



RTA BOARD AGENDA

Wednesday, March 6, 2019 at 8:30 AM
BOARD OF SUPERVISORS' CHAMBERS
COUNTY GOVERNMENT CENTER

1055 Monterey Street, San Luis Obispo, California 93401

The AGENDA is available/posted at: <http://www.slorta.org>

President: Fred Strong

Vice President: John Peschong

Board Members:

John Peschong (First District – SLO County)
Bruce Gibson (Second District – SLO County)
Adam Hill (Third District – SLO County)
Lynn Compton (Fourth District – SLO County)
Debbie Arnold (Fifth District – SLO County)
Jimmy Paulding (Arroyo Grande)

Heather Moreno (Atascadero)
Jeff Lee (Grover Beach)
Robert Davis (Morro Bay)
Fred Strong (Paso Robles)
Ed Waage (Pismo Beach)
Andy Pease (San Luis Obispo)

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 781-4833. Please note that 48 hours advance notice will be necessary to honor a request.

FLAG SALUTE

CALL MEETING TO ORDER, ROLL CALL

PUBLIC COMMENT: The Board reserves this portion of the agenda for members of the public to address the San Luis Obispo Regional Transit Authority Board on any items not on the agenda and within the jurisdiction of the Board. Comments are limited to three minutes per speaker. The Board will listen to all communication, but in compliance with the Brown Act, will not take any action on items that are not on the agenda.

A. INFORMATION AGENDA

A-1 Executive Director's Report (Receive)

B. ACTION AGENDA

B-1 FY19-20 Budget Assumptions (Approve)
B-2 Zero-Emission Vehicle Purchase Policy (Approve)
B-3 Annual Fiscal & Compliance Audit for Fiscal Year 2017-18 (Accept)

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

- C-1 Executive Committee Meeting Minutes of October 10, 2018 (Information)
- C-2 RTA Board Meeting Minutes of January 9, 2019 (Approve)
- C-3 RTA Completed Internal Control Checklist (Accept)
- C-4 Authorize California SB-1 State of Good Repair Grant Application (Approve)
- C-5 Revision to Procurement Policy (Approve)
- C-6 Authorize Procurement of Bus Garage Commissioning Services (Approve)
- C-7 Declare Vehicles Surplus & Transfer to Local Agencies (Approve)
- C-8 Authorize AB-617 Grant Application (Approve)
- C-9 Authorize FTA Section 5311 Grant Application (Approve)
- C-10 Authorize RFP to Lease 253 Elks Lane; Set Public Hearing to Open Bids (Approve)
- C-11 Appoint Peter Rodgers as Designated Retirement Program Representative (Approve)

- D. CLOSED SESSION:** – CONFERENCE WITH LEGAL COUNSEL: It is the intention of the Board to meet in closed session concerning the following items:

Initiation of litigation pursuant to subdivision (c) of Section 54956.9. One case.

E. BOARD MEMBER COMMENTS

Special RTA Board meeting on April 3, 2019 (following SLOCOG meeting) in Atascadero
Next regularly-scheduled RTA Board meeting on May 1, 2019

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

MARCH 6, 2019

STAFF REPORT

AGENDA ITEM: A-1

TOPIC: Executive Director's Report

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Accept as Information

BACKGROUND/DISCUSSION:

Operations:

The Employee of the Quarter was awarded on February 1st to RTA Bus Operator Kirk Perry. Mr. Perry primarily works as a Runabout operator, and he is well-liked by his passengers and co-workers. He will join us at the March 6th meeting.

On February 24th, Bus Operator Alison McCullough participated in the CalACT Rodeo in Clovis, CA on behalf of the RTA. RTA Grants and Finance Manager Omar McPherson serves on the CalACT Board of Directors, and he aided in judging the event. The RTA was well-represented by Allison, and it sounds like a good time was had by all.

The County and the City of SLO have signed-off on the final layout of the improvements to the Government Center passenger facility. We are working with our design consultants at the Wallace Group to finalize the drawings, which should be ready by March 15th. Once the final grant funding is secured in late-spring, staff will bid the project for construction services, and bring the agreement to the Board for consideration at the May 1st meeting.

Since the previous RTA Board meeting, two new Bus Operator candidates completed training and are operating in revenue service. Please join me welcoming Michelle and John to the RTA team. We currently have three candidates in the six-week training program and we are continually seeking other candidates to fill the five open Bus Operator positions. Chris Lomeli was promoted from Bus Operator to Operations Supervisor on January 13th and is enjoying his new role within the organization. We are also beginning the recruitment process to replace a recently departed Operations Supervisor.

Service Planning & Marketing:

The launch of the Token Transit mobile ticketing system has been delayed once again due to the inability of the vendor to provide the Bluetooth "beacons" in a timely manner.

Staff is seeking an extension of the Proposition 1B Safety & Security grant. Based on the vendor's latest projections, we hope to launch the system in June 2019; we will provide an update at the May Board meeting.

LSC Transportation Consultants will be conducting on-board passenger surveys the week of March 4th as part of the SoCo Transit / DARs Short-Range Transit Plan. This information is critical as they develop a plan will provide a 5- to 7-year road map for SoCo Transit fixed-route services, as well as the various Dial-A-Ride programs managed by the RTA in Nipomo, Paso Robles, Templeton and Shandon. In late February, staff received the first Working Paper as part of the plan regarding existing conditions and we have provided comments. Once cleaned up, it will be posted on our website and sent to interested parties for further comment.

RTA Marketing and Community Relations Manager Mary Gardner, SLOCOG Public Affairs Representative Anne Devers and I presented to the Paso Robles Senior Citizen Advisory Committee on February 11th. The Committee was welcoming and seemed to appreciate the information regarding transportation options that we provided. If a committee at your jurisdiction is interested in hearing a presentation on how we can serve their population, please ask the committee chair or staff person to call me.

Bus Garage Facility Update:

Staff anticipates receiving the Schematic Design (30% completion) for the Bus Maintenance Facility by March 31st, which will include an initial cost estimate. This effort is being led by Stantec Architecture out of its regional Los Angeles office, with assistance from several local subconsultants. As a reminder, the design/engineering phase and the ensuing construction administration phase are fully funded with Federal Transit Administration (FTA) Section 5307 grants, with local match provided by already-secured Senate Bill 1 – Road Repair and Accountability Act (SB-1) funds.

As noted during the January 9, 2019 Board meeting, because we were unsuccessful in attaining BUILD funds for construction, staff submitted a request to the FTA on December 17th to reallocate already granted Federal funds to the Bus Maintenance Facility project. In order to ensure we were still in the queue of items awaiting a response after the federal government shutdown from December 22nd to January 25th, staff resubmitted the request to FTA Region 9 officials on February 1st; that request has since been forwarded to FTA headquarters in Washington, DC. The FTA funds were originally awarded in FFY15-16 to purchase land for the planned long-term downtown passenger facility, but that project is indefinitely stalled until a new plan can be developed and locally adopted. The reallocation request includes \$4 million in FTA Section 5339(b) funds, \$100,000 in FTA Section 5307 funds, and \$1,150,000 in local funds – all currently included in fully-executed grants. If ultimately accepted and added to the recently awarded FFY18-19 FTA Section 5339(b), we will have secured a total of \$13,107,100 toward construction of the Bus Maintenance Facility project.

I attended a tour of the Antelope Valley Transit Authority and the nearby BYD Electric Bus manufacturing plant in Lancaster, CA on February 21st. AVTA is the first transit agency to commit 100% to Battery-Electric Buses (BEBs), and roughly 50% of its fixed-route miles are operated using BYD buses, including the two first-generation BEBs delivered in 2014. Those 2014 BEBs have operated roughly 250k miles each, and the operating experience has been mostly positive. The per-mile operating costs are roughly half the costs of their remaining diesel-powered buses, although the capital costs per bus (\$839k for a BEB vs. ~\$550k for a diesel-powered bus) and the related infrastructure costs have been and will likely continue to be a challenge in the coming years. The AVTA has implemented depot (aka, overnight) charging, as well as opportunity charging during layovers at major transit centers for its longer routes.

On a related note, as we approach the implementation deadlines in the December 2018 Innovative Clean Transit fleet rule, staff has begun planning interim steps the RTA must consider. See Agenda Item B-2 Vehicle Purchasing Policy and Agenda Item C-8 AB-617 Grant Application for details.

Staff has requested that a special RTA Board meeting be conducted on April 3rd to discuss the initial Bus Maintenance Facility cost estimate information and the financial implications on the RTA jurisdictions based on those initial estimates. Our financial consultants will be on-site to help guide the discussion. We will also ask that a public hearing be conducted to open bids renting our property at 253 Elks Lane as a parking yard. The meeting would follow the regularly-scheduled SLOCOG meeting, which will be conducted at Atascadero City Hall.

Finance and Administration:

The Regional Transit Advisory Committee (RTAC) met on January 17th. The RTAC elected SLO Transit Manager Gamaliel Anguiano as its chairperson and Fixed-Route Representative Eric Greening as its vice-chair. The RTAC also elected Mark Dariz, Janeen Burlingame and Gamaliel to the ADA Appeal Committee. The RTAC reviewed and discussed the FY18-19 budget assumptions as that report relates to possible changes that will be considered in FY19-20, and recommended the RTA Board accept the FY19-20 budget calendar; the latter is presented in Agenda Item B-1 Budget Assumptions. The full RTAC minutes will be presented to the RTA Board after its April 17th meeting.

Staff is working to fill vacancies in the positions of Operations Manager, Human Resources Officer, and Accounting Technician for Administration. Conditional offers have been extended to candidates for the Human Resources Officer and Accounting Technician for Administration, and the candidates are currently in the process of completing the background/reference check process. First round interviews were conducted by the County on behalf of the RTA for the Operations Manager position on February 15th and on-site second round interviews will be conducted on March 8th. Staff is looking forward to filling these key positions as it has been a significant load for staff to carry.

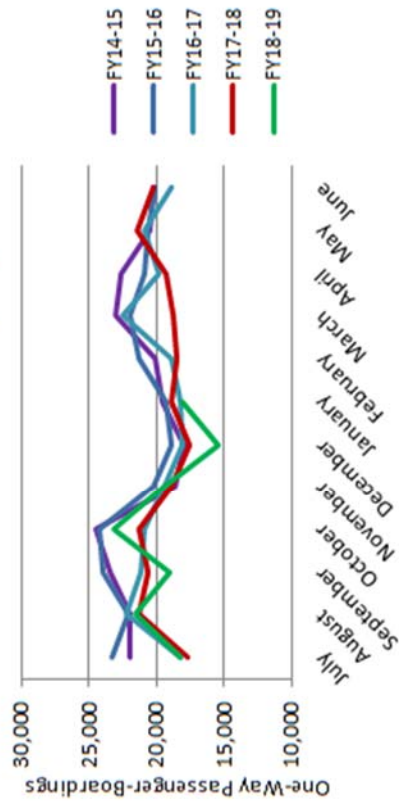
Our operating and financial results through the first seven months of the fiscal year are presented in the tables at the end of this report. This tabular information is summarized as follows:

- RTA core fixed-route ridership totaled 413,074 through the end of January 2019. In comparison, the ridership for the same period last year was 425,162, which represents a decline of 2.8%. As of November 2018 it was 5.7%, and in comparison, the annual decline was 4.3% the same previous year-to-date period.
- Runabout ridership totaled 23,310, which is essentially the same as the first seven months of the previous year (23,095). Staff will continue to look for ways to reduce Runabout demand and/or reduce costs for this highly-subsidized and federally mandated program.
- Trends over the past five years for productivity, which is defined as the average number of passenger-boardings per service hour, are provided in the graphs on page A-1-6. The results are trending favorably over the recent prior years.
- In terms of financial results, staff worked hard to keep operating and capital costs within budget in light of the relatively weakened ridership. See the tables on pages A-1-7 and A-1-8 for details. Some important takeaways include:
 - In terms of overall non-capital expenses, we are right on budget – 56.2% through 58.3% of the fiscal year.
 - Administrative costs equated to 105.5% of YTD budget (61.5% through 58.3% of the fiscal year). This deviation is primarily due to the need to incur unanticipated professional technical services and the timing of those technical services in the first part of the fiscal year.
 - Overall Service Delivery costs equated to 94.1% of YTD budget (54.9% through 58.3% of the year); these costs include both day-to-day operations and vehicle maintenance activities. The greatest variance was experienced in higher than budgeted fuel costs (102.9% of YTD budget), which is the third-greatest single line-item in our budget. We have thankfully avoided any major bus component failures/replacement, which resulted in lower costs related to vehicle maintenance.
 - Note: although workers compensation appears high, it is paid on a quarterly basis, with January being the first month of the third quarter.
 - With the pay increases programmed in the Collective Bargaining Agreement with Teamsters Local 986 taking effect on January 13,

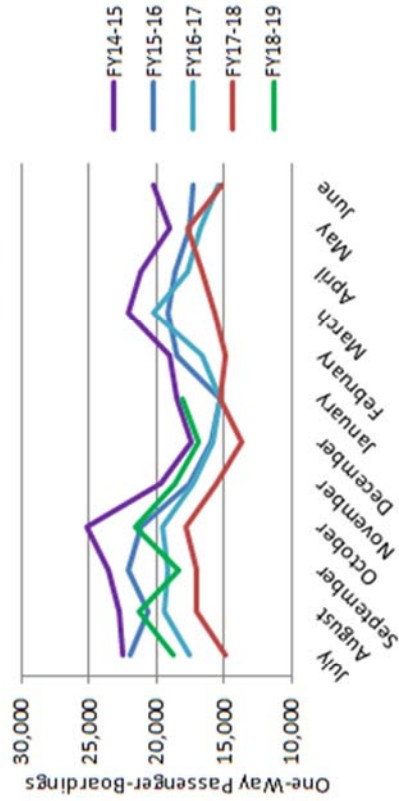
2019 for the February 1, 2019 paycheck date, we do anticipate the wage items increasing during the last five months of the fiscal year.

- The farebox recovery ratio for core fixed-route services equated to 18.7% (21.9% last year), while Runabout achieved a ratio of 4.9% (4.3% last year). The RTA's results for this performance measure below the SBP standard of 25%, yet they are well above the 17.15% TDA requirement established by SLOCOG for FY18-19.
- The YTD subsidy per passenger-trip on core fixed-route services is \$7.53 (\$6.75 last year) and for Runabout it was \$79.32 (\$75.98 last year). Although we have not yet received quarterly information from our transit agency partners, please remember that many Runabout trips are provided on fixed-route services through negotiated/interagency agreements. When those boardings and the fare payments are included, the overall Runabout-eligible subsidy per passenger-trip is actually quite lower – much more in-line with nationwide experience in larger, more-dense urban areas.

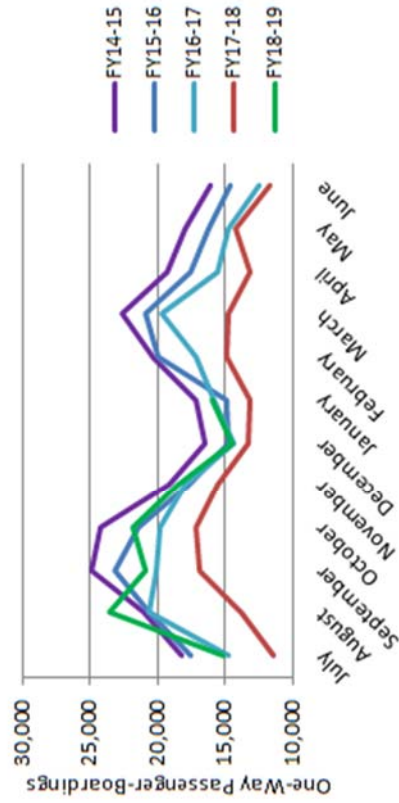
RTA Route 9 Ridership By Month



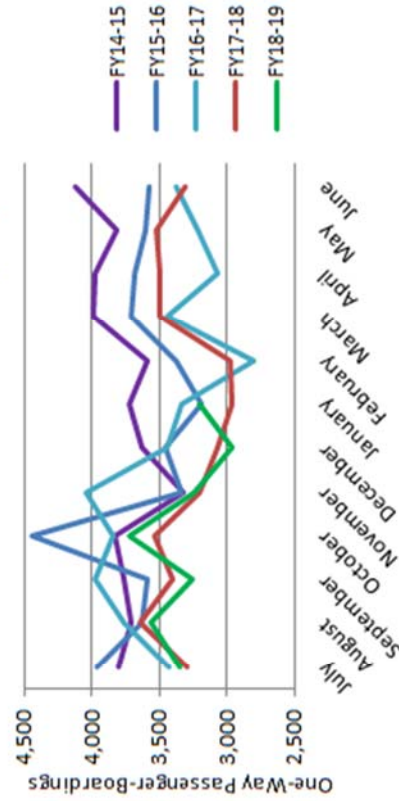
RTA Route 10 Ridership By Month



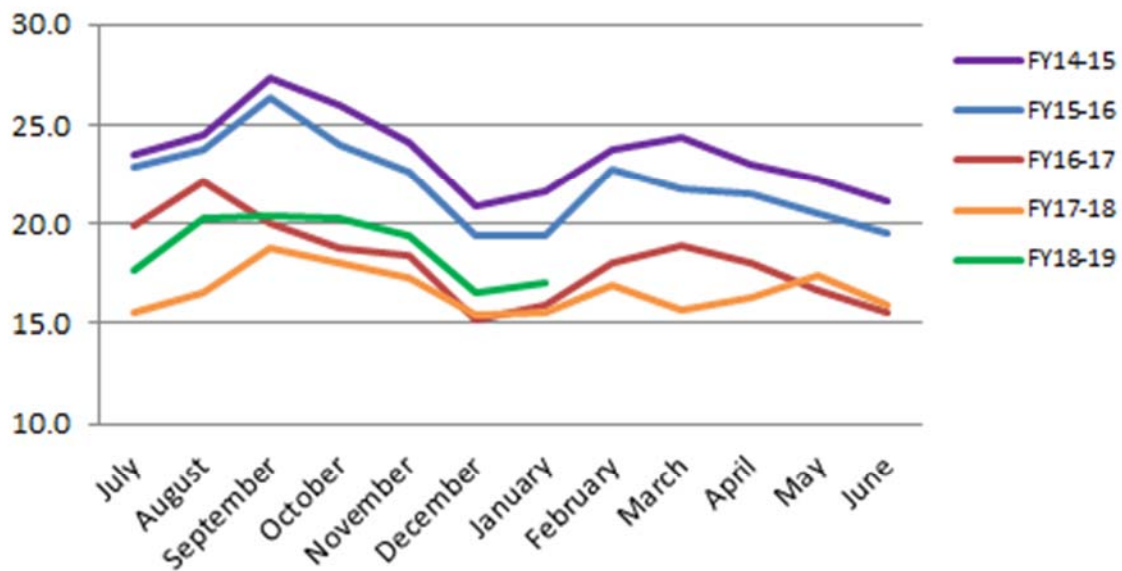
RTA Rtes. 12, 14 & 15 Pass./Mo.



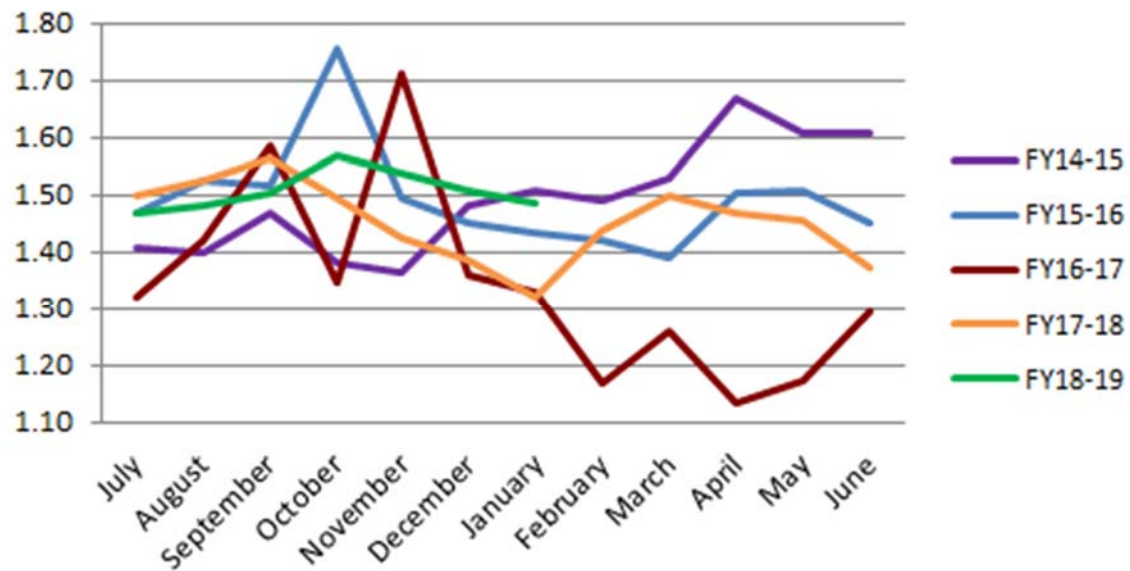
RTA Runabout Ridership by Mo.



RTA Fixed Route Productivity



RTA Runabout Productivity



SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

		Adopted Budget FY 2018-19	December Actual	January Budget	January Actual	January Variance	Year to Date FY 2018-19	Percent of Total Budget FY 2018-19
	Hours	72,080	5,358	6,007	5,862	144	41,006	56.9%
	Miles	1,624,850	121,641	135,404	132,850	2,554	920,283	56.6%
Administration:								
Labor	operations cost	894,050	77,668	74,504	70,292	4,213	522,298	58.4%
Labor - Administration Workers Comp	operations cost	65,150	-	16,288	16,091	196	48,274	74.1%
Office Space Rental	operations cost	458,500	35,381	38,208	35,381	2,827	268,727	58.6%
Property Insurance	operations cost	19,780	-	-	-	-	19,721	99.7%
Professional Technical Services	operations cost	98,480	3,119	8,207	6,265	1,942	95,397	96.9%
Professional Development	operations cost	46,270	2,501	3,856	(417)	4,273	17,161	37.1%
Operating Expense	operations cost	265,450	23,792	22,121	19,348	2,773	167,537	63.1%
Marketing and Reproduction	hourly	95,530	4,100	7,961	6,900	1,060	47,537	49.8%
North County Management Contract	operations cost	(43,740)	(3,645)	(3,645)	(3,645)	-	(25,515)	58.3%
County Management Contract	operations cost	(90,130)	(7,511)	(7,511)	(7,511)	-	(52,576)	58.3%
SCT Management Contract	operations cost	(124,660)	(10,388)	(10,388)	(10,388)	-	(72,718)	58.3%
Total Administration		1,684,680	125,016	149,600	132,315	17,285	1,035,843	61.5%
Service Delivery:								
Labor - Operations	hourly	4,556,490	316,826	379,708	314,312	65,396	2,387,838	52.4%
Labor - Operations Workers Comp	hourly	440,830	-	110,208	108,879	1,328	326,637	74.1%
Labor - Maintenance	hourly	1,033,450	82,099	86,121	75,929	10,192	592,235	57.3%
Labor - Maintenance Workers Comp	hourly	129,010	-	32,253	31,864	389	95,591	74.1%
Fuel	miles	991,560	70,579	82,630	75,295	7,335	595,414	60.0%
Insurance	miles	720,500	59,575	60,042	59,367	674	414,372	57.5%
Special Transportation (for SLOCAT and Paso)	n/a	43,900	3,310	3,658	3,183	475	24,781	56.4%
Avila Trolley	n/a	61,750	-	-	-	-	23,810	38.6%
Maintenance (parts, supplies, materials)	miles	703,460	45,322	58,622	38,974	19,648	305,551	43.4%
Maintenance Contract Costs	miles	129,870	19,210	10,823	10,036	786	69,353	53.4%
Total Operations		8,810,820	596,922	824,063	717,840	106,223	4,835,582	54.9%
Capital/Studies:								
Computer System Maintenance/Upgrades		43,830	-	2,500	2,435	-	21,757	49.6%
Miscellaneous Capital								
Maintenance Equipment		25,310	-	-	-	-	-	0.0%
Specialized Maintenance Tools		85,200	-	-	-	-	-	0.0%
Desks and Office Equipment		10,000	-	-	-	-	-	0.0%
Vehicle ITS		61,370	-	-	-	-	-	0.0%
Bus Stop Improvements/Bus Stop Solar Lighting		240,820	16,272	3,500	3,576	(76)	49,407	20.5%
Vehicles								
Support Vehicles		18,000	-	-	-	-	-	0.0%
40' Coaches		3,140,380	-	-	-	-	1,552,732	49.4%
Cutaway and Dial A Ride Vehicles		81,520	-	-	-	-	-	0.0%
Runabout Vehicles		729,320	-	-	-	-	-	0.0%
Total Capital Outlay		4,435,750	16,272	6,000	6,011	(11)	1,623,895	36.6%
Contingency	hourly	125,950	-	10,496	-	10,496	92,227	73.2%
Interest Expense	operations cost	11,640	555	970	555	415	5,830	50.1%
Loan Paydown		211,670	-	-	-	-	100,298	47.4%
Short Range Transit Plan - Nipomo		22,750	-	-	-	-	-	0.0%
Elks Lane Project		2,671,700	124,087	-	-	-	124,087	4.6%
Management Contracts		258,530	21,544	21,544	21,544	-	150,809	58.3%
TOTAL FUNDING USES		18,233,490	884,395	1,012,673	878,265	134,408	7,968,571	43.7%
TOTAL NON-CAPITAL EXPENDITURES		10,891,620	744,036	1,006,673	872,254	134,419	6,120,291	56.2%

