



FY 2013-2015 Triennial Performance Audit of City of Gridley Golden Feather Flyer

Prepared for:
Butte County
Association of Governments

January 2017

Submitted by:

Michael Baker
INTERNATIONAL



TABLE OF CONTENTS

Executive Summary	i
Section I.....	1
Introduction.....	1
Overview of the Transit System	1
Section II.....	3
Operator Compliance Requirements	3
Section III.....	8
Prior Triennial Performance Recommendations	8
Section IV	13
TDA Performance Indicators	13
Section V	20
Review of Operator Functions	20
Operations	20
Maintenance	21
Planning	22
Marketing.....	22
General Administration and Management	23
Section VI	24
Findings	24
Recommendations	27

Executive Summary

The Butte County Association of Governments (BCAG) engaged the Michael Baker International team to conduct the Transportation Development Act (TDA) triennial performance audit of the public transit operators under its jurisdiction in Butte County. This performance audit is conducted for the City of Gridley Golden Feather Flyer (City, Gridley) covering the most recent triennial period, fiscal years (FY) 2012–13 through 2014–15.

The audit includes a review of the following areas:

- Compliance with TDA requirements
- Status of prior audit recommendations
- Transit system performance trends
- Detailed functional review

From the review, recommendations were developed to improve the operational efficiency and effectiveness of the City of Gridley Golden Feather Flyer.

Compliance with TDA Requirements

Gridley has fully complied with five of the seven applicable requirements. The City was in partial compliance with regard to the timely submittal of its Transit Operator Financial Transactions Reports to the State Controller and the accurate reporting of performance data. Four additional compliance requirements did not apply to the City (i.e., CHP terminal inspections, intermediate farebox recovery ratio, urban farebox recovery ratio, and use of federal funds).

Status of Prior Audit Recommendations

Gridley satisfactorily implemented three out of the six prior audit recommendations. The three remaining audit recommendations were partially implemented and have been forwarded for full implementation in this audit.

System Performance Trends

1. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 13.7 percent from \$53.95 in FY 2012 to \$61.31 in FY 2015. This trend is consistent with the increase in transit system operating costs of 20.8 percent during the time period as well as a smaller increase in vehicle service hours of 6.3 percent
2. Operating cost per passenger, an indicator of cost effectiveness, decreased 11.5 percent from \$17.64 in FY 2012 to \$15.60 in FY 2015. As noted above, system operating costs

increased 20.8 percent during the period; however, Golden Feather Flyer ridership increased 36.6 percent from 6,515 passengers in FY 2012 to 8,898 passengers in FY 2015.

3. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 28.5 percent between FY 2012 and FY 2015 from 3.1 to 3.9 passengers per hour. The trend in this indicator reflects a significant increase in ridership attributed to general public access with a concurrent increase in vehicle service hours, although at a lower rate than ridership.
4. Passengers per vehicle service mile, another indicator of service effectiveness, increased 11.1 percent, from 0.59 in FY 2012 to 0.65 passengers in FY 2015. From the FY 2012 base year to FY 2015, total vehicle service miles increased 23 percent from 11,060 vehicle service miles to 13,602 vehicle service miles.
5. Farebox recovery exhibited an overall decrease of 2.9 percent between FY 2012 and FY 2015. Farebox recovery remained fairly stable with modest changes reported during the audit period. There was a 2.7 percent decrease in FY 2013 followed by a 0.3 percent increase in FY 2014. The farebox recovery trends are attributed to the 20.8 increase in operating costs as compared to the 17.3 percent increase in passenger fare revenues.

Functional Review

1. Service was expanded to the general public in FY 2011-12, which has resulted in increased ridership. Gridley experimented with a fixed-route service in April 2012, which proved to be infeasible and was eventually discontinued.
2. Passengers generally call one hour in advance to schedule a ride. Vehicle dispatch functions are handled by the driver, who receives and schedules trip requests directly by mobile phone. City Hall employees also receive trip requests, which are relayed to the driver. Driver trip sheet data are entered onto an Excel spreadsheet.
3. The City employs one full-time driver who has been with the City since 2003. In addition, one reserve part-time driver works Fridays and available to cover when the full-time driver is unavailable. The full-time driver is represented by the International Brotherhood of Electrical Works (IBEW), Local 1245 union.
4. The City has budgeted between \$300 and \$500 annually toward advertising and marketing collateral. The transit service has historically relied on word-of-mouth and the visibility of the transit vehicle to market the service. The City produced and distributed flyers that announced the service expansion to the general public.
5. The Gridley Golden Feather Flyer service falls under the direction of the Finance Department and is administered by the finance director who has been with the City since

April 2014. The City's annual TDA claim and State Controller Report are prepared by the finance director.

Recommendations

Performance Audit Recommendation	Background	Priority
<p>1. Ensure that vehicle mileage and service hours are correctly calculated and accurately reported in internal and external reports.</p>	<p>This recommendation is forwarded from the prior audit for full implementation. The City continues to maintain and rely on an internal spreadsheet to track the data from the driver's daily vehicle log. Driver trip sheet data are entered onto an Excel spreadsheet. The driver keeps track of revenue and non-revenue hours, and only revenue mileage on a daily vehicle log. There are no entries for mileage upon departing the yard and mileage upon returning to the yard (deadhead).</p> <p>There continue to be discrepancies between the data reported internally and the data reported on the Transit Operators Financial Transactions Report submitted to the State Controller. For example, State Controller Reports prepared during the audit period are missing vehicle service (revenue) miles and full time equivalent (FTE) data. FTE data are derived by compiling the total annual employee pay hours expended on transit and dividing by 2,000.</p> <p>The daily vehicle log should be modified to include entries for mileage upon departing the yard and mileage upon returning to the yard. This will clarify deadhead from revenue service mileage, similar to how hours are reported. In addition, it is suggested that the finance director perform a final review of the Supplemental Operating Data section of the State Controller Report for accuracy and thoroughness prior to submittal.</p>	<p>High Priority</p>
<p>2. Ensure that the proper State Controller Report template is used.</p>	<p>Although the Golden Feather Flyer became a general public demand-response service, the City has continued to use the Transit Operators Financial Transactions Report - Specialized Service template. Specialized service denotes service being provided exclusively to the elderly and persons with disabilities. On Page 1 of the report, the City checks off that service to the general public is being</p>	<p>High Priority</p>

Performance Audit Recommendation	Background	Priority
	provided. Therefore, the City should use the proper template for its annual transit data reporting to the State Controller for consistency.	
3. Develop and implement an effective marketing plan and public outreach program to increase ridership and raise awareness of the Gridley Golden Feather Flyer service.	<p>This recommendation is forwarded from the prior audit for full implementation. The resources devoted toward marketing the Gridley Golden Feather Flyer have been limited. The City generally budgets between \$300 and \$500 annually toward advertising and marketing collateral. The transit service has historically relied on word-of-mouth and the visibility of the transit vehicle to market the service. The City produced and distributed flyers that announced the service expansion to the general public.</p> <p>Information about the transit service is found on the City’s website, which is not easily accessible. Transit information can only be located by performing a search at the top right-hand corner of the website. The search result provides a link to a PDF page with only basic information about the service and outdated information about the fixed route, which has since been discontinued. The City should make information about the transit service more readily accessible on its website as well as consider placing inserts or messages in more visible areas such as in monthly utility billings, and flyers at public locations such as the library.</p>	Medium Priority
4. Work with BCAG to develop a short-range transit plan.	<p>This recommendation is forwarded from the prior audit for full implementation. The prior audit recommended that the City work with BCAG to develop a short-range transit plan that would allow the City to measure performance against the standards developed in the plan. BCAG did commission and adopt the Butte County Transit and Non-Motorized Plan in April 2015. The plan focuses on improving transportation access for people who walk, bike, or take transit in Butte County. It recommends short-term changes and enhancements, as well as long-term improvements needed based on projected growth in Butte County. However, the plan only addresses B-Line transit services (which include the two routes serving Gridley) and not the Golden Feather Flyer.</p>	Medium Priority

