179 Cross Street, Suite A
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(805) 781-4472 fax (805) 781-1291
www.slorta.org

REGIONAL TRANSIT AUTHORITY EXECUTIVE COMMITTEE AGENDA

PLEASE NOTE THE DATE, TIME, AND LOCATION:

Thursday December 17, 2015

10:00 a.m. – 11:30 a.m.

SLOCOG Conference Room
1114 Marsh Street
San Luis Obispo, California

This agenda is available/posted at: http://www.slorta.org/board/rta-board-meetings

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 [LEP]) by contacting the RTA offices at 781-4472. Please note that 48 hours advance notice will be necessary to honor a request.

1. **Call Meeting to Order, Roll Call**

2. **Public Comment**: The Committee reserves this portion of the agenda for members of the public to address the San Luis Obispo Regional Transit Authority Executive Committee on any items not on the agenda and within the jurisdiction of the Committee. Comments are limited to three minutes per speaker. The Committee 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.

3. **Information Items**
   - A-1 Executive Director's Report (Receive)
   - A-2 Annual Fiscal and Compliance Audit Report for FY14-15 (Receive)

4. **Action Items**
   - B-1 Surplus Equipment and Supplies Disposal Procedures (Action)

5. **Consent Items**
   - C-1 Executive Committee Meeting Minutes of October 14, 2015 (Action)

6. **January 6, 2016 Draft RTA Board Agenda:** The Executive Committee is asked to review and comment o the proposed agenda items.

Joint RTA/SLOCOG Meeting Agenda: RTA and San Luis Obispo Council of Governments (SLOCOG) will have a Joint Session on January 6th to address the following items:

a.) Welcome New Members (if any)

b.) Election of Officers (President and Vice President)

- Determine if President turns control over to President-elect at this time or in February.

c.) Present Plaque of Appreciation to outgoing President Debbie Arnold.

d.) Executive Committee Assignment (Vice President, President, Prior President)

Following the Joint meeting, the Board will adjourn to the RTA Board Meeting:

<u>Information Items</u>

A-1 Executive Director's Report (Receive)

A-2 Annual Fiscal and Compliance Audit Report for FY14-15 (Receive)

A-3 Review Results of Supplementary Taxicab Services Outreach (Receive)

A-4 Strategic Business Plan Quarterly Results (Receive)

A-5 Update on Bus Yard in Paso Robles (Receive)

<u>Action Items</u>

B-1 Surplus Equipment and Supplies Disposal Procedures (Action)

<u>Consent Items</u>

C-1 Executive Committee Meeting Minutes of October 14, 2015 (Approve)

C-2 RTA Board Meeting Minutes of November 4, 2015 (Approve)

C-3 Revised Resolution Authorizing Executive Director to Submit Application for State Prop 1B Safety and Security Funds (Approve)

C-4 Revised Resolution Authorizing Executive Director to Submit Application for LCTOP Funds (Approve)

C-5 Resolution Authorizing Executive Director to Submit Application for Rural Transit Funds (Approve)

C-6 Resolution Authorizing Executive Director to Submit Application for FTA Section 5311 Funds (Approve)

C-7 Resolution Authorizing Executive Director to Submit Application for FTA Section 5339 Funds (Approve)

C-8 Amend SRTP to Add SLO Transit Additional Scope of Work (Approve)

C-9 Authorize Executive Director to Execute Agreement for Auction Services (Approve)

<u>Closed Session Items</u>

D-1 It is the intention of the Board to meet in closed session concerning the following items:

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CONFERENCE WITH LABOR NEGOTIATOR (Govt. Code Section 54957.6)
Agency representative: Debbie Arnold, President
Unrepresented employee: Geoff Straw, Executive Director

7. **Closed Session**
   None

8. **Adjournment**

Next RTA Executive Committee Meeting: **February 10, 2016**

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
December 17, 2015
STAFF REPORT

AGENDA ITEM:	**A-1**
TOPIC:	**Executive Director's Report**
PRESENTED BY:	**Geoff Straw**
STAFF RECOMMENDATION:	**Accept as Information**

BACKGROUND/DISCUSSION:

Operations:
RTA will conduct its next quarterly Employee of the Quarter barbecue lunch on January 29th from 11:30AM until 1:00PM at the RTA Operating facility on 179 Cross Street. Please add that event to your calendars.

Two new Bus Operators (out of a total of four candidates) completed training and began driving in revenue service in late November. Please welcome Randy and Richard to the RTA Team. One other Bus Operator (Jeff) also completed training and is now a member of the South County Transit team. We plan to begin another class of 9-12 trainees on January 11th.

Staff is reviewing preliminary cost estimates for development of a long-term RTA operations office and parking lot at the County's Corp Yard in Paso Robles. We will present those findings at the January 2016 Board meeting and seek Board direction on next steps.

Maintenance:
RTA retrieved four 1999 MCI over-the-road coaches from Golden Gate Transit on December 11th. It will likely take 4-6 weeks to get the coaches ready for service, including training of Technicians and Bus Operators. Look for a public launch of these coaches on Express routes in February 2016 (come to the January 29th EOQ BBQ and check out these new-to-us buses).

RTA is currently recruiting for a Technician A position, the highest-skilled level in our maintenance division. We hope to have the new person on-board in January 2016.

Service Planning & Marketing:
Since the November Board meeting, the Short-Range Transit Plans consultants provided working papers on revised service alternatives, capital alternatives, financial conditions, and coordination opportunities. As soon as staff completes its "fatal flaws" analysis of each document, the documents are forwarded as final drafts to RTAC members, which will meet on January 13th to review the alternatives documents and

recommend strategies for RTA's future. SLO Transit is seeking an amendment to the SRTP agreement for additional financial analysis; this work will be solely funded by the City of San Luis Obispo.

RTA received one formal statement of interest in providing supplementary taxicab services, from Ventura Transit Systems (which operates 234 Cab and Yellow Cab in our county). We will continue discussions with company representatives and provide recommendations at the January 2016 Board meeting.

