



FINAL REPORT
JUNE 2019

Fresno Council of Governments Fresno Economic Opportunity Commission

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



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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 Fresno Economic Opportunities Commission 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 Fresno Economic Opportunities Commission's public transit program for the period Fiscal Year 2015/16 through Fiscal Year 2017/18.

Service Overview

The Fresno Economic Opportunities Commission (FEOC) has been the co-designated Consolidated Transportation Service Agency for both rural (with Fresno County Rural Transit Agency) and urban (with City of Fresno/Fresno Area Express) portions of Fresno County since 1983. FCEOC provides a variety of transportation-related services for clients throughout the county, including client transportation, vehicle maintenance, and meal delivery. It does not operate as a traditional transit service, but instead contracts with organizational clients to provide services to members.

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:



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

Test of Compliance

With one exception, the Fresno Economic Opportunities Commission met the test of compliance with respect to all Transportation Development Act (TDA) regulations:

1. Use of the TDA definition of full-time equivalent (FTE) employee could not be verified.

Status of Prior Recommendations

1. Review the contract structure for Central Valley Regional Center.
Status: Implemented.
2. Develop expanding performance standards for CTSA service efficiency and effectiveness.
Status: Implemented.
3. Continue efforts to attract and retain a strong driver workforce.
Status: Implemented.

Findings and Recommendations

Based on discussions with EOC staff, analysis of program performance, and an audit of program compliance and function, the audit team presents one compliance finding:

1. Use of the TDA definition of full-time equivalent (FTE) employee could not be verified.

Moore & Associates has identified two functional finding. While this finding does not affect TDA compliance, we believe it warrants inclusion within this audit:

1. Data is reported inconsistently between various internal and external reports.
2. The TDA fiscal audit does not provide sufficient detail for its analysis of farebox revenue ratios.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Employ the TDA definition of full-time equivalent (FTE) employee for reporting to the State Controller.	Medium	FY 2019/20
Functional Recommendations		Importance	Timeline
1	Ensure data is reported consistently and accurately.	Medium	FY 2019/20
2	Work with the TDA fiscal auditors and Fresno COG to ensure a detailed summary of farebox revenue ratios is included in subsequent TDA fiscal audits.	High	FY 2019/20

Chapter 2

Review Scope and Methodology

The Triennial Performance Audit (TPA) of the Fresno Economic Opportunities Commission's 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 Fresno Economic Opportunities Commission 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.



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Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the Fresno Economic Opportunities Commission 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 Fresno Economic Opportunities Commission included thorough review of documents relevant to the scope of the audit, as well as information contained on the FEOC's website. The documents reviewed included the following (spanning the full three-year period):

- Triennial Performance Audit report for the prior audit period;
- Annual productivity evaluations;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- Accident/road call logs; and
- Organizational chart.



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The methodology for this review included a site visit to FEOC's operations facility (located at 311 W. Nielsen, Fresno) on February 21, 2019. The site visit included interviews with Monty Cox (Transit Systems Director) and Mark Allen (Financial and Operations Supervisor). The site visit also included a tour of FEOC's transit operations facility.

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 Fresno Economic Opportunities Commission's 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 Fresno Economic Opportunities Commission 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 Fresno Economic Opportunities Commission met the test of compliance with respect to all Transportation Development Act (TDA) regulations:

1. Use of the TDA definition of full-time equivalent (FTE) employee could not be verified.

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.*

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- (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 taxes 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.



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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 17, 2016 FY 2016/17: January 30, 2018 FY 2017/18: January 31, 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: December 7, 2016 FY 2016/17: December 1, 2017 FY 2017/18: December 6, 2018
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	October 10, 2014 October 29, 2015 November 10, 2016 December 24, 2017 December 12, 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	FEOC's transit services do not collect passenger fare revenues, but are based on service contract revenues. As a CTSA, in lieu of the farebox requirement, Fresno COG's policy is for FEOC to maintain a 45/55 ratio of LTF to local support revenues.
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	<u>FEOC Urban:</u> FY 2015/16: -6.24% FY 2016/17: +3.33% FY 2017/18: +0.01% <u>FEOC Rural:</u> FY 2015/16: -2.57% FY 2016/17: +6.73% FY 2017/18: +0.72%
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	Finding	Use of the TDA definition of FTE could not be verified.

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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	Not applicable	Only for public transit operators.
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	Only for public transit operators.
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	In compliance	<p>In lieu of farebox, FEOC Transit Systems is subject to Fresno COG's policy to maintain a TDA/local support ratio.</p> <p><u>Urban CTSA:</u> FY 2015/16: 84.00% FY 2016/17: 85.00% FY 2017/18: 59.00%</p> <p><u>Rural CTSA:</u> FY 2015/16: 80.00% FY 2016/17: 79.00% FY 2017/18: 84.00%</p> <p><i>Source: TDA fiscal audits, FY 2016 – FY 2018.</i></p>
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	FEOC contributes to a defined contribution pension plan which covers substantially all employees of the agency. Generally, FEOC contributes an amount equal to five percent of the compensation earned by each eligible employee. Employer contributions are vested immediately.
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)	Not applicable	FEOC does not receive STA funds but does utilize FTA Section 5310 funds for vehicle purchases.
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	Not applicable	FEOC does not receive STA funds.

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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	Not applicable	In lieu of farebox, FEOC Transit Systems is subject to Fresno COG's policy to maintain a TDA/local support ratio.

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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 Fresno Economic Opportunities Commission 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 three recommendations:

1. Review the contract structure for Central Valley Regional Center.

Discussion: The prior audit noted that industry practice for transportation operations contracts is evolving and generally includes performance-based criteria offering incentives for meeting or exceeding performance targets, in addition to liquidated damages. As CVRC's contract had the highest dollar value to FEOC, the prior auditor found there could be consideration of contract adjustments for incentives based on performance. Upon contract tender/renewal, the prior audit recommended FEOC hold discussions with CVRC and potentially incorporate performance-based criteria, including a fuel stipend provision to protect against fuel price spikes, in particular for higher mileage of the rural CTSA trips. While an incentive provision may be difficult to incorporate due to the set pricing structure, the agreement contained a rate adjustment clause providing some flexibility for inclusion of a performance based incentive.

Progress: FEOC received an increase in the CVRC contract rate for FY 2016/17. FEOC initiated discussions with CVRC during FY 2017/18 to potentially incorporate performance-based criteria, including a fuel stipend provision to protect against fuel price spikes, in particular for higher mileage of the rural CTSA trips.

