# San Bernardino County Transportation Authority

## TDA TRIENNIAL PERFORMANCE AUDIT, FY 2021 – FY 2023

FINAL REPORT
FEBRUARY 2024

moore & associates

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# Table of Exhibits

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# Chapter 1 | Executive Summary

The Triennial Performance Audit of the San Bernardino County Transportation Authority (SBCTA) covers a three-year period ending June 30, 2023. . The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2023, the SBCTA selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the five transit operators to which it allocates TDA funding. . Moore & Associates is a consulting firm specializing in public transportation. . Selection of the consultant followed a competitive procurement process.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the SBCTA's programs for the period:

- Fiscal Year 2020/21,
- Fiscal Year 2021/22, and
- Fiscal Year 2022/23.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The review was also conducted in accordance with the processes established by the California Department of Transportation, as outlined in the Pe*rformance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

1. Compliance requirements,
2. Follow-up of prior recommendations,
3. Analysis of internal goal setting and strategic planning efforts,
4. Review of the RTPA's functions and activities, and
5. Findings and recommendations.

## Test of Compliance

The San Bernardino County Transportation Authority adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner.

### Status of Prior Recommendations

The prior Triennial Performance Audit – completed in 2021 by Michael Baker International for the three fiscal years ending June 30, 2020 – included the following recommendations:

1. Communicate with the operators regarding the required submission of their full Productivity Improvement Program report in the TDA claim.
   **Status:** Implemented.

2. Update the SBCTA TDA Claims Manual.
   **Status:** Implemented.

3. Update the SBCTA TDA Claims Checklist
   **Status:** Implemented.

### Goal Setting and Strategic Planning

The primary planning document for an RTPA is typically the Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS). The RTP is a long-range (25-year) transportation plan providing a vision for regional transportation investments. The Sustainable Communities Strategy (SCS) element, required under SB 375, demonstrates the integration of land use, transportation strategies, and transportation investments that will help meet regional greenhouse gas reduction targets.

While SBCTA is the Subregional Planning Agency for San Bernardino County, it is not responsible for preparing the Regional Transportation Plan. As a member of the Southern California Association of Governments (SCAG), which serves as the Metropolitan Planning Organization for the region, San Bernardino County is included within SCAG’s Connect SoCal Plan, which serves as the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) for the six-county area. The current RTP/SCS was adopted on September 3, 2020, by SCAG’s Regional Council and spans the 25-year period between 2020 and 2045. The draft 2024 update was released for a 72-day public comment period in November 2023 and is expected to be adopted by June 2024. The Regional Council includes eight representatives from San Bernardino County as well as a representative from SBCTA.

As the Subregional Planning Agency, SBCTA’s primary role in preparation of the RTP/SCS is two-fold. First, to provide the transportation projects for the subregion, which go into the modeling run by SCAG. Second, to work with jurisdictions to come up with projections for household, employment, etc. as part of the land-use component. SBCTA’s San Bernardino Transportation Analysis Model (SBTAM) is more refined than SCAG’s. It predicts where and how much growth there will be in the jurisdictions. All of this information is provided to SCAG for inclusion in the RTP/SCS.

To build upon the RTP/SCS and provide for more focused regional planning, SBCTA prepares the San Bernardino Countywide Transportation Plan. SBCTA completed an interim update in 2021. In 2023, SBCTA initiated its Long Range Multimodal Transportation Plan (LRMTP) as a major update to the Countywide Transportation Plan to develop a comprehensive transportation vision through 2045/2050. The LRMTP is expected to be completed in Fall/Winter 2024.

Other subregional planning efforts undertaken by SBCTA during the audit period include the Comprehensive Sidewalk Connectivity Plan (Phase II completed in February 2023), the Inland Empire Comprehensive Multimodal Corridor Plan (a joint effort with Caltrans, SCAG, and the Riverside County Transportation Commission updated in November 2022), and the 2021 – 2025 Public Transit-Human Services Transportation Plan for San Bernardino County (completed in June 2021).

### Findings and Recommendations

Based on the current review, we submit no TDA compliance or functional findings.

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# Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the San Bernardino County Transportation Authority (SBCTA) covers the three-year period ending June 30, 2023. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2023, the SBCTA selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the five transit operators to which it allocates funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of Moore & Associates followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of SBCTA as the designated RTPA for San Bernardino County. Direct benefits of a triennial performance audit include providing RTPA management with information on the economy, efficiency, and effectiveness of their programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC 99246(a) that the RTPA designate an independent entity other than itself to conduct a performance audit of its activities as well as those of each operator to whom it allocates TDA funding.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Auditing Standards* published by the U.S. Comptroller General.

### Objectives

A Triennial Performance Audit has four primary objectives:

1. Assess compliance with TDA regulations,
2. Review actions taken by the RTPA to implement prior recommendations,
3. Evaluate the efficiency and effectiveness of the RTPA through a review of its functions, and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the RTPA.

## Scope

The Triennial Performance Audit is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the regional transportation planning agency. The audit of SBCTA included five tasks:

1. Review of compliance with TDA requirements and regulations.
2. Assessment of the implementation status of recommendations included in the prior Triennial Performance Audit.
3. Analysis of SBCTA's internal goal setting and strategic planning functions.
4. Examination of the following functions:
    - Administration and Management,
    - Transportation Planning and Regional Coordination,
    - Claimant Relationships and Oversight,
    - Marketing and Transportation Alternatives, and
    - Grant Applications and Management.
5. Recommendations to address opportunities for improvement based on analysis of the information collected and the review of the RTPA's core functions.

