

FY 2019-2021  
TRIENNIAL  
PERFORMANCE  
AUDIT



**LASSEN COUNTY  
TRANSPORTATION  
COMMISSION**

**March 2023**

*Submitted to:*  
Lassen County  
Transportation Commission

*Submitted by:*

**Michael Baker**  
INTERNATIONAL

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## Section I

### Introduction – Initial Review of RTPA Functions

The Lassen County Transportation Commission (LCTC, Commission) retained Michael Baker International to conduct its Transportation Development Act (TDA) performance audit covering the most recent triennial period, fiscal years (FY) 2018–19 through 2020–21. As a regional transportation planning agency (RTPA), the LCTC is required by Public Utilities Code (PUC) Sections 99246 to prepare and submit an audit of its performance on a triennial basis to the California Department of Transportation (Caltrans) in order to continue to receive TDA funding.

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

#### Overview of Lassen County and the LCTC

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

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

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

**Table I-1**  
**Lassen County Demographics**

City/Jurisdiction	2020 US Census Population	Change from 2010 US Census %	Population 65 Years & Older % (2020 ACS 5-Yr Estimates)	2022 DOF Population Estimates	Land Area (in square miles)
<b>Total Lassen County</b>	<b>32,730</b>	<b>-6.2%</b>	<b>14.40%</b>	<b>30,274</b>	<b>4,720.00</b>
City of Susanville	16,728	-6.8%	7.40%	13,212	8.03
Unincorporated Area	16,002	-5.6%	21.11%	17,062	4,711.97

*Source: 2020 US Census; 2020 American Community Survey, 5-Year Estimates; California Department of Finance, 2022 Population Estimates*

The City of Susanville is the county seat and the county's only incorporated city. The county experienced a modest decrease in population between the 2010 and 2020 US Censuses. Based on the 2020 American Community Survey 5-year Estimates, seniors comprise about 14 percent of the county's population. The 2022 population for Lassen County is estimated to be 30,274 as reported by the California Department of Finance, a 7.5 percent decline from the 2020 Census figures. Other communities and census-designated places include Westwood, Clear Creek, Bieber, Johnstonville, Janesville, Standish, Litchfield, Herlong, Doyle, Milford, Leavitt Lake, Little Valley, Ravendale, Termo, and Madeline.

Lassen County was established and incorporated on April 1, 1864. The county was created from parts of Plumas and Shasta Counties and derives its name from Peter Lassen, a well-known trapper and one of John C. Fremont's guides. The local economy has traditionally been dominated by agriculture, mining, and timber. However, in recent decades, the county's economy has been reliant on employment generated by federal and state correctional institutions as well as small retail, hospitality, and tourism sectors. The \$124 million agricultural sector in Lassen County comprises alfalfa, wheat, oats, barley, rye, livestock, nursery crops, and timber products.

### Role and Structure of the LCTC

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

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

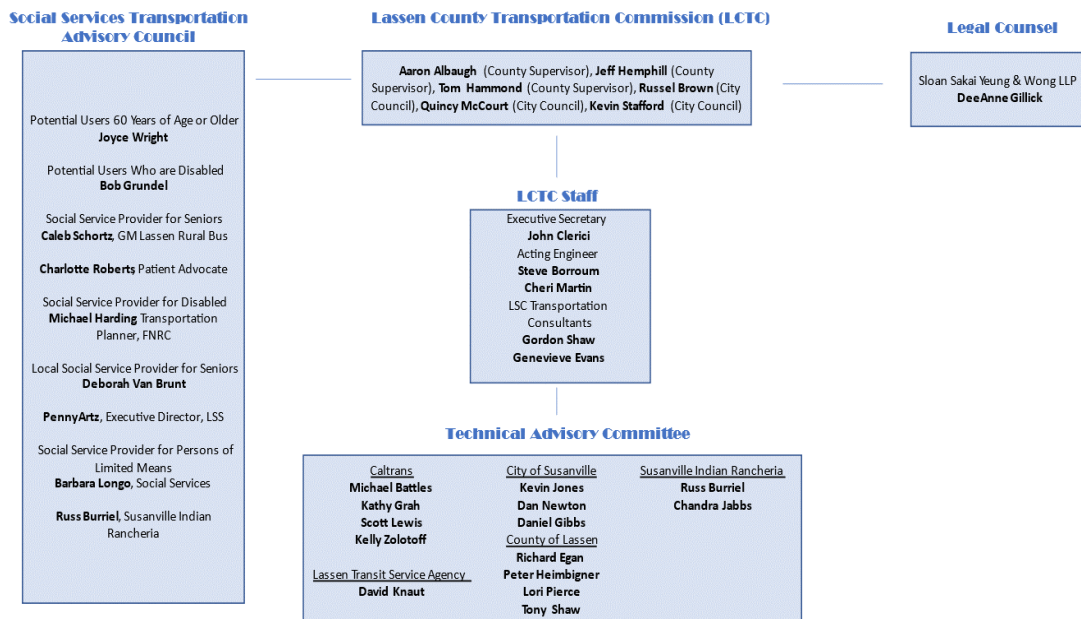
Specific to its role, the LCTC was created in 1971 pursuant to Title 3, Division 3, Chapter 2 of California Government Code Section 29535. The mission of the LCTC is to prepare, plan, and fund transportation programs for the citizens of Lassen County. As a Local Transportation Commission serving a rural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

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

- Preparation of the annual Overall Work Program (OWP) and OWP progress reports;
- Intergovernmental review and comment on other Caltrans highway planning projects; and
- Encouragement of active citizen participation in the development and implementation of various transportation-related plans and programs.

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

**Figure I-1  
LCTC Organizational Chart**



Source: LCTC

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

**LCTC – Commission:** As the principal governing body, the Commission is composed of six members: three Lassen County supervisors and three City of Susanville City Council members. Each appointing jurisdiction (council or board) may also select up to two alternative members to serve in their absence at their respective regular meetings. The

Commission also includes a non-voting ex officio representative from Caltrans, District 2. The Commission meets the second Monday of every other month at 1:30 p.m. in the Susanville City Council Chambers located at 66 North Lassen Street, Susanville. Remote participation is provided through a call-in number and Zoom videoconferencing link.

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

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

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

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

### Transit Operator Oversight

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

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

## **Audit Methodology**

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

- **Document Review:** Conducted an extensive review of documents including various LCTC files and internal reports, committee agendas, and public documents.
- **Interviews:** Interviewed Commission contract staff from Clerici Consulting, Borroum Engineering, and LSC Transportation Consultants as well as the transit operator, LTSA.
- **Analysis:** Evaluated the responses from the interviews as well as the documents reviewed about LCTC responsibilities, functions, and performance to TDA guidelines and regulations.

