FINAL REPORT
JUNE 2019

Fresno Council of Governments
City of Fresno

Triennial Performance Audit FY 2015/16 - FY 2017/18

moore & associates

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Chapter 1
Executive Summary

In 2018, the Fresno Council of Governments (Fresno COG) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the four transit operators to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to complete an independent audit on a three-year cycle in order to maintain TDA funding eligibility. Audits of Article 8 recipients are encouraged.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Fresno (Fresno Area Express) as a public transit operator, providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three fiscal years. In addition to assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates TDA funds.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the City of Fresno's (Fresno Area Express) public transit program for the period Fiscal Year 2015/16 through Fiscal Year 2017/18.

Service Overview

The City of Fresno operates Fresno Area Express, which includes 16 fixed routes. The service operates within Fresno city limits. Service is available on weekdays from 6:00 a.m. through 1:00 a.m., and weekends from 6:00 a.m. through 8:00 p.m. The service does not operate on designated holidays.

The City also operates Q, a bus rapid transit service of approximately 16 miles along Blackstone Avenue, serving key shopping centers, hospitals, and other significant locations. Fare is the same price as FAX's fixed-route service. Fares are purchased prior to boarding.

Handy Ride is a curb-to-curb ADA complementary paratransit service available to eligible persons with disabilities who cannot use the FAX fixed-route service. Trips are provided on a first-come, first-served basis. Requests for service may be made one to two days in advance.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. Moore & Associates believes the evidence obtained provides a reasonable basis for our findings and conclusions.

This audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Follow-up of prior report recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

Test of Compliance

The City of Fresno (Fresno Area Express) met the test of compliance with respect to all Transportation Development Act (TDA) regulations.

Status of Prior Recommendations

1. Ensure that FTE data for Handy Ride paratransit are reported in the State Controller's Report.

   Status: Implemented.

2. Provide Title VI Policy documentation in Spanish.

   Status: Implemented.

Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and a review of program compliance and function, Moore & Associates submits no compliance findings for the City of Fresno.

Moore & Associates has identified two functional findings. While these findings do not affect TDA compliance, we believe they warrant inclusion within this audit:

1. The City does not report local supplementation separate from fare revenue in its TDA fiscal audits.
2. Financial and FTE operating data is reported inconsistently.

Exhibit 1.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Clarify the source of all funds being counted as farebox revenue in the TDA fiscal audit.	High	FY 2019/20
2	Ensure data is reported consistently and accurately.	Medium	FY 2019/20

Chapter 2
Review Scope and Methodology

The Triennial Performance Audit (TPA) of the City of Fresno's (Fresno Area Express) public transit program covers the three-year period ending June 30, 2018. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain TDA funding eligibility.

In 2018, the Fresno Council of Governments (Fresno COG) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the four transit operators to which it allocates TDA funding. Moore & Associates is a consulting firm specializing in public transportation. Selection of the consultant followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Fresno (Fresno Area Express) as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each transit operator to which it allocates TDA funds.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require the audit team plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. Moore & Associates believes the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Audit Standards* published by the U.S. Comptroller General.

Objectives

A Triennial Performance Audit has five primary objectives:

1. Assess compliance with TDA regulations;
2. Review improvements subsequently implemented as well as progress toward adopted goals;
3. Review the accuracy of data reporting;
4. Evaluate the efficiency and effectiveness of the transit operator; and
5. Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.

Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the City of Fresno (Fresno Area Express) included five tasks:

1. A review of compliance with TDA requirements and regulations.
2. An assessment of the implementation of recommendations contained in prior performance audits.
3. A verification of the methodology for calculating performance indicators including the following activities:
    - Assessment of internal controls,
    - Test of data collection methods,
    - Calculation of performance indicators, and
    - Evaluation of performance.
4. Examination of the following functions:
    - General management and organization;
    - Service planning;
    - Scheduling, dispatching, and operations;
    - Personnel management and training;
    - Administration;
    - Marketing and public information; and
    - Fleet maintenance.
5. Conclusions and recommendations to address opportunities for improvement based upon analysis of the information collected and the audit of the transit operator's major functions.

Methodology

The methodology for the Triennial Performance Audit of the City of Fresno (Fresno Area Express) included thorough review of documents relevant to the scope of the audit, as well as information contained on the City's website. The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit report for the prior audit period;
- Monthly performance reports;
- State Controller Reports;
- NTD reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- Accident/road call logs;
- Customer complaint logs;
- Short Range Transit Plan; and
- Organizational chart.

The methodology for this review included a site visit to the City of Fresno's transit operations and maintenance facility (2223 G Street, Fresno) on February 22, 2019. The site visit included interviews with Gregory Barfield (Transportation Director), Melissa Almaguer (Training Officer), Brian Barr (Assistant Director), Rudy Castro (Maintenance Manager), Darlene Christiansen (Business Manager), Belinda McMillan Haener (Administrative Manager), Carolina Ilic (Planning Manager), Jeff Long (Senior Regional Planner), and Joe Vargas (Operations Manager). The site visit also included a tour of the FAX operations and maintenance facility and an observation of the Handy Ride operations and storage facility (4488 N. Blackstone Ave., Fresno).

This report is comprised of eight chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the review and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
    - Compliance with statutory and regulatory requirements,
    - Progress in implementing prior recommendations,
    - Data analysis,
    - Performance measures and trends,
    - Functional audit, and
    - Findings and recommendations.

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Chapter 3
Program Compliance

This section examines the City of Fresno's (Fresno Area Express) compliance with the Transportation Development Act as well as relevant sections of the California Code of Regulations. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. The Fresno Council of Governments considers full use of funds under California Code of Regulations (CCR) 6754(a) as referring to operating funds but not capital funds. The TPA findings and related comments are delineated in Exhibit 3.1.

Compliance was determined through discussions with City of Fresno (Fresno Area Express) staff as well as a physical inspection of relevant documents including the fiscal audits for each year of the triennium, TDA claim forms, State Controller annual filings, California Highway Patrol terminal inspections, year-end performance reports, and other compliance-related documentation.

The City of Fresno (Fresno Area Express) met the test of compliance with respect to all Transportation Development Act (TDA) regulations.

Recent Changes Regarding Compliance

Two changes specific to the TDA and TDA funding went into effect beginning July 1, 2016. The first change was an amendment to the Public Utilities Code specific to the definition of operating cost and what costs can be excluded. It should be noted that many of the exclusions pertain only to *changes* in certain costs, either over the prior year or beyond the change in the Consumer Price Index. They do not apply to *all* costs related to specified exclusion categories.

Senate Bill 508, dated October 9, 2015, amended Section 99268.17 to read as follows:

> ***99268.17*** *(a) Notwithstanding subdivision (a) of Section 99247, the following costs shall be excluded from the definition of "operating cost" for the purposes of calculating any required ratios of fare revenues to operating cost specified in this article:*
>
> *(1) The additional operating costs required to provide comparable complementary paratransit service as required by Section 37.121 of Title 49 of the Code of Federal Regulations, pursuant to the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 120101 et seq.), as identified in the operator's paratransit plan pursuant to Section 37.139 of Title 49 of the Code of Federal Regulations that exceed the operator's costs required to provide comparable paratransit service in the prior year as adjusted by the Consumer Price Index.*
>
> *(2) Cost increases beyond the change in the Consumer Price Index for all of the following:*
>
> *(A) Fuel.*
> *(B) Alternative fuel programs.*
> *(C) Power, including electricity.*

(D) Insurance premiums and payments in settlement of claims arising out of the operator's liability.
(E) State and federal mandates.

(3) Startup costs for new services for a period of not more than two years.

(b) The exclusion of costs from the definition of operating costs in subdivision (a) applies solely for the purpose of this article and does not authorize an operator to report an operating cost other than as defined in subdivision (a) of Section 99247 or a ratio of fare revenue to operating cost other than as that ratio is described elsewhere in this article, to any of the following entities:

(1) The Controller pursuant to Section 99243.
(2) The entity conducting the fiscal audit pursuant to Section 99245.
(3) The entity conducting the performance audit pursuant to Section 99246.

The second change, also contained within Senate Bill 508, related to the type of funds that can be used to supplement farebox revenue. Prior to this bill, "local funds" was defined as "revenues derived from taxed imposed by the operator or by a county transportation commission." Senate Bill 508 amended Section 99268.19 to read:

99268.19 *If fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost required by this article, an operator may satisfy that requirement by supplementing its fare revenues with local funds. As used in this section, "local funds" means any non-federal or non-state grant funds or other revenues generated by, earned by, or distributed to an operator.*

This expanded definition opens up new revenue sources that can be used to offset farebox shortfalls. Applicable revenues include funds received through advertising, interest income, sale of surplus vehicles, and other such sources. While these funds are no longer limited to those generated by local taxes, they cannot be state or federal funds.

Another change affected the submittal deadline for the State Controller's Transit Operators Financial Transaction Report. Beginning with Fiscal Year 2016/17, the submittal deadline was changed from 110 days following the end of the fiscal year (typically October 18-20) to seven months following the end of the fiscal year (January 31). The original submittal deadline was in force during reporting for FY 2015/16, while the new deadline was utilized for FY 2016/17 forward.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance	FY 2015/16: October 18, 2016 FY 2016/17: January 30, 2018 FY 2017/18: January 25, 2019
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	In compliance	FY 2015/16: March 30, 2017 FY 2016/17: March 30, 2018 FY 2017/18: March 31, 2019
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	G Street (FAX): February 4, 2015 (Unsatisfactory) June 12, 2015 April 8, 2016 April 6, 2017 May 10, 2018 Blackstone (Handy Ride): September 28, 2015 October 14, 2016 October 20, 2017 October 22, 2018
Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.	PUC 99261	In compliance	
If 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.	PUC 99270.1	Not applicable	
An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.	PUC 99405	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).	PUC 99266	In compliance	FY 2015/16: +3.08% FY 2016/17: -11.09% FY 2017/18: -0.32% *Source: TDA Claims FY 2016 – FY 2018.*
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	Potential finding	Discuss FTE methodology during site visit

Compliance Element	Reference	Compliance	Comments
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	In compliance	FY 2015/16: 20.00% FY 2016/17: 20.00% FY 2017/18: 20.00% *Source: TDA fiscal audits, FY 2016 – FY 2018.*
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).	PUC 99268.2, 99268.4, 99268.5	Not applicable	
For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.	PUC 99268.5, CCR 6633.5	Not applicable	
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 for 40 years.	PUC 99271	In compliance	The City of Fresno has a self-funded retirement system: the City of Fresno Retirement Systems (CFRS).
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.	CCR 6754 (a) (3)	In compliance	As a recipient of State Transit Assistance funds, the City of Fresno is making full use of federal funds available under the Federal Transit Administration. FY 2015/16: $8,821,004 (operating) $1,834,425 (capital) FY 2016/17: $7,100,814 (operating) $28,055,680 (capital) FY 2017/18: $12,350,277 (operating) $18,262,382 (capital)
In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for capital purposes per a sliding scale.	PUC 99314.6	In compliance	

Compliance Element	Reference	Compliance	Comments
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	In compliance	

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Chapter 4
Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the City of Fresno (Fresno Area Express) has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior audit – completed in January 2017 by Michael Baker International for the three fiscal years ending June 30, 2015 – included two recommendations:

1. Ensure that the FTE data for Handy Ride paratransit are reported in the State Controller's Report.

   Discussion: This recommendation is carried forward from the prior audit. The audit acknowledges the enhanced procedures FAX has developed in tracking and reporting FTEs for its paratransit operations. An FTE is derived by dividing total employee work hours by 2,000. FAX should include the count of contracted employees (e.g., drivers, supervisors, and administrative managers). Preparation of the Transit Operators Financial Transactions Report has become more automated. The Finance Department created an Access database application that allows data to be pulled directly from PeopleSoft. The Finance Department completes the State Controller's Report, with FAX performing a final review before submittal. However, FTE data in the Transit Operators Financial Transactions Reports for fixed-route and specialized service continued to be omitted. It is suggested that FAX's administration work closely with its Support Services Division, the Handy Ride contract operator, and the Finance Department to ensure that the data are compiled and verified for insertion in the report.

   Progress: Employee data were reported within both State Controller Reports (General and Specialized Services) for all three years of the audit period.

   Status: Implemented.

2. Provide title VI Policy documentation in Spanish.

   Discussion: Pursuant to the federal Civil Rights Act of 1964, the City adopted a Title VI Program for FAX. Title VI of the Civil Rights Act requires that no person in the United States, on the grounds of race, color, or national origin, be excluded from, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. Program compliance includes Title VI notices and complaint forms posted on the transit website. However, the auditor could not find Title VI information and complaint forms provided in Spanish.

Title VI provisions include a Limited English Proficiency (LEP) Plan to help identify reasonable steps to provide language assistance for LEP persons seeking meaningful access to FAX services as required by Executive Order 13166. Based on the latest federal Census data, approximately 42.4 percent of Fresno residents age 5 years and older speak a language other than English at home. More specifically, approximately 29 percent of Fresno residents age 5 years and older are Spanish-speaking. Therefore, it is recommended the City make available the Title VI Plan, procedures, and complaint form in Spanish.

