



Fresno Council of Governments

Triennial Performance Audit of the City of Fresno FY 2018/19 - FY 2020/21

FINAL REPORT
APRIL 2022



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Chapter 1 | Executive Summary

In 2021, 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.

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

The Triennial Performance Audit is designed to be an independent and objective evaluation of City of Fresno 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 which it allocates funds.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the City of Fresno's public transit program for the period:

- Fiscal Year 2018/19,
- Fiscal Year 2019/20, and
- Fiscal Year 2020/21.

The City of Fresno operates Fresno Area Express, which includes 18 fixed routes. The service operates within Fresno city limits. Service is available on weekdays from 5:30 a.m. through 10:00 p.m., and weekends from 6:30 a.m. through 7:00 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.

Handy Ride is a curb-to-curb ADA complementary paratransit service available to eligible persons with disabilities who cannot use the traditional fixed-route bus 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 that 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, Inc. 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,
- Prior recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

Test of Compliance

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

1. In FY 2018/19 and FY 2019/20, the TDA fiscal audit was submitted after the extended deadline.

Status of Prior Recommendations

The prior audit – completed in June 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included two recommendations:

1. [Clearly identify the source of all funds that are being counted as farebox revenue in the TDA fiscal audit.](#)
Status: Not implemented.
2. [Ensure data is reported consistently and accurately.](#)
Status: No longer relevant.

Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and a review of program compliance and function, the audit team submits the aforementioned compliance findings for the City of Fresno.

The audit team has identified two functional findings. While these findings are not compliance findings, the auditors believe they warrant inclusion herein:

1. The farebox recovery ratio calculation in the TDA fiscal audit is not sufficiently detailed, nor does it include a farebox recovery ratio calculation specific to the Handy Ride program.

Full-time equivalent (FTE) employee reporting in the State Controller Report does not align with the calculated FTE based on employee work hours reported to the National Transit Database (NTD).

In completing this Triennial Performance Audit, the audit submits the following recommendations for the City’s public transit program. They have been 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 triennial audit that are not specific to TDA compliance.

Exhibit 1.1 Summary of Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with the Fresno Council of Governments and the TDA fiscal auditor to ensure future audits can be completed within the extended deadline.	High	Ongoing
Functional Recommendations		Importance	Timeline
1	Prepare separate detailed farebox recovery ratio calculations for FAX and Handy Ride as part of the TDA fiscal audit.	Medium	FY 2021/22
2	Ensure staff responsible for preparing the State Controller Report have a solid understanding of the TDA definition of full-time equivalent (FTE) employee and how to calculate it.	Medium	Ongoing

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Chapter 2 | Audit 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, 2021. 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 funding eligibility.

In 2021, the Fresno Council of Governments 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, Inc. is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates, Inc. 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 operator to whom it allocates funds.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that 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. The auditors believe the evidence obtained provides a reasonable basis for its 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 (TPA) has four primary objectives:

1. Assess compliance with TDA regulations;
2. Review improvements subsequently implemented as well as progress toward adopted goals;
3. Evaluate the efficiency and effectiveness of the transit operator; and
4. 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. A review of the status of recommendations included in the prior Triennial Performance Audit.
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. Comparison of data reporting practices:
 - Internal reports,
 - State Controller Reports, and
 - National Transit Database.
5. 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.
6. 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 City of Fresno (Fresno Area Express) included thorough review of documents relevant to the scope of the audit, as well as information contained on City's website. The documents reviewed included the following (spanning the full three-year period):

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- TDA claims;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;

- Accident/road call logs; and
- Organizational chart.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with the City of Fresno representatives on October 27, 2021 and a follow up interview with City and Handy Ride staff on November 12, 2021. The audit team met with Belinda McMillan Haener (Administrative Manager), Aubree Stapp (Senior Management Analyst), Orié Rubalcava (Senior Management Analyst), R.A. Valencia, Linda Taylor (Senior Management Analyst), Joe Vargas (Director of Transportation), Joe Gonzalez, Kelly Hubbard (NEXT General Manager), and V. Valdes; and reviewed materials germane to the triennial audit.

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,
 - Status of prior recommendations,
 - Consistency among reported data,
 - 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 City of Fresno 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.

Status of compliance items was determined through discussions with City staff as well as an inspection of relevant documents including the fiscal audits for each year of the triennium, State Controller annual filings, California Highway Patrol terminal inspections, National Transit Database reports, year-end performance reports, and other compliance-related documentation.

One compliance finding was identified for the City of Fresno (Fresno Area Express):

1. In FY 2018/19 and FY 2019/20, the TDA fiscal audit was submitted after the extended deadline.

Developments Occurring During the Audit Period

The last half of the audit period is markedly different from the first half. The impacts of the COVID-19 pandemic resulted in significant declines in ridership and revenue. In many instances, transit operators strove to retain operations staff despite adopting a reduced schedule, resulting in significant changes to many cost-related performance metrics. While infusions of funding through the CARES Act mitigated some of the lost revenues for federally funded programs, most transit operators have yet to return to pre-pandemic ridership and fare levels. As a result, the Triennial Performance Audits will provide an assessment not only of how COVID-19 impacted each organization, but how they responded to the crisis.

In addition to the COVID-19 pandemic, recent and proposed changes to the TDA may result in audit reports that look somewhat different than in prior years. In the nearly 50 years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. While the ability to maintain state mandates and performance measures is important, AB 90 offered much-needed relief from these requirements for these years impacted by the COVID-19 pandemic while TDA reform continues to be discussed.

AB 90 included the following provisions specific to transit operator funding through the TDA:

1. It prohibited the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.
2. It required the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance (STA) Program for FY 2020/21 and FY 2021/22 based on the same individual operator ratios published by the Controller in a specified transmittal memo, and authorized the Controller to revise that transmittal memo, as specified. It required the Controller to use specified data to calculate those individual operator ratios. Upon allocation of the transit operator revenue-based funds to local transportation agencies pursuant to this provision, the Controller would publish the amount of funding allocated to each operator.
3. It exempted an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorized the operator to use those funds for operating or capital purposes during that period.
4. It required the Controller to allocate State of Good Repair (SOGR) program funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.
5. It required the Controller to allocate Low Carbon Transit Operations Program (LCTOP) funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.

Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. It extended the provisions of AB 90 through FY 2022/23 as well as provided additional regulatory relief including:

1. Waiving the annual productivity improvement requirement of Section 99244 through FY 2022/23.
2. Adding a temporary provision exempting operators from farebox recovery ratio requirements provided they expend at least the same amount of local funds as in FY 2018/19.
3. Expanding the definition of “local funds” to enable the use of federal funding, such as the CARES Act or CRRSAA, to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
4. Adjusting the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and micro-transit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
5. Allowing operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2022/23.

AB 149 also called for an examination of the triennial performance audit process, to ensure the practice continues to be effective and beneficial.

Exhibit 3.1 Transit Development Act Compliance Requirements

Compliance Element	Reference	Compliance	Comments
State Controller Reports submitted on time.	PUC 99243	In compliance	FY 2018/19: January 28, 2020 FY 2019/20: January 25, 2021 FY 2020/21: January 29, 2022
Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).	PUC 99245	Finding	FY 2018/19: April 20, 2020 FY 2019/20: January 20, 2022 FY 2020/21: <i>Pending</i>
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	<i>G Street terminal:</i> May 10, 2018 April 9, 2019 June 4, 2020 February 24, 2021 <i>Blackstone terminal:</i> October 22, 2018 October 24, 2019 October 6, 2020
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	
Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.	PUC 99405	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	City of Fresno does not claim under Article 8.
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 2018/19: -6.85% FY 2019/20: +1.76% FY 2020/21: -4.35% Source: TDA claims, FY 2018 – FY 2021.
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	

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 2018/19: 20.00% FY 2019/20: 16.86% (waiver) FY 2020/21: Pending (waiver) <i>Penalties for not meeting the farebox recovery ratio requirement waived for FY 2020 and FY 2021 under AB 90 and AB 149.</i>
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	Farebox recovery ratio for Handy Ride is not calculated separately in the TDA audits.
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	
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 operating purposes according to a sliding scale.	PUC 99314.6	In compliance	

Compliance Element	Reference	Compliance	Comments
<p>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.</p>	<p>CCR 6634</p>	<p>In compliance</p>	

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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 June 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included two recommendations:

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

Discussion: During the prior audit it seemed the City was utilizing local supplementation to ensure it met the 20 percent farebox recovery ratio required by the TDA. This was assumed because the farebox recovery ratio was consistently right at 20 percent, which suggested the City was using just enough local funds to reach that goal. The likelihood of the City exactly meeting the requirement using fare revenues alone was very low. However, the City did not break out actual fare revenue from local supplementation in its TDA fiscal audit, classifying all as “farebox revenues” even though there was 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. The sources of this additional revenue is unclear.

The auditor recommended the City identify all operating revenues as part of the farebox recovery ratio compliance evaluation in the TDA fiscal audit. Even if the revenues could technically be classified as fare revenues (such as route guarantees), the prior audit recommended separating them out as part of the farebox evaluation for transparency’s sake.

Progress: FAX noted it clearly identifies the operating revenues used in the farebox recovery ratio within the TDA claim submitted to the Fresno Council of Governments annually. In the calculation, FAX pulls data from funds 22505 and 43505 and uses a pivot table to separate the different revenues. At the bottom, revenues are totaled and listed as LTF, STA, fareboxes, local support, and federal grants. The local support total uses a formula to show the amounts pulled from fund 22505 (Measure C revenue less capital transfers out) and Fund 43502 (local miscellaneous and property loss revenues).

While this level of detail is appropriately provided in the TDA claim, it is not reflected in the TDA fiscal audit. Given the audit is prepared at the end of the fiscal year rather than prior to the claim, it still warrants having a higher level of detail included as part of the farebox recovery ratio calculation.

Status: Not implemented.

2. Ensure data is reported consistently and accurately.

Discussion: During the prior audit, while the auditor did not determine the City employed an improper definition for any performance measure, the data reported internally, to the State Controller and 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 was not entirely consistent with TDA definition based on the labor hour data provided as part of this audit.

The prior audit recommended the City 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.

Progress: The City noted NTD Reports are saved in its system as “Original Submission” and “Revisions – Final” if changes are made during the NTD annual audit by Brown Armstrong. Beginning in FY 2018, State Controller reports must reconcile to CAFR financial reports. The City verifies these reports match in financial data, however NTD reporting may vary differently based on FTA classifications of certain accounts. For example, NTD reporting shows Depreciation as a reconciling account, whereas CAFR and the State Controller represent it as an expense account.

Status: No longer relevant.

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 both internally as well as to outside entities during the audit period.

- **Operating cost:** Data reported in the TDA fiscal audit and to the State Controller were typically consistent, but higher than that reported to the NTD. This resulted in a variance of approximately six to ten percent.
- **Fare Revenue:** Fare revenue was generally consistent between what was reported to the State Controller and on the NTD reports. TDA fiscal audits included local assistance funds counted as fare revenue, significantly increasing the total amount.
- **Vehicle Service Hours (VSH):** Vehicle service hours were generally reported consistently across all three reports, with slight discrepancies in FY 2018/19. This is due to a higher demand-response VSH being reported to the NTD and monthly performance reports than what was reported to the State Controller. In FY 2019/20 the slight discrepancy is due to a higher demand-response VSH appearing on the monthly performance reports than what was reported to the NTD and State Controller. This discrepancy appeared to be largely resolved in FY 2020/21, concurrent with National Express assuming operation of the Handy Ride service.
- **Vehicle Service Miles (VSM):** This metric was generally consistent among all three reports. However, several discrepancies occurred in FY 2018/2019 and FY 2019/20. In FY 2018/19, discrepancy was due to a lower demand response VSM being reported on the NTD than what is reported to the State Controller and appears on the monthly performance reports. In FY 2019/20, the variance was due to a higher demand-response VSH being reported to the NTD and State Controller than appears on the monthly performance reports. This discrepancy appeared to be largely resolved in FY 2020/21, concurrent with National Express assuming operation of the Handy Ride service.
- **Passengers:** This metric was reported consistently on all reports.
- **Full-Time Equivalent (FTE) Employees:** Fixed-route full-time equivalent (FTE) employee data reported to the State Controller appeared to reflect a person-count when compared to the NTD employee work hour and person-count data. When calculated from work hours using the TDA definition, it was significantly lower than what was reported. Handy Ride data was calculated correctly. This issue is discussed further in Chapter 8.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)			
<i>TDA fiscal audit</i>	\$52,516,662	\$56,170,000	\$0
<i>National Transit Database</i>	\$52,295,775	\$56,931,324	\$57,272,167
<i>State Controller Report</i>	\$53,057,730	\$56,766,659	\$60,132,341
Fare Revenue (Actual \$)			
<i>TDA fiscal audit</i>	\$10,503,332	\$10,311,000	\$0
<i>National Transit Database</i>	\$6,732,476	\$5,380,014	\$1,834,510
<i>State Controller Report</i>	\$6,634,083	\$5,380,014	\$1,834,606
Vehicle Service Hours (VSH)			
<i>Monthly Performance Reports</i>	507,909	497,176	469,838
<i>National Transit Database</i>	506,983	496,132	469,838
<i>State Controller Report</i>	505,318	496,132	469,838
Vehicle Service Miles (VSM)			
<i>Monthly Performance Reports</i>	5,884,194	5,637,116	5,316,131
<i>National Transit Database</i>	5,877,002	5,630,023	5,316,131
<i>State Controller Report</i>	5,884,197	5,630,023	5,316,131
Passengers			
<i>Monthly Performance Reports</i>	10,770,494	9,229,088	5,701,258
<i>National Transit Database</i>	10,770,493	9,229,088	5,701,256
<i>State Controller Report</i>	10,770,494	9,229,088	5,701,256
Full-Time Equivalent Employees			
<i>State Controller Report</i>	484	492	479
<i>Per TDA methodology</i>	439	446	448

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) – excluded the following during the audit period²:

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.

² Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.

- 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.³ 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.

³ 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, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in NTD reports and the City's audited financial reports and appeared 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 State Controller Reports for each fiscal year covered by this audit. This appears to be consistent with TDA guidelines as well as the uniform system of accounts.
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. The City'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. The City's calculation methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller Reports for each fiscal year covered by this audit. The City calculation methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) data were obtained from State Controller Reports for each fiscal year covered by this review. Use of the TDA definition regarding FTE calculation was confirmed.

System Performance Trends

Systemwide, operating cost experienced a net increase of 41.3 percent between FY 2015/16 and FY 2020/21. Fare revenue generally fluctuated throughout the six-year period, with the most significant decreases occurring in FY 2020/21. This is not surprising, given the impact of the COVID-19 pandemic. This resulted in a 76.6 percent net decrease in fare revenue across the six-year period and a 72.3 percent decrease during the audit period.

Vehicle service hours (VSH) and vehicle service miles (VSM) increased each year except for FY 2019/20 and FY 2020/21. This resulted in a net 7.0 percent decrease in VSH and net 9.7 percent decrease in VSM during the audit period, but a net increase across the six-year period. Ridership also fluctuated, with the most significant decrease in FY 2020/21 (38.2 percent). During the audit period, ridership decreased by 47.1 percent.

Cost-related metrics typically provide an indicator of a system's efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics. Operating cost per vehicle service hour and operating cost per vehicle service mile both saw moderate net increases during the audit period (21.9 percent and 25.4 percent, respectively). Operating cost per passenger, however, was impacted by the increase in operating cost combined with the decrease in ridership, which resulted in a 114.1 percent increase during the audit period. Passengers per vehicle service hour and passenger per vehicle service mile experienced steady decreases during the audit period, with each declining more than 50 percent.

Exhibit 6.1 System Performance Indicators

Performance Measure	System-wide					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$42,552,885	\$44,780,030	\$49,113,082	\$53,057,730	\$56,766,659	\$60,132,341
<i>Annual Change</i>		5.2%	9.7%	8.0%	7.0%	5.9%
Fare Revenue (Actual \$)	\$7,832,656	\$8,246,050	\$6,362,992	\$6,634,083	\$5,380,014	\$1,834,606
<i>Annual Change</i>		5.3%	-22.8%	4.3%	-18.9%	-65.9%
Vehicle Service Hours (VSH)	426,165	439,025	478,911	505,318	496,132	469,838
<i>Annual Change</i>		3.0%	9.1%	5.5%	-1.8%	-5.3%
Vehicle Service Miles (VSM)	5,028,083	5,123,203	5,550,287	5,884,197	5,630,023	5,316,131
<i>Annual Change</i>		1.9%	8.3%	6.0%	-4.3%	-5.6%
Passengers	10,874,403	9,822,823	9,963,828	10,770,494	9,229,088	5,701,256
<i>Annual Change</i>		-9.7%	1.4%	8.1%	-14.3%	-38.2%
Employees	386	381	463	439	446	448
<i>Annual Change</i>		-1.3%	21.5%	-5.2%	1.6%	0.4%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$99.85	\$102.00	\$102.55	\$105.00	\$114.42	\$127.99
<i>Annual Change</i>		2.2%	0.5%	2.4%	9.0%	11.9%
Operating Cost/Passenger (Actual \$)	\$3.91	\$4.56	\$4.93	\$4.93	\$6.15	\$10.55
<i>Annual Change</i>		16.5%	8.1%	-0.1%	24.9%	71.5%
Passengers/VSH	25.52	22.37	20.81	21.31	18.60	12.13
<i>Annual Change</i>		-12.3%	-7.0%	2.4%	-12.7%	-34.8%
Passengers/VSM	2.16	1.92	1.80	1.83	1.64	1.07
<i>Annual Change</i>		-11.3%	-6.4%	2.0%	-10.4%	-34.6%
Farebox Recovery	18.4%	18.4%	13.0%	12.5%	9.5%	3.1%
<i>Annual Change</i>		0.0%	-29.6%	-3.5%	-24.2%	-67.8%
Hours/Employee	1,104.1	1,152.3	1,034.4	1,151.1	1,112.4	1,048.7
<i>Annual Change</i>		4.4%	-10.2%	11.3%	-3.4%	-5.7%
TDA Non-Required Indicators						
Operating Cost/VSM	\$8.46	\$8.74	\$8.85	\$9.02	\$10.08	\$11.31
<i>Annual Change</i>		3.3%	1.2%	1.9%	11.8%	12.2%
VSM/VSH	11.80	11.67	11.59	11.64	11.35	11.31
<i>Annual Change</i>		-1.1%	-0.7%	0.5%	-2.5%	-0.3%
Fare/Passenger	\$0.72	\$0.84	\$0.64	\$0.62	\$0.58	\$0.32
<i>Annual Change</i>		16.5%	-23.9%	-3.5%	-5.4%	-44.8%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.

FY 2018/19 – FY 2020/21 data from State Controller reports.

FY 2018/19 – FY 2020/21 FTE data from NTD labor hour reports.



