

Humboldt County Association of Governments Triennial Performance Audit FY2019-20 - FY2021-22

Final Report



Prepared for the
Humboldt County Association of Governments



July 10, 2023



Prepared by LSC Transportation Consultants

Triennial Performance Audit
of the
Humboldt County Association of
Governments

Fiscal Years 2019-20 through 2021-22

Prepared for

Humboldt County Association of Governments

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EXECUTIVE SUMMARY

The California Public Utilities Code (Section 99246) requires that Regional Transportation Planning Agencies (RTPAs), such as the Humboldt County Association of Governments (HCAOG), conduct Triennial Performance Audits (TPAs) of both their own activities and those of their associated transit operators. The primary objective of a TPA is to provide the HCAOG with an independent and objective evaluation of its effectiveness, efficiency, and economy in its role as the RTPA for Humboldt County.

This audit report covers Fiscal Years (FY) 2019-20 through FY 2021-22, and was conducted by LSC Transportation Consultants, Inc. Data collection, initial review, and on-site interviews were conducted in early 2023. The audit process follows guidelines outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* developed by Caltrans (2008).

BACKGROUND

Humboldt County is a rural county with a population of around 136,000, per the 2020 US Census. Located on the north coast of California, Humboldt County is home to Cal Poly Humboldt, Humboldt Bay, and Redwood National and State Parks.

The HCAOG Board is composed of eight voting members: one member from each of the incorporated cities and one member of the Humboldt County Board of Supervisors. Among other transportation planning responsibilities, one of HCAOG's roles is to allocate TDA funding in accordance with state statutes. Currently, three public transit operators are allocated TDA funding under Article 4 through HCAOG: Humboldt Transit Authority (HTA), Arcata-Mad River Transit System (A&MRTS) and Fortuna Transit. Blue Lake Rancheria operates a separate transit service which receives funds through Article 8 of the TDA.

REVIEW OF COMPLIANCE REQUIREMENTS

HCAOG was found to be in compliance with all statutes referenced in the *Performance Audit Guidebook* with the exception of late Fiscal and Compliance Audits for HTA, A&MRTS, and Fortuna Transit in FY 2019-20, and A&MRTS in FY 2020-21. An extension to submit the Fiscal and Compliance Audits for transit operators for FY 2021-22 was filed on time. However, the March 31, 2023 deadline has passed and the HTA and A&MRTS audits are still not completed.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The previous audit was completed by LSC Transportation Consultants, Inc. in 2020. All recommendations were completed or in progress during this audit period.

DETAILED REVIEW OF HCAOG FUNCTIONS

A large portion of a performance audit includes reviewing the various functions of the RTPA to determine if there are inefficiencies or particular areas for improvement. The functional review is conducted by reviewing various documents, such as the Regional Transportation Plan and Overall Work Programs and conducting interviews with HCAOG staff.

During the audit period, HCAOG was effective in accomplishing its goals and objectives. The HCAOG Executive Director retired during the audit period and was replaced with a new Executive Director. The Humboldt County Regional Transportation Plan (RTP) addresses all the required elements. HCAOG follows a comprehensive regional transportation planning process including the preparation and adoption of alternative transportation plans and programs, such as the Humboldt County Transit Development Plan and a Humboldt Bay Area Bike Map. HCAOG has set forth a clear process for claiming TDA funds in the HCAOG TDA Manual. HCAOG does not provide financial support for regional marketing of transit services, however, is supportive of efforts by the transit operators to market their services and provides staff support when needed. During the audit period, HCAOG successfully distributed recurring grant monies. No state or federal grant applications were denied in Humboldt County due to errors or omissions.

FINDINGS

Findings of this Triennial Performance Audit are as follows:

- HCAOG was found to be in compliance with all performance related statutes listed in Table 1 with the exception of the delay in the Fiscal and Compliance Audits for HTA, A&MRTS, and Fortuna Transit in FY 2019-20, A&MRTS in FY 2020-21 and all transit operators in FY 2021-22.
- All recommendations from the prior audit were implemented or are in progress.
- The functional review revealed no significant inefficiencies in the way HCAOG performs its duties.
- HCAOG performs the unmet transit needs process in accordance with TDA requirements.
- HCAOG provides a good amount of oversight and planning assistance for the transit operators in the region without overstepping the bounds of the role of an RTPA.
- HCAOG goes beyond the minimum requirements for an RTPA in an effort to promote mobility, alternatives transportation and good regional transportation planning. This is evidenced by projects such as the Humboldt Bay Area Bike Map and the Bay Trail Fund Committee.

RECOMMENDATIONS

Overall, the Auditor finds HCAOG to be an example of a well-run RTPA that is making efficient use of public resources. The auditor has the following recommendations. Recommendations are discussed in further detail in Section 2.