All of the above activities were intended to provide information necessary to assess the LCTC's efficiency and effectiveness in two key areas:

- Compliance with state TDA requirements
- Organizational management and efficiency

The remainder of this report is divided into four sections. In Section II, Michael Baker reviews the compliance requirements of the TDA administrative process. Section III describes the LCTC's responses to the recommendations in the previous performance audit. In Section IV, Michael Baker provides a detailed review of the LCTC's functions, while Section V summarizes our findings and recommendations.



## Section II

### Compliance Requirements

Fourteen key compliance requirements are suggested in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* developed by Caltrans to assess an RTPA’s conformance with the TDA. Our findings concerning the LCTC’s compliance with state legislative requirements are summarized in Table II-1.

TABLE II-1 LCTC Compliance Requirements Matrix		
LCTC Compliance Requirements	Reference	Compliance Efforts
All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund (LTF) monies apportioned to that area.	Public Utilities Code, Section 99231	<p>The LCTC accounts for its claimants’ areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their areas.</p> <p>The Commission annually adopts a resolution approving each LTF allocation and specifying amounts for each claimant.</p> <p><b>Conclusion: Complied.</b></p>
The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	Public Utilities Code, Sections 99233.3 and 99234	<p>The LCTC apportions LTF revenue for bicycle and pedestrian facilities using the statutory budget limit of 2 percent after administration. The apportionment is optional depending on need and availability of revenue. Based on the Findings of Apportionment, the LCTC has allocated 62.2 percent of the revenues to the County and 37.8 percent to the City of Susanville.</p> <p>During the audit period, the LCTC apportioned LTF for the construction and maintenance of bicycling trails, bicycle safety education programs, and development of a comprehensive</p>



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		<p>bicycle and pedestrian facilities plan.</p> <p>For FY 2018–19, the City of Susanville submitted an Article 3 claim for bicycle and pedestrian facilities in the amount of \$6,259.16. The one-page claim form was signed by the City engineer and did not include any backup documentation.</p> <p>For 2019–20, the County submitted an Article 3 claim for bicycle and pedestrian facilities in the amount of \$9,769.06.</p> <p>According to the Commission, the County has sent several seemingly random “claim forms” using their form, in anticipation of the LCTC signing the form so that the County would then present it to the County Auditor for payment. The Commission has advised the County that the LCTC would require a letter of request accompanied by a Board of Supervisors resolution requesting said funds.</p> <p><b>Conclusion: Partial Compliance.</b></p>
The RTPA has established a social services transportation advisory council. The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.	Public Utilities Code, Sections 99238 and 99238.5	The role of the SSTAC is to aid the Commission in its review of transit issues, with an emphasis on the annual identification of transit needs in Lassen County. The SSTAC meets as needed and participates on several issues, including an annual public hearing to ensure citizen participation in the transit process and coordination of specialized transportation

TABLE II-1 LCTC Compliance Requirements Matrix		
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		<p>services.</p> <p>The SSTAC membership conforms to the stakeholder categories pursuant to PUC Section 99238. Definitions for “unmet transit needs” and “reasonable to meet” are reaffirmed in the adopted resolutions.</p> <p><b>Conclusion: Complied.</b></p>
<p>The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower the operating costs of those operators which operate at least 50 percent of their vehicle service miles within the RTPA’s jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> <li>• A committee for the purpose providing advice on productivity improvements may be formed.</li> <li>• The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation which exceeds its prior year allocation.</li> </ul>	<p>Public Utilities Code, Section 99244</p>	<p>Transit performance data are provided to the LCTC through the LTSA, which administers public transit services in Lassen County.</p> <p>The LCTC has not established a separate committee for the purpose of providing direction on productivity improvements (e.g., transit operators committee); however, the SSTAC could fulfill this function if additional meetings are held by the LCTC to focus on productivity improvements of the transit operator.</p> <p>In addition, the LCTC commissions the triennial performance audit as well as assisting in the funding of the <i>Lassen County Transit Development Plan</i> updates, which detail productivity improvements.</p> <p><b>Conclusion: Partial compliance.</b></p>
The RTPA has ensured that all	Public Utilities Code,	The LCTC maintains records of TDA

TABLE II-1 LCTC Compliance Requirements Matrix		
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claimants to whom it allocates Transportation Development Act (TDA) funds submits to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 27). The RTPA may grant an extension of up to 90 days as it deems necessary (March 26).	Section 99245	<p>claimant submissions of annual certified fiscal and compliance audits. The accounting firm of Richardson &amp; Company, LLP was retained to conduct the fiscal audits for FYs 2019, 2020, and 2021. These audits were completed for the LTSA.</p> <p>The completion dates were:</p> <p>FY 2019: May 5, 2020  FY 2020: April 1, 2021  FY 2021: April 29, 2022</p> <p>The fiscal and compliance audits were submitted after the 90-day extension as allowed by the RTPA due to Commission personnel turnover and the late procurement of a new independent auditor.</p> <p>There have not been TDA fiscal audits conducted for the City or County when TDA funding for bike and pedestrian projects is allocated.</p> <p><b>Conclusion: Not in compliance.</b></p>
The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennium). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA monies and to the RTPA within 12 months after the end	Public Utilities Code, Sections 99246 and 99248	<p>For the current three-year period, the LCTC retained Michael Baker International to conduct the audit of the RTPA and LTSA.</p> <p>Michael Baker was retained to conduct the previous audit for the three fiscal years that ended June 30, 2018 and has received proper extensions to complete the reports.</p> <p><b>Conclusion: Complied.</b></p>

TABLE II-1 LCTC Compliance Requirements Matrix		
LCTC Compliance Requirements	Reference	Compliance Efforts
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.		
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 the operators located in the area under its jurisdiction have been completed.	Public Utilities Code, Section 99246(c)	Neither the LCTC nor LTSA could locate any letter or email to Caltrans regarding the submittal of the prior TDA triennial performance audits. The LTSA reached out to former staff, but they no longer had emails from that time. The current performance auditor reached out to Caltrans in Sacramento, and it was confirmed with Caltrans that the LCTC and LTSA performance audits were submitted to the agency at some point after their completion.  <b>Conclusion: Complied.</b>
The performance audit of the operator providing public transportation service shall include a verification of the operator's operating cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include, but not be limited to, consideration of the needs and types of passengers being	Public Utilities Code, Section 99246(d)	The performance audit of the LTSA includes all required elements.  <b>Conclusion: Complied.</b>