Exhibit 6.2 System Ridership

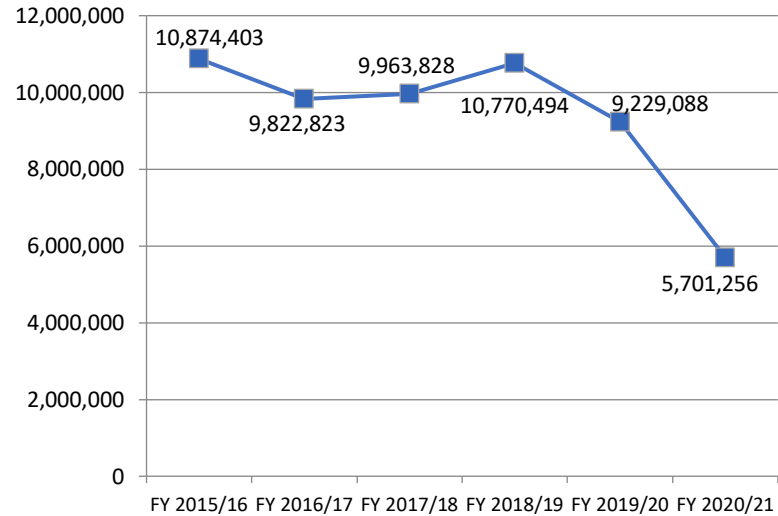


Exhibit 6.3 System Operating Cost/VSH

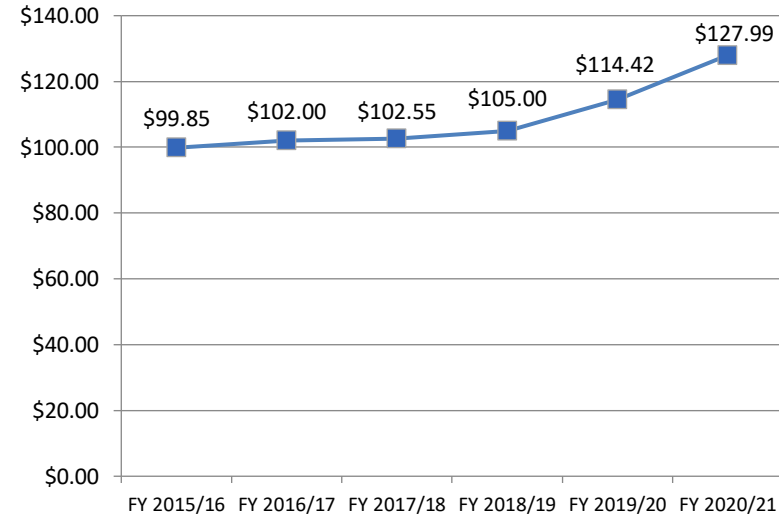


Exhibit 6.4 System Operating Cost/VSM

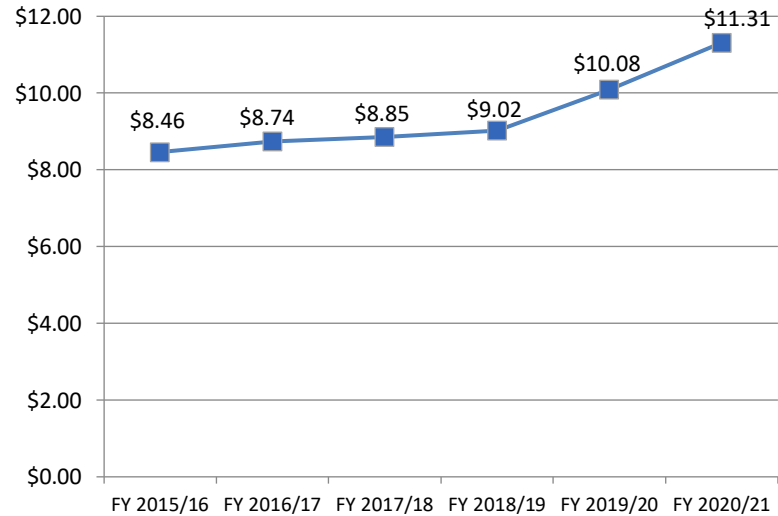


Exhibit 6.5 System VSM/VSH

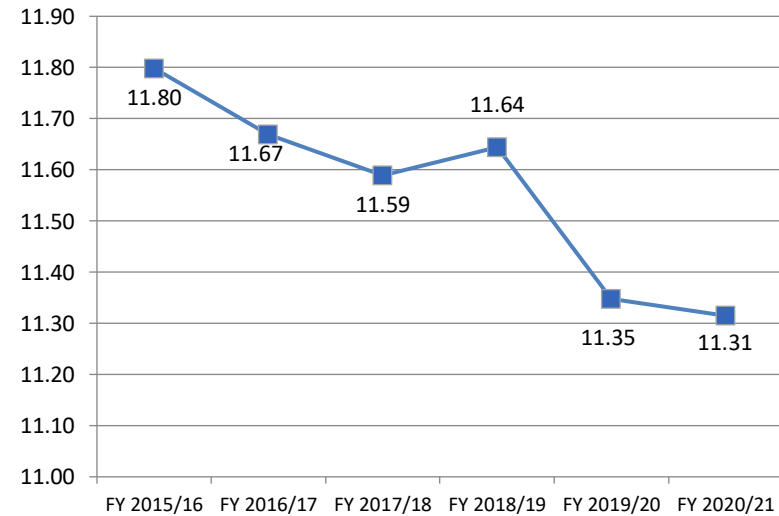




Exhibit 6.6 System Operating Cost/Passenger

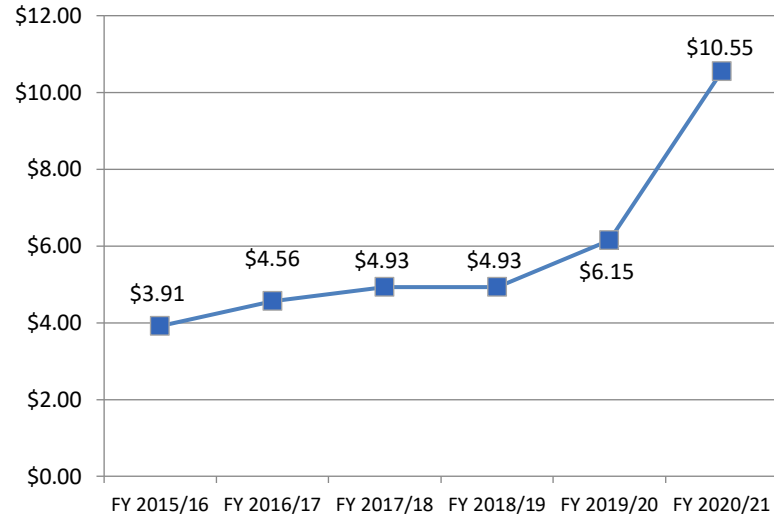


Exhibit 6.7 System Passengers/VSH

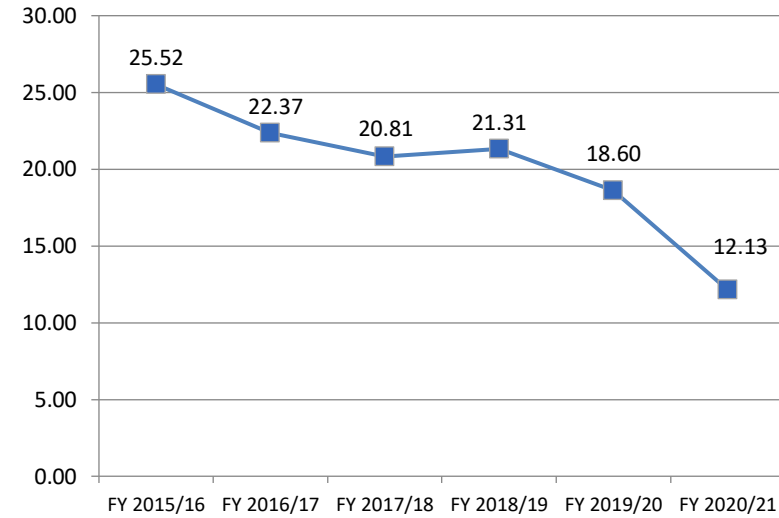


Exhibit 6.8 System Passengers/VSM

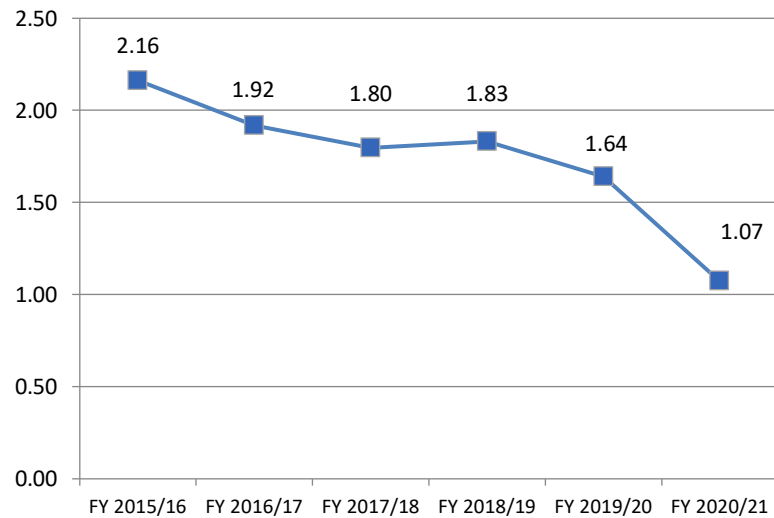


Exhibit 6.9 System VSH/FTE

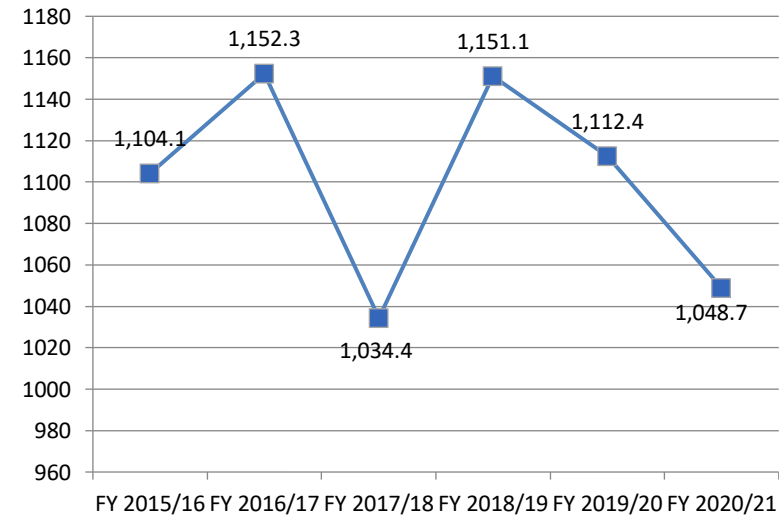




Exhibit 6.10 System Farebox Recovery

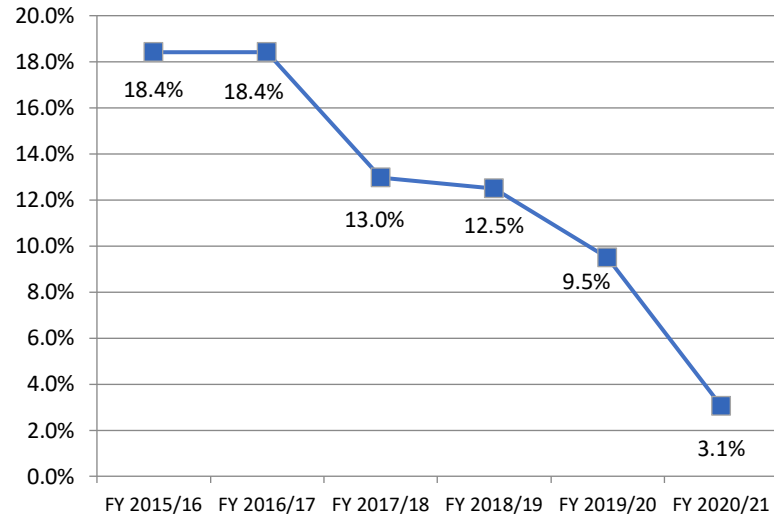
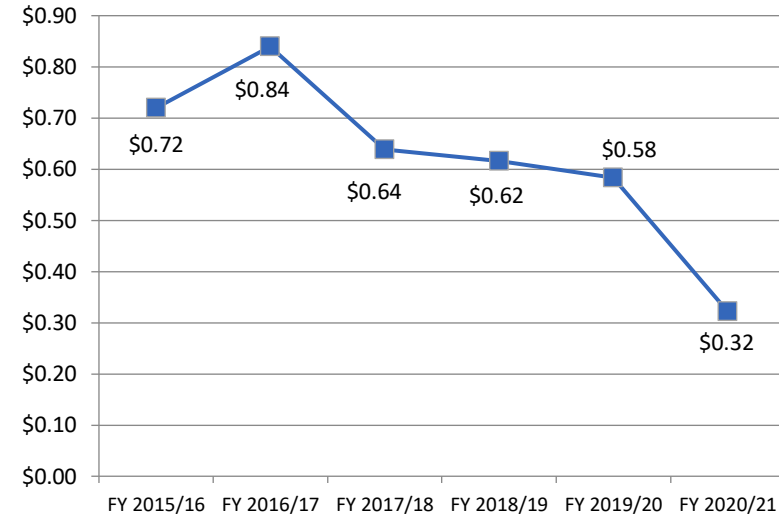


Exhibit 6.11 System Fare/Passenger



Fixed-Route Performance Trends

The City's fixed-route service increased operating costs during the audit period, with a 49.9 percent net increase over the six-year period. Fare revenue fluctuated during the six-year period, but declined during the audit period. This resulted in a net 72.8 percent net decrease during the audit period, and a 77.3 percent net decrease over the six-year period.

Fixed-route vehicle service hours increased through FY 2019/20. This resulted in a net 23.9 percent increase across the six-year period but a net 1.7 percent increase during the audit period. Vehicle service miles experienced a similar pattern, increasing 20.7 percent during the six-year period and a net 0.6 percent during the audit period. Ridership fluctuated throughout the six-year period with the most significant decrease occurring in FY 2020/21 (38.1 percent). Ultimately ridership experienced a net decrease of 46.9 percent during the audit period.

Operating cost per vehicle service hour, operating cost per vehicle service mile, and operating cost per passenger all increased during the audit period, with operating cost per passenger exhibiting the greatest change (123.8 percent). Passenger-related productivity metrics (passengers per vehicle service hour and passengers per vehicle service mile) both saw decreases of approximately 47 percent during the audit period.



Exhibit 6.12 Fixed-Route Performance Indicators

Performance Measure	Fixed-Route					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$36,168,032	\$38,204,510	\$41,912,926	\$45,590,279	\$49,466,067	\$54,214,252
<i>Annual Change</i>		5.6%	9.7%	8.8%	8.5%	9.6%
Fare Revenue (Actual \$)	\$7,575,581	\$7,986,636	\$6,068,175	\$6,308,067	\$5,098,988	\$1,716,892
<i>Annual Change</i>		5.4%	-24.0%	4.0%	-19.2%	-66.3%
Vehicle Service Hours (VSH)	330,681	340,918	374,764	402,813	410,510	409,748
<i>Annual Change</i>		3.1%	9.9%	7.5%	1.9%	-0.2%
Vehicle Service Miles (VSM)	3,887,939	3,966,436	4,337,684	4,663,994	4,701,969	4,693,498
<i>Annual Change</i>		2.0%	9.4%	7.5%	0.8%	-0.2%
Passengers	10,672,577	9,622,875	9,750,802	10,550,143	9,058,367	5,604,778
<i>Annual Change</i>		-9.8%	1.3%	8.2%	-14.1%	-38.1%
Employees	303	335	374	349	375	377
<i>Annual Change</i>		10.6%	11.6%	-6.7%	7.4%	0.5%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$109.37	\$112.06	\$111.84	\$113.18	\$120.50	\$132.31
<i>Annual Change</i>		2.5%	-0.2%	1.2%	6.5%	9.8%
Operating Cost/Passenger (Actual \$)	\$3.39	\$3.97	\$4.30	\$4.32	\$5.46	\$9.67
<i>Annual Change</i>		17.2%	8.3%	0.5%	26.4%	77.1%
Passengers/VSH	32.27	28.23	26.02	26.19	22.07	13.68
<i>Annual Change</i>		-12.5%	-7.8%	0.7%	-15.7%	-38.0%
Passengers/VSM	2.75	2.43	2.25	2.26	1.93	1.19
<i>Annual Change</i>		-11.6%	-7.3%	0.6%	-14.8%	-38.0%
Farebox Recovery	20.9%	20.9%	14.5%	13.8%	10.3%	3.2%
<i>Annual Change</i>		-0.2%	-30.7%	-4.4%	-25.5%	-69.3%
Hours/Employee	1,091.4	1,017.7	1,002.0	1,154.2	1,094.7	1,086.9
<i>Annual Change</i>		-6.8%	-1.5%	15.2%	-5.2%	-0.7%
TDA Non-Required Indicators						
Operating Cost/VSM	\$9.30	\$9.63	\$9.66	\$9.77	\$10.52	\$11.55
<i>Annual Change</i>		3.5%	0.3%	1.2%	7.6%	9.8%
VSM/VSH	11.76	11.63	11.57	11.58	11.45	11.45
<i>Annual Change</i>		-1.0%	-0.5%	0.0%	-1.1%	0.0%
Fare/Passenger	\$0.71	\$0.83	\$0.62	\$0.60	\$0.56	\$0.31
<i>Annual Change</i>		16.9%	-25.0%	-3.9%	-5.9%	-45.6%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.

FY 2018/19 – FY 2020/21 data from State Controller reports.

FY 2018/19 – FY 2020/21 FTE data from NTD labor hour reports.



