

South County Transit Committee Agenda

Wednesday, May 3, 2023 **8:15 a.m. to 9:00 a.m.** (Ending time is approximate)

BOARD OF SUPERVISORS' CHAMBERS

COUNTY GOVERNMENT CENTER

1055 Monterey Street, San Luis Obispo, California 93401

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

Members:

Dawn Ortiz-Legg (Third District – SLO County)
Jim Guthrie (Arroyo Grande)

Daniel Rushing (Grover Beach)
Ed Waage (SCTC Chair, Pismo Beach)

Individuals wishing accessibility accommodations at this meeting under the Americans with Disabilities Act (ADA) may request such accommodations to aid hearing, visual, or mobility impairment (including Limited English Proficiency) by contacting the RTA offices at (805)541-2228 x4833. Please note that 48 hours advance notice will be necessary to honor a request.

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

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 Committee on any items not on the agenda and within the jurisdiction of the Board. Comments are limited to three minutes per speaker. The Committee will listen to all communication, but in compliance with the Brown Act, will not take any action on items that are not on the agenda.

ADMINISTRATIVE ITEMS

ELECTION OF OFFICERS: Elect Chairperson and Vice Chairperson

A. ACTION AGENDA

A-1 Fiscal Year 2023-24 Operating and Capital Budget (Approve)

B. INFORMATION AGENDA

None

C. CONSENT AGENDA

C-1 South County Transit Committee Minutes of May 4, 2022 (Approve)

South County Transit, operated by the San Luis Obispo Regional Transit Authority JPA, serves the residents and visitors of: Arroyo Grande, Grover Beach, Pismo Beach, Shell Beach and Oceano

D. MEMBER COMMENTS

ADJOURNMENT (before 9:00 a.m.)



RTA Bus Operators Giesla, Kevin, Jason, Todd & Marina

May 3, 2023

Presented to the South County Transit Committee

For Transit Services in the Five Cities Area

Fiscal Year 2023/2024 Budget - Projected Five Year Capital Budget

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Vision Statement

The SoCo Transit of the future will help meet residents' and visitor's diverse transportation needs in the Five Cities Area.

Mission Statement

South County Transit is committed to providing safe, friendly, and reliable service to the citizens of and visitors to the Five Cities Area.

Vision Elements

- Continue successful partnerships with jurisdictions, county, other public agencies, businesses and schools.
- Provide excellent, reliable, sustainable seamless service that is effective in getting residents and visitors where they want to travel.
- Secure reliable funding.
- Implement an Intelligent Transportation Systems (ITS) program to improve service quality and provide efficiencies.
- Develop a well-executed image-building campaign with a single face for public transportation.

Strategic Direction

- Stabilize and grow funding.
- Continue to improve service quality: On-time performance, scheduling and routing, customer amenities on our vehicles and at our bus stops, operating procedures.
- Consolidate and streamline operations to improve efficiency and effectiveness of public transportation throughout the county.
- Include public transportation as part of the lifestyle evolution needed to confront climate change.
- Reduce private automobile Vehicle Miles Traveled (VMT).
- Improve SoCo Transit's farebox recovery ratio to avoid Transportation Development Act (TDA) penalties.

- Embrace technological improvements that will positively impact efficiency and quality of service.

Goals

1. Provide market-driven service that meets the needs of the communities that we serve but that will also attract discretionary riders.
2. Provide transportation services that are safe, reliable, economical and accessible in an efficient manner with innovative management practices and technological advancements.
3. Lead and participate in the analysis of the integration of transit operations throughout the county to ensure that customers are provided seamless transit alternatives and services that attract discretionary riders from every community that SoCo Transit serves.
4. Promote the value of SoCo Transit and public transportation to the quality of life in the Five Cities Area and the environmental rewards of utilizing public transportation and the reduction of vehicle miles traveled.

**SOUTH COUNTY TRANSIT COMMITTEE
MAY 3, 2023
STAFF REPORT**

AGENDA ITEM: A-1

TOPIC: Fiscal Year 2023-24 Operating and Capital Budget

ACTION: Adopt Fiscal Year 2023-24 Budget as Presented

PRESENTED BY: Tania Arnold, Deputy Director/CFO

STAFF RECOMMENDATION: Adopt the SoCo Transit FY23-24 Budget as Presented

BACKGROUND

We appreciate the South County Transit Committee's (SCTC's) support and leadership during these unprecedented times as we work to present a financially constrained Fiscal Year 2023-24 operating budget. In addition, we are presenting a five-year capital program.

The budget packet contains the following items:

- Our Vision and Mission statements,
- Fiscally constrained FY23-24 operating and capital budgets, and
- Fiscally unconstrained FY24-25 operating and capital budgets.

We are pleased to present the proposed South County Transit (SoCo Transit) Fiscal Year 2023-24 Operating and Capital Budget, which is also included as a separate column in the overall RTA budget. This is the third full-year budget that the SCTC will consider following consolidation into the RTA in January 2021, as approved by the South County Transit Board in October 2020. The SoCo Transit operating budget is proposed at \$2,329,130 and the capital budget at \$245,530. The SoCo Transit budget is balanced, based on proposed service levels and anticipated funding levels. The SoCo Transit FY23-24 budget assumes the same levels of fixed-route revenue service hours and miles for all routes, although staff does anticipate some route changes to take place during the fiscal year.

