

BOARD OF DIRECTORS AGENDA

Wednesday, October 21, 2015
CITY OF ARROYO GRANDE, CITY COUNCIL CHAMBERS
215 E. Branch Street. Arroyo Grande, California
1:30 p.m. to 3:00 p.m.
(Ending time is approximate)

Chairperson: Jim Guthrie
Director: Shelly Higginbotham

Vice Chair: Lynn Compton
Director: Barbara Nicolls

Individuals wishing accessibility accommodations at this meeting under the Americans with Disabilities Act (ADA) may request such accommodations to aid hearing, visual, or mobility impairment (including Limited English Proficiency) by contacting the SCT offices at 781-1338. Please note that 48 hours advance notice will be necessary to honor a request.

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

CALL TO ORDER AND ROLL CALL

PUBLIC COMMENTS: This portion of the agenda is reserved for any members of the public to directly address the South County Transit Board of Directors 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 FY14-15 Fiscal and Compliance Audit Report (Receive)

B. ACTION AGENDA

- B-1 Budget Amendment (Action)
- B-2 Public Hearing: Consider New Fare Program & Route 26 Implementation (Action)

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 of Directors or the 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 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 September 29, 2015 (Approve)

C-2 Resolution Authorizing Administrator to Submit Application for State Prop 1B Funds (Approve)

C-3 Resolution Authorizing Administrator to Submit Application for Continued LCTOP Funding (Approve)

C-4 Annual Fiscal and Compliance Audit Report (Receive)

D. CLOSED SESSION: PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Gov. Code Sec. 54957, (b)(1).)
Title: Administrator

E. DIRECTORS' COMMENTS

F. EXECUTIVE COMMITTEE MEMBERS' COMMENTS

ADJOURNMENT

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

SOUTH COUNTY TRANSIT

October 21, 2015

STAFF REPORT

AGENDA ITEM: A-1

TOPIC: Administrator's Report

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Information

BACKGROUND/DISCUSSION:

Operations:

Staff continues to work with the property manager of the shopping center anchored by Wal-Mart to replace the passenger shelter and to extend the concrete pad to better serve passengers. Last week, staff forwarded the last remaining Agreement item – a Certificate of Insurance – to the property manager, and we hope that we can move forward with the project before the seasonal rains arrive. The contractor selected to tear down the old shelter and install the new one stated recently that he is still willing to honor the price he bid last April.

Following ratification of the Collective Bargaining Agreement with Teamsters Local 986, staff has implemented new bus operator "paddles" that meet state-required rest and meal break requirements. However, it is clear that the Route 21 schedule is too tight, and it will need to be revised so that both the public schedule and bus operator breaks can be reliably provided. Staff is talking through a number of alternatives, although none of the leading alternatives would surpass the public hearing threshold. In all alternatives, at least two bus stops would need to be deleted from Route 21 (but service would still be within one-third mile of a remaining bus stop). Staff will bring recommendations for changes to the January 20, 2016 meeting.

Staff is working closely with our vendor to install the GPS-based Intelligent Transportation System on SCT, RTA and Paso Express fixed route buses. Utility staff is finishing the ITS information signs at every bus stop in the SCT/RTA/Paso system this week. Our Technicians will likely sign-off on the installation of the ITS system this week, and the 30-day proving period will begin soon thereafter. The public portion of the ITS system is currently in Beta testing, and we are still on schedule to unveil it to the public at the RTA Board's November 4th meeting. We are also finalizing elements to be included in Phase 2 of the ITS program, which will likely include staff time-saving measures for reporting required information to the National Transit Database and LED/LCD screens at high-impact bus stops / passenger terminals.

Marketing & Service Planning:

Staff is working with our vendor to finalize new websites for SCT and RTA. In addition, staff is developing marketing materials for the ITS system. Staff will include the Board in any press releases and important milestones as we unveil these important projects.

Staff met with Directors Compton and Nicholls, who comprise the SCT Logo Subcommittee, on October 19th. We will provide a verbal update to the entire Board on October 21st, since this Administrator's Report was prepared prior to the scheduled Subcommittee meeting.

Finance and Administration:

SCT has completed its annual fiscal and compliance audit, which was completed by Moss, Levy & Hartzheim. The audit report will be considered as Agenda Item C-4. Thanks go to RTA CFO / Director of Administration Tania Arnold and her team for professionally managing SCT's accounts, and for another successful financial and compliance audit process.

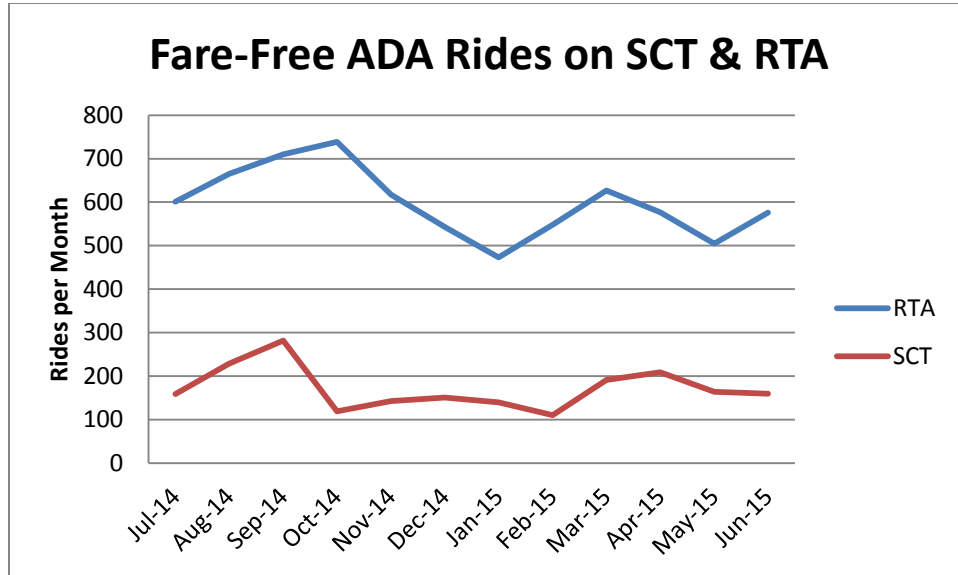
As was explained in previous meetings, SCT has required a higher than typical amount of legal assistance since last April – primarily due to staff disciplinary actions, Wage Order 9 deliberations, and especially union negotiations. In total, the first quarter of FY15-16, SCT required \$2,717 in legal assistance, which is well above the customary \$500 annual amount budgeted in each of the past few years. It should be noted that we received the invoice for these legal services after developing the Budget vs. Actual table presented below, so those expenses will be booked and presented at the next Board meeting. Nonetheless, staff expects these legal services charges to abate, and – assuming no more unusual legal projects – the total fiscal year costs should cap out at about \$3,000.

The operating results for the first two months of FY15-16 were mixed, as shown in the ensuing two pages of tables. Specifically, SCT ridership totaled 43,043 from July 1, 2015 through August 31, 2015, compared to 44,460 in the previous year – a decline of 3.2%. The graphs below depict ridership over the past three fiscal years, and it demonstrates the seasonality of SCT fixed route ridership. Year to date productivity (riders per hour) remained essentially the same in FY15-16 (20.32 vs. 20.37 in FY14-15). However, the year to date farebox recovery ratio in FY15-16 equated to 21.18%, in comparison to the 18.89% ratio achieved in the first two months of FY14-15. Please note that the farebox recovery ratio for first few months of service can swing largely – primarily due to bulk purchasing of passes by our institutional partners, most notably County Department of Social Services. Staff will continue to closely monitor these performance measures.

In terms of overall financial performance, SCT spent 13.96% of budgeted operating expenses through the end of August 2015. This is less than the budgeted allocation, since 16.67% of the year had been completed. See the last page of this report for more information for each line-item. Even when the last-minute legal services costs are included (as noted above), the YTD expenses of \$154,121 equate to only 14.21% of annual budgeted expenses.

