

FY 2008-2010 TRIENNIAL PERFORMANCE AUDIT OF FORTUNA SENIOR TRANSIT BUS PROGRAM



SUBMITTED TO
HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS



MAY 2011

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) has engaged PMC to conduct a performance audit of the Fortuna Senior Transit Bus Program (Fortuna Senior Transit) covering the most recent triennial period, fiscal years 2007-08 through 2009-10. 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 transit 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.

Background

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.

As a Council-Manager form of government, the five-member City Council serves as the main legislative body. Each member serves a four-year term and elections are held every two years. The Mayor and Mayor Pro Tem are selected by the Council, who hold those offices for a two year term. The City Manager oversees the operations of City departments and services. Fortuna Senior

Transit is administered and operated by the City's Parks and Recreation Department, with the Department's Director serving as the Transit Manager.

Fortuna is located 14 miles south of the county seat of Eureka along the U.S. 101 Highway corridor. The City has a total area of 4.8 square miles. Based on the 2010 California Department of Finance estimates, Fortuna's population currently has 11,345 residents.

Overview of the Transit System

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 budget limitations, the Saturday service was temporarily suspended for FYs 2010 and 2011. 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

A fare of \$1.25 is charged per trip. For multiple trips, a punch card is available for purchase for \$20.00 that allows for 20 trips at a reduced price. 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 utilizes three Ford Aerotech cutaway buses in its transit bus program. The buses were purchased in 2001, 2003 and 2006, with the 2001 bus serving as a spare vehicle. Each bus is a 14 passenger vehicle and can accommodate up to two wheelchairs per trip which conforms to the requirements of the Americans with Disabilities Act (ADA) of 1990 in regards to accessibility. The City has submitted a federal transit grant through the FTA 5310 program to acquire a smaller 8-passenger bus with accommodations for two wheelchairs. The smaller vehicle responds to the ridership trend and potential savings on capital cost, fuel and maintenance expenses.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of the City 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 updated 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 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. 30), or 110 days (Oct. 20) if filed electronically (internet).	Public Utilities Code, Section 99243	Completion/submittal dates (internet filing): FY 2008: October 2, 2008 FY 2009: September 28, 2009 FY 2010: September 24, 2010 Conclusion: Complied
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 2008: October 16, 2008 FY 2009: November 6, 2009 FY 2010: October 28, 2010 Conclusion: Complied
The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator’s compliance with Vehicle Code	Public Utilities Code, Section 99251 B	The City of Fortuna participates in the CHP Biennial Inspection of Terminals (BIT) Program in which the CHP conducts

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Section 1808.1 following a CHP inspection of the operator's terminal.		<p>inspections every two years. Copies of certificates were submitted to the auditor for review.</p> <p>Inspection dates applicable to the audit period were: December 14, 2006, and April 29, 2010. City vehicle maintenance staff indicated that the CHP did not conduct an inspection in 2008 due to staff turnover at the particular CHP department. During the 2010 inspection, the CHP inspector acknowledged it was the CHP not being able to provide the personnel to conduct the inspection.</p> <p>Conclusion: Partial Compliance</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 Funds are submitted in compliance with rules and regulations adopted by HCAOG. HCAOG staff provides assistance as needed to the City in completing the claim.</p> <p>Conclusion: Complied</p>
If an operator service urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at	Public Utilities Code, Section 99270.1	Fortuna Senior Transit only serves a non-urbanized area and is not subject to this requirement.

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
least equal to the ratio determined by the rules and regulations adopted by the RTPA.		Conclusion: Not Applicable
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).	Public Utilities Code, Sections 99266	Percentage increase in the Fortuna Senior Transit operating budget: FY 2007: 7.1% FY 2008: - 5.6% FY 2009: 4.4% Source: FY 2008-2010 Fiscal Audits. Conclusion: Complied
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.	Public Utilities Code, Section 99247	A check of performance data through fiscal audits, driver logs and weekly performance reports shows consistency with the Public Utilities Code. Conclusion: Complied
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	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1.	Fortuna Senior Transit only serves a non-urbanized area and is not subject to this requirement. Conclusion: Not Applicable

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.		
If the operator serves a rural area, 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 fare ratios using audited data are as follows: FY 2008: 11.09% FY 2009: 11.31% FY 2010: 9.51% The FY 2010 farebox ratio was not met. Source: FY 2008-2010 Fiscal Audits. Conclusion: Partial Compliance
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 MOU between the City and the Fortuna Employees Association, which covers bus drivers and vehicle mechanics, among other personnel, includes provisions for retirement benefits. The City agrees to provide PERS 2.7% at 55 benefit, while employees represented by the Association pay their required PERS member contribution. 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)	As a recipient of State Transit Assistance Funds, the City of Fortuna does not utilize federal funding for operations. However, the City does apply for federal grant funding for capital procurement, including for vehicle replacement. Conclusion: Complied

