



REGIONAL TRANSIT AUTHORITY EXECUTIVE COMMITTEE AGENDA

Wednesday, February 8, 2023

**11:00 a.m. – start time approximate,
immediately following SLOCOG Board Meeting**

SLOCOG Conference Room

**1114 Marsh Street
San Luis Obispo, California**

This agenda is available/posted at: <http://www.slorta.org/board/rta-board-meetings>

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 (including Limited English Proficiency) by contacting the RTA offices at (805)541-2228 x4833. Please note that 48 hours advance notice will be necessary to honor a request.

RTA, de acuerdo con la Ley de Estadounidenses con Discapacidades (ADA), acomodará a las personas que requieran una modificación de la adaptación para participar en esta reunión. RTA también se compromete a ayudar a las personas con dominio limitado del inglés a acceder a los servicios públicos esenciales de la agencia y a la información pública en español. Para solicitar una adaptación, por favor llame al (805)541-2228 x4833. Requerimos al menos 48 horas de anticipación para proporcionar adaptaciones razonables.

1. **Call Meeting to Order, Roll Call**
2. **Public Comment:** The San Luis Obispo Regional Transit Authority Executive Committee reserves this portion of the agenda for members of the public to address any items not on the agenda and within the jurisdiction of the Committee. Comments are limited to three minutes per speaker. The Committee 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.
3. **Closed Session**
PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Gov. Code § 54957(b))
Title: Executive Director
4. **Consent Items**
 - A-1 Executive Committee Meeting Minutes of December 16, 2022 (Approve)
5. **Information Items**
 - B-1 Executive Director’s Report (Verbal, Receive)
6. **Action Items:**
 - C-1 Fiscal Year 2023-24 Budget Assumptions (Approve)

The Regional Transit Authority is a Joint Powers Agency serving the residents and visitors of:

Arroyo Grande Atascadero Grover Beach Morro Bay Paso Robles Pismo Beach San Luis Obispo County of San Luis Obispo

7. **March 1, 2023 Draft RTA Board Agenda:** The Executive Committee is asked to review and comment on the proposed agenda items for the November 2022 Board meeting.

Consent Items

- A-1 Executive Committee Meeting Minutes of December 16, 2022 (Information)
- A-2 Joint SLOCOG and RTA Board Meeting Minutes of January 11, 2023 (Approve)
- A-3 RTA Board Meeting Minutes of January 11, 2023 (Approve)
- A-4 Participate in Summer Youth Ride Free Program (Approve)
- A-5 Procurement of Heavy-Duty Diesel-Powered Bus and Vehicle Surplus/Disposal (Approve)
- A-6 California Department of Transportation Section 5311 American Rescue Plan Act (ARPA) Funds of 2021 (Approve)
- A-7 Update to the Public Transportation Agency Safety Plan (Approve)
- A-8 Procurement of Staff Support Vehicle and Vehicle Surplus/Disposal (Approve)
- A-9 Employment Agreement with Executive Director (Approve)

Information Items

- B-1 Executive Director's Report (Receive)

Action Items

- C-1 Fiscal Year 2023-24 Budget Assumptions (Approve)
- C-2 ICT Rollout Plan (Approve)

Closed Session Item:

- D-1 Conference with Labor Negotiators (Gov. Code § 54957.6)
Agency designated representatives: Geoff Straw, Executive Director
Employee organization: Teamsters Local Union No. 986
- D-2 Executive Director Performance Evaluation (Govt. Code Section 54957)

8. **Adjournment**

Next RTA Executive Committee Meeting: **April 12, 2023**



San Luis Obispo Regional Transit Authority

Executive Committee Meeting

Minutes 12/16/2022

A-1

Members Present: Debbie Arnold, District 5 Supervisor, Vice President
Ed Waage, City of Pismo Beach, President

