

FY 2016-2018
TRIENNIAL
PERFORMANCE
AUDIT



**LASSEN COUNTY
TRANSPORTATION
COMMISSION**

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Submitted to:
Lassen County
Transportation Commission

Submitted by:

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INTERNATIONAL

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Section I

Introduction – Initial Review of RTPA Functions

The Lassen County Transportation Commission (LCTC, Commission) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, fiscal years (FY) 2015–16 through 2017–18. As a regional transportation planning agency (RTPA), LCTC is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue to receive TDA funding.

This performance audit, as required by the TDA, is intended to describe how well LCTC is meeting its administrative and planning obligations under the TDA.

Overview of Lassen County and the LCTC

Lassen County is located in northeastern California, topographically defined by the northern portion of Sierra Nevada Mountain Range and the Lassen National Forest. The county is bordered by Modoc County to the north, Plumas County to the south, Plumas and Shasta Counties to the west, and the State of Nevada to the east. It is the eighth largest in terms of square miles of California's 58 counties with elevation gains of between 4,000 and 8,000 feet above sea level.

Major highways include US Highway 395 and State Routes (SR) 36, 44, and 139. US Highway 395 is the main north–south arterial, connecting Lassen County to Modoc County and Reno, Nevada. SR 36, the main east–west arterial that connects with US Highway 395 in Susanville as well as provides access to Plumas County to the west. SR 139 runs north-south between Susanville and the community of Adin and the junction with SR 299. In addition, State Routes 70, 147, and 299 extend across parts of the County.

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

Table I-1
Lassen County Demographics

City/Jurisdiction	2010 US Census Population	Change from 2000 US Census %	Population 65 Years & Older % (2010 US Census)	2019 DOF Population Estimates	Land Area (in square miles)
Total Lassen County	34,895	+3.2%	9.96%	30,150	4,720.00
City of Susanville	17,947	+32.9%	6.60%	15,008	8.03
Unincorporated Area	16,948	-16.6%	13.51%	15,142	4,711.97

Source: 2010 U.S. Census; California Department of Finance, 2019 Population Estimates

The City of Susanville is the county seat and the county's only incorporated city. The county experienced a slight increase in population in the 2010 US Census. However, the 2019 population for Lassen County has since declined and is estimated to be 30,150 as reported by the California Department of Finance, an almost 14 percent decline from the 2010 Census figures. Lassen County has a large senior citizen population comprised of residents aged 65 and over. Based on the 2010 Census, seniors comprise about 10 percent of the county's population. Other communities and census-designated places include Westwood, Clear Creek, Bieber, Johnstonville, Janesville, Standish, Litchfield, Herlong, Doyle, Milford, Leavitt Lake, Little Valley, Ravendale, Termo and Madeline.

Lassen County was established and incorporated on April 1, 1864. The county was created from parts of Plumas and Shasta Counties and derives its name from Peter Lassen, a well-known trapper and one of John C. Fremont's guides. The local economy has traditionally been dominated by agriculture, mining and timber. However, in recent decades, the county's economy has been reliant on employment from the federal and state correctional facilities as well as the small retail, hospitality and tourism sectors. The \$130 million agricultural sector in Lassen County comprises hay cultivation, livestock, nursery crops and timber products.

Role and Structure of LCTC

LCTC is one of 43 RTPAs in California, created pursuant to Section 29532 of the California Government Code. The principal purpose of RTPAs in rural areas is to:

- Prepare and adopt planning and programming documents required by law, and
- Allocate funds and administer various funding programs that involve cities, counties, and transit operators.

