



Fresno Council of Governments

Triennial Performance Audit of the Fresno Council of Governments FY 2018/19 - FY 2020/21

FINAL REPORT
MAY 2022



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Chapter 1 | Executive Summary

The Triennial Performance Audit of the Fresno Council of Governments (Fresno COG) covers a three-year period ending June 30, 2021. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2021, the Fresno Council of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the four transit operators to which it allocates TDA funding. Moore & Associates, Inc. is a consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of Fresno COG as the RTPA for the period:

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

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. The auditors believe the evidence obtained provides a reasonable basis for its findings and conclusions based on the stipulated audit objectives.

The review was also conducted in accordance with the processes established by the California Department of Transportation, as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

1. Compliance requirements,
2. Follow-up of prior recommendations,
3. Analysis of internal goal setting and strategic planning efforts,
4. Review of the RTPA's functions and activities, and
5. Findings and recommendations.

Test of Compliance

With one exception, the Fresno Council of Governments adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. TDA fiscal audits for several operators were completed outside of the extended deadline specified by the State Controller's Office.

Status of Prior Recommendations

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

1. The Fresno COG’s SSTAC continues to be over-represented by residents of Fresno and under-represented by residents within rural areas.
Status: Implementation in progress
2. The RTPA’s website should be updated to provide easier access to regional information.
Status: Implemented

Goal Setting and Strategic Planning

The primary planning and goal-setting document is the Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS), which is a long-range (26-year) transportation plan providing a vision for regional transportation investments. The RTP-SCS is updated every four years. The most recent Regional Transportation Plan was adopted in December 2018, and the 2022 update (PlanFresno) was underway at the time of this audit. The draft 2022 RTP-SCS is expected to be released for public review in Spring 2022, with the final Plan and final EIR adopted in June 2022.

Findings and Recommendations

Based on the current review, the auditors submit the aforementioned TDA compliance finding.

The auditors also identified one functional finding. While this finding is not a compliance finding, the auditors believe it is significant enough to warrant inclusion herein:

1. With Fresno EOC no longer a designated CTSA, FEOC management is concerned about securing sufficient funding for vehicle replacement.

In completing this Triennial Performance Audit, we submit the following recommendations for the Fresno Council of Governments as the RTPA. They have been divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the agency into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the Triennial Performance Audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with operators and TDA auditors to ensure TDA fiscal audits can be completed by the extended deadline.	Medium	Ongoing
Functional Recommendations		Importance	Timeline
1	Work with the FEOC to assist in securing funding for FEOC vehicle replacement.	High	Ongoing

Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the Fresno Council of Governments covers the three-year period ending June 30, 2021. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2021, the Fresno Council of Governments selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the four transit operators to which it allocates funding. Moore & Associates, Inc. is a consulting firm specializing in public transportation. Selection of Moore & Associates, Inc. followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the Fresno COG as the designated RTPA for Fresno County. Direct benefits of a triennial performance audit include providing RTPA management with information on the economy, efficiency, and effectiveness of their programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC 99246(a) that the RTPA designate an independent entity other than itself to conduct a performance audit of its activities as well as those of each operator to whom it allocates TDA funding.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The auditors believe the evidence obtained provides a reasonable basis for its findings and conclusions.

The audit was conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Audit Standards* published by the U.S. Comptroller General.

Objectives

A Triennial Performance Audit has four primary objectives:

1. Assess compliance with TDA regulations,
2. Review actions taken by the RTPA to implement prior recommendations,
3. Evaluate the efficiency and effectiveness of the RTPA through a review of its functions, and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the RTPA.

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the regional transportation planning agency. The audit of the Fresno Council of Governments included five tasks:

1. Review of compliance with TDA requirements and regulations.
2. Assessment of the implementation status of recommendations included in the prior Triennial Performance Audit.
3. Analysis of the Fresno COG's internal goal setting and strategic planning functions.
4. Examination of the following functions:
 - Administration and Management,
 - Transportation Planning and Regional Coordination,
 - Claimant Relationships and Oversight,
 - Marketing and Transportation Alternatives, and
 - Grant Applications and Management.
5. Recommendations to address opportunities for improvement based on analysis of the information collected and the review of the RTPA's core functions.

Methodology

The methodology for the Triennial Performance Audit of the Fresno COG as the RTPA included thorough review of documents relevant to the scope of the review, as well as information contained on the Fresno COG's website. The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit reports for the prior review period;
- Annual budgets;
- Audited financial statements;
- State Controller Reports;
- Agency organizational chart;
- Board meeting minutes and agendas;
- Policies and procedures manuals;
- Regional planning documents;
- Overall work plans;
- Article 8 Unmet Transit Needs documentation;
- TDA claims manual; and
- TDA and transit funding allocations to operators.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with Fresno COG representatives on October 25, 2021. The audit team met with Jennifer Soliz (Associate Regional Planner), Robert Phipps (Deputy Director), Les Beshears (Finance Director), Jeff Long (Senior Regional Planner, FAX), and reviewed materials germane to the triennial audit.

The report is comprised of seven chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the audit and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Compliance with statutory and regulatory requirements,
 - Progress in implementing prior recommendations,
 - Goal setting and strategic planning,
 - Functional review, and
 - Findings and recommendations.

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Chapter 3 | Program Compliance

This section examines the Fresno Council of Governments' compliance with the State of California's Transportation Development Act as well as relevant sections of California's Public Utilities Commission code. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. Although compliance verification is not a Triennial Performance Audit function, several specific requirements concern issues relevant to the performance audit. The RTPA considers full use of funds under CCR Section 6754(a) to refer to operating funds but not capital funds. The Triennial Performance Audit findings and related comments are delineated in Exhibit 3.1.