Finance and Administration:
Staff will provide preliminary financial and operating data through November 30th at the January 6th RTA Board meeting. In addition, staff will provide quarterly performance results as required in the RTA Strategic Business Plan.

Staff electronically submitted its desktop review documents package (over 200 pages, plus RTA's policy and other documents) to our FTA Triennial Review contractor on December 11th. The lead reviewer, Andrew Lynd of Pierlott & Associates based in New Jersey, will be on-site May 25th and 26th.

Moss, Levy & Hartzheim LLP
Certified Public Accountants

To the Board of Directors
San Luis Obispo Regional Transit Authority

We have audited the basic financial statements of the San Luis Obispo Regional Transit Authority (the Authority) for the fiscal year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 21, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by San Luis Obispo Regional Transit Authority are described in Note 2 to the financial statements. As discussed in note 2 to basic financial statements effective July 1, 2014, the San Luis Obispo Regional Transit Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority's financial statements was (were):

> Management's estimate of the useful lives of capital assets is based on experience with other capital assets and on their standard table of useful lives. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of the Pension Plan in Note 10 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. Our comments to management follow:

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of San Luis Obispo Regional Transit Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Moss, Levy & Hartzheim LLP

November 23 2015

Santa Maria, California

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

FINANCIAL STATEMENTS

June 30, 2015

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
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FINANCIAL SECTION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
San Luis Obispo Regional Transit Authority
San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the of San Luis Obispo Regional Transit Authority (Agency) as of and for the fiscal year ended June 30, 2015, and the related notes to the 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 auditors' 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 San Luis Obispo Regional Transit Authority, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 2 to the basic financial statements effective July 1, 2014, the San Luis Obispo Regional Transit Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress for Post Employment Benefits Other than Pensions on page 21, the Schedule of Proportionate Share of Net Pension Liability on page 22, and the Schedule of Contributions on page 23 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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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 San Luis Obispo Regional Transit Authority's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedule 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.

Report on Summarized Comparative Information

We have previously audited the San Luis Obispo Regional Transit Authority 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2014, is consistent in all material respects, with the audited financial statements from it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, on our consideration of the San Luis Obispo Regional Transit Authority'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, Levy & Hartzheim LLP

November 23, 2015
Santa Maria, California

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	2015	2014
ASSETS		
Current assets:		
Cash and investments	$ 3,342,859	$ 4,586,609
Accounts receivable	110,812	
Intergovernmental receivables	2,036,280	323,301
Grants receivable	413,856	3,945
Prepaid items	101,915	83,216
Inventory at cost	200,228	239,120
Total current assets	6,205,950	5,236,191
Capital assets:		
Nondepreciable:		
Land	1,512,602	1,512,602
Depreciable:		
Buildings and improvements	4,754,698	4,754,698
Equipment and vehicles	16,360,660	14,028,928
Less accumulated depreciation	(8,410,252)	(8,880,810)
Total net capital assets	14,217,708	11,415,418
Total assets	20,423,658	16,651,609
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions	74,414	
Total deferred outflows of resources	74,414	
LIABILITIES		
Current liabilities:		
Accounts payable	434,048	334,349
Accrued payroll	117,101	98,332
Unearned revenue	4,088,461	2,882,479
Customer deposits	27,703	27,703
CalPERS side-fund		19,257
Loan payable	200,596	200,596
Total current liabilities	4,867,909	3,562,716
Noncurrent liabilities:		
Compensated absences	154,918	127,817
CalPERS side-fund		81,149
Other post-employment benefits	9,258	
Net pension liability	425,837	
Loan payable	613,494	1,156,624
Total noncurrent liabilities	1,203,507	1,365,590
Total liabilities	6,071,416	4,928,306
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	106,962	
Total deferred inflows of resources	106,962	
NET POSITION		
Net investment in capital assets	13,403,618	10,058,198
Unrestricted	916,076	1,665,105
Total net position	$ 14,319,694	$ 11,723,303

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
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

	2015	2014
Operating Revenues:		
Passenger fares	$ 1,436,252	$ 1,399,393
Other operating revenue	92,579	86,888
Total operating revenues	1,528,831	1,486,281
Operating Expenses:		
Transit operating expenses	6,945,220	5,896,354
Administration and financial services	1,517,800	1,488,551
Depreciation	1,690,517	1,550,683
Total operating expenses	10,153,537	8,935,588
Operating loss	(8,624,706)	(7,449,307)
Non-Operating Revenues (Expenses):		
Transportation Development Act funds	3,281,943	4,230,326
Federal and State grants	3,718,017	3,195,755
Interest income	6,277	3,753
Fees and reimbursements from other governmental agencies	78,760	77,500
Loss on disposal of capital assets	(70,405)	(59,806)
Interest expense	(65,771)	(125,073)
Total non-operating revenues (expenses)	6,948,821	7,322,455
Capital Contributions:		
Federal capital grants	3,563,872	1,904,007
State capital grants	541,884	2,492,619
Local capital grants	457,456	
Contributions from local agencies		1,025,383
Total capital contributions	4,563,212	5,422,009
Change in net position	2,887,327	5,295,157
Net position, beginning of fiscal year	11,723,303	6,539,579
Prior period adjustment	(290,936)	(111,433)
Net position, beginning of fiscal year, restated	11,432,367	6,428,146
Net position, end of fiscal year	$ 14,319,694	$ 11,723,303

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2015	2014
Cash Flows From Operating Activities:		
Receipts from customers	$ 1,504,388	$ 1,492,065
Payments to suppliers and wages	(7,101,344)	(8,989,332)
Net cash used by operating activities	(5,596,956)	(7,497,267)
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of property, plant, and equipment	(4,563,212)	(4,396,626)
Principal paid - loan payable	(543,130)	(1,108,877)
Interest expense	(65,771)	(125,073)
Proceeds from sale of capital assets		17,771
Capital grants received	4,563,212	4,396,626
Net cash (used) by capital and related financing activities	(608,901)	(1,216,179)
Cash Flows from Noncapital Financing Activities:		
Grants received	4,877,070	8,436,073
Fees and reimbursements	78,760	
Net cash provided by noncapital financing activities	4,955,830	8,436,073
Cash Flows From Investing Activities:		
Interest income	6,277	3,753
Net cash provided by investing activities	6,277	3,753
Net (decrease) in cash and cash equivalents cash and cash equivalents	(1,243,750)	(273,620)
Cash and cash equivalents, beginning of fiscal year	4,586,609	4,860,229
Cash and cash equivalents, end of fiscal year	$ 3,342,859	$ 4,586,609

