
Tahoe Regional Planning Agency Triennial Performance Audit

Fiscal Year 2010-2011 through Fiscal Year 2012-2013



Final

Prepared for the
Tahoe Regional Planning Agency

Prepared by



LSC Transportation Consultants, Inc.

***Tahoe Regional Planning Agency
Triennial Performance Audit***

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California Public Utilities Code Section 99246 requires that Regional Transportation Planning Agencies (RTPAs) such as the Tahoe Regional Planning Agency (TRPA) conduct Triennial Performance Audits (TPAs) of both their own activities and those of their associated transit operators. This performance audit of the TRPA covers the three-year period from July 1, 2010 to June 30, 2013. The primary objective of a TPA is to provide the TRPA with an independent and objective evaluation of its effectiveness, efficiency, and economy in its role as the RTPA for the California portion of the Tahoe Basin. This audit was conducted in accordance with guidelines set forth in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* developed by Caltrans (September 2008).

TAHOE REGIONAL PLANNING AGENCY DESCRIPTION

The Tahoe Regional Planning Agency (TRPA) was created through a bi-state compact in 1969 as an effort to preserve Lake Tahoe's environmental quality. Through the compact, the TRPA was given the authority to develop environmental quality thresholds and enforce planning and development ordinances to maintain these standards. TRPA responsibilities incorporate a wide variety of planning activities, including transportation planning. In California, TRPA is the designated transportation planning agency for the Tahoe Region as per Section 29532.1 of the Transportation Development Act (TDA). Among other transportation planning responsibilities, one of TRPA's roles as Regional Transportation Planning Agency is to allocate TDA Local Transportation Funds (LTF), which are derived from state sales tax, and State Transit Assistance (STA) funds which are derived from state excise tax on gasoline. At the federal level, TRPA is the designated Metropolitan Planning Organization (MPO).

Geographically, the TRPA jurisdiction includes the Lake Tahoe watershed which encompasses two states (California and Nevada) and four counties (Placer County and El Dorado County in California as well as Washoe County and Douglas County in Nevada), the City of South Lake Tahoe, and a small portion of the Carson City rural area. While generally rural in nature, the South Lake Tahoe portion of the basin includes some high rise casinos and more compact development. The TRPA Governing Board is comprised of 15 members: 7 from California, 7 from Nevada and 1 non-voting Presidential Appointee. Only six board members represent locally elected officials. The remainder of board positions are held by citizens from outside the Tahoe Region who represent at-large voters from the two states.

TRPA is responsible for the allocation of TDA funds to two public transit operators within the Tahoe Basin: South Tahoe transit service (operated by the Tahoe Transportation District) and Tahoe Area Regional Transit (TART) which is operated by Placer County DPW.

REVIEW OF COMPLIANCE REQUIREMENTS

TRPA was found to be in compliance with all statutes referenced in the *Performance Audit Guidebook* with one exception: timely submittal of Fiscal and Compliance Audits for transit operators within its jurisdiction.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Two of the three recommendations from the prior audit were not implemented and one is considered "in progress".

DETAILED REVIEW OF THE TRPA FUNCTIONS

A large portion of a performance audit consists of the review of the various functions of the RTPA to determine if there are inefficiencies or particular areas for improvement. The functional review is conducted by reviewing various documents, such as the Regional Transportation Plan (RTP) and Overall Work Programs (OWP), and conducting interviews with TRPA staff.

During the audit period, TRPA was effective in accomplishing its goals and objectives. TRPA budgets a minimal level of staff for RTPA duties, although the agency experienced no staff turnover during the audit period. The Lake Tahoe RTP addresses all the required elements. TRPA follows a comprehensive regional transportation planning process including the preparation and adoption of alternative transportation plans and programs, such as the Lake Tahoe Bicycle and Pedestrian Plan. TRPA has set forth a clear process for allocating TDA funds to the transit operators in the region. Overall, TRPA has been successful in promoting proper transportation planning so as to reach the agency's primary goal of maintaining and enhancing the environmental quality of Lake Tahoe. The agency takes a more regional approach with respect to transit planning specifically and provides minimal oversight of the two transit operators within its jurisdiction. No state or federal grant applications were denied in the Tahoe Region due to errors or omissions.

FINDINGS

The Auditor's findings included non-compliance with timely submittal of TTD Fiscal and Compliance audits for FY 2011-12 and FY 2012-13 as well as two of the prior audit recommendations not being implemented. The Auditor did not note any significant negative findings with respect to performance of the TRPA, although increased oversight of the transit operators could be beneficial to public transit in the region.