Below are the key issues staff is working to address:

KEY ISSUES

1. Address the uncertainties the agency currently faces, which includes addressing COVID-19 impacts as an endemic rather than a full-blown pandemic. Impacts include:
 - a. Liability costs, which stabilized due to the RTA's good safety record, but the market continues to be extremely volatile.

In March 2023, staff was pleased to learn that workers compensation insurance provided by PRISM (Public Risk Innovation Solutions Management, previously known as CSAC Excess Insurance Authority) is projected to be in line with prior years projections, not incurring the significant increases the agency had faced which is of note, especially in times of increasing wages. The premiums continue to be predictable and provide a welcome relief – especially with the realization that worker’s compensation across all employment sectors, including for transit services, is especially challenging statewide as loss development trends for the state are not favorable.

In late March 2023 we also received estimated premium for our general liability and vehicle physical damage insurance policies. The annual premium cost for these two insurance policies will have an increase less than what was projected during the FY22-23 budget process as a result of staff’s continual work with our employee committee that has evaluated workplace safety and has initiated a proactive program to reduce the number and severity of claims.

Property insurance has increased due to fully insuring the new Bus Maintenance Facility and the addition of flood insurance because the facility is federally funded and located in a hundred year floodplain.

- b. Address staffing and retention, particularly in the Bus Operator classification.

The RTA completed a Diversity, Equity and Inclusion review in December 2020 with the final report presented to the Board in May 2021. In person training was conducted in May 2022 regarding a new program called *Diversity, Equity, Inclusion and Belonging: Why it Matters*. Additionally, in the fall of 2022 staff completed an eLearning training on *Implicit Bias*. The DEI engagement program will continue in FY23-24 with additional eLearning courses for all staff to ensure all staff are engaged in ensuring equitable treatment for each employee.

The new and relatively low-cost paid family leave program implemented in July 2022 continues to bring positive feedback from staff. It brings the RTA leave program more in line with the leave provided by many private employers who participate in the state disability insurance (CA SDI) program.

- 2. Continue efforts to implement Zero-Emission Bus technologies, including implementing our first two battery-electric buses due for delivery in late-fall/early-winter and the recent completion of our recharging infrastructure.
- 3. State Transit Assistance (STA) funds are projected to be flat compared to the original current fiscal year allocation. As a reminder, starting in FY17-18 the funding to the region was significantly increased due to the Senate Bill 1 – Road

Repair and Accountability Act (SB-1) funds, which include augmented STA funds and State of Good Repair funds.

With the additional STA funds made available through the SB-1 augmentation, the RTA has been able to leverage STA as the local match on more capital projects, keeping other local funding available for operations.

As noted in the April 4, 2018 SLOCOG staff report, the SoCo Transit STA allocation for regional integration (due to impending consolidation into the RTA) has been increased to 100%. Staff also appreciates SLOCOG lowering the farebox recovery ratio (FRR) requirement in the Arroyo Grande-Grover Beach Urbanized Area from 20% to 15% under consolidation; this will help the consolidated services achieve a more feasible FRR requirement.

4. Local Transportation Funds (LTF) used primarily for operating purposes are projected to be lower to the region, but staff will continue to maximize all other funding sources before determining the need for LTF.

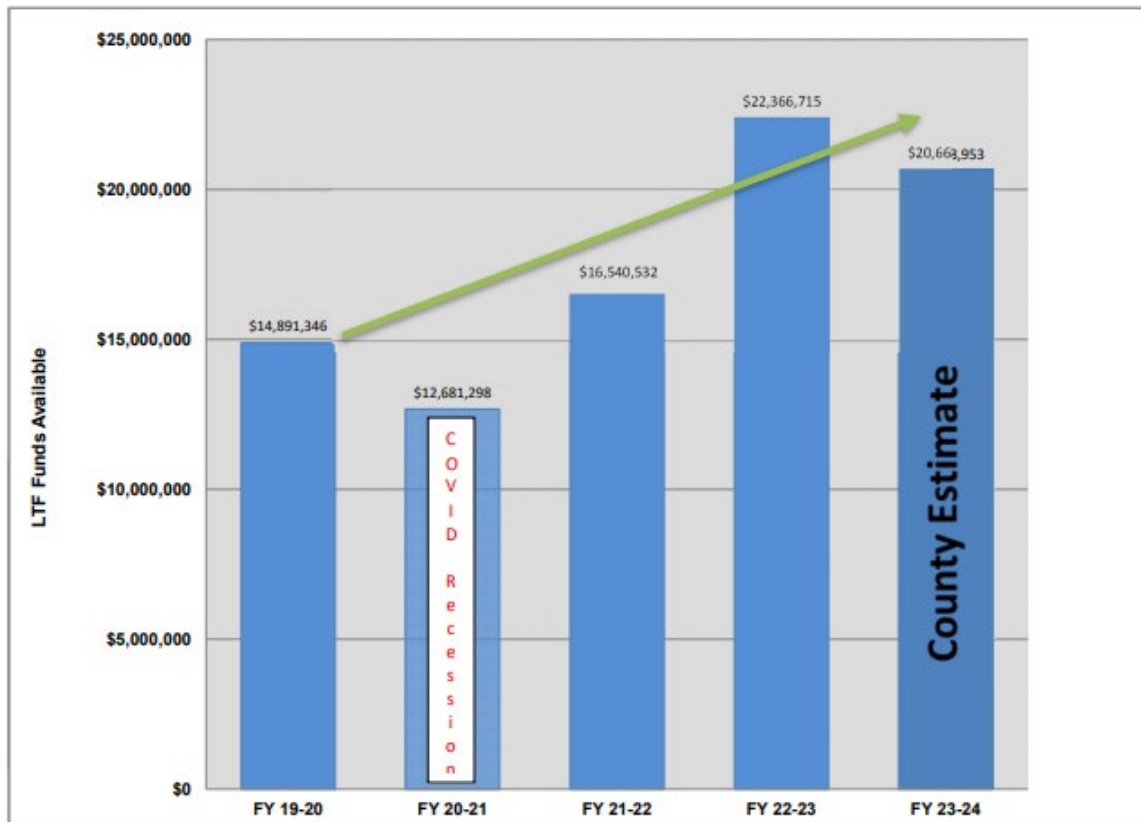
LTF funds are derived from the statewide ¼ percent sales tax, and has traditionally been used to fund operations, but can be used for capital projects as well, although the FY23-24 capital budget does not include LTF funds.