Members Absent: John Peschong, District 1 Supervisor

Staff Present: Geoff Straw, Executive Director
Tania Arnold, Deputy Director/CFO
Tina Halterman, Administrative Assistant
Jon Ansolabehere, RTA Counsel
Pete Rodgers, SLOCOG Executive Director

- 1. Call to Order and Roll Call: President Ed Waage called the meeting to order at 1:33 p.m. and roll call was taken. A quorum was present.
2. Public Comment: None
3. Closed Session: None
4. Consent Items
A-1 Executive Committee Meeting Minutes of October 19 13, 2022 (Approve)
Vice President Debbie Arnold made a motion to approve consent agenda item A-1 and President Waage seconded the motion. The motion passed unanimously via voice vote.

Table with 4 columns: BOARD MEMBER, YES, NO, ABSENT. Rows include DEBBIE ARNOLD, JOHN PESCHONG, and ED WAAGE.

- 5. Information Items:
B-1 Executive Director’s Report (Verbal, Receive)
Mr. Geoff Straw provided an update regarding negotiations with the Teamsters Local 986, and there will be two meetings next week. There will be a closed session at the January 11, 2023 Board meeting. The US Census Bureau still hasn’t released any changes to urbanized area designations.
Mr. Pete Rodgers noted that it was supposed to be this week but there is still no news.

Mr. Straw continued and discussed the current number of Bus Operators. Although there is a significant number of Bus Operators who called in sick today (which resulted in the Route A not running in the late afternoon), there are now only four open part-time bids. There is currently one employee out with COVID. There are two new Bus Operator candidates in the process of onboarding.

Mr. Straw noted that on January 31st the RTA will be hosting Monterey-Salinas Transit, Santa Cruz METRO and possibly Santa Barbara Metropolitan Transit District. On December 22nd staff will be conducting a preproduction meeting with Gillig for the first two battery-electric buses that should be delivered in the fall of 2023. Staff met on-site with the various partners involved with the construction of the Bus Maintenance Facility on December 9th to work on warranty related items with the main item being the HVAC system. The electric bus rechargers finally shipped on December 15th which will allow the RTA to charge the electric buses when they arrive. Additionally, the RTA has worked on a mutual aid agreement with SLO Transit and Santa Maria Regional Transit to support their recharging needs.

Mr. Straw discussed the ARBOC low floor cutaway vehicles that are slated to go into production in January, with delivery slated for late February. They were ordered for South County Transit service but due to other vehicle delivery delays, they will be placed on the Route 15 until the vehicles ordered for the Route 15 arrive.

Mr. Straw reviewed the discussion staff had with CalSTA and Caltrans on December 15th regarding applying for TIRCP funding to pay the local match for battery-electric vehicles. Based on that discussion, staff will not be applying for the next round of funding because an important criteria in the selection process is increasing service as a result of the funding – which is not included in the RTA plans.

Mr. Straw shared that present the final CEQA mitigation report for the Paso Robles park-out facility and the first report for the Bus Maintenance Facility during the January Board meeting. Staff will bring back an agenda item for the Executive Committee to discuss the San Luis Obispo County Pension Trust rates. Mr. Straw concluded his report.

Public Comment: None

Item was received and filed by the Committee.

B-2 ICT Rollout Plan Update (Verbal, Receive)

Mr. Straw noted staff has been meeting frequently as a group to develop the Innovative Clean Transit Rollout Plan, since there are many different aspects to include in the plan. The plan will also include appendices to address the federal requirements in order to ensure the compliance for future grant applications. The Plan will also include a discussion of the possible future use of hydrogen, including some pros and cons of that fueling source.

President Waage inquired of Mr. Rodgers if the hydrogen fueling infrastructure is included in the SLOCOG discussion. **Mr. Rodgers** noted that it isn't yet but LOSSAN is looking at options for rail. **Mr. Straw** noted that staff will recommend the path currently being pursued but will continue to look at all available options.

Public Comment: None

Item was received and filed by the Committee.

6. **Action Items:** None

7. **Mr. Straw** went over the draft agenda for the January 11, 2023 Board meeting agenda.