Findings and Observations from Operator Compliance Requirements Matrix

1. Fortuna has fully complied with 7 of the 11 TDA compliance requirements. The City was in partial compliance with the farebox recovery ratio and for the CHP terminal inspections, although the City was at no fault for failing to have an inspection conducted in 2008 due to turnover within the CHP department area. Two compliance requirements were not applicable to Fortuna Senior Transit (urbanized farebox ratios).
2. For the CHP inspections that did occur, the CHP BIT terminal reports submitted for review were found to be satisfactory.
3. Operating costs fluctuated slightly during the audit period and accounted for some expenditure changes in labor, supplies and vehicle maintenance. Transit costs decreased between FY's 2008 and 2009 primarily due to reduction in fuel costs. The audited costs were generally lower than budgeted expenses.
4. Based on the Annual Fiscal and Compliance Audits, the City's farebox recovery ratio remained above the required 10 percent for FYs 2008 and 2009, but fell below the requirement in FY 2010. As the transit system missed the farebox ratio in the past, non-compliance with the recent farebox ratio results in a penalty of LTF funds in a future claim, as noted in the fiscal audit prepared by a CPA firm for HCAOG. A recommendation is made in this audit for the city to focus on efforts to improve the farebox and notify HCAOG of its activities.

Section III

Prior Triennial Performance Recommendations

The City'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 the agency'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

The expenses reported in the State Controller's Report should not include the HTA assessment.

Actions taken by the City of Fortuna:

The SCO reports for Fortuna Senior Transit had previously included the City's TDA contribution to HTA for intercity service operating through Fortuna, reporting the contribution as both a revenue and an expense. This did not fairly represent the finances of the bus program. The Finance Director made this correction beginning with the FY 2009 State Controller's Report by deleting these entries.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 2

The Daily Preventative Maintenance and Weekly Performance sheet should be revised to capture revenue service hours, revenue service miles, total service hours and total service miles. Electronic copies of the Daily Preventive Maintenance and Weekly Performance sheet should be kept for a minimum of three years.

Actions taken by the City of Fortuna:

Beginning in 2008, the Daily Preventative Maintenance and Weekly Performance sheet was revised and separated into two to make room for the recording of revenue service data. The Weekly Performance sheet was expanded to include both revenue and total hours and mileage. Starting and ending time and mileage for revenue service are recorded on a daily basis by the driver. Revenue hours are recorded separately from total employee hours worked. The separate Daily Preventative Maintenance sheet was also updated and is turned in with the performance sheet.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 3

The reporting of the Employee Full-Time Equivalents should be calculated on paid employee work hours and personnel allocations as outlined in the City of Fortuna Budget.

Actions taken by the City of Fortuna:

The annual budget for Fortuna Senior Transit provides an allocation of staff time for the transit program. The allocation is shown in FTE equivalents for each personnel. Although TDA requires FTEs to be derived using pay hours and then dividing by 2,000 hours, the city budget already prepares staffing levels using a similar methodology. Full time bus drivers are assigned as full time equivalents, while other staff are assigned partial FTEs based on their projected workload dedicated to Fortuna Senior Transit. The City Finance staff indicated that the differences in methodology would be minimal.

Conclusion:

This recommendation no longer applies, as the current FTE method used by the City provides a fairly accurate figure.

Prior Recommendation 4

The City of Fortuna should implement a program of periodic driver safety training and annual evaluation.

Actions taken by the City of Fortuna:

The City has undertaken several steps to enhance its driver training and evaluation program. An annual evaluation is conducted that covers key performance areas including safety and sensitivity awareness, customer service, and overall driving skills. Drivers attend weekly safety training meetings that are held jointly by the public works and parks and recreation departments. Sensitivity training is provided, as well as CPR training by an outside entity. Random drug and alcohol testing are also conducted to meet the requirements which are confirmed through the clean CHP inspection reports. The City also joined CalAct, as recommended by the prior recommendation, to gain access to peer agencies and resources including the Rural Transit Assistance Program (RTAP) program for further training and evaluation.

Conclusion:

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews Fortuna Senior Transit 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.