## Methodology

The methodology for the Triennial Performance Audit of the San Bernardino County Transportation Authority as the RTPA included thorough review of documents relevant to the scope of the review, as well as information contained on SBCTA's website. The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit reports for the prior review period;
- Annual budgets;
- Audited financial statements;
- State Controller Reports;
- Agency organizational chart;
- Board meeting minutes and agendas;
- Policies and procedures manuals;
- Regional planning documents;
- Overall work plans;
- Article 8 Unmet Transit Needs documentation;
- TDA claims manual; and
- TDA and transit funding allocations to operators.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a site visit with SBCTA representatives on September 26, 2023. The audit team met with SBCTA staff and reviewed materials germane to the triennial audit. Staff participating in the site visit included the following:

- Nancy Strickert, Transit Manager;
- Vanessa Schoenewald, Management Analyst III;
- James Mejia, Management Analyst II;

- Marleana Roman, Clerk of the Board/Administrative Supervisor;
- Hilda Flores, Chief Financial Officer;
- Colleen Franco, Director of Management Services;
- Tim Watkins, Chief of Legislative and Public Affairs;
- Lisa Lazzar, Chief of Fiscal Resources;
- Vedic Lee, Accounting Supervisor; and
- Nicole Soto, Multimodal Mobility Programs Administrator.

The report is comprised of seven chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the audit and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
    - Compliance with statutory and regulatory requirements,
    - Progress in implementing prior recommendations,
    - Goal setting and strategic planning,
    - Functional review, and
    - Findings and recommendations.

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# Chapter 3 | Overview of SBCTA

The San Bernardino County Transportation Authority was originally formed as the San Bernardino Associated Governments (SANBAG) in 1973. In 2017, as a result of Senate Bill 1305 (Morell), SANBAG was split into the San Bernardino County Transportation Authority (SBCTA), which serves as the transportation planning, funding, and major project delivery agency for San Bernardino County; and the San Bernardino Council of Governments (SBCOG), which serves as the Council of Governments. Member jurisdictions for both agencies include the County of San Bernardino; the towns of Apple Valley and Yucca Valley; and the cities of Adelanto, Barstow, Big Bear Lake, Chino, Chino Hills, Colton, Fontana, Grand Terrace, Hesperia, Highland, Loma Linda, Montclair, Needles, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Twentynine Palms, Upland, Victorville, and Yucaipa.

San Bernardino County covers an area of more than 20,000 square miles and is the largest county by area in the contiguous United States. The population in 2020 was approximately 2.1 million, with the largest population center in the southwest corner of the county (including the Victor Valley). Much of the rest of the county is rural in nature. Five transit operators receive TDA funding through SBCTA: Omnitrans, Victor Valley Transit Authority, Mountain Transit, Basin Transit, and City of Needles.

## Roles

The SBCTA serves many functions within the region. The following five roles were consolidated into the SBCTA as part of Senate Bill 1305 (Morell).

- Subregional Planning Agency. The SBCTA is responsible for representing the San Bernardino County subregion and assisting the Southern California Association of Governments (SCAG) in its role as the metropolitan planning organization (MPO) for the six-county Southern California region. SBCTA performs studies and prepares plans specific to the subregion and contributes subregional input to SCAG's broader regional activities.

- Service Authority for Freeway Emergencies (SAFE). The SBCTA is responsible for operation and administration of roadside call boxes in San Bernardino County.

- County Transportation Commission. The SBCTA is responsible for short- and long-range transportation planning, including coordination of public transportation services, approval of capital projects for public transit and highway projects, and staging/scheduling construction for projects included in the Transportation Improvement Program.

- County Transportation Authority. The SBCTA is responsible for administering a half-cent transportation sales tax (Measure I) which funds major freeway construction, commuter rail service, local street and road improvements, specialized transportation services, traffic management efforts, and environmental enhancement efforts.

- Congestion Management Agency. As the designated Congestion Management Authority for San Bernardino County, the SBCTA is responsible for coordinating land-use, transportation planning, and air quality so as to consider the impacts of new developments and promotes air quality improvement.

The SBCTA's core mission is to improve the quality of life and mobility in San Bernardino County. It achieves this by:

- Making all transportation modes as efficient, economical, and environmentally responsible as possible;
- Envisioning the future, embracing emerging technology, and innovating to ensure its transportation options are successful and sustainable;
- Promoting collaboration among all levels of government;
- Optimizing its impact in regional, state, and federal policy and funding decisions; and
- Using all revenue sources in the most responsible and transparent way.

The San Bernardino County Transportation Authority, along with the San Bernardino Council of Governments, is governed by a joint Board of Directors comprised of one elected official from each of the 24 member jurisdictions in San Bernardino County, five San Bernardino County supervisors, and one *ex officio* member representing Caltrans. The Board meets on the first Wednesday of each month at 10:00 a.m. Regular meetings are held in the conference room at SBCTA's administrative offices, located at 1170 West Third Street in San Bernardino.

The SBCTA Board has one subcommittee: the I-10 and I-15 Corridor Joint Sub-Committee.

*I-10 and I-15 Corridor Joint Sub-Committee.* The sub-committee will provide space for discussion and understanding of issues pertaining to the I-10 and I-15 corridor improvements. Meetings are held on the second Thursday at 10:00 a.m. following the Metro Valley Board Study Session.

The SBCTA has eight additional committees that advise the SBCTA  Board.

*General Policy Committee.* The General Policy Committee provides general policy oversight and policy direction with respect to administrative issues, policies, budget, finance, audit, and personnel issues for the organization. Meetings are held on the second Wednesday of the month at 9:00 a.m.

*Legislative Policy Committee (LPC).* The LPC is authorized to take positions on state and federal legislation, regulations, policies, and issues on behalf of the Board, that are consistent with SBCTA/SBCOG's platform. Meetings are held on the second Wednesday of the month at 9:30 a.m.

*Transit Committee.* The Transit Committee provides policy guidance and recommendations to the SBCTA Board of Directors with respect to commuter rail and transit service in San Bernardino County. Meetings are held on the second Thursday of the month at 9:00 a.m.

*Metro Valley Board Study Session.* This committee (previously the Major Projects committee) provides policy guidance and recommendations to the Board of Directors on issues related to the

Measure I Major Projects in the valley region. Meetings are held on the second Thursday of the month at 9:30 a.m.

*Mountain/Desert Committee.* The Mountain/Desert committee provides ongoing policy level oversight related to the full array of SBCTA responsibilities as they pertain specifically to the mountain/desert region. Meetings are held on the third Friday of the month at 9:30 a.m.

