Shasta Regional Transportation Agency

FY 2018/19 - FY 2020/21 TDA Triennial Performance Audit of Shasta Regional Transportation Agency

FINAL REPORT
MARCH 2022

moore & associates

Table of Contents

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Table of Exhibits

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Chapter 1 | Executive Summary

The Triennial Performance Audit of the Shasta Regional Transportation Agency (SRTA) covers a three-year period ending June 30, 2021. 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 2021, the Shasta Regional Transportation Agency selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates TDA funding. Moore & Associates, Inc. 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 SRTA for the period:

- Fiscal Year 2018/19,
- Fiscal Year 2019/20, and
- Fiscal Year 2020/21.

The performance audit was conducted 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. The auditors believe the evidence obtained provides a reasonable basis for its findings and conclusions based on the stipulated 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 Shasta Regional Transportation Agency adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner.

Status of Prior Recommendations

The prior Triennial Performance Audit – completed in 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included the following recommendations:

1. SRTA should ensure reporting deadlines are clearly documented and monitored so that multiple individuals within the agency have access to them.
   Status: Implementation in progress.

2. SRTA staff should work with the auditors preparing subsequent triennial performance audits to ensure audits are submitted on-time and operator allocations are made as planned.
   Status: Implemented

3. SRTA's CFO should ensure it certifies RABA's current triennial performance audit upon completion, even if it is completed at a different time than the SRTA audit.
   Status: Implemented

4. SRTA should review its TDA Handbook and Policies and Procedures to ensure internal consistency throughout.
   Status: No longer relevant.

Goal Setting and Strategic Planning

The SRTA's primary regional planning document is the Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS). The RTP is a long-range (26-year) transportation plan providing a vision for regional transportation investments. The current Plan, which was adopted in 2018, considers the role of transportation including economic factors, quality of life issues, and environmental factors. The Sustainable Communities Strategy (SCS) element, required under Senate Bill 375, demonstrates the integration of land-use, transportation strategies, and transportation investments that will help Shasta County meet regional greenhouse gas reduction targets. The 2022 update is currently in development.

Findings and Recommendations

Based on the current review, the auditors submit no TDA compliance findings. However, the auditors identified two functional findings. While these findings are not compliance findings, the auditors believe they are significant enough to warrant inclusion herein:

1. The SRTA does not currently include the CTSA in the Triennial Performance Audit process.
2. The SRTA could benefit from a more formal process to evaluate transit operator productivity.

In completing this Triennial Performance Audit, Moore & Associates, Inc. submits the following recommendations for the Shasta Regional Transportation Agency as the RTPA. They have been divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the agency into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the Triennial Performance Audit that are not specific to TDA compliance.

Given there were no compliance findings, only functional recommendations are provided. An additional recommendation (not related to a finding) was also provided in anticipation of changes arising from AB 149.

Exhibit 1.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Consider including performance audits of the CTSA and any additional transit operations in Shasta County in future Triennial Performance Audit cycles.	Medium	FY 2024/25 or later
2	Introduce more formal oversight of transit operator productivity through committee review.	High	FY 2022/23
3	Ensure new farebox recovery ratio calculation considerations are taken into account when determining whether an unmet transit need is “reasonable to meet.”	Medium	FY 2022/23

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the Shasta Regional Transportation Agency covers the three-year period ending June 30, 2021. 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 2021, the Shasta Regional Transportation Agency selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates funding. Moore & Associates, Inc. is a consulting firm specializing in public transportation. Selection of Moore & Associates, Inc. followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the Shasta Regional Transportation Agency as the designated RTPA for Shasta 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. The auditors believe the evidence obtained provides a reasonable basis for its 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 Audit 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 TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the regional transportation planning agency. The audit of the Shasta Regional Transportation Agency 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 SRTA'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 Shasta Regional Transportation Agency as the RTPA included thorough review of documents relevant to the scope of the review, as well as information contained on the SRTA'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 virtual site visit with Shasta Regional Transportation Agency representatives on November 9, 2021. The audit team met with Jessica Carlson (Chief Fiscal Officer) and reviewed materials germane to the triennial audit.

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 | Program Compliance

This section examines the Shasta Regional Transportation Agency'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 RTPA considers full use of funds under CCR Section 6754(a) to refer to operating funds but not capital funds. The Triennial Performance Audit findings and related comments are delineated in Exhibit 3.1.

Compliance was determined through discussions with SRTA 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.

SRTA adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner.

