**SPECIAL BOARD AGENDA**

Wednesday, June 20, 2018

CITY OF ARROYO GRANDE, CITY COUNCIL CHAMBERS
215 E. Branch Street. Arroyo Grande, California
1:30 p.m. to 2:30 p.m.
*(Ending time is approximate)*

Chairperson: Tim Brown                      Vice Chair: John Shoals

Board Members:
Lynn Compton (Fourth District – SLO County)  John Shoals (Grover Beach)
Tim Brown (Arroyo Grande)                      Sheila Blake (Pismo Beach)

Individuals wishing accessibility accommodations at this meeting under the Americans with Disabilities Act may request such accommodations to aid hearing, visual, or mobility impairment (including Limited English Proficiency persons) by contacting the SCT offices at 781-4472. Please note that 48 hours advance notice will be necessary to honor a request.

**NOTE:** Arroyo Grande City Offices are served hourly by SoCo Transit 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 Updated Next Steps for Consolidation into the RTA (Receive)

**B. ACTION AGENDA**

B-1 State of California Low-Carbon Transit Grant Program (Approve)
C. **CONSENT AGENDA: (Roll Call Vote)** The following items are considered routine and non-controversial by staff and will be approved by one motion if no member of the South County Transit Board or public wishes an item be removed. If discussion is desired by anyone, the item will be removed from the consent agenda and will be considered separately. Questions of clarification may be made by South County Transit Board members, without the removal of the item from the Consent Agenda. Staff recommendations for each item are noted following the item.

C-1 SoCo Transit Minutes of April 25, 2018 (Approve)

D. **CLOSED SESSION**: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Govt. Code Sec. 54956.9, subdivision (a))
   Arbitration re: Employee Termination

E. **DIRECTORS’ COMMENTS**

F. **EXECUTIVE COMMITTEE MEMBERS’ COMMENTS**

ADJOURNMENT

Next South County Transit Board meeting: **July 18, 2018**
AGENDA ITEM: A-1

TOPIC: Administrator’s Report

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Information

BACKGROUND/DISCUSSION:

Operations, Marketing & Service Planning:

SoCo Transit Bus Operator Will James was selected by his peers to be the Employee of the Quarter. Will is reliable, hardworking, and fully committed to the success of SoCo Transit. He goes above and beyond expectations for his position by conducting extra safety checks on the bus and performing closing duties at the yard for staff. Since his hiring on July 18, 2004, he has maintained a perfect safety record and we fully expect him to earn his 14th annual safety pin next month. He currently has the longest standing safety record of any employee at either RTA or SoCo Transit. I wish to thank Director Brown for attending the quarterly BBQ (held in conjunction with the grand opening of the new Bus Parking Yard in Paso Robles on April 27th) and presenting the award to Will.

Staff continues to make presentations at each RTA and SoCo Transit jurisdiction with the intent of soliciting comments on the revised/restated RTA Joint Powers Agreement for SoCo Transit / RTA consolidation. Once comments are incorporated in a final JPA document and the revised JPA is considered for adoption, staff will seek ratification from each jurisdiction – as well as termination of the existing SoCo Transit JPA from the South County jurisdictions. The planned consolidation will be effective January 1, 2019.

Supervisor Mark Diamond graciously gave a month notice that he would be leaving our company. Mark has long planned to move out of state to be closer to his grandchildren, and his last day was April 28th. We will miss him, and we wish him well.

We are currently recruiting for a new Bus Operator training class that would begin on July 9th. We are seeking to fill one part-time opening at SoCo Transit and six at the RTA.

We have published a quarterly newsletter, which we will distribute to Board members at the meeting.
Finance and Administration:

At its June 6th meeting, the SLOCOG Board of Directors formally agreed to reduce the farebox recovery ratio (FRR) requirement in the Arroyo Grande – Grover Beach Urbanized Area from 20% to 15% pending SoCo Transit’s planned consolidation into the RTA. In addition, the formula used to calculate the RTA’s blended urban/rural farebox was altered slightly; it now uses route miles instead of service hours. The FRR requirement was also lowered in the Paso Robles – Atascadero Urbanized Area to the State-allowed 15%. All of these changes have a five-year limit so that SLOCOG staff can evaluate the impacts and possibly recommend revisions after 2023.