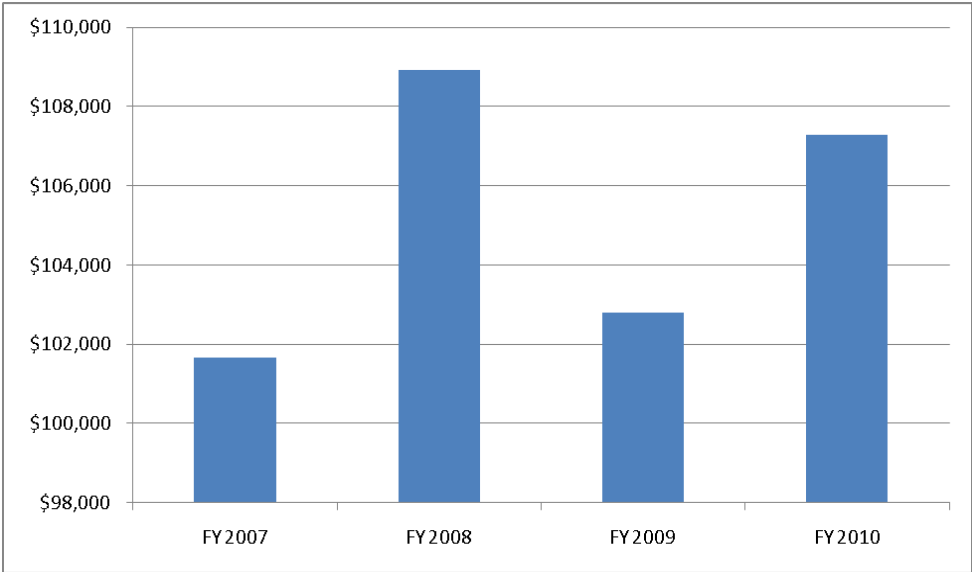
**Table IV-1
Fortuna Senior Transit Performance Indicators**

Performance Data and Indicators	FY 2007	Audit Period			% Change FY 2007-2010
		FY 2008	FY 2009	FY 2010	
Operating Cost	\$101,657	\$108,909	\$102,785	\$107,274	5.5%
Total Passengers	14,491	12,020	11,114	9,648	-33.4%
Vehicle Service Hours	2,480	3,183	3,062	3,077	24.1%
Vehicle Service Miles	32,959	31,290	25,960	25,779	-21.8%
Employee FTE's	4	3	4	4	0.0%
Passenger Fares	\$9,552	\$11,988	\$11,628	\$10,198	6.8%
Operating Cost per Passenger	\$7.02	\$9.06	\$9.25	\$11.12	58.5%
Operating Cost per Vehicle Service Hour	\$40.99	\$34.22	\$33.57	\$34.86	-14.9%
Operating Cost per Vehicle Service Mile	\$3.08	\$3.48	\$3.96	\$4.16	34.9%
Passengers per Vehicle Service Hour	5.8	3.8	3.6	3.1	-46.3%
Passengers per Vehicle Service Mile	0.44	0.38	0.43	0.37	-14.9%
Vehicle Service Hours per Employee	620.0	1,061.0	765.5	769.3	24.1%
Average Fare per Passenger	\$0.66	\$1.00	\$1.05	\$1.06	60.4%
Fare Recovery Ratio	9.40%	11.01%	11.31%	9.51%	1.2%

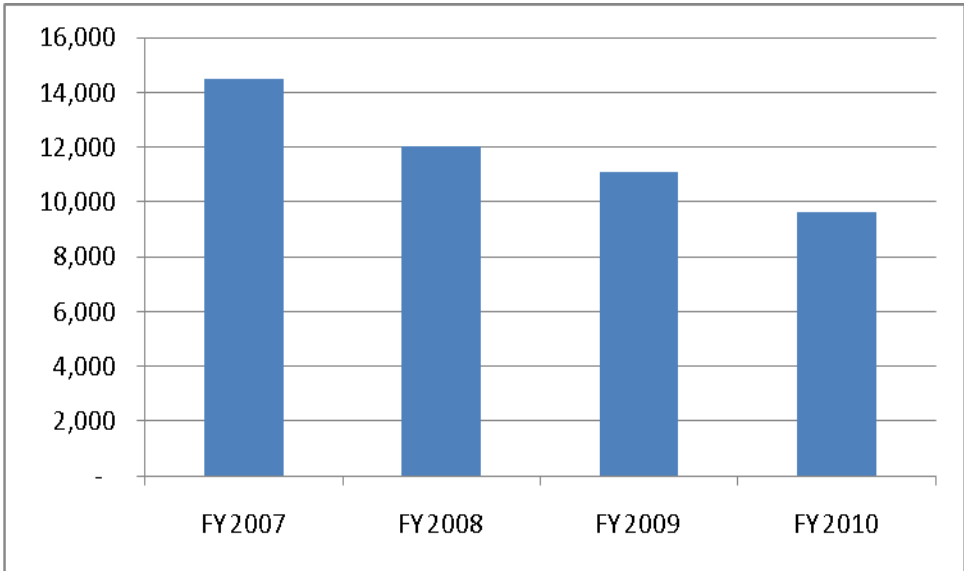
*Operating Costs & Passenger Fare figures are audited data

