



RTA BOARD AGENDA

Wednesday, November 2, 2016

BOARD OF SUPERVISORS' CHAMBERS
COUNTY GOVERNMENT CENTER

1055 Monterey Street, San Luis Obispo, California 93401
RTA starts at 8:30 am

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

President: Jan Howell Marx

Vice President: Lynn Compton

Board Members:

Frank Mecham (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)
Jim Guthrie (Arroyo Grande)

Tom O'Malley (Atascadero)
John Shoals (Grover Beach)
Jamie Irons (Morro Bay)
Fred Strong (Paso Robles)
Shelly Higginbotham (Pismo Beach)
Jan Howell Marx (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 781-4472. Please note that 48 hours advance notice will be necessary to honor a request.

CALL TO ORDER AND ROLL CALL

PUBLIC COMMENTS: This portion of the agenda is reserved for any members of the public to directly address the San Luis Obispo Regional Transit Authority (RTA) 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)
- A-2 Present Financially Unconstrained Years 6 & 7 of SRTP (Receive)

B. ACTION AGENDA

- B-1 Fiscal Year 2016-17 Budget Amendment (Approve)
- B-2 Agreement for Design and Engineering Services – Bus Parking Yard in Paso Robles (Approve)

- C. CONSENT AGENDA:** (Roll Call Vote) the following items are considered routine and non-controversial by staff and will be approved by one motion if no member of the 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 April 20, 2016 (Approve)
- C-2 Executive Committee Meeting Minutes of August 10, 2016 (Approve)
- C-3 RTA Board Meeting Minutes of September 14, 2016 (Approve)
- C-4 RTAC Meeting Minutes of July 7, 2016 (Accept)
- C-5 Draft RTAC Meeting Minutes of October 20, 2016 (Accept)
- C-6 Resolution Authorizing Executive Director to Submit Application for Low Carbon Transit Operations Grant Funds (Approve)
- C-7 Annual Fiscal & Compliance Audit for Fiscal Year 2015-16 (Accept)

- D. CLOSED SESSION:** None

E. BOARD MEMBER COMMENTS

Next regularly-scheduled RTA Board meeting on January 4, 2017

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

November 2, 2016

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:

RTA and South County Transit (SCT) conducted a joint Bus Rodeo on October 16th. Four teams competed – one from the RTA maintenance group, and two from the RTA operations group and one from the SCT operations groups. The SCT operations group took the overall team win (second year in a row!), while RTA Bus Operator Jason Namla won the individual trophy. It was a family-fun event, and I would be remiss if I failed to recognize sponsors Teamsters Local 986 and Creative Bus Sales for its generous donations. I also wish to thank all of the volunteer judges, including almost 20 Cal Poly students, a couple from Monterey-Salinas Transit, employees' family members and even a regular RTA rider. The SLO County Sheriff's Department and members from our benefits providers (Morris & Garritano for health insurance, and ICMA-RCA for our defined-contribution retirement program) were also on-hand to information to attendees. Finally, Rite-Aid Pharmacy provided flu-shots and general health information.

Staff conducted a new Bus Operator training class in September and early October. Please welcome new Bus Operators who have successfully completed the rigorous training program: D.J (SCT), Ken (RTA), and Zach (RTA). Our next scheduled training class is planned for January 2017.

The RTA expects to begin reviewing preliminary/interim findings reports in mid-November from Rincon Associates for the environmental planning services for a long-term operations, administration and maintenance facility. A more detailed update will be provided at the January 2017 RTA Board meeting.

Service Planning & Marketing:

Following the Board's adoption of the Mitigated Negative Declaration for the Paso Robles Bus Parking Yard project at its September meeting, staff conducted an open procurement for design and engineering services. Although only one bid was submitted, staff believes that the negotiated final scope of work will meet the RTA's needs, and this item will be considered as Agenda Item B-2.

The Santa Barbara County Association of Governments (SBCAG) is seeking a qualified consultant to develop and deliver a SLO – Santa Maria Transportation Connectivity Plan to improve transit and ridesharing between Southern SLO County and the Santa Maria Valley. SBCAG is partnering with SLOCOG on the Plan, and will closely involve Santa Maria Area Transit and the RTA in the development of the Plan. The Connectivity Plan will provide public agency staff and elected officials with information documenting the relationship between population growth, ridership demand, service needs, and funding.

Staff continues to work with Rademaker Design to refine layout options for replacing the existing shelters at the Government Center passenger facility to provide better shade for passengers. This design will also incorporate the TVM, as well as LED signs depicting real-time bus arrival information. Staff expects to bring recommendations to the January 2017 (delayed; originally November 2016) RTA Board meeting.

At the October 20th RTAC meeting, the committee selected four members to serve as the ADA eligibility Appeals Committee. More details about other issues discussed at the RTAC meeting can be found in Agenda Item C-5.

Finance and Administration:

RTA and SCT conducted field inspections with our TDA Triennial Performance Auditors the week of October 24th. The Audit period includes FY13-14 through FY 15-16, although the auditors also look at current operations to ensure compliance with TDA law. Staff believes we have addressed all of the recommendations from the previous three-year audit period, and we believe we have provided the back-up information necessary to ensure no significant findings for the current audit period.

Staff has amassed preliminary operating and financial data for the first two months of FY16-17. Ridership in July/August 2016 is down 10.6% in comparison to July/August 2015 on fixed route services (112,618 vs. 125,917). However, the 2016 vs. 2015 decline was far greater in July (50,429 vs. 62,756) in comparison to August (62,189 vs. 63,161). When looking at passenger boardings per hour of service, fixed route results are down 9.9% – 21.1 in 2016 vs. 23.3 in 2015. Year to date Runabout ridership in 2016 was 7,192 vs. 7,580 in 2015 – a decline of 5.1%.

In terms of financial results, the first two months of the fiscal year represent 16.7% of the year. Liability costs are higher than budgeted, and include line-items such as workers' compensation (~24% when all three wage categories are combined), property insurance (annual premium-only is at 93% of annual budget), and vehicle liability insurance (17.4%). Fuel costs remain below budget (11.1%), while other relatively large-ticket variances include vehicle maintenance (21.8%) and professional technical services (40.6%). Labor costs, which combined comprise the largest line-item cost, are essentially within budgetary limits.

The tables at the end of this report provide more detail of year to date operating and financial results.

Amended FY 2016-17		July Actual	August Budget	August Actual	August Variance	Year to Date FY 2016-17	Percent of Total Budget FY 2016-17	
Administration:	Hours	5,582	6,203	6,292	(89)	11,873	16.0%	
	Miles	121,435	144,564	136,718	7,846	258,153	14.9%	
	operations cost	61,821	67,975	67,377	598	129,198	15.8%	
	operations cost	17,166	-	-	-	17,166	24.1%	
	operations cost	34,842	42,066	34,497	7,569	69,339	13.7%	
	operations cost	16,263	-	-	-	16,263	93.4%	
	operations cost	12,053	6,630	20,247	(13,617)	32,300	40.6%	
	operations cost	-	3,154	3,664	(510)	3,664	9.7%	
	operations cost	15,800	21,266	28,944	(7,678)	44,744	17.5%	
	hourly	3,192	7,811	13,534	(5,723)	16,726	17.8%	
	operations cost	(3,360)	(3,360)	(3,360)	-	(6,720)	16.7%	
	operations cost	(6,843)	(6,843)	(6,843)	-	(13,685)	16.7%	
	operations cost	(9,575)	(9,575)	(9,575)	-	(19,150)	16.7%	
	Total Administration		141,359	129,124	148,486	(19,362)	289,845	17.7%
	Service Delivery:	hourly	300,021	341,722	289,736	51,986	589,757	14.4%
		hourly	116,138	-	-	-	116,138	24.1%
		hourly	70,544	78,973	71,120	7,853	141,664	14.9%
hourly		33,989	-	-	-	33,989	24.1%	
miles		61,953	97,011	66,773	30,237	128,726	11.1%	
miles		50,093	46,680	47,302	(622)	97,395	17.4%	
n/a		3,193	4,775	3,156	1,619	6,349	11.1%	
n/a		10,853	7,133	9,209	(2,077)	20,062	35.2%	
miles		37,540	38,754	64,010	(25,256)	101,550	21.8%	
miles		4,794	11,576	3,487	8,088	8,282	6.0%	
Total Operations		689,118	626,623	554,793	71,830	1,243,912	15.3%	
Capital/Studies:		Computer System Maintenance/Upgrades	827	3,200	3,159	41	3,986	6.4%
	Miscellaneous Capital	-	-	-	-	-	#DNV/01	
	Facility Improvements	-	-	-	-	-	#DNV/01	
	Maintenance Software and Maintenance Equipment	-	-	-	-	-	0.0%	
	Passenger Protection 1300 buses	-	-	-	-	-	0.0%	
	Specialized Maintenance Tools	-	-	-	-	-	0.0%	
	Desks and Office Equipment	5,570	-	-	-	-	69.0%	
	Vehicle ITS/Camera System	12,994	109,000	108,865	135	121,859	0.0%	
	Bus Stop Improvements/Bus Stop Solar Lighting	-	-	-	-	-	0.0%	
	Bus Rehabilitation	-	-	-	-	-	0.0%	
	RouteMatch Call Back System	-	-	-	-	-	#DNV/01	
	Vehicles	-	-	-	-	-	#DNV/01	
	Support Vehicles	-	21,500	21,474	26	21,474	#DNV/01	
	Trolley Replacement Vehicle	-	-	-	-	-	0.0%	
	Runabout Vehicles	-	2,600	2,575	25	2,575	1.6%	
	Total Capital Outlay		19,390	136,300	136,073	227	155,462	17.7%
	Contingency	hourly	-	9,752	-	9,752	-	0.0%
Interest Expense	operations cost	3,038	3,716	3,038	678	6,075	13.6%	
Loan Paydown		-	-	-	-	-	0.0%	
Elks Lane Project		-	-	-	-	-	0.0%	
Facility Environmental Planning		-	-	-	-	-	0.0%	
Management Contracts		19,778	19,778	19,778	-	39,555	16.7%	
TOTAL FUNDING USES		872,682	925,293	862,167	63,126	1,734,849	13.6%	
TOTAL NON-CAPITAL EXPENDITURES		853,293	788,993	726,094	62,898	1,579,387	15.6%	

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
YEAR TO DATE THRU AUGUST 31, 2016
CURRENT FISCAL YEAR - 2016/2017

	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	71,531	73,659	48,999	3,239	8,599	206,027	9,307	12,392	21,699	1,153	25,154	254,032
TOTAL ROUTE REVENUES	71,531	73,659	48,999	3,239	8,599	206,027	9,307	12,392	21,699	1,153	25,154	254,032
EXPENDITURES:												
ADMINISTRATION	50,149	50,008	33,863	1,528	14,131	149,678	2,856	2,844	5,700	1,020	142,591	298,989
MARKETING	5,590	5,580	3,766	241	1,549	16,726	-	-	-	-	-	16,726
OPERATIONS/CONTINGENCY	148,992	150,148	99,364	4,261	39,776	442,541	53,570	53,492	107,062	17,777	391,384	958,764
FUEL	32,114	34,267	19,880	1,068	5,742	93,071	3,658	3,805	7,464	542	24,158	125,235
INSURANCE	19,776	21,100	12,244	634	3,537	57,291	2,884	3,000	5,884	730	29,275	93,179
TOTAL EXPENDITURES	256,619	261,103	169,117	7,732	64,736	759,307	62,969	63,141	126,109	20,069	587,408	1,492,893
FAREBOX RATIO	27.9%	28.2%	29.0%	41.9%	13.3%	27.1%	14.8%	19.6%	17.2%	5.7%	4.3%	17.0%
RIDERSHIP	40,365	36,910	29,518	1,844	3,981	112,618	7,972	9,044	17,016	534	7,192	137,360
SERVICE MILES	54,762.4	58,435.1	33,900.7	1,828.8	9,790.9	158,717.9	7,982.0	8,302.8	16,284.8	2,019.0	81,131.0	258,152.7
SERVICE HOURS	1,789.9	1,785.1	1,208.3	57.1	503.4	5,344.0	614.8	612.2	1,227.1	206.2	5,096.2	11,873.4
RIDERS PER MILE	0.75	0.63	0.89	1.01	0.56	0.71	1.00	1.09	1.04	0.26	0.09	0.53
RIDERS PER HOUR	23.1	20.6	25.1	32.3	8.2	21.1	13.0	14.8	13.9	2.6	1.4	11.6
COST PER PASSENGER	6.36	7.07	5.73	4.19	16.26	6.74	7.90	6.98	7.41	37.58	81.68	10.87
SUBSIDY PER PASSENGER	4.59	5.08	4.07	2.44	14.10	4.91	6.73	5.61	6.14	35.42	78.18	9.02

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

November 2, 2016

STAFF REPORT

AGENDA ITEM: A-2

TOPIC: Short Range Transit Plan (SRTP)

ACTION: Receive

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Receive Report on Projected Impacts in Years 6 & 7 of the 2016 RTA SRTP

SUMMARY:

The RTA Board of Directors adopted the RTA Short Range Transit Plan at its July 13, 2016 meeting. The SRTP covers Fiscal Year 2016-17 through Fiscal Year 2020-21, and it provides a financially-constrained set of recommendations based on projected ridership, operating costs, capital costs and financial resources. Staff subsequently worked with the consultant to develop financially-unconstrained projections for two years beyond the base five-year planning horizon to determine if any challenges might face both the RTA and SLO Transit. Those findings are provided in the attached memorandum.

The primary challenge facing the RTA is the need to replace eight Runabout vans in FY21-22, as well as fifteen fixed-route buses in FY22-23. In total, the combined vehicle replacement costs will total approximately \$7.7 million over two years. It will be incumbent upon staff to seek financial assistance at the local, state and federal level to assist the RTA in replacing revenue vehicles. Another takeaway is that the RTA should consider spreading out the replacement of the fixed-route buses over several years so that another “slug-load” replacement can be avoided in FY32-33.

Staff Recommendation

Receive the attached report on projected capital program impacts in FY21-22 and FY22-23.



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September 23, 2016

Gordon Shaw, Principal
LSC Transportation Consultants
2690 Lake Forest Road, Suite C
Tahoe City, CA 96145

Re: **Financially Unconstrained Years 6 & 7 Beyond SRTP Planning Horizon**

Dear Gordon –

Per our earlier discussions, I directed LSC Transportation Consultants, Inc. to provide financially constrained 5-Year Short Range Transit Plans for the RTA and SLO Transit. In addition, we agreed that we would jointly develop financially unconstrained projections for Years 6 and 7 through a separate memorandum. Please let this letter serve as a summary of these two out-year projections.

RTA Financially Unconstrained Projections for FY21-22 and FY22-23

Projections for operating costs, ridership and fare impacts, capital projects and costs, and finally a summary financial plan are provided in Tables A through F below. The estimates for the first five years (FY16-17 through FY20-21) match the estimates provided in the RTA's recently-adopted SRTP, while the ensuing two years provide projections that the RTA can use for strategic planning purposes. This analysis assumes that no major service changes would be implemented in FY21-22 or FY22-23 that would require substantially greater operating or capital funds.

These tables demonstrate that the RTA will be faced with replacing eight Runabout vans in FY21-22 and fifteen heavy-duty fixed route buses in FY22-23. As shown in Table E, this will require a total of approximately \$7.7 million in capital funding. One possible solution is to work with SLOCOG and the other transit providers in the County to begin "banking" Federal and State funds in the prior two to three fiscal years to help reduce the impact in any single year. Another strategy is to spread out the replacement of this large number of buses over two or three years so that the same challenge will not be faced when those vehicles must be replaced in FY32-33. The RTA should also seek additional outside funding to cover all or a portion of these capital funding needs.

