

## REGIONAL TRANSIT AUTHORITY EXECUTIVE COMMITTEE AGENDA

**(NOTE REVISED DATE AND TIME)**

**Wednesday February 5, 2020**

**Approximately 10:30 a.m. – 11:30 a.m.**

**immediately following the SLOCOG Board Meeting**

**SLOCOG Conference Room**

**1114 Marsh Street**

**San Luis Obispo, California**

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

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

1. **Call Meeting to Order, Roll Call**
2. **Public Comment:** The San Luis Obispo Regional Transit Authority Executive Committee reserves this portion of the agenda for members of the public to address any items not on the agenda and within the jurisdiction of the Committee. Comments are limited to three minutes per speaker. The Committee will listen to all communication, but in compliance with the Brown Act, will not take any action on items that are not on the agenda.
3. **Information Items**
  - A-1 Executive Director's Report (Verbal; Receive)
4. **Action Items**
  - B-1 FY20-21 Budget Assumptions (Approve)
5. **Consent Items**
  - C-1 Executive Committee Meeting Minutes of October 9, 2019 (Approve)

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

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

6. **March 4, 2020 Draft RTA Board Agenda:** The Executive Committee is asked to review and comment on the proposed agenda items.

Information Items

- A-1 Executive Director's Report (Receive)
- A-2 Results of CPS HR Review (Accept)

Action Items

- B-1 Finalize Funding for Construction of 253 Elks Lane (Approve)
- B-2 Authorize RFQ for Construction of 253 Elks Lane (Approve)
- B-3 FY20-21 Budget Assumptions (Approve)
- B-4 Annual Fiscal & Compliance Audit for Fiscal Year 2018-19 (Accept)

Consent Items

- C-1 Executive Committee Meeting Minutes of October 9, 2019 (Information)
- C-2 RTA Board Meeting Minutes of January 8, 2020 (Approve)
- C-3 RTA Debt Policy (Approve)
- C-3 Authorize procurement of low floor minivans for Paso Robles Dial-A-Ride (Approve)
- C-4 Authorize FTA Section 5311 Grant Application (Approve)
- C-5 Authorize procurement of specialized testing & monitoring (Approve)

Closed Session Items – CONFERENCE WITH LEGAL COUNSEL: It is the intention of the Board to meet in closed session concerning the following items:

Conference with Labor Negotiator (CA Government Code Section 54957.6(a))

Negotiating Party: Fred Strong, President

Unrepresented Employee: Geoff Straw, Executive Director

7. **Closed Session**

Closed Session Items – CONFERENCE WITH LEGAL COUNSEL: It is the intention of the Board to meet in closed session concerning the following items:

Conference with Labor Negotiator (CA Government Code Section 54957.6(a))

Negotiating Party: Fred Strong, President

Unrepresented Employee: Geoff Straw, Executive Director

8. **Adjournment**

Next RTA Executive Committee Meeting: **April 8, 2020**

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY  
EXECUTIVE COMMITTEE  
FEBRUARY 19, 2020  
STAFF REPORT**

**AGENDA ITEM:** B-1

**TOPIC:** Fiscal Year 2020-21 Budget Assumptions

**ACTION:** Bring FY20-21 Budget Assumptions to Board for Approval

**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 2020-21 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 8<sup>th</sup> meeting prior to the final draft budget presentation to the Board in May.

**KEY ISSUES**

1. The RTA will begin construction of the long-planned new Bus Maintenance Facility located at 253 Elks Lane toward the end of the current fiscal year. However, the majority of the roughly 18-month construction period will occur in FY20-21 so much of the staff's resources will be focused on this vital project.
2. Address the funding plan for the CalPERS liability due to the termination of the RTA's contract with CalPERS as of January 10, 2020.
3. Address SoCo Transit's request to consolidate with the RTA.
4. 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 include augmented STA funds and State of Good Repair funds.