Status: Implemented.

2. Develop expanding performance standards for CTSA service efficiency and effectiveness.

Discussion: With the implementation of the new dispatching and scheduling capabilities, the prior audit noted there could be an opportunity for FEOC to review alternative performance indicators beyond typical transit metrics that may be more applicable to CTSAs. Suggested alternative measures that provide additional gauges of system performance included service quality/reliability standards (on-time performance; trip coverage/trip denials; cancellations and no shows; and complaints); funding leverage (total CTSA passengers relative to TDA funding; ratio of other fare revenue to TDA); and value for money (return on investment) through measures of effectiveness of meeting community transportation needs. This latter alternative would include the development of measures reflecting the net impact or opportunity cost of providing access to daily living requirements, including health care

services and employment. Conversely, there could be measures for impact on individuals and health care delivery (e.g., consumers or patients missing appointments or requiring more expensive medical interventions as a result of not being able to access preventative care). These measures could be qualitative or quantitative, but provide a means to assess CTSA service outside of transit industry indicators.

Progress: In FY 2017/18, FEOC purchased CTS Telescope, a dispatch software tool. In FY 2017/18 and FY 2018/19 it implemented the software in several of its CTSA contract operations. CTS provides several reports with various metrics that can be monitored periodically. Within this context, FEOC will continue to review alternative performance indicators beyond typical transit metrics more applicable to CTSA's. Measures included to be considered include on-time performance, trip denials, cancellations, no-shows, complaints, passengers per TDA funding, and value for money measures. The last recommended measure included development of measures reflecting the net impact or opportunity cost of providing access to daily requirements, including healthcare services and employment, or measures for impact on individuals and healthcare delivery (e.g., consumers missing appointments or requiring more expensive medical interventions as a result of not accessing preventive care).

Status: Implemented.

3. Continue efforts to attract and retain a strong driver workforce.

Discussion: The prior audit noted FEOC experienced some driver retention issues in its driver relief pool which provided a valued service as back-up to all routes. In response, the agency focused on enhancing methods to recruit and retain drivers. With the presence of labor union representation and FEOC plans to revise the wage scales consistent with changes in the minimum wage, the prior auditor recommended the driver ranks be replenished with a qualified pool of applicants. The audit report suggested FEOC customize its recruitment goals, qualifications and methods to be in tandem with these recent changes and keeping a healthy driver workforce as the agency expands its array of services. This might include more thorough testing and preference for applicants with specific characteristics such as a customer service oriented work history.

Progress: FEOC has filled all driver vacancies and has a strong driver workforce established since October 2018. FEOC has and will continue to focus on enhancing methods to recruit and retain drivers. FEOC has entered a new agreement with the Amalgamated Transit Union (ATU) which has revised the employee wage scales consistent with changes in the minimum wage. In addition, FEOC will be encouraging employees to take advantage of free training opportunities to upgrade driver license certifications, making them eligible for higher-paying job classifications within FEOC. This will accomplish multiple objectives including retention of a well-trained driver workforce, improved customer service, improved service reliability, and the ability to pursue additional transportation service contracts.

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 Fresno Economic Opportunities Commission to the State Controller via the State Controller's Transit Operators Financial Transactions Report (TOR).

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

The most significant difference observed with respect to financial measures is whether or not meal delivery costs and revenues are included. The annual productivity report clearly segregates the two programs, so it can be compared against other financial data. Vehicle service hours, vehicle service miles, and passengers appear to include only passenger transportation services.

- **Operating Cost:** The operating cost reported to the State Controller Report in FY 2015/16 and FY 2016/17 is consistent with the inclusion of meal delivery, but FY 2017/18 is not. This may be due to a change in personnel, which may have resulted in the data being reported differently. The data reported in the TDA fiscal audit is lower than the cost including meal data, but higher than the cost excluding meal data. The cause of this variance is unknown.
- **Fare Revenue:** Like with operating cost, client revenues as reported to the State Controller and in the annual productivity report appear to include meal delivery revenues. The data reported in the TDA fiscal audit in FY 2016/17 and FY 2017/18 is largely consistent with that reported to the State Controller (including meal delivery).
- **Vehicle Service Hours:** In FY 2015/16, VSH in the annual productivity report was higher than that reported to the State Controller. This is apparently due to Saturday and Sunday hours that were not included in the annual report. In FY 2016/17 and FY 2017/18, the data reported to the State Controller was lower than that included in the annual productivity report. The cause of this is unclear.
- **Vehicle Service Miles:** In FY 2015/16, VSM was reported consistently. In FY 2016/17 and FY 2017/18, the data reported to the State Controller was lower than that included in the annual productivity report. The cause of this is unclear.
- **Passengers:** Passenger data was consistent between both reports.
- **Full-time Equivalent (FTE) Employees:** The data provided by FEOC appeared to be a person-count, and was significantly higher than that reported to the State Controller. However, given the agency did not provide any calculation methodology, we could not verify use of the TDA definition.

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Exhibit 5.1 Data Reporting Consistency

Performance Measure	System-Wide		
	FY 2015/16	FY 2016/17	FY 2017/18
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$4,314,318	\$4,526,395	\$5,648,346
<i>Annual Productivity Report</i>	\$3,858,469	\$4,221,454	\$5,276,789
<i>Annual Productivity (with meal delivery)</i>	\$4,659,969	\$5,046,454	\$5,736,277
<i>State Controller Report</i>	\$4,659,969	\$5,046,454	\$6,113,788
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$3,765,917	\$3,926,830	\$3,942,618
<i>Annual Productivity Report</i>	\$3,276,939	\$3,627,701	\$3,659,517
<i>Annual Productivity (with meal delivery)</i>	\$3,600,369	\$3,945,522	\$3,991,974
<i>State Controller Report</i>	\$3,264,809	\$3,604,801	\$3,610,160
<i>State Controller Report (with meal delivery)</i>	\$3,600,363	\$3,926,205	\$3,942,617
Vehicle Service Hours (VSH)			
<i>Annual Productivity Report</i>	74,306	70,883	70,372
<i>State Controller Report</i>	75,382	65,558	65,094
Vehicle Service Miles (VSM)			
<i>Annual Productivity Report</i>	1,267,607	1,208,590	1,200,469
<i>State Controller Report</i>	1,267,607	1,113,288	1,110,434
Passengers			
<i>Annual Productivity Report</i>	387,499	306,058	329,533
<i>State Controller Report</i>	387,499	306,058	329,533
Full-Time Equivalent Employees			
<i>State Controller Report</i>	55	68	68
<i>Per City methodology</i>	87	103	97

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 6667¹. 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.