Progress: During the site visit, the City noted its Title VI policy information in Spanish has been in its monthly fare guide dating back to August 2008. A review of the rider guide showed the Notice to the Public to be in Spanish, but not the policy document. A bilingual complaint form and a Policy and Procedure document in Spanish are provided on the FAX website.

Given the scope of the Title VI Program document (132 pages inclusive of graphics, maps, and charts) and its use primarily as a planning document, we do not believe it is necessary to translate the full Title VI Plan into Spanish provided the notices, policies and procedures, and complaint forms are provided in Spanish.

Status: Implemented.

Chapter 5
Data Reporting Analysis

An important aspect of the Triennial Performance Audit process is assessing how effectively and consistently the transit operator reports performance statistics to local, state, and federal agencies. Often as a condition of receipt of funding, an operator must collect, manage, and report data to different entities. Ensuring such data are consistent can be challenging given the differing definitions employed by different agencies as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported by the City of Fresno (Fresno Area Express) to the State Controller and Federal Transit Administration specific to the audit period. Submissions to these entities were included within the State Controller's Transit Operators Financial Transactions Report (TOR) and the National Transit Database (NTD) report, respectively.

Exhibit 5.1 provides a comparison between performance data reported within the TOR and NTD reports for the current audit period (ending FY 2015/16 through FY 2017/18) and the data reported via monthly performance reports and TDA fiscal audits.

- **Operating Cost:** Operating cost was consistent between the Transit Productivity Evaluation and the NTD report. These reports are likely completed around the same time. The State Controller Report was largely consistent with these two reports in FY 2015/16, but differed by 1.1 percent in FY 2016/17 and by -1.4 percent in FY 2017/18. Operating cost as reported in the TDA fiscal audit was generally slightly lower than that reported elsewhere.
- **Fare Revenue:** In FY 2015/16, fare revenue was consistent between the NTD and State Controller Reports, with the Transit Productivity Evaluation reporting a slightly lower figure and the TDA fiscal audit reporting a figure 4.3 percent higher than the State Controller Report. In FY 2016/17, the data was inconsistent, with the Transit Productivity Evaluation reporting the lowest figure and the TDA fiscal audit the highest. In FY 2017/18, the Transit Productivity Evaluation, NTD report, and State Controller Report were consistent, and the TDA fiscal audit reported a much higher figure (52.8 percent higher).
- **Vehicle Service Hours:** In FY 2015/16 and FY 2016/17, VSH as reported in the Transit Productivity Evaluation were slightly higher than that reported elsewhere. In FY 2017/18, all three figures were reported consistently.
- **Vehicle Service Miles:** In FY 2015/16, VSM as reported in the Transit Productivity Evaluation were slightly higher than that reported elsewhere. In FY 2016/17 and FY 2017/18, all three figures were reported consistently.
- **Passengers:** In FY 2016/17, passengers as reported in the Transit Productivity Evaluation were slightly lower than that reported elsewhere. In FY 2015/16 and FY 2017/18, all three figures were reported consistently.
- **Full-time Equivalents:** In FY 2015/16, FTE reported to the State Controller was higher than that calculated using the TDA methodology. However, no Handy Ride FTE data was provided for that year. In FY 2017/18, FTE reported to the State Controller was also higher than that calculated using data provided by the City. The reason for the difference is unknown.

Exhibit 5.1 Data Reporting Consistency

Performance Measure	System-Wide		
	FY 2015/16	FY 2016/17	FY 2017/18
Operating Cost (Actual $)			
TDA fiscal audit	$40,836,781	$43,460,817	$48,597,372
Transit Productivity Evaluation	$42,552,214	$44,298,113	$49,183,953
National Transit Database	$42,552,214	$44,298,113	$49,183,953
State Controller Report	$42,552,885	$44,780,030	$49,113,082
Fare Revenue (Actual $)			
TDA fiscal audit	$8,167,356	$8,692,163	$9,719,474
Transit Productivity Evaluation	$7,698,751	$7,762,508	$6,362,993
National Transit Database	$7,832,679	$7,899,676	$6,362,993
State Controller Report	$7,832,656	$8,228,050	$6,362,992
Vehicle Service Hours (VSH)			
Transit Productivity Evaluation	427,407	437,025	478,911
National Transit Database	426,165	439,025	478,911
State Controller Report	426,165	439,025	478,911
Vehicle Service Miles (VSM)			
Transit Productivity Evaluation	5,038,377	5,123,199	5,550,287
National Transit Database	5,028,083	5,123,203	5,550,287
State Controller Report	5,028,083	5,123,203	5,550,287
Passengers			
Transit Productivity Evaluation	10,874,392	9,820,801	9,963,828
National Transit Database	10,874,403	9,822,823	9,963,828
State Controller Report	10,874,403	9,822,823	9,963,828
Full-Time Equivalent Employees			
State Controller Report	386	381	463
Per TDA methodology	303	381	450

Chapter 6
Performance Analysis

Performance indicators are typically employed to quantify and assess the efficiency of a transit operator's activities. Such indicators provide insight into current operations as well as trend analysis of operator performance. Through a review of indicators, relative performance as well as possible inter-relationships between major functions is revealed.

The Transportation Development Act (TDA) requires recipients of TDA funding to track and report five performance indicators:

- Operating Cost/Passenger,
- Operating Cost/Vehicle Service Hour,
- Passengers/Vehicle Service Hour,
- Passengers/Vehicle Service Mile, and
- Vehicle Service Hours/Employee.

To assess the validity and use of performance indicators, the audit team performed the following activities:

- Assessed internal controls in place for the collection of performance-related information,
- Validated collection methods of key data,
- Calculated performance indicators, and
- Evaluated performance indicators.

The procedures used to calculate TDA-required performance measures for the current triennium were verified and compared with indicators included in similar reports to external entities (i.e., State Controller and Federal Transit Administration).

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667[1]. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excludes the following:

[1] CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

Vehicle Service Hours and Miles

Vehicle Service Hours (VSH) and *Miles* (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.[2] For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

Passenger Counts

According to the Transportation Development Act, *total passengers* is equal to the total number of unlinked trips (i.e., those trips that are made by a passenger that involve a single boarding and departure), whether revenue-producing or not.

Employees

Employee hours is defined as the total number of hours (regular or overtime) which all employees have worked, and for which they have been paid a wage or salary. The hours must include transportation system-related hours worked by persons employed in connection with the system (whether or not the person is employed directly by the operator). Full-Time Equivalent (FTE) is calculated by dividing the number of person-hours by 2,000.

Fare Revenue

Fare revenue is defined by California Code of Regulations Section 6611.2 as revenue collected from the farebox plus sales of fare media. (Fare revenue does not include additional local revenues that can be used to supplement the farebox recovery ratio.)

[2] A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

TDA Required Indicators

To calculate the TDA indicators for the City of Fresno (Fresno Area Express), the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via TDA fiscal audits for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported to the State Controller and NTD and was determined to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare Revenue data were obtained via TDA fiscal audits for each fiscal year covered by this audit. Fare revenue from the reports is consistent with TDA guidelines.
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. Data from these reports were then compared with information included within the City's monthly performance data summary reports. The Town's calculation methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via State Controller Reports for each fiscal year covered by this audit. Data from these reports were then compared with information included within the City's monthly performance data summary reports. This methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller reports for each fiscal year covered by this audit. Data from these reports were then compared with information included within the City's monthly performance data summary reports. The City's calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) methodology was provided by the City and is consistent with the TDA definition (hours worked divided by 2,000).

System Performance Trends

Operating cost increased between FY 2012/13 and FY 2017/18, exhibiting a 6.5 percent net increase, with the most significant increases during the audit period. Fare revenue decreased by 22.8 percent in FY 2017/18, ending the six-year period with a net decrease of 35.5 percent.

System-wide Vehicle Service Hours (VSH) saw a net increase of 13.8 percent across the six-year period. Vehicle Service Miles (VSM) saw an increase of 12.0 percent during the same period, with the most significant increases for both metrics taking place in FY 2017/18. Ridership experienced a net decrease of 21.4 percent across the six-year period, declining each year except for FY 2017/18.

Cost-related performance indictors increased during the current audit period, indicating reduced cost-efficiency. System-wide unaided farebox recovery declined across the audit period. Passengers per VSH and VSM decreased along with an overall ridership decrease, indicating a decline inn productivity.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Operating Cost (Actual $)	$46,324,867	$42,995,209	$42,905,840	$42,552,885	$44,780,030	$49,113,082
Annual Change		*-7.2%*	*-0.2%*	*-0.8%*	*5.2%*	*9.7%*
Fare Revenue (Actual $)	$9,861,676	$9,052,442	$8,800,100	$7,832,656	$8,246,050	$6,362,992
Annual Change		*-8.2%*	*-2.8%*	*-11.0%*	*5.3%*	*-22.8%*
Vehicle Service Hours (VSH)	420,972	424,927	429,036	426,165	439,025	478,911
Annual Change		*0.9%*	*1.0%*	*-0.7%*	*3.0%*	*9.1%*
Vehicle Service Miles (VSM)	4,956,175	4,959,487	5,017,673	5,028,083	5,123,203	5,550,287
Annual Change		*0.1%*	*1.2%*	*0.2%*	*1.9%*	*8.3%*
Passengers	12,646,247	12,266,372	11,573,862	10,874,403	9,822,823	9,963,828
Annual Change		*-3.0%*	*-5.6%*	*-6.0%*	*-9.7%*	*1.4%*
Employees	331	382	385	386	381	463
Annual Change		*15.4%*	*0.8%*	*0.3%*	*-1.3%*	*21.5%*
Performance Indicators						
Operating Cost/VSH (Actual $)	$110.04	$101.18	$100.01	$99.85	$102.00	$102.55
Annual Change		*-8.1%*	*-1.2%*	*-0.2%*	*2.2%*	*0.5%*
Operating Cost/Passenger (Actual	$3.66	$3.51	$3.71	$3.91	$4.56	$4.93
Annual Change		*-4.3%*	*5.8%*	*5.6%*	*16.5%*	*8.1%*
Passengers/VSH	30.04	28.87	26.98	25.52	22.37	20.81
Annual Change		*-3.9%*	*-6.5%*	*-5.4%*	*-12.3%*	*-7.0%*
Passengers/VSM	2.55	2.47	2.31	2.16	1.92	1.80
Annual Change		*-3.1%*	*-6.7%*	*-6.2%*	*-11.3%*	*-6.4%*
Farebox Recovery	21.3%	21.1%	20.5%	18.4%	18.4%	13.0%
Annual Change		*-1.1%*	*-2.6%*	*-10.3%*	*0.0%*	*-29.6%*
Hours/Employee	1,271.8	1,112.4	1,114.4	1,104.1	1,152.3	1,034.4
Annual Change		*-12.5%*	*0.2%*	*-0.9%*	*4.4%*	*-10.2%*
TDA Non-Required Indicators						
Operating Cost/VSM	$9.35	$8.67	$8.55	$8.46	$8.74	$8.85
Annual Change		*-7.2%*	*-1.4%*	*-1.0%*	*3.3%*	*1.2%*
VSM/VSH	11.77	11.67	11.70	11.80	11.67	11.59
Annual Change		*-0.9%*	*0.2%*	*0.9%*	*-1.1%*	*-0.7%*
Fare/Passenger	$0.78	$0.74	$0.76	$0.72	$0.84	$0.64
Annual Change		*-5.4%*	*3.0%*	*-5.3%*	*16.5%*	*-23.9%*

Sources: FY 2012/13 – FY 2014/15 data from prior Triennial Performance Audit.
FY 2015/16 – FY 2017/18 data from State Controller Reports.

