



# **FY 2013-2015**

## **Triennial Performance Audit of Butte County Association of Governments**

Prepared for:  
Butte County  
Association of Governments

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Submitted by:

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INTERNATIONAL



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## Executive Summary

The Butte County Association of Governments (BCAG) engaged the Michael Baker International team to conduct the agency's Transportation Development Act (TDA) triennial performance audit for fiscal years (FY) 2012–13 through 2014–15. BCAG 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) as a condition of receiving TDA funding. TDA funds are expended for BCAG administration and planning of public transportation, and are distributed to local jurisdictions for nonmotorized projects, operations of public transit systems, and street and road purposes.

This performance audit is intended to describe how well BCAG is meeting its administrative and planning obligations under the TDA, as well as to present a description of its organizational management and efficiency. To gather information for the TDA performance audit, Michael Baker reviewed various documents, conducted interviews with agency staff, and evaluated BCAG's responsibilities, functions, and performance of the TDA guidelines and regulations.

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

### Compliance with TDA Requirements

BCAG has satisfactorily complied with most applicable state legislative mandates for Regional Transportation Planning Agencies (RTPAs). Two mandates were not applicable to BCAG's current TDA administrative process relating to "off-the-top" apportionments for non-motorized projects and funding claims under a particular TDA section (Article 4.5). An additional mandate to ensure prior performance audits of each public transit system were conducted was partially met.

### Status of Prior Audit Recommendations

BCAG implemented one of the four recommendations made in the prior performance audit relating to funding Butte Regional Transit directly with TDA funds. Two recommendations were partially implemented, including reinstating the BCAG eNewsletter and assuming a stronger role in regional ridesharing. One recommendation not implemented concerns an update to the TDA Claims Manual.

### Functional Review

1. BCAG conducts its management of the TDA program in a competent and professional manner.

2. Staffing levels remained relatively stable at between 11 and 12 personnel during the audit period. Managers of each department have also been relatively stable with some turnover, in particular the Transit Manager for the B-Line, which experienced turnover in 2013. BCAG filled the position, which has since been stable.
3. The Overall Work Plan (OWP) documents the management, budgetary, and monitoring activities performed annually by BCAG and is developed annually for Caltrans review and for approval by the BCAG Board of Directors. A new table was added in the first section of the OWP that identifies all of the plan's work elements and indicates whether the work element addresses or is a component of the Core MPO Planning Functions, the California Planning Emphasis Areas, and the Federal Planning Emphasis Areas.
4. During the audit period, the Board adopted the Regional (Metropolitan) Transportation Plan & Sustainable Communities Strategy (RTP/SCS) on December 13, 2012. The RTP/SCS serves as the foundation for the development of the short-range Regional Transportation Improvement Program and the Federal Transportation Improvement Program. As BCAG is required to adopt a RTP/SCS and environmental impact report every four years, the subsequent update was recently adopted in December 2016.
5. In following its Public Participation Plan in compliance with Senate Bill (SB) 375, BCAG engaged the public in the RTP/SCS process. Each round of public workshops consisted of presentations made at each of the locations, generally in Chico and Oroville. Open house workshops were held for each of four rounds of project development.
6. Transit planning and oversight by BCAG are provided through various approaches. Given that Butte Regional Transit staff are housed within BCAG, the lines of communication on planning and oversight are clear. Oversight is provided by the Transit Administrative Oversight Committee. Transit staff have done a good job with keeping the BCAG Board regularly updated on the performance of the transit system through quarterly performance reporting.
7. On an annual basis during this audit period, BCAG was responsible for managing new Local Transportation Fund (LTF) revenues of between \$6.3 and \$7.2 million and new State Transit Assistance (STA) funds of between \$1.2 and \$1.3 million. BCAG maintains desktop procedures of the steps in the process including findings of apportionment and the TDA claims. BCAG assists the claimants by pre-populating the claim form with B-Line operations and capital data prior to sending the forms out to the jurisdictions.
8. The culmination of the annual unmet transit needs process results in the Unmet Transit Needs Assessment. The document is presented to the Butte County Social Service Transportation Advisory Council, which reviews the assessment and supports staff's recommendation. For the audit period, BCAG made a finding of an unmet need that was reasonable to meet in FY 2013–14: the addition of one midday run on Route 7 serving east Chico.

## Recommendations

Five recommendations are provided to improve BCAG’s administration and management of the TDA and its organization.

Performance Audit Recommendation	Background	Timeline
1. Update BCAG TDA Workbook for inclusion of new state legislation.	The TDA Workbook has not been updated in some time, although several changes have occurred in relation to TDA administration and the effect on transit operations. New legislation (Senate Bill 508), passed in October 2015, significantly modified several provisions of TDA. The legislation has several objectives, including simplifying fare recovery requirements, authorizing funding of bicycle and pedestrian safety education programs, and modifying State Transit Assistance (STA) qualifying criteria for operations. BCAG’s TDA guidelines should be updated to reflect these changes and identify the responsible party for implementing the updates, such as the fiscal auditor for the farebox recovery calculation. BCAG and the B-Line should also communicate these changes and determine what implication, if any, the changes might have on transit operations. A list of specific changes from the legislation is contained in the last section of this audit.	High Priority
2. Develop and adopt TDA Article 4.5 evaluation criteria.	Article 4.5 of the TDA statute enables certain agencies to claim local transportation funds for community transit services. In practice, most of the funds from this article section are claimed by a Consolidated Transportation Services Agency (CTSAs). The BCAG TDA Workbook identifies Butte County as the CTSA. Although the CTSA responsibilities have not been implemented, BCAG should develop and adopt evaluation criteria for reviewing possible claims for the funds in the future. The transit system in the county is growing, and social service transportation and mobility management are components that should be addressed. Article 4.5 would be the funding source for such services. BCAG should review the statutory section (Public Utilities Code Section 99275.5) regarding evaluation criteria and adopt similar language including the findings.	Medium Priority

Performance Audit Recommendation	Background	Timeline
3. Develop and adopt eligibility criteria for “off-the-top” funding for pedestrian and bicycle projects	<p>Currently, local jurisdictions claim their share of local transportation funds for bicycle and pedestrian projects under Article 8, which is available following the apportionment process by BCAG using a population distribution. As described in the compliance matrix section of this audit, BCAG should adopt rules and regulations for off-the-top LTF apportionments for bicycle and pedestrian projects prior to the population distribution. This off-the-top apportionment is limited to 2 percent of LTF and would be available to the cities and the county. This apportionment method could provide a level of flexibility to BCAG and the local jurisdictions in funding both local and regional projects. Advantages include that BCAG and the local jurisdictions could determine the method on how best to allocate the revenue toward non-motorized projects, such as by population, call for projects, rotating use of the fund, and/or building a reserve balance for use for regionally significant projects. Also, the statute allows a city or the county to expend up to 5 percent to supplement moneys from other sources to fund bicycle and pedestrian safety education programs. Given the recent completion of the Transit &amp; Non-Motorized Plan in April 2015, a revised method to allocate non-motorized funding from TDA should be considered and implemented.</p>	Medium Priority
4. Develop format and content for an annual BCAG report.	<p>BCAG has produced an eNewsletter for several years, but not on a regular basis. The last newsletter was developed in the fall of 2015 and highlights many areas, including agency accomplishments, funding, and challenges. The prior performance audit carried forward a prior recommendation for BCAG to reinstate its quarterly eNewsletter; however, with staffing constraints, an updated newsletter on a quarterly basis is not currently possible.</p> <p>This current recommendation makes an adjustment to the prior recommendation and suggests BCAG make an effort to develop an annual BCAG report. The fall 2015 newsletter serves as a basis for an annual report which is intended to encapsulate the activities and value that BCAG brings to the community through its mission and</p>	Medium Priority