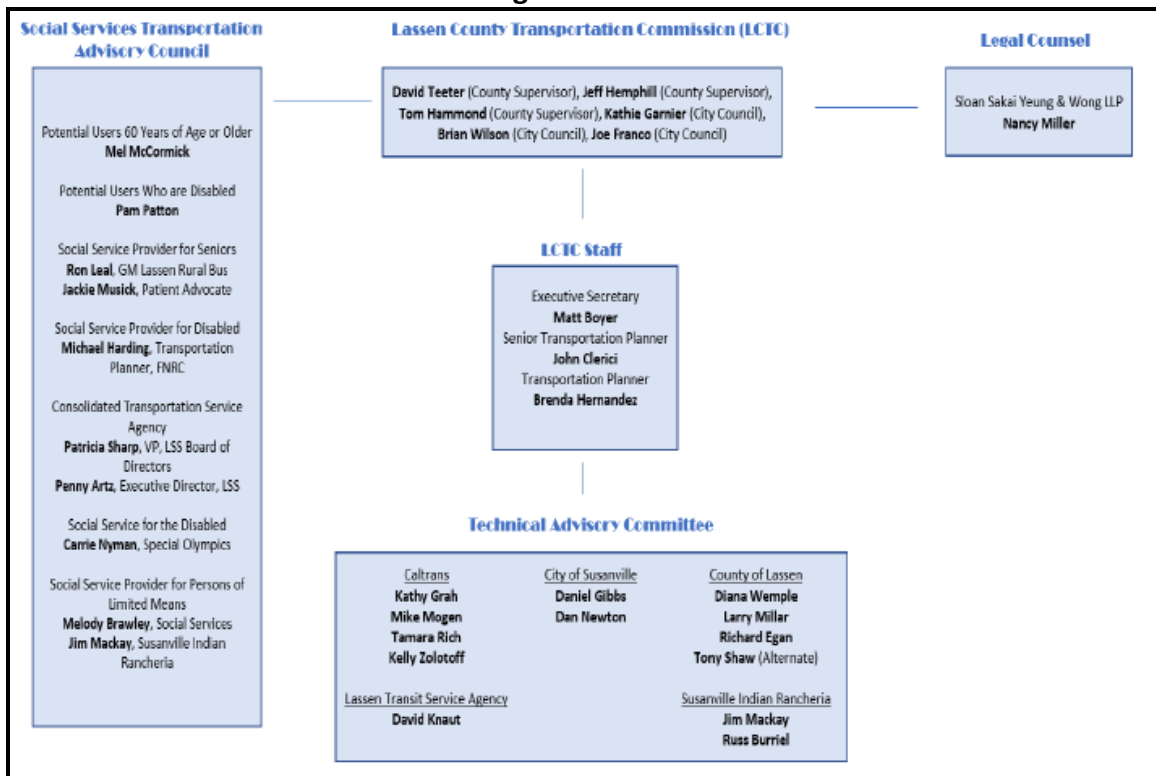
Specific to its role, LCTC was created in 1971 pursuant to Title 3, Division 3, Chapter 2 of California Government Code Section 29535. The mission of LCTC is to prepare, plan, and fund transportation programs for the citizens of Lassen County. As a Local Transportation Commission serving a rural area, LCTC is limited to dealing only with transportation planning issues. It is responsible for the planning and programming of transportation-related funding and projects including the Regional Transportation Plan (RTP) and the Regional Transportation Improvement Program (RTIP) required by state and federal law. Assembly Bill 69 gave the LCTC responsibility for adopting the RTP and AB 402 of 1977 defined elements required in the RTP. AB 620 gave the LCTC responsibility for disbursing State Transit Assistance (STA) Funds. SB 45, effective January 1, 1998, gave the LCTC the responsibility to prioritize projects eligible for State Transportation Improvement Program (STIP) funds. In addition, LCTC guides the following:

- Approval of the allocation of and claims for TDA funds;
- Provision for the distribution and oversight of Local Transportation Fund (LTF) monies;

- Preparation and submission of applications for transportation-related funds;
- Preparation of the annual Overall Work Program (OWP) and OWP progress reports;
- Intergovernmental review and comment on other Caltrans Highway Planning Projects; and
- Encouragement of active citizen participation in the development and implementation of various transportation-related plans and programs.

An organization flow chart of LCTC and its member agencies and committees during the latter part of the audit period are shown in Figure I-1.

**Figure I-1
LCTC Organizational Chart**



Source: LCTC

The Commission was staffed and administered by a Sacramento-based consulting firm pursuant to a professional services agreement. LCTC coordinates activities with the Lassen Transit Service Agency (LTSA), County Planning Department, Native American tribal governments, and state and local government entities. The executive secretary, senior transportation planner and transportation planner provide support to the Commission as well as to the advisory and standing committees as described below.

LCTC – Commission: As the principal governing body, the Commission is composed of six members: three Lassen County supervisors and three City of Susanville city council

members. Each appointing jurisdiction (Council or Board) may also select up to two alternative members to serve in their absence of their respective regular meetings. The Commission also includes non-voting ex-officio representative from Caltrans, District 2. The Commission meets the second Monday of the month at 1:00 p.m. in the Susanville City Council Chambers located at 66 North Lassen Street, Susanville.

Technical Advisory Committee (TAC): The TAC is composed of planning and public works representatives from the County of Lassen and the City of Susanville. In addition, there are representatives from the LTSA, Caltrans, District 2 Office of Community and Regional Planning and the Susanville Indian Rancheria. The purpose of the TAC is to review the technical merits of various issues and projects as well as to coordinate the plans and development of regional transportation improvement programs of projects, transportation planning programs, and transportation funding programs. The TAC meets on an as-needed basis.

Social Services Transportation Advisory Council (SSTAC): The SSTAC is LCTC's only standing committee statutorily (PUC Section 99238) created to serve a broad representation of seniors, persons with disabilities, persons of limited means, social service agencies, and the transit dependent. The SSTAC is composed of the following representation:

- A representative of potential transit users who are disabled;
- A representative of the Consolidated Transportation Services Agency (CTSA);
- A representative of the local social services transportation provider for seniors;
- A representative of a social service transportation provider;
- A representative of a social services transportation provider for persons who are disabled;
- A representative of a social services provider for persons who are disabled;
- A representative of potential transit users who are 60 years of age or older; and
- A representative of the local social services provider for people of limited means;

The council's three tenets are to participate in the identification of transit needs; to participate in the unmet transit needs process; and to advise the Commission on any major transit issues, including the coordination and consolidation of specialized transportation services. The SSTAC meets on an as-needed basis.

