

TRIENNIAL PERFORMANCE AUDIT
of the Placer County Transportation Planning Agency
for Fiscal Years 2006/2007 through 2008/2009

Final Audit



Prepared for the

Placer County Transportation Planning Agency

Prepared by

LSC Transportation Consultants, Inc.

Triennial Performance Audit
of the
Placer County Transportation Planning Agency

Final Report

for

FYs 2006-07 through 2008-09

Prepared for the

Placer County Transportation Planning Agency
299 Nevada Street
Auburn, California 95603
530 ♦ 823-4030

Prepared by

LSC Transportation Consultants, Inc.
P.O. Box 5875
2690 Lake Forest Road, Suite C
Tahoe City, California 96145
530 ♦ 583-4053

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LSC #097460

TABLE OF CONTENTS

Chapter	Page
1	Executive Summary1
	Findings.....1
	Recommendations.....1
2	Triennial Performance Audit Results.....5
	Background.....5
	Performance Audit and Report Organization5
	Placer County Transportation Commission Description5
	Review of Compliance Requirements7
	Status of Prior Audit Recommendations.....10
	Detailed Review of PCTPA Functions12
	Auditor Observations18
3	Conclusions and Recommendations19
	Findings.....19
	Recommendations.....19

LIST OF TABLES

Table	Page
1	RTPA Compliance Requirements – PCTPA8
2	PCT Maximum LTF Allocation Worksheet FY 2008-09.....21

Chapter 1

Executive Summary

California Public Utilities Code (PUC) Section 99246 requires that Regional Transportation Planning Agencies (RTPAs) such as the Placer County Transportation Planning Agency (PCTPA) have triennial performance audits (TPA) conducted of both their own activities and those of their associated transit operators. This performance audit of the PCTPA covers the three-year period from July 1, 2006, to June 30, 2009. The primary objective of a TPA is to provide the PCTPA with an independent and objective evaluation of its effectiveness, efficiency, and economy in its role as the RTPA for Placer County. It should be noted that the TPAs for the five transit operators in Placer County (under separate covers) were also performed for the three-year period from July 1, 2006, to June 30, 2009. As required under California Transportation Development Act (TDA) law, PCTPA will submit this report to Caltrans and certify that the transit operator performance audits were completed.

There is unanimous support among stakeholders that the PCTPA is managed and operated in an effective, efficient, and economical manner. The PCTPA provides a strong organization that effectively coordinates and advances transportation policy within Placer County and provides balance between the incorporated cities and the County of Placer. PCTPA Board members are considered to be knowledgeable, fair, and effective, and its executive director enjoys a strong reputation in the region for skill and excellence in performance. Despite PCTPA's overall effectiveness and functionality, this audit has identified several instances of noncompliance with specific TDA requirements. The following summarizes the auditor's findings and recommendations.

FINDINGS

- ◆ Roseville Transit, Lincoln Transit, and PRIDE/CTSA did not submit their fiscal and compliance audits within the required time period per TDA (by Dec 31st after the end of the fiscal year or March 31st of the following year if a 90 day extension is granted).
- ◆ There appears to be no conflict of interest for PCTPA/Western Placer Consolidated Transportation Services Agency (WPCTSA) staff in terms of the roles and responsibilities of an RTPA and the WPCTSA. Staff is cognizant of the issue, is diligent in separating the two functions, and documents decision making in a transparent manner.
- ◆ PCTPA performs the unmet transit needs process in accordance with TDA requirements.

RECOMMENDATIONS

- ◆ PCTPA should adjust transit operator farebox ratio requirements to reflect the new Sacramento Urbanized area designation. As part of the 2000 US Census, the cities of Auburn, Rocklin, and Loomis and nearby portions of unincorporated Placer County were included in the Sacramento Urbanized Area. This designation had a significant effect on farebox ratio requirements for Auburn Transit. TDA allows for a five year grace period after

which Auburn Transit services are subject to the urbanized farebox ratio. Per PUC 99268.12, PCTPA may set a farebox ratio requirement of 15 percent, as Placer County has a population of less than 500,000 and is serving an urbanized area where funds may be allocated under Article 8. Prior to setting the required ratio, PCTPA must make findings specifying the reasons for its action. In Fiscal Year (FY) 2008-09, Auburn Transit had a farebox and local support ratio of 14.0 percent. Strategies to increase Auburn Transit's farebox ratio to 15.0 percent should be addressed in the upcoming SRTP update. In order to be compliant with TDA law, PCTPA should adopt a farebox ratio of 15 percent for Auburn Transit.