RECOMMENDATIONS

Recommendation 1: *TRPA has established an SSTAC but should ensure that the Social Services Transportation Advisory Council (SSTAC) meets annually to discuss transit needs of residents of the TRPA's jurisdiction. Additionally, TRPA should ensure an adequate citizen participation process for public transit needs. Part of the process should include at least one annual public hearing to solicit input from both the Placer County and El Dorado County portions of the Tahoe Basin. Recommendations from these public input processes should be reported to the TRPA governing board.*

Recommendation 2: *Enhance requirements for the TDA claims process so as to be compliant with CCR 6632 and as a way to increase oversight of transit operators and ensure efficient and effective use of public funds.*

Recommendation 3: *Update the TART Short Range Transit Plan*

Recommendation 4: *TRPA should ensure that the Fiscal Auditor follows the guidelines for fiscal audits of Transportation Planning and Programming Entities set forth in CCR 6662.*

Recommendation 5: *Work with the Fiscal and Compliance Auditor for both transit operators to perform the tasks listed in CCR 6667.*

Recommendation 6: *TRPA should calculate compliance with the 50 percent expenditure limitation (PUC 99268.1) or farebox ratios (PUC 99268.2 – 99268.5) for transit operators within its jurisdiction either independently or through the Fiscal and Compliance Audits.*

BACKGROUND

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

This audit evaluates the operations of TRPA in terms of the efficiency, effectiveness, economy, and results of its programs. In addition, this audit includes a review of TRPA's implementation of the recommendations that were contained in the previous Audit report, completed in 2011. This current audit covers the three-year period from FY 2010-11 through 2012-13. Finally, this audit includes a discussion of the various functions and duties of TRPA, based on interviews with TRPA staff.

PERFORMANCE AUDIT AND REPORT ORGANIZATION

This Audit was prepared in the following steps:

1. A review of pertinent documents, including the Regional Transportation Plan, transit plans, annual Overall Work Programs (OWPs), annual Fiscal and Compliance audits and State Controller's Reports, and TRPA agendas, minutes, and supporting staff reports
2. On-site discussions with the TRPA staff
3. Review of prior TPA reports
4. Review of the requirements of the Public Utilities Code, Administrative Code, and other appropriate statutes, followed by an assessment of the TRPA's compliance with the specified requirements

TAHOE REGIONAL PLANNING AGENCY DESCRIPTION

The Tahoe Regional Planning Agency (TRPA) was created through a bi-state compact in 1969 as an effort to preserve Lake Tahoe's environmental quality. Through the compact, the TRPA was given the authority to develop environmental quality thresholds and enforce planning and development ordinances to maintain these standards. The primary objective of the TRPA is to protect and restore Lake Tahoe. The agency accomplishes this through an Environmental Improvement Program that implements restoration projects to heal past damage to the ecosystem and a regulatory program that works to minimize the impact of developed properties on the watershed. Transportation planning is an important part of maintaining and improving the environmental quality of Lake Tahoe.

With respect to the TDA, TRPA is the designated transportation planning agency for the Lake Tahoe Region and therefore responsible for the allocation of TDA funds. There are two public transit operators in the Tahoe Basin: South Tahoe transit services (operated by the Tahoe Transportation District) and Tahoe Area Regional Transit (TART) which is operated by Placer County Department of Public Works. The South Tahoe transit services (formerly known as BlueGo) east/west service area extends from Emerald Bay on the West Shore in El Dorado County through the City of South Lake Tahoe, along the East Shore of Lake Tahoe and over Kingsbury Grade to Gardnerville in Douglas County, Nevada.

North -South service area is from Carson City to South Lake Tahoe. Summer service is from Incline Village to Sand Harbor. Demand Response service is from Christmas Valley to Cave Rock, Fallen Leaf Lake to Lower Kingsbury. As such, TRPA receives TDA apportionments through both the County of Placer and County of El Dorado Offices of Auditor - Controller.

TRPA is also the federally designated Metropolitan Planning Organization (MPO) making the agency responsible for preparation and adoption of a Regional Transportation Plan (RTP), Federal Transportation Improvement Program (FTIP) for federal funding purposes, and the Overall Work Program (OWP).

The TRPA has one Governing Board for all functions. The 15-member Board includes seven representatives from California, seven representatives from Nevada and one non-voting presidential appointee. The majority of board members do not represent local jurisdictions. This ensures that the Board reviews issues not only from a local perspective, but also from statewide and nationwide viewpoints.

In 1980, the bi-state compact was amended and established the Tahoe Transportation District (TTD). As a transit district, TTD has the authority to impose specific tax revenues in order to support transit and transportation facilities. The district provides direction and decision-making for the transit operator on the south side of the lake, South Tahoe transit services.

TRPA is advised by a 19 member Advisory Planning Commission (APC) with respect to technical and scientific issues. The APC includes representatives from local jurisdiction planning departments, TTD, land management agencies, regional water quality agencies, conservation agencies, environmental protection agencies, fire department, the Washoe Tribe and members of the public.

The Tahoe Transportation Commission (TTC) is comprised of the voting membership of the TTD and provides technical input and recommendations on transportation plans as well as policy guidance to the TRPA and TMPO prior to final decisions. TDA funding allocations to TTD are reviewed by the TTC.

