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www.slorta.org

BOARD AGENDA

Wednesday, October 23, 2019

CITY OF ARROYO GRANDE, CITY COUNCIL CHAMBERS
215 E. Branch Street. Arroyo Grande, California
1:00 p.m. to 3:00 p.m.
(Ending time is approximate)

Chairperson: Lynn Compton

Vice Chair: Barbara Nicolls

Board Members:

Lynn Compton (Fourth District – SLO County)
Jimmy Paulding (Arroyo Grande)

Barbara Nicolls (Grover Beach)
Sheila Blake (Pismo Beach)

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

NOTE: Arroyo Grande City Offices are served hourly by SCT Route 24.
Please call 541-2228 for more information.

FLAG SALUTE

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 South County Transit 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 Administrator's Report (Receive)
- A-2 Staff Report on Strategic Business Plan Results (Receive)

B. ACTION AGENDA

- B-1 Review and Accept Annual Fiscal Audit Fiscal Year 2018-19 (Accept)
- B-2 Reschedule January 2020 Board Meeting & Authorize Public Engagement (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 South County Transit Board 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 South County Transit Board members, without the removal of the item from the Consent Agenda. Staff recommendations for each item are noted following the item.

- C-1 SoCo Transit Minutes of April 24, 2019 (Approve)
- C-2 CalTIP JPA and Bylaws Revisions (Approve)
- C-3 Amended Memorandum of Understanding with SDRMA (Approve)
- C-4 Contract for Fiscal and TDA Compliance Audit (Approve)
- C-5 Agreement for Facility Lease at 800 Rodeo Drive in Arroyo Grande (Approve)

D. DIRECTORS' COMMENTS

E. EXECUTIVE COMMITTEE MEMBERS' COMMENTS

ADJOURNMENT

Next South County Transit Board meeting: **January 22, 2020**

SOUTH COUNTY TRANSIT

October 23, 2019

STAFF REPORT

AGENDA ITEM: A-1

TOPIC: Administrator's Report

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Information

BACKGROUND/DISCUSSION:

Operations:

SoCo Transit and the RTA completed its annual Bus Rodeo competition on October 13th. Two Bus Operators from SoCo Transit competed, and the winners will be announced at the Board meeting.

SoCo Transit and the RTA will conduct a joint Employee of the Quarter luncheon on October 31st at the RTA facility in San Luis Obispo. City Managers and Board members are encouraged to attend. It will be an especially fun event, since many employees will be dressed-up in Halloween Costumes.

Staff conducted a Driver/Management Forum on July 16th. Topics covered include a discussion on the 2019 holiday schedule, vagrancy concerns at the Courtland/Grand bus stop, the next driver bid, and use of an RTA van on Route 21.

Due to the narrow remaining roadway caused by reconstruction of Shell Beach Road beginning in mid-May 2019, SoCo Transit was initially forced to cease daytime operation of Route 21 on weekdays. Staff subsequently worked with City of Pismo Beach staff and the contractor to restore service using an alternate method in early July 2019 – RTA provided a 16-passenger wheelchair accessible van that was recently retired from Nipomo Dial-A-Ride program, and trained SoCo Transit bus operators on its use. This solution provided welcome restoration of fixed-route service to persons who were stranded along Shell Beach Road, and will continue until the roadway is fully reopened in October 2019.

Marketing & Service Planning:

LSC Transportation Consultants continues to submit interim documents to staff as part of the Short Range Transit Plans (S RTP) study for SoCo Transit and the various dial-a-ride systems in the county. The first five Working Papers (*Existing Conditions, Goals and Objectives, Service and System Evaluation, Service Alternative, and Capital Alternatives*) are posted on our website. An interesting finding is that, based on the

maximum number of riders typically on each route, smaller vehicles could be used. We have been using an RTA-owned 16-passenger van on Route 21 since August to accommodate the roadway construction along Shell Beach Road, so we are compiling operating data and plan to survey riders/operators in October to get a better understanding of support for these types of vehicles. The SRTP study is fully funded using FTA Section 5307 funds and California STA funds. As presented in Agenda Item B-2, staff is seeking authorization to present the findings of the first six Working Papers and a draft plan to the public at a series of public meetings on either January 15th or 22nd.

The annual Youth Ride Free program ran from June 8 through August 14, 2019. This year's number of youth boarding by route were as following:

1. Route 21 – 1,035
2. Route 24 – 1,102
3. Route 27 – 1,395
4. Route 28 – 1,839

The total Youth Ride Free boardings on SoCo Transit routes equaled 5,371. As shown in the table below, SoCo Transit provided a far greater number of boardings in previous summers.

YOUTH RIDE FREE RIDERSHIP								
	2011	2012	2013	2014	2015	2016	2017	2018
Morro Bay Transit	-	819	1,147	842	916	996	673	518
Paso Express	346	-	10,517	6,725	4,983	Included w/ RTA	Included w/ RTA	Included w/ RTA
RTA	6,974	30,820	39,058	25,835	27,467	24,374	20,779	20,017
SLO Transit	4,704	14,021	14,898	13,668	14,991	10,448	11,260	11,192
South County Transit	6,127	19,657	20,051	10,285	10,814	8,726	9,427	6,791
Total Ridership	18,151	64,498	87,684	59,369	60,267	43,548	42,139	38,518

Finance and Administration:

Staff submitted a FTA Section 5339(c) Low- and No-Emission grant proposal to purchase battery electric buses and related recharging infrastructure to replace two 2010 El Dorado EZ Rider buses in July 2019. Unfortunately, we were not awarded the

bus replacement grant (only one transit agency was selected in California). Staff will continue to seek funding opportunities to replace these two buses.

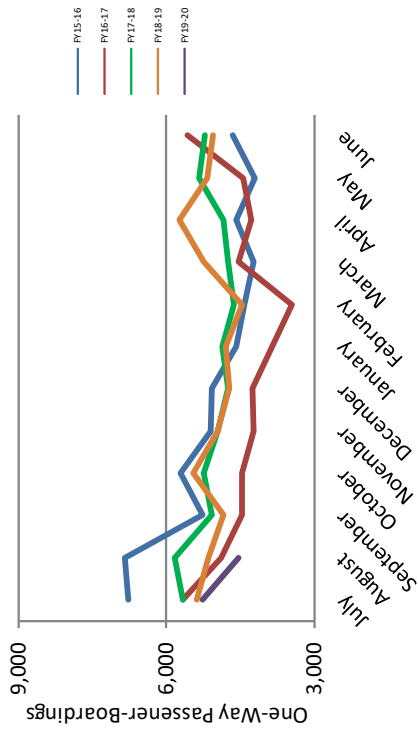
Attached are preliminary operating and financial data for the FY18-19, as well as for the first two months of FY19-20. Graphs showing historical ridership and productivity by route are provided in the ensuing pages, followed by tables providing detailed data for both reporting periods. In summary, annual ridership through June 30, 2019 was essentially the same as the previous year (220,530 in FY18-19 vs. 22,498 in FY17-18). The first two months of FY19-20 experienced a significant decline in passenger boardings in comparison to the previous year (36,358 vs. 40,063, or a 9.25% decrease). The drop on Route 21 (14.6% fewer riders) was not unexpected, since we had to temporarily abandon weekday service along Shell Beach Road due to construction. However, the 19.3% decline on Route 28 is more puzzling. Ridership on Routes 24 and 27 were slightly higher than the same period last year. Staff will continue to monitor these data.

The financial results are provided in tables at the end of this report. As shown, we expended 93.5%% of our annual operating budget in FY18-19. The only FY18-19 non-operating budget funds expended to date have been for the SRTP, which kicked off in December 2018 and was roughly half completed at the end of the fiscal year. For the first two months of FY19-20 (16.7% of the year), we expended 14.4% of the operating budget. Recent fuel cost increases have resulted in slightly above budget expenditures in that line-item.

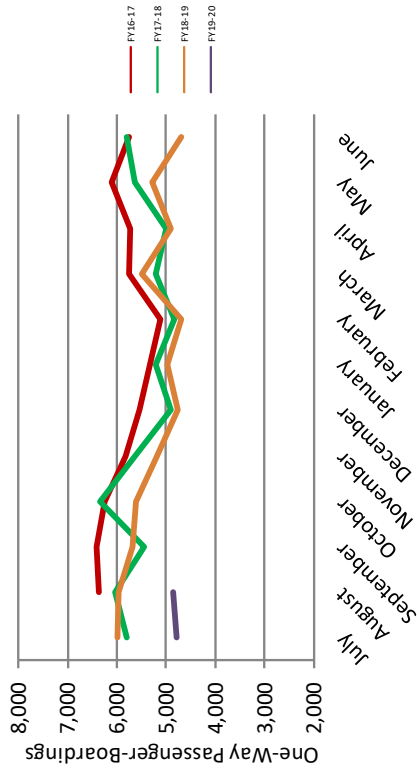
STAFF RECOMMENDATION:

Accept this as an information item.

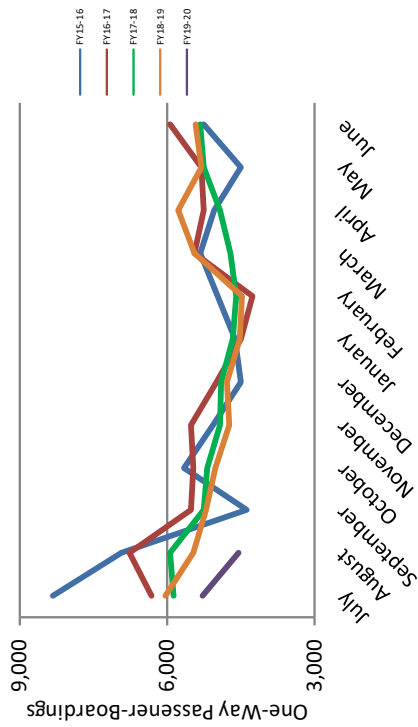
Route 24 Ridership By Month



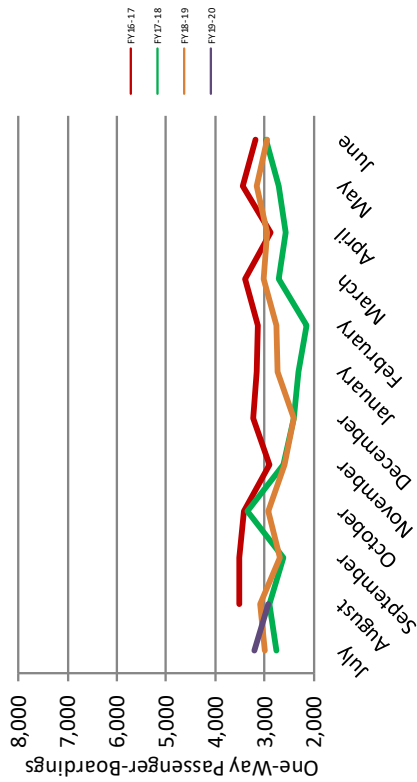
Route 28 Ridership By Month

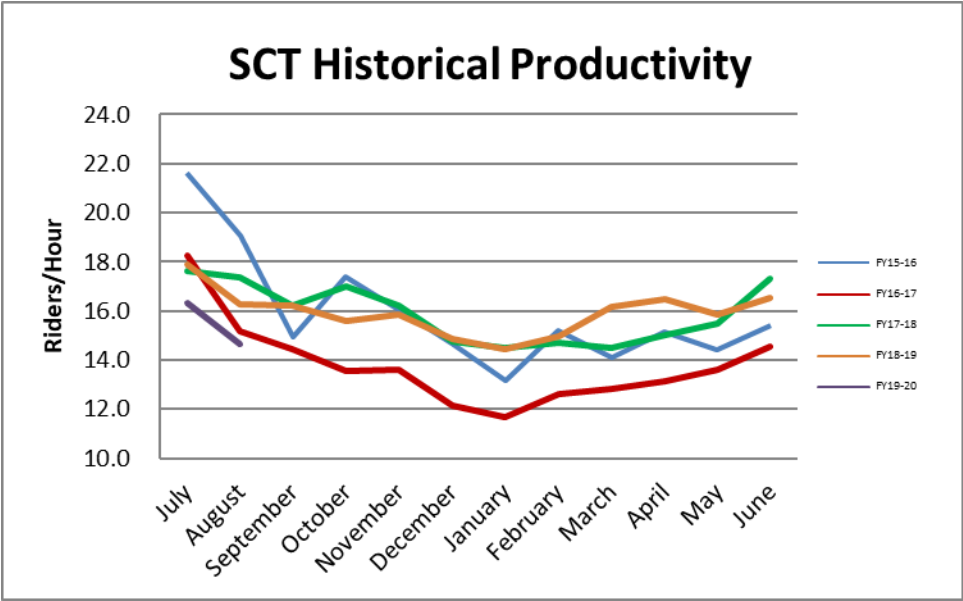


Route 21 Ridership By Month



Route 27 Ridership By Month





**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKDAY AND TROLLEY
YEAR TO DATE THRU JUNE 2019**

	RT 21 PISMO & SHELL BEACH	RT 24 GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 27 GROVER B, AG, OCEANO CLOCKWISE	RT 28 GROVER B, AG, OCEANO COUNTER CW	TOTAL WEEKDAY SERVICE	AVILA BEACH TROLLEY
REVENUES:						
FARES	\$ 32,228	\$ 27,648	\$ 28,896	\$ 34,040	\$ 122,812	\$ 8,785
TOTAL ROUTE REVENUES	\$ 32,228	\$ 27,648	\$ 28,896	\$ 34,040	\$ 122,812	\$ 8,785
EXPENDITURES:						
ADMINISTRATION	\$ 19,766	\$ 19,332	\$ 20,995	\$ 22,634	\$ 82,727	\$ 5,362
MARKETING	4,490	4,371	4,823	5,240	18,925	-
OPERATIONS/CONTINGENCY	161,142	158,171	170,604	183,402	673,319	36,716
FUEL	41,743	31,684	33,927	35,082	142,436	10,958
INSURANCE	36,127	27,560	29,547	30,689	123,923	10,643
TOTAL EXPENDITURES	\$ 263,268	\$ 241,117	\$ 259,897	\$ 277,048	\$ 1,041,330	\$ 63,680
FAREBOX RATIO	12.24%	11.47%	11.12%	12.29%	11.79%	13.80%
SERVICE MILES	50,449.1	38,493.3	41,276.8	42,878.2	173,097.4	15,811.7
SERVICE HOURS	2,628.7	2,569.1	2,788.4	3,013.2	10,999.3	738.1
RIDERSHIP (Automatic Counters)	48,277	47,242	34,218	47,947	177,684	9,184
RIDERS PER MILE	1.0	1.2	0.8	1.1	1.0	0.6
RIDERS PER HOUR	18.4	18.4	12.3	15.9	16.2	12.4
COST PER PASSENGER	\$ 5.45	\$ 5.10	\$ 7.60	\$ 5.78	\$ 5.86	\$ 6.93
SUBSIDY PER PASSENGER	\$ 4.79	\$ 4.52	\$ 6.75	\$ 5.07	\$ 5.17	\$ 5.98
RIDERSHIP (GFI Fareboxes)	37,372	34,954	27,510	35,342	135,178	9,184
RIDERS PER MILE	0.74	0.91	0.67	0.82	0.78	0.58
RIDERS PER HOUR	14.22	13.61	9.87	11.73	12.29	12.44
COST PER PASSENGER	\$ 7.04	\$ 6.90	\$ 9.45	\$ 7.84	\$ 7.70	\$ 6.93
SUBSIDY PER PASSENGER	\$ 6.18	\$ 6.11	\$ 8.40	\$ 6.88	\$ 6.79	\$ 5.98

**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKEND, AND TOTALS
YEAR TO DATE THRU JUNE 2019**

	RT 21 - SAT PISMO & SHELL BEACH	RT 21 - SUN PISMO & SHELL BEACH	RT 24 - SAT GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 24 - SUN GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 28 - SAT GROVER B, AG, OCEANO COUNTER CW	RT 28 - SUN GROVER B, AG, OCEANO COUNTER CW	TOTAL WEEKEND SERVICE	TOTAL SCT ONLY SERVICE	TOTAL SCT AND AVILA SERVICE
REVENUES:									
FARES	\$ 5,558	\$ 3,762	\$ 5,345	\$ 3,886	\$ 5,758	\$ 5,634	\$ 29,943	\$ 152,755	\$ 161,540
TOTAL ROUTE REVENUES	\$ 5,558	\$ 3,762	\$ 5,345	\$ 3,886	\$ 5,758	\$ 5,634	\$ 29,943	\$ 152,755	\$ 161,540
EXPENDITURES:									
ADMINISTRATION	\$ 3,678	\$ 3,445	\$ 3,719	\$ 3,420	\$ 3,801	\$ 3,457	\$ 21,520	\$ 104,248	\$ 109,610
MARKETING	792	733	805	731	820	736	4,616	23,541	23,541
OPERATIONS/CONTINGENCY	30,516	28,680	30,768	28,350	31,554	28,704	178,571	851,890	888,606
FUEL	7,683	7,224	6,005	5,566	6,021	5,649	38,146	180,582	191,541
INSURANCE	6,678	6,264	5,214	4,830	5,216	4,888	33,090	157,013	167,656
TOTAL EXPENDITURES	\$ 49,347	\$ 46,345	\$ 46,510	\$ 42,896	\$ 47,412	\$ 43,433	\$ 275,943	\$ 1,317,274	\$ 1,380,953
FAREBOX RATIO	11.26%	8.12%	11.49%	9.06%	12.14%	12.97%	10.85%	11.60%	11.70%
SERVICE MILES	9,280.9	8,716.8	7,242.5	6,718.4	7,251.4	6,805.6	46,015.5	219,112.9	234,924.6
SERVICE HOURS	487.3	455.9	491.7	453.1	501.8	458.0	2,847.9	13,847.2	14,585.3
RIDERSHIP (Automatic Counters)	8,114	5,750	7,833	5,852	7,539	7,756	42,844	220,528	229,712
RIDERS PER MILE	0.9	0.7	1.1	0.9	1.0	1.1	0.9	1.0	1.0
RIDERS PER HOUR	16.6	12.6	15.9	12.9	15.0	16.9	15.0	15.9	15.7
COST PER PASSENGER	\$ 6.08	\$ 8.06	\$ 5.94	\$ 7.33	\$ 6.29	\$ 5.60	\$ 6.44	\$ 5.97	\$ 6.01
SUBSIDY PER PASSENGER	\$ 5.40	\$ 7.41	\$ 5.26	\$ 6.67	\$ 5.53	\$ 4.87	\$ 5.74	\$ 5.28	\$ 5.31
RIDERSHIP (GFI Fareboxes)	5,483	3,969	5,645	4,181	5,699	5,728	30,705	165,883	175,067
RIDERS PER MILE	0.59	0.46	0.78	0.62	0.79	0.84	0.67	0.76	0.75
RIDERS PER HOUR	11.25	8.71	11.48	9.23	11.36	12.51	10.78	11.98	12.00
COST PER PASSENGER	\$ 9.00	\$ 11.68	\$ 8.24	\$ 10.26	\$ 8.32	\$ 7.58	\$ 8.99	\$ 7.94	\$ 7.89
SUBSIDY PER PASSENGER	\$ 7.99	\$ 10.73	\$ 7.29	\$ 9.33	\$ 7.31	\$ 6.60	\$ 8.01	\$ 7.02	\$ 6.97

**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKDAY AND TROLLEY
YEAR TO DATE THRU AUGUST 31, 2019**

	RT 21 PISMO & SHELL BEACH	RT 24 GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 27 GROVER B, AG, OCEANO CLOCKWISE	RT 28 GROVER B, AG, OCEANO COUNTER CW	TOTAL WEEKDAY SERVICE	AVILA BEACH TROLLEY
REVENUES:						
FARES	\$ 6,862	\$ 5,736	\$ 4,468	\$ 4,965	\$ 22,031	\$ 1,233
TOTAL ROUTE REVENUES	\$ 6,862	\$ 5,736	\$ 4,468	\$ 4,965	\$ 22,031	\$ 1,233
EXPENDITURES:						
ADMINISTRATION	\$ 3,132	\$ 3,090	\$ 3,207	\$ 3,328	\$ 12,758	\$ 1,715
MARKETING	243	240	253	264	1,000	-
OPERATIONS/CONTINGENCY	25,701	25,410	26,519	27,601	105,232	5,278
FUEL	7,293	5,312	5,664	5,694	23,964	3,804
INSURANCE	6,094	4,437	4,728	4,753	20,012	3,670
TOTAL EXPENDITURES	\$ 42,463	\$ 38,490	\$ 40,372	\$ 41,639	\$ 162,965	\$ 14,467
FAREBOX RATIO	16.16%	14.90%	11.07%	11.92%	13.52%	8.52%
SERVICE MILES	9,101.1	6,633.1	7,077.3	7,117.3	29,928.8	5,493.8
SERVICE HOURS	463.0	457.4	476.4	495.2	1,892.0	254.7
RIDERSHIP (Automatic Counters)	7,741	8,698	6,131	7,447	30,017	3,221
RIDERS PER MILE	0.9	1.3	0.9	1.0	1.0	0.6
RIDERS PER HOUR	16.7	19.0	12.9	15.0	15.9	12.6
COST PER PASSENGER	\$ 5.49	\$ 4.43	\$ 6.58	\$ 5.59	\$ 5.43	\$ 4.49
SUBSIDY PER PASSENGER	\$ 4.60	\$ 3.77	\$ 5.86	\$ 4.92	\$ 4.70	\$ 4.11

**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKEND, AND TOTALS
YEAR TO DATE THRU AUGUST 31, 2019**

	RT 21 - SAT PISMO & SHELL BEACH	RT 21 - SUN PISMO & SHELL BEACH	RT 24 - SAT GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 24 - SUN GROVER B. A.G. VILLAGE, PISMO & A.G.	RT 28 - SAT GROVER B, AG, OCEANO COUNTER CW	RT 28 - SUN GROVER B, AG, OCEANO COUNTER CW	TOTAL WEEKEND SERVICE	TOTAL SCT ONLY SERVICE	TOTAL SCT AND AVILA SERVICE
REVENUES:									
FARES	\$ 853	\$ 666	\$ 887	\$ 460	\$ 938	\$ 835	\$ 4,637	\$ 26,669	\$ 27,902
TOTAL ROUTE REVENUES	\$ 853	\$ 666	\$ 887	\$ 460	\$ 938	\$ 835	\$ 4,637	\$ 26,669	\$ 27,902
EXPENDITURES:									
ADMINISTRATION	\$ 592	\$ 474	\$ 570	\$ 472	\$ 575	\$ 480	\$ 3,163	\$ 15,921	\$ 17,636
MARKETING	48	37	46	37	46	37	251	1,250	1,250
OPERATIONS/CONTINGENCY	4,939	3,902	4,759	3,871	4,797	3,948	26,217	131,448	136,726
FUEL	1,298	1,053	1,005	816	1,017	836	6,023	29,987	33,791
INSURANCE	1,082	879	838	681	848	698	5,027	25,038	28,709
TOTAL EXPENDITURES	\$ 7,959	\$ 6,345	\$ 7,218	\$ 5,876	\$ 7,283	\$ 5,999	\$ 40,679	\$ 203,644	\$ 218,112
FAREBOX RATIO	10.72%	10.50%	12.28%	7.82%	12.87%	13.92%	11.40%	13.10%	12.79%
SERVICE MILES	1,623.5	1,314.7	1,256.6	1,019.1	1,271.9	1,043.6	7,529.4	37,458.1	42,952.0
SERVICE HOURS	88.4	70.2	85.2	69.8	85.9	71.1	470.5	2,362.5	2,617.2
RIDERSHIP (Automatic Counters)	1,145	924	1,237	844	1,251	940	6,341	36,358	39,579
RIDERS PER MILE	0.7	0.7	1.0	0.8	1.0	0.9	0.8	1.0	0.9
RIDERS PER HOUR	13.0	13.2	14.5	12.1	14.6	13.2	13.5	15.4	15.1
COST PER PASSENGER	\$ 6.95	\$ 6.87	\$ 5.83	\$ 6.96	\$ 5.82	\$ 6.38	\$ 6.42	\$ 5.60	\$ 5.51
SUBSIDY PER PASSENGER	\$ 6.21	\$ 6.15	\$ 5.12	\$ 6.42	\$ 5.07	\$ 5.49	\$ 5.68	\$ 4.87	\$ 4.81