Performance Audit Recommendation	Background	Priority
	<p>The City, working in collaboration with BCAG, would benefit from a short-range transit service plan that revisits the goals and objectives of the service and identifies any service linkages to the B-Line to enhance ridership. The transit plan would provide performance standards, budgeting, marketing strategies, and a capital improvement program that support the updated goals and objectives.</p>	

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 Butte County Association of Governments (BCAG) engaged the Michael Baker International team to conduct the TDA triennial performance audit of the public transit operators under its jurisdiction in Butte County. This performance audit is conducted for the City of Gridley Golden Feather Flyer (City, Gridley) covering the most recent triennial period, fiscal years (FY) 2012–13 through 2014–15.

The purpose of the performance audit is to evaluate the City’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 the City’s compliance with the conditions specified in the California Public Utilities Code (PUC). This task involves ascertaining whether the City 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 City transit 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* published by the California Department of Transportation (Caltrans) was used to guide the development and conduct of the audit.

Overview of the Transit System

Local transit service has been operating in Gridley since March 1976. Golden Feather Flyer is a general public door-to-door demand-responsive transit service that operates within the city’s sphere of influence and adjacent unincorporated areas. The service was initially restricted to senior citizens aged 62 and older and disabled persons. Services were extended to the general public in FY 2012. The transit system is administered and operated by the City’s Finance Department.

The main highway serving Gridley is State Route (SR) 99, which runs in a north–south direction, connecting Gridley with Yuba City to the south and Chico to the north. The major arterial streets

traversing Gridley are Golden State Highway (SR 99), East Gridley Road, Kentucky Street, Magnolia Street, and Sycamore Street.

Based on the 2010 US Census, Gridley's population is 6,584, a 17.4 percent increase since the 2000 US Census. The senior citizen population, comprising residents aged 65 and over, is 14.1 percent. The 2016 population for Gridley is estimated to be 6,575, as reported by the California Department of Finance. The city covers a 2.07-square-mile area.

System Characteristics

The Golden Feather Flyer operates as a general public demand-response service within the city's sphere of influence and adjacent unincorporated areas. The service area encompasses a three-quarter mile radius of the Butte Regional Transit (B-Line) stops for B-Line Routes 30 and 32. The service boundary is defined by Oro Ranch Road to the north; Evans Reimer Road to the south; Block and Grace Roads to the west; and Larkin Road to the east.

The service operates Monday through Friday between the hours of 8:00 a.m. and 6:00 p.m. Additional service is operated on Tuesday to the Gridley farmers market between the hours of 5:30 p.m. and 7:30 p.m. The farmers' market service has three pickup locations: Hazel Hotel, Haskell Apartments, and the Gridley Oak Apartments. The City briefly operated a fixed-route service in 2012 with three scheduled departure times and 12 stops around Gridley.

The service does not operate on weekends and the following major holidays: New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and the day after Thanksgiving, Christmas Eve, Christmas, and New Year's Eve.

Fares

The fare structure for the Golden Feather Flyer is based on passenger category and fare media type. One-way general public cash fares are \$2.00 and \$1.00 for children under 12 years of age. The round-trip fare on the farmers' market service is \$1.00. Tickets can be purchased in advance at Gridley City Hall. Ticket sales for trips outside the city are subsidized by B-Line at \$4.00 and \$4.50 based on the zone of travel.

Fleet

The Gridley Golden Feather Flyer operates one 2007 Ford E-350 lift-equipped vehicle (eight ambulatory and one wheelchair passenger capacity). A City pool vehicle is utilized as backup. Due to its passenger capacity, the vehicle does not meet the definition of a transit bus as defined in the California Vehicle Code Section 642 and is therefore exempt from the CHP Transit Operator Compliance Program.

Section II

Operator Compliance Requirements

This section of the audit report contains the analysis of the City’s ability to comply with state requirements for continued receipt of TDA funds. The evaluation uses the guidebook *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Agencies* (September 2008, third edition), 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 has 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. 28/29), or 110 days (Oct. 19/20) if filed electronically (Internet).	Public Utilities Code, Section 99243	Completion/submittal dates: FY 2013: October 17, 2013 FY 2014: November 5, 2014 FY 2015: October 27, 2015 The FYs 2014 & 2015 Transit Operator Financial Transactions Reports were submitted after the statutory deadline 110 days after the end of the fiscal year. Conclusion: Partial Compliance.
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: FY 2013: February 10, 2014 FY 2014: February 9, 2015 FY 2015: January 26, 2016 The fiscal and compliance audits were submitted within the 90-day extension granted by BCAG allowed by the TDA statute. The audits of the City’s TDA Fund

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
		<p>and Gridley Senior Taxi Fund received an internal control finding in FY 2014 due to several years of unrecorded audit adjustments and incorrect general ledger postings. BCAG followed up with the City about this finding; it has since been addressed and corrected.</p> <p>Conclusion: Complied.</p>
<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>Due to the size of the vehicle operated, the City is exempt from the CHP Transit Operator Compliance Program in which the CHP conducts inspections within the 13 months prior to each TDA claim.</p> <p>The CHP made this finding during an inspection conducted April 9, 2014, at the City Hall located at 685 Kentucky, Gridley.</p> <p>Due to the passenger capacity being eight seated passengers, one wheelchair passenger, and the driver, the vehicle does not meet the definition of a transit bus as defined in California Vehicle Code 642.</p> <p>The vehicle undergoes routine maintenance at the local Ford dealership and inspections are arranged through BCAG.</p> <p>Conclusion: Not applicable.</p>
<p>The operator’s claim for TDA funds is submitted in</p>	<p>Public Utilities Code, Section 99261</p>	<p>As a condition of approval, the annual claims for Local</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
compliance with rules and regulations adopted by the RTPA for such claims.		<p>Transportation Funds (LTF) and State Transit Assistance (STA) submitted by the City of Gridley are submitted in compliance with the rules and regulations adopted by BCAG. BCAG staff provides assistance to the City in completing the claim. BCAG had noted the Statement of Conformance was not signed and filled out properly for one of the claim years.</p> <p>Conclusion: Complied.</p>
If an 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.	Public Utilities Code, Section 99270.1	<p>The Gridley Golden Flyer operates in a non-urbanized area and is not subject to this requirement.</p> <p>Conclusion: Not applicable.</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).	Public Utilities Code, Section 99266	<p>Percentage change in the transit system’s operating budget:</p> <p>FY 2013: -7.0% FY 2014: -1.9% FY 2015: -11.9%</p> <p>Source: City of Gridley Senior Taxi Budget for FYs 2012–2015</p> <p>Conclusion: Complied.</p>
The operator’s definitions of performance measures are consistent with Public Utilities Code Section 99247, including (a) operating cost,	Public Utilities Code, Section 99247	<p>The transit system’s definition of performance is largely consistent with PUC Section 99247. A review of performance data reports generated during the audit period</p>

