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San Luis Obispo, CA 93401  
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[www.slorta.org](http://www.slorta.org)

## BOARD AGENDA

**\*\*\* VIA TELECONFERENCE \*\*\***

**Call: +1 (805) 788-9200**

**Input the 4-digit Meeting Number followed by #: 5145#**

**Enter Attendee Access Code followed by #: 124578#**

**Wednesday, April 22, 2020 1:30 p.m. to 3:00 p.m. (Ending time is approximate)**

Chairperson: Barbara Nicolls

Vice Chair: Jimmy Paulding

Board Members:

Lynn Compton (Fourth District – SLO County)

Barbara Nicolls (Grover Beach)

Jimmy Paulding (Arroyo Grande)

Sheila Blake (Pismo Beach)

Individuals wishing accessibility accommodations at this meeting under the Americans with Disabilities Act may request such accommodations to aid hearing, visual, or mobility impairment (including Limited English Proficiency persons) by contacting the SCT offices at 781-4472. 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.

### Important Notice Regarding COVID-19

Due to the Coronavirus (COVID-19) and in accordance with the Governor's Executive Order N-29-20 relating to the convening of public meetings, **the SoCo Transit Board will still hold the April 22, 2020 meeting and will be conducted via teleconference. However, at this time, the meeting will be closed to members of the public and non-essential staff. Below are instructions for the public on how to leave public comments.**

**Members of the public are encouraged to participate & provide comments in the following ways:**

- 1. Public Comments** – The SoCo Transit Board will still be accepting general public comments for items not on the April agenda, as well as public comments on specific items in the agenda. Public members can submit comments by:
  - **Phone – Verbal Public Comments – Call: (805) 781-4833** – State and spell your name, state the agenda item number you are calling about and leave your comment/s. **Verbal comments must be received no later than 12:30 p.m. on April 22, 2020** (the day of the meeting) and will be limited to **three (3) minutes**. Every effort will be made to include your comments into the record but due to time limitations, some comments may not be included,

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

- **Email – Written Public Comments – Email to: [info@slorta.org](mailto:info@slorta.org)** – Public comments (on any agenda item or on any item of interest not on the agenda within the jurisdiction of the SoCo Transit Board) can be submitted via email no later than **5:00 p.m. on Tuesday, April 21, 2020.**
- **Mail – Written Public Comments** – Public comments (on any agenda item or on any item of interest not on the agenda within the jurisdiction of the SoCo Transit Board) can be submitted by mail. **Public Comments by mail must be received no later than 5:00 p.m. on Tuesday, April 21, 2020.**

**Mail to:**  
**Clerk of the Board, SoCo Transit**  
**179 Cross Street**  
**San Luis Obispo, CA 93401**

\*\*\***Note:** Every effort will be made to include your comments into the record, but due to time limitations, some comments may not be included

## **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.

### **A. INFORMATION AGENDA**

A-1 Administrator's Report (Receive)

### **B. ACTION AGENDA**

B-1 Fiscal Year 2020-21 Budget (Approve)  
B-2 Summer Youth Ride Free Program (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 SoCo Transit Minutes of January 22, 2020 (Approve)  
C-2 2018-20 Strategic Business Plan Results (Receive)

### **D. DIRECTORS' COMMENTS**

### **E. EXECUTIVE COMMITTEE MEMBERS' COMMENTS**

## **ADJOURNMENT**

**Next Meeting: July 22, 2020, Future Meeting Dates: October 21, 2020, and January 20, 2021**

**SOUTH COUNTY TRANSIT  
APRIL 22, 2020  
STAFF REPORT**

**AGENDA ITEM:** A-1

**TOPIC:** Administrator’s Report

**PRESENTED BY:** Geoff Straw, Administrator

**STAFF RECOMMENDATION:** Accept as Information

**BACKGROUND/DISCUSSION:**

**Update on COVID-19 Pandemic Impacts**

SoCo Transit and transit agencies across the globe have been severely impacted by the COVID-19 pandemic. In SLO County, fixed-route ridership is down between 70% and 80%. Below is a summary of the changes staff implemented in response to the County-declared emergency:

1. Altered Vehicle & Facility Cleaning, and Public Info Campaign – in response to the Governor’s March 4<sup>th</sup> State of Emergency declaration, staff enacted the incident command system, and established protocols on how to respond if an employee is suspected to have contracted the COVID-19 disease. We placed notices on buses and our website to remind riders to follow CDC flu-avoidance protocols, and also posted notices in operating facilities that reminded employees that hand sanitizer refills are provided at each operating facility. On March 10<sup>th</sup>, we suspended exterior bus cleaning to instead focus on daily cleaning of driver and rider areas inside each bus. Bus Operators were also provided supplies to sanitize the driver area prior to taking over a bus from another employee.
2. Weekday Regular Service decreased to Saturday Service Levels (March 16) – in response to the Governor’s order for those over 65 years of age and those with underlying health concerns to shelter at home, the RTA and its contractual partners reduced service levels on weekdays to essentially Saturday service levels. For SoCo Transit, the Saturday service starts an hour later in comparison to Weekday Regular service, and no Route 27 service is operated on weekends. Due to area school closures, the AGHS Tripper service was also suspended. Implementation of the seasonal Avila Beach Trolley – which provides service to the Pismo Premium Outlets and planned new service to the Pismo Reserve – has been delayed until further notice.
3. Fares Suspended & Implementation of Ambulatory Boarding at Mid-Door (March 23) – suspending fares reduced passenger interactions with Bus Operators and helps provide better social distancing. We also “mothballed” the sole remaining

SoCo Transit high-floor bus. Two other SoCo Transit buses (fleet numbers 1011 & 1012) were deployed in Paso Robles temporarily because the Paso Express buses only have a front entrance/exit door. Finally, the Bus Operators were empowered to remind riders that only essential travel is permitted, and in no case can a rider remain on a bus for more than one SoCo Transit loop.

4. Fiscal Emergency Declared by RTA Board (April 1) – this declaration permits service changes without a prior public hearing required under the California Environmental Quality Act. The RTA Board also provided direction on the *Families First Coronavirus Response Act* and the *Coronavirus Aid, Relief and Economic Security Act* in regards to keeping furloughed employees “in the bullpen” in anticipation of when services ramp back up after the County shelter at home declaration is lifted.
5. Bus Operator Bid “Shake-Up” (April 5) – following implementation of the new temporary COVID-19 Administrative Leave Program, management worked with Teamsters Local 986 officials to implement a temporary furlough program. This required a seniority based re-bid of Bus Operator shifts under the reduced service levels. Most SoCo Transit employees chose the Leave program, so RTA employees are now driving the three remaining SoCo Transit fixed-routes. More specifically, at the time of this writing, only one of the six daily bids – a part-time bid – is covered by a SoCo Transit employees; the remaining SoCo Transit bids are covered by RTA employees.
6. Maximum Loads Established (April 13) – to facilitate maximum social distancing, SoCo Transit, RTA and Paso Express established a maximum number of passengers simultaneously allowed on each bus type. The public information campaign began the previous week. The RTA has deployed two “tripper” buses and Bus Operators that has addressed overcrowding in real-time.

We have closely coordinated all service changes with the transit agencies operated by the cities of SLO, Atascadero, Morro Bay and Santa Maria, as well as our partners at the Teamsters. To some degree, the changes implemented have helped temporarily “right-size” the services in the county in light of the drastic drop in worldwide transit demand – but further changes could be necessitated if further reductions in our workforce occur.

On a somewhat related matter, on April 5<sup>th</sup> the Teamsters provided reusable cloth masks for its members (Bus Operators, Technicians, and Utility employees). Based on a Union-provided reference, management purchased and provided similar masks from the same Santa Ana manufacturer a few days later for all non-Union employees.

A copy of the California Department of Finance “COVID-19 – Interim Fiscal Update” document is attached to this staff report. The good news is that the State developed a significant reserve and cash position following the 2009 Great Recession that could help in response and recovery. The bad news is that the impacts of the health emergency

will likely impact each community in our State for several years. As the impacts become clearer in the coming months, staff will need to bring budget amendments to the SoCo Transit Board for consideration in order to fully right-size the transit services provided in South County.

### **Operations:**

Our annual Bus Operator Appreciation Day – originally slated for March 16<sup>th</sup> – was suspended due to SLO County's COVID-19 emergency declaration on March 13<sup>th</sup>. Once the shelter at home declaration is lifted and service levels can be ramped back up, staff will announce a new date to celebrate our front-line employees. We have also suspended the quarterly Employee of the Quarter luncheon until further notice.

Staff cancelled a Driver/Management Forum originally scheduled for April 14<sup>th</sup> due to a lack of issues/concerns submitted by SoCo Transit employees.

Unfortunately, SoCo Transit's outstanding achievement of consecutive days without a preventable collision ended on December 20, 2019 at 969 days. The collision was minor, and no injuries were reported. Congratulations to our employees who focus so strongly on providing safe and reliable transit services in the Five Cities area.

### **Marketing & Service Planning:**

Following the lifting of the COVID-19 emergency declaration, staff is prepared to restart the effort to consolidate SoCo Transit into the RTA. We will begin working with all jurisdictions to complete the Joint Powers Agreement amendment process that we began in 2019. Staff will work with the chief executive of each jurisdiction to develop staff reports and schedule consideration of the required resolutions.

### **Finance and Administration:**

Attached are preliminary operating and financial data for the first eight months of FY19-20. Graphs showing historical ridership and productivity by route are provided in the ensuing pages, followed by tables providing detailed data for the reporting periods. The first eight months through February 2020 experienced a decline in passenger boardings in comparison to the previous year (127,837 vs. 144,982, or a 12.3% decrease). The ridership on Routes 24 and 27 are slightly higher than the same period last fiscal year (up 1.4% and 7.6%, respectively), although the ridership on Routes 24 and 28 are down (20.8% and 17.3%, respectively). The decline on Route 21 can be attributed in part to the construction along Shell Beach Road. When grouping the bidirectional routes, Routes 21/24 experienced an overall 10.6% decline and Routes 27/28 experienced a 13.4% decline year over year.

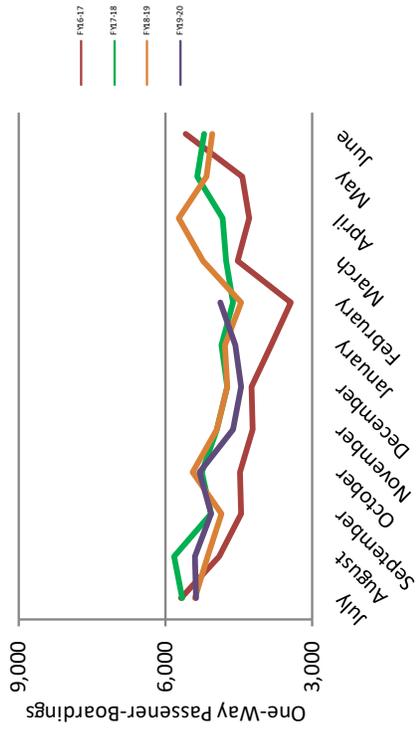
The financial results are provided in tables at the end of this report. As shown, for the first eight months of FY19-20 (66.7% of the year), we expended 64.2% of the operating

budget. The three largest budgeted line-items – salaries/benefits, vehicle maintenance and fuel – were all slightly below the targeted 66.7% figure.

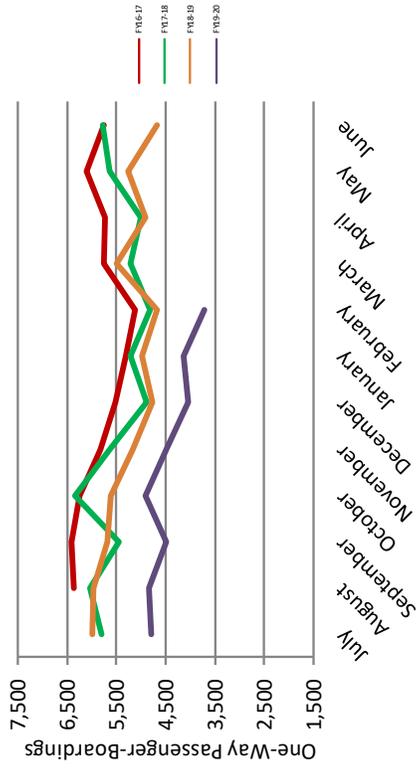
**STAFF RECOMMENDATION:**

Accept this as an information item.

