Fresno Council of Governments

Triennial Performance Audit of the Fresno Economic Opportunities Commission FY 2018/19 - FY 2020/21

FINAL REPORT
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moore & associates

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Chapter 1 | Executive Summary

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.

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. While not statutorily required, audits of Article 8 recipients are encouraged.

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

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

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

The FEOC is the co-designated CTSA with the City of Fresno in urban areas and with Fresno County Rural Transit Agency in rural areas. All transit programs under the FEOC are operated in-house and monitored daily.

The FEOC provides transportation through multiple service contracts. Currently the largest client is the Central Valley Regional Center, through which the FEOC serves approximately 500 participants via 31 daily routes. Other clients include Head Start, the Fresno-Madera Area Agency on Aging, and CalWorks. The FEOC also works with other local non-profits to provide additional transportation services.

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 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 Fresno Economic Opportunity Commission staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. The FEOC's FY 2019/20 State Controller Report was submitted nearly one month after the established deadline.
2. In FY 2020/21, the TDA fiscal audit was not completed within the extended timeframe.

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 three recommendations:

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

2. Ensure data is reported consistently and accurately.
   Status: Implementation in progress.

3. Work with the TDA fiscal auditors and Fresno COG to ensure a detailed summary of farebox revenue ratios is included in each subsequent TDA fiscal audit.
   Status: Not implemented.

Findings and Recommendations

Based on discussions with Fresno Economic Opportunity Commission staff, analysis of program performance, and an audit of program compliance and function, the audit team presents the aforementioned compliance finding.

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

1. While there have been improvements in data consistency, there still seem to be some unexplained variances in data reporting.
2. The FEOC's TDA fiscal audits still fail to show any calculation methodology for fare revenue and local support ratios.

In completing this Triennial Performance Audit, we submit the following recommendations for the Fresno Economic Opportunity Commission'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	Ensure data for the State Controller Reports is provided in a timely manner.	High	Ongoing
2	Work with TDA auditors to ensure the TDA fiscal audit can be completed no later than March 31.	Low	N/A
Functional Recommendations		**Importance**	**Timeline**
1	Ensure data is cited as accurately as possible on all reporting documents.	High	Ongoing
2	Work with the TDA fiscal auditors and the Fresno COG to ensure a detailed summary of farebox revenue ratios is included in each subsequent TDA fiscal audit.	Medium	Ongoing

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Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the Fresno Economic Opportunity Commission's 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 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 Fresno Economic Opportunity Commission as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each 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 our findings and conclusions.

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

Objectives

A Triennial Performance Audit (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 Fresno Economic Opportunity Commission 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 the Fresno Economic Opportunity Commission included thorough review of documents relevant to the scope of the audit, as well as information contained on the Fresno Economic Opportunity Commission'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;

- 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 Fresno Economic Opportunity Commission representatives on October 26, 2021. The audit team met with Chris Erwin (Financial Manager – Transit Systems), Thomas Dulin (Interim Director), Tom Francis (Data Analyst), Jerry Moreno (Transit Accountant), Michelle Tutunjian (Chief Operating Officer), Cesar Lucio (Liaison to Executive Office), and Simon Negrete (Maintenance Manager), 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 Fresno Economic Opportunity Commission's compliance with the Transportation Development Act as well as relevant sections of the California Code of Regulations. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. The Fresno Economic Opportunity Commission 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 Fresno Economic Opportunity Commission 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.

Two compliance items were identified for the Fresno Economic Opportunity Commission:

1. In FY 2019/20, the State Controller Report was submitted nearly one month after the January 31 deadline.
2. In FY 2020/21, the TDA fiscal audit was not completed within the extended timeframe.

Developments Occurring During the Audit Period

The last half of the audit period is markedly different from the first half. The impacts of the ongoing 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	Finding	FY 2018/19: January 31, 2020 FY 2019/20: February 25, 2021 FY 2020/21: January 28, 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: December 11, 2019 FY 2019/20: December 4, 2020 FY 2020/21: *Expected completion September 2022*
Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.	PUC 99251 B	In compliance	December 24, 2017 December 12, 2018 January 7, 2020 January 12, 2021
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	
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	Urban CTSA: FY 2018/19: -10.34% FY 2019/20: +2.84% FY 2020/21: +9.32% Rural CTSA: FY 2018/19: +1.55% FY 2019/20: +11.16% FY 2020/21: +8.35%
The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.	PUC 99247	In compliance	
If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).	PUC 99268.2, 99268.4, 99268.1	Not applicable	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.

Compliance Element	Reference	Compliance	Comments
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	In compliance	As an Article 4.5 claimant, Fresno COG has adopted alternative performance measures. The Urban & Rural CTSA requirement is a fare revenue ratio of 55%. Fare revenues can include fares, donations, and social service agency revenues. Urban CTSA: FY 2018/19: 59% FY 2019/20: 87% FY 2020/21: *Pending* Rural CTSA: FY 2018/19: 69% FY 2019/20: 82% FY 2020/21: *Pending* *Penalties waived for FY 2020 and FY 2021 due to AB 90 and AB 149.*
The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.	PUC 99271	In compliance	FEOC contributes to a defined contribution pension plan which covers substantially all employees of the agency. Generally, FEOC contributes an amount equal to five percent of the compensation earned by each eligible employee. Employer contributions are vested immediately.
If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.	CCR 6754 (a) (3)	In compliance	FEOC does not receive STA funds but does utilize FTA Section 5310 funds for vehicle purchases.

Compliance Element	Reference	Compliance	Comments
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	Not applicable	FEOC does not receive STA funds.
A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries.	CCR 6634	Not applicable	

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Chapter 4 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the Fresno Economic Opportunity Commission 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 three recommendations:

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

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

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

   Progress: The Fresno EOC's transit staff indicated they would work closely with Finance staff to use payroll records to document the total amount of time spent on transit by all employees, and use that figure (divided by 2,000) to calculate FTE for reporting to the State Controller.

   The FEOC is using the proper definition of FTE, per the documents submitted. However, it appears the data is broken out by calendar year, not fiscal year, so the audit team was unable to confirm that data was reported correctly. Estimates for the fiscal years (based on the calendar year data provided) appeared to reinforce that FTE was reported correctly in FY 2019/20 and FY 2020/21. However, FTE reported in FY 2018/19 appeared to be considerably lower than that estimated based on the data provided.

   Status: Implemented.

2. Ensure data is reported consistently and accurately.

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

Data should be reported accurately and consistently among all reporting entities. It is not unusual for there to be slight variances due to the use of audited and unaudited data. However, it is unclear as to whether the FEOC has a clear policy as to what revenues and costs are included in the reports and compliance calculations.