Staff has been working with SLO Air Pollution Control District officials to investigate the possibility of replacing two diesel-powered 2003 Gillig buses with battery-electric buses. However, we discovered that – even with Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and VW Settlement funds – this new technology would require additional capital funding to both buy the buses and install a back-end recharging infrastructure. This is primarily because the air quality benefits are relatively low because the SoCo Transit buses operate relatively few miles annually. As such, staff will pursue other opportunities in the region.

The San Luis Obispo Council of Governments (SLOCOG) programmed $150,000 of the Low-Carbon Transportation Operations Program (LCTOP) funds towards the Grover Beach Train Station. SLOCOG has also secured support for a $250,000 allocation from the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency (LOSSAN). A decision on those LOSSAN funds is expected Monday June 18th. Additionally, SLOCOG programmed $250,000 in Congestion Mitigation Air Quality funds at its June 7th meeting to ensure the construction bid for this project can be considered for acceptance by the Grover Beach City Council on June 19th. RTA Board Agenda Item C-2 essentially programs all of the regional LCTOP funds to Routes 27/28 so the funds remain within the county, but will require a future amendment to the LCTOP grant showing $150,000 for the Train Station project.

Staff will present detailed year-to-date FY17-18 operating and financial results at the regularly-scheduled July 18th meeting. However, SoCo Transit’s core fixed-route ridership totaled 182,290 one-way passenger-trips through April 30th. When comparing the passenger boarding data year over year, fixed-route boardings are slightly down (1.7%, from 185,359). This relatively small decline is a welcome relief from recent quarters, where SoCo Transit experienced almost double digits declines.

**STAFF RECOMMENDATION:**
Accept this as an information item.
AGENDA ITEM: A-2

TOPIC: Update on Consolidation into the RTA

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Information

BACKGROUND/DISCUSSION:

Below is a brief update to the consolidation staff report provided at the Board’s April 25th meeting under Agenda Item A-2. All of the financial and other assumptions in that report remain current.

Update on Public Outreach Efforts on Consolidation

Staff presented updates on the planned consolidation to City Council for Arroyo Grande, Grover Beach and Pismo Beach in the months of April and May. Four questions were being posed during the presentation:

1. Should SoCo Transit still be considered as a separate entity?
2. Is the South County Transit Committee identified in the draft RTA JPA sufficient for local control?
3. How should the transition of branding to the RTA be accomplished?
4. Should fares remain “local” vs. “regional” for services in the Five Cities Area?

In short, the City representatives agree with the consolidation plan as long as control over SoCo Transit services remains with the three cities and the county’s District 4 representative. Fares should remain “local” and the transition should occur as assets “term-out” over time.

Next Steps Toward Consolidation

The RTA Board of Directors will consider the revised and restated RTA Joint Powers Agreement (JPA) at its July 11th meeting. If ratified, staff will subsequently ask all RTA jurisdictions to ratify the new agreement before filing the new JPA with the California Secretary of State. The new JPA would be effective on January 1, 2019. A budget amendment would need be considered by the RTA Board to incorporate SoCo Transit services into a new and consolidated RTA FY18-19 Budget.
Staff will also ask the SoCo Transit Board to consider abolishing the existing South County Area Transit JPA at its regularly-scheduled July 18th meeting effective December 31, 2018. If the abolishment is accepted, staff will then ask all SoCo Transit jurisdictions to ratify the abolishing the JPA. The new “South County Transit Committee” would need to convene in November 2018 to ratify the SoCo Transit portion of the partial-year budget amendment mentioned above.

