

# Nevada County Transportation Commission Triennial Performance Audit

FY 2018/19 through FY 2020/21

**FINAL**



Prepared for the  
**NEVADA COUNTY  
TRANSPORTATION  
COMMISSION**





Nevada County Transportation Commission  
*Triennial Performance Audit*

FY 2018/19 through FY 2020/21

**FINAL**

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## **Nevada County Transportation Commission Performance Audit**

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California Public Utilities Code Section 99246 requires that Regional Transportation Planning Agencies (RTPAs) such as the Nevada County Transportation Commission (NCTC) conduct Triennial Performance Audits (TPAs) of both their own activities and those of their associated transit operators. This performance audit of the NCTC covers the three-year period from July 1, 2018, to June 30, 2021. The primary objective of a TPA is to provide the NCTC with an independent and objective evaluation of its effectiveness, efficiency, and economy in its role as the RTPA for Nevada County. 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). The audit process included a review of pertinent documents, TDA guidelines and interviews with the NCTC staff.

### **BACKGROUND**

The NCTC is the designated RTPA for the Nevada County region, including the incorporated cities of Grass Valley and Nevada City and the Town of Truckee. The NCTC Board consists of four members appointed by the County Board of Supervisors and three members appointed by the three incorporated municipalities in the County. Among other transportation planning responsibilities, one of NCTC's roles is to allocate Transportation Development Act (TDA) funding in accordance with state statutes. There are three public transit operators in Nevada County. In the western portion of the county there is Nevada County Connects and Nevada County Now. In the eastern portion of the county there is the Truckee Tahoe Area Regional Transit (Truckee TART).

### **REVIEW OF COMPLIANCE REQUIREMENTS**

NCTC was found to be in compliance with all statutes referenced in the *Performance Audit Guidebook* with the exception of completion of Fiscal and Compliance Audits for the transit operators and NCTC within the required timeline.

### **STATUS OF PRIOR AUDIT RECOMMENDATIONS**

All recommendations from the prior audit were implemented.

**Compliance Finding 1:** While NCTC's performance audit was submitted to Caltrans in 2016, NCTC did not certify that the operator audits had been completed.

**Implementation Complete:** NCTC certified in writing that the Performance Audits of the transit operators for FY 2015-16 through FY 2017-18 had been completed.

**Functional Finding and Recommendation:** While transit operator productivity improvements are often considered as part of the TDA claims process, there is no formal written format for documenting improvements. Incorporate forms that monitor productivity and assess the implementation status of TDA triennial performance audit recommendations as part of the TDA claims process.

**Implementation Complete:** NCTC updated their Policies and Procedures Manual to include a requirement for operators to include an Operator Performance Table for the previous fiscal year as part of the STA claimant checklist.

## **DETAILED REVIEW OF THE NCTC FUNCTIONS**

A substantial portion of a performance audit includes reviewing 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 and Overall Work Programs and conducting interviews with NCTC staff.

During the audit period, NCTC was effective in accomplishing its goals and objectives. The Executive Director moved into a more advisory role during the audit period and the Deputy Director has taken his place. A new Deputy Executive Director was recently hired. NCTC follows a comprehensive regional transportation planning process including the preparation and adoption of alternative transportation plans and programs, such as Short-Range Transit Development Plans and the Nevada County Active Transportation Plan. The Nevada County Regional Transportation Plan (RTP) addresses all the required elements. NCTC commissions transportation plans and studies to address recent legislation and requirements. NCTC has set forth a clear process for allocating TDA funds to the transit operators in the region. NCTC provides an appropriate amount of oversight of the transit operators on both the western and eastern side of the county. During the audit period NCTC successfully distributed recurring grant monies. No state or federal grant applications were denied in Nevada County due to errors or omissions.

Overall, NCTC is a strong organization that effectively coordinates transportation policy for Nevada County. With respect to TDA issues, NCTC 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**

- ◆ NCTC was found to be in compliance with all performance related statutes listed in Table 1 with the exception of late Fiscal and Compliance Audits for NCTC and the transit operators. It should be noted that the Audits were only one month late and many RTPAs are unable to maintain compliance with this rule for a variety of reasons.
- ◆ All recommendations from the prior audit were implemented.
- ◆ The functional review revealed no significant inefficiencies in the way NCTC performs its duties.
- ◆ NCTC performs the unmet transit needs process in accordance with TDA requirements.
- ◆ NCTC provides a good amount oversight and planning assistance for the three transit operators in the region without overstepping the bounds of the role of an RTPA.
- ◆ NCTC conducted a Transit Equity Study which recommended an innovative method of allocating STA Section 99313 funds that more closely matches where the greatest amount of sales tax is generated.



