

Lassen County Transportation Commission

TDA Triennial Performance
Audit of LCTC as the RTPA
for FY 2021/22 - FY 2023/24

FINAL REPORT | APRIL 2025





Table of Contents

Chapter 1 Executive Summary	5
Chapter 2 Audit Scope and Methodology	9
Chapter 3 Overview of LCTC.....	13
Chapter 4 Program Compliance	19
Chapter 5 Prior Recommendations	25
Chapter 6 Functional Review.....	29
Chapter 7 Findings and Recommendations	31



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

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Table of Exhibits

Exhibit 1.1 Summary of Audit Recommendations.....	7
Exhibit 3.1 LCTC Organizational Chart	14
Exhibit 3.2 2023 RTP Goals and Policies	15
Exhibit 4.1 Transit Development Act Compliance Requirements	21
Exhibit 7.1 Audit Recommendations	34



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

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Chapter 1 | Executive Summary

The Triennial Performance Audit of the Lassen County Transportation Commission (LCTC) covers a three-year period ending June 30, 2024. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2024, the Lassen County Transportation Commission selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the LCTC's programs for the period:

- Fiscal Year 2021/22,
- Fiscal Year 2022/23, and
- Fiscal Year 2023/24.

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

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

The Triennial Performance Audit includes five elements:

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

Test of Compliance

With two exceptions, the Lassen County Transportation Commission adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. The transit operator (LTSA) completed its TDA fiscal audit after the extended deadline in FY 2022/23 and FY 2023/24.



2. Several recent fiscal audits have found deficiencies with respect to notifying claimants of TDA apportionments prior to March 1 of the preceding fiscal year.

Status of Prior Recommendations

The prior Triennial Performance Audit – completed in 2023 by Michael Baker International for the three fiscal years ending June 30, 2021 – included the following recommendations:

1. Develop LTF policies that help guide the expenditure of non-transit LTF funds.
Status: Not implemented.
2. Develop a TDA non-transit claim form that meets industry practice.
Status: Not implemented.
3. Continue to evaluate alternatives for CTSA designation.
Status: Implementation in progress.
4. Revisit the unmet transit needs definitions to expand transit service considerations beyond LCTC jurisdiction.
Status: Implemented.
5. Conduct an annual review of LTSA capital and operating reserves.
Status: Implemented.
6. Explore expanded role of SSTAC.
Status: Implemented/no longer relevant.

Goal Setting and Strategic Planning

The Lassen County Transportation Commission (LCTC) is the regional transportation planning agency for Lassen County. The LCTC was formed in 1971 with the establishment of the Transportation Development Act (TDA). LCTC is comprised of three members of the Susanville City Council and three members of the Lassen County Board of Supervisors.

The primary regional planning document is the Regional Transportation Plan (RTP). The RTP is a long-range transportation plan providing a vision for regional transportation investments. The current Plan, which was adopted on November 8, 2023, is updated every five years and is consistent with other planning guidance in the region. It recognizes the significant impact the transportation network has on the region's public health, mobility, and economic vitality.

Findings and Recommendations

Based on the current review, we submit the aforementioned two TDA compliance findings:

1. The transit operator (LTSA) completed its TDA fiscal audit after the extended deadline in FY 2022/23 and FY 2023/24.
2. Several recent fiscal audits have found deficiencies with respect to notifying claimants of TDA apportionments prior to March 1 of the preceding fiscal year.



The audit team has identified one functional finding. While this finding is not a compliance finding, the auditors believe it is significant enough to be addressed within this review:

1. The LCTC does not have a TDA handbook or an effective format for non-transit LTF claims.

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

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with the transit operator to ensure timely completion of TDA fiscal audits.	Medium	Ongoing
2	Notify claimants regarding apportionment amounts by March 1 and ensure allocation instructions are communicated to the County auditor.	Medium	Ongoing
Functional Recommendations		Importance	Timeline
1	Prepare a TDA handbook that identifies policies, criteria, and claim forms for claims under each TDA article for which funds are available.	Medium	FY 2025/26



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of Lassen County Transportation Commission covers the three-year period ending June 30, 2024. The California Public Utilities Code requires all Regional Transportation Planning Agencies conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

In 2024, the LCTC selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the single transit operator to which it allocates funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of Moore & Associates followed a competitive procurement process.

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

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

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

Objectives

A Triennial Performance Audit has four primary objectives:

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



Scope

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

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

Methodology

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

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

The methodology for this audit included a virtual site visit with LCTC representatives on October 24, 2024. The audit team met with John Clerici (Executive Secretary), Cheri Martin (Consultant, Borroum Engineering), Genevieve Evans (Transportation Planner, LSC) and reviewed materials germane to the triennial audit.

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

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

2. TPA Scope and Methodology: Methodology of the audit and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Compliance with statutory and regulatory requirements,
 - Progress in implementing prior recommendations,
 - Goal setting and strategic planning,
 - Functional review, and
 - Findings and recommendations.



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

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Chapter 3 | Overview of LCTC

The Lassen County Transportation Commission (LCTC) is the regional transportation planning agency for Lassen County. The LCTC was formed in 1971.

LCTC's role is to distribute Local Transportation Fund revenue to the Lassen Transit Service Agency for the operation of the Lassen Rural Bus System. Additionally, the LCTC, as the RTPA for Lassen County, is responsible for preparing the Regional Transportation Plan and the Regional Transportation Improvement Program. These key documents prioritize and program funding for major highway projects within the County.