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
YEAR TO DATE THRU JANUARY 31, 2019
CURRENT FISCAL YEAR - 2018/2019

	RT 9 P.R., TEMP., ATAS., S.M., CAL POLY, S.L.O.	RT 10 S.M., NIPOMO, A.G., S.L.O.	RT 12 MORRO BAY, CUESTA, SAN LUIS	RT 14 CUESTA, SAN LUIS TRIPPER	RT 15 SAN SIM., CAMBRIA, CAYUCOS, M.B.	TOTAL RTA CORE SERVICES	RT 7 PASO EXPRESS ROUTE A	RT 8 PASO EXPRESS ROUTE B	TOTAL PASO EXPRESS FIXED ROUTE	PASO EXPRESS DIAL A RIDE	RUNABOUT	SYSTEM TOTAL
REVENUES:												
FARES	\$ 214,702	\$ 219,404	\$ 153,001	\$ 12,848	\$ 21,601	\$ 621,556	\$ 38,731	\$ 41,780	\$ 80,511	\$ 3,533	\$ 95,224	\$ 800,823
TOTAL ROUTE REVENUES	\$ 214,702	\$ 219,404	\$ 153,001	\$ 12,848	\$ 21,601	\$ 621,556	\$ 38,731	\$ 41,780	\$ 80,511	\$ 3,533	\$ 95,224	\$ 800,823
EXPENDITURES:												
ADMINISTRATION	\$ 224,751	\$ 185,558	\$ 122,657	\$ 12,139	\$ 53,320	\$ 598,425	\$ 10,605	\$ 10,430	\$ 21,035	\$ 4,482	\$ 437,322	\$ 1,061,264
MARKETING	17,649	14,652	9,776	1,142	4,317	47,537	-	-	-	-	-	47,537
OPERATIONS/CONTINGENCY	731,385	616,923	398,987	39,874	179,406	1,966,575	173,572	171,316	344,888	70,889	1,299,943	3,682,296
FUEL	156,445	153,515	86,003	8,221	47,133	451,317	17,637	17,649	35,286	2,887	93,693	583,183
INSURANCE	92,336	90,590	50,772	4,749	27,877	266,324	10,941	10,969	21,910	2,849	113,110	404,192
TOTAL EXPENDITURES	\$ 1,222,567	\$ 1,061,238	\$ 668,195	\$ 66,125	\$ 312,053	\$ 3,330,178	\$ 212,756	\$ 210,364	\$ 423,119	\$ 81,106	\$ 1,944,068	\$ 5,778,471
FAREBOX RATIO	17.6%	20.7%	22.9%	19.4%	6.9%	18.7%	18.2%	19.9%	19.0%	4.4%	4.9%	13.9%
SERVICE MILES	210,278.1	206,285.2	115,575.3	10,788.5	63,327.7	606,254.8	24,904.3	24,958.0	49,862.3	6,501.0	257,665.0	920,283.1
SERVICE HOURS	7,942.3	6,563.5	4,339.8	432.1	1,892.2	21,169.9	1,814.7	1,783.1	3,597.8	769.3	15,469.4	41,006.4
RIDERSHIP (Automatic Counters)	146,349	133,520	105,792	12,540	14,873	413,074	30,858	31,855	62,713	1,535	23,310	500,632
RIDERS PER MILE	0.69	0.65	0.94	1.16	0.25	0.68	1.24	1.28	1.26	0.24	0.09	0.54
RIDERS PER HOUR	18.3	20.3	25.2	29.0	8.6	19.5	17.0	17.9	17.4	2.0	1.5	12.2
COST PER PASSENGER	\$ 8.35	\$ 7.95	\$ 6.32	\$ 5.27	\$ 20.98	\$ 8.06	\$ 6.89	\$ 6.60	\$ 6.75	\$ 52.84	\$ 83.40	\$ 11.54
SUBSIDY PER PASSENGER	\$ 6.89	\$ 6.30	\$ 4.87	\$ 4.25	\$ 19.53	\$ 6.56	\$ 5.64	\$ 5.29	\$ 5.46	\$ 50.54	\$ 79.32	\$ 9.94
RIDERSHIP (GFI Fareboxes)	134,818	114,162	90,506	8,290	12,157	359,933	29,758	31,062	60,820	1,535	23,310	445,598
RIDERS PER MILE	0.64	0.55	0.78	0.77	0.19	0.59	1.19	1.24	1.22	0.24	0.09	0.48
RIDERS PER HOUR	17.0	17.4	20.9	19.2	6.4	17.0	16.4	17.4	16.9	2.0	1.5	10.9
COST PER PASSENGER	\$ 9.07	\$ 9.30	\$ 7.38	\$ 7.98	\$ 25.67	\$ 9.25	\$ 7.15	\$ 6.77	\$ 6.96	\$ 52.84	\$ 83.40	\$ 12.97
SUBSIDY PER PASSENGER	\$ 7.48	\$ 7.37	\$ 5.69	\$ 6.43	\$ 23.89	\$ 7.53	\$ 5.85	\$ 5.43	\$ 5.63	\$ 50.54	\$ 79.32	\$ 11.17

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**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
MARCH 6, 2019
STAFF REPORT**

AGENDA ITEM: B-1

TOPIC: Fiscal Year 2019-20 Budget Assumptions

ACTION: Approve Budget Assumptions

PRESENTED BY: Tania Arnold, Deputy Director/CFO

STAFF RECOMMENDATION: Approve Budget Assumptions to Enable Staff to Begin Development of Operating and Capital Budgets

BACKGROUND/DISCUSSION:

The following report outlines staff's recommended budget assumptions for the RTA's Fiscal Year 2019-20 Operating and Capital Budget, and it is the first step in the development of our operating budget and operating program. It should be noted that the RTA is again developing a two-year operating budget and five-year capital budget. As in past years, only the first year would be financially-constrained, while the out-years should be considered advisory. Upon the Board's guidance and approval of these assumptions, staff will prepare a detailed report along with preliminary budget numbers for presentation to the Executive Committee at their April 10th meeting prior to the final draft budget presentation to the Board in May.

KEY ISSUES

1. Address SoCo Transit's request to consolidate with the RTA.
2. State Transit Assistance (STA) funds are projected to be flat to the region but they are higher than FY17-18 due to the Senate Bill 1 – Road Repair and Accountability Act (SB-1) funds, which included augmented STA funds and State of Good Repair funds.
3. Local Transportation Funds (LTF) used for operating purposes are projected to be flat to the region.
4. Liability costs continue to escalate, despite the RTA's good safety record, especially general liability costs.
5. We continue to focus on Runabout costs, which had been escalating in recent years but have leveled off.
6. Address staffing and retention, in particularly in the Bus Operator classification.

7. Fuel costs continue to remain low; this also results in declining ridership and fares.

Mission Statement

The Mission of the RTA is to provide safe, reliable and efficient transportation services that improve and enhance the quality of life for the citizens of and visitors to San Luis Obispo County.

Objectives and Revenue Impacts

- 1) Maintain service levels and hours of service that meet the standards of productivity and demand of our customers and communities through the effective and efficient delivery of RTA Fixed-Route and Runabout core services.
 - a) RTA received \$1,304,500 for RTA core services in STA funding, which includes \$517,450 in SB-1 State of Good Repair funding being used to fund the new RTA Bus Maintenance Facility project at 253 Elks Lane. Staff will work with SLOCOG staff to determine a realistic estimate for FY18-19.
 - b) Continue to monitor the results and impacts on ridership and fare revenue from the December 31, 2017 fare increase, both on RTA Fixed-Route and on the Runabout service, which included the establishment of a Runabout premium service fare.
 - c) The FY18-19 budget adopted in May 2018 included \$3,883,400 in LTF operating revenues. At that same meeting, the advisory FY19-20 LTF amount was \$4,598,870. Staff is still developing estimated annual FY18-19 expenses, which impacts the carryover amount that could reasonably be identified for the FY19-20 budget.
 - d) Federal Transit Administration (FTA) Sections 5307, 5311 and 5339 operating funding and capital funding for FY19-20 will be presented in the same format as previously presented in May 2018, taking into account preliminary projected revenues identified in the Fixing America's Surface Transportation (FAST) Act. Should the actual annual authorizations for FTA programs increase or decrease for any of these programs, staff would adjust these assumptions accordingly.
 - e) FTA Section 5307 operating funding from the Santa Maria Urbanized Area for RTA Route 10 will be budgeted based on commitments with Santa Barbara County Association of Governments (SBCAG) and the City of Santa Maria. This amount is likely to be lower than what was included in the projection for FY18-19 and staff continues discussions with SBCAG officials for Santa Maria UZA funding for RTA Route 10 operations.
 - f) Detailed miles/hours and span of service for each RTA core Fixed-Route and Runabout will be provided with the draft budget. For context, detailed budgets

based on miles/hours and span of service will also be provided separately for SLO County Services and North County Local Services. As a consolidation date is reviewed for SoCo Transit, staff will present a mock consolidated budget for review. Assuming consolidation is ultimately adopted, staff will present a budget amendment for adoption by the Board.

- g) Productivity of service during holiday time periods will be presented to the Board as part of the draft budget, specifically associated with the service provided the weeks of Christmas and New Years to determine if service levels should be reduced.
 - h) Staff will continue to research and evaluate new revenue resources should any potential shortfall in operating revenues arise. If we are unable to secure funding, staff would recommend that the Board consider adjusting the TDA allocation from the RTA jurisdictions and/or adjust service levels.
 - i) Due to changes in self-insured retention requirements, staff will review and provide recommendations regarding the RTA reserve policy, which was originally adopted in May 2014. Note: this item is being carried over to the FY19-20 due to staffing shortfalls during the current fiscal year not allowing adequate time to address this item.
- 2) Work with SLOCOG and our transit agency partners in the region to evaluate region-wide service efficiencies.
- a) Transit agencies across the country have experienced ridership declines due to the relatively low price of fuel and increasing private automobile ownership rates, which are affecting farebox recovery ratios. Other factors also include increasing costs due to the California minimum wage. These issues have caused farebox recovery ratios to decline for most transit agencies.
 - b) Review the tasks and financial impacts included in the SoCo Transit contract for administrative, financial, marketing, maintenance and dispatch services, and evaluate efficiencies with the RTA – including SoCo Transit’s request to consolidate into the RTA.
 - c) The RTA will work with SLOCOG staff and other transit providers to evaluate efficiencies in the provision of service throughout the county.
 - d) Staff will use the *2018-20 RTA Strategic Business Plan* as well as the *2016 Short Range Transit Plan* to evaluate potential efficiencies, and with Board concurrence, implement efficiencies.

- 3) Evaluate options and provide analysis on the 5-year capital improvement program and methods to fund these needs.
 - a) Staff will continue to work with SLOCOG to prioritize capital projects using the State of Good Repair STA portion of SB-1 funds. For FY17-18 and FY18-19, the RTA received funding for the design and engineering of the new RTA Bus Maintenance Facility on Elks Lane, as well as approximately \$59,000 that has been added to capital replacement reserves to match federal funds for three low floor Gillig buses to be delivered in the summer of 2020. These new SB-1 funds are an important source of revenues for the RTA and the other transit operators in our region. It directly impacts the RTA need for LTF to fund operations and the local match for capital projects by reducing local match needed for federal funds, and interest when financing for capital projects is needed.
 - b) Staff will complete the design, engineering, and permitting process for the long-term RTA Bus Maintenance Facility in late 2019. Assuming sufficient funding can be identified, the RTA will then conduct the construction services procurement in spring 2020, with construction mobilization to begin in late summer 2020.
- 4) Address projected changes in demand for Runabout service.
 - a) Runabout service hours and miles are projected to remain flat based on recent demand trends, particularly with the shift in Tri-Counties Regional Center ridership that began in February 2017. In FY13-14, the burgeoning demand would have required significant Runabout service level increases but, with a variety of measures implemented at the Board's direction, Runabout demand has decreased.
 - b) To ensure that only those persons truly eligible for Runabout service are initially registered or re-registered, staff will continue to conduct functional assessments as part of the Runabout application process. This process was added in early 2016. Staff will also provide mobility training for disabled persons who are able to use Fixed-Route services for some or all of their travel needs. Staff continue to work with groups such as the Paso Robles Independent Skills Program that have completed the RTA travel training review process and are now able to assist their clients with travel training.
 - c) Staff does not foresee needing to move forward with using supplemental taxicab services, but should future service expansions be required or if staffing shortages persist, staff will revisit this option.

Expenses Impacts

- 1) Fuel consumption and price will be budgeted conservatively; diesel fuel will be budgeted at \$3.30 per gallon. Included in the fuel line item will be diesel exhaust

fluid (DEF), used to lower diesel exhaust emissions on the newer Fixed-Route vehicles.

2) Insurance Expenses:

- a) CalTIP liability insurance premiums are projected to increase. The exact amount is not known at this time, as CalTIP actuaries are still working on May 1, 2019 through April 30, 2020 rates. Estimates will be available from CalTIP in time to include in the RTA April 2019 draft budget. Although the number of RTA losses based on mileage has been lower than the pool average, the pool has experienced significant negative claims development, and the pool is working to ensure the stability of the pool and ensure equity between all members by conducting an actuarial study on the application and formulas used in applying and calculating each agencies experience modification factor. More importantly, the California liability market continues to contract, which also increases costs.
- b) CalTIP vehicle physical damage will increase minimally due to the added asset value of newer vehicles in the fleet, namely the six new 40-foot buses and eight new cutaway vehicles that RTA received in replacement for vehicles that had exceeded their useful life during the FY18-19.
- c) Our annual Employment Risk Management Authority premium is estimated at \$27,000, with a \$50,000 self-insured retention. This self-insured retention does not currently have a reserve in place to cover it should a loss develop. As noted previously, staff hopes to bring a revised reserve policy to the Board in FY19-20 to address this reserve need.
- d) Workers compensation premiums through the CSAC Excess Insurance Authority are projected to increase, with the realization that workers compensation for transit services is especially challenging statewide as loss development trends in the state are not favorable. Staff will obtain a more refined estimate in early March. We continue to work with our employee committee that has evaluated workplace safety and has initiated a proactive program to address the number of claims and severity of the claims. The decline in FY18-19 was a result of these efforts, and although premiums are expected to rise, a significant portion of that increase is attributable to the increase in wages identified in the collective bargaining agreement that are triggered by the changes in the California minimum wage.
- e) Property insurance will increase due to the significant losses in the property insurance market, namely the wildfires in California.
- f) For budget-making purposes, staff is assuming a 6% annual increase for healthcare costs for each of the next two fiscal years.

3) Staffing Expenses:

- a) The new 4-year Collective Bargaining Agreement (CBA) was ratified in November 2017, with new wage scales that began January 1, 2018. The FY19-20 budget will include significant changes in wages and benefits, primarily due to the effects of changes to the California minimum wage program. Should the January 2020 minimum wage change be delayed by the Governor, staff would bring a budget amendment to the Board. The draft budget will assume the minimum wage change will be implemented as planned.
- b) The number of FY19-20 budgeted full-time equivalent (FTE) positions will remain the same as in FY18-19. As a reminder, the number of budgeted training department positions in FY18-19 was increased by 0.5 FTEs. It was in an effort to address Bus Operator staff shortages. This effort has proved helpful, even though staff hiring and retention continues to be a critical issue.
- c) For FY19-20, the overall number of budgeted positions for the North County and SLO County services will remain the same. It should be noted that the marginal costs and revenues the services will be treated in the budget the same way as prior years: as separate and distinct columns.
- d) An annual inflationary adjustment based on the December 2017 to December 2018 of 3.2% will be implemented in July 2019. The Operations Supervisor classification CPI increase adjustment will be implemented in January 2020, to coincide with Bus Operator wage scale adjustments identified in the CBA. Employees within the salary range for their position will be eligible for a step merit increase subject to performance assessments.

Proposed Budget Calendar

February 6	Detailed budget assumptions and revenue forecasts presented to Executive Committee
March 6	Obtain Board concurrence on proposed draft budget assumptions
March 6	Provide mid-year FY18-19 Budget data to Board (no additional budget amendments are being requested)
March 31	Based on feedback from Executive Committee, develop FY19-20 Budget
April 10	Present draft FY19-20 Budget to Executive Committee
April 17	Present final draft FY19-20 Budget to RTAC
May 1	Final Board Budget presentation; Board adoption of FY19-20 Budget

Staff Recommendation

Approve the budget assumptions and budget calendar so that a detailed work plan and budget may be developed.

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SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY (RTA)

MARCH 6, 2019

STAFF REPORT

AGENDA ITEM: B-2

TOPIC: Vehicle Purchase Policy

ACTION: Approve

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATIONS:

1. **Adopt the attached *RTA Policy and Procedures for the Purchase of Low- or Zero-Emission Vehicles* document.**
2. **Seek outside funding to jointly develop a regional transit electrification plan with SLOCOG and other transit agencies in the region.**
3. **Seek to develop a Joint Zero-Emissions Bus Group, including ratification of a multi-agency agreement.**

BACKGROUND/DISCUSSION:

The California Air Resources Board adopted the Innovative Clean Transit (ICT) fleet rule on December 17, 2018. The ICT recognizes that providing clean transit and mobility options must include a long-term transition to zero-emission technologies while continuing to provide transportation options as part of Sustainable Communities Strategies and ensuring service to people with limited transportation options. Adoption of the attached *RTA Policy and Procedures for the Purchase of Low- or Zero-Emission Vehicles* document is the first step the RTA should consider to formally commit to this new ICT fleet rule, which replaces the previous Fleet Rule for Transit Agencies (13 CCR § 2020) adopted in 2000.

ICT Bus Purchasing Requirements

Every transit agency based in SLO County is considered a Small Transit Agency, since each agency's peak bus pull-out is fewer than 100 and we operate outside the severely-impacted South Coast or San Joaquin air basins. As such, no SLO County-based transit agency is subject to the initial 2023 zero-emission bus purchase requirements. Zero-emission vehicles include Battery-Electric Buses (BEBs) and Hydrogen Fuel Cell Buses (HFCBs). However, beginning on January 1, 2026, 25% of Small Transit Agency bus purchases must be zero-emission, and only zero-emission buses can be purchased after January 1, 2029. The ICT requires that all transit buses be zero-emission by January 1, 2040.

An important distinction must be acknowledged: traditional heavy-duty fixed-route buses like those used by the RTA, South County Transit and SLO Transit are the initial focus

of the ICT implementation because the other bus types currently in the market are temporarily exempted. More specifically, the ICT currently only pertains to buses that have completed the structural integrity testing requirements under Title 49 Code of Federal Regulation 665.13 (commonly referred to as “Altoona Testing”). No vehicle used by the RTA for Runabout or other transit programs for demand response services have been Altoona tested. In addition, the RTA’s over-the-road (“Greyhound-style”) coaches and SLO Transit’s double-decker bus are exempted until at least 2026 – presuming Altoona-tested vehicles will be available in the market at that time. Staff will closely watch if/when these vehicle types are subject to the fleet purchase rule.

Joint Zero-Emission Bus Group

Under the guidance of the San Luis Obispo Council of Governments (SLOCOG), area jurisdictions have worked diligently over the past two decades to coordinate and, in some cases, consolidate transit services. Because implementing BEBs and its infrastructure would be a quantum leap forward in terms of technological complexity in our region, staff assumes it would be overly burdensome for each agency to undertake this effort independently – especially for the smaller programs such as Atascadero Dial-A-Ride and Morro Bay Transit. Based on my prior experience with a demonstration hydrogen bus program at UC Davis in the mid-2000s, attempting to implement HFCBs would be even more challenging than pursuing BEBs.

Staff recommends that the next coordination step is to develop a Joint Zero-Emission Bus Group specifically permitted under the ICT to reduce the burden of transitioning to BEBs. Potential Joint Group participants include:

1. RTA for fixed-route (Routes 9, 10, 12, 14 and 15) and Runabout services.
2. County-funded Dial-A-Ride services in Nipomo, Shandon and Templeton, as well as Avila Trolley services – all directly operated by the RTA.
3. City of Paso Robles fixed-route and dial-a-ride services directly operated by the RTA.
4. South County Transit fixed-route services administered and maintained by the RTA. Layover points are Ramona Garden Park and Pismo Premium Outlets.
5. SLO Transit fixed-route services (Routes 1A/B, 2 A/B and 3A/B).
6. Atascadero Dial-a-Ride.
7. Morro Bay Transit (deviated fixed-route and trolley services).
8. Ride-On Transportation demand response services partially funded by SLOCOG.

9. Santa Maria Area Transit fixed-route and dial-a-ride services. RTA Route 10 provides regular service to the Santa Maria Transportation Center.
10. Monterey-Salinas Transit intercity fixed-route services along US101 in North County with a terminus in Templeton.

Developing a Joint Group has several benefits, including coordinated training and standards for BEB charging stations. The former is important because real-world experience shows that a bus operator using poor techniques can reduce the range of a BEB by up to 10%. The latter is particularly important for RTA regional routes, which will likely need to “top-up” charging of batteries during layovers in Paso Robles (Route 9), Santa Maria (Route 10), San Luis Obispo (Routes 9, 10 and 12), and Morro Bay (Routes 12 and 15). At a minimum, all of the services either administered/operated under contract by the RTA or directly operated by the RTA should consider the Joint Group option to help coordinate battery recharging with our jurisdiction partners.

Limited-Range Challenges of BEBs

Another benefit of Joint Grouping is that the purchase of BEBs can be implemented in areas that initially make the most sense from both a range perspective and from an infrastructure deployment perspective. As reported in my March 7, 2018 Executive Director’s report, the industry is currently testing prototype BEBs that can travel up to 300 miles on a single charge, assuming ideal operating conditions: flat terrain, relatively slow operating speeds, temperate weather, and a new battery pack. However, the RTA operating profile makes current and projected BEB technologies a challenging proposition because we operate several bus blocks¹ that travel more than 300 miles per day, in hilly terrain, at freeway speeds, and often during extreme summer weather. Also, many experts agree that the battery packs will degrade (also known as capacity fade) over time to roughly 80% of the optimal design range, which reduces the highest-available 300-mile range to roughly 240 miles under ideal conditions. That range would work reasonably well for local fixed-route services provided by SLO Transit, South County Transit, Paso Robles Express, and Santa Maria Area Transit on a single daily recharge.

In terms of recharging the batteries, two options exist: “depot-charging” in which the BEB is charged overnight in a bus yard, and “in-route” (also called “opportunity”) charging. Depot-charging is the simplest alternative, since charging infrastructure need only be installed at each bus parking yard. Smart-technology can be used to limit the “juice” put into each battery pack below the high-cost PG&E demand-charge threshold. However, depot charging requires more upfront costs for each BEB due to the larger size (and weight) of the battery packs. Moreover, based on the RTA’s operating profile, a single-charge scenario is not feasible for our entire fleet – so in-route charging must be pursued.

¹ A “bus block” is defined as the daily assignment for an individual bus, and includes the time the bus leaves the yard until it returns.

Under the in-route charging option, either catenary/overhead or touchless/in-ground charging devices “top-up” the batteries at fixed-route layover points. This would allow BEBs to be deployed on the RTA’s long-distance bus blocks that exceed the design range of depot-charged buses, while also having the advantage of allowing local fixed-route operators to purchase lower-cost and lighter BEBs with smaller battery packs. The greatest disadvantage of in-route charging is the complexity and capital cost of implementing the charging infrastructure throughout the service area – typically in the public right-of-way. Some early-adopters also report frequent exceedances of the demand-charge thresholds – and this has resulted in much higher than anticipated operating costs.

BEB Purchase Exemptions Under the ICT

The ICT includes “off-ramps” under certain circumstances at the calendar year 2026 and 2029 implementation dates, pending approval by the ARB Executive Officer. The first exemption is for delays in either bus delivery or infrastructure implementation suggest the need to delay bus purchases. The second is if available BEB technologies cannot meet a transit agency’s daily mileage needs; this is the one that the RTA could likely seek given our current operating profile and current BEB range projections. The third is if available BEBs do not have adequate gradeability performance – which could be the case with traversing the steep and arduous Cuesta Grade on RTA Route 9. The fourth exemption is if the appropriate vehicle weight class is not available for purchase. The fifth and final exemption is due to financial hardship under an RTA Board-declared fiscal emergency. Staff will closely monitor available technologies as the existing fleet nears the end of each vehicle’s economically useful life.

Transit Electrification Study

While the goals of the ICT will result in important public health benefits to each community and possible life-cycle operating cost savings, it also brings complex challenges that will require collective efforts by almost every jurisdiction to fully deploy BEBs. Staff recommends that SLOCOG undertake a comprehensive Transit Electrification Study, which could also include development of a boilerplate Joint Zero-Emission Bus Group agreement that could be considered by each transit agency in the region. Staff will work with SLOCOG staff to develop a suitable scope of work and assist in identifying outside funding opportunities to conduct this important study.

Summary

The attached Vehicle Purchasing Policy provides two important first steps: 1) laying out the commitments that the RTA must make to meet the ICT, and 2) establishing methodologies for determining if anticipated technologies meet our needs when the first round of zero-emission buses should be purchased in 2026. With regard to the latter, if we determine that then-current technologies do not meet our needs, we can seek the one or more “off-ramp” petitions detailed above.

STAFF RECOMMENDATION:

1. Adopt the attached *RTA Policy and Procedures for the Purchase of Low- or Zero-Emission Vehicles* document.
2. Seek outside funding to jointly develop a regional transit electrification plan with SLOCOG and other transit agencies in the region.
3. Seek to develop a Joint Zero-Emissions Bus Group, including ratification of a multi-agency agreement.

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RTA POLICY AND PROCEDURES FOR THE PURCHASE OF LOW- OR ZERO-EMISSION VEHICLES

March 6, 2019

The San Luis Obispo Regional Transit Authority (RTA) is committed to being an environmentally and economically sustainable agency that uses resources efficiently and minimizes waste. The RTA remains committed to managing and conserving natural resources in an equitable manner for present and future generations of residents and visitors who benefit from our public transportation services.

The RTA recognizes that fleet assets account for a significant contribution to the region's overall greenhouse gas and other regulated emissions. The RTA further recognizes that tailpipe emissions can be reduced, possibly along with vehicle fuel and maintenance costs, through the purchase of alternatively-fueled vehicles. The RTA's fleet includes light-duty non-revenue vehicles and pieces of equipment, as well as both medium- and heavy-duty revenue vehicles.

The purpose of this policy is to document the process for purchasing and managing the RTA's diverse vehicle fleet in a manner that meets the December 17, 2018 California Innovative Clean Transit (ICT) fleet rule's goals of minimizing greenhouse gas emissions while also carefully considering life-cycle economics.

I. Policy to Purchase Low- or No-Emission Vehicles

The RTA shall make every effort to purchase and use the lowest emission vehicle possible, while taking into account the vehicle's life-cycle costs and the ability to support the agency's operations and services. This covers both replacement and expansion fleet vehicles, including those used for revenue and non-revenue purposes. The RTA also commits to operating a zero-emission fleet by 2040 in order to meet the ICT fleet rule.

The objectives of this policy are to:

1. Optimize the fleet size – eliminate or redeploy unused or under-utilized vehicles.
2. Purchase fleet vehicles that provide the best available net reduction in vehicle fleet emissions, including, but not limited to, the purchase of alternative fueled vehicles. Alternative fueled vehicles are defined as those powered in whole or in part by non-petroleum-based fuels.
3. Reduce emissions of carbon dioxide (CO₂), a critical greenhouse gas produced through combustion of fossil fuels by making reduced CO₂ emissions a critical purchase criterion.