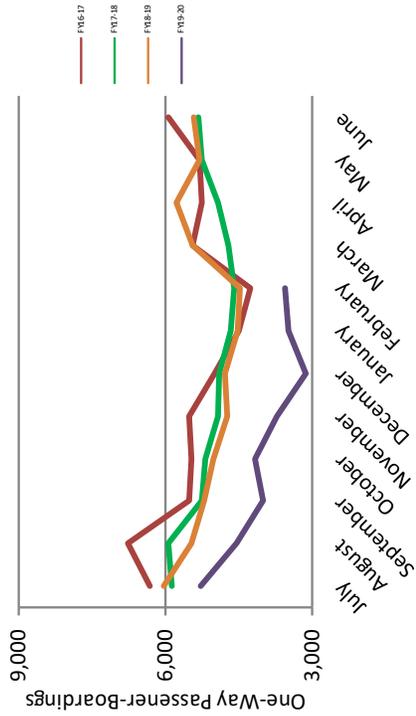
**Route 24 Ridership By Month**



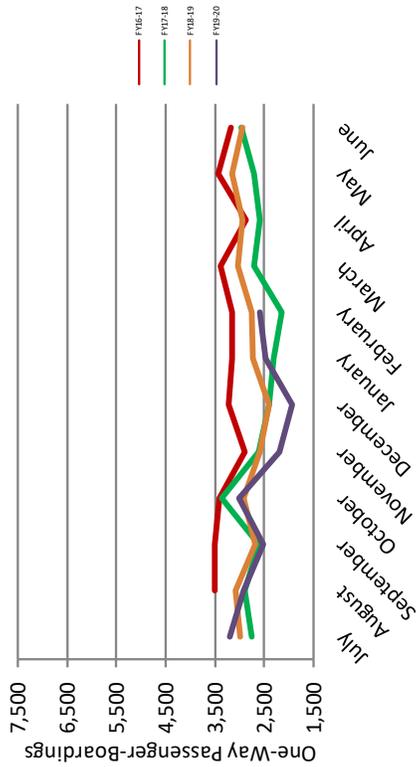
**Route 28 Ridership By Month**

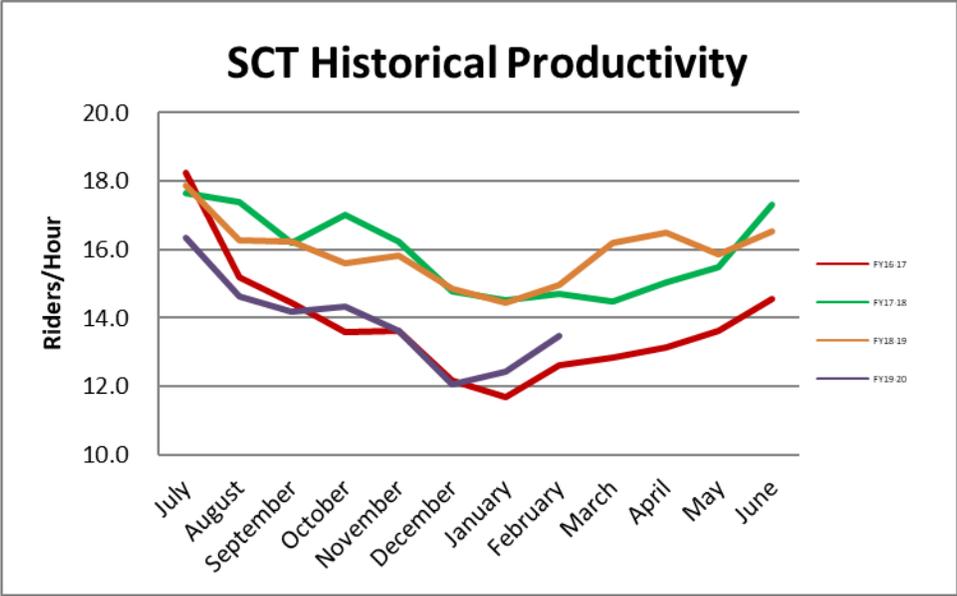


**Route 21 Ridership By Month**



**Route 27 Ridership By Month**





**SOUTH COUNTY TRANSIT**  
**2019-20 Budget vs. Actual (unaudited)**

	FY 19/20 Adopted	November 2019	December 2019	January 2020	February 2020	Year to Date	Percent Year to Date
<b>Use of Resources</b>							
<u>Administrative Expenditures</u>							
Insurance	\$ 118,990	\$ 9,728	\$ 9,728	\$ 9,663	\$ 9,663	\$ 77,172	64.9%
Liability & Physical Damage	59,710	4,739	4,739	4,739	4,739	37,909	63.5%
Workers Compensation	740	61	61	61	61	490	66.3%
Property Insurance	30,600	2,550	2,550	2,550	2,550	20,400	66.7%
Rent	11,270	946	945	1,176	1,110	7,943	70.5%
Utilities	1,240	113	113	113	113	876	70.6%
Radio Expense	1,590	-	-	-	-	330	20.8%
Legal Services	450	53	55	55	(2)	396	88.0%
Payroll Processing	82,190	6,849	6,849	6,849	6,849	54,793	66.7%
Administration - Staff Time	14,520	1,210	1,210	1,210	1,210	9,680	66.7%
Finance - Staff Time	5,610	468	468	468	468	3,740	66.7%
Marketing - Staff Time	6,450	456	301	395	324	2,964	46.0%
Office Expense/Miscellaneous	3,380	-	-	-	-	3,330	98.5%
Audit	16,050	499	499	650	821	4,454	27.8%
Marketing/Community Relations/Printing	8,270	2,842	536	1,570	287	6,879	83.2%
Uniforms/Laundry/Physicals/Ads							
<u>Operating Expenditures</u>							
Salaries/Benefits	\$ 710,090	\$ 38,979	\$ 103,954	\$ 61,943	\$ 52,977	\$ 458,770	64.6%
Maintenance	211,530	10,901	15,764	12,915	25,374	137,863	65.2%
Dispatch	24,030	2,003	2,003	2,003	2,003	16,020	66.7%
SCT Bus Fuel	191,310	15,833	14,288	15,381	14,753	127,189	66.5%
Contingency	14,980	-	-	-	-	-	0.0%
<b>9</b> Total Operating Expenditures	\$ 1,513,000	\$ 98,230	\$ 164,063	\$ 121,741	\$ 123,299	\$ 971,197	64.2%
<u>Capital Service</u>							
Short Range Transit Plan	\$ 54,265	\$ 3,363	\$ 8,045	\$ 3,805	\$ -	\$ 36,875	68.0%
Support Vehicle	33,000	-	-	-	-	-	0.0%
Facility Improvements/Bus Stop Amenities	89,000	-	-	-	-	-	0.0%
Transit Center Improvements	93,750	-	-	-	-	-	0.0%
Total Capital Service	\$ 270,015	\$ 3,363	\$ 8,045	\$ 3,805	\$ -	\$ 36,875	13.7%
<b>10</b> Total Use of Resources	\$ 1,783,015	\$ 101,593	\$ 172,108	\$ 125,546	\$ 123,299	\$ 1,008,072	56.5%

**SOUTH COUNTY TRANSIT  
OPERATING STATEMENT BY ROUTE - WEEKDAY AND TROLLEY  
YEAR TO DATE THRU FEBRUARY 29, 2020**

	RT 21 PISMO & SHELL BEACH	RT 24 GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 27 GROVER B, AG, OCEANO CLOCKWISE	RT 28 GROVER B, AG, OCEANO COUNTER CW	TOTAL WEEKDAY SERVICE	AVILA BEACH TROLLEY
<b>REVENUES:</b>						
FARES	\$ 19,700	\$ 18,052	\$ 17,566	\$ 16,471	\$ 71,789	\$ 3,342
<b>TOTAL ROUTE REVENUES</b>	\$ 19,700	\$ 18,052	\$ 17,566	\$ 16,471	\$ 71,789	\$ 3,342
<b>EXPENDITURES:</b>						
ADMINISTRATION	\$ 13,189	\$ 12,981	\$ 13,439	\$ 15,184	\$ 54,793	\$ 2,568
MARKETING	1,557	1,536	1,603	1,818	6,514	-
OPERATIONS/CONTINGENCY	122,106	120,294	122,809	140,843	506,052	10,827
FUEL	28,047	21,425	22,600	24,023	96,095	5,583
INSURANCE	25,390	19,426	20,440	21,793	87,049	5,329
<b>TOTAL EXPENDITURES</b>	\$ 190,290	\$ 175,661	\$ 180,890	\$ 203,662	\$ 750,503	\$ 24,308
<b>FAREBOX RATIO</b>	10.35%	10.28%	9.71%	8.09%	9.57%	13.75%
<b>SERVICE MILES</b>	33,391.3	25,494.3	26,928.8	28,573.9	114,388.3	7,855.8
<b>SERVICE HOURS</b>	1,760.7	1,733.8	1,798.0	2,025.8	7,318.2	363.6
<b>RIDERSHIP (Automatic Counters)</b>	24,092	31,375	20,877	27,144	103,488	4,284
<b>RIDERS PER MILE</b>	0.7	1.2	0.8	0.9	0.9	0.5
<b>RIDERS PER HOUR</b>	13.7	18.1	11.6	13.4	14.1	11.8
<b>COST PER PASSENGER</b>	\$ 7.90	\$ 5.60	\$ 8.66	\$ 7.50	\$ 7.25	\$ 5.67
<b>SUBSIDY PER PASSENGER</b>	\$ 7.08	\$ 5.02	\$ 7.82	\$ 6.90	\$ 6.56	\$ 4.89

**SOUTH COUNTY TRANSIT  
OPERATING STATEMENT BY ROUTE - WEEKEND, AND TOTALS  
YEAR TO DATE THRU FEBRUARY 29, 2020**

	RT 21 - SAT PISMO & SHELL BEACH	RT 21 - SUN PISMO & SHELL BEACH	RT 24 - SAT GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 24 - SUN GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 28 - SAT GROVER B, AG, OCEANO COUNTER CW	RT 28 - SUN GROVER B, AG, OCEANO COUNTER CW	TOTAL WEEKEND SERVICE	TOTAL SCT ONLY SERVICE	TOTAL SCT AND AVILA SERVICE
<b>REVENUES:</b>									
FARES	\$ 3,411	\$ 2,494	\$ 3,010	\$ 2,095	\$ 3,088	\$ 4,140	\$ 18,238	\$ 90,027	\$ 93,369
<b>TOTAL ROUTE REVENUES</b>	\$ 3,411	\$ 2,494	\$ 3,010	\$ 2,095	\$ 3,088	\$ 4,140	\$ 18,238	\$ 90,027	\$ 93,369
<b>EXPENDITURES:</b>									
ADMINISTRATION	\$ 2,531	\$ 2,241	\$ 2,460	\$ 2,181	\$ 2,488	\$ 2,232	\$ 14,133	\$ 68,926	\$ 71,493
MARKETING	301	266	293	258	296	265	1,680	8,194	8,194
OPERATIONS/CONTINGENCY	23,407	21,063	22,790	20,610	22,967	21,033	131,870	637,922	648,749
FUEL	5,284	4,680	4,067	3,640	4,130	3,710	25,511	121,606	127,189
INSURANCE	4,801	4,256	3,697	3,312	3,752	3,375	23,193	110,242	115,571
<b>TOTAL EXPENDITURES</b>	\$ 36,324	\$ 32,507	\$ 33,307	\$ 30,001	\$ 33,633	\$ 30,615	\$ 196,386	\$ 946,889	\$ 971,197
<b>FAREBOX RATIO</b>	9.39%	7.67%	9.04%	6.98%	9.18%	13.52%	9.29%	9.51%	9.61%
<b>SERVICE MILES</b>	6,273.1	5,560.5	4,829.2	4,324.0	4,905.0	4,407.3	30,299.0	144,687.2	152,543.0
<b>SERVICE HOURS</b>	339.2	298.2	329.5	290.2	333.1	297.1	1,887.3	9,205.6	9,569.2
<b>RIDERSHIP (Automatic Counters)</b>	4,303	3,455	4,659	3,621	4,297	4,014	24,349	127,837	132,121
<b>RIDERS PER MILE</b>	0.7	0.6	1.0	0.8	0.9	0.9	0.8	0.9	0.9
<b>RIDERS PER HOUR</b>	12.7	11.6	14.1	12.5	12.9	13.5	12.9	13.9	13.8
<b>COST PER PASSENGER</b>	\$ 8.44	\$ 9.41	\$ 7.15	\$ 8.29	\$ 7.83	\$ 7.63	\$ 8.07	\$ 7.41	\$ 7.35
<b>SUBSIDY PER PASSENGER</b>	\$ 7.65	\$ 8.69	\$ 6.50	\$ 7.71	\$ 7.11	\$ 6.60	\$ 7.32	\$ 6.70	\$ 6.64

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April 10, 2020

Honorable Holly Mitchell, Chair  
Joint Legislative Budget Committee  
Senate Budget and Fiscal Review Committee

Honorable Phil Ting, Chair  
Assembly Budget Committee

Honorable Anthony Portantino, Chair  
Senate Appropriations Committee

Honorable Lorena Gonzalez, Chair  
Assembly Appropriations Committee

### **COVID-19—Interim Fiscal Update**

As the Legislature assesses the extraordinary impacts of the COVID-19 pandemic on the state's fiscal condition, the Department of Finance provides the following interim fiscal update. Finance will continue to refine the information in this letter, as well as the state's revenue and expenditure estimates, as it develops the May Revision.

### **Economic Forecast and Revenues**

The need to implement stay-at-home measures in California to protect public health and safety, combined with the effects of the COVID-19 pandemic on the national and world economies, have dramatically affected the state's economy. The economic disruption from the pandemic is expected to result in a recession and have significant negative effects on state revenues; concurrently, the drop in the stock market may cause further revenue declines.

This impact is expected to be immediate, affecting fiscal year 2019-20, and will continue in to fiscal year 2020-21 and additional years depending on the pace of recovery of local, state and national economies.

To give some perspective, Finance modeled a moderate recession scenario for the Governor's Budget, when it was released in January of this year, in which unemployment was projected to peak at 9.1 percent in the second quarter of 2021, compared to 6.9 percent and 12.3 percent for the 2001 and 2009 recessions, respectively. Due to the scope of the COVID-19 pandemic, unemployment could peak at a level higher than the Great Recession.

### **Expenditures**

Fortunately, California begins this fiscal downturn in far better shape than in prior downturns because of our significant budget reserves and a cash cushion. Over the past several years, the state has paid off all of its past budgetary borrowing (the "wall of debt"), and has committed billions of dollars to paying down other liabilities. This, along with the maintenance of a structurally balanced budget in the last several years, has also made the state's fiscal condition more resilient.

Given the magnitude of this crisis, however, difficult decisions lie ahead. Accordingly, on March 24, Finance issued a Budget Letter (BL 20-08) informing all state departments that Finance is reevaluating all budget changes within the context of a workload budget, defined generally as the budget year costs of currently authorized services. In addition, resource constraints will likely force a further prioritization and reduction of expenditures.

At the same time, the state has been faced with implementing a massive public health response to the COVID-19 pandemic. This effort is critical to protecting the health of Californians and preparing the state's health care infrastructure for a surge of patients who will be infected and need to be hospitalized for life-saving supports. The cascading impacts of the public health response on the economy have also required historic intervention.

The state's response requires significant upfront emergency expenditures beyond the \$1 billion allocated in Chapter 2, Statutes of 2020. For cash flow purposes, an additional \$6 billion in response-related expenditures is projected in 2020. This funding is being used to secure personal protective equipment and critical medical supplies to expand the surge capacity of hospitals and medical facilities, as well as to support the state's efforts to protect public health and safety and reduce the spread of COVID-19. The state expects a majority of these expenditures will be reimbursed by the federal government. Given the scale of economic dislocation and other impacts of the public health orders, the Administration also expects increased expenditures due to higher caseloads in Medi-Cal, CalWORKs, and other health and human services programs.

