

# South County Transit

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

## BOARD AGENDA

Thursday, May 5, 2016

CITY OF ARROYO GRANDE, CITY COUNCIL CHAMBERS

215 E. Branch Street. Arroyo Grande, California

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

*(Ending time is approximate)*

Chairperson: Jim Guthrie  
Director: Shelly Higginbotham

Vice Chair: Lynn Compton  
Director: Barbara Nicolls

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 781-1338. Please note that 48 hours advance notice will be necessary to honor a request.

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

### CALL TO ORDER AND ROLL CALL

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

#### A. INFORMATION AGENDA

- A-1      Administrator's Report (Receive)
- A-2      SCT Agreement with RTA (Receive)

#### B. ACTION AGENDA

- B-1      Revised Joint Powers Agreement (Approve)
- B-2      Adopt New SCT Logo (Approve)
- B-3      Public Hearing to Consider Proposed Service Changes and Fare Program Changes (Approve)
- B-4      SCT FY16-17 Budget (Approve)

B-5 Lease Agreement for 800 Rodeo Drive, Arroyo Grande (Back-up Materials Forthcoming; Approve)

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

- C-1 SCT Minutes of January 20, 2016 (Approve)
- C-2 Youth Ride Free Summer Promotion (Approve)
- C-3 Pacific Surfliner Transit Transfer Agreement (Approve)
- C-4 Contract for Fiscal and TDA Compliance Audit (Approve)
- C-5 Workers Compensation Provider Options (Approve)

**D. DIRECTORS' COMMENTS**

**E. EXECUTIVE COMMITTEE MEMBERS' COMMENTS**

**ADJOURNMENT**

Next South County Transit Board meeting: **July 20, 2016**

**SOUTH COUNTY TRANSIT**  
**May 5, 2016**  
**STAFF REPORT**

**AGENDA ITEM:**

**A-1**

**TOPIC:**

**Administrator's Report**

**PRESENTED BY:**

**Geoff Straw, SCT Administrator**

**STAFF RECOMMENDATION:**

**Information**

**BACKGROUND/DISCUSSION:**

**Operations:**

SCT launched slight changes to the published schedule on April 10<sup>th</sup> to alleviate time pressures that were caused by the previous February 14<sup>th</sup> changes. Staff worked with the Bus Operators on developing these new revisions, and we hope that the changes will provide better timed connections between routes (both within SCT and between SCT/RTA) for riders, while still providing meaningful employee breaks that meet the requirements of the collective bargaining agreement.

SCT is currently recruiting Bus Operator candidates to begin a new training class on May 23<sup>rd</sup>. The new employee(s) should be ready for revenue service in early July.

**Marketing & Service Planning:**

Staff conducted a public workshop on April 7<sup>th</sup> at the Oceano Community Center to present its proposal to replace Route 23 with bi-directional Routes 27/28. In addition, the proposal to revise the fare program was also presented. The meeting was noticed on all SCT buses, at major SCT bus stops and in The Tribune on April 2<sup>nd</sup>, and six citizens participated in the workshop. In addition, staff conducted a follow-up meeting on April 21<sup>st</sup> with five interested riders. Overall, there appeared to be strong support for both proposals, although many participants recognized that moving bus stops could impact others. Most participants also strongly voiced support for operating both Routes 27 and 28 on weekends – not just the counterclockwise Route 28 as currently proposed. Either way, staff will continue to correspond with workshop attendees to keep them apprised of the Board's final decision and to help get the word out about the changes, which are recommended for implementation on July 31, 2016.

Staff is developing a Request For Proposals for the Five Cities Senior Shuttle. We propose that SCT serve as the procurement agency, but that each City would consider the recommended agreement letter individually, since the reimbursement to the service operator would be based on the passenger boardings in each City and the unincorporated County. Ride-On currently operates the Five Cities Senior Shuttle service Tuesday through Thursday, and has indicated to staff that demand exists for rides on Mondays and Fridays, too. Ride-On also provides Senior Shuttle services throughout the county (under contract with SLOCOG) on all weekdays. Staff will develop a base scope of services for Tuesday-Thursday service within

the Five Cities area, with an option for Mondays and/or Fridays. Ride-On currently bills SCT monthly, and SCT then bills each city and the county individually. We expect to bring a draft RFP to the July 2016 meeting for authorization to solicit bids.

### **Finance and Administration:**

Staff recently was reminded that bonding is required for the Administrator and others “who have charge of, handle, or have access to any property of the agency.” Staff is investigating the necessary bonding coverage levels, and will recommend direction at the next SCT Board meeting.

The operating results for the first nine months of FY15-16 were mixed, as shown in the three pages of tables at the end of this report. Specifically, SCT-only ridership totaled 155,737 from July 1, 2015 through March 31, 2016, compared to 178,868 last year – a decline of 7.8%. The graphs below depict ridership over the past three fiscal years, and it demonstrates the seasonality of SCT fixed route ridership. Of particular note is that Route 21 ridership was down across the board for each service day type – 15.2% on weekdays, 19% on Saturdays and 23.1% on Sundays. Route 23 ridership was mixed (down 1.6% on weekdays, unchanged on Saturdays and up 6.2% on Sundays). Finally, ridership on Route 24 ridership was down 2.1% on weekdays, down 13.2% on Saturdays and down 6.5% on Sundays. Route 25 is only operated while Arroyo Grande High School is in session, and it is down 6.4% in comparison to last year.

As mentioned at the January 20<sup>th</sup> Board meeting, SCT eliminated interlining of SCT routes on August 31, 2015; interlining is changing what a bus does over the course of the day instead of remaining on the same route throughout the day. While the overall number of passenger boardings is down, the average fare per passenger boarding remains higher than during the same period last year (\$0.674 through March 31, 2016 vs. \$0.645 last year). This suggests that the number of actual humans riding SCT buses is at least as high or higher than under the former service model, and that passengers are being better served by SCT’s elimination of route interlining.

Year to date productivity (riders per hour) declined slightly in the first five months of FY15-16 (16.23 vs. 17.42 in FY14-15). Again, as noted above, forcing riders to unnecessarily transfer while on the same route artificially inflated passenger activity reports. SCT’s year to date farebox recovery ratio in FY15-16 declined to 15.15%, in comparison to the 17.44% ratio achieved in the first nine months of FY14-15.

In terms of overall financial performance, SCT spent 63.4% of budgeted operating expenses through the end of March 2016. This is less than the budgeted allocation, since 75% of the year had been completed. See the last page of this report for more information for each line-item. Of particular note is the legal services line-item – SCT has spent \$4,573 in comparison to the \$500 annual budget. Staff does not expect significant additional legal costs for the rest of the current fiscal year. Of the three largest budget line-items, both Salaries/Benefits and SCT Bus Fuel are well within budget – 64.9% and 38.2%, respectively. Maintenance costs are slightly above budget (85.8%). The remaining large-impact line-items are also well within or right at budget.

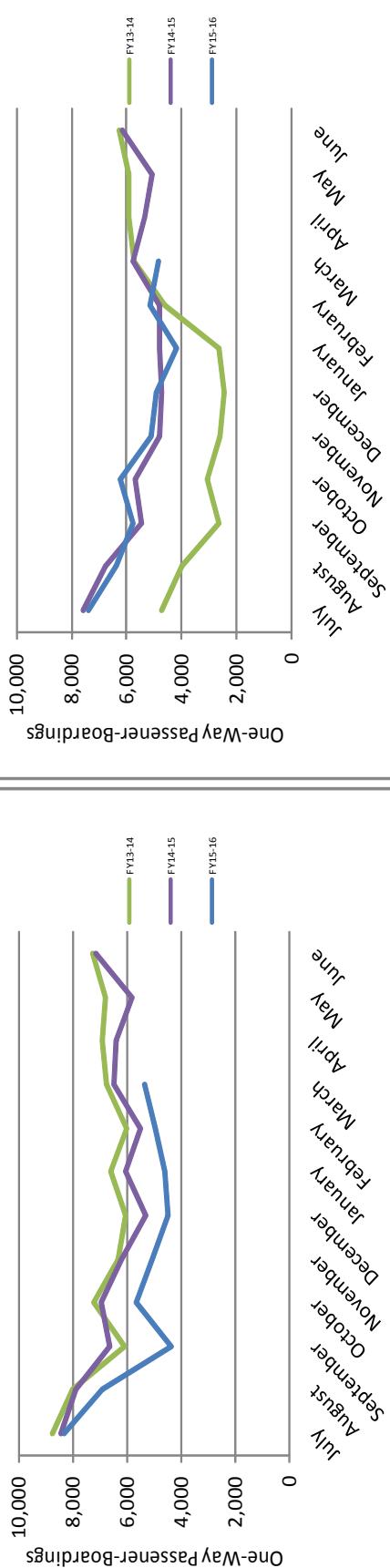
**Vehicle & Facility Maintenance**

All vehicle maintenance inspections and repairs are being completed according to manufacturer recommendations.

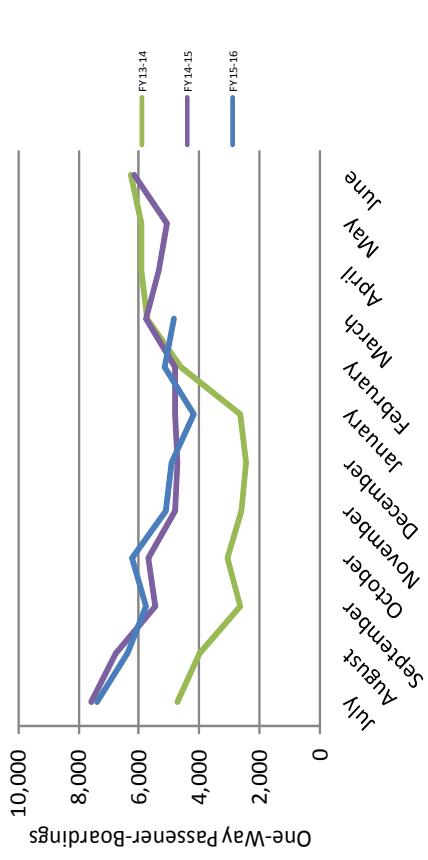
**STAFF RECOMMENDATION:**

Accept this as an information item.

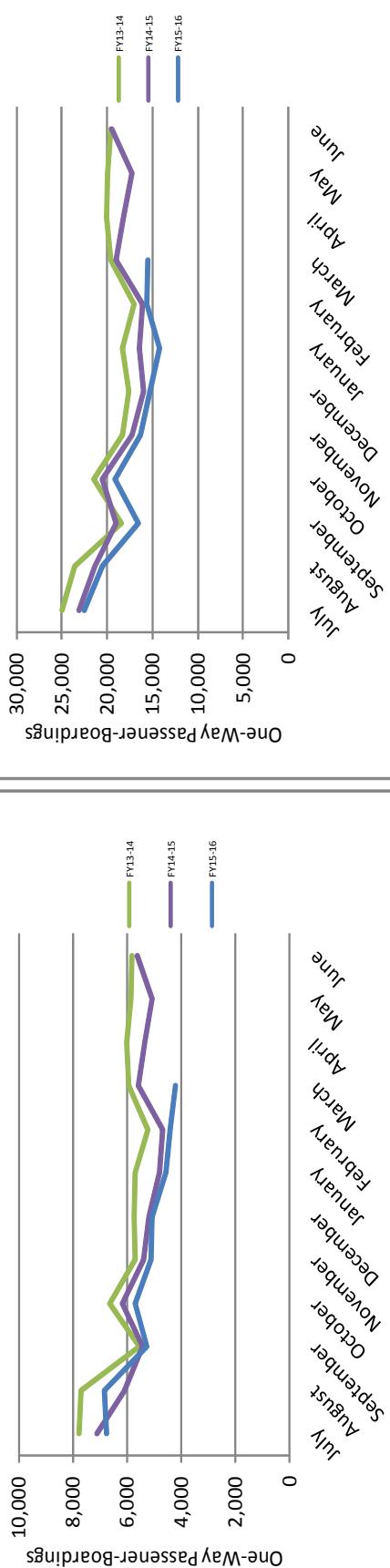
### Route 21 Ridership By Month



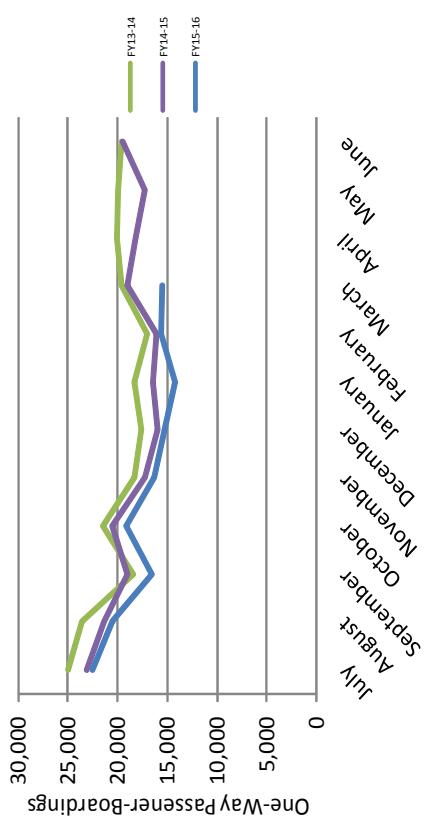
### Route 23 Ridership By Month



### Route 24 Ridership By Month



### Overall Ridership By Month



**SOUTH COUNTY TRANSIT**  
**2015-16 Budget vs. Actual (unaudited)**

	<b>FY 15/16 Adopted</b>	<b>October 2015</b>	<b>November 2015</b>	<b>December 2015</b>	<b>January 2016</b>	<b>February 2016</b>	<b>March 2016</b>	<b>Year to Date</b>	<b>Percent Year to Date</b>
<b>Use of Resources</b>									
<u>Administrative Expenditures</u>									
Insurance									
Liability & Physical Damage	\$ <b>68,400</b>	\$ 5,605	\$ 5,605	\$ 5,605	\$ 5,602	\$ 5,602	\$ 5,602	\$ 50,401	73.69%
Workers Compensation	<b>51,000</b>	3,979	4,368	3,979	3,979	3,979	3,979	36,200	70.98%
Property Insurance	<b>700</b>	53	53	53	53	53	53	478	68.27%
Rent	<b>25,500</b>	2,125	2,125	2,125	2,125	2,125	2,125	19,125	75.00%
Utilities	<b>8,450</b>	530	717	587	772	654	925	6,364	75.32%
Radio Expense	<b>1,240</b>	-	206	103	103	103	103	927	74.76%
Legal Services	<b>500</b>	2,713	-	-	1,860	-	-	4,573	914.50%
Payroll Processing	<b>3,490</b>	92	138	78	70	140	106	878	25.16%
Administration	<b>65,410</b>	5,451	5,451	5,451	5,451	5,451	5,451	49,058	75.00%
Finance	<b>14,420</b>	1,202	1,202	1,202	1,202	1,202	1,202	10,815	75.00%
Office Expense/Miscellaneous	<b>5,990</b>	826	1,011	548	2,077	1,902	434	7,302	121.90%
Audit	<b>3,070</b>	3,075	-	-	-	-	-	3,075	100.16%
Marketing/Community Relations/Printing	<b>18,000</b>	385	-	159	-	5,847	-	8,880	49.33%
Uniforms/Laundry/Physicals/Ads	<b>7,550</b>	-	83	4,325	548	856	166	6,837	90.55%
<u>Operating Expenditures</u>									
Salaries/Benefits	<b>\$ 509,760</b>	\$ 39,385	\$ 34,090	\$ 47,568	\$ 30,576	\$ 35,327	\$ 35,804	\$ 328,228	64.39%
Maintenance	<b>111,200</b>	6,835	9,515	12,302	9,249	11,109	15,197	95,408	85.80%
Dispatch	<b>18,750</b>	1,563	1,563	1,563	1,563	1,563	1,563	14,063	75.00%
Sign Maintenance	<b>3,000</b>	-	-	-	-	-	-	-	0.00%
SCT Bus Fuel	<b>208,800</b>	9,767	7,768	6,837	6,933	6,836	8,561	79,853	38.24%
Contingency	<b>15,000</b>	-	-	-	-	-	-	-	0.00%
<b>9 Total Operating Expenditures</b>	<b>\$ 1,140,230</b>	\$ 83,586	\$ 73,895	\$ 92,484	\$ 72,162	\$ 82,750	\$ 81,272	\$ 722,464	63.36%
<u>Capital Service</u>									
Vehicles/ITS	<b>\$ 186,210</b>	\$ 33,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,215	17.84%
Facility Improvements/Bus Stop Amenities	<b>83,340</b>	3,212	-	-	-	-	-	3,212	3.85%
<b>Total Capital Service</b>	<b>\$ 269,550</b>	\$ 36,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,427	13.51%
Extraordinary item - Wage order 9 penalty Carryover cost savings to next fiscal year	<b>\$ 41,170</b>	\$ 36,323	\$ 2,386	\$ -	\$ -	\$ -	\$ -	\$ 38,709	94.02%
	<b>41,157</b>	41,157	-	-	-	-	-	41,157	100.00%
<b>10 Total Use of Resources</b>	<b>\$ 1,492,107</b>	<b>\$ 197,493</b>	<b>\$ 76,281</b>	<b>\$ 92,484</b>	<b>\$ 72,162</b>	<b>\$ 82,750</b>	<b>\$ 81,272</b>	<b>\$ 838,756</b>	<b>56.21%</b>

**SOUTH COUNTY TRANSIT**  
**OPERATING STATEMENT BY ROUTE - WEEKDAY AND TROLLEY**  
**YEAR TO DATE THRU MARCH 2016**

	RT 21 PISMO & SHELL BEACH	RT 23 A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 24 GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 25 HIGH SCHOOL PM TRIPPER	TOTAL WEEKDAY SERVICE	AVILA BEACH TROLLEY
<b>REVENUES:</b>						
FARES	25,421	25,932	24,707	8,559	84,619	2,892
<b>TOTAL ROUTE REVENUES</b>	<b>25,421</b>	<b>25,932</b>	<b>24,707</b>	<b>8,559</b>	<b>84,619</b>	<b>2,892</b>
<b>EXPENDITURES:</b>						
ADMINISTRATION	18,657	18,333	18,633	1,224	56,847	2,567
MARKETING	2,195	2,156	2,182	160	6,692	-
OPERATIONS/CONTINGENCY	109,023	107,142	108,401	6,997	331,564	17,572
FUEL	16,868	20,184	17,148	1,257	55,457	5,412
INSURANCE	18,729	22,412	19,040	1,468	61,649	4,132
<b>TOTAL EXPENDITURES</b>	<b>165,472</b>	<b>170,227</b>	<b>165,404</b>	<b>11,106</b>	<b>512,209</b>	<b>29,682</b>
<b>FAREBOX RATIO</b>	<b>15.36%</b>	<b>15.23%</b>	<b>14.94%</b>	<b>77.07%</b>	<b>16.52%</b>	<b>9.74%</b>
RIDERSHIP	40,337	40,765	39,058	8,020	128,180	6,688
SERVICE MILES	35,146.58	42,056.00	35,729.40	2,702.70	115,634.68	8,528.00
SERVICE HOURS	2,323.44	2,283.12	2,313.66	145.57	7,065.79	412.76
RIDERS PER MILE	1.15	0.97	1.09	2.97	1.11	0.78
RIDERS PER HOUR	17.36	17.85	16.88	55.09	18.14	16.20
COST PER PASSENGER	4.10	4.18	4.23	1.38	4.00	4.44
SUBSIDY PER PASSENGER	3.47	3.54	3.60	0.32	3.34	4.01

**SOUTH COUNTY TRANSIT**  
**OPERATING STATEMENT BY ROUTE - WEEKEND, TROLLEY, AND TOTAL**  
**YEAR TO DATE THRU MARCH 2016**

	RT 21 - SAT PISMO & SHELL BEACH	RT 21 - SUN PISMO & SHELL BEACH	RT 23 - SAT A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 23 - SUN A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 24 - SAT GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 24 - SUN GROVER B. A.G. VILLAGE, PISMO & A.G.	TOTAL WEEKEND SERVICE	TOTAL SCT ONLY SERVICE	TOTAL SCT AND AVILA SERVICE
<b>REVENUES:</b>									
FARES	3,996	2,696	3,961	3,188	3,688	2,818	20,347	104,966	107,858
<b>TOTAL ROUTE REVENUES</b>	<b>3,996</b>	<b>2,696</b>	<b>3,961</b>	<b>3,188</b>	<b>3,688</b>	<b>2,818</b>	<b>20,347</b>	<b>104,966</b>	<b>107,858</b>
<b>EXPENDITURES:</b>									
ADMINISTRATION	3,582	3,163	3,625	3,220	3,760	3,220	20,570	77,417	79,984
MARKETING	378	343	382	350	386	350	2,188	8,880	8,880
OPERATIONS/CONTINGENCY	20,254	18,290	20,502	18,616	21,254	18,616	117,533	449,096	466,668
FUEL	3,152	2,837	3,636	3,272	3,204	2,884	18,984	74,441	79,853
INSURANCE	3,532	3,187	4,074	3,676	3,590	3,239	21,298	82,947	87,079
<b>TOTAL EXPENDITURES</b>	<b>30,896</b>	<b>27,820</b>	<b>32,219</b>	<b>29,134</b>	<b>32,195</b>	<b>28,309</b>	<b>180,573</b>	<b>692,781</b>	<b>722,464</b>
<b>FAREBOX RATIO</b>	<b>12.93%</b>	<b>9.69%</b>	<b>12.29%</b>	<b>10.94%</b>	<b>11.46%</b>	<b>9.96%</b>	<b>11.27%</b>	<b>15.15%</b>	<b>14.93%</b>
<b>RIDERSHIP</b>	<b>5,593</b>	<b>3,833</b>	<b>5,099</b>	<b>4,121</b>	<b>5,325</b>	<b>3,586</b>	<b>27,557</b>	<b>155,737</b>	<b>162,425</b>
<b>SERVICE MILES</b>	<b>6,615.99</b>	<b>5,950.23</b>	<b>7,632.00</b>	<b>6,864.00</b>	<b>6,725.70</b>	<b>6,048.90</b>	<b>39,836.82</b>	<b>155,471.50</b>	<b>163,999.50</b>
<b>SERVICE HOURS</b>	<b>437.24</b>	<b>393.12</b>	<b>442.59</b>	<b>400.14</b>	<b>455.44</b>	<b>400.14</b>	<b>2,528.67</b>	<b>9,594.46</b>	<b>10,007.22</b>
<b>RIDERS PER MILE</b>	<b>0.85</b>	<b>0.64</b>	<b>0.67</b>	<b>0.60</b>	<b>0.79</b>	<b>0.59</b>	<b>0.69</b>	<b>1.00</b>	<b>0.99</b>
<b>RIDERS PER HOUR</b>	<b>12.79</b>	<b>9.75</b>	<b>11.52</b>	<b>10.30</b>	<b>11.69</b>	<b>8.96</b>	<b>10.90</b>	<b>16.23</b>	<b>16.23</b>
<b>COST PER PASSENGER</b>	<b>5.52</b>	<b>7.26</b>	<b>6.32</b>	<b>7.07</b>	<b>6.05</b>	<b>7.89</b>	<b>6.55</b>	<b>4.45</b>	<b>4.45</b>
<b>SUBSIDY PER PASSENGER</b>	<b>4.81</b>	<b>6.55</b>	<b>5.54</b>	<b>6.30</b>	<b>5.35</b>	<b>7.11</b>	<b>5.81</b>	<b>3.77</b>	<b>3.78</b>

**SOUTH COUNTY TRANSIT**  
**May 5, 2016**  
**STAFF REPORT**

**AGENDA ITEM:** A-2

**TOPIC:** **SCT Agreement with RTA**

**PRESENTED BY:** **Geoff Straw, SCT Administrator**

**STAFF RECOMMENDATION:** **Review and Comment on the Final Draft  
SCT-RTA Agreement Document**

**BACKGROUND/DISCUSSION:**

The current agreement between SCT and the San Luis Obispo Regional Transit Authority was ratified in June 2001. However, the scope of work has significantly changed, as has the Census designation for SCT's service area (now small urbanized). In particular, the latter has required SCT to adopt a number of policies and change operating procedures so that SCT remains in compliance with Federal Transit Administration urbanized area grant requirements. In addition, when the current agreement was ratified, SCT provided vehicle maintenance tasks using in-house staff; RTA now provides all vehicle maintenance services. Although the current agreement does not reference the four distinct services provided by RTA (Administration, Finance, Maintenance and Dispatch), the annual budget report includes them.

Staff worked with Counsel and Executive Committee members to review the current agreement document and to develop language that would address the issues discussed above. In addition, outdated language has been updated to reflect current conditions.

**Staff Recommendation**

Review and comment on final draft SCT-RTA Agreement Document. Direct staff to present the agreement for ratification at the July 13, 2016 RTA Board of Directors meeting. Bring back the RTA-signed document to the SCT Board for ratification at its July 20<sup>th</sup> meeting.

**SOUTH COUNTY TRANSIT  
RESOLUTION**

**AUTHORIZING A CONTRACT FOR  
ADMINISTRATIVE AND FINANCIAL SERVICES  
WITH THE SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY**

**The following resolution is now offered and reads:**

**WHEREAS**, South County Transit is responsible for local fixed route transit services within the Arroyo Grande – Grover Beach Urbanized Area (Pismo Beach, Arroyo Grande, Grover Beach, Shell Beach, Oceano, and Avila Beach); and

**WHEREAS**, South County Transit has determined a need for Administration, Finance, Maintenance, Marketing and Dispatch services; and

**WHEREAS**, South County Transit included \$65,410 for Administration, \$14,420 for Finance, \$110,000 for Maintenance, and \$18,750 for Dispatch services in the FY15-16 SCT Annual Budget; and

**WHEREAS**, the San Luis Obispo Regional Transit Authority is responsible for regional transit and other regional transportation services; and,

**WHEREAS**, the San Luis Obispo Regional Transit Authority is trained, experienced, and competent to perform such services; and

**WHEREAS**, the San Luis Obispo Regional Transit Authority agrees to perform the tasks outlined in their proposal included in the SCT Annual Budget report.

**NOW, THEREFORE, IT IS HEREBY RESOLVED** that the Board of Directors enter into a contract with the San Luis Obispo Regional Transit Authority to provide all Administration, Finance, Maintenance, Marketing and Dispatch functions for South County Transit.

**BE IT FURTHER RESOLVED** that the Chairperson of South County Transit is hereby directed to sign this resolution on behalf of the Board of Directors, and the SCT Administrator is authorized to sign and administer the contract.

Upon motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_ and on the following roll call vote, to-wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINING:**

The foregoing resolution is hereby adopted this 5th day of May 2016.