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
(b) operating cost per passenger, (c) operating cost per vehicle service hour, (d) passengers per vehicle service hour, (e) passengers per vehicle service mile, (f) total passengers, (g) transit vehicle, (h) vehicle service hours, (i) vehicle service miles, and (j) vehicle service hours per employee.		showed that some of the performance data such as vehicle service miles and FTEs are being omitted from external reports. Conclusion: Partial Compliance.
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	The Gridley Golden Feather Flyer operates in a non-urbanized area and is not subject to this requirement. Conclusion: Not applicable.
If the operator serves a rural area, or provides exclusive services to elderly and disabled persons, 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	Operating ratios for the transit system system-wide using audited data were as follows: FY 2013: 11.59% FY 2014: 11.63% FY 2015: 11.56% Source: Annual Fiscal and Compliance Audits Conclusion: Complied.
The current cost of the	Public Utilities Code,	The City’s contribution to its staff’s

Table II-1 Operator Compliance Requirements Matrix		
Operator Compliance Requirements	Reference	Compliance Efforts
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.	Section 99271	retirement is fully funded under the California Public Employees Retirement System (CalPERS). Conclusion: Complied.
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.	California Code of Regulations, Section 6754(a)(3)	Although the City receives STA funds toward the operation of its transit service, it does not receive or utilize federal grant funds. Conclusion: Not applicable.

Findings and Observations from Operator Compliance Requirements Matrix

1. Of the compliance requirements pertaining to the City, the operator fully complied with five of the seven applicable requirements. The City was in partial compliance with regard to the timely submittal of its Transit Operator Financial Transactions Reports to the State Controller and the accurate reporting of performance data. Four additional compliance requirements did not apply to the City (i.e., CHP terminal inspections, intermediate farebox recovery ratio, urban farebox recovery ratio and use of federal funds).
2. Due to the size of the vehicle operated, the City is exempt from the CHP Transit Operator Compliance Program in which the CHP conducts inspections within the 13 months prior to each TDA claim. However, the vehicle undergoes routine maintenance at the local Ford dealership and inspections are arranged through BCAG.
3. The operating budget exhibited decreases all three years of the audit period. The budget decreased 7 percent in FY 2013; 1.9 percent in FY 2014; and 11.9 percent in FY 2015.
4. Based on audited data, the Gridley Golden Feather Flyer farebox recovery ratio remained above the required 10 percent standard during the audit period. Farebox recovery was 11.59 percent in FY 2013, 11.63 percent in FY 2014, and 11.56 percent in FY 2015. The average farebox during the triennial period was 11.59 percent.

Section III

Prior Triennial Performance Recommendations

The City's efforts to implement the recommendations made in the prior triennial audit dated August 2010 covering FY 2006–07 through 2008–09 are examined in this section of the report. A performance audit covering FYs 2009-10 through 2011-12 was not conducted. For this purpose, each prior recommendation for the agency is described, followed by a discussion of the City'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

Institute an Employer Pull Notice with the California Department of Motor Vehicles.

Actions taken by the City of Gridley

Background: The prior audit found that the Gridley Golden Feather Flyer vehicle could be operated by a driver who is in possession of a standard Class C driver's license due to the size of the vehicle. Because of this, the CHP generally does not perform an annual inspection of the Golden Feather Flyer and the driver has not been subject to the Employer Pull Notice (EPN) Program.

It was recommended that, for safety purposes, the City enroll all of its active drivers in the EPN Program with the Department of Motor Vehicles. The EPN Program was established to promote driver safety by providing employers the means to have an ongoing review of the driving records of their employed commercial licensed drivers. Each employer enrolled in the EPN Program is issued an account with an assigned requester code that is added to each identified employee's driver license record. Providing ongoing safety training for all drivers would help keep the skills of the City's drivers current.

Action: In response to this recommendation, the City has enrolled in the EPN Program. All City employees participate including the transit driver. In addition, the qualifications for the driver have been upgraded to a commercial Class B driver's license with a passenger endorsement, City-issued CPR and first aid cards, and an excellent driving record.

Conclusion

This recommendation has been implemented.

Prior Recommendation 2

Consider expanding the Gridley Golden Feather Flyer service to the general public.

Actions taken by the City of Gridley

Background: It was noted in the prior audit that the Gridley Golden Feather Flyer had experienced a decrease in ridership during the three years ending FY 2008–09. By expanding the service to accommodate the general public, the City would be able to realize an increase in passenger trips and boost farebox recovery.

Action: The City expanded ridership on the Golden Feather Flyer service to the general public in FY 2011–12. Since implementation, ridership on the Golden Feather Flyer has increased nearly 37 percent through FY 2015 and farebox recovery has been sustained above the 10 percent minimum standard.

Conclusion

This recommendation has been implemented.

Prior Recommendation 3

Ensure that vehicle mileage and service hours are correctly calculated and accurately reported in internal documents. Additionally, make sure that the information provided to the State Controller’s Reports is accurate and up-to-date.

Actions taken by the City of Gridley

Background: The prior auditor found discrepancies between the driver’s log sheets of daily vehicle activities, including mileage and service time, versus those reported on the internal mileage report spreadsheets for each fiscal year. Several performance measures such as vehicle service hours, passenger counts, and full-time equivalent (FTE) employees were incorrectly calculated. It was suggested that correcting the methodology would ensure the accuracy of future reports and consistency with TDA guidelines.

Action: The City continues to maintain and rely on an internal spreadsheet to track the data from the driver’s daily vehicle log. Driver trip sheet data are entered onto an Excel spreadsheet. The driver keeps track of revenue and non-revenue hours, and only revenue mileage on a daily vehicle log. There are no entries for mileage upon departing the yard and mileage upon returning to the yard (deadhead).

There continue to be discrepancies between the data reported internally and the data reported on the Transit Operators Financial Transactions Report submitted to the State Controller. For example, State Controller Reports prepared during the audit period are missing vehicle service

(revenue) miles and full time equivalent (FTE) data. FTE data are derived by compiling the total annual employee pay hours expended on transit and dividing by 2,000.

The daily vehicle log should be modified to include entries for mileage upon departing the yard and mileage upon returning to the yard. This will clarify deadhead from revenue service mileage, similar to how hours are reported. In addition, it is suggested that the finance director perform a final review of the Supplemental Operating Data section of the State Controller Report for accuracy and thoroughness prior to submittal.

Conclusion

This recommendation has been partially implemented and is carried forward in this audit for full implementation.

Prior Recommendation 4

Develop and implement an effective marketing plan and public outreach program to increase ridership and raise awareness of the Gridley Golden Feather Flyer service.

Actions taken by the City of Gridley

Background: The City has relied primarily on word-of-mouth and the visibility of the transit vehicle to market the service. While these are effective mechanisms, they are not sufficient as stand-alone tactics to sustain and grow ridership. One possible solution offered in the prior audit involved expanding the market base beyond seniors and persons with disabilities. Another option would be the development of a brief marketing plan to direct limited marketing resources in order to grow ridership and awareness.

Action: In response to this recommendation, the City has taken several steps in marketing the transit service more effectively. With the expansion of the service to the general public in FY 2012, ridership on the Golden Feather Flyer has increased nearly 37 percent. The City also briefly operated a fixed-route service in 2012 with three scheduled departure times and 12 stops around Gridley.

