



REGIONAL TRANSIT AUTHORITY EXECUTIVE COMMITTEE AGENDA

Wednesday, February 14, 2024

10:00 a.m.

SLOCOG Conference Room
1114 Marsh Street
San Luis Obispo, California

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

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RTA, de acuerdo con la Ley de Estadounidenses con Discapacidades (ADA), acomodará a las personas que requieran una modificación de la adaptación para participar en esta reunión. RTA también se compromete a ayudar a las personas con dominio limitado del inglés a acceder a los servicios públicos esenciales de la agencia y a la información pública en español. Para solicitar una adaptación, por favor llame al (805)541-2228 x4833. Requerimos al menos 48 horas de anticipación para proporcionar adaptaciones razonables.

1. **Call Meeting to Order, Roll Call**
2. **Public Comment:** The San Luis Obispo Regional Transit Authority Executive Committee reserves this portion of the agenda for members of the public to address any items not on the agenda and within the jurisdiction of the Committee. Comments are limited to three minutes per speaker. The Committee will listen to all communication, but in compliance with the Brown Act, will not take any action on items that are not on the agenda.
3. **Closed Session** None
4. **Consent Items**
 - A-1 Executive Committee Meeting Minutes of October 11, 2023 (Approve)
5. **Information Items**
 - B-1 Executive Director’s Report (Verbal, Receive)
 - B-2 Summary of SRTP Working Papers #1 and #2 (Verbal, Receive)
6. **Action Items**
 - C-1 Fiscal Year 2024-25 Budget Assumptions (Approve)

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

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

7. **March 6, 2024 Draft RTA Board Agenda:** The Executive Committee is asked to review and comment on the proposed agenda items for the January 2024 Board meeting.

Consent Items

- A-1 Joint SLOCOG and RTA Board Meeting Minutes of January 10, 2024 (Approve)
- A-2 RTA Board Meeting Minutes of January 10, 2024 (Approve)
- A-3 2024 Summer Youth Ride Free Program (Approve)
- A-4 Employment Agreement with Executive Director (Approve)
- A-5 Authority to Submit VW Mitigation Grant Trust Fund Application (Approve)
- A-6 Summary of SRTP Working Papers #1 & #2 (Receive)

Information Items

- B-1 Executive Director's Report (Receive)

Action Items

- C-1 Fiscal Year 2024-25 Budget Assumptions (Approve)

Closed Session Item:

None

8. **Adjournment**

Next RTA Executive Committee Meeting: **April 10, 2024**



San Luis Obispo Regional Transit Authority

Executive Committee Meeting

Minutes 10/11/2023

A-1

Members Present: Debbie Arnold, District 5 Supervisor, President
Andy Pease, City of San Luis Obispo, Vice President

Members Absent: Ed Waage, City of Pismo Beach, Past President

Staff Present: Geoff Straw, Executive Director
Tania Arnold, Deputy Director/CFO
Jon Ansolabehere, RTA Counsel
Pete Rodgers, SLOCOG Executive Director
Daniel Audelo, SLOCOG Transportation Planner

- 1. Call to Order and Roll Call: President Debbie Arnold called the meeting to order at 10:00 a.m. and roll call was taken. A quorum was present.
2. Public Comment: Eric Greening noted concern with the pending rainy season and when the first rain occurs and the impact of that rain making the road very slick and additional information should be provided to drivers to ensure they take additional precautions when that occurs. Additionally, there should be a lessons learned process from the storms last year and how information about trips should be shared with riders. Looking forward to a discussion at the RTAC meeting next week.
3. Consent Items
A-1 Executive Committee Meeting Minutes of August 9, 2023 (Approve)
Vice President Andy Pease made a motion to approve consent agenda item A-1 and President Arnold seconded the motion. The motion passed unanimously via voice vote.

Table with 4 columns: BOARD MEMBER, YES, NO, ABSENT. Rows include DEBBIE ARNOLD, ANDY PEASE, and ED WAAGE.

