



**FYs 2012-13, 2013-14, and 2014-15
Triennial Performance Audit
of Fresno Economic
Opportunities Commission**

**Submitted to
Fresno Council of Governments**

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Section I

Introduction

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

The Fresno Council of Governments (Fresno COG) engaged Michael Baker International to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in Fresno County. This performance audit is conducted for the Fresno Economic Opportunities Commission (FEOC) covering the most recent triennial period, fiscal years 2012-13 through 2014-15.

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

In summary, this TDA audit affords the opportunity for an independent, constructive, and objective evaluation of the organization and its operations that otherwise might not be available. The methodology for the audit included in-person interviews with management, collection and review of agency documents, data analysis, and on-site observations. The *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* (September 2008, third edition), published by the California Department of Transportation (Caltrans), was used to guide in the development and conduct of the audit.

Overview of the Transit System

FEOC is a nonprofit corporation incorporated in the state of California on August 30, 1965. The agency's purpose is to develop, conduct, and administer programs established under the provisions of the Economic Opportunity Act of 1964. To this end, FEOC is a locally based community action agency which provides an array of services and programs that assist low-income families and individuals with developing skills and knowledge toward self-sufficiency. The agency is supported primarily through government grants, donor contributions, and fees for services. The Board of Commissioners of FEOC includes 24 members representing target areas, community organizations and institutions, and locally elected officials.

The transit program is administered and managed by the director of Food Services and Transit Systems, and the transit operations coordinator/senior accountant. The transit program reports

directly to the FEOC Chief Executive Officer. As each program under FEOC is a self-sustaining entity, the transit system operates as a stand-alone service.

FEOC Transit Systems is one of over 35 programs provided under the umbrella agency. FEOC operates a specialized transit service for social service clients throughout Fresno County, acting as the co-designated consolidated transportation services agency (CTSA) for both the urban and rural regions of the county. The agency is co-designated with Fresno Area Express (FAX) for the Fresno-Clovis Metropolitan Area, and with the Fresno County Rural Transit Agency (FCRTA) for the non-urbanized areas of the county. From this designation, FEOC has responsibility for working toward improved social service transportation through coordination and consolidation of transportation services.

In its effort to further coordinate social service transportation, FEOC also markets vehicle maintenance services for social service agencies. Many clients are provided vehicle maintenance as well as dispatching and driver training services. Other clients have contracted with FEOC for maintenance only.

System Characteristics

As contained in the annual TDA claims submitted to Fresno COG during the audit period of FYs 2013 through 2015, the agency provided transportation service to 10 urban CTSA contract clients, and 4 rural CTSA contract clients. The largest client is the Central Valley Regional Center (CVRC) which amounts to about 66 percent of the total contract service revenue. FEOC has been providing contract services to CVRC for weekday roundtrip passenger service from the program’s developmentally disabled consumers’ residence to various training and educational sites throughout Fresno County. CVRC trips comprise about 60 percent of all urban CTSA trips, and over half of all rural CTSA trips. Both passenger transportation and meal delivery are part of various contracts.

FEOC also provides general public rural transportation services under a contract with FCRTA. Under the contract, FEOC operates 18 different services, including intracommunity trips and intercity service, linking the rural areas with the Fresno urbanized area. Both demand-response and fixed-route services are offered. A summary of urban and rural area contract services are presented in Tables I-1 and I-2:

**Table I-1
FEOC Contract Services – The Fresno Urban Area CTSA**

Agency	Type of Service
Fresno Madera Area Agency on Aging Senior Transportation	Elderly Transportation
FEOC Food Service Congregate Meal Delivery	Senior Meals/Summer Lunch Vehicle Maintenance
FEOC Head Start	Student Transportation Congregate Meal Delivery Vehicle Maintenance
Masten Towers	Elderly Passenger Transportation

Agency	Type of Service
	Vehicle Maintenance
Nikkei	Vehicle Maintenance/Training and Assistance
Senior Citizens Village	Elderly Transportation
Fresno County CalWORKS	Passenger Transportation
Central Valley Regional Center (CVRC)	Developmentally Disabled Transportation Vehicle Maintenance
Various Special Trips for Social Service Agencies & Nonprofits	General Transportation Vehicle Maintenance
United Cerebral Palsy	Emergency Coordinated Back-up Transportation FTA Section 5310 Grant Consultation
ARC of Fresno & Madera	Vehicle Maintenance
Sanctuary/School of Unlimited Learning	Transportation Assistance

Source: FEOC

Table I-2
FEOC Contract Services – The Fresno Rural Area CTSA

Agency	Type of Service
Fresno Madera Area Agency on Aging Senior Transportation	Elderly Transportation Vehicle Maintenance
FEOC Food Services Senior Meals/Summer Lunch	Congregate Meal Delivery Vehicle Maintenance
Head Start	Student Transportation Congregate Meal Delivery Vehicle Maintenance
Central Valley Regional Center	Disabled Passenger Transportation
Special Trips for Social Service Agencies and Nonprofits	General Public Transportation Vehicle Maintenance

Source: FEOC

Fleet

FEOC operates an active fleet of 93 vehicles. Most vehicles are gasoline powered. The fleet also contains diesel-powered vehicles and a few powered by compressed natural gas (CNG). FEOC has taken steps to retire older vehicles with new replacements. Table I-3 summarizes the composition of the system fleet:

Table I-3
FEOC Fleet Inventory

Year	Make & Model	Quantity	Seating Capacity	Wheelchair Capacity
1995	GMC	5	48	N/A
1996	GMC	1	48	N/A
1999	GMC	4	48	N/A
2003	Thomas	7	48	N/A
2004	Thomas	3	34-60	2

Year	Make & Model	Quantity	Seating Capacity	Wheelchair Capacity
2004	Ford E450	5	16	6
2005	Blue Bird	1	34-60	2
2005	Ford E450	4	16	6
2006	Ford E450	6	14	5
2007	Ford E450	7	14	5
2008	Ford E450	9	14	5
2009	Thomas	1	34-60	2
2010	Braun Minivan	3	5	2
2010	Ford E450	5	14	5
2011	International	3	34	2
2011	Ford E450	9	14	5
2012	International	1	34	2
2013	Ford Starcraft	8	14	6
2015	Ford Starcraft	8	16	6
2015	Ford Starcraft	3	20	2
Total		93		

Source: FEOC

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of FEOC's ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies*, which was developed by Caltrans to assess transit operators. The guidebook contains a checklist of 11 measures taken from relevant sections of the PUC and the California Code of Regulations. Each of these requirements is discussed in the table below, including a description of the system's efforts to comply with the requirements. In addition, the findings from the compliance review are described in the text following the table.