Developments Occurring During the Audit Period

The last half of the audit period was markedly different from the first half. The impacts of the ongoing COVID-19 pandemic resulted in significant declines in public transit ridership and revenue. In many instances, transit operators strove to retain operations staff despite adopting a reduced schedule, resulting in significant changes to many cost-related performance metrics. While infusions of funding through the CARES Act mitigated some of the lost revenues for federally funded programs, most transit operators have yet to return to pre-pandemic ridership and fare levels. As a result, the Triennial Performance Audits will provide an assessment not only of how the COVID-19 pandemic impacted each organization, but also how each responded to the crisis.

In addition to the COVID-19 pandemic, recent and proposed changes to the TDA may result in audit reports that look somewhat different than in prior years. In the nearly 50 years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California's state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented.

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 impacted by the COVID-19 pandemic while TDA reform continues to be discussed.

AB 90 included the following provisions specific to transit operator funding through the TDA:

1. It prohibited the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.
2. It required the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance (STA) Program for FY 2020/21 and FY 2021/22 based on the same individual operator ratios published by the Controller in a specified transmittal memo, and authorized the Controller to revise that transmittal memo, as specified. It required the Controller to use specified data to calculate those individual operator ratios. Upon allocation of the transit operator revenue-based funds to local transportation agencies pursuant to this provision, the Controller would publish the amount of funding allocated to each operator.
3. It exempted an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorized the operator to use those funds for operating or capital purposes during that period.
4. It required the Controller to allocate State of Good Repair (SGR) program funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.
5. It required the Controller to allocate Low Carbon Transit Operations Program (LCTOP) funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.

Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. It extended the provisions of AB 90 through FY 2022/23 as well as provided additional regulatory relief including:

1. Waiving the annual productivity improvement requirement of Section 99244 through FY 2022/23.
2. Adding a temporary provision exempting operators from farebox recovery ratio requirements provided they expend at least the same amount of local funds as in FY 2018/19.
3. Expanding the definition of "local funds" to enable the use of federal funding, such as the CARES Act (or CRRSAA), to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
4. Adjusting the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and micro-transit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
5. Allowing operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2022/23.

AB 149 also called for an examination of the triennial performance audit process, to ensure the practice continues to be effective and beneficial.

Exhibit 3.1 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	
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	SSTAC meets at least twice per year. The unmet transit needs process includes an annual public hearing.
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. • A committee for the purpose of 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 that exceeds its prior year allocation.	PUC 99244	In compliance	
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	RABA audits: FY 2018/19: December 18, 2019 FY 2019/20: December 22, 2020 FY 2020/21: Pending
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 2018/19: November 15, 2019 FY 2019/20: June 10, 2021 FY 2020/21: Pending
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 2018/19: December 4, 2019 FY 2019/20: February 10, 2021 FY 2020/21: Pending

**While the FY 2019/20 State Controller Report was technically submitted nine days after the deadline, the auditor is waiving the finding due to extenuating circumstances arising from the COVID-19 pandemic. SRTA's fiscal auditors were unable to conduct their site visit in a timely manner due to the pandemic, which resulted in SRTA receiving its audited data used in the State Controller Report late. SRTA made the decision to submit its report late using audited data rather than submitting on time using unaudited data.*

Compliance Element	Reference	Compliance	Comments
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	Letter to Caltrans dated March 12, 2019.
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	
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	
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	In compliance	
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	
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	

Compliance Element	Reference	Compliance	Comments
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: • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238; • Identified transit needs, including: ▪ 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 alternatives; • Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet"; • Identified the unmet transit needs and those needs that are reasonable to meet; and • 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. 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	Unmet Transit Needs hearings: February 27, 2018 February 26, 2019 February 25, 2020 February 23, 2021 SRTA issues a comprehensive Transit Needs Assessment report annually summarizing the methodology and findings of the Unmet Transit Needs process.

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Chapter 4 | Prior Recommendations

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

The prior audit – completed in March 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included four recommendations:

1. The SRTA should ensure reporting deadlines are clearly documented and monitored so that multiple individuals within the agency have access to them.

   Discussion: In February 2018, a representative of the State Controller's Office contacted the SRTA's CFO via email, noting that the SCO had not received SRTA's report. The CFO responded, stating he had completed the report in December 2017 yet had neglected to submit it. The report was submitted on February 8, 2018, more than a week late.