Roles

In addition to its role as the RTPA, LCTC fulfills several different roles for its member jurisdictions. According to its FY 2023/24 Overall Work Program, "The LCTC coordinates its activities with the County of Lassen, City of Susanville, Susanville Indian Rancheria, and Caltrans, as well as with other State and Federal government entities." LCTC also coordinates with Lassen Community College, the Historic Uptown Susanville Association, Sierra Army Depot, and other important stakeholders in the region on specific projects.

LCTC

LCTC is governed by a six-member Commission comprised of three Lassen County supervisors and three City of Susanville City Council members. The Commission also includes an ex-officio representative from Caltrans District 12. The Commission meets on the second Tuesday of each month at 1:30 p.m. at the Susanville City Council Chambers (66 North Lassen Street, Susanville). All meetings are open to the public and accessible by Zoom. Susanville City Council Chambers are served by Lassen Rural Bus's Susanville City Route.

During the audit period, the following individuals served as voting members of the Lassen County Transportation Commission:

- Aaron Albaugh, Lassen County (2021-2024)
- Russ Brown, City of Susanville (2022-2024)
- Chris Gallagher, Lassen County (2024)
- Tom Hammond, Lassen County (2021-2022)
- Jeff Hemphill, Lassen County (2021-2022)
- Thomas Herrera, City of Susanville (2021-2022)
- Quincy McCourt, City of Susanville (2021-2024)
- Dawn Miller, City of Susanville (2024)
- Tom Neely, Lassen County (2024)
- Mendy Schuster, City of Susanville (2021-2022, 2024)
- Kevin Stafford, City of Susanville (2022-2024)

LCTC also has two advisory committees that include representatives from throughout the county.



Social Services Transportation Advisory Council (SSTAC). The SSTAC advises LCTC on transit-related issues for traditionally under-represented and underserved populations, including seniors, persons with disabilities, low-income individuals, and minority communities. It participates in the annual TDA Article 8 unmet needs process. The SSTAC is comprised of the following membership:

- One representative of potential transit users who is 60 years of age or older.
- One representative of potential transit users who is disabled.
- Two representatives of the local social service providers for seniors, including one representative of a social service transportation provider, if one exists.
- Two representatives of local social service providers for the disabled, including one representative of a social service transportation provider, if one exists.
- One representative of a local social service provider for persons of limited means.
- Two representatives from the local consolidated transportation service agency, designated pursuant to subdivision (a) of Section 15975 of the Government Code, if one exists including one representative from an operator, if one exists.

Technical Advisory Committee (TAC). The TAC is comprised of four representatives from Caltrans, two representatives from the City of Susanville, three representatives from the Susanville Indian Rancheria, one representative from the Lassen Transit Service Agency, and four representatives from the County of Lassen.

Organization

Reporting directly to the Commission is the Executive Secretary. An organizational chart is presented as Exhibit 3.1.

Exhibit 3.1 LCTC Organizational Chart



Goal setting and strategic planning

The primary regional planning document is the Regional Transportation Plan (RTP). The RTP is a long-range transportation plan providing a vision for regional transportation investments. The current Plan, which was adopted on November 8, 2023, is updated every five years and is consistent with other planning guidance in the region.





The 2023 RTP includes a series of nine regional goals, each of which is supported by policies and objectives. The goals and policies are identified in Exhibit 3.2. The RTP also identified a series of four performance measures that could be used to compare the benefits of the various transportation projects.

Exhibit 3.2 2023 RTP Goals and Policies

Goal	Policies
Highways and Local Roadways	
Goal 1: Develop and maintain a comprehensive, efficient, and safe transportation system to serve the needs of County residents and to stimulate the economic progress of the County.	<p>Policy 1.1: Classify existing roadways using the functional classifications set forth in the RTP.</p> <p>Policy 1.2: Periodically update the classification system to account for advances in methodologies used to determine roadway carrying capacities.</p> <p>Policy 1.3: Require that the classification system developed helps determine design standards for new roadway placement and assessment of existing roadways as future development occurs.</p> <p>Policy 1.4: The LCTC shall pursue all possible state, federal, and local funding to address high-priority road and bridge maintenance needs.</p> <p>Policy 1.5: Maintain as many County roads for year-round travel as financially feasible.</p> <p>Policy 1.6: Encourage federal agencies (e.g., U.S. Forest Service) to consult with the County in the planning of major road projects, and to adequately maintain their road systems to serve tourism, local residents and businesses that rely on the use of resources on or near public lands.</p> <p>Policy 1.7: Encourage leveraging funds by coordination of multi-jurisdictional agency cooperation/considerations for partnership projects.</p> <p>Policy 1.8: Work cooperatively with Caltrans, Susanville Indian Rancheria, Lassen County, and the City of Susanville in the preparation of the Regional Transportation Plan.</p> <p>Policy 1.9: Expand the interaction and consideration of land use planning issues and capital facility plans during the preparation of the RTP.</p> <p>Policy 1.10: Continue to review and, if warranted, formulate improved standards for the necessary improvement and maintenance of roads serving new development, including standards for the incremental improvement or development of public roads.</p> <p>Policy 1.11: Prioritize funding for capital improvement projects which address safety issues and/or system preservation of the regional transportation system.</p> <p>Policy 1.12: The LCTC offers support in the prioritization of incremental addition of lanes on U.S. 395 to a four-lane expressway and work with Caltrans in the consideration and implementation of access management policies to protect traffic efficiency and safety and to facilitate future highway improvements. Such measures include the limitation of new encroachments onto U.S. 395. The LCTC shall support an increased number of passing lanes where a four-lane expressway is not feasible.</p> <p>Policy 1.13: The LCTC supports completion of project-specific environmental impact analysis of each improvement listed in the RTP in accordance with the CEQA and NEPA when applicable. Full disclosure of all potentially significant impacts should occur at the appropriate stage of the project approval process.</p> <p>Policy 1.14: The LCTC supports the use of Intelligent Transportation System (ITS) technology on state highways and major roads to improve traveler safety, traffic flow, and road and traffic conditions.</p> <p>Policy 1.15: The LCTC shall support the efforts of the City, County, and Susanville Rancheria in working toward a local transportation network that provides safe and adequate multiple/emergency evacuation access opportunities for existing and future development, to be consistent with City and County General Plan(s).</p>
Public Transportation	
Goal 2: To provide adequate cost-effective public transit services, especially to accommodate the needs of the elderly and handicapped.	<p>Policy 2.1: Continue to aggressively pursue federal, state, local, and private contracting funds and grants for additional transit capital and operational expenses.</p> <p>Policy 2.2: Continue to update the Regional Transit Plan to identify transit needs and opportunities to expand facilities to better serve transit users.</p>