Transit Operator Oversight

LCTC approves TDA funds for the LTSA, the entity tasked with the administration and operation of public transportation services within Lassen County under the jurisdiction of the LCTC. The LTSA was created in July 2001 through a Joint Powers Agreement (JPA) between the County of Lassen and the City of Susanville creating the LTSA. Historically, the same members of the LCTC also comprise the LTSA.

The LTSA is responsible for overseeing the operation of the Lassen Rural Bus (LRB) public transit system. The transit service is operated under contract by Paratransit Services, Inc. In addition, LRB operates a complementary demand response Dial-A-Ride service to the Susanville City Route that provides door-to-door transportation to seniors who are 60 years of age and older and persons with disabilities.

Audit Methodology

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

- **Document Review:** Conducted an extensive review of documents including various LCTC files and internal reports, committee agendas, and public documents.
- **Interviews:** Interviewed staff from Matthew C. Boyer & Associates (later independent contractors) and the transit operator, LTSA.
- **Analysis:** Evaluated the responses from the interviews as well as the documents reviewed about LCTC's responsibilities, functions, and performance to TDA guidelines and regulations.

All of the above activities were intended to provide information necessary to assess LCTC'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 sections. In Section II, Michael Baker reviews the compliance requirements of the TDA administrative process. Section III describes LCTC's responses to the recommendations in the previous performance audit. In Section IV, Michael Baker provides a detailed review of LCTC's functions, while Section V summarizes our findings and recommendations.

Section II

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 the RTPA’s conformance with the TDA. Our findings concerning LCTC’s compliance with state legislative requirements are summarized in Table II-1.

TABLE II-1 LCTC Compliance Requirements Matrix		
LCTC 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	LCTC accounts for its claimants’ areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their areas. The Commission annually adopts a resolution approving each LTF allocation and specifying amounts for each claimant. Conclusion: Complied.
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	Public Utilities Code, Sections 99233.3 and 99234	LCTC apportions LTF revenue for bicycle and pedestrian facilities using the statutory budget limit of 2 percent after administration. The apportionment is optional depending on need and availability of revenue. Based on the Findings of Apportionment, LCTC has allocated 62.52 percent of the revenues to the County and 37.48 percent to the City of Susanville. During the audit period, LCTC apportioned LTF for the construction and maintenance of bicycling trails, bicycle safety education programs, and development of a comprehensive

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		<p>bicycle and pedestrian facilities plan. A claim form was submitted by the County for the funds starting in FY 2018-19. A resolution adopted by the Commission approving the local transportation funds for FY 2018-19 shows an allocation to the city and county for pedestrian and bicycle projects.</p> <p>Conclusion: Complied</p>
<p>The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.</p>	<p>Public Utilities Code, Sections 99238 and 99238.5</p>	<p>The role of the SSTAC is to aid the Commission in its review of transit issues, with an emphasis on the annual identification of transit needs in Lassen County. The SSTAC meets as needed and participates on several issues, including an annual public hearing to ensure citizen participation in the transit process and coordination of specialized transportation services.</p> <p>The SSTAC membership conforms to the stakeholder categories pursuant to PUC 99238. Unmet Transit Needs & Reasonable to Meet definitions are reaffirmed in the adopted resolutions.</p> <p>Conclusion: Complied</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</p>	<p>Public Utilities Code, Section 99244</p>	<p>Transit performance data are provided to the LCTC through the LTSA, which administers public transit services in Lassen County.</p> <p>LCTC has not established a separate committee for the purpose of providing direction on productivity improvements (e.g.,</p>

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LCTC Compliance Requirements	Reference	Compliance Efforts
<p>jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> • A committee for the purpose providing advice on productivity improvements may be formed. • The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation which exceeds its prior year allocation. 		<p>transit operators committee); however, the SSTAC could fulfill this function if additional meetings are held by LCTC to focus on productivity improvements of the transit operator.</p> <p>In addition, LCTC commissions the triennial performance audit as well as assists in the funding of the Lassen County Transit Development Plan updates, which detail productivity improvements.</p> <p>Conclusion: Partial compliance</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>LCTC maintains records of TDA claimant submissions of annual certified fiscal and compliance audits. The firm of SingletonAuman PC was retained to conduct the fiscal audit for FY 2016. The firm of Donald R. Reynolds, CPA was retained to conduct the fiscal audit for FY 2017. The firm of Richardson & Company, LLP was retained to conduct the fiscal audit for FY 2018. These audits were completed for LTSA.</p> <p>The completion dates were:</p> <p>FY 2016: January 15, 2017 FY 2017: February 28, 2018 FY 2018: July 12, 2019</p> <p>The FY 2018 fiscal and compliance</p>