Recommendation 1: HCAOG should review unmet transit needs reasonable to meet definitions to place greater importance on performance indicators which more directly reflect ridership and the cost required to operate the service.

Recommendation 2: HCAOG should consider reconvening the Service Coordination Committee (SCC) or similar type of group to promote coordination between all transit operators and social service agencies.

Recommendation 3: HCAOG should continue to encourage the transit operators to pursue unified regional branding.

TRIENNIAL PERFORMANCE AUDIT RESULTS

BACKGROUND

This TPA has been prepared in compliance with the requirements of California PUC Section 99246, which requires that HCAOG conduct a performance audit of its activities every three years. The primary objective of this audit is to provide HCAOG with an independent and objective evaluation of its performance as it relates to responsibilities in its role as the RTPA for Humboldt County.

This audit evaluates the operations of HCAOG in terms of the efficiency, effectiveness, economy, and results of its programs. In addition, this audit includes a review of HCAOG's implementation of the recommendations that were contained in the previous Audit report, completed in 2020 for the previous audit period FY 2016-17 through FY 2018-19. This current audit covers the three-year period from FY 2019-20 through FY 2021-22. Finally, this audit includes a discussion of the various functions and duties of HCAOG, based on interviews with HCAOG staff.

PERFORMANCE AUDIT AND REPORT ORGANIZATION

This Audit was prepared in the following steps:

- A review of pertinent documents, including the Regional Transportation Plan, transit plans, annual Overall Work Programs (OWPs), annual Fiscal and Compliance audits and State Controller's Reports, and HCAOG agendas, minutes, and supporting staff reports.
- On-site discussions with the HCAOG Executive Director
- Review of prior TPA reports.
- Review of the requirements of the Public Utilities Code, Administrative Code, and other appropriate statutes followed by an assessment of the HCAOG's compliance with the specified requirements.

REGIONAL TRANSPORTATION PLANNING AGENCY (RTPA) DESCRIPTION

Humboldt County is a rural county located on the north coast and is known for large redwood forests and dramatic coastlines. The region has a relatively low population density of 38 people per square mile and has seen little population increase over the past few years. The County is home to Cal Poly Humboldt as well as Redwood National Park and multiple state parks. There are eight federally recognized tribal entities within Humboldt County.

The HCAOG was originally formed as a Joint Powers Agency (JPA) between the County of Humboldt and its seven incorporated cities: Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell and Trinidad. The HCAOG was designated as the RTPA for the Humboldt County region in 1972. As the RTPA, HCAOG is responsible for allocating TDA funds to the transit operators within its jurisdiction. HCAOG also serves as the Service Authority for Freeway Emergencies for the region. In this role, HCAOG's responsibility is to plan, maintain and implement emergency call boxes on state highways.

HCAOG has several standing advisory committees: Policy Advisory Committee, Technical Advisory Committee, and Social Services Transportation Advisory Council (SSTAC). HCAOG is also the committee administrator for the Humboldt Bay Trail Fund Committee.

The HCAOG's objectives are outlined in the annual OWP efforts and address the Federal Planning Emphasis Areas. HCAOG's OWP includes a variety of elements such as TDA Fund Management, RTP Implementation, TDP Update, Regional Housing Planning Study, Active Transportation and Safety, Vibrant Communities and Land Use Transportation Connection, and Global Climate Change – Sea Level Rise.

REVIEW OF COMPLIANCE REQUIREMENTS

Below is a discussion of HCAOG's compliance with sections of the Public Utilities Code (PUC) which relate to transit performance, as recommended in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*. Table 1 displays the results of the compliance analysis:

- 1) In accordance with PUC Section 99231, HCAOG accounts for its claimants' areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their areas. HCAOG receives funds proportional to its population in Humboldt County. HCAOG uses a formula based on annual California Department of Finance population estimates to determine each local jurisdiction's apportionments. Each year, HCAOG adopts a resolution of the apportionments and the subsequent claims.
- 2) In reference to PUC Sections 99233 and 99234, the HCAOG sets aside 2 percent of the LTF for bicycle and pedestrian facilities. HCAOG maintains a reserve amount of \$500,000 in the bicycle and pedestrian fund and puts out a call for projects for any amount in excess of the reserve amount. However, entities may request allocation of some of the reserved LTF money for urgent regionally important bicycle and pedestrian projects. The HCAOG TDA Rules handbook outlines in detail policies and procedures for claiming LTF funds for the purpose of bicycle and pedestrian projects.
- 3) In accordance with PUC Sections 99238 and 99238.5, the HCAOG has established a SSTAC responsible for annual participation in the identification of transit needs in the jurisdiction, including unmet transit needs. The SSTAC meets every other month, and the public are always invited. The SSTAC advises HCAOG on transportation issues for seniors and people with disabilities, including the coordination and consolidation of specialized transportation services operating in western Humboldt County, and the identification of unmet transit needs. Additionally, the SSTAC reviews and provides feedback on transit planning documents, grant proposals and the OWP. The SSTAC conforms to the stakeholder categories pursuant to PUC Section 99238.

