting travel information from 600 San Diego County business. Survey results are intended to assist in identifying and prioritizing transportation infrastructure projects.
- The *Economic Impacts of Border Wait Times at the San Diego-Baja California Border Region*, an on-going study conducted in cooperation with Caltrans, focused first on personal travel and recently on freight movements, to show effects of wait times on productivity, industry competitiveness, and lost business income at the regional, state and national level for the U.S. and Mexico.

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. The policy committees include:

- The Regional Short Range Transit Planning Task Force, which comprises planning staff from SANDAG, MTS and NCTD, is responsible for providing input to and reviewing the Regional Short Range Transit Plan, overseeing the transit service Performance Improvement Program, and developing regional transit service policies and plans.
- 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 I-15 Project Management Team is a cooperative group of representatives from SANDAG, Caltrans, FTA, FHWA, MTS, CHP, and city representatives that oversees the I-15 Value Pricing and Managed Lane Projects.
- The Bicycle-Pedestrian Working Group assists with the bicycle element of the RTP and recommended projects for funding under the various funding programs, including *TransNet*.
- The SPRINTER Smart Growth Working group provides a forum to support smart growth development planning and projects along the new SPRINTER light rail line.
- The LOSSAN Corridor Agency is not a committee per se, but it does provide direct counsel to SANDAG's Transportation Committee. LOSSAN is staffed by SANDAG and NCTD participates as a member agency.

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

Marketing and Transportation Alternatives

SANDAG plays a limited role in marketing in the region, delegating those responsibilities to the operators. As part of the latest update to SANDAG's Policy 18, marketing responsibilities were assigned largely to the transit operators with market research activities and regional branding development to be shared by SANDAG and the operators.

SANDAG runs San Diego County's 511 Advanced Traveler Information Service. Launched in 2008, the 511 service has quickly become a key outlet because of its high web traffic. Information is available both through an automated phone system and using the www.sdcommute.com website.

- The website received over 1 million hits in its first 14 months. NCTD's Google Analytics data shows the 511 website is the number one referral website for NCTD's own site.
- The website offers the latest transit news including service changes, quick links to schedules, a transit trip planner, and real-time traffic conditions.

SANDAG's other most prominent marketing initiative is iCommute, the regional commuter assistance program. Commuting alternatives offered under iCommute include:

- Carpool/Vanpool/Schoolpool 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 \$400 monthly subsidies to groups of commuters for van rental and carpooling. The program has experienced strong growth, especially on the I-15 corridor, and there are approximately 600 vanpools in operation today.
- Employer Outreach Program – SANDAG offers assistance to employers setting up flex time and tele-commuting programs for their employees.
- Guaranteed Ride Home – In the event of an emergency, this SANDAG program ensures carpool, vanpool, Express Bus, and COASTER members and riders can get a ride home in a taxi or rental car for only a \$3 co-pay. The program covers up to three incidents annually.
- Bike locker and information program – SANDAG has helped fund over 1,000 bike lockers at over 60 transit stations, park-and-ride lots, and other locations in the region. SANDAG coordinates mechanical locker leases and issues smartcards for eLockers. SANDAG also provides bike buddy matching services and organizes bike commuting promotion events.
- iCommuteSD website – The website links to the 511 SDCommuter website, provides transit information links, and advertises the Compass Card, transit pass outlets, and various ongoing marketing initiatives.

SANDAG does sponsor and promote individual marketing campaigns such as Rideshare Week and publishes *Fare Facts*, a transit information guide for the County, as part of its responsibility for developing a regional fare policy.

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.” Additionally, *TransNet* provides 2 percent of its funding for bicycle and pedestrian transportation projects, funds which are a valuable source of matching funding for the dedicated TDA bicycle and pedestrian money.

