

Triennial Performance Audit
of the
Lassen County Transportation Commission
For The Three Years Ended
June 30, 2012

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Certified Public Accountants & Consultants

Lassen County Transportation Commission
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INDEPENDENT AUDITORS REPORT

Commissioners of the
Lassen County Transportation Committee
Susanville, California

We have conducted a performance audit of the Lassen County Transportation Commission for the three years ended June 30, 2012. The results of our audit and related recommendations and comments are contained within this report.

We conducted our audit in accordance with the standards applicable to performance audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and with the guidance contained in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, Published by the California Department of Transportation. The purpose of this performance audit is to evaluate the efficiency, effectiveness, and economy of the Lassen County Transportation Commission

This report is intended solely for the information and use of the management of the Lassen County Transportation Commission and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Haws, Theobald & Auman, PC

Haws, Theobald & Auman, PC

October 12, 2012

Executive Summary

We were engaged to conduct a performance audit of Lassen County Transportation Commission. This audit was performed in accordance with Government Auditing Standards and was designed to satisfy the requirements specified in Public Utilities Code section 99246 to evaluate the efficiency, effectiveness and economy of the organization's operations. This audit covers a three year fiscal period beginning July 1, 2009 and ending June 30, 2012. Our audit consisted of three main areas of focus that included a review of compliance with the Transportation Development Act, a review of functional areas and review of the status of prior year performance audit recommendations. This summary presents our findings and recommendations.

During the course of our performance audit, we assessed Lassen County Transportation Commission's (LCTC/the Commission) compliance with applicable laws, rules and regulations as prescribed by the Transportation Development Act (TDA). Our compliance audit findings are briefly noted here and discussed in detail beginning on page 9. Our audit found LCTC satisfied all of the compliance areas specified in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

We also examined the key functional areas of operations. Our functional audit findings are noted here and are discussed in detail beginning on page 15. We believe that LCTC filled a range of regional roles and responsibilities for Lassen County. LCTC's responsibilities were carried out in an efficient and affective manner using a small staff and limited resources, over a large service area. Our recommendations for improvements are noted below.

Compliance Audit Findings

1. The commission apportioned and allocated LTF funds and processed claims in accordance with the requirements of the TDA. We noted that LCTC does not incorporate a designated claim form or have written instructions for claims filing and processing. LCTC maintained schedules of carryover apportionments by jurisdiction which it updated at the end of each fiscal year in the audit period. All claims were paid from the proper area of apportionment and apportionment balances were not exceeded.
2. LCTC sets aside up to 2 percent of county-wide revenues to be used for pedestrian and bicycle facilities. The Commission incorporated specific claims filing procedures when it adopted the County-Wide Master Bicycle Plan in November of 2011.
3. LCTC has a Social Services Transportation Advisory Council (SSTAC) that meets the requirements of the TDA and the minutes of its meetings reflected discussion of several potential unmet transit needs. The annual citizen participation process through public hearings was conducted as required by law. Annual hearings included comments from individuals and organizations that identified possible unmet transit needs.
4. LCTC exercised its discretion to form an informal productivity committee. Issues were discussed, but no formal recommendations for improvements were made to management and transit operator staff. The claim approval process did not document that an evaluation was made about efforts by the transit operator to implement recommendations.

5. LCTC requires and obtains fiscal audits of claimants as required by law. LCTC has contracted to have a performance audit of its activities and Article 4 claimants, and has submitted audits to the State Controller in compliance with these requirements.
6. LCTC enforces state and local fare box ratio requirements and these were met by the transit operator during the audit period.
7. LCTC followed the unmet needs process that complied with the requirements of the law and concluded that there were no unmet transit needs which were reasonable to meet. As required by statute, LCTC did not approve claims for non-transit related purposes until needs which it determined were reasonable to meet, had been satisfied.
8. State Transit Assistance (STA) funds were allocated only for eligible transit purposes. We noted the Commission's Policy and Procedures manual limits STA allocations to public transit purposes, and the Commission adhered to the requirements during the audit period.