Source: State Controller Report, Senior Citizens Bus Monthly Transportation Report, Annual Fiscal Audit

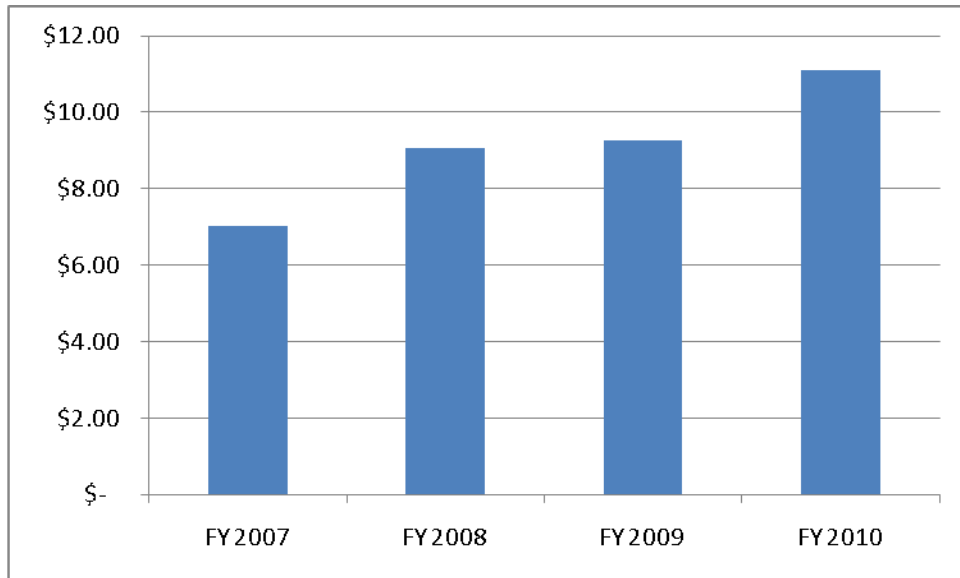
**Graph IV-1
Operating Costs**



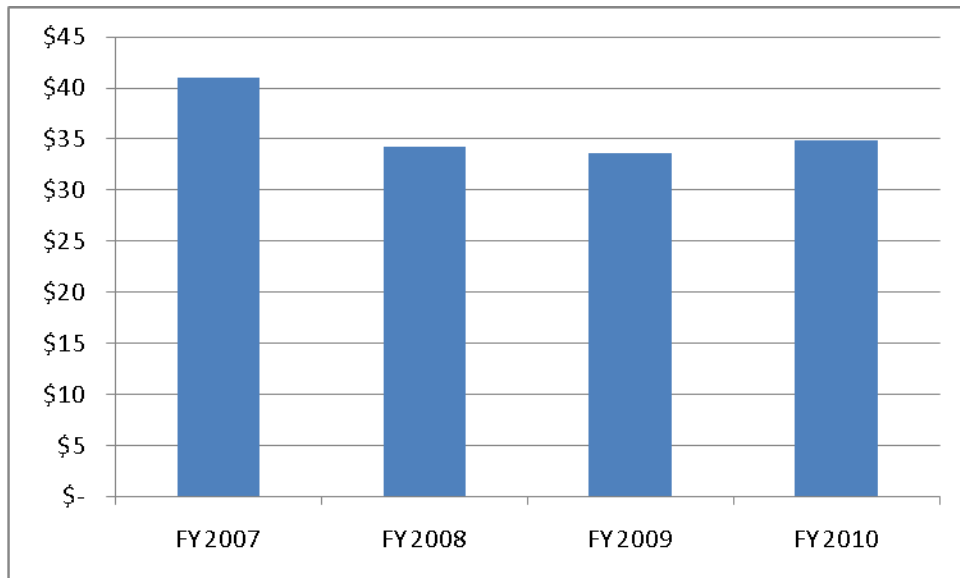
**Graph IV-2
Ridership**



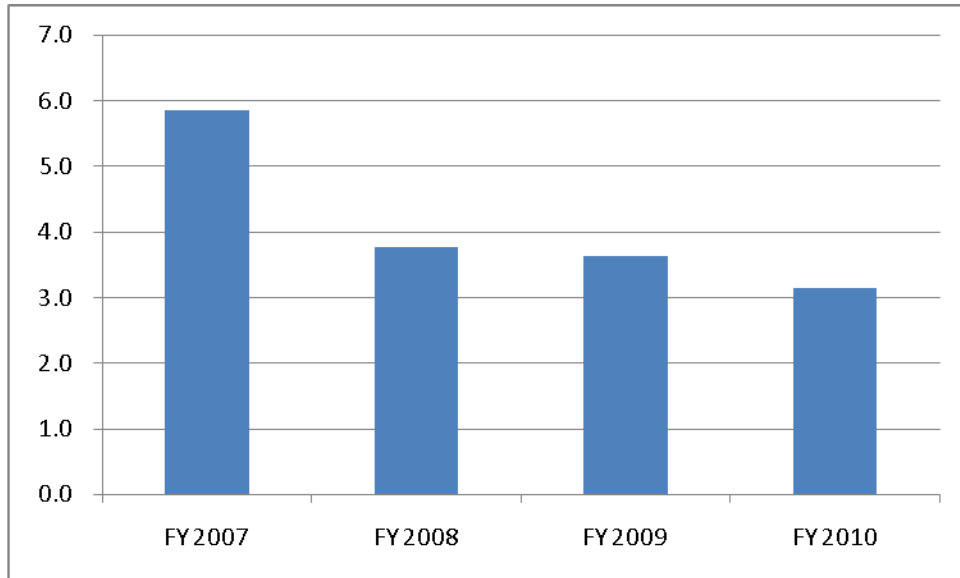
**Graph IV-3
Operating Cost per Passenger**



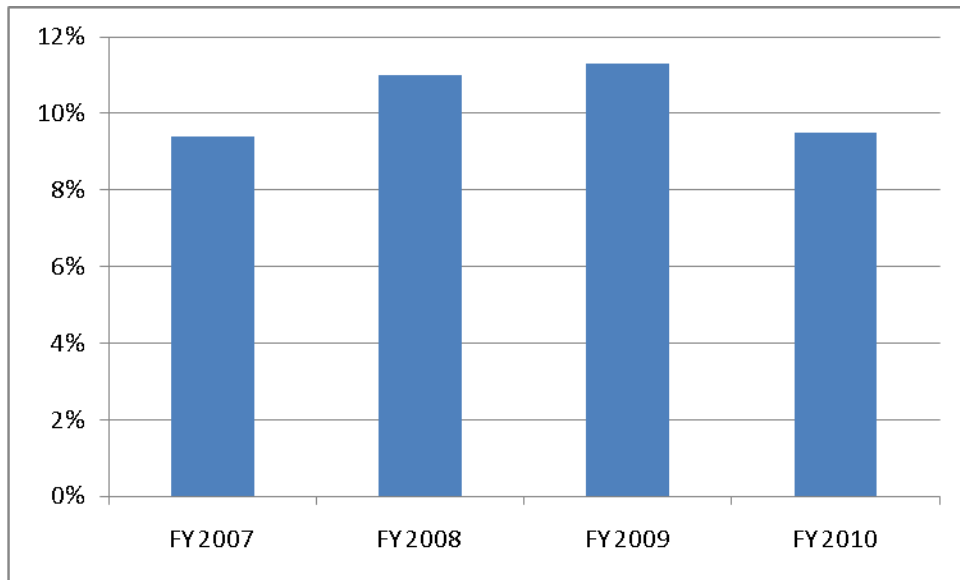
**Graph IV-4
Operating Cost per Vehicle Service Hour**



**Graph IV-5
Passengers per Vehicle Service Hour**



**Graph IV-6
Fare Recovery Ratio**



Findings from Verification of TDA Performance Indicators

It is noted that the performance indicator trends relative to service hours and miles are skewed due to the change in the collection of revenue service data towards the end of the audit period. Only total hours and miles were collected through FY 2008. In FYs 2009 and 2010, both revenue and total hours and miles were collected through implementation of a prior audit recommendation. When compared to the base year of FY 2007, the three year trends are affected by the differences between total and revenue service data. The performance data using revenue service data is compliant with the TDA definitions.

1. **Operating cost per vehicle service hour**, an indicator of cost efficiency, decreased 15 percent systemwide from \$40.99 in FY 2007 to \$34.86 in FY 2009. This indicates cost efficient service. Operating costs increased by 5.5 percent which was slightly higher than the rate of inflation of 4.2 over the last three years. Service hours increased 24 percent during the audit period which resulted in the decrease in the cost per hour.