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	2015	2014
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (8,624,706)	$ (7,449,307)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	1,690,517	1,550,683
Change in operating assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable	(110,812)	5,784
Prepaid items	(18,699)	(9,613)
Inventory	38,892	(92,988)
Deferred outflows	(20,163)	
Accounts payable	99,699	(30,385)
Accrued payroll	18,769	32,387
Unearned revenue	1,292,351	(1,496,537)
Other post-employment benefits	9,258	
Net pension liability	(106,125)	(11,027)
Compensated absences	27,101	3,736
Deferred Inflows	106,962	
Net cash used by operating activities	$ (5,596,956)	$ (7,497,267)

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – REPORTING ENTITY

San Luis Obispo Regional Transit Authority (the Agency) is a Joint Powers Agency created by a joint powers agreement among the Cities of San Luis Obispo, Morro Bay, Atascadero, Arroyo Grande, El Paso de Robles, Grover Beach, Pismo Beach, and the County of San Luis Obispo.

The purpose of the Agency is to operate a fixed route public transportation system linking San Luis Obispo to the outlying communities of Morro Bay, Los Osos, Arroyo Grande, El Paso de Robles, Grover Beach, Pismo Beach, Atascadero, Cambria, San Simeon, Nipomo, Santa Maria, Templeton, Santa Margarita, and San Miguel, along with Cuesta College and California Men's Colony. The Agency also owns, operates, and administers a countywide public demand responsive transportation system that is fully accessible for disabled riders. On August 1, 2009, the Agency began in-house vehicle operations and maintenance. Prior to August 1, 2009, a private transportation company provided these services.

The Agency is governed by a Board of Directors comprised of twelve members representing each of the seven cities, in addition to the five members of the County Board of Supervisors.

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. 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.

D. Accounts Receivable – 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.

E. Inventory – Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

F. 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. Capital assets are defined by the Agency as assets with initial, individual costs of more than $1,000 and estimated useful life in excess of two years.

G. 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.

H. Compensated Absences – Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the Agency.

I. Revenue Recognition - The Agency'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 Council 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 and approved to it by San Luis Obispo Council of Governments.

J. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the San Luis Obispo Regional Transit Authority's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities,*" the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has one item which qualify for reporting in this category; refer to Note 13 for a detailed listing of the deferred outflows of resources the District has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualify for reporting in this category; refer to Note 13 for a detailed listing of the deferred inflows of resources the District has reported.

N. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" as well as the requirements of GASB Statement No. 50, "Pension Disclosures." This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of the GASB Statement No. 68 and the impact on the Agency's financial statements are explained in Note 10- Pension Plans and Note 16-Prior Period Adjustment.

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. Implementation of the GASB Statement No. 71 and the impact on the Agency's financial statements are explained in Note 10- Pension Plans and Note 16-Prior Period Adjustment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. 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	$ 639,189
Investments	2,703,670
Total cash and investments	$ 3,342,859

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

Cash and investments, statement of net position	$ 3,342,859

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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:

NOTE 3 - CASH AND INVESTMENTS (Continued)

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
San Luis Obispo County Investment Pool	$ 2,703,670	$ 2,703,670	$ -	$ -	$ -
Total	$ 2,703,670	$ 2,703,670	$ -	$ -	$ -

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 on the following page 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.

				Rating as of Fiscal Year End		
Investment Type	Carrying Amount	Minimum Legal Rating	Exempt from Disclosure	AAA	AA	Not Rated
San Luis Obispo County Investment Pool	$ 2,703,670	N/A	$ -	$ -	$ -	$ 2,703,670
Total	$ 2,703,670		$ -	$ -	$ -	$ 2,703,670

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.

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 Cash held by San Luis Obispo County or LAIF).

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated				
Land	$ 1,512,602	$ -	$ -	$ 1,512,602
Total capital assets, not being depreciated	$ 1,512,602	$ -	$ -	$ 1,512,602
Capital assets, being depreciated				
Building and improvements	$ 4,754,698	$ -	$ -	$ 4,754,698
Vehicles and Equipment	14,028,928	4,563,212	2,231,480	16,360,660
Total capital assets, being depreciated	18,783,626	4,563,212	2,231,480	21,115,358
Less accumulated depreciation for:				
Building and improvements	8,880,810	1,690,517	2,161,075	8,410,252
Total accumulated depreciation	8,880,810	1,690,517	2,161,075	8,410,252
Total capital assets, being depreciated, net	$ 9,902,816	$ 2,872,695	$ 70,405	$ 12,705,106
Governmental activities, capital assets, net	$ 11,415,418	$ 2,872,695	$ 70,405	$ 14,217,708

Depreciation expense for the fiscal year ended June 30, 2015, was $1,690,517. The depreciation expense for the fiscal year ended June 30, 2014, was $1,550,683.