Progress: Further analysis of the progress on this issue is included in Chapter 5. Upon a more detailed review of the data (broken down by mode and revenue/expense type), the fiscal data is more consistent than it may appear, depending on what categories are included on a given report. There were still some notable variances in performance data, especially with respect to Vehicle Service Hours in FY 2020/21.

Status: Implementation in progress.

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

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

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

Progress: The TDA fiscal audits for FY 2018/19 and FY 2019/20 did not include any additional detail beyond that described in the prior audit. While various fare and revenue categories are included under the Statement of Activities, these percentages and their calculation method are not explained.

Status: Not implemented.

Chapter 5 | Data Reporting Analysis

An important aspect of the Triennial Performance Audit process is assessing how effectively and consistently the transit operator reports performance statistics to local, state, and federal agencies. Often as a condition of receipt of funding, an operator must collect, manage, and report data to different entities. Ensuring such data are consistent can be challenging given the differing definitions employed by different agencies as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported by the Fresno Economic Opportunity Commission, both internally as well as to outside entities during the audit period.

- **Operating cost:** While operating cost appears to have significant variances between report, further analysis (breaking down costs by document and by Urban or Rural CTSA mode) demonstrated the differences to be considerably less. For example, when depreciation is applied to operating cost in the Transit Productivity Reports, it brings certain costs more in line with those shown elsewhere. Generally, meal delivery costs are included in the total operating cost, though miles and hours data are not reported under passenger travel.

- **Fare Revenue:** Similar to operating cost, fare revenue (which includes a number of sources, none of which are traditional passenger-paid fares) is more consistent when broken down by type and mode. These revenues also include meal delivery revenues.

- **Vehicle Service Hours (VSH):** VSH was somewhat inconsistently reported in FY 2018/19, with a variance of approximately eight percent. However, in FY 2020/21, ridership documented in the Transit Productivity Report was four times that reported to the State Controller. What was reported (10,854) was more consistent with VSH for just the Rural CTSA (12,021) than for both Urban and Rural combined (44,017). It is also possible that was a transcription error, as this figure is also consistent with the subtotal for Low-Income/Social Service Programs subtotal, which is shown in the line above the Urban Passenger Total in the FY 2021/22 OPB.

- **Vehicle Service Miles (VSM):** VSM was generally consistent between the Transit Productivity Report and the State Controller Report, although there were some inconsistencies in FY 2018/19 and FY 2020/21.

- **Passengers:** Ridership was generally consistent between the Transit Productivity Report and the State Controller Report, although there were some inconsistencies in FY 2019/20 and FY 2020/21.

- **Full-Time Equivalent (FTE) Employees:** While the FEOC does appear to be using the TDA definition, it was difficult to confirm the accuracy of the data reported to the State Controller given FTE data was provided by the calendar year rather than the fiscal year. However, using the data provided, the auditors were able to estimate FTE by fiscal year. In FY 2018/19, this estimated figure was calculated as 121, compared with the 68 employees reported to the State Controller. The two subsequent years were much more consistent, suggesting the FEOC is calculating and reporting Employees correctly. For subsequent Triennial Performance Audits, the FEOC should provide the FTE calculation it uses to calculate this figure for the State Controller Report, rather than only providing labor hours for the calendar year.

Exhibit 5.1 Data Reporting Comparison

Performance Measure	System-Wide		
	FY 2018/19	FY 2019/20	FY 2020/21
Operating Cost (Actual $)			
TDA fiscal audit	$2,793,464	$3,427,943	$0
*Transit Productivity Report**	$5,339,912	$4,447,920	$2,440,430
*Transit Productivity Report***	$6,369,912	$5,588,243	$3,416,977
State Controller Report	$6,815,878	$5,579,150	$3,209,684
Fare Revenue (Actual $)			
TDA fiscal audit	$1,529,627	$2,076,338	$0
*Transit Productivity Report**	$3,746,899	$3,842,208	$2,597,764
*Transit Productivity Report***	$4,084,176	$4,501,753	$3,391,266
State Controller Report	$3,066,291	$3,232,194	$1,981,201
Vehicle Service Hours (VSH)			
*Transit Productivity Report**	71,866	60,643	44,017
State Controller Report	66,476	60,643	10,854
Vehicle Service Miles (VSM)			
*Transit Productivity Report**	1,235,651	891,359	394,478
State Controller Report	1,142,977	891,359	397,478
Passengers			
*Transit Productivity Report**	343,524	234,589	52,540
State Controller Report	343,524	234,949	51,360
Full-Time Equivalent Employees			
State Controller Report	68	111	89
Per TDA methodology	121	109	89

Chapter 6 | Performance Analysis

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

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

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

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

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

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

Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667[1]. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period[2]:

[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 Fresno Economic Opportunity Commission, 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 the FEOC'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. (Because the FEOC does not collect fares directly from passengers, various reports may differ depending upon which revenue sources are cited.)
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. The FEOC'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 FEOC's methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller Reports for each fiscal year covered by this audit. The FEOC's 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, though what was reported to the State Controller was not always consistent with the TDA calculation.

System Performance Trends

System-wide, operating cost experienced a net 31.1 percent decrease between FY 2018/19 and FY 2020/21. Operating cost increased steadily between FY 2015/16 and FY 2018/19 (46.3 percent), before declining significantly in FY 2019/20 and FY 2020/21 (52.9 percent). Fare revenue (identified on the State Controller Report as Passenger Fares) increased in most years, but ultimately experienced a net 26.6 percent decrease over the six-year period due in large part to a 38.7 percent drop between FY 2019/20 and FY 2020/21.

Vehicle Service Hours (VSH) decreased most years, with a slight (2.1 percent) uptick in FY 2018/19 before a much steeper decline in the following years. (Note: The VSH reported to the State Controller was significantly lower than that recorded in the Transit Productivity Report; while that figure would still have represented a decrease, it would not have been an 82.1 percent drop in a single year.) Vehicle service miles (VSM) experienced a similar pattern.

Ridership saw an initial 21 percent decrease in FY 2016/17, but had been increasing when the COVID-19 pandemic started in FY 2019/20. Ultimately ridership experienced a net 85 percent decrease across the six-year period, and an 86.7 percent decrease during the audit period.

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, vehicle service mile, and passenger all increased significantly during the audit period, reflective of a decline in efficiency. Productivity also declined significantly, as passengers per VSH and VSM both decreased during the audit period. Neither change is surprising, given the impact of the ongoing COVID-19 pandemic on transit operations and ridership.