Performance Audit Recommendation	Background	Timeline
	<p>transportation coordination, planning, programming, financial, and project delivery responsibilities. An annual report identifies the projects and outcomes for the community as well as educates the public and stakeholders on BCAG’s role in transportation. Many RTPAs develop annual reports that serve such a purpose to highlight the accomplishments and challenges for the year, and what to look forward to in the next year. A more robust annual report in lieu of the newsletter has been a desire of BCAG and should be explored further.</p>	
<p>5. Assume a stronger role to help encourage ridesharing in the region.</p>	<p>This prior recommendation is carried forward for implementation, as it retains merit and provides transportation options for county residents. As an RTPA, BCAG could promote alternative transportation measures in the county that are a function of local conditions and demand for such services. As an example, BCAG commissioned a study for alternative transportation options from Chico to Sacramento. No aviation options exist for this type of trip. The work effort and resources for promoting ridesharing would need to be input into the OWP and funding identified. A more passive method would be to simply post a link to the Sacramento Region 511 on the BCAG website and notify the public about the link. The Sacramento Region 511 Travel Info website features Google mapping for bicycle routes in the region, while Google Transit provides real-time feeds for public transit users. Carpooling and vanpooling are offered through the Sacramento Region Commuter Club website (<a href="http://www.sacregioncommuterclub.com">www.sacregioncommuterclub.com</a>), administered by the Sacramento Area Council of Governments (SACOG), which offers tools and information to commuters and employers to encourage carpooling, vanpooling, walking, bicycling, and riding transit.</p>	<p>Medium Priority</p>

## Section I

### Introduction – Initial Review of BCAG Functions

Butte County Association of Governments (BCAG) engaged the Michael Baker International team to conduct the agency’s Transportation Development Act (TDA) triennial performance audit for fiscal years (FY) 2012–13 through 2014–15. BCAG 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) as a condition of receiving TDA funding.

This performance audit is intended to describe how well BCAG is meeting its administrative and planning obligations under the TDA.

#### Overview of Butte County

Butte County encompasses approximately 1,665 square miles in north central California. The western part of the county is located in the northern Sacramento Valley, while the eastern portion extends into the foothills of the Cascade and Sierra Nevada mountain ranges. Elevations range from 50 feet above sea level at Butte Sink along the Sacramento River at the southwest portion of the county to 7,087 feet above sea level at Humboldt Summit near the county’s northeastern border.

A demographic snapshot of key cities and the county is presented in Table I-1.

**Table I-1  
Butte County Demographics**

City/Town/Jurisdiction	2010 US Census Population	% Change from 2000 US Census	Population 65 Years & Older % of Population	Land Area (in square miles)
Biggs	1,707	-4.8%	10.9%	0.60
Chico	86,187	+42.4%	10.6%	33.10
Gridley	6,584	+22.3%	14.1%	2.07
Oroville	15,546	+19.5%	12.6%	13.01
Paradise	26,218	-0.7%	25.1%	18.32
Unincorporated Areas	83,758	-12.8%	21.2%*	1,609.90
Total Butte County	220,000	+8.3%	15.4%	1,677.00

Source: 2010 US Census

Note: Senior population percentage for unincorporated area is estimated taking the average senior population percentage from the three most populated census data places in the county (Magalia, Oroville East, and Thermalito).

Population growth between the last two census counts has been rapid for several cities, including Chico, Gridley, and Oroville. According to the 2010 US Census, the county’s population was 220,000, an increase of 8.3 percent from the 2000 Census figures. The senior citizen population,

comprising residents aged 65 and over, is 15.4 percent countywide. The California Department of Finance 2016 estimate reports a countywide population of 224,601, a 2.1 increase from the 2010 census. The county seat is Oroville and the largest incorporated municipality is Chico. Numerous unincorporated communities also dot Butte County. Feather Falls, Berry Creek, and Brush Creek are in the foothills in the southeastern portion of the county, while Paradise Pines, Magalia, Stirling City, Forest Ranch, Cohasset, and Butte Meadows are in the foothills in the northeastern area. The western portion of the valley includes the communities of Dayton, Durham, Nelson, and Richvale, with Palermo, Thermalito, Oroville East, Honcut, Cherokee, and Forbestown farther to the east. Butte County is home to four local Native American rancherias: Berry Creek Rancheria, Chico Rancheria, Enterprise Rancheria, and Mooretown Rancheria.

### Role and Structure of BCAG

BCAG's mission is:

To implement a comprehensive regional planning program that provides for public participation in the planning & decision making process, in the development of the region's transportation plans, programs and projects that address regional, state and federal transportation needs and goals. All of BCAG's state and federal required transportation plans, programs and projects will also be developed in compliance with all state and federal environmental requirements, and will be delivered in a fiscally responsible manner while ensuring the safety of people and goods movement in and through the Butte County region.

BCAG was originally established in 1969 under a cooperative agreement between Butte County and the Cities of Biggs, Chico, Gridley, and Oroville. The agreement was amended in 1978 to include the newly incorporated Town of Paradise. In 1995, the agency's governing structure was changed to a Joint Powers Agreement (JPA) between Butte County and the incorporated cities and town. BCAG is governed by a 10-member Board of Directors that includes the five county supervisors and one council representative from each of the five cities/town.

BCAG became the area's Metropolitan Planning Organization (MPO) after the 1980 census. As the RTPA and MPO, BCAG's primary responsibility is to prepare all state and federal required transportation plans and programming documents necessary to secure state and federal transportation funding for the county and cities for highways, streets and roads, transit, bike and pedestrian facilities, and other transportation modes. BCAG serves as the lead agency for development of state highway projects within Butte County, and the agency is currently contracting the development of environmental and design components on several state highway projects in cooperation with Caltrans and the Federal Highway Administration. BCAG is a forum for the study/resolution of regional transportation issues and ensures that there is public participation in the transportation planning and decision-making process.

BCAG is also the administrative and policymaking agency for the region's public transit service. Butte Regional Transit, or the B-Line, is a consolidated transit system that provides urban and

rural fixed-route service and provides complementary paratransit service in accordance with the Americans with Disabilities Act.

BCAG serves a variety of roles within the county including countywide transportation planning at a multimodal level, fund allocation and administration, and policy implementation. Its designations and responsibilities include the following:

**Metropolitan Planning Organization (MPO)** – BCAG is the federal designated Metropolitan Planning Organization (MPO) for Butte County. The agency’s MPO planning area boundary includes the entire geographic area of Butte County.

**Regional Transportation Planning Agency (RTPA)** – BCAG is the Regional Transportation Planning Agency (RTPA) for Butte County. BCAG and the California Department of Transportation (Caltrans) have formally agreed to a comprehensive, continuous, and cooperative transportation planning process through a signed Memorandum of Understanding (MOU).

**Butte Regional Transit Policy Board & Operator** – BCAG is the Policy Board and operator for Butte Regional Transit (the B-Line).

**Area-Wide Clearinghouse** – BCAG is the area-wide clearinghouse as designated by the Office of Management and Budget. BCAG is responsible for local review of proposed federal financial assistance, direction of federal development activities and environmental documents, and coordination with state plans.

**Census Affiliate Data Center** – BCAG is the US Census affiliate data center within the California State Data Center Program for census-related services to the residents of Butte County. BCAG assists with the coordination of the decennial census and maintains the census data information for the member agencies and the public.

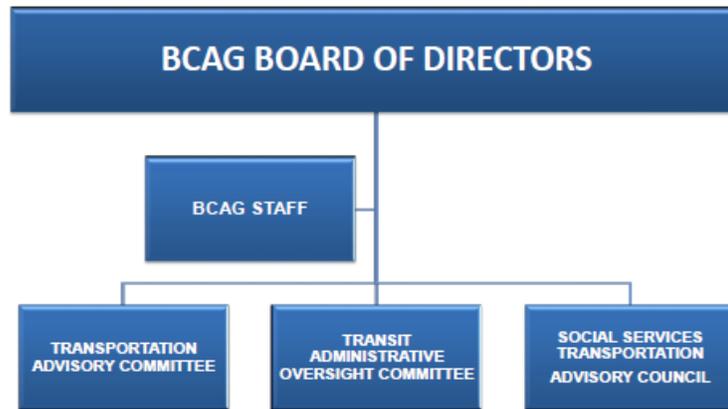
**Butte Regional Transportation Corporation** – BCAG established a 401(c)(3) nonprofit public benefit corporation in 2013 named the Butte Regional Transportation Corporation (BRTC). The purpose for establishing the nonprofit public benefit corporation was to allow BRTC and BCAG to use funding available under the New Market Tax Credit (NMTC) program administered by the US Department of the Treasury. NMTC funds may be used for projects located in distressed areas as defined by the US Census and the NMTC program. BRTC was established specifically to receive funds for construction of the Butte Regional Transit Operations & Maintenance Facility in Chico.