*City/County Manager Technical Advisory Committee.* This committee provide a forum for the chief executives of SBCTA's member agencies to become informed about and discuss issues facing the region. It also provides a forum for the discussion of items of mutual concern and a way to cooperate regionally in addressing those concerns. Meetings are held on the first Thursday of the month at 10:00 a.m.

*Public and Specialized Transportation Advisory and Coordination Council (PASTACC).* The PASTACC is an advisory body to the San Bernardino County Transportation Authority addressing public transit and specialized transportation needs, issues and opportunities. Meetings are held on the second Tuesday of the month at 10:00 a.m.

*Independent Taxpayer Oversight Committee (ITOC).* This committee provides citizen review to ensure that all Measure I funds are spent by the San Bernardino County Transportation Authority (hereby referred to as the Authority) in accordance with provision of the Expenditure Plan and Ordinance No. 04-01. The committee meets approximately four times per year.

Representatives serving on the SBCTA Board of Directors during the audit period included the following:

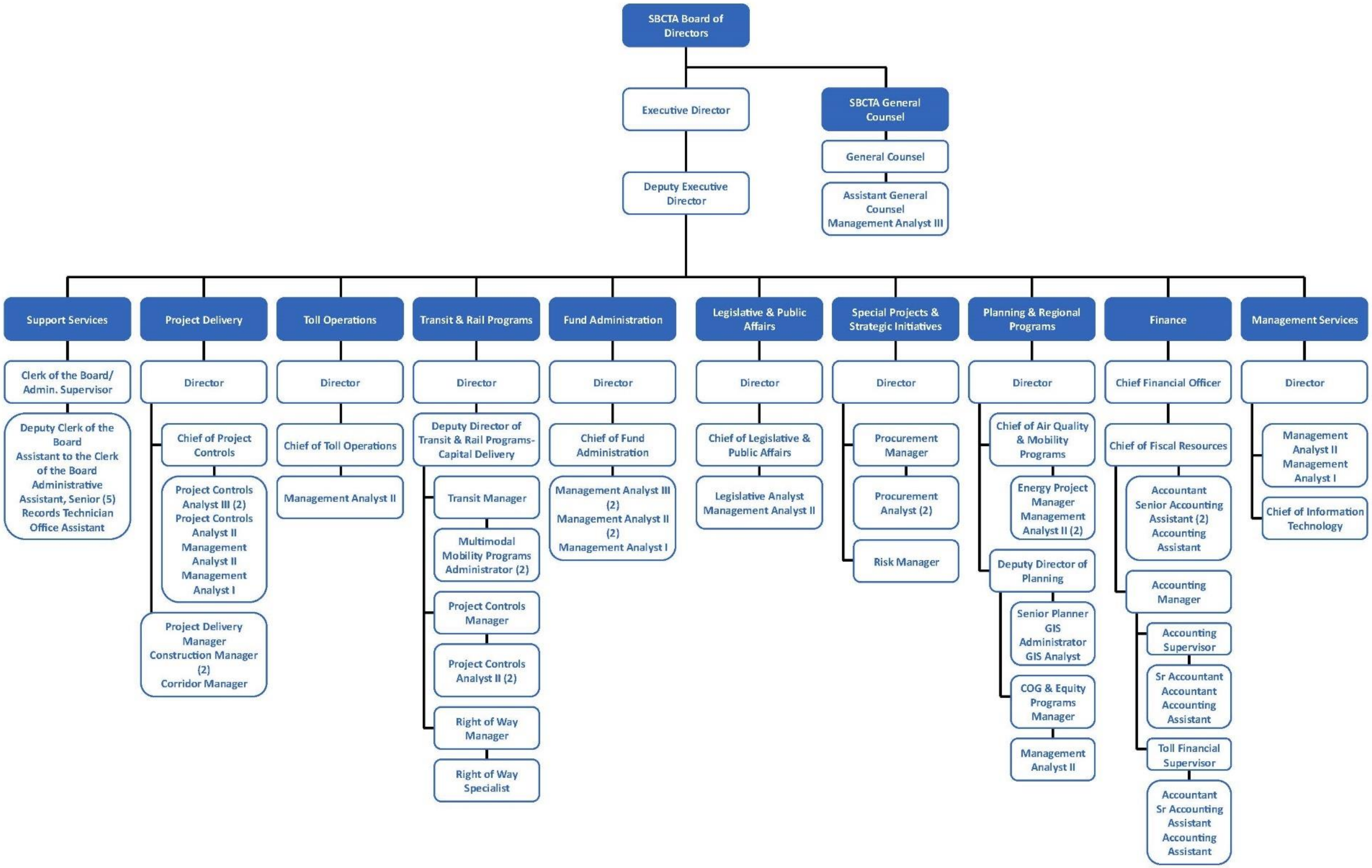
- Gabriel Reyes, City of Adelanto (2020 - 2021)
- Daniel Ramos, City of Adelanto (2021 - 2023)
- Art Bishop, Town of Apple Valley (2020 - 2023)
- Julie McIntyre, City of Barstow (2020 - 2021)
- Paul Courtney, City of Barstow (2021 - 2023)
- Bill Jahn, City of Big Bear Lake (2020 - 2021)
- Rick Herrick, City of Big Bear Lake (2021 - 2023)
- Eunice Uloa, City of Chino (2020 - 2023)
- Ray Marquez, City of Chino Hills (2020 - 2023)
- Frank Navarro, City of Colton (2020 - 2023)
- Acquanetta Warren, City of Fontana (2020 - 2023)
- Darcy McNaboe, City of Grand Terrace (2020 - 2022)
- Sylvia Robles, City of Grand Terrace (2023)
- Rebekah Swanson, City of Hesperia (2020, 2022 - 2023)
- Cameron Gregg, City of Hesperia (2021)
- Larry McCallon, City of Highland (2020 - 2023)
- Rhodes Rigsby, City of Loma Linda (2020 - 2023)
- John Dutrey, City of Montclair (2020 - 2023)
- Edward Paget, City of Needles (2020 - 2022)
- Janet Jernigan, City of Needles (2023)