Information about the transit service is found on the City's website, which is not readily visible. Transit information is difficult to access and can only be located by performing a search at the top right-hand corner of the website. The search result provides a link to a PDF page with only basic information about the service and outdated information about the fixed route, which has since been discontinued. The City has also produced and distributed flyers marketing the service to the general public.

In addition, information about the Golden Feather Flyer is found in the annual *Discover Gridley* magazine published by the *Gridley Herald* newspaper, the Experience Butte County website, and local senior citizen resource directories. The City should make information about the transit

service more readily accessible on its website as well as consider placing inserts or messages in more visible areas such as in monthly utility billings, and flyers at public locations such as the library.

Conclusion

This recommendation has been partially implemented and is carried forward in this audit for full implementation.

Prior Recommendation 5

Work with the Butte County Association of Governments (BCAG) to develop a five-year service plan and measure performance against the standards.

Actions taken by the City of Gridley

Background: This recommendation was prompted by the transit system's poor farebox recovery attainment during the prior audit period. It was suggested that the City review the Golden Feather Flyer's operations and look for opportunities to improve efficiencies and effectiveness through a five-year service plan. Such a plan would contain seven elements and be used as a tool to compare performance against performance standards and budgets which would provide improved accountability to policy makers and the public.

Action: BCAG commissioned and adopted the Butte County Transit and Non-Motorized Plan in April 2015. The plan focuses on improving transportation access for people who walk, bike, or take transit in Butte County. It recommends short-term changes and enhancements, as well as long-term improvements needed based on projected growth in Butte County. However, the plan only addresses B-Line transit services (which include routes serving Gridley) and not the Golden Feather Flyer.

Since the prior audit, the City has taken steps to improve system performance such as expanding ridership to accommodate general public ridership. The Gridley Golden Feather Flyer is held to a 10 percent farebox recovery, which it has been able to attain during the audit period. Nevertheless, the City would benefit from a short-range transit service plan that revisits the goals and objectives of the service and identifies greater service linkages to the B-Line to enhance ridership. The transit plan would provide performance standards, budgeting, marketing strategies, and a capital improvement program that support the updated goals and objectives.

Conclusion

This recommendation has been partially implemented and is carried forward in this audit for full implementation.

Prior Recommendation 6

Define management responsibility for the Gridley Golden Feather Flyer.

Actions taken by the City of Gridley

Background: The responsibility for operations and personnel of the Gridley Golden Feather Flyer had been unclear and fragmented due to changes in the City’s management structure during the time frame of the prior audit. Many of the issues noted were due to lack of oversight of operations and performance. It was suggested that a clear management structure with regular oversight of personnel, operations, and performance would enable the City to maintain a viable public transportation system.

Action: The City has improved the lines of communication between the finance director and the driver. It was acknowledged that there had been poor communication between the prior finance director and the driver. The current finance director has been with the City since April 2014 and has been more proactive in the administration of the Gridley Golden Feather Flyer. In addition, the City has instituted a reporting policy that facilitates enhanced communication and oversight.

Conclusion

This recommendation has been implemented.

Section IV

TDA Performance Indicators

This section reviews the City's performance in providing transit service to the community in an efficient and effective manner. TDA requires that at least five specific performance indicators be reported, which are contained in the following tables. Farebox recovery ratio is not one of the five specific indicators but is a requirement for continued TDA funding. Therefore, farebox calculation is also included. Two additional performance indicators—operating cost per mile and average fare per passenger—are also included. Findings from the analysis are contained in the section following the tables.

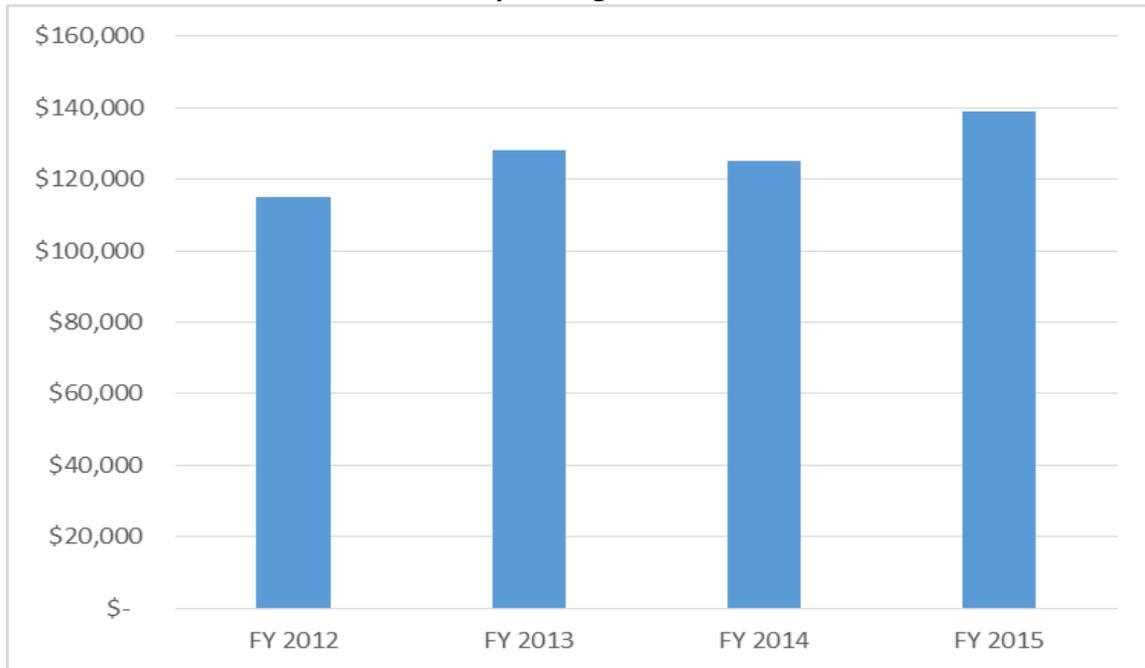
Table IV-1 provides the performance indicators for the Gridley Golden Feather Flyer. Charts are also provided to depict the trends in the indicators. It is noted that the operating costs and fare revenues are based on audited data.