- ◆ Per PUC 99270.1, if an operator serves both urbanized and non-urbanized areas, the RTPA should adopt rules and regulations to determine what portion of the public transportation services serve urbanized areas and what portion serves non-urbanized areas to determine the required farebox ratio. The RTPA is then required to submit these rules and regulations to Caltrans for approval. Placer County Transit's service area includes both urbanized and non-urbanized areas. Therefore, PCTPA should develop a "blended" farebox ratio for PCT services. As PCT has been in operation since FY 1978-79, PCTPA could also consider TDA eligibility criteria set forth under PUC 99268 (50 percent expenditure limitation). This issue should also be addressed in the upcoming Short Range Transit Plan (SRTP) update.
- ◆ During the next audit period, PCTPA will need to reevaluate the farebox ratio requirement for Lincoln Transit as the City of Lincoln will likely be included in the Sacramento Urbanized Area as part of the 2010 US Census.
- ◆ The FY 2008-09 fiscal audit for Lincoln Transit states that a penalty of \$28,723 should be assessed for non-compliance with the minimum 10 percent farebox ratio requirement in FY 2007-08 and \$46,930 for FY 2008-09. PCTPA should reduce Lincoln Transit's eligibility for TDA funding by this amount in FY 2009-10 and FY 2010-11, respectively. PCTPA has elected to place the funds in a reserve account until the City meets farebox requirements.
- ◆ The prior TPA recommended the development of a bilingual consolidated transit guide for Western Placer County transit services. As part of a transit coordination effort, PCTPA aims to develop a consolidated transit guide for all Western Placer services (pending grant funding). In the mean time, it would be beneficial to prepare a simple transit flyer in Spanish. The flyer should include very basic information about available services and contact information for each agency.
- ◆ In response to another prior TPA recommendation, PCTPA should formalize the 90 day extension process for the transit operator fiscal audits. Beginning FY 2009-10, PCTPA should amend the TDA Claims Manual to include a requirement that claimants need to request an extension as required under TDA, if it is anticipated that the fiscal audit will not be completed by December 31. Extension requests can be done through email. PCTPA should maintain copies of correspondence regarding extension requests in both electronic and hard copy format in operator and PCTPA files so that compliance with this issue can be easily determined during the next performance audit.

- ♦ In accordance with PUC 99275.5, PCTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA. Before approving claims, per PUC 99275.5 PCTPA reviews: (1) that the community transit service is responding to a transportation need currently not being met, (2) that the service will be integrated with existing transit services, (3) that the claimant has prepared an estimate of revenues, operating costs, and patronage, (4) and that the claimant is in compliance with the adopted 10 percent farebox ratio. However, PCTPA does not officially make these findings in the allocation instructions to the county auditor. PCTPA should include the required findings of PUC 99275.5 (c) in the resolutions pertaining to the allocation of Article 4.5 funds for WPCTSA programs.

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Chapter 2

Triennial Performance Audit Results

BACKGROUND

This TPA has been prepared in compliance with the requirements of California PUC Section 99246, which requires that PCTPA cause a performance audit to be conducted of its activities every three years. The primary objective of this audit is to provide PCTPA with an independent and objective evaluation of its performance as it relates to responsibilities in its role as the RTPA for Placer County.

This audit evaluates the operations of PCTPA in terms of the efficiency, effectiveness, economy, and results of its programs. In addition, this audit includes a review of PCTPA's implementation of the recommendations that were contained in the previous Audit report, completed in 2007. This current audit covers the three-year period from FY 2006-07 through 2008-09. Finally, this audit includes a discussion of relevant issues currently facing the organization, based on telephone interviews with area decision makers and discussions with PCTPA staff.

PERFORMANCE AUDIT AND REPORT ORGANIZATION

This audit was prepared in the following steps:

- ◆ A review of pertinent documents, including the Regional Transportation Plan (RTP), SRTP, annual Overall Work Programs, annual fiscal audits, State Controller's Reports, and board agendas, minutes, and supporting staff reports.
- ◆ Onsite interviews with PCTPA staff, including the executive director and senior planner.
- ◆ Telephone interviews with most PCTPA Board members.
- ◆ Review of prior TPA reports.
- ◆ Review of the requirements of the PUC, Administrative Code, and other appropriate statutes, followed by an assessment of the PCTPA's compliance with the specified requirements.

PLACER COUNTY TRANSPORTATION COMMISSION DESCRIPTION

Agency Function and History

The PCTPA was designated as the RTPA for Placer County (not including the portion of the county within the Tahoe Basin), created pursuant to Title 3, Division 3, Chapter 2, Article 11, Section 29532.1 of the State of California Government Code. PCTPA consists of one councilmember from each of Placer County's six incorporated jurisdictions (Lincoln, Auburn, Rocklin, Loomis, Roseville and Colfax), two members of the Placer County Board of Supervisors; and one citizen representative. As the RTPA, PCTPA is responsible for allocating

TDA funds to the transit operators within its jurisdiction. The PCTPA has a Memorandum of Understanding (MOU) with the Sacramento Council of Governments (SACOG), which coordinates federal transportation planning and programming between the two entities. A MOU with Caltrans enumerates PCTPA's transportation planning responsibilities in Placer County and coordination with Caltrans. PCTPA was also designated as the Airport Land Use Commission, the Congestion Management Agency (CMA), staffs the South Placer Regional Transportation Authority (SPRTA), staffs the WPCTSA and is a member of the Capital Corridor Joint Powers Authority (CCJPA).

In addition to citizen participation activities, PCTPA is advised by the following major advisory committees:

- ◆ Social Services Transportation Advisory Council (SSTAC)
- ◆ Technical Advisory Committee (TAC)

The SSTAC advises the PCTPA on all matters pertaining to the transit needs of transit dependent and transit disadvantaged persons. The input of this committee is an integral part of the annual "unmet transit needs" process of the PCTPA. The minimum makeup of the SSTAC is defined by the TDA (PUC Section 99238) to include the following:

- ◆ A representative of potential transit users who is 60 years of age or older.
- ◆ A representative of potential transit users who is disabled.
- ◆ Two representatives of local social service providers for seniors.
- ◆ Two representatives of a local social service provider representing disabled persons.
- ◆ A representative of a local social service provider for persons of limited means.
- ◆ Two representatives from the local consolidated transportation service agency, WPCTSA.

The SSTAC meets annually as part of the unmet transit needs process. At present, not all positions are filled; however, PCTPA is making efforts to recruit additional members for the SSTAC.

The TAC is composed of PCTPA staff members and jurisdiction staff such as planners, engineers some of who are involved in transit. The committee meets monthly to discuss pertinent PCTPA agenda items as well as administrative items, such as due dates for regional or state required documents, Programs of Projects and legislative priorities.