SANDAG administers both the *TransNet* and TDA funding through its claim process set up to meet TDA requirements. The Bicycle-Pedestrian Working Group, previously discussed, reviews project applications and advances recommendations to the Transportation Committee. In addition to the Bicycle-Pedestrian Working Group, the Bayshore Bikeway Working Group promotes the Bayshore Bikeway as a regional transportation facility. Committee members include representatives from the cities along the Bikeway, the San Diego Unified Port, MTS, and a member of the bicycling community.

SANDAG allocated 2 percent of eligible TDA funds to bicycle and pedestrian projects annually during the audit period. SANDAG is in the process of developing a comprehensive bicycle and pedestrian plan to describe a regional-level strategy for un-motorized travel modes and to define important investment needs in this transportation segment.

Riding to 2050, The Regional Bike Plan, adopted in 2010, establishes a network of regional bikeway corridors for intercommunity bicycle travel and proposes a comprehensive set of programs to support bicycling in order to make the bicycle a practical means of transportation in the region.

SANDAG’s Technical Services unit provides information technology support, carries out SANDAG’s model development and modeling support, provides GIS data and services, provides data analysis and technical assistance to SANDAG’s transit planners and the operators, and is responsible for county demographic and economic forecasts. The Technical Services unit consolidates most of SANDAG’s IT-intensive functions and provides important support services for transit planners and operators.

- Technical Services is responsible for overseeing model development, modeling procedures, and data collection and for operation of the regional transportation demand model. The department is testing the integration of the TransModeler traffic microsimulation application with the travel demand model. Technical Services also oversees the ongoing development the next-generation activity-based transportation model and a land-economics urban model.
- Technical Services also develops, maintains, and documents a set of models for estimating and forecasting demographic and economic activity within the San Diego region. The department produces a set of annual demographic and economic estimates for the region and inputs for the Regional Growth Forecast as needed. During the audit period, Technical Services continued the modernization of SANDAG’s forecasting models, and continued implementation and integration of a Production Exchange and Consumption Allocation System (PECAS) model.
- Technical Services is working to increase the functionality of the Passenger Counting Program and to analyze regional-level use of the transit system. Technical Services also played an important role in the implementation of the *TransNet* Dashboard and critical internal management systems.

Grant Applications and Management

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 within the region, information sharing, and review of operator compliance with grant terms.

For federal grants, SANDAG is responsible for allocating funding and performing the responsibilities of the Metropolitan Planning Organization (MPO). Each agency (i.e., SANDAG, NCTD, MTS) is a direct grantee and is responsible for submitting its own grant applications and managing its own grants, consistent with the annual apportionments approved by the SANDAG Board. SANDAG must concur in each project and program it in the TIP. The SANDAG Board approves allocations for formula funds and the capital projects that comprise the approved funding. If funding was available for discretionary grants, SANDAG would program the funds and provide lobbying and legislative support for the operating agencies. For federal grants, SANDAG has no responsibilities for operator oversight or reporting.

For state grants, SANDAG's role depends on the program. For grants directed to MTS or NCTD, SANDAG has no involvement unless an operator asks for assistance. For grants to SANDAG where funds are passed through to another agency, SANDAG does have oversight responsibilities. In the case of formula-driven Proposition 1B transit funds, which are administered by the California Transportation Commission, SANDAG has applied for funding for regionally significant grant projects on behalf of NCTD and MTS. At SANDAG's request, the funds are directed to SANDAG, but the agency that receives the funding is responsible for meeting reporting requirements.

At the local level, *TransNet* has provided grants to both NCTD and MTS. The recipients are responsible for providing quarterly reports.

SECTION V: CONSOLIDATED TRANSPORTATION SERVICES AGENCY

Full Access & 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.

