



FY 2016-2018
Triennial Performance Audit
of Mendocino Council of
Governments

Prepared for
Mendocino Council of Governments

April 2020

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Executive Summary

The Mendocino Council of Governments (MCOG) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit for fiscal years (FY) 2015–16 through 2017–18. As a Regional Transportation Planning Agency (RTPA), MCOG is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) to continue receiving TDA funding. TDA funds are used for MCOG administration and planning of public transportation, and distribution for public transit services and nonmotorized projects.

This performance audit is intended to describe how well MCOG is meeting its administrative and planning obligations under the TDA, as well as its organizational management and efficiency. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, September 2008* (third edition), published by Caltrans, was used to guide in the development and conduct of the audit. To gather information for the TDA performance audit, Michael Baker conducted interviews with MCOG executive and agency staff, reviewed various documents, and evaluated MCOG’s responsibilities, functions, and performance of the TDA guidelines and regulations.

The audit comprises several sections, including compliance with TDA requirements, status of implementing prior audit recommendations, and review of functional areas. Findings from each section are summarized below, followed by recommendations based on our audit procedures.

Compliance with TDA Requirements

MCOG has satisfactorily complied with applicable state legislative mandates for RTPAs. Two compliance measures that did not apply to MCOG pertain to 1) adopting rules and regulations for TDA claims under Article 4.5, and 2) regulations regarding urban and rural revenue ratios. There were no such Article 4.5 claims submitted during the audit period, and the Mendocino Transit Authority (MTA) does not serve an urbanized area. MCOG has significantly improved its compliance with the requirement to annually identify, analyze, and recommend potential productivity improvements for the MTA through annual reviews of MTA performance reports against MCOG-derived transit standards.

Status of Prior Audit Recommendations

Of the three prior performance audit recommendations, MCOG implemented two and one is in progress of being implemented. MCOG updated its TDA manual and

strengthened the role of the Social Services Transportation Advisory Council. The prior recommendation in progress concerns an alternate funding formula for senior center TDA funds.

Functional Review

1. In June 2018, a new executive director was hired who engages in external affairs to develop relations and build partnerships with a variety of key stakeholders and decision makers to enhance MCOG. Other staff changes included refinement of and more specific duties for the regional project manager/regional project coordinator.
2. With some internal organizational adjustments having occurred since the separation of contracts between administration/fiscal services and planning, MCOG personnel have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for a RTPA and council of government.
3. MCOG received extensive state-provided training to develop subrecipient agreements for pass-through funds to local agencies. The master agreement for five years with each of the four cities and the county clarifies and sets expectations on the scope of work, and funding and reimbursement amounts.
4. MCOG prepared and adopted the 2017 Regional Transportation Plan (RTP) in February 2018. The updated RTP goals and policies closely reflect those in the *Vision Mendocino 2030 Blueprint Plan*.
5. As part of the Mendocino region's commitment to reducing greenhouse gas emissions, MCOG has participated in several significant transportation partnerships over the past few years, including installing electric vehicle fast chargers along US 101, participating in the North Coast and Upstate Fuel Cell Readiness Project, and developing the *Mendocino County Zero Emission Vehicle (ZEV) and Alternative Fuels Readiness Plan Update*.
6. MCOG completed the *Transportation Program Safe Routes to School Non-Infrastructure Grant Report* which is a program to encourage, educate, and enforce increased walking and biking to schools and other locations.

Two recommendations are provided to improve MCOG's administration and management relating to TDA:

1. *Consider an alternate funding formula for senior center TDA funds.*

As a carryover from the prior audit, this recommendation to revisit the formula is taken in context of a larger discussion on the continuation of the MTA's role to administer the senior transportation program with Local Transportation Fund (LTF) revenues.

The MTA and/or MCOG would take the lead, with the other agency providing administrative and technical support, to address the current formula for allocating TDA funds to the senior centers, which does not account for operational performance of the respective systems. A request for more performance review data could be made by both agencies to develop trends and hold discussion of the formula. The MCOG Transit Productivity Committee (TPC) discussed the TDA funding formula for the senior centers in May 2019. The TPC suggested forming a working group to analyze the issue with a fresh start and possibly propose a new basis of performance for the funding formula. The MTA Board of Directors also convened a separate ad hoc subcommittee to assist MTA management staff in its review of this service. The MTA ad hoc subcommittee and the MCOG TPC should further discuss the concerns and evaluate possible service and funding options that limit impacts to the senior and disabled community.

An alternate funding formula is suggested for consideration as conditions warrant a review. The alternate formula would follow a structure similar to the existing State Transit Assistance (STA) formula, where a certain portion of the allocation to a transit system is based on performance and the remaining portion is based on the discretion of MCOG in its capacity as the RTPA.

The suggested formula for the senior center TDA allocation would have two portions: one based on fare revenue/dedicated local support generated by each senior center, and the other based on an amount approved by the TPC. Because the split of this allocation would not have to be on a 50/50 basis, like the STA fund, discussion would be needed to determine an appropriate amount.

For the fare revenue portion, each senior center would receive revenue based on its share of fare revenue and local support relative to total fare and local support revenue generated by all senior centers. The remaining TDA amount would come from the discretionary portion, which would be determined by the TPC and based on need, budgets, or other criteria. The purpose of the suggested formula is to tie in a certain measure of performance that is already present in the funding process (senior center fare revenues provide local match to the TDA) and to incentivize the recipients to enhance service or increase productivity. The TDA subsidy amount

provided by the MTA to the senior centers is close to reaching the agreed-upon subsidy cap.

2. *Confirm alignment of MCOG personnel roles and responsibilities with RTPA functions.*

Although there have been no procedural changes, MCOG personnel have been operating under a new contract relationship that separates staff under two contracts, one for administration/fiscal services and the other for planning. As this organizational change and RFP process was expedited relatively quickly by the County in response to the Caltrans pre-award audit in 2014, MCOG staff have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for a regional transportation planning agency (RTPA) and council of government (COG).

RTPA/COG roles and responsibilities are increasing and are defined through multiple areas such as state and federal statutes, state transportation agency guidelines, funding sources and scopes of work, and local needs and best practice. For example, state law requires an RTPA to develop a long-range regional transportation plan (RTP) pursuant to Government Code section 29532, which MCOG develops. The RTP development process evolves from meeting guidance and best practice that fit local conditions and needs.

The Overall Work Program (OWP), another requirement, is produced by MCOG and contains the annual work scope, budget, and deliverables for the agency. Caltrans provides an in-depth review of the OWP and its alignment with California Transportation Commission and Caltrans guidelines which MCOG continues to evaluate in confirming agency practice. Research and collection of peer agency work programs, organization charts, and staff job descriptions are another means of verifying MCOG activities. As MCOG participates in and is a member of numerous peer groups such as the California Association of Council of Governments, Rural Counties Task Force, and North State Super Region, information is available for an exercise of confirming agency roles.

With the settling of MCOG contract staff and business practices since the contract award, an opportunity exists for ongoing MCOG review and evaluation of the organization in light of the growing responsibilities placed on RTPAs and COGs from changes in state and federal statutes.

