

FY 2011-2013 TRIENNIAL PERFORMANCE AUDIT OF FORTUNA SENIOR TRANSIT BUS PROGRAM



SUBMITTED TO
HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS



JUNE 2014

SUBMITTED BY

PMC[®]

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Section I

Introduction

California's Transportation Development Act (TDA) requires that a triennial performance audit be conducted of public transit entities that receive TDA revenues. The performance audit serves to ensure accountability in the use of public transportation revenue.

The Humboldt County Association of Governments (HCAOG) engaged PMC to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operators under its jurisdiction in Humboldt County. This performance audit is conducted for the Fortuna Senior Transit Bus Program covering the most recent triennial period, fiscal years 2010-11 through 2012-13.

The purpose of the performance audit is to evaluate the City's effectiveness and efficiency in its use of TDA funds to provide public transportation in its service area. This evaluation is required as a condition for continued receipt of these funds for public transportation purposes. In addition, the audit evaluates the City's compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the City is meeting the PUC's reporting requirements. Moreover, the audit includes calculations of transit service performance indicators and a detailed review of the transit administrative functions. From the analysis that has been undertaken, a set of recommendations has been made which is intended to improve the performance of transit operations.

In summary, this TDA audit affords the opportunity for an independent, constructive and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* published by the California Department of Transportation (Caltrans) was used to guide in the development and conduct of the audit.

Overview of the Transit System

Fortuna Senior Transit Bus or Fortuna Senior Bus is administered and operated by the City's Parks and Recreation Department, with the Department's Director serving as the Transit Manager. Fortuna was settled in 1874 and was originally known as Slide for Slide Hill. A year later the town was renamed Springville after the Springville Mill, which processed lumber from the nearby redwood forests. In 1884, the town's name was changed to Fortuna, meaning "fortune" in Spanish and "chance" in Latin. With the construction of the Eel River and Eureka Railroad that same year, Fortuna became a local rail hub for the smaller adjacent communities. The City of Fortuna was incorporated in 1906.

Based on the 2010 U.S. Census, Fortuna’s population is 11,926 which grew 13.6 percent since the 2000 U.S. Census. The senior citizen population, comprised of residents aged 65 and over, is 17.32 percent. The 2014 population for Fortuna is estimated to be 11,902 as reported by the State Department of Finance. The city covers a 4.85 square mile area.

The main highway connection serving Fortuna is U.S Highway 101 (US-101). US-101 is the main north-south highway connecting Fortuna with Eureka located 14 miles to the north and the Bay Area to the south. The junction of SR-36 and SR-101 is located to the just south of Fortuna. SR-36 is an east-west highway connecting Humboldt County with Red Bluff in the Sacramento Valley. Major arterial streets traversing Fortuna include Fortuna Boulevard, Main Street, Rohnerville Road, and 12th Street.

System Characteristics

The City of Fortuna provides demand responsive transportation within its City limits to seniors aged 50 and older or disabled persons who are unable to drive. Persons under the age of 50 are eligible to utilize the service with a physician’s note. The service operates two buses Monday through Friday between the hours of 8:30 a.m. and 4:00 p.m. Saturday service operated with one bus between the hours of 9:00 a.m. and 3:30 p.m. Due to farebox attainment issues, the Saturday service was temporarily suspended for FYs 2010 and 2011. Fortuna reinstated service on the first Saturday of the month between the hours of 9:00 a.m. and 12:00 p.m. based on passenger demand. The service does not operate on Sunday and major holidays.

Riders can make same-day arrangements or call a day prior for shopping trips, social visits, banking and bill paying. For non-medical trips such as hair appointments, work, physical therapy, and senior lunch programs, rider can make arrangements one week in advance. For doctor appointments, reservations may be called in anytime during the previous calendar month of the scheduled appointment. Beginning at 8:00 a.m. and through 5:00 p.m., riders can contact the dispatcher to make travel arrangements, which include up to three destinations per day. The dispatcher generally allows 30 minutes travel time to maintain on-time arrivals, while the driver pick ups and delivers other scheduled riders en route.

Fares

Fortuna Senior Bus’ fare structure is based upon passenger and fare media type. All cash fares are for a one-way trip. There have been two fare increases during the audit period. The fare structure is shown in Table I-1:

**Table I-1
Fortuna Senior Bus Fare Schedule**

Fare Type	Prior to July 2011	Effective July 2011	Effective July 2012
Regular One-Way Trip	\$1.20	\$1.50	\$1.75
15-Trip Punch Card	N/A	N/A	\$20.00
20-Trip Punch Card	\$20.00	\$20.00	N/A

Source: City of Fortuna

The punch card was changed during the last fare increase from 20 trips to 15 trips with the cost remaining the same. Punch cards are available for purchase from the driver or from the Parks and Recreation office at Rohner Park. Free trips are provided to Parks and Recreation sponsored programs and events.

Fleet

Fortuna Senior Bus had three vehicles in its fleet during the audit period. All vehicles are lift-equipped and conform to the requirements of the Americans with Disabilities Act (ADA) of 1990 in regards to accessibility. Table I-2 shows the Dial-a-Ride fleet below:

**Table I-2
Fortuna Senior Bus Fleet**

Year	Make & Model	Quantity	Fuel type	Seating Capacity
2003	Ford-El Dorado	1	Diesel	12 (2 W/C)
2006	Ford-El Dorado	1	Diesel	12 (2 W/C)
2011	Ford E-350	1	Unleaded Gas	8 (2 W/C)
Total		3		

Source: City of Fortuna

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of Fortuna’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook, *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies, September 2008 (third edition)*, which was developed by the Department of Transportation (Caltrans) to assess transit operators. The guidebook contains a checklist of eleven measures taken from relevant sections of the Public Utilities Code and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system’s efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA and to the State Controller based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2011: October 20, 2011 FY 2012: October 23, 2012 FY 2013: October 17, 2013 The annual reports have been submitted to the State Controller, but not to HCAOG. Conclusion: Partial compliance.
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: FY 2011: October 21, 2011 FY 2012: December 4, 2012 FY 2013: October 31, 2013 Conclusion: Complied.
The CHP has, within the 13 months prior to each TDA claim submitted by an	Public Utilities Code, Section 99251 B	The City of Fortuna participates in the CHP Biennial Inspection of Terminals (BIT) in which the