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James Guthrie, Chairperson  
South County Transit

**ATTEST:**

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Geoff Straw, Administrator  
South County Transit

**APPROVED AS TO FORM AND LEGAL EFFECT:**

By: \_\_\_\_\_  
Timothy McNulty, Counsel  
South County Transit

Date: \_\_\_\_\_

**CONTRACT FOR ADMINISTRATIVE AND FINANCIAL SERVICES  
BETWEEN  
SOUTH COUNTY TRANSIT  
AND  
THE SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY**

**THIS CONTRACT** is entered into this 5th day of May 2016, by and between SOUTH COUNTY AREATRANSIT, a joint powers authority formed pursuant to Government Code section 6500 et seq. and doing business as "South County Transit" (hereinafter referred to as "SCT) and the SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY, a joint powers authority formed pursuant to Government Code section 6500 and doing business as "RTA" (hereinafter referred to as "RTA" and referred to as "Contractor");

**WITNESSETH:**

**WHEREAS**, SCT is responsible for local fixed route transit services within the Arroyo Grande – Grover Beach Urbanized Area (Pismo Beach, Arroyo Grande, Grover Beach, Shell Beach, Oceano, and Avila Beach); and

**WHEREAS**, SCT has determined a need for Administration, Finance, Maintenance, Marketing, and Dispatch services; and

**WHEREAS**, Contractor is responsible for regional transit and other regional transportation services, and is deemed trained, experienced, expert and competent to perform such services; and

**WHEREAS**, the SCT Board approves staff and committee recommendations to engage in Administration, Finance, Maintenance, Marketing and Dispatch services with said Contractor during its annual budget-making process; and

**WHEREAS**, the Contractor agrees to perform the Administration, Finance, Maintenance, Marketing and Dispatch tasks included in the SCT Annual Budget report adopted in April of each year in return for the compensation associated with those tasks in each such Annual Budget Report.

**NOW, THEREFORE**, the parties do mutually agree as follows:

1. Retention of Services. SCT hereby engages Contractor and Contractor hereby agrees to perform for SCT the services hereinafter set forth for the compensation annually budgeted by the SCT Board and agreed to by the Contractor, all pursuant to the terms and conditions herein.
2. Scope of Services. Pursuant to this Contract, Contractor shall provide to SCT the Administration, Finance, Maintenance, Marketing and Dispatch services identified in the Annual Budget Report that is prepared annually as part of the budget-making process. The scope of services will be spelled out in sufficient detail within the SCT Annual Budget report for the Board members to make informed decisions. The scope of services included in the SCT Annual Budget report must be ratified separately by the SCT Board and the RTA Board as part of each Agency's budget-adoption process. At a minimum, details will be provided for the following four budget sections: Administration, Finance, Maintenance, Marketing, and Dispatch services.
3. Compensation. SCT shall pay to Contractor as compensation in full for all services performed by Contractor pursuant to this Contract, a sum equal to that annually budgeted by the SCT Board and agreed to by the Contractor, to provide all Administration, Finance, Maintenance, Marketing, and Dispatch services, and SCT hereby warrants that funds are available from which payment may be made. Said compensation shall be paid in the following manner: SCT shall pay said compensation to Contractor on a quarterly basis through a San Luis Obispo County Journal Entry.
4. Term of Contract. This Contract shall commence effective on the date of the last signatory and shall continue with automatic annual renewal, unless terminated earlier as provided herein. Contractor will furnish sufficient personnel to: complete all phases of the tasks included in the SCT Annual Budget report.

5. Termination of Contract for Convenience of Either Party. Either party may terminate this Contract at any time by giving to the other party ninety (90) days written notice of such termination. Termination shall have no effect upon the rights and obligations of the parties arising out of the transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of such termination.

6. Termination of Contract for Cause. If, through any cause within its control, Contractor fails to fulfill in a timely and professional manner its obligations under this Contract, or if Contractor violates any of the terms or provisions of this Contract, SCT shall have the right to terminate this Contract effective immediately upon SCT's giving written notice thereof to Contractor. Termination shall have no effect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of such termination.

7. Modification. This Contract, together with each year's adopted SCT Annual Budget report, constitutes the entire understanding of the parties hereto and no changes, amendments, or alterations shall be effective unless in writing and signed by both parties.

8. Non-Assignment of Contract. Inasmuch as this Contract is intended to secure the specialized services of the Contractor, Contractor shall not assign, transfer, delegate, or sublet this Contract or any interest herein without the prior written consent of the SCT Board, and any such assignment, transfer, delegation, or sublet without SCT's prior written consent shall be considered null and void.

9. Covenant. The validity, enforceability and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California.

10. Enforceability. The invalidity and unenforceability of any terms or provisions hereof shall in no way affect the validity or enforceability of any other terms or provisions.

11. Employment Status. Contractor shall, during the entire term of the Contract, be construed to be an independent Contractor, and shall in no event be construed to be an employee of SCT. Contractor understands and agrees that it is not, and will not, be eligible for membership in or any benefits from any SCT group plan for hospital, surgical or medical insurance, or for membership in any SCT retirement program, or for paid vacation, paid sick leave, or other leave, with or without pay, or for any other benefit which accrues to a SCT employee.

12. Warranty of Contractor. Contractor warrants that it is properly certified and licensed under the laws and regulations of the State of California to provide the services agreed to herein.

13. Conflicts of Interest. No officer, employee, director or agent of SCT shall participate in any decision relating to this Contract which affects his personal interest or the interest of any corporation, partnership, or association in which he is directly or indirectly interested; nor shall any such person have any interest, direct or indirect, in this Contract or the provisions thereof.

14. Indemnification. Contractor shall defend, indemnify and save harmless SCT, its officers, agents and employees, from any and all claims, demands, damages, costs, expenses, or liability arising out of this contract or occasioned by the performance or attempted performance of the provisions hereof except those arising from the sole negligence or willful misconduct of SCT, including, but not limited to, any act or omission to act on the part of the Contractor or his agents or employees or other independent contractors directly responsible.

15. Insurance. Contractor and SCT each maintain separate insurance policies in sufficient coverage amounts for the following coverage areas: Bodily Injury Liability, Property Damage Liability, Personal Injury Liability

Insurance, and Workers' Compensation Insurance. Contractor and SCT agree to maintain these insurance policies through the entire term of this Contract.

16. Notices. Any notice required to be given pursuant to the terms and provisions hereof shall be in writing, and shall be sent by certified or registered mail to:

SCT:                   South County Transit  
                          800 Rodeo Drive  
                          Arroyo Grande, CA 93420

RTA:                   San Luis Obispo Regional Transit Authority  
                          179 Cross Street, Suite A  
                          San Luis Obispo, CA 93401

17. Progress Reports. Brief progress reports shall be submitted by Contractor to SCT. Progress reports accompanied by invoices shall describe the work performed, plus any problems anticipated in performing said work in the future.

18. Copyright. Any reports, maps, documents or other materials produced in whole or part under this Contract shall be the property of SCT, and shall not be subject to any application for copyright by or on behalf of the Contractor.

19. Findings Confidential. To the extent permitted by law, no reports, maps, information, documents, or any other materials given to or prepared by Contractor under this Contract which SCT requests, in writing, to be kept confidential, shall be made available to any individual or organizations by Contractor without the prior written approval of SCT. However, Contractor shall be free to disclose such data as is publicly available, already in its possession, or independently developed.

20. Legal Representation. Since both RTA and SCT both utilize legal services made available through the County of San Luis Obispo, any

disagreement regarding this Contract or the provision of services pursuant to it may require the retention of outside counsel. Should any such situation arise as determined jointly by the SCT Board Chairman and the SCT Administrator, the SCT Administrator will solicit proposals for outside counsel services and report back to the full Board for consideration of contracting with the recommended firm at the next regularly-scheduled or special Board meeting.

**IN WITNESS WHEREOF**, SCT and Contractor have executed this Contract effective on the date of the last signatory.

BY: \_\_\_\_\_ By: \_\_\_\_\_  
James Guthrie, SCT Chairperson      Jan Marx, RTA President

**ATTEST:**

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Geoff Straw, Administrator  
South County Transit

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**ATTEST:**

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Geoff Straw, Executive Director  
San Luis Obispo Regional Transit Authority

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**APPROVED AS TO FORM AND LEGAL EFFECT:**

By: \_\_\_\_\_  
Timothy McNulty, Counsel  
RTA and SCT

Date: \_\_\_\_\_

**SOUTH COUNTY TRANSIT**  
**May 5, 2016**  
**STAFF REPORT**

**AGENDA ITEM:**

**B-1**

**TOPIC:**

**SCT Joint Powers Agreement Amendment**

**PRESENTED BY:**

**Geoff Straw, SCT Administrator**

**STAFF RECOMMENDATION:**

**Adopt Changes to JPA Document**

**BACKGROUND/DISCUSSION:**

The current SCT Joint Powers Agreement was ratified in February 1987, and it has remained unaltered since. However, a number of the referenced laws in the JPA have changed, and the funding scenario changed considerably when the Decennial Census classified the SCT service area and adjoining areas as urbanized. Finally, SCT has changed the way it conducts business, particularly in the following ways:

1. Oversight of the system,
2. How the state-mandated treasurer function is addressed, and
3. Our moniker has changed from SCAT to SCT.

For these reasons, staff is recommending that the JPA be amended. Staff worked with Counsel and Executive Committee members to review the current JPA document and to develop language that would address the two issues discussed above. In addition, outdated language has been updated to reflect current conditions.

All changes to the JPA must be ratified by each member city and the county. In addition, the final JPA must be submitted to the Secretary of State within 30 days of the effective date of this amended JPA.

In addition, staff will provide a resolution template for each member city and the county to take to its respective legislative body.

**Staff Recommendation**

Three items are recommended:

1. Replace the existing Joint Powers Agreement with the attached final draft,
2. Direct staff to assist each jurisdiction's legislative body in considering the revised document, and
3. Direct staff to submit the final signed JPA document to the Secretary of State within 30 days of final ratification.

JOINT POWERS AGREEMENT  
SOUTH COUNTY AREA TRANSIT

This Agreement, by and between the cities of Arroyo Grande, Grover Beach, Pismo Beach, and the County of San Luis Obispo, representing the Oceano Area and the Avila Beach Area, is hereby entered into pursuant to Section 6500 et seq. of the Government Code of the State of California. This Agreement is a restatement of the South County Area Transit Joint Powers Agreement of January 9, 1978 and supersedes and replaces that agreement in all respects.

ARTICLE I  
GENERAL PROVISIONS

SECTION 1: PURPOSE.

The purpose of this Agreement is to exercise the common powers of the member agencies by the formation of a Joint Powers Agency with full power and authority to own, operate, plan for, and administer a public transportation system within the territory over which the Joint Powers Agency has jurisdiction (see map attached hereto as Exhibit A). This territory is consistent with the Arroyo Grande – Grover Beach Urbanized Area, which was designated as a result of the 2010 Decennial Census.

SECTION 2: NAME.

The official name of the Joint Powers Agency shall be South County Area Transit, and hereinafter referred to as “South County Transit” or alternately as “Agency.”

SECTION 3: POWERS.

The Agency shall have all the powers necessary to carry out the purpose of this Agreement, except the power to tax. The power to expend funds shall be limited only by the availability of funds as set forth in Section 1 of Article III, Financial Provisions of this Agreement. The powers of the Agency specifically include, but are not limited to, the following:

- a. To operate a public transit system to serve all three incorporated cities in South San Luis Obispo County and the Oceano and Avila Beach areas of San Luis Obispo County, as is shown on the map attached hereto as Exhibit A.
- b. To sue and be sued.
- c. To employ agents, employees and to contract for professional or other services.
- d. To make and enter into contracts including labor, purchase agreements and employment contracts.
- e. To acquire, convey, construct, manage, maintain and operate buildings and improvements.
- f. To acquire and convey real and personal property.
- g. To incur debts, liabilities and obligations from private, state and federal agencies.
- h. To apply for and execute contracts of financial assistance from state and federal agencies and to obligate the Agency to operate the improvements, equipment, or transportation system in accordance with the terms and conditions of said financial assistance.
- i. To purchase necessary insurance.
- j. To develop policies and procedures necessary to remain in compliance with Federal Transit Administration Section 5307 Urbanized Area Formula Program and other federal grant program funding requirements.

#### SECTION 4: AGENCY IS A PUBLIC LEGAL ENTITY.

The Joint Powers Agency, South County Transit, is a public entity duly formed and existing under the laws of the State of California. It is a separate and distinct legal entity from its member agencies. The debts, duties and obligations created pursuant to this Agreement, or those created pursuant to the previous Agreement, shall be solely the obligation of South County Transit and not those of its member agencies or of officers, employees, members of the Board of Directors or the officers, employees, and board or council-members of the member agencies.

ARTICLE II  
ORGANIZATION

**SECTION 1: BOARD OF DIRECTORS.**

The powers of the Agency are vested in its Board of Directors. The Board of Directors shall be composed of one representative from each member agency, of which there are four members. Each member of the Board of Directors shall have one vote. Each member agency shall appoint one regular member and one alternate member to the Board of Directors, and shall notify the Agency in writing of their appointments or of any change of representative. The representative shall serve solely at the pleasure of the appointing member agency. Representatives shall be either elected officials or officers or employees of the member agency.

**SECTION 2: MEETINGS – VOTING QUORUM.**

The Board shall establish a time, place and date for a regular quarterly meeting. Regular meetings may be adjourned from time to time. Special meetings may be called by the Chairman or upon written request by any two members of the Board. Members shall be given at least 24 hours written notice of special meetings, provided however, the representative of any member may waive said notice.

A majority of the members shall constitute a quorum for the transaction of business.

Unless specifically limited by this Agreement, the vote of the majority of the members present at any regular, adjourned or special meeting shall be sufficient to act upon any matter.

**SECTION 3: OFFICERS.**

The Board shall elect a Chairman and Vice-Chairman, and the Vice-Chairman shall act in the absence of the Chairman. The Board shall also elect such other officers as deemed necessary.

All officers shall serve for a term of one year from the later of the date of their election or until their successors are elected. The Chairman or Vice-Chairman is authorized to execute all documents in the name of the Agency.

#### SECTION 4: ADMINISTRATION.

The Board may in its discretion, appoint an Administrator of the transit system, to serve at the pleasure of the Board, and to have the power to certify Agency documents as required by law and to assume such duties and responsibilities as the Board may direct.

#### SECTION 5: NEW MEMBERS.

The Board may accept new members to the Agency on such terms and conditions as the Board may prescribe.

#### SECTION 6: CHANGE OF BOUNDARIES.

The boundaries of this Agency are subject to change, as set forth hereinafter. If any portion of the unincorporated area of the County is annexed to a member city, that annexed portion shall automatically be included within the boundaries of this Agency, and the said member city shall assume any obligations of the County under this Agreement as to that area, if any. If a new city should be formed in any portion of the unincorporated area of the County presently included within the territory of this Agency, and if such a new city should become a party to this Agreement, then the affected area shall be the responsibility of the new city and the County shall not be responsible for any obligations on account of the area so included within the new city as of the effective date of the incorporation of the new city. The boundaries of this Agency shall be adjusted to reflect annexations or new incorporations as set forth hereinabove.

#### SECTION 7: SERVICE LEVELS.

Any additional services beyond the level recommended by the Regional Transportation Plan or mandated in the annual Unmet Transit Needs Hearing (PUC Section 99401.5) may be instituted, but shall require unanimous approval of affected jurisdictions, with costs for the extra service to be distributed on the basis of a formula developed by the Board members representing the affected jurisdictions.

## SECTION 8: COMMITTEES.

a. Committees and subcommittees may be established as the Board may deem appropriate. Committees and subcommittees must abide by open meetings requirements of the Brown Act (Government Code Section 54950 et seq.).

b. Membership on “ad-hoc” policy committees shall be at the discretion of the Board Chairman. Nothing herein shall be construed to limit membership on these aforesaid committees to officials of the member agencies. The Chairman may appoint any individual deemed qualified to serve on a committee.

c. An Executive Committee may be formed by the Administrator to advise the Administrator on draft agendas, personnel issues, budget, and controversial, sensitive and major policy issues. If such a committee is formed, then each city and the County shall have the opportunity to designate a staff person to participate on it. Items for review shall be selected by the Administrator in consultation with the Chairman. All Committee members may include agenda items as they desire. For purposes of conducting business, three members shall constitute a quorum.

d. No committee shall commit the Agency on any matter or questions of policy. Such matters or questions can only be decided by the Board.

e. All Board-established committees shall receive clerical assistance from Agency staff for the purpose of maintaining minutes of meetings, complying with Brown Act open meeting requirements, and other such duties as the Administrator may direct. The chair of each Board-established committee shall sign the original copy of the minutes indicating verification of contents upon committee adoption. Copies of minutes of all meetings shall be sent to Board members.

## ARTICLE III FINANCIAL PROVISIONS

### SECTION 1: BUDGET – LIMITATION OF FINANCIAL COMMITMENT.

The Board shall establish the fiscal year for the Agency and shall, prior to the commencement of each fiscal year, adopt an annual budget prepared by the Administrator.

A Consolidated Fund balance and cash balance will carry forward from one year to the next. The budget may additionally carry funds for future fiscal years where necessary to develop a multi-year Capital Improvement Program and to reflect obligations under state or federal funding agreements, to the extent allowable by California law.

Accounting practices to be applied will conform with those used by San Luis Obispo County, consistent with Transportation Development Act rules and regulations.

No member agency shall be required to expend any of its general fund monies to support the operations of the Agency, unless said expenditure is first approved by the legislative body of the member agency. The operation of the transit system shall be solely funded from Transportation Development Act monies or from grant monies, and from revenues derived from operations. Each member agency shall make an annual Transportation Development Act contribution to the Agency based upon the percentage of total Agency-served population related to the area served within that member agency. All population percentages utilized shall be those annually adopted by the San Luis Obispo Council of Governments for allocating Transportation Development Act Funds based annually on estimates prepared by the State Department of Finance pursuant to Section 2227 of the Revenue and Taxation Code for cities and by the County Planning Department for unincorporated communities.

#### SECTION 2: EXPENDITURES.

The Board will establish procedures and policies to insure competitive prices for the purchases of goods and services that meet federal and state procurement requirements.

#### SECTION 3: TREASURER AND AUDITOR.

Pursuant to Government Code Section 6505.5, the Treasurer of the County of San Luis Obispo is hereby designated as Treasurer of the Agency. The Treasurer shall have the powers and duties set forth in Government Code Section 6505.5. The Auditor/Controller of the County of San Luis Obispo is designated as the Auditor of the Agency pursuant to Government Code Section 6505.5.

#### SECTION 4: ANNUAL AUDIT.

The Board of Directors shall cause an annual audit to be prepared and filed in accordance with Government Code Section 6505 and Public Utilities Code Section 99245.

#### SECTION 5: OFFICIAL BONDS.

The Administrator and such other employees or agents as the Board may direct shall file an official bond in an amount to be determined by the Board. The cost of said bond(s) shall be borne by the Agency.

(note: Govt. Code Section 6505.1 requires persons who handle any property of the Agency to be bonded.)

#### SECTION 6: ANNUAL REPORT.

The Administrator shall prepare and submit an annual report of the operations to the San Luis Obispo Council of Governments and the Office of the State Controller within 90 days of the end of the fiscal year pursuant to Public Utilities Code, Section 99243.

#### SECTION 7: PERIODIC REPORTING.

The Board may require periodic reporting of ridership, finances, or other information. It shall be the responsibility of the Administrator to provide such reports in a form acceptable to the Board.

### ARTICLE IV

#### MISCELLANEOUS PROVISIONS

#### SECTION 1: WITHDRAWAL OF MEMBERS.

Any member of this Agency may withdraw at after providing written notice to the Agency Board one year in advance of the requested withdrawal date.

A withdrawing member's financial obligation under this Section is limited to the withdrawing member's pro-rata share of the currently adopted operating budget based upon ARTICLE III, SECTION 1 within the service area of the obligated commitments affecting the

withdrawing member and any San Luis Obispo Council of Governments finding as to Unmet Transit Needs that are Reasonable to Meet pursuant to Public Utilities Code Section 99401.5. However, the obligations of a withdrawing member under this section are limited to the special transportation funds to which the withdrawing member would be entitled, such as Transportation Development Act funds, and this section shall not impose any obligation on the general funds of the withdrawing member.

**SECTION 2: AMENDMENT OF AGREEMENT.**

This Agreement may be amended at any time with the unanimous approval of the legislative bodies of the member agencies. No amendment to this Agreement shall be effective without such unanimous approval.

**SECTION 3: RATIFICATION – EFFECTIVE DATE.**

This Agreement shall become effective upon ratification by all member agencies. This Agreement shall be dated and shall be effective upon the last date ratified by a member agency.

**SECTION 4: ASSIGNABILITY.**

In the event it is deemed in the best public interest to have the public transportation system operated by another individual or entity, whether public or private, and provided that the assignment complies with state and federal law, the Agency on affirmative vote of all of its members, may sell, lease or assign all of its real and personal property and may cease operations upon such terms and conditions as the Board determines to be reasonable.

**SECTION 5: TERMINATION.**

This Agreement shall continue in full force and effect until cancelled by a majority of the member agencies.

**SECTION 6: NOTIFICATION TO SECRETARY OF STATE.**

Pursuant to Government Code Section 6503.5, the Agency shall cause a notice of the execution of this Agreement to be prepared and filed with the Office of the Secretary of the State of California, within thirty (30) days after the effective date of this Agreement. The Agency shall

likewise cause such a notice to be prepared and filed with the Office of the Secretary of State within thirty (30) days after the effective date of any amendment to this Agreement. Until such filings are completed, the Agency shall not incur indebtedness of any kind.

IN WITNESS WHEREOF, the parties have executed this Agreement as to be effective on the \_\_\_\_\_ day of \_\_\_\_\_, 2016, which is the last date of signing by a member.

IN WITNESS THEREOF, the parties have executed this Agreement as of the day and year first hereinabove written.

City of Arroyo Grande  
By: \_\_\_\_\_

\_\_\_\_\_  
Clerk

Date:\_\_\_\_\_

Resolution No.\_\_\_\_\_

City of Grover Beach  
By: \_\_\_\_\_

\_\_\_\_\_  
Clerk

Date:\_\_\_\_\_

Resolution No.\_\_\_\_\_

City of Pismo Beach  
By: \_\_\_\_\_

\_\_\_\_\_  
Clerk

Date:\_\_\_\_\_

Resolution No.\_\_\_\_\_

County of San Luis Obispo  
By: \_\_\_\_\_

\_\_\_\_\_  
Clerk

Date:\_\_\_\_\_

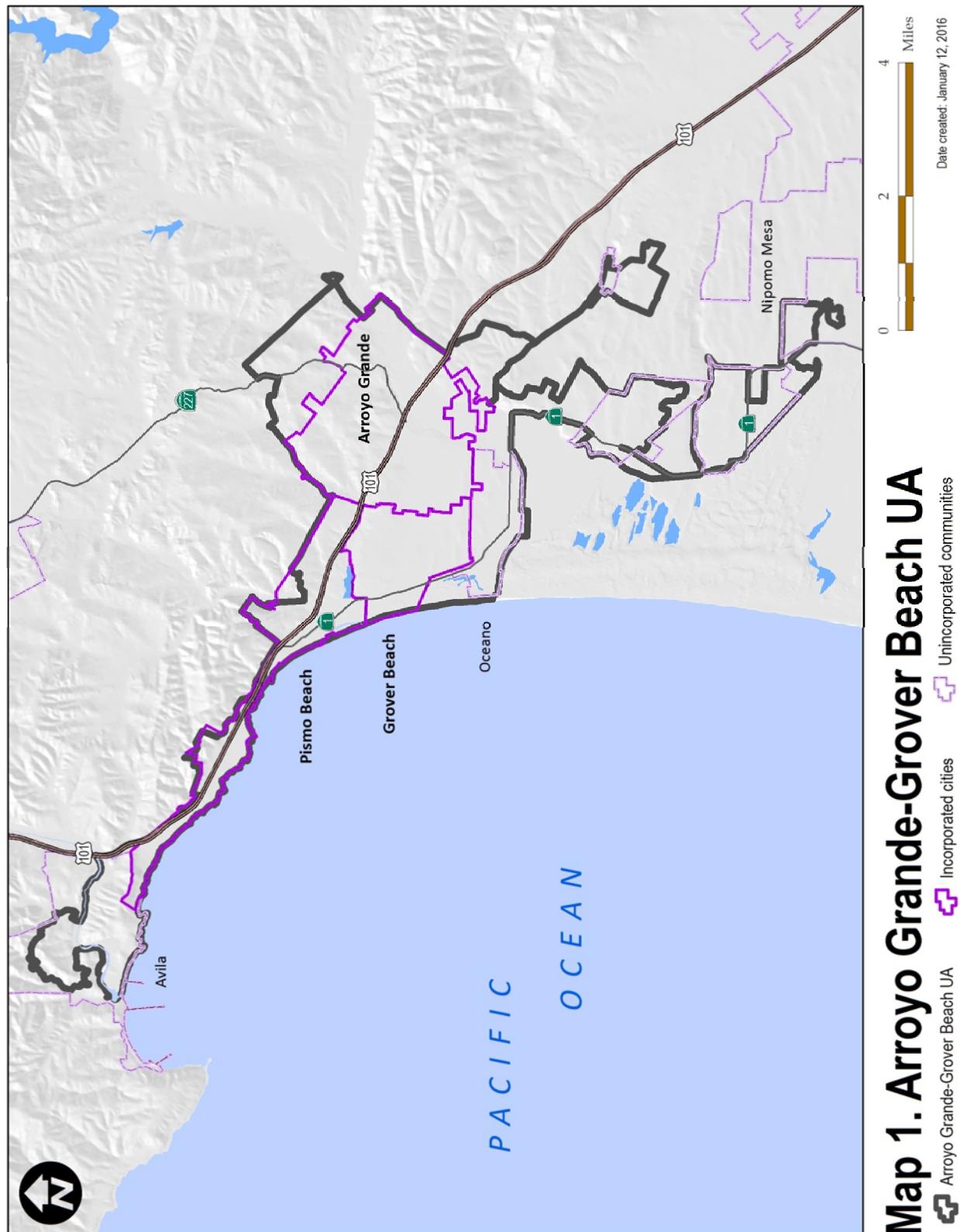
Resolution No.\_\_\_\_\_

Approved as to form and legal effect:  
**TIM MCNULTY**  
County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

Date: \_\_\_\_\_

## Exhibit A – SCT Planning Area Map



**SOUTH COUNTY TRANSIT**  
**May 5, 2016**  
**STAFF REPORT**

<b>AGENDA ITEM:</b>	B-2
<b>TOPIC:</b>	<b>Adopt New South County Transit Logo</b>
<b>ACTION:</b>	<b>Adopt a New SCT Logo</b>
<b>PRESENTED BY:</b>	<b>Geoff Straw, SCT Administrator</b>
<b>STAFF RECOMMENDATION:</b>	<b>Adopt the New SCT Logo</b>

**BACKGROUND/DISCUSSION:**

At its April 2013 meeting, the Board shortened its moniker from “South County Area Transit” to “South County Transit.” The Board directed staff to only begin using the new name on SCT items as replacement of equipment and materials was necessary; it was decided that a full-fledge rebranding effort would not be necessary.

Staff secured a Federal Transit Administration Section 5339 Capital Program grant in 2014 to replace the badly faded bus stop signs used throughout the SCT service area with new ones that would also meet ADA requirements. The picture to the right depicts a current SCT bus stop sign. As shown, the RTA logo is used at the top of the sign, along with the text “SCAT Information” near the bottom of the sign. Neither of these is applicable to current SCT services.

