

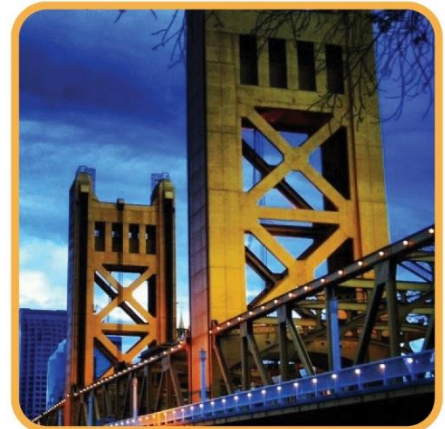
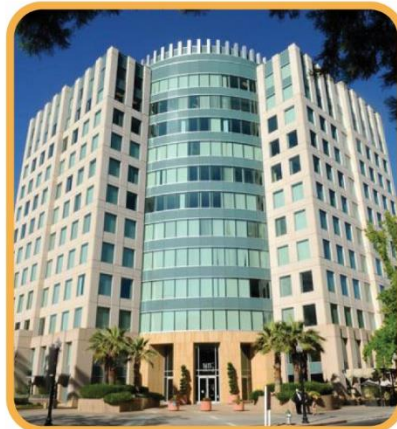
FY 2019-2021

TRIENNIAL PERFORMANCE AUDIT OF SACRAMENTO AREA COUNCIL OF GOVERNMENTS (SACOG)

SUBMITTED TO



SACRAMENTO AREA COUNCIL
OF GOVERNMENTS



SUBMITTED BY

Michael Baker
INTERNATIONAL

Final

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Executive Summary

The Sacramento Area Council of Governments (SACOG) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, fiscal years (FY) 2018–19 through 2020–21. As a regional transportation planning agency (RTPA), SACOG is required by Public Utilities Code (PUC) Section 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue receiving TDA funding. TDA funding is used for SACOG administration and planning and is distributed to local jurisdictions for motorized and non-motorized forms of transportation.

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

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

Compliance with TDA Requirements

SACOG has satisfactorily complied with state legislative mandates for RTPAs. Actions undertaken by the agency during the audit period have helped maintain compliance with the mandates, including the administration of the TDA, the conduct of the annual unmet transit needs process in consultation with the Social Services Transportation Advisory Councils, and coordination of efforts that assist transit operator performance and funding.

Status of Prior Audit Recommendations

SACOG has fully implemented one of two prior performance audit recommendations. The prior recommendation implemented relates to furthering efforts to create predictability in transit funding priority, including completing key regional transit studies. The prior recommendation partially implemented relates to clarifying regulations for entities subject to the TDA.

Functional Review

1. In 2020, the Race, Equity, and Inclusion Working Group was established to examine SACOG programs and projects, and historical and current planning practices and/or programs through a racial equity lens. The group developed the Racial Equity Statement of Change and Commitment, which was adopted by SACOG.
2. Over the past three years, SACOG-approved staffing levels decreased. Between FY 2018 (base year) and FY 2021, staffing decreased by 25 percent from 68 to 51 employees, according to the annual financial report's summary of full-time equivalent employees. By year, staffing levels were 58 full-time approved positions in FY 2019, 56 in FY 2020, and 51 in FY 2021. Staffing decreases were primarily in research analysts and interns.
3. The Overall Work Program task categories are consistent with SACOG's continued emphasis on customer service and innovation while retaining similar annual work programs. Each project is assigned a project name and code, and is listed under the appropriate work element. Expenditure estimates are separated by direct services and pass through while costs are segregated by salaries, indirect services, consultants, and other direct costs.
4. SACOG eliminated paper claims and phased out the mailing of TDA allocations and instruction letters. Furthermore, the Clerk of the Board adopted DocuSign, a platform that enables SACOG to manage and process electronic signatures.
5. SACOG maintains the integrity of the annual unmet transit needs process by holding at least six public hearings in various locations throughout four counties (Sacramento, Sutter, Yolo, and Yuba) to take public testimony and by accepting written and other forms of correspondence. During the COVID-19 pandemic, SACOG implemented remote hearings through video conferencing platforms and, later, hybrid meetings combining in-person and remote public participation.
6. SACOG launched the Project Performance Assessment (PPA) tool to analyze transportation investments at the project level. SACOG used the PPA tool in support of the 2018, 2019, and 2021 agency funding rounds (with a major update to the tool in 2020). SACOG staff also provided information to transit agency applicants on use of the regional Transit Asset Management tool.
7. SACOG developed a set of revenue projections for the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) that consider trends in the economy, policy and regulations, fuel price and consumption, and development activity. For the 2020 MTP/SCS, SACOG is planning for \$34.9 billion over the next 20 years. About three-quarters of all the funding forecast in the plan is committed to specific purposes or projects such as transit capital and operations, road or highway capital improvements, or system maintenance and operations.
8. In its expansion of multimodal studies, SACOG completed the study *Filling the Gap – A Guide to Volunteer Transportation Programs* in June 2019. This guide assessed opportunities for alternatives and improvements to existing public transportation services for seniors, persons with disabilities, and low-income residents in more rural communities in El Dorado, Sutter,

and Yuba Counties. SACOG updated the *Public Transit and Human Services Transportation Coordinated Plan* in August 2019 and again in March 2022 to show how human service agencies can work together with transportation providers to address the transportation needs of people with disabilities, seniors, and people with limited incomes.

9. In preparation of the passing of the Infrastructure Investment and Jobs Act, SACOG released a list of more than \$11 billion in near-term infrastructure projects that could be funded by stimulus spending from the federal government. “Ready for Recovery: A Call for Short-Term Strategic Investments in Infrastructure in the Greater Sacramento Region” collated key projects from 50 different agencies across the six-county greater Sacramento region.
10. One of the significant regional studies conducted during the audit period was the SACOG *Next Generation Transit Strategy*. The study furthers SACOG’s efforts to provide greater funding transparency and predictability with longer-term regional project planning for next generation transit and technology. The study enables SACOG to reimagine how public transit can better serve the Sacramento region, including how it is delivered and how passengers are served.
11. Upon completion of the *Next Generation Transit Strategy*, SACOG produced an Updated SACOG FTA 5307/5339 Discretionary Project Evaluation Criteria document in August 2021 that lays out a new scoring system for federal discretionary funding. A new emphasis of the updated Discretionary Program, in addition to providing funding for transit improvements needed but not funded from regular funding sources, is on the implementation of early-year strategies in the Next Generation Transit program and projects that support those strategies.

Recommendations

Performance Audit Recommendation	Background	Timeline
1. Update SACOG TDA Guidelines to include TDA regulations for each transit claimant.	This recommendation builds upon a prior audit recommendation for SACOG to memorialize the specific TDA regulations pertaining to the transit claimants in the SACOG TDA guidelines, and provide outreach and education to inform the claimants of these regulations. The recommendation is particularly pertinent to transportation alternatives such as the on-demand rideshare program operated by the City of West Sacramento. With the City having used TDA funding to largely support the service during the audit period, conditions for obtaining the funds should be conveyed and properly exercised by the claimant. These include, as a condition of receiving TDA Article 8 funding for transit, submission of the annual State Controller Office Transit Financial Operators’ Transactions Report. During the audit period, the City did not submit such reports and assumed that a different Citywide State Controller report sufficed. These regulations should be documented in the SACOG TDA Guidelines and training provided to City finance and transit staff.	High Priority

Performance Audit Recommendation	Background	Timeline
2. Continue building internal communication processes for the TDA claims.	The transit analyst, as the primary liaison with the TDA claimants, coordinates claim form completion, evaluation, and presentation to the SACOG board for approval. Upon board approval, the analyst prepares the Local Transportation Fund (LTF) disbursement instructions to the respective four County Auditor/Controller Departments for processing and releasing of payment to the claimants. Each county provides quarterly funding reports to the analyst for interpretation, though it was indicated these reports can be difficult to reconcile against SACOG figures. While the SACOG Finance Department is not involved in TDA funding on a daily basis, it is involved with scheduling payment schedules to the claimants on a quarterly basis and accounting for the flow of funds with the County auditor, which releases the payments. It was indicated there is less trackability of the LTF revenue as opposed to other funds, such as State Transit Assistance (STA) and State of Good Repair (SGR). Such strengthening of the financial process and involvement by both SACOG transit staff and finance staff should be memorialized in the SACOG TDA Manual. For example, there could be an opportunity for the Finance Department to take a more active role during the TDA claims review and work alongside the transit analyst on the budgeting request by the claimants, and ask questions of the claimants prior to board approval. A goal would be to develop an accounting process and training that mirrors the current method for tracking STA and SGR funding using the financial module. To aid in the communication of financial data between the counties and SACOG, SACOG should ensure that the information in the quarterly reports from the counties consistently includes all components listed in California Code of Regulations Section 6622: <i>At quarterly intervals, the county auditor shall report the status of the fund to the transportation planning agency... The report of the status of the fund shall include a statement that shows the beginning fund balance, the amount and source of revenues received, the amount and recipient of payments made identified by allocation instruction, the ending fund balance and any other information specified by the transportation planning agency. Portions of the fund balance held in reserve shall be identified by amount and purpose.</i>	High Priority

Performance Audit Recommendation	Background	Timeline
3. Further strengthen partnership with Consolidated Transit Services Agencies (CTSA) to recruit and empower members of the Social Services Transportation Advisory Councils.	SACOG’s annual unmet transit needs process is the primary charge of the SSTACs in the region. SACOG is refreshing the SSTACs and reviewing their composition and roles. The review includes expansion of the SSTAC membership above the minimum TDA required members to reflect additional users and groups of the transit systems, such as lower-income transit riders and need-based organizations. As this is a valuable component to transit planning and outreach in the region, it was indicated by the CTSA in Yolo County that the SSTAC, with additional partnership between SACOG and the CTSA, could exercise further input and influence on transit. Yolo County Transportation District (YCTD), in its capacity as a CTSA, as well as the CSAs for the other SACOG counties, has a vested interest in a robust and inclusive unmet transit needs process. Given the term limits of the positions, SACOG routinely seeks members of the community to apply and serve on the SSTACs. YCTD desires to use its role as CTSA to assist SACOG with recruitment, education, and facilitation of the Yolo County SSTAC, and to engage with SACOG to further empower the SSTAC to provide insight and input on County transit issues. SACOG should continue strengthening its engagement and partnership with the transit systems such as during the unmet transit needs process, during SSTAC recruitment, and in reviewing potential expanded roles for the SSTAC in the planning and delivery of transit services beyond the annual unmet needs. These could include having SSTACs participate in the Short-Range Transit Plan (SRTP) development, reviewing performance indicators against goals, and providing input on the various regional and local transportation and transit related studies. The SSTAC’s have participated in development of the Coordinated Plan, which is an example of such an activity.	Medium Priority
4. Integrate Next Generation Focus Areas in short range transit planning and TDA fund allocation.	SACOG’s <i>Next Generation Transit Strategy</i> is the visioning and guidance document for the transit element of the long-range MTP. Future transit planning such as the SRTP would develop and implement near- and mid-term operations and financing strategies consistent with the focus areas contained in the study. Requirements including a fund disbursement methodology are necessary to advance regional transit services to (1) increase transit service speed, (2) make transit services seamless between operators, and (3) address equity by reducing mobility gaps and disparities.	Medium Priority

Performance Audit Recommendation	Background	Timeline
	Data collection on intercity trips is critical to devising recommendations and funding to meet next gen strategies. SACOG is partnering with the operators to improve this trip data, which will provide travel trends, user types, and where seamless services are important. In reference to funding of the next gen strategies, SACOG should review funding sources that are directly linked to transit implementation and that are discretionary to enable the agency to tailor an allocation program that meets regional transit needs. An Updated SACOG FTA 5307/5339 Discretionary Project Evaluation Criteria document was developed for channeling federal discretionary funding to next gen strategies. Another such targeted revenue source is potentially the regional share of the formula-based STA program (as opposed to the operator share), which has increased significantly the past several years due to Senate Bill (SB) 1. The State Controller annually releases the share of STA regional revenues under PUC 99313 to each RTPA such as SACOG, with each RTPA essentially controlling how these revenues will be allocated within their respective region to promote a balanced transportation system. As an example of the amount of funding available through the regional share of STA, SACOG was estimated to receive about \$24.2 million in FY 2022–23 according to the August 2022 revised State Controller estimate. From this discretionary pot, SACOG might consider a range of criteria and allocation policies directed toward tying TDA-STA claims for transit operations and capital funding with the next gen transit and SRTPs. Some programmatic considerations for different fund distribution methods include: • Creation of a scoring program for regional STA allocation that aligns funding requests with the <i>Next Generation Transit Study</i>. A scoring rubric could be developed similar to, but with fewer variables than, the Multicriteria Analysis (MCA) in the study that resulted in quantitative and qualitative prioritizing of transit strategies. For example, of the eight MCA criteria used in the study, SACOG could apply all or some of the criteria to score the transit projects. The recent SACOG FTA 5307/5339 document could also be a basis for the STA scoring, and include local match as another criteria.	

Performance Audit Recommendation	Background	Timeline
	• Divide funding among the four focus areas: Seamless User Experience, Planning and Funding, Transit Design and Delivery, and Reduce Mobility Disparities. Transit claimants would justify in their claims how their proposed services meet one or more of the focus areas, and be allocated funding for the particular focus area. • Allocate a baseline amount of regional STA to each operator using an existing allocation formula (e.g., population based), and then provide additional funding awards to operators that meet one or more of the focus areas as evidenced through their TDA claims and supporting documentation. • Engage in discussion with the Transit Coordinating Committee (TCC) annually to determine the recipients for that year's regional STA revenue. This could allow an operator to claim funding to implement a high-priority near-term project and then defer to other operators for future claims as their needs arise in implementing the next gen focus areas. • Define a regional transit spine network and develop a funding formula that allocates funds to projects and services that support the regional spine. For example, in addition to direct transit services operating within the spine that would receive funding, other supportive services, such as feeder services and first/last mile services, would also receive funding. Funding levels could be on the basis of increases in mode share and reduced vehicle miles traveled. • Divide the regional STA funding pot by a geographic unit such as by county or broad areas such as a north/south split, or divide the pot by a performance-based measure such as transit trip data and travel trends, ridership, or other measure that reflects the next gen strategies. Distribution by population, which is the current method, may be a consideration but only one such method. These sample methodology considerations could be stand-alone, combined, or part of another funding evaluation program (e.g., FTA 5307/5339 Discretionary Project Evaluation Criteria). With relative flexibility inherent with STA revenue, given existing law and COVID-19 relief legislation and the likelihood of these flexible provisions being carried forward in future bills, SACOG should work with the TCC and other	

Performance Audit Recommendation	Background	Timeline
	stakeholders to adapt TDA funding toward implementing next gen transit strategies.	

Section I

Introduction – Initial Review of SACOG Functions

The Sacramento Area Council of Governments (SACOG) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, fiscal years (FY) 2018–19 through 2020–21. As a regional transportation planning agency (RTPA), SACOG is required by Public Utilities Code (PUC) Section 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue receiving TDA funding. This performance audit is intended to describe how well SACOG is meeting its administrative and planning obligations under the TDA as well as its organizational management and efficiency.

