



Lake Area Planning Council

TDA Triennial Performance Audit of
Lake Area Planning Council (as the RTPA)
for FY 2021/22 - FY 2023/24

Final Report | May 2025





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Chapter 1 | Executive Summary

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

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

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the APC's public transit program for the period:

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

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

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

The Triennial Performance Audit includes five elements:

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

Test of Compliance

With three exceptions, Lake County/City Area Planning Council adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. Lake APC does not have rules and regulations for the submission and evaluation of claims for funds under Article 4.5.
2. Lake Links' TDA fiscal audit for FY 2023/24 was completed after the March 31, 2025 deadline.



3. Submittal of the prior Triennial Performance Audits to Caltrans could not be confirmed.
4. Lake APC has not established performance or other criteria for Lake Links.

Status of Prior Recommendations

The prior Triennial Performance Audit – completed in May 2022 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included the following recommendations:

1. Develop a more formalized claims process that includes rules for Article 3 and Article 4.5 claims as well as a checklist for compliance, proposed budgets, STA efficiency tests, and a productivity review.
Status: Partially implemented.
2. Ensure State Controller Reports are submitted within the established timeframe.
Status: Implemented.
3. Work with fiscal auditors to ensure future LTA audits are completed within the established timeframe for transit operators.
Status: Implemented.
4. Conduct STA efficiency tests to determine LTA's eligibility to use STA funds for operating purposes.
Status: Not relevant during the audit period.
5. Include an audit of Lake Links in the next round of TDA Triennial Performance Audits.
Status: Implemented.

Goal Setting and Strategic Planning

The Regional Transportation Plan (RTP), is Lake APC's primary planning document. The RTP is a long-range transportation plan that provides a vision for regional transportation investments and serves as the backbone for all transportation planning activities in Lake County. 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. The most recent RTP was adopted by the APC Board of Directors in February 2022.

The RTP includes a 20-year planning horizon with a focus on seven key elements: Overarching Issues, State Highway System, Local Streets and Roads, Active Transportation, Public Transit, Tribal Transportation, and Aviation. Each goal included one or more objectives and supporting policies. The RTP also includes specific performance measures for several of the goals and objectives.

Findings and Recommendations

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

1. Lake APC does not have rules and regulations for the submission and evaluation of claims for funds under Article 4.5.
2. Lake Links' TDA fiscal audit for FY 2023/24 was completed after the March 31, 2025 deadline.
3. Submittal of the prior Triennial Performance Audits to Caltrans could not be confirmed.
4. Lake APC has not established performance or other criteria for Lake Links.



We identified no functional findings.

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

Exhibit 1.1 Summary of Audit Recommendations

| TDA Compliance Recommendations | | Importance | Timeline |
|--------------------------------|--|------------|------------|
| 1 | Develop a more formalized claims process that includes rules for Article 4.5 claims as well as a checklist for compliance, proposed budgets, STA efficiency tests, and a productivity review. | High | FY 2025/26 |
| 2 | Work with Lake Links to ensure its TDA fiscal audit can be completed no later than March 31. | Medium | FY 2024/25 |
| 3 | Ensure documentation of the submittal of the RTPA's triennial performance audit and certification of the operator's triennial performance audit is maintained and can be provided during the next triennial performance audit. | High | FY 2024/25 |
| 4 | Work with Lake Links to identify appropriate performance criteria for Lake Links' mobility programs. | High | FY 2025/26 |



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Chapter 2 | Audit Scope and Methodology

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

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

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

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

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

Objectives

A Triennial Performance Audit has four primary objectives:

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



Scope

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

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

Methodology

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

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

The methodology for this audit included a virtual site visit with Lake County/City Area Planning Council representatives on May 7, 2025. The audit team met with Lisa Davey-Bates (Executive Director), Alexis Pedrotti (Project Manager/Administrator), Charlene Parker (Administration/Planning Associate), James Sookne (Program Manager), Nephele Barrett (Planning Contractor), and John Speka (Senior Transportation Planner), and reviewed materials germane to the triennial audit.



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

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the audit and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
 - Compliance with statutory and regulatory requirements,
 - Progress in implementing prior recommendations,
 - Goal setting and strategic planning,
 - Functional review, and
 - Findings and recommendations.



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Chapter 3 | Overview of Lake APC

The Lake County/City Area Planning Council (Lake APC) is the state-designated Regional Transportation Planning Agency (RTPA) for Lake County. Originally formed in 1972 under a joint powers agreement (JPA), it was subsequently designated as the RTPA.

Lake APC Board of Directors

Lake County/City APC is governed by a Board of Directors comprised of two board members from the Lake County Board of Supervisors, two city council members from the City of Lakeport, two city council members from the City of Clearlake, and two at-large citizen members appointed by the Board of Supervisors. The Board meets on the second Wednesday of each month at 9:00 a.m. All meetings are open to the public with a virtual option through Zoom by request. Regular meetings are alternately held at the Lakeport City Council Chambers (225 Park Street, Lakeport), Clearlake City Council Chambers (14050 Olympic Drive, Clearlake), and Lake Transit Authority (9240 Highway 53, Lower Lake), all of which are accessible by public transit. There is a secondary meeting location at Caltrans District 1 (1656 Union Street, Eureka).