Compliance was determined through discussions with Fresno COG staff as well as an inspection of relevant documents, including the fiscal audits for each year of the triennium. Also reviewed were planning documents, Board actions, and other related documentation.

With one exception, the Fresno COG adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. TDA fiscal audits for several operators were completed outside of the extended deadline specified by the State Controller's Office.

Developments Occurring During the Audit Period

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

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

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. While the ability to maintain state mandates and performance

measures is important, AB 90 offered much-needed relief from these requirements for these years impacted by the COVID-19 pandemic while TDA reform continues to be discussed.

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

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

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

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

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

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund monies apportioned to that area.	PUC 99231	In compliance	
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles (Article 3).	PUC 99233, 99234	In compliance	
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process that includes at least an annual public hearing.	PUC 99238, 99238.5	In compliance	
The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit. <ul style="list-style-type: none"> A committee for the purpose of providing advice on productivity improvements may be formed. The operator has made a reasonable effort to implement improvements recommended by the RTPA as determined by the RTPA, or else the operator has not received an allocation that exceeds its prior year allocation. 	PUC 99244	In compliance	
The RTPA has ensured that all claimants to whom it allocated TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	PUC 99245	Finding	FY 2018/19: City of Fresno and City of Clovis audits submitted late FY 2019/20: City of Clovis audit submitted late FY 2020/21: City of Fresno, City of Clovis, and FEOC audits pending (as of April 28, 2022)
The RTPA has submitted to the state controller an annual certified fiscal audit within 12 months of the end of the fiscal year.	CCR 6662	In compliance	FY 2018/19: November 15, 2019 FY 2019/20: December 8, 2020 FY 2020/21: November 1, 2021
The RTPA has submitted within seven months after the end of the fiscal year an annual financial transactions report to the state controller.	CCR 6660	In compliance	FY 2018/19: January 27, 2020 FY 2019/20: January 22, 2021 FY 2020/21: January 25, 2022

Compliance Element	Reference	Compliance	Comments
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA money, 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.	PUC 99246, 99248	In compliance	Moore & Associates, Inc. was engaged to prepare the FY 2015/16 – FY 2017/18 Triennial Performance Audits, which were completed in June 2019. Moore & Associates, Inc. was subsequently engaged to prepare the FY 2018/19 – FY 2020/21 Triennial Performance Audits.
The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.	PUC 99246(c)	Compliance could not be verified	Fresno COG could not provide documentation due to a server hack in 2019. However, staff have verbally confirmed submittal of the letter.
For Article 8(c) claimants, the RTPA may adopt performance criteria, local match requirements, or fare recovery ratios. In such cases, the rules and regulations of the RTPA will apply.	PUC 99405	Not applicable	Fresno COG does not allocate any funding under Article 8(c).
The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of section 99260.2.	PUC 99246(d)	In compliance	
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	PUC 99270.1, 99270.2	In compliance	
The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	PUC 99275.5	In compliance	

Compliance Element	Reference	Compliance	Comments
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	PUC 99310.5, 99313.3, Proposition 116	In compliance	
Transit operators must meet one of two efficiency standards in order to use their full allocation of state transit assistance funds for operating purposes. If an operator does not meet either efficiency standard, the portion of the allocation that the operator may use for operations shall be the total allocation to the operator reduced by the lowest percentage by which the operator's total operating cost per revenue vehicle hour exceeded the target amount necessary to meet the applicable efficiency standard. The remaining portion of the operator's allocation shall be used only for capital purposes.	PUC 99314.6	In compliance	
The amount received pursuant to the Public Utilities Code, Section 99314.3, by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	PUC 99314.3	In compliance	
<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> • Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238; • Identified transit needs, including: <ul style="list-style-type: none"> ▪ Groups that are transit-dependent or transit-disadvantaged; ▪ Adequacy of existing transit services to meet the needs of groups identified; and ▪ Analysis of potential alternatives to provide transportation alternatives; • Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet"; • Identified the unmet transit needs and those needs that are reasonable to meet; and • Adopted a finding that there are no unmet transit needs, that there are no unmet transit needs that are reasonable to meet, or that there are unmet transit needs including needs that are reasonable to meet. <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>	PUC 99401.5	In compliance	<p>Unmet Transit Needs hearings: April 28, 2018 May 30, 2019 April 30, 2020 April 29, 2021</p>

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Chapter 4 | Prior Recommendations

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

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

1. [The Fresno COG’s SSTAC continues to be over-represented by residents of Fresno and under-represented by residents within rural areas.](#)

Discussion: The prior auditor recommended the Fresno COG continue to proactively recruit SSTAC participants from rural areas in an effort to increase the number of rural representatives. Many of the member categories include a minimum number of representatives but no maximum number, allowing some leeway in the makeup of the committee. The Fresno COG should maintain a dedicated page on its website for the SSTAC, which should include a clearly posted ongoing recruitment for organizational and citizen participants. In addition, the application for participation in the SSTAC should be made available for download from the SSTAC web page. The Fresno COG should continue to make available participation by phone for rural members. In addition, the RTPA should actively recruit for new rural members by notifying social services organizations serving rural communities, as well as transit users in the rural portions of the county, aware of any vacancies. All efforts toward this recruitment should be documented prior to the next triennial performance audit, even if those efforts do not result in significant changes to the composition of the SSTAC throughout the three-year period.

Progress: The Fresno COG has developed a dedicated SSTAC page on its website, which details all members and who/where they represent. It does not include any information regarding SSTAC recruitment or an application. Of the 14 members, two are shown to represent Sanger and one represents Clovis. This is roughly the same as in the prior audit.

Generally, outreach is conducted through the meetings themselves when there is a vacancy. There was a vacancy under local social service provider for disabled. Recruitment will be conducted via posting to webpage.