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

TABLE A: RTA SRTP Operating Costs <i>All Figures in Thousands</i>						5-Year Plan Total	FINANCIALLY UNCONSTRAINED OUT- YEARS	
Plan Element	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21		FY21-22	FY22-23
Base Case Operating Costs	\$8,236.5	\$8,401.2	\$8,569.2	\$8,826.3	\$9,091.1	\$43,124.3	\$9,363.8	\$9,644.7
Operating Plan Elements								
Provide Mid-Day Express Service on Route 9	\$0.0	\$250.9	\$255.9	\$263.6	\$271.5	\$1,042.0	\$279.7	\$288.1
Provide Mid-Day Express Service on Route 10	\$0.0	\$319.3	\$325.6	\$335.4	\$345.5	\$1,325.8	\$355.8	\$366.5
Expand Evening Service on Route 9	\$0.0	\$253.1	\$258.1	\$265.9	\$273.8	\$1,050.9	\$282.1	\$290.5
Expand Evening Service on Route 10	\$0.0	\$256.4	\$261.6	\$269.4	\$277.5	\$1,064.9	\$285.8	\$294.4
Expand Evening Service on Route 12	\$0.0	\$67.5	\$68.9	\$70.9	\$73.1	\$280.4	\$75.3	\$77.5
Modify Route 12 Schedules To Eliminate Long Layovers	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Expand Runabout Capacity	\$22.0	\$44.9	\$68.7	\$94.3	\$121.4	\$351.3	\$150.1	\$180.3
Wi-Fi Operating Costs	\$0.0	\$4.8	\$42.4	\$43.7	\$45.0	\$136.0	\$46.4	\$47.8
<i>Total: Service Plan Elements</i>	<i>\$22.0</i>	<i>\$1,187.9</i>	<i>\$1,272.1</i>	<i>\$1,333.8</i>	<i>\$1,398.1</i>	<i>\$5,214.0</i>	<i>\$1,465.1</i>	<i>\$1,534.8</i>
<i>Total With Plan Elements</i>	<i>\$8,258.5</i>	<i>\$9,589.1</i>	<i>\$9,841.3</i>	<i>\$10,160.1</i>	<i>\$10,489.2</i>	<i>\$48,338.3</i>	<i>\$10,828.9</i>	<i>\$11,179.6</i>
<i>Percent Increase over Base Case</i>	<i>0.3%</i>	<i>14.1%</i>	<i>14.8%</i>	<i>15.1%</i>	<i>15.4%</i>	<i>12.1%</i>	<i>15.6%</i>	<i>15.9%</i>
Base Case costs based upon FY 2015-16 Amended Budget, excluding capital and management contract costs						Inflation assumptions identified in the SLOCOG RTP were applied: two percent annual inflation through 2018/19, and three percent thereafter		
Source: LSC Transportation Consultants, Inc.								

TABLE B: RTA SRTP Ridership Forecasts <i>All Figures in Thousands</i>						5-Year Plan Total	FINANCIALLY UNCONSTRAINED OUT- YEARS	
Plan Element	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21		FY21-22	FY22-23
Base Case Ridership ⁽¹⁾	<u>FY 15-16</u>							
Fixed Route	709.0	714.5	720.1	725.7	731.4	3,628.8	742.8	748.6
Runabout ⁽²⁾	43.6	44.5	45.4	46.3	47.2	231.4	49.1	50.1
Total	752.6	759.0	765.5	772.0	778.6	3,860.3	791.9	798.7
Service Plan Elements								
Provide Mid-Day Express Service on Route 9	0.0	21.0	25.2	26.7	26.9	99.8	27.1	27.3
Provide Mid-Day Express Service on Route 10	0.0	21.2	25.4	26.9	27.1	100.6	27.3	27.6
Expand Evening Service on Route 9	0.0	8.1	11.1	12.5	12.6	44.3	12.7	12.8
Expand Evening Service on Route 10	0.0	7.2	9.9	11.1	11.2	39.4	11.3	11.4
Expand Evening Service on Route 12	0.0	2.1	2.9	3.3	3.3	11.6	3.4	3.4
Modify Route 12 Schedules To Eliminate Long Layovers	0.0	1.2	1.3	1.3	1.4	5.2	1.4	1.4
Expand Runabout Capacity	0.9	1.7	2.6	3.5	4.4	13.1	5.2	6.1
<i>Total: Service Plan Elements</i>	<i>0.9</i>	<i>62.5</i>	<i>78.4</i>	<i>85.3</i>	<i>86.9</i>	<i>314.0</i>	<i>88.4</i>	<i>90.0</i>
Discount Regional Day Pass Fare	7.5	7.5	7.6	7.6	7.7		7.8	7.8
Total Ridership	767.3	835.5	858.0	871.5	879.8	3,444.8	888.1	896.5
<i>% Growth over Base Case</i>	<i>1.1%</i>	<i>9.2%</i>	<i>11.2%</i>	<i>12.0%</i>	<i>12.1%</i>		<i>12.3%</i>	<i>12.4%</i>
<i>% Growth over FY 15-16</i>	<i>2.0%</i>	<i>11.0%</i>	<i>14.0%</i>	<i>15.8%</i>	<i>16.9%</i>		<i>18.0%</i>	<i>19.1%</i>
Note 1: Base case ridership on fixed routes increased by 0.78% per year, per the mid-range projections presented in Final Report - San Luis Obispo County 2040 Population, Housing & Employment Forecast (SLOCOG, 2011)								
Note 2: As Runabout ridership is a function of the service level provided, growth in ridership is reflected in the service plan element.								
Source: LSC Transportation Consultants, Inc.								

TABLE C: RTA SRTP Fare Revenues <i>All Figures in Thousands</i>							FINANCIALLY UNCONSTRAINED OUT- YEARS	
Plan Element	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	5-Year Plan Total	FY21-22	FY22-23
Base Case Operating Revenues (Fares & Advertising)	\$1,330.0	\$1,340.4	\$1,361.4	\$1,393.5	\$1,437.5	\$6,862.7	\$1,494.4	\$1,565.7
Service Plan Elements								
Provide Mid-Day Express Service on Route 9	\$0.0	\$27.5	\$33.0	\$34.9	\$35.2	\$130.6	\$35.5	\$35.7
Provide Mid-Day Express Service on Route 10	\$0.0	\$22.9	\$31.4	\$35.3	\$35.6	\$125.2	\$35.9	\$36.2
Expand Evening Service on Route 9	\$0.0	\$12.9	\$15.5	\$16.4	\$16.5	\$61.3	\$16.6	\$16.8
Expand Evening Service on Route 10	\$0.0	\$10.7	\$14.7	\$16.4	\$16.6	\$58.4	\$16.7	\$16.9
Expand Evening Service on Route 12	\$0.0	\$4.2	\$4.5	\$4.5	\$4.8	\$18.0	\$4.8	\$4.8
Modify Route 12 Schedules To Eliminate Long Layovers	\$0.0	\$1.2	\$1.6	\$1.9	\$1.9	\$6.5	\$1.9	\$1.9
Expand Runabout Capacity	\$2.6	\$5.1	\$7.7	\$10.3	\$12.8	\$38.5	\$15.4	\$18.0
Discount Regional Day Pass Fare	-\$26.5	-\$26.7	-\$26.9	-\$27.1	-\$27.3	-\$134.5	-\$27.5	-\$27.8
Net Change in Fare Revenues	-\$23.9	\$57.7	\$81.4	\$92.6	\$96.1	\$304.0	\$99.4	\$102.6
Total Annual Fare Revenues	\$1,306.1	\$1,398.1	\$1,442.8	\$1,486.1	\$1,533.6	\$7,166.6	\$1,593.8	\$1,668.3
<i>Percent Change</i>	-1.8%	4.3%	6.0%	6.6%	6.7%	4.4%	6.6%	6.6%
<i>Source: LSC Transportation Consultants, Inc.</i>								

TABLE D: 7-Year RTA Fleet Replacement Plan and Costs						Assumed Annual Inflation Rate		2.5%
Vehicle Type	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	TOTAL
Number of Vehicles								
RTA Fixed Route								
Total Over-the-Road Coach Purchases	2	0	2	0	0	0	0	4
Total Heavy-Duty Bus Purchases	3	2	0	0	1	0	15	21
Total Cutaway Purchases	0	0	0	0	1	0	0	1
Total Trolley Purchases	1	0	0	0	0	0	0	1
Total	6	2	2	0	2	0	0	12
Runabout								
Total Cutaway Purchases	2	0	8	0	6	2	0	18
Total Minivan Purchases	6	0	0	0	0	6	0	12
Total	8	0	8	0	6	8	0	30
Cost Estimate								
RTA Fixed Route								
	14/15 Unit Cost							
Over-the Road Coaches	\$650,000	\$1,366,000	\$0	\$1,435,000	\$0	\$0	\$0	\$2,801,000
Heavy-Duty Buses	\$480,000	\$1,513,000	\$1,034,000	\$0	\$0	\$557,000	\$0	\$7,200,000
Cutaway Buses	\$90,000	\$0	\$0	\$0	\$0	\$104,000	\$0	\$104,000
Trolley	\$180,000	\$189,000	\$0	\$0	\$0	\$0	\$0	\$189,000
Total		\$3,068,000	\$1,034,000	\$1,435,000	\$0	\$661,000	\$0	\$7,200,000
Runabout								
Cutaway Buses	\$90,000	\$189,000	\$0	\$795,000	\$0	\$626,000	\$214,000	\$0
Minivans	\$45,000	\$284,000	\$0	\$0	\$0	\$0	\$321,000	\$0
Total		\$473,000	\$0	\$795,000	\$0	\$626,000	\$535,000	\$0

TABLE E: RTA SRTP Capital Plan							FINANCIALLY UNCONSTRAINED OUT-YEARS	
All Figures in Thousands								
Plan Element	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	5-Year Plan Total	FY21-22	FY22-23
Capital Plan Elements								
Fixed Route Buses	\$3,068.0	\$1,034.0	\$1,435.0	\$0.0	\$661.0	\$6,198.0	\$0.0	\$7,200.0
Runabout Vehicles	\$473.0	\$0.0	\$795.0	\$0.0	\$626.0	\$1,894.0	\$535.0	\$0.0
Transit Garage Facility	\$500.0	\$500.0	\$500.0	\$500.0	\$695.3	\$2,695.3	\$695.3	\$695.3
Paso Robles Bus Storage Facility	\$850.0	\$0.0	\$0.0	\$0.0	\$0.0	\$850.0	\$0.0	\$0.0
Wi-Fi Bus Equipment	\$0.0	\$6.0	\$45.0	\$0.0	\$0.0	\$51.0	\$0.0	\$0.0
Short Term Government Center Transit Hub Improvements	\$92.5	\$0.0	\$0.0	\$0.0	\$0.0	\$92.5	\$0.0	\$0.0
Programmatic Capital Improvements ⁽¹⁾	\$189.0	\$133.1	\$130.2	\$96.7	\$99.6	\$648.6	\$102.6	\$105.7
Loan Payment on Current Garage Facility	\$200.6	\$200.6	\$211.7	\$0.0	\$0.0	\$612.9	\$0.0	\$0.0
Subtotal: Capital Plan Elements	\$5,373.1	\$1,873.7	\$3,116.9	\$596.7	\$2,081.9	\$13,042.3	\$1,332.9	\$8,001.0
Inflation assumptions identified in the SLOCOG RTP were applied: two percent annual inflation through 2018/19, and three percent thereafter								
Note 1: Programmatic capital improvements include bus stop improvements, maintenance equipment and computer/communications equipment								
Source: LSC Transportation Consultants, Inc.								

TABLE F: RTA SRTP Financial Plan						FINANCIALLY UNCONSTRAINED OUT- YEARS	
<i>All Figures in Thousands</i>						FY21-22	FY22-23
	FY16-17	FY17-18	FY18-19	FY19-20	FY 20-21		
OPERATING							
Operating Costs (From Table A)	\$8,258.5	\$9,589.1	\$9,841.3	\$10,160.1	\$10,489.2	\$10,828.9	\$11,179.6
<u>Operating Revenues</u>							
Fare Revenues (From Table C)	\$1,306.1	\$1,398.1	\$1,442.8	\$1,486.1	\$1,533.6	\$1,593.8	\$1,668.3
Rural Transit Fund	\$234.6	\$244.1	\$259.0	\$283.1	\$318.7	\$0.0	\$0.0
FTA Section 5307	\$2,038.9	\$2,079.6	\$2,121.2	\$2,184.9	\$2,250.4	\$2,317.9	\$2,387.5
FTA Section 5311	\$639.3	\$652.1	\$665.1	\$685.1	\$705.6	\$726.8	\$748.6
Cuesta Contribution	\$55.5	\$56.6	\$57.7	\$59.4	\$61.2	\$63.0	\$64.9
Interest	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0
Transportation Development Act	\$3,981.2	\$5,155.7	\$5,292.5	\$5,458.6	\$5,616.7	\$6,124.4	\$6,307.3
Total	\$8,258.5	\$9,589.1	\$9,841.3	\$10,160.1	\$10,489.2	\$10,828.9	\$11,179.6
<i>Balance</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>
CAPITAL							
Capital Costs (From Table E)	\$5,373.1	\$1,873.7	\$3,116.9	\$596.7	\$2,081.9	\$1,332.9	\$8,001.0
<u>Capital Revenues</u>							
FTA Section 5307	\$4,042.8	\$1,015.4	\$1,849.1	\$0.0	\$842.1	\$0.0	\$6,953.2
Proposition 1B	\$241.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Transit Assistance	\$561.5	\$561.5	\$561.5	\$561.5	\$561.5	\$561.5	\$561.5
Low Carbon Transit Ops Program	\$291.0	\$296.8	\$308.8	\$330.9	\$365.3	\$415.3	\$486.3
Rural Transit Fund (Capital)	\$236.5	\$0.0	\$397.5	\$0.0	\$313.0	\$267.5	\$0.0
Total	\$5,373.1	\$1,873.7	\$3,116.9	\$892.4	\$2,081.9	\$1,244.3	\$8,001.0
<i>Balance</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$295.7</i>	<i>\$0.0</i>	<i>(\$88.6)</i>	<i>\$0.0</i>
FTA - Federal Transit Administration							
Source: LSC Transportation Consultants, Inc.							

SLO Transit Financially Unconstrained Projections for FY21-22 and FY22-23

Similar to the discussion above concerning the RTA, Tables G through J presented below provide projections for operating costs, ridership and fare impacts, capital projects and costs, and finally a summary financial plan for SLO Transit for FY21-22 and FY22-23. Again, the first five years (FY16-17 through FY20-21) match the forecasts provided in SLO Transit's financially-constrained 5-year SRTP, and the ensuing two years provide projections that the City of San Luis Obispo can use for strategic planning purposes. The analysis in this memorandum assumes that no major service enhancements would be implemented in Years 6 and 7 that would require substantially greater operating or capital funds.

These tables demonstrate that SLO Transit will not be challenged with any substantial capital or operating cost challenges in FY21-22 or FY22-23. However, this analysis assumes that, although the City's 2009 Alexander Dennis Enviro500 double deck bus technically would be eligible for replacement in FY21-22, the fact that SLO Transit uses that double deck bus relatively sparingly suggests that the economically useful life of that vehicle could be realistically extended beyond the 7-year planning horizon. As such, this analysis assumes that its replacement would be required in FY23-24 or later. The other takeaway from this analysis is that SLO Transit, similar to RTA, must also "bank" capital dollars to fund major bus replacement projects that will be required during the financially-constrained 5-year period, but that a surplus of capital funding will be accumulated in years 6 and 7.

TABLE G : SLO Transit SRTP Operating Costs <i>All Figures in Thousands</i>						5-Year Plan Total	FINANCIALLY UNCONSTRAINED OUT- YEARS	
Plan Element	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21		FY21-22	FY22-23
Base Case Operating Costs	\$3,163.9	\$3,227.2	\$3,291.7	\$3,390.5	\$3,492.2	\$16,565.5	\$3,597.0	\$3,704.9
Operating Plan Elements								
Route Realignment	\$0.0	\$9.4	\$9.6	\$9.9	\$10.2	\$39.0	\$10.5	\$10.8
Extend Hours of Service During the School Year	\$0.0	\$50.5	\$177.6	\$182.9	\$188.4	\$599.5	\$194.1	\$199.9
Provide Evening Service in the Summer	\$0.0	\$44.2	\$45.0	\$46.4	\$47.8	\$183.4	\$49.2	\$50.7
<i>Total: Service Plan Elements</i>	<i>\$0.0</i>	<i>\$95.1</i>	<i>\$223.1</i>	<i>\$229.8</i>	<i>\$236.6</i>	<i>\$784.6</i>	<i>\$243.7</i>	<i>\$251.1</i>
Total With Plan Elements	\$3,163.9	\$3,322.3	\$3,514.8	\$3,620.2	\$3,728.8	\$17,350.0	\$3,840.7	\$3,955.9
Percent Increase over Base Case	0.0%	2.9%	6.8%	6.8%	6.8%	4.7%	6.8%	6.8%
Base Case costs based upon FY 2015-16 Amended Budget, excluding capital and management contract costs Inflation assumptions identified in the SLOCOG RTP were applied: two percent annual inflation through 2018/19, and three percent thereafter Source: LSC Transportation Consultants, Inc.								