TABLE 1: RTPA Compliance Requirements - Humboldt County Association of Governments

Requirement	PUC Reference	In Compliance?		
		Yes	No	Comments
(1) All operators and city or county governments, in total, claim no more than those LTF monies apportioned to that area.	99231	x		
(2) 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.	99223, 99234	x		
(3) 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.	99238, 99238.5	x		
(4) The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower operating cost of those operators.	99244	x		
(5) 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.	99245		x	HTA, A&MRTS, Fortuna in FY 2019-20 A&MRTS in FY 2020-21 All audits except for Fortuna in FY 2021-22
(6) The RTPA has designated an independent entity to conduct a performance audit of operators and itself. The operator audit included calculation of performance indicators and was transmitted within 12 months. If not transmitted, TDA funds were not allocated to the operator.	99246, 99248	x		
(7) The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation.	99246 c	x		
(8) The performance audit of the operator includes verification of performance indicators and includes consideration of the needs and types of passengers being served, employment of part-time drivers and contracting with common carriers.	99246 d	x		
(9) The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and non-urbanized areas.	99270.1, 99270.2	NA		
(10) 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 service.	99275.5	x		
(11) State transit assistance funds received by the RTPA allocated only for transportation planning and mass transportation purposes?*	99310.5, 99313.3, Proposition 116	x		
(12) 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 Controllers Office.	99314.3	x		
(13) If TDA funds are allocated for streets and road purposes, the RTPA has annually: Consulted with the SSTAC, identified transit needs, adopted or re-affirmed the definition of "unmet transit needs" and "reasonable to meet", identified the unmet needs or there are no unmet transit needs, or there are unmet transit needs that are reasonable to meet.	99401.5	x		
(14) The RTPA has caused a fiscal audit to be performed each year and submit the audit report to the state controller within 12 months of the end of the fiscal year.	6662		x	

4) In accordance with PUC Section 99244, the HCAOG participates in a number of activities in order to review productivity improvements of the transit systems. HCAOG has commissioned several transit planning studies and regular updates of plans, including the Short-Range Transit Development Plan for Humboldt County. The Social Services Transportation Advisory Council (SSTAC), which consolidated with the Service Coordination Committee in 2020, reviewed transit operating statistics and on-going planning processes including performance standards during the audit period. The HCAOG Board does not review transit operator statistics. The TDA performance audit sponsored by HCAOG provides a further opportunity to analyze transit productivity.

- 5) With respect to PUC Section 99245, HCAOG maintains records of all TDA claimants that submit an annual certified fiscal and compliance audit. This process includes copies of final audits being forwarded to HCAOG. The firm Anderson, Lucas, Somerville and Borges was retained to conduct the fiscal audits of the transit systems. Most of the annual fiscal audits prepared for each of the transit systems for the three-year period were completed within the required time period. Exceptions were HTA, A&MRTS, and Fortuna Transit in FY 2019-20, and A&MRTS in FY 2020-21 and all of the audits except for Fortuna in FY 2021-22.

Interviews with HCAOG and the transit operators indicated that there were challenges obtaining fiscal documents on time from the County Auditor during FY 2021-22 TDA Compliance Audit process. An extension for the submission of Fiscal and Compliance Audits for FY 2021-22 was filed on time by HCAOG. The County Auditor vacated their position during the audit period, contributing to a lack of financial support and communication from the County. The replacement of the County Auditor has led to increased and prompt communication.

- 6) In accordance with PUC Sections 99246 and 99248, the HCAOG has herein designated an independent entity to conduct a performance audit of operators and itself (for the current and previous TPA periods. LSC Transportation Consultants Inc. performed the performance audit for the prior three-year period.
- 7) In accordance with PUC Section 99246(c), the HCAOG has submitted a copy of its TPA to the director of the California Department of Transportation.
- 8) In accordance with PUC Section 99246(d), the performance audit of the transit operators (under separate cover) includes but is not limited to a verification of the operator's cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit includes, but is not 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.
- 9) There are no urbanized areas in Humboldt County. Therefore, PUC 99270.1 does not apply.
- 10) Historically HCAOG has not set aside LTF money after allocations for TDA administration or for community transit services (Article 4.5). The CTSA (HTA demand response services) is funded primarily through State Transit Assistance (STA) funds. However, HCAOG has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA (as permitted under PUC Section 99275.5). This is clearly outlined in the HCAOG TDA Rules handbook.
- 11) In accordance with PUC Sections 99310.5 and 99313.3 and Proposition 116, State Transit Assistance (STA) funds received by the HCAOG are allocated only for transit planning, transit capital projects, and transit operations.
- 12) The amount of STA funds received by the HCAOG pursuant to the PUC Section 9314.3 is allocated to the transit operator in the area as allocated by the State Controller's Office. HCAOG allocates STA funds to transit operators for capital purposes and to the CTSA.