As you know, providing the door-to-door Runabout service is very labor-intensive and requires a very high subsidy per passenger trip – almost \$65 per trip on average. To reduce this financial impact on the region, persons registered to use Runabout service are also permitted to ride SCT, RTA, Paso Express and SLO Transit fixed route buses without paying a fare; the registrant merely shows his or her Runabout Eligibility Card to the bus operator, who records the trip on the electronic farebox. Staff recently analyzed the number of fare-free rides by Runabout registrants and the graph below depicts the share of fare-free rides between SCT

and RTA. In total, Runabout registrants accounted for 9,238 boardings on fixed route buses in FY14-15. This represents a significant cost avoidance measure enjoyed in the region. Staff will continue to track this metric closely.



Updates to SCT JPA and RTA Services Agreement

Presented below is an outline of items that could be considered by the SCT Executive Committee regarding potential amendments to the SCT Joint Powers Agreement (JPA), as well as the agreement between SCT and RTA for administrative services:

1. South County Transit Joint Powers Agreement issues that should be considered:
 - a. *New section:* The Federal Transit Administration (through SLOCOG) has asked that the JPA be updated to include the newly-designated *Arroyo Grande – Grover Beach Urbanized Area (UZA)*. This change might also address whether Avila Beach should be included as part of the service area.
 - b. *New section:* the Executive Committee should probably be formally established and recognized.
 - c. *New section:* require a formal Policy and Procedures document, which must be ratified by the Board and include a process for future amendments.
 - d. *Article I, Section 3 Powers, Subsection a:* The map depicting the routes identified as Exhibit A should be replaced with a map depicting the SCT service area and the 2010 Census-designated UZA boundaries.
 - e. *Article I, Section 2 Name:* The “working name” of South County Transit should be identified, along with the legal name of South County Area Transit.

- f. *Article II, Section 2 Meetings*: change from monthly meetings to quarterly meetings and as needed.
 - g. *Article III, Section 1 Budget*: replace “SB325 monies” with “Transportation Development Act funds.” Also, update population estimate language (SB 90 is referenced in the existing JPA) to possibly use the same annual method used by SLOCOG.
 - h. *Article III, Section 2 Expenditures*: this section might be changed to state that the agency must establish and abide by a procurement policy that meets State and Federal requirements. The Board adopted a procurement policy on October 22, 2014 that meets FTA rules.
 - i. *Article III, Section 3 Treasurer*: this language could be replaced with appointment of a Treasurer that meets Government Code 6505.5. Tania Arnold, RTA’s CFO / Director of Administration, is a CPA and meets those requirements.
2. SCT Agreement for Services with RTA should consider:
- a. *Throughout*: identify the working name of SCT.
 - b. *New section*: legal representation should likely be addressed, including how any potential conflicts between County, RTA staff and SCT interests might be addressed.
 - c. *Scope of Services (#2)*: a new scope of services should be developed, based on the 1997 proposal and updated to reflect current conditions.
 - d. *Compensation (#3)*: the language could be changed to state that a compensation level would be developed during the annual budget-making process. It could also state the current FY15-16 compensation level (\$65,410 for Administration, \$14,420 for Finance, and \$110,000 for Vehicle Maintenance).
 - e. *Insurance (#15)*: change the legal name of CalTIP (the “I” of CalTIP is now “Indemnity” rather than “Insurance”). Also could identify CSAC as workers compensation provider, review other coverage providers, and possibly discuss how future changes in providers are handled.
 - f. *Notices (#16)*: physical/ mailing addresses need to be updated.
 - g. *1997 Proposal that includes scope of work*: needs narrative for each line-item, which should probably coincide with the line-items used in the budget.

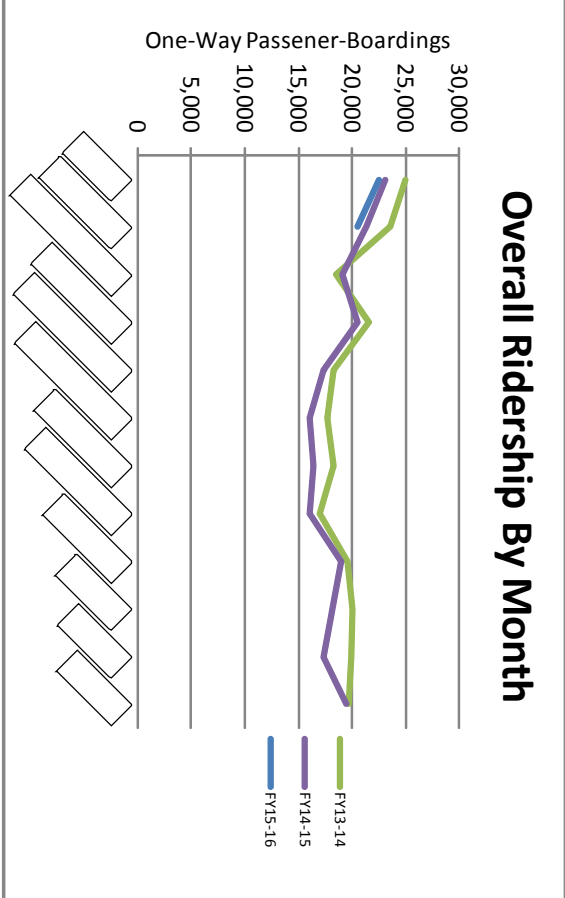
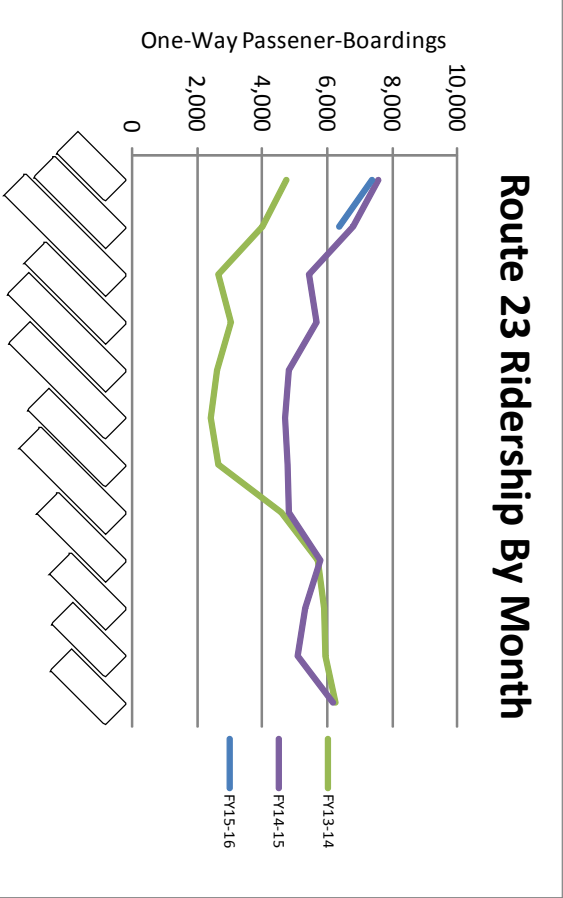
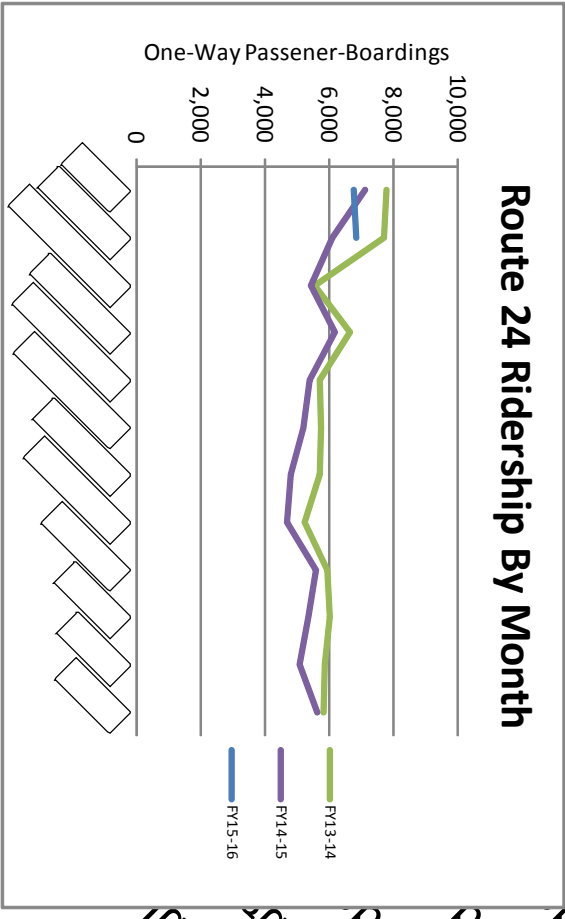
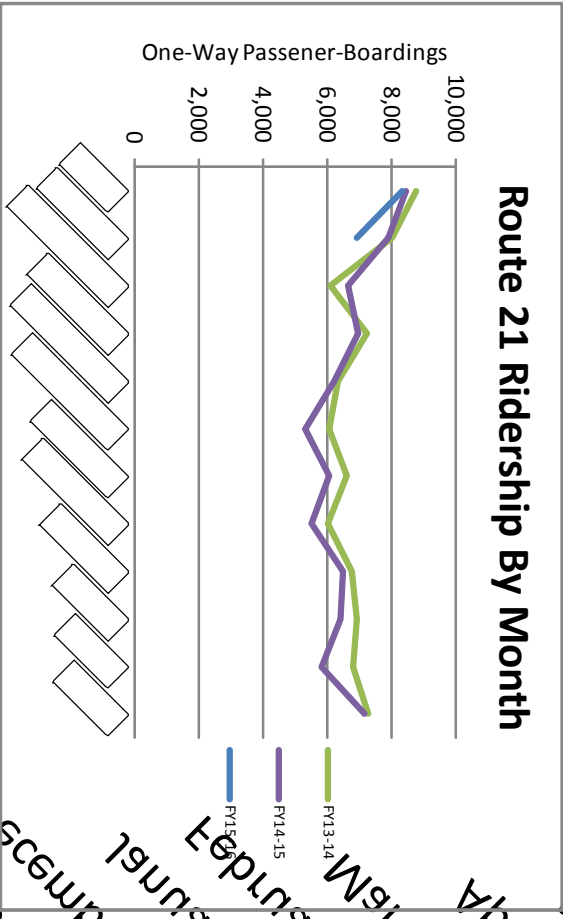
Staff asks that Board members discuss these items in the coming weeks with your respective appointed Executive Committee members.