## RECOMMENDATIONS

**Recommendation 1:** Monitor Western Nevada County Transit Operators farebox ratio and discuss with the transit operator methods of boosting the performance measure, particularly if farebox ratio requirements are reinstated by the state in FY 2022-23 (as currently intended). NCTC should stay informed about future legislation that may change the definitions of operating costs and/or expenses or farebox ratio calculations.

Nevada County Connects/Nevada County Now's farebox ratio was 5.97 percent in FY 2020-21. The transit operators in western Nevada County were severely affected by the drop in transit demand during the pandemic. Western Nevada County transit operators were able to maintain a 10 percent farebox ratio prior to the pandemic. Hopefully, ridership levels will rebound in FY 2022-23 as more Western Nevada County residents return to daily activities. If this does not occur, NCTC should review options to decrease operating costs and/or increase local support for western Nevada County transit operators. Local support is defined as, *"any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator."* Examples include advertising revenue, lease revenue or funds provided by a local agency. As the RTPA, NCTC should keep abreast of future changes to TDA legislation that may affect the calculation of performance measures such as farebox ratio. Any changes to the law should be communicated to the transit agencies and Fiscal and Compliance Auditor.

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## **BACKGROUND**

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

This audit evaluates the operations of NCTC in terms of the efficiency, effectiveness, economy, and results of its programs. In addition, this audit includes a review of NCTC's implementation of the recommendations that were contained in the previous Audit report, completed in 2018. This current audit covers the three-year period from FY 2018-19 through FY 2020-21. Finally, this audit includes a discussion of the various functions and duties of NCTC, based on interviews with NCTC staff.

## **PERFORMANCE AUDIT AND REPORT ORGANIZATION**

This Audit was prepared in the following steps:

- 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 NCTC agendas, minutes, and supporting staff reports.
- Discussions with the NCTC staff, including the Executive Director and Administrative Services Officer.
- Review of prior TPA reports.
- Review of the requirements of the Public Utilities Code, Administrative Code, and other appropriate statutes, followed by an assessment of the NCTC's compliance with the specified requirements.

## **RTPA DESCRIPTION**

The NCTC is the designated RTPA for Nevada County. As the RTPA, NCTC is responsible for allocating TDA funds to the transit operators within its jurisdiction. The NCTC Board consists of seven members: two members of the County Board of Supervisors, two county-at large members, one representative from the City of Grass Valley, one representative from the City of Nevada City and one representative from the Town of Truckee. NCTC is also designated as the Airport Land Use Commission (ALUC) for the Nevada County Airport, which meets during regular NCTC meetings.

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

- Social Services Transportation Advisory Council (SSTAC)

- Technical Advisory Committee (TAC)

The SSTAC advises the NCTC 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 NCTC. 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 required by TDA law. NCTC continually tries to recruit members for the SSTAC as specified by law as well as additional members such as a member of the Hispanic community in Truckee.

The TAC is composed of NCTC staff members and jurisdiction staff such as planners, engineers and administrators, some of whom are involved in transit. The committee meets as needed prior to the Board meeting to discuss pertinent NCTC agenda items. Going forward the TAC will meet quarterly.

The NCTC’s objectives are outlined in the annual OWP efforts and address the Federal Planning Emphasis Areas. NCTC’s OWP includes a variety of elements such as administering the regional transportation planning process, Regional Transportation Plan development, transit planning, airport land use planning and addressing traffic issues and climate change.

## **REVIEW OF COMPLIANCE REQUIREMENTS**

Below is a discussion of NCTC’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, NCTC accounts for its claimants’ areas of apportionment and has not allowed those claimants to claim more than what is apportioned for their areas. NCTC uses a formula based on annual California Department of Finance population estimates to determine each local jurisdiction’s apportionments. Each year, NCTC adopts a resolution of the apportionments and the subsequent claims.
2. In reference to PUC Sections 99233 and 99234, the NCTC typically allocates 2 percent of the LTF for bicycle and pedestrian facilities. The NCTC Policies and Procedures Manual (2019) includes detailed guidance on what types of bicycle and pedestrian projects can be funded with LTF funds and how to submit an LTF claim for bicycle and pedestrian projects. Any proposed project must also be consistent with the applicable bicycle plan.