TABLE II-1 LCTC Compliance Requirements Matrix		
LCTC Compliance Requirements	Reference	Compliance Efforts
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		
The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.	Public Utilities Code, Section 99270.1 and 99270.2	This compliance requirement is not applicable as the LTSA does not serve an urbanized area.  <b>Conclusion: Not applicable.</b>
The RTPA has adopted criteria, rules and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost-effectiveness of the proposed community transit services.	Public Utilities Code, Section 99275.5	There is currently no designated CTSA in Lassen County according to LCTC staff. Lassen Senior Services (LSS) was thought to be the designated CTSA in Lassen County. 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 represented on the SSTAC and provides specialized transportation service and nutrition programs to its clients. Nevertheless, to date, the LTSA has submitted its claim under Article 4.5 combined with its claim under Article 4 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. The LCTC has not adopted rules

TABLE II-1 LCTC Compliance Requirements Matrix		
LCTC Compliance Requirements	Reference	Compliance Efforts
		and regulations for Article 4.5 claims; however, Commission staff are considering rules and regulations for possible funding under this part of the TDA and will consult with the SSTAC.  <b>Conclusion: Not applicable.</b>
State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.  (Note: Since the June 9, 1990 passage of Proposition 116, state transit assistance funds may no longer be used for street and road purposes, as had been permitted in certain cases under PUC Section 99313.3).	Public Utilities Code, Sections 99310.5 and 99313.3 and Proposition 116	The LCTC allocates STA funds for transit purposes only. A resolution is adopted by the Commission for use of STA.  <b>Conclusion: Complied.</b>
The amount received pursuant to Public Utilities Code, Section 99314.3; by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	Public Utilities Code, Section 99314.3	The LCTC allocates operator revenue-based STA funds to the LTSA in accordance with the amounts published by the State Controller's Office. The LTSA is the only eligible claimant of this fund.  <b>Conclusion: Complied.</b>
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:  • Consulted with the Social	Public Utilities Code, Section 99401.5	The LCTC conducts an annual unmet transit needs process to solicit comment and feedback on potential transit needs. Although no TDA funds are allocated to streets and roads, the LCTC continues to conduct a formal unmet needs process as a venue to collaborate with the community and identify transit needs. The

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

LCTC Compliance Requirements	Reference	Compliance Efforts
<p>Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code, Section 99238;</p> <ul style="list-style-type: none"> <li>• Identified transit needs, including: <ul style="list-style-type: none"> <li>○ Groups that are transit-dependent or transit disadvantaged,</li> <li>○ Adequacy of existing transit services to meet the needs of groups identified, and</li> <li>○ Analysis of potential alternatives to provide transportation services;</li> </ul> </li> <li>• Adopted or re-affirmed definitions of “unmet transit needs” and “reasonable to meet;”</li> <li>• Identified the unmet transit needs and those needs that are reasonable to meet; Adopted a finding that there are no unmet transit needs that are reasonable to meet; or that there are unmet transit needs including needs that are reasonable to meet.</li> </ul> <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>		<p>LCTC works through the SSTAC and cooperatively with the LTSA, for this process. The LTSA also solicits, and compiles transit needs from the public year-round at its board meetings. The LCTC adopts resolutions of the findings of unmet needs based on recommendations made by the SSTAC. Following the process, the unmet transit needs package is submitted to Caltrans for acceptance and closure for the fiscal year.</p> <p><b>Conclusion: Complied.</b></p>
<p>The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor, or a certified public accountant. The</p>	<p>California Administrative Code, Section 6662</p>	<p>The accounting firm of Richardson &amp; Company, LLP conducted the financial audits of the LCTC for FYs 2019, 2020, and 2021.</p>



TABLE II-1 LCTC Compliance Requirements Matrix		
LCTC Compliance Requirements	Reference	Compliance Efforts
RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year and must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the State Controller. The audit shall include a determination of compliance with the transportation development act and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county or other agency. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following the fiscal year close.		<p>The completion dates were:</p> <p>FY 2019: April 28, 2020  FY 2020: June 1, 2021  FY 2021: April 28, 2022</p> <p>The LCTC also maintains fiscal and accounting records and supporting papers for at least four years following the fiscal year close.</p> <p><b>Conclusion: Complied.</b></p>

## Findings from RTPA Compliance Requirements Matrix

The LCTC has satisfactorily complied with most applicable state legislative mandates for RTPAs. Partial compliance was made for bike and pedestrian claim procedures and recommending productivity improvements for the transit operator. The LCTC could summon the SSTAC for more than just unmet transit needs and discuss transit performance and work toward productivity and/or service improvements. Noncompliance was found in the submittal of the LTSA financial audits, which were submitted after the extension timeline. Also, while required TDA fiscal audits have been conducted for the LTSA and LCTC, there is no indication that the fiscal audits have been conducted for the City and County for receipt of TDA funding for bicycle and pedestrian projects during the performance audit period.

One compliance measure that did not apply to the LCTC pertains to adopting rules and regulations for TDA claims under Article 4.5. Nevertheless, to date, the LTSA has submitted its claim under Article 4.5 combined with its claim under Article 4 and it has been evaluated accordingly. Also, regarding 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. The Commission has advised the County that the LCTC would require a letter of request accompanied by a Board of Supervisors resolution requesting said funds. 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.

## Section III

### Prior Triennial Performance Audit Recommendations

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

#### Prior Recommendation 1

Tighten oversight of LTF expenditures for bicycle and pedestrian projects.

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

#### Actions taken by LCTC:

TDA funds apportioned under Article 3 have generally been held in reserve. During the audit period, two claims were submitted under Article 3 for bicycle and pedestrian projects. As stated in the compliance chapter of this report, according to the LCTC, the County has sent several seemingly random “claim forms” using their form, in anticipation of the LCTC signing the form so that the County would then present it to the County Auditor for payment. The Commission has advised the County that the LCTC would require a letter of request accompanied by a Board of Supervisors resolution requesting said funds. The County recently (FY 2021–22) had its Articles 3 and 8 funds audited (after performance audit period). However, the City has not provided any financial information in order for the claimed funds to be audited. Considering this matter, it is suggested that the LCTC work with the City to demystify the LTF claim process and hold the City accountable for the productive use of the funds.

### Conclusion:

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

### Prior Recommendation 2

Consult with the SSTAC on CTSA funding.

