



# SOUTH COUNTY TRANSIT

-Fiscal Year 2020/2021 Budget  
-Projected Five Year Capital Budget  
April 22, 2020

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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  
APRIL 22, 2020  
STAFF REPORT**

**AGENDA ITEM:** B-1

**TOPIC:** Fiscal Year 2020-21 Operating and Capital Budget

**ACTION:** Adopt Fiscal Year 2020-21 Budget as Presented

**PRESENTED BY:** Tania Arnold, RTA Deputy Director/CFO

**BACKGROUND**

We appreciate the Board's support and leadership during these unprecedented times as we work to present a fiscally constrained Fiscal Year 2020-21 operating budget. In addition, we are presenting a five-year capital program.

The budget packet contains the following items:

- Our Vision and Mission statements,
- Budget Assumptions adopted by the Board at its January 22, 2020 meeting,
- Fiscally constrained FY20-21 operating and capital budgets, and
- Fiscally unconstrained FY21-22 through FY24-25 capital budgets.

We are pleased to present the proposed South County Transit Fiscal Year 2020-21 Operating and Capital Budget. The operating budget is proposed at \$1,653,170 and the capital budget at \$731,110. The budget is balanced, based on proposed service levels and anticipated funding levels. The SoCo Transit FY20-21 budget assumes the same levels of fixed-route revenue service hours and miles for all routes, including the Beach Trolley service (which is funded entirely by the County and the City of Pismo Beach). Staff will also continue to evaluate service modifications during the year to improve efficiencies and/or to address impacts from the COVID-19 pandemic, and any such change would be brought back to the SoCo Transit Board for consideration. One change being implemented, which did not include a change in the hours and miles of service, is the change to the Beach Trolley to include the Pismo Preserve that is being funded entirely by the City of Pismo Beach. Another item for consideration will be continuation of Route 27, since the Low Carbon Transit Operator Program (LCTOP) funding for Route 27, \$267,000 for FY20-21, will no longer be available after June 2021. Local or other funds would be needed in order to continue its operation.

It should be noted that the City of Pismo Beach is joining the County to fund the expanded Beach Trolley service in FY20-21, and this service is presented in a separate column from the core SoCo Transit fixed-route services in the monthly farebox reports to assist decision-makers in monitoring the performance of core SoCo Transit services. Any farebox or other shortfalls in the Beach Trolley are the responsibility of the County, the City of Pismo Beach, and its funding partners.

As noted during the presentation of the budget assumption at the January 22<sup>nd</sup> SoCo Transit Board meeting, below are the key issues staff is working to address:

## KEY ISSUES

1. SoCo Transit faces a Transportation Development Act (TDA) financial penalty, estimated to be on the order of \$70,000, which SLOCOG has delayed imposing due to the consideration of consolidation into the RTA.

Note that this issue is the greatest one facing the agency in the immediate future, and is something that has been on the forefront of decision-makers' minds ever since the State-mandated higher 20% farebox recovery ratio was triggered by the 2010 US Census.

SoCo Transit faced a Transportation Development Act (TDA) financial penalty in FY18-19 because the SoCo Transit farebox recovery ratio (FFR) falls below the 20% mandate. At the January 17, 2019 SoCo Transit Board meeting, staff reported that consolidation into the RTA would result in an annual net savings to the SoCo Transit jurisdictions. At its March 7, 2019 meeting, the RTA Board considered SoCo Transit's request to consolidate into the RTA, and directed staff to move forward with twelve "next steps" as the region considers consolidation. While this process stalled in FY18-19, staff resolved the RTA's underlying retirement-based issues and at the January 22, 2020 Board meeting a public hearing was included to consider the Short Range Transit Plan (SRTP) recommendations including the recommendation of consolidation of SoCo Transit into the RTA, with the aim for completion in January 2021.

Based on the current services agreement, prior to consolidation, the proposed *Administration - Staff Time* charge for FY20-21 is \$82,390. This equates to approximately 1,200 hours of administrative staff time. The proposed *Finance - Staff Time* charge is \$14,560. The *Marketing - Staff Time* charge of \$5,620 is proposed, and is based on 10 hours/month. *Dispatch - Staff Time* costs are also proposed at \$24,090 to account for actual proportional time spent by RTA dispatchers, schedulers and road supervisors handling SoCo Transit's needs. The increase is nominal due to presumed consolidation in January 2021.