   With the on-time submittal of the FY 2017/18 report, this issue is already resolved. The auditor recommended deadlines for submitting the report to the State Controller should continue to be assigned to a single individual (such as the CFO), but the deadline should be documented where it can be noted by other SRTA staffers, who can provide a check that the report was actually submitted.

   Progress: The SCO report was submitted on time for FY 2018/19 but late again in FY 2019/20.

   Status: Implementation in progress.

2. SRTA staff should work with the auditors preparing subsequent triennial performance audits to ensure audits are submitted on-time and operator allocations are made as planned.

   Discussion: While SRTA's Chief Fiscal Officer during FY 2016/17 has retired, neither SRTA or RABA staff employed during said period recall any of RABA's TDA funding being withheld due to the late submittal of the Triennial Performance Audit. The City of Redding's Public Works Director recalled that the late audit was due to the outside auditor, not by any negligence on the part of RABA or the RTPA. Further review of SRTA's LTF and STA payment schedules for the following year show six LTF payments and two STA payments prior to January 2017 that should have been withheld.

   SRTA staff (particularly the Chief Fiscal Officer) should closely monitor the progress of the auditor preparing the triennial performance audit to ensure its timely completion. The auditor recommended the CFO and other staff (as appropriate) should become familiar with TDA regulations besides farebox recovery ratio that would affect the allocation and payment of TDA funds to operators.

Progress: In 2019, the Triennial Performance Audit was completed in March, and therefore did not affect the operator allocation.

Status: Implemented

3. SRTA's CFO should ensure it certifies RABA's current triennial performance audit upon completion, even if it is completed at a different time than the SRTA audit.

Discussion: While the CFO submitted the RTPA's triennial performance audit to Caltrans in February 2016, RABA's audit had not been completed at that time. SRTA's Chief Fiscal Officer during FY 2016/17 has since retired, and current staff are unaware of any communications with Caltrans certifying the RABA audit upon its completion in January 2017.

For the current triennial performance audit engagement, SRTA's audit is scheduled to be completed approximately one month prior to the RABA audit. The CFO may want to delay submitting SRTA's audit to Caltrans until RABA's audit is complete so that both audits will be included within the same letter. That letter should be filed in a location where it can be easily accessed during the next triennial performance audit in FY 2022.

Progress: Staff submitted a letter addressed to Caltrans dated March 12, 2019, submitting the RTPA Triennial Performance Audit and certifying completion of the RABA audit.

Status: Implemented.

4. SRTA should review its TDA Handbook and Policies and Procedures to ensure internal consistency throughout.

Discussion: The prior audit recommended an update of the SRTA's TDA Handbook to incorporate changes to the TDA included in Senate Bill 508. This was implemented in 2017, but internal inconsistencies were still noted. On page 84, the TDA Handbook clarifies that the 15 percent farebox recovery ratio is a blended rate and does not apply to fixed-route service alone. However, on page 17 (last paragraph) it still states that "The SRTA Board of Directors has approved a 15-percent required farebox ratio for the RABA fixed-route service."

The auditor recommended the TDA Handbook should be thoroughly proofread and revised as needed so that it reflects consistent language. A thorough review of the document by a detail-oriented reviewer should result in the identification of any inconsistencies so they can be easily corrected.

Progress: Page 360 of the 2021 update to the SRTA TDA Handbook includes the following statement:

> *The SRTA Board of Directors has approved a 15% required fare box ratio for the RABA fixed route service. Per the SRTA Board of Directors, RABA is to strive to obtain a 19% fare box ratio on fixed route service (Board policy).*

The statement on page 416 of the 2021 update to the SRTA TDA Handbook still uses the term "blended." However, it appears the use of the term "blended" refers to rural and urbanized service areas, rather than fixed-route and dial-a-ride services. Ideally, the statement on page 416 should clearly indicate it refers only to the fixed-route service, but this is not critical.

Status: No longer relevant.

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Chapter 5 | Goal Setting and Strategic Planning

This chapter analyzes the Shasta Regional Transportation Agency's goal setting and strategic planning process. The primary regional planning document is the Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS). The RTP is a long-range (26-year) transportation plan providing a vision for regional transportation investments. The Plan, which was updated in 2018, considers the role of transportation including economic factors, quality of life issues, and environmental factors. The Sustainable Communities Strategy (SCS) element, required under Senate Bill 375, demonstrates the integration of land-use, transportation strategies, and transportation investments that will help Shasta County meet regional greenhouse gas reduction targets.