During the audit period, the following individuals served as voting members of the Lake County/City APC Board of Directors:

- Bruno Sabatier, County of Lake (2021 – 2024)
- Moke Simon, County of Lake (2021 – 2024)
- Tim Warnement, Member at Large (2021 – 2022)
- Chuck Leonard, Member at Large (2021 – 2023)
- Russ Perdock, City of Clearlake (2021 – 2024)
- Russ Cremer, City of Clearlake (2021 – 2024)
- Stacey Mattina, City of Lakeport (2021 – 2024)
- Kenneth Parlet, City of Lakeport (2021 – 2024)
- Tatiana Ahlstrand, Caltrans Representative (2021 – 2024)

The APC Board may appoint three standing committees: an Executive Committee, Policy Advisory Committee, and Technical Advisory Committee.

The [Executive Committee](#) is comprised of the APC Board Chair, Vice-Chair, and a third Board member. The committee makes every effort to provide geographically balanced representation. The Executive Committee meets on an as-needed basis.

The [Policy Advisory Committee \(PAC\)](#) is comprised of all eight Board members and a Caltrans representative, who is a voting member of the PAC. The APC convenes as the PAC at every regular meeting to include Caltrans as a voting member, then reconvenes as the APC at the end of the regular calendar to take action on the PAC's recommendations.

The [Technical Advisory Committee \(TAC\)](#) consists of nine voting members: Lake County Director of Public Works; Community Development Directors of Lake County, Clearlake, and Lakeport; City Engineers or Public Works Directors of Clearlake and Lakeport; Commander of the Lake County office

of the California Highway Patrol; a representative from Lake Transit Authority; and a transportation planner from Caltrans District 1. The TAC reviews materials and make recommendations to the APC Board. The committee meets monthly on the third Thursday or on an as-needed basis.

Lake APC also has a [Social Services Transportation Advisory Council \(SSTAC\)](#), which was statutorily created by Senate Bill (SB) 498. The nine members of the SSTAC represent mobility interests of seniors, persons with disabilities, and persons of limited means. SSTAC members serve staggered three-year terms. The SSTAC meetings on a quarterly basis and meetings are open to the public. The SSTAC also participates in Lake APC's annual Unmet Transit Needs process.

Organization

Reporting directly to the Lake APC board is the Executive Director. All administrative and planning positions are staffed through two consulting contracts. Both consultants have a long tenure with Lake APC and there is very little turnover. An organizational chart is presented as Exhibit 3.1.

Exhibit 3.1 Lake APC Organizational Chart



Regional Planning and Goal-Setting

The Regional Transportation Plan (RTP) is Lake APC's primary planning document. The RTP is a long-range transportation plan that provides a vision for regional transportation investments and serves as the backbone for all transportation planning activities in Lake County. 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. The RTP must be adopted by the APC Board of Directors.

Prior to 2017, APC updated its RTP every five years. APC staff began working on an update in 2015, but decided it would be beneficial to synchronize RTP updates with the Regional Housing Needs Allocation



(RHNA) cycle, which is conducted every eight years. As a result, the RTP was adopted in early 2018. As of 2022, the RTP is on a four-year update schedule. The 2022 RTP was adopted by the Lake APC Board on February 9, 2022. The 2022 RTP also included an Active Transportation Plan component.

The RTP includes a 20-year planning horizon with a focus on seven key elements: Overarching Issues, State Highway System, Local Streets and Roads, Active Transportation, Public Transit, Tribal Transportation, and Aviation. Each goal included one or more objectives and supporting policies. These goals and objectives are detailed in Exhibit 3.2. The RTP also includes specific performance measures for several of the goals and objectives.

Exhibit 3.2 2022 RTP Policies and Goals

| Goal | Objective(s) |
|--|---|
| Overarching Issues | |
| Develop a multi-modal system of seamless transportation facilities designed to serve both regional and interregional needs. | OI-1: Coordinate support and encourage multi-modal regional planning activities in Lake County across jurisdictional boundaries. |
| | OI-2: Support Complete Streets planning to improve multi-modal forms of connectivity within the transportation system. |
| | OI-3: Reduce Greenhouse Gas emissions by promoting and facilitating transit use and increasing active transportation alternatives. |
| | OI-4: Reduce and mitigate environmental impacts of current and future transportation projects. |
| | OI-5: Increase funding for transportation planning, pre-construction activities, and construction. |
| | OI-6: Support planning projects that will benefit public health in the region. |
| State Highway System | |
| Provide a safe, well-maintained and efficient State highway network that addresses regional and statewide mobility needs for people, goods, and services. | SHS-1: Improve mobility on the State highway system throughout Lake County. |
| | SHS-2: Improve safety conditions on the State highway system serving Lake County. |
| | SHS-3: Facilitate efficient and safe transportation of goods within and through Lake County. |
| Local Streets and Roads | |
| Provide a well maintained, safe and efficient local circulation system that is coordinated and complementary to the State highway system and meets interregional and local mobility needs of residents, visitors and commerce. | LSR-1: Maintain, rehabilitate and construct local streets and roads consistent with local and regional needs, city and County area plans, and policies and Complete Streets policies. |
| | LSR-2: Develop multimodal Transportation facilities as needed to adequately serve the mobility needs of residential, commercial and industrial development. |
| | LSR-3: Improve traffic flow, capacity, safety and operations on the local transportation network. |
| | LSR-4: Pursue federal, State, local and private funding sources for transportation system maintenance, restoration and improvement projects consistent with this Plan. |
| Active Transportation | |
| Increase the number of local and regional trips accomplished by bicycling and walking; increase safety and mobility for non-motorized modes of travel; enhance public health by providing access to non-motorized facilities while reducing overall Vehicle Miles Traveled (VMT), both locally and regionally. | AT-1: Facilitate and promote walking, bicycling and other active modes of transportation. |
| | AT-2: Reduce Greenhouse Gas emissions and Vehicle Miles Traveled (VMT). |
| | AT-3: Enhance public health through the development of active transportation projects. |
| | AT-4: Preserve investments in the multi-modal transportation system. |
| | AT-5: Increase funding for transportation planning, design and construction of active transportation facilities. |