Maintenance

The warranty provider seems to have solved the fleet-wide defective turbocharger problem in SCT's three 2013 buses (and RTA's seven 2013 buses), as was reported at previous Board meetings. We are continuing to monitor the performance of these three 2013 vehicles; there is no sign that SCT's 2015 vehicle is experiencing the same problem. The two 2011 Eldorado coaches transferred to SCT from RTA appear to be working well. All other maintenance inspections and repairs are being completed according to manufacturer recommendations.

STAFF RECOMMENDATION:

Accept this as an information item.



**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKDAY AND TROLLEY
YEAR TO DATE THRU AUGUST 2015**

	RT 21 PISMO & SHELL BEACH	RT 23 A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 24 GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 25 HIGH SCHOOL PM TRIPPER	TOTAL WEEKDAY SERVICE	AVILA BEACH TROLLEY
REVENUES:						
FARES	7,985	6,434	7,675	371	22,465	1,994
TOTAL ROUTE REVENUES	7,985	6,434	7,675	371	22,465	1,994
EXPENDITURES:						
ADMINISTRATION	2,905	2,852	2,957	48	8,762	1,620
MARKETING	280	275	285	1	842	-
OPERATIONS/CONTINGENCY	20,122	19,751	20,482	330	60,685	12,044
FUEL	4,288	5,136	4,359	76	13,859	3,454
INSURANCE	3,730	4,468	3,792	72	12,062	2,839
TOTAL EXPENDITURES	31,326	32,482	31,875	526	96,209	19,957
FAREBOX RATIO	25.49%	19.81%	24.08%	70.46%	23.35%	9.99%
RIDERSHIP	12,759	11,433	11,246	411	35,849	5,559
SERVICE MILES	7,753.33	9,288.00	7,881.90	151.20	25,074.43	5,904.00
SERVICE HOURS	512.56	503.10	521.72	8.56	1,545.94	285.84
RIDERS PER MILE	1.65	1.23	1.43	2.72	1.43	0.94
RIDERS PER HOUR	24.89	22.73	21.56	48.01	23.19	19.45
COST PER PASSENGER	2.46	2.84	2.83	1.28	2.68	3.59
SUBSIDY PER PASSENGER	1.83	2.28	2.15	0.38	2.06	3.23

**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKEND, TROLLEY, AND TOTAL
YEAR TO DATE THRU AUGUST 2015**

	RT 21 - SAT PISMO & SHELL BEACH	RT 21 - SUN PISMO & SHELL BEACH	RT 23 - SAT A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 23 - SUN A.G. VILLAGE, A.G. H.S. & GRANDE AVE	RT 24 - SAT GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 24 - SUN GROVER B. A.G. VILLAGE, PISMO & A.G.	TOTAL WEEKEND SERVICE	TOTAL SCT ONLY SERVICE	TOTAL SCT AND AVILA SERVICE
REVENUES:									
FARES	1,032	757	1,005	707	1,134	741	5,376	27,841	29,835
TOTAL ROUTE REVENUES	1,032	757	1,005	707	1,134	741	5,376	27,841	29,835
EXPENDITURES:									
ADMINISTRATION	555	514	562	523	566	523	3,243	12,005	13,625
MARKETING	47	44	48	45	48	45	276	1,118	1,118
OPERATIONS/CONTINGENCY	3,840	3,553	3,888	3,616	3,910	3,616	22,424	83,109	95,153
FUEL	810	750	934	865	823	763	4,946	18,805	22,258
INSURANCE	712	659	822	760	724	670	4,348	16,410	19,250
TOTAL EXPENDITURES	5,965	5,520	6,254	5,810	6,071	5,617	35,238	131,447	151,404
FAREBOX RATIO	17.30%	13.71%	16.07%	12.17%	18.68%	13.20%	15.26%	21.18%	19.71%
RIDERSHIP	1,401	1,101	1,338	1,003	1,443	908	7,194	43,043	48,602
SERVICE MILES	1,484.09	1,373.13	1,712.00	1,584.00	1,508.70	1,395.90	9,057.82	34,132.25	40,036.25
SERVICE HOURS	98.08	90.72	99.30	92.34	99.86	92.34	572.64	2,118.58	2,404.42
RIDERS PER MILE	0.94	0.80	0.78	0.63	0.96	0.65	0.79	1.26	1.21
RIDERS PER HOUR	14.28	12.14	13.47	10.86	14.45	9.83	12.56	20.32	20.21
COST PER PASSENGER	4.26	5.01	4.67	5.79	4.21	6.19	4.90	3.05	3.12
SUBSIDY PER PASSENGER	3.52	4.33	3.92	5.09	3.42	5.37	4.15	2.41	2.50

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

	FY 15/16 Adopted	July 2015	August 2015	Year to Date	Percent Year to Date
Use of Resources					
<u>Administrative Expenditures</u>					
Insurance					
Liability & Physical Damage	\$ 68,400	\$ 5,593	\$ 5,593	\$ 11,185	16.35%
Workers Compensation	51,000	3,979	3,979	7,958	15.60%
Property Insurance	700	53	53	106	15.17%
Rent	25,500	2,125	2,125	4,250	16.67%
Utilities	8,450	515	648	1,163	13.76%
Radio Expense	1,240	103	103	206	16.61%
Legal Services	500	-	-	-	0.00%
Payroll Processing	3,490	-	90	90	2.57%
Administration	65,410	5,451	5,451	10,902	16.67%
Finance	14,420	1,202	1,202	2,403	16.67%
Office Expense/Miscellaneous	5,990	92	139	230	3.85%
Audit	3,070	-	-	-	0.00%
Marketing/Community Relations/Printing	16,000	1,037	81	1,118	6.99%
Uniforms/Laundry/Physicals/Ads	7,550	-	380	380	5.03%
<u>Operating Expenditures</u>					
Salaries/Benefits	\$ 459,410	\$ 30,604	\$ 34,349	\$ 64,952	14.14%
Maintenance	110,000	11,730	9,347	21,077	19.16%
Dispatch	18,750	1,563	1,563	3,125	16.67%
Sign Maintenance	3,000	-	-	-	0.00%
SCT Bus Fuel	206,600	11,925	10,334	22,258	10.77%
Contingency	15,000	-	-	-	0.00%
9 Total Operating Expenditures	\$ 1,084,480	\$ 75,969	\$ 75,435	\$ 151,404	13.96%
<u>Capital Service</u>					
Vehicles/ITS	\$ 125,000	\$ -	\$ -	\$ -	0.00%
Facility Improvements/Bus Stop Amenities	80,170	-	-	-	0.00%
Total Capital Service	\$ 205,170	\$ -	\$ -	\$ -	0.00%
10 Total Use of Resources	\$ 1,289,650	\$ 75,969	\$ 75,435	\$ 151,404	11.74%