- Alan Wapner, City of Ontario (2020 - 2023)
- L. Dennis Michael, City of Rancho Cucamonga (2020 - 2023)
- Toni Momberger, City of Redlands (2020 - 2021)
- Paul Barich, City of Redlands (2021 - 2023)
- Deborah Robertson, City of Rialto (2020 - 2023)
- John Valdivia, City of San Bernardino (2020 - 2022)
- Helen Tran, City of San Bernardino (2023)
- Joel Klink, City of Twentynine Palms (2020 - 2023)
- Debbie Stone, City of Upland (2020 - 2021)
- Carlos A. Garcia, City of Upland (2021 - 2022)
- Rudy Zuniga, City of Upland (2023)
- Jim Cox, City of Victorville (2020 - 2021)
- Debra Jones, City of Victorville (2021 - 2023)
- David Avila, City of Yucaipa (2020 - 2022)
- Bobby Duncan, City of Yucaipa (2023)
- Rick Denison, Town of Yucca Valley (2020 - 2023)
- Robert Lovingood, County of San Bernardino (2020 - 2021)
- Paul Cook, County of San Bernardino (2021 - 2023)
- Janice Rutherford, County of San Bernardino (2020 - 2022)
- Dawn Rowe, County of San Bernardino (2020 - 2023)
- Curt Hagman, County of San Bernardino (2020 - 2023)
- Joe Baca Jr., County of San Bernardino (2021 - 2023)
- Josie Gonzales, County of San Bernardino (2020 - 2021)
- Jesse Armendarez, County of San Bernardino (2023)
- Michael Beauchamp, Caltrans (ex officio 2020 - 2021)
- Diane Morales, Caltrans (interim ex officio 2022)
- Catalino Pining, Caltrans (ex officio 2023)
- Ray Wolfe, SBCTA Executive Director (2020 - 2023)
- Julianna Tillquist, General Counsel (2020 - 2023)

### Organization

SBCTA's Executive Director reports to the Board and oversees staff in ten departments—Support Services, Project Delivery, Toll Operations, Transit and Rail Programs, Fund Administration, Legislative and Public Affairs, Special Projects and Strategic Initiatives, Planning and Regional Programs, Finance, Management Services. SBCTA's General Counsel reports directly to the Board. An organizational chart is provided in Exhibit 3.1.

Exhibit 3.1 Organizational Chart (FY 2021/22)




*Source: SBCTA.*

### Goal setting and strategic planning

The primary planning document for an RTPA is typically the Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS). The RTP is a long-range (25-year) transportation plan providing a vision for regional transportation investments. The Sustainable Communities Strategy (SCS) element, required under SB 375, demonstrates the integration of land use, transportation strategies, and transportation investments that will help meet regional greenhouse gas reduction targets.

While the SBCTA is the Subregional Planning Agency for San Bernardino County, it is not responsible for preparing the Regional Transportation Plan. As a member of the Southern California Association of Governments (SCAG), which serves as the Metropolitan Planning Organization for the region, San Bernardino County is included within SCAG's Connect SoCal Plan, which serves as the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) for the six-county area. The current RTP/SCS was adopted on September 3, 2020, by SCAG's Regional Council and spans the 25-year period between 2020 and 2045. The draft 2024 update was released for a 72-day public comment period in November 2023 and is expected to be adopted by June 2024. The Regional Council includes eight representatives from San Bernardino County as well as a representative from the SBCTA.

As the Subregional Planning Agency, the SBCTA's primary role in preparation of the RTP/SCS is two-fold. First, to provide the transportation projects for the subregion, which go into the modeling run by SCAG. Second, to work with jurisdictions to come up with projections for household, employment, etc. as part of the land-use component. The SBCTA's San Bernardino Transportation Analysis Model (SBTAM) is more refined than SCAG's. It predicts where and how much growth there will be in the jurisdictions. All of this information is provided to SCAG for inclusion in the RTP/SCS.

The Connect SoCal plan primarily looks at the region as a whole, rather than planning for each county individually. While some key projects are identified by county, the majority of the plan takes a more holistic view. The RTP/SCS does set forth a series of goals and guiding principles that are applicable across the region.

Exhibit 3.2 Connect SoCal Goals

| Goals | |
|---|---|
| 1 | Encourage regional economic prosperity and global competitiveness. |
| 2 | Improve mobility, accessibility, reliability, and travel safety for people and goods. |
| 3 | Enhance the preservation, security, and resilience of the regional transportation system. |
| 4 | Increase person and goods movement and travel choices within the transportation system. |
| 5 | Reduce greenhouse gas emissions and improve air quality. |
| 6 | Support healthy and equitable communities. |
| 7 | Adapt to a changing climate and support an integrated regional development pattern and transportation network. |
| 8 | Leverage new transportation technologies and data-driven solutions that result in more efficient travel. |
| 9 | Encourage development of diverse housing types in areas that are supported by multiple transportation options. |
| 10 | Promote conservation of natural and agricultural lands and restoration of habitats. |

Exhibit 3.3 Connect SoCal Guiding Principles

| Guiding Principles | |
|---|---|
| 1 | Base transportation investments on adopted regional performance indicators and MAP-21/FAST Act regional targets. |
| 2 | Place high priority for transportation funding in the region on projects and programs that improve mobility, accessibility, reliability and safety, and that preserve the existing transportation system. |
| 3 | Assure that land use and growth strategies recognize local input, promote sustainable transportation options, and support equitable and adaptable communities. |
| 4 | Encourage RTP/SCS investments and strategies that collectively result in reduced non-recurrent congestion and demand for single occupancy vehicle use, by leveraging new transportation technologies and expanding travel choices. |
| 5 | Encourage transportation investments that will result in improved air quality and public health, and reduced greenhouse gas emissions. |
| 6 | Monitor progress on all aspects of the Plan, including the timely implementation of projects, programs, and strategies. |
| 7 | Regionally, transportation investments should reflect best-known science regarding climate change vulnerability, in order to design for long term resilience. |

To build upon the RTP/SCS and provide for more focused regional planning, SBCTA prepares the San Bernardino Countywide Transportation Plan. The SBCTA completed an interim update in 2021. In 2023, SBCTA initiated its Long Range Multimodal Transportation Plan (LRMTP) as a major update to the Countywide Transportation Plan to develop a comprehensive transportation vision through 2045/2050. The LRMTP is expected to be completed in Fall/Winter 2024.