As a consolidation date is determined in the coming months, staff will present a mock consolidated budget for review. Assuming consolidation is ultimately adopted, staff will present a budget amendment for adoption by the Board that identifies impacts but the budget as presented does not include consolidation. Financial impacts that would be included in the budget amendment include the SoCo Transit contract with the RTA for administrative, financial, marketing, maintenance and dispatch services. Additionally staff will reserve policies after consolidation as part of the evaluation of insurance options and address options self-insured retentions.

## 2. State Transit Assistance (STA) funds used for capital projects.

We are predicating the revenue stream for the FY20-21 budget on the latest information that we have available. STA is derived from the sales tax on diesel fuel. STA has traditionally been used to fund capital projects, but can be used for operations if certain conditions are met. Given the current uncertainties caused by the COVID-19 pandemic, a portion of the STA allocation has been apportioned to operations in order to minimize the request for LTF funding.

STA funding for FY20-21 includes Senate Bill 1 – Road Repair and Accountability Act of 2017 (SB1) STA Augmentation funds. These funds were previously allocated to capital replacement reserves in order to match federal funds for planned fixed-route vehicle replacements. As noted during the FY18-19 budget presentation, due to reduced federal funding from the FTA Section 5307 Small Transit Intensive Cities program for FY17-18, the two vehicles originally planned for FY20-21 were split between FY20-21 and FY21-22 in order to allow additional time to secure federal or state funding for the second vehicle, without holding up the one vehicle for which funding has been identified. Staff is working to identify funding for two vehicles scheduled for replacement in FY22-23 and might include the first battery-electric vehicles procured as part of the SoCo Transit fleet. This allows time to establish the required infrastructure and for the battery-electric bus technology to be further refined.

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% for FY18-19. 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.

## 3. Local Transportation Funds (LTF) used for operating purposes.

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 FY20-21 capital budget does not include LTF funds.

The LTF program continues to be relatively volatile – particularly in light of the present COVID-19 pandemic – and staff is unsure of what the projection for this revenue stream should be for the coming years. For the FY20-21 budget, staff is requesting a slight increase of less than 1% for a FY20-21 LTF total of \$457,580 (\$456,464 in FY19-20). It is similar to the amount request in recent years when there was not a significant fund balance carryover, and significantly lower than the amount requested in FY12-13 of \$677,788.

4. Liability costs continue to escalate, despite SoCo Transit's good safety record.

Workers compensation insurance provided by the CSAC Excess Insurance Authority pool, and due largely to the increase in wages under the CBA, staff is anticipating an increase in FY20-21 back to a level similar to FY17-18. Staff continues to monitor claims diligently, with the realization that worker's compensation for transit services is especially challenging statewide as loss development trends for the state are not favorable.

Staff has included preliminary numbers for the pooled CalTIP general liability and auto physical damage renewal, as well as the addition of employment practices liability coverage provided through the ERMA pool. Based on the preliminary numbers, we anticipate that there will be rate increases again this year. Nonetheless, the CalTIP policies offer the best economic and risk management service value in today's market. The annual premium cost for these two insurance policies is also lower 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. It should be noted that staff also implemented a new safety reward program in FY16-17 to both heighten awareness of how work injuries and vehicle collisions affect the bottom line, and to reward safe behaviors. This type of program is used across the transit industry, and is based on the one used at the RTA. This cost is reflected in the Office Expense/Miscellaneous line-item.

In addition to the items listed under Key Issue #1 SoCo Transit consolidation into the RTA, staff is planning for consolidation of insurance coverage between SoCo Transit and the RTA, which would reduce duplicative administrative charges for both general liability and workers compensation.

5. Fleet replacement and related funding requirements including SB1 funds.

The three new replacement buses that were delivered in the summer of 2013 and one in the spring of 2015 resulted in somewhat of a "vacation" in maintenance repairs during the warranty period – and that vacation is over. Overall, the net effect is that staff has projected FY20-21 maintenance costs to increase from FY19-20 in line with the increase from FY18-19 to FY19-20.

The FY15-16 budget included the transfer of Bus 1011 and 1012 from RTA in lieu of purchasing a replacement bus that was originally scheduled for delivery in June 2016. This allowed SoCo Transit to spread the vehicle replacements over a longer time period, as these vehicles are eligible for replacement in FY20-21 when those two buses reach the end of their FTA-defined economically useful lives. As noted in Key Issue #3, the replacement of one of those vehicles has been delayed in order to fund the local match, therefore only one vehicle is in the FY20-21 budget as presented.