### **Federal Stimulus**

Congress has enacted three COVID-19 relief packages to date. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), signed into law on March 27, includes \$2.2 trillion in federal stimulus for the nation. Direct payments provided to approximately two-thirds of California families, the additional \$600 per week added to unemployment checks, and expanded food benefits are all critical to supporting Californians during the crisis. The additional funding for small businesses through the Small Business Administration is also necessary to avoid long-term impacts on the state's economy.

Additional federal funding for schools, colleges and universities, child care, hospitals, housing, homelessness, and others will also provide critical support for both increased demand on programs and extraordinary expenditures related to delivering programs in different ways under the state's public health orders.

The federal stimulus will also provide at least \$8.4 billion in direct assistance for the state's COVID-19-related expenditures and up to \$6.9 billion for direct assistance to local governments. This funding is critical to support needed expenditures as the state and local governments work to keep Californians safe and reduce the spread of COVID-19. The Administration has directed all state agencies and departments to put procedures in place to draw down all available federal assistance and allocate these funds expeditiously.

Finally, on March 22, California secured a Presidential Major Disaster Declaration which makes federal funding available to the state for emergency protective measures, including direct federal assistance and reimbursement of state costs through the Federal Emergency Management Agency (FEMA). FEMA is expected to reimburse the state for approximately 75 percent of direct expenditures, and has committed to advancing up to 50 percent of the federal share of certain expenditures. Under this cost sharing arrangement, the federal government will fund approximately \$5.25 billion of the \$7 billion the state currently plans for expenditure.

A significant increase in federal funding will be needed beyond what has been provided for states and local governments to maintain critical programs and services. The Governor recently sent a letter (copy attached) to Speaker of the House Nancy Pelosi requesting significant funding from Congress—\$1 trillion in direct and flexible relief for *all* states and local governments in recognition of the profound challenges ahead.

### **Cash Flow**

The state's cash position was strong entering fiscal year 2019-20, but has been impacted by the COVID-19 pandemic. Current projections indicate that the state will have sufficient cash and internal borrowable resources available through the end of the current fiscal year despite the rapidly changing conditions related to the COVID-19 pandemic.

The State Controller's Office has updated these projections to reflect the delay in the deadlines for filing and payment of the primary General Fund tax revenue sources (personal income tax, corporate income tax and sales tax) to July 15, 2020, and assumes the state will receive approximately \$19.8 billion in revenue from April through June of 2020—roughly 39 percent of the estimated receipts for this period reflected in the Governor's January Budget.

The following other significant assumptions are also reflected in these preliminary cash projections:

- The state will receive an \$8.4 billion allocation of federal funding pursuant to the federal CARES Act in May 2020; and
- The state will spend roughly \$7 billion in emergency COVID-19 response-related expenditures in 2020. The updated cash flow projections conservatively do not reflect additional federal reimbursements in 2019-20 other than the \$500 million already received by the state.

Based on these assumptions, the cash flow projections indicate that as of June 30, 2020, the state will have approximately \$8.7 billion in available cash and unused internal borrowable resources.

The fast-moving and fluid nature of the state's fiscal condition during this crisis require a range of cash management tools. Accordingly, the Governor authorized the State Controller to open and transfer funds to an account known as the General Cash Revolving Fund. Establishing this fund is a precautionary measure that would allow the

state to issue Revenue Anticipation Warrants, also called "RAWs", which are external cash borrowings that extend beyond a single fiscal year. The State Controller's Office, however, does not anticipate issuing RAWs this year because of the projected available cash and unused internal borrowable resources.

## Conclusion

The May Revision that the Administration will submit to the Legislature by the statutory deadline will reflect the extraordinary impacts of the COVID-19 pandemic on the state's fiscal condition. As this letter demonstrates, the state faces daunting challenges and difficult decisions in the weeks and months ahead. The Administration will continue to work with the Legislature during this unprecedented crisis to maintain a balanced budget that promotes opportunity, and supports an equitable economic recovery.



KEELY MARTIN BOSLER  
Director, Department of Finance

Attachment

cc: Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee  
Gabriel Petek, Legislative Analyst (3)  
Joe Stephenshaw, Staff Director, Senate Budget and Fiscal Review Committee  
Kirk Feely, Budget Fiscal Director, Senate Republican Fiscal Office  
Christopher W. Woods, Senate President pro Tempore's Office (2)  
Christian Griffith, Chief Consultant, Assembly Budget Committee  
Cyndi Hillery, Budget Director, Assembly Republican Caucus, Office of Policy and Budget  
Jayme Chick, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office  
Joe Shinstock, Chief Consultant, Assembly Republican Leader's Office  
Jason Sisney, Assembly Speaker's Office (2)  
Mark McKenzie, Staff Director, Senate Appropriations Committee  
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee



## OFFICE OF THE GOVERNOR

April 8, 2020

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
H-232, The Capitol  
Washington, DC 20515

Dear Speaker Pelosi:

I appreciate your leadership in addressing the COVID-19 emergency, and I am writing to request further relief as we contend with this pandemic and its effects.

For the state of California, our top-priority request is for Congress to appropriate **\$1 trillion** in direct and flexible relief to states and local governments. This level of assistance won't replace the national decline in state and local revenue, which may reach \$1.5 trillion or more over the next three years. But it is necessary for us to fight this pandemic while minimizing the most devastating cuts to our schools, social services, hospitals, and first responders, and keeping our economy afloat.

The state also requests bold federal action in **five** specific areas:

- **Health:** This is a health crisis, and the effects will likely last far longer than COVID-19 itself. We cannot address this crisis without investments at the scale of the challenge. States need funding to ensure we can provide coverage to the rising numbers of people who will newly qualify for Medicaid, fully cover COVID-19 related health needs, and free up state funding to address the need for continued investments in public health.

To achieve these goals, I ask that Congress double the temporary FMAP 6.2 percentage point increase enacted last month, and tie the duration of the increase to unemployment-rate benchmarks so states do not lose investment while still in recovery. Congress must also help stabilize health insurance markets grappling with rising COVID-19 costs. Hospitals that are being stretched to capacity require additional funding. Finally, I urge Congress to prohibit the enactment of the proposed Medicaid Fiscal Accountability Rule.

- **Workers:** The unemployment measures that Congress enacted last month were meaningful – but short-term. Given the depth of this crisis, I urge Congress to

continue the \$600/week increase and eligibility expansions until the unemployment rate recovers. This boost will be the difference between poverty and stability for millions of people and will provide needed economic stimulus. Further, states should be allowed to draw zero-interest UI loans past 2020 so that we are not diverting resources in a historic economic emergency.

- **Small Business:** Right now, the relief provided in the CARES legislation is not moving quickly to people in need. This initiative must be fixed: with expanded funding, clear guidance on how small business owners can qualify for grants, structural changes to encourage banks to process applications from all owners who are eligible including addressing the secondary market, and fair treatment of owners no matter when in the day they file, so west coast owners are not disadvantaged from a "first come, first serve" rule that favors east coast small businesses due to time differences. The U.S. Small Business Administration should also expedite guidance on the application process for new 7a lenders to meet demand. Congress should also expand eligibility for nonprofits so that those with greater than 500 employees can also participate. Finally, Congress should consider assistance for businesses who had business-interruption insurance but who nonetheless cannot recover from insurers.
- **Food, Housing, and Homelessness:** I was grateful for your advocacy last month as you sought to raise SNAP benefits by at least 15 percent, and I continue to support this goal. Further support for affordable housing and homelessness prevention will also help stabilize families. New funding that enables states to provide more rental assistance and local governments to acquire housing for the formerly homeless will make a big difference, as will lifting the bond cap for tax-exempt financing for low-income housing. These goals have taken on new urgency as we seek to contain COVID-19.
- **Education:** Our schools, colleges, and universities require more investment in response to the rising tide of economic insecurity people are facing. The assistance provided in CARES was helpful – but simply not enough. These institutions will face damaging cuts without much more help.

Congress should double the maximum Pell Grant to help low-income students, invest tens of billions of dollars to foster a more robust federal-state higher education partnership, expand loan forgiveness for borrowers with student debt, and allocate hundreds of billions of dollars to shore up our K-12 system in a time of crisis. Congress should also double down on recent increases to the Child Care & Development Block Grant to help ensure essential workers and others who are returning to work have access to child care. Finally, broadband-for-all can no longer be a talking point at a time when tens of millions of students rely on distance learning; it must be a national priority.

I am also developing a broader set of proposals that will help create a more just and equitable future for Americans in the wake of this crisis. This emergency has exposed how intertwined our society is and how little economic security people truly have. We must act so that a crisis of this magnitude never happens again.

But before we can do that, we must contain the pandemic, avoid devastating cuts, and create a path to recovery. I am grateful for your leadership and look forward to working with you to meet this moment and the needs of our people.

Sincerely,

Gavin Newsom  
Governor of California

Keep up the  
incredible work!

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# SOUTH COUNTY TRANSIT

-Fiscal Year 2020/2021 Budget  
-Projected Five Year Capital Budget  
April 22, 2020

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## **Vision Statement**

*The SoCo Transit of the future will help meet residents' and visitor's diverse transportation needs in the Five Cities Area.*

## **Mission Statement**

South County Transit is committed to providing safe, friendly, and reliable service to the citizens of and visitors to the Five Cities Area.

## **Vision Elements**

- Continue successful partnerships with jurisdictions, county, other public agencies, businesses and schools.
- Provide excellent, reliable, sustainable seamless service that is effective in getting residents and visitors where they want to travel.
- Secure reliable funding.
- Implement an Intelligent Transportation Systems (ITS) program to improve service quality and provide efficiencies.
- Develop a well-executed image-building campaign with a single face for public transportation.

## **Strategic Direction**

- Stabilize and grow funding.
- Continue to improve service quality: On-time performance, scheduling and routing, customer amenities on our vehicles and at our bus stops, operating procedures.
- Consolidate and streamline operations to improve efficiency and effectiveness of public transportation throughout the county.
- Include public transportation as part of the lifestyle evolution needed to confront climate change.
- Reduce private automobile Vehicle Miles Traveled (VMT).
- Improve SoCo Transit's farebox recovery ratio to avoid Transportation Development Act (TDA) penalties.

- Embrace technological improvements that will positively impact efficiency and quality of service.

## **Goals**

1. Provide market-driven service that meets the needs of the communities that we serve but that will also attract discretionary riders.
2. Provide transportation services that are safe, reliable, economical and accessible in an efficient manner with innovative management practices and technological advancements.
3. Lead and participate in the analysis of the integration of transit operations throughout the county to ensure that customers are provided seamless transit alternatives and services that attract discretionary riders from every community that SoCo Transit serves.
4. Promote the value of SoCo Transit and public transportation to the quality of life in the Five Cities Area and the environmental rewards of utilizing public transportation and the reduction of vehicle miles traveled.

**SOUTH COUNTY TRANSIT  
APRIL 22, 2020  
STAFF REPORT**

**AGENDA ITEM:** B-1

**TOPIC:** Fiscal Year 2020-21 Operating and Capital Budget

**ACTION:** Adopt Fiscal Year 2020-21 Budget as Presented

**PRESENTED BY:** Tania Arnold, RTA Deputy Director/CFO

**BACKGROUND**

We appreciate the Board's support and leadership during these unprecedented times as we work to present a fiscally constrained Fiscal Year 2020-21 operating budget. In addition, we are presenting a five-year capital program.

The budget packet contains the following items:

- Our Vision and Mission statements,
- Budget Assumptions adopted by the Board at its January 22, 2020 meeting,
- Fiscally constrained FY20-21 operating and capital budgets, and
- Fiscally unconstrained FY21-22 through FY24-25 capital budgets.

We are pleased to present the proposed South County Transit Fiscal Year 2020-21 Operating and Capital Budget. The operating budget is proposed at \$1,653,170 and the capital budget at \$731,110. The budget is balanced, based on proposed service levels and anticipated funding levels. The SoCo Transit FY20-21 budget assumes the same levels of fixed-route revenue service hours and miles for all routes, including the Beach Trolley service (which is funded entirely by the County and the City of Pismo Beach). Staff will also continue to evaluate service modifications during the year to improve efficiencies and/or to address impacts from the COVID-19 pandemic, and any such change would be brought back to the SoCo Transit Board for consideration. One change being implemented, which did not include a change in the hours and miles of service, is the change to the Beach Trolley to include the Pismo Preserve that is being funded entirely by the City of Pismo Beach. Another item for consideration will be continuation of Route 27, since the Low Carbon Transit Operator Program (LCTOP) funding for Route 27, \$267,000 for FY20-21, will no longer be available after June 2021. Local or other funds would be needed in order to continue its operation.

It should be noted that the City of Pismo Beach is joining the County to fund the expanded Beach Trolley service in FY20-21, and this service is presented in a separate column from the core SoCo Transit fixed-route services in the monthly farebox reports to assist decision-makers in monitoring the performance of core SoCo Transit services. Any farebox or other shortfalls in the Beach Trolley are the responsibility of the County, the City of Pismo Beach, and its funding partners.

As noted during the presentation of the budget assumption at the January 22<sup>nd</sup> SoCo Transit Board meeting, below are the key issues staff is working to address:

## KEY ISSUES

1. SoCo Transit faces a Transportation Development Act (TDA) financial penalty, estimated to be on the order of \$70,000, which SLOCOG has delayed imposing due to the consideration of consolidation into the RTA.

Note that this issue is the greatest one facing the agency in the immediate future, and is something that has been on the forefront of decision-makers' minds ever since the State-mandated higher 20% farebox recovery ratio was triggered by the 2010 US Census.

SoCo Transit faced a Transportation Development Act (TDA) financial penalty in FY18-19 because the SoCo Transit farebox recovery ratio (FFR) falls below the 20% mandate. At the January 17, 2019 SoCo Transit Board meeting, staff reported that consolidation into the RTA would result in an annual net savings to the SoCo Transit jurisdictions. At its March 7, 2019 meeting, the RTA Board considered SoCo Transit's request to consolidate into the RTA, and directed staff to move forward with twelve "next steps" as the region considers consolidation. While this process stalled in FY18-19, staff resolved the RTA's underlying retirement-based issues and at the January 22, 2020 Board meeting a public hearing was included to consider the Short Range Transit Plan (SRTP) recommendations including the recommendation of consolidation of SoCo Transit into the RTA, with the aim for completion in January 2021.