13) In accordance with PUC Section 99401.5, 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 HCAOG is annually required to:

- Consult with the SSTAC established pursuant to PUC Section 99238
- Identify transit needs, including:
 - Groups who are transit dependent or transit disadvantaged
 - Adequacy of existing transit services to meet the needs of groups identified
 - Analysis of potential alternatives to provide transportation services
- Adopt or reaffirm a definition of “unmet transit needs” and “reasonable to meet”
- Identify the unmet transit needs and those needs that are reasonable to meet
- Adopt a finding that there are no unmet transit needs, that there are no unmet 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. During the audit period, HCAOG consulted with the SSTAC and followed the proper unmet needs procedures. HCAOG has a good system in place for determining unmet transit needs reasonable to meet. HCAOG conducts surveys in areas where new or expanded services are proposed through the unmet needs process.

14) In accordance with California Code of Regulations Section 6662, the HCAOG has caused a Fiscal and Compliance audit of its accounts and records to be performed for the first two fiscal years by a certified public accountant. The FY 2021-22 audit has not yet been completed. The audits were performed in accordance with the Basic Audit Program and Report Guidelines for the California Special Districts prescribed by the State Controller by Richardson & Company, LLP. The audits include a determination of compliance with the TDA and accompanying rules and regulations. Financial statements do not commingle the STA fund, the Local Transportation Fund or other revenues or funds of any city, county or other agency. The HCAOG maintains fiscal and accounting records and supporting papers for at least four years following the close of a fiscal year.

STATUS OF PREVIOUS AUDIT RECOMMENDATIONS

The previous audit was completed by LSC Transportation Consultants, Inc. in 2020. The recommendations from that effort are enumerated below.

Recommendation 1 Request that the transit operators provide operating data to the HCAOG Board on an annual basis.

Implementation Complete: Transit Operators report to the SSTAC on a bimonthly basis. Since 2022, the HCAOG Executive Director provides the Board with a summary of transit operations and trends during the end of year report.

Recommendation 2: For TDA compliance purposes, HCAOG should work with the Fiscal and Compliance Auditor to calculate one farebox ratio for all HTA services (Redwood Transit System (RTS), Southern Humboldt Intercity (SHI), DAR, Eureka Transit System (ETS) and Willow Creek).

Implementation Complete: Beginning in FY 2020-21, the Fiscal and Compliance Auditor calculates and publishes one farebox recovery ratio for all HTA services combined. Given that farebox recovery ratio is assessed at a systemwide level, implementation of Recommendation 2 ensures that the Fiscal and Compliance Auditor calculation of systemwide farebox recovery ratio is consistent with TDA regulations for farebox recovery ratio requirements.

Recommendation 3: HCAOG should amend the TDA Manual to reflect recent changes to the TDA law. Specifically: 1) eligibility criteria for STA operating assistance as amended (PUC 99314.6) and 2) Deadline for the annual operations report to the State Controller's Office.

Implementation Complete: HCAOG TDA Rules and Regulations (TDA Manual) was revised in December 2022 to reflect changes to TDA law. Updates include eligibility criteria for STA operating assistance, deadline for submitting the annual operations report to the State Controller's Office, clarification that STA funding is to be used for capital purposes, and allowing LTF funds be reserved for future capital purchases if demonstrated need exists. Implementation of Recommendation 3 ensures that transit operators are informed of current policy and that the HCAOG Manual is consistent with TDA law.

Recommendation 4: Continue with the recruitment process for a new Associate Planner at HCAOG.

Implementation Complete: HCAOG successfully recruited and hired an Associate Planner in early 2021. The Executive Director, also new during the audit period, indicated that HCAOG has sufficient staff for the current workload and personnel get along well. HCAOG recently hired an Administrative Officer in anticipation of the current Fiscal Administrative Officer retiring.

Recommendation 5: Conduct annual performance evaluations of HCAOG staff members.

Implementation In-Progress: The HCAOG Executive Director is currently considering the best method for performing annual performance evaluations. During FY 2020-21 and FY 2021-22, the Executive Director completed 'walk and talk' evaluations with staff members, providing an informal platform to discuss job performance, employee satisfaction, and any issues of concern. Furthermore, annual performance reviews were conducted for new staff members. The Executive Director has been hesitant to implement a new formal annual performance review process for long time employees that have not gone through formal performance reviews in the past. The Executive Director does acknowledge that the level of documentation that formal reviews provide is important and is currently working to develop an effective and satisfactory performance evaluation process for HCAOG staff.