4. Reduce emissions of carbon monoxide (CO), nitrogen oxides (NOX), and particulate matter (PM) – all pollutants produced by combustion of fossil fuels that endanger public health.
5. Implement concurrent programs using advanced emission controls on all RTA owned or operated vehicles.

II. Procedures to Evaluate Vehicle Purchase Alternatives

All RTA vehicle and equipment purchases must comply with California Air Resources Board requirements and United States Environmental Protection Act requirements. For revenue vehicles that will be funded with Federal Transit Administration funds, staff will ensure compliance with Altoona Bus Testing Program requirements and Buy America requirements.

To the extent possible, the RTA shall seek to purchase the lowest emitting technology possible. As part of this evaluation process, staff shall undertake the following steps as part of the evaluation process:

1. Determine if a vehicle or piece of equipment approaching the end of its economically useful life must be replaced, or whether existing resources can instead be redeployed. If the latter, staff will follow procedures in the *Surplus Equipment and Supplies Disposal Standards* section of the RTA Purchasing Policy.
2. If it is determined that a new vehicle or piece of equipment is necessary, staff will gather information on available technologies and whether those technologies can be implemented using existing infrastructure. Infrastructure includes existing fueling capabilities, tooling and storage needs. Staff will also determine what new training resources are necessary for vehicle/equipment operators, technicians and for supervisory oversight.
3. To the extent possible, reducing the vehicle size will be considered to achieve increased fuel efficiency and/or lower emissions, as long as the resulting smaller vehicle also fulfills its required function.
4. A staff report will be presented to the RTA Board that quantifies the estimated life-cycle costs of each technology being considered, based on known current-year costs. The life-cycle costs include the initial purchase price, the upfront infrastructure costs (spread out over the number of vehicles being considered), and any changes to on-going operating costs for the life of the vehicle or piece of equipment. The staff report will also present staff's recommendation on the technology the RTA should pursue, including whether outside agency funding may be available to cover the potential incremental costs for an alternative fuel version of a vehicle or piece of equipment and/or related infrastructure costs.

III. Exemptions to Policy

The RTA Board may declare an exemption from the requirements of this Policy under any one of the following circumstances:

1. Where there is no model of motor vehicle or motorized equipment available that will comply with the requirements of this Policy and still meet the specifications for its intended purpose.
2. Where the analysis demonstrates each of the following:
 - a. That any amortized additional incremental cost of purchasing a lower emission vehicle and associated capital infrastructure that complies with the requirements of this Policy cannot be recovered over the operating life of the vehicle or piece of equipment through a reduction in fuel, maintenance, and other costs incurred during the operating life of such vehicle or equipment; and
 - b. That staff has unsuccessfully applied for, or attempted to identify grant funding for, the purchase or lease of the vehicle or piece of equipment that complies with the requirements of this Policy from outside sources.
3. Where the use of a vehicle or piece of equipment that complies with the requirements of this Policy would significantly disrupt operations or reduce service levels.

In the case that the RTA Board declares an exemption, staff shall submit an exemption request to the California Air Resources Board Executive Officer. If granted, staff shall purchase or lease the model of vehicle or piece of equipment that will meet the specifications and has the highest fuel efficiency and lowest available emissions ratings available for the type of vehicle or piece of equipment specified, provided the cost is within a reasonable range of the cost of a vehicle meeting the specifications but having higher emissions ratings. If the ARB Executive Officer denies the exemption request, staff will bring the matter back to the RTA Board for consideration of next steps.

IV. Reporting Requirements

Beginning March 31, 2021, and continuing every year thereafter through March 31, 2050, the RTA must annually submit a compliance report meeting the requirements of this section for the prior calendar year. The initial report must be submitted by March 31, 2021, and must include the number and information of active buses in the transit agency's fleet as of December 31, 2017.

The annual reports must include the following information:

1. Transit agency information:
 - a. Name of the transit agency;
 - b. Transit agency mailing address;
 - c. National Transit Database (NTD) identification number;
 - d. Name of related Metropolitan Planning Organization (MPO);
 - e. Air district;
 - f. Air basin;
 - g. Joint Group Number (if applicable);
 - h. Name of contact person;
 - i. Contact e-mail address;
 - j. Contact title; and
 - k. Phone number.
2. Information on each bus purchased, owned, operated, leased, or rented by a transit agency, including the following:
 - a. Information on vehicle:
 - i. Vehicle identification number (VIN);
 - ii. License plate;
 - iii. Transit agency fleet's own vehicle ID;
 - iv. Ownership type (owned, leased, rented);
 - v. Make;
 - vi. Model;
 - vii. Bus type;
 - viii. Bus length;
 - ix. Chassis (if applicable);
 - x. Bus fuel type;
 - xi. GVWR;
 - xii. Manufacture year;
 - xiii. Propulsion technology type;
 - xiv. Vehicle status (active, emergency contingency, or retired);
 - xv. Date in-service; and
 - xvi. Bus retired date.
 - b. Information on engine and propulsion system:
 - i. Engine manufacturer;
 - ii. Engine model;
 - iii. Engine model year;
 - iv. Engine family name;
 - v. Engine cylinder displacement size (liters);
 - vi. Battery rated capacity or energy level (kWh);

- vii. Bus charging strategy type (in-route, depot, or combination);
 - viii. Fuel cell system manufacturer;
 - ix. Fuel system model; and
 - x. Fuel system rated power (kW).
- c. Information on bus purchases: Quantity of zero-emission and conventional internal combustion engine buses purchased in the calendar year and their status as new or used, effective date of a Notice to Proceed, and actual or expected bus delivery date; and
- d. Information on converted buses: Quantity of buses fully converted to zero-emission from conventional internal combustion engine buses in each calendar year.

Each transit agency subject to the requirements of a Joint Group must report the same information as required under this section using the assigned Joint Group Number.

V. Training and Compliance Requirements

Upon adoption by the RTA Board of a new vehicle propulsion technology, it expects that all staff will take all reasonable measures to implement the new technology in a timely manner. This includes complying with industry norms for training, efficient operation and safe maintenance of the vehicles. Any employee failing to comply with these measures will be subject to disciplinary action, including termination.

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SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

MARCH 6, 2019

STAFF REPORT

AGENDA ITEM: B-3

TOPIC: Annual Fiscal & Compliance Audit and Annual Single Audit

ACTION: Review and Accept the FY2017-18 Audit Report

PRESENTED BY: Tania Arnold

STAFF RECOMMENDATION:

1. Review and Accept the FY2017-18 Annual Fiscal and Compliance Audit
2. Review and Accept the FY2017-18 Annual Single Audit

BACKGROUND/DISCUSSION:

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

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

Staff Recommendation

1. Staff recommends that the Board review and accept the Fiscal Year 2017-18 Annual Fiscal and Compliance Audit report.
2. Staff recommends that the Board review and accept the Fiscal Year 2017-18 Annual Single Audit report.



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, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 June 1, 2018. 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. 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.

Management's estimate of the other postemployment benefits (OPEB) expense is based on the actuary's expertise and experience. We evaluated the key factors and assumptions used to develop the other postemployment benefits (OPEB) expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and deferred inflows and outflows related to pension are based on the CalPERS actuary's expertise and experience. We evaluated the key factors and assumptions used to develop the net pension liability and deferred inflows and outflows related to pension 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 21, 2019.

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, Kelly & Hartgreen LLP

January 21, 2019

Santa Maria, California

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**SAN LUIS OBISPO REGIONAL
TRANSIT AUTHORITY
FINANCIAL STATEMENTS
June 30, 2018**

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FINANCIAL SECTION

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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, 2018, 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 financial position of the San Luis Obispo Regional Transit Authority, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of Net Pension Liability on page 23, and the Schedule of Pension Contributions on page 24, Schedule of Changes in the Net OPEB Liability and Related Ratios on page 25, and the Schedule of OPEB Contributions on page 26 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.

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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2017, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2019, 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, Remy & Hagelheim LLP

January 21, 2019
Santa Maria, California

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and investments	\$ 3,403,077	\$ 2,445,281
Accounts receivable	486,097	170,260
Intergovernmental receivables	108,660	101,030
Grants receivable	1,962,471	2,531,238
Prepaid items	154,006	56,329
Inventory at cost	205,224	227,491
Total current assets	<u>6,319,535</u>	<u>5,531,629</u>
Capital assets:		
Nondepreciable:		
Land	1,512,602	1,512,602
Construction in progress	336,279	286,651
Depreciable:		
Buildings and improvements	5,735,965	4,754,698
Equipment and vehicles	16,809,930	16,812,810
Less accumulated depreciation	<u>(12,115,260)</u>	<u>(10,184,552)</u>
Total net capital assets	<u>12,279,516</u>	<u>13,182,209</u>
Total assets	<u>18,599,051</u>	<u>18,713,838</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions	380,297	375,085
Total deferred outflows of resources	<u>380,297</u>	<u>375,085</u>
LIABILITIES		
Current liabilities:		
Accounts payable	324,185	185,581
Accrued payroll	382,414	178,142
Unearned revenue	4,382,178	3,990,863
Customer deposits	27,703	27,703
Loan payable	200,596	200,596
Total current liabilities	<u>5,289,373</u>	<u>4,582,885</u>
Noncurrent liabilities:		
Compensated absences	206,884	161,601
Other post-employment benefits	122,838	29,521
Net pension liability	628,213	543,863
Loan payable	11,707	212,302
Total noncurrent liabilities	<u>969,642</u>	<u>947,287</u>
Total liabilities	<u>6,259,015</u>	<u>5,530,172</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	24,078	39,083
Deferred OPEB	5,343	-
Total deferred inflows of resources	<u>29,421</u>	<u>39,083</u>
NET POSITION		
Net investment in capital assets	12,067,213	12,769,311
Unrestricted	<u>623,699</u>	<u>750,357</u>
Total net position	<u>\$ 12,690,912</u>	<u>\$ 13,519,668</u>

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, 2018
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues:		
Passenger fares	\$ 1,437,854	\$ 1,324,772
Other operating revenue	123,334	22,200
Total operating revenues	<u>1,561,188</u>	<u>1,346,972</u>
Operating Expenses:		
Transit operating expenses	8,136,150	7,415,139
Administration and financial services	1,658,049	1,605,972
Depreciation	2,043,637	1,873,538
Total operating expenses	<u>11,837,836</u>	<u>10,894,649</u>
Operating loss	<u>(10,276,648)</u>	<u>(9,547,677)</u>
Non-Operating Revenues (Expenses):		
Transportation Development Act funds	5,193,057	4,553,619
Federal and State grants	3,059,203	3,151,480
Interest income	19,636	11,287
Fees and reimbursements from other governmental agencies	119,270	114,900
Gain/(loss) on disposal of capital assets	5,894	14,008
Environmental planning		
Interest expense	(19,249)	(30,960)
Total non-operating revenues (expenses)	<u>8,377,811</u>	<u>7,814,334</u>
Capital Contributions:		
Federal capital grants	643,595	658,615
State capital grants	523,277	819,373
Local capital grants	3,054	63,652
Total capital contributions	<u>1,169,926</u>	<u>1,541,640</u>
Change in net position	<u>(728,911)</u>	<u>(191,703)</u>
Net position, beginning of fiscal year	13,519,668	13,711,371
Prior period adjustment	(99,845)	
Net position, beginning of fiscal year, restated	<u>13,419,823</u>	<u>13,711,371</u>
Net position, end of fiscal year	<u>\$ 12,690,912</u>	<u>\$ 13,519,668</u>

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, 2018
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Receipts from customers	\$ 1,245,351	\$ 1,426,217
Payments to suppliers and wages	<u>(9,595,213)</u>	<u>(9,229,508)</u>
Net cash used by operating activities	<u>(8,349,862)</u>	<u>(7,803,291)</u>
 Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of property, plant, and equipment	(1,169,926)	(1,541,640)
Principal paid - loan payable	(200,595)	(200,596)
Interest expense	(19,249)	(30,960)
Capital grants received	1,169,926	1,541,640
Sale of capital assets	<u>34,877</u>	<u>37,913</u>
Net cash used by capital and related financing activities	<u>(184,967)</u>	<u>(193,643)</u>
 Cash Flows from Noncapital Financing Activities:		
Grants received	9,353,719	7,129,826
Fees and reimbursements	<u>119,270</u>	<u>114,900</u>
Net cash provided by noncapital financing activities	<u>9,472,989</u>	<u>7,244,726</u>
 Cash Flows From Investing Activities:		
Interest income	<u>19,636</u>	<u>11,287</u>
Net cash provided by investing activities	<u>19,636</u>	<u>11,287</u>
 Net increase (decrease) in cash and cash equivalents	957,796	(740,921)
Cash and cash equivalents, beginning of fiscal year	<u>2,445,281</u>	<u>3,186,202</u>
Cash and cash equivalents, end of fiscal year	<u><u>\$ 3,403,077</u></u>	<u><u>\$ 2,445,281</u></u>

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, 2018
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (10,276,648)	\$ (9,547,677)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	2,043,637	1,873,538
Change in operating assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable	(315,837)	79,245
Prepaid items	(97,677)	(13,451)
Inventory	22,267	(20,138)
Deferred outflows	(5,212)	(221,528)
Accounts payable	138,604	(52,094)
Accrued payroll	204,272	30,953
Unearned revenue	(149,008)	5,545
Customer deposits	(27,703)	
Other post-employment benefits	(6,528)	10,496
Net pension liability	84,350	128,977
Compensated absences	45,283	(1,288)
Deferred Inflows	(9,662)	(75,869)
Net cash used by operating activities	<u>\$ (8,349,862)</u>	<u>\$ (7,803,291)</u>

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, 2018

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.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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) 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 qualifies for reporting in this category; refer to Note 10 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 two items which qualify for reporting in this category; refer to Note 10 and 11 for a detailed listing of the deferred inflows of resources the District has reported.

N. 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.

O. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 83	"Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 88	"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interest-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - CASH AND INVESTMENTS

On June 30, 2018 the Agency had the following cash and investments on hand:

Cash on hand and in banks	\$ 739,218
Investments	<u>2,663,859</u>
Total cash and investments	<u>\$ 3,403,077</u>

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

Cash and investments, statement of net position	<u>\$ 3,403,077</u>
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The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency's investments are in the San Luis Obispo Investment Pool which is an external investment pool which is not valued under level 1, 2 or 3.

Investments Authorized by the California Government Code

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

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

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
San Luis Obispo County Investment Pool	\$ 2,663,859	\$ 2,663,859	\$ -	\$ -	\$ -
Total	<u>\$ 2,663,859</u>	<u>\$ 2,663,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
San Luis Obispo County Investment Pool	\$ 2,663,859	N/A	\$ -	\$ -	\$ -	\$ 2,663,859
Total	\$ 2,663,859		\$ -	\$ -	\$ -	\$ 2,663,859

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).

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated				
Land	\$ 1,512,602	\$ -	\$ -	\$ 1,512,602
Construction in progress	286,651	1,039,432	989,804	336,279
Total capital assets, not being depreciated	<u>\$ 1,799,253</u>	<u>\$ 1,039,432</u>	<u>\$ 989,804</u>	<u>\$ 1,848,881</u>
Capital assets, being depreciated				
Building and improvements	\$ 4,754,698	\$ 989,804	\$ 8,537	\$ 5,735,965
Vehicles and equipment	16,812,810	130,494	133,374	16,809,930
Total capital assets, being depreciated	<u>21,567,508</u>	<u>1,120,298</u>	<u>141,911</u>	<u>22,545,895</u>
Less accumulated depreciation for:				
Building, improvements, vehicles and equipment	10,184,552	2,043,637	112,929	12,115,260
Total accumulated depreciation	<u>10,184,552</u>	<u>2,043,637</u>	<u>112,929</u>	<u>12,115,260</u>
Total capital assets, being depreciated, net	<u>\$ 11,382,956</u>	<u>\$ (923,339)</u>	<u>\$ 28,982</u>	<u>\$ 10,430,635</u>
Governmental activities, capital assets, net	<u>\$ 13,182,209</u>	<u>\$ 116,093</u>	<u>\$ 1,018,786</u>	<u>\$ 12,279,516</u>

Depreciation expense for the fiscal year ended June 30, 2018, was \$2,043,637. The depreciation expense for the fiscal year ended June 30, 2017, was \$1,873,538.

NOTE 5 – UNEARNED REVENUE

	2018	2017
TDA Local Transportation Funds	\$ 3,760,428	\$ 2,807,942
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	38,688
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.	85,163	234,171
Prop 1B funding	497,899	642,783
Low Carbon Transit Operator Program		267,279
Total unearned revenues	<u>\$ 4,382,178</u>	<u>\$ 3,990,863</u>

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
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JUNE 30, 2018

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 Fund for the fiscal years ended June 30, 2018 and 2017:

Allocation Assigned By/Claimant	Article/ Section	Amount	
		2018	2017
Local Transportation Fund:			
City of Arroyo Grande	4 / 99260(a)	\$ 201,105	\$ 172,127
City of San Luis Obispo	4 / 99260(a)	694,798	583,204
County of San Luis Obispo	4 / 99260(a)	2,245,334	1,587,610
City of Grover Beach	4 / 99260(a)	151,949	129,816
City of Morro Bay	4 / 99260(a)	121,609	101,569
City of Atascadero	4 / 99260(a)	350,230	288,087
City of El Paso de Robles	4 / 99260(a)	916,356	875,080
City of Pismo Beach	4 / 99260(a)	92,789	76,157
Total LTF		4,774,170	3,813,650
State Transit Fund:			
Regional Transit Authority	6.5 / 99313	1,362,706	462,686
Regional Transit Authority	6.5 / 99314	85,064	56,009
Total STF		1,447,770	518,695
Subtotal		6,221,940	4,332,345
Add: Recognition of prior fiscal year unearned revenues		2,807,942	3,246,928
Less: Current fiscal year unearned revenues		(3,760,428)	(2,807,942)
Total TDA Allocation		\$ 5,269,454	\$ 4,771,331

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

	2018	2017
Operating and interest expenses	\$ 11,857,085	\$ 10,925,609
Add:		
Capital purchases with LTF and STF	76,397	217,712
Less:		
Depreciation	(2,043,637)	(2,043,637)
Fare revenues	(1,437,854)	(1,324,772)
Special events and other revenues	(123,334)	(22,200)
Federal and state operating grants	(3,059,203)	(3,151,480)
Maximum total allocation amount	5,269,454	4,601,232
TDA allocations received and accrued	6,221,940	4,332,345
Change in TDA transit allocations in unearned revenues	(952,486)	268,887
Allocation over/(under) maximum	\$ -	\$ -

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 – FARE REVENUE RATIO

The Agency had fare revenue ratios for the fiscal year ended June 30, 2018 as computed as follows:

	<u>Fixed Route</u>	<u>Runabout</u>	<u>Paso Express</u>	<u>Paso Dial a Ride</u>
(a) Operating fare revenues	\$ 1,096,922	\$ 154,035	\$ 137,891	\$ 6,598
(b) Operating expenses, net of depreciation	<u>5,318,245</u>	<u>3,125,333</u>	<u>698,731</u>	<u>136,533</u>
(c) Fare revenue ratio [(a) / (b)]	20.63%	4.93%	19.73%	4.83%
Minimum ratio required	<u>17.36%</u>	<u>N/A</u>	<u>17.36%</u>	<u>15.00%</u>
Under minimum ratio requirement	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>10.17%</u>
	<u>Nipomo</u>	<u>Cambria Trolley</u>	<u>Avila Trolley</u>	
(a) Operating fare revenues	\$ 34,270	\$ -	\$ 8,138	
(b) Operating expenses, net of depreciation	<u>438,403</u>	<u>5,472</u>	<u>71,482</u>	
(c) Fare revenue ratio [(a) / (b)]	7.82%	0.00%	11.38%	
Minimum ratio required	<u>10.00%</u>	<u>10.00%</u>	<u>17.36%</u>	
Under minimum ratio requirement	<u>2.18%</u>	<u>10.00%</u>	<u>5.98%</u>	

The Agency had fare revenue ratios for the fiscal year ended June 30, 2017 as computed as follows:

	<u>Fixed Route</u>	<u>Runabout</u>	<u>Paso Express</u>	<u>Paso Dial a Ride</u>
(a) Operating fare revenues	\$ 1,003,303	\$ 136,526	\$ 138,519	\$ 7,113
(b) Operating expenses, net of depreciation	<u>4,671,014</u>	<u>3,131,606</u>	<u>669,146</u>	<u>136,509</u>
(c) Fare revenue ratio [(a) / (b)]	21.48%	4.36%	20.70%	5.21%
Minimum ratio required	<u>17.36%</u>	<u>N/A</u>	<u>17.36%</u>	<u>15.00%</u>
Under minimum ratio requirement	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>9.79%</u>
	<u>Nipomo</u>	<u>Cambria Trolley</u>	<u>Avila Trolley</u>	
(a) Operating fare revenues	\$ 28,151	\$ -	\$ 11,160	
(b) Operating expenses, net of depreciation	<u>332,009</u>	<u>4,263</u>	<u>76,564</u>	
(c) Fare revenue ratio [(a) / (b)]	8.47%	0.00%	14.58%	
Minimum ratio required	<u>10.00%</u>	<u>10.00%</u>	<u>20.00%</u>	
Under minimum ratio requirement	<u>1.53%</u>	<u>10.00%</u>	<u>5.42%</u>	

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 17.15% blended rate as approved by San Luis Obispo Council of Governments. The fare revenue ratios for the Paso Dial a Ride, Nipomo, Cambria Trolley and Avila Trolley are under their various minimum required ratios. 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.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
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NOTE 8 – LONG TERM DEBT

	Balance July 1, 2017	Prior-period Adjustment	Increases	Decreases	Balance at June 30, 2018		
					Total	Current	Long Term
Vacation	\$ 122,609	\$ -	\$ 194,732	\$ 155,260	\$ 162,081	\$ -	\$ 162,081
Sick leave	38,992		36,345	30,534	44,803		44,803
Loan payable	412,898			200,595	212,303	200,596	11,707
Other post-employment benefits	29,521	99,845	195	6,723	122,838		122,838
Net pension liability	543,863		192,811	108,461	628,213		628,213
Total	<u>\$ 1,147,883</u>	<u>\$ 99,845</u>	<u>\$ 424,083</u>	<u>\$ 501,573</u>	<u>\$ 1,170,238</u>	<u>\$ 200,596</u>	<u>\$ 969,642</u>

NOTE 9 – LOAN PAYABLE

The Agency entered into a 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 outstanding principal balance at June 30, 2018, was \$212,303.

NOTE 10 – PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the assumptions for funding purposes, but not accounting purposes, and membership information is listed in the June 30, 2016 GASB 68 actuarial valuation report for the Miscellaneous risk pool. Details of the benefits provided can be obtained from Appendix B of the June 30, 2016 actuarial valuation report for the CalPERS Miscellaneous risk pool. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

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. Classic members with five years of total service are eligible to retire at age 50 and PEPRAs members with five years of total service are eligible to retire at age 52, 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, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
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	8.921% + \$41,145	6.533% + \$176

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$120,722 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the Agency reported a liability of \$628,213 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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. The Agency's proportionate share of the net pension liability for the miscellaneous plan as of June 30, 2016, and 2017 was as follows:

	Miscellaneous
Proportion - June 30, 2016	0.01566%
Proportion - June 30, 2017	0.01594%
Change - Increase (Decrease)	0.00028%

For the year ended June 30, 2018, the Agency recognized pension expense of \$184,855. 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, 2017, 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
District contributions subsequent to the measurement date	\$ 120,722	\$ -
Differences between expected and actual experience	868	12,440
Changes in assumptions	107,736	8,215
Net difference between projected and actual earnings on retirement plan investments	24,365	
Adjustment due to differences in proportions	68,266	3,423
Difference in actual contributions and proportionate share of contributions	58,340	
	<u>\$ 380,297</u>	<u>\$ 24,078</u>

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.

\$108,461 was 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, 2018.

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:

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – PENSION PLAN (Continued)

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

Fiscal Year Ending June 30,	Amount
2019	\$ 90,691
2020	100,153
2021	59,120
2022	(14,467)
	<u>\$ 235,497</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% 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 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), 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 testing the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. 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 2021-22 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.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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%	4.90%	5.38%
Global Fixed Income	19.0%	80.00%	2.27%
Inflation Sensitive	6.0%	60.00%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100.0%		

(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 7.15 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 (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Agency's proportionate share of the net pension plan liability	\$ 983,341	\$ 628,213	\$ 334,090

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, 2018, the Agency had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2018.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11– POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

Plan administration. The Authority provides post-retirement medical coverage through CalPERS under the Public Employees Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. There are 12 medical plans in the “Other Southern California” region that participants may elect coverage for. Participants may also receive benefits if outside the region. Findings and assumptions are based on a 50%/50% blend of the PERS Health (PEMHCA) rates for calendar years 2018 and 2019.

Benefits provided. The Authority offers the same medical plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverages offered under PEMHCA.

Employees become eligible to retire and receive Authority-paid healthcare benefits upon attainment of age 50 (Classic Plan) or age 52 (New Members/PEPRA Plan) and 5 years of covered PERS service, or by attaining qualifying disability retirement status. Authority’s contribution on behalf of retirees is the same as for active employees - 100% of the PEMHCA premium for retiree and covered dependents, but not to exceed \$256 per month. Benefits continue for the lifetime of the retiree with survivor benefits extended to surviving spouses for PERS annuitants who elect pension options with survivor benefits. The Authority paid 0.33% of premium administrative fee on behalf of employees and retirees for the year ended June 30, 2018.

Employees Covered

As of July 1, 2017, actuarial valuation, the following current and former employees were covered by the benefit terms under the Authority’s Plan:

Active plan members	5
Inactive plan members or beneficiaries currently receiving benefits	2
Total	<u>7</u>

Contributions

The Authority currently finances benefits on a pay-as-you-go basis.

Net OPEB Liability

The Authority’s Net OPEB Liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Investment rate of return	4.00% net of OPEB plan investment expense
Healthcare cost trend rate	5.00%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2017 valuation were based on the CalPERS 1997-2015 Experience Study 2%@55 rates. Termination rates used were Crocker-Sarason Table T-5 less mortality.