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 $)	$4,659,969	$5,046,454	$6,113,788	$6,815,878	$5,579,150	$3,209,684
Annual Change		*8.3%*	*21.2%*	*11.5%*	*-18.1%*	*-42.5%*
Fare Revenue (Actual $)	$2,698,694	$3,056,799	$2,949,705	$3,066,291	$3,232,194	$1,981,201
Annual Change		*13.3%*	*-3.5%*	*4.0%*	*5.4%*	*-38.7%*
Vehicle Service Hours (VSH)	75,382	65,558	65,094	66,476	60,643	10,854
Annual Change		*-13.0%*	*-0.7%*	*2.1%*	*-8.8%*	*-82.1%*
Vehicle Service Miles (VSM)	1,267,607	1,113,288	1,110,434	1,142,977	891,359	394,478
Annual Change		*-12.2%*	*-0.3%*	*2.9%*	*-22.0%*	*-55.7%*
Passengers	387,499	306,058	329,533	343,524	234,949	51,360
Annual Change		*-21.0%*	*7.7%*	*4.2%*	*-31.6%*	*-78.1%*
Employees	55	68	68	68	111	89
Annual Change		*23.6%*	*0.0%*	*0.0%*	*63.2%*	*-19.8%*
Performance Indicators						
Operating Cost/VSH (Actual $)	$61.82	$76.98	$93.92	$102.53	$92.00	$295.71
Annual Change		*24.5%*	*22.0%*	*9.2%*	*-10.3%*	*221.4%*
Operating Cost/Passenger (Actual	$12.03	$16.49	$18.55	$19.84	$23.75	$62.49
Annual Change		*37.1%*	*12.5%*	*6.9%*	*19.7%*	*163.2%*
Passengers/VSH	5.14	4.67	5.06	5.17	3.87	4.73
Annual Change		*-9.2%*	*8.4%*	*2.1%*	*-25.0%*	*22.1%*
Passengers/VSM	0.31	0.27	0.30	0.30	0.26	0.13
Annual Change		*-10.1%*	*7.9%*	*1.3%*	*-12.3%*	*-50.6%*
Farebox Recovery	57.9%	60.6%	48.2%	45.0%	57.9%	61.7%
Annual Change		*4.6%*	*-20.3%*	*-6.8%*	*28.8%*	*6.5%*
Hours/Employee	1370.6	964.1	957.3	977.6	546.3	122.0
Annual Change		*-29.7%*	*-0.7%*	*2.1%*	*-44.1%*	*-77.7%*
TDA Non-Required Indicators						
Operating Cost/VSM	$3.68	$4.53	$5.51	$5.96	$6.26	$8.14
Annual Change		*23.3%*	*21.5%*	*8.3%*	*5.0%*	*30.0%*
VSM/VSH	16.82	16.98	17.06	17.19	14.70	36.34
Annual Change		*1.0%*	*0.5%*	*0.8%*	*-14.5%*	*147.3%*
Fare/Passenger	$6.96	$9.99	$8.95	$8.93	$13.76	$38.57
Annual Change		*43.4%*	*-10.4%*	*-0.3%*	*54.1%*	*180.4%*