As per the April 5, 2023 SLOCOG agenda item B-2 which discusses the LTF coming into the region:

“2023/24 Local Transportation Fund (LTF) - \$20,668,953 (7.6% decrease in LTF available for distribution)

The County Auditor’s estimated cash balance at June 30, 2023 is \$2,915,922, 47% below FY 22/23. The decrease in opening cash balance is primarily due to a high beginning cash balance in FY 22/23, which was allocated in that year. This figure is difficult to predict. The estimate shows expected revenue deposits equaling \$17,753,031 (inclusive of interest income) for a total of \$20,668,953. The figure below depicts the trend in LTF Distribution:

Historical LTF Allocations
(Allocations based on estimated receipts + opening cash balance)



The proposed South County budget includes LTF of \$712,751 for operations, which is a decrease from the amount included as an advisory FY23-24 total LTF projection of \$1,327,208 which was presented at the May 2022 South County Transit Committee meeting. This is largely due to the larger than anticipated allocation of Low-Carbon Transit Operations Program (LCTOP) funding, revised STA estimates, and carryover of higher STA allocations from FY22/23.

5. Federal Transit Administration formula funds (Sections 5307, 5339 and 5311) for Federal Fiscal Year 2023 are higher than in recent years, which may help reduce the need for LTF by all transit operators in the county. The adjustment for the higher funding would occur after the transit operators meet with SLOCOG to revise the funding allocations to each operator.
6. Fuel costs continue to be volatile; the recent spike has resulted in an increase in ridership and resulting fares.

Due to the current global uncertainty, fuel prices have continued to swing wildly especially in the last few months. Staff has tried to budget fuel somewhat conservatively and believes the \$5.10 used in the budget to be in line with current market conditions. If the projections need to be adjusted, staff will bring a budget amendment to the Committee for consideration. It should be noted that diesel-powered buses manufactured after 2009 also require the use of Diesel

Exhaust Fluid (DEF) to meet emissions requirements. DEF costs more than diesel fuel, and it is used at a roughly 5% ratio DEF to diesel; its use is included in the fuel line item.

Revised Revenue Assumptions

The overall Administration Expense is up by approximately 5% compared to FY22-23. Two main factors are associated with this increase. The operating expense line item has increased with the larger than anticipated electricity bills for the new facility. Professional technical services has decreased due the multi-year agreement that was included in FY22/23 budget for the renewal for the Intelligent Transportation Systems (ITS) in May 2023. The ITS includes GPS-based automatic vehicle location, next-bus information, automated boarding/alighting data, and related high-technology solutions. Marketing and Reproduction has decreased due to surveys being conducted by the consultant as part of the short range transit plan instead of by RTA hired temporary support.

The proposed Service Delivery cost is up by roughly 6.8% from what was identified in the FY22-23 budget. The primary reason for this increase are associated with the increase in wages as assumed for the upcoming Collective Bargaining Agreement that covers Bus Operators, Mechanics, Parks Clerk and Utility employees, rising fuel prices, and the significant increase in cost of parts/supplies/materials for maintain the vehicles.

Capital Program

The focus of the SoCo Transit capital program will to implement bus stop improvements, largely at Ramona Garden Park. No LTF funds are programed for capital projects in FY23-24.

It should be noted that a portion of the FY22-23 capital funds for fully funded projects, such as the vehicles that have been delayed and on-going bus stop improvements, is not carried over to the proposed FY23-24 budget. This will happen with a budget amendment after the FY23-24 has started, and the carryover will have no new financial impact to local jurisdictions because the funding has been previously secured.