NOTE 5 – UNEARNED REVENUE

	2015	2014
TDA Local Transportation Funds	$ 3,127,491	$ 1,751,770
The Agency received an advance from developers for construction of bus stops as a condition imposed by the County Board of Supervisors. These funds are deferred until the bus stops have been constructed	38,688	30,855
The Agency distributes Universal bus passes to Social Services and the general public as part of a "Welfare to Work Program." These funds are deferred revenue until they are tendered or redeemed.	182,118	47,026
Prop 1B funding	740,164	1,052,828
Total unearned revenues	$ 4,088,461	$ 2,882,479

NOTE 6 – OPERATING SUBSIDIES FROM LOCAL TRANSPORTATION AND STATE TRANSIT ASSISTANCE FUNDS

The County was allocated the following funds from the Local Transportation Fund (LTF) and State Transit Assistance F the fiscal years ended June 30, 2015 and 2014:

Allocation Assigned By/Claimant	Article/ Section	Amount 2015	Amount 2014
Local Transportation Fund:			
City of Arroyo Grande	4 / 99260(a)	$ 187,418	$ 172,442
City of San Luis Obispo	4 / 99260(a)	633,705	582,623
County of San Luis Obispo	4 / 99260(a)	1,725,085	2,183,518
City of Grover Beach	4 / 99260(a)	142,338	131,264
City of Morro Bay	4 / 99260(a)	111,157	102,462
City of Atascadero	4 / 99260(a)	319,079	284,000
City of El Paso de Robles	4 / 99260(a)	1,093,693	399,508
City of Pismo Beach	4 / 99260(a)	83,145	76,542
Total LTF		4,295,620	3,932,359
State Transit Fund:			
Regional Transit Authority	6.5 / 99313	658,230	569,135
Regional Transit Authority	6.5 / 99314	80,926	101,701
Total STF		739,156	670,836
Add: Recognition of prior fiscal year unearned revenues		1,665,402	1,440,121
Less: Current fiscal year unearned revenues		(3,127,491)	(1,665,402)
Total TDA Revenue		$ 3,572,687	$ 4,377,914

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

	2015	2014
Operating and interest expenses	$ 10,219,308	$ 9,060,661
Add:		
Capital purchases with LTF and STF	290,744	109,851
Less:		
Depreciation	(1,690,517)	(1,550,683)
Fare revenues	(1,436,252)	(1,399,393)
Special events and other revenues	(92,579)	(86,888)
Federal and state operating grants	(3,718,017)	(3,195,755)
Maximum total allocation amount	3,572,687	2,937,793
TDA allocations received and accrued	5,034,776	4,603,195
Change in TDA transit allocations in unearned revenues	(1,462,089)	(1,665,402)
Allocation over/(under) maximum	$ -	$ -

NOTE 7 – FARE REVENUE RATIO

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

	Fixed Route	Runabout	Paso Express	Paso Dial a Ride
(a) Operating fare revenues	$ 1,152,169	$ 123,990	$ 124,556	$ 7,347
(b) Operating expenses, net of depreciation	4,170,142	3,094,340	665,760	115,747
(c) Fare revenue ratio [(a) / (b)]	27.63%	4.01%	18.71%	6.35%
Minimum ratio required	16.70%	N/A	16.70%	15.00%
Under minimum ratio requirement	N/A	N/A	N/A	8.65%

	Nipomo	Cambria Trolley	Avila Trolley
(a) Operating fare revenues	$ 26,790	$ 367	$ 8,171
(b) Operating expenses, net of depreciation	352,581	5,690	53,788
(c) Fare revenue ratio [(a) / (b)]	7.60%	6.45%	15.19%
Minimum ratio required	10.00%	10.00%	20.00%
Under minimum ratio requirement	2.40%	3.55%	4.81%

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

	Fixed Route	Runabout
(a) Operating fare revenues	$ 1,244,764	$ 114,055
(b) Operating expenses, net of depreciation	3,951,819	2,951,891
(c) Fare revenue ratio [(a) / (b)]	31.50%	3.86%
Minimum ratio required	16.10%	N/A
Under minimum ratio requirement	N/A	N/A

	Nipomo	Cambria Trolley	Avila Trolley
(a) Operating fare revenues	$ 22,412	$ 3,052	$ 4,998
(b) Operating expenses, net of depreciation	296,371	23,113	59,432
(c) Fare revenue ratio [(a) / (b)]	7.56%	13.20%	8.41%
Minimum ratio required	10.00%	10.00%	10.00%
Under minimum ratio requirement	2.44%	N/A	1.59%

The Agency was in compliance with applicable TDA regulations pertaining to acceptable fare revenue ratios for routes encompassing both urbanized and non-urbanized areas which require a minimum ratio of 16.70% blended rate as approved by San Luis Obispo Council of Governments. When the fare revenue ratio is under the minimum requirement for two consecutive years, there is a potential for a reduction in future TDA eligibility for the difference between the required minimum and actual fares in accordance with Public Utilities Code Section 99268.9 and CCR Section 6633.9, unless waived by the San Luis Obispo Council of Governments.

NOTE 8 – LONG TERM DEBT

	Balance July 1, 2014	Increases	Decreases	Prior-period Adjustment	Balance at June 30, 2015 Total	Current	Long Term
Vacation	$ 100,246	$ 186,418	$ 163,933	$	$ 122,731	$ -	$ 122,731
Sick leave	27,571	45,953	41,337		32,187		32,187
Loan payable	1,357,220		543,130		814,090	200,596	613,494
Other post-employment benefits		15,458	6,200		9,258		9,258
Net pension liability	100,406	220,423	326,548	431,556	425,837		425,837
Total	$ 1,585,443	$ 468,252	$ 1,081,148	$ 431,556	$ 1,404,103	$ 200,596	$ 1,203,507

NOTE 9 – LOAN PAYABLE

The Agency entered into loan with Rabobank on June 1, 2011. The original balance of the loan was $3,082,621. A prepayment of $799,168 in principal was made on January 29, 2014. The loan was refinanced with Rabobank for $1,512,183 on March 24, 2014 with a fixed interest rate of 5.75%. Payment on the loan is due in variable monthly interest payments which began on April 1, 2014 and budgeted principal payments of $100,298 beginning April 30, 2014, with all outstanding principal plus accrued unpaid interest due on April 30, 2021. The Agency's Board has budgeted to pay off the loan early with $543,130 in principal paid for 2014-15 and 2015-16 and $270,960 in 2016-17. The outstanding principal balance at June 30, 2015, was $814,090.