Section I

Introduction – Initial Review of RTPA Functions

The Mendocino Council of Governments (MCOG, Council) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, fiscal years (FY) 2015–16 through 2017–18. As a regional transportation planning agency (RTPA), MCOG is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue to receive TDA funding.

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

Overview of MCOG

In 1972, a joint powers agreement (JPA) was executed by the Cities of Fort Bragg, Point Arena, Ukiah, and Willits, and the County of Mendocino, which provided the legal basis for the Mendocino County and Cities Area Planning Council. The council was reconstituted in 1978 as the Mendocino Council of Governments through an amendment to the JPA. The JPA members recognized that Mendocino County was changing from an isolated, rural area to a relatively developed area with continuing expansion of its incorporated cities and formerly underdeveloped areas. The existence of MCOG was necessary for the members to qualify for allocation funds from the state and federal governments.

MCOG is the designated RTPA under state law (California Government Code Section 29532) responsible for the appropriation and administration of state TDA funds in the county. MCOG has the authority to function both as the RTPA for Mendocino County and as a Council of Governments. As the RTPA, MCOG has a long-standing Memorandum of Understanding with Caltrans to participate in coordinated and comprehensive transportation planning activities and have a formal public participation process. MCOG serves as a forum for the local and regional communities to make policy decisions affecting the county's transportation system. This is reflected in the planning and programming of local, state, and federal transportation funds toward projects that provide improved highway and road maintenance, safety, traffic congestion relief, alternative transportation, and economic development.

Among MCOG's roles and responsibilities are the following:

- Fiscal oversight and allocations

- Transportation policy development
- Advocacy
- State Transportation Improvement Program (STIP) management
- Transportation planning
- Special projects

MCOG also serves as the Service Authority for Freeway Emergencies (SAFE) of Mendocino County, administering the call box program. MCOG pioneered the use of satellite radio systems in its call boxes, in particular in rural areas with cell service issues and where vehicle accidents are more likely. In addition, MCOG has a role in the state's Regional Housing Needs Assessment process and in economic development. The JPA designates "any other specific power, including regional planning in other functional areas besides transportation and economic development, which has been expressly authorized by Resolutions adopted by the respective bodies of each of the parties to this agreement."

Population growth in Mendocino County was relatively moderate over nearly the past decade. According to the California Department of Finance, the county had a population of 89,009 residents in 2019, a 3.2 percent increase over the 2010 Census population of 86,265 persons. The 2019 population includes 59,776 residents in the unincorporated areas, 16,296 in Ukiah, 7,478 in Fort Bragg, 4,996 in Willits, and 463 in Point Arena.

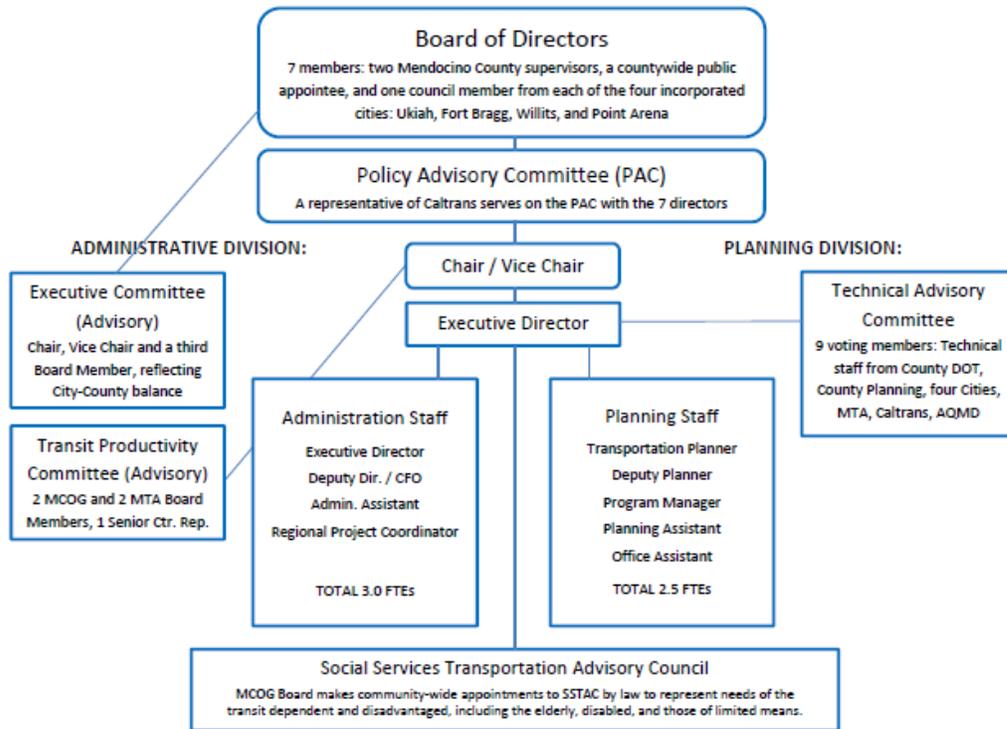
Organizational Structure

MCOG's mission is to "provide regional, community, and intercommunity transportation planning, to administer transportation funding and financing, to represent Mendocino County's interests at higher levels of government, to develop transportation projects for future funding, to provide technical assistance for transportation project delivery, to support rural/public transportation services, to administer grants for transportation/community enhancement projects, and to provide a forum to facilitate discussion on other matters of regional importance."

MCOG's vision is of "regional and local government working together to connect communities, create thriving town centers, and develop healthy, livable neighborhoods for drivers, cyclists, pedestrians, and transit riders."

The MCOG Board of Directors is composed of seven members: two appointed representatives of the Mendocino County Board of Supervisors, one member from each of the four city councils, and one public appointee. Preference for the public appointee is given first to a countywide elected official, then to any registered voter of Mendocino

County who has an interest in regional transportation issues. The MCOG bylaws specify the location of Council meetings and appointments to the Board of Directors. The organization chart of MCOG is shown below:



There are five standing committees of MCOG:

- Policy Advisory Committee
- Executive Committee
- Technical Advisory Committee (TAC)
- Social Services Transportation Advisory Council (SSTAC)
- Transit Productivity Committee (TPC)

The Policy Advisory Committee is composed of the board of directors as well as a representative of Caltrans District 1. The Council’s agendas are structured such that the Caltrans representative, as a member of the Policy Advisory Committee, has a vote on all matters dealing with transportation.

The Executive Committee consists of the Council chair, the vice chair, and one member from a city or the County. The Executive Committee may carry on the administrative and executive functions of the Council between regular meetings of the Council. The Council attempts to appoint members to the Executive Committee that reflect a balance

between City and County representation. The committee deals with administrative functions and makes policy recommendations to the full Council.

The TAC serves as MCOG's independent technical committee to review material presented before it and make recommendations to the Council. The TAC consists of nine voting members or their authorized technical representatives, as follows: the County director of transportation, the County director of Planning & Building Services, the Mendocino Transit Authority (MTA) general manager, the Caltrans Transportation Planning Branch chief, one technical representative appointed by each of the four cities, and the County air pollution control officer. Additionally, one non-voting member is appointed by the North Coast Railroad Authority, with all other duties and privileges of TAC membership. A two-thirds majority of those members present voting in the affirmative is required for a decision.