Functional Audit Findings

1. The Commission conducts its business in an organized manner mostly because of experienced, knowledgeable staff. Some procedural processes have not been formally documented. Any loss of key staff members will impact the Commission's ability to continue performing at existing levels of efficiency until vacant staff positions are adequately filled and processes are documented.
2. The Commission's board is well-informed of local transportation challenges and issues. We found the Commission's activities fulfilled, in its role to provide effective direction to management. Minutes to the Commission meetings reflect discussion of a variety of relevant issues. The Commission's minutes indicate other individuals, such as members of management, transit operator staff or Caltrans representatives, who were present at the meetings.
3. LCTC, as the transportation planning agency, coordinated its activities with several other agencies in the area, including the Modoc County Transportation Commission. The Regional Transportation Plan has not been updated recently and is needed to address important issues using relevant data.
4. TDA funds were generally administered timely using a standard claim form. The Commission's records indicated that steps were taken to determine if the certification from the California Highway Patrol has been received or that the efficiency standards required for the allocation of State funds for operating purposes had been met.
5. LCTC has incorporated a flowchart for determining when claims for street and road projects can be paid to jurisdictions. Part of this process involves notifying jurisdictions of the balances available to them so they can file claims with the Commission. LCTC performs this notification after all transit claims have been paid and LTF revenue for the year have been received. TDA regulations advise that the process of notification should take place by March 1st of each year for the next fiscal year.
6. Overall marketing efforts by LCTC were sufficient for the area of operations. Public transportation marketing and advertising responsibilities have been assigned to transit operator staff. Because the Commission and Lassen County Transit Service Agency

use the same staff, marketing efforts were performed collectively as a group. The lassentransportation.org website provides a significant amount of information about LCTC and its operations.

Recommendations

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. The TDA manual provides for the following timetable:

<u>Date</u>	<u>Task</u>	<u>TDA</u>
February 1	County Auditor furnishes LTF estimate to LCTC	6620
March 1	LCTC advises LTF claimants of anticipated area	6644
April 1	Claimants file for LTF and STA funding	6630, 6732
June 30	LCTC determines allocations and transmits	6659

Recommendation #2

The Regional Transportation Plan has not been updated recently. The Commission should consider updating this plan, to better serve the users of the system.

Recommendation #3

LCTC does not formally analyze and recommend productivity improvements that could potentially lower the operating cost of operators in compliance with PUC section 99244.

Introduction

This is the performance audit report of Lassen County Transportation Commission (LCTC) as the designated Regional Transportation Planning Agency (RTPA) for Lassen County, covering the three years ended June 30, 2012. The California Transportation Development Act (TDA) requires that each transportation planning agency have a triennial performance audit of its activities. As provided in Public Utilities code (PUC) Section 99246, the purpose of the performance audit is to “evaluate the efficiency, effectiveness, and economy of the operation of the entity being audited.”

This performance audit follows the guidance given in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, published by the California Department of Transportation division of Mass Transportation in January 1991. This audit was also conducted in accordance with the efficiency, economy and effectiveness standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The methodology consisted of questionnaires completed by planning agency staff, review of pertinent documents, including published plans and guides, the prior performance audit, minutes, resolutions, staff reports and memoranda, and the LCTC organization and procedure manual and interviews of agency staff.

The audit focus is primarily on the administration of the Transportation Development Act and transit planning. This report includes the following items:

- A description of LCTC
- Administration of TDA funds, including determination of apportionment , claims processing and allocations to claimants.
- Enforcement, monitoring and assistance with respect to TDA requirements
- Administration of the unmet needs hearing process
- Planning assistance to claimants and efforts to promote coordination of service
- LCTC organization governance, and staffing to fulfill TDA and related responsibilities including transportation planning regional coordination and marketing.
- A review of actions taken on prior performance audit recommendations
- Recommendations for improving performance and/or compliance with TDA requirements

Description of the Agency

Roles and Responsibilities

Lassen County Transportation Commission is a statutory organization formed in 1971 by State legislation. As the County's regional transportation planning agency, LCTC is responsible for Transportation planning, programming, and fund allocation, as required by the state of statutes. This includes the annual allocation of Transportation Development Act funds, as well as federal and local funds for highway, transit, rail, bicycle and other transportation projects.

In 1972, the Mills-Alquist Deddeh Act (also known as the Transportation Development Act (TDA)) was passed by the California legislature. The purpose of the act was to develop and maintain a public transportation system within California and to give regional entities discretion on the efficient and affective use of these funds. The TDA provides for two major sources of funding. The Local Transportation Fund (LTF), and the Sate Transit Assistance (STA) fund. In conjunction with the sales tax funding, the legislature created Regional Transportation Planning Agencies (RTPA) throughout the state to administrate this new funding.