**TABLE 1: RTPA Compliance Requirements - NCTC**

	Requirement	PUC Reference	In Compliance?		Notes
			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	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	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	NA		
(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	FY 2018-19 - 4/30/20 FY 2019-20 - 4/30/21 FY 2020-21 - 05/06/22

3. In accordance with PUC Sections 99238 and 99238.5, the NCTC has established a SSTAC responsible for annual participation in the identification of transit needs in the jurisdiction, including unmet transit needs. NCTC holds joint unmet transit needs workshops with PCTPA and TRPA in the eastern portion of the county. In addition to taking comments, attendees are encouraged fill out a survey. The SSTAC advises NCTC on transportation issues for seniors and people with disabilities, including the coordination and consolidation of specialized transportation services operating in Nevada County, and the identification of unmet transit needs. The SSTAC conforms to the stakeholder categories pursuant to PUC Section 99238, but several positions are vacant.
4. In accordance with PUC Section 99244, the NCTC participates in a number of activities in order to review productivity improvements of the transit systems. NCTC has commissioned several transit plan studies, including the Short-Range Transit Plans for each transit system and the Coordinated Public Transit Humans Services Transportation Plan for the County. NCTC reviews performance indicators provided by each transit operator quarterly. NCTC also participates in the Accessible Transportation Coalition Initiative-Mobility Action Partners Coalition meetings. The TDA performance audit sponsored by NCTC provides further means for analyzing transit productivity.
5. With respect to PUC Section 99245, NCTC commissions annual Fiscal and Compliance Audits for all claimants to whom it allocated TDA funds. According to the code these audits should be submitted to the RTPA and to the state controller within 180 days after the end of the fiscal year. 90-day extensions can be granted by NCTC. In coordination with Caltrans and the State Controller's Office, NCTC granted an extension each year of the audit period; however, the operator audits for the first two years of the audit period were completed roughly one month after the extended deadline. An additional 32 day extension was granted for the FY 2020-21 audits and these audits were submitted just 4 days after that extended deadline. With statewide staffing shortages, it is not unusual for rural counties to complete their fiscal audits after the deadline. Nevada County also had some weather-related power issues which delayed fiscal audit progress in FY 2018-19. NCTC was in continuous communication with the State Controller and Caltrans regarding this issue.
6. In accordance with PUC Sections 99246 and 99248, the NCTC 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.
7. In accordance with PUC Section 99246(c), the NCTC has submitted a copy of its TPA to the director of the California Department of Transportation and certified in writing that the performance audit for the transit operator was completed.
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. Nevada County transit operators operate solely in a rural area. Therefore, PUS 99270.1 is not applicable.
10. The NCTC 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). What to include in the claim packet is outlined in the NCTC Policy and Procedures Manual, updated in 2019.
11. In accordance with PUC Sections 99310.5 and 99313.3 and Proposition 116, State Transit Assistance (STA) funds received by the NCTC are allocated only for transit capital projects and transit operations.
12. The amount of STA funds received by the NCTC pursuant to the PUC Section 99314.3 is allocated to the transit operator in the area as allocated by the State Controller's Office. NCTC allocates STA funds to transit operators using a population and revenue formula allocation per PUC 99313 and 99314. Per the Transit Equity Study and newly adopted NCTC Policies an adjustment to the STA apportionment is made to reflect the greater proportion of sales tax collected in the Town of Truckee than unincorporated Nevada County. This adjustment comes from Road Repair and Accountability Act of 2017 (SB 1).
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 NCTC 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

All LTF funds in Nevada County are allocated for public transit purposes. The unmet needs process is not required but NCTC must hold an SSTAC meeting annually to identify transit needs in the jurisdiction, including unmet transit needs that may exist within the jurisdiction of the council and that may be reasonable to meet by establishing or contracting for new public transportation or specialized transportation services or by expanding existing services. NCTC holds annual meetings and is in compliance.

14. In accordance with California Code of Regulations Section 6662, the NCTC 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 AGT and the Pun Group. 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 NCTC maintains fiscal and accounting records and supporting papers for at least five years following the close of a fiscal year.