SOUTH COUNTY TRANSIT

October 21, 2015

STAFF REPORT

AGENDA ITEM: B-1

TOPIC: Fiscal Year 2016 Budget Amendment

ACTION: Approve FY16 Budget Amendment

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Approve Budget Amendment

SUMMARY:

The Fiscal Year 2015-16 SCT operating and capital budget was adopted on April 29, 2015 and was based on a range of assumptions, including anticipated funding, pending labor negotiations and delivery dates for FY14-15 and FY15-16 capital projects.

At this time, staff is bringing back items that are being carried over to FY15-16. The following is a detailed description of the proposed budget adjustment that has been incorporated and highlighted in the amended budget on the following pages. There is a net increase (decrease) column included that details the net change over the adopted budget.

Revenue Changes

1. Beginning Fund Balance: based on FY14-15 audit result of coming in under budget, part being allocated to capital (\$3,170)
2. TDA Required Reserves: increase due to the increase in operating cost as a result of the addition of Route 26 on February 29, 2016 and the ratification of the agreement with Teamsters Local 986
3. Fares: slight increase due to the addition of Route 26
4. Low Carbon Transit Grant: SCT was awarded \$97,350 for a full year of operating Route 26, part of which is recognized in FY15-16
5. Federal Transit Administration (FTA) 5307 Operating: slight decrease to match the actual amount that SCT received as a reimbursement for FY14-15 operations
6. Non-Operating Prop 1B – Intelligent Transportation System: funds transferred to SCT from other Prop 1B projects to supplement SCT funds for ITS

Expenditure Changes

1. Marketing and Community Relations: increase for marketing of Route 26
2. Salaries and Benefits: increase due to the implementation of Route 26 and the ratification of the agreement with Teamsters Local 986
3. Maintenance: increase slightly due to additional miles operated with the addition of Route 26
4. Fuel: increase slightly due to additional miles operated with the addition of Route 26
5. Capital - Intelligent Transportation System: increase due to Prop 1B funds received
6. Capital – Bus Stop Amenities: increased due to previously missing local match of \$3,170
7. Extraordinary Item – Wage Order 9: increase expenditure due to settlement
8. Carryover cost savings to next fiscal year: due to savings and unexpected increase in fund balance to start FY15-16, carrying over funds to reduce LTF request for FY16-17

The net effect for the above referenced budget adjustments is that there is no impact on the jurisdictions.

Staff Recommendation

Approve the budget amendment as indicated in the staff report.

**SOUTH COUNTY TRANSIT
2015-16 Amended Operating Budget**

		FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Adopted Operating	FY 15/16 Amended Operating	FY 15/16 Adopted Capital	FY 15/16 Amended Capital	Net Increase (Decrease) over Adopted Budget
Funding Sources								
	Beginning Fund Balance	\$ 455,676	\$ 606,796	\$ 325,613	\$ 440,850	\$ 308,998	\$ 312,168	\$ 118,407
1	Estimated Fund Balance	\$ 455,676	\$ 606,796	\$ 325,613	\$ 440,850	\$ 308,998	\$ 312,168	\$ 118,407
2	Less Required Reserves:							
	TDA Required Operating Reserve	\$ 161,523	\$ 157,311	\$ 202,678	\$ 214,928	\$ -	\$ -	\$ 12,250
	Equipment Replacement Reserve	253,465	308,998	-	-	65,436	65,436	-
	Total Reserves	\$ 414,988	\$ 466,309	\$ 202,678	\$ 214,928	\$ 65,436	\$ 65,436	\$ 12,250
3	Fund Balance Available (Required)	\$ 40,688	\$ 140,487	\$ 122,935	\$ 225,923	\$ 243,562	\$ 246,732	\$ 106,157
	<u>Operating Revenues</u>							
	Fares	\$ 146,060	\$ 149,222	\$ 135,000	\$ 141,750	\$ -	\$ -	\$ 6,750
	STA	102,878	101,331	104,750	104,750	-	-	-
	Low Carbon Transit Grant	-	-	-	32,450	-	-	32,450
	Federal Transit Adm (FTA) 5307 Operating	400,000	384,161	376,800	372,690	-	-	(4,110)
	SLO County Avila Trolley	44,815	45,553	58,940	58,940	-	-	-
	Advertising and other income	2,618	3,090	-	-	-	-	-
4	Total Non-TDA Funds	\$ 696,371	\$ 683,357	\$ 675,490	\$ 710,580	\$ -	\$ -	\$ 35,090
5	Local Transportation Funds	\$ 376,388	\$ 469,297	\$ 284,255	\$ 284,255	\$ (181,062)	\$ (181,062)	\$ -
	Arroyo Grande	143,404	178,801	108,017	108,017	(68,804)	(68,804)	-
	Grover Beach	109,153	136,095	81,865	81,865	(52,146)	(52,146)	-
	Pismo Beach	63,610	79,311	48,039	48,039	(30,599)	(30,599)	-
	SLO County	60,222	75,087	46,334	46,334	(29,513)	(29,513)	-
6	Total Operating Revenues	\$ 1,072,759	\$ 1,152,654	\$ 959,745	\$ 994,835	\$ (181,062)	\$ (181,062)	\$ 35,090
	<u>Non-Operating Resources</u>							
	Interest	\$ 1,861	\$ 2,640	\$ 1,800	\$ 1,800	\$ -	\$ -	\$ -
	Prop 1B - Vehicle Replacement/ITS	1,256,549	33,309	-	-	-	61,210	61,210
	City of Grover Beach	-	3,237	-	-	-	-	-
	Federal Transit Adm (FTA) 5307 Capital	-	389,066	-	-	130,000	130,000	-
	Federal Transit Adm (FTA) 5339 Capital	-	36,114	-	-	12,670	12,670	-
7	Total Non-Operating Resources	\$ 1,258,410	\$ 464,366	\$ 1,800	\$ 1,800	\$ 142,670	\$ 203,880	\$ 61,210
8	Total Resources	\$ 2,371,858	\$ 1,757,507	\$ 1,084,480	\$ 1,222,557	\$ 205,170	\$ 269,550	\$ 202,457