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

Goal	Policies
Goods Movement – Freight and Rail	
Goal 3: Promote the continuous flow of goods in, out of, and through the County in a safe and economically efficient manner.	Policy 3.1: Support efforts that will implement and improve freight and rail service in the region, including in neighboring counties. Policy 3.2: If current use of railroads within Lassen County ceases, Lassen County will coordinate with rail agencies and operators to plan the retention of railroad rights-of-way for alternative uses, including but not limited to buried utility corridors, access to and through public lands, alternative transportation routes and trails, and routes for railroad reactivation if rail use becomes feasible in the future. Policy 3.3: Encourage and partner with Caltrans to meet the needs of local shippers, and businesses moving freight by truck when planning truck routes in and out of the County.
Airports	
Goal 4a: Provide an adequate number of safe, efficient airports and airfields.	Policy 4.1: Support maintenance of airfields in safe condition pursuant to applicable state and federal requirements. Policy 4.2: Support land use decisions that discourage, and when possible, prevent, development in the vicinity of airfields and airports that may present significant public safety issues and/or which could constrain the continued operation and needed expansion of those facilities.
Goal 4b: Support the expansion of economical, efficient air services.	Policy 4.3: The LCTC supports the expansion of the Susanville Municipal Airport for purposes of public safety and to expand its capacity to accommodate larger aircraft and new air services, if funding is available. Policy 4.4: The LCTC supports the consideration of development and use of the Sierra Army Depot airfield for public or limited special commercial use if and when such uses are invited and supported by the Depot.
Bicycle and Pedestrian Facilities	
Goal 5: Provide a safe and efficient bicycle and pedestrian circulation system that takes advantage of the natural scenery and physical characteristics of Lassen County.	Policy 5.1: Work with Lassen County, the City of Susanville, Susanville Indian Rancheria, Caltrans, the U.S. Forest Service (USFS), and the Bureau of Land Management (BLM) to implement the current Active Transportation Plan. Policy 5.2: Where feasible and practical, support provision of shelters and off-street facilities to promote bicycle and pedestrian travel. This includes connections to local and regional schools and recreational facilities in Lassen County with primary consideration to providing for the safety of school children and local residents.
Management of the Transportation System	
Goal 6a: Minimize traffic congestion by increasing the efficiency of the existing transportation system through Transportation System Management (TSM) techniques.	Policy 6.1: Periodically review traffic operations along State highways and major county roads. Promote signal timing, access management, transit priority treatments, accident scene management measures, and closed-circuit TV to help increase traffic flow.
Goal 6b: Where feasible, reduce the demand for travel by Single Occupant Vehicles (SOVs) through Transportation Demand Management (TDM) techniques.	Policy 6.2: Increase the mode share for public transit by implementing recommendations in Regional Transit Plans. Policy 6.3: Increase mode share for non-motorized travel by implementing projects in the Active Transportation Plan. Policy 6.4: Establish a formal, county-wide ride-share program within the County. Promote public awareness of Lassen Rural Bus and rideshare opportunities through media and promotional events.



Goal	Policies
Climate Change and Resiliency	
Goal 7: Reduce GHG emissions from transportation related activities within the Lassen County boundaries to support the state's efforts under AB-32 and to mitigate the impact of climate change.	Policy 7.1: Consider GHG emissions as part of every transportation capital improvement project decision. Policy 7.2: Pursue projects with that decrease GHG impacts that are realistic given the very rural nature of Lassen County, including transit programs, ridesharing programs, bicycle and pedestrian improvements, Intelligent Transportation Systems strategies, Smart Mobility and Smart land use decisions, and maintenance of existing roadways to reduce vehicle emissions. Policy 7.3: Pursue projects to improve the resiliency of the transportation system to extreme weather events and aid in emergency evacuation/response.

Each RTP update builds upon prior efforts but is reflective of current and future conditions. Prior efforts used in the development of the 2023 RTP included the following:

- Lassen County General Plan Circulation Element (2000),
- City of Susanville General Plan (1990),
- Lassen County Transportation Development Plan (2021),
- Lassen County Active Transportation Plan (2022),
- 2020 Interregional Transportation Improvement Program,
- Lassen County Regional Transportation Improvement Plan (2018),
- Coordinated Public Transit-Human Services Transportation Plan (2021), and
- City of Susanville Vehicular Wayfinding Sign Plan (2015).