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.		<p>CHP conducts inspections every two years.</p> <p>Inspections were conducted at the Fortuna Street Department located at 190 Dinsmore Road:</p> <p>Transit Operator Compliance Certificates and inspection dates applicable to the audit period were April 29, 2010 & April 23, 2012.</p> <p>Inspections were found to be satisfactory.</p> <p>Conclusion: Complied.</p>
The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.	Public Utilities Code, Section 99261	<p>As a condition of approval, the City of Fortuna's annual claims for Local Transportation Funds and State Transit Assistance are submitted in compliance with the rules and regulations adopted by HCAOG. HCAOG staff provides assistance to the City as needed in completing the claim.</p> <p>Conclusion: Complied.</p>
If an operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.	Public Utilities Code, Section 99270.1	<p>The Fortuna Senior Transit Bus Program serves a non-urbanized area and is not subject to this requirement.</p> <p>Conclusion: Not Applicable.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
<p>The operator’s operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).</p>	<p>Public Utilities Code, Section 99266</p>	<p>Percentage increase in Fortuna’s transit operating budget:</p> <p>FY 2011: -25.9% FY 2012: +18.2% FY 2013: -5.1%</p> <p>The FYs 2011 & 2012 operating budgets saw changes in excess of 15% due to personnel salaries, benefits, supplies and vehicle repair, which were substantiated in the City’s claims. Drivers were reorganized from two full-time to one full time and two part-time.</p> <p>Source: City of Fortuna Transit Budget for FYs 2010-2013</p> <p>Conclusion: Complied.</p>
<p>The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.</p>	<p>Public Utilities Code, Section 99247</p>	<p>The City of Fortuna’s definition of performance is consistent with Public Utilities Code Section 99247. A review of monthly reports from the operator during the audit period indicates that correct performance data are being collected.</p> <p>Conclusion: Complied.</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	The Fortuna Senior Transit Bus Program serves a non-urbanized area and is not subject to this requirement. Conclusion: Not Applicable.
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, 99268.5	Fortuna Senior Transit Bus farebox recovery ratios using audited data are shown as follows: FY 2011: 12.3% FY 2012: 11.4% FY 2013: 14.3% Source: Annual Fiscal and Compliance Audits. Conclusion: Complied.
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	The City of Fortuna makes contributions to its employees' retirement funded through the California Public Employees' Retirement System (CalPERS) under the formula of 2.7% @ 55 for miscellaneous employees. Conclusion: Complied.

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
If the operator receives state transit assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	California Code of Regulations, Section 6754(a)(3)	<p>As a recipient of State Transit Assistance Funds, the City of Fortuna does not utilize federal funds for operations. However, the City does apply for federal grant funding under the FTA Section 5310 program for capital expenditures, including vehicle procurement.</p> <p>FY 2011: \$ -0- FY 2012: \$51,315 (Capital) FY 2013: \$ -0-</p> <p>Source: Annual Fiscal and Compliance Audits</p> <p>Conclusion: Complied.</p>

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to Fortuna, the operator fully complied with eight out of nine requirements. The transit system was in partial compliance with its submittal of the annual State Controller Report; the reports were submitted to the State but not to HCAOG. Two additional compliance requirements did not apply to Fortuna (e.g. urban & blended farebox recovery ratios).
2. Based on the Annual Fiscal and Compliance Audits, the farebox recovery ratio for Fortuna Senior Bus remained above the required 10 percent. The average farebox recovery attained during the audit period was 12.7 percent.
3. The City of Fortuna participates in the CHP Biennial Inspection of Terminals (BIT) program in which the CHP conducts inspections of Fortuna's transit vehicles on a two-year cycle. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited notable fluctuations during the audit period. The budget decreased 25.9 percent in FY 2011 attributed to reductions in transit personnel and compensation. The FY 2012 operating budget increased due to salaries, benefits, department supplies and vehicle repairs. During FY 2013, the budget decreased 5.1 percent.

Section III

Prior Triennial Performance Recommendations

The City of Fortuna's efforts to implement the recommendations made in the prior triennial audit are examined in this section of the report. For this purpose, each prior recommendation for the agency is described, followed by a discussion of Fortuna's efforts to implement the recommendation. Conclusions concerning the extent to which the recommendations have been adopted by the agency are then presented.

Prior Recommendation 1

Conduct a check of fare revenue and operations data in the State Controller Report.

Actions taken by the City of Fortuna

The prior audit noted differences in annual fare revenue between the Transit Operators Financial Transactions (SCO) Report prepared by the Finance Department, and the Monthly Transportation Report prepared by the Parks and Recreation Department. It was therefore suggested that there be a check by the Parks and Recreation Director of the Transit Operators Financial Transactions Report prior to submittal to the State Controller.

Since the differences tended to be similar each year, it was inferred that the Transit Operators Financial Transactions Report may have included an additional revenue source that the Monthly Transportation Report was not accounting for. Other operations data such as ridership and vehicle service miles were missing from the SCO report as well which should have been included. It was recommended that the internal review process be adjusted to simply provide a copy of the draft SCO from Finance to Parks and Recreation for review before electronic submittal to the State Controller.

A review of the SCO reports submitted during the audit period showed continued slight variances in the data. This has been attributed to the departure of the Finance Director as well as to how multi-pass sale revenues are accounted for. The data compiled by the Parks and Recreation Department showed higher revenues compared to Finance Department figures due in large part to differences in recording of fare revenue by each department. Finance records fare revenue based on when deposits occur while Parks and Recreation tracks fare revenue based on when they are collected on the bus and/or when punch cards are sold. It is suggested that the Parks and Recreation Department provide oversight with regard to the accuracy of data being reported on the SCO report.