**STAFF RECOMMENDATION:**
Accept this as an information item.
AGENDA ITEM:    B-1

TOPIC:       State of California Low-Carbon Transit Grant Program

ACTION:      Approve

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Update Resolution Authorizing the Administrator to Submit an Application for LCTOP Funds

BACKGROUND/DISCUSSION:

The Low-Carbon Transit Operations Program (LCTOP) is one of several programs funded by the State of California that has a goal of reducing greenhouse gas emissions and achievement of other environmental goals. These grant programs are funded by auction proceeds from the California Air Resource Board’s Cap-and-Trade Program, with proceeds deposited into the Greenhouse Gas Reduction Fund. The LCTOP received $101 million in FY17-18 statewide, and 5% will be continuously appropriated annually.

There is an estimated $366,982 in LCTOP funds available in San Luis Obispo County in FY17-18 and apportioned by the San Luis Obispo Council of Governments (SLOCOG). Eligible recipients of the LCTOP funds include South County Transit, RTA, SLO Transit, Paso Express, Atascadero Dial-A-Ride, Morro Bay Transit and SLOCAT. Eligible projects must support new or expanded bus services (up to five years) or expanded intermodal transit facilities, and may include equipment acquisition, fueling, and maintenance and other costs to operate those services or facilities.

STAFF RECOMMENDATION

Staff is requesting authorization to submit a LCTOP grant application for $366,982 for continuation of Routes 27 and 28 in FY18-19. Staff recommends approval of the attached resolution.
WHEREAS, South County Transit is an eligible applicant for Low-Carbon Transit Operations Program funds; and,

WHEREAS, South County Transit is in need of various materials, supplies, and equipment, all of which are eligible for purchase under the Low-Carbon Transit Operations Program; and

WHEREAS, South County Transit will continue to provide fixed route services in the southern portion of San Luis Obispo County; and

WHEREAS, South County Transit is seeking grant funding to optimize the use of local TDA funds provided by the various agencies included in the Joint Powers Agency Agreement; and

WHEREAS, South County Transit is requesting up to $366,982 from the Low Carbon Transit Operations Program to support expanded bus services with the goal of reducing greenhouse gas emissions.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the South County Transit Board of Directors authorizes the Administrator to submit a proposal to the State of California Low Carbon Transit Operations Program of up to $366,982 for the purchase of various materials, supplies and equipment.

BE IT FURTHER RESOLVED, that the President of the Board is directed to sign this resolution to authorize the submittal of said funding requests.

BE IT FURTHER RESOLVED, that the Administrator is hereby authorized to submit said funding requests.
Upon motion of Director ____________, seconded by Director ____________,
and on the following roll call, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted this 20th day of June 2018.

__________________________________
Tim Brown, Chairperson
South County Transit

ATTEST:

__________________________________
Geoff Straw, Administrator
South County Transit

APPROVED AS TO FORM AND LEGAL EFFECT:

Rita L. Neal
County Counsel

By: ________________________________
    Timothy McNulty, Counsel
    South County Transit

Date: ____________________________
CALL TO ORDER AND ROLL CALL: Chairperson Tim Brown called the meeting to order at 1:50 p.m., and a quorum was present.

PUBLIC COMMENT: No members of the public were present at this meeting.

A. INFORMATION AGENDA:

A-1 Administrator’s Report (Receive): Mr. Geoff Straw stated that a new training class started on April 11th. There are two part-time positions open at SoCo Transit. Mr. Mark Diamond will be leaving us to move to Las Vegas to be close to family; we all wish him the best. Friday, April 27th will be the grand opening of the new Paso Bus Parking Yard. Board is invited and welcomed to join in the festivities.

Ms. Mary Gardner developed a new commercial and "how to read the bus schedule" video that is available on the website. Avila Trolley began its season on April 6th.

In response to staff’s request, the SLOCOG Board recently reduced the farebox recovery ratio requirement in the Arroyo Grande – Grover Beach Urbanized Area from 20% to 15% pending SoCo Transit’s planned consolidation into the RTA. In addition, the formula used to calculate the RTA’s blended urban/rural farebox was altered slightly; it now uses route miles instead of service hours.