The makeup of the SSTAC is prescribed by the TDA (Public Utilities Code Section 99238). MCOG staff serve the SSTAC which participates in the annual unmet transit needs process and advises the MCOG board on the transportation needs of the elderly, disabled, and economically disadvantaged, as well as on any other major transit needs. There are 10 membership positions on the SSTAC, including representatives of the transit community, various social service provider representatives, low-income representatives, and representatives of the consolidated transportation service agency (CTSA).

A subcommittee of the SSTAC serves as needed as the Local Review Committee (LRC) to evaluate Federal Transit Administration (FTA) Section 5310 program applications for vehicle and equipment purchases. When such a committee is not formed due to conflicts of interest given SSTAC members are often 5310 applicants, MCOG staff serve on the LRC as allowed by the program.

The SSTAC generally meets twice a year: in the late autumn/early winter (November or December) for the annual workshop to identify unmet transit needs, and in the spring (April or May) to review findings and recommendations of other stakeholders on the identified unmet transit needs. The spring meeting also serves for the SSTAC to review and rank any FTA Section 5310 applications (timing subject to the funding cycle).

The TPC is tasked with reviewing transit performance and advising on updates to MCOG's adopted transit performance standards, making recommendations to MCOG on the annual transit claim, and providing input on the annual unmet transit needs process. Five members comprise the TPC: two representatives each from the MTA Board and MCOG Board, plus one senior center representative selected by the senior centers. Meetings are held at least once annually, or more if warranted.

MCOG staffing is provided through contracts with two private firms: Dow & Associates for administration and fiscal services, as well as SAFE administration; and Davey-Bates Consulting for planning services, and SAFE planning and operations.

Audit Methodology

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

- Document Review: Reviewed various MCOG files and internal reports, committee agendas, and public documents.
- Interviews: Interviewed MCOG executive management and staff, and the transit operator, MTA.
- Analysis: Evaluated the responses from the interviews as well as the documents reviewed about MCOG's responsibilities, functions, and performance to TDA guidelines and regulations.

All of the above activities were intended to provide information necessary to assess MCOG's efficiency and effectiveness in two key areas:

- Compliance with state TDA requirements
- Organizational management and efficiency

The remainder of this report is divided into four sections. In Section II, Michael Baker reviews the compliance requirements of the TDA administrative process. Section III describes MCOG's responses to the recommendations in the previous performance audit. In Section IV, Michael Baker provides a detailed review of MCOG's functions, while Section V summarizes our findings and recommendations.

Section II

Compliance Requirements

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

MCOG Compliance Requirements	Reference	Compliance Efforts
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	Public Utilities Code, Section 99231	<p>MCOG accounts for its claimants’ areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their area. MCOG makes this finding in each adopted resolution approving LTF claims. The primary claimant of the funds is the MTA, which submits its claim in the amount recommended by the MCOG’s Executive Committee as available for transit. MCOG uses a checklist to verify the claimant’s compliance with submittal requirements and the statute in its annual transit finding for allocation.</p> <p>Conclusion: Complied</p>
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	Public Utilities Code, Sections 99233.3 and 99234	<p>MCOG apportions LTF revenue for bicycle and pedestrian facilities using the statutory budget limit of 2 percent after administration. The apportionment is optional depending on need and availability of revenue. MCOG has awarded the funds on a competitive application basis. The application form addresses various eligible, strategic, and customarily preferred uses of the funds. During the audit period, the Executive Committee recommended an allocation of 2 percent, and funds were expended for</p>

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

MCOG Compliance Requirements	Reference	Compliance Efforts
		<p>bicycle and pedestrian facilities as noted in the MCOG audited financial statements. The Technical Advisory Committee also recommended project awards.</p> <p>Conclusion: Complied</p>
<p>The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.</p>	<p>Public Utilities Code, Sections 99238 and 99238.5</p>	<p>MCOG has established an SSTAC required under PUC 99238. The roles and responsibilities of the SSTAC are based on TDA guidelines and described in MCOG’s policy manual. MCOG holds an unmet transit needs public workshop/hearing each year which involves the SSTAC.</p> <p>Conclusion: Complied</p>
<p>The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPA’s jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> • A committee for the purpose providing advice on productivity improvements may be formed. • The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation which exceeds its prior year 	<p>Public Utilities Code, Section 99244</p>	<p>MCOG’s TPC serves in this capacity to review transit performance and make recommendations on the annual transit claim, and provide input on the annual unmet transit needs process. The five-member committee includes representatives from the transit operator, MTA, which makes efforts to implement the recommendations.</p> <p>Within this three-year period, the TPC addressed the prior performance audit recommendations made for the MTA. MTA personnel provided a summary of how the agency was addressing the recommendations, such as employing technology to capture data, applying for grant funding to update the transit plan, forming a driver committee to evaluate ridership patterns, and continuing the discussion on revising the senior center formula funding.</p> <p>MCOG conducted its annual review of MTA performance reports against MCOG standards. Different transit</p>

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MCOG Compliance Requirements	Reference	Compliance Efforts
allocation.		<p>service types are evaluated against four standards and a tally is made of how many standards are met using the adopted “CPI Adjusted Rolling Average” with both one-year and three-year results. A discussion is held by the TPC on the results of the review and ways for the MTA to improve on meeting the standards.</p> <p>The commissioning of the triennial performance audit as well as funding support of transit development planning are additional actions by MCOG to recommended potential productivity improvements.</p> <p>Conclusion: Complied</p>
<p>The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).</p>	<p>Public Utilities Code, Section 99245</p>	<p>MCOG is proactive in ensuring the TDA fiscal and compliance audits are completed, and maintains communication with the State Controller’s Office. For FYs 2016 and 2018, the annual financial audits of the MTA were submitted within the extension period allowed by the statute. MCOG granted the extension each year. For FY 2017, the MTA financial audit was completed after the granted extension date from MCOG. This was due in large part to MTA management and administrative staff turnover during this time, rebuilding of financial records that were formerly stored on antiquated systems, and a digital attack on MTA computers creating challenges in providing information for the financial reports.</p> <p>Conclusion: Complied, and noting challenges in FY 2017.</p>
<p>The RTPA has designated an independent entity to conduct a</p>	<p>Public Utilities Code, Sections 99246 and</p>	<p>For the current three-year period, MCOG retained Michael Baker</p>

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MCOG Compliance Requirements Matrix**

