

BOARD AGENDA

Wednesday, April 23, 2014

CITY OF ARROYO GRANDE, CITY COUNCIL CHAMBERS

215 E. Branch Street. Arroyo Grande, California

1:30 p.m. to 3:00 p.m.

(Ending time is approximate)

Chairperson: Jim Guthrie
Vice-Chairperson: Shelly Higginbotham

Director: Caren Ray
Director: Bill Nicolls

Individuals wishing accessibility accommodations at this meeting under the Americans with Disabilities Act (ADA) may request such accommodations to aid hearing, visual, or mobility impairment by contacting the SCT offices at 781-1338. Please note that 48 hours advance notice will be necessary to honor a request.

NOTE: Arroyo Grande City Offices are served hourly by SCT Route 24.
Please call 541-2228 for more information.

CALL TO ORDER AND ROLL CALL

PUBLIC COMMENTS: This portion of the agenda is reserved for any members of the public to directly address the South County Transit Board on any items not on the agenda and within the jurisdiction of the Board. Comments are limited to three minutes per speaker. The Board will listen to all communication, but in compliance with the Brown Act, will not take any action on items that are not on the agenda.

CLOSED SESSION CONFERENCE WITH MANAGEMENT REPRESENTATIVES (Gov. Code Section 54957.6)

Conference with Labor Negotiator Geoff Straw, its management representative, concerning pay rates and benefits for its unrepresented bus operators, utility workers and road supervisors.

A. INFORMATION AGENDA

A-1 Administrator's Report (Receive)

A-2 Strategies to Improve Farebox Recovery Ratio (Receive)

South County Transit, operated by the San Luis Obispo Regional Transit Authority, is a Joint Powers Agency serving residents and visitors of: Arroyo Grande, Grover Beach, Pismo Beach, Shell Beach and Oceano

B. ACTION AGENDA

- B -1 SCT Hourly Employee Pay Scale & Other Benefits (To be distributed following Closed Session; Adopt)
- B-2 Fiscal Year 2014-15 Operating and Capital Budget (Adopt)
- B-3 Revised Summer Youth Ride Free Program (Adopt)
- B-4 Reserve Funds Policy (Adopt)
- B-5 Commission a New SCT Logo (Adopt)
- B-6 TDA Triennial Performance Audit (Approve)

C. CONSENT AGENDA: (Roll Call Vote) the following items are considered routine and non-controversial by staff and will be approved by one motion if no member of the South County Transit Board or public wishes an item be removed. If discussion is desired by anyone, the item will be removed from the consent agenda and will be considered separately. Questions of clarification may be made by South County Transit Board members, without the removal of the item from the Consent Agenda. Staff recommendations for each item are noted following the item.

- C-1 SCT Minutes of January 15, 2014 (Approve)
- C-2 Resolution Supporting Submittal of FTA Section 5339 Grant Application (Approve)
- C-3 Implement Conflict of Interest Policy (Approve)
- C-4 Procurement of Vehicles (Approve)

D. DIRECTORS' COMMENTS

E. EXECUTIVE COMMITTEE MEMBERS' COMMENTS

ADJOURNMENT

Next South County Transit Board meeting: **July 23, 2014**

SOUTH COUNTY TRANSIT

April 23, 2014

STAFF REPORT

AGENDA ITEM: A-1

TOPIC: Administrator's Report

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Information

BACKGROUND/DISCUSSION:

Operations:

At its January 2014 Board meeting, the Board endorsed combining Routes 22 and 23 into a revised Route 23. That route revision was implemented on February 2nd, and by all accounts it has resulted in less confusion by riders and better on-time performance. Staff will continue to monitor ridership and fare revenue (particularly the average fare per passenger boarding) to determine the overall success of the route revision.

SCT employees occasionally encounter behavior problems at the Ramona Gardens passenger facility, culminating in a physical attack on an SCT Supervisor in early March. Staff has worked closely with law enforcement officials to more closely monitor the situation at Ramona Gardens Park, and will continue to work toward solutions. The City of Grover Beach conducted a community forum on April 8, and staff attended to get a better understanding of the problem.

Maintenance:

SCT has not encountered any significant challenges meeting peak bus pull-out in the recent past since the three new buses have been fully incorporated into revenue service. As mentioned in previous reports, the fleet will continue to include the four remaining 2003 buses until such time that an expensive repair would require consideration of retirement/salvage; liability costs are solely dependent upon miles traveled, while physical damage liability costs are low due to the very low value of each old bus.

SLO County has recently instructed staff to repair the rain gutters and dry-rot damage around the windows on the leased facility at 800 Rodeo Drive in Arroyo Grande. Although our lease identifies that SCT is responsible for building maintenance, staff contends that this sort of work is beyond normal maintenance and should instead be considered capital improvement repairs. Staff will keep the Board apprised of developments as negotiations continue.

Staff is working with the APCD to retire the gasoline-electric hybrid bus (#208). This will require designating one of the newer Gillig low-floor buses into the APCD program, so it is likely that the Board will need to ratify the amended contract. Staff hopes to wrap up this process before the July 23rd SCT Board meeting.

Finance and Administration:

SCT and RTA staff worked closely with Lucia Mar School District officials to begin providing passes at the Paulding Middle School campus in Arroyo Grande. We deem this a pilot program, which could be expanded to other campuses in the SCT service area. Staff will provide updates on the number of passes used in future Board meetings.

Currently RTA provides administration and financial services on a fixed cost basis to SCT. These services include program administration, operations management, financial reporting and oversight, human resources, marketing, grant management, accounts payable, and Board administration. The administration charge for FY13-14 is \$63,500. This equates to approximately 1,000 hours of administrative staff time. The finance charge is \$14,000, which equates to roughly 250 hours. Please note that these hours do not include overhead charges. Based on payroll timesheet audits, staff members that support these services spend 5-15% of their time per pay period doing so just for SCT. This equates to 1,350 hours and a total cost of \$81,850, based on the respective wage rates, prior to any overhead charges. Included in the proposed budget for FY14-15 is a total of \$78,760 for these services.

Based on comments received on the reserve funds policy “white paper” presented at the January 2014 Board meeting, discussions with jurisdiction finance managers and SLOCOG, a final draft reserve funds policy is included in Agenda Item B-4. Two types of SCT-managed reserve funds are presented: 1) cash flow, and 2) capital reserve; the discussion assumes that if SCT is faced with a future operating funding shortfall, the agency could appeal to SLOCOG to use the regional LTF reserve to ensure existing service levels until emergency measures could be implemented.

Staff worked with our TDA Performance Auditors to develop a final draft report document, which is presented as Agenda Item B-6. As presented, six recommendations were provided by the consultants. If the Board accepts the final draft report, it would then go to the SLOCOG Board for adoption.

July 2013 through February 2014 financial data is included in the tables on the ensuing pages. As shown, year-to-date operating expenses currently booked to SCT totaled 58.06% of the annual budget, yet we completed 67.67% of the year. All three of the largest cost line-items are below budget, as follows:

- 1. Salaries/Benefits: 61.87%
- 2. SCT Bus Fuel: 59.51%
- 3. Maintenance: 39.22%

The remaining line-items are substantially within budgeted costs.

As depicted in the graphs and tables on the ensuing pages, year-over-year ridership growth in the first seven months of FY13-14 has slowed slightly in comparison to previous year. In total, SCT provided 159,840 passenger-trips on regular year-round routes. During the same period last year, ridership totaled 156,665 – equating to year-to-date increase of 2.0% in comparison to double-digit growth in recent years. Current year-to-date productivity (a good measure of

efficiency) totaled 18.01 in FY13-14 in comparison to 17.76 in FY12-13 – a very slight 0.8% increase. The year-to-date public subsidy per passenger-trip (a good measure of cost effectiveness) has declined from \$2.99 in FY12-13 to \$2.95 in FY13-14, and the overall farebox recovery ratio has increased from 15.49% in FY12-13 to 16.27% in FY13-14.

Marketing & Service Planning:

Staff has worked with RTA’s interns to develop logo concepts that could be used on new SCT bus stop signs that were identified in SCT’s recent FTA grant application. It should be noted that the Section 5339 grant program is new, and Caltrans has only recently released the grant management guidelines and a formal call for projects. As such, these delays suggest that we will not be able to solicit bids for the bus stop signs until mid-summer. More details on this item will be discussed in Agenda Item B-5.

RTA Marketing and Planning Manager Aimee Wyatt has accepted a new transit marketing job in southern California, so RTA will begin the recruitment process for her replacement in the coming weeks. Please join me in thanking Aimee for her many contributions over the past five years.

The FY13-14 budget assumes a total marketing expenditure of \$16,000. The February year-to-date expenditures totaled \$3,464, and other committed expenses (Google Transit Feed System contract and schedule printing) total another \$4,145. Other potential projects include the development of a new SCT logo (~\$2,500) and the purchase of bus stop signs/kiosks (~\$4,000). Given Aimee’s recent departure, it is unlikely that SCT will fully expend its annual marketing budget. Nonetheless, staff believes these types of recent/planned outreach efforts will increase SCT’s presence in the community.

Summary of Driver’s Forums

Staff conducted an SCT Driver’s Forum on March 11th at the SCT operating facility. Members of the management team included SCT Supervisor Coleen Kubel, Operations Manager Phil Moores, Maintenance Manager David Roessler, CFO/Director of Administration Tania Arnold, Grants Manager Omar McPherson and me. A variety of topics were discussed, including SCT wages/benefits, the SCT Code of Conduct policy for passengers, the possible misuse of disability passes/fares by some passengers, and the possibility of designating a fourth full-time Bus Operator. No Bus Operators requested that any unresolved issues from the Driver Forums be brought before the SCT Board.

STAFF RECOMMENDATION:

Accept this as an information item.

**SOUTH COUNTY TRANSIT
2013-14 Budget vs. Actual (unaudited)**

	FY 13/14 Adopted	October 2013	November 2013	December 2013	January 2014	February 2014	Year to Date	Percent Year to Date
<u>Administrative Expenditures</u>								
Insurance								
Liability & Physical Damage	\$ 36,575	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,501	\$ 2,501	\$ 21,050	57.55%
Workers Compensation	27,245	2,806	2,806	2,806	2,806	2,806	22,453	82.41%
Property Insurance	640	-	-	-	-	-	638	99.72%
Rent	23,360	1,955	1,955	1,955	1,955	1,955	15,640	66.95%
Utilities	7,250	746	548	652	880	455	5,150	71.03%
Radio Expense	2,300	103	103	-	206	103	563	24.48%
Legal Services	500	-	-	-	-	-	-	0.00%
Payroll Processing	3,750	259	244	396	528	251	2,440	65.06%
Administration	63,500	5,292	5,292	5,292	5,292	5,292	42,333	66.67%
Finance	14,000	1,167	1,167	1,167	1,167	1,167	9,333	66.67%
Office Expense/Miscellaneous	6,250	311	1,254	1,550	128	99	4,929	78.86%
Audit	3,130	-	-	-	-	-	2,780	88.81%
Marketing/Community Relations/Printing	16,000	519	-	-	-	1,714	3,464	21.65%
Uniforms/Laundry/Physicals/Ads	5,750	267	213	337	1,026	2,436	4,988	86.75%
<u>Operating Expenditures</u>								
Salaries/Benefits	\$ 428,539	\$ 31,022	\$ 30,040	\$ 45,322	\$ 30,417	\$ 31,508	\$ 265,121	61.87%
Maintenance	128,450	4,139	3,015	5,234	3,559	9,129	50,374	39.22%
Dispatch	18,500	1,542	1,542	1,542	1,542	1,542	12,333	66.67%
Sign Maintenance	3,000	-	-	-	-	-	-	0.00%
SCAT Bus Fuel	210,104	16,919	14,417	13,436	12,421	12,799	125,026	59.51%
Contingency	15,000	-	-	-	-	-	-	0.00%
9 Total Operating Expenditures	\$ 1,013,844	\$ 69,549	\$ 65,099	\$ 82,191	\$ 64,425	\$ 73,756	\$ 588,616	58.06%
<u>Capital Service</u>								
Support Vehicle	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Vehicles (Three Buses)	1,275,000	-	5,305	-	-	-	1,252,856	98.26%
Facility Improvements	7,000	-	-	-	-	-	8,300	118.57%
Large Vehicle Repairs	25,000	-	-	-	-	-	-	0.00%
Total Capital Service	\$ 1,357,000	\$ -	\$ 5,305	\$ -	\$ -	\$ -	\$ 1,261,156	92.94%
Increase Capital Reserves	\$ 81,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
10 Total Use of Resources	\$ 2,452,259	\$ 69,549	\$ 70,404	\$ 82,191	\$ 64,425	\$ 73,756	\$ 1,849,771	75.43%

**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKDAY AND TROLLEY
YEAR TO DATE THRU FEBRUARY 2014**

	RT 21 PISMO & SHELL BEACH	RT 22 OCEANO & GRAND AVENUE	RT 23 A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 24 GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 25 ROUTE 23 TRIPPER	TOTAL WEEKDAY SERVICE	AVILA BEACH TROLLEY
REVENUES:							
FARES	24,235	10,956	9,214	21,649	6,651	72,705	2,970
TOTAL ROUTE REVENUES	24,235	10,956	9,214	21,649	6,651	72,705	2,970
EXPENDITURES:							
ADMINISTRATION	14,457	4,926	8,870	14,456	853	43,562	2,590
MARKETING	800	149	607	807	51	2,413	216
OPERATIONS/CONTINGENCY	83,131	27,593	52,391	83,167	4,782	251,065	13,817
FUEL	27,993	12,482	13,640	30,370	2,037	86,521	7,073
INSURANCE	9,927	4,311	4,607	10,752	730	30,326	2,689
TOTAL EXPENDITURES	136,308	49,460	80,114	139,552	8,454	413,888	26,385
FAREBOX RATIO	17.78%	22.15%	11.50%	15.51%	78.68%	17.57%	11.26%
RIDERSHIP	43,866	15,814	21,926	40,166	7,446	129,218	6,128
SERVICE MILES	30,055.63	13,608.00	14,648.00	32,638.73	2,173.50	93,123.86	9,009.00
SERVICE HOURS	2,176.15	744.72	1,324.50	2,175.91	123.05	6,544.33	433.42
RIDERS PER MILE	1.46	1.16	1.50	1.23	3.43	1.39	0.68
RIDERS PER HOUR	20.16	21.23	16.55	18.46	60.51	19.75	14.14
COST PER PASSENGER	3.11	3.13	3.65	3.47	1.14	3.20	4.31
SUBSIDY PER PASSENGER	2.55	2.43	3.23	2.94	0.24	2.64	3.82

**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKEND, TROLLEY, AND TOTAL
YEAR TO DATE THRU FEBRUARY 2014**

	RT 21 - SAT PISMO & SHELL BEACH	RT 21 - SUN PISMO & SHELL BEACH	RT 22 - SAT OCEANO & GRAND AVENUE	RT 22 - SUN OCEANO & GRAND AVENUE	RT 23 - SAT A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 23 - SUN A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 24 - SAT GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 24 - SUN GROVER B. A.G. VILLAGE, PISMO & A.G.	TOTAL WEEKEND SERVICE	TOTAL SCT ONLY SERVICE	TOTAL SCT AND AVILA SERVICE
REVENUES:											
FARES	4,018	2,867	2,009	1,471	1,202	945	3,640	2,628	18,781	91,486	94,456
TOTAL ROUTE REVENUES	4,018	2,867	2,009	1,471	1,202	945	3,640	2,628	18,781	91,486	94,456
EXPENDITURES:											
ADMINISTRATION	2,716	2,677	946	916	1,500	1,516	2,716	2,676	15,663	59,226	61,815
MARKETING	154	128	37	23	106	102	155	130	834	3,248	3,464
OPERATIONS/CONTINGENCY	15,682	15,040	5,350	5,014	8,772	8,704	15,687	15,039	89,288	340,353	354,169
FUEL	4,943	4,627	2,416	2,239	3,458	3,384	5,350	5,015	31,431	117,953	125,026
INSURANCE	1,741	1,649	835	777	1,236	1,223	1,881	1,785	11,126	41,452	44,142
TOTAL EXPENDITURES	25,236	24,122	9,584	8,967	15,072	14,928	25,790	24,644	148,343	562,231	588,616
FAREBOX RATIO	15.92%	11.88%	20.97%	16.41%	7.98%	6.33%	14.11%	10.66%	12.66%	16.27%	16.05%
RIDERSHIP	6,569	4,754	2,561	1,857	2,727	2,101	5,893	4,159	30,621	159,839	165,967
SERVICE MILES	5,260.59	5,014.11	2,604.00	2,464.00	3,660.00	3,625.60	5,700.63	5,440.23	33,769.16	126,893.02	135,902.02
SERVICE HOURS	409.65	394.33	142.60	135.04	224.96	222.80	409.55	394.09	2,333.02	8,877.35	9,310.77
RIDERS PER MILE	1.25	0.95	0.98	0.75	0.75	0.58	1.03	0.76	0.91	1.26	1.22
RIDERS PER HOUR	16.04	12.06	17.96	13.75	12.12	9.43	14.39	10.55	13.13	18.01	17.83
COST PER PASSENGER	3.84	5.07	3.74	4.83	5.53	7.11	4.38	5.93	4.84	3.52	3.55
SUBSIDY PER PASSENGER	3.23	4.47	2.96	4.04	5.09	6.66	3.76	5.29	4.23	2.95	2.98

SOUTH COUNTY TRANSIT

April 23, 2014

STAFF REPORT

AGENDA ITEM:	A-2
TOPIC:	Strategies to Improve Farebox Recovery Ratio
ACTION:	Information
PRESENTED BY:	Geoff Straw, SCT Administrator
STAFF RECOMMENDATION:	Bring Specific Farebox Ratio Improvement Strategy Proposal to July SCT Board Meeting

BACKGROUND:

Upon designation of the Arroyo Grande – Grover Beach Urbanized Area, South County Transit is now required under State law to achieve a 20% farebox recovery ratio (FRR). Recently, SCT has struggled to achieve a 16% FRR. Based on SLOCOG direction, the FY17-18 results will be used as the “determination year.” If the 20% FRR is not achieved by the end of FY17-18, a financial penalty would be assessed FY18-19. The preliminary analysis suggests that a penalty of \$75,130 would be incurred, assuming a “do nothing” strategy.