2. **Operating cost per passenger**, an indicator of cost effectiveness, increased nearly 59 percent from \$7.02 in FY 2007 to \$11.12 in FY 2010. This increase was larger than the inflation rate of 4.2 percent over the last three years. Although cost were relatively stable, ridership declined 33 percent during the period from 14,491 passengers in FY 2007 to 9,648 passengers in FY 2010.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, declined 46 percent between FY 2007 and FY 2010 from 5.8 passengers per hour to 3.1 passengers per hour. The relatively large decrease in ridership in FY 2010 adversely impacted this trend due to the suspension of Saturday service. The ridership decrease, combined with the increase in vehicle hours when compared to FY 2007, resulted in a significant decline in this performance indicator.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, declined 15 percent between FY 2007 and FY 2010 from 0.44 to 0.37. The declining trend for this indicator is not as dramatic as that for passengers per hour due to both ridership and service miles declining during the audit period. As discussed above, the use of revenue miles in FYs 2009 and 2010 provide a depiction of this indicator using the correct information.
5. **Vehicle service hours per employee** increased 24.1 percent between FYs 2007 and FY 2010 from 620 to 769 hours. This reflects the productivity of existing resources in relation to growth in the number of service hours. The indicator peaked in FY 2008 at 1,061 hours per employee before declining due to the shift from total hours to revenue hours. Although the city budget showed that there were 3.04 full time equivalents to operate Fortuna Senior Transit, the State Controller Report rounds up to the nearest full number and thus showing 4 FTEs.