Audit Methodology

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

- Document Review: Conducted an extensive review of documents, including various SACOG files and internal reports, TDA claims files, financial reports, committee and board agendas, and other published public documents.
- Interviews: Interviewed agency personnel, including project team managers and staff.
- Analysis: Evaluated both the responses from the interviews and the documents to make findings about SACOG’s responsibilities, functions, and performance as an RTPA and to the TDA guidelines and regulations.

The remainder of this report is divided into four sections. Section II reviews the compliance requirements of the TDA administrative process. Section III describes SACOG’s responses to the recommendations provided in the previous performance audit. Section IV is a detailed review of SACOG’s functions, while the last section summarizes our findings and recommendations.

Overview of SACOG

SACOG’s origins began in 1965 as the Sacramento Regional Area Planning Commission, formed under Area Planning Commission provisions of state planning law, as a forum for the discussion and study of area-wide problems of mutual interest and concern to the cities and counties and to facilitate the development of policies and action recommendations for the solution of such problems. In 1980, the Sacramento Regional Area Planning Commission transitioned to SACOG, which was formed under a Joint Powers Authority (JPA). Today, SACOG’s membership has expanded to include 6 counties and 22 cities, encompassing a 6,190-square-mile area with an estimated total population of over 2.5 million residents. The member jurisdictions include the entities listed in Table I-1.

Table I-1
SACOG Member Jurisdictions and Population

Demographic Data for the SACOG Region		
County/Cities	2020 US Census	2022 DOF Estimate
El Dorado*	191,185	190,465
Placerville	10,747	10,646
Placer*	404,739	409,025
Auburn	13,776	13,608
Colfax	1,995	2,042
Lincoln	49,757	51,252
Loomis	6,836	6,739
Rocklin	71,601	71,663
Roseville	147,773	151,034
Sacramento	1,585,055	1,576,618
Citrus Heights	87,583	86,367
Elk Grove	176,124	176,972
Folsom	80,454	84,592
Galt	25,383	25,239
Isleton	794	780
Rancho Cordova	79,332	80,359
Sacramento	524,943	518,037
Sutter	99,633	99,145
Live Oak	9,106	9,394
Yuba City	70,117	69,663
Yolo	216,403	221,165
Davis	66,850	64,869
West Sacramento	53,915	52,837
Winters	7,115	7,422
Woodland	61,032	60,137
Yuba	81,575	82,275
Marysville	12,844	12,824
Wheatland	3,712	3,664
Total SACOG Region	2,578,590	2,578,693

Source: California Department of Finance, E-1 series

*Population figures for El Dorado and Placer counties include the Lake Tahoe region, which lies outside of the SACOG planning area.

Role of SACOG

Similar to many other large RTPAs in California, SACOG has a complex legal structure, which delineates its responsibilities in the areas of transportation, planning, and investment decision-making. SACOG's original JPA has served as the foundation upon which several additional responsibilities have been added in later years by the state and federal governments. The existing JPA was adopted in July 2003 among the current member agencies pursuant to the California Government Code that specified the SACOG board structure and voting structure.

In its role as a Council of Governments, SACOG provides a regional forum to identify, study, and recommend solutions to regional problems through the development of comprehensive area-wide plans and action programs. SACOG also serves as the regional multijurisdictional organization enabling local governments to qualify for state or federal funds and programs and serves as the designated agency to review and comment on local applications for federal or state funding. In short, as stated in its literature, SACOG plans, funds, coordinates, operates, and advocates in the Sacramento region.

SACOG's various designations and certifications include:

Designations as:

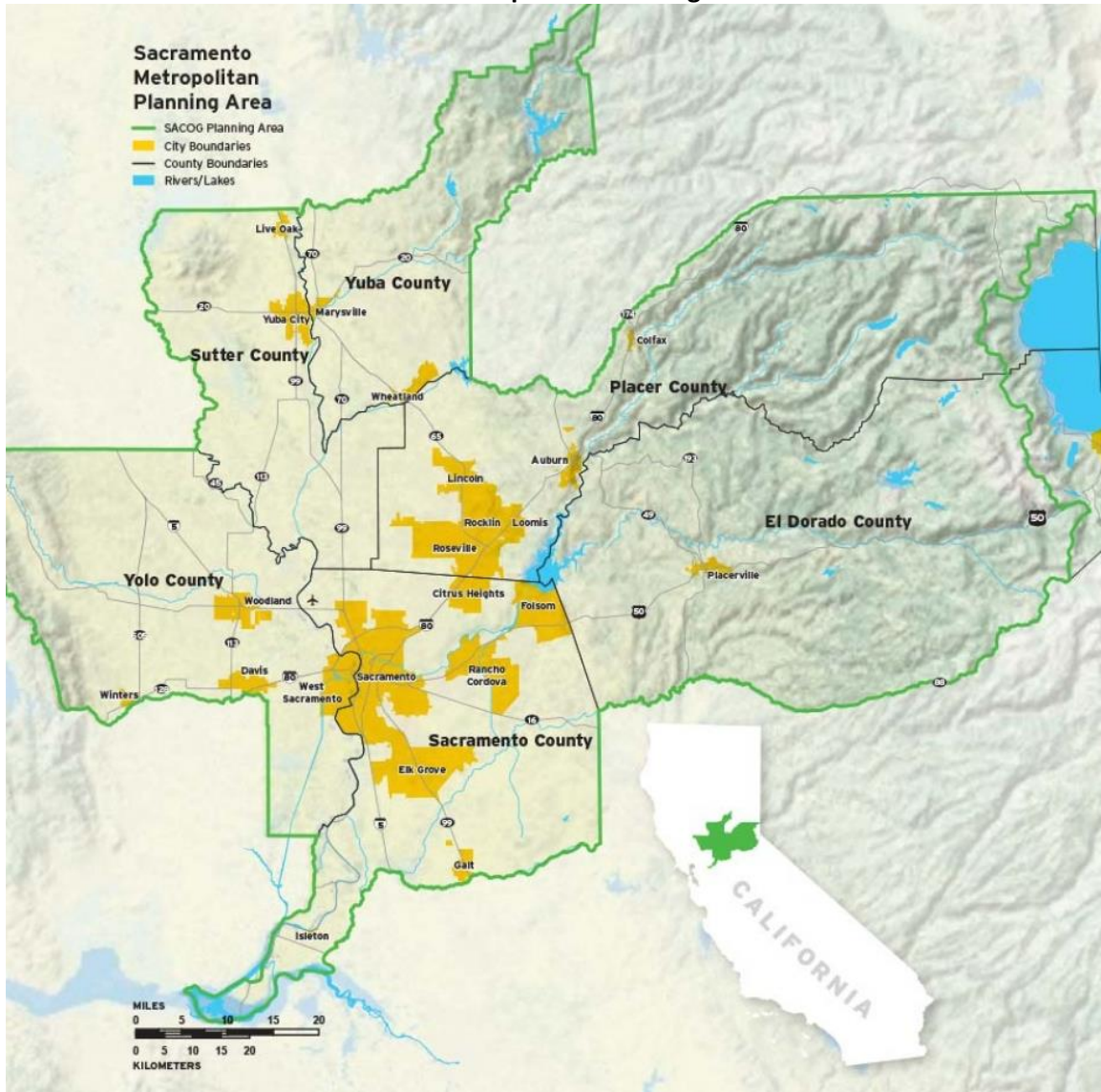
- Council of Governments to deliver a variety of federal, state, and local programs to its member local governments.
- RTPA for Sacramento, Sutter, Yolo, and Yuba Counties. Memorandums of Understanding (MOUs) between SACOG, the El Dorado County Transportation Commission, and the Placer County Transportation Planning Agency guide the coordination between the region's three RTPAs.
- Metropolitan Planning Organization (MPO) for the six-county Sacramento region.
- Designated Airport Land Use Commission for Sacramento, Sutter, Yolo, and Yuba Counties.
- Service Authority for Freeway and Expressways for Sacramento, San Joaquin, Yolo, Yuba, Sutter, and El Dorado Counties. SACOG also staffs the Capitol Valley Service Authority for Freeways and Expressways (SAFE).
- Areawide Clearinghouse for the counties of Sacramento, Sutter, Yolo, and Yuba and the cities of Lincoln, Rocklin, and Roseville.

Joint Certification as:

- Sacramento Area Metropolitan Planning Process by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).

SACOG's planning process includes many regional planning partners, including the tribal governments and other regional stakeholders. Figure I-1 shows SACOG's metropolitan planning area.

Figure I-1
SACOG Metropolitan Planning Area



Source: SACOG website (<http://www.sacog.org/about-sacog>)

Organizational Structure

Governing Board and Committees

SACOG is governed by a 32-member Board of Directors, with 31 voting members and one non-voting member (Caltrans's District 3 director). Typically, the board meets on the third Thursday of every month at 9:30 a.m. The board has a number of board committees and advisory committees to assist in offering policy recommendations in its decision-making process. Annually, the SACOG board chair appoints committees from among the board's members to make policy recommendations to the board. Each board member serves on at least one committee. The chair and vice chairs of each committee are appointed by the board chair. Every effort is made to ensure that the committee structure is geographically balanced.

Table I-2 describes these committees in brief.

Table I-2
SACOG Board Committees

Committee	Purpose and Function
Land Use & Natural Resources Committee	Eleven board members appointed to consider land use and air quality issues and the Sacramento Emergency Clean Air & Transportation Grant program. Meets monthly or as needed. The committee recommends action by the Board of Directors on the following topics: • Airport land use compatibility planning Issues (recommendations for the Airport Land Use Commission) • Blueprint Implementation Program • Caltrans Blueprint Grant Program • SACOG Community Design Grant Program • I-PLACE3S Modeling Program • Land use projections for the Metropolitan Transportation Plan • Regional GIS Committee Data Collection and Partnership contracts • Rural-Urban Connections Strategy goals, outreach plans, and contracts • Regional funding programs • New Federal Eight-Hour Ozone Standard • State Implementation Plan • Assembly Bill (AB) 32 Implementation • SACOG Carbon Inventory • Climate change education efforts • Transportation control measures • Sacramento Clean Air and Transportation Program

Committee	Purpose and Function
	• Climate Registry • Greenhouse gas inventory • Regional funding programs • SB 375 implementation
Policy & Innovation Committee	Seven committee members appointed by the chair to consider state and federal advocacy, news media, outreach, and other activities related to external affairs and administrative activities such as human resources, audits, the budget, and the Overall Work Program. Meets monthly or as needed. The committee recommends action by the Board of Directors on the following topics: • State and federal legislation • Interagency affairs • News media • Community outreach • Innovation
Race, Equity & Inclusion Working Group	In 2020, the Race, Equity, and Inclusion Working Group was established to examine SACOG programs and projects, and historical and current planning practices and/or programs through a racial equity lens. This group comprises ten members from the SACOG board and ten members from outside agencies. The group developed the Racial Equity Statement of Change and Commitment, which was adopted by SACOG in February 2022. Activities of the working group include, but are not limited to, discussion, identification, and advancement of the following: • Supporting and driving the implementation of the Race, Equity, and Inclusion framework developed in 2020. • Receiving and processing information on the role that government played in segregating communities, suppressing homeownership, and wealth accumulation through land use and transportation planning, policies, and programs. • Building race, equity, and inclusion into SACOG's strategic goals, policies, projects and programs, focusing on changes that have the promise to improve conditions and prevent harm to Black, Indigenous, and people of color (BIPOC).

Committee	Purpose and Function
	• Exploring existing data to better understand and make recommendations to reduce racial disparities in economic and social outcomes, access to opportunities, mobility, and transportation, and to create a baseline of indicators to monitor racial equity outcomes. • Developing approaches to raise or attract state investment and/or funding programs focused on increasing investment without displacement in BIPOC communities and/or low-income communities.
Strategic Planning Committee	Eleven board members including the SACOG chair, vice chair, prior year's chair and the chairs and vice chairs of the other committees, to review the JPA, board representation, and long-term vision planning. This committee also acts a liaison to the regional legislative delegation. Meets as needed.
Transportation Committee	Thirteen board members, plus one ex officio member appointed from the SACOG board as well as the Caltrans District 3 director, review all items relating to transportation issues with the Metropolitan Transportation Plan, Metropolitan Transportation Improvement Program, and State Implementation Plan, as well as the SAFE program. Meets monthly or as needed. The committee recommends action by the Board of Directors on the following topics: • Metropolitan Transportation Plan (MTP) • Metropolitan Transportation Improvement Program (MTIP) • State Implementation Plan • Project Delivery Plan • Federal Surface Transportation (SAFETEA-LU) • Federal and state transportation funding • Regional funding programs • Intelligent Transportation Systems • 511 • Transportation demand management • Capitol Valley Regional Service Authority for Freeways and Expressways

The board has established a number of advisory committees as a means of obtaining advice from citizens, key interest groups in the community, and partner planning agencies on a variety of

subjects. There are currently 14 advisory committees that typically include representatives of citizens advocacy groups, the private sector, major colleges and universities, transportation management professionals, and private citizens unaffiliated with any of the above groups. The committees are listed below in alphabetical order, with a short description of each.

1. Airport Advisory Committee – A 15-member committee composed of managers of the public use airports located within SACOG’s RTPA boundary, as well as representatives from Beale Air Force Base. The committee provides recommendations to the SACOG Board of Directors regarding the Regional Aviation Capital Improvement Plan, prepared biennially, and advises SACOG staff and the SACOG board on aviation issues of regional concern. Meets on-call.
2. Bicycle and Pedestrian Committee – A committee of about 80 members made up of representatives from local bicycle advocacy groups as well as local government and nonprofit groups involved in bikeway planning. The committee advises SACOG on the non-motorized content of the MTP and on priorities for non-motorized projects. Meets on-call.
3. 5310 Regional Evaluation Committee – The role of the committee is to objectively review and score local project applications for the FTA Section 5310 Capital Grant Program. The program provides funds on a statewide competitive basis for the purchase of equipment to transport elderly and disabled persons. Eligible applicants are private, nonprofit organizations and public bodies that coordinate transportation service. The established scoring criteria are project need, project effectiveness, ability of the applicant, and service coordination efforts. Meets annually.
4. Goods Movement Advisory Group – The movement of goods or freight has always been one of the most important functions of the transportation system and is certainly of vital importance to the health of the economy and to ensuring a high quality of life. SACOG works with the region’s jurisdictions as well as other state and local agencies and the private sector through its Goods Movement Advisory Group to make certain that planning for goods movement is incorporated into the overall transportation planning process. SACOG looks to build on the work of the recently completed *Regional Goods Movement Study* to identify specific projects and areas of study to evaluate further. The group serves as both an advisory committee for these activities as well as a regional forum for goods movement issues. Meets quarterly or as needed.
5. Planners Committee – A 28-member committee consisting of the planning directors or their designees of each of SACOG’s member jurisdictions. The committee was originally formed to advise SACOG on the development of the Blueprint Project and is now advising on Blueprint implementation and the Regional Housing Needs Allocation process. Meets on-call.
6. Public Participation Committee – A committee made up of members of organizations required under SAFETEA-LU and including representatives of the disabled, pedestrian walkways, bicycle transportation, public agencies, transit operators, goods movement, private providers of transportation, and other interested parties.