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Net OPEB Liability (Continued)

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the Authority's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-term Expected Return of Plan Investments (if any)	Municipal Bond 20 Year High Grade Rate Index	Discount Rate
July 1, 2017	July 1, 2017	4.00%	4.00%	3.13%
June 30, 2018	June 30, 2018	4.00%	3.62%	3.62%

Changes in the OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017 (Valuation Date July 1, 2017)	\$ 129,366	\$ -	\$ 129,366
Changes recognized for the measurement period:			
Service cost	2,583		2,583
Interest	3,945		3,945
Changes of assumptions	(6,333)		(6,333)
Contributions - employer		6,723	(6,723)
Net investment income			
Benefit payments	(6,723)	(6,723)	
Administrative expense			
Net Changes	(6,528)		(6,528)
Balance at 30, 2018 (Measurement date June 30, 2018)	\$ 122,838	\$ -	\$ 122,838

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Net OPEB Liability	\$ 136,326	\$ 122,838	\$ 111,350

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (4.00%)	Trend Rate (5.00%)	1% Increase (6.00%)
Net OPEB Liability	\$ 118,145	\$ 122,838	\$ 128,356

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Investments

The plan has no investments as of June 30, 2018.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the Authority recognized OPEB expense of \$5,538. As of the fiscal year ended June 30, 2018, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ -	\$ -
Change in assumptions		5,343
	<u>\$ -</u>	<u>\$ 5,343</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal year Ending June 30,	Amount
2019	\$ (990)
2020	(990)
2021	(990)
2022	(990)
2023	(990)
2024	(393)
	<u>\$ (5,343)</u>

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 \$25 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, 2018, deferred inflows and outflows of resources, reported on the Statement of Net Position, consisted of the following:

Deferred Inflows of Resources:	
Pensions	\$ 24,078
OPEB	<u>5,343</u>
Total Deferred Inflows	<u>\$ 29,421</u>
Deferred Outflows of Resources:	
Pensions	<u>\$ 380,297</u>
Total Deferred Outflows	<u>\$ 380,297</u>

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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. Rent can increase between 1.5% and 5% annually with the lease available through February 2022. Future minimum lease payments under this agreement for the next year are \$438,252

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, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and were made available during the 2016-17 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 \$13,229. The Agency had qualifying expenditures incurred under this program from previous allocation totaling \$178,110, which was used as Intelligent Transportation System, Paso Robles Facility Improvement and is included in State capital grants in the accompanying financial statements.

NOTE 16 – THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. For agencies whose service area includes disadvantaged communities, at least 50 percent of the total moneys received shall be expended on projects that will benefit disadvantaged communities. Senate Bill 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund (Fund) for LCTOP, beginning in 2015-16.

Interest earned on funds to date is \$4,430. The Agency had qualifying expenditures incurred under this program from previous allocation totaling \$268,770 which was used for the procurement of construction services of Paso Robles Facility Improvement and is included in State capital grants in the accompanying financial statements.

NOTE 17 – SENATE BILL 1 – STATE OF GOOD REPAIR

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair program. This program provides funding of approximately \$105 million annually to the State Transit Assistance (STA) Account. These funds are to be made available for eligible transit maintenance, rehabilitation and capital projects.

This program demonstrates California's commitment to clean, sustainable transportation, and the role that public transit plays in that vision. While SB 1 addresses a variety of transportation needs, this program has a specific goal of keeping transit systems in a state of good repair, including the purchase of new transit vehicles, and maintenance and rehabilitation of transit facilities and vehicles. These new investments will lead to cleaner transit vehicle fleets, increased reliability and safety, and reduced greenhouse gas emissions and other pollutants.

In the fiscal year ended June 30, 2018, the San Luis Obispo Regional Transit Authority received \$257,835 and interest earned was \$179.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 18 – RESTATEMENT

A restatement of (\$99,845) on the financial statements was to adjust OPEB. The adjustment was due to the Agency's implementation of GASB Statement No. 75.

NOTE 19 – SUBSEQUENT EVENT

The Authority is involved in ongoing litigation arising from errors discovered by the RTA in August 2018 with regard to the RTA's participation in CalPERS. As of the date of issuance of this report, the amount of the claim cannot be reasonably be estimated but could exceed \$110,000.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2018

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

	2018	2017	2016	2015
Proportion of the net pension liability	0.00633%	0.00726%	0.00604%	0.00684%
Proportionate share of the net pension liability	\$ 628,213	\$ 628,213	\$ 414,886	\$ 425,837
Covered payroll	\$ 932,784	\$ 822,150	\$ 473,673	\$ 345,255
Proportionate share of the net pension liability as percentage of covered payroll	67.35%	76.41%	87.59%	123.34%
Plan's total pension liability	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

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.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2018, the discount rate was changed by CalPERS from 7.65 percent to 7.15 percent.

*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*
As of June 30, 2018

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

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 120,722	\$ 108,461	\$ 126,258	\$ 74,414
Contribution in relation to the actuarially determined contributions	(120,722)	(108,461)	(126,258)	(74,414)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,030,066	\$ 932,784	\$ 822,150	\$ 473,673
Contributions as a percentage of covered payroll	11.72%	11.63%	15.36%	15.71%

Notes to Schedule

Valuation Date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2014/2015 were derived from the June 30, 2012 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 funding valuation report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.15%
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

In 2018, the discount rate was changed by CalPERS from 7.65 percent to 7.15 percent.

*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2018

	Measurement Period	2018
Total OPEB Liability		
Service cost		\$ 2,583
Interest on the total OPEB liability		3,945
Actual and expected experience difference		
Changes in assumptions		(6,333)
Changes in benefit terms		
Benefit payments		(6,723)
	Net change in total OPEB Liability	<u>(6,528)</u>
	Total OPEB liability- beginning	<u>129,366</u>
	Total OPEB liability- ending (a)	<u><u>\$ 122,838</u></u>
 Plan Fiduciary Net Position		
Contribution - employer		\$ 6,723
Net investment income		
Benefit payments		(6,723)
Administrative expense		
	Net change in plan fiduciary net position	<u></u>
	Plan fiduciary net position- beginning	<u></u>
	Plan fiduciary net position- ending (b)	<u><u>\$ -</u></u>
	 Net OPEB liability - ending (a)-(b)	 <u><u>\$ 122,838</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability		 0.00%

*- Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF OPEB CONTRIBUTIONS
 Last 10 Years*
 As of June 30, 2018

The following table provides required supplementary information regarding the COG's OPEB.

	<u>2018</u>
Actuarially Determined Contribution (ARC)	\$ 7,112
Contributions in relation to the ARC	<u>(6,723)</u>
Contribution deficiency (excess)	<u><u>\$ 389</u></u>
 Covered payroll	 \$ 1,030,061
 Contributions as a percentage of covered payroll	 0.65%

Notes to Schedule

Valuation Date:	7/1/2017
Discount Rate:	3.62%
Salary Increases:	3.00%

*- Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

SUPPLEMENTARY INFORMATION SECTION

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SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
As of June 30, 2018

	Adopted Budget	Actual	County Services Actual	Variance with Budget
Administration:				
Labor	\$ 855,390	\$ 910,006	\$ -	\$ (54,616)
Labor - Administration Workers Comp	70,930	66,631		4,299
Office Space Rental	477,880	433,799		44,081
Property Insurance	17,240	17,200		40
Professional Technical Services	99,990	77,984		22,006
Professional Development	37,670	37,234		436
Operating Expense	270,460	271,349		(889)
Marketing and Reproduction	90,720	90,196		524
Contingency	120,490			120,490
North County Management Contract	(41,850)	(41,850)		
County Management Contract	(85,230)	(85,230)	95,230	(95,230)
SCT Management Contract	(119,270)	(119,270)		
Total Administration	1,794,420	1,658,049	95,230	41,141
Service Delivery:				
Labor - Operations	4,245,580	3,945,608	232,863	67,109
Labor - Operations Worker Comp	479,910	450,826	26,842	2,242
Labor - Maintenance	989,230	966,370	56,966	(34,106)
Labor - Maintenance Workers Comp	140,450	131,938	7,912	600
Fuel	1,054,460	951,945	18,969	83,546
Insurance	615,000	639,240	13,533	(37,773)
Special Transportation (includes Senior Vans, Lucky Bucks, etc.)	43,900	45,834	43,347	(45,281)
Avila Trolley	69,900	51,973	59,988	(42,061)
Maintenance (parts, supplies, materials)	636,610	579,676	9,831	47,103
Maintenance Contract Costs	92,100	126,390	2,739	(37,029)
Total Operations	8,367,140	7,889,800	472,990	4,350
Capital/Studies:				
Computer System Maintenance/Upgrades	52,220	40,183		12,037
Miscellaneous Capital				
Facility Improvements	32,540	17,452		15,088
Maintenance Equipment	42,010	16,701		25,309
Specialized Maintenance Tools	33,500			33,500
Desk and Office Equipment	6,600	4,472		2,128
Vehicle ITS/Camera System	163,510	102,138		61,372
Bus Stop Improvements/Bus Stop Solar Lighting	295,100	90,747		204,353
Bus Rehabilitation	126,000			126,000
Total Capital Outlay	751,480	271,693	-	479,787
Interest Expense	30,490	19,249		11,241
Loan Paydown	200,600	200,595		5
Elks Lane Project	1,831,420	48,596		1,782,824
Paso Property Improvements	859,830	849,637		10,193
Management Contracts	246,350	246,350		
TOTAL FUNDING USES	\$ 14,081,730	\$ 11,183,969	\$ 568,220	\$ 2,329,541
TOTAL EXPENSES, BUDGETARY BASIS		\$ 11,183,969		
ADD:				
DEPRECIATION		2,043,637		
LESS:				
CAPITALIZED EXPENSES		(1,169,926)		
LOAN PRINCIPAL PAYMENTS		(200,595)		
NON-OPERATING EXPENSES		(19,249)		
TOTAL OPERATING EXPENSES PER FINANCIAL STATEMENTS		\$ 11,837,836		

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**SAN LUIS OBISPO REGIONAL
TRANSIT AUTHORITY**

**SINGLE AUDIT REPORT
For the Fiscal Year Ended
June 30, 2018**

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SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

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For the Fiscal Year Ended June 30, 2018

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the basic financial statements of San Luis Obispo Regional Transit Authority (the Authority), as of and for the fiscal year ended June 30, 2018, and the related notes to the basic financial statements, and have issued our report thereon dated January 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Luis Obispo Regional Transit Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Remy & Hargheim LLP

Santa Maria, California
January 19, 2019

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Fiscal Year Ending June 30, 2018

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Number	Federal Expenditures
<u>U.S. Department of Transportation</u>			
FTA Section 5307 - Operating Assistance	20.507	CA-2018-073-00	\$ 838,950
FTA Section 5307 - Operating Assistance	20.507	CA-2018-073-00	546,990
FTA Section 5307 - Operating Assistance	20.507	CA-2018-073-00	862,540
FTA Section 5307 - Operating Assistance	20.507	CA-2018-073-00	237,660
FTA Section 5307 - Capital Assistance Maintenance Equipment	20.507	CA-2016-065-00	13,361
FTA Section 5307 - Capital Assistance Shelter Ammenities	20.507	CA-90-Z169-00	26,887
FTA Section 5307 - Capital Assistance Ops/Maintenance Facility	20.507	CA-90-Z272-00	39,689
FTA Section 5307 - Capital Assistance North County Facility	20.507	CA-90-Z272-00	190,155
FTA Section 5307 - Capital Assistance North County Facility	20.507	CA-2017-100-00	328,465
Total cluster FTA Section 5307			<u>3,084,697</u>
FTA Section 5309 - Capital Assistance Shelter Ammentities	20.509	CA-2016-64-00	<u>45,038</u>
Passed-Through the State of California Department of Transportation:			
FTA Section 5311 - Operating Assistance	20.509	CSA-64B017-00426	<u>498,211</u>
Total expenditures of federal awards			<u>\$ 3,627,946</u>

The notes to the schedule of expenditures of federal awards is an integral part of this statement.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the San Luis Obispo Regional Transit Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – INDIRECT COST RATE

The Authority did not elect to use the 10% de minimus cost rate.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited San Luis Obispo Regional Transit Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the fiscal year ended June 30, 2018. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, San Luis Obispo Regional Transit Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of San Luis Obispo Regional Transit Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditure of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of the San Luis Obispo Regional Transit Authority, as of and for the fiscal year ended June 30, 2018, and the related notes to the basic financial statements. We issued our report thereon January 19, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Moss, Remy & Hargheim LLP

Santa Maria, California
January 19, 2019

FINDINGS AND RECOMMENDATIONS

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SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

_____ Yes X None reported

Type of auditors’ report issued on compliance for major
programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with the Uniform Guidance,
Section 200.516

_____ Yes X No

Identification of major programs:

CFDA Number(s)

20.507

Name of Federal Program or Cluster

Federal Transit Cluster

Dollar threshold used to distinguish between Type A
and Type B programs:

\$ 750,000

Auditee qualify as low-risk auditee:

 X Yes _____ No

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Financial Statement Findings:

There were no financial statement findings.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Federal Award Findings:

There were no federal award findings or questioned costs.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SUMMARY OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Financial Statement Findings:

There were no prior fiscal year financial statement findings.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SUMMARY OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Federal Award Findings:

There were no prior fiscal year federal award findings or questioned costs.

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San Luis Obispo Regional Transit Authority

Executive Committee Meeting

Draft Minutes 10/10/2018

C-1

Members Present: Tom O'Malley, President
Lynn Compton, Past President

Members Absent: Dan Rivoire, Vice President

Staff Present: Geoff Straw, Executive Director
Tania Arnold, Deputy Director and CFO
Tim McNulty, County Counsel

Also Present: Eric Greening
Steve Martin, Mayor of Paso Robles

1. Call to Order and Roll Call:

President Tom O'Malley called the meeting to order at 12:08 p.m. A silent roll call was taken and a quorum was present.

2. Public Comments:

Mr. Eric Greening, noted that Route 9 southbound on a Sunday did not show up, and the next available bus would appear in 4 hours. In addition, next Tuesday, the Board of Supervisors have on their agenda "approval of mitigated negative declaration for bridge replacement project" where El Camino crosses Santa Margarita creek. **Mr. Greening** inquired if RTA been approached by the County on the impacts and possible delays. **Mr. Geoff Straw** said no, he will check with James Shafer. **Mr. Greening** said as part of mitigation drivers should be compensated for overtime if delays will be major.

3. Information Items:

A-1 Executive Director's Report

Mr. Straw stated that after applying for multiple grants for the garage project, we've finally received a grant for \$6.3 million. We showed a real need for the project and got great support. We're in the middle of a new design for the bus garage, consultants on site today for "design charrette". Partners can attend today 4pm-6pm and tomorrow 3pm-5pm. Discussion followed regarding parking for new facility. Update on Transit Center should have 90% plans by the end of the month.

Ms. Tania Arnold discussed recruitment of new bus operators. We have one candidate in training and five in the queue to begin training. **Ms. Lynn Compton** asked what entails getting candidates in training and how long that takes. **Ms. Arnold** explained the process of hiring a driver from application to training. Discussion ensued regarding bus operator's pay, etc. **Mr. Straw** mentioned Phil Moore vacating the position of operations manager for a new position with Eastern Sierra Transit Authority in Bishop, CA. October 26th will be his last day. **Mr. Greening** asked if Employee of the Quarter BBQ will also be a goodbye party for Phil Moore. **Mr. Straw** said no because he will already be gone; EOQ will be November 2nd at South County.

Mr. Greening asked about status of integration with South County; **Mr. Straw** noted we are meeting with the union Thursday and Friday of next week.

4. Action Items

B-1 Fiscal Year 2018-19 Capital Budget Amendment

Ms. Arnold discussed the capital budget amendment. Computer systems upgrades, maintenance tools, and Token Transit system (mobile pass app). She provided an update on Token Transit, which is expected to be rolled out December 15, 2018. Bus stop improvement plans will be put out to bid. Majority of other funds will be directed to the design of the new maintenance facility, which will also most likely roll over into fiscal year 2019-2020. **Mr. Pete Rogers** asked about why the \$6.285 million is not included in capital budget amendment. **Ms. Arnold** explained that the grant we received is new funding that is not a part of roll over budget money. **Ms. Compton** asked about \$22,000 for Nipomo short range transit. **Ms. Arnold** clarified that this funding is for Nipomo Dial-a-Ride. **Mr. Greening** asked about the deadline when we need to use the new grant funds. **Mr. Straw** noted, 3 years.

President O'Malley opened public and Committee comment.

President O'Malley closed public and Committee comment.

Ms. Compton moved approval of action item B-1 and seconded by **President O'Malley**. The motion carried on a voice vote.

5. **Consent Agenda Items**

C-1 Executive Committee Meeting Minutes of September 12, 2018

Vice President Rivoire moved approval of consent agenda and seconded by **President O'Malley**.
The motion carried on a voice vote.

6. **Agenda Review:**

Mr. Straw reviewed RTA Board Agenda items for the November 7, 2018 meeting.

President O'Malley asked Mr. Straw to elaborate on the KNN agreement and requested that staff move the item to an action item. He also asked Jim Hamilton from the County can speak about it.

7. **Adjournment:** **President O'Malley** adjourned RTA Executive Committee meeting at 12:48 p.m.

Respectfully Submitted,

Acknowledged by,

Chelsea Fowler
Administrative Assistant

Tom O'Malley
RTA President 2018

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DRAFT
SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
RTA BOARD MEETING
MINUTES OF JANUARY 9, 2019
C-2

BOARD MEMBERS PRESENT:

DEBBIE ARNOLD, FIFTH DISTRICT, COUNTY OF SAN LUIS OBISPO
LYNN COMPTON, FOURTH DISTRICT, COUNTY OF SAN LUIS OBISPO (Past President)
ROBERT DAVIS, CITY OF MORRO BAY
BRUCE GIBSON, SECOND DISTRICT, COUNTY OF SAN LUIS OBISPO
ADAM HILL, THIRD DISTRICT, COUNTY OF SAN LUIS OBISPO
JEFF LEE, CITY OF GROVER BEACH
HEATHER MORENO, CITY OF ATASCADERO
JIMMY PAULDING, CITY OF ARROYO GRANDE
ANDY PEASE, CITY OF SAN LUIS OBISPO
JOHN PESCHONG, FIRST DISTRICT, COUNTY OF SAN LUIS OBISPO
FRED STRONG, CITY OF PASO ROBLES
ED WAAGE, CITY OF PISMO BEACH

BOARD MEMBERS ABSENT:

NONE

STAFF PRESENT:

GEOFF STRAW, EXECUTIVE DIRECTOR
TANIA ARNOLD, DEPUTY DIRECTOR/CFO
OMAR MCPHERSON, GRANTS MANAGER
NINA NEGRANTI, SAN LUIS OBISPO COUNTY COUNSEL
CHELSEA SPERAKOS, ADMINISTRATIVE ASSISTANT

CALL TO ORDER AND ROLL CALL: Past President Lynn Compton called the RTA meeting to order at 8:30 AM. A roll call was taken and a quorum was present.

PUBLIC COMMENT:

Mr. Mark Shaffer (Director, Ride-On Transportation) brought up a concern regarding SLOCOG staff allegedly not responding to Ride-On's request for negotiating on his behalf with Ventura Transit System, Inc. (VTS). The item is to request for an increase in funding for Ride-On's voluntary sub-contractor role for Medi-Cal trips and to look at having SLOCOG staff getting involved in talking to CenCal and VTS to cover 100% of the cost. He asked about SLOCOG staff's role in social service transportation, noting that Ride-On staff will be bringing a report to the Board.

Mr. Eric Greening from Atascadero wanted to welcome the new board members and encouraged the Board members to not to consider people who do not drive as a “fringe constituency”. He requested the Board members to ride public transportation to resonate with the public that does not drive.

Mr. Gary Kirkland from Atascadero would like to discourage people from taking public transportation and wants people to drive more cars. He stated that he would like people to use more gasoline, privatize the roads, and is “in favor of global warming”.

Mr. Joe Rouleau from San Luis Obispo talked about bicycle safety, and the safety issue where people riding their bikes run through red lights constantly especially at night wearing dark clothing. He said he sees very little enforcement throughout the county. He urged, “please have law enforcement implement the law.”

Past President Lynn Compton closed public comment.

1. JOINT SLOCOG/RTA MEETING:

- a) Welcome of New Board Members**
- b) Election of Officers**

Board Member Adam Hill moved for the election of **Board Member Fred Strong** for Board President. **Board Member Debbie Arnold** seconded, and the motion carried unanimously on a roll call vote.

Board Member Arnold moved for the election of **Board Member John Peschong** for Board Vice President. **Board Member Strong** seconded, and the motion carried unanimously on a roll call vote.

- c) Executive Committee Assignment**

Past President Compton announced that the Board President and Vice President are Executive Committee members automatically.

Note: Considering that there was no Past President (immediate) as the 2018 Board President is no longer a Board member, the SLOCOG Board had to appoint a new member.

Board Member Hill moved for the election of **Board Member Ed Waage** for the position of RTA Executive Committee representative. **Board Member Strong** seconded, and the motion carried unanimously on a roll call vote.

ADJOURN TO RTA BOARD MEETING: **Past President Compton** adjourned the Joint meeting. **President Strong** called the RTA Board meeting to order at 8:46 a.m., a silent roll call was taken and a quorum was present.

2. RTA BOARD MEETING:

CLOSED SESSION ITEMS CONFERENCE WITH LEGAL COUNSEL:

CONFERENCE WITH LEGAL COUNSEL: It is the intention of the Board to meet in closed session concerning the following item:

Initiation of litigation pursuant to subdivision (c) of Section 54956.9. One case

The RTA Board went into closed session at 8:44 AM and returned to open session at 9:15 AM.

There were no reportable actions from closed session.

Public Comment:

Mr. Greening welcomed the new board members again, and reminded everyone that RTA is still looking for an Operations Manager. He also encouraged the Board members to sit at the bus stops during a storm to experience the conditions that the riders have to endure during harsh weather.

A. CONSENT AGENDA:

Board Member Heather Moreno moved to approve the Consent Agenda (items A1-A9). **Board Member Arnold** seconded, and the motion carried unanimously on a roll call vote with **Board Member Peschong** and **Board Member Andy Pease** abstaining from item A-2.

B. INFORMATION AGENDA:

B-1 Executive Director's Report: **Mr. Geoff Straw** reported that the passage of the Innovative Clean Transit rule will pose a challenge for RTA due to funding and battery range of new electric buses. This act phases out purchase of petroleum fueled vehicles by 2029. RTA will submit a low emission document for the Board to review at the meeting in March 2019.

The Employee of the Quarter BBQ is on Friday February 1st and **Mr. Straw** opened the invitation to any Board member that wants to attend as a way to get to know the staff at the agency and tour the facility. The government center plan is 90% complete; RTA is working with SLO County for continuation of the project. Construction bidding has been delayed. There is no room for changes without additional funding. Five new bus operators have been hired and are in the process of training. There are nine job openings, so RTA will continue recruitment.

The RTA is set to launch Token Transit, which will reduce the need for ticket vending machines. The app will make passes accessible to riders on their smartphones. This is funded by Proposition 1B Safety & Security bond proceeds. The Bus Garage Facility project design has been submitted to the City of San Luis Obispo Planning Department on December 17th. **Mr. Straw** stated that he will be presenting the project to the city with the sign video which was shown to board members.

The RTA was not selected for the BUILD grant that would have been for the Bus Garage Facility. The project is still in need of funding, so RTA is requesting FTA to reallocate funds that have already been granted for the Bus Maintenance Facility project. RTA has experienced staffing changes recently, including the loss of Trena Wilson (Accounting Technician) and Leslie Sanchez (Human Resources). Chelsea Sperakos was hired as the Administrative Assistant replacing Shelby Walker. RTA will now be recruiting for the positions of Operations Manager, Human Resources Officer and Accounting Technician.

Fixed route ridership is down 5.7% since 2017. Highway 1 routes have increased ridership (routes 12, 14 & 15) while Highway 101 routes have decreased ridership (routes 9 & 10). Runabout ridership has

maintained the same levels since last year. RTA is continuing to look for ways to reduce demands due to Runabout being an expensive service. Overall non-capital expenses are on budget; administrative costs are at 110% due to unanticipated professional technical services costs. Service delivery costs and farebox recovery ratio are maintaining within standards.

President Strong opened and closed public and Board comment.

C. ACTION AGENDA:

C-1 Public Hearing: Runabout Service Area: **Mr. Straw** informed the Board members that federal law requires ADA service area to mirror fixed route service area. Fixed route service and express routes may be changing, so RTA will hold public hearing to consider input of riders affected. At the hearing, the following Runabout service changes will be discussed: exclude RTA Express routes from ADA service area, grandfathering existing registrants into new service area, and automatic changes when fixed routes are altered.

President Strong opened public and Board members comment.

Mr. Kirkland wanted to address his concern about agenda item B-3 regarding RTA applying for grants. Given that our nation is in a deficit, he encouraged RTA to live within their means, and not to apply for more money. He also stated that if RTA is going to increase services that he requests a public hearing on that.

President Strong closed public and Board members comment.

Board Member Ed Waage moved to approve the Action Agenda (item C-1). **Board Member Peschong** seconded, and the motion carried unanimously on a roll call vote.

ADJOURNMENT: **President Strong** adjourned RTA meeting at 9:46 AM.

Respectfully Submitted, Chelsea Sperakos Administrative Assistant

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

MARCH 6, 2019

STAFF REPORT

AGENDA ITEM: C-3

TOPIC: Internal Control

ACTION: Review and Accept the RTA Completed Internal Control Checklists

PRESENTED BY: Tania Arnold

STAFF RECOMMENDATION: Review and Accept the FY2017-18 Internal Control Checklists

BACKGROUND/DISCUSSION:

On October 17, 2018, SLOCOG Board President Tom O'Malley received a letter from the Office of the San Luis Obispo County Auditor-Controller-Treasurer-Tax Collector. In the letter, outgoing Auditor-Controller-Treasurer-Tax Collector, James P. Erb, CPA, addressed concerns aimed at Special Districts and Joint Powers Authorities (JPAs) who provide services in the County of San Luis Obispo. A copy of the letter is included here as Attachment A.

In the letter, Mr. Erb emphasized the importance of a strong system of internal controls designed to ensure integrity in financial and accounting matters, promote accountability, and prevent fraud. He included a list of 23 questions and asked managers to use this to assess the agency's internal control system. He requested the responses be presented to the Board of Directors and updated annually. RTA's responses are shown in Attachment B and were originally included as Attachment C as part of the February 6, 2019 SLOCOG Board agenda.