It is BCAG’s responsibility to establish rules and regulations to provide for administration and allocation of the Transportation Development Act Local Transportation Fund (LTF) and State Transit Assistance (STA) Fund in accordance with applicable sections of the Government Code, PUC, and Administrative Code included in the TDA. Responsibilities include the establishment of a Social Service Transportation Advisory Council (SSTAC), the implementation of a citizen participation process appropriate for Butte County, annual recommendations for productivity improvements for the B-Line, the performance of an annual fiscal audit of all LTF claimants, the

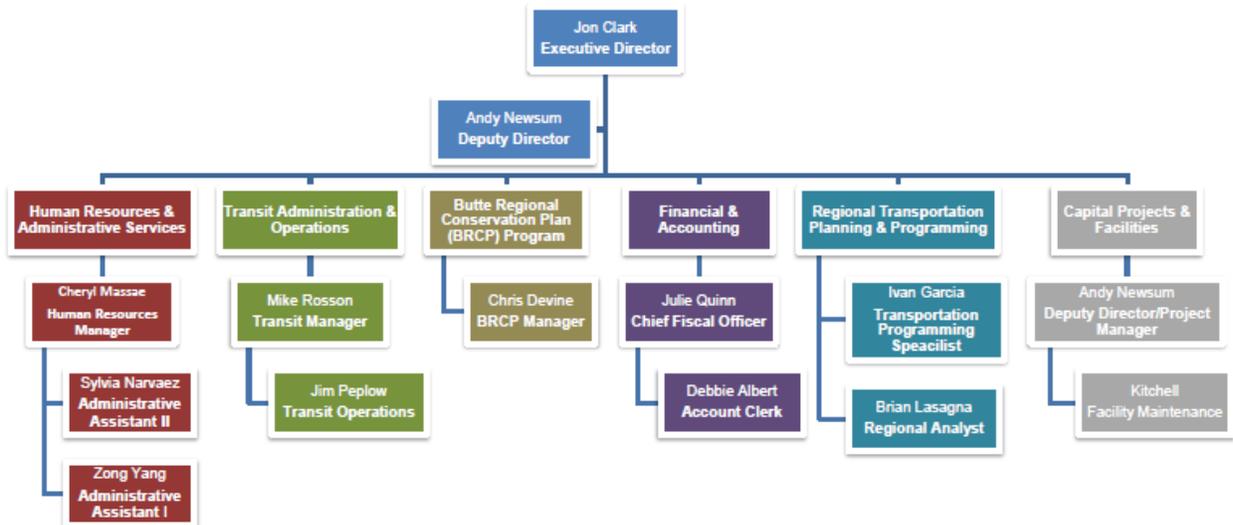
implementation of a triennial performance audit, and the preparation of an annual unmet transit needs determination.

An organizational structure of BCAG is shown in Figure 1 and a staff organizational chart in Figure 2.

**Figure 1  
BCAG Organizational Structure**



**Figure 2  
BCAG Staff Organizational Chart**



Source: BCAG Overall Work Program

The new transit maintenance and operations center located at 326 Huss Drive in Chico also functions to house the BCAG administrative offices. Board meetings are held monthly and rotated among the council chambers of its member jurisdictions to expand public participation.

## **Audit Methodology**

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

- Document Review: Reviewed documents including various files and internal reports, committee agendas, and public documents.
- Interviews: Interviewed BCAG staff to gain their perspectives about the agency's efficiency and economy in relation to TDA administration and transportation planning responsibilities.
- Analysis: Evaluated the documents and the interview responses as they related to BCAG's responsibilities, functions, and performance to TDA guidelines and regulations.

The activities described above were intended to provide Michael Baker with the information necessary to assess BCAG's efficiency and effectiveness in two key areas:

- Compliance with state TDA requirements
- Organizational management and efficiency

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

## Section II

### RTPA Compliance Requirements

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

TABLE II-1 Compliance Requirements Matrix		
BCAG Compliance Requirements	Reference	Compliance Efforts
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	Public Utilities Code, Section 99231	<p>BCAG accounts for its claimants’ areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their areas. The County has agreed to exchange the City of Biggs and City of Gridley’s STA for LTF funds.</p> <p>BCAG uses a formula based on annual California Department of Finance population estimates to determine each local jurisdiction’s apportionments. Each year, BCAG adopts a resolution of the apportionments and the subsequent claims.</p> <p>The FY 2014–15 LTF apportionment also includes \$960,000 for Butte Regional Transit as an “operator” for the purpose of purchasing two buses in the event BCAG is unable to secure other federal or state grants for this purpose.</p> <p><b>Conclusion: Complied</b></p>

TABLE II-1 Compliance Requirements Matrix		
BCAG Compliance Requirements	Reference	Compliance Efforts
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	Public Utilities Code, Sections 99233.3 and 99234	<p>According to the BCAG TDA Workbook, the off-the-top apportionment of 2 percent of LTF for bicycle and pedestrian projects is not utilized in Butte County. The local jurisdictions could claim LTF for a bicycle/pedestrian project under Article 8.</p> <p><b>Conclusion: Not applicable</b></p>
The RTPA has established a social services transportation advisory council. The RTPAs 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	<p>BCAG has established a SSTAC responsible for annual participation in the identification of transit needs in the jurisdictions, including unmet transit needs. A public hearing is among the methods used by BCAG to solicit testimony on potential unmet transit needs.</p> <p>The SSTAC advises BCAG on transportation issues for seniors and people with disabilities, and the identification of unmet transit needs. The SSTAC meets annually and may meet more frequently on an as-needed basis.</p> <p>The SSTAC conforms to the stakeholder categories pursuant to PUC Section 99238 and includes additional members as allowed under the statute. An additional member is an at-large appointment of a citizen nominated by a jurisdiction. Several SSTAC members serve in more than one of the stakeholder categories. Member terms are evenly staggered over three years with between three or four member terms expiring each June. BCAG</p>

TABLE II-1 Compliance Requirements Matrix		
BCAG Compliance Requirements	Reference	Compliance Efforts
		<p>advertises and accepts nominations for members with an attached application form on its website.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> <li>• A committee for the purpose of providing advice on productivity improvements may be formed.</li> <li>• 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.</li> </ul>	<p>Public Utilities Code, Section 99244</p>	<p>BCAG participates in a number of activities in order to review productivity improvements of the transit systems. The BCAG Transit Administrative Oversight Committee (TAOC) meets as necessary to review and provide guidance concerning the B-Line transit service. Composed of BCAG staff and representatives of former transit systems from the county, cities, and town, the TAOC also makes recommendations to the BCAG Board of Directors on the annual transit service plan and budget and other transit issues. All transit policy issues, transit service, and operating matters are reviewed with this committee prior to a recommendation being made to the BCAG Board.</p> <p>Each quarter, staff present key financial and statistical results for Butte Regional Transit to the BCAG Board. Tables are developed that present a summary of key financial and operation results for transit. The financial data presentation compares quarterly results to the annual budget and the prior year to date. Operations tables represent a performance-based assessment in comparison to the same quarter of the prior fiscal year.</p>

TABLE II-1 Compliance Requirements Matrix		
BCAG Compliance Requirements	Reference	Compliance Efforts
		<p>BCAG has commissioned transit plan studies to improve the longer-term productivity of the B-Line. These studies include a market-based study and the more recent Transit &amp; Non-Motorized Plan that outline transit service and non-motorized transportation enhancements.</p> <p>The TDA performance audit sponsored by BCAG provides further means for analyzing transit productivity.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has ensured that all claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the State Controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).</p>	<p>Public Utilities Code, Section 99245</p>	<p>BCAG maintains records of TDA claimants that submit an annual certified fiscal and compliance audit. The TDA claim statement of conformance includes a method by which the claimant can indicate it has complied with the submittal of its fiscal audit. The Butte Regional Transit fiscal audit is part of the BCAG fiscal audit, which was completed each year within the extension period granted by the statute. The Gridley Feather Flyer fiscal audit was also completed each year within the extension period.</p> <p><b>Conclusion: Complied</b></p>
<p>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</p>	<p>Public Utilities Code, Sections 99246 and 99248</p>	<p>For the current three-year period, BCAG has retained an independent entity, Michael Baker International, to conduct the audit of BCAG and the two transit operators, Butte Regional Transit and Gridley Feather Flyer. The</p>