Conclusion

Fiscal Year 2023-24 will be a particularly challenging year. We look forward to working with our customers, the SCTC and other stakeholders in providing stability and the highest quality of transportation services to residents of and visitors to our community. We believe that this budget reflects the path set by your Committee in previous years and, although we would like to do more, we believe that this budget provides the optimum levels of service within the confines of existing limited resources.

Staff Recommendation:

Recommend that the SCTC adopt the SoCo Transit FY23-24 budget as presented.

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SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
PROPOSED OPERATING REVENUE BUDGET FOR 2023/2024

		2022/2023 Amendment #1 SoCo Transit Budget	2023/24 Proposed SoCo Transit Budget	2024/25 Projected SoCo Transit Budget
FUNDING SOURCES:				
	GENERAL RESERVES	360,640	393,279	357,660
1.	ESTIMATED FUND BALANCE	360,640	393,279	357,660
2.	LESS REQUIRED RESERVES FOR FISCAL YEAR			
	CASH FLOW REQUIREMENTS PER TDA	352,950	357,660	407,970
	OFFSET RESERVE TO CARRYOVER TO FUTURE FISCAL YEARS	40,329		
	TOTAL	393,279	357,660	407,970
3.	FUND BALANCE AVAILABLE	(32,639)	35,619	(50,310)
NON TDA SOURCES				
	FARES	90,000	139,530	146,510
	SoCo TRANSIT MANAGEMENT CONTRACT	-	-	-
	COUNTY MANAGEMENT CONTRACT	-	-	-
	NORTH COUNTY MANAGEMENT CONTRACT	-	-	-
	INTEREST	-	-	-
	STATE TRANSIT ASSISTANCE (STA) INCLUDING SB1	315,720	399,330	481,550
	RURAL TRANSIT FUND (Administration)	-	-	-
	RURAL TRANSIT FUND (Operating Funds)	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5307) - San Luis Obispo	-	-	-
	FTA (Section 5307) - San Luis Obispo CARES/ARPA	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5311) - Operating	-	-	-
	FTA (Section 5311) - Operating CARES/CRRSAA/ARPA	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5307-N. County) - Operating	-	-	-
	FTA (Section 5307-N. County) - Operating CARES/ARPA	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5307-SM) - Operating	-	-	-
	FEDERAL TRANSIT ADM (FTA) (Section 5307) - S. County Operating	609,850	619,330	637,000
	FTA (Section 5307) - S. County Operating CARES/ARPA	-	-	-
	CUESTA CONTRIBUTION FOR ROUTE 12 AND 14	-	-	-
	CUESTA CONTRIBUTION NORTH COUNTY	-	-	-
	SPECIAL EVENTS REVENUE/OTHER	363,570	422,570	325,000
4.	SUB TOTAL	1,379,140	1,580,760	1,590,060
5.	TOTAL FUND BALANCE & NON TDA FUNDING	1,346,501	1,616,379	1,539,750
TDA REQUIRED				
	CITY OF ARROYO GRANDE	317,418	281,299	362,577
	CITY OF ATASCADERO	-	-	-
	CITY OF GROVER BEACH	237,372	195,390	251,845
	CITY OF MORRO BAY	-	-	-
	CITY OF PASO ROBLES	-	-	-
	CITY OF PISMO BEACH	146,603	122,721	158,179
	CITY OF SAN LUIS OBISPO	-	-	-
	COUNTY OF SAN LUIS OBISPO	137,436	113,341	146,089
	TDA REQUIREMENTS BEFORE 5311 EXCHANGE	838,829	712,751	918,690
	LESS: RURAL TRANSIT FUND/5311 EXCHANGE	-	-	-
6.	NET TDA REQUIREMENTS	838,829	712,751	918,690
7.	TOTAL FUNDING SOURCES	2,185,330	2,329,130	2,458,440
8.	FUNDING USES:			
	ADMINISTRATION	165,740	173,260	180,420
	PERS BUYOUT	-	-	-
	BUILDING DECOMMISSIONING	-	-	-
	MANAGEMENT CONTRACTS	126,430	133,360	143,140
	SERVICE DELIVERY	1,865,350	1,992,740	2,103,400
	CONTINGENCY	27,810	29,770	31,480
9.	TOTAL FUNDING USES	2,185,330	2,329,130	2,458,440

SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
PROPOSED CAPITAL AND PLANNING REVENUE BUDGET FOR 2023/2024

		2022/2023 Amendment #1 SoCo Transit Capital Budget	2023/24 Projected SoCo Transit Capital Budget	2024/25 Projected SoCo Transit Capital Budget
FUNDING SOURCES:				
BEGINNING CAPITAL PROJECTS RESERVE		348,070	158,730	135,080
1.	ESTIMATED FUND BALANCE	348,070	158,730	135,080
2.				
LESS REQUIRED RESERVES FOR FISCAL YEAR				
CAPITAL PROJECTS RESERVE		158,730	135,080	106,290
TOTAL		158,730	135,080	106,290
3.				
FUND BALANCE AVAILABLE		189,340	23,650	28,790
NON TDA SOURCES				
STATE TRANSIT ASSISTANCE (STA) WITH SB1 AUGMENTATION		58,340	82,220	-
LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)		-	-	-
STA SB1 STATE OF GOOD REPAIR		-	-	-
PROPOSITION 1B FUNDING - BUS REPLACEMENT & BUS MAINTENANCE FACILITY		-	-	-
RURAL TRANSIT FUND (Capital)		-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307) - San Luis Obispo		-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5339) - Bus and Bus Facilities		49,630	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307-North County)		-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307-South County)		474,360	137,660	-
4.				
SUB TOTAL		582,330	219,880	-
5.	TOTAL FUND BALANCE & NON TDA FUNDING	771,670	243,530	28,790
TDA REQUIRED				
CITY OF ARROYO GRANDE		-	-	-
CITY OF ATASCADERO		-	-	-
CITY OF GROVER BEACH		-	-	-
CITY OF MORRO BAY		-	-	-
CITY OF PASO ROBLES		-	-	-
CITY OF PISMO BEACH		-	-	-
CITY OF SAN LUIS OBISPO		-	-	-
COUNTY OF SAN LUIS OBISPO		-	-	-
TDA REQUIREMENTS FOR TIFIA LOAN REPAYMENT		-	-	-
6.	FINANCING FOR BUS MAINTNEANCE FACILITY	-	-	-
7.	TOTAL FUNDING SOURCES	771,670	243,530	28,790
8.				
FUNDING USES:				
CAPITAL		771,670	243,530	28,790
LOAN PAYMENTS		-	-	-
9.	TOTAL FUNDING USES	771,670	243,530	28,790

		Acutal Combined FY 2021-22	Adopted Operating Budget FY 2022-23	Proposed Operating Budget FY 2023-24	Projected Operating Budget FY 2024-25
Administration and Service Delivery Totals					
	Hours	68,630	83,260	83,260	83,260
	Miles	1,452,079	1,776,120	1,776,120	1,776,120
Administration:					
Labor	operations cost	1,155,727	1,195,030	1,260,560	1,353,000
Labor - Administration Workers Comp	operations cost	36,430	42,990	45,630	48,430
Office Space Rental	operations cost	370,465	54,370	58,030	59,770
Property Insurance	operations cost	103,049	156,660	239,060	262,970
Professional Technical Services	operations cost	101,515	224,350	167,410	174,560
Professional Development	operations cost	28,826	89,800	91,450	104,440
Operating Expense	operations cost	346,908	340,350	398,380	413,650
Marketing and Reproduction	hourly	115,936	181,860	148,920	136,920
North County Management Contract	operations cost	(47,740)	(52,870)	(55,770)	(59,860)
County Management Contract	operations cost	(98,390)	(108,970)	(114,950)	(123,380)
SCT Management Contract	operations cost	(114,160)	(126,430)	(133,360)	(143,140)
Total Administration		1,998,566	1,997,140	2,105,360	2,227,360
Service Delivery:					
Labor - Operations	hourly	6,110,705	7,154,645	7,545,070	7,905,790
Labor - Operations Workers Comp	hourly	276,000	326,005	346,030	367,290
Labor - Maintenance	hourly	1,563,548	1,707,816	1,809,490	1,893,470
Labor - Maintenance Workers Comp	hourly	75,580	89,272	94,750	100,560
Fuel	miles	1,528,341	1,536,010	1,651,890	1,651,890
Insurance (Liability, Physical Damage, Employment Practices)	miles	684,010	780,145	855,850	1,027,020
Special Transportation (for SLOCAT)	n/a	20,668	44,480	33,740	35,350
Maintenance (parts, supplies, materials)	miles	625,798	811,704	1,029,610	1,152,000
Maintenance Contract Costs	miles	92,005	161,243	167,990	172,820
Total Operations		10,976,655	12,611,320	13,534,420	14,306,190
Contingency	hourly	-	175,300	187,680	198,400
PERS Buyout	operations cost	178,308	178,310	178,310	178,310
Building Decommissioning		1,950,000	-	-	-
Management Contracts		260,290	288,270	304,080	326,380
TOTAL FUNDING USES		15,363,820	15,250,340	16,309,850	17,236,640

			Actual Capital Budget	Amendment #1 Capital Budget	Proposed Capital Budget	Projected Capital Budget	Projected Capital Budget	Projected Capital Budget	Projected Capital Budget
			FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Capital and Planning Expenditures									
Capital/Studies:									
Computer System Maintenance/Upgrades	hourly		10,961	71,800	180,750	46,730	49,070	51,520	54,100
Miscellaneous Capital	hourly								
Maintenance Equipment			830	85,420	46,500	48,750	50,250	52,760	55,400
Vehicle ITS/Camera System	hourly		-	-	138,000	-	-	-	-
Bus Stop Improvements	hourly		91,543	382,390	101,880	48,130	50,630	53,160	55,820
Large Capital Repairs	hourly		346,679	603,320	468,750	-	-	-	-
Vehicles									
Support Vehicles	hourly		-	57,880	236,950	33,500	58,630	61,500	64,630
Fixed Route Vehicles	hourly		1,276,250	2,824,680	2,136,140	690,840	4,355,330	14,071,000	4,221,250
Trolley replacement vehicles	hourly		-	293,200	-	-	-	445,500	-
Cutaway and Dial A Ride Vehicles	hourly		-	112,500	-	146,250	261,500	-	184,630
Runabout Vehicles	hourly		-	302,000	549,980	97,200	1,340,130	923,380	1,015,750
Total Capital Outlay			1,726,262	4,733,190	3,858,950	1,111,400	6,165,540	15,658,820	5,651,580
Loan Repayments			94,523	503,170	472,140	472,140	458,060	458,060	458,060
Short Range Transit Plan			-	250,000	-	-	-	-	-
Elks Lane Project			9,130,896	-	-	-	-	-	-
TOTAL FUNDING USES			10,951,682	5,486,360	4,331,090	1,583,540	6,623,600	16,116,880	6,109,640