The CARB and SLOAPCD are having discussions with staff on the proposed draft Innovative Clean Transit regulation. Due to its size, SoCo Transit is not subject to the initial mandates. By 2026, 75% of all new
bus purchases must be zero emissions and 100% by 2029. It will impact infrastructure costs and operations due to limited range of battery technology. Will continue to work with partners at CTA and CalACT so CARB understands our concerns. We are tracking two CTA sponsored bills: AB 3201 incentivizes funding for transition to zero emissions and AB 1434, which CPUC will use to address high cost of electricity as fuel and to initiate a ratemaking proceeding.

**Chairperson Brown** asked if it was an unfunded mandate. **Mr. Straw** stated that yes it.

Ridership is down 1.4% YTD. The farebox recovery ratio is 11.5%. Average fare is $0.67 compared to $0.60 last year. Most riders use the multi-ride passes or discounted fares. **Chairperson Brown** asked what would happen if the FRR isn’t met even after the consolidation. **Mr. Straw** stated that RTA’s FRR is high enough to cover SoCo Transit.

Subsidy per passenger trip on fixed route is $4.99, which is an 8.7% increase due to stagnating ridership and rising cost from CBA wage increases. Total operating cost is at 68.9% as of March 30th, which is 75% of the fiscal year.

**Mr. Straw** concluded his report.

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

**Chairperson Brown** thanked **Mr. Diamond** for his service to SoCo Transit.

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

**A-2 Consolidation Update (Receive): Mr. Straw** stated staff is scheduling presentations at each City Council about the goals of consolidation. There are several questions that staff is asking each City Council: should SoCo Transit remain as a separate entity, is the SCTC structure sufficient for local control, how to transition the brand, and how should local vs. regional fares be addressed in the SoCo Transit service area.

On page A-2-3 through A-2-6, we have provided a mock budget under consolidation. South County services are added as a separate column in the budget and is 12% of the combined 4-systems $12.4 million annual budget. The SCTC will meet in October 2018 to adopt proposed SoCo Transit budget. The full RTA Board will meet in November 2018 to adopt the proposed amended budget, which would include SoCo Transit.

**Mr. Straw** concluded his report.

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

**Director Sheila Blake** asked how the integration of the workforce is going. **Mr. Straw** stated that it is going well.
Chairperson Brown closed Board and public comment.

B. ACTION AGENDA:

B-1 Fiscal Year 2018-19 Budget (Action): Ms. Tania Arnold stated that before going into the budget she would like to mention that yesterday SoCo Transit reached 365 days without a preventable collision. She stated that she will be presenting a balanced budget for FY 18-19 and will go over advisory years for capital projects. She then read the mission statement.

One of the big things is the FRR requirement that is not being met. The service levels will not be changed. There is only one bus stop change to the Avila Trolley but no added hours.

General items to note moving forward include items such as the reserve policy. Staff will be drafting a proposed amendment for the Board to review during the coming fiscal year to address the self-insured retention requirement.

Chairperson Brown asked about the capital reserves. Ms. Arnold stated the capital reserve policy is used for the local match requirement for vehicle replacements.

Director Blake asked if we have a pension plan. Ms. Arnold stated that SoCo Transit employees have defined contribution plan, not a defined benefit plan.

Fund balance projected for the beginning of FY18-19 is strong due to savings in the current fiscal year, most notably due to fuel and staff doing tremendous job of holding the line on expenses, striving to offset increases in general liability insurance, worker’s compensation insurance, and programmed wage adjustments in the current collective bargaining agreement.

There are several significant assumptions regarding funding. LTF are budgeted at $485,490 for FY18-19. Although this is an increase between 9% and 14%, based on population over the current fiscal year, it is similar to the amount requested in FY14-15. We will review the trend over the last ten years for this funding source when we review the numbers with the Board. STA funds are significantly higher but has some uncertainty with the addition of new SB-1 funds. If SB-1 is repealed in November 2018, it would have an impact on the budget.