Based on the current services agreement, prior to consolidation, the proposed *Administration - Staff Time* charge for FY20-21 is \$82,390. This equates to approximately 1,200 hours of administrative staff time. The proposed *Finance - Staff Time* charge is \$14,560. The *Marketing - Staff Time* charge of \$5,620 is proposed, and is based on 10 hours/month. *Dispatch - Staff Time* costs are also proposed at \$24,090 to account for actual proportional time spent by RTA dispatchers, schedulers and road supervisors handling SoCo Transit's needs. The increase is nominal due to presumed consolidation in January 2021.

As a consolidation date is determined in the coming months, staff will present a mock consolidated budget for review. Assuming consolidation is ultimately adopted, staff will present a budget amendment for adoption by the Board that identifies impacts but the budget as presented does not include consolidation. Financial impacts that would be included in the budget amendment include the SoCo Transit contract with the RTA for administrative, financial, marketing, maintenance and dispatch services. Additionally staff will reserve policies after consolidation as part of the evaluation of insurance options and address options self-insured retentions.

## 2. State Transit Assistance (STA) funds used for capital projects.

We are predicating the revenue stream for the FY20-21 budget on the latest information that we have available. STA is derived from the sales tax on diesel fuel. STA has traditionally been used to fund capital projects, but can be used for operations if certain conditions are met. Given the current uncertainties caused by the COVID-19 pandemic, a portion of the STA allocation has been apportioned to operations in order to minimize the request for LTF funding.

STA funding for FY20-21 includes Senate Bill 1 – Road Repair and Accountability Act of 2017 (SB1) STA Augmentation funds. These funds were previously allocated to capital replacement reserves in order to match federal funds for planned fixed-route vehicle replacements. As noted during the FY18-19 budget presentation, due to reduced federal funding from the FTA Section 5307 Small Transit Intensive Cities program for FY17-18, the two vehicles originally planned for FY20-21 were split between FY20-21 and FY21-22 in order to allow additional time to secure federal or state funding for the second vehicle, without holding up the one vehicle for which funding has been identified. Staff is working to identify funding for two vehicles scheduled for replacement in FY22-23 and might include the first battery-electric vehicles procured as part of the SoCo Transit fleet. This allows time to establish the required infrastructure and for the battery-electric bus technology to be further refined.

As noted in the April 4, 2018 SLOCOG staff report, the SoCo Transit STA allocation for regional integration (due to impending consolidation into the RTA) has been increased to 100% for FY18-19. Staff also appreciates SLOCOG lowering the farebox recovery ratio (FRR) requirement in the Arroyo Grande-Grover Beach Urbanized Area from 20% to 15% under consolidation; this will help the consolidated services achieve a more feasible FRR requirement.

## 3. Local Transportation Funds (LTF) used for operating purposes.

LTF funds are derived from the statewide ¼ percent sales tax, and has traditionally been used to fund operations, but can be used for capital projects as well, although the FY20-21 capital budget does not include LTF funds.

The LTF program continues to be relatively volatile – particularly in light of the present COVID-19 pandemic – and staff is unsure of what the projection for this revenue stream should be for the coming years. For the FY20-21 budget, staff is requesting a slight increase of less than 1% for a FY20-21 LTF total of \$457,580 (\$456,464 in FY19-20). It is similar to the amount request in recent years when there was not a significant fund balance carryover, and significantly lower than the amount requested in FY12-13 of \$677,788.

4. Liability costs continue to escalate, despite SoCo Transit's good safety record.

Workers compensation insurance provided by the CSAC Excess Insurance Authority pool, and due largely to the increase in wages under the CBA, staff is anticipating an increase in FY20-21 back to a level similar to FY17-18. Staff continues to monitor claims diligently, with the realization that worker's compensation for transit services is especially challenging statewide as loss development trends for the state are not favorable.

Staff has included preliminary numbers for the pooled CalTIP general liability and auto physical damage renewal, as well as the addition of employment practices liability coverage provided through the ERMA pool. Based on the preliminary numbers, we anticipate that there will be rate increases again this year. Nonetheless, the CalTIP policies offer the best economic and risk management service value in today's market. The annual premium cost for these two insurance policies is also lower as a result of staff's continual work with our employee committee that has evaluated workplace safety and has initiated a proactive program to reduce the number and severity of claims. It should be noted that staff also implemented a new safety reward program in FY16-17 to both heighten awareness of how work injuries and vehicle collisions affect the bottom line, and to reward safe behaviors. This type of program is used across the transit industry, and is based on the one used at the RTA. This cost is reflected in the Office Expense/Miscellaneous line-item.

In addition to the items listed under Key Issue #1 SoCo Transit consolidation into the RTA, staff is planning for consolidation of insurance coverage between SoCo Transit and the RTA, which would reduce duplicative administrative charges for both general liability and workers compensation.

5. Fleet replacement and related funding requirements including SB1 funds.

The three new replacement buses that were delivered in the summer of 2013 and one in the spring of 2015 resulted in somewhat of a "vacation" in maintenance repairs during the warranty period – and that vacation is over. Overall, the net effect is that staff has projected FY20-21 maintenance costs to increase from FY19-20 in line with the increase from FY18-19 to FY19-20.

The FY15-16 budget included the transfer of Bus 1011 and 1012 from RTA in lieu of purchasing a replacement bus that was originally scheduled for delivery in June 2016. This allowed SoCo Transit to spread the vehicle replacements over a longer time period, as these vehicles are eligible for replacement in FY20-21 when those two buses reach the end of their FTA-defined economically useful lives. As noted in Key Issue #3, the replacement of one of those vehicles has been delayed in order to fund the local match, therefore only one vehicle is in the FY20-21 budget as presented.

Staff continues to pursue both formula and discretionary capital funding sources to replace the sole remaining 2003 bus with a diesel-powered bus.

Staff will also begin the grant application process to replace the future buses with Battery Electric Buses and related recharging infrastructure.

6. Fuel costs continue to remain low; this also results in declining ridership & fares.

Due to the current global uncertainty, fuel prices have continued to swing wildly over the past few years, and noticeably in the last few weeks due to the COVID-19 pandemic crisis. Staff has tried to budget fuel somewhat conservatively, but we may need to adjust it if fuel prices change significantly during the fiscal year from the \$3.30 per gallon budgeted amount. It should be noted that diesel-powered buses manufactured after 2009 also require the use of Diesel Exhaust Fluid (DEF) to meet emissions requirements. DEF costs 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.

7. Transit agencies across California are struggling to attract a sufficient number of qualified Bus Operator candidates, including all of the transit agencies in our County.

SoCo Transit currently employs four full-time hourly Bus Operators, several part-time/casual hourly Bus Operators, and one part-time hourly Utility Worker – all of whom are covered by a Collective Bargaining Agreement (CBA) with Teamsters Local 986. It should be noted that the SoCo Transit Board ratified the current CBA in January 2018, which runs through December 31, 2021. No changes to the mix of full-time and part-time employees are assumed in the FY20-21 budget. For budgetary planning purposes, the FY20-21 operating budget assumes the current health benefits levels provided under SoCo Transit's plan; should consolidation be completed during the fiscal year, net health insurance benefit costs would increase primarily due to the addition of six part-time/health-benefited employees.

The CBA identifies annual increases based upon longevity for Bus Operators and Utility Workers. Of note, the increase in the minimum wage in January 2021 of \$1/hour has a significant impact on our agency. Wage and benefit changes make up a significant portion of the increase in the FY20-21 over FY19-20. This may change should the Governor make the election to not increase the minimum wage in January 2021.

### **Revised Revenue Assumptions**

Since FY13-14, the *Arroyo Grande – Grover Beach Urbanized Area* designation has resulted in SoCo Transit's ability to access to Federal Transit Administration (FTA) Section 5307 Urbanized Area reimbursement funds. In total, the FY20-21 budget assumes that \$587,100 of FTA 5307 funds will be used for operating purposes, which will reduce the need for LTF from the SoCo Transit jurisdictions. In March 2020, the federal government approved the "Coronavirus Aid, Relief, and Economic Security Act" (CARES Act) which is a \$2 trillion emergency funding package designed to blunt the worst and most immediate impacts of the COVID-19 pandemic. As of this writing, staff is uncertain how much additional funding will be coming to the region via traditional formula funding allocations but anticipates that these funds will be used to offset the

additional costs incurred during the pandemic for items such as labor, additional supplies, and offset lost fare revenue.

Staff is working with SLOCOG, the RTA jurisdictions, and the Cities of Atascadero, Paso Robles and San Luis Obispo to cooperatively program the FTA funds for FY20-21 and FY21-22.

### **Revised Expenses Assumptions**

The proposed Service Delivery cost is up by roughly 9% from what was identified in the FY19-20 budget. The primary reasons, as noted previously, are due to increases in insurance, increases in wages as programed in the CBA, and an increase in maintenance related costs due to the increasing average fleet age.

### **Capital Budget**

Staff will present budget amendments to the Board in the coming months to carry over any capital funds that were not fully expended during FY19-20. All carryover capital projects are fully funded and no additional funds will be needed.

### **Budget Notes**

Staff has segregated the 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.

1. ESTIMATED FUND BALANCE – This amount includes carryover funds and general reserves. This amount represents the fund balance available according to the June 30, 2019 audited results, plus projected revenues for the fiscal year ending June 30, 2020, less projected expenses for the fiscal year ending June 30, 2020. The resulting amount is the projected fund balance, which will be available on July 1, 2020.
2. REQUIRED RESERVES – In April 2014, the SoCo Transit 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 have been calculated based on funding the local match on the average five-year vehicle replacement plan.
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, advertising revenues, 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 SoCo Transit JPA members. This formula applies to all SoCo Transit 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 2020-21 Budget as presented by staff.

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**SOUTH COUNTY TRANSIT  
JANUARY 22, 2020  
STAFF REPORT**

**AGENDA ITEM:** B-2

**TOPIC:** Fiscal Year 2020-21 Budget Assumptions

**ACTION:** Approve Budget Assumptions

**PRESENTED BY:** Tania Arnold, RTA Deputy Director/CFO

**STAFF RECOMMENDATION:** Approve Budget Assumptions to Enable Staff to Begin Development of FY20-21 Operating and Capital Budgets

**BACKGROUND/DISCUSSION:**

Each year in connection with the annual budget process, staff reviews SoCo Transit operations to determine what, if any, operational changes will be recommended for implementation in the following fiscal year. Based on those recommended changes, staff develops the operational data, revenue and cost projections for presentation in the proposed Operating Budget. For Fiscal Year 2020-21, staff is recommending maintaining service levels and the current fare structure implemented in July 2016.

The following are the staff recommended FY20-21 Budget Assumptions that will provide staff the necessary policy guidance to prepare the appropriate operating and capital program for presentation to the Board at its April meeting.

KEY ISSUES

1. SoCo Transit faces a Transportation Development Act (TDA) financial penalty, estimated to be on the order of \$70,000, which SLOCOG has delayed imposing due to the consideration of consolidation into the RTA.
2. STA funds used for capital projects.
3. LTF used for operating purposes.
4. Liability costs continue to escalate, despite SoCo Transit's good safety record.
5. Fleet replacement and related funding requirements including SB1 funds.
6. Fuel costs continue to remain low; this also results in declining ridership & fares.
7. Transit agencies across California are struggling to attract a sufficient number of qualified Bus Operator candidates, including all of the transit agencies in our County.

Note that the first issue above is the greatest one facing the agency in the immediate future, and is something that has been on the forefront of decision-makers' minds ever

since the State-mandated higher 20% farebox recovery ratio was triggered by the 2010 US Census.

It should also be noted that, in conjunction with the consultant team, staff kicked-off the Joint Short Range Transit Plans for SoCo Transit and area Dial a Rides in December 2018 and the results of the study will be presented at the January 22, 2020 SoCo Transit Board Meeting. The SRTP was completed earlier than the originally projected 18 month timeline. The SRTP provides a “roadmap” for the next 5 to 7 years.

## **Mission Statement**

The Mission of South County Transit is to provide safe, friendly, and reliable service to the citizens of and visitors to the Five Cities Area.

## **Objectives and Revenue Impacts**

1. Maintain service levels and hours of service that meet the standards of productivity and demands of our customers and communities through the effective and efficient delivery of SoCo Transit Fixed Route core services, as well as contracted Five Cities Senior Shuttle and Trolley services.
  - a. SoCo Transit received just over \$78,500 in State Transit Assistance (STA) capital project funding in FY17-18. In comparison, in FY18-19 SoCo Transit received \$158,040, and \$240,880 in FY19-20 due to the addition of SB1 funding. Staff will work with SLOCOG staff to determine a realistic estimate for FY20-21.
  - b. The SmartPhone based fare paying system that the RTA obtained with regional Prop 1B Safety and Security fund was implemented in the last quarter of FY18-19. Staff continues to monitor its use and believes it is an effective system and helps relieve pressure on placing expensive and time-consuming electronic Ticket Vending Machines at high-use bus stops throughout the county, including in South County.
  - c. Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program grant funding will be budgeted at 45% of allowable operating expenditures less farebox revenue.
  - d. To partially fund the new Route 27 (clockwise, weekdays-only) and Route 28 (counterclockwise, 7 days a week) services, SoCo Transit applied in December 2019 for Low-Carbon Transit Operations Program (LCTOP) grant to fund the service in FY20-21. The Oceano area’s demographic profile suggests this service will continue to rank relatively high in San Luis Obispo County for these LCTOP grant funds. Please note that these funds will only be available through the end of FY20-21, after which local or other funds will be needed in order to continue its operation.