6. **Farebox recovery** exhibited an increase then a decrease during the audit period. The growth in the farebox ratio in FYs 2008 and 2009 was attributed in part to the fare increase, although ridership dropped during the same years. With increases in costs between FYs 2009 and 2010, coupled with decreases in ridership and fare revenue, the farebox ratio fell below the 10 percent TDA requirement in FY 2010.

Conclusion from the Verification of TDA Performance Indicators

The performance indicators for Fortuna Senior Transit reflect a fairly stable service from a cost perspective. The City has taken further steps to reduce cost in FY 2011 from the conversion of a full time driver to a part time driving position. Ridership trends during the audit period showed a decrease in spite of a leveling of revenue hours and miles over the last few years. Passenger loads have decreased as a result of the ridership decline, which includes the suspension of Saturday service in FY 2010. However, ridership data after the audit period in FY 2011 shows a turnaround increase in passengers from previous months.

The fare revenue decrease of over 12 percent between FYs 2009 and 2010 has followed the pattern of declining ridership as several regular riders have stopped using the service for varied reasons. For a small system such as Fortuna's, this change in ridership has impacted the performance indicators for the service as it has contributed to the cause for the farebox ratio to decline below the TDA threshold. The decline would generally result in a penalty withholding of LTF funds in a future claim (FY 2011-12) of the difference between the fare revenues required to meet the 10 percent ratio, and the actual audited fare revenues. The FY 2010 fiscal audit has determined the penalty amount to be \$530.

Continued development of performance indicators using revenue hours and miles will help provide an improved monitoring tool and trends to the City Transit Manager. These indicators show the productivity of Fortuna Senior Transit during actual in-service times, and will help to identify service needs.

Data Consistency

In a review of consistency among data reporting for Fortuna Senior Transit, fiscal year-end performance data was compared between various sources including the annual State Controller Report, the annual Fiscal and Compliance Audit, and the Senior Citizens Bus Monthly Transportation Report. Performance data reviewed included operating costs, fare revenue, ridership, vehicle revenue service hours, and vehicle revenue service miles. Only those sources that contain the specific information are shown. Table IV-2 shows the side-by-side comparison during the audit period (FYs 2008, 2009, and 2010).

Some discrepancies exist between the data sources. For example, fare revenues are consistently reported higher in the State Controller and fiscal audit reports in comparison to the fiscal year-end fare revenues in the Monthly Transportation Report maintained by the Parks and Recreation Department. The annual difference has been between \$2,500 and \$2,800. Discussions with the

City Finance Director indicate that the audited data is drawn from actual fares collected and reported in the general ledger. As punch passes are only sold by the driver or at the Parks and Recreation Office, the Parks and Recreation monthly transportation report should be able to capture all fares and punch passes sold. Further investigation as to this discrepancy is needed.

Operating cost differences between the State Controller Report and the fiscal audits are due to final adjustments made in the audited figures. The differences are relatively minor. Service data among the reports including for passengers and hours have become more consistent the past two years, although differences exist in the revenue miles data between the monthly report and State Controller Report. The State Controller Report also has incomplete entries for passengers and miles during the audit period. It is recommended that the Transit Manager conduct a review of the State Controller's Report prepared by the Finance Department before it is submitted to the State to assure that all required transit information is documented and is consistent with the Parks and Recreation Monthly Transportation Report.

**Table IV-2
Data Consistency Review**

TDA Statistic	Source	Audit Review Period		
		FY 2008	FY 2009	FY 2010
Operating Costs	Annual Fiscal Audit	\$108,909	\$102,785	\$107,274
	State Controller Report	\$107,028	\$100,947	\$105,481
Unlinked Passengers	Monthly Transportation Report	12,020	11,114	9,648
	State Controller Report	11,066	11,114	N/A
Vehicle Service Hours	Monthly Transportation Report	3,183	3,062	3,077
	State Controller Report	3,715	3,062	3,077
Vehicle Service Miles	Monthly Transportation Report	31,290	25,960	23,040
	State Controller Report	N/A	N/A	25,779
Passenger Fares	Monthly Transportation Report	\$9,150	\$8,815	\$7,733
	Annual Fiscal Audit	\$11,988	\$11,628	\$10,198
	State Controller Report	\$11,988	\$11,628	\$10,198