DETAILED REVIEW OF HCAOG FUNCTIONS

HCAOG staff has been successful in accomplishing objectives and implementing transportation improvement projects. During the audit period, the HCAOG Governing Board was composed of capable and knowledgeable officials, who met regularly, conducted themselves with efficiency and civility as they met in the HCAOG setting to determine transportation planning and funding policies.

This section presents a review of the various functions of the HCAOG. The HCAOG's functions can be divided into the following areas:

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

Administration and Management

This functional review focuses on internal management of the organization.

General Administration

The HCAOG Governing Board administers transportation policy in an effective and efficient manner. The Board meetings occur regularly, and all required items are addressed. With the help of HCAOG staff, the Governing Board has access to sufficient information to make appropriate decisions. HCAOG is also the coordinator for the Service Authority for Freeway Emergencies program. As such, HCAOG manages contracts with consultants and the CHP for maintaining the Call Box system and supplemental patrols on Highway 36 and Highway 96.

TDA Claim Processing

HCAOG processes TDA claims in accordance with its TDA Guidelines. HCAOG has developed a TDA claim form and process for transit, bicycle/pedestrian and streets and roads claims.

In the packet, each operator must submit:

- TDA claims checklist.
- Claim Request form.
- Annual project budget and financial plan.
- Statement of Conformance.
- Actual vs. budgeted expenditures since FY 2009-10 to present (not required if on file already).
- If the operating budget increased by more than 15 percent from the prior year, a reason for the increase.
- CHP certifications that the operator is in compliance with Section 1808.1 of the Vehicle Code.
- Operating budget.
- A statement addressing applicable audit findings from annual fiscal and compliance audit.
- A statement addressing applicable audit findings from the previous performance audit.

LTF claims are brought before the board for each entity, separately. STA allocation requests are brought to the HCAOG Board for approval once a year. STA invoices are paid as they come in. HCAOG staff have

indicated that there were no significant problems with respect to the transit operators and the TDA claims process. Staff did indicate, however, that the of Blue Lake repeatedly fails to submit budget prior to LTF claim each year. HCAOG is currently working with them to find a solution. The issue was also raised in the interview with HCAOG that Trinidad doesn't claim their LTF funding. This is most likely due to the allocation being less than the cost of submitting a claim, making it not worthwhile to submit one.

In an effort to be fiscally conservative, HCAOG developed a contingency policy for STA funds that is outlined in the HCAOG TDA Rules. Roughly \$200,000 should be kept in the fund in case of unexpected funding shortfalls.

HCAOG has a systematic and effective method of archiving pertinent plans and documents. A large variety of old and current plans are available electronically through the HCAOG website. The annual OWPs set forth achievable goals and objectives for regional transportation planning in Humboldt County. Overall, HCAOG has a good working relationship with the transit operators in HCAOG's jurisdiction.

Governing Board Activities

The HCAOG Board meets on the third Thursday of each month in Eureka. Agenda materials are posted on HCAOG's website at least 72 hours in advance. During much of the audit period, board meetings were conducted in a hybrid format to allow both in person and virtual attendance. Attendance at monthly HCAOG meetings remains good. The HCAOG Board dealt with a long list of key documents and funding decisions during the audit period, including all of those required or suggested by state law and good RTPA practices. HCAOG does an excellent job of posting important documents on its website for public review.

HCAOG has several advisory committees, standing committees and ad hoc committees. The Policy Advisory Committee (PAC) meets during HCAOG board meetings and members include HCAOG board members plus a representative from Caltrans and the Chairperson of the HTA board.

The Technical Advisory Committee (TAC) meets once a month, two weeks prior to the HCAOG Board. Members include staff representatives of the Cities, County, Caltrans, California Highway Patrol and six Native American Tribes. The job of the TAC is to provide assistance, advice and recommendations to the PAC to facilitate the comprehensive, coordinated transportation planning process. The TAC is an important part of the Regional Transportation Plan Update process.

The Social Services Transportation Advisory Council (SSTAC) aims to enhance the mobility of transit dependent residents across the county by helping to identify unmet transit needs and figuring out how to address reasonable unmet needs. The SSTAC meets once every other month and provides recommendations during the Unmet Transit Needs process. During much of the audit period, the SSTAC meetings were conducted entirely remotely. The SSTAC is comprised of representatives from local transportation agencies, the CTSA, Cal Poly Humboldt, the California Department of Transportation (Caltrans) District 1, the City Ambulance of Eureka, the County of Humboldt, and members of the public, as well as representatives from non-profit agencies dedicated to improving conditions for senior, low-income, and disabled residents across the region. HCAOG commissioned the development of a SSTAC Strategic Plan, which was adopted in 2017. The Strategic Plan clarifies the role of the SSTAC, identifies goals and objectives for the SSTAC, and provides a strategy to make the unmet transit needs process as clear and efficient as possible. The Service Coordination Committee has been consolidated into the SSTAC

since the last audit. Due to this consolidation, the SSTAC is now responsible for the review of transit operator performance. Lastly, the SSTAC acts as the advisory committee during the Transit Development Plan (TDP) update process.