Exhibit 6.2 System Ridership

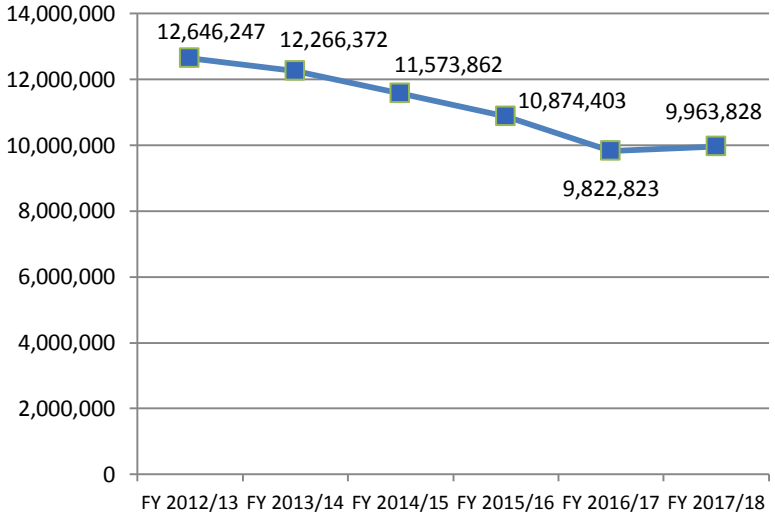


Exhibit 6.3 System Operating Cost/VSH

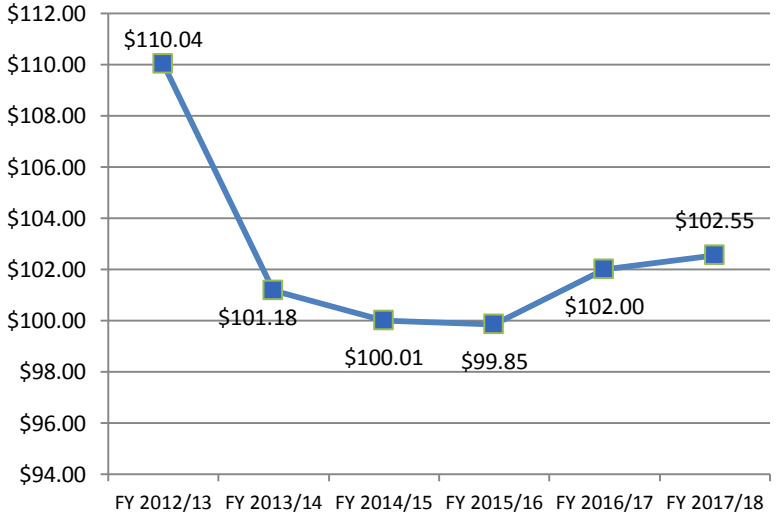


Exhibit 6.4 System Operating Cost/VSM

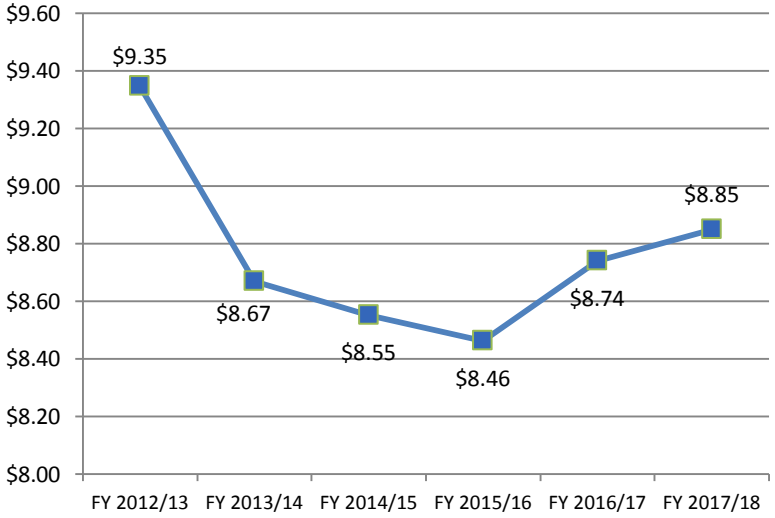


Exhibit 6.5 System VSM/VSH

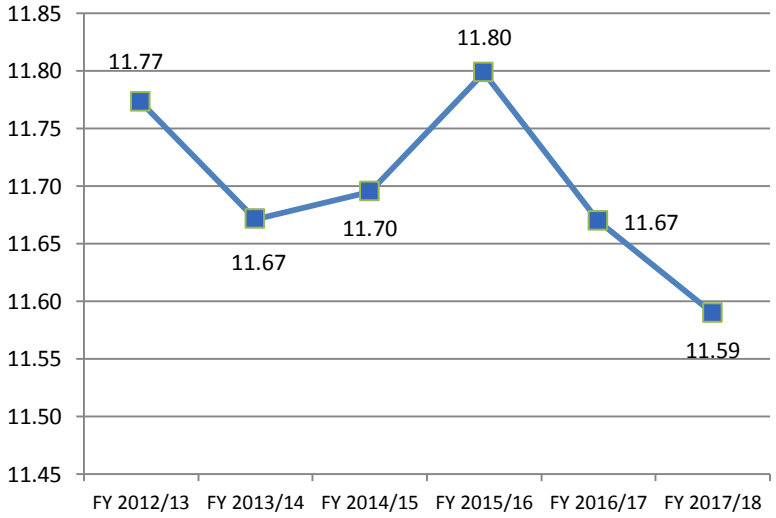


Exhibit 6.6 System Operating Cost/Passenger

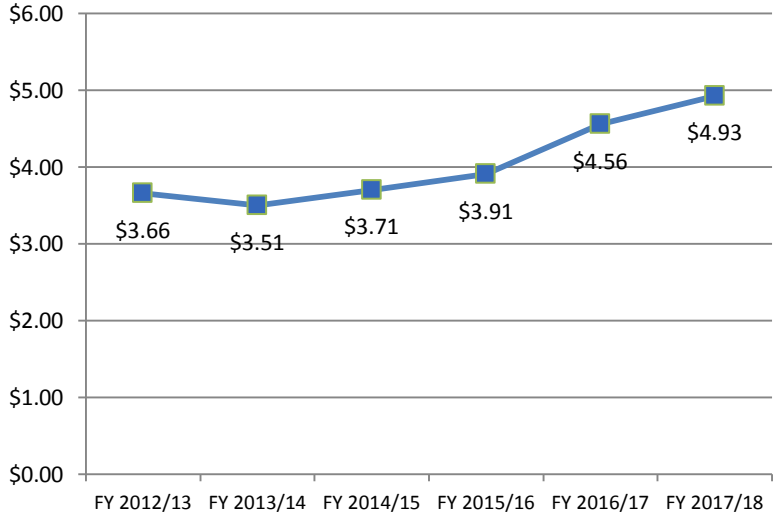


Exhibit 6.7 System Passengers/VSH

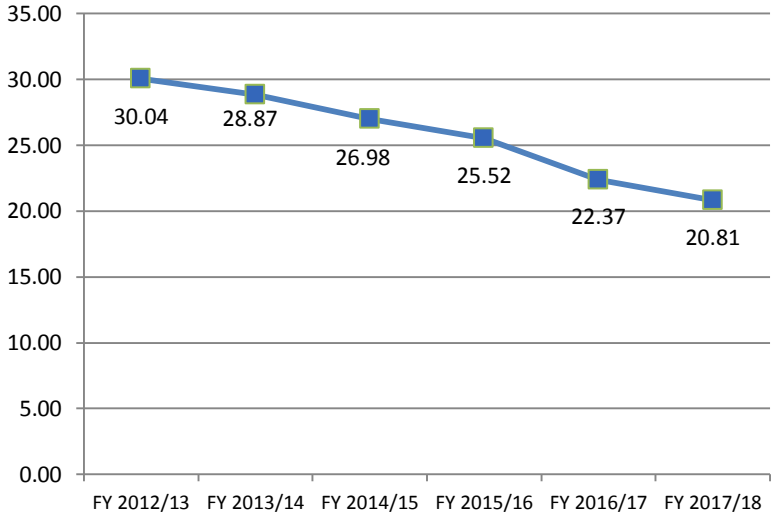


Exhibit 6.8 System Passengers/VSM

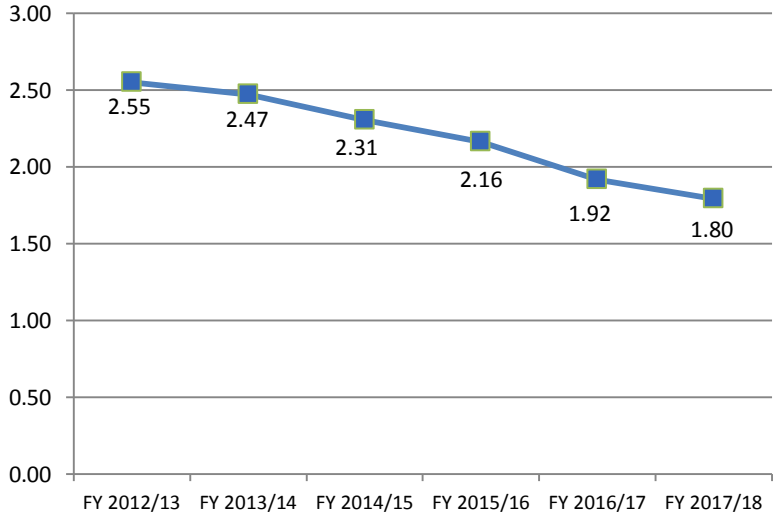


Exhibit 6.9 System VSH/FTE

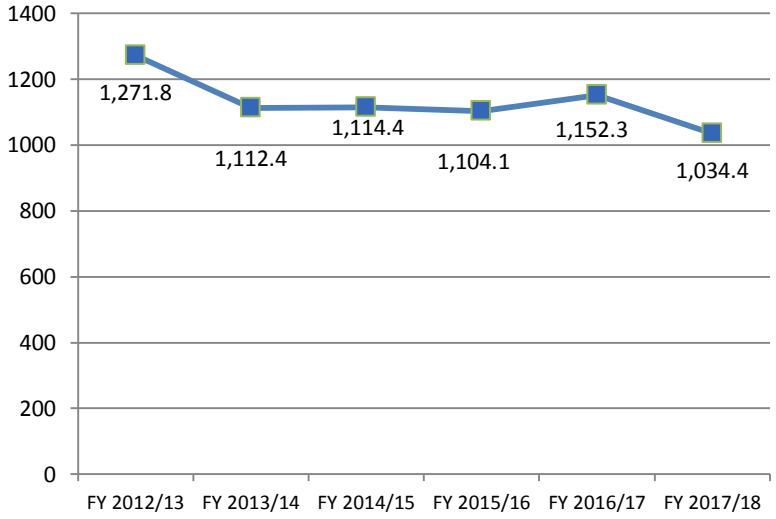


Exhibit 6.10 System Farebox Recovery

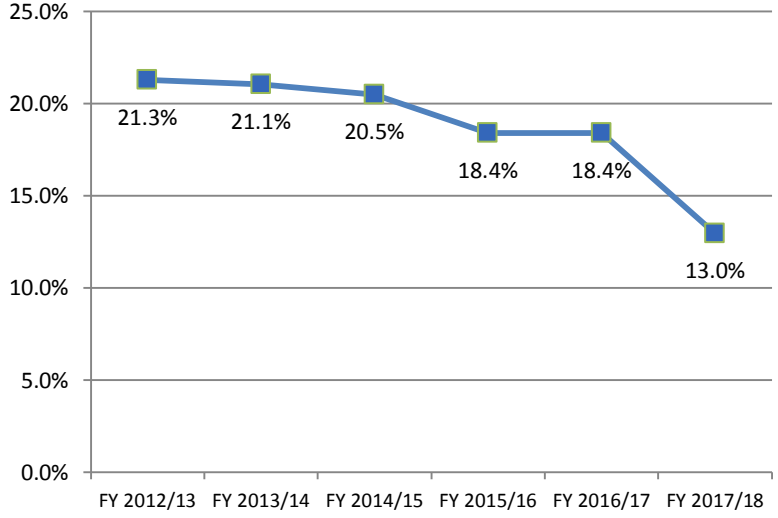
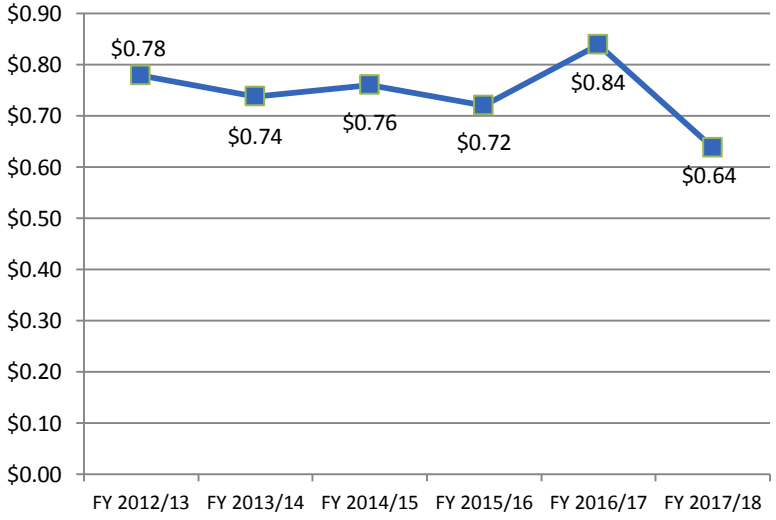


Exhibit 6.11 System Fare/Passenger



Fixed-Route Service

Operating cost increased between FY 2012/13 and FY 2017/18, exhibiting a 4.2 percent net increase. Fare revenue decreased the most in FY 2017/18 (24.0 percent), ending the six-year period with a net decrease of 36.7 percent.

Fixed-Route Vehicle Service Hours (VSH) saw a net increase of 14.1 percent across the six-year period with the most significant increase of 9.9 percent occurring in FY 2017/18. Vehicle Service Miles (VSM) also saw noticeable change between FY 2012/13 and FY 2017/18, with an increase of 12.3 percent overall. The greatest change (9.4 percent increase) occurred during FY 2017/18. Ridership experienced a net decrease of 21.6 percent across the six-year period.

Cost-related performance indictors generally increased during the current audit period. Fixed-Route unaided farebox recovery declined across the audit period. Passengers per VSH and VSM decreased as well due to lower ridership and increased operating cost.

Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Operating Cost (Actual $)	$40,237,044	$37,102,165	$35,917,527	$36,168,032	$38,204,510	$41,912,926
Annual Change		*-7.8%*	*-3.2%*	*0.7%*	*5.6%*	*9.7%*
Fare Revenue (Actual $)	$9,590,617	$8,777,903	$8,501,278	$7,575,581	$7,986,636	$6,068,175
Annual Change		*-8.5%*	*-3.2%*	*-10.9%*	*5.4%*	*-24.0%*
Vehicle Service Hours (VSH)	328,312	328,846	329,090	330,681	340,918	374,764
Annual Change		*0.2%*	*0.1%*	*0.5%*	*3.1%*	*9.9%*
Vehicle Service Miles (VSM)	3,861,958	3,867,515	3,869,787	3,887,939	3,966,436	4,337,684
Annual Change		*0.1%*	*0.1%*	*0.5%*	*2.0%*	*9.4%*
Passengers	12,442,248	12,059,050	11,364,431	10,672,577	9,622,875	9,750,802
Annual Change		*-3.1%*	*-5.8%*	*-6.1%*	*-9.8%*	*1.3%*
Employees	304	298	297	303	335	374
Annual Change		*-2.0%*	*-0.3%*	*2.0%*	*10.6%*	*11.6%*
Performance Indicators						
Operating Cost/VSH (Actual $)	$122.56	$112.83	$109.14	$109.37	$112.06	$111.84
Annual Change		*-7.9%*	*-3.3%*	*0.2%*	*2.5%*	*-0.2%*
Operating Cost/Passenger (Actual $)	$3.23	$3.08	$3.16	$3.39	$3.97	$4.30
Annual Change		*-4.9%*	*2.7%*	*7.2%*	*17.2%*	*8.3%*
Passengers/VSH	37.90	36.67	34.53	32.27	28.23	26.02
Annual Change		*-3.2%*	*-5.8%*	*-6.5%*	*-12.5%*	*-7.8%*
Passengers/VSM	3.22	3.12	2.94	2.75	2.43	2.25
Annual Change		*-3.2%*	*-5.8%*	*-6.5%*	*-11.6%*	*-7.3%*
Farebox Recovery	23.8%	23.7%	23.7%	20.9%	20.9%	14.5%
Annual Change		*-0.7%*	*0.0%*	*-11.5%*	*-0.2%*	*-30.7%*
Hours/Employee	1,080.0	1,103.5	1,108.0	1,091.4	1,017.7	1,002.0
Annual Change		*2.2%*	*0.4%*	*-1.5%*	*-6.8%*	*-1.5%*
TDA Non-Required Indicators						
Operating Cost/VSM	$10.42	$9.59	$9.28	$9.30	$9.63	$9.66
Annual Change		*-7.9%*	*-3.2%*	*0.2%*	*3.5%*	*0.3%*
VSM/VSH	11.76	11.76	11.76	11.76	11.63	11.57
Annual Change		*0.0%*	*0.0%*	*0.0%*	*-1.0%*	*-0.5%*
Fare/Passenger	$0.77	$0.73	$0.75	$0.71	$0.83	$0.62
Annual Change		*-5.6%*	*2.8%*	*-5.1%*	*16.9%*	*-25.0%*

Sources: FY 2012/13 – FY 2014/15 data from prior Triennial Performance Audit.
FY 2015/16 – FY 2017/18 data from State Controller Reports.