LTF revenues are derived from ¼ cent of the 7.25 percent retail sales tax collected statewide. The ¼ cent is returned to the County by the State Board of Equalization according to the amount of taxes collected in the County. The STA funds are derived from the statewide sales tax on gasoline and diesel fuel and are distributed by the State Controller's Office in accordance with an apportionment formula. Other revenue sources include state and federal grants, including Rural Planning Assistance (RPA) and State Transportation Improvement Program Planning, Programming and Monitoring (STIP-PPM) grants.

LCTC's primary roles and responsibilities include:

- Development of regional transportation goals and objectives for Lassen County
- Administration of Transportation Development Act (TDA) funds
- Development and implementation of the Regional Transportation Plan (RTP)
- Preparation of the annual overall work program (OWP)
- Coordination and interpretation of transportation planning
- Review and prioritization of grant applicants for various programs

The Commission and Caltrans mutually carry out the transportation planning process for the area in a manner that assures full compliance with state and federal laws, as well as the guidelines prepared by Lassen County, Caltrans. The Commission is responsive to the partnership of the state, federal and local agencies.

Organization

The Commission is governed by a six member board composed of three members appointed by the Lassen county board of Supervisors and three members appointed by the Susanville City Council.

The board meets bi-monthly in the County's board of Supervisor's room within the City of Susanville. Binding decisions are made by votes of LCTC's governing board after staff and advisory committees provide information input and recommendations. Members of the public have the opportunity to present their views and express support or opposition at meetings.

The board is advised by the Technical Advisory Committee on matters related to regional transportation planning including the development of the RTP and OWP, especially for prioritizing and programming projects. Membership is comprised of the city of Susanville Administrative officer and Public Works Director, the county of Lassen Administrative Officer and Public Works director, a Caltrans Regional Transportation planner, the Tribal Manager from the Susanville Indian Rancheria and the City and County Planning Directors.

The Commission is advised by the Social Services Transportation Advisory Council (SSTAC) which is statutorily required to serve as an advisory body on transit needs and issues of elderly disabled and low-income citizens. The SSTAC members are appointed by the Commission and include representation from various agencies and organizations, including transit providers representing the elderly, the disabled and persons of limited means. The SSTAC is involved in the identification of transit needs in the region, recommends potential enhancements to the current transit to the scheduled public hearings for unmet transit needs.

A transit Utilization and Performance Committee meets as needed to discuss and evaluate transit services in the County. The objective of the committee is to determine if transit services are being utilized and if existing services are meeting the needs of the community. The committee advises and makes recommendations to the LCTC board.

Staffing

LCTC personnel consists of Lassen County Public Works Department employees who serve concurrently for the Commission, Lassen County Transit Services Agency and the County of Lassen. The department head of the Public Works Department serves as the Executive Secretary of the transportation commission and reports to the LCTC governing board. The Executive Secretary is responsible for the general administration of Commission activities. The Executive Secretary utilizes Public Works Department personnel consisting of an administrative assistant, transportation planners and project managers, and clerical and accounting staff as needed. Staff responsibilities include maintaining records, assisting in preparation of dissemination of public notices, agendas, agenda packets and other official business. Additional responsibilities, normally performed by a transportation planner or other engineering legal or planning staff include assisting in preparation of the annual overall work program (OWP), grant billings, and transportation planning. Outside consultants are used when local expertise is not available.

Overall Work Program

As the Regional Transportation Planning Agency (RTPA) for Lassen County, the Commission is responsible for the development of the Regional Transportation Plan (RTP) which is part of the statewide transportation planning process. The RTP is a long range planning document which outlines the transportation goals and policies which have been adopted by the Commission to achieve a coordinated and balanced regional transportation system for the county. The RTP is updated every four years and is submitted to Caltrans for approval.

Through a Memorandum of Understanding (MOU) with Caltrans, the Commission prepares the annual Overall Work Program (OWP) which reflects its ongoing transportation planning activities. The OWP responds to state priorities and identifies funding sources and expenditures for each work element presented in the OWP. The commission receives funding sources and expenditures for each work element presented in the OWP. The commission receives funding from Caltrans to offset some of the expenses associated with the OWP. Local Transportation Fund monies and grants are also used to fund the OWP.