- 4. Information Items:
B-1 Executive Director's Report (Verbal, Receive)
Mr. Straw noted the California Air Resources Board has authorized an exemption for the replacement diesel bus that will be delivered in the first quarter of 2024. Regarding the public comments made during item F-5 at the SLOCOG Board meeting on October 4, 2023, information has been shared with Pete Rodgers that show the immediate need for the new TIRCP and ZETCP funds.

There is an issue with coordinating the timing of the funds but staff will continue to work with SLOCOG on addressing those issues.

Ms. Pease asked why there are timing issues. **Ms. Debbie Arnold** asked if it was hurting the RTA at this point in time. **Mr. Straw** noted it is a new process and we are attempting to leave all options open as the capital procurement process moves forward.

Mr. Straw continued discussing capital projects including the five battery electric buses the RTA Board authorized the purchase of in November 2022 with funds from the FTA 5339 grant the RTA obtained in FY21-22. Staff has requested updated pricing and will be ready to issue a purchase order that includes an additional direct-current charger along with each bus, although the timing doesn't line up with the initial plan of waiting until the first two battery electric buses are delivered because that is now pushed to early spring of 2024 due to supply chain issues.

Mr. Straw discussed the status of current recruitments and although not as much progress has been made as staff would like, there is still some significant progress in filling vacancies. The RTA and SLO Transit have kicked off the SRTP process as of October 3, 2023. Passenger surveys will be conducted the week of October 23rd. The first public meeting will be a joint MTC and RTAC meeting in January 2024. Full payment has been received from FEMA and CalOES for the costs associated with the flood damage and repair. We are in discussions with the APCD regarding funding reimbursement for the facility and the overhead costs allocated to the project. As a reminder, the RTA Bus Roadeo is scheduled on October 15th from 10 a.m. – 1 p.m.

Ms. Pease discussed the storms this past winter. Additional discussion regarding the flashing light crosswalks that the City has installed and ensuring RTA Operators are violating laws regarding pedestrian crossings. **Mr. Straw** thanked Ms. Pease for the information and will follow up with the Operations and Training staff.

Public Comment:

Mr. Greening also discussed the flashing light crosswalks. At the joint MTC and RTAC meeting in January 2024, should that be coordinated with the City of Santa Maria and any transit advisory groups they have? The timing of when the surveys could be turned-in if not completed was also noted. **Mr. Straw** will follow up with the consultants who will be coordinating the survey effort.

Item was received and filed by the Committee.

B-2 Discussion on Fare-Free on Election Days (Verbal)

Mr. Straw reviewed how other transit agencies have authorized or are considering fare free service during statewide and national elections as a marketing tool and to support elections. The estimated cost for the fixed route service is about \$3,500 on even years where two elections are held. In the past when individual fare free days were offered there were complaints from riders who purchased 31-Day Passes who don't get an additional free day. Staff has not analyzed the cost data for the paratransit service, which would also need to be fare-free.

Ms. Pease noted this would likely have limited impact with the ability of vote by mail for all registered voters now and it should be occurring close to their homes.

Ms. Debbie Arnold noted there are other ways to partner with community groups and this might not be the best return for the effort.

Public Comment:

Mr. Greening noted it is good in concept and helps build trust and discussed prior fare-free days the RTA has operated previously and feedback that had been noted.

Item was received and filed by the Committee.

5. **Action Items:**

C-1 Fiscal Year 2023-24 Operating and Capital Budget Amendment #1 (Recommend)

Ms. Tania Arnold discussed the operating and capital budget amendment process and noted the adjustments being presented do not require additional/new funds. The additional STA that the SLOCOG Board approved at the October 4, 2023 meeting is not included due to it being so nominal; it should be carried-over to FY24-25. The changes are highlighted in yellow in the budget pages. The amendment also includes a reconciliation adjustment based on the GASB 68 information included in the financial statements, since that adjustment does not impact the cash balance. Changes in operating revenue, capital revenue, operating expenditures and capital expenditures were reviewed.