MCOG Compliance Requirements	Reference	Compliance Efforts
<p>performance audit of operators and itself (for the current and previous triennium). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator’s TDA monies and to the RTPA within 12 months after the end of the triennium. If an operator’s audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.</p>	<p>99248</p>	<p>International to conduct the audit of MCOG and MTA. The required performance indicators were calculated in the MTA audit. Michael Baker International was retained to conduct the previous audit for the three fiscal years that ended June 30, 2015.</p> <p>Conclusion: Complied</p>
<p>The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director, that the performance audits of the operators located in the area under its jurisdiction have been completed.</p>	<p>Public Utilities Code, Section 99246(c)</p>	<p>MCOG submitted a written letter to Caltrans, dated September 29, 2016, certifying compliance with this requirement. The letter was enclosed with the FY 2012/13–2014/15 performance audit of MCOG. A separate email letter to Caltrans indicating completion of the MTA performance audit was submitted March 23, 2017.</p> <p>Conclusion: Complied</p>
<p>The performance audit of the operator providing public transportation service shall include a verification of the operator’s operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit</p>	<p>Public Utilities Code, Section 99246(d)</p>	<p>The performance audit of the MTA includes all required performance indicator calculations, including verification of the operator’s operating cost, passengers, vehicle service hours, vehicle service miles, and full-time employee equivalents.</p> <p>Conclusion: Complied</p>

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

MCOG Compliance Requirements	Reference	Compliance Efforts
shall include, but not be limited to, consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2		
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.	Public Utilities Code, Section 99270.1 and 99270.2	This compliance requirement is not applicable as the MTA does not serve an urbanized area. Conclusion: Not Applicable
The RTPA has adopted criteria, rules and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.	Public Utilities Code, Section 99275.5	In 1981, MCOG designated the MTA as the CTSA in Mendocino County. The MTA contracts with various senior centers to provide specialized transportation service to their clients. The MTA does not claim Article 4.5 funds, but rather under Article 8 for this service. MCOG has not adopted rules and regulations for Article 4.5 claims. Conclusion: Not applicable
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes. (Note: Since the June 9, 1990 passage of Proposition 116, state transit assistance funds may no longer be used for street and road purposes, as had been permitted in certain cases under PUC Section 99313.3).	Public Utilities Code, Sections 99310.5 and 99313.3 and Proposition 116	MCOG allocates State Transit Assistance (STA) funds for transit purposes only. STA funds in the MCOG annual budget are shown for transit purposes to the MTA. The use of STA for transit only is also described in the explanatory notes on funding sources in the budget. Conclusion: Complied

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

MCOG Compliance Requirements	Reference	Compliance Efforts
<p>The amount received pursuant to Public Utilities Code, Section 99314.3 by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller’s Office.</p>	<p>Public Utilities Code, Section 99314.3</p>	<p>MCOG allocates operator revenue-based STA funds to the MTA in accordance with the amounts published by the State Controller’s Office. The MTA, as the sole public transit operator in the County, claims the funds under this PUC section.</p> <p>Conclusion: Complied</p>
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code, Section 99238; • Identified transit needs, including: <ul style="list-style-type: none"> ○ Groups that are transit-dependent or transit disadvantaged, ○ Adequacy of existing transit services to meet the needs of groups identified, and ○ Analysis of potential alternatives to provide transportation services; • Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet;” • Identified the unmet transit needs and those needs that are reasonable to meet; Adopted a finding that there are no unmet transit needs 	<p>Public Utilities Code, Section 99401.5</p>	<p>MCOG conducts an annual unmet transit needs process to solicit comment and feedback on potential transit needs. Although no TDA is allocated to streets and roads, MCOG continues to conduct a formal unmet needs process as a venue to work with the community and identify transit needs. MCOG works through the SSTAC and TPC, and cooperatively with the MTA, for this process. SSTAC meetings are held twice a year to primarily focus on unmet transit needs. The MTA also solicits and compiles transit needs from the public year-round at its board meetings. MCOG adopts resolutions of the findings of unmet needs based on recommendations made by the TPC.</p> <p>Conclusion: Complied</p>

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MCOG Compliance Requirements Matrix**

MCOG Compliance Requirements	Reference	Compliance Efforts
<p>that are reasonable to meet; or that there are unmet transit needs including needs that are reasonable to meet.</p> <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>		
<p>The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor, or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year, and must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the transportation development act and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p>	<p>California Administrative Code, Section 6662</p>	<p>The accounting firm of R.J. Ricciardi, Inc. conducted the financial audit for the three-year audit period of FYs 2016–2018. The Basic Financial Statements were submitted to the State Controller within 12 months of the end of each fiscal year.</p> <p>MCOG also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p> <p>Conclusion: Complied</p>

Findings from RTPA Compliance Requirements Matrix

MCOG has satisfactorily complied with applicable state legislative mandates for RTPAs. Two compliance measures that did not apply to MCOG pertain to 1) adopting rules and regulations for TDA claims under Article 4.5, and 2) regulations regarding urban and rural revenue ratios. There were no such Article 4.5 claims submitted during the audit period, and the MTA does not serve an urbanized area.

MCOG has significantly improved its compliance with the requirement to annually identify, analyze, and recommend potential productivity improvements for the MTA. The TPC serves in this capacity as a MCOG standing committee to make recommendations on the annual transit claim and provide input on the annual unmet transit needs process. The TPC also provides a forum for both MTA and MCOG staff and board members, as well as senior center representatives, to discuss transit issues and productivity. Analysis on productivity is enhanced through MCOG's annual review of MTA performance reports against MCOG-derived standards with both one-year and three-year results to show near- and mid-term data. This additional analysis provides quantitative results and comparative data for discussion on transit performance.

Section III

Prior Triennial Performance Audit Recommendations

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

Prior Recommendation 1

Update the MCOG TDA manual for inclusion of new state legislation.

Actions taken by MCOG:

MCOG has worked to update its TDA manual to reflect new legislation from Senate Bill 508. The TPC met to review performance standards, including farebox recovery for the MTA and senior center-provided service. The TPC recommended that MCOG adopt updated farebox recovery ratios consistent with the new law, changing the MTA ratio from 15 percent to 10 percent, and senior center-provided service from 12 percent to 10 percent. Another recommended change from new legislation is the set-aside of up to 5 percent of LTF bicycle and pedestrian revenue for bicycle and pedestrian education programs. MCOG considered this revision, but determined the set-aside would be too small to provide a meaningful use of the funds for that specific purpose, and would reduce the effectiveness of the program. In addition, MCOG is incorporating the STA operating efficiency criteria in the fiscal audits and in the TDA manual.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 2

Consider an alternate funding formula for senior center TDA funds.

Actions taken by MCOG:

The MCOG TPC discussed the TDA funding formula for the senior centers in May 2019. The TPC suggested forming a working group to analyze the issue with a fresh start and possibly propose a new basis of performance for the funding formula. The MTA Board of Directors convened a separate ad hoc subcommittee to assist MTA management staff in

its review of this service. MTA's concerns with the senior center contracts have in turn garnered responses from the senior centers over operational matters and the nature of the services being provided. These issues have delayed the ability for the MTA, MCOG, and senior centers to revisit the funding formula and performance methodology for TDA allocation among these services. The MTA ad hoc subcommittee and the MCOG TPC should further discuss the concerns and evaluate possible service and funding options that limit impacts to the senior and disabled community.

