



179 Cross Street, Suite A
San Luis Obispo, CA 93401
(805) 781-4472 Fax (805) 781-1291
www.slorta.org

BOARD AGENDA

Wednesday, April 25, 2018

CITY OF ARROYO GRANDE, CITY COUNCIL CHAMBERS
215 E. Branch Street. Arroyo Grande, California
1:30 p.m. to 3:00 p.m.
(Ending time is approximate)

Chairperson: Tim Brown

Vice Chair: John Shoals

Board Members:

Lynn Compton (Fourth District – SLO County)
Tim Brown (Arroyo Grande)

John Shoals (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 SoCo Transit Route 24.
Please call 541-2228 for more information.

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 Consolidation Update (Receive)

B. ACTION AGENDA

- B-1 Fiscal Year 2018-19 Budget (Approve)
- B-2 Summer Youth Ride Free Program (Approve)

South County Transit, operated by the San Luis Obispo Regional Transit Authority, is a Joint Powers Agency serving residents and visitors of: Arroyo Grande, Grover Beach, Pismo Beach, Shell Beach and Oceano

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 Draft SCT Minutes of March 21, 2018 (Approve)

C-2 SoCo Transit Strategic Business Plan Revision (Approve)

C-3 SoCo Transit Strategic Business Plan Results through February 2018 (Receive)

D. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Govt. Code Sec. 54956.9, subdivision (a))
Arbitration re: Employee Termination

E. DIRECTORS' COMMENTS

F. EXECUTIVE COMMITTEE MEMBERS' COMMENTS

ADJOURNMENT

Next **Special** South County Transit Board meetings: **May 16, 2018** and **June 20, 2018**

Next **Regularly-Scheduled** South County Transit Board Meeting: **July 18, 2018**

SOUTH COUNTY TRANSIT

April 25, 2018

STAFF REPORT

AGENDA ITEM: A-1

TOPIC: Administrator's Report

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Information

BACKGROUND/DISCUSSION:

Operations:

We began a new Bus Operator training class of two candidates on April 11th. Even after this class completes training in the third week of May, we will still have two part-time openings at SoCo Transit.

SoCo Transit / RTA will conduct a combined Employee of the Quarter and Bus Parking Yard Grand Opening BBQ on April 27th, and we hope that all Board and Executive Committee members can join us.

Marketing & Service Planning:

We released a new television commercial in late-March that features SoCo Transit, RTA and Paso Express services. It is currently showing on Charter Cable stations – in both English and Spanish (depending on the channel).

Staff has also posted a new How to Ride animation on our website that would appeal to Millennials or others who learn best with animation examples. Staff would appreciate any feedback from Board members and jurisdiction staff on this new animation as well as the existing video accessible from our website.

The Avila-Pismo Beach Trolley began seasonal operations on April 6th. The Beach Trolley route is slightly revised, and includes new service to the Avila Village at the Avila Bay Athletic Club. Staff wishes to thank Supervisor Adam Hill for “sponsoring” the Beach Trolley using his office’s Community Funds to supplement fare revenues, which will help meet SLOCOG’s farebox recovery ratio requirement. We also wish to thank the Avila Foundation for its continued financial support and planning/marketing assistance.

Finance and Administration:

In response to staff's request, the SLOCOG Board recently reduced the farebox recovery ratio (FRR) requirement in the Arroyo Grande – Grover Beach Urbanized Area from 20% to 15% pending SoCo Transit's planned consolidation into the RTA. In addition, the formula used to calculate the RTA's blended urban/rural farebox was altered slightly; it now uses route miles instead of service hours. The FRR requirement was also lowered in the Paso Robles – Atascadero Urbanized Area to the State-allowed 15%. All of these changes have a five-year limit so that SLOCOG staff can evaluate the impacts and possibly recommend revisions after 2023.

Staff continues to engage California Air Resources Board and SLO Air Pollution Control District officials in discussions on the proposed draft *Innovative Clean Transit* regulation. Because we operate fewer than 100 buses, SoCo Transit would not be subject to the initial 2020 or 2022 mandates that a proportion of new bus procurements be zero-emission. However, the third phase in 2026 requires 75% of all new bus purchases must be zero-emission, and the 2029 requirement is that 100% of all new bus purchases be zero-emission. This aggressive plan would have a profound impact, both in the terms of the capital infrastructure costs associated with electrifying our fleet and possible operating impacts due to limited range of current battery electric bus technologies. We will continue to work with our partners at the California Transit Association and CalACT to ensure the ARB understands our grave concerns about this unfunded mandate. Two of the California Transit Association's sponsored bills address staff's concerns, as summarized below (based on an April 16th review):

- AB-3201 (Daly), which would clarify the Legislature's support for a well-funded and stable transition to a zero-emission transit bus fleet by ensuring transit agencies retain access to vital incentive funding.
- SB-1434 (Leyva), which would support and accelerate the deployment of battery-electric transit buses by requiring the California Public Utilities Commission to initiate a ratemaking proceeding that addresses the high cost of electricity as a fuel.

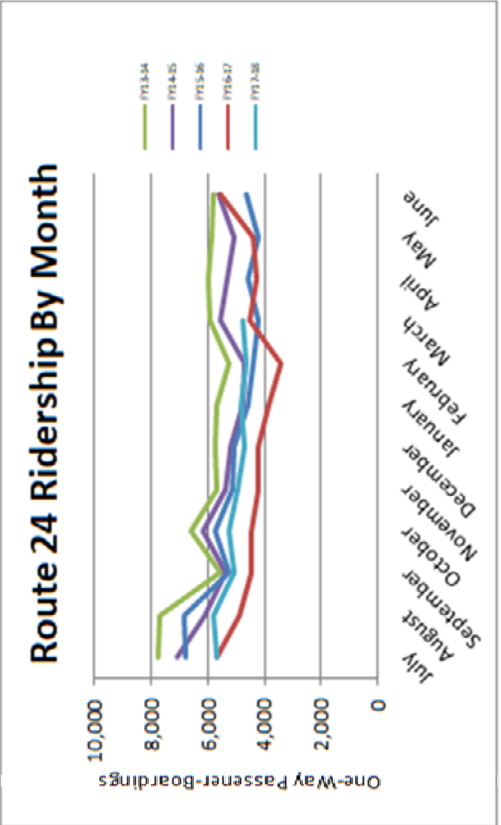
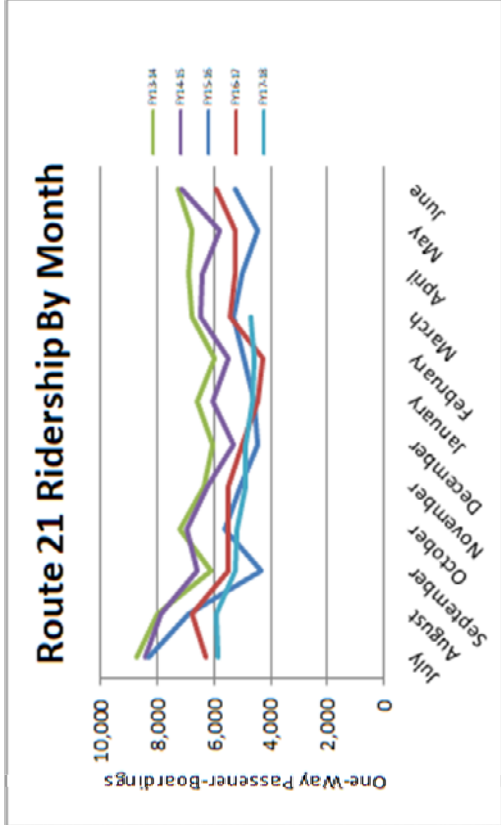
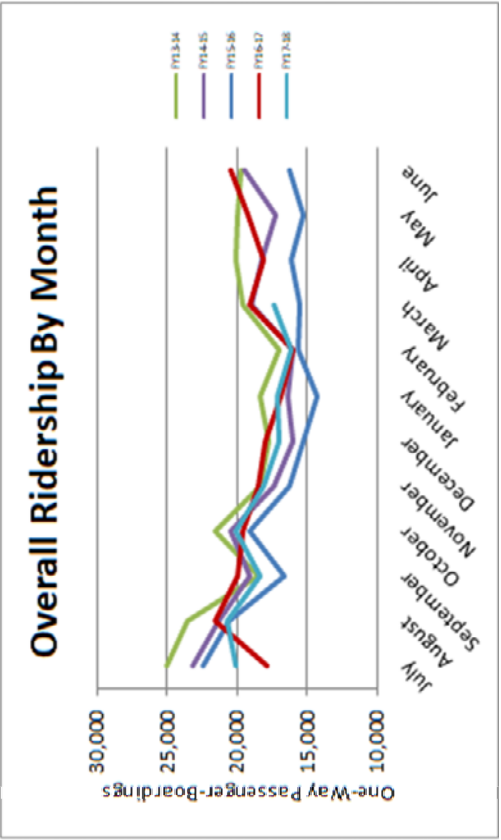
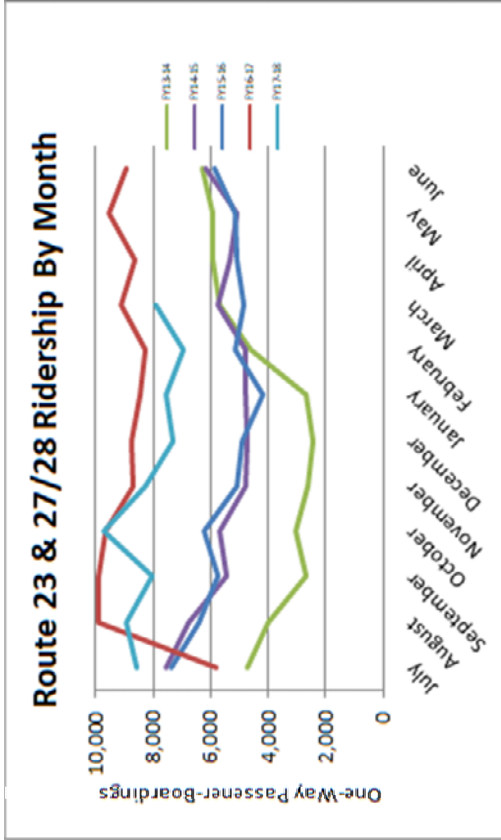
Staff has evaluated preliminary year-to-date FY17-18 operating and financial results as presented the tables and graphs toward the end of this report. Below are some important findings:

- SoCo Transit's core fixed-route ridership totaled 164,960 one-way passenger-trips as reported by the Automatic Passenger Counters (APC) system. When comparing the passenger boarding data year over year, fixed-route boardings are slightly down (1.4%, from 167,211). This relatively small decline is a welcome relief from recent quarters, where SoCo Transit experienced almost double digits declines.

- The overall farebox recovery ratio for SoCo Transit fixed routes was 11.8%. It should be noted that this is the gross figure; TDA law permits SLOCOG to deduct the proportional change beyond inflation for liability costs and fuel. However, even with those deductions, the agency did not come close to achieving the current 20% standard.
- The average fare per passenger boarding is \$0.67 so far this year, compared to \$0.60 last year. Based on the base cash fare of \$1.25, this demonstrates that most passengers either use a discounted multi-ride fare instrument or are eligible for a discounted fare (senior or disabled).
- The subsidy per passenger-trip on core fixed route services was \$4.99 so far in FY17-18, which equates to an 8.7% increase over the \$4.59 result during the same period last year. This increase is primarily due to stagnating ridership and increasing costs due to the higher Bus Operator wages reflected in the Collective Bargaining Agreement.
- In terms of financial results, staff worked hard to keep operating and capital costs within budget in light of the declining ridership. Some important takeaways include:
 - Total operating costs equated to 68.9% of budget through three quarters of the year. Staff focused on reducing costs that are essentially discretionary, while most other “fixed” operating costs were also closely monitored to ensure good stewardship of public funds.
 - The greatest variance was experienced in fuel costs (59.8% of budget), which is the second-greatest single line-item in our budget. The relatively low cost of fuel was a welcome relief on the agency’s financial side, but also impacted ridership as some riders chose to instead drive their personal automobiles. Results for the other two largest line-items are as follows: salaries/benefits came in at 73.7% and vehicle maintenance came in at 69.2%.

