

## BOARD AGENDA

Wednesday, October 23, 2013

**RAMONA GARDEN PARK MEETING ROOM**

933 Ramona Avenue, Grover Beach, California

1:30 – 3:00 P.M.

(Ending time is approximate)

Chairperson: Jim Guthrie  
Director: Shelly Higginbotham

Vice Chairperson:  
Director: Bill Nicolls

Individuals wishing accessibility accommodations at this meeting under the Americans with Disabilities Act (ADA) may request such accommodations to aid hearing, visual, or mobility impairment by contacting the SCT offices at 481-7801. 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 Executive Director's Report (Receive)

### B. ACTION AGENDA

B-1 Vehicle Procurement Amendment (Approve)

B-2 Summer Youth Ride Free and Beach Trolley Results (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 June 26, 2013 (Approve by Roll Call Vote)

**D. DIRECTORS' COMMENTS**

**E. EXECUTIVE COMMITTEE MEMBERS' COMMENTS**

**ADJOURNMENT**

Next South County Transit Board meeting: TBD

## **SOUTH COUNTY TRANSIT**

**October 23, 2013**

### **STAFF REPORT**

**AGENDA ITEM:** A-1

**TOPIC:** Administrator's Report

**PRESENTED BY:** Geoff Straw

**STAFF RECOMMENDATION:** Information

#### **BACKGROUND/DISCUSSION:**

##### **Operations:**

During the month of August 2013, SCT took delivery of its three new replacement buses from the Gillig Corporation. The SCT Board is scheduled to conduct a ribbon-cutting ceremony prior to its October 23<sup>rd</sup> meeting to commemorate these new low-floor 35-foot buses. The ceremony will begin at 1:30 PM at the Ramona Gardens Transit Center, and the Board meeting will take place immediately thereafter in the Ramona Gardens Park Meeting Room.

SCT and RTA recently participated in a 20-agency joint bus procurement led by the Central Costa County Transit Authority (CCCTA). In total, over 1,100 buses were included in the five-year purchasing contract, and this arrangement has provided beneficial pricing and expedited delivery for SCT and RTA – much better than if we were forced to procure buses on our own. Despite increased scrutiny by our funding partners at the Federal Transit Administration over the past year, CCCTA's procurement process was deemed to have met all Federal procurement procedural requirements. Staff is seeking authorization to increase the authorized not-to-exceed amount from \$425,000 to \$475,000 in order to include a new electronic farebox and other ITS equipment; see Agenda Item B-1 for details.

No new Bus Operators have been hired since the June 2013 SCT Board meeting, although staff expects to hire two to three part-time/casual Bus Operators in the next month.

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

Based on input received from SCT Bus Operators, the on-time performance of the Route 22 / Route 23 pair is severely impacted by traffic during Arroyo Grande High School bell times. In summary, when Route 23 bus is delayed that results in the interlined Route 22 departing late from the Ramona Gardens transit center. Delays also disrupt transfers from Route 23 to the RTA Route 10 bus at the Halcyon Park-n-Ride bus stop. It should be noted that for the past year the Route 23 bus has skipped the High School, Traffic/Nelson and Shell Station bus stops on the scheduled 7:41 AM arrival at the High School to avoid the traffic congestion; that portion of the route is instead served by the Route 25 bus. Staff is suggesting that a similar arrangement be used for the Route 23 scheduled 2:41 PM and 3:41 PM arrivals at the High School. At this time, staff is not suggesting that new bus stops be formally implemented in front of the Arroyo Grande Community Hospital, nor at the AM/PM site on El Camino Real (around

the corner from the one on Grand at El Camino Real), since SCT Bus Operators could effectively serve those areas as exceptions.

A discussion of SCT's participation in the countywide summer Youth Ride Free program is included in Agenda Item B-2.

SCT has joined all other transit operators in the county in observing Ride Fare-Free Transit Tuesdays during October Rideshare Month. Staff will closely track any impacts on ridership and fare revenues in the ensuing month to determine the effectiveness of this program in attracting and retaining new riders. It should be noted that this program only directly affects cash fares, punch passes, and single-day pass sales, since 31-day passes are calendar-based and not ride-based.

The FY13-14 SCT budget includes \$3,000 for bus stop sign maintenance throughout the SCT service area. Since the current South County Area Transit signs are badly faded and do not meet ADA font size requirements, this funding will be used to replace the old bus stop signs. Staff is currently developing a new SCT logo using RTA staff and intern resources, and we will present some suggested alternatives at the January 7, 2014 SCT Executive Committee meeting so that staff can finalize the design and manufacturing of the signs for implementation in spring 2014.

**Finance and Administration:**

During the preceding quarter, staff worked closely with our auditors to complete the SCT Annual Fiscal and Compliance Audit, which is attached to this report. Overall, financial results were positive – annual expenditures came in at 94.6% of budgeted figures (\$973,671 actual vs. \$1,029,264 budgeted). The largest increase in year-over-year expenses was in vehicle maintenance/fuel due to the aging SCT fleet. SCT's net position actually declined from \$790,626 at the end of FY11-12 to \$679,729 at the end of FY12-13, primarily due to a reduction in capital assets value after deducting annual vehicle depreciation expenses. However, that net position figure will greatly increase in the current fiscal year due to SCT's investment in Prop 1B-funded bus purchases; the three new buses will also result in lower vehicle maintenance/fuel costs in FY13-14. SCT only achieved a farebox recovery ratio of 13.34% in FY12-13, compared to 15.23% in FY11-12 – as farebox revenues declined slightly while expenses increased year-over-year. Nonetheless, the auditors affirmed the information reported is fairly stated in all material respects in relation to the financial statements as a whole. It should be noted that this is the second consecutive year that the audit was completed relatively early in the calendar year. Kudos to Tania Arnold, who led the audit effort, as well as Omar McPherson and Trena Wilson, both of whom assisted in completing the process quickly and efficiently.

Staff will present a plan to address the farebox recovery ratio challenges to the SCT Executive Committee at its January meeting. This plan will provide a discussion of the problem, present a range of alternatives, and recommended course of action. Following endorsement by the Executive Committee, staff will include this in the budget assumptions at the January SCT Board meeting.

Final annual operating statistics for FY12-13 were strong. Annual ridership totaled 245,204 one-way passenger-trips, an increase of 21,085 (9.4%) over the previous fiscal year. As you know, the former Route 23 service was essentially split into two routes in January 2012, and the net impact of that change was that Routes 22 and 23 ridership increased 2.5% from 67,677 in FY11-12 to 69,354 in FY12-13. The year-over-year ridership increase on Route 21 was 81,695 vs. 77,532 (5.4% increase), while Route 24 saw a 15.2% increase (71,609 vs. 62,163). Route 25 ridership almost doubled, from 6,248 to 12,032. Overall annual productivity (the number of passenger boardings per revenue service hour) increased from 15.2 in FY11-12 to 17.7 in FY12-13 – a 16.4% annual increase. Route by route details and trends are provided in the attached tables and graphs.

For the current fiscal year, preliminary July 2013 through August 2013 financial data is included in the attached pages. As shown, year-to-date operating expenses currently booked to South County Transit totaled 15.8% of the annual budget, yet we completed 16.7% of the year. It should be noted that the purchase of three replacement buses for \$1,275,000 will be reported in the January Board packet, since we issued payment in September 2013. SCT incurred costs of \$8,300 to repair potholes in the bus yard, which is above the \$7,000 budgeted amount due to worse than predicted sub-base erosion discovered when the contractor performed the work. All other line-items are essentially in line with budgeted figures.

Fixed route ridership in the first two months of FY13-14 continued to exhibit the strong gains experienced last fiscal year. In total, SCT provided 48,521 passenger-trips on regular year-round routes and 5,045 on the seasonal Avila Beach Trolley. During the same period last year, ridership totaled 46,878 and 3,151, respectively. It should be noted that the FY12-13 and FY13-14 figures include the ridership boost experienced on both the Beach Trolley and Summer Youth Ride Free programs for a good apples-apples comparison. Current year-to-date productivity (a good measure of efficiency) totaled 20.4 in FY13-14 in comparison to 20.9 in FY12-13 – a decline of 2.4%. The public subsidy per passenger-trip (a good measure of cost effectiveness) has increased from \$2.21 in FY12-13 to \$2.53 in FY13-14, and the overall farebox recovery ratio has declined from 16.0% to 15.1%. Staff will continue to monitor these important metrics and seek to develop methods to increase ridership and farebox revenues while also maintaining or decreasing operating costs.