Status: Implementation in progress.

2. [The RTPA’s website should be updated to provide easier access to regional information.](#)

Discussion: The Fresno COG should undertake a comprehensive review of the content, organization, and links within its website. The design of the website is attractive and the overall organization (using the menu tabs) is effective, so it may not need complete redevelopment. However, it is difficult to find information. For example, during the development of the prior

audit, the audit team searched the website to get information about the Fresno COG’s SSTAC. Selecting COG Committees under the Agenda/Info tab brought them to a link for the SSTAC. However, that link only went to links for the most recent agendas (as noted in the header) and provided no information about the SSTAC’s composition or function. Clicking on the Fresno COG Committee Listing on that page brought them to a brief paragraph about the SSTAC with a link labeled “webpage,” but that link led to the “Unmet Transit Needs” section of the Public Transit Planning page under the “Planning” tab. Ultimately, the auditors had to search Policy Board and SSTAC agendas to get the current composition of the SSTAC as well as information about its meetings. Ideally, clicking on SSTAC under “COG Committees” would take visitors to a separate SSTAC page, which would contain information about the composition of the Council, any open vacancies, a downloadable application, meeting information, and links to recent meeting agendas. This would also address the recommended actions under Functional Finding #1.

Progress: The Fresno COG has developed a dedicated SSTAC page on its website. The page details all members and who/where they represent. It does not include any information regarding SSTAC recruitment or an application. It also does not include meeting agendas, though they are readily available on the Agendas page. As this is where all agendas are located, this is not an issue. Unmet Transit Needs findings are located on the SSTAC page. The SSTAC page can also be linked from the Committees page and the Public Transit Planning page.

Status: Implemented

Chapter 5 | Goal Setting and Strategic Planning

This chapter analyzes the Fresno Council of Governments' goal setting and strategic planning process.

In addition to serving as the Regional Transportation Planning Agency (RTPA) for Fresno County, the Fresno COG is also the designated Metropolitan Planning Organization (MPO) and Areawide Planning Organization for Fresno County. The Fresno COG's role in the community and region is diverse, providing leadership and/or support for the following activities:

- Airport Land-Use Commission,
- Measure C Program Implementation,
- Fresno County Regional Transportation Mitigation Fee Agency,
- Regional Transportation Plan Roundtable,
- Transportation Fund (Regional Surface Transportation Program and Congestion Mitigation and Air Quality Program) Administration,
- Travel Demand Modeling,
- Local Clearinghouse for the Fresno County region,
- Affiliate State Census Data Center for Fresno County,
- Traffic Monitoring Program,
- ValleyRides.com Ridesharing Program,
- Freeway Service Patrol,
- Abandoned Vehicle Abatement Program for Fresno County, and
- Regional Housing Needs Allocation Plan.

In addition, the Fresno COG participates in several cooperative agreements with other agencies throughout Fresno County. These include various member agency working agreements, San Joaquin Valley Air Pollution Control District (SJVAPCD), Fresno-Madera Area Agency on Aging, the eight-member San Joaquin Valley RTPA Memorandum of Understanding (MOU), and the Area-wide Transportation Policy Committee for Fresno County.

The primary planning and goal-setting document is the Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS). The RTP is a long-range (26-year) transportation plan providing a vision for regional transportation investments. The RTP considers the role of transportation including economic factors, quality of life issues, and environmental factors. The Sustainable Communities Strategy (SCS) element, required under SB 375, demonstrates the integration of land use, transportation strategies, and transportation investments that will help Fresno County meet regional greenhouse gas reduction targets.

The most recent Regional Transportation Plan was adopted in December 2018. The development process included input and collaboration from the 15 incorporated cities, the County of Fresno, local public agencies, San Joaquin Valley Air Pollution Control District, Caltrans, state and federal agencies, and the public. The 2018 RTP includes the four required elements (i.e., Policy Element, Sustainable Communities Strategy, Action Element, and Financial Element) as well as additional chapters regarding regional context,

public participation, environmental justice analysis, and transportation performance management. While the Environmental Impact Report (EIR) was outsourced, the rest of the RTP was developed in house.

The RTP-SCS is updated every four years, and the 2022 update (PlanFresno) was underway at the time of this audit. An updated Public Participation Plan was adopted in June 2020, concurrent with the kickoff of RFP Roundtable meetings. The Public Participation Plan included extensive public engagement, consultation with government agencies and elected officials, interagency coordination, and tribal outreach. The draft 2022 RTP-SCS is expected to be released for public review in Spring 2022, with the final Plan and final EIR adopted in June 2022.

Exhibit 5.1 illustrates the Draft Action Element Outline approved by the RTP Roundtable in June 2021. It includes five overarching goals, 20 policy elements, and supporting actions.

The Fresno Council of Governments is also responsible for preparing an annual Overall Work Program (OWP). The OWP details Regional Transportation Planning Work Elements; Transportation Program Development; Services and General Coordination Activities; Regional Coordination of Transportation, Land Uses, and Housing; and Administration Activities. It represents Planning Emphasis Areas (PEAs) under the FAST Act as well as Metropolitan Planning Factors.