Exhibit 6.13 Fixed-Route Ridership

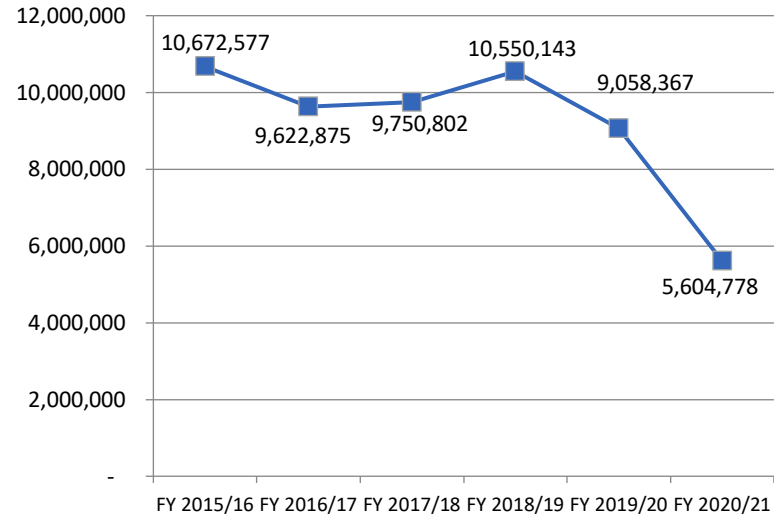


Exhibit 6.14 Fixed-Route Operating Cost/VSH

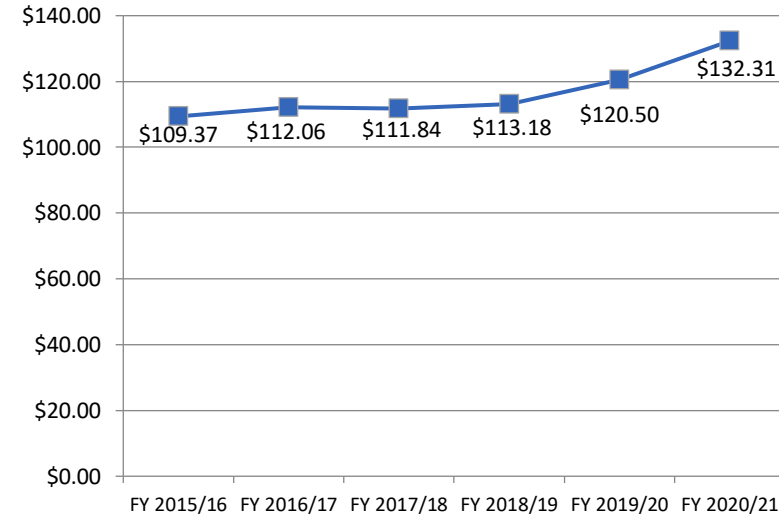


Exhibit 6.15 Fixed-Route Operating Cost/VSM

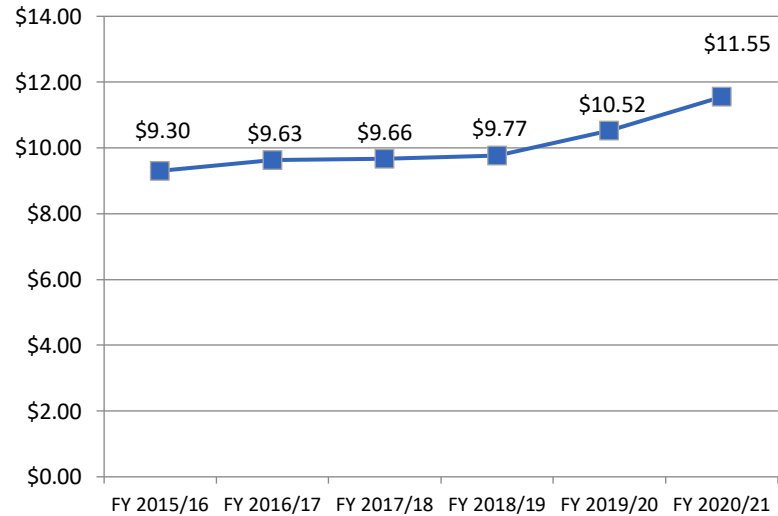


Exhibit 6.16 Fixed-Route VSM/VSH

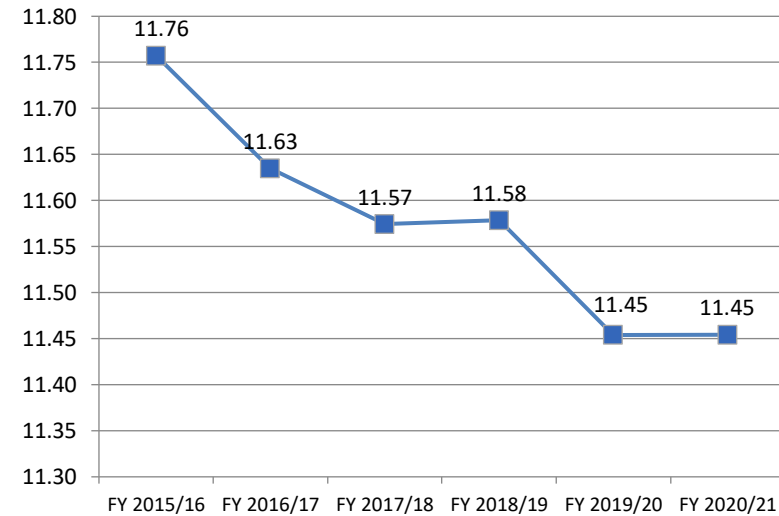




Exhibit 6.17 Fixed-Route Operating Cost/Passenger

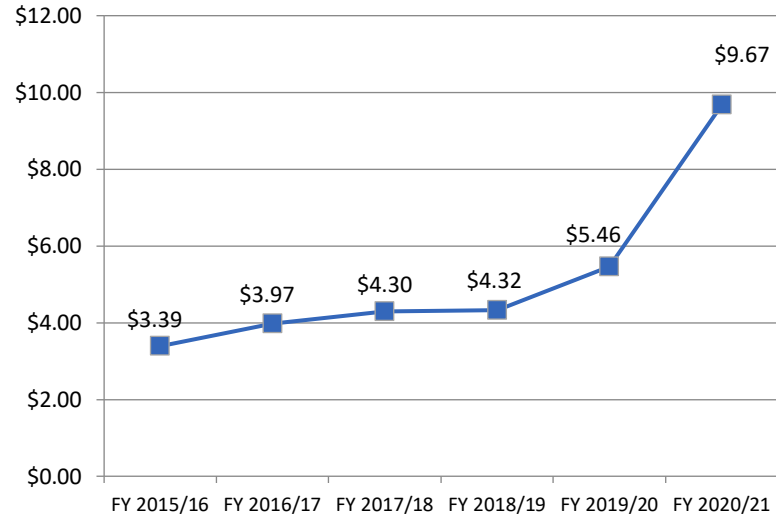


Exhibit 6.18 Fixed-Route Passengers/VSH

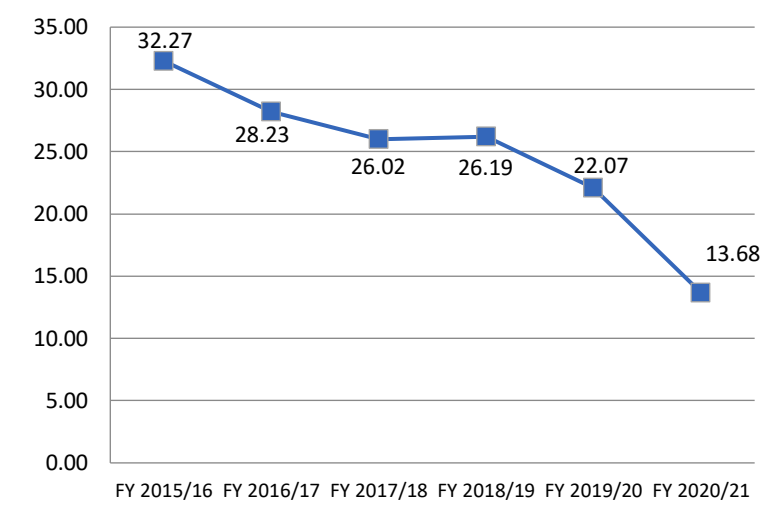


Exhibit 6.19 Fixed-Route Passengers/VSM

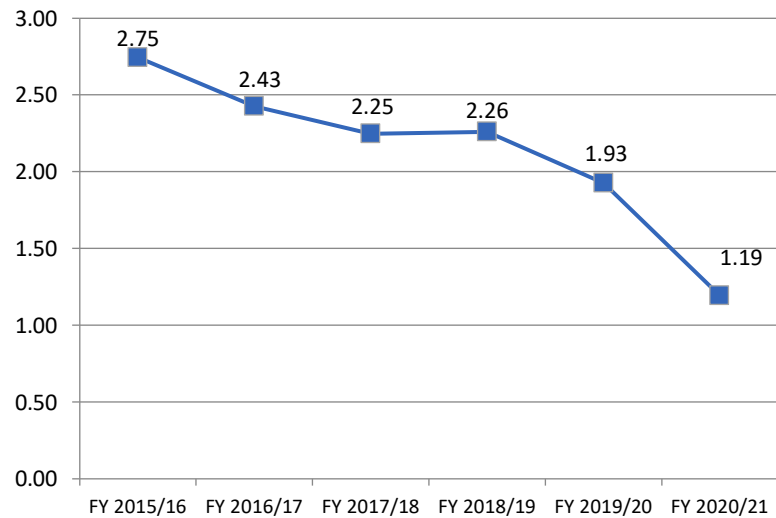


Exhibit 6.20 Fixed-Route VSH/FTE

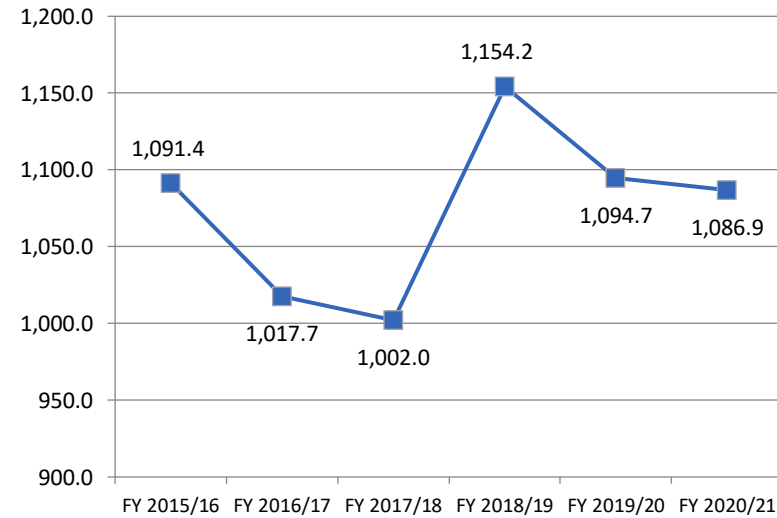




Exhibit 6.21 Fixed-Route Farebox Recovery

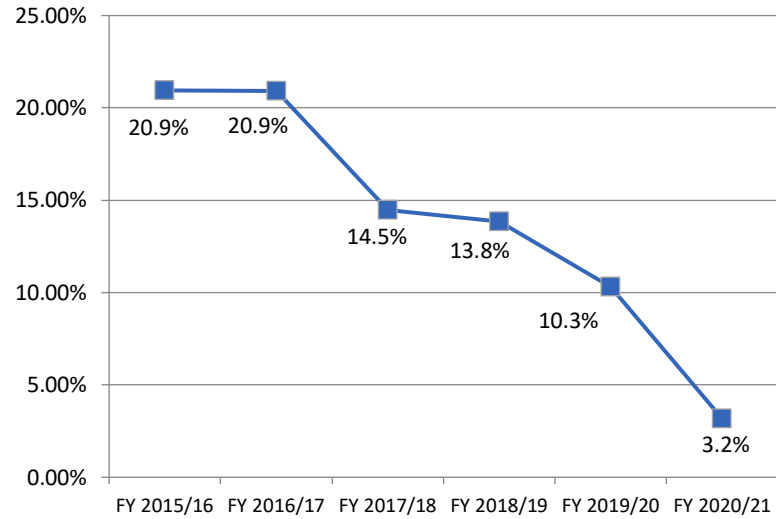
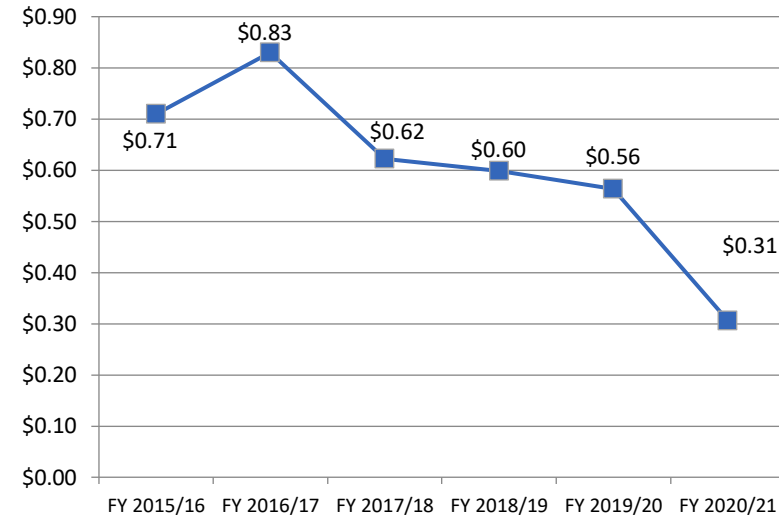


Exhibit 6.22 Fixed-Route Fare/Passenger



Demand-Response Performance Trends

The City's demand-response service experienced increases in operating cost each year through FY 2018/19. Decreasing costs in FY 2019/20 and FY 2020/21 are due primarily to a decrease in demand arising from the COVID-19 pandemic. This resulted in a net 20.7 percent decrease during the audit period, and a net 7.3 percent decrease over the six-year period. Fare revenue increased until FY 2018/19, declining 63.9 percent during the audit period and a net 54.2 percent decrease across the six-year period.

Demand-response vehicle service hours experienced a 41.4 percent net decrease during the audit period, and a 37.1 percent net decrease across the six-year period. Vehicle service miles saw a net decrease of 49 percent during the audit period and 45.4 percent across the six-year period. Ridership also decreased significantly, declining 56.2 percent during the audit period.

Operating cost per vehicle service hour, operating cost per vehicle service mile, and operating cost per passenger experienced year-over-year increases during the audit period. Passenger-related productivity metrics decreased; passengers per vehicle service hour decreased 25.3 percent during the audit period, and passengers per vehicle service mile had a net decrease of 14.2 percent.