**Table IV-1
Gridley Golden Feather Flyer TDA Performance Indicators**

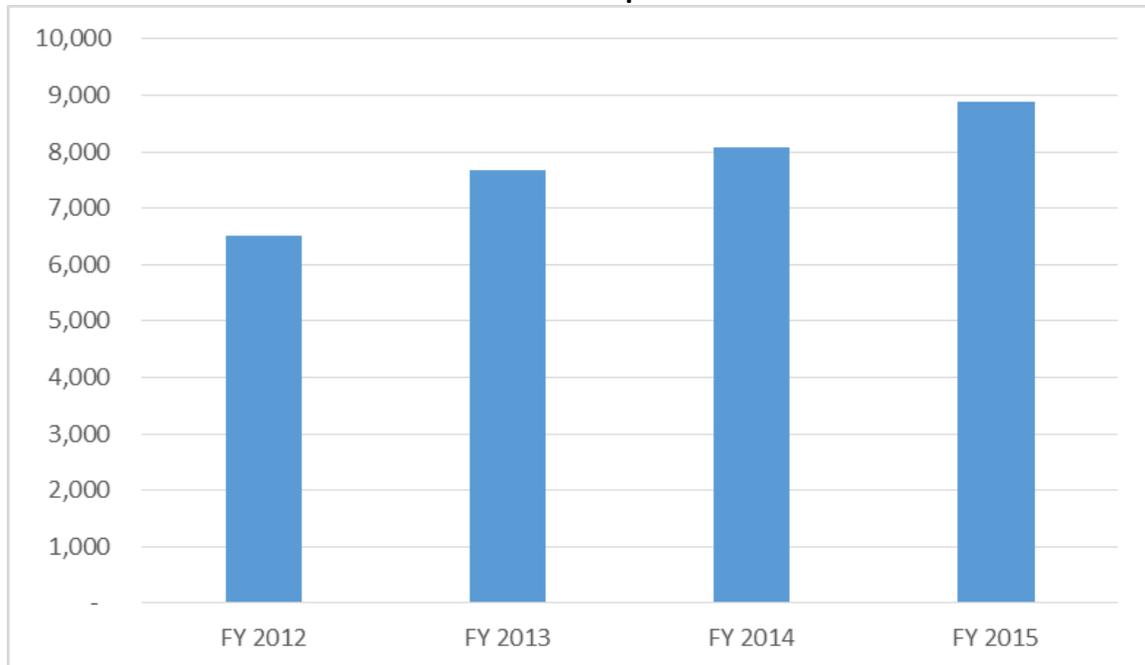
Performance Data and Indicators	Audit Period				% Change FY 2012- 2015
	FY 2012	FY 2013	FY 2014	FY 2015	
Operating Cost	\$114,908	\$128,160	\$125,302	\$138,815	20.8%
Total Passengers	6,515	7,682	8,084	8,898	36.6%
Vehicle Service Hours	2,130	2,181	2,193	2,264	6.3%
Vehicle Service Miles	11,060	11,766	12,205	13,602	23.0%
Employee FTEs	1	1	1	1	0.0%
Passenger Fares	\$13,683	\$14,856	\$14,572	\$16,052	17.3%
Operating Cost per Passenger	\$17.64	\$16.68	\$15.50	\$15.60	-11.5%
Operating Cost per Vehicle Service Hour	\$53.95	\$58.76	\$57.14	\$61.31	13.7%
Operating Cost per Vehicle Service Mile	\$10.39	\$10.89	\$10.27	\$10.21	-1.8%
Passengers per Vehicle Service Hour	3.1	3.5	3.7	3.9	28.5%
Passengers per Vehicle Service Mile	0.59	0.65	0.66	0.65	11.1%
Vehicle Service Hours per Employee	2,130.0	2,181.0	2,193.0	2,264.0	6.3%
Average Fare per Passenger	\$2.10	\$1.93	\$1.80	\$1.80	-14.1%
Fare Recovery Ratio	11.91%	11.59%	11.63%	11.56%	-2.9%

Source: Annual Fiscal & Compliance Audits; City of Gridley Senior Taxi service activity summary; State Controller Reports