Section V

Review of Operator Functions

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

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

Operations and Planning

Fortuna Senior Transit is operated using two zones as general guidance, encompassing a north zone and a south zone. Both zones have about equal ridership bases and are developed for service efficiency and effectiveness reasons. Depending on the trip requests, however, the two vehicles can go anywhere within the city limits. Although ridership has declined due to various factors including the economy, clientele lifestyle changes, and possibly the fare increase, the City does not envision expanding the bus system into a general public service, as was recommended in the previous Short Range Transit Plan. There has not been an unmet transit need for a general public paratransit service within the city.

A fare increase of 25 cents was implemented in FY 2007-08 to counter the decline in the farebox ratio, as Fortuna Senior Transit had fallen below its minimum 10 percent farebox requirement the previous two fiscal years. The increase was able to bring the service back above the minimum level, although ridership also declined. The economic recession was also beginning which likely had some impact on ridership levels. The City Transit Manager stated that ridership was affected by the decline in use by a core group of at least five individuals who were daily riders. With a small service, a change in use by a small group can have a major impact.

Trip denials are logged in the Weekly Performance Sheet. A review of sample performance sheets indicates that most denials occur on Fridays, with few others spread during other weekdays. The Transit Manager indicated that these denials are generally the result of request for Saturday service that is temporarily suspended, or are last minute requests that can not be accommodated. The number of denials relative to the total trips provided is minimal. Also, no shows, which affect productivity, are not an issue based on the sample performance sheets provided by the City.

Drivers keep a pick-up schedule that is preformatted into 15 minute increments during the hours of 8:30 a.m. to 4:00 p.m. During these increments, the rider's name and location/landmark are written. While on-time performance could be measured within these 15-minute windows, the

actual pick up and drop off times are not noted in the schedule. Actual pick-up and drop-off times provide additional information on the patterns of trip making, and help determine vehicle loads at a given time. Given the relatively short radius of the city and current loads, this additional data might not be as critical. However, the recording of actual pick-up times is a gauge of performance and can also protect the service from client disputes about the trip.

Daily fare revenue deposit forms are completed by the driver and 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.

HTA's Regional Transit Service intercity bus makes 9 stops in and near Fortuna, allowing for potential connections between Fortuna Senior Transit and the RTS. However, very few transfers occur as the local ridership on the Senior Bus which are seniors and disabled typically stays within the City for services.

Some interest has been expressed to extend the service beyond the city limits to capture additional demand in the adjacent outlying areas. This is a topic that will require further study and discussion with other entities including the County, HTA, and HCAOG. Some intercity paratransit type service is already being provided by the Area 1 on Aging with medical trips being made between Fortuna and Eureka.

Maintenance

The three vehicles in the transit fleet are maintained by city mechanics in the Corporation Department. 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.

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. The new inspection report was implemented at the same time of the adjustments to the Weekly Performance Sheet. Fueling is provided by Renner Petroleum through a county procurement program that the city participates in.

Marketing

The Parks and Recreation Department circulates flyers and notices to its clients about the service. Several are available, including a Letter to Riders describing the specifics on how to use the service, a notice reminding riders to cancel their reservations when the trip is no longer needed, and a general flyer providing operating hours and the fares. The department also provides a Senior Bus Rider Emergency Information sheet for the rider to fill in emergency contact information. After completion, this contact sheet is either returned back to the driver or mailed in for record keeping. These flyers and sheets are also available on the City website.

The current rider database is between 180 and 200 customers. If a customer has not ridden the bus in quite some time, the dispatcher will call to check up on the person. Increased calls to senior rest homes have resulted in additional sign ups for the service. One particular senior center registered many clients for the bus service after outreach by the Parks and Recreation Department. The Transit Manager and a bus driver also make presentations to various interested audiences, including to a senior mobile home park.

Additional marketing and advertising is conducted through local newspaper ads. During lunch breaks, drivers park the vehicles in a visible spot in public view. The City also provides transit information on its Web site (<http://friendlyfortuna.com/index.aspx?nid=98>). The flyers and emergency contact sheets are available as PDF downloads.

General Administration and Management

According to the city budgets, Fortuna Senior Transit staffing levels remained the same during the three year audit period. There were two full time bus drivers, a part-time driver, and part-time allocations for an administrative assistant, dispatcher and mechanic for a total of 3.04 full time equivalents. The Director of the Parks and Recreation Department, who also serves as the Transit Manager, is not allocated to the bus program, thus there is some under-representation of full staffing of the transit system in the budget.