*Background:* The prior audit stated that the CTSA role has been held by LSS, which provides specialized transportation service and nutrition programs to its clients. A PUC section carves out potential TDA funding for CTSA activities that the LCTC should consider. The Commission must first adopt criteria, rules, and regulations for the evaluation of claims under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services. A claim form, in turn, would be required by LSS to possibly access this funding for CTSA services that fill transportation gaps not provided by the public transit system. It was suggested that the LCTC consult with the SSTAC on CTSA services and whether TDA funding could enhance existing service to fill unmet needs.

### Actions taken by LCTC:

During the audit interviews, LCTC staff informed the auditors that there is currently no designated CTSA in Lassen County. 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' Susanville site has vans to pick up seniors and bring them to nutrition sites for lunch if needed and arranged ahead of time. In addition, the Susanville medical van travels to Reno for medical appointments. LSS is staffed with four full-time and five part-time employees. However, it has been determined that LSS lacks the administrative capacity to function as the CTSA. There have been discussions on designating the LTSA as the potential CTSA for the County; however, the SSTAC has yet to be consulted in 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 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. Thus, it is recommended that the LCTC, together with the SSTAC and other stakeholders, continue to evaluate alternatives for CTSA designation.

### Conclusion:

This recommendation has not been implemented and is forwarded for ongoing consideration and implementation.

### Prior Recommendation 3

Further evaluate a formalized program to recommend transit productivity improvements.

*Background:* As discussed in the prior performance audit section and carried forward, while the LCTC has not established a separate committee for the purpose of providing direction on productivity improvements (e.g., transit operators committee), the SSTAC could fulfill this function if additional meetings are held by the LCTC to focus on productivity improvements of the transit operator. A more formal undertaking of these types of recommendations could be developed if the LCTC and SSTAC decide to engage further beyond only for unmet transit needs. An analysis of performance measures and trends against benchmarks, explanations for changes in cost and ridership, and recommendations for improvement could provide a basis for a more formalized productivity improvement program. The membership of LSS in the SSTAC could provide additional opportunities for coordinated services between public transportation and specialized services, such as nutrition and independent living.

#### Actions taken by LCTC:

The Commission has yet to evaluate a formalized program of productivity improvements but has continued to conduct the annual unmet transit needs process pursuant to Section 99401.5 of the TDA statute. In addition, the *FY 2021–2026 Lassen County Transit Development Plan (TDP)* was prepared and adopted. The TDP includes a variety of performance standards for the LTSA based on historical performance trends and industry standards. The standards have been used to evaluate the performance of service alternatives. Furthermore, the development and implementation of a new TDA claim form in FY 2020–21 includes a productivity improvement progress report. Even with these measures, the Commission is encouraged to continue efforts to develop a formalized program to gauge productivity improvements.

#### Conclusion:

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

### Prior Recommendation 4

Develop a TDA transit claim form that meets industry practice.

*Background:* As discussed in the functional review section of the prior audit, TDA funding is typically requested by an eligible recipient such as the LTSA through a claim form furnished by the transportation planning agency (i.e., the LCTC). The LCTC claim form has been a one-page form that contains general information as to the purpose and amounts along with signatures of LCTC and claimant personnel. However, industry

practice shows that claim forms should provide information sufficient for RTPAs to make sound decisions and any conditions of approval in allocating the TDA funds. Claim forms typically show the amount being requested, the specific purpose for the funds such as operations and/or capital, and compliance with various TDA rules and regulations as a condition of funding receipt. Samples of these rules and regulations include providing current and claim year budgets, assurance of completion of the fiscal compliance audit and state controller's report, completion of CHP terminal and pull notice inspections, and progress in implementing prior performance audit recommendations.

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

A sample of a TDA claim form and required documentation for transit was provided in the prior audit to LCTC staff for review and was scalable to fit local need.

#### Actions taken by LCTC:

In response to this recommendation, the Commission developed and implemented a new TDA claim form that conformed to industry practice in FY 2020–21. 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. The LCTC reports that the new claim form works well by simplifying the process and providing more accountability. Building upon the success of the new TDA transit claim form, the LCTC is encouraged to develop a TDA non-transit claim form that meets industry practice.

#### Conclusion:

This recommendation has been implemented.

## Section IV

### Detailed Review of RTPA Functions

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

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

### Administration, Management, and Coordination

The LCTC is administered and managed by a team of consultants tasked with specific duties and responsibilities. The Commission has the statutory authority to “employ staff, enter into contracts, and conduct other activities necessary to fulfill its responsibilities as a regional transportation planning agency and local transportation commission” pursuant to Government Code Section 29535. The Commission underwent administrative changes during the audit period. In prior years, the LCTC contracted with County of Lassen Public Works personnel for Commission administration through the fall of 2017. The County administrative officer served as the executive secretary for the Commission.

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

In March 2019, the Commission adopted Resolution 19-10 appointing John Clerici, then an employee of Matt Boyer & Associates, as acting executive secretary and to provide professional services to the LCTC. In addition, the Commission adopted Resolution 19-11



appointing Steve Borroum, also an employee of Matt Boyer & Associates, as staff engineer to the LCTC.

In July 2019, the Commission received a letter from Caltrans regarding the procurement of professional services for staffing the Commission. Caltrans acknowledged the interim staffing arrangement and recommended that the Commission immediately commence a competitive recruitment process for continued consulting services. Caltrans requested a response from the Commission by August 9, 2019, with a letter detailing a plan to address the concerns regarding the procurement process.

On September 16, 2019, the Commission weighed options for ongoing Commission staffing services and authorized General Counsel to prepare and release a Request for Proposals (RFP) for an agreement for consultant services in January 2020. An RFP was released on December 20, 2019. Two proposals were received by the January 31, 2020, deadline and the Commission conducted interviews during a special meeting on February 10, 2020. John Clerici Consulting with assistance from Steve Borroum and LSC Transportation Consultants were the preferred candidates to provide staffing services. The Commission's General Counsel presented the final agreement for consideration by the Commission at its April 13, 2020, meeting by motion of Resolution 20-06 to appoint John Clerici as executive secretary and approve the staffing services agreement with Clerici Consulting.

The initial term of the current staffing services agreement for the Commission is for a three-year term through June 30, 2023. The agreement encompasses the executive secretary's administrative and fiscal responsibilities, clerk of the Commission responsibilities, and planning responsibilities. Clerici Consulting subcontracts with Steve Borroum and LSC Transportation Consultants for work performed on behalf of the Commission.