TABLE II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
The transit operator submitted annual reports to the RTPA based upon the Uniform System of Accounts and Records established by the State Controller. Report is due 90 days after end of fiscal year (Sept. 30), or 110 days (Oct. 20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates (internet filing): FY 2013: October 9, 2013 FY 2014: September 25, 2014 FY 2015: October 16, 2015 Conclusion: Complied.
The operator has submitted annual fiscal and compliance audits to the RTPA and to the State Controller within 180 days following the end of the fiscal year (Dec. 27), or has received the appropriate 90-day extension by the RTPA allowed by law.	Public Utilities Code, Section 99245	Completion/submittal dates: Urban CTSA: FY 2013: December 6, 2013 FY 2014: November 21, 2014 FY 2015: November 1, 2015 Rural CTSA: FY 2013: December 6, 2013 FY 2014: November 21, 2014 FY 2015: November 1, 2015 Conclusion: Complied.

TABLE II-1		
Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
<p>The CHP has, within the 13 months prior to each TDA claim submitted by an operator, certified the operator's compliance with Vehicle Code Section 1808.1 following a CHP inspection of the operator's terminal.</p>	<p>Public Utilities Code, Section 99251 B</p>	<p>FEOC participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim. Copies of certificates are attached to TDA claims. Copies of certificates were also submitted to the auditor for review.</p> <p>Inspections were conducted at FEOC's maintenance and operations facility.</p> <p>Inspection dates applicable to the audit period were September 18, 2012; August 15-16, 28 & 30, 2013; October 21, 2013; October 2-4 & 7-10, 2014; and October 21-22 & 28-29, 2015.</p> <p>Inspections were rated "satisfactory" by the CHP.</p> <p>Conclusion: Complied</p>
<p>The operator's claim for TDA funds is submitted in compliance with rules and regulations adopted by the RTPA for such claims.</p>	<p>Public Utilities Code, Section 99261</p>	<p>As a condition of approval, FEOC's annual claims for Local Transportation Funds (LTF) and State Transit Assistance are submitted in compliance with rules and regulations adopted by Fresno COG. COG staff assists the agency in completing the claim.</p> <p>Conclusion: Complied</p>

TABLE II-1		
Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
<p>If an operator service 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.</p>	<p>Public Utilities Code, Section 99270.1</p>	<p>FEOC's transit services do not collect passenger fare revenues, but are based on service contract revenues. As a CTSA, in lieu of the farebox requirement, Fresno COG's policy is for FEOC to maintain a 45/55 ratio of LTF to local support revenues.</p> <p>During the audit period of FYs 2013 through 2015, FEOC has maintained this ratio as shown in the annual financial audit.</p> <p>Conclusion: Complied</p>
<p>The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s).</p>	<p>Public Utilities Code, Sections 99266</p>	<p>Percentage increase in the FEOC operating budget (urban and rural CTSA combined):</p> <p>FY 2013: -2.3% FY 2014: -4.4% FY 2015: +4.0%</p> <p>Source: FY 2012–2015 FEOC Operations Program & Budget</p> <p>Conclusion: Complied</p>
<p>The operator's definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost, (b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service</p>	<p>Public Utilities Code, Section 99247</p>	<p>FEOC's definition of performance measures is consistent with PUC Section 99247.</p> <p>Conclusion: Complied</p>

TABLE II-1		
Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.		
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating costs at least equal to one-fifth (20 percent), unless it is in a county with a population of less than 500,000, in which case it must maintain a ratio of fare revenues to operating costs of at least equal to three-twentieths (15 percent), if so determined by the RTPA.	Public Utilities Code, Sections 99268.2, 99268.3, 99268.12, 99270.1	In lieu of farebox, FEOC Transit Systems is subject to Fresno COG's policy to maintain a TDA/local support ratio. Conclusion: Not Applicable
If the operator serves a rural area, it has maintained a ratio of fare revenues to operating costs at least equal to one-tenth (10 percent).	Public Utilities Code, Sections 99268.2, 99268.4, & 99268.5	In lieu of farebox, FEOC Transit Systems is subject to Fresno COG's policy to maintain a TDA/local support ratio. Conclusion: Not Applicable
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA which will fully fund the retirement system within 40 years.	Public Utilities Code, Section 99271	FEOC contributes to a defined contribution pension plan which covers substantially all employees of the agency. Generally, FEOC contributes an amount equal to 5 percent of the compensation earned by each eligible employee. Employer contributions are vested immediately. Conclusion: Complied
If the operator receives state	California Code of	FEOC does not receive State

TABLE II-1		
Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.	Regulations, Section 6754(a)(3)	<p>Transit Assistance funds but does utilize FTA Section 5310 funding for vehicle procurement.</p> <p>Source: State Controller Reports</p> <p>Conclusion: Not Applicable</p>

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance areas pertaining to FEOC, the operator fully complied with all eight requirements. Three additional compliance requirements are not applicable to FEOC (i.e., exclusive urban and rural area farebox recovery and use of federal funds in conjunction with State Transit Assistance funds).
2. FEOC Transit Systems participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim. The CHP inspection reports submitted for review were found to be satisfactory.
3. The FEOC Transit Systems operating budget exhibited modest fluctuations during the audit period, but did not exceed 15 percent. The budget decreased 2.3 percent in FY 2013 and 4.4 percent in FY 2014 but increased 4 percent in FY 2015.
4. Because the type of transit service provided by FEOC does not require passengers to pay a fare, an alternative method to the farebox recovery ratio has been adopted by Fresno COG. This method requires FEOC to match LTF revenues with local support revenues on a 45 percent LTF/55 percent local support basis. The local match has come from service contract fees by participating social service agencies, charter trips, and donations.
5. Based on audited financial data, the calculated local support match minus exclusions for the rural area was 70 percent for FY 2013, 85 percent in FY 2014, and 84 percent for FY 2015. For the urban area, the local support match minus exclusions was 72 percent for FY 2013, 69 percent in FY 2014, and 88 percent in FY 2015. These percentages far exceeded the minimum 55 percent match.

Section III

Prior Triennial Performance Recommendations

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

Prior Recommendation 1

Closely monitor performance indicator trends identified from the performance audit.

