



# LAKE COUNTY/CITY AREA PLANNING COUNCIL

FINAL REPORT

FY 2009/10 - FY 2011/12 TRIENNIAL PERFORMANCE AUDIT

AUGUST 2013





**Chapter 1 – Executive Summary .....01**

**Chapter 2 – Audit Scope and Methodology .....05**

**Chapter 3 – Program Compliance .....09**

# **TABLE OF CONTENTS**

**Chapter 4 – Prior Recommendations .....15**

**Chapter 5 – Functional Review .....23**

**Chapter 6 – Findings and Recommendations .....29**

This page intentionally left blank.

# 1

## 1. EXECUTIVE SUMMARY

This page intentionally left blank.

## **CHAPTER 1 – EXECUTIVE SUMMARY**

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the Lake County/City Area Planning Council for the period defined as:

- Fiscal Year 2009/10,
- Fiscal Year 2010/11, and
- Fiscal Year 2011/12.

The Triennial Performance Audit was 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*, as well as *Government Audit Standards* published by the U.S. Comptroller General. The Triennial Performance Audit includes four elements:

1. Assess compliance requirements,
2. Follow-up of prior performance audit report recommendations,
3. Review Regional Transportation Planning Agency's functions, and
4. Craft findings and recommendations.

Lake County is home to approximately 64,665 residents according to Census 2010. Approximately 18 percent are seniors (age 65 or above), 19.5 percent are persons with disabilities (age 16-64), 21.4 percent low-income, and 6.8 percent of households do not have access to a personal vehicle. The county's population grew approximately 11 percent from 2000 to 2010 (58,309 to 64,665). State projections estimate Lake County's population will grow to 74,995 by 2040.

The Lake County/City Area Planning Council (APC) is the Regional Transportation Planning Agency (RTPA) for Lake County. As the designated RTPA for Lake County, the APC is responsible for a wide variety of actions supporting a continuous, comprehensive, and coordinated planning process in its area of jurisdiction, including Lake County and its two incorporated municipalities (Clearlake and Lakeport). The APC is responsible for identifying regionally-significant projects and developing funding strategies to address them. In this regard, the APC is responsible for the development of a Regional Transportation Plan (RTP) and Regional Transportation Improvement Plan (RTIP). The APC is also responsible for administering Transportation Development Act (TDA) funds, including both State Transit Assistance (STA) funds and Local Transportation Funds (LTF). The administration of these funds requires the establishment of a Social Services Transportation Advisory Council, implementation of a public participation process appropriate for Lake County, annual recommendations for productivity improvements for publicly-funded transit operators, completion of an annual fiscal audit of all LTF claimants, and conducting an annual TDA Article 8 "unmet needs" public process.

### **Compliance**

Based on our review, we conclude Lake APC complies with all Transportation Development Act (TDA) regulations in an efficient and effective manner. Therefore, no material findings specific to the compliance element have been developed.

#### Prior Recommendations

The prior audit – completed in 2010 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2009 – prescribed four recommendations:

1. [Ensure the Lake Transit Authority submits fiscal audits in a timely manner.](#)  
**Status:** Implemented.
2. [Work with the Lake Transit Authority to update the financial plan and service evaluation elements of the Transit Development Plan at least once between full updates.](#)  
**Status:** Implemented/no longer relevant.
3. [Develop a formal policies and procedures manual.](#)  
**Status:** Partially implemented.
4. [Work with the County's Clerk-Auditor to ensure the APC receives an estimate of the ensuing year's LTF apportionment by February 1 of each year.](#)  
**Status:** Not implemented/in progress.

#### Findings

Based on communications with RTPA staff, analysis of program performance, and a review of program compliance and function, the audit team submits no compliance findings for Lake APC.

The audit team has identified one functional finding. While this finding is not a compliance finding, we feel it warrants being addressed within this review.

1. The RTPA is not conforming to TDA regulations with respect to the development of LTF apportionment estimates.

#### Recommendations

In completing this Triennial Performance Review, we submit the following recommendations for Lake APC. 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 RTPA 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.

Given there were no TDA compliance findings submitted as a result of this review, only functional recommendations are presented herein.