The 2006 contract between SANDAG and FACT specifies the scope of work that FACT implements under the CTSA designation by SANDAG. The scope of work includes:

- Fulfilling the intent of the Social Service Transportation Improvement Act (State Government Code Section 15951)
- Providing comprehensive information and referral assistance on transportation to transportation-disadvantaged populations
- Maintaining an active advisory council for the CTSA
- Participating in the development of the Coordinated Public Transit-Human Services Transportation Plan
- Ensuring the STRIDE Website is updated
- Submitting an annual certified fiscal audit and State Controller's report to SANDAG and to the State
- Submitting quarterly operating statistics if the CTSA provides service directly
- Submitting an annual update to the strategic business plan to SANDAG
- Ensuring proper make-up of the governing board according to the scope of services
- Expanding a coordination pilot project beyond North County.

The scope of FACT's contract with SANDAG was broadly written to encompass the intent of California's Social Service Transportation Improvement Act as well as to encourage FACT, which was then a new organization, to expand its transportation coordination services. The contract also encourages FACT to seek out additional funding sources and to continue to expand its mobility management activities beyond its immediate responsibilities to SANDAG.

FACT is a nonprofit entity with a mission statement "to assist seniors, persons with disabilities, social service recipients, and veterans in San Diego to meet their transportation needs." The agency currently employs six full time equivalent employees including an Executive Director, Grants Analyst, Service Planner, Administrative Assistant, and three Mobility Coordinators (one full time, two part time). The scope of CTSA activities FACT implements includes providing regional broker services and social service transportation information, centralized administration and dispatching, identification and consolidation of funding sources, coordinated and consolidated training programs, and combined purchasing of vehicles, supplies, and equipment. FACT makes transportation service referrals through a comprehensive database of public transportation agencies, social services agencies, faith based organizations, and specialized transportation services. The referrals can be accessed through the "Find A Ride" search tool on the FACT website (<http://www.factsd.org/>) or by calling FACT's toll free number from 9 AM to 4 PM on weekdays.

During the time that FACT has served as the CTSA, FACT has also expanded to provide additional CTSA/Mobility Management transportation services. One of those services is the RideFACT program that started in January 2012 and expanded in July 2012. RideFACT is a transportation service to all cities in San Diego County as well as Ramona and Spring Valley. The new service provides general purpose trips for seniors (60+) seven days a week. The service operates as a brokerage which first refers callers to existing transportation services. If the senior's needs are unable to be met by any of the available services, FACT will provide the ride. RideFACT is funded by *TransNet* Senior Mini Grants.

FACT uses contractors in its brokerage that compete amongst one another resulting in lower rates charged for the service. FACT currently has the following seven brokerage contractors:

- Care 4 U Mobility
- Sol Transportation
- Transit Van Shuttle
- AAA Transport
- Alpha Project
- Renewing Life
- Open Road Services

FACT's non-brokerage partners are Yellow Cab and 24/7 Taxicab. FACT also routinely refers trips to volunteer driver services, but FACT does not have control over the outcomes of the referrals.

Planned services in the near future include MedAccessRIDE which will provide non-emergency medical transportation for individuals with disabilities in North San Diego County. Also, transportation for veterans and military families will be administered by 211 San Diego, the region's information and referral provider for health and human services, with support from FACT and SANDAG.

Select statistics are shown below for recent FACT activities.

FACT Activity, FY 2012-2013 YTD

External referrals	1,520
Referrals to RideFACT	6,175
Web hits	8,978
RideFACT one-way trips	4,101
Average distance per one-way trip	Approx 12 miles
Contractor cost per one-way trip	\$20.52

Source: FACT

Accomplishments and Challenges

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

- Business Plan Update covering FY2012-FY2017
- Maintenance of the referral service
- Merger of the STRIDE database with the FACT website for improved on-line search functionality. The database of members is about 150 customers.
- Commencement of rural transportation service to Ramona in September 2010³
- Addition of non-brokerage taxi partners in January 2012
- Commencement of RideFACT
- Working with 211 San Diego to enable 24 hour service.

³ This service is different from RideFACT, which was subsequently terminated in September 2011 when NCTD began providing service.