Staff continues to pursue both formula and discretionary capital funding sources to replace the sole remaining 2003 bus with a diesel-powered bus.



Staff will also begin the grant application process to replace the future buses with Battery Electric Buses and related recharging infrastructure.

6. Fuel costs continue to remain low; this also results in declining ridership & fares.

Due to the current global uncertainty, fuel prices have continued to swing wildly over the past few years, and noticeably in the last few weeks due to the COVID-19 pandemic crisis. Staff has tried to budget fuel somewhat conservatively, but we may need to adjust it if fuel prices change significantly during the fiscal year from the \$3.30 per gallon budgeted amount. 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.

7. Transit agencies across California are struggling to attract a sufficient number of qualified Bus Operator candidates, including all of the transit agencies in our County.

SoCo Transit currently employs four full-time hourly Bus Operators, several part-time/casual hourly Bus Operators, and one part-time hourly Utility Worker – all of whom are covered by a Collective Bargaining Agreement (CBA) with Teamsters Local 986. It should be noted that the SoCo Transit Board ratified the current CBA in January 2018, which runs through December 31, 2021. No changes to the mix of full-time and part-time employees are assumed in the FY20-21 budget. For budgetary planning purposes, the FY20-21 operating budget assumes the current health benefits levels provided under SoCo Transit's plan; should consolidation be completed during the fiscal year, net health insurance benefit costs would increase primarily due to the addition of six part-time/health-benefited employees.

The CBA identifies annual increases based upon longevity for Bus Operators and Utility Workers. Of note, the increase in the minimum wage in January 2021 of \$1/hour has a significant impact on our agency. Wage and benefit changes make up a significant portion of the increase in the FY20-21 over FY19-20. This may change should the Governor make the election to not increase the minimum wage in January 2021.

### **Revised Revenue Assumptions**

Since FY13-14, the *Arroyo Grande – Grover Beach Urbanized Area* designation has resulted in SoCo Transit's ability to access to Federal Transit Administration (FTA) Section 5307 Urbanized Area reimbursement funds. In total, the FY20-21 budget assumes that \$587,100 of FTA 5307 funds will be used for operating purposes, which will reduce the need for LTF from the SoCo Transit jurisdictions. In March 2020, the federal government approved the "Coronavirus Aid, Relief, and Economic Security Act" (CARES Act) which is a \$2 trillion emergency funding package designed to blunt the worst and most immediate impacts of the COVID-19 pandemic. As of this writing, staff is uncertain how much additional funding will be coming to the region via traditional formula funding allocations but anticipates that these funds will be used to offset the

additional costs incurred during the pandemic for items such as labor, additional supplies, and offset lost fare revenue.

Staff is working with SLOCOG, the RTA jurisdictions, and the Cities of Atascadero, Paso Robles and San Luis Obispo to cooperatively program the FTA funds for FY20-21 and FY21-22.

### **Revised Expenses Assumptions**

The proposed Service Delivery cost is up by roughly 9% from what was identified in the FY19-20 budget. The primary reasons, as noted previously, are due to increases in insurance, increases in wages as programed in the CBA, and an increase in maintenance related costs due to the increasing average fleet age.

### **Capital Budget**

Staff will present budget amendments to the Board in the coming months to carry over any capital funds that were not fully expended during FY19-20. All carryover capital projects are fully funded and no additional funds will be needed.

### **Budget Notes**

Staff has segregated the budget document into sections, so that each section can be explained in relation to the total budget. The paragraph numbers below relate to the boxed numbers in the first column of the budget.

1. ESTIMATED FUND BALANCE – This amount includes carryover funds and general reserves. This amount represents the fund balance available according to the June 30, 2019 audited results, plus projected revenues for the fiscal year ending June 30, 2020, less projected expenses for the fiscal year ending June 30, 2020. The resulting amount is the projected fund balance, which will be available on July 1, 2020.
2. REQUIRED RESERVES – In April 2014, the SoCo Transit Board approved a new reserve policy, in accordance with TDA requirements, that maintains an operating reserve equivalent to one quarter of net annual operating expenses. Equipment replacement reserves have been calculated based on funding the local match on the average five-year vehicle replacement plan.
3. FUND BALANCE AVAILABLE – This is the fund balance or reserves used in the current year budget to fund operating and capital expenditures.
4. TOTAL NON-LTF FUNDS – This section details all the sources of operating revenue by type, except LTF. Included are fares, advertising revenues, and federal, state and local sources.
5. LOCAL TRANSPORTATION FUNDS – This is the total amount of LTF required to balance the budget. A population-based formula is used to distribute the amount among the four SoCo Transit JPA members. This formula applies to all SoCo Transit services. It is not tied to any one route or any one type of service.
6. TOTAL OPERATING REVENUES – This is the total of LTF and Non-LTF funds, excluding reserves.