TABLE H: SLO Transit SRTP Ridership & Fare Revenue Forecasts							FINANCIALLY UNCONSTRAINED OUT-YEARS	
<i>All Figures in Thousands</i>								
Plan Element	FY16-17	FY17-18	FY18-19	FY19-20	FY 20-21	5-Year Plan Total	FY21-22	FY22-23
Base Case Ridership ⁽¹⁾								
Total	1,157.1	1,164.1	1,171.1	1,178.1	1,185.2	5,855.6	1,192.3	1,199.4
Service Plan Elements								
Route Realignment	0.0	47.7	57.0	60.4	60.7	225.8	61.1	61.5
Extend Hours of Service During the School Year	0.0	7.3	30.0	31.8	31.9	101.0	32.1	32.3
Provide Evening Service in the Summer	0.0	5.3	7.3	8.2	8.2	29.0	8.3	8.3
Total: Service Plan Elements	0.0	60.3	94.3	100.4	100.8	355.8	101.5	102.1
Discount Regional Day Pass Fare	1.1	1.1	1.1	1.1	1.1		0.0	1.1
Total Ridership	1,158.2	1,225.5	1,266.5	1,279.6	1,287.1	5,058.6	1,293.8	1,302.7
% Growth over Base Case	0.1%	5.3%	8.2%	8.7%	8.7%		8.6%	8.7%
% Growth over FY 15-16	0.7%	6.5%	10.1%	11.2%	11.9%		12.5%	13.3%
Base Case Operating Revenues (2)	\$235.0	\$239.0	\$243.0	\$247.0	\$251.0	\$1,215.0	\$252.3	\$254.0
Service Plan Elements								
Route Realignment	\$0.0	\$4.3	\$5.2	\$5.5	\$5.5	\$20.6	\$5.6	\$5.6
Extend Hours of Service During the School Year	\$0.0	\$0.2	\$0.3	\$0.3	\$0.3	\$1.1	\$0.3	\$0.3
Provide Evening Service in the Summer	\$0.0	\$0.3	\$1.3	\$1.3	\$1.3	\$4.2	\$1.3	\$1.4
Discount Regional Day Pass Fare	-\$3.8	-\$3.9	-\$3.9	-\$3.9	-\$3.9	-\$19.4	-\$3.9	-\$3.9
Net Change in Fare Revenues	-\$3.8	\$1.0	\$2.8	\$3.2	\$3.3	\$6.5	\$3.3	\$3.3
Total Annual Fare Revenues	\$231.2	\$240.0	\$245.8	\$250.2	\$254.3	\$1,221.5	\$255.6	\$257.4
Percent Change	-1.6%	0.4%	1.2%	1.3%	1.3%	0.5%	1.3%	1.3%
Note 1: Base case ridership on fixed routes increased by 0.6% per year, per the mid-range projections presented in Final Report - San Luis Obispo County 2040 Population, Housing & Employment Forecast (SLOCOG, 2011) Note 2: Includes cash fares, bus pass revenues, downtown access pass, and Prado tokens Source: LSC Transportation Consultants, Inc.								

TABLE I: SLO Transit SRTP Capital Plan							FINANCIALLY UNCONSTRAINED OUT-YEARS	
All Figures in Thousands						5-Year Plan		
Plan Element	FY16-17	FY17-18	FY18-19	FY19-20	FY 20-21	Total	FY21-22	FY22-23
Capital Plan Elements								
Low Floor Buses	\$1,000.0	\$0.0	\$0.0	\$2,144.0	\$0.0	\$3,144.0	\$0.0	\$0.0
Double Decker Buses	\$0.0	\$0.0	\$0.0	\$1,882.0	\$0.0	\$1,882.0	\$0.0	\$0.0
Trolley	\$0.0	\$0.0	\$0.0	\$450.0	\$0.0	\$450.0	\$0.0	\$0.0
Transit Operations/Maintenance Facility	\$220.0	\$525.0	\$2,975.0	\$0.0	\$0.0	\$3,720.0	\$0.0	\$0.0
Bus Stop Improvements	\$50.7	\$51.7	\$53.8	\$57.6	\$63.6	\$277.3	\$0.0	\$0.0
Short Term Government Center Transit Hub Improvements	\$40.0	\$0.0	\$0.0	\$0.0	\$0.0	\$40.0	\$0.0	\$0.0
Programmatic Capital Improvements	\$31.0	\$45.0	\$32.3	\$33.2	\$34.2	\$175.7	\$35.2	\$36.3
Subtotal: Capital Plan Elements	\$1,341.7	\$621.7	\$3,061.0	\$4,566.8	\$97.8	\$9,689.0	\$35.2	\$36.3
Inflation assumptions identified in the SLOCOG RTP were applied: two percent annual inflation through 2018/19, and Programmatic capital improvements include bus stop improvements, maintenance equipment and computer/communications equipment								
Source: LSC Transportation Consultants, Inc.								

TABLE J: SLO Transit SRTP Financial Plan <i>All Figures in Thousands</i>						FINANCIALLY UNCONSTRAINED OUT- YEARS	
	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
OPERATING							
Operating Costs (From Table G)	\$3,163.9	\$3,322.3	\$3,514.8	\$3,620.2	\$3,728.8	\$3,840.7	\$3,955.9
Operating Revenues							
Fare Revenues (From Table H)	\$231.2	\$240.0	\$245.8	\$250.2	\$254.3	\$255.6	\$257.4
5307 - Operating	\$1,208.0	\$1,268.0	\$1,331.0	\$1,398.0	\$1,468.0	\$1,541.5	\$1,618.7
5307 - Preventive Vehicle Maint	\$168.0	\$176.0	\$185.0	\$194.0	\$204.0	\$214.5	\$225.6
TDA - Local Transportation Fund	\$875.0	\$910.0	\$946.0	\$984.0	\$1,023.0	\$1,063.5	\$1,105.7
TDA - State Transit Assistance (STA)	\$34.0	\$35.0	\$36.0	\$37.0	\$38.0	\$39.0	\$40.1
TDA - STA Discretionary	\$146.0	\$149.0	\$152.0	\$155.0	\$158.0	\$161.1	\$164.2
CalPoly Agreement	\$452.0	\$461.0	\$470.0	\$479.0	\$493.0	\$507.4	\$522.2
SLORTA Revenue Sharing	\$22.0	\$22.0	\$22.0	\$22.0	\$22.0	\$22.0	\$22.0
Trolley Surcharge	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0
Sale of Surplus Prop	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0
Investment & Prop Revenues	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0
Total	\$3,153.2	\$3,278.0	\$3,404.8	\$3,536.2	\$3,677.3	\$3,821.7	\$3,972.8
<i>Additional Funds Required</i>	\$10.7	\$44.3	\$109.9	\$84.0	\$51.6	\$19.0	(\$16.9)
CAPITAL							
Capital Costs (From Table I)	\$1,341.7	\$621.7	\$3,061.0	\$4,566.8	\$97.8	\$35.2	\$36.3
Capital Revenues							
5307 - Capital	\$737.0	\$774.0	\$813.0	\$854.0	\$897.0	\$942.2	\$989.6
<i>Additional Funds Required</i>	\$604.7	(\$152.3)	\$2,248.0	\$3,712.8	(\$799.2)	(\$906.9)	(\$953.3)
<i>Source: LSC Transportation Consultants, Inc.</i>							

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

November 2, 2016

STAFF REPORT

AGENDA ITEM: B-1

TOPIC: Fiscal Year 2016-17 Budget Amendment

ACTION: Approve FY16-17 Budget Amendment

PRESENTED BY: Tania Arnold

STAFF RECOMMENDATION: Approve Budget Amendment

SUMMARY:

The Fiscal Year 2016-17 RTA operating and capital budget was adopted on May 4, 2016 and was based on a range of assumptions, including pending delivery dates for FY15-16 and FY16-17 capital projects.

At this time, staff is bringing back capital items that are being carried over from FY15-16 to FY16-17. One capital item that is not being carried forward is the option for over-the-road coaches, as staff is still evaluating their use in our operating environment. Once that information is gathered and presented to the Board, a separate budget amendment would be presented with the likely implementation of the project in FY17-18.

On August 3, 2016, the Board also approved a contribution to South County Transit for additional shared supervisory support. However, the budgeted amount in FY16-17 for operations labor does not need to increase because we were short-staffed at the start of the fiscal year.

The following is a detailed description of the proposed budget adjustments that have been incorporated and highlighted in the amended budget on the following pages with the dollar amount increases noted in parentheses in the descriptions below.

Revenue Changes

1. Beginning Fund Balance for Capital (\$119,200): based on FY15-16 STA for capital projects not completed, which resulted in an increase in fund balance available.
2. Proposition 1B Funding - Safety and Security (\$523,940): based on delays in the implementation of vehicle ITS (Intelligent Transportation System) as well as funding for facility security improvements.
3. Rural Transit Fund (\$55,990): based on delays with the RouteMatch call back system and Elks Lane environmental work.

4. Federal Transit Administration (FTA) Section 5307 San Luis Obispo (\$50,000): based on delays with the Elks Lane environmental work.
5. FTA Section 5339 Bus and Bus Facilities (\$96,190): based on delays with implementing the ticket vending machine.
6. FTA Section 5307 North County (\$198,840): based on delays receiving maintenance equipment and support vehicles ordered, as well as delays with the Elks Lane environmental work. Also included are funds for bus stop improvements.
7. FTA Section 5307 South County (\$50,000): based on delays with the Elks Lane environmental work.

Expenditure Changes

1. Facility Improvements (\$57,540): for the proposed new Paso Robles bus parking facility, as well as facility security improvements.
2. Maintenance Software and Maintenance Equipment (\$57,690): for the shop forklift, farebox test bench, and balance of the maintenance computer equipment.
3. Vehicle ITS (Intelligent Transportation System) (\$491,400): carryover unspent amount from FY15-16.
4. Bus Stop Improvements (\$179,540): carryover unspent amount from FY15-16, which includes improvements to the current transit center on Osos Street.
5. RouteMatch Call Back System (\$37,500): carryover unspent amount from FY15-16. Expected completion October 2016.
6. Support Vehicles (\$60,000): carryover unspent amount from FY15-16. Completed in August 2016.
7. Elks Lane Project (\$210,490): carryover unspent amount from FY15-16. Project was delayed due to additional focused review of floodplain issues.

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

Staff Recommendation

Approve the budget amendment as indicated in the staff report.

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
AMENDED CAPITAL REVENUE BUDGET FOR 2016/2017**

	2014/2015 COMBINED ACTUAL	2015/2016 AMENDED CAPITAL BUDGET	2015/2016 AMENDED SLOCAT BUDGET	2015/2016 ADOPTED N. COUNTY BUDGET	2016/2017 ADOPTED CAPITAL BUDGET	2016/2017 AMENDED CAPITAL BUDGET	2016/2017 ADOPTED SLOCAT BUDGET	2016/2017 ADOPTED N. COUNTY BUDGET	2017/2018 PROJECTED CAPITAL BUDGET	2017/2018 PROJECTED SLOCAT BUDGET	2017/2018 PROJECTED N. COUNTY BUDGET
FUNDING SOURCES:											
CAPITAL PROJECTS RESERVE											
1. ESTIMATED FUND BALANCE	699,560	1,356,544	182,076	29,172	380,650	499,850	48,690	4,170	346,790	9,830	40,330
	699,560	1,356,544	182,076	29,172	380,650	499,850	48,690	4,170	346,790	9,830	40,330
2. LESS REQUIRED RESERVES FOR FISCAL YEAR											
CAPITAL PROJECTS RESERVE											
	418,820	227,228	3,476	4,172	346,790	346,790	8,690	40,330	597,220	9,830	40,330
TOTAL	418,820	227,228	3,476	4,172	346,790	346,790	8,690	40,330	597,220	9,830	40,330
3. FUND BALANCE AVAILABLE											
	280,740	1,129,316	178,600	25,000	33,860	153,060	40,000	(36,160)	(250,430)	-	-
NON TDA SOURCES											
STATE TRANSIT ASSISTANCE (STA)											
LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)	468,410	561,504	-	-	486,530	486,530	-	36,160	486,530	-	-
PROPOSITION 1B FUNDING - SAFETY & SECURITY	-	-	-	-	291,300	291,300	-	-	-	-	-
PROPOSITION 1B FUNDING - ELKS LANE	-	173,970	-	-	241,300	765,240	-	-	-	-	-
PROPOSITION 1B FUNDING - BUS REPLACEMENT	467,565	-	-	-	-	-	-	-	100,000	-	-
CONGESTION MITIGATION AND AIR QUALITY (CMAQ)	-	-	-	-	-	-	-	-	223,620	-	-
RURAL TRANSIT FUND (Capital)	290,744	229,300	-	-	-	55,990	-	-	396,000	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307) - San Luis Obispo	101,000	782,200	-	-	179,650	229,650	-	-	66,630	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5309) - State of Good Repair	2,280,000	-	-	-	-	-	-	-	133,330	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5339) - Bus and Bus Facilities	4,464	-	-	-	-	96,190	-	-	873,210	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5311f)	329,439	-	-	-	-	-	-	-	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5316) - JARC	400,000	-	-	-	532,570	731,410	-	-	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307-North County)	397,969	236,600	-	-	614,150	664,150	160,000	-	188,890	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307-South County)	51,000	534,200	-	-	-	-	-	-	133,330	-	-
SUB TOTAL											
4. TOTAL FUND BALANCE & NON TDA FUNDING	4,790,592	2,517,774	-	-	2,345,500	3,320,460	160,000	36,160	2,601,540	-	-
5. NET TDA REQUIREMENTS	5,071,332	3,647,090	-	25,000	2,379,360	3,473,520	200,000	-	2,351,110	-	-
6. NET TDA REQUIREMENTS	35,010	-	-	-	-	-	-	-	-	-	-
7. TOTAL FUNDING SOURCES	5,106,342	3,647,090	-	25,000	2,379,360	3,473,520	200,000	-	2,351,110	-	-
FUNDING USES:											
CAPITAL											
LOAN PAYDOWN	4,563,212	3,446,490	89,300	25,000	2,178,760	3,272,920	200,000	-	2,150,510	-	-
8. TOTAL FUNDING USES	543,130	200,600	-	-	200,600	200,600	-	-	200,600	-	-
	5,106,342	3,647,090	89,300	25,000	2,379,360	3,473,520	200,000	-	2,351,110	-	-

Capital Expenditures		Actual Capital Expenditures FY 2014-15	Amended Capital Budget FY 2015-16	Adopted Capital Budget FY 2016-17	Amended Capital Budget FY 2016-17	Projected Capital Budget FY 2017-18	Projected Capital Budget FY 2018-19	Projected Capital Budget FY 2019-20	Projected Capital Budget FY 2020-21
Capital/Studies:									
Computer System Maintenance/Upgrades		37,136	37,540	62,250	62,250	35,360	37,130	38,990	40,940
Miscellaneous Capital									
Facility Improvements		6,136	39,960	-	57,540	-	17,250	-	19,840
Maintenance Software and Maintenance Equipment		32,506	58,990	-	57,690	34,730	-	-	-
Rotary Lift/Wireless Lift		55,139	-	-	-	-	-	-	-
Passenger Protection 1300 buses		-	-	8,400	8,400	-	-	-	-
Specialized Maintenance Tools		20,066	-	33,500	33,500	-	34,340	36,060	-
Desks and Office Equipment		1,902	-	10,760	10,760	-	-	-	-
Radios		-	6,000	-	-	-	-	-	6,600
Vehicle ITS/Camera System		6,100	725,900	176,690	668,090	-	-	-	-
Bus Stop Improvements/Bus Stop Solar Lighting		5,580	294,890	97,690	277,230	34,730	36,470	38,290	40,200
Bus Rehabilitation		-	-	126,000	126,000	-	-	-	-
RouteMatch Dispatching Software/Call Back System		39,534	37,500	-	37,500	-	-	-	-
Vehicles									
Support Vehicles		63,877	60,000	-	60,000	18,000	-	-	56,700
40' Coaches		3,808,026	-	-	-	1,527,700	-	-	573,100
Over the Road Coaches		-	1,300,000	-	-	-	-	-	-
Trolley replacement vehicles		-	-	200,000	200,000	-	-	-	-
Cutaway and Dial A Ride Vehicles		-	259,300	-	-	-	-	170,100	-
Runabout Vehicles		487,210	521,280	163,480	163,480	-	630,300	-	585,100
Total Capital Outlay		4,563,212	3,341,360	878,770	1,762,440	1,650,520	755,490	283,440	1,322,480
Loan Pay down									
Elks Lane Project		543,130	200,600	200,600	200,600	200,600	211,670	-	-
Paso Property Improvements		-	219,430	499,990	710,480	499,990	499,990	499,990	499,990
Total FUNDING USES		5,106,342	3,761,390	2,579,360	3,673,520	2,351,110	1,467,150	783,430	1,822,470

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

November 2, 2016

STAFF REPORT

AGENDA ITEM: B-2

TOPIC: Paso Robles Bus Parking Yard

ACTION: Consider Agreement for Design & Engineering Services

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Authorize Executive Director to Negotiate and Execute Agreement with the Wallace Group

SUMMARY:

At its September 14, 2016 meeting, the RTA Board of Directors adopted the Mitigated Negative Declaration for the Bus Parking Yard in Paso Robles. In addition, the Board directed staff to procure design services for the project. Staff published a request for proposals on September 28th and conducted an on-site pre-bid meeting on October 5th. Only one proposal was submitted (by the Wallace Group) by the October 21st deadline. The consultant selection committee, comprised of RTA, City of Paso Robles and County staff, accepted the technical proposal as meeting the requirements of the RFP. Staff then opened the cost proposal and, at the deadline for publishing this staff report, staff was still negotiating the final agreement. It should be noted that County Public Works staff has agreed to assist RTA staff in finalizing important parameters of the agreement (scope of work, costs and schedule), since this type of work is frequently undertaken by County staff that has expertise in design and engineering projects.