The 2018 RTP includes the following seven regional goals, each of which is supported by objectives, implementation strategies, and performance measures:

- **Goal #1:** Optimize the use of existing inter-regional and regionally significant roadways to prolong functionality and maximize return-on-investment.
- **Goal #2:** Strategically increase capacity on inter-regional and regionally significant roadways to keep people and freight moving effectively and efficiently.
- **Goal #3:** Provide an integrated, context-appropriate range of practical transportation choices.
- **Goal #4:** Create people-centered communities that support public safety, health, and well-being.
- **Goal #5:** Strengthen regional economic competitiveness for long-term prosperity.
- **Goal #6:** Promote public access, awareness, and action in planning and decision-making processes.
- **Goal #7:** Practice and promote environmental and natural resource stewardship.

In addition to the regional goals, the RTP includes an evaluation of regional mobility needs (as it relates to population, housing, and job forecasts); a list of specific transportation improvements (along with a timeline and funding plan); and additional elements arising from the Fixing America's Surface Transportation (FAST) Act (performance goals and measures), Senate Bill 743 (focus on Vehicle Miles Traveled), and Senate Bill 150 (CARB reports).

SRTA's RTP-SCS includes the following regional vision:

> *SRTA will meet the region's evolving mobility needs and generally avoid traffic congestion and other growth-related pitfalls commonly observed in larger metropolitan regions. This will be accomplished through strategic and timely transportation system improvements; the integration of travel options into a seamless network; and collaborative effort toward transportation-efficient land-use patterns where it is most beneficial. As appropriate, SRTA will utilize its unique regional role and resources to lead transformative projects aligned with the regional vision.*

> *SRTA acknowledges its efforts are intertwined with regional prosperity, environmental quality, community health and well-being, and various other elements that collectively define quality of life, and will use regional transportation planning, policy-making, and project programming to lead the development of projects that yield multiple community benefits. Planning and decision-making processes shall engage partner agencies, community stakeholders, and the public, and be transparent and responsive to documented community values and priorities.*

Each RTP update builds upon prior efforts but is reflective of current and future conditions. Prior efforts that were used in the development of the 2018 RTP included the following:

- ShastaSIM Activity-Based Travel Demand Model,
- SRTA Board of Directors Regional Priorities,
- ShastaFORWARD>> Regional Blueprint,
- North State Transportation for Economic Development Study,
- Transit Needs Assessment and Unmet Transit Needs findings,
- Disadvantaged Communities Assessment,
- Shasta Coordinated Transportation Plan,
- GoShasta Regional Active Transportation Plan,
- Coordination of Consolidated Transportation Service Agency (CTSA) Service Study,
- Transit Technology Plan, and
- Shasta County ITS Strategic Deployment Plan.

The RTP Update is supported by an adopted Participation and Partnership Plan as part of the SRTA's Title VI Program. Public participation activities for the 2018 update included SRTA Board of Directors meetings; city council and county board meetings; web postings on the SRTA's website; public notices in local newspapers and via social media; online forums; public workshops; community survey; notices to local, state, and federal agencies with an interest in the region; and a public review period.

Beginning in 2018, the SRTA moved to a four-year update cycle. Future RTP updates will occur in 2022, 2026, 2030, and so on. The SRTA has begun preparing for the 2022 RTP update by evaluating progress since the 2018 RTP and setting preliminary goals for the new document. Preliminary goals for 2022 through 2026 are detailed below.

Exhibit 5.1 2022 RTP-SCS preliminary goals

<table>
<tr><th colspan="4">Streets and Roads</th></tr>
<tr><td colspan="2">Fix 5 Cascade Gateway Project</td><td colspan="2">SR 273 Multimodal Corridor Plan</td></tr>
<tr><th colspan="4">Equity</th></tr>
<tr><td colspan="4">Disadvantaged communities</td></tr>
<tr><th colspan="4">Sustainable Communities Strategy</th></tr>
<tr><td colspan="2">Sustainable Communities Strategy implementation</td><td colspan="2">Zero-emissions infrastructure</td></tr>
<tr><th colspan="4">Public Transportation</th></tr>
<tr><td>Long-Range Transit Plan</td><td>Salmon Runner North State Intercity Bus System</td><td>Rural mobility</td><td>Zero-emission transit</td></tr>
<tr><th colspan="4">Passenger Rail</th></tr>
<tr><td colspan="4">Bus-to-Rail Study</td></tr>
<tr><th colspan="4">Active Transportation</th></tr>
<tr><td colspan="4">Active Transportation Trunk Line Network</td></tr>
<tr><th colspan="4">Aviation</th></tr>
<tr><td colspan="4">Transit access to Redding Municipal Airport</td></tr>
<tr><th colspan="4">Freight</th></tr>
<tr><td colspan="2">Freight sustainability</td><td colspan="2">I-5 Corridor Truck Parking Plan</td></tr>
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Chapter 6 | Functional Review

A functional review of the Shasta Regional Transportation Agency 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.