FACT has been working to develop more cost effective brokerage trips. The following table shows the change in the cost of providing a trip during the first nine months of FY 2012:

Sample Provider Cost Per Trip

Cost of 5 mile trip	Jul 2012	Mar 2013	% change
Provider 1	\$17.50	\$10	-42.9%
Provider 2	\$18.00	\$13	-27.8%
Provider 3	\$19.90	\$13.75	-30.9%
Provider 4	\$40.00	\$14.40	-64.0%

Source: FACT

In early 2013, after the end of the current audit period, MTS and FACT collaborated on the acquisition of vehicles. MTS donated retired vehicles to non-profits in the MTS service area through an application selection process. Fourteen non-profits submitted applications for 24 vehicles. Six applicants were selected and were awarded ten vehicles including one vehicle awarded to Renewing Life, one of the contractors in FACT's brokerage.

A primary challenge facing FACT is long term, sustainable funding solutions. A five-year forecast developed by FACT for mobility management/CTSA shows a potential net operating deficit approaching \$50,000 by FY 2015, the third year of the forecast, as a result of funds that were expected but not yet committed at the time the forecast was prepared. A FACT board workshop was held in March 2013 to review the goals, services and projections of the non-profit agency.

Another challenge is the nature of the transportation that FACT provides, which has largely been single passenger trips that are costly and difficult to sustain. There is a trade-off between balancing cost effective brokerage with customer convenience. FACT does not currently have software to assist in the reservations process. FACT has indicated that it will procure scheduling software in the near term and evaluate accepting more cost-effective subscription trips.

Compliance with TDA

There are two TDA compliance areas reviewed by the performance audit that 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 99275.5). The second is ensuring that the CTSA is represented on the SANDAG Social Service Transportation Advisory Council (PUC 99238). FACT, in coordination with SANDAG, is in compliance with both measures. Based on meeting minutes of the SSTAC, two staff from FACT serve on SSTAC in compliance with the TDA membership requirements.

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. FACT leverages TDA funds to obtain federal New Freedom grants as well as *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. The amount of TDA claimed by FACT as the CTSA was \$91,913 in FY 2010, \$95,000 in FY 2011, and \$108,703 in FY 2012. As shown in FACT's TDA claims, TDA funds are

used to cover personnel, contract services, operations, and travel expenditure line items. According to the annual work plan that is submitted with FACT's TDA claim, FACT also uses its TDA Article 4.5 funding as matching funds for expenses that are funded by other sources such as New Freedom and *TransNet* Senior Mini Grants. Because FACT's primary point of contact at SANDAG is in the Planning section, FACT's TDA claims are reviewed at SANDAG by both Finance and Planning staff. FACT's TDA claims are approved as part of the annual TDA claims process by resolution of the SANDAG Board.

SECTION VI: CONCLUSIONS AND RECOMMENDATIONS

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

Progress to Implement Prior Audit Recommendations – SANDAG implemented key elements of the four prior audit recommendations:

- 1) SANDAG should make updates to Board Policy 27 to ensure the document's language remains accurate.
- 2) SANDAG should work to improve cooperation between the operators and to ensure that regional transit connections remain passenger friendly.
- 3) SANDAG should consider implementing a financial risk management strategy to account for revenue downturns.
- 4) SANDAG should continue steps to improve the ridership counting methodology for MTS Trolley.

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.

As noted previously, progress on capital projects included renewal of existing Trolley lines, continuation of the Mid-Coast Corridor Transit Project, COASTER track improvements, implementation of the SuperLoop service in North University City and planning for the Mid-City and South Bay Bus Rapid Transit services. Also during this period, SANDAG acquired the SR 124 Toll Road (the South Bay Expressway) and worked with MTS, NCTD and Amtrak, as well as other agencies, to plan improvements to the LOSSAN corridor. The Compass Card was fully implemented and monthly passes and other fare instruments were transitioned to the card.