- e. As noted above, a financial penalty will be assessed by SLOCOG for failing to achieve the mandated 20% farebox recovery ratio if South County Transit does not consolidate with RTA. When assessed, this amount is determined and local non-TDA sources are identified at each jurisdiction's level, the now-reduced LTF will be budgeted to balance the SoCo Transit budget based on maintaining service levels for SoCo Transit Routes 21, 24, 27 and 28 operations. Note that tripper service on Routes 27 and 28 only operates when Arroyo Grande High School is in full session. The FY20-21 amount of projected LTF will likely be in line with FY18-19 LTF amount (which is slightly higher than the FY19-20 LTF amount), which is greater than in the prior recent fiscal years, because SoCo Transit has used up savings generated in prior years that had been carried forward as fund balance available to offset LTF in the following year.
  - f. Detailed miles/hours and span of service for each SoCo Transit core fixed-route will be provided with the draft budget. For context, detailed budgets based on miles/hours and span of service will be provided separately for the County-funded Beach Trolley service.
  - g. Staff will continue to research and evaluate new revenue resources 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 SoCo Transit jurisdictions and/or adjust service levels.
  - h. Due to changes in self-insured retention requirements, staff will review and provide recommendations regarding the SoCo Transit reserve policy once consolidation is completed. The reserve policy was originally adopted in April 2014, as part of the budget process.
2. Work with the SLOCOG in evaluating region-wide service efficiencies.
- a. Continue to evaluate the TDA Triennial Audit recommendation for SoCo Transit to consolidate with the RTA. Consolidation would have the effect of eliminating the TDA financial penalty for SoCo Transit.
  - b. Transit agencies across the country have experienced ridership declines and, although those declines have recently slowed, they are still affecting SoCo Transit's farebox recovery ratio. Other factors also include changes to the California minimum wage, which increased over 8% in January 2020. Staff will work with SLOCOG to determine the appropriate farebox ratio requirements for SoCo Transit under possible consolidation with the RTA.
  - c. Review the tasks and financial impacts included in the SoCo Transit contract for administrative, financial, marketing, maintenance and dispatch services,

and evaluate efficiencies with the RTA. With consolidation, some services such as payroll and finance will be reduced, resulting in cost savings.

- d. Monitor the results of the 2018-20 SoCo Transit Strategic Business Plan as well as the current Short Range Transit Plan effort to evaluate potential efficiencies and provide recommended changes for the 2021-23 SoCo Transit Strategic Business Plan.
3. Evaluate options and provide analysis on the 5-year capital improvement program and methods to fund these needs.

### **Expenses Impacts**

1. The Beach Trolley will operate from early-April through early-June on Friday through Sunday (Friday evening, and from 10 am to 6 pm on Saturday and Sunday). From mid-June to early-September, the Beach Trolley will operate on Friday through Sunday (Friday and Saturday from 10 am to 9 pm and Sunday from 10 a, to 6 pm). From mid-September to the end of September, the Beach Trolley will operate on Friday through Sunday (Friday evening, and from 10 am to 6 pm on Saturday and Sunday). These services are provided through a contract with RTA and entirely funded through the County, although the SRTP recommends it folded into SoCo Transit. Staff will continue to evaluate service levels based on ITS data to determine if service levels should be adjusted.
2. Fuel consumption and price will be budgeted conservatively; diesel fuel will be budgeted at \$3.25 per gallon. Included in the fuel line item will be diesel exhaust fluid (DEF), used to lower diesel exhaust emissions on model year 2013 and newer vehicles.
3. The operations facility rental costs will not increase in FY20-21 based on the recent lease amendment, which began January 1, 2020.
4. 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, 2020 through April 30, 2021 rates. Estimates should be received from CalTIP in time to include in the SoCo Transit budget that will be presented in April 2020. Although the number of SoCo Transit liability claims based on mileage has been lower than the pool average, the pool has experienced significant negative claims development and is working to ensure the stability of the pool and ensure equity between all members. The pool is seeing increased stability based on the measures that have been implemented but the continued volatility of the insurance market has impacted premiums.

Under consolidation, there will be savings annually in reduced administrative costs and the per-mile cost for SoCo Transit miles operated will initially decline.

- b. CalTIP vehicle physical damage will increase minimally, aided in part by the recommended disposal of bus 201.
  - c. As of July 1, 2017, CalTIP no longer provides employment practices liability insurance coverage as part of the premiums paid for general liability coverage. SoCo Transit was able to join the Employment Risk Management Authority (ERMA) to obtain coverage. The annual premium is estimated at \$2,750 with a \$50,000 self-insured retention.
  - d. Workers compensation premiums through the CSAC Excess Insurance Authority are projected to increase significantly due to the increase in the average wage of SoCo Transit employees as a result of the increases in the minimum wage that occurred in January 2019 and 2020. Workers compensation for transit services continues to be especially challenging statewide as loss development trends for the state are not favorable. Staff will obtain a more refined estimate in early March. We continue to work with our employee committee that has evaluated workplace safety and has initiated a proactive program to address the number of claims and severity of the claims. Under consolidation, there will be a relatively similar cost due to RTA having a higher loss ratio than SoCo Transit but cost increases would be offset by eliminating the duplicative carrier's administrative costs.
  - e. Property insurance will increase minimally since SoCo Transit does not own the property.
  - f. For budget-making purposes, staff is assuming health insurance premiums will increase 5% in comparison to current rates. This will have a minimal impact on the budget due to the low number of employees under the plan. At this time, the Affordable Care Act has no impact on the budget, since SoCo Transit employs fewer than 50 employees. Nonetheless, staff will continue to monitor legislation should that provision change. With consolidation health insurance costs would increase due to the Affordable Care Act provisions for employees who work greater than 30 hours per week.
5. Staffing Expenses:
- a. The South County Transit Board ratified the CBA with the Teamsters at its Special Board January 2018 meeting. The CBA expires on December 31, 2021.

## **Proposed Budget Calendar**

January 7	Detailed budget assumptions and revenue forecast to Executive Committee
January 22	Obtain Board concurrence on proposed draft budget assumptions
March 31	FY20-21 Budget Draft complete
April 7	Draft FY20-21 Budget presentation to Executive Committee
April 22	Final Board Budget presentation; Board adoption of FY20-21 Budget
May – June	SLOCOG notifies all JPA members of TDA allotment for member agency budget consideration
July 1	Start of new fiscal year

## **Staff Recommendation**

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

**SOUTH COUNTY TRANSIT  
2020-21 Proposed Budget**

	FY 18/19 Actual	FY 19/20 Adopted Operating	FY 19/20 Amended Capital	FY 20/21 Proposed Operating	FY 20/21 Proposed Capital	Net Increase (Decrease) In Budgets
<b>Funding Sources</b>						
Beginning Fund Balance	\$ 539,900	\$ 292,536	\$ 353,603	\$ 305,840	\$ 536,830	\$ 196,531
1 Estimated Fund Balance	\$ 539,900	\$ 292,536	\$ 353,603	\$ 305,840	\$ 536,830	\$ 196,531
2 Less Required Reserves:						
TDA Required Operating Reserve	\$ 294,240	\$ 305,840	\$ -	\$ 337,490	\$ -	\$ 31,650
Equipment Replacement Reserve	\$ 338,930	\$ -	\$ 536,830	\$ -	\$ 384,350	\$ (152,480)
Total Reserves	\$ 633,170	\$ 305,840	\$ 536,830	\$ 337,490	\$ 384,350	\$ (120,830)
3 Fund Balance Available (Required)	\$ (93,270)	\$ (13,304)	\$ (183,227)	\$ (31,650)	\$ 152,480	\$ 317,361
<b>Operating Revenues</b>						
Fares	\$ 153,140	\$ 142,960	\$ -	\$ 144,490	\$ -	\$ 1,530
STA Including STA SBI Augmentation	\$ 158,040	\$ -	\$ 240,880	\$ 145,000	\$ 95,880	\$ -
Low Carbon Transit Grant	\$ 221,919	\$ 300,000	\$ -	\$ 267,000	\$ -	\$ (33,000)
Federal Transit Adm (FTA) 5307 Operating	\$ 507,150	\$ 559,140	\$ -	\$ 587,100	\$ -	\$ 27,960
SLO County Trolley Operations & SRTP Match	\$ 54,895	\$ 49,990	\$ 22,750	\$ 61,770	\$ 22,750	\$ 11,780
RTA Operations Supervisor Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising and other income	\$ 8,400	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ -
4 Total Non-TDA Funds	\$ 1,103,544	\$ 1,057,090	\$ 263,630	\$ 1,210,360	\$ 118,630	\$ 8,270
5 Local Transportation Funds						
Arroyo Grande	\$ 485,490	\$ 456,464	\$ -	\$ 457,580	\$ -	\$ 1,116
Grover Beach	\$ 180,602	\$ 172,087	\$ -	\$ 172,508	\$ -	\$ 421
Pismo Beach	\$ 136,908	\$ 130,549	\$ -	\$ 130,410	\$ -	\$ (138)
SLO County	\$ 83,990	\$ 78,968	\$ -	\$ 79,619	\$ -	\$ 651
	\$ 83,990	\$ 74,860	\$ -	\$ 75,043	\$ -	\$ 183
6 Total Operating Revenues	\$ 1,589,034	\$ 1,513,554	\$ 263,630	\$ 1,667,940	\$ 118,630	\$ 9,386
<b>Non-Operating Resources</b>						
Interest	\$ 14,402	\$ 12,750	\$ -	\$ 16,880	\$ -	\$ 4,130
Prop 1B - Vehicle Replacement/ITS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Transit Adm (FTA) 5307 Capital	\$ 40,588	\$ -	\$ 189,612	\$ -	\$ 460,000	\$ 270,388
Federal Transit Adm (FTA) 5339 Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7 Total Non-Operating Resources	\$ 54,990	\$ 12,750	\$ 189,612	\$ 16,880	\$ 460,000	\$ 274,518
8 <b>Total Resources</b>	\$ 1,550,754	\$ 1,513,000	\$ 270,015	\$ 1,653,170	\$ 731,110	\$ 601,265

**SOUTH COUNTY TRANSIT  
2020-21 Proposed Budget**

	<b>FY 18/19 Actual</b>	<b>FY 19/20 Adopted Operating</b>	<b>FY 19/20 Amended Capital</b>	<b>FY 20/21 Proposed Operating</b>	<b>FY 20/21 Proposed Capital</b>	<b>Net Increase (Decrease) In Budgets</b>
<b>Use of Resources</b>						
<u>Administrative Expenditures</u>						
Insurance	\$ 117,060	\$ 118,990	\$ -	\$ 123,310	\$ -	\$ 4,320
Liability & Physical Damage	49,963	59,710	-	70,710	-	11,000
Workers Compensation	632	740	-	880	-	140
Property Insurance	30,600	30,600	-	31,060	-	460
Rent	10,723	11,270	-	11,590	-	320
Utilities	1,236	1,240	-	1,360	-	120
Radio Expense	310	1,590	-	1,590	-	-
Legal Services	697	450	-	690	-	240
Payroll Processing	81,110	82,190	-	82,390	-	200
Administration - Staff Time	14,320	14,520	-	14,560	-	200
Finance - Staff Time	5,530	5,610	-	5,620	-	40
Marketing - Staff Time	9,958	6,450	-	4,580	-	10
Office Expense/Miscellaneous	3,215	3,380	-	7,640	-	(1,870)
Audit	18,011	16,050	-	17,180	-	4,260
Marketing/Community Relations/Printing	6,226	8,270	-	10,040	-	1,130
Uniforms/Laundry/Physicals						1,770
<u>Operating Expenditures</u>	\$ 619,594	\$ 710,090	\$ -	\$ 787,380	\$ -	\$ 77,290
Salaries/Benefits	147,697	211,530	-	250,940	-	39,410
Maintenance	23,700	24,030	-	24,090	-	60
Dispatch - Staff Time	191,541	191,310	-	191,190	-	(120)
SCT Bus Fuel	48,830	14,980	-	16,370	-	1,390
Contingency						
<b>9</b> Total Operating Expenditures	\$ 1,380,953	\$ 1,513,000	\$ -	\$ 1,653,170	\$ -	\$ 140,170
<u>Capital Service</u>						
Support Vehicle	\$ 50,735	\$ -	\$ 33,000	\$ -	\$ 50,000	\$ 17,000
Short Range Transit Plan	-	-	54,265	-	-	(54,265)
Computer Upgrade	-	-	-	-	1,500	1,500
Vehicles/ITS	-	-	-	-	631,750	631,750
Facility Improvements/Bus Stop Amenities	-	-	89,000	-	47,860	(41,140)
Transit Centers Improvements	-	-	93,750	-	-	(93,750)
Total Capital Service	\$ 50,735	\$ -	\$ 270,015	\$ -	\$ 731,110	\$ 461,095
<b>10</b> Total Use of Resources	\$ 1,431,688	\$ 1,513,000	\$ 270,015	\$ 1,653,170	\$ 731,110	\$ 601,265

**SOUTH COUNTY TRANSIT**  
**Five Year Capital Projection**

	<b>FY 18/19 Actual Capital</b>	<b>FY 19/20 Amended Capital</b>	<b>FY 20/21 Projected Capital</b>	<b>FY 21/22 Projected Capital</b>	<b>FY 22/23 Projected Capital</b>	<b>FY 23/24 Projected Capital</b>	<b>FY 24/25 Projected Capital</b>
<u>Capital Service</u>							
Support Vehicle	\$ -	\$ 33,000	\$ -	\$ -	\$ -	\$ -	\$ -
Short Range Transit Plan	50,735	54,265	-	-	-	-	-
Computer Upgrade	-	-	1,500	-	-	-	-
Vehicles/ITS	-	-	631,750	631,750	2,089,500	-	767,900
Bus Stop Amenities	-	89,000	47,860	49,060	50,290	51,550	52,840
Facility Improvements	-	-	-	-	-	-	-
Transit Centers Improvements	-	93,750	-	-	-	-	-
Large Vehicle Repairs	-	-	-	50,000	-	-	-
Total Capital Service	\$ 50,735	\$ 270,015	\$ 681,110	\$ 730,810	\$ 2,139,790	\$ 51,550	
Increase Capital Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Use of Resources</b>	\$ 50,735	\$ 270,015	\$ 681,110	\$ 730,810	\$ 2,139,790	\$ 51,550	