The SSTAC advises the TRPA 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. 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

The TRPA’s objectives are outlined in the annual Overall Work Program (OWP) efforts and address the Federal Planning Emphasis Areas as well as goals associated with the Tahoe Regional Planning Compact. TRPA’s OWP includes the following elements:

- ◆ Transportation Development Act Administration
- ◆ Overall Work Program

- ◆ Boards, Stakeholder and Tribal Coordination
- ◆ Public Outreach
- ◆ Regional Intermodal Planning
- ◆ Intelligent Transportation Systems Planning
- ◆ Air Quality Analysis
- ◆ Transit Planning and Coordination
- ◆ Transportation Data Collection and Forecasting
- ◆ Regional Programming and Project Tracking
- ◆ Environmental Considerations and Mitigation Coordination
- ◆ Lake Tahoe Sustainable Communities Program

REVIEW OF COMPLIANCE REQUIREMENTS

Below is a discussion of TRPA’s compliance with sections of the Public Utilities Code (PUC) which relate to transit performance, as recommended in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*. Table 1 displays the results of the compliance analysis:

1. In accordance with PUC Section 99231, the TRPA 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. TRPA annually approves LTF allocations and a good system for the apportionment is in place.
2. In reference to PUC Sections 99233 and 99234, the TRPA has not adopted specific rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles. TRPA utilizes the criteria outlined in Article 4 of the TDA for submission of all claims. Historically, TRPA has allocated 100% of TDA funds to transit operations. To date no funds have been allocated for the use of pedestrian and bicycles. If TRPA does receive claims for bicycle and pedestrian facilities, specific rules and regulations should be adopted.
3. With respect to PUC Sections 99238 and 99238.5, the TRPA has established a Social Services Transportation Advisory Council (SSTAC). TRPA also attends meetings for the Tahoe Area Coordinating Council for the Disabled. However, there was a gap in 2012 when the SSTAC did not meet. PUC Section 99238.5 requires that there is a citizen participation process that includes at least one annual public hearing, utilizing the SSTAC as a mechanism to solicit input of transit dependent and transit disadvantaged persons. The Placer County Transportation Planning Agency (PCTPA) conducts a public workshop in the Placer County portion of the Tahoe Basin annually as part of the unmet needs hearing process. The TRPA participated in the Tahoe Region workshops during the audit period. This could be considered a valid citizen participation process, although the workshops only address TART services in the Placer County portion of the Region, not transit services operated by TTD in the El Dorado County portion of the Region. Therefore, during this audit period there was no citizen participation process for the El Dorado County portion of TRPA’s jurisdiction.
4. In accordance with PUC Section 99244, the TRPA 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, TRPA commissioned a Short Range Transit Plan update for the South Tahoe

TABLE 1: RTPA Compliance Requirements - Tahoe Regional Planning Agency

Requirement	PUC Reference	In Compliance?	
		Y/N	Comments
(1) All operators and city or county governments, in total, claim no more than those LTF monies apportioned to that area. Period.	99231	Y	
(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.	99223, 99234	Y	
(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	N	
(4) The RTPA has annually identified, analyzed and recommended potential productivity improvements which could lower operating cost of those operators.	99244	Y	
(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	N	TART: 10-11 on Dec 19th, 11-12 on Dec 6, 12-13 on Dec 16 TTD: 10-11 on Dec 1, 11-12 on March 20, 12-13 on Jan 24
(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	Y	
(7) The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation.	99246 c	Y	
(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	Y	
(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	NA	
(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	Y	
(11) State transit assistance funds received by the RTPA allocated only for transportation planning and mass transportation purposes?*	99310.5, 99313.3, Proposition 116	Y	
(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	Y	
(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	Y	
(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	Y	FY 2010-11 and 2011-12 audits do not include a determination of compliance with TDA and the administrative rules and regulations

transit operator to review the transit needs of the region and redesign services to meet budget constraints. Additionally, TRPA staff has supported findings from the PCTPA unmet transit needs process which are deemed important for the Tahoe Basin, such as year-round transit service between Kings Beach and Truckee. Currently, TRPA also participates in Regional Coordinating Council Meetings regarding social service mobility issues.

5. With respect to PUC Section 99245, not all claimants to whom TRPA allocates TDA funds submit to TRPA and to the State Controller an annual certified Fiscal and Compliance Audit within 180 days after the end of the fiscal year. TTD's Fiscal and Compliance Audits were submit after the 180 period in FY 2011-12 and FY 2012-13. As there are few qualified Fiscal Auditors in Northern California, those who do perform these services are often overwhelmed with work. As such, it is common for Fiscal Audits to be completed after the 180 day time period. To complicate matters, the City of South Lake Tahoe operates under a different fiscal year. TRPA does have the option to grant transit operators a 90-day extension for completion of the Fiscal and Compliance Audit. TRPA should consider this option and document the process in an email.