Exhibit 5.1 2022 RTP Update Draft Goals, Policies, and Actions

Goal	Policies	Actions
<p>Goal #1: Improved mobility and accessibility for all.</p>	<ul style="list-style-type: none"> Policy #1: Encourage and prioritize full, fair, and equitable participation by all affected communities in the transportation decision-making and planning processes. Policy #2: Actively work to ensure equitable distribution of the benefits and burdens of transportation projects. Policy #3: Promote the improvement and expansion of accessible transportation options to serve the needs of all residents, especially those who have historically faced disproportionate transportation burdens. 	<p>Seek funding to address multimodal transportation needs in the region and incentivize transportation investments that benefit disadvantaged communities (e.g., ATP, CMAQ, STBG, TOD, etc.).</p> <p>Pursue funding to improve and expand wheelchair accessible, paratransit, and non-emergency transportation services for elderly and individuals with disabilities.</p> <p>Coordinate with regional transit providers to seek operational and administrative efficiencies.</p> <p>Annually conduct outreach, through the unmet transit needs process, to identify transit needs that are reasonable to meet throughout the region with an emphasis on disadvantaged communities.</p> <p>Partner with community-based organizations serving low-income and minority communities for targeted outreach to limited English proficiencies and hard to reach populations. Examples include mini grant programs, social media posts and advertisements targeted to disadvantaged communities, and translated documents and web content.</p>
<p>Goal #2: Vibrant communities that are accessible by sustainable transportation options.</p>	<ul style="list-style-type: none"> Policy #4: Encourage alternatives to single occupancy vehicles that reduce vehicle miles travelled (VMT) and greenhouse gas emissions. Policy #5: Support investment in and promotion of active transportation and transit to improve public health and mobility, especially in historically underinvested areas. Policy #6: Encourage sustainable development that focuses growth near activity centers and mobility options that achieve greater location efficiency. Policy #7: Support local jurisdictions' efforts to minimize the loss of farmland, environmentally sensitive areas, and natural resources. 	<p>Provide technical assistance, resources, and incentives to support SCS implementation, infill & mixed use development, equitable revitalization of local communities, and conserve natural resources.</p> <p>Seek funding to conduct a study to explore potential regional impacts of the Sustainable Groundwater Management Act on areas such as land use, the economy, and air quality.</p> <p>Work collaboratively to support TOD and shared mobility options in corridors planned for high density affordable housing and mixed use.</p> <p>Incentivize and encourage alternatives to single occupancy vehicles to reduce vehicle miles travelled, such as through continued administration and advertisement of the Measure C Carpool Program, funding to support vanpool programs, telework, expansion of shared TNC rides, and informational promotion materials for transit, biking, and walking in the region.</p>

Goal	Policies	Actions
<p>Goal #2: Vibrant communities that are accessible by sustainable transportation options. (continued)</p>	<ul style="list-style-type: none"> • Policy #8: Support local jurisdictions’ efforts to facilitate the development of diverse housing choices for all income groups. • Policy #9: Facilitate and promote interagency coordination and consistency across planning efforts. • Policy #10: Incentivize and support efforts to improve air quality and minimize pollutants from transportation. 	<p>Support member agencies planning for active transportation and invest in bicycle and pedestrian infrastructure to encourage healthy and convenient active transportation travel to ensure access to jobs, services, and recreation for populations with fewer transportation choices.</p> <p>Develop a Regional Housing Needs Allocation Plan and continue to support efforts to increase housing choices.</p> <p>Support coordinated transportation planning efforts and interregional projects between and among the eight San Joaquin Valley Metropolitan Planning Organizations (MPOs).</p> <p>Pursue funding to implement projects that are consistent with the Sustainable Communities Strategy.</p> <p>Promote compatible airport and land use planning throughout the region.</p> <p>Support California Air Resources Board, San Joaquin Valley Air Pollution Control District, and local government and transit agencies to reduce pollutants generated from vehicle and truck traffic.</p>
<p>Goal #3: A safe, well-maintained, efficient, and climate-resilient multimodal transportation network.</p>	<ul style="list-style-type: none"> • Policy #11: Prioritize investment in and promote multimodal safety measures to reduce traffic fatalities and incidents in the region. • Policy #12: Promote enhanced Transportation Systems Management (TSM) and Transportation Demand Management (TDM) strategies to reduce congestion and vehicle miles travelled. • Policy #13: Encourage improvements in travel connections across all modes to create an integrated, accessible, and seamless transportation network. • Policy #14: Maximize the cost-effectiveness of transportation improvements. • Policy #15: Encourage investments that increase the system’s resilience to extreme weather events, natural disasters, and pandemics. • Policy #16: Preserve and maintain existing multimodal transportation assets in a state of good repair. 	<p>Support local jurisdiction’s capacity to implement projects and measures that improve the resiliency of the transportation network regarding potential impacts of climate change.</p> <p>Pursue funding to address safety issues in the region and implement transportation projects consistent with the identified issues.</p> <p>Incentivize and seek funding for projects that reduce congestion.</p> <p>Encourage employers to utilize Transportation Demand Management strategies to reduce VMT and congestion.</p> <p>Work with federal and state agencies to set annual safety targets and implement programs to reduce fatalities and serious injuries.</p> <p>Collaborate with the state agencies, metropolitan planning organizations, and other organizations on efforts to study and advocate for a sustainable and more equitable replacement to fuel taxes.</p> <p>Maintain the Congestion Management Process (CMP) and implement CMP measures.</p> <p>Seek funding revenues for state-of-good repair improvements including road maintenance preservation, rehabilitation, and reconstruction.</p>