Although the final agreement will likely not be finalized in time for the November 2nd Board meeting, staff will provide an updated bulleted summary for distribution to Board members to consider at the Board meeting. The summary will include budget and preliminary schedule details based on the final negotiated scope of work. The final agreement document will be developed by staff with advice and consent of Counsel.

Staff Recommendation

Authorize the Executive Director to execute an agreement with the Wallace Group for design and engineering services for the long-term bus parking yard in Paso Robles.



San Luis Obispo Regional Transit Authority

Executive Committee Meeting

Draft Minutes 4/20/2016

C-1

Members Present: Jan Howell Marx, President
Debbie Arnold, Past President

Members Absent: Lynn Compton, Vice President

Staff Present: Shelby Walker, Administrative Assistant
Tim McNulty, County Counsel
Tania Arnold, CFO & Director of Administration

Also Present: Pete Rodgers, SLOCOG
Ron DeCarli, SLOCOG
Aida Nicklin, SLOCOG
Eric Greening, Atascadero

1. Call to Order and Roll Call:

President Jan Marx called the meeting to order at 10:02 a.m. Silent Roll Call was taken and a quorum was present.

2. Public Comments:

Mr. Eric Greening, Atascadero, said he appreciates the tax payers' contributions and wants to keep their contributions as minimal as possible. He is aware of the improvements for fixed route services that are on the way as stated in the Joint Short Range Transit Plan (SRTP) and Human Services Plan. He was flabbergasted to hear at the supervisors meeting that the fixed route services will allegedly now be getting only 6% from the ½ cent sales tax measure instead of the 7% that was discussed previously. He stated that this was to increase point to point transit for senior and disabled. He is surprised that the point to point would be increased due to the new training for riders and the appeals board for ADA. He said that he hopes that is not what will

happen just in case there are shortfalls to other funding sources. **President Marx** stated that would be a good thing to bring up in the SLOCOG Executive meeting.

3. Information Items

A-1 Executive Director's Report

Ms. Tania Arnold said The Employee of the Quarter barbecue lunch will be held on April 29th from 11:30 a.m. to 1 p.m. at our RTA Operating facility.

The Regional Transportation Advisory Committee will be meeting on April 21st and they will be reviewing the FY 16-17 budget as well as the Draft Short Range Transit Plan. There will also be some proposed by-law changes to RTAC in regards to Runabout appeals.

RTA is finalizing the contract with Rincon Associates to assist with environmental planning services for operations facility at Elks Lane. That will take about 16-18 months and we are hoping to start at the end of May.

The over-the-road coaches were implemented mid-March on Routes 9 and 10 express services. There is an issue of delays because of steep/narrow walk on the bus it is a little different to maneuver on them. It has taken time for the bus operators to become more familiar with them. We will continue to monitor their performance in the next few months before bring it to the Board on whether or not we exercise the option to purchase two new over-the-road coaches.

We continue to participate in a Travel Management Coordination Center study which is partially funded with an FTA Mobility Services for All Americans grant. The study seeks to evaluate technology solutions to help improve access to specialized transportation services throughout the county.

The ticket vending machine project is moving forward with GFI Genfare; they will be onsite next week to discuss the backend of the equipment. In order to address the addition of ticket vending machine at the Government Center, we went out to bid for design services to incorporate replacing the shelters as well as some ITS informational signs. The bids are due April 25th.

FTA has approved our request to issue a Categorical Exclusion for our partial use of the County Corp Yard in Paso Robles. The project is included in the budget for final approval.

To date we have expended 64.07% through 75% of this fiscal year which is great. The fuel cost came in under budget which has helped with savings. We are being conservative when it comes to fuel. Related to farebox recovery ratio fixed route is 26.12% through March and Runabout farebox recovery ratio is at 4.12%.

Ms. Arnold concluded the Executive Directors report.

Mr. Greening stated that they are a little slower turning on city corners. Also the over-the-road coaches does create delays at stops due to the fact that there is only one door so in riders have to wait for everyone to get off before anyone can get on. He stated that they are best used for express services and not local trips. He mentioned that they are very comfortable.

Ron Di Carli asked if the over-the-road coaches have helped decrease the number of standees and overcrowding at peak hours. **Ms. Arnold** replied that it is difficult to address because we do not use them on all the express routes. When the new bids happen in May we may be putting the buses on new routes/trips to see if it addresses the overcrowding more. **Mr. Greening** stated he has seen less standees on the Route 9 bus that he takes.

4. Action Items

B-1 Fiscal Year 2016-17 Operating and Capital Budget

Ms. Arnold stated that she will be presenting the fiscally-constrained fiscal year 2016-17 operating budget and an advisory fiscal year 2017-18 operating budget. She is also presenting a five-year capital program to project what the capital needs for RTA might be in the future. She stated that she appreciates the Board's support in these financially constrained times. This year was a continued challenge due to declines or stagnation in various local revenue sources used to operate core RTA core services.

The budget assumes essentially the same core levels of service miles and hours for fixed route services that we are currently operating. There will be no significant changes with Runabout services. We are recommending the elimination of the North Cuesta College Evening Shuttle. The ridership has been essentially non-existent despite significant outreach efforts.

The budget does include the requirements for following our reserve policy that is for capital and cash flow purposes, since a significant amount of our funding is federal and reimbursement occurs at the end of the fiscal year. The local funding, LTF and STA, comes in at the end of each quarter. The reserve policy helps address both of those.

The result of the savings, as well as a decrease in fuel prices, has resulted in staff projecting a strong fund balance at the beginning of FY16-17. The operating budget is proposed at \$8,576,950 and the capital budget is proposed at \$2,379,360. The Paso and County services are presented in separate columns and are separately funded. The main cost factors are vehicle liability insurance, workers compensation insurance, and the wage adjustments programmed in the Collective Bargaining agreement. The downturn in fuel costs has resulted in welcome relief.

This budget assumes no fare increases for either FY16-17 or FY17-18, although staff is evaluating fare increase options for pending LTF revenue projections for FY17-18.

The Administration Expense for RTA core services is relatively flat compared to last fiscal year. The proposed service delivery cost for RTA core services is up by roughly 2%. It should be noted that the CBA runs through January 31, 2018. Staff is evaluating the potential impacts of the California Legislature's recent minimum wage hike to \$15.00 per hour by 2021; RTA's current average hourly wage is \$16.30 per hour.

At the biannual CalTIP meeting last week, staff learned of projected vehicle liability and physical damage costs. The number of claims has gone down by half but the cost of the claims has gone up dramatically for the pool. As part of that, there has been an increase of about \$35,000 to the budget. Staff was notified in November of a likely increase to the primary workers compensation insurance program for the FY16-17, after a significant increase in FY15-16. We reached out for proposals from eight different carriers; 4 outright declined. Waiting to hear from the other four. Although the final numbers will not be available prior to adoption of the budget, staff has included a "worst case scenario" cost estimate in the attached budget proposal.

The draft Short Range Transit Plan includes a number of service improvements to meet current and projected future demand for regional transit services. In particular, new mid-day express runs on Routes 9 and 10, as well as later evening services, are recommended beginning in FY17-18. However, those improvements cannot be implemented without significant new funding and will remain financially-unconstrained until or unless new operating funds can be secured.

Runabout ridership is now holding steady. We recently hired a part time employee to perform functional assessments as part of the eligibility process. She has visited other facilities, including Clark County in Nevada, to gain more knowledge about their processes. We will also be doing fixed route travel training with those Runabout applicants that might be capable of using fixed route services when feasible.

The focus of our financially constrained FY16-17 capital program will be funding the improvements for a long-term Paso Robles yard, continued planning for the Elks Lane yard, and replacing Runabout vehicles. We do also have some minor capital projects. It should be noted that a portion of the FY15-16 capital funds for fully funded projects, such as the ITS improvements and Over the Road Coaches will need to be carried over to FY16-17 but, due to the timing of the projects and in order to provide a clear picture of what is new and what has been previously programmed, staff will be recommending a budget amendment in September to address carryover items. The projected five-year capital budget does not include any expansion vehicles. It is only identifying replacement projects and easily identifiable on-going projects.

Fiscal Year 2016-17 will be another challenging year. We look forward to working with our customers, the Board and other stakeholders in providing the highest quality of transportation services to residents of and visitors to our community. We believe that this budget reflects the path set by your Board in previous years and, although we would like to do more, we believe that this budget provides the optimum levels of service within the confines of existing limited resources. The Staff recommends that the Board adopt the FY16-17 budget as presented.

Related to the numbers, on page B-1-13 in the 2016-17 proposed operating budget section you will see there will be about \$2.2 million to start the fiscal year, which is higher than we expected due to cost savings. We have made some adjustments to the South County Transit management contract and you will see that at the Board meeting in July for adoption. We did request the use of Rural Transit Funds for operating funds and SLOCOG approved. Overall the non-TDA sources have gone up slightly from \$4.2 million to \$4.5 million. Page B-1-14 has a summary snapshot of the expenditures. It is up roughly 2% from the previous fiscal year. It also shows a slight decrease in LTF being requested from the jurisdictions of 0.13%, but will go to 0.65% due to the liability insurance increase. In the 17-18 FY year you will see a significant jump, which are aware of and we will be working with the jurisdictions on how to address those needs. Funding uses for FY17-18 is up at 7.63% over the FY16-17 proposed budget. On page B-1-15, we propose a slight increase on proposed capital, it does include funding for the Paso Yard project. On page B-1-16 you will note the 27% increase for workers compensation, which is the worst case scenario. It shows an increase in the South County Transit management contract of about 43%. Fuel will be a decrease of 25%. The liability and physical damage will be an increase of 15%.

Ms. Arnold concluded her report.

President Marx asked if the site for the new bus facility will be on Elks Lane or Prado Road. She also asked if we have an address yet. **Ms. Arnold** responded that the site will be at Elks Lane but we do not have an address yet. **Mr. Tim McNulty** mentioned that RTA is working with Rincon and Canon to figure out the flooding issue of that location before we work on the address of the location

Mr. Pete Rodgers asked about for the service delivery cost going up in FY 17-18 and if that is related to the collective bargaining agreement and the minimum wage increase impact. He also asked about the Route 9 and 10 express runs and how they were broken out. **Ms. Arnold** said yes that as well as the unknowns related to insurance. She addressed that if we had to make cuts it would mostly be the route changes that happened most recently which were the express runs. There are many moving pieces.

Mr. Di Carli stated overall the budget looks good. Talked about LTF funding with the increase and or reduction of funding variances. SLOCOG would advocate to maintain base services and ask the Board to increase LTF funding. Commute standees on routes is still an issue on peak time

routes. The SRTP plan states that additional runs actually be implemented on mid-day runs instead. SLOCOG advocates that the extra runs should go to the peak hour runs instead. **Ms. Arnold** stated it is difficult because of additional vehicles needed to add runs during the peak periods. **Mr. Di Carli** asked about the tripper buses are being used. **Ms. Arnold** stated that she is not sure exactly all the times they are being used, or if they are used at this time.

President Marx opened Public Comment.

Mr. Greening it is wonderful having Ms. Arnold in her position because she is very competent and responsive. As a rider he stated that he has not been experiencing overcrowding on commute rider runs so the money from the possible sales tax measure should not go to adding express runs. In regards to the sales tax measure and the 6% RTA would be getting, 4% should go to operating and 2% go to capital expenses.

President Marx closed Public Comment.

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

5. **Consent Agenda Items**

C-1 Executive Committee Meeting Minutes of December 17, 2015

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

6. **Agenda Review:**

Ms. Arnold briefly reviewed RTA Board Agenda items for the May 4th meeting.

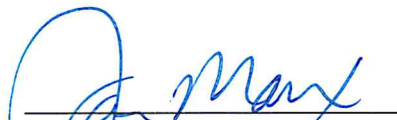
7. **Adjournment:** **President Marx** adjourned RTA Executive Committee meeting to the SLOCOG Executive Committee meeting at **10:52 a.m.**

Respectfully Submitted,

Acknowledged by,



Shelby Walker
Administrative Assistant



Jan Marx
RTA President



San Luis Obispo Regional Transit Authority

Executive Committee Meeting

Draft Minutes 8/10/2016

C-2

Members Present: Lynn Compton, Vice President
Debbie Arnold, Past President

Members Absent: Jan Howell Marx, President

Staff Present: Geoff Straw, Executive Director
Shelby Walker, Administrative Assistant
Tim McNulty, County Counsel

Also Present: Pete Rodgers, SLOCOG
Eric Greening, Atascadero

1. Call to Order and Roll Call:

Vice President Lynn Compton called the meeting to order at 10:04 a.m. Roll Call was taken and a quorum was present.

2. Public Comments:

Board Member Debbie Arnold present **Mr. Eric Greening** with a certificate of service to the District 5 area.

Mr. Eric Greening, Atascadero, mentioned the MOU with the Lucia Mar School District that the Board of Supervisors approved to change the location of the evacuation location in the South County Area. Asked if RTA has gotten word about that because he did not hear an effective date be mentioned. **Mr. Geoff Straw** stated that he will check with Mr. Phil Moores to see if he is aware of the change.

3. Information Items

A-1 Executive Director's Report

Mr. Straw stated that RTA celebrated its 7th anniversary of taking operations in-house on August 5, 2016 as part of Celebrating Safety event. RTA management went out on the buses in while service and presented Annual Safety Awards to Bus Operators for RTA and SCT. This was well received by both the Bus Operators and riders alike, standing ovations were done by many riders on the buses. There were five Bus Operators who were awarded for not being involved in a preventable collision since in-house operations began. Four more RTA Bus Operators earned six-year awards and one SCT Bus Operator has worked 12 years without a collision.

The Employee of the Quarter lunch will be held in conjunction with the Second Annual Bus Rodeo on October 16th at the RTA operations facility, please add that event to your calendars and we hope to see you there.

Mr. Straw stated that staff is evaluating the ridership patterns on the Route 10X, which currently operates between Morro Bay and Orcutt. The project was originally funded with an FTA Section 5311f Intercity grant focusing on connecting long-travel services. After running the route for a six-month and evaluating it, we decided we are going to adjust the route. In the coming weeks we will be announcing what the changes are, currently working with a group at Cal Poly.

RTA received the first ticketing vending machine. Currently, we are working on the installation of the software infrastructure. We are also trying to figure out where to install it at the Government Center where our Transit Center is located, hoping to install it sometime in early fall.

RTA fixed route ridership is down 8.2% in comparison to last year. Declining fuel prices have resulted in ridership declines across the country. An exception is SLO Transit, which had record ridership in FY 15-16. The removal of a key parking lot on Cal Poly campus surely contributed to that increase.

Runabout ridership is down about 3.9%, which is a welcome relief. ADA cardholders can ride all regional transit fixed route services in San Luis Obispo County for free when they show their card. The new processing of the applications has also been helping with determining if the Runabout services is a good fit for the rider, **Ms. Carol Woodard** has been implementing the new process well.

Staff expects to bring budget revision recommendations to the RTA Board at its November meeting.

Mr. Straw concluded his report.

Vice President Compton opened public and board comment.

Mr. Greening, Atascadero, asked if the 10X that meets in Orcutt meet up with the Clean Air Express that goes down to Buellton. **Mr. Straw** stated he wasn't sure that it stops at Buellton but the 10X does meet with the Clean Air Express.

Vice President Compton closed public and board comment.

A-2 Review of comments received to date on MND for Paso Bus Yard

Mr. Straw stated that we have received any formal comments so far on the Mitigated Negative Declaration. It has been submitted to the State and it is on the CEQA website and the RTA website. There are also copies of it at the Paso Robles Library, County Library, the SLOCOG office, and at the RTA administrative office. Comments are due by September 2, 2016.