Compliance Audit

The performance Audit Guidebook lists specific RTPA compliance requirements. These were investigated by means of reviewing LCTC records and interviewing LCTC staff. The table below summarizes the audit findings relative to each of the compliance requirements. A discussion of each area of compliance follows.

RTPA Compliance Requirements	PUC Code Reference	LCTC Compliance
Claims do not exceed apportionment	99231	Yes
Adopt rules for claims submission for pedestrian and bicycle facilities	99233.3, 99234	Yes
Establish Social Services Transportation Advisory Council (SSTAC) and hold at least one annual public hearing	99238, 99238.5	Yes
Annually identify, analyze, and recommend potential productivity improvements	99244	Yes
Annual fiscal and compliance audits of claimants	99245	Yes
Triennial performance audits of operators and RTPA	99246, 99248	Yes
Submit RTPA and operator performance audits to Caltrans	99246(c)	Yes
Ensure operator performance audit requirements	99246 (d)	Yes
Establish rules and regulations regarding revenue ratios for operators	99270.1, 99270.2	Yes
Establish rules and regulations for Article 4.5 and the determination of cost effectiveness of proposed services	99275.5	N/A
Allocate State Transit Assistance (STA) funds only for transportation planning and mass transportation purposes	99310.5, 99313.3	Yes
If TDA funds are allocated for non-transit purposes, the RTPE must annually:	99401.5	
• Consult with SSTAC		Yes
• Identify transit needs		Yes
• Define reasonable to meet		Yes

<ul style="list-style-type: none"> Identify unmet transit needs 		Yes
<ul style="list-style-type: none"> Adopt findings on unmet needs 		Yes
<ul style="list-style-type: none"> Fund unmet needs before allocation to streets and roads 		Yes

Requirements of the Transportation Development Act

Apportionment and Claims

The RTPA must ensure that all the operators and governmental entities in a given area claim no more than the LTF monies apportioned to that area. The county auditor is required to furnish the RTPA with an estimate of the total amount available for the apportionment by February 1 each year for the next fiscal year. The auditor’s estimate includes an estimate of anticipated sales tax revenue, with a modification for differences between actual revenues in the current year and the estimate prepared the prior year. Before March 1 of each year, the RTPA is required to determine and advise potential claimants of their area apportionments.

Claimants wishing to receive an allocation, file an annual claim with the RTPA in accordance with the rules and regulations established by that transportation planning agency and in the absence of such rules and regulations at last 90 days before the start of the fiscal year for which funds are apportioned.

Our review indicates LCTC allocated TDA funds and processed claims as required by statute. Transit claims were filed and processed at various times during the audit period. Street and road claims were filed late in each fiscal year after each jurisdiction was notified of the expected balance to be available to them.

The process of obtaining LTF funds is a three-step process that includes apportionment allocation followed by payment. Before apportionment takes place, claims for administration planning and programming, certain pedestrian and bicycle projects, and consolidated transportation service agency activities, receive priority. Once these priorities have been satisfied, the remaining funds are apportioned to jurisdictions. Lassen County has two eligible jurisdictions: Lassen County and the City of Susanville.

Once funds are apportioned, in this case to the County of Lassen and to the City of Susanville, the next priority funding is transit. Transit claims continue to receive priority status until there are no more transit needs which are reasonable to meet. In all years under audit, LCTC determined there were no unmet transit needs which were reasonable to meet and the County and the City are eligible to file for non-transit related funding. Schedules of apportionment are used to determine how much funding each jurisdiction is eligible to claim.

During the audit period, no claimant claimed more than its share of funds apportioned to them.

Rules and Regulations for Pedestrian and Bicycle Facility Claims

The RTPA must adopt rules and regulations delineating procedures for submission for claims for facilities provided for the exclusive use of pedestrian and bicycles.

Two percent of available LTF revenues may be set aside to fund facilities for the exclusive use of pedestrians and bicycles. The LCTC began setting aside this revenue exclusively for pedestrian and bicycle projects. Claims submitted for pedestrian and bicycle projects are subject to the same claims procedures as all other claims. A portion of the Commission's OWP activities are dedicated to a bikeway master plan and when complete will facilitate procedures for the filing of pedestrian and bicycle claims.