Actions taken by FEOC:

Background: The prior audit suggested that FEOC continue to closely monitor its performance indicators, as some indicators are showing trends that might cause concern in the provision of overall service. Examples included the sharp growth in vehicle service hours and miles for rural and urban meal delivery services relative to actual meals delivered. Total vehicle hours for meal delivery increased by 28.4 percent whereas total vehicle service miles increased 32.8 percent. This is in contrast to the number of meals delivered, which declined by 3.5 percent. As a result, performance indicators for these measures showed negative trends for service effectiveness.

It was understood that FEOC Transit Systems differs from public transit operators in that social service agency programs can fluctuate from year to year, and that FEOC provides its clients with transportation under annual service contracts with participating social service agencies. The number of client trips and the negotiated hours and miles for each client are individually tailored to meet the needs of each client. However, from an overall performance standpoint, it was suggested that the service be monitored closely for potential declines in performance trends as the data are used for future improvements to the service, including future negotiations of hours and miles of service relative to client trips.

Action: According to FEOC, the CTSA's structure of reporting urban and rural meal and transportation activities sometimes makes it arbitrary to isolate an urban activity from a rural activity in cases where a contracted agency requests transportation services in both areas. The CTSA has in the last few budgeting cycles combined both urban and rural performance indicators to show the overall cost associated to services.

Performance trends in passengers per hour and mile categories have remained fairly constant over the last two fiscal years. The federal budget sequestration did affect the school bus ridership data due to Head Start route cutbacks. However, vehicle service miles for the rural meal programs exhibited sharp increases during the audit period.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 2

Continue coordination efforts with other public transit and social service agencies in funding and offering consolidated travel training and ambassador services.

Actions taken by FEOC:

Background: This recommendation is carried forward from the prior triennial audit. The auditor acknowledges FEOC's efforts to facilitate discussion and research of consolidated travel training and an ambassador program amongst other social service and transit providers. Identified as a short-range strategy and priority contained in the *Fresno County Coordinated Human Services Transportation Plan*, a travel training program is designed to empower senior citizens, persons with disabilities, and non-English speaking persons to use fixed-route public transit services independent of family, friends, or demand-responsive transit. As a co-CTSA designee in Fresno County, it is suggested that FEOC continue working with service providers and stakeholders such as the Social Service Transportation Advisory Committee to identify resources and implement consolidated travel training and an ambassador program.

Action: FEOC/CTSA implemented a travel training program in cooperation with FCRTA for the rural CTSA. FCRTA contracted with Paratransit, Inc., during the summer of 2014 to develop a volunteer Transit Ambassador Program to assist riders in successfully accessing its services and the connecting services of the other transit operators in Fresno County and adjacent counties. The program is conducted through FEOC and will continue to be replicated for other organizations in the service area. This program will be expanded to the urban area and discussed amongst other social service organizations in an effort to empower riders to be more independent.

Conclusion:

This recommendation has been implemented.

Prior Recommendation 3

Advance the role of the CTSA into furthering new business and social enterprise initiatives.

Actions taken by FEOC:

Background: As one of the largest community action agency in the United States, FEOC has been adept at identifying opportunities that address the socioeconomic needs of the community. Enterprises such as meal preparation and delivery, vehicle detailing and maintenance, social service transportation, and training services contribute to generating local support revenues. The

FEOC Board developed five strategic goals, including financial sustainability, during one of its retreats. The Board has also considered strategies to create and expand social enterprise opportunities. FEOC's Planning and Development Committee developed a business concept white paper that analyzed viable strategies and sustainable approaches in meeting the social and employment needs of the community. Initiatives such as the establishment of nutritious food outlets and travel training services have been considered. The prior audit suggested that FEOC as a co-CTSA designee further its role in social enterprise to foster financial independence.

Action: In response to this recommendation, FEOC/CTSA Transit Systems has developed and implemented a vehicle detailing operation as a social enterprise and a way of increasing revenue streams. Other opportunities such as food services and catering are being considered at this time and will follow the established process prior to implementation.

Conclusion:

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews FEOC's performance in providing transit service in an efficient and effective manner. The TDA requires that at least five specific performance indicators be reported for the three-year audit period, which are contained in the following tables:

- Combined passenger and meal transportation, urban and rural.
- Passenger transportation, urban and rural.
- Meal delivery, urban and rural.

Table IV-1
TDA Performance Indicators
Urban and Rural
Passenger and Meal Transportation

Performance Data and Indicators	Audit Period				% Change FY 2012- 2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$5,770,062	\$5,422,382	\$5,361,810	\$5,016,073	-13.1%
Total Passengers & Meals Delivered	1,379,803	1,357,718	1,345,598	1,576,311	14.2%
Vehicle Service Hours	110,346	96,954	99,687	99,606	-9.7%
Vehicle Service Miles	2,009,832	1,786,742	1,737,386	1,933,034	-3.8%
Employee FTEs	55	55	49	51	-7.3%
Local Support Revenues	\$4,657,485	\$4,238,099	\$4,245,575	\$4,488,479	-3.6%
Operating Cost per Passenger & Meal Delivery	\$4.18	\$3.99	\$3.98	\$3.18	-23.9%
Operating Cost per Vehicle Service Hour	\$52.29	\$55.93	\$53.79	\$50.36	-3.7%
Operating Cost per Vehicle Service Mile	\$2.87	\$3.03	\$3.09	\$2.59	-9.6%
Passengers/Meals per Vehicle Service Hour	12.5	14.0	13.5	15.8	26.6%
Passengers/Meals per Vehicle Service Mile	0.69	0.76	0.77	0.82	18.8%
Average Revenue per Passenger/Meal Delivery	\$3.38	\$3.12	\$3.16	\$2.85	-15.6%
Vehicle Service Hours per Employee	2,006	1,763	2,034	1,953	-2.7%

Source: CTSA Productivity Evaluation Reports, State Controller Operator's Reports

**Table IV-2
TDA Performance Indicators
Urban, Passenger and Meal Transportation**

Performance Data and Indicators	Audit Period				% Change FY 2012-2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$3,453,312	\$3,387,716	\$3,215,262	\$2,943,145	-14.8%
Total Passengers & Meals Delivered	774,647	769,796	798,860	871,530	12.5%
Vehicle Service Hours	70,381	61,987	65,696	61,523	-12.6%
Vehicle Service Miles	1,248,704	1,125,081	1,067,384	1,038,518	-16.8%
Local Support Revenues	\$2,715,240	\$2,608,151	\$2,515,681	\$2,853,863	5.1%
Operating Cost per Passenger & Meal Delivery	\$4.46	\$4.40	\$4.02	\$3.38	-24.2%
Operating Cost per Vehicle Service Hour	\$49.07	\$54.65	\$48.94	\$47.84	-2.5%
Operating Cost per Vehicle Service Mile	\$2.77	\$3.01	\$3.01	\$2.83	2.5%
Passengers/Meals per Vehicle Service Hour	11.0	12.4	12.2	14.2	28.7%
Passengers/Meals per Vehicle Service Mile	0.62	0.68	0.75	0.84	35.3%
Average Revenue per Passenger/Meal Delivery	\$3.51	\$3.39	\$3.15	\$3.27	-6.6%