4. **Action Items**

B-1 Possible change of RTA Board meeting to 9/14/16

Mr. Straw stated that the original date for the September RTA Board meeting was September 7, 2016. After sending out a query to the board of supervisor members, it seemed that most of the members would not be able to attend. We are asking this board to if it is ok to move the RTA Board meeting to September 14, 2016.

The item was approved on a voice vote with all in favor and **President Marx** absent.

5. **Consent Agenda Items**

C-1 Executive Committee Meeting Minutes of April 20, 2016

Could not due a vote on the minutes because only one committee member present today was present at the April 20, 2016 meeting.


6. **Agenda Review:**

Mr. Straw briefly reviewed RTA Board Agenda items for the September 14th meeting.

7. **Adjournment:** **Vice President Compton** adjourned RTA Executive Committee meeting at **10:29** a.m.

Respectfully Submitted,

Acknowledged by,



Shelby Walker
Administrative Assistant



Lynn Compton
RTA Vice President

DRAFT
SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
MINUTES OF SEPTEMBER 14, 2016
C-3

BOARD MEMBERS PRESENT:

JAN MARX, CITY OF SAN LUIS OBISPO (*President*)
LYNN COMPTON, FOURTH DISTRICT, COUNTY OF SAN LUIS OBISPO (*Vice President*)
DEBBIE ARNOLD, FIFTH DISTRICT, COUNTY OF SAN LUIS OBISPO (*Past President*)
SHELLY HIGGINBOTHAM, CITY OF PISMO BEACH
BRUCE GIBSON, SECOND DISTRICT, COUNTY OF SAN LUIS OBISPO
JAMIE IRONS, CITY OF MORRO BAY
TOM O'MALLEY, CITY OF ATASCADERO (arrived 8:34 a.m.)
JIM GUTHRIE, CITY OF ARROYO GRANDE
STEVE MARTIN, CITY OF PASO ROBLES (arrived 8:34 a.m.)
FRANK MECHAM, FIRST DISTRICT, COUNTY OF SAN LUIS OBISPO
ADAM HILL, THIRD DISTRICT, COUNTY OF SAN LUIS OBISPO

BOARD MEMBERS ABSENT:

JOHN SHOALS, CITY OF GROVER BEACH

STAFF PRESENT:

GEOFF STRAW, EXECUTIVE DIRECTOR
TANIA ARNOLD, CFO & DIRECTOR OF ADMINISTRATION
TIM MCNULTY, SAN LUIS OBISPO COUNTY COUNSEL
MARY GARDNER, MARKETING & COMMUNITY RELATIONS MANAGER
OMAR MCPHERSON, GRANTS MANAGER

CALL TO ORDER AND ROLL CALL: **President Jan Marx** called the meeting to order at 8:31 a.m. A roll call was taken and a quorum was present.

PUBLIC COMMENTS: **Mr. Eric Greening**, Atascadero, thanked the Board. He reminded the SLOCOG Executive Committee members of the meeting immediately following the RTA Board meeting. He has been enjoying a lot of good rides and thinks that things are going very well. He appreciates the new level stop at Cuesta College that meets the ADA requirements. He said that the new shelters face into the prevailing wind during a rain event that could pose an issue during the rainy season and hopes that Cuesta College would relocate the shelters.

President Marx closed public comment.

EMPLOYEE RECOGNITION FOR YEARS OF SERVICE TO RTA:

- Certificate of Recognition:
10 Years of Service- **Ms. Tania Arnold**

Mr. Geoff Straw mentioned that **Ms. Arnold** does a great job for RTA. **Ms. Arnold** was able to lead the agency for 8 months while we were without an Executive Director and kept us moving forward. He stated that he can always rely on her whether he has questions or needs information. We would all like to thank her for all hard work for the agency.

Mr. Greening, Atascadero, stated that as a RTAC member he has lost track of how many times he has asked **Ms. Arnold** questions throughout the years. She is always so helpful with providing the answers or finding out the answers for him. She is a key part of RTA.

A. INFORMATION AGENDA:

A-1 Executive Director's Report: **Mr. Straw** stated that there was a change to B-1-5 and a revised copied was given to the Board as well as being available to the public. He mentioned that he recently went to a CalTIP meeting and serves on the Board, it is a pool of 35 transit agencies throughout the state that pools together resources to provide liability and risk management protection. CalTIP may be asking the CA Legislature for tort reform for public transit agencies. If there are changes it could benefit the way that liability costs impact our operating costs and how it is represented in the farebox recovery ratio. **Mr. Straw** let the Board know that he may go to Sacramento in the next year or so to testify on behalf of CalTIP.

He stated that RTA had its 7th anniversary of taking operations in-house on August 1, 2016, and celebration occurred on August 5, 2016 as part of Celebrating Safety event. RTA management went out on the buses while in service and presented Annual Safety Awards to Bus Operators for RTA and SCT. This was well received by both the Bus Operators and riders alike, including standing ovations by riders on the buses. There were five Bus Operators who were awarded for not being involved in a preventable collision since in-house operations began; for three of them it equates to more than 500,000 miles. Four more RTA Bus Operators earned six-year awards and one SCT Bus Operator has worked 12 years without a preventable collision.

The Employee of the Quarter lunch will be held in conjunction with the Second Annual Bus Rodeo on October 16th at the RTA operations facility from 11:00 a.m.-3:00 p.m. Please add that event to your calendars, and we hope to see you there.

He stated that RTA has refined its schedule of activities related to environmental planning services. We expect to have the draft Mitigated Negative Declaration document available for review by March 2017. Please refer to the provided table.

Mr. Straw stated that staff is evaluating the ridership patterns on the Route 10X, which currently operates between Morro Bay and Orcutt. The project was originally funded with an FTA Section 5311f Intercity grant focusing on connecting rural communities to intercity bus services. After running the route for a six-month and evaluating it, we decided to adjust the route. The adjustments include better connections to Cal Poly for South County commuters, and it start on September 19, 2016.

We are currently doing topographic surveys of the Transit Center area and looking to see if it is possible to move the bus stop onto Palm Street instead of Osos Street. We will be bringing recommendations and preliminary designs to the November 2016 Board meeting.

RTA received the first Ticket Vending Machine. Currently, we are working on the installation of the backend software infrastructure. We are also trying to figure out where to install it at the Government Center, hoping to install it sometime in late fall. RTA is working with Rademaker Design to develop a good location.

RTA has agreed to serve as grants manager for Ride-On's Mobility Solutions for All Americans-funded study. A summary of the Travel Management Coordination Center project by **Mr. Mark Shaffer** has been provided. He will be coming to future Board meetings to present preliminary recommendations that might involve financial obligations of the region.

He stated that RTA is always tracking the tenure of Bus Operators, and 17 have been with the company since bringing operations in-house seven years ago. Seniority bidding leads to longevity for the longest-tenured employees, while the less desirable shifts that the less-tenured employees are left with sometimes causes turnover. There was a spike in the four-year tenure, which corresponds with Runabout service growth four years ago.

RTA fixed route ridership is down 8.2% in comparison to last year. Declining fuel prices have resulted in ridership declines across the country. An exception is SLO Transit, which had record ridership in FY 15-16. The removal of a key parking lot on the Cal Poly campus surely contributed to that increase. Runabout ridership is down about 3.9%, which is a welcome relief from previous year increases. The farebox ratio for fixed route services is 25.74% and for Runabout it is 4.2%. It is well over the 16% minimum required by SLOCOGs. Subsidy per passenger-trip on fixed route services is \$4.43, and for Runabout it is \$69.63.

Preliminary non-audited financial results show that administrative cost equated to 85.30% and service delivery costs came in at 87.34%. The greatest variance was experienced in fuel costs.

Mr. Straw mentioned that the preliminary data for the first month of FY16-17 shows ridership down 19.6% in comparison to the previous year. This is partly due to a decline in ridership from the Youth Ride Free program.

Mr. Straw concluded his report.

President Marx opened to Board comment.

Board Member Frank Mecham thanked **Mr. Straw** for his response about the Templeton issue.

President Marx asked to hear a response to the earlier public comment regarding the Cuesta College bus shelters. **Mr. Straw** stated that we may be able to reorient the bus shelters to protect against wind and other elements. LED signs will hopefully be installed at the stop as well. Will continue to work with Cuesta College on the issue.

President Marx opened public comment.

Mr. Greening, Atascadero, thanked **Mr. Straw** for the response. The prevailing winds during storms is the major concern.

President Marx closed public comment.

President Marx closed Board comment.

A-2 Strategic Business Plan Results: **Mr. Straw** noted that **Ms. Arnold** and himself will be reporting on this item. **Mr. Straw** began by addressing the Service Quality and Efficiency section. Standard 1 Productivity: we have had 3-5 months that we are above productivity goal of 22, but due to lower gas prices there we are currently at 21 passengers per service hour. Standard 2 Service Delivery: Of the 39,072 trips for FY16, RTA missed only eight bus trips, giving a 99.98% delivery achievement. This success is due to the hard work from our Bus Operators and Supervisors. Standard 3 Fixed Route On-Time Performance: With the implementation of the GPS-based on-time performance system, we now have robust real-time data, which resulted in a dip of performance on the graph. We are continuing to track the information and plan to bring the updated standard to the Board in the coming months. Standard 4 Runabout On-time Performance: remains steady, averaging about 98%. Standard 5 Service Area: we are enhancing peak-period services for Route 9 and 10. Updates to the Route 10X now has service at the San Luis Obispo Airport. RTA is already planning to implement some of the low- or no-cost initiatives from the Short Range Transit Plan. The Cuesta Bus Stop was moved to improve ADA accessibility. The Cuesta North Campus Shuttle was discontinued due to poor ridership. Staff is working on the Paso Bus Yard project. Standard 6 Standees: previously, the bus operators would report number of standees without considering available/open seats. With the new ITS data using automated passenger counters and known bus capacities, we have a more accurate measure of passenger loads. Will be bringing a more robust performance standard to the Board with in the coming months.

Ms. Arnold provided an overview of the Revenue and Resources Performance Standards. Standard 1 Operate within Budget: operating cost are 86% of the adopted budget for FY16. Fuel cost savings helped. Standard 2 Farebox Recovery Ratio (FRR): for FY 2015 we had a 26.40% FRR which included Paso Express. The FY16 results were 25.74%. There were no significant financial audit findings for Standard 3. For Standard 4 Capital Procurement: staff has done a great job of maximizing federal dollars and finding grant opportunities for capital procurements. We will have an amendment for capital budget for the Board at the November 2016 meeting.

Ms. Arnold addressed Safety Performance Standards. The first standard is to not exceed one preventable accident per 100,000 miles traveled. Year-to-date, RTA is close to achieving this goal with a collision rate of 1.03 per 100,000 miles. Standard 2 addresses safety hazards identified by the Safety Resource Committee, which has resolved 39 employee suggestions during the FY16. **Ms. Arnold** continued with the Safety Performance Standards by addressing Standard 3, which discusses the annual amount of preventable workers' compensation lost-time claims. In FY16 we only had 2 claims and no medical-only claims. One previously open lost-time case has been closed, and another has been delayed and may include lost-time. Standard 4 Community Perception: we recently completed a passenger and

stakeholder survey as part of the Joint Short Range Transit Plan in March 2015. We will be conducting surveys again in March 2017. Standard 5 Risk Management Costs: we did exceed the total risk management goal in FY16 at 10.3% of total operating costs (goal is 8.5%). The number of liability claims has gone down but the severity of the claims has gone up. The good news is that we have been able to close out several claims. We will continue to monitor this and gather information. For the vehicle liability and physical damage program, we had some significant increases in the pool that we are part of, as noted during the Executive Directors report and the need for tort reform. We will continue to evaluate how we manage those costs. **Mr. Straw** also stated that we are discussing options with our liability providers to see how we can get the costs down. **Supervisor Arnold** stated that **Ms. Arnold** has been very dedicated to find other providers and studying the pool to figure out how to keep cost down.

Ms. Arnold addressed the Human Resources Standards. Standard 1 the turnover rate for calendar year 2016 was 9% as of July 31, 2016. Standard 2: the report lists the various groups and the targeted amount of training hours. Each department exceeded their training hour goals in FY16. Standard 3 Employee Excellence: the Department Heads and the Executive Director had a strategic planning meeting in July 2016 to plan for succession and to discuss challenges facing the organization. In February 2016 the administrative team participated in a communications workshop. Standard 4 notes employee evaluations are being done in a timely manner. Technicians and Bus Operators are evaluated as part of the RTA Safety Awards. RTA implemented a step salary program over the past two years that identifies merit increases over a seven-year period within each employee's range.

Mr. Straw presented the Fleet and Facility Standards. Standard 1 Replacement of Vehicles: the average RTA fixed route vehicle age is just under 5 years with an average of 250,000 miles as of June 30, 2016. For the demand response vehicles, the average age is just over 2 years with an average of 61,000 miles – which is within the standard. Standard 2 Road Call: over the last 3 years when have done really well and currently we are at 3.00 road calls per 100,000 miles. Standard 3 Clean/Attractive Fleet: the information from the survey that was done as part of the joint Short Range Transit Plan, customers are satisfied with the cleanliness of RTA vehicles and facilities. Another customer survey is planned to take place in March 2017. Standard 4 Bus Stop Appearance: as the results from the SRTP survey that was completed in March 2015, passengers appear to be satisfied with the state of RTA bus stops, and we are working on improving passengers' experiences at the Government Center passenger facility. Standard 5 Maintenance of Vehicles: the terminal and the buses get inspected by CHP once every 13 months. RTA has not had a negative CHP finding, and the next one is scheduled for early summer 2017.

The final four Standards of Excellence address Leadership, which are subjective standards. Standard 1 Cooperative Relationships: Staff has developed recommended updates for the South County Transit JPA, as well as a new agreement with SCT and RTA administrative oversight duties. Standard 2 Partnerships: we try to attend as many City Council meetings as possible and be involved in our communities as appropriate. **Mr. Straw** mentioned that he and **Ms. Arnold** serve on the CalTIP Board of Directors in leadership roles. For Standard 3 Internal Communication, in February 2016 the administrative team participated in a communications workshop. The senior management went on a retreat where they discussed succession planning and identified traits necessary for someone to be successful in critical positions. Standard 4 addresses effective leadership for public transportation with County. **Mr. Straw**

finds it important to build partnerships with other transit authorities to support each other as well as share information that can be useful to both them and us.

Mr. Straw concluded his report.

President Marx opened Board comment.

President Marx opened public comment.

Mr. Greening, Atascadero, stated that it is excellent to review performance in ways we can measure. He stated that he can see an increase in ridership by how full the buses are getting. Regarding on-time performance, the key is making sure that passengers can make their connections. For standard 5 of the quality and efficiency standards, it is more geared towards fixed-route services but we also need to use that standard to measure Runabout services. Reporting of the travel training and new ADA application process would be nice to see in future reports. Fleet and facility should have a standard for heating and air conditioning of the bus; it is important for comfort to the passengers. Standard 4 for fleet and facility should include comfort as a measure for passengers not just appearance.

President Marx closed public comment.

Supervisor Arnold asked about the subsidy for Runabout services and if it is only for one-way trips. If that is the case a round-trip subsidy could be up to \$140. **Mr. Straw** stated that is correct and most of the riders make a round-trip. He also mentioned that ADA certified passengers are able to ride on fixed-route services throughout the county for free.

President Marx closed Board comment.

B. ACTION AGENDA:

B-1 Public Hearing: Adopt Mitigated Negative Declaration for Paso Bus Yard & Solicit Design Services: **Mr. Straw** stated that this is a project that RTA has been working on for over a year now. We are in need of a long-term bus yard in Paso Robles because the two lots that we currently use have been slated for redevelopment. The County was able to consolidate some of the land at the Corp yard to allow for our bus parking and facility needs. As part of the Initial Study/ Mitigated Negative Declaration we reviewed 18 areas of possible environmental impact. **Mr. Straw** read through the environmental checklist that was listed on in the table on contents on page B-1-33. The Board accepted the draft document and then it went out for public review. After receiving comments, the document was revised, as such: one mitigation measure was slightly revised, and we added an additional mitigation measure. **Mr. Straw** then went through the list of 17 mitigations, including the revised exterior lighting controls, the site screening mitigation and additional traffic crossing warning sign mitigation, and how each one would affect the project. He stated that in order to get public comment we posted the information on RTA website, emailed copies to the City of Paso Robles Planning and Public Works departments, County Real Estate, and San Luis Obispo Air Pollution Control District, and had bound copies at the RTA front desk, the Paso Robles library and the San Luis Obispo library. The comment letter from the City of Paso Robles is included in the Board packet. The State Clearinghouse received 15 copies to be distributed to

various State agencies, although we received no comments from any of the agencies. Staff is recommending that the Board consider the revised RTA Use of County Road Yard for Bus Facility in Paso Robles Mitigated Negative Declaration (MND) along with all comments received, find that the MND reflects RTA Board's independent judgment and analysis, and find that there is no substantial evidence that the project will have a significant effect on the environment as mitigated. The specific recommendation is as follows:

- adopt the revised RTA Use of County Yard for Bus Parking Facility in Paso Robles Mitigated Negative Declaration document;
- authorize the RTA Executive Director to execute the Mitigated Negative Declaration Determination letter;
- make all required submittals to the State Office of Planning and Research and to the County Clerk; adopt the Mitigation Monitoring and Reporting Program; and
- authorize the RTA Executive Director to carry out the project by procuring design and engineering services and to negotiate a 15-year lease.