**SOUTH COUNTY TRANSIT**  
**2020-21 Proposed Budget**  
**By Route**

	Route 21	Route 24	Route 27	Route 28	Avila Trolley
Miles	68,200	52,520	41,400	57,060	16,220
Hours	3,580	3,530	2,820	3,960	750
<u>Administrative Expenditures</u>					
Insurance	\$ 36,750	\$ 28,020	\$ 21,860	\$ 30,500	\$ 6,180
Liability & Physical Damage	21,070	16,070	12,540	17,490	3,540
Workers Compensation	230	210	170	240	40
Property Insurance	7,990	7,540	5,830	8,450	1,250
Rent	2,980	2,810	2,170	3,150	470
Utilities	350	330	260	370	50
Radio Expense	410	390	300	430	60
Legal Services	180	170	130	190	30
Payroll Processing	21,200	19,990	15,460	22,430	3,320
Administration - Staff Time	3,750	3,530	2,730	3,960	590
Finance - Staff Time	1,450	1,360	1,050	1,530	230
Marketing - Staff Time	1,180	1,110	860	1,250	180
Office Expense/Miscellaneous	1,970	1,850	1,430	2,080	310
Audit	4,420	4,170	3,220	4,680	690
Marketing/Community Relations/Printing	2,580	2,440	1,880	2,730	400
Uniforms/Laundry/Physicals					
<u>Operating Expenditures</u>	\$ 196,290	\$ 193,400	\$ 149,350	\$ 218,160	\$ 30,180
Salaries/Benefits	62,560	61,640	47,600	69,530	9,620
Maintenance	6,010	5,920	4,570	6,670	920
Dispatch - Staff Time	56,980	43,440	33,890	47,290	9,580
SCT Bus Fuel	4,880	3,720	2,900	4,050	820
Contingency					
9 Total Operating Expenditures	\$ 433,230	\$ 398,110	\$ 308,200	\$ 445,180	\$ 68,460
<u>Capital Service</u>					
Support Vehicle	\$ 12,960	\$ 12,770	\$ 9,860	\$ 14,410	\$ -
Short Range Transit Plan	-	-	-	-	-
Computer Upgrade	390	380	300	430	
Vehicles/ITS	163,770	161,360	124,600	182,020	
Facility Improvements/Bus Stop Amenities	12,410	12,220	9,440	13,790	
Transit Centers Improvements	-	-	-	-	
Total Capital Service	\$ 189,530	\$ 186,730	\$ 144,200	\$ 210,650	\$ -
<b>10 Total Use of Resources</b>	<b>\$ 622,760</b>	<b>\$ 584,840</b>	<b>\$ 452,400</b>	<b>\$ 655,830</b>	<b>\$ 68,460</b>

**SOUTH COUNTY TRANSIT  
APRIL 22, 2020  
STAFF REPORT**

**AGENDA ITEM:** B-2

**TOPIC:** 2020 Summer Youth Ride Free Program

**PRESENTED BY:** Geoff Straw, Administrator

**STAFF RECOMMENDATION:** Review and Adopt Staff Recommendation

**BACKGROUND/DISCUSSION:**

Direction is needed from the Board on whether or not to continue SoCo Transit's participation in the countywide Summer Youth Ride Free (YRF) program for the eighth consecutive year. *Regional Rideshare*, the agency that promotes this program, has asked that SoCo Transit honor the YRF program from June 6, 2020 through August 13, 2020, if the program continues this year.

Since summer 2014, the YRF program has been honored from middle-of-June through middle-of-August period in order to avoid an overlap with the academic year at Arroyo Grande High School. In addition, the group size is limited so that a bus will not become overloaded and dissuade fare-paying passengers from riding; if the YRF group is greater than the agency-identified fare-free maximum (ten at SoCo Transit), the remaining group members are required to pay. Staff has worked closely with the YMCA and other youth camp officials to train their on-bus chaperones to minimize service disruptions and to handle any fare responsibilities. This helped address the overcrowding issues that occurred in 2012 and 2013.

Historical ridership information for all fixed route providers in the county is provided in the table below. It is difficult to track the longer-term impact of participating in the YRF program, since it is not possible to determine the number of students boarding SoCo Transit buses throughout the year in the absence of periodic surveys.

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

1. Easy to communicate.
2. Gets youth to try using transit and it instills an ethic of using transit in the future.
3. Increases access for kids to travel independently (and reduce parent taxiing).

YOUTH RIDE FREE RIDERSHIP								
	2012	2013	2014	2015	2016	2017	2018	2019
Morro Bay Transit	819	1,147	842	916	996	673	518	471
Paso Express	-	10,517	6,725	4,983	Included w/ RTA	Included w/ RTA	Included w/ RTA	Included w/ RTA
RTA	30,820	39,058	25,835	27,467	24,374	20,779	20,017	18,049
SLO Transit	14,021	14,898	13,668	14,991	10,448	11,260	11,192	7,606
South County Transit	19,657	20,051	10,285	10,814	8,726	9,427	6,791	5,154
<b>Total Ridership</b>	<b>64,498</b>	<b>87,684</b>	<b>59,369</b>	<b>60,267</b>	<b>43,548</b>	<b>42,139</b>	<b>38,518</b>	<b>30,809</b>

Disadvantages include:

1. Small loss of cash fare revenue for non-group riders.
2. Increased passenger loads on some bus trips can degrade the riding experience for non-youth riders (unlike most RTA and SLO Transit routes, SoCo Transit experiences highest ridership during the peak summer tourist season).
3. There remains the possibility that two or more unrelated groups attempt to board the bus on the same run, which would result in an overcrowding situation. However, the number of instances where that was a problem has greatly abated due to better coordination with youth activity agencies, and we expect the same cooperation this summer.

SoCo Transit will continue to require YMCA and other youth groups to pay when more than ten youth traveling together (plus two adult chaperones). For ease of boarding, and for budget and cash control issues, organizers for groups such as YMCA camps can continue to pre-purchase 20-Ride passes to use on SoCo Transit.

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

1. Ridership is already tracked using a specific farebox key.
2. Customer feedback from youth and families taking advantage of the program (face-to-face interviews, Facebook and social media programs, texts, etc.).

### **Staff Recommendation**

Continue to participate in this program for an eighth consecutive summer season, providing a similar reduced travel period that was provided last summer and a group policy requiring payment for more than ten youth traveling together.

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**SOUTH COUNTY TRANSIT**

**MINUTES OF January 22, 2020 BOARD MEETING**

**City Council Chamber, Arroyo Grande**

**C-1**

Directors Present:	Lynn Compton (Chair)	County Supervisor, District 4
	Sheila Blake	City Council Member, Pismo Beach
	Barbara Nicolls	City Council Member, Grover Beach
	Jimmy Paulding	City Council Member, Arroyo Grande

Directors Absent: None

Staff Present:	Geoff Straw	Administrator
	Tania Arnold	RTA Deputy Director and CFO
	Chelsea Sperakos	RTA Administrative Assistant
	Jim Lewis	City Manager of Pismo Beach

**CALL TO ORDER AND ROLL CALL**

**Chairperson Lynn Compton** called the meeting to order at 1:32 PM.

**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.

There were no public comments.

**BOARD ADMINISTRATIVE ITEMS**

**ELECTION OF OFFICERS: Elect Chairperson and Vice Chairperson**

**Mr. Jimmy Paulding** nominated **Ms. Barbara Nicolls** for Chairperson 2020, and **Ms. Sheila Blake** seconded the motion. The motion passed unanimously as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
SHEILA BLAKE	X	
LYNN COMPTON	X	
BARBARA NICOLLS	X	
JIMMY PAULDING	X	

**Ms. Sheila Blake** nominated for **Mr. Jimmy Paulding** for Vice Chairperson 2020, and **Ms. Barbara Nicolls** seconded the motion. The motion passed unanimously as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
SHEILA BLAKE	X	
LYNN COMPTON	X	
BARBARA NICOLLS	X	
JIMMY PAULDING	X	

**A. INFORMATION AGENDA**

**A-1 Administrator’s Report (Receive)**

**Mr. Geoff Straw** stated the next Employee of the Quarter BBQ is Friday, Jan 31st at 11:30 AM in the SCT yard. The driver management forum meeting occurs every other month; there have been 980 days without preventable collision. There are open positions for recruitment; four new bus operator candidates are in training and six are in the background check process. James is the new Technician B in the maintenance department. Staff continues to make progress updating the Short-Range Transit Plans (SRTP) for SoCo Transit fixed-routes services, and for the Dial-A-Ride services operated by the RTA on behalf of Paso Robles and the County in Nipomo, Shandon and Templeton. All interim Working Paper and the Draft SRTP documents are posted on our website. Staff hosted two public outreach meetings, and very few individuals showed up. A module has been added to the buses that will validate the passes and track trip patterns through Token Transit. The ticket vending machine at SLO government center has had difficulties and staff will continue to work with the vendor to correct deficiencies.

**Mr. Straw** stated that staff will be kick starting the RTA and SoCo Transit consolidation process; will consider resolutions to adopt Joint Powers Agreement with each jurisdiction. The issue with the retirement system is completed and no longer stands in the way. RTA and SLOCOG met with TDA triennial performance auditor on Dec 18th. RTA team member **Mrs. Chelsea Sperakos** recently completed the California Special Districts Association training program for board secretaries. The CSDA recommends the record merely state “public comment was taken” in lieu of including names or details unless action will be taken in response to the public comment. This change could reduce the RTA’s liability, and is reflected in the minutes (the RTA’s audio/visual record is still available for those persons wishing to obtain more detailed information).

The year-to-date ridership results have shown Fixed-Route with a 10.6% decline overall. Route 21 had an 18% decline due to Shell Beach Road construction; route 28 had 17.1% decline; routes 24 and 27 remain consistent with last year. At 47% through the current fiscal year, SCT has spent 37.2% of the total budget. There has been a recent increase in fuel cost.

There was no public comment on this item.

Questions:

**Ms. Blake** asked why the agency doesn’t operate on cash fares only. **Mr. Straw** stated that there are expensive services that validate the cash that we maintain, and it can actually be more expensive to eliminate credit card options.

**Ms. Compton** asked if there is something that riders could carry that is reloadable like a freeway Fast Pass that automatically deducts fare when they board the bus.

Discussion continued regarding simplifying the fare system.

The Board expressed concern regarding recording minutes and **Mr. Jim Lewis** suggested recording the name of the person speaking and the general topic they are speaking about, which is the procedure for City of Pismo Beach.

**Vice Chairperson Paulding** asked in terms of consolidation is there deadline. **Mr. Straw** stated that the agencies are intending to be consolidated by January 1st, 2021 so as to not disrupt insurance.

**Ms. Compton** made a motion to receive and file agenda item A-1 and **Vice Chairperson Paulding** seconded the motion. The motion passed unanimously as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
SHEILA BLAKE	X	
LYNN COMPTON	X	
BARBARA NICOLLS	X	
JIMMY PAULDING	X	

## **B. ACTION AGENDA**

### **B-1 PUBLIC HEARING: Present Short Range Transit Plan Recommendations (Approve)**

**Mr. Gordon Shaw** from LSC Transportation Consultants has been developing a business plan for our transit system. Youth populations are highest in areas of Arroyo Grande, Grover Beach, and Oceano. Senior populations are highest in Pismo Beach, southeast Arroyo Grande and Avila Beach. People living below the poverty line are in Oceano, eastern Grover Beach and western Nipomo. All of the routes meet at Ramona Garden and the busiest stop is Pismo Beach outlets. The costs for the lesser used dial a ride services are much lower and on demand only. The SRTP recommendations don't change the operating policies or hours. The agency is seeking options to serve Lopez Continuation High School and operate routes with smaller buses. The days of service for Avila trolley will shift. There is need to replace the buses and repave the bus parking area. The new SRTP reduces operating costs by 3% and increases ridership. There is adequate funding to expand service area to the west and potentially make medical trips to Santa Maria.

**Chairperson Nicolls** opened the public hearing regarding the SRTP recommendations. Seeing there was no public comment, she closed the public hearing.

#### Questions

**Ms. Compton** asked why the Nipomo-Dial a Ride is used by the students and not serviced by the schools.

**Ms. Mary Gardner** stated the school won't bus the students unless they are more than 2 miles away, the Dial a Ride serves lots of elementary school age children who are unable to ride a larger bus alone.

**Ms. Compton** stated that there was a previous issue with crossing the county line into Santa Barbara county, have we addressed this. Also, if we are considering medical trips to Marian Hospital, shouldn't we be serving the Hancock College students as well. **Mr. Straw** stated that the purpose of this plan update is so riders will not have to pay two fares to get to Santa Maria; the additional service route will start as a demonstration, a twice a week "tripper", to determine if it will be functional.

**Ms. Blake** asked if dial a ride is losing ridership to transportation network companies such as Uber or Lyft; she has also received complaints from Avila and Pismo Beach service industry employees about buses not running late enough to get a ride home after work. **Mr. Gordon** stated that it is hard to get

data out of those companies, but they do not have wheelchair accessible vehicles, will not take kids under 18, and are readily available in rural areas. Avila is now part of the urbanized area, so it makes sense to absorb it to SoCo transit. The ridership significantly drops off after 7:30, and the evening staffers usually work from 9:30-midnight. That can make sense as a subsidy program with Uber and Lyft or local cab company. **Mr. Straw** stated the Pismo Preserve and another park and ride could offer a new stop in that underserved area, and he will continue to work with city managers on this issue.

**Vice Chairperson Paulding** asked if the Latino population is potentially being underserved and what is the agency doing to encourage ridership; are there any other populations that we are potentially missing. **Ms. Gardner** all of general information pieces are translated. Postings are in English and in Spanish. There are targeted ads in Spanish. Surveys are also in Spanish.

**Vice Chairperson Paulding** made a motion to approve agenda item B-1 and **Ms. Blake** seconded the motion. The motion passed unanimously as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
SHEILA BLAKE	X	
LYNN COMPTON	X	
BARBARA NICOLLS	X	
JIMMY PAULDING	X	

**B-2 Fiscal Year 2020-21 Budget Assumptions (Approve)**

**Ms. Tania Arnold** stated that the key issues to focus on are the Transportation Development Act (TDA) penalty which is an estimated \$70,000; fortunately SLOCOG delayed this penalty due to the consideration of consolidation. Other assumptions to consider moving forward are the State Transit Assistance (SSTA) funds, Local Transportation Funds (LTF), liability costs, fleet replacement, fuel cost impact on ridership and fares, and attracting and retaining staff. Legal counsel has negotiated of extension of the SCT property lease without an increase in rent. RTA and SCT are in the same insurance pool, which could save money in consolidation because of the agency paying one fee. Health insurance would go up with consolidation.