[Exhibit 1.1 Lake County/City Area Planning Council Recommendations](#)

| Functional Recommendations |  | Importance | Timeline   |
|----------------------------|--|------------|------------|
| 1                          | Continue to work with the County's Auditor-Controller to ensure the APC receives an estimate of the ensuing year's LTF apportionment by February 1 of each year. | Medium     | FY 2013/14 |



# 2

## 2. AUDIT SCOPE AND METHODOLOGY

This page intentionally left blank.

## **CHAPTER 2 – AUDIT SCOPE AND METHODOLOGY**

The Triennial Performance Audit of the Lake County/City Area Planning Council covers a three-year period ending June 30, 2012. The California Public Utilities Code requires all RTPAs to conduct an independent Triennial Performance Audit in order to be eligible for Transportation Development Act (TDA) funding.

The audit is designed to be an independent and objective evaluation of the Lake County/City Area Planning Council as the designated RTPA for Lake County. The audit has four primary goals:

1. Assess compliance with TDA regulations,
2. Review actions taken by 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 agency.

The audit was 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*, as well as *Government Audit Standards* published by the U.S. Comptroller General.

The Triennial Performance Audit is intended to be a high-level review of performance evaluating the efficiency and effectiveness of the RTPA. The audit of the Lake County/City Area Planning Council included four related tasks:

1. Review of compliance with the TDA requirements and regulations.
2. Assess the implementation of recommendations presented in prior performance audits.
3. Examination of the following functions:
  - Administration and management,
  - Transportation planning and regional coordination,
  - Claimant relationship and oversight,
  - Marketing and transportation alternatives, and
  - Grant applications and management.
4. Recommendations to address opportunities for improvement based on analysis of the information collected and the review of the RTPA's major functions.

The methodology for this audit included a comprehensive review of documents and planning materials, supplemented by communications with Lake APC staff. The audit team reviewed program compliance and program functions as well as progress made since the prior Triennial Performance Audit.

The audit report is comprised of six chapters divided among three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. Audit Scope and Methodology: Discussion of audit methodology and pertinent background information.
3. Audit 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 audit recommendations,
  - Functional review, and
  - Findings and recommendations.

# 3

## 3. PROGRAM COMPLIANCE

This page intentionally left blank.

## **CHAPTER 3 – PROGRAM COMPLIANCE**

This section examines the Lake County/City Area Planning Council's (APC) compliance with the Transportation Development Act (TDA) and 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 TPA findings and related comments are delineated in Exhibit 3.1.

Compliance was determined through discussions with APC staff as well as a physical inspection of relevant documents, including the fiscal audits for each year of the triennium. Also reviewed were planning documents, Overall Work Program (OWP), and other related documentation.

Based on communications with RTPA staff, analysis of program performance, and a review of program compliance and function, the audit team submits no compliance findings for Lake APC.

Exhibit 3.1 Transit Development Act Compliance Requirements

| REQUIREMENT   | REFERENCE          | COMPLIANCE     | COMMENTS  |
|---|--------------------|----------------|---|
| All transportation operators and city/county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund moneys apportioned to that area.  | PUC 99231          | In compliance. | The RTPA is vigilant in its oversight of TDA funds. No claimants (including APC) claim more than apportioned.   |
| 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.   | PUC 99233, 99234   | In compliance. |   |
| 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. |   |
| <p>The RTPA has annually identified, analyzed, and recommended potential productivity improvements that could lower the operating costs of those operators within the RTPA's jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> <li>• A committee for the purpose of 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 that exceeds its prior year allocation.</li> </ul> | PUC 99244          | In compliance. | The RTPA and transit operator work collaboratively to develop solutions to issues facing the operator. The APC's SSTAC committee is also active in reviewing LTA performance and making suggestions regarding performance. The LTA transit manager also sits on the Technical Advisory Committee. |
| The RTPA has ensured that all claimants to whom it allocates 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          | In compliance. | While Lake Transit Authority submitted its annual fiscal audits to the RTPA and State Controller outside of the 180-day period, LTA requested and received an extension.  |
| 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 moneys 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. |   |