STAFF RECOMMENDATION:

Accept this as an information item.



**SOUTH COUNTY TRANSIT
2017-18 Budget vs. Actual (unaudited)**

	FY 17/18 Adopted	November 2017	December 2017	January 2018	February 2018	March 2018	Year to Date	Percent Year to Date
<u>Administrative Expenditures</u>								
Insurance	\$ 99,200	8,369	8,369	8,354	8,354	8,354	\$ 8,354	75.7%
Liability & Physical Damage	71,180	4,762	4,762	5,046	5,046	5,046	\$ 5,046	61.4%
Workers Compensation	740	53	53	53	53	53	479	64.7%
Property Insurance	30,600	2,550	2,550	2,550	2,550	2,550	22,950	75.0%
Rent	8,980	687	692	765	624	718	6,449	71.8%
Utilities	1,240	103	103	103	103	103	927	74.8%
Radio Expense	3,000	-	-	930	-	-	930	31.0%
Legal Services	1,280	67	100	62	60	200	705	55.1%
Payroll Processing	77,600	6,467	6,467	6,467	6,467	6,467	58,200	75.0%
Administration - Staff Time	13,700	1,142	1,142	1,142	1,142	1,142	10,275	75.0%
Finance - Staff Time	5,290	441	441	441	441	441	3,968	75.0%
Marketing - Staff Time	12,790	48	562	463	562	493	5,144	40.2%
Office Expense/Miscellaneous	3,150	-	-	-	-	-	3,105	98.6%
Audit	16,000	1,935	1,122	211	-	107	4,452	27.8%
Marketing/Community Relations/Printing	9,740	-	161	763	232	232	3,764	38.6%
Uniforms/Laundry/Physicals/Ads								
<u>Operating Expenditures</u>								
Salaries/Benefits	\$ 611,270	67,347	48,274	43,268	46,900	50,536	\$ 450,542	73.7%
Maintenance	197,550	11,632	18,718	21,225	8,539	14,549	136,645	69.2%
Dispatch	22,680	1,890	1,890	1,890	1,890	1,890	17,010	75.0%
SCT Bus Fuel	199,280	11,973	11,977	14,041	13,287	12,979	119,171	59.8%
Contingency	13,850	-	-	-	-	-	-	0.0%
9	\$ 1,399,120	\$ 119,465	\$ 107,381	\$ 107,775	\$ 96,251	\$ 105,860	\$ 963,520	68.9%
<u>Capital Service</u>								
Facility Improvements/Bus Stop Amenities	\$ 41,350	-	-	-	-	-	\$ -	0.0%
Computer Upgrade	1,500	-	-	-	1,405	-	1,405	93.6%
Transit Center Improvements	120,000	-	-	-	-	-	-	0.0%
Total Capital Service	\$ 162,850	\$ -	\$ -	\$ -	\$ 1,405	\$ -	\$ 1,405	0.9%
10	\$ 1,561,970	\$ 119,465	\$ 107,381	\$ 107,775	\$ 97,656	\$ 105,860	\$ 964,924	61.8%

**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKDAY AND TROLLEY
YEAR TO DATE THRU MARCH 2018**

	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	\$ 21,431	\$ 19,486	\$ 23,226	\$ 25,542	\$ 89,686	\$ 1,355
TOTAL ROUTE REVENUES	\$ 21,431	\$ 19,486	\$ 23,226	\$ 25,542	\$ 89,686	\$ 1,355
EXPENDITURES:						
ADMINISTRATION	\$ 14,218	\$ 14,288	\$ 15,165	\$ 16,225	\$ 59,896	\$ 2,541
MARKETING	1,583	1,594	1,681	1,797	6,655	-
OPERATIONS/CONTINGENCY	116,164	116,726	123,927	132,594	489,412	18,747
FUEL	26,321	20,174	21,160	22,236	89,890	4,979
INSURANCE	26,342	20,189	21,188	22,270	89,989	4,899
TOTAL EXPENDITURES	\$ 184,627	\$ 172,972	\$ 183,120	\$ 195,122	\$ 735,841	\$ 31,167
FAREBOX RATIO	11.61%	11.27%	12.68%	13.09%	12.19%	4.35%
SERVICE MILES	37,535.1	28,762.1	30,133.6	31,652.0	128,082.8	7,660.3
SERVICE HOURS	1,948.2	1,957.0	2,075.9	2,217.8	8,198.9	344.5
RIDERSHIP (Automatic Counters)	35,554	35,762	23,823	37,352	132,491	4,810
RIDERS PER MILE	0.9	1.2	0.8	1.2	1.0	0.6
RIDERS PER HOUR	18.2	18.3	11.5	16.8	16.2	14.0
COST PER PASSENGER	\$ 5.19	\$ 4.84	\$ 7.69	\$ 5.22	\$ 5.55	\$ 6.48
SUBSIDY PER PASSENGER	\$ 4.59	\$ 4.29	\$ 6.71	\$ 4.54	\$ 4.88	\$ 6.20
RIDERSHIP (GFI Fareboxes)	30,338	28,006	22,137	31,738	112,219	4,677
RIDERS PER MILE	0.81	0.97	0.73	1.00	0.88	0.61
RIDERS PER HOUR	15.57	14.31	10.66	14.31	13.69	13.57
COST PER PASSENGER	\$ 6.09	\$ 6.18	\$ 8.27	\$ 6.15	\$ 6.56	\$ 6.66
SUBSIDY PER PASSENGER	\$ 5.38	\$ 5.48	\$ 7.22	\$ 5.34	\$ 5.76	\$ 6.37

**SOUTH COUNTY TRANSIT
OPERATING STATEMENT BY ROUTE - WEEKEND, AND TOTALS
YEAR TO DATE THRU MARCH 2018**

	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	\$ 3,658	\$ 2,512	\$ 3,772	\$ 2,922	\$ 3,514	\$ 3,700	\$ 20,078	\$ 109,763	\$ 111,118
TOTAL ROUTE REVENUES	\$ 3,658	\$ 2,512	\$ 3,772	\$ 2,922	\$ 3,514	\$ 3,700	\$ 20,078	\$ 109,763	\$ 111,118
EXPENDITURES:									
ADMINISTRATION	\$ 2,796	\$ 2,518	\$ 2,753	\$ 2,399	\$ 2,921	\$ 2,537	\$ 15,922	\$ 75,818	\$ 78,359
MARKETING	308	282	303	267	321	284	1,765	8,420	8,420
OPERATIONS/CONTINGENCY	22,726	20,670	22,373	19,716	23,790	20,853	130,129	619,540	636,288
FUEL	5,033	4,520	3,820	3,484	3,917	3,528	24,302	114,192	119,171
INSURANCE	5,055	4,534	3,835	3,496	3,934	3,539	24,394	114,382	119,281
TOTAL EXPENDITURES	\$ 35,917	\$ 32,524	\$ 33,084	\$ 29,363	\$ 34,883	\$ 30,741	\$ 196,512	\$ 932,353	\$ 963,520
FAREBOX RATIO	10.19%	7.72%	11.40%	9.95%	10.07%	12.04%	10.22%	11.77%	11.53%
SERVICE MILES	7,206.2	6,459.3	5,464.7	4,978.7	5,609.2	5,042.1	34,760.2	162,843.0	170,503.3
SERVICE HOURS	382.8	346.6	376.7	330.7	399.6	349.3	2,185.7	10,384.6	10,729.1
RIDERSHIP (Automatic Counters)	5,921	4,529	5,746	4,220	6,131	5,922	32,469	164,960	169,770
RIDERS PER MILE	0.8	0.7	1.1	0.8	1.1	1.2	0.9	1.0	1.0
RIDERS PER HOUR	15.5	13.1	15.3	12.8	15.3	17.0	14.9	15.9	15.8
COST PER PASSENGER	\$ 6.07	\$ 7.18	\$ 5.76	\$ 6.96	\$ 5.69	\$ 5.19	\$ 6.05	\$ 5.65	\$ 5.68
SUBSIDY PER PASSENGER	\$ 5.45	\$ 6.63	\$ 5.10	\$ 6.27	\$ 5.12	\$ 4.57	\$ 5.43	\$ 4.99	\$ 5.02
RIDERSHIP (GFI Fareboxes)	4,480	3,089	4,416	3,298	4,571	4,390	24,244	136,463	141,140
RIDERS PER MILE	0.62	0.48	0.81	0.66	0.81	0.87	0.70	0.84	0.83
RIDERS PER HOUR	11.70	8.91	11.72	9.97	11.44	12.57	11.09	13.14	13.15
COST PER PASSENGER	\$ 8.02	\$ 10.53	\$ 7.49	\$ 8.90	\$ 7.63	\$ 7.00	\$ 8.11	\$ 6.83	\$ 6.83
SUBSIDY PER PASSENGER	\$ 7.20	\$ 9.72	\$ 6.64	\$ 8.02	\$ 6.86	\$ 6.16	\$ 7.28	\$ 6.03	\$ 6.04

SOUTH COUNTY TRANSIT

April 25, 2018

STAFF REPORT

AGENDA ITEM: A-2

TOPIC: Consolidation Update

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Information

BACKGROUND/DISCUSSION:

Following direction from the SoCo Transit Board at its March 21st meeting, staff has continued efforts to solicit input on the planned consolidation and to refine projected impacts to operating and capital budgets assuming a January 1, 2019 consolidation date. This staff report provides an update on the public outreach efforts, as well as details on the projected combined SoCo Transit and RTA budget.

Public Outreach Efforts on Consolidation

Staff is working with City Managers to carve out time at each municipality's Council meeting to present the consolidation proposal and to solicit input – beginning with the three cities that are included in both the SoCo Transit and RTA Joint Powers Authority agreements (JPAs): Arroyo Grande, Grover Beach and Pismo Beach. Following input from those three cities, staff will make presentations to the other four cities in the RTA JPA: Atascadero, Morro Bay, Paso Robles and San Luis Obispo. Since the County's five Supervisors already serve on the RTA Board and are intimately attuned to the consolidation proposal, the County has asked that staff instead present the final amended/restated RTA JPA when it is ready for consideration.

In the presentation, staff will present the reasons why the SoCo Transit JPA would be abolished and all decisions would be made by RTA Board members that represent the Five Cities Area jurisdictions. In addition, four questions are being posed:

1. Should SoCo Transit still be considered as a separate entity?
2. Is the South County Transit Committee identified in the draft RTA JPA sufficient for local control?
3. How should the transition of branding to the RTA be accomplished?
4. Should fares remain "local" vs. "regional" for services in the Five Cities Area?

Staff completed the first presentation to the Grover Beach City Council on April 16th, and the next one is scheduled on April 24th in Arroyo Grande. We are still scheduling the remaining presentations.