Exhibit 6.13 Fixed-Route Ridership

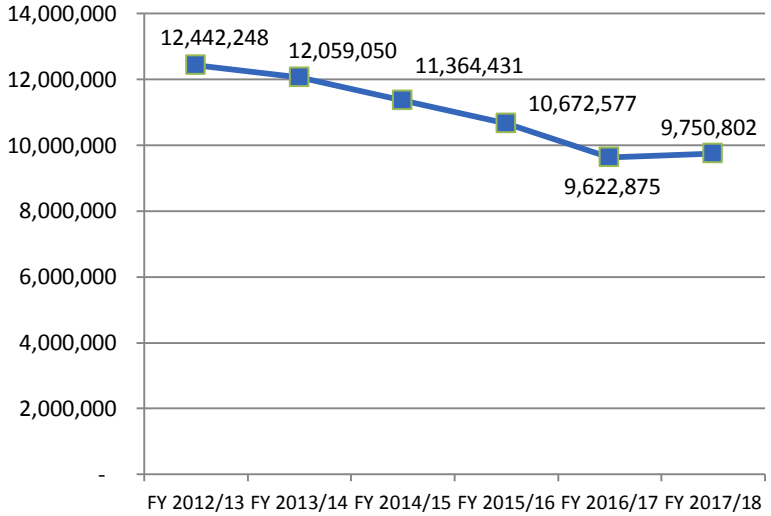


Exhibit 6.14 Fixed-Route Operating Cost/VSH

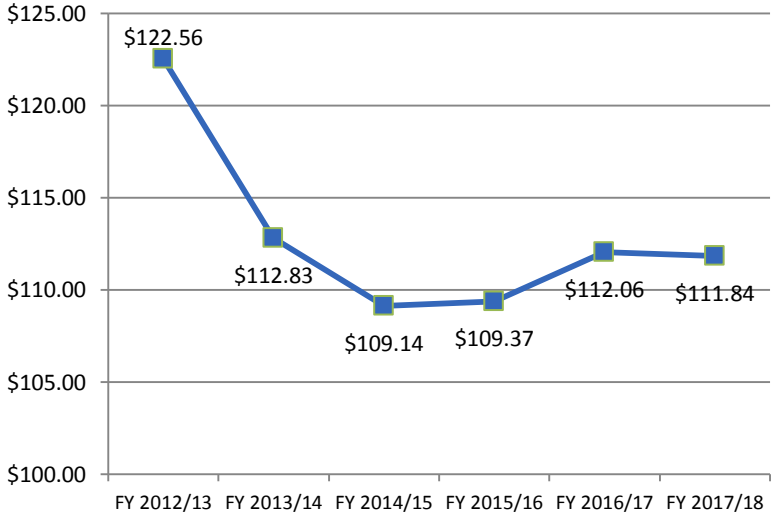


Exhibit 6.15 Fixed-Route Operating Cost/VSM

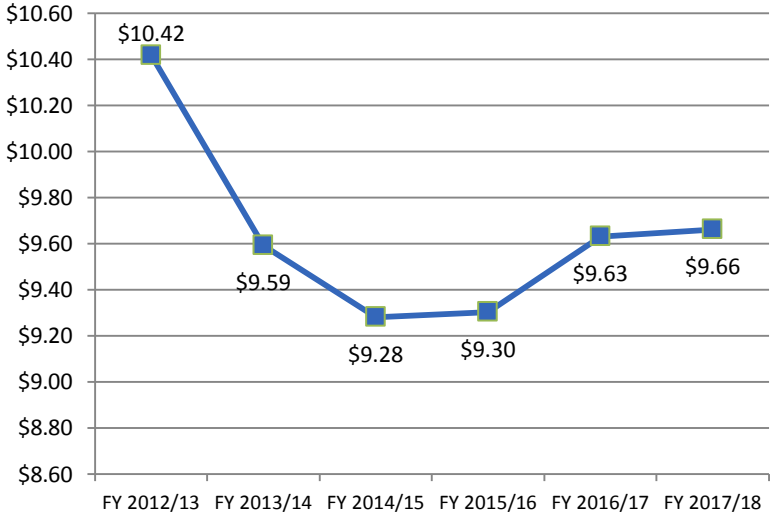


Exhibit 6.16 Fixed-Route VSM/VSH

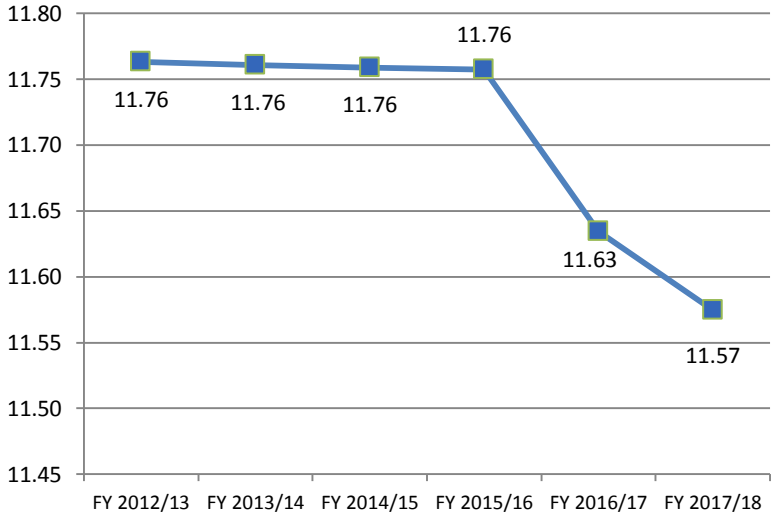


Exhibit 6.17 Fixed-Route Operating Cost/Passenger

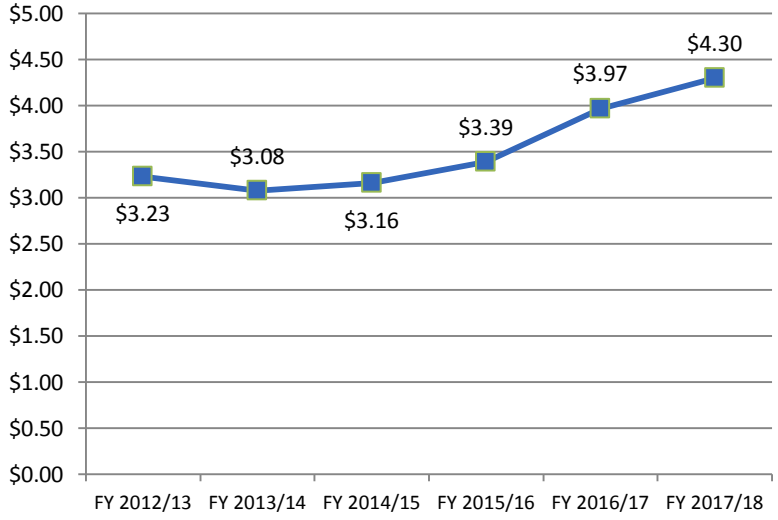


Exhibit 6.18 Fixed-Route Passengers/VSH

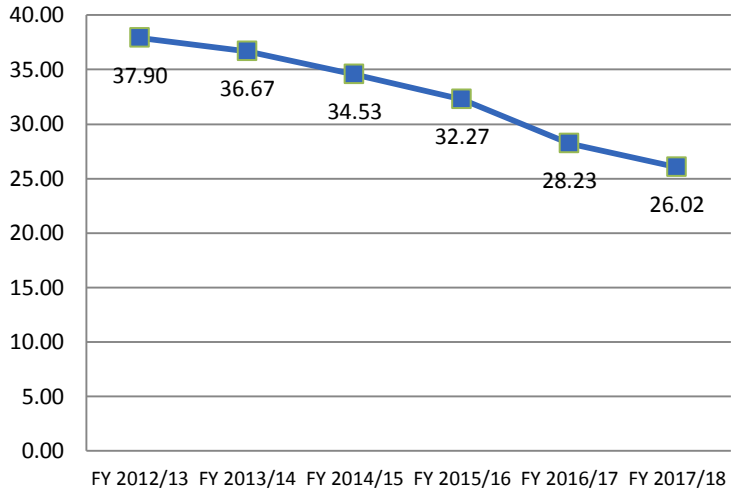


Exhibit 6.19 Fixed-Route Passengers/VSM

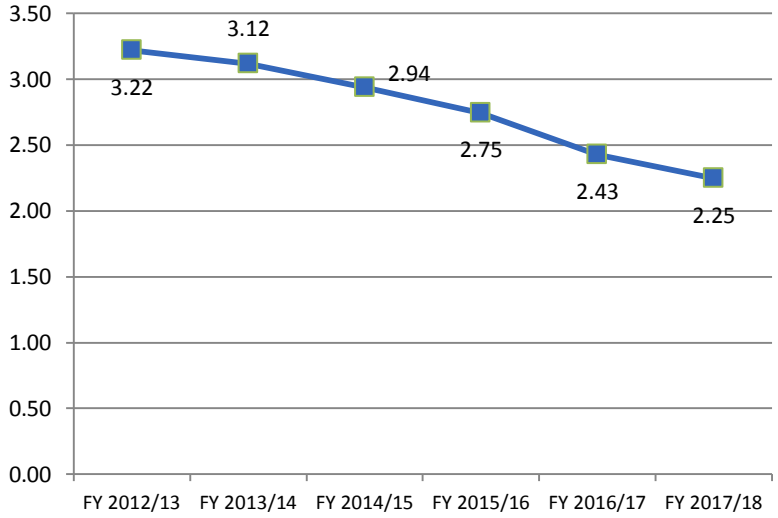


Exhibit 6.20 Fixed-Route VSH/FTE

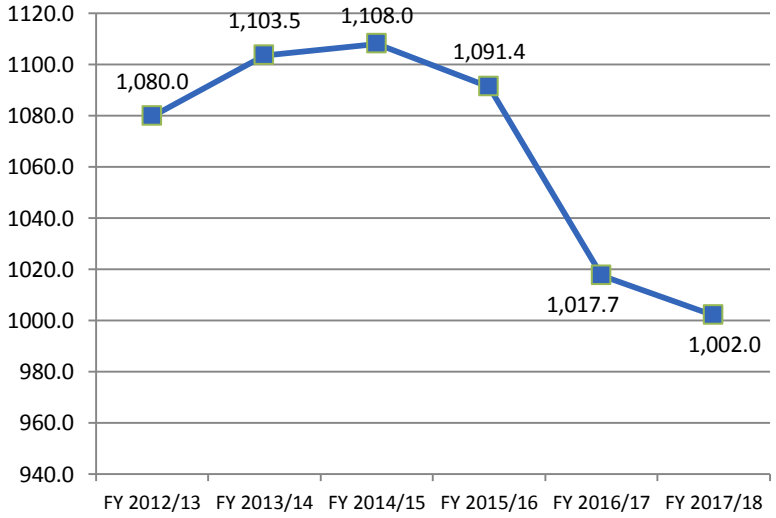


Exhibit 6.21 Fixed-Route Farebox Recovery

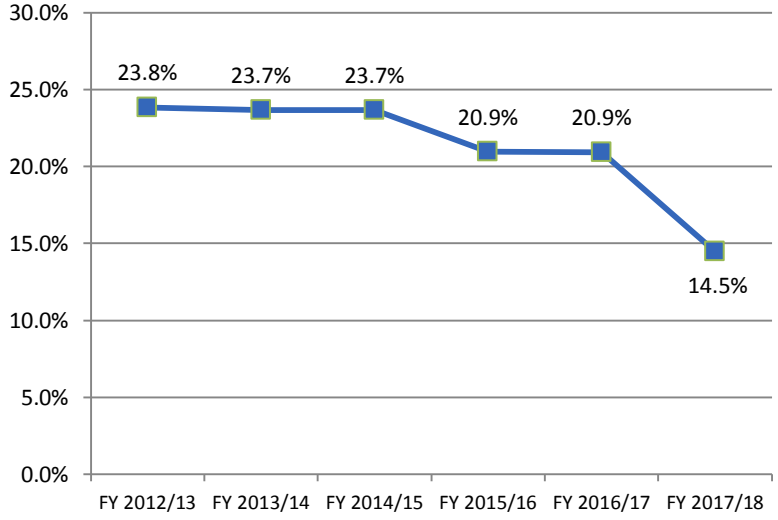
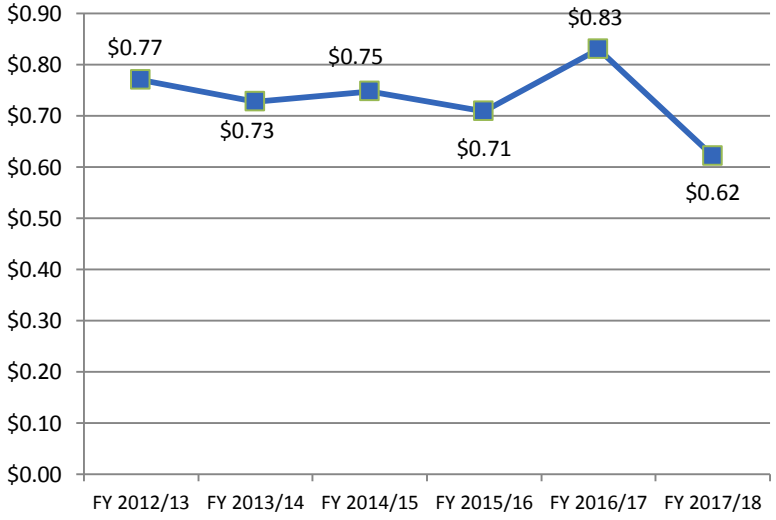


Exhibit 6.22 Fixed-Route Fare/Passenger



Demand-Response Service

Operating cost increased between FY 2012/13 and FY 2017/18, exhibiting an 18.3 percent net increase. The operating costs varied noticeably across the six-year period with the greatest increase (18.6 percent) in FY 2013/14. Fare revenue increased by 8.8 percent during the six-year period with the greatest increase of 13.6 percent occurring in FY 2017/18 and greatest decrease of 14.0 percent in FY 2015/16.

Demand-Response Vehicle Service Hours (VSH) saw a net increase of 12.4 percent across the six-year period. Vehicle Service Miles (VSM) saw an increase of 10.8 percent between FY 2012/13 and FY 2017/18. Ridership experienced a net increase of 4.4 percent across the six-year period.

Cost-related performance indictors increased during the current audit period. Demand-Response unaided farebox recovery fluctuated slightly during the current audit period. Passengers per VSH decreased slightly while Passengers per VSM have remained virtually the same across the current audit period.

Exhibit 6.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Operating Cost (Actual $)	$6,087,823	$5,893,044	$6,988,313	$6,384,853	$6,575,520	$7,200,156
Annual Change		*-3.2%*	*18.6%*	*-8.6%*	*3.0%*	*9.5%*
Fare Revenue (Actual $)	$271,059	$274,539	$298,822	$257,075	$259,414	$294,817
Annual Change		*1.3%*	*8.8%*	*-14.0%*	*0.9%*	*13.6%*
Vehicle Service Hours (VSH)	92,660	96,081	99,946	95,484	98,107	104,147
Annual Change		*3.7%*	*4.0%*	*-4.5%*	*2.7%*	*6.2%*
Vehicle Service Miles (VSM)	1,094,217	1,091,972	1,147,886	1,140,144	1,156,767	1,212,603
Annual Change		*-0.2%*	*5.1%*	*-0.7%*	*1.5%*	*4.8%*
Passengers	203,999	207,322	209,431	201,826	199,948	213,026
Annual Change		*1.6%*	*1.0%*	*-3.6%*	*-0.9%*	*6.5%*
Employees	27	84	88	83	46	89
Annual Change		*211.1%*	*4.8%*	*-5.7%*	*-44.6%*	*93.5%*
Performance Indicators						
Operating Cost/VSH (Actual $)	$65.70	$61.33	$69.92	$66.87	$67.02	$69.13
Annual Change		*-6.6%*	*14.0%*	*-4.4%*	*0.2%*	*3.1%*
Operating Cost/Passenger (Actual $)	$29.84	$28.42	$33.37	$31.64	$32.89	$33.80
Annual Change		*-4.8%*	*17.4%*	*-5.2%*	*4.0%*	*2.8%*
Passengers/VSH	2.20	2.16	2.10	2.11	2.04	2.05
Annual Change		*-2.0%*	*-2.9%*	*0.9%*	*-3.6%*	*0.4%*
Passengers/VSM	0.19	0.19	0.18	0.18	0.17	0.18
Annual Change		*1.8%*	*-3.9%*	*-3.0%*	*-2.4%*	*1.6%*
Farebox Recovery	4.5%	4.7%	4.3%	4.0%	3.9%	4.1%
Annual Change		*4.6%*	*-8.2%*	*-5.8%*	*-2.0%*	*3.8%*
Hours/Employee	3,431.9	1,143.8	1,135.8	1,150.4	2,132.8	1,170.2
Annual Change		*-66.7%*	*-0.7%*	*1.3%*	*85.4%*	*-45.1%*
TDA Non-Required Indicators						
Operating Cost/VSM	$5.56	$5.40	$6.09	$5.60	$5.68	$5.94
Annual Change		*-3.0%*	*12.8%*	*-8.0%*	*1.5%*	*4.5%*
VSM/VSH	11.81	11.37	11.49	11.94	11.79	11.64
Annual Change		*-3.8%*	*1.1%*	*4.0%*	*-1.3%*	*-1.3%*
Fare/Passenger	$1.33	$1.32	$1.43	$1.27	$1.30	$1.38
Annual Change		*-0.3%*	*7.7%*	*-10.7%*	*1.9%*	*6.7%*

Sources: FY 2012/13 – FY 2014/15 data from prior Triennial Performance Audit.
FY 2015/16 – FY 2017/18 data from State Controller Reports.