<b>TABLE II-1 Compliance Requirements Matrix</b>		
<b>BCAG Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA monies and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.		<p>transit audits calculate the required performance indicators.</p> <p>Nelson\Nygaard was retained to conduct the previous audits for the three fiscal years that ended June 30, 2012. However, only the BCAG and Butte Regional Transit performance audits were completed. The performance audit for Gridley was not conducted due to an oversight by BCAG.</p> <p><b>Conclusion: Partial compliance</b></p>
The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.	Public Utilities Code, Section 99246(c)	<p>BCAG submitted copies of the prior completed performance audits to Caltrans. The reports were completed in February 2014. However, in the absence of the Gridley performance audit, not all required audits were completed in the prior cycle.</p> <p><b>Conclusion: Partial compliance</b></p>
The performance audit of the operator providing public transportation services 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	Public Utilities Code, Section 99246(d)	<p>The current performance audits of the transit systems include all required TDA performance measures plus additional indicators to further assess each system's efficiency, effectiveness, and economy with the use of TDA funds.</p> <p><b>Conclusion: Complied</b></p>

<b>TABLE II-1 Compliance Requirements Matrix</b>		
<b>BCAG Compliance Requirements</b>	<b>Reference</b>	<b>Compliance Efforts</b>
<p>service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include, but not be limited to, consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2.</p>		
<p>The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.</p>	<p>Public Utilities Code, Sections 99260</p>	<p>BCAG’s adopting resolution of the TDA claims makes a finding that the operators are in compliance with the applicable fare revenue ratio under Article 4. Butte Regional Transit’s urban fixed-route operation must maintain a minimum fare ratio of 20 percent.</p> <p><b>Conclusion: Complied</b></p>
<p>The RTPA has adopted criteria, rules, and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.</p>	<p>Public Utilities Code, Section 99275.5</p>	<p>Article 4.5 claims are typically used by a Consolidated Transportation Service Agency (CTSA). The BCAG TDA Workbook states that Butte County is the CTSA defined by BCAG that consolidates the provision of social service transportation in Butte County. Currently, there are no Article 4.5 claims made in Butte County. With the existence of a potential claimant of the funds, it is recommended that BCAG</p>

TABLE II-1 Compliance Requirements Matrix		
BCAG Compliance Requirements	Reference	Compliance Efforts
		<p>develop criteria and rules and regulations.</p> <p><b>Conclusion: Not applicable</b></p>
<p>State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.</p>	<p>Public Utilities Code, Sections 99310.5 and 99313.3, and Proposition 116</p>	<p>BCAG allocates STA funds for transit usage only pursuant to state statutes. The STA revenue is claimed by the local jurisdictions to support public transit provided by the B-Line fixed route.</p> <p><b>Conclusion: Complied</b></p>
<p>The amount received pursuant to Public Utilities Code, Section 99314.3 by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller’s Office.</p>	<p>Public Utilities Code, Section 99314.3</p>	<p>STA funds under this section are allocated to the operator based on the estimates provided in the State Controller's Office Quarterly State Transit Assistance Allocation.</p> <p><b>Conclusion: Complied</b></p>
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> <li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code Section 99238;</li> <li>• Identified transit needs, including:</li> </ul>	<p>Public Utilities Code, Section 99401.5</p>	<p>BCAG adopts by resolution a finding on unmet transit needs prior to allocating TDA funds for non-transit purposes in the next fiscal year. BCAG produces an Unmet Transit Needs Assessment document containing elements in compliance with the statute, including a demographic analysis and adequacy of existing transit services. BCAG solicits public testimony regarding unmet transit needs through various means including public workshops held countywide, with a final public hearing before the BCAG Board of Directors. Each item of testimony received is analyzed and compared with the definitions of "unmet transit need" and</p>

TABLE II-1 Compliance Requirements Matrix		
BCAG Compliance Requirements	Reference	Compliance Efforts
<ul style="list-style-type: none"> <li>✓ Groups that are transit-dependent or transit-disadvantaged;</li> <li>✓ Adequacy of existing transit services to meet the needs of groups identified; and</li> <li>✓ Analysis of potential alternatives to provide transportation alternatives.</li> </ul> <ul style="list-style-type: none"> <li>• Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet";</li> <li>• Identified the unmet transit needs and those needs that are reasonable to meet;</li> <li>• Adopted a finding that there are no unmet transit needs, that there are no unmet needs that are reasonable to meet, or that there are unmet transit needs including needs that are reasonable to meet.</li> </ul> <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>		<p>"reasonable to meet" as adopted by BCAG on April 21, 1994, and is documented in the transit needs assessment. BCAG consults with the SSTAC as required by law.</p> <p><b>Conclusion: Complied</b></p>

TABLE II-1 Compliance Requirements Matrix		
BCAG Compliance Requirements	Reference	Compliance Efforts
<p>The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor, or a certified public accountant. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year, and must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the TDA and accompanying rules and regulations. Financial statements may not commingle with other revenues or funds. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following fiscal year close.</p>	<p>California Administrative Code, Section 6662</p>	<p>BCAG has had an audit of its accounts and records performed for each fiscal year by a certified public accountant. The firm Richardson &amp; Company, LLP, was retained to conduct the fiscal audits.</p> <p>The completion dates were:                      FY 2013: January 15, 2014                      FY 2014: January 16, 2015                      FY 2015: January 29, 2016</p> <p>BCAG maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year’s close.</p> <p><b>Conclusion: Complied</b></p>

**Findings from RTPA Compliance Requirements Matrix**

BCAG has satisfactorily complied with most applicable state legislative mandates for RTPAs. Two mandates were not applicable to BCAG’s current TDA administrative process relating to off-the-top apportionments for non-motorized projects and funding claims under a particular TDA section (Article 4.5). An additional mandate to ensure prior performance audits of each public transit system were conducted was partially met.

The BCAG TDA Workbook was developed in November 2003. It identifies and describes the TDA administrative process conducted by the agency, and the steps to address transit funding. The process undertaken to apportion and allocate TDA funding in the county, including the conduct of required activities such as the unmet transit needs assessment and the submission of farebox recovery ratios, follows statutory provisions. With relatively new legislation (SB 508, October 2015) impacting the administration of TDA, BCAG should consider conducting an update to the workbook to reflect the latest guidance and requirements.

Currently, local jurisdictions could claim their share of LTF for bicycle and pedestrian projects under Article 8, which is available following the apportionment process by BCAG using a population distribution. As described in the above compliance matrix, BCAG could adopt rules and regulations for off-the-top LTF apportionments for bicycle and pedestrian projects prior to the population distribution. This off-the-top apportionment is limited to 2 percent of LTF and would be available to the cities and the county. This apportionment method could provide a level of flexibility to BCAG and the local jurisdictions in funding these projects. Advantages include that BCAG and the local jurisdictions could determine the method on how best to allocate the revenue toward non-motorized projects, such as by population, call for projects, rotating use of the fund, and/or building a reserve balance for use for regionally significant projects. Also, the statute allows a city or the county to expend up to 5 percent to supplement moneys from other sources to fund bicycle and pedestrian safety education programs.

## Section III

### Responses to Prior Triennial Performance Audit Recommendations

This chapter describes BCAG’s response to the recommendations included in the prior triennial performance audit. Each prior recommendation is described, followed by a discussion of BCAG’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

Consider funding Butte Regional Transit directly.

#### Background

This prior recommendation has been carried forward in past audits. The prior audits indicated that directly funding the B-Line from Local Transportation Funds would be more efficient and eliminate some administrative burden for both BCAG and member jurisdictions.

#### Actions taken by BCAG

With the FY 2014–15 LTF apportionment, Butte Regional Transit submitted a separate claim for the first time. The B-Line claimed \$960,000 as an “operator” for the purpose of purchasing two buses in the event BCAG is unable to secure other federal or state grants for this purpose. The funds were held in reserve for the bus purchase.

Conclusion: This recommendation has been implemented.

#### Prior Recommendation 2

Update TDA Claims Workbook.

#### Background

The BCAG TDA Workbook is a guide to assist in the development of TDA claims and provide assistance in the general understanding of the TDA statutes. The version of the workbook on the BCAG website is dated November 2003, although BCAG staff indicated the workbook was updated in FY 2009–10. The prior performance auditors recommended that a revised TDA Claims Workbook be posted to the BCAG website to provide jurisdictions with updated information.