## STATUS OF PRIOR AUDIT RECOMMENDATIONS

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

**Compliance Recommendation 1:** NCTC should ensure it certifies in writing that performance audits of operators located in the area under its jurisdiction have been completed when submitting its own audit to Caltrans.

**Status: Implementation Complete.**

**Functional Recommendation:** Incorporate forms that monitor productivity and assess the implementation status of TDA triennial performance audit recommendations as part of the TDA claims process.

**Status: Implementation Complete.** NCTC updated the Policies and Procedures Manual in 2019. The manual includes policies regarding TDA claims and required paperwork. The TDA claims process now requires that transit operator claimants complete an Operator Performance Table for the most recent Fiscal Year. Performance indicators include operating cost per hour, operating cost per trip, passenger-trips per hour, passenger-trips per mile, service hours per employee and farebox ratio.

## DETAILED REVIEW OF NCTC FUNCTIONS

NCTC staff has been successful in accomplishing objectives and implementing transportation improvement projects. During the audit period, the NCTC 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 NCTC setting to determine transportation planning and funding policies.

This section presents a review of the various functions of the NCTC. The NCTC'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 NCTC processes TDA claims in an accurate and timely manner. In connection with the approval of any claim or amended claim, the NCTC Executive Director will complete an allocation instruction for each claim approved by the NCTC and transmit it to the County Auditor. Allocations made to an applicant for different purposes are identified separately. Each allocation instruction shall include the date of the instruction and shall designate the fiscal year for which the allocation is made, the section of the TDA under which the allocation is authorized, the amount allocated, and the terms of payment. Allocation instructions are accompanied by a copy of the corresponding signed resolution.

The NCTC Policies and Procedures Manual outlines supporting documents which must be submitted with TDA claims forms. For claims for LTF operations, the TDA claim packet must include various TDA required documents such as a budget and CHP compliance certificates.

During the audit period, the NCTC commissioned a Short-Range Transit Plan update for the transit operators in the western portion of the county as well as an update to the Coordinated Public Transit Human Services Transportation Plan for the entire county. NCTC has a systematic and effective method of archiving pertinent plans and documents. All grant records are retained according to a specific schedule. The annual OWPs set forth achievable goals and objectives for regional transportation planning in Nevada County. Overall, NCTC has a good working relationship with the transit operators in NCTC's jurisdiction.

### **Governing Board Activities**

The NCTC Board meets on the third Wednesday of every other month. Since the pandemic, meetings have been held virtually. Agenda materials posted on NCTC's website usually one week in advance and at a minimum 72 hours in advance. NCTC 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 on an as needed basis prior to Board meetings. The Executive Director presents a report on the various transportation issues currently facing the NCTC including thorough descriptions of pertinent legislation at each monthly meeting.

Attendance at monthly NCTC meetings is strong. The NCTC Board dealt with a lengthy 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. NCTC does a good job of posting important documents on its website for public review.

### **Internal Planning and Achievements**

In terms of internal planning, the NCTC reflected clear goals and objectives in the RTP. Its achievements in meeting OWP objectives during the audit period were good. The OWP includes a wide variety of elements

which address the different transportation issues Nevada County must deal with. Examples include the “Extreme Climate Event Mobility and Adaptation Plan” element as well as coordination with Caltrans and other jurisdictions to develop safety and mobility plans for the SR 49 corridor, the main corridor for Western Nevada communities. Other accomplishments include conducting the Senate Bill 743 Vehicle Miles Traveled Methodology and Threshold Recommendation Study. The budget generally has been adequate for funding NCTC’s activities, although some of this revenue depends on successfully attaining discretionary state and federal grants.

## Personnel

The NCTC Board and staff have many responsibilities. In addition to acting as the RTPA for Nevada County, the Board is also the designated Airport Land Use Commission. The current NCTC Executive Director serves as the Chair for the North State Super Region and is a member of the Rural Counties Task Force.

NCTC staff is generally held in high regard in the region. Four to five FTE’s were dedicated to the functions of the NCTC during the audit period. During the audit period, the Executive Director transitioned to retirement but still currently acts as an Executive Advisor. The Deputy Executive Director was promoted to Executive Director. In 2019, a transportation planner was hired. The Administrative Services Officer and Administrative Assistant have been with NCTC for the duration of the audit period. Recently (after the audit period) a new Deputy Executive Director was hired. With climate change related regulations and federal stimulus funding, the need for regional transportation planning has become even more important. With the addition of new staff, NCTC seems well positioned to take on the tasks at hand.