**SOUTH COUNTY TRANSIT
2018-19 Budget vs. Actual (unaudited)**

	FY 18/19 Adopted	Year to Date	Percent Year to Date
Use of Resources			
<u>Administrative Expenditures</u>			
Insurance	\$ 115,280	\$ 117,060	101.5%
Liability & Physical Damage	51,000	49,963	98.0%
Workers Compensation	740	632	85.4%
Property Insurance	30,600	30,600	100.0%
Rent	8,980	10,723	119.4%
Utilities	1,240	1,236	99.7%
Radio Expense	1,590	310	19.5%
Legal Services	760	697	91.7%
Payroll Processing	81,110	81,110	100.0%
Administration - Staff Time	14,320	14,320	100.0%
Finance - Staff Time	5,530	5,530	100.0%
Marketing - Staff Time	7,150	9,958	139.3%
Office Expense/Miscellaneous	3,310	3,215	97.1%
Audit	16,000	18,011	112.6%
Marketing/Community Relations/Printing	5,660	6,226	110.0%
Uniforms/Laundry/Physicals/Ads			
<u>Operating Expenditures</u>			
Salaries/Benefits	\$ 667,510	\$ 619,594	92.8%
Maintenance	226,920	147,697	65.1%
Dispatch	23,700	23,700	100.0%
SCT Bus Fuel	201,490	191,541	95.1%
Contingency	14,630	48,830	333.8%
9 Total Operating Expenditures	\$ 1,477,520	\$ 1,380,953	93.5%
<u>Capital Service</u>			
Support Vehicle	\$ 33,000	\$ -	0.0%
Short Range Transit Plan	105,000	50,735	48.3%
Facility Improvements/Bus Stop Amenities	43,410	-	0.0%
Transit Center Improvements	93,750	-	0.0%
Total Capital Service	\$ 275,160	\$ 50,735	18.4%
10 Total Use of Resources	\$ 1,752,680	\$ 1,431,688	81.7%

SOUTH COUNTY TRANSIT
2019-20 Budget vs. Actual (unaudited)

	FY 19/20 Adopted	July 2019	August 2019	Year to Date	Percent Year to Date
Use of Resources					
<u>Administrative Expenditures</u>					
Insurance	\$ 118,990	\$ 9,554	\$ 9,554	\$ 19,109	16.1%
Liability & Physical Damage	\$ 59,710	\$ 4,739	\$ 4,739	\$ 9,477	15.9%
Workers Compensation	\$ 740	\$ 61	\$ 61	\$ 123	16.6%
Property Insurance	\$ 30,600	\$ 2,550	\$ 2,550	\$ 5,100	16.7%
Rent	\$ 11,270	\$ 693	\$ 1,007	\$ 1,701	15.1%
Utilities	\$ 1,240	\$ 103	\$ 103	\$ 206	16.6%
Radio Expense	\$ 1,590	\$ -	\$ -	\$ -	0.0%
Legal Services	\$ 450	\$ 61	\$ 7	\$ 68	15.2%
Payroll Processing	\$ 82,190	\$ 6,849	\$ 6,849	\$ 13,698	16.7%
Administration - Staff Time	\$ 14,520	\$ 1,210	\$ 1,210	\$ 2,420	16.7%
Finance - Staff Time	\$ 5,610	\$ 468	\$ 468	\$ 935	16.7%
Marketing - Staff Time	\$ 6,450	\$ 182	\$ 267	\$ 449	7.0%
Office Expense/Miscellaneous	\$ 3,380	\$ 1,000	\$ -	\$ 1,000	29.6%
Audit	\$ 16,050	\$ -	\$ 315	\$ 315	2.0%
Marketing/Community Relations/Printing	\$ 8,270	\$ 107	\$ 715	\$ 822	9.9%
Uniforms/Laundry/Physicals/Ads					
<u>Operating Expenditures</u>					
Salaries/Benefits	\$ 710,090	\$ 41,912	\$ 50,446	\$ 92,358	13.0%
Maintenance	\$ 211,530	\$ 18,078	\$ 14,456	\$ 32,535	15.4%
Dispatch	\$ 24,030	\$ 2,003	\$ 2,003	\$ 4,005	16.7%
SCT Bus Fuel	\$ 191,310	\$ 16,789	\$ 17,002	\$ 33,791	17.7%
Contingency	\$ 14,980	\$ -	\$ -	\$ -	0.0%
9 Total Operating Expenditures	\$ 1,513,000	\$ 106,359	\$ 111,752	\$ 218,112	14.4%
<u>Capital Service</u>					
Facility Improvements/Bus Stop Amenities	\$ 45,590	\$ -	\$ -	\$ -	0.0%
Total Capital Service	\$ 45,590	\$ -	\$ -	\$ -	0.0%
10 Total Use of Resources	\$ 1,558,590	\$ 106,359	\$ 111,752	\$ 218,112	14.0%

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SOUTH COUNTY TRANSIT

October 23, 2019

STAFF REPORT

AGENDA ITEM:	A-2
TOPIC:	Strategic Business Plan Results
ACTION:	Receive
PRESENTED BY:	Geoff Straw, Administrator
STAFF RECOMMENDATION:	Receive Annual Report on Performance Results for FY18-19

BACKGROUND/DISCUSSION:

At its April 25, 2018 meeting, the SoCo Transit Board adopted the *SCT 2018-20 Strategic Business Plan (SBP)*. The SBP includes Vision and Mission Statements, as well as “stretch” performance standards to ensure SCT continually seeks to improve its services.

The attached report presents our annual results from July 1, 2018 through June 30, 2019, as well as comparative information in comparison to prior fiscal years. Please note that the financial figures are unaudited estimates, but they provide a reasonable representation of each applicable financial measure. For measurement purposes, our *2011 Short Range Transit Plan* sets the base goals that SCT believes it can achieve, and the SBP sets the standards that we strive to achieve.

The table on the next page presents a “dashboard” view of easily-reported objective standards and our results through the end of the fiscal year. We did not achieve the adopted standard in those areas presented in red, while the metrics presented in green show our successes. Two “stretch” goals include farebox recovery ratio (actual 11.6% vs. a goal of 20%) and our productivity standard (15.6 vs. a goal of 17.0).

The ensuing pages present a narrative summary for each of the metrics presented in the dashboard, as well as for each of the subjective standards. It should be noted that we are currently conducting a Short-Range Transit Plan study that could recommend revised and/or new standards.

SCT's Year-End FY18-19 Performance Results			
Performance Metric	Standard	Result	Achieved?
Fixed Route Productivity (boardings/hour)	17.0	15.6	No
Fixed Route Service Delivery (actual divided by scheduled)	99%	99%	Yes
Fixed Route On-Time Performance	90%	90%	Yes
Fixed Route Bus Overcrowding	Various load factors	None exceeded	Yes
Systemwide Operating Budget (live within means)	< 100%	85.3% YTD	Yes
Farebox Recovery Ratio (fares / net operating costs)	20.0%	11.6%	No
Preventable Collision Rate (per 100k miles traveled)	1.0	0.0	Yes
Preventable Workers Compensation Rate	Lost-time <4	0	Yes
	Med-only <5	0	
Risk Management Costs (percent of operating budget)	Industry norms	At or below market	Yes
Road Calls (per 100k miles traveled)	5	2.97	Yes

Staff Recommendation:

Receive the attached annual report on performance results achieved in FY18-19.

Focused 2018-20 Strategic Business Plan Standards of Excellence

Standards of Excellence Section 1: Service Quality and Efficiency – We will deliver dependable, customer focused and efficient transit services to the communities that we serve. Further, we will look for opportunities to deploy innovative new service within budgetary constraints.

Standard 1: Passengers per vehicle service hour will be 17 or greater.

Measurement: Objective.

- Administrator will review monthly and report at each Board meeting.

	Goal	FY2015	FY2016	FY2017*	FY2018*	FY2019*
JUL	15	21	21	18	18	18
AUG	15	19	19	19	17	16
SEP	15	17	15	18	16	16
OCT	15	18	17	17	17	16
NOV	15	17	16	17	16	16
DEC	15	15	15	16	15	15
JAN	15	14	13	15	15	14
FEB	15	16	15	15	15	15
MAR	15	17	14	16	14	16
APR	15	17	15	16	14	15
MAY	15	16	14	17	15	14
JUN	15	18	15	18	17	15
YTD		17	16	17	16	15.6

* Using APC data

SoCo Transit achieved an annual productivity of only 15.6.

Standard 2: The Service Delivery rate for all regularly scheduled / year-round services shall be 99% or greater.

Measurement: Objective.

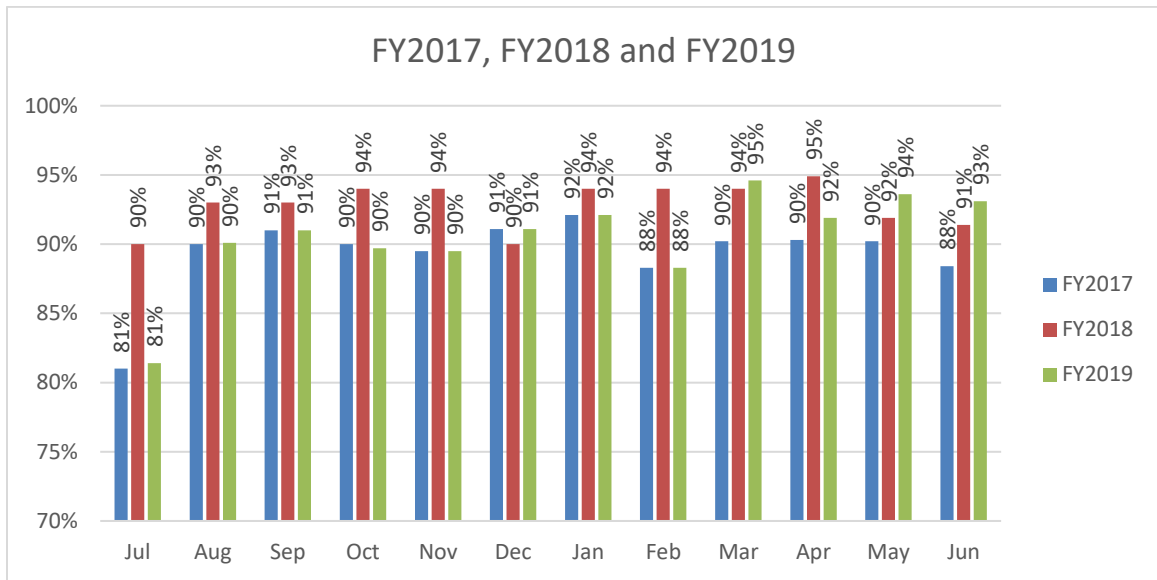
- Reviewed quarterly by Operations, and reported by Administrator bi-annually to the Board.

For fiscal year 2019 SoCo Transit missed five trips, delivering approximately 99% of the promised service.

Standard 3: The On-time Performance for all regularly-scheduled / year-round services shall be 90% or greater. “On-time” is defined as no later than six minutes from any timepoint in the published schedule. We recognize that making scheduled transfers between buses is vitally important to riders, and staff will explore methods of regularly measuring missed transfers.

Measurement: Objective.

- Administrator will report bi-annually to the Board.



SoCo Transit met or surpassed the 90% threshold in ten of the twelve months in FY18-19.

Standard 4: SoCo Transit will make consistent efforts to explore new service and service delivery options as well as work with regional efficiencies in the delivery of transportation to the jurisdictions

Measurement: Subjective.

- Reviewed quarterly by Operations, and reported by Administrator annually to the Board.

The Short-Range Transit Plan study was launched in December 2018, and is being led by LSC Transportation Consultants. The SRTTP study will perform an in-depth assessment of current services, and it will provide a 5- to 7-year “road map” for future changes. We anticipate conducting public meetings in January 2020 to seek input on potential service, capital, institutional and financial alternatives that could be incorporated in the SRTTP report.

Consolidation with the RTA was explored after auditors recommended looking into the idea. Faced with significant farebox recovery ratio penalties in the coming years, it was discovered that SoCo Transit would save money by consolidating services with the RTA. Additional benefits included less costly health benefits for employees and more efficient use of staff resources.

Standard 5: SoCo Transit will measure Overcrowding as the frequency of instances that the number of passengers on a bus exceeds the number of seats (i.e., 34 passengers on a 34-seat bus equates to a Load Factor of 1.00), as well as the duration of exceedances. The Overcrowding standard for regular fixed-route services is no more than 10% of the monthly total number of bus trips that exceed a Load Factor of 1.25 for greater than 20 minutes. If the Load Factor standard is exceeded, staff will assign a larger vehicle (if possible); otherwise, the Board will direct staff to evaluate adding scheduled bus trips to spread out the passenger loads.
Measurement: Objective.

- Reviewed quarterly by Operations, and reported by the Administrator biannually to the Board.

There are currently no on-going overcrowding issues on the system, although the Arroyo Grande High School morning/afternoon trippers occasionally experience standing loads. Staff will continue to monitor the ridership for standing loads and overcrowding.

Standards of Excellence Section 2: Revenue and Resources – While providing excellent service to our customers and communities, we will do so within the financial resources available to us. The financial health of the organization will not be compromised, and we will work to deliver good value for the taxpayers’ investment in SoCo Transit

Standard 1: The annual operating budget will be based upon projected revenue balanced with other eligible TDA uses and the total operating cost will not exceed the budget adopted by the Board.

Measurement: Objective.

- Administrator will review monthly and report at each regularly scheduled Board meeting.

Fiscal Year 2012-13 Result: Operating Costs were 94% of the adopted budget
Fiscal Year 20-1314 Result: Operating Costs were 90% of the adopted budget
Fiscal Year 2014-15 Result: Operating Costs were 84% of the adopted budget
Fiscal Year 2015-16 Result: Operating Costs were 90% of the adopted budget
Fiscal Year 2016-17 Result: Operating Costs were 96% of the adopted budget
Fiscal Year 2017-18 Result: Operating Costs were 95% of the adopted budget
Fiscal Year 2018-19 Result: Operating Costs were 94% of the adopted budget
(unaudited)

Budget versus actual expenses data is calculated and reviewed on a monthly basis by staff. This information is reported to the Board at each meeting (typically once a quarter) to help inform decisions.

Standard 2: Farebox Recovery Ratio shall be greater than the minimum standard required by SLOCOG to meet TDA requirements. In FY17-18, that minimum was 20%.

Measurement: Objective.

- Administrator will review monthly and report at each regularly scheduled Board meeting.

SoCo Transit continues to strive toward meeting the FRR goal. Staff will continue to closely monitor our FRR performance, particularly as the economy continues to improve, gas prices continue to fall, and most fixed route providers in the county are experiencing declining ridership. The results for the past four fiscal years are presented below:

- Fiscal Year 2012-13 Result: 14.2%
- Fiscal Year 2013-14 Result: 16.3%
- Fiscal Year 2014-15 Result: 17.4%
- Fiscal Year 2015-16 Result: 13.6%
- Fiscal Year 2016-17 Result: 11.9%
- Fiscal Year 2017-18 Result: 12.3%
- Fiscal Year 2018-19 Result: 11.6% (unaudited)

Standard 3: No significant annual fiscal and compliance audit findings.

Measurement: Objective.

- Finance and Administration will report any negative audit findings to the Board.

SoCo Transit is audited every year and consistently has clean reports with no significant financial audit findings. Staff strives for improved transparency and continues to implement procedures that exceed the auditors' expectations.

Standard 4: Ensure that all capital procurements provide good value to our customers and our employees.

Measurement: Subjective.

- Evaluated through the Marketing Department's biannual Community Perception Survey, feedback from communities and review of the annual 5-year capital program by the Board.

The annual capital program is developed by staff and presented to the Board as part of the annual budget-making process. In addition, staff presents budget revision recommendations if conditions change.

Standards of Excellence Section 3: Safety – We recognize the tremendous importance of safety in the operation of SoCo Transit service to our customers and communities. Therefore, the safety of our customers and employees will be an organizational priority and we will be proactive in promoting system safety.

Standard 1: Rate of preventable vehicle collisions will not exceed 1.0 per 100,000 miles.

Measurement: Objective.

- Rate shall be tracked by the Safety and Training Manager, and reported annually to the Board.

Fiscal Year 2013-14 Result: 2.00

Fiscal Year 2014-15 Result: 2.26

Fiscal Year 2015-16 Result: 0.90

Fiscal Year 2016-17 Result: 1.30

Fiscal Year 2017-18 Result 0.00

Fiscal Year 2018-19 Result: 0.00 (this is not a typo, SoCo since June 1, 2017 has gone without a preventable collision. This is an outstanding achievement.)

Standard 2: Address all safety hazards identified and reported to the joint RTA / SoCo Transit Safety Resource Committee.

Measurement: Objective.

- List shall be compiled with action items and timelines by the Safety and Training Manager.

For fiscal year 2018-19, the Safety Resource Committee has closed-out 27 action items, and opened 37 new suggestions and 17 open action items remain on the agenda. Employees are engaged in the Safety Resource and Employee Committee by submitting suggestions. Suggestions that are not directly related to the Committee are forwarded to the appropriate department for resolution. Our 2019 annual refresher-training classes for Bus Operators, Supervisors and Dispatchers started April 6, 2019 and will continue throughout the year. We are excited to have California Highway Patrol Officer as a guest speaker instructing a one-hour course on Distracted Driving, San Luis Obispo District Attorney Office staff member is conducting Human Trafficking Awareness and San Luis Obispo County Staff are conducting Sexual Harassment Training to employees.

Standard 3: Preventable workers compensation lost-time claims will not exceed 4 annually, and preventable medical-only claims will not exceed 5 annually.

Measurement: Objective.

- All work comp claims shall be duly investigated and immediately reported by Finance and Administration to our work comp carrier.

Fiscal Year 2014-15 Result: 3 lost-time claims (no medical only)

Fiscal Year 2015-16 Result: 1 medical only (no lost-time claims)

Fiscal Year 2016-17 Result: 1 lost-time claim (no medical only)

Fiscal Year 2017-18 Result: 1 lost-time claim (1 medical only claim)
Fiscal Year 2018-19 Result: Zero claims as of June 30, 2019

Standard 4: Customer and Community perception of system safety will be at least 90%.

Measurement: Objective.

- As measured by biannual Community Perception Survey.

The most recent Customer Perception Survey was completed in March 2019, and a full write-up will be provided in the on-going SRTP study currently being conducted. The previous survey was completed in October 2017. It should be noted that question 13 of the customer survey focused on rating ten aspects, including "Safety onboard vehicles & at stops."

Standard 5: Total risk management costs shall not exceed industry norms. Staff will undertake alternating market surveys every four years for vehicle liability / physical damage coverage and for workers compensation coverage.

Measurement: Objective.

- Reported by Finance and Administration in financials and reported at each regularly scheduled Board meeting.

Prior to 2018, the goal was that risk management costs shall not exceed 8.5% of total operating costs. We achieved the goal during FY12-13 and FY13-14. Fiscal Years 2014-15 to 2016-17 risk management costs were higher as a result of significant development in liability and workers compensation claims, as well as generally higher liability costs in the public transit market. This includes property, workers compensation, liability, and auto physical damage insurance costs.

Fiscal Year 2012-13 Result: 6.1% of total operating costs
Fiscal Year 2013-14 Result: 7.4% of total operating costs
Fiscal Year 2014-15 Result: 10.2% of total operating costs
Fiscal Year 2015-16 Result: 11.6% of total operating costs
Fiscal Year 2016-17 Result: 11.2% of total operating costs
Fiscal Year 2017-18 Result: 12.1% of total operating costs
Fiscal Year 2018-19 Result: 12.1% of total operating costs (unaudited)

Staff has worked diligently to close claims for prior years. With fewer claims than in previous years, workers compensation costs are projected to decline for the first time in many years. Although this is good news, due to the tightening market in California, staff expects these costs may continue to escalate unless tort reform or other adjustments are made by the Legislature that could reduce transit agencies' exposure to frivolous lawsuits. If our exposure could be reduced, it would likely increase competition in the market and reduce our risk management costs. Staff is closely monitoring this issue and report developments back to the Board as information is collected. Consolidation with RTA would also help reduce duplicative administrative charges.

Standards of Excellence Section 4: Human Resources – Our employees are the foundation of the organization. We will support our employees in achieving excellence through training and development, teamwork, and continuous efforts at effective communication while treating each with integrity and dignity.

Standard 1: Recruit, promote and retain highly qualified employees to achieve our service standards.

Measurement: Subjective.

- Annual assessment by the Administrator and Department Heads.

SoCo Transit experienced higher than typical turnover in calendar year 2015 and in early 2016 as a result of on-going struggles between management and hourly employees. In conjunction with the execution of the Collective Bargaining Agreement with Teamsters Local 986, as well as focused efforts to improve communications throughout the agency, we believe improved employee morale has resulted in improved retention rates since 2016.

The annual calendar year turnover rates for SoCo Transit are as follows:

2012 – 9%	2016 – 22%
2013 – 14%	2017 – 20%
2014 – 19%	2018 – 10%
2015 – 28%	2019 – 5% (<i>through June 30, 2019</i>)

Standard 2: Provide continuous development of organizational skills through ongoing training and development programs that result in personal and professional growth.

Measurement: Objective.

- Training needs will be reviewed annually as part of the budget process.

Bus Operators must complete a State-mandated minimum of eight hours of Verification of Transit Training annually, which we achieved. However, we have also recently implemented mandatory retraining after six months from when new Bus Operators were placed into revenue service, which we expect will improve both safety and retention.

Standard 3: Enable our employees to achieve excellence in serving our customers by building teamwork and understanding effective communication within the organization.

Measurement: Subjective.

To help connect with passengers on a more personal level, administrative staff and all managers have been issued nametags. This program was carried forward on the buses in March 2017 by posting the Bus Operator's name inside the bus. We also continually stress the tenets of *Verbal Defense and Influence*, which focused us how to communicate more effectively with each other and our customers. A total of staff

members meet bi-weekly staff to discuss general items that may affect other departments; others are invited as needed and to address specific issues. Management also participates in a bi-monthly SoCo Transit Driver's Forum to discuss issues and ideas that could improve services. Finally, the SCT Administrator and the three RTA department heads meet weekly to ensure consistency in messaging and direction for the organization.

Standard 4: Employees will be evaluated annually in a fair and equitable way to judge performance and be provided a developmental plan for the next fiscal year.

Measurement: Objective.

- Employee merit evaluations will be provided to each employee annually with the evaluation grading measurement of attainment of department objectives developed during the budget process and achievement of our Standards and KPIs.

We currently complete formal annual evaluations for all management staff members. Bus Operators are evaluated based on the requirements of the Collective Bargaining Agreement, and as part of the Safety Awards program on their individual anniversary dates.

Standards of Excellence Section 5: Fleet and Facility – We will operate and maintain a modern and clean fleet and facilities that will be pleasing to our customers and a source of pride for our employees and our communities.

Standard 1: If funding permits, SoCo Transit will match SLO Transit's and the RTA's standard of replacing revenue vehicles when they reach the FTA-defined useful life minimums in terms of service years or miles. If funding remains constrained, we negotiate with SLO Transit and the RTA to ensure no agency's buses surpass 40% beyond the FTA standards.

Measurement: Objective.

- As tracked by Finance and Administration as part of grant-making efforts.

As of June 30, 2019 the average SoCo Transit fixed route vehicle age is 9.5 years with an average of 274,315 miles. The design life of a fixed-route bus is 12 years/500,000 miles.

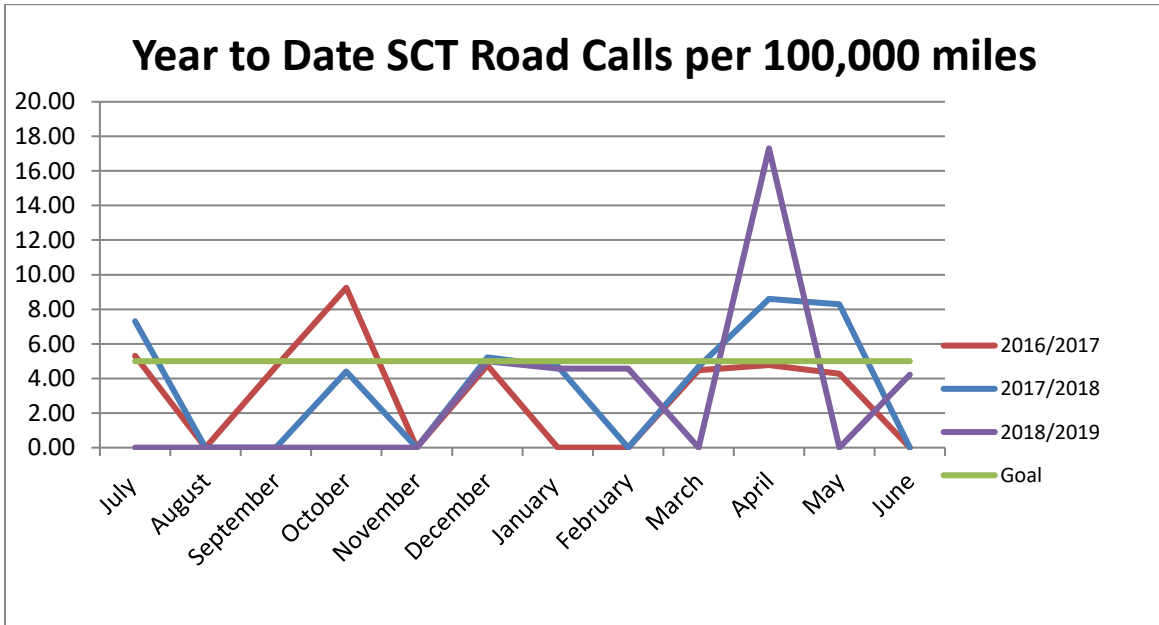
Standard 2: Road calls will not exceed 5 per 100,000 vehicle service miles. A road call is defined as all mechanical or other vehicle-related failures that affect the completion of a scheduled revenue trip or the start of the next scheduled revenue trip, including failures during deadheading and layover.