Core elements of the vision for the Countywide Transportation Plan focus on multimodal mobility while reflecting goals contained in the Connect SoCal plan, the California Transportation Plan 2050, the AB 32 Scoping Plan, and Caltrans' Climate Action Plan for Transportation Infrastructure, as well as SB 32 greenhouse gas reduction goals and SB 743 VMT reduction goals. These core elements include:

- **Build on "the network"** by focusing on origin-to-destination connectivity.
- **Focus on the traveling customer** by tailoring modes, support strategies, and marketing to the needs of those being served.
- **Encourage transit-oriented development (TOD)** by working with local agencies and the private sector and incentivizing TOD projects where practical.
- **Invest in technology** with an ultimate goal of a fully integrated system.
- **Coordinate and collaborate** across SBCTA departments and with transit and mobility partners.
- **Support quality of life, health, sustainability, and equity** by ensuring transportation investments are having the intended/desired impacts.
- **Evaluate programs and services** to determine what is working, what should be improved or expanded, and what should be eliminated.

Other subregional planning efforts undertaken by the SBCTA during the audit period include the Comprehensive Sidewalk Connectivity Plan (Phase II completed in February 2023), the Inland Empire Comprehensive Multimodal Corridor Plan (a joint effort with Caltrans, SCAG, and the Riverside County

Transportation Commission updated in November 2022), and the 2021 – 2025 Public Transit-Human Services Transportation Plan for San Bernardino County (completed in June 2021).

# Chapter 4 | Program Compliance

This section examines the San Bernardino County Transportation Authority's compliance with the State of California's Transportation Development Act as well as relevant sections of California's Public Utilities Commission code. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. Although compliance verification is not a Triennial Performance Audit function, several specific requirements concern issues relevant to the performance audit. The Triennial Performance Audit findings and related comments are delineated in Exhibit 3.1.

Compliance was determined through discussions with SBCTA staff as well as an inspection of relevant documents, including the fiscal audits for each year of the triennium. Also reviewed were planning documents, Board actions, and other related documentation.

No compliance issues were identified for the SBCTA.

## Developments Occurring During the Audit Period

The FY 2020/21 – FY 2022/23 audit period was the first to occur entirely after the onset of the COVID-19 pandemic. The pandemic resulted in significant declines in ridership and fare revenue, and recovery from those impacts continues beyond FY 2022/23. Most transit programs have yet to return to pre-pandemic ridership and fare levels.

In California, two notable pieces of legislation were passed that impact compliance during the audit period. These bills were intended to provide emergency relief during the pandemic, thereby ensuring transit operators continue to receive TDA funding despite significant impacts to key performance measures. Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. While the ability to maintain state mandates and performance measures is important, AB 90 offered much-needed relief from these requirements for these years initially impacted by the COVID-19 pandemic. AB 90 included provisions specific to transit operator funding through the TDA, including temporary farebox recovery ratio waivers, changes regarding the allocation of STA funds, and eligibility for using STA for operating purposes.

Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. Recognizing the ongoing impact of the COVID-19 pandemic, it extended the provisions of AB 90 through FY 2022/23 as well as provided additional relief with respect to local funding, operating cost, and use of STA funds. Each year of the audit period took place while penalty waivers were in place, and FY 2023/24 is the first post-COVID year for which transit operators will face potential penalties for not meeting farebox recovery requirements.

Exhibit 4.1 Transit Development Act Compliance Requirements

| Compliance Element | Reference | Compliance | Comments |
|---|---|---|---|
| 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 monies apportioned to that area. | PUC 99231 | In compliance | |
| 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 (Article 3). | PUC 99233, 99234 | In compliance | Included within SBCTA's TDA Claims Manual (Chapter 7). |
| The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process that includes at least an annual public hearing. | PUC 99238, 99238.5 | In compliance | Public and Specialized Transportation Advisory and Coordination Council meets on the 2nd Tuesday of every other month at 10 am.<br><br>Unmet Transit/Mobility Needs public hearings:<br>October 19, 2020<br>September 20, 2021<br>September 19, 2022<br>May 9, 2023 |
| The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit.<br>• A committee for the purpose of providing advice on productivity improvements may be formed.<br>• The operator has made a reasonable effort to implement improvements recommended by the RTPA as determined by the RTPA, or else the operator has not received an allocation that exceeds its prior year allocation. | PUC 99244 | In compliance | The TDA claim form includes documentation of productivity improvements. |
| The RTPA has ensured that all claimants to whom it allocated 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. | PUC 99245 | In compliance | As of February 2, 2024, all operators had either completed their FY 2023 TDA fiscal audits or were expected to do so prior to March 31, 2024. |
| The RTPA has submitted to the state controller an annual certified fiscal audit within 12 months of the end of the fiscal year. | CCR 6662 | In compliance | FY 2020/21: November 16, 2021<br>FY 2021/22: November 16, 2022<br>FY 2022/23: November 27, 2023 |
| The RTPA has submitted within 90 days after the end of the fiscal year an annual financial transactions report to the state controller. | CCR 6660 | In compliance | FY 2020/21: January 25, 2022<br>FY 2021/22: January 31, 2023<br>FY 2022/23: January 17, 2024 |