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 6.2 System Ridership

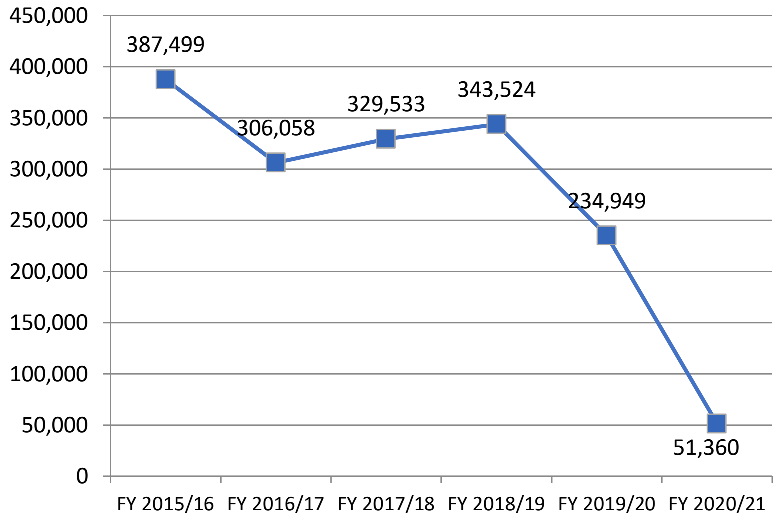


Exhibit 6.3 System Operating Cost/VSH

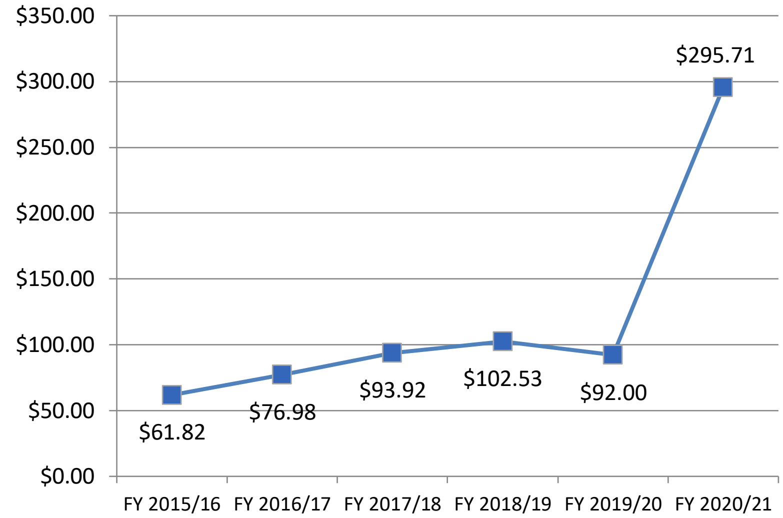


Exhibit 6.4 System Operating Cost/VSM

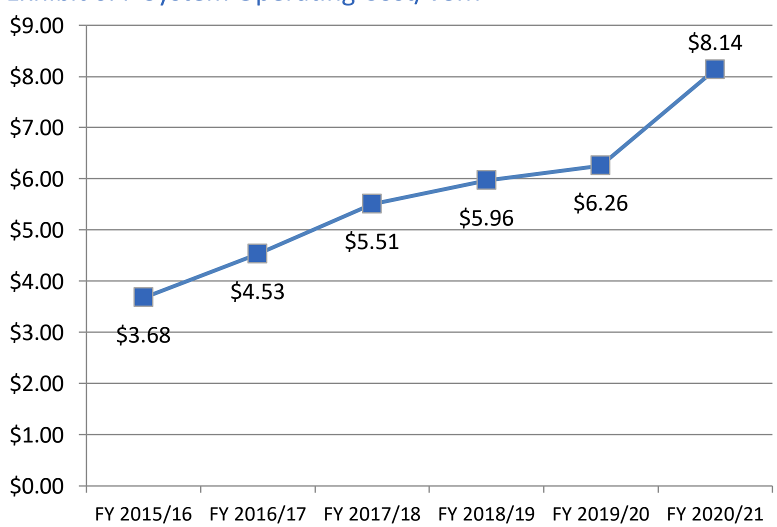


Exhibit 6.5 System VSM/VSH

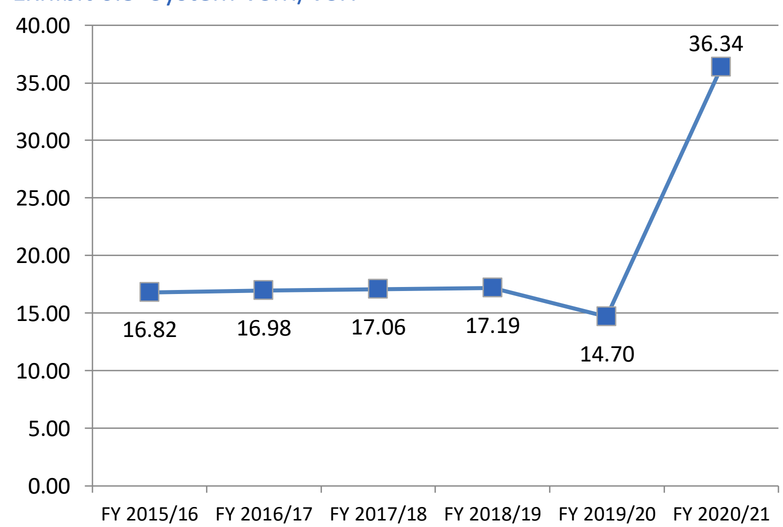


Exhibit 6.6 System Operating Cost/Passenger

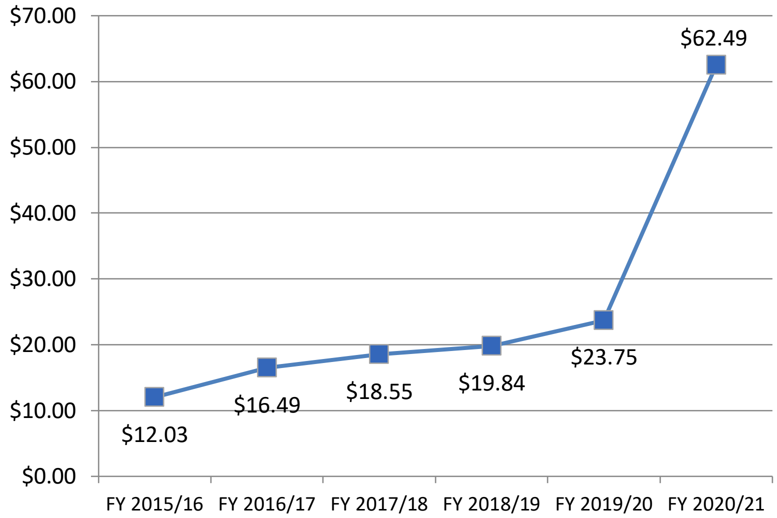


Exhibit 6.7 System Passengers/VSH

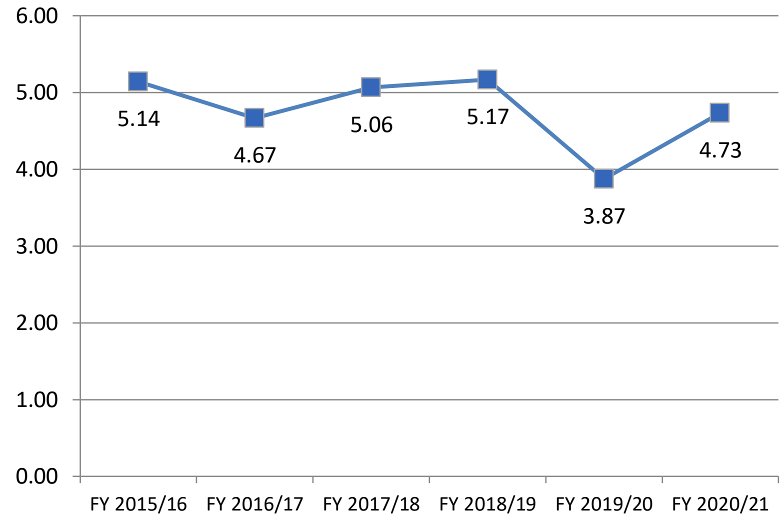


Exhibit 6.8 System Passengers/VSM

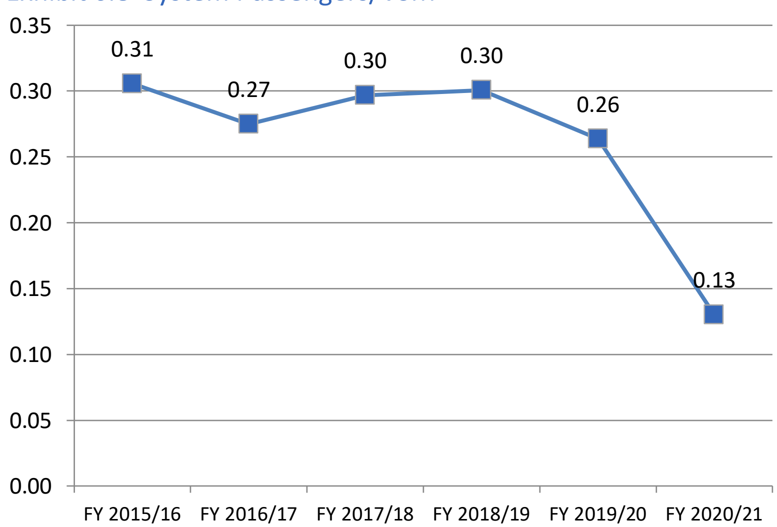


Exhibit 6.9 System VSH/FTE

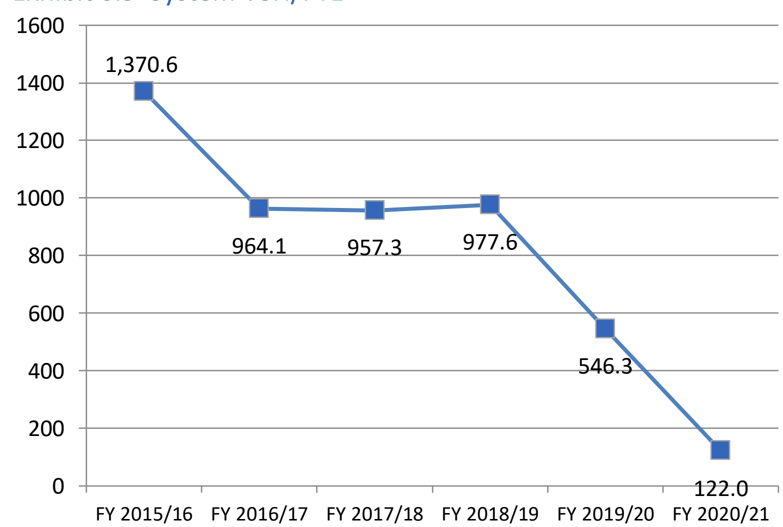


Exhibit 6.10 System Farebox Recovery

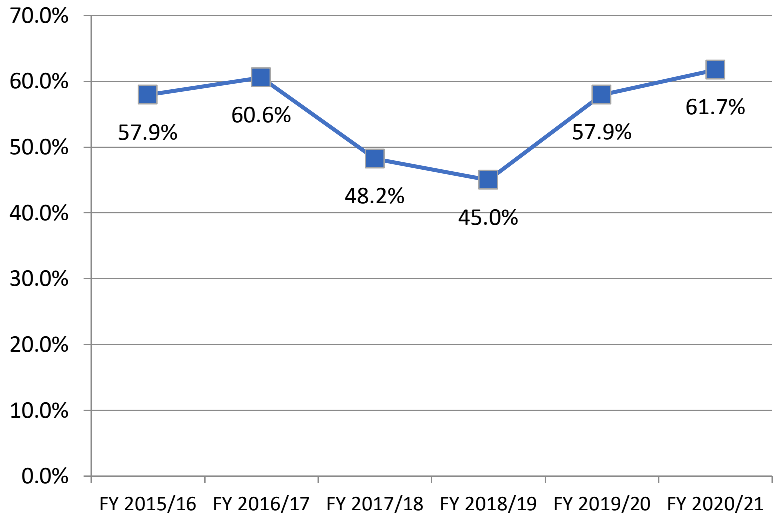
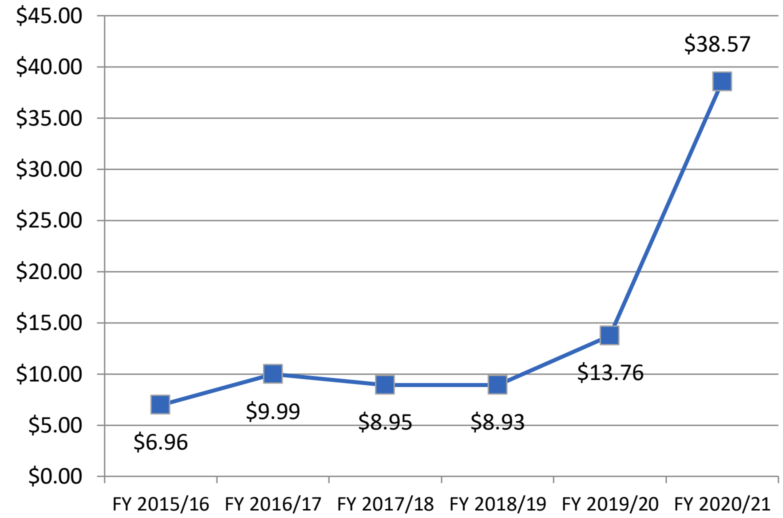


Exhibit 6.11 System Fare/Passenger



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Chapter 7 | Functional Review

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

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

Service Overview

The Fresno County Economic Opportunities Commission (FEOC) has been the co-designated Consolidated Transportation Service Agency for both rural and urban portions of Fresno County since 1983. The FEOC provides a variety of transportation-related services for clients throughout the county, including client transportation, vehicle maintenance, and meal delivery. It does not operate as a traditional transit service, but instead contracts with organizational clients to provide services to members. While changes in 2020 resulted in the City of Fresno (FAX) and the Fresno County Rural Transit Agency being named the sole designees for Urban and Rural CTSA, respectively, the FEOC continues to operate its CTSA services on behalf of these entities.

Response to COVID-19 pandemic