In addition to late Fiscal and Compliance Audits for TTD, the FY 2011-12 Fiscal Audit did not specifically review compliance with TDA. The FY 2012-13 Fiscal Audit addressed TDA but did not calculate farebox ratio, although the ratio was calculated at a later date upon request. PUC 6667 identifies all the elements required for a TDA Fiscal and Compliance Audit. A recommendation outlining these requirements is presented at the end of this report.

6. In accordance with PUC Sections 99246 and 99248, the TRPA has herein designated an independent entity to conduct a performance audit of operators and itself (for the current and previous TPA periods).
7. In accordance with PUC Section 99246(c), the TRPA has submitted a copy of its TPA to the director of the California Department of Transportation.
8. In accordance with PUC Section 99246(d), the performance audit of the transit operators (under separate cover) includes, 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.
9. PUC Sections 99270.1 and 99270.2 refers to adopting formal rules and regulations regarding revenue ratios for transit services in both urbanized and non-urbanized areas. The entire Tahoe Region is considered non-urbanized therefore this compliance requirement does not apply to TRPA.
10. There were no claims for community transit services under Article 4.5 of the TDA during this audit period. Therefore, TRPA has not adopted criteria, rules, and regulations specific for these types of claims.
11. In accordance with PUC Sections 99310.5 and 99313.3 and Proposition 116, State Transit Assistance (STA) funds received by the TRPA are allocated only for transit planning, transit capital projects, and transit operations.

12. The amount of STA funds received by the TRPA pursuant to the PUC Section 9314.3 is allocated to the transit operator in the area as allocated by the State Controller’s Office. TRPA allocates STA funds to transit operators using a population and revenue formula allocation per PUC 99313 and 99314.
13. 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 TRPA 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 TRPA did not allocate funds for streets and roads purposes.

14. In accordance with California Code of Regulations Section 6662, the TRPA 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 Government Auditing Standards; however the audits for FY 10-11 and 11-12 did not include a determination of compliance with TDA and the administrative 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 TRPA maintains fiscal and accounting records and supporting papers for at least five years following fiscal year close.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The prior TPA was prepared by Majic Consulting Group and contained the following recommendations:

Recommendation 1: *Review staffing requirements for transit operator oversight and TDA administration and consider supplementing staffing.*

Implementation in Progress: During the prior audit period, the public transit operator in South Lake Tahoe encountered financial difficulty partially due to mismanagement by the transit manager. At the time, there was very little administrative oversight of TDA claimants by TRPA staff. Although TRPA as an RTPA is not required to supervise public transit operations, it is within the purview of a RTPA to have a sufficient level of staffing available so as to ensure that public funds are being used productively and efficiently. During this audit period, there was a low level of TRPA staff time available for TDA administration. Currently, a new staff person is responsible for oversight and administration of TDA claims. Roughly 40 percent of her time is budgeted for these duties. Staff have indicated that it would be

difficult at this time to increase budgeted TRPA staff time for TDA administration without additional funding. Transit is an important part of maintaining the environmental quality of the Tahoe Basin. As such, all TDA funds are used for public transit purposes and there is little public support for a large allocation of TDA funds for administrative purposes.

In an effort to maximize TRPA staff time available, TRPA should use the TDA claims process as a way to review public transit operator performance in greater detail. As recommended in the prior audit, TRPA may wish to consider establishing supplemental rules and regulations for the submission of TDA claims. Recommended requirements are outlined at the end of this report.

Recommendation 2: *Develop and maintain a TDA Claims Process Manual and Checklist*

Not Implemented: The TRPA has not produced a formal TDA Claims Process Manual and Checklist for the two public transit claimants in its jurisdiction. TRPA follows the guidelines for public transit claims set forth in Article 4 of the TDA. Claim forms identify required documents for submittal of a claim and the TRPA staff member maintains an internal checklist of necessary paperwork to ensure the claims are completed in full. However, the TRPA claim form does not request all information required per CCR 6632. During the audit period there were no issues with TDA claims. Although this process appears to run smoothly, the Auditor has included a recommendation at the end of this report to strengthen oversight of transit operators and public funds through additional requirements for TDA claims.

Recommendation 3: *Work with TART to develop a Short Range Transit Plan*

Not Implemented: The TART Short Range Transit Plan (SRTP) has not been updated since 2006. As identified in the TART performance audit, existing conditions and economic data information is outdated and detailed on-board passenger opinion surveys have not been performed recently.

DETAILED REVIEW OF TRPA FUNCTIONS

This section presents a review of the various functions of the TRPA. The TRPA'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.

General Administration

Administratively, the TRPA processes TDA claims in an accurate and timely manner. The only issue that arose during the audit period was that the Placer County Auditor revises TDA apportionments late in the process, requiring TRPA to adjust allocations. Although this causes some accounting adjustments, the process runs relatively smoothly.

