

STAFF REPORT

Business Agenda Item

DATE: February 2, 2026

TO: Honorable Mayor and Council Members

FROM: Kaylyn Stainbrook, Parks & Recreation Director

THROUGH: Amy Nilsen, City Manager

SUBJECT: **Fortuna Transit Operations and Alternatives**

STAFF RECOMMENDATION:

Receive Staff presentation, select preferred Transit operations option, and authorize staff to pursue changes accordingly

EXECUTIVE SUMMARY:

The City of Fortuna is currently served by two transit programs: Fortuna Transit and Redwood Transit System.

The City's Parks and Recreation Department operates the Fortuna Transit system (Transit Division) and currently provides curb-to-curb transportation services to the senior (50+) and disabled populations within the city limits of Fortuna. This type of transportation system involving individualized rides (no fixed routes) is referred to as "paratransit". The current fare is \$3 per ride or \$30 for 15 rides (punch card). Additionally, Fortuna Transit provides a weekly trip to Eureka specifically for medical appointments (funded by Measure E). Historically, Fortuna Transit has also provided a monthly trip to Eureka, specifically for shopping (at a higher fare).

Humboldt Transit Authority (HTA) operates its Redwood Transit System (RTS) throughout the county and offers fixed route rides to the general public. RTS currently services 25 northbound and southbound bus stops throughout Fortuna. City of Fortuna pays approximately \$200,000 annually for RTS to include Fortuna in its commuter route.

FORTUNA TRANSIT SCHEDULING

Fortuna Transit's scheduling process currently involves riders calling Fortuna Transit's dispatcher to reserve a ride. The dispatchers track all rides in handwriting on each driver's daily schedule. Prior to July 1, riders were only required to reserve their initial pick-up time and then called the dispatcher when they were ready to go to their next destination. This "on demand" approach created scheduling congestion (in real-time and on the handwritten schedules), caused delays with other riders' scheduled trips, and often prevented drivers from receiving legally mandated breaks and lunches. Effective July 1, when riders call to schedule a ride, they must also reserve a time slot

for all subsequent trips, including their return home. This promotes a consistent, even-flow schedule, reduces waiting times, and ensures drivers receive proper breaks. The paper schedules are now easier to decipher with fewer last-minute changes noted. However, with paper, handwritten records, reporting still requires time-consuming, manual review when reporting data.

FORTUNA TRANSIT FLEET

Fortuna's Transit fleet currently consists of three gas-fueled vehicles:

- 2015 12-passenger (Class B) Star Craft Bus (Fleet #231) - currently **out of service** due to manufacturer being out of business and unable to locate replacement parts; approximately 135,071 miles
- 2011 12-passenger (Class B) Ford Bus (Fleet #224) - with defective seat (unable to find replacement) and increasing maintenance needs; approximately 145,600 miles
- 2017 8-passenger (Class C) Ford Van (Fleet #237); approximately 50,800 miles

According to the Federal Transit Administration's (FTA) Useful Life of Transit Buses and Vans Final Report, the typical lifespan for these types of transit vessels is approximately 10 years (or less) or 100,000 miles.

In December 2018, the Innovative Clean Transit (ICT) Act was adopted and requires all public transit agencies to gradually transition to a 100 percent zero-emission bus (ZEB) fleet. Beginning in January 2026, 25% of new vehicle purchases for Fortuna's transit fleet must be zero-emission. By January 2029, 100% of new purchases by transit agencies must be ZEBs. However, vehicles under 14,000 lbs. (often the smaller transit vans) are exempt from ICT. Considering that City of Fortuna does not currently have the infrastructure to support the purchasing of zero-emission vehicles, gas-fueled vehicles would likely be sought for their impending replacements. Furthermore, the estimated cost of three battery electric cutaway vehicles is \$939,500 [per Humboldt County Association of Governments' (HCAOG) Transit Development Plan 2023-2028], whereas gas-fueled vans would be a fraction of the cost (estimated at \$600,000).

FORTUNA TRANSIT STAFFING

Fortuna Transit's staff currently consists of:

- (Parks and Recreation Director currently acting as Division Head)
- 2 Part-Time Transit Dispatchers
- 1 Full-Time Class B Driver
- 1 Full-time Equivalent (FTE) Part-Time Class C Drivers
 - 2 Regular Part-Time Class C Drivers
 - 1 On-Call Part-Time Class C Driver who is a true back-up (per diem) driver.

It has been very challenging to attract and retain Class B drivers. Therefore, as Fortuna Transit replaces its fleet in the near future, Class C fleet vehicles should be considered. For further, it is typically easier for riders to board the vans rather than buses (which often have large steps).

FUNDING

Fortuna's Transit system is primarily funded by statewide general sales tax allocations known as the Local Transportation Fund (LTF), which is one of the funding sources of the Transportation Development Act (TDA). To be eligible to receive LTF funding, rural agencies such as Fortuna Transit must recover at least 10% of their operational costs. This percentage or revenue-to-operation cost ratio is called the "Farebox Recovery Ratio", commonly referred to as "Farebox".