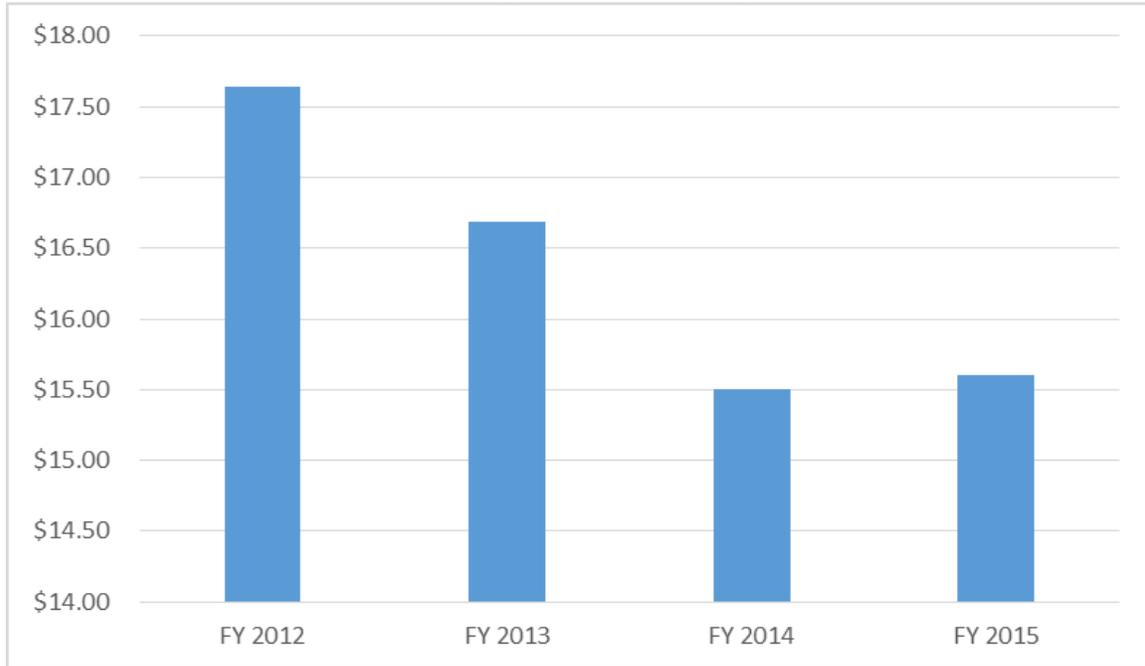
**Graph IV-1
Operating Costs**



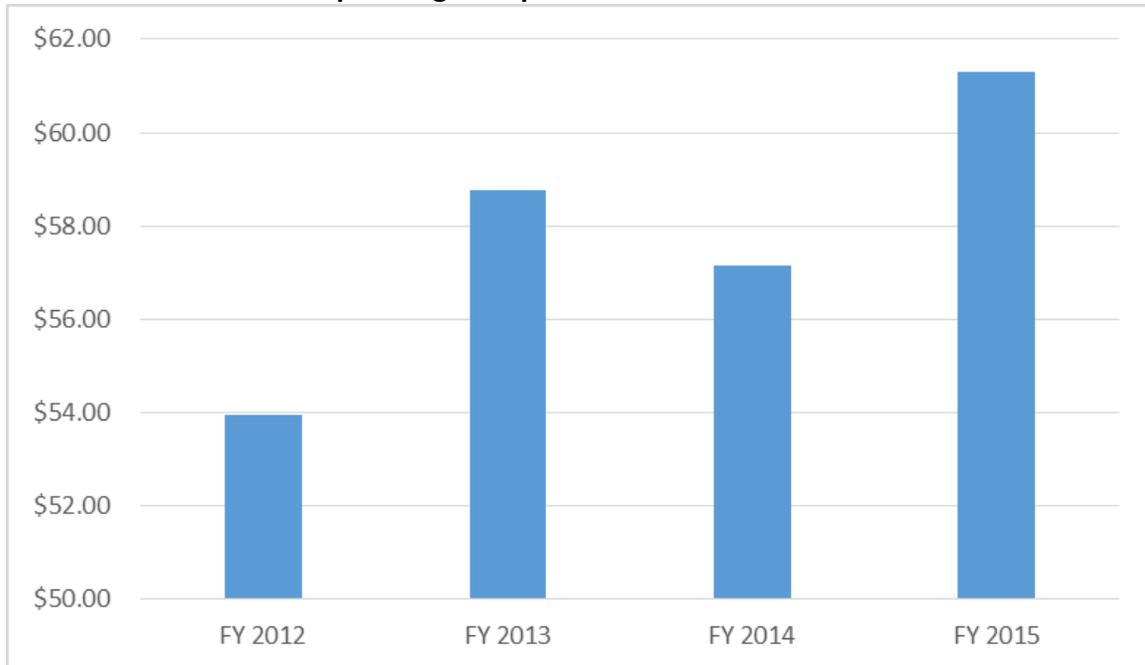
**Graph IV-2
Ridership**



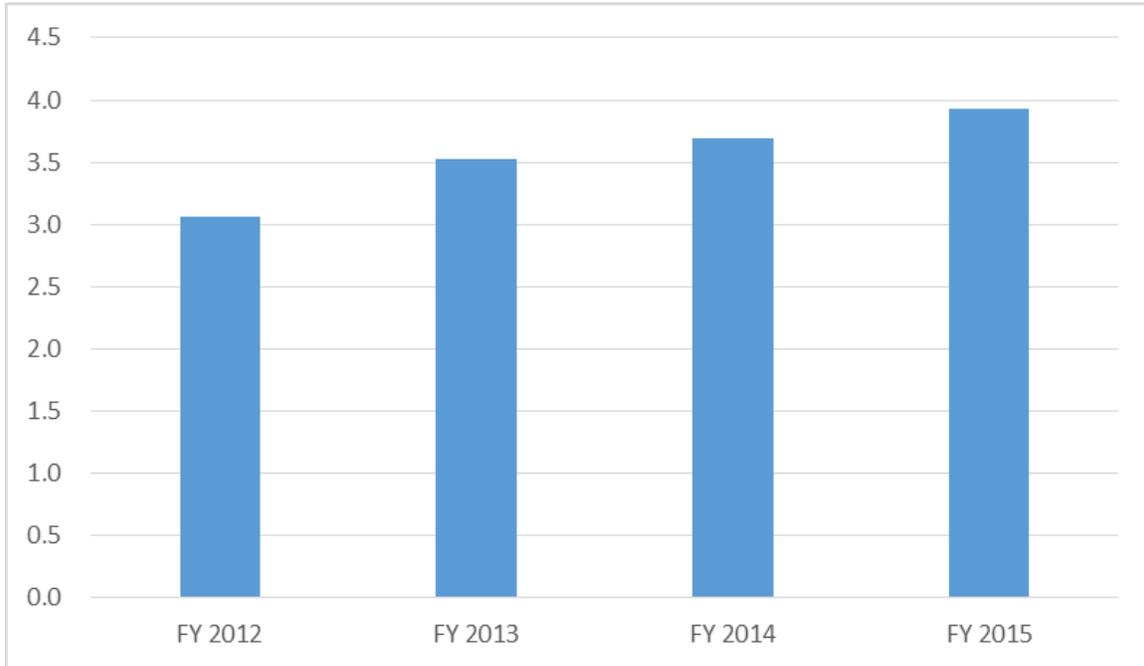
**Graph IV-3
Operating Cost per Passenger**



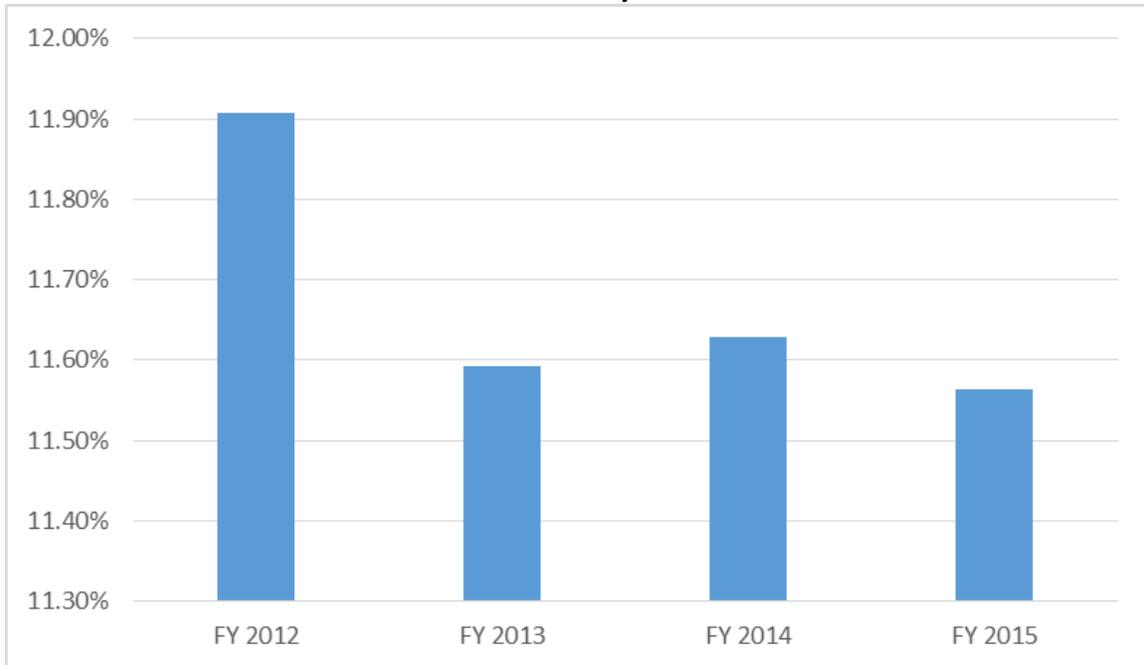
**Graph IV-4
Operating Cost per Vehicle Service Hour**



Graph IV-5
Passengers per Vehicle Service Hour



Graph IV-6
Fare Recovery Ratio



Findings from Verification of TDA Performance Indicators

1. **Operating cost per vehicle service hour**, an indicator of cost efficiency, increased 13.7 percent from \$53.95 in FY 2012 to \$61.31 in FY 2015. This trend is consistent with the increase in transit system operating costs of 20.8 percent during the time period as well as a smaller increase in vehicle service hours of 6.3 percent
2. **Operating cost per passenger**, an indicator of cost effectiveness, decreased 11.5 percent from \$17.64 in FY 2012 to \$15.60 in FY 2015. As noted above, system operating costs increased 20.8 percent during the period; however, Golden Feather Flyer ridership increased 36.6 percent from 6,515 passengers in FY 2012 to 8,898 passengers in FY 2015.
3. **Passengers per vehicle service hour**, which measures the effectiveness of the service delivered, increased 28.5 percent between FY 2012 and FY 2015 from 3.1 to 3.9 passengers per hour. The trend in this indicator reflects a significant increase in ridership attributed to general public access with a concurrent increase in vehicle service hours, although at a lower rate than ridership.
4. **Passengers per vehicle service mile**, another indicator of service effectiveness, increased 11.1 percent, from 0.59 in FY 2012 to 0.65 passengers in FY 2015. From the FY 2012 base year to FY 2015, total vehicle service miles increased 23 percent from 11,060 vehicle service miles to 13,602 vehicle service miles.
5. **Vehicle service hours per employee** increased by 6.3 percent between FY 2012 and FY 2015. This increase was associated with the 6.3 percent increase in vehicle service hours, while the number of employees remained the same at 1 FTE. This measure is based on the number of employee FTE using employee pay hours from the State Controller's Report and dividing by 2,000 hours per employee.
6. **Farebox recovery** exhibited an overall decrease of 2.9 percent between FY 2012 and FY 2015. Farebox recovery remained fairly stable with modest changes reported during the audit period. There was a 2.7 percent decrease in FY 2013 followed by a 0.3 percent increase in FY 2014. The farebox recovery trends are attributed to the 20.8 increase in operating costs as compared to the 17.3 percent increase in passenger fare revenues.