During the audit period, the TRPA commissioned a Short Range Transit Plan for the transit operator on the South Shore of Lake Tahoe but has not updated the transit plan for the operator on the North Shore. Also during this time, TRPA updated the Tahoe Bicycle and Pedestrian Plan as well as adopted the Mobility 2035 Regional Transportation Plan (RTP). TRPA has a systematic and effective method of archiving pertinent plans and documents that allows for quick retrieval of important files and documents. The annual OWPs set forth achievable goals and objectives for regional transportation planning in the Tahoe Basin. Overall, TRPA has a good working relationship with the transit operators in TRPA's jurisdiction.

Governing Board Activities

The TRPA was created by a bi-state compact and is governed by a 14 member Governing Board, with a non-voting federal representative as the 15th member. Each state has seven representatives, with each local jurisdiction within the region also being represented. TRPA is unique in that its responsibilities under the compact include land use planning, transportation planning, project review and approval, enforcement of TRPA ordinances, and the achievement of environmental goals. TRPA serves as the RTPA for the California portion of the Tahoe Region. In terms of federal transportation planning requirements, TRPA is also the designated MPO for the Tahoe Region. TDA allocations and all financial issues are discussed first by the Tahoe Transportation Commission and the TRPA Operations Committee.

The TRPA Governing Board meets once a month. Agenda materials are posted on the TRPA website at least one week in advance. TRPA is advised by seven different committees: Legal Committee, Operations Committee, Public Outreach Committee, Catastrophic Wildfire Committee, Local Government Committee, Regional Plan Update Committee, and Board Governance Committee. Attendance at monthly TRPA meetings is strong. The TRPA Board dealt with a long list of key documents, planning processes and funding decisions during the audit period, including all of those required or suggested by state law and good RTPA practices. TRPA does a good job of posting important documents on its website for public review.

Internal Planning and Achievements

In terms of internal planning, the TRPA reflected very clear goals and objectives in the RTP. Its achievements in meeting OWP objectives during the audit period were good. The current TRPA Strategic Plan was adopted in 2010. Key goals of the plan include:

- ◆ Restoring Lake Tahoe through partnership building and innovative planning
- ◆ Enhancing agency sustainability with internal best practices
- ◆ Improving agency business practices for enhanced public service
- ◆ Building positive relationships in the community and improving customer service

These goals are far-reaching and focused on restoring the environmental quality of Lake Tahoe through ordinances and planning practices. With the most recent update of the Lake Tahoe Regional Plan, TRPA has made an effort to return to a more regional role in terms of development permitting as well as by simplifying homeowner regulations.

TRPA's responsibilities as a RTPA are small compared to the full scope of TRPA's objectives. The budget generally has been adequate for funding TRPA's activities. The TRPA adopts separate budgets for

the states of California and Nevada. TRPA operations and activities are financed through a variety of federal and state grant funds. Transportation related funding is reviewed and recommended by the Tahoe Transportation Commission prior to approval by the TRPA Governing Board.

Personnel

The TRPA staff responsibilities range from grants specialist to watercraft inspection program specialist. Six staff members are dedicated to transportation planning and programming. All transportation related staff at TRPA report to the TRPA Planning Director who reports to the Executive Director. One part-time staff member was dedicated to the specific functions of the TRPA (as a RTPA) during the audit period. This staff member has been at the agency for 20 years. TRPA is open to the idea of transit specific professional development although this did not occur during the audit period. Staff members are offered insurance (life, health, and dental), vacation, sick leave, and retirement benefits.

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.

TRPA most recently updated the Lake Tahoe Regional Plan in 2012. One element of the Regional Plan is the Regional Transportation Plan also referred to as Mobility 2035. The plan provides a good vision for transportation improvement projects through 2035 and was updated within the required timeline. An extensive level of stakeholder input was obtained as part of the update.

The RTP 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 Tahoe Region. Vehicle miles travelled and greenhouse gas emissions were estimated using the Lake Tahoe Transportation Model and development assumptions in the Regional Plan. RTP improvement project lists are well organized and clearly identify the agencies responsible for implementation.

The RTP identifies the following transportation vision for the Tahoe Region which was developed through public outreach and consensus.

“An innovative multimodal transportation system is in place that gives priority to viable alternatives to the private automobile, appeals to users, and serves mobility needs, while improving the environmental and socioeconomic health of the Region”

The RTP includes 14 goals which address each transportation facility type as well as specific policies to improve mobility for transit dependent residents. The Funding and Implementation Strategy Element outlines three Transportation Strategies based on conservative and optimistic revenue projections along with various alternative scenarios in the Regional Plan. The RTP presents both fiscally constrained and fiscally unconstrained capital improvement project lists. Overall, the TRPA and the implementing agencies have done an effective job implementing transportation projects in the Tahoe Region which meet mobility needs. As an MPO in addition to a RTPA, TRPA developed Sustainable Community Strategies to reduce greenhouse gas emission in the Tahoe Region as part of Mobility 2035.