**SOUTH COUNTY TRANSIT
2015-16 Amended Operating Budget**

	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Adopted Operating	FY 15/16 Amended Operating	FY 15/16 Adopted Capital	FY 15/16 Amended Capital	Net Increase (Decrease) over Adopted Budget
Use of Resources							
<u>Administrative Expenditures</u>							
Insurance							
Liability & Physical Damage	\$ 33,428	\$ 47,609	\$ 68,400	\$ 68,400	\$ -	\$ -	\$ -
Workers Compensation	33,676	43,632	51,000	51,000	-	-	-
Property Insurance	409	638	700	700	-	-	-
Rent	22,000	25,500	25,500	25,500	-	-	-
Utilities	7,577	8,268	8,450	8,450	-	-	-
Radio Expense	975	1,130	1,240	1,240	-	-	-
Legal Services	525	2,580	500	500	-	-	-
Payroll Processing	3,613	3,148	3,490	3,490	-	-	-
Administration	63,500	64,530	65,410	65,410	-	-	-
Finance	14,000	14,230	14,420	14,420	-	-	-
Office Expense/Miscellaneous	6,403	6,636	5,990	5,990	-	-	-
Audit	2,780	2,970	3,070	3,070	-	-	-
Marketing/Community Relations/Printing	10,058	7,619	16,000	18,000	-	-	2,000
Uniforms/Laundry/Physicals/Ads	7,079	5,932	7,550	7,550	-	-	-
<u>Operating Expenditures</u>							
Salaries/Benefits	\$ 424,269	\$ 427,441	\$ 459,410	\$ 509,760	\$ -	\$ -	\$ 50,350
Maintenance	76,255	64,272	110,000	111,200	-	-	1,200
Dispatch	18,500	18,500	18,750	18,750	-	-	-
Sign Maintenance	-	-	3,000	3,000	-	-	-
SCAT Bus Fuel	189,417	158,140	206,600	208,800	-	-	2,200
Contingency	-	-	15,000	15,000	-	-	-
9 Total Operating Expenditures	\$ 914,465	\$ 902,780	\$ 1,084,480	\$ 1,140,230	\$ -	\$ -	\$ 55,750
<u>Capital Service</u>							
Support Vehicle	\$ -	\$ 90,284	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Upgrade	735	-	-	-	-	-	-
Vehicles/ITS	1,256,549	458,309	-	-	125,000	186,210	61,210
Facility Improvements/Bus Stop Amenities	8,301	16,189	-	-	80,170	83,340	3,170
Transit Centers Improvements	-	-	-	-	-	-	-
Total Capital Service	\$ 1,265,585	\$ 564,782	\$ -	\$ -	\$ 205,170	\$ 269,550	\$ 64,380
Extraordinary item - Wage order 9 penalty	\$ -	\$ -	\$ -	\$ 41,170	\$ -	\$ -	\$ 41,170
Carryover cost-savings to next fiscal year	\$ 151,119	\$ 289,950	\$ -	\$ 41,157	\$ -	\$ -	\$ 41,157
10 Total Use of Resources	\$ 2,331,169	\$ 1,757,507	\$ 1,084,480	\$ 1,222,557	\$ 205,170	\$ 269,550	\$ 202,457

**SOUTH COUNTY TRANSIT
Five Year Capital Projection**

	FY 14/15 Adopted Capital	FY 15/16 Adopted Capital	FY 15/16 Amended Capital	FY 16/17 Projected Capital	FY 17/18 Projected Capital	FY 18/19 Projected Capital	FY 19/20 Projected Capital
<u>Capital Service</u>							
Support Vehicle	\$ 102,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Upgrade	700	-	-	-	1,500	-	-
Vehicles/ITS	493,850	125,000	186,210	-	-	-	-
Bus Stop Amenities	61,500	50,170	53,340	39,380	40,360	41,370	42,400
Facility Improvements							
Gutters	-	15,000	15,000	-	-	-	-
Roof Repairs	-	10,000	10,000	-	-	-	-
Roll Up Door	-	2,500	2,500	-	-	-	-
Window Flashing	-	2,500	2,500	-	-	-	-
Transit Centers Improvements	-	-	-	62,500	-	50,000	-
Large Vehicle Repairs	-	-	-	-	-	-	-
 Total Capital Service	 \$ 658,050	 \$ 205,170	 \$ 269,550	 \$ 101,880	 \$ 41,860	 \$ 91,370	 \$ 42,400
Increase Capital Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10 Total Use of Resources	\$ 658,050	\$ 205,170	\$ 269,550	\$ 101,880	\$ 41,860	\$ 91,370	\$ 42,400

SOUTH COUNTY TRANSIT

October 21, 2015

STAFF REPORT

AGENDA ITEM:	B-2
TOPIC:	Public Hearing on Fare and Service Changes
ACTION:	Authorize Staff to Implement a Fare Increase and to Implement New Route 26 Service.
PRESENTED BY:	Geoff Straw
STAFF RECOMMENDATION:	Consider Public Input. Adopt the New Fare Table and Implement a New Peak-Period Route 26 Service on February 29, 2016.

BACKGROUND/DISCUSSION:

Staff is recommending that the SCT Board consider two items in a public hearing:

1. Implement a fare increase, and
2. Implement a new peak-period Route 26 service.

In order to solicit input on these proposed changes at today's meeting, staff undertook a focused outreach effort: notices about the public hearing were posted on each SCT vehicle, on our website, on our Facebook page, at the Ramona Garden and Pismo Premium Outlets transit centers, and published in the Tribune newspaper on October 16, 2015.

Details about the proposed fare increase and the new Route 26 service are provided separately below.

Recommended Fare Increase

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

1. Revenue improvement opportunities,

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

The Board gave clear direction at its April 2014 and July 2014 meetings to focus on revenue improvement opportunities. As a first step, staff implemented an enhanced SCT advertising media package, which garnered greater year to date ad revenues¹ in comparison to same period last year. The next step is to implement fare program changes that will increase revenues while minimizing impacts to riders (to the extent possible). Specific elements of staff's recommended fare changes, which would be effective Monday February 29, 2016, are provided in the table below.

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

Although not technically in violation of FTA half-fares for elderly and disabled riders, it is customary in the transit industry to offer half-fares across all fare media to elderly and disabled riders². The proposed new fare program presented in the table above would meet this rule-of-thumb, and would also encourage more elderly and disabled riders to use 31-day passes (which will speed the boarding process in comparison to cash transactions on the bus).

Staff conducted a public workshop at the Ramona Garden Community Center in Grover Beach on April 15, 2015 from 4:30 PM to 6:30 PM. While only two community members attended the meeting, both seemed to agree that SCT must increase fares due to the financial penalties faced by the organization.

In terms of outreach prior to the public workshop, notices were posted on each SCT vehicle, at 20 major bus stops, on our website, our Facebook page, at the Ramona

¹ Under TDA law, advertising revenues count toward farebox receipts.

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

Garden and Pismo Premium Outlets transit centers, and in the Tribune newspaper. These notices summarized the proposed new SCT fares, as well as the date, time and location of the public workshop. A *Fact Sheet* section on this notice detailed the impacts to SCT if fares are not increased, including the possibility that SCT fixed route service may need to be curtailed in the evenings and/or weekends to minimize financial penalties. The notices also invited stakeholders to submit input at the public workshop, in writing, or through our website. Only one Facebook comment was posted stating it would be a mistake to raise fares.

At its April 29, 2015 meeting, the SCT Board decided to hold off on the recommended fare program change until after labor negotiations could be conducted. The Fiscal Year 2015-16 Operating and Capital Budget, which was adopted at that same April 29th meeting, assumed that an overall 5% increase in fare revenues would be achieved during the fiscal year and that a revised fare program would ultimately be implemented. Since the Collective Bargaining Agreement with Teamsters Local 986 was ratified on September 29, 2015, staff is now recommending that the proposed fare program change be implemented.

It should be noted that Runabout riders' fares are set at twice the corresponding fixed-route cash fare, so implementing the new SCT fare will require RTA to amend its Runabout fare matrix. RTA staff has already committed to sending a letter to each Runabout registrant who lives in the SCT service area explaining the new Runabout fares should the SCT Board adopt a new fare program.

Recommended New Peak-Period Route 26

SCT has identified a need to provide more direct service between the Oceano area and the Wal-Mart shopping center, between the two transit centers, and to the businesses along the Shell Beach Road corridor. Staff operated a test of Route 26 on December 3, 2014, which coincided with a SLOCOG Special Meeting conducted at the Grover Beach Council Chambers. The primary intent of the experiment was to test the potential timepoints along the route, which we discovered will need to be slightly altered to provide reliable schedules.

Prior to implementing the Route 26 experiment on December 3rd, marketing staff worked with twelve employers along the Shell Beach Road corridor to query their line employees on information such as days/hours typically worked, desire for the Route 26 service and boarding/alighting information. A total of 68 employee surveys were collected. The majority of respondents (39) already ride SCT regularly and 59 believe the \$1.25 cash fare is appropriate. The majority (41) stated their work days varied, with Monday through Saturday (13) ranking second. Work shift start times varied considerably, although a majority (48) started between 8:00 AM and 9:30 AM. Work end times were even more varied, with the most frequent response (23) being at 5:00 PM.

Marketing staff also surveyed every passenger who rode the Route 26 bus to get a better understanding of those passengers' needs. Of the 22 riders that responded to the

survey, only one took it one-way; all others planned to ride a round-trip. Of the 15 non-regular riders, only one boarded/alighted at a location other than the Grandma's Trailer Park in Oceano. Seven of the 22 riders used the bus for work commuting purposes. All but one rider expressed a desire to travel to/from Wal-Mart.