		Total Adopted Budget	Proposed Route 21 Budget	Proposed Route 24 Budget	Proposed Route 27 Budget	Proposed Route 28 Budget	Total Proposed Budget	Projected Budget
		FY 2022-23	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2024-25
South County Transit								
	Measure:							
	Annual Hours	13,890	3,580	3,530	2,820	3,960	13,890	13,890
	Annual Miles	219,180	68,200	52,520	41,400	57,060	219,180	219,180
Administration:								
	Total Administration (Net of Contracts)	\$ 292,170	\$ 82,700	\$ 76,930	\$ 61,280	\$ 85,710	\$ 306,620	\$ 323,560
Service Delivery:								
	Basis:							
Labor - Operations	hourly	\$ 1,136,710	\$ 306,920	\$ 302,630	\$ 241,760	\$ 339,490	\$ 1,190,800	\$ 1,247,730
Labor - Operations Workers Comp	hourly	\$ 51,210	\$ 14,080	\$ 13,880	\$ 11,090	\$ 15,570	\$ 54,620	\$ 57,970
Labor - Maintenance	hourly	\$ 271,980	\$ 73,610	\$ 72,580	\$ 57,980	\$ 81,420	\$ 285,590	\$ 298,840
Labor - Maintenance Workers Comp	hourly	\$ 13,970	\$ 3,850	\$ 3,800	\$ 3,040	\$ 4,260	\$ 14,950	\$ 15,870
Fuel	miles	\$ 184,040	\$ 61,980	\$ 47,730	\$ 37,620	\$ 51,850	\$ 199,180	\$ 199,180
Insurance	miles	\$ 93,780	\$ 32,110	\$ 24,730	\$ 19,490	\$ 26,870	\$ 103,200	\$ 123,830
Maintenance (parts, supplies, materials)	miles	\$ 94,830	\$ 38,630	\$ 29,750	\$ 23,450	\$ 32,320	\$ 124,150	\$ 139,160
Maintenance Contract Costs	miles	\$ 18,830	\$ 6,300	\$ 4,850	\$ 3,830	\$ 5,270	\$ 20,250	\$ 20,820
	Total Operations	\$ 1,865,350	\$ 537,480	\$ 499,950	\$ 398,260	\$ 557,050	\$ 1,992,740	\$ 2,103,400
Capital/Studies:								
	Total Capital Outlay	\$ 81,830	\$ 62,770	\$ 61,890	\$ 49,440	\$ 69,430	\$ 243,530	\$ 28,790
Contingency	hourly	\$ 27,810	\$ 7,670	\$ 7,570	\$ 6,040	\$ 8,490	\$ 29,770	\$ 31,480
Loan Repayment	operations cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FUNDING USES		\$ 2,267,160	\$ 690,620	\$ 646,340	\$ 515,020	\$ 720,680	\$ 2,572,660	\$ 2,487,230
TOTAL NON-CAPITAL EXPENDITURES		\$ 2,185,330	\$ 627,850	\$ 584,450	\$ 465,580	\$ 651,250	\$ 2,329,130	\$ 2,458,440

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SOUTH COUNTY TRANSIT COMMITTEE

MINUTES OF May 4, 2022

Members Present:	Dawn Ortiz-Legg	County Supervisor, District 3
	Ed Waage	City of Pismo Beach (Chairperson)
	Jimmy Paulding	City of Arroyo Grande
	Karen Bright	City of Grover Beach (Vice-Chairperson)

Members Absent: None

Staff Present:	Geoff Straw	RTA Executive Director
	Tania Arnold	RTA Deputy Director and CFO

CALL TO ORDER AND ROLL CALL: The South County Transit Committee meeting was called to order at 8:15 am. Roll call was taken. A quorum was present.

PUBLIC COMMENTS: This portion of the agenda is reserved for any members of the public to directly address the South County Transit Committee 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.

There was no public comment

BOARD ADMINISTRATIVE ITEMS

ELECTION OF OFFICERS: Elect Chairperson and Vice Chairperson.