| REQUIREMENT   | REFERENCE                         | COMPLIANCE      | COMMENTS   |
|---|-----------------------------------|-----------------|--|
| 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                         | In compliance.  |  |
| The performance audit of the operator providing transportation services shall include, but is not limited to, a verification of the operator's 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 is not limited to, consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of section 99260.2. | PUC 99246                         | In compliance.  |  |
| The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.   | PUC 99270.1,<br>99270.2           | Not applicable. | There are no urbanized operators in Lake County.           |
| 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                       | In compliance.  |  |
| State Transit Assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.  | PUC 99310.5,<br>99313.3, Prop 116 | In compliance.  | The RTPA allocates STA funds in accordance with State law. |
| 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.  | PUC 99314.3                       | In compliance.  |  |

| REQUIREMENT   | REFERENCE   | COMPLIANCE     | COMMENTS   |
|---|-------------|----------------|--|
| <p>If TDA funds are allocated to purchases not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> <li>• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to Public Utilities Code Section 99238;</li> <li>• Identified transit needs, including: <ul style="list-style-type: none"> <li>- Groups who 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; and</li> <li>• Adopted a finding that there are no unmet transit needs, that there are no unmet 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> | PUC 99401.5 | In compliance. | TDA funds are only allocated to streets and roads after completion of the unmet needs process. |
| <p>The RTPA has submitted to an audit of its accounts and records by the County auditor, or a certified public accountant, for each fiscal year. The RTPA must transmit the resulting audit report to the State Controller within 12 months of the end of each fiscal year, and the audit 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, Local Transportation Funds, 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 fiscal year close.</p>   | CCR 6642    | In compliance. | FY 2009/10: 06/10/2011<br>FY 2010/11: 02/09/2012<br>FY 2011/12: 05/15/2013                     |

# 4

## 4. PRIOR AUDIT RECOMMENDATIONS

This page intentionally left blank.

## **CHAPTER 4 – PRIOR AUDIT RECOMMENDATIONS**

This section reviews and evaluates the implementation of the prior Triennial Performance Audit recommendations and determines degree of implementation. This objective assessment is to provide assurance the Lake County/City Area Planning Council has made quantifiable progress toward improving both the efficiency and effectiveness of its functions.

The prior audit – completed in 2010 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2009 – prescribed four recommendations:

1. **Ensure the Lake Transit Authority submits fiscal audits in a timely manner.**

**Discussion:** Public Utilities Code Section 99245 requires RTPAs to ensure transit operators in receipt of TDA Article 4 funds to submit annual fiscal and compliance audits to its RTPA and State Controller within 180 days following the end of the fiscal year, or secure the appropriate 90-day extension. The Lake Transit Authority submitted fiscal audits for FY 2007/08 and FY 2008/09 on February 25, 2009 and March 29, 2010, respectively. These dates lie beyond the 180 days past the end of the fiscal year covered by each fiscal audit. The prior audit recommended the APC work closely with the LTA and its independent auditor to ensure audits are submitted within 180 days of the end of the respective fiscal year.

**Progress:** During each year of the current triennium, Lake Transit Authority requested and was granted an extension to the deadline for submitting its fiscal audit. Fiscal audits were submitted prior to the extension deadline of March 31, thereby ensuring compliance with PUC 99245. APC staff noted the following:

*The staff of LTA was under a tremendous amount of pressure during the year to complete looming deadlines on grant and other commitments that required more immediate attention. Staff strives to submit audits in a timely manner, however, when required reporting requirements are not able to be met, extensions have been requested.*

**Status:** Implemented.

2. **Work with the Lake Transit Authority to update the financial plan and service evaluation elements of the Transit Development Plan at least once between full updates.**

**Discussion:** This recommendation was modified and carried forward from the 2007 audit. The 2007 auditor noted the APC has historically funded a new Transit Development Plan for the Lake Transit Authority approximately every five years. Given the lag between Transit Development Plan updates, the financial figures as well as performance data and standards are outdated long before they are updated. That auditor recommended the APC fund an interim document each year focused on updating the financials, program performance, and standards. This would provide the APC a more timely and accurate picture of LTA performance versus the current five-year snapshot. The 2010 auditor believed the recommendation remained valid, particularly in light of the dynamic funding climate that rendered financial forecasts included within the LTA's 2008 TDP inaccurate. Therefore, the 2010 audit recommended APC include within its OWP a work element devoting either staff

time or funding for an outside consultant to update the service evaluation, performance measurement system (i.e., goals, objectives, performance standards), and financial elements of the Transit Development Plan at least once between full updates of the TDP.