Each year, the LCTC prepares the Overall Work Program (OWP), which is a required document that lays out the annual work plan and budget for the Commission. The OWP advances short- and long-range transportation plans and projects and prioritizes transportation planning projects when using state and federal transportation funds. The OWP is developed in coordination with Caltrans, which approves the work plan. The LCTC and Caltrans track funding sources for the OWP against the expenditure programs. Funding sources include LTF, Rural Planning Assistance (RPA), Planning, Programming, & Monitoring (PPM), Sustainable Communities Grant, and Grant Local Match.

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

during the audit period contained the following work elements covering topics that are the responsibility of the LCTC, as shown in Table IV-1:

**Table IV-1  
OWP Work Elements**

<b>Work Element Number</b>	<b>Work Element Description</b>	<b>Fiscal Years</b>
100	Administration and Coordination	FY 2018-19; FY 2019-20; FY 2020-21
601	Regional Transportation Planning	FY 2018-19; FY 2020-21
602	Programming	FY 2018-19; FY 2019-20; FY 2020-21
603	Community Engagement and Outreach	FY 2018-19; FY 2019-20; FY 2020-21
604	Transportation Development Act	FY 2018-19; FY 2019-20; FY 2020-21
613	Susanville Indian Rancheria Sustainable Communities Grant	FY 2018-19
701	Sustainable Communities Grant – SR 36	FY 2018-19; FY 2019-20; FY 2020-21
702	US 395 Coalition and Implementation Plan	FY 2018-19; FY 2019-20; FY 2020-21
703	US 395 Strategic Corridor Investment Analysis	FY 2020-21

Source: LCTC OWP and Budget

The FY 2018–19 OWP and budget contained eight work elements; the FY 2019–20 OWP and budget contained six work elements; and the FY 2020–21 OWP and budget contained eight work elements. Each work element summary includes the purpose and objectives, proposed tasks, proposed work products, and a breakdown of the funding sources, including the responsible agency. The annual work program’s direct expenditures ranged between \$606,404 and \$646,317 annually for the three-year audit period based upon the work program funding summary. The LCTC also addresses the planning factors listed in the federal Fixing America's Surface Transportation (FAST) Act and includes a matrix in the OWP indicating which planning factors are addressed by each work program element.

For FY 2019–20, the OWP and budget underwent a major revision from prior versions to align with Caltrans’s guidelines more closely on the format and substance for such documents. In addition, the FY 2018–19 OWP was amended in April 2020 to shift funding for project oversight to the City of Susanville of the SR 36 Complete Streets and Safe Mobility Study.

The FY 2020–21 OWP and budget contained the core tasks and responsibilities described in the adopted staff services contract with Clerici Consulting in the amount of approximately \$203,000, with additional work provided for in the expanded scope of work of approximately \$165,000. The expanded scope of work included:

- Regional transportation planning and data collection
- Active transportation program planning
- Transit planning (including Phase 1 of the TDP)
- SR 36 Project Management
- US 395 Phase 1 completions
- US 395 Phase 2 management

The work being performed under the expanded scope is primarily work that would have been given to consultants but fell under the skill set of LCTC staff.

### Internal Planning and Achievements

The issues and high-profile projects undertaken by the LCTC heighten its visibility in the region and engage local officials who want to be assigned to the Commission despite small funding shares received by the Commission relative to other planning agencies in the state. Project prioritization under limited funding constraints is a constant activity being worked on at the LCTC. LCTC staff work diligently to keep the community focused on prioritizing projects and being available to the public. These efforts demonstrate the collaboration between LCTC staff and the commissioners to efficiently use existing agency resources.

The Commission has been adept in its advocacy and implementation of vital transportation projects, programs, and studies in the county. These accomplishments are summarized below:

State Route 36 Complete Street and Safe Mobility Plan: In partnership with Caltrans, the LCTC commissioned a study of the SR 36 corridor through Susanville. The purpose of the plan is to identify potential future multimodal and complete street improvements along the 2.5-mile corridor between Uptown (South Pine Street/Cottage Street) and the Susanville Gateway (Riverside Drive) and prioritize potential projects that would be competitive for grant-eligible, complete streets improvements. The public draft was released in September 2020.

US 395 Strategic Corridor Investment Analysis: This analysis builds upon previous efforts by the LCTC and Caltrans to prioritize investments along the US 395 corridor. The segment of the highway under study is from Hallelujah Junction at the intersection with SR 70 to SR 36 in Susanville. Efforts for the project have included economic analyses. The Commission discussed potentially emphasizing public safety and particular segments of the corridor as part of this effort, as it related to goods movement/parallel capacity. The LCTC provided support through community engagement and coalition building. The US 395 Investment Strategy was recently completed, which identified the appropriate revenue sources necessary to implement all or part of the projects identified as part of the US 395 Coalition process.

Lassen County Transit Development Plan (TDP) 2021-2026: The LCTC commissioned an update of the Lassen County TDP, which was adopted in September 2021. The TDP provides a five-year business plan for the transit system. The plan evaluates the specific needs for transit services, as well as developing recommendations for improvements and service revisions. The process involved a review of existing transit conditions, evaluation of operations, and public outreach (via community-wide surveys and stakeholder interviews).

Coordinated Public Transit Human Services Transportation Plan: Developed concurrently with the Lassen County TDP, the Coordinated Plan was adopted in August 2021. The plan identifies transportation goals and provides strategic solutions for improved coordination of mobility throughout the Lassen County region. The process involved a review of previous and existing transportation planning documents, an overview of existing transit services, public outreach (via community-wide surveys and stakeholder interviews), a transportation needs and gaps assessment, and a prioritization of needs and strategies.

## **Transportation Planning and Programming**

Planning and programming projects identified in the OWP during the audit period include Regional Transportation Planning, Programming, Project Study Reports, State Transportation Improvement Program (STIP) Amendments, Transit Planning, Public Outreach, and Susanville Indian Rancheria Sustainable Communities Grant monitoring.

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

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

The overall focus of the 2017 RTP is directed at developing a coordinated and balanced multimodal regional transportation system that is financially constrained to the revenues anticipated over the life of the plan. The coordination focus brings the County, Caltrans, the City of Susanville, government resource agencies, commercial and agricultural interests, Susanville Indian Rancheria, and citizens into the planning process. The balance is achieved by considering investment and improvements for moving

people and goods across all types of transportation, including automobiles, public transit, bicycle, pedestrian, trucking, railroad, and aviation. Financially constrained transit projects in the RTP include shelter improvements, signage, downtown transit center, bus replacement, and operating costs.