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- 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.

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TDA Required Indicators

To calculate the TDA indicators for the Fresno Economic Opportunities Commission, 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 appears 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 appears 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 FEOC's annual productivity reports. FEOC's definition appears 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 FEOC's annual productivity reports. FEOC's definition appears 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 FEOC's annual productivity reports. FEOC's definition appears consistent with PUC guidelines.
- Full-Time Equivalent (FTE) calculation methodology was not provided by the agency; as a result, consistency with the TDA definition (hours worked divided by 2,000) could not be verified.

System Performance Trends

Operating cost increased between FY 2012/13 and FY 2017/18, exhibiting a 13.7 percent net increase. The current audit period had a net increase of 21.9 percent in part due to the noticeable 21.2 percent increase for FY 2017/18. Fare revenue (client revenue) increased overall by 4.7 percent in the six-year period; however, the current audit period exhibited a decrease of 3.7 percent.

Vehicle Service Hours (VSH) saw a net decrease of 13.5 percent across the six-year period with the current audit period exhibiting a decrease of 20.6 percent. Vehicle Service Miles (VSM) saw a decrease between FY 2012/13 and FY 2017/18 of 18.2 percent. The largest decrease of 12.2 percent occurred in FY 2016/17. Ridership experienced a net decrease of 24.8 percent across the six-year period with a decrease of 21.0 percent during FY 2016/17.

Cost-related performance indicators increased during the current audit period. System-wide unaided farebox decreased during the current audit period. Passengers per VSH and VSM have decreased slightly with an overall ridership decrease.

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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 \$)	\$5,378,213	\$5,358,385	\$5,016,072	\$4,659,969	\$5,046,454	\$6,113,788
<i>Annual Change</i>		-0.4%	-6.4%	-7.1%	8.3%	21.2%
Fare Revenue (Actual \$)	\$2,818,238	\$3,010,841	\$3,063,955	\$2,698,694	\$3,056,799	\$2,949,705
<i>Annual Change</i>		6.8%	1.8%	-11.9%	13.3%	-3.5%
Vehicle Service Hours (VSH)	75,258	76,577	81,970	75,382	65,558	65,094
<i>Annual Change</i>		1.8%	7.0%	-8.0%	-13.0%	-0.7%
Vehicle Service Miles (VSM)	1,357,795	1,243,398	1,257,393	1,267,607	1,113,288	1,110,434
<i>Annual Change</i>		-8.4%	1.1%	0.8%	-12.2%	-0.3%
Passengers	438,357	388,179	394,656	387,499	306,058	329,533
<i>Annual Change</i>		-11.4%	1.7%	-1.8%	-21.0%	7.7%
Employees	51	51	55	55	68	68
<i>Annual Change</i>		0.0%	7.8%	0.0%	23.6%	0.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$71.46	\$69.97	\$61.19	\$61.82	\$76.98	\$93.92
<i>Annual Change</i>		-2.1%	-12.5%	1.0%	24.5%	22.0%
Operating Cost/Passenger (Actual \$)	\$12.27	\$13.80	\$12.71	\$12.03	\$16.49	\$18.55
<i>Annual Change</i>		12.5%	-7.9%	-5.4%	37.1%	12.5%
Passengers/VSH	5.82	5.07	4.81	5.14	4.67	5.06
<i>Annual Change</i>		-13.0%	-5.0%	6.8%	-9.2%	8.4%
Passengers/VSM	0.32	0.31	0.31	0.31	0.27	0.30
<i>Annual Change</i>		-3.3%	0.5%	-2.6%	-10.1%	7.9%
Farebox Recovery	52.4%	56.2%	61.1%	57.9%	60.6%	48.2%
<i>Annual Change</i>		7.2%	8.7%	-5.2%	4.6%	-20.3%
Hours/Employee	1475.6	1501.5	1490.4	1,370.6	964.1	957.3
<i>Annual Change</i>		1.8%	-0.7%	-8.0%	-29.7%	-0.7%
TDA Non-Required Indicators						
Operating Cost/VSM	\$3.96	\$4.31	\$3.99	\$3.68	\$4.53	\$5.51
<i>Annual Change</i>		8.8%	-7.4%	-7.8%	23.3%	21.5%
VSM/VSH	18.04	16.24	15.34	16.82	16.98	17.06
<i>Annual Change</i>		-10.0%	-5.5%	9.6%	1.0%	0.5%
Fare/Passenger	\$6.43	\$7.76	\$7.76	\$6.96	\$9.99	\$8.95
<i>Annual Change</i>		20.6%	0.1%	-10.3%	43.4%	-10.4%

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

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Exhibit 6.2 System Ridership