Staff Recommendation

Staff recommends that the Board review and accept the Fiscal Year 2017-18 Internal Control Checklists.

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Attachment A



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James P. Erb, CPA Auditor-Controller • Treasurer-Tax Collector

James W. Hamilton, CPA Assistant Auditor-Controller • Treasurer-Tax Collector

October 17, 2018

San Luis Obispo Council of Governments (SLOCOG)
Tom O'Malley, President
1114 Marsh Street
San Luis Obispo, CA 93401



Dear Mr. O'Malley:

As most of you know I will be leaving the Office of the San Luis Obispo County Auditor-Controller-Treasurer-Tax Collector at the end of this calendar year. My assistant ACTTC, James Hamilton, has been elected to the position and will provide for a smooth and structured transition. I am sorry I did not get to know more of you, but the time has passed so quickly.

Recently there has been some discussion in the news about a small agency's possible lack of oversight regarding its financial affairs. I was reminded about how vulnerable small organizations can be since a distinct separation of duties is not always possible. I want to remind everyone about the need for adequate internal controls and to provide some useful ideas in the form of a checklist. This letter is meant for Special Districts and Joint Powers Authorities who provide services in the County of San Luis Obispo. Please share this letter with other Board members and any appropriate staff.

The Board of Directors, general managers, and staff throughout an agency are responsible for establishing a system of controls called internal controls. Internal controls are the mechanisms, rules and procedures implemented to ensure the integrity of financial and accounting information, promote accountability and prevent fraud. While an independent audit may identify errors or irregularities, the existence of effective internal controls serves to prevent them in the first place.

I have included a checklist which provides a starting point for managers to assess the internal control system within their agency. Management should review the checklist and inquire with staff as needed in answering the questions. "No" answers should have a documented discussion as to why the requirement does not apply or cannot be met. "Yes" answers should include a description of the procedures in place to satisfy this requirement. This checklist should be updated every year and presented to the Board of Directors. Independent auditors are required to evaluate and test compliance with internal controls and can be a valuable resource to management and Boards with guidance on implementing and evaluating internal controls appropriate to the agency. I know your auditors will appreciate you going through this exercise.

We know some of the items in the checklist may be difficult to follow in agencies with limited staff. Internal controls require a commitment of time and resources but are an integral part of an agency operating effectively. In addition, some of the policies the County has adopted may be applicable to your agency. You are welcome

County of San Luis Obispo Government Center

P.O. Box 1149 | San Luis Obispo, CA 93406-1149 | (P) 805-781-5831 | (F) 805-781-5362

ttc@co.slo.ca.us | <http://sloacttc.com>

Attachment A

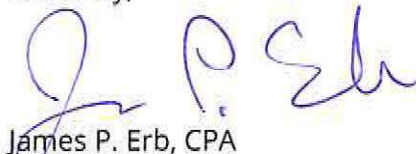
to use any of the County's policies, such as purchasing, cash handling, and travel. We will provide you a copy if requested.

Some Districts and Joint Powers Authorities keep their funds in the County Treasury. In these cases, the County operates as a bank for the agency, accepting deposits and making disbursements when authorized by the agency. Those Districts and Joint Powers Authorities may opt to use the County's accounting system as their system of record for financial transactions. Access to the County's accounting system allows an entity to have real-time financial information including balance sheet (cash, liabilities, and equity), revenue and expenditure details, cost accounting and budgetary reports. The County Auditor-Controller-Treasurer-Tax Collector's (ACTTC) accounts payable division reviews all Authorization to Draw Warrants (request for vendor payment) for authority to pay. This process does not include a review of vendor invoices, contracts, support for travel claims, payroll calculations, or Board meeting minutes to process a payment request. To validate an authorization for payment we verify that individuals approving the payment request appear on the authorized signers list provided by the agency; two signatures are always required.

The ACTTC's Internal Audit Division tracks and reviews the audited financial statements of all districts within the County. If the audited financial statements have any reportable condition(s), we will bring them to the attention of the Board Chairperson either by a phone call (if minor) or by a formal letter if the reportable condition is more serious in nature. It is imperative that annual audits are performed in a timely manner to provide any benefit to the agency. State law (CGC 26909) requires that a financial audit is performed within 12 months after the end of the reporting period. In my opinion, there are very few reasons why the audit cannot be completed within 6 months after the end of the reporting period. If a District's required audit has not been completed within 12 months past the end of the reporting period (some special districts may be on a County Board of Supervisor approved two or five-year audit cycle), my office can set aside, from the agency's funds, an amount equal to the prior period audit fees. I have the authority to hire and pay an auditor of my choice to perform the audit. If you find yourself in a situation where the audit is not performed in a timely manner, please contact my office as soon as possible.

The Auditor-Controller-Treasurer-Tax Collector's staff is available to provide guidance if needed. Do not hesitate to contact us. Jim Hamilton's phone number is 805-781-5043 (jhamilton@co.slo.ca.us) and mine is 805-788-2964 (jerb@co.slo.ca.us), we can both be reached through County e-mail as well. Thank you for the services you provide to our community. The efforts of all of us blend together to help make San Luis Obispo County an amazing place to live.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. P. Erb".

James P. Erb, CPA
Auditor-Controller-Treasurer-Tax Collector

**COUNTY OF SAN LUIS OBISPO****AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR****James P. Erb, CPA** Auditor-Controller • Treasurer-Tax Collector**James W. Hamilton, CPA** Assistant Auditor-Controller • Treasurer-Tax Collector**Attachment B**

	Internal Control Checklist - RTA	Yes	No
1.	Does management set a good example and regularly communicate high expectations regarding integrity, transparency, and ethical values?	Y	
2.	Does the agency have a policy covering potential conflicts of interest?	Y	
3.	Does the agency promote and foster trust between employees, supervisors, outside agencies, and the Board of Directors?	Y	
4.	Does the agency rotate their external auditors at a minimum of every 6 years as required by CGC 12410.6.(b)?		N
5.	Does the agency consider the information provided by external auditors about control-related matters and act on that information?	Y	
6.	Does the agency consider audit findings and take timely corrective actions?	Y	
7.	Are employees encouraged to provide recommendations for improvement?	Y	
8.	Does the agency promote continuous improvement and solicit input and feedback from employees at all levels regarding issues that may impact the entire office?	Y	
9.	Do the managers share detailed budget to actual information with the Board of Directors at least quarterly?	Y	
10.	Does the agency have purchasing guidelines that are strictly followed?	Y	
11.	Are all contracts or larger purchases (set by a purchasing policy) go through an Request for Proposal process?	Y	
12.	Does management share the results/scoring of Request for Proposals with the Board?	Y	
13.	Are performance reviews of specific functions or activities regularly conducted and unexpected results or unusual trends investigated and communicated to the Board of Directors?		N
14.	Does the agency regularly review actual program performance and compare it to objectives and budgets/forecasts, as well as to historic performance?	Y	
15.	Does the agency periodically assess employee attitudes, review effectiveness of the organization structure, and evaluate the appropriateness of policies and procedures?	Y	
16.	Does the agency ensure all employees receive relevant information regarding grant requirements/conditions, legislation, regulatory developments, economic changes or other external factors that may affect the agency?	Y	
17.	Do employees understand which records they must maintain and the required retention period?		N
18.	Are financial duties (cash/funds inflows, outflows, and reconciliations) segregated among different people? (If Yes, continue w/ #19.) (If No, continue w/ #18a.)	Y	
18A.	If not, is a periodic review conducted by someone not involved in cash handling functions?		
19.	Is a listing of all disbursement, since the last meeting, presented to the Board of Directors for approval either prior to the payment or after the fact if the Board only meets quarterly, at each Board meeting?		N



COUNTY OF SAN LUIS OBISPO
AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James P. Erb, CPA Auditor-Controller • Treasurer-Tax Collector

James W. Hamilton, CPA Assistant Auditor-Controller • Treasurer-Tax Collector

Attachment B

20.	Are bank reconciliations performed by a person not responsible for making deposits or initiating payments within 14 days after the close of the banking period?		N
21.	Are all assets (e.g., equipment) physically secured and periodically counted?	Y	
22.	Does the agency routinely spot-check transactions, monitoring files, records, and reconciliations to ensure expectations are met?	Y	
23.	Does the agency regularly subject internal controls to a formal and continuous internal assessment process?	Y	

Comment Section – Internal Control Checklist	
1.	The RTA Strategic Business Plan approved by the Board on March 7, 2018 includes the values of integrity and commitment to serve (which includes maintaining responsible ethical fiscal management). The RTA regularly reports its operating and financial results in comparison to the established standards to the Board and to staff.
2.	The RTA Conflict of Interest Code was revised and approved by the Board on January 4, 2017 through resolution 2017-04. This Code includes the Designated Filers positions, including all Board members and their alternate members, in addition to the Executive Director, Deputy Director/Chief Financial Officer, and Grants and Financial Manager. The RTA Employee Handbook adopted by the Board on July 11, 2018 also includes Section 2.6.7 Conflicts of Interest to further communicate responsibilities throughout the organization.
3.	Standard of Excellence Section 6 of the RTA Strategic Business Plan establishes standards for Leadership and notes that “we will strive to be one of the nation’s leading small transit operators. We will work to maintain collaborative relationships within the industry, within our community and with our stakeholders. We will develop future leaders from within our organization.” We do this in a variety of ways, including bringing Employee of the Quarter winners to the RTA Board meetings, senior staff attending City Council meetings, annual employee evaluations, and including Supervisors in major projects such as the implementation of the Bus Stop Improvement Plan to foster interaction between staff and the various jurisdictions.
4.	The RTA and SLOCOG have used the same auditing firm since 2009, although we are aware of the 6-year limit. When the contract ended after the audit of 2012, a contract extension was approved by the RTA and SLOCOG Boards and the firm performed audits until 2015. In response to a 2015 solicitation, only the current auditing firm submitted a bid, although at least eleven firms were notified of the RFP that was posted on SLOCOG’s website. A second bid was received after the RFP deadline, however the contract was awarded to the current firm, covering 4 years to end with the audit of 2019. SLOCOG reported to the Board that the next contract will be required to be awarded to a different firm and will be issuing an RFP in FY 19-20. Between 2009 and 2018, the auditing firm assigned different lead auditors of the RTA, with the most recent change occurring in 2013.
5.	Staff appreciates feedback provided by fiscal auditors and consults with them during the course of the fiscal year should questions arise to ensure items are being addressed as proactively as possible. However, fiscal auditors have not found a “Material Weakness” or “Significant Deficiency” relating to Internal Control. Staff also actively cooperates with State triennial auditors and Federal triennial reviewers to ensure compliance with TDA and FTA requirements.
6.	The RTA closely considers fiscal audit findings and takes swift corrective action. Staff has discussed prior findings with the Board and the RTA has not had a finding since the fiscal year ending June 30, 2014. RTA staff also regularly reports progress to the Board on recommendations made in State and Federal triennial performance reviews/audits.

**COUNTY OF SAN LUIS OBISPO****AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR****James P. Erb, CPA** Auditor-Controller • Treasurer-Tax Collector**James W. Hamilton, CPA** Assistant Auditor-Controller • Treasurer-Tax Collector**Attachment B**

7.	All RTA employees are encouraged to identify shortcomings and provide recommendations. The RTA Safety Resource Committee receives all employee recommendations (regardless of if safety is involved) and provides a group analysis of recommendations, with transparent follow up information on the status of all recommendations.
8.	Please see our response provided in item #7.
9.	Included in each bi-monthly RTA Board agenda is a Budget vs. Actual expense analysis that is presented on a modified accrual basis. In addition, staff presents information on performance of the services offered in order for information to be reviewed regarding service productivity in addition to fiscal productivity. Noted in the Executive Directors report are any notes regarding significant variances from the budget and any necessary corrective action(s).
10.	The RTA strictly follows its adopted Purchasing Policy that includes property disposal and protest procedures. These policies/procedures are also reviewed every three years by our State and Federal partners to ensure continued compliance. In addition, staff follows guidelines for the funding associated with each project should that funding source have additional requirements. Staff also has policies applicable to revenue collection to ensure that all funds are received and properly accounted for.
11.	Based on the purchasing policy, staff will complete a RFP process when deemed appropriate. When a proposed project exceeds the limits identified in the purchasing policy, staff seeks Board authority prior to beginning the formal bidding process.
12.	The results of each competitive bidding process is presented to the Board after the panel of evaluators have reviewed and scored the responding agencies. This is typically done at the same time staff requests the Board approve the resulting draft contract. Staff doesn't commonly report the scores that responders received on their bids.
13.	Performance reviews of specific functions/activities are only conducted and results reported to the Board if a specific shortcoming is identified. However, the RTA undergoes a TDA Triennial Performance Audit and FTA Triennial Review, both of which include reports of findings beyond just fiscal matters to the RTA Board. In addition, the RTA undergoes a comprehensive Short Range Transit Plan effort every 5 to 7 years that includes reviews of institutional, operations, financial and capital elements. The most recent SRTP was adopted by the RTA Board at its July 2016 meeting.
14.	Please see our response to item #7.
15.	The RTA regularly uses an outside consultant to work with administrative staff and the Operations Supervisors to address attitudes, effectiveness, policies and procedures to determine what is working well, what needs improvement and what needs immediate attention. These items have been incorporated in the RTA Strategic Business Plan adopted by the Board on March 7, 2018. Staff also conducts Customer Perception Surveys every two years, including specific outreach to our employees; the results are presented to the RTA Board.
16.	The department heads from Administration, Operations and Maintenance work together under the guidance of the Executive Director to ensure employees receive information on regulatory changes, grants, legislation, and other external factors that may impact the agency. We maintain a wide network of peers, in addition to regular industry updates that provide regular information for discussion and further research to ensure compliance. Board packets are shared with employees, including placing a paper copy in each employee break room.
17.	Although the RTA staff that manages the documents in storage are aware of the legal requirement for document retention, including those of the various grant programs, the RTA Record Retention schedule is significantly outdated and has been identified as a document for review and revision.

**COUNTY OF SAN LUIS OBISPO****AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR****James P. Erb, CPA** Auditor-Controller • Treasurer-Tax Collector**James W. Hamilton, CPA** Assistant Auditor-Controller • Treasurer-Tax Collector**Attachment B**

	Staff anticipates taking the information to the Board in 2019, including a policy for educating employees.
18	The financial duties are segregated among various staff members within the RTA. Annually, when audit field work is being conducted, staff reviews with the lead auditor to ensure all opportunities for the segregation of duties are explored. These discussions are especially valuable given the very small administrative staff of seven, which can be significantly impacted with long term vacations or turnover. Additionally, periodic internal audits are conducted in order to monitor financial accuracy.
19.	The RTA does not present a listing of all disbursements to the Board for approval either prior to the payment or after the fact. Instead, the RTA Board reviews the Budget vs. Actual expenditure information at each bi-monthly meeting with notations on variances from budget, either over or under.
20.	Due to the limited staff size at the RTA, bank reconciliations are performed by a staff person who is responsible for making deposits and initiating payments within fourteen days after the close of the banking period. The bank account is for limited purposes related to payroll, including ACH withdrawals by the RTA payroll provider (ADP), which has control procedures in place and subsequent deposits via ACH from the County of San Luis Obispo based on an authorization to draw warrant that must be signed by two authorized signers. The other regular item of activity in the bank account relates to deposit and draws of Federal funds, for which we have control procedures in place in order to ensure both internal compliance and compliance with Federal regulations. All bank reconciliations are reviewed and signed by the RTA Executive Director.
21.	The RTA fixed assets that can be physically secured are secured, and those that cannot be physically (such as the vehicles) have security features to limit the threat of theft. Due to the nature of some of the assets, such as bus stop shelters and amenities, there is periodic damage and theft that does occur, which is reported to the Board. All assets are periodically counted and their state of repair is noted in order to ensure funding can be identified for replacement.
22.	The segregation of duties allows for files, reconciliations, and records to be routinely spot-checked. This “fresh set of eyes” enables us to review information to ensure it makes sense. Additionally, the various grant funds that the RTA receive require additional audit steps to review information – which staff welcomes as an opportunity to ensure that expectations are being met.
23.	As staff prepares annually for the fiscal audit, we review and evaluate internal controls to ensure they continue to meet the needs of the agency and consider questions that should be addressed with the auditors while they are on site. Additionally, staff is encouraged to ask questions, either directly to peers within the RTA staff, or directly to the auditors to ensure all opportunities to improve internal controls are explored.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

MARCH 6, 2019

STAFF REPORT

AGENDA ITEM:	C-4
TOPIC:	Agreement with CPS HR Consulting for Audit and Compliance Review
ACTION:	Approve
PRESENTED BY:	Geoff Straw, Executive Director
STAFF RECOMMENDATION:	Authorize Executive Director to Execute Agreement with CPS HR Consulting for Audit and Compliance Review

BACKGROUND/DISCUSSION:

In order to ensure the RTA is adhering to best practices associated with legal requirements and policies and procedures adopted by the RTA Board regarding human resources are being followed and in the best interest of the agency, the RTA has worked with the County of San Luis Obispo to identify an outside agency that could provide a professional review. They identified CPS HR Consulting as a firm that would be suitable to conduct such work and is used by not only the County but many of the cities within the County.

Staff has included the proposal, which includes the scope and nature of the proposed services up to \$8,550.

Staff Recommendation

Authorize the RTA Executive Director to execute the impending agreement with CPS HR Consulting for an audit and compliance review based on this proposal with consent from the RTA Counsel.

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PROPOSAL

San Luis Obispo Regional Transit Authority (RTA)

Audit and Compliance Review

February 25, 2019

SUBMITTED BY:

Christina Batorski Peacock
Manager, Recruitment Solutions

CPS HR Consulting
2450 Del Paso Road
Sacramento, CA 95834
t: 916-471-3426
f: 916-561-8446
Tax ID: 68-0067209
www.cpshr.us



Your Path to Performance

February 25, 2019

Geoff Straw
Executive Director
San Luis Obispo Regional Transit Authority
179 Cross Street
San Luis Obispo, CA 93401

Via e-mail to gstraw@slorta.org

Dear Mr. Straw,

Thank you for contacting CPS HR Consulting to assist with the San Luis Obispo Regional Transit Authority's request for an audit and compliance review. We appreciate this opportunity to submit a proposal and look forward to partnering with your agency.

With a rich history of assisting government agencies with a full range of human resources services, we at CPS HR are confident that together we can provide expert solutions to meet your needs in a cost-effective manner. We have a deep bench of experts in a broad array of human resources disciplines, long-term experience providing services within the public sector, and an emphasis on quality and value that can be confirmed by our current and past clients.

CPS HR also delivers personalized results-oriented service, utilizing best practice methods and strategies from our team of experts. You will find that:

- ***We are practiced at providing exemplary and responsive service for a variety of HR services.*** CPS HR has held many contracts with local government agencies, so we know how to be responsive to your unique needs. We have the staff, expertise and resources to provide top-notch professional audit and review services and we are also full-service HR practitioners.
- ***We bring in-depth understanding of all local government operations, programs, and services.*** CPS HR has been helping public agencies meet their human resource needs for nearly 30 years. Our team of experts includes a variety of professionals with the credentials and direct public agency experience necessary to deliver technically accurate content in an innovative and engaging manner.
- ***We have local presence and commitment to maintaining open communications with RTA.*** Our project team will focus on integrating with your team and maintaining open communication with your staff to ensure that every activity is completed in a quality manner and adheres to the timeline and budget.

We thank you for the opportunity to submit this proposal and look forward to discussing it with you at your convenience. Please feel free to contact me directly by phone at (916) 471-3426 or by e-mail at CBPeacock@cpsr.us.

Sincerely,



Christina Batorski Peacock
Manager, Recruitment Solutions

Project Understanding

Overview

The San Luis Obispo Regional Transit Authority (RTA) is seeking the services of a professional consulting firm to conduct an audit and compliance review, inclusive of RTA's policies and procedures.

CPS HR Consulting (CPS HR) staff assigned to the project would:

■ **Audit and Compliance Review**


- Develop an audit process including timeline, communication plan, and requested materials.
- Evaluate RTA's operational HR policies, practices, and processes with an emphasis on key HR delivery areas (e.g. recruiting, employee retention, compensation, employee benefits, performance management, employee relations, training and development, records retention, etc.).
- Review current HR indicators (e.g. internal grievances filed, number of legal complaints, absenteeism rates, workers comp claim history, etc.).
- Research and recommend best practices in applicable areas.
- Collaborate with the RTA to implement the priority corrective and improvement measures in the on-going consulting phase of this project, which is outlined in the next section.
- Deliver a comprehensive detailed report at the completion of the audit and compliance review.

CPS HR will comply with any confidentiality and system requirements the RTA has determined are necessary to maintain the integrity and confidentiality of its data.

About CPS HR Consulting

CPS HR is an innovative, client-centered human resources and management consulting firm specializing in solving the unique problems and challenges faced by government and non-profit agencies. CPS HR was formed as a JPA public agency in 1985. As a self-supporting public agency, we understand the needs of public sector clients and have served as a trusted advisor to our clients for more than 31 years. The distinctive mission of CPS HR is to transform human resource management in the public sector.

With more than 110 full-time employees as well as 200+ project consultants and technical experts nationwide, CPS HR delivers breakthrough solutions that dramatically transform public sector organizations to positively impact the communities they serve. CPS HR is headquartered in Sacramento, California, with regional offices in Littleton, Colorado; Austin, Texas; and Atlanta, Georgia.



OUR VISION:
Enabling people to
realize the promise of
public service

CPS HR offers clients a comprehensive range of competitively priced services, all of which can be customized to meet the City's specific needs. We are committed to supporting and developing strategic organizational leadership and human resource management in the public sector. We offer expertise in the areas of classification and compensation, organizational strategy, recruitment and selection, and training and development.

CPS HR occupies a unique position among its competitors in the field of government consulting; as a JPA, whose charter mandates that we serve only public-sector clients, we actively serve all government sectors including Federal, State, Local, Special Districts and Non-Profit Organizations. This singular position provides CPS HR with a systemic and extensive understanding of how each government sector is inter-connected to each other and to their communities. That understanding, combined with our knowledge of public and private sector best practices, translates into meaningful and practical solutions for our clients' operational and business needs.

Overview of Services and Capabilities

CPS HR believes in an integrated, systems-based approach to talent management and provides consulting in all of the key areas listed below.



CPS HR CONSULTING SERVICES	
ORGANIZATIONAL STRATEGY	TESTING, RECRUITMENT, AND SELECTION
<ul style="list-style-type: none"> Workforce & Succession Planning 	<ul style="list-style-type: none"> Job Analysis
<ul style="list-style-type: none"> Organizational Assessment, Redesign and Re-Engineering 	<ul style="list-style-type: none"> Develop/Deliver Assessment Center Services
<ul style="list-style-type: none"> Employee Engagement 	<ul style="list-style-type: none"> Executive Search
<ul style="list-style-type: none"> Performance Management 	<ul style="list-style-type: none"> Test Development
<ul style="list-style-type: none"> Change Management 	<ul style="list-style-type: none"> Test Administration
<ul style="list-style-type: none"> Complaint Investigations & HR Outsourcing 	
CLASSIFICATION AND COMPENSATION	TRAINING AND DEVELOPMENT
<ul style="list-style-type: none"> Classification 	<ul style="list-style-type: none"> Training
<ul style="list-style-type: none"> Compensation 	<ul style="list-style-type: none"> Coaching
	<ul style="list-style-type: none"> Accelerated Leader 360° Assessment™
	<ul style="list-style-type: none"> Leadership Development

Audit & Compliance Services

The tasks and accountabilities for this project are described in the **Audit & Compliance Process** table which follows.

Audit & Compliance Process	
Tasks	Responsible Party
Consultation – Consult with stakeholders and Subject Matter Experts (SMEs) at the RTA to accomplish the following tasks: (i) gain sufficient knowledge of existing human resources policies, procedures, and processes; (ii) review and confirm RTA workflows and rules with stakeholders/SMEs; and (iii) coordinate receipt of requested materials; (iv) disclose expectations and timelines.	CPS HR/ RTA/ SMEs
Develop Audit & Compliance Review Process – Plan and coordinate all activities for reviewing and understanding the human resource processes conducive to the RTA’s rules and regulations.	CPS HR
Kick Off Meeting – Kick off meeting with key RTA staff to clarify objectives, timeframe and project scope, address stakeholder questions and confirm documentation requested for review.	CPS HR / RTA
Review of Advanced Materials – Request information and documentation to be sent, in advance of onsite visit, or for remote review and auditing. Review, and research relevant regulations, rules, policies, and MOUs, against requested documentation.	CPS HR / RTA
Review of HR policies, practices, and processes – <ul style="list-style-type: none"> Assess recruitment, employee retention, compensation, employee benefits, performance management, employee relations, training and development, and records retention Audit personnel files Determine compliance with current federal, state, and local laws and regulations, including FLSA Review job descriptions and classification of exempt vs. non-exempt Examine time records as well as time-keeping policies and practices Identify issues that are not covered in current procedures or policies Examine I-9 forms and practices, including an e-verification audit. 	CPS HR
Examine HR indicators – Review data regarding internal grievances filed, number of legal complaints, absenteeism rates, and workers compensation claim history.	CPS HR
Conduct Interviews – Interview key RTA staff and those employees performing human resources related activities.	CPS HR/RTA
Additional Review – Request and conduct review of additional documents and statistics requested. Conduct additional interviews with management, SMEs, and/or key personnel, if	CPS HR/RTA
Best Practices – Research and recommend best practices in human resources for areas in audit that were outdated or missing.	CPS HR
Audit Report – Prepare and deliver comprehensive audit and compliance report.	CPS HR

Pricing

Our approach includes providing high-level human resources expertise, advice, and consultation to ensure appropriate research, analysis, and professional HR guidance are utilized for all assigned duties and responsibilities.

This contract will be billed monthly as a time and materials contract with a not-to-exceed contract amount is below. Amendments to time or funding will be discussed and mutually agreed to should the need arise.

It is assumed that most professional consulting time will be provided remotely, limiting consultant travel expenses by utilizing e-mail and telephone conference calls or LiveMeeting as the primary communication/meeting format. If onsite (in person) meetings are requested, travel time to and from client site will be billed at 50% of the consultant hourly bill rate. Travel expenses such as mileage or parking will be billed at the standard IRS rates. Actual out-of-pocket reimbursable expenses for such items as advertising, printing/copying, postage/delivery charges, and related fees, if paid by CPS HR, will be billed directly to RTA for actual expenses incurred.