Information Generation and Distribution

The TRPA website maintains an extensive library of planning documents and references as well as clear descriptions of the many responsibilities of the TRPA on its website. TRPA maintains a travel demand model which is used for forecasting traffic levels for the regional planning process.

Claimant Relationships and Oversight

This section covers TRPA's actions regarding TDA claims and subsequent transit operations.

Productivity Committee Functions

The TRPA does not have a formal productivity committee to review services and recommend improvements for lower transit costs. As TRPA's role is more than just an RTPA, the only involvement TRPA generally has with the transit operators in the Basin is through the TDA claims process and some FTA and Proposition 1B grant work. At this time, the operator's budget is reviewed but performance indicators are never reported to the Governing Board. TRPA also participates in PCTPA's unmet needs public workshops in the northern part of TRPA's jurisdiction.

Technical and Managerial Assistance to Operators/ Communication of TDA

Other than commenting on plans and providing general suggestions, TRPA staff provided little guidance to transit operators. Transit operators did not request technical or managerial assistance during this audit period. In 2011, TRPA commissioned an emergency update of the transit plan for South Tahoe transit services due to severe financial difficulties; however the TART transit plan has not been updated since 2006. Transit operators are aware of farebox ratio requirements and the TDA claims process and did not request a need for additional assistance during this audit period.

Reports and Information Received by the RTPA

TRPA has conducted triennial performance audits within the required time period. During the audit period, the TRPA commissioned Fiscal and Compliance audits from an independent Auditor for the TRPA and the transit operators. Not all Fiscal and Compliance audits were provided to the TRPA within the required time period. TTD's Fiscal and Compliance Audits were submit after the 180 period in FY 2011-12 and FY 2012-13. The FY 2011-12 Fiscal Audit did not specifically review compliance with TDA. The FY 2012-13 Fiscal Audit addressed TDA but did not calculate farebox ratio, although the ratio was calculated at a later date upon request. In audits where compliance was reviewed, the Fiscal Auditor attested that TDA funds were expended in conformance with most applicable laws, rules, and regulations for both transit operators.

TDA Claim Processing

Neither TRPA nor the transit operators indicated any significant issues with the TDA claims process. TRPA staff maintains an internal checklist of required documents from claimants and operators seem to be well informed about the process. TRPA processes TDA claims in accordance with its TDA Guidelines with the exception that transit operators are not required to submit certification of compliance with Section 1808.1 of the Vehicle Code per CCR 6632. During the audit period there were no non-compliance issues (such as penalties for noncompliance with farebox ratio) that would have required TRPA to withhold TDA monies.

Marketing and Transportation Alternatives

This function involves the outreach activities of an RTPA. In general, the transit operators provide and distribute their own marketing materials distribution. The majority of marketing for TART services on the North Shore is conducted through the Truckee Tahoe Transportation Management Association (TMA). TRPA has not conducted any surveys specific to public transit.

The TRPA is the primary development regulatory agency in the Tahoe Basin in terms of development. As such, TRPA has significant input to any new major development proposal. The primary goal of the TRPA is to maintain and improve the environmental quality of Lake Tahoe. The agency sees alternative transportation such as public transit, streetscape projects which encourage biking and walking, and the overall reduction of vehicle miles travelled as crucial steps toward its overall goal. The Lake Tahoe Regional Transportation Plan top priority projects, such as the Kings Beach Commercial Core Project and Waterborne Transit, are good examples of transportation alternatives aimed at reducing vehicle miles travelled in the Tahoe Basin.

Grant Applications and Management

This section considers TRPA's performance in discharging its grant management duties. Grant applications and management duties lie mostly in the hands of the transit operators. During this audit period, all FTA grant applications were prepared by TTD or TART. TRPA will apply for Technical Planning Assistance grants for the development of short range transit plans; however this did not occur during this audit period. During the audit period, no state or federal grant applications have been denied in the Tahoe Region due to errors or omissions.

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Conclusions and Recommendations

Overall, TRPA is a strong organization that effectively coordinates transportation policy for the Tahoe Basin. With respect to TDA issues, TRPA 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

- ◆ TRPA was found to be in compliance with all performance related statutes listed in Table 1 except for the timely submittal of annual Fiscal and Compliance Audits for the transit operators (PUC 99245). Not all Fiscal Audits of TTD specifically reviewed compliance with TDA.
- ◆ Not all recommendations from the prior audit have been implemented.
- ◆ The functional review revealed no significant inefficiencies in the way TRPA performs its duties.
- ◆ Due to the fact that TRPA as an agency has such broad responsibilities, TRPA provides very little oversight of transit operators in the Tahoe Region. For the most part TRPA has fulfilled the duties of an RTPA in terms of TDA allocation. However, financial troubles and over expansion of the Shore Tahoe transit operator during the prior audit period indicate that some increased oversight of the transit operators would be a worthwhile use of TDA administrative funds.