Rides should be counted the day they occur to be more accurate for service planning purposes. As for revenues, it is acceptable that the fare recording be consistent with city hall and be recognized based on deposits. However, for detailed performance analysis such as farebox,

subsidy per passenger, and average fare per passenger, the revenue should match the riders for the day.

Conclusion

This recommendation has not been implemented and is carried forward for full implementation.

Prior Recommendation 2

Record actual pick-up and drop-off times in the driver schedule sheets.

Actions taken by the City of Fortuna

The prior audit suggested that by recording actual pick up and drop off times on the driver trip sheet, the activity would provide data to further analyze trip patterns and passenger loads. In addition, the recording of in-vehicle times using actual pick-up and drop-off times would provide trends in how trips are made and whether any adjustments to service are warranted to promote additional efficiency and effectiveness. Establishing actual in-vehicle service times also provides a cross-check for on-time performance relative to the 30-minute travel window that is used by the dispatcher to determine on-time arrivals.

A review of sample driver trip sheets shows that actual pick up and drop off times are being recorded. The trip sheets are formatted into 15-minute intervals and the actual times are written next to the passenger names.

Conclusion

This recommendation has been implemented.

Prior Recommendation 3

Focus on activities to improve the farebox recovery ratio.

Actions taken by the City of Fortuna

The prior audit noted that the City had taken steps to reduce costs in FY 2010-11 by changing staffing classifications. Also noted was the increase in ridership trends. In concert with this trend, it was suggested that the City actively focus on activities that could sustain the ridership gains, including customer service enhancements, increasing vehicle operating efficiencies that would allow the greater availability of same day reservations, and increased awareness that the transit system is both an intracity dial-a-ride and part of an intercity transit service with convenient connections to RTS buses.

In an effort to improve farebox recovery, the City implemented two fare increases during the audit period. The first increase was implemented in July 2011, which raised the fare from \$1.20

to \$1.50 per ride. The second increase was implemented in July 2012, which raised the fare from \$1.50 to \$1.75 per ride. In addition, the \$20.00 multi-ride pass was modified from 20 rides to 15 rides. The fare increases and modifications have resulted in a 50.6 percent increase in the farebox recovery ratio during the audit period in spite of a small drop in ridership the last few years.

Conclusion

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews the Fortuna Senior Transit Bus Program's performance in providing transit service in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox is not one of the five specific indicators, but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Graphs and findings from the analysis are contained in the section following the tables.

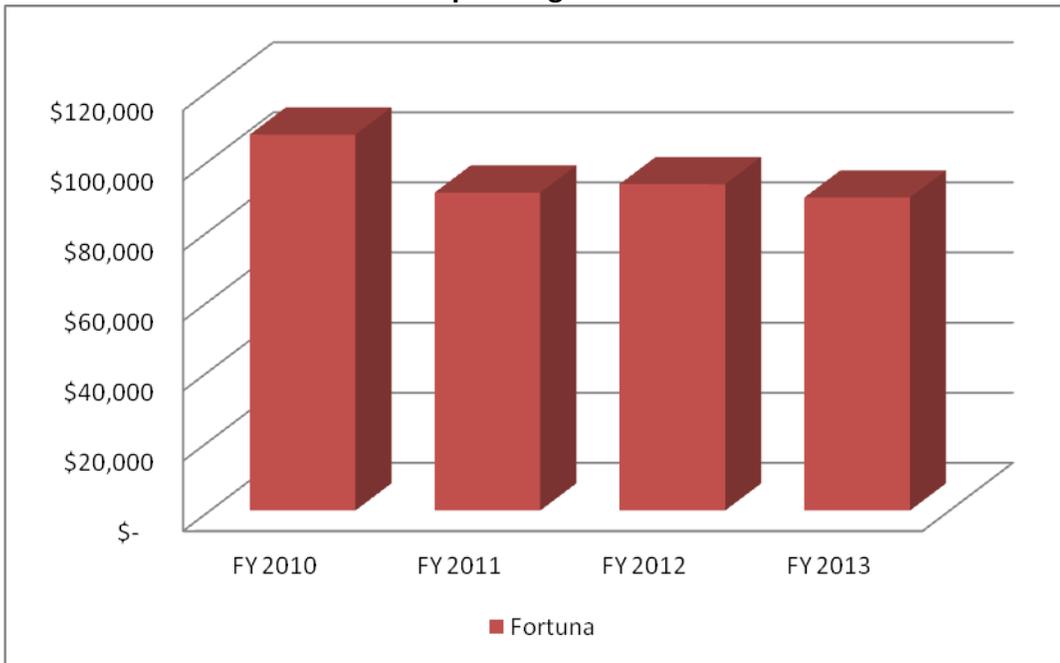
Table IV-1 provides the performance indicators for Fortuna Senior Bus. Charts are also provided to depict the trends in the indicators. It is noted that the systemwide operating costs and fare revenues are based on audited figures which include all operating expenses.