Projected Impacts to Combined RTA / SoCo Transit Budgets

It should be noted that the January 1st effective date will require adoption of two separate budgets for the RTA and for SoCo Transit for the fiscal year beginning July 1, 2018. That draft SoCo Transit budget is included as Agenda Item B-1. In order to show an apples to apples comparison, the attached four tables in the “mock budget” show the annualized impact of consolidation assuming consolidation began on July 1, 2018. The far-most right column depicts SoCo Transit services in relation to the other three services already operated by the RTA: RTA core services, SLOCAT services funded by the County, and North County services funded by the City of Paso Robles.

As depicted on the second page of tables, the annual operating costs under consolidation for SoCo Transit services (shown as the last line “TOTAL FUND USES”) of \$1,477,520 are essentially 12% of the total combined budget of the annualized and consolidated \$12,369,140 budget. Prior to the January 1, 2019 consolidation, the South County Transit Committee would need to meet (likely in October 2018) to consider the final budget for SoCo Transit services, which would then need to be adopted as a budget amendment by the full RTA Board – likely at its November 7, 2018 meeting.

STAFF RECOMMENDATION:

Accept this as an information item.

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
PROPOSED OPERATING REVENUE BUDGET FOR 2018/2019**

	2017/2018 ADOPTED OPERATING BUDGET	2017/2018 ADOPTED SLOCAT BUDGET	2017/2018 ADOPTED N. COUNTY BUDGET	2017/2018 ADOPTED SoCo Transit BUDGET	2018/2019 PROPOSED OPERATING BUDGET	2018/2019 PROPOSED SLOCAT BUDGET	2018/2019 PROPOSED N. COUNTY BUDGET	2018/2019 PROPOSED SoCo Transit BUDGET
FUNDING SOURCES:								
GENERAL RESERVES	1,931,090	245,580	180,800	320,810	1,747,520	143,078	174,480	332,960
ESTIMATED FUND BALANCE	1,931,090	245,580	180,800	320,810	1,747,520	143,078	174,480	332,960
LESS REQUIRED RESERVES FOR FISCAL YEAR								
CASH FLOW REQUIREMENTS PER TDA	1,455,000	96,710	174,480	274,990	1,558,790	100,900	163,890	277,500
TOTAL	1,455,000	96,710	174,480	274,990	1,558,790	100,900	163,890	277,500
FUND BALANCE AVAILABLE	476,090	148,870	6,320	45,820	188,730	42,178	10,590	55,460
NON TDA SOURCES								
FARES	1,210,730	40,910	102,100	141,700	1,263,280	33,320	104,090	142,190
SCT MANAGEMENT CONTRACT	119,270	-	-	-	124,660	-	-	-
COUNTY MANAGEMENT CONTRACT/SERVICE COST	85,230	-	-	57,660	90,130	-	-	49,300
NORTH COUNTY MANAGEMENT CONTRACT	41,850	-	-	-	43,740	-	-	-
RTA OPERATIONS SUPERVISOR CONTRIBUTION	-	-	-	8,490	-	-	-	13,650
INTEREST	8,860	650	-	7,370	12,150	490	-	5,660
STATE TRANSIT ASSISTANCE (STA) INCLUDING SBI	-	-	-	-	399,080	109,170	-	-
RURAL TRANSIT FUND (Administration)	30,000	-	-	-	30,000	-	-	-
RURAL TRANSIT FUND (Operating Funds)	300,000	-	-	-	402,460	-	-	-
LOW CARBON TRANSIT GRANT	-	-	-	134,420	-	-	-	200,000
FEDERAL TRANSIT ADM (FTA) (Section 5307) - San Luis Obispo	546,990	-	-	-	574,340	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5311) - Operating	498,210	-	-	-	503,200	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307-N: County) - Operating	838,950	-	237,660	-	878,400	-	249,540	-
FEDERAL TRANSIT ADM (FTA) (Section 5307-SM) - Operating	349,490	-	-	-	366,960	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307) - S. County Operating	513,050	-	-	562,020	536,200	-	-	532,510
CUESTA CONTRIBUTION ROUTE 12	68,080	-	-	-	75,220	-	-	-
CUESTA CONTRIBUTION NORTH COUNTY	-	-	40,580	-	-	-	40,580	-
SPECIAL EVENTS REVENUE/OTHER	-	-	-	-	-	-	-	-
SUB TOTAL	4,610,710	41,560	380,340	911,660	5,299,820	142,980	394,210	953,310
TOTAL FUND BALANCE & NON TDA FUNDING	5,086,800	190,730	386,660	937,480	5,488,550	185,158	404,800	1,008,770

FUNDING SOURCES:

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

Population Based

18%
49%

TDA REQUIREMENTS BEFORE 5311 EXCHANGE
LESS: RURAL TRANSIT FUND/5311 EXCHANGE

6. NET TDA REQUIREMENTS

7. TOTAL FUNDING SOURCES

8. FUNDING USES:

- ADMINISTRATION
- INTEREST EXPENSE
- MANAGEMENT CONTRACTS
- SERVICE DELIVERY
- CONTINGENCY

9. TOTAL FUNDING USES

2017/2018 ADOPTED OPERATING BUDGET	2017/2018 ADOPTED SLOCAT BUDGET	2017/2018 ADOPTED N. COUNTY BUDGET	2017/2018 ADOPTED SoCo Transit BUDGET	2018/2019 PROPOSED OPERATING BUDGET	2018/2019 PROPOSED SLOCAT BUDGET	2018/2019 PROPOSED N. COUNTY BUDGET	2018/2019 PROPOSED SoCo Transit BUDGET
226,679	-	-	166,057	227,552	-	-	180,602
394,767	-	-	-	396,446	-	-	-
171,271	-	-	125,426	172,409	-	-	136,908
137,073	-	-	-	138,076	-	-	-
401,402	-	567,930	-	407,287	-	558,480	-
104,588	-	-	76,404	105,809	-	-	83,990
783,153	-	-	73,754	789,588	-	-	-
2,131,917	353,940	-	-	2,149,434	371,232	-	83,990
4,350,850	353,940	567,930	441,640	4,386,600	371,232	558,480	485,490
(498,210)	-	-	-	(503,200)	-	-	-
3,852,640	353,940	567,930	441,640	3,883,400	371,232	558,480	485,490
8,939,440	544,370	954,590	1,399,120	9,371,950	556,390	963,280	1,494,260
1,605,920	10,000	58,010	87,520	1,569,260	7,500	107,920	76,030
30,490	-	-	-	11,640	-	-	-
119,270	85,230	41,850	119,270	124,660	90,130	43,740	124,660
7,098,790	427,750	840,600	1,178,480	7,573,670	436,910	800,240	1,262,200
84,970	21,390	14,130	13,850	92,720	21,850	11,380	14,630
8,939,440	544,370	954,590	1,399,120	9,371,950	556,390	963,280	1,477,520

**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY
PROPOSED CAPITAL REVENUE BUDGET FOR 2018/2019**

	2017/2018 AMENDED CAPITAL BUDGET	2017/2018 AMENDED SLOCAT BUDGET	2017/2018 AMENDED N. COUNTY BUDGET	2017/2018 AMENDED SoCo Transit BUDGET	2018/2019 PROPOSED CAPITAL BUDGET	2018/2019 PROPOSED SLOCAT BUDGET	2018/2019 PROPOSED N. COUNTY BUDGET	2018/2019 PROPOSED SoCo Transit BUDGET
FUNDING SOURCES:								
CAPITAL PROJECTS RESERVE	821,573	8,690	40,330	127,110	656,950	119,330	235,630	206,940
ESTIMATED FUND BALANCE	821,573	8,690	40,330	127,110	656,950	119,330	235,630	206,940
1. LESS REQUIRED RESERVES FOR FISCAL YEAR								
CAPITAL PROJECTS RESERVE	656,953	119,330	123,740	164,840	530,800	119,330	342,580	305,070
TOTAL	164,620	(110,640)	(83,410)	(37,730)	126,150	-	(106,950)	(98,130)
NON TDA SOURCES								
SLO COUNTY FUNDS CAPITAL PROJECTS	-	-	-	-	-	-	-	-
STATE TRANSIT ASSISTANCE (STA) WITH SBI AUGMENTATION IN FY 18/19	410,000	71,590	57,880	71,500	384,580	39,050	106,950	22,750
LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)	264,040	-	-	-	-	-	-	156,810
PROPOSITION 1B FUNDING - SAFETY & SECURITY	210,180	-	-	-	-	-	-	-
STA SBI AUGMENTATION (Prior Years) & STATE OF GOOD REPAIR	806,120	39,050	25,530	-	388,880	-	-	-
PROPOSITION 1B FUNDING - BUS REPLACEMENT	-	-	-	-	683,170	-	-	-
CONGESTION MITIGATION AND AIR QUALITY (CMAQ)	-	-	-	-	396,000	-	-	-
RURAL TRANSIT FUND (Capital)	-	-	-	-	-	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307) - San Luis Obispo	337,090	-	-	-	983,970	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5309) - State of Good Repair	-	-	-	-	-	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5339) - Bus and Bus Facilities	79,220	-	-	-	873,210	65,220	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5311f)	-	-	-	-	-	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307-North County)	982,170	-	-	-	398,310	-	-	-
FEDERAL TRANSIT ADM (FTA) (Section 5307-South County)	389,890	-	-	129,080	883,970	-	-	193,730
SUB TOTAL	3,478,710	110,640	83,410	200,580	4,992,090	104,270	106,950	373,290
TOTAL FUND BALANCE & NON TDA FUNDING	3,643,330	-	-	162,850	5,118,240	104,270	-	275,160
NET TDA REQUIREMENTS	-	-	-	-	-	-	-	-
7. TOTAL FUNDING SOURCES	3,643,330	-	-	162,850	5,118,240	104,270	-	275,160
8. FUNDING USES:								
CAPITAL	3,442,730	-	-	162,850	4,906,570	104,270	-	275,160
LOAN PAYDOWN	200,600	-	-	-	211,670	-	-	-
9. TOTAL FUNDING USES	3,643,330	-	-	162,850	5,118,240	104,270	-	275,160

	Adopted Total Budget FY 2017-18	Proposed Route 21 Budget FY 2018-19	Proposed Route 24 Budget FY 2018-19	Proposed Route 27 Budget FY 2018-19	Proposed Route 28 Budget FY 2018-19	Proposed Trolley Budget FY 2018-19	Total Proposed Budget FY 2018-19
SoCo Transit							
	14,100	3,490	2,760	3,940	550	14,310	
Hours	221,470	51,990	40,750	56,200	11,730	229,000	
Miles	206,790	48,370	38,220	54,220	8,150	200,690	
Administration: Total Administration (Net of Contracts)							
Service Delivery:							
Labor - Operations	611,270	162,770	128,800	183,690	25,660	667,500	
Labor - Operations Workers Comp	71,180	11,580	9,070	12,520	2,610	51,000	
Labor - Maintenance	71,402	17,679	13,981	19,959	2,786	72,491	
Labor - Maintenance Workers Comp	10,138	2,207	1,745	2,492	348	9,049	
Fuel	199,280	45,740	35,850	49,450	10,320	201,480	
Insurance	99,200	26,170	20,510	28,300	5,900	115,280	
Maintenance (parts, supplies, materials)	116,010	35,444	28,063	39,999	5,586	145,380	
Maintenance Contract Costs	-	-	-	-	-	-	0
Total Operations	1,178,480	301,590	238,020	336,410	53,210	1,262,180	
Capital/ Studies: Total Capital Outlay	162,850	69,780	55,210	78,750	-	275,160	
Contingency	13,850	4,370	2,600	3,590	750	14,630	
Interest Expense	-	-	-	-	-	-	
TOTAL FUNDING USES	1,561,970	460,470	334,050	472,970	62,110	1,752,660	
TOTAL NON-CAPITAL EXPENDITURES	1,399,120	389,050	278,840	394,220	62,110	1,477,500	

SOUTH COUNTY TRANSIT

Fiscal Year 2018/2019 Budget



Projected Five Year Capital Budget

April 25, 2018



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 25, 2018
STAFF REPORT

AGENDA ITEM: B-1

TOPIC: Fiscal Year 2018-19 Operating and Capital Budget

ACTION: Adopt Fiscal Year 2018-19 Budget as Presented

PRESENTED BY: Tania Arnold, RTA Deputy Director/CFO

**EXECUTIVE COMMITTEE
RECOMMENDATION:**

BACKGROUND

We are pleased to present the proposed South County Transit Fiscal Year 2018-19 Operating and Capital Budget. The operating budget is proposed at \$1,470,440 and the capital budget at \$275,160. The budget is balanced, based on proposed service levels and anticipated funding levels. Staff is presenting this budget plan based on several significant assumptions regarding the Local Transportation Fund (LTF) and the State Transit Assistance (STA) programs, which will be discussed in the Revenue section below.