Mr. Straw noted the engine replacements included as part of this amendment do not require an exemption from CARB. This process is critical to the RTA and done at the mid-life of the vehicles because they have already accumulated a lot of miles.

Ms. Tania Arnold discussed the farebox calculation adjustment that is now being done to pull out the GASB 68 adjustment.

Ms. Tania Arnold concluded the report.

Public Comment:

Mr. Greening noted support for the proposed budget amendment.

Vice President Andy Pease made a motion to approve action agenda item C-1 and **President Arnold** seconded the motion. The motion passed unanimously via voice vote.

<u>BOARD MEMBER</u>	<u>YES</u>	<u>NO</u>	<u>ABSENT</u>
DEBBIE ARNOLD	X		
ANDY PEASE	X		
ED WAAGE			X

6. **Mr. Straw** went over the agenda for the November 1, 2023 Board meeting agenda.

Public Comment: None

7. **Closed session:** None

8. **Adjournment**

The meeting was adjourned at 10:46 a.m.

Next RTA Executive Committee Meeting: **December 13, 2023**

Respectfully Submitted,

Acknowledged by,

Tania Arnold
Deputy Director/CFO

Debbie Arnold
RTA Board President 2023

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
EXECUTIVE COMMITTEE
FEBRUARY 14, 2024
STAFF REPORT**

AGENDA ITEM: C-1

TOPIC: Fiscal Year 2024-25 Budget Assumptions

ACTION: Approve FY24-25 Budget Assumptions

PRESENTED BY: Tania Arnold, Deputy Director/CFO

**STAFF RECOMMENDATION
FOR EXECUTIVE COMMITTEE:** Bring the budget assumptions and budget calendar to the Board so that a detailed work plan and budget may be developed.

BACKGROUND/DISCUSSION:

The following report outlines staff's recommended budget assumptions for the RTA's Fiscal Year 2024-25 Operating and Capital Budget, and it is the first step in the development of our operating budget and capital program. It should be noted that the RTA is again developing a two-year operating budget and five-year capital budget. As in past years, only the first year would be financially-constrained, while the out-years should be considered advisory. These budget assumptions are being presented to the RTA Executive Committee for review with a staff recommendation that they recommend staff bring the assumptions to the RTA Board at its March 6th meeting. Upon the Board's guidance and approval, staff will prepare a detailed report along with preliminary budget numbers for presentation to the Executive Committee at their April 10th meeting and the Regional Transit Advisory Committee (RTAC) at their April 18th meeting prior to the final draft budget presentation to the full Board on May 1st.

KEY ISSUES

1. Address the uncertainties the agency currently faces, including state funding uncertainty. Impacts of these uncertainties include:
 - a. Liability costs, which stabilized due to the RTA's good safety record, but the market continues to be extremely volatile.
 - b. Continuing to focus on containment of Runabout subsidies, especially as ridership continues to increase as we emerge from the pandemic.
 - c. Address staffing and retention, particularly in the Bus Operator classification.

2. Continue efforts to implement Zero-Emission Bus technologies, including implementing our first two battery-electric buses and expansion of recharging infrastructure.
 3. State Transit Assistance (STA) funds are projected to be down slightly in the region compared to the original current fiscal year allocation.
 4. Local Transportation Funds (LTF) used primarily for operating purposes are also projected to be down in the region. The RTA will continue to maximize all other funding sources first before determining the need for LTF.
 5. Federal Transit Administration (FTA) formula funds (Sections 5307, 5339 and 5311) for Federal Fiscal Year 2024 are projected to be higher than in recent years, which may help reduce the need for LTF by all transit operators in the county.
 6. Fuel costs continue to be volatile and significantly higher than prior years; this also impacts ridership and fare revenues.
 7. Completion of the RTA's Joint Short Range Transit Plan (SRTP) in late calendar year 2024 will help guide future RTA services. Interim working papers will also inform FT24-25 budgetary priorities.
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Mission Statement