NCTC staff are provided opportunities to pursue further training and education. Staff members are offered insurance (life, health, and dental), vacation, sick leave and retirement benefits. Historically, job performance evaluations were performed annually; however, this has not occurred recently because of COVID.

## **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.

NCTC most recently updated the *Nevada County Regional Transportation Plan (RTP)* in 2016. The plan provides a good vision for transportation improvement projects through 2035 and was updated within the required timeline. The NCTC TAC was integral to development and review of the RTP. An appropriate level of stakeholder input was obtained as part of the update. NCTC is in the process of procuring a consultant to conduct a 2022 RTP 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 Nevada County. The RTP presents the setting for existing and future traffic conditions using state databases and growth assumptions. Traffic analysis was based on a transportation demand model, maintained by NCTC for Western Nevada County. The Town of Truckee maintains its own traffic model. RTP improvement project lists are well organized and clearly identify the agencies responsible for implementation. As with all similar counties in California, another important regional transportation issue is the lack of sufficient

funding to implement the transportation improvement projects to adequately address transportation needs.

The Regional Transportation Mitigation Fee (RTMF) Program was created as a cooperative agreement between the City of Grass Valley, Nevada City, and Nevada County to set regional fees that would be collected to mitigate the expense of improving roadways affected by new development or expansion of existing residential and commercial structures. As administrator of the program, NCTC hired a consultant to update the RTMF Program based on the revised economic and demographic factors in the updated Regional Traffic Model. The Town of Truckee administers its own Traffic Impact Fee Program.

NCTC is faced with the challenge of having two distinct areas within in its jurisdiction. Western Nevada County is characterized by small rural communities in the foothills. Eastern Nevada County includes the Town of Truckee which is a popular ski resort town and weekend destination for San Francisco Bay Area residents. Each side of the county requires different transportation planning efforts. NCTC manages this well.

The OWP includes a Work Element Project for Coordination of Regional Planning. This includes coordination with local agencies and analyzing regional transportation impacts of development projects. NCTC is managing the Rural Counties Task Forced Rural Induced Demand Study on behalf of the Rural Counties Task Force. This study will provide recommendations on how to appropriately address induced demand on rural highway improvements, including recommendations for addressing these rural highway improvements in relation to state environmental law, CEQA, and recommendations for incorporating the study findings into future updates of state guidance documents. NCTC staff also attend meetings of the Rural Counties Task Force and the North State Super Region. These entities provide a voice for rural counties for statewide transportation policy and legislation.

### **Claimant Relationships and Oversight**

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

#### **Productivity Committee Functions**

The NCTC does not have a formal productivity committee to review services and recommend improvements for lower transit costs. However, NCTC commissions transit plan updates for both sides of the county every five years. NCTC also conducts a thorough unmet transit needs process in coordination with Placer County and TRPA. NCTC requests that transit operators provide staff with quarterly ridership statistics, which are reported to the Board.

During this audit period, NCTC commissioned a Transit Equity Funding Study to address the difference in sales tax revenue generated by the eastern and western portion of the county and the actual amount of sales tax returned to each side of the county in the form of LTF funds. The Study included the following recommendations:

- Re-allocate existing LTF under PUC 99275 (Community Transit Services) for apportionment to the local jurisdictions for public transit.
- Create new LTF and STA spend down policy of unearned revenue that has been accumulating.

- Devise new funding formula for future allocation of regional STA funds. The difference between LTF revenue generated and received by the Town of Truckee could be made up through STA funds from the SB 1 program.
- Develop a regional prioritization list for the RTPA to use in evaluating claims.

The recommendations represent an innovative way to more equitably allocate revenue for transit purposes without requiring a change to state legislation.

#### Technical and Managerial Assistance to Operators/ Communication of TDA

NCTC assists transit operators with procuring transit plan updates and other transit related studies such as the Transit Funding Equity Study. NCTC comments on plans and provides suggestions. Farebox ratio requirements and the TDA claims process are clearly outlined in resolutions and manuals. NCTC has made available important TDA/transportation funding documents to all operators.