The PCTPA's objectives are outlined in the annual Overall Work Program efforts and address the Federal Planning Emphasis Areas. PCTPA's Overall Work Program includes the following elements:

- ◆ Ensure that all activities related to programs funded under the TDA are administered and coordinated appropriately.
- ◆ Administer the regional transportation planning process.
- ◆ Ensure that all regional transportation activities include a public participation effort.

- ◆ Provide annual fiscal and compliance audits, as well as TPAs of PCTPA and Placer County transit operator activities.
- ◆ Improve mobility and access to public transportation through planning studies, intelligent transportation technology and coordination efforts with regional agencies.
- ◆ Support and enhance alternative transportation and rail services in Placer County.
- ◆ Administer the WPCTSA and SPRTA.

REVIEW OF COMPLIANCE REQUIREMENTS

Following is a review of compliance requirements identified in the TDA and other state statutes. Table 1 displays the compliance review in tabular format.

- ◆ In accordance with PUC Section 99231, the PCTPA allows no transportation operators and city or county governments which have responsibility for serving a given area to claim, in total, more than those Local Transportation Fund (LTF) moneys apportioned to that area. PCTPA annually approves LTF allocations and a good system for the apportionment is in place.
- ◆ In reference to PUC Sections 99233 and 99234, the PCTPA has adopted specific rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles. These rules are included in the TDA claim packets posted on PCTPA's website and must be consistent with PCTPA's five year cash management plan.
- ◆ In accordance with PUC Sections 99238 and 99238.5, the PCTPA has established a SSTAC. The PCTPA ensures that there is a citizen participation process that includes at least one annual public hearing as part of the annual unmet transit needs process.
- ◆ In accordance with PUC Section 99244, the PCTPA has annually identified, analyzed, and recommended potential transit productivity improvements that could lower operating cost of those transit operators that operate at least 50 percent of their vehicle service miles with its jurisdiction. During the audit period, PCTPA commissioned several transit planning studies to review the transit needs of the region, the cost-effectiveness of existing services and the potential for new services. These studies included a South Placer DAR Study, a Transit Master Plan for South Placer County, and a South Placer Bus Rapid Transit Service Plan.
- ◆ With respect to PUC Section 99245, not all claimants to whom PCTPA 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. Despite PCTPA's audit rule which allows PCTPA to withhold 50 percent of a claimant's funds until the annual Fiscal and Compliance Audit is received, the following operators submit their audits late:
 - Roseville in FY 2006-07 and FY 2007-08

TABLE 1: RTPA Compliance Requirements - PCTPA

Requirement	PUC Reference	In Compliance?	
		Yes	No
(1) All operators and city or county governments, in total, claim no more than those LTF monies apportioned to that area.	99231	X	
(2) 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.	99233, 99234	X	
(3) 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.	99238, 99238.5	X	
(4) The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower operating cost of those operators.	99244	X	
(5) 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.	99245		X
(6) The RTPA has designated an independent entity to conduct a performance audit of operators and itself. The operator audit included calculation of performance indicators and was transmitted within 12 months. If not transmitted, TDA funds were not allocated to the operator.	99246, 99248	X	
(7) The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation.	99246 c	X	
(8) The performance audit of the operator includes verification of performance indicators and includes consideration of the needs and types of passengers being served, employment of part-time drivers and contracting with common carriers.	99246 d	X	
(9) The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and non- urbanized areas.	99270.1, 99270.2		X
(10) 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.	99275.5	X	
(11) State transit assistance funds received by the RTPA allocated only for transportation planning and mass transportation purposes?*	99310.5, 99313.3, Proposition 116	X	
(12) 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 Controllers Office.	99314.3	X	
(13) If TDA funds are allocated for streets and road purposes, the RTPA has annually: Consulted with the SSTAC, identified transit needs, adopted or re-affirmed the definition of "unmet transit needs" and "reasonable to meet", identified the unmet needs or there are no unmet transit needs, or there are unmet transit needs that are reasonable to meet.	99401.5	X	
(14) The RTPA has caused a fiscal audit to be performed each year and submit the audit report to the state controller within 12 months of the end of the fiscal year.	6662	X	

- Lincoln Transit all three years of the audit period
- CTSA in FY 2006-07

All operators use the same fiscal auditor and typically file for a 90 day extension with PCTPA. The extension filing process is rather informal and does not require more than an email from the transit operators.

- ◆ In accordance with PUC Sections 99246 and 99248, the PCTPA has herein designated an independent entity to conduct a performance audit of operators and itself (for the current and previous TPA periods). Moore and Associates performed the performance audit for the prior three-year period.
- ◆ In accordance with PUC Section 99246(c), the PCTPA has submitted a copy of its TPA to the director of the California Department of Transportation.
- ◆ In accordance with PUC Section 99246(d), the performance audit of the transit operators (under separate cover) 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 includes, 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.
- ◆ PCTPA has not adopted formal rules and regulations regarding revenue ratios for transit services as per PUC Sections 99270.1 and 99270.2. Auburn, Rocklin and Loomis were designated "urbanized" areas in the 2000 Census. Placer County Transit (PCT) operates a several routes in a portion of the Sacramento urbanized area as well as in non-urbanized Placer County. As detailed in Chapter 3, PCTPA should reevaluate the farebox ratio requirements for PCT services.
- ◆ The PCTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA (as permitted under PUC Section 99275.5). PCTPA requires that Article 4.5 claimants (in this case WPCTSA) use the TDA claim procedure and packet put together for all TDA claimants. The packet includes proposed budget, expenses, and project descriptions. However, the resolutions adopted by PCTPA pertaining to the allocation of Article 4.5 funds do not include the specific findings required under Section 99275.5(c).
- ◆ In accordance with PUC Sections 99310.5 and 99313.3 and Proposition 116, State Transit Assistance (STA) funds received by the PCTPA are allocated only for transit planning, transit capital projects, and transit operations as demonstrated in the fiscal audits.
- ◆ The amount of STA funds received by the PCTPA pursuant to the PUC Section 9314.3 is allocated to the transit operator in the area as allocated by the State Controller's Office. PCTPA allocates STA funds to transit operators using a population and revenue formula allocation per PUC 99313 and 99314.