7. Regional Planning Partnership – A committee with close to 100 representatives from local, regional, state, federal agencies, and tribal governments, as well as representatives of business, environmental, and minority organizations and associations. The partnership assists SACOG with its transportation and air quality planning responsibilities. It also serves as the primary forum for interagency and public consultation requirements of federal transportation and air quality regulations. Meets bimonthly.
8. SACMET Travel Demand Model Technical Advisory Committee (TAC) - The SACMET TAC is composed of planning and engineering professionals from local public agencies, as well as consultants and others who are registered users of the SACMET travel demand model. The TAC has two roles: one is to provide SACMET users with training and technical support on the model; the other is to provide a forum for discussion of issues related to SACMET. Proposed SACMET changes and improvements and the subsequent results are presented for information and discussion. Modeling issues of a more general nature, but germane to SACMET or the Sacramento region, are also discussed. The SACMET TAC meets two or three times per year, on an as-needed basis. SACMET TAC mailings go to about 50 people.
9. Sacramento Emergency Clean Air and Transportation (SECAT) Air Quality Policy Group – A 10-member committee consisting of representatives from each air district within the Sacramento federal ozone nonattainment area, FHWA, Environmental Protection Agency, California Air Resources Board, and SACOG. The committee assists SACOG and its air quality planning partners in developing strategies that focus available resources on achieving both attainment of the National Ambient Air Quality Standard for ozone and conformity goals. Meets on-call.
10. Sacramento Emergency Clean Air and Transportation (SECAT) Technical Advisory Group – An 11-member committee consisting of representatives from each air districts within the Sacramento federal ozone nonattainment area, FHWA, Environmental Protection Agency, California Air Resources Board, Caltrans, and SACOG. The committee advises the SECAT Policy Group on guidelines and criteria for evaluating and approving projects under the SECAT program. Meets on-call.
11. Sacramento Region Intelligent Transportation Systems (ITS) Partnership – A forum for technical staff to share information, coordinate on project planning and implementation, and provide advice and input to SACOG on ITS funding advocacy efforts. Meets quarterly.
12. Social Service Transportation Advisory Councils (required by state TDA law) – Three councils have been established, one each for Sacramento and Yolo Counties, and a joint Sutter-Yuba County council. Each council is composed of potential transit users who are elderly, disabled, low-income, or general public; representatives of agencies that provide social services or transportation for senior citizens, persons with disabilities, and persons with low incomes; representatives from the local Consolidated Transportation Services Agency (CTSA); and a representative of a transit operator. Each council participates in the identification of transit needs in the county or counties it serves; makes recommendations regarding unmet transit needs; and advises the board on other major transportation issues, including the coordination and consolidation of specialized transportation services. Meets on-call.

13. Transit Coordinating Committee – The committee provides a forum for the discussion of transit plans and issues, coordinates transit studies and systems on a regional basis, disseminates federal, state and local transit information, reviews and comments on the MTP and the MTIP, and gives input into SACOG’s Overall Work Program. Meets bi-monthly with special meetings during alternating months as needed.
14. Transportation Demand Management Task Force – The task force advises the SACOG Board of Directors on the operations and marketing of the Rideshare Program and on the demand management content of the MTP. Meets quarterly.

The board has also appointed special committees to assist in guiding efforts on projects of great significance that warrant the formation of committees of stakeholders or special groups.

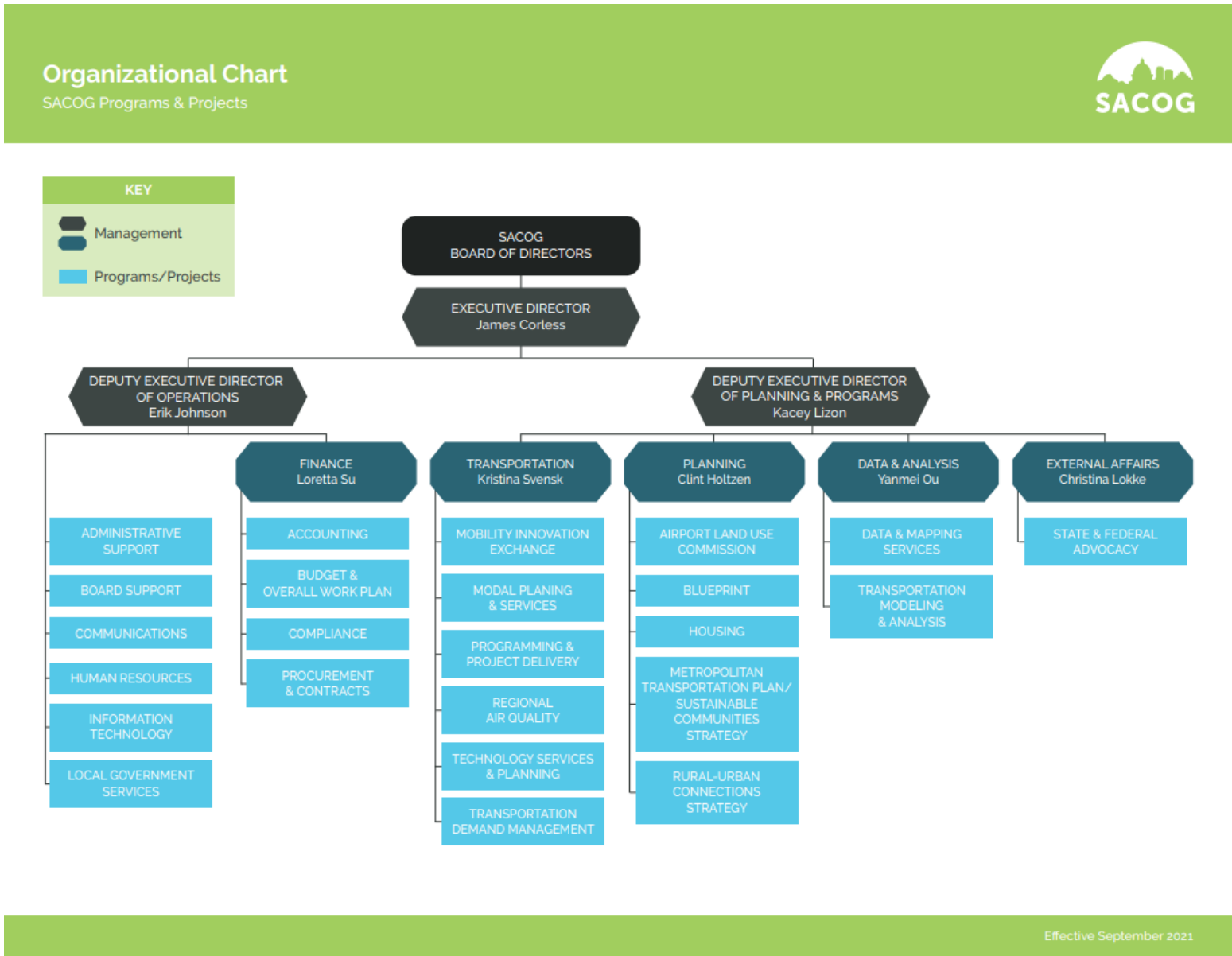
SACOG Staff

Over the past three years, SACOG-approved staffing levels decreased. Between FY 2018 (base year) and FY 2021, staffing decreased by 25 percent from 68 to 51 employees.¹ By year, staffing levels were 58 full-time approved positions in FY 2019, 56 in FY 2020, and 51 in FY 2021. Staffing decreases were primarily in research analysts and interns.

SACOG underwent organizational restructuring in October 2017 to reflect a more vertical structure led by the executive director and two deputy executive directors. One deputy executive director is responsible for operations, including finance and management services, and the other is responsible for planning and programs. Project teams are led by project managers responsible for the numerous SACOG projects and programs. The structure supports the next generation of leadership at SACOG allowing for more vertical movement and promotional opportunities while encouraging staff retention. SACOG also restructured its program structures by combining the Innovation & Partnerships program into the Transportation Program. Figure I-2 reflects the current organizational structure.

¹ Comprehensive Annual Financial Report, FY 2021, Summary of Full-Time Equivalent Employees.

**Figure I-2
Organization Team Structure**



SACOG Planning and Administration Financials

According to the annual Comprehensive Annual Financial Reports (CAFRs), SACOG's audited actual revenue for agency-wide planning, administration, and member services for the fiscal years covered by this audit ranged from \$13.75 million in FY 2019 to \$13.5 million in FY 2020 to \$14.3 million in FY 2021.² Revenue reflects a 4 percent increase over the three fiscal years. Revenue was increased from intergovernmental funds including state and local sources, while federal funds decreased over the audit period. The audited actual revenues compare to budgeted expenditures for these services of \$16.3 million in FY 2019, \$16.6 million in FY 2020, and \$16.3 million in FY 2021.³ Expenditures for the Planning and Administration Fund remained constant over the three-year period.

Over the three-year period, SACOG direct salaries and wages decreased nearly 3 percent. Direct salaries were \$3.6 million in FY 2019, \$3.5 million in FY 2020, and \$3.5 million in FY 2021.⁴

² CAFRs for FYs 2019–2021. Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Planning and Administration Fund. Figures include SACOG services funded partially by TDA.

³ CAFRs for FYs 2019–2021. Statement of Revenues, Expenditures and Changes.

⁴ CAFRs for FYs 2019–2021. Schedule of Indirect Service Costs.

Section II

RTPA Compliance Requirements

Fourteen key compliance requirements are suggested in the Caltrans *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, September 2008 (third edition), and used to assess SACOG's conformance with TDA. Our findings concerning SACOG's compliance with state legislative requirements are summarized in Table II-1.

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	Public Utilities Code, Section 99231	SACOG accounts for its claimants' areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their area. SACOG makes a finding in each adopted resolution approving LTF claims that each jurisdiction's claim is consistent with its approved apportionments. Each claimant's apportionments follow the population formula prescribed by law. Conclusion: Complied.
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	Public Utilities Code, Sections 99233.3 and 99234	As described in the SACOG TDA Guidelines update, 2 percent of Sacramento County's LTF is automatically designated for bicycle and pedestrian purposes. It is SACOG policy that the 2 percent allocation for pedestrian and bicycle facilities applies only to the jurisdictions in Sacramento County. These allocations are not restricted by area apportionment. Within the Sacramento Regional Transit District (SacRT), LTF can only be used for public transportation and for bicycle and pedestrian projects. Outside of the SacRT within Sacramento County, the 2 percent

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
		that goes to pedestrian and bicycle facilities can be used for streets and roads purposes if such a determination is made by SACOG. Projects that receive funding are guided in part by city- and county-adopted capital improvement programs, local bicycle and pedestrian plans of SACOG's member jurisdictions, and the SACOG Regional Bicycle, Pedestrian, and Trails Master Plan, last updated in spring 2018 to the planned and existing bikeway networks for use in the Project Performance Assessment data tool. Conclusion: Complied.
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.	Public Utilities Code, Sections 99238 and 99238.5	SACOG has established three separate Social Services Transportation Advisory Councils (SSTAC), one each for Yolo, Sacramento, and Yuba-Sutter Counties (joint council). The SSTACs serve key roles in the annual unmet transit needs hearings and analysis. SSTAC members, one board representative, and SACOG staff facilitate each public hearing to gather input on potential transit needs. SSTAC attendance at unmet transit needs meetings is generally well attended for Yolo and Sacramento SSTACs, but limited attendance was shown for the Yuba-Sutter SSTAC. Conclusion: Complied.
The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those	Public Utilities Code, Section 99244	SACOG undertakes actions that could result in potential productivity improvements as well as meet state and federal requirements. SACOG requires that transit operators include a 10-year capital and operations

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
operators which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit. • 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 which exceeds its prior year allocation.		program in their TDA transit claim to support budgeting activity. Another action is the commissioning of short-range transit plans (SRTP) for the transit systems. The SRTPs are updated every five years and generally include service recommendations to improve transit services. SACOG has limited resources to prepares SRTPs in-house relative to past practice and relies on the operators and consultants to complete the studies. Following the audit period, SACOG finalized its updated <i>Public Transit and Human Services Transportation Coordinated Plan</i> in March 2022. The Coordinated Plan lays out new regional strategic goals as well as addressing the unmet needs that individual operators have expressed in the years leading up to the plan's update. Additionally, the report identifies requirements for prioritization of FTA Section 5310 funds. A third SACOG action is the commissioning of triennial performance audits of the operators as required by the TDA. The performance audits often contain recommendations for productivity improvements. A fourth activity is the analysis conducted for the unmet transit needs process to determine whether transit needs are being met. The Transit Coordinating Committee (TCC) is a SACOG advisory body with the capability and knowledge to

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
		recommend potential productivity improvements. This is inherently achieved through ongoing communications and information sharing among SACOG staff and the participating transit operators during the TCC meetings. For example, implementation of the Regional Transit Asset Management program is coordinated and developed through the TCC to achieve the strategic and systematic practice of procuring, operating, inspecting, maintaining, rehabilitating, and replacing transit capital assets to manage their performance, risks, and costs over their life cycles. Conclusion: Complied.
The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).	Public Utilities Code, Section 99245	SACOG selects one certified public accountant to conduct all TDA fiscal and compliance audits of the claimants. Richardson & Company completed the fiscal audits during the audit period. TDA fiscal audits were completed by the timelines set by the State Controller or have been granted the appropriate extension. Conclusion: Complied.
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennium). For operators, the audit was made and calculated the	Public Utilities Code, Sections 99246 and 99248	For the current three-year audit, SACOG retained Michael Baker International to conduct the performance audit of the RTPA. SACOG has also designated Michael Baker International to conduct the performance audits of the transit operators during the current period, as well as all performance audits for

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA monies and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.		the previous triennium. The operator audits include calculation of the required TDA performance indicators. Conclusion: Complied.
The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of the operators located in the area under its jurisdiction have been completed.	Public Utilities Code, Section 99246(c)	SACOG submitted a copy of its audit to Caltrans along with a transmittal letter certifying completion of the transit operator audits. Conclusion: Complied.
The performance audit of the operator providing public transportation service shall include, but not be limited to, a verification of the operator's operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include, but not be limited to,	Public Utilities Code, Section 99346(d)	The performance audits of the operators include all required TDA performance measures plus additional indicators where warranted to further assess each operator's efficiency, effectiveness, and economy with the use of TDA funds. Conclusion: Complied.