As presented in the table below, there is no “silver bullet” that could easily and painlessly help SCT achieve the mandated 20% FRR. In general, the most effective way for a transit agency to improve its FRR is to increase revenues, although cost reductions also can play a part (but comparatively less effectively). To illustrate the greater impact of revenues versus costs, this example may be helpful:

In 2013/2014, SCT will collect approximately \$130K in farebox revenues and incur approximately \$900K in expenses = 14.4% FRR.

*→ A \$30,000 increase in revenues would result in $\$160K/\$900K = 17.8\%$ FRR, a **3.4% improvement**.*

*→ A \$30,000 reduction in expenses would result in $\$130K/\$870K = 14.9\%$ FRR, only a **0.5% improvement**.*

Thus, on a dollar for dollar basis, strategies to focus on revenue improvements are most effective to improve FRR. Below are some Revenue Improvement and Cost Reduction options for consideration.

REVENUE IMPROVEMENT OPPORTUNITIES

Revenue opportunities include increasing revenue from advertising, a mix of higher fares, eliminating transfers, increasing ridership, and reducing participation in fare-free programs such as Summer Youth Ride Free and October Rideshare Month. As presented below, a combination of approaches could increase FRR by up to 3.9%.

	Revenue Enhancing Opportunity	Range of savings	Estimated Savings or Extra Revenue	FRR % contribution	Notes	Priority
Used \$897,827 (FY12-13) as a base for FRR						
1	Increase advertising sales	Each bus about \$225/month = ~\$2,700/year in ad sales; 4-6 buses x \$2,700 = \$10,800-\$16,200	\$12,000	1.3%		HI
2	Increase Fares	Increase from \$1.25/\$0.60 to \$1.50/\$0.75 @ -0.43 elasticity (net loss of 7,240 boardings)	\$10,520	1.2%	Recommended first step: a smaller increase to \$1.40/\$0.70 = add'l \$4,700 (net loss of 3,030 boardings).	HI
3	Implement \$0.25 Transfers	Currently, at least 16.4% of riders transfer between routes. Increases total trip cost \$0.25.	\$1,870	0.2%	Would require the elimination of interlining. Consider starting this February 2016.	MED
4	Increase Ridership	Intense Marketing Campaign - increase ridership by 5% = ~ 12,000 riders x \$0.55 avg fare	\$6,600	0.7%	Invest more in advertising and more appealing route restructuring to appeal to new markets.	MED
5	Eliminate Fare Free Days in October	\$1000-\$2000 in lost farebox revenues	\$1,500	0.2%	While there is expense in lost fares, there is promotion benefit by participation in county-wide program. These are key marketing programs.	LOW
6	Eliminate Youth Ride Free	Approximately \$1100/month x 2 = \$2200	\$2,200	0.2%	Same as above. Staff does not recommend eliminating participation in these regional wide programs.	LOW
	TOTAL for Recommended implementations		\$30,990	3.5%		
	TOTAL if all of the above were implemented:		\$34,690	3.9%		

Option 1: Increase Advertising Sales Revenues

The strategy with the single greatest ability to increase annual fare revenues is to increase advertising revenues – which under State law count as fare revenues. If SCT secured paid advertising on all six vehicles, revenue of up to \$11,000 - \$16,000 could be realized; this analysis assumes \$12,000.

In the past, SCT had advertising agreements with Arroyo Grande Hospital. However, this funding source ceased in 2012 when the hospital chose to cancel these marketing efforts. Attempts have been made to secure new advertising agreements, but to date no other local Five Cities companies have contracted for local advertising space. Information is available on the website: <http://slorta.org/about/advertise>

Currently SCT marketing ads are placed on the side of its new buses, as depicted below.



Additionally, the “Gas Grouch” campaign is still running on the three older buses. Finally, two paid ads are currently running for Regional Rideshare’s Bike Month, as well as two media trade-out ads for a local ESPN radio station and Solstice Green Directory.

For a comparison, RTA with about four times the fleet size, has approximately 60% utilization of paid advertising space (usually for county-wide businesses), with total revenues of about \$60,000 for bus exterior ads. Just like at SCT, unsold spots are used for media trade-outs and/or in-house ads.

Option 2: Increase Fare Revenues

The second most effective method of raising revenue is to increase cash fares and pass prices. About 36% of South County riders are using cash fares and discount cash fares or transfers. Current cash fares and pass fares are depicted below:

Pass and Fare Information (subject to change)		Discount Passes and Cash Fares are Half Price for Seniors (65-79) and Disabled & Medicare Card Holders.	
Regional Day Pass	\$5 Purchase on board	Cash Fares	SCT RTA
RTA & SCT 7-Day Pass	\$14	Regular	\$1.25 \$1.50 - \$3.00
SCT 31-Day Pass	\$30 Regular/\$15 Discount	Senior Citizens (Age 65+) Disabled and Medicare Card Holders	\$0.60 \$0.75 - \$1.50
SCT 20-Ride Pass	\$20 Regular/\$8 Discount	Regional Day Pass \$5.00 <i>Purchase from your driver.</i> Good all day on all fixed routes in San Luis Obispo County.	
RTA Only 31-Day Pass	\$44 Regular/\$22 Discount		
Regional 31-Day Pass	\$64 Regular/\$32 Discount		
RTA & SCT Stored Value Card	\$15 Value		
Discount Passes and Cash Fares are Half Price for Seniors (65-79) and Disabled & Medicare Card Holders.			

In FY12-13, riders using cash fares on SCT accounted for 36% of annual boardings (84,547 of 234,690). More specifically, general public cash-paying riders account for 28% of boardings, while senior/disabled riders account for 8%. The percentage of customers using different fare categories is presented in the table below.

2012-2013 GFI Ridership Type Summary															
	July	Aug	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	Apr.	May	June	Total	% Total	
PASSENGERS @ \$1.25 TTP 15	4715	5233	6415	5250	5406	4850	5608	5458	5779	5790	6128	4997	65629	27.96%	
PASSENGERS @ \$.60 TTP 19	1947	1806	1565	1386	1597	1553	1539	1341	1347	1377	1648	1711	18817	8.02%	
SCAT Transfer TTP 14	3484	3694	3447	2834	3187	2901	3119	2669	2993	2844	3162	3547	37881	16.14%	
SCAT Monthly Regular TTP 7	513	495	596	673	735	492	492	551	608	465	419	300	6339	2.70%	
SCAT Value Card TTP 12	4	2	4	21	4	0	0	4	27	24	25	0	115	0.05%	
SCAT Monthly DSS TTP 8	512	591	615	469	567	476	487	412	635	576	569	599	6508	2.77%	
SCAT Punch Regular TTP 9	60	54	507	506	746	539	556	447	414	415	435	132	4811	2.05%	
SCAT Punch DSS TTP 10	172	163	222	145	156	196	171	194	291	244	233	244	2431	1.04%	
RTA & SCT 7 DAY TTP6	196	267	189	185	118	252	101	272	189	201	304	366	2640	1.12%	
Regional DAY Sold KEY 1	280	337	270	255	346	370	352	361	365	349	354	297	3936	1.68%	
Regional DAY Used TTP 1	1085	1364	1121	1060	1334	1056	1120	1010	1290	1213	1391	1252	14296	6.09%	
Regional Regular TTP2	1086	1019	1186	1088	1143	1122	1025	1023	1195	1008	1026	734	12655	5.39%	
Regional Disabled TTP3	1182	1198	1473	1143	1587	1517	1648	1678	1732	1755	1730	1424	18067	7.70%	
Promotions Key 8	7715	6037	11	3215	3	28	80	15	3	318	38	5875	23338	9.94%	
Free Key 2	403	446	594	1722	503	444	543	497	427	486	493	563	7121	3.03%	
SHORT KEY 7 (W/out full fare)	71	73	56	75	73	75	79	76	80	97	131	77	963	0.41%	
VIP KEY 6	620	590	630	546	461	406	574	514	527	583	628	554	6633	2.83%	
ADA Key 5	169	179	214	184	252	237	156	166	199	173	206	186	2321	0.99%	
TOTAL PASSENGERS	24210	23546	19111	20736	18214	16514	17650	16684	18269	17894	19004	22858	234690	100.00%	
														Cash Fares	35.98%
														transfers	16.14%
														South County Passes Used	8.61%
														Regional Passes Used	22.0%
														FREE - including Promo, Short, ADA and VIP	17.20%

It is interesting to note that greater than one in five SCT riders uses a Regional Pass, which permits unlimited boarding on all fixed-route buses in the county. It is also interesting that the use of Regional Passes outnumbers SCT Passes almost three-to-one.

Below are some specific strategies SCT could undertake to increase fare revenues:

- Increase Cash Fares:** Cash fares are currently \$1.25 for the general public and \$0.60 for elderly/disabled and Medicare Card holders. If fares were raised to \$1.50 and \$0.75 for discounted riders, fare revenue would increase, but not by the full amount of existing passengers times the new fare. Price increases tend to reduce ridership – what is called “Price Elasticity of Demand,” meaning that when price go up, demand goes down. A price increase of 20% (from \$1.25 to \$1.50) would improve revenue by about \$10,520 per year and reduce annual ridership by 6,670 boardings per year. See the calculation below.

To lessen the impact of a fare increase, it is recommended that smaller increases over two years be considered. Under this scenario, the cash fare would be **increased to \$1.40/\$0.70 in the first year and \$1.50/\$0.75 in the second year.** See more on Price Elasticity of Demand for Transit Forecasting in Appendix 1.

- **Increase Pass Prices:** The SCT 31-Day Passes and SCT 20-Ride Passes are priced lower than those of other transit agencies in the county. Despite SCT's deeply-discounted prices, less than 10% of SCT customers use multi-ride fare media. It should be noted that almost 20% of SCT riders instead use regional fare media that includes the Regional Day Pass and the Regional 31-Day Pass.¹

The relatively high rate of cash fares and low rate of pass usage by SCT riders may be attributed to several factors: lack of funds available to pre-pay for trips, higher proportion of occasional and one-way trips that make passes less cost-effective, or a lack of awareness of pass options. SCT started promoting multi-ride pass options using on-bus notices and in SCT map/schedules about three years ago. Recent customer perception surveys have not included questions about the awareness of different pass media, only questions about what types of fare media were used for travel.

While the revenue effect will be very minimal, staff recommends increasing pass prices to bring the discount levels in line with discounts at other area transit systems, as follows:

- **Increase 20-Ride Pass by \$4.00** (currently \$20/\$8) – Only SCT, Morro Bay Transit and SLO Transit offer a defined-number-of-rides pass. SLO Transit's is \$20 for a 16-ride pass; no discount senior/disabled category is offered. Morro Bay Transit's is \$15 for an 11-ride pass and \$7.50 for senior/disabled. In FY12-13, SCT riders using 20-ride passes accounted for 7,242 of 234,690 boardings, equating to 3% of total boardings. Of these 7,242 boardings, general public boardings topped discounted boardings 2-to-1. It would be reasonable to increase the cost of the passes to provide a smaller discount. Under a ~8% discount, the price would be **\$24.00/\$12.00**.
- **Increase 31-Day Pass by \$7.00 and \$3.50** (currently \$30/\$15) – On a yearly basis, SCT sells approximately 170 general public 31-Day Passes, 20 senior 31-Day Passes, and 90 disabled 31-Day Passes. In terms of use, the proportion of general public 31-Day Pass boardings worked out to 2.7% of FY12-13 ridership (6,339 out of 234,690), while discounted 31-Day Passes accounted for 2.8% (6,508 boardings). Interestingly, the average utilization per pass equates to 37 for general public in a 31-day period (or \$0.81/ride), and 72 for discounted pass users (\$0.21/ride).

Based on a typical 20 days of riding per month and two boardings per day (equating to one roundtrip), the current general public 31-Day Pass represents a 40% discount below the base fare and a 36.7% discount for senior/disabled riders. A more reasonable discount would be ~25%, or **\$37.00 for general public and \$18.50 for elderly/disabled**.

¹ Regional pass revenues are shared by RTA with other transit agencies based on proportional ride data collected from the GFI electronic fareboxes.

- **Consider a Semester Long Youth Pass** – To attract and retain adolescent riders, SCT could consider implementing a Student Semester pass for \$75. This would certainly be more convenient for some parents to purchase this new pass in lieu of having to purchasing up to seven 20-Ride Passes each semester. However, it is likely that many families in the Five Cities area find it more affordable to spend \$20 several times each semester instead of a one-time \$75 price. Many families might also find 20-Ride Passes more attractive when sharing among several children that only occasionally ride SCT buses.
- **Eliminate Free Transfers & Develop SCT Day Pass** – Paso Express, SLO Transit and SMAT currently provide fare-free transfers between local routes, but RTA does not. In most cases, fare-free transfers are offered in a single community with one primary transfer point. Given the oftentimes circuitous and “coverage” nature of SCT routes in the Five Cities area, a day pass in lieu of free transfers should be considered. Under this option, SCT would introduce a \$0.25 transfer fee, and would offer a new \$3.00 SCT Day Pass.

Other transit agencies in the region offer agency-specific day passes, including:

- Paso Express is \$3.00 (to be eliminated June 1 upon RTA consolidation)
- SLO Transit is \$3.00
- SMAT is \$3.00 for general public, \$2.50 for youth and \$2.00 for senior/disabled

It should be noted that the Regional Day Pass is \$5.00 and is good on all fixed routes in the county, but this may be too expensive for some local SCT riders. Based on three boardings per day and a 20% discount, the resulting SCT Daily Pass cost would be **\$3.00 for general public and \$1.50 for senior/disabled.**

- **Increase Ridership** – There is no magic bullet on how to improve ridership. One strategy that SCT and other agencies in the region have implemented is to offer fare-free promotions that introduce new users to transit. Other approaches to enticing new riders may include increased investment in advertising, promotion and outreach, or service planning focused on providing more direct routes for certain customer segments to attract new riders.

SCT’s long loops, with extended travel times for relatively short distances between Ramona Garden Park and connections at the Pismo Premium Outlets, for example, make it difficult to attract choice commuters who have greater time sensitivity. A direct shuttle between these areas may attract more riders, but would incur additional operating costs, as well.

- **Elimination of Fare Free Programs** – Annual cash fare losses from Summer Youth Ride Free and October Rideshare Month are estimated at \$3,700, with the net effect on FRR equating to less than 0.5%. These programs contribute significantly to SCT ridership at a very low cost. No other marketing effort has

demonstrated the kind of ridership increases that SCT achieves from these programs. By participating in these programs, SCT gets a wide range of promotional support and media coverage from the campaigns provided by Regional Rideshare. For these reasons, staff is recommending that SCT continue to participate in these programs, with a keen eye on modifying the programs to best achieve SCT goals.