TABLE II-1 LCTC Compliance Requirements Matrix		
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		<p>audit was submitted after the 90 day extension as allowed by the RTPA due to Commission personnel turnover and the late procurement of a new independent auditor.</p> <p>There have not been fiscal audits conducted for the city or county when TDA funding for bike and pedestrian projects is allocated.</p> <p>Conclusion: Partial compliance</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 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>	<p>Public Utilities Code, Sections 99246 and 99248</p>	<p>For the current three-year period, LCTC retained Michael Baker International to conduct the audit of the RTPA and LTSA.</p> <p>SingletonAuman, PC was retained to conduct the previous audit for the three fiscal years that ended June 30, 2015.</p> <p>Conclusion: Complied</p>
<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</p>	<p>Public Utilities Code, Section 99246(c)</p>	<p>Neither LCTC or LTSA could locate any letter or email to Caltrans regarding the submittal of the prior TDA Triennial Performance Audits. LTSA reached out to former staff but they no longer had emails from that time. The</p>

TABLE II-1 LCTC Compliance Requirements Matrix		
LCTC Compliance Requirements	Reference	Compliance Efforts
audits of the operators located in the area under its jurisdiction have been completed.		current performance auditor reached out to Caltrans Sacramento and it was confirmed with Caltrans that the LCTC and LTSA performance audits were submitted to the agency at some point after their completion. Conclusion: Complied
The performance audit of the operator providing public transportation service shall include a verification of the operator's operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include, but not be limited to, 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	Public Utilities Code, Section 99246(d)	The performance audit of the LTSA includes all required elements. Conclusion: Complied
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.	Public Utilities Code, Section 99270.1 and 99270.2	This compliance requirement is not applicable as the LTSA does not serve an urbanized area. Conclusion: Not Applicable

TABLE II-1 LCTC Compliance Requirements Matrix		
LCTC Compliance Requirements	Reference	Compliance Efforts
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.	Public Utilities Code, Section 99275.5	Lassen Senior Services (LSS) is the designated CTSA in Lassen County. LSS is represented on the SSTAC and provides specialized transportation service to their clients as well as nutrition programs. LSS does not claim Article 4.5 funds. LCTC has not adopted rules and regulations for Article 4.5 claims; however, Commission staff are considering rules and regulations for possible funding under this part of TDA and will consult with the SSTAC. Conclusion: Not applicable
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes. (Note: Since the June 9, 1990 passage of Proposition 116, state transit assistance funds may no longer be used for street and road purposes, as had been permitted in certain cases under PUC Section 99313.3).	Public Utilities Code, Sections 99310.5 and 99313.3 and Proposition 116	LCTC allocates State Transit Assistance (STA) funds for transit purposes only. A resolution is adopted by the Commission for use of STA. Conclusion: Complied
The amount received pursuant to Public Utilities Code, Section 99314.3; by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	Public Utilities Code, Section 99314.3	LCTC allocates operator revenue-based STA funds to the LTSA in accordance with the amounts published by the State Controller's Office. LTSA is the only eligible claimant of this fund. Conclusion: Complied
If TDA funds are allocated to purposes not directly related to public or specialized	Public Utilities Code, Section 99401.5	LCTC conducts an annual unmet transit needs process to solicit comment and feedback on

**TABLE II-1
LCTC Compliance Requirements Matrix**

LCTC Compliance Requirements	Reference	Compliance Efforts
<p>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 Public Utilities Code, 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 services; • Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet;” • Identified the unmet transit needs and those needs that are reasonable to meet; Adopted a finding 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</p>		<p>potential transit needs. Although no TDA is allocated to streets and roads, LCTC continues to conduct a formal unmet needs process as a venue to work with the community and identify transit needs. LCTC works through the SSTAC and cooperatively with the LTSA, for this process. The LTSA also solicits and compiles transit needs from the public year-round at its board meetings. LCTC adopts resolutions of the findings of unmet needs based on recommendations made by the SSTAC. Following the process, the unmet transit needs package is submitted to Caltrans for acceptance and closure for the fiscal year.</p> <p>Conclusion: Complied</p>

TABLE II-1 LCTC Compliance Requirements Matrix		
LCTC Compliance Requirements	Reference	Compliance Efforts
roads.		
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 transportation development act and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following the fiscal year close.	California Administrative Code, Section 6662	<p>The accounting firm of SingletonAuman, PC conducted the financial audit of LCTC in for FY 2016. Donald R. Reynolds, CPA. conducted the financial audit for FY 2017. The firm of Richardson & Company, LLP was retained to conduct the fiscal audit for FY 2018.</p> <p>LCTC also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p> <p>Conclusion: Compliance</p>

Findings from RTPA Compliance Requirements Matrix

LCTC has satisfactorily complied with most applicable state legislative mandates for RTPAs. Partial compliance was made for several compliance measures including 1) submittal of the LTSA financial audits by the extension timeline; 2) recommending productivity improvements for the transit operator; and 3) fiscal audits conducted for all TDA claimants. LCTC could summon the SSTAC for more than just unmet transit needs and discuss transit performance and work towards productivity and/or service improvements. Also, while required TDA fiscal audits have been conducted for LTSA and LCTC, there is no indication that the fiscal audits have been conducted for the city and county for receipt of TDA funding for bicycle and pedestrian projects.