An example of an alternate formula would follow a similar structure to the existing STA formula where a certain portion of the allocation to a senior center (e.g., 50 percent) is based on performance and the remaining portion is based on another measure, such as service area population. Another method would allocate a portion of funding based on the discretion of MCOG and MTA working collaboratively to evaluate funding needs of each program. The purpose of the suggested formula is to tie in a certain measure of performance that is already present in the funding process (senior center fare revenues provide local match to TDA) and to further incentivize the Senior Centers to increase productivity.

Conclusion:

This recommendation is in process and is forwarded for ongoing consideration and implementation.

Prior Recommendation 3

Strengthen existing role and explore additional functions of the Social Services Transportation Advisory Council (SSTAC).

Actions taken by MCOG:

The SSTAC has had several opportunities for a larger role in regional transportation. The SSTAC reviewed and provided input on the development of the Regional Transportation Plan (RTP) and the Active Transportation Plan at several meetings during the audit period. This involvement will continue with the next RTP update in February 2022.

Another action to increase the role of the SSTAC is to add another step in the annual unmet transit needs process. Previously, the SSTAC was involved in development of the initial list of unmet needs in late fall/early winter; then the TPC would provide recommendations to the MCOG Board. The process now includes an additional review by the SSTAC following MTA analysis and TPC recommendations, prior to final MCOG Board action. This step takes place in the spring each year.

Conclusion: This recommendation has been implemented.

Section IV

Detailed Review of RTPA Functions

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

- Administration, management, and coordination
- Transportation planning and programming
- TDA claimant relationships and oversight
- Marketing and transportation alternatives
- Grant applications and management

Administration, Management, and Coordination

Following a major change to the administrative structure in 2014 due to a Caltrans pre-award audit in which MCOG awarded one contract to Dow & Associates for administrative and fiscal services and the other to Davey-Bates Consulting for planning services, MCOG administration continued to evolve during this current performance period. For example, under the previous contract, MCOG had two clerical positions for one firm. Under the new contract, one clerical position was assigned to each during this audit period. Increases in overhead were minimal as office space size was generally maintained.

At the end of this performance audit period (June 2018), another significant change was made when a new executive director was hired. The long-serving prior executive director retired as anticipated. The new director is a former program manager with MCOG and engages in more external affairs to develop relations and build partnerships with a variety of key stakeholders and decision makers to enhance MCOG. Other staff changes included refinement of and more specific duties for the regional project manager to serve in a regional project coordinator role to provide project level coordination and data gathering and analysis. The regional project manager/regional project coordinator is a shared position between MCOG and Lake County/City Area Planning Council, with approximately two-thirds time spent with MCOG. Another position, the MCOG program manager, works with planning and programming

documents such as the RTP, Regional Transportation Improvement Program (RTIP), STIP, and Active Transportation Plan.

Although there have been no procedural changes, MCOG personnel have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for an RTPA and COG. The process to issue the RFPs for contract administration and planning was conducted quickly by the County in response to Caltrans's pre-award audit. With the settling of MCOG contract staff and business practices since the contract award, an opportunity exists for ongoing MCOG review and evaluation of the organization in light of the growing responsibilities placed on RTPAs and COGs.

MCOG continued efforts in updating procedural manuals such as its in-house TDA document, finance manual, procurement manual, and records retention and destruction policy. Clerical staffing shortages during the audit period contributed to the delay with the updates. These types of procedural manuals are in various stages of updating, and in the case of the TDA, MCOG is anticipating providing training to the claimants of the funds, such as the local jurisdictions, and the MTA following completion of the document.

MCOG, through the regional project coordinator, works with member agencies to provide local assistance and funding support. Duties include assisting as needed with applying for and obtaining transportation grants for mode-specific improvements for the smaller jurisdictions and communities.

Also, the MCOG chief financial officer received extensive state-provided training and was responsible for developing subrecipient agreements for pass-through funds to local agencies. A master agreement for five years was developed and signed off by each of the four cities and the county, effective July 1, 2017, through 2022. Annual exhibits including a scope of work and budget, sample subrecipient invoice, and MCOG's adopted policies and instructions are attached to the master agreement for each jurisdiction, which closes the information loop between their fiscal and planning departments within each jurisdiction. The agreements and exhibits clarify and set expectations on the funding and reimbursement amounts MCOG is passing through to the local jurisdictions, while also meeting state compliance to expend and be reimbursed for the following state and federal planning funds:

- LTF under the TDA
- State Rural Planning Assistance
- State Planning, Programming & Monitoring
- Regional Surface Transportation Program
- Other funding sources, such as grants, to be identified as applicable annually

MCOG work activities are prioritized in the annual Overall Work Program (OWP) and accompanying budget adopted by the board. The OWP and budget describe the transportation planning projects and required mandates that are to be undertaken and funded for the upcoming fiscal year. Board-approved amendments to the OWP are made as changes occur during the year to the projects and/or funding.

Beginning in FY 2017-18, MCOG's transportation planning staff work elements were reorganized to shift from a large comprehensive general work element for routine day-to-day tasks to several new more focused work elements that more closely align tasks with eligible funding sources. Depending on project type, the responsibility to implement work elements described in the OWP is assigned to MCOG, the cities and county, or MTA. Examples of these projects include combined special studies, street safety plan, transit designs guidelines manual, and transportation planning for Mill site reuse and rezoning.

Regarding the MCOG board, new board members attend a presentation given by staff as part of their orientation. This includes an updated presentation manual highlighting MCOG's role and function. MCOG staff enable on-the-ground education for board members by taking them on transportation tours throughout the county once or twice a year to gain a first-hand glimpse of community projects. The public and media are also invited to join the tours.

Transportation Planning and Programming

Regional Transportation Plan

MCOG prepared and adopted the 2017 RTP in February 2018. This RTP updates the 2010 RTP, which was previously being updated in phases through the end of 2014 when the MCOG board decided to adopt a revised update schedule, shifting from a five-year update cycle to a four-year cycle. This change was needed to allow the Regional Housing Needs Assessment planning period to shift from a five-year to an eight-year cycle. This decision reset the next RTP update due date to December 2017, which the current plan meets.

The updated RTP goals and policies closely reflect those in the *Vision Mendocino 2030 Blueprint Plan* as well as those from Assembly Bill 32 and Senate Bill 375, which support the state's climate action goals to reduce greenhouse gas emissions through coordinated transportation and land use planning. In preparing the RTP, MCOG staff coordinated with the public and staff from Caltrans, Mendocino County Department of Transportation, Mendocino County Department of Planning and Building Services, City of Ukiah, City of Willits, City of Fort Bragg, and City of Point Arena. Other agencies such as the MTA, North Coast Railroad Authority, Sierra Railroad, Noyo Harbor District, Air

Quality Management District, several airports that serve the region, and Walk & Bike Mendocino were also contacted.

Various transportation modal elements were addressed in the RTP such as the state highway system, county roads and city streets, active transportation, public transit, aviation, maritime, railroad, and tribal transportation. The action plan for the public transit system will focus largely on replacement of its fleet as necessary. Other projects include implementation of information technology systems to aid in efficient transit delivery, revamping MTA's solar facilities, bus stop improvements, and construction of new administration and operations buildings.