At the June 2013 SCT Board meeting, staff suggested that it would begin the procurement process for the planned ITS project. However, due to delays in FTA Section 5339 funding and Prop 1B funding at the statewide level, this project will be delayed until at least winter 2014. As funding becomes available, staff will develop a new project schedule and share it with our SCT partner agencies.

Included in the agenda package is the draft 5307 and 5339 programming for the South County UZA that was reviewed during the South County Transit Technical Committee meeting on October 8<sup>th</sup>. The San Luis Obispo Council of Government (SLOCOG) is currently reviewing the programming for the three urbanized areas in the region and will bring it to the SLOCOG Board in December for final FTIP approval.

### **Summary of Driver's Forums**

Staff conducted an SCT Driver's Forum on July 9<sup>th</sup> at the SCT operating facility. Members of the management team included Coleen Kubel, Operations Manager Phil Moores, CFO/Director of Administration Tania Arnold, Maintenance Manager David Roessler and Maintenance Foreman David Guerrero. Four SCT Bus Operators attended the forum. A variety of topics were discussed, including the new cell phone policy, a discussion on the code of conduct policy, service planning ideas, vehicle maintenance issues, and long-range planning issues.

Another Driver's Forum was conducted on August 27<sup>th</sup>, and Coleen, Phil, Tania, David Roessler and I attended. Five SCT Bus Operators attended. The discussion topics included clarifications on the cell phone policy, service planning ideas, and whether or not Bus Operators would be paid to attend the Forums. It was decided that the Bus Operator group and Coleen would choose two or three employees to formalize the Forum meetings on a quarterly basis, and those employees would be paid for up to two hours.

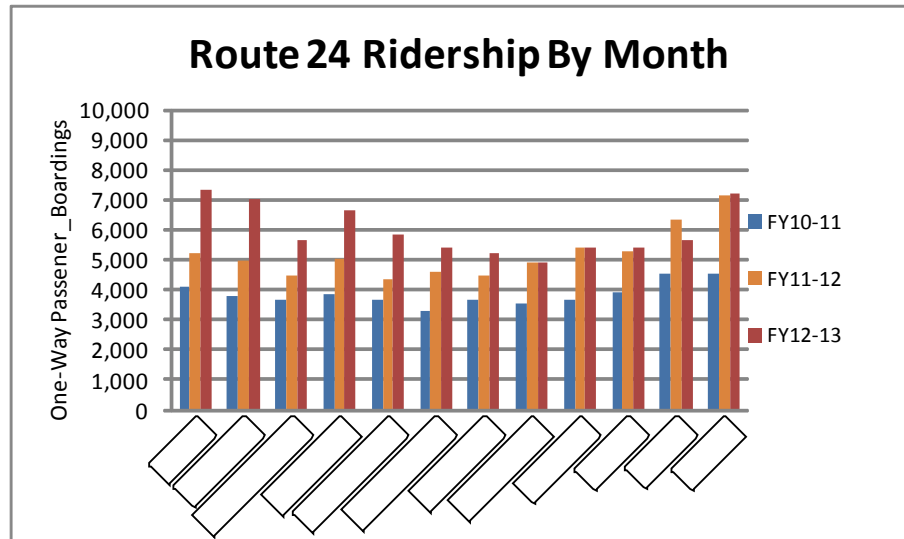
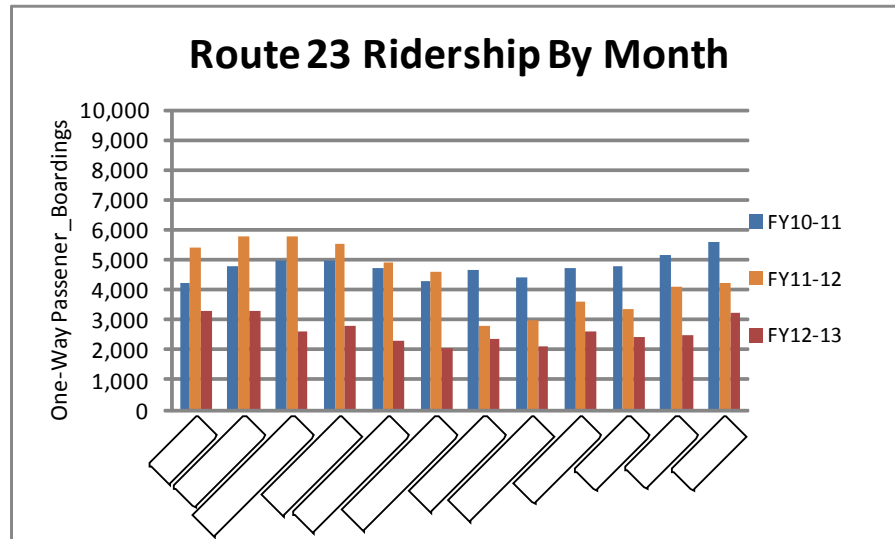
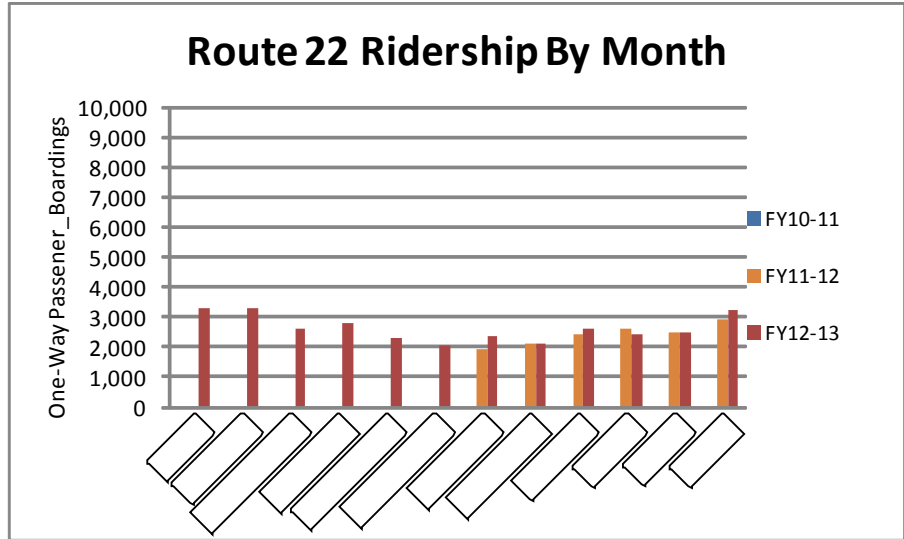
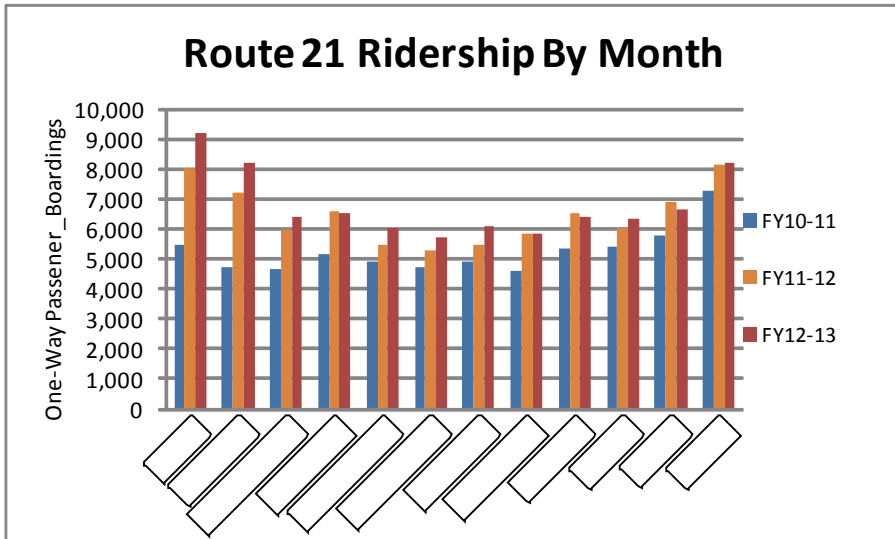
A Driver's Forum is scheduled for October 18<sup>th</sup>. Staff will present a summary of that meeting during the October 23<sup>rd</sup> Board meeting.