7. TOTAL NON-OPERATING RESOURCES – This is the total of Capital Funds, Interest Revenue and other contributions.
8. TOTAL RESOURCES – This is the total of all funding sources, including reserves. It equals the Total Use of Resources proposed in the budget.
9. TOTAL OPERATING EXPENDITURES – This is the total of operating expenditures as detailed in the budget.
10. TOTAL USE OF RESOURCES – This is the total of all funding uses and equals the amount of funding sources.

**Staff Recommendation**

Adopt the Fiscal Year 2020-21 Budget as presented by staff.

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**SOUTH COUNTY TRANSIT  
JANUARY 22, 2020  
STAFF REPORT**

**AGENDA ITEM:** B-2

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

**ACTION:** Approve Budget Assumptions

**PRESENTED BY:** Tania Arnold, RTA Deputy Director/CFO

**STAFF RECOMMENDATION:** Approve Budget Assumptions to Enable Staff to Begin Development of FY20-21 Operating and Capital Budgets

**BACKGROUND/DISCUSSION:**

Each year in connection with the annual budget process, staff reviews SoCo Transit operations to determine what, if any, operational changes will be recommended for implementation in the following fiscal year. Based on those recommended changes, staff develops the operational data, revenue and cost projections for presentation in the proposed Operating Budget. For Fiscal Year 2020-21, staff is recommending maintaining service levels and the current fare structure implemented in July 2016.

The following are the staff recommended FY20-21 Budget Assumptions that will provide staff the necessary policy guidance to prepare the appropriate operating and capital program for presentation to the Board at its April meeting.

**KEY ISSUES**

1. SoCo Transit faces a Transportation Development Act (TDA) financial penalty, estimated to be on the order of \$70,000, which SLOCOG has delayed imposing due to the consideration of consolidation into the RTA.
2. STA funds used for capital projects.
3. LTF used for operating purposes.
4. Liability costs continue to escalate, despite SoCo Transit's good safety record.
5. Fleet replacement and related funding requirements including SB1 funds.
6. Fuel costs continue to remain low; this also results in declining ridership & fares.
7. Transit agencies across California are struggling to attract a sufficient number of qualified Bus Operator candidates, including all of the transit agencies in our County.

Note that the first issue above is the greatest one facing the agency in the immediate future, and is something that has been on the forefront of decision-makers' minds ever

since the State-mandated higher 20% farebox recovery ratio was triggered by the 2010 US Census.

It should also be noted that, in conjunction with the consultant team, staff kicked-off the Joint Short Range Transit Plans for SoCo Transit and area Dial a Rides in December 2018 and the results of the study will be presented at the January 22, 2020 SoCo Transit Board Meeting. The SRTP was completed earlier than the originally projected 18 month timeline. The SRTP provides a “roadmap” for the next 5 to 7 years.

## **Mission Statement**

The Mission of South County Transit is to provide safe, friendly, and reliable service to the citizens of and visitors to the Five Cities Area.

## **Objectives and Revenue Impacts**

1. Maintain service levels and hours of service that meet the standards of productivity and demands of our customers and communities through the effective and efficient delivery of SoCo Transit Fixed Route core services, as well as contracted Five Cities Senior Shuttle and Trolley services.
  - a. SoCo Transit received just over \$78,500 in State Transit Assistance (STA) capital project funding in FY17-18. In comparison, in FY18-19 SoCo Transit received \$158,040, and \$240,880 in FY19-20 due to the addition of SB1 funding. Staff will work with SLOCOG staff to determine a realistic estimate for FY20-21.
  - b. The SmartPhone based fare paying system that the RTA obtained with regional Prop 1B Safety and Security fund was implemented in the last quarter of FY18-19. Staff continues to monitor its use and believes it is an effective system and helps relieve pressure on placing expensive and time-consuming electronic Ticket Vending Machines at high-use bus stops throughout the county, including in South County.
  - c. Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program grant funding will be budgeted at 45% of allowable operating expenditures less farebox revenue.
  - d. To partially fund the new Route 27 (clockwise, weekdays-only) and Route 28 (counterclockwise, 7 days a week) services, SoCo Transit applied in December 2019 for Low-Carbon Transit Operations Program (LCTOP) grant to fund the service in FY20-21. The Oceano area’s demographic profile suggests this service will continue to rank relatively high in San Luis Obispo County for these LCTOP grant funds. Please note that these funds will only be available through the end of FY20-21, after which local or other funds will be needed in order to continue its operation.