- ◆ In accordance with PUC Section 99401.5, 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 PCTPA is annually required to:
 - Consult with the SSTAC established pursuant to PUC Section 99238.
 - Identify transit needs, including:
 - Groups who are transit dependent or transit disadvantaged
 - Adequacy of existing transit services to meet the needs of groups identified
 - Analysis of potential alternatives to provide transportation services
 - Adopt or reaffirm a definition of “unmet transit needs” and “reasonable to meet.”
 - Identify the unmet transit needs and those needs that are reasonable to meet.
 - Adopt 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.

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. During the audit period PCTPA consulted with the SSTAC and followed the proper unmet needs procedures.

- ◆ In accordance with California Code of Regulations Section 6662, the PCTPA has caused a fiscal and compliance audit of its accounts and records to be performed for each fiscal year by a certified public accountant. The audits were performed in accordance with the Basic Audit Program and Report Guidelines for the California Special Districts prescribed by the State Controller by R.J. Ricciardi, Inc. The audits include a determination of compliance with the TDA and accompanying rules and regulations. Financial statements do not commingle the STA fund, the Local Transportation Fund, or other revenues or funds of any city, county or other agency. The PCTPA maintains fiscal and accounting records and supporting papers for at least seven years following fiscal year close. Some documents such as audits are kept in permanent storage.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The prior TPA was prepared by Moore and Associates and contained the following recommendations:

- ◆ *Prepare a bilingual consolidated Transit Guide covering western Placer County to enhance information dissemination regarding all transit services available within the region. In the event external funding is not available to produce such a Guide, we recommend the PCTPA allocate a portion of its general funds for this purpose.*

Status: Implementation In Progress – PCTPA recently formed an Ad Hoc Policy Committee to review the possibility of consolidation of Placer County transit services. The committee came to the conclusion that “transit coordination” was a better approach at this time. One of the potential outcomes of transit coordination is to develop a single comprehensive transit marketing piece which includes information for all Western Placer County transit services. This new transit guide would include transit information in Spanish. In the meantime, it would be worthwhile for PCTPA to develop a simple flyer in Spanish which generally outlines regional transit information and provides contact numbers for each transit system.

- ◆ *Require the CTSA of Placer County to implement procedures and controls to provide clear oversight of Placer County TDA funds allocated to it. In order to assist the CTSA with reporting and filing procedures in the most expeditious manner possible, the PCTPA should retain the services of an independent consultant to establish and implement comprehensive procedures for the safeguarding of TDA monies. Further, we recommend the cost of the consultant be deducted from the CTSA’s FY 2006-07 TDA allocation, and that the PCTPA hold in abeyance any additional TDA allocations until this recommendation has been fully executed.*

Status: Implementation Complete – Shortly after the acceptance of the TPA, PCTPA staff prepared a Request for Proposals for an independent consultant to establish accounting and reporting systems and procedures at Pride Industries as noted in the recommendation. In January 2008, Pride Industries resigned as the CTSA and PCTPA was designated the interim CTSA. At the end of 2008, a joint powers agreement between Placer County and the incorporated cities formed the WPCTSA. WPCTSA staff and board share the same members as PCTPA. As noted in the WPCTSA audit, the new CTSA structure appears to be more effective than the previous CTSA as PCTPA staff have more control over Article 4.5 TDA funds.

- ◆ *It is common for PCTPA to receive requests for extensions for filing Comprehensive Annual Financial Reports (CAFRs) from the region’s Transit Operators. While Operators submit these requests in writing, no formal statement is issued by the RTPA granting or denying said requests. In order to formalize communication PCTPA should acknowledge these extension requests, and communicate its decision in writing.*

Status: Implementation Not Begun – It is assumed that the previous auditor is referring to the extension process for the fiscal and compliance audits required to be submit to PCTPA within 180 days after the end of the fiscal year unless a 90 day extension is granted. During this audit period, it was again common practice for the transit operators to request 90 day extensions for their fiscal and compliance audits. These requests are typically done in the form of an email and PCTPA does not formally respond to the requests. Beginning FY 2009-10, PCTPA should keep track of which operators request extensions and respond to the request via email or letter. Copies of this correspondence should be maintained in operator and PCTPA files.

- ◆ *The PCTPA currently has an audit policy which only provides claimants with 50 percent of the respective LTF allotment until the final TDA audit is submitted. The remaining funding is provided when the claimant submits its audit to the PCTPA. We recommend applying the same rule to the State Controller reports in order to ensure timely submittal, as a number of transit operators were consistently late.*

Status: Implementation Complete – During this audit period the following operators were late in submitting their state controller reports to the state controller: Lincoln Transit in FY 2006-07 and FY20 07-08 and CTSA in FY 2006-07. Per PUC Section 99243 the state controller can instruct the county auditor to withhold payments to those transit operators which do not submit state controller reports; however, the statutes do not require RTPAs to do the same. PCTPA requires that TDA transit claimants submit the cover page of their state controller reports with the TDA claim packet. Therefore a TDA claim is not considered complete without proof that the state controller report has been sent.