SoCo Transit faces 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 17th 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 7th 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. As part of that process, a mock consolidated budget will be presented to the RTA and SoCo Transit Boards in May.

The SoCo Transit FY18-19 budget assumes the same levels of fixed route revenue service hours and miles for all routes, including the Beach Trolley service, although this program is funded entirely by the County. Staff will also continue to evaluate service modifications during the year to improve efficiencies, and any such change would be brought back to the SoCo Transit Board for consideration.

In April 2014 SCT adopted a reserve policy – one for cash flow purposes and one for capital projects. During prior fiscal years, SoCo Transit came in under the adopted budget, and the fund balance increased more than original budget projections. The result of the savings, as well as a decrease in fuel prices, has resulted in staff is projecting a strong fund balance at the beginning of FY18-19. As noted during the budget assumptions presentation in January 2018, due to changes in self-insured retention requirements, staff will review and provide recommendations regarding the SoCo Transit reserve policy.

In summary, staff has done a tremendous job of holding the line on expenses.

It should be noted that the County-contracted Beach Trolley 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.

Revenue

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 FY18-19 budget assumes that \$532,510 of FTA 5307 funds will be used for operating purposes, which will reduce the need for LTF from the SoCo Transit jurisdictions. Although this amount is lower than in prior years, it helps maintain a balance of operating and capital funds.

We are predicating the revenue stream for the FY18-19 budget on the latest information that we have available on Local Transportation Funds (LTF) and State Transit Assistance (STA) funding for the region. LTF funds are derived from the statewide ¼ percent sales tax, while STA is derived from the sales tax on diesel fuel. LTF has traditionally been used to fund operations, but can be used for capital projects as well. STA traditionally was only used for capital projects but staff is evaluating opportunities to apply it to operating based on capital vs. operating needs.

The LTF program continues to be volatile and staff is unsure of what the projection for this revenue stream should be for the coming years. SLOCOG's current countywide LTF projection for FY18-19 is 16% higher in comparison to final FY17-18 amounts. The original assumption presented in January included an estimated LTF request unchanged from FY17-18 but based on projected operating costs for FY18-19 staff is requesting an increase between 9% and 14%, based on population. Although it is a significant increase over recent years, it is similar to the amount request in FY14-15 when there was not a significant fund balance carryover, and significantly lower than the amount requested in FY12-13 of \$677,788.

STA funding for FY18-19 includes Senate Bill 1 – Road Repair and Accountability Act of 2017 (SB1) STA Augmentation funds. These funds are being allocated to capital replacement reserves in order to match federal funds for planned fixed route vehicle replacements. Due to reduced federal funding from the FTA Section 5307 Small Transit Intensive Cities program, the two vehicles originally planned are being split between FY20-21 and 21-22 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. Should SB1 be repealed in November 2018, the local match for the vehicle purchase in FY21-22 would need to be funded from another local funding source, likely LTF.

As noted in the April 4th 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.

The revenue apportionment for the Low-Carbon Transit Operations Program (LCTOP) used to partially fund the new Route 27 (clockwise, weekdays-only) and Route 28 (counterclockwise, 7 days a week) came in higher than FY17-18 (by \$66,000).

Expenditures

The overall operating expense for SoCo Transit core services are up slightly, just over 5%. The primary reasons for this increase are described below.

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 FY18-19. For budgetary planning purposes, the FY18-19 operating budget assumes the current benefits levels; 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.

For consistency purposes, the two full-time Road Supervisors are transitioning from being employed by SoCo Transit, with RTA contributing a portion in exchange for supervision support of RTA services operated in the South County, to being employed by RTA with SoCo Transit contributing a portion in exchange for supervision support of SoCo Transit services operated in the South County. This will ensure coverage for greater schedule coverage and flexibility for South County services, while also .

The CBA identifies annual increases based upon longevity for Bus Operators and Utility Workers. Of note, the increase in the minimum wage in January 2019 of \$1/hour has a significant impact on our agency. Wage and benefit changes make up a significant portion of the increase in the FY18-19 over FY17-18.

With regard to County-contracted Beach Trolley service in the Pismo Beach and Avila Beach areas, the service change implemented in 2017 will continue. The service is three days per week with later service on Saturday nights to match the Friday schedule during the peak months. This service model seems to provide a good balance between providing high-quality services during peak tourism periods and in providing necessary linkages between the communities for residents. In the past, low-levels of service were provided year-round and the result was very low ridership during the non-peak months. This service model has been accepted by our partners at the County.

The three new replacement buses that were delivered in the summer of 2013 and spring of 2015 resulted in somewhat of a “vacation” in maintenance repairs during the warranty period. Overall, the net effect is that staff has projected FY18-19 maintenance costs to increase from the actual FY16-17 expenditure, but the projected cost increases

have leveled off. Staff is satisfied with the reliability and cost-effectiveness of these new buses in comparison to the 2003 buses that have been replaced.

Staff has included preliminary numbers for the CalTIP general liability and auto physical damage renewal, as well as the addition of employment practices liability coverage provided through ERMA. Although we anticipate that there will significant rate increases again this year, the CalTIP policies offer the best economic and risk management service value in today's market. While final numbers are not available for the Executive Committee meeting, they will be available for the SoCo Transit Board on April 25th. Should consolidation move forward, refined numbers for insurance will be provided in budget amendments, and would reduce duplicative administrative charges.

Workers compensation insurance provided by CSAC Excess Insurance Authority and the cost had leveled off during FY17-18, and the most recent premium estimates for FY18-19 include a premium decrease. 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. We continue to work with our employee committee that has evaluated workplace safety and have a proactive program to address the number of claims and severity of the claims. Should consolidation move forward, refined numbers for insurance will be provided in budget amendments, and would reduce duplicative administrative charges.

Due to the unrest in Eastern Europe, Northern Africa and the Middle East, fuel prices continue to fluctuate. Staff is budgeting fuel at \$3.25 per gallon, but we may need to adjust it if fuel prices rise significantly during the fiscal year. 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.

RTA provides oversight services on an annual fixed cost basis to SoCo Transit. These services include program administration, operations management, financial reporting and oversight, human resources, marketing, grants management, accounts payable, and Board meeting administration. The proposed *Administration - Staff Time* charge for FY18-19 is \$81,110 – an annual increase of \$3,510 (4.5%) in comparison to FY17-18. This equates to approximately 1,150 hours (the same hours as FY17-18) of administrative staff time. Items to note in this line item include the time for consolidation into RTA that may be occurring in FY18-19, whereas administrative time in FY17-18 focused on labor negotiations. The proposed *Finance - Staff Time* charge is \$14,320. The *Marketing - Staff Time* charge of \$5,530 is proposed, and is based on 10 hours/month. *Dispatch - Staff Time* costs are also proposed at \$23,700 to account for actual proportional time spent by RTA dispatchers, schedulers and road supervisors handling SoCo Transit's needs.

It should be noted that staff 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 RTA. This cost is reflected in the *Office Expense/Miscellaneous* line-item.

Capital Budget

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 SCT 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.

Staff will present multiple budget amendments to the Board to address consolidation into the RTA and to carry over any capital funds that were not fully expended during FY17-18. 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, 2017 audited results, plus projected revenues for the fiscal year ending June 30, 2018, less projected expenses for the fiscal year ending June 30, 2018. The resulting amount is the projected fund balance, which will be available on July 1, 2018.
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 2018-19 Budget as presented by staff.

SOUTH COUNTY TRANSIT
January 17, 2018
STAFF REPORT

AGENDA ITEM: B-1

TOPIC: Fiscal Year 2018-19 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 FY18-19 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 2018-19, staff is recommending maintaining service levels and the current fare structure implemented in July 2016.

The following are the staff recommended FY18-19 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 in FY18-19, estimated to be on the order of \$70,000. Staff is working with SLOCOG officials to determine a more concrete figure that the jurisdictions should consider holding back in General Fund or other non-TDA sources.
2. STA funds used for capital projects are projected to be up slightly.
3. LTF used for operating purposes is projected to be flat.
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.

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.

Three options exist to address this issue:

1. **Option 1 – Do Nothing:** if the Board decides to maintain the status quo in terms of service levels, SLOCOG will reduce each jurisdiction's Local Transportation Fun (LTF) annual allocation by their proportion of the overall fare receipt shortcoming. In that scenario, General Fund or other non-TDA or non-Federal funds would have to make up the shortfall.
2. **Option 2 – Reduce Service Levels:** the Board could choose to reduce services equal to the TDA penalty amount. This Option would require an extensive public outreach process. However, as indicated during discussions on fare and service changes in 2016, there are no obviously low-performing segments of the system that could be easily eliminated. In short, eliminating portions of the service would likely have far-reaching impacts that could result in an even lower farebox recover ratio.
3. **Option 3 – Consolidate into the RTA:** this would eliminate any financial penalty levied against the SoCo Transit jurisdictions, and is the preferred alternative by the three City Managers.

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 Senior Shuttle and Trolley services.
 - a. SoCo Transit received just over \$78,500 in State Transit Assistance (STA) capital project funding in FY17-18. Staff will work with SLOCOG staff to determine a realistic estimate for FY18-19.
 - b. Continue to monitor the results and impacts of the July 2016 fare increase. In addition, slightly higher fare revenues are expected because of the RTA's December 31, 2017 increase to Regional fare media that is shared with SoCo Transit.
 - 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 will apply in January 2018 for Low-Carbon Transit Operations Program (LCTOP) grant to fund the service in FY18-19. 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.
 - e. As noted above, a financial penalty will likely be assessed by SLOCOG for failing to achieve the mandated 20% farebox recovery ratio in FY18-19. After 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 FY18-19 will likely be in line with FY17-18 LTF amount, which is greater than in recent fiscal years, but SoCo Transit has used annual savings that had been carried forward as fund balance available to offset prior year requested LTF. Staff believes SoCo Transit will have a small amount that it will be able to carry forward savings in FY17-18 due to budgetary restraint and lower than budgeted fuel costs.
 - i. Under Option 3, no financial penalty would be assessed.
 - f. Detailed miles/hours and span of service for each SoCo 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 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, which was originally adopted in April 2014.
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 RTA. Consolidation would have the effect of eliminating the TDA financial penalty.
 - b. Transit agencies across the country have experienced ridership declines due to the relatively low price of fuel, affecting SoCo Transit's farebox recovery ratio. Other factors also include changes to the California minimum wage.