No Bus Operators requested that any unresolved issues from the July and August Driver Forums be brought before the SCT Board.

### **STAFF RECOMMENDATION:**

Accept this as an information item.

## South County Ridership History by Route & Month



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

	<b>FY 13/14 Adopted</b>	<b>July 2013</b>	<b>August 2013</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	\$ 36,575	\$ 2,504	\$ 3,545	\$ 6,049	16.54%
Workers Compensation	27,245	2,811	2,806	5,617	20.62%
Property Insurance	640	638	-	638	99.72%
Rent	23,360	1,955	1,955	3,910	16.74%
Utilities	7,250	613	544	1,156	15.95%
Radio Expense	2,300	-	-	-	0.00%
Legal Services	500	-	-	-	0.00%
Payroll Processing	3,750	259	251	510	13.61%
Administration	63,500	5,292	5,292	10,583	16.67%
Finance	14,000	2,328	6	2,333	16.67%
Office Expense/Miscellaneous	6,250	260	725	984	15.75%
Audit	3,130	-	-	-	0.00%
Marketing/Community Relations/Printing	16,000	-	1,230	1,230	7.69%
Uniforms/Laundry/Physicals/Ads	5,750	-	267	267	4.63%
<u>Operating Expenditures</u>					
Salaries/Benefits	\$ 428,539	\$ 32,475	\$ 32,506	\$ 64,981	15.16%
Maintenance	128,450	3,682	16,680	20,362	15.85%
Dispatch	18,500	1,542	1,542	3,083	16.67%
Sign Maintenance	3,000	-	-	-	0.00%
SCAT Bus Fuel	210,104	15,440	22,551	37,991	18.08%
Contingency	15,000	-	-	-	0.00%
<b>9</b> Total Operating Expenditures	<b>\$ 1,013,844</b>	<b>\$ 69,797</b>	<b>\$ 89,899</b>	<b>\$ 159,696</b>	<b>15.75%</b>
<u>Capital Service</u>					
Support Vehicle	\$ 50,000	\$ -	\$ -	\$ -	0.00%
Vehicles (Three Buses)	1,275,000	-	-	-	0.00%
Facility Improvements	7,000	8,300	-	8,300	118.57%
Large Vehicle Repairs	25,000	-	-	-	0.00%
Total Capital Service	\$ 1,357,000	\$ 8,300	\$ -	\$ 8,300	0.61%
Increase Capital Reserves	\$ 81,415	\$ -	\$ -	\$ -	0.00%
<b>10</b> Total Use of Resources	<b>\$ 2,452,259</b>	<b>\$ 78,097</b>	<b>\$ 89,899</b>	<b>\$ 167,996</b>	<b>6.85%</b>



**SOUTH COUNTY TRANSIT  
OPERATING STATEMENT BY ROUTE - WEEKDAY AND TROLLEY  
YEAR TO DATE THRU AUGUST 2013**

	RT 21 PISMO & SHELL BEACH	RT 22 OCEANO & GRAND AVENUE	RT 23 A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 24 GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 25 ROUTE 23 TRIPPER	TOTAL WEEKDAY SERVICE	AVILA BEACH TROLLEY
<b>REVENUES:</b>							
<b>FARES</b>	6,206	3,239	1,838	5,971	-	17,254	2,274
<b>TOTAL ROUTE REVENUES</b>	6,206	3,239	1,838	5,971	-	17,254	2,274
<b>EXPENDITURES:</b>							
<b>ADMINISTRATION</b>	3,161	1,207	1,629	3,153	35	9,185	1,798
<b>MARKETING</b>	253	97	131	252	7	741	216
<b>OPERATIONS/CONTINGENCY</b>	20,825	7,969	10,754	20,777	310	60,636	10,564
<b>FUEL</b>	7,640	3,912	4,638	8,367	155	24,712	4,623
<b>INSURANCE</b>	2,344	1,199	1,421	2,567	40	7,571	2,078
<b>TOTAL EXPENDITURES</b>	34,224	14,384	18,574	35,117	546	102,845	19,280
<b>FAREBOX RATIO</b>	18.13%	22.52%	9.89%	17.00%	0.00%	16.78%	11.79%
<b>RIDERSHIP</b>	13,729	5,399	7,446	12,656	510	39,740	5,045
<b>SERVICE MILES</b>	7,831.03	4,004.00	4,747.60	8,574.63	132.30	25,289.56	6,934.00
<b>SERVICE HOURS</b>	573.17	219.12	295.68	571.85	7.49	1,667.31	333.94
<b>RIDERS PER MILE</b>	1.75	1.35	1.57	1.48	3.85	1.57	0.73
<b>RIDERS PER HOUR</b>	23.95	24.64	25.18	22.13	68.09	23.83	15.11
<b>COST PER PASSENGER</b>	2.49	2.66	2.49	2.77	1.07	2.59	3.82
<b>SUBSIDY PER PASSENGER</b>	2.04	2.06	2.25	2.30	1.07	2.15	3.37

**SOUTH COUNTY TRANSIT  
OPERATING STATEMENT BY ROUTE - WEEKEND, TROLLEY, AND TOTAL  
YEAR TO DATE THRU AUGUST 2013**

	RT 21 - SAT PISMO & SHELL BEACH	RT 21 - SUN PISMO & SHELL BEACH	RT 22 - SAT OCEANO & GRAND AVENUE	RT 22 - SUN OCEANO & GRAND AVENUE	RT 23 - SAT A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 23 - SUN A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 24 - SAT GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 24 - SUN GROVER B. A.G. VILLAGE, PISMO & A.G.	TOTAL WEEKEND SERVICE	TOTAL SCT ONLY SERVICE	TOTAL SCT AND AVILA SERVICE
<b>REVENUES:</b>											
FARES	974	679	525	367	260	161	1,011	558	4,535	21,789	24,062
<b>TOTAL ROUTE REVENUES</b>	<b>974</b>	<b>679</b>	<b>525</b>	<b>367</b>	<b>260</b>	<b>161</b>	<b>1,011</b>	<b>558</b>	<b>4,535</b>	<b>21,789</b>	<b>24,062</b>
<b>EXPENDITURES:</b>											
ADMINISTRATION	625	577	224	213	302	286	624	576	3,428	12,613	14,411
MARKETING	56	39	20	15	28	20	56	39	273	1,014	1,230
OPERATIONS/CONTINGENCY	4,242	3,657	1,529	1,360	2,060	1,831	4,232	3,647	22,560	83,195	93,759
FUEL	1,450	1,210	755	662	895	785	1,578	1,322	8,656	33,368	37,991
INSURANCE	435	382	227	207	269	246	474	417	2,656	10,227	12,305
<b>TOTAL EXPENDITURES</b>	<b>6,809</b>	<b>5,865</b>	<b>2,755</b>	<b>2,457</b>	<b>3,554</b>	<b>3,168</b>	<b>6,964</b>	<b>6,000</b>	<b>37,572</b>	<b>140,416</b>	<b>159,696</b>
FAREBOX RATIO	14.30%	11.57%	19.07%	14.93%	7.32%	5.07%	14.52%	9.31%	12.07%	15.52%	15.07%
<b>RIDERSHIP</b>	<b>1,856</b>	<b>1,307</b>	<b>812</b>	<b>547</b>	<b>787</b>	<b>489</b>	<b>1,886</b>	<b>1,097</b>	<b>8,781</b>	<b>48,521</b>	<b>53,566</b>
<b>SERVICE MILES</b>	<b>1,453.23</b>	<b>1,275.83</b>	<b>756.00</b>	<b>693.00</b>	<b>896.40</b>	<b>821.70</b>	<b>1,581.93</b>	<b>1,392.83</b>	<b>8,870.92</b>	<b>34,160.48</b>	<b>41,094.48</b>
<b>SERVICE HOURS</b>	<b>115.12</b>	<b>102.62</b>	<b>41.40</b>	<b>37.98</b>	<b>55.80</b>	<b>51.12</b>	<b>114.85</b>	<b>102.35</b>	<b>621.24</b>	<b>2,288.55</b>	<b>2,622.49</b>
<b>RIDERS PER MILE</b>	<b>1.28</b>	<b>1.02</b>	<b>1.07</b>	<b>0.79</b>	<b>0.88</b>	<b>0.60</b>	<b>1.19</b>	<b>0.79</b>	<b>0.99</b>	<b>1.42</b>	<b>1.30</b>
<b>RIDERS PER HOUR</b>	<b>16.12</b>	<b>12.74</b>	<b>19.61</b>	<b>14.40</b>	<b>14.10</b>	<b>9.57</b>	<b>16.42</b>	<b>10.72</b>	<b>14.13</b>	<b>21.20</b>	<b>20.43</b>
<b>COST PER PASSENGER</b>	<b>3.67</b>	<b>4.49</b>	<b>3.39</b>	<b>4.49</b>	<b>4.52</b>	<b>6.48</b>	<b>3.69</b>	<b>5.47</b>	<b>4.28</b>	<b>2.89</b>	<b>2.98</b>
<b>SUBSIDY PER PASSENGER</b>	<b>3.14</b>	<b>3.97</b>	<b>2.75</b>	<b>3.82</b>	<b>4.19</b>	<b>6.15</b>	<b>3.16</b>	<b>4.96</b>	<b>3.76</b>	<b>2.44</b>	<b>2.53</b>