DETAILED REVIEW OF PCTPA FUNCTIONS

There is concurrence within Placer County, supported by the auditor's own evaluation, that the PCTPA reflects well researched, proactive policy practices, and that these outcomes have been the result of quality staff work produced by a competent executive director and her staff. During the audit period, the PCTPA Governing Board was composed of capable and knowledgeable officials, who met regularly, conducted themselves with efficiency and civility, and put aside parochial jurisdictional differences as they met in the PCTPA setting to determine transportation planning and funding policies.

This section presents a review of the various functions of the PCTPA. The PCTPA's functions can be divided into the following areas:

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

Administration and Management

This functional review focuses on internal management of the organization, including:

- ◆ Governing Board Activities
- ◆ Internal Planning and Achievements
- ◆ General Administration
- ◆ Personnel

The PCTPA Board meets on the last Wednesday of each month in Auburn. Agenda materials are mailed to board members two Fridays before the meeting and posted on PCTPA's website one week in advance. PCTPA has two regular advisory committees, the SSTAC and the TAC. The

SSTAC meets annually as part of the unmet needs process and the TAC meets monthly prior to Board meetings. Some of the ongoing issues and/or controversies that face the PCTPA are studied by ad hoc committees. A recent example of an ad hoc committee is the Transit Consolidation Ad Hoc Policy Committee which found that transit consolidation efforts are premature and that “transit coordination” would be a more effective focus at this stage. The ad hoc committee findings and recommendations are presented to the entire board by the executive director.

Attendance at monthly PCTPA meetings is strong. The PCTPA Board dealt with a long list of key documents and funding decisions during the audit period, including all of those required or suggested by state law and good RTPA practices. PCTPA does a good job of posting important documents on its website for public review.

In terms of internal planning, the PCTPA reflected very clear goals and objectives in the RTP. Its achievements in meeting Overall Work Program objectives during the audit period were good. The budget generally has been adequate for funding PCTPA’s activities, although some of this revenue depends on successfully attaining discretionary state and federal grants, which are not always realized. The Lincoln Bypass is an example of ways PCTPA has struggled through funding shortfalls to complete projects. The executive director presents a report on the various transportation issues currently facing the PCTPA at each monthly meeting. Quarterly status reports on projects funded with State Transportation Improvement Program (STIP), Congestion Mitigation Air Quality (CMAQ) and Regional Surface Transportation (RSTP) are also prepared for the board. Recently, PCTPA staff conducted a transit workshop, entitled “Transit in Transition,” for board members in an effort to review existing transit services, current funding (or lack of funding) issues, and the various regulatory requirements for transit operators. The workshop was beneficial for attendees and resulted in further investigation into potential consolidation/coordination of transit operators in Placer County.

The PCTPA commissioned several transit planning studies during the audit period: a South Placer Regional DAR Study, a South Placer Transit Master Plan, and a Bus Rapid Transit Implementation Study for South Placer County. These documents addressed pertinent regional issues such as potential growth and development in the southern portion of the county and inefficiencies created by the multiple DAR services and CTSA programs.

Administratively, the PCTPA processes TDA claims in an accurate and timely manner. Following the final TDA apportionment notice, the PCTPA submits notices to each claimant with the new TDA claims packet. In the packet, each operator must submit:

- ◆ TDA compliance checklist which outlines compliance requirements addressed in this audit and CA Code of Regulations 6632
- ◆ TDA claim worksheet in Microsoft Excel format which includes deferred LTF revenues and projected expenses and uses
- ◆ TDA transit claim form
- ◆ TDA annual project and financial plan

- ◆ Certified copy of resolution from the claimant’s governing board approving the claim and its submittal to PCTPA

Additionally, PCTPA has adopted an “Audit Policy” which allows PCTPA to withhold 50 percent of the claimants’ LTF allocation until the annual fiscal and compliance audit is received by PCTPA. PCTPA staff work closely with the transit operators to correct any initial errors or omissions in the TDA claim packets. Transit operator claims are processed upon receipt. Individual claims are not brought before the board for approval but are included on the consent agenda. The TDA claim packets clearly state that claims must be submitted to PCTPA three weeks prior to the board meeting in order to be placed on the next meeting’s agenda. Funds are delivered in a lump sum payment unless the fiscal and compliance audit has not been completed.

The PCTPA Board and staff wear many hats. In addition to acting as the RTPA for Placer County (not including the Tahoe Basin), the board is also the designated Airport Land Use Commission and the designated Congestion Management Agency. PCTPA staff serves as staff for the SPRTA (a joint powers authority charged with the administration and implementation of regional traffic impact fees) as well as the newly formed WPCTSA. As PCTPA staff both allocates and receives TDA funds, there is the potential for conflict of interest. However, PCTPA staff has put concerted effort into differentiating between WPCTSA duties and PCTPA duties. Activities are well documented and separate meeting minutes are kept, and there is no evidence that this dual role has affected funding decisions.

As earlier noted, PCTPA staff is generally held in high regard in the region. Seven full-time staff members were dedicated to the functions of the PCTPA during the audit period. With the exception of the retirement and replacement of the fiscal/administrative officer, there was no staff turnover during the audit period. Each staff member generally specializes in particular OWP work elements. PCTPA includes in the budget “educational assistance and training.” Staff attends conferences, Caltrans training sessions, and webinars. Staff members are offered insurance (life, health, and dental), vacation, sick leave, and retirement benefits. Job performance evaluations are performed annually as well as after the initial “introductory” period. PCTPA appropriately retains important documents such as timesheets and accounts payable for five to seven years while financial audits are retained indefinitely in permanent storage.