After March 2020, when the state ordered its initial shutdown, the FEOC ridership fell from 425 Central Valley Regional Center clients per day to five clients a day. All programs shut down and all other programs (Head Start, Central Valley Regional Center, etc.) dropped to zero ridership.

The FEOC was able to partner with food service to deliver meals to Head Start sites for their meal distribution. Parents would drive through to pick up meals for the children. FEOC drivers assisted food service with packing food for three to five days of meals, along with delivery of meals.

The FEOC was also able to help transport clients to get tested for COVID and transport them to isolation as needed. As vaccinations became available, the programs began opening up again, but still with limited space due to social distancing requirements and vaccination guidelines.

As of October 2021, the FEOC is transporting 250 Central Valley Regional Center clients, has resumed transporting students to Head Start programs, and other programs began to call back for service. As CDC guidelines start to relax, ridership is gradually building back.

General Management and Organization

During the audit period, the FEOC was the co-designated CTSA with the City of Fresno (FAX) in urban areas and with Fresno County Rural Transit Agency (FCRTA) in rural areas. In 2020, the Fresno Council of Governments re-designated the CTSAs for Fresno County, and the City of Fresno and the FCRTA became the sole designated Urban and Rural CTSAs, respectively. Beginning in FY 2021/22, FEOC provided CTSA operations under contract to the City of Fresno and the FCRTA. As a result, the FEOC's Urban and Rural CTSA services will be included in subsequent Triennial Performance Audits of the City of Fresno and the FCRTA, rather than of the FEOC as a stand-alone operator.