Exhibit 6.23 Demand-Response Performance Indicators

Performance Measure	Demand-Response					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual \$)	\$6,384,853	\$6,575,520	\$7,200,156	\$7,467,451	\$7,300,592	\$5,918,089
<i>Annual Change</i>		3.0%	9.5%	3.7%	-2.2%	-18.9%
Fare Revenue (Actual \$)	\$257,075	\$259,414	\$294,817	\$326,016	\$281,026	\$117,714
<i>Annual Change</i>		0.9%	13.6%	10.6%	-13.8%	-58.1%
Vehicle Service Hours (VSH)	95,484	98,107	104,147	102,505	85,622	60,090
<i>Annual Change</i>		2.7%	6.2%	-1.6%	-16.5%	-29.8%
Vehicle Service Miles (VSM)	1,140,144	1,156,767	1,212,603	1,220,203	928,054	622,633
<i>Annual Change</i>		1.5%	4.8%	0.6%	-23.9%	-32.9%
Passengers	201,826	199,948	213,026	220,351	170,721	96,478
<i>Annual Change</i>		-0.9%	6.5%	3.4%	-22.5%	-43.5%
Employees	83	46	89	90	71	71
<i>Annual Change</i>		-44.6%	93.5%	1.1%	-21.1%	0.0%
Performance Indicators						
Operating Cost/VSH (Actual \$)	\$66.87	\$67.02	\$69.13	\$72.85	\$85.27	\$98.49
<i>Annual Change</i>		0.2%	3.1%	5.4%	17.0%	15.5%
Operating Cost/Passenger (Actual \$)	\$31.64	\$32.89	\$33.80	\$33.89	\$42.76	\$61.34
<i>Annual Change</i>		4.0%	2.8%	0.3%	26.2%	43.4%
Passengers/VSH	2.11	2.04	2.05	2.15	1.99	1.61
<i>Annual Change</i>		-3.6%	0.4%	5.1%	-7.2%	-19.5%
Passengers/VSM	0.18	0.17	0.18	0.18	0.18	0.15
<i>Annual Change</i>		-2.4%	1.6%	2.8%	1.9%	-15.8%
Farebox Recovery	4.0%	3.9%	4.1%	4.4%	3.8%	2.0%
<i>Annual Change</i>		-2.0%	3.8%	6.6%	-11.8%	-48.3%
Hours/Employee	1,150.4	2,132.8	1,170.2	1,138.9	1,205.9	846.3
<i>Annual Change</i>		85.4%	-45.1%	-2.7%	5.9%	-29.8%
TDA Non-Required Indicators						
Operating Cost/VSM	\$5.60	\$5.68	\$5.94	\$6.12	\$7.87	\$9.50
<i>Annual Change</i>		1.5%	4.5%	3.1%	28.5%	20.8%
VSM/VSH	11.94	11.79	11.64	11.90	10.84	10.36
<i>Annual Change</i>		-1.3%	-1.3%	2.2%	-8.9%	-4.4%
Fare/Passenger	\$1.27	\$1.30	\$1.38	\$1.48	\$1.65	\$1.22
<i>Annual Change</i>		1.9%	6.7%	6.9%	11.3%	-25.9%

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.

FY 2018/19 – FY 2020/21 data from State Controller reports.