Placement/Level	Description	Bill Rate	Estimated Hours and Cost
Project Manager	Provide project oversight, support to the project team, and ensures project goals and deliverables are met	\$135/hour	8 - 10 hours (\$1,080 - \$1,350)
Legal Expert	Provides employment law expertise and compliance review	\$125/hour	10-12 hours (\$1,250-\$1,500)
Senior HR Consultant	Performs all tasks related to audit and compliance	\$105/hour	30 -40 hours (\$3,150-\$4,200)
Administrative Technician	Provide administrative support to project needs	\$80/hour	5 hours (\$400)
Estimated Labor Cost (Without Travel) ¹			\$5,880-\$7,450
Estimated Labor Cost (With Travel and Onsite Review) ^{2,3}			\$6,980-\$8,550

¹The Total Estimated Cost above is for professional service costs only, and provides for a cost range, dependent upon the documents, policies, and/or recommendations needed; it does not include travel expenses for onsite review.

²If an onsite review is requested, it is assumed that two project team members would be onsite for one full day. A cost range is provided, and the actual cost will be dependent upon travel time and the documents, policies, and/or recommendations needed.

³Actual out-of-pocket reimbursable expenses for such items as travel expenses, advertising, printing/copying, postage/delivery charges, and related fees will be billed directly to RTA for actual expenses incurred. CPS HR will obtain prior approval from RTA for all direct costs not to exceed \$5,000. Travel time will be billed at half-rate.

CPS HR is open to discussing alternative work plans which may alter the cost of the project. The methods, approach, and timelines described in this proposal, as well as the cost estimate, have been prepared as accurately as possible based upon the services requested and objectives described in the information provided to CPS HR. The total cost reflects the steps and time necessary to conduct the services in a sound, thorough, and sustainable manner, including important input and review by the RTA's internal management team, and designated stakeholders to accomplish the objectives. If changes or additional services are required, we will be happy to discuss changes to the project activities, schedule, and/or cost estimates.

Project Staffing

CPS HR will have a designated team for conducting the personnel audit and review of RTA's HR policies and practices. **Christina Batorski Peacock will serve as Project Manager.** Ms. Peacock will be joined by the following project team members. Jacques Whitefield will serve as and legal expert for this engagement; Michelle Pellegrino will serve as the Senior HR Consultants; and Jackie Frost will serve as the Administrative Technician.

Christina Batorski Peacock, PHR

Profile

Mrs. Peacock has over 17 years of professional and management experience in public sector Human Resources, including experience in the areas of employee recruitment and selection, compliance, labor relations, test administration, employee relations, and policy development. Specifically, Mrs. Peacock worked directly on recruitment efforts for entry-level Police Officer and entry-level Firefighter as well as sworn and uniform promotional recruitments with the City of Chicago for over 10 years.

Employment History

- Manager, Recruitment Solutions, CPS HR Consulting
- Deputy Commissioner of Human Resources, City of Chicago
- Assistant Commissioner of Human Resources, City of Chicago
- Adjunct Professor (Managing Organizational Change), Keller School of Graduate Management
- Recruiting Analyst Supervisor, City of Chicago
- Human Resources Analyst II, City of Chicago
- Human Resources Manager/Payroll Administrator, Bethesda Home & Retirement Center
- Staffing Specialist, Northwestern University
- Employment Coordinator, Northwestern University

Professional Experience

- Managed human resource personnel responsible for executing recruitment and selection processes for 30+ clients resulting in the review of 40,000+ applications and 1,200 hires, annually.
- Collaborated with the Chicago Police Department on entry-level Police Officer recruitment and selection efforts for over 10 years resulting in diverse applicant pools ranging from 18,000 to 27,000 candidates for a single recruitment.
- Performed a lead role in establishing fair and transparent recruitment and selection processes which alleviated the City of Chicago from Federal Monitor Oversight on all hiring practices.
- Taught graduate level classes in managing organizational change.
- Mediated and resolved labor relations issues in a union environment.

Education

- M.P.A. DePaul University, Chicago, IL – Public Administration
- B.A. Marquette University, Milwaukee, WI – Human Resources & Communication Studies

Professional Organizations and Affiliations

- Society of Human Resources Management (SHRM)
- International Public Management Association for Human Resources (IPMA-HR)

Jacques S. Whitfield, JD

Profile

Mr. Whitfield is a seasoned Human Resources Executive with over 19 years of experience in human resources management. Whitfield recently completed a six year tenure as the Chief Human Resources Officer for the Yuba Community College District. Whitfield was responsible for the management and oversight of the human resources operations for the district and is credited with revitalizing and streamlining the Human Resource Operations for the Yuba Community College District. Whitfield is a subject matter expert in performance management, employee engagement and state and federal EEO compliance matters. He is highly accomplished in successfully working with others to develop professional skills and improve employee effectiveness through training and development. Whitfield is a frequent speaker, trainer and presenter.

Employment History

- Senior Consultant, Recruitment Solutions, CPS HR Consulting
- Chief Human Resources Officer, Yuba Community College District
- Adjunct Professor, School of Education, California State University, Sacramento
- Managing Partner, The Sterling Group, Ltd
- Director of Administrative Services and Strategic Planning, Target Excellence
- District General Counsel/Associate Superintendent, Grant Joint Union High School District

Professional Experience

- Seasoned HR Executive and subject matter expert in the areas of labor and employment, labor relations, collective bargaining, state and federal EEO compliance
- Expertise in quarterbacking personnel investigations arising from harassment and discrimination complaints to eliminate potentially hostile work environments and liability for employers.
- Created and presented effective workshops to train employees on everything from effective performance management, EEO and nondiscrimination best practices, diversity and cultural competency in the workplace, effective communication of difficult information, conflict resolution strategies and exemplary customer service.
- Taught graduate level classes in educational leadership for K-12 and Community college administrators.

Education

- J.D. University of North Carolina – Chapel Hill, NC
- B.A. Wake Forest University, Winston-Salem, NC

Professional Organizations and Affiliations

- Society of Human Resources Management (SHRM)
- Association of Chief Human Resource Officers
- Association of California Community College Administrators

Michelle Pellegrino

Profile

Ms. Pellegrino has over 15 years of professional and management experience in public sector Human Resources, including experience in the areas of employee recruitment and selection, classification and compensation, labor and employee relations, benefits, and policy development.

Employment History

- Senior Consultant, CPS Human Resource Services
- Human Resources Manager, City of Dixon Human Resources
- Labor Relations Officer, City of Sacramento Department of Human Resources
- Personnel Analyst, University of California Department of Agriculture and Natural Resources
- Senior Human Resources Analyst, Solano County Department of Human Resources

Professional Experience

- Managed the human resource and risk management activities of a local city of approximately 100 employees, including policy development, recruitment/selection, job classification and compensation, employee benefits, labor and employee relations, and risk management.
- Experienced in recruitment and selection, including development of advertising plans, outreach to potential candidates, development of exam processes, and creation of eligible lists for a wide range of job classes, including sworn staff, professional staff, and management positions.
- Has project manager experience on multiple large projects, including implementing online applications systems for multiple agencies, implementing the Human Resources Information System (HRIS) module for the City of Dixon, and a large-scale calculation of seniority date calculations, posting of lists, and notification to affected employees for Solano County. Provided planning, direction and coordination of these projects, led staff teams and worked closely with department representatives.
- Established cooperative working relationships with directors, managers, and supervisors with interpretation and applying personnel policy and procedures, discipline, recruitment/selection, classification and leave management.
- Participated in contract negotiations with multiple unions including Police, Fire, Correctional Officer, Professional Staff and Miscellaneous Employee Units.
- Established cooperative working relationships and resolved labor relations issues with multiple unions.

Education

- Bachelor of Arts, Psychology, University of California, Davis

Professional Organizations and Affiliations

- Senior Certified Professional (IPMA-SCP) with the International Public Management Association for Human Resources (IPMA-HR)

Jackie Frost

Profile

Ms. Frost has over 4 years of experience in public sector Human Resources, including experience in the areas of employee recruitment and selection and test administration.

Employment History

- Administrative Technician, CPS HR Consulting
- Senior Office Assistant, CPS HR Consulting
- Office Assistant, CPS HR Consulting

Professional Experience

- Create and manage recruitments in applicant tracking system.
- Screening bulletin applications to validate applicants have met minimum qualifications for position.
- Scheduling and scoring written, oral, and bilingual applicant examinations
- Training proctors for written examinations and chairs for oral examinations.
- Responding to candidate inquiries by phone and e-mail.

Education

- Bachelor of Science, Geography, Brigham Young University

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

MARCH 6, 2019

STAFF REPORT

AGENDA ITEM: C-5

TOPIC: Procurement Policy

ACTION: Approve

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Approve the Revisions to the Procurement Policy

BACKGROUND/DISCUSSION:

As its November 7, 2018 meeting, the RTA Board directed staff to bring an amended Purchasing Policy to the Board for consideration. The amended Transfer Program section of the Purchasing Policy would exclude fixed-route vehicles from cost-free transfer to for-profit transportation companies.

Under the revised Policy, surplus fixed-route buses would only be offered for transfer to local governmental entities and local non-profit transportation providers. If neither a local governmental entity nor a local non-profit transportation company desire the surplus fixed-route vehicle, staff would sell fixed-route buses through the RTA's contract with Ken Porter Auctions. Auction proceeds could only be used for future RTA capital projects. Under this scenario, following the Board's declaration of surplus requiring a public auction, staff would offer an opportunity for local for-profit transportation companies to inspect the vehicle(s) and maintenance records prior to transferring the vehicle to Ken Porter Auctions. This will allow local for-profit transportation companies to submit an informed bid during the auction process.

Under staff's recommendation, a portion of the attached *Chapter XIII - Surplus Equipment and Supplies Disposal Standards* of the Purchasing Policy would be amended, as shown in red/underlined text.

Staff Recommendation

Approved the revisions to the RTA Procurement Policy as noted in the red line version enclosed.

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CHAPTER XIII

(Amended March 6, 2019; replaces January 6, 2016 version)

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 its 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 of 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 – particularly those persons eligible for the highly-subsidized Runabout service. 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 and adjoining areas within San Luis Obispo County.

Local governmental entities and non-profit transportation organizations are eligible to receive both surplus fixed-route vehicles and cutaway van/minivan vehicles. Local for-profit transportation providers are only eligible to receive surplus cutaway vans and minivans for the purposes of expanding services that are focused on meeting the specialized transportation needs of elderly, disabled and low-income persons within the RTA service area and the unserved portions of San Luis Obispo County.

If the surplus vehicle was partially funded with FTA funds (i.e., 80% FTA and 20% local) and it has a fair market value greater than \$5,000, the receiving entity must pay the RTA an amount equal to the FTA's percentage of the fair market value. Staff will document the methods used to establish fair market value (review recent online sales, correspond with used vehicle dealers, etc.) in an FTA-approved sales agreement with the receiving entity.

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. Once a surplus vehicle is transferred, the RTA has no obligation to monitor the use or continued ownership of the surplus vehicle.

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.

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SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

MARCH 6, 2019

STAFF REPORT

AGENDA ITEM: C-6

TOPIC: Facility Commissioning Services

ACTION: Approve

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Authorize Executive Director to Procure Bus Maintenance Facility Commissioning Services

BACKGROUND/DISCUSSION:

As required by California Building and Energy Codes, the RTA must include commissioning services as part of the design, construction and acceptance process for the planned Bus Maintenance Facility project.

The objective of commissioning is to provide documented confirmation that a facility fulfills the functional and performance requirements of the building owner, occupants, and operators. To reach this goal, it is necessary for the commissioning process to establish and document the owner's criteria for system function, performance, and maintainability, and to also verify and document compliance with these criteria throughout design, construction, start-up, and the initial period of operation. Finally, complete operation and maintenance (O&M) manuals, as well as training on system operation, should be provided to the building operators to ensure the building continues to operate as intended.

It is considered good practice because it offers another level of peer review/quality control on the engineering and design side, but is often more important at the end of construction because the vendor selected for commissioning services will confirm the contractor has built and set up the building systems and controls the way they were specified and designed. The commissioning agent is independent from the design team and contractor to ensure the successful bidder is working on behalf of the RTA.

Staff has included the abbreviated request for proposals, which includes the scope of services.

Staff Recommendation

Authorize the RTA Executive Director to issue s request for proposals for Bus Maintenance Facility commissioning services and issue a notice to proceed to the vendor selected.

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179 Cross Street, Suite A
San Luis Obispo, CA 93401
(805) 781-4472 Fax (805) 781-1291
www.slorta.org

REQUEST FOR PROPOSALS

COMMISSIONING SERVICES

for the

RTA BUS MAINTENANCE FACILITY

RFP Release Date

April 1, 2019

Submittal Due Date

May 1, 2019 at or before 4:00 pm (PST)

Three printed copies and one digital copy of your firm's submittal should be submitted to the attention of the undersigned;

Mail completed submittals to:

Geoff Straw, Project Manager
San Luis Obispo Regional Transit Authority,
179 Cross Street,
San Luis Obispo, CA 93401
805-781-4465
gstraw@slorta.org

Questions regarding the solicitation process and the scope of work should be directed to Geoff Straw at (805) 781-4465. All questions should be submitted in writing by mail, e-mail no later than 4:00 p.m. on Wednesday, May 1, 2019. These questions, along with their answers, will be forwarded to all known RFP recipients by 5:00 p.m. on April 22, 2019.

The Regional Transit Authority is a Joint Powers Agency serving residents and visitors of:

Arroyo Grande Atascadero Grover Beach Morro Bay Paso Robles Pismo Beach San Luis Obispo and The County of San Luis Obispo

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SECTION I – PROCUREMENT SCHEDULE

April 1, 2019	Publish RFP
April 17, 2019 at 2:00 p.m.	Non-mandatory pre-submittal meeting in RTA Upstairs Conference Room, located at 179 Cross Street, San Luis Obispo, CA 93401
April 18, 2019 by 4:00 p.m.	Questions/clarifications due
April 22, 2019 by 5:00 p.m.	Answers to questions posted on RTA website and emailed to all known prospective proposers.
May 1, 2019 by 4:00 p.m.	Submittals Due and names of submitters announced in RTA Upstairs Conference Room
Week of May 13, 2019	Vendor Interviews (If Needed)
Week of May 20, 2019	Final Selection and Notice to Proceed

Procurement Process and Scope of Work Questions:

All procurement documents will be posted on the RTA website. Vendors are encouraged to submit questions via email regarding the RFP by Wednesday April 18, 2019 prior to 4:00 p.m. These questions, along with the RTA's responses, will be forwarded to all known RFP recipients and posted on our website by 5:00 p.m. on Monday April 22, 2019.

To:

Geoff Straw
San Luis Obispo Regional Transit Authority
179 Cross Street,
San Luis Obispo, CA 93401
805-781-4465 Voice
gstraw@slorta.org

SECTION II – INTRODUCTION & BACKGROUND

A. INTRODUCTION

The San Luis Obispo Regional Transit Authority (RTA, or Owner) requests written proposals to secure independent Commissioning Provider (CP) services for the RTA Bus Maintenance Facility to be constructed in the City of San Luis Obispo, California. The Owner is committed to commissioning this facility to ensure that all systems are well designed, complete and functioning properly upon occupancy, and that the Owner's staff has adequate system documentation, and training. These services will also help the RTA ensure compliance with 2016 California Green Building Nonresidential Mandatory Measures and 2016 California Energy Code Nonresidential Building Commissioning Requirements. This project is partially funded with Federal Transit Administration funds, so any agreement resulting from this commissioning procurement must meet all Federal requirements.

B. BACKGROUND

The RTA is a joint powers agency comprised of the Cities of San Luis Obispo, Morro Bay, Atascadero, Arroyo Grande, Paso Robles, Grover Beach, Pismo Beach and the County of San Luis Obispo. The RTA provides regional fixed routes along primary roadway corridors throughout San Luis Obispo County, and the RTA's sister agency (South County Transit) operates local fixed routes in the Five Cities Area. In addition, the RTA operates Runabout, which is the ADA complementary paratransit provider for all fixed route providers in the County. Finally, the RTA provides local fixed route and dial-a-ride services under contract to the City of Paso Robles. The project will accommodate all administrative, operations and maintenance needs for all public transit services listed above.

Any contract resulting from this procurement is subject to financial assistance contract between the RTA and the United States Department of Transportation and the California Department of Transportation.

The Owner is seeking the services of a qualified commissioning provider/firm for a new construction project. The project currently is a [redacted] gross sf, one story, Class [redacted] [type] [redacted] building in San Luis Obispo, California, with a project budget of \$ [redacted] million. The facility is expected to be comprised of [redacted] square feet of office space and related public transit operations areas, and [redacted] square feet of vehicle maintenance space, (bus parking, fueling, vehicle washing, etc.).

The current phase of the project is Schematic Design. The construction documents are planned to be completed in October 2019. Construction is anticipated to begin in Spring 2020 and final occupancy by January 31, 2022. Project documents available for review include the RTA Bus Maintenance Facility Program and Master Plan Report prepared by Stantec Architecture, Inc. and the Initial Study / Mitigated Negative Declaration document.

C. PURPOSE

The objective of commissioning is to provide documented confirmation that a facility fulfills the functional and performance requirements of the building owner, occupants, and operators. To reach this goal, it is necessary for the commissioning process to establish and document the owner's criteria for system function, performance, and maintainability (Design Intent); and to also verify and document compliance with these criteria throughout design, construction, start-up, and the initial period of operation. In addition, complete operation and maintenance (O&M) manuals, as well as training on system operation, should be provided to the building operators to ensure the building continues to operate as intended.

The commissioning provider (CP) will be involved throughout the project from the design currently underway (contracted with Stantec Architecture, Inc.) through the warranty phase. The primary role of the CP during the overall design phase is to develop detailed commissioning specifications and review the design to ensure it meets the Owner's objectives. During construction, the CP develops and coordinates the execution of a testing plan, which includes observing and documenting all systems' performance to ensure that the systems are functioning in accordance with the owner's Design Intent (DI) requirements and the contract documents. The CP is not responsible for design or general construction scheduling, cost estimating, or construction management, but may assist with problem-solving or resolving non-conformance issues or deficiencies.

D. RTA RIGHTS

The RTA reserves the right to cancel this RFP or postpone the date and time for submitting proposals at any time prior to the due date. The RTA specially reserves the right to reject any or all submittals including, without limitation, nonconforming, nonresponsive, or conditional submittals, to investigate the responsibility of any Vendor, to reject any provisions in any submittal, to waive any informalities or non-material deviations in any submittal, to request new submittals, or to proceed to obtain the services otherwise. No Vendor shall have the right to make a claim against the RTA in the event the RTA accepts a submittal or does not accept any or all submittals.

SECTION III – SCOPE OF SERVICES

The CP shall be responsible for carrying out the following tasks. The proposer is free to suggest changes and improvements to the following task list as part of its submittal. For this proposal, it is assumed by the Owner that all of these tasks will be completed, unless any proposed changes to the following task list are “clearly” highlighted and noted in the respondent’s proposal. For this proposal, design phase, construction phase, and warranty phase services are requested.

Design Phase

1. Assemble commissioning team, hold a scoping meeting and identify responsibilities. This effort includes:
 - a. Conduct a Design Review Kickoff meeting
 - b. Complete Design Review Kickoff Certificates of Compliance and
 - c. Complete all applicable Construction Document Design Review Checklist Certificates of Compliance per 2016 California Energy Code Requirements
2. Review the Design Intent documentation for clarity and completeness, including language on the following features: mechanical, electrical, plumbing, architectural, structural, lighting, energy consumption, commissioning, indoor environmental quality, environmental sustainability, siting, exteriors, landscaping, interiors, functionality for tenants, and budget. This will be accomplished by the Commissioning Provider by:
 - a. Extracting salient concepts from the Owner’s existing programming report and/or conducting a focus group,
 - b. Conducting up to five interviews with owner stakeholders.
 - c. The Owner’s design intent requirements will be general in nature.
3. Coordinate the commissioning work during design.
4. Develop or update the design phase commissioning plan.
5. Perform focused reviews of the design, drawings and specifications at various stages of development (during schematic design, design development and contract document phases), as described in Exhibit 1.
6. Assist and review the development and updating of the Design Record documentation by design team members (Design Intent, Design Narrative, Design Basis).

7. Develop a draft construction phase commissioning plan using an Owner-approved outline.
8. Develop full commissioning specifications for all commissioned equipment. Coordinate this with the architect and engineers, and integrate the commissioning specifications into the overall project specification package.

The commissioning specification will include a detailed description of the responsibilities of all parties, details of the commissioning process; reporting and documentation requirements, including formats; alerts to coordination issues, deficiency resolution; construction checklist and startup requirements; the functional testing process; specific functional test requirements, including testing conditions and acceptance criteria for each piece of equipment being commissioned.

9. Coordinate a controls integration meeting where the electrical and mechanical engineers, owner's representative, and the Commissioning Provider discuss integration issues between equipment, systems and disciplines to ensure that integration issues and responsibilities are clearly described in the specifications.

Bid Phase

1. Attend pre-bid meeting to answer commissioning related questions.

Construction Phase

1. Coordinate and direct the commissioning activities in a logical, sequential and efficient manner using consistent protocols and forms, centralized documentation, clear and regular communications and consultations with all necessary parties, frequently updated timelines and schedules and technical expertise.
2. Coordinate the commissioning work with the contractor and construction manager, to ensure that commissioning activities are being incorporated into the master schedule.
3. Revise, as necessary, the construction phase commissioning plan developed during design, including scope and schedule.
4. Plan and conduct commissioning meetings as needed and distribute minutes.
5. Request and review additional information required to perform commissioning tasks, including O&M materials, contractor start-up and checkout procedures. Before startup, gather and review the current control sequences and interlocks and work with contractors and design engineers until sufficient clarity has been obtained, in writing, to be able to write detailed testing procedures.

6. Review normal Contractor submittals applicable to systems being commissioned for compliance with commissioning needs, concurrent with the architect and engineer reviews.
7. Review requests for information and change orders for impact on commissioning and Owner's objectives.
8. Review coordination drawings to ensure that trades are making a reasonable effort to coordinate.
9. Write and distribute construction checklists for commissioned equipment.
10. Develop an enhanced start-up and initial systems checkout plan with contractors for selected equipment.
11. Perform site visits, as necessary, to observe component and system installations. Attend selected planning and job-site meetings to obtain information on construction progress. Review construction meeting minutes for revisions/substitutions relating to the commissioning process. Assist in resolving any discrepancies.
12. Perform the following pre-functional tasks:
 - a. Witness HVAC piping pressure test and flushing, sufficient to be confident that proper procedures were followed. Include testing documentation in the Commissioning Record.
 - b. Witness any ductwork testing and cleaning sufficient to be confident that proper procedures were followed. Include documentation in the Commissioning Record.
 - c. Document construction checklist completion by reviewing completed construction checklists and by selected site observation.
 - d. Document systems startup by reviewing start-up reports and by selected site observation.
 - e. Approve air and water systems balancing by spot testing and by reviewing completed reports and by selected site observation.
13. With necessary assistance and review from installing contractors, write the functional performance test procedures for equipment and systems. This will include manual functional testing, energy management control system trending and may include stand-alone data logger monitoring.
14. Coordinate, witness and document manual functional performance tests performed by installing contractors. Coordinate retesting as necessary until satisfactory performance is achieved. The functional testing shall include operating the system and components

through each of the written sequences of operation, and other significant modes and sequences, including startup, shutdown, unoccupied mode, manual mode, staging, miscellaneous alarms, power failure, security alarm when impacted and interlocks with other systems or equipment. Sensors and actuators shall be calibrated during construction check listing by the installing contractors, and spot-checked by the commissioning provider during functional testing. Analyze functional performance trend logs and monitoring data to verify performance.

15. Tests on respective HVAC equipment shall be executed, if possible, during both the heating and cooling season. However, some overwriting of control values to simulate conditions shall be allowed. Functional testing shall be done using conventional manual methods, control system trend logs, and read-outs or stand-alone data loggers, to provide a high level of confidence in proper system function, as deemed appropriate by the commissioning provider and the Owner.
16. Prepare test plans for, assist with execution of, and document tests of commissioned equipment overseen by regulatory authorities and ensure that such tests meet the testing rigor desired by the Owner.
17. Maintain a master issues log and a separate record of functional testing. Report all issues as they occur directly to the Owner's Representative. Provide directly to the Owner's Representative written progress reports and test results with recommended actions.
18. Review equipment warranties to ensure that the Owner's responsibilities are clearly defined.
19. Oversee and review the training of the Owner's operating personnel.
 - a. Oversee the videotaping of this training.
 - b. Review the creation of a classroom "owner's manual" that is to be kept in the classroom.
 - c. Review the preparation of the O&M manuals for commissioned equipment.
20. Compile a Commissioning Record, which shall include:
 - a. A brief summary report that includes a list of participants and roles, brief building description, overview of commissioning and testing scope, and a general description of testing and verification methods. For each piece of commissioned equipment, the report should contain the disposition of the commissioning provider regarding the adequacy of the equipment, documentation and training meeting the contract documents in the following areas:

- i. Equipment meeting the equipment specifications,
 - ii. Equipment installation,
 - iii. Functional performance and efficiency,
 - iv. Equipment documentation, and
 - v. Operator training.
 - b. All outstanding non-compliance items shall be specifically listed. Recommendations for improvement to equipment or operations, future actions, commissioning process changes, etc. shall also be listed. Each non-compliance issue shall be referenced to the specific functional test, inspection, trend log, etc. where the deficiency is documented.
 - c. Also included in the Commissioning Record shall be the issues log, commissioning plan, progress reports, submittal and O&M manual reviews, training record, test schedules, construction checklists, start-up reports, functional tests, and trend log analysis.
21. Compile a Systems Manual that consists of the following: Owner's Project Requirements (to be developed by CP in coordination with Owner); Design Narrative and Basis of Design (by designer); Performance Metrics developed during design; space and use descriptions, single line drawings and schematics for major systems (by designer); control drawings, sequences of control (by contractor); and a table of all set points and implications when changing them, schedules, instructions for operation of each piece of equipment for emergencies, seasonal adjustment, startup and shutdown, instructions for energy savings operations and descriptions of the energy savings strategies in the facility, recommendations for recommissioning frequency by equipment type, energy tracking recommendations, and recommended standard trend logs with a brief description of what to look for in them (all by commissioning provider).