| Goal | Objective(s) |
|--|---|
| Public Transit | |
| Provide reliable mobility for all residents and visitors in Lake County. | PT-1: Identify unmet transit needs of residents and visitors of Lake County. |
| | PT-2: Establish priorities and design services to meet the mobility needs of transit users. |
| | PT-3: Provide a safe and accessible transit system. |
| | PT-4: Improve the efficiency of the transit system. |
| | PT-5: Support efforts to improve transit service to employment centers, retail centers, educational institutions, public facilities and medical facilities. |
| | PT-6: Maximize funding for transit services and facilities. |
| | PT-7: Improve and monitor the security of the transit system. |
| Tribal Transportation | |
| Provide Lake County's tribal members a safe, effective and functional multimodal transportation system. | TT-1: Consider the transportation needs of tribal members, employees, clients and students traveling between tribal communities, housing, employment centers, public service facilities, medical facilities, and schools. |
| | TT-2: Consult with and involve tribal communities early in the planning and design processes. |
| | TT-3: Facilitate access to transportation resources for tribal communities. |
| Aviation | |
| Provide an aviation system with physical and operational facilities that meet the regional and interregional general and commercial aviation needs of Lake County. | AV-1: Support implementation of the Airport Land Use Compatibility Plan (ALUCP), Airport Master Plan and other plans that further improvements to the aviation system. |
| | AV-2: Improve medical transportation services. |
| | AV-3: Improve Emergency Response and Recovery. |
| | AV-4: Support Goods Movement. |
| | AV-5: Maximize funding opportunities for aviation planning and improvements. |

Public participation for the RTP was guided by the Lake APC's 2021 Public Participation Plan. That plan included seven specific goals for public participation:

1. Provide all interested parties and agencies reasonable opportunities for involvement in the transportation planning process.
2. Increase public awareness and understanding of the transportation planning process in Lake County.
3. Ensure accessibility to the transportation planning process and information for all members of the community.
4. Maintain contact with interested individuals and agencies throughout the process of developing plans and projects.
5. Increase opportunities for those traditionally under-served, including the elderly, low income, disabled, and minority households, to participate in the transportation planning process.
6. Consider public and agency input and comments as an integral part of the APC's decision-making process.
7. Consult with tribal governments within Lake County and provide opportunities for tribal government input into the transportation planning process.

Public engagement for the 2022 update was, due to the COVID-19 pandemic and varying degrees of restrictions on public gatherings, quite different than in prior years. Lake APC utilized Social Pinpoint (lakeapc.mysocialpinpoint.com), an online engagement program, to inform the public about updates to



the RTP and the Active Transportation Plan. The platform was promoted via a series of activities, including advertisements in local media outlets, email, flyers, print media, and radio coverage. A series of informational presentations were also conducted, including:

- Caltrans Tribal Quarterly Update,
- Kiwanis Club of Lakeport,
- Middletown Area Town Hall,
- Clearlake City Council,
- Lucerne Area Town Hall,
- Lake County Board of Supervisors, and
- Lakeport City Council.

Additional outreach was conducted with local tribal communities.

The draft RTP was circulated for public review, during which Lake APC held a Zoom conference to address any additional comments.

Lake APC is also responsible for regional planning for a variety of transportation topics. Plans and projects prepared/conducted during the audit period and currently in progress include the following:

- Lake County Transit Development Plan – 2023 Update,
- Lake County Wildfire Evaluation and Preparedness Planning,
- Konocti Corridor Vehicle Miles Traveled Study,
- State Route 53 Corridor Local Circulation Study,
- City of Clearlake Local Road Safety Plan
- City of Lakeport Local Road Safety Plan, and
- County of Lake Local Road Safety Plan.



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Chapter 4 | Program Compliance

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

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

With four exceptions, Lake APC adheres to Transportation Development Act (TDA) regulations in an efficient and effective manner:

1. Lake APC does not have rules and regulations for the submission and evaluation of claims for funds under Article 4.5.
2. Lake Links' TDA fiscal audit for FY 2023/24 was completed after the March 31, 2025 deadline.
3. Submittal of the prior Triennial Performance Audits to Caltrans could not be confirmed.
4. Lake APC has not established performance or other criteria for Lake Links.

Developments Occurring During the Audit Period

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

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

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



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

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

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

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



Exhibit 4.1 Transit Development Act Compliance Requirements

| Compliance Element | Reference | Compliance | Comments |
|---|--------------------|----------------|--|
| All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund monies apportioned to that area. | PUC 99231 | In compliance | |
| The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles (Article 3). | PUC 99233, 99234 | In compliance | Lake APC has a policy and annual process to rank and score Article 3 projects. |
| 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 | Public hearings held in conjunction with the Unmet Transit Needs process on: March 10, 2021 March 9, 2022 March 1, 2023 |
| The RTPA has annually identified, analyzed, and recommended potential productivity improvements which could lower operating cost of those operators, which operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not being limited to, those made in the performance audit. <ul style="list-style-type: none"> A committee for the purpose of providing advice on productivity improvements may be formed. The operator has made a reasonable effort to implement improvements recommended by the RTPA as determined by the RTPA, or else the operator has not received an allocation that exceeds its prior year allocation. | PUC 99244 | In compliance | Lake APC reviews operator performance on a monthly basis as part of the monthly invoice/performance review. |
| The RTPA has ensured that all claimants to whom it allocated TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year. | PUC 99245 | Finding | LTA: FY 2021/22: February 15, 2023 FY 2022/23: March 27, 2024 FY 2023/24: March 27, 2025 Lake Links: FY 2021/22: November 23, 2022 FY 2022/23: January 25, 2024 FY 2023/24: May 2, 2025 |
| The RTPA has submitted to the state controller an annual certified fiscal audit within 12 months of the end of the fiscal year. | CCR 6662 | In compliance* | FY 2021/22: June 27, 2023 FY 2022/23: June 20, 2024 FY 2023/24: Pending |