## 5307 & 5339 Budget by Project/Jurisdiction for FY2013-14 through 2018-19 Applications

### South County UZA

		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Projected 5307 Formula Revenues		\$ 780,330	\$ 780,330	\$ 780,330	\$ 780,330	\$ 780,330	\$ 780,330	\$ 4,681,980
Projected 5307 STIC Revenues		\$ 415,150	\$ 360,920	\$ 360,920	\$ 360,920	\$ 360,920	\$ 360,920	\$ 2,219,750
Projected 5339 Revenues (Capital Only)		\$ 118,000	\$ 86,000	\$ 86,000	\$ 86,000	\$ 86,000	\$ 86,000	\$ 548,000
<b>Total Projected 5307, 5339 &amp; STIC Revenues</b>		<b>\$ 1,195,480</b>	<b>\$ 1,141,250</b>	<b>\$ 1,141,250</b>	<b>\$ 1,141,250</b>	<b>\$ 1,141,250</b>	<b>\$ 1,141,250</b>	<b>\$ 6,901,730</b>
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1	<b>SCT Operating</b>	\$ 400,000	\$ 420,000	\$ 441,000	\$ 463,050	\$ 486,200	\$ 510,510	\$ 2,720,760
2	<b>SCT Capital - Trolley Buses</b>	\$ 144,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,000
3	<b>SCT Capital 35' Buses</b>	\$ 396,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 396,000
4	<b>SCT Support Vehicles</b>	\$ 41,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,600
<b>Subtotal:</b>		<b>\$ 981,600</b>	<b>\$ 420,000</b>	<b>\$ 441,000</b>	<b>\$ 463,050</b>	<b>\$ 486,200</b>	<b>\$ 510,510</b>	<b>\$ 3,302,360</b>
<hr/>								
1	<b>RTA Operations (Replace JARC)</b>	\$ -	\$ 400,000	\$ 420,000	\$ 441,000	\$ 463,050	\$ 486,200	\$ 2,210,250
2	<b>RTA Capital 40' Buses (1/3 each UZA)</b>	\$ -	\$ -	\$ 291,070	\$ -	\$ -	\$ 505,410	\$ 796,480
3	<b>RTA ADA Vehicles (1/3 each UZA)</b>	\$ 51,000	\$ 160,650	\$ 56,220	\$ -	\$ 123,990	\$ 65,100	\$ 456,960
4	<b>RTA Ops/Maintenance Facility (1/3 each UZA)</b>	\$ 133,330	\$ 133,330	\$ 133,330	\$ 133,330	\$ 133,330	\$ 133,330	\$ 799,980
5	<b>RTA Vehicle Rehab</b>	\$ -	\$ 100,800	\$ -	\$ -	\$ -	\$ -	\$ 100,800
<b>Subtotal:</b>		<b>\$ 184,330</b>	<b>\$ 794,780</b>	<b>\$ 900,620</b>	<b>\$ 574,330</b>	<b>\$ 720,370</b>	<b>\$ 1,190,040</b>	<b>\$ 4,364,470</b>
<hr/>								
1	<b>Coordinated SRTP</b>	\$ 22,000						\$ 22,000
2	<b>Central Area Transfer Facility (SLOCOG's Request)</b>	\$ 7,550	\$ 42,450	\$ 50,000				\$ 100,000
<b>Annual Balance Remaining</b>		<b>\$ -</b>	<b>\$ (115,980)</b>	<b>\$ (250,370)</b>	<b>\$ 103,870</b>	<b>\$ (65,320)</b>	<b>\$ (559,300)</b>	<b>\$ (887,100)</b>
<b>Running Balance</b>		<b>\$ -</b>	<b>\$ (115,980)</b>	<b>\$ (366,350)</b>	<b>\$ (262,480)</b>	<b>\$ (327,800)</b>	<b>\$ (887,100)</b>	

#### BELOW LINE ITEMS (PROJECTS NEEDED BUT NOT FUNDED)

5	<b>SCT Bus Stop Improvements</b>	\$ 30,000	\$ 31,500	\$ 33,080	\$ 34,730	\$ 36,470	\$ 38,290	\$ 204,070
6	<b>SCT Ramona Gardens Improvements</b>	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000

**Assumptions:**

1. All revenues assumes no increases.
2. All projects assumes a five percent increase in cost per year
3. FY2013/14 is constraint

**SOUTH COUNTY AREA TRANSIT**  
FINANCIAL STATEMENTS  
June 30, 2013



**SOUTH COUNTY AREA TRANSIT**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
South County Area Transit  
San Luis Obispo, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the South County Area Transit (Agency) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South County Area Transit, as of June 30, 2013, and the respective changes in financial position, and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Change in Accounting Principles*

As discussed in note 1 to the basic financial statements effective July 1, 2012, the South County Area Transit adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

## *Other Matters*

### *Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South County Area Transit's basic financial statements. The schedule of expenses – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenses – budget and actual is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2013, on our consideration of the South County Area Transit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*Moss, Remy & Hartgreim LLP*

September 11, 2013  
Santa Maria, California

**SOUTH COUNTY AREA TRANSIT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 1,911,912	\$ 1,717,504
Accounts receivable	81,832	9,997
Prepaid items	3,618	4,696
Inventory at cost	5,000	5,000
Deposits	2,000	2,773
Total current assets	<u>2,004,362</u>	<u>1,739,970</u>
Capital assets:		
Depreciable:		
Buildings and improvements	257,268	257,268
Equipment and vehicles	1,769,114	1,791,861
Less accumulated depreciation	<u>(1,802,329)</u>	<u>(1,609,568)</u>
Total net capital assets	<u>224,053</u>	<u>439,561</u>
Total assets	<u>2,228,415</u>	<u>2,179,531</u>
<b>LIABILITIES</b>		
Accounts payable	265,288	96,465
Accrued payroll		15,351
Unearned revenue	<u>1,283,398</u>	<u>1,277,089</u>
Total liabilities	<u>1,548,686</u>	<u>1,388,905</u>
<b>NET POSITION</b>		
Net investment in capital assets	224,053	439,561
Unrestricted	<u>455,676</u>	<u>351,065</u>
Total net position	<u>\$ 679,729</u>	<u>\$ 790,626</u>

The notes to basic financial statements are an integral part of this statement.