Administration and Management

The SRTA is governed by a Board of Directors which meets at least once per quarter, for a total of six meetings per year. All meetings are open to the public and held at the SRTA administrative offices. The SRTA's offices are accessible by public transit (RABA Routes 5 and 14) as well as accessible to individuals using mobility devices.

The SRTA Board has two committees that provide additional oversight for specific topics:

Fiscal Committee

The Fiscal Committee is comprised of the SRTA Board chair and two board members. Members are appointed each February. It meets on an as-needed basis to provide management oversight related to the SRTA financial operations.

Human Resources Committee

The Human Resources Committee is made up of the SRTA Board chair and two board members. Members are appointed each February. It meets on an as-needed basis and provides oversight regarding human resources matters, including performance reviews of the Executive Director and review of formal grievances.

The SRTA also has two advisory committees that include representatives from throughout the county.

Technical Advisory Committee

The Technical Advisory Committee is comprised of representatives from the cities of Anderson, Redding, and Shasta Lake; Shasta County; RABA; Redding Airport; Shasta County Air Quality Management District (AQMD); Shasta Senior Nutrition Program (CTSA); and Caltrans. The TAC reviews and evaluates programs and project for consideration by the Board, and offers recommendations to the Board.

Social Services Transportation Advisory Council (SSTAC)

The SSTAC is made up of nine members per statutory guidelines, all of whom represent groups of under-served transit users. These include:

- One representative of potential transit users who is age 60 or older;
- One representative of potential transit users who is disabled;
- Two representatives of local social service providers for seniors, including one representative of a transportation provider;
- Two representatives of local social service providers for persons with disabilities, including one representative of a transportation provider;
- One representative of a local social service provider for low-income individuals; and
- Two representatives from the local CTSA, including one representative from an operator.

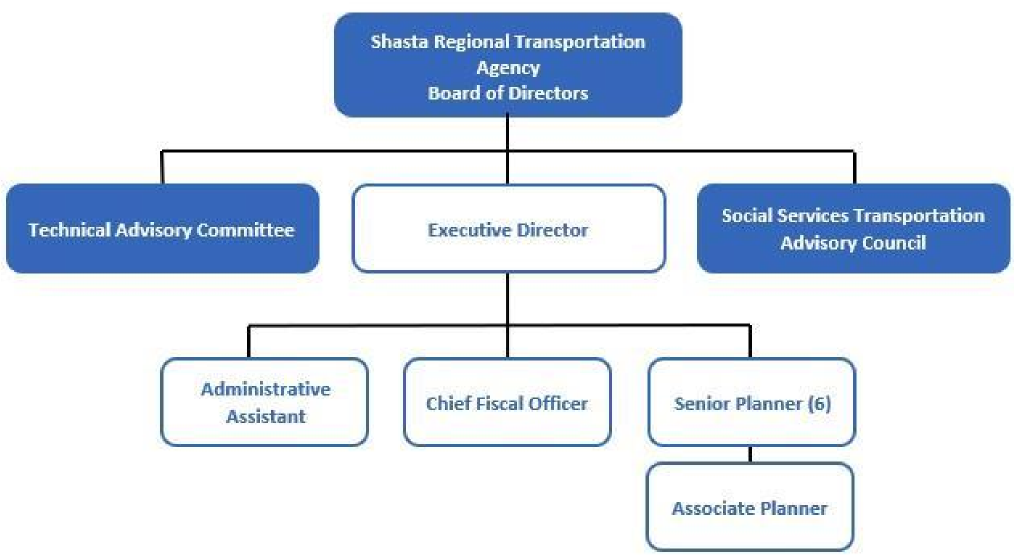
The SRTA may also appoint up to nine additional members who represent active transportation users, to participate in the SSTAC and/or serve as alternates.

The SSTAC advises the SRTA with respect to the transit needs of the general public, participates in the identification of transit needs in the Shasta region, and reviews and recommends action by SRTA as part of the annual unmet transit needs process.