Following the Board’s April 2014 rejection of the initial range of logos that were developed by staff/interns, the Board appointed Directors Lynn Compton and Barbara Nicolls to serve on a Logo Subcommittee at its September 11, 2015 special meeting. The Subcommittee met in October and December 2015 with Pierre Rademaker and RTA Marketing Manager Mary Gardner to develop a new logo. A draft logo that included a Western Snowy Plover was presented at the January 2016 Board meeting, and it was rejected. The Board directed staff to continue to develop alternate logos and work with individual Board members and jurisdiction staff to develop an acceptable logo. The logo below was



subsequently presented to each Board member, and it was endorsed by Executive Committee members at its April 20<sup>th</sup> meeting.



**Staff Recommendation**

Staff recommends that the Board adopt the new logo and direct staff to implement it on the exterior of existing SCT buses and on new bus stop signs. The new logo will also be used when existing marketing materials run out, and for employee uniforms as needed.

**SOUTH COUNTY TRANSIT**  
**May 4, 2016**  
**STAFF REPORT**

**AGENDA ITEM:**

**B-3**

**TOPIC:**

**Public Hearing to Consider Proposed Service Changes and Fare Program Changes**

**PRESENTED BY:**

**Phil Moores, RTA Operations Manager**

**STAFF RECOMMENDATION:**

**Implement Service Changes and Fare Program Changes on July 31, 2016.**

**BACKGROUND/DISCUSSION:**

With the implementation of the Intelligent Transportation System (ITS) beginning in September 2015, staff now has access to robust passenger activity data (by route, by bus stop, by time of day, by day of week, etc.), as well as actual travel times between each published timepoint. Based on this new information, staff is recommending that changes to the SCT service plan and fare structure be considered in a public hearing setting at the Board's May 5, 2016 meeting. This report provides summary information and preliminary recommendations.

**Recommended Service Changes**

The following discussion centers on a proposed new bi-directional route plan for the Oceano area. It should be noted that the FY15-16 budget assumed implementation of a new Route 26 in February 2016 that would have provided a one-way loop linking the Oceano area, the shopping centers along West Branch in Arroyo Grande anchored by Wal-Mart and K-Mart, the Shell Beach Road corridor, and the Ramona Garden and Premium Outlets passenger facilities. It was planned to operate on weekdays, providing three mid-morning trips and three afternoon trips. We ran it experimentally on December 10, 2014 and discovered the original schedule was too tight, and heard from some constituents that it would not meet typical work schedules for jobs along the Shell Beach Road corridor. So staff began investigating service alternatives that would be both reliable from a schedule standpoint and meet the travel needs of employees working along the planned route.

As shown in Appendix A, the current Route 23 serves Oceano, the western Grover Beach area, and the western portion of Arroyo Grande. The hour-long route is best described as circuitous with several mid-route one-way loops – what transit planners deem a “coverage” route that is typically used in rural settings where lifeline access to a nearby bus stop is more important than direct or frequent service. However, the current Route 23 service plan requires considerable out-of-direction travel, and it results in a significant amount of miles traveled on every 60-minute run.

After analyzing passenger activity at every SCT bus stop, staff concluded that there is very little passenger activity at some Route 23 bus stops. This provides an opportunity to streamline service in the entire Oceano area, as well as provide direct service to the Wal-Mart/K-Mart corridor. Appendix A also shows the ranking of passenger boardings by each Route 23 bus stop, with “1” having the highest number of average daily boardings and “35” having the lowest of over 12,000 data points. Not surprisingly, the Ramona Garden bus stop is ranked number one, followed by the Oceano Community Center at 19<sup>th</sup> & Wilmar, and then the Halcyon Park-n-Ride (which provides transfers to RTA Route 10). Staff was somewhat surprised that the Arroyo Grande High School bus stop was ranked fifth highest – especially since it excludes the separate Route 25 School Tripper that is operated during the school bell times. Staff reviewed this data with SCT Bus Operators on December 18<sup>th</sup> and they agreed that the rankings are representative of the passenger activity they encounter on the street.

Appendix B depicts the suggested new clockwise Route 27 and counterclockwise Route 28 services. These two new routes would replace the current Route 23 and the planned Route 26 services. As shown, it provides service in both directions to current Route 23 bus stops that demonstrate the highest passenger activity. It also provides bi-directional service to the Wal-Mart/K-Mart corridor. However, the new routes would require passengers that use the following low-activity bus stops to walk/roll to another nearby bus stop:

1. Elm & Elm Park – ranked 10<sup>th</sup> (690 feet from the nearest remaining bus stop)
2. Farroll & 13<sup>th</sup> – ranked 17<sup>th</sup> (200 feet)
3. Farroll & 8<sup>th</sup> – ranked 24<sup>th</sup> (0.38 miles)
4. The Pike & Oak Park – ranked 25<sup>th</sup> (0.46 miles)
5. The Pike & Avenida Pelicanos – ranked 33<sup>rd</sup> (500 feet)
6. Oak Park & Monaco – ranked 34<sup>th</sup> (0.44 miles)
7. Soto Sports Complex – ranked 35<sup>th</sup> (0.46 miles)

These seven bus stops represent average boardings ranging from a low of 0.2 passengers per day (Soto Sports Complex, ranked 35<sup>th</sup> highest) to a high of 6.2 per day (Elm Street Park, ranked 10<sup>th</sup> highest). Of these seven bus stops that would be moved, only the Elm Street Park location currently has a passenger shelter, although at less than seven passenger boardings per day it does not meet SCT's threshold for a passenger shelter<sup>1</sup>. Passengers that formerly used the seven eliminated bus stops could still access bus service at a nearby existing or new bus stop, which ranges from less than 200 feet to a little less than one-half mile. As shown, the two highest ranked bus stops that would be eliminated will be within one urban block of an existing or new Routes 27/28 bus stop.

This new bi-directional route pair would require implementation of 17 new bus stops, as depicted by the red stars in Appendix B. Staff is suggesting that only placement of a new bus stop sign be considered initially, and that we monitor passenger activity to determine if the new bus stop merits further improvements (i.e., bench or shelter) according to adopted SCT passenger amenity standards. Staff would work with each affected jurisdiction to install the bus stop sign, small ITS sign, and small information sign (which provides space for an 8-1/2" x 11"

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<sup>1</sup> The 2011 Short Range Transit Plan suggests that bus stops with 20 or more boardings per day should be considered for a passenger shelter.

notice regarding routing and scheduled bus departure times). All of the new bus stop signs would be placed within the public right-of-way.

In terms of cost impacts, it is important to start with the status quo scenario. Under the current plan (including the originally planned Route 26), the annualized operating cost would be \$1,248,350 for Routes 21, 23, 24 and 26. The proposed new service plan would provide Monday-Sunday service on Routes 21, 24 and 28, while the clockwise Route 27 would only operate on weekdays. This would actually cost slightly less than the current service plan, requiring \$1,243,050 in operating revenues. However, a potential future solution would be to operate all four (Routes 21, 24, 27 and 28) Monday-Sunday, which would cost an additional \$51,400.

It should be noted that the existing Route 25AM and Route 25PM services operate during the academic year. An analysis of boarding and alighting data clearly show that these two vastly different routes do not serve students well. Included in this recommended service change would be to abandon the Route 25 services, and instead operate counterclockwise Route 28 Tripper service in the morning and clockwise Route 27 Tripper service in the afternoon during the academic year. This would not require additional operating funding in comparison to the existing Route 25AM and Route 25PM service plan, but this change would represent a more predictable and easily-understood service plan for all riders. Implementation of this new Route 27/28 Tripper service would correspond with the beginning of AGHS classes in August 2016.

### Recommended Fare Program Changes

In terms of background, at its April 23, 2014 meeting, the SCT Board accepted staff's recommended "Strategies to Improve Farebox Recovery Ratio" report. As noted in that report, SCT must achieve a state-mandated 20% annual farebox recovery ratio (FRR) by the end of FY17-18 because the SCT service area has been designated an urbanized area as a result of the 2010 Census. That report also presented three broad solutions to either eliminate or minimize the financial penalty, including:

1. Revenue improvement opportunities,
2. Cost-saving opportunities, and/or
3. Acceptance of the TDA financial penalty in FY18-19 for failing to meet the 20% FRR requirement by the end of FY17-18.

The Board gave clear direction at its April 2014 and July 2014 meetings to focus on revenue improvement opportunities. As a first step, staff implemented an enhanced SCT advertising media package, which garnered greater year to date ad revenues<sup>2</sup> in comparison to same period last year. The table below presents the recommended changes, which include a slight revision to the one originally presented at the January 2015 SCT Board meeting: it includes a discounted SCT-only Day Pass for seniors and disabled riders, which was not originally proposed.

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<sup>2</sup> Under TDA law, advertising revenues count toward farebox receipts.

SCT FARE PROGRAM CHANGES			
Fare Type	Current	Potential Future	% Increase
Cash Regular	\$1.25	\$1.50	20.0%
Cash Discounted	\$0.60	\$0.75	25.0%
SCT 31-Day Pass Regular	\$30.00	\$37.00	23.3%
SCT 31-Day Pass Discounted	\$15.00	\$18.50	23.3%
20-Ride Regular	\$20.00	\$24.00	20.0%
20-Ride Discounted	\$8.00	\$12.00	50.0%
SCT Day Pass (Regular)	Not Applicable	\$3.00	N/A
SCT Day Pass (Discounted)	Not Applicable	\$1.50	N/A
Transfer between SCT Routes	Free	No longer accepted	N/A

As shown, the greatest proportional increase would be borne by users of the 20-Ride Discounted punch-pass – an increase of 50% from \$8.00 to \$12.00.

However, an analysis of discounted and free boardings over the past four years shows that the number of persons using the 20-Ride Discounted punch-pass is relatively low; that pass type only accounted for between 0.6% and 1.0% of total boardings – ranging from 1,997 in FY11-12, up to 2,426 in FY12-13, down to 1,694 in FY13-14 and finally down to 1,408 in FY14-15. Other findings:

- Discounted Cash boardings account for less than 10% of all boardings (a high of 9.5% or 21,156 boardings in FY14-15), and
- The proportion of Discounted SCT 31-Day Pass boardings have increased every year from a low of 2.6% (5,658 boardings) in FY11-12 to a high of 3.0% (6,666 boardings) in FY14-15.

Below is a table depicting summary results over the past three years for both SCT and RTA. As shown, the proportion of free and discounted boardings on SCT has remained relatively flat over the four-year evaluation period, while it has increased over time on RTA.

Year-by-Year Comparison of Free/Discounted Fares for SCT & RTA								
Measure	FY11-12		FY12-13		FY13-14		FY14-15	
	SCT	RTA	SCT	RTA	SCT	RTA	SCT	RTA
Total Boardings	213,620	687,936	234,690	734,743	239,101	763,614	223,803	765,559
Runabout ADA (free)	0.8%	0.6%	1.0%	0.8%	1.0%	0.8%	0.9%	0.9%
VIP Age 80+ (free)	3.3%	0.6%	2.8%	0.5%	2.9%	0.6%	3.2%	0.8%
Summer Youth Ride Free	9.2%	4.5%	8.5%	5.3%	4.3%	3.4%	4.9%	3.7%
Combined Free	13.3%	5.7%	12.4%	6.7%	8.2%	4.8%	8.9%	5.4%
Combined All Discount Fares	20.0%	23.9%	19.4%	25.9%	20.3%	27.1%	21.2%	28.1%
<b>Combined Free &amp; Discounted</b>	<b>33.3%</b>	<b>29.6%</b>	<b>31.8%</b>	<b>32.6%</b>	<b>28.5%</b>	<b>31.9%</b>	<b>30.2%</b>	<b>33.5%</b>

Any time that a transit agency increases fares, slight reductions in boardings can be expected. However, a price elasticity analysis suggests that the net impact of the fare program change would result in a 9.6% increase in overall fare receipts once the full impact is realized despite a reduction of approximately 16,430 annual boardings (a 7.3% reduction). However, to be conservative, staff is recommending that only a 5% increase in overall annual fare receipts be used for budgetary purposes in FY16-17.

It should be noted that Runabout fares are set at twice the applicable base cash fixed route fare. Since the SCT base cash fare will increase by \$0.25 (from \$1.25 to \$1.50), the resulting Runabout fare will also increase by \$0.50. No action is necessary by the SCT Board; the RTA Board adopted a fare program in February 2015 that automatically adjusts Runabout fares when the adjacent fixed route fare is changed. RTA will send a letter to each Runabout registrant that has ridden to or from the SCT service area within the past six months to inform those riders about the Runabout fare change and to remind them that they can board any fixed route bus in the county for free by merely showing the Bus Operator his or her Runabout Eligibility Card.

### Public Outreach and Input Received

The Board originally directed staff to conduct a public workshop to solicit public input on a set of staff-recommended fare program changes, and this meeting was conducted on April 15, 2015 at the Ramona Garden Community Center in Grover Beach. Despite a robust outreach effort that was detailed in a previous staff report to the Board, only two community members attended the meeting. Regardless, both participants seemed to agree that SCT must increase fares due to the financial penalties faced by the organization. Subsequently, at its April 29, 2015 meeting, the SCT Board decided to hold off on the recommended fare program changes until after labor negotiations could be conducted. Since the Collective Bargaining Agreement with Teamsters Local 986 was ratified on September 29, 2015, the Board directed staff to conduct another public workshop. On April 7, 2016, this workshop was conducted at the Oceano Community Center to present the recommended fare increase (as revised), as well as the newly-developed bi-directional Route 27/28 pair discussed above.

Although this meeting was noticed on all SCT buses, at major SCT bus stops and in The Tribune on April 2<sup>nd</sup>, only six citizens participated in the workshop. Nonetheless, there appeared to be strong support for both proposals, although many participants recognized that the elimination of bus stops could impact others. Most participants also strongly voiced support for operating both Routes 27 and 28 on weekends – not just the counterclockwise Route 28 as currently proposed.

Although not technically in violation of FTA half-fares for elderly and disabled riders, it is customary in the transit industry to offer half-fares across all fare media to elderly and disabled riders<sup>3</sup>. The proposed new fare program presented in the table above would meet this rule-of-thumb, and would also encourage more elderly and disabled riders to use 31-day passes (which will speed the boarding process in comparison to cash transactions on the bus).

**STAFF RECOMMENDATION:**

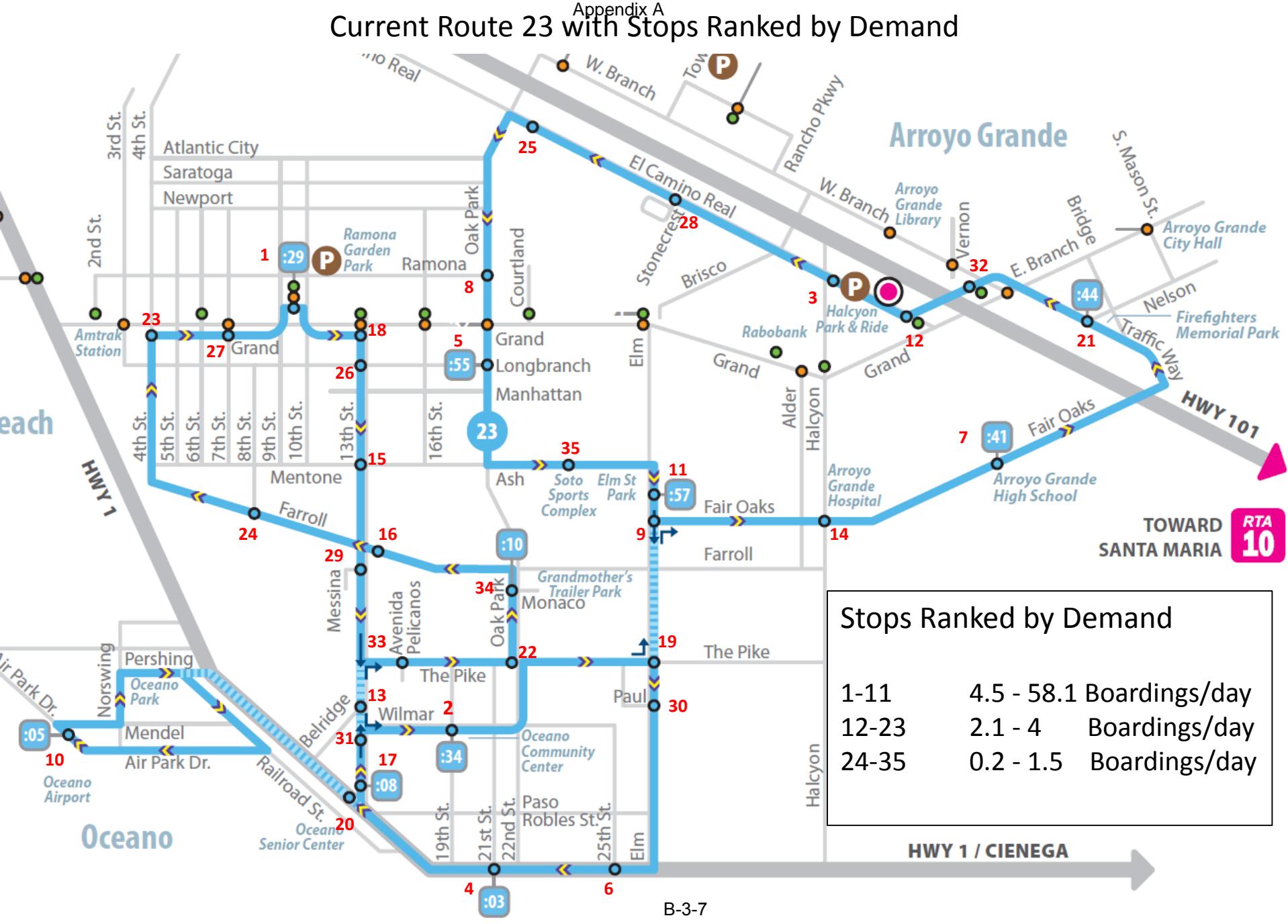
Staff is recommending two actions, which would be implemented on July 31, 2016:

1. Implement the new fare program as presented in the table and accompanying narrative above.
2. Replace existing Route 23 service, as well as academic year-only Route 25 service, with the new bi-directional Routes 27/28 pair. Tripper service would be operated to meet Arroyo Grande High School bell times during the academic year.

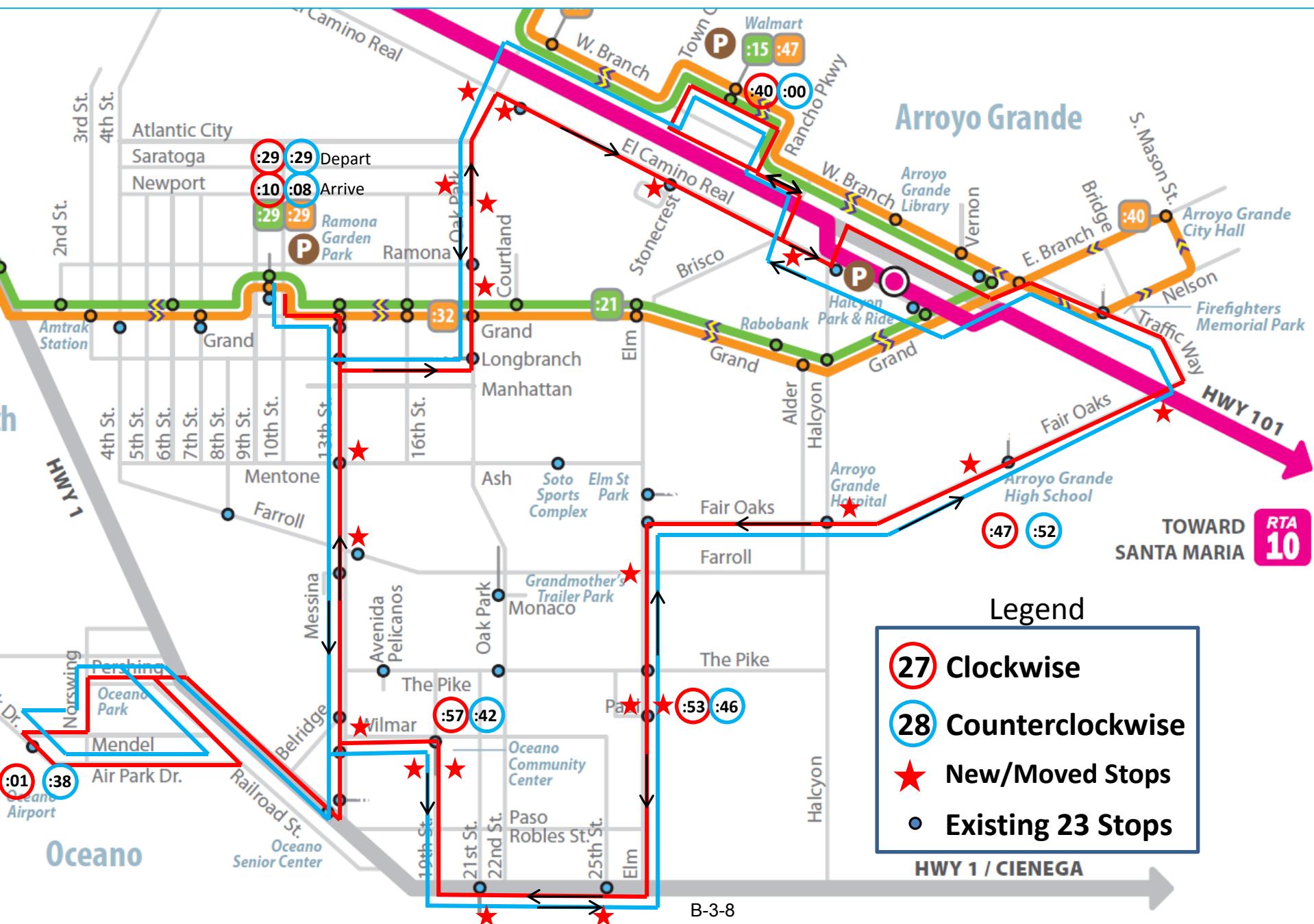
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<sup>3</sup> 49 USC Chapter 53 states “For fixed route service supported with Section 5307 assistance, fares charged elderly persons, persons with disabilities or an individual presenting a Medicare card during off peak hours will not be more than half the peak hour fare.” This rule does not extend to multi-ride passes.

# Appendix A Current Route 23 with Stops Ranked by Demand



# Appendix B Routes 27 and 28 Proposed



# South County Transit

-Projected Fiscal Year 2016/2017 Budget

-Projected Five Year Capital Budget

## Fiscal Year 2016/2017 Budget

May 5, 2016

**South County Transit**

## **Vision Statement**

*The SCT 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 SCT'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 SCT serves.
4. Promote the value of SCT 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 AREA TRANSIT**  
**MAY 5, 2016**  
**STAFF REPORT**

**AGENDA ITEM:**                           **B-4**

**TOPIC:**                                   **Fiscal Year 2016-17 Operating and Capital Budget**

**ACTION:**                                   **Adopt**

**PRESENTED BY:**                         **Tania Arnold, RTA CFO/Director of Admin.**

**EXECUTIVE COMMITTEE**  
**RECOMMENDATION:**                       **Approve**

**BACKGROUND**

We are pleased to present the proposed South County Transit Fiscal Year 2016-17 Operating and Capital Budget. The operating budget is proposed at \$1,270,060 and the capital budget at \$123,380. The budget is balanced, based on proposed service levels and anticipated funding levels. Staff is presenting this budget plan based on several significant assumptions regarding the Local Transportation Fund (LTF) and the State Transit Assistance (STA) programs, which will be discussed in the Revenue section below.

The South County Transit (SCT) fiscal year 2016-17 budget assumes the same levels of fixed route revenue service hours and miles for Route 21 and 24, as well as the Beach Trolley, with the replacement of Route 23 with bi-directional Route 27 (weekdays only) and Route 28 (weekdays, Saturdays and Sundays) services. Staff will also continue to evaluate service modifications during the year to improve efficiencies, and any such change would be brought back to the SCT Board for your consideration.

In summary, staff has done a tremendous job of holding the line on expenses. The delivery of a fourth Gillig low-floor bus in March 2015, in addition to the three delivered in July and August 2013, helped reduce projected vehicle maintenance costs that had impacted the cost-effectiveness of the core SCT services in previous years. The major challenge during the next few years will be increasing the SCT farebox recovery ratio to 20 percent, which is now required due to the *Arroyo Grande – Grover Beach Urbanized Area* designation as a result of the 2010 Census. The implementation of the new Routes 27/28 and the accompanying changes to the fare program are considered “major” and will exempt SCT from the 20 percent farebox recovery ratio for the ensuing three years<sup>1</sup>. It should be noted that the County-contracted Beach Trolley service is presented in a separate column from the core SCT fixed-route services in the monthly

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<sup>1</sup> TDA law requires transit providers in newly-designated urbanized areas to achieve a 20% farebox recovery ratio by the fifth full year of transit service. Failure to achieve it in the determination year (fiscal year 2017-18) would result in a financial penalty that would be assessed in the “penalty year” (fiscal year 2018-19). The new Routes 27/28 and new fare program will effectively push the determination year to FY18-19 and the penalty year to FY19-20.

farebox reports to assist decision-makers in monitoring the performance of core SCT services. Any farebox or other shortfalls in the Beach Trolley are the responsibility of the County.

Finally, due to the unrest in Eastern Europe, Northern Africa and the Middle East, fuel prices have continued to swing wildly over the past few years. Staff is budgeting fuel at a lower cost per gallon in comparison to FY15-16, but we may need to adjust it if fuel prices rise significantly during the fiscal year. 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.

### **Revenue**

Similar to FY13-14, the *Arroyo Grande – Grover Beach Urbanized Area* designation has resulted in SCT's ability to access to Federal Transit Administration (FTA) Section 5307 Urbanized Area reimbursement funds. In total, the FY16-17 budget assumes that \$497,190 of FTA 5307 funds will be used for operating purposes, which will reduce the need for LTF from the SCT jurisdictions.

LTF funds are derived from the statewide  $\frac{1}{4}$  percent sales tax, while STA is derived from the sales tax on diesel fuel. Countywide LTF is projected by SLOCOG to be unchanged FY16-17 in comparison to final FY15-16 amounts. However, STA funding for FY15-16 roughly 13% lower for SCT than originally projected and staff is projecting continuing with this lower estimate in FY16-17.

We are predicated the revenue stream for the FY16-17 budget on the latest information that we have available on LTF and STA funding for the region. The LTF program continues to be volatile and staff is unsure of what the projection for this revenue stream should be for the coming years. Staff concurs and applauds the principles laid out in the SLOCOG staff report that any future funding formulas include incentive funding for Vehicle Miles Traveled (VMT) and regional integration of the jurisdictional operations with the regional system as part of the regional funding formula.

To help SCT achieve the 20% farebox recovery ratio requirement by the FY17-18 determination year, staff solicited feedback regarding a fare increase at an April 7, 2016 public meeting as well as during this Board meeting. Staff presented a revised fare program that would be implemented over the next four years, with the first fare increase phase in FY16-17, at the same time the new bi-directional Route 27 and 28 service begins.