Social Services Transportation Advisory Council

The RTPA is required to establish a Social Services Transportation Advisory Council (SSTAC) and must ensure there is a citizen participation process that includes at least one annual public hearing. Certain membership categories on the SSTAC are required that insure representation from potential transit users who are 60 years or older and are disabled.

The SSTAC is required to consist of the following members:

Minimum No of Representatives	Membership Category	Membership Requirement Met?
1	Potential transit user age 60 and older	Yes
1	Potential transit user who is handicapped	Yes
2	Representative of a local social service provider for seniors	Yes
2	Representative of a local social service provider for the handicapped	Yes
1	Representative of a local social service provider for persons of limited means	Yes
2	Representative from the local consolidated transportation services agency	Yes
	Other Representatives as deemed necessary	Yes

The requirement of the legislation has been met. The Council participated in the unmet transit needs hearing process and advised LCTC on Transportation matters from a citizen and social service agency perspective. We reviewed minutes of the SSTAC meetings which convened prior to the unmet transit needs process. We noted in-depth discussions by its members and that members contributed information gained from involvement with their respective organizations and this information generated potential transit needs not currently being met. LCTC held public hearings concerning unmet transit needs each year and generated public participation.

Productivity Improvements

PUC Sec 99244 requires the RTPA to annually identify, analyze and recommend potential improvements that could lower the operating costs in transit operators in Lassen County. The recommendations must include at least productivity-related recommendations of the latest triennial performance audit. The RTPA may not approve any increase in an operator's transit allocation from the LTF unless the operator has made a reasonable effort to implement recommended improvements. The requirement for a productivity improvement committee was made optional in 1988. However, the requirement for the RTPA to make and follow up on recommendations is still in force.

The Commission is experiencing staffing limitations that prevent full analysis and implementation of productivity improvements that would lower operating costs for transit operators..

Fiscal Audits

The RTPA must procure an annual fiscal audit of its activities and ensure that each claimant to whom it allocates TDA funds submit an annual certified audit to the State Controller within 180 days after the end of each fiscal year. Extensions of 90 days may be granted.

Certified fiscal audits were completed and forwarded to the state controller for each claimant receiving an allocation of TDA funds during the audit period. The claimants include Lassen County Transit Services Agency, Lassen Senior Services, the County of Lassen Non-transit Allocations and the City of Susanville Non-transit Allocations. LCTC also submitted its audit as required.

Triennial Performance Audits

The RTPA is required to designate an independent entity to conduct a performance audit of the operator(s) and itself.

As required by PUC Sec 99248, LCTC contracted with an independent firm to conduct a performance audit of LCTC within the time frame established by the TDA. A performance audit of Lassen Transit Services Agency was also conducted and included the required performance indicators.

Submittal of Performance Audits to Caltrans

The RTPA must submit a copy of its performance audit to the Director of the California Department of Transportation and must certify in writing to the Director that the operator performance audits were completed.

The Commission submitted a copy of its performance audit to the Department of Transportation. The certificate of completion is operator performance audits was made.

Performance Audits of Operators

The performance audit of the operator providing public transportation services is to 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. It also should incorporate consideration of the needs and types of passengers being served and the employment of part-time drivers.

Only claimants receiving Article 4 funding are required to submit performance audits. For Lassen County, the only transit operator meeting this criterion was Lassen Transit Services Agency. We reviewed the prior performance audit report and determined it complied with these requirements.

Rules and Regulations Regarding Revenue Ratios

Transit claimants serving a non-urbanized area are required to maintain a minimum ratio of fare box revenues to operating cost of at least 10 percent. LCTC does not have formal rules and regulations regarding revenue ratios for transit services. All transit operators are required to maintain a minimum ratio of 10 percent as required by statute. During the audit period, the County's transit operator maintained a fare box ratio in excess of the required minimum. Lassen Transit Services Agency from July 1, 2009 to June 30, 2012 maintained a fare box ratio averaging 23 percent.