Actions taken by BCAG

A current review of the TDA Workbook on the BCAG website shows the 2003 date. There have since been significant changes made in the statute including to the calculation of farebox recovery and eligibility for transit operators to use STA funds for operations. Other aspects of the workbook would need revisions as well given the current BCAG TDA administrative process and the creation of Butte Regional Transit in 2005 after completion of the workbook.

Conclusion: This recommendation has not been implemented and is carried forward for implementation.

Prior Recommendation 3

Reinstate the quarterly BCAG eNewsletter.

Background

This prior recommendation has been carried forward in past audits with slight modifications. The prior auditor revealed three years ago that the BCAG website had outdated copies of its eNewsletter, which was not being updated regularly. The prior auditor believed that a quarterly newsletter is an important tool to share information with agencies within the county and regionally. The eNewsletter can be used to provide highlights about recent activities, list upcoming projects and events, and disseminate information about special studies and other areas of interest to BCAG’s key stakeholders. Keeping a backlog of previous newsletters online is also a useful way of sharing past BCAG activities.

Actions taken by BCAG

The BCAG website shows a more recent newsletter posted from the fall of 2015. The newsletter is available both as a PDF downloaded file and a viewable file in HTML format. The newsletter highlights activities and accomplishments of BCAG and its partners. Articles on different travel modes are included such as highway development, active transportation program projects, and public transit operations. Board adoption of key documents such as the OWP is also described with graphics. The color newsletter increases awareness of BCAG’s activities and promotes public participation. An email sign-up list on the website is used to distribute the electronic newsletter. The prior recommendation encouraged BCAG to reinstate a quarterly newsletter; however, tight staffing resources have prevented this, although the newsletter is generally produced annually.

Conclusion: This recommendation has been partially implemented in that a more recent newsletter was developed, but producing updated newsletters on a quarterly basis is not currently possible due to staffing constraints. A more robust annual report in lieu of the newsletter has been a desire of BCAG and should be explored further.

Prior Recommendation 4

Assume a stronger role to help encourage ridesharing in the region.

Background

The prior audit stated that BCAG does not provide any Transportation Demand Management (TDM) or ridesharing services. As part of the regional goal of reducing greenhouse gas emissions, the prior audit stated BCAG should play a more prominent role in promoting ridesharing and other TDM initiatives in Butte County. Examples cited include BCAG playing a more active role with Sacramento Region 511 services and including information on its website for those who want to access more information on ridesharing activities and link to the Sacramento Region 511 website.

Actions taken by BCAG

A search for key words and phrases such as ridesharing, TDM, and 511 on the BCAG website did not yield a finding, indicating a continued reduced role for BCAG to engage in these services. There are clear links to the website for the B-Line, which is a type of ridesharing mode; however, TDM and ridesharing assistance services are not available. As an RTPA, BCAG could promote alternative transportation measures in the county that are a function of local conditions and demand for such services. As an example, BCAG is commissioning a study for alternative transportation options from Chico to Sacramento. No aviation options exist for this type of trip. The work effort and resources for promoting ridesharing would need to be input into the OWP and funding identified. A more passive method would be to simply post a link to the Sacramento Region 511 on the BCAG website and notify the public about the link.

Conclusion: This recommendation has been partially implemented from the current study of travel options from Chico to Sacramento and is carried forward in this audit.

## Section IV

### Detailed Review of BCAG Functions

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

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

#### **Administration and Management**

The administration of the agency is currently supported by 12 staff. Staffing levels remained relatively stable at between 11 and 12 personnel during the audit period. Executive management of the agency has been stable for many years and has provided for solid stewardship of the agency’s fiduciary responsibilities for transportation funding in the county. Managers of each department have also been relatively stable with some turnover, in particular the Transit Manager for the B-Line, which experienced turnover in 2013. BCAG filled the position, which has been stable since then. Other associate-level staff positions also experienced turnover. With completion of the new joint use operations and administration facility for the B-Line and BCAG, through an RFP process, BCAG retained the same construction management firm for facilities maintenance. With BCAG’s core planning functions to fulfill in addition to other regional planning studies that support state and federal planning and programming requirements, the agency is operating at a high level with limited resources.

#### **Overall Work Program**

The Overall Work Program (OWP) serves as BCAG’s annual budget and program guide and identifies the specific state and federal required regional transportation planning and programming activities that will be developed during the fiscal year. The OWP includes other regional transportation planning studies and projects that have been determined necessary by BCAG Board of Directors. The OWP is implemented in consultation with the BCAG member agencies, the public, tribal governments, and BCAG’s state and federal transportation planning partners and in compliance with BCAG’s adopted Public Participation Plan, which includes public

noticing of standing committees, Board of Director meetings, noticed public hearings, and workshops for the appropriate work elements.

The OWP documents the management, budgetary, and monitoring activities performed annually by BCAG and is developed annually for Caltrans review and for approval by the BCAG Board of Directors. Several work elements are funded by a mix of state, federal, and local programs including TDA-LTF funds. A new table was added in the first section of the OWP that identifies all of the OWP work elements and indicates whether the work element addresses or is a component of the Core MPO Planning Functions, the California Planning Emphasis Areas, and the Federal Planning Emphasis Areas.

TDA/Transit Coordination & Planning is a major section in the OWP. Work elements in this section include TDA fund administration, public transit coordination and planning, and administration of Butte Regional Transit. TDA fund administration encompasses the allocation of monies from the Local Transportation Fund and State Transit Assistance to member entities, as well as the preparation of the annual Unmet Transit Needs Assessment. This work element also includes BCAG's responsibilities for the preparation of the year-end fiscal audits of Transportation Development Act funds received by the claimants and the conduct of the triennial performance audit.

For each work element, the OWP includes a table that estimates person months, revenues, and staff costs to implement the tasks. The months add up to the total number of staff. LTF planning revenue allocated to BCAG is shown to contribute to most work elements, the largest LTF planning expenditures being for the Butte Regional Conservation Plan, followed by indirect costs and B-Line administration. Given the state of transportation funding, BCAG has identified that it is even more critical that the public be aware and informed about transportation issues, the role of BCAG, and the activities the agency is currently carrying out and planning for the future. This awareness translates to a higher level of public discussion and informed approaches to dealing with transportation issues.

### Personnel Administration

The purpose of the Personnel Policies handbook is to provide fair and systematic procedures for the administration of all matters affecting the status and activities of BCAG employees. The handbook, last revised and adopted in January 2014, is comprehensive and is intended to explain terms and conditions of employment of all full- and part-time employees and to outline policies, programs, and benefits available to eligible employees. It addresses numerous personnel topics including performance evaluations, working conditions, communications, benefits, standards of conduct and employee progressive discipline, expenses, and other related policies.

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. A written performance evaluation is conducted at the end of an employee's initial period of hire, known as the introductory period. Annual performance evaluations are conducted at the end of each fiscal year. This formal evaluation allows both

supervisors and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches to meeting goals. Merit-based pay adjustments may be awarded during the annual performance evaluation in an effort to recognize superior employee performance. The decision to award such an adjustment is dependent upon numerous factors, including the information documented by this formal performance evaluation process.

### **Transportation Planning and Regional Coordination**

#### **Regional Transportation Plan**

The RTP is BCAG’s long-range planning document that guides the development of transportation in Butte County. During the audit period, the Board adopted the Regional (Metropolitan) Transportation Plan & Sustainable Communities Strategy (RTP/SCS) on December 13, 2012. The RTP/SCS serves as the foundation for the development of the short-range Regional Transportation Improvement Program (RTIP) and the Federal Transportation Improvement Program (FTIP). The RTP/SCS can be amended at any time by the BCAG Board of Directors. As BCAG is required to adopt a RTP/SCS and environmental impact report every four years, the subsequent update was recently adopted in December 2016.

The RTP/SCS has a planning horizon of 20+ years and includes required elements such as a policy element (goals, objectives, and policies), action element, and financial element. The action element is the largest by page volume and consists of short- and long-term activities that address regional transportation issues and needs. All transportation modes (highway, railroad, bicycle, aviation, maritime, local streets and roads) are addressed. This element documents BCAG’s “regional” priorities for future state transportation improvement funds for highway and roadway projects and identifies the Federal Transit Administration (FTA) and Congestion Mitigation and Air Quality funding over the RTP horizon for the use of transit capital and operating expenditures. Non-motorized transportation is also recognized to identify potential new routes early in the planning process. In addition, action plans for intelligent transportation systems, aviation, rail, and goods movement are included with planned improvements that have been identified for both the short term and long term and that meet the RTP/SCS’s goals and objectives.