Source: CTSA Productivity Evaluation Reports

**Table IV-3
TDA Performance Indicators
Rural, Passenger and Meal Transportation**

Performance Data and Indicators	Audit Period				% Change FY 2012-2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$2,316,750	\$2,034,666	\$2,146,548	\$2,072,928	-10.5%
Total Passengers & Meals Delivered	605,156	587,922	546,738	704,781	16.5%
Vehicle Service Hours	39,965	34,967	33,991	38,083	-4.7%
Vehicle Service Miles	761,128	661,661	670,002	894,516	17.5%
Local Support Revenues	\$1,942,245	\$1,629,948	\$1,729,894	\$1,634,616	-15.8%
Operating Cost per Passenger & Meal Delivery	\$3.83	\$3.46	\$3.93	\$2.94	-23.2%
Operating Cost per Vehicle Service Hour	\$57.97	\$58.19	\$63.15	\$54.43	-6.1%
Operating Cost per Vehicle Service Mile	\$3.04	\$3.08	\$3.20	\$2.32	-23.9%
Passengers/Meals per Vehicle Service Hour	15.1	16.8	16.1	18.5	22.2%
Passengers/Meals per Vehicle Service Mile	0.80	0.89	0.82	0.79	-0.9%
Average Revenue per Passenger/Meal Delivery	\$3.21	\$2.77	\$3.16	\$2.32	-27.7%

Source: CTSA Productivity Evaluation Reports

**Table IV-4
TDA Performance Indicators
Urban and Rural Passenger Transportation**

Performance Data and Indicators	Audit Period				% Change FY 2012- 2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$5,270,062	\$4,853,655	\$4,793,083	\$4,261,008	-19.1%
Total Passengers	497,376	438,357	388,179	394,656	-20.7%
Vehicle Service Hours	95,584	81,361	82,786	81,971	-14.2%
Vehicle Service Miles	1,710,531	1,467,887	1,344,214	1,359,344	-20.5%
Local Support Revenues	\$4,404,206	\$3,979,782	\$3,927,129	\$4,153,307	-5.7%
Operating Cost per Passenger	\$10.60	\$11.07	\$12.35	\$10.80	1.9%
Operating Cost per Vehicle Service Hour	\$55.14	\$59.66	\$57.90	\$51.98	-5.7%
Operating Cost per Vehicle Service Mile	\$3.08	\$3.31	\$3.57	\$3.13	1.7%
Passengers per Vehicle Service Hour	5.2	5.4	4.7	4.8	-7.5%
Passengers per Vehicle Service Mile	0.29	0.30	0.29	0.29	-0.2%
Average Revenue per Passenger	\$8.85	\$9.08	\$10.12	\$10.52	18.8%

Source: CTSA Productivity Evaluation Reports

**Table IV-5
TDA Performance Indicators
Urban, Passenger Transportation**

Performance Data and Indicators	Audit Period				% Change FY 2012-2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$3,213,312	\$3,143,989	\$2,971,535	\$2,669,453	-16.9%
Total Passengers	308,478	279,431	270,437	257,278	-16.6%
Vehicle Service Hours	64,932	56,126	58,527	54,619	-15.9%
Vehicle Service Miles	1,169,455	1,034,931	957,311	928,795	-20.6%
Local Support Revenues	\$2,581,986	\$2,507,121	\$2,362,178	\$2,688,296	4.1%
Operating Cost per Passenger	\$10.42	\$11.25	\$10.99	\$10.38	-0.4%
Operating Cost per Vehicle Service Hour	\$49.49	\$56.02	\$50.77	\$48.87	-1.2%
Operating Cost per Vehicle Service Mile	\$2.75	\$3.04	\$3.10	\$2.87	4.6%
Passengers per Vehicle Service Hour	4.8	5.0	4.6	4.7	-0.8%
Passengers per Vehicle Service Mile	0.26	0.27	0.28	0.28	5.0%
Average Revenue per Passenger	\$8.37	\$8.97	\$8.73	\$10.45	24.8%

Source: CTSA Productivity Evaluation Reports

**Table IV-6
TDA Performance Indicators
Rural, Passenger Transportation**

Performance Data and Indicators	Audit Period				% Change FY 2012-2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$2,056,750	\$1,709,666	\$1,821,548	\$1,591,555	-22.6%
Total Passengers	188,898	158,926	117,742	137,378	-27.3%
Vehicle Service Hours	30,652	25,235	24,259	27,352	-10.8%
Vehicle Service Miles	541,076	432,956	386,903	430,549	-20.4%
Local Support Revenues	\$1,822,220	\$1,472,661	\$1,564,951	\$1,465,011	-19.6%
Operating Cost per Passenger	\$10.89	\$10.76	\$15.47	\$11.59	6.4%
Operating Cost per Vehicle Service Hour	\$67.10	\$67.75	\$75.09	\$58.19	-13.3%
Operating Cost per Vehicle Service Mile	\$3.80	\$3.95	\$4.71	\$3.70	-2.8%
Passengers per Vehicle Service Hour	6.2	6.3	4.9	5.0	-18.5%
Passengers per Vehicle Service Mile	0.35	0.37	0.30	0.32	-8.6%
Average Revenue per Passenger	\$9.65	\$9.27	\$13.29	\$10.66	10.5%