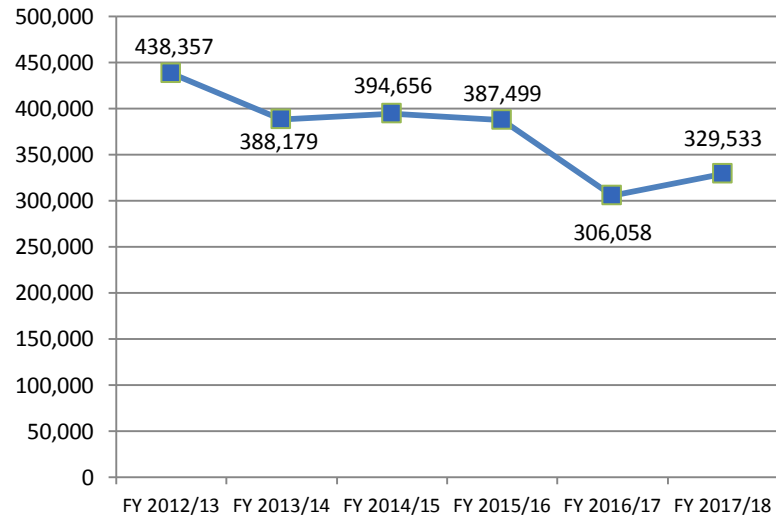


Exhibit 6.3 System Operating Cost/VSH

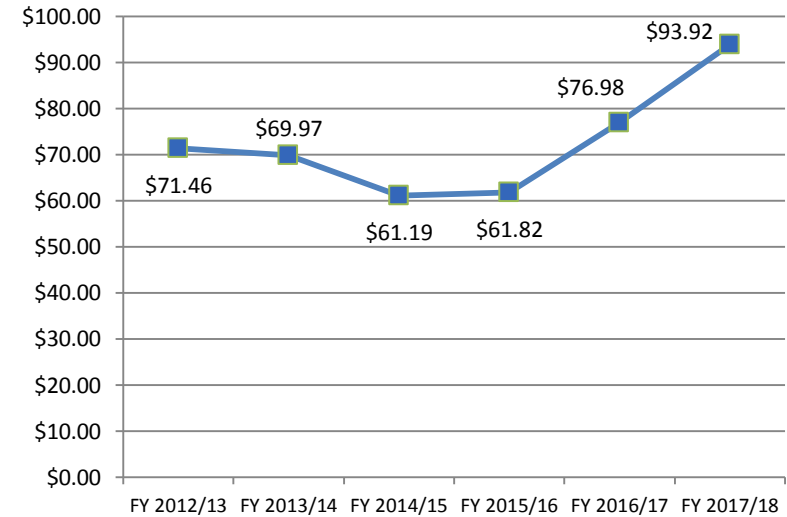


Exhibit 6.4 System Operating Cost/VSM

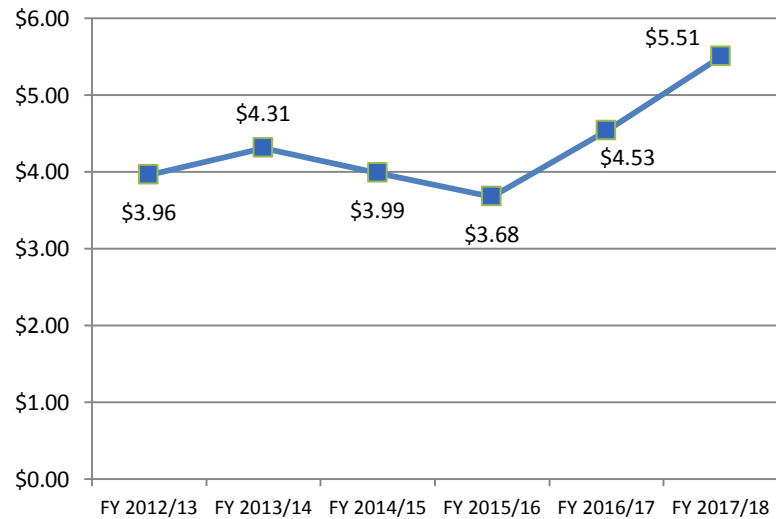
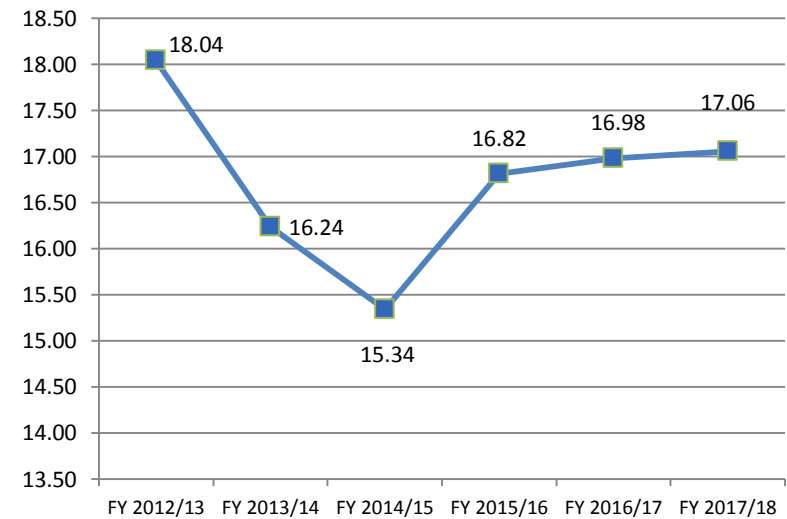


Exhibit 6.5 System VSM/VSH



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Exhibit 6.6 System Operating Cost/Passenger