There was no public comment on this agenda item.

Questions

**Ms. Compton** stated that she had been receiving word of SCT employees not being happy with the proposed consolidation, and asked if the union has been involved. **Mr. Straw** stated that the union did a good job of explaining risk of the agency; drivers are worried about losing seniority.

**Ms. Blake** asked if the trolley consolidates, what happens to the driver. **Mr. Straw** stated that the driver is already an SCT driver.

**Ms. Compton** made a motion to approve agenda B-2 and **Vice Chairperson Paulding** seconded the motion. The motion passed unanimously as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
SHEILA BLAKE	X	
LYNN COMPTON	X	
BARBARA NICOLLS	X	

JIMMY PAULDING

X

**B-3 Capital Budget Amendment (Approve)**

**Ms. Arnold** stated there are no additional funds needed. The four projects carried-over are support vehicle acquisition, balance of the Short Range Transit Plan, bus stop amenities, and facility improvement.

There was no public comment on this agenda item.

There were no board member questions on this time.

**Vice Chairperson Paulding** made a motion to approve agenda item B-3 and **Ms. Blake** seconded the motion. The motion passed unanimously as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
SHEILA BLAKE	X	
LYNN COMPTON	X	
BARBARA NICOLLS	X	
JIMMY PAULDING	X	

**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 SoCo Transit Minutes of October 16, 2019 (Approve)**

**C-2 Declare Bus #201 Surplus (Approve)**

**C-3 Low-Carbon Transit Operations Program Grant Application (Approve)**

There was no public comment on this agenda item.

There were no board member questions on this time.

**Vice Chairperson Paulding** made a motion to approve agenda item C-1 and **Ms. Blake** seconded the motion. The motion passed unanimously as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
SHEILA BLAKE	X	
LYNN COMPTON	X	
BARBARA NICOLLS	X	
JIMMY PAULDING	X	

**D. DIRECTORS' COMMENTS**

**Vice Chairperson Paulding** asked staff to consider tourism trolley options from Avila to the Village of Arroyo Grande and present any potential issues.

**E. EXECUTIVE COMMITTEE MEMBERS' COMMENTS**

**Mr. Lewis** mentioned that the city managers will meet about Pismo Preserve and evening shuttle for downtown areas, and it will most likely be funded through the cities.

**ADJOURNMENT**

**Chairperson Nicolls** adjourned the meeting at 3:05 PM.

Next Meeting: April 22, 2020

Future Meeting Dates: July 22, 2020, October 21, 2020, and January 20, 2021

Respectfully Submitted,

Acknowledged by,

\_\_\_\_\_  
Chelsea Sperakos  
Administrative Assistant

\_\_\_\_\_  
Barbara Nicolls  
SCT Board Chairperson 2020

**SOUTH COUNTY TRANSIT  
APRIL 22, 2020  
STAFF REPORT**

**AGENDA ITEM:** C-2

**TOPIC:** Strategic Business Plan Results

**ACTION:** Receive

**PRESENTED BY:** Geoff Straw, Administrator

**STAFF RECOMMENDATION:** Receive Annual Report on Performance Results for FY19-20 through February 2020

**BACKGROUND/DISCUSSION:**

At its April 25, 2018 meeting, the SoCo Transit Board adopted the *SCT 2018-20 Strategic Business Plan (SBP)*. The SBP includes Vision and Mission Statements, as well as “stretch” performance standards to ensure SCT continually seeks to improve its services.

The attached report presents our annual results from July 1, 2019 through February 29, 2020, as well as comparative information in comparison to prior fiscal years. Please note that the financial figures are unaudited estimates, but they provide a reasonable representation of each applicable financial measure. For measurement purposes, our *2019 Short Range Transit Plan* sets the base goals that SCT believes it can achieve, and the SBP sets the standards that we strive to achieve.

The table on the next page presents a “dashboard” view of easily-reported objective standards and our results through the end of the fiscal year. We did not achieve the adopted standard in those areas presented in red, while the metrics presented in green show our successes. Two “stretch” goals include farebox recovery ratio (actual 9.5% vs. a goal of 20%) and our productivity standard (14 vs. a goal of 17.0). The number of roadcalls has recently increased, which resulted in a lower than targeted goal (6.4 per 100,000 miles vs a standard of 5.0).

The ensuing pages present a narrative summary for each of the metrics presented in the dashboard, as well as for each of the subjective standards. It should be noted that the recently adopted Short-Range Transit Plan recommended revised and/or new standards that will be considered when the 2018-20 SBP is next updated.

<b>SCT's Performance Results through February 2020</b>			
<b>Performance Metric</b>	<b>Standard</b>	<b>Result</b>	<b>Achieved?</b>
Productivity (boardings/hour)	17.0	14	No
Service Delivery (actual divided by scheduled)	99%	99%	Yes
On-Time Performance	90%	92%	Yes
Bus Overcrowding	Various load factors	None exceeded	Yes
Systemwide Operating Budget (live within means)	< 100%	64% through 66.7%	Yes
Farebox Recovery Ratio (fares / net operating costs)	20.0%	9.5%	No
Preventable Collision Rate (per 100k miles traveled)	1.0	0.7	Yes
Preventable Workers Compensation Rate	Lost-time <4	0	Yes
	Med-only <5	1	
Risk Management Costs (percent of operating budget)	Industry norms	At or below market	Yes
Road Calls (per 100k miles traveled)	5	6.4	No

**Staff Recommendation:**

Receive the attached annual report on performance results achieved through February 2020.

## Focused 2018-20 Strategic Business Plan Standards of Excellence

**Standards of Excellence Section 1: Service Quality and Efficiency** – We will deliver dependable, customer focused and efficient transit services to the communities that we serve. Further, we will look for opportunities to deploy innovative new service within budgetary constraints.

**Standard 1:** Passengers per vehicle service hour will be 17 or greater.

*Measurement:* Objective.

- Administrator will review monthly and report at each Board meeting.

	Goal	FY2017*	FY2018*	FY2019*	FY2020*
JUL	17	18	18	18	16
AUG	17	19	17	16	14
SEP	17	18	16	16	14
OCT	17	17	17	16	14
NOV	17	17	16	16	14
DEC	17	16	15	15	13
JAN	17	15	15	14	12
FEB	17	15	15	15	13
MAR	17	16	14	16	
APR	17	16	14	15	
MAY	17	17	15	14	
JUN	17	18	17	15	
<b>YTD</b>		<b>17</b>	<b>16</b>	<b>15</b>	<b>14</b>

\* Using APC data

SoCo Transit achieved an annual productivity average of 15 for FY18-19 and is currently at an average of 14 for FY19-20 thus far.

**Standard 2:** The Service Delivery rate for all regularly scheduled / year-round services shall be 99% or greater.

*Measurement:* Objective.

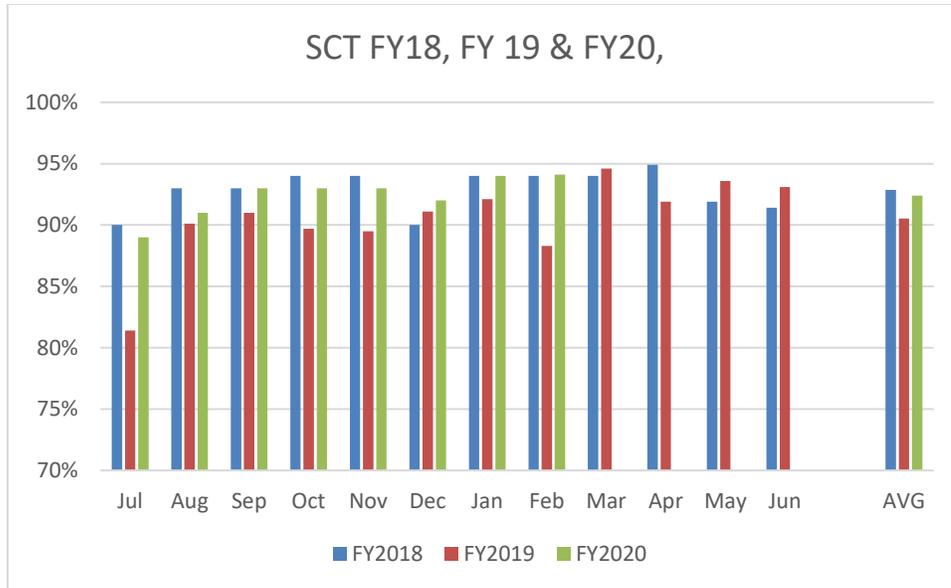
- Reviewed quarterly by Operations, and reported by Administrator bi-annually to the Board.

So far in FY19-20, SoCo Transit has missed five local trips and one Trolley trip, equating to a service delivery achievement of 99%.

**Standard 3:** The On-time Performance for all regularly-scheduled / year-round services shall be 90% or greater. “On-time” is defined as no later than six minutes from any time point in the published schedule. We recognize that making scheduled transfers between buses is vitally

important to riders, and staff will explore methods of regularly measuring missed transfers.  
*Measurement: Objective.*

- Administrator will report bi-annually to the Board.



Thus far, for FY19-20 SoCo Transit has met the 90% threshold every month except July and maintains a current average of 92%

**Standard 4:** SoCo Transit will make consistent efforts to explore new service and service delivery options as well as work with regional efficiencies in the delivery of transportation to the jurisdictions

*Measurement: Subjective.*

- Reviewed quarterly by Operations, and reported by Administrator annually to the Board.

The Short-Range Transit Plan (SRTP) study was adopted by the SoCo Transit Board at its January 2020 meeting. The SRTP study provided an in-depth assessment of current services, and provided a 5- to 7-year “road map” for future changes.

Consolidation with the RTA is a recommendation of the approved SRTP. Faced with significant farebox recovery ratio penalties in the coming years, SoCo Transit would save money by consolidating services with the RTA. Additional benefits included less costly health benefits for employees and more efficient use of staff resources.

**Standard 5:** SoCo Transit will measure Overcrowding as the frequency of instances that the number of passengers on a bus exceeds the number of seats (i.e., 34 passengers on a 34-seat bus equates to a Load Factor of 1.00), as well as the duration of exceedances. The

Overcrowding standard for regular fixed-route services is no more than 10% of the monthly total number of bus trips that exceed a Load Factor of 1.25 for greater than 20 minutes. If the Load Factor standard is exceeded, staff will assign a larger vehicle (if possible); otherwise, the Board will direct staff to evaluate adding scheduled bus trips to spread out the passenger loads.

*Measurement:* Objective.

- Reviewed quarterly by Operations, and reported by the Administrator biannually to the Board.

There are currently no on-going overcrowding issues on the system, although the Arroyo Grande High School morning/afternoon Trippers occasionally experience standing loads. Staff will continue to monitor the ridership for standing loads and overcrowding.

**Standards of Excellence Section 2: Revenue and Resources** – While providing excellent service to our customers and communities, we will do so within the financial resources available to us. The financial health of the organization will not be compromised, and we will work to deliver good value for the taxpayers' investment in SoCo Transit

**Standard 1:** The annual operating budget will be based upon projected revenue balanced with other eligible TDA uses and the total operating cost will not exceed the budget adopted by the Board.

*Measurement:* Objective.

- Administrator will review monthly and report at each regularly scheduled Board meeting.

Fiscal Year 2015-16 Result: Operating Costs were 90% of the adopted budget  
Fiscal Year 2016-17 Result: Operating Costs were 96% of the adopted budget  
Fiscal Year 2017-18 Result: Operating Costs were 95% of the adopted budget  
Fiscal Year 2018-19 Result: Operating Costs were 94% of the adopted budget  
Fiscal Year 2019-20 Result: Operating Costs were 64% of the adopted budget through 66.7% of the fiscal year (unaudited)

Budget versus actual expenses data is calculated and reviewed on a monthly basis by staff. This information is reported to the Board at each meeting (typically once a quarter) to help inform decisions.

**Standard 2:** Farebox Recovery Ratio shall be greater than the minimum standard required by SLOCOG to meet TDA requirements. In FY17-18, that minimum was 20%.

*Measurement:* Objective.

- Administrator will review monthly and report at each regularly scheduled Board meeting.

SoCo Transit continues to strive toward meeting the FRR goal. Staff will continue to closely monitor our FRR performance, particularly as the economy continues to

improve, gas prices continue to fall, and most fixed route providers in the county are experiencing declining ridership. The results for the past four fiscal years are presented below:

- Fiscal Year 2015-16 Result: 13.6%
- Fiscal Year 2016-17 Result: 11.9%
- Fiscal Year 2017-18 Result: 13.3%
- Fiscal Year 2018-19 Result: 11.7%
- Fiscal Year 2019-20 Result: 9.5% through February 2020 (unaudited)

**Standard 3:** No significant annual fiscal and compliance audit findings.

*Measurement:* Objective.

- Finance and Administration will report any negative audit findings to the Board.

SoCo Transit is audited every year and consistently has clean reports with no significant financial audit findings. Staff strives for improved transparency and continues to implement procedures that exceed the auditors' expectations.

**Standard 4:** Ensure that all capital procurements provide good value to our customers and our employees.

*Measurement:* Subjective.

- Evaluated through the Marketing Department's biannual Community Perception Survey, feedback from communities and review of the annual 5-year capital program by the Board.

The annual capital program is developed by staff and presented to the Board as part of the annual budget-making process. In addition, staff presents budget revision recommendations if conditions change.

**Standards of Excellence Section 3: Safety** – We recognize the tremendous importance of safety in the operation of SoCo Transit service to our customers and communities. Therefore, the safety of our customers and employees will be an organizational priority and we will be proactive in promoting system safety.

**Standard 1:** Rate of preventable vehicle collisions will not exceed 1.0 per 100,000 miles.

*Measurement:* Objective.

Rate shall be tracked by the Safety and Training Manager, and reported annually to the Board. SoCo Transit has an excellent safety performance record which unfortunately came to an end on 12/22/2019 after a stretch of 969 days without a preventable collision.