Staff will work with SLOCOG to determine the appropriate farebox ratio requirements for SoCo Transit.

- i. Under Option 3, RTA would require that the farebox recovery ratio be modified.
 - 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.
 - i. Under Option 3, some services such as payroll and finance would be reduced, resulting in cost savings.
 - d. Staff will use the results of the October 2017 Customer Perception and Employee Survey to make recommendations for a 2018-20 SoCo Transit Strategic Business Plan as well as the move forward with a Short Range Transit Plan during FY18-19 to evaluate potential efficiencies, and with Board concurrence, implement efficiencies.
3. Evaluate options and provide analysis on the 5-year capital improvement program and methods to fund these needs.
 - a. Staff will work with SLOCOG on appropriate projects for the Augmented STA portion of SB1 funds for SoCo Transit projects. Staff is anticipating the funding will be used to match federal funds for vehicle procurements.

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-October, 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). These services are provided through a contract with RTA and entirely funded through the County. 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 the newer Fixed Route vehicles.
3. Operations facility rental costs will not increase in FY18-19, as we will be entering the third year of a three-year lease extension.
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, 2018 through April 30, 2019 rates. Estimates should be received from CalTIP in time to include in the SoCo Transit April 2017 budget. Although the number of SoCo Transit losses 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.
 - i. Under Option 3, 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 due to the added asset value of new vehicles in the fleet.
- 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 \$2,500 with a \$50,000 self-insured retention.
- d. Workers compensation premiums through the CSAC Excess Insurance Authority are projected to increase, with the realization that workers compensation for transit services is 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.
 - i. Under Option 3, there would 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.
- 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.

- i. Under Option 3, 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 RTA Board ratified the CBA with the Teamsters at its November 2017 meeting, and this analysis presumes that the same financial impacts would ultimately be accepted by SoCo Transit employees.

Proposed Budget Calendar

January 9	Detailed budget assumptions and revenue forecast to Executive Committee
January 17	Obtain Board concurrence on proposed draft budget assumptions
March 31	FY18-19 Budget Draft complete
April 10	Draft FY18-19 Budget presentation to Executive Committee
April 25	Final Board Budget presentation; Board adoption of FY18-19 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
2018-19 Proposed Budget**

	FY 16/17 Actual	FY 17/18 Adopted Operating	FY 17/18 Adopted Capital	FY 18/19 Proposed Operating	FY 18/19 Proposed Capital	Net Increase (Decrease) In Budgets
Funding Sources						
Beginning Fund Balance	\$ 673,935	\$ 320,810	\$ 127,110	\$ 332,960	\$ 206,940	\$ 91,980
1 Estimated Fund Balance	\$ 673,935	\$ 320,810	\$ 127,110	\$ 332,960	\$ 206,940	\$ 91,980
2 Less Required Reserves:						
TDA Required Operating Reserve	\$ 244,230	\$ 274,990	\$ -	\$ 294,240	\$ -	\$ 19,250
Equipment Replacement Reserve	109,340	-	164,840	-	305,070	140,230
Total Reserves	\$ 353,570	\$ 274,990	\$ 164,840	\$ 294,240	\$ 305,070	\$ 159,480
3 Fund Balance Available (Required)	\$ 320,365	\$ 45,820	\$ (37,730)	\$ 38,720	\$ (98,130)	\$ (67,500)
Operating Revenues						
Fares	\$ 145,021	\$ 141,700	\$ -	\$ 142,190	\$ -	\$ 490
STA Including STA SB1 Augmentation	71,050	-	71,500	-	156,810	85,310
Low Carbon Transit Grant	97,348	134,420	-	200,000	-	65,580
Federal Transit Adm (FTA) 5307 Operating	440,019	562,020	-	532,510	-	(29,510)
SLO County Trolley Operations & SRTP Match	51,569	57,660	-	49,300	22,750	14,390
RTA Operations Supervisor Contribution	-	8,490	-	13,650	-	5,160
Advertising and other income	4,848	-	-	10,000	-	10,000
4 Total Non-TDA Funds	\$ 809,855	\$ 904,290	\$ 71,500	\$ 947,650	\$ 179,560	\$ 151,420
5 Local Transportation Funds	\$ 168,670	\$ 441,640	\$ -	\$ 485,490	\$ -	\$ 43,850
Arroyo Grande	64,095	166,057	-	180,602	-	14,546
Grover Beach	48,577	125,426	-	136,908	-	11,482
Pismo Beach	28,505	76,404	-	83,990	-	7,586
SLO County	27,493	73,754	-	83,990	-	10,236
6 Total Operating Revenues	\$ 1,298,890	\$ 1,345,930	\$ 71,500	\$ 1,433,140	\$ 179,560	\$ 195,270
Non-Operating Resources						
Interest	\$ 4,791	\$ 7,370	\$ -	\$ 5,660	\$ -	\$ (1,710)
Prop 1B - Vehicle Replacement/ITS	32,429	-	-	-	-	-
Federal Transit Adm (FTA) 5307 Capital	100,000	-	129,080	-	193,730	64,650
Federal Transit Adm (FTA) 5339 Capital	-	-	-	-	-	-
7 Total Non-Operating Resources	\$ 137,220	\$ 7,370	\$ 129,080	\$ 5,660	\$ 193,730	\$ 62,940
8 Total Resources	\$ 1,436,110	\$ 1,399,120	\$ 162,850	\$ 1,477,520	\$ 275,160	\$ 190,710

**SOUTH COUNTY TRANSIT
2018-19 Proposed Budget**

	FY 16/17 Actual	FY 17/18 Adopted Operating	FY 17/18 Adopted Capital	FY 18/19 Proposed Operating	FY 18/19 Proposed Capital	Net Increase (Decrease) In Budgets
Funding Sources						
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2 Less Required Reserves:						
TDA Required Operating Reserve	\$ 244,230	\$ 274,990	\$ -	\$ 294,240	\$ -	\$ 19,250
Equipment Replacement Reserve	109,340	-	164,840	-	305,070	140,230
Total Reserves	\$ 353,570	\$ 274,990	\$ 164,840	\$ 294,240	\$ 305,070	\$ 159,480
3 Fund Balance Available (Required)	\$ 320,365	\$ 45,820	\$ (37,730)	\$ 38,720	\$ (98,130)	\$ (67,500)
Operating Revenues						
Fares	\$ 145,021	\$ 141,700	\$ -	\$ 142,190	\$ -	\$ 490
STA Including STA SB1 Augmentation	71,050	-	71,500	-	156,810	85,310
Low Carbon Transit Grant	97,348	134,420	-	200,000	-	65,580
Federal Transit Adm (FTA) 5307 Operating	440,019	562,020	-	532,510	-	(29,510)
SLO County Trolley Operations & SRTP Match	51,569	57,660	-	49,300	22,750	14,390
RTA Operations Supervisor Contribution	-	8,490	-	13,650	-	5,160
Advertising and other income	4,848	-	-	10,000	-	10,000
4 Total Non-TDA Funds	\$ 809,855	\$ 904,290	\$ 71,500	\$ 947,650	\$ 179,560	\$ 151,420
5 Local Transportation Funds	\$ 168,670	\$ 441,640	\$ -	\$ 485,490	\$ -	\$ 43,850
Arroyo Grande	64,095	166,057	-	180,602	-	14,546
Grover Beach	48,577	125,426	-	136,908	-	11,482
Pismo Beach	28,505	76,404	-	83,990	-	7,586
SLO County	27,493	73,754	-	83,990	-	10,236
6 Total Operating Revenues	\$ 1,298,890	\$ 1,345,930	\$ 71,500	\$ 1,433,140	\$ 179,560	\$ 195,270
Non-Operating Resources						
Interest	\$ 4,791	\$ 7,370	\$ -	\$ 5,660	\$ -	\$ (1,710)
Prop 1B - Vehicle Replacement/ITS	32,429	-	-	-	-	-
Federal Transit Adm (FTA) 5307 Capital	100,000	-	129,080	-	193,730	64,650
Federal Transit Adm (FTA) 5339 Capital	-	-	-	-	-	-
7 Total Non-Operating Resources	\$ 137,220	\$ 7,370	\$ 129,080	\$ 5,660	\$ 193,730	\$ 62,940
8 Total Resources	\$ 1,436,110	\$ 1,399,120	\$ 162,850	\$ 1,477,520	\$ 275,160	\$ 190,710

**SOUTH COUNTY TRANSIT
2018-19 Proposed Budget**

	FY 16/17 Actual	FY 17/18 Adopted Operating	FY 17/18 Adopted Capital	FY 18/19 Proposed Operating	FY 18/19 Proposed Capital	Net Increase (Decrease) In Budgets
Use of Resources						
<u>Administrative Expenditures</u>						
Insurance	\$ 82,593	\$ 99,200	\$ -	\$ 115,280	\$ -	\$ 16,080
Liability & Physical Damage	54,056	71,180	-	51,000	-	(20,180)
Workers Compensation	701	740	-	740	-	-
Property Insurance	30,600	30,600	-	30,600	-	-
Rent	8,603	8,980	-	8,980	-	-
Utilities	1,236	1,240	-	1,240	-	-
Radio Expense	-	3,000	-	1,590	-	(1,410)
Legal Services	1,362	1,280	-	760	-	(520)
Payroll Processing	74,750	77,600	-	81,110	-	3,510
Administration - Staff Time	13,200	13,700	-	14,320	-	620
Finance - Staff Time	5,100	5,290	-	5,530	-	240
Marketing - Staff Time	9,950	12,790	-	7,150	-	(5,640)
Office Expense/Miscellaneous	3,020	3,150	-	3,310	-	160
Audit	24,171	16,000	-	16,000	-	-
Marketing/Community Relations/Printing	9,892	9,740	-	5,660	-	(4,080)
Uniforms/Laundry/Physicals						
<u>Operating Expenditures</u>	\$ 568,810	\$ 611,270	\$ -	\$ 667,510	\$ -	\$ 56,240
Salaries/Benefits	166,134	197,550	-	226,920	-	29,370
Maintenance	21,850	22,680	-	23,700	-	1,020
Dispatch - Staff Time	140,573	199,280	-	201,490	-	2,210
SCT Bus Fuel	6,006	13,850	-	14,630	-	780
Contingency						
9 Total Operating Expenditures	\$ 1,222,607	\$ 1,399,120	\$ -	\$ 1,477,520	\$ -	\$ 78,400
<u>Capital Service</u>						
Support Vehicle	-	-	-	-	\$ 33,000	\$ -
Short Range Transit Plan	-	-	-	-	105,000	105,000
Computer Upgrade	-	-	1,500	-	-	(1,500)
Vehicles/ITS	129,669	-	-	-	-	-
Facility Improvements/Bus Stop Amenities	7,389	-	41,350	-	43,410	2,060
Transit Centers Improvements	-	-	120,000	-	93,750	(26,250)
Total Capital Service	\$ 137,058	\$ -	\$ 162,850	\$ -	\$ 275,160	\$ 112,310
10 Total Use of Resources	\$ 1,359,665	\$ 1,399,120	\$ 162,850	\$ 1,477,520	\$ 275,160	\$ 190,710