A map depicting the major bus stops and test route conducted on December 3, 2014 is attached. The route and schedule will be finalized in the coming weeks to ensure that the schedule is realistic and can be reliably operated; this schedule will be presented at the Board's January 20, 2016 meeting.

Staff recommendation

Consider public input summarized in this report, as well as any input received during the Public Hearing. Adopt the new fare table presented above and implement a new peak-period Route 26 service, both effective on February 29, 2016.

SCT Test Express Route 26



Wednesday December 3rd: Route Start Times:

AM	PM
8:00	4:05
9:00	5:05
10:00	6:05

Test Route 26 Stops

1. Premium Outlets
2. Shell Beach Rd @ Spyglass
3. Shell Beach Rd @ Pier
4. Price @ Stimson
5. Ramona Garden
6. 4th @ Saratoga (New)
7. Premium Outlets
8. Grand @ 7th Street
9. 13th @ Mentone
10. Wilmar @ 19th
11. Farroll @ Grandmother's Trailer Park (New)
12. Elm @ Fair Oaks
13. Wal Mart Shelter
14. K-Mart

Free!

Riding on the test of Express Route 26 is free all day! (Standard fares apply on all other routes)

Ramona Garden Park
Transfer between ALL South County Transit routes

LEGEND

26 SCT Test Express Route 26

T Transfer Stop

P Park and Ride

★ Points of Interest

Wednesday December 3rd



DRAFT
SOUTH COUNTY TRANSIT
MINUTES OF SEPTEMBER 29, 2015 SPECIAL BOARD MEETING
Ramona Gardens Park Conference Room, Grover Beach
C-1

Directors Present:	Jim Guthrie, Chairperson	City Council Member, Arroyo Grande
	Shelly Higginbotham	Mayor, Pismo Beach
	Barbara Nicolls	City Council Member, Grover Beach
Directors Absent:	Lynn Compton, Vice Chair	County Supervisor, District 4
Staff Present:	Geoff Straw	Administrator
	Phil Moores	Manager, Operations
	Tim McNulty	County Counsel
	Coleen Kubel	SCT Supervisor
	Jon MacKenzie	SCT Operations Supervisor
	Anna Mafort-Lacy	RTA Administrative Assistant

CALL TO ORDER AND ROLL CALL: Chairperson Jim Guthrie called the meeting to order at 2:31 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.

A. CLOSED SESSION: None

B. ACTION AGENDA:

B-1 Ratification of Collective Bargaining Agreement: Mr. Geoff Straw introduced Mr. David Latimer of Teamsters Local 986. Mr. Latimer thanked Mr. Straw, Mr. Tim McNulty, and Ms. Tania Arnold for all their hard work.

Mr. Straw said staff used the RTA Collective Bargaining Agreement (CBA) as a template for the SCT negotiations. It has worked well, and RTA and SCT management is familiar with it. He reviewed the differences between the two contracts. In total, there are 41 Articles within the contract, 13 have some negotiated changes. Three of them have some financial impacts previously discussed in closed session. It is a fair, equitable contract that will provide some stability through January 31, 2018. The negotiating team worked very hard, meeting eight times. We had some issues where we reached an impasse and got assistance from the State Mediation and Conciliation Service (SMCS). This service is provided through the Public Employees Relations Board (PERB) at no cost to the organization. We are incorporating some ideas for continuing to work through them as part of our ongoing work

rules and grievances. **Mr. Straw** briefly reviewed the first page of the primary differences, ranging from grievances to discipline to insurance. He noted to date, SCT pays 100% of medical/dental/vision benefits for the three SCT full-time employees. The RTA contract specifies a 90/10 split of these costs and SCT will do the same. Article 29 addresses fare-free family transportation, which allows direct dependents living with the employee to ride free on SCT, RTA and Paso Express fixed routes. We do not currently have the same language in the RTA Collective Bargaining Agreement and will have to address this difference in the next few years. Also, there is a need for casual part-time drivers in this area because of seasonal services that needed to be included.

Staff recommends SCT Board of Directors approve the agreement, which will be signed by the Chairperson, the Administrator and County Counsel.

Mr. Straw concluded his report.

Chairperson Guthrie opened Board and public comment.

Director Nicolls asked how family members are identified. **Mr. Straw** said it covers family members living with SCT Bus Operators and Utility Workers. We create a card with their picture that must be renewed annually.

Chairperson Guthrie said he is happy we have a tentative agreement. He clarified that the CBA for both RTA and SCT will have the same terms. **Mr. Straw** confirmed this, saying both agreements will be valid through January 31, 2018.

Director Higginbotham said she appreciated the continued work done and efforts made on both sides.

Chairperson Guthrie closed Board and public comment.

Director Higginbotham moved to approve Staff Recommendation to ratify the agreement and authorize the Board Chairperson, SCT Administrator and County Counsel to sign the contract. **Director Barbara Nicolls** seconded and the motion carried on a roll call vote with **Director Lynn Compton** absent.

C. CONSENT AGENDA:

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

C-1 SCT Minutes of September 11, 2015 (Approve)

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

E. DIRECTORS' COMMENTS:

Director Higginbotham congratulated SCT and RTA for the Bus Roadeo. It was very impressive to watch the drivers maneuver the bus around obstacles. The event was great and I appreciated being invited. **Mr. Straw** thanked Director Higginbotham, her sister, and Chairperson Guthrie for participating in the event.

Chairperson Guthrie agreed that it was a hot day, but great fun. He is pleased that SCT won the competition and read the names from the plaque.

F. EXECUTIVE COMMITTEE MEMBERS' COMMENTS:

None

ADJOURNMENT: The meeting was adjourned at 2:43 p.m.

Respectfully submitted, Anna Mafort-Lacy, Administrative Assistant

SOUTH COUNTY TRANSIT
October 21, 2015
STAFF REPORT

AGENDA ITEM: C-2

TOPIC: Resolution Authorizing SCT to Submit Application for State Proposition 1B Funds

ACTION: Approve

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Adopt Resolution

Proposition 1B bond funding was passed November 2006 by the voters. Staff estimates that \$2.4 million remains in the San Luis Obispo County for capital projects over the next two years. SCT is an eligible recipient of this funding.

Besides SCT, eligible recipients of the Proposition 1B funds include RTA, the City of Morro Bay, the City of San Luis Obispo, the City of Atascadero, the City of Paso Robles and San Luis Obispo County. The San Luis Obispo Council of Governments has not yet issued a call for projects, but staff anticipates this will take place in the coming months. Projects must be transit-related capital projects and have a life span minimum of 10 years.

Staff recommends approval of the resolutions authorizing the SCT Administrator to submit Proposition 1B grant applications up to \$2.4 million for various transit capital needs for the 2015-16 funding year.

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 14-01**

**A RESOLUTION OF THE SOUTH COUNTY TRANSIT
BOARD OF DIRECTORS, AUTHORIZING SUBMITTAL OF A GRANT
APPLICATION TO THE SAN LUIS OBISPO COUNCIL OF GOVERNMENTS
FOR CALIFORNIA PROPOSITION 1B FUNDS**

WHEREAS, South County Transit is an eligible applicant for California Proposition 1B 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 California Proposition 1B Fund Program Policies and Procedures; and

WHEREAS, South County Transit will continue to provide fixed route public transportation services in the Arroyo Grande-Grover Beach Urbanized Area; and

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

WHEREAS, South County Transit is requesting up to **\$2.4 million** from the Proposition 1B Safety and Security Fund Program for the purchase of various materials, supplies and equipment.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the South County Transit Board of Directors authorizes the Administrator or his Designee to submit a proposal to the San Luis Obispo Council of Governments from the California Proposition 1B Fund Program of up to **\$2.4 million** for the purchase of various materials, supplies and equipment.

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

BE IT FURTHER RESOLVED, that the Administrator or his Designee 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 21st day of October 2015.