One compliance measure that did not apply to LCTC pertains to adopting rules and regulations for TDA claims under Article 4.5. There were no such claims submitted during the audit period. Also, regarding allocations for bicycle and pedestrian projects under PUC 99234, there is no specificity in the use of the funds in the claim form submitted by the County. This makes it difficult for LCTC to track how the funds were spent. The claim form submitted by the County should include greater detail for the purpose of the funds such as identifying a specific project.

Section III

Prior Triennial Performance Audit Recommendations

This chapter describes LCTC's response to the recommendations included in the prior triennial performance audit. Each prior recommendation is described, followed by a discussion of the agency's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

We recommend LCTC prepare preliminary findings of areas of apportionment using estimates of anticipated sales tax revenue provided by the County's Auditor-Controller along with expecting to be carried over from the current fiscal year. This schedule should be distributed to jurisdictions by March 1st. Claims should be submitted and decisions made on next year's allocations before the start of the fiscal year.

Actions taken by LCTC:

During the audit period through FY 2017-18, LCTC had not prepared findings of apportionments for LTF. Following the change in LCTC administrative management from the County to a private consultant in late 2017, LCTC began providing staff reports and Commission resolutions adopting LTF apportionment estimates for FY 2018-19, and more recently for FY 2019-20. The staff report summarizes the estimate and the allocation priorities.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 2

We recommend LCTC formally analyze and recommend productivity improvements that could potentially lower the operating cost of operators in compliance with PUC section 99244.

Actions taken by LCTC:

As discussed in the compliance section of this performance audit, LCTC makes effort to provide productivity improvements for the transit system. They include collecting transit performance data through the LTSA, commissioning the triennial performance audit, and assisting in the funding of the Lassen County Transit Development Plan updates, which detail productivity improvements.

While LCTC has not established a separate committee for the purpose of providing direction on productivity improvements (e.g., transit operators committee), the SSTAC could fulfill this function if additional meetings are held by LCTC to focus on productivity improvements of the transit operator. A more formal undertaking of productivity improvement recommendations could be developed if LCTC and SSTAC decide to engage further beyond only for unmet transit needs. An analysis of performance measures and trends against benchmarks, explanations for changes in cost and ridership, and recommendations for improvement could provide a basis for a more formalized productivity improvement program.

Conclusion:

This recommendation has been partially implemented and is forwarded for ongoing consideration and implementation.

Section IV

Detailed Review of RTPA Functions

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

- Administration, management, and coordination
- Transportation planning and programming
- TDA claimant relationships and oversight
- Marketing and transportation alternatives
- Grant applications and management

Administration, Management, and Coordination

LCTC has gone through administrative changes during the audit period. LCTC contracted with County of Lassen Public Works personnel for Commission administration through most of 2017. The County Administrative Officer served as the executive secretary for the Commission.

In September 2017, Matt Boyer & Associates was retained to provide contract management and administration for the Commission. The contract included the firm's principal serving as Commission executive secretary, and transportation planning positions being filled. This relationship between the Commission and the private firm remained in place until January 2019 when the principal no longer was able to serve in the capacity.

Each year, LCTC prepared the Overall Work Program which is a required document that lays out the annual work plan for the Commission. The OWP advances short- and long-range transportation plans and projects, and prioritizes transportation planning projects when using State and Federal transportation funds. The OWP is developed in coordination with Caltrans which approves the work plan. LCTC and Caltrans track funding sources for the OWP against the expenditure programs. Funding sources include Rural Planning Assistance (RPA), Local Transportation Fund (LTF), Planning,

Programming, & Monitoring (PPM), Sustainable Communities Grant, and Grant Local Match.

Improvements were made to the OWP by Matt Boyer & Associates to mirror planning and programming descriptions, technical attachments, and budgets that are consistent with other transportation commission OWP's and produce a deliverable more in line with Caltrans requirements.

The type of eligible program expenditure against LCTC funding sources was clarified with Caltrans as OWP implementation was tracked. Funding sources such as RPA and PPM have restrictions as to what Commission activities are eligible for reimbursement by Caltrans from these funds. Commission planning and programming activities have been structured in the OWP to meet the eligibility requirements.

Transportation Planning and Programming

Planning and Programming projects identified in the OWP during the audit period include Regional Transportation Planning, Transportation System Planning and Management, Public and Special Transportation, Aviation Facilities, Trail/Pedestrian Facilities, Transit Planning, Vehicular Wayfinding, and Susanville Indian Rancheria Sustainable Communities Grant.