Measurement: Objective.

- As tracked and reported by the Maintenance Department, and reported biannually to the Board.

The average for SoCo Transit in FY16-17 is 3.13 and 3.60 in FY 17-18 and 2.97 in FY 18-19. RTA's reporting to the Federal Transit Administration (on behalf of SoCo Transit) matches the definition as used in the National Transit Database. We will closely track

this standard as our fleet ages and/or if breakdowns appear to be happening more frequently.



Standard 3: Maintain a clean, attractive fleet. Maintain our facilities so that they are safe and appealing to customers and employees.

Measurement: Subjective.

- As measured by employee and customer feedback.

We are awaiting the results of the March 2019 Customer Perception Survey completed as part of the on-going SRTP study, which included one question on bus cleanliness.

Standard 4: Achieve an 80% favorable rating of bus stop appearance by customers and the communities that we serve.

Measurement: Objective.

- As measured in the biannual Community Perception Survey.

We are awaiting the results of the March 2019 Customer Perception Survey completed as part of the on-going SRTP study.

Standard 5: Achieve all federal- and state-mandated maintenance minimums, as well as vendor recommended maintenance schedules, for our fleet and facilities. The following standards apply:

- A. No negative CHP Annual Terminal Inspection, FTA Triennial Review or TDA Triennial Performance Audit findings.
- B. Preventative maintenance schedules for all equipment shall be done on a timely basis (3,000 mile intervals or as mandated by equipment OEM vendor).

Measurement: Objective.

- As tracked by the Maintenance Department, and reported annually to the Board.

There were no negative maintenance department findings in the previous 2017 TDA Triennial Audit nor in the recent 2016 FTA Triennial Review. Preventable maintenance has been completed on a timely basis with no CHP findings in at least the last five years.

Standards of Excellence Section 6: Leadership – We will strive to be one of the nation’s leading small transit operators. We will work to maintain collaborative relationships within the industry, within our community, and with our stakeholders. We will develop future leaders from within our organization.

Standard 1: Maintain cooperative relationships with federal, state and local funding agencies.

Measurement: Subjective.

- Will be reviewed by staff and the Board.

Staff believes that we have maintained strong relationships with local, state and federal agencies. RTA staff (on behalf of SoCo Transit) continues to manage State and Federal grant programs for the region, including FTA Section 5307, 5311, 5339 and other discretionary funds.

Standard 2: Develop partnerships with stakeholders, community leaders and decision makers keeping them well informed of the integral role of SoCo Transit and contributions to the communities that we serve.

Measurement: Subjective.

- To be evaluated and monitored by the Board.

The Administrator and other senior staff attend City Council and other policy board meetings throughout the county, as well as civic group meetings, as appropriate. An on-going example is staff’s involvement on the Arroyo Grande Chamber of Commerce legislation committee. Another example is the shared Road Supervisor program between RTA and SoCo Transit, which has improved Bus Operator support and customer service in the entire South County area.

Standard 3: Promote effective internal communications and promote the values of the organization.

Measure: Subjective.

- To be evaluated by the Administrator.

Senior staff members engaged SoCo Transit and South County-based RTA Bus Operators and riders on March 20 as part of Driver Appreciation Week. We also continue to conduct bi-monthly Driver's Forums with SoCo Bus Operators to maintain open lines of communication. Administrative staff are required to ride a SoCo Transit or RTA bus at least once every quarter, and to report any findings back to senior management for resolution.

Standard 4: Provide effective leadership for public transportation within the Five Cities Area.

Measurement: Subjective.

- To be evaluated by the Administrator and Board.

To ensure that each JPA jurisdiction's policy board is informed about regional transit issues, the SCT Administrator occasionally attends City Council meetings or as requested by City officials. The Administrator also attends County Supervisor agenda review meetings along with the SLOCOG Executive Director to ensure we understand and support each other's efforts. Finally, RTA staff provides comments to City and County planning departments on behalf of SoCo Transit to ensure that transit amenities are considered in planning documents and development proposals.

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**SOUTH COUNTY TRANSIT
OCTOBER 23, 2019
STAFF REPORT**

AGENDA ITEM: B-1

TOPIC: Annual Fiscal & Compliance Audit

ACTION: Review and Accept the FY18-19 Audit Report

PRESENTED BY: Tania Arnold, RTA Deputy Director/CFO

STAFF RECOMMENDATION: Review and Accept the FY18-19 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 SoCo Transit by Moss, Levy & Hartzheim, LLP.

Of particular interest to SoCo Transit 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 SoCo Transit, 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.

There is one finding noted on the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit or Financial Statements Performed in Accordance with *Government Auditing Standards* titled Rate Revenue Ratio (Finding 2018-01). Staff had hoped the service and fare changes in July 2016 would result in attaining the 20% farebox ratio requirement and continues to strive to increase the ratio, noting a slight increase in the ratio during the fiscal year ending June 30, 2018. Staff will continue to evaluate options, including the recommendations included in the TDA performance audit presented to the SLOCOG Board on August 2, 2017.

Staff Recommendation

Staff recommends that the Board review and accept the Fiscal Year 2018-19 Annual Fiscal and Compliance Audit report.

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SOUTH COUNTY TRANSIT
FINANCIAL STATEMENTS
June 30, 2019

SOUTH COUNTY TRANSIT

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June 30, 2019

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FINANCIAL SECTION



Moss, Levy & Hartzheim LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
South County Transit
San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the South County Transit (Agency) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic 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 auditor's 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 South County Transit, as of June 30, 2019, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the South County Transit's 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with audited financial statements from which it has been derived.

Required Supplementary Information

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South County Transit's basic financial statements. The schedule of expenses – budget and actual on page 15, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenses – budget and actual 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019, on our consideration of the South County Transit'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, Renz & Haugheim LLP

September 23, 2019

SOUTH COUNTY TRANSIT
STATEMENT OF NET POSITION
JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash and investments	\$ 952,952	\$ 555,761
Accounts receivable	60,900	23,489
Prepaid items	4,002	5,303
Deposits	2,000	2,000
Total current assets	<u>1,019,854</u>	<u>586,553</u>
Capital assets:		
Depreciable:		
Buildings and improvements	152,006	152,006
Equipment and vehicles	2,650,914	2,650,914
Less accumulated depreciation	<u>(1,785,890)</u>	<u>(1,601,957)</u>
Total net capital assets	<u>1,017,030</u>	<u>1,200,963</u>
 Total assets	 <u>2,036,884</u>	 <u>1,787,516</u>
LIABILITIES		
Current liabilities:		
Accounts payable	323,332	263,497
Accrued payroll	29,891	19,959
Unearned revenue	<u>157,840</u>	<u>9,910</u>
Total current liabilities:	<u>511,063</u>	<u>293,366</u>
Noncurrent liabilities:		
Compensated absences	<u>7,178</u>	<u>3,910</u>
Total noncurrent liabilities:	<u>7,178</u>	<u>3,910</u>
 Total liabilities	 <u>518,241</u>	 <u>297,276</u>
NET POSITION		
Net investment in capital assets	1,017,030	1,200,963
Unrestricted	<u>501,613</u>	<u>289,277</u>
 Total net position	 <u>\$ 1,518,643</u>	 <u>\$ 1,490,240</u>

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

SOUTH COUNTY TRANSIT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Passenger fares	\$ 153,140	\$ 162,511
Advertising and other income	8,400	13,370
Total operating revenues	<u>161,540</u>	<u>175,881</u>
Operating Expenses:		
Salaries and benefits	619,594	616,662
Maintenance and operation	665,929	614,490
Administration and financial services	95,430	91,300
Depreciation	183,933	206,444
Total operating expenses	<u>1,564,886</u>	<u>1,528,896</u>
Operating income (loss)	<u>(1,403,346)</u>	<u>(1,353,015)</u>
Non-Operating Revenues (Expenses):		
Interest income	14,402	6,377
Transportation Development Act funds	643,530	554,396
Low Carbon Transit Operations Program	221,919	135,648
Fees and reimbursements from other governmental agencies	54,895	51,972
Federal grants	507,150	483,000
Settlement payments	(50,735)	
Total non-operating revenues (expenses)	<u>1,391,161</u>	<u>1,231,393</u>
Capital Contributions:		
Federal capital grants	40,588	
State capital grants		843
Total capital contributions	<u>40,588</u>	<u>843</u>
Change in net position	28,403	(120,779)
Net position, beginning of fiscal year	<u>1,490,240</u>	<u>1,611,019</u>
Net position, end of fiscal year	<u>\$ 1,518,643</u>	<u>\$ 1,490,240</u>

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

SOUTH COUNTY TRANSIT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Receipts from customers	\$ 122,059	\$ 188,291
Payments to suppliers and wages	(1,306,617)	(1,166,479)
Net cash (used) by operating activities	<u>(1,184,558)</u>	<u>(978,188)</u>
 Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of property, plant, and equipment		(843)
Capital grants received	190,588	816
Net cash provided (used) by capital and related financing activities	<u>190,588</u>	<u>(27)</u>
 Cash Flows from Noncapital Financing Activities:		
Operating subsidies	865,449	690,044
Fees, grants, and reimbursements received	562,045	534,972
Settlement payments	(50,735)	
Net cash provided by noncapital financing activities	<u>1,376,759</u>	<u>1,225,016</u>
 Cash Flows From Investing Activities:		
Interest income	14,402	6,377
Net cash provided by investing activities	<u>14,402</u>	<u>6,377</u>
 Net increase in cash and cash equivalents	397,191	253,178
 Cash and cash equivalents, beginning of fiscal year	<u>555,761</u>	<u>302,583</u>
 Cash and cash equivalents, end of fiscal year	<u>\$ 952,952</u>	<u>\$ 555,761</u>

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

SOUTH COUNTY TRANSIT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of operating loss to net cash (used) by operating activities:		
Operating loss	\$ (1,403,346)	\$ (1,353,015)
Adjustments to reconcile operating income to net cash used by operating activities		
Depreciation expense	183,933	206,444
Change in operating assets and liabilities:		
Accounts receivable	(37,411)	12,129
Prepaid items	1,301	694
Accounts payable	59,835	156,909
Accrued payroll	9,932	(1,154)
Compensated absences	3,268	(476)
Unearned revenue	<u>(2,070)</u>	<u>281</u>
Net cash (used) by operating activities	<u>\$ (1,184,558)</u>	<u>\$ (978,188)</u>

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

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – REPORTING ENTITY

The South County Transit (the Agency) is a Joint Powers Agency created by a joint powers agreement among the Cities of Arroyo Grande, Grover Beach, Pismo Beach, and the County of San Luis Obispo. The Agency's accounting and financial management affairs are maintained by San Luis Obispo Regional Transit Authority (SLORTA), as an agent of the Agency.

The purpose of the Agency is to operate a fixed route transit system within the southern part of San Luis Obispo County with services to the participating member communities.

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. Fund Financial Statements – The fund financial statements provide information about the Agency's fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

GASB Statement No. 34, defines major funds and requires that the Agency's major proprietary-type fund be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenses equal to ten percent of their fund-type total and five percent of the grand total. The Agency maintains one proprietary fund as follows:

Proprietary Fund Type

Enterprise Fund

Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Agency reported its enterprise fund as a major fund in the accompanying basic financial statements.

- D. 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.
- E. 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.
- F. 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.
- G. Receivables - 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.
- H. Compensated Absences – Accumulated unpaid employee vacation leave benefits are recognized as liabilities of the Agency.

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- I. Revenue Recognition - The South County Transit'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 County 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 revenues as the amounts allocated to it by San Luis Obispo Council of Governments to the extent approved 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 consists of capital assets, net of accumulated depreciation, and is 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.

- 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. 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.

- M. Comparative Data/Totals Only

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

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS

On June 30, 2019, the Agency had the following cash and investments on hand:

Cash on hand and in banks	\$ 46,007
Investments	<u>906,945</u>
Total cash and investments	<u>\$ 952,952</u>

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

Cash and investments, statement of net position	<u>\$ 952,952</u>
---	-------------------

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

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
San Luis Obispo County Investment Pool	\$ 836,841	\$ 836,841	\$ -	\$ -	\$ -
Local Agency Investment Fund	<u>70,104</u>	<u>70,104</u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 906,945</u>	<u>\$ 906,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below 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.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
San Luis Obispo County Investment Pool	\$ 836,841	N/A	\$ -	\$ -	\$ -	\$ 836,841
Local Agency Investment Fund	70,104					70,104
Total	\$ 906,945		\$ -	\$ -	\$ -	\$ 906,945

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. There are no investments in any one issuer that represent 5% or more of total Agency investments.

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 the San Luis Obispo County Investment Pool or LAIF).

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<i>Business-type activities:</i>				
Capital Assets, being depreciated				
Building and improvements	\$ 152,006	\$ -	\$ -	\$ 152,006
Vehicles and equipment	2,650,914			2,650,914
Total capital assets, being depreciated	<u>2,802,920</u>			<u>2,802,920</u>
Less accumulated depreciation for:				
Building and improvements	148,492	1,381		149,873
Vehicles and equipment	1,453,465	182,552		1,636,017
Total accumulated depreciation	<u>1,601,957</u>	<u>183,933</u>		<u>1,785,890</u>
Net depreciable capital assets	<u>\$ 1,200,963</u>	<u>\$ (183,933)</u>	<u>\$ -</u>	<u>\$ 1,017,030</u>

Depreciation expense for the fiscal year ended June 30, 2019, was \$183,933. Depreciation expense for the fiscal year ended June 30, 2018, was \$206,444.

NOTE 5 – OPERATING SUBSIDIES FROM LOCAL TRANSPORTATION AND STATE TRANSIT ASSISTANCE FUNDS

The Agency was allocated the following funds from the Local Transportation Funds (LTF) and State Transit Assistance Fund for the fiscal years ended June 30, 2019 and 2018:

<u>Allocation Assigned By/Claimant</u>	<u>Article/Section</u>	<u>Amount</u>	
		<u>2019</u>	<u>2018</u>
Local Transportation Fund:			
City of Arroyo Grande	4 / 99260(a)	\$ 180,602	\$ 166,057
City of Grover Beach	4 / 99260(a)	136,908	125,426
City of Pismo Beach	4 / 99260(a)	83,990	76,404
County of San Luis Obispo	4 / 99260(a)	<u>83,990</u>	<u>73,754</u>
Total Article 4 – LTF		<u>485,490</u>	<u>441,641</u>
State Transit Fund:			
Regional Transit Authority	6.5 / 99313	148,700	106,736
Regional Transit Authority	6.5 / 99314	<u>9,340</u>	<u>6,862</u>
Total Article 6.5 – STF		<u>158,040</u>	<u>113,598</u>
Total TDA Revenue		<u>\$ 643,530</u>	<u>\$ 555,239</u>

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OPERATING SUBSIDIES FROM LOCAL TRANSPORTATION AND STATE TRANSIT ASSISTANCE FUNDS (Continued)

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

	Amount	
	<u>2019</u>	<u>2018</u>
Operating expenses	\$ 1,564,886	\$ 1,528,896
Plus/(minus):		
Capital purchases with LTF and STA		843
Depreciation	(183,933)	(206,444)
Fare revenues	(153,140)	(162,511)
Other operating revenues	<u>(8,400)</u>	<u>(13,370)</u>
Maximum total allocation	1,219,413	1,147,414
TDA operating allocations received and accrued	<u>643,530</u>	<u>555,239</u>
Allocation over/under maximum	<u>\$ (575,883)</u>	<u>\$ (592,175)</u>

NOTE 6 – FARE REVENUE RATIO

The Agency had fare revenue ratios for the year ended June 30, 2019 and 2018, computed as follows:

	<u>2019</u>	<u>2018</u>
(a) Operating revenues – passenger fares and other local assistance	\$ 161,540	\$ 175,881
(b) Operating costs – net of depreciation expense	1,380,953	1,322,452
(c) Fare revenue ratio [(a) / (b)]	11.70%	13.30%
Minimum ratio required	20.00%	20.00%
Under minimum ratio requirement	8.30%	6.70%

The Agency was not in compliance with applicable TDA regulations pertaining to acceptable fare revenue ratios which require a minimum ratio of 20%.

NOTE 7 – LONG TERM DEBT – COMPENSATED ABSENCES

	Balance <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2019</u>
Compensated absences	<u>\$ 3,910</u>	<u>\$ 12,775</u>	<u>\$ 9,507</u>	<u>\$ 7,178</u>

NOTE 8 – UNEARNED REVENUE

Unearned revenue at June 30, 2019, and June 30, 2018, consisted of the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Bus Pass Sales	\$ 7,840	\$ 9,910
LCTOP funding	<u>150,000</u>	<u> </u>
Total Unearned revenues	<u>\$ 157,840</u>	<u>\$ 9,910</u>

SOUTH COUNTY TRANSIT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – INSURANCE

The Agency is exposed to various risks of loss related to torts, theft, damage to, or destruction of an asset and errors or omissions. The Agency maintains comprehensive general liability including automobile insurance of \$25 million for buses, vans, equipment, and facilities. The Agency also purchases commercial Special Liability Insurance and Special District Property Insurance with limits of \$10 million per occurrence and \$100 million annual aggregate.

NOTE 10 – THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)

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

Interest earned on funds to date is \$4,937. The Agency had qualifying expenditures incurred under this program from previous allocation totaling \$221,919, which was used for operating expenses for the new route 27 and 28 service and is included in State operating grants in the accompanying financial statements.

SUPPLEMENTARY INFORMATION SECTION

SOUTH COUNTY TRANSIT
PROPRIETARY FUND
SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Administrative Expenditures			
Insurance			
Liability and Physical Damage	\$ 115,280	\$ 117,060	\$ (1,780)
Workers Compensation	51,000	49,963	1,037
Property Insurance	740	632	108
Rent	30,600	30,600	
Utilities	8,980	10,723	(1,743)
Radio Expense	1,240	1,236	4
Legal Services	1,590	310	1,280
Payroll Processing	760	697	63
Administration - Staff Time	81,110	81,110	
Finance	14,320	14,320	
Marketing	5,530	5,530	
Office Expense/Miscellaneous	7,150	9,958	(2,808)
Audit	3,310	3,215	95
Marketing/Community Relations/Printing	16,000	18,011	(2,011)
Uniforms/Laundry/Physicals/Ads	5,660	6,226	(566)
Operating Expenditures			
Salaries/Benefits	667,510	619,594	47,916
Maintenance	226,920	147,697	79,223
Dispatch	23,700	23,700	
SoCo Bus Fuel	201,490	191,541	9,949
Contingency	14,630	48,830	(34,200)
Total administration and operations	<u>1,477,520</u>	<u>1,380,953</u>	<u>96,567</u>
Capital Outlay and Non-Operating Expenditures			
Support Vehicle	33,000		33,000
Short Range Transit Plan	105,000	50,735	54,265
Facility Improvements/Bus Stop Amenities	43,410		43,410
Transit Center Improvements	93,750		93,750
Total capital outlay	<u>275,160</u>	<u>50,735</u>	<u>224,425</u>
Total expenses, budgetary basis	<u>\$ 1,752,680</u>	<u>\$ 1,431,688</u>	<u>\$ 320,992</u>
TOTAL EXPENSES, BUDGETARY BASIS		\$ 1,431,688	
ADD:			
DEPRECIATION		183,933	
TOTAL EXPENSES PER FINANCIAL STATEMENTS		<u><u>\$ 1,615,621</u></u>	



September 23, 2019

To the Board of Directors
South County Transit

We have audited the basic financial statements of the governmental activities of South County Transit as of and for the fiscal year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under Generally Accepted Auditing Standards and *Government Auditing Standards*, 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 17, 2019. 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 South County Transit 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 South County Transit's financial statements was:

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.

The financial statement disclosures are neutral, consistent, and clear.

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 September 23, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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 South County Transit and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Moss, Remy & Hurlbain LLP

September 23, 2019

Santa Maria, California



Moss, Levy & Hartzheim LLP

Certified Public Accountants

**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
South County Transit
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 the South County Transit (the Agency), as of and for the fiscal year ended June 30, 2019, and the related notes to basic financial statements, and have issued our report thereon dated September 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Agency'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 Agency'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. 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 the Agency's financial statements are free of 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. Our audit was further made for purposes of determining compliance with the Transportation Development Act Section 99260, the California Administrative Code, and the rules and regulations of the San Luis Obispo Council of Governments. In our audit, we performed, to the extent applicable, the tasks contained in Section 6667 of the California Administrative Code. Also part of our audit, we performed tests of compliance to determine whether certain State bond funds were received and expended in accordance with applicable bond act and State program requirements pursuant to SB 862. Specifically, we verified receipt of funds under the Low Carbon Transit Operations Program (LCTOP), and allocation of interest earned on unexpended LCTOP funds. The LCTOP funds were received for the purpose of operational subsidies for South County Transit Routes 27 and 28. We verified appropriate expenditure of LCTOP funds and interest earned as of June 30, 2019. 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. We did identify one non-compliance where South County Transit did not meet the minimum required fare revenue ratio as described in Finding 2019-1.

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, Renz & Haugheim LLP

September 23, 2019
Santa Maria, California

SOUTH COUNTY TRANSIT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

FINDING 2019-1
Fare Revenue Ratio

Criteria:

The required fare revenue ratio for South County Transit is 20%.

Condition:

During our calculations of the fare revenue ratio, we noted that the Agency had a ratio of 11.70%.

Cause:

Not enough passenger fares are received to pay for Agency operations.

Effect:

The Agency is using more State revenue than allowed to pay for its operations and while no penalties currently apply, the Agency may potentially lose some funding in future years beginning in the fiscal year ended June 30, 2020.

Recommendation:

The Agency needs to create a plan to raise its fare revenue ratio over the minimum of 20%.

Agency's Corrective Action Plan:

The Agency had hoped that the fare and service change in July 2016 would result in attaining the farebox ratio requirement and continues to strive to increase the ratio, noting a slight increase in the ratio during fiscal year ending June 30, 2018. Staff will continue to evaluate options, including the recommendations included in the TDA performance audit presented to the SLOCOG Board on August 2, 2017.

SOUTH COUNTY TRANSIT
SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

FINDING 2018-1
Fare Revenue Ratio

Criteria:

The required fare revenue ratio for South County Transit is 20%.

Condition:

During our calculations of the fare revenue ratio, we noted that the Agency had a ratio of 13.30%.

Cause:

Not enough passenger fares are received to pay for Agency operations.

Effect:

The Agency is using more State revenue than allowed to pay for its operations and while no penalties currently apply, the Agency may potentially lose some funding in future years beginning in the fiscal year ended June 30, 2020.

Recommendation:

The Agency needs to create a plan to raise its fare revenue ratio over the minimum of 20%.

Current Status:

Not implemented, see Finding 2019-01.

SOUTH COUNTY TRANSIT

October 23, 2019

STAFF REPORT

AGENDA ITEM:	B-2
TOPIC:	SRTP Public Engagement
ACTION:	Reschedule January 2020 Board Meeting & Authorize Public Engagement
PRESENTED BY:	Geoff Straw, SCT Administrator
STAFF RECOMMENDATION:	1. Move Board Meeting from January 15, 2020 to January 22, 2020 2. Authorize SCT Administrator to Schedule Public Open House Meetings on January 15, 2020, and 3. Schedule a January 22, 2020 Public Hearing

BACKGROUND/DISCUSSION:

SoCo Transit contracted with LSC Transportation Consultants in November 2018 to complete a Short Range Transit Plan (SRTP). An SRTP is an important planning tool, since it provides a five- to seven-year “roadmap” for service, capital, financial and institutional plan elements. An SRTP is also required for use of Federal Transit Administration funds. Staff issued a Request for Proposals on September 17, 2018 and selected LSC based on its experience in the region, its reputation for delivering real-world solutions and the quality of its proposal. We conducted a kick-off meeting in December 2018 and the SCT Administrator has provided project management following the former Operations Manager’s departure earlier this year.