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2.		
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in both urbanized and rural areas, as well as in new urbanized areas.	Public Utilities Code, Sections 99270.1 and 99270.2	SACOG maintains a farebox requirement policy for service which operates within both urbanized and non-urbanized areas. Farebox requirements for urbanized and non-urbanized service were adopted by the SACOG Board of Directors on March 18, 1982. The adopted rules and regulations apply to the Yuba-Sutter Transit Authority and YoloBus. The YoloBus farebox requirements were revised in the past few years to clarify its blended fixed-route farebox ratio. A detailed description of the rules and regulations, as well as the farebox recovery formula, is contained in Appendix H of the SACOG TDA Guidelines. Also, in September 2012, state legislation was approved (AB 432) that authorizes SACOG to determine whether transit operators serving Sacramento County, as a group, have met the farebox requirements. Conclusion: Complied.
The RTPA has adopted criteria, rules and regulations for the evaluation of claims	Public Utilities Code, Section 99275.5	As described in its TDA Guidelines, claims to SACOG may be filed under Article 4.5 only by a Consolidated

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.		Transportation Service Agency (CTSA) designated by the RTPA pursuant to the Social Service Transportation Improvement Act (AB 120, 1979). CTSAs in the SACOG area are Paratransit, Inc. and SacRT (for the area within the activated boundaries of SacRT), Sacramento County (for the remainder of Sacramento County), the Yolo County Transit Authority (for Yolo County), and the Yuba-Sutter Transit Authority (for Sutter and Yuba Counties). In Sacramento County, it is SACOG policy that 5 percent of the available LTF funds in the area covered by the activated boundaries of the SacRT be allocated to Paratransit, Inc., for the purpose of providing service to the elderly and disabled under Article 4.5. In January 2020, SacRT and Paratransit, Inc. formalized an agreement for the equitable split of the CSTA funding in Sacramento County used for the delivery of transit services for seniors and individuals with disabilities, with 70 percent of funding going toward SacRT and 30 percent going toward Paratransit, Inc. Prior to approving a claim filed under Article 4.5, SACOG is required to make findings covering five different provisions outlined in the guidebook and which are consistent with the TDA statute. Conclusion: Complied.
State transit assistance funds received by the RTPA are	Public Utilities Code, Sections	SACOG allocates State Transit Assistance (STA) funds for transit

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
allocated only for transportation planning and mass transportation purposes.	99310.5 and 99313.3, and Proposition 116	services only. SACOG prioritizes the use of STA in Appendix B of the TDA Guidelines and lists eight different eligible transit uses consistent with the TDA statute (California Code of Regulations Section 6730). The uses include (in priority of use and claimants): 1. Operating cost of public transportation system (operators) 2. Capital requirements of public transportation system (operators) 3. Subsidy of passenger rail (operators) 4. Transportation planning (operators) 5. Amtrak payments (counties, cities, SacRT) 6. Contracts for public or special group transportation service: related planning and administration (counties, cities, SacRT) 7. Transportation planning (counties, cities, SacRT) 8. Community transit services (all CTSAs) Conclusion: Complied.
The amount received pursuant to Public Utilities Code, Section 99314.3, by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	Public Utilities Code, Section 99314.3	SACOG administers STA funds in accordance with the relevant PUC requirements (i.e., on the basis of operator revenues). Conclusion: Complied.

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
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 Public Utilities Code, 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 services; • Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet”; • Identified the unmet transit needs or there are no unmet transit needs, or that there are unmet transit needs that are reasonable to meet. If a finding is adopted that there are unmet transit	Public Utilities Code, Section 99401.5	Each year during the audit period, SACOG offered broad citizen participation opportunities during the unmet needs process by facilitating public meetings around the region to encourage participation and access for community members. A total of six hearings are held yearly in four counties (one in Yuba-Sutter, three in Sacramento, and one in Yolo) including the last one at a SACOG board meeting. During the COVID-19 pandemic, SACOG implemented remote hearings through video conferencing platform. Public notices are properly posted in newspapers of general circulation, and meeting minutes are transcribed. Staff also receives and accepts other means of public communication of potential unmet needs through email, phone, fax, mail, online comment form on the SACOG website, and walk-ins to the SACOG office. The final public hearing at SACOG occurs prior to adoption of the unmet needs findings by the SACOG Board of Directors. SACOG staff and SSTAC members meet to identify potential unmet transit needs. SACOG staff prepares an analysis of unmet transit needs from the comments collected during the process and makes a recommendation for SSTAC consideration. Staff also conducts analysis of comments using Board-adopted definitions of “unmet transit needs” and “reasonable to meet.”

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
needs, these needs must have been funded before an allocation was made for streets and roads.		SACOG staff and the SSTAC meet to discuss staff analysis and recommendations. The SSTAC can formulate its own recommendation to the SACOG board, if it is different than that of the staff recommendations. Typically, both the SSTAC and the SACOG staff present a joint recommendation to the board. Findings of the unmet needs process are reaffirmed by the entire SACOG board. The definitions of “unmet transit needs” and “reasonable to meet” are reaffirmed annually, and findings of the unmet needs process are adopted through separate SACOG board resolution for each county and SacRT. LTF funds have only been allocated for streets and roads to jurisdictions located outside of the SacRT boundaries after completion of the unmet needs process. Conclusion: Complied.
The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year and must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State	California Administrative Code, Section 6662	The accounting firm of EideBailly LLP (formerly Vavrinek, Trine, Day & Co., LLP), conducted the annual audits of SACOG for FYs 2019, 2020, and 2021. The Comprehensive Annual Financial Report was submitted to the State Controller within 12 months of the end of each fiscal year. Completion dates for the fiscal audits are as follows: FY 2019: December 13, 2019 FY 2020: December 2, 2020 FY 2021: December 1, 2021

TABLE II-1 SACOG Compliance Requirements Matrix		
SACOG Compliance Requirements	Reference	Compliance Efforts
Controller. The audit shall include a determination of compliance with the transportation development and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following the fiscal year close.		Conclusion: Complied.

Findings and Observations from RTPA Compliance Requirements Matrix

SACOG has satisfactorily complied with state legislative mandates for RTPAs. Actions undertaken by the agency during the audit period have helped maintain compliance with the mandates, including the administration of the TDA, the conduct of the annual unmet transit needs process in consultation with the SSTACs, and coordination of efforts that assist transit operator performance and funding.

Oversight of transit performance measurements such as compliance with farebox recovery ratios in Sacramento County is conducted through the county operators meeting farebox standards as a group, whereas transit operators in Yolo and Yuba-Sutter Counties continue to have separate farebox ratios for their respective systems. The SACOG TDA Guidelines show these different ratio requirements.

To its credit, SACOG maintains the integrity of the annual unmet transit needs process by holding at least six public hearings in various locations throughout four counties (Sacramento, Sutter, Yolo, and Yuba) to take public testimony and by accepting written and other forms of correspondence. The public hearings are generally held where public transit services are provided in each county, with the intention of rotating the hearings among different cities. One public hearing is held in Yolo County, one in Yuba and Sutter Counties (one joint hearing), and three in Sacramento County. The TDA statute requires at least one public hearing, whereas SACOG sponsors five plus the final public hearing prior to the SACOG board's adoption of the unmet needs resolutions. During the COVID-19 pandemic, SACOG implemented remote hearings through video conferencing platform and later hybrid meetings combining in-person and remote public participation.

Also, SACOG enhanced its administration of the TDA through increased engagement with claimants and the adoption of streamlined procedures. Claimants' comments and suggestions have been considered and incorporated into the process. SACOG eliminated paper claims and phased out the mailing of TDA allocations and instruction letters. Furthermore, the Clerk of the Board adopted DocuSign, a platform that enables SACOG to manage and process electronic signatures.

Section III

Prior Triennial Performance Audit Recommendations

This section describes SACOG’s response to the recommendations included in the prior triennial performance audit. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the agency’s efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Clarify determination of entities subject to TDA regulations.

Background: As new innovative transit alternatives such as on-demand transportation are developed and implemented in the Sacramento region, these transit programs could be subject to similar state TDA requirements as existing transit operators. One example of such a transportation alternative is the on-demand rideshare program operated by the City of West Sacramento. This service, operated under contract by a private provider, is not part of an existing transit operator, but in partnership with the City. Following the prior audit period, a City staff report in May 2019 recommended that the rideshare program receive continued funding using TDA funds (Fund 202 of the City of West Sacramento budget). Under the TDA, funds claimed by the City would be pursuant to Article 8 of the TDA, which permits funding by SACOG through a contract between a local municipality and a transportation provider. From the allocation of TDA funds for this service, statutory provisions are enacted to account for the funds, including an annual fiscal audit. Other provisions that may apply to TDA Article 8 funding for transit include submission of the annual State Controller Office financial transactions report, performance measurement criteria, and the triennial performance audit. SACOG should make determination as to which TDA regulations will be applied to new transit alternatives, such as on-demand rideshare programs. This determination should be documented in the SACOG TDA Guidelines.

Actions taken by SACOG

During the prior audit period, SACOG received the first claims from the City of West Sacramento to be allocated to its on-demand transportation provider, Via Rideshare. The City of West Sacramento submitted the annual TDA claim for funds based on the City’s annual budget projections prepared by the Transportation and Mobility Division of the Capital Projects and Transportation Department with a portion of funds being used to support the Via Rideshare service under Article 8 of the TDA. In lieu of the Transit Operators’ Financial Transactions Reports sent to the State Controller, the City has been preparing and submitting the Cities’ Financial Transactions Report, which does not include financial and operating data that pertain to the Via Rideshare service. It was recommended in the City of West Sacramento’s TDA performance audit that, commencing with FY 2022, the City use the Transit Operators’ Financial Transactions Report for reporting transit financial and operational data to the State Controller which a statutory requirement.

While SACOG has made improvements to its TDA claims process through increased engagement with claimants, streamlining the reporting format for all counties with a uniform reporting system, and requiring fiscal audits to be complete prior to receiving subsequent claims, SACOG has not yet made determinations as to which TDA regulations will be applied to the new transit alternatives, such as West Sacramento's Via Rideshare. The TDA Guidelines updates have not been approved since August 2017 (last revision date on the guidelines document) and SACOG should utilize the experience with the City of West Sacramento claims process and subsequent allocation to Via Rideshare to establish new guidelines pertaining to these relationships covered under Article 8 of the TDA. These guidelines should include requirements such as submitting the Transit Operators' Financial Transactions Reports to the State Controller, which provide the applicable template for submitting transit financial and operating data on the alternative transportation service.

Conclusion

This recommendation is partially implemented and being forwarded in this audit for full implementation.

Prior Recommendation 2

Further efforts to create predictability in transit funding priority.

Background: The TDA requires that RTPAs such as SACOG provide productivity improvements to the operators as part of their responsibility for TDA administration. SACOG has worked to improve coordination and productivity of public transportation through new transit team staff who are well versed in transit operations. SACOG collects data input on transit operations and capital projects in a variety of reports in cooperation with the public transit operators. This increased data—from sources such as SRTPs and Comprehensive Operations Analyses, National Transit Database, Transit Asset Management plans, Connect Card, and 10-year transit budget forecasts—depict the asset inventory, ridership patterns, and current and anticipated expenditures by the respective operators. With funding sources being more narrowly focused and discretionary in nature, combined with the changing complexion of the transit delivery model, it remains a challenge for the operators to efficiently deliver service and contribute to regional strategic goals, such as reduction in greenhouse gases and vehicle miles traveled.

The Transit Coordinating Committee provides the forum from which discussion and feedback is held in partnership between SACOG and the transit operators. Transit funding transparency and decision-making on a regional level should be based on meeting regional strategic goals which are within SACOG's purview. Updates to the SACOG Strategic Plan and MTP contain such goals. With an abundance of existing transit data and regional transit studies that will be conducted, such as the *Next Generation Transit Strategy*, it was recommended that SACOG continue with identifying and developing priority themes for transit infrastructure and services that meet regional goals. Growing needs and issues such as infrastructure electrification, first and last mile transit, and high capacity transit are examples of areas that could be prioritized in a manner that balances available and potential funding for the region. Development of regional transit infrastructure, technology, and service priorities would enable greater efficiencies in funding allocation and more predictable revenue for the operators. SACOG is and will be armed with data intelligence for creating the regional transit vision and programming the appropriate funds in cooperation with the operators,

which leads to improved productivity and greater transit coordination. SACOG efforts such as the *Next Generation Transit Study* would help with focusing funding predictability, which the agency should leverage in building its communications with the operators.

Actions taken by SACOG

SACOG has taken several steps toward improving transparency and predictability in transit funding priority. SACOG began holding its Transit Coordinating Committee meetings remotely in response to the COVID-19 pandemic, which led to improved participation by operators as well as Caltrans and the FTA. Regular meetings are scheduled bi-monthly, with the standard meeting alternating month-by-month with a special topic meeting. Having these special topic meetings held separately has shown to be beneficial in expanding communication and allowing these topics to be discussed at length.

Following the audit period, SACOG finalized its updated *Public Transit and Human Services Transportation Coordinated Plan* in March 2022. The plan lays out new regional strategic goals as well as addressing the unmet needs that individual operators have expressed in the years leading up to the plan's update. Additionally, the report identifies requirements for prioritization of FTA Section 5310 funds. The report also contains a list of FTA grant programs as it relates to the Infrastructure Investment and Jobs Act (IIJA) signed into law in November 2021, which reauthorized and created new FTA programs through its support of transit funding through federal fiscal year 2026. The IIJA's five-year predictable formula funding schedule enables transit agencies to better manage long-term assets and address the backlog of State of Good Repair (SGR) needs. It also includes funding for new competitive grant programs for buses and bus facilities, innovative transportation coordination, workforce training, and public transportation research activities.

SACOG has also developed its Next Generation Transit Strategy, receiving unanimous board approval in October 2021. The Next Generation Transit Strategy refines the 2020 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) 20-year vision for public transit and includes an actionable set of four focus areas, each containing several strategies for implementation. The plan was developed collaboratively over the course of eight months with input from transit operators, county transportation authorities, advocates and business groups. The plan establishes key performance indicators which are objective measures of performance against each of the goals established in the plan. The Next Generation Transit Strategy also provides potential funding sources/opportunities that are in line with the goals that the plan sets out.

SACOG has been working to simplify its claims process as well as working toward educating operators on how to claim TDA funds. During the audit period, the claims process was completed online with helpful guidelines that operators used to ensure they are correctly following the claims process. A future SACOG goal is to provide TDA claim training to operators.

Conclusion

This recommendation has been implemented.

Section IV

Detailed Review of RTPA Functions

This section assesses in detail SACOG's functions and performance as an RTPA during this audit period. Adapted from Caltrans's *Performance Audit Guidebook*, SACOG's activities can be divided into the following activities:

- Administration and Management
- Transportation Planning, Programming, and Coordination
- TDA Claimant Relationships and Oversight
- Public Information and External Affairs
- Grant Application and Management

Administration and Management

Strategic Management

To better explain the current organization, it is noted that the prior audit period saw significant changes to staffing, with the former executive director retiring and a new executive director being hired in April 2017. An organization restructuring also occurred in October 2017 with the creation of two deputy executive director positions to provide administrative and planning and program management for the agency. This structure differed from the previous organization chart, which was structured horizontally in responding to changing work and member needs. While this restructuring action occurred before the current audit period, it provides context to the new organization structure and project team formation to respond to growing needs of both staff and the community. It also enabled more distinct roles for executive management in that the deputy executive directors are responsible for day-to-day management within the agency and maintaining work integration, while the executive director provides a greater external presence in building partnerships across the region and beyond.

This division of high-level management responsibility and the contributions from all staff were aimed at achieving the updated strategic goals and priorities and reflecting agency organizational values. This work effort and change culminated in a staff development process to grow leadership from within, as well as the reorganization of the agency. This new organizational restructure largely remained the same over the current audit period with slight modifications such as combining the Innovation & Partnerships Program with the Transportation Program, and Transit moving under program and project delivery.

SACOG identified that developing leadership internally was critical to its values, given the high level of technical expertise that is naturally fostered from the performance of agency functions. A knowledge-sharing process is based on an approach where staff are cross-trained from working

with each other on specific projects. Project teams are formed and project leaders are assigned to specific project tasks with support by the rest of the agency. The organization structure affords more direct access to project staff and improves the balance of workflows for the employees. The team structure offers managerial and supervisory skill opportunities for staff and a framework for self-monitoring of project activities.