**Progress:** The Executive Director of the APC met with the General Manager of the LTA in May 2011, at which time they elected to postpone update of the TDP until a future fiscal year when a complete TDP update would occur. Funding for such an update was programmed into the FY 2012/13 Overall Work Program and the work is expected to be completed by Fall 2013.

The LTA General Manager provided the following assessment regarding the need for an interim/partial TDP update.

*I have reviewed the 2008 TDP to consider what needs to be updated. The TDP remains surprisingly accurate except for the following:*

- *State Transit Assistance is considerably less than the \$500k plus anticipated as of FY 2010-11. The deficit will likely increase through the end of the 2012-13 plan cycle.*
- *FTA 5311 is somewhat less than the \$270k projected as of FY 2010-11. The deficit will likely increase through the end of the 2012-13 plan cycle.*
- *Local Transportation Fund revenue is considerably less than the \$1,223k projected as of FY 2010-11. The deficit will likely increase through the end of the 2012-13 plan cycle.*
- *5311(f) funds are much more than projected at \$208k annually versus \$98k projected at 2010-11. 5311(f) funds are projected to remain flat through 2011-12, then increase.*
- *Fare revenues are about where expected except for no new fares from system expansion.*
- *Advertising revenues are about where expected.*
- *Operating expenditures are less than projected, even for a status quo operation. Expenditures were projected to reach \$2,380k for base service at 2010-11, but are only at \$2,264k.*
- *Capital expenditures have essentially tracked with Option B for vehicle replacement, and bus stop expenditures excluding “transit center” project have exceeded projections. Bus wash and some high tech stuff have not been done.*

*As far as service strategies are concerned, there has been little change from projected needs, but little has been implemented due to budget constraints.*

*Capital plans are still somewhat accurate.*

- *Buses have been replaced, but six expansion buses are needed.*

- *A Clearlake Transit Center is still needed, but we anticipate having an easement to use Ray's for up to 20 years. We could use a larger transit center even now.*
- *A Lakeport Transit Center has a longer horizon.*
- *We will need more shelters.*
- *We could use a bus wash.*
- *We could use more technology, but probably have the capacity to fund that with Prop 1B.*

*The greatest planning needs I see at the present time are:*

- *Ways to increase operating revenue or decrease operating expense. It seems to me that the greatest opportunities to increase revenue are federal grants (JARC) or local option sales tax, and the greatest opportunities to save are through energy saving projects. In the latter category would be (1) more fuel efficient vehicles (return to diesel, or consider hybrid or diesel hybrid), (2) construct fueling station, (3) install solar at our facility.*
- *Fund Clearlake route expansion (this is in current TDP, but the STA did not pan out).*
- *Plan and fund commuter services and extended operating hours.*
- *Update the Passenger Facilities Plan, but this time focus great attention on the process of obtaining funds to do engineering and environmental up front, then on funding the actual construction. Also, more attention should be given to transit center facilities including process of design, site selection, real estate purchase, construction. Also, consider opportunities to collaborate with business and government agencies. Also consider accommodating package express and ticket sales.*
- *NEMT?*
- *Design intercity service to Sacramento or via Yuba City/Marysville to Sacramento.*

*Based on everything above, I think the current TDP is adequate as far as supporting the expansion of service and related capital plans in the near term. It is not like there is a new funding source or new project that we did not anticipate. I would tend to promote doing more than an interim update. I don't think that an interim achieves very much. On the other hand, a complete update could more fully explore some opportunities in the areas of energy conservation and cost savings, revenue expansion, facilities development, and commuter/intercity/NEMT projects. Because of the potential to use toll credits, and the demand for these services, I think the commuter/intercity/NEMT strategies may hold the most immediate promise. So, we could look at a 2011/12 project for a 2012/13-2017/18 timeframe. Or we could look at a 2012/13 project for the 2013/14-2018/19 five-year horizon. In the meantime, I would say NO to an interim update because the financial constraints have left us still needing to implement*