**Table IV-1
Fortuna Senior Bus TDA Performance Indicators**

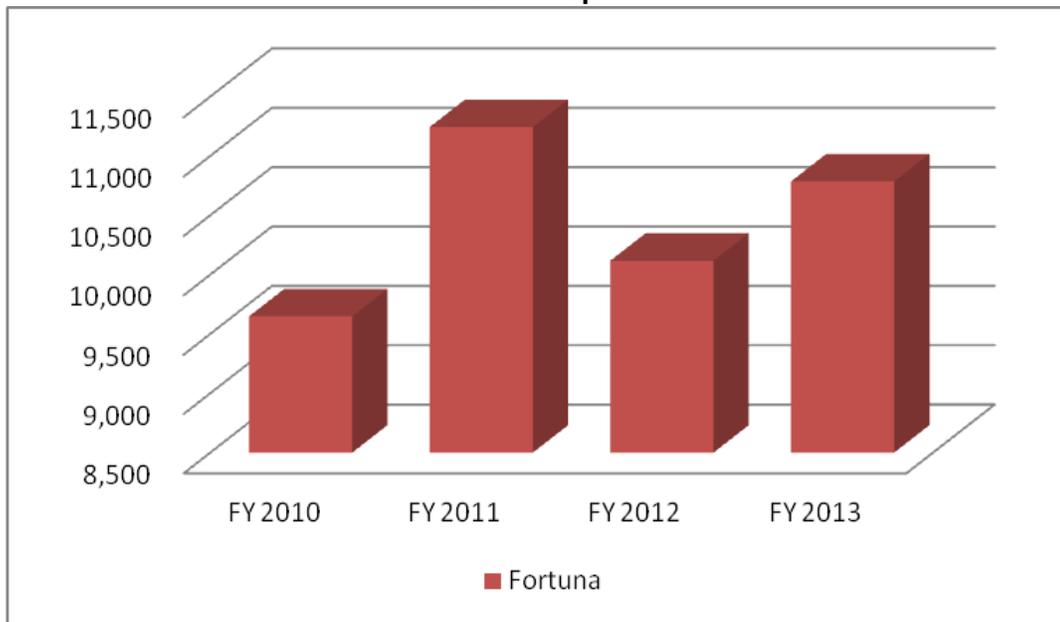
Performance Data and Indicators	Audit Period				% Change FY 2010- 2013
	FY 2010	FY 2011	FY 2012	FY 2013	
Operating Cost	\$107,274	\$90,706	\$93,108	\$89,306	-16.7%
Total Passengers	9,648	11,243	10,117	10,785	11.8%
Vehicle Service Hours	3,077	2,949	2,884	2,674	-13.1%
Vehicle Service Miles	25,779	27,137	27,910	25,834	0.2%
Employee FTE's	4	3	3	3	-25.0%
Passenger Fares	\$10,198	\$11,189	\$10,572	\$12,787	25.4%
Operating Cost per Passenger	\$11.12	\$8.07	\$9.20	\$8.28	-25.5%
Operating Cost per Vehicle Service Hour	\$34.86	\$30.76	\$32.28	\$33.40	-4.2%
Operating Cost per Vehicle Service Mile	\$4.16	\$3.34	\$3.34	\$3.46	-16.9%
Passengers per Vehicle Service Hour	3.1	3.8	3.5	4.0	28.6%
Passengers per Vehicle Service Mile	0.37	0.41	0.36	0.42	11.5%
Vehicle Service Hours per Employee	769.3	983.0	961.3	891.3	15.9%
Average Fare per Passenger	\$1.06	\$1.00	\$1.04	\$1.19	12.2%
Fare Recovery Ratio	9.51%	12.34%	11.35%	14.32%	50.6%