Goal	Policies	Actions
<p>Goal #4: A transportation network that supports a sustainable and vibrant community.</p>	<ul style="list-style-type: none"> Policy #17: Support local and regional economic development by leveraging planning and transportation funds that foster public and private investment. Policy #18: Facilitate efficient, reliable, resilient, and sustainable goods movement. 	<p>Work cooperatively with the private sector to ensure that the mobility needs of the business community within Fresno County are addressed.</p> <p>Support efforts to improve efficiency and sustainability and preserve and expand options for goods movement through the region.</p> <p>Support efforts to implement High Speed Rail and station area planning in the region.</p> <p>Support education and job training programs that address transportation needs.</p>
<p>Goal #5: A region embracing clean transportation, technology, and innovation.</p>	<ul style="list-style-type: none"> Policy #19: Support innovative mobility solutions that are accessible, affordable, reduce greenhouse gas emissions, and improve air quality. Policy #20: Support efforts to expand broadband access throughout the region. 	<p>Encourage and support employers who implement telecommute strategies.</p> <p>Support electric vehicle (EV) and zero emission vehicle infrastructure deployment throughout the region and seek funding to implement projects that support Electric Vehicle Readiness Plan and local transit agencies' Innovative Clean Transit (ICT) plans.</p> <p>Support efforts to research, plan, and implement pilot projects for micro-transit and micro-mobility (such as bike and scooter share) and deployment of other new and innovative technologies to support research, development, demonstration projects, and deployment of new and innovative technologies.</p> <p>Follow the development of autonomous vehicles and connected vehicles and plan for the readiness of our region for AV/CV.</p> <p>Explore potential to conduct regional broadband planning to support future mobility options and transportation networks prioritizing communities who currently do not have access to this infrastructure.</p> <p>Support funding for travel surveys and procurement of Big Data to help better understand the origin and destination travel patterns in the region.</p> <p>Explore opportunities to develop a regional vision of transit accessibility that integrates existing service options with new mobility options.</p>

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Chapter 6 | Functional Review

A functional review of the Fresno Council of Governments determines the extent and efficiency of the following functional activities:

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

Administration and Management

The Fresno COG is governed by Policy Board comprised of the mayors of each incorporated city and the Chairman of the County Board of Supervisors (or their designated representatives). The Policy Board meets on the fourth Thursday of each month (except for August and December) at 7:30 p.m. Regular meetings are held in the Sequoia Conference Room at the Fresno COG's administrative offices, located at 2035 Tulare Street, Suite 201, in Fresno. All meetings are open to the public.

Policy Board members generally attend all meetings. The Fresno COG and the Fresno County Rural Transit Agency (FCRTA) Boards meet on the same day to make things easier for members; the urban representatives of the Policy Board simply bow out for the FCRTA Board meeting. Staff provide a quarterly progress report to the Policy Board. Planners may also take any issues regarding their reports to the Board as well. An annual Overall Work Plan is developed by staff and adopted by the Board.

The Fresno COG Board has three subcommittees:

- Policy Advisory Committee (PAC),
- Transportation Technical Committee (TTC), and
- Budget Committee.

The Fresno COG has seven additional citizen committees that advise the Fresno COG Board.

- The [Airport Land-Use Commission \(ALUC\)](#) consists of representatives from the City Selection Committee, a Selection Committee of Airport Managers, and the Fresno County Board of Supervisors. The ALUC typically meets every other month on the first Monday at 2:00 p.m. at the Fresno COG offices, though it will meet monthly as warranted.
- The [Association for the Beautification of 99](#) is charged with improving Highway 99 in Fresno County to enhance air quality, encourage investment, attract tourism, and improve the quality of life. The Association is comprised of representatives from the cities of Fowler, Kingsburg, Selma, and Fresno; Chamber of Commerce, Caltrans, and Tree Fresno, including both elected officials and members of the public.
- The [Fresno County Regional Transportation Mitigation Fee \(RTMF\) Agency](#) manages funds generated by the RTMF, a part of the Measure C extension which ensures future development

contributes its fair share toward the cost of infrastructure to mitigate the regional transportation impacts of new growth. The Fresno COG Policy Board meets as the RTMF Agency on an as-needed basis on the fourth Thursday of the month following the Fresno COG Policy Board meeting.

- The [Measure C Citizens Oversight Committee \(COC\)](#) is a 13-member committee intended to ensure Measure C revenues are spent as promised. Committee members are selected by the Fresno County Mayors' Selection Committee and the Chair of the Fresno County Board of Supervisors. The Committee meets at the Fresno COG offices on the second Thursday of the month at 5:00 p.m.
- The [Regional Transportation Plan Roundtable](#) supports Fresno COG staff and standing committees in the preparation of the Regional Transit Plan and Sustainable Communities Strategy (RTP/SCS). Members review RTP components and provide input and support. This group is comprised of 12 representatives of member agency staff, 15 representatives of a variety of stakeholder groups, and three "at-large" representatives. The group meets monthly during the active development of the RTP/SCS, which is updated every four years.
- The [Environmental Justice Advisory Committee](#) is a subcommittee of the Transportation Technical Committee (TTC). It meets when Fresno COG staff, the TTC, the PAC, or the Policy Board requests recommendations on issues involving Environmental Justice populations (such as during the development of the RTP/SCS). The committee is composed of three Fresno COG member agency representatives (local agency urban, east side local agency rural, and west side local agency rural), four representatives of the highest minority populations in Fresno County (Hispanic, African American, Asian, and Native American), two low-income representatives, one senior representative, and one representative of persons with disabilities.
- The [Social Services Transportation Advisory Council \(SSTAC\)](#) was formed in 1988 to aid in the review of transit issues and the identification of unmet transit needs that are reasonable to meet. It is comprised of individuals representing public transportation providers, social service providers, seniors, persons with disabilities, and persons of limited means. The SSTAC meets the third Tuesday of the month, January through June, or as needed. All meetings are open to the public.

Fresno COG also participates in three regional intergovernmental collaboratives: San Joaquin Valley Transportation Planning Agencies, San Joaquin Valley Air Pollution Control District, and Fresno-Madera Area Agency on Aging.