In fiscal year 23-24, Fortuna Transit's fare revenue was approximately \$16,000. The operational cost was approximately \$243,000. Fortuna Transit's Farebox Revenue Recovery Ratio in fiscal year 23-24 was 6.58%.

In fiscal year 24-25, Fortuna Transit's fare revenue was approximately \$24,929. The operational cost was approximately \$236,123. Therefore, Fortuna Transit's Farebox Revenue Recovery Ratio was 10.56%. However, approximately \$6,000 of the revenue was due to a handful of large organizations purchasing bulk punch cards (not steady rider-purchased fare). Additionally, the punch cards will likely be used by residents in the current fiscal year 25-26, and therefore, it is likely that fewer residents will be purchasing fare in the 25-26 fiscal year. Fortuna Transit would not have met farebox without these bulk purchases. Without having another funding source to securely support operations and a much-needed upgraded fleet, the future of Fortuna Transit will need to rely on the City's General Fund if operations continue as-is (See option "A" under the "Options for Consideration" section).

In addition to funding Fortuna Transit operations, City of Fortuna pays Humboldt Transit Authority (HTA) approximately \$200,000 per year in order to maintain RTS' fixed route service throughout Fortuna, which benefits citizens and visitors in their travel endeavors. This annual cost has been increasing on average 5% per year and will likely continue to increase at that same rate in future years.

Staff has consulted with HCAOG and HTA several times regarding ways to continue service to our senior and disabled residents. A recurring solution is to open Fortuna Transit to the general public (no longer just serving individuals aged 50+ and/or individuals with disabilities). Although, that demographic would continue to receive priority use and the ability to make reservations before the general public could.

By opening same-day service to the general public, Fortuna Transit would increase ridership and revenue to pursue farebox requirements and LTF funding. It would also increase route connectivity (with HTA/RTS) for Fortuna residents and all Humboldt riders. Furthermore, opening same-day service to the general public, would qualify Fortuna Transit for additional funding sources, such as Humboldt County Tax Measure O, SB 125, LCTOP, 5310, 5311, and the State Transit Assistance (STA) Fund. These funding sources can assist with vehicle purchases and operational improvements.

OPERATIONAL CHANGES AND CONSIDERATIONS

During a meeting in November 2025, HTA disclosed that the amount City of Fortuna is paying HTA for RTS fixed route services is not beneficial enough for them to continue services as is.

HTA intends to reduce Fortuna service by eliminating 14 very lightly used bus stops sometime in the future.

With continuity of service to RTS riders in mind, HTA and the City of Fortuna discussed Fortuna Transit opening service to the general public, theoretically compensating for RTS' reduced bus stops and providing paratransit services from RTS stops to riders' destinations within Fortuna. If RTS' ridership from those eliminated stops (estimated 25 riders per day) transferred to Fortuna Transit, Fortuna Transit's ridership would increase by approximately 74%.

To ensure the increased ridership does not negatively impact staff and existing services, Fortuna Transit has been invited to join HTA's existing RideCo account. RideCo is an advanced-technology ride-scheduling application. The application has several configurations, including options to give priority scheduling to registered users (Fortuna's senior and disabled residents).

To solidify the proposed partnership, HCAOG, in collaboration with HTA, is offering to reallocate some of their funding to Fortuna Transit. The reallocation would include one-time purchases of two new vans and assistance with the initial RideCo application costs. Additionally, HCAOG may be able to reallocate approximately \$125,000 of STA funds annually to Fortuna Transit for recurring operational costs. By having a dependable fleet, Fortuna Transit would be able to consistently maintain at least two in-town vehicles every day of the week – even when a special medical trip is scheduled.

By increasing the ride-eligible population and integrating this scheduling application, Fortuna Transit would be able to streamline its scheduling process and transit reporting, maximize rides, efficiently store rider information, and minimize cash handling.

Although there are two part-time transit dispatchers, there is not currently a Transit Supervisor position. Having a dedicated Division Head for Transit would allow more focus on Transit program growth, pursuit of funding opportunities, and thorough tracking/reporting. It should also be noted that HTA currently utilizes a contract call center at \$1.66 per minute, eliminating the need for their sole dispatcher position. This resource should be considered to reduce office workload and staff time, therefore requiring less dispatch time and allowing for more administrative focus. If Council approves to open transit service to the general public, staff is recommending one part-time dispatcher position be eliminated and one full-time, salaried Transit Supervisor be added. The other position would remain part-time and would continue to support both the Transit and Recreation Division as needed.

CONCLUSION

In summary, Fortuna Transit continues to provide a critical service to seniors and disabled residents but faces significant challenges in meeting funding requirements and replacing its aging fleet. Exploring integration with HTA's RideCo platform and expanding services to the general public represents promising opportunities to enhance service efficiency and increase farebox recovery. Allocating a supervisory transit position to navigate these changes and oversee program growth and continuity is necessary. These steps will help ensure that Fortuna Transit not only sustains its vital service to seniors and disabled residents, but also evolves into a stronger, more resilient transit program for the entire community.