RECOMMENDATIONS

Recommendation 1: *TRPA has established an SSTAC but should ensure that the SSTAC meets annually to discuss transit needs of residents of the TRPA's jurisdiction, particularly those who are transit dependent and transit disadvantaged. Additionally, TRPA should ensure an adequate citizen participation process for public transit needs. Part of the process should include at least one annual public hearing to solicit input from both the Placer County and El Dorado County portions of the Tahoe Basin. Recommendations from these public input processes should be reported to the TRPA governing board.*

The responsibilities of a SSTAC, as outlined in PUC 99238, include: 1) Annually participating in the identification of transit needs in the jurisdiction, 2) annually reviewing and recommending action by the RTPA with respect to unmet transit needs, and 3) advising the RTPA on any other major transit issues. PUC 99238.5 requires that each RTPA ensure the establishment and implementation of a citizen participation process for each county utilizing the SSTAC as a mechanism to solicit the input of transit dependent and transit disadvantaged individuals including the elderly, disabled, and persons of limited means. The TRPA SSTAC did not meet each year of this audit period. Although TRPA participates in PCTPA's annual unmet transit needs workshop in the Tahoe Basin, there is no citizen participation process established by TRPA for transit operations in El Dorado County. Going forward, TRPA should ensure that the SSTAC convenes at least once a year and that a public hearing is held, representing both the Placer and El Dorado County portions of the Tahoe Region, to encourage public input on transit services within TRPA's jurisdiction. A citizens' participation process will have greater impact if the results of SSTAC meetings and other transit workshops related to public transit in the Tahoe Region are reported to the TRPA Governing Board.

Recommendation 2: *Enhance requirements for the TDA claims process so as to be compliant with CCR 6632 and as a way to increase oversight of transit operators and ensure efficient and effective use of public funds.*

CCR 6632 identifies supplementary information required to accompany a TDA claim for transit operators:

- ◆ Budget for the fiscal year of the claim
- ◆ Reason for an increase in operating costs of 15 percent above the preceding year (if, applicable)
- ◆ Certification by the California Highway Patrol (CHP) verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code (driver pull notices)

TRPA requires transit claimants to attach a budget for the fiscal year of the claim; however CHP certifications are not required. TRPA should add this supplementary information to the TDA claims requirement and request form.

PUC 99244 requires that RTPAs annually identify, analyze and recommend potential productivity improvements which could lower the operating costs of transit operators within its jurisdiction. Recommendations for improvements and productivity can include but are not limited to recommendations related to productivity in the performance audit. Although TRPA commissions transit planning studies for the two transit operators within its jurisdiction, TRPA is not deeply involved with public transit operations. The primary objective of the TRPA is much broader than an RTPA alone. TRPA is responsible for preserving and restoring the natural environment of Lake Tahoe. As such, the majority of interaction between transit operators and TRPA occurs during the TDA claims process.

It would therefore be worthwhile to use the TDA claims process as a method to review transit operator productivity and ensure that public funds are being well spent by conducting a review of performance indicators and compliance related documents. For example, TRPA could require public transit operator TDA claimants to include with their claims the following additional information:

- ◆ Historical and current performance indicators (passengers per hour, operating cost per trip, farebox ratio etc.)
- ◆ A short narrative on how performance audit recommendations and fiscal and compliance audit recommendations have been implemented or why they have not been implemented.

Recommendation 3: *Work with Placer County and TART to update the TART Short Range Transit Plan*

The TART Short Range Transit Plan (SRTP) has not been updated since 2006. As identified in the TART performance audit, existing conditions and economic data information is outdated and detailed on-board passenger opinion surveys have not been performed since the last update. To ensure that public transit funds are used effectively in the future, TRPA should work with TART to commission a transit plan update. TRPA is considering the development of a more regional transportation plan which would include all operators within the TRPA jurisdiction.

Recommendation 4: *The Fiscal and Compliance Audits of TRPA for FY 2010-11 and 2011-12 did not include a determination of compliance with TDA and the administrative rules and regulations as required in California Code of Regulations (CCR) 6662. TRPA should ensure that the Fiscal Auditor follows the*

guidelines for fiscal audits of Transportation Planning and Programming Entities set forth in CCR 6662 (summarized below):

- ◆ The audit should be performed in accordance with the Basic Audit Program and Reporting Guidelines for California Special Districts (Section 26909)
- ◆ Include a determination of compliance with TDA and the administrative rules and regulations.
- ◆ LTF and STA funds and other revenue funds should not be commingled
- ◆ Fiscal and accounting records should be maintained for at least four years following the fiscal year's close.