Within the Transportation System Planning and Management work element, activities are undertaken to support updates to the Regional Transportation Improvement Program (RTIP). The activities include traffic counts, maintenance of pavement management system, and coordination with Caltrans on impacts of State Route Development/System Management Plans. LCTC staff has worked with staff of the City of Susanville to prioritize local projects in the RTIP submittal.

Under the Public and Special Transportation work element, LCTC coordinates with LTSA on monitoring of transit productivity and provides some recommendations for service adjustments. For example, during the audit period, two low performance routes were recommended for discontinuation while increasing service on more heavily used routes. Funding for capital projects planning and procurement is coordinated between the agencies including State Proposition 1B sources.

LCTC adopted the long range 2017 Regional Transportation Plan in February 2018 with the assistance of a consultant. Request for Proposals for the RTP update were circulated in the fall of 2016. The RTP serves as the planning blueprint to guide transportation investments in Lassen County involving local, state and federal funding over the next twenty years. Goals and policies were reviewed including projects for the 20 year period. LCTC attended California Transportation Commission meetings as needed to support the RTP policies and projects.

The overall focus of the 2017 RTP is directed at developing a coordinated and balanced multi-modal regional transportation system that is financially constrained to the revenues anticipated over the life of the plan. The coordination focus brings the County, Caltrans, the City of Susanville, government resource agencies, commercial and agricultural interests, Susanville Indian Rancheria and citizens into the planning process. The balance is achieved by considering investment and improvements for moving people and goods across all types of transportation including automobiles, public transit, bicycle, pedestrian, trucking, railroad, and aviation. Financially constrained transit projects in the RTP include shelter improvements, signage, downtown transit center, bus replacement, and operating costs.

Transportation improvements in the RTP are identified as short-range/constrained (2017-2027) or long-range/unconstrained (2028-2037). The RTP must be updated every four years; the last RTP update was adopted in 2012.

A public participation process included individual contact with stakeholders, Tribes, and resource agencies. Public meetings, public notice of review periods, public surveys, public hearings and advisory committee meetings were held which are consistent with the 2010 RTP Guidelines and the Lassen County Transportation Commission Public Participation Plan and Policy. Information regarding project lists identified in the RTP was made available for review at community meetings. Specific groups and stakeholders, including economic interests and Native American Tribal Governments were notified of RTP developments and invited to public meetings individually by mail. Outreach was conducted with other governmental entities including the Susanville Indian Rancheria, City of Susanville, County of Lassen, as well as with the public.

The 2018 Regional Transportation Improvement Program (RTIP) programming document was adopted by LCTC in December 2017. The recommended State Transportation Improvement Program (STIP) programming completes 6 projects that were previously partially-funded in the STIP. This is a major milestone for the Lassen County region. LCTC gave priority to completing projects with previous STIP funding. RTIP provides the funding needed to complete long-standing priority infrastructure projects like Skyline Drive, and the State Route 36 South-East Gateway projects which will provide needed improvements to local and regional mobility, and are critical elements of economic revitalization.

TDA Claimant Relationships and Oversight

As all Local Transportation Funds (LTF) have been used for public transit purposes, state law does not require LCTC to undertake a formal unmet transit needs process. However, LCTC is commended for continuing this practice and working to solicit unmet transit needs. A public workshop is held each year in compliance with the statute, which requires at least one public hearing in the citizen participation process. LCTC provides proper legal noticing and advertising of the public hearing in general circulation

publications (Susanville, Lassen County Times), and a meeting flyer to the SSTAC meeting. The definitions of “unmet transit needs” and “reasonable to meet” are reaffirmed by resolution each year by the LCTC board. A formal finding of unmet transit needs that are reasonable to meet is made to LCTC for adoption by resolution. For the three year audit period, no unmet transit need was found to be reasonable to meet.

In its capacity as a regional transportation planning agency (RTPA) for TDA administration, LCTC administers and allocates TDA revenues to eligible claimants, including for public transportation. LCTC’s total audited TDA allocations for administration and plans/programs during the fiscal years addressed by this audit were \$11,210 in FY 2015–16, \$8,729 in FY 2016–17, and \$160,000 in FY 2017–18.² The FY 2017-18 allocation reflects full administration cost including for contracted management and administration of LCTC provided by a private firm. Prior to this, County staff were contracted with LCTC to provide management and administration. County costs are shared and distributed among County Public Works and separate budget accounts.