Transportation improvements in the RTP are identified as short-range/constrained (2017–2027) or long-range/unconstrained (2028–2037). The RTP must be updated every five years. LCTC staff commenced an update of the RTP in FY 2021–22 to accommodate planning studies, funding opportunities, and regional developments where compliance with the RTP is required. In addition, the RTP will reflect studies completed in FY 2021–22, such as the TDP, the Lassen County Bike Plan, the Local Road Safety Plan, and the US 395 Coalition effort.

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

The LCTC is responsible for preparing the RTIP for Lassen County projects that have been approved for federal and state funding. The RTIP is prepared and submitted to Caltrans for inclusion into the STIP every odd year. The 2020 RTIP programming document was adopted by the LCTC in December 2019 and represents a collaborative effort between the LCTC, City of Susanville, Lassen County, Susanville Indian Rancheria, and Caltrans. The 2020 RTIP identified over \$10 million in capital improvements. There is \$6.4 million in new investments on transportation infrastructure encompassing seven distinct capital projects over the five-year programming horizon. In addition, the Commission took the step of deprogramming its PPM funds and returning them to the region for capital expenditures.

The 2020 RTIP included eight projects that were carried over from the 2018 RTIP as well as three new projects. The LCTC gave priority to completing projects with previous STIP funding. The RTIP provided the funding needed to complete long-standing priority infrastructure projects, like Skyline Drive and the SR 36 South-East Gateway projects, which will provide needed improvements to local and regional mobility and are critical elements of economic revitalization.

### Transit Planning and Performance Monitoring

LCTC transit planning and monitoring are conducted in collaboration with the LTSA and other agency partners. The principal transit planning document is the TDP, which was adopted in September 2021. The TDP was prepared internally by LCTC staff and funded through an RPA and a PPM grant administered by Caltrans. The aim of the TDP update was to evaluate services currently provided by the LTSA and to develop a plan to improve system performance and provision over a five-year horizon.

The TDP is composed of an introduction; study area characteristics; existing transportation services; service performance, capital assets and marketing; performance standards; public outreach summary; service alternatives; and a transit plan. Included as an appendix are the results of the online community survey. Key issues identified in the TDP included industry-wide ridership declines pre-pandemic, response to changes to public transit usage as it relates to the COVID-19 pandemic, population decline and aging population, reduced revenues coupled with increased costs, and unmet needs relating to services providing out-of-county transportation for residents of Lassen County.

The plan aims to address these key issues through goals and strategies related to service expansion and modification, transportation alternatives, capital improvements, and financial strategies. The service expansion recommendations include general public intercity transportation/non-emergency medical transportation between Susanville and Reno; review of the Susanville Express Route performance post-pandemic, and of the Susanville City fixed-route loop; and the addition of South & East County shopper routes, on-demand service along Richmond Road, and alternative modes of transportation (micro-transit) to service lower-demand areas and lower-demand time periods. The plan also looks at service reduction alternatives to improve budget performance such as reduction of vehicles used in Saturday service, eliminating the Susanville Express Route if the service does not prove successful post-pandemic, eliminating the last run of the Susanville fixed route, and elimination of Saturday services. Capital plans include continued bus stop improvements, operations and maintenance facility improvements, and fleet upgrades including zero emission buses and electric vehicles charging infrastructure.

Developed concurrently with TDP, the *Coordinated Public Transit – Human Services Transportation Plan* was adopted in August 2021. Projects selected for funding under Federal Transit Administration (FTA) Section 5310 must be included in a coordinated public transportation plan. According to the FTA, the Coordinated Plan should be a unified, comprehensive strategy for public transportation service delivery that identifies the transportation needs of 1) individuals with disabilities, 2) seniors, and 3) individuals with limited incomes. The plan lays out strategies for meeting these needs and prioritizing services. More specifically, the goals and policy objectives of the Coordinated Plan aim to:

- Assist other transportation providers with obtaining FTA Section 5310 funds to purchase new vehicles;
- Allocate a small amount of funding to LSS to hire an accounting firm to prepare and track invoices and other grant-related processes;
- Designate a mobility manager and/or purchase Mobility Management software and applying FTA Section 5310 funding to support this strategy;
- Develop a transportation reimbursement program; and
- Strengthen efforts to coordinate with Susanville Indian Rancheria.

The two aforementioned planning efforts entailed the efficient use of resources, which included combining efforts to develop the background conditions, solicit public input, and conduct surveys.

## **TDA Claimant Relationships and Oversight**

In its capacity as an RTPA for TDA administration, the Commission administers and allocates TDA revenues to eligible claimants, including for public transportation. The LCTC’s total audited TDA allocations for administration and plans/programs during the fiscal years addressed by this audit were \$61,000 in FY 2018–19, \$176,601 in FY 2019–20, and \$264,099 in FY 2020–21.<sup>1</sup> The allocation reflects full administration cost including for contracted management and administration of LCTC provided by a private firm.

Documentation of the LTF allocation process as prescribed in the TDA statute was enhanced following the change in LCTC administration to the private consultant. The enhancements were implemented at the beginning of the audit period, and clearly outline how the LTF revenues are allocated to each expense type. In the LCTC Findings of Apportionment, a schedule shows, in order, the following allocations consistent with the statute:

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

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<sup>1</sup> FYs 2019, 2020, and 2021 Audited Financial Statements, Schedule of Allocations & Expenditures – Local Transportation Funds Disbursement under PUC Sections 99233.1 and 99233.2.



According to the Findings of Apportionment, at the end of FY 2020–21, the projected carryover of LTF was estimated at \$510,921. This was in addition to the next fiscal year’s estimated revenue generation. Given the annual funding request for the above uses did not reach the total of the carryover plus new annual revenue, the LCTC created a capital sinking fund and an operating reserve fund for the LTSA. This was developed to redistribute the balance that had originally been put in separate County funds for transit by prior LCTC management but not drawn down. With transit service and capital projects largely meeting rider demand due to a declining population base, the LCTC has also considered allowing the City and County to claim these funds for street and road use.

Nevertheless, it would be prudent for the LCTC to conduct an annual review of its LTF capital reserves, particularly with the anticipated zero emission infrastructure costs expected in the coming years. 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.

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

Funding is typically requested by an eligible recipient such as the LTSA through a claim form furnished by the transportation planning agency. The claim form is used to show the amount being requested, the purpose for the funds, and compliance with various TDA rules and regulations as a condition of funding receipt. Samples of these rules and regulations include providing current and claim year budgets, assurance of completion of the fiscal compliance audit and state controller’s report, completion of CHP terminal and pull notice inspections, and progress in implementing prior performance audit recommendations.