The SRTA added an additional meeting with Public Works directors from the various jurisdictions in 2021. This allows the Public Works directors to review what the TAC will be recommending to the Board so that there are no surprises. This group meets every two months.

Reporting directly to the SRTA board is the Executive Director, who oversees a staff of nine. An organizational chart is presented as Exhibit 6.1.

Exhibit 6.1 Organizational Chart (FY 2019/20)



SRTA provides an appropriate level of administration for regional transportation planning activities. TDA claims are processed in an accurate and timely manner. The SRTA management receives and reviews quarterly reports on the progress and financial status of going programs and special projects. The SRTA

Board reviews and approves key documents prepared by staff (such as the Regional Transportation Plan, audits, and budget documents) in a timely manner.

The SRTA conducts appropriate planning and goal-setting activities, including schedules and milestones for achieving goals and objectives. The SRTA's budget and staffing allocations are sufficient and appropriate for reaching these goals and objectives.

The SRTA's employees are sufficient in number and qualification for the RTPA to accomplish its functions. The turnover rate is low. Staff development includes training regarding effective communication as well as that pertaining to specific projects or funding. Performance pay is available to all employees, along with full benefits for full time employees. Benefits include medical, dental, vision, accidental death and disability, and long-term care insurance; retirement benefits; vacation; sick leave; employee assistance program; and tuition and other reimbursements.

Impact of COVID-19 pandemic

The office was closed to the public and SRTA staff transitioned to working from home. The exception was the Chief Fiscal Officer, who required access to resources at the office. Extensive IT support was necessary to enable this transition. Meetings conducted over Zoom were publicly noticed and open to the public, remaining in compliance with the Brown Act. Considerable coordination went into improving technology and eliminate person-to-person interaction. Some staff members continue to work from home and Board meetings are still virtual. The SRTA is using a hybrid model with an option for meeting in person or virtually.

Claimant Relationships and Oversight

The SRTA does not currently have a designated productivity committee. However, it conducts regular monitoring of transit operator performance through the claims process and meetings of the Technical Advisory Committee (TAC). The SRTA includes a nominal review of progress toward the implementation of productivity recommendations as part of the annual TDA claims process.

The SRTA makes technical and managerial assistance available to Shasta County transit operators, and is in regular communication with claimants. The RTPA communicates TDA guidance to operators, including the Caltrans *Performance Audit Guidebook* and TDA handbook and claim forms.

The RTPA has only one operator that is required to submit financial reports, compliance audits, and a triennial performance audit. RABA has been in compliance with all submittals. The SRTA processes TDA claims in a timely manner, in a manner consistent with its own rules. The SRTA contracts with an independent auditor to prepare the triennial performance audit for itself and RABA.

The SRTA has discussed potentially integrating the CTSA and ShastaConnect as integral services. The recent Long-Range Transportation Plan suggested RABA become its own entity, rather than an extension of the City of Redding.

Transportation Planning and Regional Coordination

Every four years, the SRTA updates its Regional Transportation Plan (RTP), which provides overall guidance for transportation planning in the Shasta region. The most recent Plan was adopted by the SRTA Board of Directors in October 2018. Activities supporting development of the 2022 RTP are currently underway.

The RTP draws on the prior document as well as other data and studies pertaining to transportation in the region, and offers appropriate transportation policy guidance. The RTP provides an assessment of transportation trends and challenges in the region as well as looks at usage and conditions for individual modes (streets and roads, public transportation, active transportation, aviation, rail, and freight movement). These assessments include an analysis of strengths, weaknesses, opportunities, and threats through a SWOT analysis. The RTP includes regional transportation projects for the short-term (2018 – 2025) and long-term (2026 – 2040), a 20+ year planning horizon.

The SRTA provides ample opportunities for participation from member governments, other local agencies, state and federal agencies, and the general public. The RTP process includes presentations, formal public meetings, and a public review period.

The SRTA has developed and implemented a systematic method to keep up to date on transportation service levels and types provided within its jurisdiction. Staff work closely with whoever is developing the project to make it more accessible to transit, pedestrians, and bikes.

Marketing and Transportation Alternatives

The SRTA does not provide marketing specific for RABA, but does contract out for marketing services specific to ShastaConnect and some special services operated by RABA (such as the Beach Bus). RABA is responsible for its own short-range planning, which typically includes market research to evaluate the impact of marketing activities. The SRTA participates in and/or offers input into planning activities by regional or local government entities whenever warranted, primarily projects that are determined to have a clear, substantial, and acute impact to the regional transportation system.