**SOUTH COUNTY AREA TRANSIT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues:</b>		
Passenger fares	\$ 128,879	\$ 137,512
Advertising and other income	1,576	5,722
Total operating revenues	<u>130,455</u>	<u>143,234</u>
<b>Operating Expenses:</b>		
Salaries and benefits	417,925	426,598
Maintenance and operation	470,842	398,744
Administration and financial services	77,500	77,500
Depreciation	222,912	218,116
Total operating expenses	<u>1,189,179</u>	<u>1,120,958</u>
 Operating income (loss)	 <u>(1,058,724)</u>	 <u>(977,724)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Interest income	1,315	1,534
Transportation Development Act funds	819,134	746,600
Fees and reimbursements from other governmental agencies	102,330	127,307
Total non-operating revenues (expenses)	<u>922,779</u>	<u>875,441</u>
<b>Capital Contributions:</b>		
State capital grants		210
Local capital grants	7,404	35,601
Total capital contributions	<u>7,404</u>	<u>35,811</u>
 Change in net position	 <u>(128,541)</u>	 <u>(66,472)</u>
Net position, beginning of fiscal year	790,626	857,098
 Prior-period adjustment	 <u>17,644</u>	 <u>          </u>
Net position, beginning of fiscal year restated	<u>808,270</u>	<u>857,098</u>
Net position, end of fiscal year	<u>\$ 679,729</u>	<u>\$ 790,626</u>

The notes to basic financial statements are an integral part of this statement.

**SOUTH COUNTY AREA TRANSIT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities:</b>		
Receipts from customers	\$ 148,115	\$ 158,010
Payments to suppliers and wages	<u>(810,090)</u>	<u>(997,668)</u>
Net cash (used) by operating activities	<u>(661,975)</u>	<u>(839,658)</u>
 <b>Cash Flows From Capital and Related Financing Activities:</b>		
Acquisition and construction of property, plant, and equipment	(7,404)	(35,811)
Capital grants received	<u>11,008</u>	<u>1,312,900</u>
Net cash provided by capital and related financing activities	<u>3,604</u>	<u>1,277,089</u>
 <b>Cash Flows from Noncapital Financing Activities:</b>		
Operating subsidies	819,134	746,600
Fees and reimbursements received	<u>32,330</u>	<u>127,307</u>
Net cash provided by noncapital financing activities	<u>851,464</u>	<u>873,907</u>
 <b>Cash Flows From Investing Activities:</b>		
Interest income	<u>1,315</u>	<u>1,534</u>
Net cash provided by investing activities	<u>1,315</u>	<u>1,534</u>
 Net increase in cash and cash equivalents	194,408	1,312,872
 Cash and cash equivalents, beginning of fiscal year	<u>1,717,504</u>	<u>404,632</u>
 Cash and cash equivalents, end of fiscal year	<u>\$ 1,911,912</u>	<u>\$ 1,717,504</u>

The notes to basic financial statements are an integral part of this statement.

**SOUTH COUNTY AREA TRANSIT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
<b>Reconciliation of operating loss to net cash (used) by operating activities:</b>		
Operating loss	\$ (1,058,724)	\$ (977,724)
Adjustments to reconcile operating income to net cash used by operating activities		
Depreciation expense	222,912	218,116
Change in operating assets and liabilities:		
Accounts receivable	15,809	16,395
Prepaid items	1,078	(46)
Deposits	773	(1,573)
Accounts payable	168,823	(77,221)
Accrued payroll	(15,351)	2,043
Unearned revenue	2,705	
Trust deposits		(19,648)
	<u>                    </u>	<u>                    </u>
Net cash (used) by operating activities	<u>\$ (661,975)</u>	<u>\$ (839,658)</u>

**SOUTH COUNTY AREA TRANSIT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – REPORTING ENTITY**

The South County Area Transit (the Agency) is a Joint Powers Agency created by a joint powers agreement among the Cities of Arroyo Grande, Grover Beach, Pismo Beach, and the County of San Luis Obispo. The Agency's accounting and financial management affairs are maintained by San Luis Obispo Regional Transit Authority (SLORTA), as an agent of the Agency.

The purpose of the Agency is to operate a fixed route transit system within the southern part of San Luis Obispo County with services to the participating member communities.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Accounting Policies - The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants (AICPA).
- B. Accounting Method - The Agency follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred regardless of the timing of related cash flows.
- C. Fund Financial Statements – The fund financial statements provide information about the Agency's fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

GASB Statement No. 34, defines major funds and requires that the Agency's major proprietary-type fund be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenses equal to ten percent of their fund-type total and five percent of the grand total. The Agency maintains one proprietary fund as follows:

Proprietary Fund Type

**Enterprise Fund**

Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Agency reported its enterprise fund as a major fund in the accompanying basic financial statements.

- D. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.
- E. Property, Plant, and Equipment – Capital assets purchased by the Agency are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.
- F. Depreciation – Capital assets purchased by the Agency are depreciated over their estimated useful lives (ranging from 5-15 years) under the straight-line method of depreciation.
- G. Receivables - The Agency did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable are shown at full value.



**SOUTH COUNTY AREA TRANSIT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- H. Revenue Recognition - The South County Area Transit's primary source of revenues include passenger fares, State Transit Assistance funds, and Local Transportation Fund/Transportation Development Act (TDA) allocations made to the participating members, but assigned by the members to this Agency for its sole use. The San Luis Obispo County of Governments administers the State Transit Assistance and Transportation Development Act funds, approves claims for such funds submitted by this Agency, and makes payments to the Agency based upon such claims.

Generally, amounts due from other governments are recorded as revenues when earned. However, when the expenditure of funds is the prime factor for determining eligibility for grants, revenue is accrued when the related expenditures have been made on an approved grant. The Agency recognizes as revenues the amounts allocated to it by San Luis Obispo Council of Governments to the extent approved by San Luis Obispo Council of Governments.

- I. Net Position - GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

- J. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

- K. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60, did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity: Omnibus." This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61, did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62, did not have an impact on the Agency's financial statements for the fiscal year ended June 30, 2013.

**SOUTH COUNTY AREA TRANSIT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the Agency's financial statements are explained in Note 2 – I. Net Position.

- L. Comparative Data/Totals Only – Comparative total data for the prior fiscal year has been presented in certain accompanying financial statements in order to provide an understanding of the changes in the Agency's financial position, operations, and cash flows. Also, certain prior fiscal amounts have been reclassified to conform to the current fiscal year financial statements presentation.

**NOTE 3 - CASH AND INVESTMENTS**

On June 30, 2013, the Agency had the following cash and investments on hand:

Cash on hand and in banks	\$ 24,932
Investments	<u>1,886,980</u>
Total cash and investments	<u>\$ 1,911,912</u>

Cash and investments listed above are presented on the accompanying basic financial statements as follows:

Cash and investments, statement of net assets	<u>\$ 1,911,912</u>
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Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the Agency by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	10%	5%
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
County Investment Pool	N/A	None	None

**SOUTH COUNTY AREA TRANSIT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table, that shows the distribution of the Agency's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
San Luis Obispo County Investment Pool	\$ 1,672,884	\$ 1,672,884	\$ -	\$ -	\$ -
Local Agency Investment Fund	214,096	214,096			
<b>Total</b>	<b>\$ 1,886,980</b>	<b>\$ 1,886,980</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
San Luis Obispo County Investment Pool	\$ 1,672,884	N/A	\$ -	\$ -	\$ -	\$ 1,672,884
Local Agency Investment Fund	214,096					214,096
<b>Total</b>	<b>\$ 1,886,980</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,886,980</b>

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Agency investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The Agency may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

**SOUTH COUNTY AREA TRANSIT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk - continued

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
<i>Business-type activities:</i>				
Capital assets, being depreciated:				
Building and improvements	\$ 257,268	\$ -	\$ -	\$ 257,268
Vehicles and equipment	1,791,861	7,404	30,151	1,769,114
Total capital assets, being depreciated	<u>2,049,129</u>	<u>7,404</u>	<u>30,151</u>	<u>2,026,382</u>
Less accumulated depreciation for:				
Building and improvements	201,384	35,709		237,093
Vehicles and equipment	1,408,184	187,203	30,151	1,565,236
Total accumulated depreciation	<u>1,609,568</u>	<u>222,912</u>	<u>30,151</u>	<u>1,802,329</u>
Net depreciable capital assets	<u>\$ 439,561</u>	<u>\$ (215,508)</u>	<u>\$ -</u>	<u>\$ 224,053</u>

Depreciation expense for the fiscal year ended June 30, 2013, was \$222,912. Depreciation expense for the fiscal year ended June 30, 2012, was \$218,116.