## **Expenditures**

SCT currently employs three full-time hourly Bus Operators, a number of 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. Two management employees (one part-time hourly Supervisor and one full-time salaried Supervisor) are also employed by SCT. The CBA identifies annual increases based upon longevity for Bus Operators and Utility Workers. It should be noted that SCT ratified the CBA in September 2015, which runs through January 31, 2018. With the proposed service changes, one additional full-time hourly Bus Operator position is proposed, as well as one part time position. No other changes to the mix of full-time and part-time employees are assumed in FY16-17.

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

The three new replacement buses that were delivered in the summer of 2013 and spring of 2015 resulted in somewhat of a “vacation” in maintenance repairs, although the full-bus warranty period expired.<sup>2</sup> Overall, the net effect is that staff has projected FY16-17 maintenance costs to increase from the FY14-15 actual expenditure, and remain flat from FY15-16 projected expenditure, with only a slight increase due to the additional service from Route 27 and 28 changes. Nonetheless, staff is satisfied with the reliability and cost-effectiveness of these new buses in comparison to the 2003 buses that have been replaced.

After reviewing the California Transit Indemnity Pool (CalTIP) rates for bodily injury, property damage, personal liability, employment practices, as well as California State Association of Counties Excess Insurance Authority (CSAC-EIA) rates for worker's compensation coverage, staff has concluded that although there are significant increases, the CalTIP and CSAC-EIA policies offer the best economic and risk management service value in today's market. The costs for liability and auto physical damage coverage will increase by over \$8,000 in FY16-17 in comparison to budgeted FY16-17 costs. Some key factors driving that include the increased service miles necessary for the new Routes 27/28 service plan, the increase in the actual value of the vehicles (including support vehicles), SCT's experience modification factor, the increase in pool coverage limits from \$20 million to \$25 million, and the increase in the actuarial confidence factor used by CalTIP due to current adverse claim development trends.

Staff was notified in November of a likely increase to the primary workers compensation insurance program for the FY16-17, after a significant increase in FY15-16. Staff notified the Executive Committee and Board during meetings earlier this year that

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<sup>2</sup> Although the full-bus warranty expired, major components (engine, transmission, HVAC system, etc.) have longer warranties that RTA closely manages.

options for coverage were being reviewed. Since that time, staff received revised estimates, which are slightly lower than the November projections. Additional information was provided by the underwriter, including the fact that rates are calculated based on losses over the last seven years, and then an experience modification factor for the last three years is applied. Staff also received information regarding the effective rates for the primary workers compensation insurance. SCT has a \$0 self insured retention (SIR) level. Staff is getting quotes and analyzing options for FY16-17 to determine if an increase in the SIR or if contracting with another carrier would be more cost efficient. Although the final numbers will not be available prior to adoption of the budget, staff has included a “worst case scenario” cost estimate in the attached budget proposal.

RTA provides oversight services on an annual fixed cost basis to SCT. These services include program administration, operations management, financial reporting and oversight, human resources, marketing, grants management, accounts payable, and Board meeting administration. The proposed *Administration - Staff Time* charge for FY16-17 is \$74,750 – an annual increase of \$9,340 in comparison to FY15-16. This equates to approximately 1,150 hours (an annual increase of 150 hours) of administrative staff time. The proposed *Finance - Staff Time* charge is \$13,200, which is down approximately \$1,120 from the current year. A new *Marketing - Staff Time* charge of \$5,100 is proposed, and is based on 10 hours/month. *Dispatch - Staff Time* costs are also proposed at a higher level (\$21,850 vs. \$18,750 in FY15-16) to account for actual proportional time spent by RTA dispatchers, schedulers and road supervisors handling SCT’s needs.

It should be noted that staff is proposing to implement a new safety reward program 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 RTA. This additional cost is reflected in the *Office Expense/Miscellaneous* line-item.

### **Capital Budget**

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 SCT to spread the vehicle replacements over a longer time period, as these vehicles will need to be funded for replacement in FY20-21 due to exceeding the FTA economically useful life standard.

Staff will be presenting a budget amendment to the Board (likely in October) to carry over any capital funds that were not fully expended during FY15-16 for use in FY16-17. At this point in time, it is difficult to know the amount that should be carried over due to the milestone requirements of the ITS project and various negotiations for facility and bus stop improvements, but it should be noted that the 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, 2015 audited results, plus projected revenues for the fiscal year ending June 30, 2016, less projected expenses for the fiscal year ending June 30, 2016. The resulting amount is the projected fund balance, which will be available on July 1, 2016.
2. REQUIRED RESERVES – In April 2014, the SCT Board approved a new reserve policy, in accordance with TDA requirements, that maintains an operating reserve equivalent to one quarter of net annual operating expenses. Equipment replacement reserves have been calculated based on funding the local match on the average five-year capital 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 SCT JPA members. This formula applies to all SCT services. It is not tied to any one route or any one type of service.
6. TOTAL OPERATING REVENUES – This is the total of LTF and Non-LTF funds, excluding reserves.
7. TOTAL NON-OPERATING RESOURCES – This is the total of Capital Funds, Interest Revenue and other contributions.
8. TOTAL RESOURCES – This is the total of all funding sources, including reserves. It equals the Total Use of Resources proposed in the budget.
9. TOTAL OPERATING EXPENDITURES – This is the total of operating expenditures as detailed in the budget.
10. TOTAL USE OF RESOURCES – This is the total of all funding uses and equals the amount of funding sources.

## **Staff Recommendation**

Adopt the Fiscal Year 2016-17 Budget as presented by staff. Should the sales tax measure pass in November 2016, bring a recommendation back to the Board in January 2017 the option of adding weekend service in early 2017 on Route 27.

**SOUTH COUNTY TRANSIT**  
**January 20, 2016**  
**STAFF REPORT**

**AGENDA ITEM:**                   **B-1**

**TOPIC:**                           **Fiscal Year 2016-17 SCT Budget Assumptions**

**ACTION:**                           **Review and Approve**

**PRESENTED BY:**               **Tania Arnold, CFO / Director of Administration**

**EXECUTIVE COMMITTEE**           **Receive and file**

**RECOMMENDATION:**

**BACKGROUND:**

Each year in connection with the annual budget process, staff reviews SCT operations to determine what 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 2016-17, staff is recommending – in conjunction with a slight fare structure change – implementation of a new weekday route and corresponding changes to the existing all-week Route 23 service. These two bi-directional routes – which would be named Route 27 and Route 28 – would improve connectivity between the Oceano / West Grover Beach / West Arroyo Grande area and major activity centers at/near the Wal-Mart shopping center in Arroyo Grande.

The following are the staff recommended FY16-17 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.

**Objectives**

- Maintain and improve service levels and hours of service that meet the demand of our customers and communities through the effective and efficient delivery of SCT Fixed Route core services, as well as contracted Senior Shuttle and Trolley services.
- Monitor the Strategic Business Plan adopted in October 2014 detailing goals and objectives, as well as performance measures.
- Continue to monitor reserves using the adopted policy from April 2014.

- Continue to work with the SLOCOG Efficiencies Committee in evaluating region-wide service efficiencies, particularly those that will help SCT achieve the required minimum 20% farebox recovery ratio.
- Implement an SCT-focused marketing plan that focuses on the new SCT logo developed by the SCT Board logo subcommittee in late 2015 and will be considered by the full Board in early 2016.
- Work on addressing findings on current transportation options as identified in the Transit Needs Assessment, notably trying to address the long and circuitous route in Oceano.

## BUDGET ASSUMPTIONS

### Revenue

- To assist SCT in achieving the TDA-mandated 20% minimum farebox recovery ratio, and as approved at the October 2015 Board Meeting, staff will implement a fare program increase. The fare program change includes the following revisions:

SCT REVISED FARE PROGRAM CHANGES			
Fare Type	Current	Potential Future	% Increase
Cash Regular	\$1.25	\$1.50	20.0%
Cash Discounted	\$0.60	\$0.75	25.0%
SCT 31-Day Pass Regular	\$30.00	\$37.00	23.3%
SCT 31-Day Pass Discounted	\$15.00	\$18.50	23.3%
20-Ride Regular	\$20.00	\$24.00	20.0%
20-Ride Discounted	\$8.00	\$12.00	50.0%
Regular SCT Day Pass	Not Applicable	\$3.00	N/A
Discounted SCT Day Pass	Not Applicable	\$1.50	N/A
Transfer	Free	No longer accepted	N/A

The fare program changes would be implemented at the same time that the new Route 27 and Route 28 services are implemented on or around July 1, 2016. Staff anticipates that the overall financial impact will be moderate due to slight ridership losses that typically occur with a fare increase. However, to be fiscally conservative, staff is assuming an overall growth in fare revenues for FY16-17 of 25% over the anticipated FY15-16 results.

- SCT received just over \$104,000 in STA funding in FY15-16. Staff will work with SLOCOG staff to determine a conservative figure for FY16-17.

- Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program grant funding will be budgeted at 45% of allowable operating expenditures less farebox revenue.
- To partially fund the new Route 27 (clockwise, 7 days/week) and Route 28 (counterclockwise, weekdays-only) services, SCT will use an existing \$97,348 Low-Carbon Transit Operations Program grant. In addition, staff will submit an LCTOP funding grant application for the next round of funding in February 2016 to also fund Route 28 service on weekends. The Oceano area's demographic profile suggests this new service will rank relatively high in San Luis Obispo County for these LCTOP grant funds.
- TDA revenue will be budgeted at approximately **\$380,000** for SCT Routes 21, 24, 25, 27 and 28 operations. Note that Route 25 only operates when Arroyo Grande High School is in full session. In comparison, the FY12-13 budget was \$677,788, prior to SCT receiving FTA Section 5307 funds.
- TDA revenue, net of new fares and LCTOP grant funds for the new Route 27/28 bi-directional pair would be approximately \$20,000.
- 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 will recommend that the Board consider adjusting the TDA allocation from the three cities and the county.

## **Expenses**

- Service levels, number of revenue service hours, miles and daily span of service for core fixed route and the senior shuttle will be budgeted at essentially current levels. It should be noted that the annual operating costs for proposed new Route 27 (clockwise, all-week) and new Route 28 (counterclockwise, weekday-only) would actually be lower in comparison to those for the current Route 23 and the originally planned peak-period/weekday-only Route 26 service due to the relatively high number of miles each of those routes would operate.
- Assuming SCT is successful in attaining another LCTOP grant of \$150,000 – which is \$50,000 higher than the current LCTOP grant – the counterclockwise Route 28 could be operated on weekends, too.
- The Beach Trolley will operate from late-March through mid-October Thursday through Sunday from 10 a.m. – 6 p.m. From mid-June to mid-October, the Beach Trolley will operate extended evening service on Friday evenings from 6 p.m. until 9 p.m. in order to better serve the Avila Farmer's Market. These services are provided through a contract from RTA and entirely funded through the County. Staff will continue to evaluate service levels based on ITS data for future years.

- Fuel consumption and price will be budgeted conservatively; diesel fuel will be budgeted at \$3.75 per gallon (which is lower than the \$4.00 amount budgeted in the current fiscal year) and miles per gallon figures for each vehicle type will be derived from RTA's computerized maintenance software program.
- SCT staff will continue to work with other transit agency staff to achieve feasible economies of scale in providing transit services.
- CalTIP liability insurance premiums may increase by up to 10%. The exact amount is not known at this time as CalTIP actuaries are still working on May 1, 2016 through April 30, 2017 rates. Estimates should be received from CalTIP in time to include in the SCT April 2016 draft budget. Although the number of SCT losses based on mileage has been lower than the pool average, the pool has experienced some negative claims development.
- Health insurance premiums are projected to 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 SCT employs fewer than 50 employees. Nonetheless, staff will continue to monitor legislation should that provision change.
- Operations facility rental costs are assumed to not increase in FY16-17. The current five-year agreement with SLO County was executed on July 1, 2011 and expires on June 30, 2016. Staff will explore exercising lease extension options as well as alternative locations.
- Based on draft language included in a new draft agreement between SCT and RTA for oversight services, the SCT annual budget would serve as the de facto scope of services. Staff will provide sufficient detail in the budget document for the SCT Board to make informed decisions. In particular, the budget document will provide details on Administration, Finance, Maintenance and Dispatch expenses – including projected number of annual staff hours in each area, per-mile cost estimates for Maintenance services, as well as narrative on any special projects that will be carried out in the fiscal year that will require RTA resources. For example, to meet SCT Strategic Business Plan requirements, staff will conduct a comprehensive community survey in FY16-17 (likely October 2016) that will require additional staff time to coordinate, conduct and evaluate the data.

## **CAPITAL**

- Staff will carry forward some capital projects that cannot be completed during the current fiscal year, including the facility improvements/bus stop amenities line item.

- Staff will develop a capital budget that includes a projection for FY16-17 and the ensuing four fiscal years to help identify upcoming capital projects.

## **BUDGET CALENDAR**

January 20	Board review and approval of FY16-17 budget assumptions
April 12	Draft FY16-17 Budget presentation to Executive Committee
April 20	Final Board Budget presentation and Board consideration of FY16-17 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 budget assumptions and budget calendar so that a detailed work plan and budget document may be developed.

**SOUTH COUNTY TRANSIT**  
**2016-17 Proposed Budget**

<b>Funding Sources</b>	
	Beginning Fund Balance
<b>1</b>	Estimated Fund Balance
<b>2</b>	Less Required Reserves:
	TDA Required Operating Reserve
	Equipment Replacement Reserve
	Total Reserves
<b>3</b>	Fund Balance Available (Required)
<u>Operating Revenues</u>	
	Fares
	STA
	Low Carbon Transit Grant
	Federal Transit Adm (FTA) 5307 Operating
	SLO County Avila Trolley
	Advertising and other income
<b>4</b>	Total Non-TDA Funds
<b>5</b>	Local Transportation Funds
	Arroyo Grande
	Grover Beach
	Pismo Beach
	SLO County
<b>6</b>	Total Operating Revenues
<u>Non-Operating Resources</u>	
	Interest
	Prop 1B - Vehicle Replacement/ITS
	City of Grover Beach
	Federal Transit Adm (FTA) 5307 Capital
	Federal Transit Adm (FTA) 5339 Capital
<b>7</b>	Total Non-Operating Resources
<b>8</b>	<b>Total Resources</b>

	<b>FY 14/15 Actual</b>	<b>FY 15/16 Amended Operating</b>	<b>FY 15/16 Amended Capital</b>	<b>FY 16/17 Proposed Operating</b>	<b>FY 16/17 Proposed Capital</b>	<b>Net Increase (Decrease) in Budgets</b>
	\$ 606,796	\$ 440,850	\$ 312,168	<b>\$ 546,030</b>	<b>\$ 65,440</b>	\$ (141,548)
	\$ 606,796	\$ 440,850	\$ 312,168	<b>\$ 546,030</b>	<b>\$ 65,440</b>	\$ (141,548)
	\$ 157,310	\$ 214,928	\$ -	<b>\$ 244,230</b>	<b>\$ -</b>	\$ 29,303
	308,998	-	65,436	-	<b>\$ 112,940</b>	47,504
	\$ 466,308	\$ 214,928	\$ 65,436	<b>\$ 244,230</b>	<b>\$ 112,940</b>	\$ 76,807
	\$ 140,488	\$ 225,923	\$ 246,732	<b>\$ 301,800</b>	<b>\$ (47,500)</b>	\$ (218,355)
	\$ 149,222	\$ 141,750	\$ -	<b>\$ 154,420</b>	<b>\$ -</b>	\$ 12,670
	101,331	104,750	-	-	<b>\$ 89,380</b>	(15,370)
	-	32,450	-	<b>\$ 89,240</b>	-	56,790
	384,161	372,690	-	<b>\$ 501,200</b>	-	128,510
	45,553	58,940	-	<b>\$ 57,060</b>	-	(1,880)
	3,090	-	-	-	-	-
	\$ 683,357	\$ 710,580	\$ -	<b>\$ 801,920</b>	<b>\$ 89,380</b>	\$ 180,720
	\$ 469,297	\$ 284,255	\$ (181,062)	<b>\$ 168,670</b>	<b>\$ -</b>	\$ 65,477
	178,801	108,017	(68,804)	<b>\$ 64,432</b>	-	25,219
	136,095	81,865	(52,146)	<b>\$ 48,577</b>	-	18,857
	79,311	48,039	(30,599)	<b>\$ 28,505</b>	-	11,066
	75,087	46,334	(29,513)	<b>\$ 27,156</b>	-	10,335
	\$ 1,152,654	\$ 994,835	\$ (181,062)	<b>\$ 970,590</b>	<b>\$ 89,380</b>	\$ 246,197
	\$ 2,640	\$ 1,800	\$ -	<b>\$ 3,940</b>	<b>\$ -</b>	\$ 2,140
	33,309	-	61,210	-	-	(61,210)
	3,237	-	-	-	-	-
	389,066	-	130,000	-	<b>\$ 81,500</b>	(48,500)
	36,114	-	12,670	-	-	(12,670)
	\$ 464,366	\$ 1,800	\$ 203,880	<b>\$ 3,940</b>	<b>\$ 81,500</b>	\$ (120,240)
	\$ 1,757,508	\$ 1,222,557	\$ 269,550	<b>\$ 1,276,330</b>	<b>\$ 123,380</b>	\$ (92,397)

**SOUTH COUNTY TRANSIT**  
**2016-17 Proposed Budget**

	<b>FY 14/15 Actual</b>	<b>FY 15/16 Amended Operating</b>	<b>FY 15/16 Amended Capital</b>	<b>FY 16/17 Proposed Operating</b>	<b>FY 16/17 Proposed Capital</b>	<b>Net Increase (Decrease) in Budgets</b>
<b>Use of Resources</b>						
<u>Administrative Expenditures</u>						
Insurance						
Liability & Physical Damage	\$ 47,609	\$ 68,400	\$ -	\$ 82,800	\$ -	\$ 14,400
Workers Compensation	43,632	51,000	-	57,000	-	6,000
Property Insurance	638	700	-	700	-	-
Rent	25,500	25,500	-	36,000	-	10,500
Utilities	8,268	8,450	-	8,450	-	-
Radio Expense	1,130	1,240	-	1,240	-	-
Legal Services	2,580	500	-	6,200	-	5,700
Payroll Processing	3,148	3,490	-	1,680	-	(1,810)
Administration - Staff Time	64,530	65,410	-	74,750	-	9,340
Finance - Staff Time	14,230	14,420	-	13,200	-	(1,220)
Marketing - Staff Time	-	-	-	5,100	-	5,100
Office Expense/Miscellaneous	6,636	5,990	-	10,370	-	4,380
Audit	2,970	3,070	-	3,000	-	(70)
Marketing/Community Relations/Printing	7,619	18,000	-	25,000	-	7,000
Uniforms/Laundry/Physicals	5,932	7,550	-	10,270	-	2,720
<u>Operating Expenditures</u>						
Salaries/Benefits	\$ 427,441	\$ 509,760	\$ -	\$ 571,510	\$ -	\$ 61,750
Maintenance	64,272	111,200	-	115,800	-	4,600
Dispatch - Staff Time	18,500	18,750	-	21,850	-	3,100
Sign Maintenance	-	3,000	-	3,000	-	-
SCT Bus Fuel	158,140	208,800	-	215,770	-	6,970
Contingency	-	15,000	-	12,640	-	(2,360)
9 Total Operating Expenditures	\$ 902,775	\$ 1,140,230	\$ -	\$ 1,276,330	\$ -	\$ 136,100
<u>Capital Service</u>						
Support Vehicle	\$ 90,285	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles/ITS	458,309	-	186,210	-	-	(186,210)
Facility Improvements/Bus Stop Amenities	16,189	-	83,340	-	60,880	(22,460)
Transit Centers Improvements	-	-	-	-	62,500	62,500
Total Capital Service	\$ 564,783	\$ -	\$ 269,550	\$ -	\$ 123,380	\$ (146,170)
Extraordinary item - Wage order 9 penalty	\$ -	\$ 41,170	\$ -	\$ -	\$ -	\$ (41,170)
Carryover cost-savings to next fiscal year	289,950	41,157	-	-	-	(41,157)
10 Total Use of Resources	\$ 1,757,508	\$ 1,222,557	\$ 269,550	\$ 1,276,330	\$ 123,380	\$ (92,397)

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

	<b>FY 14/15 Adopted Capital</b>	<b>FY 15/16 Amended Capital</b>	<b>FY 16/17 Projected Capital</b>	<b>FY 17/18 Projected Capital</b>	<b>FY 18/19 Projected Capital</b>	<b>FY 19/20 Projected Capital</b>	<b>FY 20/21 Projected Capital</b>
<u>Capital Service</u>							
Support Vehicle	\$ 90,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Upgrade	-	-	-	1,500	-	-	1,500
Vehicles/ITS	458,309	186,210	-	-	-	-	1,101,300
Bus Stop Amenities	16,189	53,340	<b>39,380</b>	40,360	41,370	42,400	43,460
Passenger Protection 1300 buses	-	-	<b>3,600</b>	-	-	-	-
Facility Improvements							
Bus Bay Lighting	-	-	<b>11,500</b>	-	-	-	-
Security Cameras	-	-	<b>10,000</b>	-	-	-	-
Gutters	-	15,000	-	-	-	-	-
Roof Repairs	-	10,000	-	-	-	-	-
Roll Up Door	-	2,500	-	-	-	-	-
Window Flashing	-	2,500	-	-	-	-	-
Transit Centers Improvements	-	-	<b>62,500</b>	-	50,000	-	-
Large Vehicle Repairs	-	-	-	-	-	-	-
Total Capital Service	\$ 564,783	\$ 269,550	<b>\$ 126,980</b>	\$ 41,860	\$ 91,370	\$ 42,400	\$ 1,146,260
Increase Capital Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>10 Total Use of Resources</b>	<b>\$ 564,783</b>	<b>\$ 269,550</b>	<b>\$ 126,980</b>	<b>\$ 41,860</b>	<b>\$ 91,370</b>	<b>\$ 42,400</b>	<b>\$ 1,146,260</b>

**SOUTH COUNTY TRANSIT**  
**2016-17 Proposed Budget**  
**By Route**

	<b>Route 21</b>	<b>Route 24</b>	<b>Route 27</b>	<b>Route 28</b>	<b>Avila Trolley</b>
<u>Administrative Expenditures</u>					
Insurance					
Liability & Physical Damage	\$ 25,340	\$ 19,550	\$ 14,060	\$ 19,050	\$ 4,810
Workers Compensation	17,440	13,460	9,680	13,110	3,310
Property Insurance	210	170	120	160	40
Rent	9,510	8,890	6,820	9,230	1,560
Utilities	2,230	2,090	1,600	2,170	370
Radio Expense	330	310	230	320	50
Legal Services	1,640	1,530	1,170	1,590	270
Payroll Processing	440	410	320	430	70
Administration - Staff Time	19,740	18,460	14,160	19,160	3,240
Finance - Staff Time	3,490	3,260	2,500	3,380	570
Marketing - Staff Time	1,350	1,260	970	1,310	220
Office Expense/Miscellaneous	2,740	2,560	1,960	2,660	450
Audit	790	740	570	770	130
Marketing/Community Relations/Printing	6,600	6,170	4,730	6,410	1,080
Uniforms/Laundry/Physicals	2,710	2,540	1,940	2,630	450
<u>Operating Expenditures</u>					
Salaries/Benefits	\$ 143,220	\$ 143,090	\$ 111,820	\$ 151,270	\$ 22,100
Maintenance	29,020	28,990	22,660	30,650	4,480
Dispatch - Staff Time	5,480	5,470	4,280	5,780	850
Sign Maintenance	750	750	590	790	120
SCT Bus Fuel	66,030	50,940	36,630	49,650	12,520
Contingency	3,870	2,980	2,150	2,910	730
<b>9 Total Operating Expenditures</b>	<b>\$ 342,930</b>	<b>\$ 313,620</b>	<b>\$ 238,960</b>	<b>\$ 323,430</b>	<b>\$ 57,420</b>
<u>Capital Service</u>					
Support Vehicle	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles/ITS	-	-	-	-	-
Facility Improvements/Bus Stop Amenities	15,870	15,860	12,390	16,760	-
Ramona Garden Park Improvements	16,290	16,280	12,720	17,210	-
<b>Total Capital Service</b>	<b>\$ 32,160</b>	<b>\$ 32,140</b>	<b>\$ 25,110</b>	<b>\$ 33,970</b>	<b>\$ -</b>
<b>10 Total Use of Resources</b>	<b>\$ 375,090</b>	<b>\$ 345,760</b>	<b>\$ 264,070</b>	<b>\$ 357,400</b>	<b>\$ 57,420</b>

**South County Transit  
May 5, 2016  
STAFF REPORT**

<b>AGENDA ITEM:</b>	<b>B-5</b>
<b>TOPIC:</b>	<b>Lease for new SCAT facility</b>
<b>PRESENTED BY:</b>	<b>Geoff Straw, SCT Administrator</b>
<b>STAFF RECOMMENDATION:</b>	<b>Authorize the Administrator to negotiate and enter into a new lease agreement with the County of San Luis Obispo for facility at 800 Rodeo Drive in Arroyo Grande</b>

**BACKGROUND/DISCUSSION:**

Pursuant to our discussion at the January 20, 2016 SCT Board meeting, staff has been working with the County's Real Property Services Department to enter into a new lease for SCT's operations and parking facility at 800 Rodeo Drive in Arroyo Grande. It should be noted that RTA was a party to the original lease agreement, although RTA no longer wishes to be a party to the agreement since there is insufficient space to park-out RTA buses as originally envisioned.

Staff is still negotiating the lease terms, and we hope to provide an update to the Board following a scheduled May 3<sup>rd</sup> meeting with the County. For perspective, the original lease agreement, as amended, is attached. As noted, the agreement permits an automatic extension for three years, and the monthly rent would be \$2,700. However, SCT is seeking Any extension would be contingent upon approval from the Arroyo Grande City Council for a new Conditional Use Permit. Staff appreciates the assistance that Pismo Beach City Attorney Dave Fleishman has provided during the negotiations.

**Staff Recommendation**

Authorize the Administrator to negotiate and enter into a new lease agreement with the County of San Luis Obispo for facility at 800 Rodeo Drive in Arroyo Grande for a monthly rental amount not to exceed \$2,700.

**LEASE**

**THIS LEASE**, made and entered into this 7th day of June, 2011, by and between the County of San Luis Obispo, a public entity in the State of California, hereinafter called the "County", and the San Luis Obispo Regional Transit Authority, a joint powers authority in the State of California, and South County Area Transit, a joint powers authority in the State of California, both authorities hereinafter jointly called "Lessee".

**WHEREAS**, the County owns approximately 3.25 acres at 800 Rodeo Drive in the City of Arroyo Grande (a portion of APN 007-011-046), east of the South County Regional Center, hereinafter called "Premises"; graphically depicted on Exhibit "A", and

**WHEREAS**, the property had been used as a County Public Works road yard until it was vacated in December 2008; and

**WHEREAS**, the County Board of Supervisors declares this property to be surplus and not needed for County use; and

**WHEREAS**, Lessee desires to lease the property for storage of various vehicles related to public transportation; and

**WHEREAS**, in accordance with California Government Code, Section 25536, the County may, with a four-fifths vote of the Board of Supervisors, lease County-owned property for the purpose of vehicle parking without having to comply with the public bid procedure for the leasing of surplus real property; and

**WHEREAS**, the Lessee must obtain a Conditional Use Permit through the City of Arroyo Grande for this land use on the Premises, and Lessee shall be solely responsible for obtaining said permit.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the County and Lessee agree as follows

1. **Grant and Description of Premises:** County, for and in consideration of the promises contained herein, grants to Lessee the exclusive right and privilege to lease and to occupy the Premises, as identified on Exhibit A, and consisting of approximately 3.25 acres zoned Public/Quasi-Public (PE) District, fully fenced, with a 6,048 square-foot metal structure

(containing six work bays, office area, and non-ADA compliant restroom), a small wooden storage building, car wash area, and elevated vehicle work ramp.