Other HCAOG committees include the Bay Trail Fund Committee which focuses on supporting multi-purpose trails and bike paths around Humboldt Bay (HCAOG provides administrative support to this committee), and other ad hoc committees for important regional transportation projects.

Internal Planning and Achievements

In terms of internal planning, the HCAOG reflected very clear goals and objectives in the RTP. Its achievements in meeting OWP objectives during the audit period were good. The budget generally has been adequate for funding HCAOG's activities, although some of this revenue depends on successfully attaining discretionary state and federal grants. HCAOG was successful in obtaining Federal Transit Administration (FTA) grant funding for transit planning studies and Federal Highway Administration (FHA) funds for corridor studies and has applied for Caltrans and Housing and Community Development grants.

Personnel

The HCAOG Board and staff have multiple responsibilities. In addition to acting as the RTPA for Humboldt County, the Board is also the Service Authority for Freeway Emergencies (SAFE). In this capacity, HCAOG plans for and maintains 62 emergency call boxes on SR 299 and US 101 and contracts with CHP for supplemental patrols on SR 36 and 96.

Input from HCAOG board members and committee members indicate that staff are knowledgeable and efficient. Currently HCAOG is staffed by an Executive Director, Senior Regional Planner, Fiscal Administrative Officer, Associate Regional Planner, and Administrative Services Officer.

The HCAOG OWP includes a Training Element which budgets for staff members to seek out additional training such as conferences or Caltrans workshops. During the audit period, multiple HCAOG staff members utilized this opportunity, including attending a regional leadership program and a bike summit. Staff members are offered insurance (life, health, and dental), vacation, sick leave and retirement benefits. Formal job performance evaluations have not been performed on a consistent annual basis, however beginning in FY 2020-21, the Executive Director conducted regular informal performance evaluations with staff.

Transportation Planning and Regional Coordination

This functional area covers one of the two major RTPA responsibilities: transportation planning in a regional context and fiscal management.

HCAOG most recently updated the Humboldt County Regional Transportation Plan (RTP) Variety in Rural Options of Mobility (VROOM) in 2022. The plan provides a well-developed vision for transportation improvement projects through 2042 and was updated within the required timeline. An appropriate level of stakeholder input was obtained as part of the update.

The RTP sets forth clear goals and cost estimates for transportation in the region for a 20-year horizon. The document includes all required elements and addresses all transportation modes available in Humboldt County. The RTP identifies transportation needs for each mode and outlines well-organized RTP improvement project lists to meet those needs. The document also contains a good discussion of performance measures, as required in the guidelines.

The most recent RTP update embraced the spirit of the latest RTP Guidelines by focusing on elements of regional transportation planning which will help the region meet statewide climate change goals such as complete streets and discussions of global climate issues.

HCAOG is involved in regional planning on a larger scale. HCAOG is a member of the Rural Counties Task Force and North State Super Region and consults with the North Coast Tribal Transportation Commission.

Information Collection

In 2009, HCAOG obtained a grant to develop a travel demand model for Humboldt County. The model is maintained by Caltrans as HCAOG does not own the software required to use it. The County has versions of the model. The Model is outdated and needs to be updated.

HCAOG has a good relationship with local jurisdictions and prioritizes coordination early in the planning process. HCAOG will provide comment letters where appropriate.

Claimant Relationships and Oversight

Productivity Committee Functions

The HCAOG does not have a formal productivity committee to review services and recommend improvements for lower transit costs. Prior to this audit period, the Service Coordination Committee, composed of representatives from each transit operator, City Ambulance of Eureka, the two colleges and HCAOG staff, reviewed transit operator performance statistics. At the beginning of the audit period, the Service Coordination Committee was consolidated with the SSTAC, which now provides oversight of transit operations along with conducting unmet transit needs hearings.

There are mixed feelings about the productivity and efficiency of having the SSTAC review transit operations as well as provide guidance on unmet transit needs. HCAOG should review the purpose and scope of the SSTAC and consider reestablishing a separate Service Coordination Committee while minimizing redundancy.

