

Appendix C: Auditee Response



April 1, 2022

Ms. Catherine Brady, Director
Sjoberg Evanshenk Consulting
455 Capitol Mall, Suite 700
Sacramento, CA 95814

Re: Pima Association of Governments – Regional Transportation Authority Plan
Fiscal Year 2022 Performance Audit

Dear Ms. Brady:

We have reviewed the recommendations within the above-referenced Performance Audit Report, and our responses are noted following each recommendation:

To strengthen management of total RTA Plan project costs and funding available to mitigate potential funding gaps, RTA should:

Recommendation 1: *On an annual or more frequent basis, require member jurisdictions to submit complete capital project cost estimates and actual expenditure data from regional and local sources. RTA should monitor and summarize the revised cost estimates in addition to all available funding sources to pay for project costs to further enhance RTA's gap analysis.*

Response:

The Auditor General's finding is agreed to, and the audit recommendation will be implemented.

Despite collecting lower-than-anticipated RTA sales tax revenues due to the great recession, the RTA Board demonstrated the capability to fund all the RTA roadway element projects at the voter-approved ballot amounts, as promised, by using non-RTA regional funds.

In the face of new economic and financial uncertainty, it is now even more important that all the RTA partners adhere to RTA plan principles and honor the integrity of the

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promises made years ago to the citizens of this region. The RTA Board has demonstrated strong leadership and urges our members to stay the course in any potential future challenges that may occur in delivery of the remaining RTA projects.

The RTA is actively working with its member agencies to update cost estimates and secure the needed non-RTA revenue resources for cost increases. The RTA will enhance these efforts by requiring regular, accurate reporting by the lead agencies of all non-RTA funding spent on all RTA projects.

The recommendations will be implemented by RTA staff through a comprehensive review of the existing intergovernmental agreements and followed by a request for the lead agencies to confirm their expenses/commitments of non-RTA funding, as shown in the voter-approved RTA plan, or to pledge additional needed non-RTA funding to cover ineligible project costs or incremental cost increases due to locally preferred project scope changes, pursuant to RTA statutes.

Recommendation 2: *Continue working with local jurisdictions to secure needed non-RTA funding for RTA Plan projects before and after the end of the RTA Plan on June 30, 2026.*

Response:

The Auditor General's finding is agreed to, and the audit recommendation will be implemented.

The recommendation will be implemented by RTA staff through a formal request, pursuant to the executed intergovernmental agreements and the board-approved Administrative Code for the lead agencies to confirm:

- lead agencies' pledged local funding commitments as shown in the voter-approved RTA plan
- other committed or officially earmarked local funds to each project
- availability of additional local funding or non-RTA funding needed to complete each project
- commitment of local funds for incremental cost increases due to locally preferred scope expansions

Additionally, the RTA will continue to identify ineligible project costs in its updates to the funding needs analysis report, such as utility expenses that are the sole responsibility of the utility providers (public or private) for roadway improvements. Utility improvement costs shall not be funded by the RTA or other regional transportation funds already committed to the RTA projects, unless confirmed prior rights exist for the utility's use of the rights of ways.

Similarly, floodplain improvements, water and wastewater improvements, or utility relocation costs and all ancillary costs for design, construction and risks associated with

non-RTA related improvements are not eligible RTA expenses, per RTA legislation, and must be borne by each respective responsible entity causing the cost increase.

Also, incremental cost increases due to the locally preferred scope changes are the responsibility of the local entity pursuant to the RTA statutes and will not be borne by the RTA.

The RTA has a fiduciary duty to spend RTA funds per state laws governing the use of RTA tax revenues.

At its sole discretion, however, the RTA Board may consider providing supplemental funding only for eligible RTA-approved expenses and in compliance with the voter-approved RTA project scope elements.

To continue improving its performance measurement framework and provide additional accountability, PAG and RTA should consider the following:

Recommendation 3: *Formally study and quantify the cost-benefit of obtaining raw performance data including the cost of dedicating resources for data refinement, validation, analysis, and reporting.*

Response:

The Auditor General's finding is agreed to, and the audit recommendation will be implemented.

PAG will be reviewing commercially available performance data sets and the validity of the data, as well as the cost of enhancing direct collection of data.

Recommendation 4: *Consider avenues for obtaining actual data such as partnering with other regional or state partners to acquire and prioritize certain key data for performance assessment, in addition to develop a plan with timelines to pursue these avenues so that performance can better be assessed.*

Response:

The Auditor General's finding is agreed to, and the audit recommendation will be implemented.

PAG will continue to consider how it may obtain additional key data to enhance its performance assessment activities.

Recommendation 5: *If modeled data continues to be used for performance measurement, provide sampling and validation of the model output to ensure accuracy of the modeled data. Alternately, provide supplemental or contextual information to the*

PAG Regional Council and RTA Board of Directors regarding data limitations and caveats on actual versus modeled data.

Response:

The Auditor General's finding is agreed to, and the audit recommendation will be implemented.

Model sampling and validation is an ongoing and iterative process. As such, limitations on the use of data will be underscored by PAG. Similarly, data will be clearly identified as either modeled or observed/collected when used for performance measurement reporting for additional context.

We look forward to presenting RTA's progress to the public and state legislators for the second time in the short 15-year life of the RTA plan implementation. As the RTA entered its 15th year, Senate President Karen Fann recognized the RTA's ability to honor its promises to the voters as confirmed in the 10-year performance audit. (Please see attached letter.)

With the RTA's record of keeping our promises, it is anticipated that the voters will once again embrace future investments in our regional mobility and accessibility to enhance the performance of the region's transportation infrastructure.

In closing, we want to thank the audit team as well as the Auditor General and staff from the Auditor General's office for their hard work and dedication in conducting a comprehensive audit and providing a detailed report for PAG and the RTA to use to continue to meet the RTA's statutory and fiduciary duties and deliver on the RTA's promise to the voters.

Sincerely,



Farhad Moghimi, P.E.
Executive Director

cc: RTA Board of Directors
PAG Regional Council
Dale Chapman, Director of Performance Audit Division, Arizona Auditor General
Dot Reinhard, Performance Auditor Manager, Arizona Auditor General

Attachment