Source: CTSA Productivity Evaluation Reports

**Table IV-7
TDA Performance Indicators
Urban and Rural Meal Delivery**

Performance Data and Indicators	Audit Period				% Change FY 2012- 2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$500,000	\$568,727	\$568,727	\$755,065	51.0%
Total Meals Delivered	882,427	919,361	957,419	1,181,655	33.9%
Vehicle Service Hours	14,762	15,593	16,901	17,635	19.5%
Vehicle Service Miles	299,301	318,855	393,172	573,690	91.7%
Local Support Revenues	\$253,279	\$258,317	\$318,446	\$335,172	32.3%
Operating Cost per Meal Delivered	\$0.57	\$0.62	\$0.59	\$0.64	12.8%
Operating Cost per Vehicle Service Hour	\$33.87	\$36.47	\$33.65	\$42.82	26.4%
Operating Cost per Vehicle Service Mile	\$1.67	\$1.78	\$1.45	\$1.32	-21.2%
Meals Delivered per Vehicle Service Hour	59.8	59.0	56.6	67.0	12.1%
Meals Delivered per Vehicle Service Mile	2.95	2.88	2.44	2.06	-30.1%
Average Revenue per Meal Delivered	\$0.29	\$0.28	\$0.33	\$0.28	-1.2%

Source: CTSA Productivity Evaluation Reports

**Table IV-8
TDA Performance Indicators
Urban, Meal Delivery**

Performance Data and Indicators	Audit Period				% Change FY 2012-2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$240,000	\$243,727	\$243,727	\$273,692	14.0%
Total Meals Delivered	466,169	490,365	528,423	614,252	31.8%
Vehicle Service Hours	5,449	5,861	7,169	6,904	26.7%
Vehicle Service Miles	79,249	90,150	110,073	109,723	38.5%
Local Support Revenues	\$133,254	\$101,030	\$153,503	\$165,567	24.2%
Operating Cost per Meal Delivered	\$0.51	\$0.50	\$0.46	\$0.45	-13.5%
Operating Cost per Vehicle Service Hour	\$44.04	\$41.58	\$34.00	\$39.64	-10.0%
Operating Cost per Vehicle Service Mile	\$3.03	\$2.70	\$2.21	\$2.49	-17.6%
Meals Delivered per Vehicle Service Hour	85.6	83.7	73.7	89.0	4.0%
Meals Delivered per Vehicle Service Mile	5.88	5.44	4.80	5.60	-4.8%
Average Revenue per Meal Delivered	\$0.29	\$0.21	\$0.29	\$0.27	-5.7%

Source: CTSA Productivity Evaluation Reports

**Table IV-9
TDA Performance Indicators
Rural, Meal Delivery**

Performance Data and Indicators	Audit Period				% Change FY 2012-2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$260,000	\$325,000	\$325,000	\$481,373	85.1%
Total Meals Delivered	416,258	428,996	428,996	567,403	36.3%
Vehicle Service Hours	9,313	9,732	9,732	10,731	15.2%
Vehicle Service Miles	220,052	228,705	283,099	463,967	110.8%
Local Support Revenues	\$120,025	\$157,287	\$164,943	\$169,605	41.3%
Operating Cost per Meal Delivered	\$0.62	\$0.76	\$0.76	\$0.85	35.8%
Operating Cost per Vehicle Service Hour	\$27.92	\$33.39	\$33.39	\$44.86	60.7%
Operating Cost per Vehicle Service Mile	\$1.18	\$1.42	\$1.15	\$1.04	-12.2%
Meals Delivered per Vehicle Service Hour	44.7	44.1	44.1	52.9	18.3%
Meals Delivered per Vehicle Service Mile	1.89	1.88	1.52	1.22	-35.4%
Average Revenue per Meal Delivered	\$0.29	\$0.37	\$0.38	\$0.30	3.7%

Source: CTSA Productivity Evaluation Reports

Findings from Verification of TDA Performance Indicators

1. Operating costs for the combined urban and rural CTSA services (meal delivery and passengers) decreased 13.1 percent from the FY 2012 base year through FY 2015. Combined urban CTSA operating costs decreased 14.8 percent during the audit period while the rural CTSA operating costs decreased 10.5 percent. For passenger services, operating costs for the combined urban and rural CTSA decreased 19.1 percent. Urban CTSA passenger operating costs decreased 16.9 percent and rural CTSA passenger costs decreased 22.6 percent. Operating costs for the combined urban and rural CTSA meal deliveries increased 51 percent. The urban CTSA meal costs increased 14 percent and the rural CTSA meal costs increased 85 percent.
2. The provision of vehicle service hours and miles for the combined urban and rural CTSA services decreased 9.7 and 3.8 percent, respectively. Combined urban CTSA vehicle service hours and miles decreased 12.6 and 16.8 percent, respectively, while combined rural CTSA vehicle service hours decreased 4.7 percent and miles increased 17.5 percent. For combined passenger services, vehicle service hours decreased 14.2 percent and vehicle service miles decreased 20.5 percent. In contrast, combined meal delivery vehicle service hours and miles increased 19.5 percent and 91.7 percent, respectively.
3. Operating cost per passenger and meal delivered, an indicator of cost effectiveness, decreased 23.9 percent system-wide from \$4.18 in FY 2012 to \$3.18 in FY 2015. Urban CTSA passenger and meal delivery exhibited a decrease of 24.2 percent while rural CTSA passenger and meal delivery exhibited a decrease of 23.2 percent. Combined CTSA passenger services exhibited a 1.9 percent increase in cost per passenger. In contrast, meal delivery saw its cost per meal delivered increase by 12.8 percent over the same time period. Ridership system-wide decreased 20.7 percent during the period from 497,376 passengers in FY 2012 to 394,656 passengers in FY 2015. Meals delivered system-wide increased 34 percent from 882,427 in FY 2012 to 1,181,655 in FY 2015.
4. Operating cost per hour, an indicator of cost efficiency, marginally decreased 3.7 percent system-wide from \$52.29 in FY 2012 to \$50.36 in FY 2015. The urban CTSA combined passenger and meal delivery services saw its cost per vehicle service hour decrease 2.5 percent during the period from \$49.07 to \$47.84 an hour. The rural CTSA combined passenger and meal delivery services exhibited a decrease of 6.1 percent from \$57.97 to \$54.43 an hour.
5. System-wide, passengers and meals delivered per vehicle service hour, which measures the effectiveness of the service delivered, increased 26.6 percent system-wide between FY 2012 and FY 2015, from 12.5 passengers and meals per hour to 15.8 passengers and meals per hour. Urban CTSA passenger and meal delivery exhibited a higher increase of 28.7 percent over the same period from 11 to 14.2 passengers and meals per hour. Passengers and meals delivered per hour for rural CTSA operations increased 22.2 percent from 15.1 to 18.5 passengers and meals per hour. Urban and rural passengers per hour

decreased 7.5 percent, while urban and rural meal delivery per hour exhibited an increase of 12.1 percent.