Exhibit 6.24 Demand-Response Ridership

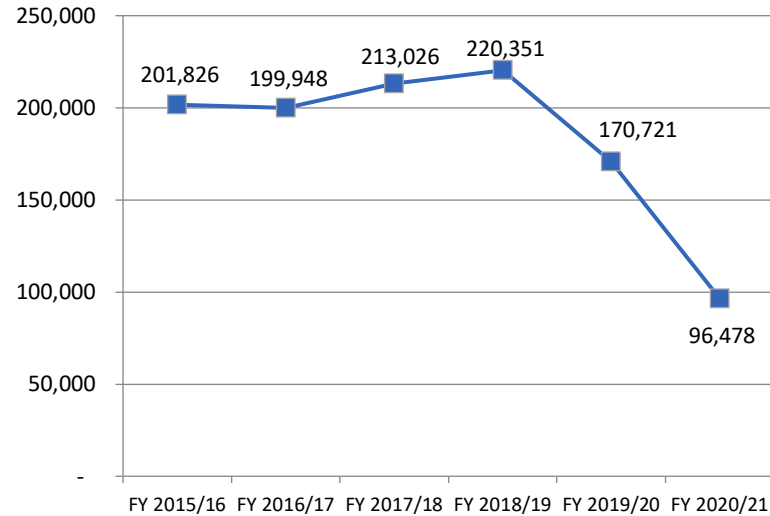


Exhibit 6.25 Demand-Response Operating Cost/VSH

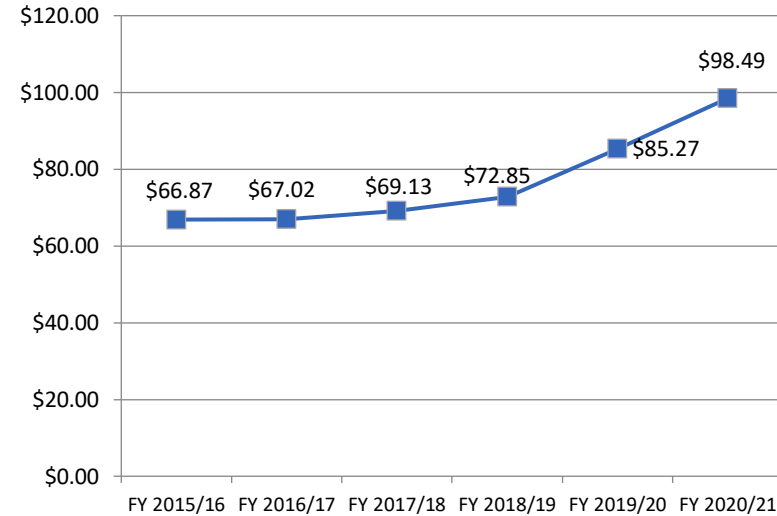


Exhibit 6.26 Demand-Response Operating Cost/VSM

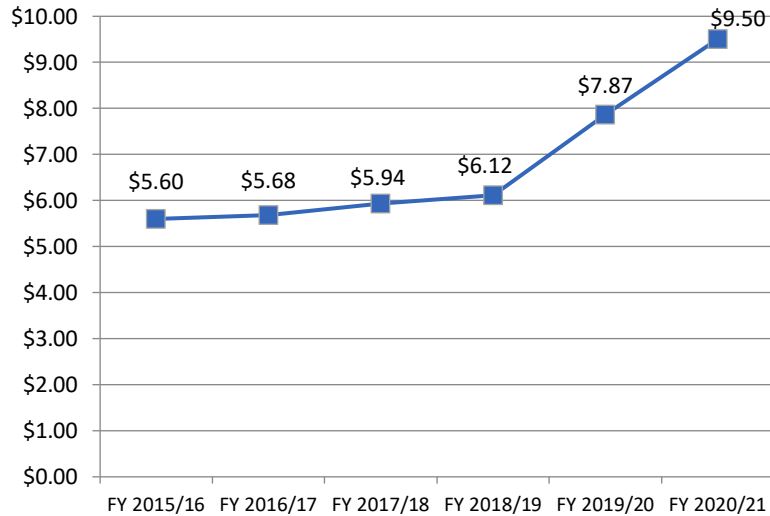


Exhibit 6.27 Demand-Response VSM/VSH

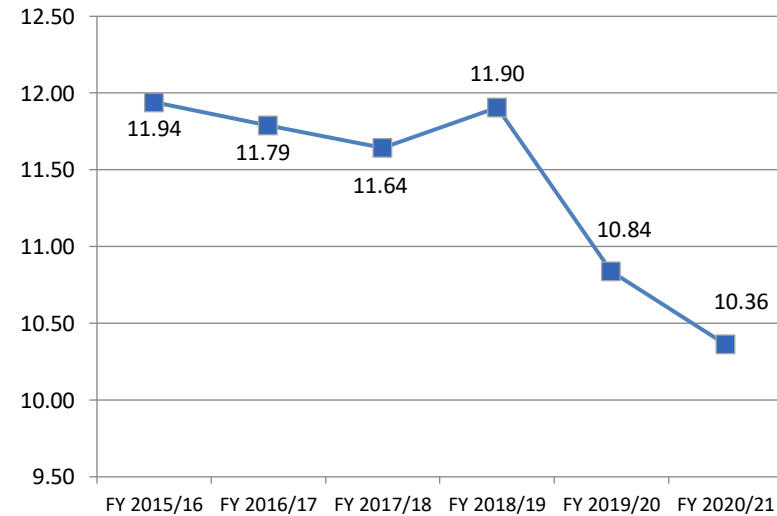




Exhibit 6.28 Demand-Response Operating Cost/Passenger

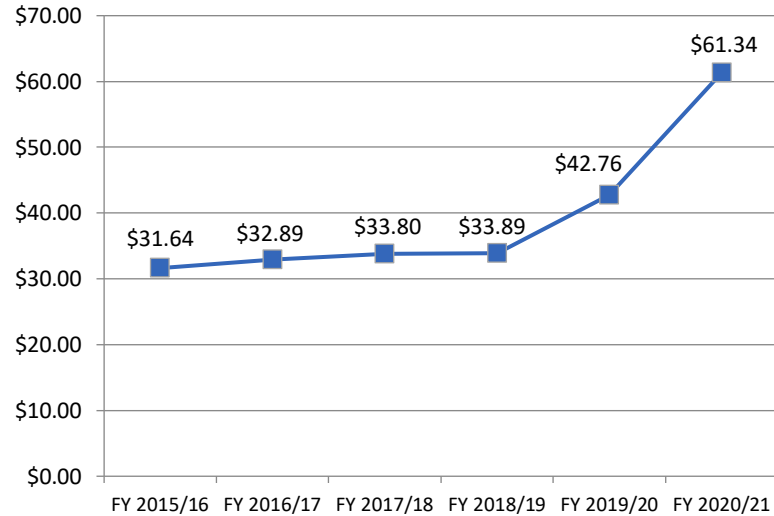


Exhibit 6.29 Demand-Response Passengers/VSH

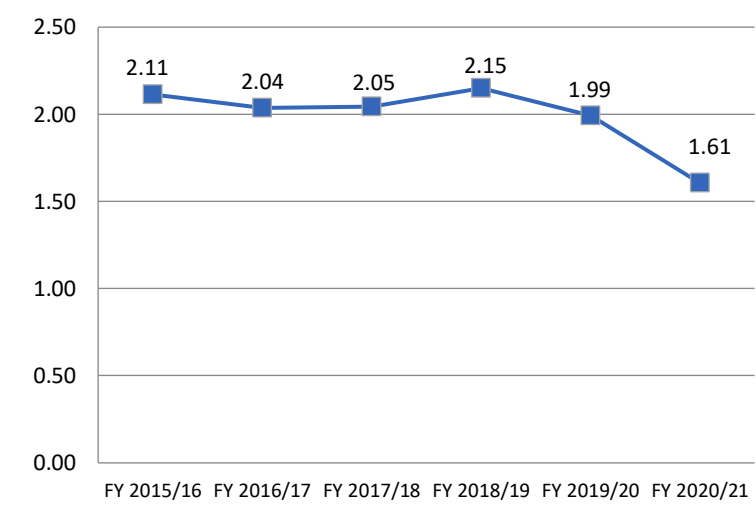


Exhibit 6.30 Demand-Response Passengers/VSM

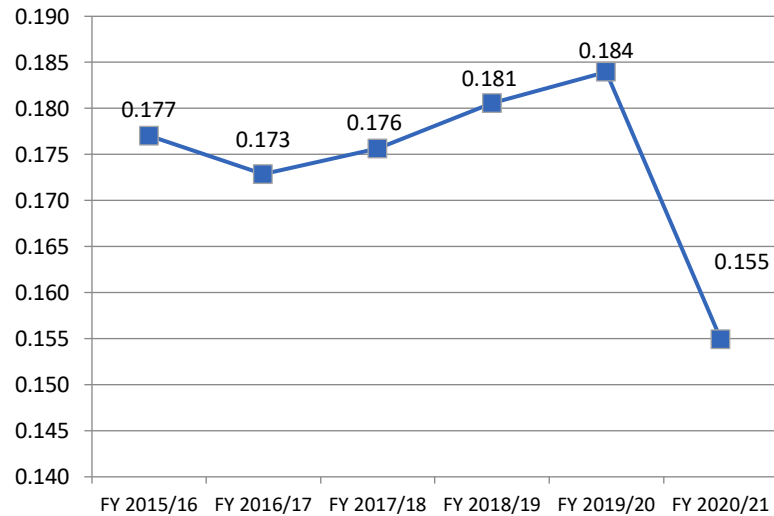


Exhibit 6.31 Demand-Response VSH/FTE

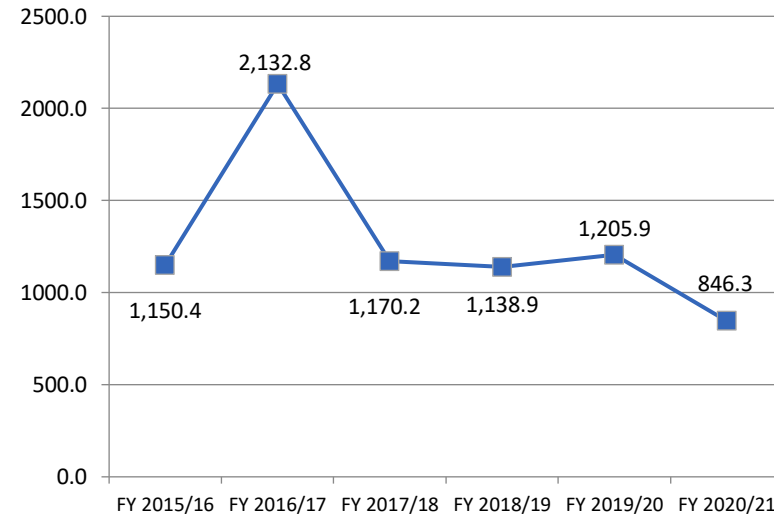




Exhibit 6.32 Demand-Response Farebox Recovery

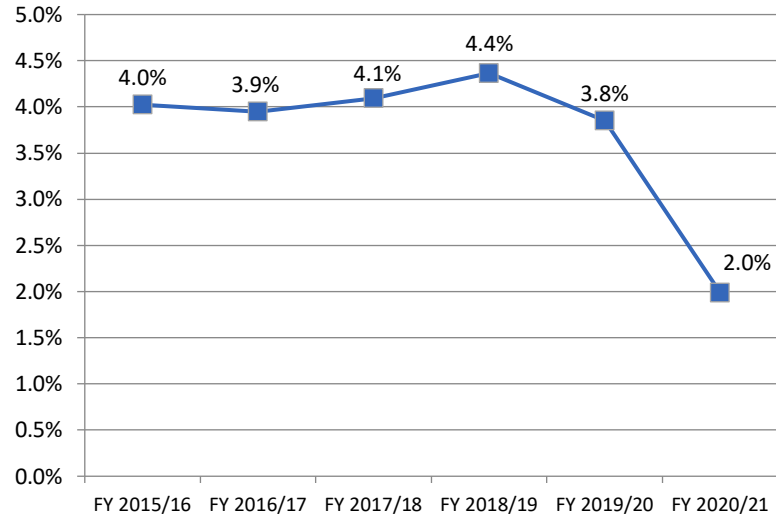
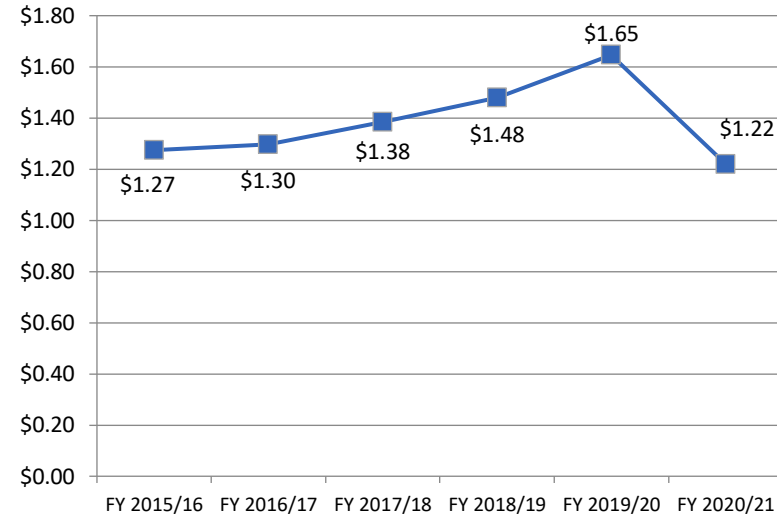


Exhibit 6.33 Demand-Response Fare/Passenger



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Chapter 7 | Functional Review

A functional review of the City of Fresno’s 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 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 18 fixed routes. The service operates within Fresno city limits. Service is available on weekdays from 5:30 a.m. through 10:00 p.m., and weekends from 6:30 a.m. through 7:00 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 unable to use the traditional fixed-route bus service. Trips are provided on a first-come, first-served basis. Requests for service may be made one to two days in advance. Throughout most of the audit period (July 2018 through December 2020), Handy Ride service was provided under contract to Diversified Transportation, a wholly owned subsidiary of Keolis Transportation America. Effective January 2021, operation of the Handy Ride service was provided by National Express Transit (NEXT).

During the audit period, the base fixed-route one-way fare was \$1.25 and the base Handy Ride one-way fare was \$1.50. A fare change in September 2021 reduced the fixed-route one-way fare to one dollar and the Handy Ride one-way fare to \$1.25. In addition, free fare was expanded to children 12 and under riding with a fare-paying family member (rather than children under age six). The cost of multi-ride or multi-day passes was also reduced accordingly. The current fare structure (as of September 1, 2021) is provided in Exhibits 7.1 and 7.2.

Exhibit 7.1 Fixed-Route Fare Structure (effective September 1, 2021)

Fare Category	Cost
Regular cash fare	\$1.00
Reduced cash fare (seniors 65+, persons with disabilities, Medicare cardholders)	\$0.50
Children age 12 and under (with fare-paying family member)	Free
Active Military and Veterans with ID	Free
Transfers (valid for 90 minutes on all routes in any direction)	Free
Regular 31-day pass	\$36.00
Reduced 31-day pass	\$18.00
Regular 10-ride card	\$9.00
Reduced 10-ride card	\$4.50
Regular one-ride card	\$1.00
Reduced one-ride card	\$0.50

Reloadable ride cards and monthly passes are available for purchase at nine pass outlets throughout Fresno (including the Manchester Transit Center and Fresno city hall) and at ticket vending machines (TVMs) located along the Q route (Route 1) and outside city hall. All passes and ride cards may also be purchased by mail.

Exhibit 7.2 Demand-Response Fare Structure (effective September 1, 2021)

Fare Category	Cost
ADA-eligible, single trip	\$1.25
Companion, single trip	\$1.25
Personal Care Attendant (PCA)	Free
Monthly pass (up to 60 rides for a single individual)	\$36.00

Response to COVID-19 pandemic

Ridership was greatly impacted by the COVID-19 pandemic. The City chose not to limit hours of operation or stop service altogether due to many residents exhibiting a high level of transit-dependency. In early 2021, the city council voted to provide rider relief through free fares. Fare collection was suspended on March 1, 2021, and resumed on September 1, 2021, along with a fare reduction. This strategy, coupled with reopening parts of the local economy, resulted in ridership increases. Ridership is incrementally increasing.

The City's Transportation Department experienced several early retirements due to the COVID-19 pandemic. Drivers worked long hours (including substantial overtime) to keep the service operating, and many employees experienced burnout. There are a number of driver positions vacant. However, recent driver classes have been full, which is encouraging.

Handy Ride reported a significant ridership decline as well. The increased cost of vehicle cleaning, vehicle capacity concerns, and driver safety were the most significant impacts. NEXT also had to adjust some of its driver schedules to reflect driver needs.

General Management and Organization

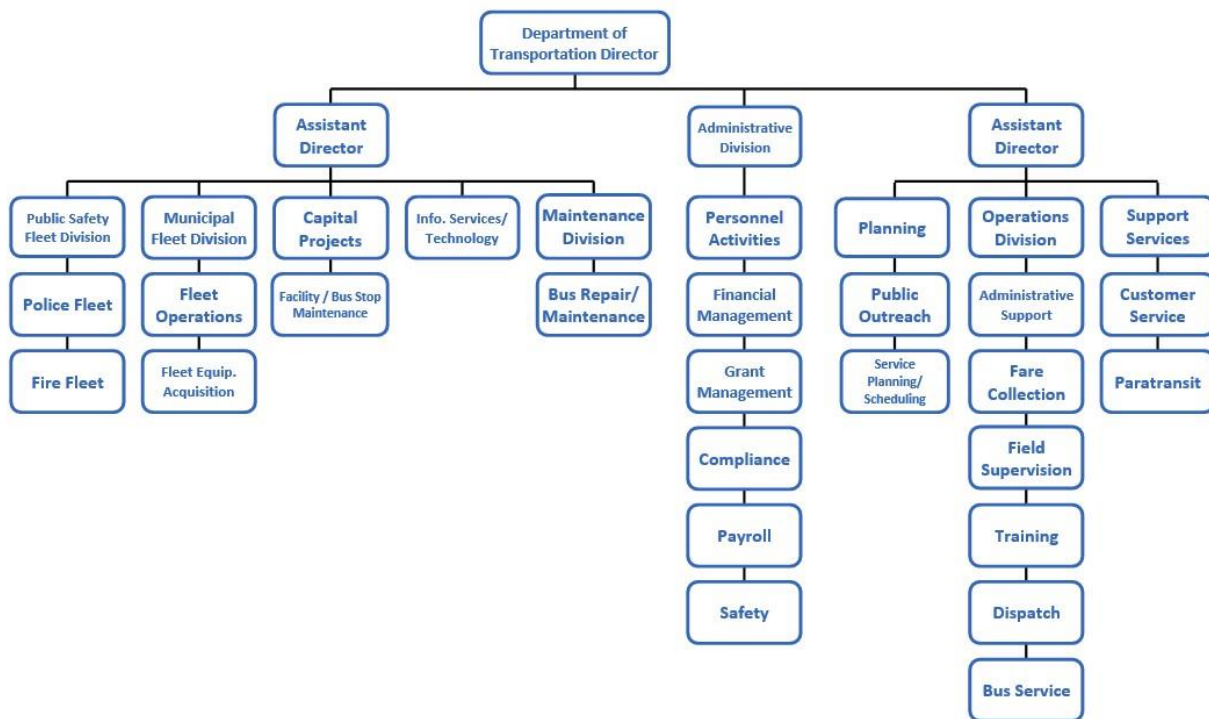
The Transportation Director reports to the City Manager. Weekly reports are provided every Friday, and they meet every other week. The Operations Manager reports to the Transportation Director. Currently, the Director continues to administer the Handy Ride contract. NEXT is responsive to the City. They meet monthly to review contract billing and discuss issues or concerns. With the new contract, reporting was simplified to ensure the City receives the information/data it needs to ensure compliance with the Americans with Disabilities Act (ADA).

The Fresno City Council is the governing body for the City’s transit program. It meets weekly on Thursday at 9:00 a.m. at Fresno City Hall (2600 Fresno Street, Fresno). Each 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, Fire 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. 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. The City's Transportation Director is the liaison to the RTPA. The Director also coordinates with the FTA.

Service Planning

The City of Fresno undertook a number of service planning and improvement efforts during the audit period:

- In November 2019, FAX introduced a new Saturday Late Night Service, which extended service on Routes 1, 9, 28, 32, and 38 and Handy Ride until approximately midnight on Saturday.
- The City extended its FAX 15 service on Route 38 into Downtown Fresno. This resulted in 15-minute frequency along the length of Route 38 and added another high-frequency service into the downtown Central Business District.
- In August 2020, Route 28 was re-routed to serve the new Fresno County Department of Social Services facility located on the border between Fresno and Clovis with 20-minute frequency.
- In August 2020, FAX completed the renovation of its Manchester Transit Center, with additional upgrades to the lobby area slated for 2022.
- In January 2021, FAX began interlining Routes 12 and 35 to realize operational efficiencies.
- In March 2021, FAX implemented the new Route 3 to serve locations along Herndon. The route operates every 45 minutes on weekdays and weekends. FAX also adjusted Route 20 to connect to Route 3, and rerouted Route 45, a portion of which previously served the Herndon area.
- Throughout the audit period, the City undertook a number of bus stop improvement projects, which included the development of bus stops on buffer median islands, ADA improvements, and bus shelter replacement.

The City completed a Title VI Fare Equity Analysis at the end of the prior audit period. The purpose of the fare equity analysis was to identify any disparate impact of transitioning to mobile stripe fare media and mobile ticketing, though no fare increases were planned at the time. Ticket vending machines (TVMs) were already being used on the Q Line, which opened up 52 outlets for further expansion of pass sales. The City also prepared a Title VI Service Equity Analysis in April 2020 to ensure its proposed service changes would not result in a disparate impact or disproportionate burden for minority or low-income populations.

The most recent Short Range Transit Plan (S RTP) for the Fresno-Clovis Metropolitan Area was adopted in June 2021. The S RTP provided a post-COVID plan for transit development in the region. Rather than focusing on system restructuring or extensive service recommendations, it detailed existing projects identified through other planning efforts (such as the Regional Transportation Plan and Long-Range Transit Plan) and offered an updated operating and capital budget for transit programs operated by the cities of Fresno and Clovis.

A customer survey is typically conducted every three years, with the most recent one completed in 2018. The City is currently conducting a new customer survey, expected to be completed around March 2022. Data from the new survey will be used in the update of the City's Title VI Plan, which will also be updated in 2022.

Administration

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. 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. 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 \$3 million liability coverage. FAX has a department-specific emergency plan in place. The City also has its own emergency plan which includes transit. The City also has a Continuation of Operations Plan. Public safety (bomb squad, fire department, etc.) uses buses for various training activities.

The City has few transit-related contracts – the NEXT contract for Handy Ride operations and maintenance, a contract with Lamar for exterior transit vehicle advertising, and a contract with Top Hand Media for social media. The NEXT contract began in January 2021. 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. 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 above the micro purchase threshold requires 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.

With respect to the recent Handy Ride operations procurement, the City did extensive outreach to ensure the resulting contract met its needs as well as the needs of riders. This included multiple meetings with the Disability Advisory Committee. The City also refined the contract to ensure contractor reporting would provide the desired information/data to ensure ADA compliance.