LSC has provided five administrative draft Working Papers, which were subsequently posted on our website following incorporation of comments and clarifications provided by staff. The Working Papers were also shared with staff at the SoCo Transit jurisdictions. We expect to receive the final/sixth Working Paper in early November, and an administrative Draft Plan in mid-December.

To ensure that we provide sufficient opportunities for public comments, staff is seeking the Board’s permission to schedule one afternoon and one early-evening public open house on January 15, 2020. At this open house, staff and the consultant team will present findings from the study, including results from the Customer Perception Survey completed as part of the study effort. We would also present service, capital, financial and institutional alternatives to address identified shortcomings and possible new opportunities.

Staff would summarize comments from those two open house meetings, and present them at a proposed Public Hearing that would be conducted by the SoCo Transit Board on January 22, 2019. Note that this would require the Board to move its normally-scheduled January meeting from January 15th to January 22nd.

STAFF RECOMMENDATION:

1. Move the regularly-scheduled SoCo Transit Board of Directors meeting from January 15, 2020 to January 22, 2020;
2. Authorize SCT Administrator to Schedule Public Open House Meetings on January 15, 2020, and
3. Schedule a January 22, 2020 Public Hearing.

DRAFT
SOUTH COUNTY TRANSIT
MINUTES OF APRIL 24, 2019 BOARD MEETING
City Council Chamber, Arroyo Grande
C-1

Directors Present:	Lynn Compton	County Supervisor, District 4
	Sheila Blake	City Council Member, Pismo Beach
	Barbara Nicolls	City Council Member, Grover Beach
	Jimmy Paulding	City Council Member, Arroyo Grande
Staff Present:	Geoff Straw	Administrator
	Tania Arnold	RTA Deputy Director and CFO
	Chelsea Sperakos	RTA Administrative Assistant
	Nina Negranti	San Luis Obispo County Counsel

CALL TO ORDER AND ROLL CALL: Director Lynn Compton called the meeting to order at 1:32 PM and roll call was taken. A quorum was present.

PUBLIC COMMENT: None.

A. INFORMATION AGENDA

A-1 Administrator's Report (Receive)

Mr. Geoff Straw stated the California *Innovative Clean Transit* fleet requirement is to buy zero-emission buses by 2026; by 2040 all buses must be zero-emission. SoCo Transit intends to adopt a policy similar to RTA that allows for exemption requests. The life cycle cost is projected to be less than the diesel-powered bus. We will be asking for two battery-electric buses for SoCo Transit.

Director Compton asked if California was the only state that is going electric.

Mr. Straw stated Arizona, New Mexico, and Texas have gone to electric, not a lot of manufacturers, cost for electricity is cheaper than diesel. A demonstration of a battery electric bus (BEB) will be available after the meeting. The Employee of the Quarter meeting will be in Paso Robles. Omar McPherson has been promoted to Operations Manager, and RTA is looking to replace the Grants Manager. Justin Kobielsuz and Kayleigh McLeod were hired as Accounting Technician and Human Resources Officer, respectively. RTA anticipates to hire SoCo Transit Supervisors as a RTA employees for future consolidation purposes. We are looking to extend the lease on Rodeo Drive for the SoCo Transit yard. The City of Pismo Beach counsel will negotiate the lease with the County. The Short Range Transit Plan (SRTP) working papers to date are available on the RTA website. Token Transit has generated \$1,000 in the first week of sales. We are happy with it and have had some good feedback. Ridership is down, but the declines are declining. The weekday Route 27 ridership is up 4% over last year. We are below budget, and the fare increases have helped. Discussion continued regarding US electrification of vehicles.

Director Compton opened and closed Board and public comment.

A-2 Strategic Business Plan Results (Receive)

Mr. Straw continued to state the SRTP is done every 5-7 years to look at goals and objectives, and where the agency is going in the coming years and the Strategic Business Plan is an agency developed plan that has additional goals and objectives. SoCo Transit hasn't missed any trips; farebox recovery ratio and on time performance has improved.

Director Compton opened Board and public comment.

Director Jimmy Paulding stated that it is nice to see performance metrics showing improved fixed-route productivity. Could we clarify farebox recovery in more detail?

Discussion continued regarding SoCo Transit route performance.

Director Compton closed Board and public comment.

B. ACTION AGENDA

B-1 Fiscal Year 2019-20 Budget (Approve)

Ms. Tania Arnold stated the FY 19/20 operating budget proposed is \$1.5 million and capital budget is \$45,000; the significant fluctuations are related to the purchase of vehicles. SoCo Transit will need to focus on where to acquire capital funding. We expect a financial penalty related to farebox recovery ratio which can be resolved with consolidation. SoCo Transit will operate the same fixed-route service hours and routes. The SRTP will have service recommendations which will be considered in future service and budget plans.

The reserve policy is to maintain a cash flow reserve of one quarter of net operating costs, since federal funds are reimbursed on the end of the fiscal year. The capital projects reserve covers the average local match for vehicle replacements scheduled for the next five fiscal year. The budget assumption that changed was a reduction in risk management costs.

Operating revenue comes from the following federal (37%), fares (9.8%), County (3.3%), LTF local from sales tax (30%), LCTOP low carbon transit operations program (19.8%). Capital revenue sources are STA (including SB 1) and FTA Section 5307. Administration and service delivery costs are salaries and benefits (minimum wage increased by over 8%), maintenance, staff time, contingency, insurance, property rental, and fuel. With consolidation, the one item that will increase is health insurance. Workers Compensation costs have come down, and rent for the current location is projected flat but is currently being negotiated. SoCo Transit and the RTA are in the same insurance pool, and consolidation will eliminate duplicate administration charges. Fuel prices are budgeted for \$3.30/gallon for diesel. Vehicle capital will see significant increases for FY22-23 to purchase battery-electric buses should we be successful in obtaining outside grants. Staff will be bringing in budget amendments in October to carry-over capital items, but it will not require additional funds. Staff anticipates a budget amendment to address consolidation at that time also.

Director Compton opened Board and public comment.

Director Paulding asked since we are losing LCTOP funds in FY 21-22, how are we planning to accommodate that? **Mr. Straw** responded we would look to SB-1 augmentation or LTF fund, or we could eliminate Route 27, and the SRTP will address that.

Director Paulding asked if we know the cost of new vehicles vs vehicles sold. **Ms. Arnold** replied that the surplus buses were sold at auction and will be considered additional revenue, causing SoCo Transit to be coming in under budget will roll over to the next fiscal year as additional revenue.

Director Sheila Blake asked if we are saving \$70,000 by not being charged the farebox penalty by SLOCOG? **Mr. Straw** responded that we are hoping to resolve the consolidation issue this summer; there are only four full time employees with SoCo Transit and consolidation can hopefully happen by January 1, 2020.

Director Compton closed Board and public comment.

Director Blake moved to approve item B-1, and **Director Nicholls** seconded the motion. The motion passed unanimously via roll call vote.

B-2 Summer Youth Ride Free Program (Approve)

Mr. Straw stated that region has agreed to limit the number of Youth Ride Free riders (age 18 and under) on each bus, and the RTA worked with large groups to complete training with them and to explain that groups over ten riders would need to pay fares. AG High has generated increased ridership. This is a great partnership with YMCA.

Director Blake moved to approve item B1, and **Director Paulding** seconded the motion. The motion passed unanimously via roll call vote.

B-3 Zero-Emission Vehicle Purchasing Policy (Approve)

Mr. Straw stated that the RTA Board adopted a similar policy in March, which gives us the opportunity to evaluate whether the technology meets our needs. We will need charging infrastructure, and it can cost up to \$40k to install dual chargers. This policy would allow the Board to make a decision whether the technology works for SoCo Transit beginning in 2026 and if an exemption should be requested.

Questions

Director Paulding asked are BEBs factored into local climate action planning and does SoCo Transit regionally plan with intent to pursue or not.

Mr. Straw stated that electrification of transit fleets is required of transit agencies not jurisdictions; we want to form a joint application with Civic Spark to plan on working together to use each other's resources. This will also help prevent a similar setback experienced in 2006 when SoCo Transit and the RTA were forced to buy cutting-edge buses that ultimately failed.

Director Compton opened and closed Board and public comment.

Director Blake moved to approve item B3, and **Director Nicholls** seconded the motion. The motion passed unanimously via roll call vote.

C. CONSENT AGENDA: (Roll Call Vote)

C-1 SoCo Transit Minutes of January 16, 2019 (Approve)

Director Compton opened and closed Board and public comment.

Director Blake moved to approve item C1, and **Director Nicholls** seconded the motion. The motion passed unanimously via roll call vote, with **Director Paulding** abstaining.

C-2 South County Transit Internal Controls Update (Information)

C-3 FTA Drug and Alcohol Policy, and Non-DOT Drug and Alcohol Policy and Testing Provisions Policy (Adopt)

C-4 South County Transit Employee Handbook (Adopt)

C-5 Revised Memorandum of Understanding – Dental Program (Adopt)

C-6 Request Authority for Lease Extension (Approve)

Director Blake moved to approve items C2-C6, and **Director Paulding** seconded the motion. The motion passed unanimously via roll call vote.

D. DIRECTORS' COMMENTS

None

E. EXECUTIVE COMMITTEE MEMBERS' COMMENTS

None

ADJOURNMENT

Director Compton adjourned the meeting at 2:28 PM.

Next South County Transit Board meeting: July 17, 2019

Respectfully submitted, Chelsea Sperakos, Administrative Assistant

**SOUTH COUNTY TRANSIT
OCTOBER 23, 2019
STAFF REPORT**

AGENDA ITEM: C-2

TOPIC: CalTIP Joint Powers Authority (JPA) Agreement

ACTION: Approve Resolution

PRESENTED BY: Geoff Straw, Administrator

BACKGROUND/DISCUSSION:

SoCo Transit joined the California Transit Systems Joint Powers Authority – also known as the California Transit Indemnity Pool (CalTIP, or Authority) – in July 2002 to obtain liability coverage, vehicle physical damage coverage, and risk management services through jointly pooling resources with the other transit agencies that are members of the Authority. CalTIP provides competitive rates and needed risk management services to over 30 transit agencies in the state. Similar to other self-insurance pools, CalTIP was formed in 1987 during a difficult time for public entities to obtain coverage from the insurance market. Although the difficulty of obtaining insurance from the standard markets eventually waned, the coverage provided by the insurance industry usually is not tailored to the specific needs of the public transit entities and has not provided the tailored risk management services we need.

CalTIP was originally formed upon the execution of a Joint Powers Agreement by each of its transit agency members. The Agreement was last amended in May 2011 to align the document with current operations and practices of the Authority at that time. The document has not been updated since then.

The current amendments to the Agreement are the result of discussions with CalTIP's Oversight Committee and its Board to address CalTIP's ongoing challenges associated with achieving certain quorum requirements at Board meetings in order to conduct business. The amendment also ensures the governing documents align with CalTIP's current practices and procedures.

At its April 18, 2019 meeting, the CalTIP Board approved submitting the amended Joint Powers Authority Agreement to the member agencies for approval. In addition, the CalTIP Board approved the amended Bylaws to become effective upon approval of the amended Agreement. While the CalTIP Board has the authority to approve the amendments to the CalTIP Bylaws, it has been included herein for informational purposes.

CONCLUSION:

The amended Agreement needs to be adopted by the governing bodies of at least three-fourths of the members of CalTIP, although the CalTIP Board believes it best to have all members adopt the amended Agreement. The amendments are intended to address ongoing challenges with quorum requirements and provide the CalTIP Board the flexibility and ability to make decisions and carry-forth initiatives in a more expeditious manner to the benefit of the organization. Each member, including South County Transit, has representation on the CalTIP Board of Directors and each director has similar interests as South County Transit in the operations of CalTIP because each member is a transit agency similar to the South County Transit. Thus, staff respectfully requests the South County Transit Board to approve the attached resolution.

STAFF RECOMMENDATION:

Approve the attached resolution acknowledging the South County Transit Board's approval of the amended Joint Powers Agreement for the California Transit Systems Joint Powers Authority.

ATTACHMENTS:

1. Resolution
2. Table: Comparison of Amended JPA Agreements – Current vs. Proposed
3. Original CalTIP Joint Powers Agreement – Effective May 2011
4. Amended CalTIP Joint Powers Agreement – As Amended 2019
5. Amended CalTIP Bylaws – Effective 2019

**SOUTH COUNTY TRANSIT
RESOLUTION NO. _____**

**RESOLUTION OF THE SOUTH COUNTY TRANSIT BOARD OF DIRECTORS
APPROVING THE AMENDED JOINT POWERS AUTHORITY AGREEMENT
FORMING THE CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY**

WHEREAS, on July 1, 2002, South County Transit approved entering into an agreement that provided for the creation of the California Transit Systems Joint Powers Authority (hereinafter CalTIP) for the purpose of jointly funding tort liabilities and other losses and providing risk management services to reduce such losses;

WHEREAS, CalTIP has provided South County Transit coverage for such liabilities, including losses to vehicles, at overall cost-effective pricing;

WHEREAS, the South County Transit Board of Directors finds it is in the best interest of South County Transit to continue its participation in CalTIP and obtain liability coverage and risk management services from CalTIP;

WHEREAS, the joint powers authority agreement of CalTIP has retained its original form as drafted in 1987 and amended in 2011 and there have been changes in operations of CalTIP since that time;

WHEREAS, the South County Transit Board of Directors recognizes the need to amend the CalTIP joint powers authority agreement to enable CalTIP to effectively govern the organization and adapt to changes in the environment in which CalTIP operates.

NOW, THEREFORE, BE IT RESOLVED that the South County Transit Board of Directors accepts the changes to the joint powers authority agreement as presented, and

BE IT FURTHER RESOLVED that the South County Transit Board of Directors authorizes the Administrator to sign the amended joint powers authority agreement that shall enable South County Transit to continue to enjoy the joint self-insurance and risk management programs provided by CalTIP.

THIS RESOLUTION DULY PASSED this 17th day of July, 2019.

AYES:

NOES:

ABSENT:

ABSTAIN:

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California Transit Systems Joint Powers Authority
Comparison of JPA Agreements – Current versus Proposed

Current to Proposed:

Current JPA Reference	Changes in Proposed JPA	Proposed JPA Reference
Page 1, Lines 1 - 3	Changing the opening paragraph prior to recitals for clarification purposes.	Page 1, Lines 1 - 3
Page 1, Line 27	Adding language to clarify the amended Agreement will become effective as soon as three-quarters of the current Parties to the Agreement approve the Agreement.	Page 1, Lines 26 - 27
Page 2, Lines 81 - 83	Article IV – Term of Agreement: Adding language to clarify the agreement is effective as amended from time to time.	Page 2, Lines 85 - 87
Page 3, Line 111 - 112	Article VII – Governing Documents: Including language stating the amended Bylaws are attached to the document and noting they will be deemed adopted upon the effective date of the Agreement. (The Board has the authority to adopt the Bylaws; however, because some of the amendments to the Bylaws dovetail with the amendments to the Agreement, the Board adopted the amended Bylaws to become effective upon the effective date of the Agreement). The language was also changed to clarify the Board may amend the Bylaws.	Page 3, Lines 113 - 114
Page 3, Line 130	Article VIII – Responsibilities of the Parties: Clarifying one or more Alternates may be appointed to the Board, which is CalTIP’s current practice.	Page 3, Line 134
Page 4, Lines 148 - 154	Article X – Board of Directors: Adding language to maintain consistency regarding appointment of “one or more Alternates” to the Board, referring to the Bylaws for specifics regarding the constitution of the Board of Directors, and removing the specifics from the Agreement.	Page 4, Lines 153 - 154
Page 5, Line 202 - 203	Article XVI – New Parties: Removing the quorum requirement from this section of the Agreement. Specifics regarding the quorum requirement are contained in the amended Bylaws. (The Bylaws require a two-thirds affirmative vote of the Board present and voting).	N/A
Page 6, Lines 221 - 223	Article XVIII – Expulsion: Removing the quorum requirement from this section of the Agreement and referencing the Bylaws. (The Bylaws require a three-fourths vote of the Board present and voting). Adding language to clarify written notice of such action will be provided to the expelled Party at least 90 days prior to the effective date of the expulsion.	Page 6, Lines 220 - 222
N/A	Article XXII – Notices: Adding language stating notices of meetings may be provided via e-mail.	Page 7, Lines 290 - 291
Page 7, Line 303	Article XXV – Amendments: Changing the approval requirement to amend the Agreement from three-fourths of the Parties to two-thirds of the Parties for future amendments.	Page 7, Line 310

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CALIFORNIA TRANSIT SYSTEMS

JOINT POWERS AUTHORITY

JOINT POWERS AUTHORITY AGREEMENT

May 2011

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JOINT POWERS AUTHORITY AGREEMENT

CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY (CalTIP)

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1 This Agreement is executed in the State of California by and among those public entities which are
2 parties signatory to this Agreement. All parties signatory to this Agreement shall hereinafter be called
3 "Party" [collectively "Parties"].
4

5 **RECITALS**

6
7 **Whereas**, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et
8 seq.) permits two or more public entities, by agreement, to exercise jointly powers common to the
9 contracting parties; and
10

11 **Whereas**, it is the mutual benefit of the Parties and in the public interest that the Parties join together
12 to provide:
13

- 14 • Pooling of their self-insured losses caused by injury to, or disease of, a person or damage to
15 property;
- 16 • Sharing the cost of excess insurance or reinsurance, if any, or pooling with other joint powers
17 authorities or public entity pooling arrangement; and
- 18 • Sharing the administration of the Authority created by this document.
19

20 **Whereas**, each Party desires to enter into this Agreement with each of the other Parties for the purpose
21 of joint risk sharing and/or insuring against various risk of loss jointly, rather than individually;
22

23 **NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**
24

25 **AGREEMENT**

26
27 This amended Agreement replaces the original Agreement and any prior amendments that may exist.
28

29 This Agreement is made under the authority of Government Code Section 6500 et seq. between the
30 undersigned public entities, after the governing boards of the entities determine that it is in their best
31 interest to execute this Agreement.
32

33 **ARTICLE I - PURPOSE**

34
35 The purpose of this Agreement is to exercise jointly powers common to each Party by:
36

- 37 • Creating an authority under Government Code Section 6500 et seq., a public entity that is
38 separate and apart from the Parties, to be known as the California Transit System Joint Powers
39 Authority, to administer a self-insurance pool,
- 40 • Sharing losses and purchase as a group, insurance or reinsurance and participate in other joint
41 powers authorities or other public entity pooling arrangements,
- 42 • Maintaining funds sufficient to pay the losses to which the Parties agree to share through a
43 Coverage Program, and
- 44 • Purchasing jointly administrative and other services, including risk management, loss
45 prevention, and legal defense in connection with the Coverage Programs.

46 **ARTICLE II - CREATION OF THE CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY**

47
48 Pursuant to Government Code Section 6500 et seq., the Parties to this Agreement hereby create a public
49 entity separate and apart from the Parties. This public entity created by this Agreement shall be known
50 as the California Transit Systems Joint Powers Authority.
51

52 **ARTICLE III - DEFINITIONS**

- 53
- 54 1. "Authority" shall mean the California Transit Systems Joint Powers Authority.
 - 55 2. "Board" or "Board of Directors" shall mean the governing board of the Authority.
 - 56 3. "Coverage Programs" shall mean programs as defined and adopted by the Board which may, but
57 need not be limited to pooled risk programs, group purchase of insurance or reinsurance, or
58 participation in other public entity pooling programs.
 - 59 4. "Coverage Program Documents" shall mean the Master Program Document defining the policies
60 and procedures of the program and the Memorandum of Coverage defining the coverage
61 provided by the program.
 - 62 5. "Contributions" shall mean payments by Members to the Authority, for other than interest,
63 penalties paid, or reimbursements for payments made on behalf of the Member, for which the
64 Authority is not liable.
 - 65 6. "Governing Documents" shall be those documents described in Article VII, Governing
66 Documents.
 - 67 7. "Member" or collectively "Members" shall mean a Party who is participating in a particular
68 Coverage Program.
 - 69 8. "Party" shall mean a signatory to this Agreement.
 - 70 9. "Officer" shall mean an officer of the Authority as defined in Article XIII.
- 71

72 **ARTICLE IV - PARTIES TO THIS AGREEMENT**

73
74 Each Party to this Agreement certifies that it intends to, and does, contract with all other Parties who
75 are signatories to this Agreement, and any signatories that may sign this Agreement in the future,
76 pursuant to Article XVI. The withdrawal of any Party to this Agreement shall not affect this Agreement
77 as respects the remaining Parties and those remaining Parties' intent to be bound by this Agreement.
78

79 **ARTICLE V - TERM OF AGREEMENT**

80
81 As authorized by Government Code Section 6510, this Agreement was effective from May 1, 1987 and
82 shall stay in full force, as is, as amended on May 1, 2012 or any other subsequent amendments, until
83 terminated in accordance with Article XX.
84
85
86
87

88 **ARTICLE VI - POWERS OF THE AUTHORITY**

89
90 The powers of the Authority shall be the powers enjoyed by the County of Nevada or, if the County of
91 Nevada is no longer a Party to this Agreement then, the County of Siskiyou, and is authorized to do all
92 acts necessary to fulfill the purposes of this Agreement including, but not limited to, the following:
93

- 94 1. Make and enter into contracts;
- 95 2. Incur debts, liabilities and obligations, but no debt, liability or obligation of the Authority is the
96 debt, liability or obligation of any Party except as otherwise provided;
- 97 3. Acquire, hold or dispose of real and personal property;
- 98 4. Receive contributions and donations of property, funds, services and other forms of assistance
99 from any source;
- 100 5. Assess Parties as deemed appropriate by the Board;
- 101 6. Sue and be sued in its own name;
- 102 7. Acquire, construct, manage and maintain buildings; and
- 103 8. Lease real or personal property including property of a Party, and receive, collect, invest and
104 disburse monies.

105
106 These powers shall be executed in a manner provided by appropriate law and as set forth in this
107 Agreement.
108

109 **ARTICLE VII - GOVERNING DOCUMENTS**

110
111 The Board of Directors shall adopt Bylaws consistent with this Agreement and applicable law to govern
112 the operations of the Authority. The Board of Directors may adopt Coverage Program Documents,
113 consistent with this Agreement and the Bylaws. These Coverage Program Documents define the
114 Coverage Programs, the Members rights and duties, the Authority's rights and duties, and the
115 operations of the programs. The Board may also adopt policies and procedures, consistent with this
116 Agreement, the Bylaws, or Coverage Program Documents, to assist in the governance of the Authority's
117 operations and activities. The Agreement, the Bylaws, Coverage Program Documents and policies and
118 procedures adopted by the Board shall constitute the Governing Documents of the Authority.
119

120 Unless otherwise stated, a Governing Document may be amended by a majority of the Board of
121 Directors at a duly noticed regular or special Board meeting.
122

123 **ARTICLE VIII - RESPONSIBILITIES OF THE PARTIES**

124
125 The Parties to this Agreement shall have the following responsibilities:
126

- 127 1. To abide by the terms of this Agreement and other Governing Documents;
- 128 2. To cooperate fully with the Authority in the settlement of claims;
- 129 3. To pay Contributions, assessments, or other charges promptly to the Authority when due; and
- 130 4. To appoint a Director and an Alternate to the Board of Directors and to reappoint those
131 positions upon the departure of anyone from those positions.

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ARTICLE IX - POWERS RESERVED UNTO THE PARTIES

The Parties reserve unto themselves the following powers:

1. To amend this Agreement;
2. Appoint the Representatives and Alternates to the Board of Directors; and
3. To terminate the Authority in accordance with Article XX.

ARTICLE X - BOARD OF DIRECTORS

There shall be a Board of Directors to govern the affairs of the Authority. The Board of Directors shall have all the powers of the Authority except those specifically reserved to the Parties. The Board of Directors shall have the authority to create committees as deemed necessary for the operations of the Authority. The Board has the power to delegate any and all of its powers, not specifically reserved exclusively to the Board, to a committee or an Officer of the Authority.

The Board of Directors shall consist of one Director and one Alternate from each Party to this Agreement. The Party shall appoint by official action an officer or employee of the Party to be the Director and such appointment shall remain in effect until such time as the Party appoints another to be the Director. The Party shall appoint by official action an officer or employee of the Party to be the Alternate and such appointment shall remain in effect until such time as the Party appoints another to be the Alternate. Each Director shall have one vote, and each Alternate shall have one vote only if the Director for which he/she is an Alternate is absent from the meeting.

ARTICLE XI - DUTIES OF THE BOARD NOT DELEGABLE

The Board may not delegate to any committee, office or person the authority to:

1. Adopt, amend or alter the Bylaws;
2. Adopt the Authority's Annual Budget;
3. Create a Coverage Program;
4. Accept a Party to this Agreement; or
5. Expel a Party to this Agreement.