OPTIONS FOR CONSIDERATION

A) Status Quo (Continue As-Is Transit Operations)

- a. **Key Points:**
 - i. Do not open to general public,
 - ii. Director remains primary Transit Supervisor
 - iii. No scheduling application
 - iv. No call center assistance.
- b. **General Fund Impact:** In FY 27-28, General Fund support of Transit operations would start increasing by \$20-30k annually due to closed-ended funding sources.
- c. **Operational/Community Impact:** Limited supervisory capacity for growth, long-term planning, protocol development, staff training, etc. Does not support connectivity to RTS fixed route.

Option A (Status Quo) 5-year Financial Forecast

<u>Sources:</u>	Current FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Bus Fares	20,000	20,000	20,400	20,808	21,224	21,648
TDA Allocation	419,877	458,733	463,320	467,953	472,633	477,359
Regional Funds (STA, SGR, LCTOP)	-	-	-	-	-	-
Transfer In (Measure E)	12,000	12,000	12,000	12,000	12,000	12,000
	451,877	490,733	495,720	500,761	505,857	511,007
<u>Uses:</u>						
Pay and Benefits	227,046	239,895	263,884	273,683	283,869	294,460
Service and Supplies	49,939	63,868	67,462	71,332	75,503	80,002
Contract Services - HTA	204,554	214,782	225,521	236,797	248,637	261,069
Depreciation						
	481,539	518,545	556,867	581,812	608,009	635,531
Surplus (Deficit)	(29,662)	(27,812)	(61,147)	(81,051)	(102,152)	(124,524)

B) Transit Supervisor Allocation and Re-Evaluation in FY27-28

- a. **Key Points:**
 - i. Open transit service to general public
 - ii. One part-time dispatcher position to be eliminated, and replaced with one full-time, salaried Transit Supervisor.
 - iii. Implement RideCo scheduling application
 - iv. Implement contracted call center assistance
 - v. Program/progress to be re-evaluated for Council discussion at the end of FY 27-28.
- b. **General Fund Impact:** \$35,000 annual on-going increase to the General Fund due to the new Transit Supervisor Position being partially allocated to Recreation. General Fund support of Transit operations is not forecasted until FY 28-29, then slow increase. Please note other “general public” funding sources may become available that are not included in the forecast.
- c. **Operational/Community Impact:** Dedicated Transit supervisor to focus on marketing, program growth, long-term planning, protocol development, staff training, and pursuit of additional funding sources; efficient scheduling system to

reduce number of calls to office and increase ridership; the reduced number of calls will result in a reduced cost of call center assistance; improved connectivity with RTS fixed route.

Option B (Transit Supervisor Allocation & Re-Evaluation) 5-year Financial Forecast

<u>Sources:</u>	Current FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
Bus Fares	20,000	30,000	30,600	31,212	31,836	32,473
TDA Allocation	419,877	458,733	463,320	467,953	472,633	477,359
Regional Funds (STA, SGR, LCTOP)	-	127,810	131,644	135,593	139,661	143,851
SB 125 (One-Time Transit Capital Needs)	-	224,000	24,000	-	-	-
Transfer In (Measure E)	12,000	12,000	12,000	12,000	12,000	12,000
	451,877	852,543	661,564	646,758	656,130	665,683
<u>Uses:</u>						
Pay and Benefits	227,046	274,111	301,522	312,806	324,540	336,744
Service and Supplies	49,939	108,585	112,899	117,511	122,446	127,732
Contract Services - HTA	204,554	214,782	225,521	236,797	248,637	261,069
Depreciation	-	200,000	-	-	-	-
	481,539	797,478	639,942	667,114	695,623	725,545
Surplus (Deficit)	(29,662)	55,065	21,622	(20,356)	(39,493)	(59,862)

C) Explore Outsourced Transit Service

- a. **Key Points:** Explore the possibility of paratransit service in Fortuna being operated by an external organization, such as Humboldt Transit Authority, and report findings at a future City Council Meeting.
- b. **General Fund Impact:** No General Fund impact.
- c. **Operational/Community Impact:** Transit operations and assets would no longer be under City ownership nor control – unknown service changes.

D) Close Transit Service

- a. **Key Point:** Fortuna Transit dissolution.
- b. **General Fund Impact:** No impact to General Fund.
- c. **Operational/Community Impact:** RTS would continue its reduced bus stop fixed route – costing City \$200,000/year. Citizens referred to external transit resources (unknown requirements) such as Humboldt Senior Resource Center/PACE, We Care For You Transport, Dial-A-Ride, Partnership Non-Emergency Medical Transportation, City Cab, Area 1 Agency on Aging’s Volunteer Driver Program, etc.

RECOMMENDED COUNCIL ACTION:

1. Receive staff report, presentation, and review Council questions with staff
2. Open Public Comment
3. Close Public Comment

Motion to authorize Option B, for City staff to begin the process to open same-day transit services to the general public, open recruitment for a full-time, salaried Transit Supervisor, approve RideCo application services and call center contract, and request staff report back with progress in FY 27-28. Roll call vote.