Mr. Rodgers noted that there will be a joint meeting on January 11, 2023. It will then adjourn to the SLOCOG Board meeting, which will include various acknowledgements, interagency assignments, and three action items. The three action items will be related to the FTIP, polling for a sales tax measure and the draft legislative program. It was noted that the Governor's budget will come out the day before the Board meeting.

Mr. Straw noted that staff was surprised this week to receive notice of an FTA Section 5311 ARPA grant award of over \$600,000. Those funds will be budgeted in FY23-24 to help lessen the possible impact of the change in urbanized areas in the region.

President Waage asked if the state budget deficit would impact the budget. **Mr. Straw** stated that the larger impact would be related to changes in sales tax revenue.

Public Comment: None

The Committee reviewed and had no comment.

8. **Adjournment**

The meeting was adjourned at 2:09 p.m.

Next RTA Executive Committee Meeting:

February 8, 2023

Respectfully Submitted,

Acknowledged by,

Tania Arnold
Deputy Director/CFO

Ed Waage
RTA Board President 2022

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**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
EXECUTIVE COMMITTEE
FEBRUARY 8, 2023
STAFF REPORT**

AGENDA ITEM: C-1

TOPIC: Fiscal Year 2023-24 Budget Assumptions

ACTION: Approve FY23-24 Budget Assumptions

PRESENTED BY: Tania Arnold, Deputy Director/CFO

**STAFF RECOMMENDATION
FOR EXECUTIVE COMMITTEE:** Bring the budget assumptions and budget calendar to the Board so that a detailed work plan and budget may be developed.

BACKGROUND/DISCUSSION:

The following report outlines staff's recommended budget assumptions for the RTA's Fiscal Year 2023-24 Operating and Capital Budget, and it is the first step in the development of our operating budget and capital program. It should be noted that the RTA is again developing a two-year operating budget and five-year capital budget. As in past years, only the first year would be financially-constrained, while the out-years should be considered advisory. These budget assumptions are being presented to the RTA Executive Committee for recommendation to the RTA Board at its March 1st meeting. Upon the Board's guidance and approval, staff will prepare a detailed report along with preliminary budget numbers for presentation to the Executive Committee at their April 12th meeting prior to the final draft budget presentation to the full Board on May 3rd.

KEY ISSUES

1. Address the uncertainties the agency currently faces, which includes addressing COVID-19 impacts as an endemic rather than a full-blown pandemic. Impacts of these uncertainties include:
 - a. Liability costs, which stabilized due to the RTA's good safety record, but the market continues to be extremely volatile.
 - b. Continuing to focus on containment of Runabout subsidies, especially as ridership continues to increase as we emerge from the pandemic.
 - c. Address staffing and retention, particularly in the Bus Operator classification.

2. Continue efforts to implement Zero-Emission Bus technologies, including implementing our first two battery-electric buses due for delivery in late-summer/early-fall and start-up of recharging infrastructure.
3. State Transit Assistance (STA) funds are projected to be flat compared to the original current fiscal year allocation. As a reminder, starting in FY17-18 the funding to the region was significantly increased due to the Senate Bill 1 – Road Repair and Accountability Act (SB-1) funds, which include augmented STA funds and State of Good Repair funds.
4. Local Transportation Funds (LTF) used primarily for operating purposes are projected to be flat in the region but the RTA will continue to maximize all other funding sources before determining the need for LTF.
5. Federal Transit Administration formula funds (Sections 5307, 5339 and 5311) for Federal Fiscal Year 2023 are higher than in recent years, which may help reduce the need for LTF by all transit operators in the county. The adjustment for the higher funding would occur after the transit operators meet with SLOCOG to revised the funding allocations to each operator.
6. Fuel costs continue to be volatile and significantly higher than prior years; this also impacts ridership and fare revenues.
7. Delay in the procurement of Joint Short Range Transit Plan consultant services to align with the City of San Luis Obispo's on-going Transit Innovations Study. City staff has advised us that their study is scheduled to be completed in June 2023, so we will presume we can begin the procurement process in mid-summer 2023.