**While the FY 2023/24 fiscal audit was not provided at the time of this report, it was not yet past the June 30, 2025 deadline. Given Lake APC's history of on-time completion of the audit, it is found to be in compliance at this time.*



| Compliance Element | Reference | Compliance | Comments |
|--|----------------------|----------------|--|
| The RTPA has submitted within 90 days after the end of the fiscal year an annual financial transactions report to the state controller. | CCR 6660 | In compliance | FY 2021/22: January 24, 2023 FY 2022/23: January 29, 2024 FY 2023/24: January 31, 2025 |
| The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA money, and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to that operator for that or subsequent fiscal years until the audit was transmitted. | PUC 99246, 99248 | In compliance | Moore & Associates, Inc. was engaged to complete the FY 2019 – FY 2021 Triennial Performance Audits. They were completed in May 2022. Moore & Associates was also selected to prepare the FY 2022 – FY 2024 Triennial Performance Audits. They are on track to be completed by June 30, 2025. |
| The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed. | PUC 99246(c) | Finding | Submittal of the prior Triennial Performance Audit to Caltrans could not be confirmed. |
| For Article 8(c) claimants, the RTPA may adopt performance criteria, local match requirements, or fare recovery ratios. In such cases, the rules and regulations of the RTPA will apply. | PUC 99405 | Not applicable | |
| The RTPA may adopt alternative farebox recovery ratio requirements or alternative performance criteria, local match requirements, or other criteria for Article 4.5 recipients. | PUC 99275.5 | Finding | Lake APC has not adopted any performance criteria for Lake Links. |
| The performance audit of the operator providing public transportation services shall include a verification of the operator's cost per passenger, operating cost per vehicle service hour, passenger per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247. The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of section 99260.2. | PUC 99246(d) | In compliance | |
| The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and newly urbanized areas. | PUC 99270.1, 99270.2 | Not applicable | There are no blended areas within the APC's jurisdiction. |



| Compliance Element | Reference | Compliance | Comments |
|--|---|---------------|---|
| 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 | Finding | Lake APC has not implemented rules and regulations for Article 4.5 claims. |
| State transit assistance funds received by the RTPA are allocated only for transportation planning and mass transportation purposes. | PUC 99310.5, 99313.3, Proposition 116 | In compliance | |
| Transit operators must meet one of two efficiency standards in order to use their full allocation of state transit assistance funds for operating purposes. If an operator does not meet either efficiency standard, the portion of the allocation that the operator may use for operations shall be the total allocation to the operator reduced by the lowest percentage by which the operator's total operating cost per revenue vehicle hour exceeded the target amount necessary to meet the applicable efficiency standard. The remaining portion of the operator's allocation shall be used only for capital purposes. | PUC 99314.6 | In compliance | This requirement was waived during the audit period under AB 90, AB 149, and SB 125. |
| The amount received pursuant to the Public Utilities Code, Section 99314.3, by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office. | PUC 99314.3 | In compliance | |
| <p>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:</p> <ul style="list-style-type: none">• Consulted with the Social Services Transportation Advisory Council (SSTAC) established pursuant to PUC Section 99238;• Identified transit needs, including:<ul style="list-style-type: none">▪ Groups that are transit-dependent or transit-disadvantaged;▪ Adequacy of existing transit services to meet the needs of groups identified; and▪ Analysis of potential alternatives to provide transportation alternatives;• Adopted or reaffirmed definitions of "unmet transit needs" and "reasonable to meet";• Identified the unmet transit needs and those needs that are reasonable to meet; and• Adopted a finding that there are no unmet transit needs, that there are no unmet transit needs that are reasonable to meet, or that there are unmet transit needs including needs that are reasonable to meet. <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 | <p>Unmet Transit Needs findings were adopted in compliance with this section on the following dates:</p> <p>May 5, 2021 May 11, 2022 May 10, 2023</p> |



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Chapter 5 | Prior Recommendations

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

The prior audit – completed in May 2022 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2021 – included five recommendations:

1. [Develop a more formalized claims process that includes rules for Article 3 and Article 4.5 claims as well as a checklist for compliance, proposed budgets, STA efficiency tests, and a productivity review.](#)

Discussion: The prior auditor found Lake APC did not have criteria, rules, and regulations for the evaluation of Article 3 and Article 4.5 claims. In previous years, all TDA funding was claimed by the APC or Lake Transit. With LTA being administered by Lake APC, there was even less need for a formal claims process. However, since the introduction of a separate CTSA (Lake Links), there was a need for a more formal claims process as well as for the RTPA to adopt rules, regulations, and criteria for claiming funds under these articles.

The prior auditor recommended Lake APC adopt rules and regulations for Article 3 and Article 4.5 claims. This may not be as critical for Article 3, since bicycle/pedestrian funds taken off the top are typically held and programmed by Lake APC. However, with a second operator designated as the CTSA and claiming funds under Article 4.5, the prior auditor recommended adopting criteria, rules, and regulations for claims under this article.