2. **Condition of Premises:** The taking of possession of the Premises by Lessee shall, in itself, constitute acknowledgment that the Premises are in good and tenantable condition. Lessee agrees to accept the Premises in its presently existing condition, "as is"; and County shall not be obligated to make any alterations, additions or betterment thereto. Lessee acknowledges County's disclosure of known existing conditions in Exhibit "B", attached and incorporated herein.

3. **Term:** The term of this Lease shall begin 30 days following approval of the Conditional Use Permit by the City of Arroyo Grande Planning Commission ("Commencement Date"). In the event that Lessee is unable to obtain a Conditional Use Permit within four (4) months from the date the Lease is signed by the County's Board of Supervisors, this Lease shall be deemed null and void. This Lease shall terminate Five (5) years from the Commencement Date, with option to extend as described in *Paragraph 4*. Upon the expiration or termination of this Lease as herein provided, Lessee shall remove from the Premises or otherwise dispose of in a manner satisfactory to the County, all personal property belonging to Lessee located on the Premises. Should Lessee fail to remove or dispose of Lessee's property as herein provided, County may, at its election, consider such property abandoned or may dispose of same at Lessee's expense, and Lessee shall reimburse County for said expense on demand. Also, at the expiration or termination of this Lease, Lessee shall quit and surrender the Premises including real property improvements in a good state of repair, damage by matters over which Lessee has no control excepted, provided that such exculpatory provisions shall not extend to any risk which Lessee is required to insure against as herein provided.

4. **Option to Extend:** Within six months of the expiration date of the Lease, and with the mutual written consent of the General Services Agency Director ("Director") and Lessee, Lessee may notify the County, in writing, of its desire to extend the Lease for an additional three (3) year period. The right of Lessee and County to negotiate any extension of this Lease pursuant to this paragraph is subject to the satisfaction of the following conditions precedent:

- A. The Lease shall be in effect and Lessee shall not be in default at the time written notice is given and on the last day of the expiring Term of the Lease;
- B. Lessee shall not have incurred nor received more than one written notice of default under the Lease during the then current Lease Term;
- C. All parties must accept the terms and conditions of the option extension in writing prior to any effective extension.

5. **Rental:**

- A. Monthly rental payment shall be payable in advance on the first of each month as follows:

**Year 1**- Two Thousand Dollars (\$2,000)

**Year 2**- Two Thousand One Hundred Dollars (\$2,100)

**Year 3**- Two Thousand Three Hundred Dollars (\$2,300)

**Years 4 and 5**- Two Thousand Five Hundred Dollars (\$2,500).

If the 3-year option is extended, monthly rent for years 6 through 8 shall be Three Thousand Dollars (\$3,000).

The Rent Commencement Date shall be the same date as the Commencement Date, as specified in paragraph 3 above.

**B.** Lessee hereby acknowledges that the late payment of rent or any other sums due hereunder will cause County to incur costs not contemplated by this Lease. Such costs include but are not limited to costs such as administrative processing of delinquent notices, increase accounting costs, etc.

Accordingly, if any payment of rent as specified in the clause entitled Rent or any other sum due County is not received by County by the tenth day of the month, a late fee of One Hundred Dollars (\$100) shall be added to the payment, and the total sum shall become immediately due and payable to County. If still unpaid for 30 days after the delinquency date the legal rate of interest shall apply.

Lessee and County hereby agree that such late charges represent a fair and reasonable estimate of the costs that County will incur by reason of Lessee's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by County shall in no event

constitute a waiver of Lessee's default with respect to such overdue payment, or prevent County from exercising any of the other rights and remedies granted hereunder.

C. Payment to the County shall be made to the order of County of San Luis Obispo; General Services Agency, 1087 Santa Rosa Street, San Luis Obispo, California 93408, Attn: Real Property Services. Lessee shall be responsible and liable for all rental payments due (and fees collected if applicable) until actual delivery of compensation to County.

6. **Use of Premises:**

A. Use of the Premises shall be for the Lessee's vehicle parking and maintenance related to public transportation operations, and no other use shall be approved without the prior written approval of the Director. Use of the Premises is conditioned upon the Lessee maintaining in full force and effect a Conditional Use Permit issued by the City of Arroyo Grande.

B. Lessee's interests shall at all times be in compliance with all laws, including but not limited to federal and state Constitutions, federal and state statutes, implementing regulations, local ordinances and agency rulings whether or not these laws are enacted or promulgated as urgency measures under police powers or for health and safety reasons whether currently existing, amended or new enactments. Lessee agrees not to use the Premises as a residence.

C. Lessee expressly agrees at all times during the term of this Lease, at its own cost and expense, to maintain and operate the Premises and areas adjacent, in a clean, safe, wholesome and sanitary condition, free of trash, garbage or obstruction of any kind, and in compliance with any and all present and future laws, rules, or regulations of any governmental authority, now or at any time during the term of this Lease in force, relating to sanitation or public health, safety or welfare

D. Lessee shall be solely responsible for providing of all services, equipment, supplies, and personnel for the administration, staffing, operation and maintenance of the Lessee's business at the Premises. Lessee shall comply with all labor laws, INS laws, and tax laws.

E. Lessee will abide by stormwater pollution prevention requirements in

accordance with all applicable laws, ordinances, rules and regulations and as established through the Conditional Use Permit. Lessee agrees that it will not perform bus or vehicle washing at this facility.

F. Lessee enters into this Lease solely and exclusively as an independent contractor and only in that capacity and not as a partner, employee or other agent of the County. All services performed by Lessee relating to operation and management of the Premises in addition to the rent paid per *Paragraph 5* are intended as considerations supporting this Lease.

G. Lessee acknowledges that County's adjacent property to the north of the Premises has been rezoned to Residential Multifamily zoning, and housing may be constructed on the County's land during the term of this Lease.

7. **Lost Revenue:** If the Premises are closed for any reason, including, but not limited to, war, armed conflict, public emergency, public nuisance, calamity, fire, earthquake, flood, act of God, strike, or similar act which shall prevent performance of this Lease in accordance with the rights and privileges granted herein, the County shall not be liable to Lessee for any lost revenues. If the Lessee's business is interrupted (e.g., due to construction activities being undertaken by the City of Arroyo Grande), the County shall not be liable to Lessee for any lost revenues or claims against Lessee from third parties including but not limited to Lessee's employees.

8. **Signs:** Lessee, at Lessee's sole cost and expense, may place signs on the Premises. Signs shall conform to the sign ordinance of the City of Arroyo Grande.

9. **Janitorial:** Lessee shall be solely responsible for complete janitorial services and the furnishing of janitorial supplies to the Premises.

10. **Capital Improvements:** Any and all Capital Improvements to be undertaken hereunder shall be administered as follows:

(A) Lessee agrees to submit to the Director or designee for review and approval, all plans including specifications, working drawings, and other information required by the Director covering the projects to be accomplished by Lessee. Said plans shall be submitted to the Director for the Director's approval at least fourteen (14) days in advance of the initiation of any such projects. Additionally, if any of the proposed improvements require a licensed contractor, Lessee

shall submit verification of the appropriate licensure and verification of sufficient insurance and bonding of the licensed contractor. If the Director objects to all or any portion of proposed plans, the Director shall state the objections specifically, and the Lessee shall make the changes specified and resubmit the plans as revised for the Director's approval as herein provided. No improvement or alteration shall be made to the premises or any portion thereof without the submission to and prior written approval of the plans by Director. Approval and authorization by the Director shall not be unreasonably withheld. Nothing contained herein shall be construed by Lessee to be a waiver by the Director of Lessee's need to acquire building and construction permits to include, but not be limited to, required permits from the City of Arroyo Grande, the County Environmental Health Department, and other applicable licenses or approvals through governmental processes.

(B) County General Services Agency shall perform a final inspection of the capital improvements. If County determines capital improvements are in compliance with aforementioned terms and conditions, then Director shall issue a written statement of compliance acknowledging completion of the capital improvement project. Nothing herein shall be construed to be a waiver by the Director of Lessee's need to obtain final inspections and approvals from other required entities. Lessee shall protect the Premises from any lien or charges whatsoever, by reason of said capital improvements.

11. **Ownership of Improvements:** Title to improvements on the Premises at the commencement of this Lease is retained by the County. This Lease is subject to any rights of ownership in the improvements. The ownership of all approved improvements constructed by the Lessee, if any, shall remain in Lessee until expiration, or sooner termination, of the term of this Lease.

Upon termination of this Lease, all alterations, additions and improvements made in, to or on the Premises (including without limitation all electrical, lighting, plumbing, heating, air conditioning, and communications equipment and systems, alarms, doors, windows, partitions, drapery, carpeting, shelving, counters, and physically attached fixtures unless excluded in a written agreement signed by Lessee and Director), shall, without compensation to Lessee, become County property free and clear of all claims to or against them by Lessee or any third

person, and Lessee shall defend and indemnify the County against all liability and loss arising from such claims or from the County's exercise of the rights conferred by this paragraph. Such improvements shall remain upon and be surrendered as a part of the Premises; provided however, upon County's request, Lessee shall remove those additions, alterations, signs or improvements as may be specified by County, and repair and restore the Premises to its original condition at Lessee's sole cost and expense prior to expiration of the Term.

**12. Lessee's Personal Property:** Title to all personal property, movable furniture, and movable equipment provided by the Lessee shall remain in the Lessee. Furniture and equipment affixed to the real property in any way shall be considered a capital improvement and shall be subject to the terms of *Paragraph 12*. Upon the removal of personal property by Lessee, whether such removal is upon termination of this Lease or at any time prior thereto, Lessee shall repair all damage to the Premises caused by the addition or removal of such property. County shall not be obligated to repair, restore, refurbish, or otherwise incur any expense regarding personal property of Lessee. If Lessee elects to attach an item of personal property to the Premises that Lessee does not wish to be considered a capital improvement, a written request to exclude this item from capital improvements shall be submitted to Director for Director's written approval prior to installation of the item.

**13. Equipment and Fixtures:** County shall not be obligated to repair, restore, refurbish, or otherwise incur any expense in improving and/or changing the condition of the equipment, fixtures, furnishings, inventory, or other personal property of Lessee.

**14. Title:** Lessee hereby acknowledges that fee title to the Premises vested in the County of San Luis Obispo and hereby covenants and agrees never to challenge, contest or resist said title. Lessee may not acquire any right to premises by adverse possession or otherwise.

**15. County's Personal Property:** County shall retain title to all of County's personal property and Lessee shall maintain said personal property; specifically two gas heaters, one picnic table, and one landscaping sprinkler system during the term of this Lease. Any improvements hereafter added by County at County's expense shall remain County property.

**16. Utilities:** Lessee shall be responsible to provide and pay for all utilities used on the Premises.

17. **Garbage:** Lessee shall be responsible for payment of all trash services on the Premises.

18. **Maintenance/Repairs:** Lessee shall be responsible for all costs of maintenance and repair of the Premises, including but not limited to electrical, plumbing, heating and air conditioning, roofing, paint, windows, doors, landscaping, and asphalt. If within 15 days of written notification by County, Lessee fails or neglects to commence maintenance and/or repair obligations as requested by County, County may, at its option, perform such necessary maintenance and/or repairs and bill Lessee for actual cost of said maintenance. Lessee shall promptly reimburse County upon demand.

*In the event of an emergency,* County may take action on the Premises as may be required for the protection of persons or property, and Lessee will reimburse County for County's reasonable expenses related to said emergency action. Lessee shall, at all times and at Lessee's expense, do all things reasonably necessary to protect the Premises used by Lessee.

The Lessee shall not grant, with respect to said Premises, easements, rights-of-way, licenses or permits.

19. **Business Hours:** It is understood and agreed that the hours of Lessee's business operations shall be defined in Lessee's Conditional Use Permit with the City of Arroyo Grande. If required by the City of Arroyo Grande, Lessee shall propose noise-reduction techniques in their Conditional Use Permit that will go into effect with the construction and occupancy of the adjacent residential property in order to reduce noise impacts.

20. **Hold Harmless Agreement:** Lessee shall defend, indemnify and hold harmless the County, its officers and employees from any and all claims and demands, costs, expenses, judgments, attorney fees or liabilities that may be asserted by any person or entity that arise out of or in connection with the acts or omissions relating to the performance of any obligation or duty provided for or relating (directly or indirectly) to this Lease, the tenancy created under this Lease, or the Premises hereunder. The obligation to indemnify shall be effective and shall extend to all such claims and losses, in their entirety, even when such claims or losses arise from the comparative negligence of the County, its officers and employees. However, this indemnity will not extend to any claims or losses arising out of the sole negligence or willful misconduct of the

County, its officers and employees.

The preceding paragraph applies to any theory of recovery relating to said act or omission by the Lessee, or its agents, employees or other independent contractors directly responsible to Lessee, including, but not limited to, the following:

- A. Violation of statute, ordinance, or regulation.
- B. Professional malpractice.
- C. Willful, intentional or other wrongful acts, or failures to act.
- D. Negligence or recklessness.
- E. Furnishing of defective or dangerous products.
- F. Premises liability.
- G. Strict liability.
- H. Inverse Condemnation.
- I. Violation of civil rights.
- J. Violation of any federal or state statute, regulation, or ruling resulting in a determination by the Internal Revenue Service, California Franchise Tax Board or any other California public entity responsible for collecting sales or payroll taxes, when the Lessee is not an independent contractor.

It is the intent of the parties to provide the County the fullest indemnification, defense, and hold harmless rights allowed under the law. If any word(s) contained herein are deemed by a court to be in contravention of applicable law, said word(s) shall be severed from this Lease and the remaining language shall be given full force and effect.

**21. Insurance:** Lessee shall obtain and maintain for the entire term of the Lease and Lessee shall not perform any work under this Lease until after he has obtained insurance complying with the provisions of this paragraph, delivered verification of the required insurance to the County, and obtained County approval of all such policies. Said policies shall be issued by companies authorized to do business in the State of California, or otherwise approved by the County Risk Manager. Lessee shall maintain said insurance in force at all times. The following coverage with the following features shall be provided:

- A. **Comprehensive Liability Insurance:** Lessee shall maintain in full force

and effect for the period covered by this Lease, comprehensive liability insurance. This insurance shall include, but shall not be limited to, comprehensive general and automobile liability insurance providing protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from any act or occurrence arising out of Lessee's operations in the performance of this Lease, including, without limitation, acts involving vehicles. The policy shall provide not less than single limit coverage applying to bodily and personal injury, including death resulting therefrom, and property damage in the total amount of One Million Dollars (\$1,000,000). The following endorsements must be attached to the policy:

- (1) If the insurance policy covers on an "accident" basis, it must be changed to "occurrence".
- (2) The policy must cover personal injury as well as bodily injury.
- (3) Blanket contractual liability must be afforded and the policy must contain a cross liability or severability of interest endorsement.

**B. Workers' Compensation Insurance:** In accordance with the provisions of sections 3700 of the California Labor Code, et seq., if Lessee has any employees, Lessee is required to be insured against liability for workers' compensation or to undertake self insurance. Lessee agrees to comply with such provisions before commencing the performance of this Lease.

**C. Additional Insureds to be Covered:** The professional liability and comprehensive liability policies shall name the "County of San Luis Obispo, its officers and employees" as additional insureds. The policy shall provide that the Lessee's insurance will operate as primary insurance and that no other insurance maintained by the County, or additional insureds will be called upon to contribute to a loss hereunder.

**D. Certification of Coverage:** Prior to commencing work under this Lease, Lessee shall furnish County with the following for each insurance policy required to be maintained by this Lease:

- (1) A copy of the Certificate of Insurance shall be provided. The certificate of insurance must include a certification that the policy will not be canceled or reduced in coverage or changed in any other material aspect without thirty (30) days prior written notice

to the County.

(2) A copy of the Lessee's Workers' Compensation policy need not be provided, but a copy of proof of coverage does need to be provided.

(3) Upon further written request, the Lessee shall provide a copy of the entire insurance policy and not just the "face sheet" or proof of coverage.

(4) Approval of Insurance by County shall not relieve or decrease the extent to which the Lessee may be held responsible for payment of damages resulting from Lessee's services or operations pursuant to this Lease. Further, County's act of acceptance of an insurance policy does not waive or relieve Lessee's obligations to provide the insurance coverage required by the specific written provisions of this Lease.

E. **Effect of Failure or Refusal:** If Lessee fails or refuses to procure or maintain the insurance required by this Lease, or fails or refuses to furnish County with the certifications required by subparagraph (D) above, County shall have the right, at its option, to forthwith terminate the Lease for cause.

22. **Letter of Credit Requirements:** The Lessee agrees to furnish a letter of credit in the sum of Two Thousand Dollars (\$2,000), it being understood and agreed that such letter of credit shall be in force at all times during the term of this Lease; and, if canceled, the Lessee shall immediately seek and obtain a similar replacement letter of credit or this Lease shall be terminated effective immediately. This security shall guarantee faithful performance of this Lease including all Lessee's obligations and responsibilities under this Lease. Said letter of credit shall be kept by Lessee in full force and effect during the entire term of this Lease to insure faithful performance by Lessee of all the covenants, terms and conditions of this Lease, inclusive of, but not restricted to, the payment of all rentals, fees and charges. The institution issuing letter of credit shall give County notice in writing at least thirty (30) days prior to any expiration of the letter of credit of Lessee.

With the Director's approval, County may accept a pledged certificate of deposit with a local bank or other form of security in lieu of the Letter of Credit.

23. **Taxes:** As a qualified joint powers agency, the County Assessor's Office has determined that Lessee shall not be liable for possessory interest taxes or personal property taxes.

**24. Lessee's Responsibility for Compliance:** Lessee shall at all times observe and comply with, and shall cause all his agents, employees and sub-contractors to observe and comply with all present and future laws, statutes, ordinances, regulations, rules, resolutions, or other binding enactments of any governmental authority, now or at any time during this Lease and any extensions thereof. If any future laws, rules, regulations or ordinances are passed by the County of San Luis Obispo and said legislative enactment has any impact fiscal or otherwise on Lessee, and if Lessee does not make a timely objection to County during course of legislative process, Lessee will be deemed to have waived any right to object at a later time and waives all damages flowing therefrom. Lessee shall and does hereby assume responsibility for payment of any and all licenses applicable to Lessee's operation on the premises.

**25. Notices:** Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by certified or registered mail as follows:

To the Lessee at:      San Luis Obispo Regional Transit Authority  
                                179 Cross Street  
                                San Luis Obispo, CA 93401  
                                Attn: Executive Director

To the County at:      County of San Luis Obispo  
                                General Services Agency  
                                1087 Santa Rosa Street  
                                San Luis Obispo, CA 93408  
                                Attn: Real Property Manager

The address to which the notices may be mailed as aforesaid by either party may be changed by written notice given by such party to the other as herein before provided, but nothing herein contained shall preclude the giving of any such notice by personal service.

**26. Modification:** This Lease constitutes the entire understanding of the parties hereto and no changes, amendments, or alterations shall be effective unless in writing and signed by both parties.

**27. Termination and Breach:** If any of the following occur, the Director shall have the right to terminate this Lease effective immediately for cause upon giving written notice to the

Lessee:

- A. Lessee fails to perform its duties to the satisfaction of the Director, including the accumulation of multiple less-significant instances of failure to perform in accordance with this Lease; or
- B. Lessee fails to fulfill in a timely and professional manner its legal and contractual obligations under this Lease; or
- C. Lessee, or its agents or employees, fail to exercise good behavior during working hours that is of such a nature as to bring discredit upon the County.

At the discretion of the Director, Lessee may be allowed ten (10) days after receiving written notice to correct any breach hereunder. Failure to correct the breach will result in immediate termination of the Lease and County shall have the right to immediate possession of the Premises.

The exercise of the remedies provided for in this section shall be cumulative and in no way affect or replace other remedies available to County.

**28. Assignment of Lease:** Lessee shall not assign, transfer, or delegate this Lease or any interest therein without the prior written consent of Director, and any such assignment, transfer, or delegation without the Director's written approval shall be considered null and void.

County may at its option sell, assign, transfer to or delegate the Premises to another governmental agency provided that such sale, assignment transfer or delegation shall not terminate this Lease.

**29. Waiver of Claim:** Lessee hereby unconditionally waives any claim against the County, its officers, agents or employees for damage or loss caused by any suit during the term of this Lease or in the future. Any action, proceeding or claim, directly or indirectly, attacking the validity of this Lease, or any part thereof shall be the sole responsibility and liability of Lessee.

**30. Limitation on Actions:** Lessee shall have no other legal or equitable rights, entitlement or interests other than those expressly stated in this Lease. This shall apply regardless of any information exchanged or representations made by County staff or others during negotiations, prior to execution, or after execution. No representation by County staff shall be binding unless said provision is in writing and signed by the Board of Supervisors prior

to the effective date.

**31. Eminent Domain:** If the whole of the premises shall be taken or condemned by any competent authority under power of eminent domain for a public or a quasi public use or purpose, then the leasehold estate hereby created shall cease and terminate as of the date actual physical possession of the leased premises is taken by the condemnor. All compensation and damages awarded for such total taking shall belong to and be the sole property of Lessee, provided, however, that County shall be entitled to receive any award for the taking of or damage to County's equipment, fixtures, or any improvements made by County to the leased premises which County would have had, but for the condemnation, the right to remove on expiration or sooner termination of this Lease.

In the event that there shall be partial taking of the leased premises during the Lease term under the power of eminent domain, this Lease shall terminate as to the portion of the leased premises so taken on the date when actual physical possession of said portion is taken by the condemnor, but this Lease shall at County's option, continue in force and effect. The compensation and damages for such partial taking shall belong to and be sole property of Lessee, provided, however, that County shall be entitled to receive any award made by County to the leased premises which County would have had, but for the condemnation, the right to remove on expiration or sooner termination of this Lease, and, in the event that this Lease is continued as to the portion of the leased premises not condemned, any award made for alterations, modifications or repairs which may be reasonably required in order to place the remaining portion of the leased premises not taken in a suitable condition shall belong to County.

**32. Non-Discrimination:** Lessee shall not discriminate against any person or class of persons in violation of the Civil Rights Act of 1964 as amended or any other applicable laws prohibiting discrimination in the use of the premises.

**33. Americans With Disabilities Act:** The Lessee shall be responsible for physical premises alterations necessary to comply with the Americans With Disabilities Act of 1990, 42 U.S.C. sect. 12101 et seq.

**34. Hazardous Waste:** Lessee and County shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations ("Hazardous Materials

Laws") relating to industrial hygiene, environmental protection, or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, fuels, gasoline, flammable explosives, asbestos, UREA formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances," "hazardous wastes," "hazardous materials" or "TOXIC SUBSTANCES" under such laws, ordinance or regulations (collectively, "Hazardous Materials"). Lessee shall, except in the event of County's sole negligence, indemnify, defend, protect, and hold County, each of County's officers, directors, employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses or death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by: (a) The presence in, on, under or about the Premises or discharge in or from the Premises of any Hazardous Materials or Lessee's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials, to, in, on, under, about or from the Premises, or (b) Lessee's failure to comply with any Hazardous Materials Law. Lessee's or County's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, cleanup or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith caused by Lessee and County and shall survive the expiration or earlier termination of the term of the Lease. For purposes of the release and indemnity provisions hereof, any acts or omissions of County, or by employees, agents, assignees, contractors or subcontractors of County or others acting for or on behalf of County (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to County.

**35. Separability:** The invalidity of any provision of this Lease shall not affect the validity, enforceability of any other provision of this Lease.

**36. Law:** This Lease has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Lease shall be determined and governed by the laws of the State of California.

**37. Venue:** San Luis Obispo County shall be the venue for any action or proceeding

that may be brought or arise out of, in connection with or by reason of this Lease.

**38. Entire Lease and Modifications:** This Lease supersedes all previous Leases and constitutes the entire understanding of the parties hereto. Lessee shall be entitled to no other benefits than those specified herein. No changes, amendments, or modifications shall be effective unless in writing and signed, in advance of the effective date of the change, amendment or modification, by both parties. Lessee specifically acknowledges that in entering into the executing this Lease, Lessee relies solely upon the provisions contained in the Lease and no other Leases or oral discussions prior to entering this Lease.

**39. Authority to Contract:** Any individual executing this Lease on behalf of Lessee represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said Lessee, and that this Lease is binding upon said Lessee in accordance with its terms.

**40. Waiver of Lease Terms:** No waiver by either party at any time of any of the terms, conditions or covenants of this Lease shall be deemed as a waiver at any time thereafter of the same or of any other terms, condition or covenant herein contained, nor of the strict and prompt performance thereof. No delay, failure or omission of County to re-enter the premises or to exercise any right, power or privilege or option arising from any default, nor any subsequent acceptance of rent then or thereafter accrued shall impair any such right, power or privilege or option or be construed as a waiver of such default or a relinquishment of any right or acquiescence therein. No notice to Lessee shall be required to restore or revive after the waiver by County of any default. No option, right, power, remedy or privilege of County shall be construed as being exhausted by the exercise thereof in one or more instances. The rights, powers, options and remedies given to County by this Lease shall be deemed cumulative.

**41. Right of Entry as Agent:** In any case in which provision is made herein for the termination of this Lease by County or in the case of abandonment or vacating of the Premises by Lessee, the County, in lieu of declaring a forfeiture, may enter upon the Premises. To such end, Lessee hereby irrevocably appoints County as agent to remove any and all persons or property on the Premises and place any such property in storage for the account of and at the expense of Lessee. In such case, County may re-let the Premises upon such terms as it may deem proper, and if a sufficient sum shall not be realized thereby, after paying expenses of such re-letting, to

satisfy the rent and other sums herein agreed to be paid by Lessee, Lessee agrees to save County harmless from any loss or damage or claim arising out of the action of County in pursuance of this paragraph 43.

**43. Terms Binding on Successors:** All the terms, covenants and conditions of this Lease shall inure to the benefit of, and be binding upon, the successor and assigns of the parties hereto. The provisions of this paragraph shall not be deemed as a waiver of any of the conditions against assignment hereinbefore set forth.

**44. Destruction of Premises:** Should any matter or condition beyond the control of the parties hereto, such as war, public emergency, or calamity, fire, earthquake, flood, act of God, strike, or any other labor disturbance prevent performance of this Lease in accordance with the rights and privileges granted herein, this Lease shall immediately be terminated and the County shall be under no legal obligation to the Lessee by reason of said matter or condition.

Should any aforementioned matter or condition create eligibility for Federal, State, or any other governmental jurisdictional relief assistance and/or aid, both parties agree to take all reasonable steps necessary to procure such assistance and/or aid, in their respective capacities at the time of such application.