NOTE 10 – PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statue and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	15.005%	6.25%

NOTE 10 – PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the Authority were $54,251 for the fiscal year ended June 30, 2015.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2015, the Agency reported a liability of $425,837 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2014, the Authority's proportion was 0.00684%, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Agency recognized pension expense of $55,088. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on retirement plan investments	-	103,426
Changes in proportion and differences between District contributions and proportionate share of contributions	-	3,536
District contributions subsequent to the measurement date	74,414	-
	$ 74,414	$ 106,962

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

$74,414 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ending June 30,	Amount
2016	$ (27,120)
2017	(27,120)
2018	(26,867)
2019	(25,855)
	$ (106,962)

NOTE 10 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter

(1) The mortality table used was developed based on CalPERs' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly high Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

NOTE 10 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% was used for this period.
(b) An expected inflation of 3.0% was used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The following represents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1- percentage point higher (8.5 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
District's proportionate share of the net pension plan liability	$ 682,083	$ 425,837	$ 213,177

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to Pension Plan

At June 30, 2015, the Agency had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2015.

NOTE 11– POST EMPLOYEMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In addition to the California Public Employees' Retirement System (PERS) pension benefits, as described in Note 10, the Agency provides post-retirement health benefits for management and director positions. The Agency agreed to pay PERS for the retiree and/or retiree's dependent health (medical/dental/vision) insurance premiums, disability insurance, long-term health care or life insurance premiums up to a maximum of $3,100 per year. The benefit is available upon retirement from PERS after the age 55, and the employee must have served for five years with the Agency. The benefit extends between the date of retirement and the date of death. Currently, there are three retirees receiving benefits and five other employees that may become eligible for benefits under this program.

Funding Policy

The Agency accounts for this benefit on a pay-as-you-go basis. No funds are set aside to pay for benefits and administrative costs. These expenditures are paid as they come due. In the fiscal year, June 30, 2015, the Agency's total contributions were $6,200.

Annual OPEB Cost and Net OPEB Obligation

The Agency's annual other post employment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The Agency has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Agency's annual OPEB cost for the current fiscal year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation for the post employment healthcare benefits:

Annual OPEB cost (expense)	$	15,458
Contributions made		(6,200)
Increase/(decrease) in net OPEB obligation		9,258
Net OPEB obligation, beginning of fiscal year		-
Net OPEB obligation, end of fiscal year	$	9,258

Annual OPEB Cost and Net OPEB Obligation (Continued)

For fiscal year 2014-2015, the Agency's annual OPEB cost (expense), the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation, was as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 15,458	40.0%	$ (9,258)

NOTE 11 – POST EMPLOYEMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

The Funded status of the plan as of July 1, 2014, the date of the latest actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	$ 148,961
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	148,961
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	418,002
UAAL as a percentage of covered payroll	36%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for covered group were assumed to retire at the age of 55.

Mortality – All active and inactive plan members were expected to live through the age of 80.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

NOTE 12 – 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 Agency Property Insurance with limits of $25 million per occurrence and $100 million annual aggregate.

NOTE 13 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

At June 30, 2015, deferred inflows and outflows of resources, reported on the Statement of Net Position, consisted of the following:

Deferred Inflows of Resources	
Pensions	$ 74,414
Total Deferred Inflows	$ 74,414
Deferred Outflows of Resources	
Pensions	$ 106,962
Total Deferred Outflows	$ 106,962

NOTE 14 – OPERATING LEASE

The Agency has entered into an operating lease for office facilities and bus yard with lease terms in excess of one year. Future minimum lease payments under this agreement are as follows:

Year Ended June 30	
2016	$ 369,846
2017	192,282
	$ 562,128

NOTE 15 – 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 these 2011-12 fiscal years. 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 $9,253. The Agency had qualifying expenditures incurred under this program from previous allocation totaling $467,564 which was used as local match to purchase six(6) transit coaches and is included in State capital grants in the accompanying financial statements.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of $(377,305) was made which affects the statement of net position.. Prior period adjustment was to record net pension liability of $(431,556) and deferred pension outflow of resources of $54,251, due to the implementation of GASB Statements No. 68 and No. 71.

A prior period adjustment of $86,369 was made which affects the statement of net position. The prior period adjustment was to correct the balance of unearned TDA revenue from the prior year.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS
OTHER THAN PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The following table provides required supplementary information regarding the District's post employment healthcare benefits.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
7/1/2014	$ -	$ 148,965	$ 148,965	0%	$ 418,002	36%

A-2-27

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2015

The following table provides required supplementary information regarding the District's Pension Plan.

		2015
Proportion of the net pension liability		0.00684%
Proportionate share of the net pension liability	$	425,837
Covered-employee payroll	$	345,255
Proportionate share of the net pension liability as percentage of covered-employee payroll		123.34%
Plan's total pension liability	$	1,931,560
Plan's fiduciary net position	$	1,505,723
Plan fiduciary net position as a percentage of the total pension liability		77.95%

Notes to Schedule:
Changes in assumptions - In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

The following table provides required supplementary information regarding the District's Pension Plan.

		2015
Contractually required contribution (actuarially determined)	$	74,414
Contribution in relation to the actuarially determined contributions		(74,414)
Contribution deficiency (excess)	$	-
Covered- employee payroll	$	473,673
Contributions as a percentage of covered-employee payroll		15.71%

Notes to Schedule

Valuation Date:	6/30/2013
Methods and assumptions used to determine contribution rates:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERs' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