The 2012 RTP was the first to include a SCS under Senate Bill 375. The 2012 SCS focused on bringing together the newly developed local general plans, regional habitat conservation planning, and regional blueprint efforts to lay out a future development pattern for the region. The targets established for the region allow for a 1 percent increase, per capita, in passenger vehicle greenhouse gas (GHG) emissions for the years 2020 and 2035 (compared with 2005). The Butte County region will meet these targets by balancing housing and employment growth within the specified growth areas, protecting sensitive habitat and open space, and investing in a multimodal transportation system. The determination that BCAG will meet the California Air Resources Board’s GHG reduction target is based on the results of computer modeling.

The 2016 SCS serves as a minor update of the 2012 SCS. The focus of the 2016 RTP/SCS is to expand on the efforts of the 2012 plan by integrating the new Long-Range Transit and Non-Motorized Plan and incorporating the latest regional growth forecasts.

In following its Public Participation Plan in compliance with SB 375, BCAG engaged the public in the process. Each round of public workshops consisted of presentations made at each of the locations, generally in Chico and Oroville. Open house workshops were held for each of four rounds of project development. The rounds included (1) conduct initial outreach to educate and inform the public as to what the project consists of and to solicit comments; (2) solicit views from agencies and the public regarding the scope and content of the environmental analysis; (3) review the preliminary draft RTP/SCS; and (4) review the complete draft RTP/SCS. While workshops were held, BCAG also accepted input in any manner convenient to the public, such as by phone, email, fax, mail, or in person. Notices concerning the workshops were published in local newspapers of general circulation and placed on the BCAG website.

Work conducted on the RTP/SCS included developing a set of standard performance measures that assess the effectiveness of the implementation of the RTP and which allow the quantitative analysis of the regional transportation system and plan. Using Caltrans performance measurement guidebooks as a basis to identify the measures, BCAG used multiple tools and datasets to quantify information for each of the measures. Current performance from the base year was compared to modeled impacts of the RTP financially constrained plan through the 20-year horizon.

#### *Regional Transportation Improvement Programs*

BCAG develops and programs transportation projects that are funded with state and federal funds and consistent with the RTP. BCAG staff coordinates with Caltrans, its local agency partners, and others regarding the various funding programs. As the RTPA, BCAG is required to prepare a Regional Transportation Improvement Program (RTIP) every two years to identify programming recommendations for the State Transportation Improvement Program. During the audit period, BCAG adopted the 2014 RTIP and worked on the 2016 RTIP. The 2014 RTIP was a continuation of the progress defined in the 2012 RTIP. BCAG recommended that two segments on the State Route (SR) 70 corridor move forward and that the Neal Road Class II Bike Lane Project be completed. Due to insufficient transportation revenues, however, the California Transportation Commission requested that BCAG reduce its funding target by \$3.9 million for the 2016 RTIP. As a result, the SR 70 “Segment 2 Project” was deleted and there was a reduced state contribution on the SR 70 “Segment 1.”

The BCAG Federal Transportation Improvement Program (FTIP) is a programming document that identifies all regionally significant transportation projects and programs for Butte County that will be funded by federal transportation funds, or require some type of federal approval, within the four-year period. The FTIP contains a priority list of projects such as transit, highway, local roadway, rail, bicycle and pedestrian investments, and all regionally significant transportation projects or projects requiring federal action. The BCAG Board adopted the 2015 FTIP in August

2014. The FTIP includes approximately 24 individual transportation projects and committed federal, state, and local funding of approximately \$188 million for four federal fiscal years ending in 2018. FTA funding programmed in the FTIP in the amount of about \$31.0 million is estimated to be available for B-Line operations, maintenance, and capital projects.

### Transit Planning and Oversight

Transit planning and oversight by BCAG are provided through various approaches. Given that Butte Regional Transit staff are housed within BCAG, the lines of communication on planning and oversight are clear. BCAG participates in a number of activities in order to review the productivity improvements of the transit systems. The BCAG Transit Administrative Oversight Committee (TAOC) meets as necessary to review and provide guidance concerning the B-Line transit service. Composed of BCAG staff and representatives of the jurisdictions that contribute funding to the B-Line from the county, cities, and town, the TAOC also makes recommendations to the BCAG Board of Directors on the annual transit service plan and budget and other transit issues. All transit policy issues, transit service, and operating matters are reviewed with this committee prior to a recommendation being made to the BCAG Board. A TAOC Finance Workshop meeting is held at the beginning of the year, followed by another meeting to review the budget and address the revenue and cost changes between years, and to answer questions. A capital funding analysis is also covered that gives a multiyear insight into the availability of capital reserves and the shortfall in reserves, which will be covered by TDA allocation. B-Line staff will continue to aggressively apply for discretionary grants.

Transit staff have done a good job with keeping the BCAG Board regularly updated on the performance of the transit system. Each quarter, key financial and operational results for Butte Regional Transit are presented in table format to the Board. The financial data, such as operating costs and fare revenues, compares quarterly results to annual budget and prior year to date. Operations tables including ridership and vehicle hours represent a performance-based assessment in comparison to the same quarter of the prior fiscal year. Performance metrics for preventable accidents and complaints are also shown. A breakdown of performance for each mode is discussed, including urban fixed route, rural fixed route, urban paratransit, and rural paratransit, with data to back up the descriptions.

In addition to the TAOC and quarterly reports, BCAG has commissioned transit plan studies to improve the longer-term productivity of the B-Line. Previous studies include a market-based study and the Public Transit and Human Services Transportation Coordinated Plan. More recently, the Transit & Non-Motorized Plan was completed in April 2015 that outlines transit service and non-motorized transportation enhancements. Based on the findings from the study, a series of transit service alternatives were developed, and a preferred B-Line route network has been proposed. The plan also identifies high-priority projects to facilitate regional bicycling and improve pedestrian access to major transit facilities. These recommendations were integrated into the 2016 RTP/SCS and made a major overhaul to the applicable chapters in the RTP/SCS.

**TDA Claimant Relationships and Oversight**

BCAG is responsible for the administration of the TDA program. The Chief Fiscal Officer maintains desktop procedures of the steps in the process, including findings of apportionment and the TDA claims. The uses of TDA revenues apportioned to Butte County flow through a priority process prescribed in state law. The LTF apportionments to the jurisdictions are based on the latest population figures from the California Department of Finance. In order of priority, LTF funds are allocated in Butte County as follows:

- BCAG administrative and planning costs, based on final OWP and budget
- County Auditor administrative costs
- Butte Regional Transit claim (in FY 2014–15)
- Area apportionments to local jurisdictions

During the audit fiscal years of 2013 through 2015, BCAG claimed the amounts shown in Table IV-1. The totals are between 6 and 7 percent of the annual LTF revenues each year, which are reasonable. The OWP splits the amount going to LTF administration and to LTF planning. About 15 percent of the BCAG LTF claim is used for administration of the fund, and the remaining amount is used toward planning projects (OWP Revenue Source by Work Element).

**Table IV-1  
LTF Revenue Claims by BCAG for  
Administration and Planning**

Fiscal Year	LTF Claim
2013	\$450,000
2014	\$450,000
2015	\$450,000

*Source: BCAG audited financial statements,  
Schedule of Allocations and Expenditure – LTF*

**TDA Claim Processing**

On an annual basis during this audit period, BCAG was responsible for managing new LTF revenues of between \$6.3 and \$7.2 million and new STA funds of between \$1.2 and \$1.3 million. Table IV-2 shows the amounts of LTF and STA funds that were allocated to the claimants.