**45. Holding Over:** In the event Lessee shall continue in possession of the Premises after the term of this Lease, such possession shall not be considered a renewal of this Lease but a tenancy from month to month and shall be governed by the conditions and covenants contained in this Lease. Any holding over shall not constitute a lawful possession except for purposes of continuing the duties and obligations of Lessee and County's right to enforce the same.

**46. Public Records:** Any and all written information submitted to and/or obtained by County from Lessee or any other person or entity having to do with or related to this Lease and/or the Premises, either pursuant to this Lease or otherwise, at the option of County, may be treated as a public record open to inspection by the public pursuant to the California Records Act (Government Code Section 6250 et seq.), as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public and Lessee hereby waives, for itself, its agents, employees, subtenants, and any person claiming by, through or under Lessee, any right or claim that any such information is not a public record or that the same is a trade

secret or confidential information and hereby agrees to indemnify and hold County harmless from any and all claims, demands, liabilities, and/or obligations arising out of or resulting from a claim by Lessee or any third party that such information is a trade secret, or confidential, or not subject to inspection by the public, including without limitation reasonable attorneys' fees and costs.

**47. Parties Jointly Liable as Lessee:** San Luis Obispo Regional Transit Authority and South County Area Transit acknowledge that both parties are fully and separately bound to perform all lease obligations, including payment of rent, maintenance, insurance, and all other terms of the Lease as co-lessees. Any breach of the lease is a breach by both co-lessees.

/////////NOTHING FURTHER EXCEPT SIGNATURES PAST THIS POINT/////////

IN WITNESS WHEREOF, the parties hereto have executed this Lease this  
7th day of June, 2011.

COUNTY OF SAN LUIS OBISPO

By:

Chairperson of the Board of Supervisors

Approved by the Board of Supervisors this  
7th day of June, 2011.

ATTEST:

JULIE L. RODEWALD

Clerk of the Board of Supervisors

By: Comdy Curens

Deputy Clerk

APPROVED AS TO FORM AND LEGAL  
EFFECT:

WARREN R. JENSEN

County Counsel

By: Shanna G. Nelson

Deputy County Counsel

Date: 3/4/11

LESSEE:

SAN LUIS OBISPO REGIONAL TRANSIT  
AUTHORITY

Date: 4/21/11

LESSEE:

SOUTH COUNTY AREA TRANSIT

Date: 4/21/11

APPROVED AS TO FORM AND LEGAL  
EFFECT:

TIMOTHY McNULTY  
RITA L. NEAE

SLORTA and SCAT Legal Counsel

Date: 4.4.2011

EXHIBIT "A"  
PREMISES

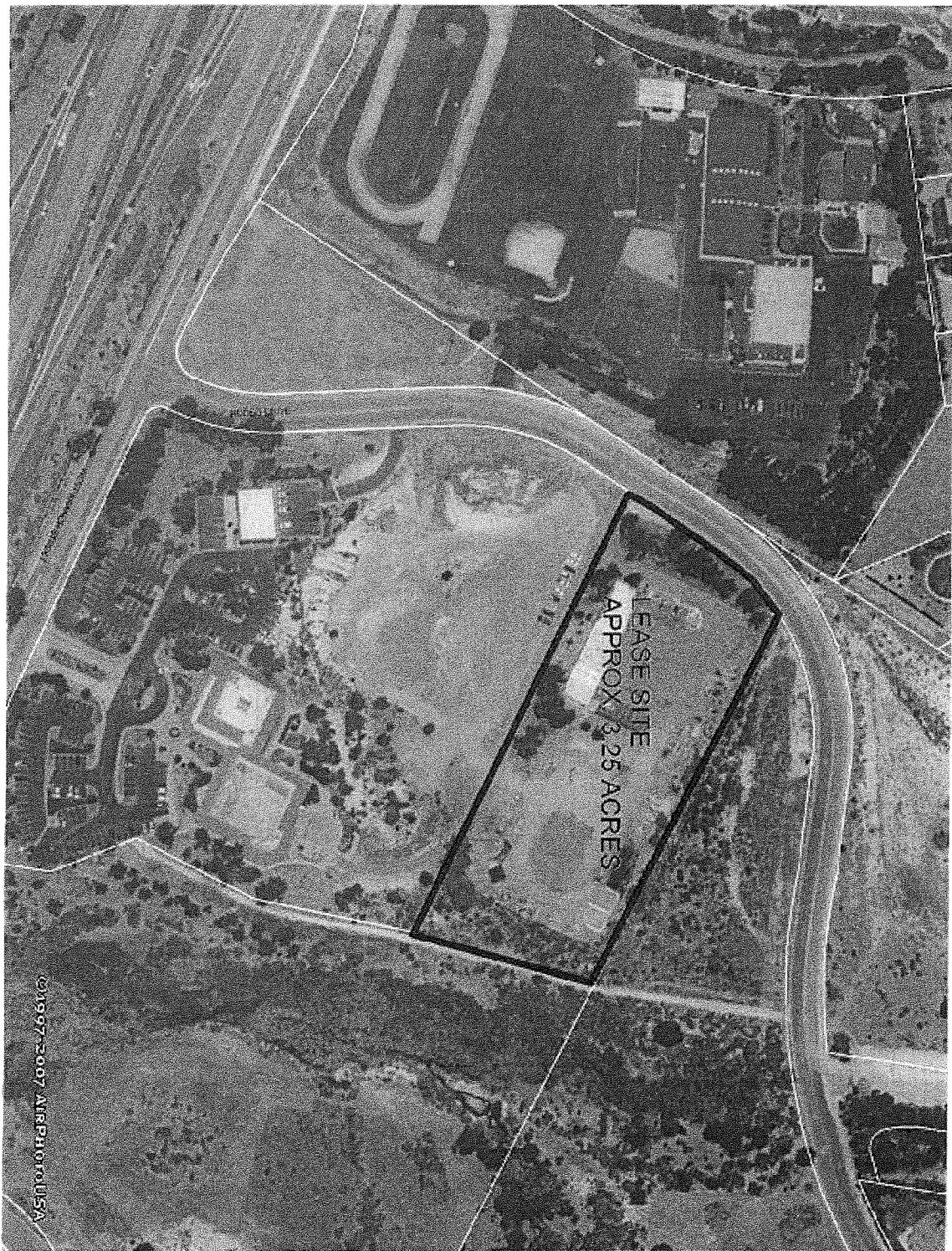


EXHIBIT "B"  
DISCLOSURE—COUNTY'S FORMER ARROYO GRANDE ROAD YARD

1. The lease site is a portion of APN 007-011-046. In accordance with the Subdivision Map Act, Section 66428 (a) (2), “a parcel map shall not be required for land conveyed to or from a governmental agency... unless a showing is made in individual cases, upon substantial evidence, that public policy necessitates a parcel map.” This determination will be made by the City of Arroyo Grande.
2. The lease site measures approximately 3.2 acres. The area inside the fence measures approximately 2.5 acres.
3. Rodeo Drive has been proposed by Cal Trans as an exit from northbound Highway 101.
4. A grease separator is located under the steel cover at the wash rack, but it does not meet current stormwater pollution prevention regulations.
5. Gas heaters were once located in the office and dressing area. They have been removed and the gas pipes are capped.
6. The insulation in the enclosed work bays has lost its adhesion to the walls.
7. The building has been tested for asbestos, and no asbestos was found.
8. The rain gutters on the building are rusted through in many locations.
9. Below-ground gas and diesel tanks were once located by the entry gate to the lower parking lot. These tanks have been removed, the soil remediated (approved by County Environmental Health), and the emergency shut-off station at the gate is no longer operational.
10. A storage container belonging to the American Red Cross is located at the entrance to the lower parking lot, outside of the fence, and it will remain in place. Access to the container may not be blocked.
11. The County has had soil sampling and testing of the lower parking lot performed by Earth Systems Pacific in order to document baseline for the property. A report dated July 22, 2010 is available upon request and shows two areas of contamination, one by metals and one by hydrocarbons. The tenant will not be held responsible for the contamination in these two areas.

**FIRST AMENDMENT  
TO LEASE**

This First Amendment to Lease is entered into by and between the County of San Luis Obispo, a public entity in the State of California (hereinafter, "County"), and the San Luis Obispo Regional Transit Authority, a joint powers authority in the State of California, and South County Area Transit, a joint powers authority in the State of California, both authorities hereinafter collectively, "Lessee".

**WHEREAS**, on June 7, 2011, the County entered into a written lease ("Lease") to lease to Lessee a former County Public Works road yard approximately 3.25 acres in size located at 800 Rodeo Drive in the City of Arroyo Grande (a portion of APN 007-011-046), east of the South County Regional Center ("Premises"); and

**WHEREAS**, Paragraph 6.E. of the Lease prohibits Lessee from washing buses or vehicles at the Premises, which provision is consistent with the terms of Lessee's Conditional Use Permit issued by the City of Arroyo Grande; and

**WHEREAS**, on November 6, 2012, the City of Arroyo Grande Planning Commission approved Lessee's application to amend the Conditional Use Permit to allow one bus per day to be washed at the Premises ("Project"); and

**WHEREAS**, the City of Arroyo Grande Planning Commission has determined that the Project is categorically exempt pursuant to Section 15301 of CEQA guidelines; and

**WHEREAS**, the County of San Luis Obispo has prepared a Memorandum of Understanding ("MOU") that outlines a stormwater management plan for the Premises to address potential water quality impacts from the bus washing, and said MOU has been approved by the City of Arroyo Grande as a requirement of the amendment to the Conditional Use Permit;

**NOW, THEREFORE**, in consideration of the mutual promises, covenants, agreements, and conditions herein set forth, County and Lessee mutually covenant and agree as follows:

1. The last sentence of Paragraph 6.E. of the Lease, "Lessee agrees that it will not perform bus or vehicle washing at this facility," is hereby deleted and replaced with the following sentence:

"Lessee may wash buses on the Premises so long as this activity is performed in compliance with the terms of the Conditional Use Permit issued by the City of Arroyo Grande."

2. Lessee shall adhere to the requirements of the permit issued to the County of San Luis Obispo by the Regional Water Quality Control Board (RWQCB Permit) that governs stormwater and non-stormwater discharges. Activities performed on the Premises shall conform to the RWQCB Permit, and Lessee shall adhere to the MOU attached as Exhibit "C" and to future Best Management Practices and Addenda to the MOU as required by the RWQCB or County. Lessee shall allow County to inspect the Premises to verify compliance with the MOU and shall cooperate with County to fulfill the reporting requirements of the RWQCB.
3. All other provisions of said Lease shall continue in full force and effect.

//////////////////////////NOTHING FURTHER PAST THIS POINT////////////////////

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment.

COUNTY OF SAN LUIS OBISPO

By: JAMES R. PATTERSON

Chairperson of the Board of  
Supervisors

Approved by the Board of Supervisors  
this on

November 20, 2012

ATTEST:

**JULIE L. RODEWALD**

Clerk of the Board of Supervisors

By: Sandy Currens  
Deputy Clerk

APPROVED AS TO FORM AND  
LEGAL EFFECT:

RITA L. NEAL,  
County Counsel

By:                   
Chief Deputy County Counsel

Date:

10/31/12

LESSEE:

SAN LUIS OBISPO REGIONAL  
TRANSIT AUTHORITY

By:



Name: Geoff Straw

Title: Executive Director RTA

Date: 11-7-2012

LESSEE:

SOUTH COUNTY AREA TRANSIT

By:



Name: Geoff Straw

Title: Administrator SCAT

Date: 11-7-2012

APPROVED AS TO FORM AND  
LEGAL EFFECT:

TIMOTHY MCNULTY,  
SLORTA and SCAT Legal Counsel

By:                 

Date: 10.31.2012

**DRAFT**  
**SOUTH COUNTY TRANSIT**  
**MINUTES OF JANUARY 20, 2016 BOARD MEETING**  
**City Council Chamber, Arroyo Grande**

**C-1**

Directors Present:	Jim Guthrie, Chairperson Shelly Higginbotham Barbara Nicolls	City Council Member, Arroyo Grande Mayor, Pismo Beach City Council Member, Grover Beach
Directors Absent:	Lynn Compton, Vice Chair	County Supervisor, District 4
Staff Present:	Geoff Straw Tania Arnold Phil Moores Tim McNulty Jon Mackenzie Shelby Walker Mary Gardner	Administrator RTA CFO and Director of Administration Manager, Operations County Counsel SCT Operations Supervisor RTA Administrative Assistant Marketing Manager

**CALL TO ORDER AND ROLL CALL:** **Chairperson Jim Guthrie** called the meeting to order at 1:36 p.m. Roll call was taken; a quorum was present.

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

**Chairperson Guthrie** closed public comment.

**BOARD ADMINISTRATIVE ITEMS:**

**ELECTION OF OFFICERS:**

**Director Shelly Higginbotham** made a motion to nominate **Chairperson Guthrie** for another term as Chairperson. **Director Barbara Nicolls** seconded and the motion carried on a voice vote with **Vice Chair Lynn Compton** absent.

**Director Nicolls** made a motion to nominate **Vice Chair Lynn Compton** for another term Vice Chairperson. **Director Higginbotham** seconded and the motion carried on a voice vote with **Vice Chair Lynn Compton** absent.

**A. INFORMATION AGENDA:**

**A-1 Administrator's Report:** **Mr. Geoff Straw** announced that the Arroyo Grande Wal-Mart bus stop improvement has been completed and thanked all the parties that have been involved. There are still

problems with the solar panels but we are working to resolve the issue. Stass has been using the information from GPS-based system to review passenger boardings and alightings by time of day and route. We want to make sure we are serving our riders appropriately and will be making small changes to the schedule. We will discuss that further in B-3. The new SCT website is up and running since early November 2015, thanked **Ms. Mary Gardner** for her work on that. Mr. Straw noted that on page A-1-2 ridership was over inflated previously due to interlining, but that the average fare per passenger is higher and the key item to focus is on the farebox recovery ratio. Fuel prices are much lower than budgeted.

**Chairperson Guthrie** opened Board comment.

**Director Higginbotham** asked about the deadline to meet the State-mandated 20% farebox ratio. **Mr. Straw** stated that it is 2018 and B-3 proposal with the fare change would reset the clock. **Director Higginbotham** asked about the status of the ticket vending machines. **Mr. Straw** stated that bids are due by the end of the month. First one will be installed at the Government Center in San Luis Obispo with the back end fully funded. **Director Higginbotham** asked about Spyglass bus stop. **Mr. Straw** let her know that the new solar-powered light is now working.

**Chairperson Guthrie** opened public comment.

**Chairperson Guthrie** closed Board and public comment.

**A-2 SCT Strategic Business Plan Quarterly Results:** **Mr. Straw** noted that **Mr. Phil Moores** and **Ms. Tania Arnold** will be assisting in reporting on this item. **Mr. Moores** began by addressing the Service Quality and Efficiency section. Standard 1 Passengers per vehicle service hour will be 15 or greater: we had a couple months we were above the standard and year-to-date we are at 18. Standard 2 Service Delivery: SCT delivered 100% of the promised service to the South County area, a total of approximately 6,435 trips were delivered through November 30, 2015. It is due to the hard work from our Bus Operators and Supervisors. Standard 3 System-wide On-Time Performance: In October we were able to start using the GPS-based on-time performance information we are getting from the new ITS system. The metrics of reporting are different from the previous metrics which resulted in a slight dip of performance on the graph. The goal of 95% provides a challenge for staff. We will continue to use the data to see how we can improve on-time performance. Standard 4 SCT will make consistent efforts to explore new service and service delivery options: Research was invested into Route 26 earlier this year and we are looking at newly available ITS data. New trends for Route 23 highlighted an opportunity for a bidirectional loop connecting Oceano and Wal-Mart at essentially the same cost as operating the potential new Route 26 service. Route 27 would go clockwise and Route 28 would go counterclockwise, replacing the Route 23. These changes would improve travel times and suggest a boost in SCT ridership. Standard 5 The number of bus trips with passenger standees will not exceed 10%: with the exception of two Route 25 trips that serve Arroyo Grande High School during bell times, SCT does not have any cases of standees exceeding 10% of the daily trips.

**Ms. Arnold** provided an overview of the Revenue and Resources Performance Standards. Standard 1 Operate within Budget: through November 30, 2015 operating cost are 34.54% of the adopted budget.

We are well under budget. Standard 2 FRR: as of November 30, 2015 we had FRR of 18.31%. SCT continues to strive toward meeting the FRR goal. There were no significant financial audit findings for Standard 3. For Standard 4 Capital Procurement: staff has done a great job of maximizing federal dollars and finding grant opportunities for capital procurements. In April we will present a new capital budget.

**Mr. Moores** addressed standards one and two of the Safety Performance Standards. The first standard is to not exceed one preventable collision per 100,000 miles traveled. Year-to-date, SCT was unable to achieve this goal with a collision rate of 2.1 per 100,000 miles. Standard 2 addresses safety hazards identified by the Safety Resource Committee, which has resolved 31 employee suggestions during the last fiscal year. Technicians installed Recaro Seats and shoulder harnesses to buses 1011 and 1012 to help prevent Bus Operator back injuries. The bus stall parking at Ramona Garden was reconfigured to improve bus safety during departures. To improve safety at the SCT yard, bus stalls and parking for personal vehicles were reassigned.

**Ms. Arnold** continued with the Safety Performance Standards by addressing Standard 3, which discusses the annual amount of preventable workers compensation lost-time claims. As of November 30, 2015 there were none. Standard 4 Community Perception: Staff is recommending that a Customer Perception Survey be completed in October 2016. Standard 5 Risk Management Costs: we did exceed the total risk management goal in FY 2015 at 10.2% of total operating costs (goal is 8.5%). The number of liability claims has gone down but the severity of the claims has gone up. We will continue to monitor this and gather information. We will be going out to market for workers compensation coverage, and we will include additional information with the budget assumptions and budget presentation for FY16-17.

**Ms. Arnold** addressed the Human Resources Standards. Standard 1 Turnover Rate for 2015: was 28%, which surprised us a little, and we will continue to monitor. Standard 2 Continuous Development: Bus Operators must complete a minimum of 8 hours of Verification of Transit Training annually, which we have achieved. We also implemented mandatory retraining for new Bus Operators six months after being placed into revenue service. Standard 3 Employee Excellence: All employees must participate in a Verbal Defense and Influence training program to learn how to effectively communicate and avoid conflict with passengers. The department heads and the Executive Director had a strategy meeting in July 2015 to plan for major projects and challenges for the organization. In February the administrative team is doing a team building session. Standard 4 notes employee evaluations are being done in a timely manner.

**Mr. Straw** presented the Fleet and Facility Standards. Standard 1 Replacement of Vehicles: the average SCT fixed route vehicle age is just under 7 years with an average of 200,938 miles; the average SCT fixed route vehicles would be 5 years without including the Avila Trolley. Standard 2 Road Calls: over the last 3 years we have done really well and currently we are at 3.14 road calls per 100,000 miles. Standard 3 Clean/Attractive Fleet: once we get the information from the Customer Perception Survey that will be completed in October 2016 we will be able to report the results. Standard 4 Bus Stop Appearance: like Standard 3, once we get the information from the survey, we will be able to report the results to the Board. Standard 5 Maintenance of Vehicles: the terminal and the buses get inspected by CHP once every

13 months. We had no negative CHP findings 2013, 2014 and 2015, and the next one is scheduled for July or August 2016.

The final four Standards of Excellence address Leadership. These are subjective standards and each one will be part of an evaluation that should occur as part of the Administrator's annual review in October.

**Mr. Straw** concluded his report.

**A-3 SCT Joint Powers Agreement Amendment:**

**Mr. Straw** stated that the current SCT Joint Powers Agreement was ratified in February 1978 and has remained the same since. SCT has changed the way it conducts business primarily with oversight of the system by RTA, the state mandated treasurer role, and the moniker changing from "SCAT" to "SCT." He suggests that the JPA be amended for these reasons. **Mr. Straw** discussed certain updates in the JPA draft in regards to federal funding. The staff is looking to receive preliminary recommended changes from the City Managers in the coming weeks.

**Mr. Straw** concluded his report.

**Chairperson Guthrie** opened Board comment.

**Director Shelly Higginbothman** asked if the Executive Committee meetings would have to comply with the Brown Act. **Mr. Straw** noted it would be another way for technical advice for the Board. **Mr. Tim McNulty** noted it is not an Ad-Hoc committee. **Mr. Jim Lewis** stated that it stems from what the Board wants the Executive Committee to be, and he has concerns if it does become subject to the Brown Act. **Mr. Jim Guthrie** asked how other agencies handle it. **Mr. Straw** noted that items could be presented to the City Managers in two by two meetings. He also mentioned that County members could be added to address the even-number quorum issue. **Mr. Guthrie** voiced his concern regarding the expansion of the area and expanding the Board gives them too much control for the outlying areas. **Mr. Guthrie** mentioned the withdrawal is identified as 90 days and believes it should be at least one fiscal year. **Mr. Straw** supported a year as a more appropriate window. **Ms. Dianne Thompson** states that she is unfamiliar with City Managers meetings being under the Brown Act. **Director Higginbothman** suggested that the JPA be taken back to each city attorney and then brought back to Mr. McNulty and move considered at the April meeting. **Chairperson Guthrie** stated that he will review one with the Arroyo Grande City Attorney and another city review the service agreement. Further discussion ensued.

**Chairperson Guthrie** opened public comment.

**Mr. Leonardo Pucci** stated that he likes a certain part on pg A-3-16 and that he wants the meeting to be a Brown Act meeting. He feels employees need a venue where they can legally speak to decision-makers.

**Ms. Higginbotham** says that feedback should be given to Mr. McNulty and then have a potential draft in April. **Mr. Guthrie** asked for the documents to be sent separately from the agenda.

**Chairperson Guthrie** closed Board and public comment.

**A-4 SCT Agreement with RTA:** **Mr. Straw** stated that the current agreement between SCT and the San Luis Obispo Regional Transit Authority was ratified in June of 2001. Since the scope of work has significantly changed, staff is recommending that there should be some changes to the agreement. As well as making some changes to the agreement, SLOCOG has suggested the need for a Citizens' Advisory Committee to make sure that customers have an appropriate venue in which to voice their opinions. There is no action for this today but this item was agendaized so that the jurisdictions can review the documents and bring back to the Board in April for consideration.

**Mr. Straw** concluded his report.

**Chairperson Guthrie** opened to Board and public comment.

**Chairperson Guthrie** mentioned that there could be a conflict of interest for the County Counsel's office to advise on this Agreement. He suggested that they use a City Attorney to determine when there may be a conflict. **Mr. Straw** stated it would be an issue if the Chairperson was a County representative. That could be included in the election of officers. **Chairperson Guthrie** and **Director Higginbotham** both noted that it could be reviewed.

**Chairperson Guthrie** closed Board and public comment.

**B. ACTION AGENDA:**

**B-1 Fiscal Year 2016-17 SCT Budget Assumptions:** **Ms. Arnold** stated that changes are necessary so that SCT can achieve the 20% farebox recovery ratio. To do that there should be service changes as well as a fare increase identified in the FY16-17 budget. These things will be done by reviewing objectives. We would maintain and improve services levels, keep the goals and objectives of the strategic business plan in mind, monitor reserves, and have a marketing plan for the new service, logo and fare structure. Key items for FY16-17 will be the new Routes 27 and Route 28. With the new routes there will be additional expense. We will use Low Carbon Transit Operating Program for the first year in conjunction with FTA Section 5307 funding already available. We will look further into funding for FY17-18 from the LCTOP and 5307. As for state funding, State Transit Assistance numbers are still pending from SLOCOG, assuming little if any change. The Local Transit Fund is estimated to be flat based on preliminary information. Federal funding will continue to comprise the maximum allowable amount within guidelines; preliminarily budgeted at 45% of estimated operating costs with hopes of coming in under budget. As noted earlier, there is a discussion of fare increases. There will be marketing outreach along with a new logo to maximize impact of new services. Other services remain steady including the Beach Trolley, which will begin to operate in late-March. Staff is continuing its evaluation of the ITS system. CalTIP liability insurance premiums may increase up to 10% due to the severity of collision increasing while the frequency has gone down. The health insurance line-item is relatively stable with a 3-5% increase, but it will have a low impact. Workers compensation losses have increased; staff will be looking at market options and coverage options. Fuel consumption and price will be budgeted

conservatively at \$3.75 per gallon, including the required additive used for reduced emissions that is more costly; may revise as we know more in April. Facility rental costs are estimated at no increase. No significant capital items are identified at this time, and SCT may have to carryover longer term items such as facility repairs. Support services provided by RTA are detailed in the budget process by number of staff hours. This also includes any special projects, like the community survey for FY16-17. As always, staff will continue to look for efficiencies with other providers and look for new revenue resources. Ms. Arnold went over the dates for the budget calendar.

**Ms. Arnold** concluded her report.

**Chairperson Guthrie** opened Board and public comment.

**Mr. Straw** mentioned a new six year Federal transportation bill that will provide more FTA Section 5307 funds but not a huge increase. **Director Higginbotham** asked when the riders are notified of the service and fare increase proposals. **Mr. Straw** said as soon as the Board adopts it.

**Mr. Leonardo Pucci** read a letter from Santa Barbara COG. **Chairperson Guthrie** notes that statements from the letter were made possible due to the fact that Santa Barbara has a local sales tax measure.

**Chairperson Guthrie** closed Board and public comment.

**Director Higginbotham** moved to approve Agenda item B-1. **Director Nicolls** seconded and the motion carried on a voice vote with **Director Compton** absent.

**B-2 Adopt a new SCT Logo:** **Mr. Straw** presented the options for a new SCT logo. The staff secured an FTA Section 5339 Capital Program grant in 2014 to replace the badly faded bus stops signs used throughout the SCT service area. The new series of logos feature a Western Snowy Plover and also features the term "SoCo Transit". Staff recommends that the Board select one of the attached snowy plover-themed logos for SCT and direct staff to finalize the design.

**Mr. Straw** concluded his report.

**Chairperson Guthrie** opened Board comment.

**Director Higginbotham** asked about the idea of SoCo. The logo consultant **Mr. Pierre Rademaker** tried to get the name small and short to better fit the sign shape. **Director Higginbotham** asked if there were other symbols that were being reviewed. **Mr. Rademaker** said that the roosters would have been too specific; it should represent the area instead of one City. **Director Nicolls** commented that she is not sure SoCo or the bird will get people on the bus. **Director Higginbotham** commented that she liked the wave. **Chairperson Guthrie** stated that he was surprised about the snowy plover but is fine with it. He does not want to start over. Further discussion ensued over the logo.

**Chairperson Guthrie** opened public comment.

**Ms. Coleen Kubel**, SCT Supervisor, suggested that there be no plover; just have it SC Transit with the wave.

**Mr. Adam Ayers** says having a contest where riders submit ideas for a chance to win a bus pass would be good.

**Mr. Will James**, SCT Bus Operator, suggested that should it be called 5CAT because it is in the Five Cities area, or just call it The Bus. He says that passengers do not like the bird and are confused by it.