Although regular FTA 5307 apportionments came in higher than anticipated, we unfortunately did not achieve Small Transit Intensive Cities funding for two categories, and those funds were anticipated for capital vehicle replacements. We will be able to continue with purchasing one replacement vehicle, and if we end up getting those categories back for FY19-20, we will use it for a second vehicle.

SoCo Transit received LCTOP funds at about $200,000 for FY18-19. There are significant changes to the cost of wages due to the minimum wage increase. Overall salaries and benefit costs are up by approximately 9% as a result of many factors. One of those factors is the annual increases included in the CBA, which was ratified in January 2018.

There is no change proposed to the mix of full time and part time employees. Should consolidation be completed during the fiscal year, net health insurance benefit costs would increase primarily due to the addition of six part-time/health-benefited employees.
Chairperson Brown asked if what the increase in health insurance cost would be under consolidation. Ms. Arnold stated it is about $40,000.

Also related to staffing, the two full-time Road Supervisors are transitioning from being employed by SoCo Transit, with RTA contributing a portion in exchange for supervision support of RTA services operated in the South County, to being employed by RTA with SoCo Transit contributing a portion in exchange for supervision support of SoCo Transit services operated in the South County. This will ensure equity between supervisors at the two locations, particularly in regard to benefits.

There continues to be increases in general liability insurance costs. The increases could be higher but because SoCo Transit has a low experience modification factor the increases are not as significant as what the pool as a whole has seen. Workers compensation insurance has gone down, which is a welcome relief. Fuel prices continue to be uncertain. Staff continues to monitor fuel prices and has budgeted conservatively.

Ms. Arnold noted there will be a budget amendment in October to bring some projects forward and address consolidation. She then went over the numbers starting on page B-1-15. LTF is anticipated to level out. The capital resources include the SB-1.

In conclusion, FY18-19 will be another challenging year. We look forward to continuing the relationship with our customers, the Board and other stakeholders in meeting residents’ and visitors’ diverse transportation needs in the Five Cities Area. Staff recommends that the Board adopt the FY18-19 budget as presented.

Ms. Arnold concluded her report.

Chairperson Brown opened Board and public comment.

Chairperson Brown closed Board and public comment.

Chairperson Brown moved to approve Agenda Item B-1. Director Lynn Compton seconded and the motion carried unanimously on a roll call vote.

B-2 Summer Youth Ride Free Program (Action): Mr. Straw stated this is on an ongoing program. Youth Ride Free is honored by transit systems throughout the county and is run from the end of school year to the beginning of the school year. We worked with youth program leaders to make sure people are respectful on the bus.

Mr. Straw noted that staff recommends SoCo Transit continue to participate in this program for a seventh consecutive summer season, providing a reduced travel period and a group policy requiring payment for more than ten youth traveling together.

Mr. Straw concluded his report.

Chairperson Brown opened Board and public comment.
Director Blake asked if instead of free is it possible to charge a reduce fare or nominal fare. Mr. Straw stated that in the past we sold passes but it ended up being an increased effort on staff and the parents of the youth, and local leaders decided to instead operate it fare-free.

Chairperson Brown closed Board and public comment.

Chairperson Brown moved to approve Agenda Item B-2. Director Blake seconded and the motion carried unanimously on a roll call vote.

C. CONSENT AGENDA:

C-1  SoCo Transit Minutes of March 21, 2018 (Approve)
C-2  SoCo Transit Strategic Business Plan Revision (Approve)
C-3  SoCo Transit Strategic Business Plan Results through February 2018 (Receive)

Chairperson Brown moved to approve Consent Agenda. Director Blake seconded and the motion carried on a roll call vote.

D. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
   (Govt. Code Sec. 54956.9, subdivision (a))
   Arbitration re: Employee Termination

Went into closed session at 2:43 p.m. and returned to open session at 2:53 p.m.

Mr. Tim McNulty stated there was no action to report out.

E. DIRECTORS’ COMMENTS: None

F. EXECUTIVE COMMITTEE MEMBERS’ COMMENTS: None

ADJOURNMENT: The meeting was adjourned at 2:54 p.m.

Respectfully submitted, Shelby Walker, Administrative Assistant