6. System-wide, passengers and meals per vehicle service mile, another indicator of service effectiveness, increased 18.8 percent between FY 2012 and FY 2015, from 0.69 to 0.82 passengers and meals per service mile. For urban CTSA operations, the number of passengers and meals per service mile increased 35.3 percent from 0.62 to 0.84 passengers and meals per service mile. In contrast, rural CTSA operations exhibited a decrease of 0.9 percent, from 0.80 to 0.79 passengers and meals per mile. Urban and rural passengers per mile exhibited a 0.2 percent decrease. However, meals delivered per service miles decreased 30.1 percent from 2.95 to 2.06 meals delivered.

Conclusion from the Verification of TDA Performance Indicators

System-wide cost indicators exhibited positive trends, indicating improved efficiencies. However, this overall trend is not reflective across service modes. FEOC should continue to closely monitor its performance indicators, as some indicators are showing trends that might cause concern in the provision of overall service. Examples include the sharp growth in vehicle service hours and miles for rural and urban meal delivery services relative to actual meals delivered. Total vehicle hours for meal delivery increased 19.5 percent whereas total vehicle service miles increased 91.7 percent. This is in contrast to the number of meals delivered, which increased nearly 34 percent. Most of the increase in vehicle service hours, miles, and meals delivered is attributed to a new service for the Fresno Madera Area Agency on Aging Senior Transportation involving home delivered meals for seniors in Madera County. This service commenced in FY 2013-14. As a result, performance indicators for these measures showed negative trends for service effectiveness.

It is understood that FEOC Transit Systems differs from public transit operators in that social service agency programs can fluctuate from year to year, and that FEOC provides its clients with transportation under annual service contracts with participating social service agencies. The number of client trips and the negotiated hours and miles for each client are individually tailored to meet the needs of each client. However, from an overall performance standpoint, the service should be monitored closely for potential declines in performance trends as the data are used for future improvements to the service, including future negotiations of hours and miles of service relative to client trips.

While FEOC is not required to meet a specific fare recovery ratio, as it does not collect fares from its riders, the agency is required to meet the annual ratio of 45 percent TDA revenues to 55 percent local support revenues to continue receiving TDA funds. Local support revenues include grant funds, service contract revenues and, donations. FEOC has been able to meet this ratio requirement in each year of the triennial audit. The reduction in overall operating costs is attributed to lower fuel costs, fewer Head Start school bus routes, fewer transportation service days, continued CVRC route consolidation, and maintaining a minimum on-call workforce.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions within FEOC Transit Systems. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following departments and functions were reviewed at FEOC's operations facility:

- Operations
- Maintenance
- Marketing
- General Administration and Management

Within some departments are subfunctions that require review as well, such as Grants Administration that falls under General Administration and Management.

Operations

FEOC's operations have remained fairly stable overall with expansion occurring in existing services and social enterprises. With an eye for future growth, the FEOC purchased 5 acres adjacent to its existing campus and has already utilized 1 acre for parking and its operations facility. FEOC secured a contract with the ARC of Fresno/Madera Counties in August 2014 for the maintenance of 70 vehicles. Toward the end of the audit period, FCRTA approached and subsequently contracted with FEOC for vehicle maintenance effective August 1, 2015. A new maintenance operation was established and staffed at the FEOC Transit Systems facility.

FEOC continued to develop its social enterprise initiatives with the opening of a vehicle detail facility, which has been marketed to the Cities of Clovis and Fresno. The detailing enterprise employs two employees and averages two vehicles daily. FEOC has also continued to expand its food service enterprise. Approximately 7,000 meals are prepared at its kitchen facility, including shelf-stable meals that are boxed for distribution. Frozen meals are also prepared and delivered.

In addition, FEOC has been in discussions with the California High-Speed Rail Authority about catering meals to employees and contractors working on the construction of the project. The FEOC's administrative offices are located across the street from the proposed high-speed rail station in downtown Fresno. There are also plans to open a culinary school and café in the downtown area.

The CVRC is FEOC's largest contract transportation client in contract dollar terms, which amounts to \$2.8 million. The CVRC contract had been modified from a fixed-rate to an attendance-based

schedule. The second largest transportation contract is with FCRTA, at approximately \$2.6 million.

FEOC is the contract operator for Big Trees Transit, a seasonal two-year demonstration service operating between Fresno, Sanger, and the Kings Canyon National Park. The service is a partnership of FCRTA, City of Sanger, and the National Park Service. The service was implemented in May 2015 and operates from Memorial Day weekend through Labor Day. In addition to the fixed route, an in-park shuttle bus serves seven stops in the Grant Grove area of Kings Canyon National Park free of charge. Table V-1 shows the number of passengers trips by contract reported during the audit period.

Table V-1
FEOC Transit Systems
Passenger Trips by Contract

Year	FY 2012	FY 2013	FY 2014	FY 2015
CVRC	202,896	193,718	190,236	199,063
FCRTA	304,157	316,988	312,773	293,677
Head Start	252,106	221,700	176,372	175,914
Other Agencies	42,430	22,939	21,571	19,679
Annual Totals	801,589	755,345	700,952	688,333

Note: FCRTA trips are included in the FCRTA triennial performance audit.

Source: FEOC

The largest number of transit trips reported during the period was for FCRTA, followed by Head Start and CVRC. Ridership on Head Start experienced a significant decrease due to the \$1.2 million reduction in the contract attributed to the shortening of the school year by nine days. FEOC reports that ridership is slowly recovering from this decline.

Fresno County renewed its contract with FEOC to provide transportation services to CalWORKs participants during non-traditional working hours, between 6:00 p.m. and 6:00 a.m., seven days a week. Transportation is provided to their place of employment, training site, or to child care facility as specified by Fresno County caseworkers. It has also expanded into providing evening job transportation from the rural areas of Fresno County. FEOC continues to provide transportation services for the Fresno-Madera Area Agency on Aging senior program to the nutrition site.

The Mobilitat dispatching and scheduling software was implemented in October 2013 for the FCRTA contract. In addition, FEOC increased the number of dispatchers from four to six and hired a dispatch supervisor. The Mobilitat program has allowed FEOC to dispatch trips faster and more efficiently as well as track the location of each vehicle and passenger activity. In addition, it has eliminated the need for constant two-way radio communication between the dispatchers and drivers. In concert with the dispatching upgrade, Verizon mobile tablets were installed in the vehicles. The tablets enable the drivers to utilize the Mobilitat software and send transit data quickly to the transit operations center. Verizon Jetpack units provide mobile Wi-Fi hotspot capability for the tablets.