Documentation of the LTF allocation process as prescribed in the TDA statute was enhanced following the change in LCTC administration to the private consultant. Although the enhancements were provided beginning in the fiscal year after the audit period, it is noted that this improvement more clearly outlines how the LTF revenues are allocated to each expense type. In the LCTC Findings of Apportionment, a schedule shows, in order, the following allocations consistent with the statute:

1. LTF available for allocation
2. Claimant allocations
 - a. TDA administration
 - b. Planning and Programming
 - c. Pedestrian and bicycle facilities
 - d. Public transportation

According to the Findings of Apportionment, at the end of FY 2017-18, the projected carryover of LTF was estimated at \$1.1 million. This was in addition to the next fiscal year’s estimated revenue generation. Given the annual funding request for the above uses did not reach the total of the carryover plus new annual revenue, LCTC created a capital sinking fund and a one-time operating reserve fund for LTSA. This was developed as a way to redistribute the balance that had originally been put in separate County funds for transit by prior LCTC management but not drawn down. With transit service and capital projects largely meeting rider demand due to a declining population base,

² FYs 2016, 2017, and 2018 Audited Financial Statements, Schedule of Allocations & Expenditures – Local Transportation Funds Disbursement under PUC Sections 99233.1 and 99233.2.

LCTC has also considered allowing the city and county to claim these funds for street and road use.

The allocation of both LTF and STA was provided through an annual resolution for adoption by the LCTC board. This process was further improved after the audit period based on staff reports and adopting board resolutions. The staff report includes board actions that clearly outline the approval process such as authorizing staff to approve claims consistent with the apportionments, and authorizing staff to transmit allocation instructions to the Lassen County Auditor for disbursement of LTF and STA funds for the fiscal year.

Funding is typically requested by an eligible recipient such as LTSA through a claim form furnished by the transportation planning agency. The claim form is used to show the amount being requested, the purpose for the funds, and compliance with various TDA rules and regulations as a condition of funding receipt. Samples of these rules and regulations for transit that are attached to the claim include providing current and claim year budgets, assurance of completion of the fiscal compliance audit and state controller's report, completion of CHP terminal and pull notice inspections, and progress in implementing prior performance audit recommendations. This type of claim form and backup materials is industry practice, but is not being used in Lassen County. A sample of such claim form and required documentation for transit is provided to LCTC staff for review and is scalable to fit local need.

Marketing and Transportation Alternatives

The LCTC website (<https://www.lassenctc.com/>) is refreshed with a modern appearance. Menu options on the home page include links to the SSTAC, planning and improvements to highways 36 and 395, Commission meetings and agendas, document library, notices such as RFPs/RFQs, and contact information. Information under each of the menu options is cleanly laid out and easy to navigate. The meetings and agendas page provides monthly board agendas and meeting minutes in chronological order by date, and goes back several years to 2016. This level of agenda record keeping and digitization for placement on the website is commendable and assures greater transparency with LCTC business. The County of Lassen website also provides reference to LCTC and a weblink to the LCTC website.

Limited information about LTSA as a transportation alternative is provided on the LCTC website. The LTSA transit development plans, and agency budgets and audits are available under the menu options through links. LTSA and Lassen Rural Bus information is provided on a separate website (<http://lassentransportation.com/>) containing detailed information about the bus service schedule as well as LTSA board actions.

Grant Applications and Management

LCTC provides support to the LTSA and the Susanville Indian Rancheria for various state and federal grant programs available for transit. LCTC provides programming assistance for the selection of projects to use state and federal grant funds available to the Commission. LCTC supports the Susanville Indian Rancheria (SIR) Sustainable Communities Grant on long-range planning efforts that address future land use, economic development, traffic demand, public safety, and health and social needs, tribal cultural preservation planning and public involvement. LCTC coordinates with the SIR on project oversight and reporting and reimbursement with Caltrans.

For transit, LCTC provides allocation and programming of funds under the California Cap and Trade program for transit through the Low Carbon Transit Operations Program (LCTOP). LCTC also submits a Program of Projects that identifies subrecipients and projects to receive FTA Section 5311 rural transit funds in their planning area by December 31 of each year. Further, LCTC supports LTSA in its application of Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds and Transit System Security for capital acquisition. Funding from the PTMISEA program has been used for improvements to bus maintenance facilities and road signs. At the beginning of the audit period, LTSA had \$715,458 in PTMISEA grant funds. LTSA expended \$183,886 in FY 2016; \$404,994 in FY 2017 for bus maintenance bay expansion; and \$7,826 in FY 2018. In addition, LTSA received and expended \$72,061 of CalOES funds in FY 2018 for security cameras and vaults for buses.

Section V

Findings and Recommendations

The following material summarizes the findings obtained from the triennial audit covering FYs 2016 through 2018. A set of recommendations is then provided.