The auditor attempted to contact each and every board member to anonymously discuss transportation issues facing the organization in coming years. PCPTA board members were interviewed to better understand the workings of the agency and its effectiveness. Interviews were conducted between February 5 and March 16, 2010, with eight of nine members participating. The board members interviewed were unanimous in their sentiment that there are no significant issues other than a lack of funding, that the board works well together and with staff, and that being on the board is a positive experience. In particular, every member had high praise for the executive director, extolling her ability to work well with everyone, her timely and detailed reporting, and her finesse in seeking transportation funds. Comments regarding working with Caltrans were generally neutral, with several members uncertain of who is their Caltrans representative.

Transportation Planning and Regional Coordination

This functional area covers one of the two major RTPA responsibilities – transportation planning in a regional context and fiscal management, including:

- ◆ RTP Development and Adoption
- ◆ RTP Topics
- ◆ RTP Implementation
- ◆ Information Collection
- ◆ Information Generation and Distribution

PCTPA is in the process of conducting the 2035 RTP update. A RTP TAC was formed to direct the focus of the update and provide stakeholder input. TAC committee members include representatives from local government, social service agencies, businesses and environmental agencies. Under the terms of a Memorandum of Understanding between PCTPA and SACOG, entered into in May of 2001, PCTPA submits the RTP for inclusion into the SACOG Metropolitan Transportation Plan.

The current RTP, adopted in 2005, sets forth clear goals and cost estimates for transportation in the region for a 20 year horizon. The document includes all required elements and addresses all transportation modes available in Placer County. RTP projects are based on growth assumptions developed by SACOG. Traffic level of service analysis was based on a transportation demand model also developed by SACOG. RTP improvement project lists are well organized and clearly identify agencies responsible for implementation.

As with all similar counties in California, the greatest regional transportation issue is the lack of sufficient funding to implement the transportation improvement projects to adequately address transportation needs. PCTPA has made good use of developer mitigation fees to help support transportation projects. SPRTA was created to administer these funds. PCTPA also has the designation of a taxing authority. Early in the audit period, PCTPA drafted a Transportation Expenditure Plan that identifies transportation improvement priorities to be funded with a combination of developer fees and a transportation sales tax. After informal surveys demonstrated a lack of support, PCTPA declined to place a sales tax measure on the ballot. Overall, the PCTPA executive director and staff have done an effective job of meeting regional transportation needs.

During the audit period, PCTPA and SACOG experienced a good relationship and were co-lead agencies for several capacity increasing projects. In general, SACOG focuses on planning projects which coordinate land use with transportation and air quality conformity while PCTPA focuses on specific regional priorities. PCTPA has a good website with links to transit operators, information on key roadway projects, and an extensive library of transportation planning documents.

Claimant Relationships and Oversight

This section covers PCTPA's actions regarding TDA claims and subsequent transit operations, including:

- ◆ Productivity Committee Functions
- ◆ Technical and Managerial Assistance to Operators
- ◆ Communication of TDA Rules and Information to Claimants
- ◆ Reports and Information Received by the RTPA
- ◆ TDA Claim Processing

The PCTPA does not have a formal productivity committee to review services and recommend improvements for lower transit costs; however a Transit Operator Working Group (TOWG) composed of representatives from each transit operator and PCTPA staff meet when special transit topics need attention (about four to five times a year). Recent issues discussed at TOWG meetings include the South Placer DAR Study, Bus Rapid Transit Study and transit coordination efforts such as the DAR Call Center. PCTPA requests that transit operators provide staff with quarterly ridership statistics which are reported to the board.

Other than commenting on plans and providing general suggestions PCTPA staff provide little guidance to transit operators unless requested. Recently, PCTPA has taken the initiative to begin a transit coordination process among Placer County transit operators. The first priority for coordination is the DAR Call Center which would provide one source of information, reservations and dispatch for all DAR services.

During the audit period, the PCTPA commissioned fiscal and compliance audits from an independent auditor for the PCTPA and the transit operators. Not all of the audits were provided to the PCTPA within the required time period, even if an extension was granted. Specifically, Lincoln Transit, Roseville Transit, and CTSA were late with fiscal and compliance audit submissions. Nonetheless, the fiscal and compliance audits of the transit operator attest that TDA funds were expended in conformance with most applicable laws, rules, and regulations.

The key exception was Lincoln Transit's inability to consistently meet the minimum 10 percent farebox recovery ratio requirement during the audit period. According to TDA law, transit operators in nonurban areas must maintain a farebox ratio of at least 10 percent. If this ratio is not maintained, the operator's eligibility for TDA funds is reduced by the difference between the required and actual fare revenue. A one-year grace period is allowed. If the 10 percent farebox ratio is not attained the following fiscal year (referred to as non-compliance year), the penalty (or the difference between required and actual fare revenue) is determined and reported in the following fiscal year or the determination year. During the third year following the grace year, the penalty for the non-compliance year is assessed.

The fiscal audit cites that Lincoln Transit will be subject to a penalty in FY 2009-10 and FY 2010-11 for non-compliance with the farebox ratio requirement in FY 2007-08 and FY 2008-09. If Lincoln Transit continues to not meet the minimum farebox ratio requirement another factor to consider is the TDA allowed exclusion of "extended services." Lincoln Transit recently

revamped transit routes and extended the fixed-route to Twelve Bridges and Lincoln Crossing. TDA law allows for the exclusion of operating costs and fare revenue associated with extended transit services in the calculation of farebox ratio for the first two years of the service extension. Maintaining the required TDA farebox ratio for Lincoln Transit has been an issue during the audit period. Lincoln Transit staff is hopeful that the recent service adjustments recommended in the latest SRTP update will improve the farebox ratio. Nevertheless, PCTPA should assess a penalty of \$28,723 in FY 2009-10 and \$46,930 in FY 2010-11 as set forth in the FY 2008-09 fiscal audit.