**Chairperson Guthrie** closed Board and public comment. No action was taken.

**B-3 SCT Service Revisions & Schedule Public Hearing:** **Mr. Geoff Straw** stated that with the implementation of the ITS in September, staff now has access to passenger activity data, as well as actual travel times between each published time-point. With the new information, staff is recommending that changes to the SCT service plan be considered in a public hearing setting at the Board's April 20, 2016 meeting. He reviewed Appendix A, noting that it is better for the bus to be a little bit late rather than the bus sitting and waiting. The slight schedule changes would be effective on February 14, 2016 and would require a schedule reprint. The time changes are highly data driven. He discussed the stop rankings for current Route 23 shown in Appendix B. Nine bus stops would be eliminated, and page B-3-3 notes the service differences. Route 27 would run Monday-Sunday going clockwise, and Route 28 would run Monday-Friday going counterclockwise; both routes would be replacing Route 23. The new bidirectional route pair would require 15 new bus stops. All of these changes would make service a lot more predictable for passengers.

**Chairperson Guthrie** opened Board and public comment.

**Director Higginbotham** had questions about Appendix C and asked if there changes to Route 21 and Route 24. She also asked if there was enough room at Ramona Garden for four buses. **Mr. Straw** responded that there is enough room for the buses and that there is no significant stop changes recommended for Route 21 or 24.

**Chairperson Guthrie** mentioned the left turn from El Camino onto Grand and an issue with dropping off passengers at Traffic Way. **Mr. Straw** responded that there would be no bus stops there, and we would need to evaluate the demand for it. **Mr. Moores** said he will review the left turn from El Camino onto Grand.

**Mr. Adam Ayers** thanked **Mr. Straw** for the consideration of changes to El Camino service, there is emerging housing there. He said he understands that it will be one way.

**Director Higginbotham** thanked the staff for their work and likes the data and the ridership stats. **Chairperson Guthrie** likes the data as well but is concerned about some of the bus stop timing. He also mentioned the goal of increasing pass usage and how the new service would allow for more combined trips. **Director Higginbotham** stated it would benefit the riders.

**Chairperson Guthrie** closed Board and public comment.

**Director Nicolls** moved to approve Agenda Item B-3. **Director Higginbotham** seconded and the motion carried on a roll call vote with **Director Compton** absent.

**C. CONSENT AGENDA:**

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

- C-1 SCT Minutes of October 16, 2015 (Approve)
- C-2 Revised Resolution Authorizing Administrator to Submit Application for State Prop 1B Safety and Funds
- C-3 Revised Resolution Authorizing Administrator to Submit Application for LCTOP Funds

**Director Higginbotham** moved to approve Consent Agenda. **Director Nicolls** seconded and the motion carried on a voice vote with **Director Compton** absent.

**D. DIRECTORS' COMMENTS:** **Mr. Straw** thanked **Mr. Bob Perrault** for his service and noted that his last day will be February 16, 2016. **Director Higginbotham** likes all the information that was presented today and feels like we are off to a good start. **Chairperson Guthrie** and **Director Nicolls** agreed with her statement.

**E. EXECUTIVE COMMITTEE MEMBERS' COMMENTS:** None

**ADJOURNMENT:** The meeting was adjourned at 3:58 p.m.

Respectfully submitted, Shelby Walker, Administrative Assistant

**SOUTH COUNTY AREA TRANSIT**  
**May 5, 2016**  
**STAFF REPORT**

**AGENDA ITEM:** C-2

**TOPIC:** **2016 Summer Youth Ride Free Program**

**PRESENTED BY:** **Geoff Straw, SCT Administrator**

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

**BACKGROUND/DISCUSSION:**

Direction is needed from the Board on whether or not to continue SCT's participation in the countywide Summer Youth Ride Free (YRF) program for another year. Regional Rideshare, the agency that promotes this program, has asked that SCT honor the YRF program from June 15, 2016 through August 16, 2016.

As noted in previous Board meetings, the YRF program has been scaled back over time to address overcrowding issues during the summer months. Specifically, beginning in Summer 2014 the overall span was reduced from a beginning-of-June through the end-of-August period to a more moderate middle-of-June through middle-of-August period in order to avoid an overlap with the local school system academic year. In addition, the group size was limited so that a bus would not be overloaded and drive away fare-paying passengers; if the group was greater than the agency-identified fare-free maximum (ten at SCT), the remaining group members were required to pay. Staff 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.

Historical ridership information for SCT is as follows:

<b>Summer Youth Ride Free</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Total</b>	<b>19,657</b>	<b>20,051</b>	<b>10,285</b>	<b>11,060</b>
<i>Percent Annual Boardings</i>	9.2%	8.5%	4.3%	4.9%

Historical ridership information for all fixed route providers in the county is as follows:

Provider	2012	2013	2014	2015
SLO Transit	14,021	14,898	13,590	14,991
RTA	30,820	39,058	25,835	28,262
Paso Express	N/A	10,517	6,725	2,795
SCT	19,657	20,051	10,285	11,060
Morro Bay Transit	819	1,147	842	916

It is difficult to track the longer-term impact at SCT of participating in the YRF program, since it is not possible to determine the number of students boarding SCT 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. Increased youth ridership.
3. Gets youth to try using transit and it instills an ethic of using transit in the future.
4. Increases access for kids to travel independently (and reduce parent taxiing).

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, SCT experienced 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 was greatly reduced last summer due to focused training for YMCA staff, and we expect the same cooperation from youth groups this summer.

SCT 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 could continue to pre-purchase 20-Ride passes to use on SCT. Prior to any potential fare increases that may be considered at the May 5<sup>th</sup> SCT Board meeting, these 20-ride passes cost \$20 for 20 rides (\$1.00 per ride, a \$0.25 discount over the cash fare of \$1.25).

Attached is a summary of the policies and procedures that the various transit agencies in the County share with our group riding partners. As shown, there are differing service periods, size limits and fare media available to the group riding partners.

### **Staff Recommendation**

SCT should continue to participate in this popular program with proven ridership results and educational benefits for a fourth summer, providing a similar reduced travel period that was provided last summer, and a group policy requiring payment for more than ten youth traveling together.

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

1. Ridership is already tracked using a specific farebox key. Staff will work to differentiate between group rider counts and individual youth riders. Staff is working with the farebox manufacturer to more easily manage multiple-rides for groups larger than ten.
2. Free press generated by the program.
3. Customer feedback from youth and families taking advantage of the program (face-to-face interviews, Facebook and social media programs, texts, etc.).

# YOUTH RIDE FREE 2016

## Summer Camp Group Policy



### OVERVIEW

The goal of annual Youth Ride Free program is to give youth 18 years old and under a positive exposure to transit services. The Group Policy creates communication between operators and youth programs to allow buses to successfully accommodate all riders' needs. The Group Policy provides solutions to:

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

The Group Policy addresses these issues by specifying group sizes and educating participants in behavior etiquette.

### GROUP SIZE

A "group" is defined as **ten or more** passengers traveling together from one origin to one destination. Please note that attempts to get around group sizes by boarding at 2 different stops will not be accepted. RTA routes (RTA & Paso Express) will accept up to **15 free passengers** (including 2 chaperones). SLO Transit, Morro Bay Transit, and South County Transit (SCT) will accept up to **10 free passengers** (including 2 chaperones). If numbers exceed size limits please inform the transit provider using the below contact information.

PROVIDER:	SCT	RTA/Paso	SLO	MB
Dates	June 15 <sup>th</sup> – August 16 <sup>th</sup>		June 1 <sup>st</sup> - August 31 <sup>st</sup>	
Size Limit	No more than 25	Numbers larger than 20 are discouraged due to capacity restraints.		10
Free group (first riders free)	10	15	10	10
Fare	\$15 per 20-ride cards		\$20 for 16-ride card	N/A
Chaperones	Pay when more than 2.			

### ADVANCE NOTICE

To ease communication and manage passenger loads, we ask that groups give advance notice in these possible ways:

- Summer Camps provide transportation plans to transit agencies by **4/22/16** in writing using the Group Trip Form. Plans must include origin, destination, travel times, transit operator(s) to be used and estimate of number of individuals traveling in the group. Group leaders should also notify the transit agency if they plan to make changes to their calendar after such date by submitting a revised Group Trip Form.
- Call the operator you would like to use **1 hour** prior to boarding the bus.

### CONTACT INFORMATION FOR ALL OPERATORS:

- **RTA/Paso Express:** 541-2228
- **South County Transit:** 481-7801 or 458-5716
- **SLO Transit:** 541-2877
- **Morro Bay Transit:** 772-2744 between 8-10 AM

### TRAINING

Rideshare and all transit providers ask groups planning to use the Youth Ride Free program to attend two (2) travel/trip planning trainings – one for their staff and another for youth participants to ensure successful participation in the program. Training will cover key actions: *Bus etiquette* such as letting seniors/persons with disabilities have a space off the passageway and at the front of the bus, how to signal a bus when waiting at a stop, how/when to notify the driver of the plan to get off the bus, how to use fare media, boarding and exiting and how/when to ask the driver destination questions, etc.

Contact the Rideshare Program Coordinator, with questions and travel plans at 781-1385 or [info@rideshare.org](mailto:info@rideshare.org).

**SOUTH COUNTY TRANSIT**  
**May 5, 2016**  
**STAFF REPORT**

**AGENDA ITEM:** C-3

**TOPIC:** Transfer Agreement with LOSSAN

**PRESENTED BY:** Geoff Straw, SCT Administrator

**STAFF RECOMMENDATION:** Execute Agreement between SCT and LOSSAN

**BACKGROUND/DISCUSSION:**

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, a joint powers authority also referred to as “LOSSAN” administers the Amtrak-operated Surfliner intercity rail service between San Diego and San Luis Obispo counties. LOSSAN obtained a grant to reimburse transit agencies for fare-free passenger transfers to and from fixed route buses operated along the rail corridor. This arrangement essentially provides “first-mile” and “last-mile” options for train riders, which reduces automobile traffic on area roadways and frees up car parking spaces at the three train stations in the county (Paso Robles, San Luis Obispo and Grover Beach).

The attached agreement presents details on how the transfers would work and how SCT would be reimbursed for each boarding. The established reimbursement rate of \$0.70 per boarding was calculated by dividing the number of FY14-15 passenger boardings by the actual fare revenues collected. Invoices will be processed quarterly, and the program will be effective from June 1, 2016 through June 30, 2017 or until the \$5,000 cap is met.

**Staff Recommendation**

Authorize the Administrator and Counsel to execute the attached agreement with LOSSAN.

1                   **COOPERATIVE AGREEMENT NO. L-6-0007**

2                   **BETWEEN**

3                   **LOS ANGELES – SAN DIEGO – SAN LUIS OBISPO RAIL CORRIDOR AGENCY**

4                   **AND**

5                   **SOUTH COUNTY TRANSIT**

6                   **FOR**

7                   **FACILITATING TRANSFERS BETWEEN PACIFIC SURFLINER INTERCITY RAIL SERVICE AND**

8                   **LOCAL TRANSIT SERVICES**

9                   **THIS COOPERATIVE AGREEMENT (Agreement)**, is effective as of this first day of June, 2016,  
10 by and between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, 600 S. Main St.,  
11 Orange, California, 92863, a joint powers authority (hereinafter referred to as "LOSSAN AGENCY"), the  
12 South County Transit, 179 Cross Street, San Luis Obispo, California, 93401, a joint powers authority  
13 created pursuant to California Government Code section 6500 et seq (hereinafter referred to as "SCT"),  
14 each individually known as "Party" and collectively known as "Parties".

15                   **RECITALS:**

16                   **WHEREAS**, LOSSAN AGENCY is a joint powers authority charged with local management and  
17 oversight of the state-funded, Amtrak-operated Pacific Surfliner intercity rail service between  
18 San Diego, Orange, Los Angeles, Ventura, Santa Barbara and San Luis Obispo counties per the terms  
19 of an interagency transfer agreement with the State of California effective July 1, 2015; and

20                   **WHEREAS**, LOSSAN AGENCY and SCT, both provide public transportation services operating  
21 to, within, or through the six-county, 351-mile Los Angeles – San Diego – San Luis Obispo rail corridor  
22 (hereinafter referred to as "LOSSAN rail corridor"; and

23                   **WHEREAS**, Amtrak currently operates 23 daily state-funded Pacific Surfliner intercity trains on  
24 portions of the LOSSAN rail corridor per an operating contract with LOSSAN AGENCY serving 31  
25 stations; and

1       **WHEREAS**, in the absence of this Cooperative Agreement, passengers purchasing an Amtrak  
2 Pacific Surfliner train ticket and desiring to transfer to SCT's, service must pay a separate fare on SCT's,  
3 service; and

4       **WHEREAS**, LOSSAN AGENCY applied for and was awarded a Transit and Intercity Rail Capital  
5 Program grant in the amount of One Million Six Hundred Seventy Five Thousand Dollars (\$1,675,000) to  
6 support a Pacific Surfliner Transit Transfer Program (hereinafter referred to as "PROGRAM") for a one-  
7 year demonstration period; and

8       **WHEREAS**, the Parties desire to enter into this Agreement to facilitate transfers between the  
9 Parties' services and thereby provide greater convenience and mobility for public transportation users in  
10 the region; and

11       **WHEREAS**, LOSSAN AGENCY and SCT both desire to provide a fully coordinated public transit  
12 service for the benefit of the public, in compliance with Public Utilities Code Section 130262; and

13       **WHEREAS**, this Agreement defines the specific terms, conditions, and roles and responsibilities  
14 between LOSSAN AGENCY and SCT only as they relate to the PROGRAM and no other purpose;

15       **NOW, THEREFORE**, in consideration of their mutual obligations set forth herein, the parties  
16 agree as follows:

17       **ARTICLE 1. COMPLETE AGREEMENT**

18       A.       This Agreement, including any attachments incorporated herein and made applicable by  
19 reference, constitutes the complete and exclusive statement of the term(s) and conditions(s) of this  
20 Agreement between LOSSAN AGENCY and SCT and it supersedes all prior representations,  
21 understandings, and communications. The invalidity in whole or in part of any term or condition of this  
22 Agreement shall not affect the validity of other term(s) or conditions(s) of this Agreement. The above  
23 referenced Recitals are true and correct and are incorporated by reference herein.

24       B.       LOSSAN AGENCY's failure to insist on any instance(s) of SCT's performance of any  
25 term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of LOSSAN  
26 AGENCY's right to such performance or to future performance of such term(s) or condition(s), and SCT's  
obligation in respect thereto shall continue in full force and effect. Changes to any portion of this

1 Agreement shall not be binding upon LOSSAN AGENCY except when specifically confirmed in writing  
2 by an authorized representative of LOSSAN AGENCY by way of a written amendment to this Agreement  
3 and issued in accordance with the provisions of this Agreement.

4 C. SCT's failure to insist on any instance(s) of LOSSAN AGENCY's performance of any  
5 term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of SCT's  
6 right to such performance or to future performance of such term(s) or condition(s), and LOSSAN  
7 AGENCY's obligation in respect thereto shall continue in full force and effect. Changes to any portion of  
8 this Agreement shall not be binding upon SCT except when specifically confirmed in writing by an  
9 authorized representative of SCT by way of a written amendment to this Agreement and issued in  
10 accordance with the provisions of this Agreement.

11 **ARTICLE 2. SCOPE OF AGREEMENT**

12 This Agreement specifies the roles and responsibilities of the Parties as they pertain to the  
13 PROGRAM. Both LOSSAN AGENCY and SCT agree that each will cooperate and coordinate with the  
14 other in all activities covered by this Agreement and any other supplemental agreements that may be  
15 required to facilitate purposes thereof.

16 **ARTICLE 3. RESPONSIBILITIES OF LOSSAN AGENCY**

17 LOSSAN AGENCY agrees to the following responsibilities for PROGRAM:

18 1. LOSSAN AGENCY shall pay complete and accurate invoices submitted by SCT on a  
19 quarterly basis within 30 days of receipt of the invoice.

20 **ARTICLE 4. RESPONSIBILITIES OF SCT**

21 SCT agrees to the following responsibilities for PROGRAM:

22 1. Commencing as of the date of this Agreement, SCT shall honor valid Amtrak Pacific  
23 Surfliner fare media for a single one-way boarding on its connecting transit services originating from, or  
24 destined to, a Pacific Surfliner station on the routes identified in Exhibit A, under the following conditions:

25 a. One-way and round-trip Amtrak Pacific Surfliner paper and electronic tickets valid for  
26 the same calendar date of travel will be honored as valid fare media for one-way  
boardings on SCT service to or from a Pacific Surfliner station.

- 1                   b. Valid ten-trip and monthly Amtrak Pacific Surfliner tickets will be honored as valid fare  
2                   media for one-way boardings on SCT service to or from a Pacific Surfliner stations.
  - 3                   c. SCT shall be reimbursed as provided herein based on the average fare for a one-way  
4                   trip on its transit service, as indicated in Exhibit A.
  - 5                   d. For purposes of counting transferring passengers, the number of passengers  
6                   transferring to SCT service from a Pacific Surfliner train, or to a Pacific Surfliner train  
7                   from SCT service shall be defined as the number of transferring passengers from  
8                   whom no fares were collected by SCT service due to presentation of a valid Amtrak  
9                   Pacific Surfliner paper or electronic ticket.
  - 10                  2. SCT shall track the number of passengers transferring to SCT services using a valid Pacific  
11                  Surfliner ticket utilizing ridership counts conducted by SCT operators via Electronic Farebox.
  - 12                  3. SCT shall submit quarterly invoices to LOSSAN AGENCY for reimbursement for all  
13                  recorded transfers using a Pacific Surfliner ticket. Each invoice shall include the following information:
    - 14                   a. Agreement Number L-6-007;
    - 15                   b. The time period covered by the invoice;
    - 16                   c. The number of transfers recorded and the reimbursement rate specified in Exhibit A;
    - 17                   d. Itemized expenses including support documentation incurred during the billing period;
    - 18                   e. Invoice Certification signed by an authorized representative of SCT;
- 19                  Certification statement shall be as follows:
- 20                  “I hereby certify that invoice(s) dated \_\_\_\_\_ for the period covering \_\_\_\_\_  
21                  to \_\_\_\_\_ are true, complete and correct statements of reimbursable costs and  
22                  progress. The backup information included with the invoices is true, complete  
23                  and correct in all material aspects. All payments due and owing to  
24                  subcontractors and suppliers have been made, if applicable. Timely payments  
25                  will be made to subcontractors and suppliers from proceeds of the payment  
26                  covered by the certification, if applicable. The invoices do not include any  
                     amounts which (Insert Name of the firm) intends to withhold or retain from a

subcontractor or supplier unless so identified on the invoices, if applicable."

f. Invoices shall be submitted to:

## Accounts Payable

LOSSAN Rail Corridor Agency

600 S. Main St.

Orange, CA 92863.

g. Such other information as requested by LOSSAN.

## **ARTICLE 5. MUTUAL RESPONSIBILITIES**

1. Disagreements concerning the number of passengers transferring between Pacific Surfliner and SCT services shall be resolved by making a good faith effort to create a joint survey team, to include representatives of both LOSSAN AGENCY and SCT, whose task would be to conduct a passenger survey to verify transfer rates.

2. Each party shall cooperate in the dissemination of information to the public regarding the PROGRAM and the services offered by the other party, including, but not limited to, printed collateral materials at stations and onboard transit and rail vehicles, social media posts, digital marketing, and on-board announcements.

3. Each party shall notify the other within thirty (30) days in advance of adopting any fare changes that might affect reimbursement rates or any aspect of transfer privileges.

## **ARTICLE 6. DELEGATED AUTHORITY**

The actions required to be taken by SCT in the implementation of this Agreement are delegated to its Executive Director, or designee, and the actions required to be taken by LOSSAN AGENCY in the implementation of this Agreement are delegated to LOSSAN AGENCY's Managing Director or designee.

## **ARTICLE 7. MAXIMUM OBLIGATION**

Notwithstanding any provisions of this Agreement to the contrary, LOSSAN AGENCY and SCT mutually agree that LOSSAN AGENCY's maximum cumulative payment obligation hereunder shall be five thousand dollars (\$5,000), unless agreed to and amended by both Parties.

## **ARTICLE 8. AUDIT AND INSPECTION**

1           SCT shall maintain a complete set of records in accordance with generally accepted accounting  
2 principles. Upon reasonable notice, SCT shall permit the authorized representatives of the LOSSAN  
3 AGENCY to inspect and audit all work, materials, books, accounts, and other data and records of SCT  
4 related to PROGRAM for a period of four (4) years after final payment, or until any on-going audit is  
5 completed. For purposes of audit, the date of completion of this Agreement shall be the date of LOSSAN  
6 AGENCY's payment of LOSSAN AGENCY final billing (so noted on the invoice) under this Agreement.  
7 LOSSAN AGENCY shall have the right to reproduce any such books, records, and accounts. The above  
8 provision with respect to audits shall extend to and/or be included in contracts with SCT's contractor.

9           **ARTICLE 9. INDEMNIFICATION**

10          A. To the fullest extent permitted by law, LOSSAN AGENCY shall defend (at LOSSAN  
11 AGENCY's sole cost and expense with legal counsel reasonably acceptable to SCT), indemnify, protect,  
12 and hold harmless SCT, its officers, directors, employees, and agents (collectively the "Indemnified  
13 Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs,  
14 judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses  
15 including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising  
16 from injuries to or death of persons (LOSSAN AGENCY's employees included), for damage to property,  
17 including property owned by SCT, or from any violation of any federal, state, or local law or ordinance,  
18 alleged to be caused by the negligent acts, omissions or willful misconduct of LOSSAN AGENCY, its  
19 officers, directors, employees or agents in connection with or arising out of the performance of this  
20 Agreement.

21          B. To the fullest extent permitted by law, SCT shall defend (at SCT's sole cost and expense  
22 with legal counsel reasonably acceptable to LOSSAN AGENCY), indemnify, protect, and hold harmless  
23 LOSSAN AGENCY, its officers, directors, employees, and agents (collectively the "Indemnified Parties"),  
24 from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments,  
25 arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal  
26 costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to  
or death of persons (SCT's employees included), for damage to property, including property owned by

1 LOSSAN AGENCY, or from any violation of any federal, state, or local law or ordinance, alleged to be  
2 caused by the negligent acts, omissions or willful misconduct of SCT, its officers, directors, employees or  
3 agents in connection with or arising out of the performance of this Agreement.

4 C. The indemnification and defense obligations of this Agreement shall survive its expiration  
5 or termination.

6 **ARTICLE 10. ADDITIONAL PROVISIONS**

7 A. Term of Agreement: This Agreement shall be effective on June 1, 2016, and shall be in  
8 full force and effect through June 30, 2017, or until grant funds are exhausted.

9 B. Termination: In the event either Party defaults in the performance of their obligations under  
10 this Agreement or breaches any of the provisions of this Agreement, the non-defaulting Party shall have  
11 the option to terminate this Agreement upon thirty (30) days' prior written notice to the other Party.

12 C. Termination for Convenience: Either Party may terminate this Agreement for its  
13 convenience by providing thirty (30) days' prior written notice of its intent to terminate for convenience to  
14 the other Party.

15 D. LOSSAN AGENCY and SCT shall comply with all applicable federal, state, and local laws,  
16 statutes, ordinances and regulations of any governmental authority having  
17 jurisdiction over the PROJECT.

18 E. Legal Authority: LOSSAN AGENCY and SCT hereto consent that they are authorized to  
19 execute this Agreement on behalf of said Parties and that, by so executing this Agreement, the Parties  
20 hereto are formally bound to the provisions of this Agreement.

21 F. Severability: If any term, provision, covenant or condition of this Agreement is held to be  
22 invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the  
23 remainder of this Agreement shall not be affected thereby, and each term, provision, covenant or  
24 condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

25 G. Counterparts of Agreement: This Agreement may be executed and delivered in any  
26 number of counterparts, each of which, when executed and delivered shall be deemed an original and  
all of which together shall constitute the same agreement. Facsimile signatures will be permitted.

1           H. Force Majeure: Either Party shall be excused from performing its obligations under this  
2 Agreement during the time and to the extent that it is prevented from performing by an unforeseeable  
3 cause beyond its control, including but not limited to; any incidence of fire, flood; acts of God;  
4 commandeering of material, products, plants or facilities by the federal, state or local government;  
5 national fuel shortage; or a material act or omission by the other Party; when satisfactory evidence of  
6 such cause is presented to the other Party, and provided further that such nonperformance is  
7 unforeseeable, beyond the control and is not due to the fault or negligence of the Party not performing.

8           I. Assignment: Neither this Agreement, nor any of the Parties' rights, obligations, duties, or  
9 authority hereunder may be assigned in whole or in part by either Party without the prior written consent  
10 of the other Party in its sole and absolute discretion. Any such attempt of assignment shall be deemed  
11 void and of no force and effect. Consent to one assignment shall not be deemed consent to any  
12 subsequent assignment, nor the waiver of any right to  
13 consent to such subsequent assignment.

14           J. Governing Law: The laws of the State of California and applicable local and federal laws,  
15 regulations and guidelines shall govern this Agreement. Venue for any action arising out of this  
16 Agreement shall be Orange County, California.

17           K. Litigation fees: Should litigation arise out of this Agreement for the performance thereof,  
18 the court shall award costs and expenses, including attorney's fees, to the prevailing party.

19           L. Notices: Any notices, requests, or demands made between the Parties pursuant to this  
20 Agreement are to be directed as follows:

To SCT	To LOSSAN RAIL CORRIDOR AGENCY
South County Transit	LOSSAN Rail Corridor Agency
179 Cross Street, Suite A	600 South Main Street
San Luis Obispo, CA 93401	P.O. Box 14184
	Orange, CA 92863-1584
Attention: Tania Arnold	Attention: Meena Katakia

1	CFO/Director of Administration	Manager, CAMM
2		Cc: Jason Jewell
3		Finance Manager
4	Phone: (805) 781-4397	Phone: (714) 560 - 5694
5	E-mail: tarnold@slorta.org	E-mail: mkatakia@octa.net

6 This Agreement shall be made effective upon execution by both Parties.

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1           **IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement No. L-6-007 to be  
2 executed on the date first written above.

3           **SCT**

**LOSSAN RAIL CORRIDOR AGENCY**

5           By: \_\_\_\_\_

6           Geoff Straw  
Administrator

5           By: \_\_\_\_\_

Jennifer Bergener  
Managing Director

8           **APPROVED AS TO FORM**

**APPROVED AS TO FORM:**

10          By: \_\_\_\_\_

11          Timothy McNulty  
SCT Counsel

10          By: \_\_\_\_\_

James M. Donich  
General Counsel

13          Dated : \_\_\_\_\_

13          Dated : \_\_\_\_\_

16          Exhibit A:

17          Scope of Services

## **EXHIBIT A**

### **Scope of Services**

#### **SERVICES HONORING AMTRAK PACIFIC SURFLINER TICKETS AS OF JUNE 1, 2016**

As per Cooperative Agreement between LOSSAN Rail Corridor Agency (LOSSAN AGENCY), and the South County Transit ("SCT"), SCT shall be reimbursed at the rate stated in Table 1 below for each boarding using a valid Pacific Surfliner ticket.

SCT shall accept valid Amtrak Pacific Surfliner paper and electronic tickets for a single one-way boarding on fixed-route bus service; and will be reimbursed on routes/lines listed below that provide connecting service to and from Pacific Surfliner station(s).