While many RTPAs prepare a formal TDA Handbook, the prior auditor noted such an undertaking was not necessary provided key processes and annual timelines were appropriately detailed in the claim form, an introductory letter, or within another policy and procedures document. However, the auditor recommended Lake APC develop a more detailed claims process and claim form, inclusive of a compliance checklist, proposed budgets, a productivity review, and potentially STA efficiency tests (which are discussed in greater detail later in this chapter). The claim forms should, at a minimum, identify the type of funding being claimed (e.g., Article 3, Article 4, Article 4.5, Article 8, and/or STA) as well as demonstrate the operator's compliance with requirements for receiving those funds.

Progress: Lake APC has a policy and annual process for the evaluation of Article 3 projects. However, while the TDA claims process has been refined since the prior Triennial Performance Audit, no formal policy and procedure has been established for Article 4.5 claims, nor have detailed claim forms been formalized.

Status: Partially implemented.

2. Ensure State Controller Reports are submitted within the established timeframe.

Discussion: In FY 2018/19, Lake APC's State Controller Report was not submitted until February 10, 2020. In FY 2020/21, the State Controller Report was not submitted until February 24, 2022. These reports are typically prepared by the same CPA firm that conducts Lake APC's fiscal audits. The prior auditor recommended Lake APC work with the APC's fiscal auditor to ensure State Controller Reports are prepared and submitted within the established timeframe.

Progress: All State Controller Report prepared during the audit period were submitted within the established timeframe.

Status: Implemented.

3. Work with fiscal auditors to ensure future LTA audits are completed within the established timeframe for transit operators.

Discussion: In FY 2020/21, the Lake APC's fiscal audit (which also included the audit of the LTA) had not been completed at the time of the prior audit report. Given timely submittal of TDA fiscal audits has not been an ongoing issue, it was likely this occurrence was an outlier. Should future deficiencies be identified that need to be resolved before a future audit, the prior auditor noted Lake APC should make sure it is addressing them early enough so that they can be implemented before the operator's TDA fiscal audit is due.

Progress: During the current audit period, Lake APC and Lake Transit Authority fiscal audits were prepared separately. LTA audits were completed prior to the March 31 deadline. At the time of this report, the Lake APC audit was still underway, but expected to be completed prior to the June 30 deadline.

Status: Implemented.

4. Conduct STA efficiency tests to determine LTA's eligibility to use STA funds for operating purposes.

Discussion: Given the fact that LTA was determined to have passed both STA efficiency tests for FY 2018/19, this is not considered a compliance finding by the prior auditor. However, the prior auditor found Lake APC did not normally conduct the tests, either as part of the TDA claims process or as part of the TDA fiscal audit. The prior auditor recommended Lake APC conduct the STA efficiency tests annually as part of the TDA claims process or the TDA fiscal audit. It should ensure the tests have been conducted and the operator is eligible prior to authorizing any claims for STA operating funds. If the operator is not eligible to claim all available STA funds for operating, determine how much STA funding must be reserved for capital purposes only.

Since the efficiency tests use audited data, the prior auditor noted it is reasonable to include the calculation as part of the TDA fiscal audit alongside the farebox recovery ratio calculation. If included within the fiscal audit, the auditor must be familiar with relevant portions of the TDA legislation, including PUC 99314.6, AB 90, and AB 149. If included as part of the TDA claims



process, Lake APC may need to add a worksheet to the claim form showing compliance with one or both tests was calculated.

Progress: Lake APC has preprepared a form to assess LTA's eligibility. However, this requirement was waived during the audit period under AB 90, AB 149, and SB 125, so it was not used as part of the claims process.

Status: Not relevant during the audit period.

5. Include an audit of Lake Links in the next round of TDA Triennial Performance Audits.

Discussion: Lake Links began receiving TDA funding under Article 4.5 during the prior audit period. Therefore, the prior auditor recommended Lake APC begin including the operator in its Triennial Performance Audit process. Compliance with the TDA would need to take into account Lake Links is a CTSA, not an Article 4 recipient, so not all of the standard compliance items would apply. The next auditor should be mindful of this when preparing Lake Links' audit.

Progress: Lake Links was included in the current cycle of audits. This will be its first Triennial Performance Audit.

Status: Implemented.



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Chapter 6 | Functional Review

A functional review of the 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 Relationships and Oversight;
- Marketing and Transportation Alternatives; and
- Grant Applications and Management.

Administration and Management

The Lake APC does not have any direct employees. All functions are provided under contract. Davey-Bates Consulting provides administrative services and Dow & Associates provides planning services, with staffing remaining largely consistent since well before the audit period.

TDA claims are handled in a timely manner. TDA funds are allocated based on allocation instructions corresponding with the RTPA's approved budget provided to the County Auditor's office at the beginning of the fiscal year. As funding is received by the State Controller's Office, it is allocated by the County Auditor as available. LTA and Lake Links are satisfied with the RTPA's efficiency and effectiveness. Lake APC administrative and planning staff manage operations and track progress through regular meetings, online platforms, quarterly state reporting, monthly invoicing, and internal accounting tools such as QuickBooks and Excel.

The APC has a well-defined set of internal goals and objectives for itself as the RTPA. Both the administrative and planning contracts include a defined scope of work that encompasses all the goals and objectives of each contract, as well as required deliverables such as the Overall Work Program (OWP), Transit Development Plan (TDP), Regional Transportation Plan (RTP), etc. There are clearly defined schedules and milestones for most deliverables.