Technical and Managerial Assistance to Operators/ Communication of TDA

HCAOG and HTA appear to have a good working relationship. HCAOG provides assistance to transit operators when needed or requested. During the audit period, HCAOG commissioned an update of the Humboldt County Transit Development Plan for the transit operators and supported the McKinleyville Transit Study and the Broadway Multimodal Transit Plan. Farebox ratio requirements and the TDA claims process are clearly outlined in resolutions and manuals.

Reports and Information Received by the RTPA

HCAOG has conducted triennial performance audits within the required time period. During the audit period, the HCAOG commissioned Fiscal and Compliance audits from an independent auditor for the HCAOG and the transit operators. There is only one local firm qualified and willing to conduct the fiscal audits. In order to comply with AB 1345 and rotate auditors after six years, HCAOG would end up paying nearly twice as much as what the local auditor charges. HCAOG was granted a waiver to AB 1345 in FY 2018-19, but the process caused a delay in the FY 2018-19 audit procurement. The availability of independent auditors has not changed during this audit period and is likely to remain an issue in the future. This performance audit period, all Fiscal and Compliance Audits were completed within the required time period with the exception of HTA, A&MRTS, and Fortuna Transit in FY 2019-20, and A&MRTS in FY 2020-21 and all transit operators in FY 2021-22. Additionally, the Fiscal and Compliance audits of the transit operator attest that TDA funds were expended in conformance with most applicable laws, rules, and regulations.

Marketing and Transportation Alternatives

This function involves the outreach activities of an RTPA. In general, the transit operators provide their own marketing materials and HCAOG is available to assist with distribution. HCAOG staff remains closely involved with public transit through the SSTAC.

In 2018, HCAOG funded a Regional Transit Marketing and Unified Branding Plan. The report offered marketing tactics and addressed the concept of a unified brand and website for all transit operators. This was offered as a solution to reduce confusion and expand awareness of all public transit services available in the region. A unified regional brand has not yet been adopted, however interviews with HCAOG and HTA made it clear that the concept is still under discussion. It is the recommendation of this report that HCAOG consider a unified regional brand and coordinates with transit operators to promote branding through marketing campaign.

HCAOG has been proactive in promoting the use of alternative transportation. Examples include funding the Eureka Broadway Multimodal Transportation Corridor Plan, completed in 2021, completion of the McKinleyville Transit Study in 2021, and administering a fund (primarily for maintenance) for the Humboldt Bay Trail. HCAOG maintains an excellent website with an extensive library of transportation related plans and documents available.

Grant Applications and Management

This section considers HCAOG's performance with respect to grant management duties. Grant applications and management duties lie mostly in the hands of the transit operators. HCAOG staff may provide some assistance for grant preparation and management, such as for FTA 5310 (Enhanced Mobility of Seniors and People with Disabilities) and California Transit and Intercity Rail Capital Program (TIRCP).

During the audit period, no state or federal grant applications have been denied in Humboldt County due to errors or omissions. HCAOG staff continues to be active in statewide RTPA and Caltrans advisory groups during the audit period and creatively attempted to seek out and attain new revenue sources.

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CONCLUSIONS AND RECOMMENDATIONS

Overall, HCAOG is a strong organization that effectively coordinates transportation policy for Humboldt County. With respect to TDA issues, HCAOG has developed an appropriate TDA allocation process to transit operators within its jurisdiction. The following presents the auditor's findings, including any issues of non-compliance with TDA, along with recommendations to improve compliance and overall effectiveness.

FINDINGS

Findings of this Triennial Performance Audit are as follows:

- HCAOG was found to be in compliance with all performance related statutes listed in Table 1 with the exception of the delay in the Fiscal and Compliance Audits for HTA, A&MRTS, and Fortuna Transit in FY 2019-20, A&MRTS in FY 2020-21 and all transit operators in FY 2021-22.
- All recommendations from the prior audit were implemented or are in progress.
- The functional review revealed no significant inefficiencies in the way HCAOG performs its duties.
- HCAOG performs the unmet transit needs process in accordance with TDA requirements.
- HCAOG provides a good amount of oversight and planning assistance for the transit operators in the region without overstepping the bounds of the role of an RTPA.
- HCAOG goes beyond the minimum requirements for an RTPA in an effort to promote mobility, alternatives transportation and good regional transportation planning. This is evidenced by projects such as the Humboldt Bay Area Bike Map and the Bay Trail Fund Committee.

RECOMMENDATIONS

Recommendation 1: HCAOG should review unmet transit needs reasonable to meet definitions to place greater importance on performance indicators which more directly reflect ridership and the cost required to operate the service.

HCAOG unmet transit needs reasonable to meet definitions state that any proposed service must be projected to meet the marginal farebox recovery ratio requirement of 10 percent or higher within two years of start of service.