During the audit period, PCTPA set a farebox ratio requirement of 10 percent (the TDA standard for rural transit agencies) for Auburn Transit services. As part of the 2000 US Census, the cities of Auburn, Rocklin, and Loomis and nearby portions of unincorporated Placer County were included in the Sacramento Urbanized Area. This designation had a significant effect on farebox ratio requirements for Auburn Transit as the services are now subject to urbanized farebox ratio requirements. Per PUC 99268.12, PCTPA may set a farebox ratio requirement of 15 percent (instead of the standard urbanized value of 20 percent), as Placer County has a population of less than 500,000 and is serving an urbanized area where funds may be allocated under Article 8. TDA allows for a five year grace period before the new farebox requirements must be met. In order to be compliant with TDA law, PCTPA should adopt a farebox ratio of 15 percent for Auburn Transit.

Marketing and Transportation Alternatives

This function involves the outreach activities of an RTPA, including:

- ◆ Marketing and Public Relations
- ◆ Public Information and Transportation Alternatives

In general, the transit operators provide their own marketing materials and PCTPA assists with the distribution. Marketing will be an early focus of the transit coordination process. PCTPA staff makes attempts to review and provide input into City and County development proposals in order to address potential impacts to the transportation network in the County. However, no agreement between PCTPA and its partner agencies requires formal PCTPA input. Nonetheless, PCTPA staff remains closely involved through its TAC and SPRTA in staying abreast of development proposals in the region that might result in traffic congestion, transit needs, and other community impacts.

PCTPA has been proactive in promoting the use of alternative transportation. Examples include “Way to Go” week (encourages alternative modes of transportation to school), “Spare the Air” Days (free transit rides) and “Bucks for Bikes” (financial assistance to purchase a bicycle). PCTPA offers rideshare matching assistance through a rideshare coordinator and the Sacramento Regional Travel Info (511). PCTPA maintains an excellent website with a multitude of information on all types of transportation modes in the region.

Grant Applications and Management

This section considers PCTPA's performance in discharging its grant management duties, including:

- ◆ Grant Application Coordination
- ◆ Grant Application Assistance
- ◆ Grant Management and Compliance

Grant applications and management duties lie mostly in the hands of the transit operators. PCTPA staff may provide some assistance with state grants, such as PTMISEA, but are not involved in the preparation of FTA grants.

During the audit period, no state or federal grant applications have been denied in Placer County due to errors or omissions. PCTPA staff was active in statewide RTPA and Caltrans advisory groups during the audit period and creatively attempted to seek out and attain new revenue sources.

AUDITOR OBSERVATIONS

During the course of the audit process, the auditor made the following observations which fall outside the scope of a Triennial Performance Audit.

- ◆ Western Placer County currently allocates approximately 40 percent of LTF funds to streets and roads projects. While this audit has found that this allocation is compliant with applicable TDA regulations, the county should be mindful that the decrease in LTF and STA revenues in recent years may increase this proportion in order to fund transit needs that are reasonable to meet.
- ◆ PCTPA should be commended for initiating a transit coordination process. The development of a centralized call center for south Placer Dial-A-Ride (DAR) services will be a significant step forward in the coordination process. With the uncertainty of state transit funding, coordination and consolidation is becoming increasingly important. Therefore the auditor encourages PCTPA continue to take an active role in bringing together the transit operators of Western Placer County in a transit coordination effort.

Conclusions and Recommendations

Overall, PCTPA is a strong organization that effectively coordinates transportation policy for the western portion of the Placer County. PCTPA board members are considered to be knowledgeable, fair, and effective, and its executive director enjoys a strong reputation in the region for knowledge and excellence in performance. With respect to TDA issues, PCTPA has developed an appropriate TDA allocation process to transit operators within its jurisdiction. The following presents the auditors findings, including any issues of non-compliance with TDA, along with recommendations to improve compliance and overall effectiveness.

FINDINGS

- ◆ Despite a policy which requires transit operators to submit their annual fiscal and compliance audit before receiving the complete TDA allocation, Roseville Transit, Lincoln Transit and CTSA did not submit their fiscal and compliance audits within the required time period per TDA.
- ◆ There appears to be no issues arising from the conflict of interest for PCTPA/Western Placer Consolidated Transportation Services Agency (WPCTSA) staff in terms of the roles and responsibilities of an RTPA and the WPCTSA. Staff is cognizant of the issue, is diligent in separating the two functions, and documents decision making in a transparent manner.
- ◆ PCTPA performs the unmet transit needs process in accordance with TDA requirements.