Source: Annual Fiscal & Compliance Audits; State Controller's Reports

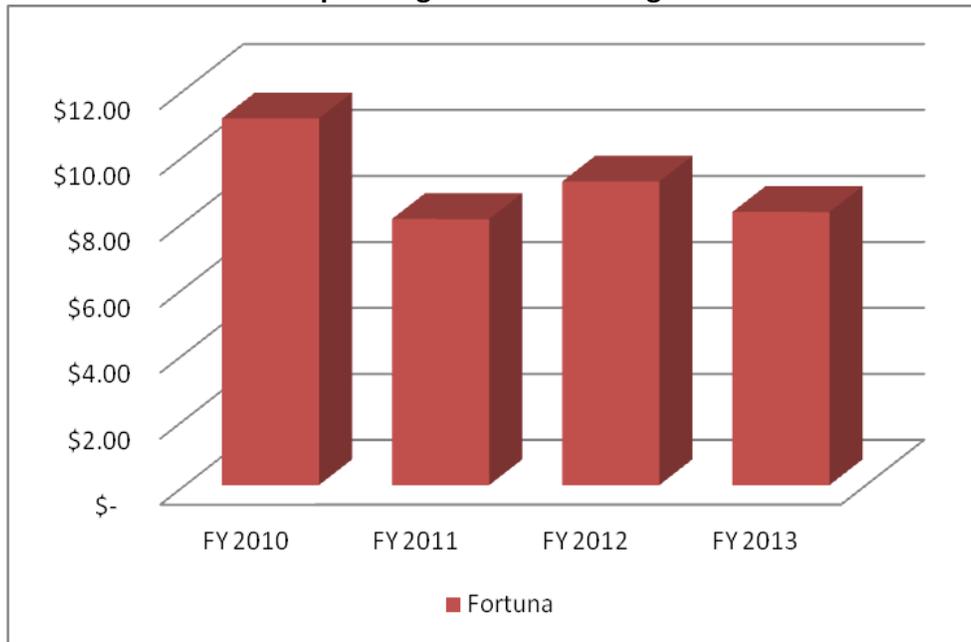
**Graph IV-1
Operating Costs**



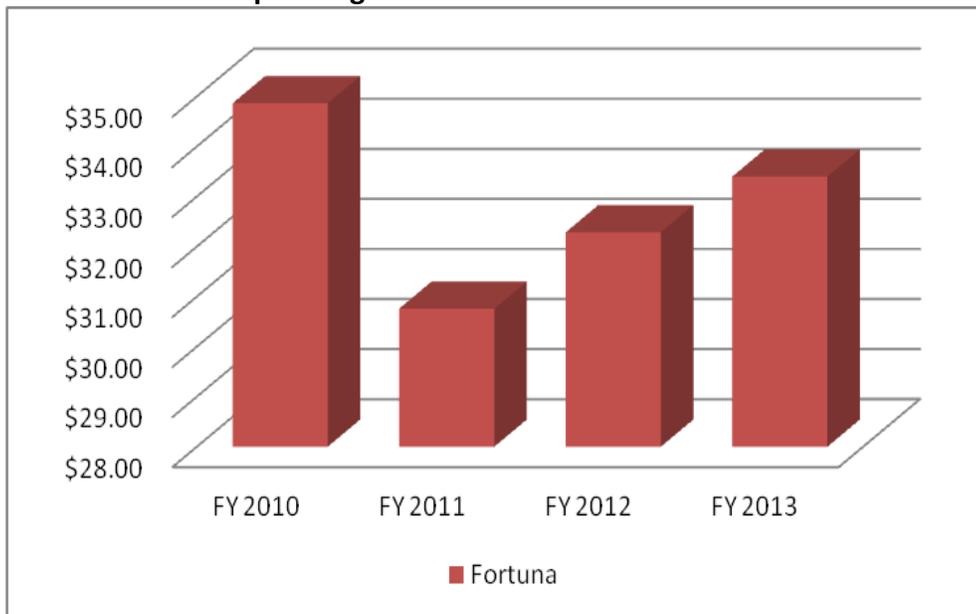
**Graph IV-2
Ridership**



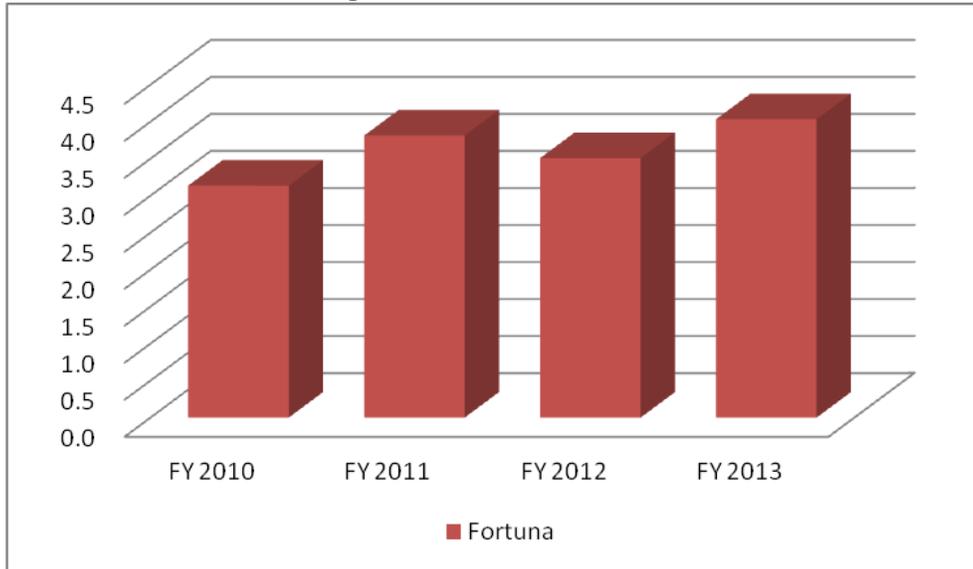
Graph IV-3
Operating Cost Per Passenger



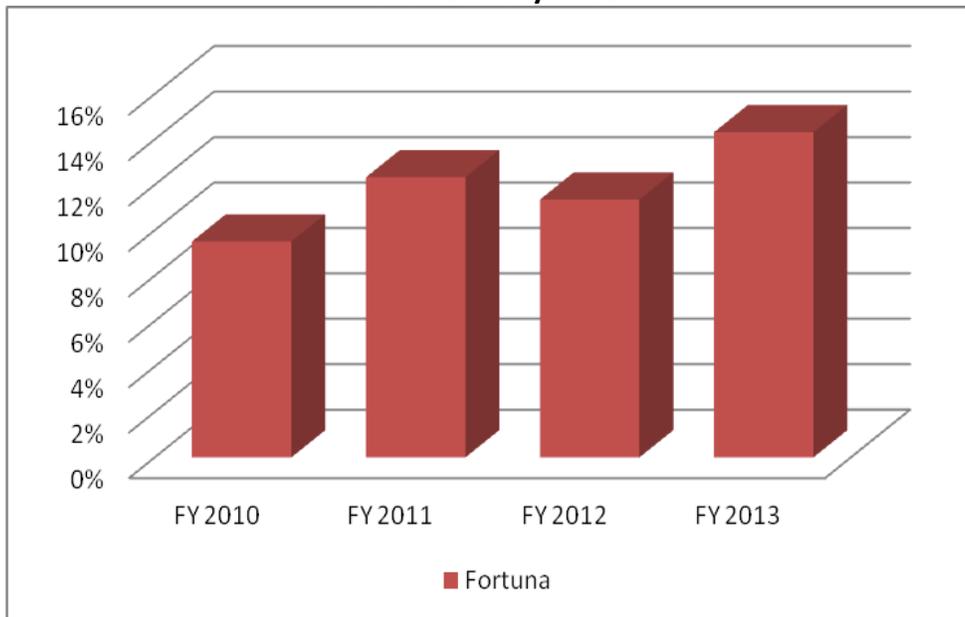
Graph IV-4
Operating Cost Per Vehicle Service Hour