**Table IV-2**  
**Total TDA Funding Allocations to Transit Claimants**

<b>Fiscal Year</b>	<b>Local Transportation Fund (LTF)</b>	<b>State Transit Assistance (STA)</b>	<b>Total</b>
2013	\$6,344,880	\$1,300,000	\$7,644,880
2014	\$7,243,237	\$1,200,000	\$8,443,237
2015	\$6,909,207	\$1,200,000	\$8,109,207

*Source: BCAG audited financial statements, Schedule of Allocations and Expenditure – LTF and STA*

BCAG assists the claimants by pre-populating the claim form with B-Line operations and capital data prior to sending the forms out to the jurisdictions. BCAG prepares and distributes several documents during the TDA claims process. The documents include the estimates of apportionment (less BCAG administration, county auditor, and the B-Line) and a packet providing claimants with the forms and funding information needed to prepare both LTF and STA claims. The claims packet is a file that can be filled out electronically along with required signatures attesting to the accuracy of the claim and statement of conformance. Each local jurisdiction submits a claim to BCAG, which then reviews the claims for consistency against fund estimates and maximum eligibility. Backup documentation to the claim is provided to substantiate the request for funds, including a TDA checklist for review and submittal confirmation. Additional backup information includes a TDA annual project and expenditure plan, and a certified copy of the resolution from the claimant’s governing board approving the claim and its submittal to BCAG.

Original claims are generally submitted between May and July. The expenditure plan accompanying the claim is a road map of how each jurisdiction expends its allocation, whether on transit, streets and roads, and/or pedestrian/bicycle projects. Supplemental information in the expenditure plan include balances from prior years that are shown in addition to the annual apportionments and the amount claimed. As revised TDA estimates are made, the claimants can update their claim and reflect the revised amounts in their respective expenditure plan. BCAG staff typically conduct an annual workshop to facilitate the claims process.

### Unmet Transit Needs

Unmet transit needs hearings are required by the TDA where claims can be made for streets and roads. BCAG undertakes the full unmet needs process required by the TDA as allocations are made for streets and roads. The process follows these steps:

1. Conduct analysis of transit-dependent groups and indicators, and adequacy of existing transit services.
2. Solicit testimony on unmet transit needs that may exist in Butte County through workshops and comment cards.

3. Analyze transit needs in accordance with adopted definitions of “unmet transit needs” and “reasonable to meet.”
4. Consult with the SSTAC.
5. Adopt a finding regarding unmet transit needs that may exist for implementation in the next fiscal year.

Public workshops for unmet transit needs were held in Paradise, Gridley, Chico, and Oroville, with a final public hearing before the BCAG Board of Directors. In addition to published notices, the announcements were also placed on every transit vehicle in the B-Line fleet, announced on the company website and social networking page (<http://www.facebook.com/blinetransit>), and emailed to community social service agencies. While only one public hearing is required by statute, BCAG held four public workshops as well as a “formal” hearing before the Board during the month of October. In addition, BCAG solicited comments by telephone, email, and comment cards available on all buses. Even though BCAG’s unmet transit needs findings are made on an annual basis, the assessment process continues throughout the year. Comment cards are placed on all buses, and telephone calls and emails are received and recorded throughout the year.

The culmination of these steps and evaluation of existing transit services results in the annual Unmet Transit Needs Assessment. The document is presented to the Butte County Social Service Transportation Advisory Council, which reviews the assessment and supports staff’s recommendation. For the audit period, BCAG made a finding of an unmet need that was reasonable to meet in FY 2013–14: the addition of one midday run on Route 7 serving east Chico. For the other two audit years, there were no new unmet needs that are reasonable to meet. Annual resolutions are approved by the BCAG Board in making findings regarding unmet transit needs.

BCAG solicits public interest for service on the SSTAC through an application on the BCAG website explaining the purpose and role of the council. The two-page application includes the type of position the applicant is interested in, and a request to summarize the reason they would like to participate in the SSTAC and any qualifying experience. Each of the required nine positions was filled during the triennial period by agencies and at large members with staggered terms that expire over a three-year period. The listing of members identifies which position each member fills, with several filling multiple positions. A number of members were reappointed for another three-year period following their term expiration.

### **Marketing and Transportation Alternatives**

BCAG has a limited role in offering transportation alternatives which are a function of local conditions and demand for such service. Transportation demand management strategies and online alternative transportation services are examples of transportation services that are not available, although there are clear links from the BCAG website to the website for the B-Line, which is a type of ridesharing mode. Also, BCAG commissioned a study for alternative transportation options from Chico to Sacramento. No aviation options exist for this type of trip.

Butte County residents can also enter their commute information in the Sacramento 511 regional database.

As an MPO and an RTPA, BCAG uses a variety of public participation strategies to communicate and encourage public input. BCAG's Public Participation Plan (PPP), amended in February 2014, includes a proactive public participation process that provides complete information, timely public notice, and public access to key decisions, and supports the public's early and continuing involvement in developing all transportation plans and improvement programs. The PPP was developed in consultation with BCAG's advisory committees and assists in identifying and addressing environmental justice and social equity issues. SB 375 also requires specific public participation requirements for the development of the SCS and alternative planning strategy, if needed, which have been addressed in the PPP. Social media has been tapped to extend the reach of BCAG public participation. Also, BCAG holds meetings in areas that are predominantly underrepresented such as among Hispanic and Hmong populations. Four amendments have been made to the PPP in a continuous effort to improve outreach strategies.

BCAG's website (<http://www.bcag.org/>) includes an extensive array of information about the agency's projects and programs, the governing body, and upcoming meetings. The website's library section contains a wealth of useful information, including general information about BCAG, plus useful links and archives of reports, drafts, documents, and newsletters. The website also provides names and email addresses for staff, current planning documents, and major projects. A direct link to the B-Line website is available, as is required environmental justice documentation including Title VI and DBE programs. The agency, through the B-Line website, also has a social media presence using Facebook (<http://www.facebook.com/blinetransit>) for the latest information. The B-Line has over 900 "likes" on its Facebook page. An update to the PPP emphasizes greater use of current social media to engage and inform the public in BCAG's planning and programming processes.

### **Grant Applications and Management**

BCAG serves an important role for state and federal transit grant applications in the county to coordinate and ensure there is no conflict with local plans and policies. BCAG offers assistance to its member agencies as needed. BCAG issues calls for projects for several funding sources including Congestion Management and Air Quality and FTA Sections 5310 and 5311. BCAG uses federal transit revenue from various formula-based and discretionary programs including FTA Sections 5304, 5307, 5310, 5311, 5311(f), and 5339. The 5311(f) intercity bus fund is a fairly new revenue source for the B-Line, while 5310 funds were expanded for rural paratransit. Through the 5304 program, BCAG is developing a mobile app for the B-Line to improve connectivity and communications with its riders. BCAG maintains a federal lobbying program with annual trips to advocate for discretionary funding. BCAG also hosted a town hall meeting event with the California Transportation Commission to discuss state funding and highlight Butte County issues.

Under the State Proposition 1B program, BCAG submitted grant applications from the California Office of Emergency Services Transit Security Grant Program for security cameras. BCAG

approves resolutions of these actions including fund allocation and ensuring projects are consistent with local planning studies such as the RTP/SCS.

BCAG also facilitates grant funds from Caltrans and the Strategic Growth Council for sustainable planning and transportation. Transportation planning grant funds are available for planning projects that improve mobility and lead to the planning, programming, and implementation of transportation improvement projects. Projects include:

- Partnership Planning
- Community-Based Transportation Planning
- Environmental Justice
- Statewide or Urban Transit Planning Studies
- Rural or Small Urban Transit Planning Studies
- Transit Planning Student Internships

## Section V

### Findings and Recommendations

The following material summarizes the findings obtained from the triennial audit covering FYs 2013 through 2015. A set of recommendations is then provided.

#### Findings

1. BCAG conducts its management of the TDA program in a competent and professional manner.
2. BCAG has satisfactorily complied with most applicable state legislative mandates for RTPAs. Two mandates were not applicable to BCAG’s current TDA administrative process relating to “off-the-top” apportionments for non-motorized projects and funding claims under a particular TDA section (Article 4.5). An additional mandate to ensure prior performance audits of each public transit system were conducted was partially met.
3. BCAG implemented one of the four recommendations made in the prior performance audit relating to funding Butte Regional Transit directly with TDA funds. Two recommendations were partially implemented, including reinstating the BCAG eNewsletter and assuming a stronger role in regional ridesharing. One recommendation not implemented concerns an update to the TDA Claims Manual.
4. Staffing levels remained relatively stable at between 11 and 12 personnel during the audit period. Managers of each department have also been relatively stable with some turnover, in particular the Transit Manager for the B-Line, which experienced turnover in 2013. BCAG filled the position, which has since been stable.
5. The Overall Work Plan documents the management, budgetary, and monitoring activities performed annually by BCAG and is developed annually for Caltrans review and for approval by the BCAG Board of Directors. A new table was added in the first section of the OWP that identifies all of the plan’s work elements and indicates whether the work element addresses or is a component of the Core MPO Planning Functions, the California Planning Emphasis Areas, and the Federal Planning Emphasis Areas.
6. During the audit period, the Board adopted the Regional (Metropolitan) Transportation Plan & Sustainable Communities Strategy (RTP/SCS) on December 13, 2012. The RTP/SCS serves as the foundation for the development of the short-range Regional Transportation Improvement Program and the Federal Transportation Improvement Program. As BCAG is required to adopt a RTP/SCS and environmental impact report every four years, the subsequent update was recently adopted in December 2016.