Mission Statement

As a reminder, the Mission of the RTA is to provide safe, reliable and efficient transportation services that improve and enhance the quality of life for the citizens of and visitors to San Luis Obispo County.

Objectives and Revenue Impacts

- 1) Maintain service levels and hours of service that meet the standards of productivity and demand of our customers and communities through the effective and efficient delivery of RTA Fixed-Route and Runabout core¹ services:
 - a) The RTA originally received \$755,890 for RTA core services in STA funding in FY22-23. This amount was increased and included in amendment #1 by \$214,330 in November 2022. Staff will work with SLOCOG staff to determine a realistic estimate for FY23-24, but to be conservative we assume we will be starting with the original amount.
 - b) Continue to monitor the results and impacts on ridership and fares based on the overall regular fare structure. The last system-wide fare change was implemented in December 31, 2017, both on RTA Fixed-Route and on the Runabout service, which included the establishment of a Runabout premium service fare.
 - c) The FY22-23 budget adopted in May 2022 included \$5,851,060 in LTF operating revenues. At the May 2022 Board meeting, the advisory FY23-24 LTF projection was \$7,096,330, which was revised during FY22-23 down to \$6,882,000. Staff is still developing estimated annual FY22-23 expenses, which impacts the carryover amount that could reasonably be identified for the FY23-24 budget.
 - d) Federal Transit Administration (FTA) Sections 5307, 5311 and 5339 operating funding and capital funding for FY23-24 will be presented in the same format as the projection included in the May 2022 presentation. Should the actual annual authorizations for FTA programs increase as expected for any of these programs, staff would adjust these assumptions accordingly in time for the Board's consideration of the budget at its May 3, 2023 meeting. Monies for FTA-funded projects are reimbursed either as progress payments or as full payment at the end of the project and/or fiscal year, which requires focused care by staff to ensure adequate cash flow.
 - e) Detailed miles/hours and span of service for each RTA core Fixed-Route and for Runabout will be provided with the draft budget. For context, detailed budgets based on miles/hours and span of service will also be provided separately for SLO County Services, South County Transit, and North County Local Services.
 - f) Productivity of each RTA-operated Fixed-Route service during holiday time periods will be presented to the Board as part of the draft budget, specifically associated with the service provided during the weeks of Thanksgiving, Christmas and New Years to determine if service levels should remain at a reduced level similar to 2021 and 2022.
 - g) Staff will continue to research and evaluate new revenue sources should any potential shortfall in operating revenues arise. If we are unable to secure funding,

staff would recommend that the Board consider adjusting the TDA allocation from the RTA jurisdictions and/or adjust service levels.

- h) Due to changes in self-insured retention requirements, and now that consolidation has been completed, staff is reviewing and will provide recommendations regarding the RTA reserve policy during FY22-23.
- 2) Work with SLOCOG and our transit agency partners in the region to evaluate region-wide service efficiencies:
- a) Transit agencies across the country have been highly impacted by the COVID-19 pandemic, which continues to impact ridership and farebox revenues. As a result, the State of California has suspended farebox recovery ratio requirements through the end of FY22-23. Although the Governor is expected to propose adjustments that will impact transit as part of FY23-24 budget, the pending end of the requirement suspension is a major concern.
 - b) The RTA will work with SLOCOG staff and other transit providers to evaluate efficiencies in the provision of service throughout the county through both the SLOCOG Social Services Transportation Advisory Committee and through the RTA's Regional Transit Advisory Committee.
 - c) Staff will use the *2018-20 RTA Strategic Business Plan* as well as the *2016 Short Range Transit Plan* to evaluate potential efficiencies and, with Board concurrence, implement efficiencies as appropriate. Additionally, the RTA will work with our transit agency partners to kick off a Short Range Transit Plan study to update the 2016 plan as well as address the zero-emission bus requirements of the Innovative Clean Transit (ICT) Rollout Plan (scheduled for adoption at the March 2023 Board meeting).
- 3) Evaluate options and provide analysis on the 5-year capital improvement program and methods to fund these needs:
- a) Staff will continue to work with SLOCOG to prioritize capital projects using the State of Good Repair STA portion of SB-1 funds. These SB-1 funds are an important source of revenues for the RTA and the other transit operators in our region. It directly impacts the RTA's need for LTF to fund operations and the local match for capital projects by reducing local match needed for federal funds, and interest when financing for capital projects is needed.
 - b) Other potential capital funds intended to support our transition to zero-emission buses include AB617 Clean Air Program, Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), Volkswagen Mitigation Funds, and Low Carbon Transit Operating Program (LCTOP). Staff will continue to leverage all grant funds to the greatest extent possible.