Lake APC's OWP includes several annual coordinating work elements that include tasks and funding for regional coordination, as well as goals for individual work elements. APC staff utilize the Technical Advisory Committee (TAC) meetings to ensure regional coordination and regional goals are addressed. Additionally, the APC maintains a Public Participation Plan, which is periodically updated. This plan, along with the RTP, includes regional coordination. Regional coordination is assessed on an ongoing basis through activities such as TAC meetings and the RTP update.

The OWP includes an annual element that reflects tasks and funding for Lake APC Planning staff to identify, evaluate, apply, monitor and coordinate various grant funding opportunities that may be available to Lake APC and local agencies. Goals for grant applications are established during the development of the draft OWP. Compliance with these goals is assessed annually or as required by grant cycle funding availability. The APC monitors progress by tracking awarded versus non-awarded grants and OWP progress reporting.



Goals for transit operator performance are included within the Transit Development Plan, which is updated every five years, most recently in 2023. Goals for active transportation and transportation alternatives are included within the Active Transportation Plan, which is updated every four years as part of the RTP.

The current budget is sufficient to accomplish the RTPA's goals. Both the administrative contractor and the planning contractor feel current staffing levels are sufficient for accomplishing the duties and functions needed for the RTPA. Three new staff members were hired during the audit period – two by the planning contractor and one by the administrative contractor. The additions were in part due to senior staff retiring and staff turnover. Contractor staffing was restructured during the most recent procurement process, which resulted in new five-year contracts effective October 2024. All staff receive regular training, including attendance at Caltrans academies, workshops, CalACT, Board secretary conference training, etc. Contractor employees receive a full benefit package including paid leave, retirement, and insurance.

While staffing levels are appropriate at present, increased reporting requirements for state and federal funding sources, as well as upcoming North Rural Energy Network programs, may result in a need for additional staffing. Staff have noticed that the workload is more consistent throughout the year, rather than having slower periods. However, Lake APC is well-supported by its Board, and has a loyal and seasoned staff who work efficiently and effectively.

The APC Board meets regularly on the second Wednesday of every month, though July and January are typically dark. Meetings are in person with a hybrid option available upon request. If a hybrid option is utilized, Board members join remotely by teleconference (audio and video) from City Hall locations in Clearlake or Lakeport. Policy Advisory Committee member(s) will join from Caltrans District 1 office in Eureka. The general public may join from any of these posted locations or by calling in to the teleconference. Most Board members attend meetings. It has been an ongoing challenge to fill the two Member-at-large positions, often resulting in vacancies that limit scheduling flexibility for other member's attendance.

The Board has reviewed and acted on key documents requiring acceptant or approval in a timely manner. These include annual budgets, the Overall Work Program, and the Regional Transportation Plan, which are presented to the Board in draft form for review before being submitted for approval. The Board has expressed interest in participation in the Northern Rural Energy Network (NREN) since November 2022. In September 2024, the California Public Utilities Commission approved the agency's business plan to begin providing energy efficiency in Lake County. This will result in the implementation of seven programs across the next couple of years. It is a significant effort and is the first program Lake APC has undertaken besides transportation and housing. NREN is funded through fees already paid through PG&E billing.

Transportation Planning and Regional Coordination

The planning contractor is responsible for the development of Lake County's Regional Transportation Plan (RTP). The latest RTP was adopted in February 2022 and will be updated every four years. The RTP has been cited in successful state and local funding applications (e.g., formula and competitive grants) and in planning documents used to evaluate regional needs, secure funding, and implement projects aligned with RTP goals. The 2022 RTP included an Active Transportation Plan (ATP) component, which serves as a



stand-alone plan as well as the non-motorized element of the RTP. A more detailed discussion of the RTP is provided in Chapter 3.

Work on the next RTP update began informally in early 2025. The updated RTP/ATP is expected to be completed and adopted in February 2026.

Although the RTPA does not maintain its own travel demand model, Lake APC collaborates with Caltrans District 1, which has operated a regional model for Lake and Mendocino counties since 2024. This model supports regional planning efforts, such as the Konocti Corridor Vehicle Miles Traveled Study, and is available to member agencies and consulting firms upon request. Lake APC also shares its transportation data with member jurisdictions, including but not limited to speed zone studies, traffic counts, crash data, and support for housing and demographic analyses.

Lake APC also monitors special and local revenue measures within the county, such as the City of Clearlake's Measure V (used for road maintenance) and the City of Lakeport's Measure Z (used for public safety and road/infrastructure maintenance). Both measures were passed in 2016. The County has also expressed interest in putting a transportation sales tax measure; Lake APC has offered assistance with polling to determine if such an effort has the potential for success.

Lake APC collaborates with Caltrans District 1, local jurisdictions, tribal governments, and state and federal agencies to address regional transportation needs. Coordination with these entities occurs as needed to support planning documents, grant applications, and other transportation-related efforts. The APC also participates in public forums such as APC Board, TAC, and SSTAC meetings to stay abreast of transportation needs within the Lake County.

Claimant Relationships and Oversight

While the APC does not have a productivity committee, operator productivity is monitored on a regular basis. Lake APC administrative contractor staff also manage Lake Transit Authority (LTA), providing direct oversight to the operations and maintenance contractor. This provides a unique level of oversight and collaboration between Lake APC and LTA. The operations contractor provides back-up documentation monthly and staff review detailed spreadsheets. Updates are provided to the Board on a monthly basis. Transit productivity is also discussed during SSTAC and TAC meetings. There are also frequent reports to the LTA Board. A quarterly report looks at both productivity and cost, and metrics are closely tracked.

Lake APC provides a significant amount of assistance to LTA, including funding and coordinating planning efforts. The most recent Lake County Transit Development Plan (TDP) was adopted in 2023.