Exhibit 6.24 Demand-Response Ridership

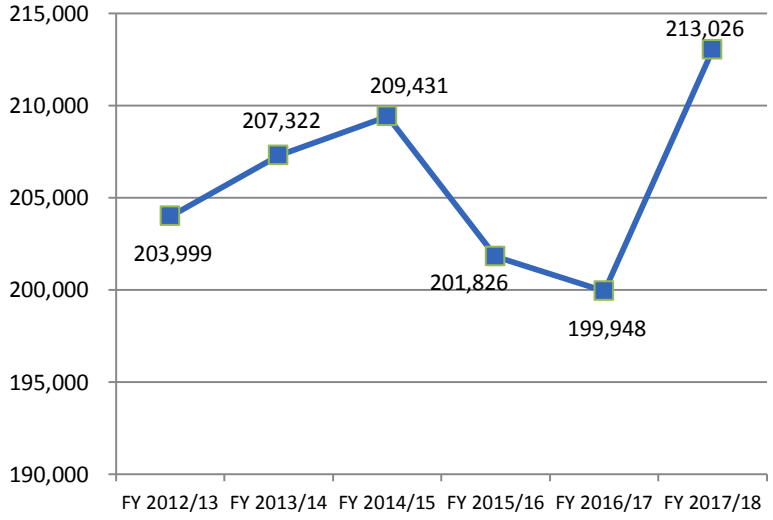


Exhibit 6.25 Demand-Response Operating Cost/VSH

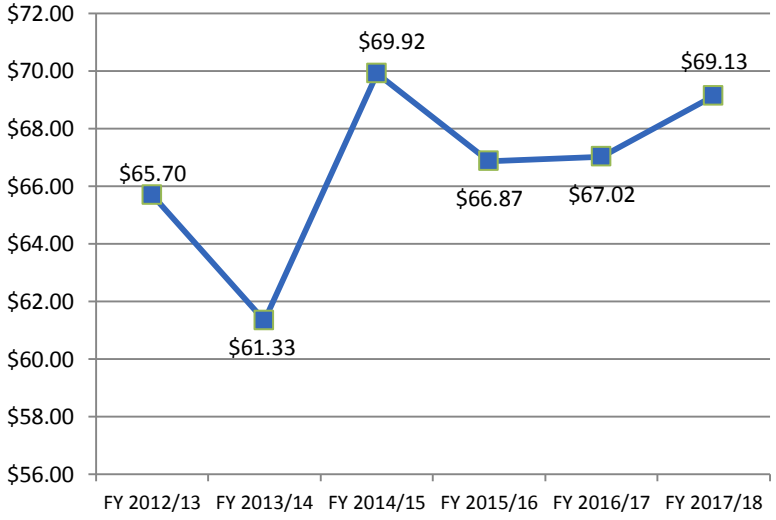


Exhibit 6.26 Demand-Response Operating Cost/VSM

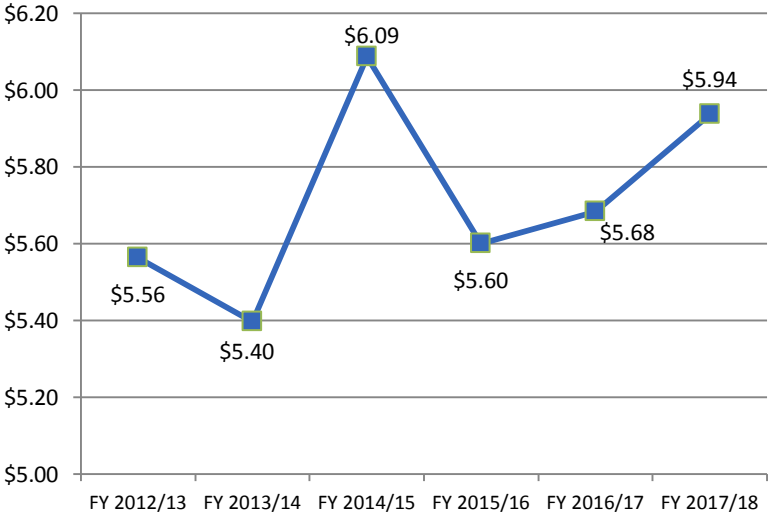


Exhibit 6.27 Demand-Response VSM/VSH

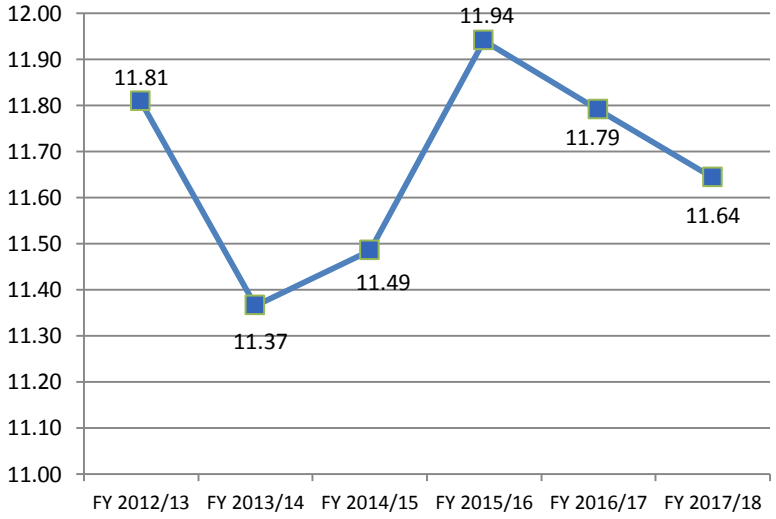


Exhibit 6.28 Demand-Response Operating Cost/Passenger

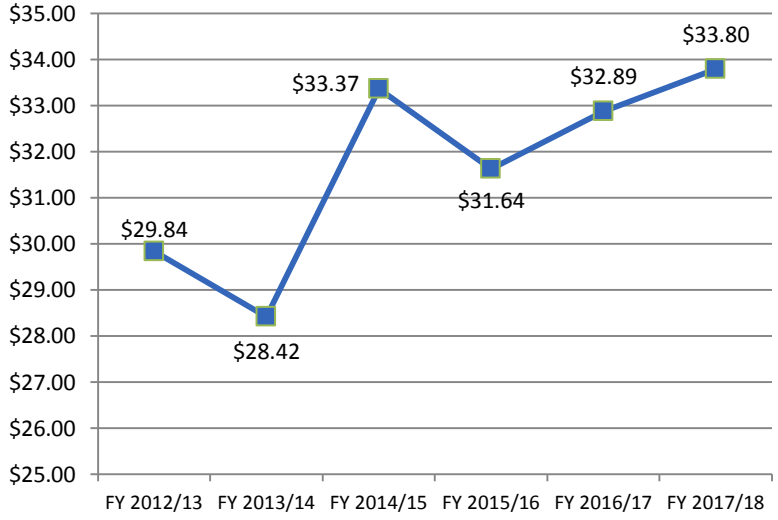


Exhibit 6.29 Demand-Response Passengers/VSH

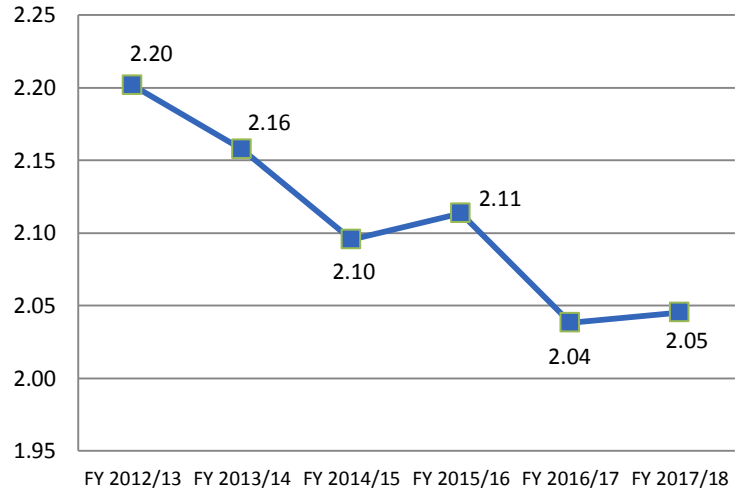


Exhibit 6.30 Demand-Response Passengers/VSM

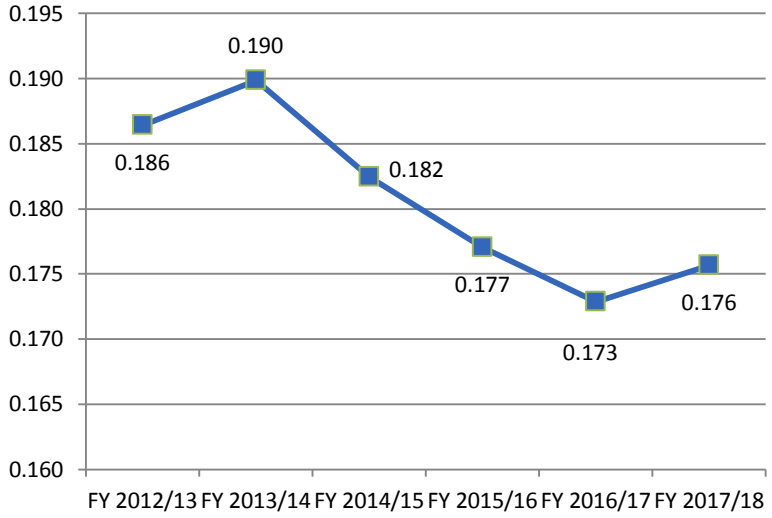


Exhibit 6.31 Demand-Response VSH/FTE

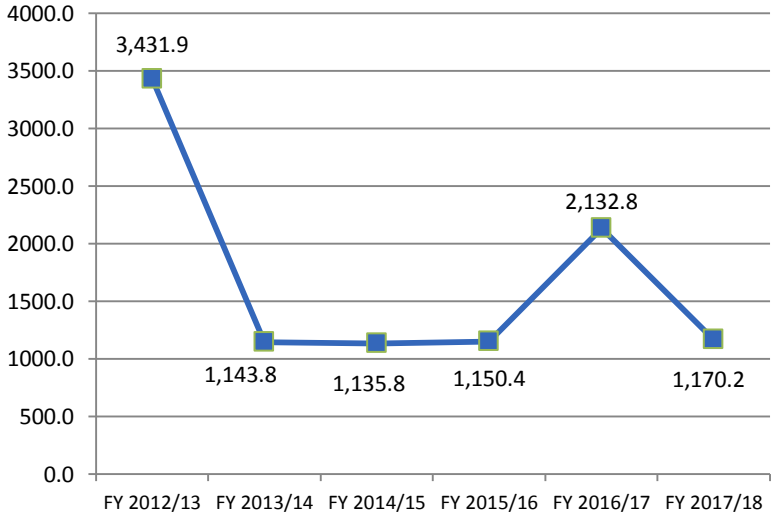


Exhibit 6.32 Demand-Response Farebox Recovery

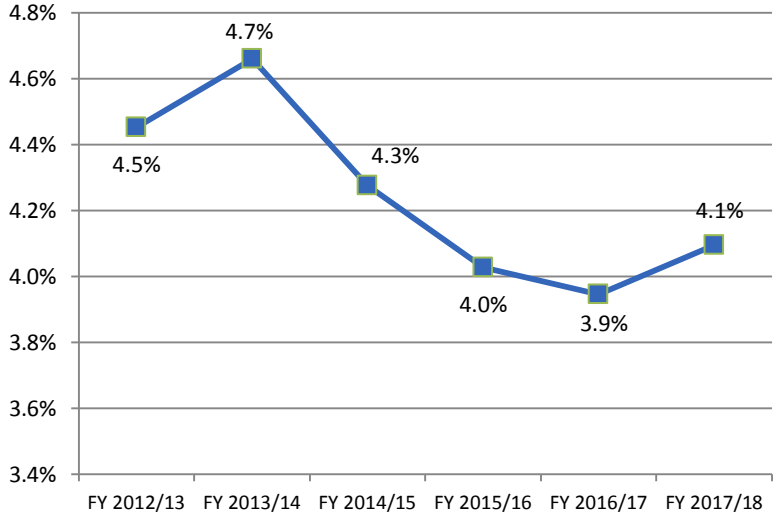
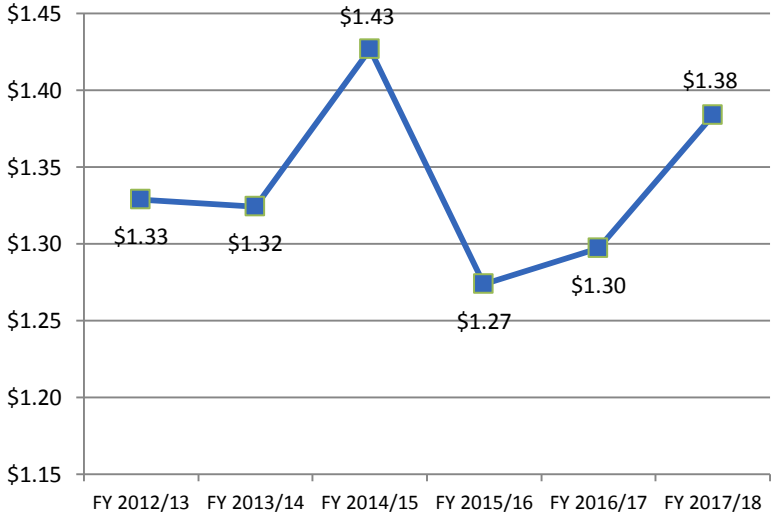


Exhibit 6.33 Demand-Response Fare/Passenger



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Chapter 7
Functional Review

A functional review of the City of Fresno (Fresno Area Express) public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the City's transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by the City of Fresno (Fresno Area Express) through its transit program:

- General management and organization;
- Service planning;
- Scheduling, dispatch, and operations;
- Personnel management and training;
- Administration;
- Marketing and public information; and
- Fleet maintenance.

Service Overview

The City of Fresno operates Fresno Area Express, which includes 16 fixed routes. The service operates within Fresno city limits. Service is available on weekdays from 6:00 a.m. through 1:00 a.m., and weekends from 6:00 a.m. through 8:00 p.m. The service does not operate on designated holidays. Fixed-route service is directly operated by the City.

The City also operates Q, a bus rapid transit service of approximately 16 miles along Blackstone Avenue, serving key shopping centers, hospitals, and other significant locations. Fare is the same price as FAX's fixed-route service. Fares are purchased prior to boarding.

Handy Ride is a curb-to-curb ADA complementary paratransit service available to eligible persons with disabilities who cannot use the FAX fixed-route service. Trips are provided on a first-come, first-served basis. Requests for service may be made one to two days in advance. Handy Ride service is provided under contract to Diversified Transportation, a wholly owned subsidiary of Keolis Transportation America.

Exhibit 7.1 Fresno Area Express Fixed-Route/BRT Fare Structure

Fare Category	Cost
Regular cash fare	$1.25
Reduced cash fare (seniors 65+, persons with disabilities, Medicare cardholders)	$0.60
Children under age 6 (maximum of four children)	Free
Transfers	Free
Regular 31-day pass	$48.00
Reduced 31-day pass	$24.00
Regular 10-ride card	$11.25
Reduced 10-ride card	$6.00
Regular one-ride card	$1.25
Reduced one-ride card	$0.60

Reloadable ride cards and monthly passes are available for purchase at 12 pass outlets throughout Fresno and at ticket vending machines (TVMs) located along the Q route and outside city hall.

Exhibit 7.2 Handy Ride Fare Structure

Fare Category	Cost
ADA-eligible, single trip	$1.50
Companion, single trip	$1.50
Personal Care Attendant	Free
Monthly pass (up to 60 rides for a single individual)	$48.00

General Management and Organization

The Transportation Director reports to the City Manager. Weekly reports are provided every Friday, and they meet every other week. The operations manager reports to the Director. Currently, the Director (who was recently promoted to the position) continues to administer the Handy Ride contract. Diversified Transportation/Keolis is responsive to the City. They meet monthly to review contract billing and discuss issues or concerns. Diversified Transportation is currently in the last year of an (up to) seven-year contract.

The program is fully staffed except for one assistant director, for which recruitment was in progress at the time of the audit site visit. The lines of reporting are clearly defined, understood, and appropriate.