- e. As noted above, a financial penalty will be assessed by SLOCOG for failing to achieve the mandated 20% farebox recovery ratio if South County Transit does not consolidate with RTA. When assessed, this amount is determined and local non-TDA sources are identified at each jurisdiction's level, the now-reduced LTF will be budgeted to balance the SoCo Transit budget based on maintaining service levels for SoCo Transit Routes 21, 24, 27 and 28 operations. Note that tripper service on Routes 27 and 28 only operates when Arroyo Grande High School is in full session. The FY20-21 amount of projected LTF will likely be in line with FY18-19 LTF amount (which is slightly higher than the FY19-20 LTF amount), which is greater than in the prior recent fiscal years, because SoCo Transit has used up savings generated in prior years that had been carried forward as fund balance available to offset LTF in the following year.
  - f. Detailed miles/hours and span of service for each SoCo Transit core fixed-route will be provided with the draft budget. For context, detailed budgets based on miles/hours and span of service will be provided separately for the County-funded Beach Trolley service.
  - g. Staff will continue to research and evaluate new revenue resources should any potential shortfall in operating revenues arise. If we are unable to secure funding, staff would recommend that the Board consider adjusting the TDA allocation from the SoCo Transit jurisdictions and/or adjust service levels.
  - h. Due to changes in self-insured retention requirements, staff will review and provide recommendations regarding the SoCo Transit reserve policy once consolidation is completed. The reserve policy was originally adopted in April 2014, as part of the budget process.
2. Work with the SLOCOG in evaluating region-wide service efficiencies.
- a. Continue to evaluate the TDA Triennial Audit recommendation for SoCo Transit to consolidate with the RTA. Consolidation would have the effect of eliminating the TDA financial penalty for SoCo Transit.
  - b. Transit agencies across the country have experienced ridership declines and, although those declines have recently slowed, they are still affecting SoCo Transit's farebox recovery ratio. Other factors also include changes to the California minimum wage, which increased over 8% in January 2020. Staff will work with SLOCOG to determine the appropriate farebox ratio requirements for SoCo Transit under possible consolidation with the RTA.
  - c. Review the tasks and financial impacts included in the SoCo Transit contract for administrative, financial, marketing, maintenance and dispatch services,

and evaluate efficiencies with the RTA. With consolidation, some services such as payroll and finance will be reduced, resulting in cost savings.

- d. Monitor the results of the 2018-20 SoCo Transit Strategic Business Plan as well as the current Short Range Transit Plan effort to evaluate potential efficiencies and provide recommended changes for the 2021-23 SoCo Transit Strategic Business Plan.
3. Evaluate options and provide analysis on the 5-year capital improvement program and methods to fund these needs.

### **Expenses Impacts**

1. The Beach Trolley will operate from early-April through early-June on Friday through Sunday (Friday evening, and from 10 am to 6 pm on Saturday and Sunday). From mid-June to early-September, the Beach Trolley will operate on Friday through Sunday (Friday and Saturday from 10 am to 9 pm and Sunday from 10 a, to 6 pm). From mid-September to the end of September, the Beach Trolley will operate on Friday through Sunday (Friday evening, and from 10 am to 6 pm on Saturday and Sunday). These services are provided through a contract with RTA and entirely funded through the County, although the SRTP recommends it folded into SoCo Transit. Staff will continue to evaluate service levels based on ITS data to determine if service levels should be adjusted.
2. Fuel consumption and price will be budgeted conservatively; diesel fuel will be budgeted at \$3.25 per gallon. Included in the fuel line item will be diesel exhaust fluid (DEF), used to lower diesel exhaust emissions on model year 2013 and newer vehicles.
3. The operations facility rental costs will not increase in FY20-21 based on the recent lease amendment, which began January 1, 2020.
4. Insurance Expenses:
  - a. CalTIP liability insurance premiums are projected to increase. The exact amount is not known at this time as CalTIP actuaries are still working on May 1, 2020 through April 30, 2021 rates. Estimates should be received from CalTIP in time to include in the SoCo Transit budget that will be presented in April 2020. Although the number of SoCo Transit liability claims based on mileage has been lower than the pool average, the pool has experienced significant negative claims development and is working to ensure the stability of the pool and ensure equity between all members. The pool is seeing increased stability based on the measures that have been implemented but the continued volatility of the insurance market has impacted premiums.