Fresno COG Policy Board members during the audit period included the following:

- Bob Whalen, City of Clovis (2018-2019)
- Drew Bessinger, City of Clovis (2020)
- Jose Flores, City of Clovis (2021)
- Nathan Vosburg, City of Coalinga (2018)
- Ron Lander, City of Coalinga (2019-2020)
- Ron Ramsey, City of Coalinga (2021)
- Felipe Perez, City of Firebaugh (2018)
- Marcia Sablan, City of Firebaugh (2019)
- Esla Lopez, City of Firebaugh (2020)
- Alfredo Valdez, City of Firebaugh (2020-2021)

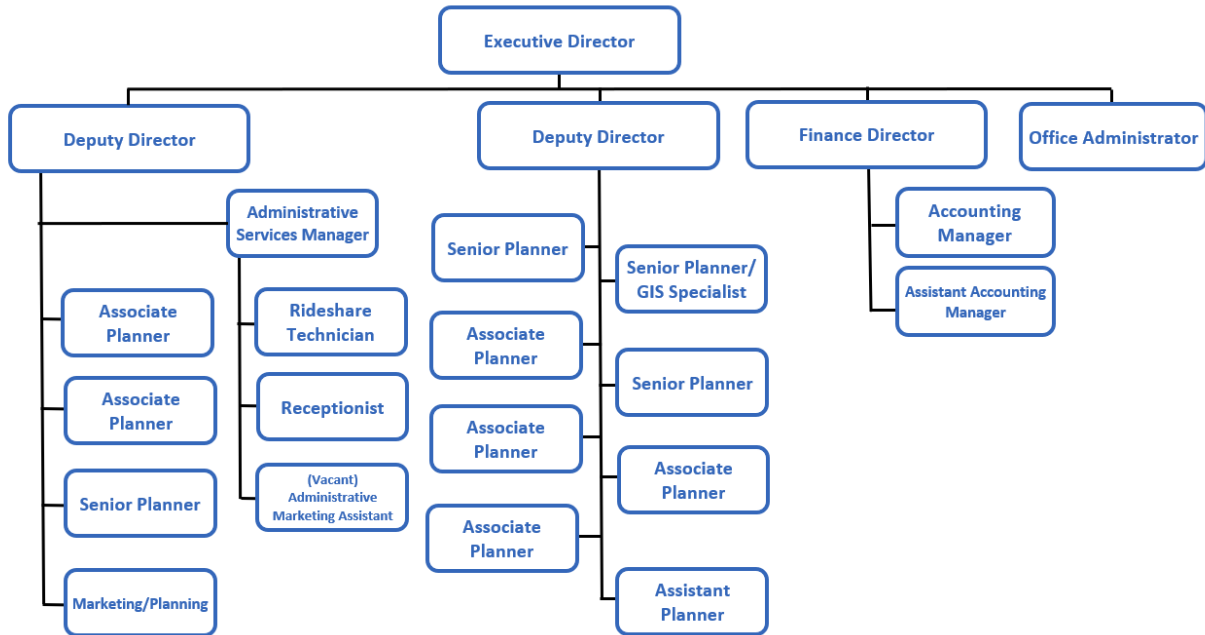
- David Cardenas, City of Fowler (2018-2021)
- Lee Brand, City of Fresno (2018-2020)
- Jerry Dyer, City of Fresno (2021)
- Rey Leon, City of Huron (2018-2021)
- Rhonda Armstrong, City of Kerman (2018-2020)
- Gary Yep, City of Kerman (2020-2021)
- Michelle Roman, City of Kingsburg (2018-2021)
- Rolando Castro, City of Mendota (2018, 2020-2021)
- Robert Silva, City of Mendota (2019)
- Victor Lopez, City of Orange Cove (2018-2021)
- Anita Betancourt, City of Reedley (2018)
- Alma Beltran, City of Parlier (2018-2021)
- Robert Beck, City of Reedley (2019)
- Mary Fast, City of Reedley (2020-2021)
- Frank Gonzalez, City of Sanger (2018-2020)
- Eli Ontiveros, City of Sanger (2020)
- Amarpreet Dhaliwal, City of San Joaquin (2018, 2020)
- Jose Ornelas, City of San Joaquin (2019)
- Julia Hernandez, City of San Joaquin (2020-2021)
- Scott Robertson, City of Selma (2018-2019, 2021)
- Luis Franco, City of Selma (2020)
- Sal Quintero, County of Fresno (2018-2021)
- Caltrans District 6 representative

Reporting directly to the Fresno COG board is the Executive Director, who oversees staff. This staffing level is adequate to meet all responsibilities. Staff is effectively organized. The RTPA has experienced modest turnover in planning staff and modelers. The positions have been filled and, at the time of the site visit, one vacant planning position remained.

All staff receive an annual evaluation. Employees receive a standard benefits package inclusive of health insurance, retirement contributions, disability benefits, and accrued leave. Staff also receives appropriate training for individual positions.

An organizational chart is presented as Exhibit 6.1.

Exhibit 6.1 Organizational Chart (FY 2021/22)



As the RTPA, the Fresno COG processes TDA claims in an accurate and timely manner. Operator claims are placed on the Policy Board agenda as soon as they are received. Operators are generally satisfied with the Fresno COG’s efficiency and effectiveness. The Fresno COG has a particularly close relationship with the FCRTA, with which it shares an office and administrative duties, and the City of Fresno, with which it shares staff.

The RTPA is working with Transportation Authority to extend Measure C sales tax for another 20 years and there are tentative plans to take the issue to the voters in 2022 or 2024. The Fresno COG received several large grants, including a \$10 million grant from the state as part of the Regional Early Action Plan (REAP) that it administers on behalf of the entire valley. Some of the REAP funds are being used for a household travel survey to update the travel models. The Fresno COG also recently completed a regional pavement management system and a major State Route 41/Avenue 9 study with a climate change context.

Impact of COVID-19 pandemic

Ridership was the metric most impacted by the COVID-19 pandemic. Penalties for not meeting farebox recovery ratio requirements were waived through FY 2022/23 due to Assembly Bills 90 and 149.