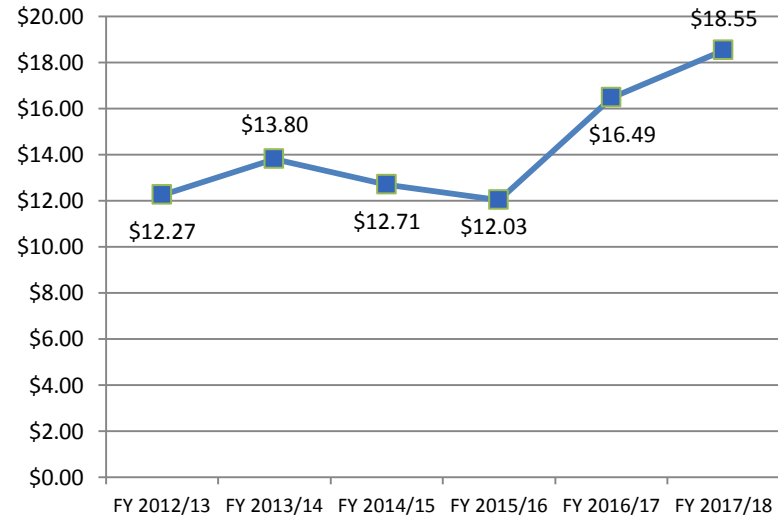


Exhibit 6.7 System Passengers/VSH

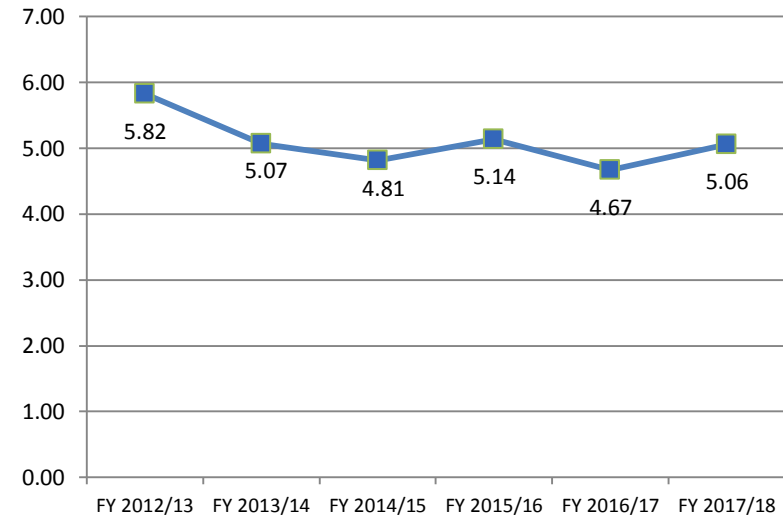


Exhibit 6.8 System Passengers/VSM

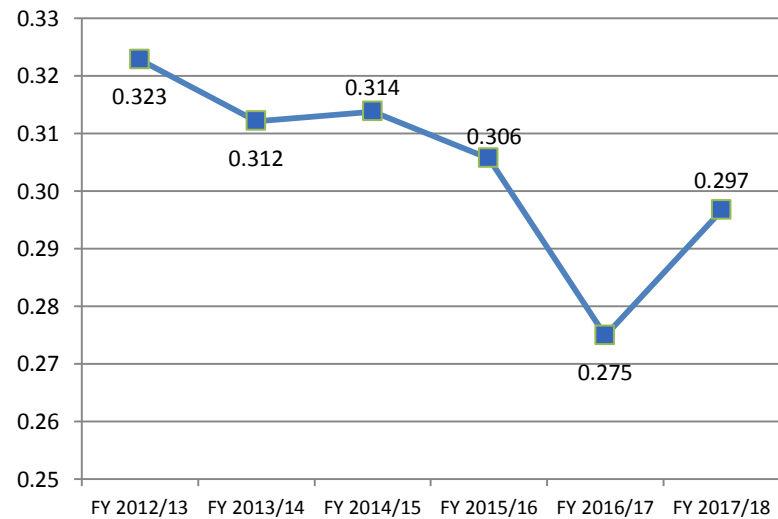
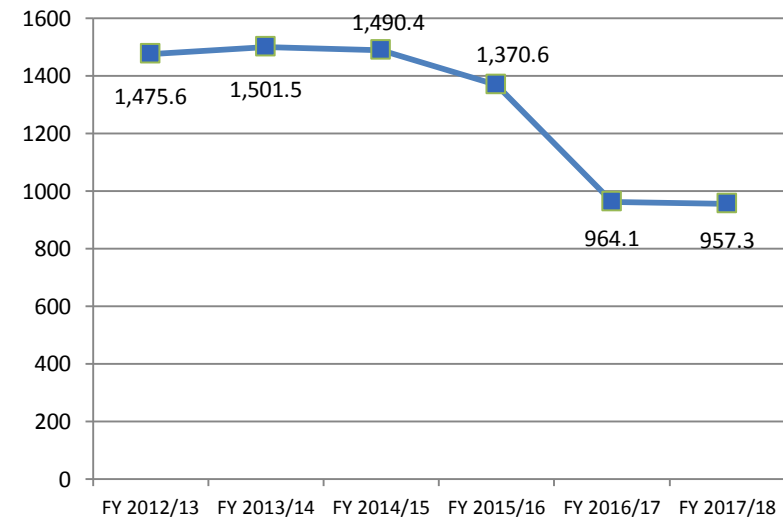


Exhibit 6.9 System VSH/FTE



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Exhibit 6.10 System Farebox Recovery

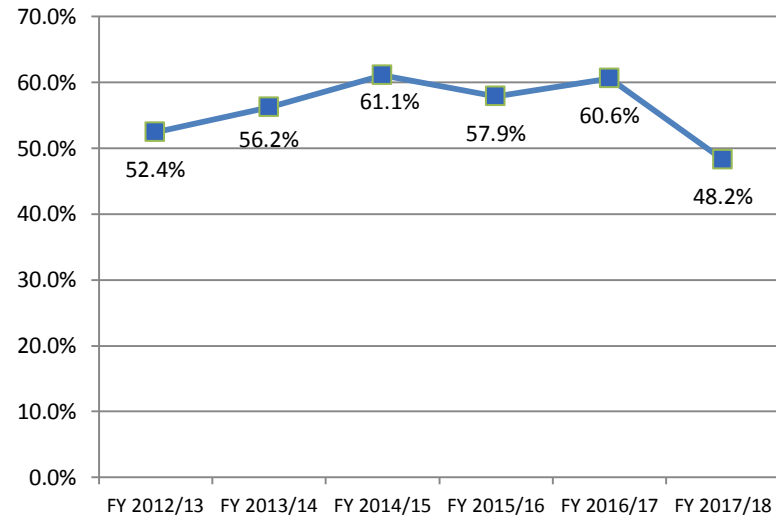
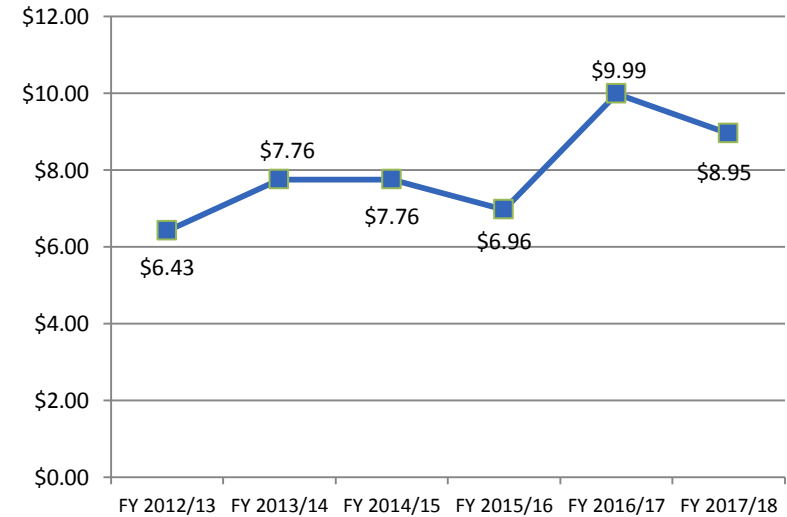


Exhibit 6.11 System Fare/Passenger



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Chapter 7

Functional Review

A functional review of the Fresno Economic Opportunities Commission public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the Agency'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 Fresno Economic Opportunities Commission 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 Fresno Economic Opportunities Commission (FEOC) has been the designated Consolidated Transportation Service Agency for both rural and urban portions of Fresno County since 1983. FEOC provides a variety of transportation-related services for clients throughout the county, including client transportation, vehicle maintenance, and meal delivery. It does not operate as a traditional transit service, but instead contracts with organizational clients to provide services to members.

General Management and Organization

FEOC is the co-designated CTSA with the City of Fresno in urban areas and with Fresno County Rural Transit Agency in rural areas. FEOC is focused on social services transportation and receives approximately \$1 million for urban and \$500,000 for rural from the TDA. All programs under FEOC are operated in-house and monitored daily.