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

Objectives and Revenue Impacts

- 1) Maintain existing service levels and hours of service, and possibly increase services incrementally back to pre-pandemic levels, that meet the standards of productivity and demand of our customers and communities through the effective and efficient delivery of RTA Fixed-Route and Runabout coreⁱ services:
 - a) The RTA originally received \$836,270 in STA funding in FY23-24 for RTA core services. Staff will work with SLOCOG staff to determine a realistic estimate for FY24-25.
 - b) Continue to monitor the results and impacts on ridership and fares based on the existing fare structure, including information received as part of the SRTP regarding potential changes to the fare structure. Staff is also eager to participate in moving to fare platforms such as the Cal-ITP system. The last system-wide fare change was implemented in December 31, 2017, both on RTA Fixed-Route

and on the Runabout service, which included the establishment of a Runabout premium service fare.

- c) The FY23-24 budget adopted in May 2023 included \$6,614,830 in LTF operating revenues. Also at the May 2023 Board meeting, the advisory FY24-25 LTF projection was \$7,365,570. Staff is still developing an estimated annual FY23-24 revenue and expense projection, which impacts the carryover amount that could reasonably be identified for the FY24-25 budget. Staff does anticipate an additional budget amendment for the Board to consider at the May Board meeting to record additional FTA Section 5307 funds for FY23-24, which will increase the LTF carryover for FY24-25.
 - d) FTA Sections 5307, 5311 and 5339 operating funding and capital funding for FY24-25 will be based on feedback received as staff works with SLOCOG and the other transit operators through the programming of projects process. Monies for FTA-funded projects are reimbursed either as progress payments or as full payment at the end of the project and/or fiscal year, which requires focused care by staff to ensure adequate cash flow.
 - e) Detailed miles/hours and span of service for each RTA core Fixed-Route and for Runabout will be provided with the draft budget. For context, detailed budgets based on miles/hours and span of service will also be provided separately for SLO County Services, South County Transit, and North County Local Services.
 - f) Productivity of each RTA-operated Fixed-Route service during holiday time periods, specifically associated with the service provided during the weeks of Thanksgiving, Christmas and New Years, will be reviewed to determine appropriate service levels.
 - g) Staff will continue to research and evaluate new revenue sources should any potential shortfall in operating revenues arise. If we are unable to secure funding, staff would recommend that the Board consider adjusting the TDA allocation from the RTA jurisdictions and/or adjust service levels.
 - h) Due to changes in self-insured retention requirements, and now that consolidation has been completed, staff is recommending an actuarial study to specifically determine self-insured retentions and reserves for the general liability, workers compensation, and employment practices insurance programs. The projected cost is under \$15,000.
- 2) Work with SLOCOG and our transit agency partners in the region to evaluate region-wide service efficiencies:
- a) Transit agencies across the country were highly impacted by the COVID-19 pandemic, which continues to impact ridership and farebox revenues. As a result, the State of California has suspended farebox recovery ratio requirements

through the end of FY22-23. Although legislation has not yet been approved to make adjustments to existing TDA law regarding minimum fare recovery ratio requirements, staff is optimistic that revisions to the legislation will be approved ahead of the penalty year (which would be FY26-27ⁱⁱ).