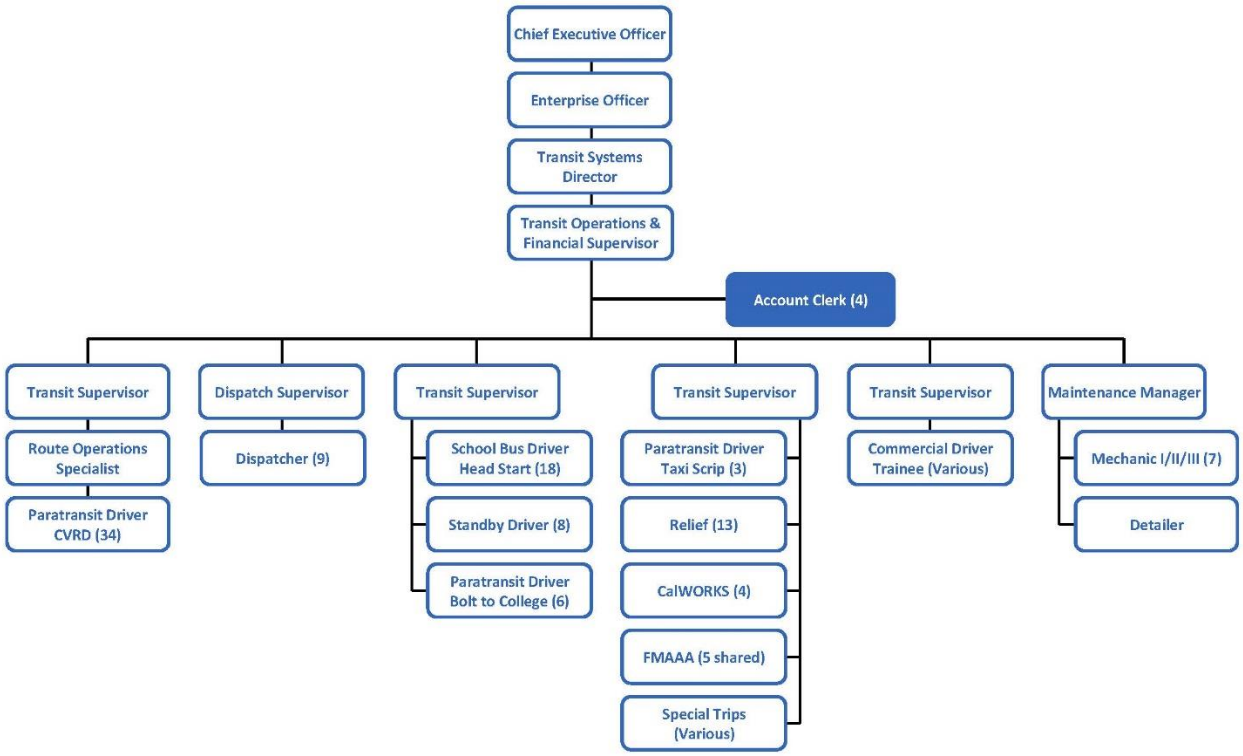
The FEOC provides transportation through multiple service contracts. Currently the largest client is the Central Valley Regional Center, through which the FEOC serves approximately 500 participants via 31 daily routes. Other clients include Head Start, the Fresno-Madera Area Agency on Aging, and CalWorks. FEOC also works with other local non-profits to provide additional transportation services. All programs under the FEOC are operated in-house and monitored daily.

Lines of reporting and managerial authority are clearly defined and effective. All positions are currently filled. However, the FEOC believes a senior supervisor would benefit the team as that person could take some of the projects currently handled by the other supervisors. This would give more dedicated time to the drivers and decrease the administration burden.

Recent changes include losing the FCRTA contract in 2018 and implementation of tablets on board the buses. The tablets expand data collection and data analysis of vehicle and driver performance. CTS-TripMaster implementation occurred in FY 2018 to track miles and passengers.

The 24-member EOC board is the policy-making body. They have several committees, but none are focused on transportation. The Board has not expressed any specific concerns to the current Transit Director. The Transit Systems Director attends Fresno COG meetings and is one of the CTSA representatives on the Social Services Transportation Advisory Council (SSTAC).

Exhibit 7.3 Organizational Chart



Service Planning

The FEOC has established SMART goals and objectives that align with the organization's goals, and performance is measured daily. The FEOC prepares an annual Operation Planning Budget (OPB) under the direction of the Fresno Council of Governments. Given the nature of the service delivery model, planning is dependent upon what contracts they have.

Planning for and serving special transportation needs is assessed depending on individual client needs. Anytime a trip is booked, the FEOC asks what types of specialized services the client needs. The 25 school buses used for Head Start transportation are not wheelchair-accessible. Services specifically targeting groups with special needs include the taxi scrip program, CalWORKS, and Bolt to College.

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

Administration

The Financial Manager handles budgeting with assistance from the Transit Director to ensure the operational budget is accurate. An annual budget goes to the board for approval. Budgeted and actual revenues and expenses are reviewed at least quarterly, but may be reviewed monthly if needed. Substantial expenses must be reviewed and approved prior to purchase by the Finance Committee and the FEOC Board. Financial data is managed through Financial Edge NXT by Blackbaud. Financial reports are submitted to the FEOC board annually.

The Director and Operations Manager are responsible for grants with assistance from the Finance Manager. Roles are clearly defined for each grant. The FEOC does not apply to grants at times when they lack time and resources.

Risk management procedures are part of the FEOC's safety program. Insurance is provided through Heffernan. Coverage levels are appropriate and meet requirements. Safety is reviewed regularly through ride-alongs conducted by the Road Safety Coordinator. Proactive safety/loss prevention activities are conducted by the workers compensation human resources representative and a safety team that conducts safety tailgate on-the-spot meetings.

All client contracts are managed by FEOC's Transit Systems staff, including Arc of Central California, California Veterans Home, Central California Nikkei Foundation, Central Valley Resource Center (CVRC), Fresno County Department of Behavioral Health, Fresno County Department of Social Services CalWORKS, Fresno Madera Area Agency on Aging, Golden Charter, Head Start, Taxi Scrip, AGAPE, Bolt to College, Harvest, and United Cerebral Palsy. Contract performance is monitored on a monthly basis.

Payroll is handled using a software called ADP. It occurs biweekly and direct deposit offered. Supervisors approve the timesheets. Employee records are stored digitally in ADP. Any changes to the personnel and payroll data are conducted by the Payroll Manager in Finance. All employees use direct deposit.

Accounts receivable is the responsibility of the Finance Manager and the Transit Senior Accountant. Accounts payable are first handled by the office assistant and then routed through COUPA (FEOC's digital invoicing software) for approval to the appropriate manager or the Transit Director. Disbursements outside the accounts payable system require the approval of the Transit Director. All invoices are screened and disputed if not accurate. Requisitions in the COUPA system require updates and full or partial receipts for each order. Items ordered outside the COUPA system are routed for signature from the requested, then backfilled into the COUPA system.