The 2023 RTP Update was supported by a public engagement process that included outreach to a wide variety of groups, including the public, resource management agencies administering public lands, transit operators, transportation advocacy groups, tribal governments, and surrounding counties. The RTP process also took into account feedback received through other recent transportation planning efforts. Outreach included both in-person activities (such as at the Susanville Farmers Market) and virtual activities (such as a virtual workshop and online survey).



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

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Chapter 4 | Program Compliance

This section examines the Lassen County Transportation Commission's compliance with the State of California's Transportation Development Act as well as relevant sections of California's Public Utilities Commission code. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. Although compliance verification is not a Triennial Performance Audit function, several specific requirements concern issues relevant to the performance audit. The Triennial Performance Audit findings and related comments are delineated in Exhibit 4.1.

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

With two exceptions, LCTC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. The transit operator (LTSA) completed its TDA fiscal audit after the extended deadline in FY 2022/23 and FY 2023/24.
2. Several recent fiscal audits have found deficiencies with respect to notifying claimants of TDA apportionments prior to March 1 of the preceding fiscal year.

Developments Occurring During the Audit Period

For many operators, the FY 2021/22 – FY 2023/24 audit period reflected both the acute impacts of and recovery from the COVID-19 pandemic. By the end of the audit period – even earlier in some cases – most operators had exhausted federal relief funds, even though penalties for non-compliance with farebox recovery ratios continued to be waived. Many operators, even more than four years after the onset of the pandemic, still struggle with ridership that has yet to recover to pre-pandemic levels.

Given this is not the first Triennial Performance Audit to be conducted since the COVID-19 pandemic, this report will not focus on actions taken as a result of the health crisis. Instead, the compliance review, functional review, and resulting recommendations will focus on ensuring program sustainability once penalty waivers and other emergency legislation have ended.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief by extending the provisions of AB 90 through FY 2022/23 and adjusting definitions of eligible revenues and operating costs. Most recently, Senate Bill 125, signed into law on July 10, 2023, extended protections provided via earlier legislation through FY 2025/26. While this means the audit period covered by this audit is fully exempt from penalties for non-compliance with the farebox recovery ratio, for example, it also means that transit operators will likely need to be in compliance by the last year of the next audit period.



While the ability to maintain state mandates and performance measures is important, these measures enable transit operators to adjust to the impacts of COVID while continuing to receive their full allocations of funding under the TDA.

Together, these three pieces of legislation include the following provisions specific to transit operator TDA funding under Article 4 and Article 8:

1. Prohibits the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost from FY 2019/20 through FY 2025/26.
2. Expands the definition of “local funds” to enable the use of federal funding to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
3. Adjusts the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and microtransit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
4. Allows operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2025/26.

SB 125 calls for the establishment of the Transit Transformation Task Force to develop policy recommendations to grow transit ridership and improve the transit experience for all users. In the 50-plus years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The Transit Transformation Task Force is required to submit a report of its findings and policy recommendations to the State Legislature by October 31, 2025. This report is expected to include recommendations for TDA reform, which may impact the next Triennial Performance Audit period.



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

Exhibit 4.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund monies apportioned to that area.	PUC 99231	In compliance	
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles (Article 3).	PUC 99233, 99234	Not applicable	LCTC does not have a TDA claims manual. It allocates 2% of LTF to bicycle/pedestrian uses but there have not been any recent claims on the funds.
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process that includes at least an annual public hearing.	PUC 99238, 99238.5	In compliance	SSTAC public hearings held on: February 23, 2022 February 22, 2023 May 2, 2024
The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit. <ul style="list-style-type: none">• A committee for the purpose of providing advice on productivity improvements may be formed.• The operator has made a reasonable effort to implement improvements recommended by the RTPA as determined by the RTPA, or else the operator has not received an allocation that exceeds its prior year allocation.	PUC 99244	In compliance	Productivity improvements are tracked through operator self-reporting as part of the TDA claims process. The Transit Development Plan completed in 2021 also provided a comprehensive review of performance and productivity.
The RTPA has ensured that all claimants to whom it allocated TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year.	PUC 99245	Finding	LTSA: FY 2021/22: March 29, 2023 FY 2022/23: May 7, 2024 FY 2023/24: Pending
The RTPA has submitted to the state controller an annual certified fiscal audit within 12 months of the end of the fiscal year.	CCR 6662	In compliance	FY 2021/22: April 16, 2023 FY 2022/23: March 27, 2024 FY 2023/24: April 30, 2025
The RTPA has submitted within 90 days after the end of the fiscal year an annual financial transactions report to the state controller.	CCR 6660	In compliance	FY 2021/22: January 23, 2023 FY 2022/23: January 23, 2024 FY 2023/24: January 27, 2025



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

Compliance Element	Reference	Compliance	Comments
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA money, and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted.	PUC 99246, 99248	In compliance	Prior Triennial Performance Audits were completed in March 2023. This is beyond the June 30, 2022 deadline for the triennial period ending June 30, 2021. Due to staffing transitions at LCTC, there were delays in hiring the auditor. A formal extension from the state was requested and received.
The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.	PUC 99246(c)	In compliance	Email to Caltrans dated March 14, 2023.
For Article 8(c) claimants, the RTPA may adopt performance criteria, local match requirements, or fare recovery ratios. In such cases, the rules and regulations of the RTPA will apply.	PUC 99405	Not applicable	
The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of section 99260.2.	PUC 99246(d)	In compliance	
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas.	PUC 99270.1, 99270.2	Not applicable	Lassen County has no urbanized areas.
The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	PUC 99275.5	Not applicable	LCTC does not have a TDA claims manual. The prior agency that functioned as the CTSA (Lassen Senior Services) no longer provides that service and LTSA, which also claims Article 4 funds, is the only potential claimant for Article 4.5 funds.