Recommendation 5: *Work with the Fiscal and Compliance Auditor for both transit operators to address all required elements of the Fiscal and Compliance Audit listed in CCR 6667.*

The FY 2010-11 Fiscal Audit for TTD did not specifically review compliance with TDA. The Fiscal and Compliance Audits of transit operators should include a statement indicating that the auditor certifies that TDA funds were allocated to and received by the claimant pursuant to applicable statutes, rules, and regulations of the Act and the allocation instructions of the RTPA. In order to determine compliance with TDA, the fiscal auditor should perform the tasks listed in CCR 6667 (Compliance Audit Tasks – Transit Claimants). Attachment A displays CCR 6667. A summary of the code is listed below.

1. Determine if the claimant fits the definitions of an entity eligible to receive funds as outlined in Article 1 of TDA.
2. Determine if the claimant is conducting its accounting in accordance with the uniform system of accounts and records (PUC 99243),
3. Determine if the claimant used the TDA funds for purposes allowed in the TDA statutes.
4. Determine if the claimant used TDA funds as set forth in RTPA allocation instructions, resolutions, and procedures.
5. Determine whether any interest earned on TDA funds were spent on purposes for which funds were allocated.
6. Verify the annual operating cost of the transit operator as well as the amount of fare revenues and local support required to meet minimum farebox ratios.
7. Verify the actual amount of fare revenue for the transit operator. Refer to CCR 6611.2 for the definition of fare revenue.
8. Verify the amount of actual local support, if applicable, as defined in CCR 6611.3. (Not currently applicable to TTD or TART).
9. Verify that the transit operator did not receive more TDA funds than allowed during that fiscal year. See CCR 6634 and 6649 to determine the maximum amount of funding allowed.
10. For TART, verify the 50 percent expenditure limitation.
11. Determine if the transit operator's employee retirement system or pension plan is "fully funded". See PUC 99271.
12. Determine that CHP certified the transit operator's compliance with the Driver Pull Notice System (Vehicle Code Section 1808.1)

13. Determine the operator's eligibility for STA funds. See PUC 99314.6 or 99214.7

The Fiscal and Compliance Audit Report does not need to show proof of compliance with each of the above listed tasks; however a statement must be made certifying that the auditor determined compliance with TDA by performing the tasks listed in 6667 (summarized above).(See CCR 6664 for more details). TRPA should also ensure that the Fiscal and Compliance Auditor has a copy of the most recent TDA Statutes and California Code of Regulations.

Recommendation 6: *TRPA should calculate compliance with the 50 percent expenditure limitation (PUC 99268.1) or farebox ratios (PUC 99268.2 – 99268.5) for transit operators within its jurisdiction either independently or through the Fiscal and Compliance Audits.*

Farebox ratios were not calculated for TTD in the Fiscal and Compliance Audits during this audit period, although the Fiscal Auditor provided these calculations later upon request. Per CCR 6667, the Fiscal and Compliance Auditor should verify the claimants' actual operating cost and actual fare revenue as well as the amount of fare revenue required to meet the applicable farebox ratio. If applicable, the fiscal Auditor should verify the operators' eligibility for LTF funds through the 50 percent expenditure limitation per PUC 99268.1. Although ultimately it is the responsibility of the RTPA to determine compliance with PUC 99268.2 et al. (farebox ratios), the Annual Fiscal and Compliance Audit is an ideal process for making that determination.

Attachment A

California Code of Regulations 6667 – Compliance Audit Tasks – Transit Claimants

- a) Determine whether the claimant was an entity eligible to receive the funds allocated to it. This determination should be made with reference to the section of the Act under which the funds were allocated and to the definitions in article 1 of the Act.
- b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller pursuant to Public Utilities Code section 99243.
- c) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualifying purposes, including Public Utilities Code sections 99262 and 99263 for operators receiving funds under article 4, sections 99275, 99275.5 and 99277 for article 4.5 claimants, and section 99400(c), (d) and (e) for article 8 claimants for service provided under contract, and section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000.
- d) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions.
- e) Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code sections 99234.1, 99301, 99301.5 and 99301.6.
- f) Verify the amount of the claimant's operating cost (as defined by section 6611.1) for the fiscal year, the amount of fare revenues required to meet the ratios specified in sections 6633.2 and 6633.5 and

the amount of the sum of fare revenues and local support required to meet the ratios specified in section 6633.2.

- g) Verify the amount of the claimant's actual fare revenues (as defined by section 6611.2 and by Public Utilities Code section 99205.7) for the fiscal year.
- h) Verify the amount of the claimant's actual local support (as defined by section 6611.3) for the fiscal year.
- i) Verify the maximum amount the claimant was eligible to receive under the Act during the fiscal year in accordance with sections 6634 and 6649 (maximum eligibility for LTF).
- j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with section 6633.1 (50% expenditure limitation/farebox ratio).
- k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code sections 99271, 99272, and 99273.
- l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with section 1808.1 of the Vehicle Code, as required in Public Utilities Code section 99251.
- m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code section 99314.6 or 99314.7.
- n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code sections 99155 and 99155.5.