To save on operating costs in FY 2011 (beyond the audit period), the City replaced one full time bus driver with a part time position working three-quarters time (32 hours a week) in August 2010. The change is to reflect current ridership and fare recovery figures. Current bus driver staffing includes 1 full time and two part time drivers. Some personnel changes among the bus driver ranks also occurred over the past year which has improved customer service, according to staff.

The Senior Citizens Bus Monthly Transportation Report is included in the Parks and Recreation Department monthly report to the City Council. The bus monthly report includes a summary of the service data collected for the system including ridership, punchcards sold, wheelchair riders, hours, miles, fuel consumed and hours worked. Weekday and Saturday totals are separated along with comparisons of the data to the same month a year ago, the previous month, and year-to-date. Another summary report is prepared that shows fiscal year-end data by month for passengers, fares paid, punchcards sold, and total fare revenues.

Section VI

Findings and Recommendations

The following material summarizes the major findings obtained from this Triennial Audit covering FY's 2008 through 2010. A set of recommendations is then provided.

Triennial Audit Findings

1. Fortuna has fully complied with 7 of the 11 TDA compliance requirements. The City was in partial compliance with the farebox recovery ratio and for the CHP terminal inspections, although the City was at no fault for failing to have an inspection conducted in 2008 due to turnover within the CHP department area. Two compliance requirements were not applicable to Fortuna Senior Transit (urbanized farebox ratios).
2. For the CHP inspections that did occur, the CHP Biennial Inspection of Terminals reports submitted for review were found to be satisfactory.
3. Operating costs fluctuated slightly during the audit period and accounted for some expenditure changes in labor, supplies and vehicle maintenance. Transit costs decreased between FY's 2008 and 2009 primarily due to reduction in fuel costs. The audited costs were generally lower than budgeted expenses. Further cost reductions are made including the conversion of one full time position to part time which also reflects the trend in ridership and farebox recovery.
4. Based on the Annual Fiscal and Compliance Audits, the City's farebox recovery ratio remained above the required 10 percent for FYs 2008 and 2009, but fell below the requirement in FY 2010. As the transit system already missed the farebox ratio in the past, non-compliance with a subsequent farebox ratio results in a penalty of LTF funds. In this case, the penalty would be in a future TDA claim (FY 2011-12) to HCAOG of the difference between the fare revenues required to meet the 10 percent ratio, and the actual audited fare revenues. As noted in the FY 2010 fiscal audit prepared by a CPA, the penalty amount is determined to be \$530.
5. The City has implemented three of the four prior performance audit recommendations. One prior recommendation relating to the reporting of full time equivalent staffing for Fortuna Senior Transit no longer applied.
6. As a result of adjustments to the performance data made by the City over the past two years in response to prior recommendations, some of the data trends using vehicle hours and miles of service are skewed. However, other trends such as declining ridership but relatively stable costs and revenues provide other depictions of the service. More recent ridership data after the audit period in FY 2011 shows a turnaround increase in passengers from previous months.

7. A fare increase of 25 cents was implemented in FY 2007-08 to counter the decline in the farebox ratio, as Fortuna Senior Transit had fallen below its minimum 10 percent farebox requirement the previous two fiscal years. The increase was able to bring the service back above the minimum level.

Triennial Audit Recommendations

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

Given the differences in annual fare revenue between the State Controller Office Report prepared by the Finance Department, and the Monthly Transportation Report prepared by the Parks and Recreation Department, there should be a check by the Parks and Recreation Director of the State Controller Report prior to submittal to the State. Since the differences tend to be similar each year, the State Controller Report may be including an additional revenue source that the Monthly Transportation Report is not accounting for. Other operations data such as ridership and vehicle service miles has been missing from the SCO report as well which should be completed. The internal review process could 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.

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

This activity will provide data to further analyze trip patterns and passenger loads. While the current pick-up schedule sheet is divided into 15 minute increments, the recording of in-vehicle times using actual pick-up and drop-off times will 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 provide 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.

3. Focus on activities to improve the farebox recovery ratio.

The city has taken steps to reduce cost in FY 2010-11 by changing staffing classifications. Also, recent ridership numbers are appearing to be above those from the same time a year ago. While this ridership pattern may continue, the city should actively focus on activities that could sustain the ridership gains, including enhancing customer service such as assuring on-time pick ups and drop offs and recording these times in the trip log, 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.

Part of the marketing effort could focus on identifying subscription trips where groups of riders are picked up on a regular basis several times a week and could become a larger part of the service. This increases the revenue base as more regular riders participate in the service.

In some instances, the agency from where the subscription trips originated might subsidize the trips and is accounted for as fares. Recently, Fortuna Senior Services, Area 1 Agency on Aging and Fortuna Parks and Recreation are making effort to spread the word about low cost transportation for seniors, and creating a plan to introduce news riders onto the service.