Fiscal Year 2015-16 Result: 0.90

Fiscal Year 2016-17 Result: 1.30

Fiscal Year 2017-18 Result: 0.00  
Fiscal Year 2018-19 Result: 0.00  
Fiscal Year 2019-20 Result: 0.66

**Standard 2:** Address all safety hazards identified and reported to the joint RTA / SoCo Transit Safety Resource Committee.

*Measurement:* Objective.

- List shall be compiled with action items and timelines by the Safety and Training Manager.

During FY19-20, the Safety Resource Committee closed-out 44 action items, opened 44 new suggestions, opened 61 action items, and only 2 reoccurring items remain on the agenda. Suggestions that are not directly related to the Committee are forwarded to the appropriate department for resolution.

Our FY19-20 annual refresher-training classes for Bus Operators, Supervisors and Dispatchers will continue throughout the year. We are excited to have California Highway Patrol Officer back as a guest speaker instructing a one-hour course. The County Community Resource Project staff member is conducting *211 Training* pertaining to comprehensive referrals to available, local support and services. Finally, San Luis Obispo County staff are providing enhanced Sexual Harassment Training to employees following January 1, 2020 rule changes.

**Standard 3:** Preventable workers compensation lost-time claims will not exceed 4 annually, and preventable medical-only claims will not exceed 5 annually.

*Measurement:* Objective.

- All work comp claims shall be duly investigated and immediately reported by Finance and Administration to our work comp carrier.

Fiscal Year 2015-16 Result: 1 medical-only (no lost-time claims)  
Fiscal Year 2016-17 Result: 1 lost-time claim (no medical-only)  
Fiscal Year 2017-18 Result: 1 lost-time claim (1 medical-only claim)  
Fiscal Year 2018-19 Result: 0 claims  
Fiscal Year 2019-20 Result: 1 medical-only claim

**Standard 4:** Customer and Community perception of system safety will be at least 90%.

*Measurement:* Objective.

- As measured by biannual Community Perception Survey.

The most recent Customer Perception Survey was completed in March 2019, and a full write-up was provided in the SRTP study adopted in January 2020. The previous survey was completed in October 2017. Additional surveys were completed in March 2020 and will be summarized for the Board in evaluating the Standard for the next Strategic Business Plan.

**Standard 5:** Total risk management costs shall not exceed industry norms. Staff will undertake alternating market surveys every four years for vehicle liability / physical damage coverage and for workers compensation coverage.

*Measurement:* Objective.

- Reported by Finance and Administration in financials and reported at each regularly scheduled Board meeting.

Prior to 2018, the goal was that risk management costs shall not exceed 8.5% of total operating costs. We achieved the goal during FY12-13 and FY13-14. Fiscal Years 2014-15 to 2016-17 risk management costs were higher as a result of significant development in liability and workers compensation claims, as well as generally higher liability costs in the public transit market. This includes property, workers compensation, liability, and auto physical damage insurance costs.

Fiscal Year 2015-16 Result: 11.6% of total operating costs

Fiscal Year 2016-17 Result: 11.2% of total operating costs

Fiscal Year 2017-18 Result: 12.1% of total operating costs

Fiscal Year 2018-19 Result: 12.1% of total operating costs

Staff has worked diligently to close claims that were opened in prior years. With fewer claims than in previous years, workers compensation costs are projected to decline for the first time in many years. Although this is good news, due to the tightening market in California, staff expects these costs may continue to escalate unless tort reform or other adjustments are made by the Legislature that could reduce transit agencies' exposure to frivolous lawsuits. If our exposure could be reduced, it would likely increase competition in the market and reduce our risk management costs. Staff is closely monitoring this issue and report developments back to the Board as information is collected.

Consolidation with RTA would also help reduce duplicative administrative charges.

**Standards of Excellence Section 4: Human Resources** – Our employees are the foundation of the organization. We will support our employees in achieving excellence through training and development, teamwork, and continuous efforts at effective communication while treating each with integrity and dignity.

**Standard 1:** Recruit, promote and retain highly qualified employees to achieve our service standards.

*Measurement:* Subjective.

- Annual assessment by the Administrator and Department Heads.

SoCo Transit experienced higher than typical turnover in calendar year 2015 and in early 2016 as a result of on-going struggles between management and hourly employees. In conjunction with the execution of the Collective Bargaining Agreement with Teamsters Local 986, as well as focused efforts to improve communications throughout the agency,

we believe improved employee morale has resulted in improved retention rates since 2016.

The annual calendar year turnover rates for SoCo Transit are as follows:

2012 – 9%	2017 – 20%
2013 – 14%	2018 – 10%
2014 – 19%	2019 – 5%
2015 – 28%	2020 – 0%
2016 – 22%	

**Standard 2:** Provide continuous development of organizational skills through ongoing training and development programs that result in personal and professional growth.

*Measurement:* Objective.

- Training needs will be reviewed annually as part of the budget process.

Bus Operators must complete a State-mandated minimum of eight hours of Verification of Transit Training annually, which we achieved. However, we have also recently implemented mandatory retraining after six months from when new Bus Operators were placed into revenue service, which we expect will improve both safety and retention.

**Standard 3:** Enable our employees to achieve excellence in serving our customers by building teamwork and understanding effective communication within the organization.

*Measurement:* Subjective.

To help connect with passengers on a more personal level, administrative staff and all managers have been issued nametags. This program was carried forward on the buses in March 2017 by posting the Bus Operator’s name inside the bus. We also continually stress the tenets of *Verbal Defense and Influence*, which focused us how to communicate more effectively with each other and our customers. Office staff members meet bi-weekly to discuss general items that may affect other departments; others are invited as needed and to address specific issues. Management also participates in a bi-monthly SoCo Transit Driver’s Forum to discuss issues and ideas that could improve services. Finally, the SCT Administrator and the three RTA department heads meet weekly to ensure consistency in messaging and direction for the organization.

**Standard 4:** Employees will be evaluated annually in a fair and equitable way to judge performance and be provided a developmental plan for the next fiscal year.

*Measurement:* Objective.

- Employee merit evaluations will be provided to each employee annually with the evaluation grading measurement of attainment of department objectives developed during the budget process and achievement of our Standards and KPIs.

We currently complete formal annual evaluations for all management staff members. Bus Operators are evaluated based on the requirements of the Collective Bargaining Agreement, and as part of the Safety Awards program on their individual anniversary dates.

**Standards of Excellence Section 5: Fleet and Facility** – We will operate and maintain a modern and clean fleet and facilities that will be pleasing to our customers and a source of pride for our employees and our communities.

**Standard 1:** If funding permits, SoCo Transit will match SLO Transit’s and the RTA’s standard of replacing revenue vehicles when they reach the FTA-defined useful life minimums in terms of service years or miles. If funding remains constrained, we negotiate with SLO Transit and the RTA to ensure no agency’s buses surpass 40% beyond the FTA standards.

*Measurement:* Objective.

- As tracked by Finance and Administration as part of grant-making efforts.

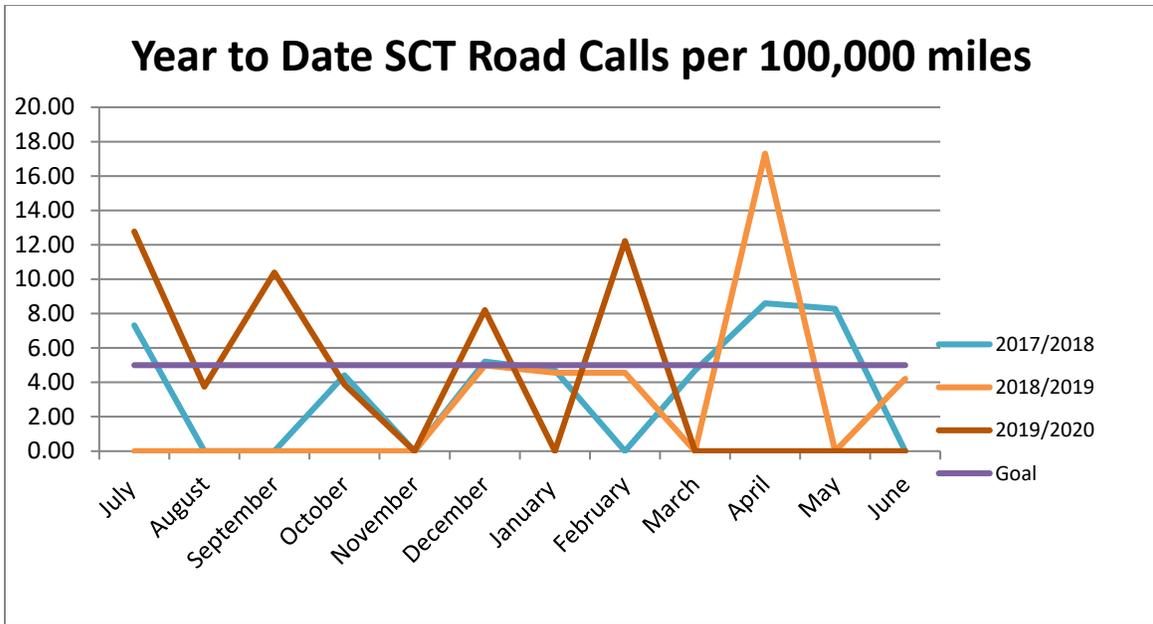
As of February 29, 2020 the average SoCo Transit fixed-route vehicle age is 7 years with an average of 220,441 miles. The design life of a fixed-route bus is 12 years/500,000 miles.

**Standard 2:** Road calls will not exceed 5 per 100,000 vehicle service miles. A road call is defined as all mechanical or other vehicle-related failures that affect the completion of a scheduled revenue trip or the start of the next scheduled revenue trip, including failures during deadheading and layover.

*Measurement:* Objective.

- As tracked and reported by the Maintenance Department, and reported biannually to the Board.

The average for SoCo Transit is 3.60 in FY 17-18, 2.97 in FY 18-19 and 6.40 so far in FY 19-20. RTA’s reporting to the Federal Transit Administration (on behalf of SoCo Transit) matches the definition as used in the National Transit Database. We will closely track this standard as our fleet ages and/or if breakdowns appear to be happening more frequently.



**Standard 3:** Maintain a clean, attractive fleet. Maintain our facilities so that they are safe and appealing to customers and employees.

*Measurement:* Subjective.

- As measured by employee and customer feedback.

The most recent Customer Perception Survey was completed in March 2019, and a full write-up was provided in the SRTP study completed in January 2020, and included one question on bus cleanliness. The previous survey was completed in October 2017. Additional surveys were completed in March 2020 and will be summarized for the Board in evaluating the Standard for the next Strategic Business Plan update.

**Standard 4:** Achieve an 80% favorable rating of bus stop appearance by customers and the communities that we serve.

*Measurement:* Objective.

- As measured in the biannual Community Perception Survey.

The most recent Customer Perception Survey was completed in March 2019, and a full write-up was provided in the SRTP study completed in January 2020. The previous survey was completed in October 2017. Additional surveys were completed in March 2020 and will be summarized for the Board in evaluating the Standard for the next Strategic Business Plan update.

**Standard 5:** Achieve all federal- and state-mandated maintenance minimums, as well as vendor recommended maintenance schedules, for our fleet and facilities. The following standards apply:

- A. No negative CHP Annual Terminal Inspection, FTA Triennial Review or TDA Triennial Performance Audit findings.

- B. Preventative maintenance schedules for all equipment shall be done on a timely basis (3,000 mile intervals or as mandated by equipment OEM vendor).

*Measurement:* Objective.

- As tracked by the Maintenance Department, and reported annually to the Board.

There were no negative maintenance department findings in the previous 2017 TDA Triennial Audit nor in the recent 2019 FTA Triennial Review. Preventable maintenance has been completed on a timely basis with no CHP findings in at least the last five years.

**Standards of Excellence Section 6: Leadership** – We will strive to be one of the nation’s leading small transit operators. We will work to maintain collaborative relationships within the industry, within our community, and with our stakeholders. We will develop future leaders from within our organization.

**Standard 1:** Maintain cooperative relationships with federal, state and local funding agencies.

*Measurement:* Subjective.

- Will be reviewed by staff and the Board.

Staff believes that we have maintained strong relationships with local, state and federal agencies. RTA staff (on behalf of SoCo Transit) continues to manage State and Federal grant programs for the region, including FTA Section 5307, 5311, 5339 and other discretionary funds. Staff has begun negotiations with other transit agencies in the region to appropriately share in CARES Act funding that will help SoCo Transit respond to and recover from the COVID-19 pandemic.

**Standard 2:** Develop partnerships with stakeholders, community leaders and decision makers keeping them well informed of the integral role of SoCo Transit and contributions to the communities that we serve.

*Measurement:* Subjective.

- To be evaluated and monitored by the Board.

The Administrator and other senior staff attend City Council and other policy board meetings throughout the county, as well as civic group meetings, as appropriate. An on-going example is staff’s involvement on the Arroyo Grande Chamber of Commerce legislation committee. Another example is the shared Road Supervisor program between RTA and SoCo Transit, which has improved Bus Operator support and customer service in the entire South County area. Finally, without the support of the RTA’s Bus Operator ranks, SoCo Transit would have been able to operate even the reduced COVID-19 level of service due to a lack of SoCo Transit employees who were willing to work.

**Standard 3:** Promote effective internal communications and promote the values of the organization.

*Measure:* Subjective.

- To be evaluated by the Administrator.

Senior staff members continue to conduct bi-monthly Driver's Forums with SoCo Bus Operators to maintain open lines of communication. Administrative staff are required to ride a SoCo Transit or RTA bus at least once every quarter, and to report any findings back to senior management for resolution. Staff has also provided on-going written and oral communications (postings in operating facilities, weekly Frequently Asked Questions memos, etc.) during the COVID-19 pandemic.

**Standard 4:** Provide effective leadership for public transportation within the Five Cities Area.

*Measurement:* Subjective.

- To be evaluated by the Administrator and Board.

To ensure that each JPA jurisdiction's policy board is informed about regional transit issues, the SCT Administrator occasionally attends City Council meetings or as requested by City officials. The Administrator also attends County Supervisor agenda review meetings along with the SLOCOG Executive Director to ensure we understand and support each other's efforts. Finally, RTA staff provides comments to City and County planning departments on behalf of SoCo Transit to ensure that transit amenities are considered in planning documents and development proposals.

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