RECOMMENDATIONS

- ◆ As part of the 2000 US Census, the cities of Auburn, Rocklin and Loomis and nearby portions of unincorporated Placer County were included in the Sacramento Urbanized Area. This designation had a significant effect on farebox ratio requirements for Auburn Transit. TDA allows for a five year grace period after which Auburn Transit services are subject to the urbanized farebox ratio. Per PUC 99268.12, PCTPA may set a farebox ratio requirement of 15 percent, as Placer County has a population of less than 500,000 and is serving an urbanized area where funds may be allocated under Article 8. Prior to setting the required ratio, PCTPA must make findings specifying the reasons for its action. In Fiscal Year (FY) 2008-09, Auburn Transit had a farebox and local support ratio of 14.0 percent. Strategies to increase Auburn Transit's farebox ratio to 15.0 percent should be addressed in the upcoming SRTP update. In order to be compliant with TDA law, PCTPA should adopt a farebox ratio of 15 percent for Auburn Transit.
- ◆ The urbanized designation also brings complications to farebox ratio requirements for PCT, as this operator serves the Auburn, Rocklin, and Loomis areas which were all included in the Sacramento Urbanized Area in the 2000 US Census. Per PUC 99270.1, if an operator serves both urbanized and non-urbanized areas, the RTPA should adopt rules and regulations to determine what portion of the public transportation services of the operator serves urbanized

areas and what portion serves non-urbanized areas to determine the required farebox ratio. The RTPA is then required to submit these rules and regulations to Caltrans for approval. The auditor estimates that approximately two-thirds of the PCT service area lies within the Sacramento Urbanized Area. This is a very rough estimate and PCTPA may wish to develop a more detailed calculation after the completion of the 2010 US Census. Nevertheless, factoring the service area proportions by their applicable minimum farebox return ratio, a blended farebox ratio for PCT can be calculated as follows:

$$66.7\% \times 15\% + 33.3\% \times 10\% = 13.3\%$$

As Placer County has a population of less than 500,000, a 15 percent minimum farebox ratio was assumed for the urbanized service area (PUC 99268.12).

According to TDA, older transit operators are eligible for LTF funds if they were compliant with the 50 percent expenditure limitation detailed in PUC 99268 in FY 1978-79 and remain in compliance with the 50 percent expenditure limitation. Using data obtained from the fiscal audits, the auditor calculated the maximum allowed LTF allocation under the 50 percent limitation for PCT services in FY 2008-09. As stated in the code, federal grants and STA funds are deducted from total system operating expenses to determine net operating expenses. As shown in Table 2, only 44.08 percent of net operating expenses are funded with LTF funds. Therefore PCT is in compliance with the 50 percent expenditure limitation for FY 2008-09. If it is determined that PCT was compliant with PUC 99268 in FY 1978-79, then PCT may be eligible for TDA funds using the 50 percent expenditure limitation calculation. If PCT wishes to claim more TDA funds than could be allocated under the 50 percent expenditure limitation, a blended farebox ratio should be developed.

PCTPA should work with PCT to determine which eligibility criteria for TDA funds should be used for PCT services. This issue should also be addressed in the upcoming Short Range Transit Plan (SRTP) update.

- ◆ During the next audit period, PCTPA will need to reevaluate the farebox ratio requirement for Lincoln Transit as the City of Lincoln will likely be included in the Sacramento Urbanized Area as part of the 2010 US Census.
- ◆ The FY 2008-09 fiscal audit for Lincoln Transit states that a penalty of \$28,723 should be assessed for non-compliance with the minimum 10 percent farebox ratio requirement in FY 2007-08 and \$46,930 for FY 2008-09. PCTPA should reduce Lincoln Transit's eligibility for TDA funding by this amount in FY 2009-10 and FY 2010-11, respectively. PCTPA has elected to place the funds in a reserve account until the City meets farebox requirements.
- ◆ The prior TPA recommended the development of a bilingual consolidated transit guide for Western Placer County transit services. As part of the above mentioned coordination effort, PCTPA aims to develop a consolidated transit guide for all Western Placer services, pending grant approval. In the mean time, it would be beneficial to prepare a simple transit flyer in Spanish. The flyer should include very basic information about available services and contact information for each agency.

**TABLE 2: PCT Maximum LTF Allocation Worksheet
FY 2008-09
50% Expenditure Limitation**

	Actual FY 2008 - 2009
Calculation of Maximum Eligible Operating Expense	
Total system operating expense	\$ 4,819,509
ADJUSTMENTS:	\$ -
Qualified service extension	\$ -
Federal/other operating funds anticipated	\$ 893,520
<i>Total Adjustments:</i>	\$ 893,520
<i>Net Expenses</i>	\$ 3,925,989
Net Eligible Expenses	\$ 1,962,995
Calculation of Maximum Eligible Allocation	
Qualified service extension	\$ -
Capital Intensive Project	\$ -
Other	\$ -
<i>Subtotal</i>	\$ -
Maximum LTF Allocation	\$ 1,962,995
Actual FY 08-09 LTF Allocation	\$ 1,730,719
Difference	\$ 232,276
Proportion of Net Expenses that are LTF Funds	44.08%
<i>Source: TRPA, Fiscal Audits</i>	

- ◆ In response to another prior TPA recommendation, PCTPA should formalize the 90 day extension process for the transit operator fiscal audits. Beginning FY 2009-10, PCTPA should amend the TDA Claims Manual to include a requirement that claimants need to request an extension as required under TDA, if it is anticipated that the fiscal audit will not be completed by December 31. Extension requests can be done through email. PCTPA should maintain copies of correspondence regarding extension requests in both electronic and hard copy format in operator and PCTPA files so that compliance with this issue can be easily determined during the next performance audit.
- ◆ In accordance with PUC 99275.5, PCTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA. Before approving claims, PCTPA reviews per PUC 99275.5 (1) that the community transit service is responding to a transportation need currently not being met, (2) that the service will be integrated with existing transit services, (3) that the claimant has prepared an estimate of revenues, operating costs, and patronage, (4) and that the claimant is in compliance with the adopted 10 percent farebox ratio. However, PCTPA does not officially make these findings in the allocation instructions to the county auditor. PCTPA should include the required findings of PUC 99275.5 (c) in the resolutions pertaining to the allocation of Article 4.5 funds for WPCTSA programs.