Conclusion from the Verification of TDA Performance Indicators

The City of Gridley’s performance indicators reflect the increase in ridership and fare revenue of its transit services during the triennial period due to the expansion of service accessibility to the general public in FY 2012. System operating costs grew between FY 2012 and 2013 at a rate of 11.5 percent. Costs decreased the following year by a modest 2.2 percent before increasing 10.8 percent in FY 2015. Golden Feather Flyer vehicle revenue hours and miles increased modestly during the period, reflecting the increase in ridership demand.

Section V

Review of Operator Functions

This section provides an in-depth review of various functions in the Golden Feather Flyer. The review highlights accomplishments, issues, and/or challenges that were determined during the audit period. The following functions were reviewed with the finance director and transit driver at the City of Gridley:

- Operations
- Maintenance
- Planning
- Marketing
- General Administration and Management

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

Operations

The Gridley Golden Feather Flyer is a general public demand-response service that operates within the city's sphere of influence, including adjacent unincorporated areas. Service is available Monday through Friday, 10 hours a day, from 8:00 a.m. to 6:00 p.m. Ridership is composed primarily of senior citizens and persons with disabilities. The wheelchair lift is utilized an average of eight times daily. Service was expanded to the general public in FY 2011–12, which has resulted in increased ridership. Gridley experimented with a fixed-route service in April 2012, which proved to be infeasible and was eventually discontinued.

Passengers generally call one hour in advance to schedule a ride. Vehicle dispatch functions are handled by the driver, who receives and schedules trip requests directly by mobile phone. City Hall employees also receive trip requests, which are relayed to the driver. Driver trip sheet data are entered onto an Excel spreadsheet. The driver keeps track of starting and ending hours and miles on a daily vehicle log. The time and mileage of the first pickup and last drop-off are recorded on the log. The driver also records the times for breaks taken in the morning, at lunchtime, and in the afternoon. Total service miles and hours are recorded at the top of the vehicle log. However, the daily vehicle log does not provide entries for mileage upon departing the yard and mileage upon returning to the yard.

Tickets are available for purchase at City Hall and from the driver. The tickets are color-coded to differentiate between city trips (orange) and county trips (green). The driver uses a pouch to collect the fares. Although the driver does not issue change, if the passenger does not have

correct fare, the driver will collect upon the next trip as the driver knows the passengers. Fare-counting procedures involve the driver and a clerk at City Hall, who reconciles the fare count. Each ticket is enumerated and tracked by the City. Subscription trips for special needs children are billed directly to the Far Northern Regional Center, and average between \$500 and \$700 monthly.

Personnel

The City employs one full-time driver who has been with the City since 2003. In addition, one reserve part-time driver works Fridays and is available to cover when the full-time driver is unavailable. The full-time driver is represented by the International Brotherhood of Electrical Workers (IBEW), Local 1245 union. The current Memorandum of Understanding between the IBEW, Local 1245 and the City became effective July 1, 2014, and runs through June 30, 2019.

Transit vehicle operators are required to possess a Class B license with a passenger endorsement, City-issued CPR and first aid cards, and an excellent driving record. In addition, candidates must pass a physical examination (pre-employment or renewal), including a substance abuse screening.

The City participates in the Department of Motor Vehicles' EPN Program. The EPN Program promotes driver safety by providing employers the means to have an ongoing review of the driving records of their employed commercial licensed drivers. In addition, training has been provided through the City's insurance pool and BCAG. Gridley participated in wheelchair training with BCAG in 2014.

Maintenance

The transit vehicle is maintained by a local automotive dealership. Gridley Country Ford, located at 1709 Highway 99 in Gridley, performs service on an as-needed basis. The service department is staffed by a service manager, parts manager, four automotive technicians, and two porters. A multipoint inspection conducted by the dealership in November 2015 found most of the vehicle's systems and components operating normally. However, the inspection report noted that the passenger door was not closing evenly. The City has indicated that maintenance costs have increased due to the age of the vehicle. The vehicle is scheduled for replacement in 2017.

The driver performs pre-trip and post-trip inspections to ensure that the vehicle and other operating equipment is in safe and proper working condition. The vehicle inspection checklist is found on the bottom half of the daily vehicle log. In addition, the driver is tasked with fueling the vehicle and scheduling preventative maintenance. The vehicle is fueled at Lakeview Petroleum-Pacific Pride located at 505 Virginia Street in Gridley. Lakeview offers a fleet fuel card program and a card-lock fueling system.

Due to the passenger capacity of the vehicle, the City is not subject to the CHP Transit Operator Compliance Program. However, the City does make arrangements for the vehicle to undergo regular inspections through BCAG.

Planning

There were no major planning studies undertaken by the City related to the operation of the Golden Feather Flyer. In response to a prior audit recommendation, the City expanded the service to accommodate general public ridership in FY 2012 and briefly operated a fixed-route service in April 2012.

The prior audit also recommended that the City work with BCAG to develop a short-range transit plan that would allow the City to measure performance against the standards developed in the plan. BCAG did commission and adopt the Butte County Transit and Non-Motorized Plan in April 2015. The plan focuses on improving transportation access for people who walk, bike, or take transit in Butte County. It recommends short-term changes and enhancements, as well as long-term improvements needed based on projected growth in Butte County. However, the plan only addresses B-Line transit services (which include routes serving Gridley) and not the Golden Feather Flyer.

As was suggested earlier, the City, working in collaboration with BCAG, would benefit from a short-range transit service plan that would provide performance standards, budgeting, marketing strategies, and a capital improvement program.

Marketing

The resources devoted toward marketing the Gridley Golden Feather Flyer have been limited. The City has budgeted between \$300 and \$500 annually toward advertising and marketing collateral. The transit service has historically relied primarily on word-of-mouth and the visibility of the transit vehicle to market the service. The City produced and distributed flyers that announced the service expansion to the general public.

Information about the transit service is found on the City's website, which is not easily accessible. Transit information can only be located by performing a search at the top right-hand corner of the website. The search result provides a link to a PDF page (<http://www.gridley.ca.us/sites/default/files/files/Documents/finance-department/Feather%20Flyer%20Schedule.pdf>) with only basic information about the service and outdated information about the fixed route, which has since been discontinued. Information about the Golden Feather Flyer is also found in the annual *Discover Gridley* magazine published by the *Gridley Herald* newspaper, the Experience Butte County website, and local senior citizen resource directories.

General Administration and Management

The City of Gridley was incorporated November 23, 1905, and is designated a general law city with a council-manager form of government. The City Council serves as the principal legislative body and each council member is elected at-large for a four-year term. Regular meetings of the City Council are convened on the first and third Mondays of the month at 6:00 p.m. in the City Council Chambers at Gridley City Hall located at 685 Kentucky Street. The mayor and mayor pro tempore are chosen by the members of the City Council. The positions of city administrator, finance director, public works director, police chief, electric superintendent, and community development director are appointed by the Council.

The city administrator is responsible for administrative and budgetary oversight of city departments. The Gridley Golden Feather Flyer service falls under the direction of the Finance Department and is administered by the finance director. The City Council is kept apprised of the transit system's budget but not its operational performance. The City's annual TDA claim is prepared by the finance director. The Transit Operators Financial Transactions Report submitted to the State Controller is also prepared by the finance director.