FEOC provides transportation through multiple service contracts. Prior to September 2018, FEOC also operated FCRTA, but after 33 years no longer operates the public transit service for FCRTA. Currently FEOC's largest client is the Central Valley Regional Center, through which FEOC serves approximately 500 participants via 31 daily routes. Other clients include FEOC Head Start, the Fresno-Madera Area Agency on Aging, and CalWorks. FEOC also works with other local non-profits to provide special trips. FEOC has recently entered into a contract with the Department of Behavioral Health to provide transportation to its clients.

The FEOC underwent a staffing change in 2017, when the 20-year director of both food service and transit left the agency. The transit operations manager departed at about the same time. As a result, the leadership of the Transit Systems Division was new as of 2017.

The 24-member EOC board is the policy-making body. They have several committees, but none are focused on transportation. The Board has not expressed any specific concerns to the current Transit

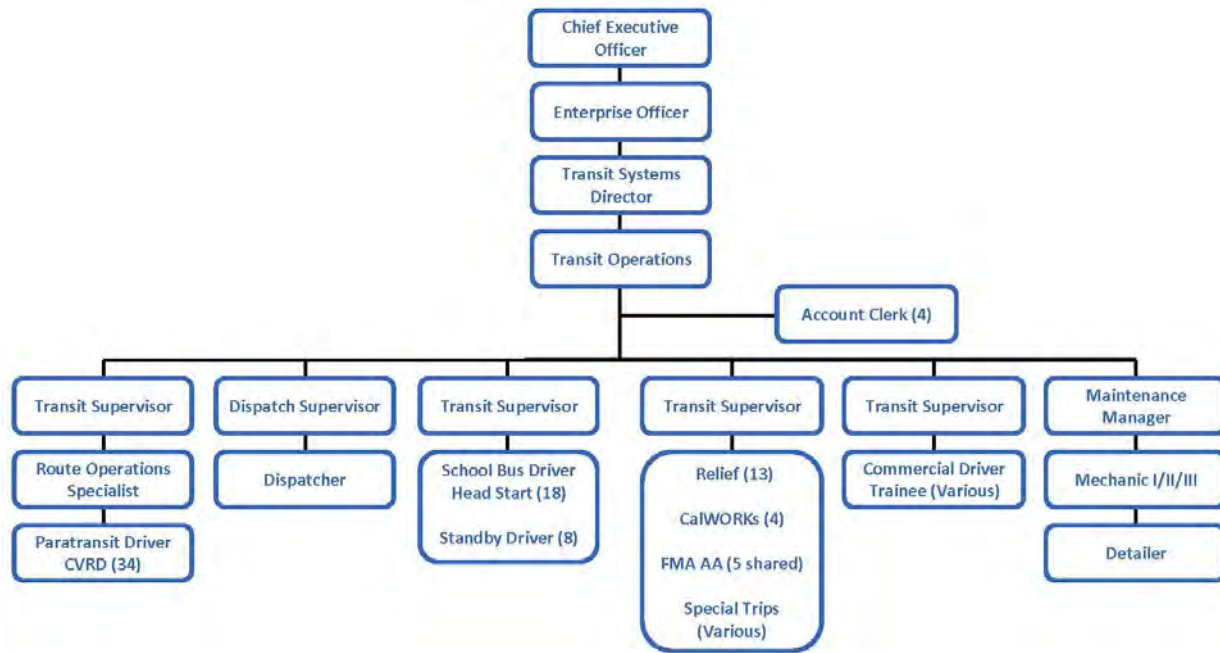
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Director. The Transit Systems Director attends Fresno COG meetings and is the CTSA member of the SSTAC.

Exhibit 7.1 Organizational Chart



Service Planning

The FEOC prepares an annual operations and program budget (OPB). Given the nature of the service delivery model, planning is dependent upon what contracts they have.

Unlike a traditional transit service, FEOC does not reach out to its customers for input or feedback. Instead, organizational clients provide program feedback. FEOC does participate in the RTPA's annual unmet transit needs process. In addition, FEOC management conduct presentations with new CalWorks staff.

Scheduling, Dispatch, and Operations

Drivers bid on assignments annually based on seniority. For bidding purposes, seniority is separated by service contract. Not all drivers are cross-trained between services, but many are. The pay scale encourages opportunities to train and advance. All relief/standby drivers are required to be trained on anything.

There are a total of 115 drivers, all of which are considered full-time (30 or more hours per week). Drivers are represented by Amalgamated Transit Union Local 1027. There are five driver supervisors, each overseeing a contract. One of the driver supervisors also functioned as a driver trainer. When the new Transit Systems Director came onboard, he took all other duties away and reclassified that driver supervisor solely a driver trainer and recruiter.

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Fares are not collected. Any donations received are placed in a money pouch. Cash collection is very low, usually under \$20 per week.

Personnel Management and Training

A driver shortage was previously a challenge. The starting wage always begins at current minimum wage. The contract with ATU Local 1027 was renegotiated and wages were inflated at the higher end to provide motivation for promotion. However, since FEOC is no longer the operations contractor for the Fresno County Rural Transit Agency (FCRTA), there has not been a driver shortage.

Recruitment is done primarily through FEOC's website. FEOC operates a free commercial driver training program (with DMV certification). Trainees are not required to work for FEOC upon completion of the program, but FEOC typically offers to hire top candidates. The agency is looking for funding to continue the driver training service. It has greatly helped to fill the demand for drivers; even though the need for drivers is not as critical now, FEOC would like to keep the program going as a community service. The two DMV certified trainers must each test and pass ten people per year to maintain their certification.

Administration

The Transit Systems Director handles budgeting. Transit Operations and the Finance Department assist with the budgeting. An annual budget goes to the board for approval. Changes to the budget can be brought to the board monthly.

FEOC's downtown facility has a grants division that is constantly looking for opportunities for transit. Two applications have been submitted for discretionary funding opportunities. Risk management is handled through a contract with Nonprofits Insurance Alliance (NIAC), which provides a lot of services for FEOC. FEOC has a single facility for its Transit Systems Division, which provides both maintenance and operations. This facility is shared with EOC's Food Service Division.

Payroll is handled downtown. It occurs biweekly and direct deposit offered. The Transit Systems Director approves the timesheets. The approximately 20 drivers who deliver for food services are included within the Transit Systems Division.

All vendor invoices are received by transit, reviewed, and sent downtown for processing. The Transit Systems Director and Transit Operations perform vehicle purchasing. They take utilize the state bid and work through the Finance Department. Anything done in accounts payable requires approval from the finance department.