Mr. Straw concluded his report.

President Marx opened Board comment.

Board Member Shelly Higginbotham asked if RTA anticipates to get a favorable lease because of the improvements that will be done by RTA to the County property. Mr. Straw stated that yes, that is our hope. He said that he has spoken to County Real Estate Services and they are conducting an appraisal of the property to help them determine the appropriate cost of the lease.

Board Member Steve Martin stated that in the letter from the City of Paso Robles, one of the general comments mentions the County Yard entrance cuts across the Highway 101 on-ramp. He mentioned that the local drivers will be surprised by buses pulling out at the location and wanted to know what was the plan for that area. **Mr. Straw** stated that RTA talked with the Wallace Group, and the Roads Department Supervisor about the traffic going through. The sight line for our Bus Operators is very good. No full traffic analysis is necessary.

President Marx opened public comment.

President Marx closed public comment.

President Marx closed Board comment.

Board Member Mecham moved to approve the Agenda Item B-1. **Board Member Tom O'Malley** seconded, and the motion carried on a roll call vote with Board Member Bruce Gibson and Board Member John Shoals absent.

C. CONSENT AGENDA:

C-1 RTA Board Meeting Minutes of August 3, 2016 (Approve)

- C-2 Equal Employment Opportunity Plan Update (Approve)
- C-3 Vehicle Procurement (Approve)
- C-4 Seek Bids to Lease 253 Elks Lane (Approve)
- C-5 Conflict of Interest Code Update (Approve)
- C-6 Amendment to SRTP Agreement for SLO Transit Additional Work (Approve)

Board Member Mecham moved to approve the Consent Agenda. **Board Member Adam Hill** seconded, and the motion carried on a roll call vote with Board Member Bruce Gibson and Board Member John Shoals absent.

ADJOURNMENT: President Marx adjourned RTA meeting at 10:03 a.m.

Respectfully Submitted,

Shelby Walker

RTA Administrative Assistant

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
REGIONAL TRANSIT ADVISORY COMMITTEE
July 7, 2016
MINUTES
C-4**

Members Present:	Michael Seden – Hansen (<i>Chair</i>)	City of Paso Robles
	Eric Greening (<i>Vice Chair</i>)	Fixed Route Representative
	Dawn Patterson (arrived 2:10 p.m.)	Atascadero Transit
	Janeen Burlingame (arrived 2:10 p.m.)	Morro Bay Transit
	Cheryl Andrus (arrived 2:10 p.m.)	Cal Poly
	Phil Moores	South County Transit (SCT)
	Todd Katz	Fixed Route Alternate Rep.
	Gamaliel Anguiano (arrived 2:10 p.m.)	SLO Transit
	Wendy Hall	County of San Luis Obispo
Members Absent:	Mark Dariz	Runabout/DAR Representative
	Anthony Gutierrez	Cuesta College
Staff Present:	Geoff Straw	RTA
	Shelby Walker	RTA
	Tania Arnold	RTA
Guest:	Eliane Wilson	SLOCOG
	Peter Rodgers	SLOCOG

1. Call Meeting to Order, Roll Call:

Mr. Michael Seden-Hanson called the meeting to order at 2:05 p.m. Roll call was taken; a quorum was not present. **Mr. Gamaliel Anguiano, Ms. Cheryl Andrus, Ms. Janeen Burlingame** and **Ms. Patterson** arrived at 2:10 p.m. resulting in a quorum being present for all action items.

2. Public Comments: None

3. Adjourn to RTAC Meeting:

A. Information Items

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

Mr. Straw stated that the County Board Supervisors will meet on July 12, 2016 to discuss putting the Self-Help Measure on the ballot in November. SLOCOG Board will meet on July 13, 2016 to discuss it. The funding is split, 6% would be for fixed-route services, 3% for senior and specialized transportation services, and 1% for transportation demand management. Discussions took place with other transit operators to make sure we were all comfortable with those numbers. It is estimated that \$350,000 would go to RTA fixed route operating services and \$250,000 could likely go to Runabout.

Mr. Straw discussed the over-the-road coaches and their dwell time at bus stops during passenger loading and unloading. RTA has the potential to buy two new over-the-road coaches; staff will be bringing information to the RTA Board in September.

He continued by discussing the new ticket vending machine that was delivered to the RTA facility in mid-June. There is a 6-week period for the software and backend installation. The vending machine could be installed as early as September at the government center. RTA has options to buy more and put them at different locations throughout the county.

Mr. Straw stated that the new South County Transit fare increases and new routes will be implemented on July 30, 2016. The Runabout fares in the Five Cities will also increase, letters will be sent out to riders to let them know about the increase. As well as the new fare increases, there will no longer be fare-free transfers for SCT. There will be a new \$3 day-pass that will be implemented to help riders who do transfers.

Mr. Straw concluded his report.

A-2 Member Comments/Reports from Jurisdictions (Receive):

Mr. Eric Greening stated that Route 9 may have some operational issues coming up due to the El Camino Real pipeline project. The project could result in delays and will create a challenge for people trying to make connections. He asked how riders will be informed on the issue. **Mr. Phil Moores** asked for the dates of the project. **Mr. Greening** stated that if the project is starting this current month and is expected to last a couple of months.

Mr. Moores stated that **Ms. Coleen Kubel** has resigned from the SCT operations supervisor position. RTA will be posting two SCT supervisor positions and one RTA supervisor position in July. The Cuesta College stop will be moved to the back of campus to meet ADA standards; this will affect Routes 12 & 14. Notices will be posted to inform students, faculty and staff of the changes. **Mr. Straw** noted that **Ms. Kubel** will be recognized for her years of service at the SCT Board meeting on July 20, 2016.

Mr. Todd Katz asked we take a look at the signs posted on Palm St. in regards to the bus stop and the commercial loading zone. He stated that the RTA bus sign is hidden by a tree.

Ms. Janeen Burlingame stated that Morro Bay Transit has a new vehicle in production. She also stated the Morro Bay Trolley ridership has increased from last year. She mentioned the RFP for the Short Range Transit Plan, as the current one is out of date. The senior services are looking good; they are able to have more flexibility with the two vehicles.

Ms. Dawn Patterson stated that on Tuesday July 12, 2016, the updated North County UTA will be going on the council agenda. She mentioned that North County's Cruise Night and Dancing in the Streets will be taking place on August 19th & 20th, there will be road closures because of the events but will keep RTA posted. She mentioned that El Camino Real will be repaired and resurfaced once the gas line project is done. She will be keeping in contact with RTA about any updates on the project or delays due to it.

Ms. Cheryl Andrus mentioned that Cal Poly SLO Days will be taking place soon and you will be seeing an influx of students and their families. She also discussed the construction on campus and the effects on the bus stops on campus. ASI has a new position that will be focusing on sustainability and transportation, will coordinate introductions once the person is more settled.

Mr. Gamaliel Anguiano mentioned that June 2016 City Council adopted a four-year contract with the First Transit. New Gillig vehicles are expected in January 2017. The new vehicles will include new technology and multimedia displays to replace car cards. He also stated that SLO Transit hit a record 1.2 million ridership recently.

Mr. Pete Rodgers of SLOCOG gave an update on the self-help measure. In regard to the Ride-On MOU, we have been giving them a general subsidy, we are working through it currently and hope to have something in October. Have been working on a joint-transit center plan, working with a developer currently. We have \$9 million grant that we will hear about it in the next couple months. Staff is hoping the LCTOP state legislation will be updated, which should help maintain services instead of only be used to expand services.

Mr. Michael Seden-Hanson stated that the Mid-State Fair is starting, expect traffic delays in the Paso Robles area. He also mentioned that MST is looking to expand services for Twin Cities Hospital in Templeton. He stated that Rideshare recently conducted a survey of Paso Robles airport employees to see if there would a possible increase of service if there was a need for it.

Member Comments concluded.

A-3 Present Draft Findings of IS/MND for Paso Bus Parking Yard Project (Receive):

Mr. Straw stated that RTA has been working with the County to be able to use the Paso County Corp Yard. The lot would be a parking lot and facility. The current lots being used will not be available soon. RTA had to go to the FTA with a list of categorical exclusions. Once RTA was approved to become the lead agency on the project, we were able to develop the CEQA document. The document shows that the project will not have negative impact on the environment. We came up with a list of 18 mitigated measures. The document also states the purpose and need of project. The September RTA Board meeting will include a public hearing about the document and hopefully it will be approved by the Board.

Mr. Straw concluded his report.

Mr. Katz asked if **Mr. Straw** wrote the draft document. **Mr. Straw** stated that yes, he did. **Mr. Anguiano** asked if RTA is looking to gain or loss parking stalls. **Mr. Straw** stated that it would be a gain of 2 parking stalls. **Ms. Elaine Wilson** asked if there would be cost right away. **Mr. Straw** stated that it would eventually be lease payments. **Mr. Rodgers** asked if RTA needed permits from the city of Paso Robles. **Mr. Straw** stated that we would need permits from a couple of different agencies.

B. Action Agenda Items:

B-1 Consider Recommendation to Accept RTA Short Range Transit Plan:

Mr. Straw stated that we have been working on the SRTP for 16 months now. After the RTA Board approved the draft document at the May Board meeting, RTA tried different ways to get public outreach with little response. The plan is to present the final document to the Board at the July Board meeting. **Mr. Straw** stated that RTA staff is recommending that RTAC support the recommendation of the acceptance of the Final Draft SRTP.

Mr. Greening asked if the money from the self-help measure does not come through, how will some of the recommendations be decided on. **Mr. Straw** stated that the plan is financially constrained. We will have to prioritize the projects as they come forward. **Ms. Wilson** asked if we are changing peak time services. **Mr. Straw** stated that only on the Route 10. Further discussion ensued regarding the plan.

Mr. Greening moved to approve Action Agenda Item B-1 and **Mr. Moores** seconded. The motion carried with a voice vote with no oppositions.

C. Consent Agenda Items:

C-1 RTAC Minutes of April 21, 2016 (approve)

Mr. Greening moved to approve the minutes and **Ms. Patterson** seconded. The motion carried on a voice vote with **Mr. Anguiano** abstaining.

D. Adjournment:

Mr. Seden-Hanson adjourned the meeting at 3:31 p.m.

Next RTAC Meeting: October 10, 2016

Respectfully Submitted:

Shelby Walker
Administrative Assistant
San Luis Obispo Regional Transit Authority

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
REGIONAL TRANSIT ADVISORY COMMITTEE**

July 7, 2016

DRAFT MINUTES

C-5

Members Present:

Eric Greening (<i>Vice Chair</i>)	Fixed Route Representative
Dawn Patterson	Atascadero Transit
Janeen Burlingame	Morro Bay Transit
Mark Dariz	Runabout/DAR Representative
Phil Moores	South County Transit (SCT)
Todd Katz	Fixed Route Alternate Rep.
Gamaliel Anguiano	SLO Transit

Members Absent:

Michael Seden-Hansen (<i>Chair</i>)	Paso Express
Cheryl Andrus	Cal Poly
Anthony Gutierrez	Cuesta College
Pam Duffield	County of San Luis Obispo

Staff Present:

Geoff Straw	RTA
Shelby Walker	RTA
Tania Arnold	RTA
Carol Woodard	RTA

1. Call Meeting to Order, Roll Call:

Mr. Eric Greening called the meeting to order at 2:08 p.m. Roll call was taken; a quorum was present.

2. Public Comments: None

3. Adjourn to RTAC Meeting:

A. Information Items

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

Mr. Straw stated that the RTA Short Range Transit Plan (SRTP) was adopted by the RTA Board at the July meeting and thanked everyone for their input. He then mentioned that South County Transit will be applying for a grant to do a joint plan study. The FTA Section 5304 Sustainable Communities grant application for the funding of that study is due on November 4th.

Mr. Straw discussed the status of Paso bus yard project. The current two yards will be redeveloped and staff worked with the County to identify a portion of the County Corp Yard. Staff is currently seeing bids for design and engineering with proposals due October 21st at 12:00 p.m.

Mr. Straw stated that RTA will be working with SBCAG on a study of the US 101 corridor to see if there can be better connections between Santa Barbara and Santa Maria and up into San Luis Obispo County. Bids are due November 4th and we will bring back information to this Committee for review.

Mr. Straw concluded his report.

Mr. Greening asked if there could be some coordination of the data that is gathered from the South County and SBCAG studies. **Mr. Straw** stated that most likely the information can be coordinated together; the SBCAG study will begin before the South County study.

Mr. Greening asked if the SLO Transit piece of the SRTP addresses service to the airport. **Mr. Gamaliel Anguiano** stated that the SLO Transit does not service it because it is outside of City limits but is sensitive to the perceived need and final recommendations. It does recommend service into the French Park area. **Mr. Greening** then asked if the airport area would be addressed by RTA. **Mr. Straw** said that it was in the RTA SRTP but it is a hard area to service and not sure about how high the demand is; there is currently demonstrated good ridership along the South Higuera corridor.

A-2 Member Comments/Reports from Jurisdictions (Receive):

Mr. Phil Moores stated the new SCT Routes 27/28 have been running since the end of July. SCT also signed a 5-year lease for continue use of the bus yard in Arroyo Grande.

Ms. Dawn Patterson stated that Colony Days in Atascadero went well. She mentioned that the repaving on El Camino Real for gas line project has wrapped up and that she recently attended an emergency management training in Maryland. Atascadero Transit is looking to replace a Dial-A-Ride vehicle but the bus quote came back over budget. She will be working with **Mr. Omar McPherson**, RTA Grants and Financial Manager, to help find additional funding for it.

Mr. Anguiano stated the double decker bus will be back in service in November. Ridership is down a little bit. The SRTP was adopted in August 2016 and SLO Transit will be implementing the changes to the routes Summer 2017, pending funding availability. Currently in negotiations with Cal Poly, and there may be a fare increase.

Ms. Janeen Burlingame stated that Morro Bay Transit has a new vehicle in service. She also stated the Morro Bay Trolley season has ended but the trolley will be used for a Halloween event that the Morro Bay Chamber of Commerce has.

Mr. Todd Katz and **Mr. Mark Dariz** did not have any member comments.

Mr. Greening asked about the evacuation location for South County moving from Santa Maria to Nipomo High School and when it goes it effect. **Mr. Moores** discussed the evacuation plan and how RTA serves as the transportation unit for those without vehicles for evacuation emergency in regards to Diablo Canyon. The new location is effective immediately. A scored drill will be taking place soon. He suggested to visit www.slocounty.ca.gov/oes.htm for more information about the evacuation plan. **Mr. Greening** asked if RTA employees are required to help since they are public employees compared to contracted employees like SLO Transit. **Ms. Burlingame** and

Mr. Anguiano both stated that it is in their employees' contracts that they help an emergency evacuation.

Mr. Straw mentioned that a call back system has been implemented to notify Runabout riders of scheduled trips so there is less chances of riders forgetting, as well as fewer last-minute cancelled trips.

B. Action Agenda Items:

B-1 Fiscal Year 2017 Budget Amendment(Approve):

Ms. Tania Arnold presented the proposed Budget Amendments for Fiscal Year 2016-17. At this time staff is bringing back capital budget items that are being carried over to FY16-17 but no operational budget amendments. She discussed the expenditure changes that effect the capital budget. Facility improvements for the proposed new Paso parking facility as well as facility security improvements. Other capital carryover projects include maintenance software updates and maintenance equipment for the shop forklift, farebox test bench, and the balance of the maintenance computer equipment. Regarding the vehicle ITS carryover for unspent amount from FY15-16, there has been large improvements with it in the last few months. Bus stop improvements are also carried forward, and it includes the current transit center on Osos Street and also the implementation of the Ticket Vending Machine once design plans are finalized. The RouteMatch Call Back System was implemented and is expected to be completed October 2016. Support vehicle costs were also carried over; there was a delay due to timing between model years, but the purchase was completed in August 2016. The Elks Lane environmental study project was delayed due to enhanced reviews of floodplain issues. The net effect for the above referenced budget adjustments is that there is no impact on the jurisdictions. She then noted where to find the numbers of the amended capital budget items in the charts on page B-1-3 and B-1-4.