*what was proposed in the last plan. Also, it will be time to do a new complete update in another year. I would support an interim update only if it could take a detailed, very implementable look at commuter and intercity services. This might make an interim plan worth considering.<sup>1</sup>*

Aside from changes in the funding environment, an annual “interim TDP update” would not reflect significant changes in service delivery and capital costs from year to year. Provided the full TDP update is completed in Fall 2013 as scheduled, and that LTA and APC staff monitor the continued applicability of the Plan throughout the five-year planning horizon, we do not feel continuing this recommendation into this audit is necessary. Should conditions change to the point the TDP is no longer relevant, a full update should be undertaken, rather than intermediate updates with little practical usefulness.

**Status:** Implemented/no longer relevant.

3. **Develop a formal policies and procedures manual.**

**Discussion:** The APC does not currently have a formal, written policies and procedures manual that could be distributed to the LTA and made available to the public. A policies and procedures manual would detail the TDA claims process, required documentation, and eligible programs. The APC Executive Director also serves as the LTA Executive Director and is vigilant with respect to following-up on recommendations included within Triennial Performance Audits. The prior audit recommended APC staff review policies and procedure manuals used by other similar-sized RTPAs to identify a format as well as set of “best-practices” for such documents. Implementing this recommendation would go a long way towards codifying the procedural improvements made by APC staff across the prior audit period.

**Progress:** Staff has spent a considerable amount of time reviewing procedure manuals from several rural counties and has begun documenting APC office procedures. However, staffing and time shortages have resulted in slow progress. The APC continues to gather and document data and hopes to have a draft Policies and Procedures Manual by the end of Calendar Year 2013.

**Status:** Partially implemented.

4. **Work with the County’s Clerk-Auditor to ensure the APC receives an estimate of the ensuing year’s LTF apportionment by February 1 of each year.**

**Discussion:** The APC has not historically received an estimate of the coming fiscal year’s Local Transportation Fund (LTF) apportionment from the County’s Clerk-Auditor. This does not conform to Transportation Development Act regulations, which state in Article 3, Section 6620: “Prior to February 1 of each year, each county auditor shall furnish to the transportation planning agency an estimate of moneys to be available for apportionment and allocation during the ensuing fiscal year.” Lacking a formal estimate from the Clerk-Auditor, the APC Executive Director has historically developed her own LTF estimate based

---

<sup>1</sup> Email from Mark Wall, General Manager, Lake Transit Authority, to Lisa Davey-Bates, Executive Director, Lake County/Cities Area Planning Council, May 10, 2011.



on the actual estimate received during the prior year. APC staff has repeatedly provided written notice of this to County staff but no action has been taken. The prior audit recommended APC make it a priority to rectify this situation. This is a common practice among RTPAs in California. It is the Clerk-Auditor's responsibility to provide this estimate to the APC. The APC and County staff need to work together to develop a formal, written procedure and timeline for the development of the estimate each year.

**Progress:** Following APC's receipt of the prior audit report, the APC Executive Director submitted a letter to the County Auditor-Controller (dated June 20, 2010) advising her of this finding and requesting further discussion with her. This letter was a follow up to a previous letter submitted in February 2007, shortly after the APC's current Executive Director assumed that position. Other attempts to rectify the situation were made as well. The County Auditor-Controller to whom this communication was addressed recently retired, and the Executive Director is hopeful a simple solution can be found with the new County Auditor-Controller. She continues to make estimates to the best of her ability and was extremely close with last year's projection.

**Status:** Not implemented/in progress.

This page intentionally left blank.



# 5. FUNCTIONAL REVIEW

This page intentionally left blank.

## **CHAPTER 5 – FUNCTIONAL REVIEW**

A functional review of Lake County/City Area Planning Council determines the extent and efficiency of the following functional activities:

- Administration and management,
- Transportation planning and regional coordination,
- Claimant relationship and oversight,
- Marketing and transportation alternatives, and
- Grant applications and management.

Although the Triennial Performance Audit covers the period from July 1, 2009 through June 30, 2012, some aspects of the functional review take into consideration events occurring subsequent to June 30, 2009 given the perceived impact on the APC moving forward.