SUPPLEMENTARY INFORMATION SECTION

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Adopted Budget	Actual	County Services Actual	Variance with Budget
Administration:				
Labor	$ 753,890	$ 735,444	$ -	$ 18,446
Labor - Administration Workers Comp	42,830	33,844		8,986
Office Space Rental	474,900	427,736		47,164
Property Insurance	16,820	15,915		905
Professional Technical Services	102,090	50,897		51,193
Professional Development	25,750	23,794		1,956
Operating Expense	249,000	230,166		18,834
Marketing and Reproduction	115,330	78,107		37,223
Contingency	132,585	5,558		127,027
North County Management Contract	(39,720)	(39,720)		-
County Management Contract	(80,500)	(80,500)	80,500	(80,500)
SCT Management Contract	(78,760)	(78,760)		
Total Administration	1,714,215	1,402,481	80,500	231,234
Service Delivery:				
Labor - Operations	3,734,110	3,447,553	159,340	127,217
Labor - Operations Worker Comp	289,780	228,983	8,299	52,498
Labor - Maintenance	889,210	849,859	41,036	(1,685)
Labor - Maintenance Workers Comp	84,810	67,017	2,558	15,235
Fuel	1,555,560	1,065,455	30,426	459,679
Insurance	435,900	446,004	8,631	(18,735)
Special Transportation (includes Senior Vans, Lucky Bucks, etc.)	134,590	95,665	73,183	(34,258)
Avila Trolley	55,000	37,382	49,829	(32,211)
Maintenance (parts, supplies, materials)	555,770	475,467	11,211	69,092
Maintenance Contract Costs	94,420	148,174	1,371	(55,125)
Total Operations	7,829,150	6,861,559	385,884	581,707
Capital/Studies:				
Computer System Maintenance/Upgrades	36,400	37,136		(736)
Miscellaneous Capital				
Facility Improvements	15,000	6,136		8,864
Maintenance Software and Maintenance Equipment	60,000	32,506		27,494
Wireless Lift	52,000	55,139		(3,139)
Specialized Maintenance Tools	52,000	20,066		31,934
Desks and Office Equipment	1,800	1,902		(102)
Vehicle ITS/Camera System	558,030	6,100		551,930
Bus Stop Improvements	73,750	5,580		68,170
Bus Rehabilitation	185,000	-		185,000
Bus Procurement Reserve/Large Capital Repairs	81,810	-		81,810
RouteMatch Dispatching Software	40,000	39,534		466
Support Vehicles	62,500	63,877		(1,377)
40' Coaches	3,865,710	3,808,026		57,684
One Dial A Ride Vehicle	89,300	-		89,300
Runabout Vehicles	572,200	487,210		84,990
Total Capital Outlay	5,745,500	4,563,212		1,182,288
Interest Expense	73,690	65,771		7,919
Loan Paydown	543,130	543,130		-
Management Contracts	198,980	198,980		-
TOTAL FUNDING USES	$ 16,104,665	$ 13,635,133	$ 466,384	$ 2,003,148
TOTAL EXPENSES, BUDGETARY BASIS		$ 13,635,133		
ADD:				
DEPRECIATION		1,690,517		
LESS:				
CAPITALIZED EXPENSES		(4,563,212)		
LOAN PRINCIPAL PAYMENTS		(543,130)		
NON-OPERATING EXPENSES		(65,771)		
TOTAL OPERATING EXPENSES PER FINANCIAL STATEMENTS		$ 10,153,537		

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
December 17, 2015
STAFF REPORT

AGENDA ITEM:	**B-1**
TOPIC:	**RTA Purchasing Policy and Procedures Manual Amendment**
ACTION:	**Review and Approve**
PRESENTED BY:	**Geoff Straw, RTA Executive Director**
STAFF RECOMMENDATION:	**Add Disposal of Surplus Procedures to Purchasing Policy and Procedures Manual**

BACKGROUND/DISCUSSION:

To ensure continued eligibility for FTA Section 5307 reimbursement funds, RTA must ensure its procurement policy meets federal requirements, including written procedures for declaring equipment and supplies as surplus, as well as procedures for disposal of surplus items. Of particular interest are procedures for transferring surplus vehicles to other entities in RTA's service area that also provide transportation services. The attached new chapter would amend the Purchasing Policy and Procedures Manual that was originally adopted in 2008 and recently revised in November 2014.

Staff recommendation: Amend the RTA Purchasing Policy and Procedures Manual to add disposal of surplus items as presented.

CHAPTER XIII

SURPLUS EQUIPMENT AND SUPPLIES DISPOSAL STANDARDS

Purpose

When equipment or supplies are no longer needed for RTA services and are declared "surplus," it shall be disposed of according to the policies and procedures outlined below. Disposal should follow competitive sales procedures (where applicable) to ensure the highest possible return. Service life of equipment is determined by acceptable industry standards for such equipment; the service life of FTA-funded rolling stock is determined in *FTA Circular 9030 Urbanized Area Formula Program*. All net local share proceeds from the sale of transit equipment or supplies shall be deposited in RTA's subaccount in the San Luis Obispo County Investment Pool for future transit capital needs.

Background

Since its inception, RTA has used a combination of local, state and FTA funds to procure a variety of capital items. As such, RTA must ensure that its disposal policy meets FTA requirements as outlined in *FTA Circular 5010 Grants Management*.

Declaration of Surplus

In determining whether equipment or supplies shall be deemed surplus, the Executive Director, shall recommend to the RTA Board the following findings:

A. RTA has or soon will have no practical, efficient or appropriate use for the equipment or supplies, nor will it have such a use for the equipment or supplies in the near future.

B. The purpose served by the equipment or supplies can be accomplished by use of a better, less costly or more efficient alternative.

C. The purpose served by the equipment or supplies or its use no longer exists as determined by a change of policy evidenced by a resolution of the Board.

D. The equipment is or supplies are damaged, worn out or otherwise inoperable and the cost of repairing the same is unwise or impractical.

E. All RTA markings and other agency-specific brands are removed from the equipment or supplies, and said items are ready for immediate transfer.

The Board will declare through resolution that said equipment or supplies are considered surplus and the method of proper disposal.

Assessment of Value and Related Procedures

The Executive Director will ensure that all items deemed surplus will be assigned a current fair market value using the methods described below:

A. Original Purchase Price of $5,000 or Greater. Any item for which RTA paid $5,000 or greater, or unused supplies with a total aggregate purchase price of $5,000 or greater, will require a formal pricing analysis. The Executive Director will conduct and document discussions with at least three sellers of like items to assess fair market value, or obtain sales prices of like items that were sold in the past 12 months. If this data is not available, a straight-line depreciation method will be used. The Executive Director will devise a written report that outlines the information obtained, whether or not FTA funds were used to originally procure the item(s), and make a recommendation on an appropriate sales price. This report will be presented to the RTA Board for recommended action on disposal method.