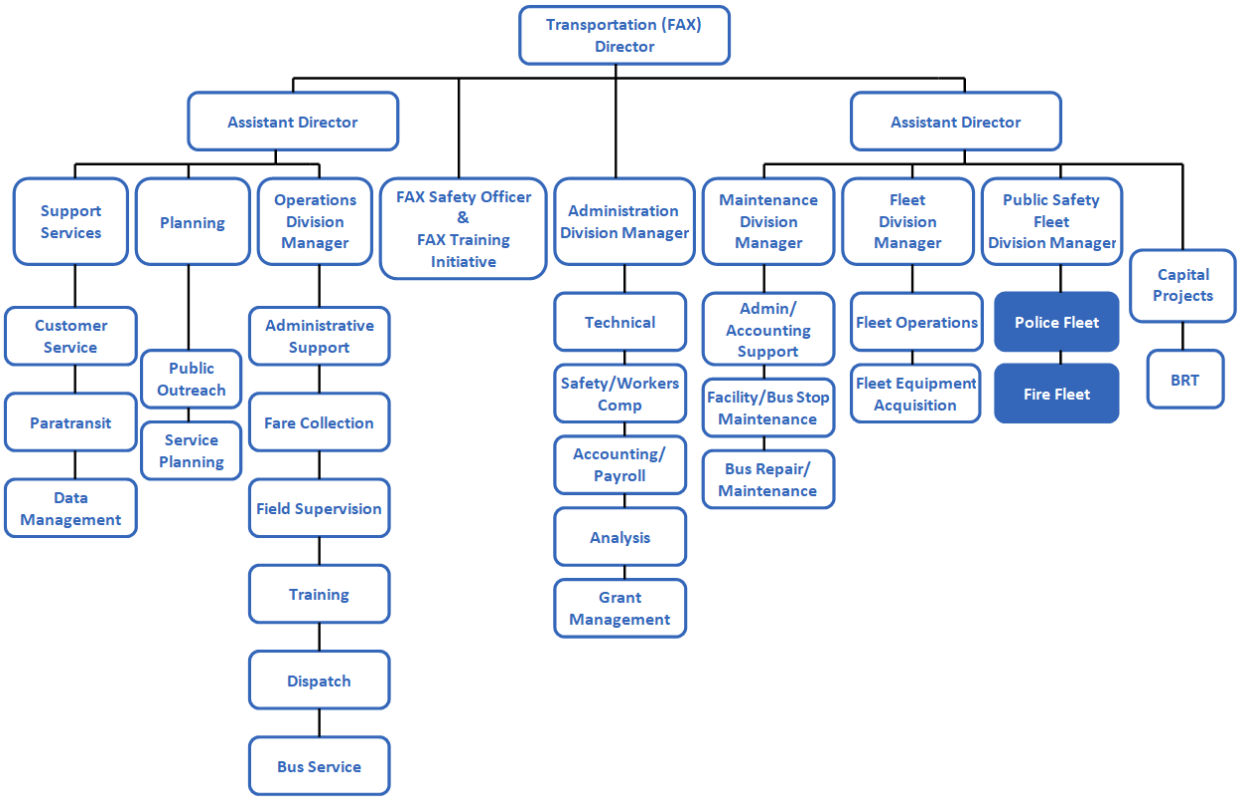
The City recently completed and began implementation of a strategic service evaluation. Nearly two years were spent conducting outreach and gaining support for route and schedule changes. The implemented changes included night service, extended weekend frequencies, and bus rapid transit (Q Line). The Q Line carried two million passengers during its first year. Based on responses from the 2018 customer survey, the overall rating of the system went from a B+ to an A-, demonstrating that listening to customers and being responsive clearly makes a difference.

The City Council meets weekly on Thursday at 9:00 a.m. at Fresno City Hall (2600 Fresno Street, Fresno). Each City councilmember represents one of seven geographic districts. Meetings are open to the public and broadcast on Comcast Channel 96 and AT&T Channel 99 as well as Apple TV and Roku. Current and archived meetings are also available on the City's website. City hall is served directly by Fresno Area Express Routes 22 and 32, with additional routes serving the Courthouse Park approximately one-quarter mile away.

The City Council is generally satisfied with the City's transit service. Staff met with the Council at the beginning of the recent service evaluation and presented findings at the end. The Disability Advisory Commission meets the second Tuesday of the month at 10 a.m. A Transportation Subcommittee, which includes discussion of fixed-route and dial-a-ride services, meets every other month.

An organizational chart of the City's Department of Transportation is provided in Exhibit 7.3.

Exhibit 7.3 Organizational Chart



The City has a good relationship with the Fresno Council of Governments. Two employees work half of their time at the RTPA. The City's Transportation Director is the liaison to the RTPA. The Director also coordinates with the FTA, which has played an active role in the City's BRT project.

Service Planning

FAX's recent strategic system plan was partially built off a consultant study completed in 2015. The City went out to bid for a consultant to help with outreach, Title VI, etc. Public outreach was extensive with

about eight workshops, four or five pop-up events, one media event, onboard surveying, and targeted roundtables specific to the Punjabi population and a Hmong group. Their responses generally aligned with the public at-large and no disparate impact/disproportionate burden was found. The first phase was implemented in January 2019 followed by a second phase in March 2019.

The City completed a fare equity analysis at the end of the audit period. While no fare increases is currently being considered, but it is looking at moving to magnetic-stripe fare media and mobile fare payments. The purpose of the fare equity analysis was to identify any disparate impact of this action. Ticket vending machines (TVMs) are already being used on the Q Line, which opens up 52 outlets for further expansion of pass sales.

Handy Ride planning was not included in the strategic evaluation except in relation to the fixed-route service. Under the requirement for ADA-complementary paratransit, Dial-A-Ride had to expand when night service was introduced. Additional planning for Handy Ride was not seen as necessary given the low growth population within system boundaries.

A customer survey is typically conducted every three years, the most recent one completed in 2018.

Scheduling, Dispatch, and Operations

The fixed-route service (FAX) is directly operated by the City. Driver bids are awarded based on seniority, with new bids five times per year. A new work element was added in FY 2017/18 that lets drivers balance their work with their other priorities. FAX currently has 265 full-time drivers while 275 are needed. The extra board includes about 25 percent of full-time drivers. Ten permanent part-time positions are available but are all vacant (the City has not sought to fill them).

Nearly all vehicles are 40-foot buses, except for three 30-foot buses used for the Children's Hospital route (which has lower ridership). Articulated 60-foot buses were desired for the BRT service but not approved by City Council.

Should the City choose to utilize part-time drivers, they are eligible for City benefits. All full-time employees are eligible for City benefits.

Communication between dispatch and maintenance is done using paper pre-trip forms. The City is looking into electronic formats (such as Zonar) but has not pursued such technology as of the time of this audit.

BRT buses have no fareboxes and utilize pre-purchased fares to decrease boarding time. Other FAX vehicles use GFI GenFare Odyssey fareboxes which take cash or ticket fare media. Buses arrive at the yard, stop to have maintenance remove the vault, return it empty, and then park the vehicle. The cash room has a camera and limited access. Three dedicated cash room staff work Monday through Friday, with occasional Saturdays or holidays. An armored car picks ups the cash around 3:00 p.m. every day with an average of $15,000 to $20,000.

Handy Ride paratransit drivers bid at least twice a year based on seniority. The service includes at least 58 full-time shifts. Drivers must call out at least one hour prior to the start of their shift. The Handy

Ride fleet consists of 57 vehicles, the majority of which are gas-fueled while the balance is CNG-fueled. The fleet includes 49 cutaway buses and eight sedans.

Personnel Management and Training

FAX drivers are represented by Amalgamated Transit Workers Union (ATU) Local 1027. Employees are eligible for health, dental, and vision benefits as well as the City's Employees Retirement System, short-term disability, deferred compensation, vacation time, sick leave, uniform allowance, and free bus passes. Bilingual drivers are eligible to receive additional differential pay.

Each recruitment effort generates a list of applicants. The City goes through its active list before posting the position(s) again. The City typically receives a large number of local applicants through posting on the City's website.

The City provides training through its full-time Training Officer via a ten-week process. All new hires receive the same training regardless of experience. The first week goes over the CDL handbook and everything else needed to receive their permit. The second week goes over the TSI handbook which covers vehicle operations, emergency management, and customer service. Skill training can then start in the yard. Training starts very basic, especially for new drivers, then slowly progresses. Recruits learn right and left turns, how to set up tight turns, driving on the freeway, pulling in to bus stops (with cones), and then begin to learn the routes. Drivers go through every route on every series of bus. Airbrake testing and DMV requirements are both covered. A minimum of 20 hours of behind-the-wheel training is required for Verification of Transit Training (VTT); recruits typically spend five to ten days training with platform instructors who have received special training. DMV testing begins seven to eight weeks after hire. The Lead Training Officer is DMV-certified to conduct road test, then recruits can get their license at the DMV. The final two days of classroom training covers bidding, extra board, log book, etc. While the City is not afraid to drop recruits during the training period, only three people have been terminated during training in the last two years.

VTT training is required annually. It requires a minimum of eight hours but is usually more. A log of all drivers is kept to ensure everyone goes through annual training in time. Two preventable accidents occurred in the last three years. Each of these incidents requires 16 hours of retraining; eight in the classroom (including reviewing everyone's videos and relevant TSI modules) then eight hours of one-on-one driving.

Drivers absent/off-duty for more than 30 days require "return to work" training. Drive cams are installed on all vehicles. Safety and training procedures a responsibility of the Director. They are provided by two full-time trainers and one full-time safety officer who hold monthly safety meetings. CPR training is provided during initial training. Vehicles are equipped with fire extinguishers, first aid kits, wheelchair ramps, and bike racks.

Handy Ride drivers are also represented by the Amalgamated Transit Workers Union (ATU) Local 1027. All training is provided by Diversified Transportation/Keolis. Drivers are required to attend monthly safety meetings. Management staff offers at least five sessions of each mandatory meeting to accommodate employee schedules.

Regular full-time and part-time employees are eligible for health, dental, and vision benefits after 60 days of employment. Other benefits include required physicals/drug screens, uniforms, 401(k) retirement plan, and sick leave.

Handy Ride personnel are subject to a progressive discipline process as defined in the Collective Bargaining Agreement (CBA), with disciplinary actions ranging from a verbal warning to dismissal from employment.

Administration

An Assistant Director oversees the capital projects group, FAX maintenance, fleet maintenance, and some building maintenance. A Chief of Facilities positon is currently open and would also oversee the IT group. The former Grants Manager recently transitioned into the Business Manager position, which is located within the Operations Division. As the Grants Manager, she handled all grants processes from applying for grants to managing them, as well as being responsible for the capital budget.

A Senior Management Analyst reports to the Administrative Manager. Expenses and revenues are constantly monitored to compare budgeted expectations with actual revenue and expenses using the PeopleSoft software platform.

At the time of this audit, the City was working on the next fiscal year's budget. The City's budgeting process is set forth in its Budget Procedures Manual, which is updated for each fiscal year. The calendar year begins with a mid-year review in January. Department operating budgets are submitted in March, followed by review meetings with the City Manager. The budget goes out for public review and is adopted by the City Council in June. A review of internal service funds for the next fiscal year begins in November.

The Business Manager is responsible for managing both programmed and discretionary grants. A Staff Assistant reports to the Administrative Manager but is assigned to grants. A new Grants Manager is currently being trained. There are clearly defined responsibilities within the Grants department, and there is a good relationship with the RTPA. The City pursues both discretionary and competitive grants. A Section 5339 discretionary grant for buses was recently awarded. The City also received a Transit and Intercity Rail Capital Program (TIRCP) grants for the purchase of six zero-emission battery-electric buses and charging infrastructure as well as additional SB-1 funding to expand its electric fleet. No grants have been lost due to negligence or failure to report.

Risk Management is a City function located under the Personnel department. Procedures are in place for processing accident and injury claims, including formalized injury reporting procedures, safety policy/injury and illness prevention policy, heat illness prevention plan, basic emergency procedures for transit, and discrimination and harassment policy and complaint procedures. The City is self-insured with an appropriate amount of liability coverage. FAX has a department-specific emergency plan in place. The City also has its own emergency plan which includes transit. Public safety (bomb squad, fire department, etc.) uses buses for training.

The City has few transit-related contracts – the Diversified Transportation/Keolis contract for Handy Ride operations and maintenance, a contract with Lamar for exterior advertising, and a contract with

Top Hand Media for social media. Contract management responsibilities are clearly assigned. Facility maintenance (including bus stop maintenance) is done by City staff.

Two principal account clerks review all biweekly timesheets for FAX staff. Staff submit electronic timesheets except for maintenance and fleet staff, who use physical timesheets. Direct deposit and cash cards are offered; checks are not issued.

Accounts payable is handled by the Administrative Manager and is a function of the Department of Transportation and the City. Finance controls the disbursement authorization, but transit pushes everything to them. Invoice terms, quantities, and prices are verified twice against approved purchase orders, first by the project manager or supervising manager and then by a Senior Account Clerk.

Procurement is also a Department and City function. Anything over the micro purchase threshold has to have multiple quotes. The threshold for FTA-funded procurements is $3,500. These procurement practices conform to FTA and State requirements. City purchasing policies and procedures are defined within the Purchasing Division's Procurement Handbook. The Assistant Director wishes to recruit two more staff to handle capital contracts, capital bids, and procurements. Vacancies are due to promotions and staffing is based on workload. Two Proterra buses are on order and funding is available for six to seven more. They are working on infrastructure and charging design for battery-electric buses.

An internal audit function exists as a two-person team (principal internal auditor and internal auditor) under the Finance department who meet with departments annually. They conduct a survey to better understand the state of the department and prepare a risk assessment and an annual plan. A post-implementation audit is also conducted. They conduct audits requested by risk assessment or the City Manager. Management and the governing board review recent internal audit reports and determine if action was taken or recommended.

Marketing and Public Relations

The City employs two full-time marketing employees who provide in-house marketing, community coordination, and work with the RTPA. The City contracts with a consultant for social media and to prepare video vignettes showing how to use the service. This resulted in FAX acquiring approximately 2,500 Facebook followers in just two years. The City feels that social media is an effective way to communicate with the public. Large print jobs (such as schedules) are contracted out. Most media buys are handled in-house.

A call center is staffed by City employees and fields all FAX calls including complaints. The call center is located at the Manchester transit center. Handy Ride calls (including reservations, questions, and complaints) go to customer service staff at Keolis. Four City staffers are located at the Handy Ride facility to handle eligibility and intake for Dial-A-Ride. A Paratransit Specialist oversees the complaint process working with Keolis. Calls are tracked as part of monthly reporting.