**NOTE 5 – OPERATING SUBSIDIES FROM LOCAL TRANSPORTATION AND STATE TRANSIT ASSISTANCE FUNDS**

The Agency was allocated the following funds from the Local Transportation Funds (LTF) and State Transit Assistance Fund for the fiscal years ended June 30, 2013 and 2012:

<u>Allocation Assigned By/Claimant</u>	<u>Article/Section</u>	<u>Amount</u>	
		<u>2013</u>	<u>2012</u>
Local Transportation Fund:			
City of Arroyo Grande	4 / 99260(a)	\$ 258,237	\$ 243,254
City of Grover Beach	4 / 99260(a)	196,559	185,500
City of Pismo Beach	4 / 99260(a)	114,546	107,936
County of San Luis Obispo	4 / 99260(a)	<u>108,446</u>	<u>102,733</u>
Total Article 4 – LTF		<u>677,778</u>	<u>639,423</u>

**SOUTH COUNTY AREA TRANSIT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 5 – OPERATING SUBSIDIES FROM LOCAL TRANSPORTATION AND STATE TRANSIT ASSISTANCE FUNDS**  
**(Continued)**

State Transit Fund:			
Regional Transit Authority	6.5 / 99313	135,096	95,793
Regional Transit Authority	6.5 / 99314	<u>6,250</u>	<u>11,384</u>
Total Article 6.5 – STF		<u>141,346</u>	<u>107,177</u>
Total TDA Revenue		<u>\$ 819,134</u>	<u>\$ 746,600</u>

Transit system operating subsidies are earned by the Agency to the extent that it has incurred eligible operating expenses. Eligible expenses compared to the subsidies received and accrued were as followed:

	<u>Amount</u>	
	<u>2013</u>	<u>2012</u>
Operating expenses	\$ 1,189,179	\$ 1,120,958
Plus/(minus):		
Depreciation	(222,912)	(218,116)
Fare revenues	(128,879)	(137,512)
Other operating revenues	<u>(1,576)</u>	<u>(5,722)</u>
Maximum total allocation	835,812	759,608
TDA operating allocations received and accrued	<u>819,134</u>	<u>746,600</u>
Allocation (over)/under maximum	<u>\$ 16,678</u>	<u>\$ 13,008</u>

**NOTE 6 – FARE REVENUE RATIO**

The Agency had fare revenue ratios for the year ended June 30, 2013 and 2012, computed as follows:

	<u>2013</u>	<u>2012</u>
(a) Operating revenues – passenger fares	\$ 128,879	\$ 137,512
(b) Operating costs – net of depreciation expense	966,267	902,842
(c) Fare revenue ratio [ (a) / (b) ]	13.34%	15.23%

The Agency was in compliance with applicable TDA regulations pertaining to acceptable fare revenue ratios which require a minimum ratio of 10%.

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2013 consisted of the following:

Bus Pass Sales	\$ 2,705
Prop 1B funding	<u>1,280,693</u>
Total Unearned revenues	<u>\$ 1,283,398</u>

**SOUTH COUNTY AREA TRANSIT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 8 – INSURANCE**

The Agency is exposed to various risks of loss related to torts, theft, damage to, or destruction of an asset and errors or omissions. The Agency maintains comprehensive general liability including automobile insurance of \$20 million for buses, vans, equipment, and facilities. The Agency also purchases commercial Special Liability Insurance and Special District Property Insurance with limits of \$10 million per occurrence and \$100 million annual aggregate.

**NOTE 9 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT**

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B in November 2006, included a program of funding in the amount of \$4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, \$3.6 billion in the PTMISEA was made available to project sponsors in California for allocation to eligible public transportation projects for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or rolling stock procurement, rehabilitation, expansion, or replacement. PTMISEA eligibility is based on STA allocations to each project sponsor during the fiscal years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11, and were made available during the 2011-12 fiscal year. Qualifying expenditures must be encumbered within three years from the date of allocation and expended within three years from the date of the encumbrance.

The Agency was eligible to receive \$1,168,068 under Government Code 8879.55(a)(2) and \$106,932 under Government Code 8879.55(a)(3) for the fiscal year 2009-10 and 2010-11. The Agency was allocated \$1,275,000 for Regional Transit Authority on behalf of South County Area Transit Coach Replacement. Interest earned on funds to date is \$5,693. The Agency had no qualifying expenditures incurred under this program.

**NOTE 10 – PRIOR-PERIOD ADJUSTMENT**

The Agency recorded a prior-period adjustment of \$17,644 in order to record Avila Beach Trolley revenue that was not previously accrued for the previous fiscal year ended June 30, 2012.

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**SUPPLEMENTARY INFORMATION SECTION**





**SOUTH COUNTY AREA TRANSIT  
 PROPRIETARY FUND  
 SCHEDULE OF EXPENSES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Administrative Expenditures</b>			
Insurance	\$ 49,895	\$ 59,118	\$ (9,223)
Rent	21,600	21,460	140
Utilities	6,000	6,915	(915)
Radio Expense	2,300		2,300
Legal Services	500		500
Payroll Processing	3,750	3,473	277
Administration	63,500	63,500	
Finance	14,000	14,000	
Office Expense/Miscellaneous	6,250	4,453	1,797
Audit	3,000	2,770	230
Marketing/Community Relations/Printing	15,730	11,493	4,237
Uniforms/Laundry/Physicals/Ads	5,500	6,545	(1,045)
<b>Operating Expenditures</b>			
Salaries/Benefits	426,250	417,925	8,325
Maintenance	164,385	120,201	44,184
Dispatch	18,500	18,500	
Sign Maintenance	3,000		3,000
SCAT Bus Fuel	210,104	213,574	(3,470)
Contingency	15,000	2,340	12,660
Total administration and operations	<u>1,029,264</u>	<u>966,267</u>	<u>62,997</u>
<b>Capital Outlay</b>			
Computer Upgrades	1,000	852	148
Vehicles	1,275,000		1,275,000
Driver Seats and Large Vehicle Repairs	<u>25,000</u>	<u>6,552</u>	<u>18,448</u>
Total capital outlay	<u>1,301,000</u>	<u>7,404</u>	<u>1,293,596</u>
Total expenses, budgetary basis	<u>\$ 2,330,264</u>	<u>\$ 973,671</u>	<u>\$ 1,356,593</u>
<b>TOTAL EXPENSES, BUDGETARY BASIS</b>		<b>\$ 973,671</b>	
<b>ADD:</b>			
DEPRECIATION		222,912	
<b>LESS:</b>			
CAPITALIZED EXPENSES		(7,404)	
<b>TOTAL OPERATING EXPENSES PER FINANCIAL STATEMENTS</b>		<u>\$ 1,189,179</u>	



## **SOUTH COUNTY TRANSIT**

**October 23, 2013**

### **STAFF REPORT**

**AGENDA ITEM:** B-1

**TOPIC:** Vehicle Procurement Amendment

**PRESENTED BY:** Geoff Straw

**STAFF RECOMMENDATION:** Increase the previously-authorized amount from \$425,000 to \$475,000 to procure a thirty-five foot low-floor bus

#### **BACKGROUND/DISCUSSION:**

At its April 2013 meeting, the SCT Board authorized the SCT Administrator to purchase a new bus to replace an existing bus that has reached the end of its economically useful life. The maximum amount authorized for this procurement was \$425,000.

Staff originally assumed SCT would be able to purchase this bus off on an existing bus procurement option. However, FTA has recently ruled that bus procurement options that did not include the purchasing agency in the original procurement documents would no longer be eligible for FTA reimbursement. Fortunately, in 2012 SCT and RTA participated in a 20-agency joint bus procurement led by the Central Costa County Transit Authority that would meet our collective vehicle needs for the next five years. The Gillig Corporation was the successful bidder, and the buses available in that procurement will match the three buses delivered in August 2013. The new buses will include digital on-board video/audio surveillance systems, multiplex wiring systems, GFI electronic fareboxes, and electronic LED front, side and rear destination signs. Staff anticipates a minimum of fifteen (15) months lead time for delivery, once an order is formally placed. All funds necessary for this purchase would be expended once staff formally accepts the vehicle in late FY14-15 or early FY15-16 (ultimately depending upon the delivery date).