Public and stakeholder involvement was a major component of the RTP, and was guided using MCOG's adopted Public Participation Plan, which was designed with a public and interagency participation strategy for the RTP. The process included hosting a series of public workshops throughout the county to assess needs and identify priorities for projects in the RTP and Active Transportation Plan. In conjunction with the public workshops, an online survey was developed to help identify needs and determine areas of public concern and support for transportation projects. MCOG staff also gathered information and provided opportunity for public input at a number of other meetings, such as meetings of the Laytonville Municipal Advisory Council and Gualala Municipal Advisory Council. Members of the public and private sector were included in mailing lists for these meetings and have had opportunities to provide input.

Regional Transportation Improvement Plan

MCOG prepares and submits the RTIP to Caltrans every two years. In December 2015, MCOG adopted and submitted the 2016 RTIP. However, due primarily to the decrease in the price-based excise tax, the adopted 2016 State Transportation Improvement Program (STIP) fund estimate did not identify any new programming capacity for the region while the STIP as a whole was overprogrammed in the early years of the funding cycle. Because of the lack of funding statewide, MCOG worked with local agency project sponsors to determine what projects should be delayed to accommodate the shortfall. The only additional programming requested by the region was to accommodate cost increases in two "child projects" of the region's priority state highway project (Willits Bypass). MCOG's share in these cost increases totals \$349,000. MCOG had to later amend the RTIP and delete projects due to a revised negative fund estimate from the state.

In December 2017, MCOG adopted and submitted the 2018 RTIP, highlighted by the adopted 2018 STIP fund estimate that identified available STIP programming through FY 2022-23 of \$3,000,000 for the Mendocino County region. The total includes planning, programming, and monitoring funds in the amount of \$298,000, as well as \$43,000 which was previously approved for cost increases on the Sherwood Road Geometric Upgrade project. Reprogramming of projects that were deprogrammed in the 2016 STIP

was determined to be a statewide priority in the 2018 STIP. In addition to replacement of deleted projects, MCOG funding for additional components was needed on one existing regional project, as well as funding for cost increases on the aforementioned two “child projects” from the completed Willits Bypass.

Transportation Partnerships to Reduce Greenhouse Gas Emissions

As part of the Mendocino region’s commitment to reducing greenhouse gas emissions, MCOG has participated in several significant transportation partnerships over the past few years. From 2014 to 2018, MCOG staff helped to win a competitive grant and provided key personnel for "Bringing Electric Vehicle Charging Stations to Mendocino County California State Parks," funded by the California Energy Commission. In addition to state park locations, this project installed public chargers in Fort Bragg, Willits and Point Arena covering regional sites in MCOG's ZEV Plan.

In 2016, MCOG partnered with ChargePoint, a leading equipment manufacturer and network operator, on the Mendocino Express Interregional Corridor Project to install electric vehicle fast chargers along US 101 through northern Sonoma and Mendocino Counties as part of a statewide network, funded by the California Energy Commission. In 2017, MCOG participated in the North Coast and Upstate Fuel Cell Readiness Project to prepare nine of California’s northernmost counties for the introduction of fuel cell electric vehicles, also funded by California Energy Commission. In 2019, MCOG developed the *Mendocino County Zero Emission Vehicle (ZEV) and Alternative Fuels Readiness Plan Update* in consultation with a consultant and a regional ZEV advisory group. The plan provides research, recommendations, and resources for local agencies to meet a target of 150 public Level 2 electric vehicle chargers to meet 2025 demand, requiring the installation of 69 new chargers countywide.

TDA Claimant Relationships and Oversight

This functional area addresses MCOG’s interaction with TDA claimants and its administration of the provisions of the TDA. The subfunctions include costs to administer the program, TDA claims processing, and transit performance monitoring. As all LTF have been used for public transit purposes, state law does not require MCOG to undertake a formal unmet transit needs process. However, MCOG is commended for continuing this practice and working with the MTA, SSTAC, and TPC to solicit, analyze, and recommend unmet transit needs that are reasonable to meet.

A public workshop is held each year in compliance with the statute, which requires at least one public hearing in the citizen participation process. MCOG provides proper legal noticing and advertising of the public hearing in general circulation publications (four area newspapers), on an email listserv, and on the MCOG website. The TPC makes recommendations based on unmet needs analyses and evaluations of performance indicators of MTA services. These recommendations are shared with the SSTAC for

review and comment. A formal finding of unmet transit needs that are reasonable to meet is made to the Council for adoption by resolution. For the audit period, findings were made that “there are unmet transit needs that are reasonable to meet.”

Implementation of these unmet needs are generally contingent on funding availability. For example, unmet transit needs identified in 2016 were contingent on approval of MTA’s grant proposal under the FTA Section 5311f program, while in 2017, unmet needs were contingent on approval of MTA’s grant proposal for Mobility Management under the FTA Section 5310 Expanded Program and other grant opportunities. Further, in 2018, unmet needs were contingent on review of existing routes, update of the funding formula for the senior centers’ transportation contracts, and potential new revenues through the FTA Section 5311 program.

MCOG Administration and Planning

The uses of TDA revenues apportioned to Mendocino County flow through a priority process prescribed in state law. MCOG is able to allocate LTF revenues for TDA administration and planning purposes. During the audit years of 2016 through 2018, MCOG claimed the following total amounts:

Table IV-1
LTF Claims by MCOG for
Administration, Planning, and Programming

Fiscal Year	Administration of TDA & Planning and Programming
2016	\$553,053
2017	\$510,570
2018	\$549,426

Source: Annual MCOG Financial Statements, Schedule of Allocations, Expenditures, and Operating Transfers

Based on the above table, in FY 2016, the amount claimed by MCOG equaled approximately 15.2 percent of total LTF allocations (\$3,625,639). In FY 2017, the amount was 14.2 percent (out of \$3,594,562), and in FY 2018, the amount was 13.6 percent (out of \$4,033,756). The lower expenditures by MCOG in FY 2017 were due to planning and programming costs, which were below LTF allocation levels.

LTF funds are allocated to eligible agencies including MCOG, local jurisdictions for bike/pedestrian projects, and the MTA for public transportation. MCOG has an existing adopted reserve policy to set aside the larger of \$100,000 or 5 percent of the County Auditor's official LTF estimate. Conditions for their use are when actual LTF revenues fall short of LTF budget allocations, or extreme or unusual circumstances warrant an additional allocation. LTF reserve funds are available for transit services provided by the MTA which have been funded by MCOG through the annual transit claims and budget

process. During the audit period, MCOG held annual reserves at 5 percent of the LTF estimate, or between \$171,000 to \$175,000. This is notable given the lower reserve balances recommended by the MCOG Executive Committee in the prior triennial period due to depleted funds to cover transit revenue shortfalls stemming from the last recession.

TDA Claim Processing

On an annual basis during this audit period, MCOG was responsible for managing the apportionment of between \$3.6 and \$4.0 million in LTF revenues, and up to \$620,000 (FY 2015-16 MCOG budget) in STA funds (including carryover). STA revenues were lower in the ensuing two fiscal years due to lower fund estimates provided by the State Controller Office and from a reduced STA fund balance.