<b>Station</b>	<b>Route Name/Number</b>	<b>Reimbursement Rate Per Boarding</b>
SCT fixed routes	21, 24, 27, 28	\$0.70

LOSSAN AGENCY \_\_\_\_\_

Jennifer Bergener  
Managing Director

\_\_\_\_\_ Date

SCT \_\_\_\_\_

Geoff Straw  
Administrator

\_\_\_\_\_ Date

**SOUTH COUNTY AREA TRANSIT  
MAY 5, 2016  
STAFF REPORT**

**AGENDA ITEM:** C-4

**TOPIC:** Contract for Fiscal and TDA Compliance Audits

**ACTION:** Adopt

**PRESENTED BY:** Tania Arnold, RTA CFO/Director of Admin.

**BACKGROUND**

A Request for Proposals (RFP) was issued in November 2015 by SLOCOG soliciting proposals to prepare Transportation Development Act (TDA) fiscal audits beginning with the year ending June 30, 2016. The TDA audits included SLOCOG, its associated Trust Funds, San Luis Obispo Regional Transit Authority (RTA), South County Transit (SCT), and Ride-On Transportation.

The Transportation Development Act (TDA) requires an annual fiscal/compliance audit of each TDA recipient and each TDA trust fund being administered by the Regional Transportation Planning Agency (RTPA). SLOCOG pays for audits of agencies whose TDA funding is allocated off-the-top or contributed by all member jurisdictions (SLOCOG, RTA, and Ride-On). All other TDA recipients contract independently with auditors of their choice who are sometimes able to do TDA compliance testing combined with other audit tasks at a reduced cost.

The previous audit contract was with Moss Levy and Hartzheim, LLP for four years, 2008/09 – 2011/12. A three-year contract extension was approved and covered the years 2012/13 – 2014/15. While SLOCOG does not have a policy prohibiting awarding the contract to the same firm, it is considered good practice to distribute a RFP, and change firms periodically.

On November 4, 2015, SLOCOG staff prepared and distributed a Request for Proposals (RFP) for its audit needs. The RFP was posted on SLOCOG and CalACT's websites and mailed to eleven firms. In December, SLOCOG published a supplemental Q&A after questions were received from four interested firms.

The deadline for proposals was January 6, 2016. It was extended by one week in order to receive more than one proposal. A total of two proposals were received. A copy of each proposal was distributed to the RFP review team, composed of staff from SLOCOG, RTA, and Ride-On Transportation. The reviewers rated the proposals according to the guidelines noted in the RFP. The proposal with the highest score – Moss, Levy & Hartzheim LLP - CPAs – has been recommended for SCT audits. The recommendation is based on:

- highest ratings
- lower cost
- DBE status
- excellent track record
-

Keeping in mind the need for continual reassessment of its financial records, SLOCOG commits to a change in firms following the expiration of this contract and the issuance of a new RFP.

**Staff Recommendation**

Approve four year contract with Moss, Levy & Hartzheim LLP – CPAs for South County Transit financial audits for \$3,000 annually and single audit (if needed) for \$2,400, with a COLA of no more than 3.5% per year.

**Contract Between**  
**The SOUTH COUNTY TRANSIT**  
**And Moss, Levy & Hartzheim, LLP- CPAs**  
**To Prepare**  
**SCT Transportation Fiscal Audits**

**THIS CONTRACT** is entered into by and between the South County Transit, (hereinafter referred to as "SCT") and Moss, Levy & Hartzheim, LLP - CPAs, an independent contractor (hereinafter referred to as "Contractor");

**WITNESSETH:**

**WHEREAS**, Section 99245 of the Public Utilities Code requires an annual fiscal and compliance audit of all claimants of Transportation Development Act monies; and

**WHEREAS**, Title 21, Chapter 3, Subchapter 2, Article 5.5, Section 6662 of the California Code of Regulations requires an annual fiscal and compliance audit of regional entities; and

**WHEREAS**, SLOCOG prepared and distributed a Request for Proposals (RFP) for SLOCOG, San Luis Obispo Regional Transit Authority (RTA), South County Transit (SCT), Ride-On Transportation audit needs; and

**WHEREAS**, Contractor was selected through a competitive "Request for Proposal" (RFP) process initiated by SLOCOG and is specially trained, experienced, expert and competent to perform such special services; and

**WHEREAS**, Contractor agrees to perform the specified audit services according to the scope of work (Attachment A)

**NOW, THEREFORE**, the parties do mutually agree as follows:

1. Retention of Services. SCT hereby engages Contractor and Contractor hereby agrees to perform for SCT the services hereinafter set forth for the compensation hereinafter set forth, all pursuant to the terms and conditions herein.

2. Scope of Services. Pursuant to this Contract, Contractor shall provide to SCT the audit services described in the Scope of Work, attached hereto as Attachment A and further described in Contractor's proposal for audits of SCT, subject to refinement only by mutual agreement of subject entities, Contractor, and the SCT Administrator.

3. Term of Contract: This Contract shall commence effective on the date of the last signatory, and shall terminate on December 31, 2019, unless said work is completed on a date prior thereto, or unless terminated earlier as provided herein. Contractor will furnish sufficient personnel to: complete all draft financial and compliance audits before December 1, 2016, 2017, 2018, and 2019. Extensions may be granted by the SCT Administrator or delegated staff.

4. Compensation. SCT shall pay to Contractor as compensation in full for all service performed by Contractor pursuant to this Contract, a sum equal to \$3,000 for the SCT fiscal audit and \$2,400 for the SCT single audit (if needed) per year plus an annual inflation adjustment for audits of the year ended June 30, 2016, 2017, 2018, and 2019. A breakdown of compensation and allowed increases is included in Attachment B. SCT hereby warrants that funds are available or will be recommended for adoption in future budget years from which payment may be made. Said compensation shall be paid in the following manner: SCT shall pay said compensation to Contractor on a monthly basis, after the receipt of an itemized bill thereof from Contractor and if requested, the progress report specified in item No. 17. Ten percent (10%) of each payment will be withheld by SCT pending satisfactory completion of all work contracted for hereunder (each year).

5. Termination of Contract for Convenience of Either Party. Either party may terminate this Contract at any time by giving to the other party ten (10) days written notice of such termination. Termination shall have no effect upon the rights and obligations of the parties arising out of the transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of such termination.

6. Termination of Contract for Cause. If, through any cause within its control, Contractor fails to fulfill in a timely and professional manner its obligations under this Contract, or if Contractor violates any of the terms or provisions of this Contract, SCT shall have the right to terminate this Contract effective immediately upon SCT giving written notice thereof to Contractor. Termination shall have no effect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of such termination.

7. Modification. This Contract, together with Attachments A, B and C, constitutes the entire understanding of the parties hereto and no changes, amendments, or alterations shall be effective unless in writing and signed by both parties.

8. Non-Assignment of Contract. Inasmuch as this Contract is intended to secure the specialized services of the Contractor, Contractor shall not assign, transfer, delegate, or sublet this Contract or any interest herein with the exception of that outlined in the Contractor's proposal without the prior written consent of the SCT Administrator, and any such assignment, transfer, delegation, or sublet without SCT's prior written consent shall be considered null and void.

9. Covenant. The validity, enforceability and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California.

10. Enforceability. The invalidity and unenforceability of any terms or provisions hereof shall in no way affect the validity or enforceability of any other terms or provisions.

11. Employment Status. Contractor shall, during the entire term of the Contract, be construed to be an independent Contractor, and shall in no event be construed to be an employee of SCT.

Contractor understands and agrees that he/she is not, and will not, be eligible for membership in, or any benefits from, any SCT group plan for hospital, surgical or medical insurance, or for membership in any SCT retirement program, or for paid vacation, paid sick leave, or other leave, with or without pay, or for any other benefit which accrues to a SCT employee.

12. Warranty of Contractor. Contractor warrants that they are properly certified and licensed under the laws and regulations of the State of California to provide the services herein agreed to.

13. Conflicts of Interest. No officer, employee, director or agent of SCT shall participate in any decision relating to this Contract which affects his/her personal interest or the interest of any corporation, partnership, or association in which he/she is directly or indirectly interested; nor shall any such person have any interest, direct or indirect, in this Contract or the provisions thereof.

14. Indemnification. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold harmless SCT, its officers, agents and employees, from any and all claims, demands, damages, costs, expenses, or liability arising out of this contract or occasioned by the performance or attempted performance of the provisions hereof except those arising from the sole negligence or willful misconduct of SCT, including, but not limited to, any act or omission to act on the part of the Contractor or his/her agents or employees or other independent contractors directly responsible.

15. Insurance. Prior to commencement of the work described herein, CONSULTANT shall furnish SCT a Certificate of Insurance stating that there is general comprehensive liability insurance presently in effect for CONSULTANT with a combined single limit (CSL) of not less than one million dollars (\$1,000,000) per occurrence.

A. Commercial General Liability Insurance: Contractor shall maintain in full force and effect, for the period covered by this Contract, liability insurance including, but not be limited to, protection against claims arising from bodily and personal injury, including death resulting there from, and damage to property, resulting from any act or occurrence arising out of Contractor's operations in the performance of this Contract, including, without limitation, acts involving vehicles. The amounts of insurance shall be not less than the following: single limit coverage in the total amount of \$1,000,000.00. The following endorsements must be attached to the policy:

1. If the insurance policy covers on an "accident" basis, it must be changed to "occurrence";
2. The policy must cover personal injury as well as bodily injury;
3. Broad form property damage liability must be afforded; and
4. SCT, and their officers and employees shall be named insured under the policy.

B. Workers' Compensation Insurance: In accordance with the provisions of Section 3700 of the Labor Code, Contractor is required to be insured against liability for workers' compensation or to undertake self-insurance. Contractor agrees to comply with such provisions before commencing the performance of the work of this Contract.

C. All Insurance: The following are required to be provided by Contractor:

- A. A certified copy of each insurance policy and a certificate of insurance shall be furnished to SCT within thirty (30) days after execution of this Contract. A certificate alone is not acceptable;
- B. Certificates and policies shall state that the policies shall not be canceled or reduced without a thirty (30) days prior written notice to SCT. A ten (10) day written notice to SCT shall apply to non-payment of premium. CONSULTANT shall provide thirty (30) days written notice to SCT prior to implementation of a reduction of limits or material change of insurance coverage as specified herein; and
- C. Approval of the insurance by SCT shall not relieve or decrease the extent to which the Contractor may be held responsible for payment of damages resulting from Contractor's services pursuant to this Contract.

If Contractor fails or refuses to procure or maintain the insurance required by this section, SCT shall have the right, to forthwith terminate this Contract.

16. Notices. Any notice required to be given pursuant to the terms and provisions hereof shall be in writing, and shall be sent by certified or registered mail to SCT at:

South County Transit  
179 Cross Street  
San Luis Obispo, CA 93401

and to the Contractor at:

Moss, Levy & Hartzheim LLP  
2400 Professional Parkway, Suite 205  
Santa Maria, CA 93455

17. Invoicing. Invoices shall be submitted by Contractor to SCT no more frequently than once per month. Contractor will furnish copies of the audit, auditor's letter, and the report on internal accounting control weaknesses for the claimant or agency audited, SCT, State Controller's Office and the County Auditor.

18. Copyright. Any reports, maps, documents or other materials produced in whole or part under this Contract shall be the property of SCT, and shall not be subject to any application for copyright by or on behalf of the Contractor.

19. Findings Confidential. No reports, maps, information, documents, or any other materials given to or prepared by Contractor under this Contract which SCT requests, in writing, to be kept confidential, shall be made available to any individual or organizations by Contractor without the prior written approval of SCT. However, Contractor shall be free to disclose such data as is publicly available, already in its possession, or independently developed.

20. Prompt Payment of Withheld Funds to Sub-contractor: The agency shall hold retainage from the prime contractor and shall make prompt and regular incremental acceptances of portions, as determined by the agency of the contract work and pay retainage to the prime contractor based on these acceptances. The prime contractor or subcontractor shall return all monies withheld in retention

from all subcontractors within 30 days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the contract work by the agency. Any delay or postponement of payment may take place only for good cause and with the agency's prior written approval. Any violation of these provisions shall subject the violating prime contractor to the penalties, sanctions and other remedies specified in Section 7108.5 of the California Business and Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies otherwise available to the contractor or subcontractor in the event of: a dispute involving late payment or nonpayment by the contractor; deficient subcontractor performance and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.

21. Taxpayer Identification Number and Certification. The US Internal Revenue Code requires businesses and government entities to report specified information to the Internal Revenue Service (IRS) regarding payments made to independent contractors. In order to meet these reporting requirements, Contractor shall provide SCT a completed IRS Form W-9.

22. Non Discrimination. The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as SCT deems appropriate.

**IN WITNESS WHEREOF**, SCT and Contractor have executed this Contract effective on the date of the last signatory.

Moss Levy & Hartzheim LLP  
2400 Professional Parkway, Suite 205  
Santa Maria, CA 93455

South County Transit

BY: \_\_\_\_\_  
TITLE: Director  
DATE: \_\_\_\_\_

BY: \_\_\_\_\_  
Jim Guthrie, Board Chairperson  
DATE: \_\_\_\_\_

South County Transit  
179 Cross Street  
San Luis Obispo, CA 93401

BY: \_\_\_\_\_  
Geoff Straw, SCT Administrator  
DATE: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL EFFECT:

BY: \_\_\_\_\_  
Timothy McNulty, SCT COUNSEL

**Attachment A**  
**DETAILED SCOPE OF WORK**

By December 31 following the end of each audit year, the selected audit firm will prepare and submit fiscal and compliance audits as described below<sup>1</sup>.

### **1. TDA Audits**

All of the audits must be conducted in accordance with generally accepted auditing standards and shall include a determination of compliance with the TDA and other administrative rules and regulations and generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (December 2011)<sup>2</sup>. The audit reports shall include the financial statements for the fiscal year that is the subject of the audit, and the corresponding amounts from the recipient agency's audited financial statements for the fiscal year prior to the year that is subject of the audit. The reports will include, but not be limited to:

**SLOCOG, RTA (separate audit reports, with SCT handled under separate contract)**

- Independent auditor's report
- General purpose financial statements
- A determination of compliance with the TDA
- A management letter
- Supplementary schedules as necessary to list or identify the transportation funding allocated, disbursed, and reserved as follows:
  - Federal Planning Fund (PL) Budget and Expenditures by Work Element (SLOCOG)
  - Schedule of Direct, Pass-through, and Indirect Costs (SLOCOG)
  - Schedule of Budget to Actual Expenses - Budgetary Basis (RTA)
  - Independent Auditor Statement attesting to the reliability and accuracy of data reported to National Transit Database (RTA)
  - Surface Transportation Program (STP) funds
  - State Highway Account (SHA) funds
  - Service Authority for Freeways and Expressways (SAFE) funds
  - Other supplementary schedules if needed

**TDA RECIPIENTS (UCP Ride-On Transportation)**

- Independent auditor's report
- Financial statements of the transit and street construction funds as applicable
- A determination of compliance with the TDA
- A management letter

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<sup>1</sup> Thirty days before the final audits are due, drafts will be submitted to SLOCOG for administrative review.

<sup>2</sup> In conformance with CCR Sections 6664, 6666, and 6667, audits will include a certification of compliance with the TDA in the form of a statement that the funds allocated to and received by the claimant pursuant to the TDA were, with any exceptions specifically noted, expended in conformance with the applicable instructions and resolutions of SLOCOG. Any exceptions or negative statements shall be accompanied by recommended steps/actions to rectify the exception or eliminate such weakness as well as the response to these statements by the affected jurisdictions.

- A supplementary schedule of all transportation funds received during the audit period including but not limited to:
  - Local Transportation Funds (LTF) and State Transit Assistance (STA)
  - Federal Transit Administration (FTA) funds<sup>3</sup>
  - Surface Transportation Program (STP) funds
  - State Highway Account (SHA) funds
  - Service Authority for Freeways and Expressways (SAFE) funds
- Following publication of the 2015-16 Triennial Audit of Ride-On Transportation, review of adherence to recommended reporting changes, with a focus on a more accurate, transparent breakdown of their TDA related functions, services, cost and revenue components. TDA (or CTSA only) and non TDA financials should not be merged.

#### TDA TRUST FUNDS<sup>4</sup>

- Independent auditor's report
- Balance sheets
- Statements of revenues, expenditures, and changes in fund balance
- Schedule of allocations, disbursements, and payables by purpose for audit year
- Schedule of allocations, disbursements, and payables by purpose for prior audit year

***Audits of all TDA recipients may be expanded to meet the audit requirements of other funding sources providing the requirements of PUC Section 99245 are met, including a certification of compliance with the TDA.***

## **2. Single Audits**

Federal financial assistance audits of SLOCOG, SLORTA, and SCT shall be prepared as specified in the Single Audit Act, using generally accepted government auditing standards as prescribed by the Controller General of the United States in Government Auditing Standards. Single audits shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U. S. General Accounting Office's *Government Auditing Standards* (December 2011), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments.

## **3. SLOCOG's State Highway Account (SHA) Trust Fund**

An audit of SHA funds received and disbursed by SLOCOG shall be conducted annually and shall be conducted in accordance with generally accepted auditing standards. The audit report shall include the financial statements for the fiscal year that is the subject of the audit, and the corresponding amounts from the audited financial statements for the fiscal year prior to the year that is subject of the audit (except for the first audit year). The financial statements shall be prepared in accordance with generally accepted accounting principles and in accordance with adopted SLOCOG policies. The report shall include:

- Independent auditor's report

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<sup>3</sup> FTA Sections 5303, 5304, 5307, 5309, 5310, 5311, 5316 and 5317

<sup>4</sup> Audits of the LTF and STA trust funds shall be conducted in accordance with CCR 6661 and 6751

- General purpose financial statements
- A management letter
- Supplementary schedules to list or identify the SHA trust fund activity including<sup>5</sup>:
  - Schedule of allocations by agency during the fiscal year
  - Schedule of allocations by project during the fiscal year
  - Schedule of total expenditures by project

#### **4. STA Eligibility Criteria**

Separate from other parts of the scope, prospective auditor should be knowledgeable of the re-introduction of the STA compliance test among transit recipients. Specifically, auditor should track and be aware of new operating cost exemptions included in recently adopted SB 508 Senate Bill (Beall) titled “Transportation funds: transit operators: pedestrian safety”. The bill specifies changes to the prior STA Eligibility Criteria and farebox recovery ratio compliance. The first formal application of the STA Consumer Price Index (CPI) testing is anticipated to begin mid-calendar 2017, using comparisons to FY 14/15 and FY 15/16 data.

Selected auditor will be required to validate eligibility calculations prepared by SLOCOG staff. Specifically, auditor would review annual costs, inflation factors and revenue operating hours (supplied by SLOCOG staff) and perform a reasonableness check of the assumptions and formulas used by SLOCOG staff. The determination of “compliance versus non-compliance” would remain the sole responsibility of SLOCOG and would not be an intrinsic part of the fiscal audit reports. The auditor should explain relevant experience in performing such support functions provided in an advisory role. The auditor will also perform all the calculations only tied to the audit year for the revised farebox recovery ratio compliance methodology, as applicable to transit operators.

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<sup>5</sup> Schedules subject to modification based on recommendations by selected audit firm. SLOCOG staff will assist in preparing schedules.

**Attachment B**  
**Schedule of Costs\*\***

	Agency with whom Audit Contract will be signed	Annual Report of Financial Transactions # copies	Fiscal Audit # hard copies	Proposed Cost for 15/16 Fiscal Audit*	TOTAL BY AGENCY or FUND
Agency/Fund					
SLORTA GPFS	SLOCOG	n/a	13	\$ 8,100	\$ 8,100
SLOCOG GPFS	SLOCOG	n/a	5	\$ 6,700	\$ 6,700
SCT GPFS	SCT		5	\$ 3,000	\$ 3,000
UCP Ride-on	SLOCOG	TBD	5	\$ 2,400	\$ 2,400
SLORTA Single Audit	SLOCOG	n/a	13	\$ 2,400	\$ 2,400
SLOCOG Single Audit	SLOCOG	n/a	5	\$ 3,600	\$ 3,600
SCT Single Audit	SCT		5	\$ 2,400	\$ 2,400
LTF Trust Fund	SLOCOG	n/a	5	\$ 2,400	\$ 2,400
STA Trust Fund	SLOCOG	n/a	5	\$ 2,400	\$ 2,400
SHA Trust Fund	SLOCOG	n/a	5	\$ 2,400	\$ 2,400
Service Authority for Freewars and Expressways (SAFE) Funds	SLOCOG	n/a	5	\$ 2,400	\$ 2,400
		TOTALS		\$ 38,200	\$ 38,200

The following table lists the hourly rates for each staff level should additional audit work outside the normal scope of the agreement be requested

Engagement Partner	\$	120
Fieldwork-managing Partner	\$	100
Fieldwork-supervising Partner	\$	90
Senior Associate	\$	65
Associate	\$	50

\*The above cost is for the 2015/16 fiscal year. The following years on the contract will increase by the amount of the cost of living adjustment, however the cost will not increase more than 3.5% in any year.

**\*\*Notes:**

- (1) The \$38,200 total includes the audit(s) of SCT for \$3,000 (GPFS) and \$2,400 (Single Audit). This contract excludes SCT pricing, which will be handled in a contract presented to the South County Board. Thus the total for this contract is:

\$38,200

(\$3,000)

(\$2,400)

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\$32,800 per year

(2) The cost of living adjustment, capped at 3.5% in any year, is to be based on the Southern California CPI for all urban consumers.

**Attachment C**  
**List of Deliverables and Target Dates from Audit Proposal**

We are pleased to respond to the San Luis Obispo Council of Government's Request for Proposal for independent auditing services. We have prepared our proposal to address each specification included in the Agency's Request for Proposal.

After 60 years in public accounting and more than 39 years of performing nonprofit and local governmental audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim LLP. The firm has evolved from a one-person operation to a regional public accounting firm with offices in Beverly Hills, Santa Maria, and Culver City with clients throughout the State of California, as well as thirty-one other states. We and the entire staff are pleased with not only the continuing development of the firm, but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements and that is why we strive to constantly improve the quality of our professional services. This degree of dedication coupled with our ability to inform our clients of any new accounting and auditing issues is paramount to our success.

We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our audits in a timely manner that is the most convenient for each client. Also, this style allows us to be more accessible to our clients when our clients have questions or concerns.

It is our understanding that we will be responsible for expressing an opinion on the San Luis Obispo Council of Government's financial statements in conformity with accounting principles generally accepted in the United States of America. It is also our understanding that we will be responsible for issuing the following:

1. Report on the fair presentation of the financial statements of the San Luis Obispo Council of Governments in accordance with auditing standards generally accepted in the United States of America.
2. Report on the fair presentation of the financial statements of the San Luis Obispo Regional Transit Authority (RTA), including footnotes associated with Paso Robles and San Luis Obispo County Transit, in accordance with auditing standards generally accepted in the United States of America.
3. Report on the fair presentation of the financial statements of the South County Transit in accordance with auditing standards generally accepted in the United States of America.
4. A report on compliance with the requirements of laws, regulations, contracts and grants applicable to major federal programs.
5. A report on internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs.
6. A report on the three trust funds: Local Transportation Fund, State Transit Assistance Fund,

and the State Highway Assistance Fund.

7. A report on the SLO Branch of United Cerebral Palsy's (UCP) transportation programs.
8. Supplemental schedules of all transportation funds received or disbursed during the period for: Local Transportation Funds, State Transit Assistance, Federal Transit Administration, Surface Transportation Program, State Highway Account and Service Authority for Freeways and Expressways funds.
9. A report on compliance with certain provisions of laws, regulations, contracts and grants.
10. A report on internal control over financial reporting.
11. A schedule of findings and questioned costs.
12. We will communicate in a letter to the Accountant any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the Agency's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. "Non-reportable conditions" discovered by us will also be communicated in the "Management Letter".
13. We will make immediate, written notification to the Board President, Executive Director, and Accountant of all irregularities and illegal acts or indications of illegal acts of which we become aware.

We will make all communications to the Agency as required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

1. The auditors' responsibility under auditing standards generally accepted in the United States of America.
2. Significant accounting policies.
3. Management judgment and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.
10. Errors, irregularities, and illegal acts.

All work papers and reports will be retained, at our expense, for a minimum of seven years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the Agency of the need to extend the retention period. The work papers are subject to review by state and county agencies and other individuals designated by the Agency. Accordingly, the work papers will be made available upon request.

In addition, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers. All adjusting journal entries made by us will

be discussed and explained to the designated personnel prior to recording.

If convenient for the Agency's staff, the approximate target dates for an audit would be as follows:

- (1) Preliminary audit entrance conference with staff -May 2
- (2) Detailed audit plan -May 2
- (3) Interim audit fieldwork - May 2-4
- (4) Year-end Audit fieldwork -August 22-24
- (5) Exit conference with staff -August 24
- (6) Draft of Audit Report and Management Letter-September 19
- (7) Issue Audit Report and final Management Letter -within three days of the Agency's final approval of these documents.

Minimal assistance of the Agency's staff is required during the course of the audit, however, we ask that the Agency provide the following: cooperation in answering questions, requested audit confirmations, bank reconciliations, trial balance at June 30, 2016, detailed general ledger for the fiscal year, and other original documentation supporting amounts and disclosures in the financial statements.

This proposal is a firm and irrevocable offer until April 6, 2016.

Thank you for your consideration and please do not hesitate to contact the authorized representative listed below with any questions, problems, or concerns.

Ronald A. Levy, CPA  
Partner  
2400 Professional Parkway, Ste. 205  
Santa Maria, CA 93455  
(805) 925-2579

Sincerely,

  
Ronald A. Levy, CPA

**SOUTH COUNTY TRANSIT**  
**MAY 5, 2016**  
**STAFF REPORT**

<b>AGENDA ITEM:</b>	<b>C-5</b>
<b>TOPIC:</b>	<b>Workers Compensation Provider Options</b>
<b>ACTION:</b>	<b>Approve</b>
<b>PRESENTED BY:</b>	<b>Geoff Straw, Administrator</b>
<b>STAFF RECOMMENDATION:</b>	<b>Authorize SCT Administrator to Change Workers Compensation Insurance Providers at a Cost Not to Exceed \$57,000</b>

**BACKGROUND/DISCUSSION:**

As noted in the FY16-17 budget staff report (Agenda Item B-4), staff was notified in November 2015 of an increase to the primary workers compensation insurance program, following a significant increase in FY15-16. Staff notified the SCT Executive Committee and Board during meetings earlier this year that options for coverage were being reviewed.

Since that time, staff has received revised estimates, which are slightly lower than the November projections. Additional information was provided by the underwriter, including the fact that rates are calculated based on losses over the last seven years, and then an experience modification factor for the last three years is applied. As such, SCT is rated on an actuarial basis, since we now have seven prior years of loss history. It should be noted that SCT uses a \$0 self-insured retention level, which means the insurance carrier covers the “first dollar” for each and every workers compensation loss (i.e., no deductible).

Staff is currently soliciting quotes and analyzing options for FY16-17 to determine if an increase in the self-insured retention level or if contracting with another carrier would be more cost effective. Although the final numbers are not available prior to consideration of the FY16-17 budget, staff included a “worst case scenario” cost estimate in the budget proposal.

**Staff Recommendation**

Authorize the SCT Administrator to change workers compensation carriers and/or self insured retention levels should the annual impact be the same as or less than the \$57,000 included in the FY16-17 budget proposal.