Jim Guthrie, Chairman
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: _____

SOUTH COUNTY TRANSIT

October 21, 2015

STAFF REPORT

AGENDA ITEM: C-3

TOPIC: State of California Low-Carbon Transit Grant Program

ACTION: Approve

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Resolution Authorizing the Administrator to Submit an Application for Low-Carbon Transit Grant Program Funds

The Low-Carbon Transit Operations Program is one of several programs funded as part of State of California budget which have a goal of reduced greenhouse gas emissions and achievement of other benefits. These 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. Senate Bill 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund (Fund) for LCTOP, beginning in 2015-16.

There is an estimated \$100,000 available in the County in FY16-17. Eligible recipients of the Low Carbon Transit Operations funds include South County Transit, RTA, SLO Transit, Paso Express, Atascadero Dial-A-Ride, Morro Bay Transit and SLOCAT. Eligible projects will support new or expanded bus services, or expanded intermodal transit facilities, and may include equipment acquisition, fueling, and maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions.

Staff is requesting authorization to submit a grant application of up to \$100,000 for the purchase of various materials, supplies, equipment, and/or operations costs. Staff recommends approval of the attached resolution.

**SOUTH COUNTY TRANSIT
RESOLUTION NO. 15-02**

**A RESOLUTION OF THE SOUTH COUNTY TRANSIT BOARD OF
DIRECTORS, AUTHORIZING SUBMITTAL OF A GRANT APPLICATION
TO THE STATE OF CALIFORNIA
LOW-CARBON TRANSIT OPERATIONS PROGRAM**

WHEREAS, South County Transit is an eligible applicant for Low-Carbon Transit Operations 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 and complementary ADA 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 **\$100,000** from the Low Carbon Transit Operations Program to support new or 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 **\$100,000** 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 21st day of October 2015.

Jim Guthrie, Chairman
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: _____

SOUTH COUNTY TRANSIT

October 21, 2016

STAFF REPORT

AGENDA ITEM: C-4

TOPIC: Annual Fiscal & Compliance Audit

ACTION: Review and Accept the FY2014-15 Audit Report

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Review and Accept the FY2014-15 Annual Fiscal and Compliance Audit

BACKGROUND/DISCUSSION:

The Transportation Development Act (TDA) requires an annual fiscal and compliance audit of each TDA recipient administered by SLOCOG. The attached report was completed for SCT by Moss, Levy & Hartzheim, LLP.

Of particular interest to SCT Board members is the Independent Auditor's Report at the beginning of the document, which provides summary findings of the audit team. In short, the auditors found our financial statements to fairly present the financial position of SCT, and that we expressed our financial position and cash flows in accordance with generally accepted accounting principles. In addition, the auditor found no deficiencies in internal control or compliance with federal programs that might be considered material weaknesses or significant deficiencies.

Staff Recommendation

Staff recommends that the Board review and accept the Fiscal Year 2014-15 Annual Fiscal and Compliance Audit report.

SOUTH COUNTY TRANSIT
FINANCIAL STATEMENTS
June 30, 2015

SOUTH COUNTY TRANSIT

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June 30, 2015

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Moss, Levy & Hartzheim LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
South County Transit
San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the South County Transit (Agency) as of and for the year ended June 30, 2015, 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 Transit, as of June 30, 2015, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited the South County Transit's 2014 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with audited financial statements from which it has been derived.

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 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 30, 2015, on our consideration of the South County 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 & Hartgrain LLP

September 30, 2015
Santa Maria, California

SOUTH COUNTY TRANSIT
STATEMENT OF NET POSITION
JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash and investments	\$ 973,959	\$ 984,613
Accounts receivable	55,530	16,984
Prepaid items	3,768	2,719
Deposits	2,000	2,000
Total current assets	<u>1,035,257</u>	<u>1,006,316</u>
Capital assets:		
Depreciable:		
Buildings and improvements	261,506	265,569
Equipment and vehicles	3,583,529	3,026,398
Less accumulated depreciation	<u>(2,171,409)</u>	<u>(2,004,660)</u>
Total net capital assets	<u>1,673,626</u>	<u>1,287,307</u>
 Total assets	 <u>2,708,883</u>	 <u>2,293,623</u>
LIABILITIES		
Accounts payable	154,473	353,675
Accrued payroll	9,844	10,725
Compensated absences	5,760	7,397
Unearned revenue	<u>112,163</u>	<u>27,723</u>
 Total liabilities	 <u>282,240</u>	 <u>399,520</u>
NET POSITION		
Net investment in capital assets	1,673,626	1,287,307
Unrestricted	<u>753,017</u>	<u>606,796</u>
 Total net position	 <u>\$ 2,426,643</u>	 <u>\$ 1,894,103</u>

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

SOUTH COUNTY TRANSIT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Passenger fares	\$ 149,222	\$ 146,060
Advertising and other income	3,090	2,618
Total operating revenues	<u>152,312</u>	<u>148,678</u>
Operating Expenses:		
Salaries and benefits	427,441	424,269
Maintenance and operation	396,574	412,696
Administration and financial services	78,760	77,500
Depreciation	202,531	202,331
Total operating expenses	<u>1,105,306</u>	<u>1,116,796</u>
Operating income (loss)	<u>(952,994)</u>	<u>(968,118)</u>
Non-Operating Revenues (Expenses):		
Interest income	2,640	1,861
Transportation Development Act funds	464,330	470,231
Fees and reimbursements from other governmental agencies	429,714	444,815
Total non-operating revenues (expenses)	<u>896,684</u>	<u>916,907</u>
Capital Contributions:		
Federal capital grants	85,179	
State capital grants	373,309	1,256,549
Local transportation capital grants	106,295	9,036
Total capital contributions	<u>564,783</u>	<u>1,265,585</u>
Change in net position	<u>508,473</u>	<u>1,214,374</u>
Net position, beginning of fiscal year	1,894,103	679,729
Prior-period adjustment	24,067	
Net position, beginning of fiscal year restated	<u>1,918,170</u>	<u>679,729</u>
Net position, end of fiscal year	<u>\$ 2,426,643</u>	<u>\$ 1,894,103</u>

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

SOUTH COUNTY TRANSIT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Passenger fares	\$ 149,222	\$ 146,060
Advertising and other income	3,090	2,618
Total operating revenues	<u>152,312</u>	<u>148,678</u>
Operating Expenses:		
Salaries and benefits	427,441	424,269
Maintenance and operation	396,574	412,696
Administration and financial services	78,760	77,500
Depreciation	202,531	202,331
Total operating expenses	<u>1,105,306</u>	<u>1,116,796</u>
Operating income (loss)	<u>(952,994)</u>	<u>(968,118)</u>
Non-Operating Revenues (Expenses):		
Interest income	2,640	1,861
Transportation Development Act funds	464,330	470,231
Fees and reimbursements from other governmental agencies	45,553	44,815
Federal grants	384,161	400,000
Total non-operating revenues (expenses)	<u>851,131</u>	<u>916,907</u>
Capital Contributions:		
Federal capital grants	85,179	
State capital grants	373,309	1,256,549
Local transportation capital grants	106,295	9,036
Total capital contributions	<u>564,783</u>	<u>1,265,585</u>
Change in net position	<u>462,920</u>	<u>1,214,374</u>
Net position, beginning of fiscal year	1,894,103	679,729
Prior-period adjustment	<u>24,067</u>	
Net position, beginning of fiscal year restated	<u>1,918,170</u>	<u>679,729</u>
Net position, end of fiscal year	<u>\$ 2,381,090</u>	<u>\$ 1,894,103</u>

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

SOUTH COUNTY TRANSIT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Receipts from customers	\$ 111,366	\$ 219,425
Payments to suppliers and wages	(1,105,544)	(807,612)
Net cash (used) by operating activities	<u>(994,178)</u>	<u>(588,187)</u>
 Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of property, plant, and equipment	(564,783)	(1,265,585)
Capital grants received	651,623	9,566
Net cash provided by capital and related financing activities	<u>86,840</u>	<u>(1,256,019)</u>
 Cash Flows from Noncapital Financing Activities:		
Operating subsidies	464,330	470,231
Fees, grants, and reimbursements received	429,714	444,815
Net cash provided by noncapital financing activities	<u>894,044</u>	<u>915,046</u>
 Cash Flows From Investing Activities:		
Interest income	2,640	1,861
Net cash provided by investing activities	<u>2,640</u>	<u>1,861</u>
 Net decrease in cash and cash equivalents	(10,654)	(927,299)
 Cash and cash equivalents, beginning of fiscal year	984,613	1,911,912
 Cash and cash equivalents, end of fiscal year	<u>\$ 973,959</u>	<u>\$ 984,613</u>