Farebox ratio has been a long-time performance indicator for making reasonable to meet standards, primarily due to the fact that this performance measure is used to determine full eligibility for TDA funds. However, farebox ratio is more an indicator of what riders or groups are willing to pay, than how productive the route is. Although still part of TDA requirements, the state has begun to shift the focus away from farebox ratio requirements, as eliminating fares have the positive impact of encouraging ridership. Increasing public transit use is one of the components needed to meet state greenhouse gas (GHG) reduction goals. Additionally, as many public transit riders are low-income residents, it is not

always equitable to raise the cost of transportation for those who are the most disadvantaged. For a variety of reasons, the state passed AB 49 in 2021 which added federal funds to the definition of local support and added new exemptions from operating costs when calculating farebox ratio. With these changes it will be much easier for transit operators to meet farebox ratio requirements.

In the past, new services or pilot programs have been implemented which were determined to be unmet needs that were reasonable to meet but then later discontinued due to low ridership. A more effective method of evaluating the potential productivity and cost effectiveness of a proposed unmet transit needs would be to look at one-way passenger-trips per vehicle service hour and operating cost per one-way passenger trip. As part of the Humboldt TDP update, a series of revised performance indicators are proposed for the various routes operated by Humboldt County transit operators. It is recommended that the next time HCAOG readopts unmet transit needs definitions, that the board consider incorporating the passenger trips per hour and marginal operating cost per trip per hour standards into the definitions instead of farebox ratio.

Recommendation 2: HCAOG should consider reconvening the Service Coordination Committee (SCC) or similar type of group to promote coordination between all transit operators and social service agencies.

At the beginning of the audit period, both the SSTAC and the SSC met periodically to advise HCAOG and the transit operators. These two committees were combined around the time of COVID as there seemed to be redundancies between the two committees and not sufficient participation for both. The purpose of the SSTAC per TDA law is to provide advice on unmet transit needs in the region. Per the statutes, the SSTAC is only required to meet once a year, regardless of if there is an unmet transit needs process or not. SSTAC meetings in Humboldt County occur bimonthly. HCAOG by laws describe the purpose and responsibility of SSTAC as follows:

Article 2.00 - Purpose

It shall be the purpose of the SSTAC to advise the HCAOG Board on all matters general or relevant to the provision of transportation services for the elderly, people with disabilities, and economically disadvantaged citizens of Humboldt County, be they general public, private, or specialized programs.

Article 3.00 - Responsibility

Pursuant to Section 99238(c) of the Act, the responsibilities of the Council (SSTAC) shall be as follows:

- (1) Annually participate in the identification of unmet transit needs in the jurisdiction, including unmet transit needs which may exist within the jurisdiction of the Council and that may be reasonable to meet by establishing or contracting for new public transportation or specialized transportation services or by expanding existing services.*
- (2) Annually review and recommend action by the transportation planning agency for the area within the jurisdiction of the Council which finds by resolution, that (A) there are no unmet transit needs, (B) there are no unmet transit needs that are reasonable to meet, or (C) there are unmet transit needs, including needs that are reasonable to meet.*
- (3) Advise the transportation planning agency on any other major transit issues, including the coordination and consolidation of specialized transportation services.*

During this audit period, the SSTAC reviewed a variety of plans and documents including the Regional Transportation Plan which are somewhat outside the scope of a SSTAC. The current SSTAC roster includes representatives from Cal Poly, members of the public and others who are not part of the required membership of the SSTAC per TDA.

In an effort to be more consistent with TDA guidance and the HCAOG bylaws, HCAOG should consider reconvening the SCC committee or a similar type of committee/working group on at least a quarterly basis. Agenda items for the SCC could be broader and focus on how best to coordinate between all jurisdictions, tribal entities and transit operators. The new committee could also act as a productivity committee and review transit operator performance statistics. The membership of the new committee should include all transit operators with participation from social service agencies, tribal entities, colleges and local jurisdictions on an as needed basis. Additionally, the SSTAC should officially meet twice per year to discuss unmet transit needs, particularly for the elderly, disabled, low income and those needing specialized services.

Recommendation 3: HCAOG should continue to encourage the transit operators to pursue unified regional branding.

In 2018, HCAOG funded the Regional Transit Marketing and Unified Branding Plan. The Plan explored the idea of developing one brand for all the transit operators in Humboldt County so as to encourage travel throughout the region, by removing the potential mental barrier of having to transfer between services. The plan recommended different scenarios for a unified transit website and one brand for all transit operators. The region now has a unified website for the transit operators, but each operator maintains its own identity. There remains an opportunity to improve public transit for the region by using this study as a framework for creating a regional brand for the transit operators. A unified regional brand would support efforts underway to provide a more coordinated regional public transit system, such as the recently created Regional Transit Pass, of which most of HCAOG's individual transit operators are a part.