**SOUTH COUNTY TRANSIT
2018-19 Proposed Budget**

	FY 16/17 Actual	FY 17/18 Adopted Operating	FY 17/18 Adopted Capital	FY 18/19 Proposed Operating	FY 18/19 Proposed Capital	Net Increase (Decrease) In Budgets
Use of Resources						
<u>Administrative Expenditures</u>						
Insurance	\$ 82,593	\$ 99,200	\$ -	\$ 115,280	\$ -	\$ 16,080
Liability & Physical Damage	54,056	71,180	-	51,000	-	(20,180)
Workers Compensation	701	740	-	740	-	-
Property Insurance	30,600	30,600	-	30,600	-	-
Rent	8,603	8,980	-	8,980	-	-
Utilities	1,236	1,240	-	1,240	-	-
Radio Expense	-	3,000	-	1,590	-	(1,410)
Legal Services	1,362	1,280	-	760	-	(520)
Payroll Processing	74,750	77,600	-	81,110	-	3,510
Administration - Staff Time	13,200	13,700	-	14,320	-	620
Finance - Staff Time	5,100	5,290	-	5,530	-	240
Marketing - Staff Time	9,950	12,790	-	7,150	-	(5,640)
Office Expense/Miscellaneous	3,020	3,150	-	3,310	-	160
Audit	24,171	16,000	-	16,000	-	-
Marketing/Community Relations/Printing	9,892	9,740	-	5,660	-	(4,080)
Uniforms/Laundry/Physicals						
<u>Operating Expenditures</u>	\$ 568,810	\$ 611,270	\$ -	\$ 667,510	\$ -	\$ 56,240
Salaries/Benefits	166,134	197,550	-	226,920	-	29,370
Maintenance	21,850	22,680	-	23,700	-	1,020
Dispatch - Staff Time	140,573	199,280	-	201,490	-	2,210
SCT Bus Fuel	6,006	13,850	-	14,630	-	780
Contingency						
9 Total Operating Expenditures	\$ 1,222,607	\$ 1,399,120	\$ -	\$ 1,477,520	\$ -	\$ 78,400
<u>Capital Service</u>						
Support Vehicle	-	-	-	-	\$ 33,000	\$ -
Short Range Transit Plan	-	-	-	-	105,000	105,000
Computer Upgrade	-	-	1,500	-	-	(1,500)
Vehicles/ITS	129,669	-	-	-	-	-
Facility Improvements/Bus Stop Amenities	7,389	-	41,350	-	43,410	2,060
Transit Centers Improvements	-	-	120,000	-	93,750	(26,250)
Total Capital Service	\$ 137,058	\$ -	\$ 162,850	\$ -	\$ 275,160	\$ 112,310
10 Total Use of Resources	\$ 1,359,665	\$ 1,399,120	\$ 162,850	\$ 1,477,520	\$ 275,160	\$ 190,710

SOUTH COUNTY TRANSIT
Five Year Capital Projection

	FY 16/17 Actual Capital	FY 17/18 Adopted Capital	FY 18/19 Proposed Capital	FY 19/20 Projected Capital	FY 20/21 Projected Capital	FY 21/22 Projected Capital	FY 22/23 Projected Capital
<u>Capital Service</u>							
Support Vehicle	\$ -	\$ -	\$ 33,000	\$ -	\$ -	\$ -	\$ -
Short Range Transit Plan	-	-	105,000	-	-	-	-
Computer Upgrade	-	1,500	-	-	1,500	-	-
Vehicles/ITS	129,669	-	-	-	631,750	631,750	2,089,500
Bus Stop Amenities	-	41,350	43,410	45,590	47,860	49,060	50,290
Passenger Protection 1300 buses	-	-	-	-	-	-	-
Facility Improvements	7,389	-	-	-	-	-	-
Transit Centers Improvements/Ticket Machine	-	120,000	93,750	-	-	-	-
Large Vehicle Repairs	-	-	-	-	-	50,000	-
Total Capital Service	\$ 137,058	\$ 162,850	\$ 275,160	\$ 45,590	\$ 681,110	\$ 730,810	\$ 2,139,790
Increase Capital Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Use of Resources	\$ 137,058	\$ 162,850	\$ 275,160	\$ 45,590	\$ 681,110	\$ 730,810	\$ 2,139,790

SOUTH COUNTY TRANSIT
2018-19 Proposed Budget
By Route

	Route 21	Route 24	Route 27	Route 28	Avila Trolley
Miles	68,330	51,990	40,750	56,200	11,730
Hours	3,570	3,490	2,760	3,940	550
<u>Administrative Expenditures</u>					
Insurance	\$ 34,400	\$ 26,170	\$ 20,510	\$ 28,300	\$ 5,900
Liability & Physical Damage	15,220	11,580	9,070	12,520	2,610
Workers Compensation	190	180	140	200	30
Property Insurance	7,920	7,360	5,820	8,250	1,250
Rent	2,320	2,160	1,710	2,420	370
Utilities	320	300	240	330	50
Radio Expense	410	380	300	430	60
Legal Services	200	180	140	200	30
Payroll Processing	21,000	19,520	15,420	21,860	3,320
Administration - Staff Time	3,710	3,450	2,720	3,860	590
Finance - Staff Time	1,430	1,330	1,050	1,490	230
Marketing - Staff Time	1,850	1,720	1,360	1,930	290
Office Expense/Miscellaneous	860	800	630	890	140
Audit	4,140	3,850	3,040	4,310	650
Marketing/Community Relations/Printing	1,470	1,360	1,080	1,530	230
Uniforms/Laundry/Physicals					
<u>Operating Expenditures</u>	\$ 166,580	\$ 162,770	\$ 128,800	\$ 183,690	\$ 25,660
Salaries/Benefits	56,630	55,330	43,790	62,450	8,720
Maintenance	5,910	5,780	4,570	6,520	910
Dispatch - Staff Time	60,120	45,740	35,850	49,450	10,320
SCT Bus Fuel	4,370	3,320	2,600	3,590	750
Contingency					
9 Total Operating Expenditures	\$ 389,050	\$ 353,280	\$ 278,840	\$ 394,220	\$ 62,110
<u>Capital Service</u>					
Support Vehicle	\$ 8,570	\$ 8,370	\$ 6,620	\$ 9,450	\$ -
Short Range Transit Plan	27,250	26,630	21,070	30,050	-
Facility Improvements/Bus Stop Amenities	11,270	11,010	8,710	12,420	-
Transit Centers Improvements	24,330	23,770	18,810	26,830	-
Total Capital Service	\$ 71,420	\$ 69,780	\$ 55,210	\$ 78,750	\$ -
10 Total Use of Resources	\$ 460,470	\$ 423,060	\$ 334,050	\$ 472,970	\$ 62,110

SOUTH COUNTY TRANSIT
April 25, 2018
STAFF REPORT

AGENDA ITEM: B-2

TOPIC: 2018 Summer Youth Ride Free Program

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Review and Adopt Staff Recommendation

BACKGROUND/DISCUSSION:

Direction is needed from the Board on whether or not to continue SoCo Transit's participation in the countywide Summer Youth Ride Free (YRF) program for the seventh consecutive year. *Regional Rideshare*, the agency that promotes this program, has asked that SoCo Transit honor the YRF program from June 9, 2018 through August 15, 2018.

As noted in previous Board meetings, the YRF program has been scaled back over time to address overcrowding issues that occurred in the first two years of the fare-free program. Specifically, beginning in summer 2014, the overall span was reduced from a beginning-of-June through the end-of-August period to a more moderate middle-of-June through middle-of-August period in order to avoid an overlap with the academic year at Arroyo Grande High School. In addition, the group size was limited so that a bus would not become overloaded and dissuade fare-paying passengers from riding; if the group was greater than the agency-identified fare-free maximum (ten at SoCo Transit), the remaining group members were required to pay. Staff worked closely with the YMCA and other youth camp officials to train their on-bus chaperones to minimize service disruptions and to handle any fare responsibilities.

Historical ridership information for all fixed route providers in the county is provided in the table on the next page. It is difficult to track the longer-term impact of participating in the YRF program, since it is not possible to determine the number of students boarding SoCo Transit buses throughout the year in the absence of periodic surveys.

Provider	2012	2013	2014	2015	2016	2017
SLO Transit	14,021	14,898	13,590	14,991	10,448	11,260
RTA	30,820	39,058	25,835	28,262*	18,398	15,405
Paso Express	N/A	10,517	6,725	2,795*	5,976	5,374
SoCo Transit	19,657	20,051	10,285	11,060	8,726	9,427
Morro Bay Transit	819	1,147	842	916	996	673

*RTA information includes some of the Paso Express YRF

Benefits of extending the summer free ride program to K-12 youth have proven to be the following:

1. Easy to communicate.
2. Gets youth to try using transit and it instills an ethic of using transit in the future.
3. Increases access for kids to travel independently (and reduce parent taxiing).

Disadvantages include:

1. Small loss of cash fare revenue for non-group riders.
2. Increased passenger loads on some bus trips can degrade the riding experience for non-youth riders (unlike most RTA and SLO Transit routes, SoCo Transit experiences highest ridership during the peak summer tourist season).
3. There remains the possibility that two or more unrelated groups attempt to board the bus on the same run, which would result in an overcrowding situation. However, the number of instances where that was a problem has greatly abated due to better coordination with youth activity agencies, and we expect the same cooperation this summer.

SoCo Transit will continue to require YMCA and other youth groups to pay when more than ten youth traveling together (plus two adult chaperones). For ease of boarding, and for budget and cash control issues, organizers for groups such as YMCA camps can continue to pre-purchase 20-Ride passes to use on SoCo Transit.

Staff will continue to track the response to the program by measuring:

1. Ridership is already tracked using a specific farebox key.
2. Customer feedback from youth and families taking advantage of the program (face-to-face interviews, Facebook and social media programs, texts, etc.).

Staff Recommendation

Continue to participate in this program for a seventh consecutive summer season, providing a similar reduced travel period that was provided last summer and a group policy requiring payment for more than ten youth traveling together.

DRAFT
SOUTH COUNTY TRANSIT
MINUTES OF MARCH 21, 2018 BOARD MEETING
City Council Chamber, Arroyo Grande
C-1

Directors Present: Lynn Compton County Supervisor, District 4
 John Shoals City Council Member, Grover Beach
 Mary Ann Reiss City Council Member, Pismo Beach

Directors Absent: Tim Brown, Chairperson Mayor Pro Tem, Arroyo Grande

Staff Present: Geoff Straw Administrator
 Phil Moores Operations Manager
 Shelby Walker Administrative Assistant

CALL TO ORDER AND ROLL CALL: Director John Shoals and Director Mary Ann Reiss met as the SoCo Transit Committee starting at 1:43 p.m. and heard information about agenda items until Past Chairperson Lynn Compton called the meeting to order at 2:17 p.m., and a quorum was present.

PUBLIC COMMENT: No members of the public were present at this meeting.

BOARD ADMINISTRATIVE ITEMS:

ELECTION OF OFFICER:

Director Mary Ann Reiss made a motion to nominate Director John Shoals as Vice Chairperson. Director Compton seconded and the motion carried on a voice vote with Chairperson Tim Brown absent.

A. INFORMATION AGENDA:

A-1 Administrator's Report (Receive): Mr. Geoff Straw stated that there has been two Drivers' Forums since the January meeting. The February 19th meeting agenda included the status of the proposed consolidation, clarification of incident reporting requirements, possible revisions to Daily Vehicle Inspection report forms, and an audit of signs inside SoCo Transit buses. At the March 13th meeting the main discussion was about bus operator seniority and how it will change when the consolidation happens. They feel comfortable with a January start date and will be able to sign up for health benefits. Director Reiss asked if the employees will have to pay more for the benefits. Mr. Straw stated that no, they would actually be paying less. He continued by stating what some other topics that were discussed at the March driver forum were in regards to marketing of bus stops, particularly the K-Mart stop since it will be closing, and the status of replacement buses. He mentioned that Driver

Appreciation Day was yesterday March 20th. Staff rode on both fixed-route and Runabout services throughout the day and got valuable information out of the experience.