Ms. Arnold concluded her report.

Mr. Greening asked if the bus stop improvements cost includes solar lighting for shelters. **Ms. Arnold** stated that Prop 1B funding will be used to provide more solar lighting at shelters. **Mr. Greening** asked about the current transit center and if a design has been decided on. **Mr. Straw** stated the plan has not been decided on; the Ticket Vending Machine will be going near the corner of Osos Street and Palm Street to have it close to SLO Transit's passenger facilities. **Mr. Anguiano** asked about the hold up on the ITS system and the trial time. **Mr. Straw** said that they were working out a few problems and will not be starting the 30-day trial until the ITS is working properly.

Ms. Burlingame moved to approve Action Agenda Item B-1 and **Mr. Anguiano** seconded. The motion carried with a voice vote with no one opposing or abstaining.

B-2 ADA Appeals Committee (Approval):

Ms. Carol Woodard explained the need for an ADA Appeals Board that is separate from RTA. Three members and one alternate are needed to make a decision if an applicant is denied and makes an appeal. She gave out some information that explained the current process and some of the requirements of the appeal board. An applicant has 60 days to make an appeal and the

ADA does not specify how long an appeals board has to make a decision, but if the decision is over 30 days services must be provided to the applicant until the decision is made.

Mr. Straw asked **Ms. Woodard** to explain the previous application process. **Ms. Woodard** explained that previously the application was more like a prescription, since the applicants were required to see their doctor in order to get part of the application filled out. It was hard for most of the applicants to get appointments and/or to pay for the appointment. The new process has the applicants list physicians that may be contacted for questions. Another change is now they come in and meet in person for the determination of eligibility.

Mr. Moores stated that **Ms. Woodard** has been doing a wonderful job with the new process and provides travel training to applicants so they can learn how to use the fixed-route services. **Mr. Greening** asked about the need for seating on fixed-route services for those applicants. **Ms. Woodard** explained that we let the applicants know about times that fixed-route services are heavily impacted so they are aware of when the bus might be full.

Ms. Patterson asked about how the appeals process works and if the applicant is present when appealing the case. **Ms. Woodard** explained that the applicant has 60 days to appeal in writing if their eligibility is denied, and they are not required to be present when a request is reviewed but it is recommended. **Mr. Greening** asked how she handles applicants with cognitive disabilities. **Ms. Woodard** explained that most of the applicants with cognitive disabilities will have a family member or case worker present with them during the interview process. **Mr. Katz** asked if any applicants have been turned down. **Ms. Woodard** stated that yes, some applicants have been turned down and with the new process in place we are receiving less applications back.

Further discussion on the topic ensued and then **Mr. Moores** stated that we need four volunteers for the Appeals Committee. **Mr. Anguiano**, **Mr. Dariz**, and **Ms. Burlingame** volunteered to be on the Appeals Committee and **Mr. Katz** volunteered as an alternate.

Mr. Moores moved to approve Action Agenda Item B-2 and **Ms. Patterson** seconded. The motion carried with a voice vote with no one opposing or abstaining.

C. Consent Agenda Items:

C-1 RTAC Minutes of July 7, 2016 (approve)

Mr. Greening noted a correction to the July 7, 2016 minutes on page C-1-4 second paragraph, first line should have "self-help measure" instead of "self-measure".

Mr. Moores moved to approve the minutes with the noted correction and **Mr. Anguiano** seconded. The motion carried on a voice vote with no one opposing or abstaining.

D. Adjournment:

Mr. Greening adjourned the meeting at 3:06 p.m.

Next RTAC Meeting: January 19, 2017

Respectfully Submitted:

Shelby Walker
Administrative Assistant
San Luis Obispo Regional Transit Authority

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

November 2, 2016

STAFF REPORT

AGENDA ITEM:	C-6
TOPIC:	State of California Low-Carbon Transit Grant Program
ACTION:	Approve
PRESENTED BY:	Geoff Straw, Executive Director
STAFF RECOMMENDATION:	Resolution Authorizing the Executive Director to Submit an Application for LCTOP Funds

Background:

The Low-Carbon Transit Operations Program (LCTOP) is one of several programs funded as part of the State of California FY14-15 budget, which has a goal of reducing greenhouse gas emissions and achievement of other benefits. These grant programs are funded by auction proceeds from the California Air Resource Board's Cap-and-Trade Program, with proceeds deposited into the Greenhouse Gas Reduction Fund. The LCTOP received \$25 million in FY14-15, and five (5) percent will be continuously appropriated annually.

There is an estimated \$150,000 in LCTOP funds available in San Luis Obispo County in FY16/17. Eligible recipients of the LCTOP funds include the RTA, South County Transit, SLO Transit, Paso Express, Atascadero Dial-A-Ride, Morro Bay Transit and SLOCAT. Eligible projects will support new or expanded bus services (up to three years) or expanded intermodal transit facilities, and may include equipment acquisition, fueling, and maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions.

Staff Recommendation: Staff is requesting authorization to submit a grant application of up to \$50,000 to purchase one plug-in hybrid transit support vehicle and install a charging station to support public transit services in SLO County. Staff recommends approval of the attached resolution.

**THE SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
RESOLUTION NO. 16-____**

**A RESOLUTION OF THE SAN LUIS OBISPO REGIONAL TRANSIT
AUTHORITY BOARD OF DIRECTORS, AUTHORIZING SUBMITTAL OF A
GRANT APPLICATION TO THE STATE OF CALIFORNIA
LOW-CARBON TRANSIT OPERATIONS PROGRAM
FY2016-17**

WHEREAS, the San Luis Obispo Regional Transit Authority (RTA) is an eligible applicant for Low-Carbon Transit Operations Program funds; and,

WHEREAS, the San Luis Obispo Regional Transit Authority is in need of various materials, supplies, and equipment, all of which are eligible for purchase under the Low-Carbon Transit Operations Program; and

WHEREAS, the San Luis Obispo Regional Transit Authority will continue to provide fixed route and demand response services in San Luis Obispo County; and

WHEREAS, the San Luis Obispo Regional Transit Authority is seeking grant funding to optimize the use of local TDA funds provided by the various agencies included in the Joint Powers Agency Agreement; and

WHEREAS, the San Luis Obispo Regional Transit Authority is requesting up to **\$50,000** from the Low Carbon Transit Operations Program to purchase a plug-in electric support vehicle and install a charging station to support public transit services in SLO County with the goal of reducing greenhouse gas emissions.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the San Luis Obispo Regional Transit Authority Board of Directors authorizes the Executive Director to submit a proposal to the State of California Low Carbon Transit Operations Program of up to **\$50,000** for the purchase of various materials, supplies and equipment.

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

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to submit said funding requests.

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

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted this 2nd day of November 2016.

Jan Marx, President
San Luis Obispo Regional Transit Authority

ATTEST:

Geoff Straw, Executive Director
San Luis Obispo Regional Transit Authority

APPROVED AS TO FORM AND LEGAL EFFECT:

Rita L. Neal
County Counsel

By: _____
Timothy McNulty, Counsel
San Luis Obispo Regional Transit Authority

Date: _____

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

November 2, 2016

STAFF REPORT

AGENDA ITEM: C-7

TOPIC: Annual Fiscal & Compliance Audit

ACTION: Review and Accept the FY2015-16 Audit Report

PRESENTED BY: Geoff Straw

STAFF RECOMMENDATION: Review and Accept the FY2015-16 Annual Fiscal and Compliance 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.

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

Staff recommends that the Board review and accept the Fiscal Year 2015-16 Annual Fiscal and Compliance Audit report.

**SAN LUIS OBISPO REGIONAL
TRANSIT AUTHORITY
FINANCIAL STATEMENTS
June 30, 2016**

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
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June 30, 2016

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FINANCIAL SECTION

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, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the San Luis Obispo Regional Transit Authority, as of June 30, 2016, 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 Funding Progress for Post Employment Benefits Other than Pensions on page 21, the Schedule of Proportionate Share of Net Pension Liability on page 22, and the Schedule of Contributions on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2015, is consistent in all material respects, with the audited financial statements from it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2016, 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 & Hargheim LLP

October 26, 2016
Santa Maria, California

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR JUNE 30, 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and investments	\$ 3,186,202	\$ 3,342,859
Accounts receivable	249,505	110,812
Intergovernmental receivables	2,264,295	2,036,280
Grants receivable	133,144	413,856
Prepaid items	42,878	101,915
Inventory at cost	207,353	200,228
Total current assets	<u>6,083,377</u>	<u>6,205,950</u>
Capital assets:		
Nondepreciable:		
Land	1,512,602	1,512,602
Construction in progress	20,093	
Depreciable:		
Buildings and improvements	4,754,698	4,754,698
Equipment and vehicles	17,248,606	16,360,660
Less accumulated depreciation	<u>(9,997,987)</u>	<u>(8,410,252)</u>
Total net capital assets	<u>13,538,012</u>	<u>14,217,708</u>
Total assets	<u>19,621,389</u>	<u>20,423,658</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions	153,557	74,414
Total deferred outflows of resources	<u>153,557</u>	<u>74,414</u>
LIABILITIES		
Current liabilities:		
Accounts payable	237,675	434,048
Accrued payroll	147,189	117,101
Unearned revenue	4,325,762	4,088,461
Customer deposits	27,703	27,703
Loan payable	200,596	200,596
Total current liabilities	<u>4,938,925</u>	<u>4,867,909</u>
Noncurrent liabilities:		
Compensated absences	162,889	154,918
CalPERS side-fund		
Other post-employment benefits	19,025	9,258
Net pension liability	414,886	425,837
Loan payable	412,898	613,494
Total noncurrent liabilities	<u>1,009,698</u>	<u>1,203,507</u>
Total liabilities	<u>5,948,623</u>	<u>6,071,416</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	114,952	106,962
Total deferred inflows of resources	<u>114,952</u>	<u>106,962</u>
NET POSITION		
Net investment in capital assets	12,924,518	13,403,618
Unrestricted	786,853	916,076
Total net position	<u>\$ 13,711,371</u>	<u>\$ 14,319,694</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, 2016
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Passenger fares	\$ 1,422,568	\$ 1,436,252
Other operating revenue	43,264	92,579
Total operating revenues	<u>1,465,832</u>	<u>1,528,831</u>
Operating Expenses:		
Transit operating expenses	6,958,862	6,945,220
Administration and financial services	1,550,345	1,517,800
Depreciation	1,874,939	1,690,517
Total operating expenses	<u>10,384,146</u>	<u>10,153,537</u>
Operating loss	<u>(8,918,314)</u>	<u>(8,624,706)</u>
Non-Operating Revenues (Expenses):		
Transportation Development Act funds	4,078,115	3,281,943
Federal and State grants	3,007,851	3,718,017
Interest income	9,864	6,277
Fees and reimbursements from other governmental agencies	79,830	78,760
Loss on disposal of capital assets	(24,248)	(70,405)
Environmental planning	(18,320)	
Interest expense	(42,592)	(65,771)
Total non-operating revenues (expenses)	<u>7,090,500</u>	<u>6,948,821</u>
Capital Contributions:		
Federal capital grants	441,777	3,563,872
State capital grants	374,703	541,884
Local capital grants	403,011	457,456
Total capital contributions	<u>1,219,491</u>	<u>4,563,212</u>
Change in net position	<u>(608,323)</u>	<u>2,887,327</u>
Net position, beginning of fiscal year	14,319,694	11,723,303
Prior period adjustment		<u>(290,936)</u>
Net position, beginning of fiscal year, restated	<u>14,319,694</u>	<u>11,432,367</u>
Net position, end of fiscal year	<u>\$ 13,711,371</u>	<u>\$ 14,319,694</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, 2016
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Receipts from customers	\$ 1,327,139	\$ 1,504,388
Payments to suppliers and wages	(8,641,438)	(7,101,344)
Net cash used by operating activities	<u>(7,314,299)</u>	<u>(5,596,956)</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of property, plant, and equipment	(1,219,491)	(4,563,212)
Principal paid - loan payable	(200,596)	(543,130)
Interest expense	(42,592)	(65,771)
Environmental planning	(18,320)	
Capital grants received	1,219,491	4,563,212
Net cash used by capital and related financing activities	<u>(261,508)</u>	<u>(608,901)</u>
Cash Flows from Noncapital Financing Activities:		
Grants received	7,329,456	4,877,070
Fees and reimbursements	79,830	78,760
Net cash provided by noncapital financing activities	<u>7,409,286</u>	<u>4,955,830</u>
Cash Flows From Investing Activities:		
Interest income	9,864	6,277
Net cash provided by investing activities	<u>9,864</u>	<u>6,277</u>
Net (decrease) in cash and cash equivalents	(156,657)	(1,243,750)
Cash and cash equivalents, beginning of fiscal year	<u>3,342,859</u>	<u>4,586,609</u>
Cash and cash equivalents, end of fiscal year	<u><u>\$ 3,186,202</u></u>	<u><u>\$ 3,342,859</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, 2016
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (8,918,314)	\$ (8,624,706)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	1,874,939	1,690,517
Change in operating assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable	(138,693)	(110,812)
Prepaid items	59,037	(18,699)
Inventory	(7,125)	38,892
Deferred outflows	(79,143)	(20,163)
Accounts payable	(196,373)	99,699
Accrued payroll	30,088	18,769
Unearned revenue	46,508	1,292,351
Other post-employment benefits	9,767	9,258
Net pension liability	(10,951)	(106,125)
Compensated absences	7,971	27,101
Deferred Inflows	<u>7,990</u>	<u>106,962</u>
Net cash used by operating activities	<u>\$ (7,314,299)</u>	<u>\$ (5,596,956)</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, 2016

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, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K. Use of Estimates -The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.
- L. Pensions
- For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the San Luis Obispo Regional Transit Authority's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- M. Deferred Outflows and Inflows of Resources
- Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the District recognizes deferred outflows and inflows of resources.
- In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has one item which qualify for reporting in this category; refer to Note 13 for a detailed listing of the deferred outflows of resources the District has reported.
- In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualify for reporting in this category; refer to Note 13 for a detailed listing of the deferred inflows of resources the District has reported.
- N. 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. 74	"Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.
Statement No. 75	"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 77	"Tax Abatement Disclosures"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 78	"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 79	"Certain External Investment Pools and Pool Participants"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Future Accounting Pronouncements (continued)

Statement No. 80	"Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.
Statement No. 81	"Irrevocable Split-Interest Agreements"	The provisions of this statement are effective for fiscal years beginning after December 15, 2016.
Statement No. 82	"Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

NOTE 3 - CASH AND INVESTMENTS

On June 30, 2016 the Agency had the following cash and investments on hand:

Cash on hand and in banks	\$ 620,657
Investments	<u>2,565,545</u>
Total cash and investments	<u>\$ 3,186,202</u>

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

Cash and investments, statement of net position	<u>\$ 3,186,202</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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
San Luis Obispo County Investment Pool	\$ 2,565,545	\$ 2,565,545	\$ -	\$ -	\$ -
Total	\$ 2,565,545	\$ 2,565,545	\$ -	\$ -	\$ -

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	\$ 2,565,545	N/A	\$ -	\$ -	\$ -	\$ 2,565,545
Total	\$ 2,565,545		\$ -	\$ -	\$ -	\$ 2,565,545

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, 2016

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated				
Land	\$ 1,512,602	\$ -	\$ -	\$ 1,512,602
Construction in progress		20,093		20,093
Total capital assets, not being depreciated	<u>\$ 1,512,602</u>	<u>\$ 20,093</u>	<u>\$ -</u>	<u>\$ 1,532,695</u>
Capital assets, being depreciated				
Building and improvements	\$ 4,754,698	\$ -	\$ -	\$ 4,754,698
Vehicles and equipment	16,360,660	1,199,398	311,452	17,248,606
Total capital assets, being depreciated	<u>21,115,358</u>	<u>1,199,398</u>	<u>311,452</u>	<u>22,003,304</u>
Less accumulated depreciation for:				
Building, improvements, vehicles and equipment	8,410,252	1,874,939	287,204	9,997,987
Total accumulated depreciation	<u>8,410,252</u>	<u>1,874,939</u>	<u>287,204</u>	<u>9,997,987</u>
Total capital assets, being depreciated, net	<u>\$ 12,705,106</u>	<u>\$ (675,541)</u>	<u>\$ 24,248</u>	<u>\$ 12,005,317</u>
Governmental activities, capital assets, net	<u>\$ 14,217,708</u>	<u>\$ (655,448)</u>	<u>\$ 24,248</u>	<u>\$ 13,538,012</u>

Depreciation expense for the fiscal year ended June 30, 2016, was \$1,892,567. The depreciation expense for the fiscal year ended June 30, 2015, was \$1,690,517.