SACOG continued undertaking steps as an RTPA to better align its goals, objectives, and work programs to the needs of its member jurisdictions and to ensure it remains on the forefront of regional planning inspired by state and federal mandates. SACOG's actions are focused around the following three primary themes supported by its goals and priorities:

1. Economic Prosperity - Develop a diversified regional economy by supporting the expansion of key economic clusters including agriculture and food, health sciences, and innovative mobility. Support development that provides a high quality of life for all and is attractive to both new and existing businesses.
2. Connected Communities - Better connect the region through a safe, well-maintained, multimodal transportation network, and an abundance of clean mobility options that provide for the efficient movement of people and goods.
3. Vibrant Places - Ensure the region's growth patterns enhance the vitality of existing communities and foster multi-modal mobility. Ensure new development encourages a healthy mix of uses that include a diversity of housing, businesses, essential services, and amenities near one another.

These themes are laid out in SACOG's 2021 Work Plan, which provides objectives and key indicators aimed at identifying success in achieving these goals. Additionally, the plan includes projects and programs, both ongoing and planned, that are part of these goals and how they tie into each objective. Partnerships formed by SACOG with stakeholders around these themes also contribute to moving the region cohesively and emphasizing the executive director's directive to advance projects from planning to implementation. SACOG serves as an incubator supporting initiatives such as CivicLabs to offer grants that attract innovative projects managed by others and provide leverage for existing funding.

A staff workshop was held prior to development and approval of these goals to gain internal buy-in. The workshop enabled the goals to reflect staff ideals and motivations. Planning staff, with assistance from a new grants and compliance staff member, also help in formulating the annual Overall Work Program (OWP), which provides more internal accountability and buy-in to SACOG's activities and services to its members.

SACOG management reviews performance measurements that are project based and relate back to the overall success of providing the service while linking to the values addressed in the strategic plan goals and themes. For example, regional projects are held to benefit/cost ratios in short- and long-range planning documents. Each project area, such as transit, is viewed in a larger context to the overall transportation system.

Personnel Management and Development

SACOG is committed to offering employees increased opportunities to prepare for positions of greater responsibility, new tools to increase their expertise, and a goal-oriented framework for professional development. A career development program supports the goals of succession planning, helps retain and recruit high-quality employees, and assists employees' professional and personal development.

A comprehensive employee handbook is available on the agency intranet, which details the personnel rules, agency policies, employee benefits, classification plan and salary table, and general information and forms. Employee benefits are pursuant to the terms and conditions of the MOU between SACOG and the SACOG Employees Association. An Employee Classification Plan was updated to maintain flexibility by allowing staff to work on various projects that may not fit within the narrow classifications that previously existed. At the same time, it also allows employees to advance either for performing more complex technical work or for leading teams. This Employee Classification Plan was last updated in January 2022.

SACOG utilizes an employee evaluation system, as well as career development planning, which helps SACOG with staff retention. The employee performance review evaluation is an interactive process between the employee and their primary supervisor that effectively measures, monitors, and evaluates employee performance using simple rubrics such as meeting or not meeting goals, in what areas the employee is doing well, and what assistance is needed for further growth. The goal is to give regular feedback to staff members in a consistent manner that measures progress toward agreed-upon performance criteria in order to enhance communication and employee performance, which support career advancement and delivery of the agency's mission.

Staff evaluations are conducted annually around the staff person's hiring anniversary. SACOG uses NEOGOV online human resources management system to conduct the evaluation. The process is used to evaluate the performance of all employees as required by SACOG and to identify agreed-upon objectives for future work. New characteristics are introduced in the evaluation for an updated assessment. A separate module for supervisor input is provided with an automated reminder. A tickler file is maintained as an alert of each performance review. Regular check-ins by the supervisors during the year are also conducted to maintain continuity between reviews.

SACOG staff take the Gallup StrengthsFinder assessment while the agency provides ongoing career development through regular training, coaching, and performance evaluations. In 2022, staff updated their values statements to reflect the current work culture and to align with SACOG's Strategic Plan, which was also adopted in 2022.

Overall Work Program

The OWP reflects SACOG's annual activities that meet the ten planning factors for federal metropolitan planning for the Sacramento region, as well as planning emphasis areas for California's transportation planning and air quality program. MPOs are strongly encouraged by the federal government to use their OWPs to highlight their efforts toward establishing performance measures for a number of required areas. The OWP is directly correlated with the

agency's budget (prepared separately) and serves as a dynamic document that is amended to account for programmatic changes that occur during the year.

The annual OWP tasks are categories under broad services that SACOG intends to implement for the year. During the audit period, these services were rolled up and have come under the following main elements:

- Core and Long-Range Member, Agency, and Transportation Services and Planning Activities
- Discretionary Transportation Planning Grant Activities & Partnership Projects
- Regional Projects
- Pass-Through to Other Agencies
- Services to Other Agencies
- Indirect Projects

TDA administration is identified as a project under the Core and Long-Range Member, Agency, and Transportation Services and Planning Activities, which is the largest element by the number of projects listed. TDA administration contributes to meeting the federal planning factor to "increase the accessibility and mobility of people and for freight." The TDA revenue used for planning and programming purposes by SACOG are spread over a variety of projects in the OWP that meet this federal planning factor.

The OWP task categories are consistent with SACOG's continued emphasis on customer service and innovation while retaining similar annual work programs. Each project is assigned a project name and code, and is listed under the appropriate work element. Expenditure estimates are separated by direct services and pass through while costs are segregated by salaries, indirect services, consultants, and other direct costs. Revenue estimates summarize the budget portion of the document and identify the particular funding source contributing to each activity. Each project is described in detail with deliverables and specific expenses and revenues.

Transportation Planning, Programming, and Coordination

This functional area addresses planning functions required of SACOG, including regional transportation coordination, the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), the Metropolitan Transportation Improvement Program (MTIP), project delivery, and transit planning and coordination.

SACOG's Participation in Regional Planning and Related Issues

As part of the regional planning process, SACOG engages in proactive cooperation and coordination in transportation and air quality issues with other agencies or groups. SACOG participates in a number of activities and maintains a liaison with each member city and county and with other regional transportation agencies to help coordinate transportation planning and programming and facilitate information exchange. In some cases, SACOG liaisons serve on both the technical and advisory committees. SACOG maintains liaisons with the following local transportation planning agencies:

- Air Districts – five districts within the Sacramento Air Quality Planning Area
- Caltrans District 3
- El Dorado County Transportation Commission as the RTPA for El Dorado County
- Native American tribal governments
- Paratransit, Inc.
- Placer County Transportation Planning Agency as the RTPA for Placer County
- Sacramento Regional Transit District (SacRT)
- Sacramento Transportation Authority
- Tahoe Regional Planning Agency
- Transit Operators – 13 regional operators
- Transportation Management Associations
- Yolo County Transportation Advisory Committee
- Yolo County Transportation District (YCTD)

In addition, SACOG liaises with statewide organizations and private-public partnerships that work on transportation, business, land use, and air quality efforts. These organizations include:

- California Federal Programming Group
- California Service Authority for Freeways and Expressways Committee
- Caltrans Regional Coordination Committee
- Capitol Corridor Joint Powers Authority
- Central Valley Rail Committee
- Cleaner Air Partnership (through FY 2020)
- Regional Managers Forum
- Regional Transportation Planning Agencies Group
- Rural Counties Task Force
- San Joaquin Valley Rail Committee

Metropolitan Transportation Plan

SACOG achieved a major milestone during the audit period when the MTP/SCS was adopted and released on November 18, 2019. The 2020 MTP/SCS is a long-range plan for transportation in the region built on the regional Blueprint, Rural-Urban Connection Strategy, and Regional Housing Needs Allocation. The MTP/SCS process and document were managed by a project team manager who delegated the various topic sections among area managers. The managers as a group had

strong decision-making authority in producing the plan, which was a product of the organization structure.

Federal law requires that the transportation investments planned in the MTP/SCS be financially constrained by a reasonable forecast of future revenues. To that end, SACOG developed a set of revenue projections for the MTP/SCS that consider trends in the economy, policy and regulations, fuel price and consumption, and development activity. For the 2020 MTP/SCS, SACOG is planning for \$34.9 billion over the next 20 years. About three-quarters of all the funding forecast in the plan is committed to specific purposes or projects such as transit capital and operations, road or highway capital improvements, or system maintenance and operations. These limitations may be the result of federal or state policy, developer agreements, or voter-approved initiatives. SACOG has some discretion over about 6 percent of the total budget, which comes from a combination of federal and state sources. These more discretionary funds are an important part of how the region can further the policy objectives of the MTP/SCS. However, because the funding available to SACOG represents a small share of the total plan budget, implementing the plan will take the collective efforts of many agencies.

By 2040, SACOG projects the following expenditures on transportation:

- Road and highway maintenance: ~\$12.6 billion
- Transit operations and vehicle purchase: ~\$8.1 billion
- Road and highway expansion projects: ~\$6.8 billion
- Large transit capital expansion projects: ~\$2.0 billion
- Bicycle and pedestrian improvements: ~\$5.6 billion

Even with new funding sources included in this plan, there is not enough funding to pay for everything. To deliver on the priorities of this plan, the region must prioritize near-term investment decisions, align regional and local funding programs with a set of common goals, and be creative and strategic in pursuing state and federal grants.

A foundation of the 2020 MTP/SCS transportation and land use forecast assumptions is the regional growth forecast. All of the plan's performance measures are a result of the integration of land use and transportation. SACOG uses its MTP/SCS to identify, in collaboration with cities, counties, and transit agencies, the 20-year growth and transportation investment priorities. The MTP/SCS forecasts robust housing and employment growth in the region and acknowledges the critical nature of maintaining a balance of infill and greenfield growth over time to avoid the uncoordinated development pattern of the early 2000s that led to worsening regional congestion and air quality.

Locally, cities and counties have been updating general plans and development codes to allow and encourage Blueprint-friendly development and transit districts. The 2020 MTP/SCS includes four core priority policy areas:

- Build vibrant places for today's and tomorrow's residents
- Foster the next generation of mobility solutions
- Modernize the way we pay for transportation infrastructure

- Build and maintain a safe, reliable, and multimodal transportation system

These priority policy areas are supported by 25 supporting policies, ranging from short-term to long-term. The plan builds upon previous MTP/SCS goals such as meeting a greenhouse gas reduction target of 19 percent for the region as well as continued improvements to the Civic Lab program.

SACOG developed a Public Participation Plan (PPP) prior to this audit period as a guide to meeting the requirements for public involvement outlined in various federal regulations. The PPP is intended to provide direction for public involvement activities to be conducted by SACOG and contains the procedures, strategies, and techniques used by SACOG for public involvement. The PPP is designed to assist SACOG staff in implementing an effective public participation process through a variety of strategies.

Following guidance of the PPP, an effective strategy employed by SACOG's Communication Team was to engage the public early in development of the MTP/SCS. Workshops were held and interactive presentations were made to the public prior to and at the onset of the project as a means to grow the plan organically through an established public process. A stakeholder group was formed of community members to serve as a sounding board for the plan. In the summer of 2018, SACOG released an online survey complemented by eight public workshops in the region to provide the SACOG board with public perspectives on the future of transportation and economic prosperity for the Sacramento region. To reach out to as many residents as possible, and to include underrepresented communities, workshops were located at community events to meet people where they were already naturally gathering, included English and Spanish speaking staff, and promoted a fun environment for families. For the workshops in El Dorado and Placer Counties, staff worked with the El Dorado County Transportation Commission and Placer County Transportation Planning Agency to identify ideal locations and customize the workshop content. Respondents were eligible to win one of ten \$50 gift cards for participating.

The primary purpose of the workshops was to get public participation in the survey, which focused largely on connecting with residents and soliciting their preferences and opinions on land use, housing, economic prosperity, transportation needs, and new mobility options. The workshops allowed community members to stop by, relax at cafe tables, share their transportation stories, and take the survey at their own pace. The survey was also available online, offering access 24 hours a day.

The top priorities that came from the public workshop survey were creating jobs to increase regional economic prosperity, affordable housing, preserving open space, and creating walkable communities.

SACOG developed the MTP/SCS in consultation with federal, state, and local agencies, transportation providers throughout the region, facility operators such as airports, transit operators, Native American tribal governments, environmental resource agencies, air districts, pedestrian and bicycle representatives, and other MPOs. The Sacramento region also contains a significant portion of the Sacramento-San Joaquin River Delta. The delta is a critical resource for both water supply and wildlife. To ensure the long-term health of the delta ecosystem, under the Delta Reform Act, SACOG coordinates with the Delta Stewardship Council to consider and avoid negative impacts to the delta that would jeopardize this valuable resource.

Following completion of the 2020 MTP/SCS, SACOG began the process of commencing work on the next update of the MTP/SCS during the audit period, slated for completion in 2024. The 2024 update is broken out into seven phases with tasks generally slated in two-quarter increments for the next two-year period, beginning fall 2021.

Metropolitan Transportation Improvement Program

The federally required Transportation Improvement Program is known as the MTIP in the Sacramento region. It is a short-term listing of surface transportation projects that receive federal funds, are subject to a federally required action, or are regionally significant. SACOG, as the federally designated MPO for the six-county Sacramento region, prepares and adopts the MTIP about every two years.

SACOG adopted the final FY 2021–24 MTIP in February 2021. The document received federal approval in April 2021. Although outside the audit period, in September 2022, the SACOG FY 2023–26 MTIP, Amendment #2 the Metropolitan Transportation Plan – Sustainable Communities Strategy, and accompanying Air Quality Conformity Analysis received board approval with federal approval expected in December 2022.

In developing, updating, and amending the MTIP, SACOG works with numerous federal, state, and local agencies, including Caltrans, the FHWA, countywide transportation agencies, transit operators, air quality districts, city and county agencies, and special districts that are involved in transportation project development and implementation. The MTIP lists over 500 projects with \$12.6 billion anticipated for road and highway maintenance, \$8.1 billion for transit operations and vehicle purchases, \$6.8 billion for road and highway expansion projects, \$2 billion toward large transit capital expansion projects, and \$5.6 billion for bicycle and pedestrian infrastructure.

Because of the fluctuating nature of transportation projects nearing implementation, circumstances dictate that changes be made to the MTIP following its adoption. Federal regulations allow for two types of revisions to the MTIP: “administrative modifications” and “amendments.” SACOG processes amendments infrequently, about two to four per year, while administrative modifications occur more often, about 12 per year. Amendments take longer to process, as long as four to six months. In contrast, administrative modifications usually take one or two weeks, or as little as a day. In August 2011, Caltrans delegated authority to SACOG to unilaterally approve administrative modifications to the MTIP and Federal Statewide Transportation Improvement Program. No further approval from the state or federal government is required for administrative modifications. In December 2019, the FHWA, FTA, and Caltrans agreed on revised administrative modification/amendment procedures to clarify what types of changes and what threshold of changes qualify as an administrative modification and which qualify as requiring an amendment.

SACOG uses a project tracker software system called SACTrak for monitoring over 800 projects in the region. This technology assists the relatively light staff with management of a large and complex programming function in conjunction with the member jurisdictions. As accuracy of funding and project delivery aspects are key, remaining in touch with industry practices is a must. Programming staff have been participating in a statewide project delivery group for several years to share ideas and practices. In-person meetings with local jurisdiction staff engaged in

programming are useful to troubleshoot and resolve issues. A district Caltrans staff member in the Local Assistance Program also attends to help local agencies recognize funding levels and what projects are available and eligible for the year. The types of programming and funding assistance provided by SACOG has built goodwill with its member agencies. SACOG continues to improve and maintain its SACTrak transportation improvement program project database. Improvements to SACTrak will continue to emphasize project tracking and monitoring capabilities in addition to the associated reporting and financial management capabilities that the system has in place to assist SACOG in its Designated Recipient role.