Evaluation of Article 4.5 Claims

LCTC must adopt criteria, rules and regulations for the evaluation of claims filed under Article 4.5 of the TDA and for determining the cost-effectiveness of the community transit services. Claims for social service transit are to be filed in the same manner as claimed and filed under the public transit program (Article 4). Claims are to be evaluated based on the ability of the service to respond to a transportation need not currently being met. The service must be integrated with existing services, it must estimate costs, revenues and ridership, and it must be in compliance with farebox recovery ratio thresholds.

LCTC has designated Lassen Senior Services as a Consolidated Transportation Services Agency for Lassen County.

State Transit Assistance (STA) Funds

State Transit Assistance funds are required to be allocated only for public transportation purposes. LCTC's policy and procedures manual specifies that STA funds are limited to public transportation purposes. During the audit period, STA funds were allocated only for transit related purposes.

Use of TDA Funds for Streets and Roads

If TDA funds are used for other than transit or exclusive pedestrian and bicycle projects, the RTPA must follow a process determining unmet transit needs as specified in PUC Sec. 99401.5. The RTPA must consult with the SSTAC, identify transit needs, adopt or reaffirm definitions of “unmet transit needs” and “reasonable to meet”, identify any unmet transit needs that are reasonable to meet, and adopt a finding concerning the unmet transit needs. If the RTPA finds that there are unmet transit needs that are reasonable to meet, those needs must be funded before funds are allocated for streets and roads purposes.

The Commission annually conducts one public hearing to receive testimony on unmet transit needs. The public hearing notices are published in advance at the courthouse and in the local newspaper and receive citizen participation. Input is heard by oral presentations at public hearings or through letters, emails and telephone calls. Recommendations of the SSTAC are included in the Commission’s public hearing.

Each request for service is evaluated by LCTC staff according to the LCTC definitions of “unmet need” and “reasonable to meet”. The LCTC adopted unmet need findings for each year under audit and in each year determined that there were no unmet transit needs which were reasonable to meet.

Functional Review

This section identifies and reviews the major functions of LCTC. The following functional areas are discussed:

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

Administration and Management

LCTC is effectively organized given its limited resources to fulfill numerous responsibilities. Governance is proved by a board that generally meets every other month. Commission minutes indicate the meetings are well-organized and Commission members are informed by staff about the issues. A published agenda is used for efficient consideration and approval of scheduled items.

Commission minutes are concise while still providing a good summary of substance. They sufficiently document Commission actions and provide enough detail that interested citizens who can not be present can have an understanding of what occurred at the meetings. The minutes and agendas are posted and are available for public access. The commission is presented with a variety of reports generally focused on regional transportation planning and TDA-related topics.

LCTC staff performs support Functions for LCTC and attend Commission meetings. Staff prepares informational reports and recommendations to facilitate Commission decisions and often is called upon at these meetings to answer questions and clarify information.

The Commission is currently managed by the County of Lassen under informal management agreement. County personnel assigned to manage the Commission are provided by the Department of Public Works. The Commission is normally staffed by several individuals as indicated below showing the percentage of their time devoted to Commission business:

Staff Position	% of Time Dedicated to Commission Business
Executive Secretary	10%
Transportation Project Manager	90%
Transportation Planner	25%
Senior Account Clerk	25%
Senior Administrative Assistance	5%

The organization structure of the Commission appears to be appropriate for a rural transit operation. However, we noted in the performance of this audit, as well as the organization fiscal audits, that the effectiveness of employees is decreased due to the “segmented” operating environment. The

Organization should consider implementing cross-training program so that employees can have a more holistic perspective of the Commission.

As County employees, Commission staff members are offered a comprehensive benefits package and are subject to the same procedures as other county employees. Staff receive regular training in federal and state transportation processes, and performance evaluations are conducted annually.

The Commission prepares an annual Overall Work Plan (OWP) which details transportation planning activities in Lassen County, as required by Caltrans, and serves to establish the Commission's annual goals and objectives. The OWP delineates priorities which must be addressed by the Commission to obtain state subvention funding. We noted the work elements specified in the OWP incorporate activities for TDA administration. Progress towards goals and objectives is evaluated twice a year when it reports to Caltrans. Revenue sources are itemized, and Expenditures are recorded by work element. The Commission interfaces with the County Public Works Department and the County Auditor-Controller's Office and receives monthly cash summaries, revenue, expenditures and general ledger reports. The Commission's management monitors budget to actual comparisons as often as necessary in order to track costs and revenues.