Under consolidation, there will be savings annually in reduced administrative costs and the per-mile cost for SoCo Transit miles operated will initially decline.

- b. CalTIP vehicle physical damage will increase minimally, aided in part by the recommended disposal of bus 201.
- c. As of July 1, 2017, CalTIP no longer provides employment practices liability insurance coverage as part of the premiums paid for general liability coverage. SoCo Transit was able to join the Employment Risk Management Authority (ERMA) to obtain coverage. The annual premium is estimated at \$2,750 with a \$50,000 self-insured retention.
- d. Workers compensation premiums through the CSAC Excess Insurance Authority are projected to increase significantly due to the increase in the average wage of SoCo Transit employees as a result of the increases in the minimum wage that occurred in January 2019 and 2020. Workers compensation for transit services continues to be especially challenging statewide as loss development trends for the state are not favorable. Staff will obtain a more refined estimate in early March. We continue to work with our employee committee that has evaluated workplace safety and has initiated a proactive program to address the number of claims and severity of the claims. Under consolidation, there will be a relatively similar cost due to RTA having a higher loss ratio than SoCo Transit but cost increases would be offset by eliminating the duplicative carrier's administrative costs.
- e. Property insurance will increase minimally since SoCo Transit does not own the property.
- f. For budget-making purposes, staff is assuming health insurance premiums will increase 5% in comparison to current rates. This will have a minimal impact on the budget due to the low number of employees under the plan. At this time, the Affordable Care Act has no impact on the budget, since SoCo Transit employs fewer than 50 employees. Nonetheless, staff will continue to monitor legislation should that provision change. With consolidation health insurance costs would increase due to the Affordable Care Act provisions for employees who work greater than 30 hours per week.

5. Staffing Expenses:

- a. The South County Transit Board ratified the CBA with the Teamsters at its Special Board January 2018 meeting. The CBA expires on December 31, 2021.

### **Proposed Budget Calendar**

January 7	Detailed budget assumptions and revenue forecast to Executive Committee
January 22	Obtain Board concurrence on proposed draft budget assumptions
March 31	FY20-21 Budget Draft complete
April 7	Draft FY20-21 Budget presentation to Executive Committee
April 22	Final Board Budget presentation; Board adoption of FY20-21 Budget
May – June	SLOCOG notifies all JPA members of TDA allotment for member agency budget consideration
July 1	Start of new fiscal year