Graph IV-5
Passengers Per Vehicle Service Hour



Graph IV-6
Fare Recovery Ratio



Findings from Verification of TDA Performance Indicators

1. **Operating cost per vehicle service hour**, an indicator of cost efficiency, decreased 4.2 percent systemwide from \$34.86 in FY 2010 to \$33.40 in FY 2013. This trend is consistent with the decrease of Fortuna Senior Bus' operating costs of 16.7 percent during the period (based on audited data), and the decrease in vehicle service hours of 13.1 percent between FY 2010 and FY 2013.
2. **Operating cost per passenger**, an indicator of cost effectiveness, decreased 25.5 percent systemwide from \$11.12 in FY 2010 to \$8.28 in FY 2013. As noted above, Fortuna's operating costs decreased 16.7 percent during the period; however, the Senior Bus ridership increased 11.8 percent during the period from 9,648 passengers in FY 2010 to 10,785 passengers in FY 2013.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 28.6 percent between FY 2010 and FY 2013 systemwide from 3.1 passengers per hour to 4 passengers per hour. The trend in this indicator reflects notable increase in ridership on the demand response services for the audit period while vehicle service hours decreased.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased 11.5 percent between FY 2010 and FY 2013 from 0.37 in FY 2010 to 0.42 in FY 2013. From the FY 2010 base year to FY 2013, total vehicle service miles increased 0.2 percent from 25,779 vehicle service miles to 25,834 vehicle service miles.
5. **Vehicle service hours per employee** declined by 25 percent systemwide between FY 2010 and FY 2010. This decline was associated with the 13.1 percent decrease in vehicle service hours while the number of employees declined slightly during the period. This was attributed to staffing turnover from two full-time drivers to one full-time and one part-time driver. This measure is based on the number of employee Full-Time Equivalent (FTE) using employee pay hours from the State Controller's Report and dividing by 2,000 hours per employee.
6. **Farebox recovery** exhibited an overall increase of 50.6 percent between FY 2010 and FY 2013 systemwide from 9.51 percent in FY 2010 to 14.32 percent based on audited data. Farebox recovery declined by 8 percent between FY 2011 and FY 2012 in conjunction with the initial fare increase as passenger fares declined 5.5 percent. From FY 2011 through FY 2012, passenger fares increased 8.4 percent in passenger fares.

Conclusion from the Verification of TDA Performance Indicators

Fortuna Senior Transit Bus' performance indicators reflect the cost efficiencies implemented as well as the fare increases implemented during audit period. Systemwide operating costs decreased during the triennial period exhibiting an average annual decrease of 5.6 percent. Growth in passengers trips averaged 4.4 percent annually, with the highest increase of 16.5 percent exhibited in FY 2011. The increase in farebox recovery averaged 16 percent annually.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within the Fortuna Senior Transit Bus Program. The review highlights accomplishments, issues and/or challenges that were determined during the audit period. The following functions were reviewed at the Fortuna Parks and Recreation Department:

- Operations
- Maintenance
- Planning
- Marketing
- General Administration and Management

Within some departments are sub-functions that require review as well, such as Grants Administration that falls under General Administration.

Operations

The Fortuna Senior Transit Bus Program provides demand-responsive transit service within the city limits of Fortuna. The service is available to senior citizens age 50 and older and disabled persons of any age. For passengers under the age of 50, a doctor's note may be required to ride the bus. According to Parks and Recreation staff, the system has 30 to 40 regular riders. Trips operate in two zones that are split geographically in a north-south orientation. Limited weekend service is operated on the first Saturday of the month. The City does not have any ADA certification procedures in place and does not maintain an ADA database. Attendants and helpers accompanying disabled passengers ride for free.

In an effort to augment passenger revenues and attain farebox recovery, Fortuna implemented two fare increases during the period. The first increase took effect on July 1, 2012 and the second increase took effect on July 1, 2013. Although passenger trips and revenues saw initial declines in FY 2012, these indices recovered in FY 2013. Farebox recovery rebounded from 11.35 percent in FY 2012 to 14.32 percent in FY 2013.

Dispatching is conducted on a manual basis, although the City has expressed interest in acquiring a computerized dispatching and scheduling software program. The dispatcher takes reservation requests upon demand. The dispatcher is on duty from 9:00 a.m. to 3:00 p.m.

Performance data are tracked on the Senior Citizens Bus Monthly Transportation Report. The report monitors the number and types of passenger trips, fare media, wheelchairs, lifts, no-

shows, cancellations, trip denials, employee work hours, fuel consumed, vehicle service hours and mileage. Total hours and mileage are also reported. A summary of no-shows, cancellations and trip denials is presented in Table V-1:

Table V-1
Fortuna Senior Bus No-Shows, Cancellations & Trip Denials

	FY 2010	FY 2011	FY 2012	FY 2013
No-Shows	33	25	61	84
Cancellations	907	1,072	1,289	1,783
Trip Denials	97	205	273	270

Source: City of Fortuna

Table shows an upward trend in each of the indicators during the audit period. The number of cancellations has shown the most significant increase. The City currently does not have a formal cancellation policy, but will send a follow up letter to customers whose incidences of cancelled trips are excessive. With an upward trend for these operations indicators, the transit system should review and update its policies regarding enforcement of late cancellations and no shows with an eye toward further educating riders of the detriments and service inefficiencies caused by late cancellations and no shows.

Transit vehicles are equipped with manual fareboxes. Farebox handling procedures involve the completion of daily fare revenue deposit forms by the driver, which are checked by other city personnel for accuracy. Since prepaid punch cards are typically used, the amount of cash exchanging hands is kept to a minimum. Fare proceeds are dropped into a locked canister overnight and counted by the dispatcher the following day.

Personnel

Staffing of the Senior Bus service is comprised of one full-time driver (40 hours per week); one part-time driver (29 hours per week); one part-time dispatcher; one full-time office supervisor; and one full-time mechanic. To save on operating costs in FY 2011, the City replaced one full time bus driver with a part time position working three-quarters time (32 hours a week) in August 2010. This adjustment was made to reflect the ridership and fare recovery trends at the time. The personnel changes among the bus driver ranks have resulted in improved customer service, according to staff. The City is seeking a full-time office support person and an additional part time driver.

Driver candidates are required to hold a Class B license with a passenger endorsement. Drug and alcohol testing are conducted through the City's Human Resources Department. There is a driver safety meeting and training held every Monday morning. Drivers undergo First Aid and CPR training every other year.

Employees are represented by the Fortuna Employees Association. The City provides medical, dental, vision and life insurance for employees represented by the Association. As an incentive for employees to live within the city limits of the City, all employees represented by the

Association who reside within the city limits of the City of Fortuna receive \$35.00 per month as additional compensation. The accrual rate for sick leave is eight hours for each calendar month of service. Vacation accruals consist of 10 days annually for one through six years of service; 15 days annually for seven through 11 years of service; and 20 days annually for 12 years or more years of service.