Preliminary TDA apportionments are released in February, and TDA claims are due to MCOG by April prior to the fiscal year of the claim. To its credit, MCOG uses a locally derived claims checklist to ensure that proper information is submitted by the MTA with the TDA claim. The checklist shows 10 different items that must be presented, including current and previous budgets, CHP inspection certification, capital plan, and compliance with audit recommendations. A second checklist of nine findings for compliance with the TDA is also developed as a condition of the operator's eligibility for the funds. The checklists provide uniformity to the claims process and ensure that adequate information is provided to substantiate the claim for TDA revenues.

An in-house TDA manual is also available, which provides a chronology of key dates in the TDA process. The manual provides a checklist of activities by month including the unmet transit needs process in the fall, due dates for various audit reports, board resolution preparation, and budgeting. As described in the prior performance audit recommendations section, MCOG has worked with the TPC to update its TDA manual to reflect new legislation from Senate Bill 508. Updates included changing the MTA minimum farebox recovery ratio consistent with the new law, and incorporating the STA operating efficiency criteria. MCOG is continuing its update of the manual.

TDA Allocations for the MTA/Senior Center Transportation

As part of the MTA claim, a certain level of TDA funds are provided to the senior center transportation services that are under contract to the MTA. As the designated CTSA, the MTA contracts with five senior centers to provide specialized services for their clients. The level of TDA funds to subsidize the special services is capped at 88 percent of total operations cost per senior center. The remaining 12 percent is matched by fares and other revenue dedicated by the senior centers to their respective transit programs. According to MTA budgets, the total TDA operating subsidy for the senior centers ranged from \$462,360 to \$473,056 annually, which is approximately 15.7 percent of MTA's annual allocation of LTF to provide public transportation. Changes in revenue

amounts during the audit period trickle down to each senior center on a proportional basis, meaning each senior center's TDA is increased by the same percentage relative to its subsidy amount. MCOG and MTA continue to work on the funding formula to allocate the share of TDA to each senior center; the formula was based on agreements made in the mid-1990s. A prior performance audit recommendation addresses the funding formula and suggested an alternate formula for consideration by MCOG and MTA. This prior recommendation is carried over in this audit for full implementation.

Transit Performance Monitoring

The TPC provides a venue for MTA and MCOG elected officials, a senior center representative, and staff to communicate about transit service needs and productivity. In implementing a prior performance audit recommendation, MCOG staff worked with the TPC in developing alternative methods for evaluating transit performance. MCOG tested the options and the TPC ultimately approved one of the alternatives, the CPI Adjusted Rolling Average, with both one-year and three-year results for evaluating MTA performance. The TPC conducts an annual review of performance using a series of performance targets for different transit modes including for dial-a-ride, short-distance bus routes, long-distance bus routes, and senior centers. The metrics include operating cost per hour, operating cost per passenger, passengers per hour, and farebox recovery. These efficiency standards are derived from the prior MTA Transit Development Plan.

Application of the productivity metrics for the three-year audit period by MCOG show that the long-distance bus routes and senior centers generally meet their metrics while the dial-a-ride and short-distance bus routes meet fewer metrics. The TPC holds discussion about the metrics and reasons for their trends, which are documented in the meeting minutes. Formal recommendations can be made on ways to improve service delivery and/or address issues. Examples of formal recommendations made by the TPC from the performance evaluation include the following:¹

1. MCOG consider reducing its farebox standard to ten percent over the next few years and revisit the issue this time next year with another year or two of performance data.
2. MTA work with community partner agencies to address the homelessness problem that is impacting ridership.
3. MCOG encourage MTA to conduct a review of all routes on the system for productivity.

¹ May 17, 2018, TPC Meeting Minutes

Alternatively, in lieu of formal recommendations, consensus by TPC members is met to take interim steps. For example, steps from the performance analysis have included the following:²

1. Move Route 20 Willits/Ukiah performance reporting to Long Distance Bus Routes category. (MTA staff)
2. Continue to watch Farebox Ratio performance of Senior Centers. (TPC)
3. Research options for Passengers per Hour standard. (MCOG staff)

Marketing and Transportation Alternatives

MCOG undertakes a series of public information efforts to gain public input and release information about its projects. MCOG has in place a Public Participation Plan which meets federal transportation mandates and outlines goals and strategies that provide reasonable opportunities for all interested parties and agencies to be involved in the transportation planning process. Generally, a significant public participation program is implemented for large planning endeavors, such as the RTP update. Workshops are held in smaller communities in the county to promote public participation.

Public access to MCOG board meetings has been enhanced through the recording of meetings that are made available on the Internet. All MCOG regular board meetings are available for live streaming and viewing at County of Mendocino's YouTube site (<https://www.youtube.com/channel/UCSYcX7uSxr-GyRh20JtuwFg/playlists>).

Information about MCOG and its work is available through MCOG's updated website (<http://www.mendocinocog.org/>). The website is developed through Streamline Web to provide a content management system designed specifically for local governments to keep in compliance with internet regulations. The website contains information about the agency's role in current transportation projects and programming; transportation plans (RTP, RTIP, etc.); board meeting agendas and minutes; news and issues; transportation links; and a library listing of past projects and studies. A significant improvement is that the website provides easy one-click access to board agendas. MCOG staff also maintains an active email listing for electronic transmission of information. Four list services are available for subscription: public transit, transportation grants, MCOG board agendas, and MCOG news and notices. The agency makes an effort to provide regular online updates of projects and activities under the website's news and notices header.

Alternative transportation is promoted by MCOG in part through its involvement in assisting local jurisdictions to secure grants through the State Active Transportation Program to fund nonmotorized projects and plans. The Active Transportation Program is

² May 2, 2019, TPC Meeting Minutes

also integrated into the goals and policies of the long-range RTP update. MCOG issues competitive calls for projects to use LTF funds for bicycle and pedestrian projects as another funding source to promote a balanced transportation system. In addition, MCOG completed the *Transportation Program Safe Routes to School Non-Infrastructure Grant Report* in December 2018 which is a program to encourage, educate, and enforce increased walking and biking to schools and other locations, by developing and sustaining a wide range of educational and training activities.

Grant Applications and Management

MCOG provides support to the MTA for various state and federal grant programs available for transit. During the audit period, MCOG supported the MTA in its application of Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds and Transit System Security for capital acquisition. The MTA is the project sponsor for application of the funds, and MCOG provides certification that the projects being funded are consistent with the region's transportation program and ensures all expenditure reporting procedures to the state are met. According to the MTA audited financial statements, at the end of FY 2018, the MTA had expended its PTMISEA funding, which coincided closely with one of the last cycles of the state bond program. MCOG and MTA have since coordinated use of Senate Bill 1 transit funds through the STA program including additional STA formula revenue and the State of Good Repair. Low Carbon Transit Operations Program revenue is also available for certain MTA transit activities that reduce greenhouse gas emissions, such as the fare-free ride program for Mendocino College students and capital purchase of an all-electric transit bus.