The SRTA provides information regarding routes, schedules, types of service, and fares for RABA available in printed form and over the telephone. The SRTA offers assistance to operators to prepare and distribute press releases upon the initiation of significant new services. Promotion of the bike lanes has been particularly effective, and has resulted in a more bike-friendly atmosphere within the city.

Grant Applications and Management

The SRTA sometimes writes grants on behalf of claimants, including those for the Active Transportation Program and FTA Low-No Emission Vehicle Program. It also reviews and coordinates applications and may assist in preparing financial feasibility plans or planning or establishing programs, policies, and procedures. The SRTA and RABA generally apply for a broad range of federal and state grants, including Federal Transit Administration (FTA) formula grants, FTA planning grants, Federal Highway Administration (FHWA) grants, and ARRA and TIGGER funding. State and local grants include SB-1/State of Good Repair, Low Carbon Transit Operation Program (LCTOP), Transit and Intercity Rail Capital Program (TIRCP), Regional Surface Transportation Program (RSTP), and Proposition 84. The SRTA also identifies appropriate applicants based on individual grant opportunities. However, it is up to the applicant to actually move forward with the application.

Chapter 7 | Findings and Recommendations

Conclusions

The auditors find the Shasta Regional Transportation Agency, functioning as the RTPA, 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. The compliance finding and the recommendation for its resolution, as well as modest functional recommendations intended to improve the effectiveness of the organization as the RTPA, are detailed below.

Findings and Recommendations

Based on the current review, the auditors submit no TDA compliance findings.

The auditors identified two functional findings. While these findings are not compliance-related, the auditors believe they are significant enough to be addressed within this review:

1. The SRTA does not currently include the CTSA in the Triennial Performance Audit process.
2. The SRTA could benefit from a more formal process to evaluate transit operator productivity.

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the Shasta Regional Transportation Agency. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the entity into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Given there were no compliance findings, only functional findings and recommendations are provided.

Functional Finding 1: The SRTA does not currently include the CTSA in the Triennial Performance Audit process.

Criteria: TDA Article 4.5 outlines rules and regulations for claims for community transit services, including Consolidated Transportation Services Agencies (CTSAs). However, PUC 99275 through PUC 99277 do not have the same Triennial Performance Audit requirements as Article 4.

Condition: To this point, the SRTA has not conducted a Triennial Performance Audit of the CTSA.

Cause: Under the TDA, a Triennial Performance Audit is not required for operators receiving funding under an article other than Article 4.

Effect: There are fewer mechanisms to evaluate program efficiency and effectiveness than there are for Article 4 recipients.

Recommendation: Consider including performance audits of the CTSA and any additional transit operations in Shasta County in future Triennial Performance Audit cycles.

Recommended Action: The auditors recommend the SRTA consider including the CTSA in future TDA Triennial Performance Audits. While not all compliance requirements will apply to non-Article 4 operators, including these operators in the performance audit process will provide regular oversight of productivity and efficiency. Some California RTPAs (such as the Kern Council of Governments and Fresno Council of Governments) have traditionally opted to include a stand-alone CTSA in the audit process to maintain this type of oversight.

In addition, any program designated as “pilot” or “demonstration” that does not receive Article 4 funding should be included in the process only once it becomes a permanent part of the transit offerings in Shasta County. Should the Sunday Service pilot become a permanent program, SRTA may need to also undergo a transit operator audit, since it contracts with DHCL (which also serves as the CTSA) to provide this service. If the program (currently funded through LCTOP) utilizes TDA funding, the auditors recommend including it in the audit process.

Timeline: FY 2024/25 or later.

Anticipated Cost: Modest.

Functional Finding 2: The SRTA could benefit from a more formal process to evaluate transit operator productivity.

Criteria: PUC 99244 requires each RTPA to annually identify, analyze, and recommend potential productivity improvements which could lower the operating costs of those operators who operate at least 50 percent of their vehicle service miles within the area under the RTPA’s jurisdiction. The formation of a Productivity Committee is one method that may be used to ensure this requirement is effectively undertaken.

Condition: The SRTA does not currently have a productivity committee. Nominal information regarding operator progress on productivity recommendations arising from the most recent Triennial Performance Audit is collected during the TDA claims process via the Progress Report on SRTA Productivity Recommendations form. While this technically fulfills the requirement of PUC 99244, it does not provide any kind of interactive process for determining productivity improvements, nor does it take into account recommendations from any sources outside the Triennial Performance Audit. Under this process, since the CTSA and Shasta Connect do not currently undergo a Triennial Performance Audit, they are not included in the assessment of productivity improvements.