Ms. Karen Bright made a motion to elect **Mr. Ed Waage** as chair of the South County Transit Committee. **Mr. Jimmy Paulding** seconded the motion. **Ms. Dawn Ortiz-Legg** made a motion to elect **Ms. Bright** to Vice-Chair. **Mr. Paulding** seconded the motion. The motion to appoint officers to the South County Transit Committee passed unanimously via roll call vote as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
DAWN ORTIZ-LEGG	X	
ED WAAGE	X	
JIMMY PAULDING	X	
KAREN BRIGHT	X	

A. ACTION AGENDA

A-1 Fiscal Year 2022-23 Operating and Capital Budget (Approve)

Ms. Tania Arnold went over the Fiscal Year 2022-2023 Operating and Capital Budget for South County transit services. As in the past, this budget includes a 5-year capital program, but we will only be adopting the first year today. The items in this budget will appear as a separate column in the overall RTA Budget later this morning. The operating budget is proposed at just over \$2,000,000 and the Capital Budget is just over \$80,000. The budget assumes the same level of fixed route revenue service hours and miles for all the routes.

Ms. Arnold addressed the following key issues:

1. Impacts of COVID-19 pandemic and recovery. Staff has been monitoring liability costs, wild swings have stabilized due to the safety record of RTA and SCT. Costs appear to stay in line with prior years, which is good news especially in light of increasing wages. General liability has increased but still in line with projections.
2. We continue to work on staffing and retention specifically related to Bus Operators. One of the items we are looking at is a diversity, equity and inclusion program. We will conduct a training in our new facility next week. We are also looking at a paid family leave program; currently, there is none. For a minimal cost, we are able to provide a program for paid family leave to help address that retention issue.
3. Our current collective bargaining agreement was extended an additional year; it now expires at the end of 2022. We do anticipate wages to be a significant part of the discussion. Included in the budget is also a 6.6% inflationary increase proposed for non-union employees based on the cost of living from December 2021 to December 2022. In addition, merit increases for those that are eligible within their step progression are included.
4. We are moving forward with implementing zero emission bus technologies. The agency will be careful on the timing of when we implement the technology. We will likely begin with RTA Route 12, as it operates closer to the maintenance facility to handle operating challenges that may come up.
5. STA funding is higher than the past few years. We have been able to leverage those funds to help offset the cost of the \$80,000 Capital program.
6. Staff is closely watching LTF fund receipts. LTF Funds are primarily used for operating purposes, and they continue to be the last funding source we program. The LTF is derived from a statewide one-quarter percent sales tax collected in our region. We heard some good news that the LTF is coming in much higher than expected. In FY20-21 and FY21-22 we were able to utilize funding from the CARES Act to offset requests for LTF and push as much funding to the jurisdictions – which is always our goal. Now, as part of that it looks a bit alarming that we have quite a request for the FY22-23. The initial estimate when we brought the budget to the South County Transit Committee last May was \$1.1 million, but it has come down as we were able to secure other

funding sources. We will continue to monitor and do everything we can to bring that number down.

7. Fuel cost volatility has a significant impact on ridership and fare revenue. As fuel prices continue to rise the expectation is more people will use transit. We had originally projected budgeting \$4.30 for our diesel fuel, we have since increased it to \$4.80. We are already realizing that \$4.80 may not be enough. We will closely monitor fuel prices and bring this back to the Board as needed.

Looking at the revised revenue assumptions we have a significant amount of federal funding at around 28%. We continue to maximize that, as noted in your staff report and as discussed at SLOCOG we are monitoring the status of the three urbanized areas following the 2020 US Census. There is the potential that Arroyo Grande – Grover Beach UZA and/or the Paso Robles - Atascadero UZA may be downgraded to rural. That federal funding portion would be significantly less. We anticipate hearing how the Census designation(s) will affect the region this summer. We anticipate follow up meetings with this Committee as those decisions come down. Related to the Capital revenue sources, we were able to utilize STA funding to offset the cost of the capital program.

Ms. Arnold shared a chart breaking down Administrative and Service Delivery expenses. Labor, as well as fuel and insurance, are a significant portion of our budget. **Ms. Arnold** informed the Committee that there are capital items in the current year budget, such as low-floor vehicles for Routes 27 & 28. We are currently programming the budget based on the same hours and miles, but we will be proposing some service modifications. Due to the supply chain delays in delivery of the new vehicles, we have not completed the public outreach for the proposed service changes, and this will be an ongoing discussion. We anticipate carrying forward the capital project forward into the FY 22-23 budget, but it is fully funded and will not incur any additional costs for the program. The staff recommendation is to adopt the budget as presented.

MEMBER COMMENTS:

Mr. Paulding thanked Ms. Arnold for the comprehensive report. He asked about the coordination with the jurisdictions regarding the LTF funding, as it could affect the jurisdictions financial forecasting assumptions. **Ms. Arnold** replied that before the budget went to the committees in March and it went before all the city managers and finance directors for each of the jurisdictions, both for the South County services and for the separate RTA services. We are committed to be fully transparent given the potential significant impact on the jurisdictions.