MCOG programs transit investment projects in required regional improvement plans to enable state and federal transit funds to be passed through to the MTA. MCOG and MTA staff stay aware of federal grant opportunities and work cooperatively to secure discretionary grants, including FTA 5310, 5311, and 5311(f) fund sources for planning, capital, and operations activities. The MTA prepares the grant application with support provided by MCOG.

MCOG secured grant funding from the Caltrans Active Transportation Program to complete the aforementioned *Transportation Program Safe Routes to School Non-Infrastructure Grant Report*. Two non-infrastructure grants (Countywide \$871,000 plus Covelo \$233,000) were awarded and subsequently combined into one comprehensive project (totaling \$1,104,000). Primary project partners included MCOG, Mendocino County Health & Human Services Agency, school districts, and the California Conservation Corps. Among the services conducted for the study were a variety of safe routes to school activities including engineering strategies, education strategies, encouragement strategies, enforcement strategies, and evaluation strategies.

Section V

Findings and Recommendations

The following material summarizes the findings obtained from the triennial audit covering FYs 2016 through 2018. A set of recommendations is then provided.

Findings

1. MCOG has satisfactorily complied with applicable state legislative mandates for RTPAs. Two compliance measures that did not apply to MCOG pertain to 1) adopting rules and regulations for TDA claims under Article 4.5, and 2) regulations regarding urban and rural revenue ratios. There were no such Article 4.5 claims submitted during the audit period, and MTA does not serve an urbanized area.
2. MCOG has significantly improved its compliance with the requirement to annually identify, analyze, and recommend potential productivity improvements for MTA. Analysis on productivity is enhanced through MCOG's annual review of MTA performance reports against MCOG-derived transit standards with both one-year and three-year results to show near- and mid-term data.
3. Of the three prior performance audit recommendations, MCOG implemented two and one is in progress of being implemented. MCOG updated its TDA manual and strengthened the role of the Social Services Transportation Advisory Council. The prior recommendation in progress concerns an alternate funding formula for senior center TDA funds.
4. In June 2018, a new executive director was hired who engages in external affairs to develop relations and build partnerships with a variety of key stakeholders and decision makers to enhance MCOG. Other staff changes included refinement of and more specific duties for the regional project manager/regional project coordinator.
5. With some internal organizational adjustments having occurred since the separation of contracts between administration/fiscal services and planning, MCOG personnel have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for a RTPA and council of government.
6. MCOG received extensive state-provided training to develop subrecipient agreements for pass-through funds to local agencies. The master agreement for five years with each of the four cities and the county clarifies and sets expectations on the scope of work, and funding and reimbursement amounts.

7. MCOG prepared and adopted the 2017 RTP in February 2018. The updated RTP goals and policies closely reflect those in the *Vision Mendocino 2030 Blueprint Plan*.
8. As part of the Mendocino region's commitment to reducing greenhouse gas emissions, MCOG has participated in several significant transportation partnerships over the past few years, including installing electric vehicle fast chargers along US 101, participating in the North Coast and Upstate Fuel Cell Readiness Project, and developing the *Mendocino County Zero Emission Vehicle (ZEV) and Alternative Fuels Readiness Plan Update*.
9. MCOG completed the *Transportation Program Safe Routes to School Non-Infrastructure Grant Report* which is a program to encourage, educate, and enforce increased walking and biking to schools and other locations.

Triennial Audit Recommendations

1. Consider an alternate funding formula for senior center TDA funds.

As a carryover from the prior audit, this recommendation to revisit the formula is taken in context of a larger discussion on the continuation of the MTA's role to administer the senior transportation program with Local Transportation Fund (LTF) revenues.

The MTA and/or MCOG would take the lead, with the other agency providing administrative and technical support, to address the current formula for allocating TDA funds to the senior centers, which does not account for operational performance of the respective systems. A request for more performance review data could be made by both agencies to develop trends and hold discussion of the formula. The MCOG Transit Productivity Committee (TPC) discussed the TDA funding formula for the senior centers in May 2019. The TPC suggested forming a working group to analyze the issue with a fresh start and possibly propose a new basis of performance for the funding formula. The MTA Board of Directors also convened a separate ad hoc subcommittee to assist MTA management staff in its review of this service. The MTA ad hoc subcommittee and the MCOG TPC should further discuss the concerns and evaluate possible service and funding options that limit impacts to the senior and disabled community.

An alternate funding formula is suggested for consideration as conditions warrant a review. The alternate formula would follow a structure similar to the existing State Transit Assistance (STA) formula, where a certain portion of the allocation to a transit system is based on performance and the remaining portion is based on the discretion of MCOG in its capacity as the RTPA.

The suggested formula for the senior center TDA allocation would have two portions: one based on fare revenue/dedicated local support generated by each senior center, and the other based on an amount approved by the TPC. Because the split of this allocation would not have to be on a 50/50 basis, like the STA fund, discussion would be needed to determine appropriate amounts.

For the fare revenue portion, each senior center would receive revenue based on its share of fare revenue and local support relative to total fare and local support revenue generated by all senior centers. The remaining TDA amount would come from the discretionary portion, which would be determined by the TPC and based on need, budgets, or other criteria. The purpose of the suggested formula is to tie in a certain measure of performance that is already present in the funding process (senior center fare revenues provide local match to the TDA) and to incentivize the recipients to enhance service or increase productivity. The TDA subsidy amount

provided by the MTA to the senior centers is close to reaching the agreed-upon subsidy cap.

2. Confirm alignment of MCOG personnel roles and responsibilities with RTPA functions.

Although there have been no procedural changes, MCOG personnel have been operating under a new contract relationship that separates staff under two contracts, one for administration/fiscal services and the other for planning. As this organizational change and RFP process was expedited relatively quickly by the County in response to the Caltrans pre-award audit in 2014, MCOG staff have been reviewing agency roles, job position descriptions, the organization chart, and reporting responsibilities, and refining and defining administrative and planning functions for a regional transportation planning agency (RTPA) and council of government (COG).

RTPA/COG roles and responsibilities are increasing and are defined through multiple areas such as state and federal statutes, state transportation agency guidelines, funding sources and scopes of work, and local needs and best practice. For example, state law requires an RTPA to develop a long-range regional transportation plan (RTP) pursuant to Government Code section 29532, which MCOG develops. The RTP development process evolves from meeting guidance and best practice that fit local conditions and needs.

The Overall Work Program (OWP), another requirement, is produced by MCOG and contains the annual work scope, budget, and deliverables for the agency. Caltrans provides an in-depth review of the OWP and its alignment with California Transportation Commission and Caltrans guidelines which MCOG continues to evaluate in confirming agency practice. Research and collection of peer agency work programs, organization charts, and staff job descriptions are another means of verifying MCOG activities. As MCOG participates in and is a member of numerous peer groups such as the California Association of Council of Governments, Rural Counties Task Force, and North State Super Region, information is available for an exercise of confirming agency roles.

With the settling of MCOG contract staff and business practices since the contract award, an opportunity exists for ongoing MCOG review and evaluation of the organization in light of the growing responsibilities placed on RTPAs and COGs from changes in state and federal statutes.