FEOC utilizes bilingual dispatchers due the high number of Spanish-speaking clients. Approximately 70 percent of calls received for service are in Spanish.

Personnel

The Food Services/Transit Systems Division has focused on enhancing methods to recruit and retain drivers. There were some driver retention issues during the audit period including in the driver relief pool which provides back-up to all routes. Drivers are required to have a valid Class B License with Passenger Endorsement, plus Medical Examiner's certificate. Drivers are also required to hold a General Public Paratransit Vehicle certificate to operate a bus vehicle. Each driver undergoes a 40-hour classroom training session. There are three lead driver trainers and one dedicated behind-the-wheel trainer. FEOC holds six 2-hour driver in-service training sessions annually. Supervisors and guest speakers provide awareness training on topics such as operation procedures, security and defensive driving, ergonomics, accidents, system problems, and personnel issues. The agency's insurance carrier, Non-Profits Insurance Alliance of California, also provides training on emergency techniques, laws, and regulations to staff and drivers.

During the audit period, FEOC employees moved toward labor union representation. FEOC was the only Head Start transportation provider without a union. The Amalgamated Transit Union (ATU) was voted in effective August 2015. The ATU will represent transit drivers, food service drivers, mechanics, dispatchers, shuttle drivers, detailers, and automotive technicians. Negotiations between FEOC's administration and the ATU have been undertaken, with FEOC planning to revamp its wage scales due to the increase in the minimum wage. This may help with driver recruitment and retention.

Basic employee benefits are available to all regular full-time and part-time employees hired to work a minimum of 30 hours weekly. Group health, dental, and vision coverage are offered through Anthem Blue Cross and Delta Dental. Retirement benefits consist of a pension plan whereby FEOC contributes 5 percent of the employee's salary. In addition, employees may also contribute a portion of their salary into the plan not to exceed 10 percent of their compensation. Another retirement savings option is a voluntary, self-directed Section 403(b) tax annuity program.

Even though FEOC is self-insured, medical costs have increased and co-pays have increased accordingly. In January 2015, federal health guidelines mandated insurance coverage for all on-call employees. In response, FEOC extended benefits that exceeded the federal mandate. Nevertheless, workers' compensation insurance costs have remained stable. The FEOC's Information Technology Department was expanded and an electronic timekeeping system for all transit personnel was implemented. This provides for a paperless and more efficient method of personnel timekeeping.

Employees are eligible to accrue up to three weeks of paid vacation during the first two years of continuous service and up to four weeks thereafter. The maximum accrual is 60 days or 450 hours. Employees are eligible to accrue up to 12 paid sick days per year. Eligible part-time regular employees accrue sick and vacation leave on a pro rata basis. In addition, employees receive 13

paid holidays annually. For those employees assigned to serve clients with a different holiday schedule, the driver would be entitled to receive double-time hourly compensation.

Maintenance

FEOC has one maintenance supervisor and three full-time mechanics. These Automotive Service Excellence (ASE)-certified mechanics perform routine preventative maintenance of the FEOC fleet based on the California Highway Patrol (CHP) 3,000-mile or 45-day vehicle inspection protocol. The next interval is every 5,000 miles or 90 days. The maintenance facility was expanded from 4 to 10 service bays with three vehicle lifts, each with an 18,000-pound capacity. A CNG-certified mechanic was added to travel to remote communities in the county to maintain the fueling pumps. FEOC expanded its maintenance facility to accommodate increased contract work.

The maintenance staff utilizes Fleet Controller software to monitor vehicle maintenance and parts inventory. A sample query printout from the software shows the history of work conducted for each vehicle, including dates, parts and labor costs, time required, and name of mechanic. The software also alerts when the next scheduled maintenance for each vehicle is required by color coding which vehicles need to be pulled out for maintenance. Staff indicated that the software continues to meet the agency's needs. Fleet Controller also generates the pre-trip inspection sheets. Pre-trip inspections are conducted manually and visibly by the drivers.

One measure of vehicle maintenance is the number of vehicle breakdowns during revenue service. Road calls pertain to mechanical and other operational failures while the transit vehicles are in service. FEOC maintains a quarterly record of vehicle breakdowns. The number of road calls incurred during the audit period is summarized in Table V-2:

Table V-2
FEOC Road calls

	FY 2012	FY 2013	FY 2014	FY 2015
Road calls	27	72	70	50

Source: FEOC

Marketing

FEOC utilizes several methods for marketing its transit services. The Food Services/Transit Systems Division has a webpage accessed through the main FEOC website (<http://www.fresnoeoc.org/transitsystems>). A brief description of the transit system is found under the listing of programs offered by the FEOC. A brochure on the transit system is also available that provides a colorful and attractive layout describing the benefits of the system. The brochure is used at trade fairs, by human resources to recruit new employees, and as a medium for explaining the system to potential clients and the general public. In addition, FEOC has maintained a social marketing presence on Facebook (<http://www.facebook.com/fresnoeoc?v=info>) and Twitter (@FresnoEOC). The Facebook page contains timely information about the activities of the FEOC including a list of programs and services offered.

Additional marketing is provided by the clients that FEOC serves. Each participating social service agency is responsible for advertising the transit service to its own clients. FEOC has assisted the Fresno-Madera Area Agency on Aging in marketing transportation services. In addition, FEOC works with Fresno County caseworkers to increase ridership on the CalWORKS systems to maintain productivity. Further, FEOC participates in community service events to market its services and utilizes its agency network to expand its roster of contacts that may have use for transportation services.

FEOC conducted mobility training workshops on behalf of FCRTA that were initiated in the summer of 2014 to assist riders in successfully accessing FCRTA's services and the connecting services of the other transit operators in Fresno County and adjacent counties. The program will continue to be replicated for other organizations in the service area.

Annual passenger surveys are conducted to help FEOC understand the customer service being offered. The surveys, comprising seven multiple choice questions, are either mailed back or are given to drivers. Passengers are queried on how frequently they use the service, driver courtesy, vehicle comfort, and on-time performance.

General Administration and Management

FEOC is governed by a 24-member tripartite Board of Commissioners, comprising eight elected representatives from low-income target areas throughout Fresno County, eight community sector representatives, and eight representatives who are publicly elected officials. The board appoints the CEO, who is the FEOC's chief administrator. The current CEO was hired in August 2010 and has served as FEOC's third CEO/director since its inception. Executive management also includes a chief financial officer, chief programs officer, internal audit director, strategy and communications officer, planning and resource development officer and the Food Services/Transit Systems director. The management structure of the Food Services/Transit Systems Division is comprised of the Food Services/Transit Systems director, business manager, and five supervisors.