- b) The RTA will work with SLOCOG staff and other transit providers to evaluate efficiencies in the provision of service throughout the county through both the SLOCOG Social Services Transportation Advisory Committee and through the RTAC.
 - c) Staff will use the *2018-20 RTA Strategic Business Plan* as well as the working papers as they are released for the SRTP that is in progress, to evaluate potential efficiencies and, with Board concurrence, implement efficiencies as appropriate. Additionally, the RTA will address the zero-emission bus requirements of the Innovative Clean Transit (ICT) Rollout Plan. The ICT was adopted at the March 2023 Board meeting.
- 3) Evaluate options and provide analysis on the 5-year capital improvement program and methods to fund these needs:
- a) Staff will continue to work with SLOCOG to prioritize capital projects using the State of Good Repair STA (SGR) portion of SB-1 funds. These SB-1 funds are an important source of revenues for the RTA and the other transit operators in our region. It directly impacts the RTA's need for LTF to fund operations and the local match for capital projects by reducing local match needed for federal funds, and interest when financing for capital projects is needed.
 - b) The RTA will work with SLOCOG to develop alternative funding plans to address potential shortfalls or funding delays identified for formula Transit and Intercity Rail Capital Program (TIRCP) and the Zero Emission Transit Capital Program (ZETCP) funding. These new formula TIRCP and ZETCP projects were originally approved at the December 6, 2023 SLOCOG Board meeting. This will include submitting Option A and Option B grant applications for programs such as Low Carbon Transit Operating Program (LCTOP), Rural Transit Fund (RTF), and SGR.
 - c) Other potential capital funds intended to support our transition to zero-emission buses include AB617 Clean Air Program, Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), Volkswagen Mitigation Funds, and LCTOP. Staff will continue to leverage all grant funds to the greatest extent possible in order to conserve local funds.
- 4) Address projected changes in demand for Runabout service:
- a) Runabout service hours and miles are still lower than were originally projected for FY23-24, and staff is closely monitoring service needs to determine when service

will return to pre-pandemic levels. Staff will seek the Board's direction as demand is anticipated to increase over time.

- b) Staff suspended in-person Runabout service eligibility assessments during the pandemic and during the past year so that our training staff could focus on training newly-hired Bus Operator candidates. Staff plans to reinstitute this Runabout eligibility assessments program in FY24-25 to ensure that only those persons truly eligible for Runabout service are initially registered or re-registered as part of the Runabout application process. Staff will also provide mobility training for disabled persons who are able to occasionally use Fixed-Route services for some or all of their travel needs.
- c) Staff does not foresee needing to move forward with using supplemental taxicab services at this time, but should future Runabout service expansions be required or if staffing shortages persist, staff will revisit this option.

Expenses Impacts

- 1) Fuel prices continue to be extremely volatile; fuel will be budgeted at \$5.10 per gallon in FY24-25. Included in the Fuel line-item will be diesel exhaust fluid (DEF), which is used to lower diesel exhaust emissions on model year 2015 and newer Fixed-Route vehicles. Should fuel prices increase or decrease staff will address the change in a budget amendment.
- 2) Related, as we implement battery-electric buses beginning in late FY23-24, we will get a better handle on per-mile electrical recharging costs. However, since only two BEBs will be operated, the overall impact to fueling/energy costs is expected to initially be relatively small in FY24-25.
- 3) Insurance Expenses:
 - a) California Transit Indemnity Pool (CalTIP) liability insurance premiums are projected to increase. The exact amount is not known at this time, as CalTIP actuaries are still working on May 1, 2024 through April 30, 2025 rates. Estimates will be available from CalTIP in time to include in the RTA draft budget presented to the Executive Committee at its April 10, 2024 meeting. Although the experience modification factor of RTA is in line with the statewide pool average, the RTA did experience large claims in February 2019 and January 2021, which continue to impact current and future premiums. The pool had experienced significant negative claims development several years ago but those have stabilized due to efforts of all the member agencies to ensure the stability of the pool and ensure equity in costing among all members. This included a recent actuarial study on the formulas used in applying and calculating each agency's experience modification factor. More importantly, the California liability market continues to contract, which also increases per-mile costs.

- b) CalTIP vehicle physical damage will increase due to the added asset value of newer vehicles in the fleet and the recent property damage seen in the market, namely due to the recent wildfires and flooding in California and other weather-related disasters across the globe.
- c) Our annual Employment Risk Management Authority premium is estimated at \$45,000, with a \$50,000 self-insured retention. This self-insured retention does not currently have a reserve in place to cover it should a loss develop.
- d) Workers compensation premiums charged by our carrier (Public Risk Innovation, Solutions, and Management, or PRISM) are projected to increase slightly, with the realization that workers compensation for transit services is especially challenging statewide as loss development trends in the state are not favorable. Staff will obtain a more refined estimate in early February and again in late March. We continue to work with our employee Safety Committee that evaluates workplace safety and initiates proactive programs to address the number of claims and severity of the claims. Although premiums are expected to rise, a significant portion of that increase is attributable to the increase in wages identified in the collective bargaining agreement.
- e) Property insurance will increase due to now owning the facility at 253 Elks Lane and due to the significant losses in the property insurance market, most recently the wildfires in California and other weather-related disasters globally. Additionally, we are required to maintain flood insurance for our new Bus Maintenance Facility because its construction was federally funded.
- f) For budget-making purposes, staff is assuming an 8% annual increase for healthcare costs for each of the next two fiscal years. Staff believes that this estimate is reasonable based on historical price increases. This will include the paid family leave program that was implemented in July 2022, which brought the leave benefits closer to those offered under the state disability insurance program.