5. Local Transportation Funds (LTF) used for operating purposes are projected to be down slightly to the region.
6. Liability costs continue to escalate, despite the RTA's good safety record (especially general liability costs).
7. We continue to focus on containment of Runabout costs, which had been escalating for several years but have recently leveled off.
8. Address staffing and retention, in particularly in the Bus Operator classification.
9. Fuel costs continue to be volatile; this also impacts 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 \$1,093,860 for RTA core services in STA funding, which includes capital funding for the planned new RTA Bus Maintenance Facility project. Staff will work with SLOCOG staff to determine a realistic estimate for FY20-21.
  - 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 FY19-20 budget adopted in May 2019 included \$3,350,105 in LTF operating revenues. At that same meeting, the advisory FY20-21 LTF amount was \$4,690,010. Staff is still developing estimated annual FY19-20 expenses, which impacts the carryover amount that could reasonably be identified for the FY20-21 budget, but does expect this amount to be minimal.
  - d) Federal Transit Administration (FTA) Sections 5307, 5311 and 5339 operating funding and capital funding for FY20-21 will be presented in the same format as previously presented in May 2019, 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. Monies for FTA-funded projects are reimbursed either as progress payments or

as full payment at the end of the project and/or fiscal year, which requires focused care by staff to ensure adequate cash flow.

- 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.
  - 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 each RTA-operated fixed-route 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. Staff will present the results of the elimination of the commuter Express trips from December 2019.
  - 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 once consolidation is completed. The reserve policy was originally adopted in May 2014, as part of the budget process.
- 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. 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 has completed the design/engineering phase and expects to soon complete the permitting process for the long-term RTA Bus Maintenance Facility. We continue to work with our Financial Advisor and Bond Counsel, and have also recently contracted for Commissioning Agent and Construction Manager services. Assuming sufficient funding can be identified, as will be reviewed during the March 2020 Board meeting, the RTA will then conduct the construction services procurement, with construction mobilization to begin in summer 2020.
- 4) Address projected changes in demand for Runabout service.
- a) Runabout service hours and miles are projected to increase slightly based on recent demand trends experienced over the year. Staff will closely monitor this, keeping in mind the ridership peaked in FY14-15 at over 45,000, and the ensuing annual decline to just under 40,000 in FY18-19, which was a result of variety of cost-saving and efficiency measures implemented at the Board's direction.
  - 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 at this time, 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, 2020 through April 30, 2021 rates. Estimates will be available from CalTIP in time to include in the RTA draft budget presented to the Executive Committee at its April 2020 meeting. Although the number of RTA losses based on mileage has been lower than the statewide pool average, the RTA did experience a large claim in February 2019 that will impact future premiums. The pool had experienced significant negative claims development but those have stabilized due to efforts of all the member agencies to ensure the stability of the pool and ensure equity in costing among all members. This included a recently 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 per-mile 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 once consolidation is completed 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 current 4-year Collective Bargaining Agreement (CBA) was ratified in November 2017, with new wage scales that began January 1, 2018. The FY20-21 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 2021 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 FY20-21 budgeted full-time equivalent (FTE) positions will remain the same as in FY19-20.
- c) For FY20-21, 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 2018 to December 2019 of 3.0% will be implemented in July 2020. The Operations Supervisor classification CPI increase adjustment will be implemented in January 2021, 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.
- e) The RTA Board of Directors took action at its December 11, 2019 meeting to adjust the compensation and benefits of management, administration and confidential employees who are currently enrolled as CalPERS employees, including the transfer of their retirement plan to the San Luis Obispo County Pension Trust (SLOCPT). This transition will result in approximately \$220,000 in additional cost.

### **Proposed Budget Calendar**

February 19 Detailed budget assumptions and revenue forecasts presented to Executive Committee



March 4	Obtain Board concurrence on proposed draft budget assumptions
March 4	Provide mid-year FY19-20 Budget data to Board (no additional budget amendments are being requested)
March 31	Based on feedback from Executive Committee, develop FY20-21 Budget
April 8	Present draft FY20-21 Budget to Executive Committee
April 23	Present final draft FY20-21 Budget to RTAC
May 6	Final Board Budget presentation; Board adoption of FY20-21 Budget

**Staff Recommendation for Executive Committee:**

Recommend staff provide the FY20-21 budget assumptions and budget calendar to the Board for approval at the March 4<sup>th</sup> Board meeting, so that a detailed work plan and budget may be developed.