Warranty Period

1. Coordinate and supervise required opposite season or deferred testing and deficiency corrections and provide the final testing documentation for the Commissioning Record and O&M manuals.
2. Return to the site at 10 months into the 12-month warranty period and review with facility staff the current building operation and the condition of outstanding issues related to the original and seasonal commissioning. Also, interview facility staff and identify problems or concerns they have with operating the building as originally intended. Make suggestions for improvements and for recording these changes in the O&M manuals. Identify areas that may come under warranty or under the original construction contract. Assist facility staff in developing reports and documents and requests for services to remedy outstanding problems.

Systems to Be Commissioned

The following systems and assemblies will be commissioned:

- | | |
|---|--|
| 1. Central building automation system | 9. Data and communication |
| 2. All equipment of the heating, ventilating and air conditioning systems | 10. Paging systems |
| 3. Scheduled or occupancy sensor lighting controls | 11. Security system |
| 4. Daylight dimming controls | 12. Irrigation |
| 5. Uninterruptible power supply systems | 13. Plumbing |
| 6. Life safety systems (fire alarm, fire protection) | 14. Building envelope |
| 7. Electrical | 15. Maintenance equipment systems |
| 8. Equipment sound control systems and testing | 16. Process Piping systems |
| | 17. Fueling System |
| | 18. Vehicle Wash |
| | 19. Process instrumentation and controls |

Desired Qualifications

It is the Owner's desire for the person(s) designated as the site Commissioning Providers to satisfy as many of the following requirements as possible:

1. Acted as the principal Commissioning Provider for at least three (3) non-residential projects over 10,000 sf similar to the RTA's planned industrial facility.
2. Extensive experience in the operation and troubleshooting of HVAC systems and energy management control systems.
3. Extensive field experience is required. A minimum of five (5) full years in this type of work is required.
4. Knowledgeable in building operation and maintenance and O&M training.
5. Knowledgeable in test and balance of both air and water systems.
6. Experienced in energy-efficient equipment design and control strategy optimization.
7. Direct experience in monitoring and analyzing system operation using energy management control system trending and stand-alone data logging equipment.
8. Excellent verbal and writing communication skills. Highly organized and able to work with both management and trade contractors.
9. Experienced in writing commissioning specifications.

10. A bachelor's degree in mechanical or electrical engineering is strongly preferred, and P.E. certification is desired. However, other technical training, past commissioning, and field experience will be considered.
11. Membership with the Building Commissioning Association will be considered a plus.
12. Experience with State of California Energy Commission compliance forms, which are included as Appendix A.

The required expertise for this project will be based on the skill and experience set of the full team making the proposal. A member of the prime firm will be the designated Commissioning Provider who is the member of the team that will coordinate the commissioning activities from the technical perspective. This party may not necessarily be the team's overall project or contract manager. The Commissioning Provider must have significant in-building commissioning experience, including technical and management expertise on projects of similar scope. If the Commissioning Provider or prime firm does not have sufficient skills to commission a specific system, the prime firm shall subcontract with a qualified party to do so. Subcontractor qualifications shall be included and clearly designated in the response to this RFP.

SECTION IV – GENERAL INFORMATION

A. GENERAL INSTRUCTIONS

1. In submitting a proposal, vendors must comply with the performance criteria as set forth in the following instructions. All submittals will be reviewed thoroughly prior to any selection to determine if vendors have met all criteria in these submittal conditions. It is essential that vendors read each of the sections carefully and take action where necessary.
2. Where the word “RTA” or “Owner” is used in these instructions, reference is made to the San Luis Obispo Regional Transit Authority. The words “submittal”, “offer”, “contract proposal”, and “proposal” are synonymous, and it is understood that once the RTA accepts the same, the document may be incorporated as part of the contract contemplated by these instructions.
3. The award of a contract or contracts under this Request for Proposals (RFP) will be based on competitive negotiated procurement procedures, and proposals submitted in response to this RFP will be subject to negotiation. A Commissioning Selection Committee will review and screen proposals. Vendors submitting responsive proposals may be considered for a subsequent interview and contract negotiation at their own expense. Proposals will be judged upon criteria presented in Sections V and VI of this RFP.
4. The RTA may consider submittals for any and/or all elements of the requested items. The quantities and items requested are only estimates and are subject to change.
5. The RTA reserves the right to award a contract to a firm solely on the basis of the initial proposal submitted.
6. Required information to be submitted in the proposal must be current, complete and accurate. Please complete the forms referenced in other sections of this RFP. The RTA reserves the right to require more information and clarification of information submitted in the proposal in order to complete the evaluation.

B. LIMITATIONS

This Request for Proposals does not commit the RTA to award a contract, pay any cost incurred in the preparation of a proposal responsive to this RFP, or procure or contract for services. The RTA reserves the right to accept or reject any or all proposals received as a result of this RFP, to negotiate with qualified sources, or to cancel in part or in its entirety this RFP if it is in the best interests of the RTA. The contents of the proposal submitted by a vendor may become a contractual obligation if a contract ensues.

C. PROTESTS

The RTA's policy and procedure for the administrative resolution of protests is set forth in Chapter VII Bid Protest Procedures of the RTA Purchasing Policy amended on January 6, 2016. The Purchasing Policy contains rules for the filing and administration of protests, and is available on RTA's website at <http://www.slorta.org/wordpress/wp-content/uploads/RTAPurchasingPolicy01-06-2016.pdf>. The RTA shall furnish a paper copy of the Purchasing Policy upon a request for this solicitation.

D. DEVIATIONS

Vendors will provide the RTA with any suggested deviations to the Agreement and Conditions, and the Scope of Services. If deviations exist, negotiations on specific items will precede any award or contract. Deviations must be submitted at the time of response to the proposal.

E. VENDOR STATUS

1. All firms doing business with the RTA shall be in compliance with the RTA's insurance requirements included in Attached One – Insurance Requirements.
2. All firms doing business with the RTA shall be in compliance with the Federal requirements included in Attachment Two – Federally Required Contract Clauses.

F. DISADVANTAGED BUSINESS ENTERPRISES

The RTA's FY17-18 through FY19-20 Disadvantaged Business Enterprise (DBE) Plan can be downloaded at <http://www.slorta.org/wordpress/wp-content/uploads/RTA-FY-18-20-GOAL-SETTING-METHODOLOGY.pdf>. The bidder should consider the following when developing its submittal documents:

1. The RTA's Disadvantaged Business Enterprise policy authorizes the implementation of a Disadvantaged Business Enterprise Program with the Department of Transportation, United States of America, for all grant applications under the Federal Transit Act, as amended. It is the policy of RTA that Disadvantaged Business Enterprises, as defined in 49 CFR Part 26, and as amended in Section 106(c) of the Surface Transportation and Uniform Relocation Assistance Act of 1987, shall have the maximum opportunity to participate in the performance of projects financed in whole or in part with federal funds. Consequently, the DBE requirements of 49 CFR Part 26 apply to the Agreement.
2. The RTA and its Contractor agrees to ensure that DBEs as defined in 49 CFR Part 26 have the maximum opportunity to participate in the performance of contracts and subcontracts financed in whole or in part with Federal funds provided under the Agreement. In this regard, all recipients or Contractors shall take all necessary and

reasonable steps in accordance with 49 CFR Part 26 to ensure that DBEs have the maximum opportunity to compete for and perform contracts. The RTA and its Contractors shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of DOT-assisted contracts.

3. Any questions about DBE participation or good faith efforts should be directed to Tania Arnold, Chief Financial Officer/Director of Administration, at tarnold@slorta.org. Ms. Arnold also serves as the RTA Civil Rights Officer. The RTA recommends vendors address DBE participation or its good faith effort at least two weeks prior to RFP closing.

G. FEDERAL REGULATIONS CONFORMANCE

Contractor is bound by the same terms and conditions of applicable federal regulations that are imposed on the RTA for proper administration of this project.

H. VENDOR RESPONSIBILITY

1. Should Vendor find discrepancies in or omissions from these instructions or any of the attachments, or should it be in doubt as to their meaning, it shall at once notify the Project Manager in writing. Written instructions will be sent notifying all known potential Vendors of such discrepancy, if any, and of any changes.
2. The Vendor is required to complete and submit its proposal in the specified format. In addition, the proposal must include the completed information requested in all appendices. Failure to answer all questions fully and correctly may result in the proposal being judged non-responsive. The RTA reserves the right to examine all factors bearing on a Vendor's ability to perform the services under the Agreement.
3. The proposal and all other accompanying documents or materials submitted by a Vendor will be deemed to constitute part of the proposal. Proposals may be withdrawn prior to the proposal due date listed in Section I. No proposal may be withdrawn for a period of 120 days after the proposal due date listed in Section I.

I. THE AGREEMENT

The Agreement, along with the Insurance Requirements for Consultants and Additional Contract Conditions, the Scope of Services, and other relevant components of the proposal shall constitute the entire agreement for the performance of services described herein. The successful vendor will be required to comply with all terms, conditions, and provisions of the Agreement during the entire contract period. Insurance requirements as specified in Attachment One are mandatory and non-negotiable. Failure or inability to comply with insurance requirements will result in disqualification for non-responsiveness.

J. DEBARMENT CERTIFICATION

By submitting its bid, the Vendor certifies that it is not included in the U.S. General Service Administration's list of ineligible Contractors.

SECTION V – FORMAT OF SUBMITTALS

The respondent must submit three (3) paper copies of the technical proposal, each signed by an authorized representative of the lead firm. The technical proposal and cost proposal shall also be provided in electronic format (PDF preferred) on a CD-ROM or thumb drive. Neither facsimiles nor email proposal will be accepted. Proposals must be submitted to arrive no later than **4:00 PM** on May 1, 2019 to:

Geoff Straw, RTA Executive Director
San Luis Obispo RTA
179 Cross Street
San Luis Obispo, CA 93401

A. INTRODUCTION

1. Include a cover letter signed by an agent of the firm authorized to submit the proposal. The cover letter should include the name(s) and phone number(s) of the key personnel for the vendor for all products and services that are proposed.
2. Table of Contents should include a clear identification of the material by section and page number.

B. PROFILE OF THE FIRM

1. Give a brief history of the company, including organizational chart. State whether the firm is local, regional, national, or international and how long the company has been in existence, as well as how long the company has provided the kinds of services requested in this RFP. Give the location of the office that would be responsible for servicing this project. Indicate how long this office has been in existence and the number of employees in this office.
2. To evaluate the vendor's financial capacity the vendor must submit a copy of the company's year-end audited financial statements for 2014, 2015 and 2016. The company should submit three credit references and any other information that may be relevant as evidence of sufficient operating reserves and financial stability. Alternately, submission of the two most recent completed tax returns may be submitted as acceptable documentation concerning the vendor's financial capacity. To the extent allowed by law, any and all financial information submitted in response to this procurement will remain confidential. All financial information will be submitted in a separate envelope clearly marked with the vendor's name and the words "Confidential Financial Information."
3. Provide a list of at least three current customers that have acquired and installed the same or similar products or services as those being proposed for the RTA.

4. Provide the lead firm's and each subcontractor's California State Licensing Board number. This information will be used by the RTA for obtaining a California Department of Industrial Relations project number as it relates to required certified payroll submittals.

C. PROJECT APPROACH

The RTA expects each proposer to be succinct and economical in developing its proposal package. As such, the proposal package is **limited to no more than fifteen (15) pages**. Each letter-sized page should be doubled-side, and font size shall be no smaller than Calibri 12-point and margins no smaller than 0.75". Each 11" by 17" double-side page counts as four letter-sized pages. A letter of introduction, section dividers, detailed resumes and the sample work products of item #5 below are not included in this limit.

The proposer shall:

1. Have the proposal signed by an officer of the proposing firm with the authority to commit the firm.
2. Fill out the attached Commissioning Firm Experience form and the Commissioning Task Listing form (Exhibits 2 and 3) for each firm on the team. List no more than four projects in Exhibit 3.
3. Fill out the attached Budget Table form (Exhibit 4).
4. Fill out the attached Disadvantaged Business Enterprise participation form in Attachment Two. Include a short narrative of the efforts the lead firm took to include DBE subconsultant participation.
5. Provide an organization chart for managing and executing this contract.
6. List the individual(s) who will serve as the lead Commissioning Provider for the design phase and for the construction phase of the contract (they may be different people).
7. Provide resumes for key staff and subconsultants. The resumes shall include specific information about expertise in commissioning tasks, (e.g., design reviews, specification writing, commissioning management, troubleshooting, test writing, test execution, energy management, sustainable design, etc.).
8. Briefly describe "relevant" experience (project phasing, life cycle costing, testing, adjusting and balancing, building simulation, sustainable design, fume hoods, envelope, IAQ, solar, clean rooms, campus projects, etc.) of the proposer's team in the following areas. List involvement of key team members.

- a) projects similar to this one;
 - b) O&M experience;
 - c) energy-efficient equipment design and control strategy optimization;
 - d) project and construction management; and
 - e) system design (specify)
 - f) troubleshooting
9. Describe your proposed approach to managing the project expertly and efficiently, including distribution of tasks, travel, duration of which staff will be on site during what periods of time, etc. Describe what approach you will take to integrate the commissioning into the normal design and construction process in order to minimize potential time delays. Describe what you will do to foster teamwork and cooperation from contractors and design team and what you will do to minimize adversarial relationships. Describe how you intend to determine the appropriate level of commissioning effort for the various systems and equipment.
10. As an attachment, provide the following work products that members of the proposer's team developed. List the team member who actually wrote the document and the projects on which they were used. Work from the designated Commissioning Provider is preferred.
- a. commissioning plan that was executed (the process part of the plan);
 - b. commissioning specifications; and
 - c. an actual functional test procedure form that was executed.
11. This project will be set up on a time-and-materials basis. Provide in a separate and sealed envelope both an hourly rate for each team member, along with rates and fees for all other costs the Owner could incur from the proposer in this contract (travel, mileage, per diem, communications, etc.). For each phase, provide the percentage level of effort for each of the primary team members.

For planning purposes, the proposer must also provide a cost "estimate" range for the Construction and Warranty Phase tasks using the form below. Also provide an hourly rate for each team member for work that may exceed the scope. For each phase, provide the percentage level of effort for each primary team member.

The separate/sealed envelope should be clearly marked with the proposer firm's name and the phrase "Rates Proposal."

E. ADDITIONAL DATA

Vendor shall as part of their proposal affirm that they have read and understand the insurance requirements as outlined in Attachment One Insurance Requirements for Professional Services. The vendor shall also affirm that they have read and agree to indemnity language in the Agreement. Vendor agrees to furnish the RTA with original insurance certificates and endorsements immediately following award of contract. Certificates and endorsements shall make reference to policy numbers. All certificates and endorsements are to be received and approved by the RTA before work commences and must be in effect for the duration of the contract. The RTA reserves the right to require complete copies of all required policies and endorsements.

F. CHANGE IN PERSONNEL

If the commissioning firm's personnel or sub-consultants change for this project, the Owner must review and approve the replacement personnel, in advance. The replacement personnel shall have, at minimum, equivalent qualifications as the original personnel.

Exhibit 1: Focused Design Review Scope

The commissioning provider will perform a review of the design documents for the following issues at the phases checked for each system commissioned.

Design Area	Review Description	Schematic Design Review	Design Develmt. Review	Contract Document Review #1	Contract Document Review #2
Design narrative and design basis	Ensure that design narrative and basis of design are clear, complete, and meet the original Owner's Project Requirements.				
Commissioning facilitation	Review to facilitate effective commissioning (see Exhibit 2). (sufficient accessibility, test ports, monitoring points, etc.)				
Energy efficiency	Review for adequacy of the effectiveness of building layout and efficiency of system types and components for building shell, HVAC systems and lighting systems.				
Control system & control strategies	Review ___HVAC, ___lighting, ___fire control, ___emergency power, ___security control system, strategies and sequences of operation for adequacy and efficiency.				
Operations and maintenance (O&M)	Review for effects of specified systems and layout toward facilitating O&M (equipment accessibility, system control, etc.).				
Indoor environmental quality	Review to ensure that systems relating to ___thermal, ___visual, ___acoustical, ___air quality comfort, ___air distribution maximize comfort and are in accordance with the Owner's Project Requirements. (See Exhibit 3 for IAQ checklist).				
O&M documentation	Verify adequate building O&M documentation requirements.				
Training	Verify adequate operator training requirements.				
Commissioning specifications	Verify that bid documents adequately specify building commissioning, including testing requirements by equipment type.				
Environmental sustainability	Review to ensure that the ___building materials, ___landscaping, ___use of water, ___waste management create a low impact on the environment and are in accordance with Owner's Project Requirements.				
Mechanical	Review the mechanical concepts/design for enhancements.				
Electrical	Review the electrical concepts/systems for enhancements.				
Envelope	Review envelope design and assemblies for thermal and water integrity, moisture vapor control and assembly life.				
Functionality	Ensure the design maximizes the functional needs of the occupants.				

Exhibit 2: Commissioning Firm Experience

FILL OUT A SEPARATE FORM FOR EACH FIRM ON THE TEAM

Company Name	Contact Person	Title	
Address	City	State/Prov	Zip/Postal Code
Telephone	Fax	E-Mail	

Description of Business

Commissioning Activities

Percentage of overall business devoted to commissioning services ____ %
How long has the firm offered commissioning services ____ years
Average number of commissioning projects performed each year: ____ projects

Systems or technologies for which firm has provided commissioning services (*check all that apply*)

- | | |
|--|---|
| <input type="checkbox"/> Pkg. or split HVAC | <input type="checkbox"/> Electrical, emerg. power |
| <input type="checkbox"/> Chiller system | <input type="checkbox"/> Envelope |
| <input type="checkbox"/> Boiler system | <input type="checkbox"/> Fire/Life Safety |
| <input type="checkbox"/> Energy Mgmt. Sys. | <input type="checkbox"/> Plumbing |
| <input type="checkbox"/> Variable Freq. Drives | <input type="checkbox"/> Commercial refrigeration |
| <input type="checkbox"/> Lighting Controls | <input type="checkbox"/> Telecommunications |
| <input type="checkbox"/> Daylighting | <input type="checkbox"/> Thermal Energy Storage |
| <input type="checkbox"/> Electrical, general | <input type="checkbox"/> Labs & Clean Rooms |
| | <input type="checkbox"/> Other: _____ |

Number of registered engineers on staff who have directed commissioning projects: ____

The firm has provided commissioning services in the following: (*check all that apply*)

<u>Building Sector</u>	<u>New Construction Major Renovation</u>	<u>Existing Building Tune-up</u>	<u>Equipment Replacement</u>
Office or retail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grocery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hospitals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laboratories	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Schools or universities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Industrial / Manufacturing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special purpose—bus garages, museums, libraries, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Exhibit 3: Commissioning Task Experience For Similar Projects

FILL OUT A SEPARATE FORM FOR EACH FIRM ON THE TEAM

Project (Name, Date, Bldg Size, Type, new or existing)					
Owner Contact (Title, City, State, and Phone)					
Name & Role of Persons(s) Assigned to Project by Firm (Identify any sub-consultants)					
Systems Commissioned (Identify if tested by sub-consultants)					
(Enter "X" if by own firm, "S" if by sub-consultant)	Commissioning Tasks Performed	Reviewed design and provided comment during design phase			
		Wrote the commissioning plan			
		Wrote commissioning specs for construction team			
		Wrote functional test procedures			
		Witnessed and documented functional tests			
		Performed functional tests (hands-on)			
		Used data loggers or EMS trend logs for testing			
		Developed or approved staff training			
		Reviewed completed O&M manuals			
	Management	Commissioning provider was part of the firm			
		Supervised a sub-consultant commissioning provider to our firm.			
		Worked with a commissioning provider hired by others			

Exhibit 4: Budget Table

Task	Budget (\$)
Pre-Design and Design	
1 Develop or review Owner's Project Requirements (per scope)	
2 Design documents reviews of plans, specifications; narratives	
3 Commissioning plan, specification development and bid meeting	
4 Other	
<i>Subtotal</i>	
Construction	
1 Commissioning plan and submittal reviews	
2 Construction checklists; observation of installation and startup	
3 Functional test writing	
4 Functional test execution and documentation	
5 O&M manual review and training review	
6 Compilation of Commissioning Record	
7 Systems Manual development	
8 Other	
<i>Subtotal</i>	
Warranty Period	
Seasonal testing	
Near-warranty end review	
Subtotal	
Total	

SECTION VI – CONSULTANT SELECTION PROCESS

A. SUBMITTAL DEADLINE

Only those submittals received by the submittal deadline on or before May 1, 2019 at 4:00 PM (PST) will be evaluated by the Selection Committee.

B. RESPONSIVENESS CRITERIA

1. Submittal meets the RTA deadline.
2. Organization of submittal. Submittals submitted as required in the “Format of Submittals”, Section V.
3. Completeness of submittal. All required forms, questionnaires and information are complete, signed and dated.

C. EVALUATION CRITERIA

The RTA intends to use a Best Value method to determine which firm’s abilities is most advantageous to meeting the agency’s goals for this project as determined by a Commissioning Selection Committee. Selection of the successful Contractor shall be generally based on the information provided by the vendor in response to the Request for Proposals and any subsequent interviews that may be conducted. Interviews will be held solely at the option and discretion of the RTA. The process for selection shall occur in the following sequence:

1. Review Submittals
2. Establish a “short list” of two or more firms
3. Interview “short-listed” firms (at the option and discretion of the RTA)
4. Identify best qualified firm
5. Determine which, if any, alternates will be selected, and negotiate a fee
6. Award contract

A project Selection Committee has been formed to evaluate the submittals and to make recommendation to the RTA Board. This committee consists of representatives from the RTA and stakeholders. Names of the Selection Committee members will not be released prior to the time of interviews.

The Selection Committee will review the submittals for format to ensure conformance with the requirements of the RFP and may select finalists to interview with the Committee as a part of the Committee’s evaluation process. The RTA does not guarantee that an interview will take place, thus reserving the right to select a consultant based solely on the information provided in the submittals received in response to the RFP. Should an interview take place, the key

personnel responsible for fulfilling the requirements of the project shall be required to be present for the interview.

The Selection Committee will address the following criteria in evaluation of submittals in order to gauge the ability of a consultant to perform the contract as specified. The same general criteria will be used to judge both the submittal and the presentation, should the RTA choose to conduct interviews with short-listed firms.

Criteria	As Demonstrated By:	Weight of Criteria
Merit of Submittal/Presentation	<ul style="list-style-type: none">• Submittal, thoroughness and approach• Demonstrated understanding of project and requirements• Proposed approach to the project	35
Firm Qualifications and Expertise	<ul style="list-style-type: none">• Staff qualifications• Adequacy of staff to perform the work	30
Record of Past Performance	<ul style="list-style-type: none">• References• Ability to work effectively with the RTA, other public agencies and the public• Demonstrated ability to complete work tasks within project timelines and overall project budgets	35

Prior to the award of contract, the RTA must be assured that the vendor selected has all of the resources required to successfully perform under the contract. This includes, but is not limited to, personnel with the skills required, equipment/materials and financial resources sufficient to provide services call for under this contract. If, during the evaluation process, the RTA is unable to assure itself of the vendor's ability to perform under the contract, if awarded, the RTA has the option of requesting from the vendor, any information that the RTA deems necessary to determine the vendor's capabilities. If such information is required, the vendor will be notified and will be permitted seven (7) working days to submit the requested information.

The successful firm will be required to execute a service agreement with the RTA. A Draft Agreement has been included in this RFP to alert vendors to the provisions generally found in RTA contracts. The Draft Agreement may be altered from the enclosed form at the discretion of the RTA and without notice to consultant prior to award of contract. The RTA does not guarantee that the Final Agreement will duplicate the enclosed Draft Agreement.

RFP CHECKLIST FORM

Listed below are all documents that are required to be submitted as part of a response to this request for proposals.

Write “yes” on the blank space if you have included those items for submittal of your RFP

- _____ Commissioning Firm Experience form (Exhibit 2)
- _____ Commissioning Task Experience for Similar Projects form (Exhibit 3)
- _____ Budget Table form (Exhibit 4)
- _____ Restrictions on Lobbying form (Attachment A)
- _____ Designated Contact List form (Attachment B)
- _____ Receipt of Addenda form (if issued)
- _____ Confirmation of agreement to Insurance requirements as outlined in Attachment One
- _____ DBE Utilization / DBE Participation Schedule form provided in Attachment Two

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SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

MARCH 6, 2019

STAFF REPORT

AGENDA ITEM: C-7

TOPIC: Surplus Vehicles

ACTION: Approve

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Declare Vehicles Surplus, Authorize the Executive Director to Transfer Vehicle(s), and Direct Staff to Dispose of Remaining Vehicle(s)

BACKGROUND/DISCUSSION:

The RTA will soon take delivery of nine replacement vehicles and staff is seeking the Board's direction on disposing of the replaced vehicles.

The RTA Purchasing Policy requires staff to determine if surplus equipment has a per-unit fair market value greater than \$5,000. If a piece of equipment has a value greater than \$5,000 and it was originally purchased using Federal Transit Administration (FTA) funds, staff is directed to obtain pre-approval from FTA staff to determine how any FTA remaining value should be addressed.

Staff has determined that the RTA currently has no practical, efficient or appropriate use for the nine vehicles presented in the table below, nor will it have such a use for the equipment in the near future. Based on the condition and age of all pieces of equipment discussed in this Staff Report, as well as a review of recent online sales of similar vehicles, staff declares that each of the nine vehicles has an assumed value of \$7,000.

Fleet #	Miles as of 1/1/19	Chassis	Model	Year	Vehicle ID Number	In-Service Date	Seating Capacity
1401	153,594	FORD	STARCRAFT E450	2014	1FDFF4FS0EDB10458	9/5/2014	8 + 2 w/c
1402	151,703	FORD	STARCRAFT E450	2014	1FDFF4FS4EDB10461	9/4/2014	8 + 2 w/c
1403	143,072	FORD	STARCRAFT E450	2014	1FDFF4FS4EDB10456	9/5/2014	8 + 2 w/c
1404	158,463	FORD	STARCRAFT E450	2014	1FDFF4FS2EDB10457	9/20/2014	8 + 2 w/c
1405	149,662	FORD	STARCRAFT E450	2014	1FDFF4FS3EDB10449	9/21/2014	8 + 2 w/c
1406	139,673	FORD	STARCRAFT E450	2014	1FDFF4FS9EDB18071	10/30/2014	8 + 2 w/c
1407	148,172	FORD	STARCRAFT E450	2014	1FDFF4FS2EDB18073	10/30/2014	8 + 2 w/c
1408	136,708	FORD	STARCRAFT E450	2014	1FDFF4FS7EDB18067	10/30/2014	8 + 2 w/c
1204	125,301	FORD	STARCRAFT E450	2012	1FDFF4FS3CDB24669	12/1/2012	20 + 2 w/c

All of the 1400-series vehicles listed in the table above were partially funded (85%) with FTA funds, while vehicle 1204 was funded 100% with TDA funds. In early February, staff submitted a letter to FTA Region 9 officials requesting permission for the RTA to use the proceeds of any sales to offset future vehicle purchases funded by the FTA; if denied, the RTA would remit the remaining federal interest to the FTA. More specifically, a remaining FTA interest of \$5,950¹ per vehicle (85% FTA x \$7,000 = \$5,950) is declared for all eight 1400-series vans listed above.