- 4) Address projected changes in demand for Runabout service:
 - a) Runabout service hours and miles are still lower than were originally projected for FY22-23, and staff is closely monitoring service needs to determine when service will return to pre-pandemic levels. Staff will seek the Board's direction as demand is anticipated to increase over time.
 - b) Staff suspended in-person Runabout service eligibility assessments during the pandemic. Staff has started re-instituting this program to ensure that only those persons truly eligible for Runabout service are initially registered or re-registered as part of the Runabout application process. Staff will also provide mobility training for disabled persons who are able to occasionally use Fixed-Route services for some or all of their travel needs.
 - c) Staff does not foresee needing to move forward with using supplemental taxicab services at this time, but should future Runabout service expansions be required or if staffing shortages persist, staff will revisit this option.

Expenses Impacts

- 1) Fuel prices continue to be extremely volatile; diesel fuel will be budgeted at \$5.10 per gallon. Included in the Fuel line-item will be diesel exhaust fluid (DEF), used to lower diesel exhaust emissions on the newer Fixed-Route vehicles. Should prices increase or decrease staff will address the change in a budget amendment.
- 2) Insurance Expenses:
 - a) CalTIP liability insurance premiums are projected to increase. The exact amount is not known at this time, as CalTIP actuaries are still working on May 1, 2023 through April 30, 2024 rates. Estimates will be available from CalTIP in time to include in the RTA draft budget presented to the Executive Committee at its April 2023 meeting. Although the number of RTA losses based on mileage has been lower than the statewide pool average, the RTA did experience large claims in February 2019 and January 2021 which impact current and future premiums. The pool had experienced significant negative claims development several years ago but those have stabilized due to efforts of all the member agencies to ensure the stability of the pool and ensure equity in costing among all members. This included a recent actuarial study on the formulas used in applying and calculating each agency's experience modification factor. More importantly, the California liability market continues to contract, which also increases per-mile costs.
 - b) CalTIP vehicle physical damage will increase due to the added asset value of newer vehicles in the fleet and the recent property damage seen in the market, namely due to the recent flooding.
 - c) Our annual Employment Risk Management Authority premium is estimated at \$47,000, with a \$50,000 self-insured retention. This self-insured retention does

not currently have a reserve in place to cover it should a loss develop. As noted previously, staff is reviewing and will provide recommendations regarding the RTA reserve policy in FY22-23.