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

Compliance Element	Reference	Compliance	Comments
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	PUC 99310.5, 99313.3, Proposition 116	In compliance	
Transit operators must meet one of two efficiency standards in order to use their full allocation of state transit assistance funds for operating purposes. If an operator does not meet either efficiency standard, the portion of the allocation that the operator may use for operations shall be the total allocation to the operator reduced by the lowest percentage by which the operator's total operating cost per revenue vehicle hour exceeded the target amount necessary to meet the applicable efficiency standard. The remaining portion of the operator's allocation shall be used only for capital purposes.	PUC 99314.6	In compliance	This requirement was waived during the audit period.
The amount received pursuant to the Public Utilities Code, Section 99314.3, by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	PUC 99314.3	In compliance	
If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually: <ul style="list-style-type: none">• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238;• Identified transit needs, including:<ul style="list-style-type: none">▪ Groups that are transit-dependent or transit-disadvantaged;▪ Adequacy of existing transit services to meet the needs of groups identified; and▪ Analysis of potential alternatives to provide transportation alternatives;• Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet";• Identified the unmet transit needs and those needs that are reasonable to meet; and• Adopted a finding that there are no unmet transit needs, that there are no unmet transit needs that are reasonable to meet, or that there are unmet transit needs including needs that are reasonable to meet. If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.	PUC 99401.5	In compliance	LCTC has prepared an unmet transit needs report each year of the audit period. It adopted an updated definition of "unmet transit need" on January 10, 2022 in response to a finding in the prior Triennial Performance Audit.
Prior to March 1, the RTPA shall determine and advise all prospective claimants of the amounts of all area apportionments from the LTF for the following fiscal year.	CCR 6644	Finding	In FY 2023, the fiscal auditor found that the LCTC had failed to notify its claimants the apportionment amounts by March 1. This also was a finding in the FY 2021 audit.



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022– FY 2024
Final Report

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Chapter 5 | Prior Recommendations

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

The prior audit – completed in 2023 by Michael Baker International for the three fiscal years ending June 30, 2021 – included six recommendations:

1. **Develop LTF policies that help guide the expenditure of non-transit LTF funds.**

Discussion: According to the LCTC financial audits during previous audit periods, there remained relatively large unallocated LTF balances to the two local jurisdictions – about \$185,000 for City of Susanville, and \$340,000 for the County, as of end of FY 2021. The LCTC has relied on informal methods for administering and allocating non-transit LTF funds such as those allocated under Article 3. During the prior audit period, the Commission received two Article 3 claims: one from the City of Susanville and one from the County of Lassen. With regard to allocations for bicycle and pedestrian projects under PUC Section 99234, there is no specificity in the use of the funds in the claim form submitted by the City and County. This makes it difficult for the LCTC to track how the funds were spent.

In trying to resolve the issue, the Commission advised the County that the LCTC would require a letter of request accompanied by a Board of Supervisors resolution requesting said funds. In addition, the auditor recommended the Commission should work with Susanville to demystify the LTF claim process and hold the claimant accountable for productive use of the funds. Therefore, the prior auditor suggested the Commission formalize policies that guide the non-transit claim process, including the provision of fiscal audits of the funds claimed and utilized. A listing of potential expenditure categories or types could also be provided to the claimants with a stipulation that these expenditures are to be consistent with the Regional Transportation Plan and a balanced transportation network.

Progress: Both the City and County have significant funds under Article 3 and Article 8 that they have yet to claim. However, both entities are understaffed and are not able to process the paperwork. However, there is no specific policy for such claims. The process is communicated informally. LCTC is hesitant to develop a policy for Article 8 since it is no longer allocating funds under that article.

Status: Not implemented.

2. **Develop a TDA non-transit claim form that meets industry practice.**

Discussion: During the prior audit period, the LCTC developed and implemented a new TDA transit claim form that conforms to industry practice. The claim form has been formatted on an Excel



spreadsheet and includes checklists for LTF and STA claims, the main claim form, resolution, productivity improvement progress report, farebox analyses, and a standard assurances form.

On the other hand, the non-transit claim form (for Articles 3 and 8 allocations) used by claimants has been a one-page form that contains general information as to the purpose and amounts along with signatures of LCTC and claimant personnel. The claim forms submitted by the City and County should include greater detail for the purpose of the funds, such as identifying a specific project, so that LCTC could make sound decisions and apply any conditions of approval in allocating the TDA funds. Such a claim form would include the amount of claim, resolution, method of payment (allocation or reimbursement), identification of projects that are consistent with the RTP, standard assurances, annual fiscal audit, and State Controller report. Should LCTC decide to allocate the Article 3 bike and pedestrian funding on a reimbursement basis, for example, the claims requirement should include the local jurisdiction providing evidence of project implementation such as invoice receipts, project description, matching funds, and photos.

Progress: At the time of the site visit, the only Article 3 claim form provided was the one-page form cited above. While there had been no Article 3 claims during the audit period, no changes had been made to the form.

Status: Not implemented.