Maintenance

Vehicle maintenance is conducted at the City's Corporation Yard located at 190 Dinsmore Road. The facility contains two service bays and is staffed by two mechanics. One mechanic is assigned to maintain the three Senior Bus vehicles. Vehicles undergo maintenance inspections every 90-days. A review of the safety inspection logs provided by the City show that each vehicle has a general clean record for the items that are inspected. Fortuna is subject to the CHP's Biennial Inspection of Terminals (BIT) Program, which involves an inspection every 25 months. Fortuna received satisfactory ratings for all inspections conducted during the audit period.

Daily inspections are also conducted by the bus drivers using a list of items to check and sign off in the daily inspection report. The format of the daily inspection sheet was updated through use of an outside created report that lists more items to check than the prior in-house created inspection sheet. Fueling is provided by Renner Petroleum located at 2435 Newburg Road in Fortuna through a county procurement program that the city participates in. Pumps are accessed by a card lock system. Annual fuel usage has averaged 3,149 gallons.

Planning

Transit planning has involved in-depth analysis and monitoring of ridership trends over a multi-year period. The FY 2011/12-2015/16 Transit Development Plan (TDP) Update for Humboldt County Transit Systems, adopted in May 2012, covers a five-year planning horizon and contains service monitoring recommendations for the Fortuna Senior Bus. The TDP Update noted that Fortuna was meeting minimum farebox recovery ratio requirements, but recommended that productivity be increased to accommodate higher demand without increasing total annual operating hours above current 2011/12 base. This could be achieved through a modification of current service allowing for the bus to pick up passengers at predetermined locations and times, similar to fixed route, then functioning as a dial-a-ride and dropping off the passengers at their homes. This would require City staff to review trip patterns off of the driver manifests including location of pick up/drop off, and date and time. Another option would be to expand the scope of service to operate as a general public dial-a-ride.

Marketing

Fortuna utilizes a combination of printed and electronic methods in marketing its services to the community. One the principal marketing tools is the City's Web site (<http://ca-fortuna.civicplus.com/index.aspx?NID=98>). The Web site contains general information about the service including eligibility requirements, hours of operations, reservation protocol and fares.

The webpage also contains a links to PDF files that contain additional information about the service including a letter to riders and an emergency information form.

Additional marketing and advertising is conducted through local newspaper ads and Park and Recreation Department news releases. Another possible marketing approach would be through the proposed electronic sign to be installed at Rohner Park. During lunch breaks, drivers park the vehicles in a visible spot in public view. There is currently no advertising on the buses. The City did not current any passenger surveys during the audit period.

General Administration and Management

The City of Fortuna was incorporated as a city in 1906 being governed by the City Council. In 1977, the City, by ordinance, established the current Council-Manager form of government. Fortuna is a Charter City and the City Council is City's main legislative body comprised of five elected members. The City Council is vested with all the regulatory and corporate powers of a municipal corporation provided for by state law governing charter cities. Council members serve staggered four-year terms and municipal elections are held during even-numbered years. The Mayor and Vice Mayor are selected from amongst the council membership and serve for two-year terms. The City Council meets on the first and third Monday of the month at 6:00 p.m. in the Fortuna City Council Chambers located at 621 11th Street.

The City Manager as the chief administrative officer oversees the operations of City departments and services. Fortuna Senior Bus is administered by the Parks and Recreation Department from an office at Rohner Park. The Recreation Office Supervisor oversees the transit staff and operations. The Senior Citizens Bus Monthly Transportation Report is included in the Parks and Recreation Department monthly report to the City Council.

Grants Management

The City of Fortuna relies on several grants and other funding mechanisms to support its transit system. These grant sources are derived from state and federal programs. Pursuant to TDA, the City receives Local Transportation Fund (LTF) proceeds and the State Transit Assistance (STA) Fund. The majority of TDA funding received is used for operating expenses. The Finance Department completes the City's annual TDA claim for submittal to HCAOG. LTF revenues claimed during the audit period were \$352,181 (including \$154,925 for street and roads) in FY 2011; \$355,626 (including \$167,497 for street and roads) in FY 2012; and \$359,240 (including \$154,838 for street and roads) in FY 2013. The STA funds claimed were \$6,600 in FY 2011 and \$605 in FY 2012, which have been applied toward capital expenses. Federal grants are primarily derived from the FTA Section 5310 program. In FY 2012, Fortuna received \$51,315 in FTA Section 5310 grant funds toward the procurement of a vehicle.

Section VI

Findings

The following summarizes the major findings obtained from this Triennial Audit covering fiscal years 2011 through 2013. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance requirements pertaining to Fortuna, the operator fully complied with eight out of nine requirements. The transit system was in partial compliance with its submittal of the annual State Controller Report; the reports were submitted to the State but not to HCAOG. Two additional compliance requirements did not apply to Fortuna (e.g. urban & blended farebox recovery ratios).
2. Based on the Annual Fiscal and Compliance Audits, the farebox recovery ratio for Fortuna Senior Bus remained above the required 10 percent. The average farebox recovery attained during the audit period was 12.7 percent.
3. The City of Fortuna participates in the CHP Biennial Inspection of Terminals (BIT) program in which the CHP conducts inspections of Fortuna's transit vehicles on a two-year cycle. Satisfactory ratings were made for all inspections conducted during the audit period.
4. The operating budget exhibited notable fluctuations during the audit period. The budget decreased 25.9 percent in FY 2011 attributed to reductions in transit personnel and compensation. The FY 2012 operating budget increased due to salaries, benefits, department supplies and vehicle repairs. During FY 2013, the budget decreased 5.1 percent.
5. Fortuna implemented two out of the three prior audit recommendations with regard to record actual pick-up and drop-off times on the driver schedule sheets and increasing farebox recovery. The recommendation not implemented concerns discrepancies between the data reported on the State Controller Report and the Monthly Transportation Report.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, decreased 4.2 percent systemwide from \$34.86 in FY 2010 to \$33.40 in FY 2013. This trend is consistent with the decrease of Fortuna Senior Bus' operating costs of 16.7 percent during the period (based on audited data), and the decrease in vehicle service hours of 13.1 percent between FY 2010 and FY 2013.
7. Operating cost per passenger, an indicator of cost effectiveness, decreased 25.5 percent systemwide from \$11.12 in FY 2010 to \$8.28 in FY 2013. As noted above, Fortuna's operating costs decreased 16.7 percent during the period; however, the Senior Bus ridership increased