NCTC has assisted with procuring funding for a variety of transit improvement projects such as a bus wash for the Nevada County transit operations and maintenance center as well as Electric Vehicle (EV) charging equipment for the operations and maintenance center and Tinloy Transit Center.

#### Reports and Information Received by the RTPA

NCTC has conducted triennial performance audits within the required time period. During the audit period, the NCTC commissioned Fiscal and Compliance audits from an independent auditor for the NCTC and the transit operators. Each year, NCTC grants a 90-day extension for all the transit operator fiscal audits. In FY 2020-21, an additional 32-day extension was granted beyond the 90 days. This audit period all Fiscal and Compliance Audits were completed shortly after the required time period. Additionally, the Fiscal and Compliance audits of the transit operator attest that TDA funds were expended in conformance with most applicable laws, rules, and regulations.

#### TDA Claim Processing

NCTC processes TDA claims in accordance with its TDA Guidelines. NCTC has developed a thorough TDA claims form and process for transit, community transit services, bicycle/pedestrian and streets and roads claims. Transit operators must submit performance measures along with their transit claims.

The transit operator in Western Nevada County did not meet the required 10 percent farebox ratio requirement in FY 2019-20 and FY 2020-21. As the state relieved farebox ratio requirements for these years, as a result of the pandemic, no TDA penalties need to be assessed. However, if farebox ratio for Nevada County Connect and Nevada County Now Services remains low this coming year, this issue should be reviewed before farebox ratio requirements are reinstated in FY 2022-23.

#### **Marketing and Transportation Alternatives**

This function involves the outreach activities of an RTPA. In general, the transit operators provide their own marketing materials and outreach. NCTC staff remains closely involved through its TAC in staying abreast of development proposals in the region that might result in traffic congestion, transit needs, and other community impacts.

NCTC has been proactive in promoting the use of alternative transportation. Examples include SR 49 Multimodal Corridor Plan Report and Nevada County Active Transportation Plan. NCTC maintains an excellent website with a multitude of information on all types of transportation modes in the region including public transit as an alternative mode of transportation.

### **Grant Applications and Management**

This section considers NCTC's performance in discharging its grant management duties. NCTC has assisted transit operators with preparing grant applications for Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA), FTA 5310, FTA 5311, and State of Good Repair.

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

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## Section 2

# Findings and Recommendations

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Overall, NCTC is a strong organization that effectively coordinates transportation policy for Nevada County. With respect to TDA issues, NCTC 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

- ◆ NCTC was found to be in compliance with all performance related statutes listed in Table 1 with the exception of late Fiscal and Compliance Audits for NCTC and the transit operators. It should be noted that the Audits were only one month late and many RTPAs are unable to maintain compliance with this rule for a variety of reasons.
- ◆ All recommendations from the prior audit were implemented.
- ◆ The functional review revealed no significant inefficiencies in the way NCTC performs its duties.
- ◆ NCTC performs the unmet transit needs process in accordance with TDA requirements.
- ◆ NCTC provides a good amount oversight and planning assistance for the three transit operators in the region without overstepping the bounds of the role of an RTPA.
- ◆ NCTC conducted a Transit Equity Study which recommended an innovative method of allocating STA Section 99313 funds that more closely matches where the greatest amount of sales tax is generated.

### RECOMMENDATIONS

**Recommendation 1:** Monitor Western Nevada County Transit Operators farebox ratio and discuss with the transit operator methods of boosting the performance measure, particularly if farebox ratio requirements are reinstated by the state in FY 2022-23 (as currently intended). NCTC should stay informed about future legislation that may change the definitions of operating costs and/or expenses or farebox ratio calculations.

Nevada County Connects/Nevada County Now's farebox ratio was 5.97 percent in FY 2020-21. The transit operators in western Nevada County were severely affected by the drop in transit demand during the pandemic. Western Nevada County transit operators were able to maintain a 10 percent farebox ratio prior to the pandemic. Hopefully, ridership levels will rebound in FY 2022-23 as more Western Nevada County residents return to daily activities. If this does not occur, NCTC should review options to decrease operating costs and/or increase local support for western Nevada County transit operators. Local support is defined as, *"any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator."* Examples include advertising revenue, lease revenue or funds provided by a local agency. As the RTPA, NCTC should keep abreast of future changes to TDA legislation that may affect the calculation of performance measures such as farebox ratio. Any changes to the law should be communicated to the transit agencies and Fiscal and Compliance Auditor.