COST SAVING OPPORTUNITIES

While revenues have a greater effect on FRR, cost-savings must also be considered. With the exception of administrative savings that would result from consolidation of service with RTA, SCT already operates very efficiently. This is good news, except that it offers limited opportunities to cut costs not directly related to service reductions. Several cost-saving options are presented in the table and ensuing discussions below; if all of these cost-saving approaches were to be implemented, it would improve the FRR by up to 1.3%

	Cost Reduction Opportunity	Range of savings	REDUCED OPERATING COSTS	FRR % contribution	Notes	Priority
1	Reduce Admin Costs by consolidating	Saves staff resources due to reduced Board & audit, and blended RTA farebox ratio	\$20,000	0.3%	Would require an up front investment in organization prior to recognizing savings.	MED
2	Potential Service Cuts					
a	Fewer weekday hours	Cut one hour of night OR morning service on weekdays: 3 routes x 1 hour x weekdays = 15x52 = 780 hours	\$50,700	0.9%	***every hour of reduction in service may incur lower overall ridership and less fare revenues. The net impact of less service may result in less farebox, off-setting the cost savings.	LOW
b	Fewer weekend hours	Cut one hour of night OR morning service on Weekends. 1 hour less on weekends would save about 300 hours.	\$19,500	0.3%	***every hour of reduction in service may incur lower overall ridership and less fare revenues. The net impact of less service may result in less farebox, off-setting the cost savings.	MED
****every hour of service reduced saves ~\$65 of operating costs.						
TOTAL for Likely cost savings with minimal customer impact			\$39,500	0.7%		
TOTAL for Likely cost savings if all of the above were implemented			\$70,200	1.3%		

Option 1: Consolidation with RTA – Staff made a rough estimate of the cost-savings that would occur by consolidating SCT fully into RTA, which equates to approximately \$20,000. That cost-savings figure is based on the anticipated reduction in staff time necessary to prepare for and conduct quarterly SCT Board meetings, as well as no longer needing to conduct a separate annual fiscal/compliance audit. However, there is not otherwise a substantial savings because SCT is currently operated relatively “close to the bone” today and there is not a lot of duplication that would be removed under consolidation. Nonetheless, the greatest benefit would be that the “blended” SCT and RTA farebox recovery ratio would be lower than 20%, since RTA’s service area also includes rural areas that only require a 10% FRR – so the penalty exposure for SCT services would be reduced.

Option 2: Service Reductions to Reduce Operating Costs – SCT currently offers hourly service in the Five Cities area seven days per week, with slightly shorter operating hours on weekends in comparison to weekday service. See the figure below that depicts SCT’s daily span of service.

SCT SERVICE HOURS			
<i>Hourly Service on All Routes</i>			
	Route 21	Route 23	Route 24
Weekdays <i>lunes-viernes</i>	6:29 AM - 7:24 PM	5:55 AM* - 7:21 PM	6:29 AM - 7:25 PM
Saturday <i>sábado</i>	7:29 AM - 7:24 PM	6:55 AM* - 7:21 PM	7:29 AM - 7:25 PM
Sunday <i>domingo</i>	7:29 AM - 6:24 PM	7:55 AM* - 6:21 PM	7:29 AM - 6:25 PM

NO service on Thanksgiving Day, Christmas Day and New Years Day.

SCT will operate Sunday service hours on Christmas Eve., New Years Eve., Memorial Day, Independence Day & Labor Day.

Below are some cost-reduction alternatives that should be considered:

- SCT could operate a lower weekday service level, for example, one hour less in the mornings and/or evenings. One hour less of service on weekdays would save approximately \$50,000 in costs on an annual basis. While ridership is typically low on these “tail ends” of the service day, staff does not recommend this option unless it becomes a necessity due to funding shortfalls because it has a cascading effect on those hours immediately adjacent. Weekday service hours were already reduced in 2010 and SCT service ends prior to the last two southbound RTA Route 10 trips that serve the Pismo Outlets. Specifically, the last pick-up from SCT Routes 21 and 24 at the Pismo Outlets at 7:00PM, while RTA currently operates southbound Route 10 service from San Luis Obispo that arrives at the Pismo Outlets at 8:00PM and 9:00PM.
- Reducing weekend service by one hour in the morning or in the evening would save approximately \$20,000 in costs per year.

- If service reductions become necessary in the future, staff will further evaluate individual trip utilization from ridership figures gathered by the GFI fareboxes and conduct customer surveys to make more focused recommendations.

ACCEPT FINANCIAL PENALTY

If the SCT PJA jurisdictions believe that maintaining status quo SCT services is an important community goal, the jurisdictions could merely plan on paying the Transportation Development Act (TDA) penalty every four years. In essence, SLOCOG would hold back the penalty amount from the annual TDA funding claim beginning in FY18-19, and the jurisdictions would need to identify non-TDA funds to make up the difference. Eligible funds could include city or county general funds, or donations from area businesses and/or citizens. This strategy would require considerable planning and outreach in order to assure that no last-minute service cuts would be necessary. Appendix 2 provides details on the potential financial penalty (\$75,130 in 2014 dollars) that would be incurred in the absence of making any changes.

Staff Recommendation

Accept report and provide direction to staff to bring back a Five Year Farebox Improvement Program with selected strategies for review and Board approval in July 2014. Recommendations for a phased approach could include the following proposals:

1. Focus on increasing advertising sales revenues (with Board's help) – immediate
2. Increase SCT 31-Day Pass price by \$7.00 general / \$3.50 discounted, and increase 20-Ride Pass price by \$4.00 (February 1, 2015)
3. Increase Cash Fare to \$1.40 general / \$0.70 discounted (August 1, 2015)
4. Eliminate transfers and create a \$3.00 SCT Day Pass (February 1, 2016).
5. Increase Cash Fare to \$1.50 general / \$0.75 discounted (August 1, 2017)
6. Night or Weekend Service reductions as needed to fill in any gaps (only after other strategies are implemented and evaluated first)
7. Consider Future Service Consolidation with RTA (Target TBD)

Appendix 1 Notes on Fare Elasticity of Demand

Before we get into the potential impacts of each strategy presented in the tables, it might be worthwhile to discuss how the impacts of fare changes were determined. As indicated in *TCRP Report 95: Transit Pricing and Fares, Traveler Response to Transportation System Changes*, the most common objective of transit pricing and fare changes is to increase revenues in response to actual or forecast increases in operating costs. An associated objective is to minimize the ridership loss usually involved in fare increases. Staff used the fare elasticity models developed in TCRP Report 95 (2004), as well as in APTA's *Fare Elasticity and Its Application to Forecasting Transit Demand* (August 1991), to estimate the potential impacts. In general, a fare elasticity of -0.3 indicates a 0.3 percent decrease in transit ridership in response to each 1 percent fare increase. The negative sign indicates that the effect (i.e., ridership change) operates in the opposite direction from the cause (i.e., fare pricing change).

Many planners over the past several decades used the 1968 Simpson-Curtain "rule of thumb" formula of -0.33 to forecast fare change impacts to ridership that was developed in 1968. However, the proliferation of computerized modeling beginning in the 1980s further refined the forecasted impacts, taking into account the area served, peak vs. non-peak services, trip purpose, frequency of service, and other service-related factors. Based on staff's review of the research literature, riders in small urban areas tend to have a more inelastic response to fare changes in comparison to larger urban areas (i.e., populations in excess of 1 million). As such, the literature suggests that an elasticity of -0.43 would be appropriate for the three pricing change strategies presented in the table.

As a strictly academic exercise, staff modeled a scenario whereby the average fare was doubled to determine if this strategy could help SCT achieve the 20% FRR. This exercise took the annual FY12-13 fare revenues (\$128,879) divided by the annual number of FY12-13 passenger boardings (234,690) and modeled the resulting change in average fare from \$0.55 to \$1.10. Using a fare elasticity of -0.43 , this resulted in a reduction of ridership to 174,200 and total farebox revenues of \$191,620 – an increase of \$62,540 in annual fare revenues. The reader will note that this amount still does not equal the anticipated FY16-17 penalty of \$86,900, and illustrates the diminishing returns of trying to raise fare levels to meet mandated FRR levels.

This same modeling exercise can also be used to forecast impacts of a general fare system increase of 10%, which would also include multi-ride/non-cash fare media such as 31-day passes, 20-ride punch passes, etc. Although not shown on the table, strategy would generate an additional \$7,850 in annual farebox revenues, while reducing annual ridership by approximately 10,220 passenger boardings. The exact change by fare type would need to be further analyzed if the Board wishes to pursue this strategy. It should be noted that the regional RTA passes would need to be left out of these assumptions, unless the RTA Board chooses to also pursue this strategy – so it is likely that some of the "local" SCT fare media would need to be increased greater than 10% in order to achieve the overall 10% mark.

SCT Transit Elasticity Analysis

Total FR Ridership
234,690

Total Fare Revenues
\$135,000

Elasticity Estimate

Existing Level
Future Level
Elasticity Measure
Existing Ridership
Future Ridership
Change in Ridership
Percent Change

	Fare Increase			Fare Increase			5% Avg Fare Increase	Fare Increase		
	GenPub	Eld/Dis	Total	GenPub	Eld/Dis	Total		GenPub	Eld/Dis	Total
Existing Level	\$1.25	\$0.60		\$1.25	\$0.60		\$0.58	\$1.25	\$0.60	
Future Level	\$1.40	\$0.70		\$1.50	\$0.75		\$0.61	\$1.50	\$0.85	
Elasticity Measure	-0.43	-0.43		-0.43	-0.43		-0.43	-0.43	-0.43	
Existing Ridership	65,630	18,820		65,630	18,820		234,690	10,750	3,080	
Future Ridership	62,510	17,610		60,680	17,100		229,660	9,940	2,650	
Change in Ridership	(3,120)	(1,210)	(4,330)	(4,950)	(1,720)	(6,670)	(5,030)	(810)	(430)	(1,240)
Percent Change	-4.8%	-6.4%	-5.4%	-7.5%	-9.1%	-8.6%	-2.1%	-7.5%	-14.0%	-9.8%
	New Rev	\$99,840		New Rev	\$103,850		New Rev	\$140,090	New Rev	\$17,160
	Old Rev	\$93,330		Old Rev	\$93,330		Old Rev	\$136,120	Old Rev	\$15,286
	Diff Rev.	\$6,510		Diff Rev.	\$10,520		Diff Rev.	\$3,970	Diff Rev.	\$1,875

Appendix 2 Information on 5-Year Budget and Service Plan

To first get a better understanding of the Farebox Recovery Ratio (FRR) challenge, staff has developed a “SCT 5-Year Budget Estimate.” **This table should only be used for illustrative purposes, since the table has not been discussed by the SCT Board nor has it been adopted by the SCT Board as a budgetary tool.** Again, staff developed this table merely to get a better understanding of the scope of the FFR problem and to help determine the financial penalty if SCT is unsuccessful in achieving the 20% FRR requirement. The table assumes the following:

1. Service levels (i.e., miles and hours of bus service) will remain the same as currently operated throughout the 5-year period.
2. Fare levels will remain the same as currently offered, and riders will continue to utilize the various fare media in the same proportions as they did in March 2014.
3. Although the FY13-14 budget only assumes \$122,000 in fare revenues, this 5-year estimate more aggressively assumes total fare revenues of \$135,000 in FY13-14 based on recent fare revenue trends.
4. Annual advertising revenues will be \$2,000 in FY14-15 through FY18-19.
5. Ridership will grow 2% annually, which will increase total annual fare revenues but will not require additional resources to meet that slightly increased demand.
6. Most operating expense line-items are assumed to increase 5% annually based on the FY13-14 budget. The following line-items used the an average of the previous three years’ expenses, and then those figures were inflated 5% annually thereafter:
 - a. Radio Expense
 - b. Office Expense/Miscellaneous
 - c. Marketing/Community Relations/Printing
 - d. Vehicle Maintenance
 - e. Sign Maintenance
7. SCT will be able to utilize FTA Section 5307 operating funds in the same proportion as today – representing roughly 45% of total operating costs, less fare revenues – throughout the 5-year period. TDA funds from the four SCT JPA jurisdictions will comprise the remainder of the operating revenues.
8. State Transit Assistance funds will increase 2% annually.
9. Avila Beach Trolley expenses have been deducted to give a “purer” estimate of SCT FRR requirements.

As indicated in the 5-Year Budget Estimate table, the FRR declines annually over time, from 14.4% in FY14-15 to 12.8% in FY18-19. The table also suggests the level of penalty (\$75,130) that SCT can expect to incur in FY18-19 in the absence of changes to the assumptions presented above. If all of the assumptions are carried further into the future, SCT would expect to incur another penalty – presumably larger than the one assumed in FY18-19 – in the next “penalty” year, which would be FY23-24.

SCT 5-Year Budget Estimate

3-Apr-14

Funding Sources		FY10-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
		Actual	Actual	Actual	Projected	Estimated	Estimated	Estimated	Estimated	Estimated
Operating Revenues										
1	Fares	\$132,743	\$137,512	\$128,879	\$135,000	\$135,000	\$137,700	\$140,450	\$143,260	\$146,130
	STA	-	107,177	141,346	102,878	104,940	107,040	109,180	111,360	113,590
	RTF - Preventative Maintenance	120,000	70,000	70,000	-	-	-	-	-	-
	Federal Transit Adm (FTA) 5307 Operating	-	-	-	400,000	420,000	441,000	463,050	486,200	510,510
	SLO County Avila Trolley	-	57,307	66,100	54,800	57,540	60,420	63,440	66,610	69,940
	Advertising and other income	-	5,722	1,576	1,800	2,000	2,000	2,000	2,000	2,000
	Total Non-TDA Funds	\$252,743	\$377,718	\$407,901	\$694,478	\$719,480	\$748,160	\$778,120	\$809,430	\$842,170
2	Local Transportation Funds	\$595,224	\$639,423	\$677,788	\$376,389	\$340,860	\$251,380	\$300,380	\$292,540	\$313,900
	Arroyo Grande	215,471	243,254	258,237	143,404	129,870	117,610	106,510	96,460	87,350
	Grover Beach	171,425	185,500	196,559	109,153	98,850	89,520	81,070	73,420	66,490
	Pismo Beach	111,902	107,936	114,546	63,610	57,610	52,170	47,250	42,790	38,750
	SLO County	96,426	102,733	108,446	60,222	54,540	49,390	44,730	40,510	36,690
3	Total Operating Revenues	\$847,967	\$1,017,141	\$1,085,689	\$1,070,867	\$1,060,340	\$999,540	\$1,078,500	\$1,101,970	\$1,156,070
Non-Operating Revenues										
4	Interest	\$1,671	\$1,534	\$1,315	\$1,700	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Prop 1B - Vehicle Replacement	-	-	-	1,252,856	-	-	-	-	-
	FTA 5307 + 5339	-	-	-	-	437,600	-	-	-	-
	Federal Transit Adm (FTA) 5339 Capital	-	-	-	-	-	-	-	-	-
5	Total Non-Operating Revenues	\$1,671	\$1,534	\$1,315	\$1,254,556	\$438,600	\$1,000	\$1,000	\$1,000	\$1,000
6	Total Resources	\$849,638	\$1,018,675	\$1,087,004	\$2,325,423	\$1,498,940	\$1,000,540	\$1,079,500	\$1,102,970	\$1,157,070
Use of Resources										
<u>Administrative Expenditures</u>										
7	Insurance	\$41,985	\$37,541	\$59,118	\$66,240	\$69,550	\$73,030	\$76,680	\$80,510	\$84,540
	Rent	18,097	21,232	21,460	23,460	24,630	25,860	27,150	28,510	29,940
	Utilities	3,758	6,481	6,915	7,880	8,270	8,680	9,110	9,570	10,050
	Radio Expense	1,647	680	-	900	810	850	890	930	980
	Legal Services	280	600	-	-	0	0	0	0	0
	Payroll Processing	2,961	3,473	3,473	3,700	3,890	4,080	4,280	4,490	4,710
	Administration	60,500	63,500	63,500	63,500	66,680	70,010	73,510	77,190	81,050
	Finance	12,100	14,000	14,000	14,000	14,700	15,440	16,210	17,020	17,870
	Office Expense/Miscellaneous	6,003	3,491	4,453	7,800	5,440	5,710	6,000	6,300	6,620
	Audit	2,585	3,850	2,770	2,780	2,920	3,070	3,220	3,380	3,550
	Marketing/Community Relations/Printing	5,722	14,685	11,493	16,000	11,980	12,580	13,210	13,870	14,560
Uniforms/Laundry/Physicals/Ads	4,016	2,024	6,545	6,600	6,930	7,280	7,640	8,020	8,420	
<u>Operating Expenditures</u>										
8	Salaries/Benefits	\$350,797	\$426,598	\$417,925	\$414,600	\$435,330	\$457,100	\$479,960	\$503,960	\$529,160
	Vehicle Maintenance	80,428	91,531	120,201	113,500	116,850	122,690	128,820	135,260	142,020
	Dispatch	17,976	20,000	18,500	18,500	19,430	20,400	21,420	22,490	23,610
	Sign Maintenance	1,675	1,242	-	-	730	770	810	850	890
	SCAT Bus Fuel	169,128	191,914	213,574	210,800	221,340	232,410	244,030	256,230	269,040
	Less: Trolley Expenses	-	(57,307)	(66,100)	(54,800)	(57,540)	(60,420)	(63,440)	(66,610)	(69,940)
9	Total Operating Expenditures	\$779,658	\$845,535	\$897,827	\$915,460	\$951,940	\$999,540	\$1,049,500	\$1,101,970	\$1,157,070
<u>Capital Expenditures</u>										
10	Support Vehicle	\$1,400	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0
	Computer Upgrade	-	-	852	-	-	1,000	-	1,000	-
	Vehicles	-	-	-	1,275,000	547,000	-	-	-	-
	Facility Improvements	-	5,298	-	7,000	-	-	5,000	-	-
	Vehicle Major Repairs	-	30,513	6,552	25,000	-	-	25,000	-	-
	Total Capital Expenditures	\$1,400	\$35,811	\$7,404	\$1,357,000	\$547,000	\$1,000	\$30,000	\$1,000	\$0
12	Total Use of Resources	\$781,058	\$881,346	\$905,231	\$2,272,460	\$1,498,940	\$1,000,540	\$1,079,500	\$1,102,970	\$1,157,070
TDA-Required Farebox Recovery Calculations (20% Required After FY12-13)										
13	Farebox Recovery Ratio	17.0%	16.9%	14.5%	14.9%	14.4%	14.0%	13.6%	13.2%	12.8%
	TDA Penalty	N/A	N/A	N/A	grace	3rd Year Grace	4th Year Grace	non-compliance	determination	\$75,130

SOUTH COUNTY AREA TRANSIT

April 23, 2014

STAFF REPORT

AGENDA ITEM: B-1

TOPIC: SCT Hourly Employee Pay Scale & Other Benefits

ACTION: Approve

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Adopt the new wage and benefits schedule for bus operators, utility workers and road supervisors found in attached Exhibits 1 through ___.