Marketing and Public Relations

Given the nature of FEOC's operation, marketing is neither conducted nor required. Some marketing is done by the Fresno-Madera Agency on Aging to increase the number of seniors using the service.

Maintenance

All vehicle maintenance is done in-house. The current facility is not adequate for the current level of work performed, but capacity could be expanded by adding multiple maintenance shifts. Preventative maintenance is based on OEM time and mileage recommendations. It is tracked with Impulse software. The facility has six mechanics. FEOC also contracts with non-profits to provide vehicle maintenance for them.

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FEOC has an expansion master plan from five years ago, but some things have changed. It would like to expand its maintenance facility (including adding maintenance bays), but the food preparation facility is likely to become an official FDA-qualified food preparation facility, and expansion of the Transit Systems Division is taking a back seat.

FEOC's first fleet plan is in the works. Quite a few vehicles are beyond their useful life but are still being used. FEOC receives very little Section 5310 funding. The City of Fresno theoretically splits the amount granted between the City and FEOC for their shared service area; however, that does not always seem to be the case. This funding alone does not keep up with their needs. Additional grants are sought to fill FEOC's annual needs.

Historically, FEOC has not considered introducing an alternative fuels program, but is not looking into it. Funding for these types of projects is usually handled by CalStart and the local air districts (San Joaquin Valley Air Pollution Control District). Private companies do not typically have access to this kind of funding. Many providers are eligible, such as County agencies, but FEOC currently is not. However, given the size of the FEOC fleet, these entities are considering modifying their rules to include CTSA's.

All vehicles are accessible except for two sedans.

Exhibit 7.2 Fleet Inventory

Vehicle #	Year	Make/Model	Fuel	Contract Use
38	2010	Braun minivan	Gas	CalWorks
39	2010	Braun minivan	Gas	CalWorks
40	2010	Braun minivan	Gas	CalWorks
41	2014	Braun minivan	Gas	CalWorks
42	2014	Braun minivan	Gas	CalWorks
90	1995	GMC	Diesel	Head Start
91	1995	GMC	Diesel	Head Start
92	1995	GMC	Diesel	Head Start
93	1995	GMC	Diesel	Head Start
94	1995	GMC	Diesel	Head Start
95	1995	GMC	Diesel	Head Start
96	1996	GMC	Diesel	Head Start
99	1999	GMC	Diesel	Head Start
100	1999	GMC	Diesel	Head Start
101	2002	Ford	Diesel	Head Start
102	2003	Thomas	Diesel	Head Start
103	2003	Thomas	Diesel	Head Start
104	2003	Thomas	Diesel	Head Start
105	2003	Thomas	Diesel	Head Start
106	2003	Thomas	Diesel	Head Start

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Vehicle #	Year	Make/Model	Fuel	Contract Use
107	2003	Thomas	Diesel	Head Start
108	2003	Thomas	Diesel	Head Start
109	2003	Thomas	Diesel	Head Start
110	2003	Thomas	Diesel	Head Start
120	2004	Thomas	Diesel	Head Start
121	2004	Thomas	Diesel	Head Start
122	2004	Thomas	Diesel	Head Start
123	2005	Bluebird	Diesel	Head Start
124	2009	Thomas	Diesel	Head Start
128	2011	International	Diesel	Head Start
129	2011	International	Diesel	Head Start
130	2011	International	Diesel	Head Start
131	2012	International	Diesel	Head Start
465	2004	Ford E450	Gas	CVRC/Misc. B/P
478	2006	Ford E450	Gas	CVRC/Misc. B/P
479	2006	Ford E450	Gas	CVRC/Misc. B/P
481	2006	Ford E450	Gas	CVRC/Misc. B/P
482	2006	Ford E450	Gas	CVRC/Misc. B/P
484	2006	Ford E450	Gas	CVRC/Misc. B/P
485	2007	Ford E450	Gas	CVRC/Misc. B/P
486	2007	Ford E450	Gas	CVRC/Misc. B/P
487	2007	Ford E450	Gas	CVRC/Misc. B/P
488	2007	Ford E450	Gas	CVRC/Misc. B/P
489	2007	Ford E450	Gas	CVRC/Misc. B/P
490	2007	Ford E450	Gas	CVRC/Misc. B/P
491	2007	Ford E450	Gas	CVRC/Misc. B/P
492	2008	Ford E450	Gas	CVRC/Misc. B/P
493	2008	Ford E450	Gas	CVRC/Misc. B/P
494	2008	Ford E450	Gas	CVRC/Misc. B/P
495	2008	Ford E450	Gas	CVRC/Misc. B/P
496	2008	Ford E450	Gas	CVRC/Misc. B/P
497	2008	Ford E450	Gas	CVRC/Misc. B/P
498	2008	Ford E450	Gas	CVRC/Misc. B/P
499	2008	Ford E450	Gas	CVRC/Misc. B/P
500	2008	Ford E450	Gas	CVRC/Misc. B/P
501	2010	Ford E450	Gas	CVRC/Misc. B/P
502	2010	Ford E450	Gas	CVRC/Misc. B/P
503	2010	Ford E450	Gas	CVRC/Misc. B/P

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Vehicle #	Year	Make/Model	Fuel	Contract Use
504	2010	Ford E450	Gas	CVRC/Misc. B/P
505	2010	Ford E450	Gas	CVRC/Misc. B/P
506	2011	Ford E450	Gas	CVRC/Misc. B/P
507	2011	Ford E450	Gas	CVRC/Misc. B/P
508	2011	Ford E450	Gas	CVRC/Misc. B/P
509	2011	Ford E450	Gas	CVRC/Misc. B/P
510	2011	Ford E450	Gas	CVRC/Misc. B/P
511	2011	Ford E450	Gas	CVRC/Misc. B/P
512	2011	Ford E450	Gas	CVRC/Misc. B/P
513	2011	Ford E450	Gas	CVRC/Misc. B/P
514	2011	Ford E450	Gas	CVRC/Misc. B/P
515	2011	Ford E450	Gas	CVRC/Misc. B/P
516	2011	Ford E450	Gas	CVRC/Misc. B/P
517	2011	Ford E450	Gas	CVRC/Misc. B/P
518	2011	Ford E450	Gas	CVRC/Misc. B/P
519	2011	Ford E450	Gas	CVRC/Misc. B/P
520	2013	Ford E450	Gas	CVRC/Misc. B/P
521	2013	Ford E450	Gas	CVRC/Misc. B/P
522	2013	Ford E450	Gas	CVRC/Misc. B/P
523	2013	Ford E450	Gas	CVRC/Misc. B/P
524	2015	Ford E450	Gas	CVRC/Misc. B/P
525	2015	Ford E450	Gas	CVRC/Misc. B/P
526	2015	Ford E450	Gas	CVRC/Misc. B/P
527	2015	Ford E450	Gas	CVRC/Misc. B/P
528	2015	Ford E450	Gas	CVRC/Misc. B/P
529	2015	Ford E450	Gas	CVRC/Misc. B/P
530	2015	Ford E450	Gas	CVRC/Misc. B/P
531	2015	Ford E450	Gas	CVRC/Misc. B/P
532	2015	Ford E450	Gas	CVRC/Misc. B/P
533	2015	Ford E450	Gas	CVRC/Misc. B/P
534	2015	Ford E450	Gas	CVRC/Misc. B/P
535	2016	Ford E450	Gas	CVRC/Misc. B/P
536	2016	Ford E450	Gas	CVRC/Misc. B/P
537	2016	Ford E450	Gas	CVRC/Misc. B/P
538	2016	Ford E450	Gas	CVRC/Misc. B/P