| Compliance Element | Reference | Compliance | Comments |
|---|---|---|---|
| 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 that operator for that or subsequent fiscal years until the audit was transmitted. | PUC 99246, 99248 | In compliance | Michael Baker International was selected to prepare the Triennial Performance Audits for FY 2018 – FY 2020.<br><br>Moore & Associates, Inc. was selected to prepare the Triennial Performance Audits for FY 2021 – FY 2023. |
| 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. | PUC 99246(c) | In compliance | Completed audits were submitted electronically to Caltrans on September 27, 2021 (a request for an extension beyond the June 30, 2021 deadline was granted). |
| For Article 8(c) claimants, the RTPA may adopt performance criteria, local match requirements, or fare recovery ratios. In such cases, the rules and regulations of the RTPA will apply. | PUC 99405 | Not applicable | No alternative performance criteria have been established for the City of Needles. |
| 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, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. 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. | PUC 99246(d) | In compliance | |
| The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas. | PUC 99270.1, 99270.2 | In compliance | Included within SBCTA's TDA Claims Manual (Chapter 5). |

| Compliance Element | Reference | Compliance | Comments |
|---|---|---|---|
| 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. | PUC 99275.5 | Not applicable | SBCTA does not accept or award Article 4.5 claims, instead addressing requests for funding for demand-responsive services through Article 4 and Article 8. |
| State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes. | PUC 99310.5, 99313.3, Proposition 116 | In compliance | |
| Transit operators must meet one of two efficiency standards in order to use their full allocation of state transit assistance funds for operating purposes. If an operator does not meet either efficiency standard, the portion of the allocation that the operator may use for operations shall be the total allocation to the operator reduced by the lowest percentage by which the operator's total operating cost per revenue vehicle hour exceeded the target amount necessary to meet the applicable efficiency standard. The remaining portion of the operator's allocation shall be used only for capital purposes. | PUC 99314.6 | Not applicable | While SBCTA does include STA efficiency tests within its TDA claims process, compliance with this requirement was waived during the audit period under AB 90 and AB 149. |
| The amount received pursuant to the 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. | PUC 99314.3 | In compliance | |
| 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:<br>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238;<br>• Identified transit needs, including:<br>▪ Groups that are transit-dependent or transit-disadvantaged;<br>▪ Adequacy of existing transit services to meet the needs of groups identified; and<br>▪ Analysis of potential alternatives to provide transportation alternatives;<br>• Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet";<br>• Identified the unmet transit needs and those needs that are reasonable to meet; and<br>• Adopted a finding that there are no 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.<br>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. | PUC 99401.5 | In compliance | FY 2021 – No unmet transit needs that are reasonable to meet.<br>FY 2022 – No unmet transit needs that are reasonable to meet.<br>FY 2023 – No unmet transit needs process was required as VVTA transitioned to Article 4 funding and the City of Needles only used Article 8 funds for transit. SBCTA continues to hold an annual hearing through its SSTAC. |

# Chapter 5 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the SBCTA has made quantifiable progress toward improving both the efficiency and effectiveness of its programs.

The prior audit – completed in August 2021 by Michael Baker International for the three fiscal years ending June 30, 2020 – included [NUMBER] recommendations:

1. Communicate with the operators regarding the required submission of their full Productivity Improvement Program report in the TDA claim.

   **Discussion:** In the prior audit, this recommendation was carried forward from the previous report as being partially implemented. As outlined in the SBCTA's TDA manual and in the Transit System Claim Checklist, one of the mandatory items on the checklist is for the transit operator to include a productivity improvement progress report with its claim submittal. The report must include (1) proof of specific efforts initiated by the operator to improve productivity, (2) status on implementing prior audit recommendations, and (3) proof of TransTrack usage. During the prior audit period, the productivity reports submitted by the operators with their claims varied, from some items being presented to none at all. TransTrack performance data printouts were provided by some, as well as reporting on prior performance audit recommendations. However, there was not consistent reporting on the three required elements. While the SBCTA quarterly multimodal report contains updated operator status information and performance indicators, the prior auditor recommended the SBCTA continue its communication with the operators to ensure proper backup for the productivity improvement program is submitted with their TDA claims. It also noted the SBCTA's review of the claims should include operator compliance with the checklist items.

   **Progress:** All of the years in this audit were exempt from the requirements of the Productivity Improvement Program due to AB 149. The SBCTA has been working with the operators to ensure the reports are submitted during the TDA claim process.

   **Status:** Implemented.

2. Update the SBCTA TDA Claims Manual.

   **Discussion:** The prior audit noted the last update to the in-house TDA manual was completed in May 2016. Since that time, a number of administrative, compliance, and statutory changes had been made. For example, a new farebox standard was adopted by the SBCTA for Victor Valley Transit Authority upon the agency's expansion of service to Barstow and subsequent change in its TDA claim. Also, internal administrative changes were made to divide department responsibilities for reviewing and processing TDA claims among the Transit, Fund Administration, Finance, and Planning Departments. As an example, the auditor noted the manual should reflect consistency in improvements to the Article 3 bicycle/pedestrian claim process.

Further, several pieces of new state legislation were passed into law directly impacting the administration of the TDA. These included content contained in Senate Bill (SB) 508 (performance measurement), Assembly Bill (AB) 1113 (clarification of TDA claimants and changes in regulatory filings), SB 1 (STA augmentation and State of Good Repair programs), and AB 90 (coronavirus pandemic transit performance measures relief). As the manual should provide updated guidance on local administrative practice of TDA, the prior auditor recommended the new provisions from these statutory measures be added.

**Progress:** The TDA claims manual was updated in June 2023. It also reflects new provisions from statutory measures including AB 90 and AB 149.

**Status:** Implemented.

3. Update the SBCTA TDA Claims Checklist.

**Discussion:** Subsequent to the update of the TDA manual, the prior auditor recommended the SBCTA review and update its TDA claim checklist to reflect the changes. For example, AB 1113 changed the filing timeline for the transit operator financial transactions report to the State Controller from 90 days to seven months and using audited data. While the SBCTA and the transit operators are compliant with this particular change, the standard assurances in the claim continued to show the 90-day report. The TDA manual also did not show this updated change in submittal date. Also, the timeliness of the calculation of the STA eligibility criteria should accompany the claim timelines to enable the operators to determine and budget whether any of these funds will be claimed for operations rather than capital.

