

# STAFF REPORT

## *Consent Agenda Item*

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**DATE:** October 21, 2024

**TO:** Honorable Mayor and Council Members

**FROM:** Aaron Felmlee, Finance Director

**THROUGH:** Amy Nilsen, Interim City Manager

**SUBJECT:** Finance Department Monthly Report

**STAFF RECOMMENDATION:**

Receive report as an informational item.

**EXECUTIVE SUMMARY:**

**Transit Fare Ratio:**

The City of Fortuna operates a specialized transit service in which it receives funding through the Transportation Development Act (TDA). In order to be in compliance with the TDA and continue to receive funding the City's transit system must maintain a ratio of fare revenues to operating costs of at least 10 percent per Section 6633.5 of the TDA code.

The last two years the City has not met the 10 percent threshold with 2023's ratio ending at only 6%. However, the compliance requirements for 2023 were waived under the provisions of AB-90 due to COVID. With that being said it is important for the City to continue to monitor the City's Fare Box ratio in order to get back to the required 10% ratio. As of the end of June 2024, 2024's fare box ratio was 7%, short about \$7,000 in fare revenue. The transit fares were increased by 50 cents per ride starting in July 2024. However, that increase is projected to only bring in an additional \$3,000 annually in revenue. Staff are continuing to work on alternative ways to increase revenue or decrease expenses in order to meet the fare box requirement without having to increase the ridership fee any further.

**Fiscal Year 2023-24 Transportation Development Act (TDA) Audit:**

The Finance Department received a letter notifying staff that the firm of Anderson, Lucas, Somerville & Borges, LLP (ALSB) has been engaged by the Humboldt County Association of Governments for fiscal year ended June 30, 2024 to audit Fortuna's Transportation Development Act (TDA) activities. The TDA requires annual audit examinations of all entities claiming Local Transportation Funds (LTF) which the City claims annually to help fund the Senior Bus program as well as street improvement projects.

ALSB has requested staff prepare various schedules and other reconciliations that they require as part of the audit. Additionally, staff provided a number of documents for ALSB to review as part of the interim audit work. A draft audit report will be provided to the City upon the auditor's completed review of the requested documents.

**Measure E Update:**

The Measure E committee held a regularly scheduled meeting on September 17, 2024 at 5:30pm. The primary purpose of this meeting was for Staff to review with the Committee the list of Measure E funded projects that were included in the Council Adopted Budget for Fiscal Year (FY) 2024-25 and review preliminary results for FY 2022-23 for revenues and expenditures.

*List of Measure E items funded this month:*

- (2) Police Detective Positions
- Police Community Services Officer Position
- Police Records Clerk Position
- Parks and Recreation Director Position
- Recreation Program Supervisor Position
- Transit Trips to Eureka for Seniors
- PT Code Compliance Officer Position
- K-9 Program
- Storm Drain Maintenance Projects
- Street Maintenance Projects

An activity log displaying important Finance data is attached for informational purposes.

**RECOMMENDED COUNCIL ACTION:**

Receive Finance Department Monthly Report. Consent Agenda vote.

**ATTACHMENTS:**

- Finance Staff Activity Log for September 2024