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. Audits and implementation are reported to the City Council and the Mayor. The team is currently reviewing transit's grant policies and procedures.

Marketing and Public Information

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. The City believes 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 customer 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 NEXT. 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 NEXT. 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. The 2022 customer survey is expected to be completed in March 2022.

Scheduling, Dispatch, and Operations

FAX

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. FAX currently has 287 full-time drivers. The City has eliminated the use of part-time drivers. All full-time employees are eligible for City benefits.

FAX vehicles use GFI GenFare *Odyssey* fareboxes which accept cash or ticket fare media. Prior to January 2020, BRT buses had no fareboxes and utilized pre-purchased fares to decrease boarding time. In January 2020, fareboxes were installed in the BRT buses, which can now accept cash as well as validate pre-paid fare media. Buses arrive at the yard, stop to have Maintenance staff 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 service makes daily pick-ups.

The City did not offer mobile ticketing at the time of the audit, but it is interested in doing so. However, an existing citywide contract with Heartland for credit card processing has been a barrier, as has frequent "scope creep" with respect to technology. Trying to integrate mobile ticketing with the City's current processing of credit cards has proven to be difficult and costly. The City hopes to offer mobile ticketing once it resolves these problems or the citywide contract comes up for renewal, hopefully within the next three years.

Handy Ride

Work assignments are based on collective bargaining agreement (CBA) guidelines. Handy Ride drivers bid on assignments based on seniority. All drivers have the same qualifications and certifications. The Handy Ride fleet consists of 62 vehicles, although as of November 2021 daily pull-out was around 40 vehicles due to COVID-19.

Drop vault fareboxes are used to collect fares. Once a week, two staff members remove the fareboxes and bring them into the operations department to remove and count the cash in a secured room. An armored car service retrieves the funds for deposit once a week. Fares are deducted from NEXT's monthly invoice to the City.

Personnel Management and Training

FAX

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. FAX is currently recruiting sufficient drivers to meet its needs.

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.

VTT training is required annually. It requires a minimum of eight hours but more is usually provided. Annual training dates are monitored to ensure all drivers are recertified within the appropriate timeframe.

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

NEXT employs 54 full-time drivers all of whom are represented by the Amalgamated Transit Workers Union (ATU) Local 1027. NEXT prefers not to utilize part-time positions as they are harder to fill. Driver recruitment has been a challenge, which has been exacerbated by the ongoing COVID-19 pandemic. NEXT has seen both fewer applications as well as fewer qualified candidates. The program is currently short about three to four drivers, but has been able to cover routes using standby drivers.

All training is provided by NEXT, which can take a new driver all the way through to a commercial license. A full-time training and safety staffer is dedicated to the Handy Ride program. Drivers are required to attend monthly safety meetings, which reflect NEXT's corporate practices.

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.

Maintenance

FAX

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. The City uses AssetWorks software to maintain the manufacturer's recommended schedule. Maintenance staff have taken advantage of the warranties and encountered no issues.

The FAX 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. With the relocation of the Solid Waste department earlier this year, Transit gained more space in the yard to support its transition to zero-emission vehicles (ZEV), as well as several more stalls.

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. Road calls are minimal and in-field work is limited due to safety. Tires are leased. The transit shop works solely on transit vehicles.

Handy Ride

Handy Ride vehicles are owned by the City and maintained by NEXT at the Blackstone facility. NEXT supplies three non-revenue vehicles for use by road supervisors. The average age of Handy Ride vehicles is approximately seven years. Vehicles are typically replaced at seven years or 250,000 miles.

The contractor maintains sufficient maintenance staff to support the operation. Parts are stored securely in a locked parts room. All parts are tagged for inventory. Only the Service and Parts Manager and qualified technicians have access to the parts room. NEXT employs four mechanics and three utility workers. Utility workers are responsible for washing the vehicles and maintaining the facility. Drivers are responsible for fueling the vehicles upon their return to the yard. No maintenance work other than that provided for Handy Ride is performed at the facility.

Handy Ride drivers conduct pre- and post-trip inspections using a combination of physical and electronic (Zonar) documentation. A geofence prevents unsafe vehicles from leaving the property. The PMI schedule includes preventive maintenance at varying intervals according to the contractor’s inspection protocol and maintenance plan.

Exhibit 7.4 Fresno Area Express and Handy Ride Fleet

Vehicle #	Year	Make	Model	PAX	WC	Service	Mileage as of 10/03/21
0305	2002	ORION	5.501	40	2	Fixed Route	518,457
0309	2002	ORION	5.501	40	2	Fixed Route	529,239
0318	2002	ORION	5.501	40	2	Fixed Route	548,800
0501	2005	NWFLYR	C40LF	40	2	Fixed Route	571,781
0502	2005	NWFLYR	C40LF	40	2	Fixed Route	590,521
0503	2005	NWFLYR	C40LF	40	2	Fixed Route	584,030
0504	2005	NWFLYR	C40LF	40	2	Fixed Route	645,002
0505	2005	NWFLYR	C40LF	40	2	Fixed Route	585,179
0506	2005	NWFLYR	C40LF	40	2	Fixed Route	651,738
0507	2005	NWFLYR	C40LF	40	2	Fixed Route	718,837
0508	2005	NWFLYR	C40LF	40	2	Fixed Route	679,688
0509	2005	NWFLYR	C40LF	40	2	Fixed Route	739,927
0510	2005	NWFLYR	C40LF	40	2	Fixed Route	737,747
0601	2006	NWFLYR	C40LF	40	2	Fixed Route	645,002
0602	2006	NWFLYR	C40LF	40	2	Fixed Route	585,179
0603	2006	NWFLYR	C40LF	40	2	Fixed Route	651,738
0604	2006	NWFLYR	C40LF	40	2	Fixed Route	718,837
0605	2006	NWFLYR	C40LF	40	2	Fixed Route	679,688
0606	2006	NWFLYR	C40LF	40	2	Fixed Route	739,927
0608	2006	NWFLYR	C40LF	40	2	Fixed Route	716,786
0609	2006	NWFLYR	C40LF	40	2	Fixed Route	695,779
0610	2006	NWFLYR	C40LF	40	2	Fixed Route	720,991
0611	2006	NWFLYR	C40LF	40	2	Fixed Route	670,506
0612	2006	NWFLYR	C40LF	40	2	Fixed Route	695,052
0613	2006	NWFLYR	C40LF	40	2	Fixed Route	569,275
0614	2006	NWFLYR	C40LF	40	2	Fixed Route	731,223
0615	2006	NWFLYR	C40LF	40	2	Fixed Route	737,827
0901	2009	NWFLYR	C40LF	40	2	Fixed Route	598,028
0902	2009	NWFLYR	C40LF	40	2	Fixed Route	574,500
0903	2009	NWFLYR	C40LF	40	2	Fixed Route	578,012
0904	2009	NWFLYR	C40LF	40	2	Fixed Route	558,730
0905	2009	NWFLYR	C40LF	40	2	Fixed Route	546,518

Vehicle #	Year	Make	Model	PAX	WC	Service	Mileage as of 10/03/21
0906	2009	NWFLYR	C40LF	40	2	Fixed Route	542,260
0907	2009	NWFLYR	C40LF	40	2	Fixed Route	492,641
0908	2009	NWFLYR	C40LF	40	2	Fixed Route	554,721
0909	2009	NWFLYR	C40LF	40	2	Fixed Route	540,272
0910	2009	NWFLYR	C40LF	40	2	Fixed Route	558,206
0911	2009	NWFLYR	C40LF	40	2	Fixed Route	525,648
0912	2009	NWFLYR	C40LF	40	2	Fixed Route	570,894
0913	2009	NWFLYR	C40LF	40	2	Fixed Route	633,207
0914	2009	NWFLYR	C40LF	40	2	Fixed Route	525,706
0915	2009	NWFLYR	C40LF	40	2	Fixed Route	515,141
0916	2009	NWFLYR	C40LF	40	2	Fixed Route	467,189
0917	2009	NWFLYR	GE40LF	40	2	Fixed Route	140,108
1101	2011	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	459,915
1102	2012	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	507,581
1103	2012	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	457,774
1104	2012	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	382,274
1105	2012	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	485,122
1106	2012	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	473,258
1107	2012	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	456,019
1108	2012	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	483,752
1109	2012	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	439,255
1201	2012	GILLIG	29' LOW FLR CNG	30	2	Fixed Route	478,117
1202	2012	GILLIG	29' LOW FLR CNG	30	2	Fixed Route	556,519
1203	2012	GILLIG	29' LOW FLR CNG	30	2	Fixed Route	398,944
1401	2013	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	348,655
1402	2013	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	354,115
1403	2014	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	350,629
1404	2014	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	307,238
1405	2014	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	373,733
1406	2014	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	337,655
1407	2014	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	353,156
1408	2014	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	322,555
1409	2014	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	354,816
1410	2014	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	390,523
1601	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	240,238
1602	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	222,398
1603	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	174,016

Vehicle #	Year	Make	Model	PAX	WC	Service	Mileage as of 10/03/21
1604	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	202,534
1605	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	233,476
1606	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	229,317
1607	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	225,721
1608	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	242,632
1609	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	191,642
1610	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	254,140
1611	2016	GILLIG	LF CNG BRT+	40	2	Fixed Route	210,284
1612	2016	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	258,907
1613	2016	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	273,442
1614	2016	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	278,189
1615	2016	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	242,335
1616	2016	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	225,868
1617	2016	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	263,107
1701	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	238,048
1702	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	219,402
1703	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	236,267
1704	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	231,890
1705	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	221,547
1706	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	227,425
1707	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	183,798
1708	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	221,227
1709	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	199,736
1710	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	199,014
1711	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	179,513
1712	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	173,019
1713	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	171,823
1714	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	177,174
1715	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	175,964
1716	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	182,706
1717	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	172,602
1718	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	180,205
1719	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	174,519
1720	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	155,954
1721	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	181,699
1722	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	165,082
1723	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	182,798

Vehicle #	Year	Make	Model	PAX	WC	Service	Mileage as of 10/03/21
1724	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	166,681
1725	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	141,198
1726	2017	GILLIG	LF CNG BRT+	40	2	Fixed Route	164,941
1801	2018	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	135,811
1905	2019	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	91,445
1906	2019	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	113,382
2001	2020	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	47,869
2002	2020	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	20,636
2003	2020	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	52,505
2004	2020	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	58,786
2005	2020	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	49,302
2006	2020	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	44,946
2007	2020	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	56,032
2008	2020	GILLIG	LOW FLOOR CNG	40	2	Fixed Route	52,802
2101	2021	PROTERRA	ZX5	40	2	Fixed Route	315
2102	2021	PROTERRA	ZX5	40	0	Fixed Route	0
FX3970	2006	FORD	E450	Varies	2-4	Demand Response	378,229
FX3971	2006	FORD	E450	Varies	2-4	Demand Response	403,443
FX3973	2006	FORD	E450	Varies	2-4	Demand Response	375,275
FX3975	2007	FORD	E450	Varies	2-4	Demand Response	399,843
FX3977	2007	FORD	E450	Varies	2-4	Demand Response	402,032
FX3982	2008	FORD	E450	Varies	2-4	Demand Response	392,275
FX3983	2008	FORD	E450	Varies	2-4	Demand Response	398,082
FX3984	2008	FORD	E450	Varies	2-4	Demand Response	390,852
FX3985	2007	FORD	E450	Varies	2-4	Demand Response	455,165
FX3989	2008	FORD	E450	Varies	2-4	Demand Response	294,509
FX3990	2008	FORD	E450	Varies	2-4	Demand Response	298,876
FX3991	2008	FORD	E450	Varies	2-4	Demand Response	284,445
FX3992	2008	FORD	E450	Varies	2-4	Demand Response	255,432
FX3993	2008	FORD	E450	Varies	2-4	Demand Response	293,625
FX3994	2011	FORD	E450	Varies	2-4	Demand Response	274,125
FX3995	2011	FORD	E450	Varies	2-4	Demand Response	256,120
FX3996	2005	EL DORADO	E 450	Varies	2-4	Demand Response	227,148
FX7001	2013	EL DORADO	E 450	Varies	2-4	Demand Response	237,418
FX7002	2013	EL DORADO	E 450	Varies	2-4	Demand Response	222,810
FX7003	2013	EL DORADO	E 450	Varies	2-4	Demand Response	214,087
FX7008	2014	FORD	E450	Varies	2-4	Demand Response	132,807