It should be noted that the prices for buses has increased moderately since 2012 when staff began the bus price evaluation process. In addition, the original \$425,000 price did not include a new electronic farebox or other ITS equipment. In total, the fully-equipped bus will cost approximately \$50,000 more than originally identified. As such, the FTA Section 5307 amount will remain at \$340,000, local TDA funds will remain at \$85,000, and Prop 1B Local Transit Funds of \$50,000 will be added to the funding plan.

#### **Staff Recommendation**

In order to expedite the purchasing process, staff requests the Board's concurrence to authorize the SCT Administrator to issue a Purchase Order to Gillig Corporation for the procurement of one thirty-five foot low-floor bus at a price not to exceed \$475,000.

**SOUTH COUNTY TRANSIT  
October 23, 2013  
STAFF REPORT**

**AGENDA ITEM:** B-2

**TOPIC:** Analysis of Summer Special Services

**ACTION:** Adopt Staff's recommendation that SCT's Summer Youth Ride Free participation be modified in Summer 2014, and that the Beach Trolley funding plan be modified in Summer 2014

**PRESENTED BY:** Geoff Straw

**BACKGROUND/DISCUSSION:**

This report will provide a summary of the successes and challenges of SCT's participation in two special programs operated during the summer months in 2013:

1. The countywide Summer Youth Ride Free program.
2. The Beach Trolley.

In summary, staff is recommending that SCT should modify its participation in the Summer Youth Ride Free program next year, but that the Avila Beach service be operated in the same manner next summer.

Summer Youth Ride Free

SCT participated in the countywide Summer Youth Ride Free program for the second straight year. Under this program, K-12 students can board without having to purchase a pass or pay a cash fare – the youth rider merely needed to provide proof (school identification card or other identification) that he or she is eligible for the program. The 2013 Summer Youth Ride Free program was operated from June 1 through August 31.

Youth boardings on SCT routes increased moderately from 19,657 in summer 2012 to 20,051 in summer 2013 (a 2.0% increase), while overall ridership increased from 77,295 to 79,070 (a 2.3% increase). In comparison, RTA's youth ridership during the summer increased dramatically from 30,820 in 2012 to 39,058 in 2013 – representing a 26.7% annual increase. SCT's overall fare revenues increased from \$32,659 in summer 2012 to \$34,953 in summer 2013, an increase of 7.0%. The overall average fare per passenger-trip (including all riders, whether fare-paying or not) increased slightly from \$0.4225 in summer 2012 to \$0.4421 in summer 2013 – representing a 4.6% overall increase. The proportion of youth riders to all riders on SCT services remained exactly the same in summer 2012 and 2013 at 25.4%. While SCT Bus Operators and

Supervisors had to occasionally cope with overcrowding on some bus trips in summer 2013, increased outreach by SCT and RTA staff to the YMCA and other youth group agencies seems to have stemmed the majority of the behavior and overcrowding issues that were experienced in summer 2012. In addition, staff received positive feedback from many riders and their parents via telephone and written messages supporting the Youth Ride Free program throughout the county.

Due to SCT's challenges in attaining the required 20% farebox recovery ratio in the AG-GB UZA, staff is recommending that the Youth Ride Free program be considered for an abbreviated period during summer 2014. The exact length and scope of SCT's participation will need to be more fully analyzed over the coming weeks in order better understand the potential financial and ridership impacts on the community. Staff will present Youth Ride Free alternatives and draft recommendations to Executive Committee members over the next few months. A summary of Youth Ride Free and other proposals to address the farebox recovery ratio challenge will be presented to and considered by the Executive Committee at its January 7, 2014 meeting, and final recommendations will be presented as part of the budget assumptions at the January 2014 SCT Board meeting.

#### Avila Beach Service

In November 2011, the Weekend Beach Trolley service was extended to include service from Avila to the Pismo Beach Premium Outlets. With that change, customers can now easily connect hourly with South County Transit Routes 21 and 24 and with RTA Route 10 weekend service throughout the county.

In May 2012, the Beach Trolley service plan was changed to focus limited resources on those times of the year that offer the greatest potential for ridership, namely the peak summer months and the "shoulder" periods around the summer months. As part of that change, the daily hours of service were increased to 10:00 am to 5:56 pm on Thursday through Sunday from Labor Day through Memorial Day. Service during the shoulder seasons was reduced (now operating from 10:00 am to 3:56 pm). No service is operated from mid-October to mid-March. Prior to the October 2012 change, service was operated year-round, but only on Saturdays and Sundays. Additional service is operated during the summer months that the Friday Avila Beach Fish & Farmer's Market is open to augment the Beach Trolley.

In summer 2013, the Beach Trolley provided 9,563 one-way passenger-boardings – a 3.9% increase above summer 2012 boardings (totaling 9,201). Additionally, the overall productivity, which is defined as the number of passenger boardings divided by the number of hours operated, increased from 14.1 in 2012 to 16.2 in 2013. This is a strong productivity achievement that approaches the overall productivity of SCT fixed route services.

In order to help SCT meet its mandated farebox recovery ratio, staff is recommending that additional revenues be sought that could be booked as fares (including passenger donations, advertising revenues and pre-paid fares).

**STAFF RECOMMENDATION:**

Adopt Staff's Recommendation that Summer Youth Ride Free be modified in Summer 2014. In addition, direct staff to seek additional fare-related revenues that could improve the farebox recovery ratio of the Beach Trolley.

**SOUTH COUNTY AREA TRANSIT  
MINUTES OF JUNE 26, 2013 BOARD MEETING  
ARROYO GRANDE CITY COUNCIL CHAMBERS**

**C-1**

Directors Present:      Jim Guthrie, Chairperson      City Council Member, Arroyo Grande  
                                 Shelly Higginbotham      Mayor, Pismo Beach  
                                 Bill Nicolls      City Council Member, Grover Beach

Directors Absent:      Paul Teixeira, Vice Chairperson      County Supervisor, District 4

Staff Present:      Geoff Straw      Administrator  
                                 Coleen Kubel      SCAT Lead Operations Supervisor  
                                 Tania Arnold      RTA CFO and Director of Administration

**CALL TO ORDER AND ROLL CALL:** Chairperson Jim Guthrie called the meeting to order at 1:40 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:**

**A. INFORMATION AGENDA:**

**A-1 Administrator's Report:** Mr. Geoff Straw noted the new report title and agenda items B-1 and B-2 are carryover items from the April meeting. The information included in the report regarding the increase in insurance costs was reviewed. Director Bill Nicolls inquired if there were any significant cases currently pending. Mr. Straw stated that there are no significant cases currently. Director Shelly Higginbotham asked for clarification regarding the insurance policies; are they specific to South County or are they with the RTA? Mr. Straw stated that South County is separate but is part of the same insurance pool as RTA. The policy is separate and premiums for South County are determined based on South County's experience modification. Chairperson Guthrie requested additional information regarding the administrative deposit, if it is carried as an expense or carried as an asset. Ms. Tania Arnold clarified that it is carried as an expense. Chairperson Guthrie has a question regarding the new buses, will the rates go up even though the miles don't go up. Mr. Straw confirmed that the physical damage portion will increase. Chairperson Guthrie would like to see insurance broken out for future budgets and see some consistency moving forward. Ms. Arnold stated that the two insurance policies will be split and shown in the budget versus actual expenditures for the fiscal year and in future budget documents.

Mr. Straw continued to review the Administrator's report, including follow up to the April 24<sup>th</sup> public comment and the implementation of the Driver's Forum requested by the South County drivers to speak in a smaller



group about issues that are facing them. Staff has been provided an organizational chart and memo showing the protocol for speaking about issues that affect them. It should be addressed first at the local level before they come to the Board. **Director Nicolls** asked if the meetings the drivers are having, if there is anything of significance that comes out of those meetings, will those be brought to the Board? **Mr. Straw** stated that they will be, similar in format to the summary provided on page A-1-4. **Director Higginbotham** made a suggestion; provide a summary of the some of the drivers input or concern included in the report provided to the Board to show both sides of the discussion. **Chairperson Guthrie** noted that it is important to distinguish the relationship and South County as the “customer” in the relationship needs to be assured that management is occurring in the way that South County Board expects of RTA. **Mr. Straw** added that South County employees were reminded that RTA has no intention of taking over South County. There has been no direction from the South County Board or the RTA Board to do so and unless staff hears otherwise, staff provides a supportive role only.