Project Delivery

Delivering transportation projects within the estimated cost, scope, and schedule has been one of the key issues in state transportation policy for many years. The SACOG region continues to maintain an excellent project delivery record. This delivery record is due to the hard work of project sponsors, Caltrans Local Assistance, SACOG's education and coordination efforts, and its regional delivery policies. SACOG staff constantly monitor this process to maintain the region's delivery record and to ensure that the maximum amount of federal funds continue to flow into the region. This monitoring includes responding to increased scrutiny for federal and state funding deadlines, adapting to the current economic environment, and anticipating future federal and state policies regarding the availability of transportation funding.

The annual transportation project delivery plan process sets the policy for how SACOG prioritizes projects for starting federally reimbursable work. Project delivery work includes review of requests for fund allocations, time extensions, State Transportation Improvement Program amendments, Active Transportation Plan programming, and participation at the California Transportation Commission, RTPA, and Rural Counties Task Force meetings, to name a few. Additionally, SACOG works with project sponsors to raise the likelihood that all projects are delivered.

The agency has also developed a wide range of related programs of regional significance including rural-urban connections, air quality, land use, affordable housing, shared services, coordination, and advocacy on a range of topics such as state and federal regulations.

SACOG launched the Project Performance Assessment (PPA) tool to analyze transportation investments at the project level. The tool stems from a 2017 working group and its technical review of performance assessment methodologies. SACOG used the PPA tool in support of the 2018, 2019, and 2021 agency funding rounds (with a major update to the tool in 2020). Resources, documentation, and instructions of how each funding program uses the PPA tool is provided on the SACOG website.

SACOG staff also provided information to transit agency applicants on the use of the regional Transit Asset Management tool. This substitutes for the PPA for transit vehicle replacement or SGR project applications that do not have a geography that works with the PPA format.

Transit Planning and Coordination

The SACOG transit team coordinates regionally among the public transit operators and other service providers in the SACOG area. The planning of public transit services is accomplished through several means, including preparation of SRTPs that provide policy and financial direction to guide future transit planning, service operation, capital investment, and policy decisions. The Transit Asset Management database developed for the region's transit capital infrastructure is another tool for policy and capital investment decisions. Also, a 10-year capital and operations plan required in the annual TDA claim packet provides snapshots of planned services. Each respective SRTP generally follows the schedule outlined in SACOG's TDA Guidelines, although due to changes and reduction in SACOG transit team staffing over the years, SACOG no longer has capacity to prepare SRTPs for the operators. Further, SACOG staff indicated that grant funding from Caltrans is more specialized and that there are more limitations on the availability of grants for short-range planning.

Long-range transit plans for the transit operators are intended to provide longer-term guidance for operational and capital needs over a 10-year period. The plans are coordinated closely with the transit operators and integrate components of the SRTPs to maintain consistency and cohesion with shorter-term improvements. The 10-year plans are required for the transit operators as part of their TDA claims and include operations, fleet replacement, expansion, and overhaul plans and facility improvements or expansions. The addition of 10-year plans allows both operators and SACOG staff to track projects as outlined in their SRTPs over time.

In its expansion of multimodal studies, SACOG completed the study *Filling the Gap – A Guide to Volunteer Transportation Programs* in June 2019. This guide assessed opportunities for alternatives and improvements to existing public transportation services for seniors, persons with disabilities, and low-income residents in more rural communities in El Dorado, Sutter, and Yuba Counties. It explored the use of volunteers to expand community transportation options. The goal of the guide is to help and encourage more communities to consider developing volunteer transportation programs to fill the gaps in the existing transportation systems, and provide a range of information on volunteer transportation programs.

In preparation of the passing of the Infrastructure Investment and Jobs Act, SACOG released a list of more than \$11 billion in near-term infrastructure projects that could be funded by stimulus spending from the federal government. "Ready for Recovery: A Call for Short-Term Strategic Investments in Infrastructure in the Greater Sacramento Region" collated key projects from 50 different agencies across the six-county greater Sacramento region. The projects represented ready-to-go investments grouped in categories representing key strategic goals to advance economic recovery, prosperity, and resilience. While not comprehensive, the list represented examples of the types and magnitude of investments the Sacramento region is prepared to make.

Further, SACOG updated the *Public Transit and Human Services Transportation Coordinated Plan* in August 2019 and again in March 2022 to show how human service agencies can work together with transportation providers to address the transportation needs of people with disabilities, seniors, and people with limited incomes. The SACOG Coordinated Plan is a biennial update meant to broaden the dialogue and support further collaboration between public transportation providers, human service agencies, and others to link people with the transportation services they need. SACOG held discussions with transportation and human services staff, and gathered data through stakeholder interviews, public input, public hearings, and workshops. The SACOG

Coordinated Plan followed FTA guidance and mainly affects the distribution of FTA Section 5310 funding to assist individuals with disabilities with transportation.

As briefly discussed in the Prior Audit Recommendations section of this report, one of the significant regional studies conducted during the audit period was the SACOG *Next Generation Transit Strategy*. The study furthers SACOG's efforts to provide greater funding transparency and predictability with longer-term regional project planning for next generation transit and technology. With the number of transit systems operating within the region coupled with various funding constraints as well as industry evolution in how transit remains competitive, the transit operators desire to instill more predictability with funding and meeting regional policy and environmental goals. Further study of next generation transit complements existing transit planning methods and operator group coordination.

The Next Generation Transit Strategy's four focus areas are Seamless User Experience, Planning and Funding, Transit Design and Delivery, and Reduce Mobility Disparities. The study enables SACOG to reimagine how public transit can better serve the Sacramento region, including how it is delivered and how passengers are served. This collaborative effort of transit agencies and regional stakeholders will shape a vision of the next generation of transit for the region that includes strategies to integrate traditional transit services with new mobility options. SACOG created a longer-term vision that describes where the region should aim to go, and a set of shorter-term implementation strategies for how the region can get there. The long-term vision has a 15-20 year strategy horizon and the short-term strategies are focused on actions to implement within 1-5 years. This work includes a definition statement for how the region should define public transit looking forward in an adaptable manner that complements related initiatives by SACOG and regional stakeholders.

An area being worked on by SACOG in transit planning from a regional perspective is the collection and data analysis of intercity transit trips. With significant changes to trip-making from the public both during and post pandemic, a need exists to better understand the longer distance origin/destination trips within and among the region's counties to enable improved data and sharing of information, transit planning for intercity services, operating and capital cost implications, and equitable distribution of regional based revenues. SACOG's partnership with operators such as SacRT to study regional transit connectivity and meet goals established in the Next Gen document are continuing.

Transit Coordinating Committee

The SACOG Board established the Transit Coordinating Committee (TCC) to assist in federal planning and oversight of transit activities in the region. Members are transit operators in the region including SacRT, Paratransit, Inc., Folsom Stage Line, YCTD, Yuba-Sutter Transit, Roseville Transit, El Dorado Transit, South County Transit/Link, Unitrans, and Placer County Transit. Three local Transportation Management Associations also participate in the TCC, as do the transportation planning agencies from El Dorado and Placer Counties. Appearances are made by guest agencies for specific topics.

SACOG provides ongoing technical and analytical support for service and planning coordination among the region's transit operators through the TCC. Activities include planning support, data analysis, digital mapping, surveys, research, and interagency consultations. These activities

involve planning efforts in coordination with road planning and modeling analysis efforts in support of the regional Congestion Management Process. SACOG also provides small transit operators with National Transit Database reporting assistance on annual and monthly financial and non-financial data analysis.

As a result of the COVID-19 pandemic, the meeting has been held remotely which has led to better attendance and participation, including from Caltrans and the FTA. Regular meetings are still held bimonthly; however, a special topics meeting is held in the alternating months. This allows for special topics to be discussed in depth instead of being consolidated to a short segment of the regular bimonthly meetings.

The TCC provides the common ground for the transit operators and SACOG to discuss the programming of transit-related dollars. Greater discretionary funding maintains the interest of the various agencies and enables these agencies to conduct business directly with each other. SACOG in turn follows through on the proceedings of the meetings and facilitates project implementation.

Agenda topics have varied over the past several years based on issues at the time, although some subjects are discussed regularly. These regular topics include TCC coordination and joint opportunities, state and federal funding issues and opportunities, and federal and state programming activities. Specific projects are discussed and coordinated including electric vehicle industry presentations, transit safety issues, technology systems, microtransit applications, and major transit planning studies and service implementation. SACOG also offered interest in scheduling time during/after TCC meetings for informal operator discussions without a set topic, as well as TCC interest in field trips and presentations in interim months.

TDA Claimant Relationships and Oversight

As the designated RTPA, SACOG is responsible for the administration of the TDA program. This functional area addresses SACOG's administration of the provisions of the TDA. The subfunctions described include costs to administer the program, TDA claims processing and related technical assistance, and the unmet transit needs process.

Administration and Planning

The uses of TDA revenues apportioned to the Sacramento region flow through a priority process prescribed in state law. Prior to apportionment of funds to the Bicycle and Pedestrian Facilities Program, the transit operators, and local jurisdictions, SACOG is able to claim TDA revenues for administration of the fund and for transportation planning and programming purposes. SACOG's rate for administration is about 1.1 percent off the top of annual Local Transportation Funds (LTF) and 3 percent for planning. These rates are in line with other RTPAs in the state. The rates are applied to annual LTF revenues including prior year fund balances and current year apportionments, less county administrative costs.

During the audit years of 2019 through 2021, according to annual LTF apportionments, the agency received the following for administration and planning:

Table IV-1
Local Transportation Fund Allocations for
SACOG Administration and Planning
(Four-County Area, by County)

Sacramento County

Fiscal Year	Total LTF ⁽¹⁾	SACOG Administration of TDA	SACOG Planning	Total SACOG Allocations ⁽²⁾
2019	\$55,300,000	\$617,489	\$1,639,905	\$2,257,394
2020	\$57,600,000	\$643,180	\$1,708,134	\$2,351,314
2021	\$61,175,000	\$683,113	\$1,814,186	\$2,497,299

Sutter County

Fiscal Year	Total LTF ⁽¹⁾	SACOG Administration of TDA	SACOG Planning	Total SACOG Allocations ⁽²⁾
2019	\$3,899,986	\$48,243	\$128,123	\$176,366
2020	\$4,283,338	\$52,486	\$139,930	\$192,416
2021	\$4,006,607	\$39,622	\$105,226	\$144,848

Yolo County

Fiscal Year	Total LTF ⁽¹⁾	SACOG Administration of TDA	SACOG Planning	Total SACOG Allocations ⁽²⁾
2019	\$9,778,985	\$109,578	\$291,012	\$400,590
2020	\$10,000,000	\$118,380	\$314,389	\$432,769
2021	\$9,594,024	\$101,804	\$270,367	\$372,171

Yuba County

Fiscal Year	Total LTF ⁽¹⁾	SACOG Administration of TDA	SACOG Planning	Total SACOG Allocations ⁽²⁾
2019	\$1,389,069	\$15,508	\$41,184	\$56,692
2020	\$1,001,000	\$10,211	\$27,118	\$37,329
2021	\$1,200,600	\$13,402	\$35,593	\$48,995

Total Four County

Fiscal Year	Total LTF ⁽¹⁾	SACOG Administration of TDA	SACOG Planning	Total SACOG Allocations ⁽²⁾
2019	\$70,368,040	\$790,818	\$2,100,224	\$2,891,042
2020	\$72,884,338	\$824,257	\$2,189,571	\$3,013,828
2021	\$75,976,231	\$837,941	\$2,225,372	\$3,063,313

Source: SACOG LTF Apportionments.

(1) Excludes STA funds and LTF carryover from prior years.

- (2) The rates are applied to annual LTF revenues including prior year fund balances and current year apportionments.

As a whole, the contribution of LTF by the jurisdictions for SACOG administration and planning increased, which is generally consistent with the trend of annual sales tax revenues the last few years. However, LTF revenue from Yuba, Sutter, and Yolo Counties varied for the three-year period, either increasing or declining from the prior year. Sacramento County showed consistent growth in LTF. Because SACOG's share off the top is percentage-based, the amount fluctuates with the inflow and annual balances of the revenue. In addition to TDA administration, based on data contained in the annual budget, SACOG uses the LTF for various planning and administration expenditures including for program management, education and outreach, transit asset management plan, MTP/SCS development, land use planning, congestion management program, transit technical assistance and monitoring, and member and agency services.

TDA Claim Processing and Related Technical Assistance

SACOG updated its TDA Guidelines dated August 2017 following the previous revision in November 2013. The 2017 iteration of the SACOG TDA Guidelines makes significant updates to reflect new provisions enabled through state statute including SB 508 and AB 1113, and new funding from SB 1. More recent state legislation that specifically addresses relief measures from the COVID-19 pandemic, such as AB 90 and AB 149, are incorporated in the claims review and performance measurement. The update keeps the manual consistent with the latest update to the Caltrans TDA Statutes and Code of Regulations, which was released in July 2018. The guidelines include background about the TDA, the flow of funds to claimants, reporting and performance requirements, timelines, and sample claims forms. Training is offered by SACOG with the local jurisdictions to review the claims preparation and submittal process. A TDA presentation for training with a summary overview and contact information for SACOG staff are available, with goals of providing guidance and assistance to operators so that they may have their TDA claims brought to the SACOG board in a timely manner. Claims were transitioned to fully electronic, including electronic instructions for filing claims. Claims forms are available on the SACOG website. Resolutions from the claimants to apply for TDA funding are signed using DocuSign digital format.

SACOG's guidelines permit claims for TDA revenues to be submitted throughout the fiscal year and after SACOG makes its findings on the revenue apportionments to each county. The general range for submittal of claims is between May and July prior to the claim year. Once a claim is submitted to SACOG, it is compiled by the transit team and programmatically reviewed for accuracy, completeness, and compliance with all claim requirements. Follow-up communication with the claimant is made if there are outstanding questions or issues. As a condition of approving the claim, staff verify whether the transit operators have implemented unmet transit needs that were found to be reasonable to meet. Communication with the claimants is filed electronically for later reference and in order to maintain a repository of issues that have arisen during the TDA administrative process.

Internal Coordination of TDA Claims

The transit analyst is the primary liaison with the TDA claimants and coordinates claim form completion, evaluation, and presentation to the SACOG board for approval. The TDA funds are

tracked by jurisdiction based on apportionments amounts. Upon board approval, the analyst prepares the LTF disbursement instructions to the respective four County Auditor/Controller Departments for processing and releasing of payment to the claimants. Disbursement coordination is also made for STA and SGR funds. While working with the County accountants, the transit analyst also coordinates with the SACOG Finance Department and submits the payment instructions for internal sign-off and accounting. Each county provides quarterly funding reports to the analyst for interpretation, though it was indicated these reports can be difficult to reconcile against SACOG figures.