LCTC adopted its policy and procedure manual in 1982. Updates to the manual have not since been made. Many of the Commission's processes during the audit period were conducted in an organized manner mostly because of experienced, knowledgeable staff. The processes are not documented. The loss of any staff member will impact the Commission's ability to perform efficiently and effectively in a timely manner. The prior performance audit made the recommendation that the Commission develop a policies and procedures manual that include an organization chart, list of staff positions and their responsibilities dues and tasks. At the time, the commission agreed with the recommendation but felt they lacked the necessary staffing resources. In 2007, staff applied for and obtained a Caltrans Transit Professional Development Grant which was used to hire a consultant to prepare an RPTA handbook. The Handbook is an all-encompassing tool that is used to help existing and future employees perform their duties more effectively. The LCTC adopted the handbook at its January 12, 2009 meeting.

Transportation Planning and Regional Coordination

During the fiscal year ended June 30, 2006 the LCTC adopted an updated Regional Transportation Plan (RTP). The update was prepared by a consultant and we found the plan addresses all modes of travel projected over a 20-year period. This update provides an in-depth analysis of transportation needs and issues for the region and identified existing as well as potential areas of deficiencies. From this, the plan presents a cost-effective strategy of goals and actions combined with performance measures that take into consideration the scarcity of funding sources.

Our review of the RTP found it to meet the requirements and guidelines established by Caltrans. The plan is outdated and is in the process of being revised. This revision is expected to be complete near the end of 2012.

During 2012 the Commission, with the help of the Transit Utilization and Performance Committee, approved and updated the Transit Development Plan. This document provides for the Commission's transit-related policy decisions. It provides a model for projecting transportation demand levels and serves to define elements critical to the Unmet Transit Needs process.

We found the Commission active in interregional transportation planning efforts with neighboring counties and its communities. From discussions with Commission staff members and review of documents we have concluded that the Commission does a good job of coordinating and involving other jurisdictions and local transportation issues.

Claimant Relation and Oversight

The TDA allocation process appears to work smoothly in Lassen County, although the process is not documented, it appears to work smoothly. Allocations have been processed timely and transit staff, who claims TDA funds, has been involved in the process. As noted previously, LCTC updates areas of apportionment as results for the year are known and this is used to notify the County and the City of funds available to it for streets, roads and pedestrian and bicycle purposes. However, the TDA provides for alternative timing on this process.

LCTC has a TDA claims manual and uses a standard claim form.

TDA statutes allow approval of claims for Article 4 public transit funding provided certain conditions have been met.

Unmet Transit Needs Process and "Reasonable to Meet"

The unmet transit needs process is a major element of LCTC's work on TDA-related matters. In accordance with the TDA, LCTC instructs the SSTAC to meet and to identify unmet transit needs annually. Public input is requested by scheduling a public hearing each year. Comments are often received via mail. Unmet transit findings are analyzed and reviewed before forwarding recommendations to the LCTC Commission for adoption. LCTC has adopted definitions of "unmet transit needs" and "reasonable to meet" that is used in determination and findings. In the three-year audit period, LCTC adopted a finding in each year that there were no unmet transit needs that were considered reasonable to meet.

LCTC and SSTAC annually conducts a public hearings to receive testimony on unmet transit needs. The public hearing notices were published in advance and received citizen participation. Input was available to be heard by oral presentations at public hearings and through letters, emails and telephone calls. Recommendations of the SSTAC were included in the LCTC public hearing. Unmet needs are also identified and developed by the Transit Utilization and Performance Committee. Each request for service is evaluated by LCTC staff according to the LCTC definitions of "unmet need" and "reasonable to meet". Both definitions are adopted (or reaffirmed) by the Commission each year. We found both definitions to be reasonable.

Marketing and Transportation Alternatives

We noted that commission activities in the functional area of marketing and transportation alternatives were sufficient during the audit period. Information about the commission is provided on its web site such as Commission minutes and agendas, OWP notices of public hearings, the RTP, and LCTC publications are available for viewing.

Grant Application and Management

This functional area includes technical assistance to operators in the grant application process, coordination of grant applications in the region, and monitoring operator compliance with grant terms. The Commission reviews and signs various grant applications but does not provide technical assistance. A majority of these grants are applied for by Lassen Transit Agency which has been successful in preparing grant applications.