Pursuant to a prior audit recommendation, the Commission developed and implemented a new TDA transit claim form that conforms to industry practice in FY

2020–21. 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. The LCTC reports that the new claim form works well by simplifying the process and providing more accountability. Building upon the success of the new TDA transit claim form, the LCTC is encouraged to develop a TDA non-transit claim form that also meets industry practice.

### Unmet Transit Needs

The conduct of the annual unmet transit needs process is required by the TDA (PUC Section 99401.5) where claims can be made for streets and roads. LTF funds that are available for roads are split on a population basis between the City of Susanville and County of Lassen, in accordance with state law. The process includes holding an unmet transit needs public hearing; consulting with the SSTAC, RTP, TDP; and prioritizing unmet needs; reading and reaffirming the definitions of “unmet transit needs” and “reasonable to meet;” and adopting a resolution certifying the unmet needs findings. The LCTC provides proper legal noticing and advertising of the public hearing in general circulation publications (Susanville, Lassen County Times, Westwood Pine Press), and a meeting flyer to the SSTAC meeting.

The unmet transit needs definition adopted by LCTC at its January 11, 2021, meeting reads as:

*An unmet transit need is any deficiency in the system of public transit services, specialized transit/paratransit services, and private transportation services within the jurisdiction of the LCTC which has been identified by community members or through a local or regional planning process and which has not been funded and implemented. At a minimum, this may include desires for transportation services which are identified through the annual TDA Unmet Transit Needs public hearing, by the Social Service Transportation Advisory Council, in Lassen County’s Transportation Development Plan, in the Regional Transportation Plan, or in the compliance plan for the Americans with Disabilities Act as prepared by any public or private entity.*

*LCTC recognizes that public transportation includes a broad range of users, uses, and destination. Although, some services may be restricted or give priority to traditionally transit-dependent populations (such as elderly, disabled, low-income, or youth), all eligible users should have equivalent access or opportunity to use the service. The transportation desire of a small group of individuals or of the clients of particular agencies shall not, in and of themselves, be sufficient to justify a finding of unmet transit need. Trips that would duplicate transportation services to the general public are not considered unmet transit needs. A need for transportation service beyond the fiscal year under consideration shall not be considered an unmet transit need at the present time. Provision of escorts or attendants is not a transit need.*

The reasonable to meet definition that is reaffirmed by the LCTC reads as:

*An identified unmet transit need can be determined to be “reasonable to meet” if it is demonstrated, based upon LCTC staff analysis or other independent evidence, that the transit need can be met within the following performance and financial standards:*

*The performance standard for fixed-route systems is 10 percent fare revenue ratio. All other systems shall achieve at least the fare revenue ratio and passenger productivity standards established in the Lassen County Transit Development Plan and the Regional Transportation Plan or as established by statute. An extension of service shall not cause the system of which it is a part to fail to meet the system-wide performance standards. Considered separately, it shall achieve at least half the system-wide performance standards, except in case of an extension of service determined to be a necessary lifeline service for transit dependent populations. The unmet transit need will not require the expenditure of more than the affected jurisdiction(s) proportional share of Transportation Development Act funds that are apportioned by LCTC on the basis of population.*

During the FY 2019–20 unmet transit needs process, there were two unmet needs that were deemed not reasonable to meet. They concerned a request for half-hour service on the Susanville City Route and transportation to church on Sundays. Resolution 19-13 adopted by the Commission concluded that under the process there were no unmet transit needs that were reasonable to meet.

During the FY 2020–21 unmet transit needs process, the Commission was asked to adopt by motion Resolution 20-05 finding that there were two new unmet transit needs that were reasonable to meet for implementation in FY 2020–21:

- On-demand service to the Lake Forest area along Eagle Lake Road (as an extension of the West County Route); and
- Service along Richmond Road as an extension of the West County Route and Second Susanville Bus.

One of the unmet needs found reasonable to meet (the Second City Route) no longer met the criteria and Resolution 20-05 was amended to reflect that change.

For the FY 2021–22 unmet transit needs process, there were no unmet transit needs that were reasonable to meet. Pursuant to Resolution 21-05, the Commission adopted 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 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

ongoing transit plan update. Given the demand for Reno service and the size of the market, it is suggested that the LCTC review and potentially 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.

## **Marketing and Transportation Alternatives**

The LCTC website (<https://www.lassenctc.com/>) is refreshed with a modern appearance and updated by the executive secretary. Menu options on the home page include links to the SSTAC, planning and improvements to SR 36 and US 395, Commission meetings and agendas, document library, notices such as RFPs/RFQs, and contact information. Information under each menu option is cleanly laid out and easy to navigate. The meetings and agendas page provides monthly board agendas and meeting minutes in chronological order by date and goes back to 2016. This level of agenda record-keeping and digitization for placement on the website is commendable and ensures greater transparency with LCTC business. However, more recent documentation has yet to be placed on the website, such as budgets and financial audits. The County of Lassen website also provides reference to the LCTC and a weblink to the LCTC website.

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

As part of its external affairs outreach, the Commission has also been involved in the Rural Counties Task Force, which is a consortium of 26 rural RTPAs and local transportation commissions that work with together with the California Transportation Commission in providing a direct opportunity for the small counties to remain informed, have a voice, and become involved with changing statewide transportation policies and programs. Lassen County is also part of the North State Super Region, which is an alliance of 16 counties in Northern California that have decided to share information and collaborate to become a larger voice for state and federal funding policies and priorities. The LCTC executive secretary is the current chair of the North State Super Region.

The LCTC has also expressed interest in forging collaborative efforts with local Native American tribal entities, namely the Susanville Indian Rancheria. The Rancheria has a new tribal administrator who appears open to working with the Commission on issues of common interest.

Pursuant to the federal Civil Rights Act of 1964, a Title VI and Public Participation Plan has been developed and adopted by the Commission. Title VI of the Civil Rights Act of

1964 requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. The current Title VI and Public Participation Plan was developed during the audit period and adopted on September 16, 2019. Program compliance includes Title VI notices and complaint forms published in English and Spanish. However, a query of the LCTC website found that the Title VI and Public Participation Plan has not been posted on the site. It is recommended as part of Title VI compliance and best practice that a link to the Title VI Plan be posted on the Commission's website.