BACKGROUND/DISCUSSION:

This report focuses on revisions to the South County Transit hourly employee wage table to provide equity between SCT hourly wages and those of the Regional Transit Authority (RTA). The RTA wage scale was revised on March 1, 2014 to be in-line with those of other area transit providers, including SLO Transit and Santa Maria Area Transit. This report also presents recommendations regarding SCT employee benefits to bring them in line with the benefits provided to employees at other area transit agencies. All of the recommendations presented below are stated in FY14-15 dollars.

Staff proposes implementing the new pay scale and benefits in the first full payroll period after each employee's anniversary date, subject to an annual performance review. Staff would continue to monitor overtime and all other line-items included in the FY14-15 budget to ensure that SCT remains within the operating budget approved by the Board.

Staff Recommendation

Adopt the new wage and benefits schedule for bus operators, utility workers and road supervisors found in attached Exhibits 1 through ___.

SOUTH COUNTY AREA TRANSIT
April 23, 2014
STAFF REPORT

AGENDA ITEM: B-2

TOPIC: Fiscal Year 2014-15 Operating and Capital Budget

ACTION: Adopt

PRESENTED BY: Tania Arnold

**EXECUTIVE COMMITTEE
RECOMMENDATION:** Adopt

BACKGROUND

We are pleased to present the proposed South County Transit Fiscal Year 2014-15 Operating and Capital Budget. The operating budget is proposed at \$1,066,270 and the capital budget at \$658,050. The budget is balanced. Staff is presenting this budget plan based on several significant assumptions regarding the Local Transportation Fund (LTF) and the State Transit Assistance (STA) programs, which will be discussed in the Revenue section below.

The South County Transit (SCT) FY14-15 budget assumes the same levels of fixed route revenue service hours and miles that were budgeted in FY13-14. Staff will continue to evaluate service modifications during the year to improve efficiencies, and any such change would be brought back to the SCT Board for your consideration.

In summary, staff has done a tremendous job of holding the line on expenses. The delivery of three new Gillig low-floor buses in July and August 2013 helped reduce vehicle maintenance costs that had impacted the cost-effectiveness of the core SCT services in previous years. The major challenge during the next few years will be increasing the SCT farebox recovery ratio to 20 percent, which is now required due to the Arroyo Grande – Grover Beach Urbanized Area designation as a result of the 2010 Census. It should be noted that the County-contracted Beach Trolley service is presented in a separate column from the core SCT fixed-route services in the monthly farebox reports to assist decision-makers in monitoring the performance of core services.

Finally, due to the unrest in Eastern Europe, Northern Africa and the Middle East, fuel prices have continued to swing wildly over the past three years – although prices have stabilized somewhat over the last year. As such, staff budgeted fuel at a slightly lower cost per gallon in comparison to FY13-14, but we may need to adjust it if fuel prices rise significantly during the fiscal year. However, diesel-powered buses manufactured after 2009 also require the use of Diesel Exhaust Fluid to meet emissions requirements. DEF costs about \$0.50/gallon more than diesel fuel, and it is used at a roughly 5% ratio DEF

to diesel; its use is included in the fuel line-item, which is proposed \$4,100 higher in FY14-15 than was budgeted in FY13-14.

Revenue

There is good news on two revenue fronts as our revenue outlook has improved overall from this current fiscal year. Similar to FY13-14, the Arroyo Grande – Grover Beach urbanized area designation has resulted in SCT's access to Federal Transit Administration Section 5307 reimbursement funds for Federal Fiscal Year 2013-14 (October 1, 2013, through September 30, 2014). In total, the FY14-15 budget assumes that \$416,900 of FTA funds will be used for operating purposes, which will reduce the need for LTF from the SCT jurisdictions.

LTF funds are derived from the statewide ¼ percent sales tax, while STA is derived from the sales tax on diesel fuel. Countywide LTF is projected by SLOCOG to be roughly 10% higher in FY14-15 in comparison to FY13-14. However, STA funding is estimated to be down slightly, or roughly \$800 lower for SCT.

Based on the recent stabilization in ridership on SCT buses over the past year – after two years of significant year over year ridership increases – the FY14-15 budget does not assume that ridership increases will be solely responsible for rising fare revenues, as has been assumed in the past. Instead, to help SCT achieve the 20% farebox recovery ratio requirement by the FY17-18 determination year¹, staff is recommending that the SCT Board assume a 5% increase in annual fare revenues as part of the budget adoption. Staff would present a revised fare program in the coming months that would be implemented over the next four years, with the goal of implementing the first fare increase phase in February 2015.

Expenditures

SCT currently employs three full-time hourly Bus Operators, 16 part-time/casual hourly Bus Operators, one part-time hourly Utility Worker, and one part-time hourly Supervisor; one full-time salaried Supervisor is also employed. The proposed operating budget assumes a reasonable increase in wage rates for hourly SCT employees to bring wage rates in line with other transit programs in the region (RTA, SLO Transit and Santa Maria Area Transit) and to permit increases for employees whose wages were capped under the previous wage scale. No other changes to the mix of full-time and part-time employees are assumed in FY14-15.

With regard to County-contracted Beach Trolley service in the Pismo Beach and Avila Beach areas, staff is proposing to continue the four days per week service during the peak months. This service model seems to provide a good balance between providing high-quality services during peak tourism periods and in providing necessary linkages between the communities for residents. In the past, low-levels of service were provided year-round and the result was very low ridership during the non-peak months.

¹ TDA law requires transit providers in newly-designated urbanized areas to achieve a 20% farebox recovery ratio by the fifth full year of transit service. Failure to achieve it in the determination year (FY17-18) would result in a financial penalty that would be assessed in the "penalty year" (FY18-19).

The budget assumes the purchase of one replacement Gillig low-floor bus that will be delivered in March 2015. As such, SCT will experience another “vacation” from maintenance repairs that it realized after the delivery of the three new buses that occurred in summer 2013. However, the warranty on those three 2013 buses will expire in summer 2014. The net effect is that staff has projected FY14-15 maintenance costs to decrease from the FY13-14 adopted budget by almost \$5,000. Nonetheless, staff is satisfied with the reliability and cost-effectiveness of these new buses in comparison to the 2003 buses that are being replaced.

During the June 2013 Administrator’s report, staff committed to comparing current insurance provider costs with those of competing insurers as part of the FY14-15 budget development process. After reviewing the California Transit Indemnity Pool (CalTIP) rates for bodily injury, property damage, personal liability, employment practices, and public officials errors and omissions policies, as well as California State Association of Counties Excess Insurance Authority (CSAC-EIA) rates for worker’s compensation coverage, with brokers of these services, staff has concluded that although there are significant increases, the CalTIP and CSAC-EIA policies offer the best economic and risk management service value in today’s market. The costs for liability and worker’s compensation coverage will increase by almost \$30,000 in FY14-15 in comparison to budgeted FY13-14 costs.

There is a minimal increase in the RTA support line-items under Administration and Finance to keep in line with cost of living. Similar to FY13-14, the FY14-15 budget assumes that the increased need for FTA grant oversight in the Arroyo Grande – Grover Beach urbanized area will be covered largely by FTA funds. Staff has presented a summary of RTA’s time and resources dedicated to SCT as part of the April 2, 2014 Administrator’s Report, and we will continue to monitor these resources to ensure SCT receives strong value from RTA.

Capital Budget

As mentioned above, the FY14-15 budget assumes the purchase of one replacement bus during the fiscal year – although it was carried over from the FY13-14 capital budget due to the long lead-time necessary to purchase a bus. This project and the ITS project for all the new vehicles are being funded fully with FTA Section 5307 funds, with LTF funds comprising the 20% local match.

Two other capital projects have been carried over from FY13-14 to FY14-15: the purchase of two staff support vehicles, and a bus stop improvement program. Both of those projects were assumed to be funded using new FTA Section 5307 and 5339 Capital Program funds. However, delays by Caltrans in implementing the new 5339 funding program required the projects (one of the support vehicles and the bus stop improvements) to be carried over.

Budget Notes

Staff has segregated the revised budget document into sections, so that each section can be explained in relation to the total budget. The paragraph numbers below relate to the boxed numbers in the first column of the budget page (Attachment B-1-5).

1. ESTIMATED FUND BALANCE – This amount includes carryover funds and general reserves. This amount represents the fund balance available according to the June 30, 2013 audited results, plus projected revenues for the fiscal year ending June 30, 2014, less projected expenses for the fiscal year ending June 30, 2014. The resulting amount is the projected fund balance, which will be available on July 1, 2015.
2. REQUIRED RESERVES – In FY06-07, the SCT Board approved a new reserve policy, in accordance with TDA requirements, that maintains an operating reserve equivalent to one quarter of net annual operating expenses. Equipment replacement reserves are funds that have been generated through budget savings in FY11-12 through FY13-14. A policy for addressing this reserve account moving forward is included in this agenda.
3. FUND BALANCE AVAILABLE – This is the fund balance or reserves used in the current year budget to fund operating and capital expenditures.
4. TOTAL NON-LTF FUNDS – This section details all the sources of operating revenue by type, except LTF. Included are fares, and federal, state and local sources.
5. LOCAL TRANSPORTATION FUNDS – This is the total amount of LTF required to balance the budget. A population-based formula is used to distribute the amount among the four SCT JPA members. This formula applies to all SCT services. It is not tied to any one route or any one type of service.
6. TOTAL OPERATING REVENUES – This is the total of LTF and Non-LTF funds, excluding reserves.
7. TOTAL NON-OPERATING RESOURCES – This is the total of Capital Funds, Interest Revenue and other contributions.
8. TOTAL RESOURCES – This is the total of all funding sources, including reserves. It equals the Total Use of Resources proposed in the budget.
9. TOTAL OPERATING EXPENDITURES – This is the total of operating expenditures as detailed in the budget.
10. TOTAL USE OF RESOURCES – This is the total of all funding uses and equals the amount of funding sources.

Staff Recommendation

Adopt the Fiscal Year 2014-15 Budget as presented by staff.

**SOUTH COUNTY TRANSIT
2014-15 Proposed Budget**

	FY 12/13 Actual	FY 13/14 Adopted	FY 13/14 Projected	FY 14/15 Proposed Operating	FY 14/15 Proposed Capital	Net Increase (Decrease)
Funding Sources						
	\$ 351,065	\$ 380,750	\$ 455,676	\$ 199,378	\$ 370,283	\$ 113,984
1	Estimated Fund Balance	\$ 351,065	\$ 380,750	\$ 455,676	\$ 370,283	\$ 113,984
2	Less Required Reserves:					
	TDA Required Operating Reserve	\$ 209,347	\$ 204,086	\$ 175,740	\$ -	\$ 23,637
	Equipment Replacement Reserve	82,219	103,599	257,158	308,998	51,840
	Total Reserves	\$ 291,566	\$ 307,685	\$ 432,898	\$ 308,998	\$ 75,477
3	Fund Balance Available (Required)	\$ 59,499	\$ 73,065	\$ 22,778	\$ 61,285	\$ 38,507
<u>Operating Revenues</u>						
	Fares	\$ 128,879	\$ 120,000	\$ 135,000	\$ -	\$ -
	STA	141,346	100,705	102,878	-	(805)
	RTF - Preventative Maintenance	70,000	-	-	-	-
	Federal Transit Adm (FTA) 5307 Operating	-	400,000	400,000	-	19,100
	SLO County Avila Trolley	39,734	66,100	54,800	-	200
	Advertising and other income	1,576	-	-	-	-
4	Total Non-TDA Funds	\$ 381,535	\$ 686,805	\$ 692,678	\$ 711,173	\$ 305,270
5	Local Transportation Funds	\$ 677,788	\$ 376,388	\$ 376,388	\$ 353,397	\$ 108,622
	Arroyo Grande	258,237	143,404	143,404	135,351	41,602
	Grover Beach	196,559	109,153	109,153	102,839	31,609
	Pismo Beach	114,546	63,610	63,610	60,077	18,466
	SLO County	108,446	60,222	60,222	56,544	17,379
6	Total Operating Revenues	\$ 1,059,323	\$ 1,063,193	\$ 1,069,066	\$ 1,064,570	\$ 108,622
<u>Non-Operating Resources</u>						
	Interest	\$ 1,315	\$ 1,000	\$ 1,700	\$ 1,700	\$ -
	Prop 1B - Vehicle Replacement/ITS	-	1,275,000	1,252,856	-	22,144
	Federal Transit Adm (FTA) 5307 Capital	-	-	-	-	411,600
	Federal Transit Adm (FTA) 5339 Capital	-	40,000	-	-	54,400
7	Total Non-Operating Resources	\$ 1,315	\$ 1,316,000	\$ 1,254,556	\$ 1,700	\$ 488,144
8	Total Resources	\$ 1,120,137	\$ 2,452,259	\$ 2,346,400	\$ 1,066,270	\$ (1,385,989)

**SOUTH COUNTY TRANSIT
2014-15 Proposed Budget**

	FY 12/13 Actual	FY 13/14 Adopted	FY 13/14 Projected	FY 14/15 Proposed Operating	FY 14/15 Proposed Capital	Net Increase (Decrease)
Use of Resources						
<u>Administrative Expenditures</u>						
Insurance						
Liability & Physical Damage	\$ 34,114	\$ 36,575	\$ 31,600	\$ 43,300	\$ -	\$ 6,725
Workers Compensation	24,364	27,245	34,000	50,000	-	22,755
Property Insurance	640	640	640	640	-	-
Rent	21,460	23,360	23,460	25,500	-	2,140
Utilities	6,915	7,250	7,880	8,050	-	800
Radio Expense	-	2,300	900	1,250	-	(1,050)
Legal Services	-	500	-	500	-	-
Payroll Processing	3,473	3,750	3,700	3,750	-	-
Administration	63,500	63,500	63,500	64,530	-	1,030
Finance	14,000	14,000	14,000	14,230	-	230
Office Expense/Miscellaneous	4,453	6,250	7,800	8,280	-	2,030
Audit	2,770	3,130	2,780	3,240	-	110
Marketing/Community Relations/Printing	11,493	16,000	16,000	16,000	-	-
Uniforms/Laundry/Physicals/Ads	6,545	5,750	6,600	7,600	-	1,850
<u>Operating Expenditures</u>						
Salaries/Benefits	\$ 417,925	\$ 428,539	\$ 414,600	\$ 445,000	\$ -	\$ 16,461
Maintenance	120,201	128,450	113,500	123,700	-	(4,750)
Dispatch	18,500	18,500	18,500	18,500	-	-
Sign Maintenance	-	3,000	-	3,000	-	-
SCAT Bus Fuel	213,574	210,104	210,800	214,200	-	4,096
Contingency	2,340	15,000	-	15,000	-	-
9 Total Operating Expenditures	\$ 966,267	\$ 1,013,844	\$ 970,260	\$ 1,066,270	\$ -	\$ 52,426
<u>Capital Service</u>						
Support Vehicle	\$ -	\$ 50,000	\$ -	\$ -	\$ 102,000	\$ 52,000
Computer Upgrade	852	-	1,000	-	700	700
Vehicles/ITS	-	1,275,000	1,252,856	-	493,850	(781,150)
Facility Improvements/Bus Stop Amenities	-	7,000	8,300	-	61,500	54,500
Ramona Garden Park Improvements	-	-	-	-	-	-
Large Vehicle Repairs	6,552	25,000	-	-	-	(25,000)
Total Capital Service	\$ 7,404	\$ 1,357,000	\$ 1,262,156	\$ -	\$ 658,050	\$ (1,357,000)
Increase Capital Reserves	\$ 146,466	\$ 81,415	\$ 113,984	\$ -	\$ -	\$ (81,415)
10 Total Use of Resources	\$ 1,120,137	\$ 2,452,259	\$ 2,346,400	\$ 1,066,270	\$ 658,050	\$ (1,385,989)