3. Continue to evaluate alternatives for CTSA designation.

Discussion: It had been assumed that the designated CTSA for Lassen County was the Lassen Senior Services (LSS). During the audit interview session with LCTC's executive secretary and staff, it was disclosed that the CTSA has yet to be defined and designated. LSS does not claim funds under Article 4.5, nor does it receive funding from the local Area Agency on Aging for non-emergency medical and social service transportation services. LSS is staffed with four full-time and five part-time employees. However, it has been determined that LSS lacks the administrative capacity to act as the CTSA. There have been preliminary discussions on the LTSA potentially serving as the CTSA for the county; however, the SSTAC has yet to be consulted on this matter. The LCTC has even expressed interest in having the Susanville Indian Rancheria be involved. Nevertheless, to date, the LTSA has submitted its claim under Article 4.5 combined with its claim under Article 4.0 and it has been evaluated accordingly. In keeping with the TDA statute, the designated CTSA would be provided with an annual budget and the authority and oversight of preparing the Section 4.5 claim. It is recommended that the LCTC, together with the SSTAC and other stakeholders, continue to evaluate alternatives for CTSA designation. This process would include evaluating the use of Article 4.5 funds and revising the criteria to align with local CTSA goals.

Progress: At present, the LTSA is the only operator that could fulfill the role of the CTSA. The LCTC has been consulting with the SSTAC regarding formally designating the LTSA as the CTSA. There was some discussion of involving the Susanville Rancheria as the CTSA, but they are not interested in providing transit services and do not regularly participate in meetings.



Status: Implementation in progress.

4. Revisit the unmet transit needs definitions to expand transit service considerations beyond LCTC jurisdiction.

Discussion: In June 2021, the Commission adopted Resolution 21-05, which contained an unmet transit needs definition that indicated that an unmet transit need is a deficiency in the public transit system within the jurisdiction of the LCTC. It was determined from public comment and application of the current definitions that transit service to Reno would extend beyond the boundaries of the LCTC's jurisdiction. Therefore, staff recommended that transportation to Reno is not an unmet transit need, but transportation to Reno would be analyzed as part of the on-going transit plan update. Given the increased demand for Reno service and the size of the market as an output of dynamic factors such as the changing health care service industry and longer-term economic impacts from the COVID pandemic, it is suggested that the LCTC reconsider and revise the unmet transit needs definition to include intercity service options. In addition, the Commission is encouraged to seek cooperation with the Susanville Indian Rancheria on its transit needs and services.

Progress: On January 10, 2022, the LCTC Board adopted a revised definition of "unmet transit needs" that eliminated the restriction of the needs to "within the jurisdiction of the Lassen County Transportation Commission." Rather, the definition applies to deficiencies in the transportation services available to Lassen County residents.

Status: Implemented.

5. Conduct an annual review of LTSA capital and operating reserves.

Discussion: The annual Findings of Apportionment includes the projected carryover of LTF in addition to the next fiscal year's estimated revenue generation. Given the annual funding request does not reach the total of the carryover plus new annual revenue, the LCTC created a capital sinking fund and an operating reserve fund for the LTSA. Commission staff had previously devised a plan in which there should be a \$1 million LTF capital reserve. In LTSA's FY 2021 Audited Financial Statements and Compliance Reports – Note E reported unearned revenue of over \$400,000 in LTF capital. Unearned revenues related to LTF operating appeared high in FY 2021 at close to \$725,000; however, this only reflects the delay of LTF request due to increased federal operating funds temporarily in its place, as well as prior year savings in part due to reduced service. These funds have largely been used in FY 2022 to decrease the fiscal year LTF claim and would not be a viable source for funding the LTF capital reserve. Additionally, Commission staff has suggested that the \$1 million LTF capital reserve plan may be outdated, and a new capital plan should be developed and reviewed annually.

It is expected that operating reserves are to decrease as federal relief funds are spent and capital reserves will require bolstering in anticipation of California's zero emission transit requirements. It is recommended that the LCTC and LTSA coordinate annually to evaluate the LTSA capital and operating reserves requirements and develop a new plan for maintaining adequate levels for



each. The review should address both adequacy of reserves and functionality with the purpose and timing these reserves will be used. The reserve policy could be revisited following completion of the annual TDA fiscal and compliance audits and before adoption of the TDA transit claims.

Progress: LCTC staff indicated that this review is conducted on an ongoing basis. At the time of the site visit, the LTSA had just submitted its budget for the next fiscal year.

Status: Implemented.

6. Explore expanded role of SSTAC.

Discussion: The SSTAC serves its current capacity to participate in the annual unmet transit needs process which is its primary charge in the TDA statute. The compliance requirement to form a productivity committee that reviews transit operations regularly is partially met through the meeting of LTSA and LCTC staff as well as the conduct of studies such as the transit development plan, coordinated plan, and the triennial performance audit. It is noted that a second SSTAC meeting was convened in November 2022 to discuss transit needs in general and how best to serve the residents of Lassen County. Further compliance, and in fulfilling the spirit of TDA, is engaging a LCTC advisory committee that provides a public forum to discuss transit performance regularly. With LTSA and LCTC staff already having meetings on performance, these discussions, or forms of them, could be brought to the SSTAC to involve a larger appropriate audience and to obtain additional feedback for transit improvement. A regular agenda item could be created for purposes of transit productivity for the SSTAC meetings. LCTC acknowledges that productivity has not been an agenda item in the past but could be in the future.