- d) Workers compensation premiums charged by our carrier (Public Risk Innovation, Solutions, and Management, or PRISM) are projected to increase, with the realization that workers compensation for transit services is especially challenging statewide as loss development trends in the state are not favorable. Based on estimates provided in November 2022 from PRISM, the estimate is more than the projection include in May 2022 for FY23-24 by about 6%. Staff will obtain a more refined estimate in early February and again in late March. We continue to work with our employee Safety Committee that evaluates workplace safety and initiates proactive programs to address the number of claims and severity of the claims. Although premiums are expected to rise, a significant portion of that increase is attributable to the increase in wages identified in the collective bargaining agreement that were triggered by recent changes in the California minimum wage.
- e) Property insurance will increase due to now owning the facility at 253 Elks Lane and due to the significant losses in the property insurance market, most recently the wildfires in California. Additionally, the building is required to have flood insurance because it is federally funded.
- f) For budget-making purposes, staff is assuming an 8% annual increase for healthcare costs for each of the next two fiscal years. Staff believes that this estimate is reasonable based on historical price increases. This will include the paid family leave program that was implemented in July 2022, which brought the leave benefits closer to those offered under the state disability insurance program. Staff is also looking at options to bring the RTA's participation in a self-funded plan in line with the California Department of Managed Health Care (DMHC) requirement for non-self-funded plans to remove exclusions of coverage based on gender identity or gender expression.

3) Staffing Expenses:

- a) The previous 4-year Collective Bargaining Agreement (CBA) expired on December 31, 2021, and a one year extension was negotiated through December 31, 2022. Staff fully understands the fiscal impacts that the pandemic has had on our agency and its member jurisdictions, and we continue to seek the Union's assistance in helping us emerge in a fiscally responsible manner.
- b) The number of FY23-24 budgeted full-time equivalent (FTE) positions will remain the same as in FY22-23. Should adjustments to the FTE count need to be revised, staff will bring that proposal to the Board along with any new or revised job descriptions, if applicable.

- c) For FY23-24, the overall number of budgeted positions for the non-core services (North County, SoCo Transit, and SLO County services) will remain the same. It should be noted that the marginal costs and revenues the services will be treated in the budget the same way as prior years: as separate and distinct columns in the budget tables.
- d) An annual inflationary wage adjustment based on the December 2021 to December 2022 Consumer Price Index (CPI) of 4.9% will be implemented in July 2023. The Operations Supervisor classification CPI increase adjustment would be implemented in January 2024, to coincide with Bus Operator wage scale adjustments. Employees within the salary range for their position will be eligible for a step merit increase subject to performance assessments and budgetary authority.
- e) The RTA Board of Directors took action at its November 2, 2022 meeting to implement the increase in contribution percentage of 2.38% for the retirement plan with San Luis Obispo County Pension Trust (SLOCPT) in July 2022 rather than January 2023. Traditionally and in line with how the County treated increases for unrepresented employees in June 2022 for FY22-23 and FY23-24, the RTA will assume the 2.38% pickup. This is related to management, administration and confidential employees, and does not include the employees who are covered by the CBA with Teamsters Local 986.

Proposed Budget Calendar

- February 8 Detailed budget assumptions and revenue forecasts presented to Executive Committee
- March 1 Provide mid-year FY22-23 Budget data to Board and present budget amendment (if needed). Obtain Board concurrence on proposed draft budget assumptions.
- March 31 Based on feedback from the Board, Executive Committee and RTAC, develop FY23-24 Budget
- April 12 Present draft FY23-24 Budget and final budget amendment for FY22-23 to Executive Committee (if needed)
- April 20 Present final draft FY23-24 Budget and final budget amendment for FY22-23 to RTAC (if needed)
- May 3 Final Board Budget presentation; Board adoption of FY23-24 Budget

Staff Recommendation for Executive Committee:

Recommend staff provide the FY23-24 budget assumptions and budget calendar to the Board for approval at the March 1st Board meeting, so that a detailed work plan and budget may be developed.

Staff Recommendation for the Board:

Approve the budget assumptions and budget calendar so that a detailed work plan and budget may be developed.

ⁱ Core services are defined as:

1. Hourly weekday services on RTA Routes 9, 10 and 12;
2. Five trips/day on Saturdays for Routes 9, 10, 12, and Monday-Saturday on Route 15;
3. Three trips/day on Sundays for Routes 9, 10, 12 and 15;
4. Peak period weekday service on Route 14 during open session of Cuesta College;
5. Peak period commuter Express services on Routes 9, 10 and 12; and
6. Runabout service that matches the fixed-route service days operated in each community.