The designation of Lake Links as the CTSA has added a new dimension, as it is not managed by Lake APC staff. However, APC staff work closely with the organization's CEO regarding TDA funding, claim processes, and mobility needs within the county.

Marketing and Transportation Alternatives

The RTPA leaves the marketing of the county's transit service and mobility program to LTA and Lake Links. LTA publishes and distributes printed and digital information throughout its service area. Lake Links does not have an active marketing program, which is due to needing to secure more funding before actively



expanding its services. The APC worked closely in the development and establishment of Lake Links, which includes the Ride Links volunteer driver program and the Pay-Your-Pal mileage reimbursement program.

The APC conducted a Transit Rider Survey (as part of its Overall Work Program) during the prior audit period. While the project was initiated in 2020, surveying was delayed until April 2021 due to the COVID-19 pandemic, and the report was published in June 2021, just prior to the start of the current audit period. A driver-distribution methodology was used to distribute the surveys onboard LTA vehicles, resulting in the collection of 154 completed surveys. The study also included an online survey of students at the Lake County campus of Woodland Community College, which garnered 28 responses, and an online community survey, which garnered 100 responses.

Lake APC prepared its first active transportation plan in 2016. That plan, updated as part of the RTP process in 2022, has been used to promote and facilitate active transportation. The Plan has been used in the preparation of several successful grant applications through the Active Transportation Program. Another document prepared by Lake APC was the Lake County Pedestrian Facilities Needs Study (2019), which has also been instrumental in supporting grant applications.

Lake APC provides review of and comments on projects upon request by other lead agencies. These may include General Plan updates; development proposals for housing, commercial, or institutional uses; and CEQA document reviews. When traffic modeling assistance is requested, Lake APC refers inquiries to Caltrans District 1, which manages the regional traffic model for Lake and Mendocino counties.

Grant Applications and Management

APC staff provides assistance to LTA in submitting grant applications as needed. Additionally, the OWP includes work elements that align directly with transit planning-related responsibilities and grant assistance. Lake APC offers technical assistance to local agencies and tribes in preparing grant applications and collecting supporting data. In recent years, examples have included conducting traffic counts, speed zone studies, and assisting with applications for the Active Transportation Program (ATP), Highway Safety Improvement Program (HSIP), and the Caltrans Sustainable Transportation Planning Grant Program.

Lake APC regularly applies for planning grants through the Caltrans Sustainable Transportation Planning Grant Program and seeks additional state and federal planning funds as opportunities arise. In recent years, APC has supported implementation grant applications for major projects, such as the Dam Road/Dam Road Extension Roundabout in Clearlake, funded by the federal RAISE program, and the Konocti Corridor (State Route 29 Improvement) Project, submitted under the Trade Corridor Enhancement Program (TCEP).

Lake APC also awards planning grants to local agencies through its Overall Work Program. It allocates funding for capital projects from sources such as the State Transportation Improvement Program and the 2% Bike and Pedestrian Program. One-time and limited-term grants administered by APC include Highway Infrastructure Program funding, Carbon Reduction Program funding, the Regional Early Action Planning (REAP) Program, and SB 125 Transit funds. Lake APC oversees the progress, allocations, and expenditures of all these programs.

Chapter 7 | Findings and Recommendations

Conclusions

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

Findings and Recommendations

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

1. Lake APC does not have rules and regulations for the submission and evaluation of claims for funds under Article 4.5.
2. Lake Links' TDA fiscal audit for FY 2023/24 was completed after the March 31, 2025 deadline.
3. Submittal of the prior Triennial Performance Audits to Caltrans could not be confirmed.
4. Lake APC has not established performance or other criteria for Lake Links.

The audit team has identified no functional findings.

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

Given there are no functional findings, only compliance findings and recommendations are presented below.

Compliance Finding 1: Lake APC does not have rules and regulations for the submission and evaluation of claims for funds under Article 4.5.

Criteria: This finding is carried forward from the prior audit. PUC 99233.7 allows RTPAs to set aside "off the top" allocations for community transit service (under Article 4.5). PUC 99275 requires criteria, rules, and regulations for the evaluation of claims under Article 4.5 to be adopted by the RTPA.

Condition: While Lake APC has refined its claim process during the current audit period, it still tends to be relatively informal. Claimants submit a letter with their claim, supported by backup documentation. does not currently have criteria, rules, and regulations for the evaluation of Article 4.5 claims. In prior years, all TDA funding was claimed by the APC or Lake Transit. With LTA administered by Lake APC, there has been even less need for a formal claims process. However, this process is very closely linked to the team currently administering it; if anything were to result in the loss of this institutional knowledge, it could be



very difficult to effectively administer the TDA program. With a separate CTSA (Lake Links) now claiming Article 4.5 funds, there continues to be a need for a more formal claims process as well as for the RTPA to adopt rules, regulations, and criteria for claiming funds under these articles.

Cause: With an RTPA and a single operator, TDA allocations and claims have been very straightforward and simple in prior years. Even with the addition of Lake Links as the only Article 4.5 claimant, there have been no significant issues.

Effect: As a result, no formal claims process was ever established.

Recommendation: Develop a more formalized claims process that includes rules for Article 4.5 claims as well as a checklist for compliance, proposed budgets, STA efficiency tests, and a productivity review.

Recommended Action: Lake APC should adopt rules and regulations for Article 4.5 claims as part of an overhaul of the transit claims process. With a second operator designated as the CTSA and claiming funds under Article 4.5, we recommend adopting criteria, rules, and regulations for claims under this article as well as creating a comprehensive claim form for transit claims.