**Mr. Straw** continued with the Administrator’s report and discussed the new vehicles that will be arriving late in the summer. The idea of changing the name shown on the bus from South County Area Transit to South County Transit was discussed at the Executive Committee meeting. Discussion ensued noting that it is not an agency name change, just a gradual phase out of the word “Area” as part of the name on items such as schedules, uniforms, bus signs, and website. Concern was raised regarding the domino effect of the name change and what the cost benefit of the change would be.

**Chairperson Guthrie** made a motion to take an urgency action to change the name shown on the vehicles being delivered in late summer to South County Transit (removing the word “Area”). **Director Higginbotham** seconded the motion and the motion carried on a roll call vote.

The Board provided direction to staff to bring the item back in October for formal action item and that staff has approval to proceed as needed.

**Mr. Straw** continued discussing the Administrator’s report, reviewing the marketing and service planning items related to the countywide Youth Ride Free program, Avila trolley surveys, Intelligent Transportation System (ITS) procurement, July – April financials, and ridership/productivity reports. **Director Higginbotham** inquired why the subsidy per passenger has gone down. **Mr. Straw** noted that is a direct correlation to increased ridership and resulting increases in fare receipts.

**Mr. Straw** concluded his report.

**Chairperson Guthrie** made a specific comment regarding marketing, asking what are some of the marketing efforts and why isn’t more being done. **Mr. Straw** stated that schedules, interns for public outreach, and press releases are recent examples of focused marketing programs. There is always more that can be done, including trying to seek additional advertising revenue that can be counted as farebox revenue.

**Chairperson Guthrie** closed Board comment.

## **B. ACTION AGENDA**

**B-1 South County Area Transit Use of RTA Buses Reimbursement:** **Mr. Straw** discussed the South County use of RTA vehicles which was originally discussed at the January 2013 South County meeting. Although the staff report was included in the April 2013 agenda package, the item was not listed on the agenda and thus could not be discussed at that time. Since then, staff has updated the reports to provide additional history including information related to bus 208 (the remanufactured gasoline-electric hybrid bus delivered in December 2006) and the emission reduction requirements that lead to that purchase. Also discussed was the ability of RTA to allow South County to use a thirty-five (35) foot vehicle that RTA has a limited ability to use due to lower passenger capacity on high-ridership RTA routes. The option of leasing a vehicle from an outside agency was also reviewed but South County would have had to pay the lease cost as well as the operating costs. Using an RTA vehicle allows South County to only incur the cost to operate the vehicle.

**Mr. Straw** noted that he did meet with Vice Chairperson Paul Teixeira and he was concerned about the total amount of money and if there was another opportunity to pick a different rate. **Mr. Straw** noted the rate proposed is lower than the rate South County currently incurs for use of their own vehicles. **Director Higginbotham** clarified that an additional bus was required while the agency awaits the delivery of replacement vehicles late in the summer. **Director Nicolls** requested clarification on the staff recommendation, the transfer of \$1.70 per mile from RTA to South County currently pending on RTA books. **Mr. Straw** confirmed that was correct. **Mr. Nicolls** also noted that the thorough analysis is appreciated and that at the time there may not have been another choice.

**Director Nicolls** moved to approve staff recommendation to transfer \$67,466.20 in maintenance costs from RTA to South County for the use of RTA vehicles from July 1, 2012 through April 30, 2013 and the per mile rate for using RTA vehicles of \$1.70 through the end of September 2013.

**Chairperson Guthrie** noted that there may be a certain sense of unfairness that South County got stuck with an unusable bus and RTA didn't. **Mr. Straw** and **Director Higginbotham** noted that RTA did still have to pay for the hybrid that RTA purchased (bus 169) and that the information related to the disposition of that vehicle may need to be shared with South County employees. **Chairperson Guthrie** noted that some of the cost should be split into the appropriate budget categories so the year to year budget comparisons make sense.

**Director Higginbotham** seconded the motion and the motion carried on a roll call vote.

**B-2 Passenger Code of Conduct:** **Mr. Straw** noted this is the second reading after the preliminary reading during the January 2013 South County Board meeting and at two driver meetings. There are a few minor changes as noted.

**Mr. Straw** concluded his report.

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

**Mr. Joseph Homes**, South County Transit bus rider, has seen a lot while riding South County buses. He wants to be comfortable but what is going to stop them from doing the same thing over and over.

**Mr. Straw** clarified the process of enforcing the policy and when the clock for disciplinary action begins (as soon as service is denied). The policy allows progressive sanctions for misbehavior by riders.

**Director Higginbotham** asked for clarification regarding the food and drink. **Mr. Straw** noted that you can't eat or drink while on the bus but you can bring food/drinks on the bus.

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

**Director Higginbotham** moved to approve the passenger code of conduct policy. **Director Nicolls** seconded the motion and the motion carried on a roll call vote.

**B-3 South County Video and Audio Recording Policy:** **Mr. Straw** provided an overview of the policy noting there is a typo on page 4 under item XI in the second paragraph in the third line down, the word not is missing. It should read "The authorized SCAT representative is not required..." The use of recording systems is being implemented to promote safety and it is very limited on who can review recorded information. All parties requesting the information must complete the form. Privacy is not guaranteed in a public setting, and transit buses are considered a public setting.

**Mr. Straw** concluded his report.

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

**Chairperson Guthrie** inquired as to how long the general information is retained. **Mr. Straw** stated that it is kept for approximately two weeks before it is recorded over. **Chairperson Guthrie** asked what constitutes an incident, is it larger items only such as accidents or fight, but what about training in general, such as a route that is always running late. The recording would be helpful to determine why that might be. **Mr. Straw** noted that the staff time involved to review the footage would be better spent working with the driver and the possible changes to the route in those instances. If there is a reported complaint, injury or a collision then the recording is reviewed. **Chairperson Guthrie** noted that the specific definition of an incident did not look to be included in the policy. Also of note, specifically on page 3 regarding legal access, Section V, item a; please clarify if they have to subpoena to get the information or is the agency going to just hand it over.

**Mr. Bob Perrault** provided clarification. There may be an incident when South County representatives are authorized to review the recorded information. But if there is a lawsuit the other party may be required to obtain a subpoena to review the data.

**Mr. Joseph Homes** requested clarification that no one will be watching all the recordings and passenger activity. **Mr. Straw** clarified that it will only be reviewed if there is a reported incident.

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

**Director Higginbotham** moved to approve the South County video and audio recording policy with the change on page 4 item XI second paragraph line 3 adding the word not as noted during the presentation. **Director Nicolls** seconded the motion and the motion carried on a roll call vote.

**C. CONSENT AGENDA:**

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

**Chairperson Guthrie** pulled agenda item C-2.

**Director Nicolls** moved to approve item C-1. **Chairperson Guthrie** seconded the motion and the motion carried on a voice vote with Director Higginbotham abstaining.

**Chairperson Guthrie** noted concerns regarding the reliability of the ITS system and questioned moving forward with the procurement. **Mr. Straw** detailed the system and the capabilities along with the benefits, especially coordinating resources. **Director Higginbotham** expressed concerns regarding the readiness of the maintenance department to handle this new technology. **Mr. Straw** noted they are prepared to continue the ITS installation, expanding on the GFI automated farebox technology that was installed in October 2009. GFI tends to be more difficult with many moving parts; these pieces will be solid-state and much more robust.

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

Consent agenda item C-2 were approved upon a motion by **Chairperson Guthrie** and seconded by **Director Nicolls**. The motion carried on a voice vote.

**D. DIRECTORS' COMMENTS:** **Chairperson Guthrie** asked if the fourth replacement bus has been ordered. **Mr. Straw** stated it has not as staff is working through the procurement process.

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

**F. ADJOURNMENT:** The meeting was adjourned at 3:07 p.m.

Respectfully submitted,  
Tania Arnold, CFO and Director of Administration