Procurements are managed by the agency's Procurement Director. Specific requirements regarding solicitation and documentation vary by the dollar amount being expensed. Any purchase over $5,000 requires three cost quotations, while purchases over $150,000 require a formal bid process. Policies and procedures regarding procurement are clearly defined in the Fresno EOC Accounting Policies and Procedures Manual.

The FEOC does have an internal audit function. The Internal Audit Office is responsible for developing a flexible, risk-based annual audit plan. Priority is given to higher-risk and higher-benefit projects, required audits, and Board requests. The Internal Audit Office functions in an advisory capacity. The FEOC hires an external CPA firm to conduct its annual financial audits.

Marketing and Public Information

Given the nature of the FEOC's operation, marketing is conducted more to organizations than to individuals. At the time of the site visit, the FEOC was in the process of the wrapping its cutaway vehicles as an additional form of advertising. The FEOC has a dedicated website that provides information regarding the services provided as well as links to other transit agencies. The public's perception of the FEOC is generally positive, with regular positive feedback about drivers.

All calls are filtered through Dispatch. Issues are typically resolved by dispatchers, but may be escalated to a supervisor or higher if needed. Customer complaints are logged and documented in an email to all supervisors with the corrective action taken.

Scheduling, Dispatch, and Operations

The FEOC has a total of 17 full-time drivers (at least 35 hours a week) and 27 part-time drivers. Drivers, dispatchers, mechanics, and detailers are represented by Amalgamated Transit Union Local 1027. Policies for absence and sick leave are clearly defined in the driver handbook. Call-outs due to illness must be received two hours before the start of the shift.

All services are operated in-house. Drivers bid on assignments annually based on the guidelines of their union contract. Not all drivers are cross-trained between services, but many are. The pay scale encourages opportunities to train and advance. School bus drivers must be licensed to operate a school bus, and paratransit drivers must have a Class B license with a passenger endorsement. All relief/standby drivers are required to be trained on/licensed to operate all vehicles.

Vehicles with the lowest mileage are assigned to the longer routes. Dispatch, supervisors, and maintenance communicate which vehicles are in good repair.

Personnel Management and Training

Recruitment is done primarily through the FEOC's website, Glassdoor, and indeed. Recruiting drivers has been a challenge, especially due to the COVID-19 pandemic. At the time of the site visit, the FEOC was only hiring recruits with a commercial license. Evaluations of drivers are conducted annually. Very little turnover occurs and when it does is usually attributable to staff retirements.

In November 2021, the FEOC hired a new Training and Safety Manager. The training team includes the Training and Safety Manager and a Road Safety Coordinator. The FEOC's intent is to begin offering a program for inexperienced drivers. All licensing tests are administered by the Department of Motor Vehicles.

The FEOC's safety program is provided to every employee and details all safety guidance. This program meets all CHP requirements. In-service training calls are done quarterly with all the drivers.

There are clear, communicated policies in place regarding discipline, absences and tardiness. Drug and alcohol policies, including the FEOC's random testing program, are in compliance with federal regulations. Full-time employees are offered information about benefits during orientation. No benefits are provided to part-time employees.

Maintenance

All vehicle maintenance is done in-house. The current facility is not adequate for the current level of work performed, but capacity could be expanded by adding multiple maintenance shifts. Preventative maintenance is based on OEM time and mileage recommendations. All maintenance meets or exceeds manufacturers suggested intervals. It is tracked with Impulse software. Spare vehicles are sufficient that maintenance does not affect service delivery. Warranty work is fully covered using a manufacturer's authorized shop.

The facility has four bays and two lifts and is staffed by six mechanics. The FEOC does not have the equipment to reprogram onboard computer systems or do overhauls. Engines, transmissions and differentials, and tires (including alignment) are typically sent out. There is sufficient space for administrative offices and records storage. The FEOC also contracts with two non-profits to provide vehicle maintenance for them (total of two vehicles).

The average age of transit vehicles is 15 years, with average mileage of more than 250,000. While the FEOC has a vehicle replacement program, but it is not effective due to a lack of funding. Due to the change in CTSA designation, the FEOC anticipates FTA Section 5310 will be the primary source for vehicle replacement funding. The Fresno COG will need to work with the FEOC to ensure there is a mechanism in place to ensure the necessary capital funding.

FEOC mechanics use a lock out, tag out procedure to ensure unsafe buses are not put into service. The Maintenance Manager reviews all driver pre-trip inspections on a daily basis in order to schedule any critical repairs or address failures or malfunctions, so that the fleet is ready the following day. Due to the aging fleet, unexpected repairs or failures can result in a larger-than-expected workload. Critical non-stock components can also take longer to acquire due to the age of the vehicles. There is little idle time for maintenance personnel.

FEOC has a secure, locked parts room with video surveillance. Only maintenance staff has access. Stock levels, pricing, and parts numbers are tracked through the Impulse maintenance program. Stock levels for commonly used items are adequate to perform preventive maintenance.

Exhibit 7.4 FEOC's Passenger Fleet

Quantity	Year	Make/Model	PAX + WC	Fuel Type	Contract
3	2010	Braun Minivan	5 + 2	Gas	DSS
1	2014	Braun Minivan	5 + 2	Gas	DSS
5	1995	GMC School Bus	48	Diesel	Head Start
1	1996	GMC School Bus	48	Diesel	Head Start
4	1999	GMC School Bus	48	Diesel	Head Start
7	2003	Thomas School Bus	48	Diesel	Head Start
3	2004	Thomas School Bus	60/34 + 2	Diesel	Head Start
1	2005	Blue Bird School Bus	60/34 + 2	Diesel	Head Start
1	2009	Thomas School Bus	60/34 + 2	Diesel	Head Start
3	2011	International School Bus	60/34 + 2	Diesel	Head Start
1	2012	International School Bus	60/34 + 2	Diesel	Head Start
1	2019	Thomas School Bus	60 + 2	Diesel	Head Start
2	2019	Thomas School Bus	45 + 0	Diesel	Head Start
1	2004	E450 Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST
1	2006	E450 Cutaway	14 + 5	Gas	CVRC/FMAAA/Vet/ST
3	2006	E450 Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST

Quantity	Year	Make/Model	PAX + WC	Fuel Type	Contract
6	2007	E450 Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST
1	2007	Cutaway	18 + 4	Gas	CVRC/FMAAA/Vet/ST
8	2008	E450 Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST
5	2010	E450 Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST
9	2011	Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST
7	2013	Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST
8	2015	Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST
3	2015	Cutaway	18 + 2	Gas	CVRC/FMAAA/Vet/ST
4	2016	Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST
1	2016	Cutaway	5 + 2	Gas	CVRC/FMAAA/Vet/ST
5	2019	Cutaway	16 + 6	Gas	CVRC/FMAAA/Vet/ST

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Chapter 8 | Findings and Recommendations

Conclusions

With two exceptions, Moore & Associates. Inc. finds the Fresno Economic Opportunity Commission to be in compliance with the requirements of the Transportation Development Act. In addition, the entity generally functions in an efficient, effective, and economical manner.