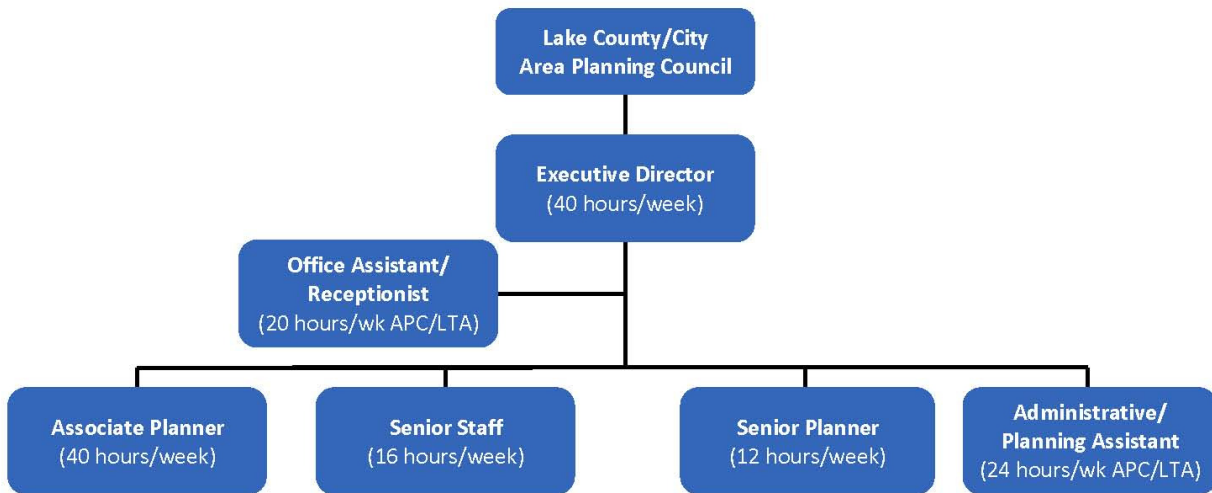
### **Administration and Management**

The Lake County/City Area Planning Council (APC) is the Regional Transportation Planning Agency (RTPA) for Lake County. As the designated RTPA for Lake County, the APC is responsible for a wide variety of actions supporting a continuous, comprehensive, and coordinated planning process in its area of jurisdiction, including Lake County and its two incorporated municipalities (Clearlake and Lakeport). The APC is responsible for identifying regionally significant projects and developing funding strategies to address them. In this regard, the APC is responsible for the development of a Regional Transportation Plan (RTP) and Regional Transportation Improvement Plan (RTIP). The APC is also responsible for administering Transportation Development Act (TDA) funds, including both State Transit Assistance (STA) funds and Local Transportation Funds (LTF). The administration of these funds requires the establishment of a Social Services Transportation Advisory Council, implementation of a public participation process appropriate for Lake County, annual recommendations for productivity improvements for publicly funded transit operators, completion of an annual fiscal audit of all LTF claimants, and conducting an annual TDA “unmet needs” public process.

The Lake County/City Area Planning Council has six employees through its contract with Dow & Associates: Executive Director, a senior staff member, Senior Planner, Associate Planner, Administrative/Planning Assistant, and Office Assistant/Receptionist. The initial contract was entered into in 2006 and provided up to three three-year extensions. The first of those extensions expired on June 30, 2012. In April 2012, the Board elected to extend the contract with Dow & Associates for another three-year term, to expire on June 30, 2015.

Dow & Associates is also under contract with the Mendocino Council of Governments (MCOG) to serve as staff. The APC Executive Director and Associate Planner are the only two staff members working solely for the APC. The other four employees split time between the APC and MCOG. Lake APC staff work out of the Dow & Associates office in Ukiah (Mendocino County).

Exhibit 5.1 Organizational Chart



*Source: Lake County/City Area Planning Council*

The Executive Director is responsible for reporting to the Council, carrying out the Council's vision, and management of a staff of five. The APC holds staff meetings every other week to set goals, review progress, and discuss issues brought up during Technical Advisory Committee (TAC) meetings, which generally take place on the third Thursday of the month.