SANDAG met its responsibility to update key transportation documents with the adoption of the 2050 RTP/SCS, the preparation of the biennial Coordinated Public Transit and Human Services Transportation Plan, and the adoption of the Regional Bicycle Plan. To meet SB 375's Sustainable Communities Strategy requirement and the Urban Area Transit Strategy, SANDAG expended more resources on the 2050 RTP/SCS than on prior RTPs to complete the modeling required to meet the 2050 RTP's longer planning horizon and more complex requirements.

SANDAG also faced some challenges during the audit period, including reduced funding levels for both capital projects and transit operations. Reductions in funding for capital projects were largely offset by lower contractor bid prices, but funding losses for transit operations resulted in substantial cuts in service levels for both MTS and NCTD. As the economy has improved, some of those service cuts have been restored and ridership has improved, but ridership overall has yet to return to pre-recession levels.

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

- 1) SANDAG and FACT should work together to review the scope of FACT's contractual responsibilities and to identify and pursue additional funding sources to support its activities as the CTSA.
- 2) SANDAG should consider providing, and requiring the operators to provide, management responses to audit recommendations.

- 3) SANDAG should work with NCTD and MTS to identify and develop opportunities to define fare policies that enhance connectivity between the two operating agencies and with other connecting providers of public transportation services, such as Amtrak and Metrolink.

Recommendation 1: SANDAG and FACT should work together to review the scope of FACT's contractual responsibilities and to identify and pursue additional funding sources to support its activities as the CTSA.

Issues and Opportunities – In audit discussions about FACT's role as the CTSA for San Diego County, it has become apparent that FACT's original scope of work under its contract with SANDAG is broad and that as a result of the growth in services provided by FACT, there may be some ambiguity about FACT's specific responsibilities to SANDAG. It is recognized that the contract was written at a time when FACT was a new organization and interested in expanding its role in coordinating transportation services and mobility management in the region – an interest which continues today. However, although FACT's broad range of services could fall under the umbrella terms of a CTSA that fulfills the intent of Section 15951 of the Government Code (Social Service Transportation Improvement Act), the current contract makes it challenging to distinguish between FACT's CTSA responsibilities under the SANDAG contract, and the broader mobility management services FACT provides.

FACT claims TDA Article 4.5 funds to cover expenditures incurred in meeting its contractual CTSA responsibilities. The SANDAG contract also encourages FACT to leverage its TDA dollars to obtain additional funding sources to support its CTSA-related goals and activities. FACT has accomplished this through being awarded Federal New Freedom grants and *TransNet* Senior Mini Grants. As the RTPA, one of SANDAG's responsibilities is to provide assistance with grants. Given these responsibilities and the scarcity of transportation funding in the region, SANDAG and FACT should also work together to identify and pursue additional funding sources to support FACT's CTSA-related activities.

Recommended Actions – SANDAG and FACT should work together to review and clarify the scope of the CTSA contract. The budget FACT submits with its TDA claim should be consistent with its current CTSA responsibilities delegated by SANDAG. The budget claim should reflect the full revenues and expenditures applied to meet FACT's responsibilities under the CTSA contract. As a component of SANDAG's review and approval of the annual FACT claim for TDA funds, SANDAG and FACT should consider inclusion of the adopted full FACT budget in the claim approval process given that this document clarifies the overall scope of FACT's activities and funding sources that are supported by or leveraged through TDA. As FACT already submits its adopted budget to SANDAG Planning, this would require no additional commitment by either agency, but ensures increased transparency and improved oversight prior to the allocation of TDA. In addition, as part of its responsibilities as the RTPA, SANDAG should work with FACT to identify and pursue funding sources or other solutions to fund FACT programs and services.

Expected Results – SANDAG's contract will more accurately depict FACT's growing responsibilities as the CTSA for San Diego County and further distinguish FACT's CTSA activities. SANDAG, under its obligation in state law as the custodian of TDA funds for the County, will also have increased transparency and improved oversight prior to the allocation of TDA revenue. In addition, SANDAG and FACT will increase capacity through partnership to further pursue alternative transportation funding for CTSA activities.