Progress: In FY 2023/24, the SSTAC met twice instead of once. Now that there is no Article 8 unmet transit needs process needed, the SSTAC will continue to check in once or twice a year to ensure coordination. The SSTAC's role in Lassen County is different than somewhere with a more dynamic population. The shrinking population in Lassen County means the focus is on keeping transit services operating rather than developing them or addressing new needs.

Transit TDA claim forms are sent to the SSTAC for review, along with performance data, but they are not typically agendized because the timing has not traditionally synced up with SSTAC meetings. LCTC staff frequently talk to SSTAC members about the financial aspects of transit, keeping them apprised of the program's financial health.

Status: Implemented/no longer relevant.



Chapter 6 | Functional Review

A functional review of the Lassen County Transportation Commission determines the extent and efficiency of the following functional activities:

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

Administration and Management

The LCTC has no direct staff; instead, it contracts for services through three contracts. General oversight is provided through a contracted Executive Secretary, with separate contracts for all other roles through two consulting firms, which enable access to additional staff whenever necessary. The LCTC has an appropriate level of administration for regional transportation planning activities. TDA claims are processed in an accurate and timely manner. Claimants are satisfied with the efficiency and effectiveness of the LCTC. The Executive Secretary monitors the progress and the financial status of ongoing programs and reports to the Board every meeting.

The LCTC has established clear, comprehensive, and realistic goals and objectives for active transportation through its Lassen County Active Transportation Plan. The most recent plan was updated on December 28, 2022. Regional transportation goals and objectives are outlined in the Regional Transportation Plan.

LCTC Commissioners are required to attend the Board meetings in person at the Susanville City Council Chambers. The Board meets six to seven times a year, with an additional meeting for the STIP. There is a virtual option for participants to attend remotely. Caltrans has utilized this option to attend. The Board is very engaged and has no issues achieving a quorum, with the exception of meetings that are held during hunting season (meetings are rescheduled rather than missed). Commissioners are fond of the transit service and perceive it as a valuable part of the community. Transit assisted in the evacuations of Chester to keep residents safe during the Dixie Fire.

Transportation Planning and Regional Coordination

LCTC completed an update of its Regional Transportation Plan in November 2023 and adopted it on December 11, 2023. Further details are provided in Chapter 3. LCTC undertook the update using its existing contracted staff across 18 months and prepared the RTP to be consistent with the California Transportation Commission's 2017 California Regional Transportation Guidelines. LCTC anticipates applying for a grant and hiring a consultant to complete the next update to be consistent with the 2024 updated guidelines.

LCTC, in collaboration with the City of Susanville and the Lassen County, included visionary projects to make an identifiable and positive impact on regional transportation. The RTP includes clear goals, actions, milestones, and timelines for transportation in the region. RTP identifies and assesses the sufficiency of funding sources for regional goals. The first five years of RTP projects are financially constrained, with mid-



term and long-term periods experiencing significant revenue shortfall. Timelines of unfunded projects will be dependent on availability of revenues.

The current RTP represented a new approach to regional transportation planning. Prior RTPs had included a significant amount of visionary projects that would never be funded or come to fruition. The 2023 update engaged the City and County and streamlined the included projects to eliminate those that were unlikely to ever happen. This has improved the functionality of the RTP.

Claimant Relationships and Oversight

LSC Transportation Consultants provided contracted services for both the LCTC and the LTSA for technical and managerial assistance. As such, information can be freely shared between the two entities. LCTC staff are in regular communication with claimants.

LCTC is responsible for contracting for annual fiscal audits of itself and the LTSA. This audit was late in FY 2022/23 due to personnel changes, leadership changes, and new software. LCTC anticipates the next fiscal audit will also be late. Extensions are requested as needed.

The prior Triennial Performance Audits of LCTC and LTSA were also submitted late following the last audit cycle. This was due to staffing transitions at LCTC, which resulted in delays in hiring the auditor. A formal extension from the state was requested and received. The current Triennial Performance Audit is on track to be completed within the stipulated timeframe.

Marketing and Transportation Alternatives

LCTC does not provide marketing on behalf of the transit operator. Occasionally, transit is used for special events that garners increased engagement from the LCTC Board. LCTC staff noted there is an active bike advocacy group in Susanville that supports active transportation.

Grant Applications and Management

Transit operators are generally responsible preparing their own grant applications. LCTC may provide guidance and letters of support for grant applications upon request.



Chapter 7 | Findings and Recommendations

Conclusions

With two exceptions, we find the Lassen County Transportation Commission, functioning as the RTPA, to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner. The compliance finding and the recommendation for its resolution, as well as modest recommendations intended to improve the effectiveness of the organization as the RTPA, are detailed below.

Findings and Recommendations

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

1. The transit operator (LTSA) completed its TDA fiscal audit after the extended deadline in FY 2022/23 and FY 2023/24.
2. Several recent fiscal audits have found deficiencies with respect to notifying claimants of TDA apportionments prior to March 1 of the preceding fiscal year.

The audit team has identified one functional finding. While this finding is not a compliance finding, the auditors believe it is significant enough to be addressed within this review:

1. The LCTC does not have a TDA handbook or an effective format for non-transit LTF claims.

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

Compliance Finding 1: The transit operator (LTSA) completed its TDA fiscal audit after the extended deadline in FY 2022/23 and FY 2023/24.

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

Condition: In FY 2022/23, the LTSA's TDA fiscal audit was completed on May 7. This was more than five weeks after the deadline established under PUC 99245. In FY 2023/24, the audit was expected to be completed by the end of April 2025.