**Progress:** Reference to the seven-month report was updated in the 2023 revision to the claim forms. The STA efficiency test calculations are also required to be submitted if using STA for operating (though no form is provided).

**Status:** Implemented.

# Chapter 6 | Functional Review

A functional review of the San Bernardino County Transportation Authority determines the extent and efficiency of the following functional activities:

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

## Administration and Management

*A full description of the organization and member agencies of the SBCTA is provided in Chapter 3.*

As the subregional RTPA, the SBCTA works with the transit operators to ensure their TDA claims are processed in an accurate and timely manner. Transit Department staff conduct an initial review of claims for transit-related projects, while Planning Department staff review claims for bicycle and pedestrian projects. All claims are then forwarded to the Fund Administration Department for further review and processing. Operators are generally satisfied with SBCTA's efficiency and effectiveness.

TDA allocations are tracked through a TDA workbook, which includes original allocations, revisions, reimbursed amounts, and remaining balances. Capital funds are claimed by operators, but held in reserve by the SBCTA until the operator requests reimbursement. TDA funds are maintained until they are drawn down. If funds will not be used for their intended purpose, they can be reallocated to another project for that operator. The SBCTA also utilizes a workbook of all transit funding programs, which includes revenue forecasts and projected program costs through 2040.

The annual budget process is guided by the goals and objectives found in three long-range documents:

1. Measure I 2010-2040 Ordinance and Expenditure Plan,
2. Measure I Strategic Plan, and
3. Measure I 10-Year Delivery Plan.

Each annual budget contains projections, program overviews, and task-level detail for each program. The program overviews provide descriptions, goals and objectives for the upcoming fiscal year, and performance/workload indicators.

The 10-Year Delivery Plan, originally developed in 2012, is updated biennially. Each update expands on the original plan by updating revenue projections and projects, including actions taken by the SBCTA Board. It also reviews funding needs and identifies potential grant opportunities.

Progress toward budget goals is assessed on a quarterly basis, at which time it is reported to the Board of Directors, and updated annually with the development of the new budget. Progress toward projects in the 10-Year Delivery Plan is reported biennially at the time of the update.

Each regional plan, and some individual projects, include realistic goals. The comprehensive plan update – currently the Long Range Multimodal Transportation Plan – includes an assessment of recent planning studies from the SBCTA and the SBCOG to ensure an effective alignment of program and project goals and recommendations. The SBCTA Active Transportation Plan, which is updated approximately every two years, contains goals for active transportation. Progress toward these goals is assessed at the time of the update.

The SBCTA's staffing level is adequate to meet all responsibilities. There has been some turnover, including the Fund Administration analyst who oversees TDA. A new analyst was hired in June 2022. This transition was easy, as the individual brought TDA experience from another Southern California RTPA. Departures during this time period included retirements (of which there were five or six) and those who left for new opportunities. It has been more difficult to fill positions due to fewer applicants. At the time of the site visit, the SBCTA had four open positions, two of which were newly created positions. Functions of those positions have been covered by other staff until they can be filled.

All staff receive regular performance evaluations. Employees who are new to a position (whether new hires, promoted, or reclassified) receive evaluations at six months and 12 months after hire. All employees receive annual performance evaluations each July.

Full-time employees receive a benefits package inclusive of life, health, dental, and vision insurance; retirement contributions; and disability benefits. Employees may also receive an incentive for using alternative transportation as well as tuition reimbursement. Staff also receive appropriate training for individual positions.

Governing board meetings are held the first Wednesday of the month, beginning at 10 a.m. or immediately following a closed session. Meetings are currently being held solely in-person, though publicly noticed teleconference locations are sometimes available in Big Bear, Hesperia, and Needles (depending on the preference of the Board member in those locations). Video recordings of all Board meeting are posted to the SBCTA website. Most Board members attend most Board meetings.

*Impact of COVID-19 pandemic*

At the time of the site visit, the SBCTA was still operating under its COVID-19 Operating and Prevention Plan, remaining in compliance with reporting requirements in place by the Centers for Disease Control and the California Division of Occupational Safety and Health (Cal/OSHA). Throughout the pandemic, SBCTA followed recommendations and guidance from local, state, and federal agencies. As a result, SBCTA closed its offices and transitioned to working from home through July 2021, when it instituted a slow return to the office. In the office, facial coverings and social distancing were required as recommended.

SBCTA Board Meetings immediately transitioned to a virtual format, which took a lot of coordination but ultimately went very smoothly. It tried to transition back to in-person meetings in late 2021, but reverted back to virtual for another few months due to a surge in COVID cases. The SBCTA replaced staff workstations with laptops to facilitate working from home. This transition was accomplished in about three months. The SBCTA has maintained its telework policy, requiring at staff to spend least two days in the office with the balance working from home.

The greatest takeaway from the pandemic has been the need to remain flexible, especially given the frequently changing and sometime conflicting guidance from local, state, and federal authorities.

### Transportation Planning and Regional Coordination

As discussed in Chapter 3, the SBCTA is not responsible for preparing the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). San Bernardino County is included within the RTP/SCS prepared by the Southern California Association of Governments (SCAG), which serves as the Metropolitan Planning Organization for the region. The Connect SoCal Plan serves as the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) for the six-county Southern California area.

As the Subregional Planning Agency, the SBCTA's primary role in preparation of the RTP/SCS is two-fold. First, to provide the transportation projects for the subregion, which go into the modeling run by SCAG. Second, to work with jurisdictions to come up with projections for household, employment, etc. as part of the land-use component. The SBCTA's San Bernardino Transportation Analysis Model (SBTAM) is more refined than SCAG's. It predicts where and how much growth there will be in the jurisdictions. The base year for the 2024 update was 2019. The data for the model is updated every four years, with a significant model update about every 10 years, depending on funding. The SBCTA also uses the Federal Transit Administration's (FTA) Simplified Trips-on-Project Software (STOPS) model for transit projects. Information gathered and generated by the SBCTA Is shared with member jurisdictions through meetings with Board members, City Managers, Planning Directors, and Public Works Directors.