Mr. Paulding addressed the annual COLA increase for non-union employees of 6.6%. Asking in light of recruitment and retention issues is this staff's decision at this point in time that 6.6% will get us where we need to be? **Mr. Geoff Straw** replied that the RTA Executive Committee discussed this and although the Consumer Price Index came in at 6.6% the Committee was leaning toward a 4.0 % increase, keeping RTA in line with what SLOCOG staff is proposed to receive. This is for non-CBA employees, and we are

prepared to accept the 4.0% and amend the budget, but difficulties with recruitment are ongoing. We are hoping the Board will consider that issue next year. **Chairperson Waage**, added that during the Executive Committee he had made a motion to go with the 4.0% COLA but it died for lack of a second. The intention was to bring forward the 4.0% to both this Committee and the Board to keep the RTA in line with SLOCOG and the other jurisdictions. Unfortunately, the Executive Committee could not reach an agreement on the 4.0%. **Mr. Paulding** asked why the Executive Committee was not able to reach a consensus on the 4.0%. **Chairperson Waage** replied that Ms. Debbie Arnold wanted to offer a COLA lower than 4.0%

Vice Chairperson Bright asked for clarification on cost information in regards to the family leave program. **Ms. Arnold** replied that the program cost for the entire agency would be approximately \$1,000 a month. **Vice Chairperson Bright** stated in reading the minutes of the Executive Committee it was quite apparent that there was some dissention, regarding the inflationary cost adjustment, but she does believe that 4.0% is fair and consistent within the jurisdictions.

Ms. Ortiz- Legg noted that we do need to invest in our human resources. **Ms. Ortiz-Legg** added that we may see some stabilization within the inflationary environment, and that 4.0% is a good start to try and address that. Looking at the other costs, and talking about retention the family leave piece will be a good investment. **Ms. Ortiz-Legg** asked if the diversity, equity and inclusion program would be for recruitment or education. **Mr. Straw** replied that the training is an education piece. The intention is for management to become better listeners who can better support employees. It's an effort on our part to ensure we are doing the right thing. **Ms. Ortiz- Legg** asked if there was a program within the RTA that employees and family members are able to use the service for free. **Mr. Straw** replied that all employees can ride the buses for free. **Ms. Ortiz-Legg** stated that we should use all the tools in the toolbox to alleviate the burden of the costs for the workforce. She went on to agree that the 4.0% is a reasonable approach at this time. **Chairperson Waage** added that he appreciates the effort in adding family leave, stating the need to adapt to a changing workforce.

Vice- Chairperson Bright asked staff what the major issue was in filling the driver positions. She noted that school districts are also having problems attracting drivers, and maintaining staffing. **Mr. Straw** replied that everyone is having trouble with driver recruitment. Some of it is flexibility, which becomes a problem in a larger seniority-based organization. Getting drivers in the door is the tough part. Some agencies are offering hiring bonuses and retention incentives. The workforce has also been constricted by COVID. A couple years ago our average driver was in their fifties; a lot of the drivers chose to leave the industry because they did not want to be exposed to COVID. This was true especially before vaccines were available. **Vice-Chairperson Bright** stated that her city has had trouble keeping the police force full, noting that incentives have really made the difference.

Mr. Straw updated the Committee on the status of the new vehicles. With the Route 27 and 28 smaller vehicles will be used which will allow us to travel into smaller but high-intensity neighborhoods. It will also allow us to achieve a long-term goal of Grover Beach to move the transit center from Ramona Garden to the train station. As soon as we get vehicle shipping information we can move forward with

public outreach. This project has been on hold because buses have been delayed with supply chain issues.

Mr. Straw also spoke to the profound impact of the US Census Urbanized Area issue, stating that based on the most recent information we don't believe the South County is at as much of risk as North County. We think there is a path forward, and will be fighting to retain all three of the urbanized areas in the county. If those areas receive a rural designation, we would lose significant Federal funding. Making that up with LTF would severely impact roads in the jurisdictions. As we learn more, we will continue discussions with public works departments in each one of your jurisdictions.

PUBLIC COMMENTS: There was no public comment

Mr. Paulding made a motion to adopt the South County Transit Fiscal Year 2022-23 Operating and Capital Budget, with the following modification, adjust the annual inflationary adjustment for non-union employees, excluding operations supervisors from 6.6% down to 4.0%. **Vice Chairperson Bright** seconded the motion. The motion passed unanimously via roll call vote as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
DAWN ORTIZ-LEGG	X	
ED WAAGE	X	
JIMMY PAULDING	X	
KAREN BRIGHT	X	

B. INFORMATION AGENDA

None

C. CONSENT AGENDA

C-1 SoCo Transit Minutes of May 8, 2021 (Approve)

PUBLIC COMMENT: There was no public comment

Vice Chairperson Bright made a motion approve consent agenda item C-1 and **Mr. Paulding** seconded the motion. The motion passed unanimously via roll call vote as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>
DAWN ORTIZ-LEGG	X	
ED WAAGE	X	
JIMMY PAULDING	X	
KAREN BRIGHT	X	

D. MEMBER COMMENTS

Mr. Paulding appreciates all the work staff put in to handle the consolidation. The way the JPA was handled was an effective way to ensure we can continue to effectively serve the South County area. **Chairperson Waage** echoed the comments while applauding staff's efforts in bringing forth a well thought out budget in uncertain times. **Ms. Ortiz-Legg** agreed these are challenging times and appreciates the dedication to serving the public, while making use of innovations. She is looking forward to seeing the smaller vans.

E. ADJOURNMENT

The meeting was adjourned at 8:50 AM

Respectfully Submitted,

Acknowledged by,

Tania Arnold
Deputy Director/CFO

Ed Waage
SCTC Chairperson 2023