Mr. Straw concluded his report.

B. ACTION AGENDA:

B-1 Revised Video & Audio Recording Policy and Procedures (Action): **Mr. Straw** stated that the original policy was adopted in June 2013 and only addressed on-vehicle recordings. There was no clear public record request or method for recovering costs to produce the records. Staff worked with Union to develop optimal solution and the revised policy addresses on-vehicle & facility, clarifies public record requests, and cost recovery method.

Mr. Straw concluded his report.

Past Chairperson Compton opened Board and public comment.

Director Reiss asked if the Union was involved. **Mr. Straw** stated yes, they were part of the development.

Past Chairperson Compton closed Board and public comment.

Director Shoals moved to approve Agenda Item B-1. **Director Reiss** seconded and the motion carried unanimously on a roll call vote.

B-2 Updated Next Steps for Consolidation into the RTA (Action): **Mr. Straw** stated the SoCo Transit goals for consolidation are to avoid the TDA penalty for the farebox recovery ratio, realize other net operational savings, lower the combined farebox recovery ratio requirement for RTA/SoCo Transit, and increase regional STA funds. **Mr. Jim Lewis** asked if there was concern from the RTA Board in regards to the local funding. **Mr. Straw** stated it was brought up, but there are no additional cost. The local dollars are separated.

He continued by stating that the RTA goals for consolidations are to ensure no negative financial or operating impacts, streamline staff resources and simplify procedures, and achieve higher combined RTA/SCT FRR countered with possible lower 15% standard. The impacts on the JPAS would be SoCo Transit JPA would be abolished and assets transferred to the RTA. The RTA JPA would be amended & restated to state it would add new South County Transit Committee for local control; which would consists of three RTA city representative and one county representative, and it will be added to the RTA budget-making process.

Mr. Straw then went over the corrections to the amended RTA JPA on page B-2-21 and B-2-23 and stated the recommended next steps that need to be taken to pursue consolidation, which were listed in detail on pages B-2-2 through B-2-3.

Mr. Straw concluded his report.

Director Shoals stated that local control is huge to the Five Cities area in regards to the bus routes and making sure those routes continue. He is in support of the consolidation.

Past Chairperson Compton closed Board and public comment.

Director Shoals moved to approve Agenda Item B-2. **Director Reiss** seconded and the motion carried unanimously on a roll call vote.

C. CONSENT AGENDA:

C-1 SoCo Transit Minutes of January 17, 2018 (Approve)

C-2 SoCo Transit Minutes of January 26, 2018 (Approve)

Past Chairperson Compton moved to approve Consent Agenda. **Director Reiss** seconded and the motion carried on a roll call vote with **Director Shoals** abstaining.

D. DIRECTORS' COMMENTS: None

F. EXECUTIVE COMMITTEE MEMBERS' COMMENTS: None

ADJOURNMENT: The meeting was adjourned at 2:37 p.m.

Respectfully submitted, Shelby Walker, Administrative Assistant

SOUTH COUNTY TRANSIT

April 25, 2018

STAFF REPORT

AGENDA ITEM: C-2

TOPIC: Revised Strategic Business Plan

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Approve

BACKGROUND/DISCUSSION:

The Board adopted the inaugural *SoCo Transit 2015-2017 Strategic Business Plan* (SBP) in October 2014. To ensure it remains a living document, the SBP is amended every three years.

The top five issues in the revised SBP include:

1. TDA penalties for failing to achieve the mandated 20% farebox recovery ratio is the primary challenge facing SoCo Transit (if consolidation with the RTA fails).
2. Uncertainty in discretionary State and Federal capital funds may result in higher future operating costs to finance critical bus replacement projects.
3. Declining ridership both locally and nationally has eroded farebox recovery ratios.
4. Revised performance standards will allow decision-makers to better align anticipated resources with the sub-region's public transportation needs.
5. Consolidation into the RTA would help address these challenges.

The attached SoCo Transit 2018-20 SBP was presented in January 2018, with the hope that it could be considered for adoption at the April 2018 Board meeting. Staff shared the draft with staff at each SoCo Transit jurisdiction so that we can assure SoCo Transit is in alignment with adopted goals throughout the South County area. No requests to revise the draft SBP were submitted by jurisdiction staff. SoCo Transit staff will use the goals and objectives to move the organization forward, and results will be provided at SoCo Transit Board Meetings.

Staff recommendation: Approve the SoCo Transit 2018-2020 Strategic Business Plan.

SOUTH COUNTY TRANSIT
2018-2020 STRATEGIC BUSINESS PLAN
Approved (*date forthcoming*)

Executive Summary

This 2018-2020 Strategic Business Plan (SBP) is an update to the inaugural Plan adopted by the SoCo Transit Board of Directors in October 2014. This updated three-year SBP incorporates both new and revised standards. It is anticipated that this SBP will be reviewed and revised again (as necessary) in mid-2020 to reflect changing conditions.

Background

The enduring major components of the SBP are the Vision Statement, Mission Statement, Vision Elements, and Strategic Direction. Staff uses the measurable Standard of Excellence in the SBP to help guide the organization toward meeting long-term goals and objectives. The goals and objectives are premised on the following components:

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

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

Vision Elements

1. Continue successful partnerships with jurisdictions, county, other public agencies, businesses and schools.
2. Provide excellent, reliable, sustainable seamless service that is effective in getting residents and visitors where they want to travel.
3. Secure reliable funding.

4. Sustain and continue to improve the Intelligent Transportation Systems (ITS) program to improve service quality and provide efficiencies.
5. Develop a well-executed image-building campaign with a single face for public transportation.

Strategic Direction

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

Long-Term 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.

Objectives to Meet Long-Term Goals

- 1.1 Link population centers and major traffic generators within the region.
- 1.2 Coordinate service with all public transportation operators and services.

- 2.1 Provide safe public transportation.
- 2.2 Provide reliable public transportation.
- 2.3 Provide cost-effective public transportation.
- 2.4 Provide efficient public transportation.
- 2.5 Provide comfortable public transportation.

- 3.1 Achieve a highly rated level of customer satisfaction.
- 3.3 Provide service that is supported by market demand.
- 3.3 Manage service in a cost-effective manner.
- 3.4 Deploy technology effectively and efficiently.

- 4.1 Provide accountability and transparency.
- 4.2 Increase use and support of public transportation in South County.
- 4.3 Implement an annual marketing plan.
- 4.4 Use public funding efficiently in meeting public transit needs of communities that SoCo Transit serves.
- 4.5 Educate community and business leaders and the public on the value of SoCo Transit services.

Business Conditions and Opportunities

The primary challenge facing SoCo Transit in the coming years is its inability to achieve the new State 20% farebox recovery ratio (FRR) that was triggered by the Federal designation as an urbanized area in the 2010 US Census. Prior to this Federal designation, the State only required a 10% FRR. On the positive side, the urbanized designation annually provides new formula Federal Transit Administration funds that have ranged from \$750,000 to over \$1,000,000 to

the Arroyo Grande – Grover Beach Urbanized Area. An emerging solution is to abolish the agency, and transfer all assets and other obligations to the RTA. The RTA’s FRR is high enough that it can “absorb” SoCo Transit through consolidation without facing financial penalties, while also providing other cost-savings.

Similar to the experience of most other public transit agencies across the nation, SoCo Transit and its partner agencies have experienced ridership declines since our peak in FY14-15. Some of this decline can be attributed to an improving economy that allows some riders to occasionally or even entirely replace transit usage with private automobile travel. Other factors include relatively low fuel prices over the past few years, as well as “disruptive” and high-technology alternatives such as Uber and Lyft that offer travelers real-time – albeit more costly – personalized transportation. Current fixed-route ridership now equals that of FY11-12.

California Transportation Develop Act (TDA) revenues have largely recovered after the steep declines encountered during the Great Recession, which has resulted in increased net revenues for jurisdictions for transit and non-transit uses. Once the newly enacted Senate Bill 1 (SB1) funds begin to flow, it will essentially replace the capital funds formerly provided under Proposition 1B. However, the SB1 funds could conceivably be eliminated through an initiative that could go before California voters in November 2018. If SB1 funds are eliminated, and other transit programs in the county would need to rely more heavily on TDA funds, which would reduce the funds left over for use by jurisdictions to pay for roadway repairs. SB1 also provided an uptick in Cap and Trade funds, so that funding increase is also in jeopardy.

Discretionary Federal Transit Administration (FTA) capital funds that have previously been used to replace buses and construct needed facilities have dried up, and there is not a replacement funding source being seriously discussed at the national level. In short, SoCo Transit’s ability to rely upon large infusions of discretionary capital funds in the future is uncertain at best. This might result in needing to finance the replacement of buses.

Business Direction for 2018 and Beyond

1. Focus on cost effectiveness and living with our resources, and by undertaking efforts to secure sustainable operating and capital revenues.
2. Seek and implement innovative opportunities to improve service for our customers within current resources.

3. Be a leader among transit systems in developing and implementing environmentally friendly transit service and sustainable business practices.
4. Plan and prepare for the future growth of the system, while being mindful of farebox recovery ratio realities. This could include consolidation into the RTA in order to avoid future TDA farebox recovery ratio penalties.
5. Work with the RTA and the County to develop a Joint Short Range Transit Plan that covers both local fixed-route services in the Five Cities Area and demand response services in Nipomo.

Focused 2018-20 Strategic Business Plan Goals and Objectives

Goal 1: Increase Ridership – Increase ridership through improved system design by attracting discretionary customers and improving sub-regional transit alternatives.

Objectives

1. Continue to analyze data from the SoCo Transit Route Performance Standards to evaluate service efficiencies and effectiveness.
2. Complete biannual Community Perception Survey to address current and potential customer needs.
3. Improve customer communications and information about SoCo Transit services.
4. Continue to explore alternative transit modes using emerging technologies to address underperforming and rural needs.
5. Achieve SoCo Transit Key Performance Indicators (KPIs) to improve existing service (On Time Performance, Customer Comments, Service Delivery, Accident Rate, etc.).
6. Evaluate route scheduling to maximize the convenience of transfers between the various transit systems in the region. In addition, consider consistent region-wide designation of routes and equivalent fares by service type.

Goal 2: Key Performance Indicators – Expand the development and use of our KPIs to enhance system performance, employee performance, and improve service quality to our customers.

Objectives

1. Meet or exceed KPIs that include the following Standards Categories: Service Quality and Efficiency, Resources and Revenue, Safety, Human Resources, Fleet and Facilities, Leadership.
2. With policy guidance from the SoCo Transit Board, the Administrator with input from throughout the organization shall set the standards as detailed in this document. These will be provided to everyone in the organization who will have a lead role in achieving each standard, and these efforts will be reported as part of the bi-monthly updates to the SoCo Transit Board of Directors.

Goal 3: Innovation – Explore innovative opportunities to improve our service for our customers and potential customers.

Objectives

1. Continue to look for ways to enhance decision-making processes using our Intelligent Transportation System (ITS) Program in conjunction with other jurisdictions.
2. Identify and secure funding to sustain and expand the ITS Program.
3. Ensure that persons with disabilities have adequate mobility.

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.

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.

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.

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.

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.

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.

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.