7. In following its Public Participation Plan in compliance with SB 375, BCAG engaged the public in the RTP/SCS process. Each round of public workshops consisted of presentations made at each of the locations, generally in Chico and Oroville. Open house workshops were held for each of four rounds of project development.
8. Transit planning and oversight by BCAG are provided through various approaches. Given Butte Regional Transit staff are housed within BCAG, the lines of communication on planning and oversight are clear. Oversight is provided by the Transit Administrative Oversight Committee. Transit staff have done a good job with keeping the BCAG Board regularly updated on the performance of the transit system through quarterly performance reporting.
9. On an annual basis during this audit period, BCAG was responsible for managing new LTF revenues of between \$6.3 and \$7.2 million and new STA funds of between \$1.2 and \$1.3 million. BCAG maintains desktop procedures of the steps in the process including findings of apportionment and the TDA claims. BCAG assists the claimants by pre-populating the claim form with B-Line operations and capital data prior to sending the forms out to the jurisdictions.
10. The culmination of the annual unmet transit needs process results in the Unmet Transit Needs Assessment. The document is presented to the Butte County Social Service Transportation Advisory Council, which reviews the assessment and supports staff's recommendation. For the audit period, BCAG made a finding of an unmet need that was reasonable to meet in FY 2013–14: the addition of one midday run on Route 7 serving east Chico.

## Recommendations

### 1. **Update BCAG TDA Workbook for inclusion of new state legislation.** (High Priority)

The TDA Workbook has not been updated in some time, although several changes have occurred in relation to TDA administration and the effect on transit operations. New legislation (Senate Bill 508), passed in October 2015, significantly modified several provisions of TDA. The legislation has several objectives, including simplifying fare recovery requirements, authorizing funding of bicycle and pedestrian safety education programs, and modifying State Transit Assistance (STA) qualifying criteria for operations. BCAG's TDA guidelines should be updated to reflect these changes and identify the responsible party for implementing the updates, such as the fiscal auditor for the farebox recovery calculation. BCAG and the B-Line should also communicate these changes and determine what implication, if any, the changes might have on transit operations.

SB 508 rationalizes performance metrics, for example, by applying the same operating cost exemptions to both the farebox recovery ratio and the STA qualifying criteria. In addition, this bill clarifies a few terms that should help ensure expectations are applied uniformly to the transit operators. Highlights of the bill are summarized below.

*Farebox Recovery*

- Deletes the requirement for transit operators to maintain higher farebox requirements based on 1978–79 fiscal year.
- Revises definition of “local funds” to mean any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.
- Revises definition of “operating cost” to exclude principal and interest payments on capital projects funded with certificates of participation.
- Exempts startup costs for new transit services for up to two years.
- Exempts additional categories of expenditures from “operating cost” (cost increases above the Consumer Price Index for fuel, alternative fuel programs, power, insurance premiums and claims, and state and federal mandates).

*Claims for Funds*

- Authorizes the funding of bicycle and pedestrian safety education programs up to 5 percent of the 2 percent bicycle and pedestrian allocation found under Article 3 (PUC Section 99234(a)).

*STA Qualifying Criteria for Operations*

- Uses of a “sliding scale” to reduce the operator’s STA allocation for operations, rather than “pass/fail.”
- STA qualifying criteria requirement is exempt through fiscal year 2015–16.
- New sliding scale effective July 1, 2016.

The farebox recovery ratios calculated in the next annual TDA fiscal audit should account for these changes given that operator eligibility for TDA funds is determined in large part by the audited farebox ratios. The revised STA sliding scale test that BCAG must also apply would have certain budgeting and planning implications for using the revenue for operations.

**2. Develop and adopt TDA Article 4.5 evaluation criteria.**  
(Medium Priority)

Article 4.5 of the TDA statute enables certain agencies to claim local transportation funds for community transit services. In practice, most of the funds from this article section are claimed

by a Consolidated Transportation Services Agency (CTSAs). The BCAG TDA Workbook identifies Butte County as the CTSA. Although the CTSA responsibilities have not been implemented, BCAG should develop and adopt evaluation criteria for reviewing possible claims for the funds in the future. The transit system in the county is growing, and social service transportation and mobility management are components that should be addressed. Article 4.5 would be the funding source for such services. BCAG should review the statutory section (Public Utilities Code Section 99275.5) regarding evaluation criteria and adopt similar language including the findings.

**3. Develop and adopt eligibility criteria for “off-the-top” funding for pedestrian and bicycle projects.**

(Medium Priority)

Currently, local jurisdictions claim their share of local transportation funds for bicycle and pedestrian projects under Article 8, which is available following the apportionment process by BCAG using a population distribution. As described in the compliance matrix section of this audit, BCAG should adopt rules and regulations for off-the-top LTF apportionments for bicycle and pedestrian projects prior to the population distribution. This off-the-top apportionment is limited to 2 percent of LTF and would be available to the cities and the county. This apportionment method could provide a level of flexibility to BCAG and the local jurisdictions in funding both local and regional projects. Advantages include that BCAG and the local jurisdictions could determine the method on how best to allocate the revenue toward non-motorized projects, such as by population, call for projects, rotating use of the fund, and/or building a reserve balance for use for regionally significant projects. Also, the statute allows a city or the county to expend up to 5 percent to supplement moneys from other sources to fund bicycle and pedestrian safety education programs. Given the recent completion of the Transit & Non-Motorized Plan in April 2015, a revised method to allocate non-motorized funding from TDA should be considered and implemented.

**4. Develop format and content for an annual BCAG report.**

(Medium Priority)

BCAG has produced an eNewsletter for several years, but not on a regular basis. The last newsletter was developed in the fall of 2015 and highlights many areas of the agency, including accomplishments, funding, and challenges. The prior performance audit carried forward a prior recommendation for BCAG to reinstate its quarterly eNewsletter; however, with staffing constraints, an updated newsletter on a quarterly basis is not currently possible.

This current recommendation makes an adjustment to the prior recommendation and suggests BCAG make an effort to develop an annual BCAG report. The fall 2015 newsletter serves as a basis for an annual report which is intended to encapsulate the activities and value that BCAG brings to the community through its mission and transportation coordination, planning, programming, financial, and project delivery responsibilities. An annual report identifies the projects and outcomes for the community as well as educates the public and

stakeholders on BCAG’s role in transportation. Many RTPAs develop annual reports that serve such a purpose to highlight the accomplishments and challenges for the year, and what to look forward to in the next year. A more robust annual report in lieu of the newsletter has been a desire of BCAG and should be explored further.

**5. Assume a stronger role to help encourage ridesharing in the region.**  
(Medium Priority)

This prior recommendation is carried forward for implementation, as it retains merit and provides transportation options for county residents. As an RTPA, BCAG could promote alternative transportation measures in the county that are a function of local conditions and demand for such services. As an example, BCAG commissioned a study for alternative transportation options from Chico to Sacramento. No aviation options exist for this type of trip. The work effort and resources for promoting ridesharing would need to be input into the OWP and funding identified. A more passive method would be to simply post a link to the Sacramento Region 511 on the BCAG website and notify the public about the link. The Sacramento Region 511 Travel Info website features Google mapping for bicycle routes in the region, while Google Transit provides real-time feeds for public transit users. Carpooling and vanpooling are offered through the Sacramento Region Commuter Club website (<http://www.sacregioncommuterclub.com>), administered by SACOG, which offers tools and information to commuters and employers to encourage carpooling, vanpooling, walking, bicycling, and riding transit.