ARTICLE XII - BOARD MEETINGS AND RECORDS

The Board of Directors shall hold at least one meeting each fiscal year. Regular and special meetings may be called in accordance with the Bylaws of this Authority and applicable laws. All meetings shall be open to the public except as permitted by Government Code Section 54950 et seq. The Secretary shall keep full and complete minutes of all Board meetings.

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ARTICLE XIII - OFFICERS OF THE AUTHORITY

The Board shall elect one of its members as Chairperson and one as Vice Chairperson. The Board shall appoint a Secretary. The duties of the Chairperson, Vice Chairperson and Secretary shall be defined in the Bylaws.

In lieu of the designation of a treasurer and auditor as per Government Code Section 6505.6, the Board shall elect a Treasurer, who shall have, among other duties defined in the Bylaws, the duties of the treasurer and auditor as described in Government Code Section 6505.5.

The Board may appoint other officers of the Authority as described in the Bylaws.

ARTICLE XIV - ANNUAL BUDGET

Pursuant to Government Code Section 6508, the Board shall approve a budget for any given fiscal year prior to the inception of that year.

ARTICLE XV - ADMINISTRATION OF FUNDS

The Authority shall be responsible for the strict accountability of all funds and reports of all receipts and disbursements in conformity with Government Code Section 6505. All funds of the Authority may be held in common although there shall be a separate accounting for funds of each Coverage Program.

ARTICLE XVI - NEW PARTIES

Prospective Parties may apply to the Board of Directors at any time. The Board shall have the power to accept a prospective Party, after reviewing their application, with at least two-thirds affirmative vote of the entire Board. The membership shall become effective upon the Board's approval and the signing of this Agreement, participation in all mandatory Coverage Programs, and compliance with any and all other requirements imposed upon membership by the Bylaws or other Governing Documents.

ARTICLE XVII - WITHDRAWAL

A Party to this Agreement may not withdraw as a party to this Agreement prior to being a Party for at least three full fiscal years. A Party, who has been a Party for at least three full fiscal years, may withdraw from this Agreement only on the completion of a fiscal year. The Party must provide the Chairperson written notice of intent to withdraw at least six-months prior to withdrawal. The Party may rescind its notice of intent to withdraw at any time prior to ninety-days prior to the commencement of the next fiscal year. The Board may authorize rescission of the intent to withdraw upon a Party's request pursuant to the Bylaws at any time.

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ARTICLE XVIII - EXPULSION

The Authority may expel a Party to this Agreement as a Party by a three-fourth vote of the entire Board. The Party shall be given written notice of such action of the Board at least ninety-days prior to the expulsion.

ARTICLE XIX - EFFECT OF EXPULSION OR WITHDRAWAL

Pursuant to Government Code Section 6512.2, termination of any Party to this Agreement as a Party shall not be construed to be completion of the purpose of the Agreement and shall not require the return of any Contributions, payments or advances made by the Party until the Agreement is rescinded or terminated by all Parties in accordance with Article XX.

Termination of a Party to this Agreement as a Party shall not terminate its continuing responsibilities defined in any Governing Document or Coverage Program Document for the period of time in which the Party participated, including, but not limited to:

1. Cooperate fully with the Authority in the investigation and settlement of a claim;
2. Pay any Contributions, retentions or deductibles, assessments or other charges which are due and payable; and
3. Provide any statistical or loss experience data and other information as may be necessary for the Authority to carry out the purpose of this Agreement.

ARTICLE XX - TERMINATION AND DISTRIBUTION

This Agreement may be terminated at any time with written consent of three-fourths of the Parties; provided, however, that this Agreement and the Authority shall exist for the purpose of disposing of all claims, distribution of assets and any other functions necessary to wind up the affairs of the Authority. The Board shall be vested with all the powers of the Authority for the purposes of winding down and dissolving the business affairs of the Authority, including the power to assess past and present Parties in accordance with Coverage Program Documents.

In accordance with Government Code Section 6512, all assets of the Authority shall be distributed among those who were Parties within ten years of termination, in proportion to the Parties' Contributions. The Board shall determine when claims and liabilities are sufficiently realized as to not jeopardize the payment of any claim or liability that may arise in the future.

ARTICLE XXI - LIABILITY AND INDEMNIFICATION

Pursuant to Government Code Section 6508.1, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of any Party, except to the extent and in the proportions, imposed by the Bylaws or other Governing Documents. Each Party is independent of every other Party and of the Authority and not the agent of any Party or of the Authority. In contemplation of the provisions of Section 895.2 of the California Government Code, imposing certain tort liability jointly

263 upon public entities, solely by reason of a joint powers agreement as defined in Section 895 of that
264 code, each Party, as between each other, pursuant to the authorization contained in Section 895.4 and
265 895.6 of that code, does hereby assume the full liability imposed upon it, or any of its officers, agents, or
266 employees by law for injury caused by a negligent or wrongful act or omission occurring in the
267 performance of this Agreement, to the same extent that such liability would be imposed in the absence
268 of Section 895.2 of the California Government Code. To achieve the above-stated purpose, each Party
269 shall indemnify and hold harmless each other Party for any loss, costs, or expense that may be imposed
270 upon such other Party solely by virtue of Section 895.2. The provisions of Section 2778 of the California
271 Civil Code are made a part of this Agreement as if set forth fully in this Agreement.
272

273 The members of the Board of Directors and the Officers and employees of the Authority shall act in good
274 faith and in the best interests of the Authority in the performance of their duties. The members of the
275 Board of Directors and Officers and employees shall be liable for an act or omission within the scope of
276 their employment with the Authority as a public entity only in the event that they act or fail to act
277 because of actual fraud, corruption, or malice. No member shall be liable for any actions taken or
278 omissions by another member of the Board. Funds of the Authority shall be used to defend and
279 indemnify members of the Board, Officers, and employees for any act or omission pursuant to the
280 provisions of the Government Code Section 910 to 996.6, inclusive. The Authority may purchase
281 insurance covering acts or omissions of the Board of Directors, Officers, and employees.
282

283 **ARTICLE XXII - NOTICES**

284
285 Notices to any or all Parties shall be sufficient if mailed to their respective addresses on file with the
286 Authority. Notice to the Authority shall be sufficient if mailed to the official address of the Authority as
287 established by Resolution.
288

289 **ARTICLE XXIII - PROHIBITION AGAINST ASSIGNMENT**

290
291 No Party may assign any right, claim, or interest it may have under this Agreement, and no creditor,
292 assignee, or third party beneficiary of the Party shall have any right, claim or title to any part, share,
293 interest, fund, premium, or asset of the Authority.
294

295 **ARTICLE XXIV - ARBITRATION**

296
297 Any controversy between the Parties hereto arising out of this Agreement shall be submitted to
298 arbitration, and such arbitration shall comply with and be governed by the provisions of the California
299 Arbitration Act, Sections 1280 through 1294.2 of the California Code of Civil Procedure.
300

301 **ARTICLE XXV - AMENDMENTS**

302
303 This Agreement may be amended at any time by approval of three-fourths of the Parties.
304

ARTICLE XXVI - AGREEMENT COMPLETE

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The foregoing constitutes the full and complete agreement of the Parties. There are no oral understandings or agreements not set forth in writing herein.

In Witness Whereof, the undersigned Party hereto has executed this Agreement on the date indicated below:

Date: _____

By: _____

Printed Name of Authorized Signor

Signature of Authorized Signor

Title of Authorized Signor

Name of Agency

CALIFORNIA TRANSIT SYSTEMS

JOINT POWERS AUTHORITY

AMENDED AND RESTATED
JOINT POWERS AUTHORITY AGREEMENT

As Amended 2019

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**AMENDED AND RESTATED
JOINT POWERS AUTHORITY AGREEMENT**

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ARTICLE XXVI - AGREEMENT COMPLETE..... 8

1 This Amended and Restated Joint Powers Agreement (“Agreement”) is executed by and among those
2 public entities which are signatories to this Agreement. Such parties shall hereinafter be referred to
3 individually as “Party” or collectively, “Parties.”

4 **RECITALS**

5
6 **Whereas**, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et
7 seq.) permits two or more public entities, by agreement, to exercise jointly powers common to the
8 contracting parties; and

9
10 **Whereas**, it is the mutual benefit of the Parties and in the public interest that the Parties join together
11 to provide:

- 12
- 13 • Pooling of their self-insured losses caused by injury to, or disease of, a person or damage to
14 property;
 - 15 • Sharing the cost of excess insurance or reinsurance, if any, or pooling with other joint powers
16 authorities or public entity pooling arrangement; and
 - 17 • Sharing the administration of the Authority created by this document.
- 18

19 **Whereas**, each Party desires to enter into this Agreement with each of the other Parties for the purpose
20 of joint risk sharing and/or insuring against various risk of loss jointly, rather than individually;

21
22 **NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

23
24 **AGREEMENT**

25
26 This amended Agreement replaces and restates in its entirety the Agreement and any prior amendments
27 that may exist and is effective upon approval by three-quarters of the current Parties to the Agreement.

28
29 This Agreement is made under the authority of Government Code Section 6500 et seq. between the
30 undersigned public entities, after the governing boards of the entities determine that it is in their best
31 interest to execute this Agreement.

32
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34 **ARTICLE I - PURPOSE**

35
36 The purpose of this Agreement is to exercise jointly powers common to each Party by:

- 37
- 38 • Creating an authority under Government Code Section 6500 et seq., a public entity that is
39 separate and apart from the Parties, to be known as the California Transit System Joint Powers
40 Authority, to administer a self-insurance pool,
 - 41 • Sharing losses and purchase as a group, insurance or reinsurance and participate in other joint
42 powers authorities or other public entity pooling arrangements,
 - 43 • Maintaining funds sufficient to pay the losses to which the Parties agree to share through a
44 Coverage Program, and
 - 45 • Purchasing jointly administrative and other services, including risk management, loss
46 prevention, and legal defense in connection with the Coverage Programs.

47 **ARTICLE II - CREATION OF THE CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY**

48
49 Pursuant to Government Code Section 6500 et seq., the Parties to this Agreement hereby create a public
50 entity separate and apart from the Parties. This public entity created by this Agreement shall be known
51 as the California Transit Systems Joint Powers Authority.
52

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ARTICLE III - DEFINITIONS

- 55
56 1. "Authority" shall mean the California Transit Systems Joint Powers Authority.
57 2. "Board" or "Board of Directors" shall mean the governing board of the Authority.
58 3. "Coverage Programs" shall mean programs as defined and adopted by the Board which may, but
59 need not be limited to pooled risk programs, group purchase of insurance or reinsurance, or
60 participation in other public entity pooling programs.
61 4. "Coverage Program Documents" shall mean the Master Program Document defining the policies
62 and procedures of the program and the Memorandum of Coverage defining the coverage
63 provided by the program.
64 5. "Contributions" shall mean payments by Members to the Authority, for other than interest,
65 penalties paid, or reimbursements for payments made on behalf of the Member, for which the
66 Authority is not liable.
67 6. "Governing Documents" shall be those documents described in Article VII, Governing
68 Documents.
69 7. "Member" or collectively "Members" shall mean a Party who is participating in a particular
70 Coverage Program.
71 8. "Party" shall mean a signatory to this Agreement.
72 9. "Officer" shall mean an officer of the Authority as defined in Article XIII.
73

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75

ARTICLE IV - PARTIES TO THIS AGREEMENT

76
77 Each Party to this Agreement certifies that it intends to, and does, contract with all other Parties who
78 are signatories to this Agreement, and any signatories that may sign this Agreement in the future,
79 pursuant to Article XVI. The withdrawal of any Party to this Agreement shall not affect this Agreement
80 as respects the remaining Parties and those remaining Parties' intent to be bound by this Agreement.
81

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ARTICLE V - TERM OF AGREEMENT

84
85 As authorized by Government Code Section 6510, this Agreement which was originally effective May
86 1, 1987 shall stay in full force, as amended from time to time, until terminated in accordance with
87 Article XX.

88 **ARTICLE VI - POWERS OF THE AUTHORITY**

89
90 The powers of the Authority shall be the powers enjoyed by the County of Nevada or, if the County of
91 Nevada is no longer a Party to this Agreement then, the County of Siskiyou, and is authorized to do all
92 acts necessary to fulfill the purposes of this Agreement including, but not limited to, the following:

- 93
94 1. Make and enter into contracts;
95 2. Incur debts, liabilities and obligations, but no debt, liability or obligation of the Authority is the
96 debt, liability or obligation of any Party except as otherwise provided;
97 3. Acquire, hold or dispose of real and personal property;
98 4. Receive contributions and donations of property, funds, services and other forms of assistance
99 from any source;
100 5. Assess Parties as deemed appropriate by the Board;
101 6. Sue and be sued in its own name;
102 7. Acquire, construct, manage and maintain buildings; and
103 8. Lease real or personal property including property of a Party, and receive, collect, invest and
104 disburse monies.

105
106 These powers shall be executed in a manner provided by appropriate law and as set forth in this
107 Agreement.

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110 **ARTICLE VII - GOVERNING DOCUMENTS**

111
112 The attached amended Bylaws shall be deemed adopted upon the effective date of this Agreement.
113 Thereafter, the Board of Directors may amend the Bylaws consistent with this Agreement and
114 applicable law to govern the operations of the Authority. The Board of Directors may adopt Coverage
115 Program Documents, consistent with this Agreement and the Bylaws. These Coverage Program
116 Documents define the Coverage Programs, the Members' rights and duties, the Authority's rights and
117 duties, and the operations of the programs. The Board may also adopt policies and procedures,
118 consistent with this Agreement, the Bylaws, or Coverage Program Documents, to assist in the
119 governance of the Authority's operations and activities. The Agreement, the Bylaws, Coverage Program
120 Documents and policies and procedures adopted by the Board shall constitute the Governing
121 Documents of the Authority.

122
123 Unless otherwise stated, a Governing Document may be amended by a majority of the Board of
124 Directors at a duly noticed regular or special Board meeting.

125
126
127 **ARTICLE VIII - RESPONSIBILITIES OF THE PARTIES**

128
129 The Parties to this Agreement shall have the following responsibilities:

- 130
131 1. To abide by the terms of this Agreement and other Governing Documents;
132 2. To cooperate fully with the Authority in the settlement of claims;
133 3. To pay Contributions, assessments, or other charges promptly to the Authority when due; and
134 4. To appoint a Director and one or more Alternates to the Board of Directors and to
135 reappoint those positions upon the departure of anyone from those positions.

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ARTICLE IX - POWERS RESERVED UNTO THE PARTIES

The Parties reserve unto themselves the following powers:

- 1. To amend this Agreement;
- 2. Appoint the Representatives and Alternates to the Board of Directors; and
- 3. To terminate the Authority in accordance with Article XX.

ARTICLE X - BOARD OF DIRECTORS

There shall be a Board of Directors to govern the affairs of the Authority. The Board of Directors shall have all the powers of the Authority except those specifically reserved to the Parties. The Board of Directors shall have the authority to create committees as deemed necessary for the operations of the Authority. The Board has the power to delegate any and all of its powers, not specifically reserved exclusively to the Board, to a committee or an Officer of the Authority.

The Board of Directors shall consist of one Director and one or more Alternates for each Party to this Agreement as provided for in the Bylaws.

ARTICLE XI - DUTIES OF THE BOARD NOT DELEGABLE

The Board may not delegate to any committee, office or person the authority to:

- 1. Adopt, amend or alter the Bylaws;
- 2. Adopt the Authority's Annual Budget;
- 3. Create a Coverage Program;
- 4. Accept a Party to this Agreement; or
- 5. Expel a Party to this Agreement.

ARTICLE XII - BOARD MEETINGS AND RECORDS

The Board of Directors shall hold at least one meeting each fiscal year. Regular and special meetings may be called in accordance with the Bylaws of this Authority and applicable laws. All meetings shall be open to the public except as permitted by Government Code Section 54950 et seq. The Secretary shall keep full and complete minutes of all Board meetings.

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ARTICLE XIII - OFFICERS OF THE AUTHORITY

The Board shall elect one of its members as Chairperson and one as Vice Chairperson. The Board shall appoint a Secretary. The duties of the Chairperson, Vice Chairperson and Secretary shall be defined in the Bylaws.

In lieu of the designation of a treasurer and auditor as per Government Code Section 6505.6, the Board shall elect a Treasurer, who shall have, among other duties defined in the Bylaws, the duties of the treasurer and auditor as described in Government Code Section 6505.5.

The Board may appoint other officers of the Authority as described in the Bylaws.

ARTICLE XIV - ANNUAL BUDGET

Pursuant to Government Code Section 6508, the Board shall approve a budget for any given fiscal year prior to the inception of that year.

ARTICLE XV - ADMINISTRATION OF FUNDS

The Authority shall be responsible for the strict accountability of all funds and reports of all receipts and disbursements in conformity with Government Code Section 6505. All funds of the Authority may be held in common although there shall be a separate accounting for funds of each Coverage Program.

ARTICLE XVI - NEW PARTIES

Prospective Parties may apply to the Board of Directors at any time. The Board shall have the power to accept a prospective Party, after reviewing their application. The membership shall become effective upon the Board's approval and the signing of this Agreement, participation in all mandatory Coverage Programs, and compliance with any and all other requirements imposed upon membership by the Bylaws or other Governing Documents.

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A Party to this Agreement may not withdraw as a party to this Agreement prior to being a Party for at least three full fiscal years. A Party, who has been a Party for at least three full fiscal years, may withdraw from this Agreement only on the completion of a fiscal year. The Party must provide the Chairperson written notice of intent to withdraw at least six-months prior to withdrawal. The Party may rescind its notice of intent to withdraw at any time prior to ninety-days prior to the commencement of the next fiscal year. The Board may authorize rescission of the intent to withdraw upon a Party's request pursuant to the Bylaws at any time.

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ARTICLE XVIII - EXPULSION

The Board may expel a Party to this Agreement as a Party as provided for in the Bylaws. The expelled Party shall be given written notice of such action of the Board at least ninety-days prior to the effective date of the expulsion.

ARTICLE XIX - EFFECT OF EXPULSION OR WITHDRAWAL

Pursuant to Government Code Section 6512.2, termination of any Party to this Agreement as a Party shall not be construed to be completion of the purpose of the Agreement and shall not require the return of any Contributions, payments or advances made by the Party until the Agreement is rescinded or terminated by all Parties in accordance with Article XX.

Termination of a Party to this Agreement as a Party shall not terminate its continuing responsibilities defined in any Governing Document or Coverage Program Document for the period of time in which the Party participated, including, but not limited to:

1. Cooperate fully with the Authority in the investigation and settlement of a claim;
2. Pay any Contributions, retentions or deductibles, assessments or other charges which are due and payable; and
3. Provide any statistical or loss experience data and other information as may be necessary for the Authority to carry out the purpose of this Agreement.

ARTICLE XX - TERMINATION AND DISTRIBUTION

This Agreement may be terminated at any time with written consent of three-fourths of the Parties; provided, however, that this Agreement and the Authority shall exist for the purpose of disposing of all claims, distribution of assets and any other functions necessary to wind up the affairs of the Authority. The Board shall be vested with all the powers of the Authority for the purposes of winding down and dissolving the business affairs of the Authority, including the power to assess past and present Parties in accordance with Coverage Program Documents.

In accordance with Government Code Section 6512, all assets of the Authority shall be distributed among those who were Parties within ten years of termination, in proportion to the Parties' Contributions. The Board shall determine when claims and liabilities are sufficiently realized as to not jeopardize the payment of any claim or liability that may arise in the future.

ARTICLE XXI - LIABILITY AND INDEMNIFICATION

Pursuant to Government Code Section 6508.1, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of any Party, except to the extent and in the proportions, imposed by the Bylaws or other Governing Documents. Each Party is independent of every other Party and of the Authority and not the agent of any Party or of the Authority. In contemplation of the provisions of Section 895.2 of the California Government Code, imposing certain tort liability jointly

265 upon public entities, solely by reason of a joint powers agreement as defined in Section 895 of that
266 code, each Party, as between each other, pursuant to the authorization contained in Section 895.4 and
267 895.6 of that code, does hereby assume the full liability imposed upon it, or any of its officers, agents, or
268 employees by law for injury caused by a negligent or wrongful act or omission occurring in the
269 performance of this Agreement, to the same extent that such liability would be imposed in the absence
270 of Section 895.2 of the California Government Code. To achieve the above-stated purpose, each Party
271 shall indemnify and hold harmless each other Party for any loss, costs, or expense that may be imposed
272 upon such other Party solely by virtue of Section 895.2. The provisions of Section 2778 of the California
273 Civil Code are made a part of this Agreement as if set forth fully in this Agreement.

274
275 The members of the Board of Directors and the Officers and employees of the Authority shall act in good
276 faith and in the best interests of the Authority in the performance of their duties. The members of the
277 Board of Directors and Officers and employees shall be liable for an act or omission within the scope of
278 their employment with the Authority as a public entity only in the event that they act or fail to act
279 because of actual fraud, corruption, or malice. No member shall be liable for any actions taken or
280 omissions by another member of the Board. Funds of the Authority shall be used to defend and
281 indemnify members of the Board, Officers, and employees for any act or omission pursuant to the
282 provisions of the Government Code Section 910 to 996.6, inclusive. The Authority may purchase
283 insurance covering acts or omissions of the Board of Directors, Officers, and employees.

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286 **ARTICLE XXII - NOTICES**

287
288 Notices to any or all Parties shall be sufficient if mailed to their respective addresses on file with the
289 Authority. Notice to the Authority shall be sufficient if mailed to the official address of the Authority as
290 established by Resolution. Notices of meetings may be given by electronic mail to the respective
291 electronic mail addresses on file with the Authority, which notice shall be deemed sufficient notice.

292
293

294 **ARTICLE XXIII - PROHIBITION AGAINST ASSIGNMENT**

295
296 No Party may assign any right, claim, or interest it may have under this Agreement, and no creditor,
297 assignee, or third party beneficiary of the Party shall have any right, claim or title to any part, share,
298 interest, fund, premium, or asset of the Authority.

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300

301 **ARTICLE XXIV - ARBITRATION**

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303 Any controversy between the Parties hereto arising out of this Agreement shall be submitted to
304 arbitration, and such arbitration shall comply with and be governed by the provisions of the California
305 Arbitration Act, Sections 1280 through 1294.2 of the California Code of Civil Procedure.

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307

308 **ARTICLE XXV - AMENDMENTS**

309
310 This Agreement may be amended at any time by approval of two-thirds of the Parties.

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ARTICLE XXVI - AGREEMENT COMPLETE

The foregoing constitutes the full and complete agreement of the Parties. There are no oral understandings or agreements not set forth in writing herein.

In Witness Whereof, the undersigned Party hereto has executed this Agreement on the date indicated below:

Date: _____

By: _____

Printed Name of Authorized Signor

Signature of Authorized Signor

Title of Authorized Signor

Name of Agency

CALIFORNIA TRANSIT SYSTEMS

JOINT POWERS AUTHORITY

BYLAWS

Effective – 2019

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BYLAWS

For the regulation of the California Transit Systems Joint Powers Authority, except as otherwise provided by statute or the Joint Powers Agreement creating the California Transit Systems Joint Powers Authority, also known as the California Transit Indemnity Pool ("CalTIP").

ARTICLE I - DEFINITIONS

The terms in these Bylaws have the same definitions as those given in the Joint Powers Agreement Creating the California Transit Systems Joint Powers Authority, unless otherwise specified herein.

- A. "Master Program Document" is a document issued by the Authority specifying the rights and obligations of the Authority and the Members in the Coverage Program as well as the procedures and operations of the program.
- B. "Memorandum of Coverage" is the document issued by the Authority to the Members in a Coverage Program, specifying the type, term, and amount of coverage provided by the Authority.

ARTICLE II - OFFICES

The principal executive office for the transaction of business of the Authority is hereby fixed and located at the address shown in Appendix A. Notwithstanding Article XVI, the Board shall have the authority to change the location of the principal executive office from time to time by a simple majority vote of the Board of Directors present at a duly authorized meeting and with 30 days' prior notice of such change. A revised Appendix A will be distributed to all then current Parties to the Agreement. Other business offices may at any time be established by the Board at any place or places.

ARTICLE III - BOARD OF DIRECTORS

A. GOVERNING BOARD

In accordance with Article X of the Agreement, the Board of Directors shall be the governing body of the Authority. Each Party's governing board shall appoint, by resolution, an officer or employee of the Party to be the Director and one or more officers or employees of the Party to act as Alternate on the Board of Directors of the Authority. Such appointment shall not take effect until such resolution is received by the Authority at its executive office as defined in Article II above, and the appointees have complied with the Authority's Conflict of Interest Policy. Voting members of the Board of Directors shall be the Directors, or in the case of their absence, an Alternate. Alternates shall have all the same rights to hold office or sit on committees as a Director. No more than one alternate may exercise a Party's voting rights at a meeting.