Findings

1. LCTC has satisfactorily complied with most applicable state legislative mandates for RTPAs. Partial compliance was made for several compliance measures including 1) submittal of the LTSA financial audits by the extension timeline; 2) recommending productivity improvements for the transit operator; and 3) fiscal audits conducted for all TDA claimants. While required TDA fiscal audits have been conducted for LTSA and LCTC, there is no indication that the fiscal audits have been conducted for the city and county for receipt of TDA funding for bicycle and pedestrian projects.
2. Regarding allocations for bicycle and pedestrian projects under PUC 99234, there is no specificity in the use of the funds in the claim form submitted by the County. This makes it difficult for LCTC to track how the funds were spent. The claim form submitted by the County should include greater detail for the purpose of the funds such as identifying a specific project.
3. Of the two prior performance audit recommendations, LCTC implemented one and partially implemented the other. The recommendation implemented pertains to LCTC adopting a findings of apportionment of local transportation funds, while the recommendation partially implemented concerns LCTC's capability to formally analyze and recommend productivity improvements for the transit operator, LTSA.
4. LCTC has gone through administrative changes during the audit period. LCTC contracted with County of Lassen Public Works personnel for Commission administration through most of 2017. In September 2017 and through the remaining audit period, Matt Boyer & Associates was retained to provide contract management and administration for the Commission.
5. Improvements were made to the Overall Work Program to mirror planning and programming descriptions, technical attachments, and budgets that are consistent with other transportation commission OWP's and produce a deliverable more in line with Caltrans requirements.
6. The long range Regional Transportation Plan was updated in 2018 with assistance from a consultant. LCTC personnel attended California Transportation Commission

meetings as needed to support the RTP policies and projects. Outreach was conducted with other governmental entities including the Susanville Indian Rancheria, City of Susanville, County of Lassen, as well as with the public.

7. As all Local Transportation Funds (LTF) have been used for public transit purposes, state law does not require LCTC to undertake a formal unmet transit needs process. However, LCTC is commended for continuing this practice and working to solicit unmet transit needs.
8. Documentation of the LTF allocation process as prescribed in the TDA statute was enhanced following the change in LCTC administration to the private consultant. This improvement more clearly outlines in the findings of apportionment how the LTF revenues are allocated to each expense type. However, LCTC does not use a claim form for fund requests that is general industry practice.

Triennial Audit Recommendations

1. Tighten oversight of LTF expenditures for bicycle and pedestrian projects.

LCTC allocates LTF to the local jurisdictions for bicycle and pedestrian projects as enabled under PUC 99234. These allocations are contained in a resolution adopted by the Commission as part of the total LTF distribution. The claim form includes a purpose statement for the county to describe use of the funds, but the description included by the county does not specify a project that can be tracked by the Commission and how the funds were used. Rather, the description in the claim form is general and does not provide specifics. For example, the claim form could indicate the purpose of the funds will provide matching funds to construct a particular (name of) trail or bike facility. This level of detail will allow the Commission to track the status of the fund expenditure and provide a rationale for the fund allocation. Also, a fiscal audit or some form of independent accounting should be conducted for the LTF funds allocated to the city and county as another way of tracking expenditure and compliance with the project purpose described in the claim.

2. Consult with SSTAC on CTSA funding.

The CTSA role is currently held by Lassen Senior Services which provides specialized transportation service to their clients as well as nutrition programs. A PUC section carves out potential TDA funding for CTSA activities that LCTC should consider. The Commission must first adopt 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. A claim form, in turn, will be required by LSS to possibly access this funding for CTSA services that fill transportation gaps not provided by the public transit system. LCTC should consult with the SSTAC on CTSA services and whether TDA funding could enhance existing service to fill unmet needs.

3. Further evaluate a formalized program to recommend transit productivity improvements.

As discussed in the prior performance audit section and carried forward, while LCTC has not established a separate committee for the purpose of providing direction on productivity improvements (e.g., transit operators committee), the SSTAC could fulfill this function if additional meetings are held by LCTC to focus on productivity improvements of the transit operator. A more formal undertaking of productivity improvement recommendations could be developed if LCTC and SSTAC decide to engage further beyond only for unmet transit needs. An analysis of performance measures and trends against benchmarks, explanations for changes in cost and ridership, and recommendations for improvement could provide a basis for a more

formalized productivity improvement program. The membership of Lassen Senior Services in the SSTAC could provide additional opportunities for coordinated services between public transportation and specialized service such as nutrition and independent living.

4. Develop a TDA transit claim form that meets industry practice.

As discussed in the functional review section of the audit, TDA funding is typically requested by an eligible recipient such as LTSA through a claim form furnished by the transportation planning agency (LCTC). The current claim form used by LCTC is a one page form that contains general information as to the purpose and amounts along with signatures of LCTC and claimant personnel. However, industry practice shows that claim forms should provide information sufficient for RTPAs such as LCTC to make sound decisions and any conditions of approval in allocating the TDA funds. Claim forms typically show the amount being requested, the specific purpose for the funds such as operations and/or capital, and compliance with various TDA rules and regulations as a condition of funding receipt. Samples of these rules and regulations for transit that are attached to the claim include providing current and claim year budgets, assurance of completion of the fiscal compliance audit and state controller's report, completion of CHP terminal and pull notice inspections, and progress in implementing prior performance audit recommendations.

For State Transit Assistance Fund claims, the form should also include a criteria whether the operator has complied with the efficiency test for eligibility to determine what proportion of funds can be used for operations and capital expenses. This test has been shared with LTSA which has provided calculations to include in the claim.

A sample of a TDA claim form and required documentation for transit is provided to LCTC staff for review and is scalable to fit local need.