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

SOUTH COUNTY TRANSIT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of operating loss to net cash (used) by operating activities:		
Operating loss	\$ (952,994)	\$ (968,118)
Adjustments to reconcile operating income to net cash used by operating activities		
Depreciation expense	202,531	202,331
Change in operating assets and liabilities:		
Accounts receivable	(38,546)	64,848
Prepaid items	(1,049)	899
Inventory at cost		5,000
Accounts payable	(199,202)	88,387
Accrued payroll	(881)	10,725
Compensated absences	(1,637)	7,397
Unearned revenue	<u>(2,400)</u>	<u>344</u>
Net cash (used) by operating activities	<u>\$ (994,178)</u>	<u>\$ (588,187)</u>

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

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – REPORTING ENTITY

The South County 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 non-exchange 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 3-15 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 TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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. 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, 2015, the Agency had the following cash and investments on hand:

Cash on hand and in banks	\$ 24,031
Investments	<u>949,928</u>
Total cash and investments	<u>\$ 973,959</u>

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

Cash and investments, statement of net position	<u>\$ 973,959</u>
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SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

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:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
San Luis Obispo County Investment Pool	\$ 734,779	\$ 734,779	\$ -	\$ -	\$ -
Local Agency Investment Fund	215,149	215,149			
Total	\$ 949,928	\$ 949,928	\$ -	\$ -	\$ -

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.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
San Luis Obispo County Investment Pool	\$ 734,779	N/A	\$ -	\$ -	\$ -	\$ 734,779
Local Agency Investment Fund	215,149					215,149
Total	\$ 949,928		\$ -	\$ -	\$ -	\$ 949,928

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

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 the San Luis Obispo County Investment Pool or 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, 2015, was as follows:

	Balance July 1, 2014	Prior-Period Adjustment	Increases	Decreases	Balance June 30, 2015
<i>Business-type activities:</i>					
Capital Assets, being depreciated					
Building and improvements	\$ 265,569	\$ -	\$ -	\$ 4,063	\$ 261,506
Vehicles and equipment	3,026,398		564,783	7,652	3,583,529
Total capital assets, being depreciated	<u>3,291,967</u>		<u>564,783</u>	<u>11,715</u>	<u>3,845,035</u>
Less accumulated depreciation for:					
Building and improvements	275,568	(24,067)	10,574	4,063	258,012
Vehicles and equipment	1,729,092		191,957	7,652	1,913,397
Total accumulated depreciation	<u>2,004,660</u>	<u>(24,067)</u>	<u>202,531</u>	<u>11,715</u>	<u>2,171,409</u>
Net depreciable capital assets	<u>\$ 1,287,307</u>	<u>\$ 24,067</u>	<u>\$ 362,252</u>	<u>\$ -</u>	<u>\$ 1,673,626</u>

Depreciation expense for the fiscal year ended June 30, 2015, was \$202,531. Depreciation expense for the fiscal year ended June 30, 2014, was \$202,331.

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 and 2014:

<u>Allocation Assigned By/Claimant</u>	<u>Article/Section</u>	<u>Amount</u>	
		<u>2015</u>	<u>2014</u>
Local Transportation Fund:			
City of Arroyo Grande	4 / 99260(a)	\$ 178,801	\$ 143,404
City of Grover Beach	4 / 99260(a)	75,087	109,153
City of Pismo Beach	4 / 99260(a)	136,095	63,610
County of San Luis Obispo	4 / 99260(a)	<u>79,311</u>	<u>60,222</u>
Total Article 4 – LTF		<u>469,294</u>	<u>376,389</u>
State Transit Fund:			
Regional Transit Authority	6.5 / 99313	94,600	94,188
Regional Transit Authority	6.5 / 99314	<u>6,731</u>	<u>8,690</u>
Total Article 6.5 – STF		<u>101,331</u>	<u>102,878</u>
Total TDA Revenue		<u>\$ 570,625</u>	<u>\$ 479,267</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>2015</u>	<u>2014</u>
Operating expenses	\$ 1,105,306	\$ 1,116,796
Plus/(minus):		
Depreciation	(202,531)	(202,331)
Fare revenues	(149,222)	(146,060)
Other operating revenues	<u>(3,090)</u>	<u>(2,618)</u>
Maximum total allocation	750,463	765,787
TDA operating allocations received and accrued	<u>464,330</u>	<u>470,231</u>
Allocation over/under maximum	<u>\$ (286,133)</u>	<u>\$ (295,556)</u>

NOTE 6 – FARE REVENUE RATIO

The Agency had fare revenue ratios for the year ended June 30, 2015 and 2014, computed as follows:

	<u>2015</u>	<u>2014</u>
(a) Operating revenues – passenger fares	\$ 149,222	\$ 146,060
(b) Operating costs – net of depreciation expense	902,775	914,465
(c) Fare revenue ratio [(a) / (b)]	16.53%	15.97%
Minimum ratio required	20.00%	20.00%
Under minimum ratio requirement	3.47%	4.03%

The Agency was not in compliance with applicable TDA regulations pertaining to acceptable fare revenue ratios which require a minimum ratio of 20%.

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2015, and June 30, 2014, consisted of the following:

	June 30, 2015	June 30, 2014
Bus Pass Sales	\$ 649	\$ 3,049
Low Carbon Transit Operations Program	97,419	
Prop 1B funding	14,095	24,674
Total Unearned revenues	\$ 112,163	\$ 27,723

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.

Interest earned on funds to date is \$8,330. The Agency had qualifying expenditures incurred under this program from previous allocation totaling \$33,309, which was used for the procurement of one transit coach and is included in State capital grants in the accompanying financial statements.

NOTE 10 – PRIOR-PERIOD ADJUSTMENT

A prior-period adjustment was made to the Statement of Revenues, Expenses and Changes in Net Position of \$24,067 to correct capital assets over-depreciated in the prior year.

SUPPLEMENTARY INFORMATION SECTION

SOUTH COUNTY TRANSIT
PROPRIETARY FUND
SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Administrative Expenditures			
Insurance			
Liability and Physical Damage	\$ 43,300	\$ 47,609	\$ (4,309)
Workers Compensation	50,000	43,632	6,368
Property Insurance	640	638	2
Rent	25,500	25,500	
Utilities	8,050	8,268	(218)
Radio Expense	1,250	1,130	120
Legal Services	500	2,580	(2,080)
Payroll Processing	3,750	3,148	602
Administration	64,530	64,530	
Finance	14,230	14,230	
Office Expense/Miscellaneous	8,280	6,636	1,644
Audit	3,240	2,970	270
Marketing/Community Relations/Printing	16,000	7,619	8,381
Uniforms/Laundry/Physicals/Ads	7,600	5,932	1,668
Operating Expenditures			
Salaries/Benefits	455,000	427,441	27,559
Maintenance	123,700	64,272	59,428
Dispatch	18,500	18,500	
Sign Maintenance	3,000		3,000
SCAT Bus Fuel	214,200	158,140	56,060
Contingency	15,000		15,000
Total administration and operations	<u>1,076,270</u>	<u>902,775</u>	<u>173,495</u>
Capital Outlay			
Computer Upgrades	700		700
Support Vehicles	102,000	90,285	11,715
Vehicles/ITS	493,850	458,309	35,541
Facility Improvements/Bus Stop Amenities	<u>61,500</u>	<u>16,189</u>	<u>45,311</u>
Total capital outlay	<u>658,050</u>	<u>564,783</u>	<u>93,267</u>
Total expenses, budgetary basis	<u>\$ 1,734,320</u>	<u>\$ 1,467,558</u>	<u>\$ 266,762</u>
TOTAL EXPENSES, BUDGETARY BASIS		\$ 1,467,558	
ADD:			
DEPRECIATION		202,531	
LESS:			
CAPITALIZED EXPENSES		(564,783)	
TOTAL OPERATING EXPENSES PER FINANCIAL STATEMENTS		<u>\$ 1,105,306</u>	