**SOUTH COUNTY TRANSIT
Five Year Capital Projection**

	FY 14/15 Proposed Capital	FY 15/16 Projected Capital	FY 16/17 Projected Capital	FY 17/18 Projected Capital	FY 18/19 Projected Capital
<u>Capital Service</u>					
Support Vehicle	\$ 102,000	\$ -	\$ -	\$ -	\$ -
Computer Upgrade	700	-	-	1,500	-
Vehicles/ITS	493,850	-	-	-	-
Facility Improvements/Bus Stop Amenities	61,500	41,350	43,410	43,090	47,860
Transit Centers Improvements	-	-	62,500	-	50,000
Large Vehicle Repairs	-	-	-	-	-
Total Capital Service	\$ 658,050	\$ 41,350	\$ 105,910	\$ 44,590	\$ 97,860
Increase Capital Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
10 Total Use of Resources	\$ 658,050	\$ 41,350	\$ 105,910	\$ 44,590	\$ 97,860

**SOUTH COUNTY TRANSIT
2014-2015 Proposed Budget
By Route**

	Route 21	Route 23	Route 24	Route 25	Avila Trolley
<u>Administrative Expenditures</u>					
Insurance					
Liability & Physical Damage	\$ 12,640	\$ 14,990	\$ 12,850	\$ 700	\$ 2,120
Workers Compensation	14,590	17,310	14,840	810	2,450
Property Insurance	190	220	190	10	30
Rent	7,770	8,070	7,900	430	1,320
Utilities	2,450	2,550	2,500	140	420
Radio Expense	380	400	390	20	60
Legal Services	150	160	150	10	30
Payroll Processing	1,140	1,190	1,160	60	190
Administration	19,660	20,430	20,000	1,090	3,350
Finance	4,330	4,510	4,410	240	740
Office Expense/Miscellaneous	2,520	2,620	2,570	140	430
Audit	990	1,030	1,000	50	170
Marketing/Community Relations/Printing	4,870	5,070	4,960	270	830
Uniforms/Laundry/Physicals/Ads	2,320	2,410	2,360	130	390
<u>Operating Expenditures</u>					
Salaries/Benefits	\$ 137,560	\$ 136,210	\$ 140,020	\$ 7,650	\$ 23,550
Maintenance	38,240	37,860	38,920	2,130	6,550
Dispatch	5,720	5,660	5,820	320	980
Sign Maintenance	930	920	940	50	160
SCAT Bus Fuel	62,520	74,170	63,560	3,450	10,490
Contingency	4,640	4,590	4,720	260	790
9 Total Operating Expenditures	\$ 323,610	\$ 340,370	\$ 329,260	\$ 17,960	\$ 55,050
<u>Capital Service</u>					
Support Vehicle	\$ 33,290	\$ 32,970	\$ 33,890	\$ 1,850	\$ -
Computer Upgrade	230	230	230	10	-
Vehicles/ITS	161,190	159,610	164,080	8,970	-
Facility Improvements/Bus Stop Amenities	20,070	19,880	20,430	1,120	-
Ramona Garden Park Improvements	-	-	-	-	-
Total Capital Service	\$ 214,780	\$ 212,690	\$ 218,630	\$ 11,950	\$ -
Increase Capital Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
10 Total Use of Resources	\$ 538,390	\$ 553,060	\$ 547,890	\$ 29,910	\$ 55,050

SOUTH COUNTY AREA TRANSIT
April 23, 2014
STAFF REPORT

AGENDA ITEM: B-3

TOPIC: 2014 Summer Youth Ride Free Program –
Reduced Period (June 15 to August 15)

PRESENTED BY: Geoff Straw, SCT Administrator

STAFF RECOMMENDATION: Review and Adopt Staff Recommendation

BACKGROUND/DISCUSSION: Direction is needed from the Board to continue SCT's participation in the countywide Summer Youth Ride Free program for a third year. All other transit agencies operating fixed route services in the county have already agreed to participate in the 2014 program that will run a shorter time period, from June 15 through August 15th, 2014.

In the previous two years, the free rides lasted three full months, from June 1 through August 31st, and unintentionally provided fare-free service for school trips. The new shorter program period will avoid this lost fare revenue from an already existing base of ridership.

Benefits of extending the summer free ride program to K-12 youth have proven to be the following:

1. Easy to communicate.
2. Increased youth ridership: 84,000 Summer Youth Free Rides in the County in summer 2013 – a 31% increase from the same program in summer 2012. RTA carried 39,058 riders, while SCT carried just over 20,000.
3. Gets youth to try using transit and it instills an ethic of using transit in the future.
4. Increase access to get kids places (and reduce parent taxiing).
5. More free press opportunities than the previous Summer Break Pass Program. The current program received coverage on KSBY, several newspapers including the Tribune, Paso Press, and the Bay News in Summer 2013. See Attachment 1 for examples of press coverage.
6. Compared to the previous Summer Break Pass (SBP) Program where parents or students had to purchase special passes at specific sales locations, this program requires significantly less administrative resources. Despite spending all pass

sales proceeds on advertising and promotional materials by Regional Rideshare, only 428 SBP passes were sold throughout the county and overall ridership for the SBP program was between a quarter to one-third of the ridership for the first year of Summer Youth Ride Free. Moreover, SCT had the highest ridership for the SBP program in 2011 and yet it received no revenue from the program. Anecdotally, we have learned that some of the summer youth programs would buy the passes and then reuse them for different programs throughout the summer.

Disadvantages include:

1. Small loss of cash fare revenue. For estimation, if 10% of South County's regular summer riders were youth paying regular fares, the agency would be losing 10% of approximately \$11,000 in monthly farebox revenue to "free riders" (approximately \$1,100 per month). Total cash fare loss for two months is \$2,200.
2. Increased passenger loads on some trips that are already busy can degrade the riding experience for non-youth riders (unlike most RTA routes, SCT has busy summer ridership during peak tourist season).
3. Increased usage by summer youth programs with large groups of kids in a single group overloaded some buses.

Staff recommends that SCT require YMCA and other youth groups to pay when more than ten youth traveling together (plus two adult chaperones). SLO Transit already does this. See Attachment 2 for a Group Policy document jointly developed by Regional Rideshare and county transit agencies. Unlike Staff's recommendation for SCT, staff does not recommend that RTA charges for more than ten riding together. In addition to already higher overall farebox revenue, RTA has larger buses with more capacity and generally lower summer demand than SCT.

For ease of boarding, and budget and cash control issues, organizers for groups such as YMCA camps may pre-purchase 20-Ride passes on SCT. Currently these passes cost \$20 for \$20 rides (\$1.00 per ride, a \$0.25 discount over the cash fare of \$1.25). Staff recommends offering a one-time only special reduced rate to the YMCA for these passes of \$15 per 20-ride card; those special cards would clearly denote an August 15 expiration date.

It should also be noted that according to management staff from the YMCA Summer Programs, the camps plan to spend fewer "traveling days" in summer of 2014, especially those that would ride SCT buses.

Staff Recommendation

SCT should continue to participate in this popular program with proven ridership results and educational benefits for a third summer, offering a reduced travel period and group policy requiring payment for more than ten youth traveling together.

Staff will continue to track the response to the program by measuring:

1. Ridership is already tracked using a specific farebox key. Staff will work to differentiate between group rider counts and individual youth riders.
2. Free press generated by the program.
3. Customer feedback from youth and families taking advantage of the program (face-to-face interviews, Facebook and social media programs, texts, etc.).



FOR IMMEDIATE RELEASE

Rideshare's Youth Ride Free Program Breaks Records

All transit providers in SLO County report record ridership from Youth Ride Free Program for Summer 2013

San Luis Obispo, Calif. – October 2, 2013 – Once again local transit operators welcomed aboard all K-12 youth to ride the bus for free between June 1 and August 31 – and they listened! Rideshare is happy to announce that this year's Youth Ride Free promotion saw an increase of 31% across all transit providers with approximately 28,000 youth riders per month.

In an effort to increase future adult transit ridership, all SLO County transit providers, including RTA, SCT, SLO Transit, Paso Express, North County Transit and Morro Bay Transit, participated in the countywide Youth Ride Free initiative. The goal is to educate the youth of our county on the benefits and ease of use that fixed route transit provides.

"We have a very robust and easy to use fixed route transit system in our county," said Stephanie Hicks, Program Manager for SLO Regional Rideshare. "By starting the education process with the youth of our county we are hoping to create a comfort level with public transportation that these kids can take with them anywhere in the world."

A new Group Policy was implemented this year that included onsite trainings by Rideshare to countywide youth organizations that used the bus as part of their summer activities. This includes camp counselor trainings and camper trainings at SLO Parks & Rec, County YMCA programs and North County Big Brothers/Big Sisters.

"Without this type of program we wouldn't be able to transport our campers on as many fun and exciting trips around the county," said Alicia Seibel, Community Program Director for San Luis Obispo County YMCA. "We are so happy to have the training that goes along with this program so that we can be sure the kids aren't just filing on and off the bus but are really learning how to utilize public transportation and to be a good transit rider."

Parents will also benefit from Youth Ride Free by saving money on gas and creating less wear and tear on their car. The program increases awareness of other public transit benefits, too, like reducing traffic congestion and contributing to a more sustainable planet and lifestyle. Youth Ride Free is a joint effort of SLO Regional Rideshare and participating SLO County transit operators to encourage a lifetime of healthy commuting habits.

Regular fares applied to all Runabout, Ride-on and Dial-A-Ride services.

About San Luis Obispo Regional Rideshare

SLO Regional Rideshare is dedicated to reducing the number of single occupant vehicles on San Luis Obispo County's roads and highways, helping commuter save money on gas, and making it easier to get to work or school. A division of the San Luis Obispo Council of Governments, SLO Regional Rideshare provides programs for commuters, employers, youth, seniors and visitors. For more information about SLO Regional Rideshare, visit <http://www.rideshare.org/>.

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Attachment 2 – Summer Youth Ride Free Group Policy



Youth Ride Free Summer Camp Group Policy June 15th – August 15th 2014

Overview:

The goal of Rideshare's annual Youth Ride Free program is to give youth 18 and under a positive exposure to transit services. The first year proved to be an innovative way to attract NEW riders with 67,000 rides. 2013 showed continued growth, approximately 84,000 rides, with the inclusion of a Summer Camp Group Policy. The Group Policy creates communication between operators and youth programs to allow buses to successfully accommodate all riders' needs. This creates a positive experience for all riders while fostering the Youth Ride Free program. The Group Policy provides solutions to:

- Slow boarding times (causing delayed trips and difficulty to meet important transfer points)
- Overcrowding and standees on the buses
- Lack of seating for all riders and occasional inability to accommodate all riders
- Additional noise and crowding, leading to some customer complaints

The Group Policy is designed to address these issues by specifying group sizes and educating participants in behavior etiquette. Rideshare, with support from all county transit operators, will train groups from YMCA, Big Brothers, Big Sisters Clubs, City Recreation Departments, church groups and other summer programs with the goal of all users having an enjoyable, safe experience participating in Youth Ride Free.

Group Size: A "group" is defined as **ten or more** passengers traveling together from one origin to one destination. Please note that attempts to get around group sizes by boarding at 2 different stops will not be accepted. Transit carriers will accept up to a **maximum group size of 15 kids** (+ up to 2 chaperones).

Advance Notice: To ease communication and manage passenger loads. We ask that groups traveling together give notice in these ways:

- Summer Camps provide transportation plans to Rideshare by **4/16/14** in writing. Plans must include origin, destination, travel times, transit operator to be used and size range of group traveling.
- Contact the transit operator(s) they wish to use **5 days** in advance.
- Call the operator you would like to use **1 hour** prior to boarding the bus.

Contact information for all operators:

- RTA and SCT 541-2228
- SLO Transit 541-2877
- Morro Bay Transit 772-2744

Attachment 2 – Summer Youth Ride Free Group Policy

Training: Rideshare and countywide transit providers ask youth groups using the Youth Ride Free program to schedule two travel/trip planning trainings – one for their staff and another for youth program participants to ensure successful participation in the program. Training will cover key actions:

- a. *Bus etiquette* such as letting seniors have a seat if there are standees, how to signal a bus when waiting at a stop, how to use fare media, boarding and exiting, how to ask the driver destination questions, etc.
- b. Learn about existing *pass prices* and cash costs.

Contact Angela Nelson, Program Coordinator for Rideshare with questions and travel plans at 781-1385 or anelson@rideshare.org.

SOUTH COUNTY TRANSIT

April 23, 2014

STAFF REPORT

AGENDA ITEM: B-4

TOPIC: SCT Reserve Funds Policy

ACTION: Adopt Policy

PRESENTED BY: Geoff Straw, SCT Administrator

STAFF RECOMMENDATION: Adopt New SCT Reserve Funds Policy

BACKGROUND/DISCUSSION:

This staff report presents a recommended SCT Reserve Funds Policy and its various components. This policy will provide direction to staff when developing annual budgets and, more importantly, to guide decisions when either funding shortfalls or windfalls result in relatively large deviations from projections.

After presenting a reserve fund “white paper” at the January 15th SCT Board meeting and considering input from the public and from Board members, staff forwarded the document to of each jurisdiction’s Finance Manager. Based on all input received, staff is recommending that two distinct reserved funds be established and maintained:

1. Cash Flow Reserve Fund, and
2. Capital Projects Reserve Fund

It should be noted that the policy does not include a separate Operating Reserve Fund, as was discussed in previous draft documents. Instead, should SCT encounter an operating fund shortfall in the future, SCT would appeal to SLOCOG to access its regional LTF reserve account which is set annually by the SLOCOG Board. SLOCOG’s LTF reserve account is intended to assist any jurisdiction in the county with a transportation-related emergency funding shortfall.

As explained in the attached recommended policy document, each reserve fund balance should be reviewed annually during the budget development process to reflect the most recent financial information available. The allocations budgeted for each of these reserve funds would be included in the annual budget and the proposed use of any reserves would be accompanied, when feasible, with a plan for replenishment within a reasonable period of time.

Staff Recommendation

Adopt the SCT Reserve Funds Policy.

SOUTH COUNTY TRANSIT

SCT RESERVE POLICY

Effective April 23, 2014

This policy provides direction to staff on two reserve funds that should be addressed when developing annual budgets. More importantly this policy will guide SCT on decisions when either funding shortfalls or windfalls result in relatively large deviations from budget projections.

An important consideration of this policy is how the two different reserve funds presented below should be used. The Cash Flow Reserve Fund is self-explanatory; it is intended to be used to fund those projects and programs authorized in the annual budget. However, this policy assumes staff will follow existing procurement and other administrative policies/procedures when using the Capital Projects Reserve Fund. For example, SCT staff must obtain Board approval prior to contracting to purchase a replacement bus – and part of that approval process includes staff’s recommendation on how the replacement bus would be funded. In this example, staff would identify FTA participation of 80% and use of the Capital Projects Reserve Fund to cover the remaining 20%.

This policy also assumes that an emergency operating funding shortfall may require petition to access SLOCOG’s LTF Reserve account. The SLOCOG LTF Reserve account is developed annually by staff and is adopted by the SLOCOG Board. It is intended to assist SLOCOG jurisdictions when faced with a transportation-related emergency that requires additional financial assistance.

Another important consideration is the intended limits on flexibility of moving funds from one reserve to another. It is understood that the SCT Administrator can authorize the use of up to \$10,000 from either of the two reserve funds for another SCT intended purpose, as long as that use is expressly reported by the Administrator at the next regularly-scheduled SCT Board meeting. Any single use of a reserve fund requiring greater than \$10,000 will require prior authorization in writing (electronic messages permitted) from the SCT Board Chairperson, as well as a report to the SCT Board at its next regularly scheduled meeting. Any projected use of a reserve fund that represents greater than 25% of the fund balance will require staff to develop a written action plan to replenish the fund and/or to reduce service levels to bring expenses back in-line with projected revenues.