Claimant Relationships and Oversight

TDA claims are processed consistently and in a timely manner. The Fresno COG conducts a productivity evaluation of the transit operators every year. This process takes the place of a productivity committee. This annual report is reviewed by the Transportation Technical Committee and the Policy Advisory Committee, then taken to the Policy Board. The productivity report includes key performance indicators for each operators, as well as the status of recommendations from recent triennial performance audits, TDA fiscal audits, and FTA triennial reviews (as appropriate). If transit operators do not reasonably

respond to recommended productivity improvements, their LTF allocation cannot exceed that of the prior year. The annual report includes productivity recommendations specific to each individual operator. The annual Transit Productivity Report is an outstanding example of transit operator productivity oversight absent the formation of a specific productivity committee.

Transportation Planning and Regional Coordination

The Regional Transportation Plan and Sustainable Communities Strategy is a long-range transportation plan providing a vision for regional transportation investments. An update of the 2018 RTP is currently underway. The development process includes input and collaboration from the 15 incorporated cities, the County of Fresno, local public agencies, San Joaquin Valley Air Pollution Control District, Caltrans, state and federal agencies, and the public.

The 2018 RTP-SCS included the four required elements (Policy Element, Sustainable Communities Strategy, Action Element, and Financial Element) as well as additional chapters regarding regional context, public participation, environmental justice analysis, and transportation performance management. While the Environmental Impact Report (EIR) was outsourced, the rest of the RTP was developed in-house. The draft of the 2022 update is expected to be completed in March 2022 and adopted by July 2022. Additional discussion of the RTP-SCS update process is provided in Chapter 5.

The Fresno COG maintains its own modeling and forecasting department. The RTPA The in-house staff do project implementation for the Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality (CMAQ) Program. The Fresno COG has an internet-based project system (FresnoTrack) where all members can upload projects, which makes behind-the-scenes work much easier.

The Fresno COG maintains a regional travel demand model (developed through the San Joaquin Valley Model Improvement Program in 2010) that covers Fresno County. This model is used to inform general and specific plans, the Regional Transportation Plan, the Congestion Management Process update, and other planning processes. The model is continuously refined. A recent household travel survey was conducted to update travel models.

Marketing and Transportation Alternatives

The Fresno COG does not provide marketing on behalf of the transit operators. The Fresno COG used to have physical public transit guides available, however, the guides are all available digitally now.

In 2018, the Fresno COG published the Fresno-Clovis Bikeways Map, which provides a map of Class I, II, and III bikeways in the Fresno-Clovis Metropolitan Area. It is also available electronically on the Fresno COG's website.

The Fresno COG's rideshare program is marketed as ValleyRides. The program includes a ride-matching service, commuter and agricultural worker vanpools, a robust carpool incentive program, Emergency Ride Home program, and employer outreach. The ValleyRides carpool incentive program is funded through Measure C. The Fresno COG also uses Measure C to fund its Senior Taxi Scrip program.

The Fresno COG maintains an online presence at www.fresnocog.org. The prior audit included a recommendation to update the website to facilitate easier access to information, which was completed.

Grant Applications and Management

The Finance Director and Accounting Manager handle grant accounting, while the planners prepare the applications. Finance is responsible for figuring out all the behind-the-scenes details, such as what is eligible, what is the local match, how to structure payments, etc. This includes SB-1 planning grants.

The City of Fresno is applying for large infrastructure grants. The Fresno COG participates in projects involving regional funds to help leverage participation.

Unless it is something that involves the RTPA, transit operators are responsible for their own grant monitoring and reporting. If the Fresno COG is the programming and custodial entity, there is more monitoring by Fresno COG planners. The Fresno COG also prepares the regional Active Transportation Plan and handles the award of funds for these projects.

Chapter 7 | Findings and Recommendations

Conclusions

With one exception, the auditors find the Fresno Council of Governments, functioning as the RTPA, to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner. The compliance finding and the recommendation for its resolution, as well as modest recommendations intended to improve the effectiveness of the organization as the RTPA, are detailed below.

Findings and Recommendations

Based on the current review, the auditors submit the following TDA compliance findings:

1. TDA fiscal audits for several operators were completed outside of the extended deadline specified by the State Controller's Office.

The auditors identified one functional finding. While this finding is not compliance related, the auditors believe it is significant enough to warrant inclusion herein:

1. With the Fresno EOC no longer a designated CTSA, management is concerned about securing sufficient funding for vehicle replacement.

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

Compliance Finding 1: TDA fiscal audits for several operators were completed outside of the extended deadline specified by the State Controller's Office.

Criteria: PUC 99245 requires recipients of TDA funds to submit an annual fiscal audit within 180 days of the end of the fiscal year, or with a 90-day extension which may be granted by the RTPA. With the extension, fiscal audits are due by March 31 following the end of the fiscal year.

Condition: In FY 2018/19, the City of Fresno's TDA fiscal audit was completed on April 20, 2020, while the City of Clovis' audit was completed on May 6, 2020. In FY 2019/20, the City of Clovis' audit was completed on March 9, 2022. In FY 2020/21, TDA fiscal audits for the City of Fresno, City of Clovis, and FEOC had not been completed as of April 28, 2022.

Cause: It is likely the COVID-19 pandemic negatively impacted the completion of audits, though this is probably not the only factor.

Effect: When TDA fiscal audits are submitted beyond the established deadline, the operator is out of compliance with the TDA and funding may be withheld until the audit is completed.

Recommendation: Work with operators and TDA auditors to ensure TDA fiscal audits can be completed by the extended deadline.