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

Measurement: Objective.

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

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.

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.

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.

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.

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

Measurement: Objective.

- As measured by biannual Community Perception Survey.

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.

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 Administrator and Department Heads.

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.

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

Measurement: Subjective.

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.

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, 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.

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.

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.

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.

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.

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.

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.

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

Measure: Subjective.

- To be evaluated by the Administrator.

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

Measurement: Subjective.

- To be evaluated by the Administrator and Board.

SOUTH COUNTY TRANSIT

April 25, 2018

STAFF REPORT

AGENDA ITEM: C-3

TOPIC: Strategic Business Plan Results

ACTION: Receive as Information

PRESENTED BY: Geoff Straw, Administrator

STAFF RECOMMENDATION: Receive Annual Report on Performance Results Through February 28, 2018

BACKGROUND/DISCUSSION:

The Strategic Business Plan (SBP) includes Vision and Mission Statements, as well as “stretch” performance standards to ensure SCT continually seeks to improve its services. Staff presented a draft updated 2018-2020 SBP to the SoCo Transit Board at its January 26, 2018 meeting, and the updated plan will be considered for adoption at the April 25, 2018 meeting.

The attached report presents our annual results from July 1, 2017 through February 28, 2018, 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 February 28, 2018. We did not achieve the adopted standard in those areas presented in red, while the metrics presented in green show our successes. The current annual on-time performance (OTP) standard of 95% is a “stretch” standard – particularly due to the impacts of peak seasonal traffic. So far in FY17-18, we have not surpassed 94% OTP. Another “stretch” goal is the farebox recovery ratio (actual 11.9% vs. goal of 20%). Our preventable collision and no-lost time work injury results are a vast improvement over last year, and every passing day we are setting a new record in terms of the number of days between a preventable collision or lost-time work injury.

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.

SCT's YTD FY17-18 Performance Results (thru 28-Feb-2018)			
Performance Metric	Standard	Result	Achieved?
Fixed Route Productivity (boardings/hour)	17.0	16	No
Fixed Route Service Delivery (actual divided by scheduled)	99%	100%	Yes
Fixed Route On-Time Performance	95%	93%	No
Fixed Route Bus Overcrowding	Various load factors	None exceeded	Yes
Systemwide Operating Budget (live within means)	< 100%	61.0%	Yes
Farebox Recovery Ratio (fares / net operating costs)	20.0%	11.9%	No
Preventable Collision Rate (per 100k miles traveled)	1.0	0.0	Yes
Preventable Workers Compensation Rate	Lost-time <6	0	Yes
	Med-only <10	1	
Risk Management Costs (percent of operating budget)	Industry norms	At or below market	Yes
Road Calls (per 100k miles traveled)	5	1.8	Yes

Staff Recommendation:

Receive the attached report on performance results achieved year to date in FY17-18.

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.

Passengers per Service Hour

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

* Using APC data

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

Measurement: Objective.

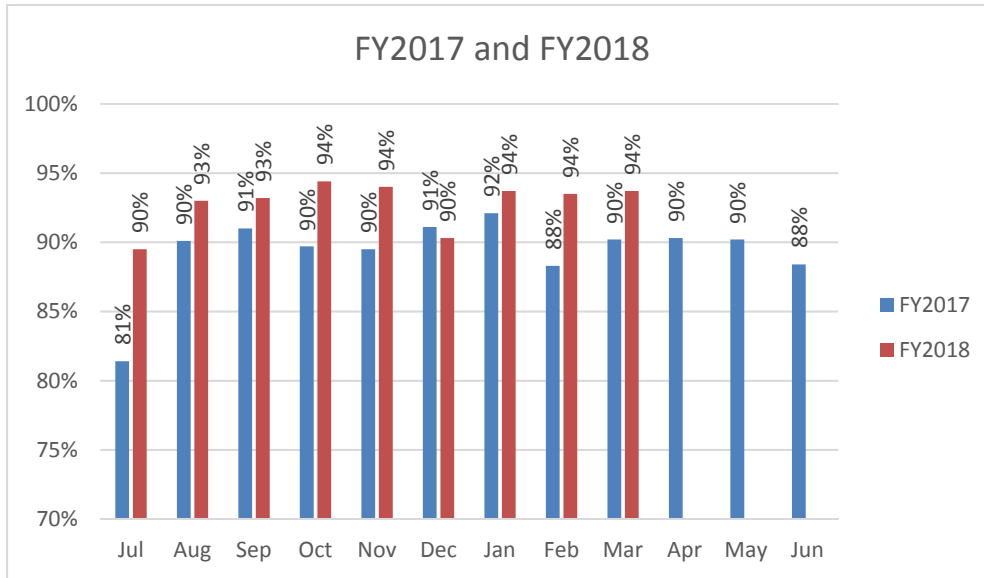
- Reviewed quarterly by Operations, and reported by Administrator bi-annually to the Board.

SCT delivered 100% 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.



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.

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

With the introduction of Routes 27 and 28, the SoCo system covers the Five Cities area efficiently. If further expansion of service is desired, additional resources would be required. While there are areas in Nipomo, Arroyo Grande, and Oceano that are not covered by fixed route bus service, these areas are isolated and/or not densely populated.

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 overcrowding issues on the system. Staff will continue to monitor the ridership for standing loads and crowding.

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 2013-14 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 are 61% of the adopted budget (as of February 28, 2018, or 66.7% into the fiscal year)

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.

SCT 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: 11.9% (as of February 28, 2018)

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 YTD: 0 (this is not a typo, at this writing SoCo has gone 350 days 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.

The Committee received 15 new safety items and have 4 open items. Employees are engaged in the Safety Resource Committee program by submitting suggestions. Suggestions that are not directly related to the safety committee are forwarded to the appropriate department, and all items are addressed and resolved quickly. Recently, forty-foot buses were placed on a couple of SoCo routes due to mechanical issues in the usual fleet. Several drivers requested refresher training using a forty-foot bus on route. Refresher training was completed for all drivers that requested this training.

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 first aid claim (no lost-time claims)

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 October 2017, and a full write-up is provided in the January 17, 2018 agenda packet. Question 17 of the customer survey focused on rating 18 aspects, including "Safety on the vehicles and at

stops,” which was tied for the highest ranking. The average score was 3.6 out of 4, so it meets the 90% standard. The results of the employee survey indicate that our employees ranked safety as second-highest, with an average score of 3.5 out of 4 – which is slightly lower than the 90% standard.

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 Fiscal Years 2012-13 and 2013-14. Fiscal Years 2014-15 to 2016-17 results 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

Staff has worked hard to close claims for prior year and with fewer claim, 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 will help reduce duplicative administrative charges also.

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 Administrator and Department Heads.

SCT 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, staff believes improved employee morale will result in improved retention rates in 2016 and beyond.

The annual calendar year turnover rates for SCT are as follows:

2012 – 9%

2013 – 14%

2014 – 19%

2015 – 28%

2016 – 22%

2017 – 20%

2018 – 0% (through February 28, 2018)

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 13 RTA staff members and one SCT Road Supervisor also meet bi-weekly staff to discuss general

items that may affect other departments; others are invited as needed and to address specific issues (when possible, including one Bus Operator and one RTA Road Supervisor). Management also participates in a bi-monthly SCT Driver's Forum to discuss issues and ideas that could improve SCT services. Finally, the SCT Administrator and the three RTA department heads meet weekly to ensure consistency in messaging and direction for the organization; these four employees also held an overnight retreat in July 2017 to plan for challenges and major projects facing SCT and RTA.

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.

SCT currently completes formal annual evaluations for its 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, 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.

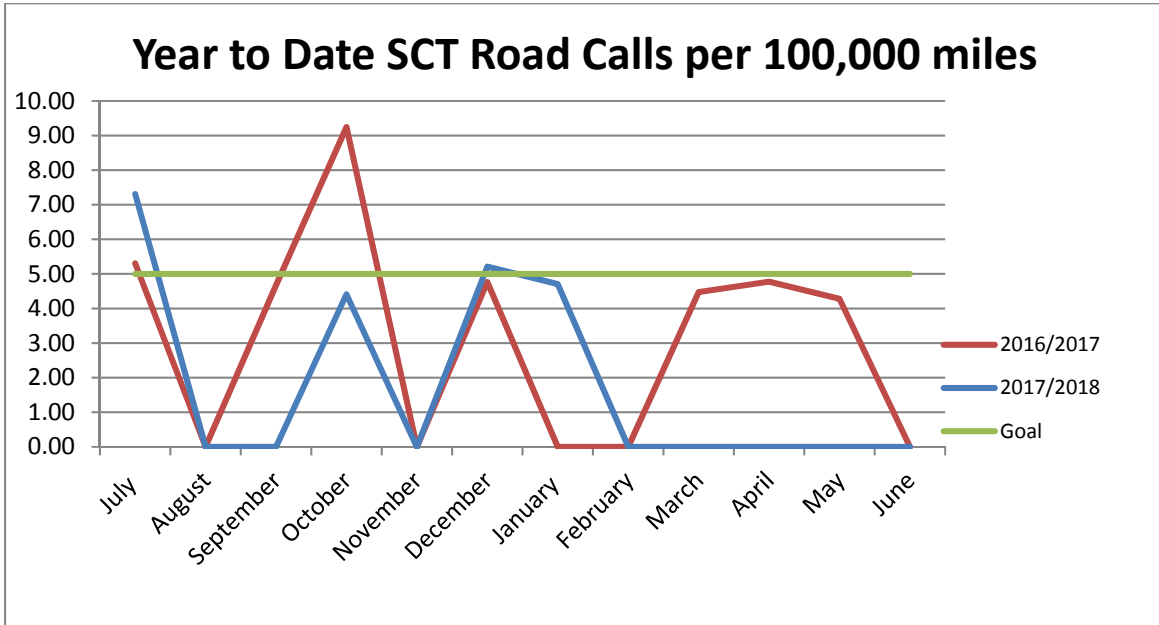
As of June 30, 2017 the average SCT fixed route vehicle age is 8 years with an average of 270,655 miles. The design life of a fixed route bus is 12 years/500,000 miles.

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 SCT in FY16-17 is 3.13 and 1.8 so far in FY 17-18, which is well below the limit of 5. RTA's reporting (on behalf of SCT) 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.

The results of the October 2017 comprehensive Customer Perception Survey was reported in the January 17, 2018 Board meeting. Two questions were included in the customer survey ("Cleanliness of buses," and "Bus exterior appearance"), and they were tied for the second-highest rating (3.30). However, the employees ranked "Cleanliness of buses as second-lowest, with an average score of 2.98 out of four, while "Bus exterior appearance" third-worst (3.12).

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.

Bus stop appearance was included in the October 2017 Customer Perception Survey. Customers ranked it tied for second-highest (3.30), while employees ranked it worst

(2.92). In summary, our customers' ranking met the 80% favorable standard, while our employees ranked it below the standard.

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 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 four 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 most local, state and federal agencies, despite our failure to obtain discretionary state transit planning funds for an update to the 2011 SCT SRTP. However, it was our first attempt to solicit these funds for this project, and staff is confident that we will be able to obtain federal grant funding in late Spring 2018 for this important study. RTA staff (on behalf of SCT) continues to manage State and Federal grant programs for the region, including FTA Section 5307, 5311, 5339 and TIGER.

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 SCT, 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 Bus Operators and riders on March 20 as part of Driver Appreciation Week. We also continue to conduct monthly meetings with SoCo Bus Operators to keep 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 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 SCT to ensure that transit amenities are considered in planning documents and development proposals.