### **Staff Recommendation**

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

## SOUTH COUNTY TRANSIT 2020-21 Proposed Budget

	FY 18/19 Actual	FY 19/20 Adopted Operating	FY 19/20 Amended Capital	FY 20/21 Proposed Operating	FY 20/21 Proposed Capital	Net Increase (Decrease) In Budgets
<b>Funding Sources</b>						
Beginning Fund Balance	\$ 539,900	\$ 292,536	\$ 353,603	\$ 305,840	\$ 536,830	\$ 196,531
1 Estimated Fund Balance	\$ 539,900	\$ 292,536	\$ 353,603	\$ 305,840	\$ 536,830	\$ 196,531
Less Required Reserves:						
TDA Required Operating Reserve	\$ 294,240	\$ 305,840	\$ -	\$ 337,490	\$ -	\$ 31,650
Equipment Replacement Reserve	338,930	-	536,830	-	384,350	(152,480)
Total Reserves	\$ 633,170	\$ 305,840	\$ 536,830	\$ 337,490	\$ 384,350	\$ (120,830)
3 Fund Balance Available (Required)	\$ (93,270)	\$ (13,304)	\$ (183,227)	\$ (31,650)	\$ 152,480	\$ 317,361
<b>Operating Revenues</b>						
Fares	\$ 153,140	\$ 142,960	\$ -	\$ 144,490	\$ -	\$ 1,530
STA Including STA SB1 Augmentation	158,040	-	240,880	145,000	95,880	-
Low Carbon Transit Grant	221,919	300,000	-	267,000	-	(33,000)
Federal Transit Adm (FTA) 5307 Operating	507,150	559,140	-	587,100	-	27,960
SLO County Trolley Operations & SRTP Match	54,895	49,990	22,750	61,770	22,750	11,780
RTA Operations Supervisor Contribution	-	-	-	-	-	-
Advertising and other income	8,400	5,000	-	5,000	-	-
4 Total Non-TDA Funds	\$ 1,103,544	\$ 1,057,090	\$ 263,630	\$ 1,210,360	\$ 118,630	\$ 8,270
Local Transportation Funds						
Arroyo Grande	\$ 485,490	\$ 456,464	\$ -	\$ 457,580	\$ -	\$ 1,116
Grover Beach	180,602	172,087	-	172,508	-	421
Pismo Beach	136,908	130,549	-	130,410	-	(138)
SLO County	83,990	78,968	-	79,619	-	651
	83,990	74,860	-	75,043	-	183
6 Total Operating Revenues	\$ 1,589,034	\$ 1,513,554	\$ 263,630	\$ 1,667,940	\$ 118,630	\$ 9,386
<b>Non-Operating Resources</b>						
Interest	\$ 14,402	\$ 12,750	\$ -	\$ 16,880	\$ -	\$ 4,130
Prop 1B - Vehicle Replacement/ITS	-	-	-	-	-	-
Federal Transit Adm (FTA) 5307 Capital	40,588	-	189,612	-	460,000	270,388
Federal Transit Adm (FTA) 5339 Capital	-	-	-	-	-	-
7 Total Non-Operating Resources	\$ 54,990	\$ 12,750	\$ 189,612	\$ 16,880	\$ 460,000	\$ 274,518
8 Total Resources	\$ 1,550,754	\$ 1,513,000	\$ 270,015	\$ 1,653,170	\$ 731,110	\$ 601,265

## SOUTH COUNTY TRANSIT 2020-21 Proposed Budget

	FY 18/19 Actual	FY 19/20 Adopted Operating	FY 19/20 Amended Capital	FY 20/21 Proposed Operating	FY 20/21 Proposed Capital	Net Increase (Decrease) In Budgets
<b>Use of Resources</b>						
<u>Administrative Expenditures</u>						
Insurance	\$ 117,060	\$ 118,990	\$ -	\$ 123,310	\$ -	\$ 4,320
Liability & Physical Damage	49,963	59,710	-	70,710	-	11,000
Workers Compensation	632	740	-	880	-	140
Property Insurance	30,600	30,600	-	31,060	-	460
Rent	10,723	11,270	-	11,590	-	320
Utilities	1,236	1,240	-	1,360	-	120
Radio Expense	310	1,590	-	1,590	-	-
Legal Services	697	450	-	690	-	240
Payroll Processing	81,110	82,190	-	82,390	-	200
Administration - Staff Time	14,320	14,520	-	14,560	-	40
Finance - Staff Time	5,530	5,610	-	5,620	-	10
Marketing - Staff Time	9,958	6,450	-	4,580	-	(1,870)
Office Expense/Miscellaneous	3,215	3,380	-	7,640	-	4,260
Audit	18,011	16,050	-	17,180	-	1,130
Marketing/Community Relations/Printing	6,226	8,270	-	10,040	-	1,770
Uniforms/Laundry/Physicals						
<u>Operating Expenditures</u>						
Salaries/Benefits	\$ 619,594	\$ 710,090	\$ -	\$ 787,380	\$ -	\$ 77,290
Maintenance	147,697	211,530	-	250,940	-	39,410
Dispatch - Staff Time	23,700	24,030	-	24,090	-	60
SCT Bus Fuel	191,541	191,310	-	191,190	-	(120)
Contingency	48,830	14,980	-	16,370	-	1,390
<b>9</b>	<b>\$ 1,380,953</b>	<b>\$ 1,513,000</b>	<b>\$ -</b>	<b>\$ 1,653,170</b>	<b>\$ -</b>	<b>\$ 140,170</b>
<u>Capital Service</u>						
Support Vehicle	\$ -	\$ -	\$ 33,000	\$ -	\$ 50,000	\$ 17,000
Short Range Transit Plan	50,735	-	54,265	-	-	(54,265)
Computer Upgrade	-	-	-	-	1,500	1,500
Vehicles/ITS	-	-	-	-	631,750	631,750
Facility Improvements/Bus Stop Amenities	-	-	89,000	-	47,860	(41,140)
Transit Centers Improvements	-	-	93,750	-	-	(93,750)
Total Capital Service	\$ 50,735	\$ -	\$ 270,015	\$ -	\$ 731,110	\$ 461,095
<b>10</b>	<b>\$ 1,431,688</b>	<b>\$ 1,513,000</b>	<b>\$ 270,015</b>	<b>\$ 1,653,170</b>	<b>\$ 731,110</b>	<b>\$ 601,265</b>
<b>Total Use of Resources</b>						