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FEOC paratransit vehicles.



FEOC meal delivery van.



FEOC vehicle storage yard.

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Chapter 8

Findings and Recommendations

Conclusions

With one exception, Moore & Associates finds the Fresno Economic Opportunities Commission 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 EOC staff, analysis of program performance, and an audit of program compliance and function, the audit team presents one compliance finding:

1. Use of the TDA definition of full-time equivalent (FTE) employee could not be verified.

Moore & Associates has identified one functional finding. While this finding does not affect TDA compliance, we believe it warrants inclusion within this audit:

1. Data is reported inconsistently between various internal and external reports.
2. The TDA fiscal audit does not provide sufficient detail for its analysis of farebox revenue ratios.

Program Recommendations

In completing this Triennial Performance Audit, Moore & Associates submits the following recommendations for the Economic Opportunities Commission. 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.

TDA Compliance Finding 1: Use of the TDA definition of full-time equivalent (FTE) employee could not be verified.

Criteria: The Transit Operators Financial Transaction Report Instructions published by the State Controller state the following with respect to the reporting of Total Employees – Public and Contract:

Report the number of employee equivalents. Public Utilities Code Section 99247(j) defines "Vehicle service hours per employee" as the vehicle service hours divided by the number of employees employed in connection with the public transportation system. Use the assumption that 2,000 person-hours of work in one year constitutes one employee. The number of employees shall also include those individuals employed by the operator which provide services to the agency of the operator responsible for the operation of the public transportation system even though not employed in that agency.³

³ Transit Operators Financial Transactions Report Instructions, updated October 2018, page 23.

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Condition: The data provided by FEOC appeared to reflect a person-count, but did not match what was reported to the State Controller. No calculation methodology for the data reported to the State Controller was provided. We were also unable to determine whether all operations, administration, and maintenance hours were included in this calculation.

Cause: The cause of this is unclear.

Effect: Use of a definition other than the TDA definition puts the City out of compliance with the TDA.

Recommendation: Employ the TDA definition of full-time equivalent (FTE) employee for reporting to the State Controller.

Recommended Action(s): Use payroll records to document the total amount of time spent on transit by all employees, and use that figure (divided by 2,000) to calculate FTE for reporting to the State Controller.

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

Anticipated Cost: Negligible.

Functional Finding 1: Data is reported inconsistently between various internal and external reports.

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 FEOC to be using an improper definition for any performance measure, the data reported internally, to the State Controller, and in the TDA fiscal audit. Operating cost and fare revenue data saw inconsistencies each year. Some of the inconsistencies appear to be due to the inclusion of meal-delivery costs and revenues, though meal delivery VSH and VSM were not included in performance metrics.

Cause: While the inclusion of meal delivery costs and revenues was one source of the data discrepancy, the cause of the discrepancy in performance data was unclear.

Effect: When data is inconsistent, the quality of the data can be called into question.

Recommendation: Ensure data is reported consistently and accurately.

Recommended Action(s): Data should be reported accurately and consistently among all reporting entities. It is not unusual for there to be slight variances due to the use of audited and unaudited data. However, it is unclear as to whether FEOC has a clear policy as to what revenues and costs are included in the reports and compliance calculations. This issue is discussed further under Functional Finding #2.

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Timeline: FY 2019/20.

Anticipated Cost: Negligible.

Functional Finding 2: The TDA fiscal audit does not provide sufficient detail for its analysis of revenue ratios.

Criteria: PUC 99245 requires transit operators that receive funding through the TDA (including CTSAAs) submit an annual fiscal audit specific to TDA funds. These fiscal audits typically include an assessment of compliance with respect to farebox recovery ratio, or in the case of FEOC, the ratio of local funds to operating cost.

Condition: In the TDA fiscal audits for all three years included within this audit period, the TDA fiscal audits included a statement of the revenue ratios. However, they simply provided the percentage of “ratio of fare revenues to operating costs” and “ratio of local support revenues to operating cost minus exclusions.” None of the audits provided any of the data that was used to calculate these ratios. We attempted to recreate these calculations using data provided elsewhere in the TDA fiscal audits, but were unable to exactly replicate the percentages. Cross-checking the figures with the annual productivity reports offered some insight, though the percentages included therein include costs and revenues from the meal delivery program and do not exclude depreciation.

Cause: The cause of this lack of detail in the TDA fiscal audit is unclear.

Effect: When sufficient detail is not provided, it becomes difficult to determine the accuracy of the compliance evaluation, especially if data is not reported consistently (see Functional Finding #1).

Recommendation: Work with the TDA fiscal auditors and Fresno COG to ensure a detailed summary of farebox revenue ratios is included in each subsequent TDA fiscal audit.

Recommended Action(s): The TDA fiscal audit should include a detailed summary of what line items are included in this calculation. In addition, it should identify whether meal delivery costs and revenues are being included in the calculation, as well as whether those funds should be included.

Timeline: FY 2019/20.

Anticipated Cost: Negligible.



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Exhibit 8.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Employ the TDA definition of full-time equivalent (FTE) employee for reporting to the State Controller.	Medium	FY 2019/20
Functional Recommendations		Importance	Timeline
1	Ensure data is reported consistently and accurately.	Medium	FY 2019/20
2	Work with the TDA fiscal auditors and Fresno COG to ensure a detailed summary of farebox revenue ratios is included in each subsequent TDA fiscal audit.	High	FY 2019/20