Cause: The current methodology only requires transit operators to provide information about their progress toward implementing Triennial Performance Audit recommendations as part of the TDA claims process.

Effect: It does not provide any criteria for whether productivity is effectively addressed, nor does it assess improvements for any non-audited transit operator.

Recommendation: Introduce more formal oversight of transit operator productivity through committee review.

Recommended Action: Committee review of transit operator oversight is an effective and transparent approach to meeting this criterion. The committee's role would be to review and evaluate efforts made by each operator to implement recommendations related to productivity included in the Triennial Performance Audit as well as recommendations included in other relevant plans or documents. The process should include RABA as well as any other provider (such as SRTA and the CTSA). Composition of the committee would depend on whether the productivity review role would be added to the responsibilities of an existing committee or if a new committee would be formed. Ideally, any productivity committee would include representatives from the management of each operator, employee organizations (if applicable), and users of each service.

The SRTA has two existing committees that could be appropriate candidates to provide this level of oversight: The Technical Advisory Committee (TAC) and the Social Services Transportation Advisory Council (SSTAC). The SSTAC is probably a better fit, as it already includes transit user representatives as well as representatives from the transit operators, and participates in the annual Unmet Transit Needs process. Alternately, a stand-alone transit operator productivity committee could be formed with the representation cited above.

Timeframe: FY 2022/23.

Anticipated Cost: Dependent upon actions taken.

Additional Recommendation

An additional recommendation is included not as the result of a finding, but as guidance in anticipation of the application of new TDA legislation arising from AB 149. The purpose of this additional recommendation is to encourage SRTA to take the new considerations regarding the calculation of farebox recovery ratio into account before using the farebox recovery ratio as a determining factor in whether an unmet transit need is considered "reasonable to meet" with respect to RABA.

Under Article 8 of the TDA, claims may be filed to use LTF funds for streets and roads purposes provided all unmet transit needs that are "reasonable to meet" (as determined by the RTPA) have been funded. The SRTA's current "unmet transit needs" definitions, which are reaffirmed annually as part of the unmet transit needs process, include a series of conditions an unmet need must comply with in order to be considered "reasonable to meet." These include:

1. Transit service adequate to meet the need can achieve the stipulated farebox recovery ratio.
2. The proposed expenditure of TDA funds to meet the need does not exceed the operator's authorized allocation.
3. The proposed expenditure cannot directly compete with an existing private service.
4. If the service is funded jointly by two or more claimants, interagency cost-sharing must be equitable.
5. Services designed to address an unmet need shall make coordinated efforts with existing public or private services.

Recent changes to the TDA as a result of AB 149 are likely to significantly affect the impact of criteria #1 above. Not only did AB 149 set forth a series of additional costs that could be excluded from the calculation of operating cost for the purpose of determining the farebox recovery ratio, but it also allowed federal funding to be utilized as local revenue in the calculation of the farebox recovery ratio. This is expected to positively impact RABA's farebox recovery ratio in the coming years.

Recommendation: Ensure new farebox recovery ratio calculation considerations are taken into account when determining whether an unmet transit need is "reasonable to meet."

Recommended Action: The SRTA should ensure LTF funding is used to address unmet transit needs to the greatest extent possible. In the most recent Transit Needs Assessment (2020/21), five unmet transit needs were identified. Three of those needs (all specific to RABA) were determined not to be "reasonable to meet" due in part to the operator's continuing challenge meeting the TDA required farebox recovery ratio.

With the new TDA guidance (AB 149) allowing additional exclusions to operating cost as well as allowing federal funds to be counted toward an operator's farebox recovery ratio calculation, the risk of an operator losing TDA funding is likely to be significantly lower. As such, this argument should not be the only deciding factor as to whether an unmet transit need is "reasonable to meet" unless the farebox recovery ratio is sufficiently low (even with the modifications) that TDA funding is actually at risk.

Timeline: FY 2022/23.

Anticipated Cost: Unknown.

Exhibit 7.1 Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Consider including performance audits of the CTSA and any additional transit operations in Shasta County in future Triennial Performance Audit cycles.	Medium	FY 2024/25 or later
2	Introduce more formal oversight of transit operator productivity through committee review.	High	FY 2022/23
3	Ensure new farebox recovery ratio calculation considerations are taken into account when determining whether an unmet transit need is "reasonable to meet."	Medium	FY 2022/23