As the area wide clearinghouse for federal grant applications, the Commission reviews and comments on applications to assure that duplication of activities is eliminated and to assure that no conflict exists with local policies. The Commission reviews all grants submitted to the State of California by the transit claimants and have been successful at obtaining significant grant funds for a variety purposes.

In the past, the Commission has applied for grants to supplement its planning fund. Both Rural Planning Assistance (RPA) and State Transportation Improvement Program (STP) grants have been received and are anticipated to be received in the future. LCTC staff monitored expenditures to ensure no lapse in grant funding. We noted that claims for reimbursement were timely and accurately prepared and submitted to the grant funding agencies.

Personnel of the Agency, who have financial management and reporting responsibility, would benefit from additional training in governmental accounting use of the accounting software, and transit funding so that they can have a more proactive role the financial management of the LTSA. This would allow for the staff to have a more timely and accurate perspective of the financial performance of the Agency.

Summary

LCTC using a small staff and limited funding effectively carried out all functional areas of its responsibilities. The Commission has coordinated regional transportation issues and has monitored state, federal and local funding sources. LCTC coordinates its planning activities with other agencies in the area. While challenged to obtain sufficient staff to carry out the Commission's daily responsibilities, sufficient resources were found to enable it to complete TDA-related tasks required of it. While we have noted areas of improvement, our audit found the Commission is efficiently and effectively utilizing its limited resources.

**LASSEN COUNTY TRANSPORTATION COMMISSION
 TRIENNIAL PERFORMANCE AUDIT
 FOR THE THREE YEARS ENDED JUNE 30, 2012**

Prior Audit Recommendations

The prior TDA performance audit was completed for the triennial period ended June 30, 2009. It contained several recommendations. As part of the current audit, the status of these recommendations was reviewed. The recommendations are listed below along with its current status.

Prior Audit Recommendation #1

It was recommended LCTC prepare preliminary findings of areas of apportionment using estimates of anticipated sales tax revenues provided by the County's Auditor-Controllers along with balances expecting to be carried over from the current fiscal year. This schedule should be distributed to jurisdiction by March 1. Claims should be submitted and decisions made on next year's allocations before the start of the fiscal year. The TDA manual provides for the following timetable:

Date	Task	TDA Reference
February 1	County auditor furnishes LTF estimate to LCTC	6620
March 1	LCTC advises LTF claimants of anticipated area	6644
April 1	Claimants file for LTF and STA funding	6630, 6732
June 30	LCTC determines allocations and transmits allocation instructions to the county auditor	6659

Status of Recommendation: Not implanted because of insufficient staffing resources.

Prior Audit Recommendations #2

It was recommended that LCTC should require TDA claimants to use a designated claim form and consideration should be given to using a TDA compliance checklist to ensure claimants are in compliance with the requirements of the TDA. LCTC should prepare written instructions about its processing procedures. The claim form should include all TDA-required elements and other information that is needed to evaluate whether a prospective claimant is eligible. For a transit claimant, this could include:

- Amount of the claim and purpose
- Budgets
- Fare box ratio requirements
- Implementation of productivity improvements
- CHP safety inspection certification

Status of Recommendation: Implemented.

**LASSEN COUNTY TRANSPORTATION COMMISSION
TRIENNIAL PERFORMANCE AUDIT
FOR THE THREE YEARS ENDED JUNE 30, 2012**

Prior Audit Recommendation #3

It was recommended that the minutes of LCTC's board meetings indicate the Commission members who are present. Often there are other individuals who are present and contribute but their attendance is not noted. This includes Commission staff, Caltrans representatives, transit staff and members of the public. We recommend the Commission minutes reflect the names of other individuals in attendance at the meetings.

Status of Recommendation: Implemented.

Prior Audit recommendation #4

The Regional Transportation Plan, Bike Way Master Plan and the Transportation Development Plan are out of date and the Commission should consider updating these plans.

Status of Recommendation: This recommendation has been partially implemented. The Bike Way Master Plan and the Transportation Development Plan have been revised. The Regional Transportation Plan is in the process of being updated, but was not completed as of June 30, 2012.

Prior Audit recommendation #5

LCTC does not analyze and recommend productivity improvements that could potentially lower the operating costs of operators in compliance with PUC Section 99244.

Status of Recommendation: Not Implemented.