While many RTPAs prepare a formal TDA Handbook, such an undertaking is not necessary provided key processes and annual timelines are appropriately detailed in the claim form, an introductory letter, or within another policy and procedures document. However, it is recommended Lake APC develop a more detailed claims process and claim form, inclusive of a compliance checklist, proposed budgets, a productivity review, and STA efficiency tests. Several examples of such forms have been provided to Lake APC separate from this audit report. The claim forms should, at a minimum, identify the type of funding being claimed (e.g., Article 4, Article 4.5, Article 8, and/or STA) as well as demonstrate the claimant's compliance with requirements for receiving those funds.

Timeline: FY 2025/26.

Anticipated Cost: Modest.

Compliance Finding 2: Lake Links' TDA fiscal audit for FY 2023/24 was completed after the March 31, 2025 deadline.

Criteria: PUC 99245 requires RTPAs to ensure all TDA claimants submit an annual fiscal audit to the State Controller within 180 days of the end of the fiscal year. The RTPA has the authority to extend the deadline for another 90 days, typically to March 31.

Condition: In FY 2023/24, Lake Links' TDA fiscal audit was completed on May 2, 2025. This was more than a month after the deadline established under PUC 99245. Prior audits were submitted on time.

Cause: Staff indicated the audit was in progress, but the auditor delayed it as it got closer to tax time. The CEO was unaware of the March 31 deadline.

Effect: While the audit was submitted late, it was submitted close enough to the deadline that it had no impact on the release of TDA funds for the next fiscal year.



Recommendation: Work with Lake Links to ensure its TDA fiscal audit can be completed no later than March 31.

Recommended Action: Given the TDA audits for the two years prior to the late submittal have been submitted on time, and the CEO is now aware of the deadline, it is likely no further action is required. Lake APC should work with Lake Links to ensure it is on track to meet the deadline when the next TDA fiscal audit is due.

Timeline: FY 2024/25.

Anticipated Cost: None.

Compliance Finding 3: Submittal of the prior Triennial Performance Audits to Caltrans could not be confirmed.

Criteria: PUC 99246 requires each RTPA to submit its completed performance audit to Caltrans and certify in writing it has completed the audits of any operator to which it allocates TDA funding.

Condition: Lake APC did not provide documentation of this submittal from the prior triennial performance audit.

Cause: Since most such submittals occur via email, it is common to keep the sent message in an individual's email account. This can cause the message/documentation to get lost if emails are archived or deleted or if the original sender is no longer with the RTPA three years later when it is needed for the next audit.

Effect: Failure to maintain this documentation could result in the RTPA being out of compliance with the TDA.

Recommendation: Ensure documentation of the submittal of the RTPA's triennial performance audit and certification of the operator's triennial performance audit is maintained and can be provided during the next triennial performance audit.

Recommended Action: While this information can be submitted via an email only, we recommend creating a submittal letter that can be sent via email along with the electronic version of the RTPA audit. The sent email should be saved (with attachments) on a network drive that can be readily accessed in preparation for the next triennial performance audit. Avoid saving the email in the sender's email account and nowhere else.

Timeline: Upon completion of the 2025 Triennial Performance Audit.

Anticipated Cost: None.



Compliance Finding 4: Lake APC has not established performance or other criteria for Lake Links.

Criteria: PUC 99275.5 requires the following:

That the claimant [under Article 4.5] is in compliance with Section 99268.3, 99268.4, 99268.5, or 99268.9, whichever is applicable to it, or with regional, countywide, or county subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the transportation planning agency....

Condition: At present, Lake APC has not adopted any performance criteria for Lake Links. Given the program does not operate a service for which it collects fares, farebox recovery ratio is not a reasonable metric with which to measure performance. Therefore, it is the responsibility of Lake APC to define performance criteria against which Lake Links' performance can be assessed.

Cause: It is likely the lack of alternative performance criteria is due to a lack of awareness that such performance criteria should be developed.

Effect: When there are no adopted performance criteria, it can be difficult to assess Lake Links' performance, especially since the organization does not collect the same data as a traditional transit operator.

Recommendation: Work with Lake Links to identify appropriate performance criteria for Lake Links' mobility programs.

Recommended Action: Lake APC should work with Lake Links to identify these performance criteria. Based on the performance analysis in the Lake Links Triennial Performance Audit for FY 2021/22 – FY 2023/24, some annual metrics for the Pay-Your-Pal program may include the number of miles reimbursed or the number of one-way trips provided. For the Ride Links program, they may include the number of trips provided, the percentage of requested trips that are actually provided, the number of enrolled riders, and the number of volunteer drivers. For the organization as a whole, a reasonable metric may be keeping the percentage of Article 4.5 revenues under a specific threshold. Utilizing this data will enable Lake APC to confirm that the TDA funds are being used in an effective manner.

Timeline: FY 2025/26.

Anticipated Cost: Negligible.



Exhibit 7.1 Audit Recommendations

| TDA Compliance Recommendations | | Importance | Timeline |
|--------------------------------|--|------------|------------|
| 1 | Develop a more formalized claims process that includes rules for Article 4.5 claims as well as a checklist for compliance, proposed budgets, STA efficiency tests, and a productivity review. | High | FY 2025/26 |
| 2 | Work with Lake Links to ensure its TDA fiscal audit can be completed no later than March 31. | Medium | FY 2024/25 |
| 3 | Ensure documentation of the submittal of the RTPA's triennial performance audit and certification of the operator's triennial performance audit is maintained and can be provided during the next triennial performance audit. | High | FY 2024/25 |
| 4 | Work with Lake Links to identify appropriate performance criteria for Lake Links' mobility programs. | High | FY 2025/26 |



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