4) Staffing Expenses:

- a) In May 2023 the Board approved a 3-year Collective Bargaining Agreement (CBA) that will expire on December 31, 2025. Staff notes the fiscal uncertainty that the expiration has on the projected FY25-26 information that will be included in the budget presentation.
- b) The number of FY24-25 budgeted full-time equivalent (FTE) positions will remain the same as in FY23-24. Should adjustments to the FTE count need to be revised, staff will bring that proposal to the Board along with any new or revised job descriptions, if applicable.

- c) For FY24-25, the overall number of budgeted positions for the non-core services (North County, SoCo Transit, and SLO County services) will remain the same. It should be noted that the marginal costs and revenues the services will be treated in the budget the same way as prior years: as separate and distinct columns in the budget tables.
- d) An annual inflationary wage adjustment based on the December 2022 to December 2023 Consumer Price Index (CPI) of 3.5% will be implemented in July 2024. Employees within the salary range for their position will be eligible for a step merit increase subject to performance assessments and budgetary authority.
- e) The RTA Board of Directors took action at its September 6, 2023 meeting to implement the increase in contribution percentage of 0.43% for the retirement plan with San Luis Obispo County Pension Trust (SLOCPT) in July 2024 rather than January 2024. Traditionally and in line with how the County treated increases for unrepresented employees in June 2022 for FY22-23 through FY24-25, the RTA will assume the 0.43% pickup. This is related to management, administration and confidential employees, and does not include the employees who are covered by the CBA with Teamsters Local 986.

Proposed Budget Calendar

- February 14 Detailed budget assumptions and revenue forecast to Executive Committee.
- March 6 Obtain Board concurrence on proposed draft budget assumptions.
- March 31 Based on feedback from Executive Committee draft FY24-25 Budget Draft complete.
- April 10 Draft FY24-25 Budget presentation to Executive Committee
- April 18 Formal FY24-25 Budget presentation to RTAC
- May 1 Budget Amendment #2 for FY23-24; Final Board Budget presentation for FY24-25; Board adoption of FY24-25 Budget

Staff Recommendation for Executive Committee:

Recommend staff provide the FY24-25 budget assumptions and budget calendar to the Board for approval at the March 6th Board meeting, so that a detailed work plan and budget may be developed.

Staff Recommendation for the Board:

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

ⁱ Core services are defined as:

1. Hourly weekday services on RTA Routes 9, 10 and 12;
2. Five trips/day on Saturdays for Routes 9, 10, 12, and Monday-Saturday on Route 15;
3. Three trips/day on Sundays for Routes 9, 10, 12 and 15;
4. Peak period weekday service on Route 14 during open session of Cuesta College;
5. Peak period commuter Express services on Routes 9, 10 and 12; and
6. Runabout service that matches the fixed-route service days operated in each community.

ⁱⁱ In the event a transit claimant does not meet its farebox ratio, SLOCOG will comply with provision 6633.9, Non-Compliance with Required Ratio:

1. The first year of non-compliance is the grace year. (FY23-24)
2. The second year of non-compliance is the non-compliance year. (FY24-25)
3. The third year is the determination year. (FY25-26)
4. The fourth year is the penalty year: TDA funds are reduced by the difference between the required revenues (in non-compliance year) and the actual revenues. (FY26-27)