While the SACOG Finance Department is not involved in TDA funding on a daily basis, it is involved with scheduling payment schedules to the claimants on a quarterly basis and accounting for the flow of funds with the county auditor, which releases the payments. Electronic payments between SACOG and vendors are available, which expedites payment. With turnover occurring more recently in the SACOG Finance Department, internal TDA staff have been working to enhance internal communications to meet each other's needs as well as findings ways to more efficiently work with county accounting staff, which helps to streamline the TDA payment and accounting process given the reliance SACOG has on receiving LTF accounting data from each county. Sparkrock, a new enterprise resource planning software installed a few years ago, provides links among purchase orders for enhanced fund tracking.

Both the transit analyst and the Finance Department review key financial measures such as unearned revenue contained in the claimant TDA fiscal audits. Although SACOG has better control over the STA and SGR funding flow because the agency directly administers these revenues, it was indicated there is less trackability on the LTF revenue flow given the general allocation and disbursement process stipulated in state statute and the challenges with reconciling the financial data presented in the quarterly LTF reports by each county. No findings are made in the annual financial audits; however, SACOG acknowledges some improvement to the LTF funding process would be helpful. Such strengthening of the financial process and involvement by both SACOG transit staff and finance staff should be memorialized in the SACOG TDA Manual to retain this practice and demonstrate transparency to the claimants on the evaluation of the claim, allocation and disbursement, and fund tracking. For example, the Finance Department could potentially take a more active role during the TDA claims review and work alongside the transit analyst on the budgeting request by the claimants. A goal would be to develop an accounting process and training that mirrors the current method for tracking STA and SGR funding using the financial module.

A claimant-completed checklist is included that summarizes what is contained in the particular claim or if a particular item is already on file at SACOG. Each submitting claimant certifies that all conformance requirements are satisfied to receive both LTF and STA funds (TDA-4 form, Statement of Conformance).

SACOG's objective is to help the operators claim their apportionments of revenues while working within the framework of the TDA statute. This goal is largely accomplished by staff's approach of treating each claim individually and working with the claimant with a customer service orientation to resolve issues that may hinder their ability to meet performance standards and impact their funding status. This approach is exemplified by SACOG's support for TDA fund eligibility from group farebox recovery performance in Sacramento County (AB 432).

Unmet Transit Needs

In a strategic effort to be more cost effective while being more accessible and engaging with the public, SACOG conducts a variety of outreach activities for the unmet transit needs process. The agency holds five public meetings in the RTPA area plus the main public hearing at a SACOG board meeting prior to adoption of the unmet needs findings. The public meetings are rotated among the cities within the counties where transit services and needs are provided. Spanish interpretation is provided at the meetings, which are held at locations such as government centers, farmers markets, and council chambers. SACOG also uses alternative formats and other communication channels including remote virtual hearings, hybrid meetings, email, phone, social media, and online input to further reach out to the communities. These various outreach methods and strategies enable SACOG to work more closely with local groups and advocates in the process.

SACOG has documented its unmet transit needs process requirements and method of analysis in making its findings for each comment received. Meeting minutes, publication of the hearing notices, and documentation of the resolutions of findings are made for each local jurisdiction. SACOG reviews unmet needs relative to SRTP recommendations to determine whether there are commonalities in service requests. SACOG also files the unmet needs documentation with Caltrans for acceptance and concurrence with compliance with state law.

Members of the SSTAC(s) and at least one representative of the SACOG Board of Directors conduct the public hearings to receive public comment on unmet transit needs. SACOG staff assist the representatives during the hearings. In preparation for the public hearing, the board member receives a written letter from the executive director that includes a hearing agenda as well as a suggested prepared introduction statement. Meeting minutes and comments are recorded at each public hearing.

In addition to gathering input at the public hearings, SACOG receives comments collectively from its website, social media, email, and phone. Transit staff compile the comments for analysis, which are generally organized by city and county of origin. The comments are further organized by theme such as a service-related comment, an operations-related comment, or other transit service comment. A review of these documents for the three-year audit period indicates good organization and presentation to the SACOG committees and board.

Separate formal resolutions are passed by the SACOG Board of Directors for the local jurisdictions in Sacramento, Sutter, Yolo, and Yuba Counties and SacRT, with findings from the unmet needs process. By statute, the findings made are that (1) there are no unmet transit needs; (2) there are no unmet transit needs that are reasonable to meet; or (3) there are unmet transit needs, including transit needs that are reasonable to meet.

TDA regulations require SACOG to adopt definitions of “unmet transit needs” and “reasonable to meet” to guide staff analysis as to whether an identified need is an “unmet transit need that is reasonable to meet.” The board adopted the following definitions on August 20, 2015, which are reaffirmed annually in the unmet needs resolutions:

- a. Unmet Transit Needs – Are defined as:

Existing transit services or service variants, including services where transfers may be necessary to complete a trip, that are not adequately meeting the identified transportation needs of residents of the SACOG four-county Regional Transportation Planning Area (Sacramento, Sutter, Yolo, and Yuba counties) who are likely to use public transportation. This includes, but is not limited to, trips for education and training (excluding exclusive school bus transportation), employment, healthcare services, personal business, recreation, and social services. Per the TDA law, operational comments cannot be considered unmet transit needs. All operational comments received during the annual unmet transit needs process are noted and shared with the applicable transit operator(s), allowing the operator(s) to discuss and address any significant operational issues with their staffs and governing bodies.

b. Reasonable to Meet – Is defined as:

An unmet transit need that meets the definition above and meets all of the following criteria shall be considered reasonable to meet:

1. Community Acceptance – There needs to be demonstrated interest of citizens in the new or additional transit service (i.e., multiple comments, petitions, etc.).
2. Equity – The proposed new or additional service will benefit the general public, residents who use or would use public transportation regularly, the senior population, and persons with disabilities, including assessments based on Title VI or other similar information where available.
3. Potential Ridership – The proposed transit service will not reduce the agency's ability to maintain the current transit service, including safety, security, and maintenance, and will meet new service ridership performance standards established for the transit operator in their agency planning documents. Ridership performance standards include passengers per hour and passengers per mile.
4. Cost Effectiveness – The proposed new or additional transit service will not affect the ability of the overall system to meet the state-mandated farebox recovery ratio requirement after the two-year exemption period for new services, if the service is eligible for the exemption. The overall system service must meet minimum farebox return requirements as stated in the TDA statutes or established by SACOG.
5. Funding – The proposed new or additional transit service will not cause the claimant to incur expenses in excess of the maximum allocation of TDA Local Transportation Funds.
6. Feasibility – The proposed new or additional transit service can be implemented safely and in accordance with local, state, and federal laws and regulations.

The TDA requires a minimum representation of nine specific interests as described in the TDA statute. Through word of mouth and enhanced means of advertising vacant positions, making announcements, using the social services network, and providing the membership application, SACOG has filled all statutory positions with some members serving several positions.

The SSTACs met once per year during the audit period to review and finalize the unmet transit needs hearing comments and analysis. SACOG tries to make it easy for members to participate including by phone and remote video platform. In general, the SSTAC meeting includes an evaluation of the transit-dependent population using, as a basis, the SACOG study Outreach and Analysis of Transit-Dependent Needs in the SACOG Region, and discussion about the comments from the hearings and the correspondence. The group then reviews each comment and categorizes the comments into either service- or operations-related categories. The group decides which service comments are “unmet transit needs, reasonable to meet” and “unmet transit needs, not reasonable to meet.” A recommendation by the committee to the board is formulated which has typically been consistent with the staff recommendation. Following the unmet transit needs process and SACOG board adoption of the findings through resolution, SACOG annually submitted the proper documentation to Caltrans for approval.

SACOG is refreshing the SSTACs and reviewing their composition and roles. The review includes expansion of the SSTAC membership above the minimum TDA required members to reflect additional users and groups of the transit systems, such as lower-income transit riders and need-based organizations. The transit operators review their respective feedback received during the process for consideration in its planning efforts. One operator in particular, YCTD, which also serves as the CTSA for Yolo County, has a vested interest in a robust and inclusive unmet transit needs process. Given term limits of the positions, SACOG routinely seeks members of the community to apply and serve on the SSTACs. YCTD desires to use its role as CTSA to assist SACOG with recruitment, education, and facilitation of the Yolo County SSTAC, and to engage with SACOG to further empower the SSTAC to provide insight and input on County transit issues. SACOG should continue strengthening its engagement and partnership with the transit systems during the unmet transit needs process, with SSTAC interaction, and with development of potential expanded roles for the SSTAC in the planning and delivery of transit services beyond the annual unmet needs. As examples, the SSTAC participated in development of the Public Transit-Human Services Coordination Plan, and expressed concern about the transition of the Americans with Disabilities Act compliant paratransit services between Paratransit Inc. and SacRT.

Public Information and External Affairs

With continued emphasis on customer service, coupled with its strategic planning and staff development, SACOG has elevated its outreach, communications, education, and member services. The MTP/SCS process absorbed much of the education and outreach project team resources during the early parts of the audit period, as extensive public outreach was central to the successful adoption of the plan. A sub-website is utilized for the MTP/SCS to keep the public informed of the process and provide document views. Through this resource, the public can get access to supporting documents used in the development of the MTP/SCS such as staff reports, research, and data and analysis. Links to webinars related to the development are also available to the public. Outreach activities include but are not limited to SACOG and partner events, open houses, working groups, large-scale outreach events, focus groups, stakeholder and public workshops, mass communications/newsletters, media outreach, website content development and management, and social media communications via Facebook, Twitter, Instagram, and Snapchat.

SACOG's Regional Transportation Demand Management (TDM) program promotes alternative mode use (carpooling, vanpooling, public transit, bicycling, walking, and telecommuting) for all types of trips and supports education, outreach, and planning efforts that support those modes. This program works to reduce air emissions, provide congestion relief, and increase mobility and safety for residents and commuters.

SACOG facilitates ride matching for carpools and vanpools; provides alternative mode information through the 511 telephone number and website; works with outreach partners to offer a guaranteed ride home; conducts public outreach and educational campaigns with various outreach partners (transportation management agencies/organizations and public agencies); and develops competitive grants and/or programming for local jurisdictions to pilot projects, tools, programs, and incentives that reduce emissions and/or vehicle miles traveled. The TDM program's activities are part of several policies and actions set forth in the SACOG 2020 MTP/SCS to meet air quality requirements and the state's 19 percent greenhouse gas (GHG) reduction target. Specifically, Policy #1: Shortened vehicle trips (reduce average trip length that residents take on a daily basis) and Policy #2: Increased transit, bike, and walk trips (resulting from shifting trips from vehicle travel to non-vehicle modes) make up over 10 percent of the factors that will meet the SACOG region's 19 percent GHG reduction goal.

This work is performed by SACOG staff, local jurisdictions, and outreach partners. The TDM program utilizes federal Regional Surface Transportation Program and Congestion Mitigation & Air Quality funding. A small allocation of SAFE funding is used for TDM programs or projects that might not meet all eligibilities for federal dollars but are important in reducing emissions and/or vehicle miles traveled.

SACOG merged the websites of Sacramento Region 511 and the Sacramento Region Commuter Club during the previous audit. The single site under the Sac Region 511 brand combines traveler and traffic information with resources and information to commuters and employers to encourage carpooling, vanpooling, walking, bicycling, and riding transit. This TDM-based website was updated with incorporating software from RideAmigos to allow greater trip-making solutions and enable staff to conduct website analytics and add site content directly without the need for coding.

The Sacramento Region 511 website features Google mapping for bicycle routes in the region, while Google Transit has real-time feeds for public transit users. Information about park and ride lots and third-party apps like ride hailing services is also provided. SACOG uses the private sector to encourage app development for its online services and provide linkages to the technology procured by the transit operators. A primary goal for SACOG is making travel solutions easy to access for the customer. Traditional media such as press releases, quarterly newsletters, and monthly reporting have continued as well.

In other forms of communications, SACOG helps its local jurisdiction member staff be proactive in providing their own outreach with their constituents. In civic engagement presentations, SACOG coaches members to differentiate between providing education, soliciting input, and receiving feedback, each of which require different approaches to the public. SACOG also maintains a presence on social media and remains responsive as outreach participation online has increased dramatically where approximately 75 percent of public participation is conducted online and the remaining 25 percent is captured in-person.

Other communication activities include an update to its board orientation handbook in 2021 to include the strategic goals and priorities and user-friendly details about SACOG’s program responsibilities. The handbook presents an overview of the agency’s mandates, including its statutory responsibilities and governing authority, and describes several of the committees and their roles in the transportation planning process. As board members serve on these committees, the handbook sets a framework from which a board member could become more familiar with the topics and issues relevant to each committee. At board member request, the handbook and board member orientation are also shared with city managers and county administrators.

Grant Application and Management

SACOG receives the bulk of its funding from grants and has had success in obtaining grants to fund many of its programs. SACOG also serves as a pass-through recipient of grants to other agencies. For these grants, SACOG exercises limited administrative duties such as progress reporting and financial reimbursement on behalf of the grantee. The grantee is responsible for managing the tasks associated with the grant.

As a service to its members in helping meet transportation goals for the region, SACOG, in partnership with Placer County Transportation Planning Agency and El Dorado County Transportation Commission, tracks upcoming funding opportunities for transportation and regional adaptation programs. To assist the region in being as competitive as possible, SACOG staff help with regional coordination, understand grant requirements, provide technical assistance, and provide letters of support to the local jurisdictions that pursue such grant funding.

SACOG, in collaboration with Caltrans, conducts a Call for Projects process for state and federal funds that pass through the agency. These funds include FTA Section 5310 – Elderly and Disabled Specialized Transit Program, and Section 5307/5339 – Urbanized Area Formula Grants/Bus & Bus Facilities, and State Proposition 1B programs (Public Transportation Modernization, Improvement, and Service Enhancement Account Program [PTMISEA] and Transit System Safety, Security, and Disaster Response Account programs since expired). SACOG provides estimates of STA-SGR allocations to each of the eligible transit operators from passage of SB 1, as well as allocations of Low Carbon Transit Operations Program funds from the State Greenhouse Gas Reduction Fund as part of SB 862.

With regard to the 5310 program, SACOG coordinates a Call for Projects among eligible nonprofit agencies and public transit providers to fund capital projects and operations consistent with the Coordinated Plan. SACOG has an MOU with Caltrans that gives SACOG, as the MPO and four-county RTPA, the responsibility for evaluating and scoring the region’s eligible Sacramento urbanized area and four-county small urban/rural applications for “traditional” 5310 funding. “Expanded” project applications are not scored by SACOG, though SACOG does confirm applicant eligibility. Only the Statewide 5310 Scoring Committee score these “expanded” applications.

Through the PTMISEA, SACOG received funding letters from Caltrans awarding various grant funds to the operators for paratransit and commuter bus vehicle replacement, shuttle buses, above ground gas tank, digital surveillance system, automated passenger counters for light rail, and fare vending machines. As of June 30, 2021, the SACOG PTMISEA’s cash balance is \$6.2 million and

outstanding accounts payable is \$0.35 million. All PTMISEA funds are available for encumbrance and liquidation until June 30, 2023.

SACOG continues to provide ongoing grants management support, including review of grant funding applications, and letters of concurrence, review and track fund transfers, and track progress in completing projects in the individual grant budgets. SACOG continues to conduct the programming activities necessary to ensure that projects of the region's transit operators are properly programmed in the SACOG MTIP and MTP/SCS so that operators can file grant applications to obtain the funds necessary to operate, maintain, and carry out the programs of their systems.