The Lake County/City Area Planning Council is governed by a Council, composed of four council members appointed by the Lake County Board of Supervisors (two of whom are County Supervisors and two at-large representatives) and two council members appointed by each municipality. The Council generally meets on the second Wednesday of every month, but is typically dark in January and July. The Council is responsible for reviewing and adopting key documents including:

- Triennial Performance Audits,
- TDA claims,
- Fiscal and compliance audits,
- Regional Transportation Plan,
- Regional Transportation Improvement Program,
- Contract with Dow & Associates,
- Overall Work Program and Budget, and
- Unmet transit needs process findings.

An Executive Committee was established in 2008 to discuss the contract with Dow & Associates. Since then, the Executive Committee has been convened rarely, and then only when specific topics need focused discussion prior to their consideration by the Board as a whole. The Executive Committee is composed of the Council Chair, Vice-Chair, and one other member. Other Committees are established by the Council on a project or topic-specific basis and the Council is very flexible with respect to how they operate and respond to different circumstances.

APC staff prepares an annual Overall Work Program (OWP) that details all projects planned for the upcoming year and ties them to funding sources. The OWP clearly ties projects to the agency's goals

and objectives – illustrating how each project will ensure they are achieved. The OWP is the primary document guiding APC activities within a given year.

APC staff begins developing the one-year budget in late March. The budget reflects forecast TDA apportionments and other revenues as well as expenses including within the OWP for the coming year. The budget is submitted to the Council in June for adoption.

The APC has not historically received an estimate of the coming fiscal year’s Local Transportation Fund (LTF) apportionment from the County’s Clerk-Auditor. This does not conform to Transportation Development Act regulations, which state in Article 3, Section 6620: “Prior to February 1 of each year, each county auditor shall furnish to the transportation planning agency an estimate of moneys to be available for apportionment and allocation during the ensuing fiscal year.” Lacking a formal estimate from the Clerk-Auditor, the APC Executive Director has historically developed her own LTF estimate based on the actual estimate received during the prior year.

#### Transportation Planning and Regional Coordination

The Regional Transportation Plan (RTP) serves as the backbone for all transportation planning activities in Lake County. State law mandates the APC adopt and regularly update an RTP for the Lake County “region.” Following adoption, the APC must submit the RTP to the California Transportation Commission (CTC) and Caltrans. The purpose of the RTP is to establish regional goals, identify present and future needs, deficiencies, and constraints, analyze potential solutions, estimate available funding and propose investments.

Regional Transportation Plan Guidelines were updated in April 2010 (adopted in October 2010) to reflect the passage of SAFETEA-LU and planning requirements of SB 375. RTPAs are required to update their RTPs at least every five years. An Administrative Modification, which provided information on the Intelligent Transportation System (ITS), was added in June 2012 (page I-3 and I-4). The APC updates its RTP every five years, with every other “update” constituting a full “re-write” from the ground up. Development of the RTP is handled entirely in-house by APC staff, though some environmental work (i.e., CEQA) is performed by consultants as necessary.

The RTP is organized by “mode,” with each chapter discussing a specific element of the regional transportation network:

- State Highway System,
- Backbone Circulation and Local Roads,
- Bicycle and Pedestrian,
- Transit,
- Tribal Transportation, and
- Aviation.

Chapters include goals and objectives; issues, problems, and challenges; performance measures; action plan; and potential funding sources for each “mode.” The document also discusses progress made in implementing projects included within the prior RTP.

The Regional Transportation Improvement Program (RTIP) is defined as a constrained four-year prioritized list of all transportation projects that are proposed for federal, state and local funding. The

RTIP is developed and adopted by the APC and is updated every two years, most recently in December 2011. It is consistent with the RTP and it is required as a prerequisite for Federal funding.

#### Claimant Relationship and Oversight

As the designated RTPA and a trusted source of transportation-related knowledge (as well as the conduit through which money passes), the APC interacts frequently with its TDA claimant (Lake Transit Authority). Staff clearly understands the important role they play in oversight of TDA funds for the LTA. The APC is extremely careful to follow all regulations with regard to the amount of LTF money it claims for administrative purposes and did not exceed its maximum claim during the audit period.