Website visits and social media hits are tracked. They are compared with ridership activity to determine return on investment. FAX recently noted an impact from targeted Spanish-language marketing. The City is now working on additional video vignettes in Spanish.

The 2018 customer survey revealed customer satisfaction has increased since 2014. FAX is well regarded by respondents. Council members are not receiving complaints about the system. The survey was outsourced through a competitive process. Ridership is increasing in contrast to the national trend, with the latest annual increase of 9.3 percent.

Maintenance

The City follows OEM recommendations of every 7,000-mile interval. Maintenance is performed at the FAX facility on G Street. It is a full-service shop with body and fender capability and a paint shop. Staff consists of 76 full-time employees including mechanics, utility, administration, etc. The City uses AssetWorks software to maintain the manufacturer's recommended schedule. One-third of the fleet has been replaced in the last two years. Maintenance staff have taken advantage of the warranties and encountered no issues.

The facility is capable of accommodating the type of repairs which are not sent out. It has six pull-in bays, including a PM bay, and three body and fender bays. Maintenance is up to date with PM work but have some backlog of minor repairs that are scheduled.

The parts room includes limited access and a storekeeper. Parts are tracked electronically and charged to work orders. A "down list" is updated daily and managed in Transit Master. Three shifts exist across all seven days of the week. Mechanics are on duty at pullout. Roadcalls are minimal and in-field work is limited due to safety. Tires are leased. The transit shop only works on transit.

The frequency of mechanical system failures has improved significantly across the audit period, especially major failures.

Exhibit 7.4 FAX Mechanical System Failures

	FY 2015/16	FY 2016/17	FY 2017/18
Major failures	642	372	226
Other failures	179	89	154
Total failures	**821**	**461**	**380**

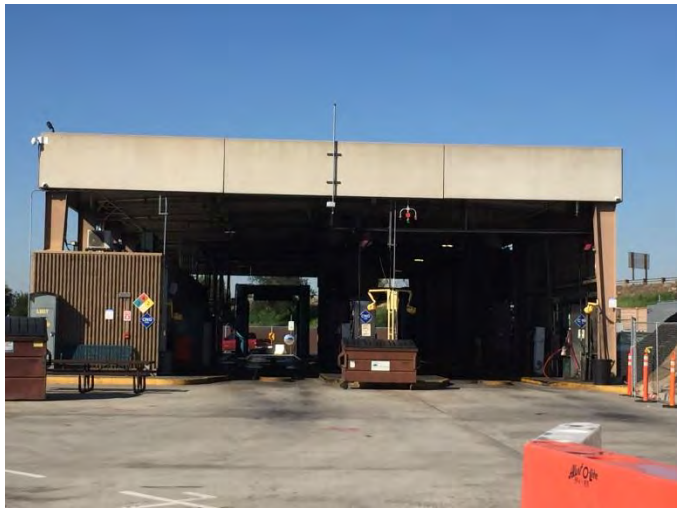
Handy Ride vehicles are owned by the City and maintained by Diversified Transportation/Keolis. The PMI schedule includes preventive maintenance at varying intervals according to the contractor's inspection protocol and maintenance plan. The frequency of mechanical system failures increased in FY 2016/17, but decreased in FY 2017/18.

Exhibit 7.5 Handy Ride Mechanical System Failures

	FY 2015/16	FY 2016/17	FY 2017/18
Major failures	4	3	18
Other failures	86	113	45
Total failures	**90**	**116**	**63**

Exhibit 7.6 Fresno Transit Fleet Inventory

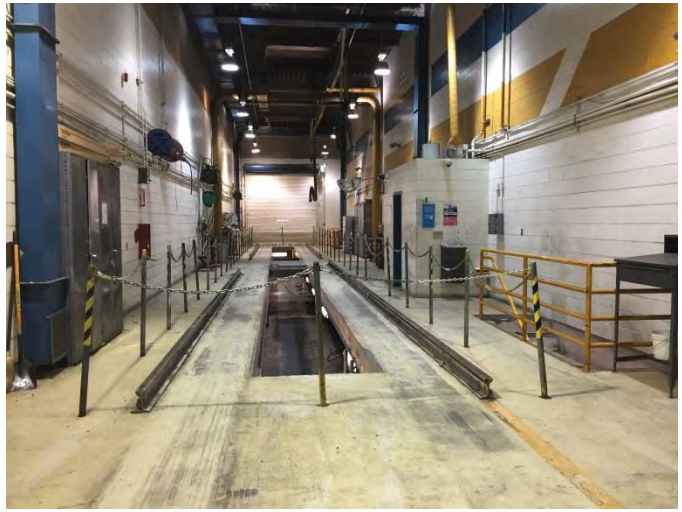
Qty	Year	Make	Model	PAX	Fuel	Mode
17	2017	Gillig	LF-CNG BRT	42 or 40+2 WC	CNG	Fixed
3	1999	Gillig	G18D102N	42 or 40+2 WC	D2	Fixed
11	2016	Gillig	LF-CNG BRT	42 or 40+2 WC	CNG	Fixed
9	2017	Gillig	LF-CNG BRT	42 or 40+2 WC	CNG	Fixed
3	2002	Orion	5.501	42 or 40+2 WC	CNG	Fixed
10	2005	New Flyer	C40LF	42 or 40+2 WC	CNG	Fixed
14	2006	New Flyer	C40LF	42 or 40+2 WC	CNG	Fixed
16	2009	New Flyer	GE40LF	42 or 40+2 WC	CNG	Fixed
1	2009	New Flyer	GE40LF	42 or 40+2 WC	Gas	Fixed
1	2011	Gillig	Low Floor CNG	42 or 40+2 WC	CNG	Fixed
8	2012	Gillig	Low Floor CNG	42 or 40+2 WC	CNG	Fixed
3	2012	Gillig	29’ Low Flr CNG	32 or 30+2 WC	CNG	Fixed
2	2013	Gillig	Low Floor CNG	42 or 40+2 WC	CNG	Fixed
8	2014	Gillig	Low Floor CNG	42 or 40+2 WC	CNG	Fixed
6	2016	Gillig	Low Floor CNG	42 or 40+2 WC	CNG	Fixed
1	2018	Gillig	Low Floor CNG	42 or 40+2 WC	CNG	Fixed
3	2008	Ford	E450	Varies+2-4 WC	CNG	Paratransit
1	2008	Ford	E450	Varies+2-4 WC	UNL	Paratransit
2	2011	Ford	E450	Varies+2-4 WC	UNL	Paratransit
1	2005	Ford	E450	Varies+2-4 WC	UNL	Paratransit
3	2013	Ford	E450	Varies+2-4 WC	UNL	Paratransit
1	2006	Ford	E450	Varies+2-4 WC	UNL	Paratransit
6	2014	Ford	E450	Varies+2-4 WC	CNG	Paratransit
21	2015	Ford	E450	Varies+2-4 WC	UNL	Paratransit
11	2018	Ford	E450	Varies+2-4 WC	UNL	Paratransit
1	2005	Ford	Taurus	5-Apr	UNL	Paratransit
2	2014	Ford	Taurus	5-Apr	UNL	Paratransit
5	2017	Ford	Taurus	5-Apr	UNL	Paratransit



Bus wash and prep area at FAX operations facility.

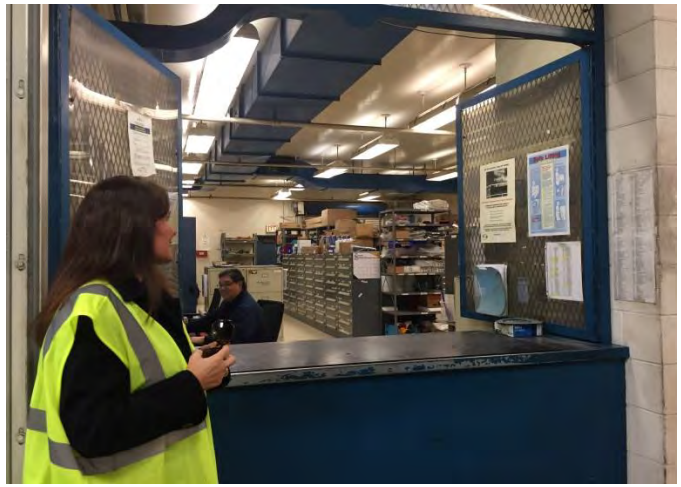
Vehicle vacuum unit at FAX operations facility.

CNG station at FAX operations facility.



Maintenance bay with pit at FAX operations facility.

Maintenance bay at FAX operations facility.



Staffed parts room at FAX operations facility.

Vaults at probing station at FAX operations facility.

Vehicle storage at FAX operations facility.

Q (BRT) vehicle.

Vehicle storage at FAX operations facility.

Commerce Center bus stop with TVM.

FAX mission statement.

Vehicle storage at Handy Ride facility.

Vehicle storage at Handy Ride facility.

Keolis' Handy Ride office.

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Chapter 8
Findings and Recommendations

Conclusions

Moore & Associates finds the City of Fresno to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no compliance findings.

Moore & Associates has identified two functional findings. While these findings do not affect TDA compliance, we believe they warrant inclusion within this audit:

1. The City does not report local supplementation separate from fare revenue in its TDA fiscal audits.
2. Financial and FTE operating data is reported inconsistently.

Program Recommendations

In completing this Triennial Performance Audit, Moore & Associates submits the following recommendations for the City of Fresno. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance.

Given there are no compliance findings, only Functional Recommendations are provided.

Functional Finding 1: The City does not identify local supplementation separate from fare revenue in its TDA fiscal audits.

Criteria: PUC Section 99268.19 allows transit operators to supplement farebox revenues with locally generated funds in order to meet farebox recovery ratio requirements. In January 2016, Senate Bill 508 expanded the definition of local funds from tax-generated funds to any non-federal or non-state grant funds or other revenues.

Condition: It appears the City is utilizing local supplementation to ensure it meets the 20 percent farebox recovery ratio required by the TDA. This is assumed because the farebox recovery ratio is consistently right at 20 percent, which suggests the City is using just enough local funds to reach that goal. The likelihood of the City exactly meeting the requirement using fare revenues alone is very low. However, the City does not break out actual fare revenue from local supplementation in its TDA fiscal audit, classifying all as "farebox revenues" even though there is a line item for "local assistance." For

example, in FY 2017/18, the TDA audit included $9,719,474 in fare revenue, while the other reports cited $6,362,993. It is unclear where this additional revenue came from.

Cause: The cause of this is unclear.

Effect: Failure to identify what funds besides passenger fares are being counted toward farebox revenue can result in a lack of transparency and call into question whether the farebox recovery ratio is being calculated appropriately.

Recommendation: Clearly identify the source of all funds that are being counted as farebox revenue in the TDA fiscal audit.

Recommended Action(s): Clearly identify all operating revenues as part of the farebox recovery ratio compliance evaluation in the TDA fiscal audit. Even if the revenues can technically be classified as fare revenues (such as route guarantees), we recommend separating them out as part of the farebox evaluation for transparency's sake.

Timeline: FY 2019/20 (for FY 2018/19 reports).

Anticipated Cost: Negligible.

Management Response: NTD forms do not allow for the inclusion of Measure C funds in farebox revenue. It's classified separately. For reporting to the State Controllers Report, we rely upon/utilize NTD numbers, but they do not include Measure C totals in farebox revenue. TDA funds include Measure C (and all other sources) in the farebox revenue calculation, which is why there is a discrepancy (higher) amount for TDA vs. State Controller (NTD) data reporting.

FAX will work with its City Finance team to determine the best way to correct this discrepancy – either by including the Measure C for farebox revenue or defining that NTD data does not include Measure C revenue.

Functional Finding 2: Financial and FTE operating data is reported inconsistently.

Criteria: PUC 99247 requires the triennial performance audit to verify the transit operator's use of the TDA definitions of performance definitions, including operating cost, passengers, vehicle service hours, vehicle service miles, and full-time equivalent employees.

Condition: While we did not determine the City to be using an improper definition for any performance measure, the data reported internally, to the State Controller, and to the NTD tended to vary. Operating cost and fare revenue data saw inconsistencies each year. Performance data was generally consistent. In some years, FTE reported to the State Controller is not entirely consistent with TDA definition based on the labor hour data provided as part of this audit.

Cause: It is possible for data, especially financial data, to change as the year is closed out and audited data becomes available.

Effect: Reports completed before the data is finalized may be inconsistent with those completed afterward or as may result from an audit.

Recommendation: Ensure data is reported consistently and accurately.

Recommended Action(s): Ensure data is reported accurately both internally and externally. Any time data is updated, it should be noted (labeled "revised" with the date). Any variances between the data as recorded in monthly performance reports and end-of-year summaries should be addressed and the cause identified. This documentation should be provided to the triennial performance auditors in 2021.

Timeline: FY 2019/20.

Anticipated Cost: Negligible.

Exhibit 8.1 Summary of Audit Recommendations

Functional Recommendations		Importance	Timeline
1	Clarify the source of all funds being counted as farebox revenue in the TDA fiscal audit.	High	FY 2019/20
2	Ensure data is reported consistently and accurately.	Medium	FY 2019/20

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