Vehicle #	Year	Make	Model	PAX	WC	Service	Mileage as of 10/03/21
FX7009	2014	FORD	E450	Varies	2-4	Demand Response	120,632
FX7010	2014	FORD	E450	Varies	2-4	Demand Response	130,852
FX7011	2014	FORD	E450	Varies	2-4	Demand Response	128,889
FX7012	2014	FORD	E450	Varies	2-4	Demand Response	119,306
FX7013	2014	FORD	E450	Varies	2-4	Demand Response	121,743
FX7014	2014	FORD	E450	Varies	2-4	Demand Response	246,569
FX7015	2014	FORD	E450	Varies	2-4	Demand Response	271,043
FX7016	2014	FORD	E450	Varies	2-4	Demand Response	246,052
FX7017	2014	FORD	E450	Varies	2-4	Demand Response	287,942
FX7018	2014	FORD	E450	Varies	2-4	Demand Response	275,870
FX7019	2014	FORD	E450	Varies	2-4	Demand Response	293,496
FX7020	2014	FORD	E450	Varies	2-4	Demand Response	264,383
FX7021	2014	FORD	E450	Varies	2-4	Demand Response	264,506
FX7022	2014	FORD	E450	Varies	2-4	Demand Response	260,228
FX7023	2014	FORD	E450	Varies	2-4	Demand Response	272,018
FX7024	2014	FORD	E450	Varies	2-4	Demand Response	216,968
FX7025	2014	FORD	E450	Varies	2-4	Demand Response	240,665
FX7026	2014	FORD	E450	Varies	2-4	Demand Response	229,808
FX7027	2015	FORD	E450	Varies	2-4	Demand Response	159,758
FX7028	2015	FORD	E450	Varies	2-4	Demand Response	169,153
FX7029	2015	FORD	E450	Varies	2-4	Demand Response	156,852
FX7030	2015	FORD	E450	Varies	2-4	Demand Response	161,270
FX7031	2015	FORD	E450	Varies	2-4	Demand Response	155,811
FX7032	2015	FORD	E450	Varies	2-4	Demand Response	151,058
FX7033	2015	FORD	E450	Varies	2-4	Demand Response	214,339
FX7034	2015	FORD	E450	Varies	2-4	Demand Response	231,988
FX7035	2017	FORD	E450	Varies	2-4	Demand Response	124,903
FX7036	2017	FORD	E450	Varies	2-4	Demand Response	124,510
FX7037	2017	FORD	E450	Varies	2-4	Demand Response	126,256
FX7038	2017	FORD	E450	Varies	2-4	Demand Response	140,392
FX7039	2017	FORD	E450	Varies	2-4	Demand Response	131,776
FX7040	2017	FORD	E450	Varies	2-4	Demand Response	133,831
FX7041	2017	FORD	E450	Varies	2-4	Demand Response	128,019
FX7042	2017	FORD	E450	Varies	2-4	Demand Response	134,875
FX7043	2017	FORD	E450	Varies	2-4	Demand Response	136,580
FX7044	2017	FORD	E450	Varies	2-4	Demand Response	147,449
FX7045	2017	FORD	E450	Varies	2-4	Demand Response	107,485

Vehicle #	Year	Make	Model	PAX	WC	Service	Mileage as of 10/03/21
FX7046	2005	CHEVROLET	C4500	Varies	2-4	Demand Response	100,840
FX7047	2008	CHEVROLET	C5500	Varies	2-4	Demand Response	248,387
FX7048	2008	CHEVROLET	C5500	Varies	2-4	Demand Response	267,606

Chapter 8 | Findings and Recommendations

Conclusions

With one exception, Moore & Associates, Inc. finds the City of Fresno (Fresno Area Express) 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

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

1. In FY 2018/19, the TDA fiscal audit was submitted after the extended deadline.

The audit team has identified two functional findings. While these finding are not compliance findings, the audit team believes they warrant inclusion in this report:

1. The farebox recovery ratio calculation in the TDA fiscal audit is not sufficiently detailed, nor does it include a farebox recovery ratio calculation specific to the Handy Ride program.
2. Full-time equivalent (FTE) employee reporting in the State Controller Report does not align with the calculated FTE based on employee work hours reported to the NTD.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City's public transit program. 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. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Compliance Finding 1: In FY 2018/19 and FY 2019/20, the TDA fiscal audit was submitted after the extended deadline.

Criteria: PUC 99245 requires all Article 4 recipients to submit an annual fiscal audit to the State Controller within 180 days of the end of the fiscal year. The RTPA has the authority to extend the deadline for another 90 days, typically to March 31. The RTPA cannot release Article 4 funds until the audit is submitted.

Condition: In FY 2018/19, the City's TDA fiscal audit was completed on April 20, 2020. This was nearly three weeks after the deadline established under PUC 99245. The FY 2019/20 audit was submitted on January 20, 2022, more than a year after the original deadline. City staff noted there was a significant amount of turnover in the auditor's office, which delayed both audits. The audit contract for the TDA fiscal audits is managed by the RTPA.

Cause: Internal staffing issues within the audit firm appear to be the primary cause of the delay in completing the audits. The disruption to business caused by the COVID-19 pandemic may have played a secondary role.

Effect: While the FY 2018/19 audit was not late enough to impact TDA funding, the delayed delivery of the FY 2019/20 audit required the RTPA to withhold funding until its completion.

Recommendation: Work with the Fresno Council of Governments and the TDA fiscal auditor to ensure future audits can be completed within the extended deadline.

Recommended Action: When delays are caused by issues internal to the auditing firm, there may be little the City can do to ensure timely completion of its audits. Consequently, the audit team recommends working with both Fresno COG and the auditor toward on-time completion. Depending upon when the audit contract is up for renewal, Fresno COG may be able to include additional language regarding guaranteeing completion deadlines. (This recommendation is also included within the Triennial Performance Audit of the RTPA.)

Timeline: Ongoing.

Anticipated Cost: Negligible.

Management Response: The TDA Fiscal Audit is controlled, managed, and implemented by Fresno Council of Governments (FCOG), who relies upon contracted consultant firms to perform audits and did so for TDA Fiscal Audit in FY19 and FY20. Fresno Area Express (FAX) received notice from the auditing firm in May 2021 to submit deliverables, which FAX did within 3 business days. FAX did not receive additional communications for several months. In FAX's attempts to progress the auditing process, contact with the auditing firms was attempted on July 26, 2021, September 7, 2021, October 27, 2021, December 7, 2021, and December 13, 2021, but no response was received. Additionally, FAX communicated to FCOG on October 28, 2021, and January 11, 2022, about the incomplete audit. Per the recommendation, FAX will seek to greater collaboration for future audits.

Functional Finding 1: The farebox recovery ratio calculation in the TDA fiscal audit is not sufficiently detailed, nor does it include a farebox recovery ratio calculation specific to the Handy Ride program.

Criteria: While not explicitly required by the TDA, PUC 99245 requires the annual fiscal audit to include "a certification that the funds allocated to the claimant pursuant to this chapter were expended in conformance with applicable laws and rules and regulations." Inclusion of a detailed breakdown of how the farebox recovery ratio is calculated can ensure all allowable exclusions and depreciation are properly accounted for and the farebox recovery ratio is accurately calculated.

Condition: The City's annual TDA fiscal audit includes a summary of its farebox recovery ratio, including local assistance and excluding capital assets additions. The "local assistance" line items do not identify what is included therein. In addition, the "farebox revenues" line item is significantly higher than the fare revenues reported elsewhere in the fiscal audit, suggesting other revenues were included in that figure.

With the new guidance of AB 149, which expands what can be counted as local assistance (including federal revenues) as well as what can be excluded from operating cost, the inclusion of additional detail in this calculation will be beneficial.

During the prior audit, the City noted it included a detailed description of what was included in its TDA claim. While that is important, the TDA claim uses projected/budgeted data for the claim year and year-to-date data for the current operating year. The TDA fiscal audit uses audited data to calculate the farebox recovery ratio.

In addition, the TDA fiscal audit does not include a separate farebox recovery ratio for the Handy Ride program. Handy Ride, as a specialized transit service, has a different farebox recovery ratio threshold (10 percent) than FAX (20 percent). Therefore, it is beneficial to break out the two modes in addition to the system as a whole.

Cause: The TDA fiscal audit has included this level of detail for a number of years. However, changes to the TDA legislation make a more detailed farebox recovery ratio calculation preferable.

Effect: When a sufficient level of detail is not provided, it can be difficult to tell what revenues were included in and what costs were excluded from the calculation.

Recommendation: Prepare separate detailed farebox recovery ratio calculations for FAX and Handy Ride as part of the TDA fiscal audit.

Recommended Action: Work with the fiscal auditor to incorporate separate detailed farebox recovery ratio calculations for both FAX and Handy Ride into the annual fiscal audit. The auditor should be familiar with TDA legislation regarding allowable exclusions and the calculation of operating cost as well as allowable local revenue supplementation (including, but not limited to, PUC 99268.4, 99268.5, 99268.8, 99268.9, 99268.17, and 99268.19; AB 90; and AB 149).

Timeline: FY 2021/22.

Anticipated Cost: Negligible.

Management Response: All backup documentation for how the farebox recovery ratio is calculated and is provided to the auditors during the TDA fiscal audit. These calculations must be provided separately, as the TDA Claim form created by Fresno COG does not allow for the breakdown to be presented. The auditors informed FAX during the FY20 audit that the farebox ratio footnote does have the local supplemental revenue split out. FAX includes the nominal amount of Handy Ride fare revenue we receive as part of our passenger fare calculation. If this revenue needs to be split out, FAX can do so provided Fresno COG amends the claim form.

Functional Finding 2: Full-time equivalent (FTE) employee reporting in the State Controller Report does not align with the calculated FTE based on employee work hours reported to the NTD.

Criteria: The State Controller, for its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of “employee” as total work hours divided by 2,000.

Condition: While the City demonstrated a clear understanding of the TDA definition of full-time equivalent (FTE) employee with respect to its Handy Ride data, the fixed-route FTE data is not so clear-cut. In its documentation for this audit, the City provided its employee data as reported to the National Transit Database (NTD) as well as the employee data provided to the State Controller.

For reporting to the NTD, transit agencies must collect employee work hours and an actual person count. Employee work hours include all work performed during the reporting year. The actual person count of employees only includes employees as of the end of the fiscal year (June 30).⁴ The table below compares the calculated FTE for operations labor (based on hours provided), the person-count at the end of the fiscal year, and the data reported to the State Controller.

	FY 2019	FY 2020	FY 2021
NTD Operator Hours	484,967	493,959	507,880
NTD Non-Operator Hours*	213,303	255,351	246,508
NTD Total Hours	698,270	749,310	754,388
Calculated FTE (Hours/2000)	349.1	374.7	377.2
NTD Operator Person-Count	262	271	263
NTD Non-Operator Person Count*	127	146	140
NTD Total Person Count	389	417	403
Reported to the State Controller	394	421	408

*Excludes Capital labor/person-count

Had capital labor been included in the person-count, the NTD person count would have been highly consistent with the data reported to the State Controller. By contrast, the FTE calculated from the labor hours reported to the NTD showed significantly lower totals. Therefore, it appears the City continues to report the person-count on its State Controller Report rather than the calculated FTE based on hours worked during the fiscal year. In FY 2021, this figure should have been reported as 377 instead of 408.

Cause: This error is typically caused by a lack of communication or understanding regarding the TDA definition. In some cases, the individual(s) who prepare the State Controller Report may not be aware of the Triennial Performance Audit finding, especially if there has been any turnover between the submittal of the report and the next State Controller Report submittal.

⁴ 2021 NTD Reporting Policy Manual, page 206.

Effect: This results in employee data being over-reported on the State Controller Report.

Recommendation: Ensure staff responsible for preparing the State Controller Report have a solid understanding of the TDA definition of full-time equivalent (FTE) employee and how to calculate it.

Recommended Action: Anyone that participates in the preparation of the annual State Controller Report should be provided with the above example and instructions on how to calculate Employees based on the TDA definition. This should be passed along to new staff should responsibility for the report change hands mid-year.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Management Response: FAX provides the same base data to the FTA and State Controller’s Office (SCO), but the calculation methodologies may differ slightly. The State Controller, for its Transit Operator Financial Transaction Report, utilizes the TDA definition of full-time equivalent (FTE) employee for the reporting of employees. This definition, included as part of PUC 99247, calls for a definition of “employee” as total work hours divided by 2,000.

However, the NTD form R-10 utilizes actual employee counts as of June 30 of each year. Per the 2021 NTD Policy Manual, “...agencies must report two employee data items: the hours that all employees work during the year and the number of employees at the end of the year”, and “...the actual person count of employees only includes employees at the end of the fiscal year.” As required by the structure of the R-10 form, FAX reports Capital Labor positions and hours in the Capital Labor section at the end of the form.

The R-10 is audited by the City of Fresno’s outside financial auditors, Brown Armstrong, and then submitted to the FTA for approval. Once approved, it is reconciled to the City’s SCO Report for FTEs. Due to the slight calculation variance, the only difference in the reports was 1 FTE reported in 2019, due to rounding. FAX will seek further clarification from Brown Armstrong on whether this calculation needs to be updated for the FY 2022 NTD form.

Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Work with the Fresno Council of Governments and the TDA fiscal auditor to ensure future audits can be completed within the extended deadline.	High	Ongoing
Functional Recommendations		Importance	Timeline
1	Prepare separate detailed farebox recovery ratio calculations for FAX and Handy Ride as part of the TDA fiscal audit.	Medium	FY 2021/22
2	Ensure staff responsible for preparing the State Controller Report have a solid understanding of the TDA definition of full-time equivalent (FTE) employee and how to calculate it.	Medium	Ongoing

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