Cash Flow Reserve Fund

SCT will maintain a Cash Flow Reserve representing 25% of annual budgeted net operating costs. Budgeted net operating costs are defined as budgeted total operating costs less budgeted fare revenues. The Cash Flow Reserve Fund is necessary because of two facts:

1. Transportation Development Act funds are disbursed quarterly, and those funds are provided by SLOCOG to SCT at the end of each quarter, and

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2. FTA funds are provided on a reimbursement basis only.

The primary funding source for the Cash Flow Reserve Fund is the statewide Transportation Development Act (TDA) program, which is comprised of two components:

1. The Local Transportation Fund, which is derived from a $\frac{1}{4}$ percent of the general sales tax collected statewide. LTF is collected by the California State Board of Equalization, and distributed to each county based on sales receipts. Each county then distributes LTF to jurisdictions according to population.
2. The State Transit Assistance fund, which is derived from the statewide sales tax on diesel fuel. The STA funds are appropriated by the Legislature to the State Controller's Office. That Office then allocates the tax revenue, by formula, to planning agencies and other selected agencies. State statute requires that 50% of STA funds be allocated according to population and 50% be allocated according to operator revenues from the prior fiscal year.

In practice, SCT has funded a "Cash Flow Requirements Per TDA" amount equal to 25 of the net operating cost for the past several years. The unused amount from the prior fiscal year is carried over to the next fiscal year. SCT staff will present the proportional use of TDA for each jurisdiction in the annual budget document.

Capital Projects Reserve Fund

SCT will establish and maintain a Capital Projects Reserve Fund that is based on 20% of the five-year annual average capital projects cost. This 20% amount represents the typical local match required for Federal Transit Administration funded capital projects. If there is a significant future change in Federal funding, the Capital Projects Reserve Fund policy would need to be reconsidered.

SCT staff will provide a five-year Capital Improvement Program as part of the annual budget-making process. This CIP will identify those smaller projects that assume 100% local funding, as well as those larger projects that assume 80% FTA participation.

In order to minimize the financial impact of establishing this new formal Capital Projects Reserve Fund, staff will present a three-year plan to attain the required amount as part of the FY14-15 budget. Once the Capital Projects Reserve Fund is fully established, staff will adjust it annually as part of the budget-making process.

SOUTH COUNTY TRANSIT
April 23, 2014
STAFF REPORT

AGENDA ITEM: B-5

TOPIC: New South County Transit Logo

ACTION: Commission a New SCT Logo

PRESENTED BY: Geoff Straw, SCT Administrator

STAFF RECOMMENDATION: Procure Services to Develop a New SCT Logo

BACKGROUND/DISCUSSION:

At its April 2013 meeting, the Board shortened its moniker from “South County Area Transit” to “South County Transit.” The Board directed staff to only begin using the new name on SCT items as replacement of equipment and materials was necessary; it was decided that a full-fledge rebranding effort would not be necessary. The first instance of using the new name was on the three new buses delivered in summer 2013 (shown below), followed by the new SCT map/schedule that was published on July 28, 2013.



Staff submitted an FTA Section 5339 grant proposal to replace the badly faded bus stop signs used throughout the SCT service area with new ones that would also meet ADA requirements. Two related pictures are presented below: the first one depicts a typical SCT bus stop sign, while the other shows the layout of a potential new sign. SLOCOG has recommended to Caltrans that the grant proposal be awarded, and staff is awaiting final grant execution documents that should occur in summer 2014. As part of this grant proposal, a new SCT logo would be developed and incorporated on the new signs.

A new range of logos was developed by staff/interns, which are presented on the attached page. In general, staff's intent in this preliminary design exercise was to

suggest a beach theme by using a wave as part of the logo. If this concept is agreeable to the Board, staff would procure the services of a graphic artist using a not-to-exceed \$2,500 contract. This amount can be accommodated in the FY13-14 budget Marketing / Community Relations / Printing line-item (the FY13-14 budget is \$16,000, and only \$3,464 has been spent through February 28, 2014 with another \$4,145 committed for Google Transit and schedule printing).

Staff Recommendation

Staff recommends that the Board accept the concept of a beach-themed logo, which would be refined further using a professional graphic artist. The final selection of a logo would be adopted by the Board at a future meeting.

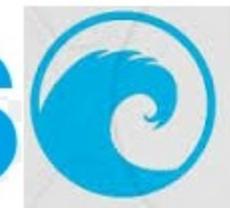




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SOUTH COUNTY TRANSIT
April 23, 2014
STAFF REPORT

AGENDA ITEM: B-6

TOPIC: TDA Triennial Performance Audit

ACTION: Review and accept the FY 2010-13 Triennial Performance Audit

PRESENTED BY: Geoff Straw, SCT Administrator

STAFF RECOMMENDATION: Review and accept the FY 2010-13 Triennial Performance Audit

BACKGROUND/DISCUSSION:

The Triennial Performance Audit is a requirement for the continued receipt of the State Transportation Development Act (TDA) fund for public transit under the California Public Utilities Code. The performance audit was administered by SLOCOG and conducted by Nelson/Nygaard Consulting Associates. The performance audit was conducted for Fiscal Years 2010-13.

A TDA Triennial Performance Audit is intended to:

- Determine compliance with regulatory requirements.
- Assess progress to implement prior performance audit recommendations.
- Verify performance indicators and validate data used to calculate indicators.
- Evaluate the effectiveness and efficiency of agency functions

Staff has reviewed the draft audit report and has provided comments to the consultant that are focused primarily on technical corrections, with the exception of those items that are detailed below. In summary, the consultant found that SCT met all requirements for technical compliance with TDA definitions.

A series of findings are presented in the draft report, along with the recommendations presented below:

1. **Adopt and report on Key Performance Indicators (KPIs) on a routine basis.**
Staff's Response: Staff agrees with this recommendation; this is largely a carryover recommendation from the prior TDA Triennial Performance Audit. Staff is currently developing a Strategic Business Plan that is similar to the one used by RTA. That Plan will be brought to the SCT Board of Directors during FY14-15 for consideration to adopt and implement.

2. **Update and implement the RTA/SCT Marketing Plan and improve opportunities for local participation.**

Staff's Response: Staff agrees with this recommendation; this is largely a carryover recommendation from the prior TDA Triennial Performance Audit and also essentially reiterates recommendations made in the 2011 South County Transit Plan. Staff also agrees that further branding efforts are important (including development of a distinctive SCT logo), and the performance measurement recommendations will be addressed as part of the KPI effort discussed in #1 above.

3. **Create a standalone website for SCT that is separate from the RTA site.**

Staff's Response: Staff partially agrees with this recommendation. Staff agrees that a standalone SCT website would help differentiate it from RTA's. However, staff would suggest that a more appropriate implementation timeline would be to begin this process in FY15-16 (instead of FY14-15, due to recent RTA staff changes and the lack of funding for this effort in the draft FY14-15 budget).

4. **Revisit the original JPA Agreement between the member agencies.**

Staff's Response: Staff partially agrees with this recommendation. While staff agrees with the consultant's recommendation that the JPA should be updated to reflect demographic, FTA funding eligibility and service changes that have recently been implemented by SCT, we do not agree that recommendations on the Beach Trolley service should be addressed in SCT's TDA Triennial Performance Audit report. Instead, staff believes that since the SLO County-funded Beach Trolley service is currently contracted to SCT (acting merely as the operator of the service), funding and institutional decisions about Beach Trolley services should remain under the purview of SLO County and any recommendations for Beach Trolley changes should be included in the forthcoming RTA Triennial Performance Audit report. In short, the SCT Board should not be expected to make operational or funding decisions on a service that is not under its purview.

5. **Review the amount of time RTA staff devotes to SCT service and revisit the agreement between SCT and RTA for financial and administrative services to ensure it is fair and accurate.**

Staff's Response: Staff agrees with this recommendation. RTA recently replaced its employee time-management/payroll system, and the new on-line system will permit a more robust method of assigning hours worked by each administrative employee among the four transit agencies that RTA manages – RTA fixed-route/Runabout, SLO County services, SCT fixed-route services, and recently the North County services. Staff will report out this information during FY14-15 in preparation for FY15-16 budget development.

6. **Review the SCT fare structure and fare policies to meet the increased 20% farebox recovery ratio requirement.**

Staff's Response: *Staff agrees with this recommendation. Staff will present some strategies to increase the SCT farebox recovery ratio to the SCT Board at its April 23rd meeting. The issue of consolidation of SCT into RTA is discussed in that staff report; as presented, there is relatively little to be gained in terms of cost-savings by consolidating, since SCT already operates "lean" and there is not a significant amount of duplication that would be eliminated. The greatest benefit would likely be a reduced/blended FRR that consolidation would offer. Nonetheless, staff is willing to continue to evaluate this consolidation scenario.*

It is likely that there will be revisions to this draft Triennial Performance Audit report, and the final draft report will incorporate suggested changes provided by SCT. However, given the short timeframe for completing the contract, SLOCOG staff expects to present the final draft report at the June 4th SLOCOG Board meeting. SCT staff will continue to review the interim draft report and provide final comments prior to SLOCOG's May 16th deadline. The final draft report will be available for review on the SLOCOG website on or around May 28th.

Staff Recommendation

Staff recommends that the Board review and accept the SCT Fiscal Year 2010-13 TDA Triennial Performance Audit report.

1 MAJOR FINDINGS AND RECOMMENDATIONS

This chapter presents the major audit findings and recommendations for the SCT's transit program.

MAJOR FINDINGS

- SCT met the majority of its adopted service standards during FY 2011/12 and FY 2012/13, with several exceptions:
 - The farebox recovery ratio for fixed route service and for the system as a whole did not meet SCT's 15% target set by the 2011 *South County Transit Plan* (soon to be increased to 20% with the Census urbanized area designation).
 - The system efficiency did not meet the target of increasing at a slower pace than the local consumer price index (CPI) each year. This was due to increased fuel costs and an upward adjustment to the wage scale in FY 2011/12.
 - Performance data was not available for several standards, including on-time performance, passenger injuries, bus and shelter cleaning, and passenger amenities.
- SCT met all requirements for technical compliance with TDA definitions.
- At the final SCT Board meeting in the audit period, in June 2013, the SCT Board authorized staff to change the name on vehicles from South County Area Transit (SCAT) to South County Transit (SCT). The name change was formalized late in the year, and the agency now uses a new logo that does not include the RTA logo. However, this change has not yet been fully implemented at passenger amenities, resulting in inconsistencies.
- Over the course of the four-year audit period, SCT implemented a number of changes to its fixed-route transit services:
 - As recommended in the most recent update to the 2011 *South County Transit Plan*, Route 23 was split into two routes—Routes 22 and 23—in January 2012.
 - In August 2009, evening service was reduced on all SCT weekday and weekend routes as a result of cuts in local and state funding due the global recession of 2008. It was presented to the Board as warranted in view of the low ridership volumes at night.
- In August 2009, general fixed route fares increased from \$1.00 to \$1.25.
- Four of the five vehicles in the SCT fixed route bus fleet during the audit period began operation in 2002, and were overdue for retirement by the end of the audit period. This led to increased maintenance needs and vehicle breakdowns, driving up costs and reducing service reliability. With new buses coming online in late 2013, shortly after the end of the current audit period, SCT will see a significant improvement in operating costs and reliability.

- Over the course of the four-year audit period, SCT implemented a number of changes to the Beach Trolley:
 - The Trolley winter service was discontinued in October 2011 due to budgetary constraints and low ridership.
 - Summer Trolley service was expanded beginning on May 28, 2012, adding Thursday and Friday service to the existing weekend service.
 - A special route to serve the Friday Night Fish N Farmer's Market was added to the Trolley, operating from April through the end of September. This version of the Beach Trolley route is shorter than the regular route and is meant to mitigate parking impacts near the Avila pier.
- Ridership on SCT fixed-route bus service reached a seven-year high in FY 2012/13, the last year of the audit period, as the economy recovered and gas prices began increasing again.
- While passenger productivity on fixed-route service decreased in the first two years of the audit period, it recovered and increased in the two most recent years, reaching a seven-year high in FY 2012/13. That year had the lowest number of service hours of the seven-year period as well as the highest number of boardings, which helped the system to achieve a high of 17.7 passengers per hour. Operating cost per revenue service hour increased in the last two years of the audit period, however, due to rising fuel prices and an upward adjustment to the wage scale in the 2011/12 fiscal year.
- Operating costs per service hour have increased in each of the last three fiscal years on the Beach Trolley, in part due to increases in fuel costs and operator wages. Passenger productivity on the Trolley has also increased, as ridership has grown in each of the past seven fiscal years even while total service hours have been reduced. This is in part due to the expansion of summer service to Thursday and Fridays (while lower-ridership winter service was eliminated).
- With the 2010 U.S. census, the SCT service area is now considered urbanized due to exceeding a population threshold of 50,000 (including a part of Avila Beach), and both services—fixed route, Trolley, and combined—will be required to meet a 20% farebox recovery ratio for a full fiscal year grace period (allowed by TDA for new urbanized area, ending in June 2018). SCT fixed route service has not met a 20% farebox recovery ratio in the past seven years, with the highest ratio of 17% occurring in FY 2010/11, when a decline in operating costs coincided with increased farebox revenue due to a spike in the average fare per passenger. The Beach Trolley has a much lower farebox recovery ratio, peaking at 14% in FY 2011/12 (including contributions from the Avila Beach Community Foundation). As an urbanized area, SCT has become eligible for Federal Section 5307 funds, a stable source of transit funds, administered by the RTA; such funds were first released to the Five Cities urbanized area in FY 2012/13 and programmed among SCT and RTA, as well as, more recently, the County (Avila Trolley). Formal reporting under the Small Transit Incentive Cities also grew as part of this new 5307 formula funding.
- Two of the four recommendations from the last performance audit (published in 2010) were fully implemented and two are only partially complete:
 - Recommendation #3: Adopt and report on Key Performance Indicators (KPIs) on a routine basis. SCT has partially implemented the updated reporting system, and will finalize this based on the recommendations of the Strategic Business Plan currently under development.

- Recommendation #4: Update and implement the RTA/SCAT Marketing Plan and improve opportunities for local participation. SCT has implemented many of the marketing recommendations from the 2011 *South County Transit Plan*, including updating the rider guides, adopting a new name (changing from SCAT to SCT), developing "how to ride the bus" videos, and engaging in promotional outreach campaigns. However, many of the recommendations have not been fully implemented, including updating SCT vehicles with more defined branding, developing a distinctive logo, recording and reporting on-time performance statistics, and conducting passenger surveys and ridechecks on a regular basis.
 - While detailed information about SCT service is available on the RTA website, SCT does not have its own website, and information about SCT is not featured prominently on the RTA site. This can make it more difficult for riders to find information on the site. Additionally, the website does not provide a Spanish translation of most information.
 - The agreement to form the JPA was between the cities of Arroyo Grande, Grover City, Pismo Beach, Shell Beach, and the County representing the Oceano area was executed in 1978. This agreement has not been revisited in 30+ years and deserves an update to reflect changing conditions. (See new recommendation #4.)
 - The fee negotiated between RTA and SCT is now four years old, according to staff, and may not accurately account for the amount of RTA staff time spent on SCT projects. Existing accounting methods allow for RTA to easily calculate the amount of staff time spent on SCT projects if RTA chooses to set future fees on this basis.

RECOMMENDATIONS

A total of six near-term recommendations are offered for consideration by SCT. In addition to ensuring that SCT adheres to TDA regulations, the recommendations offer refinements and improvements that will help SCT improve its image, visibility and profile in the five cities area, enhance its reporting of key performance indicators and ensure important agreements are fair and accurate and reflect current conditions.

Recommendation #1

Adopt and report on Key Performance Indicators (KPIs) on a routine basis.

At present, several of the KPIs recommended in the previous performance audit are reported on a regular basis with plans to fully address all of the key indicators consistent with this recommendation with the completion of the Strategic Business Plan currently under development. To fully comply with the previous audit's recommendation, all of the recommended KPIs should be included and adopted in the Strategic Business Plan and monitored and reported on a regular basis to the SCT Board of Directors.

This recommendation carries forward Recommendation #3 in the previous audit report.

Implementation Timeframe: FY 2014/15, 3rd Quarter

Persons Responsible for Follow-up: RTA Executive Director, RTA Director of Administration/Chief Financial Officer and other staff as needed

Recommendation #2

Update and implement the RTA/SCT Marketing Plan and improve opportunities for local participation.