The Board of Directors shall provide policy direction to the committees, the Officers, and any employees or contracted service providers of the Authority. The Board may delegate any and all powers except those specifically reserved onto the Board or specifically requiring a vote by the Board of Directors. The Board cannot delegate the following powers:

1. By a three-fourths vote of the Directors present and voting:
 - a. Expel an existing member from the Authority.

2. By a two-thirds vote of the Directors present and voting:
 - a. Accept a new Party to this Agreement.

3. By a majority vote of the Directors present and voting:
 - a. Amend these Bylaws pursuant to Article XVI of these Bylaws;
 - b. Create or terminate any self-insurance, group purchase insurance program, or Coverage program;
 - c. Remove an officer of the Authority or committee member;
 - d. Adopt an operating budget for each of the Authority's fiscal years;
 - e. Authorize a payment of a dividend, or charge an assessment under a retrospective adjustment;
 - f. Change the location of the principal executive office; or
 - g. Authorize a cash assessment.

B. MEETINGS

All regular and special meetings of the Board of Directors shall be conducted in accordance with the Ralph M. Brown Act (Government Code Section 54950) as it now exists or may be amended from time to time. The Secretary shall cause notice to be given of all meetings and cause minutes to be prepared and distributed to the Board of Directors. The Board of Directors cannot conduct business unless a quorum is present at the meeting. A quorum consists of a majority of the Directors, or in the absence of a Director, the Alternate, that have complied with the requirements of Article III, A, and vacancies shall not be counted in determining a quorum. An official set of minutes of all Board meetings shall be kept at the principal executive offices of the Authority as defined in Article II.

All matters duly noticed and within the purview of the Board of Directors may be decided by a simple majority of those Directors voting at a regular or special meeting, unless the Governing Documents prescribe otherwise. Where the matter before the Board affects a particular Coverage Program, other than the financing of the Program, only those Directors representing Parties participating in the Coverage Program may vote; provided, however, that in the absence of a quorum of Coverage Program participant representatives the vote shall be by the Board of Directors.

The Board shall have at least one regular meeting a fiscal year. The date and time of such meeting and all other regular meetings of the Board for the next fiscal year shall be established by resolution of the Board adopted at the last regular Board meeting of the then current fiscal year.

Pursuant to Government Code Section 54956, a special meeting of the Board of Directors may be called by the Oversight Committee or by the Chairperson, with 24 hours' notice, stating the time and place of such meeting and the matter to be discussed. Such notice may be delivered personally, by way of electronic transmission (other than voice communication) or by mail. Notice by mail must be received at least 24 hours prior to the meeting.

All meetings may be postponed or cancelled by the Chairperson with at least 24 hours' prior notice.

ARTICLE IV - ELECTION AND DUTIES OF THE OFFICERS

A. ELECTION OF THE OFFICERS

The Officers of the Board of Directors shall be the Chairperson, Vice Chairperson, Treasurer, and

Secretary. The Officers shall be elected in the following manner:

1. Each Director may place any member of the Oversight Committee in nomination for the offices of Chairperson and Vice Chairperson. Each Director may place any member of the Board in nomination for the office of Treasurer.
2. Each Director shall cast one vote for the candidate of his or her choice for each office.
3. The terms of office of the Chairperson, the Vice Chairperson, and Treasurer shall be two years, commencing during the even numbered years. The Officers will begin serving terms upon the beginning of the fiscal year immediately following the election. The terms as Officers will end on the last day of a fiscal year. No officer may serve more than three consecutive terms in the same office. An exception may be made for the Treasurer's office if there are no other qualified Directors to serve.
4. Elections will be held whenever there is an Officer vacancy to fill the unexpired term.
5. The Office of the Secretary of the Board of Directors shall be the General Manager unless a separate Secretary of the Board of Directors is appointed by the Board of Directors.
6. The Office of Secretary has no set term but continues until there is a new General Manager or the Board appoints another as Secretary.

B. DUTIES OF THE OFFICERS

The duties of the Chairperson shall be to preside at all meetings of the Board and to perform such other duties as the Board may specify. Upon the death, incapacity, or vacancy in the office of the Chairperson, the Vice Chairperson shall succeed to such office automatically, subject to ratification by the Board at its next meeting, at which time the Board shall also elect a new Vice Chairperson.

The duties of the Vice Chairperson shall be to act as the Chairperson in the absence of the Chairperson and to perform such other duties as the Board may specify.

The duties of the Treasurer shall be those specified in the Agreement, duties imposed on the Treasurer and Controller/Auditor as defined in Section 6505.5 and 6506 of the California Government Code and other duties as required by law or as specified by the Board. The Authority, at its own expense, shall maintain a bond covering the Treasurer and any other person having contact with funds of the Authority in an amount not less than \$250,000.

The duties of the Secretary shall be to cause minutes to be kept and to perform such other duties as the Board may specify.

ARTICLE V - OVERSIGHT COMMITTEE

There shall be an Oversight Committee consisting of not less than seven nor more than nine members from the Board of Directors. The Board of Directors shall elect each member to a term of two-years concurrent with the fiscal year of the Authority, and commencing during the even numbered years. The Board of Directors shall determine the number of members to serve for the following two years at the time of each election. The elected members will begin serving terms upon the beginning of the fiscal year immediately following the election. The terms as elected members will end on the last day of a fiscal year. There is no maximum number of terms a member can serve. A vacancy shall be filled by an election by the Board of Directors at its next meeting.

The Board Chairperson shall be the Chair of the Oversight Committee. The Board Vice Chairperson shall be the Vice Chair of the Oversight Committee.

The Oversight Committee shall have the full authority of the Board of Directors except that authority for which the Board is precluded from delegating. The Oversight Committee shall review disputes between a Party and the Authority, and make a determination of appropriate action, regarding coverage or the administration of the Authority, enter into contracts where such authority has not been delegated to another, contract for a financial audit and for general legal services. The Oversight Committee shall monitor the performance and the operations of the Authority and Board policy and make recommendations of change where the Committee deems appropriate.

A majority of the members of the Oversight Committee shall constitute a quorum. An action by the Oversight Committee shall require a majority vote of those in attendance. Vacancies shall not be counted in determining a quorum.

ARTICLE VI - ADDITIONAL COMMITTEES

In addition to the Oversight Committee, there shall be a Member Services Committee and a Finance and Administration Committee.

A. MEMBER SERVICES COMMITTEE

The Member Services Committee shall consist of not less than five nor more than nine members of the Board of Directors, at the discretion of the Oversight Committee. The members are to be elected by the Oversight Committee. The terms of office shall be two years, with half the elected positions incepting on fiscal years starting on even numbered years and half the elected positions incepting on fiscal years starting on odd numbered years, if there are an even number of committee members. If the committee has an odd number of members, then the majority of the terms (half plus one) will incept on even years and the remaining members' terms incept on odd years. There is no maximum number of terms a member can serve. A vacancy shall be filled by an election by the Oversight Committee.

The Chairperson of the Member Services Committee shall serve a one-year term concurrent with the fiscal year of the Authority. Upon the completion of the term of the Committee Chair, the Committee Vice Chairperson shall become the Committee Chair. The Member Services Committee shall elect a new Vice Chairperson at its first meeting of the fiscal year of the Authority in which the Committee Vice Chairperson will be serving. In the absence of the Committee Chairperson, the Committee Vice Chairperson shall assume the role of Chairperson. If the Committee Chairperson has resigned or becomes incapacitated, the Committee Vice Chairperson shall assume the position as Chairperson and the Committee shall elect a new Vice Chairperson.

The Member Services Committee shall review applications for membership and make recommendations to the Board of Directors, underwrite Members of a Coverage Program, review claims made against a Coverage Program and take action as needed, including providing settlement authority, and implement safety and loss control strategies.

A majority of the members of the Member Services Committee shall constitute a quorum. An action by the Member Services Committee shall require a majority vote of those in attendance. Vacancies shall not be counted in determining a quorum.

B. FINANCE AND ADMINISTRATION COMMITTEE

The Finance and Administration Committee shall consist of not less than five nor more than nine members of the Board of Directors, at the discretion of the Oversight Committee. All but one of the members is to be elected by the Oversight Committee, and the remaining member being the Treasurer, who shall have all the same rights as the other members. The terms of office shall be two years, with half the elected positions incepting on fiscal years starting on even numbered years and half the elected positions incepting on fiscal years starting on odd numbered years, if there are an even number of committee members. If the committee has an odd number of members, then the majority of the terms (half plus one) will incept on even years and the remaining members' terms incept on odd years. There is no maximum number of terms a member can serve. A vacancy shall be filled by an election by the Oversight Committee.

The Chairperson of the Finance and Administration Committee shall serve a one-year term concurrent with the fiscal year of the Authority. Upon the completion of the term of the Committee Chair, the Committee Vice Chairperson shall become the Committee Chair. The Finance and Administration Committee shall elect a new Committee Vice Chairperson at its first meeting of the fiscal year of the Authority in which the Committee Vice Chairperson shall be serving. In the absence of the Committee Chairperson, the Committee Vice Chairperson shall assume the role of Chairperson. If the Committee Chairperson has resigned or becomes incapacitated, the Committee Vice Chairperson shall assume the position as Chairperson and the Committee shall elect a new Vice Chairperson.

The Finance and Administration Committee shall review current financial conditions of the Authority and provide direction in the development of the budget for the coming fiscal year, review the allocation of revenues in the budget and make recommendations for change to the Board of Directors, and recommend to the Board the appropriate reserves for contingencies.

A majority of the members of the Finance and Administration Committee shall constitute a quorum. An action by the Finance and Administration Committee shall require a majority vote of those in attendance. Vacancies shall not be counted in determining a quorum.

C. OTHER COMMITTEES

The Board of Directors may establish additional standing or ad hoc committees and delegate authority to such committees to accomplish certain tasks. Members of a committee shall remain members of that committee until such time as the Board appoints new members to the committee, the committee is dissolved by the Board, or the purpose has been completed and there are no more responsibilities assigned to the committee.

A quorum of a committee created under this section shall be a majority of the members of the committee, without counting any vacant positions. All actions by such committee shall require a majority vote of those in attendance, unless otherwise specifically stated.

Each committee shall appoint a chairperson who shall call the meetings.

ARTICLE VII – FISCAL YEAR

The fiscal year shall commence on May 1 of each year and conclude on April 30 of the following year. Revenue and expenses shall be recorded on a full accrual basis.

ARTICLE VIII - BUDGET

A budget shall be adopted prior to the inception of the fiscal year. The Budget shall separately show the following:

1. General and administrative costs;
2. Contributions, projected interest income and other income; and
3. The actuarially estimated claims and allocated claims adjustment costs.

ARTICLE IX - RECEIPT AND DISBURSEMENT OF FUNDS

Payments to the Authority shall be received at its principal executive office. The Treasurer or other designee shall safeguard and invest funds in accordance with the Authority's current Investment Policy.

All disbursements (via check or electronic funds transfer) issuing funds of the Authority (for other than the payment of claims) shall require the signatures or approvals of the Treasurer and Chairperson, Vice Chairperson, or other Director or designee as approved by the Board. A register of all checks or electronic funds transfers issued since the last Board meeting shall be provided at each Board meeting and approved by the Board.

ARTICLE X – RESPONSIBILITIES OF THE PARTY

The Authority is a participatory organization with the goal of reducing exposures to losses. To facilitate this goal, each Party agrees to perform the following functions in discharging its responsibilities:

1. Abide by all the rules and obligations imposed upon the Party by the Agreement, these Bylaws, any administrative policies and procedures adopted, any Master Program Documents and Memoranda of Coverage for any and all Coverage Programs to which the Member participates;
2. Appoint a Director and at least one Alternate to the Board;
3. Participate in the Liability Coverage Program;
4. Remit Contributions and other amounts due within 30 days of the date of invoice;
5. Cooperate fully with the Authority in reporting, and in determining the cause of claims and in the settlement of such claims; and
6. Upon withdrawal from the Authority, the Party shall remain responsible for any losses and any other costs which it has incurred while a Member of a Coverage Program and a Party to the Agreement.

ARTICLE XI - COVERAGE PROGRAMS

All Parties to the Agreement shall participate in the Liability Coverage Program. Participation in any other Coverage Program is at the discretion of the Party.

Each Coverage Program shall have a Master Program Document that describes the rights and duties of the Authority, the Member, and the process by which the Coverage Program will be administered.

ARTICLE XII - PENALTY FOR MONEY IN ARREARS

The penalty for Contributions not paid to the Authority within 30 days of the date of the invoice shall be the prime interest rate plus two points on the amount of Contributions owed. The prime rate used for penalty calculation will be the prime rate in effect 30 days after the invoice date at the commercial bank which holds funds of the Authority. This penalty is subject to a minimum amount established by resolution of the Board of Directors.

On appeal to the Oversight Committee, the Committee may waive the late payment penalty if the Party shows a hardship and presents a plan for repayment, if not already paid. Alternatively, or in addition, the Oversight Committee may prescribe or approve a payment plan for the Party other than those outlined in the Governing Documents of the Authority.

ARTICLE XIII - RIGHT OF OFFSET

The Authority may offset any moneys owed to a Party, with amounts owed by the Party to the Authority whether the amounts owed by the Party are Contributions or any other amounts owed.

ARTICLE XIV - NEW PARTIES TO THE AGREEMENT

A qualified public entity requesting to be a Party to the Authority shall complete an application form and provide other information and documentation requested by the Authority, including that required by any Coverage Program in which the prospective Party would like to participate.

Each prospective Party will submit a non-refundable application fee, as determined by the Board, to defray processing costs along with its completed application form. The prospective Party shall be presented in summary to the Board of Directors for a vote in accordance with the Agreement.

ARTICLE XV - HIERARCHY OF GOVERNING DOCUMENTS

The Agreement forming the Authority shall be superior to these Bylaws and any provisions in these Bylaws that are contradictory or in conflict with any provisions in the Agreement shall be interpreted to be consistent with the Agreement or be voided to the extent it conflicts or is contradictory. The Board shall adopt Master Program Documents, and policies or procedures. However, such other documents shall be consistent with the Agreement and these Bylaws, and to the extent they are not consistent, those documents will be superseded by the Agreement and Bylaws.

ARTICLE XVI - AMENDMENTS

These Bylaws may be amended by a majority vote of the Directors present and voting, provided that any amendment is compatible with the purposes of the Authority, is not in conflict with the Agreement, and has been submitted to the Board at least 30 days in advance. Any such amendment shall be effective immediately, unless otherwise designated.

APPENDIX A - PRINCIPAL EXECUTIVE OFFICE

The principal executive office for the transaction of business of the Authority is hereby fixed and located at:

1750 Creekside Oaks Drive, Suite 200

Sacramento, CA 95833

**SOUTH COUNTY TRANSIT
OCTOBER 23, 2019
STAFF REPORT**

AGENDA ITEM: C-3

TOPIC: Amended Memorandum of Understanding and Related Resolution with Special District Risk Management Authority

ACTION: Approve Resolution

PRESENTED BY: Tania Arnold, RTA Deputy Director

STAFF RECOMMENDATION: Adopt

BACKGROUND/DISCUSSION:

During the September 2018 SoCo Transit Board Meeting, the Board considered and approved various provisions which allowed SoCo Transit to join the Special District Risk Management Authority (SDRMA) in order to participate in California State Association of Counties Excess Insurance Authority (CSAC EIA) small group health benefits program.

In transitioning to the CSAC EIA small group benefits program for the 2019 plan year, SoCo Transit was be able to provide equal, if not enhanced, benefit plans to all participating employees, along with added plan stability within budgeted levels. SoCo Transit will benefit in the future from the unique arrangement of the CSAC EIA small group benefits program by being able to take advantage of the shared risk model offered by an insurance pool of small agencies as well as large agencies. The goal of the shared risk model is to stabilize premium rates across a large number of pool members.

At the June 26, 2019 SDRMA Board meeting, the SDRMA Board approved amendments to the Memorandum of Understanding (MOU) between each agency and SDRMA. The amendments were made to align the MOU with the IRS guidelines, the Affordable Care Act and the CSAC-EIA pool guidelines.

As a result, SoCo Transit must approved the attached resolution and MOU before November 1, 2019 in order to remain in the SDRMA program.

Staff Recommendation

Approve the attached Resolution and MOU between the Special District Risk Management Authority and SoCo Transit in order to continue to participate in the CSAC EIA small group health benefits program.

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MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER "MEMORANDUM") IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER "SDRMA") AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER "ENTITY") WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA was appointed administrator for the purpose of enrolling small public entities into the CSAC - Excess Insurance Authority Health's ("CSAC-EIA Health") Small Group Health Benefits Program (hereinafter "PROGRAM"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by CSAC-EIA Health Committee for the PROGRAM (the "COMMITTEE") and not SDRMA; and.

WHEREAS, ENTITY desires to enroll and participate in the PROGRAM.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. **PURPOSE.** ENTITY is signatory to this MEMORANDUM for the express purpose of enrolling in the PROGRAM.
2. **ENTRY INTO PROGRAM.** ENTITY shall enroll in the PROGRAM by making application through SDRMA which shall be subject to approval by the PROGRAM's Underwriter and governing documents and in accordance with applicable eligibility guidelines.
3. **MAINTENANCE OF EFFORT.** PROGRAM is designed to provide an alternative health benefit solution to all participants of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional). ENTITY public officials may participate in the PROGRAM only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements
4. **PREMIUMS.** ENTITY understands that premiums and rates for the PROGRAM are set by the COMMITTEE. ENTITY will remit monthly premiums based upon rates established for each category of participants and the census of covered employees, public officials, dependents and retirees.

Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants

and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an administrative fee to premiums and rates for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.

SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties up to and including termination from the PROGRAM. Premiums are based on a full month, and there are no partial months or prorated premiums. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

5. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the PROGRAM and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to PROGRAM underwriter for approval.
6. **COVERAGE DOCUMENTS.** Except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM and will be provided by SDRMA to each ENTITY. SDRMA will provide each ENTITY with additional documentation, defined as the SDRMA Program Administrative Guidelines which provide further details on administration of the PROGRAM.
7. **PROGRAM FUNDING.** It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.
8. **ASSESSMENTS.** Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments which are deemed necessary to ensure approved funding levels shall be made upon the determination and approval of the COMMITTEE in accordance with the following:
 - a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.
 - b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premiums paid for the preceding 3 years. An ENTITY must

- be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.
- c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.
 - d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.
9. WITHDRAWAL. ENTITY may withdraw subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY may rescind its notice of intent to withdraw. Once ENTITY withdraws from the PROGRAM, there is a 3-year waiting period to come back into the PROGRAM, and the ENTITY will be subject to underwriting approval again.
 10. LIAISON WITH SDRMA. Each ENTITY shall maintain staff to act as liaison with SDRMA and between the ENTITY and SDRMA's designated PROGRAM representative.
 11. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.
 12. VENUE. Venue for any dispute or enforcement shall be in Sacramento, California.
 13. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
 14. COMPLETE AGREEMENT. This MEMORANDUM together with the related PROGRAM documents constitutes the full and complete agreement of the ENTITY.
 15. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
 16. AMENDMENT OF MEMORANDUM. This MEMORANDUM may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's designated representative, or alternate, who shall have authority to execute this MEMORANDUM. Any ENTITY who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date.
 17. EFFECTIVE DATE. This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA.

18. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: August 1, 2019

By: *Laura S. Gill*

Special District Risk
Management Authority

Dated: _____

By: _____

South County Transit

RESOLUTION NO. _____

**A RESOLUTION OF THE OF THE (GOVERNING BODY) OF South County Transit
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A
MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN
THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS
PROGRAM**

WHEREAS, South County Transit, a public agency duly organized and existing under and by virtue of the laws of the State of California (the "ENTITY"), has determined that it is in the best interest and to the advantage of the ENTITY to participate in the Health Benefits Program offered by Special District Risk Management Authority (the "Authority"); and

WHEREAS, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

WHEREAS, participation in Authority programs requires the ENTITY to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for the Health Benefits Program; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the ENTITY is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE ENTITY AS FOLLOWS:

Section 1. Findings. The ENTITY's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the ENTITY.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the ENTITY and the Authority, in the form presented at this meeting and on file with the ENTITY's Secretary, is hereby approved. The ENTITY's Governing Body and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the ENTITY, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The ENTITY's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.

Section 4. Other Actions. The Authorized Officers of the ENTITY are each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to

consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this ____ day of _____, 20____ by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Name

Title

ENTITY Secretary

**SOUTH COUNTY TRANSIT
OCTOBER 23, 2019
STAFF REPORT**

AGENDA ITEM: C-4

TOPIC: Contract for Fiscal and TDA Compliance Audits

ACTION: Adopt

PRESENTED BY: Tania Arnold, RTA Deputy Director/CFO

BACKGROUND

The San Luis Obispo Council of Governments (SLOCOG) issued a Request for Proposals (RFP) on August 9, 2019 by soliciting proposals to prepare Transportation Development Act (TDA) fiscal audits beginning with the year ending June 30, 2020. The TDA audits included SLOCOG, its associated Trust Funds, San Luis Obispo Regional Transit Authority (RTA), SoCo Transit, and Ride-On Transportation. The RFP was posted on SLOCOG's and CalACT's websites and emailed to 14 firms on its interest list. On August 26, SLOCOG distributed a supplemental Q&A after questions were received from two firms.

The TDA requires an annual fiscal/compliance audit of each TDA recipient and each TDA trust fund being administered by the Regional Transportation Planning Agency (RTPA, or SLOCOG in this case). SLOCOG pays for audits of agencies whose TDA funding is allocated off-the-top or contributed by all member jurisdictions (SLOCOG, RTA, and Ride-On). All other TDA recipients contract independently with auditors of their choice who are sometimes able to do TDA compliance testing combined with other audit tasks at a reduced cost.

SLOCOG and SoCo Transit entered into a contract with the current auditor, Moss, Levy and Hartzheim, LLP, for the four years, FY08-09 through FY11-12. A three-year contract extension was approved and covered FY12-13 through FY14-15. In February 2016, a new contract was awarded covering FY15-16 through FY18-19. Moss, Levy and Hartzheim's contract expired with the audit for the year ending June 30, 2019. While SLOCOG does not have a policy prohibiting awarding the contract to the same firm, it's considered good practice to distribute an RFP and change auditing firms periodically. Thus, Moss, Levy and Hartzheim was not eligible to submit a proposal in response to the current RFP.

The deadline for proposals was September 13, 2019. One proposal was received from Brown Armstrong Accountancy Corporation, with three firms requesting to stay on the list of interested firms, but not able to submit at this time. Brown Armstrong's proposal was distributed to the RFP Review Team, composed of staff from SLOCOG, the RTA, and Ride-On. The reviewers rated the proposal according to guidelines in the RFP. Brown Armstrong received an average score of 84 out of 100 points. From their long list of public agency clients, references were checked at SLO County and StanCOG. Brown Armstrong was

reported as competent and satisfactory. Brown Armstrong is being recommended to conduct audits of SLOCOG, the RTA, Ride-On and the TDA trust funds.

Staff Recommendation

Approve four-year contract with Brown Armstrong Accountancy Corporation for SoCo Transit financial audits not to exceed \$7,640 annually and single audit (if needed) for \$3,780, with a COLA of no more than 3% per year.

Contract Between

The SOUTH COUNTY TRANSIT

And Brown Armstrong Accountancy Corporation

To Prepare

SoCo Transit Transportation Fiscal Audits

THIS CONTRACT is entered into by and between the South County Transit, (hereinafter referred to as "SCT") and Brown Armstrong Accountancy Corporation, an independent contractor (hereinafter referred to as "Contractor");

WITNESSETH:

WHEREAS, Section 99245 of the Public Utilities Code requires an annual fiscal and compliance audit of all claimants of Transportation Development Act monies; and

WHEREAS, Title 21, Chapter 3, Subchapter 2, Article 5.5, Section 6662 of the California Code of Regulations requires an annual fiscal and compliance audit of regional entities; and

WHEREAS, SLOCOG prepared and distributed a Request for Proposals (RFP) for SLOCOG, San Luis Obispo Regional Transit Authority (RTA), South County Transit (SoCO), Ride-On Transportation audit needs; and

WHEREAS, Contractor was selected through a competitive "Request for Proposal" (RFP) process initiated by SLOCOG and is specially trained, experienced, expert and competent to perform such special services; and

WHEREAS, Contractor agrees to perform the specified audit services according to the scope of work (Attachment A)

NOW, THEREFORE, the parties do mutually agree as follows:

1. Retention of Services. SCT hereby engages Contractor and Contractor hereby agrees to perform for SCT the services hereinafter set forth for the compensation hereinafter set forth, all pursuant to the terms and conditions herein.