- 11.8 percent during the period from 9,648 passengers in FY 2010 to 10,785 passengers in FY 2013.
8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 28.6 percent between FY 2010 and FY 2013 systemwide from 3.1 passengers per hour to 4 passengers per hour. The trend in this indicator reflects notable increase in ridership on the demand response services while vehicle service hours decreased.
 9. Farebox recovery exhibited an overall increase of 50.6 percent between FY 2010 and FY 2013 systemwide from 9.51 percent in FY 2010 to 14.32 percent based on audited data. Farebox recovery declined by 8 percent between FY 2011 and FY 2012 in conjunction with the initial fare increase as passenger fares declined 5.5 percent. From FY 2011 through FY 2012, passenger fares increased 8.4 percent in passenger fares.
 10. In an effort to augment passenger revenues and attain farebox recovery, Fortuna implemented two fare increases during the period. The first increase took effect on July 1, 2012 and the second increase took effect on July 1, 2013. Although passenger trips and revenues saw initial declines in FY 2012, these indices recovered in FY 2013.
 11. Vehicle maintenance is conducted at the City's Corporation Yard located at 190 Dinsmore Road. The facility contains two service bays and is staffed by two mechanics. One mechanic is assigned to maintain the three Senior Bus vehicles. Vehicles undergo maintenance inspections every 90-days.
 12. Dispatching is conducted on a manual basis, although the City has expressed interest in acquiring a computerized dispatching and scheduling software program. The dispatcher takes reservation requests upon demand. The dispatcher is on duty from 9:00 a.m. to 3:00 p.m.
 13. Staffing of the Senior Bus service is comprised of one full-time driver (40 hours per week); one part-time driver (29 hours per week); one part-time dispatcher; one full-time office supervisor; and one full-time mechanic. To save on operating costs in FY 2011, the City replaced one full time bus driver with a part time position working three-quarters time (32 hours a week) in August 2010.
 14. Fortuna utilizes a combination of printed and electronic methods in marketing its services to the community. One the principal marketing tools is the City's Web site (<http://ca-fortuna.civicplus.com/index.aspx?NID=98>). Additional marketing and advertising is conducted through local newspaper ads and Park and Recreation Department news releases.
 15. Fortuna Senior Bus is administered by the Parks and Recreation Department from an office at Rohner Park. The Recreation Office Supervisor oversees the transit staff and operations. The Senior Citizens Bus Monthly Transportation Report is included in the Parks and Recreation Department monthly report to the City Council.

Recommendations

1. Conduct a check of fare revenue and operations data in the State Controller Report.

This recommendation is carried over from the prior audit. Since differences in annual fare revenue between the Transit Operators Financial Transactions (SCO) Report prepared by the Finance Department, and the Monthly Transportation Report prepared by the Parks and Recreation Department remain, it is suggested that there be a check by the Parks and Recreation Director of the Transit Operators Financial Transactions Report prior to submittal to the State Controller.

A review of the SCO reports submitted during the audit period showed continued slight variances in the data. This has been attributed to the departure of the Finance Director as well as to how multi-pass sale revenues are accounted for. The data compiled by the Parks and Recreation Department showed higher revenues compared to Finance Department figures due in large part to differences in recording of fare revenue by each department. Finance records fare revenue based on when deposits occur while Parks and Recreation tracks fare revenue based on when they are collected on the bus and/or when punch cards are sold. It is suggested that the Parks and Recreation Department provide oversight with regard to the accuracy of data being reported on the SCO report.

2. Consider other service provision options that will ensure farebox recovery attainment.

The Fortuna Senior Bus operates within the city limits as a demand response service to seniors 50 years of age and older and persons with disabilities. The FY 2011/12-2015/16 TDP for Humboldt County provided a recommendation that Fortuna Senior Bus evolve into a general public Dial-a-Ride service that would capture a larger transit market. Also, the City could accommodate higher demand without increasing total annual operating hours above current service levels. This could be achieved through a modification of current service allowing for the bus to pick up passengers at predetermined locations and times, similar to fixed route, then functioning as a dial-a-ride and dropping off the passengers at their homes. This would require City staff to review trip patterns off of the driver manifests including location of pick up/drop off, and date and time.

In addition, the City may wish to consider operating a shuttle service once a week to major shopping centers in Eureka such as the Bayshore Mall as another means to boost farebox recovery and expand market share. The shuttle could be offered using savings in vehicle service hours from enforcement of a cancellation and no show policy for dial-a-ride.

3. Formalize and implement no-show and cancellation policies.

The City tracks cancellations, trip denials and no-shows on the Monthly Transportation Report. Data trends are provided for the month and year-to-date with along with prior year data. The number of cancellations and no-shows has increased significantly during the audit period. The number of cancellations has shown the most significant increase. The City

currently does not have a formal cancellation policy, but will send a follow up letter to customers whose incidences of cancelled trips are excessive. No-shows and cancellation pose challenges to on-time performance and overall system efficiency. It is suggested that the City formalize and implement no-show and cancellation policies that will clearly spell out steps of enforcement for those passengers who are habitual offenders with an eye toward further educating riders of the detriments and service inefficiencies caused by late cancellations and no shows.

4. Conduct regular passenger surveys to gauge customer satisfaction and service needs.

It was revealed during the audit process that the City has not conducted any passenger surveys. A survey conducted annually or bi-annually, would allow the City to gauge passenger needs and sentiments with regard to the transit service. The survey could capture valuable demographic information on riders as well as trip patterns, thoughts on bus amenities, new service areas and marketing feedback.