## **Grant Applications and Management**

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

The LCTC submitted a Sustainable Transportation Planning Strategic Partnership Grant application to Caltrans in November 2018 for the US 395 Strategic Corridor Investment Analysis. The Commission requested in its application \$195,700 to be matched with \$48,443 in LTF monies. In addition, LCTC was awarded a Caltrans Sustainable Transportation Planning Grant to conduct a Zero-Emission Vehicle Feasibility Study for LTSA in 2022.

For transit, the LCTC provides allocation and programming of funds under the California Cap and Trade program for transit through the Low Carbon Transit Operations Program (LCTOP). The Commission also applied for \$59,357 in LCTOP funding in March 2019 for bus stop enhancements such as benches, shelters, solar lighting, and curb and gutter improvements as well as park and ride facilities in the county.

The LCTC submits a Program of Projects that identifies subrecipients and projects to receive FTA Section 5311 rural transit funds in their planning area by December 31 of each year. In August 2020, the Commission adopted Resolution 20-9 authorizing federal funding under the Coronavirus Aid, Relief and Economic Security (CARES) Act whereby the LTSA executive director would file and execute applications on behalf of the LCTC. Further, the Commission supports the LTSA in the allocation of Senate Bill (SB) 1 State of Good Repair funds. The Commission adopts a resolution approving a list of projects recommended by the LTSA, which has included preventative maintenance and matching funding toward vehicle replacement. The allocation amount for Lassen County was \$46,452 in FY 2019–20 and \$42,471 in FY 2020–21. The funds are distributed in

quarterly amounts through the State Controller Office. There were no carryover State of Good Repair funds from FY 2019–20.

In March 2020, the LCTC, working with the County of Lassen Public Works Department, responded to a call for projects from the Governor’s Office of Planning and Research for projects associated with the Sierra Army Depot for potential stimulus funding. The project pertained to improvements to County Roads A26 and A27 leading into the Depot from US 395.

The LCTC also supports the LTSA in its application of Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds and Transit System Security for capital acquisition. Funding from the PTMISEA program has been used for improvements to bus maintenance facilities and vehicle procurement. At the beginning of the audit period, the LTSA had \$6,250 in PTMISEA grant funds, which were expended on bus maintenance bay expansion. In 2020, the LTSA was allocated \$486,659 and expended \$333,152 in PTMISEA funds on vehicle procurement. Unexpended proceeds by the end of FY 2021 were \$158,713. In addition, the LTSA was allocated \$25,188 in FY 2020 and expended \$10,950 of CalOES funds in FY 2021 for an evidence locker. Unexpended CalOES proceeds by the end of FY 2021 were \$14,238.

## Section V

### Findings and Recommendations

The following material summarizes the findings obtained from the triennial audit covering FYs 2019 through 2021. A set of recommendations is then provided.

#### Findings

1. The LCTC has satisfactorily complied with most applicable state legislative mandates for RTPAs. Partial compliance was made for bike and pedestrian claim procedures and recommending productivity improvements for the transit operator. The LCTC could summon the SSTAC for more than just unmet transit needs and discuss transit performance and work toward productivity and/or service improvements. Noncompliance was found in the submittal of the LTSA financial audits, which were submitted after the extension timeline. Also, while required TDA fiscal audits have been conducted for the LTSA and LCTC, there is no indication that the fiscal audits have been conducted for the City and County for receipt of TDA funding for bicycle and pedestrian projects during the performance audit period.
2. Regarding 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 of Susanville and County. This makes it difficult for the LCTC to track how the funds were spent. The claim form submitted by the claimants should include greater detail for the purpose of the funds, such as identifying a specific project.
3. Of the four prior performance audit recommendations, LCTC implemented one, and partially implemented two. The remaining recommendation was not implemented, which pertained to consulting the SSTAC on CTSA funding. The two partially implemented recommendations concerned a formalized program of productivity improvements and oversight of LTF expenditures for bicycle and pedestrian projects. These three recommendations are carried forward in this audit for full implementation. The prior recommendation implemented pertained to the LCTC developing and implementing a TDA transit claim form that conforms to industry standards.
4. The LCTC is administered and managed by a team of consultants tasked with specific duties and responsibilities. In September 2017, Matt Boyer & Associates was retained to provide contract management and administration for the Commission. This relationship remained in place until January 2019 when the principal no longer was able to serve in this capacity. The Commission released an RFP for an agreement for consultant services in December 2019. John Clerici Consulting with assistance



from Steve Borroum and LSC Transportation Consultants were the preferred candidates to provide staffing services. The initial term of the current staffing services agreement for the Commission is for a three-year term through June 30, 2023.

5. Improvements were made to the Overall Work Program (OWP) to align with Caltrans's guidelines more closely on the format and substance for such documents. The FY 2018–19 OWP contained eight work elements; the FY 2019–20 OWP contained six work elements; and the FY 2020–21 OWP contained eight work elements. Each work element summary includes the purpose and objectives, proposed tasks, proposed work products, and a breakdown of the funding sources, including the responsible agency.
6. The Commission has been adept in its advocacy and implementation of vital transportation projects, programs, and studies in the county. Such projects and studies have included the *State Route 36 Complete Street and Safe Mobility Plan*, the *US 395 Strategic Corridor Investment Analysis*, Lassen County TDP update, and the *Coordinated Public Transit – Human Services Transportation Plan*.
7. The LCTC is responsible for preparing the Regional Transportation Improvement Program (RTIP) for Lassen County projects that have been approved for federal and state funding. The 2020 RTIP programming document was adopted by the LCTC in December 2019 and represents a collaborative effort between the LCTC, City of Susanville, Lassen County, Susanville Indian Rancheria, and Caltrans. The 2020 RTIP identified over \$10 million in capital improvements.
8. As all Local Transportation Funds (LTF) have been used for public transit purposes, state law does not require the LCTC to undertake a formal unmet transit needs process. However, the LCTC is commended for continuing this practice and working to solicit unmet transit needs from the public.
9. Documentation of the LTF allocation process as prescribed in the TDA statute was enhanced following the change in LCTC administration to private consultants. This improvement more clearly outlines in the Findings of Apportionment how the LTF revenues are allocated to each expense type.
10. The Commission developed and implemented a new TDA transit claim form that conforms to industry practice in FY 2020–21. 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.

## **Triennial Audit Recommendations**

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

According to the LCTC financial audits during this audit period, there remains 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 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 has 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 Commission should work with Susanville to demystify the LTF claim process and hold the claimant accountable for productive use of the funds. Therefore, it is suggested that 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.

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

During the 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.

### **3. Continue to evaluate alternatives for CTSA designation.**

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.

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

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.

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

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.

## **6. Explore expanded role of SSTAC.**

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.