SANDAG Response – SANDAG concurs with this recommendation. Since the date of the original contract execution date with the CTSA, FACT's role has expanded beyond its contractual role as the region's CTSA. SANDAG will work with FACT to clearly review and clarify the scope of the CTSA contract. Additionally, SANDAG will continue to work closely with FACT on a regular basis to help identify additional funding sources to support FACT's CTSA-related activities.

Recommendation 2: SANDAG should consider providing, and requiring the operators to provide, management responses to audit recommendations.

Issues and Opportunities – Although management responses to performance audit recommendations are not required by Caltrans' *Performance Audit Guidebook*, audits conducted under the guidance of the U.S. Government Accountability Office's Government Auditing Standards (the "Yellow Book") and standard auditing practices include obtaining such management responses. This provides an opportunity for the auditee to respond officially to the specifics of each recommendation, to ensure that there is a common understanding of each recommendation, to agree or disagree with each recommendation, and (if applicable) to commit to achieving each recommendation and providing a specified timeframe for doing so.

Recommended Actions – SANDAG should consider providing, and requiring the operators to provide, management responses to audit recommendations, with the objective of confirming intent and timeframes for responding to audit recommendations.

Expected Results – Clarify understanding of and commitment to implementing performance audit recommendations, as well as timeframes for achieving implementation.

SANDAG Response – SANDAG concurs with this recommendation and will require that both SANDAG and the operators (and the CTSA, when appropriate) provide an official agency management response to each respective recommendation starting from this performance audit and moving forward in future audits. SANDAG finds that this recommendation, though not required by law, will demonstrate a general understanding of the recommended items and will systematically initiate action (if needed) on the proposed recommendation. SANDAG welcomes the opportunity to incorporate this best-practice strategy.

Prior to the final audit report submittal, the SANDAG project manager for the TDA Performance Audit will work with the appropriate agency management staff (MTS, NCTD, CTSA and SANDAG) to compile official responses to the recommendations. The recommendation response will be included in each agency's final report for the current audit period. Additionally, the recommendations and corresponding responses will be included in the SANDAG Transportation Committee and Board of Directors agenda items for the TDA Audits.

Recommendation 3: SANDAG should work with NCTD and MTS to identify and develop opportunities to define fare policies that enhance connectivity between the two operating agencies and with other connecting providers of public transportation services, such as Amtrak and Metrolink.

Issues and Opportunities – The last several performance audits have included recommendations to the effect that SANDAG, NCTD and MTS should work together to coordinate transit service delivery strategies and fare policies to enhance connectivity. The three agencies have made progress in improving connectivity (e.g., by linking the operators' service delivery objectives and targets to goals and objectives in the Regional Short Range Transit Plan).

Recommended Actions – This audit provides a similar recommendation, to the effect that SANDAG, NCTD and MTS should work together to continue to identify and develop opportunities to define fare policies to enhance connectivity between the two operating agencies and with other connecting providers of public transportation services, such as Amtrak and Metrolink.

Expected Results – Continued connectivity enhancements among providers of public transportation services the region.

SANDAG Response – SANDAG agrees with this recommendation and will continue to coordinate with its partners to define fare policies to enhance inter- and intra-regional connectivity. As the agency currently responsible for setting the regional fare policy, SANDAG works regularly with the operators to discuss

opportunities to coordinate service delivery and enhance regional connectivity. SANDAG recognizes the opportunity to coordinate fare structures with other feeder/complementary agencies, such as MetroLink and Amtrak. In the past, SANDAG has worked through differing fare and operating structures and budgets with such agencies and will continue to seek opportunities to streamline operations and services as appropriate. Recently SANDAG has been working with NCTD on fare issues for a proposed interlining of COASTER and Metrolink services.