2. Scope of Services. Pursuant to this Contract, Contractor shall provide to SCT the audit services described in the Scope of Work, attached hereto as Attachment A and further described in Contractor's proposal for audits of SCT, subject to refinement only by mutual agreement of subject entities, Contractor, and the SCT Administrator.

3. Term of Contract: This Contract shall commence effective on the date of the last signatory, and shall terminate on December 31, 2023, unless said work is completed on a date prior thereto, or unless terminated earlier as provided herein. Contractor will furnish sufficient personnel to: complete all draft financial and compliance audits before December 31, 2020, 2021, 2022, and 2023. Extensions may be granted by the SCT Administrator or delegated staff.

4. Compensation. SCT shall pay to Contractor as compensation in full for all service performed by Contractor pursuant to this Contract, a sum not to exceed \$7,840 for the SCT fiscal audit and \$3,780 for the SCT single audit (if needed) plus an annual inflation adjustment of 3% for audits of the years ended June 30, 2020 - 2023. A breakdown of compensation and allowed increases is included in Attachment B. SCT hereby warrants that funds are available or will be recommended for adoption in future budget years from which payment may be made. Said compensation shall be paid in the following manner: SCT shall pay said compensation to Contractor no more frequently than once per month, after the receipt of an itemized bill thereof from Contractor. Ten percent (10%) of each payment will be withheld by SCT pending satisfactory completion of all work contracted for hereunder (each year and released each year after completion of audits).

5. Termination of Contract for Convenience of Either Party. Either party may terminate this Contract at any time by giving to the other party ten (10) days written notice of such termination. Termination shall have no effect upon the rights and obligations of the parties arising out of the transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of such termination.

6. Termination of Contract for Cause. If, through any cause within its control, Contractor fails to fulfill in a timely and professional manner its obligations under this Contract, or if Contractor violates any of the terms or provisions of this Contract, SCT shall have the right to terminate this Contract effective immediately upon SCT giving written notice thereof to Contractor. Termination shall have no effect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Contractor shall be paid for all work satisfactorily completed prior to the effective date of such termination.

7. Modification. This Contract, together with Attachments A, B and C, constitutes the entire understanding of the parties hereto and no changes, amendments, or alterations shall be effective unless in writing and signed by both parties.

8. Non-Assignment of Contract. Inasmuch as this Contract is intended to secure the specialized services of the Contractor, Contractor shall not assign, transfer, delegate, or sublet this Contract or any interest herein with the exception of that outlined in the Contractor's proposal without

the prior written consent of the SCT Administrator, and any such assignment, transfer, delegation, or sublet without SCT's prior written consent shall be considered null and void.

9. Covenant. The validity, enforceability and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California.

10. Enforceability. The invalidity and unenforceability of any terms or provisions hereof shall in no way affect the validity or enforceability of any other terms or provisions.

11. Employment Status. Contractor shall, during the entire term of the Contract, be construed to be an independent Contractor, and shall in no event be construed to be an employee of SCT. Contractor understands and agrees that he/she is not, and will not, be eligible for membership in, or any benefits from, any SCT group plan for hospital, surgical or medical insurance, or for membership in any SCT retirement program, or for paid vacation, paid sick leave, or other leave, with or without pay, or for any other benefit which accrues to a SCT employee.

12. Warranty of Contractor. Contractor warrants that they are properly certified and licensed under the laws and regulations of the State of California to provide the services herein agreed to.

13. Conflicts of Interest. No officer, employee, director or agent of SCT shall participate in any decision relating to this Contract which affects his/her personal interest or the interest of any corporation, partnership, or association in which he/she is directly or indirectly interested; nor shall any such person have any interest, direct or indirect, in this Contract or the provisions thereof.

14. Indemnification. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold harmless SCT, its officers, agents and employees, from any and all claims, demands, damages, costs, expenses, or liability arising out of this contract or occasioned by the performance or attempted performance of the provisions hereof except those arising from the sole negligence or willful misconduct of SCT, including, but not limited to, any act or omission to act on the part of the Contractor or his/her agents or employees or other independent contractors directly responsible.

15. Insurance. Contractor must comply with the following insurance requirements.

A. Prior to commencement of the work described herein, CONSULTANT shall furnish SCT a Certificate of Insurance stating that there is general comprehensive liability insurance presently in effect for CONSULTANT with a combined single limit (CSL) of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.

i. Commercial General Liability Insurance: Contractor shall maintain in full force and effect, for the period covered by this Contract, liability insurance including, but not be limited to, protection against claims arising from bodily and personal injury, including death resulting there from, and damage to property, resulting from any act

or occurrence arising out of Contractor's operations in the performance of this Contract, including, without limitation, acts involving vehicles. The amounts of insurance shall be not less than the following: single limit coverage in the total amount of \$1,000,000.00 per claim and \$2,000,000 aggregate. The following endorsements must be attached to the policy.

1. If the insurance policy covers on an "accident" basis, it must be changed to "occurrence";
 2. The policy must cover personal injury as well as bodily injury;
 3. Broad form property damage liability must be afforded; and
 4. SCT, and their officers and employees shall be named insured under the policy.
- ii. Professional Liability/Errors and Omissions Insurance: Contractor shall maintain in full force and effect, for the period covered by this Contract and maintained for a period of not less than three years following the contract's expiration, termination or cancellation. The amounts of insurance shall be not less than the following: \$1,000,000 per claim and \$2,000,000 aggregate.
- B. Workers' Compensation Insurance: In accordance with the provisions of Section 3700 of the Labor Code, Contractor is required to be insured against liability for workers' compensation or to undertake self-insurance. Contractor agrees to comply with such provisions before commencing the performance of the work of this Contract.
- C. The following requirements apply to all insurance to be provided by Contractor:
- i. A certified copy of each insurance policy and a certificate of insurance shall be furnished to SCT within thirty (30) days after execution of this Contract. A certificate alone is not acceptable;
 - ii. Certificates and policies shall state that the policies shall not be canceled or reduced without a thirty (30) days prior written notice to SCT. A ten (10) day written notice to SCT shall apply to non-payment of premium. CONSULTANT shall provide thirty (30) days written notice to SCT prior to implementation of a reduction of limits or material change of insurance coverage as specified herein; and
 - iii. Approval of the insurance by SCT shall not relieve or decrease the extent to which the Contractor may be held responsible for payment of damages resulting from Contractor's services pursuant to this Contract.
- D. If Contractor fails or refuses to procure or maintain the insurance required by this section, SCT shall have the right, to forthwith terminate this Contract.

16. Notices. Any notice required to be given pursuant to the terms and provisions hereof shall be in writing, and shall be sent by certified or registered mail to SCT at:

South County Transit
179 Cross Street
San Luis Obispo, CA 93401

and to the Contractor at:

Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309

17. Invoicing. Invoices shall be submitted by Contractor to SCT no more frequently than once per month. Contractor will furnish copies of the audit, auditor's letter, and the report on internal accounting control weaknesses for the claimant or agency audited, SCT, State Controller's Office and the County Auditor.

18. Copyright. Any reports, maps, documents or other materials produced in whole or part under this Contract shall be the property of SCT, and shall not be subject to any application for copyright by or on behalf of the Contractor.

19. Findings Confidential. No reports, maps, information, documents, or any other materials given to or prepared by Contractor under this Contract which SCT requests, in writing, to be kept confidential, shall be made available to any individual or organizations by Contractor without the prior written approval of SCT. However, Contractor shall be free to disclose such data as is publicly available, already in its possession, or independently developed.

20. Prompt Payment of Withheld Funds to Sub-contractor: The agency shall hold retainage from the prime contractor and shall make prompt and regular incremental acceptances of portions, as determined by the agency of the contract work and pay retainage to the prime contractor based on these acceptances. The prime contractor or subcontractor shall return all monies withheld in retention from all subcontractors within 30 days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the contract work by the agency. Any delay or postponement of payment may take place only for good cause and with the agency's prior written approval. Any violation of these provisions shall subject the violating prime contractor to the penalties, sanctions and other remedies specified in Section 7108.5 of the California Business and Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies otherwise available to the contractor or subcontractor in the event of: a dispute

involving late payment on nonpayment by the contractor; deficient subcontractor performance and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.

21. Taxpayer Identification Number and Certification. The US Internal Revenue Code requires businesses and government entities to report specified information to the Internal Revenue Service (IRS) regarding payments made to independent contractors. In order to meet these reporting requirements, Contractor shall provide SCT a completed IRS Form W-9.

22. Non Discrimination. The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as SCT deems appropriate.

IN WITNESS WHEREOF, SCT and Contractor have executed this Contract effective on the date of the last signatory.

Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309

South County Transit

BY: _____
TITLE: Partner
DATE: _____

BY: _____
Lynn Compton, Board Chairperson
DATE: _____

South County Transit
179 Cross Street
San Luis Obispo, CA 93401

BY: _____
Geoff Straw, SCT Administrator

DATE: _____

APPROVED AS TO FORM AND LEGAL EFFECT:

BY: _____
Nina Negranti, SCT COUNSEL

ATTACHMENT A
DETAILED SCOPE OF WORK

By December 31 following the end of each audit year, the selected audit firm will prepare and submit fiscal and compliance audits as described below¹.

1. TDA Audits

All of the audits must be conducted in accordance with generally accepted auditing standards and shall include a determination of compliance with the TDA and other administrative rules and regulations and generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (December 2011)². The audit reports shall include the financial statements for the fiscal year that is the subject of the audit, and the corresponding amounts from the recipient agency's audited financial statements for the fiscal year prior to the year that is subject of the audit. The reports will include, but not be limited to:

SLOCOG, RTA, and SoCo Transit (separate audit reports)

- Independent auditor's report
- General purpose financial statements
- A determination of compliance with the TDA
- A management letter
- Supplementary schedules as necessary to list or identify the transportation funding allocated, disbursed, and reserved as follows:
 - Federal Planning Fund (PL) Budget and Expenditures by Work Element (SLOCOG)
 - Schedule of Direct, Pass-through, and Indirect Costs (SLOCOG)
 - Schedule of Budget to Actual Expenses - Budgetary Basis (RTA & SoCo Transit)
 - Independent Auditor Statement attesting to the reliability and accuracy of data reported to National Transit Database (RTA)
 - Local Transportation Funds (LTF), State Transit Assistance (STA) and State of Good Repair (SGR)
 - Surface Transportation Program (STP) funds
 - State Highway Account (SHA) funds
 - Service Authority for Freeways and Expressways (SAFE) funds
 - Other supplementary schedules if needed

TDA RECIPIENTS UNDER CONTRACT (Ride-On Transportation)

- Independent auditor's report
- Financial statements of the transit and street construction funds as applicable
- A determination of compliance with the TDA
- A management letter

¹ Thirty days before the final audits are due, drafts will be submitted to the agency for administrative review.

² In conformance with CCR Sections 6664, 6666, and 6667, audits will include a certification of compliance with the TDA in the form of a statement that the funds allocated to and received by the claimant pursuant to the TDA were, with any exceptions specifically noted, expended in conformance with the applicable instructions and resolutions of SLOCOG. Any exceptions or negative statements shall be accompanied by recommended steps/actions to rectify the exception or eliminate such weakness as well as the response to these statements by the affected jurisdictions.

- A supplementary schedule of all transportation funds received during the audit period including but not limited to:
 - Local Transportation Funds (LTF), State Transit Assistance (STA) and State of Good Repair (SGR)
 - Federal Transit Administration (FTA) funds³

TDA TRUST FUNDS⁴

- Independent auditor's report
- Balance sheets
- Statements of revenues, expenditures, and changes in fund balance
- Schedule of allocations, disbursements, and payables by purpose for audit year
- Schedule of allocations, disbursements, and payables by purpose for prior audit year

Audits of all TDA recipients may be expanded to meet the audit requirements of other funding sources providing the requirements of PUC Section 99245 are met, including a certification of compliance with the TDA.

2. Single Audits

Federal financial assistance audits of SLOCOG, RTA, and SoCo Transit (if required) shall be prepared as specified in the Single Audit Act, using generally accepted government auditing standards as prescribed by the Controller General of the United States in Government Auditing Standards. Single audits shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U. S. General Accounting Office's *Government Auditing Standards* (December 2011), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments.

3. SLOCOG's State Highway Account (SHA) Trust Fund

An audit of SHA funds received and disbursed by SLOCOG shall be conducted annually and shall be conducted in accordance with generally accepted auditing standards. The audit report shall include the financial statements for the fiscal year that is the subject of the audit, and the corresponding amounts from the audited financial statements for the fiscal year prior to the year that is subject of the audit (except for the first audit year). The financial statements shall be prepared in accordance with generally accepted accounting principles and in accordance with adopted SLOCOG policies. The report shall include:

- Independent auditor's report
- General purpose financial statements
- A management letter
- Supplementary schedules to list or identify the SHA trust fund activity including⁵:
 - Schedule of allocations by agency during the fiscal year
 - Schedule of allocations by project during the fiscal year
 - Schedule of total expenditures by project

4. STA Eligibility Criteria

³ FTA Sections 5303, 5304, 5307, 5309, 5310, 5311, 5316, 5317, and 5339.

⁴ Audits of the LTF and STA trust funds shall be conducted in accordance with CCR 6661 and 6751

⁵ Schedules subject to modification based on recommendations by selected audit firm. SLOCOG staff will assist in preparing schedules.

Separate from other parts of the scope, prospective auditor should be knowledgeable of STA compliance test among transit recipients. Specifically, auditor should track and be aware of operating cost exemptions included in SB 508 Senate Bill (Beall) titled "Transportation funds: transit operators: pedestrian safety". The bill specifies changes to the prior STA Eligibility Criteria and farebox recovery ratio compliance.

Selected auditor will be required to validate eligibility calculations. Specifically, auditor would review annual costs, inflation factors and revenue operating hours and perform a reasonableness check of the assumptions and formulas used. The determination of "compliance versus non-compliance" would remain the sole responsibility of SLOCOG and would not be an intrinsic part of the fiscal audit reports. The auditor should explain relevant experience in performing such support functions provided in an advisory role. The auditor will also perform calculations tied to the audit year for farebox recovery ratio compliance methodology, as applicable to transit operators.

Attachment B
Schedule of Costs**

Agency/Fund	Agency with whom Audit Contract will be signed	Fiscal Audit # hard copies	Proposed Cost for each Fiscal Audit 2019/20	Proposed Cost for each Fiscal Audit 2020/21	Proposed Cost for each Fiscal Audit 2021/2022	Proposed Cost for each Fiscal Audit 2022/2023
SLOCOG GPFS	SLOCOG	1	\$ 25,900	\$26,677	\$27,477	\$28,302
RTA GPFS	SLOCOG	2	\$ 18,228	\$18,775	\$19,338	\$19,918
SoCo Transit GPFS	SoCo Transit	2	\$ 7,840	\$8,075	\$8,317	\$8,567
UCP/Ride-on Transportation	SLOCOG	2	\$ 1,736	\$1,788	\$1,842	\$1,897
SLOCOG Single Audit	SLOCOG	1	\$3,780	\$3,893	\$4,010	\$4,131
RTA Single Audit	SLOCOG	2	\$3,780	\$3,893	\$4,010	\$4,131
SoCo Transit Single Audit (if req.)	SoCo Transit	2	\$3,780	\$3,893	\$4,010	\$4,131
LTF Trust Fund	SLOCOG	1	\$1,316	\$1,355	\$1,396	\$1,438
STA Trust Fund	SLOCOG	1	\$1,316	\$1,355	\$1,396	\$1,438
SGR Trust Fund	SLOCOG	1	\$1,316	\$1,355	\$1,396	\$1,438
SHA Trust Fund	SLOCOG	1	\$1,316	\$1,355	\$1,396	\$1,438
SAFE Trust Fund	SLOCOG	1	\$1,316	\$1,355	\$1,396	\$1,438
	TOTALS		\$71,624	\$73,773	\$75,984	\$78,267

**Notes:

(1) The \$71,624 total includes the audit(s) of SoCo for \$7,840 (GPFS) and \$3,780 (Single Audit, if required). This contract excludes SoCo pricing, which will be handled in a contract presented to the South County Board. Thus the total for this contract is:

\$71,624
 (\$7,840)
 (\$3,780)

 \$60,004 per year

(2) The cost of living adjustment is to be capped at 3% in any year.

**SOUTH COUNTY TRANSIT
OCTOBER 23, 2019
STAFF REPORT**

AGENDA ITEM: C-5

TOPIC: Lease for Operating/Parking Yard

ACTION: Execute Lease Agreement

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Authorize Administrator to Execute Lease for 800 Rodeo Drive in Arroyo Grande

BACKGROUND/DISCUSSION:

In July 2011, SoCo Transit moved its operations yard from Grover Beach to its current County-owned facility at 800 Rodeo Drive in Arroyo Grande. The SoCo Transit Board authorized the SCT Administrator to renegotiate the lease in October 2012 to allow limited vehicle washing on-site. The incumbent lease expired on June 30, 2019; the County and the SCT Administrator agreed to continue the terms of the lease until such time that an ensuing lease could be negotiated.

Staff worked closely with Dave Fleishman to act as the SoCo Transit's negotiator with the County Real Estate Services staff; Mr. Fleishman also serves as the City Attorney for Pismo Beach. The attached draft agreement has been conceptually accepted by County staff, who would take the SCT Administrator-signed document to the SLO County Board of Supervisors seeking final execution of the agreement. The rental costs are the same as the existing ones (\$3,000/month, with annual CPI change limited to 5% maximum increase). The term of the agreement would end after five years – with two important caveats: 1) an option to extend for up to five one-year periods, and 2) both parties would agree to renegotiate a longer term should SoCo Transit obtain a battery-electric bus recharging infrastructure grant that requires a longer term.

It should be noted that the RTA has been and will continue to be a signatory on this agreement. The primary purpose is because the RTA has agreed to perform the on-site stormwater monitoring. But it is also an important yet seemingly insignificant park-out facility for two RTA buses – one fixed-route bus that can be quickly deployed in case of an RTA Route 10 bus failure, but also so that a Runabout bus operator and van can be based at the Arroyo Grande yard to more cost-effectively serve Runabout riders in South County.

All other revisions – which are shown in red/underline text – are housekeeping changes suggested by Mr. Fleishman or County staff.

Staff Recommendation

Staff recommends that the Board authorize the SCT Administrator to execute the attached draft agreement.

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LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into this _____ day of _____, 2019, by and between the County of San Luis Obispo, a political subdivision of the State of California (“County/Lessor”), and the San Luis Obispo Regional Transit Authority, a joint powers authority in the State of California, and South County Area Transit, a joint powers authority in the State of California (both authorities referred to herein as “Lessee/Co-Lessees”) (collectively the “Parties”).

WHEREAS, the County owns approximately 13.11 acres of land with improvements located at the corner of West Branch Street and Rodeo Drive in the City of Arroyo Grande, more particularly described as Assessor’s Parcel Number 007-011-050; and

WHEREAS, Lessee currently leases a portion of APN 007-011-050 as depicted on Exhibit "A" attached hereto and incorporated herein (the “Premises”) under that certain lease dated November 20, 2012 (“Original Lease”); and

WHEREAS, the Original Lease expired on June 30, 2019 and the Parties are now in hold-over; and

WHEREAS, Lessee and County now desire to enter into a new Lease Agreement for continued use of the Premises; and

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the County and Lessee agree as follows:

1. **Incorporation of Recitals**: The recitals set forth above, and all defined terms set forth in such recitals and in introductory paragraphs preceding the recitals, are hereby incorporated into this Lease Agreement as if set forth in full.

2. **Grant and Description of Premises**: County, for and in consideration of the promises contained herein, hereby grants to Lessee the exclusive right and privilege to lease and to occupy the Premises, as identified on Exhibit “A,” consisting of a portion of approximately 3.25 acres zoned Public/Quasi-Public District (PE), fully fenced, with a 6,048 square-foot metal structure (containing six work bays, office area, and non-ADA compliant restroom), a small wooden storage building, car wash area, and elevated vehicle work ramp.

3. **Condition of Premises**: The taking of possession of the Premises by Lessee shall, in itself, constitute acknowledgment that the Premises are in good and tenantable condition. Lessee agrees to accept the Premises in its presently existing condition, "as is"; and County shall not be obligated to make any alterations, additions or betterment thereto. Lessee acknowledges County’s Disclosure of known existing conditions as set forth in Exhibit “B”, attached hereto and incorporated herein.

4. **Term**: The Term of this Lease Agreement shall commence upon full execution of the Lease Agreement, with the County being the last party to sign (the “Commencement Date”) and shall expire five (5) years from the Commencement Date (“Initial Term”), with options to extend as described in Paragraph

5 below. In the event Lessee obtains grant funding to install and operate electric charging facilities on the Premises where such grant funding requires a longer term leasehold as a condition of receipt of grant funds, the parties shall meet to determine whether to enter into such additional extensions to the Initial Term as are commensurate to the grant funding requirements.

5. Option to Extend: Within six (6) months prior to the expiration date of the Initial Term of the Lease Agreement, or any Extended Term, and with the mutual written consent of the Central Services Director, or Director's designee ("Director") and Lessee, Lessee may notify the County, in writing, of its desire to extend the term of the Lease Agreement for up to five additional consecutive one (1) year periods ("Extended Term"). The right of Lessee to negotiate with County any extension of this Lease Agreement pursuant to this paragraph is subject to the satisfaction of the following conditions precedent:

a. The Lease Agreement shall be in effect and Lessee shall not be in default at the time written notice is given and on the last day of the expiring Initial Term of the Lease Agreement;

b. Lessee shall not have incurred or received more than one written notice of default under the Lease Agreement during the then current Lease Agreement Term;

c. The Parties must accept the terms and conditions of the Extended Term in writing prior to any effective extension. If the term of this Lease Agreement is not extended as provided in this Paragraph, this Lease Agreement and Lessee's right of possession shall terminate at the end of the Initial Term, or any Extended Term.

6. Rental: Beginning upon the Commencement Date, Lessee shall pay County as rent for the Premises the sum of Three Thousand Dollars (\$3,000) per month, payable in advance on the first day of each month, without deduction, offset or abatement. Beginning on the first day of the thirteenth (13th) month, and every subsequent annual anniversary date thereafter, the preceding year's rent shall be adjusted upward according to any percentage rise in the Consumer Price Index ("CPI"). The adjustment shall be by a percentage equal to the percentage increase of the Consumer Price Index between the previous December published CPI (or most immediately available month prior to the previous January, if no index is published in December) and the corresponding CPI for the same period twelve months previous. If there is a decrease or no change in the CPI, then the preceding year's option rent will not be adjusted. Annual CPI adjustment shall not exceed five percent (5%) annually.

The term "Consumer Price Index" refers to the Consumer Price Index for All Urban Consumers, Los Angeles-Riverside-Orange County Statistical Area, California, based on the period of 1982-84 = 100 as published by the Bureau of Labor Statistics of the U.S. Department of Labor.

The index for the adjustment date shall be the one reported in the U.S. Department of Labor's most comprehensive official index then in use and most nearly answering the foregoing description of the index to be used. If it is calculated from a base other than the base period (1982-84=100), the base figure used for calculating the adjustment percentage shall first be converted under a formula supplied by the Bureau.

If the described index is no longer published, another generally recognized as authoritative shall be substituted by agreement of County and Lessee. If County and Lessee are unable to agree within thirty

(30) days after demand by either party, on application of either party the substitute index shall be selected by the chief officer of the San Francisco regional office of the Bureau of Labor Statistics or ~~it~~-its successor.

County shall provide written notice to Lessee of each adjusted rental amount on an annual basis. If the rent is not adjusted at the time for said adjustment as provided herein, Lessee shall continue to pay the annual rent established for the prior period until such adjustment is made, at which time Lessee shall promptly pay to County any deficiency and shall henceforth pay at the adjusted rate of rent.

All rental payments shall be directed to County at the following address:

County of San Luis Obispo
Central Services Department/Real Property Services
1087 Santa Rosa Street
San Luis Obispo, CA 93408

7. Use of Premises:

A. Use of the Premises shall be for Lessee's vehicle parking and maintenance related to public transportation operations, and no other use shall be approved without the prior written approval of the Director. Use of the Premises is conditioned upon the Lessee maintaining in full force and effect a Conditional Use Permit issued by the City of Arroyo Grande.

B. Lessee's interests shall at all times be in compliance with all laws, including but not limited to federal and state statutes, implementing regulations, local ordinances and agency rulings whether or not these laws are enacted or promulgated as urgency measures under police powers or for health and safety reasons whether currently existing, amended or new enactments. Lessee agrees not to use the Premises as a residence.