# **SOUTH COUNTY TRANSIT** Five Year Capital Projection

	FY 18/19 Actual Capital	FY 19/20 Amended Capital	FY 20/21 Projected Capital	FY 21/22 Projected Capital	FY 22/23 Projected Capital	FY 23/24 Projected Capital	FY 24/25 Projected Capital
Capital Service							
Support Vehicle	\$ -	\$ 33,000	\$ -	\$ -	\$ -	\$ -	\$ -
Short Range Transit Plan	50,735	54,265	-	-	-	-	-
Computer Upgrade	-	-	1,500	-	-	-	-
Vehicles/ITS	-	-	631,750	631,750	2,089,500	-	767,900
Bus Stop Amenities	-	89,000	47,860	49,060	50,290	51,550	52,840
Facility Improvements	-	-	-	-	-	-	-
Transit Centers Improvements	-	93,750	-	-	-	-	-
Large Vehicle Repairs	-	-	-	50,000	-	-	-
Total Capital Service	\$ 50,735	\$ 270,015	\$ 681,110	\$ 730,810	\$ 2,139,790	\$ 51,550	
Increase Capital Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Use of Resources</b>	\$ 50,735	\$ 270,015	\$ 681,110	\$ 730,810	\$ 2,139,790	\$ 51,550	

**SOUTH COUNTY TRANSIT**  
**2020-21 Proposed Budget**  
**By Route**

	Route 21	Route 24	Route 27	Route 28	Avila Trolley
Miles	68,200	52,520	41,400	57,060	16,220
Hours	3,580	3,530	2,820	3,960	750
<u>Administrative Expenditures</u>					
Insurance	\$ 36,750	\$ 28,020	\$ 21,860	\$ 30,500	\$ 6,180
Liability & Physical Damage	21,070	16,070	12,540	17,490	3,540
Workers Compensation	230	210	170	240	40
Property Insurance	7,990	7,540	5,830	8,450	1,250
Rent	2,980	2,810	2,170	3,150	470
Utilities	350	330	260	370	50
Radio Expense	410	390	300	430	60
Legal Services	180	170	130	190	30
Payroll Processing	21,200	19,990	15,460	22,430	3,320
Administration - Staff Time	3,750	3,530	2,730	3,960	590
Finance - Staff Time	1,450	1,360	1,050	1,530	230
Marketing - Staff Time	1,180	1,110	860	1,250	180
Office Expense/Miscellaneous	1,970	1,850	1,430	2,080	310
Audit	4,420	4,170	3,220	4,680	690
Marketing/Community Relations/Printing	2,580	2,440	1,880	2,730	400
Uniforms/Laundry/Physicals					
<u>Operating Expenditures</u>					
Salaries/Benefits	\$ 196,290	\$ 193,400	\$ 149,350	\$ 218,160	\$ 30,180
Maintenance	62,560	61,640	47,600	69,530	9,620
Dispatch - Staff Time	6,010	5,920	4,570	6,670	920
SCT Bus Fuel	56,980	43,440	33,890	47,290	9,580
Contingency	4,880	3,720	2,900	4,050	820
<b>9</b> Total Operating Expenditures	\$ 433,230	\$ 398,110	\$ 308,200	\$ 445,180	\$ 68,460
<u>Capital Service</u>					
Support Vehicle	\$ 12,960	\$ 12,770	\$ 9,860	\$ 14,410	\$ -
Short Range Transit Plan	-	-	-	-	-
Computer Upgrade	390	380	300	430	
Vehicles/ITS	163,770	161,360	124,600	182,020	
Facility Improvements/Bus Stop Amenities	12,410	12,220	9,440	13,790	
Transit Centers Improvements	-	-	-	-	
Total Capital Service	\$ 189,530	\$ 186,730	\$ 144,200	\$ 210,650	\$ -
<b>10</b> Total Use of Resources	\$ 622,760	\$ 584,840	\$ 452,400	\$ 655,830	\$ 68,460