In addition to its role in distributing funding to claimants, the APC also provides assistance to the LTA through meetings, phone and email correspondence, and site visits. Examples of technical and managerial assistance include meetings to prepare the TDP, release of TDA apportionment data and federal revenue estimates, monitoring of various funding programs, updates to federal funding formulas, and administration of TDA claims. The prior audit identified the lack of a formal, written policies and procedures manual that could be distributed to the LTA and made available to the public as a notable shortcoming. Such a manual is currently under development, as detailed in Section 4. The APC Executive Director also serves as the LTA Executive Director and is vigilant with respect to following-up on recommendations included within Triennial Performance Audits.

“Unmet transit needs” hearings are required by TDA in counties where claims can be made for streets and roads. All Council meetings include a stipulated agenda item wherein the public can comment on unmet needs throughout the county. The APC conducts the annual unmet transit needs process in consultation with the statutorily required Social Services Transportation Advisory Council (SSTAC). Based upon a review of documentation and public testimony, the APC makes a determination whether there are unmet transit needs that are reasonable to meet. A resolution of the findings is then adopted by the Council.

#### Marketing and Transportation Alternatives

The APC’s website ([lakeapc.org](http://lakeapc.org)) provides a broad range of information, ranging from a roster of current Council members to planning and budgetary documents. Interested parties can access information about current and past projects and access links to other relevant organizations. Some information is out of date, as the site lists the next S.A.F.E. meeting as June 9, 2010. However, other meeting information (including APC and LTA meetings) and documents are completely up to date.

APC staff also conducts significant public outreach on a project-specific basis. These efforts include responding to public inquiries, interviews with media, and convening public meetings. A current example is the dedicated webpage for the State Route 29 South Corridor EFS and Middletown CAP project ([www.lakecountysr29.com](http://www.lakecountysr29.com)), a joint APC/Caltrans project.

#### Grant Applications and Management

One of the APC’s key responsibilities is to apply for, and manage transportation-related grants for the region. APC staff works with Technical Advisory Committee (TAC) members to identify potential projects which are then included within the OWP. The APC staff then identifies grant opportunities and writes grants regularly, based on needs identified in the OWP. Staff review projects included within the OWP to ensure grants are appropriate given their scope and that matching funds are available should the grant be awarded. APC staff also develops monthly and quarterly progress reports on all projects listed within the OWP.



# 6

## 6. FINDINGS AND RECOMMENDATIONS

This page intentionally left blank.

## CHAPTER 6 – FINDINGS AND RECOMMENDATIONS

Based on communications with RTPA staff, analysis of program performance, and a review of program compliance and function, the audit team submits no compliance findings for Lake APC.

The audit team has identified one functional finding. While this finding is not a compliance finding, we feel it warrants being addressed within this review.

1. The RTPA is not conforming to TDA regulations with respect to the development of LTF apportionment estimates.

### Recommendations

In completing this Triennial Performance Review, we submit the following recommendations for Lake APC. 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 RTPA 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.

Given there were no TDA compliance findings submitted as a result of this review, only functional recommendations are presented herein.

### TDA Compliance Recommendations

**Recommendation 1:** Continue to work with the County's Auditor-Controller to ensure the APC receives an estimate of the ensuing year's LTF apportionment by February 1 of each year.

**Discussion:** This recommendation is carried forward from the prior audit. While this recommendation has not yet been implemented, it is through no fault of APC staff. Staff has consistently reached out to the County's Auditor-Controller regarding this issue. The Executive Director continues to estimate LTF, and has done so fairly accurately for the last few years.

**Recommended Action(s):** As indicated in the Prior Recommendations section, the previous County Auditor-Controller recently retired. APC staff should continue to reach out to the new Auditor-Controller in an attempt to resolve this issue.

**Timeline:** FY 2013/14.

**Anticipated Cost:** Negligible.

Exhibit 6.1 Lake County/City Area Planning Council Recommendations

| Functional Recommendations |  | Importance | Timeline   |
|----------------------------|--|------------|------------|
| 1                          | Continue to work with the County's Auditor-Controller to ensure the APC receives an estimate of the ensuing year's LTF apportionment by February 1 of each year. | Medium     | FY 2013/14 |

This page intentionally left blank.