Findings

Based on discussions with the Fresno Economic Opportunity Commission staff, analysis of program performance, and an audit of program compliance and function, the audit team presents two compliance findings:

1. The FEOC's FY 2019/20 State Controller Report was submitted nearly one month after the established deadline.
2. In FY 2020/21, the TDA fiscal audit was not completed within the extended timeframe.

The auditors identified two functional findings. While these finding are not compliance related, the auditors believe they warrant inclusion hererin:

1. While there have been improvements in data consistency, there still seem to be some unexplained variances in data reporting.
2. The FEOC's TDA fiscal audits still fail to show any calculation methodology for fare revenue and local support ratios.

Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the Fresno Economic Opportunity Commission'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: The FEOC's FY 2019/20 State Controller Report was submitted nearly one month after the established deadline.

Criteria: PUC 99243 requires operators receiving funding under Article 4 to submit their Financial Transaction Report to the State Controller within seven months of the end of the fiscal year. While not separately stated as a requirement under Article 4.5, this deadline is established by the State Controller's Office and should be treated as a hard deadline and complied with.

Condition: In FY 2019/20, the State Controller Report was submitted on February 25, 2021, nearly one month after the January 31, 2021 deadline. The report was submitted on time the following year.

Cause: The cause of the late submittal is unknown.

Effect: Late submittal of the State Controller Report can cause an operator to be out of compliance with the TDA.

Recommendation: Ensure data for the State Controller Reports is provided in a timely manner.

Recommended Action: In future years, it is expected the FEOC will no longer be responsible for submitting a State Controller Report due to it no longer being designated as a CTSA. Therefore, it will instead be the FEOC's responsibility to provide operating data to the City of Fresno and the FCRTA for inclusion within those State Controller Reports.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Compliance Finding 2: In FY 2020/21, the TDA fiscal audit was not completed within the extended timeframe.

Criteria: PUC 99245 requires TDA 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.

Condition: In FY 2020/21, FEOC's TDA fiscal audit had not been completed by the time this audit was finalized (April 28, 2022). FEOC began using a new auditing firm that year and was impacted by several delays. As of this time of this report, the audit was expected to be completed around September 2022.

Cause: The late report was caused by delays arising from transition to a new audit firm.

Effect: Normally, TDA funds would not be released for subsequent years unless the audit has been completed. However, since FEOC transitioned to a subrecipient to FAX and FCRTA in FY 2021/22 (rather than a direct recipient of TDA funds), the impact may be lessened.

Recommendation: Work with TDA auditors to ensure the TDA fiscal audit can be completed no later than March 31.

Recommended Action: The circumstances leading to the late completion of the TDA fiscal audit appear to be a one-time occurrence. As such, this is not expected to be a recurring issue.

Timeline: Not applicable.

Anticipated Cost: None.

Functional Finding 1: While there have been improvements in data consistency, there still seem to be some unexplained variances in data reporting.

Criteria: It is the responsibility of the transit operator to ensure data is accurately recorded and reported to external agencies. PUC 99247 offers definitions of key performance measures.

Condition: While there is no indication that any incorrect definitions are being used, there have been some inconsistencies between data recorded internally and reported in the Transit Productivity Report and that reported to the State Controller. VSH was somewhat inconsistently reported in FY 2018/19, with a variance of approximately eight percent. However, in FY 2020/21, ridership documented in the Transit Productivity Report was four times that reported to the State Controller. What was reported (10,854) was more consistent with VSH for just the Rural CTSA (12,021) than for both Urban and Rural combined (44,017). It is also possible that was a transcription error, as this figure is also largely consistent with the subtotal for Low-Income/Social Service Programs subtotal, which is shown in the line above the Urban Passenger Total in the FY 2021/22 OPB.

Cause: With respect to the FY 2020/21 VSH data, the cause was likely a transcription error. For other less significant variances, the cause it unknown.

Effect: Inconsistent data can call into question the accuracy of said data, especially when there are few external reports to use for comparison.

Recommendation: Ensure data is cited as accurately as possible on all reporting documents.

Recommended Action: Data reported to the State Controller should be verified against that detailed in the TDA fiscal audit and the Transit Productivity Report, taking into account variances due to reporting requirements. Special attention should be given to performance data, including revenue miles, revenue hours, and ridership, since these metrics are less likely to differ between the two reports.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Functional Finding 2: The FEOC's TDA fiscal audits still fail to show any calculation methodology for fare revenue and local support ratios.

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

Condition: This recommendation is carried forward from the prior audit. In the TDA fiscal audits for all three years included within this audit period, the TDA fiscal audits included a statement of the revenue ratios. However, they simply provided the percentage of "ratio of fare revenues to operating costs" and "ratio of local support revenues to operating cost minus exclusions." None of the audits provided any of the data that was used to calculate these ratios.

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

Effect: When sufficient detail is not provided, it becomes difficult to determine the accuracy of the compliance evaluation, especially if data is reported differently to various entities.

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

Recommended Action: The TDA fiscal audit should include a detailed summary of what line items are included in this calculation. In addition, it should identify whether meal delivery costs and revenues are being included in the calculation, as well as whether those funds should be included. This recommendation applies to future TDA fiscal audits, whether specific to the FEOC or included within the audits of the City of Fresno and the FCRTA.

Timeline: Ongoing.

Anticipated Cost: Negligible.

Exhibit 8.1 Audit Recommendations

TDA Compliance Recommendations		Importance	Timeline
1	Ensure data for the State Controller Reports is provided in a timely manner.	High	Ongoing
2	Work with TDA auditors to ensure the TDA fiscal audit can be completed no later than March 31.	Low	N/A
Functional Recommendations		**Importance**	**Timeline**
1	Ensure data is cited as accurately as possible on all reporting documents.	High	Ongoing
2	Work with the TDA fiscal auditors and the Fresno COG to ensure a detailed summary of farebox revenue ratios is included in each subsequent TDA fiscal audit.	Medium	Ongoing