B. Original Purchase Price of Less Than $5,000. Any item for which RTA paid less than $5,000, or unused supplies with a total aggregate purchase price of less than $5,000, will require the Executive Director to inform the RTA Board at its next regularly-scheduled meeting of the action taken by the agency.

Disposal Standards

The standards below will be used when determining how surplus equipment or supplies will be disposed and if reimbursement to FTA would be required. Records of any disposal of equipment or supplies that were originally procured using FTA funds will be maintained according to the record-keeping requirements in Chapter IX above.

A. Surplus Equipment Over $5,000 Value. After the service life of equipment is reached, equipment with a current market value exceeding $5,000 per unit, or unused supplies with a total aggregate fair market value of more than $5,000, will be sold through public auction. If FTA funds were originally used to purchase the equipment or supplies, then RTA will reimburse FTA an amount calculated by multiplying the total aggregate fair market value at the time of disposal, or the net sale proceeds, by the percentage of FTA's participation in the original grant.

B. Surplus Less than $5,000 Value. Equipment with a unit market value of $5,000 or less, or supplies with a total aggregate market value of $5,000 or less, may be sold or otherwise disposed of with no obligation to reimburse FTA. All surplus equipment and supplies valued below this threshold may be auctioned, transferred to another organization or scrapped (as described in the *Surplus Vehicle Transfer Program* and *Unsalable Surplus Equipment and Supplies* sections below).

C. Disposal before End of Equipment Service Life. Any disposal of equipment before the end of it service life is subject to Board and FTA (if originally FTA-funded) concurrence in the method of disposal. If FTA funds were originally used to procure the equipment, the reimbursement amount is the greater of the FTA share of the unamortized value of the remaining service life per unit, based on straight line depreciation of the original purchase price or the FTA share of the sales price, even if the unamortized value is $5,000 or less.

D. Unused Supplies. Disposal of unused supplies before the end of the industry standard life expectancy is determined in total aggregate fair market value and if found to exceed $5,000, RTA shall compensate FTA for its share if FTA funds were used to originally purchase the supplies.

E. Like-Kind Exchange Option. The FTA-approved “like-kind exchange” policy is a disposal initiative which adds the option of trading a vehicle or selling it and applying the proceeds to replacement vehicles. RTA may elect to use the trade-in value or the sales proceeds from a bus to acquire a replacement vehicle of like-kind. If RTA chooses to re-invest the proceeds, 100 percent of the net proceeds must be applied to future acquisition of replacement vehicles.

F. Involuntary Removal. When equipment is involuntarily removed from revenue service (i.e., loss through fire, collision, etc.) prior to the expiration of its useful life, the substitution of capital assets purchased with local funds for acquired with FTA funds is permissible when:

1. Substituted equipment is or equal or greater value;

2. Substituted equipment was procured in accordance with guidance contained in *FTA Circular 4220 Third Party Contracting Guidelines*.

3. Useful life criteria are adjusted to coincide with the original;

4. Equipment is to be used in the programs or projects that are consistent with the purposed for which the original equipment was procured, as prescribed in this Policy;

5. RTA amends its property records to include the equipment, as appropriate.

G. Trade-In. Equipment may be used as a trade-in or be sold and the proceeds used to offset the cost of replacement property, subject to FTA approval.

Surplus Vehicle Transfer Program

Although RTA’s mission is to provide safe, reliable and efficient transportation services in San Luis Obispo County, the Board also recognizes that having a wide array of transportation options in the county improves quality of life and can enhance independence for some vulnerable members of our community. As such, the Board may declare through resolution that surplus vehicles can be transferred to organizations that the Board deems vital to improving transportation options for disabled, senior and low-income populations in the County. These organizations include, in the order of priority:

A. Local governmental entities;

B. Legal 501(c)3 non-profit organizations that provide transportation services in RTA's service area; and

C. Private for-profit transportation providers that serve elderly, disabled and low-income residents and visitors solely within RTA's service area.

In order for surplus vehicles to be eligible for the Surplus Vehicle Transfer Program, the following criteria must be met:

A. The receiving entity must declare in writing that it will use the vehicle(s) to enhance mobility options for elderly, disabled and low-income members of our community; and

B. Surplus vehicles may or may not be in running condition; and

C. RTA shall not perform any repairs to vehicles designated as surplus once the vehicle is removed from RTA revenue service; and

D. Recipients of surplus vehicles assume full liability upon transfer of title; and

E. Surplus vehicles are provided "As-Is, Where-Is" with no warranty expressed or implied as to condition or fitness of purpose.

Unsalable Surplus Equipment or Supplies

Surplus equipment or supplies which are unsalable because of obsolescence, wear and tear, or other reasons may be dismantled, if necessary, and sold as scrap. All net proceeds from the sale will be deposited in RTA's subaccount in the San Luis Obispo County Investment Pool for future transit capital needs.

San Luis Obispo Regional Transit Authority

Executive Committee Meeting

Draft Minutes 10/14/2015

C-1

Members Present:	Debbie Arnold, President Jan Howell Marx, Vice President Shelly Higginbotham, Past President
Members Absent:	
Staff Present:	Geoff Straw, Executive Director Anna Mafort-Lacy, Administrative Assistant Rita Neal, County Counsel
Also Present:	Pete Rodgers, SLOCOG Ron DeCarli, SLOCOG Aida Nicklin, SLOCOG Stephanie Hicks, Rideshare Eric Greening, Atascadero

1. **Call to Order and Roll Call:**
   President Debbie Arnold called the meeting to order at 10:03 a.m. Silent Roll Call was taken and a quorum was present.