**Staff Recommendation for the Board:**

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

### Executive Committee Meeting

Minutes 10/09/19

Draft C-1

Members Present: Fred Strong, City of Paso Robles, **President**  
Ed Waage, City of Pismo Beach  
John Peschong, District 1 Supervisor, **Vice President**

Members Absent: None

Staff Present: Geoff Straw, Executive Director  
Tania Arnold, Deputy Director/CFO  
Nina Negranti, County Counsel  
Chelsea Sperakos, Administrative Assistant

Also Present: Eric Greening  
Pete Rodgers, SLOCOG Executive Director

#### 1. Call to Order and Roll Call:

**President Fred Strong** called the meeting to order at 10:00 AM. A silent roll call was taken and a quorum was present.

#### 2. Public Comment

**Mr. Eric Greening** asked what are RTA's plans and needs related to power cutoff due to fire season.

**Mr. Geoff Straw** stated that this is a statewide problem, especially with electrification of the fleet. Generators have been used for demonstration BEBs in the past, but RTA will not have access to enough generators to charge our entire fleet of electric buses in the future.

Agencies have been requesting statewide for emergency access to electricity.

**President Strong** asked if a C-train generator would be an achievable option?

**Mr. Straw** stated most likely not, due to the generator's cost.

#### 3. Information Items

##### A-1 Executive Director's Report (Verbal; Receive)

**Mr. Straw** stated the RTA is waiting to hear back on the FTA Section 5339(b) grant application. The government center improvement construction is out to bid; RTA extended

the bid deadline to October 29th to allow for more bids. RTA has started the electric vehicle planning process, and the program Civic Spark has been launched; the fuel cell electric bus demonstration did not work because it was not able to make it over the grade. A potential solution could be looking at larger buffer batteries.

The committee continued a discussion regarding efficiency of diesel versus hydrogen.

**4. Action Items**

**B-1 Consider Fiscal Year 2018-19 Capital Budget Amendment (Approve)**

**Ms. Tania Arnold** stated that the capital budget amendment includes carry-over approved projects. These items include specialized maintenance tools, bus stop improvement programs, and bus maintenance facility funds. No additional funding is needed from jurisdictions. Depending on timing of construction projects, staff may need to do an additional budget amendment.

**Vice President John Peschong** moved to approve agenda item B-1, and **Mr. Ed Waage** seconded the motion. The motion passed unanimously via voice vote.

**5. Consent Items**

**C-1 Executive Committee Meeting Minutes of August 14, 2019 (Approve)**

**Mr. Waage** moved to approve agenda item C-1, and **President Strong** seconded the motion. The motion passed unanimously via roll call vote, with **Vice President Peschong** abstaining from the vote.

**6. November 6, 2019 Draft RTA Board Agenda:** The Executive Committee is asked to review and comment on the proposed agenda items.

Information Items

*A-1 Executive Director's Report (Receive)*

Action Items

*B-1 Fiscal Year 2018-19 Capital Budget Amendment (Approve)*

*B-2 Annual Fiscal Audit Fiscal Year 2018-19 (Accept)*

*B-3 Equal Employment Opportunity Plan Update (Approve)*

Consent Items

*C-1 Executive Committee Meeting Minutes of August 14, 2019 (Information)*

*C-2 RTA Board Meeting Minutes of September 4, 2019 (Approve)*

*C-3 Agreement for Facility Lease at 800 Rodeo Drive in Arroyo Grande (Approve)*

*C-4 Agreement for Construction Services – RTA Downtown Transit Center (Approve)*

*C-5 Agreement for Construction Management Services – Bus Maintenance Facility (Approve)*

Closed Session Items – 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.*

**Public Comment:**

**Mr. Greening** stated he was glad to see the government center improvement moving forward.

**Mr. Waage** moved to approve the November RTA Board Agenda and **Vice President Peschong** seconded the motion. The motion passed unanimously via roll call vote.

7. **Adjournment**

**Ms. Nina Negranti** stated the County Pension trust plan will be including a presentation on enrollment under agenda item A-2.

The Executive Committee meeting was adjourned at 10:26 AM.

Next RTA Executive Committee Meeting: **December 11, 2019**

Respectfully Submitted,

Acknowledged by,

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Chelsea Sperakos  
Administrative Assistant

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Fred Strong  
RTA President 2019 and 2020