The primary local revenue measure in San Bernardino County relative to transportation is Measure I. It is a retail transactions and use tax statutorily dedicated to transportation purposes. It cannot be used for any other governmental purposes or programs. Measure I is a half-cent sales tax first approved by voters in 1989 and extended through 2040 in 2004. Measure I revenues are returned to the sub-area of the county where they were generated. Each subarea has its own expenditure plan and policies.

SBCTA staff participate in numerous meetings involving state and federal agencies, including the Regional Transportation Planning Agency meeting, the California Transportation Commission (CTC) meetings, and California Federal Working Group meetings. Staff also attend workshops led by Caltrans, the California State Transportation Agency (CalSTA), and the CTC.

### Claimant Relationships and Oversight

The SBCTA maintains a positive and effective relationship with its claimants. It uses the TDA claims process to monitor transit operator productivity improvements (in lieu of a productivity committee).

All operators within SBCTA's jurisdiction use TransTrack for planning, reporting, and as a warehouse for transit data. SBCTA's Transit Manager has access to all of the operators' platforms and uses this data to prepare the quarterly report to the Transit Committee. The SBCTA uses this data to make recommendations to the operators as well as assess productivity improvements prior to distributing funding.

The SBCTA does not establish deadlines for operator improvements, implementation of recommendations, or other targets. This is due in part because changes must be approved by the operators' governing boards. Of greater importance is whether the operators are actively working on implementing recommended improvements, which is consistent with the requirements of the TDA. The SBCTA maintains regular and open communications with the operators, including regarding the review of TDA claim submittals.

SBCTA offers technical and managerial assistance to operators on an as-needed basis. For example, SBCTA may contract with a consultant that can provide specialized information (such as Title VI or NTD reporting) or provide assistance using in-house staff. Often the operators have the money to pay someone, but need the services within a short timeframe. The SBCTA may also reach out to another transit agency to find appropriate assistance.

The SBCTA oversees completion of TDA fiscal audits for all of its claimants and is aware when one or more may not be completed by the December 31 deadline. If needed, the SBCTA will grant an extension of up to 90 days, which is sufficient to complete the audits. Eide Bailly was the contracted TDA fiscal auditor during this audit period. During the audit period, the City of Adelanto was the only jurisdiction that failed to submit its TDA fiscal audits. Due to an oversight, funding was disbursed to this claimant without the audit being provided. While future funding will be withheld until audits are received, this is outside the purview of this Triennial Performance Audit, as it pertains to Article 8(a) funding for streets and roads.

While the prior Triennial Performance Audits were submitted late, the SBCTA did request and was granted an extension by Caltrans. The audits were completed and submitted prior to the disbursement of TDA funds.

TDA claims are processed consistently and in a timely manner. While penalties for failing to meet farebox recovery requirements were waived during the audit period, the SBCTA will withhold funding as warranted should an operator not meet its farebox recovery requirement once the waivers have expired. However, staff expect Measure I revenues will be sufficient to ensure operators are able to meet farebox recovery ratio requirements for the foreseeable future.

### Marketing and Transportation Alternatives

The SBCTA does not actively market public transit services; that is primarily the responsibility of the individual transit operators. However, the SBCTA does conduct extensive public communications about projects and programs to promote public engagement, mitigate the impacts of construction, and identify community-based solutions. Much of the outreach is web-based/digital, including websites, social media, blog series, and other content. Project-specific information is also provided to groups that have expressed interest in a specific project or topic. At the time of the site visit, the SBCTA was engaged in an outreach campaign targeting the area east of the Metrolink terminus in Redlands. The goal of the campaign was to raise awareness of alternatives to driving by providing information, reducing fear, and supporting first-time rider experiences.

The SBCTA also promotes alternative transportation through its IE Commuter rideshare program. This is a joint effort with the Riverside County Transportation Commission (RCTC) that encourages and supports commuters using alternative travel modes such as transit, carpooling, vanpooling, walking, biking, and telework. It also assists approximately 100 employers with employee commute reduction and compliance with air district rules. The SBCTA is the operating partner, providing funding and oversight. The SBCTA also has its own countywide vanpool subsidy. There are currently about 80 vanpools operating in San Bernardino County.

At present, the SBCTA offers input into planning, zoning, and development projects by regional or local governments entities through monthly Transportation TAC, Planning Director TAC, and City/County Manager TAC meetings. It has also been conducting focus group meetings with local community-based organizations.

### Grant Applications and Management

The SBCTA reviews and coordinates grant applications on an as-needed basis. For formula-type grants (such as FTA Section 5310, 5311, State of Good Repair, CMAQ, and LCTOP), SBCTA works with each operator to submit the necessary documentation. For operators who have staff who apply for discretionary funding, the SBCTA will provide support when assistance is requested.

The SBCTA also assists in prioritizing grant applications, as required by the FTA, Caltrans, and/or SCAG. Should multiple operators express interest in the same discretionary grant funding, the SBCTA may work with the operators regarding a joint application. In most cases, there have not been issues with competition among operators, especially given urbanized and non-urbanized operators do not typically complete for the same funding. Discretionary funding may come from FTA Section 5310, 5311(f) (Intercity Bus), and 5339 (Low/no emission bus) programs.

The SBCTA offers consultant assistance with application review and technical assistance for operating and capital plans for FTA Section 5310 grant applications. The SBCTA also applies for funding for regional programs, such as LCTOP funding for regional free fares and marketing.

No operators within the SBCTA's jurisdiction have been denied grant funds specifically because of errors or omissions in the grant application. The SBCTA monitors apportionments and allocations for non-discretionary funding for transit, such as LCTOP and SGR, but not for discretionary grant funding.

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# Chapter 7 | Findings and Recommendations

### Conclusions

Moore & Associates finds the San Bernardino County Transportation Authority to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

### Findings and Recommendations

The audit team has identified no compliance or functional findings.

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