2. **Public Comments:**
   Mr. Eric Greening, Atascadero, said he is looking forward to a robust Regional Transit Advisory Committee (RTAC) meeting tomorrow. He said he will be talking to the Latino Outreach Council before the meeting and will contact **Mr. Geoff Straw** regarding the Short Range Transit Plan (SRTP).

3. Information Items

A. Information Items:

A-1 Executive Director's Report

Mr. Straw said Working Paper #4 of the SRTP is out and RTAC will be discussing it tomorrow at 2 p.m. It presents an analysis of alternatives with no recommendations yet. We will be discussing where we go from here and what alternatives RTA should consider.

The Employee of the Quarter barbecue lunch will be on October 30. It will be a Halloween themed event with costumes. We just hired five new employees--four for RTA and one for South County Transit. We've had recent bus operator departures due to attrition and promotions. The new class will begin training on October 19. We also expect to do a large class in January.

Maintenance staff is working closely with vendors to install the GPS-based Intelligent Transportation System on RTA, Paso Express and SCT fixed route buses. We're doing a soft launch right now and we are looking for Beta testers. At this point, we are still on track to unveil it at the November 4th Board meeting. Phase 2 of the ITS projects will include LED/LCD screens at high-impact bus stops and terminals.

Staff is still awaiting Caltrans approval of our draft RFP for the Ticket Vending Machine. Once this is granted, we will go out to bid, evaluate proposals and seek the Board's direction for moving forward. We asked for pre-award authority from Caltrans, but we are still awaiting their response. This was funded by FTA 5339, but the funds have not yet been released.

We are spending a lot of time on a new website that should be ready in the coming weeks. We are hoping to also showcase this site at the November 4th meeting.

Staff will provide preliminary financial and operating data through August 31st at the upcoming Board meeting as well.

Mr. Straw concluded the Executive Directors report.

Vice President Jan Marx inquired about the status of the bus shelter at the downtown transit center. **Mr. Straw** said it is in process but also funded by FTA 5339, which have not been released. We have a vendor and design lined up. Our goal is to get it done in early 2016.

4. Action Items

B-1 Fiscal Year 2015-16 Budget Amendment:

Mr. Straw said the current budget was adopted with a range of assumptions. Staff is bringing back six items that are begin carried over from the previous fiscal year and one that includes repurposed funds. All adjustments were previously funded and there will be no impact on the jurisdictions. He briefly reviewed the seven items being addressed.

Mr. Straw concluded his report.

President Arnold opened Public Comment.

President Arnold closed Public Comment.

Past President Higginbotham moved to approve Action Agenda Item B-1 and **Vice President Marx** seconded. The motion passed on a voice vote.

<u>B-2 Supplemental Taxicab Services</u>:

Mr. Straw gave a brief overview of the Runabout Cost-Saving Measures the Board discussed at the March 6, 2013 meeting. One item not yet addressed was the possibility of implementing a subsidized taxicab service. He said he will ask the Board to allow staff to develop and issue a Request for Interest from Taxi companies to see if they are interested in providing service for us. The next step would be to issue a Request for Qualifications. Another idea is to sell retired Runabout vehicles to the Taxi companies for $1, provided they would only use them in our area and will provide increased access for ADA riders.

Mr. Straw concluded his report.

Vice President Marx suggested staff reach out to **Ms. Jane Parker** of the Monterey County Board of Supervisors. Monterey-Salinas Transit (MST) is using taxi vouchers for seniors and people with disabilities. **Mr. Straw** discussed in what scenarios a subsidized taxicab service works, such as in-town trips for ambulatory riders.

Past President Higginbotham inquired if we will have a cap or agreed-upon fare for the rides RTA will reimburse. **Mr. Straw** said yes. This type of service will be helpful for short trips. The gold standard is where we broker the service. Staff would determine the best service and vehicle for each ride. **Past President Higginbotham** asked how we could enforce the taxi company(ies) to keep the retired Runabout vehicles in our county should we sell the vehicles to them? **Mr. Straw** said we would have to perform spot checks. We will only broker trips in this area, so that would be verifiable.

The committee discussed the likely processes for establishing the taxi voucher program. They also discussed the effects of Uber on the taxicab service and potentially for Runabout within and around the City of San Luis Obispo.

President Arnold inquired about the percentage of Runabout riders that are ambulatory and could use the taxicab option. **Mr. Straw** said the Runabout approved riders took 10,000 trips on the fixed routes during the last fiscal year. By comparison, we carried 45,000 rides on the Runabout fleet. This equals almost 25%. We will try to dig deeper into this data.

Vice President Marx suggested coordinating with senior living centers and doctors offices as a way to help lump rides together.

President Arnold opened Public Comment.

President Arnold closed Public Comment.

Past President Higginbotham moved to approve Action Agenda Item B-2 and **Vice President Marx** seconded. The motion passed on a voice vote.

5. <u>Consent Agenda Items</u>

C-1 Executive Committee Meeting Minutes of August 12, 2015

Past President Higginbotham moved to approve Consent Agenda Items and **Vice President Marx** seconded. The motion passed on a voice vote.

6. <u>Agenda Review:</u>

Mr. Straw briefly reviewed RTA Board Agenda items for the November 4th meeting. Staff will add the annual fiscal compliance audit report to the agenda. He asked for direction from the Committee on whether or not the Taxicab Service should remain on the Consent Agenda or be moved to the Action Agenda. The Committee recommended moving it to Action Agenda item B-2.

Mr. Greening observed there are many assumptions and questions about the area surrounding the parcel on Prado Road. He asked if RTA's environmental study would be a part of or independent of the study being conducted by Community Action Partnership of San Luis Obispo (CAPSLO). **Mr. Straw** said RTA's will be fully independent of CAPSLO, but with assumptions based upon their design. The projects are completely separate.

7. **Adjournment:** **President Arnold** adjourned the meeting at **10:41** a.m.

Respectfully Submitted,	Acknowledged by,
___________________________	___________________________
Anna Mafort-Lacy	Debbie Arnold
Administrative Assistant	RTA President