LASSEN COUNTY TRANSPORTATION COMMISSION
TDA TRIENNIAL PERFORMANCE AUDIT, FY 2022–FY 2024
Final Report

Cause: In FY 2022/23, there was no staff available to facilitate the audit. Both the Assistant Director and Transportation Planner were new at the time.

Effect: The audit was completed late. However, it did not result in any TDA payments for the following fiscal year needing to be withheld.

Recommendation: Work with the transit operator to ensure timely completion of TDA fiscal audits.

Recommended Action: At the time of this report, LCTC expected the LTSA audit to be completed by the end of April 2025. LTSA and the LCTC should work to ensure these audits can be completed by the extended deadline of March 31 each year.

Timeline: Ongoing.

Anticipated Cost: None.

Compliance Finding 2: Several recent fiscal audits have found deficiencies with respect to notifying claimants of TDA apportionments prior to March 1 of the preceding fiscal year.

Criteria: CCR 6644 requires the RTPA to advise prospective claimants of the amounts of all area apportionments from the local transportation fund for the following year by March 1. CCR 6659 requires the RTPA to convey allocation instructions to the County auditor.

Condition: In the LCTC's FY 2023/24 TDA fiscal audit, the auditor had a finding of noncompliance with both of these requirements. Funds were allocated after the March 1 deadline and no allocation instructions were provided. This same finding was also included as a significant deficiency in the FY 2020/21 TDA fiscal audit, though it was resolved in the FY 2021/22 audit.

Cause: In FY 2020/21, the LCTC noted that there was no available estimate of TDA income prior to the March 1, 2020 deadline, so Commission staff prepared and estimate and presented it at the next Commission meeting (April 13, 2020). This was in the early days of the COVID-19 pandemic, which impacted many aspects of TDA funding. The Commission authorized the Executive Director to issue allocation instructions to the County auditor at its September 14, 2020 meeting.

In FY 2022/23, the LCTC passed the resolution of allocations on October 17, 2022, and did not submit a memorandum of allocations to the County auditor.

Effect: The LCTC was out of compliance with the TDA during these years.

Recommendation: Notify claimants regarding apportionment amounts by March 1 and ensure allocation instructions are communicated to the County auditor.

Recommended Action: The LCTC should ensure that it notifies claimants of apportionment amounts by March 1. When extenuating circumstances make this impossible (as was noted in FY 2020/21), the LCTC should work to make these notifications as soon as is feasible. The LCTC should also ensure it conveys



allocation instructions to the County auditor according to the requirements of CCR 6659, which include a written memorandum from the RTPA's Executive Director accompanied by a certified copy of the resolution authorizing the action.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Functional Finding 1: The LCTC does not have a TDA handbook or an effective format for non-transit LTF claims.

Criteria: PUC 99234 and PUC 99400 provide for uses for TDA funding that go beyond transit uses. PUC 99234 addresses claims for bicycle and pedestrian uses under Article 3, while PUC 99400 addresses claims under Article 8, which include transit as well as streets and roads claims.

Condition: Currently, the LCTC utilizes a comprehensive claim form for transit-related claims. However, Article 3 and non-transit Article 8 claims have historically been submitted using a single-page form that does not provide sufficient detail about how the money will be used. While LCTC no longer allocates Article 8 funds, it does allocate Article 3 funds, and the City and County both have Article 8 funds that have yet to be claimed. The need for a more detailed form was identified as a recommendation in the prior audit. In addition, policies regarding claims are informal and communicated on an as-needed basis by staff.

Cause: In small agencies, it is common for policies to be informal, especially if certain types of claims are infrequently or inconsistently utilized.

Effect: This lack of need can result in policies not being clearly codified or claim forms going unrevised.

Recommendation: Prepare a TDA handbook that identifies policies, criteria, and claim forms for claims under each TDA article for which funds are available.

Recommended Action: The LCTC should prepare a TDA handbook that provides an appropriate level of detail for claims for all TDA articles under which claims may be filed. At present, this should include Article 3, Article 4, Article 4.5, and Article 8. In the future, once all Article 8 funds have been drawn down, this section may be omitted if no Article 8 funds are being apportioned. A lengthy and extensive handbook is not required provided it includes a sufficient practical level of detail for filing, evaluating, and granting claims.

Article 4 and Article 4.5 claims may be made using the same (existing) claim form if desired, but it should be accessible if a future claimant only chooses to claim Article 4.5 funds. The Article 3 claim form should be revised so that it meets industry standards. As discussed in the recommendation from the prior audit:

The claim forms submitted by the City and County should include greater detail for the purpose of the funds, such as identifying a specific project, so that LCTC could make sound decisions and apply any conditions of approval in allocating the TDA funds. Such a claim form would include the amount of claim, resolution, method of payment (allocation or



reimbursement), identification of projects that are consistent with the RTP, standard assurances, annual fiscal audit, and State Controller report. Should LCTC decide to allocate the Article 3 bike and pedestrian funding on a reimbursement basis, for example, the claims requirement should include the local jurisdiction providing evidence of project implementation such as invoice receipts, project description, matching funds, and photos.

Timeline: FY 2025/26.

Anticipated Cost: Modest.

Exhibit 7.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with the transit operator to ensure timely completion of TDA fiscal audits.	Medium	Ongoing
2	Notify claimants regarding apportionment amounts by March 1 and ensure allocation instructions are communicated to the County auditor.	Medium	Ongoing
Functional Recommendations		Importance	Timeline
1	Prepare a TDA handbook that identifies policies, criteria, and claim forms for claims under each TDA article for which funds are available.	Medium	FY 2025/26