After the audit period, the SACOG Board of Directors approved new guidelines for the Call for Projects process aimed at providing a simpler and more streamlined process that reduces the time and resources required from project sponsors. Streamlining elements include uniform Project Programming Requests and eliminating several SACOG-specific forms. The new guidelines can be found on the SACOG site and provide a detailed instruction on the application process as how projects are evaluated.

SACOG's TCC continues to serve as the FTA fund programming committee associated with the SACOG/transit operator MOUs and prepares the recommended project lists for SACOG Board action in the MTIP/Regional Transportation Improvement Program programming process. Through the TCC, SACOG continues to improve the integration of financial planning and the development and integration of short-range transit planning with the region's long-range transportation plan.

The TCC is a common ground for the transit operators and SACOG to discuss the programming of transit-related dollars. The TCC serves to assist in FTA fund programming and helps prepare the recommended project lists for SACOG Board action. To further streamline this process, the MOU signed by SACOG and the regional transit operators provides coordination of ongoing transit planning and programming of federal funds in order to support the ongoing and future deployment of transit services affecting the Sacramento urbanized area. The MOU covers multiple elements and details including cooperative relationships, transit planning, programming of federal funds, project monitoring and maintenance, and other terms and conditions. The purposes of the MOU are to (1) foster a cooperative and mutually beneficial working relationship, (2) identify the regional transit planning responsibilities for programming federal funds, (3) codify the process and criteria for selecting transit projects and sub-allocation of federal funds, and (4) ensure compliance with federal requirements. Among the MOU sections, the document describes the process for distribution of urbanized federal funds among the eight eligible transit subrecipients according to two parts—a service-based earned share and a discretionary share using a Call for Projects process. A small urbanized area share is also distributed to three eligible transit subrecipients.

Shortly after the audit period, and upon completion of the *Next Generation Transit Strategy*, SACOG produced an Updated SACOG FTA 5307/5339 Discretionary Project Evaluation Criteria document in August 2021 that lays out a new scoring system for federal discretionary funding. A new emphasis of the updated Discretionary Program, in addition to providing funding for transit improvements needed but not funded from regular funding sources, is on the implementation of early-year strategies in the Next Generation Transit program and projects that support those

strategies. These strategies are primarily aimed at assisting public transit agencies to successfully integrate traditional fixed-route transit services with new services that expand travel options, and could assist CTSAs, human service, and nonprofit transportation providers to maintain, expand, and improve the way they provide services. The funding formula addresses the four focus areas in the Next Generation Transit program including Transit Design & Delivery, Planning & Funding, Seamless User Experience, and Reducing Mobility Disparities. The SACOG FTA 5307/5339 Discretionary Project Evaluation committee is made up of staff representing SACOG, non-applicant agencies from the region, and one reviewer from outside the region.

Section V

Findings

The following material summarizes the findings obtained from the triennial audit covering fiscal years 2018–19 through 2020–21. A set of audit recommendations is then included.

1. SACOG has satisfactorily complied with state legislative mandates for RTPAs. Actions undertaken by the agency during the audit period have helped maintain compliance with the mandates, including the administration of the TDA, the conduct of the annual unmet transit needs process in consultation with the Social Services Transportation Advisory Councils, and coordination of efforts that assist transit operator performance and funding.
2. SACOG has fully implemented one of two prior performance audit recommendations. The prior recommendation implemented relates to furthering efforts to create predictability in transit funding priority including completing key regional transit studies. The prior recommendation partially implemented relates to clarifying regulations for entities subject to the TDA.
3. In 2020, the Race, Equity, and Inclusion Working Group was established to examine SACOG programs and projects, and historical and current planning practices and/or programs through a racial equity lens. The group developed the Racial Equity Statement of Change and Commitment which was adopted by SACOG.
4. Over the past three years, SACOG-approved staffing levels decreased. Between FY 2018 (base year) and FY 2021, staffing decreased by 25 percent from 68 to 51 employees, according to the annual financial report, summary of full-time equivalent employees. By year, staffing levels were 58 full time approved positions in FY 2019, 56 in FY 2020, and 51 in FY 2021. Staffing decreases were primarily in research analysts and interns.
5. The Overall Work Program task categories are consistent with SACOG's continued emphasis on customer service and innovation while retaining similar annual work programs. Each project is assigned a project name and code, and is listed under the appropriate work element. Expenditure estimates are separated by direct services and pass through while costs are segregated by salaries, indirect services, consultants, and other direct costs.
6. SACOG eliminated paper claims and phased out the mailing of TDA allocations and instruction letters. Furthermore, the Clerk of the Board adopted DocuSign, a platform enables SACOG to manage and process electronic signatures.
7. SACOG maintains the integrity of the annual unmet transit needs process by holding at least six public hearings in various locations throughout the four counties (Sacramento, Sutter, Yolo, and Yuba) to take public testimony and by accepting written and other forms of correspondence. During the COVID-19 pandemic, SACOG implemented remote hearings through video conferencing platform and later hybrid meetings combining in-person and remote public participation.

8. SACOG launched the Project Performance Assessment (PPA) tool to analyze transportation investments at the project level. SACOG used the PPA tool in support of the 2018, 2019, and 2021 agency funding rounds (with a major update to the tool in 2020). SACOG staff also provided information to transit agency applicants on use of the regional Transit Asset Management tool.
9. SACOG developed a set of revenue projections for the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) that consider trends in the economy, policy and regulations, fuel price and consumption, and development activity. For the 2020 MTP/SCS, SACOG is planning for \$34.9 billion over the next 20 years. About three-quarters of all the funding forecast in the plan is committed to specific purposes or projects such as transit capital and operations, road or highway capital improvements, or system maintenance and operations.
10. In its expansion of multimodal studies, SACOG completed the study *Filling the Gap – A Guide to Volunteer Transportation Programs* in June 2019. This guide assessed opportunities for alternatives and improvements to existing public transportation services for seniors, persons with disabilities, and low-income residents in more rural communities in El Dorado, Sutter, and Yuba Counties. SACOG updated the Public Transit and Human Services Transportation Coordinated Plan in August 2019 and again in March 2022 to show how human service agencies can work together with transportation providers to address the transportation needs of people with disabilities, seniors, and people with limited incomes.
11. In preparation of the passing of the Infrastructure Investment and Jobs Act, SACOG released a list of more than \$11 billion in near-term infrastructure projects that could be funded by stimulus spending from the Federal government. “Ready for Recovery: A Call for Short-Term Strategic Investments in Infrastructure in the Greater Sacramento Region” collated key projects from 50 different agencies across the six-county greater Sacramento region.
12. One of the significant regional studies conducted during the audit period was the SACOG *Next Generation Transit Strategy*. The study furthers SACOG’s efforts to provide greater funding transparency and predictability with longer term regional project planning for next generation transit and technology. The study enabled SACOG to reimagine how public transit can better serve the Sacramento region, including how it is delivered and how passengers are served.
13. Upon completion of the Next Generation Transit Strategy, SACOG produced an Updated SACOG FTA 5307/5339 Discretionary Project Evaluation Criteria document in August 2021 that lays out a new scoring system for federal discretionary funding. A new emphasis of the updated Discretionary Program, in addition to providing funding for transit improvements needed but not funded from regular funding sources, is on the implementation of early-year strategies in the Next Generation Transit program and projects that support those strategies.

Recommendations

1. Update SACOG TDA Guidelines to include TDA regulations for each transit claimant. (High Priority)

This recommendation builds upon a prior audit recommendation for SACOG to memorialize the specific TDA regulations pertaining to the transit claimants in the SACOG TDA guidelines, and provide outreach and education to inform the claimants of these regulations. The recommendation is particularly pertinent to transportation alternatives such as the on-demand rideshare program operated by the City of West Sacramento. With the City having used TDA funding to largely support the service during the audit period, conditions for obtaining the funds should be conveyed and properly exercised by the claimant. These include, as a condition of receiving TDA Article 8 funding for transit, submission of the annual State Controller Office Transit Financial Operators' Transactions Report. During the audit period, the City did not submit such reports and assumed that a different Citywide State Controller report sufficed. These regulations should be documented in the SACOG TDA Guidelines and training provided to City finance and transit staff.

2. Continue building internal communication processes for the TDA claims. (High Priority)

The transit analyst, as the primary liaison with the TDA claimants, coordinates claim form completion, evaluation, and presentation to the SACOG board for approval. Upon board approval, the analyst prepares the Local Transportation Fund (LTF) disbursement instructions to the respective four County Auditor/Controller Departments for processing and releasing of payment to the claimants. Each county provides quarterly funding reports to the analyst for interpretation, though it was indicated these reports can be difficult to reconcile against SACOG figures.

While the SACOG Finance Department is not involved in TDA funding on a daily basis, it is involved with scheduling payment schedules to the claimants on a quarterly basis and accounting for the flow of funds with the County auditor, which releases the payments. It was indicated there is less trackability of the LTF revenue as opposed to other funds, such as State Transit Assistance (STA) and State of Good Repair (SGR). Such strengthening of the financial process and involvement by both SACOG transit staff and finance staff should be memorialized in the SACOG TDA Manual. For example, there could be an opportunity for the Finance Department to take a more active role during the TDA claims review and work alongside the transit analyst on the budgeting request by the claimants, and ask questions of the claimants prior to board approval. A goal would be to develop an accounting process and training that mirrors the current method for tracking STA and SGR funding using the financial module.

To aid in the communication of financial data between the counties and SACOG, SACOG should ensure that the information in the quarterly reports from the counties consistently include all components listed in California Code of Regulations Section 6622 - *At quarterly intervals, the county auditor shall report the status of the fund to the transportation planning agency... The report of the status of the fund shall include a statement that shows the beginning fund balance, the amount and source of revenues received, the amount and*

recipient of payments made identified by allocation instruction, the ending fund balance and any other information specified by the transportation planning agency. Portions of the fund balance held in reserve shall be identified by amount and purpose.

3. Further strengthen partnership with Consolidated Transit Services Agencies (CTSA) to recruit and empower members of the Social Services Transportation Advisory Council. (Medium Priority)

SACOG's annual unmet transit needs process is the primary charge of the SSTACs in the region. SACOG is refreshing the SSTACs and reviewing their composition and roles. The review includes expansion of the SSTAC membership above the minimum TDA required members to reflect additional users and groups of the transit systems, such as lower-income transit riders and need-based organizations.

As this is a valuable component to transit planning and outreach in the region, it was indicated by the CTSA in Yolo County that the SSTAC, with additional partnership between SACOG and the CTSA, could exercise further input and influence on transit. Yolo County Transportation District (YCTD), in its capacity as a CTSA, as well as the CSAs for the other SACOG counties, has a vested interest in a robust and inclusive unmet transit needs process. Given the term limits of the positions, SACOG routinely seeks members of the community to apply and serve on the SSTACs. YCTD desires to use its role as CTSA to assist SACOG with recruitment, education, and facilitation of the Yolo County SSTAC, and to engage with SACOG to further empower the SSTAC to provide insight and input on County transit issues. SACOG should continue strengthening its engagement and partnership with the transit systems such as during the unmet transit needs process, during SSTAC recruitment, and in reviewing potential expanded roles for the SSTAC in the planning and delivery of transit services beyond the annual unmet needs. These could include having SSTACs participate in the Short-Range Transit Plan (SRTP) development, reviewing performance indicators against goals, and providing input on the various regional and local transportation and transit related studies. The SSTAC's have participated in development of the Coordinated Plan, which is an example of such an activity.

4. Integrate Next Generation Focus Areas in short range transit planning and TDA fund allocation. (Medium Priority)

SACOG's *Next Generation Transit Strategy* is the visioning and guidance document for the transit element of the long-range MTP. Future transit planning such as the SRTP would develop and implement near- and mid-term operations and financing strategies consistent with the focus areas contained in the study. Requirements including a fund disbursement methodology are necessary to advance regional transit services to (1) increase transit service speed, (2) make transit services seamless between operators, and (3) address equity by reducing mobility gaps and disparities.

Data collection on intercity trips is critical to devising recommendations and funding to meet next gen strategies. SACOG is partnering with the operators to improve this trip data, which will provide travel trends, user types, and where seamless services are important.

In reference to funding of the next gen strategies, SACOG should review funding sources that are directly linked to transit implementation and that are discretionary to enable the agency

to tailor an allocation program that meets regional transit needs. An Updated SACOG FTA 5307/5339 Discretionary Project Evaluation Criteria document was developed for channeling federal discretionary funding to next gen strategies. Another such targeted revenue source is potentially the regional share of the formula-based STA program (as opposed to the operator share), which has increased significantly the past several years due to Senate Bill (SB) 1.

The State Controller annually releases the share of STA regional revenues under PUC 99313 to each RTPA such as SACOG, with each RTPA essentially controlling how these revenues will be allocated within their respective region to promote a balanced transportation system. As an example of the amount of funding available through the regional share of STA, SACOG was estimated to receive about \$24.2 million in FY 2022–23 according to the August 2022 revised State Controller estimate.

From this discretionary pot, SACOG might consider a range of criteria and allocation policies directed toward tying TDA-STA claims for transit operations and capital funding with the next gen transit and SRTPs. Some programmatic considerations for different fund distribution methods include:

- Creation of a scoring program for regional STA allocation that aligns funding requests with the *Next Generation Transit Study*. A scoring rubric could be developed similar to, but with fewer variables than, the Multicriteria Analysis (MCA) in the study that resulted in quantitative and qualitative prioritizing of transit strategies. For example, of the eight MCA criteria used in the study, SACOG could apply all or some of the criteria to score the transit projects. The recent SACOG FTA 5307/5339 document could also be a basis for the STA scoring, and include local match as another criteria.
- Divide funding among the four focus areas: Seamless User Experience, Planning and Funding, Transit Design and Delivery, and Reduce Mobility Disparities. Transit claimants would justify in their claims how their proposed services meet one or more of the focus areas, and be allocated funding for the particular focus area.
- Allocate a baseline amount of regional STA to each operator using an existing allocation formula (e.g., population based), and then provide additional funding awards to operators that meet one or more of the focus areas as evidenced through their TDA claims and supporting documentation.
- Engage in discussion with the Transit Coordinating Committee (TCC) annually to determine the recipients for that year’s regional STA revenue. This could allow an operator to claim funding to implement a high-priority near-term project and then defer to other operators for future claims as their needs arise in implementing the next gen focus areas.
- Define a regional transit spine network and develop a funding formula that allocates funds to projects and services that support the regional spine. For example, in addition to direct transit services operating within the spine that would receive funding, other supportive services, such as feeder services and first/last mile services, would also receive funding. Funding levels could be on the basis of increases in mode share and reduced vehicle miles traveled.
- Divide the regional STA funding pot by a geographic unit such as by county or broad areas such as a north/south split, or divide the pot by a performance-based measure such as transit trip data and travel trends, ridership, or other measure that reflects the

next gen strategies. Distribution by population, which is the current method, may be a consideration but only one such method.

These sample methodology considerations could be stand-alone, combined, or part of another funding evaluation program (e.g., FTA 5307/5339 Discretionary Project Evaluation Criteria). With relative flexibility inherent with STA revenue, given existing law and COVID-19 relief legislation and the likelihood of these flexible provisions being carried forward in future bills, SACOG should work with the TCC and other stakeholders to adapt TDA funding toward implementing next gen transit strategies.