Although many of the marketing recommendations from the 2011 *South County Transit Plan* have been implemented, there are several items that have not been fully implemented, including updating SCT vehicles with more defined branding, developing a distinctive logo, recording and reporting on-time performance statistics, and conducting passenger surveys and ridechecks on a regular basis. Staff should continue to implement the marketing initiatives described in the 2011 Plan in order to complete this recommendation.

This recommendation carries forward Recommendation #4 in the previous audit report.

Implementation Timeframe: FY 2014/15, 1st Quarter

Persons Responsible for Follow-up: RTA Manager of Marketing and Service Planning and other staff as needed

Recommendation #3

Create a standalone website for SCT that is separate from the RTA site.

There is currently no standalone website for SCT, although information about the service is provided on various web pages on the RTA website. Existing local riders only familiar with SCT service and especially potential new riders (not yet familiar with transit) may not know that SCT is affiliated with RTA which makes it difficult to find key information, such as route maps and schedules, fares, "how-to-ride" information, and upcoming board meeting agendas. To make it easier for the public to access information about SCT online, it should have its own standalone website.

Implementation Timeframe: FY 2014/15, 3rd Quarter

Persons Responsible for Follow-up: RTA Manager of Marketing and Service Planning and other staff as needed

Recommendation #4

Revisit the original JPA Agreement between the member agencies.

The original agreement to form the JPA was between the cities of Arroyo Grande, Grover City, Pismo Beach, Shell Beach, and the County only representing the Oceano area, was executed in 1978. This agreement has not been revisited in over 30 years and during this time there have been significant changes have occurred in the service area such as significant population growth including the recent designation as a federal urbanized area (exceeding the population of 50,000, including Avila Beach), addition of new services operated by SCT in other parts of the County, and demographic shifts with high transit dependent markets in the southern most part of the service area.

Currently the SCT is governed by a Board of Directors comprised of four elected officials from the member agencies and meetings are held on a quarterly basis. There is only one County representative, while there now are two different County Districts served by SCT. In addition, the

only advisory body to the current Board has under-representation by the County management, resulting in sole coverage by the three City managers, who should not have voting authority over the two County areas. In addition, the Beach Trolley funding agreement is not geographically equitable, since its coverage extension into Pismo Beach (a Plan recommendation), without any financial operating commitment by the City, nor any supplemental contribution by a local Pismo Beach entity to match the Avila Bay Community Foundation.

The review of the JPA agreement should consider an up-to-date Board member representation, a vision for the future of the service with all local partners involved, a fair and equitable allocation of resources for the Beach Trolley and other key elements to ensure there is clear and direct ownership and oversight of the service.

Implementation Timeframe: FY 2014-15, 2nd Quarter

Persons Responsible for Follow-up: RTA Executive Director, Expanded Executive Committee and SCT Board of Directors

Recommendation #5

Review the amount of time RTA staff devotes to SCT service and revisit the agreement between SCT and RTA for financial and administrative services to ensure it is fair and accurate.

The original agreement between SCT and RTA executed in 1997 for administrative and financial services was in the amount of \$23,355 based on a budget developed at that time based on estimated hours of key tasks to be performed by RTA staff. An updated agreement was executed in 2001 in the amount of \$55,000 based on the FY 2001/02 budget. The current fee of \$63,500 has not been updated in at least four years, according to RTA staff. To ensure the fee paid by SCT is set at a level commensurate with the number of hours for administrative and financial services provided by RTA, the actual time devoted to these efforts should be recorded along with an updated budget. The agreement between RTA and SCT should be revisited and if warranted the fee should be updated and revised to accurately reflect expenditures.

Implementation Timeframe: FY 2014-15, 4th Quarter

Persons Responsible for Follow-up: SCT Director of Administration/Chief Financial Officer

Recommendation #6

Review the SCT fare structure and fare policies to meet the increased 20% farebox recovery ratio requirement.

The SCT service area recently passed the 50,000 population threshold triggering its designation as an urbanized area. As a result, the farebox recovery ratio requirement for the SCT system as a whole will increase to 20% after June 2018, four years from now. To ensure compliance with this increased farebox recovery ratio, which is higher than either of SCT's services is currently meeting; SCT should review its fare structure and policies and consider raising its base fares and monthly pass prices. The last fare increase was in August 2009, nearly five years ago when fares went from \$1.00 to \$1.25. As a general guideline, it is desirable to incrementally increase fares tied to inflation rather than waiting for several years and increasing fares a significant amount.

As an alternative, in view of the high transit dependent characteristics of SCT customers, SCT should revisit the 2011 Plan assessment of annual cost savings from merging SCT with the RTA. By achieving such savings before the above target date, it might not be necessary to implement as steep of a fare increase or it might be possible to do so more gradually as part of the merger with RTA.

Implementation Timeframe: FY 2014-15, 3rd Quarter (initial assessment) and FY 15/16 (merger review)

Persons Responsible for Follow-up: RTA Director of Administration/Chief Financial Officer, RTA Manager of Marketing and Service Planning and other staff as needed

DRAFT
SOUTH COUNTY TRANSIT
MINUTES OF JANUARY 15, 2014 BOARD MEETING
RAMONA GARDEN PARK MEETING ROOM
C-1

Directors Present:	Jim Guthrie, Chairperson	City Council Member, Arroyo Grande
	Shelly Higginbotham	Mayor, Pismo Beach
	Bill Nicolls	City Council Member, Grover Beach
	Caren Ray	County Supervisor, District 4

Directors Absent: None

Staff Present:	Geoff Straw	Administrator
	Coleen Kubel	SCT Lead Operations Supervisor
	Phil Moores	Manager, Operations
	Tania Arnold	RTA CFO and Director of Administration

CALL TO ORDER AND ROLL CALL: Chairperson Jim Guthrie called the meeting to order at 3:37 p.m. Roll call was taken; a quorum was present.

PUBLIC COMMENT: Chairperson Guthrie asked for public comment on non-agenda items.

Chairperson Guthrie closed public comment.

BOARD ADMINISTRATIVE ITEMS:

ELECTION OF OFFICERS:

Director Shelly Higginbotham made a motion to nominate Chairperson Guthrie for another term as Chairperson. Director Caren Ray seconded the motion and the motion carried on a roll call vote.

Director Bill Nicolls made a motion to nominate Director Higginbotham as Vice Chairperson. Chairperson Guthrie seconded the motion and the motion carried on a roll call vote.

A. INFORMATION AGENDA:

A-1 Administrator's Report: Mr. Geoff Straw began by announcing South County Transit (SCT) has three new part-time Bus Operators and a temporary part-time Utility worker. SCT has been able to meet peak bus pull-out since the new buses were put into revenue service without having to borrow RTA buses.

Staff proposed minor changes to Routes 22 and 23 on Agenda A-3. Staff is further developing logo concepts and will present those to the Board along with suggested bus stop improvements at the April meeting.

Staff presented a white paper on the development of a reserve fund policy. Four types of reserve funds are provided for presentation and discussion on Item A-2. Staff will bring a final recommended policy to the April meeting.

We are currently undergoing two triennial audits—one from the Federal Transit Administration (FTA) and one by Transportation Development Act (TDA) performance auditors. TDA is the mainstay of transit funding in California.

Staff formally began the internal budget-making process for Fiscal Year 2013-14. SCT will be developing a one-year operating budget and a rolling five-year capital plan. The fare box recovery ratio continues to be a challenge. SCT must achieve a 20% fare box ratio since the Five Cities became an urbanized area. This is up from the previous 10% requirement. That new number will be very difficult for SCT to achieve. Staff will present some ideas at ensuing Board and Executive Committee meetings. Our year-to-date expenses are currently under budget. There are no anticipated budget adjustments necessary this fiscal year.

Director Ray asked what will happen to the surplus funds if SCT remains under budget. Will it be set aside? **Mr. Straw** said in previous years we would carry it over to the next year while keeping the funds in the same category they were originally designated.

Director Higginbotham asked about maintenance being done at the RTA facility. These buses must travel to San Luis Obispo. Have we placed a dollar amount or factored into the maintenance budget for this? **Mr. Straw** said staff tracks total miles versus in-service miles and we base all maintenance costs on the total miles.

Chairperson Guthrie inquired about what kind of mechanical issues we encounter. **Mr. Straw** answered that we have encountered some security camera issues, but nothing substantial for the new vehicles.

Ms. Coleen Kubel noted issues with the two latches on the windows. We went back to the manufacturer and are trying to get a redesign or fix to this problem. There also some problems with the belts and other “bugs.” They are not keeping the buses off the road and are covered under warranty. **Chairperson Guthrie** asked if there are any ongoing maintenance issues that will increase maintenance costs later on. **Ms. Kubel** answered no.

Director Higginbotham asked how long the warranties last. **Mr. Straw** said it varies, but the entire bus is covered for two years and 100,000 miles.

Ridership growth in the first five months of the fiscal year slowed slightly compared with recent years. In total, SCT provided 106,830 passenger trips on regular routes. During the same period last year, we provided 105,817 passenger trips, which is a year-to-date increase of about 1%. Productivity is up slightly from last year. Farebox recovery ratio remained flat at 16.8%. Public subsidy per passenger-trip, which is a good measure of cost effectiveness, rose from \$2.55 last year to \$2.66 for this fiscal year. Ridership on the seasonal Avila Beach Trolley dropped 3.3% over the same period last year.

Staff conducted a Driver's Forum on December 19 at the SCT facility. A variety of topics were discussed, including proposed route changes, the status of bus 208, concerns about the farebox recovery ratio, and maintenance issues. We had some good discussions at the meeting, but no bus operators requested any unresolved issues be brought to the Board.

Mr. Straw concluded his report.

Director Higginbotham asked if we can incorporate the school tripper into the fare box recovery ratio. **Mr. Straw** said it is included, but it is a very small component compared with the rest of the service.

Chairperson Guthrie asked about the trolley and the 20% fare box recovery ratio. **Mr. Straw** said SCT has four years to reach this goal before incurring a penalty. This will not affect local jurisdictions. We have the opportunity to change the service, which will restart the clock.

Chairperson Guthrie closed Board and public comment.

A-2 Reserve Policy: **Mr. Straw** reviewed the draft Reserve Policy with the intent of getting Board feedback and direction. Staff will present the final policy at the April 2014 meeting. He gave a brief history of the Government Finance Officers Association (GFOA) and the need to follow generally accepted accounting principles (GAAP). Government agencies must maintain adequate levels of fund balance to reduce risk. The GFOA recommends establishing a formal policy of reserve funds that should be maintained in an agency's general fund.

The GFOA Best Practice recommendation is to maintain unrestricted reserves of no less than two months of regular operating revenues, or no less than 5% to 15% regular operating expenditures.

Staff presents five types of reserves:

- 1) Cash Flow—we are already doing this, but creating a policy will formalize the practice.
- 2) Capital Projects—we suggest basing the Capital Reserve around 20%. South County Transit has not used Federal Funding to buy buses in the past. We've always used State bond funds. This is changing for future procurements. We are looking at building this up over five years.
- 3) Operating Reserve—The GFOA recommends two months' expenses to serve as an operations reserve. This is about 15% of the annual operating budget. SCT maintains an operating reserve that is jurisdiction-specific. Therefore, staff suggests establishing a fund equal to 10% of the net operating cost.
- 4) Self-Insurance Reserve—SCT does not currently self-insure any areas of liability coverage.
- 5) Budget Stabilization—this is a "rainy day" fund. SCT has identified a contingency in its operating budget. Establishing this fund would help cover unexpected revenue shortfalls. One option is to allocate one-third of the suggested 15% operating reserve fund for this purpose.

Chairperson Guthrie asked why we do not just increase the cash flow to cover the three main categories. **Mr. Straw** said it helps staff to replenish funds and plan for the future. It also helps finance managers and city managers understand what it is we are looking for. We also need to know how it will impact us if there are any changes to funding. **Chairperson Guthrie** inquired who is first in line for TDA if we have a large change.

Director Higginbotham asked **Chairperson Guthrie** if he is satisfied with three separate reserve funds. **Chairperson Guthrie** said he would prefer one. We've always been able to overcome fluctuations and I'm not sure we need a separate fund.

Director Ray asked if both options could be presented at the April meeting.

Director Nicolls said it helps staff more than it helps the Board in terms of keeping track of funds. It's good to have some flexibility, but there should be some criteria on how to track the money. If you borrow funds from one reserve to another, there must be a time and process to replace it.

Mr. Bob Perrault, City of Grover Beach, said a Cash Flow reserve should be kept separate because many of these funds are actually reimbursements. By setting aside this reserve, you know the money is available for those expenditures prior to being reimbursed. In terms of the 20% Capital Reserves match, most Capital is purchased using external funds and most requires a 20% local match. This policy just ensures SCT has the ability to meet that match when it's required.

Chairperson Guthrie closed Board and public comment.

A-3 Proposed Route Modifications: 22, 23 & 24: **Mr. Straw** began by reviewing a map showing suggested changes. Routes 22 and 23 will combine into one new Route 23. The Oceano Airport bus stop will be serviced by Route 23 instead of 24. SCT will combine the two bus stops at Oceano Airport into one. These changes will allow better transfers between Northbound RTA Route 10 and SCT Route 23 at the Halcyon Park & Ride. These changes will also provide better efficiency.

The disadvantages include loss of direct service to areas like Wal-Mart for Oceano customers. The single route "double loop" will be somewhat confusing to new passengers.

Staff recommends revising the routes as presented and implementing these changes on Sunday, February 2.

Mr. Straw concluded his report.

Chairperson Guthrie opened Board and public comment.

Director Ray asked about the Community Health Center (CHC) issue in Oceano. Is this addressed by the changes? **Mr. Straw** said he wasn't sure but heard the facility is closing.

Director Higginbotham confirmed it's closed. CHC will be moving their operations to a location on 13th Street in Grover Beach.

Ms. Kubel affirmed that SCT services this area.

Chairperson Guthrie asked if the Oceano Senior Center is serviced.

Ms. Kubel said yes. It is located about two blocks from the existing airport stop.

Chairperson Guthrie asked if the senior taxi service still operated by Ride-On Transportation. **Ms. Arnold** said yes, it is called the Five Cities Senior Shuttle.

Chairperson Guthrie closed Board and public comment.

B. ACTION AGENDA

B-1 FY14-15 Budget Assumptions: **Mr. Straw** presented the annual budget assumptions for fiscal year 2014-15. There are no significant operations changes expected. Staff is proposing we maintain current service levels and hours. We also recommend developing a Strategic Business Plan similar to that of RTA that will detail goals and objectives and monitor performance. Another objective is to increase reserves for the next year by implementing a formal policy. SCT will continue working with the San Luis Obispo Council of Governments (SLOCOG) Efficiencies Committee to evaluate region-wide service efficiencies and ways to achieve the required 20% farebox recovery ratio. We are not recommending a fare increase at this time. We would like to also develop a long range Service Improvement Program (SIP) to deploy service improvements and provide efficiencies.

Staff is assuming about \$103,000 in State Transit Assistance (STA) funds and \$400,000 in Federal Transit Administration (FTA) 5307 operating funds. TDA revenue is budgeted conservatively at \$390,000, down significantly from just two years ago.

Expenses are expected to remain similar to the current fiscal year. Fuel consumption is currently budgeted at \$4.25 per gallon, but this may be lowered. California Transit Insurance Pool (CalTIP) liability insurance may increase by about 10%. This will be adjusted once estimates are received by April. Health insurance premiums are projected to rise 8%. The Affordable Care Act does not currently impact the budget as SCT has fewer than 50 employees. The facility costs will increase by 8.7% based upon the lease agreement. He reviewed the budget calendar.

Mr. Straw concluded his report.

Chairperson Guthrie opened Board and public comment.

Director Higginbotham asked how staff addresses wage increases. **Mr. Straw** said SCT drivers are not part of the Collective Bargain Agreement (CBA). Typically they follow a schedule similar to RTA based upon merit. We will include this as part of the budget.

Chairperson Guthrie suggested discussing wage increases in closed session prior to presenting the budget. **Mr. Straw** said this has not historically happened. **Ms. Arnold** said this occurred once as part of a progressive wage scale closed session item.

Chairperson Guthrie suggested also looking at the monthly pass. When we last raised the cash fare, we left the monthly pass alone. He would like to take a look at what that subsidy actually is. Our costs have increased but this revenue remained the same. Another thing to consider is changing the summer youth program. Should we consider bringing back the pass? **Mr. Straw** said limiting the time of the Youth Ride Free promotion is something being considered. Right now we have two weeks on either end of the school year where Kindergarten through 12th graders are getting free rides.

Chairperson Guthrie discussed the option of finding an operating facility that is less expensive. **Mr. Straw** said we can look at this in terms of a goal, but we are two years out.

Chairperson Guthrie said he would like to take a look at how many hours RTA management spends on SCT business.

Chairperson Guthrie closed Board and public comment.