Recommended Action: The auditors recommend the Fresno COG work with transit operators and TDA auditors to ensure TDA fiscal audits can be completed by the extended deadline. If an operator's TDA fiscal audit is not completed according to the deadline, the Fresno COG must be mindful about withholding TDA funding until the audit is completed. According to the Fresno COG's own TDA claim forms, the audit for the project year minus two must be certified as completed by the operator in order for the TDA claim to be processed and approved. (For example, for FY 2022/23 claims, the FY 2020/21 TDA fiscal audit must be completed.)

Timeline: Ongoing.

Anticipated Cost: Negligible.

Functional Finding 1: With the Fresno EOC no longer a designated CTSA, management is concerned about securing sufficient funding for vehicle replacement.

Criteria: Functions of the RTPA include regional coordination, claimant oversight, and grant applications and management. This includes technical assistance to operators when needed.

Condition: Beginning with FY 2021/22, the Fresno EOC no longer operated as a co-designated CTSA, but as a subrecipient to the City of Fresno (Urban CTSA) and the FCRTA (Rural CTSA). As a result, the FEOC management is concerned about having sufficient funding for vehicle replacement now that it is no longer a CTSA.

Cause: Removal of the CTSA designation may make the FEOC ineligible for some capital funding sources.

Effect: Less funding may be available to replace the FEOC's aging transit fleet.

Recommendation: Work with the FEOC to assist with securing funding for FEOC passenger vehicle replacement.

Recommended Action: Work with the FEOC to identify and apply for funding sources (such as FTA Section 5310) to maintain a state of good repair for the FEOC's passenger fleet.

Timeline: Ongoing.

Anticipated Cost: Variable.

Exhibit 7.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with operators and TDA auditors to ensure TDA fiscal audits can be completed by the extended deadline.	Medium	Ongoing
Functional Recommendations		Importance	Timeline
1	Work with the FEOC to assist with securing funding for FEOC passenger vehicle replacement.	High	Ongoing

The Fresno Council of Government’s Management Response to the two findings and recommendations is provided in Exhibit 7.2.

Exhibit 7.2 Fresno COG Management Response



2035 Tulare St., Ste. 201 tel 559-233-4148
Fresno, California 93721 fax 559-233-9645

April 12, 2022

Kathy Chambers
Moore & Associates

Dear Kathy,

Below are our responses/comments to the audit recommendations. Please let us know if you have any questions.

Recommendation : Work with operators and TDA auditors to ensure TDA fiscal audits can be completed by the extended deadline.

Response: FCOG concurs that the list of delinquent TDA audits have been increasing and falling further behind. This goes beyond the audits of transit operators who receive Article 4 funds and extends to recipients of Article 3 and 8 funds also. FCOG withholds allocation of TDA funds to all claimants who are out of compliance.

There are a number of reasons for TDA audit delinquency.

To keep the TDA audits affordable it must focus on the specific program audit requirements prescribed by the PUC that doesn't encompass testing the cities overall cash balances and internal control for the city as a whole. The CPA firm FCOG employees to perform the audits rely on the city's general purpose audit statements which do address overall cash balances and internal control. Therefore the TDA final audit cannot be issued until the city issues their final general purpose audit. A number of the delinquencies fit this category as various cities appear to be having problems completing their general purpose audit.

Several years ago the line between preparing financial statements (bookkeeping) and attesting to financial statements was indistinct. However, auditing principles have evolved so that presently, bookkeeping and attesting to financial statements are separate functions that shall not be comingled. Various small cities who are continually short of staff became accustomed to their CPA doing a considerable amount of bookkeeping to prepare their financial statements and do not have the resources to take the initiative to schedule their audits in advance. Hence, they are often unprepared when the TDA auditor appears to attest to the TDA financial statements. Similarly, the accounting for some of the Transit operators has gotten considerably more complex resulting in charges to TDA funds that are not readily transparent without additional scheduling. In short, the TDA audit should be a somewhat simple Attest function. The bookkeeping and scheduling should already be done when the auditor arrives for their field visit. However the interactions between the TDA auditor and auditee appear to be increasing in complexity and duration and the work is seldom completed on the scheduled field visit and multiple contact and follow up is often required.

From December 2019 to the present, COVID lockdown protocols severely complicated the interaction between the auditors and auditees.

The auditing firm FCOG employees to perform the audit experienced personnel turnover of the team responsible for the TDA compliance audits. That, in addition to the complications introduced by COVID protocols resulted in a general lack of follow up to various issues on our end. We met with the auditor to discuss the situation and develop a plan for getting the audits back on track. They agreed to the plan to catch up the delinquent audits however it was pointed out that they are already over budget on various engagements due to the complications discussed above. FCOG has agreed to evaluate each case in light of the circumstances and consider amendments to the contract if warranted.

Recommendation: Work with the FEOC to assist with securing funding for FEOC passenger vehicle replacement.

Response:

This is not a compliance finding, however FCOG will respond on a functional basis.

The designated CTSA 's , FAX and FCRTA consider FEOC an integral part of CTSA operations and continue to contract with FEOC for many of the same services FEOC provided when they were designated as a CTSA. The re-designation of the CTSA therefore has no effect on the ability of FEOC to receive funding for vehicle replacement.

On April 23, 2014, FCOG was designated by the Governor as the recipient of Urbanized Area 5310 funds through the Federal Transit Administration. FCOG dedicates the 5310 program to passenger vehicle replacement and has a biennial call for projects. FEOC submits applications through this program and has been consistently awarded bus procurements.

FTA also distributes Small Area 5310 apportionments to Caltrans Division of Rail and Mass Transit (DRMT). DRMT requires eligible recipients to be listed in the Regional Human Social Services Plan prepared by FCOG. FEOC is listed in this document therefore they may wish to look into submitting applications to DRMT for bus replacement.

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