Following a declaration of surplus, the Policy permits the RTA Board to transfer surplus demand response vehicles to other transportation providers in SLO County in the following order of priority:

1. Local governmental entities;
2. Local 501(c)3 non-profit transportation providers; and
3. Private for-profit transportation providers.

The Policy is clear that equipment not transferred through the Surplus Vehicle Transfer Program will be either sold through auction or scrapped.

It should be noted that the eight 1400-series vans technically do not require a Commercial Drivers License, while vehicle 1204 does because it seats more than 15 passengers.

I reached out through email to all RTA jurisdictions on January 31st to determine interest in transferring one or more of these vehicles. At the same time, I also reached out in early February via email to known non-profits that provide social service transportation 2019, including posting on the SPOKES non-profit Executive Directors list-serve. Finally, I sent emails to for-profit transportation companies that provide social service transportation services within SLO County in mid-February. Below is a listing of the recommended transfers in order of priority, based on when each request was submitted to me:

1. Two 1400-series vans to Atascadero Dial-A-Ride as a no-cost FTA grantee-to-grantee asset transfer.
2. Two 1400-series vans to SLOCOG as an outright purchase for Senior GO! purposes.
3. Two 1400-series vans to the City of Paso Robles as an outright purchase for homeless services transportation and/or other non-FTA eligible services.
4. One 1400-series van RISE SLO to transport its clients and their families. RISE is a non-profit 501(c)(3) organization that provides crisis intervention and treatment

¹ My original outreach email erroneously stated the vehicles had an 80% FTA interest. My staff has since informed me that the original FTA portion is 85%, so this Staff Report includes the corrected value.

services to survivors of sexual and intimate partner violence and their loved ones.

5. One 1400-series van for outright purchase and vehicle 1204 as a no-cost transfer to Ventura Transit Systems (VTS) for use on the Five Cities Senior Shuttle and other contracted services in SLO County. VTS is also interested in any other 1400-series vans that might become available should the interested parties listed above are unable to follow-through on the vehicle transfer(s).

It should be noted that a Cal Poly professor contacted me regarding a possible no-cost transfer of a vehicle to be used for a “disruptive” housing conversion demonstration project. I explained that this use is not eligible under the RTA’s policy for a no-cost transfer. I also received a “back-up” offers first from AmericanStar Trailways and then from SLO Safe Ride for vehicle 1204 if VTS fails to follow-through on its interest in it.

Staff is recommending that if any of the organizations listed above fail to complete the vehicle transfer process for the 1400-series vehicles by May 1, staff would sell those vehicles to VTS. If VTS fails to complete the process by June 1, the vehicles would be sold through Ken Porter Auctions. If VTS fails to complete the process for vehicle 1204 by May 1, staff would attempt to close-out the process with AmericanStar and then SLO Safe Ride by June 1; failing that, it would be sold through Ken Porter Auctions.

Staff Recommendation

Declare the nine vehicles listed above as surplus, and – following concurrence by the FTA on the 1400-series vehicles – transfer the vehicles to the agencies wishing to acquire them on the terms specified. Dispose of any remaining vehicles through auction.

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**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
MARCH 6, 2019
STAFF REPORT**

AGENDA ITEM: C-8

TOPIC: AB-617 Funds

ACTION: Approve Resolution

PRESENTED BY: Omar McPherson, Grants and Financial Manager

STAFF RECOMMENDATION: Authorize Executive Director to Submit AB-617 Grant Application

BACKGROUND/DISCUSSION:

Assembly Bill 617 (AB-617) directs the California Air Resources Board (CARB) to develop a statewide strategy to reduce air pollution in communities around the State with high cumulative exposure burdens for toxic air contaminants and criteria air pollutants. AB-617 instructs CARB to prioritize disadvantaged communities defined by California Health and Safety Code § 39711, and sensitive receptor locations in the selection process based on air monitoring information, existing public health data, and other relevant information. While no strictly-defined disadvantaged communities currently exist in San Luis Obispo County, the community of Oceano ranks the highest. In addition, the locations of the bus parking yard in Paso Robles and the site of planned new RTA Bus Maintenance Facility both reside in Low Income areas as defined in AB-1550 mapping.

Air districts with communities selected for additional targeted action must develop community air monitoring and/or community emissions reduction programs, as specified by the CARB Governing Board. Staff has been working with officials from the SLO Air Pollution Control District (APCD) to identify high-priority projects that are eligible for AB-617 funding and that would have the greatest health benefits in our area. As such, the RTA is seeking AB-617 funding for infrastructure that will help us meet the mandates of the December 2018 Innovative Clean Transit rule.

The proposed project would provide partial funding to install Battery-Electric Bus (BEB) charging stations and related infrastructure at the planned new Bus Maintenance Facility located at 253 Elks Lane in San Luis Obispo. This will permit the RTA to avoid long lead-times necessary to implement BEB charging stations, thereby setting the stage to appropriately provide vehicle maintenance services its early-adopter partner agencies (likely SoCo Transit and/or Paso Express) as well as when the RTA is required to begin purchasing BEBs in 2026. In particular, it is important to install the underground conduits and pull boxes to avoid disruptions and the high cost of cutting into the building and pavement areas in the within three years of completing the Bus

Maintenance Facility. Based on discussions with our project design/engineering consultants, this portion of the project will cost on the order of \$1.6 million.

See the table below for a summary of the incremental costs to implement this BEB technology during the construction of the facility, which is planned for 2020 through late 2021. Due to limited AB-617 funding, staff is recommending that a grant application for the full \$400,000 amount of currently available funding be submitted by the March 30th deadline. The RTA would seek additional funding opportunities, including possible next-round AB-617 funds, to help bridge the remaining shortfall.

Cost Estimate for On-Site Phase I Electrification Costs			
Item	Unit Cost	Quantity	Extended Cost
PHASE I DURING 2020-21 CONSTRUCTION			
Empty conduit to future bus/trolley chargers	\$4,938	26	\$128,388
Empty conduit to future cutaway van chargers	\$4,407	13	\$57,291
Pull boxes near location of future chargers	\$1,591	20	\$31,820
150 kW chargers for buses/trolleys	\$165,945	2	\$331,890
65 kW chargers for cutaway van chargers	\$121,866	2	\$243,732
Wiring from substation to buses/trolleys	\$12,412	2	\$24,824
Wiring from substation to cutaway vans	\$5,058	2	\$10,116
Footings & bollards for charger bases & dispensers	\$4,234	2	\$8,468
Subtotal			\$836,529
SEPARATION OF BUILDING ELECTRICAL AND & PHASE 1 VEHICLE CHARGING			
Offsite utility costs			\$134,490
Electrical distribution and commissioning			\$180,515
Electrical conduit			\$98,544
Pull boxes			\$24,172
Electrical distribution and commissioning			\$288,886
Subtotal			\$726,607
TOTAL ON-SITE COSTS			\$1,563,136

A not yet fully developed project that falls under the RTA umbrella is the need to replace aging vehicles used for Paso Express and SoCo Transit services. Because those services operate on relatively low-speed routes and favorable terrain, it makes sense for BEBs to be considered. The new Paso Bus Parking Yard completed in April 2018 would need to be retrofitted for charging stations. South County Transit has also begun the funding development for replacement of two 2003 diesel-powered buses. Staff will continue to work with Paso Robles and SLO APCD officials, as well as the SoCo Transit jurisdictions, to further develop these proposals and seek future grant funding opportunities.

Staff Recommendation

Authorize the Executive Director to submit a grant application for the entire amount of AB-617 funds available in San Luis Obispo County for the purchase of various materials, supplies and equipment related to implementing BEBs.

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**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
MARCH 6, 2019
STAFF REPORT**

AGENDA ITEM: C-9

TOPIC: FTA Section 5311 Funds

ACTION: Approve Resolution

PRESENTED BY: Omar McPherson, Grants and Financial Manager

STAFF RECOMMENDATION: Adopt Resolution Authorizing Executive Director to Submit Application for 5311 Funds

BACKGROUND/DISCUSSION:

Beginning in FY03-04, SLOCOG and the San Luis Obispo Regional Transit Authority (RTA) agreed to program all federal funding from the Federal Transit Administration (FTA) Section 5311 Program to the RTA. In exchange, SLOCOG programs a similar amount of Transportation Development Act (TDA) funds for rural transit operators in the county.

In connection with the exchange program, the RTA must submit an annual grant application to Caltrans for the FTA Section 5311 funds. The grant application must include a resolution, approved by the RTA Board, authorizing submittal of the grant application and authorizing the Executive Director to execute and file all assurances and any other documentation required by Caltrans and the FTA.

Once approved, the attached resolutions will become part of the grant application for FTA Section 5311 funding for FY19-20 and possibly FY20-21.

Staff Recommendation

Approve the attached resolution authorizing the Executive Director to submit a grant application for the entire amount of FTA Section 5311 funds apportioned in San Luis Obispo County for the purchase of various materials, supplies, equipment, and/or operations costs.

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**AUTHORIZING RESOLUTION
STATE OF CALIFORNIA
FTA SECTION 5311 PROJECT OPERATING ASSISTANCE APPLICATION**

RESOLUTION NO. 19-__

RESOLUTION AUTHORIZING THE FEDERAL FUNDING UNDER FTA SECTION 5311 (49 U.S.C. SECTION 5311) WITH CALIFORNIA DEPARTMENT OF TRANSPORTATION

WHEREAS, the U. S. Department of Transportation is authorized to make grants to states through the Federal Transit Administration to support operating assistance projects for non-urbanized public transportation systems under Section 5311 of the Federal Transit Act (**FTA C 9040.1F**); and

WHEREAS, the California Department of Transportation (Department) has been designated by the Governor of the State of California to administer Section 5311 grants for transportation projects for the general public for the rural transit and intercity bus; and

WHEREAS, the San Luis Obispo Regional Transit Authority desires to apply for said financial assistance to permit operation of service in San Luis Obispo County; and

WHEREAS, the San Luis Obispo Regional Transit Authority has, to the maximum extent feasible, coordinated with other transportation providers and users in the region (including social service agencies).

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the San Luis Obispo Regional Transit Authority does hereby authorize the Executive Director, to file and execute applications on behalf of San Luis Obispo Regional Transit Authority with the Department to aid in the financing of capital/operating assistance projects pursuant to Section 5311 of the Federal Transit Act (**FTA C 9040.1F**), as amended.

That Executive Director is authorized to execute and file all certification of assurances, contracts or agreements or any other document required by the Department.

That Executive Director is authorized to provide additional information as the Department may require in connection with the application for the Section 5311 projects.

That Executive Director is authorized to submit and approve request for reimbursement of funds from the Department for the Section 5311 project(s).

Upon motion of Director _____, seconded by Director _____, and on the following roll call, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby passed and adopted by the San Luis Obispo Regional Transit Authority of San Luis Obispo County, State of California, at a regular meeting of said Board of Directors held on the 6th day of March 2019.

Fred Strong
President of the RTA Board

ATTEST:

Geoff Straw
Executive Director

APPROVED AS TO FORM AND LEGAL EFFECT:

By: _____
Nina Negranti
RTA Counsel

Dated: _____
(Original signature in BLUE ink)

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

MARCH 6, 2019

STAFF REPORT

AGENDA ITEM: C-10

TOPIC: Rented Use of RTA Property

ACTION: Approve

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Issue the RFP & Open Proposals during April 3, 2019 Public Hearing

BACKGROUND/DISCUSSION:

On January 9th, the RTA Board directed staff to develop a solicitation to rent the agency's property located at 253 Elks Lane. Attached is the request for proposals (FRP) for a short-term license for parking yard purposes. The successful bidder will be responsible for any costs associated with occupying the parking yard, including costs of any needed improvements, verifying zoning or other issues related to the proposed use, indemnifying the RTA, and restoring the property to pre-use conditions upon termination of the license. The RTA will not make any repairs or improvements to the property prior to use. A minimum \$1,000.00 per month rent is required, with a termination date of no later than April 30, 2020.

Proposal submissions are due on March 27, 2019 by 4:00PM at the RTA offices front desk. Staff will open the proposals during a public hearing scheduled on April 3, 2019. The proposals will be ranked by price (highest to lowest), and staff will begin negotiations with the highest-ranked bidder following a full review of all proposals.

Staff Recommendation

Direct staff to issue the RFP and open the proposals during an April 3, 2019 public hearing.

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179 Cross Street, Suite A
San Luis Obispo, CA 93401
(805) 781-4472 Fax (805) 781-1291
www.slorta.org

REQUEST FOR PROPOSALS #19-01

FOR

SHORT-TERM LICENSE FOR PARKING YARD

AT

253 ELKS LANE IN SAN LUIS OBISPO, CA

March 7, 2019

The premises may be inspected on March 13, 2019 at 2:00 PM

Proposals **MUST** be filed at the RTA Offices, 179 Cross Street, San Luis Obispo, CA 93401 by 4:00PM on March 27, 2019. Proposals must be sealed and clearly marked on the outside with the subject matter, RFP number, and the due date. The RTA reserves all rights to reject any and all proposals, or any part thereof, when is deemed to be in the best interest of the agency.

The Regional Transit Authority is a Joint Powers Agency serving residents and visitors of:

Arroyo Grande Atascadero Grover Beach Morro Bay Paso Robles Pismo Beach San Luis Obispo and The County of San Luis Obispo

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REQUEST FOR PROPOSALS
FOR SHORT-TERM LICENSE FOR 253 ELKS LANE

1. Introduction:

The San Luis Obispo Regional Transit Authority (RTA) is requesting proposals from qualified proposers to enter into a short-term license for the vehicle parking yard located at 253 Elks Lane in San Luis Obispo, California. The portion of the property to be rented is fully fenced and is located along Elks Lane and Prado Road behind the existing U-Haul facility, with access provided onto and off of the property on Elks Lane. The property is partially graded and portions of it are paved.

The RTA is seeking proposals for the short-term use of property for vehicle parking and/or equipment storage purposes. No utilities (water, sewer, electricity, etc.) are currently provided at the site, and the RTA is unwilling to install utilities prior to use, nor is the RTA willing to remove any utility improvements upon termination of the license; all costs related to installing utilities or other improvements will be solely borne by the licensee. Moreover, the licensee will be responsible for restoring the property to pre-use conditions at the end of the license. Respondents need to perform their own due diligence with respect to zoning and any other issues related to use of the property.

The property is located in the 100-year floodplain. Respondents will need to comply with relevant flood zone regulations.

2. History and Description of the Premises:

Historically, the property was used for agricultural purposes, and was most recently rented as a vehicle park-n-ride for employees working at a nearby solar project. The RTA is currently in the design and engineering phase to construct a new Bus Maintenance Facility at this site, with construction planned to begin in May 2020. As such, the property must be vacated and restored to its pre-use conditions by April 30, 2020. If the RTA's project is delayed for any reason, the RTA will retain the sole discretion to continue the license on a month-to-month basis.

3. Approval by RTA Board of Directors:

The RTA Board of Directors must approve the short-term use of the property in accordance with agency policies and applicable State Law including but not limited to a public hearing at which the sealed bids will be opened. The RTA Board will conduct the public hearing and consider a draft License at either a special April 3, 2019 meeting or the regularly-scheduled May 6, 2019 meeting. If approved by the Board, the License could begin shortly thereafter following agreement by both parties.

4. Terms, Conditions, and Proposed Uses:

The proposer shall undertake its own review and analysis (due diligence) concerning the physical and environmental condition of the premises, applicable zoning and other land use laws, required permits and approvals and other development, ownership and legal considerations pertaining to the premises, the license and the use of the premises, and shall apply for and obtain all approvals and permits required for the project with the consent of the RTA.

No RTA funds will be available to the licensee of the property. The RTA will not make any repairs or improvements to the property prior to use. A minimum bid of \$1,000 per month in rent is required.

Proposers are urged to physically inspect the property prior to submitting a proposal. Under no circumstances will failure to inspect be considered grounds for a claim or grounds for a violation of the license for use.

A tour of the site will be conducted at 2:00PM on Wednesday, March 13, 2019. Interested proposers should meet at the site. A representative of the RTA will be available to answer questions. Proposers are advised to do their own due diligence and neither the RTA nor any of its agents or representatives is responsible for representations made regarding the physical condition of the site. Additional inspections will be permitted for bona fide prospective proposers at dates and times to be determined and as agreed upon with the RTA Executive Director.

The RTA reserves the right to reject any and all proposals and to negotiate the terms and conditions of any proposal with any particular licensee. The RTA also reserves the right to interview any or all potential licensees with respect to the proposals and to waive any error, or informality or technical defect in the proposal. This request for proposals does not in of itself constitute an offer, but is rather an invitation to interested parties to submit offers.

The RTA, in evaluating each proposal, may consider (but not be limited to) the following factors:

- a. Price offered – No RTA financing will be provided and all proposals must be monthly cash offers;
- b. Intended property use;
- c. Financial strength of licensee;
- d. Compatibility of the proposed use with the surrounding area;

- e. Public benefit of proposed use, if any;
- f. Relative experience of the respondent in similar projects.

The RTA will consider offers to use the property through April 30, 2020.

The Licensee agrees to accept said property in its present condition. Furthermore, the property is being offered absolutely “as is”, “where is”, and “with all faults” as of license execution without any representation or warranty whatsoever as to its condition, fitness for a particular purpose, except as specifically set forth in this proposal. The RTA specifically disclaims any warranty, guaranty or representation, oral or written, past or present, express or implied, concerning the property, except as specifically set forth in this proposal. Licensee acknowledges that Licensee is offering for such property based solely upon Licensee’s own independent investigations and findings and not in reliance upon any information provided by the RTA or its agents or contractors except as specifically set forth in this proposal. Without limiting the foregoing, Licensee acknowledges that the RTA has made no agreement to alter, repair, or improve any of the property. None of the information set forth in the property information materials or any other materials supplied by the RTA, its agents, employees or commissioners, encompasses conclusions of law; rather, that information is subject to the operation and effect of all applicable laws and legal consequences and to the legal rights of all persons and entities involved.

5. Indemnity of the RTA:

Proposer shall as part of their proposal affirm that they have read and understand the insurance requirements as outlined in *Attachment One: Insurance Requirements for Property Leasing* and will be included in any resulting License . Licensee agrees to furnish the RTA with original insurance certificates and endorsements immediately following award of contract. Certificates and endorsements shall make reference to policy numbers. All certificates and endorsements are to be received and approved by the RTA before modification to and/or use of property, and must be in effect for the duration of the license. The RTA reserves the right to require complete copies of all required policies and endorsements.

6. Submission of Proposals:

The RTA expects each proposer to be succinct and economical in developing its proposal package. As such, the proposal package is **limited to no more than five (5) pages**. Each letter-sized page should be printed doubled-sided, and font size shall be no smaller than Calibri 12-point and margins no smaller than 0.75”. Each 11” by 17” double-side page counts as four letter-sized pages.

Persons or organizations who desire to enter into a short-term license for the subject property must submit five (5) paper copies of their proposal and letter of intent to Geoff Straw, RTA Executive Director, 179 Cross Street, San Luis Obispo, CA 93401 on Wednesday, March 27, 2019 before 4:00PM. In addition, one electronic copy of the proposal and letter of intent must be provided in PDF format on CD-ROM or thumb-drive. Proposals and electronic media must be submitted in a sealed opaque envelope clearly marked **"RFP# 19-01 FOR SHORT-TERM LICENSE FOR 253 ELKS LANE – Due March 27, 2019"**. Proposals will not be accepted after the stated date and time. The following information must be included with the proposal:

- a. Formal letter stating the offer for the short-term use of the subject property. The letter should clearly describe the terms of the offer, including but not limited to, monthly price (minimum \$1,000/month), proposed security deposit, and description of all conditions to which the offer may be subject.
- b. Narrative explaining the proposed or intended use of the property, including any ancillary/accessory uses.
- c. Estimated schedule for any contemplated renovations with estimated completion date.
- d. A statement affirming that Licensee has the legal authority and financial ability to execute the license . Also, provide an affirmative statement consenting to provide representatives of the RTA satisfactory evidence of Licensee's legal authority and financial ability, upon request.
- e. Proposals submitted by corporations must be submitted with proper corporate resolution authorizing the proposal.
- f. A deposit of \$5,000 is required with each proposal in the form of a bank check or certified check made payable to the RTA.
- g. Non-profit organizations may submit a proposal using the same format provided herein, but need not include a deposit. No RTA funds are available for such organizations.
- h. Proposal Form attached to this proposal.

6. Questions

All inquiries, questions, and requests for information related to the property or related to the preparation of the response to the Request for Proposals should be directed in writing to RTA Executive Director Geoff Straw at gstraw@slorta.org

Responses, clarifications, or interpretations and any supplemental instructions or forms, if issued, will be issued in the form of written addenda.

The RTA will not be responsible for, and proposers may not rely upon, any information, explanation or interpretation of the RFP rendered in any fashion except as provided in accordance with this RFP.



San Luis Obispo Regional Transit Authority

PROPOSAL FORM

SHORT-TERM LICENSE FOR PROPERTY AT 253 ELKS LANE, SAN LUIS OBISPO, CA

Short-Term Monthly Use Price _____

Use Term _____

Signature of Proposer: _____

Printed Name: _____

Date: _____

Proposers Name and Address: _____

Attached proposal must also include all requested information listed in the Request for Proposals. Proposals must be sealed and clearly marked with the subject matter, RFP number, and the bidding date. Proposals need to be submitted to the RTA Front Desk, 179 Cross Street, San Luis Obispo, CA by 4:00PM on March 27, 2019.

ATTACHMENT ONE

INSURANCE REQUIREMENTS FOR USE OF PROPERTY

- A. Insurance Policies:** Licensee shall, at all times during the terms of this License, maintain and keep in full force and effect, the following policies of insurance with minimum coverage as indicated below and issued by insurers with AM Best ratings of no less than A-VI or otherwise acceptable to the RTA.

Insurance	Minimum Coverage Limits	Additional Coverage Requirements
1. Commercial general liability	\$1 million per occurrence \$2 million aggregate	Coverage must be at least as broad as ISO CG 00 01 and must include completed operations coverage. If insurance applies separately to a project/location, aggregate may be equal to per occurrence amount. Coverage may be met by a combination of primary and excess insurance but excess shall provide coverage at least as broad as specified for underlying coverage. Coverage shall not exclude subsidence.
2. Business auto coverage	\$1 million	ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$ 1 million per accident for bodily injury and property damage.
3. Professional liability (E&O)	\$1 million per claim \$1 million aggregate	Licensee shall provide on a policy form appropriate to its profession. If on a claims made basis, Insurance must show coverage date prior to start of work and it must be maintained for three years after completion of work.
4. Workers' compensation and employer's liability	\$1 million	As required by the State of California, with Statutory Limits and Employer's Liability Insurance with limit of no less than \$ 1 million per accident for bodily injury or disease. The Workers' Compensation policy shall be

endorsed with a waiver of subrogation in favor of the RTA for all work performed by the Consultant, its employees, agents and subcontractors.

B. Endorsements:

1. All policies shall provide or be endorsed to provide that coverage shall not be canceled, except after prior written notice has been provided to the RTA in accordance with the policy provisions.
2. Liability policies shall provide or be endorsed to provide the following:
 - a. For any claims related to this project, Consultant's insurance coverage shall be primary and any insurance or self-insurance maintained by the RTA shall be excess of the Consultant's insurance and shall not contribute with it; and,
 - b. The San Luis Obispo Regional Transit Authority, its officers, agents, employees and volunteers are to be covered as additional insured on the CGL policy. General liability coverage can be provided in the form of an endorsement to Consultant's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used.

- C. Verification of Coverage and Certificates of Insurance:** Consultant shall furnish the RTA with original certificates and endorsements effecting coverage required above. Certificates and endorsements shall make reference to policy numbers. All certificates and endorsements are to be received and approved by the RTA before work commences and must be in effect for the duration of the contract. The RTA reserves the right to require complete copies of all required policies and endorsements.

D. Other Insurance Provisions:

1. No policy required by this License shall prohibit Consultant from waiving any right of recovery prior to loss. Licensee hereby waives such right with regard to the indemnities.
2. All insurance coverage amounts provided by Licensee and available or applicable to this License are intended to apply to the full extent of the policies. Nothing contained in this License limits the application of such insurance coverage. Defense costs must be paid in addition to coverage amounts.
3. Self-insured retentions above \$10,000 must be approved by the RTA. At the RTA's option, Licensee may be required to provide financial guarantees.
4. Sole Proprietors must provide a representation of their Workers' Compensation Insurance exempt status.

5. The RTA reserves the right to modify these insurance requirements while this License is in effect, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

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**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
MARCH 6, 2019
STAFF REPORT**

AGENDA ITEM: C-11

TOPIC: RTA Retirement Program Representative

ACTION: Approve

PRESENTED BY: Geoff Straw, Executive Director

STAFF RECOMMENDATION: Designate Peter Rodgers as RTA Retirement Program Representative

BACKGROUND/DISCUSSION:

California Assembly Bill 1090 and other existing laws prohibit members of the Legislature, state, county, district, judicial district, and city officers or employees from being financially interested in any contract made by them in their official capacity. Existing law also identifies certain remote interests that are not subject to this prohibition and other situations in which an official is not deemed to be financially interested in a contract. Existing law makes a willful violation of this prohibition a crime.

A potential AB1090 conflict of interest issue likely exists in light of my concurrent roles as RTA Executive Director and participant in CalPERS. Therefore, I shall refrain from participating in discussions on a possible replacement retirement program should the CalPERS contract be terminated. Because SLOCOG Executive Director Peter Rodgers has no personal interest in this matter but is also familiar with the RTA's mission, staff recommends that he be designated as the RTA Board representative to discuss retirement program issues and present recommendations to the RTA Board.

Staff Recommendation

Designate Peter Rodgers as RTA Retirement Program Representative to work with RTA Counsel to understand, discuss and present recommendations on potential RTA retirement program alternatives.