C. Lessee expressly agrees at all times during the term of this Lease Agreement, at its own cost and expense, to maintain and operate the Premises and areas adjacent, in a clean, safe, wholesome and sanitary condition, free of trash, garbage or obstruction of any kind, and in compliance with any and all present and future laws, rules, or regulations of any governmental authority, now or at any time during the term of this Lease Agreement in force, relating to sanitation or public health, safety or welfare

D. Lessee shall be solely responsible for providing of all services, equipment, supplies, and personnel for the administration, staffing, operation and maintenance of the Lessee's business at the Premises. Lessee shall comply with all labor laws, ~~INS-USCIS~~ laws, and tax laws.

E. Lessee may wash buses on the Premises so long as this activity is performed in compliance with the terms of the Conditional Use Permit issued by the City of Arroyo Grande.

8. Signs: Lessee, at its sole cost and expense and subject to prior written approval by Director, may place signs on the Premises. Signs shall conform to any and all sign ordinances of the City of Arroyo Grande.

9. Capital Improvements: Any and all Capital Improvements to be undertaken hereunder shall be administered as follows:

A. Lessee agrees to submit to the Director for review and approval, all plans including specifications, working drawings, and other information required by the Director covering the projects to be

accomplished by Lessee. Said plans shall be submitted to the Director for the Director's approval at least fourteen (14) days in advance of the initiation of any such projects. Additionally, if any of the proposed improvements require a licensed contractor, Lessee shall submit verification of the appropriate licensure and verification of sufficient insurance and bonding of the licensed contractor. If the Director objects to all or any portion of proposed plans, the Director shall state the objections specifically, and the Lessee shall make the changes specified and resubmit the plans as revised for the Director's approval as herein provided. No improvement or alteration shall be made to the premises or any portion thereof without the submission to and prior written approval of the plans by Director. Approval and authorization by the Director shall not be unreasonably withheld. Nothing contained herein shall be construed by Lessee to be a waiver by the Director of Lessee's need to acquire building and construction permits to include, but not be limited to, required permits from the City of Arroyo Grande, the County Environmental Health Department, and other applicable licenses or approvals through governmental processes.

B. Central Services-Real Property Services shall perform a final inspection of the capital improvements. If County determines capital improvements are in compliance with the aforementioned terms and conditions, then Director shall issue a written statement of compliance acknowledging completion of the capital improvement project. Nothing herein shall be construed to be a waiver by the Director of Lessee's need to obtain final inspections and approvals from other required entities. Lessee shall protect the Premises from any lien or charges whatsoever, by reason of said capital improvements.

10. Ownership of Improvements: Title to improvements on the Premises at the commencement of this Lease Agreement is retained by the County. This Lease Agreement is subject to any rights of ownership in the improvements. The ownership of all approved improvements constructed by the Lessee, if any, shall remain in Lessee until expiration, or sooner termination, of the T term of this Lease Agreement. Upon termination of this Lease Agreement, unless otherwise required by applicable grant funding sources, all alterations, additions and improvements made in, to or on the Premises (including without limitation all electrical, lighting, plumbing, heating, air conditioning, and communications equipment and systems, alarms, doors, windows, partitions, drapery, carpeting, shelving, counters, and physically attached fixtures unless excluded in a written agreement signed by Lessee and Director), shall, without compensation to Lessee, become County property free and clear of all claims to or against them by Lessee or any third person, and Lessee shall defend and indemnify the County against all liability and loss arising from such claims or from the County's exercise of the rights conferred by this paragraph. Such improvements shall remain upon and be surrendered as a part of the Premises; provided however, upon County's request, Lessee shall remove those additions, alterations, signs or improvements as may be specified by County, and repair and restore the Premises to its original condition at Lessee's sole cost and expense prior to expiration of the Term.

11. Lessee's Personal Property: Title to all personal property, moveable furniture, and movable equipment provided by Lessee will remain in Lessee's ownership. Furniture and equipment affixed

to the real property in any way will be considered a capital improvement and will be subject to the terms of Paragraphs 9 and 10 above. Upon the removal of personal property by Lessee, whether such removal is upon termination of this Lease Agreement or at any time prior thereto, Lessee will repair all damage to the Premises caused by the addition or removal of such property. County will not be obligated to repair, restore, refurbish, or otherwise incur any expense regarding personal property of Lessee. If Lessee elects to attach personal property to the Premises that Lessee does not wish to be considered a capital improvement, a written request to exclude this personal property from capital improvements will be submitted to Director for written approval prior to installation of the personal property.

12. County's Personal Property: County shall retain title to all of County's personal property and Lessee shall maintain said personal property; specifically, two gas heaters, one picnic table, and one landscaping sprinkler system during the term of this Lease Agreement. Any personal property improvements hereafter added by County, at County's expense, shall remain County property and County shall maintain such improvements.

13. Equipment and Fixtures: County shall not be obligated to repair, restore, refurbish, or otherwise incur any expense in improving and/or changing the condition of the equipment, fixtures, furnishings, inventory, or other personal property of County that is used by Lessee under this Lease Agreement, or any personal property owned and used by Lessee.

14. Title: Lessee hereby acknowledges that fee title to the Premises is vested in the County and hereby covenants and agrees never to challenge, contest or resist said title. Lessee may not acquire any right to the Premises by adverse possession or otherwise. The parties agree that the County is not transferring a fee interest in the Premises to Lessee by virtue of this Lease Agreement.

15. Utilities: Lessee shall be responsible to provide and pay for all utilities used on the Premises.

16. Utility Conservation: Lessee will not waste electricity or water and agrees to cooperate fully with the County to assure the most effective and economical use of utility services provided to the Premises. County acknowledges and agrees that Lessee may, in accordance with Section 9, install higher-amperage electrical service to the Premises to facilitate Lessee's conversion to electrical bus charging equipment.

17. Storm Water: Lessee shall adhere to the Pollution Prevention and Good Housekeeping requirements of the Municipal Separate Storm Sewer System Permit (MS4 Stormwater Permit) issued to the County of San Luis Obispo by the State Water Resources Control Board. Activities performed on the Premises shall conform to the requirements of the MS4 Stormwater Permit, and Lessee shall adhere to Best Management Practices (BMPs) referenced at slocounty.ca.gov and/or to future BMPs required by the County in order to maintain compliance. Lessee shall allow the County to inspect the Premises upon reasonable notice and shall report compliance annually to fulfill requirements of the MS4 Stormwater Permit."

18. Garbage: Lessee shall be responsible for all trash services at the Premises.

19. **Janitorial**: Lessee shall be solely responsible for complete janitorial services and the furnishing of janitorial supplies to the Premises including rubbish and trash removal, and sweeping/cleaning of the Premises.

20. **Maintenance and Repairs**: Lessee will be responsible for all costs of operations, maintenance and repairs to the Premises and any and all improvements, alterations and additions, including, but not limited to, landscaping, fencing, lighting (exterior and interior), electrical, gas, plumbing, heating and air conditioning, roofing, paint, windows, doors, landscaping, and asphalt. If within fifteen (15) days of written notification by County, Lessee fails or neglects to commence maintenance and/or repair obligations as requested by County, County may, at its option, perform such necessary maintenance and/or repairs and bill Lessee for actual cost of said maintenance. Lessee shall promptly reimburse County upon County's written request.

In the event of an emergency, County may take action on the Premises as may be required for the protection of persons or property, and Lessee will reimburse County for County's reasonable expenses related to the emergency action. Lessee shall, at all times and at Lessee's expense, do all things reasonably necessary to protect the Premises used by Lessee. Lessee shall not grant, with respect to the Premises, easements, rights-of-way, licenses or permits.

21. **Safety**: Lessee will immediately correct any unsafe condition of the Premises as well as any unsafe practices occurring thereon. Lessee will obtain emergency medical care for any member of the public who is in need thereof because of illness or injury. Lessee will operate the Premises in a manner to protect the health, safety, and welfare of the general public. Lessee agrees to take all reasonable precautions to protect the Premises from damage, theft, vandalism and other such hazards.

22. **Business Hours**: It is understood and agreed that the hours of Lessee's business operations shall be defined in Lessee's Conditional Use Permit with the City of Arroyo Grande.

23. **Insurance**: Lessee shall procure and maintain for the duration of the Lease Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with Lessee's use of the Premises and the performance of any work hereunder by the Lessee, its agents, representatives, or employees. Coverage shall be at least as broad as:

A. **Commercial General Liability** (CGL): Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and property damage, including products-completed operations, personal injury and advertising injury, with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

B. **Automobile Liability**: ISO Form Number CA 0001 covering, Code 1 (any auto), or if Lessee has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.

C. **Workers' Compensation**: insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for

bodily injury or disease. If Lessee will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage shall also include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Lessee's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

If the Lessee maintains higher limits than the minimums shown above, the County requires and shall be entitled to coverage for the higher limits maintained by the Lessee.

D. Property Coverage: ~~If Lessee is~~ given exclusive use of County owned or leased property, ~~Lessee~~ shall carry property coverage at least as broad as that provided by the ISO special causes of loss (ISO policy form CP 10 30) form. The County and its ~~a~~Agents shall be named as an Additional Insured and Loss Payee on Lessee's insurance as its interests may appear. Automobiles and mobile equipment shall be insured for their actual cash value. Real property and all other personal property shall be insured for their full replacement value.

E. Additional Insured Status: The County, its officers, officials, employees, and volunteers ~~are to shall~~ be covered as insureds on the auto policy with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Lessee; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Lessee including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Lessee's insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 23 37 forms if later revisions used).

F. Primary Coverage: For any claims related to this Lease Agreement, the Lessee's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees, or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

G. Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the County.

H. Failure to Maintain Insurance: Lessee's failure to maintain or to provide acceptable evidence that it maintains the required insurance shall constitute a material breach of the Lease Agreement, upon which the County immediately may withhold payments due to Lessee, and/or suspend or terminate this Lease Agreement. The County, at its sole discretion, may obtain damages from Lessee resulting from said breach.

I. Waiver of Subrogation: Lessee hereby grants to County a waiver of any right to subrogation which any insurer of said Lessee may acquire against the County by virtue of the payment of any loss under such insurance. Lessee agrees to obtain any endorsement that may be necessary to ~~affect~~

effect this waiver of subrogation, but this provision applies regardless of whether or not the County has received a waiver of subrogation endorsement from the insurer.

J. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the County. The County may require the Lessee to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

K. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the County.

L. Special Risks or Circumstances: County reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

M. Certification of Coverage: Within fifteen (15) calendar days of the first day of the Commencement Date of this Lease Agreement, Lessee shall furnish County with the following for each insurance policy required to be maintained by this Lease Agreement, and annually thereafter:

1) A copy of the Certificate of Insurance shall be provided. The certificate of insurance must include a certification that the policy will not be canceled or reduced in coverage or changed in any other material aspect without thirty (30) days prior written notice to the County.

2) A Workers' Compensation certificate of insurance must be provided.

3) Upon written request by the County, the Lessee shall provide a copy of the complete insurance policy.

4) Approval of Insurance by County shall not relieve or decrease the extent to which the Lessee may be held responsible for payment of damages resulting from Lessee's services or operations pursuant to this Lease Agreement. Further, County's act of acceptance of an insurance policy does not waive or relieve Lessee's obligations to provide the insurance coverage required by the specific written provisions of this Lease Agreement.

N. Effect of Failure or Refusal: If Lessee fails or refuses to procure or maintain the insurance required by this Lease Agreement or fails or refuses to furnish County with the certifications required by *Subparagraph MG*. above, County shall have the right, at its option, to forthwith terminate the Lease Agreement for cause.

24. Indemnification: To the fullest extent permitted by law, Lessee shall indemnify, defend, and hold harmless the County and its officers, agents, employees, and volunteers from and against all claims, demands, damages, liabilities, loss, costs, and expense (including attorney's fees and costs of litigation) of every nature arising out of or in connection with Lessee's performance or attempted performance of any obligation or duty provided for or relating to this Lease Agreement and/or the Premises, except such loss or damage which was caused by sole negligence or willful misconduct of the County. It is the intent of the parties to provide the County the fullest indemnification, defense, and hold harmless rights allowed under the law. If any word(s) continued herein are deemed by a court to be in contravention of

applicable law, said word(s) shall be severed from this contract and the remaining language shall be given full force and effect.

25. Taxes: As a qualified joint powers agency, the County Assessor's Office has determined that Lessee shall not be liable for possessory interest taxes or personal property taxes.

26. Lessee's Responsibility for Compliance: Lessee shall at all times observe and comply with, and shall cause all his agents, employees and sublessors to observe and comply with all present and future laws, statutes, ordinances, regulations, rules, resolutions, or other binding enactments of any governmental authority, now or at any time during the term of this Lease Agreement and any extensions thereof. If any future laws, rules, regulations, or ordinances are passed by the County of San Luis Obispo and said legislative enactment has any impact fiscal or otherwise on Lessee, and if Lessee does not make a timely objection to County during course of legislative process, Lessee will be deemed to have waived any right to object at a later time and waives all damages flowing therefrom. Lessee shall and does hereby assume responsibility for payment of any and all licenses applicable to Lessee's operation on the Premises.

27. Notices: Any notices, demands, or communication, under or in connection with this Lease Agreement, may be served by regular mail, personal delivery, or electronic transmission ("e-mail"). Such e-mail notice, and all attachments thereto, shall for all purposes be deemed received and effective upon receipt at the e-mail address provided, and that such notice is effective irrespective of whether the addressee shall actually open's or read's the e-mail notice and/or attachments. Any e-mail notice to the County shall be addressed as follows:

Central_RPS@co.slo.ca.us

or if by regular mail, such mail must be deposited in the United States Post Office, postage prepaid, and if addressed to the County at:

County of San Luis Obispo
Central Services Agency
1087 Santa Rosa Street
San Luis Obispo, CA 93408
Attention: Real Property Manager

and may likewise be served on Lessor-Lessee via e-mail at:

gstraw@slorta.org

or if by regular mail, such mail must be deposited in the United States Post Office, postage prepaid, and if addressed to the Lessor-Lessee at:

San Luis Obispo Regional Transit Authority
179 Cross Street
San Luis Obispo, CA 93401
Attn: Executive Director

Either County or Lessor-Lessee may change such address by notifying the other party in writing as to such new address as Lessor-Lessee or County may desire used and which address shall continue as the address until further written notice.

28. **Assignment:** Lessee will not assign, transfer, or delegate this Lease Agreement or any interest therein. Any attempt by Lessee to transfer this Lease Agreement will automatically terminate it.

29. **Termination and Breach:** If any of the following occur, the ~~Director~~ Director of Central Services, or Director's designee shall have the right to terminate this Lease Agreement effective immediately for cause upon giving written notice to Lessee:

a. Lessee fails to perform its duties to the satisfaction of the ~~Director~~ Director of Central Services, or Director's designee including the accumulation of multiple less-significant instances of failure to perform in accordance with this Lease Agreement; or

b. Lessee fails to fulfill in a timely and professional manner its legal and contractual obligations under this Lease Agreement.

c. At the discretion of the ~~Director~~ Director of Central Services, or Director's designee, Lessee may be allowed ten (10) days after receiving written notice to correct any breach hereunder. Failure to correct the breach will result in immediate termination of the Lease Agreement and possession of the Premises. The exercise of these remedies provided for in this paragraph shall be cumulative and in no way affect or replace other remedies available to the County.

30. **Limitation of Actions:** Lessee shall have no other legal or equitable rights, entitlements or interests other than those expressly stated in this Lease Agreement. This will apply regardless of any information exchanged or representations made by County staff or others during negotiations, prior to execution, or after execution. No representation by County staff shall be binding unless said provision is in writing and signed by the Board of Supervisors prior to the effective date.

31. **Lost Revenue:** If the Premises are closed for any reason including, but not limited to, war, armed conflict, public emergency, public nuisance, calamity, fire, earthquake, flood, act of God, strike, or similar act which shall prevent performance of this Lease Agreement in accordance with the rights and privileges granted herein, County shall not be liable to Lessee for any lost revenues. If Lessee's business is interrupted, the County shall not be liable to Lessee for any lost revenues or claims against Lessee from third parties including, but not limited, to Lessee's employees.

32. **Eminent Domain:** If the whole of the Premises shall be taken or condemned by any competent authority under power of eminent domain for a public or quasi-public use or purpose, then the ~~license-Lease Agreement~~ shall cease and terminate as of the date actual physical possession of the Premises is taken by the condemnor. All compensation and damages awarded for such total taking shall belong to and be the sole property of County.

In the event that there shall be partial taking of the Premises during the term of this Lease Agreement under the power of eminent domain, this Lease Agreement shall terminate as to that the portion of the Premises so taken on the date when actual physical possession of said portion is taken by the condemnor, but this Lease Agreement shall at County's option, continue in force and effect. The compensation and damages for such partial taking shall belong to and be sole property of County.

33. Non-Discrimination: Lessee shall not discriminate against any person or class of persons in violation of the Civil Rights Act of 1964 as amended or any other applicable laws prohibiting discrimination in the use of the Premises.

34. Americans With Disabilities Act: Lessee shall be responsible for any and all new construction and any alterations to the Premises which are necessary to comply with the Americans With Disabilities Act of 1990, 42 U.S.C. sect. 12101 et seq., as currently enacted and in accordance with applicable laws.

35. Employees of Lessee: All employees, agents, assignees and sub-lessees of Lessee will be appropriately licensed when required by law. All such employees, agents, assignees and sub-lessees will be employees, agents, or assignees of Lessee only and will not in any instance be, or be construed to be, employees, agents, or assignees of the County.

36. Illegal Harassment Warranty: Lessee has a duty and obligation to fully train its employees regarding behavior prohibited by law that constitutes any illegal harassment, including but not limited to, discriminatory harassment, sexual harassment and gender harassment.

37. Smoke-Free Workplace: Lessee shall comply with and observe any and all applicable statutes, ordinances, rules and regulations, including, those of the federal, state, municipal, County or other public authority regulating smoking on County properties, including those statutes, ordinances, rules and regulations applying to buildings or structures owned, leased or otherwise operated by the County of San Luis Obispo to conduct County business. Notwithstanding any smoking prohibition set forth by County ordinance, ~~any~~ Lessee may request written approval of a designated smoking area by the County Public Health Officer, if permitted by law or statute.

38. Drug Free Workplace: Lessee and its employees will comply with all laws related to a drug free workplace. Neither Lessee nor its employees will unlawfully manufacture, distribute, dispense, possess, or use controlled substances, including but not limited to marijuana, heroin, cocaine, methamphetamine, or amphetamines at any of Lessee's facilities or County's facilities or work-sites.

39. Hazardous Waste: Lessee shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations (Hazardous Materials Laws) relating to industrial hygiene, environmental protection, or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, fuels, gasoline, flammable explosives, asbestos, UREA formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances," "Hazardous wastes," "hazardous materials" or "~~TOXIC SUBSTANCES~~Toxic Substances" under such laws, ordinance or regulations (collectively Hazardous Materials). Lessee shall, except in the event of County's sole negligence or willful misconduct, indemnify, defend, protect and hold County, each of County's ~~offices~~officers, directors, employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses or death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly by: (a) the presence in, on, under or about

the Premises or discharge in or from the Premises of any Hazardous Materials or Lessee's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials, to, in, on, under, or about or from the Premises, or (b) Lessee's failure to comply with any Hazardous Materials law. Lessee's or County's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, clean-up, or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith caused by Lessee and County and shall survive the expiration or earlier termination of the term of this Lease Agreement. For purposes of the release and indemnity provisions hereof, any acts or omissions of County, or by employees, agents, assignees, lessors, or sublessors of County or others acting for or on behalf of County (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to County.

40. Severability: The invalidity of any provision of this Lease Agreement shall not affect the validity, enforceability of any other provisions of this Lease Agreement.

41. Law: This Lease Agreement has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Lease Agreement shall be determined and governed by the laws of the State of California.

42. Venue: San Luis Obispo County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Lease Agreement.

43. Waiver of Lease Agreement Terms: No waiver by either party at any time of any of the terms, conditions or covenants of this Lease Agreement shall be deemed as a waiver at any time thereafter of that same or of any other terms, condition or covenant herein contained, nor of the strict and prompt performance thereof. No delay, failure or omission of County to re-enter the Premises or to exercise any right, power or privilege or option arising from any default, nor any subsequent acceptance of rent than or thereafter accrued shall impair any such right, power or privilege or option or be construed as a waiver of such default or a relinquishment of any right or acquiescence therein. No notice to Lessee shall be required to restore or revive after the waiver by County of any default. No option, right, power, remedy or privilege of County shall be construed as being exhausted by the exercise thereof in one or more instances. The rights, powers, options and remedies given to County by this Lease Agreement shall be deemed cumulative.

44. Authority to Contract: Any individual executing this Lease Agreement on behalf of Lessee represents and warrants that he/she is duly authorized to execute and deliver this Lease Agreement on behalf of the Lessee, and that this Lease Agreement is binding upon Lessee in accordance with its terms.

45. Right of Entry: County shall have the right with reasonable notice and at reasonable times, to inspect the Premises and to perform maintenance, repairs and improvements to the Premises or the building of which the Premises is a part.

46. Destruction of Premises: Should any matter or condition beyond the control of the Parties hereto, such as war, public emergency, or calamity, fire, earthquake, flood, act of God, strike, or any other

labor disturbance prevent performance of this Lease Agreement in accordance with the rights and privileges granted herein, this Lease Agreement shall immediately be terminated and the County shall be under no obligation to Lessee by reason of said matter or condition.

Should any aforementioned matter or condition create eligibility for Federal, State or any other governmental jurisdictional relief assistance and/or aid, the Parties agree to take all reasonable steps necessary to procure such assistance and/or aid, in their respective capacities at the time of such application.

47. Holding Over: In the event Lessee shall continue in possession of the Premises after the Initial Term or any Extended Term of this Lease Agreement, possession shall not be considered a renewal of this Lease Agreement but a tenancy from month to month and shall be governed by the conditions and covenants contained in this Lease Agreement. Any holding over shall not constitute a lawful possession except for purposes of continuing the duties and obligations of Lessee and County's right to enforce the same.

48. Public Records: Any and all written information submitted to and/or obtained by County from Lessee or any other person or entity having to do with or related to this Lease Agreement and/or the Premises, either pursuant to this Lease Agreement or otherwise, at the option of County, may be treated as a public record open to inspection by the public pursuant to the California Records Act (Government Code Section 6250 et seq.), as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public and Lessee hereby waives, for itself, its agents, employees, subtenants, and any person claiming by, through or under Lessee, any right or claim that any such information is not public record or that the same is trade secret or confidential information and hereby agrees to indemnify and hold harmless from any and all claims, demands, liabilities, and/or obligations arising out of or resulting from a claim by Lessee or any third party that such information is a trade secret, or confidential, or not subject to inspection by the public, including without limitation reasonable attorneys' fees and costs.

49. Authorities Jointly Liable as Lessee: San Luis Obispo Regional Transit Authority and South County Area Transit acknowledge that both authorities are fully and separately bound to perform all lease obligations, including payment of rent, maintenance, insurance, and all other terms of this Lease Agreement as Co-Lessees. Any breach of the Lease Agreement is a breach by both Co-Lessees.

50. Delegation of Authority: The Director of Central Services, or Director's designee, is hereby authorized to review, approve and execute all documents related to paragraph 9 above (capital improvements) and any extensions of this Lease Agreement pursuant to paragraph 5 above.

51. Headings: The headings of the articles and sections of this Lease Agreement are inserted only as matter of convenience and for reference and do not define or limit the scope or intent of any provisions of this Lease Agreement, and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof."

52. **Entire Lease and Modifications:** This Lease Agreement, and the attached Exhibits ~~are~~ herein made a part of this Lease Agreement by reference, ~~and~~ embody~~ies~~ the whole Lease Agreement between the Parties hereto as it pertains to the Premises and there are no promised terms, conditions, or obligations referring to the subject matter hereof, other than as contained herein. Any alterations, changes or modifications to this Lease Agreement must be in writing and executed by the Parties.

//////////NOTHING BEYOND THIS POINT EXCEPT FOR SIGNATURES//////////

DRAFT

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement this _____ day of _____, 2019.

COUNTY OF SAN LUIS OBISPO

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY

By: _____
Chairperson of the Board of Supervisors

By: _____
Geoff Straw, Executive Director

APPROVED BY THE BOARD OF SUPERVISORS

Date: _____

This _____ day of _____, ~~2017~~2019

SOUTH COUNTY AREA TRANSIT

ATTEST:

By: _____
Geoff Straw, Administrator

Clerk of the Board of Supervisors

Date: _____

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: _____
Deputy County Counsel

Date: _____

EXHIBIT "A"

DRAFT

EXHIBIT "B"

DRAFT