Director Ray moved to approve the increase Budget Assumptions for Fiscal Year 2014-15. **Chairperson Guthrie** seconded the motion and the motion carried on a roll call vote with no members absent or abstaining.

C. CONSENT AGENDA:

Chairperson Guthrie opened Board and public comment on any items listed on Consent.

Director Higginbotham moved to approve item C-1. **Director Ray** seconded the motion and the motion carried on a voice vote unanimously.

D. DIRECTORS' COMMENTS: None

E. EXECUTIVE COMMITTEE MEMBERS' COMMENTS: None

F. ADJOURNMENT: The meeting was adjourned at 4:58 p.m.

Respectfully submitted, Anna Mafort-Lacy, Administrative Assistant

SOUTH COUNTY TRANSIT

April 23, 2014

STAFF REPORT

AGENDA ITEM: C-2

TOPIC: Resolution Authorizing FTA Section 5339 Funding

ACTION: Approve Resolution

PRESENTED BY: Omar McPherson, Grants Manager

STAFF RECOMMENDATION: Approve Resolution

BACKGROUND/DISCUSSION:

As part of the Moving Ahead for Progress in the 21st Century (MAP-21) Act requires MPO'S to work cooperatively with public transit operators to develop Regional Transportation Plans (RTP's) and Transportation Improvement Programs (TIP's) for urbanized areas. These plans and programs are intended to further the national interest to encourage and promote the safe and efficient management, operation, and development of surface transportation systems. These systems should serve the mobility of people and freight, and foster economic growth and development within and through urbanized areas, while minimizing transportation-related fuel consumption and air pollution. Public transportation providers are eligible to apply for and receive Federal Transit Administration (FTA) Section 5339 for up to 80% FTA share for capital-only purposes for the delivery of public mass transportation. FTA Section 5339 which is a formula grant replaced FTA Section 5309 which was discretionary grant.

SCT must submit an annual grant application to Caltrans for the 5339 funds. The grant application must include a resolution, approved by the SCT Board, authorizing submittal of the grant application and authorizing the Executive Director to execute and file all assurances and any other documentation required by the FTA.

Once approved, the attached resolutions will become part of the grant application for FTA 5311 funding for the 2014/15 fiscal year.

**AUTHORIZING RESOLUTION
STATE OF CALIFORNIA
FTA SECTION 5339 PROJECT OPERATING ASSISTANCE APPLICATION**

RESOLUTION NO. 14-__

RESOLUTION AUTHORIZING THE FEDERAL FUNDING UNDER FTA SECTION 5339 WITH CALIFORNIA DEPARTMENT OF TRANSPORTATION

WHEREAS, the U. S. Department of Transportation is authorized to make grants to states through the Federal Transit Administration to support operating assistance projects for non-urbanized public transportation systems under Section 5339 of the Federal Transit Act (**FTA Circular 9030.1B**); and

WHEREAS, the California Department of Transportation (Department) has been designated by the Governor of the State of California to administer Section 5339 grants for transportation projects for bus and bus facilities; and

WHEREAS, *South County Transit* (SCT) desires to apply for said financial assistance to permit purchase of capital equipment/vehicle overhaul/rehabilitation in San Luis Obispo County; and

WHEREAS, *South County Transit* has, to the maximum extent feasible, coordinated with other transportation providers and users in the region (including social service agencies).

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the South County Transit does hereby authorize the *Executive Director*, to file and execute applications on behalf of South County Transit with the Department to aid in the financing of capital assistance projects pursuant to Section 5339 of the Federal Transit Act (**FTA Circular 9030.1B**), as amended.

That *Executive Director* is authorized to execute and file all certification of assurances, contracts or agreements or any other document required by the Department.

That *Executive Director* is authorized to provide additional information as the Department may require in connection with the application for the Section 5339 projects.

That *Executive Director* is authorized to submit and approve request for reimbursement of funds from the Department for the Section 5339 project(s).

Upon motion of Director _____, seconded by Director _____, and on the following roll call, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby passed and adopted by the *South County Transit* of San Luis Obispo County, State of California, at a regular meeting of said Board of Directors held on the 23rd day of April, 2014.

Jim Guthrie
President of the SCT Board

ATTEST:

Geoff Straw
Executive Director

APPROVED AS TO FORM AND LEGAL EFFECT:

By: _____
Timothy McNulty
SCT Counsel

Dated: _____
(Original signature in BLUE ink)

SOUTH COUNTY TRANSIT
April 23, 2014
STAFF REPORT

AGENDA ITEM: C-3

TOPIC: Conflict of Interest Policy

ACTION: Adopt New Policy

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Approve Resolution

BACKGROUND/DISCUSSION:

The State Political Reform Act of 1974 (Government Code Section 81000, et seq.) requires every local government agency to establish and then review its “Conflict of Interest Code” policy biennially to determine if it is accurate or, alternatively, that the policy must be amended.

Staff is hereby submitting for Board consideration an SCT Conflict of Interest Code policy that identifies SCT Board delegates, SCT Board alternates, the SCT Administrator as designated positions. In addition, the RTA CFO/Director of Administration and the RTA Grants Manager are also identified as designated positions. Although technically neither of these latter two positions is staffed by SCT employees, they serve as “consultants” provided by RTA to assist in the administration of SCT and they participate in decisions that may have a material effect on an SCT financial interest.

The standard conflict of interest code as provided for in Section 18723 of the California Code of Regulations, including any amendments thereof, are being adopted by reference into this SCT Conflict of Interest Code policy.

SOUTH COUNTY TRANSIT CONFLICT OF INTEREST CODE

ARTICLE I – GENERAL

Section

100. Purpose and Effect:

- a) Pursuant to the provisions of Government Code Section 87300, South County Transit (SCT) hereby adopts the following Conflict of Interest Code. This Code shall be interpreted in a manner consistent with Government Code Section 81000 – *the “Political Reform Act of 1974,”* et seq.; (the “Act”) and the Regulations adopted pursuant thereto by the Fair Political Practices Commission. The provisions of this Code are in addition to Government Code Sections 87100, 1090-1097, 1125-1127, Education Code Section 1171, et seq., and other laws pertaining to conflicts of interest.
- b) This Code has the force and effect of law and any violation of this Code shall be deemed a violation of Chapter 7 of the Act, Government Code Section 87100, et seq., and will be subject to the enforcement and penalty provisions provided for in the Act.

101. Definitions. Except as provided in subsections (a) and (b), the definitions contained in the Act and the regulations adopted pursuant thereto are incorporated into this Code.

- a) The definition of “Investment” contained in the Act (Government Code Section 82034) is incorporated herein, except that the term “investment” shall not include ownership of less than one-half (1/2) of one (1) percent of the outstanding securities of a business entity whose securities are registered with the Securities and Exchange Commission of the United States Government.
- b) The definition of “Income” contained in the Act (Government Code Section 82030) is incorporated herein, except that “income” shall not include a designated employee’s compensation received from the Council.

102. Effective Date of Code. This Code shall become effective on _____.

103. Severability. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase or word of this Code is for any reason held to be invalid, unconstitutional or unenforceable, such decision shall not affect the validity of the remaining portions of this Code. It is hereby declared that this Code, and each section, subparagraph, sentence, clause, phrase and word thereof, would have been adopted irrespective of the fact that one or more of such portions of this Code be declared invalid, unconstitutional or unenforceable.

104. Statute of Limitations. No action based on a disqualification provision of this Code shall be brought pursuant to Government Code Section 91003(b) to restrain the execution of,

or to set aside official action of the SCT unless commenced within ninety (90) days following the official action.

ARTICLE II – DESIGNATED POSITIONS AND REPORTABLE FINANCIAL INTERESTS

Section

200. Designated Positions and Designated Employees. The positions within the SCT identified in Exhibit “A” of this Code are hereby established as “designated positions.” Any officer, employee, governing board member (where appropriate) or consultant of the SCT whose position with the SCT is a “designated position” in Exhibit “A” of this Code is a “designated employee.” A person is a designated employee when the person’s position with the SCT entails the making or participation in the making of decisions, which may foresee ably have a material effect on a financial interest.
201. Reportable Financial Interests. In Exhibit “A” of this Code, each designated position is assigned disclosure category numbers, which correspond to specific financial disclosure categories set forth in Exhibit “B.” Each designated employee shall disclose those financial interests required in the Exhibit “B” disclosure categories listed next to his/her designated position in Exhibit “A.”
202. Scope of Reportable Financial Interests. Only “financial interests” can be made reportable by a conflict of interest code. For disclosure purposes, the Act divides financial interests into three groups: investments, interests in real property and income (Government Code Section 87302(b)). Except as modified in Section 101 of this Code, the broad definitions and limitations of the terms investment, interest in real property and income are found in the Act (Government Code Sections 82034, 82033, and 82030). If a financial interest does not fit within any of these three definitions, a designated employee cannot be required by a conflict of interest code to disclose that interest. In addition, the types and scope of investments, interests in real property and income made reportable by a designated employee’s disclosure categories may, in many situations, be narrower than the basic definitions found in the Act. To prevent over disclosure, each designated employee should therefore consult the definitions of investments, interests in real property, and income, as well as his or her specific disclosure categories before filling out the statement of financial interests.
203. Manner of Reporting Financial Interests. Except as provided in subsections (a) & (b), the manner of reporting reportable investments, interests in real property and income shall be pursuant to Government Code Sections 87206 and 87207.
- a) Designated employees are not required to comply with Government Code Section 87206(e).
 - b) For purposes of Government Code Section 87207(b)(2) and (3), the disclosure of the names of clients or customers who paid fees to the business entity is required only if it is reasonably foreseeable that financial interest of the client or customer may be materially affected by any SCT related decisions made or participated in by the designated employee.

ARTICLE III – FILING OF STATEMENTS OF FINANCIAL INTERESTS

Section

300. Duty to File Statements of Financial Interests. It shall be the duty of each designated employee to file statements of financial interests conforming to all applicable requirements of this Code. Such statements shall be on forms provided by the County Clerk upon request.
301. Designation and Duties of Filing Officer; Place of Filing Statements:
- a) The SCT herewith delegates authority and responsibility to the County Clerk for receipt of all statements of financial interests and for administration of the duties of the filing officer delineated in Government Code Sections 81008, 81010, and 91013.
 - b) Designated employees shall file any statements required by this Code with the County Clerk who shall retain the original and forward a copy to the SCT. Both the County Clerk and the SCT shall make statements accessible to the public in a manner consistent with Government Code Section 81008.
 - c) Upon request, the County Clerk shall supply copies of pertinent sections of the Act, this Code, disclosure forms and instruction manuals for filling out disclosure forms.
302. Times of Filing and Periods Covered by Statements:
- a) Initial Statements shall be filed by each designated employee within thirty (30) days after the effective date of this Code and shall disclose investments and interests in real property (but not income) held at the time of filing. Persons appointed, promoted, or transferred to designate positions shall file initial statements within thirty (30) days after the date of assuming the position.
 - b) Annual Statements shall be filed April 1 disclosing reportable investments, interests in real property and income held or received in the period since the closing date of the designated employee's previously filed statement and December 31st.
 - c) Leaving Office Statements shall be filed by every person who leaves a designated position specified in Exhibit "A" within thirty (30) days after leaving the position, disclosing his or her reportable investments, interests in real property and income during the period since the closing date of the previous statement filed pursuant to this Code. The statement shall include any reportable investments, interests in real property, and income held or received at any time during the period covered by the statement, whether or not still held at the time of filing.

ARTICLE IV – DISQUALIFICATION

Section

400. Circumstance Requiring Disqualification:

- a) A designated employee must disqualify himself or herself from making or participating in the making of any decision, or from using his or her official position to influence an SCT decision, if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from the decision's effect on the public generally, on any reportable¹ financial interest (except gifts of less than \$250.00) or upon any business entity in which the designated employee holds a position of management or is a director, officer, partner, trustee, or employee.
- b) No designated employee shall be prevented from making or participating in the making of any decision:
 - 1) Which relates to his or her compensation from the SCT, or the terms and conditions of his or her employment or contract with the SCT; or
 - 2) To the extent his or her participation is legally required for the decision to be made. The fact that an official's vote is needed to break a tie does not make his or her participation legally required for purposes of this section.

401. Manner of Disqualification:

- a) If a person required to disqualify pursuant to Section 400 is a member of a decision-making board, commission or committee, he or she shall:
 - 1) Give notice of the existence of the conflict at the meeting during which consideration of the decision takes place, the notice to be made part of the official record; and
 - 2) Refrain from participating in the decision or in any way attempting to use his or her official position to influence the decision.
- b) All other designated employees required to disqualify pursuant to Section 400 shall do so by notifying his or her supervisor in writing, describing with particularity the nature of the conflicting financial interest. Upon receipt of such statement, the supervisor shall reassign the matter to another employee.

¹ Although not required by this Code, under Government Code Section 87100 and other conflict of interest laws, a public official or employee (whether designated or not) may be required to disqualify himself or herself from making or participating in a decision in situations where a financial interest, although not subject to disclosure by a conflict of interest code, may foresee ably be materially affected by the decision.

SOUTH COUNTY TRANSIT CONFLICT OF INTEREST CODE

EXHIBIT A – Designated Position List

Designated Position	Disclosure Category Numbers²
<u>SCT Director</u> ³	1, 2, 3
<u>Alternate SCT Director</u>	1, 2, 3
<u>SCT Administrator</u>	1, 2, 3
<u>RTA CFO/Director of Administration</u> ⁴	1, 2, 3
<u>RTA Grants Manager</u> ⁵	1, 2, 3

² Disclosure Categories Numbers are presented in Exhibit B.

³ An SCT Director who is a Board of Supervisors Member reports under Conflict of Interest Code for the County Board of Supervisors and is not required to file a separate statement under the SCT Code.

⁴ This position, while not technically an SCT employee, makes decisions or participates in the making of a decision that may have a material effect on an SCT financial interest.

⁵ Ibid.

SOUTH COUNTY TRANSIT CONFLICT OF INTEREST CODE

EXHIBIT B – Disclosure Categories

Category Number	Description
1	Interests in real property ⁶ located within, or not more than one-half (1/2) mile outside the County boundary.
2	Investments ⁷ in, and income ⁸ from, any business entity doing business within the County.
3	Income of any business entity in which the filer or spouse owns a 10% interest or greater, which is derived from client(s) or customer(s) who, with reasonable foresee ability, could be materially affected by the decisions made or participated in by the filer. Names of such client(s) or customer(s) must be reported under this category if the filer's pro rata share of fees from such client or customer was greater than \$1,000 in the reporting period in the case of businesses providing legal or brokerage services, or \$10,000 for all other types of businesses.

⁶ Interests in real property of the filer include those of the filer's spouse and dependent children as well as the filer's pro rata share of interests in real property owned by any business entity or trust in which filer or spouse owns a 10% interest or greater. Excluded are interests in real property with a fair market value of less than \$1,000 or property, which is used principally as the place of residence of the filer. (Government Code Sections 82033 and 87206.5).

⁷ Investments of a filer include those of the filer's spouse and dependent children as well as the filer's pro rata share of investments owned by any business entity or trust in which the filer or spouse owns a 10% interest or greater. Excluded are assets with the fair market value of less than \$1,000 or ownership of less than one-half (1/2) of 1% of the outstanding securities of a business entity whose securities are registered with the Securities and Exchange Commission. (Government Code Section 82034 and Section 101 of this Code).

⁸ Income includes a filer's community property interest in income of his or her spouse, as well as the filer's pro rata share of income of any business entity or trust in which the individual or spouse owns a 10% interest or greater. Income also includes non-family gifts worth more than \$25. (Government Code Section 82030).

**SOUTH COUNTY TRANSIT
APRIL 23, 2014
STAFF REPORT**

AGENDA ITEM: C-4

TOPIC: Vehicle Procurement

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Authorize Executive Director to procure two (2) support vehicles at a cost not to exceed \$102,000

BACKGROUND/DISCUSSION:

SCT has been awarded funding to purchase two support vehicles. One will be funded with \$40,000 in 5339 Federal Transit Administration (FTA) funding apportioned in FY12-13, and \$10,000 in TDA funding as local match to this fund. The other was funded with \$41,600 in FTA 5307, and \$10,400 in TDA as local match to this fund.

The total amount available to purchase these support vehicles is \$102,000. These two (2) Low floored wheelchair-accessible minivans will be purchased from the CalACT procurement list previously used by SCT for vehicle purchases and approved by FTA and Caltrans. SCT will provide support service to its operations with these vehicles. Once the Purchase Order is issued, it will take about 1-2 months for delivery.

Staff Recommendation

In order to expedite the purchasing process, staff requests the Board's concurrence to authorize the Executive Director to issue a Purchase Order to vendor for the procurement of two (2) support vehicles at a total price not to exceed \$102,000.