Pursuant to the TDA, the City receives LTF proceeds and STA funds. TDA revenues are used primarily for operating expenses. Based on data from the annual fiscal and compliance audits for the Senior Taxi Fund, LTF revenues received during the audit period were \$136,438 in FY 2013, \$156,830 in FY 2014, and \$61,242 in FY 2015. STA funds received were \$15,070 in FY 2013 and \$24,139 in FY 2014.

Grants Management

The City does not generally receive intergovernmental grant funding for transit from state and federal sources. Funding through the State's Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) program could be applied toward the acquisition of a new vehicle planned for 2017. During the audit period, the City did not apply for or receive any PTMISEA funds.

Section VI

Findings

The following summarizes the 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 requirements pertaining to the City, the operator fully complied with five of the seven applicable requirements. The City was in partial compliance with regard to the timely submittal of its Transit Operator Financial Transactions Reports to the State Controller and the accurate reporting of performance data. Four additional compliance requirements did not apply to the City (i.e., CHP terminal inspections, intermediate farebox recovery ratio, urban farebox recovery ratio and use of federal funds).
2. Due to the size of the vehicle operated, the City is exempt from the CHP Transit Operator Compliance Program in which the CHP conducts inspections within the 13 months prior to each TDA claim. However, the vehicle undergoes routine maintenance at the local Ford dealership and inspections are arranged through BCAG.
3. The operating budget exhibited decreases all three years of the audit period. The budget decreased 7 percent in FY 2013; 1.9 percent in FY 2014; and 11.9 percent in FY 2015.
4. Based on audited data, the Gridley Golden Feather Flyer farebox recovery ratio remained above the required 10 percent standard during the audit period. Farebox recovery was 11.59 percent in FY 2013, 11.63 percent in FY 2014, and 11.56 percent in FY 2015. The average farebox during the triennial period was 11.59 percent.
5. Gridley satisfactorily implemented three out of the six prior audit recommendations. The three remaining audit recommendations were partially implemented and have been forwarded for full implementation in this audit.
6. Operating cost per vehicle service hour, an indicator of cost efficiency, increased 13.7 percent from \$53.95 in FY 2012 to \$61.31 in FY 2015. This trend is consistent with the increase in transit system operating costs of 20.8 percent during the time period as well as a smaller increase in vehicle service hours of 6.3 percent.
7. Operating cost per passenger, an indicator of cost effectiveness, decreased 11.5 percent from \$17.64 in FY 2012 to \$15.60 in FY 2015. As noted above, system operating costs increased 20.8 percent during the period; however, Golden Feather Flyer ridership increased 36.6 percent from 6,515 passengers in FY 2012 to 8,898 passengers in FY 2015.

8. Passengers per vehicle service hour, which measures the effectiveness of the service delivered, increased 28.5 percent between FY 2012 and FY 2015 from 3.1 to 3.9 passengers per hour. The trend in this indicator reflects a significant increase in ridership attributed to general public access with a concurrent increase in vehicle service hours, although at a lower rate than ridership.
9. Service was expanded to the general public in FY 2011–12, which has resulted in increased ridership. Gridley experimented with a fixed-route service in April 2012, which proved to be infeasible and was eventually discontinued.
10. Passengers generally call one hour in advance to schedule a ride. Vehicle dispatch functions are handled by the driver, who receives and schedules trip requests directly by mobile phone. City Hall employees also receive trip requests, which are relayed to the driver. Driver trip sheet data are entered onto an Excel spreadsheet.
11. The City employs one full-time driver who has been with the City since 2003. In addition, one reserve part-time driver works Fridays and is available to cover when the full-time driver is unavailable. The full-time driver is represented by the IBEW, Local 1245 union.
12. The Gridley Golden Feather Flyer service falls under the direction of the Finance Department and is administered by the finance director who has been with the City since April 2014. The City's annual TDA claim and State Controller Report are prepared by the finance director.

Recommendations

1. Ensure that vehicle mileage and service hours are correctly calculated and accurately reported in internal and external reports.

(High Priority)

This recommendation is forwarded from the prior audit for full implementation. The City continues to maintain and rely on an internal spreadsheet to track the data from the driver's daily vehicle log. Driver trip sheet data are entered onto an Excel spreadsheet. The driver keeps track of revenue and non-revenue hours, and only revenue mileage on a daily vehicle log. There are no entries for mileage upon departing the yard and mileage upon returning to the yard (deadhead).

There continue to be discrepancies between the data reported internally and the data reported on the Transit Operators Financial Transactions Report submitted to the State Controller. For example, State Controller Reports prepared during the audit period are missing vehicle service (revenue) miles and full time equivalent (FTE) data. FTE data are derived by compiling the total annual employee pay hours expended on transit and dividing by 2,000.

The daily vehicle log should be modified to include entries for mileage upon departing the yard and mileage upon returning to the yard. This will clarify deadhead from revenue service mileage, similar to how hours are reported. In addition, it is suggested that the finance director perform a final review of the Supplemental Operating Data section of the State Controller Report for accuracy and thoroughness prior to submittal.

2. Ensure that the proper State Controller Report template is used.

(High Priority)

Although the Golden Feather Flyer became a general public demand-response service, the City has continued to use the Transit Operators Financial Transactions Report - Specialized Service template. Specialized service denotes service being provided exclusively to the elderly and persons with disabilities. On Page 1 of the report, the City checks off that service to the general public is being provided. Therefore, the City should use the proper template for its annual transit data reporting to the State Controller for consistency.

3. Develop and implement an effective marketing plan and public outreach program to increase ridership and raise awareness of the Gridley Golden Feather Flyer service.

(Medium Priority)

This recommendation is forwarded from the prior audit for full implementation. The resources devoted toward marketing the Gridley Golden Feather Flyer have been limited. The City generally budgets between \$300 and \$500 annually toward advertising and marketing collateral. The transit service has historically relied on word-of-mouth and the

visibility of the transit vehicle to market the service. The City produced and distributed flyers that announced the service expansion to the general public.

Information about the transit service is found on the City's website, which is not easily accessible. Transit information can only be located by performing a search at the top right-hand corner of the website. The search result provides a link to a PDF page with only basic information about the service and outdated information about the fixed route, which has since been discontinued. The City should make information about the transit service more readily accessible on its website as well as consider placing inserts or messages in more visible areas such as in monthly utility billings, and flyers at public locations such as the library.

4. Work with BCAG to develop a short-range transit plan.

(Medium Priority)

This recommendation is forwarded from the prior audit for full implementation. The prior audit recommended that the City work with BCAG to develop a short-range transit plan that would allow the City to measure performance against the standards developed in the plan. BCAG did commission and adopt the Butte County Transit and Non-Motorized Plan in April 2015. The plan focuses on improving transportation access for people who walk, bike, or take transit in Butte County. It recommends short-term changes and enhancements, as well as long-term improvements needed based on projected growth in Butte County. However, the plan only addresses B-Line transit services (which include the two routes serving Gridley) and not the Golden Feather Flyer.

The City, working in collaboration with BCAG, would benefit from a short-range transit service plan that revisits the goals and objectives of the service and identifies any service linkages to the B-Line to enhance ridership. The transit plan would provide performance standards, budgeting, marketing strategies, and a capital improvement program that support the updated goals and objectives.