NOTE 5 – UNEARNED REVENUE

	2016	2015
TDA Local Transportation Funds	\$ 3,246,928	\$ 3,127,491
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.	228,626	182,118
Prop 1B funding	<u>811,520</u>	<u>740,164</u>
Total unearned revenues	<u>\$ 4,325,762</u>	<u>\$ 4,088,461</u>

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
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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, 2016 and 2015:

Allocation Assigned By/Claimant	Article/ Section	Amount	
		2016	2015
Local Transportation Fund:			
City of Arroyo Grande	4 / 99260(a)	\$ 165,515	\$ 187,418
City of San Luis Obispo	4 / 99260(a)	560,478	633,705
County of San Luis Obispo	4 / 99260(a)	1,525,744	1,725,085
City of Grover Beach	4 / 99260(a)	125,593	142,338
City of Morro Bay	4 / 99260(a)	98,121	111,157
City of Atascadero	4 / 99260(a)	273,806	319,079
City of El Paso de Robles	4 / 99260(a)	894,056	1,093,693
City of Pismo Beach	4 / 99260(a)	73,572	83,145
Total LTF		3,716,885	4,295,620
State Transit Fund:			
Regional Transit Authority	6.5 / 99313	589,089	658,230
Regional Transit Authority	6.5 / 99314	66,089	80,926
Total STF		655,178	739,156
Subtotal		4,372,063	5,034,776
Add: Recognition of prior fiscal year unearned revenues		3,127,491	1,665,402
Less: Current fiscal year unearned revenues		(3,246,928)	(3,127,491)
Total TDA Allocation		\$ 4,252,626	\$ 3,572,687

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:

	2016	2015
Operating and interest expenses	\$ 10,426,738	\$ 10,219,308
Add:		
Capital purchases with LTF and STF	174,510	290,744
Less:		
Depreciation	(1,874,939)	(1,690,517)
Fare revenues	(1,422,568)	(1,436,252)
Special events and other revenues	(43,264)	(92,579)
Federal and state operating grants	(3,007,851)	(3,718,017)
Maximum total allocation amount	4,252,626	3,572,687
TDA allocations received and accrued	4,372,063	5,034,776
Change in TDA transit allocations in unearned revenues	(119,437)	(1,462,089)
Allocation over/(under) maximum	<u>\$ -</u>	<u>\$ -</u>

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
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, 2016 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	\$ 1,101,220	\$ 132,697	\$ 143,323	\$ 6,686
(b) Operating expenses, net of depreciation	<u>4,138,388</u>	<u>3,162,810</u>	<u>696,376</u>	<u>110,969</u>
(c) Fare revenue ratio [(a) / (b)]	26.61%	4.20%	20.58%	6.02%
Minimum ratio required	<u>17.15%</u>	<u>N/A</u>	<u>17.15%</u>	<u>15.00%</u>
Under minimum ratio requirement	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>8.98%</u>
	<u>Nipomo</u>	<u>Cambria Trolley</u>	<u>Avila Trolley</u>	
(a) Operating fare revenues	\$ 28,824	\$ -	\$ 8,755	
(b) Operating expenses, net of depreciation	<u>337,986</u>	<u>1,828</u>	<u>67,637</u>	
(c) Fare revenue ratio [(a) / (b)]	8.53%	0.00%	12.95%	
Minimum ratio required	<u>10.00%</u>	<u>10.00%</u>	<u>20.00%</u>	
Under minimum ratio requirement	<u>1.47%</u>	<u>10.00%</u>	<u>7.05%</u>	

The Agency had fare revenue ratios for the fiscal year ended June 30, 2015 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	\$ 1,152,169	\$ 123,990	\$ 124,556	\$ 7,347
(b) Operating expenses, net of depreciation	<u>4,174,178</u>	<u>3,094,340</u>	<u>665,760</u>	<u>115,747</u>
(c) Fare revenue ratio [(a) / (b)]	27.60%	4.01%	18.71%	6.35%
Minimum ratio required	<u>16.70%</u>	<u>N/A</u>	<u>16.70%</u>	<u>15.00%</u>
Under minimum ratio requirement	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>8.65%</u>
	<u>Nipomo</u>	<u>Cambria Trolley</u>	<u>Avila Trolley</u>	
(a) Operating fare revenues	\$ 26,790	\$ 367	\$ 8,171	
(b) Operating expenses, net of depreciation	<u>352,581</u>	<u>5,690</u>	<u>53,788</u>	
(c) Fare revenue ratio [(a) / (b)]	7.60%	6.45%	15.19%	
Minimum ratio required	<u>10.00%</u>	<u>10.00%</u>	<u>20.00%</u>	
Under minimum ratio requirement	<u>2.40%</u>	<u>3.55%</u>	<u>4.81%</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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – LONG TERM DEBT

	Balance July 1, 2015	Increases	Decreases	Balance at June 30, 2016		
				Total	Current	Long Term
Vacation	\$ 122,731	\$ 210,395	\$ 201,510	\$ 131,616	\$ -	\$ 131,616
Sick leave	32,187	51,993	52,907	31,273		31,273
Loan payable	814,090		200,596	613,494	200,596	412,898
Other post-employment benefits	9,258	15,967	6,200	19,025		19,025
Net pension liability	425,837	74,987	85,938	414,886		414,886
Total	\$ 1,404,103	\$ 353,342	\$ 547,151	\$ 1,210,294	\$ 200,596	\$ 1,009,698

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, 2016, was \$613,494.

NOTE 10 – PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2016, 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	8.512%	6.237%

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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 \$126,258 for the fiscal year ended June 30, 2016.

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

At June 30, 2016, the Agency reported a liability of \$414,886 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 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, 2014, and 2015 was as follows:

	Miscellaneous
Proportion - June 30, 2014	0.00684%
Proportion - June 30, 2015	0.00604%
Change - Increase (Decrease)	-0.00080%

For the year ended June 30, 2016, the Agency recognized pension expense of \$45,472. 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, 2016, 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	\$ 126,258	\$ -
Differences between expected and actual experience	6,031	-
Changes in assumptions	-	57,060
Net difference between projected and actual earnings on retirement plan investments	-	28,605
Adjustment due to differences in proportions	21,268	1,583
Difference in actual contributions and proportionate share of contributions	-	27,704
	<u>\$ 153,557</u>	<u>\$ 114,952</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.

\$126,258 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, 2017.

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, 2016

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
2017	\$ (43,264)
2018	(43,011)
2019	(37,943)
2020	36,565
	<u>\$ (87,653)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	Miscellaneous June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, one of the rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – PENSION PLAN (Continued)

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

Discount Rate (Continued)

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.

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

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

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

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

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

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

The following represents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.65 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 (6.65 percent) or 1- percentage point higher (8.65 percent) than the current rate:

	1% Decrease 6.65%	Discount Rate 7.65%	1% Increase 8.65%
Agency's proportionate share of the net pension plan liability	\$ 695,792	\$ 414,886	\$ 182,965

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, 2016, the Agency had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2016.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11– POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

Funding Policy

The Agency accounts for this benefit on a pay-as-you-go basis. No funds are set aside to pay for benefits and administrative costs. These expenditures are paid as they come due. In the fiscal year, June 30, 2016, the Agency's total contributions were \$6,200.

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	\$	15,458
Interest of net OPEB obligation		509
Annual OPEB cost (expense)		<u>15,967</u>
Contributions made		<u>(6,200)</u>
Increase/(decrease) in net OPEB obligation		9,767
Net OPEB obligation, beginning of fiscal year		9,258
Net OPEB obligation, end of fiscal year	\$	<u><u>19,025</u></u>

The Agency's annual OPEB cost (expense), the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation, was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 15,458	40.1%	\$ (9,258)
June 30, 2016	\$ 15,967	38.8%	\$ (19,025)

Funded Status and Funding Progress

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

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

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

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

Turnover – Non-group-specific age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

NOTE 12 – INSURANCE

The Agency is exposed to various risks of loss related to torts, theft, damage to, or destruction of an asset and errors or omissions. The Agency maintains comprehensive general liability including automobile insurance of \$20 million for buses, vans, equipment, and facilities. The Agency also purchases commercial Special Liability Insurance and Special Agency Property Insurance with limits of \$25 million per occurrence and \$100 million annual aggregate.

NOTE 13 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

At June 30, 2016, deferred inflows and outflows of resources, reported on the Statement of Net Position, consisted of the following:

Deferred Inflows of Resources	
Pensions	\$ 153,557
Total Deferred Inflows	<u>\$ 153,557</u>
Deferred Outflows of Resources	
Pensions	\$ 114,952
Total Deferred Outflows	<u>\$ 114,952</u>

NOTE 14 – OPERATING LEASE

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

<u>Year Ended June 30</u>	
2017	<u>192,282</u>
	<u>\$ 192,282</u>

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT

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

Interest earned on funds to date is \$9,622. The Agency had qualifying expenditures incurred under this program from previous allocation totaling \$271,262 which was used as local match for the purchase and install of the ITS system and is included in State capital grants in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS
OTHER THAN PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

SCHEDULE OF FUNDING PROGRESS

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2016

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

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.00604%	0.00684%
Proportionate share of the net pension liability	\$ 414,886	\$ 425,837
Covered-employee payroll	\$ 473,673	\$ 345,255
Proportionate share of the net pension liability as percentage of covered-employee payroll	87.59%	123.34%
Plan's total pension liability	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	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.

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*
As of June 30, 2016

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

	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 63,759	\$ 59,991
Contribution in relation to the actuarially determined contributions	(126,258)	(74,414)
Contribution deficiency (excess)	<u>\$ (62,499)</u>	<u>\$ (14,423)</u>
Covered- employee payroll	\$ 822,150	\$ 473,673
Contributions as a percentage of covered-employee payroll	7.76%	12.67%

Notes to Schedule

Valuation Date: 6/30/2014

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, 2012 funding valuation report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.5% net of pension plan investment and administrative expenses; includes inflation.
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.

There were no changes in methods or assumptions used to determine the legally required contributions, which actuarially determined, from the June 30, 2011 to the June 30, 2012 funding valuation report.

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

SUPPLEMENTARY INFORMATION SECTION

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Adopted Budget	Actual	County Services Actual	Variance with Budget
Administration:				
Labor	\$ 789,900	\$ 660,486	\$ -	\$ 129,414
Labor - Administration Workers Comp	55,880	55,720		160
Office Space Rental	489,360	437,933		51,427
Property Insurance	18,500	16,127		2,373
Professional Technical Services	92,970	50,925		42,045
Professional Development	26,940	19,076		7,864
Operating Expense	255,450	239,157		16,293
Marketing and Reproduction	138,400	71,340		67,060
Contingency	(110,000)	364		(110,364)
North County Management Contract	(39,720)	(39,720)		
County Management Contract	(80,500)	(80,500)	90,500	(90,500)
SCT Management Contract	(79,830)	(79,830)		
Total Administration	1,557,350	1,351,078	90,500	115,772
Service Delivery:				
Labor - Operations	3,865,100	3,569,509	169,134	126,457
Labor - Operations Worker Comp	378,050	376,970	18,198	(17,118)
Labor - Maintenance	904,210	863,556	40,771	(117)
Labor - Maintenance Workers Comp	110,640	110,324	5,326	(5,010)
Fuel	1,502,000	786,228	23,586	692,186
Insurance	483,930	475,680	9,477	(1,227)
Special Transportation (includes Senior Vans, Lucky Bucks, etc.)	118,330	53,781	47,431	17,118
Avila Trolley	57,750	46,885	55,484	(44,619)
Maintenance (parts, supplies, materials)	436,560	550,712	10,767	(124,919)
Maintenance Contract Costs	111,150	125,218	2,508	(16,576)
Total Operations	7,967,720	6,958,863	382,682	626,175
Capital/Studies:				
Computer System Maintenance/Upgrades	37,540	31,964		5,576
Miscellaneous Capital				
Facility Improvements	39,960	17,678		22,282
Maintenance Software and Equipment	58,990			58,990
Radios	6,000	4,653		1,347
Vehicle ITS/Camera System	725,900	383,370		342,530
Bus Stop Improvements	294,890	111,067		183,823
RouteMatch Dispatching Software	37,500			37,500
Support Vehicles	60,000			60,000
Over the Road Chaos	1,300,000			1,300,000
Cutaway Vehicles	259,300	244,352	65,797	(50,849)
Runabout Vehicles	521,280	406,314		114,966
Total Capital Outlay	3,341,360	1,199,398	65,797	2,076,165
Interest Expense	64,500	42,592		21,908
Loan Paydown	200,600	200,596		4
Facility Environmental Planning	219,430	37,629		181,801
Management Contracts	200,050	200,050		
TOTAL FUNDING USES	\$ 13,551,010	\$ 9,990,206	\$ 538,979	\$ 3,021,825
TOTAL EXPENSES, BUDGETARY BASIS		\$ 9,990,206		
ADD:				
DEPRECIATION		1,874,939		
LESS:				
CAPITALIZED EXPENSES		(1,219,491)		
LOAN PRINCIPAL PAYMENTS		(200,596)		
NON-OPERATING EXPENSES		(60,912)		
TOTAL OPERATING EXPENSES PER FINANCIAL STATEMENTS		\$ 10,384,146		



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, 2016. 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 April 21, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by San Luis Obispo Regional Transit Authority are described in Note 2 to the financial statements. 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.

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 October 26, 2016.

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, Remy & Hartgrain LLP

October 26, 2016

Santa Maria, California

**SAN LUIS OBISPO REGIONAL
TRANSIT AUTHORITY**

SINGLE AUDIT REPORT
For the Fiscal Year Ended
June 30, 2016

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
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For the Fiscal Year Ended June 30, 2016

SINGLE AUDIT REPORT

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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, 2016, and the related notes to the basic financial statements, and have issued our report thereon dated October 26, 2016.

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 Agency'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 & Hartgreim LLP

Santa Maria, California
October 26, 2016

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Fiscal Year Ending June 30, 2016

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-2016-65-00	765,600
FTA Section 5307 - Operating Assistance	20.507	CA-2016-65-00	496,130
FTA Section 5307 - Operating Assistance	20.507	CA-2016-65-00	787,000
FTA Section 5307 - Operating Assistance	20.507	CA-2016-65-00	215,565
FTA Section 5307 - Capital Assistance ADA Vehicles	20.507	CA-90-Z075-00	168,076
FTA Section 5307 - Capital Assistance Support Vehicles	20.507	CA-90-Z272-00	177,066
Total cluster FTA Section 5307			<u>2,609,437</u>
FTA Section 5309 - Capital Assistance	20.500	CA-04-0223-01	<u>52,457</u>
FTA Section 5339 - Capital Assistance Bus Stop Signs	20.509	CA-2016-64-00	<u>16,626</u>
Passed-Through State of California Department of Transportation:			
FTA Section 5311 - Operating Assistance	20.509	CSA - 6414166	<u>626,735</u>
FTA Section 5339 - Capital Assistance Bus Stop Signs	20.509	CSA - 644913	<u>27,554</u>
Total expenditures of federal awards			<u>\$ 3,332,809</u>

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

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2016

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.

**INDEPENDENT AUDITOR'S 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, 2015. The Authority's major federal programs are identified in the summary of auditor's 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.

Auditor's 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, 2016.

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, 2016, and the related notes to the basic financial statements. We issued our report thereon October 26, 2016, 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 & Haugheim LLP

Santa Maria, California
October 26, 2016

FINDINGS AND RECOMMENDATIONS

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016

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)

20.500, 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, 2016

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, 2016

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, 2016

Financial Statement Findings:

FINDING 2015-1

Payroll

Criteria:

All employee salaries and wages must agree to the Board approved salary schedules, union Memorandums of Understanding or employment contracts as applicable.

Condition:

During our examination of the payroll system and employee pay, we discovered that one employee was being paid at an incorrect hourly rate of \$16.51/hour instead of \$16.15/hour.

Cause:

Input typo and lack of appropriate review.

Effect:

A lack of proper control procedures could result in a misappropriation of assets. Payroll expense was overstated.

Recommendation:

The Agency should ensure that all inputs into the payroll system are correct by making sure that the payroll review process used prior to payroll checks being issued involves a review of system data such as pay rates rather than focusing only on periodic data such as hours worked.

Current Status:

Implemented.

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
SUMMARY OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016

Federal Award Findings:

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