Board retreats are held annually. During the most recent retreat, five strategic goals were established, one of which included financial independence. The board has also considered strategies to create and expand social enterprise opportunities. FEOC's Planning and Development Committee developed a business concept white paper, which is a two-page document that analyzes viable strategies and sustainable approaches in meeting the social and employment needs of the community.

As the co-CTSA for metropolitan Fresno and rural Fresno County, FEOC is eligible to receive TDA Article 4.5 funds, which are budgeted to assist with operational costs. According to the annual TDA claims submitted by FEOC for FYs 2013 through 2015, TDA Article 4.5 funding comprised between 17.7 and 22.9 percent of FEOC operational costs in the urban area, and between 21.1 and 21.9 percent in the rural area. Contract revenue from its various social service contracts

comprises the remainder of its operational revenue. These TDA to local funding ratios help the agency to meet its TDA farebox requirements.

Grants Management

FEOC has explored and will continue to research the listing of additional capital and operating funding sources available to public and private agencies. Use of federal grants such as FTA Section 5310 (Elderly Individuals and Individuals with Disabilities Program), 5316 (Jobs Access and Reverse Commute Program), and 5317 (New Freedom Program) require consistency with the Fresno COG *Coordinated Public Transit-Human Services Transportation Plan*. FEOC has supplemented revenues from its CVRC contract with approximately \$490,000 in FTA Section 5316 funds toward employment transportation.

As the CTSA, FEOC has been awarded capital grants to purchase vehicles and equipment under FTA Section 5310. In accordance with FTA's instructions, the required local match is deposited into a special account prior to any purchases. When the equipment has been purchased with the grant dollars, all remaining local match funds in the account, including interest earned, are returned to the grantee. In addition, FEOC has leveraged FTA Section 5310 funds with Article 4.5 funding toward the procurement of technology upgrades.

Section VI

Findings

The following summarizes the major findings obtained from this triennial audit covering fiscal years 2013 through 2015. A set of recommendations is then provided.

Triennial Audit Findings

1. Of the compliance areas pertaining to FEOC, the operator fully complied with all eight requirements. Three additional compliance requirements are not applicable to FEOC (i.e., exclusive urban and rural area farebox recovery and use of federal funds in conjunction with State Transit Assistance funds).
2. FEOC Transit Systems participates in the CHP Transit Operator Compliance Program in which the CHP has conducted inspections within the 13 months prior to each TDA claim. The CHP inspection reports submitted for review were found to be satisfactory.
3. The FEOC Transit Systems operating budget exhibited modest fluctuations during the audit period, but did not exceed 15 percent. The budget decreased 2.3 percent in FY 2013 and 4.4 percent in FY 2014 but increased 4 percent in FY 2015.
4. Because the type of transit service provided by FEOC does not require passengers to pay a fare, an alternative method to the farebox recovery ratio has been adopted by Fresno COG. This method requires FEOC to match LTF revenues with local support revenues on a 45 percent LTF/55 percent local support basis. The local match has come from service contract fees by participating social service agencies, charter trips, and donations.
5. Based on audited financial data, the calculated local support match minus exclusions for the rural area was 70 percent for FY 2013, 85 percent in FY 2014, and 84 percent for FY 2015. For the urban area, the local support match minus exclusions was 72 percent for FY 2013, 69 percent in FY 2014, and 88 percent in FY 2015. These percentages far exceeded the minimum 55 percent match.
6. The FEOC satisfactorily implemented the three prior audit recommendations. The recommendations pertained to monitoring performance indicator trends, implementation of travel training, and development of social enterprise opportunities.
7. Operating costs for the combined urban and rural CTSA services (meal delivery and passengers) decreased 13.1 percent from the FY 2012 base year through FY 2015. Combined urban CTSA operating costs decreased 14.8 percent during the audit period while the rural CTSA operating costs decreased 10.5 percent.

8. FEOC secured a contract with the ARC of Fresno/Madera Counties in August 2014 for the maintenance of 70 vehicles. Toward the end of the audit period, FCRTA approached and subsequently contracted with FEOC for vehicle maintenance effective August 1, 2015. A new maintenance operation was established and staffed at the FEOC Transit Systems facility.
9. FEOC continued to develop its social enterprise initiatives with the opening of a vehicle detail facility, which has been marketed to the Cities of Clovis and Fresno. The detailing enterprise employs two employees and averages two vehicles daily. FEOC has also continued to expand its food service enterprise.
10. The Central Valley Regional Center (CVRC) is FEOC's largest contract transportation client in contract dollar terms, which amounts to \$2.8 million. The CVRC contract had been modified from a fixed-rate to an attendance-based schedule. The second largest transportation contract is with FCRTA, at approximately \$2.6 million.
11. FEOC is the contract operator for Big Trees Transit, a seasonal two-year demonstration service operating between Fresno, Sanger, and the Kings Canyon National Park. The service is a partnership of FCRTA, City of Sanger, and the National Park Service.
12. During the audit period, FEOC employees moved toward labor union representation. FEOC was the only Head Start transportation provider without a union. The Amalgamated Transit Union (ATU) was voted in effective August 2015. The ATU represents transit drivers, food service drivers, mechanics, dispatchers, shuttle drivers, detailers, and automotive technicians.
13. The maintenance facility was expanded from 4 to 10 service bays with three vehicle lifts, each with an 18,000-pound capacity. FEOC expanded its maintenance facility to accommodate increased contract work.

Recommendations

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

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

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

With the implementation of the new dispatching and scheduling capabilities, there may be an opportunity for FEOC to review alternative performance indicators beyond typical transit metrics that may be more applicable to CTSA's. Suggested alternative measures that provide additional gauges of system performance include service quality/reliability standards (on-time performance; trip coverage/trip denials; cancellations and no shows; and complaints); funding leverage (total CTSA passengers relative to TDA funding; ratio of other fare revenue to TDA); and value for money (return on investment) through measures of effectiveness of meeting community transportation needs. This latter alternative would include the development of measures reflecting the net impact or opportunity cost of providing access to daily living requirements, including health care services and employment. Conversely, there could be measures for impact on individuals and health care delivery (e.g., consumers or patients missing appointments or requiring more expensive medical interventions as a result of not being able to access preventative care). These measures could be qualitative or quantitative, but provide a means to assess CTSA service outside of transit industry indicators.

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

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